



## Financial Capital

### Basic Approach to Strengthening Financial Capital

Yaskawa Group is working to maximize returns on invested capital by targeting a cost of equity of around 10%. ROE\*<sup>1</sup> and ROIC\*<sup>2</sup> are both management indicators in our financial and capital strategies.

Cash generated from operating activities is effectively used in three ways: (1) investment for growth, (2) return to shareholders, and (3) employee allocation, to achieve sustainable growth of corporate value.

As market expansion was delayed due to the spread of the COVID-19 infection, we revised our mid-term business plan with its final year FY2021 to "Challenge 25 Plus," extending the period by one year. In an environment of uncertainty over the future, we have reduced revenue target, but did not change the target for operating profit ratio. We will continue to improve profitability and aim to achieve "Vision 2025."

\*1 ROE: Return on Equity = Net income attributable to owners of the parent/Total equity attributable to owners of the parent  
\*2 ROIC: Return on Invested Capital = Net income attributable to owners of the parent/Invested capital

#### ▶ Targets and Progress in Mid-Term Business Plan "Challenge 25 Plus"

	Achievements in FY2020	Targets for FY2022
<b>Promotion of capital-efficiency management</b>		
ROE	8.0%	15.0% or more
ROIC	7.0%	15.0% or more
<b>Cash allocation for sustainable enhancement of corporate value</b>		
Growth investment (including M & A)	22.7 billion yen	60 billion yen (FY2021 - FY2022 cumulative)
Payout ratio	33.1%	30.0%+ $\alpha$

#### FY2020 Results and Challenges



Revenue decreased due to restrained capital investment in the manufacturing industry as a whole, affected by the worldwide spread of the COVID-19 mainly in the first half of the FY year. Operating profit, however, increased due to the acceleration of cost control measures that had been in place since before COVID crisis. Another reason is that we

strongly focused on cost reduction, reflecting on the fact that we were unable to thoroughly control expenses in FY2019 while revenue declined. In FY2021, we expect an increase in revenue as COVID crisis becomes more stable. To prevent expenses from increasing significantly, we will continue to control expenses by limiting the increase in expenses to 10% of the increase in revenue.

### Challenges

Our biggest challenge in the mid-term business plan is to increase added value. While cost control worked well throughout FY2020, we believe that we need to accelerate efforts to increase added value. Our core strategy is to expand our proposal-based business based on the “i<sup>3</sup>-Mechatronics” concept. Based on the YRM controller, an integrated controller that provides integrated control of Yaskawa motion products and robots, we will provide solutions

that enhance productivity in the manufacturing field. By doing so, we aim to increase the value of our component products by increasing our customers' profits through making their products and businesses win in the competition. In addition, we will launch new series of AC servo drive, expand lineup of new series of AC drive, and expand in-house production of robots in an effort to increase the added value of our products.

## Basic Approach to Balance Sheet Structure

### Current assets (cash on hand, etc.)

Yaskawa Group's basic policy is to maintain cash and time deposits at a level equivalent to one month of monthly turnover, while controlling the distribution of cash globally so that there is no surplus. In addition, in consideration of the current economic situation, we have secured a commitment line of 10 billion yen in preparation for an emergency.

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

We will actively invest to contribute to future growth and productivity. During the “Challenge 25 Plus” period, we plan to allocate 6 - 7% of revenue to capital expenditures

and M & A activities. We project capital expenditures of approximately 60 billion yen over the next 2 years. The main purpose of M & A is to complement technologies to enhance value creation capabilities.

### Capital structure

By controlling the net D/E ratio\*<sup>3</sup> to a certain level, we will ensure our financial safety. At the same time, we will utilize leverage to the extent that we can maintain our credit ratings, which will lead to maximizing returns and improving capital efficiency.

\*<sup>3</sup> Net D/E ratio: (Interest-bearing debt – Cash and deposits)/Equity attributable to owners of parent

## Basic Approach to Cash Allocation

### Growth investment

To realize medium- to long-term growth in Yaskawa Group, we will invest 4 - 5% of revenue in R & D and continue to invest 6 - 7% in facilities and mergers and acquisitions. In FY2020, capital expenditures totaled 22.7 billion yen, mainly for YASKAWA Technology Center and YDX. The resulting depreciation and amortization expense was 16 billion yen, and we will make steady investments for growth in the uncertain market environment.

### Shareholder return

The target is a dividend payout ratio of 30% +  $\alpha$ . Even in the event of a decline in earnings, we will continue to return profits to shareholders as planned, based on stable dividends as long as we can secure cash. If earnings increase and cash is generated more than expected, we will consider additional return measures such as the acquisition of treasury stock.

### Employee distribution

We will also appropriately allocate resources to our employees, who are the most important in executing the business. In addition to executive compensation, bonuses for managers are also linked to performance. Bonuses to managers are calculated based on a standard operating profit ratio of 10%. No upper or lower limits are set for the return of profits. In calculating executive compensation and management bonuses, the Company takes into account the relative performance improvements compared with other companies as benchmarks, thereby increasing incentives to achieve higher profit growth than other companies. In FY2020, we introduced a policy not to set an upper limit on bonuses for general employees when operating profit ratio exceeds 10%. In this way, we are working to improve incentives by increasing the linkage between company-wide profit margins and bonuses.



## Manufactured Capital

### Basic Approach to Reinforcing Manufactured Capital

We will achieve more efficient production operations by developing and introducing a production system that is common throughout the entire company for each of the operations related to production that have been previously established for each division (plant.) In particular, for indirect work related to production (procurement and production planning,) this common production system will be applied not only to domestic plants but also to overseas plants, which will lead to a reduction in indirect man-hours for the entire Yaskawa Group. We also integrate our production engineering divisions, which handle production facilities at our plants, in order to raise the level of our production engineers. At the same time, we will directly reduce man-hours by installing more productive production facilities at plants in Japan and overseas.

We will also implement a drastic review of our production organization and operations to reduce production costs and achieve the goals set out in our long-term business plan "Vision 2025."

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

##### Introduction of leading-edge manufacturing

- Global production efficiency and optimization through expansion of the YASKAWA Solution Factory concept to plants in Japan and overseas -

	Achievements in FY2020	Targets for FY2022
<b>Improvement of productivity indicators</b> Improvement ratio for revenue per person for indirect and direct personnel at plants in Japan (compared to FY2019)	<b>+3%</b>	<b>+17%</b>
<b>Specific measures for achievement</b>		
<b>Global expansion of common production systems</b>	Completion of system introduction at plants in three businesses (completion at six main plants) AC servo drive plant (Iruma, Japan <sup>*1</sup> , Shenyang, China <sup>*1</sup> ) AC drive plant (Yukuhashi, Japan <sup>*1</sup> , Shanghai, China) Robot plant (Kitakyushu, Japan, Changzhou, China)	<b>Stabilize operation with the system and improve productivity</b>
<b>Deployment of next-generation production facilities<sup>*2</sup></b>	<b>Completed deployment to GA 500 production line in AC drive plant</b>	<b>Deployment to production lines of new products</b>

<sup>\*1</sup> Completed implementation in FY2019

<sup>\*2</sup> Production equipment that standardizes specifications based on the concept of "multi-function and simple" and continuously evolves based on acquired data to realize "non-stop" operation

### FY2020 Results and Challenges



In FY2020, a common production system was introduced at 3 plants, and next-generation production equipment was installed at AC drive plant (GA 500 production line). The introduction of a common production

system has laid the groundwork for the sharing of business operations and unified the visualized format of data.

As a result of these initiatives, the productivity indicator, which serves as a materiality KPI, also improved compared to FY2019.

**Challenges**

We have completed the introduction of a common production system at six major plants in Japan and overseas. In the future, in

order to make use of this system (data) to improve the efficiency and commonality of operations, it will be necessary to stabilize the use of the system in operation.

**Future Initiatives**

In the past, individual production systems were used for indirect operations related to production, such as procurement and production planning. However, a new common production system was developed and introduced at six major plants in Japan and overseas. This enables us to standardize indirect operations related to production and visualize the global production status, parts procurement status, inventory status, etc. in real time, thereby achieving advanced and efficient production management on a global basis.

As for production technologies that directly contribute to the reduction of man-hours, we will integrate organizations that had been separated for each plant, and the engineers who developed the production facilities at AC servo drive plant will develop the facilities at AC drive plant. As a result, the more experienced and knowledgeable the engineers become, the higher their production technology will become, and it will become possible to construct

new facilities in a short period of time. At the same time, it is possible to apply the solution of the problem of the facility that was previously worked on to other products to be worked on from the beginning, and to install improved facilities.

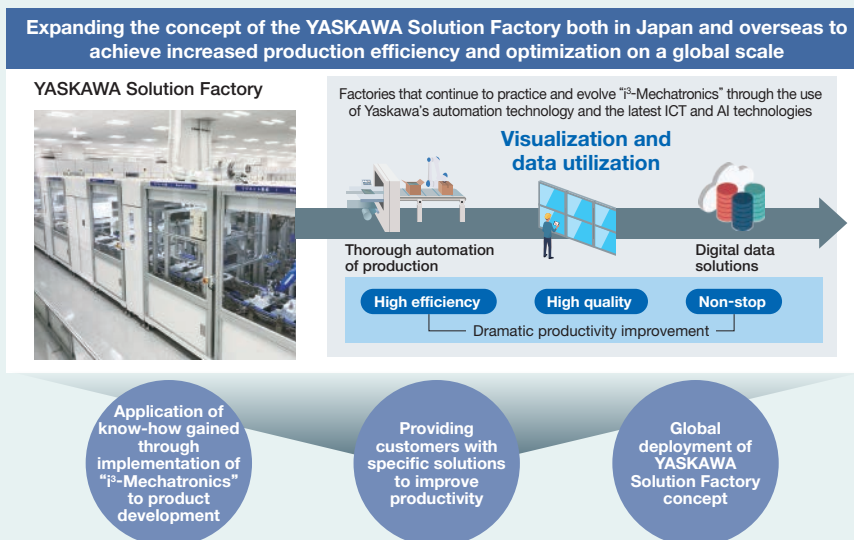
In this way, we will accelerate the advancement of company-wide production technology and directly reduce man-hours by introducing excellent automation equipment at each plant. We will promote the sharing of production facilities on a global basis, and will be able to respond quickly and centrally to equipment troubles.

In addition, the lessons learned from the COVID-19 may further accelerate the automation of manufacturing processes in the future. Yaskawa, which manufactures business-to-business products, hopes to use the production facility concepts demonstrated in Yaskawa Group to help customers automate and streamline their manufacturing processes.



AC drive production line with next-generation production facilities

**▶ Introduction of Leading-Edge Manufacturing**





## Intellectual Capital

### Basic Approach to Reinforcing Intellectual Capital

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

In terms of technology, we will continue our efforts to develop the world's first and world's best products and technologies in order to create solutions that will solve our customers' management issues. At the same time, we will create customer value through a wide range of initiatives, including combining our products and technologies, strengthening our response to digital solutions and expanding collaboration with universities and other companies.

With regard to intellectual property, we will promote intellectual property strategies in cooperation with business plans and technology strategies, and support business development by preventing intellectual property disputes, appropriately protecting our own technologies, and responding to swift technical contracts according to business characteristics.

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

	Achievements in FY2020	Targets for FY2022
<b>Promotion of R &amp; D focused on the world's first and best technologies</b>		
<b>Industry-academia-government collaboration</b>	See "Examples of Industry-Academia-Government Collaboration" on page 38	Promoting collaboration with external parties for the world's first and world's best product and technology development
<b>Ratio of R &amp; D expenses to consolidated revenue</b>	<b>4.6%</b>	<b>Maintain approximately 4.5%</b>

### FY2020 Results and Challenges

#### Results

We optimized our development system in preparation for the opening of YASKAWA Technology Center, our new technology development base, in March 2021. We reviewed the development process based on the results of analysis of problems such as past delays in development, started operation, and verified its validity. In addition, preparations were made to improve development efficiency using ICT, including the establishment of mechanisms for sharing and visualizing development data, remote control and centralized management of environmental testing facilities, and the introduction of remote monitoring and automatic measurement systems for product evaluation. As for industry-academia-government collaboration activities, we set up research themes with partners for technology

collaboration in YASKAWA Technology Center and started activities.

#### Challenges

Our future challenge is to demonstrate the effectiveness of consolidating development resources and changing the way we work through development activities in YASKAWA Technology Center, and to ensure that this results in increased output from R & D.

We also believe it is necessary to invest more actively 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 on the combination of proprietary technologies and products, the supplement of missing technologies, and collaboration with the third parties.

## Future Initiatives

### Establishment of YASKAWA Technology Center

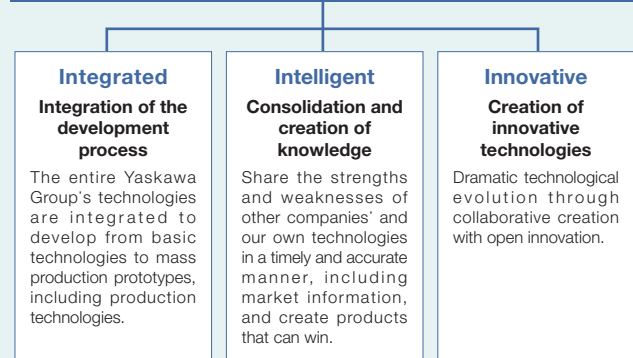
In order to build a system that can respond quickly to customer demands, we opened a new development base, YASKAWA Technology Center. The center's three keywords are "integration of development processes," "aggregation and creation of intelligence" and "creation of innovative technologies." The concept of the center is to become a technology-intensive base through which the Group's technologies and open innovation will enable the timely development of products that will lead to the success of customers' businesses.

In the development system, all business divisions and head office development divisions have been consolidated to create an environment in which all activities, from planning and development to production and quality control, can be carried out consistently. In addition, we will promote joint research that accelerates industry-academia-government collaboration, and aim for dramatic technological advancement by making the most of our internal and external strengths.

In the office, we have created an environment where we can share information and promote communication, and keep in touch with technological trends.

### YASKAWA Technology Center Concept

A technology-intensive base for the entire Yaskawa Group and open innovation to develop products that make customers win in a timely manner



### Examples of Industry-Academia-Government Collaboration

#### Established YASKAWA Joint Research Seminar on Future Technology with Tokyo Institute of Technology

In April 2020, we established the YASKAWA Joint Research Seminar on Future Technology with the Tokyo Institute of



Technology, and started joint research on ultra-light actuators for collaborative robot. With the goal of realizing an ultra-light collaborative robot 10 years from now, as a first step toward that goal, we are bringing together researchers in materials, motors, robotics, and other fields to study ultra-light actuators used as drive sources.

#### Comprehensive collaboration with Kyushu University

In June 2021, we reached an agreement with Kyushu University, a national university corporation, to comprehensively collaborate not



only in joint research but also in the creation of synergies in a wider range, in order to accelerate the relationship that has been set as a theme for each project, including the development of control technology for industrial robots. We aim to achieve sustainable growth through a wide range of activities, including the development of leading-edge technologies, collaboration in different fields, and human resource development.

### Topics

#### Derwent Top 100 Global Innovators for Six Consecutive Years

Yaskawa was selected as one of the Derwent Top 100 Global Innovators 2021 by Clarivate Analytics, a company headquartered in Philadelphia, USA. This will be the sixth consecutive year since 2015.

This award recognizes the 100 most innovative companies and organizations in the world based on the Clarivate Analytics' own analysis of intellectual property and patent trends.

Based in YASKAWA Technology Center, we will continue to develop the world's first and world's best products and technologies.

Top 100  
Global  
Innovator  
2021

Clarivate™



## Human Capital

### Basic Approach to Reinforcing Human Capital

The Yaskawa Group has established its Human Resources Philosophy, which sets forth the basic approach to human resources and personnel systems. It is our ideal that our employees have the will and continue to take on challenges with high motivation, and we are continuously working to improve our personnel system, work styles, and human resource development to achieve this goal.

Through these efforts, we aim to enhance the job satisfaction of each and every employee, lead to a virtuous cycle of employee growth toward their goals and improvement of Yaskawa Group's competitiveness, and continuously improve our corporate value.

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

	Achievements in FY2020	Targets for FY2022
<b>Reform personnel system with emphasis on employee job satisfaction</b>		
<b>Percentage of employees who feel rewarding to work (Group average)</b>	<b>80%</b> (72%)	<b>80% or More</b> (80% or More)
<b>Empower highly diverse human resources</b>		
<b>Female percentage of those applying for employment (Compared to the FY2018 level)</b>	<b>104%</b>	<b>Secure at least 125%</b>
<b>Percentage of female employees who are willing to become managers</b>	<b>21%</b>	<b>23% or more</b>
<b>Penetration among employees about promotion of human resource diversity* (Group average)</b>	<b>59%</b> (65%)	<b>70%</b> (70%)

\* 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

### FY2020 Results and Challenges

**Results** In FY2020, we reviewed the evaluation system with the aim of reforming our personnel system into one that gives employees a sense of satisfaction by clarifying the roles and duties of each employee and evaluating and treating their performance fairly. In addition, we strengthened human resource management by introducing a new FA\* system and assigning talented people with a desire to take on challenges to the right positions.

Furthermore, the ES Questionnaire (Employee Satisfaction Survey), which has been conducted on a non-consolidated basis every month since FY2016, was introduced to 12 major Group companies. As a result, it became possible to regularly quantify and visualize employee satisfaction and awareness, which are

indicators of human capital reinforcement, and to build a foundation for the Group to implement PDCA to achieve its vision.

\* A system designed to provide opportunities for employees to form their own careers

**Challenges** We have been working to strengthen the promotion of women's participation in the workplace, but we recognize that the low ratio of women in managerial positions is an issue. Diversity and Inclusion is one of our materiality issues, and we set specific targets for the ratio of female managers and strengthen our initiatives. In addition, we will create an environment in which not only women but also a wide variety of human resources can play an active role, thereby enhancing job satisfaction and leading to a virtuous cycle of sustainable growth of all employees and improvement of the competitiveness of the company.

## Future Initiatives

Based on the recognition that “job satisfaction” is constantly changing in accordance with the circumstances surrounding individuals and the state of mind, we will set a target of at least 80% for the percentage of employees who feel job satisfaction, and implement various measures to maintain and improve the percentage. At Yaskawa, we 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 will continue to promote system reforms with the aim of improving the productivity of people and organizations through work style reforms and awareness reforms.

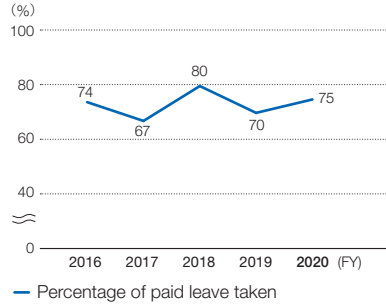
Regarding working styles, even before the impact of COVID-19, we have instituted a system of working at home for childcare and nursing care, and we have been preparing for the expansion of the system from the viewpoint of BCP. In April 2021, we introduced

the telework system in order to establish a variety of working styles that are not tied to time or location as the new normal. In order to make this type of work possible, we will develop an environment in which we can improve the productivity of the workplace and individuals regardless of whether they are in the office or not and create a system that allows managers to evaluate them.

As for human resource development, we believe it is important to measure the abilities of employees we hire and how they contribute to the creation of customer value, and to feed the results back into our training programs. In the future, in addition to the development of standard training programs, we will enhance training programs that are optimized for each individual.

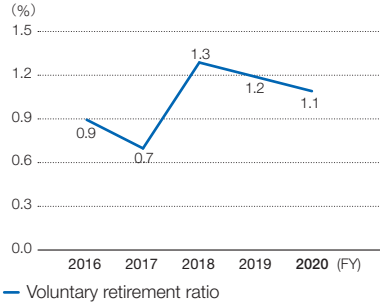
With the keywords of job satisfaction and lifestyle diversity, we will promote work style reforms that combine employee awareness and business reforms to maximize the abilities and customer value creation of each employee and improve Yaskawa Group’s competitiveness.

Percentage of paid leave taken



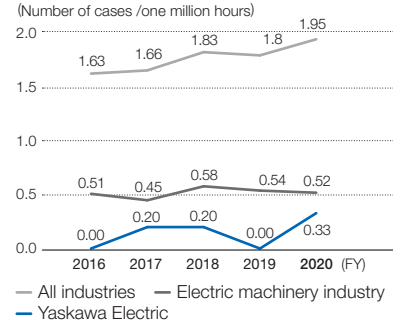
Aiming to transform our work style into more productive ways, we are encouraging employees to take annual paid leave in five consecutive days and providing individual follow-up to employees who have not taken enough days off.

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)



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

## Human Resource Development and Employee Engagement at COVID crisis

Yaskawa’s human resource development activities are based on the human resources philosophy of “Let us grow and nurture” and are designed to foster a corporate culture in which employees grow on their own. In addition, by raising the skill levels of individual employees, we are working to improve their job satisfaction, thereby enhancing organizational capabilities and improving productivity.

In COVID crisis, for human resource development through group training and other means, remote training is provided in response to the new normal by strengthening ICT. By doing so, many employees are able to take enhanced programs while reducing the risks associated with travel. Yaskawa also works to improve employee satisfaction by remotely implementing all of the curricula employees need.

In order to ensure that opportunities and quality for employee

development are not degraded, we utilize the characteristics of remote training to communicate between instructors and employees, divide employees into small groups, and ensure that employees can communicate with each other. In each remote training, we provide support to improve skills without degrading quality through employee training and communication.

In addition, as part of efforts to create an environment in which employees continue to learn, we actively utilize e-learning to provide an environment in which employees can learn whenever they want to. Through these and other initiatives, Yaskawa is promoting the provision of human resource development systems tailored to each employee’s desire to learn and the environment. We will continue to promote initiatives that improve employee satisfaction, regardless of COVID.





## 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 Plus"

	Achievements in FY2020	Targets for FY2022
<b>Improving product safety and quality</b>		
<b>Centralization of quality information</b>	Preparation of a system for centralizing market quality information in Japan and Asia completed	Start of global operation of centralized market quality information system
<b>Building a sustainable supply chain</b>		
<b>Compliance with Sustainable Procurement Guidelines</b>	Establishment of Sustainable Procurement Guidelines	Compliance rate of <b>50%</b> (Target: Major suppliers of Yaskawa Electric)
<b>Coexistence with <i>glocal</i> communities</b>		
<b>Continued implementation of symbiosis activities at each local site</b>	Continued implementation of symbiosis activities at each local site	Continued implementation of symbiosis activities at each local site
<b>Support development of next-generation engineers by utilizing YASKAWA Innovation Center</b>		
<b>Number of visitors (Number of student visitors)</b>	<b>4,032</b> (3,345) per year	Enhancement of new initiatives in the COVID situation (Remote plant tours)

### FY2020 Results, Challenges and Future Initiatives

#### Ensuring customers use products with security



To ensure that our customers can use Yaskawa products with security, we have established a global quality assurance system and are working to improve the safety and quality of our products, including our services. In FY2020, preparations were completed for the unification of market quality information for Japan and Asia, and lifecycle support for customer facilities began through integrated sales and service operations.



In FY2021, in order to build a system for improving quality, we integrated the service functions previously under the Sales Division with the market quality promotion functions. In this way, we will further strengthen the swift collection and response of market quality information on a global scale that we have been promoting, and aim to achieve product and service quality that does not stop at customers' facilities and lines, as well as to achieve predictive and preventive maintenance based on data.

## Strengthen initiatives in the supply chain

### Results

In order to build a sustainable supply chain, we have been working closely with our suppliers on a daily basis to strengthen our relationships with them. In addition to our existing procurement policies and green procurement guidelines, we have also established new Sustainable Procurement Guidelines\*.

\* Sustainable procurement guidelines:  
<https://www.yaskawa-global.com/company/csr/scm/procurement>

### Challenges and Future Initiatives

In building a sustainable supply chain, we will further strengthen cooperation with overseas companies to achieve a 100% compliance rate with the Sustainable Procurement Guidelines by FY2025, and will steadily address social issues in procurement activities as a group. In FY2021, based on the Sustainable Procurement Guidelines, we plan to disseminate information at explanatory meetings and during visits, and ask major suppliers in Japan to submit a self-review sheet.

## Contribution to local communities

### Results

In FY2020, due to the impact of the spread of the COVID-19, face-to-face activities were not realized, but we continued to provide support for the promotion of culture, art, and sports.

Specifically, in addition to being the main sponsor of soccer team Gilllanz Kitakyushu, Yaskawa provided industrial robots and carried out technical cooperation as part of the ART for SDGs exhibition at the Kitakyushu Future Creation Art Festival. We also started an online factory tour. We also sell products made by people with disabilities (such as sweets and eco bags) at our in-house kiosks, and promote social contribution activities to coexist and co-create with the local community.

In addition, in the event of heavy rain in July 2020, we made a donation to the Central Community Chest of Japan to help with the recovery and reconstruction of the disaster area. Donations were also made



Collaborating with ART for SDGs: Art to enjoy the changing shadows of robot arms with lighting fixtures and objects

to nearby schools to cover the cost of measures against the COVID-19.

### Challenges and Future Initiatives

In order to accelerate activities that are more characteristic of Yaskawa than ever before, we have formulated a Social Contribution Policy. Based on this policy, Yaskawa will enhance the programs it conducts, focusing on the following two directions: (1) development of human resources who will lead the evolution of manufacturing, and (2) coexistence and co-creation with local communities.

In addition, by shifting the timing of the event to a long vacation period, preparations will be made so that events can be held either by real or remote means, and activities will be enhanced with a view of COVID crisis and after.

In COVID crisis as well, we will continue to provide as much support as possible and contribute to the revitalization of local communities, without changing the guidelines of our activities.

## Strengthening shareholder and investor relations

### Results

A hybrid virtual General Meeting of Shareholders (participatory-type) was held for two consecutive years to build a system that allows shareholders to participate broadly, regardless of the declaration of a state of emergency or the location of residence. We also worked to enhance information disclosure by releasing videos of our business reports shown at the General Meeting of Shareholders on our official website and holding virtual business briefings for institutional investors and analysts.

### Challenges and Future Initiatives

The Company will continue to promptly disclose and send convocation notices, enhance the content of the notice so that shareholders can make more appropriate decisions, and consider expanding the scope of the notice to be translated into English. In addition, we will improve the content of our IR portal site and YASKAWA report, and maximize opportunities for communication with shareholders and investors through the use of remote tools.



## Natural Capital

### Basic Approach to Reinforcing Natural Capital

Yaskawa Group's environmental management is guided by two pillars: the Green Process, which aims to reduce the environmental impact of Yaskawa's operations, and the Green Products\*<sup>1</sup>, which aims to contribute to reducing the environmental impact of customers around the world through Yaskawa products. In particular, we recognize that addressing climate change is an urgent global issue, and we will promote environmental management with the aim of achieving a reduction in CO<sub>2</sub> emissions by Yaskawa products by 100 times or more that by Yaskawa Group in 2025 (CCE 100\*<sup>2</sup>), which will lead to sustainable enhancement of corporate value.

\*1 We evaluate the degree of environmental contribution of a product from three perspectives: prevention of global warming, resource conservation and recycling, and proper management of chemical substances. Products that meet certain standards 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. A target of reducing CO<sub>2</sub> emissions through Yaskawa products by 100 times or more of the CO<sub>2</sub> emissions of the Group by FY2025

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

	Achievements in FY2020	Targets for FY2022
<b>Improve energy consumption by spreading the use of Yaskawa products (Green Products)</b>		
<b>Contribution to reducing CO<sub>2</sub> emissions through products (Cumulative since FY2016)</b>	<b>35.46 million t-CO<sub>2</sub></b>	<b>73 million t-CO<sub>2</sub> or more</b>
<b>Reduce effects on the environment throughout the Yaskawa Group (Green Process)</b>		
<b>CO<sub>2</sub> emission reduction rate (Compared to FY2018) (Yaskawa Group)</b>	<b>10%</b>	<b>10% or more</b> * including increased emissions due to the start of operations at new plants
<b>Renewable energy ratio of electric power (Yaskawa Electric Non-consolidated)</b>	<b>43%</b>	<b>58% or more</b>

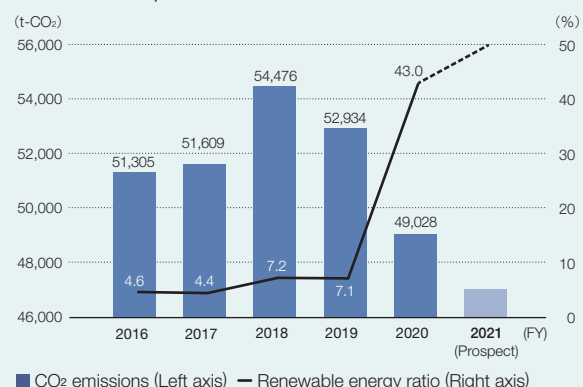
### FY2020 Results and Challenges

**Results** To improve the ratio of renewable energy to electricity, we have been installing solar power generation facilities, and in FY2020, we installed 515kW in our Nakama plant and 295kW in YASKAWA Technology Center. In addition, since FY2019, we have been substantially introducing renewable energy-derived electricity from electric power companies at the Yahatanishi plant and the Nakama robot plant, and in



The Enewell-SOL P2 (left), PV inverter manufactured by Yaskawa and 295kW solar power generation system (right) installed on YASKAWA Technology Center which opened in FY2021

FY2020 at the Kokura plant and the Nakama systems plant. As a result of these efforts, the ratio of renewable energy to total electricity at Yaskawa Electric alone was about 43% as of FY2020, greatly contributing to the reduction of CO<sub>2</sub> emissions in Yaskawa Group.



## Challenges

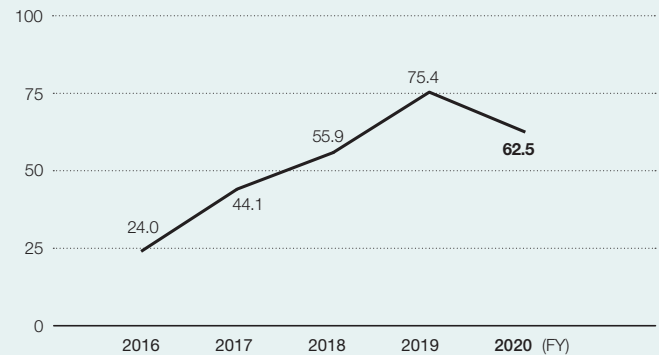
Yaskawa Group's efforts to reduce CO<sub>2</sub> emissions were successful due to the significant introduction of renewable energy-derived electricity. However, due to the impact of the US-China trade friction and the COVID-19, the reduction of CO<sub>2</sub> emissions by Yaskawa products decreased due to revenue decline of Green Products, and CCE 100 worsened to approximately 63 times.

FY	2016	2017	2018	2019	2020
Yaskawa products' contribution to CO <sub>2</sub> emissions reduction	1,233	2,275	3,046	3,993	3,067
CO <sub>2</sub> emissions by Yaskawa Group	51	52	54	53	49

(1000 t-CO<sub>2</sub>)

Trends in CCE 100 (Yaskawa products' contribution to CO<sub>2</sub> emissions reduction/Yaskawa Group's CO<sub>2</sub> Emissions)

(Times)



## Initiatives for Carbon Neutrality

To help curb global warming, Yaskawa Group set a new target of achieving net zero CO<sub>2</sub> emissions (carbon neutral) in 2050 as a result of its global business activities, and set a 36% reduction in CO<sub>2</sub> emissions (compared to FY2018 levels) in FY2030 under the 2050 CARBON NEUTRAL CHALLENGE scheme. As part of our decarbonization efforts, we have installed solar power generation panels using our own PV inverter at each of our plants, and our total

generation capacity has reached approximately 2.5 MW. In addition, we promoted the introduction of 100% renewable energy-derived electricity at the Yahatanishi, Nakama, and Kokura facilities. We will continue to expand this initiative to all of our bases in Japan and overseas in order to achieve this goal and contribute to the realization of a sustainable society.

## Future Initiatives

Aiming to become carbon neutral in 2050, we will promote environmental management throughout the entire Group and accelerate the reduction of the environmental impact of production activities throughout the Group by collaborating globally with factories in Japan, Europe, North America and China.

In addition to thoroughly reducing energy consumption through measures such as switching to LEDs for lighting, upgrading air conditioning equipment, and improving the efficiency of production facilities, we will promote decarbonization throughout the Group, including the installation of solar panels at plants and offices, including overseas Group companies, and the introduction of renewable energy-derived electricity.

In addition, we will increase the proportion of Green Products in revenue, comply with the European RoHS Directive and REACH regulations, and ensure the management of chemical substances contained in our products, thereby increasing the environmental contribution of our products and accelerating efforts to reduce their environmental impact.

Furthermore, based on the results of information disclosure based on the TCFD recommendations implemented in May 2021, we will continue to respond to the identified risks and opportunities, and will further promote information disclosure based on comments from stakeholders.