

Corporate Social Responsibility Report **2010**



< Founder's Spirit >

Grateful to serve for a better world

< Mission >

**We, the YANMAR group, will strive to create
new and meaningful value together in partnership with
our worldwide customers.**

**We will be innovators and leaders in harnessing energy
while contributing to an environmentally sustainable society,
through the delivery of unrivaled products and services.**

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Editorial Notes

We issue this Report every year to inform Yanmar Group stakeholders of the philosophies, policies, and actions the Group has taken with respect to the environment and society as well as the records of our activities in fiscal year 2009 so as to improve our activities through mutual communication.

This issue reports some of our typical activities in the opening pages of the special feature to help readers understand how the Group is trying to achieve its missions and responsibilities as a good corporate citizen. The pages on our social responsibilities provide an outline of our management system and feature some of our actual activities for each stakeholder. The pages on our environment activities report our activities conducted according to the secondary medium-term plan.

Reference Guidelines

1. "Environmental Report Guidelines (2007)" of the Japanese Ministry of Environment
2. "Sustainability Reporting Guidelines (3)" of the Global Reporting Initiative

Period Covered

The activities and data disclosed in this Report are for the period of fiscal year 2009 (March 21, 2009, to March 20, 2010). However, the Report also includes some items occurring in fiscal 2010.

Sites Covered

In general, the information in this Report applies to the Yanmar Group as a whole. Information specific to Yanmar Co., Ltd. or any particular area or related company is indicated as such in the text.

The term "Shiga Zone" used in this Report refers to our plants located in Shiga Prefecture: Biwa, Yamamoto, Kinomoto, Oomori, Nagahara, and the Nagahama Site. The term "Amagasaki Zone" refers to the Amagasaki and the Tsukaguchi plants.

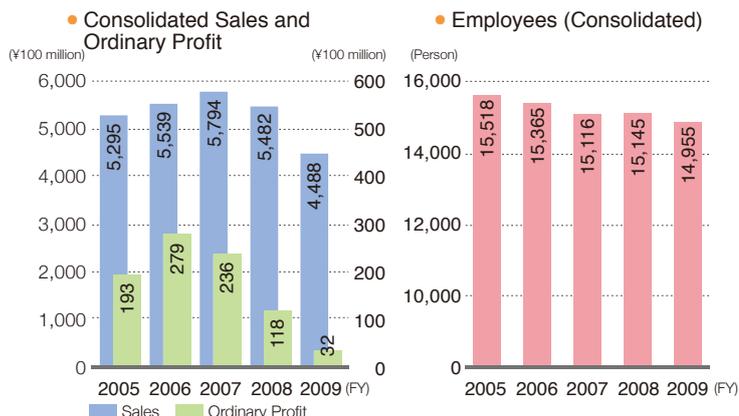
Date of Issue

Published in October 2010 (the next issue is scheduled for September 2011).

Corporate Profile

- Trade name Yanmar Co., Ltd.
- Head office 1-32 Chayamachi, Kita-ku, Osaka
- Tokyo office 2-1-1 Yaesu, Chuo-ku, Tokyo
- Founded March 1912
- Capital ¥6.3 billion
- Honorary Chairman Tadao Yamaoka
- President Takehito Yamaoka
- Turnover (FY2009)
 - ¥448.8 billion (consolidated base)
 - ¥257.7 billion (company base)
- Employees (as of March 20, 2010)
 - 14,955 (consolidated base)
 - 3,308 (company base)

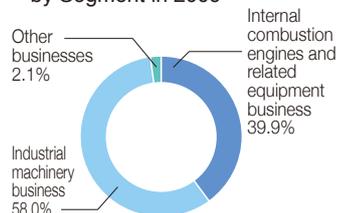
Major Indicators



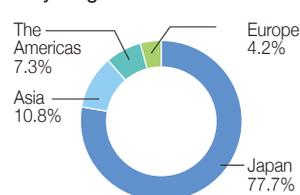
Major changes in FY2009

- Completion of the Emission Building (located next to the Biwa Plant) in May 2009
- Completion of a Test Facility building for YANMAR AGRICULTURAL EQUIPMENT (CHINA) CO., LTD. (YNC) in May 2009
- YANMAR MARINE U.S.A. CORP. and YANMAR Agricultural Machinery America CORP. merged into YANMER AMERICA CORP. (YA) in June 2009
- YANMAR CAPITAL THAILAND CO., LTD. (YCT) established in July 2009
- Completion of the No. 1 Test Facility building (located next to the Biwa Plant) in March 2010

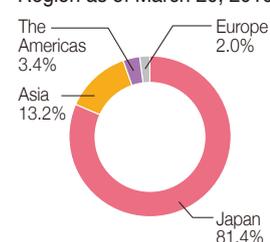
Ratio of Consolidated Sales by Segment in 2009



Ratio of Consolidated Sales by Region in 2009



Ratio of Employees by Region as of March 20, 2010



Yanmar Co., Ltd

Power System Operations Division

- Biwa Plant
- Yamamoto Plant
- Kinomoto Plant
- Oomori Plant
- Nagahara Plant
- Nagahama Site

Large Power Products Operations Division

- Amagasaki Plant

Marine Operations Division

- Tsukaguchi Plant

Agricultural Machinery & Equipment Division

Main domestic affiliated companies

- Yanmar Agricultural Equipment Sales Co.,Ltd.
- Yanmar Agricultural Machinery Manufacturing Co.,Ltd.
- Seirei Industry Co.,Ltd.
- Kanzaki Kokyukoki Mfg. Co.,Ltd.
- Yanmar Energy System Co.,Ltd.
- Yanmar Energy System Mfg. Co.,Ltd.
- Yanmar Construction Equipment Co.,Ltd.
- Yanmar Construction Equipment Sales Co.,Ltd.
- Yanmar Marine System Co.,Ltd.
- Yanmar Shipbuilding & Engineering Co.,Ltd.
- Yanmar Casting Technology Co.,Ltd.
- New Delta Industrial Co.,Ltd.
- Kyoritsu Metal Industrial Co.,Ltd.
- Yanmar Logistics Service Co.,Ltd.
- KOHRIN ENGINEERING Co.,Ltd.

Overseas affiliated companies

Asia

- YANMAR ASIA (SINGAPORE) CORPORATION PTE LTD.
- YANMAR ENGINE (SHANGHAI) CO.,LTD.
- YANMAR ENGINE (SHANDONG) CO.,LTD.
- YANMAR AGRICULTURAL EQUIPMENT (CHINA) CO.,LTD.
- YANMAR AGRICULTURAL MACHINERY (KOREA) CO.,LTD.
- YANMAR S.P. CO.,LTD.
- YANMAR AGRICULTURAL MACHINERY (THAILAND) CO.,LTD.
- YANMAR CAPITAL (THAILAND) CO.,LTD.
- P.T. YANMAR DIESEL INDONESIA
- P.T. YANMAR AGRICULTURAL MACHINERY MANUFACTURING INDONESIA
- P.T. YKT GEAR INDONESIA
- YANMAR KOTA KINABALU R&D CENTER

The Americas

- YANMAR AMERICA CORP.
- TUFF TORQ CORPORATION
- TRANSAXLE MANUFACTURING OF AMERICA CORP.
- C.U.T. SUPPLY COMPANY LLC
- YANMAR SOUTH AMERICA INDUSTRIA DE MAQUINAS LTDA.

Europe

- YANMAR EUROPE B.V.
- YANMAR MARINE INTERNATIONAL B.V.
- YANMAR ITALY S.p.A
- YANMAR CONSTRUCTION EQUIPMENT EUROPE S.A.S.

Overseas representative offices

- INDIA REPRESENTATIVE OFFICE
- MOSCOW REPRESENTATIVE OFFICE
- UK REPRESENTATIVE OFFICE

By developing our seven businesses in the fields we defined as “Urban,” “the Land” and “the Sea,” we strive to provide solutions for our customers and for the society as a whole

It is my view that the economies of developed countries will not make a strong recovery in the short term and a new economy has begun, composed of developing nations that are leading the world out of the current recession. Still, it is difficult to make any prediction as to the market environment going forward. On the other hand, there is a greater emphasis on the issues of global environment, food- and energy-related challenges that we face, due to the increasing global population. As we have entered into an era where the demands on us will be great, we shall continue to make every effort to tackle these issues that are global in scale.

We find ourselves with a global situation that is prone to sudden changes and this forms the background to our activities as we approach 2012, the 100th anniversary of our founding. As we hope to contribute to the society and to be cherished for the coming 100 years, we announced the “Solutioneering* Together” brand statement in May 2010.

Since our foundation, the Yanmar Group has pursued the rationalization and modernization of industry, farming and fishing, through its mainstay engine business, creating and providing these sectors with various products and services. As customer requirements change and become more sophisticated from day to day, we are determined to continue to meet the needs of our customers and the society, based on the core values of our Group, namely Reliability, Efficiency and Innovation. Our brand statement is a promise that by providing various solutions that inspire, we will always continue to progress together with our customers.

As part of the shared trust we enjoy with our partners, we strive to understand deeply the issues and problems that encounter our customers and by leveraging our company’s strengths in engineering, we aim to provide solutions

powered by the combined energies of our entire workforce. For example, in the sector of foodstuffs, we are working to add value to farming and marine products as well as safe, high quality food production processes. In the sector of housing, we are working to incorporate energy efficiency into comfortable housing environments.

We have established a dedicated department that specializes in specific solution development where we have a research unit for current issues related to the food production, and a unit to develop new business models in this sector.

In this report, you will find some examples of these activities, as well as activities of each business unit of the Yanmar Group, making their best efforts to preserve the natural environment.

We believe the strengthening of our Solutioneering* capabilities and how we carry out our responsibilities to the society are closely connected, and this is also connects to our approach to CSR management. We warmly welcome candid opinions from all parties with regard to this matter.

In the global fields we define as “Urban,” “the Land” and “the Sea” the Yanmar Group will develop its seven businesses, namely small and large-sized engines, marine, agricultural machinery, components, energy systems and construction equipment. Simultaneously, we are committed to work towards making an environmentally sustainable society, through environmental preservation and social action programs.

“Making our customers’ lives richer and more enjoyable.”
The aim of the Yanmar Group is to be cherished by our customers all over the world as we develop and grow together.

* “Solutioneering” is a term we coined by combining the words “Solution” and “Engineering.” “Solution” expresses our drive to solve customers’ problems, “Engineering” embodies the word “Engine” which has been the core of our company.

Takehito Yamaoka
President

山 密 健 人



We are moving forward with “Solutioneering” while we develop our seven businesses in fields we defined as “Urban,” “the Land” and “the Sea.”



Living-environment businesses that harmonize the city mechanism with a comfortable lifestyle

In 2009 we launched our solar power generation business and we will contribute to the stable supply of energy as well as preserving the earth's natural environment.

⇒ Special Feature 1 (p. 6 to 9)



Agricultural Machinery Business ●

In Japan, we offer products both for professional users and for hobby farmers. Overseas, we provide a wide variety of agricultural machinery, with a focus on growing Asian markets.

- Products: Tractors, combines, rice transplanters, power tillers, cultivators, farm facilities, fruit sorting machinery, unmanned helicopters, products and materials for hobby farmers, etc.

⇒ Environmentally-Oriented Products (p. 33)



Industrial Engine Business ●●●

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

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

⇒ Environmentally-Oriented Products (p. 34)



Large Engine Business ●●

As an industry leader in the production of marine auxiliary diesel engines installed on ocean-going vessels, we were the first enterprise to be certified by the world's 9 major ship classification societies for the voluntary inspection program employed in our plants. In addition, we were the first Japanese engine manufacturer to receive certification for compliance with IMO Tier 2 emission regulations.

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

⇒ Environmentally-Oriented Products (p. 35)



Core business domains:

- Urban
- The Land
- The Sea

The Land

Total support from manufacturing to distribution as we pursue safe and abundant food

We adopted a multi-faceted approach towards the provision of improved agricultural business management

⇒ Special Feature 2 (p. 10 to 11)



The Sea

Seeking to achieve the ideal co-existence between humans and the sea in the fields of marine leisure, fisheries and the development of large marine engines

We are engaged in developing an ideal resource circulation system that involves culture fishery technologies and energy solutions.

⇒ Special Feature 3 (p. 12 to 15)



Marine Business ●

We have earned a good reputation in the world markets for commercial and pleasure boat engines. In July 2009, we started mass production of electrically-controlled common rail engines.

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

⇒ Environmentally-Oriented Products (p. 36)



Construction Machinery Business ●

We offer a wide variety of high performance small construction machines and general-purpose machines such as the ViO series of True Zero Tail Swing excavators, the Σ series of boom excavators, small generators, lighting towers etc.

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

⇒ Environmentally-Oriented Products (p. 37)



Energy System Business ●

Our product range features highly efficient air-conditioning systems and micro-cogeneration systems for commercial use which employ proprietary technologies and we have also entered the solar power generation market.

- Products: Micro-cogeneration systems, gas heat pumps, main and standby generators, pump drive systems, solar power generation systems, etc.

⇒ Environmentally-Oriented Products (p. 37)



Component Business ●●●

Along with proprietary hydraulic control and gear processing technologies, we are collaborating with various Group companies for the manufacturing of unrivaled products, such as an infinitely variable hydro-mechanical transmissions.

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

⇒ Environmentally-Oriented Products (p. 38)





Solar power generation systems towards lower emissions

The inexhaustible energy of the sun that shines down on our planet can be harnessed and used to generate electricity. Solar energy gained attention in the 1980's following the oil shock as an alternative source of energy to replace oil. Due to the serious problems with the environment and global warming, the focus all over the planet is on solar energy as a clean source of recyclable energy that can generate electricity without releasing CO₂ into the atmosphere, and the need continues to grow.

As part of our aim to construct a sustainable society, our approach of "Solutioneering" leads us to look for solutions to this challenge from the perspective of the customer. In 2009 Yanmar Energy System Co., Ltd. introduced solar power generation systems as a product of Solutioneering. Making full use of our know-how and our Group network, we contribute actively to the prevention of global warming.

Urban

Sustainable power generation systems

By using solar cells, solar energy can be directly converted into electrical power, which is known as solar power generation. Currently in Japan 80% of the installed base of this technology is private homes.

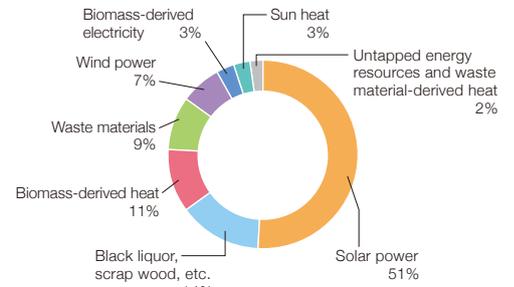
From April 2010 a revision to the Japanese Energy Saving Law (a law related to the rational use of energy) came into full effect as a response to global warming and the new law calls for stronger cuts by business entities in terms of their energy use (energy in this case refers to fuel, electricity and heat; natural energy recovered from waste as well as solar- and wind-powered electricity generation, etc. are exempt from this law).

The Japanese government program: "An Action Plan to Create a Low-Carbon Society" (July 2008) calls for a ten-fold increase in solar power generation by 2020 and a forty-fold increase by 2030. As part of our steps towards a low-carbon society, the role to be played by solar power generation is significant and we need to maintain a good balance between housing and industry.

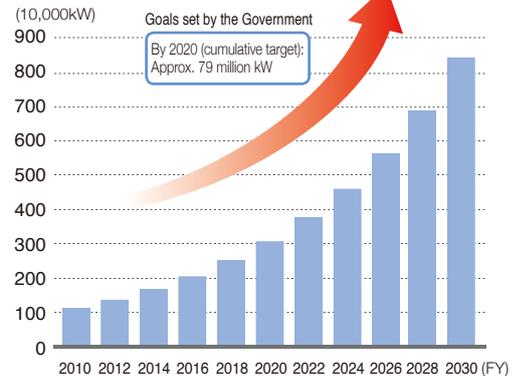
Lower emissions in the public and industrial sector

Considering the movement to rationalize the use of energy and the spread of solar power electricity since April 2009 Yanmar Energy System Co., Ltd. has begun to sell a solar power electricity system, which is a combination product of solar panels and our own energy supply equipment. This business is developing in a focused manner and we are uncovering new demand in areas such as public services and industry, where electricity consumption is particularly high and the need to introduce clean, solar power generation is most pressing. Also, by leveraging our network in agricultural machinery and marine businesses, we are moving forward by proposing these systems to facilities related to agriculture and fisheries, two sectors that consume a lot of heat and electrical power.

Alternative energy sources for 2020



Prospects for the solar power generation market



Sources:
Estimates based on: "A Vision towards Independence in Solar Power Generation," New Energy Commission Report Materials (June 2001), JPEA and "Prospective Energy Demands in 2030" (the General Resource and Energy Research Council report into future energy demand, published June 2004)
Additional data from an article published in the Nikkei Shinbun Newspaper on 28th October 2009

Working Examples



JA Shonai Midori, a grain silo in Central Yusa



Exterior of the Fukuoka City Museum



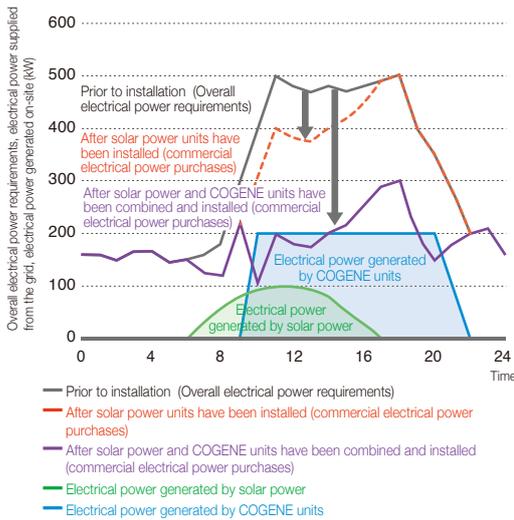
Kirin gold seal, a national treasure kept by the museum



Solar panels at the Fukuoka City Museum

A stable supply of electricity made possible by combining new energy sources with existing energy systems

Reduction in the purchase of commercial electrical power following the installation of a Solar power + COGENE unit (example)

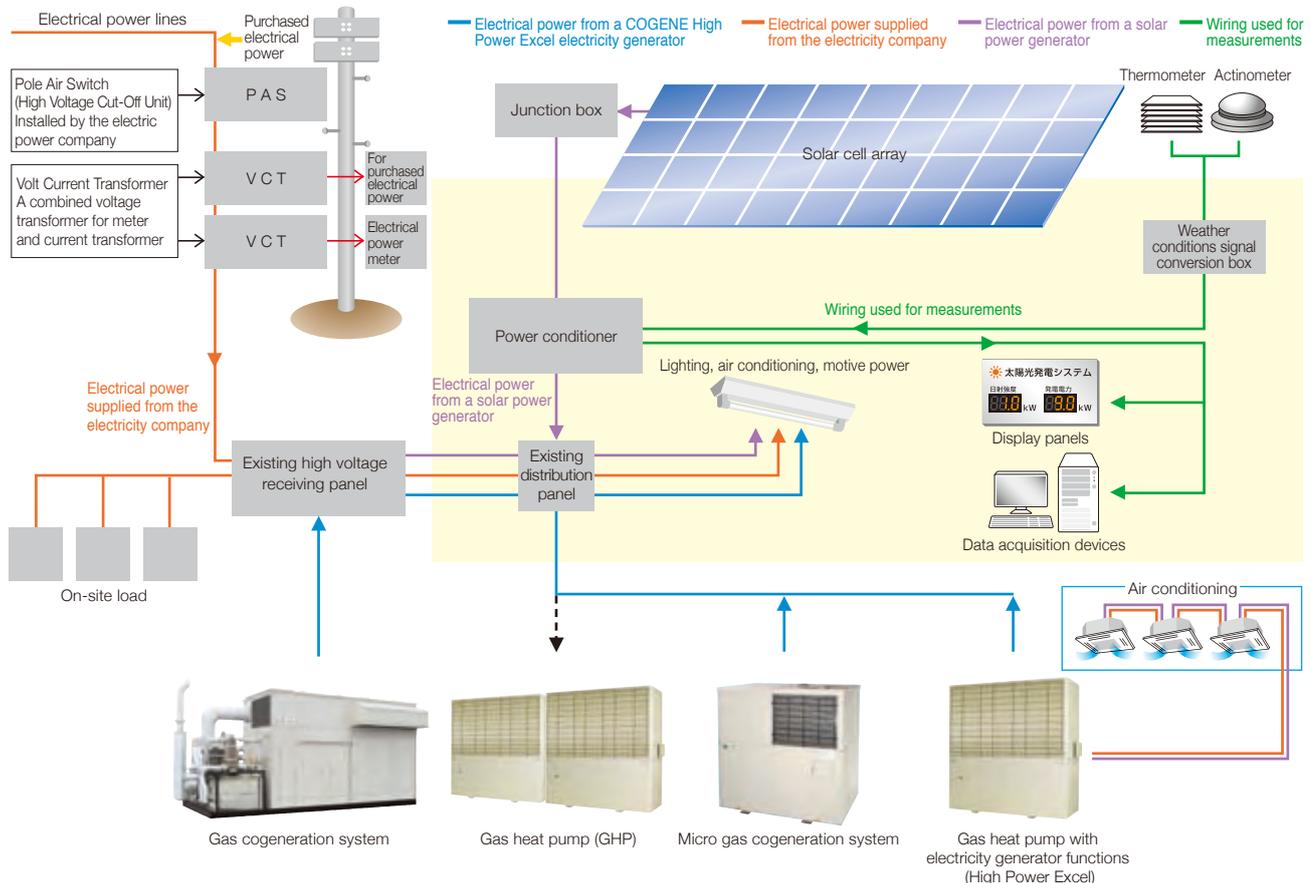


Solar power generation not only reduces CO₂ emissions, it also ensures that no substances harmful to the atmosphere are released. The benefits are plentiful and if a certain amount of sunlight can be captured then one does not have to select a specific location for the panels. However, due to the weather the amount of electricity generated can change significantly, and this is a drawback. This has been identified as an important issue and a matter that has to be addressed as we promote solar power generation.

At Yanmar Energy System Co., Ltd., the solar power generators are not merely placed and left to run, they are installed in conjunction with our own energy supply equipment. In this way we have found a solution to this problem. By combining solar power with gas cogeneration systems (a heat-based electricity generation system, hereinafter referred to as COGENE) and gas heat pumps that are capable of generating electricity (hereinafter referred to as GHP) we are able to supply a steady amount of electricity from our solar power generation system regardless of the weather conditions.

For example, take a medium-sized plant with an electricity demand of 500kW. With a 100kW solar power generator combined with 10 COGENE units each producing 25kW, this will lead to a cut of 50% in CO₂ emissions due to electricity use. This combination of solar power and city gas will supply close to 60% of the plant's daily electricity requirement. Furthermore, by purchasing electricity during the night hours when power companies make their electricity available at cheaper rates, the plant benefits from cheaper power costs as well as reducing its burden on the environment.

Examples of how these systems can be combined



Calls for ecological electricity generation involving both recyclable resources and a reduction in CO₂ emissions

At Yanmar Energy System Co., Ltd., we sell a biogas micro-cogeneration system that uses the recyclable energy source known as biomass as a fuel (namely methane captured from organic resources, such as residues, excess sludge, etc.). By combining ecological electricity generation from recyclable resources such as biomass with solar power generation, it is possible to improve our environment as well as reduce CO₂ emissions.

Aiming to develop the next generation of electrical generation systems through complex proposals involving a variety of energy equipment

At this point in time Yanmar has moved one step ahead of combining energy solutions. We are developing solar power generation systems that offer complex solutions that are more efficient and come with higher added-value.

In actual terms, these systems combine solar power generators with COGENE units and GHPs capable of generating electricity bringing together several products already produced by the Yanmar Group as a complex system.

As a result, when the amount of electricity generated by solar panels fluctuates, the COGENE or other units can respond when required. This means a stable supply of electricity that does not waste any energy can be expanded as required depending on the scope of operations.

In August 2010 an experimental solar power generation system (output 10kW) of this type was installed at the head office of Yanmar Energy System Co., Ltd. (Kita-ku, Osaka). The system combined solar power with COGENE units and GHPs capable of generating electricity, and can be controlled via a remote monitoring network system. This was part of a test to see how these different systems would work together. Real-time monitoring displays were installed to provide updates on how the system was working as well as to record data such as the amount of electricity generated and the reduction in CO₂ emissions for each day of operation.

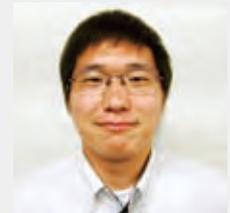
Through our proprietary approach of "Solutioneering," Yanmar will aim to provide enhanced solutions that will contribute to the prevention of global warming.



The experimental solar power generation system (output 10kW) installed at the Head Office of Yanmar Energy System Co., Ltd.

Voices from the field

Preserving the global environment by supplying energy management solutions from the customer's perspective



Shinji Wakeda

New Energy System Group Engineering Dept. Yanmar Energy System Co., Ltd.

Here at Yanmar Energy System Co., Ltd. we are involved in developing and propagating products that are kinder to the global environment, for example, solar power generation systems and biomass cogeneration cogeneration systems, etc. We have been able to apply "Solutioneering" and develop some concrete examples such as our cogeneration products to show how Yanmar can put energy to effective use.

Going forward we will contribute to the preservation of the global environment and increase the number of customers that enjoy better energy management, taking us towards our goal of realizing a low-carbon society.



Indoor display panel



Outdoor display panel





In order to ensure the stability of and lend support to Japanese agriculture and farming village infrastructure we are developing a variety of business projects all over Japan

Rural areas formerly used for cultivation that have subsequently fallen into disuse totaled some 130,000 hectares in 1975 throughout the whole of Japan and in the years since it is said that this has grown threefold to approx. 386,000 hectares (according to the 2005 Agriculture and Forestry Census). The terraced rice paddies that make use of the natural contours of the land are foremost in being abandoned. These terraced tracts of land and other rice paddies not only produce rice, they also provide security from landslides and act as flood prevention in addition to the gentle feeling of the natural scenery. There is a real danger that these lands will be lost forever if they are allowed to fall into disuse.

Yanmar came to be involved in Japanese agriculture through its manufacturing of agricultural machinery. We are looking to spark innovation in this industry from a variety of perspectives as we search for a way to maintain a sustainable agricultural industry, realize a stable infrastructure for farming villages and stimulate these rural communities.

The Land

Revitalizing our agricultural industry and stimulating rural communities: Reclaiming these irreplaceable terraced rice paddies is key

The Ueyama district of Mimasaka City, Okayama Prefecture is home to several terraced rice paddy locations totaling some 100 hectares. In recent years, due to people choosing to leave the farming industry and the aging of society, the number of rice paddies falling into disuse has increased. As a response to this issue, in 2003 the Agency for Cultural Affairs named Ueyama as an “Important Cultural Landscape” but the number of terraced rice paddies falling into disuse continues to grow regardless. Currently the area of terraced rice paddies in use is a mere 7 hectares. If allowed to continue the current situation will see the agriculture industry that has had its roots in the region, along with this precious landscape, disappear forever.

Yanmar is supporting the reclamation of the disused rice paddies in the Ueyama district. We are tabling proposals for stimulating the use of these terraced rice paddies, thereby regenerating a broader-based agricultural industry for the region.

In concrete terms, in order to reclaim the terraced rice paddies in short order we are lending our support to the weeding and clearing of these fields as well as assisting with regeneration models for these reclaimed agricultural fields. Furthermore, we plan to offer training on agricultural machinery to people wishing to become involved in agriculture as well as volunteers.

In order to reinvigorate the local community and support sustainable agriculture through projects such as relaunching as a tourist attraction what was formerly known to locals as the “Thousand Fields of Ueyama,” a phenomenon called *tagoto no tsuki* (the moon in each field) whereby the moon’s reflection could be viewed in each of the terrace rice paddies, in addition to using the reclaimed land to grow crops that can be sold as the region’s signature agricultural product. We are also supporting plans to create a landowner-run green tourism business (a leisure activity whereby visitors spend time in rural areas, enjoying the rural community, natural environment and culture as well as sharing experiences with local people) centered on the reclaimed terraced rice paddies. Our ultimate goal is to have reclaimed 50 hectares by March 2013.

At Yanmar we have a goal to deliver better efficiency and power-saving in the agriculture industry and to this end we have developed many different types of agricultural machinery. With regard to the case in point, our proposals for reclaiming abandoned terraced rice paddies and our business models for agricultural management support the agriculture industry from a more complex, long-term viewpoint. We offer a holistic combination of agricultural hardware (agricultural machinery) and software (cultivation techniques, fostering the correct procedures in the staff, agricultural management techniques) as used in the past. Beyond that we will look to reinvigorate the agriculture industry as well as improving our rates of self-sufficiency in food.

We are convinced that as a company it is Yanmar’s social responsibility to contribute to the development of the Japanese agriculture industry through various approaches using “Solutioneering.”

Voices from the field

Taking abandoned agricultural land and relaunching the “Thousand Fields of Ueyama” in Mimasaka City, Okayama Prefecture



(Left)
Hiroshi Nagao
Branch Manager
Hayashino Branch

(Right)
Katsumi Imagawa
Senior Manager
Large Agricultural Equipment
Sales Group
Technical Service Dept.

Chu-Shikoku Div.
Yanmar Agricultural Equipment Sales Co., Ltd.

Many of the customers that we deal with through the Hayashino Branch Office of the Okayama Management Department hail from the Ueyama district of Mimasaka City. The market share for Yanmar products is high in this region and Mimasaka City Hall did contact Yanmar and request our assistance in “cooperating together to reclaim the terraced rice paddies in the Ueyama district.” By agreeing to this request, the Hayashino Branch and the Chu-Shikoku Div., Yanmar Agricultural Equipment Sales Co., Ltd. offered their support and cooperation towards restoring the terraced rice paddies to full working order, part of our contribution to this local community.

Since February 2010, demonstration machinery has been used in various work processes such as clearing the site of weeds, tilling, supporting the ridges that divide the individual rice paddies, etc. The transformation from abandoned fields to reclaimed farmland has been rapid. I believe this turnaround was possible due to the agricultural machinery and technical know-how made available and shared by Yanmar. Currently around 3 hectares of terraced rice paddies have been reclaimed and in the next three to five years, we plan to carry out supporting activities including proposals to develop ideas for special, local products as well as the reclaiming of a priority zone for the revitalization of the terraced rice paddies.

I hope what we are doing here can stand as an example of a small step towards eradicating abandoned agricultural land throughout the whole of Japan.

Work required to reclaim terraced rice paddies



(1) Weeding and clearing the site



(2) Burning off



(3) Tilling



(4) Cut and clear any residue such as bamboo, etc.



Changing our approach to the fishing industry from 'harvesting' to 'creating and fostering' in order to protect marine resources

For our country, surrounded as it is on all four sides by water, the sea is an important source of food in the form of fish and shellfish.

In recent years people have become more aware of the issue of food safety and calls for increases in self-sufficiency in terms of our fishery resources have been on the rise. The fishing industry and marine cultivation businesses based in coastal areas have been getting more attention.

This reflects the times, as we are shifting away from a fishing industry that "harvests" fish from the sea, towards a fishing industry based on the artificial creation and fostering of resources.

Yanmar has given much thought to the way that the fishing industry should create and foster resources and to this end the Yanmar Marine Farm, a dedicated research facility, was established in 1988.

By putting to use our wealth of knowledge that has built up since then, we are looking to develop and create new business models and secure stability for fishery resources from the perspective of "Solutioneering."

The Sea

Meeting the future needs of the marine products industry by developing new culture fishery business

Through production of energy-efficient, high output engines for fishing vessels and materials for fishing equipment, Yanmar has been involved in the modernization of the fishing industry. However, our present reality is that natural resources are threatened with exhaustion whilst globally the demand for marine products continues to grow. This means that our current approach to the fishing industry, focused on 'harvesting' the sea, needs to undergo a major change.

Yanmar has been quick to note this change and, in order to respond to the current and future needs of the Japanese fishing industry, in 1988 established the "Yanmar Marine Farm" (Oita Prefecture) a marine breeding facility run as a concern. The Yanmar Marine Farm is where we began our fully-fledged investigation of the possibility of a fishing industry built on 'creating' and 'rearing.'

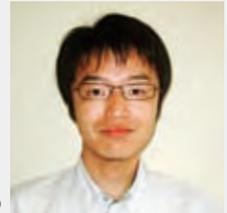
The Yanmar Marine Farm combines several functions: developing useful marine product cultivation systems, producing fry (cultivating young fish and bivalve mollusks) as well as the algae that is essential to cultivate the said fry. By doing so, the Marine Farm aims to expand its cultivation business. Furthermore, we are also making progress with our research into how algae can reduce CO₂ as a technology for preserving the natural environment. Our research going forward focuses on two keywords: food and the environment. By building on our business activities to this point we have managed to develop a structure that can contribute to the development of the marine products industry and in 2003 we established one of the largest feed processing plants in the country.

For example, by developing a system that can efficiently produce plankton, which is essential for the cultivation of abalone, we have been able to enhance productivity on site whilst at the same time reducing our energy consumption. Moreover, by developing and commercializing a highly efficient system for the production of floating algae, a requirement for the rearing of red sea urchin and ark shell, etc. we have been able to contribute to the increased production of feed.

In these ways we have been able to make full use of the techniques developed at the Yanmar Marine Farm and through the application of "Solutioneering" contribute to the cultivation projects to revitalize the domestic production of bivalve mollusks.

Voices from the field

Cultivating on dry land is kind to the environment
There is a hint here for the next generation of the marine industry



Yanmar Marine Farm

Takurou Matsumoto

I am involved in the development of a cultivation plant not based in the sea, but located on dry land. The theme of my research is to prevent pollution of the sea through the proper management of excretion from fish, their food, and to establish production methods for fish and shellfish that are friendly to the environment as well as being located in areas close to the places where these fish and shellfish will be consumed.

Currently we are running small-scale facilities where the fish are reared. Our aim is to establish and design techniques appropriate for rearing a variety of species of fish as well as a purification system. We are very eager to prove the fruits of our development as applied directly to our customers' fields. I believe this is how we can lend our support to the fishing industry of Japan.

An outline of the Marine Farm facility



History

- 1988 Establishment of the Yanmar Marine Farm
- 1989 Started development of containers for transporting live fish
- 1994 Started development of system for the cultivation of feed for bivalve shellfish
- 1996 Started a design and construction business for the Fishery Cultivation Center facility
- 2002 Started research and development of techniques to control the photo-environment of algae
- 2003 Constructed a feed plant; started a feed selling business
- 2006 Started research and development of a circulation-type land-based culture fishery system

Challenging the possibilities of fry production appropriate for marine areas by drawing on high value-added business models for rearing bivalve shellfish



Uwajima City, Ehime Prefecture



Cultivation of algae

This project is being run in Uwajima City, Ehime Prefecture. Here there is a more than 100 year tradition of pearl oyster cultivation but due to the current weak economy demand for pearls has dropped and the local fishing cooperative has seen businesses fail one after the other. This is having a serious impact on the local economy.

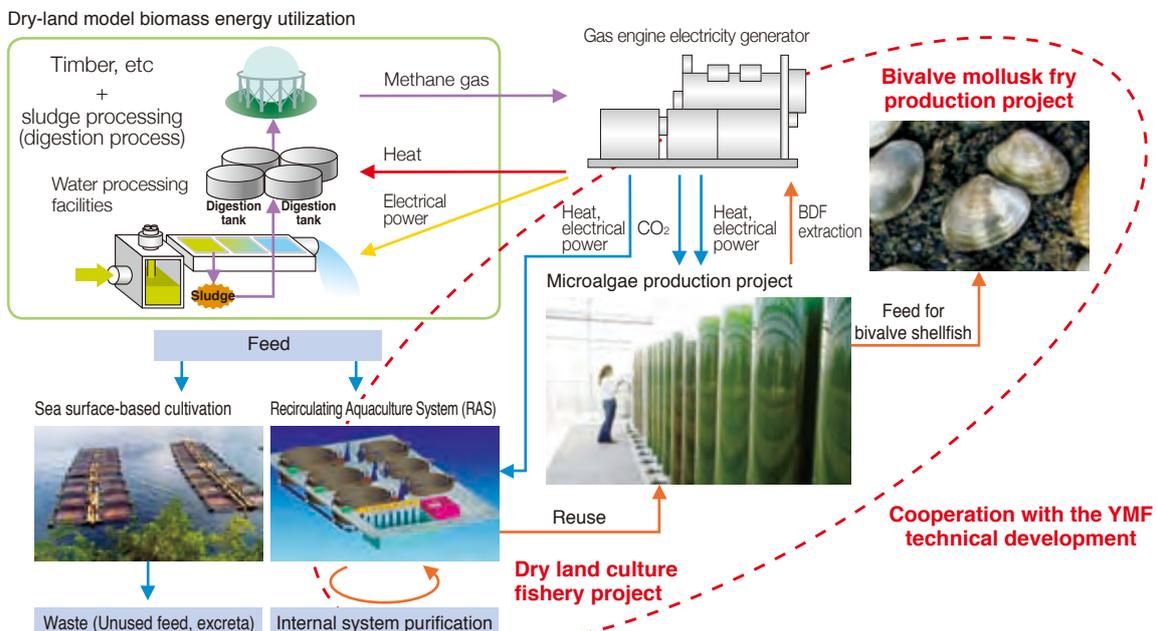
On the other hand, in terms of fishery resources, demand is high for bivalve shellfish and none more so than the littleneck clam. Domestic production of these clams is on the decrease due to imports from overseas as well as damage from predators such as univalve shellfish. There is a pressing need for the safe, stable and high quality production of littleneck clams.

As part of the process of searching for a solution, Yanmar realized that the pearl oyster and the littleneck clam are basically the same type of bivalve shellfish in terms of cultivation and that changing from one to the other would be simple due to those people involved in production having the required experience in the sea surface-based cultivation techniques. Littleneck clam cultivation would also make use of most of the existing equipment. By combining Yanmar Marine Farm's proprietary techniques for providing a stable supply of large quantities of floating algae (*chaetoceros gracilis*), an indispensable initial feed for bivalve shellfish in the fry stage, with the management resources of the local fishing cooperatives, we were able to make shellfish fry production appropriate for the sea regions as well as meeting needs.

Thanks to the development of this project, we have met the needs of both producers who can now run a sustainable bivalve shellfish cultivation business as well as the local community, as this business provides a shot in the arm for the regional economy. We have taken a step forward here and the result shows how a community can become involved with a high value-added business model for the cultivation of bivalve shellfish that did not exist up to this point.

Currently approx. 200,000 littleneck clams are being cultivated on the surface of the sea at Uwajima City, but with the cooperation of the local fishing cooperatives trial businesses using the same bivalve shellfish cultivation methods are being run in other regions. These trials of fry cultivation are proceeding smoothly and we expect that these bivalves will grow to the size required for shipping by the autumn of 2010.

An environmental preservation-type complex eco-culture fishery plan



Aiming to build total management-style cultivation and a new business model through a collaboration between Yanmar and local producers

The aim of this project is not to merely reinvigorate domestic production of bivalve shellfish. Our perspective also includes building a new business model based on total management-style cultivation.

With regard to production and distribution as related to foodstuffs, the traceability of the producer and the production process is an important issue. However, for this project we showed that it was possible to have a complete set of information relating to the domestic mother bivalve shellfish living in the sea close to where they will be consumed, as well as its production as fry up to when shipped to market. It is possible to distinguish between these items and other items claiming false provenance and those produced overseas.

Moreover, an important part of this project is to secure a market for, and ensure the stability and continuity of the business by lending support to select the appropriate channels to market as well as branding these bivalve shellfish. Furthermore, we also managed to connect our approach as part of a complex ecological cultivation structure that worked to preserve the environment by linking up with the production of abalone and sea slugs in the same locale. We also used organic substances released from the nearby fishing industry such as CO₂, nitrogen and phosphorous to cultivate algae, in addition to bivalve shellfish cultivation using solar energy and plankton from the surface of the sea.

Going forward we aim to acquire accreditation from the Aquaculture Stewardship Council (ASC) for our fishery products produced by sustainable cultivation procedures that do not place too much burden on the ecosystem. We are proposing a completely new business model that preserves the environment as well as making effective management of fishery resources. We aim to take this forward and our plan is to challenge ourselves to create a new industry that has never existed before.

This project to revitalize domestic production of bivalve shellfish was created through collaboration between Yanmar and the local fishing cooperative. Looking forward, Yanmar will continue to leverage its technical prowess and know-how as well as its research and development systems as its "Solutioneering" business approach to uncovering sustainable ways to make use of the sea.



Experiment to farm littleneck clams using a hanging culture

Voice from the field

By using techniques to artificially produce bivalve mollusk fry, my aim is to recreate the good times for Japan's fishing villages



Yanmar Marine Farm
Shima Terai

Oysters were our first foray into production technologies for rearing bivalve mollusk fry, but our scope has since broadened to include littleneck clams and common orient clams. We have managed to develop techniques that can consistently output a significant amount of bivalve mollusk fry and I believe that the next step is to take these artificially reared fry and cultivate them.

People involved in the fishing industry are finding the current situation a challenge, as fish hauls are down and fish prices are sluggish. I am very happy if the production techniques that we are working on to produce bivalve mollusk fry result in the development of cultivation projects for various species of bivalve mollusks, as well as somehow connecting to the revitalization of fishing villages to their former glories.



Littleneck clam fry sorting procedure

Yanmar is implementing CSR management for the ongoing improvement of corporate value.

Corporate Governance System

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

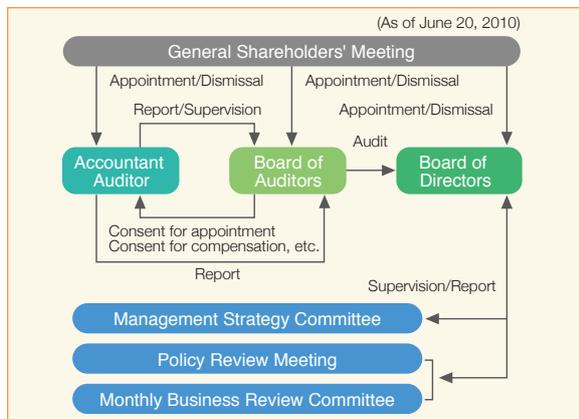
As for our management system, we introduced an executive-officer system from 2000 in order to split management supervision from execution of duties. Members of the Board of Directors are now specialized in decision-making or supervision of execution of duties.

Under the Board of Directors, there are a Management

Strategy Committee (which has substantial decision-making power on matters concerning the entire Yanmar Group) and the two other bodies – Policy Review Meeting and Monthly Business Review Committee (which carry out PDCA management for business execution). This arrangement enhances management efficiency.

In addition, Yanmar turns to two external auditors out of its four-member team, whose job is to monitor managerial operations to reinforce check-and-balance capabilities and deterrent capabilities with respect to professional duties. This arrangement enhances transparency of our corporate behavior.

Corporate Governance Organization Chart



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

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

Compliance Promotion System

The Yanmar Group has created a structure to preemptively block behavior that violates social ethics and the law. To maintain this, we have established a "Group Compliance Committee" (comprising compliance officers, top management of the main Group companies along with committee members from outside the company such as

lawyers). Additionally, we have established Compliance Committees at each of our business units and companies to serve as lower-branch organizations of the Group Compliance Committee. Each of these committees deploys policies that were decided at the Group committee.

Specific Activities

1 Holding Compliance Exchange Conferences

The conferences were held at 11 locations with the goal of preventing compliance problems before they could occur. The participants heard directly from people at workplaces about such issues as whether gray-zone problems were being concealed.

2 Establishing Compliance Overseas

We have been working on generating extensive compliance awareness, mainly at four subsidiaries in the United States, the Netherlands, Singapore and China, as part of our efforts to create an attitude of compliance overseas. We receive reports every quarter describing the compliance promotion.

3 Surveys on Corporate Ethics

We have been conducting corporate-ethics awareness surveys on employees at domestic Group companies in order to grasp the extent compliance awareness has taken hold. The results are reflected in promotional activities during the following fiscal year.

4 Education and Training

In our efforts to educate, we compile compliance issues—including ones that occur outside the Group companies—on "Rinri News," by using the intranet to get the message across. Also, issues expected of us in the field of corporate social responsibility are incorporated into the "Yanmar Code of Conduct," and we conduct CSR training for new employees and managerial staff in classes tailored for their position in the company. Training at the various offices used as its subject "power harassment," a topic that envisions developments stemming from social change.

5 Internal Reporting System "Complaint Box for Ethics"

The "Complaint Box for Ethics" is the name we give to a section that offers consultations for compliance problems and where reports can be filed. There were 19 cases of consultations and reports in fiscal 2009. Some of these were confirmed to have been true compliance issues, and measures were taken to prevent their reoccurrence. We have established sections for the internal reporting system at the Group companies as well.

Risk Management Promotion

Yanmar has established a Group Risk Management Committee (comprising a risk-management officer and top managers of the leading companies in the Group). The goal is to manage and carry out measures to deal with the various risks that business operations can become involved in. The committee studies the

policies and direction for overall risk-management efforts and holds conferences that cover the subject of risk-management promotion and its countermeasures.

Main Activities

1 Using the "Risk Case Report Database"

Risk-management officers enter progress made on cases that occur within the Yanmar Group companies whenever such cases occur. The content is shared among the top management echelon. Twenty-two cases were reported in fiscal 2009.

2 Risk Assessment at the Major Factories of the Yanmar Group

Outside experts personally check the disaster-preparedness level of company Group factories. We are reviewing current risk measures through field studies. The studies were conducted at eight factories during fiscal 2009.

In addition, simple seismic diagnoses were conducted at 13 production-facility sites belonging to nine companies, based on the Group's seismic diagnostic plan.

3 Using the Safety Confirmation System and Emergency Communication Network

In areas where earthquakes of intensity levels of at least lower-5 have occurred, the safety of employees and their family members are confirmed using the Safety Confirmation System. Drills are conducted en masse every January and September for all employees of the Group companies. In addition, an emergency communication network is available to respond to emergency situations occurring on holidays and late at night, with tests conducted to the network every three months.

4 Countermeasures for the New Influenza

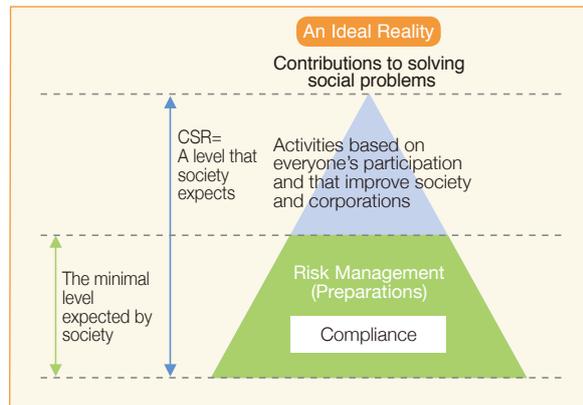
We created emergency stores of necessary masks and antiseptic solutions as a measure to prevent infection within the Group. Using the in-house intranet, we alerted employees by conveying key information relevant to their commuting and trips outside the company.

Promotion of CSR Activities

Yanmar established its "CSR Department" in March 2008 in order to promote CSR as an activity to be undertaken by the entire Group. The department is involved in setting

the direction of the Yanmar Group's CSR activities and in communication both inside and outside the company.

• Involvement With CSR and Other Activities



• Organizational Chart for CSR Promotion



Main Activities

1 Publishing CSR-related articles in the Group's internal publication

"Minna de Kangaeyou! CSR" (Everybody, think about it! CSR) is published regularly in our Group's internal publication to report and promote CSR activities.

2 Meeting to Read the Fiscal 2009 Environmental and Social Report

Yanmar Construction Equipment Co., Ltd. and Kanzaki Kogyukoki Mfg. Co., Ltd. held the "Meeting to Read the Fiscal 2009 Environmental and Social Report." Participants studied the report's content and worked on expanding the content of the report in the next fiscal year. They also discussed how the Yanmar Group should approach its future CSR activities.



Quality is the “bond of trust with customers.” True to this motto, we strive to reinforce our partnership with customers.

Efforts to Improve Quality

The Yanmar Group sees quality as a bond of trust with its customers. We are aiming at “a transition toward a customer-oriented business model.” Each employee, through their own work, strives to earn the full trust and satisfaction of customers by providing outstanding products with the industry’s top levels of quality and trust and by offering prompt, suitable services.

In 1968, we were the engine industry’s first winner of the Deming Application Prize, the greatest honor bestowed for the pursuit of quality control, and since that time, all of our employees have been striving to achieve quality improvements and product safety through the ongoing promotion of TQM and QC circle activities.

Our Quality Assurance System

Yanmar is engaged in quality assurance activities in all stages of business activities, ranging from the planning and development of products to production, sales and service, with the quality assurance department of each business unit* serving as the general contact. Every business unit has a Product Safety Committee in place to ensure product safety. The entire Group is being monitored for

quality assurance by the Group-wide Quality Assurance Committee. We have also obtained ISO 9001 certification at 28 units, including some overseas.

* The collective name for operations divisions (Power System Operations Division, Large Power Products Operations Division, Agricultural Equipment Division, Marine Operations Division) and business companies (Yanmar Construction Equipment Co., Ltd., Yanmar Energy System Co., Ltd., and Kanzaki Kogyokoki Mfg., Co. Ltd., etc.)

Quality Assurance and Product Safety Activities

We are conducting systematic activities to ensure product quality and safety at every stage of our business activities, including the planning, development, production, sales and service of our products. At the development and design stage, we incorporate market needs and customer requirements into design quality through QFD (quality function development) and predict and identify potential problems in the life cycle of each product through FMEA (failure mode effect analysis).

Product safety is particularly important. In addition to compliance with all applicable standards and regulations both domestically and internationally, we have a stricter set of in-house standards in place. We also conduct continuous design reviews as well as risk assessments, and hold evaluation meetings at each step of new product

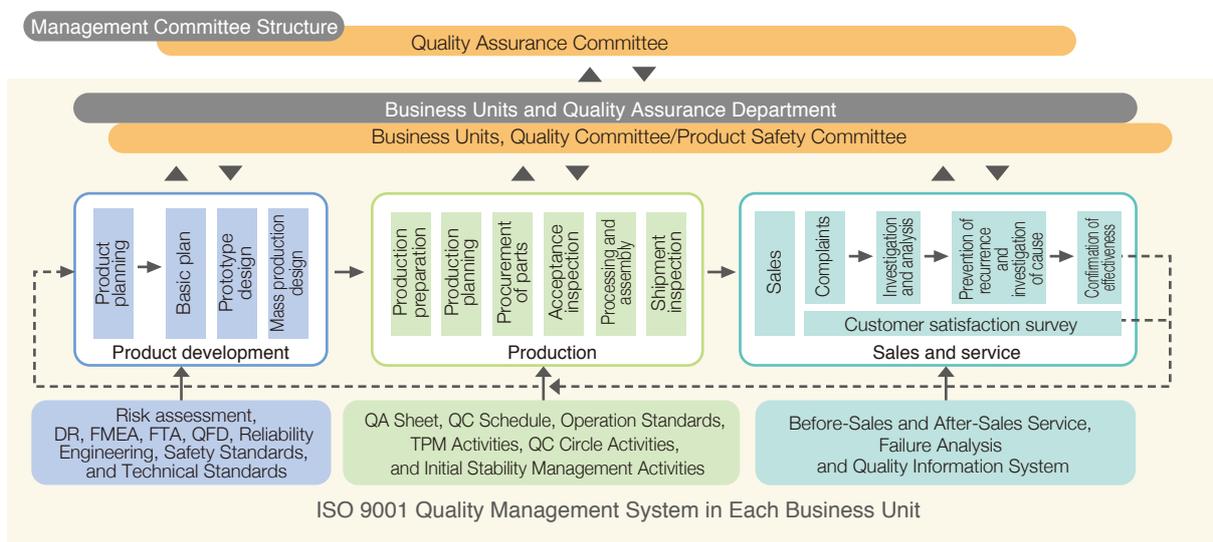
development. With this system, new products must undergo assessment from the viewpoints of both quality and safety before being put into mass production.

At the production stage, quality and safety are indispensable factors in each process. Our quality management system is constantly being improved through QC circle and ISO 9001 activities.



Announcing the results of QC circles and small-group activities

• Yanmar’s Quality Assurance System



We place a lot of importance on communication with our customers so that they can use our products with a sense of security.

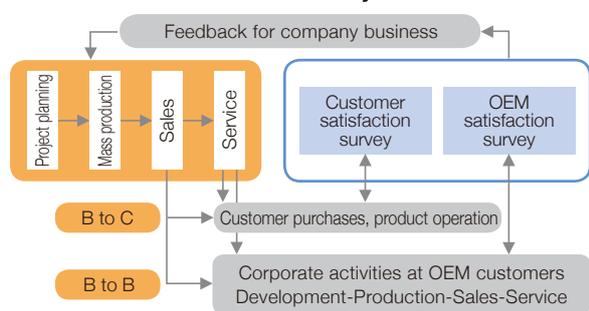
After-sales Service

We conduct questionnaire surveys each year on our customers, covering sales, service and products. We also issue certificates for free inspections, depending on the product, and we are working to improve our after-sales service.

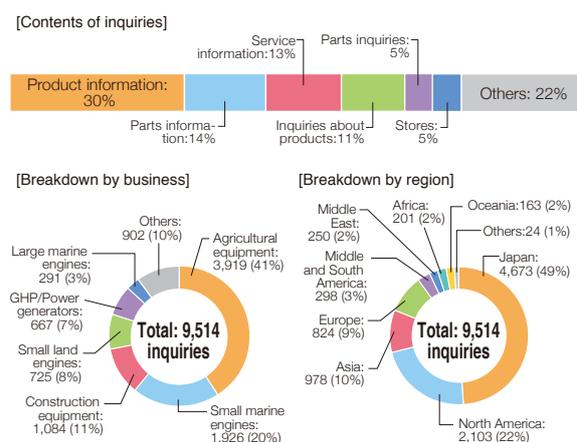
For example, we conduct surveys for industrial-use engines (B to B) yearly at each department (development, production, sales, service, etc.) of OEM customers. We monitor satisfaction levels at the OEM customers, and we strive to raise our products and services to higher levels. Also, for agricultural machinery (B to C), we conduct

comprehensive customer-satisfaction surveys on randomly selected customers. The acquired information is used for feedback not only for planning and development but for sales and service activities as well. We are continuously working on raising customer-satisfaction levels.

Customer Satisfaction Survey



Response Situation to Customer Inquiries at the Customer Center (Fiscal 2009)



The Swift and Accurate Provision of Product Safety Information

In recent years, demands concerning product safety have intensified, due to such developments as the revision of the Consumer Product Safety Act. In order to respond quickly and appropriately to product malfunctions and complaints, Yanmar has improved various internal systems for compliance with product safety regulations, including enhancement of the Yanmar Technical Information System

(YTIS, e-claim etc.^{*1}) that gathers technical information by means of the web and the intranet, and established the Customer Consultation Office. In addition, we actively provide the relevant authorities^{*2} with information on accidents.

^{*1} YTIS: Yanmar Technical Information System (in Japan) e-claim: overseas warranty handling system

^{*2} Ministry of Land, Infrastructure, Transport and Tourism, Consumer Affairs Agency, Ministry of Trade, Commerce and Industry, Ministry of Agriculture, Forestry and Fisheries, etc.

Enhanced Response to Recalls

In case an unexpected problem arises affecting products purchased by customers and action is judged necessary, Yanmar will swiftly implement appropriate actions, including the recovery, repair, inspection or replacement of products with customer safety and damage prevention as top priorities. In case of a recall, we shall notify the relevant organizations^{*3} and disclose this information in recall notices in newspapers and on our website to improve our compliance with the recall rules.

Important News on Quality (Japanese Only)

<http://www.yanmar.co.jp/quality/info.htm>

Number of Recalls in Japan^{*4}

FY	2005	2006	2007	2008	2009
Number of recalls	1	2	6	1	8

^{*3} Ministry of Land, Infrastructure, Transport, and Tourism, Ministry of Economy, Trade and Industry, Ministry of Agriculture, Forestry and Fisheries, the Japan Boating Industry Association, etc.

^{*4} Number of reported cases of product recalls based on Land Ministry recalls, improvement measures and the Consumer Product Safety Act.

Recalls in Fiscal 2009 in Japan^{*5}

Registration date	Machinery type	Model	Incident name, type of problem	Category
July 23, 2009	Tractors	EF100 Series	Pivot shaft falling off from Pitman arm	Recall (Land Ministry)
Sept. 10, 2009	Snow plow	JX/JT-1090D	Concern of possible malfunction of controller, unexpected movement	Product recall (Trade Ministry)
Sept. 11, 2009	Wheel loaders	V3 to 6	Breakage of gas pedal at pivot	Recall (Land Ministry)
Oct. 1, 2009	Tractors	GK Series	Improper assembly of check valve of PST valve	Recall (Land Ministry)
Dec. 2, 2009	Tractors	EG200 Series	Insufficient tightening of attachment bolt to the brake arm fulcrum shaft	Recall (Land Ministry)
Jan. 13, 2010	Riding tillers	A -10V	Sticking of the main shaft and clutch case	Recall (Land Ministry)
March 12, 2010	Tractors	CT200 Series	Concern over possible failure while turning to the right	Recall (Land Ministry)
March 17, 2010	Garbage disposer	Re5, Re6	Product recall of garbage disposal machinery, product replacement	Product recall (Trade Ministry)

^{*5} All recall information listed above relates to Yanmar products that were reported to Japan's Ministry of Land, Infrastructure, Transport and Tourism, as the products were manufactured and sold for use in Japan.

Topics

Toward Incorporation of Universal Design/Holding In-house Lectures

Yanmar is involved in efforts to incorporate the concept behind universal design (UD) into product development so that all customers can use our products with a sense of safety and security.

Yanmar views UD as “design that foresees in advance the various uses by the customer.” This is not simply limited to enlarging the size of letters to make them easier to see or installing hand railing to make inclines easier to navigate. It also envisions various scenarios, such as working in the dark of early morning or evening or while having one’s work boots covered in mud. We are moving forward in our development on the fine details of products, which will give their users the sensation of being an extension of themselves.

The EG400 Series of tractors was introduced in 2009. In addition to ease of use thanks to its finger shifts, the cabin ceiling was raised, driver’s entrance widened and floor made flatter. The design has managed to reduce the amount of discomfort and stress in its work spaces while it is being ridden and alighted from.

To recognize the necessity of deepening our appreciation of UD, a total of six in-house lectures were held in fiscal 2009 for all of the departments at the parent company and the leading operations divisions

that handle final products (tractors, agricultural machinery, related products and construction equipment). A case of UD adopted in the product development of the agricultural machinery business was introduced. At the same time, workshops were held, and participants experienced first-hand the ease and difficulty of use stemming from differences in design.

Yanmar realizes a brand concept that states: “We will aim to continue to offer solutions to the problems customers encounter and we will make them feel satisfied.” We also believe that UD is one of our most important endeavors, and one we will continue to move forward with.



An in-house lecture



A tractor of the EG400 Series

Report

We gained a renewed awareness of the indispensability of UD for all product development.



Zenzo Uchida
Design Group,
Engineering & Development Dept.,
Yanmar Construction Equipment Co., Ltd.

Product development for Yanmar’s construction equipment has been aimed at professional users. However, at the lectures I learned about the UD concept and its necessity. I was convinced that our product development to date had not been so different from the ideas of UD. Just as we’ve been praised by customers throughout the world about how good our machines are, I would like to make the UD concepts an active part of product development in the future as well.

Yanmar communicates with suppliers in and outside Japan in various ways to deepen mutual understanding.

Fundamental Purchase Policy

The Yanmar Group ensures thorough compliance with “value, quality and delivery time,” the basic functions of procurement service, on a global level and with strategic Group-wide purchasing. We also collaborate with suppliers

in environmental conservation efforts and other activities in order to meet social needs from a long-term standpoint.

Reinforcement of Partnerships

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

Stable Supply

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

Quality Assurance

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

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

Cost Reduction

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

Legal Compliance

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

Purchase Policy Briefing

The Yanmar Group engages in various forms of communication in order to deepen mutual understanding with its suppliers.

A Purchase Policy briefing is held at the beginning of every year at seven locations for our major suppliers to explain the policies for the entire year and the mid-term. In February 2010, we established cost-reduction targets after we forecasted that the severe market conditions of the previous year would continue. In order for the entire Group to fulfill these targets, the suppliers were encouraged to propose various ideas for cost



reductions and help us together to make a difference in terms of improvements in product functions, sharing of parts, and enhancement of productivity.

In addition, players from Cerezo Osaka soccer team attended the meeting and they asked for support for their team.



Supporting Suppliers' Efforts for Improvement

The Procurement Department of the Yanmar Group selects several companies each year on the basis of Q (quality), C (cost), and T (time) and provides instructions for improvement.

Since 2007, we have been promoting YWKS activities to enhance the constitutional improvement of suppliers to reinforce partnerships with them. We made efforts for “quality improvement,” “productivity enhancement,” and “inventory reductions.”

Activities with YWKS (The Yanmar Way by Kaizen with Suppliers)

These activities expand the YWK to suppliers. YWK (Yanmar Way by Kaizen) activities are ongoing improvement activities conducted by the Yanmar Group and specifically include efforts to reduce defect ratios and achieve lead time and production cost reduction at six divisions and 17 plants in Japan.



We are strengthening bonds with our partners in Japan and overseas and aiming for co-existence and co-prosperity based on trusting relations.

Yanmar Agricultural Machinery Retailers Convention

The Yanmar Agricultural National Convention was held January 21-22, 2010, at the Kobe Portopia Hotel. At the first part of the convention, "The Fiscal 2009 Giving Thanks Stage," Company President Takehito Yamaoka announced, "Based on our new brand concept of 'Solutioneering,' we will provide our customers with solutions using our engineering skills, which is our forte." Afterward, a "Kinpai" (golden sake cup) award was presented to the most outstanding retailer. In addition, a pledge was made for the Cerezo Osaka soccer team to commemorate its advancement to the J1 league and for its fortunes for this season by the team's President, Nobuyoshi Fujita. Team player Takashi Inui and Sports Ambassador Hiroaki Morishima also appeared at the podium.

At the second part of the convention, "Message for

2010," we received messages from representatives of the large-product retailers. Kazuo Umino, president of Umino Agricultural Equipment Shokai Co., Inc. said: "We have taken our three strengths of mutual-trust relationships, employees and partnerships with manufacturers and unified them into a single entity. We have responded quickly to ongoing changes. I would like to strengthen our partnership with Yanmar and carry out co-existence and co-prosperity in order to have an impact in the future." Additionally, Yoshihiro Ito, President of Ito Agricultural Equipment Co., Inc. who represented the retailers, said, "The development of each employee's potential is fulfilled through periodic personnel changes and other factors. You start with your own ideas until finally you cultivate a character that does not want to give up no matter what. This year as well, I want to give it my all."



Report



We now have the chance to take a new step toward innovation and reform.

Yoshitaka Nakamura
Planning & Strategic Marketing Dept.
Yanmar Agricultural Equipment Sales Co., Ltd.

The Fiscal 2010 Yanmar Agricultural Machinery Retailers Convention proclaimed the slogan, "Agriculture Changes and Agriculture Responds. Now Lay the Groundwork for the Future." It seems to me that at the convention the large-product retailers and Yanmar alike gave new expression of their determination for innovation and reform, while at the same time the event managed to share ideas on sales concepts and cultivated a sense of unity with the large-product retailers.

New products in all of the agricultural-related categories were on display at the convention. Participants enthusiastically viewed the AJ and GC Series of combine harvesters, the EG400 Series of tractors, and the MRT Series of mini tillers. The level of interest was high during the event.

Attracting attention at the same time were a panel that explained the income-compensation system for farming households and another panel that introduced various types of proposed solutions.



Communication with Overseas Agents

The Yanmar Group holds product exhibitions in various parts of the world every year to allow as many people as possible to get to know our products and boost ties with dealers. Distributor and Dealer Conventions are also

held to promote the introduction of new products and the exchange of notes among participants in order to vitalize communication among dealers.

Report



We managed to strengthen ties with distributors and dealers in various countries and to deepen communication.

- World of Concrete 2010
(An exhibition of machinery for construction and industry)

Kazuhiro Ouchi
Manager, Industrial Engine Sales Dept.
Yanmar America Corp.

The Yanmar Group put on display the new 4TNV88CR diesel engine (a sample model), which employs common-rail fuel injection, at the World of Concrete 2010, held in February 2010 at the Las Vegas Convention Center in the United States. The engine has attracted much attention, as it aims to be compliant in advance with fourth-generation fuel-emissions standards, which the U.S. Environmental Protection Agency plans to start enforcing in 2013.

The exhibition was of a large scale, with 1,354 companies from around the world taking part. Overseas exhibitions are places where relations with distributors and dealers from around the world can be strengthened. This event served as an opportunity to deepen communication between the Yanmar Group and overseas representatives on information concerning new engines.



Report



Detailed model of the 6EY18 mid-speed marine diesel engine attracts the visitors' attention.

- Marintec China 2009 international marine exhibition

Yutaka Koyama
Manager, Marine Diesel Engine Dept.
Yanmar Engine (Shanghai) Co., Ltd.

Marintec China 2009, an international marine exhibition, was held in Shanghai, China, from December 1 to 4, 2009. The event comprised national stands set up by 18 countries, and a total of 1,483 companies from 28 countries in the marine business took part. It was attended by about 42,000 visitors from 87 countries.

The Yanmar booth was mainly run by the Large Product Marketing Department from the Large Power Products Operations Division, with cooperation from Yanmar Engine (Shanghai) Co., Ltd. A detailed model of the 6EY18 mid-speed marine diesel engine, which was developed from the concepts of "Improving Life Cycle Value" and "Harmony with Nature," attracted a lot of attention when it was put on display.

As a shipbuilding superpower, China is quickly raising its international competitiveness, attracting attention from around

the world. Even so, a large number of visitors from various countries also visited the Yanmar booth, day after day. Staff from Japan and YSH were able to work together to deal with the event and managed to make solid progress amid all the hustle and bustle.



Flexible Systems Available for Respect for Employee Diversity.

Basic Policy Toward Personnel

In order for Yanmar to survive amid a globally competitive environment, we want to build up not just our products but also our human resources, called “true Yanmar employees,”

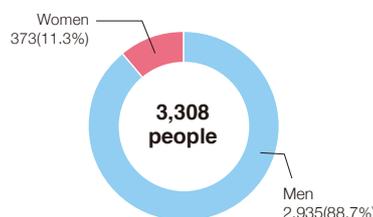
through recognizing the need for each of the organizations and individuals to grow in strength.

- Along with creating an organizational system capable of demonstrating the Group’s comprehensive power, we will maintain and nurture human resources who can take on the world.
- We will conduct fair and just management that gives consideration to improving the satisfaction levels of Yanmar Group employees and to a work-life balance.

Employing Diverse Human Resources

Yanmar is engaged in activities with the goal of “securing professional human resources who can work globally, regardless of nationality, gender or age.” In order to maintain diversity among employees, we are actively and continuously employing foreigners and women for regular positions, in addition to new graduates and mid-career employees.

• **Number of Employees at Yanmar Co., Ltd.**
(As of March 20, 2010)



Global Talent Development

Yanmar is supporting systems of skill development throughout the Group with the view of nurturing human resources who can perform in the realm of global business.

In addition to training basic skills at factories in order to

bolster our manufacturing power, we are also conducting education aimed broadening our employees’ characters, through such programs as teaching knowledge in related fields of business.

Nurturing Human Resources Capable of Thinking Proactively from the Position of the Customer

Yanmar offers opportunities for skill development, through such things as “(basic) engineer education,” “selective workshops (‘Challenge Seminars’)” and “correspondence education,” in order to train human resources capable of successfully contributing to customers’ problem solving.

Nurturing Human Resources Responsible for Management

We have established the Yanmar Management School to improve management skills of human resources who will be tasked with corporate management responsibilities in the future. We also support skill development for overseas communication, leadership and other subjects.

Nurturing Human Resources Capable of Business on a Global Scale

We have been fulfilling and beefing up language training, mainly in English, training for overseas business skills (such as programs in English composition, giving presentations and engaging in negotiations in English, etc.), and training for foreign postings (problem solving, overseas risk-management training, etc.). We offer support that is easily adaptable to the working and living conditions in an employee’s posting.

Flexible as Well as Systematic Deployment of Human Resources

We deploy our human resources flexibly and systematically. Apart from usual personnel changes, Yanmar has also introduced a “personal reporting system concerning changes,” by which the people concerned directly report their desired changes to the human-resource offices; the “Yanmar Dreams Come True Program,” an in-house recruiting system; and also the “Career Development Program,” which is a skills-development program that systematically nurtures human resources who possess broad perspectives as well as high levels of knowledge.

Diversity and Opportunity

Supporting a Balanced Life Between Work and Family

Yanmar has introduced a childcare and family health care leave system and a re-employment system for female employees who resign due to marriage, childbirth or other factors. These programs are designed to align the employment environment for the sake of the co-existence of the working and family lives of female employees who are raising children.

Flexible Work Hours System

Yanmar has introduced a flexible working-hours system that allows employees at some offices of the parent company and research centers to decide their hours on their own. Entrusting each employee to manage his or her own working hours can thus enable working styles that drastically raise efficiency levels.

Promoting Hiring of the Physically Disabled

All of the Group Companies are promoting measures to broaden hiring opportunities of the physically disabled to meet the legally stipulated employment standard (1.8%) regarding their hiring. Efforts are under way to establish systems at the workplace, such as conducting follow-up interviews by young employees after the physically disabled have joined the company.

Postretirement Employment

Yanmar has introduced an employment system for those aged 60 and older. The system is aimed at having technical skills passed on to the younger generation and allowing employees to lead stable lives after their mandatory retirement age.

Promotion of Health Improvement

Yanmar implements the following health-promotion measures that involve regular health checkups:

Mental Health Care

1 Mental-health training

- Training sessions for those in high-level leadership positions (which include a broad explanation of mental health and self-awareness and awareness by surrounding people).

2 Reporting news on mental health

- Education and guidance by reporting various kinds of information concerning mental health on Group bulletin boards.

3 Lectures on health

- Lectures (once a year at the Parent Company) by Dr. Kondo of the Industrial Medicine Kondo Clinic

Health Management and Promotion Committee

- Formed by members of the health insurance union, personnel and labor affairs sections, General Affairs Department of the Power System Operations Division, and labor union members.
- The Committee holds meetings on health-related matters such as periodic medical checks and measures to mitigate "metabolic syndrome."

Labor-Management Relationship

Yanmar maintains a stable relationship with the Yanmar Labor Union and engages in periodic negotiations and discussions on employee working conditions. We also have the opportunities to explain and discuss the financial

conditions of the company by holding meetings to explain the corporate condition and other labor-management meetings.

Occupational Health and Safety

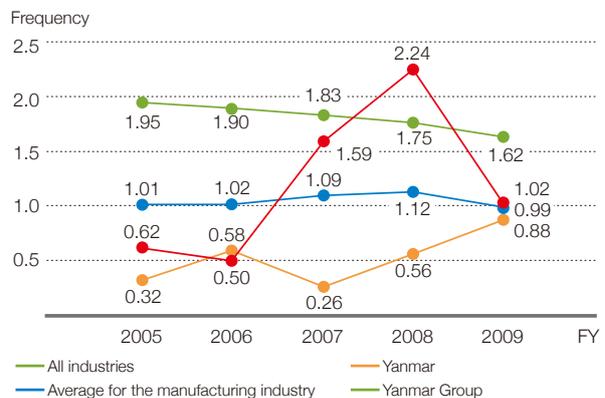
Each plant at Yanmar utilizes its own management system since the working environment differs from plant to plant. The Yanmar Group has an occupational health and safety committee at every production plant to fully ensure the health and safety of workers.

Each plant maintains and reinforces its occupational health and safety management by conducting health and safety patrols. These efforts are reported to the head office in monthly occupational hazard reports termed "The Work Accident Situation." These reports are used to improve employee awareness and to prevent the recurrence of accidents through measures such as the in-house disclosure of report information and the incorporation of the lessons learned into education and training programs.



Safety Patrols at Yanmar Agricultural Machinery Manufacturing Co., Ltd.

Occupational Hazard Statistics



* Frequency: Fatalities or injuries per one million working hours

* Subject period: From January 1, 2009, to December 31, 2009

* Two companies were added in FY 2007, namely Yanmar Casting Technology Co., Ltd. (casting) and New Delta Industrial Co., Ltd. (fabrication and assembly). The increase in the no. of accidents leading up to fiscal 2008 was the effect of 2 companies. The rise was stemmed in fiscal 2009.

Yanmar engages itself in various activities to make contributions to our society for the Earth, local communities and children.

Social Contribution Activities

Support for Japanese Agriculture and Farm Villages

Yanmar Student Essay Contest

Since 1990, Yanmar has been annually holding the "Student Essay Contest" to create discussion that springs from the free thoughts of young people, who will be the next generation, concerning the future of agriculture and rural areas. For the 20th Student Essay Contest, the theme was "Agriculture Changes and Agriculture Responds. Now Lay the Groundwork for the Future. 'Food' That Nurtures Life, 'Agriculture' that Produces Foods, and 'Farming, Mountain and Fishing Villages' That Protect the Environment." We had 92 theses and 397 essays.

The grand-prize winner in the theses category was Junko Arai, a third-year student in the Agricultural Faculty of Meiji University, whose paper was titled, "Dispelling the Idea That a Country of Tea Equals a Country of Isolation: If You Try Using Your Head, the Sound of a Blossoming Civilization Will Be Heard," in which she proposed the promotion of the tea industry in her home prefecture of Shizuoka. The grand-prize winning essay was "Imagined Plan for the Future," by Tatsuya Yuasa, a first-year student at Oita Prefectural College of Agriculture, which explained the situation at a tourism-oriented orchard run by his family.



20th award ceremony

Children's Picture Exhibition

Yanmar provided support to the "Countryside Paddies and Streams," a children's picture exhibition with the goal of making children discover the wonders of the countryside and generating interest in water and the Earth. The event was held by the National Federation of Land Improvement Associations. The 10th exhibition held in 2009 received 14,204 entries, with 23 prize winners, 104 selections and 66 group prize winners. The Yanmar Prize went to a picture drawn by Yuna Orii, a sixth grader from Aoba Elementary School in Fukuoka City, Fukuoka Prefecture, titled "Green Rainbow."



"Green Rainbow," by Yuna Orii of Fukuoka Prefecture.

Support for Sports

Supporting the Activities of Cerezo Osaka (J League)

Yanmar supports the activities of the Cerezo Osaka J League professional soccer team as an operating organization for the team together with Osaka City and leading companies as part of our effort to help promote sports culture in the local community. Cerezo Osaka contributes to the promotion of local sports by holding soccer lessons at local elementary schools and participating in events.



Soccer lessons

Foundation Activities – Education Support

Yanmar's first president Magokichi Yamaoka established the Yamaoka Education Foundation in 1950 to develop human resources capable of contributing to world peace and prosperity and cultural improvement. Magokichi's commitment to this project has been passed down through successive generations, and even after 60 years since its establishment, the Foundation still makes scholarship grants and loans available to high school, college and university graduate students as well as foreign exchange students. So far over 5,000 people have received these scholarships and moved on to perform active roles in various fields. In 2009, scholarships were granted to a total of 105 students including 44 graduate students (including 12 foreign exchange students), 35 college students, and 26 high school students.

* For the sake of the scholarship students' studies and friendship, "research meetings" that bring together students attending technical universities from around the country, field trips for foreign students, and other events are held.



Topics

Supporting “Yanmar Racing,” an event staged on the seas of the world.

Yanmar supports the professional yachting team led by Peter Gilmour, a world-famous yachtsman with a brilliant record, and we have been involved in the World Match Racing Tour (WMRT) yacht race since 2009 as our own team, “Yanmar Racing.”

Sailing is an eco-sport, as it uses the wind for propulsion. We indulge in the challenge by relying on a crew made up of various nationalities who pull together to reach the goal as the team nimbly reacts to the difficult-to-predict changes of nature. Our attitude aims to create a society that recycles its resources, and it is woven into Yanmar’s corporate image of developing businesses on a global scale.



The crew members come from Australia, New Zealand, France and Japan.

The WMRT, where the world’s top sailors compete, is played out over the Earth’s oceans. Ten races are held each year. Our sailors have stood on the winner’s podium four times, including at the Swedish championships in 2009. We also took the title in Portugal in June 2010. In the future as well, Yanmar Racing aims to be a champion throughout the year and to continue taking on the challenges.



The exciting races feature the world’s top sailors.

Topics

The diesel engine ties together three cities in Japan and Germany.

2009 marked 50 years since the sister-city relationship among Augsburg, Germany, Nagahama, Shiga Prefecture and Amagasaki, Hyogo Prefecture. The inventor of the diesel engine, Rudolph Diesel, successfully operated his engine in Augsburg. Our company has since help improved this invention, and our founder, Magokichi Yamaoka, located our management offices in Amagasaki and production bases in Nagahama. This is why these three cities have been tied together.

At a commemoration ceremony on Oct. 4 at the Amagasaki Cultural Center, a letter of gratitude was presented from Amagasaki to Yamaoka. It was accepted by then Company Vice President Tetsuzou Hatayama (now an adviser) on behalf of the Company.

In addition, a monument has been created in Houkouen Park in Nagahama featuring portraits of Rudolph Diesel and Magokichi Yamaoka.



Presentation of the letter of gratitude from the mayor of Amagasaki (left).



A monument marking 50 years of the sister-city relationship between Nagahama and Augsburg.

Each of the Group companies is engaged in social contribution activities deeply rooted in each locality.

Voluntary Activities

Yanmar helps local communities enhance their societies by participating in voluntary activities that include cleaning projects. Such activities help increase the awareness of environmental importance.

Activities of the Group Companies

Location	Type of Activities
Yanmar Co., Ltd.	<ul style="list-style-type: none"> Chayamachi volunteer cleanup (Twice a month) Chayamachi all-out removal of the area's graffiti Cooperation with Kodomo 110 Sending used-up cards to the Defence of Green Earth Foundation (A fund for the planting of saplings)
Power System Operations Division	<ul style="list-style-type: none"> Cleaning and mowing on and off the grounds All-out Lake Biwa Cleaning
Large Power Products Operations Division (Amagasaki Plant)	<ul style="list-style-type: none"> Participation in the Amagasaki 100,000 People My Hometown Cleaning Movement Participation in the Big Sprinkling Water Campaign in Amagasaki Cooperation with "Lights Down" campaigns (all lights switched off at 8:00 p.m.) Rental of grounds for regional soccer classes Contributing cardboard and aluminum cans to local elementary schools Cleaning of areas around the plant (once a month)
Marine Operations Division (Tsukaguchi Plant)	<ul style="list-style-type: none"> Participation in the Amagasaki 100,000 People My Hometown Cleaning Movement Cleaning of gutters and sidewalks around the plant (twice a year)
Yanmar Energy System Mfg. Co.,Ltd.	<ul style="list-style-type: none"> Cleaning and mowing of areas around the plant (3 times a year)
Yanmar Agricultural Machinery Manufacturing Co.,Ltd.	<ul style="list-style-type: none"> Forming associations with all-out campaigns in towns, implementation of litter pickup campaigns outside of offices Inviting residents to cherry-blossom events (such as at a nearby elderly care home)
Yanmar Construction Equipment Co.,Ltd.	<ul style="list-style-type: none"> Cleaning of draining ditches that run through factory grounds (3 times a year)

Location	Type of Activities	
Yanmar Shipbuilding & Engineering Co.,Ltd.	<ul style="list-style-type: none"> Disposal of garbage in the sea Cleaning on Marine Day 	
Yanmar Marine System Co.,Ltd.	<ul style="list-style-type: none"> Cleaning on roads around the plant 	
Kanzaki Kokyukoki Mfg. Co.,Ltd.	<ul style="list-style-type: none"> Providing free access to gardens for local residents during "Sakura Festival" Cleaning of canals around the plant (Twice a month) Cleaning of sidewalks between the plant and JR Inadera Station 	
Seirei Industry Co.,Ltd.	Okayama Site	<ul style="list-style-type: none"> Cleaning of roads around plant and Shinchikko Ryokudo Park, mowing and other activities Participation in cleaning at the Asahikawa tidal flats and riverbeds (5 times a year)
	Kochi Site	<ul style="list-style-type: none"> Removal of earth and other unneeded items from ditches around factory, and weeding at a dike.
Yanmar Casting Technology Co.,Ltd.	Matsue Division	<ul style="list-style-type: none"> Cleaning and mowing on grounds and along edges (Twice a year) Cleaning along roads around the plant
	Koga Division	<ul style="list-style-type: none"> Cleaning and mowing in areas around plant Allowing free access to soccer grounds
New Delta Industrial Co.,Ltd.	<ul style="list-style-type: none"> Cleaning of farming canals on the north side of the plant Picking up garbage along the roads and in vicinity of the plant 	



A cherry-blossom viewing party held by Yanmar Agricultural Machinery Manufacturing Co., Ltd.



Environmental Conservation Activities of Yanmar Agricultural Equipment (China) Co., Ltd.

Yanmar Agricultural Equipment (China) Co., Ltd. (YNC) has been involved in a beautification project for ErMaoshan mountain-climbing road (an approximately two-hour journey on foot) adjacent to Wuxi Municipal Xihui Park every May since 2008 on World Environment Day. The project's theme

is "Making the environment beautiful, loving Wuxi, climbing ErMaoshan, picking up garbage." In 2009, 118 employees and their families participated in this activity intended to contribute to the betterment of the local community and enhance employees' awareness of the environment.



The “Traveling Vegetables Class” at elementary schools in Osaka Prefecture, held by “Katei Saien Shop Yanmar.”

“Katei Saien Shop Yanmar” (Hobby Farming Shop) (Minoo, Osaka Prefecture), which opened in March 2008, is taking a promotional partnership role in “Food Action Nippon,” by which the Ministry for Agriculture, Forestry and Fisheries endeavors to raise food self-sufficiency. One of our efforts is the “Traveling Vegetables Class.” Students and teachers at elementary schools come together, and we guide and support them in a series of farming operations, from tilling to sowing seeds to planting and harvesting.

This is a free workshop that took place for its third time this year. Daikon radishes, potatoes and other

vegetables are used in school lunches and for practice for cooking. The effort is part of food-education programs conducted by schools.

It was carried out at six elementary schools in Minoo in fiscal 2009, with approximately 800 people taking part. For fiscal 2010, the project was to involve 31 kindergartens, nursery schools and elementary and junior-high schools in Minoo and Suita.



Report

Activities aimed to make children who don't know about vegetables become acquainted with them.



Takashi Kamei
Branch Manager
Katei Saien Shop Yanmar (Hobby Farming Shop)

When we held a vegetable picture drawing contest at the shop, there were children who couldn't draw vegetables because there weren't any in their homes. We were surprised, but at the same time saddened. Children nowadays mostly see vegetables that have been cut up, in places like supermarkets. Maybe that is why so many children don't know the natural appearance and shape of vegetables.

In the “Traveling Vegetables Class,” we want such children to have the experience of growing vegetables. Naturally, this will make them like vegetables, and I hope they will also become interested in agriculture.

The entire Group is pursuing environmental management for the conservation of the global environment and sustainable social development.

Policies for Environmental Activities

Yanmar was founded in the spirit of "Grateful to serve for a better world." From the very start of our business, we have dedicated ourselves to business activities that place importance on the natural environment.

We announced our contributions to realize a sustainable society in 1995 with the establishment of the "Yanmar Global Environmental Charter." That was revised seven years later (in 2002) with the "Yanmar Group Global Environmental Charter" to further promote environmental awareness in the management philosophy of the Group as

a whole. The change was aimed at building a harmonious relationship with efforts to conserve the global environment.

In addition, in 1998, all of Yanmar's production facilities obtained certification of the ISO14001 Environmental Management System standard, and we are accelerating our efforts to reduce environmental load.

Yanmar Group Global Environmental Charter

Environmental Philosophy The Yanmar Group aims to contribute to the sustainable development of society by constructing a harmonious relationship between Group development and the needs of the global environment.

- Action Guidelines**
1. We position environmental conservation as one of the most important management objectives of the Yanmar Group for the purpose of Group-wide environment management.
 2. We strictly observe the laws of all countries and the ordinances and regulations of all districts where we conduct production activities, and when necessary, establish voluntary environmental regulations in order to achieve superior levels of environmental conservation.
 3. The Yanmar Group Global Environment Committee establishes environmental promotion guidelines and disseminates them throughout the Group to achieve an overall promotion of environmental conservation by the Group.
 4. We actively disseminate environmental conservation information internally and externally to promote the understanding of Group companies and partners about the need for cooperation in the efficient promotion of environmental conservation activities.
 5. We promote effective measures systematically and on a continuous basis in the following four environmental fields:
 - The establishment of technologies that contribute to environmental conservation, and providing products and services that reduce environmental load.
 - The reduction of environmental load in each stage of business activities.
 - The joining of forces and cooperation with external parties to contribute to local communities and disseminate environmental information.
 - The raising of environmental awareness among Yanmar employees, and the promotion of internal environmental education, lifestyle innovation, etc.

(Revised March 2002)

Environmental Vision

Yanmar will mark its 100th anniversary in 2012. We have been drawing up our 2012 Environmental Vision to define goals achieved by that year, and the Group as a whole has been pursuing the creation of a sustainable society.

2012 Environmental Vision

The Yanmar Group, in full recognition that it does handle products that can impose environmental load, undertakes to:

1. Contribute to the growth of a sustainable, resource-recycling society
[A society that promotes the prevention of global warming, zero-emission, re-use, and recycling]
2. Provide "number-one, only-one," as called, products that are compatible with both environmental and economic needs
[Products that emit cleaner exhaust gas have higher energy efficiency, and reduce harmful substances]
3. Fulfill social responsibilities in cooperation with society
[Promote legal compliance, voluntary regulations, information disclosure, and communication with the communities]



To achieve these objectives, the Group shall:

- (1) Construct extensive common environmental preservation systems for all consolidated companies in Japan and abroad
- (2) With implementing environmental preservation activities step-by-step, providing environment-friendly products, increase the brand image and reliability of the Yanmar Group as a whole
- (3) Provide business resources to the prevention of global warming and reduction of harmful substance in order to stay one step ahead of the requirements
- (4) Expand environmental education for associated companies and dealers

Second Environmental Mid-term Plan

To achieve the 2012 Environmental Vision, the Yanmar Group has developed the Second Environmental Mid-Term Plan (2006-2010) and has set 24 achievement goals in five domains of "Structure," "Environmental Management," "Business Operation," "Product Measures" and "Society."

Based on those domains, we have enabled the PDCA cycle and are working on making continuous improvements. In FY 2009, we cut the amount of our usage

of energy, water and substances controlled under the PRTR Act compared with FY 2008 levels. However, we were unable to meet reduction targets in terms of measured units due to drastic declines in production output.

With this result in mind, we are working on improving the situation.

• Targets of the 2nd Environmental Mid-term Plan (2006 - 2010) and the Status of Achievement

○ Target achieved △ Partly achieved (more than 70%)
× Not achieved (less than 70%)

Category	Item	Mid-term targets	2009 Group Goals	2009 Group Results	Evaluation	Related Information
Structure	Transformation to a CSR Structure	Start of publication of CSR Report in 2008	Publication of CSR Report	Publication of Environmental & Social Report	△	
	Expansion of the Global Environment Committee	Participation of overseas affiliated companies, and expansion of Global Environment Meeting	Global Environmental Committee from FY 2009	Introduction of environmental management system at affiliated company in U.S. in Dec. 2009.	×	p.42
Environmental Management	Environmental Audits	Start of the use of consolidated accounting in 2008 by domestic companies	Environmental Compliance Audit	Auditing at 5 sites	○	p.43
	Environmental Performance Management	Environmental accounting, risk management, preparation of internal environment report	Introduction and Use of the Environmental PD System	Environmental Management Information System introduced, implementation of "Visualization" of environmental activities by the Group as a whole	○	
	Acquiring ISO 14001 Environmental Certification	(Domestic and overseas) Production companies: 100% Non-production companies: 50% or more	Acquired by 11 companies until 2011	Plants with ISO 14001 passed regular inspections	○	p.42
	Execution of Environmental Education	Establishment and implementation of environmental education system based on hierarchy	Ongoing implementation of environmental education and awareness campaign	Environmental awareness activities and environmental educational and awareness materials are stored in the DB once a month for environmental education for new employees.	△	p.45
Business Operation	Reduction of Gases Causing Global Warming	CO ₂ emissions: Reduction of 5% or more (compared with 2005)	CO ₂ emissions: Reduction of 4% (compared with 2005)	CO ₂ emissions: Reduction of 22.6% (compared with 2005)	○	p.39
	Reduction of Energy Consumption	Energy consumption unit requirements: Reduction of 5% (compared with 2005)	Energy consumption unit requirements: Reduction of 4% (compared with 2005)	Energy consumption unit requirements: Reduction of 5% (compared with 2005)	×	p.39
	Resource Savings	Water consumption unit requirements: Reduction of 20% (compared with 2000)	Water consumption unit requirements: Reduction of 15% (compared with 2005)*	Water consumption unit requirements: 21.7% increase (compared with 2005)*	×	p.40
	Elimination of Materials That Produce Environmental Load	Banning of the use of statutorily controlled substances	Prohibition on the use of legally restricted substances	Implementation completed	○	
		Unit requirements of PRTR substances: Reduction of 25% (compared with 2001)	Unit requirements of PRTR substances: Reduction of 20% (compared with 2001)	Unit requirements of PRTR substances: Reduction of 18.2% (compared with 2001)	△	p.41
	PCB Treatment	Disposal of PCB: disposal by 2016	PCB treatment: Treatment until 2016	In force and implemented when needed	△	p.41
	Waste Reduction	Unit requirements of waste production: Reduction of 10% (compared with 2005)	Unit requirements of waste production: Reduction of 10% (compared with 2005)	Unit requirements of waste production: Reduction of 16.2% (compared with 2005)	○	p.40
	Paper Resource Savings	Paper recycling ratio: 70% or more	Paper recycling ratio: 70% or more	Paper recycling ratio: 84.2%	○	p.40
Promotion of Green Purchasing	Eco office goods purchasing ratio: 70% or more	Eco office goods purchasing ratio: 70% or more	Eco office product purchasing ratio: 58%	△		
Product Measures	Improvement of the Environmental Performance of Products	Advance achievement of clean emission regulation	Advance achievement of regulation	Advance achievement of regulation	○	p.32
	Improvement of Energy Efficiency	Operating efficiency: 20% or more (engine thermal efficiency: 5% or more) (compared with 2005)	Operational efficiency of 20% improved Engine efficiency of 5% improved	—	—	
	Environment Coordination Design	Implementation of LCA for all new products	Implemented on all products from FY 2009	—	—	
	Elimination of Materials That Produce Environmental Load	Banning of the use of statutorily controlled substances	Prohibition on the use of legally restricted substances	Implementation completed	○	p.32
		Reductions in the use of voluntarily controlled substances	Total ban in principle (until 2009)	Promotion of changes to designed parts and ongoing implementation of inventory management.	△	p.32
	Provision of Environment-Related Information	Inclusion of information on the environment, recycling, and waste disposal in instruction manuals	Reporting information concerning recycling and waste	—	—	
	Development of Ecologically Friendly Products	Development of products with Environmental Label III	Acquisition of environmental level III (from FY 2009)	—	—	p.32
	Reduction of Environment Burden at Time of Product Disposal	Research and improvement of product disposal processes	Collecting information on disposal of waste products/Analysis and reduction of amount of packing material (Until 2008)	—	—	p.32
Social Contribution	Voluntary Activities	Local voluntary activities: 5 or more	Local voluntary activities at all business entities: consistently 4 or more	Activities include providing soccer grounds on former industrial-waste sites, the "Big Sprinkling Water Campaign," cleaning of plant vicinity activities, "All-out Lake Biwa Cleaning," "Lights Down" campaigns (all lights switched off), "Savings Box of Dreams," and collection of pet-bottle caps.	×	p.28
	Communication with Local Residents	Holding of social gatherings: 1 or more	Social gatherings with local residents: 1 or more	The holding of factory field trips, "Sakura Festival" (open access to a garden), Summer Festival	×	p.28
	Promotion of Tree and Flower Planting	Promotion of tree-planting	Increase in trees planted	Planting of podocarpus along roadsides, etc.	△	

*Due to changes since FY 2005 in the counting method measuring use of water resources

Yanmar is engaged in the advancement of environmentally friendly techniques in all product fields.

R&D with Foresight

The Yanmar Group has been consistently involved in the advancement of the environmental friendliness of all of our products, namely, the development of engines with cleaner emission and lower noise and vibration levels. We contribute to the development of a recycling society by pursuing and providing products that help reduce environmental load.

• R&D (Abstract)

Field	Item	Description
Engine technology	Low emission	Improvement of engine combustion
		Electronic control technologies
		Emission gas post-processing equipment

Field	Item	Description
System technology	Improvement of system efficiency	Coolant cycle technology Control technologies
	Gas engine for GHP	Combustion, emission post-processing and engine control technologies
	Reduction in engine fuel consumption	Improvement of combustion, loss of air intake and discharge, etc.
	Low vibration and noise	Advanced vibration and noise control technology, structural optimization technology
	Utilization of new forms of energy	Biodiesel fuel utilization technology Power generation using wood biomass
Agricultural technology	Ecology and economy Easy operation	I-HMT (Integrated Hydraulic Mechanical Transmission)
	Planting and harvesting technology	Planting and harvesting acceleration technology
Applied Technologies	Construction equipment, distribution equipment, transmissions, marine products and environmental fields	

Introduction of LCA

The Yanmar Group is introducing LCA (Life Cycle Assessment) that quantitatively ascertains the effects on the environment of a product throughout its entire lifecycle, as well as from the standpoint of the procurement of raw materials, production, transport, distribution, use and disposal of the product.

The creation of numeric data reflecting the effects on the environment requires the accumulation and analysis of the necessary data for assessment from all related processes, namely from the design to production stages. We applied LCA to the tractors in FY2007. We will promote development of LCA for leading representative products in the future.

Development of Environmental Technology

Yanmar takes on the challenge of further refining environmentally friendly technologies for our products to help create a recycling society. Specifically, our efforts in the area of cleaner engine emissions focus on the development of elemental technologies for emissions to cope with the emission regulations of a variety of countries around the world that are becoming stricter every year, resulting in compliance with the third and intermediate fourth EPA regulations. For marine engines, Yanmar became the first domestic manufacturer to obtain certification for the second

emission regulations of the IMO Agreement in May 2009.

For voluntarily controlled substances, we establish in-house application standards and promote the systematic elimination of these substances.

• Voluntarily Controlled Substances

Substances voluntarily controlled by Yanmar	Lead and its compounds, mercury and its compounds, cadmium and its compounds, and hexachromium and its compounds
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Labels Indicating Product Environmental Information

The Environmental Label is intended to inform the market of the environmental aspects of a product or service, and serves as a judgment criterion for customers when selecting a product. ISO 14020 sets the standard for three Environmental Labeling schemes: Type 1 labels are awarded to products by a third party based on their predetermined standards. An example is Japan's Eco Mark. Type II labels are based on a manufacturer's self-declared

claim about a product's environmental performance and are therefore called "self-declared labels." Type III labels provide environmental data quantified based on the LCA method, and it is up to the purchaser to decide how to judge the information.

The Yanmar Group plans to develop products for Type III labeling.

Reduction of Environmental Load from Product Disposal

Environmental consideration is incorporated into our products from their design stage so that the products can be easily disassembled, and the disassembled parts easily recycled. In the design and development stage, factors related to the dismantling and recycling performance of a product are quantified as numeric values, and targets

are set based on these values. Those targets allow us to minimize the environmental load of products as well as the parts or materials that constitute the products when they are disposed of. We will promote the further investigation of how products are disposed of in order to achieve greater improvements in this area.

**The Themes are “Energy Conservation” and
“Low Fuel Consumption.”
High efficiency embodied in a single machine**

Agricultural Machinery Business

EG400 Series Tractor, the high-efficiency eco-tractor

Equipped with I-HMT, a highly efficient continuously variable transmission, this tractor can maintain optimal speed. Its development concept makes the most of “energy conservation” and “low fuel consumption,” featuring reduction in fuel consumption by 10-20% (confirmed through random testing) when “energy saving” mode is selected during rotary-tiller operation.

Energy-saving mode offers a function that lets the operator know the status of the engine's low-fuel consumption through the relationships between the engine's amount of fuel consumption and output and load factor. The tractor incorporates other ideas that make the driver truly feel its eco-friendly operation, through such features as a load monitor display that indicates the engine's load factor while in operation and an indicator light that shows “energy saving” when the tractor is in low-fuel consumption mode. In addition, its direct-fuel injection engine complies with Japan's second regulation on emissions from special automobiles.



Agricultural Machinery Business

**Achieving Outstanding Cost Performance
Improving environment performance by
an EGR mounted engine**

AG460/470/572 Head-feeding Combines

Designed mainly for professional farmers, these machines achieve a remarkably long lifespan and therefore high levels of cost performance compared to conventional models as a result of increased durability from their individual parts, as these vehicles are designed to reduce the frequency of the replacement of nondurable parts.

Also, their engine has been replaced with one featuring Exhaust Gas Recirculation (EGR), with the aim of reducing NOx by recycling the emissions. This system is intended to comply with Japan's second regulation on emissions from special automobiles.

Additionally, load factor changes are smaller due to surplus engine horsepower, leading to maintenance of stable operation. Not only are these machines easier to use, but they are also designed to conserve fuel.



Yanmar's Environmentally Oriented Products

**Making Rice Planting Easier and More Fun
A new series that balances ease of use with
environmental friendliness**

Agricultural Machinery Business

RJ (4, 5, 6 rows) Series rice transplanters

We re-examined our basic design from scratch, with customer-orientation topmost in our minds. The most important product-development point was comfortable and safe transplanting operations, not just for professional farmers but for first-timers and the elderly as well. This series is a culmination of all the requests to "make it easier," "make it nicer," and "make it more fun."

These products are made from four rows (a type with four seed boxes in a row that can plant four lines simultaneously), to five and six rows. All achieve low fuel consumption and labor-saving at levels never seen before. The machines incorporate the latest design to obtain energy-savings as well as the ability to carry out quiet operation, as the engine's RPM decreases while the machines are at rest or while seedlings are being replenished.



Industrial Engine Business

**Inverter Features on Full Display
We offer high-quality electric-power generation
with low fuel consumption and noise**

Compact diesel inverter generator

We have added the inverter electric power generator, the first of its kind in the world, to our lineup. This is designed for overseas markets for home use, in the 7-10 kW class.

Inverters feature the ability to be freely variable. They adjust to load, and at times of small loads they dampen the engine's revolutions by lowering the RPM. This results in a high-quality and stable supply of electric power. In the normal usage range, fuel efficiency is improved by approximately 26% and noise cut by about 5dB(A) compared to other models to date (both figures are in comparison to our own products).

In terms of environmental performance, this generator meets the latest emissions regulations throughout the world. As it covers a broad range of voltages from 110 to 240V, it can be used in most of the world's countries.



Maintaining High Levels of Durability That Enhance Reliability. We paid attention to the customer's sense of satisfaction while responding to environmental concerns

Large Engine Business

6EY22(A)LW marine-use engine for electric power generation

Power generation engines for marine use need to have long service lives. An important theme for our generators is raising the "Life Cycle Value" felt by our customers, who get a sense of satisfaction from being able to use these products for long periods of time. They cut the amount of required overtime hours for maintenance by 50% compared to similar models available. Installation space is reduced by 17%. These generators provide high output, reliability and durability when they are operated with heavy oil.

Furthermore, it uses a high-compression Miller cycle system that combines a Miller-type cam with a high-compression ratio turbocharger, allowing nitrogen oxide (NOx) emissions and fuel consumption to be reduced simultaneously. The generator complies with the International Maritime Organization (IMO) 2nd emission regulations that enter force from 2011.



Large Engine Business

Adopting Next-generation Electric-propulsion Systems. We use our outstanding environmental and economical abilities to support coastal shipping

Electric Propulsion Systems for Coastal Ships



The Yasutaka, a cement cargo ship

Making inroads in the shipping business is the specialized shipping of separated cargo, whereby coastal ships call only at ports in Japan after large volumes of cargo have been brought in from long distances. The "Yasutaka," one such ship, specializes in carrying cement, and it plies a route between the Tohoku region and Kyushu. It is different from previous coastal ships in that it employs an electric motor using electric power generated by several diesel engines. This is a Super Eco Ship (SES), which uses an electric-propulsion system to turn its propellers.



Super Eco Ships are said to represent the next-generation for coastal shipping, due to their environmental friendliness and economy. The Yasutaka achieves a high level of environmental performance and economy, with improvements in fuel consumption of at least 10%, and at least 10% cuts in CO₂ emissions and 20% in NO_x emissions.

Yanmar's Environmentally Oriented Products

**A Design for Environmental Friendliness, Low Fuel Consumption and Silence
We have implemented a model change in response to the demands of the times.**

Marine Business

Zarpa26 Fishing Boat

This is an improved version of the Zarpa26 diesel fishing boat that first went on sale in 2002. The new version was redesigned with low fuel consumption and silence in mind.

To begin with, the engine section was created in consideration of the environment. The combustion path is completely independent, and low-fuel consumption is achieved thanks to the four-stroke diesel engine that avoids wasting fuel.

From the perspective of a silence-enhancing design, the engine room is constructed with sound insulation, which along with the use of acoustic materials results in cuts in the noise levels in the cabins and on the outside deck by 2-3 dB. With its standard exhaust muffler, exhaust noise has been reduced by 4-5 dB in the full RPM range, dampening the occurrence of noise. (All figures are comparisons with previous models of boats.)



Marine Business

Second NOx Emission Regulation, Enacted Jan. 2011

We have completed improvements to our marine diesel engines to make them compliant

Propulsion and auxiliary marine engines for small and mid-sized boats



The international Maritime Organization (IMO) has adopted its second emission regulations for cuts of 15-21% from current levels of nitrogen oxide (NOx) emissions from diesel engines. Enforcement gets under way from January 1, 2011. Yanmar has already made its propulsion and auxiliary marine engines compliant.

High output and low-fuel consumption are achieved through the adoption of EGR (by which some exhaust gas is recirculated inside the cylinder) and by optimizing the period when fuel is injected. This allows us to offer our customers a family of products that limit the impact on the global environment. Shipments of compliant products began from September 2010.

Unified Design That Responds Quickly in Emergencies

We give consideration to the environment and protect important corporate data

Energy System Business

Hybrid emergency power generating equipment (APH15 C)

From October 2009, we started selling emergency engine power-generation equipment, mounted with compensators for sudden voltage drops.

In times of sudden voltage drops or blackouts, which occur suddenly by such factors as lightning, this equipment can in an instant switch over voltages and supply electricity to areas with important power loads. A single unit can respond from instantaneous voltage drops to prolonged blackouts (Durations of 72 hours or more are possible as an option.). Power is supplied without interruptions and with stability. Along with protecting corporate data, interruptions to work operations can also be avoided. In the capacitor section, the core of the unit, an electric double-layer capacitor (EDLC) is used, which does away with having to replace it every 15 years at the maximum, thus enhancing economic benefits. Furthermore, the equipment does away with lead, which can have an adverse impact on the environment. This means the equipment can be disposed of as regular waste material.



Construction Machinery Business

Compliance With the Latest Japanese, U.S., and European Regulations on Emissions

We have achieved low fuel consumption and cuts of CO₂ emissions

ViO80 Crawler Backhoe



The ViO80 is equipped with a direct fuel-injection engine that complies with Japanese non-road special motor vehicle emission regulations, U.S. EPA intermediate Tier-4 emission regulations, and Euro 3A regulations, making it compliant with the latest regulations in Japan, the U.S. and Europe.

The high efficiency of the hydraulic system in addition to an auto deceleration and eco mode, which automatically adjust the RPM, help improve fuel consumption by 18% over conventional machines. CO₂ emissions, which have an adverse impact on the environment through global warming and other factors, are also curbed.

The ViO80 also boasts excellent recycling properties as steel is used for the bonnet and cover for ease of repair and reuse. Furthermore, the materials of the plastic parts are clearly indicated to make recycling and disposal easier.

Yanmar's Environmentally Oriented Products

**A New Development With a Compact Theme
We have been working on designs to save electricity to curb power consumption drastically**

Component Business

GSX-350 gear shaving machine

We have been selling gear-shaving machines since 1956. As a machine tool necessary to make gears work silently, our machines are mainly delivered to automakers. We have offered 11 different series on the market to date.

We started working on new developments in this field in 2008 on the themes of greater energy and resource savings and on making the main unit more compact. We have achieved a width of 1 meter, considerably smaller than the previous model. This saves space by about a half, with the installation area shrinking from 5.8 m² to 2.6 m². Overall weight has been reduced from 7.5 tons to 4.8 tons.

Other than making advances in making the motor more compact, we have also been working on ways to conserve electricity when it is in standby. We have succeeded in cutting power use by approximately 40%.



Topics

Yanmar receives the highest ranking for the fifth straight year in the Development Bank of Japan's environmental ranking.

Yanmar acquired the top ranking of "efforts in consideration of the environment are especially advanced" as part of a "DBJ Environmental Ranking" of the Development Bank of Japan (DBJ) in November 2009. Yanmar received financing based on this system from DBJ and Shiga Bank, Ltd. As the financing is based on the DBJ Environmental Ranking, the money will be used as capital for product research and development into environmental improvements.

The DBJ Environmental Ranking involves the evaluation of a company's environmental management by a screening system (ranking system) developed by the DBJ. This is the world's first financing scheme to establish three stages of interest rates that corresponds with points scored. This was the fifth straight year for Yanmar to acquire the top ranking.

The Factors Behind the Environmental Ranking:

- Contributions made to reducing the environmental impact of users, by providing environmentally friendly products that comply with strict regulations throughout the world on emissions.
- Advanced efforts toward the practical application of clean alternative fuels, including biofuels
- Activities that reduce environmental impact represented by aggressive reductions of CO₂ through the introduction of power-regeneration equipment*¹.

*¹ Power regeneration equipment: Equipment that recovers power generated through engine-durability testing. Seven units were introduced in the Shiga region, which recover an electricity volume of as much as 900 MWh/per year as well as enabling the reduction of 346 tons of CO₂ emissions.



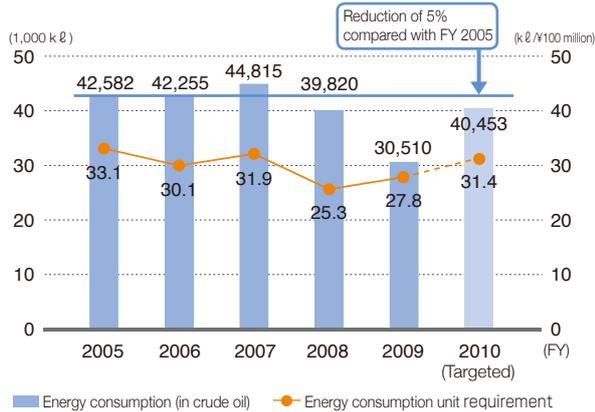
In November 2009 the company received a Development Bank of Japan loan based on its being rated at the highest grade in DBJ's four-grade environmental rating schedule: "companies with particularly impressive environmental programs."

The Group as a whole is pursuing the promotion of energy-efficient applications and the reduction of greenhouse-gas emissions.

Promotion of Energy Savings

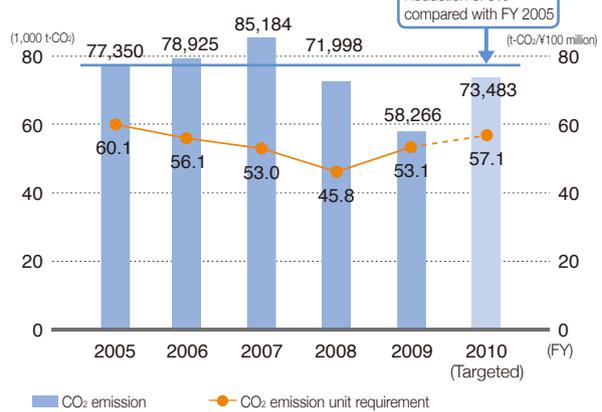
The Yanmar Group is reducing all kinds of energy used in production activities, including electricity and fuel, in order to tackle the challenge of contributing to the prevention of global warming.

Energy Consumption and Energy Consumption Unit Requirements (Yanmar Co., Ltd.)



The Yanmar Group has set a target of a 5% reduction in energy consumption and a 5% reduction in CO₂ emissions in unit requirements by 2010 in comparison with 2005.

Total CO₂ Emission and CO₂ Emission Unit Requirements (Yanmar Co., Ltd.)



Developing Energy Conservation Activities

The Energy Conservation Center, Japan, analyzed the Tsukaguchi plant in August 2009. The survey looked at energy management and how that energy was being used. The results indicated the following:

- (1) The plant had complete organizational management for energy saving and also that its efforts toward environmental problems were good.
- (2) For the promotion of further energy-conservation management, it will be important to have an energy “visualization” and for all people to take part.
- (3) It is important to grasp and analyze energy flows, from the sources to emissions, and then to pursue the

improvement of work operations (the PDCA cycle) in regard to losses occurring in that process.

As an issue for FY 2010, the Tsukaguchi plant established a number of control operations for its air-compression equipment and inverter controls for its cooling-water pumps. Efforts at the plant toward energy saving continue to be implemented.

Upgrading to Energy-saving Lighting

Yanmar’s Amagasaki and Tsukaguchi plants have upgraded to high-efficient lighting equipment, which maximizes energy savings, inside the facilities. The upgrade has achieved vast reductions in electricity use and savings in utility bills. In addition, the plants have instituted a “Lights Down Day” (all lights switched off) every last Wednesday of the month, as an in-house campaign aimed at doing away with wasteful energy use.

At the designed time (6 p.m.), air-conditioning equipment, lighting and personal computers are switched off throughout the entire year. Detailed checks are made both by company and union staff, who patrol the premises to see if the power is switched off and that no lights have been left on.

Energy-saving Effect From Turning Off the Mercury Lamps

At the South Plant of Kanzaki Kokyukoki Mfg. Co., Ltd., mercury lamps are being switched off, thanks to a new lighting configuration, which lets in natural light during the daytime. When daylight is used, the illumination level is verified using an illuminometer to see if it is sufficiently bright. Florescent lights or lamp stands are used in areas where lighting is insufficient, in a way that avoids causing disruptions to production activities.

As a result, the plant has accomplished vast energy savings, with power consumption dropping by 98% compared to when the standard mercury lamps were used. (Calculation is based on 244 plant-operation days in a year.)

Yanmar is promoting the proper disposal of waste materials and recycling while contributing to the formation of a cyclic society.

Waste Reduction

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

To ensure thorough separation of waste at each plant, employees are frequently informed of the importance of waste separation by a list of waste separation rules posted at necessary locations, including waste storage sites in plants, worksites and offices.

Employee-education programs are being implemented

and further recycling efforts, including the introduction of returnable pallets, are taking place.

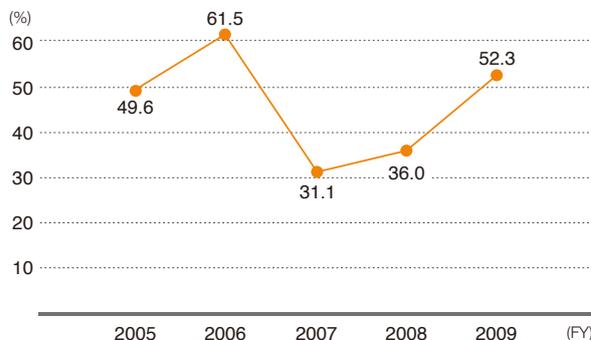
Waste oil is also converted into a valuable resource by using production processes that prevent foreign materials from mixing with the oil. Other actions taken to reduce costs include the reuse of cardboard materials and the recycling of shredded paper waste.

For 2010, we aim to achieve a 10% reduction of our waste output compared to the 2005 level.

Waste Production and Unit Requirement of Waste Production (Yanmar Co., Ltd.)



Recycling Rate (Yanmar Co., Ltd.)



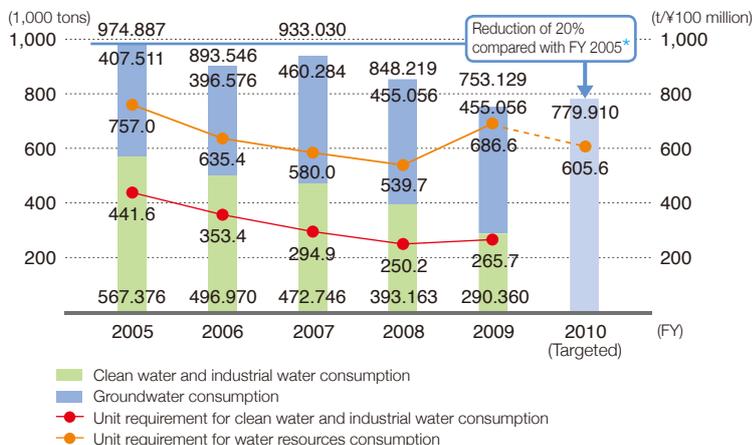
Reduction in Water Resource Consumption

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

As for use of water resources, we are aiming to curb

consumption by about 20% in FY2010 relative to the standard level of 2005* in unit requirements.

Water Consumption and Unit Requirement for Water Consumption (Yanmar Co., Ltd.)



* In order to change the aggregation method for water-resource use from FY 2005

Yanmar pursues the appropriate management and reduction of chemical substances to reduce environmental risks.

Legal Compliance and Prevention of Pollution

The Yanmar Group pursues the appropriate management and reduction of chemical substances according to applicable laws and regulations, including the PRTR Act*, in order to avoid environmental risks associated with production activities. We annually submit reports on the amounts of PRTR-controlled substances emitted or moved with respect to our business activities.

All plants of the Yanmar Group strictly practice the appropriate storage, management and notification of PCB-containing equipment, including capacitors, in accordance with the PCB Special Measures Act and the Waste Disposal and Public Cleansing Act.

* PRTR Act = Act concerning the reporting, etc., of the release into the environment of specific chemical substances, and the promotion of improvement to the management of the substances

Reduction in Chemical Substance Emission

The Yanmar Group is reducing the consumption and emissions of chemical substances designated under the PRTR Act as part of its effort to develop environmentally friendly products and reduce environmental risks.

The amount of PRTR-controlled substances used in FY2009 was reduced by 247 tons relative to 2008. In

addition, the amount was reduced by 18.2% in measured units compared with the base year of 2001. We are targeting 20% reduction in unit production volume relative to the standard level of 2001.

Our policy is to promote the purchase of alternative materials to ones containing those designated substances.

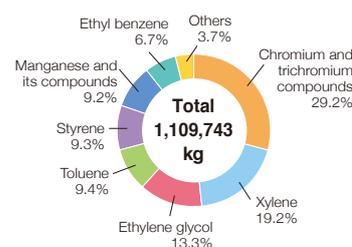
Number of PCB Equipment Items at Yanmar Co., Ltd. Plants

Div.	Shiga Zone	Amagasaki Plant	Tsukaguchi Plant	R&D Center	Head Office	Total
PCB equipment items	959	211	0	0	0	1,170

Number of PCB Equipment Items at Yanmar Group Companies

Company name	Yanmar Agricultural Machinery Manufacturing	Seirei Industry	Kanzaki Kogyukoki Mfg	Yanmar Energy System	Yanmar Construction Equipment	Matsue Div. of Yanmar Casting Technology	Koga Div. of Yanmar Casting Technology	New Delta Industrial	Total
PCB equipment items	2	12	58	88	0	2	23	1	186

Use of PRTR Substances



Yanmar's Consumption of Chemicals Covered Under the PRTR Act

(Unit: kg)

Reg. no.	Names of Chemicals	Yanmar Co., Ltd.	Yanmar Agricultural Machinery Manufacturing	Seirei Industry	Kanzaki Kogyukoki Mfg	Yanmar Energy System Mfg	Yanmar Construction Equipment	YMR Shipbuilding	Matsue Div. of Yanmar Casting Technology	Koga Div. of Yanmar Casting Technology	New Delta Industrial	Kohrin Engineering	Total
1	Water soluble zinc compounds	155	483	1,687	0	0	541	0	0	0	0	804	3,670
16	2-aminoethanol	904	8	0	0	0	0	0	0	0	0	0	912
24	Straight chain alkyl benzene sulfonic acid and its salts	1	0	0	0	0	0	0	0	0	0	0	1
25	Antimony and its compounds	0	0	0	0	0	0	0	1,252	2,861	0	0	4,113
30	Bisphenol A epoxy resins	99	0	0	0	0	0	0	0	0	0	0	99
40	Ethyl benzene	24,844	3,648	25,283	153	0	15,390	0	444	0	4,215	0	73,977
43	Ethylene glycol	1,062	54,964	0	0	0	85,070	0	0	0	0	6,723	147,819
63	Xylene	79,334	15,257	96,066	658	0	16,805	0	1,150	0	4,404	0	213,675
68	Chrome and trivalent chromium compound	0	0	0	0	0	0	0	302,802	21,805	0	0	324,607
69	Hexavalent chromium compound	32	0	0	0	0	0	1	0	0	0	0	33
100	Cobalt and its compounds	1	0	0	0	0	0	0	0	0	0	0	1
101	Ethylene glycol monoethyl ether acetate (acetate 2-etoxyethyl)	4	0	0	0	0	0	0	0	0	0	0	4
102	Vinyl acetate	10	0	0	0	0	0	0	0	0	0	0	10
113	1,4-dioxane	3	0	0	0	0	0	0	433	0	0	0	436
145	Dichloromethane (methylene dichloride)	3	36	0	0	0	0	0	0	0	0	0	40
176	Organic tin compound	14	9	0	22	0	140	0	0	0	0	0	185
177	Styrene	0	0	0	0	0	0	102,800	0	0	0	0	102,800
211	Trichloroethylene	154	0	0	0	0	0	0	0	0	0	0	154
224	1,3, 5-trimethylbenzene	5,083	1,638	2,581	0	0	912	0	156	0	0	0	10,369
227	Toluene	30,828	28,437	19,392	1,051	0	14,672	0	4,897	0	3,028	1,652	103,957
230	Lead and its compounds	79	0	0	0	0	0	3	0	0	0	0	82
231	Nickel	0	0	0	0	0	0	67	0	0	126	0	193
232	Nickel compound	0	52	0	0	0	0	0	0	0	0	0	52
243	Barium and its water-soluble compound	0	0	0	0	0	0	0	23	2,001	0	0	2,024
253	Hydrazine	50	0	0	0	0	0	0	0	0	0	0	50
266	Phenol	0	0	0	0	0	0	0	16,805	0	0	0	16,805
270	Di-normal-butyl phthalate	21	24	0	0	0	21	0	0	0	0	0	66
272	Phthalic acid bis (2-ethylhexyl)	19	0	0	0	0	0	0	0	0	0	0	19
299	Benzene	0	219	0	0	0	0	0	0	0	0	0	219
304	Boron and its compounds	6	0	0	0	0	0	0	0	0	0	0	6
307	Polyoxyethylene=alkylphenylether	57	0	0	0	0	0	0	0	0	0	0	57
309	Polyoxyethylene=nonylphenylether	246	0	0	92	0	0	0	0	0	0	0	338
310	Formaldehyde	0	0	0	0	0	0	0	5	0	0	0	5
311	Manganese and its compounds	0	91	0	0	0	1,694	0	71,670	28,352	0	0	101,807
346	Molybdenum and its compounds	134	4	0	0	0	0	0	108	914	0	0	1,160
	Total	143,144	104,870	145,009	1,976	85,070	50,246	102,800	399,743	56,059	11,647	9,179	1,109,743

The Group as a whole is pursuing various activities to carry out higher levels of environmental management.

Implementation Structures

The Yanmar Group established the Yanmar Group Global Environmental Committee, consisting of top executives from each Group company, in 2002 to promote high-level environmental management for the Group as a whole.

Each Group company has its own Environmental Conservation Committee or Global Environmental Committee that takes the initiative in promoting environmental conservation activities under the leadership of the top management of the company. The Yanmar Group Environmental Coordination Meeting is also formed by the secretariats of those company-level committees

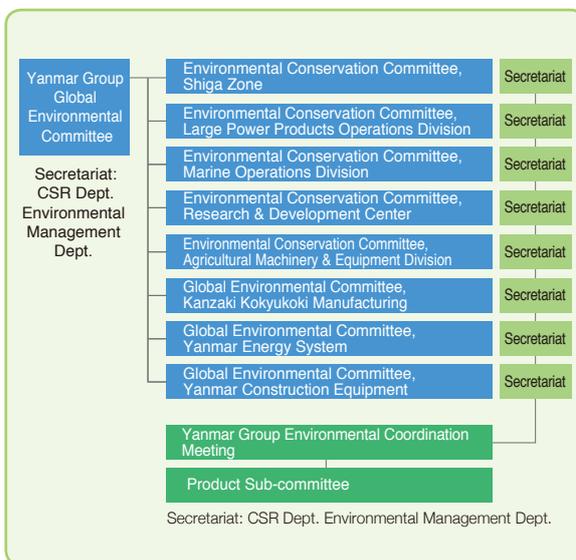
as a subordinate organization of the Yanmar Group Global Environmental Committee, and engages in the communication of activity policies and discussion of activity status.

In addition, the Product Subcommittee, consisting of people responsible for product development at all the companies, was established under the Yanmar Group Environmental Coordination Meeting and undertakes various activities to improve the environmental performance of our products.



Yanmar Group Global Environmental Committee

Organization Chart of the Yanmar Group Global Environmental Committee



Acquisition of ISO 14001 Certification

The Yanmar Group promotes the creation of environmental management systems based on ISO 14001, an international standard, to vitalize the unique features of each office and to make environmental compliance more reliable.

Environmental management activities are inspected periodically once certification has been obtained, and we are working on elevating this issue to a higher level through the creation of structures that promote continuous environmental conservation activities.

Support for Group Companies in Obtaining Certification

We support efforts for Group companies to obtain ISO 14001 certification as part of our promotion of continuous and efficient environmental-conservation activities.

We also help group companies planning to acquire ISO 14001 certification establish their own environmental

management systems that respond to forms of business and environmental-impact situations so as to ensure smooth activities toward acquisition.

We endeavor to encourage both domestic and international non-producing facilities to acquire certification.

• ISO 14001 Certification by Site

Yanmar Domestic Facilities

Division Name	Accredited Business Units	Audit & Registration Organ	Register No.	Accredited Date
Large Power Products Operations Division (Marine Operations Division)	Amagasaki Plant, Tsukaguchi Plant	LRQA	YKA0770250/J	Jun. 1997
Power System Operations Division (Shiga Zone)	Biwa Plant, Oomori Plant, Kinomoto Plant, Nagahara Plant, Yamamoto Plant, Nagahama Site, Yanmar Logistics Service Co., Ltd.	JQA	JQA-E-90134	Mar. 1998
Agricultural Machinery & Equipment Division	Each development department of the Head Office, Tractor Operation Dept., Agricultural Equipment Operations Dept., Hokuto Yanmar Co., Ltd., Yanmar Agricultural Equipment Sales East Japan Co., Ltd., Yanmar Agricultural Equipment Sales Kanto Koshinetsu Co., Ltd., Yanmar Agricultural Equipment Sales Chubu Kinki Co., Ltd., Yanmar Agricultural Equipment Sales Chushikoku Co., Ltd., Yanmar Agricultural Equipment Sales Kyushu Co., Ltd., Yanmar Helicopter Service Co., Ltd., Yanmar Green System Co., Ltd.	JQA	JQA-EM4278	Oct. 2004

Group Companies

Company Name	Accredited Business Units	Audit & Registration Organ	Register No.	Accredited Date
Yanmar Construction Equipment Co., Ltd.	Fukuoka Plant	JQA	JQA-EM 0281	Dec. 1998
Yanmar Energy System Co., Ltd.	Head Office	CIJ	CI/5129E	Mar. 2008
Yanmar Energy System Mfg. Co., Ltd.	Head Office Plant	JIA-QA Center	JE0464B	Jul. 2004
Yanmar Agricultural Machinery Mfg.	Head Office, Ibuki Plant	LRQA	YKA4002304/J	Mar. 1999
Seirei Industry Co., Ltd.	Okayama Plant, Kochi Plant, Yamada Plant	JQA	JQA-EM0277	Dec. 1998
Kanzaki Kogyokoki Mfg. Co., Ltd.	Head Office Plant	LRQA	YKA0772501	Mar. 1999
New Delta Industrial Co., Ltd.	Head Office Plant	JICQA	JICQA-E840	May 2004
Yanmar Technical Service Co., Ltd.	Head Office	CIJ	CI/5221E	Feb. 2007
Yanmar Casting Technology Co., Ltd.	Head Office / Matsue Division	LRQA	YKA-4002315/J	Aug. 2003
Yanmar Casting Technology Co., Ltd.	Koga Division	CIJ	CI/6025E	Mar. 2009
Yanmar Marine System Co., Ltd.	Head Office, West Japan Sales Dept., and Osaka Branch	CIJ	CI/9396E	Aug. 2008
Yanmar Shipbuilding & Engineering Co., Ltd.	Head Office and Plant No. 2	JQA	JQA-EM5433	Jul. 2006
Yanmar Sangyo Co., Ltd.	Head Office, Tokyo branch	CIJ	CI/7751E	Mar. 2007

Yanmar Group Overseas Companies

Company Name	Accredited Business Units	Audit & Registration Organ	Register No.	Accredited Date
P.T. YANMAR DIESEL INDONESIA	Head Office Plant	B4T	01-06/01	Sep. 2006
YANMAR AGRICULTURAL EQUIPMENT (CHINA)CO.,LTD.	Head Office Plant	CHINA QUALITY CERTIFICATION CENTRE	00108E 20099R0M/3200	Mar. 2008

Environmental Audits

ISO 14001 certified facilities are committed to continuously improving their environmental management systems. Specifically, their environmental policies are disclosed and their environmental performance periodically audited to

ensure ISO compliance. Internal audits are conducted annually, likewise third-party examinations by an external certification organization.

Implementation of the Environmental Compliance Audit

Environmental compliance audits were carried out in FY2009 for five sites of the Yanmar Group, i.e. head office of Yanmar Energy System Co., Ltd., Nagahara Plant, Biwa Plant, Research & Development Center, head office plant of Yanmar Construction Equipment Co., Ltd.

The audits revealed certain discrepancies requiring improvement, including no submission of necessary notifications, inadequate monitoring of management conditions, and unclear indications of storage locations on signboards.

Accordingly, these sites were instructed to make necessary corrections including clarification of the scope of legal control and the subjects of control and notification of necessary reports and renewal. In addition, we instructed them to “visualize” management conditions and indicate information again on signboards.



Environmental audits

• Continuous Improvements Under ISO14001



We are establishing a meticulous promotion system to achieve environmental management.

Legal Compliance

Yanmar vows to comply with environmentally related laws and to ensure strict control of relevant operations, including the retention and reporting of measurement records. An accident involving the discharge of effluent containing mud

occurred in 2009 at the Biwa Plant. Our response was quick, and a major accident was avoided. However, general inspections were carried on the equipment at all facilities as part of measures to prevent a reoccurrence.

Prevention of Air Pollution

Yanmar endeavors to prevent air pollution during operations, including recovery of exhaust gas emitted from engine durability tests and pre-shipment product test runs with exhaust gas recovery equipment.

Prevention of Soil and Water Pollution

We place a lot of importance on the day-to-day management of measures at all our plants so that the local environment will not be polluted. At the same time, we are engaged in active efforts to prevent any adverse environmental impacts by upgrading aging equipment when necessary.

In May 2009, we completely replaced a water-treatment system at the Amagasaki Plant and also refurbished equipment in the vicinity. Thirty-two years had passed since the system was first installed, and it had been in an advanced state of aging. The replacement was conducted because the burden became heavier for the equipment due to an increased cycle volume of coolant mixed with anti-corrosion oil, prompting fears that the fluids could leak in and out of the plant.

Measures Against Noise and Malodor

People working at plants need to be aware that the sound of exhaust that occurs during operations is often a source of unwanted noise. The Amagasaki Plant has managed to achieve vast noise reduction thanks to the installation of mufflers. Additionally, the Tsukaguchi Plant introduced low-noise type transformers to its ultrahigh voltage substation (a type with contracted power of at least 2,000 kW), which has effectively prevented noise in the local area.



Waste water treatment equipment



Mufflers



Silent-type transformer

Reduction of Environmental Risk

Regular proactive drills and updating of risks are conducted for foreseeable risks to prevent the occurrence of risks such as environmental pollution.

The Yanmar Group identifies environmental risks, in line with ISO 14001, and updates them as required by taking

necessary actions, conducting drills or making internal audits. Identified environmental risks are reported to the Risk Management Committee as those affecting the entire Group for recording and annual updating.

We are carrying out environmental education and awareness activities at various locations to effectively promote environmental conservation efforts.

Green Procurement

Reinforcing the Green Procurement System

Since the establishment of the Yanmar Green Procurement Guideline in April 2003 (revised in December 2006), we have been promoting the procurement of safe parts and components designed and produced in an environmentally-friendly way while collaborating with our suppliers at various parts of the world. In November 2006, we formulated the Regulations on Restrictions of Use for Environmental Hazardous Substances to identify substances which we should voluntarily refrain from using.

In selecting suppliers, we prioritize transactions with suppliers enthusiastic about environmental conservation activities with an established environmental management system in addition to such evaluation items as value, price and delivery time. With the Procurement Dept. of the head office as the main player, we hold briefing sessions to the management of all suppliers to request their cooperation with a green procurement survey and green procurement.

Survey for Parts and Materials

We check materials and parts provided by suppliers for substances banned by our guidelines.

In 2008, we started putting chemical substance content information from suppliers into a database to establish the Product Content Chemical Substance Management System for the integrated management of these substances. We promote the internal disclosure of information on chemical substances contained in Yanmar products.

- **Green Procurement Guideline :**

http://www.yanmar.co.jp/en/environmental/green_02.htm

Environmental Education

We are actively promoting environmental efforts. It is important to raise the awareness of every single employee in order for these efforts to be effective.

The Yanmar Group is continuously implementing its environmental education and awareness approaches to

raise the awareness of employees, including efforts to generate thinking about the practical application on-site of environmental policies, global environmental problems and cases familiar to the employees.

Environmental Education at Production Sites

Once a year at all of the plants, programs are held to deepen appreciation and understanding of humans' relationship with the environment and to make efforts toward education that involves personal conduct that assumes responsibility for environmental conservation.

Kanzaki Kokyukoki Mfg. Co., Ltd. compiled awareness-raising materials (related to "Prewashed Rice and Ecology") in June 2010, which considered the environmental problems affecting people's lives. The materials were distributed to employees.

In addition, facilities that have acquired ISO 14001 certification provide environmental education and necessary training to employees in line with this ISO standard. Employees working at worksites that can have a major impact on the environment are provided with special training that teaches the employees about the operating procedures of relevant equipment and systems.

Raising Awareness Through Internal Publications

The Yanmar Group publishes "ECHO," with the theme of presenting topics on environmental issues affecting all employees, as part of its efforts of creating awareness. Every issue contains articles containing ideas that merit serious consideration.

The articles published in 2009 are listed below. The winter edition presented an explanation of the revised Energy Saving Act, which bolstered measures pertaining to offices.

- **CSR Topics Covered**

2009 Spring Issue	Approaches to Future CSR Activities
2009 Summer Issue	Yanmar Group's Countermeasures to the New Influenza
2009 Autumn Issue	The Environmental & Social Report 2009 has Been Published!
2010 Winter Issue	Toward Enforcing the Revised Energy Saving Act



2010 Winter Issue

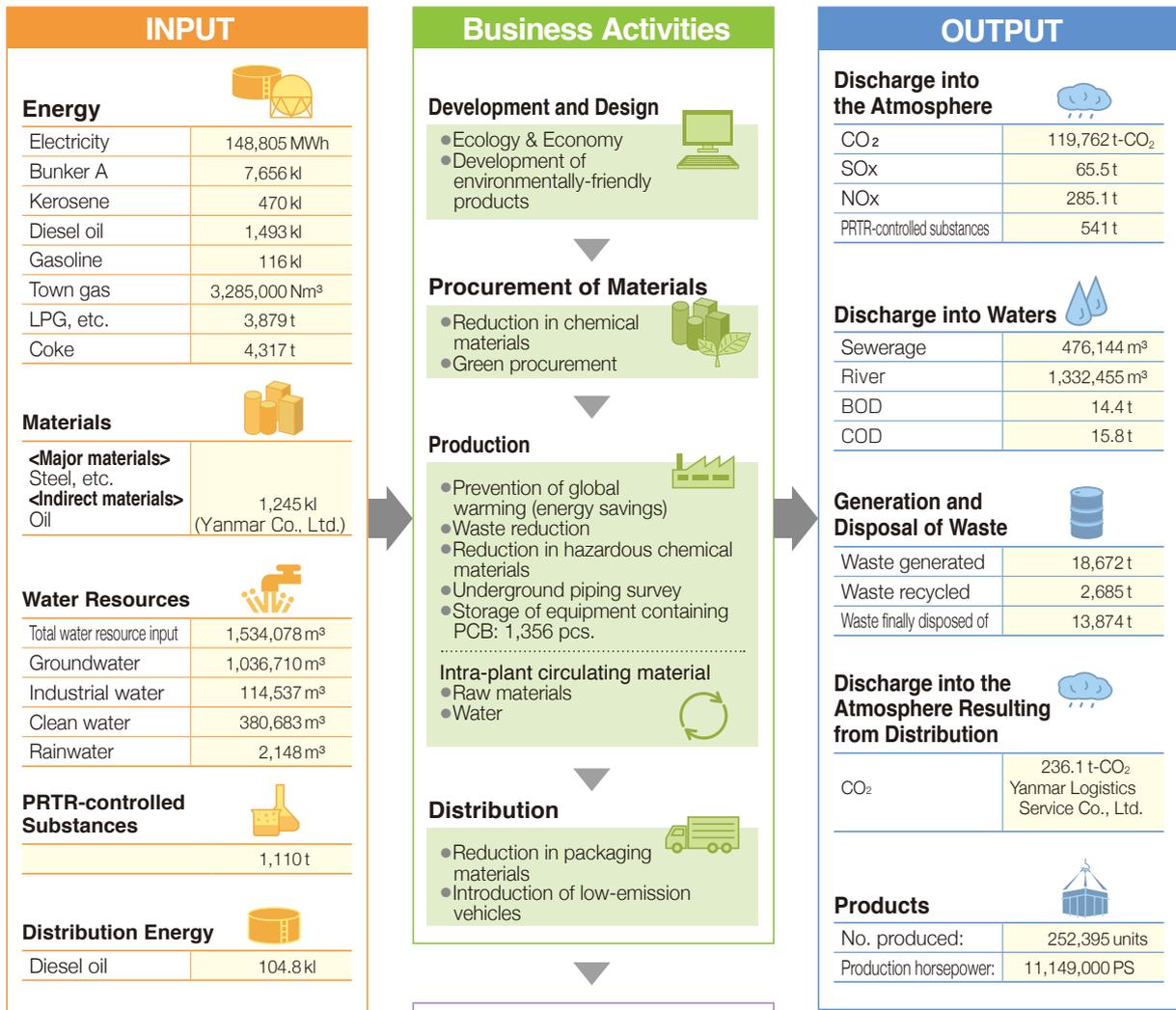
Eco Balance

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

In fiscal year 2009, environmental loads continued to

be measured at production plants of Group companies to gather the necessary data.

We will continue striving to determine the environmental loads created at each stage of the product life cycle, and promote the analysis and review of the identified loads for all companies, including Group companies.



Calculation

- CO₂ Emission**
Calculated by multiplying electricity or fuel consumed by a "CO₂ emission factor." The "CO₂ emission factor" used here is based on the greenhouse effect gas emission calculation and report manual of an act related to the "Promotion of the Measures to Cope with Global Warming." Note that the CO₂ emission factor for electric power is fixed at 0.378 t-CO₂/1,000 kWh.
- SO_x Emission**
Calculated by multiplying heavy oil and light oil consumed by "specific gravity" and "S content ratio."
- NO_x Emission**
Calculated from the exhaust gas data of combustion facilities.
- PRTR-controlled Substances**
Calculated based on the regulations of an act related to reports, etc., about "Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management."

Environmental Accounting

Yanmar quantitatively grasps the costs related to environmental conservation, such as reducing environmental impact and risks, and from the effect brought by environmental technologies and environmentally friendly products.

We have introduced environmental accounting in order to set the appropriate targets and assessments for environmental activities. Our data compilation complies with the Environmental Accounting Guidelines of the Ministry of the Environment.

Cost of Environmental Conservation

The total cost of environmental conservation for fiscal year 2009 was ¥7.19 billion, a rise of about 1.1 billion yen from the previous year. Fully 95% of the cost was for R&D. The principal efforts were in the development of environmentally friendly products, such as making improvements in fuel efficiency and gas emissions of engines.

Effects of Environmental Conservation Activities

The consumption of energy (apart from oil and fats), service water and production of waste substances exceeded the amounts of the previous fiscal year. The economic results showed a roughly ¥140 million annual effect, thanks to sales of items with value, recycling, retrenchment of the disposal of waste items, etc.

Future Developments

We began announcing our environmental accounting information in 2003. We will be working on information disclosure as a goal for improving our environmental management.

• Environmental Conservation Costs

(Unit: ¥1 million)

Classification of Environmental Conservation Costs	Main Items Covered by Related Activities	Investment	Total Cost
Cost of controlling environmental load within business area:		47.15	248.21
(1) Public nuisance prevention costs	Air quality, water quality, waste, vibration and noise	39.50	172.18
(2) Global environmental conservation costs	Prevention of greenhouse effects, energy-saving, improving distribution efficiency	5.16	35.99
(3) Resources recycling costs	Reduction of oil/grease, water, and waste	2.49	40.03
Cost of controlling environmental load up and down stream from Yanmar facilities	Green procurement, removal of products from the market, recycling, etc.	0.00	0.00
Environmental conservation costs in administrative activities	Environmental education, EMS, greenery promotion, information disclosure, environmental advertising, management personnel cost, etc.	90.00	76.02
Environmental conservation costs in R&D activities	Improvements related to engine exhaust gas, R&D to improve environmental performance	613.62	6,866.52
Environmental conservation costs in social activities	Environmental volunteer activities, etc.	0.00	0.00
Costs of repairing environmental damage		3.13	0.00
Total		753.90	7,190.75

• Quantitative Effects

Outline of Effect	Environmental effect index	FY2008	FY2009	Rates of Reduction
Energy consumption per production unit volume	kl (in terms of crude oil) / ¥100 million	25.21	27.81	-10.3%
Oil/grease consumption per production unit volume	kl / ¥100 million	0.66	0.64	2.9%
Water consumption per production unit volume	t / ¥100 million	539.67	686.86	-27.3%
Discharge of waste per production unit volume	t / ¥100 million	2.20	2.30	-4.9%

• Economic Effects

(Unit: ¥1 million)

Outline of Effect	Economic Items	FY2009
Business revenue from recycling	Sales of wastes, etc.	120.9
Retrenchment through energy conservation	Change of electric power supplier, use of cogeneration system, production process restructuring	-112.3
Retrenchment through resource conservation	Oil and grease, water resource recycling	19.3
Retrenchment of disposal of waste items	Improved yield, recycling, simple packing	1.1

• Compilation Method

- (1) Period of compilation: March 21, 2009 to March 20, 2010
- (2) Range: Yanmar Co., Ltd.
- (3) Method complies with Environmental Accounting Guideline of the Environment Ministry.
- (4) Cost amount includes personnel cost and depreciation cost.
- (5) For complex items, the portion related to environmental improvement is extracted or calculated proportionally.
- (6) R&D for new engine development relates mostly to combustion and exhaust gas improvements. Accordingly, almost all such costs have been appropriated.
- (7) For economic effects, only the measurable items are appropriated; no assumed effects are appropriated.

• Yanmar Co., Ltd. Production Plants in Japan

		Biwa Plant		Yamamoto Plant		
						
		1009-2 Kawamichi-cho Nagahama, Shiga Pref.		3198 Yamamoto, Kohoku-cho, Nagahama City, Shiga Pref.		
		Business Outline Integrated production (development, machining process, assembly, test operation, painting, and shipping) of vertical WC diesel engines for use with farm machinery, construction equipment and industrial equipment in general		Business Outline Casting and machining process for aluminum alloy parts that are vital for reducing the weight of engines, and the design and production of dies		
Input/Output	Energy consumption	Electricity	MWh	23,249	6,346	
		Gasoline	kl	0	0	
		Kerosene	kl	32	11	
		Diesel oil	kl	74	5	
		Bunker A	kl	192	586	
		Town gas	1000 Nm³	—	—	
		LPG, etc.	t	980	11	
		Total	kl	7,492	2,253	
	CO ₂ emission	CO ₂ emission	t-CO ₂	11,694	3,912	
		Air pollutants	NO x	t	16.85	2.84
			SO x	t	0.67	2.02
			Dust and soot	t	0.12	0.05
	Water consumption	Groundwater	t	67,760	15,795	
		Industrial water	t	—	—	
		Clean water	t	7,427	4,850	
		Rainwater	t	—	—	
	Discharge (sewage)	t	35,198	15,122		
	BOD emission	BOD emission	kg	190	12	
		COD emission	kg	—	23	
Waste	Amount generated	t	382	75		
	Amount disposed of	t	55	17		

		Kinomoto Plant		Nagahama Site		
						
		650 Kuroda, Kinomoto-cho, Nagahama City, Shiga Pref.		7-35 Sanwa-cho Nagahama, Shiga Pref.		
		Business Outline Integrated production covering machining process for crank shafts and cylinder heads for diesel engines; pressing, welding, resin molding, and painting of tractor parts; and assembly, operation and shipment of diesel and gasoline engines		Business Outline Design and development of internal combustion engines for agricultural equipment, construction machinery, industrial machinery and ships; design and production of processing jigs for engine parts; and service as a distribution center for the products of six plants in the Shiga Zone		
Input/Output	Energy consumption	Electricity	MWh	11,062	5,431	
		Gasoline	kl	18	49	
		Kerosene	kl	14	10	
		Diesel oil	kl	16	639	
		Bunker A	kl	614	212	
		Town gas	1000 Nm³	—	104	
		LPG, etc.	t	44	2	
		Total	kl	3,507	2,384	
	CO ₂ emission	CO ₂ emission	t-CO ₂	6,734	4,893	
		Air pollutants	NO x	t	5.00	21.81
			SO x	t	2.12	0.79
			Dust and soot	t	0.05	0
	Water consumption	Groundwater	t	123,420	184,646	
		Industrial water	t	—	—	
		Clean water	t	20,862	40,762	
		Rainwater	t	—	—	
	Discharge (sewage)	t	134,882	198,213		
	BOD emission	BOD emission	kg	121	198	
		COD emission	kg	270	515	
Waste	Amount generated	t	132	382		
	Amount disposed of	t	6	4		

			Oomori Plant	Nagahara Plant		
						
			354 Shigenori Takatsuki-cho, Nagahama City, Shiga Pref. Business Outline Integrated production (machining, assembly, test operation, shipping) of fuel oil injection pumps, a key component of a diesel engine.	18 Sho, Nishiazai-cho, Nagahama City, Shiga Pref. Business Outline Integrated production (machining, assembly, test operation, shipping) of fuel oil injection nozzles, a key component of a diesel engine.		
Input/Output	Energy consumption	Electricity	MWh	8,210	5,568	
		Gasoline	kl	0	2	
		Kerosene	kl	1	1	
		Diesel oil	kl	2	4	
		Bunker A	kl	83	180	
		Town gas	1000 Nm ³	—	—	
		LPG, etc.	t	54	5	
		Total	kl	2,225	1,627	
	CO ₂ emission	CO ₂ emission	t-CO ₂	3,976	2,496	
		Air pollutants	NO x	t	2.74	2.00
			SO x	t	0.29	0.62
			Dust and soot	t	0	0.03
	Water consumption	Groundwater	t	67,760	3,388	
		Industrial water	t	—	—	
		Clean water	t	2,577	6,037	
		Rainwater	t	—	—	
	Discharge (sewage)	t	70,976	8,208		
BOD emission	BOD emission	kg	50	11		
COD emission	COD emission	kg	78	20		
Waste	Amount generated	t	273	313		
	Amount disposed of	t	1	2		

			Amagasaki Plant	Tsukaguchi Plant		
						
			1-1-1 Nagasu-Higashidori, Amagasaki, Hyogo Pref. Business Outline Integrated production of main and auxiliary marine engines and large industrial diesel engines, gas engines and gas turbine engines covering machining processes, assembly, rigging, test operations, and shipment	5-3-1 Tsukaguchi-Honmachi, Amagasaki, Hyogo Pref. Business Outline Integrated production (machining to test operation) of main and auxiliary marine engines, as well as engines for pleasure purposes, land and industrial engines, gas engines, and compressors.		
Input/Output	Energy consumption	Electricity	MWh	11,850	4,968	
		Gasoline	kl	2	6	
		Kerosene	kl	211	2	
		Diesel oil	kl	184	317	
		Bunker A	kl	4,003	769	
		Town gas	1000 Nm ³	1,023	75	
		LPG, etc.	t	—	—	
		Total	kl	8,592	2,430	
	CO ₂ emission	CO ₂ emission	t-CO ₂	19,300	5,261	
		Air pollutants	NO x	t	135.64	11.82
			SO x	t	6.35	1.26
			Dust and soot	t	0.29	0.22
	Water consumption	Groundwater	t	—	—	
		Industrial water	t	87,960	18,379	
		Clean water	t	92,614	8,892	
		Rainwater	t	—	—	
	Discharge (sewage)	t	180,574	29,093		
BOD emission	BOD emission	kg	—	241		
COD emission	COD emission	kg	—	—		
Waste	Amount generated	t	799	136		
	Amount disposed of	t	79	18		

• Major Domestic Group Companies (Production)

			Yanmar Agricultural Machinery Manufacturing Co., Ltd. 931 Noishiki Maibara, Shiga Pref. Business Outline Manufacture of tractors and transmissions for tractors.	Okayama Site of Seirei Industry Co., Ltd. 428 Enami, Naka-ku, Okayama City, Okayama Pref. Business Outline Production of compact and medium-sized combines, rice transplanters, riding tillers and other agricultural machinery.	Kochi Site of Seirei Industry Co., Ltd. 203 Satokaida Nangoku, Kochi Pref. Business Outline Production of large and medium-sized combines, self-traveling threshers, binders, hullers and other agricultural machinery.	Kanzaki Kokyukoki Mfg. Co., Ltd. 2-18-1 Inadera Amagasaki, Hyogo Pref. Business Outline Manufacture of gears, machine tools, hydraulic equipment, transmissions and marine gears.	Yanmar Energy System Mfg. Co., Ltd. 383-2 Saidaiji Shinchii, Higashi-ku, Okayama City, Okayama Pref. Business Outline Production of GHP outdoor units and micro gas cogeneration systems.	Yanmar Construction Equipment Co., Ltd. 1717-1 Oaza Kumano, Chikugo, Fukuoka Pref. Business Outline Development, production, and servicing of small construction machines and general products	
Input/Output	Energy consumption	Electricity	MWh	9,846	5,111	8,212	12,301	641	8,086
		Gasoline	kl	60	51	19	14	0	0
		Kerosene	kl	7	50	50	32	0	42
		Diesel oil	kl	15	31	82	69	0	28
		Bunker A	kl	660	0	132	136	0	32
		Town gas	1000 Nm³	—	1,124	—	478	—	—
		LPG, etc.	t	540	151	464	—	20	643
		Coke	t	—	—	—	—	—	—
	Total	kl	3,977	2,873	2,974	3,921	192	3,001	
	Air pollutants	CO ₂ emission	t-CO ₂	7,104	6,055	5,232	6,145	414	5,214
		NO _x	t	4.64	2.67	3.03	3.96	0.20	3.72
		SO _x	t	0.91	0.01	0.18	0.15	0	0.05
		Dust and soot	t	0.38	0.03	0.04	0	0	0.01
	Water consumption	Groundwater	t	—	—	516,530	—	—	25,122
		Industrial water	t	—	—	—	—	—	—
		Clean water	t	36,249	52,527	2,431	53,289	5,287	14,396
		Rainwater	t	—	—	—	2,148	—	—
	Discharge (sewage)	t	24,402	25,320	473,978	53,289	5,287	18,487	
	BOD emission	kg	5,686*	35	3,247	4,316*	—	63	
	COD emission	kg	—	186	14,006	—	—	141	
Waste	Amount generated	t	793	366	510	301	37	478	
	Amount disposed of	t	24	101	365	45	3	25	

			Yanmar Shipbuilding & Engineering Co., Ltd. 3286-3 Itoharu Musashimachi, Kunisaki, Oita Pref. Business Outline Production of pleasure boats, business boats, FRP, floating piers, sea water filtering equipment, aquariums, amusement facility-related equipment, wind power generator blades, and FRP molds.	Matsue Division of Yanmar Casting Technology Co., Ltd. 960 Yahata-cho Matsue, Shimane Pref. Business Outline Manufacture and processing of core parts of diesel engines for marine and land use and industrial machine parts.	Koga Division of Yanmar Casting Technology Co., Ltd. 360 Kojibukuro, Koman, Shiga Pref. Business Outline Manufacture of cast iron cylinder blocks and cylinder heads and production of aluminum casting.	New Delta Industrial Co., Ltd. 767 Umena, Mishima, Shizuoka Pref. Business Outline Manufacture and sale of agricultural equipment, industrial high-pressure pumps and blowers.	Kohrin Engineering Co., Ltd. 3-9-6 Shojidake Minami, Umi-machi, Kasuya-gun, Fukuoka Pref. Business Outline Can manufacturing, coating, integrated manufacturing to assembly stage, emergency use generator, regular use generator, constant voltage constant frequency (CVCF) equipment, manufacturing of oil storage facilities and tanks.	
Input/Output	Energy consumption	Electricity	MWh	474	13,293	12,111	1,156	893
		Gasoline	kl	5	1	7	10	7
		Kerosene	kl	1	12	3	0	4
		Diesel oil	kl	16	31	41	0	101
		Bunker A	kl	24	0	0	0	34
		Town gas	1000 Nm³	—	—	295	167	19
		LPG, etc.	t	10	757	166	—	76
		Coke	t	—	—	2,778	—	—
	Total	kl	181	5,579	5,777	500	489	
	Air pollutants	CO ₂ emission	t-CO ₂	329	14,639	14,408	923	1,034
		NO _x	t	0.18	4.54	6.10	0.38	0.45
		SO _x	t	0.03	15.43	27.78	0	0.12
		Dust and soot	t	0	0.57	1.04	0	0
	Water consumption	Groundwater	t	—	—	—	32,289	—
		Industrial water	t	—	8,198	—	—	—
		Clean water	t	2,646	11,614	14,731	1,649	1,843
		Rainwater	t	—	—	—	—	—
	Discharge (sewage)	t	2,646	19,812	14,731	33,939	1,843	
	BOD emission	kg	—	162	34	51	8	
	COD emission	kg	87	277	60	95	—	
Waste	Amount generated	t	125	3,094	10,177	130	168	
	Amount disposed of	t	72	2,884	10,088	2	60	

* The amount of BOD discharge in the volume of drainage was high due to effluent flowing into the sewage system. (The legal standard value has been cleared.)

	Yanmar Group Activities	Events in Japan and Around the World
1993		<ul style="list-style-type: none"> Basic Environmental Law established.
1994	<ul style="list-style-type: none"> Environmental Management Division established. Yanmar Global Environmental Committee established. First Global Environmental Committee held. 	<ul style="list-style-type: none"> Waste Disposal Law revised. Environment Basic Plan guidelines established.
1995	<ul style="list-style-type: none"> Yanmar Global Environmental Charter established and distributed. Environmental voluntary plan submitted to MITI. Environmental Preservation Basic Rule and organization implementation rules established. 	<ul style="list-style-type: none"> Foul Odor Control Law revised. Containers and Packing Recycling Law established.
1996	<ul style="list-style-type: none"> Standard for selecting and displaying resin parts established. Environmental Preservation Activities Mid-Term Plan (1996-2000) formulated. 	<ul style="list-style-type: none"> Air Pollution Control Law revised. ISO 14001 Standard issued. Water Pollution Control Law revised.
1997	<ul style="list-style-type: none"> Large Power Products Operations Division certified under ISO14001. 	<ul style="list-style-type: none"> New Energy Use Special Measures Law (RPS Law) established. Environmental Impact Assessment Law established. Kyoto Protocol adopted.
1998	<ul style="list-style-type: none"> Six plants of the Power System Operations Division certified under ISO14001. Participated in the 1st Lake Biwa Environmental Business Messe. Three plants of Seirei Industry Co. Ltd. certified under ISO14001. 	<ul style="list-style-type: none"> Energy Saving Law revised. Electric Appliance Recycling Law established. Act Concerning the Promotion of Measures to Cope with Global Warming established
1999	<ul style="list-style-type: none"> Three plants of Kanzaki Kogyokoki Mfg. Co. Ltd. certified under ISO14001. Recycling goals established for major products. Showa Precision Machinery Co., Ltd. certified under ISO14001. 	<ul style="list-style-type: none"> Dioxin Special Measures Law established. PRTR Act established.
2000	<ul style="list-style-type: none"> Voluntary Action Plan submitted to Kansai Economic Federation. Annual Environmental Report 2001 Edition posted on company website. Environmental accounting approach introduced. The 2nd Stage Environmental Preservation Mid-Term Plan formulated (2001-2005). Environmental Performance Assessment Standard for Products formulated (recycling, etc.). 	<ul style="list-style-type: none"> Green Procurement Law established. Construction Recycling Law established. Recycling Society Formation Basic Law established. Food Recycling Law established. Resources Recycling Law revised.
2001	<ul style="list-style-type: none"> Full-scale rationalization of packing and wrapping. The 1st Group Environmental Coordination Meeting held. 	<ul style="list-style-type: none"> Environment Ministry inaugurated. PCB Special Measures Law established. Freon Recovery and Destruction Law enacted.
2002	<ul style="list-style-type: none"> Purchasing Division begins green procurement. All production sites abolished the use of organic chlorine-based compounds. The 1st Group Global Environmental Committee held. Yanmar Group arranged measures to comply with PRTR law. Yanmar Global Environmental Charter revised to the Group Global Environmental Charter. Yanmar Environmental Report posted on the website. 	<ul style="list-style-type: none"> Soil Pollution Control Law established. Automobile NOx / PM Regulation revised. Law on Waste Disposal and Cleaning revised. The Basic Environment Law revised. Act Concerning the Promotion of Measures to Cope with Global Warming revised. End-of-Life Automobile Recycling Law established. Oil Alternative Energy Law revised. New Energy Use Special Measures Law (RPS Law) revised.
2003	<ul style="list-style-type: none"> Green Procurement Guidelines established. The 2nd Group Global Environmental Committee held. YADIN and Matsue Diesel certified under ISO 14001. 	<ul style="list-style-type: none"> Law on Waste Disposal and Cleaning revised. Act Concerning the Examination and Regulation of the Manufacture, etc. of Chemical Substances revised. Fire Defense Law revised. Environmental Education Law established.
2004	<ul style="list-style-type: none"> New Delta Industrial Co., Ltd. and Yanmar Energy System Mfg. Co., Ltd. certified under ISO 14001. The 3rd Group Global Environmental Committee held. The 1st Product Sub-committee held. Yanmar Global Environmental Committee integrated to Yanmar Group Global Environmental Committee. Yanmar Agricultural Equipment Co., Ltd. certified under ISO9001 and ISO 14001 concurrently. 	<ul style="list-style-type: none"> POPs Treaty put into effect. Law on Waste Disposal and Cleaning revised. Air Pollution Control Law revised. Environment-conscious Promotion Law established. ISO14001 Standard revised.
2005	<ul style="list-style-type: none"> Yanmar Group Management Philosophy revised as a mission statement. 2012 Environmental Vision formulated. Yanmar Group 2nd Stage Environmental Preservation Mid-Term Plan formulated. The 4th Group Global Environmental Committee held. Full-scale Group activities get underway for the elimination of harmful substances. Environmental audit started. 	<ul style="list-style-type: none"> Kyoto Protocol brought into effect. Law on Waste Disposal and Cleaning revised. Act Concerning the Promotion of Measures to Cope with Global Warming revised.
2006	<ul style="list-style-type: none"> YN Group expanded ISO 14001 certified area (Hokuto Yanmar, YN East Japan, and YN Kansai) Power System Operations Division expanded ISO 14001 certified area (Yanmar Logistics Service Co., Ltd.) Yanmar Shipbuilding & Engineering and Yanmar Sangyo certified under ISO 14001 The 5th Group Global Environmental Committee held. Usage regulations and rules for environmental burden materials established. Green Procurement Guideline revised. 	<ul style="list-style-type: none"> EU REACH regulations promulgated. Energy Saving Law revised.
2007	<ul style="list-style-type: none"> YN Group expanded ISO 14001 certified area. (Yanmar Agricultural Equipment Kanto and Yanmar Agricultural Equipment West Japan.) Yanmar Energy System Co., Ltd. and Yanmar Agricultural Equipment (China) Co., Ltd. certified under ISO 14001. The 6th Group Global Environmental Committee held. Yanmar Environmental & Social Report printed version issued. Green procurement survey started. Product LCA started. 	<ul style="list-style-type: none"> Law on Waste Disposal and Cleaning revised. Act Concerning the Examination and Regulation of the Manufacture, etc. of Chemical Substances revised.
2008	<ul style="list-style-type: none"> Yanmar Marine System and Yanmar Casting Technology (Koga Division) acquired ISO14001 certification. The 7th Group Global Environmental Committee held. CSR organization established. 	<ul style="list-style-type: none"> Act Concerning the Rational Use of Energy revised. Act Concerning the Promotion of Measures to Cope with Global Warming revised. PRTR Act revised.
2009	<ul style="list-style-type: none"> The 8th Group Global Environmental Committee held. Regulations on usage restrictions on substances with an environmental impact revised. 	<ul style="list-style-type: none"> Soil Contamination Countermeasures Act revised. Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances revised.



Please direct inquiries about
this Corporate Social Responsibility Report to:

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