




Our Capitals

	 Financial Capital	 Manufactured Capital	 Intellectual Capital
Use of capital to create value	We will use the cash generated by our business activities in three directions: investment for growth, shareholder return, and employee allocation to achieve sustainable earnings growth and increase corporate value. We maintain and improve a sound financial position to support stable business operations.	We constantly strive to improve the efficiency of our production systems, while at the same time ensuring sufficient production capacity to meet market needs. As a business-to-business manufacturing company, we will utilize the capital to propose improvements to our customers' production.	As a "company founded on technology" we will continue to develop the world's first and best technologies, strengthen our response to digital solutions, collaborate with joint development partners, and exercise our global intellectual property strategies to create customer value, thereby realizing sustainable business development.
Mid-term business plan "Challenge 25" targets	Promotion of capital-efficient management <ul style="list-style-type: none"> • ROE 15% or more • ROIC 15% or more Cash allocation for sustainable enhancement of corporate value <ul style="list-style-type: none"> • Growth investment (Including M & A) 100 billion yen (FY2019 to FY2021 total) • Payout ratio 30% + α 	Improving indirect work efficiency through the introduction of the common production system <ul style="list-style-type: none"> • Introduction of the common production system at seven factories AC servo factory (Iruma City, Japan/Shenyang City, China) AC drive factory (Yukuhashi City, Japan/Shanghai City, China) Robot factory (Kitakyushu City, Japan/Changzhou City, China/Slovenia) • Indirect man-hours at the AC servo factory (Iruma City, Japan): -30% (Compared to FY2018) Strengthening of common production system <ul style="list-style-type: none"> • Visualization of global production information • Establishment of a digital production preparation environment 	Promotion of R&D focused on the world's first and best technologies <ul style="list-style-type: none"> • Maintaining the ratio of R & D expenses to consolidated revenue at approximately 4.5%
Initiatives to reinforce capital	Initiatives to reinforce financial capital are introduced on the following pages. <ul style="list-style-type: none"> • Strategy by Business Segment (P 27-30) • Financial Capital (P33-36) 	Initiatives to reinforce manufactured capital are introduced on the following pages. <ul style="list-style-type: none"> • Field Report: "i³-Mechatronics" Achieves Evolutions in Manufacturing (P21-22) • Manufactured Capital (P37-38) 	Initiatives to reinforce intellectual capital are introduced on the following pages. <ul style="list-style-type: none"> • Intellectual Capital (P39-40)
FY2019 Results	Promotion of capital-efficient management <ul style="list-style-type: none"> • ROE 6.6% • ROIC 5.9% Cash allocation for sustainable enhancement of corporate value <ul style="list-style-type: none"> • Growth investment (Including M & A) 24.2 billion yen • Payout ratio 87.5% 	Improving indirect work efficiency through the introduction of the common production system <ul style="list-style-type: none"> • Introduction of the common production system at three factories AC servo factory (Iruma City, Japan/Shenyang City, China) AC drive factory (Yukuhashi City, Japan) • Indirect man-hours at the AC servo factory (Iruma City, Japan): -22% (Compared to FY2018) 	Promotion of R&D focused on the world's first and best technologies <ul style="list-style-type: none"> • Ratio of R & D expenses to consolidated revenue 4.6%

 Human Capital	 Social and Relationship Capital	 Natural Capital
<p>In order to respond swiftly to rapidly changing global markets and to achieve corporate evolution and strengthen competitiveness, it is important for diverse employees to make the most of their abilities. We will strengthen our human resources while aiming to be a company that is rewarding to work for.</p>	<p>Yaskawa Group's business is founded on relationships of trust with stakeholders, including customers, business partners, and local communities. We are working to build relationships that lead to continuous mutual development.</p>	<p>Based on the recognition that global environmental conservation is one of the most important issues shared by all humankind, we create value by reducing the environmental impact of our products (green products) and by reducing the environmental impact of Yaskawa Group's business activities (green process).</p>
<p>Reform personnel system with emphasis on employee job satisfaction</p> <ul style="list-style-type: none"> Percentage of employees who feel rewarding to work <p>80% or more</p> <p>Empower highly diverse human resources</p> <ul style="list-style-type: none"> Female percentage of those applying for employment (Compared to the FY2018 level) <p>Secure at least 125 % (Cumulative total from FY2019 to FY2021)</p> <ul style="list-style-type: none"> Percentage of female employees who are willing to become managers <p>23% or more</p> <ul style="list-style-type: none"> Penetration among employees about promotion of human resource diversity <p>70% or more</p>	<p>Coexistence with <i>glocal</i> communities</p> <ul style="list-style-type: none"> Continued implementation of symbiosis activities at each local site <p>Support development of next-generation engineers by utilizing YASKAWA Innovation Center</p> <ul style="list-style-type: none"> Number of visitors <p>30,000 or more per year</p> <ul style="list-style-type: none"> Number of student visitors <p>10,000 or more per year</p> <p>Guaranteeing product safety and quality</p> <ul style="list-style-type: none"> Visualization of real-time global quality information <p>Build a sustainable supply chain</p> <ul style="list-style-type: none"> Obtain agreement on procurement policies from 100% of major suppliers 	<p>Improve energy consumption by spreading the use of Yaskawa products (Green products)</p> <ul style="list-style-type: none"> Contribution to reducing CO₂ emissions through products <p>40 million t-CO₂ or more (Cumulative since FY2016)</p> <p>Reduce effects on the environment throughout the Yaskawa Group (Green process)</p> <ul style="list-style-type: none"> Improvement of CO₂ emissions per unit of revenue <p>-6% or more (Compared to FY2015)</p> <ul style="list-style-type: none"> Introduction of photovoltaic power generation <p>Cumulative capacity of 2.5 MW or more</p>
<p>Initiatives to strengthen human capital are introduced on the following pages.</p> <ul style="list-style-type: none"> Human Capital (P41-42) 	<p>Initiatives to strengthen social and relationship capital are introduced on the following pages.</p> <ul style="list-style-type: none"> Social and Relationship Capital (P43-44) 	<p>Initiatives to strengthen natural capital are introduced on the following pages.</p> <ul style="list-style-type: none"> Natural Capital (P45-46)
<p>Reform personnel system with emphasis on employee job satisfaction</p> <ul style="list-style-type: none"> Percentage of employees who feel rewarding to work <p>78% (November 2019)</p> <p>Empower highly diverse human resources</p> <ul style="list-style-type: none"> Female percentage of those applying for employment (Compared to the FY2018 level) <p>100% (No change from FY2018)</p> <ul style="list-style-type: none"> Percentage of female employees who are willing to become managers <p>25%</p> <ul style="list-style-type: none"> Penetration among employees about promotion of human resource diversity <p>60%</p>	<p>Coexistence with <i>glocal</i> communities</p> <ul style="list-style-type: none"> Continued implementation of symbiosis activities at each local site <p>Support development of next-generation engineers by utilizing YASKAWA Innovation Center</p> <ul style="list-style-type: none"> Number of visitors <p>31,253 per year</p> <ul style="list-style-type: none"> Number of student visitors <p>10,168 per year</p> <p>Guaranteeing product safety and quality</p> <ul style="list-style-type: none"> Completed introduction of quality information collection system in China and other Asian markets <p>Build a sustainable supply chain</p> <ul style="list-style-type: none"> Thorough dissemination of procurement policies to major suppliers 100% 	<p>Improve energy consumption by spreading the use of Yaskawa products (Green products)</p> <ul style="list-style-type: none"> Contribution to reducing CO₂ emissions through products <p>21.85 million t-CO₂ (Cumulative since 2016)</p> <p>Reduce effects on the environment throughout the Yaskawa Group (Green process)</p> <ul style="list-style-type: none"> Improvement of CO₂ emissions per unit of revenue <p>+4% (Compared to FY2015)</p> <ul style="list-style-type: none"> Introduction of photovoltaic power generation <p>Cumulative 1.7 MW</p>



Financial Capital

Basic Approach to Reinforcing Financial Capital

Yaskawa Group has adopted ROE^{*1} and ROIC^{*2} as management indicators in its financial and capital strategies, with the aim of generating returns that exceed the cost of equity of approximately 10% and maximizing return on invested capital. Based on this approach, we will strive to maximize returns while ensuring financial security

by controlling the net DE ratio^{*3} to a certain level.

Cash generated by operating activities will be effectively used in three directions: (1) investment for growth, (2) shareholder return, and (3) employee allocation to achieve sustainable growth in corporate value.

^{*1} ROE: Return on Equity = Profit attributable to owners of parent/Equity attributable to owners of parent

^{*2} ROIC: Return on Invested Capital = Profit attributable to owners of parent/Invested capital

^{*3} Net DE ratio: (Interest-bearing debt - Cash and deposits)/Equity attributable to owners of parent

Targets and Progress of Mid-Term Business Plan “Challenge 25”

	FY2019 Results	Targets
Promotion of capital-efficient management		
ROE	6.6%	15% or more
ROIC	5.9%	15% or more
Cash allocation for sustainable enhancement of corporate value		
Growth investment (Including M & A)	24.2 billion yen	100 billion yen (FY2019 to FY2021 total)
Dividend payout ratio	87.5%	30%+α

View of Progress in FY2019 (Results and Challenges)

Results

From the end of FY2018 to the end of FY2019, we made efforts to maintain and strengthen our financial position by reducing inventories by 9.7 billion yen, controlling foreign exchange risks by minimizing receivables and payables in group transactions, and reviewing our holdings of investment securities, despite the impact of the economic slowdown caused by the U.S.-China trade friction and infectious diseases. In FY2019, we reduced expenses by 3.1 billion yen from the FY2018 level to secure profits.

Challenges

The ongoing challenge is that profits fluctuate widely. This is because Yaskawa's core product AC servo motor's revenue has a high exposure to the markets with large economic swings, such as semiconductors and electronic components. Consequently, Yaskawa's earnings are greatly affected by end-users' capital investment plans and the production status of equipment manufacturers and inventory status of equipment manufacturers and distributors. In such a business environment, it is important to build a business model that can ensure a certain level of profit during periods of low demand.

Future Initiatives

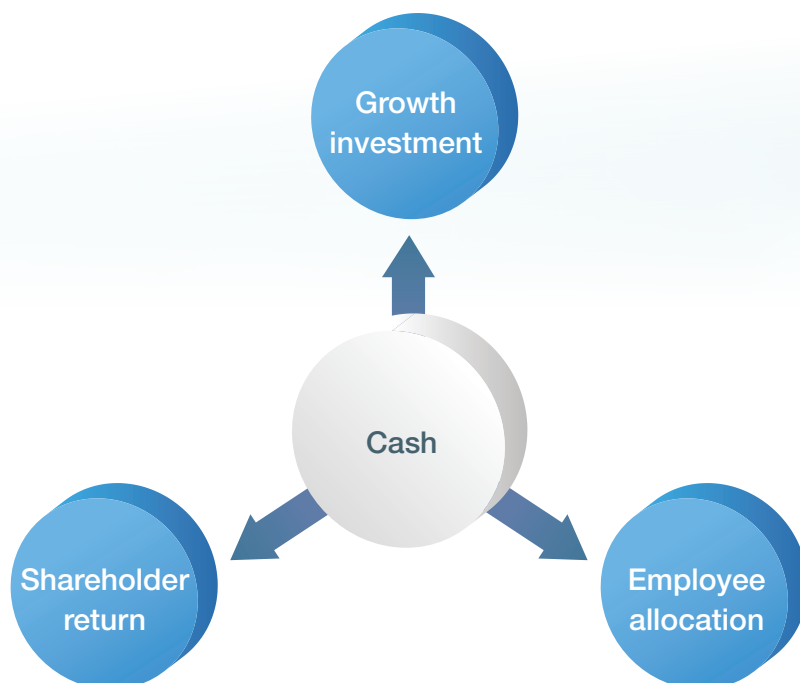
The future of the global economy remains uncertain due to the spread of the new coronavirus infection and prolonged U.S.-China trade friction. In a market environment where it is difficult to expect dramatic growth in revenue, we envision an ideal profit structure (Example: Profit margin of 10% on sales of 400 billion yen) and implement group-wide measures to increase added value and optimize the cost structure.

As for future sales growth, we will be able to respond to such growth while controlling expenses by reaping the fruits of our investments in productivity improvement, and we will make preparations to achieve mid-term business plan's final target of an operating income ratio of 13%, with revenue lower than expected.

Beginning with the financial statements for the year ended February 2020, Yaskawa Group voluntarily adopted International Financial Reporting Standards (IFRS). As a result, we will standardize the financial data of each Group company to the IFRS standards and improve comparability among Group companies as well as comparability with other companies on a global basis.

Furthermore, by standardizing business processes under the same accounting standards for each group company, we are able to visualize management indicators in real time, which will lead to the advancement of management control as described in YDX.

Cash Allocation for Sustainable Enhancement of Corporate Value





Financial Capital

Financial Capital Strategy

Basic Approach to Balance Sheet Structure



① Current assets (Cash and cash equivalents, etc.)

Yaskawa Group's basic policy is to keep cash on hand at the level of monthly turnover of about 1 month by not making it dispersed globally so that it does not get excessive.

However, in light of the current economic situation, we will

secure a commitment line* of 10 billion yen in preparation for emergencies, and raise the level of cash and deposits on hand, in order to operate with a greater emphasis on security.

* A credit line committed by a bank to be executed

② Non-current assets (Growth investment, M & A, etc.)

We will actively make investments that will contribute to future growth and productivity. During the current mid-term business plan period, we plan to use 6 - 7% of revenue for

capital investment and M & A. The main purpose of M & A is to supplement technology to enhance our ability to create value.

③ Capital structure

At the former mid-term business plan, we have improved our shareholders' equity ratio and reduced interest-bearing debt. As a result of this, we now have a prospect of improving our capital structure. At the present mid-term

business plan, we will control the net DE ratio to a certain level and maximize corporate value by utilizing leverage to the extent that we can maintain our credit rating.

Basic Approach to Cash Allocation

Yaskawa's basic policy is to realize sustainable growth by effectively allocating cash generated by operating activities in the following three directions: (1) investment for growth, (2) shareholder return, and (3) employee allocation. In FY2019, we also reduced the payment site for business

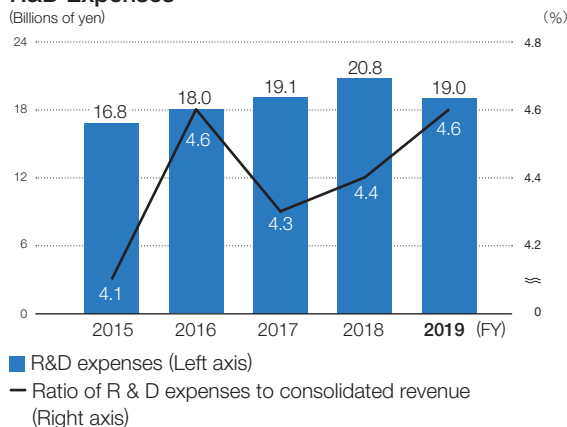
partners, thereby returning funds to suppliers and subcontract factories. This resulted in a temporary decline in cash flow of approximately 8 billion yen, but this was used to strengthen relationships with business partners.

① Growth investment

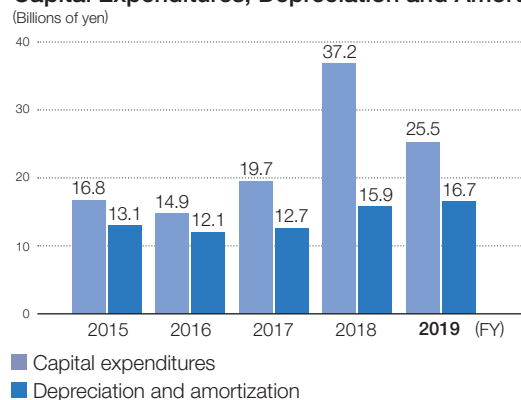
To achieve medium- to long-term growth in Yaskawa Group, 4 - 5% of sales will be invested in R & D. In addition, we plan to invest 6 - 7% of net sales in equipment and M & A activities. In FY2020, we plan to carefully select and implement profit-generating investments such as YASKAWA Technology Center (Scheduled to start

operation in March 2021), a new base for technological development, while closely monitoring the impact of the spread of infectious diseases on the global economy. Investments to build a digital transformation platform through FY2025 are also included.

R&D Expenses



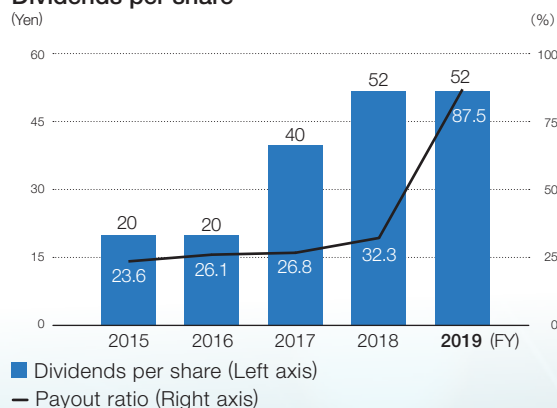
Capital Expenditures, Depreciation and Amortization



② Shareholder return

We are implementing management practices that assume a payout ratio of 30% + α to the profit planned at the start of mid-term business plan. If profits increase or decrease as a result, the amount of dividends is adjusted in consideration of the cash generated during the period. Even in the event of a decline in profits, we will return profits as planned, based on stable dividends as long as cash is available. If profits increase and cash is generated more than expected, we will consider additional return measures.

Dividends per share



③ Employee allocation

We intend to make appropriate allocations to employees who are the most important to our business operations. In addition to executive compensation, bonuses for managers are highly linked to performance. Bonuses to managers are calculated based on an operating profit ratio of 10%, with no upper or lower limits set to return profits. In calculating both executive remuneration and managerial bonuses, we take into account the relativity of performance improvement in comparison with other benchmark companies, and we are enhancing incentives to achieve higher profit growth than other companies.

In FY2020, we introduced a policy of setting no upper limit if the operating profit margin exceeds 10%, while setting a lower limit for bonuses in the event of a decline in profits for general employees. By doing so, we aim to raise awareness of profit margins throughout the company. We are also investing in employee benefits, such as building new dormitories for young employees.



Manufactured Capital

Basic Approach to Reinforcing Manufactured Capital

By developing and introducing a production system that is common to all divisions (factory), we will achieve more efficient production operations.

In particular, for indirect work related to production (Procurement, production and inventory planning), this common production system will be expanded not only to plants in Japan but also to overseas plants, leading to a reduction in indirect man-hours throughout Yaskawa Group.

In addition, we will integrate the production engineering departments that deal with production equipment at our plants to improve the skills of our production engineers, and reduce direct man-hours by installing more productive production equipment at plants in Japan and overseas.

We will also drastically review our production organization and business procedures to reduce production costs and achieve our long-term business plan "Vision 2025" targets.

Targets and Progress of Mid-Term Business Plan "Challenge 25"

	FY2019 Results	Targets
Improving indirect work efficiency through the introduction of the common production system	<ul style="list-style-type: none"> Introduction of the common production system at three factories AC servo factory (Iruma City, Japan/Shenyang City, China) AC drive factory (Yukuhashi City, Japan) Indirect man-hours at the AC servo factory (Iruma City, Japan): - 22% (Compared to FY2018) 	<ul style="list-style-type: none"> Introduction of the common production system at seven factories AC servo factory (Iruma City, Japan/Shenyang City, China) AC drive factory (Yukuhashi City, Japan/Shanghai City, China) Robot factory (Kitakyushu City, Japan/Changzhou City, China/Slovenia) Indirect man-hours at the AC servo factory (Iruma City, Japan): - 30% (Compared to FY2018)
Strengthening of common production system	—	<ul style="list-style-type: none"> Visualization of global production information Establishment of a digital production preparation environment

View of Progress in FY2019 (Results and Challenges)

Results

In FY2019, the introduction of the common production system at three plants and the reduction of indirect man-hours at the motion control plant progressed as planned.

Challenges

We recognize that we need to further improve our procurement capabilities, as parts that do not align in a timely manner can affect production in some areas. Yaskawa Group is working to improve procurement capabilities by integrating and streamlining its procurement operations. At the same time, we are recognizing the risks that the impact of the new coronavirus may have on our manufacturing and strengthening measures to hedge these risks.

Future Initiatives

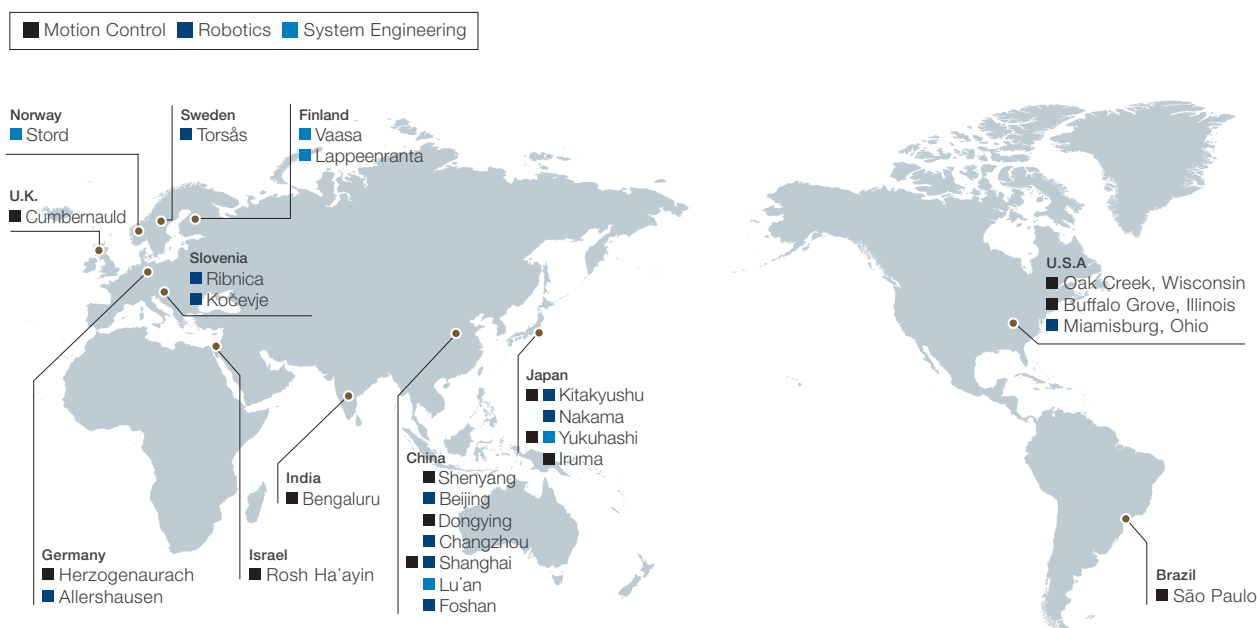
In the past, each plant used its own production system for indirect operations such as procurement and production planning, but we will introduce a newly developed common production system to seven plants in Japan and overseas by the end of the current mid-term business plan. This enables us to standardize indirect operations related to production and visualize the global production status and inventory status of parts and products in real time, thereby improving the sophistication and efficiency of production management.

With regard to production technology that directly contributes to the reduction of man-hours, we will integrate the organizations that had been separated for each plant, and carry out initiatives so that engineers who have worked on production equipment for the AC servo factory can work next on equipment for AC drive production. As a result, the increased knowledge and experience of engineers will further enhance production technology, enabling the construction of new facilities in a short period of time. At the

same time, we will be able to apply the solutions to the problems of the facilities made previously to another product we will be working on from the beginning and to install improved facilities. In this way, we will accelerate the upgrading of company-wide production technologies and directly reduce the number of man-hours by introducing excellent automation equipment to each factory. Specifically, we will introduce the standardized facilities introduced at our AC servo and AC drive plants in Japan to our AC servo and AC drive plants in China by FY2021. We will continue to standardize our production facilities on a global basis, so that we can respond quickly and centrally to equipment problems.

The lessons learned from the new coronavirus may further accelerate the automation of manufacturing processes in the future. As a Business to Business manufacturer, Yaskawa hopes to use the production facility concept demonstrated in the Group to automate and improve the efficiency of its customers' manufacturing processes.

Global Production Network at 28 locations in 12 countries





Intellectual Capital

Basic Approach to Reinforcing Intellectual Capital

The intellectual capital of the Yaskawa Group consists of technology and intellectual property, which are the sources of products and services.

In terms of technology, we will continue to develop products and technologies that are the world's first and best in the world, and create customer value through a wide range of initiatives, including the combination of products and technologies, enhanced response to digital solutions, and expanded collaboration with universities and

other companies, in order to create solutions that lead to solutions to our customers' management issues.

In relation to intellectual property, we will promote strategies in conjunction with business plans and technology strategies, and support business development through prevention of intellectual property disputes, appropriate protection of our own technologies, and prompt responses to technical contracts in accordance with business characteristics.

Targets and Progress of Mid-Term Business Plan "Challenge 25"

	FY2019 Results	Targets
Promotion of R&D focused on the world's first and best technologies		
Ratio of R & D expenses to consolidated revenue	4.6%	Maintain approximately 4.5%

View of Progress in FY2019 (Results and Challenges)

Results

We conducted a thorough analysis of the development process for products that had problems such as development delays in the past. The results of this analysis are used to improve business processes at new technology development base "YASKAWA Technology Center" scheduled to start operations in 2021, and a mechanism was examined to share and visualize data necessary for improvement. The layout of the building also emphasizes the business environment that leads to value creation, such as the creation of development synergies across divisions and products.

Challenges

Our challenge is to ensure that the convergence of development resources and changes in the way we work following the establishment of YASKAWA Technology Center will lead to increased R & D output.

In addition, we believe it is necessary to invest more aggressively and effectively in R & D activities that will lead to the expansion of the Yaskawa Group's business, such as the early introduction of new products, the realization of ideas for combining existing technologies and products, the supplement of technologies that are lacking, and collaboration with third parties.

Future Initiatives

In FY2020, with the aim of establishing YASKAWA Technology Center, we will promote new business process of R & D activities and improve the infrastructure and environment to realize these activities. We will also establish development themes in a new environment and joint development themes with universities.

At the same time, we will explore joint development partners such as universities and companies. At YASKAWA Technology Center, R & D, production technology, quality control, and other related departments work together on development projects. In this way, we build cost structures and quality from the initial stages of development, and establish a system that ensures that products that meet targeted performance, quality, and price levels are launched to the market within a set period of time.

In the area of intellectual property, we will strengthen the protection of technologies that support solution concept "i³-Mechatronics" for the realization of a new industrial automation revolution, as well as technologies related to new mechatronics application areas such as food and agriculture.

Furthermore, we will build a digital infrastructure to support YASKAWA Technology Center's goal of "integrated system from development to manufacturing" and manage all data necessary for technology and product development in an integrated manner, including research and development

results, patent data, past failure information, simulation data, parts data, and production facility design data. In this way, we will change the way we develop technologies and products, and expand remote work in our technology departments, which will lead to the strengthening of BCP measures in the event of an emergency such as an infectious disease.

R & D investment in this mid-term business plan is currently set at around 4.5% of revenue, and we plan to maintain this level.



Rendering of YASKAWA Technology Center

Selected as "Derwent Top 100 Global Innovators Award 2020" for five consecutive years

Yaskawa was selected by Clarivate Analytics (Headquarters: Philadelphia, U.S.A.) as one of the "Derwent Top 100 Global Innovators Award 2020". This is the 5th consecutive year since 2015.

Based on patent data held by Clarivate Analytics, a global information services company, the award analyzes intellectual property and patent trends and selects 100 of the world's most innovative companies and institutions. This award is evaluated based on the following four criteria: "number of patents" "success rate" "globality" and "patent influence in citation". Among these standards, Yaskawa received particularly high praise for its "patent influence in citation" which indicates the number of patents cited in inventions of other companies. We will continue to develop technologies on a global scale and create new value for society through these technologies, in order to continuously increase corporate value.



President Ogasawara (right) receiving the trophy



Human Capital

Basic Approach to Reinforcing Human Capital

Yaskawa Group has established a human resources philosophy to define a basic approach to human resources and various personnel systems. The ideal is for employees to continue to take on challenges with a high level of motivation, and based on that ideal we continue to improve

our personnel system, work style, and human resource development to achieve this goal. Through these efforts, we aim to increase the motivation of each and every employee, improve Yaskawa Group's competitiveness, and continuously improve corporate value.

Targets and Progress of Mid-Term Business Plan "Challenge 25"

	FY2019 Results	Targets
Reform personnel system with emphasis on employee job satisfaction		
Percentage of employees who feel rewarding to work	78%	80% or more
Empower highly diverse human resources		
Female percentage of those applying for employment (Compared to the FY2018 level)	100% (No change in percentage)	Secure at least 125 % (Cumulative total from FY2019 to FY2021)
Percentage of female employees who are willing to become managers	25%	23% or more
Penetration among employees about promotion of human resource diversity*	60%	70% or more

* Rate of positive responses to the question asking whether "a workplace culture that makes use of the strengths of diverse human resources is realized" in the ES questionnaire

View of Progress in FY2019 (Results and Challenges)

Results

The percentage of female employees who are willing to become managers exceeded the FY2021 target ahead of schedule. We believe that this is a result of the diversity promotion measures that Yaskawa has been implementing for a long time, including work style reform and training. The monthly ES (employee satisfaction) Questionnaire has also enabled us to regularly quantify and visualize other indicators of human capital reinforcement, such as employee job satisfaction and employee awareness, and has created a foundation for implementing PDCA (plan, do, check, action) cycle.

Challenges

Utilizing the response data received from employees through the ES questionnaire, we will promote PDCA of measures for employees, such as hiring, human resource development, optimal allocation, and labor reform, in order to improve job satisfaction and diversity, and strengthen our corporate structure.

Future Initiatives

Based on the recognition that "job satisfaction" constantly changes according to the environment and mental conditions surrounding individuals, we have set the target percentage of employees who feel it is rewarding to work at 80% or higher and are implementing various measures to maintain and improve it.

At Yaskawa, we will start implementing measures that are expected to have great effects so that we will realize a diversity of human resources by enabling employees with diverse lifestyles to find their jobs rewarding.

With regard to the personnel system, we support employees to take on challenges with a high level of motivation, and we will continue to reform the system to realize our aim.

Even before the spread of the new coronavirus, we have institutionalized teleworking for childcare and nursing care, and have been preparing to expand the introduction of such systems from the perspective of the BCP. In the future, we will consider expanding the telework system and discretionary work as a way of increasing the freedom of

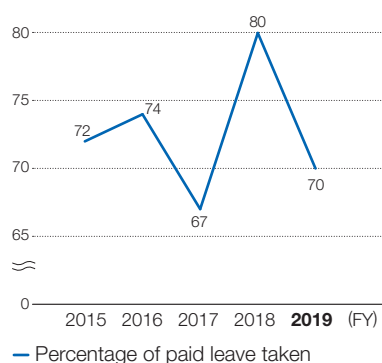
place and time of work from the perspective of maximizing efficiency, reducing costs, and improving productivity regardless of the impact of viruses, as well as from the perspective of improving job satisfaction that matches various lifestyles.

With regard to human resource development, we believe it is important to improve the capabilities of the employees hired, measure how they are contributing to the creation of customer value, and feed the results back to the development program. In the future, in addition to the development of standard training programs, we will enhance training programs that are optimized for each individual.

With the keywords of job satisfaction and a diversity of lifestyles, we will promote work style reforms that combine employee awareness reforms and operational reforms to maximize the abilities of each employee and the ability to create customer value, thereby enhancing Yaskawa Group's competitiveness.

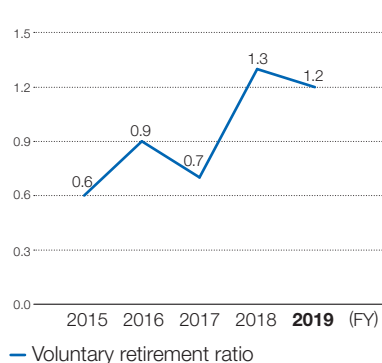
Other Data Related to Human Capital

Percentage of paid leave taken
(%)



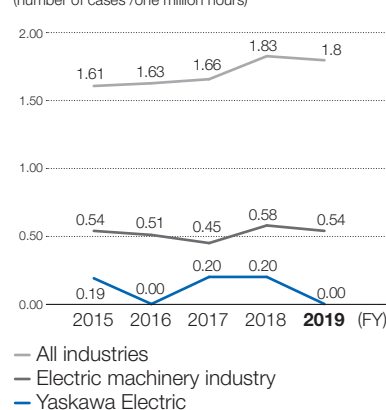
Aiming to transform our work style into more productive ways, we are encouraging employees to take annual paid leave in five consecutive days and providing individual follow-up to employees who have not taken enough days off.

Voluntary retirement ratio
(%)



The voluntary retirement ratio has been around 1% due to the improvements of work environments suited to various lifestyles.

Frequency of Work Accidents (frequency rate)
(number of cases / one million hours)



By continuously improving our occupational health and safety management system, the frequency rate remains below the industry average.



Social and Relationship Capital

Basic Approach to Reinforcing Social and Relationship Capital

Yaskawa Group has inherited the founder's commitment to "serve the nation and society without pursuing temporary interests" and has contributed to the prosperity of the society by taking root in local communities. We have more than 100 years of history thanks to our relationships of trust with our stakeholders, including customers, business partners, and local communities.

As a global company, we will not only carry out business activities rooted in local communities, but also develop various symbiotic activities in line with local social issues. We will further deepen our dialogue and co-creation with stakeholders and strive to realize a sustainable society.

Targets and Progress of Mid-Term Business Plan "Challenge 25"

FY2019 Results		Targets
Coexistence with <i>glocal</i> communities		
Continued implementation of symbiosis activities at each local site	Continued implementation of symbiosis activities at each local site	Continued implementation of symbiosis activities at each local site
Support development of next-generation engineers by utilizing YASKAWA Innovation Center		
Number of visitors	31,253 per year	30,000 or more per year
Number of student visitors	10,168 per year	10,000 or more per year
Guaranteeing product safety and quality		
	Completed introduction of quality information collection system in China and other Asian markets	Visualization of real-time global quality information
Build a sustainable supply chain		
	Thorough dissemination of procurement policies to major suppliers 100%	Obtain agreement on procurement policies from 100% of major suppliers

View of Progress in FY2019 (Results and Challenges)

Results

In order to promote social contribution throughout the Group, we established the Social Contribution Committee and began full-scale activities for local communities. Specifically, we donated robots to technical colleges,

provided robot operation education for students at technical high schools and technical colleges, held handmade motor classes for elementary school students, and engaged in activities that lead to the fostering of future engineers. In addition, we actively participated in events in Kitakyushu where our head office is located, and continued

to provide support in areas such as the promotion of culture, the arts, and sports. We also conducted community-based activities overseas.

As part of our quality activities to ensure that our customers can continue to use Yaskawa products with security, we have standardized our quality information reporting, which



"Girl's Day" an experience-based event to introduce science and engineering workplaces and manufacturing sites to junior high school girls



Handmade motor class held at "Sainokuni Open Factory in Iruma"



Support for Kitakyushu City Opera



Support for the soccer team Giravanz Kitakyushu



Donation of a school bus to a special support school in India

were not unified in the past, and introduced a system to Group companies in China and other Asian countries.

With regard to procurement activities that support stable production, in addition to strengthening relationships through close information sharing with suppliers on a daily basis, we held supplier briefings to ensure that Yaskawa Group's procurement policies were thoroughly understood in order to appropriately respond to social issues in the supply chain. In addition, we further strengthened our relationships with suppliers and subcontract factories by shortening payment sites.

Challenges

As a result of the spread of the new coronavirus infection, we have been forced to refrain from holding public events and face-to-face communication with stakeholders. We will take measures such as switching to remote communication using IT tools to enhance dialogue with stakeholders.

We will also accelerate efforts to unify our quality management systems in Europe and the U.S. in order to visualize global quality information in real time.

Future Initiatives

Taking advantage of the characteristics of the Yaskawa Group, we will promote activities for local communities based on the two pillars of policies, "Developing human resources who will lead the evolution of manufacturing" and "Coexistence and co-creation with local communities".

To maximize the value provided to customers, we practice quality management aimed at improving the overall quality and efficiency of our operations. Through these activities, we will secure resources to realize the goal of creating customer value described in "Vision 2025" by making existing businesses more robust.

In terms of product quality and safety, we will build quality through corporate-wide development activity with the establishment of YASKAWA Technology Center (To be completed in 2021), and build an optimal quality assurance system that will enable us to provide customers with even greater levels of safety and security.

In order to build a sustainable supply chain, Yaskawa is working to further promote the understanding of its procurement policies among its business partners. At the same time, the company is making steady progress in addressing social issues in its procurement activities, aiming to achieve its mid-term business plan target of obtaining 100% agreement.

In this way, we will develop activities aimed at stakeholders and establish a system to appropriately incorporate activities that contribute to solving various social issues in Japan and overseas into our business.

Based on these activities, we will strengthen our response to future social risks, and strive to further ensure sustainable enhancement of corporate value through activities that maximize customer value while responding to changes in the external environment.



Natural Capital

Basic Approach to Reinforcing Natural Capital (Environmental Management)

Yaskawa Group's environmental management is promoted through two approaches: "green process" which aims to reduce the environmental impact of Yaskawa's operations; and "green products*1" which aims to contribute to reducing the environmental impact of customers around the world through Yaskawa products.

In particular, recognizing that addressing climate change is an urgent global issue, Yaskawa will promote environmental management with the goal of making the contribution of

products in reducing CO₂ emissions at least 100 times the amount of CO₂ emitted by Yaskawa Group (CCE 100*2) in 2025.

*1 The degree of environmental contribution of a product is evaluated from the three viewpoints of "prevention of global warming", "resource conservation and recycling" and "proper management of chemical substances". Products that meet a certain standard are certified as Green Products, and products that demonstrate the highest level of environmental performance in the industry are certified as Super Green Products.

*2 Contribution to Cool Earth 100

Targets and Progress of Mid-Term Business Plan "Challenge 25"

	FY2019 Results	Targets
Improve energy consumption by spreading the use of Yaskawa products (Green products)		
Contribution to reducing CO₂ emissions through products (Cumulative since FY2016)	21.85 million t-CO₂	40 million t-CO₂ or more
Reduce effects on the environment throughout the Yaskawa Group (Green process)		
Improvement of CO₂ emissions per unit of revenue (Compared to FY2015)	+4%	-6% or more
Introduction of photovoltaic power generation	Cumulative capacity of 1.7 MW	Cumulative capacity of 2.5 MW or more

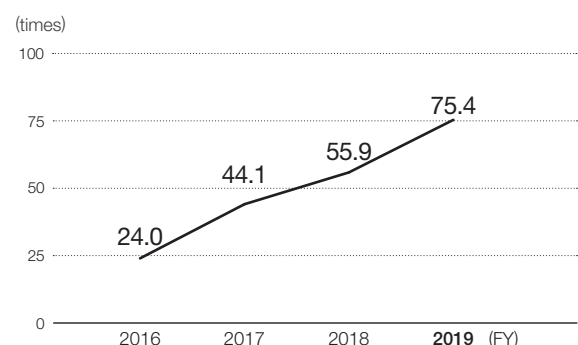
View of Progress in FY2019 (Results and Challenges)

Results

Thanks to strong sales of Green Products, Yaskawa's contribution to the reduction of CO₂ emissions by its products was approximately 75 times that of Yaskawa Group's CO₂ emissions, and we made steady progress toward our target of 100 times or more by 2025.

(FY)	2016	2017	2018	2019
Yaskawa products' contribution to CO ₂ emissions reduction (t-CO ₂)	1,233,457	2,275,450	3,045,926	3,993,240
CO ₂ emissions by Yaskawa Group	51,305	51,609	54,476	52,934

Trends in CCE 100 (Yaskawa products' contribution to CO₂ emissions reduction/Yaskawa Group's CO₂ emissions)



Challenges

Although Green Products contributed to the environment favorably, Yaskawa Group's CO₂ emissions per unit of

revenue, calculated by dividing the total by revenue, increased significantly from -8% (FY2018 results) in FY2015 to +4% (FY2019 results) due to the decrease in consolidated revenue.

Future Initiatives

In order to promote environmental management throughout the Group and translate it into results, we will collaborate with factories in Japan, Europe, the U.S., and China to reduce the environmental impact of our production activities.

Specifically, we will reduce energy consumption by switching to LED lighting, replacing air conditioning equipment, and improving the efficiency of production facilities. In addition, we will install more solar panels at each plant and switch to renewable energy. Plans for these

measures will be shared with each plant on a global basis and implemented.

In addition, we will increase the proportion of Green Products in the Group's revenue, comply with the European RoHS Directive and REACH regulations, and ensure the control of chemical substances contained in products. Through these activities, we will increase the environmental contribution of our products and accelerate our efforts to reduce their environmental impact.



Energy conservation patrol at AC servo factory (Shenyang City, China)



Photovoltaic power generation system at a business site in Yukuhashi City, Japan



Solar power generation facility at Yaskawa Europe (Germany)

Responding to Recommendations of the Task Force on Climate-Related Financial Information Disclosure (TCFD)

Yaskawa endorsed the TCFD proposal in September 2019. With the impact of climate change becoming a global problem, Yaskawa has contributed to reducing CO₂ emissions through products such as AC drives that utilize power conversion technology, which is one of the core technologies. With the endorsement of the TCFD Philosophy, we will strive to contribute to the realization of a sustainable society and increase corporate value by further enhancing information disclosure on climate change and continuously promoting environmentally conscious business activities.

