

Section 172 Statement

It is the first time that the Directors of Yazaki Europe Limited report on the matters that are outlined in section 172(1) (A) to (F) of the Companies Act 2006 (hereafter 'S172').

Each of the Directors of Yazaki Europe Limited acted in a way they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have had regard to the matters as set out in S172.

In performing their duties, the Directors of Yazaki Europe Limited have had regard to broader stakeholder interests. The Board of Directors fostered and maintained an open and transparent dialogue with key stakeholders.

In light of the above the Directors are guided by the Yazaki Corporation Corporate Policy as well as the Fundamental Management Policy which are the building blocks of Yazaki globally.

Considering each of the S172 matters, the Directors have had regard to:

a) The likely consequences of long-term decisions

For the next years the Group continues to see increased demand from customers for more technologically complex wire harnesses. Increasing safety and advanced entertainment features as well as changing Powertrain technologies lead to a higher demand for Electric and Electronic Distribution Systems and therefore higher value unit sales per car. This development partly offsets the continual price reduction demands of car manufacturers and increasing salary inflation across Europe and North Africa, furthermore the Group has a good perspective of additional business already agreed with its main customers. Nevertheless, it is planned to increase the EBIT based on business already agreed with Customers and further improvements on the material content. In this Context it was decided to launch a project which consists on several work streams like Cost/Benefit Analysis, creation of business and administrative synergies as well as footprint optimization. One outcome in this context was phase-out from some loss-making businesses. Another important part is the refocusing of the Purchasing Process to improve the overall Purchasing Savings with P&L effect. And furthermore, the adaptation of the total YEL European setup to take into consideration the minimum Customers' needs and the streamlining of all the Overhead Functions. This will lead to a significant SG&A reduction. The Group is targeting to complete the transition phase and footprint optimization during the following two business years.

b) The interests of the company's employees

Yazaki is committed to a principle which makes a substantial contribution to the success of the global business through caring for employees by creating a corporate culture that prioritises individuality and teamwork while empowering people's dreams. To make the individual knowledge of each employee available to the entire organisational process as efficiently as possible is one of the main focuses of the Directors. Mutual communication plays an important role and to foster this a monthly an All Employee Meeting is held. The Yazaki group globally treasures the spirit of 'One for All, All for One' which is highlighted with an example in the CSR Communication Book to be found on the Yazaki website: <https://www.yazaki-group.com/global/csr/>. Furthermore, the Directors are supportive of diversity in the workplace. Diversity management is a core part of the Group's business strategy within its very international footprint.

c) The need to foster the company's business relationships with suppliers, customers and others

The Directors understand the importance of the Group's supply chain in delivering the long-term plans of the Group. The Sourcing Process in Europe, supported by Global Supply Chain Management of Yazaki Corporation, is used to identify partners with the right capability to support the company on new programmes. Product Quality Planning practices are deployed with Suppliers to support the engineering of products, and techniques and processes including a Supplier Risk Management approach is used to assess their financial stability and ability to provide continuous supply. This has been put to the test as a result of the COVID-19 pandemic. Our suppliers of production and non-production goods and services play an integral role in our business and help us to serve our globally operating customers. In addition to ensuring ethical behaviour, sustainability and health and safety is considered critical to the success of our business relationships. The Directors monitor the Group's engagement with their customers by reviewing customer response on quality and satisfaction. Customer Satisfaction is one of the guiding principles in Yazaki Group. Continuous close communication with customers is providing the Directors with the customer demands of the future and the level of the Groups competitiveness. The Directors actively seek information on the interaction with stakeholders and employees to ensure that they have enough information to reach appropriate conclusions about the risks faced by the Group and any appropriate action to be undertaken.

d) The impact on the community and the environment

As a global organisation, Yazaki adapts to dynamic market changes, processes and community development to create value and be successful while consistently making significant and positive contributions to the benefit and development of society. Yazaki has endeavoured to use innovative technologies for the benefit of customers and to improve products, safety standards and the environment, and these values will not change. As a responsible employer, Yazaki has a vision to achieve the best through understanding cultural and social differences. This approach allows for the achievement of long-term and sustainable financial success and growth, and also contributes to the creation of socio-economic stability. The latest Yazaki CSR report is available on the website www.yazaki-group.com.

e) The desirability of the company maintaining a reputation for high standards of business conduct

The Directors are committed to the Yazaki Group statement for Corporate Social Responsibility. This includes sincere dialogue with employees, establishing comfortable workplaces, further enhancement of personnel system, preventing discrimination and harassment, preventing child labour and forced labour and responding to the UK Modern Slavery Act. The Group is governed by various Policies (amongst others CSR and Human Rights) that are in place to maintain a high standard which can be found on the website of:

- Yazaki Corporation: www.yazaki-group.com;
- Yazaki Europe Limited: www.yazaki-europe.com.

f) The need to act fairly as between members of the company

The Group is owned by Yazaki Corporation and collectively are committed to continuing to build future growth by serving future market demands and technology transformation through a current difficult economic and social environment.