

ESG Management

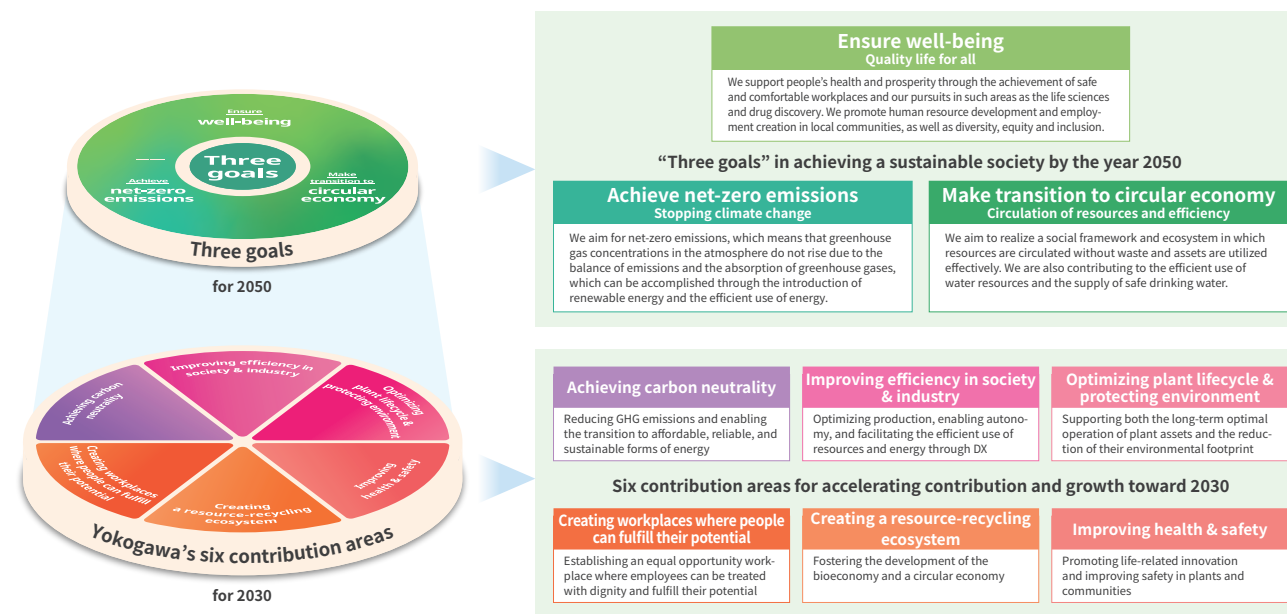
To continue providing value to society, Yokogawa holds that the management of its business operations must be based on environmental, social, and governance (ESG) perspectives, and this is emphasized in its long-term business framework.



Sustainability Initiatives

“Three goals” for sustainability and six contribution areas

In 2017, following the adoption of the Sustainable Development Goals (SDGs) and the Paris Agreement in 2015, we formulated the “Three goals” sustainability goals for the society we want to see by 2050. In addition, we conducted a materiality analysis for clarifying priority issues toward achieving the Three goals and business growth. Based on the results, we identified the six contribution areas.



Akira Fukuda
Head of Corporate
Administration
Headquarters

Taking a long-term perspective, we aim to expand the contributions that we make to society based on the aspirations expressed in the Yokogawa's Purpose statement, which reads, “Utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet.”

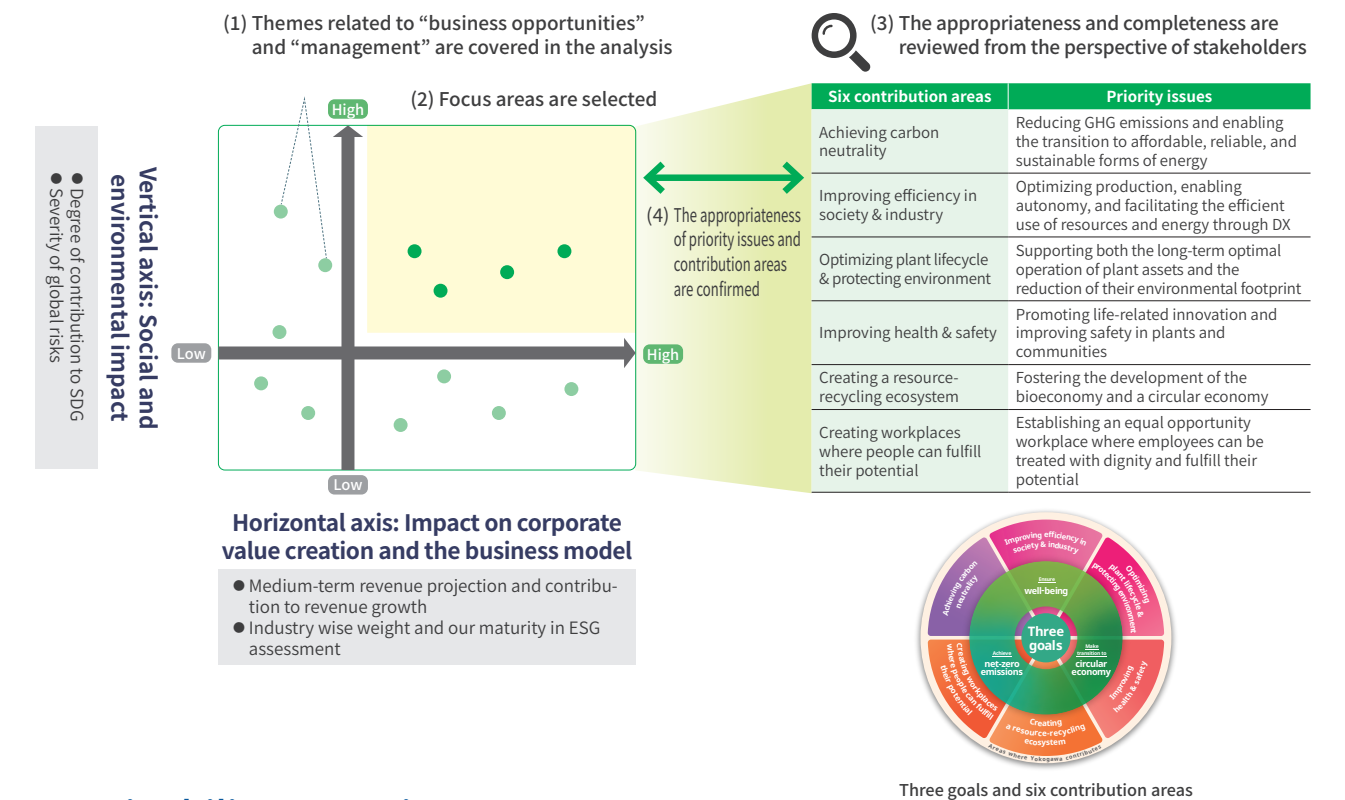
Looking beyond our aims under the AG2023 medium-term business plan of resolving customer issues and addressing societal concerns through the expansion of our business areas and business operations, we are focused on the achievement of our “Three goals” for sustainability by the year 2050. The steady efforts we are making in this direction are leading to the growth of our company and an ever greater contribution to society.

In fiscal year 2022, we established a Sustainability Committee as an advisory body to the Management Board to strengthen from the top down our efforts in this area. All executive officers, including the president, attend meetings of this committee to actively discuss important sustainability-related topics, such as GHG emissions reduction, human capital management, materiality analyses, and contribution and growth stories. The results of these discussions are reported to the board of directors. As a mechanism for incorporating the views of stakeholders in our ESG management, feedback on these discussions is provided by the outside directors.

Leveraging our strengths, we will continue striving to achieve the aims of the AG2023 plan and move forward with our ESG management efforts.

Setting of Contribution Areas Based on Materiality Analysis

Yokogawa is having a major positive impact on society and the environment by resolving the challenges of customers in the energy & sustainability, materials, and life areas. Expanding Yokogawa's contributions to society and the environment is closely connected to increasing Yokogawa's corporate value. We defined “materiality” as importance for both “social and environmental impact” and “impact on the company's value creation and business model.” In AG2023 formulated in 2021, based on surveys to persons connected to each business area, we selected issues that are highly important and to be resolved by the company (priority issues) and themes of contribution (contribution areas). Furthermore, in July 2022, we conducted a materiality analysis at the Sustainability Committee and confirmed that the priority issues and the contribution areas would not need to be changed from the time AG2023 was established.



Sustainability Committee

The Sustainability Committee was established in fiscal year 2022 to identify priority issues from the perspectives of both corporate value and social value, and to present the medium- and long-term direction of management and strategies for solving sustainability issues. The Sustainability Committee is an advisory body to the Management Board, chaired by the president and with executive officers as members, and is positioned as a body for intensive discussions on sustainability-related themes from a management perspective. The Sustainability Committee, which held two meetings in fiscal year 2022, conducted a materiality analysis, then discussed that priority issues that are of high importance and must be resolved by our company. The thematic subcommittees (Business Subcommittee, Product Subcommittee, Management Subcommittee, and Disclosure Subcommittee) have been established under the Sustainability Committee. The subcommittees held active discussions on a variety of topics, including the stories of growing our businesses and contributing to society, internal carbon pricing, human capital management, and nonfinancial disclosure. The results of the Sustainability Committee's discussions are reported to the Management Board and the Board of Directors.



Chika Furukawa
General Manager of
Sustainability Promotion
Department, Corporate
Administration
Headquarters

As the global situation grows increasingly complex, climate change is now being discussed in relation to human rights and biodiversity. In our efforts to address social issues, we need to make broad, long-term predictions on the direct and indirect impacts of our activities on humanity and the environment. At the same time, the use of digital technologies improves the likelihood that solutions can be found to certain complex issues that have proven difficult to resolve in the past. One typical example of this is a problem that extends beyond any one company and spans an entire supply chain. We believe that clues pointing to solutions can be found by measuring and looking for connections between different types of data to make predictions.

For example, what kinds of processes do raw materials go through before they reach a production line, and what happens to them next and how will they change? By making observations that take into consideration aspects, such as quality, cost, labor, and the environment, optimal solutions can be obtained that will move us closer to the realization of a sustainable society.