Chapter 5

Corporate Governance

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Directors



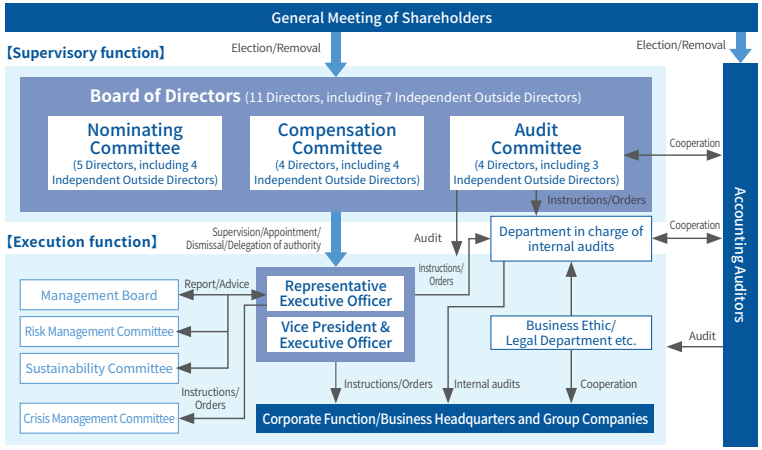
Basic Views on Corporate Governance

The Yokogawa Electric 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' etre 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 important.The Group formulates these Yokogawa Corporate Governance Guidelines, which serve as the basic policy for continually working on corporate governance in line with the above views, and respects the principles of the Corporate Governance Code established by the Tokyo Stock Exchange in establishing and operating its corporate governance system.

Yokogawa Corporate Governance Guidelines (our website)

Corporate Governance System (as of June 2026)



Overview of Corporate Governance System

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

The Company aims to ensure transparency and fairness in its operations by clearly separating the supervision of management and business execution. It seeks to strengthen the supervisory function of the Board of Directors and clarify the authority and responsibilities of Vice President & Executive Officers. Through these initiatives, the Company strives to enhance the quality and speed of decision-making and business execution, thereby achieving sustainable growth and increasing its corporate value of the Group over the medium to long term. Accordingly, the Company has adopted the institutional design of a Company with a Nominating Committee, etc., as defined under the Companies Act.

Corporate Governance Changes Over Time

Until FY2023 Continuous enhancement → From FY2024 Further enhancement

	2005	2010	2015	2020	2024
Institutional design	Company with an Audit & Supervisory Board				
Outside Directors	●1 director ●2 directors ●3 directors		●4 directors	●5 directors, accounting for a majority of the Board of Directors	●8 directors
Voluntary advisory committees			●Established a Nominating and Compensation Committee ●Established a Nominating 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 Chairperson of the Board ●Appointed a foreign national as a Director ●Appointment of a female Outside Director Appointment of female officers ●First female Director appointed from within Company		

Transition to a Company with a Nominating Committee, etc. (June 2024)

Through a clear division of roles between supervision and execution, etc., the following will be pursued to enhance corporate value:
- Streamlining the decision-making process
- Clarifying responsibilities for management decisions and achievement of business plans
- Strengthening and streamlining audit functions

The following actions will be promoted under the new institutional design:
- Strengthening the quality and speed of business execution and decision-making
- Diversifying the Board of Directors and enhancing information disclosure
- Restructuring and improving human resource systems and appraisal/compensation systems for the Group
- Linking executive compensation and sustainability goals
- Enhancing Group governance
- Strengthening internal control and risk management systems

*Once every three years with self-evaluation in other years, in principle

Corporate Governance (our website)

Board of Directors

■ Directors (as of June 30, 2026)



Hitoshi Nara
Director
Executive Chairperson Representative Executive Officer
Member of the Nominating Committee
Tenure: 15 years



Kunimasa Shigeno
Director
President & CEO Representative Executive Officer
Tenure: 1 year



Hikaru Kikkawa
Director
Member of the Audit Committee
Tenure: 2 years



Michiko Nakajima
Director
Vice President & Executive Officer
Tenure: 2 years



Akira Uchida
Outside Director
Chairperson of the Board of Directors
Member of the Nominating Committee
Member of the Compensation Committee
Tenure: 7 years



Kuniko Urano
Outside Director
Chairperson of the Nominating Committee
Member of the Compensation Committee
Tenure: 5 years



Takuya Hirano
Outside Director
Member of the Nominating Committee
Chairperson of the Compensation Committee
Tenure: 4 years



Yujiro Goto
Outside Director
Member of the Nominating Committee
Member of the Compensation Committee
Tenure: 3 years



Masaru Ono
Outside Director
Member of the Audit Committee
Tenure: 6 years



Hisashi Maruyama
Outside Director
Chairperson of the Audit Committee
Tenure: 2 years



Christina Ahmadjian
Outside Director
Member of the Audit Committee
Tenure: 1 year

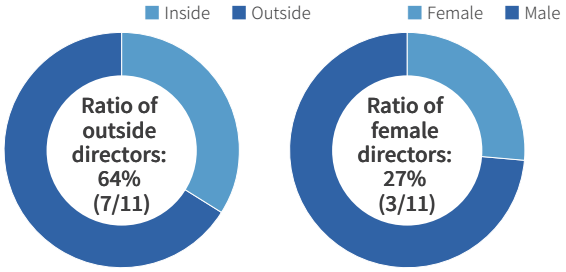
* Average Director tenure: 4.36 years
* Outside Director Ono's tenure includes years served as an Outside Audit & Supervisory Board Member before the transition to a Company with a Nominating Committee, etc.

Biography (our website)

■ The Roles of the Board of 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 this aim, the Board of Directors positions initiatives for sustainability as an important management issue, and seeks to improve profit earning capability and capital efficiency, while setting the corporate strategies that determine the overall direction for the Group. To speed up management decision-making and business execution, authority for decision-making on business execution is largely delegated to the Vice President & Executive Officers. The Board of Directors supervises the Vice President & Executive Officers in the execution of their duties, determines the basic policy for the business execution internal control system, and monitors and supervises the establishment and operation of that system.

An independent outside director shall, in principle, act as the Chairperson of the Board of Directors in order to separate the execution and supervision of business, and the Chairperson of the Board of Directors shall strive to set the agenda and conduct the meetings of the Board of Directors in such a way that fosters free and open discussions and constructive debates based on individual knowledge and experience.



■ Message from the Chairperson



Outside Director
Chairperson of the Board of Directors
Akira Uchida

In fiscal year 2025, the Board of Directors reviewed the first year of GS2028. Drawing on that review, it discussed the validity of individual strategies that the executive side has developed, including growth strategies for our major businesses, regional strategies for each location, M&A strategy, and product and solution development strategies, as well as issues in how those strategies were being implemented. The Board also discussed the company-wide technology strategy formulated under the newly appointed CTO and how business responsibility should be structured to enable smooth matrix management across the three axes of business, region, and function. These discussions produced concrete progress, including greater clarity on the direction and approach. In deliberations on individual strategies and issues, however, the Board was not always able to narrow the themes and points at issue to a sufficient degree, leaving room to take the debate deeper.

Last year's third-party evaluation of the Board of Directors' effectiveness identified similar issues. In response, the Board revisited and reconfirmed the role it is expected to play following the transition to a Company with a Nominating Committee, etc. and decided to use that role as the basis for reviewing agenda items and the key points for discussion. Specifically, to strengthen its supervisory function, the Board of Directors decided to begin by having the executive side, led by the President, identify the management issues it considers most important and the points that warrant Board discussion. The Board will then use this input to narrow the agenda and sharpen the issues for discussion.

For the agenda items it selects, the Board of Directors will set aside sufficient time, clarify the issues, and work to take discussions deeper. Another important part of running the Board is facilitating constructive debate by encouraging candid, substantive dialogue both between supervision and execution and among the Directors themselves. Through these efforts, the Board aims to foster a healthy sense of urgency on the executive side, improve the quality and speed of decision-making and business execution, and ultimately help elevate Yokogawa's corporate value.

■ Board of Directors Composition and Roles, and Directors' Expertise and Experiences (Skill Matrix)

	Name	Expertise and experience								
		Corporate management	Internationality/ Global experience	Treasury/Finance/ Investments	Technology/ Development	IT/Digital	Sales/Marketing	HR/HR development	Legal & Risk management	Sustainability/ESG
Directors	Hitoshi Nara	●	●				●			
	Kunimasa Shigeno	●	●		●	●				
	Hikaru Kikkawa		●	●			●			
	Michiko Nakajima			●						
Outside Directors	Akira Uchida		●	●						●
	Kuniko Urano							●		●
	Takuya Hirano		●			●	●			
	Yujiro Goto	●			●					●
	Masaru Ono		●						●	●
	Hisashi Maruyama	●		●					●	●
	Christina Ahmadjian		●						●	●

Corporate management	In order to achieve the transformation set out in the long-term business framework and in the medium-term business plan GS2028 amid major changes in the business environment, such as structural changes in the energy industry and advances in digital technology innovation, a wealth of experience and knowledge in the field of corporate management in general is required, including leading the transformation as top management of a listed company
Internationality/Global experience	A wealth of experience and knowledge in global business and overseas culture and environments is required to develop and implement medium- to long-term growth strategies for the Company, which operates globally (ratio of overseas sales: approximately 73%, ratio of overseas employees: approximately 67%), and to properly supervise global management.
Treasury/Finance/ Investments	Solid experience and knowledge in the fields of treasury and finance are required to build a strong financial base to support sustainable growth of the Company and to develop a financial strategy to promote aggressive investment in growth, including M&A and alliances, and to realize appropriate shareholder returns.
Technology/ Development	To further evolve and develop the Company's strengths in technology and development in the fields of measurement, control, and information to achieve growth through innovative solutions incorporating new technologies, it is necessary to have solid experience and knowledge in the fields of innovation, technology, development, quality, and the environment.
IT/Digital	Achieving new solutions through integration, autonomization, and digitization and creating new value through IT and OT convergence and the System of Systems concept connecting multiple systems requires extensive experience and knowledge in the fields of business operations and business model transformation using advanced IT and digital technologies.
Sales/Marketing	To achieve growth by solving customers' real problems through innovative solutions, it is essential to transform business models and to plan and develop new solutions that meet market needs, as well as to develop a strategy to expand orders and sales, which require extensive experience and knowledge in the sales and marketing fields.
HR/HR development	As the importance of human capital management increases, in order to transform the Company into what it aims to be in the medium to long term, it is important for the Company to develop and implement human resources strategies, such as securing, developing, and utilizing management personnel, DX personnel, and consultant personnel, in conjunction with management strategies, which requires solid experience and knowledge in the fields of human resources and human resources development.
Legal & Risk management	Achieving sustainable corporate value growth requires risk management that can accurately and quickly address rapidly changing and diversifying risk factors in a rapidly changing business environment and requires solid experience and knowledge in the fields of risk management, compliance, and law.
Sustainability/ESG	To sustainably increase corporate value in keeping with Yokogawa's Purpose of "Utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet," it is necessary to achieve both growth through ESG-focused management and the creation of social and environmental value, which in turn requires extensive experience and knowledge in the fields of sustainability and ESG.

The Company's Independence Standards for Outside Directors (our website)

■ Board of Directors' Activity and Results in Fiscal Year 2025

Activities and Results

Number of meetings: 15

Attendance rate: 100%

Priority Items Discussed

Medium- to long-term growth strategy and important management issues
- Overall review of GS2028
- Strategies and progress in each business and region
- Human capital management initiatives
- Progress of and challenges in the management foundation transformation project

Sustainability
- Efforts to achieve GS2028 sustainability
- Product sustainability activities
- ESG management

Governance
- Optimal decision-making processes to support management team risk-taking and enhance management speed
- Enhanced information sharing at Board of Directors meetings with respect to risk management, internal audits, and activities of the Nominating Committee, the Audit Committee, and the Compensation Committee

Board of Directors Evaluation

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 results of the evaluations will be disclosed in a timely and proper manner.

■ Process for Evaluating the Effectiveness of the Board of Directors in Fiscal Year 2025

Fiscal year 2025 marked one year since Yokogawa transitioned to a Company with a Nominating Committee, etc. For the first time since the transition, an external organization conducted a third-party evaluation of the effectiveness of the Board of Directors.

- Before the evaluation began, the external organization consulted with the Chairperson of the Board of Directors and the Representative Executive Officer to confirm their expectations and requests for the third-party evaluation. It then attended Board meetings, conducted a questionnaire, interviewed all the Directors individually, and reviewed materials and minutes from the Board and various committees, including Outside Directors' meetings.
- The external organization then conducted a comprehensive analysis and evaluation, drawing on its experience conducting Board of Directors effectiveness evaluations at other companies and its expertise in corporate governance.
- The questionnaire operated from a range of different perspectives, asking respondents about the Board overall, its composition, advance preparation, meeting management, the quality of discussions, committee activities, monitoring of execution, and the importance and substance of Board agenda items. The organization then conducted individual interviews with all Directors, using their questionnaire responses to guide its approach.
- After receiving a report on an analysis of the questionnaire responses, individual interviews, and other findings, the Board of Directors discussed the results and reached a final evaluation.
- Based on the evaluation results, the Board developed an improvement plan and selected agenda items that would help further enhance its effectiveness.

■ Summary of the Fiscal Year 2025 Board of Directors Effectiveness Evaluation Results

The evaluation confirmed that the effectiveness of Yokogawa's Board of Directors has been enhanced to a certain level at this point.

- The strengths and other characteristics underpinning the Board's effectiveness included the executive side's sincere commitment to corporate governance, the relationship of mutual trust between execution and supervision, the strong commitment of Outside Directors—led by the Chairperson—to contributing to the Company, the Audit Committee's effective audit activities, and the dedicated, neutral support that the Board of Directors Office provides.
- At the same time, the evaluation also concluded that Yokogawa's efforts to fully realize its potential and achieve the ambitious goals it has communicated externally will hinge on supervision and execution—as well as the Directors themselves—engaging in candid, substantive debate with a healthy degree of tension as they work to build consensus around a credible path to those goals and the timeframe for reaching them. The evaluation also identified a different kind of challenge: the tendency of the Board of Directors to accumulate agenda items and initiatives over time. The Board therefore needs to periodically ask whether continuing an initiative has become an end in itself and adopt an approach that embraces and encourages bold ideas while being more selective about what to continue and what to stop.

Based on these findings, the following three issues were identified for the Board of Directors to address this fiscal year.

Issue 1: Building consensus on the Board's expected role and action guidelines
Issue 2: Deepening discussions at Board meetings
Issue 3: Strengthening a healthy sense of urgency across the executive side

■ Addressing issues for the current fiscal year

Issue 1: Building consensus on the Board's expected role and action guidelines

With two years having passed since the change in institutional design, the Board of Directors will revisit and reconfirm its expected role and, in light of that role, review agenda items and discussion points accordingly. The Board will also discuss the guidelines directing the Board's action in view of the role and work toward consensus.

Issue 2: Deepening discussions at Board meetings

Based on its expected role, the Board of Directors will coordinate with the executive side in selecting agenda items. It will then allocate the optimal discussion time to each topic, narrow down and delve into the most important themes in line with priorities, and clarify points for discussion. The Board will also accelerate efforts to improve briefing materials, which has been an issue for some time, under the leadership of the Representative Executive Officer and also enhance the approach to advance briefings to make them more effective. The Board will continue to communicate issues raised at Outside Directors' meetings to the executive side in a timely and appropriate manner and follow through on the necessary responses.

Issue 3: Strengthening a healthy sense of urgency across the executive side

Although performance is strong at the current stage, the Board of Directors believes it is important for the executive side to sharpen its management perspective by elevating its awareness of how the Company compares with global competitors and how the market and shareholders view it. To that end, the Board will continue refining Yokogawa's medium- to long-term management strategy to enhance corporate value and create more opportunities for dialogue with institutional investors and analysts.

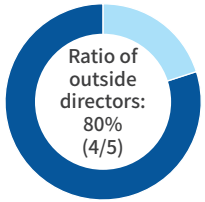
Nominating Committee

■ Roles of the Nominating Committee

The Nominating Committee sets out the criteria and procedures for the appointment, reappointment, and dismissal of directors and Vice President & Executive Officers, and deliberates based on them, so that personnel with the desired qualifications, achievements, etc. are selected in an optimal fashion for these positions based on the perspectives of all stakeholders regarding the continued development of the Group and corporate governance. The Nominating Committee makes decisions on the 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 agenda items to be discussed at meetings of the Board of Directors concerning the appointment, dismissal, or removal of 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 Representative Executive Officers and Vice President & Executive Officers stated in items (1) and (2)

Composition ■Inside ■Outside



Director	Hitoshi Nara
Outside Director	Akira Uchida
Outside Director	Kuniko Urano ◎
Outside Director	Takuya Hirano
Outside Director	Yujiro Goto

Note: "◎" denotes the Committee Chairperson.

Results of Activities in Fiscal Year 2025

Number of meetings	11
Attendance rate	100%
Matters discussed	・How the Board of Directors should function, the direction it should pursue in the future, and the composition of the Board of Directors ・Candidates for chairperson and positions on the three statutory committees, and the vice president & executive officer positions submitted to the Board of Directors ・Evaluation of the President & CEO, Representative Executive Officer based on performance in the previous fiscal year ・Review of execution organization for fiscal year 2026 ・Director candidates proposed for the Annual General Meeting of Shareholders held in June 2026 ・Confirmation of human-resources requirements, review of the candidate pool, and evaluation and development of candidates, all based on the CEO succession plan

■ Succession plan

■ Evaluation of President & CEO, Representative Executive Officer

The Nominating Committee performs a yearly evaluation of the President & CEO, Representative Executive Officer using basic evaluation criteria, including quantitative aspects of the Company's business results. By checking and confirming the comprehensive supervisory and business execution capabilities of management and carefully and appropriately deliberating on whether it would be suitable for President & CEO, Representative Executive Officer to continue in their respective roles, the Committee ensures that appointments, reappointments, and dismissals are appropriate. Further, by evaluating results from multiple perspectives, identifying issues, and providing feedback to individuals, the Committee aims to improve the quality of management.

■ Succession Plan for President & CEO, and Representative Executive Officer Position

The Nominating Committee, of which a majority is comprised of independent outside directors, deliberates and determines matters pertaining to the succession plan for the position of President & CEO, Representative Executive Officer. The Committee has set the requirements and planned the process for selecting executives to serve in the President & CEO, Representative Executive Officer role, and reviews those as and when required. For candidates for this position, the Committee prepares development plans, provides the necessary training, and assigns them as appropriate.



Outside Director
Chairperson of the Nominating Committee
Kuniko Urano

In fiscal year 2024, Yokogawa transitioned to a Company with a Nominating Committee, etc. structure in order to promote swift, resolute decision-making through a clear division of roles between supervision and execution and further strengthen its overall corporate governance. In fiscal year 2025, our second year under this new structure, we worked to enhance the effectiveness of the Nominating Committee with a focus on whether the system functioned in a way that contributes to the sustainable development of the Group amid major changes in technology and society, such as the broadening use of AI, and whether proper governance was in place.

The management team reviewed the execution organization from a medium-term perspective and, with a focus on its further development, made revisions after a series of candid discussions. I believe that the Committee was able to share its understanding of the issues and engage the management team in deeper deliberations by contributing its outside perspective.With fiscal year 2025 marking the first year under the new President & CEO, Representative Executive Officer, we also made a point of providing timely, appropriate follow-up and support to ensure that the expected leadership was being demonstrated and the executive team was functioning to its full potential. I believe the expertise and experience of the individual committee members enabled us to approach these issues from multiple perspectives.

In addition to addressing the current organization, there is also an important role for the Committee to play in starting early with the earnest development of the next generation of leaders. In that context, we have identified issues and discussed the measures that should be prioritized.

For the Committee to function effectively, honest and open discussion from multiple perspectives is, of course, essential. That type of discussion, however, needs a grounding in a broad understanding of the Company's businesses. I believe this requires firsthand exposure to customer sites and our manufacturing, marketing, and service operations, as well as opportunities to hear directly from a diverse range of employees, including younger members of the workforce and people overseas. Going forward, the members of the Nominating Committee will also take the initiative in reaching out and making full use of a range of opportunities to further enrich discussions.

Introduced a Corporate Officer system in FY2026

Following the transition to a Company with a Nominating Committee, etc. in June 2024, the authority and responsibilities of Vice President & Executive Officers expanded through the delegation of business execution authority from the Board of Directors. From FY2026, Yokogawa has further delegated authority from the President & CEO, Representative Executive Officer to Vice President & Executive Officers and introduced a Corporate Officer system under the Vice President & Executive Officers. This change is intended to further accelerate decision-making and management execution, clarify accountability, and strengthen corporate governance. Vice President & Executive Officers oversee multiple business and functional areas, while Corporate Officers, as heads of individual organizations, are responsible for the execution of day-to-day operations.

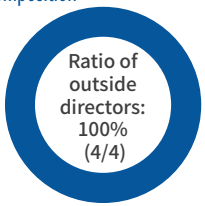
Compensation Committee

■ Roles of the Compensation Committee

The Compensation Committee deliberates and makes decisions based on set criteria and procedures in order to ensure that the compensation system and remuneration for directors and Vice President & Executive Officers encourage the undertaking of appropriate challenges that will promote the Group' s growth, enable the hiring and retention of excellent individuals, and is viewed positively by all stakeholders. The Compensation Committee makes decisions on the 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 criteria concerning compensation, etc. for individual directors and Vice President & Executive Officers
(3) Establishment, amendment, or abolition of necessary basic policies, regulations, procedures, etc. to enable decisions by the Compensation Committee regarding the above items
(4) With respect to the above items, other matters that the Compensation Committee recognizes as important in relation to compensation, etc.

Composition ■Inside ■Outside



Outside Director Akira Uchida
Outside Director Kuniko Urano
Outside Director Takuya Hirano◎
Outside Director Yujiro Goto
Note: "◎" denotes the Committee Chairperson.

Results of Activities in Fiscal Year 2025

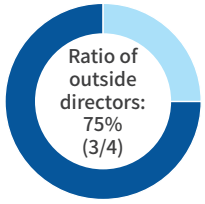
Number of meetings	6
Attendance rate	100%
Matters discussed	・Amounts of performance-linked compensation (annual incentive) paid in July 2025 to individual personnel based on the indicators and calculation formulas established by the Compensation Committee in fiscal year 2024 ・Performance indicators and calculation formula for performance-linked compensation (annual incentive) to be paid in July 2026, as well as performance indicators and sustainability indicators for the performance-linked compensation (medium- to long-term incentive) plan beginning in fiscal year 2025 ・Assessment of executive compensation levels and revisions to base amounts and composition ratio of fixed compensation and performance-based compensation based on that assessment, etc.

Audit Committee

■ Roles of the Audit Committee

The Audit Committee is responsible for statutory duties such as auditing the execution of duties by directors and Vice President & Executive Officers, preparing audit reports, and deciding on proposals for the appointment and dismissal of the accounting auditor. From the perspective of the directors, it primarily conducts high-value-added audits and validity audits.

Composition ■Inside ■Outside



Director Hikaru Kikkawa
Outside Director Masaru Ono
Outside Director Hisashi Maruyama ◎
Outside Director Christina Ahmadjian
Note: "◎" denotes the Committee Chairperson.

Results of Activities in Fiscal Year 2025

Number of meetings	21
Attendance rate	98.1%
Priority audit items	Confirmation of progress of the GS2028 medium-term business plan Establishment and operation of the Yokogawa Group' s internal control system
Activities	・Audits of business execution by attending important meetings and viewing important documents ・Audits through interviews with directors, Vice President and Executive Officers, and other key employees ・Cooperation with the accounting auditor and the department in charge of internal audits ・Cooperation with the Group's full-time Audit & Supervisory Board members ・Reports to the Board of Directors ・Operating of a whistleblowing hotline with a direct line of communication to the Audit Committee



Outside Director
Chairperson of the Compensation Committee

Takuya Hirano

With Yokogawa's transition to a Company with a Nominating Committee, etc. structure and establishment of the present Compensation Committee composed exclusively of outside directors, our discussions have become even more substantive thanks to input from external perspectives. A compensation system is more than a mechanism for providing incentives; it is an important system that embodies a company's philosophy and values and forms the foundation of its organizational culture.

Over the past year, Yokogawa's Compensation Committee has focused on rigorously putting objective, transparent processes and governance into practice and translating those goals into effective discipline. Representing more than just a mechanism for distributing rewards, the compensation system is a cornerstone of governance that controls both the brake and accelerator for sound management. I am convinced that applying rigorous discipline as circumstances demand is more than a one-off response: It is essential to fulfilling our true accountability to stakeholders and maintaining constructive tension with management.

As the expectations of markets and society evolve, the Compensation Committee must continually reassess how it needs to function. Compensation is an important mechanism for shaping management behavior, which means that we need to carefully consider each proposal not through the lens of short-term evaluation alone but rather—above all—in terms of how it will help enhance corporate value over the medium to long term. As Committee Chairperson, I focus on ensuring that the system does not turn into one that imposes things unilaterally. We will work to maintain constructive dialogue with the executive team and make decisions based on a deep understanding of objective data and external benchmarks.

Guided by the thinking of our top executives, we will continue to put forth every effort to realize a compensation system that supports value creation for the entire Yokogawa Group and earns the confidence of our shareholders and investors.



Outside Director
Chairperson of the Audit Committee

Hisashi Maruyama

In today's rapidly changing business environment, companies now operate under growing expectations to not only prevent misconduct but also achieve sustainable growth and improve capital efficiency. The Audit Committee is keenly aware of its fiduciary responsibilities to shareholders and all other stakeholders and strives to conduct audits that are independent, transparent, and fair.

With operations in more than 60 countries worldwide, our audits rely on direct audits by the Internal Audit Department under the Audit Committee. They also focus on verifying that our global internal control system is functioning appropriately. At the same time, one priority audit theme is progress on initiatives toward achieving the medium-term business plan. The Audit Committee also meets annually with Vice President & Executive Officers, including the President, as well as the heads of major Group companies, for frank exchanges of views. We bring Yokogawa's management issues to the attention of the Board of Directors and encourage the executive team to make improvements.

Last year, we also visited key Group companies in the Middle East region to see firsthand how the local operations build and maintain relationships of trust with customers—an important form of intangible capital for Yokogawa. In addition, recognizing that many cases of misconduct come to light through whistleblowing, we expanded on our existing whistleblowing system by introducing a global setup that makes it possible to report directly to the Audit Committee on concerns involving senior management or other important management matters.

In carrying out these activities, we aim to not only point out risks from an internal control perspective but also support strategies for achieving our goals without compromising the agility of business execution. By regularly sharing information with the Internal Audit Department and the accounting auditor, we deepen communication and maintain a responsive, highly effective audit framework.

Going forward, as the Audit Committee, we will continue to respond effectively to changes in the business environment, and contribute to Yokogawa's sustainable growth and the enhancement of its corporate value through effective supervision and auditing.

Executive Compensation

■ Basic Policy

The basic policy on compensation for Directors and Vice President & Executive Officers 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

■ Policy for Determining Compensation, etc. for Officers

As the Company is a Company with a Nominating Committee, etc., its Compensation Committee establishes the system and the policy for determining the remuneration of Directors and Vice President & Executive Officers, and determines the content of remuneration for each Director and Vice President & Executive Officer in accordance with the system and policy.

■ Composition of Officers' Compensation

Directors shall be paid a fixed remuneration of basic compensation. This is because variable compensation such as performance-linked compensation is not appropriate for Directors who maintain position independent from the performance of duties, and as such only fixed compensation is paid, identically for non-executive Directors. However, Vice President & Executive Officers who also serve as Directors shall be paid as Vice President & Executive Officers.

Vice President & Executive Officers' compensation is composed of (a) basic compensation, which is fixed compensation, and (b) performance-linked compensation ((b)-1 annual incentive and (b)-2 medium- to long-term incentive).

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.

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

Executive categories	(a) Basic compensation	(b) Performance-linked compensation ((b)-2 including non-monetary compensation)	
		(b)-1 Annual Incentive	(b)-2 Mid- to Long-Term Incentive
Director	○	—	—
Director Concurrent Vice President & Executive Officer	○	○	○
Vice President & Executive Officer	○	○	○

(a) Basic compensation

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

(b) Performance-linked compensation

Performance-linked compensation shall be determined by the Compensation 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.
(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.

(b)-1 Annual Incentives

Annual incentives in performance-linked compensation shall be calculated by the Compensation 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.

Based on the idea that the performance objectives that lead to an evaluation of the entire Company's results for a single fiscal year for the annual incentive are significant indicators for the Group to measure sustained growth, the performance objectives are composed of "consolidated sales" and "consolidated return on sales (ROS)." Furthermore, for Representative Executive Officers, "ESG-related external evaluations" and "engagement survey" shall be reflected in their evaluations.

* 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 executive officer, the lower the position is, the lower the ratio of annual incentives is set. The overall average 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.

Basic compensation	Annual Incentives
1	0.5 (0 to 1)

(b)-2 Medium- to Long-Term Incentives

The Performance Share Unit Plan (the "PSU Plan"), a performance-based stock compensation plan, will be applied to medium- to long-term incentives of performance-based compensation. The PSU Plan provides Company shares and money in accordance with the level of achievement of the Company's performance indicators and sustainability indicators for a period determined by the Compensation Committee.

The performance indicators in medium-to long-term incentives are based on links with the medium-term business plan, and based on the belief that they are important indicators in terms of enhancing corporate value and shareholder value, the indicators consist of return on invested capital (consolidated financial ROIC) and net income per share (EPS) growth rate.

Sustainability indicators consist of environmental indicators consisting of greenhouse gas emissions (Scope 1 and 2) and energy consumption (intensity per sales), as well as employee engagement scores.

During the period determined by the Compensation Committee, based on the performance targets and other requirements set by the Compensation Committee in advance, the number of shares obtained by dividing the standard amount of stock-based compensation set by the Compensation Committee for each position of Vice President & Executive Officers to be paid by the average closing price of the Company's shares for the month immediately preceding the applicable period shall be allotted, and at the end of the applicable period, the number of shares to be individually compensated through medium- to long-term incentives for each Vice President & Executive Officer to be paid shall be determined by multiplying the number of shares by a coefficient set in advance by the Compensation Committee in accordance with the conditions for achieving the performance targets (the "Payment Rate"), and the amount equivalent to 60% of the number of shares to be paid shall be the Company's shares, and the amount equivalent to 40% shall be the money calculated by using the closing price of the Company's shares in the ordinary trading on the Prime Market of the Tokyo Stock Exchange on the business day immediately preceding the day of resolution of the Board of Directors. The Payment Rate is designed to vary from 0% to 200% depending on the degree of achievement of performance targets.

In the event of material accounting fraud or a large loss, or if an officer causes damage to the Company through gross negligence or intentional misconduct, the provisions stipulate that the Company may suspend payment of any unpaid compensation and seek the reimbursement of all or a portion of the basic compensation, annual incentive compensation, and medium- to long-term incentive compensation paid during the officer's term of office.

*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 to 0.375 for the representative executive officer, the overall average shall be approximately 1 to 0.5 to 0.25. 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. However, the ratio for medium- to long-term incentives varies depending on the stock price.

Basic compensation	Annual Incentives	Mid- to Long-Term Incentives
1	0.5 (0 to 1)	0.25 (0 to 0.5)

■ The Total Amount of Compensation and Others Paid to Officers in the Fiscal Year Ended March 31, 2026

Executive categories	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)		Number of eligible officers
		Basic compensation	Performance-linked compensation	
Directors (excluding Outside Directors)	28	28	—	1
Outside Directors	138	138	—	9
Vice President & Executive Officers	973	517	456	28

(Notes) 1. The figures for Directors shown above do not include data for the three Directors who concurrently serve as Vice President & Executive Officers. In addition, the figures for Vice President & Executive Officers who concurrently serve as Directors are reported under category of Vice President & Executive Officers.
2. Performance-linked compensation is comprised of annual incentives and medium- to long-term incentives, and the amount recorded as expenses for the relevant fiscal year is shown.

Cross-Shareholdings

■ Method of Verifying Shareholding Policy and Rationality (Reduction Efforts)

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 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 return on invested capital (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.

■ Voting Rights

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.

Governance Regarding Sustainability

The Board of Directors monitors and supervises sustainability initiatives based on factors such as changes in social conditions, progress in sustainability indicators, feedback from external stakeholders including ESG evaluation organizations, and ESG risk assessment results, incorporating independent perspectives from outside the Company.

Sustainability Governance (2026 Yokogawa Sustainability Report P.54-56)

Risk Management, Internal Control, and Compliance

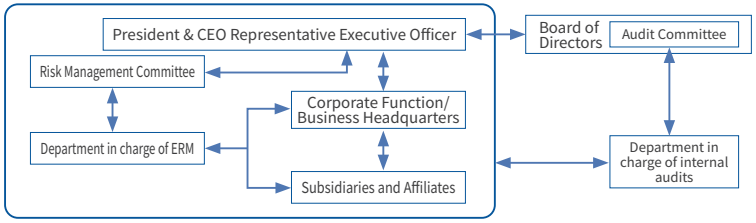
■ Risk Management

Risk Management System

Yokogawa has established an Enterprise Risk Management (ERM) system in accordance with ISO31000. The Company has established the Risk Management Committee as a body that deliberates on risks in business execution and their management from a broad perspective. As an advisory body to the President & CEO, Representative Executive Officer, the Committee, chaired by the President and composed of Vice President & Executive Officers, deliberates on the identification of risks that could have a significant impact on the Group, the formulation of risk countermeasure plans, and the review of risk countermeasures, thereby supporting management judgment and decision-making related to risk management. The matters discussed and resolved by the Risk Management Committee are reported to and reviewed by the Board of Directors. Advice from the Board of Directors on countermeasures and related actions concerning inherent risks and risks requiring close attention in the execution of business operations is utilized to formulate our risk countermeasures and enhance risk management activities and related initiatives.

In addition, corporate functions, business headquarters, and subsidiaries and affiliates, which are responsible for implementing risk management, strstrive to manage risks autonomously. For these implementing entities, the departments responsible for risk management (the Department in charge of ERM and the Risk Management Committee Secretariat) promote and support various activities, with a focus on risks that could have a significant impact. The department in charge of internal audits annually evaluates the effectiveness of the risk management system and risk management process, and reports important findings to the Audit Committee and the Board of Directors.

Enterprise risk management system

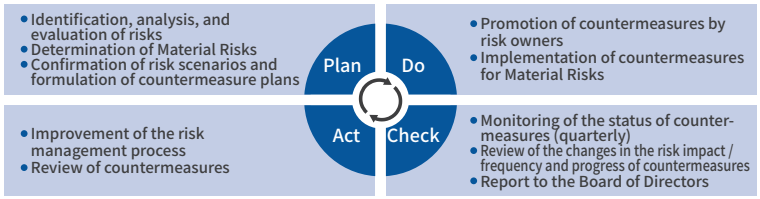


Promoting Risk Management

Each year, Yokogawa conducts a risk assessment on a global basis, including the identification, analysis, and evaluation of risks surrounding our business. The risks subject to assessment are defined as uncertainties that may affect the corporate value of the Group. We evaluate risks not only in terms of their potential negative impacts but also their positive impacts, and classify them into 60 key risk categories to ensure comprehensive coverage. The risks identified are analyzed from the perspective of their impact and likelihood of occurrence. In addition to financial and human aspects, impacts on external stakeholders such as social and environmental aspects are also considered in the analysis of impact. Based on business strategy, management challenges, changes in the external environment, and the adequacy of existing countermeasures, the Risk Management Committee selects the risks that management should prioritize (Material Risks), and the selected risks are reported to the Board of Directors.

Responsible business units (risk owners) are designated for each Material Risk, and countermeasures are promoted in accordance with their respective plans. Progress and status regarding countermeasures are monitored through methods corresponding to the classification of Material Risks. Based on the monitoring outcomes, the Risk Management Committee reviews changes in risks and countermeasures, and reports the results to the Board of Directors. In addition to leveraging reviews by the Risk Management Committee and advice from the Board of Directors in selecting Material Risks, we review risk management processes and countermeasures, operating a PDCA management cycle aimed at achieving more effective risk management.

PDCA cycle for Material Risks



Risks Surrounding Yokogawa

P.69-71 Risks Relating to the Group's Business

Representative examples of risks we have recognized are listed below. As these risks may affect our overall business activities, performance, and financial condition, we have established a risk management system and processes to mitigate or avoid such risks.

External Environment	Strategy	Operations
• Social conditions Political aspects such as regulations and tax systems Economic aspects such as economic climate and inflation Social aspects such as riots and strikes Geopolitical aspects such as war and sanctions • Fluctuations in financial markets Factors related to: **Uncertainties in the external environment that may present opportunities or threats**	• Changes in market and competitive environment • Strategic investments • Research and development • Human capital acquisition and development, and human rights initiatives • Devaluation of owned assets Factors related to: **Uncertainties that may present strengths or weaknesses in business operations in strategic context**	• Compliance • Quality • Procurement and supply • Project management • Intellectual property rights • Information security • Natural disasters • Nature and biodiversity Factors related to: **Uncertainties that may result from disruptions or misconduct in operational contexts due to ineffective internal controls**

■ Internal Control

Yokogawa has established and is operating an internal control system to promote management efficiency while ensuring the appropriateness of business operations, and to achieve sustainable growth and increase medium- and long-term corporate value through its continuous improvement and enhancement.

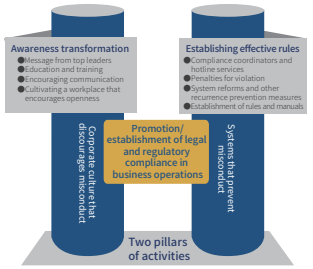
The Group Management Standards (GMS) have been established as the fundamental policies and rules applied across the Yokogawa Group. By clarifying the roles and responsibilities of each business process and promoting business processes based on the GMS, we seek to achieve an internal control system. Internal control responsibilities are assigned to each organization, and the GMS are maintained and operated accordingly. Each GMS owner, who is responsible for the management and operation of their respective GMS, works to ensure (i.e., maintain and improve) the effectiveness and efficiency of business processes in line with the annual plan set at the beginning of each fiscal year.

The Board of Directors supervises the execution of duties by Vice President & Executive Officers, establishes the basic policy for the internal control system in business execution, and monitors and supervises its establishment and operation. The department in charge of internal audits conducts an audit of the effectiveness of the internal control system and reports important matters to the Board of Directors and the Audit Committee.

■ Compliance

Yokogawa places the utmost priority on compliance and conducts its business activities in compliance with relevant laws, regulations, ordinances, and social norms while upholding the highest ethical standards. Directors and executive officers take the lead in the Group's adherence to and dissemination of business ethics. The Yokogawa Group Code of Conduct sets out the Basic Policy and Standards of Conduct, which employees should observe to realize Yokogawa's corporate philosophy. The Yokogawa Group Compliance Guidelines describe the specific actions each and every employee should take. To strengthen its compliance framework and address compliance-related issues, Yokogawa has established a business ethics department and continuously strengthens its compliance-based management practices. To proactively prevent misconduct and other compliance-related incidents, Yokogawa strives to foster a corporate culture that discourages misconduct and to establish systems that prevent misconduct. By fostering a healthy and open corporate culture throughout the Group, Yokogawa seeks to earn and maintain the trust of all stakeholders.

Basic approach to thorough compliance



Vice President & Executive Officers and Corporate Officers

Vice President & Executive Officers



Hitoshi Nara
Director
Executive Chairperson
Representative Executive Officer



Kunimasa Shigeno
Director
President & CEO
Representative Executive Officer



Koji Nakaoka
Executive Vice President & Executive Officer
In charge of Energy & Sustainability Business Headquarters and Business Strategy Headquarters
Head of Energy & Sustainability Business Headquarters



Kazuhiko Takeoka
Senior Vice President & Executive Officer
Head of Digital Solutions Headquarters



Hiroshi Tanoguchi
Senior Vice President & Executive Officer
Chief Technology Officer (CTO)
In charge of Yokogawa Products Headquarters, Global SCM Headquarters and Yokogawa Manufacturing Corporation
Head of Yokogawa Products Headquarters



Michiko Nakajima
Director
Vice President & Executive Officer
Head of Accounting & Treasury Headquarters



Akira Fukuda
Vice President & Executive Officer
In charge of Corporate Administration Headquarters, IT Strategy Headquarters, Marketing Headquarters and Yokogawa Test & Measurement Corporation
Head of Corporate Administration Headquarters



Naohisa Endo
Vice President & Executive Officer
Head of Materials Business Headquarters

Vice President & Executive Officers



Norinao Sato
Vice President & Executive Officer
Regional Chief Executive for Middle East, Africa, India and South Asia
President of Yokogawa Middle East & Africa B.S.C.(c)



Masataka Tomonaga
Vice President & Executive Officer
Head of Human Resources and General Affairs Headquarters



Seita Hagihara
Vice President & Executive Officer
Regional Chief Executive for North America, South America, Europe, Russia and CIS
President of Yokogawa Europe B.V.



Ikuo Kimura
Vice President & Executive Officer
Regional Chief Executive for Japan and Korea
President of Yokogawa Solution Service Corporation



Kin Wah Chay
Vice President & Executive Officer
Regional Chief Executive for ASEAN, Pacific and China
President of Yokogawa Engineering Asia Pte. Ltd.



Morimitsu Yamazaki
Vice President & Executive Officer
Head of Life Business Headquarters

Corporate Officers



Yoko Fujita
Corporate Officer
President of Yokogawa Test & Measurement Corporation



Kevin McMillen
Corporate Officer
President of Yokogawa Corporation of America



Yasumasa Ogawa
Corporate Officer
Head of Projects & Services Business Div., Digital Solutions Headquarters



Yoshiaki Asakura
Corporate Officer
Head of Global SCM Headquarters



Masaharu Maeda
Corporate Officer
Head of Solutions Business Div., Digital Solutions Headquarters



Mitsuhiro Yamamoto
Corporate Officer
Head of Systems Business Div., Digital Solutions Headquarters

Corporate Officers



Hiroaki Kanokogi
Corporate Officer
President of Yokogawa Digital Corporation



Taku Kitahara
Corporate Officer
Head of IT Strategy Headquarters



Nobuyoshi Miyasaka
Corporate Officer
Head of Marketing Headquarters



Masaru Takeuchi
Corporate Officer
Head of Corporate Strategy Office



Jun Endo
Corporate Officer
Head of Business Strategy Headquarters

■ Organization chart (as of June 19, 2026)

