Yokogawa Electric Corporation

Introduction of 2017 Yokogawa Report

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We have compiled the 2017 Yokogawa Report. Features of this report are as follows:

- Describes the relationship between financial and nonfinancial information in an integrated manner.
- Provides a more detailed explanation of the Group’s commitment to value creation over the mid- to long-term.
Yokogawa’s Value Creation (1)  
–Process of Creating Value–

As the English translation has not yet been finalized, the expressions used here are subject to change without prior notice.
Yokogawa’s Value Creation (2) – Yokogawa’s Resources for Value Creation –

**Customer base established through over 40,000 control system projects**

- Long-term relationships of trust with customers through 40- to 50-year plant lifecycles

**Safety first**

- Products with backward compatibility, high quality, and high reliability

99.999999% availability (CENTUM)

- Track record of over 40,000 control system projects

Always according to the highest priority to safety, the Yokogawa Group offers high-quality, highly reliable backward-compatible products and systems, maintenance services, consulting to maximize customer value, and solutions for the co-creation of values that help customers create value.

Through long plant lifecycles, Yokogawa has cultivated stable, strong relationships of trust with customers.

**Human and Intellectual Capital**

- Global employees: 18,329
  - Engineers: 8,400
  - Service engineers: 2,000
  - Development engineers: 2,000
  - Consultants: 200
  - Overseas development offices: 7
    - Singapore, India, China, US, UK, Netherlands, Germany
  - Central engineering centers: 6
    - Singapore, India, China, Philippines, Brazil, Colombia
  - Number of granted patents: about 3,000

Human capital is the driver of value co-creation with customers and also the source of the Yokogawa Group’s competitiveness and strength, which include high-quality and highly reliable products, advanced engineering, and project execution capabilities.

In line with the growth of business outside Japan, the ratio of employees working outside Japan already exceeds 50%.

While promoting localization and establishment of customer service offices close to customers, Yokogawa is also striving to foster and enhance the capabilities of its workforce.

While offering value to customers through the provision of services and solutions based on the superior skills and abundant experience of the Yokogawa Group’s human resources, Yokogawa accumulates further know-how and experience while also generating new ideas, leading to the expansion of intellectual capital.

This virtuous cycle is working effectively.

For the efficient utilization of engineering resources, the Group has central engineering centers in five countries that play a vital role in gathering and sharing engineering knowledge.

In 2018, as a result of the acquisition of the UK-based NEC, Yokogawa also gained human resources and expertise in the provision of premium consulting services for management, thus establishing the foundation for offering one-stop solutions to customers, from senior management to engineers in the field.

**Manufacturing Capital**

- Production sites in Japan: 4
- Production sites overseas: 14

Mindful that high precision and long-term stability are essential attributes of Yokogawa products, Yokogawa is globalizing its production sites based on the quality-first principle to achieve total optimization and short delivery, at appropriate cost and turnaround time, of uniform-quality products worldwide.

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Sustainability Goals  Three goals

Environmental  Social  Economic

- Achieve net-zero emissions
- Ensure well-being
- Make transition to circular economy

Transformation to achieve the sustainability goals

<table>
<thead>
<tr>
<th>Our strengths</th>
<th>Quality</th>
<th>Trust</th>
<th>Integrity</th>
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Areas for improvement

- Resilience: Becoming more adaptable and resilient
- Regenerative value creation: Evolving our businesses to engage in regenerative value creation
- Co-innovation: Promoting co-innovation with our stakeholders

Three goals

Yokogawa will work to achieve net-zero emissions, make a transition to a circular economy, and ensure the well-being of all by 2050, thus making the world a better place for future generations.
For a Sustainable Society –Cases of Value Creation–

Contribution toward a sustainable global environment / realization of a safe and secure society

One of the world’s largest second-generation bioethanol plants, and the first such facility in the southern hemisphere (Brazil)

Contributing to the stable supply of clean energy and striving for global environmental sustainability

Growth together with the region

Contributing to society through the provision of training and job creation (Saudi Arabia)

As its business expands in Saudi Arabia, Yokogawa is creating work opportunities and working with local universities and other organizations to train the local labor force.

The São Miguel dos Campos plant

President Nishijima meeting King Salman Bin Abdulaziz Al-Saud at the Japan–Saudi Arabia Vision 2030 Business Forum
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