

<TRANSLATION> The following is an English translation of a document written initially in Japanese. Should there be any inconsistency in the contents of the translation and the official Japanese version, the latter shall prevail.

Corporate Governance Report

Last Update: June 18, 2024

Yokogawa Electric Corporation

Hitoshi Nara, President & CEO, Representative Executive Officer

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Securities Code: 6841

<https://www.yokogawa.com/>

The corporate governance of Yokogawa Electric Corporation (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Yokogawa Electric Group (hereinafter referred to as the “Group”) has established a corporate philosophy, the Yokogawa Philosophy, and the Yokogawa Group Code of Conduct that apply to the entire Group, and strives to maintain appropriate relationships with all stakeholders as well as aims for sustainable corporate growth and increased corporate value over the medium to long term. In addition, based on the philosophy that “a company is a public entity of society,” the Group positions answering the trust of all stakeholders, including shareholders, customers, business partners, society, and employees, via sound and sustainable growth, as the basic mission of its corporate management. In addition, we believe that solving environmental and social issues is the raison d’être of the Group, and we have established Yokogawa’s Purpose as “utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet,” in which the top management itself demonstrates strong conviction and leadership to promote management that values sustainability.

In order to maximize its corporate value, the Group believes that efforts such as thorough compliance, appropriate management of risks, and information disclosure in order to ensure constructive dialogue with shareholders and other stakeholders are important.

In order to experience healthy and sustainable growth of the Group and to maximize its corporate value, the Group believes that efforts such as thorough compliance, appropriate management of risks, and information disclosure in order to ensure constructive dialogue with shareholders and other stakeholders are also important.

The Group formulates and discloses these Yokogawa Corporate Governance Guidelines which serve as the basic policy for continually working on corporate governance in line with the above views.

https://cdn-nc.yokogawa.com/1/20520/tabs/ir_cg_guidelines-en.pdf

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with all principles of the Corporate Governance Code revised in June 2021, including details for the Prime Market.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1.4]

The Group shall strategically hold shares, provided such shares are determined to contribute to maintaining and increasing corporate value. With respect to all cross-holding shares, the Board of Directors shall uphold a policy of keeping the minimum necessary amount of cross-holding shares and decide every year if it is suitable to hold the shares by examining the purpose and economic rationale, etc. of individual shares from a medium- to long-term perspective. Any strategically held share that is deemed as no longer suitable to hold as a result of the examination shall be sold with the attempt of reducing shares held. In the

examination, the shares held are classified into the following three categories, and it is determined whether holding is suitable, with transaction status, share price and dividends, and capital costs deemed as KPIs.

- a. Business partners (for the purpose of maintaining and strengthening business transaction and partner relationships)
- b. Financial institutions (for the purpose of attempting to conduct financial transactions smoothly)
- c. Others (those which do not fall under the above categories)

Specifically, it is assessed and determined for each share held through the process of a. to d. below whether holding is suitable.

- a. Examination based on quantitative assessment of share price (market value, cost and carrying amount after impairment)
- b. Examination based on quantitative assessment with ROIC, which is calculated on the basis of each of market value and cost, compared with the share price assessed in a.

(In the calculation of ROIC, after-tax gross income from sales and dividend income are used.)

- c. Examination based on qualitative assessment of purpose of holding, transaction results, estimate for future transactions, and other factors for each share held.
- d. The assessments through the examinations in a. to c. are taken into account comprehensively from perspectives of medium- to long-term economic value, business expansion and strengthening of relationships, and others.

With respect to exercising the voting rights of strategically held shares, the Group shall make decisions based on sufficient examination, from the standpoint of increasing the corporate value of the Company and the companies that the Company has invested in over the medium to long term.

Particularly in the following cases, the Company shall exercise the voting rights based on careful examination on whether or not to exercise the voting rights:

- 1) Cases where any violation of law, misconduct or anti-social behavior has occurred at the companies in which the Company has invested
- 2) Cases of proposals that are considered to be likely to undermine the Company's corporate value, for organizational restructuring including merger or acquisition and business transfer, advantageous issue of shares to third parties, etc.

[Principle 1.7]

The existence or non-existence of business transactions between the Company and its Directors, Vice President & Executive Officers, or their close relatives, and between the Company and its key shareholders, etc., (hereinafter referred to as the "related party transactions") shall be investigated regularly and reported to the Board of Directors. In conformity with applicable laws and regulations including the Companies Act and the Financial Instruments and Exchange Act, and other applicable rules, related party transactions shall be disclosed upon resolution by the Board of Directors.

[Supplementary Principle 2.4.1]

The Company has established its approach to ensuring diversity, its policy to develop human resources, and its policy to maintain its internal environment. These are specified in the human resources management codes within the Group Management Standards (GMS), which are positioned as the most important set of company rules for the Yokogawa Group. Regarding disclosure, the Company has made a DE&I declaration, which pledges "to promote diversity and inclusion (DE&I), proactively hire, develop, and promote human resources with diverse experiences, knowledge, emotions, perspectives, cultures, backgrounds, and values, to promote the creation of working environments in which anyone can work safely and securely, while being themselves, and to contribute to realizing an abundant human society for the next generation." This declaration, along with our policy and the status of activities to ensure diversity, are disclosed in the Sustainability Report issued by the Company.

Sustainability Report:

<https://www.yokogawa.com/about/sustainability/report/>

Ratio of female employees among managers and their promotion (activities to promote the active participation of female employees)

In April 2015, the Company set up a dedicated body to promote diversity. Through its career development training for young employees, the Company strengthens the motivation of young women to become leaders by communicating the message that Yokogawa "provides opportunities for everyone to actively participate as a leader regardless of their attributes or career background." During human resource management audits, which are conducted globally, the promotion of active participation of female employees is one of the items to be checked. In fiscal year 2020 we began rolling out "This we believe" DE&I mindset training globally. The female manager ratio, which was only 0.7% in fiscal year 2005 (non-consolidated basis), rose by a multiple of more than ten to 9.5% and the growth rate has risen by a multiple of four since fiscal year 2014. Furthermore, in April 2021, the Group produced its first two female executive officers through internal promotion. As we head toward 2030, we have set 20% as a target for the female manager ratio (KPI) for the overall Group, aiming to create an environment in which anyone can exercise their abilities.

Ratio of foreigners among managers and their promotion

The ratio of foreign personnel among the Company's managers as of March 31, 2023 was 5.2% on a non-consolidated basis and 63.2% for the overall Group. We aim to continue to increase the ratio of foreign managers in Japan. Furthermore, regarding the promotion of foreigners, the ratio of foreigners being developed for promotion in our talent management system is 64.0%, as we proactively move forward with both diversity and promotions. *The Group's overall ratio of foreign employees is 64%, with employees of more than 80 nationalities working for the Group.

Ratio of mid-career hires among managers and their promotion

The ratio of mid-career hire personnel among the Company's managers as of March 31, 2023 was 26.7% on a non-consolidated basis, which is greater than the ratio of mid-career hires 23.2% among employees of the Company overall. The Company endeavors to conduct fair, broad promotions without discrimination or bias.

[Principle 2.6]

Corporate pensions of the Group are defined-contribution pensions. The financial condition shall never be affected by future performance of management of the pensions.

The Company regularly monitors the institutions of corporate pension management with the aim of assisting stable asset building of the employees.

[Principle 3.1]

(i) The Company has disclosed its corporate goals as the corporate philosophy. The management strategy and business plan are disclosed on the Yokogawa Report, its website and others when they are formulated. The current management strategy and business plan have been disclosed as "Growth for Sustainability 2028," a medium-term business plan.

The Yokogawa Philosophy:

"As a company, our goal is to contribute to the realization of a sustainable society through broad-ranging activities in the areas of measurement, control and information. Individually, we aim to combine good citizenship with the courage to innovate."

Growth for Sustainability 2028, a Medium-term Business Plan:

<https://www.yokogawa.com/about/company-overview/corporate-strategy/>

Yokogawa Report:

<https://www.yokogawa.com/about/ir/reports/annual/>

(ii) The basic views on corporate governance and basic policy are presented in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information, 1. Basic Views" of this report. In addition, the Group has established and disclosed the Yokogawa Corporate Governance Guidelines which serve as the basic policy for continually working on corporate governance.

(iii) Based on the resolution at the Annual General Meeting of Shareholders held on June 18, 2024, the Company transitioned from a company with Audit & Supervisory Board to a company with Nominating Committee, etc. Following the transition of the organizational design, the Compensation Committee will engage in many discussions going forward and review the current approach to executive compensation as appropriate.

The following is an explanation of the Company's compensation system as a company with Audit & Supervisory Board in fiscal year 2023.

At the Board of Directors meeting held on March 2, 2021, the Company resolved the policy in relation to decisions concerning the details of compensation for individual Directors. Prior to the resolution at the Board of Directors meeting, the matters to be resolved were consulted with the Compensation Advisory Committee and reported to the Board of Directors.

In addition, the Board of Directors has confirmed regarding the compensation for individual Directors for the fiscal year under review that the method of determining the details of compensation and the content of determined compensation are consistent with the policy resolved by the Board of Directors and that the reports of the Compensation Advisory Committee are respected, has also judged that such procedures are in accordance with the policy.

The contents of the policy in relation to decisions concerning the details of compensation for individual Directors are as follows.

(1) Basic Policy

The basic policy on compensation for Directors shall be as follows:

- (a) Plan that promotes sustainable, medium- to long-term improvement in corporate value
- (b) Plan that reflects the medium- to long-term management strategy and strongly motivates the achievement of medium- to long-term management objectives
- (c) Plan that prevents bias toward short-term thinking

(d) Plan and monetary amounts that secure and maintain excellent human resources
(e) Plan that includes transparency, fairness, and rationality for stakeholders, decided through an appropriate process to ensure these factors

(2) Policy for determining compensation, etc. for officers

The amount of compensation for Directors shall be determined individually within the limits approved at the General Meeting of Shareholders. Compensation for Audit & Supervisory Board Members shall also be determined through consultation among Audit & Supervisory Board Members within the limits approved at the General Meeting of Shareholders.

Performance-linked compensation covers directors and executive officers, excluding Outside Directors, Audit & Supervisory Board Members and non-executive Directors. This is because variable compensation such as performance-linked compensation is not appropriate for Outside Directors and Audit & Supervisory Board Members, who maintain position independent from the performance of duties, and as such only fixed compensation is paid, identically for non-executive Directors.

Furthermore, regarding medium-to long-term incentives, at the 142nd Ordinary General Meeting of Shareholders held on June 26, 2018, the Company introduced the Performance Share Unit Plan (the "PSU Plan"), a performance-based stock compensation plan under which shares and cash are paid based on the achievement of our consolidated return on equity (ROE) and other factors in the final fiscal year of the period covered by the medium-term business plan.

The levels of compensation for executives are set through a comparison with companies from the same industry and of the same scale, both domestically and internationally, based on the results of surveys conducted by external organizations, and the Company's financial conditions.

Compensation levels for each position are based on the level of 50%iles by peer companies. From the viewpoint of flexible management in response to changes in the environment and the acquisition and retention of talented management personnel, compensation levels shall generally be within the range of 25%iles to 75%iles.

Compensation for personnel hired overseas may be determined individually based on a compensation benchmark analysis that takes into account the responsibilities of each position based on executive compensation survey data in that overseas region.

Additionally, the retirement bonuses for directors were eliminated on the day of the 2004 Annual General Meeting of Shareholders held on June 25, 2004.

(iv) Policy and procedure for appointment and dismissal of Directors and Vice President & Executive Officers are as follows:

Policy for nomination of Director and Vice President & Executive Officer candidates

Directors and Vice President & Executive Officers shall be composed so as to be well balanced in knowledge, experience, and capabilities to effectively fulfill its roles and responsibilities, and it shall be constituted in such a manner as to achieve both diversity and appropriate size. Under this premise, human resources that contribute to improvement of corporate governance, supervise of highly effective management and that have experience and knowledge required for formulation of management strategies aiming at an increase in the Company's corporate value over the medium to long term and contribute to right management decisions, that have knowledge on accounting, finance, legal affairs and corporate management and contribute to appropriate supervision of management are nominated as Director candidates. Human resources that have sufficient experience and knowledge in light of the expected roles required for each Vice President & Executive Officer position, and that have the will and attitude appropriate for the management team are nominated as Vice President & Executive Officer candidates.

Procedure for nomination of Director and Vice President & Executive Officer candidates

Nomination of Director candidates and Vice President & Executive Officer candidates are determined after deliberations based on the new appointment and reappointment standard and procedure established by the Nominating Committee,

Policy and procedure for dismissal of Directors and Vice President & Executive Officers

The Nominating Committee has prescribed the standard and procedure for dismissal of Directors and Vice President & Executive Officers. The Nominating Committee deliberates proposals of dismissal of the Directors and Vice President & Executive Officers based on the dismissal standard and procedure.

Policies and procedures for evaluation, new appointment, reappointment, and dismissal of President & CEO, Representative Executive Officer

The Nominating Committee has also prescribed the standard and procedure for the new appointment, reappointment, and dismissal of the President & CEO, Representative Executive Officer. The evaluation of the President & CEO, Representative Executive Officer is conducted every year and takes into account basic evaluation criteria that have a quantitative aspect including business performance. The Nominating Committee deliberates based on the prescribed standard and procedure for new appointment, reappointment, and dismissal in reference to the evaluation results and succession plan.

(v) Reasons for election of Directors are as follows:

Explanation of reasons for election of Directors

Hitoshi Nara Director, President & CEO, Representative Executive Officer

Mr. Hitoshi Nara properly supervises management as a Director. He has spearheaded the execution of business as President and Chief Executive Officer since fiscal year 2019 after being engaged in operations for the sales department of the Company's industrial automation and control business, serving as President of domestic and overseas subsidiaries and working on the launch of new business, and has abundant experience and track records as a corporate manager. Because he is expected to continuously contribute to improvement of corporate value and strengthening of the decision-making function and the management supervision function of the Board of Directors by utilizing his experience in management and track records, he has been elected as Director.

Hikaru Kikkawa Director

Mr. Hikaru Kikkawa has many years of experience in the Company's accounting and treasury departments and business units including overseas subsidiaries. Most recently, he has demonstrated his high level of competence and expertise in business audits as Head of Audit & QHSE Headquarters, and he has extensive experience and achievements in management in the Company. Because he is expected to contribute to improvement of corporate value and strengthening of the decision-making function and the management supervision function of the Board of Directors by utilizing his experience in management and track records, he has been elected as Director.

Michiko Nakajima Director, Vice President & Executive Officer

Ms. Michiko Nakajima has many years of experience in the accounting and treasury departments of the Company and currently serves as Head of Accounting & Treasury Headquarters, and has a wealth of knowledge and achievements in management of the Company. Because she is expected to contribute to improvement of corporate value and strengthening of the decision-making function and the management supervision function of the Board of Directors by utilizing her experience in management and track records, she has been elected as Director.

Please refer to "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Outside Directors], Outside Directors' Relationship with the Company (2)" of this report for reasons for election of Outside Directors.

[Supplementary Principle 3.1.3]

The Company's sustainability initiatives, management resources including human capital and intellectual capital, and response to the TCFD (Task Force on Climate-related Financial Disclosures) are regularly reported to and supervised by the Board of Directors. They are disclosed in the Yokogawa Report (Integrated Report), Yokogawa Sustainability Report, etc.

Yokogawa Report:

<https://www.yokogawa.com/about/ir/reports/annual/>

Sustainability Report:

<https://www.yokogawa.com/about/sustainability/report/>

[Supplementary Principle 4.1.1]

The Board of Directors is to base its decisions on the Decision Making Management Code and on the Rules Governing the Board of Directors. All the Directors, including independent outside members, bear supervisory responsibility for the execution of business as the members constituting the Board of Directors. Decisions concerning statutory matters and important matters for the Group's execution of business that are matters which have a serious impact on the Group's management or matters other than those specified to be decided by the Board of Directors in the above code and rules, such as important strategic matters related to the Group, are delegated to the Vice President & Executive Officers. The Vice President & Executive Officers are responsible for decision-making regarding individual businesses and business execution, and are held accountable for results.

[Principle 4.9]

The Company developed the Company's Independence Standards for Outside Directors and has presented the standards in the Yokogawa Corporate Governance Guidelines and "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Independent Directors], Matters relating to Independent Directors" of this report.

The Company's independent Outside Directors meet these independence standards, have deep insights as corporate managers and abundant experience in markets different from those for the Company, and state their opinions from a multidimensional perspective at the Board of Directors meetings and other opportunities.

[Supplementary Principle 4.11.1]

The Board of Directors shall be comprised so as to be well balanced in knowledge, experience, and capabilities to effectively fulfill its roles and responsibilities, and it shall be constituted in such a manner as to achieve both diversity—including in terms of gender, internationality, career within and outside the company, and age—and appropriate size.

With respect to the diversity of the Board of Directors as a whole, the Nominating Committee regularly holds discussions from the viewpoint of enhancing corporate governance and sets down experience, knowledge, attitude, etc. expected of next Directors.

At the Board of Directors, deliberation is held on the makeup of the Board of Directors, including the organizational design and scale, as well as the required knowledge, experience, and capabilities, etc. of the Directors and Vice President & Executive Officers, and upon realizing the effective discussion, it has been confirmed that current Board of Directors has the appropriate scale, and that its diversity is being considered. After one woman was appointed as an independent Outside Audit & Supervisory Board Member in fiscal year 2017, one foreign national was appointed as a Director in fiscal year 2019, and one woman was appointed as an independent Outside Director in fiscal year 2021, currently three female Directors out of 11 Directors has been elected, thus continuing to ensure diversity.

The main expertise and experience of the Company's officers are disclosed in the Notice of General Meeting of Shareholders and the Yokogawa Report (Integrated Report), and the Company also discloses a skill matrix. In addition, two Outside Directors currently have management experience at other companies.

Notification of General Shareholder Meeting:

<https://www.yokogawa.com/about/ir/reports/meeting/>

Yokogawa Report:

<https://www.yokogawa.com/about/ir/reports/annual/>

[Supplementary Principle 4.11.2]

Concurrent positions of Director

Not applicable

Please refer to Supplementary Explanation of the Relationship in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Outside Directors], Outside Directors' Relationship with the Company (2)” of this report for significant concurrent positions of Outside Directors.

[Supplementary Principle 4.11.3]

Based on the evaluations of each Director, each year the Board of Directors shall identify issues for further boosting the strengths and effectiveness of the Board of Directors, and make analysis and evaluations in order to clarify the points that should be emphasized when working on each issue. To make evaluations, the Board of Directors has used third-party evaluation organizations as appropriate. The outcomes of evaluations shall be disclosed in a timely and proper manner.

[Fiscal Year 2023 Board of Directors Evaluation Process]

In fiscal year 2023, during the Board of Directors evaluation through self-assessment by the Board of Directors, we gathered opinions with a view to changing the organizational design starting in fiscal year 2024.

- All Directors and Audit & Supervisory Board Members responded to questionnaires, the creation of which was led by the Chairman of the Board of Directors.
- The questions included fixed-point observations related to the evaluation of the size, composition, and operation of the Board of Directors, as checks on the status of activities aimed at bringing about improvements, and other items. An open text box was also provided to encourage the identification of new issues.
- An analysis of these responses was reported to the Board of Directors and discussed by Board members before the forming of the final evaluation.
- Based on this evaluation, etc. the Board of Directors held discussions to identify issues to further enhance the effectiveness of the Board of Directors, then passed a resolution to implement action plans for their improvement.

[Summary of the Fiscal Year 2023 Board of Directors Evaluation Results]

* In fiscal year 2023, we evaluated the Board of Directors as a company with Audit & Supervisory Board.

As a result of the Board of Directors evaluation, the Board of Directors was evaluated as open and highly effective, and it was also confirmed that it is important to develop a system for setting appropriate management-related targets and indicators, and to exercise a function that encourages risk-taking.

- Roles, size and composition of the Board of Directors
 - The Group has engaged in initiatives to transform a company continuously creating values in the rapidly changing business environment. The Board of Directors appropriately fulfills its role based on the recognition that its important roles and functions are to provide medium- to long-term management direction, and to supervise and support the execution of operations from the perspective of each stakeholder. The Chairman and Directors appropriately fulfill their roles, and Audit & Supervisory Board Members also contribute to improving the effectiveness of the Board of Directors.
 - While the size of the Board of Directors, the ratio of outside directors to inside directors, and the diversity of its members are recognized as appropriate, further enhancement of international and gender diversity is considered desirable. Some respondents also expressed the need to establish a system that enables discussion of best practices from a global perspective.
- Management Status of the Board of Directors
 - The frequency and duration of Board of Directors meetings were found to be appropriate, with open and constructive discussions. It is also considered that the agenda setting should be further focused on important management issues.
 - The Board of Directors contributes to the formulation and implementation of the Medium-term Business Plan and Long-term Management Concept from a variety of knowledge and perspectives. The Board of Directors recognizes that securing and transforming human resources, expanding business, and improving profitability are issues that need to be addressed, and it is believed that the progress and results of these efforts should be strengthened.

[Efforts for Future Improvement]

In order to further accelerate the transformation of the Group based on the results of the Board of Directors evaluation, the Board of Directors will work to enhance effectiveness by bolstering the supervisory function further through the following initiatives.

- Establishment of governance structure as a company with Nominating Committee, etc.
 - The Board of Directors and others had studied the optimal organizational design and decision-making process, and the Board of Directors resolved to make a proposal to the Annual General Meeting of Shareholders regarding the transition to a company with Nominating Committee, etc. After the transition, we aim to achieve sustainable growth and increase corporate value over the medium to long term by clearly separating management oversight and execution and further improving the quality and speed of business execution and decision-making.
- Deepen discussion of medium- and long-term management strategies
 - In fiscal year 2023, the Board of Directors and the executive side reviewed the current medium-term business plan and discussed the formulation of a new medium-term business plan, which was resolved by the Board of Directors. In fiscal year 2024, important medium- to long-term management issues will be selected for the agenda in light of the start of the new medium-term business plan and the transition to a company with Nominating Committee, etc. Among them, we will take up as agenda items important management issues that should be discussed by the Board of Directors, which were raised in the Board of Directors evaluation and Outside Directors Meeting. In order to deepen these discussions, we will also further strengthen communication with the executive side.
- Strengthen monitoring functions
 - With the transition to a company with Nominating Committee, etc., the Board of Directors will confirm whether the quality of execution is ensured as well as whether the speed of execution is increased by delegating significant authority to the executive side. In addition, as a company with Nominating Committee, etc., the Board of Directors will develop an appropriate governance system and confirm the status of the system. As for the three statutory committees, we will also ensure their flexible operation while putting their operation on track.

[Supplementary Principle 4.14.2]

The Company shall provide Directors and Vice President & Executive Officers with necessary training and information as appropriate to allow them to fulfill their roles and responsibilities.

- (i) When Directors and Vice President & Executive Officers newly assume their positions, lectures and training by experts in laws and corporate governance shall be provided, and during their tenures training with respect to amendments to laws and management issues shall be provided on an ongoing basis.
- (ii) In addition to the above, when independent Outside Directors newly assume their positions, the Company shall provide them with briefings about the Company's businesses and conduct tours of key business sites and other locations.
- (iii) Each year, the Board of Directors shall interview the persons responsible for each business concerning business strategies, progress in carrying out such strategies, and other matters.
- (iv) The Company shall provide independent Outside Directors with necessary information about the Company's business issues and other matters in a timely and proper manner.

[Principle 5.1]

Basic Views

In conformity with the Yokogawa Group Code of Conduct and the Disclosure Policy, in order to contribute to sustainable growth and increased corporate value over the medium to long term, the Company will promote constructive dialogue with shareholders and investors.

The responsible officer for dialogue with shareholders and investors will be the officer responsible for IR, who will ensure that information sharing between departments that assist in such dialogue and other types of cooperation take place.

The department in charge of IR, which is under the oversight of the responsible officer, will play the central role in the handling of dialogue. However, based on the wishes of a shareholder or other stakeholder and the matter of main interest in a meeting, the department will positively consider whether the President & CEO, Representative Executive Officer or Outside Directors can participate in the meeting to achieve a quick response if needed.

To flexibly accommodate the needs of shareholders and investors, the Company will strive to ensure opportunities for communication and promote understanding of the Company through various means including in-person meetings, teleconferences, and web conferencing. When making dialogue, the Company will ensure to prevent leakage of insider information.

In order to encourage constructive dialogue with shareholders and others, when meeting with a shareholder for the first time, for example, we will try to enhance the content of the meeting by providing explanations not only about financial information, but also about non-financial information. In addition, we will strive to deepen shareholders' and investors' understanding of the Company by holding financial results briefings, business briefings, factory tours, and other events. The Company discloses Investors' Guide on its website, compiling basic financial and non-financial information on the Company, and uses it to provide explanations as appropriate.

The responsible officer and the department in charge of IR will regularly hold meetings with the president and, as necessary, share the details of meetings with related departments, and regularly provide reports to the Board of Directors, etc., thereby leading to improvements targeting effective dialogue.

[Principle 5.2] Action to Implement Management that is Conscious of the Cost of Capital and the Stock Price (English disclosure)

We formulate management strategies and business plans based on an accurate understanding of our capital costs. Our goal is to maximize shareholder value over the medium and long term, while being aware of the need to realize ROIC and TSR (Total Shareholders Return) that exceed the cost of capital (WACC) and the cost of equity.

In addition, we believe that explaining to shareholders in an easy-to-understand and logical manner the basic concepts and targets that form the foundation of our management strategies and plans, as well as specific measures, will lead to an increase in the number of shareholders who correctly understand and agree with us, and should be implemented accordingly. To this end, we publish the Yokogawa Report, an integrated report that encompasses traditional annual reports and CSR reports, as well as information on our medium-term business plan.

We have formulated the policy to enhance our disclosure based on the request for "Action to implement management that is conscious of the cost of capital and stock price." In the new medium-term business plan GS2028, we will continue to indicate KPIs such as EPS, ROE and ROIC to investors and other external stakeholders, as well as the company's capital cost and an explanation of the process for making investment decisions with an awareness of the cost of capital.

We have also formulated a policy to improve disclosure of specific initiatives to strengthen intangible capital (human capital, intellectual capital, social capital, etc.) by linking non-financial information with financial information in various disclosure materials such as the Yokogawa Report. Through these efforts, we are striving to provide explanations to shareholders in an easy-to-understand and logical manner the basic concepts.

Medium-term Business Plan:

<https://www.yokogawa.com/about/company-overview/corporate-strategy/>

Yokogawa Report:

<https://www.yokogawa.com/about/ir/reports/annual/>

2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Master Trust Bank of Japan Limited (trust account)	51,680,800	19.87
Custody Bank of Japan, Ltd. (trust account)	18,160,300	6.98
The Dai-ichi Life Insurance Company, Limited	15,697,000	6.03
Nippon Life Insurance Company	13,484,615	5.18
State Street Bank and Trust Company 505223	6,272,625	2.41
Retirement Benefit Trust in Mizuho Trust & Banking Co., Ltd. (Mizuho Bank, Ltd. account); Custody Bank of Japan, Ltd. as a Trustee of ReTrust	6,141,000	2.36
BNYM as AGT/Clients 10 percent	5,951,986	2.29
State Street Bank and Trust Company 505038	5,482,722	2.11
State Street Bank West Client-Treaty 505234	4,887,463	1.88
Yokogawa Electric Employee Shareholding Program	4,645,849	1.79

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

1. The Company holds 8,473 thousand shares of treasury stock (Percentage of the number of shares owned in the number of issued shares: 3.15%), but they are excluded from the capital positions of the above major shareholders. The shareholding ratio is calculated after deducting treasury stock.

2. Reports of possession of large volume or change reports to reports of possession of large volume were submitted as follows. However, since the Company cannot confirm the actual ownership as of the end of the fiscal year under review, the following shareholders are not included in the above status of major shareholders.

[Name or Company Name] [Date on which the reporting obligation arose] [Number of Shares Owned (thousand shares)] [Percentage (%)]

(1) Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other company,	August 21, 2019,	16,537	6.16
(2) Nomura Securities Co., Ltd. and other one (1) company,	July 20, 2020,	17,287	6.44
(3) Mizuho Bank, Ltd. and other one (1) company,	December 7, 2021,	13,913	5.18
(4) Massachusetts Financial Services Company and other one (1) company,	February 21, 2022,	10,737	4.00
(5) Three (3) companies of Mitsubishi UFJ Financial Group,	June 20, 2022,	11,117	4.14
(6) FIL Investments (Japan) Limited,	October 21, 2022,	10,345	3.85
(7) Invesco Asset Management (Japan) Limited and other two (2) companies,	June 21, 2023,	11,819	4.40
(8) BlackRock Japan Co., Ltd. and other eight (8) companies,	December 5, 2023	19,872	7.40

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

-

5. Other Special Circumstances which may have Material Impact on Corporate Governance

-

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Nominating Committee, etc.
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	11

[Outside Directors]

Number of Outside Directors	8
Number of Independent Directors	8

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Akira Uchida	From another company									△			
Kuniko Urano	From another company									△			
Takuya Hirano	From another company									△			
Yujiro Goto	From another company									△			
Yasuko Takayama	From another company												
Makoto Ohsawa	From another company												
Masaru Ono	From another company									△			
Hisashi Maruyama	From another company									△			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Akira Uchida	○	○		○	<p>[Concurrent Positions] Outside Director, J. FRONT RETAILING Co., Ltd. Auditor, Suga Weathering Technology Foundation</p> <p>While there are transactions in the past three fiscal years between the Group and Toray Industries, Inc. for which Mr. Akira Uchida served as Director, sales to this company in fiscal year 2023 is less than 1% of annual consolidated sales of the Group, and there was no payment to this company in the fiscal year.</p>	Mr. Akira Uchida properly supervises management as an Outside Director. He was appointed as an Outside Director so that he can achieve greater operational fairness, objectivity, and transparency with respect to supervision of management of the Company based on his wide knowledge as a corporate manager and wide experience in the corporate administration field centered on the Finance and Controller's Division. In addition, he was nominated as an independent officer because he meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange and the Company's Independence Standards for Outside Directors.
Kuniko Urano	○	○		○	<p>[Concurrent Positions] Senior Adviser of Komatsu Ltd. Outside Director of MORINAGA & CO., LTD. Outside Director of NIPPON STEEL CORPORATION Director of JAPAN RUGBY LEAGUE ONE</p> <p>While there are transactions in the past three fiscal years between the Group and QUALICA Inc. for which Ms. Kuniko Urano served as Director, sales to this company in</p>	Ms. Kuniko Urano properly supervises management as an Outside Director. She was appointed as an Outside Director so that she can contribute to greater operational fairness, objectivity, and transparency with respect to supervision of management of the Company based on her wide knowledge as a corporate manager and wide experience in divisions of production, personnel/education, public relations/CSR, etc., in major manufacturing companies.

					fiscal year 2023 is less than 1% of annual consolidated sales of the Group, and there was no payment to this company in the fiscal year.	In addition, she was nominated as an independent officer because she meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange and the Company's Independence Standards for Outside Directors.
Takuya Hirano	○	○		○	<p>[Concurrent Positions] Co-founder of Three Fields Advisors LLC Founder of Crosspoint LLC Chairman (Part-time Member) of Yayoi Co., Ltd. Outside Director of Renesas Electronics Corporation</p> <p>While there are transactions in the past three fiscal years between the Group and Microsoft Japan Co., Ltd. for which Mr. Takuya Hirano served as President, sales to this company in fiscal year 2023 is less than 1% of annual consolidated sales of the Group, and there was no payment to this company in the fiscal year.</p>	Mr. Takuya Hirano properly supervises management as an Outside Director. He was appointed as an Outside Director so that he can contribute to greater operational fairness, objectivity, and transparency with respect to supervision of management of the Company based on his wide knowledge as a corporate manager and wide-ranging practical experience in the business divisions of a global IT firm. In addition, he was nominated as an independent officer because he meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange and the Company's Independence Standards for Outside Directors.
Yujiro Goto	○	○		○	<p>[Concurrent Positions] Advisor of NIPPON SHOKUBAI CO., LTD. Vice Chairman of Science Technology and Industrial Development Committee of Kansai Economic Federation</p> <p>While there are transactions in the past three fiscal years between the Group and NIPPON SHOKUBAI CO., LTD. for which Mr. Yujiro Goto served as President and</p>	Mr. Yujiro Goto properly supervises management as an Outside Director. He was appointed as an Outside Director so that he can contribute to greater operational fairness, objectivity, and transparency with respect to supervision of management of the Company based on his wide knowledge and experience as a corporate manager and corporate transformation, new

					CEO. There were no sales to this company in fiscal year 2023, and the amount paid to this company in the fiscal year is less than 1% of annual consolidated sales of the Group.	business development, and M&A at a major manufacturing company. In addition, he was nominated as an independent officer because he meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange and the Company's Independence Standards for Outside Directors.
Yasuko Takayama			○	○	[Concurrent Positions] Outside Director, The Chiba Bank, Ltd. Outside Director (Audit and Supervisory Committee Member), Cosmo Energy Holdings Co., Ltd. Councilor of Japan Institute for Women's Empowerment & Diversity Management	Ms. Yasuko Takayama has properly supervised management as an Outside Audit & Supervisory Board Member. She worked for a major company in the consumer market where she gained extensive practical experience, including responsibility for CSR, and acting as a full-time audit and supervisory board member. She also has a wealth of experience as an outside executive at various companies. Accordingly, we expect her to contribute to greater operational fairness, objectivity, and transparency with respect to supervising management of the Company based on her such experiences, so she was appointed as an Outside Director. In addition, she was nominated as an independent officer because she meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange and the Company's Independence Standards for Outside Directors.
Makoto Ohsawa			○	○	[Concurrent Positions] Chief Executive Officer, FEMO Co., Ltd.	Mr. Makoto Ohsawa has properly supervised management as an Outside Audit & Supervisory Board

					<p>Representative Director and President of Long Stay Network Co., Ltd. Outside Director, Bank of Toyama Director of Japan Business School Education Development Organization Auditor of Kibun Scholarship Foundation</p>	<p>Member. He has wide knowledge based on his perspective as an experienced corporate manager and his extensive range of business activities in the economic circles, and also has a wealth of experience acting as an outside executive at various companies. Accordingly, we expect him to contribute to greater operational fairness, objectivity, and transparency with respect to supervising management of the Company based on his such experiences, so he was appointed as an Outside Director. In addition, he was nominated as an independent officer because he meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange and the Company's Independence Standards for Outside Directors.</p>
Masaru Ono			○	○	<p>[Concurrent positions] Representative Partner of Ono & Partner Advisor of Nishimura & Asahi External Auditor of Prestige International Inc. Independent Auditor of &Capital Inc. President of Securitization Forum of Japan Auditor of Advanced Internship Institute of Japan Association of Corporate Executives</p> <p>While there are transactions in the past three fiscal years between the Group and Nishimura & Asahi Law Firm for which Mr. Masaru Ono served as Attorney-at-Law. There was no sales to this firm in fiscal year 2023, and the amount paid to this</p>	<p>Mr. Masaru Ono has properly supervised management as an Outside Audit & Supervisory Board Member. He is a lawyer with wide knowledge of the corporate legal affairs and finance fields and has extensive knowledge from his extensive range of business activities in economic and educational circles. Accordingly, we expect him to contribute to greater operational fairness, objectivity, and transparency with respect to supervising management of the Company based on his such experiences, so he was appointed as an Outside Director. In addition, he was nominated as an independent officer because he meets the requirements of an independent officer</p>

					firm in the fiscal year is less than 1% of annual consolidated sales of the Group.	pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange and the Company's Independence Standards for Outside Directors.
Hisashi Maruyama			○	○	<p>[Concurrent positions]</p> <p>Outside Director, Member of the Audit & Supervisory Committee of Zensho Holdings Co., Ltd.</p> <p>While there are transactions in the past three fiscal years between the Group and Resonac Holdings Corporation, for which Mr. Hisashi Maruyama served as Director, there were no transactions in fiscal year 2023.</p> <p>While there are transactions in the past three fiscal years between the Group and Resonac Corporation, for which Mr. Hisashi Maruyama served as Representative Director and Chairman, sales to this company in fiscal year 2023 is less than 1% of annual consolidated sales of the Group, and the amount paid to this company in the fiscal year is less than 1% of annual consolidated sales of the Group.</p>	<p>Mr. Hisashi Maruyama has broad experience and knowledge as a manager and in the field of legal, public relations and investor relations, finance, and CSR departments, leading corporate reform as CEO, in the major global manufacturing industry. Accordingly, we expect him to contribute to greater operational fairness, objectivity, and transparency with respect to supervising management of the Company based on his such experiences, so he was appointed as an Outside Director. In addition, he was nominated as an independent officer because he meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange and the Company's Independence Standards for Outside Directors.</p>

[Committees]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nominating Committee	5	1	1	4	Outside Director
Compensation Committee	4	0	0	4	Outside Director
Audit Committee	5	1	1	4	Outside Director

[Vice President & Executive Officers]

Number of Vice President & Executive Officers	24
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Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Hitoshi Nara	Yes	Yes	Yes	No	No
Tsuyoshi Abe	No	No	No	No	No
Yukihiro Funyuu	No	No	No	No	No
Koji Nakaoka	No	No	No	No	No
Kazuhiko Takeoka	No	No	No	No	No
Kunimasa Shigeno	No	No	No	No	No
Hiroshi Nakao	No	No	No	No	No
Hiromasa Yatsushashi	No	No	No	No	No
Hiroshi Nagai	No	No	No	No	No
Sajiv Ravindran Nath	No	No	No	No	No
Michiko Nakajima	No	Yes	No	No	No
Yoko Fujita	No	No	No	No	No
Toshiyuki Suzuki	No	No	No	No	No
Hiroshi Tanoguchi	No	No	No	No	No
Akira Fukuda	No	No	No	No	No
Kevin McMillen	No	No	No	No	No
Naohisa Endo	No	No	No	No	No
Yasumasa Ogawa	No	No	No	No	No
Norinao Sato	No	No	No	No	No
Yoshiaki Asakura	No	No	No	No	No
Masaharu Maeda	No	No	No	No	No
Masataka Tomonaga	No	No	No	No	No
Mitsuhiro Yamamoto	No	No	No	No	No
Seita Hagihara	No	No	No	No	No

[Audit Structure]

Assignment of Directors and employees in charge of assistance for the Audit Committee's duties	Assigned
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Matters Regarding Independent of Such Directors and Employees From Vice President & Executive Officers

To assist the Audit Committee in the performance of its duties, the Office of the Audit Committee has been in place with three (3) dedicated staff members who are independent of Vice President & Executive Officers assigned. The Office of the Audit Committee performs its duties to ensure the effectiveness of the Audit Committee, and personnel transfers related to the Office of the Audit Committee require prior approval from the Audit Committee. In addition, personnel evaluations of staff members are conducted by Audit Committee Members designated by the Audit Committee, thus ensuring independence.

Cooperation among Audit Committee, Accounting Auditors and Internal Audit Departments

The Audit Committee, whose chairperson and majority of the members are independent Outside Directors, receives periodic reports from the Accounting Auditors and the internal audit departments on the audits conducted by each of them, and exchanges opinions with them. In addition, the Audit Committee conducts audits efficiently by providing instructions to and cooperating with the internal audit departments.

[Independent Directors/]

Number of Independent Directors	8
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Matters relating to Independent Directors

The Company has established the independence standards for Outside Directors as follows:

The Company's Independence Standards for Outside Directors

Any of the following will disqualify an individual from serving as an independent Director of the Company:

- (1) Is an executive of the Company or its consolidated subsidiaries (hereinafter referred to as "the Group") or has served as such within the last 10 years (Note 1)
- (2) Is a current major shareholder of the Company (ratio of voting rights: 10% or higher) or has been such a shareholder within the last five years (Note 2)
- (3) Is an executive of a corporation in which the Company is currently a major shareholder
- (4) Is an executive of a major business partner (including its parent company and subsidiaries) of the Group that has made payments to the Group that exceed 2% of the Company's consolidated total sales in the most recent fiscal year or in any of the preceding three fiscal years
- (5) Is an executive of a major business partner (including its parent company and subsidiaries) of the Group that has received payments from the Group that exceed 2% of said business partner's consolidated total sales in the most recent fiscal year or in any of the preceding three fiscal years (Note 3)
- (6) Is an executive of a public interest incorporated foundation, public interest incorporated association, non-profit corporation or other body that has received an annual average of 10 million yen or more in donations or subsidies from the Group during the previous three years, or donations or subsidies that have covered more than 30% of the organization's operating costs during that period, whichever amount is higher
- (7) Is an executive of a corporation that has appointed a Director from the Group
- (8) Is an executive of a major lender for the Group or has served in such a role during the preceding three years (Note 4)
- (9) Is the Group's accounting auditor or is involved in the Group's auditing firm, etc., or has served in such a capacity during the preceding three years (Note 5)
- (10) Is a lawyer, certified accountant, certified tax accountant, or other consultant who does not fall under (9) above and has received an annual average of 10 million yen or more in compensation (other than that for duties as an officer) during the preceding three years
- (11) Is with a law firm, auditing firm, tax accounting firm, or consulting firm that does not fall under (9) above and for which the Group is a major business partner (billings to the Group account for over 2% of average annual revenues over the past three fiscal years) (Note 6)

(12) Is a relative of a person who falls under any of (1) to (11) above [except (6)] (spouse, relative within the second degree of kinship, or family member who is living in the same household with the person)

(13) Has served for over eight years as an independent officer

Note 1: An executive Director, vice president & executive officer, officer or some other person who serves in an executive capacity (referred to as “executives” in these standards).

Note 2: The Company’s major shareholder at present or in the last five years. In cases where the major shareholder is a corporation, an executive of that major shareholder or its parent company or principal subsidiary.

Note 3: If the business partner does not perform consolidated accounting, the annual non-consolidated sales shall be used as the basis instead of the annual consolidated total sales. Note 4: A provider of loans whose total outstanding amount exceeds 2% of the Company’s consolidated total assets. Applies to executives of the lending institution and all fellow institutions in a consolidated financial group.

Note 5: The Group’s accounting auditor or an employee or partner of the Group’s auditing firm, or a person who was served in such a capacity within the past three years (including those who have already retired).

Note 6: A partner, associate, or employee of that firm.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

Based on the resolution at the Annual General Meeting of Shareholders held on June 18, 2024, the Company transitioned from a company with Audit & Supervisory Board to a company with Nominating Committee, etc. Following the transition of the organizational design, the Compensation Committee will engage in many discussions going forward and review the current approach to executive compensation as appropriate.

The following is an explanation of the Company’s compensation system as a company with Audit & Supervisory Board in fiscal year 2023.

Compensation for internal Directors and executive officers consists of basic compensation, which is fixed component, and performance-linked component (annual incentives and medium-to long-term incentives).

Performance-linked compensation covers directors and executive officers, excluding Outside Directors, Audit & Supervisory Board Members and non-executive Directors. This is because variable compensation such as performance-linked compensation is not appropriate for Outside Directors and Audit & Supervisory Board Members, who maintain position independent from the performance of duties, and as such only fixed compensation is paid, identically for non-executive Directors.

The levels of compensation for executive are set through a comparison with companies from the same industry and of the same scale, both domestically and internationally, based on the results of surveys conducted by external organizations, and the Company’s financial conditions.

Compensation levels for each position are based on the level of 50%iles by peer companies. From the viewpoint of flexible management in response to changes in the environment and the acquisition and retention of talented management personnel, compensation levels shall generally be within the range of 25%iles to 75%iles.

Compensation for personnel hired overseas may be determined individually based on a compensation benchmark analysis that takes into account the responsibilities of each position based on executive compensation survey data in that overseas region.

Performance-linked compensation shall be determined by the Compensation Advisory Committee in order to raise awareness of the improvement of business performance in each fiscal year and the enhancement of corporate value in the medium term, and shall be paid in an amount or number calculated according to the degree of achievement of the target value (KPI).

The concept of performance-linked compensation is as follows.

1. Increase the ratio of performance-linked compensation to total compensation.
2. The higher the position, the higher the ratio of performance-linked compensation to total compensation, and the ratio for representative director is set at 60%.
3. Share-based compensation as a percentage of total compensation shall be at least equal to companies from the same industry or of the same scale.

1 Annual incentives

Annual incentives in performance-linked compensation shall be calculated by the Compensation Advisory Committee on the basis of the company-wide performance evaluation and individual performance evaluation for a single fiscal year, and shall be

paid once a year. The amount to be paid shall be designed to vary from 0% to 200% to a value of 100% when the performance target is achieved.

※The ratio of the basic compensation and the annual incentives when the performance target is achieved is designed so that the higher the position is, the higher the ratio of the annual incentive is set. From 1 to 0.75 for the representative director, the lower the position is, the lower the ratio of annual incentives is set. The overall average including Executive Officers is generally 1 to 0.5. This ratio may vary from 1 to 0 to 1 to 1, depending on the degree to which performance targets are achieved.

2 Medium-to long-term incentives

Regarding medium-to long-term incentives, at the 142nd Annual General Meeting of Shareholders convened on June 26, 2018, the Company introduced the performance share unit plan (the “PSU Plan”), a performance-based stock compensation plan, under which payment of the Company’s shares and cash is made in accordance with the extent to which the Company’s consolidated return on equity (ROE) target and other targets have been achieved in the final fiscal year of the period covered by the medium-term business plan.

Subject to performance targets and other requirements established in advance by the Board of Directors during the period covered by the medium-term business plan, the Company determines the amount of compensation based on medium-to long-term incentives for each eligible director and executive officer by multiplying the base amount of stock compensation established by the Compensation Advisory Committee for each director and executive officer to which the compensation will be paid by a coefficient established in advance by the Board of Directors in accordance with the conditions for achieving performance targets (the “payment rate”). An amount equal to 60% of the amount of compensation shall be paid in the form of shares of the Company in an amount equal to 40% in monetary terms. The payout rate is designed to vary from 0% to 100% depending on the degree of achievement of the performance target.

Performance targets in medium-to long-term incentives are based on links with the medium-term business plan, and are considered to be important indicators in terms of both corporate value and shareholder value. Accordingly, the Company shall use return on equity (ROE), which is an indicator of management efficiency.

The PSU Plan establishes a clawback provision under which, in the event of material fraud accounting or a large loss, all or a portion of the compensation paid as compensation related to the PSU Plan can be requested for reimbursement free of charge.

※The ratio of annual incentives and medium- to long-term incentives to basic compensation when the performance targets for each of the annual incentive and the medium-to long-term incentive are achieved in the fiscal year in which the medium-to long-term incentive is paid shall be set as the higher the position, the higher the ratio to the basic compensation shall be set, and as the position falls from 1 to 0.75 for the representative director, the overall average including the executive officer shall be approximately 1 to 0.5 to 0.5. This ratio may vary from 1:0:0 to 1:1:0.5, depending on the degree of achievement of the performance objectives for each of the annual incentives and the medium-to long-term incentives.

Notes: 1. Based on the idea that performance objectives that lead to an evaluation of the entire company’s results for the individual year in the annual incentive are significant indicators for the Group to measure sustained growth, the performance objectives have been set for “consolidated sales” and “consolidated return on sales (ROS).” Performance objectives and results in the fiscal year ended March 31, 2023, one of determinant factors for performance-linked compensation, are as follows:

	[Performance objectives set for the fiscal year ended Mach 31, 2023]	[Results in the fiscal year ended March 31, 2023]
Consolidated sales	¥470.0 billion	¥456.4 billion
Consolidated return on sales	10.2%	9.7%

Notes: 2. The Company considers that performance objectives in medium-to long-term incentive are based on the linkage with the medium-term business plan. Among several business objectives set in the medium-term business plan, the Company has currently chosen “return on equity (ROE),” an indicator showing efficiency of management, for the performance objective based on the idea that it is a significant indicator in an increase in both corporate value and shareholder value.

Actual ROE	Payment Rate
Less than 8%	0%
From 8% to less than 11%	$(25 + (\text{Actual ROE} \times 100 - 8) / 3 \times 25)\%$
From 11% to less than 14%	$(50 + (\text{Actual ROE} \times 100 - 11) / 3 \times 50)\%$
14% or higher	100%

Recipients of Stock Options	-
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Supplementary Explanation

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[Remuneration for Directors and Vice President & Executive Officers]

Disclosure of Individual Directors' Remuneration	Individual disclosure of only some items
Disclosure of Individual Vice President & Executive Officers' Remuneration	Not Disclosed

Supplementary Explanation

(1) The total amount of compensation and others paid to Directors and Audit & Supervisory Board Members in the fiscal year ended March 31, 2024			
	[Total amount of compensation and others]	[Basic compensation]	[Performance-linked compensation]
Directors (4 persons)	¥224 million	¥80 million	¥143 million
Outside Directors (6 persons)	¥72 million	¥72 million	
Audit & Supervisory Board Members (2 persons)	¥48 million	¥48 million	
Outside Audit & Supervisory Board Members (3 persons)	¥36 million	¥36 million	
Notes:			
1. The total paid to Directors does not include employee salaries for Directors who are concurrently employees.			
2. Performance-linked compensation is comprised of annual incentives and medium- to long-term incentives. Since the fiscal year under review is the final fiscal year of the medium-term business plan AG2023, the medium- to long-term incentives will be finalized.			
3. The retirement bonuses for Directors were eliminated on the day of the 2004 Annual General Meeting of Shareholders held on June 25, 2004.			
(2) Persons whose total amount of compensation and others was ¥100 million or more			
*The amount is disclosed in the securities report			
President and Chief Executive Officer Hitoshi Nara			
Total amount of compensation and others: ¥197 million (basic: ¥60 million, performance-linked: ¥137 million)			

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

<p>(i) Policy in relation to decisions concerning the details of compensation, etc. for officers</p> <p>Following the approval of amendment to the Articles of Incorporation at the 148th Annual General Meeting of Shareholders held on June 18, 2024, the Company transitioned to a company with Nominating Committee, etc. The following is a description of the details for fiscal year 2023.</p> <p>At the Board of Directors meeting held on March 2, 2021, the Company resolved the policy in relation to decisions concerning the details of compensation for individual Directors. Prior to the resolution at the Board of Directors meeting, the matters to be resolved were consulted with the Compensation Advisory Committee and reported to the Board of Directors.</p> <p>In addition, the Board of Directors has confirmed regarding the compensation for individual Directors for the fiscal year under review that the method of determining the details of compensation and the content of determined compensation are consistent with the policy resolved by the Board of Directors and that the reports of the Compensation Advisory Committee are respected, has also judged that such procedures are in accordance with the policy.</p> <p>The contents of the policy in relation to decisions concerning the details of compensation for individual Directors are as follows.</p> <p>(1) Basic policy</p> <p>The basic policy on compensation for Directors shall be as follows:</p> <p>(a) Plan that promotes sustainable, medium- to long-term improvement in corporate value</p>

(b) Plan that reflects the medium- to long-term management strategy and strongly motivates the achievement of medium- to long-term management objectives

(c) Plan that prevents bias toward short-term thinking

(d) Plan and monetary amounts that secure and maintain excellent human resources

(e) Plan that includes transparency, fairness, and rationality for stakeholders, decided through an appropriate process to ensure these factors

(2) Policy for determining compensation, etc. for officers

1) Compensation for Directors

The amount of compensation for Directors shall be determined individually within the limits approved at the General Meeting of Shareholders (*1). Compensation for Audit & Supervisory Board Members shall also be determined through consultation among Audit & Supervisory Board Members within the limits approved at the General Meeting of Shareholders (*2).

(*1) At the 142nd Ordinary General Meeting of Shareholders held on June 26, 2018, the maximum amount of compensation for Directors was resolved to be 1.6 billion yen per business year (excluding salaries for employees).

(*2) At the 128th ordinary general meeting of shareholders held on June 25, 2004, the maximum amount of compensation for Corporate Auditors was resolved to be no more than 150 million yen per fiscal year.

2) Composition, roles and responsibilities of the Compensation Advisory Committee

The Compensation Advisory Committee, composed of at least three directors, the majority of whom are Outside Directors, shall be established as an advisory body to the Board of Directors with the aim of enhancing objectivity and transparency in the process of determining compensation for Directors and Executive Officers.

i) Members of the Compensation Advisory Committee

It composes of three or more directors, the majority of whom are outside directors.

ii) Roles and Responsibilities of the Compensation Advisory Committee

The Compensation Advisory Committee, in consultation with the Board of Directors, deliberates on the compensation system and decision-making policies for Directors and Executive Officers, and reports to the Board of Directors. In addition, the Compensation Advisory Committee, in accordance with the compensation system, determines the details of compensation for individual Directors and Executive Officers.

iii) Measures to ensure that such powers are properly exercised

In the Compensation Advisory Committee, which consists of a majority of independent Outside Directors, the Chairman is elected mutually by the committee members, and the amount of individual compensation is determined based on the compensation system approved by the Board of Directors, thereby securing the decision that conforms to the aforementioned purpose.

Note: As described above, in order to increase the objectivity and transparency of the decision-making process for executive compensation, the Board of Directors entrusts the Compensation Advisory Committee to determine the details of compensation for individual Directors and Executive Officers. The composition of the Compensation Advisory Committee in fiscal year 2023 is as follows.

Shiro Sugata	Outside Director
Akira Uchida	Outside Director
Kuniko Urano	Outside Director (Chairwoman)
Takuya Hirano	Outside Director
Yujiro Goto	Outside Director
Hitoshi Nara	President and Chief Executive Officer

An independent Outside Director shall be the chairperson of the Compensation Advisory Committee, further ensuring the objectivity and transparency.

(3) Composition of officers' compensation

Compensation for internal Directors and executive officers consists of (a) basic compensation, which is fixed component, and (b) performance-linked component ((b)-1 annual incentives and (b)-2 medium-to long-term incentives).

Performance-linked compensation covers directors and executive officers, excluding Outside Directors, Audit & Supervisory Board Members and non-executive Directors. This is because variable compensation such as performance-linked compensation is not appropriate for Outside Directors and Audit & Supervisory Board Members, who maintain position independent from the performance of duties, and as such only fixed compensation is paid, identically for non-executive Directors.

The levels of compensation for executive are set through a comparison with companies from the same industry and of the same scale, both domestically and internationally, based on the results of surveys conducted by external organizations, and the Company's financial conditions.

Compensation levels for each position are based on the level of 50%iles by peer companies. From the viewpoint of flexible management in response to changes in the environment and the acquisition and retention of talented management personnel, compensation levels shall generally be within the range of 25%iles to 75%iles.

Compensation for personnel hired overseas may be determined individually based on a compensation benchmark analysis that takes into account the responsibilities of each position based on executive compensation survey data in that overseas region.

The specific composition of compensation for executives and officers shall be as follows in accordance with the executive categories.

[Executive categories] : [(a) Base compensation] : [(b) performance-linked compensation] : [Remarks]
 : (b)-2 including non-monetary compensation :
 : [(b)-1 Annual Incentive] : [(b)-2 Mid- to Long-Term Incentive] :

Directors (excluding Outside Directors and Non-executive Directors) : ○ : ○ : ○ : Executive compensation and employee salaries

Outside Directors and Non-executive Directors : ○ : — : — : Executive compensation

Audit & Supervisory Board Members : ○ : — : — : Executive compensation

Outside Audit & Supervisory Board Members : ○ : — : — : Executive compensation

Non-Director officers : ○ : ○ : ○ : Employee salaries

(a) Basic compensation

Basic compensation shall be fixed monthly compensation and shall be determined based on the criteria established by the Compensation Advisory Committee in accordance with the roles and positions of Directors and Executive Officers.

(b) Performance-linked compensation

Please refer to [Incentives].

The total amount of compensation and others paid to Directors and Audit & Supervisory Board Members in the fiscal year ended March 31, 2024 as follows:

[Total amount of compensation and others] [Basic compensation] [Performance-linked compensation]

Directors (4 persons)	¥224 million	¥80 million	¥143 million
Outside Directors (6 persons)	¥72 million	¥72 million	
Audit & Supervisory Board Members (2 persons)	¥48 million	¥48 million	
Outside Audit & Supervisory Board Members (3 persons)	¥36 million	¥36 million	

Notes:

1. The total paid to Directors does not include employee salaries for Directors who are concurrently employees.
2. Performance-linked compensation is comprised of annual incentives and medium- to long-term incentives. Since the fiscal year under review is the final year of the medium-term business plan AG2023, the medium- to long-term incentives will be finalized.
3. The retirement bonuses for Directors were eliminated on the day of the 2004 Annual General Meeting of Shareholders held on June 25, 2004.

[Supporting System for Outside Directors]

[Supporting System for Outside Directors]

By finalizing the Board of Directors annual schedule in advance (January in the previous fiscal year), a framework that makes it possible for Outside Directors to attend Board of Directors as much as possible is developed.

A framework that makes it possible to adopt written resolution has been in place in preparation for convening of Extraordinary General Meetings of Shareholders.

In principle, Board of Directors meeting materials are distributed in advance to ensure adequate time to study matters. Also, with respect to particularly important matters for resolution, advanced briefings shall be provided prior to the Board of Directors meeting, and adequate time for discussion shall be ensured at the Board of Directors meeting held prior to the Board of Directors meeting where the resolution is adopted.

To Outside Directors, materials, etc. for the Management Board which is an advisory body to the President & CEO, Representative Executive Officer are also distributed, and statutory disclosure materials including securities reports, business reports and summary of financial results, non-statutory disclosure materials including the Yokogawa Reports, reports to

shareholders and press releases, and information including in-house newsletters, articles in the media, reports issued by securities analysts are provided.

The Board of Directors Office has been in place with three (3) dedicated staff members assigned. This office and the department in charge of secretariat support activities of Outside Directors.

The Office of the Audit Committee has been in place with three (3) dedicated staff members who are independent of Vice President & Executive Officers assigned. This office supports activities of Audit Committee Members.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

-

Others

The Company abolished the Senior Advisor, Advisor (“Komon” in Japanese), and Honorary Corporate Associate positions on June 26, 2018. With the goals of representing the Company in activities as officers of external organizations, or, conducting external activities recognized as making particularly large contributions to the Company’s business activities, the name and title of advisor (“Advisor” in Japanese) can be given, and delegation agreements concluded on an individual basis following a resolution by the Board of Directors. Furthermore, the purpose of this delegation is not for advisors to provide advice, etc. to management.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Overview of corporate governance system

Following the approval of amendment to the Articles of Incorporation at the 148th Annual General Meeting of Shareholders held on June 18, 2024, the Company transitioned to a company with Nominating Committee, etc.

With the aim of achieving sustainable growth and increasing the corporate value of the Group over the medium to long term, the Company has adopted the organizational structure of a company with Nominating Committee, etc. as specified under the Companies Act. By clearly separating management oversight and execution, strengthening the supervisory function of the Board of Directors, and clarifying the authority and responsibilities of Vice President & Executive Officers, the Company aims to further improve the quality and speed of business execution and decision-making while ensuring the transparency and fairness of management.

Board of Directors

In line with the provisions of the Articles of Incorporation, the number of directors shall be no more than 15, and the majority of the directors shall be independent outside directors. The number of Directors who concurrently serve as Vice President & Executive Officers shall be kept to a minimum. In order to practice management backed by the trust of shareholders, the term of office for the directors of the Company is set as one (1) year.

The Board of Directors shall be comprised so as to be well balanced in knowledge, experience, and capabilities to effectively fulfill its roles and responsibilities, and it shall be constituted in such a manner as to achieve both diversity—including in terms of gender, internationality, career within and outside the company, and age—and appropriate size.

The current Board of Directors consists of eleven (11) members, including eight (8) independent Outside Directors.

The Board of Directors is entrusted by shareholders with the aim of achieving sustainable growth and increasing the corporate value of the Group over the medium to long term. To achieve these, considering its initiatives for sustainability as an important management issue, the Board of Directors shall determine the general direction of the Group, including corporate strategies, while improving profit earning capability and capital efficiency. To speed up management decision-making and business execution, authority for decision-making on business execution is largely delegated to Vice President & Executive Officers. The Board of Directors supervises the Vice President & Executive Officers’ execution of duties, determines the basic policy for the internal control system for business execution, and monitors and supervises the establishment and operation of the system.

An independent Outside Director shall, in principle, act as the Chairman of the Board of Directors in order to separate the execution and supervision of business, and the Chairman of the Board of Directors shall strive to set the agenda and conduct the meeting of the Board of Directors in a way which creates a place for holding free and open discussions and constructive debates based on the knowledge and experience of each member.

Based on the evaluations of each director, each year the Board of Directors shall identify issues for further boosting the strengths and effectiveness of the Board of Directors. In addition to analysis and evaluations in order to clarify the points that should be emphasized when working on each issue and striving to enhance corporate governance, the overview of the outcomes shall be disclosed in a timely and proper manner. The Board of Directors shall use third-party evaluation organizations as appropriate in order to receive support with analysis and evaluation thereof, as well as resolving issues from these analyses and evaluations.

In fiscal year 2023, as a company with Audit & Supervisory Board, the meeting of the Board of Directors was held 14 times, and the attendance rate of Directors (including Outside Directors) was 100%, and that of Audit & Supervisory Board Members (including Outside members) was 100%.

In fiscal year 2023, the Board of Directors focused on and deliberated the following matters.

- Medium- to long-term growth strategy and important management issues

Based on the results of the Board of Directors evaluation conducted in the previous fiscal year, the Board of Directors set and deliberated upon priority agenda items concerning the medium- to long-term growth strategy and important management issues, including the status of attainment and ongoing issues of the medium-term business plan AG2023, which has reached its final year, and the establishment of the next medium-term business plan. In addition, the Board of Directors deliberated on the progress of the medium-term business plan and the long-term growth scenario for the entire Company and the main businesses, initiatives for improving profitability for the entire Company over the medium to long term, initiatives for human capital management, and the progress and results of the management foundation transformation project, and also discussed issues to address in the future.

- Sustainability

Based on the recognition that the sustainability strategy is an important theme that is directly linked to improving the Company's corporate value over the medium to long term, the Board of Directors received a report from the Sustainability Committee, which was established in 2022 as an advisory body to the Management Board, regarding policies for setting sustainability metrics and targets for 2030, the Group's contribution areas based on the reimplementation of materiality analysis, the formulation of a story that integrates our contributions to society and the environment with our growth strategy, human capital management, internal and external communication, sustainability-related information disclosure, and other activities, and confirmed the status of initiatives.

- Governance concept

The Board of Directors deliberated on enabling the Board of Directors to better perform the supervisory function in order to improve the corporate value of the Group, supporting risk-taking by management for implementing reforms, the optimal decision-making process and organizational design for improving management speed, and other matters. As a result of these deliberations, the Company decided to submit a proposal to the Annual General Meeting of Shareholders to transition to a company with Nominating Committee, etc. In addition, information sharing with the Board of Directors was strengthened regarding risk management, internal audits, and the status of the activities of the Nomination Advisory Committee and the Compensation Advisory Committee.

Nominating Committee

The Nominating Committee sets out the standard and procedure for new appointment, reappointment and dismissal of Directors and Vice President & Executive Officers, and deliberates based on them, so that desired human resources (qualifications, achievements, etc.) required of Directors and Vice President & Executive Officers and the selection process is optimal from the perspective of all stakeholders for the continued development of the Group and corporate governance. The Nominating Committee makes decisions on items set forth below.

- (1) Decisions on proposals regarding the election and dismissal of Directors to be submitted to the General Meeting of Shareholders
- (2) Details of the agenda item to be discussed at a meeting of the Board of Directors concerning the appointment, and dismissal or removal of the Representative Executive Officers and Vice President & Executive Officers
- (3) Establishment, amendment or abolition of necessary basic policies, regulations, procedures, etc. to enable a decision by the committee regarding an item stated in item (2)
- (4) Other matters that the committee recognizes as important in relation to the appointment of candidates, and dismissal or removal of the Representative Executive Officers and Vice President & Executive Officers stated in items (1) and (2)

The Nominating Committee shall be composed of three or more Directors appointed by the Board of Directors, a majority of whom shall be independent Outside Directors. The committee shall be chaired by an independent Outside Director. Currently, the committee consists of five members—four independent Outside Directors and one Director—and is chaired by Kuniko

Urano, an Outside Director. Having an independent Outside Director serve as the chairperson of the Nominating Committee further ensures its objectivity and transparency.

In fiscal year 2023, as a company with Audit & Supervisory Board, the Nomination Advisory Committee (a voluntary advisory body to the Board of Directors) met 14 times. In addition to discussing the current state, future direction and composition of the Board of Directors and the optimal decision-making process and organizational design, the committee deliberated on the evaluation and reappointment of the President and Chief Executive Officer, the structure of Executive Officers for fiscal year 2024, the recommended Director candidates to be proposed for election at the Annual General Meeting of Shareholders in June 2024, and candidates for members and chairperson of the three statutory committees to be proposed to the Board of Directors and candidates for Vice President & Executive Officers after the transition to a company with Nominating Committee, etc. In addition, the committee confirmed the implementation status of the succession plan for the CEO and discussed the future successor development plan and other matters. The attendance rate was 99%.

Compensation Committee

The Compensation Committee deliberates and makes decisions based on the prescribed standard and procedure in order to ensure that the compensation system and compensation for Directors and Vice President & Executive Officers promotes the appropriate challenging attitude toward the Group's growth, enables hiring and retention of excellent human talent, and fosters a perspective that is held in common with all stakeholders. The Compensation Committee makes decisions on items set forth below.

- (1) Policy in relation to decisions concerning the details of compensation, etc. for Directors and Vice President & Executive Officers
- (2) Details and standards of compensation, etc. for individual Directors and Vice President & Executive Officers
- (3) Establishment, amendment or abolition of necessary basic policies, regulations, procedures, etc. to enable a decision by the Compensation Committee regarding a matter stated in item (2).
- (4) Other matters that the Compensation Committee recognizes as important in relation to compensation, etc. pertaining to each item above.

The Compensation Committee shall be composed of three or more Directors appointed by the Board of Directors, a majority of whom shall be independent Outside Directors. The committee shall be chaired by an independent Outside Director. Currently, the committee consists of four independent Outside Directors and is chaired by Takuya Hirano, an Outside Director. Having an independent outside director serve as the chairperson of the Compensation Committee further ensures its objectivity and transparency. In fiscal year 2023, as a company with Audit & Supervisory Board, the Compensation Advisory Committee (a voluntary advisory body to the Board of Directors) met 8 times. The committee determined the amount of performance-based compensation paid in July 2023; set the performance indicators and calculation formula for performance-based compensation to be paid in July 2024; confirmed the executive compensation levels by comparing them with those at benchmark companies in order to verify the validity of the current executive compensation levels; and based on those results, revised the base amounts for fixed and performance-linked compensation; and discussed the state of the stock compensation system as medium- to long-term incentive compensation, among other topics. The attendance rate was 98%.

Audit Committee

The Audit Committee is responsible for auditing the execution of duties by Directors and Vice President & Executive Officers, preparing audit reports, deciding on proposals for the appointment and dismissal of Accounting Auditors, and other duties as stipulated by laws and regulations. From the viewpoint of Directors, the main focus of the committee is to conduct high value-added audits and appropriateness audit.

The Audit Committee shall consist of three or more Directors appointed by the Board of Directors who do not concurrently serve as Vice President & Executive Officers, and the majority of them shall be independent Outside Directors. The committee shall be chaired by an independent Outside Director. In addition, at least one person with sufficient knowledge of finance and accounting in particular is to be appointed as a member of the Audit Committee. Currently, the committee consists of five members—four independent Outside Directors and one Director—and is chaired by Hisashi Maruyama, an Outside Director. Having an independent Outside Director serve as the chairperson of the Audit Committee further ensures its objectivity and transparency. In fiscal year 2023, as a company with Audit & Supervisory Board, the Audit & Supervisory Board met 16 times, and the attendance rate of Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) was 100%.

Internal audits

As the Company seeks to achieve mid- to long-term improvements in corporate value, it has established the Internal Audit Headquarters (19 persons who work there on a full time basis) as the department in charge of internal audits, with the objective of maintaining and enhancing the quality of the Group's internal control system and management.

In addition to working together with the internal auditors of Group companies to build a Group internal audit structure, the Internal Audit Headquarters will help management achieve its targets by putting in place an internal control system/process,

which includes internal controls related to business audits and financial reporting, based on the Group Internal Audit Code in the GMS (Group Management Standards) and audit plans, with the objective of providing risk-based, objective assurance.

Accounting auditor

The Company has entered into audit contracts with Deloitte Touche Tohmatsu LLC for accounting audits conducted under the Companies Act and under the Financial Instruments and Exchange Act. In the fiscal year ended March 31, 2024 (FY23), details of certified accountants who executed accounting audit services and others are as follows:

Certified accountants who executed accounting audit services: Hiroyuki Motegi, Shinji Hatano and Shinnosuke Kurosaki

Composition of assistants for accounting audit services: 13 certified accountants, five (5) persons who passed the certified public accountant examination, etc. and 29 other people

The amount of compensation paid to the accounting auditor in the fiscal year ended March 31, 2024 (FY23) is as follows:

[1] [Details of compensation paid to auditing certified accountants]

Filing company: 146 million yen

Consolidated subsidiaries: 32 million yen

[2] [Details of other significant compensation]

(Previous fiscal year)

Certain consolidated subsidiaries of the Company paid compensation based on audit attestation services and other services to Deloitte Touche Tohmatsu member firms that belong to the same network as the Company's auditing certified accountants, etc. (Fiscal year under review)

Certain consolidated subsidiaries of the Company paid compensation based on audit attestation services and other services to Deloitte Touche Tohmatsu member firms that belong to the same network as the Company's auditing certified accountants, etc.

[3] [Policy for determining audit fees]

The Company determines days required for audits, details of work and other matters through discussions with the auditor.

(2) Conclusion of liability limitation agreements

Based on the Articles of Incorporation of the Company and Article 427, paragraph (1) of the Companies Act, the Company enters into an agreement with Outside Directors, which limits their liability provided for in Article 423, paragraph (1) to the higher of either ¥15 million or the amount stipulated by the Act.

(3) Conclusion of indemnity agreements

The Company has entered into an indemnity agreement as provided for in Article 430-2, paragraph (1) of the Companies Act with Directors and Vice President & Executive Officers. Under this agreement, the Company provides indemnity for expenses under item (i) of the same paragraph and losses under item (ii) of the same paragraph within the scope stipulated by law.

(4) Outline, etc. of the contents of directors and officers liability insurance agreement

The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This insurance agreement applies to Directors and Vice President & Executive Officers (including those who have already retired) of the Company and its subsidiaries, and those insured individuals do not bear insurance premiums. This insurance agreement covers the insured's losses and such costs as dispute expenses incurred from claims by shareholders and third parties, etc. for damages arising from acts carried out by the insured as an officer of the Company (including negligence). However, in order to ensure that appropriateness of the insureds' execution of duties would not be impaired, this agreement does not apply to damages and other losses arising from criminal acts such as bribery and illegal acts intentionally committed by officers.

3. Reasons for Adoption of Current Corporate Governance System

Based on the Basic Views on Corporate Governance (as specified in I. Basic Views in I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information in this report), the Group has adopted a company with Nominating Committee, etc. as its system of corporate governance. We believe that the Board of Directors, which is in charge of the supervisory function, will be able to promote execution initiatives that require prompt responses in a rapidly changing environment by focusing on deciding on medium- to long-term business policies and supervising and advising business execution based on those policies. We also believe that having the three statutory committees determine the appointment and dismissal of Vice President & Executive Officers and their compensation, as well as auditing the execution of business operations, will further strengthen the supervisory function. The Vice President & Executive Officers, in contrast, are responsible

for decision-making regarding individual businesses and business execution, and are held accountable for results. Recognizing that Vice President & Executive Officers have the same status as Directors under the Companies Act, we aim to build an appropriate balance of tension and trust between them. We have adopted the current corporate governance system because by fulfilling their respective roles of supervision and business execution, the two sides will be able to work together and cooperate to improve the quality and speed of business execution and decision-making, thereby increasing corporate value over the medium to long term.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	In principle, the notice of the General Meeting of Shareholders is sent out three (3) weeks before the date of the General Meeting of Shareholders. The notice of 2024 Annual General Meeting of Shareholders was sent out on May 27, 2024. The start date of measures for electronic provision was May 22, 2024.
Scheduling AGMs Avoiding the Peak Day	The 2024 Annual General Meeting of Shareholders was convened on June 18, 2024, Tuesday, which is nine (9) days earlier than the day on which many companies hold their general meetings of shareholders.
Allowing Electronic Exercise of Voting Rights	From the 2004 Annual General Meeting of Shareholders, the Company has allowed electronic exercise of voting rights.
Participation in Electronic Voting Platform	From the 2006 Annual General Meeting of Shareholders, the Company has participated in an electronic voting rights exercise platform for institutional investors (ICJ).
Providing Convocation Notice in English	The English version of the notice for the 2024 Annual General Meeting of Shareholders was submitted at the same time of submission of the Japanese version to the Tokyo Stock Exchange and also posted on its website. In addition, the Company conducted shareholder identification research and sent the English version of the notice of the General Meeting of Shareholders to overseas beneficial shareholders via email.
Other	The Company's basic policy is to hold "open General Meetings of Shareholders." The Japanese version and the English version of notices of general meetings of shareholders, notices of resolutions and results of exercise of voting rights have been posted on its website. From the standpoint of timely disclosure, the Japanese and English versions of the notices of Annual General Meetings of Shareholders will be posted on the Company's website from May 22, three business days prior to the day they are mailed, in line with the measures for electronic provision. From the Notice of 2022 Annual General Meeting of Shareholders, the Company started to include a skill matrix "Expertise and Experience of Independent Officers" for Outside Directors. In addition, the Company integrates the notice of Annual General Meeting of Shareholders and shareholders news to provide understandable, easy-to-read, and enhanced information to shareholders. Explanatory materials used on the date of the General Meeting of Shareholders are swiftly posted on the website. From 2022, a video is also posted (Japanese site only).

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company has prepared the Disclosure Policy and Summary Report on the Timely Disclosure System and posted them on its website. https://www.yokogawa.com/about/ir/management/disclosure/
Regular Investor Briefings for Individual Investors	The Company regularly sends information via email to individual investors. In addition, the Company has set up webpages for individual investors on its website so that such investors can develop a deep understanding of the Company. Furthermore, the Company regularly holds a briefing for individual investors, although these briefings have been temporarily suspended since the spread of COVID-19. (To individual investors) https://www.yokogawa.co.jp/about/ir/kojin/
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds a financial results briefing for approximately 100 securities analysts and institutional investors each time quarterly financial results are announced. Every year, at the financial results briefings for the second and fourth quarters, the President & CEO, Representative Executive Officer explains the Company's management policy and other matters. In addition, at the financial results briefing for the second quarter, vice president & executive officers in charge present status of business operation and others as required with the aim of promoting understanding about the Company's business. Details of the briefing have been disclosed in the Presentation Materials of Financial Results, etc. with scripts that include questions and answers on the Company's website.

	<p>Currently we hold all financial results briefings for each quarter by zoom webinar.</p> <p>In addition, the Company holds factory tours, user visits, and business and other briefings for analysts and institutional investors. In March 2019, the Company held a factory tour of a pharmaceutical plant, which has introduced YOKOGAWA products, and the manufacturing premise of Yokogawa Electric China Co., Ltd. in China. In December 2019, the Company gave a briefing on YOKOGAWA's sustainability initiatives that contribute to making the world a better place for future generations. This was followed by similar briefings in December 2020, on industrial automation to industrial autonomy (IA2IA), and in March 2021 on initiatives related to the field of bioeconomy. In December 2021, the Company held another briefing on the business summary and strategies of the energy & sustainability business, materials business, and life business, which are sub-segments of the industrial automation and control business under the new business structure, as well as targets, results, and progress of digital transformation (DX). In fiscal year 2022, the Company held the Yokogawa IR Day 2022 in December, focusing on the energy & sustainability business subsegment of the industrial automation and control business. As well as giving more concrete briefings on the business and its strategy, it also updated the audience on goals, results, and progress, etc. for its DX initiatives. In fiscal year 2023, the Company held the Yokogawa IR Day 2023 in November 2023, holding briefing sessions on "Yokogawa Electric Corporation" and "Yokogawa Digital Corporation." Materials for business and other briefings are posted on the Company's website.</p> <p>https://www.yokogawa.com/about/ir/reports/business-briefing/</p>
<p>Regular Investor Briefings for Overseas Investors</p>	<p>The President & CEO, Representative Executive Officer and a responsible person in the department in charge of IR regularly visit Europe, North America, Asia and other regions and continue dialogues with shareholders and investors.</p> <p>In addition, the Company regularly participates in conferences hosted by brokerage firms in Japan, explains the management policy to overseas investors and seeks an understanding of the Company via Q&A.</p> <p>※Currently, we engage primarily in remote dialogue since the spread of the COVID-19.</p>
<p>Posting of IR Materials on Website</p>	<p>The following information has been posted on the Company's website.</p> <p>https://www.yokogawa.com/about/ir/</p> <p>(Information for investors posted on the website)</p> <p>Summary of financial results, securities reports, materials for briefings for analysts (with script including Q&A), materials for the medium-term business plan (with script including Q&A), Fact Book, Investors' Guide, disclosure materials for the Tokyo Stock Exchange, notices of annual general meetings of shareholders, notices of resolutions, results of exercise of voting rights, explanatory materials for general meetings of shareholders, corporate governance reports, the Share Handling Regulations, the Articles of Incorporation, explanatory materials for individual investors, the Yokogawa Report (Integrated Report), etc.</p> <p>In order to clearly organize and express our initiatives, including our long-term business framework, medium-term business plan "Accelerate Growth 2023," sustainability strategy, digital transformation (DX) strategy, management capital, and governance, etc., the 2023 Yokogawa Report was structured with an emphasis on storytelling, created with reference to "Guidance for Collaborative Value Creation" by the Ministry of Economy, Trade and Industry (METI), among others.</p> <p>In addition, we have expanded original noteworthy content on topics ranging from business to governance, including our responding to the changing business environment, AI solutions for industrial independence, mindset transformation, and a roundtable discussion with Outside Directors on the theme of review on the current medium-term business plan and the direction YOKOGAWA is aiming for.</p> <p>The skill matrix "Expertise and Experience of Directors and Audit & Supervisory Board Members" is also included.</p>
<p>Establishment of Department and/or Manager in Charge of IR</p>	<p>Responsible for Handling Information: Michiko Nakajima, Director and Vice President & Executive Officer, Head of Accounting & Treasury Headquarters</p> <p>Person in charge of IR-related administrative circular: Department Manager Investor Relations Department, Hirohiko Nakatani</p>

	Department in charge of IR: Investor Relations Department, IR Sec. (six dedicated staff members including five female staff members)
Other	-

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>Basic attitude to stakeholders such as customers, shareholders, community and society, suppliers and vendors, competitors, politicians and governmental agencies, and employees has been stipulated in the Yokogawa Group Code of Conduct and disclosed on the following website of the Company.</p> <p>In recent years, over and above ensuring compliance with laws and regulations and rules, companies are urged to address compliance in a wider scope, for example, by respecting international guidelines, such as the United Nations Global Compact, and by respecting human rights. In these circumstances, the Group reviewed the configuration and the content of the Yokogawa Group Code of Conduct in July 2019.</p> <p>https://www.yokogawa.com/about/company-overview/our-brand-and-identity/#Yokogawa-Group-Code-of-Conduct</p> <p>With the growing interest in recent years in environment, society and governance (ESG) and the Sustainable Development Goals (SDGs), companies are being called on to play a greater role in responding to human rights issues.</p> <p>All of our business activities for value co-creation are based on respect for human rights. The Company established the Yokogawa Group Human Rights Policy which is based on the United Nations Guiding Principles on Business and Human Rights, in September 2020, in order to reaffirm to society our abiding commitment to respect human rights, and fulfill its responsibility.</p> <p>https://www.yokogawa.com/about/sustainability/humanrights/</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company has set up a department in charge of environment and a department in charge of CSR, and proactively develops environmental conservation and sustainability/ CSR activities.</p> <p>Against the backdrop of large changes in the form of the increased need to solve global issues, such as the adoption of the Sustainable Development Goals (SDGs) at the United Nations and the adoption of the Paris Agreement at the United Nations Framework Convention on Climate Change (COP21), the Group has established, for the benefit of future generations, the “Three Goals” as sustainability goals for the overall Group toward the vision of a sustainable low-carbon, recycling-based society by 2050.</p> <p>The Group has established medium-term KPIs with the aim of expanding its contribution to society and achieving growth for the business, beginning with the Three Goals, which it is promoting by including them in its business plans. Specifically, we have set aggressive goals for 2030 in six contribution areas that are compatible with SDGs. We work to create economic value for our customers through our business activities and to resolve social issues together with our customers. Moreover, we have established and promote medium-term KPI in line with the Paris Agreements 2°C goal to reduce greenhouse gases. In addition, in March 2019, we expressed our support for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>Furthermore, as our basic stance on CSR, we have pledged our support for the UN Global Compact and are working to boost our initiatives in the areas of human rights, labor, the environment, and corruption prevention.</p> <p>We are monitoring the policies, contents of activities, and progress of these sustainability and CSR activities at the Board of Directors meetings.</p> <p>We disclose the details of these efforts as Sustainability report on the following website of the Company.</p> <p>https://www.yokogawa.com/about/sustainability/report/</p>

Development of Policies on Information Provision to Stakeholders	<p>In accordance with the Yokogawa Group Code of Conduct, the Company has established the Disclosure Policy to stakeholders and disclosed the policy as well as the Summary Report on the Timely Disclosure System on the following website of the Company. https://www.yokogawa.com/about/ir/management/disclosure/</p>
Other	<p><Efforts to promote the active participation of female employees> Based on the human resources strategy, the Company will aggressively promote the active participation of female employees as part of the promotion of diversity, under which human resources with a wide variety of experience, knowledge, senses, viewpoints, cultures and values are proactively hired, cultivated and utilized, for the purpose of strengthening its business competitiveness including the creation of new value. Furthermore, the Company is working to reform systems and culture with emphasis on reform of ways of working, including introduction of the telecommuting systems and paid leave system by the hour, in order to create the environment that makes it easy for diverse employees to work and allows them to challenge and grow. In July 2016, the Company received the highest level of accreditation of the certification mark “ERUBOSHI,” (“L Star”: L stands for Lady, Labor, and Laudable) from the Minister of Health, Labor and Welfare as an excellent company regarding the status of women’s participation and advancement. In addition, in February 2020, we acquired Platinum Kurumin certification as a company that supports childcare.</p> <p>Regarding the promotion of women’s participation and advancement, please refer to [Disclosure Based on the Principles of the Corporate Governance Code] for more information.</p> <p><Health and productivity management> In order for Yokogawa to provide sustainable value and lead the way in solving global issues, it is essential to promote health and productivity management, in which health is considered from a management perspective and strategically practiced. Yokogawa will help its employees autonomously maintain their health while improving their physical and mental health, satisfaction, and happiness, in order to increase engagement and productivity across the Group. In September 2016, the Company established Health Declaration as a basic policy for health and productivity management with the aim of further accelerating various initiatives related to employee health from the perspective of health and productivity management.</p> <p>Health Declaration Yokogawa aims to be a company that supports its employees in their efforts to improve their physical and mental health, encourages the development of lively and stimulating workplaces, and contributes to society.</p> <p>With the President & CEO, Representative Executive Officer assuming the ultimate responsibility and under the leadership of the management team spearheaded by Health and Safety Officers who serve as general safety and health managers, the Health and Safety Committee takes charge of promoting health and productivity management while relevant departments, namely the Japan Human Resources Division including the Clinical Center, and the General Affairs Department in the Human Resources and General Affairs HQ, coordinate with occupational physicians and the Yokogawa Electric Health Insurance Society and Labor Union. The Company has worked on various initiatives under its policy relating to maintaining and improving the health of employees, including working styles that allow flexibility in work locations and times, creating employee-friendly office environments, management of working hours, and health improvement programs.</p> <p>Details of these activities are published on the Company’s website (Japanese site only). https://www.yokogawa.co.jp/about/yokogawa/company-overview/health/#New-tab</p> <p>Moreover, the Company was certified in FY2017 through FY2019, in FY2021, and FY2023 through FY2024 as one of the recognized organizations under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500).</p>

	<p>* “Health and productivity management” is a registered trademark of Workshop for the Management of Health on Company and Employee.</p> <p><Diversity></p> <p>Following the election of Ms. Yasuko Takayama as the first female Audit & Supervisory Board Member at the 141st Annual General Meeting of Shareholders in June 2017, Mr. Dai Yu was elected as Director at the 143rd Annual General Meeting of Shareholders in June 2019, becoming the first foreign national to serve in this position. At the 145th Annual General Meeting of Shareholders in June 2021, Ms. Kuniko Urano was elected as the first female Director.</p> <p>As a result, at the 148th Annual General Meeting of Shareholders held in June 2024, three female Directors out of 11 Directors have been selected.</p>
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

(Last updated in June 18, 2024)

Pursuant to the Companies Act and the Regulations for Enforcement of the Companies Act, the Company has established the Yokogawa Group Internal Control System that ensures Vice President & Executive Officers comply with laws, ordinances, and the Articles of Incorporation of the Company as well as that ensures the appropriateness of corporate operations and the operations of the corporate group comprising the Company and its subsidiaries. This is as follows:

The Board of Directors confirms the status of enhancement and operation of the Yokogawa Group Internal Control System annually. The Board of Directors determined that each structure and each matter set forth in the basic policy of the system were also effective in fiscal year 2023. Based on this determination, the Basic Policy of Yokogawa Group Internal Control System for fiscal year 2024 was resolved as follows:

The Basic Policy of YOKOGAWA Group Internal Control System

a. System for Assuring Compliance of Vice President & Executive Officers of the Company and Directors and Others of its Subsidiaries with Laws, Ordinances, and the Company's Articles of Incorporation

· Compliance principles have been set forth in the Yokogawa Group Code of Conduct, and Vice President & Executive Officers, and Directors and equivalent persons (hereinafter, the "Directors and others"), take the lead in ensuring that business ethics are upheld and embraced throughout the Group.

· A department has been established that is in charge of matters pertaining to business ethics. This includes the identification and resolution of problems with the Groupwide compliance system.

· Vice President & Executive Officers make appropriate decisions based on the Decision Making Management Code. The Board of Directors appropriately supervise the decision making and the execution of business by Vice President & Executive Officers. The Audit Committee audit the actions of the Vice President & Executive Officers based on the Auditing Standards for Audit Committee and Audit Committee Audit Practice Standards for Internal Control Systems.

· Decision making at the Boards of Directors of all Group companies and equivalent decision-making bodies is carried out based on rules formulated at all Group companies in accordance with the Company's rules. The Company's Audit Committee conducts necessary investigations of Group companies.

b. System for Storing and Controlling Information concerning Execution of Duties by the Company's Vice President & Executive Officers

· The Rules on the Control of Communications and Documentation, and the Rules on the Control of Documentation are specified, and rules and control systems concerning meeting minutes and other information that should be preserved are established.

· The Group Information Security Management Code and the Code of Conduct for the Prevention of Insider Trading, and rules and control systems concerning information confidentiality categories are established. In addition, people performing work for the Group are requested to sign confidentiality agreements.

c. Rules and Other Systems for Crisis Management of the Company and its Subsidiaries

· Risk Management Code has been set forth for the purpose of establishing a basis for the effective and efficient conduct of enterprise risk management by the Yokogawa Group. Based on this policy, Risk Management Committee shall decide the significant risks which shall be managed preferentially as Yokogawa Group and decide the monitoring method for its risks and report them to the Board of Directors, etc. The President & CEO, Representative Executive Officer shall bear the responsibility for supervising all matters in relation to the risk management as the chairperson of Risk Management Committee.

· Respective organizational units of the Yokogawa Group shall perform the identification and assessment of risks followed by the preparation and implementation of the countermeasures against risks. The department in charge of internal audit shall evaluate the effectiveness of Yokogawa Group risk management process and reports important findings to the Audit Committee and the Board of Directors.

· Crisis situations are to be responded to as set forth in the Group Crisis Management Code. As the head of the Crisis Management Committee, the President & CEO, Representative Executive Officer controls the communication of information and issuance of instructions during times of crisis at all Group companies and works to ensure safety and minimize economic losses.

d. System for Assuring Efficient Execution of Duties of Vice President & Executive Officers of the Company and Directors and Others of its Subsidiaries

· By establishing "Decision Making Management Code" and other rules on business execution, and by clarifying the appropriate authority and responsibility of Vice President & Executive Officers, the functions of each division and group companies, and the chain of command, appropriate delegation of authority is implemented to improve management speed and enhance efficiency.

· Companywide management objectives have been established, and the measures taken to achieve those objectives are reviewed by Vice President & Executive Officers. To ensure that the annual management objectives are achieved, they are reviewed by each organization on a quarterly basis. The President & CEO, Representative Executive Officer receives reports on the attainment of these objectives, determines what activities are to be eliminated, decides how efficiency can be improved by overcoming obstacles. Vice President & Executive Officers create mechanisms that make it possible for the Company as a whole to pursue efficiency and achieve its goals, and maintain a management information system for the purpose of identifying, reporting, and acting on information regarding the achievement of management objectives, in real time.

e. System for Assuring Compliance of Employees of the Company and its Subsidiaries with Laws, Ordinances, and the Company's Articles of Incorporation

· Employees of the Group are to conduct themselves as set forth in the Yokogawa Group Compliance Guidelines, which define upstanding behavior without any involvement with antisocial forces.

· The President & CEO, Representative Executive Officer continuously reminds all employees of the importance of legal compliance, and the department in charge of business ethics takes the lead in providing ongoing compliance education.

· The system for receiving internal reports and consultations on compliance-related issues shall be provided in the Yokogawa Group Compliance Management Code and the Rules on Whistleblowing and Consultation and shall be operated appropriately. In addition, the contact point shall be made known to the entire Group.

· The department in charge of business ethics monitors the status of compliance efforts and reports important findings to the Board of Directors and the Audit Committee.

f. System for Ensuring Appropriateness of Business Activities Carried out by the Group (the Company and Its Subsidiaries)

· The Company has established the Group Management Standards (GMS), which is the supreme rule of Yokogawa Group, and by clarifying roles and responsibilities in each business process, we aim to realize an internal control system based on autonomous control activities. Guidance and management shall be provided to Group companies by Vice President & Executive Officers concerning the establishment of an optimal internal control system suite to the functions and systems of each Group company in accordance with the basic policies of the internal control system resolved by the Board of Directors. Each Group company shall report to us on matters relating to the execution of duties by its Directors, etc. in a timely and appropriate manner.

· Each responsible executive of the internal control system based on the GMS shall have responsibilities of management and operation in charge, an audit function of the system and shall act to ensure (maintain and improve) the effectiveness and efficiency of the system of each Group company. Important matters shall be reported to the Audit Committee and the Board of Directors. In the internal control system, systems that are of particular importance from the standpoint of business appropriateness are summarized as deployment systems consisting of business ethics, decision-making, operating management, crisis management, and Audit Committee auditing infrastructure, and Yokogawa Group's internal control system has been established as a supervisory responsibility system.

· To ensure the reliability of financial reports, the Accounting Management System which is based on the Group Accounting Code has been formulated to establish controls for the correct performance of accounting work by each Group company. In addition, a system for evaluating these financial reporting controls and disclosing the evaluation results is established in accordance with the internal control reporting system requirements of the Financial Instruments and Exchange Act.

· In accordance with the Group Internal Audit Code, the department that is in charge of internal audits shall audit the effectiveness of the Yokogawa Group's internal control systems and report on important matters to the Board of Directors and the Audit Committee.

· The system shall enable Audit Committee to obtain information directly or by contacting Directors and others, Audit & Supervisory Board members and employees, etc. of each Group company for the purpose of verifying decisions on important Group company matters.

g. Matters concerning Directors and Assistants that assist the Company's Audit Committee

· The Office of the Audit Committee has been set up, and assistants to assist the duties of Audit Committee Members, including those who will work there on a full time basis, are to be assigned.

h. Matters concerning Independence of Directors and Assistants from Vice President & Executive Officers of the Company and Ensuring the Effectiveness of Instructions from Audit Committee of the Company to Directors and Assistants

· Personnel transfers related to the Office of the Audit Committee require prior approval from the Audit Committee.

· Assessment of the assistants working in the Office of the Audit Committee is conducted by Audit Committee members who have been designated by the Audit Committee.

i. System for Directors, Vice President & Executive Officers and Employees to Report to Audit Committee of the Company, and System for Ensuring Reporting Persons Are Not Treated Disadvantageously for Making Reports

· Directors, Vice President & Executive Officers and employees of the Company, as well as Directors and others, Audit & Supervisory Board members and employees, etc. of all Group companies, shall report the following matters to the Audit Committee:

- (a) Violations of laws, ordinances, and the Articles of Incorporation
- (b) Important matters concerning the internal audit situation and risk management
- (c) Matters that could cause significant losses to the Company
- (d) Important matters concerning decision making
- (e) Important matters concerning the management situation
- (f) Matters concerning information reported via the whistleblowing system
- (g) Other important matters related to compliance

· The Company and all Group companies ensure that reporting persons are not treated disadvantageously for making reports.

j. Matters concerning Procedures for Advance Payment or Redemption of Expenses Occurring from Execution of Duties by Audit Committee Members of the Company, and Policies Relating to Handling of Other Expenses or Obligations Occurring from said Execution of Duties

· For audit expenses and other expenses occurring from the execution of duties by Audit Committee of the Company, appropriate amounts are budgeted to ensure the effectiveness of auditing. However, appropriate expenses spent in emergencies or on a temporary basis will be reimbursed regardless of whether they are budgeted.

k. Other Systems for Ensuring Effective Auditing by Audit Committee of the Company

· The Company shall provide the Audit Committee with opportunities for regular exchanges of opinions with top management, such as President & CEO, Representative Executive Officer and Vice President & Executive Officer of Corporate Administration as well as with the responsible departments of the head office's administrative departments, including the departments in charge of compliance. In addition, the Company shall provide opportunities and an environment in which interviews can be conducted with other Vice President & Executive Officers and key employees as appropriate.

· The Audit Committee shall conduct audits efficiently through instructions and cooperation with the departments in charge of internal audits.

· The Audit Committee shall receive reports on audits conducted by the Accounting Auditors and the departments in charge of internal audits on a regular basis and exchange opinions.

· The Audit Committee may utilize outside experts such as lawyers and certified public accountants when it finds it necessary.

2. Basic Views on Eliminating Anti-Social Forces

<Basic views on eliminating anti-social forces>

The Company's basic policy is to have absolutely no relationships with anti-social forces which threaten the order and safety of civil society. This involves taking a resolute stance against any inappropriate and unlawful demands from anti-social forces. If anti-social forces approach the Company, the organization shall stand up as one to handle the issue and thereby contribute to maintaining the order and safety of society.

Development of the internal system

1. To prevent involvement by anti-social forces in management activities and damage from such forces, the Company has set forth its Group's stance and handling of these situations in the Yokogawa Group Code of Conduct and the Yokogawa Group Compliance Guidelines.

2. The Company has set up a department controlling handling of anti-social forces in the General Affairs Department and assigned a person responsible for prevention against inappropriate demands in that department. The General Affairs Department has established an internal system to handle the matters in collaboration with external specialized organizations and developed the handling manual. The Company also collects information about anti-social forces from external specialized organizations regularly and provides information and trainings and conducts educational activities for related departments when necessary based on the information collected.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

The Company resolved at the Board of Directors meeting held on May 13, 2014 that “Renewal of Countermeasures to Large-scale Acquisition of Yokogawa Electric Shares (Takeover Defense Measures),” which was set to expire at the conclusion of the 2014 Annual General Meeting of Shareholders, would not be renewed, and since then, no takeover defense measures have been introduced.

For details, please see “Non-renewal of Countermeasures to Large-scale Acquisitions of Yokogawa Electric Shares (Takeover Defense Measures)” IR information as of May 13, 2014 posted on the Company’s website (https://cdn-nc.yokogawa.com/1/20567/tabs/ir_20140513-en.pdf).

The basic policy on the role of parties making decisions regarding the company’s financial and business policies is as follows:

<Basic Policy regarding Control over the Company>

The Company believes that parties making decisions regarding its financial and business policies above all else must be capable of protecting and enhancing the corporate value of the Company and the common interests of the shareholders.

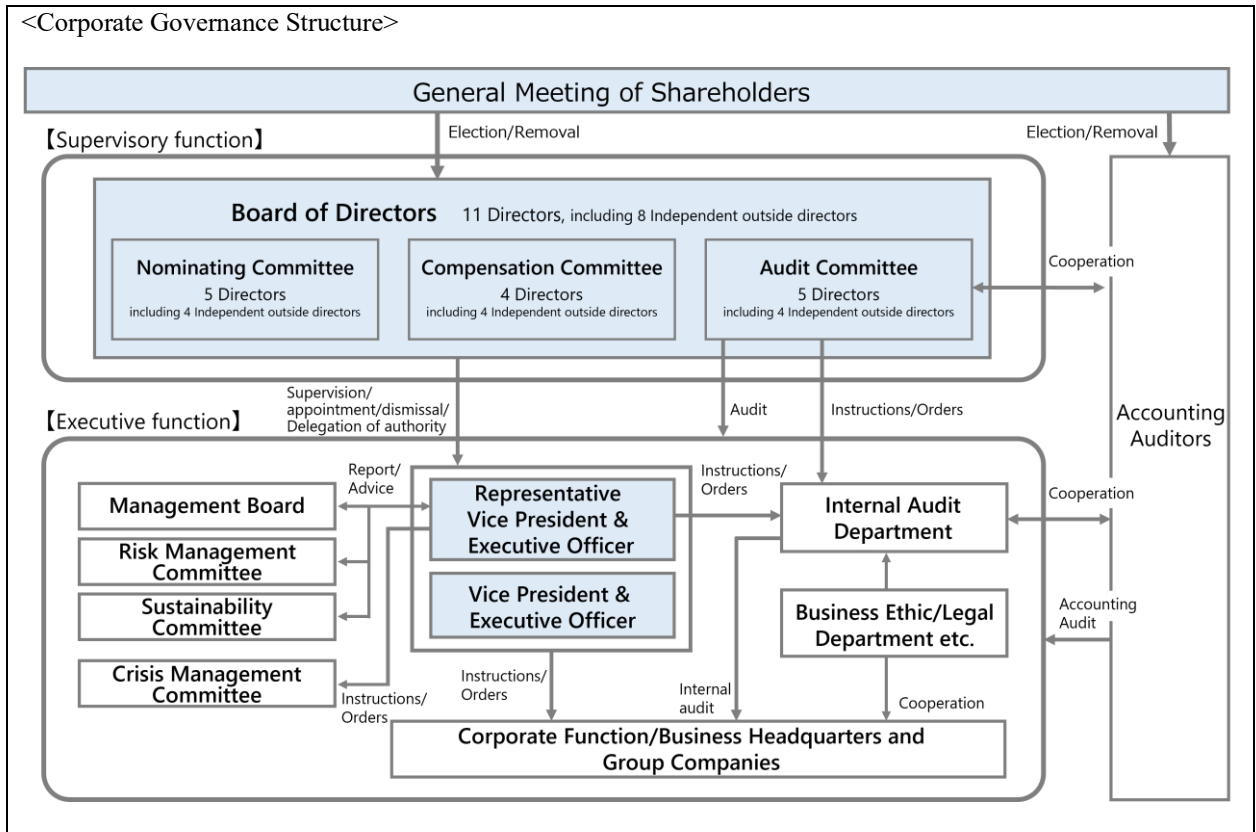
The Yokogawa Group sets forth the following corporate philosophy: “As a company, our goal is to contribute to the realization of a sustainable society through broad-ranging activities in the areas of measurement, control, and information. Individually, we aim to combine good citizenship with the courage to innovate.” Accordingly, we believe that acting on the basis of this philosophy, and thereby helping to protect the environment and achieve a sustainable society, will protect and enhance the corporate value of the Company and the common interests of its shareholders, by engaging in sound and profitable management practices that allow us to steadfastly pursue our business activities and maximize corporate value, while taking the customer perspective in providing solutions and services that add value.

While acknowledging the fact that we are a public company whose shares are freely traded, the Company believes that a decision on whether to allow a party to carry out a large-scale acquisition of its shares should ultimately be left to its shareholders. As such, in the event of a large-scale acquisition of the Company’s shares, we will not categorically rule out the acquisition if it improves the corporate value of the Company or if it is in the common interests of the shareholders.

However, there are a number of situations when a large-scale takeover attempt would contribute to neither the corporate value of the Company nor the common interests of the shareholders, such as when: (i) sufficient time and information have not been provided for the Company or its shareholders to consider the proposal or an alternative proposal regarding the acquisition, (ii) the purpose of the share acquisition and the administrative policy to be followed after the acquisition are likely to harm the corporate value and the common interests of the Company’s shareholders, (iii) shareholders are effectively forced to sell their shares, and (iv) the acquisition terms are considered insufficient or inappropriate in light of the corporate value of the Company and the common interests of the Company’s shareholders.

The Company believes that any party attempting a large-scale acquisition in the above manner would be unsuitable with respect to making decisions on the Company’s financial and business policies. The Company remains committed to taking appropriate measures in accordance with relevant laws and regulations, such that include requiring any party proposing a large-scale acquisition of the Company’s shares to disclose sufficient information necessary for enabling shareholders to make an informed judgment on the advantages and disadvantages of the prospective acquisition, while also disclosing the Board of Directors’ views on any such proposal taking steps to ensure that shareholders are afforded sufficient time to consider the acquisition.

2. Other Matters Concerning to Corporate Governance System



Summary Report on the Timely Disclosure System

Yokogawa Electric Corporation
Securities Code: 6841 Prime of the TSE

The status of the Company's internal system for timely disclosure of corporate information is as follows:

1. Policy for timely disclosure

To provide appropriate investment information to investors, the Company discloses information in a timely manner with transparency, timeliness, fairness, appropriateness and consistency regarded as a fundamental rule. Specifically, the Company discloses information based on the Timely Disclosure Rules of the Tokyo Stock Exchange and other important information swiftly. The Company also proactively discloses information useful to make the Company understood, other than important facts.

2. Department in charge of timely disclosure

With respect to timely disclosure of corporate information, the Company collects information and determines the importance under the following system, with the IR Department serving as the contact.

(Collection of corporate information)

The Company's system enables important facts that occurred and matters resolved in the Company and subsidiaries to be immediately reported to the Board of Directors and the Crisis Management Committee in accordance with laws and regulations as well as with the Rules Governing the Board of Directors, the Decision Making Code, the Group Policy for Crisis Management and other internal regulations.

(Judgment of timely disclosure)

Information is aggregated by the officer in charge of IR (person responsible for handling information who has been registered with the Tokyo Stock Exchange), who is a member of the Board of Directors and the Crisis Management Committee. The officer in charge of IR passes along information to the head of the IR Department, which is the department in charge of timely disclosure, holds consultations with related departments, and judges whether or not timely disclosure is required, in accordance with the Timely Disclosure Rules of the Tokyo Stock Exchange and the Financial Instruments and Exchange Act.

(Public disclosure)

Disclosure of corporate information is made by the IR Department swiftly in accordance with the Timely Disclosure Rules of the Tokyo Stock Exchange.

End

Reference

Schematic of the internal system for timely disclosure

