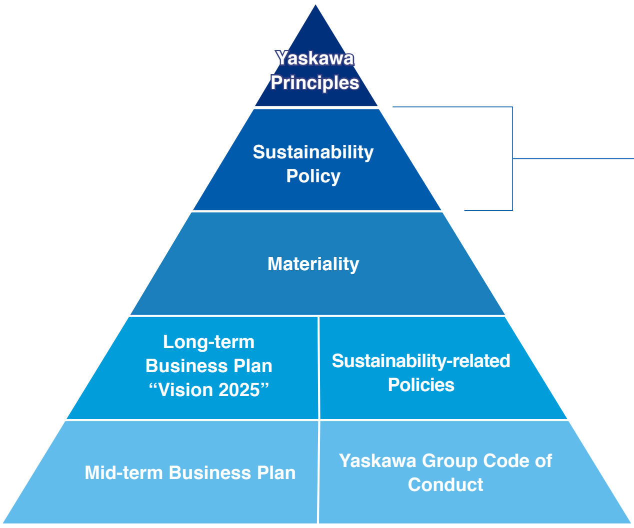
Sustainability policy and initiatives

Under the Yaskawa Principles, Yaskawa Group formulated its Sustainability Policy in FY2021. In line with this policy, we identify material issues and develop targets for long-term and mid-term business plans to promote sustainability strategically.

In addition, we will monitor progress and implement the PDCA cycle to achieve a sustainable society and increase corporate value.

System diagram of sustainability promotion



Sustainability Policy

We will strive to realize a sustainable society and increase corporate value through the implementation of the Yaskawa Group Principle of Management which is to leverage the pursuit of our business to contribute to the advancement of society and the well-being of humankind.

1. We will contribute to the value creation for customers and society through creating innovation by cutting-edge mechatronics technologies.
2. We will realize fair and transparent corporate management through communication and collaboration with stakeholders around the world.
3. We will work to resolve social issues globally with the aim of achieving SDGs as a universal goal.

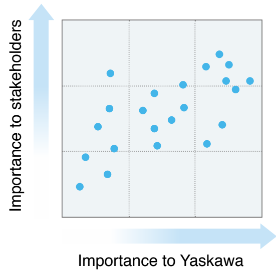
Process to identify materiality

STEP 1 List of issues

We made a comprehensive list of social issues related to Yaskawa's sustainable growth from the environmental, social and economic perspectives, referring to international frameworks and guidelines such as the SDGs and GRI standards, as well as macroeconomic trends in areas related to Yaskawa.

STEP 2 Assessment and identification of issues

For the issues identified in STEP 1, we selected items of high importance centering on "importance to stakeholders" and "importance to Yaskawa." In addition, discussions were held at internal meetings, including the Board of Directors, and issues of particular importance were identified as sustainability issues and targets.



STEP 3 Planning measures for issues (setting KPIs)

The high-priority issues identified in STEP 2 are divided into two axes: "Create Social Value and Solve Social Issues through Business Activities" and "Strengthen Management Foundation that Contributes to Sustainable Society/Businesses," reflecting the opinions expressed at internal meetings.

We have also clarified the direction of each focus area and strategy, and set quantitative and qualitative KPIs.

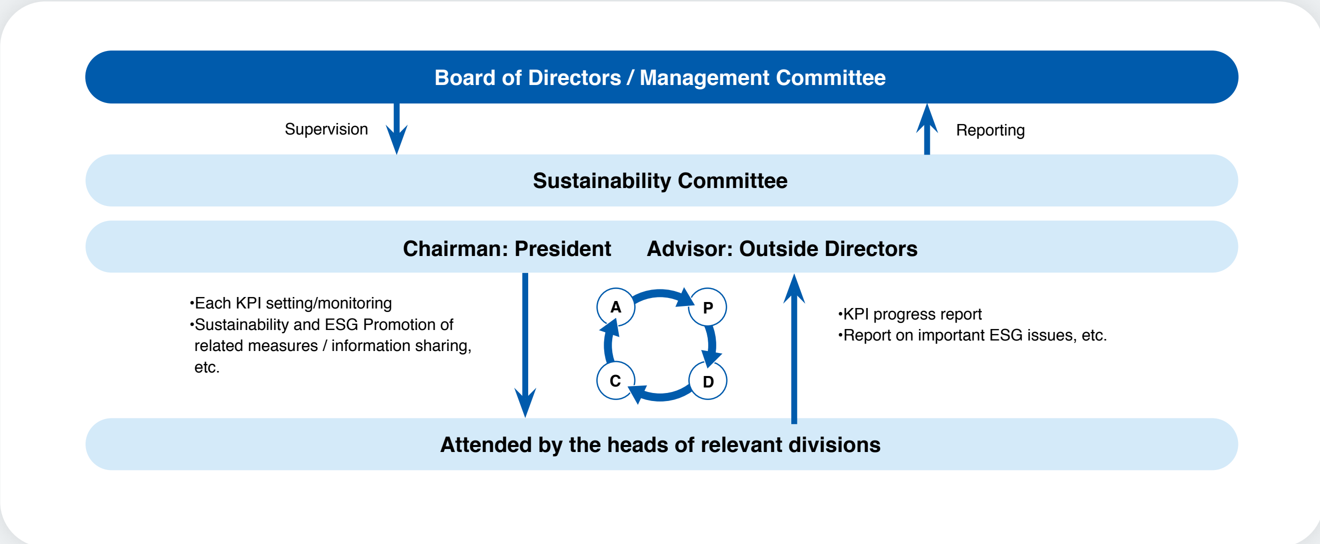
Sustainability promotion system

Our company has established Sustainability Committee chaired by the President.

This committee is attended by heads of related divisions and outside directors as advisors to promote sustainability management for the Group as a whole. It also plans, deliberates, develops among the Group, and monitors priority measures and policies related to materiality.

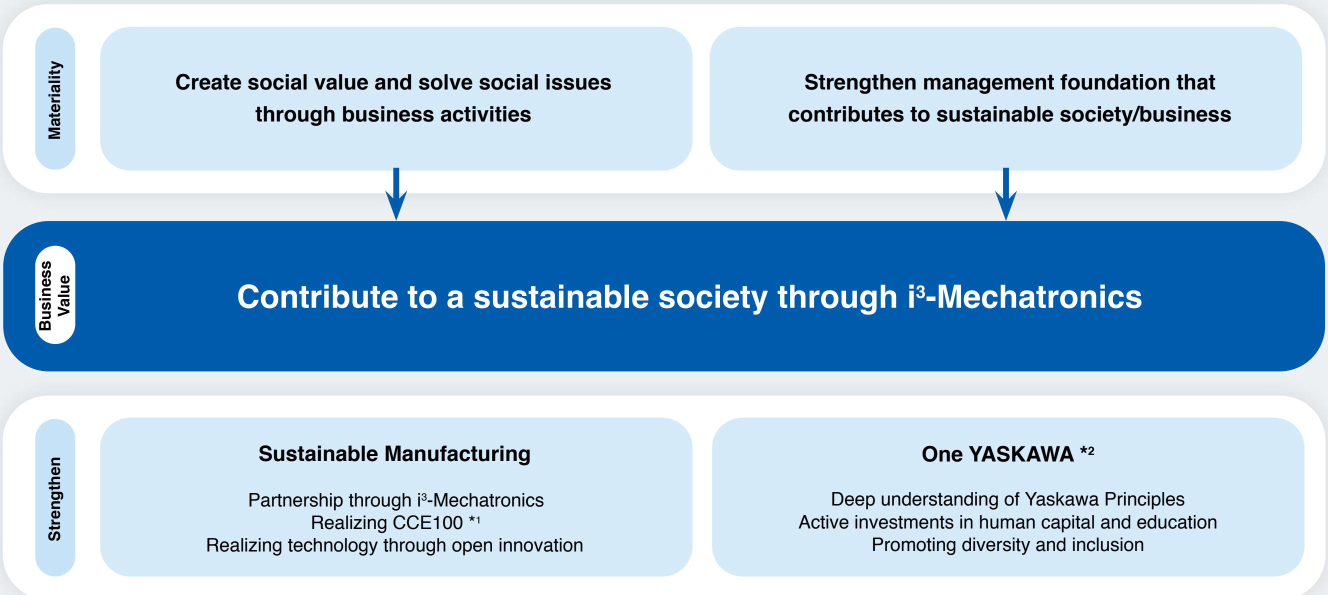
Sustainability initiatives are regularly reported to the Board of Directors and the Management Committee.

In fiscal 2024, Sustainability Committee met in June and November 2024. In addition to internal management, outside directors participated in lively discussions on KPIs, the status of implementation, and activity plans for each materiality and as a result, some KPIs were reviewed. In this fiscal year, initiatives related to Corporate Sustainability Reporting Directive (CSRD) were also discussed.



Concept of sustainability promotion in the mid-term business plan “Realize 25”

Yaskawa group will enhance its business value of “contributing to a sustainable society through i³-Mechatronics” by promoting materiality initiatives. We will use the challenges in the previous mid-term business plan “Challenge 25 Plus” as reinforcement points in the current mid-term business plan “Realize 25” and aim to develop targets.



*1 CCE100 (Contribution to Cool Earth 100): Target to reduce CO_2 emissions from our products by more than 100 times by 2025

*2 One YASKAWA: Initiatives to promote a corporate culture that brings the Yaskawa Group together by promoting the penetration of Yaskawa Principles on a global scale.

Sustainability challenges and targets (materiality) and their progress

Our group's materiality initiatives and progress are described below. Through the Sustainability Committee, we monitor KPIs on an ongoing basis and implement the PDCA cycle to achieve our goals and realize our vision.

Sustainability challenges and targets	Risks	Opportunities	Desired outcomes
Create Social Value and Solve Social Issues through Business Activities			
1. Realize revolutionary industrial automation with partners through "i^3-Mechatroncis"	Negative impact on business performance and financial condition due to inability to provide optimal solutions to customers	Differentiation of products and services and higher added value by providing optimal solutions	Solve customer management issues with "i^3-Mechatronics" solution concept and contribute to the improvement and evolution of society and production activities.
2. Build clean social infrastructure and foundation for safe and comfortable living	• Increased R&D and other investment costs due to intensified competition in product performance against the backdrop of increasing demand for energy conservation • Loss of business opportunities due to inability to keep up with global changes such as a declining birthrate and an aging population and increased energy consumption	• Increased demand for our company products due to increased need for energy-saving products • Expansion of business in new mechatronics application fields	Use Yaskawa's technological capabilities to improve the environmental performance of products and reduce the environmental impact of the world by expanding sales
			Contribute to the realization of a sustainable society through the challenge of developing new fields by applying mechatronics technology.
3. Develop new technologies and business domains through open innovations	Difficulty in creating innovative technologies with our own technologies alone	Strengthening our technological development capabilities by creating innovative technologies through open innovation to be the first and best in the world	Create new value for society through business expansion in new fields through M&A/alliances.
			Promote external collaboration to develop the world's first and best technologies and products
Strengthen Management Foundation that Contributes to Sustainable Society/Businesses			
4. Sustainable and productive manufacturing	• Obstacles to the supply of products to customers due to insufficient production capacity and productivity to meet expanding demand • Increased costs due to measures related to climate change countermeasures such as policies and regulations and changes in social demand • Decreased customer satisfaction and reliability due to insufficient assurance of product safety and quality, and liability arising from PL lawsuits • Difficulties in providing stable supplies of parts and raw materials to our group due to geopolitical issues and CSR factors such as the environment and human rights	• Achievement of stable global manufacturing by building a global production system that is resilient to environmental changes and risks • Increased corporate value through climate change measures • Improvement of the quality of products and services that meet customer requirements • Securing stable supplies of parts and raw materials	Promote global production efficiency and optimization through domestic and overseas expansion of the "Yaskawa Solution Factory" concept
			Reduce CO_2 emissions and address global climate change issues
			Improve brand image through product safety and security
			Implement supply chain management based on compliance with sustainable procurement guidelines
5. Create a rewarding workplace and human resource development	• Decreased competitiveness due to delays in hiring and developing human resources and the outflow of talented human resources • Loss of social trust if a human rights problem such as the event of human rights violations, and others occurs	• Securing human resources with diverse values and ideas • Creating innovation by enabling all employees to maximize their abilities • Enhancing corporate value by contributing to society using our technologies	Demonstrate the strengths of diverse human resources by promoting the active participation of women
			Develop human resources based on personnel philosophy and improve the job satisfaction of employees
			Eliminate lost-time accidents and create a safe workplace
			Aim for the sustainable development of the company and its employees by improving productivity by creating an environment in which each employee can work with peace of mind and make the most of his or her abilities
			Raise employees' awareness of human rights and create a workplace where human rights are respected
			Promote social contribution activities to coexist and co-create with local communities by developing human resources for the evolution of manufacturing
6. Fair and transparent governance system	• Loss of trust from stakeholders due to deterioration in the effectiveness of corporate governance • Obstacles to business continuity due to server system outages and network failures	• Accelerated management decision-making and improvement of management soundness • Providing highly reliable products and services to customers by maintaining and strengthening resilient information systems	Promote sustainable growth and increase corporate value through constructive dialogue with investors
			Raise the level of the security organization and build an autonomous and continuous information security system
			Prevent escalation by early detection of compliance risks

*1 Revenue per person for indirect and direct personnel at plants in Japan (compared to FY2019)
*2 Target was revised in April 2022.
*3 Target was revised in April 2024.
*4 The target value was changed following the revision of the 2050 carbon neutral target in May 2022.
*5 Target was set in April 2024.
*6 Target was set in April 2025.
*7 Target was revised in June 2024.
*8 A person at the level of being able to teach others in the skills within a task to which he or she is assigned
*9 Definition of professional human resources and target values were revised in June 2024
*10 Initiatives were added in April 2024
*11 Target was revised in April 2024

	Initiatives [Targets]		FY2024 results
	• Accumulation of "i^3-Mechatronics" project success cases		• Strengthened customer approach with key products (MOTOMAN NEXT series, YRM controller, Sigma-X series, YASKAWA Cell Simulator, YASKAWA Cockpit) based on "i^3-Mechatronics" concept • Expanded i^3-Mechatronics CLUB and accelerate collaboration with CLUB members
	• Achieve CCE 100 (Contribution to Cool Earth 100) [FY2025: 100 times]		93.6 times
	• Expand examples of mechatronics technology applications, mainly in the four fields of energy conservation, clean power, food and agriculture, and biomedical		• Promoted initiatives in mechatronics application fields mainly in energy conservation, clean power, food and agriculture, and biomedical • Launched "LA700," a dedicated AC drives that contribute to reducing power consumption in elevators • Expanded sales of a PV inverter, "Enewell-SOL P3A" to the domestic self-consumption market
	• Strengthen initiatives in new areas through M&A and alliances		• Continued aggressive search for growth opportunities through M&A/alliances to create technological synergies in our company's business areas of factory automation and mechatronics applications • Concluded agreement with Astellas Pharma Inc. to establish a joint venture company to develop and provide a manufacturing platform for cell therapy products
	• Reinforcement of Industry-Academia-Government collaboration		Promoted industry-academia-government collaboration in and outside Japan on research and development that contributes to Yaskawa's future technologies
	• Introduction of cutting-edge manufacturing	• Improving production efficiency at own plants (improving productivity indicators*1) [FY2022: +19%*2 FY2025: +34% (compared to FY2019)*3]	Productivity indicators: +18% (compared to FY2019)
	• Reduction of greenhouse gas emission through the Green Process	• Reducing greenhouse gas (CO_2) emissions [FY2025: -30%*4 (compared to FY2018)]	-23.4% (compared to FY2018)
	• Improvement of product safety and quality	• Ensuring product safety through the Group's Product Liability Committee [FY2025: Implementation rate of risk assessment for "bud of PL" cases: 100% *5] • Improving product quality through the introduction of new systems [FY2025: Add two sites to global operation of market quality information centralized system*6]	• Implementation rate of risk assessment: 100% • Applied sites overseas : Building a CRM environment in India
	• Construction of a sustainable supply chain	• Improving the rate of compliance with Sustainable Procurement Guidelines [FY2022: Compliance rate: 100%*2 (Target: Major suppliers of Yaskawa Electric) FY2025: Compliance rate: 100% (Target: Major suppliers of the Yaskawa Group)]	Completed developing sustainable procurement policies and established guidelines for 2 overseas group companies
	• Diversity and inclusion	• Raising the ratio of female managers [FY2025: Non-consolidated/Group in Japan: 3.4%*7]	Ratio of female managers: The end of FY2024 2.5% (non-consolidated), 3.2% (domestic group)
	• Human resource development	• Increase the ratio of professional human resources*8 [FY2025: Corporate average 20% or more*9]	The ratio of professional human resources: 13%
	• Occupational health and safety	• Improvement of lost-time injury frequency rate [FY2025: Non-consolidated: Maintain 0.2 or less Major production bases in Japan and overseas: Maintain 0.4 or less]	Lost-time injury frequency rate: 0.00 (non-consolidated), 0.19 (domestic group), 0.34 (global)
	• Health management*10	• Improvement of indicators for the realization of health management	Improvement of indicators for the realization of health management (9 out of 10 items) and continued acquisition of certification as "Health and Productivity Management Organization 2025"
	• Human rights and work practices	• Implementation and establishment of human rights due diligence processes for employees [FY2022: Implementation of human rights due diligence for group companies in Japan FY2025: Consideration of measures to meet the requirements of EU sustainability laws*11]	Non-consolidated/Domestic group: Continued implementation of human rights due diligence Overseas: Confirmation of legal and social requirements at major sites
	• Contribution to local communities	• Development of human resources in science and engineering who will realize "evolution of manufacturing" [FY2025: Hold a new program of "Robot Handmaking Event" 6 sessions]	Started a new program of "Robot Handmaking Event" (held 2 sessions)
	• Effective governance based on the Corporate Governance Code	• Implementation of the Principles of the Corporate Governance Code (Reasonable explanation where not implemented)	Implementation of governance based on the principles of the Corporate Governance Code required of companies listed in "prime market"
	• Strengthening of information security	• Internal and external security monitoring/measures in systems and security level evaluation/improvement by external auditing organizations	• Strengthen information security personnel and structure • Monitoring our company brand and early detection of potential risks and implementation of countermeasures by Global SOC (Security Operation Center) utilizing security threat analysis services • Security audits for global sites and implementation of initiatives for information security legislation in overseas countries
	• Enhancement of compliance	• Strengthen compliance through internal reporting • Strengthen cooperation by holding meetings with compliance officers overseas	• Continued appropriate responses to whistleblowing and other compliance issues • Held a meeting with compliance officers, including those overseas

Long-term Business Plan “Vision 2025”

The Yaskawa Group has set forth its “Vision 2025” (FY2016 to FY2025), a long-term management plan for 10 years, with the starting point of FY2015, which is its centenary. Our basic policy in Vision 2025 is to contribute to the resolution of our customers’ management issues through the evolution of our core business, and to create new added value for society through the expansion of new fields utilizing mechatronics technology.

External environment for 2025

Changes in global population structure, such as declining birthrate and aging of developed countries	Environmental problems and climate change caused by expansion of energy consumption	Rapidly evolving telecommunication technologies such as 5G communication and IoT

Yaskawa Principles

Yaskawa’s mission is to contribute broadly to social development and human welfare through the execution of our business.

1. Quality Always developing and improving world-class technologies with a focus on quality

2. Profitability Working to improve management efficiency and secure profit necessary for the sustainable growth

3. Market Serving the needs of our customers and pursuing customer satisfaction

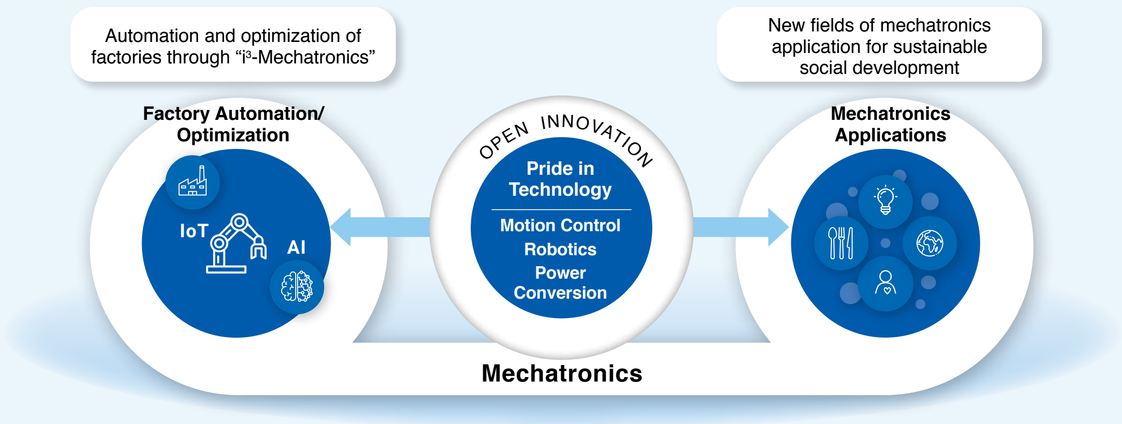
Yaskawa’s FY2025 goals

Respect Life
We aim to contribute to improving quality of life and building a sustainable society with technologies accumulated over the past century.

Empower Innovation
We venture in new technologies/domains/targets to bring excitement and enthusiasm to people.

Deliver Results
We promise to deliver assured results to stakeholders, while continuously enhancing business execution capabilities.

Vision 2025



***Glocal* Management** | **Business Foundation** | **ESG Activities**

Financial targets for FY2025

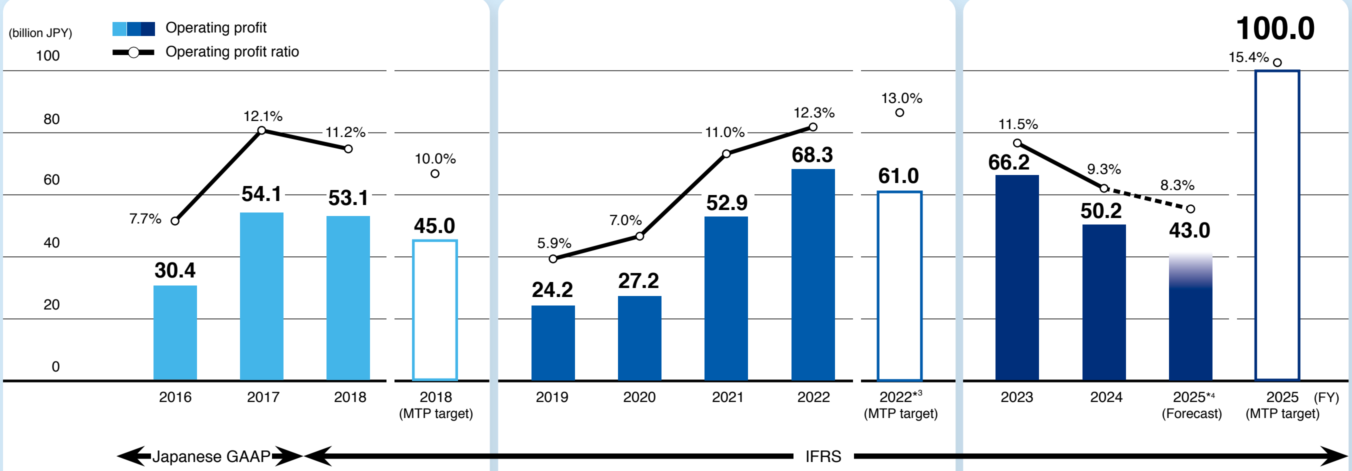
Operating profit is set as the most important KGI, and measures to achieve this are outlined in the three mid-term business plans described on the next page.

Operating profit	ROE*1	ROIC*2	Dividend payout ratio
Over 100 billion JPY	**15.0% or more**	**15.0% or more**	**30.0%+α**

*1 ROE: Return on Equity = Net income attributable to owners of parent/Shareholders’ equity
*2 ROIC: Return on invested capital = Net income attributable to owners of parent/Invested capital

Progress of Vision 2025

Yaskawa has divided the 10 years of Vision 2025 into three mid-term business plan periods and is working to achieve the goal. In FY2024, we promoted a variety of initiatives to achieve our vision, while we announced a forecast for FY2025 that reflects the current severe demand trends. (The forecast was revised in July 2025)



	2016	2017	2018	2018 (MTP target)	2019	2020	2021	2022	2022*3 (MTP target)	2023	2024	2025*4 (Forecast)	2025 (MTP target)
Long-term business plan	Vision 2025												
Mid-term business plans	Dash 25				Challenge 25 Plus					Realize 25			
Net sales / Revenue (billion JPY)	394.9	448.5	474.6	450.0	411.0	389.7	479.1	556.0	470.0	575.7	537.7	515.0	650.0
Capital expenditure, M&A (% of revenue)	70.3 billion JPY (5.3%) *Period total				103.2 billion JPY (5.6%) *Period total					143.2 billion JPY (8.6%) *Forecast for period			150.0 billion JPY
R&D investment (% of revenue)	57.8 billion JPY (4.4%) *Period total				73.8 billion JPY (4.0%) *Period total					70.0 billion JPY (4.2%) *Forecast for period			–

	Dash 25	Challenge 25 Plus	Realize 25
Basic Policies	**Establish profitable business structure** • Maximize results of "Realize 100" • Build foundation for realizing "Vision 2025" • Grow clean power as core business • Evolve *glocal* management	**Challenge for creating new values and markets Profitability improvement** • Transform business model through i³-Mechatronics • Maximize profitability in the growing market through i³-Mechatronics • Expand new domains for building a sustainable society • Improve management efficiency through digital and quality management	**Realization of vision** • Creating value through i³-Mechatronics solutions • Capturing growth market with world's best/first automation components • Contributing to realizing a sustainable society through business expansion of mechatronics applications • Establishing a management foundation by deepening YDX and sustainability management
Results	• Launched i³-Mechatronics • Strengthened sales capability by integrating sales functions • Expanded local production in demand areas, particularly in China and Europe • Full-scale launch of food production automation business • Establishment of AI solution development subsidiary • Market launch of new products for solar power generation	• Structural reform of robot production • Started operation of YASKAWA Technology Center • Market launch of Σ-X, YRM controller • Captured demand for EV and battery-related capital investment • Centralized global data with YDX • Formulation of sustainability policy and identification of materiality	See "Initiatives in FY2024" on page 26 for details.
Challenges (Measures for the next mid-term plan)	• Strengthen new product development capabilities to realize i³-Mechatronics • Strengthen i³-Mechatronics penetration and solution proposal capabilities	• Expand partners to introduce i³-Mechatronics • Strengthen production capacity by accelerating automation and in-house manufacturing • Monetize the food and agriculture and biomedical sectors	See "Initiatives in FY2024" on page 26 for details.

*3 In response to changes in the business environment, in April 2021 we extended the final year of Challenge 25 (FY2019 - FY2021) by 1 year and revised our targets.
*4 Forecast for FY2025 are as of July 4, 2025

Management Policy

Mid-term Business Plan “Realize 25”

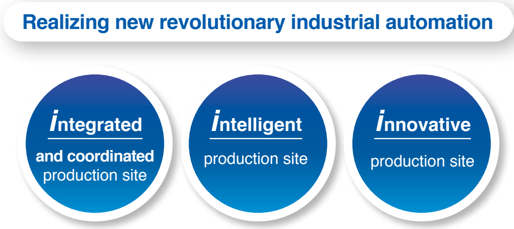
The Yaskawa Group is proceeding with mid-term business plan “Realize 25” (FY2023 - FY2025) as the final step of its long-term business plan “Vision 2025.”

Aim and policies

We provide new values by expansion of i³-Mechatronics and evolution of robotics and contribute to realizing a sustainable society. In addition, we plan to invest a total of 150 billion yen over 3 years to solidify our future sustainable growth.

Policies and Initiatives

Policy 1 ——— Creating Value through i³-Mechatronics Solutions



In order to realize solutions for our customers, we will further strengthen Yaskawa Group’s strengths in products and technologies. In addition, in order to optimally and sustainably supply these products, Yaskawa Group’s production sites will become the flagship for implementing i³-Mechatronics, and we will further enhance the competitiveness of our products by realizing cutting-edge manufacturing. By utilizing vast amounts of data on these processes, we will achieve high quality and provide sustainable solutions to our customers.

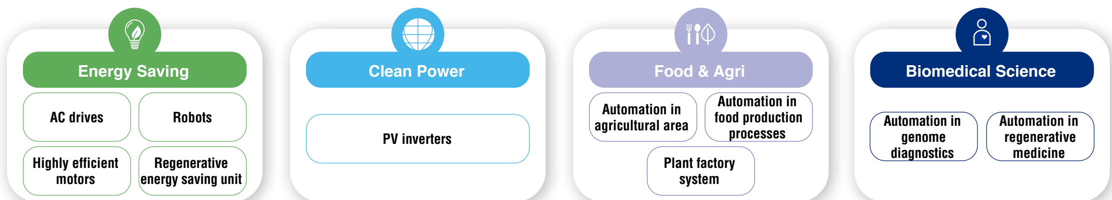
This is the solution concept of i³-Mechatronics. We will enhance our contribution to customers by realizing what they need through seamlessly connecting the “products,” the Yaskawa Group’s strengths. Through this, we will expand the scope of Yaskawa Group’s business and create further value.

Policy 2 ——— Capturing Growth Market with World’s Best/First Automation Components

In growing markets such as EVs, batteries, semiconductors, and food products, focusing on automation components, we will develop strategies for each market on a global basis to ensure that demand is captured.

In addition, we will promote cooperation between development, procurement, and production at the mother plants in Japan for each business, and strengthen our global production system based on the concept of local production in demand areas. By implementing these measures, we will realize global and stable manufacturing that is resistant to environmental changes and risks.

Policy 3 ——— Contributing to Realizing a Sustainable Society through Business Expansion of Mechatronics Applications



- Energy Saving: Expand sales of “green” products to improve customers’ energy efficiency and reduce environmental impact
- Clean Power: Full scale business expansion based on new products realizing world-class energy creation
- Food & Agri: Combine core technologies to achieve food safety and stable supply as well as automation of agriculture
- Biomedical Science: Bring brighter future for all people by developing automation solutions

Policy 4 ——— Establishing a Management Foundation by Deepening YDX and Sustainability Management

1. Providing new value through YDX chain based on PLM*1 restructuring

By restructuring product life cycle management by connecting data from the origins of “products,” the flow of production, and information on the supply chain in the process, we will advance business reforms and provide new value to our customers.

2. Promoting sustainability management through strengthening initiatives towards materiality*2

In our sustainability policy, we have specified the materiality, including setting KPIs, of our contribution to society through i³-Mechatronics. We will strengthen these initiatives through PDCA. We will also focus on the people who support our business. We aim to achieve “One YASKAWA,” in which the Yaskawa Group unites by promoting the penetration of Yaskawa principles globally.

*1 PLM: Product Lifecycle Management
*2 Please see “Concept of Sustainability Promotion in the Mid-term Business Plan “Realize 25” on page 20

Summary of FY2023 – FY2024

In the first two years of "Realize 25," the external environment, particularly in the semiconductor and Chinese markets, diverged from our initial expectations and the volume didn't reach the necessary amount. As a result, it is currently considered difficult to achieve the operating profit target of ¥100 billion set forth in "Realize 25." Nevertheless, despite the current severe demand trends, measures based on the basic policies of "Realize 25" are making steady progress. In particular, with regard to capital investment, we are advancing automation, such as completing the construction of a domestic robot machining plant and starting the construction of a new integrated AC servo and robot production plant. In addition, we are working to strengthen our system in each region, including the expansion of plants and offices in order to expand our business in Europe and the United States.

Initiatives in FY2024

Conscientiously implementing measures to maximize demand acquisition and optimize profit structure

	Results	Challenges (Policy development in FY2025 based on FY2024 results)
Policy 1	**[Technology]** • Launch of "iC9200," machine controller for Europe and the United States, which implements i³-Mechatronics through integrated control of cells at production sites **[Production]** • Introduction of "MOTOMAN NEXT" to the assembly process at robot plant No.1 in Yahata-nishi Plant, achieving significant productivity improvements through automation and data utilization • In Slovenia, promotion of expansion of the robot systems plant and construction of a distribution center for Europe **[Sales]** • Acceleration of collaboration with partners in various fields through i³-Mechatronics CLUB **[Quality]** • Strengthening service activities to proactively propose timely facility updates and maintenance to customers based on the operating status of our products	**[Maximizing the results of "i³-Mechatronics" activities to realize needs]** • Based on "i³-Mechatronics," establishing solution-based sales activities that realize customers' needs and maximizing demand for our core products (AC Servo "Σ-X" (Sigma Ten), AC drive series, etc.) through these activities • Steadily expanding the market launch of "MOTOMAN NEXT" and partner collaboration, and accelerating the development of "YRM1000/iC9000 series," which is part of iCube Control*3 lineup globally • Accelerating the construction of a new integrated AC servo and robot production plant (Plant No. 5) in Yahata-nishi Plant and the implementation of production enhancement projects at the Yukuhashi Plant and Iruma Plant
Policy 2	• In-house production of major components globally and centralized procurement of key parts common to all divisions • Strengthening production/procurement systems and production systems in demand areas by steadily implementing investments to expand business in Europe and the United States	**[Maximizing earnings through comprehensive activities that capture changes in markets and regions in a broad point of view]** • Maximizing acquisition of orders by capturing trends in capital investment in each market, including semiconductors and automobiles • Expansion of our products supply to customers through collaboration with core sales companies and sales partners • Clarifying and implementing growth strategies and investment plans for the Indian market, which is expected to expand in the future • Completion of business structure reforms in response to changes in the competitive environment in Europe and China
Policy 3	**[Energy Saving]** • Launch of "LA700," AC drives for elevators, which contribute to a comfortable ride and reducing power consumption during standby. **[Clean Power]** • Strengthening measures in the self-consumption market in Japan by expanding sales of PV inverters for photovoltaic power generation, "Enewell-SOL P3A" **[Food & Agri]** • "Automation of removing cucumber's leaf" which is jointly developed with JA ZEN-NOH reached practical stage **[Biomedical Science]** • Concluding an agreement with Astellas Pharma Inc. to establish a joint venture to develop a manufacturing platform for cell therapy products using "Maholo," general-purpose humanoid robot and to provide the platform to startups and academia	**[Commercialization of mechatronics applications fields through partner collaboration]** • Strengthening efforts to expand application of AC drives in data centers where investment is accelerating globally • Strengthening sales of PV inverters for photovoltaic power generation for self-consumption • Accelerating commercialization by shifting from verification and evaluation to actual implementation by developing automation in the medical and agricultural fields in collaboration with partners
Policy 4	• Completion of establishing Yaskawa Data Lake as the base for reconstructing PLM(Product Lifecycle Management)	**[Creating added value and building a sustainable management foundation through the implementation of YDX-II*4]** • Reconstruction of PLM with an eye to market alignment, completion of business transition associated with core system renovation, and strengthening of data infrastructure • Strengthening of data governance and development of an environment for utilizing generative AI

*3 iCube Control: Controller solution to realize i³-Mechatronics
*4 YDX: Abbreviation form for YASKAWA Digital Transformation. Activities to visualize and centralize management resources and to allocate them optimally were carried out in "YDX-I," the first phase. In "YDX-II," we are creating value for customers from a product and service perspectives.