

Corporate Governance

Basic Views on Corporate Governance

The Yokogawa Group has established a corporate philosophy, the Yokogawa Philosophy, and Standards of Business Conduct for all members, and strives to ensure the appropriateness of all relationships with stakeholders, including shareholders, customers, business partners, employees, and society, grow sustainably, and increase corporate value over the medium and long terms. In addition, based on the philosophy that “a company is a public entity in society,” the Group positions the earning of the trust of all stakeholders, via sound and sustainable growth, as its basic corporate management mission.

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 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 essential. 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.

The transparency of the actions of the Board of Directors and the speed of its decision-making is improved through deliberations between directors who are well versed in the Company's business and Outside Directors who maintain a high degree of independence. In addition, Audit & Supervisory Board Members, including outside Audit & Supervisory Board Members, shall work to enhance the auditing of management through the strict auditing of the legality and rationality of the work carried out by directors and the validity of their decision-making processes.

The Board of Directors is evaluated every year to enhance the appropriateness of directors' execution of their duties and to improve efficiency through objective evaluation and analysis of the effectiveness of the Board of Directors.

Please refer to our website for Yokogawa Corporate Governance Guidelines.

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

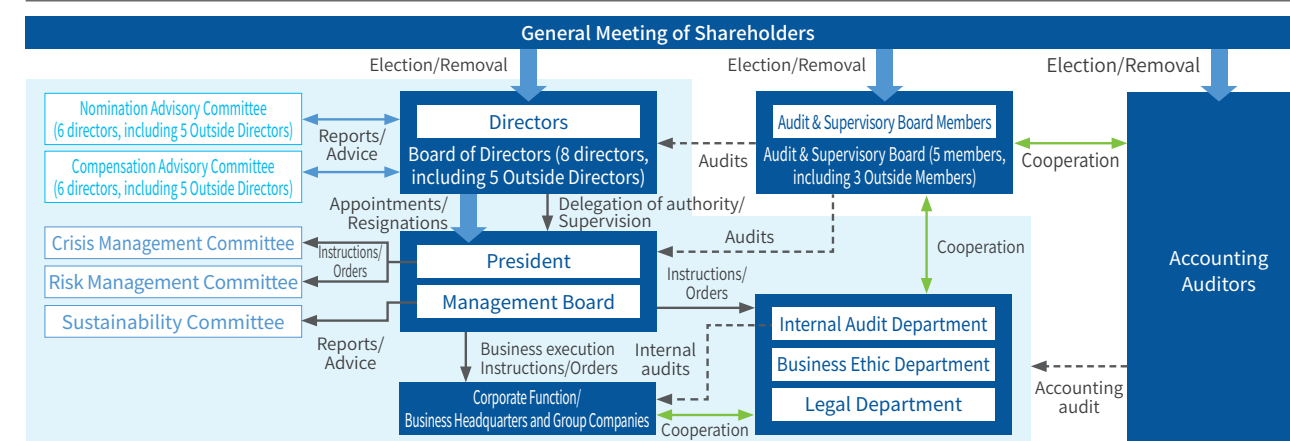
Continued Enhancement of Corporate Governance

	Until FY20	Continuous enhancement	From FY21	Continuing enhancement
	2005	2010	2015	2021
Outside directors	● 1 director	● 2 directors ● 3 directors	● 4 directors	● 5 directors, accounting for a majority of the Board of Directors
Voluntary advisory bodies			● Established a Nomination and Compensation Committee ● Established a Nomination Advisory Committee and Compensation Advisory Committee	
Compensation system	● Abolished retirement bonuses for Directors		● Introduced a restricted stock compensation plan (RS) ● Introduced a performance-linked stock compensation plan (performance share unit plan: PSU)	
Systems and policies	● Revised the Articles of Incorporation to reduce the number of Directors (25→15) ● Introduced a one-year tenure system for Directors ● Introduced takeover defense measures	● Discontinued (abolished) takeover defense measures ● Established the Company's independence standards ● Established the Yokogawa Corporate Governance Guidelines	● Abolished the positions of Senior Advisor, Advisor, and Honorary Corporate Associate ● Amendment of the Articles of Incorporation regarding an electronic provision system for informational materials for the General Meeting of Shareholders	
Other			● Conducted an outside evaluation of the Board of Directors* ● Appointed a woman as an outside Audit & Supervisory Board Member ● Appointed foreign nationals as officers ● Appointed an Outside Director as chairman of the Board ● Appointed a foreign national as a Director ● Appointment of a female Outside Director (planned) ● Appointment of female officers	

* Once every three years. Self-evaluation in other years.

- Using and improving existing systems and frameworks
- Diversifying the Board of Directors and enhancing information disclosure
- Creating global human resource system and appraisal/compensation system for Group
- Enhancing Group governance
- Strengthening internal control and risk management systems

Corporate Governance System



For more detailed and specific information about Corporate Governance, please refer to our website.

<https://www.yokogawa.com/about/ir/governance/>