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2010 CSR Report

2010 CSR Report

Corporate Social Responsibility

The Yokogawa Group aims to benefit society by providing solutions that protect the environment and being a positive influence for social change. On this page you can read about some of our CSR activities over the past year.



[→ Message from President](#)



[→ Yokogawa's Approach to CSR](#)

At Yokogawa, we are promoting CSR by prescribing guidelines for conduct that are based on our corporate philosophy and business standards.

[→ Governance and Compliance](#)

By establishing an internal control system and implementing compliance management, we aim to be a healthy business that encourages open communication.

CSR Highlights

Here are case studies that show how Yokogawa's solutions are benefiting society.



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📍 To Protect the Global Environment



📍 For Safe and Secure Operations



Environmental Management

Yokogawa has assigned a very high priority to protecting the environment. We are helping our customers reduce the environmental impact of their business activities and are taking concrete steps to reduce our own environmental footprint.

→ Environmental Management



Management System, Environmental Performance Improvement Activities

Key Topic

→ Energy Saving Diagnostics over the Lifecycle of a Plant

This case study describes how our cutting-edge technologies are saving energy at a Thai customer's plants.

→ A Project to Protect the Woodlands of Tokyo

In a collaborative effort with non-governmental organizations and local residents, we are helping to restore woodlands and promote biodiversity in the Tokyo metropolitan area.

Human Rights and the Yokogawa Workforce

Yokogawa adheres to the international standards on human rights, and strives to promote diversity in its workforce.



→ Developing Global-minded Personnel

Two employees working at our headquarters give their thoughts on Yokogawa's approach to diversity.

→ Promoting Occupational Health and Safety Management

Learn more about our safety and health policy and our

occupational safety and health management system.

Customers and Suppliers



→ Customer Satisfaction and Quality Assurance

Here we describe Yokogawa's quality management activities and initiatives to improve customer satisfaction.

→ Supplier Relations

Here you can find out more about Yokogawa's basic procurement principles and what we are doing to promote socially and environmentally responsible supply chains.

→ Yokogawa Corporate Citizenship

Read about the Yokogawa Science Class, our cooperation with non-governmental organizations, and our efforts to make this world a better place.



→ CSR Efforts by Yokogawa Group Companies

Here you can learn more about the Yokogawa Group's environmental conservation, human resources management, and corporate citizenship activities.

About the 2010 CSR Report

The 2010 CSR Report gives a complete overview of the CSR activities of the Yokogawa Group. Further key information is also provided in our annual report.

→ [Annual Report](#)

□ Period covered by this report

April 1, 2009 through March 31, 2010

Where appropriate, information on events occurring outside this period may be included.

□ Scope of data

This report covers Yokogawa Electric and its Group companies. When data having a different scope is provided, that is noted.

□ Company names

In this report, “Yokogawa” and “Yokogawa Group” refer to the entire organization, “Yokogawa Electric” is only used with reference to Yokogawa Electric Corporation.

□ Reference Guidelines

Environmental Reporting Guidelines (Fiscal year 2007 Version), published by the Ministry of the Environment, Japan

Environmental Accounting Guidelines (Fiscal year 2005 Version), published by the Ministry of the Environment, Japan

Sustainability Reporting Guidelines 2006, published by the Global Reporting Initiative

Past CSR and Environmental Reports

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Message from President

One reason for a company's existence is the contribution that it makes to society, and an important mission for any company is the enhancement of its corporate value through healthy and sustainable growth. The Yokogawa Group aims to build relationships of trust and meet the expectations that have been placed on it by society, and does so with the realization that it owes much to nature and the community. Without the acceptance and respect of society, we will not be able to sustain our business operations. As a global citizen, I would like to create value together with our customers and help to make our society more sustainable. We will always be looking for those contributions that only Yokogawa can make by leveraging our technical strengths, and will endeavor to be a socially responsible company with spirited employees who hold their heads high.



President Shuzo Kaihori

The Yokogawa Group has joined the United Nations Global Compact to affirm its support of fundamental principles in the areas of human rights, labor, the environment, and anti-corruption. We will make sure that all employees honor these principles.

Our Identity

Our corporate philosophy is a declaration of the Group's identity: "As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information." Although our business activities may not be well known to the general public, we are striving to fulfill our responsibilities to society through the products and services that we provide our customers, and take pride in our support of industries worldwide.

In 2000, we announced the VISION-21 and ACTION-21 long-term corporate strategy for the years leading up to 2010. VISION-21 states, "The Yokogawa Group will work together with its customers



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to create value in the fields of industrial and social systems. Thus, the Group aims to contribute toward not only preserving the global environment in the 21st century and realizing resource recycling in society, but also realizing a thriving global society." VISION-21 also sets out our common values, which includes respect for individuals, the creation and sharing of value with our customers, and fairness and openness.

Winning Society's Trust

Trust provides the very foundation for a company's existence. The second part of our corporate philosophy makes clear our standard for personal conduct, affirming, "Individually, we aim to combine good citizenship with the courage to innovate."

In 1994, we set out our basic compliance policies in the Standards of Business Conduct for the Yokogawa Group. In addition, the Yokogawa Group Internal Control Systems have been established to enhance corporate governance. Thanks to a Groupwide commitment, both efforts have been effective, and we will take further steps to reinforce them. To promote understanding of our activities and build trust, we will also seek to disclose more information.

Technological Innovation for Our Customers

As indicated in a number of corporate image surveys, Yokogawa is known as a technology company. I believe society expects a contribution from us that is based on our high-quality products and services and utilizes our leading edge technology.

In 2006, the Group designated FY2010 as the Second Milestone for the VISION-21 and ACTION-21 strategy, which states, "Yokogawa will help customers solve problems from their point of view (Customer Centric Solutions), using optimum technical expertise (Leading Edge Technology)." We will do whatever it takes to meet our customers' needs.

Global Human Resources

Another initiative for the Second Milestone is "One Global YOKOGAWA." Regarding this initiative, we have stated, "We must be One Global YOKOGAWA in the eyes of our customers, no matter when, where, or how they encounter us." As developing and utilizing human resources is another important mission for a company, we will provide the kind of environment in which employees can fully demonstrate their true potential.

More than 50% of our consolidated sales come from outside Japan. Approximately one half of the Group's employees work in subsidiaries outside Japan, and just one fourth work for subsidiaries in Japan. In response to the increasing diversity of our business and its employees, we must achieve a truly consolidated operation that allows us to combine the strengths of this diverse workforce.

Approach to Social and Environment Issues

Humankind today faces many problems that involve society and the environment. We must ask ourselves what we can do as a company to respond to these problems and look for answers. Although major issues such as poverty, military conflict, and refugees cannot be immediately resolved by any one company acting on its own, there are many other areas like water, food, medicine, and housing where our business activities in fields such as measurement, control, and life science can have an immediate impact in people's lives.

Yokogawa is already moving forward on these fronts by leveraging its measurement, control, and information technologies to provide products and services that, for example, help to reduce energy consumption. Capitalizing on our expertise in such areas as renewable energy and water recycling and reuse, we will make further contributions with the aim of realizing a sustainable society.

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Yokogawa Policies

Yokogawa has established the corporate philosophy and the standards of business conduct applied to all the group companies. These policies clearly describe Yokogawa's corporate responsibility.

- [Corporate Philosophy](#)
- [Standards of Business Conduct](#)

Also, the Yokogawa Group Compliance Guidelines give clear rules and guidelines relating to human rights, obedience to the law, workplace safety, hygiene, etc.

- [Yokogawa Group Compliance Guidelines \(Human Rights\)](#)

Yokogawa's Approach to CSR

Yokogawa's Contribution to Society through its Core Business

An enterprise should sustain itself and grow with the changing society. Yokogawa's corporate philosophy states that its goal is "to contribute to society through broad-ranging activities in the areas of measurement, control, and information." As Yokogawa takes pride in the fact that it is supporting the industries in the world, it is fulfilling our responsibility to society.

In addition, to address the issues that society and global environment are facing, Yokogawa contributes to the society by utilizing the "technology for measurements, controls, and information." It utilizes these methods in the areas of energy conservation solutions, new energy development support, energy load measurement and analysis, and medical and pharmaceutical development support.

Responsibility to Stakeholders



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In Standards of Business Conduct for the Yokogawa Group, five "Basic Principles" are defined: Realizing the Yokogawa Philosophy, Customer Satisfaction, Observance of Laws and Regulations, Respect for Human Rights, and Order and Safety of Community and Society. In addition, the Basic Attitude of the Yokogawa Group defines its contribution to global environmental protection and relationship with the stakeholders. Abiding by these principles, work is in progress to meet the expectations of stakeholders, which includes employees, customers, and stockholders. At Yokogawa, all employees are considered an asset (human resource), and as such, it strives to continually improve its work environment and proactively provide its employees with opportunities to develop their abilities. In addition, it strives to meet the expectations of its customers, with its motto since the inception, "Quality First." Being also mindful as "good citizens," as declared in its corporate philosophy, Yokogawa is actively engaged with local communities and social action programs through its employee volunteers.

Corporate Governance

To support a healthy and continued growth, Yokogawa is working to strengthen its corporate governance, striving to increase the transparency of the decision making by our Board of Directors and to enhance the audit functions. At the same time, Yokogawa is maintaining its internal control system to execute the business appropriately and effectively. In addition, as a business that is trusted by society through its fair and honest business activities, Yokogawa makes an effort to cultivate a corporate culture that gives compliance the highest priority above all else.



CSR Promotion Structure

In 2008, the CSR Promotion Headquarters was newly established as a designated department for CSR. In 2009, departments in charge of compliance, environmental protection, occupational labor and safety, and corporate citizenship were consolidated as "CSR and Business Ethics Department," which was set up within the Audit and Compliance Headquarters that oversees internal control. The result is a structure for more comprehensive CSR activities across the entire group.

→ [Internal Control System](#)

The United Nations Global Compact

In January 2009, Yokogawa participated in the "United Nations Global Compact," an international initiative that promotes 10 principles concerning human rights, environment, and corruption prevention in. As of February 2010, 7,542 groups are participating in the world, and Yokogawa is the 76th Japanese company to participate in it. An effort has been ongoing to share the ethos and the standard of the Global Compact with all workers within the Group and all the customers connected through its supply chains.

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CSR Highlights

Contributing to Society through Technologies for Measurement, Control and Information

Yokogawa is a corporate group that provides solutions in terms of industrial automation and measuring instruments. Since our founding in 1915, we have continued to contribute to the realization of an affluent human society by providing optimal solutions, in the form of technologies for measurement, control and information, to customers centered mainly in the manufacturing and social-infrastructure fields.

In recent years, as awareness about CSR (corporate social responsibility) has grown, concern for the global environment and customer demands for operational safety have become greater than ever before. Our control systems have been installed in factories throughout the world. We believe that by using our control systems as platforms and combining them with the latest energy-efficient technologies, operations possessing the world's highest level of efficiency can be achieved. Moreover, we take pride in the fact that our control systems, which support production processes that operate 24 hours a day, year round, provide a reliability equal to or greater than a seven-nines operating rate (99.99999% = 1 failure per 4500 years of operation). By closely monitoring and forecasting a factory's production conditions and anticipating changes in them, our control systems enable reliable, stable operations.

Yokogawa will continue to contribute to creating a safe, secure, and environmentally friendly society.

To Protect the Global Environment



For Safe and Secure Operations



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Yokogawa's control systems and field instruments are used worldwide for purposes of efficient energy utilization and wide-area monitoring to protect the environment.

High temperatures, high pressure, flammable materials, transport of hazardous materials? careful risk management is necessary for operating a factory. To protect the irreplaceable lives of people, Yokogawa uncompromisingly pursues the highest quality.

Applying Advanced Energy-Saving Technologies to Factories in Asia

→ [Energy Saving Diagnostics over the Lifecycle of a Plant \(Thailand\)](#)

Contributing to Boosting Local Economies in Japan

→ ["Measurement Seminar" Held for Technical Education](#)

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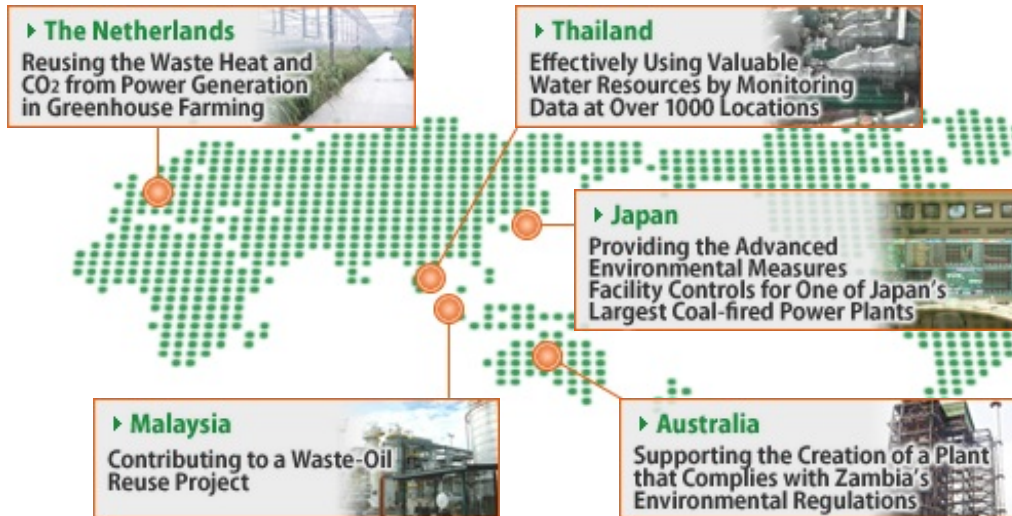
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To Protect the Global Environment



TOPIC 001 ENECO Energie (The Netherlands)

Reusing the Waste Heat and CO₂ from Power Generation in Greenhouse Farming

ENECO Energie is one of the three main energy companies in the nederland. It provides a variety of services, including the supply of electricity, gas and heat.

At its ROCA power station, it generates electricity by burning gas. Moreover, it is engaged in an environmentally friendly project by which the heat and CO₂ produced from that process are used in agriculture. Necessary for plant growth and photosynthesis, heat and CO₂ are transported by



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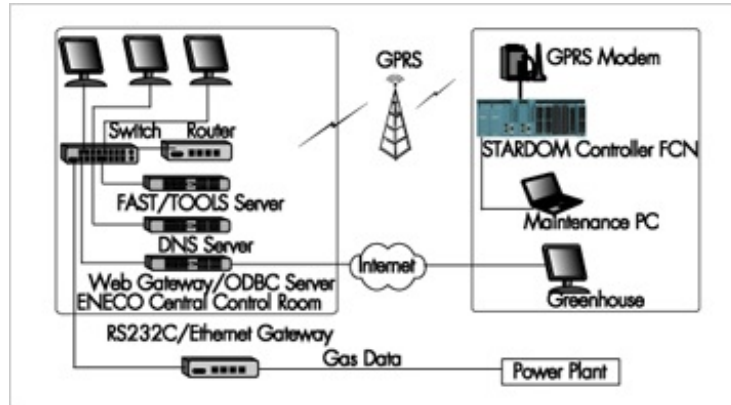
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pipeline to the greenhouses of nearby farmers. This also contributes to reducing energy consumption and CO2.

With the system supplied by Yokogawa, STARDOM controllers, which are suitable for use in networks, have been installed in the greenhouses, and ENECO Energie remotely monitors and controls them through Internet cables. Moreover, provisions have been made so that each farmer can provide necessary instructions, and obtain information, through ENECO Energie's website.



STARDOM controller installed in the site cabinet

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For more details go to :

→ [Success Stories - ENECO Energie, The Netherlands](#)

TOPIC 002 Metropolitan Water Authority (Thailand)

Effectively Using Valuable Water Resources by Monitoring Data at Over 1000 Locations

The Metropolitan Water Authority(MWA) supplies water to 1.8 million people in and around the city of Bangkok. To deal with the growing demand for water from the rapidly expanding city, MWA is also building a water-supply network divided into over 1000 blocks. With this network, however, water leakage and water loss, caused by pipe damage, equipment malfunction, inaccurate meters and more, had become a chronic problem, leading to water shortages.

In an MWA project in which Yokogawa participated, the goal was



In an IRTV project in which Yokogawa participated, the goal was to reduce water loss by 30% by accurately monitoring pressure and flow in the water-supply network and promptly identifying places where leaks occurred. Thus, more than 200 STARDOM controllers and 1000 pressure transmitters and flowmeters were installed at key points in the network, and a system that centrally monitors the network via telephone lines was introduced as well. As a result, it has become possible to centrally monitor, in real time, data received from over 1000 block stations, and to immediately discover burst pipes and other abnormalities and readily identify leak locations. Thanks to this system, water loss has been greatly reduced and water resources are being more effectively used.

For more details go to :

→ [Success Stories - Metropolitan Waterworks Authority, Thailand](#)

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TOPIC 003 Aldwich Enviro-Management Sdn Bhd (Malaysia)

Contributing to a Waste-Oil Reuse Project

Recycling waste oil is less environmentally burdensome, and more cost-efficient, than refining new fossil fuel. Aldwich Enviro-Management provides such a service at its plant in Kemaman, Trengganu, Malaysia. Waste oil collected from various places by tanker truck and other means is brought to the plant, mixed in the ideal proportions and then stored, after which it goes through various refining processes, being transformed into diesel oil, naphtha, fuel oil, and other high-quality, value-added petroleum products.

Yokogawa's CENTUM CS 3000 R3 control system and field instruments were installed at the plant, where they are used to control all operations, from the loading and unloading of oil tanks to refining, shipping, and the emergency shutdown system. Thanks to a system that combines highly reliable products with effective engineering and cooperative customers, stable waste-oil recycling has been realized.



For more details go to :

→ [Success Stories - ALDWICH ENVIRO-MANAGEMENT SDN. BHD, Malaysia](#)

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TOPIC 004 Xstrata Technology's Mufulira Copper Smelter (Australia)

Supporting the Creation of a Plant that Complies with Zambia's Environmental Regulations

The Mufulira Copper Smelter processes more than 400,000 tons of copper ore a year. With the aging of the facilities, however, the electric furnace had been rebuilt.

A new smelter was now to be installed; and in order for it to comply with Zambia's environmental regulations, a sulfuric acid plant that would remove the sulfur oxide, particulate matter, and other environmental pollutants from the smelter's off-gas also had to be constructed.

In Australia, Yokogawa built a control system for the entire facility ? smelter, acid supply, sulfuric acid plant, etc. ? and shipped it to Zambia. So that local staff could operate the control system, Yokogawa also cooperated in their long-term training.

We believe that carrying out such environmental efforts and local support in developing countries will become increasingly important.

For more details go to :

→ [Success Stories - Xstrata Technology, Australia](#)

TOPIC 005 The Electric Power Development Co.'s Tachibanawan Thermal Power Station (Japan)

Providing the Advanced Environmental Measures Facility Controls for One of Japan's Largest Coal-fired Power Plants

The Tachibanawan Thermal Power Station, owned by the Electric Power Development Co., Ltd., is located in Anan City, Tokushima Prefecture. With two 1,050 MW coal-fired generating units that began operating in 2000, it is one of the largest coal-fired power plants in Japan. A source of power for a wide area in western Japan, it stably supplies electricity to four regional utilities: Kansai Electric Power Co., Chugoku Electric Power Co., Shikoku Electric Power Co., and Kyushu Electric Power Co. Consideration was given to ensuring that the power station's design harmonized with the surrounding landscape. Moreover, as environmental protection measures, flue gas desulfurization systems and other state-of-the-art environmental facilities were installed to remove the NOx (nitrogen oxides), SOx (sulfur oxides) and ash dust. Part of the removed coal ash is reused as



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Photo: Electric Power Development Co.,Ltd.



cement material. For the integrated monitoring and control of these extensive environmental facilities – gas desulfurization systems, electrostatic precipitator, coal storage and conveying facilities, ash treatment facilities, waste-water treatment facilities – Yokogawa's CENTUM CS 3000 is used. To centrally monitor the facilities, which are widely spread out and include approximately 30,000 data points, Yokogawa created a user-friendly interface equipped with two mouse-operated 100-inch screens and a guide system that employs surveillance monitors and sound. Thus, Yokogawa's control technology is helping to reduce the environmental burdens on the surrounding area while supporting the stable supply of electricity.



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→ [Success Stories - Tachibanawan Thermal Power Station, Japan](#)

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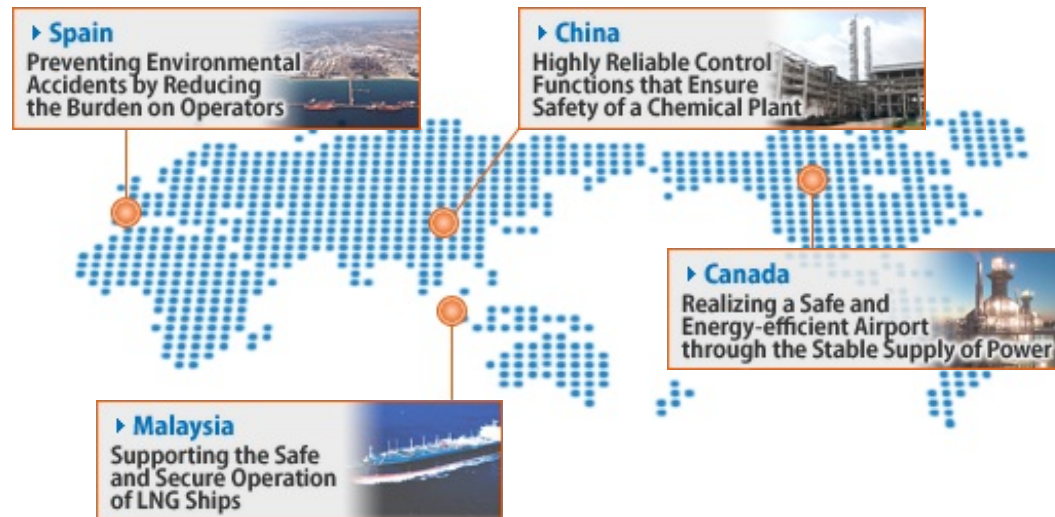
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For Safe and Secure Operations



▶ **Spain**
Preventing Environmental Accidents by Reducing the Burden on Operators

▶ **China**
Highly Reliable Control Functions that Ensure Safety of a Chemical Plant

▶ **Canada**
Realizing a Safe and Energy-efficient Airport through the Stable Supply of Power

▶ **Malaysia**
Supporting the Safe and Secure Operation of LNG Ships

TOPIC 001 CEPSA (Spain)

Preventing Environmental Accidents by Reducing the Burden on Operators

CEPSA is Spain's second largest oil company, and its refinery in Alegeriras is its largest. This refinery produces all kinds of fuel products, including propane, butane, gasoline, jet fuel, gas-oil and fuel-oil, as well as high-quality petrochemical products such as benzene, toluene and xylene. At its offsite facilities for shipping, receiving and transport, it needs to control a complicated pipeline network used for moving and mixing crude oil. This network has a total length of 220



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... kilometers, and is normally involved in carrying out at least 100 jobs (shipping, receiving and transport jobs) at any one time. Accordingly, an integrated, highly reliable system able to solve the various problems that occur in such operations was needed.

Using Yokogawa's abundant offsite experience, an OMS (Oil Movement and Storage) system was installed. The resulting benefits include the following.

- Improved security monitoring during operations in the offsite area
- Reduction in operational errors that cause product contamination
- Prevention of environmental problems caused by tank overflow and other factors
- Reduction of burdens on operators through automation of operations

Operators can now understand the entire area; and operability has been increased, and safety greatly improved, by functions that can be conducted with a single button. Yokogawa's control technology has made it possible to increase the efficiency and the safety of operations at the same time.

For more details go to :

→ [Success Stories - CEPESA, Spain](#)

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TOPIC 002 Yunnan Dawai Ammonia (China)

Highly Reliable Control Functions that Ensure Safety of a Chemical Plant

Yunnan Dawai Ammonia Co., Ltd. manufactures 500,000 tons of ammonia annually through coal gasification and air separation processes. With this manufacturing method, unlike the more commonly used methods of manufacturing ammonia from natural gas or crude oil, combustion is free of smoke emissions.

On the other hand, the procedures for controlling the coal gasification process are extremely complicated, and adjusting the heat feed amounts, coal-to-oxygen ratio and steam-to-



the heat, feed ammonia, coal to oxygen rate and steam to oxygen ratio is considered quite difficult. However, with the CENTUM CS 3000's module control function and sequence control function, settings can easily be created for those factors. The coal gasification process involves a maximum temperature of 1500°C and 40 bars of pressure, so a high level of safety is also required. If an accident were to occur, the effects on the surrounding area would be enormous, and the environmental damage incalculable. Countering such risk, the CENTUM CS 3000's reliability and ease of use are making an enormous contribution to the plant's safety.

For more details go to :

→ [Success Stories - Yunnan Dawei Ammonia Co., Ltd., China](#)

TOPIC 003 [Greater Toronto Airports Authority \(Canada\)](#)

[Realizing a Safe and Energy-efficient Airport through the Stable Supply of Power](#)

Toronto Pearson International Airport is located in a million-person city in eastern Canada and near eight US states. In 2003, it shared the same power network with the surrounding area, and was troubled by frequent power outages caused by shortages of electricity. This was an extremely serious problem. It meant that the airport couldn't reliably fulfill its function as a public facility, and that its very ability to ensure the safety of air traffic was at risk. What was clearly needed was a safe, reliable, independent source of electricity available 24 hours a day, year-round, without interruption.

As a result of considering both reliability and cost performance, a gas turbine cogeneration power plant from General Electric was selected. Yokogawa took charge of the plant's monitoring and control system.

Thanks to the new plant, it became possible to provide this international airport, an important part of the surrounding social infrastructure, with a stable supply of electricity, and airport safety and security have improved as well. Moreover, by effectively using the heat obtained from the plant's power generation and supplying the regional power network with any surplus power produced, the plant is playing a major role in conserving energy and reducing environmental burdens.



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→ [Success Stories - Greater Toronto Airports Authority \(GTAA\), Canada](#)

TOPIC 004 [MISC \(Malaysia\)](#)

Supporting the Safe and Secure Operation of LNG Ships

The Malaysia International Shipping Corp. is Malaysia's largest maritime shipping company, and has ships exclusively used for carrying LNG (liquid natural gas). Until recently, for their operation and their cargo monitoring and control system, MISC used antiquated panel instrumentation and programmable logic controllers (PLCs). To extend the life of the ships, it was necessary to replace this system. The boiler control was also outdated and inefficient.

If something happens to a ship after it has left port and is alone at sea, the danger is greater than near land. Moreover, systems have to perform effectively in a unique installation environment subject to, among other things, irregular movements caused by wind and waves and fluctuations in a power source dependent on the boilers. Installing Yokogawa's CENTUM CS 3000 improved the visibility of information and made it possible to predict changes and promptly deal with them. Moreover, the system itself is highly reliable, thereby increasing the safety of the ships and improving the punctuality of operations and the fuel efficiency of the boilers.

For more details go to :

→ [Success Stories - Malaysia International Shipping Corp. \(MISC\), Malaysia](#)



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Energy Saving Diagnostics over the Lifecycle of a Plant (Thailand)

Yokogawa participated in the planning of “Survey on energy saving by IT” which was launched in 2009 by the Ministry of Economy, Trade & Industry (METI) and the Green IT Promotion Council (GIPC). Yokogawa then performed energy saving diagnostics at two of its customers' plants in Thailand.

Energy Saving Diagnostics at Two Factories in Thailand

From October 2009 to January 2010, Yokogawa performed diagnostics for energy saving at the plants of two customers who use the Yokogawa control systems. The diagnostics were done as part of the “Survey on energy saving by IT”, started by the METI and GIPC. InsightSuiteAE, Yokogawa's equipment diagnostic system, was used as a tool to collect and analyze process data, and to perform a high-precision simulation of the energy-saving effects using multivariate analysis technology. This enables one to predict the effects of energy savings, and to actualize them without modifying the existing system.

Rayong Olefins Co., Ltd.

Rayong Olefins Co., Ltd. (ROC) is the second largest petrochemical company in Thailand, producing 1.2 million tons of olefin products annually in Rayong, Thailand. The diagnostics revealed that the following energy savings were possible per year, for every single unit of heat exchanger and 13 units of ethylene cracking furnaces.

- Energy: 807,000 kWh- CO₂ (450 tons)
- Steam: 290 tons- CO₂ (50 tons)
- Fuel: 300 tons- CO₂ (900 tons)



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ROC plant

Energy saving diagnostics were performed against heat exchangers and ethylene cracking furnaces, two of the most energy-consuming equipments.

Heat exchangers tend to lose their heat transfer efficiency with operations due to fouling inside the shell and the tubes causing an increase in energy consumption. As a result, cleaning of the shell and inside the tubes in regular maintenance is necessary. ROC has several hundred units of heat exchangers; however, without the proper tools to measure their heat performance, they must rely on experience to determine the equipment to be cleaned. To solve this problem, InsightSuiteAE was installed to measure the fouling buildup of the heat exchangers up to date. Then, future estimated extent of each fouling buildup is calculated and an appropriate maintenance schedule was proposed to the customer.

Ethylene cracking furnaces also have several coil tubes set inside, through which ethylene raw materials (e.g., naphtha) flow and are thermally decomposed. Over time, the coke buildup inside these coil tubes lowers the furnaces' heat transfer efficiency. This increases their energy consumption, necessitating regular decoking which means removal of the coke buildup. Currently, ROC does not have the means to measure the extent of the coke buildup. Without this measurement, they must use equal amounts of steam to decarbonize in all coil tubes, regardless of the extent of the buildup for each coil tube. This means that more steam is used than necessary for the coil tubes with only small amounts of buildup. To solve this problem, InsightSuiteAE was installed to perform multivariate statistical analysis on 220,000 operational points, and the appropriate amount of steam was available for each coil tube according to its measured coke buildup. For this control, Yokogawa proposed the steam supply optimization algorithm of Exapilot, its operation efficiency improvement package, to ROC.



Diagnostics in progress

■ Thai Acrylic Fibre Co., Ltd.

Thai Acrylic Fibre Co., Ltd. (TAF), a member of the Aditya Birla Group of India, produces 100,000 tons of one of the world's three best quality acrylic fibers each year at their Saraburi, Thailand plant. At this plant, Yokogawa's diagnostics revealed that the current operating condition (two lines) could be improved to yield the following energy savings per year:

- Steam: 3,100 tons- CO₂ (490 tons)
- Energy: 6,400 kWh- CO₂ (4 tons) (As a side-effect of control valves' stability)

Diagnostics were performed on the drying machine, which uses the most amount of steam in the entire plant, and on the plant's main control valves. InsightSuiteAE's diagnostic devices for the control loops and the control valves were installed to check the temperature control conditions. The results showed that the temperature controller of the drying machine is unstable, causing more steam to be consumed than necessary, and that the control valves are unsettled, causing wasting of air.

■ Yokogawa's Contributions

These efforts were made as part of Yokogawa's new service-based solution called "VigilantPlant Service™", announced in February 2010. With VigilantPlant Services™, Yokogawa works with its customers to detect and solve various problems and to maintain the effectiveness of the plant throughout its lifecycle.

For this occasion, Yokogawa worked in collaboration with its customers in Thailand who use Yokogawa control systems, by adding InsightSuiteAE and Exapilot on their existing system and performing energy saving diagnostics. As a result, potential opportunities for significant energy savings were identified. Based on these findings, Yokogawa and its customers will be looking into ways to improve the controllability that actualizes energy savings.

In order to continue the energy-saving efforts throughout the lifecycle of a plant, it is important to not only offer solutions, but also to educate the local users and provide long-term support. Yokogawa recognizes its responsibility as a global provider of control systems, and is committed to promoting global energy conservation, not only by offering products and solutions, but also by supporting its customers' plants with a long-term perspective.

See also:

→ [VigilantPlant Services™](#)

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"Measurement Seminar" Held for Technical Education

The "Measurement Seminar" started in 2008 as a response to a request from the local communities to help provide technical education. In 2009, this seminar was held 13 times in 12 locations throughout Japan.

Each of the seminars is usually limited to 20 to 30 people, because there are demonstrations and exercises using the actual devices. When the seminars first started, the curriculum consisted of fundamentals, much like an extension of school education. However, more recently, Yokogawa has been working with the host organization to design the curriculum ahead of time, so that the material fits the local industry.

For the attendees, the knowledge and skills gained from the seminar can be used immediately in their workplaces. Yokogawa will continue to hold these events, hoping to help boost the local economy and expand employment.



"Power Measurement/Low-Frequency EMC Measurement Seminar" at Iwate Industrial Research Institute, in collaboration with NF Corporation.

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Customers and Quality First

Activities to Improve Customer Satisfaction

In 2008, a customer satisfaction survey was conducted of customers who attended the product information course at the training center in Yokogawa Electric (Japan). For 2009, the survey results were tallied up, analyzed, and a structure was set up to share the results with the employees over the Intranet. In addition, a system was set up so that the customers' opinion can be addressed in the business activities.

Through activities such as these, Yokogawa will continue to provide products and solutions that can satisfy the customers even more.

Quality First Approach

Since the establishment, we have implemented our quality management system across all processes, as we are convinced that Quality First Approach is the basis of customer satisfaction. All the main Group companies have attained ISO9001 certification starting with Yokogawa Electric in 1992, which has made delivery of the same quality worldwide a reality.

We have continuously valued our customers' feedback to develop satisfactory products, and have gained a high level of satisfaction from our customers with respect to the accuracy and functionality of our products.

- [ISO9001 Certification](#)
- [Quality Assurance](#) 
- [Product Compliance Management](#) 



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Supplier Relations

Improvement of the Management Structure as Part of Internal Control

As part of the Yokogawa Group's internal control, Yokogawa's management structure governs the overall business processes, including its relationship with customers and suppliers. For the sales and procurement processes in the supply chain, Yokogawa Group's "Group Sales Operations Code" and "Group Procurement Code" have been defined based on its Corporate Philosophy and Standards of Business Conduct, to ensure fair and equitable transactions. Yokogawa observes the local ordinances of the country and regions with whom we do business, and focuses on establishing a supply chain that considers environmental protection.

In 2008, the Yokogawa Group Supply Chain CSR Guideline, which is compliant with JEITA*, was created and published. In addition, Yokogawa's basic procurement policy, which is summarized in three points, is used as a set of principles to guide its every day operations. In 2009, a network of responsible parties of Yokogawa Group's sales and procurement processes was built as a foundation for all supply chain CSR activities.

Three Basic Procurement Principles

1. Create an ethical, clear, and open corporate culture and establish ourselves as a company that can be trusted by society.
2. Promote socially responsible procurement activities throughout the supply chain, including not only the Yokogawa Group, but also the suppliers of Yokogawa.
3. Comprehensively evaluate and select suppliers, giving priority to our commitment to being a good corporate citizen.



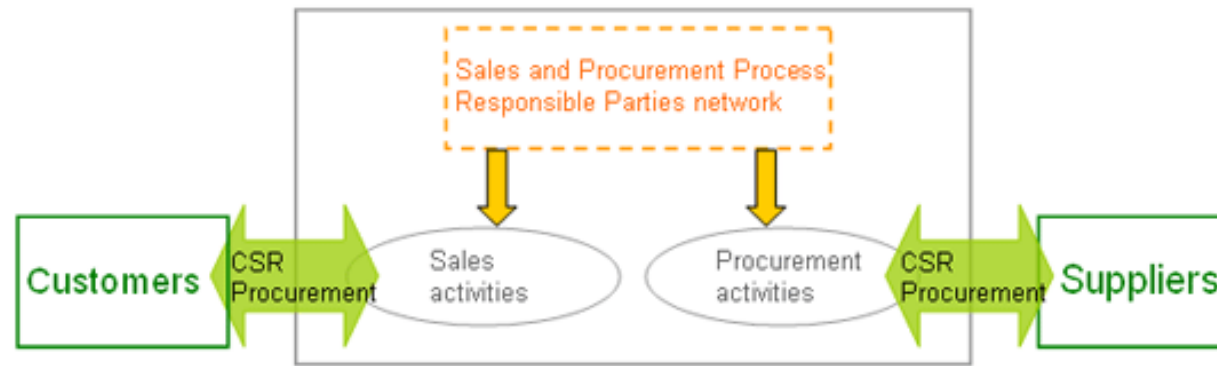
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Supply Chain CSR

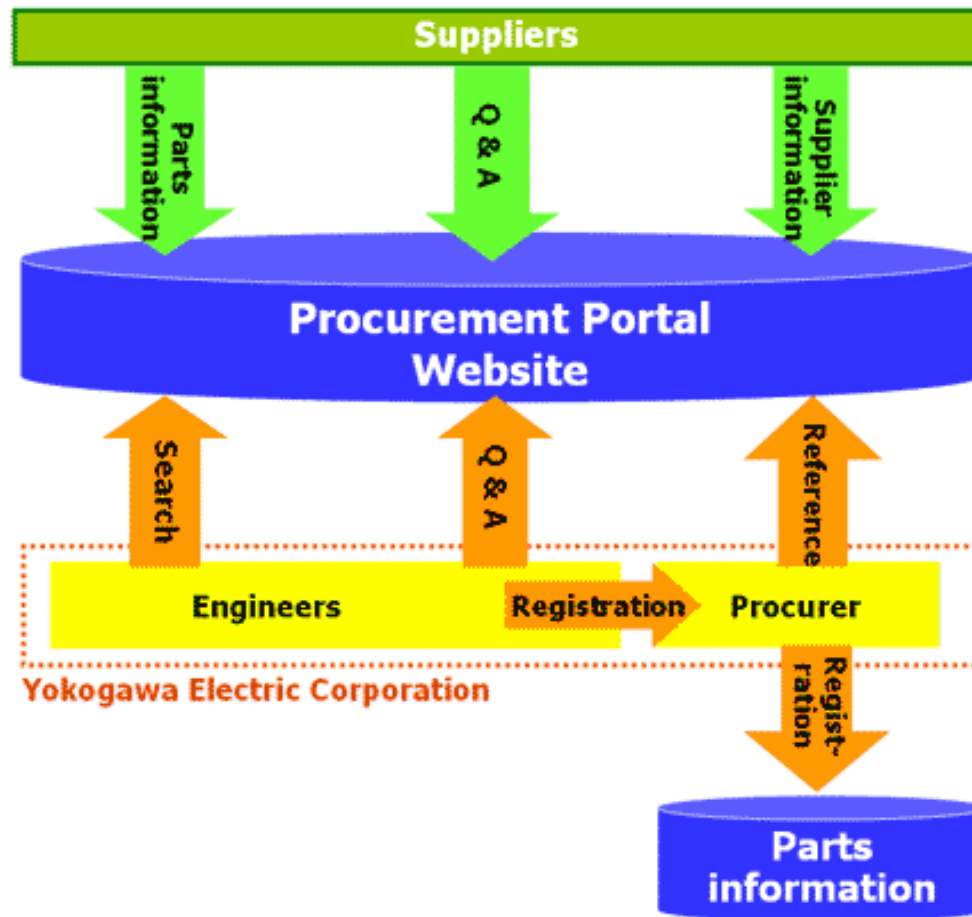
Strengthening of Partnerships with the Suppliers

Yokogawa strives to strengthen its partnership with its key suppliers, through regular exchanges with the supplier's management. In April 2010, Yokogawa invited 100 people from the suppliers' management to an informational meeting at its corporate headquarters to explain its procurement policy. After the corporate policy, business plan, and procurement strategies were explained, a trophy and a certificate of appreciation were awarded to the company recognized as the Yokogawa's best supplier from the previous year.



Portal Site Connecting Suppliers with Yokogawa

Yokogawa has launched a portal site connecting the suppliers and Yokogawa engineers to improve the quality of information and work efficiency in adopting and designing of parts. As a result, accurate information from the suppliers can be shared internally in a timely manner. In addition, because it follows the standard format specified by JEITA, the work efficiency for both the suppliers and Yokogawa has improved, from adopting to designing of parts.



*JEITA: Japan Electronics and Information Technology Industries Association

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Corporate Social Responsibility Management

Yokogawa is actively engaged in fulfilling its corporate social responsibilities in the areas of society and environment, business activities, human resources, and management.

Aiming to be a company that is trusted in the global markets, we have positioned compliance as our number one management priority. We have also strengthened our internal control system and risk management.

Corporate Governance

Yokogawa's basic system of corporate governance including business execution system, board of directors, board of auditors, and whole structure

[→ more](#)

Risk Management

Risk survey, classification of risks, management system, and risk reporting

[→ more](#)

Quality Control

Yokogawa's policy and management system for **Quality First Approach** and ISO9001 certification

[→ more](#)

Compliance

System to promote compliance, compliance training, compliance hotline, and global opinion survey

[→ more](#)

Information Security

Information security measures to address three aspects: people, equipment, and information technology

[→ more](#)



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Corporate Governance

The Yokogawa Group recognizes that the basic mission of corporate management is to secure sound and sustainable growth, and to build a relationship based on trust with stakeholders, including shareholders. Accordingly, the Group is implementing important measures to enhance corporate governance in order to achieve a healthy and profitable operation.

Speedy decision making and transparency are ensured through deliberations among directors who are well versed in the Group's business, including completely independent outside directors. Through audits by the corporate auditors, including outside corporate directors, the legality, efficiency, and rationality of the directors' activities and the appropriateness of their decisions are rigorously examined.

The Yokogawa Group has set forth its basic compliance policies in the Standards of Business Conduct for the Yokogawa Group, and directors take the lead in working to see that business ethics are upheld and embraced throughout the Group. In addition, the Yokogawa Group Internal Control Systems, which are intended in part to help ensure the reliability of financial statements and the propriety of decision making, guarantee the appropriateness and efficiency of Group operations.

The department in charge of internal auditing audits the effectiveness of the internal control systems based on an annual audit plan and reports important matters to the Board of Directors and the corporate auditors.

Corporate Governance Structure



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Internal Control System

At Yokogawa, "internal control" is a management process in which business resources, such as human resources, assets, and budgets, etc., are allocated appropriately and moved functionally to increase the corporate value. An internal control system is constructed as a means to achieve internal control; this is used to control both the positive and negative aspects. By doing this, Yokogawa aims at improving the corporate value of the entire Group.

The Structure of the Internal Control System

The internal control system of the Yokogawa Group consists of 10 control systems and 4 subsystems as shown in the table below: Each control system sweeps across all divisions that are conducting business activities.

Internal Control Systems	Subsystems	Primary laws (excerpt)
Business Ethics		General law, Whistleblower Protection Act, etc.
Decision Making		Corporate law etc.
Quality Management		Laws concerning products, such as Product Liability Act and Measurement Act, etc.
Labor Management		Labor Standards Act, Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment, etc.
Environmental, Safety and Health		General environmental laws, Industrial Safety and Health Act, etc.
Information		



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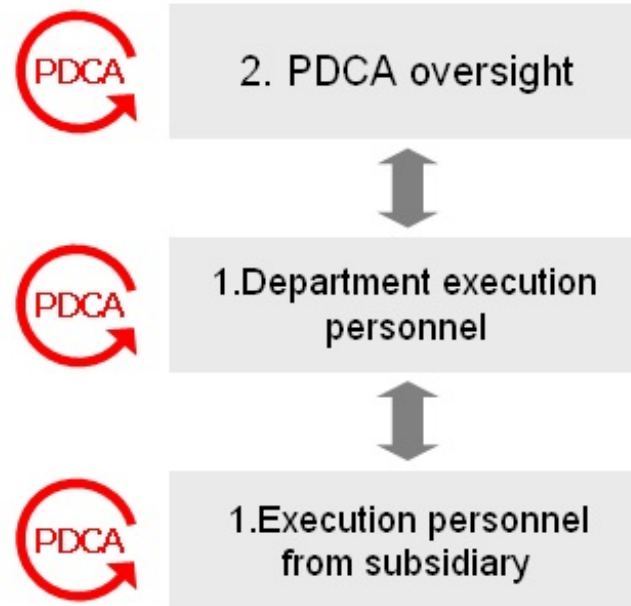
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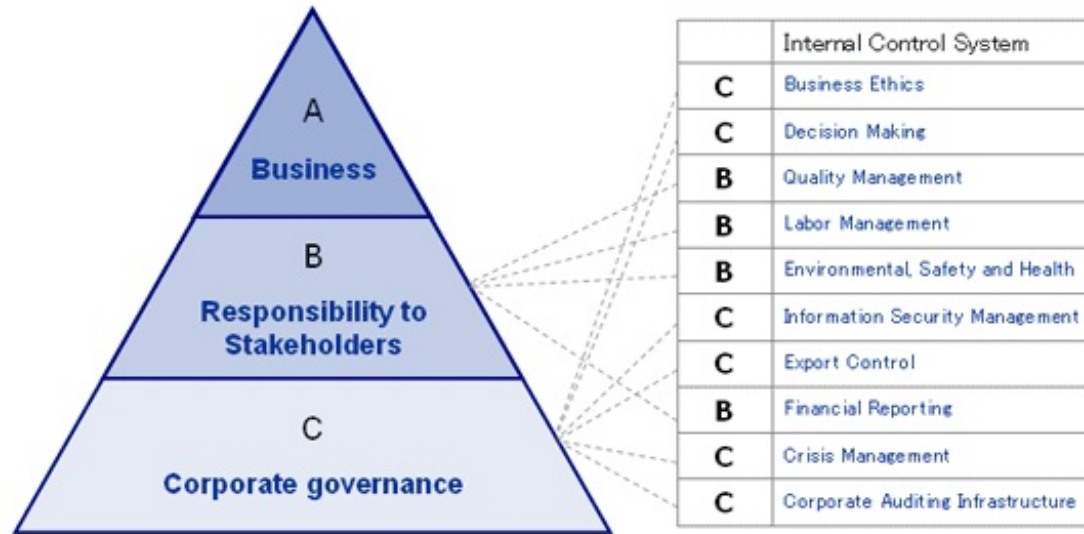
Information Security Management		Unfair Competition Prevention Act, Act on the Protection of Personal Information, etc.
Export Control		Foreign Exchange Law, etc.
Financial Reporting	Financial reporting	Financial Instruments and Exchange Act
	Procurement management	Financial Instruments and Exchange Act, Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
	Insider Trading Prevention	Financial Instruments and Exchange Law
	Information Disclosure	Corporate law, Financial Instruments and Exchange Law, etc.
Crisis Management		General laws
Corporate Auditing Infrastructure		Corporate law

In addition, each internal control system consists of a layered structure as shown in the figure below. The system clarifies the roles, e.g., 1. execution of PDCA cycle at the site, and 2. oversight of PDCA cycle from a specialized perspective.



Internal Control Systems and CSR

There are two sides to CSR activities that fulfill the corporate social responsibilities: one side has to do with managing relations outside the company, e.g., stake-holders, and the other side has to do with managing the internal affairs of the Group. The internal control system of Yokogawa chiefly manages the activities of the entire Group concerning corporate ethics, quality, personnel management, and occupational safety and health, etc. In the figure below, B and C correspond to the internal control systems. The figure indicates that the CSR activities are promoted by appropriate operation of the internal control system.



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Compliance

Yokogawa promotes compliance management strongly throughout its entire group, with the mantra, "compliance over everything else." It aims to be a healthy and open business with two pillars: "systems that prevent ethical misconduct," and "culture that encourages ethical conduct."

Provision of Compliance Promotion Structure

To establish "systems that prevent ethical misconduct," and "culture that encourages ethical conduct," a compliance promotion structure has been set in place globally. In Japan, a poster of the "compliance facilitator (advisor in the office)" was posted in each office to cultivate a compliant culture within the workplace. At the same time, compliance training—custom designed for each work environment—was started and led by the compliance facilitator.

Conducting Enlightenment Activities

Compliance training and business ethics campaign are conducted.

→ [Enlightenment Activities](#)

Review and Use of Consultation and Reporting System

To quickly identify and address compliance issues, a report and inquiry channel has been established. In Japan two hotlines are available: an internal hotline (Business Ethics Line: BEL), and an external hotline, staffed with lawyers (Compliance Hot Line: CHL). In addition, reporting systems have been set in place in Group companies overseas, and information is exchanged through monitoring.



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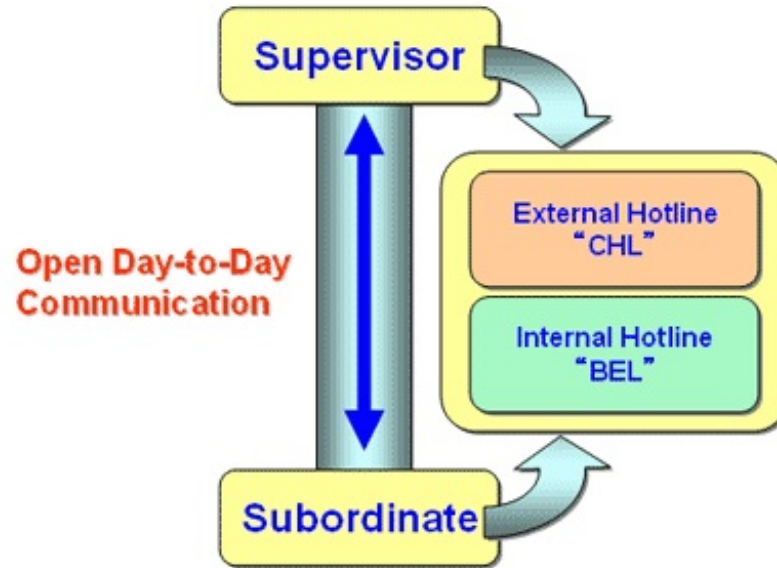
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Performing of Global Awareness Survey

An awareness survey regarding compliance is conducted for all Yokogawa Group employees every year. By analyzing the results by workplace and functions, the results are utilized to enhance employees' awareness in the following year.

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Enlightenment Activities

Conducting Compliance Training

Yokogawa conducts compliance education and training to instill ethical values to every employee to establish unshakable convictions. In the fiscal year 2009, Yokogawa conducted the following training to help foster awareness of compliance throughout the Group.

- Business ethics training for managers of the Yokogawa Group in Japan
- Business ethics training for general employees in the Yokogawa Group
- Business ethics education for Japan employees who are to be posted in countries
- Business ethics education for new employees of the Yokogawa Group



Use of Compliance Guidelines in English and Chinese

In 2008, the English and Chinese versions of "Compliance Guidelines for Yokogawa Group" (issued on 2007) were published. In the fiscal year 2010, Yokogawa will be using these guidelines to strengthen the training provided by compliance personnel overseas.

Compliance News Issued

The "Compliance News" is issued bimonthly; with specific content that is current to the time they are issued, to prevent



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content that is current to the time they are issued, to prevent employees from any ethical misconduct.



Revised Misconduct Case Studies Issued

In the fiscal year 2009, a revised version of the "Misconduct Case Studies," originally published in 2008, was re-published with recent case studies that have educational value. The case studies are used as teaching material in employee training and study sessions at each workplace. In addition, "Activity Guidance," used for consultation in the office by the compliance facilitator is added and used.

Business Ethics Week

In the fiscal year 2009, Business Ethics Week campaign was conducted for all Group employees in Japan to help "permeate and embed awareness of compliance." The week consisted of the following:

- A message from president Kaihori regarding "Compliance above everything else"
- E-learning for all employees to help deepen their understanding of compliance.
- A "Compliance Senryu (three-line Japanese poem) Contest" was held. Out of the 500 entries submitted, 30 entries were given an award of excellence and announced via the intranet. The chosen Senryu were used as a tool to promote compliance. Other entries will also be introduced and used via the intranet.

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Risk Management

Risk Survey

We are conducting a risk survey for all domestic and foreign affiliates and for the headquarters in the Yokogawa Group. The survey is conducted as a self-assessment of the state of risk extraction and risk management, using a risk survey sheet based on the book, **Learn Risk Management from Leading Companies -- Practice Text**, issued by METI. "Risk" is defined as something that could affect the management of the Yokogawa Group. We further define risks that occurred in the past or is currently occurring as "explicit risks", and foreseeable risks that have not yet surfaced as "implicit risks".

METI: the Ministry of Economy, Trade and Industry

Classification of Risks

The risks extracted from the survey were classified into two categories, "corporate risks" and "business risks". "Corporate risks" deal with the Yokogawa Group's internal control systems, and is handled from 10 perspectives (e.g. quality, environment-health and safety, and information security, etc.) "Business risks" deal with our decision making. They are classified into "1. risks relating to the external environment", "2. risks relating to achieving business plan", "3. risks relating to partnerships with other companies", and "4. risks relating to human resources (recruiting, training, and utilization, etc.)".

Risk Management

We use the PDCA cycle management to avoid, reduce, transfer and retain risks. The risk map is used to analyze situations in risk management.

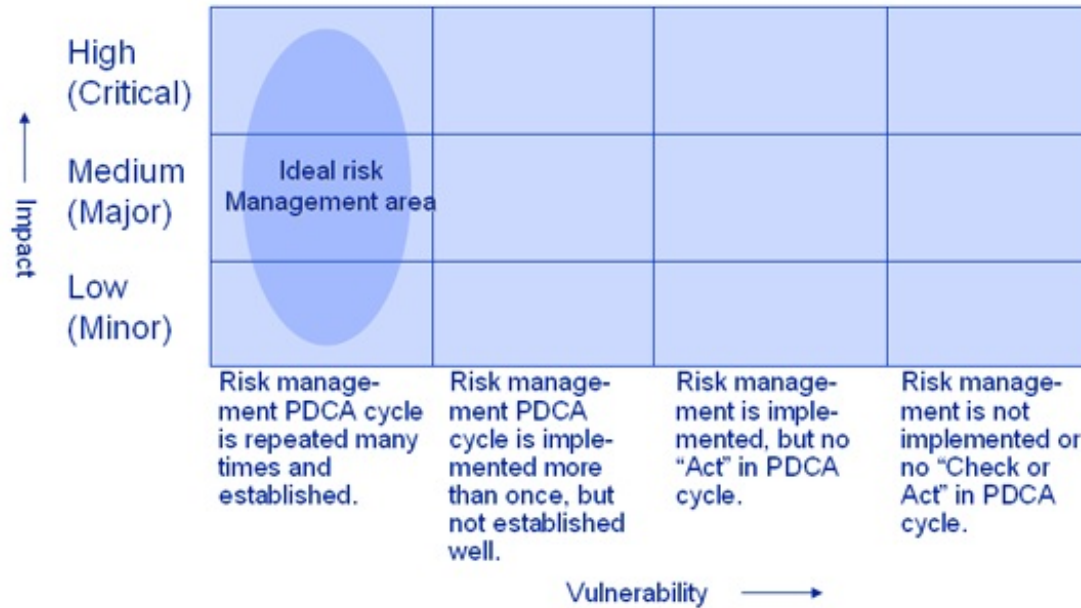


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Reporting the Results of the Risk Survey and Risk Management

We reported the results of the risk survey and the risk management at the board and management meetings. We are continuously improving the risks that are not well managed, and are also strengthening our risk management. Some of the examples for strengthening risk management include "counter-measures against the new flu pandemic", "strengthening information security", and "business continuity management in preparation for large earthquakes".

Escalation of Information

In the event of a disaster, accident, or incident that can seriously impact the Yokogawa Group companies' management and/or the lives of their officers and employees, the concerned organization must take prompt action to minimize the damage by gathering information and reporting back to the Group's top management.

To address this issue, we have created the "Guidelines for Reporting Disasters, Accidents, and Incidents". These guidelines have been prepared to advise all departments and affiliates in the Yokogawa Group on the reporting procedures to follow in the event of such disasters.

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Protection of Important Stakeholder Information

Information Security

The Yokogawa Group works together with customers to provide them with solutions. To protect important information entrusted to us by our stakeholders, we implement information security measures to address three aspects: people, equipment, and information technology (IT).

People: Information Security Training

An important way to protect information is to raise the security awareness of each employee by training them on how to handle information. To ensure that Yokogawa's employees appreciate on the importance of information security and keep their knowledge up to date, the Yokogawa Group uses an e-learning system to annually provide training to all employees. Based on the belief that "a good beginning makes a good ending," the Group provides training to new employees who are entering straight out of university or in mid-career to familiarize them with the rules of their new workplace. We also review the details and results of the training through information security audits.



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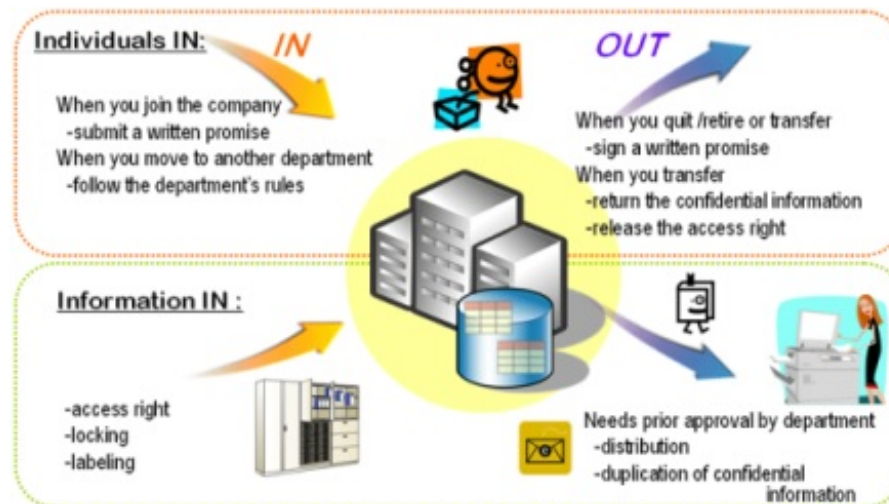


Image from ISMS text

Equipment: Continuous Improvement

We implement anti-theft, fire-prevention, and other security measures to protect locations where information is stored. Our facilities and equipment are kept under continual surveillance, and efforts are made to replace obsolete facilities and equipment with state-of-the-art ones. For R&D facilities that require advanced security, we implement a variety of security measures including the introduction of iris authentication for facility access control and the use of storage cabinets that can only be unlocked with an employee ID card.



Opening a locked cabinet with an employee ID card

Information Technology (IT): Protection Behind the Scenes

The most vulnerable point with regards to information security breaches is people. People can leak information by mistake and misuse information out of ignorance. IT systems provide ways to prevent such human errors.

1. Measures to prevent data leakage from PCs

We create a more secure environment by installing antivirus software, implementing biometric authentication, using data encryption, and more.

2. Anti-spam measures

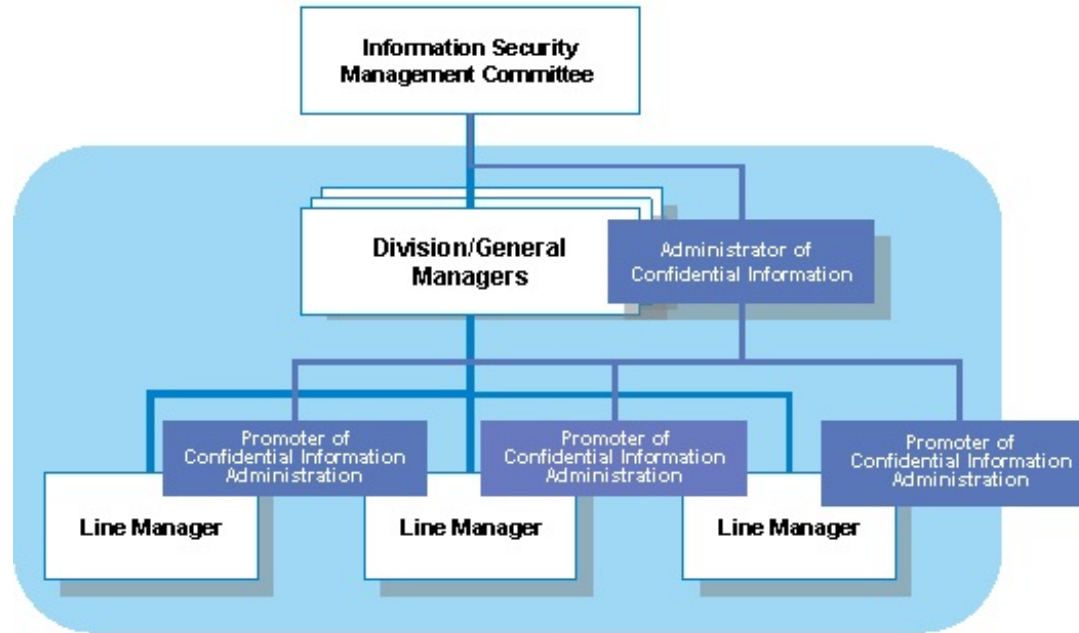
We have implemented an anti-spam filtering system, because spam mail is not only bothersome but also includes malicious mail that may cause data leakage and virus infection.

3. Network connection device management

To protect against unauthorized access and data leakage, we prevent unregistered PCs and related devices from being connected to the network.

Organization

There is an Information Security Management Committee that discusses and determines information security measures and policies. In addition, there is an information security department or section for each of the Yokogawa Group's headquarters and business headquarters, as well as for each Group company. A PDCA, or Plan-Do-Check-Act, cycle is implemented to ensure information security activities are implemented smoothly.



Information security organization of Yokogawa Electric Corporation

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Quality Control

Customers and Quality First

Since the establishment, we have implemented our quality management system across all processes, as we are convinced that **Quality First Approach** is the basis of customer satisfaction. All the main Group companies have attained ISO9001 certification starting with Yokogawa Electric in 1992, which has made delivery of the same quality worldwide a reality.

We have continuously valued our customers' feedback to develop satisfactory products, and have gained a high level of satisfaction from our customers with respect to the accuracy and functionality of our products.

In addition to getting customer feedback through conversations at the management level or third parties researches, we have started conducting customer surveys for the users who attended our training courses at our training center in Japan in fiscal 2008.

We will analyze and make use of this information to offer more desirable products and solutions.

- [ISO9001 Certification](#)
- [Quality Assurance](#) 
- [Product Compliance Management](#) 



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UN Global Compact Index

The United Nations has put forward a set of ten principles, The UN Global Compact, relating to human rights, labor, the environment, and anti-corruption. On January 5, 2009, Yokogawa signed on as a participating company.

Kofi Annan, former Secretary-General of the UN, first proposed the Global Compact at the World Economic Forum in 1999; the UN officially launched it in 2000. Participating companies are expected to uphold and practice international standards relating to human rights, labor, the environment, and anti-corruption.

Today, Yokogawa does business around the world and its actions affect economies, societies, and the environment. Recognizing its role as a global company, it abides by international norms and actively works to address urgent international issues such as the environment and human rights.

→ [Press release of January 7, 2009, announcing Yokogawa's participation in the UN Global Compact](#)

Below are the ten principles of the UN Global Compact, followed by Yokogawa's efforts in each area:

Human Rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

make sure that they are not complicit in human rights abuses.

Yokogawa's Efforts:

→ [Human rights policies](#)



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→ Extends CSR through the supply chain

→ Addresses social issues

Labor Standards

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

the elimination of all forms of forced and compulsory labor;

Principle 5:

the effective abolition of child labor; and

Principle 6:

the elimination of discrimination in respect of employment and occupation.

Yokogawa's Efforts:

→ Encourages the use of human resources with an emphasis on diversity

→ Employs the disabled

→ Maintains workplace safety and hygiene

Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

tundertake initiatives to promote greater environmental responsibility; and

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

Yokogawa's Efforts:

→ Environmental management

→ Adopts solutions aimed at reducing energy consumption

→ [Environmental equipment and instruments](#)

■ **Anti-Corruption**

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery

■ **Yokogawa's Efforts:**

→ [Business Ethics and Compliance](#)

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