

## 2015 CSR REPORT



**YOKOGAWA CSR Policies**

**Organizational Governance**

**Human Rights**

**With Employees**

**Fair Operation Practices**

**With Customers**

**Environmental Reporting**

**Community Involvement**

The Yokogawa Group's thoughts and initiatives concerning CSR are presented on this website. The information on this website is also available in PDF documents that can be downloaded from the yearly archives.

▶ [CSR Reports](#)

In addition to our Annual Report for shareholders and investors, from fiscal 2015 we are further enhancing CSR information and non-financial information that is deeply connected to our management plans and business strategy, and are issuing the YOKOGAWA Report, a report based on integrated thinking. As such, we ask that you also view the YOKOGAWA Report.

The YOKOGAWA Report is available at the web address below. (Date of release: September 1, 2015)

▶ [Investor Relations Website](#)

We hope that readers will gain a better understanding of the CSR activities of the Yokogawa Group through CSR information.

## Period covered by this report

April 1, 2014 through March 31, 2015

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.

## Intended readership

This information is intended for a wide range of stakeholders including customers, shareholders and investors, business partners, employees, communities, NPOs, NGOs, and government.

## 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

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(August 31, 2015)

## 1. Outline of CSR information

The CSR information on this website is released for the purpose of conveying to our stakeholders how the Yokogawa Group addresses various societal issues through business and social activities, and how we contribute to achieving a sustainable society.

The reporting primarily covers activities during fiscal 2014 (April 1, 2014 to March 31, 2015). It also contains some information on earlier major activities, updates from fiscal 2015, and other information considered beneficial to stakeholders. This report covers Yokogawa Electric and its Group companies.

## 2. Main contents

### (1) YOKOGAWA CSR policies

The Yokogawa Philosophy, which states,

“As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information .

Individually, we aim to combine good citizenship with the courage to innovate.”

provides the underlying basis for our efforts to fulfill our corporate social responsibility (CSR).

Yokogawa has established a department at its head office to oversee CSR activities throughout the Yokogawa Group. Group companies around the world are promoting CSR initiatives to meet expectations by each country and region. Through these means, we are making every effort to contribute to the sustainable development of local communities and economy. We have also established the Yokogawa Group Compliance Guidelines, which provide employees with a roadmap for conduct in such areas as human rights, legal compliance, and occupational safety and health.

### (2) Contributing to society through our business (Creating new value for society with our customers)

Yokogawa's products solutions are in use in major industrial plant facilities around the world, including in emerging countries. Many Yokogawa products are in operation constantly in customers' plants in a broad-range of industries such as urban infrastructure (including electricity, gas/LNG and water), petroleum, petroleum chemistry, chemical, iron and steel, paper, and pharmaceutical, as well as food production.

Yokogawa products not only increase the productivity and quality of plants through automation of field operations, but also provide features which increase safety and automate dangerous work. With these features, we help prevent accidents or trouble from occurring by comprehensively monitoring plants to ensure stable and optimum operations. Also, Yokogawa provides advanced applications which contribute to the efficient use of energy and resources, reducing environmental impact and preventing air pollution. Many Yokogawa products are also effectively used with vital water resources and the development of natural energy.

Yokogawa will continue to create new value together with our customers and will contribute to achieving a sustainable society.

### (3) Responsibility to Stakeholders

The Standards of Business Conduct for the Yokogawa Group call for the realization of the Yokogawa

Philosophy, enhancement of customer satisfaction, observation of laws and regulations, respect for human rights, and maintenance of the order and safety of communities and society. We have also outlined our basic stance on environmental conservation and stakeholder relations. Based on these standards, we promote activities to meet to stakeholders expectations, such as employees, customers or shareholders.

#### **(4) Corporate governance, risk management and compliance**

The Yokogawa Group recognizes that the basic mission of corporate management is to secure sound and sustainable growth, and to earn the trust of its shareholders and other stakeholders. Accordingly, the Group is implementing measures to enhance corporate governance in order to achieve a sound and profitably run organization.

To enhance companies' sustainable growth and improve mid- to long-term corporate value, Japan's Corporate Governance Code has been applied to listed companies in Japan from June 2015. The Yokogawa Group will work to further enhance its corporate governance.

Yokogawa promotes compliance management strongly throughout its entire group, with the slogan, "compliance above everything else". It aims to be a healthy and open business with two pillar foundations: "corporate culture that prevents misconduct" and "systems that prevent unethical conduct."

Performing the roles of risk management departments, departments in charge of internal audits advise Group companies on the identification, analysis, and remediation of risks, and report to the Board of Directors and corporate auditors on major matters. In the evaluation of risks, the departments evaluate strategic business risks and internal control risks, in terms of degree of impact and possibility of occurrence. In making evaluations, the departments take into account not only financial and human aspects, but also societal and environmental impacts.

Responses to crisis situations involving events with a potentially material impact on the Group's management are set forth in the Group Policy for Crisis Management.

#### **(5) Human rights / With employees**

We at Yokogawa have established a compliance guideline that requires us to comply with the international standards on human rights; consider the different geographical and cultural backgrounds of other employees when working with them; refrain from discrimination on the basis of race, nationality, sex, religion, age or disability of any kind; and drive home these principles to all our Group companies.

Under the belief that our employees are our most valuable asset, the Yokogawa Group aims to create workplace environments conducive to work, we have prepared a variety of programs through which we address occupational safety and health, work-life balance, human resource development (including global education), promotion of active participation by female employees, and other matters.

#### **(6) Environment**

We at Yokogawa regard conservation of global environment, including climate change or energy/resources issues, as an important management task and strive to implement the environmental management needed to address it. Specifically, we help our customers be "green" by, for example, developing products that allow for harmonious coexistence of mankind with nature and providing environmental solutions that help analyze/improve environmental impact generated through their business activities, just as we actively endeavor to reduce the environmental impact in our business operations.

## **(7) Community involvement and development**

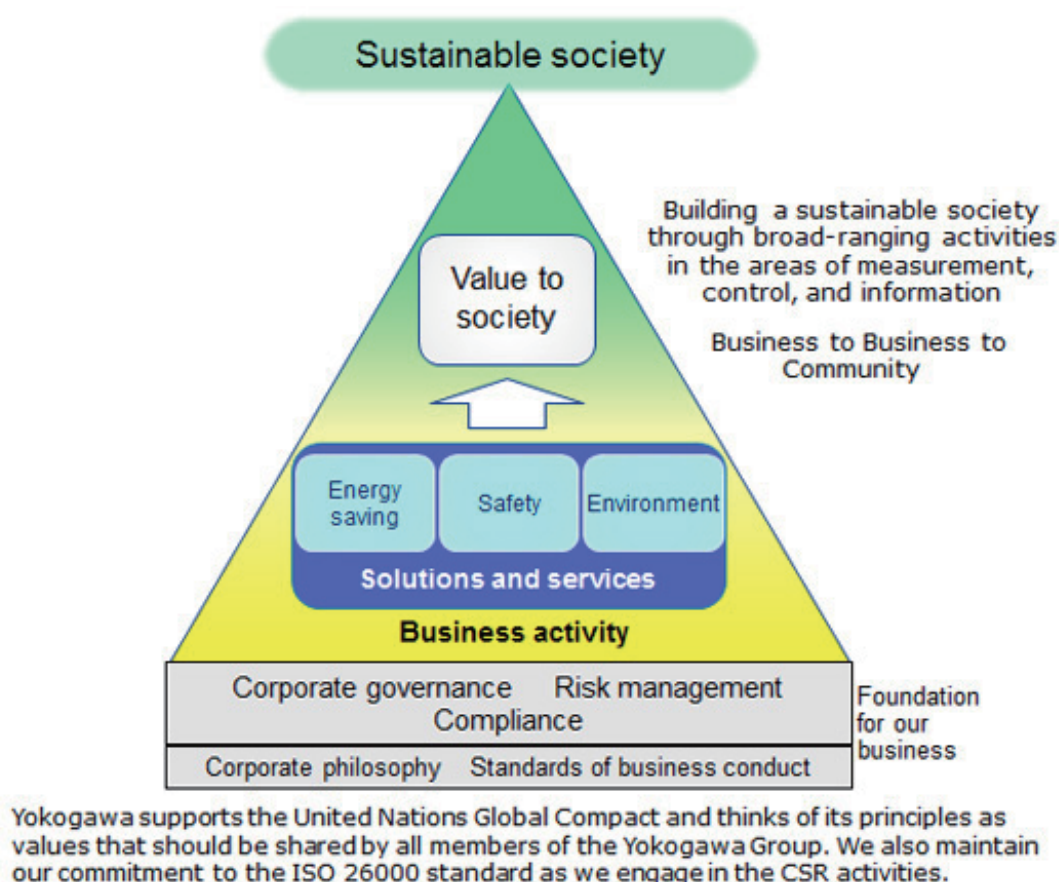
Recognizing that companies are also members of society, Yokogawa strives to exist in harmony with communities as a "good citizen." Going beyond making contributions to society through our business and working to resolve societal issues and achieve the goals we share with our regions and with society, we carry out initiatives together with local communities in areas including environmental preservation and support for next-generation education.

The Yokogawa Philosophy, which states,

“As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information. Individually, we aim to combine good citizenship with the courage to innovate.”

provides the underlying basis for our efforts to fulfill our corporate social responsibility (CSR).

Yokogawa has established a department at its head office to oversee CSR activities throughout the Yokogawa Group. Group companies around the world are promoting CSR initiatives to meet expectations by each country and region. Through these means, we are making every effort to contribute to the sustainable development of local communities and economy. We have also established the Yokogawa Group Compliance Guidelines, which provide employees with a roadmap for conduct in such areas as human rights, legal compliance, and occupational safety and health.



## Contributing to Society through our Business

Yokogawa, since its inception, has been to provide the measurement, control and information technologies that are essential to various industries and thereby contribute to the sustainable growth of society.

Many Yokogawa products and solutions are in operation constantly in customers' plants in a broad-range of industries such as petroleum, petrochemical, chemical, iron and steel, paper, gas/LNG, electricity, pharmaceutical, water and environment as well as food production.

By providing solutions which enhance energy efficiency and support the creation of next-generation energy technologies, we are helping to solve a variety of social issues.

In this manner, and by positioning the business to business to community (B to B to C) concept at the heart of our CSR activities, we will contribute to the sustainable development of society.

## Supporting the United Nations Global Compact Initiative

The Standards of Business Conduct for the Yokogawa Group call for the realization of the Yokogawa Philosophy, enhancement of customer satisfaction, observance of laws and regulations, respect for human rights, and maintenance of the order and safety of communities and society. Yokogawa is committed to fulfilling its various fundamental responsibilities as a company, including maintaining compliance and contributing to society through its businesses.

Yokogawa has participated in the Global Compact Initiative, an international undertaking advocated by the United Nations, since 2009. Accordingly, the Company endeavors to support and practice the Compact's ten principles relating to human rights, labor, the environment, and anti-corruption. Yokogawa strives to ensure that its global network of Group companies and suppliers shares the same commitment to these principles.

Looking ahead, every effort will be made to fulfill our corporate responsibilities as a globally operating company.

Yokogawa Electric Corporation  
President and CEO  
Takashi Nishijima



## CSR Promotion Structure

We have established a dedicated CSR group within the Audit and Compliance Headquarters, whose functional scope also includes overseeing internal controls. With this CSR group, which drives the activities aimed at CSR, environmental conservation, occupational safety and health, and social contribution (citizenship), we have put in place a system for the implementation of more comprehensive CSR activities throughout the entire group.

## Adapting to the Corporate Governance Code

To enhance companies' sustainable growth and improve mid- to long-term corporate value, Japan's Corporate Governance Code has been applied to listed companies in Japan from June 2015. The Corporate Governance Code stipulates the appropriate response to societal and environmental problems and other issues. The Yokogawa Group will work to further enhance its corporate governance as we tackle such sustainability issues.

## Communication with Our Stakeholders

YOKOGAWA will help solve the unique challenges such as energy conservation, the reduction of environmental impact and improved plant safety by utilizing our solutions. In addition, we are working to strengthen corporate governance, abide by compliance, and promote human resources strategy. In



promoting all CSR activities, it is required to incorporate fully the expectations and demands of society as well as promote the business strategy of our mid-term business plan. We therefore value feedback, concerns and other input obtained through communication with our stakeholders.

Customer	<ul style="list-style-type: none"> <li>● Interaction through regular sales activities</li> <li>● Calls to our Global Response Center</li> <li>● Conversation/interaction with customers at trade shows and customer meetings</li> <li>● Provision of information via websites</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>● Interaction through IR activities such as the General Meeting of Shareholders and presentations to investors</li> <li>● Communication through financial reports and annual reports</li> <li>● Response to research conducted by SRI rating agencies</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>● Interaction through regular procurement activities</li> <li>● Organization of presentations on our procurement policy</li> </ul>
Employee	<ul style="list-style-type: none"> <li>● Interaction through labor-management consultations</li> <li>● Communication through the company newsletter and intranet</li> <li>● Employee-awareness surveys</li> </ul>
Communities	<ul style="list-style-type: none"> <li>● Conversation/interaction with nearby residents/communities</li> <li>● Participation in community activities</li> </ul>
Governments/ Industry organization	<ul style="list-style-type: none"> <li>● Participation in economics organizations and industry bodies</li> </ul>
NGOs/NPOs	<ul style="list-style-type: none"> <li>● Conversation/interaction through various cooperative activities</li> </ul>

## 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, labor standards, environment, and anti-corruption. As of June 2014, 12,401 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 and suppliers connected through its supply chains.

## ISO 26000

ISO 26000, issued by the International Standardization Organization in November 2010, is an international standard for the social responsibilities of corporate entities, presenting seven core subjects including organizational governance, human rights, labor practices, environment and fair operating practices. The standard serves as a guidance manual instead of defining and requiring conformity assessment or third-party certification such as in the case of ISO 9000 and ISO 14000.

Yokogawa, as a company active in the global marketplace, observes ISO 26000 and upholds corporate

governance as a key principle of CSR in running the company. As such, we are committed to CSR activities designed to contribute to society through our business operations, conserve the environment and protect human rights, to meet the expectations of stakeholders.

# Corporate Philosophy

## The Yokogawa Philosophy

### Introduction to Yokogawa's corporate symbol and standards of business conduct

As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information.

Individually, we aim to combine good citizenship with the courage to innovate.

Published in January 1988

## Standards of Business Conduct for the Yokogawa Group

### I . Basic Principles of the Yokogawa Group

#### 1. Realizing The Yokogawa Philosophy

This Company Code imparts the principles of good business for the Yokogawa Group members who aspire to fulfill the Yokogawa Philosophy. "As a group, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control and information. Individually, we aim to combine good citizenship with the courage to innovate."

We, as members of the Yokogawa Group, conduct business activities according to the Yokogawa Philosophy and carry out duties with integrity.

We observe the Standards of Business Conduct.

#### 2. Customer Satisfaction

From the viewpoint of customer satisfaction, we provide valuable products and services that are useful to society.

Winning customer satisfaction is the start to gaining the trust of shareholders and all concerned people in the community and society.

#### 3. Observance of Laws and Regulations

We observe the laws, regulations, and other rules of society, and conduct business activities with ethical conscience.

We accept different cultures and respect the laws and social mores of the international community.

#### 4. Respect for Human Rights

We value and respect the dignity of each individual and all basic human rights.

#### 5. Order and Safety of Community and Society

We do not develop or foster any relationship with any people or groups that threaten the order and safety of the community and society.

## II. Basic Attitude of the Yokogawa Group

### 1. Customers

We conduct activities with integrity to gain the approval and trust of customers.

We provide accurate and ample information to customers so that they can use our products and services in safety and with satisfaction.

### 2. Shareholders

We use, maintain and enhance corporate assets efficiently and effectively to win the trust of our shareholders.

We openly and accurately disclose corporate and management information to our shareholders.

We maintain a sound and clear relationship with our shareholders.

### 3. Community and Society

We strive to achieve the common goals of the community and society, including protection of the global environment and the building of prosperous societies.

We endeavor to be a friendly and cooperating member of society and participate positively in the activities of society.

### 4. Suppliers and Vendors

We work sincerely and soundly with suppliers and vendors and treat them fairly and equally.

We refrain from making any contacts with the suppliers or vendors that may be misinterpreted as abuse of a special relationship, and we maintain sound and open relationships.

### 5. Competitors

We compete fairly, openly and freely with other suppliers.

### 6. Politicians and Governmental Agencies

We maintain sound and open relationships with politicians, public servants and people related to them.

## III. Guideline of Conduct for Yokogawa Group Members

### 1. Workplace

We maintain an active, bright, safe and sound company atmosphere that we can take pride in.

We pay careful attention so that none of us would suffer from harassment, unfair treatment, or infringement of privacy.

### 2. Group Assets

We use the assets of the Yokogawa Group only for Group-related business activities.

### 3. Management of Information

We fully recognize the value of the knowledge within the Yokogawa Group and that of business partners, and maintain strict records and guardianship of this information.

We use information obtained through business activities only for business purposes.

**4. Avoidance of Conflict of Interest**

We conduct our business activities neither for personal gain nor to take advantages of business positions. Furthermore, we conduct our activities in such a way that the Yokogawa Group suffers no losses or damage.

**5. Prudent Personal Activities**

We act responsibly, in private and on business, so as not to impair the Yokogawa Group's credibility or reputation or cause any losses or damage to the Group.

## Global Initiative

### UN Global Compact

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.

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
- ▶ Supply Chain Management
- ▶ Community Involvement

### 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:

- ▶ Employees
- ▶ Employment of People with Disabilities
- ▶ Occupational Safety and Health

## Environment

### Principle 7:

Businesses should support a precautionary approach to environmental challenges;

### Principle 8:

undertake initiatives to promote greater environmental responsibility; and

### Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

#### Yokogawa's Efforts:

- ▶ Environmental management
- ▶ Energy management solutions
- ▶ Renewable energy

## Anti-Corruption

### Principle 10:

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

#### Yokogawa's Efforts:

- ▶ Anti-corruption and Compliance

## ISO 26000

ISO 26000, issued by the International Standardization Organization in November 2010, is an international standard for the social responsibilities of corporate entities, presenting seven core subjects including organizational governance, human rights, labor practices, environment and fair operating practices.

We at Yokogawa, as a company active in the global marketplace, adhere to ISO 26000 and uphold corporate governance as a key principle of Corporate Social Responsibility (CSR), which forms the foundation of corporate management. As such, we are committed to the implementation of socially responsible programs/activities designed to contribute to society through business operations, environmental conservation and the assurance of human rights in order to meet our shareholders' expectations.

The core subjects of ISO 26000 and our key efforts in regard to these subjects are explained below.

Core Subjects	Issues	References
6.2 Organizational governance	1. Organizational governance	Corporate Governance Internal Control System Risk Management YOKOGAWA CSR Policies

6.3 Human rights	<ol style="list-style-type: none"> <li>1. Due diligence</li> <li>2. Human rights risk situations</li> <li>3. Avoidance of complicity</li> <li>4. Resolving grievances</li> <li>5. Discrimination and vulnerable groups</li> <li>6. Civil and political rights</li> <li>7. Economic, social and cultural rights</li> <li>8. Fundamental principles and rights at work</li> </ol>	<p>Human Rights  Initiatives on Human Rights  Supply Chain Management  Corporate Philosophy  Anti-corruption and Compliance</p>
6.4 Labour practices	<ol style="list-style-type: none"> <li>1. Employment and employment relationships</li> <li>2. Conditions of work and social protection</li> <li>3. Social dialogue</li> <li>4. Health and safety at work</li> <li>5. Human development and training in the workplace</li> </ol>	<p>With Employees  Human Resources Development  Occupational Safety and Health</p>
6.5 The environment	<ol style="list-style-type: none"> <li>1. Prevention of pollution</li> <li>2. Sustainable resource use</li> <li>3. Climate change mitigation and adaptation</li> <li>4. Protection of the environment, biodiversity and restoration of natural habitats</li> </ol>	<p>Improving Environmental Management System  Environmental Impact  Environmentally Friendly Products  LCA label  Global Warming Prevention  Chemical Substance Reduction, Waste Reduction and Resource Conservation  Water Resource Conservation  Promoting Biodiversity</p>
6.6 Fair operating practices	<ol style="list-style-type: none"> <li>1. Anti-corruption</li> <li>2. Responsible political Involvement</li> <li>3. Fair competition</li> <li>4. Promoting social responsibility in the value chain</li> <li>5. Respect for property rights</li> </ol>	<p>Corporate Philosophy  Anti-corruption and Compliance  Supply Chain Management</p>



6.7 Consumer issues	<ol style="list-style-type: none"> <li>1. Fair marketing, factual and unbiased information and fair contractual practices</li> <li>2. Protecting consumers' health and safety</li> <li>3. Sustainable consumption</li> <li>4. Consumer service, support, and complaint and dispute resolution</li> <li>5. Consumer data protection and privacy</li> <li>6. Access to essential services</li> <li>7. Education and awareness</li> </ol>	<p>Quality Assurance  Customers and Quality First  Risk Management  Information Security  LCA label  Corporate Philosophy  Contact Us</p>
6.8 Community involvement and development	<ol style="list-style-type: none"> <li>1. Community involvement</li> <li>2. Education and culture</li> <li>3. Employment creation and skills development</li> <li>4. Technology development and access</li> <li>5. Wealth and income creation</li> <li>6. Health</li> <li>7. Social investment</li> </ol>	<p>Community Involvement  Corporate Citizenship in Japan  Corporate Citizenship in North and South Americas  Corporate Citizenship in Asia  Corporate Citizenship in the Middle East and Africa  Corporate Citizenship in Europe  LCA Label</p>

## External Ratings and Recognitions

### Socially Responsible Investment Stock Index by Morningstar (Japan)



Yokogawa Electric Corporation, as of January 2015, is one of 150 companies constituting the MS-SRI (Morningstar Socially Responsible Investment Index), which is an SRI stock index established by Morningstar (Japan).

### Yokogawa Selected as Constituent Stock of the JPX-Nikkei Index 400 (Japan)

Yokogawa Electric Corporation has been selected to the JPX-Nikkei Index 400, a stock price index jointly established by Nikkei Inc., Japan Exchange Group, Inc. (JPX), and Tokyo Stock Exchange, Inc. Stocks in this index are selected as companies that are attractive to investors for their return on investment (ROI), market capitalization, and other attributes.

### "ProSafe-RS" Safety Instrumented System Receives Award from the China Instrument and Control Society (China)

Yokogawa Electric Corporation's "ProSafe-RS" safety instrumented system was named the recipient of the China Instrument and Control Society's Excellent Product Award, one of the science and technology awards issued by the China-based society for automated measurement control. ProSafe-RS is the first safety instrumented system to receive this award, which recognized the product's high reliability and its contribution to improving the safety of plants through solutions integrated with the CENTUM VP integrated production control system.

### "ProSafe-RS" Safety Instrumented System Receives President's Award, Technology Management & Innovation Awards, from the Japan Techno-Economics Society (Japan)

Yokogawa Electric Corporation's "ProSafe-RS" safety instrumented system was awarded the President's Award at the 3rd Technology Management & Innovation Awards sponsored by the Japan Techno-Economics Society (JATES). An award conferred on new businesses originating in Japan, the President's Award recognized the contribution made by the launch of ProSafe-RS, which achieves efficient and safe operation, in transforming the mature market for safety instrumented systems into a growth market.

### Precision Power Scope "PX8000" Named in EDN Hot 100 Products of 2014 (Japan)

The "PX8000" precision power scope from Yokogawa Meters & Instruments Corporation (Japan) was included among the 11 product models selected by technology information site EDN for inclusion in the EDN Hot 100 Products of 2014 (Test & Measurement category). The award recognized the advance in precision of the PX8000's innovative functions, compared with previous models.

### **Yokogawa Marex Wins International Business Award (The United Kingdom)**

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In recognition of contributions to the local community and economy, Yokogawa Marex (YMX) was awarded the International Business Award by the Isle of Wight Chamber of Commerce.

### **Yokogawa Saudi Arabia Receives Employer Excellence Achievement Award for Human Resources Development in Region (Saudi Arabia)**

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In recognition of long-running contributions to regional human resources development in the Middle East, Yokogawa Saudi Arabia Ltd. (YMA-KSA) was awarded the Employer Excellence Achievement Award at the 2nd Annual Talent & Diversity Leadership Forum.

### **Green Packaging Contest (South Korea)**

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Yokogawa Electronics Manufacturing Korea (YMF-K) received the grand prize in the 4th annual Green Packaging Contest, which is sponsored by the Korean Ministry of Environment and the Environmental Packaging Promotion Institute. This award was given to YMF-K for a design improvement that reduced the amount of cardboard used in the packaging for the FA-M3V PLC.

### **Yokogawa Kofu Workplace and Plant Commended as Excellent Workplaces (Japan)**

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The Yokogawa Kofu workplace and Plant received commendation as excellent workplaces from the Minami-Kofu Police Station and Minami-Kofu Safe Driving Managers' Association. The commendation was in recognition of daily efforts in traffic safety initiatives, including the regular performance of safe driving workshops and seatbelt checks and instruction.

### **2014 Energy Conservation Award (Japan)**

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Yokogawa Manufacturing Corporation's Kofu Factory received the Judging Committee Special Prize of the 2014 Energy Conservation Grand Prizes (Successful Case of Energy Conservation Category) for reductions in power consumption and wastewater. The award recognized the productivity improvements and the significant reductions in power consumption, wastewater, and space requirements that the plant achieved under the theme of conserving power through innovation in hole-boring methods at control device production plants.

### **Winning the 2014 Good Design Award (Japan)**

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Yokogawa Electric Corporation's CQ1 confocal quantitative image cytometer was awarded the Japan Institute of Design Promotion's 2014 Good Design Award.

## Creating New Value for Society with our Customers

Yokogawa's products solutions are in use in major industrial plant facilities around the world, including in emerging countries. Many Yokogawa products are in operation constantly in customers' plants in a broad-range of industries such as urban infrastructure (including electricity, gas/LNG and water), petroleum, petroleum chemistry, chemical, iron and steel, paper, and pharmaceutical, as well as food production.

Yokogawa products not only increase the productivity and quality of plants through automation of field operations, but also provide features which increase safety and automate dangerous work. With these features, we help prevent accidents or trouble from occurring by comprehensively monitoring plants to ensure stable and optimum operations. Also, Yokogawa provides advanced applications which contribute to the efficient use of energy and resources, reducing environmental impact and preventing air pollution. Many Yokogawa products are also effectively used with vital water resources and the development of natural energy.

Yokogawa will continue to create new value together with our customers and will contribute to achieving a sustainable society.

The contributions we make to society through our various solutions can be viewed on our website.

▶ [Success Stories](#)

# Responsibility to Stakeholders

The Standards of Business Conduct for the Yokogawa Group call for the realization of the Yokogawa Philosophy, enhancement of customer satisfaction, observation of laws and regulations, respect for human rights, and maintenance of the order and safety of communities and society. We have also outlined our basic stance on environmental conservation and stakeholder relations. Based on these standards, we promote activities to meet to stakeholders' expectations, such as employees, customers or shareholders.

We view all Yokogawa employees as valuable assets, and work proactively to maintain a sound work environment and provide opportunities for skill development. We also respond to our customers by putting quality first. Moreover, in accordance with our principle of good citizenship, we interact with the community, encourage employees to participate in volunteer activities, and engage actively in other activities to contribute to society.

## Organizational Governance

Yokogawa has prepared frameworks for corporate governance, risk management, internal control, and compliance, spanning the entire Group. In major areas, including environment, health and safety, quality, labor management, corporate ethics, and risk management, we have prepared internal control systems and engage in risk management and compliance.

## Human Rights

Employees are a valued Yokogawa resource. We undertake a variety of initiatives in the area of respect for human rights, and promote diversity within the company.

## With Employees

Yokogawa provides employees with opportunities to develop their capabilities and creates environments conducive to work. We also continually work to reduce risks and improve the level of our occupational health and safety activity.

## Environmental Reporting

Yokogawa promotes environmental management while providing solutions that will help our customers reduce their energy consumption and protect the environment.

## Fair Operation Practices

All of our employees observe laws, regulations, and our corporate ethics as they work to ensure compliance. At the same time, we promote CSR throughout our supply chain.

## With Customers

We are engaged in activities that maintain high quality in every aspect of our business - from product sales to maintenance - and take the customer perspective to ensure high satisfaction with our products and services.

## Community Involvement

Around the world, the Yokogawa Group is working to benefit local communities and address specific needs.

## Environmental Activity Data of the Past 5 years

## Personnel-related and Social Data of the Past 5 years

## Organizational Governance

Yokogawa has prepared frameworks for corporate governance, risk management, internal control, and compliance, spanning the entire Group.

In major areas, including environment, health and safety, quality, labor management, corporate ethics, and risk management, we have prepared internal control systems and engage in risk management and compliance.

To enhance companies' sustainable growth and improve mid- to long-term corporate value, Japan's Corporate Governance Code has been applied to listed companies in Japan from June 2015. The Yokogawa Group will work to further enhance its corporate governance.



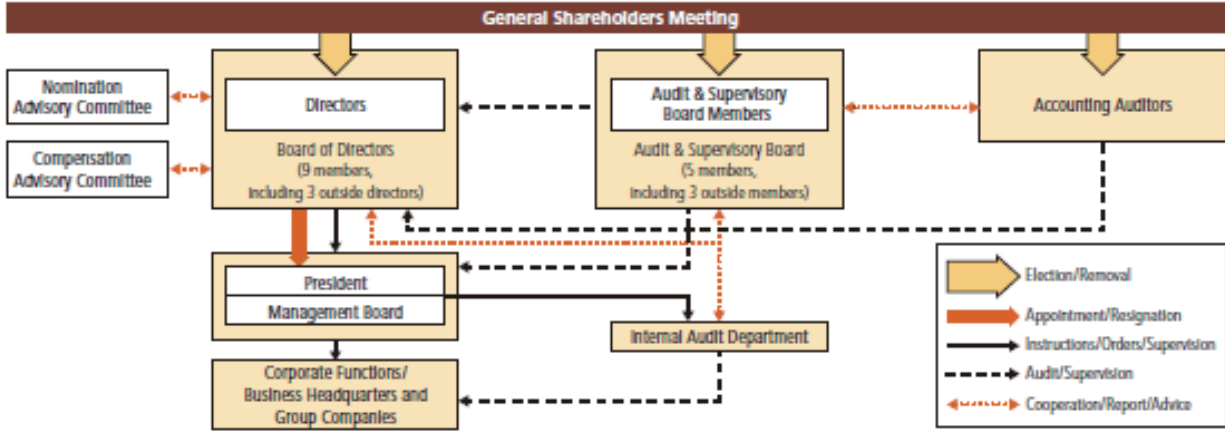
# Corporate Governance

The Yokogawa Group recognizes that the basic mission of corporate management is to secure sound and sustainable growth, and to earn the trust of its shareholders and other stakeholders. Accordingly, the Group is implementing measures to enhance corporate governance in order to achieve a sound and profitably run organization. The Company employs a corporate auditor system and has a Board of Directors that monitors directors in the execution of their duties and a Board of Corporate Auditors that monitors the Board of Directors. We are enhancing this system by utilizing independent outside directors and corporate auditors. Through these systems, the Company is bolstering the effectiveness of its corporate governance.

Speedy decision making and transparency are ensured through deliberations between directors who are well versed in the Group's business and outside directors who maintain a high degree of independence. Through audits by the corporate auditors, 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 ensure the reliability of financial statements and the propriety of decision making, guarantee the appropriateness and efficiency of Group operations.

### Corporate Governance Structure



## 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.
Environment, Safety & Health Management		General environmental laws, Occupational Safety and Health Act, etc.
Information Security Management		Unfair Competition Prevention Act, Act on the Protection of Personal Information, etc.
Export Control		Foreign Exchange Law, etc.
Financial Reporting Control	Sales Management	Financial Instruments and Exchange Act, etc.
	Purchasing Management	Financial Instruments and Exchange Act, Act against Delay in Payment of Subcont
	Prevention of Insider Trading	Financial Instruments and Exchange Law
	Disclosure Management	Corporate law, Financial Instruments and Exchange Law, etc.
Crisis Management		General laws
Corporate Auditing Infrastructure		Corporate law



As for each internal control system, the relevant key result indicators and action indicators are clearly defined and the PDCA cycle is applied according to the evaluations of the respective indicators' achievement levels.

# Risk Management

The Yokogawa Group has in place a risk management system to control the likelihood of events that might prevent its organizational units from achieving their goals, as well as a crisis management system with which to respond promptly to any event that could have material impact on the company's operations.

## Risk Management System

The Yokogawa Group has a risk management system in place for the purpose of controlling the likelihood of events that might prevent its organizational units from achieving their goals. Based on the risk management activities carried out autonomously by the respective organizational units, Yokogawa's management gains a comprehensive understanding of risks surrounding the Group from the two standpoints of "business activities" and "internal control," and thereby deals with such risks.



## Risk Management Procedure

Performing the roles of risk management departments, departments in charge of internal audits advise Group companies on the identification, analysis, and remediation of risks, and report to the Board of Directors and corporate auditors on major matters.

In the evaluation of risks, the departments evaluate decision-making, the severity of market risks and other strategic business risks, and the severity of quality, environmental, health and safety, labor, corporate ethics, risk management, and other internal control risks, in terms of degree of impact and possibility of occurrence. In making evaluations, the departments take into account not only financial and human aspects, but also societal

and environmental impacts.

Risks deemed to be of high severity and high importance to the Group based on evaluations are designated as "priority risks," and the status of management of these risks is reported to management every quarter.

## Priority Risks for Fiscal 2015

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For fiscal 2015, the following five risks have been designated as "priority risks":

- Crisis management
- Divulge of confidential information and malfunction of information system
- Country risk
- Global tax risk
- Vulnerability of Yokogawa products and services to cyber-attacks

## Escalation of Information

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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.

## Business Continuity Plan (BCP)

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Our control business, which is a core segment of the Company, is deeply tied to social infrastructures such as electricity, gas and water supply. To continue with our business activities as much as possible in the event of a disaster and quickly help maintain and restore social infrastructure, we developed the "Yokogawa Group Business Continuity Plan (BCP) in case of a Major Earthquake in Tokyo Metropolitan Area". We also have developed response plan and guideline which assume the specific risks such as huge earthquake or epidemic of contagious diseases. We have collaborated with all group companies worldwide to improve the plans.

Additionally, we conduct company-wide evacuation drills and simulation drills under the supervision of the Crisis Management Committee (including members of the management team), all on a regular basis, to ensure that these plans will function effectively in the event of a disaster.

Subsequent to the Great East Japan Earthquake in March 2011, we revised the emergency/initial action procedure to be followed immediately after an earthquake hits. We readjusted the organizational structure of the crisis management headquarters, and we made various revisions to the existing procedures by adding steps to respond to overseas sites and overseas customers, among others. We at Yokogawa will continue to review the details of our BCPs so as to be more prepared to handle possible disasters and various risks.

# Human Rights

Yokogawa has explicitly defined respect for human rights as part of the group's overall goals, in its Philosophy, Standards of Business Conduct, and Group Management Standards. The company has also set up compliance hotlines for everyone working at Yokogawa as a way to avoid human-rights violations before they happen.

## Yokogawa Group Management Standards

The Yokogawa Group Management Standards, which states in writing the basic policies required of group management, applies to every branch of the Yokogawa group. It gives clear rules and guidelines relating to human rights, obedience to the law, workplace safety, hygiene, etc.

The Yokogawa Group Compliance Guidelines make the following statement regarding human rights.

### **03 Respect for basic human rights**

The Yokogawa Group always respects the basic human rights and personal dignity of every person with whom we are involved.

### **27 Equal Opportunity**

Thanks to our fair and impartial personnel system operating under the basic policy of the Yokogawa Group, each employee is afforded equal opportunities in hiring, placement, promotion, pay rises, training, etc. An employee in a position of management or leadership must have a basic knowledge of the labor laws of the country in question, and must have a thorough knowledge of labor contracts and work regulations. It is important that he or she work on the basis of this knowledge to maintain a workplace free of unfair discrimination, engaging in ample communication with his or her subordinates and ensuring that day-to-day personnel management goes smoothly.

### **28 Prohibition of forced labor/child labor**

Forced labor in any form whatsoever is not to be allowed; nor is any person to be made to work against their will; nor is it acceptable for children below the minimum working age of each country to be employed.

Care must be taken to ensure that we do not support inhumane conduct even indirectly, for example through the actions of business partners.

### **29 Ensuring health and safety**

In addition to observing the laws relating to occupational safety and health, we have established our own independent standards and are striving to improve safety and health. We are working on a program of improvements to ensure the safety of every employee working for the Yokogawa Group, promote better health, and create a pleasant working environment. Each and every employee must act to cooperate with the safety and health measures that have been decided upon.

### **30 Prohibition of harassment**

No form of harassment whatsoever is acceptable, whether it be sexual harassment, stalking, or power harassment. We respect each other as individual human beings, and have built up a corporate atmosphere in which harassment is not accepted.

## **Philosophy**

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Yokogawa's corporate philosophy defines "contributing to society" as a corporate mission, and calls for its employees to be good citizens.

Based on this philosophy, Yokogawa uses measurement, control and information as tools to contribute to social infrastructures that support people's daily living such as energy, communications, waterworks, etc, and to contribute to industry infrastructures, to make them run more efficiently and to help people work more safely. This philosophy is practiced by every employee and in all of the countries where Yokogawa operates, its employees have been willing volunteers, helping out when natural disasters occur.

## **Standards of Business Conduct**

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One of the five pillars in our Standards of Business Conduct explicitly states that the company will uphold respect for human rights and respect the dignity of all. Some of the particular courses of action that follow from this are preventing harassment, discrimination, privacy intrusions and maintaining an overall healthy workplace.

## **UN Global Compact**

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Yokogawa has declared its support for the UN Global Compact. The company respects the human-rights guidelines proclaimed in the Global Compact, and upholds international human-rights standards.

## **ISO 26000**

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ISO 26000 is an international standard for an organization's social responsibility which the International Organization for Standardization (ISO) published in November 2010. It provides seven core subjects, such as Organizational Governance, Human Rights, Labor Practices or The Environment.

Yokogawa respects the ISO 26000 guidance in our CSR actions as a global company and pay attention to the human rights in our all business conduct.

## Initiatives on Human Rights

Employees are valuable as Yokogawa's "Human Assets".

We at Yokogawa have established a compliance guideline that requires us to comply with the international standards on human rights; consider the different geographical and cultural backgrounds of other employees when working with them; refrain from discrimination on the basis of race, nationality, sex, religion, age or disability of any kind; and drive home these principles to all our Group companies.

### Initiatives to Promote Diversity

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#### The diversification of ethnic backgrounds and nationalities

One of the strengths — actually a requirement — of Yokogawa is the ability to maintain and utilize a pool of diverse talents as we carry forth our global expansion. We make use of human resources of diverse ethnic backgrounds and nationalities, not only overseas but also at the head office in Japan.

By increasing the acceptance of overseas Group employees into Japan, we advance the career paths of overseas Group employees and the globalization of Yokogawa Electric in Japan. Accordingly, within the Yokogawa Electric Personnel Department we have established an expert team to handle the acceptance of foreign employees and to assist their lives in Japan. We have prepared infrastructure within the company for foreign employees and offer appropriate information to support their livelihood, such as by providing internal broadcasts, work-related notices, and cafeteria menus in both Japanese and English. We hold expectations that this promotion of diversity will allow us to fuse a wealth of differing perspectives and generate new ideas and ways of thinking.

In addition to the above, every year from 2010 we have hired new graduates from universities and graduate schools in Japan, actively diversifying the ethnic backgrounds and nationalities working within the Yokogawa Electric head office.

#### Promoting active participation by women

To create new value and enhance our business competitiveness, Yokogawa Electric actively promotes participation by female employees. Specifically, we support career development for women through programs including medium- and long-term education plans, and also conduct training aimed at transforming awareness among managers.

We will continue to ready programs that facilitate work by women, and will actively promote the hiring of new female graduates.

### Initiatives on Human Rights

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#### Yokogawa Engineering Asia (Singapore)

Yokogawa Engineering Asia (YEA) has signed the employer's pledge for the Tripartite Alliance for Fair Employment Practices (TAFEP). YEA strives to eliminate discrimination in employment and endeavors to maintain fair employment practices, such as hiring and providing appropriate terms and conditions of employment based on individuals' skills and experiences regardless of their age, race, sex, religion and family

status, and offering equal training opportunities.

### Yokogawa South Africa (South Africa)

South Africa has adopted Black Economic Empowerment (BEE) as a program to put racial equality into practice, thus encouraging the employment of blacks and other historically disadvantaged South Africans (HDSAs). Yokogawa South Africa (YMA-SA) is compliant in this regard and has striven to promote the employment of blacks and other peoples of color. YMA-SA has increased the percentage of such employees in these years. (1% increase in 2013 and 2% increase in 2014)

### Attention to human rights in the supply chain

Following its Group Management Standards, Yokogawa upholds their philosophy for human rights throughout its supply chain. The Supply Chain CSR Guidelines include guidelines prohibiting forced labor, inhumane treatment and infringements of human rights, child labor, and discrimination, while ensuring appropriate wages, regulated working hours, and the right to freedom of association, and vendors are asked to follow these guidelines.

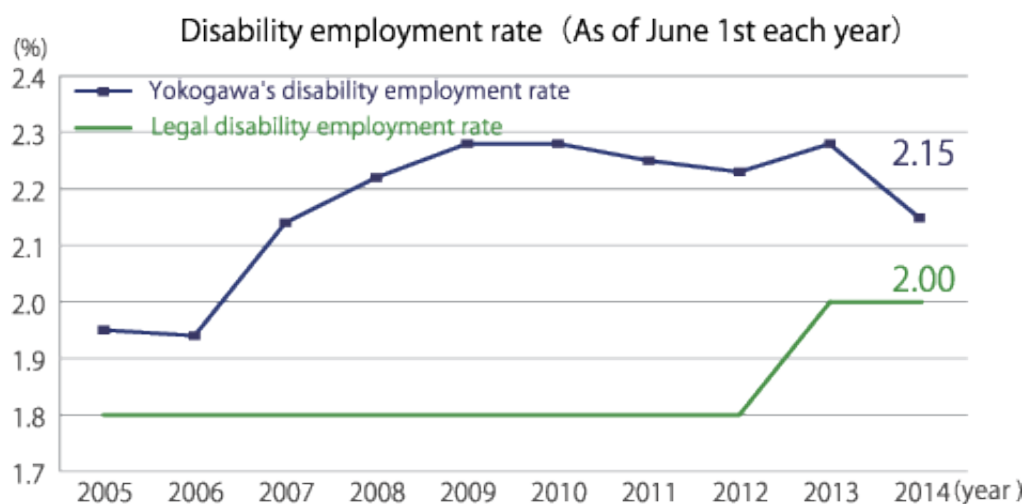
## Employment of People with Disabilities

### Employing and developing people with disabilities

Yokogawa has hired persons with disabilities since the establishment of its Normalization Project in 1992 and our skilled employees with disabilities are engaged in all areas of our business, from engineering and manufacturing to administration.

The Yokogawa Group promotes the employment of disabled persons, with each company hiring and promoting active participation by people facing different physical and mental challenges who can better contribute to the specific business of the company.

Yokogawa will continue to provide employment and career opportunities for people with disabilities.



## With Employees (Labor Practice)

Under the concepts of "our employees are our most valuable assets" and "the growth of employees means growth for the company," we make efforts toward long-term human resources development and offer a variety of opportunities for career development. In addition, with the aim of creating environments more conducive to work, we support employees through a variety of programs.

### **Human Resource Development to Enable Employees and the Company to Grow Together**

Yokogawa Electric has prepared exhaustive training programs matched to each level of human resources. By focusing our efforts on the growth of employees, we enable employees and the company to grow together.

### **Supporting Work-Life Balance and Raising the Awareness of Employees**

To aid employees in working with enthusiasm and motivation and in achieving self-realization through work, Yokogawa Electric has prepared work programs such as flexible working hours, specialized work discretionary labor system, and flexible holidays. Through these, we aim to improve work productivity and create a rich work environment for employees.

We make an effort to provide a work environment where the employees are able to gain satisfaction while maintaining a good balance between their work and private life.

For instance, the employees are able to utilize work hours for child-care and nursing of elderly family members, in additions to the hours specified under the statutory benefit. We have also introduced a system to provide financial support to our employees who are raising children. Employees under such conditions are able to receive 100,000 yen annually per child.

Many of our employees, both male and female, are making full use of other company supports such as flexible working hours or paid maternal leave. These systems are helping increase employees' motivation. In September 2006, we opened a day care center near Yokogawa Headquarters.

The center is contributing to the local communities as it can be utilized by both the employees of Yokogawa and the people living in the vicinities.

In fiscal year 2007, Yokogawa was certified by the Chief of the Tokyo Labor Bureau as an Enterprise Supporting Balanced Work and Family life .



## Employee Assistance Program (EAP)

### Promotion of EAP for a healthy, rewarding company life

We have introduced the Employee Assistance Program (EAP), which is designed to help employees more fully demonstrate their skills instead of being too stressed to conduct their work as effectively as possible.

Yokogawa's EAP, in particular, provides a comprehensive set of mental-health support programs, such as those for the prevention and early detection of stress, early care and treatment, and assistance for returning to work after a leave of absence for recuperation. It is our goal to ensure a healthy, fulfilling work environment for all our employees.

### Key activities under EAP

Education/PR	Utilize e-mail and web pages to provide relevant information that will help employees gain a better understanding of mental health.
Group training	Conduct company-wide training programs (based on voluntary participation) and level-specific training programs to promote the prevention and early detection of stress.
Stress check	Based on the results of the stress check, identify causes of stress in the workplace. Implement employee-led programs and activities, with the Company's support, in order to prevent, contain and remove these causes so as to ensure a more comfortable workplace.
Assistance for returning to work	To care for the employee who suffers from mental health problems or takes a leave of absence for recuperation, and to ensure the smooth reinstatement of those who return to work after recovery so as to prevent them from falling into the same problems again, we have implemented a system to provide proper support for each individual or workplace depending on the seriousness of the condition or situation.
Consultation	We have a system to help our employees seek consultation within the company or from external institutions specialized not only in mental health but also in various areas of concern including career issues.

## Human Resources Development

Yokogawa Electric offers a variety of measures for developing and making the best use of human resources, as mechanisms by which employees and the company can grow together.

### Human Resource Development to Enable Employees and the Company to Grow Together

#### Human resources development structure

Yokogawa Electric conducts its human resources development with a focus on three activities: character and values training to build relationships of trust with customers; development of engineers who can connect high technical ability to the creation of customer value; and development of human resources who can take action in a global business environment.

In terms of programs, we conduct training at four levels: common education on topics such as compliance and information security; global education and other basic skill education; expert skill education matched to the content of work at each workplace; and management skill education aimed at managers.

Through these education programs, we are developing human resources rich in expertise, global adaptability, and a spirit of challenge. By focusing our efforts toward the growth of employees, we enable employees and the company to grow together.

Furthermore, through regular interviews between employees and superiors, we are readying mechanisms by which employees can declare their short-term and their mid- to long-term career plans to superiors. By deepening communication between employees and superiors to create mutual understanding, we foster a challenge-oriented mindset and support career development .

#### Global Human Resources Development

In the active performance of global business development, Yokogawa Electric places a particular focus on the development and enhancement of global human resources. Toward that end, we have prepared detailed training programs matched to individual levels of human resources.

The first among these is our Global Leadership Development Program training to develop the next generation of managers. This training targets employees of Manager level or higher overseas and in Japan, performing the leadership development required of global leaders.

The next one is our Global Talent Development Program aimed at young human resources. In addition to abilities in logical communication, presentation, and negotiation in English, participants undergo training in the sense of values expected of them as members of Yokogawa, and also gain the ability to understand differences in history and culture from a global perspective.

Beyond these, we are also increasing opportunities for employees to gain experience in global work, including an expansion of the destinations for our overseas practical training aimed at all new employees. By offering full support for employees who proactively take on such challenges, we are widening the reach of our global human resource development.

## Occupational Safety and Health

In 2006, the Yokogawa Group established the "Yokogawa Group Safety and Health Policy" and began implementing the Occupational Safety and Health Management System (OSHMS). Since 2007, the Yokogawa Group has implemented the OSHMS in each of its companies to promote a higher level of safety and health by making continual improvements through risk assessment and other methods.

### Yokogawa Group OSH Policy Statement

In recognition that occupational safety and health are a basis for the management of the Yokogawa Group, the Group shall pursue the following initiatives to promote, create and maintain safety and health for its personnel involved.

- Establish and promote an occupational safety and health management system
- Observe the laws and regulations relating to occupational safety and health
- Seek to eliminate or lessen risks to occupational safety and health by first assessing their danger level
- Promote open communications with Yokogawa Group personnel, customers, shareholders, members of the local community, and contractors to maintain occupational safety and health system
- Provide the education and training to Yokogawa Group personnel
- Invest management resources appropriately, perform audits on a regular basis and make continual improvements in the Yokogawa Group occupational safety and health system.

**Hajime Watanabe**

Vice President

Audit, Compliance & Quality Assurance Headquarters

Yokogawa Electric Corporation

(April 2015)

## Operation of the Occupational Safety and Health Management System (OSHMS)

Recognizing that "occupational safety and health are a basic responsibility of the management," the Yokogawa Group implements OSHMS to ensure the occupational safety and health of all of its employees and its sub-contractors. Improvements are made in phases, with constant assessments to eliminate or minimize potential risks. Regular evaluations and reviews of the activities are also done through audits. The effectiveness of the system has improved by combining conventional activities, such as safety patrols, and countermeasures against occupational incidences and near misses.

The Yokogawa Group companies in and outside Japan share the same occupational safety and health objectives for all workers, including subcontractors. Moreover, 32 Yokogawa Group companies have acquired certifications in compliance with OHSAS18001\*1, which is internationally recognized.

\*1. Occupational Health and Safety Assessment Series. A certification standard for Occupational Safety and Health Management System.

### FY2015 Yokogawa Group OSH Objectives

**1. Establishment, Maintenance and Improvement of occupational safety and health management system (OSHMS) is ;**

- (1) To make continual improvements in OSH activities, through implementation of PDCA cycle and sharing OSH activity information
- (2) To conduct risk assessments in all Yokogawa Group companies, for eliminating or reducing risks
- (3) To maintain OSH at its current level or improve it by carrying out OSHMS audits

**2. Observation of laws and regulations**

Observe all OSH related laws and regulations

**3. Elimination or reduction of occupational accidents**

**4. Conduct of OSH activities is ;**

- (1) To maintain and/or improve OSH control level
- (2) To build awareness of traffic safety
- (3) To provide OSH training
- (4) To conduct fire and evacuation drills

**5. Disclosure of OSH information**

Communicate openly with Group personnel and the local community about OSH activities and results

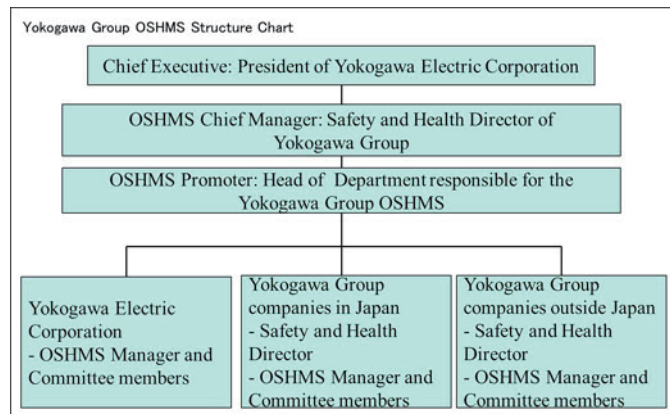
**Hajime Watanabe**

Vice President

Audit, Compliance & Quality Assurance Headquarters

Yokogawa Electric Corporation

(April 2015)



OSHMS Structure Chart

## Yokogawa Global QHS (Quality, Health & Safety) Meeting

Yokogawa Global OSH Meeting is basically organized with participants from Yokogawa group companies as a part of Global QHSE Meeting.

In the meeting kinds of themes are shared and discussed in order to promote safety awareness to employees and to improve OSH quality level in Yokogawa Group: Risk Assessment, Training/Education and their material, Case Study, etc.



Discussion at the meeting

## Occupational Safety and Health Education

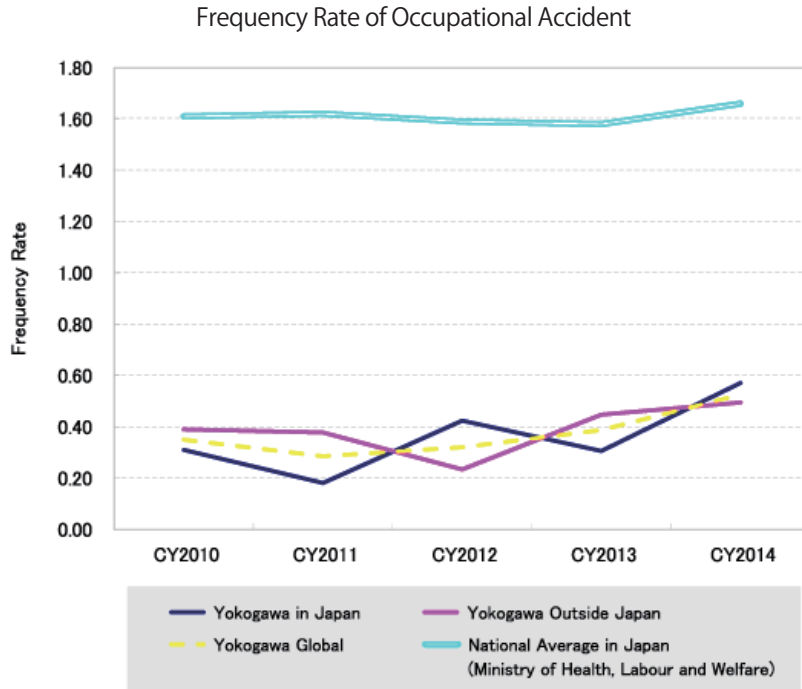
To ensure that the "Yokogawa Group Occupational Safety and Health Policy" is adhered to across the entire Yokogawa Group, the "Safety and Health Handbook," which contains basic information and day-to-day rules regarding occupational safety and health, has been created and distributed to all staff and engineers at every Yokogawa Group company. To maintain and improve all levels of activities throughout, persons in charge, committee members and newly appointed personnel are educated through safety and health committee workshops, as well as on-site safety training at customer plants and factories. The group companies also conduct first-aid/lifesaving training courses, commuter-accident response drills, etc.

## Occupational Incident and Accident Data

The Yokogawa Group has been gathering and analyzing information on occupational accidents experienced by Group companies in and outside Japan on a quarterly basis since 2007, when it introduced OSHMS, as part of an effort to eliminate/reduce occupational accidents and improve the quality of activities thus implemented.

A few major account customers, globally active, require their vendor OSH monitoring.

Yokogawa provides Occupational Incident Index of Yokogawa group companies quarterly for their analysis. Yokogawa group companies being responsible for their projects, conduct project safety program including Risk Assessments at various milestones of project engineering and services.



Frequency Rate of Occupational Accident=(No. of workers having occupational accident with lost days / total working hours) × 1,000,000

## Environmental Reporting



We at Yokogawa regard conservation of global environment as an important management issue and strive to implement the environmental management needed to address it.

Specifically, we help our customers be "green" by, for example, developing products that allow for harmonious coexistence of mankind with nature and providing environmental solutions that help analyze/improve environmental impact generated through their business activities, just as we actively endeavor to reduce the environmental impact in our business operations.

### Improvement at Office and Factories

- Construction of a new building with energy-saving measures
- Restructuring of the manufacturing process that won the "Energy Conservation Grand Prize"
- LPG conservation by utilizing exhaust heat



New building within  
Yokogawa Electric Headquarters

### Promoting Environmental Management

- Environmental Policy of the Yokogawa group
- Improving Environmental Management System
- Environmental milestones

### Efforts to conserve resources through products

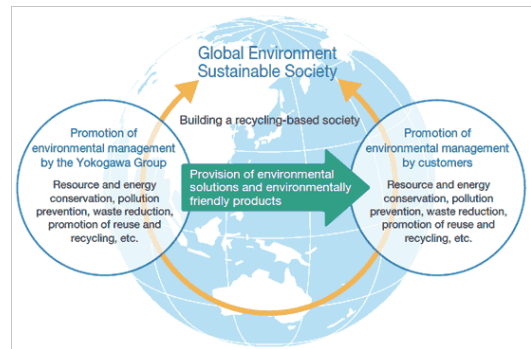
- Environmental Friendly Products
- LCA Label

### Environmental Performance

- 2014 Goals and achievements
- Environmental impact
- Environmental accounting
- Environmental Activity data over the past 5 years (CO<sub>2</sub>, Water, Waste, Natural energy)

## Efforts to conserve resources in our own factories

- Global Warming Prevention
  - Graph of the plan and actual result of CO2 by the domestic group in 2014
  - Scope3 CO2 emission
- Chemical Substance Reduction, Waste Reduction and Resource Conservation
  - PRTR data
- Water Resource Conservation
- Promoting Biodiversity



Building a Sustainable Society



## Improvement at Office and Factories

The following introduces several cases which Yokogawa is improving its environmental performance in its office and factories.

### Construction of a new building with energy-saving measures

#### Yokogawa Electric

In November 2014, construction of a new building was completed in the premise of Yokogawa Electric Corporation headquarters in Musashino City, Tokyo, Japan. The new building not only serves as an office building, but also has facilities such as a restaurant. Throughout the new building, various energy-saving measures such as LED lighting facilities in the entire building, special window glass with heat insulation and thermal barrier, and adoption of a system that reduces the load of solar radiation heat, have been adopted, contributing to reduction of CO2 emission significantly. The design of the building also make consideration to reduce the effects on the environment into the future by reduction of water usage using water-saving sanitary equipment and use of eco-cables that don't generate harmful gas.



New building within Yokogawa Electric Headquarters

#### Energy and water saving measures and their reduction effect

Content of implementation		Reduction effect /estimation, annually
Windows	Special glass (low-E pair glass) insulate and make barrier against solar radiation heat (east, west, and north sides).	6,234 (kWh)
	The heat barrier system (double skin) reduces the load of solar radiation heat (south sides); power-operated blinds are installed in the blocking system and automatically controlled to reduce the load of solar radiation heat.	1,859 (kWh)
Lighting	LED lighting facilities are adopted throughout the building.	58,295 (kWh)
	Initial illuminance correction control and daylight utilization control systems are adopted for the office area.	50,810 (kWh)

Equipment items	Air-conditioning system that satisfies the latest energy-saving standards is adopted.	46,098 (kWh)
	Total heat exchanger is installed to recover heat from ventilation facilities.	35,182 (kWh)
	CO2 concentration is measures to control the air volume of the ventilation facilities.	7,818 (kWh)
	Switching the ventilation air volume in the restaurant and kitchen between high and low (air volume is reduced by 40% for half the entire time).	21,400 (kWh)
	Heat pump technology is adopted for water heater in the kitchen.	83,721 (kWh)
	Use of water-saving sanitary fixtures.	1,972 (m <sup>3</sup> )
Other	Utilization of daylight in the north and south stairs, etc.	—
	Use of eco-cables (no harmful gas is generated when discarding).	—

## Restructuring of the manufacturing process that won the "Energy Conservation Grand Prize"

### Yokogawa Manufacturing, Kofu Factory

Power consumption and waste fluid reduction case realized by improving the manufacturing process received the "Jury's Special Awards" of the "Energy Conservation Grand Prize 2014 (Energy conservation case section) held by The Energy Conservation Center, Japan.

We made fundamental changes to the boring process of the "hermetic body," a sensor part of differential pressure / pressure transmitter, which is one of Yokogawa's leading products, and significantly reduce power usage as well as improving production efficiency, reducing waste fluid, and reducing space.

To enhance the production capacity of the differential pressure / pressure transmitter, it was necessary to review the "hermetic body processing line" that significantly affected the line efficiency. To avoid increase in space, waste fluid, power consumption, and manpower, we worked on restructuring and changed the small-diameter deep hole processing from electric spark forming to drilling. The new processing line was realized by establishing a new elemental technology of boring process as well as utilizing the automation technology using robots.

This led to significant achievement of 50% reduction of the processing line area, 25% reduction of power consumption, 95% reduction of waste fluid. In addition, we horizontally spread this result to the "capsule body processing line" of the same product, and achieved reduction of power consumption by 128 MWh and CO2 emission by 58t-CO2.

In the future, we plan to further improve the processing technology to reduce the boring time, prolong the drill life, and try further small-diameter deep hole processing.



Differential pressure / pressure transmitter

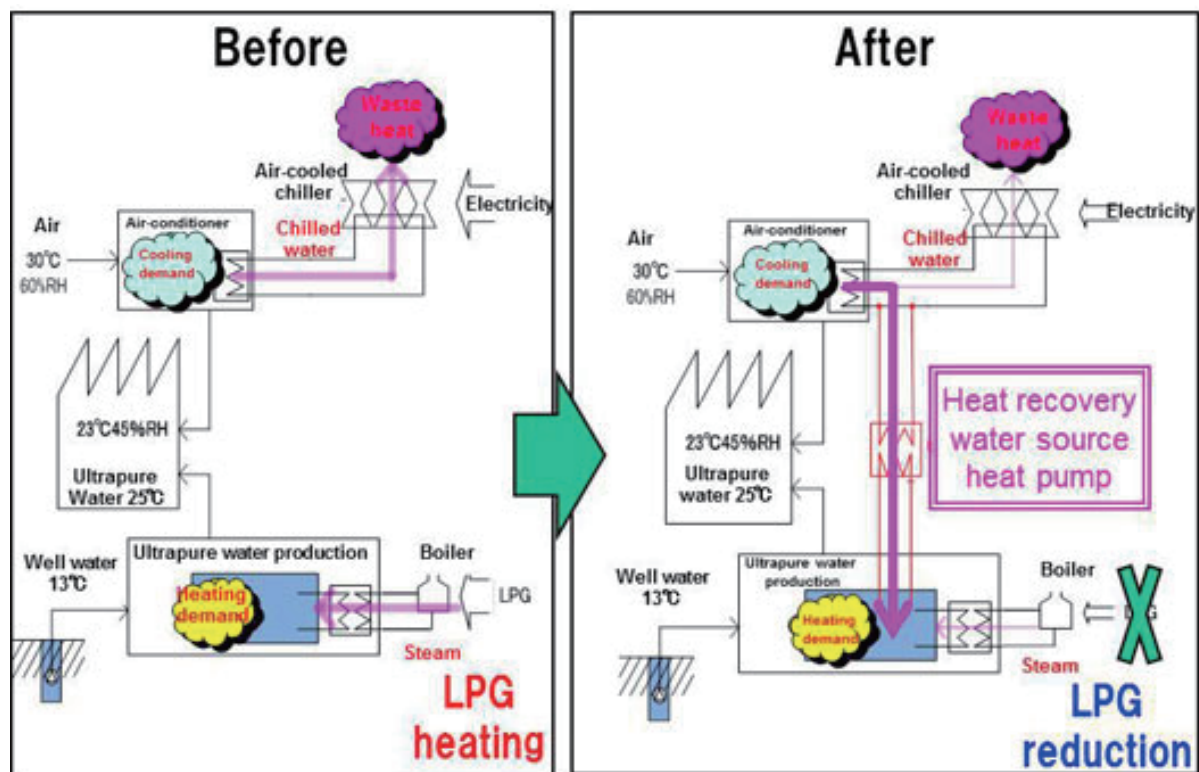
## LPG conservation by utilizing exhaust heat

### Yokogawa Manufacturing, Komagane Factory

Some devices used in the clean room are cooled to control temperature. The water warmed after cooling devices were cooled again in the air-cooled chiller, and the heat was discharged to the atmosphere. In Komagane Office, where it gets very cold in the winter, we discussed how to utilize this heat and decided to recover the heat using a heat pump and use it to heat the building. Traditionally, steam generated by the LPG boiler was used for this purpose, and LPG consumption was reduced by utilizing the heat recovered by the heat pump.

Traditional heat pump installation tends to be large and heavy, so the foundation construction and adjustment take time and cost. Therefore, we introduced an extremely compact water source heat pump to reduce initial cost and maintenance cost. The LPG reduction effect by this was 1% (crude oil equivalent of 7k ℓ), but it proved to be effective anyway, so we applied it to heat the raw water for ultrapure water. It was deployed in May 2015 and currently in operation. The energy conservation effect is estimated to be 67 k ℓ of reduction (crude oil equivalent) annually (reduction of LPG by about 10%).

#### Operation after introducing a heat pump



## Environmental Policy of the Yokogawa Group

Based on the Yokogawa philosophy which states, "Our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information," and recognizing that environmental conservation of the precious earth is a critical issue for the whole of humanity, each site of the Group shall strive, in all its activities, to:

**1. Establish, maintain, and improve its environmental management system.**

Each site promotes and continuously improves its global environmental conservation activities, strives to prevent environmental contamination, and establishes an environmental management system. To maintain and improve the system, each site accurately evaluates the burden of its activities on the environment including climate change, biodiversity and water resources, sets environmental objectives and targets that are technically and economically viable, and carries out environmental audits.

**2. Provide environmental training.**

Each site actively provides training for global environmental conservation to ensure that employees understand the Environmental Philosophy, Code of Conduct for Environmental Conservation, and Environmental Policy of the Yokogawa Group to improve their environmental awareness, and to act autonomously with consideration of the environment in both their work and life in the local community.

**3. Abide by legal regulations.**

Each site abides by laws, legal regulations, and other requirements applied to environmental aspects, in order to proactively conserve the global environment.

**4. Carry out resource recycling-based operations.**

Throughout its activities, each site endeavors to utilize energy and resources efficiently, to prevent global warming, to reduce waste, and to promote the reuse and recycling of resources with the aim of eliminating emissions.

**5. Minimize environmental pollution.**

Each site strives to eliminate the use of substances that adversely impact the environment, such as toxic chemicals, and ozone-destroying substances, by using safe substitutes or employing safe technologies to avoid the risk of environmental pollution.

**6. Create environmentally friendly products.**

Each site develops and produces environmentally friendly "green" products in consideration of the environmental burden throughout the products' lifecycles, from material purchase, manufacture, and distribution to their use and disposal.

**7. Supply society with environmental solutions.**

Each site supplies society with value-added products and services for conserving the earth's environment through measurement, control, and information technologies.

**8. Contribute to local communities.**

Each site encourages its employees to participate in environmental conservation activities under their own initiative as good corporate citizens.

**9. Make environmental information available to the public.**

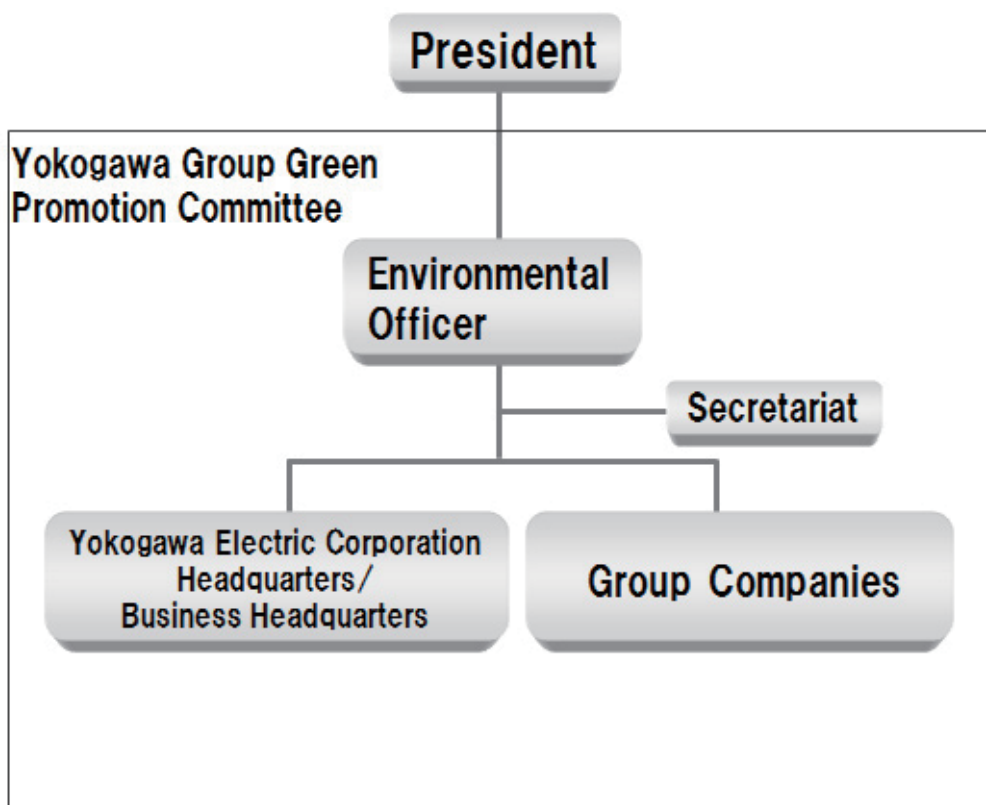
Each site actively makes environmental information, including its environmental policy and conservation activities, available to the general public.

**Hajime Watanabe**  
Environmental Officer  
Yokogawa Electric Corporation

**Organization**

To promote the environmental management principle of the Yokogawa Group, we established the "Yokogawa Group Green Promotion Committee" with the aim of stepping up group-wide efforts to conserve the global environment and prevent climate change. The Committee, chaired by the Yokogawa Group's Environmental Officer, provides leadership the Yokogawa Group companies throughout inside and outside Japan in order to drive environmental management and implement various measures designed to conserve the global environment and prevent climate change.

**Organization of Environmental Management Promotion**



## Improving Environmental Management System

The Yokogawa Group is implementing an Environmental Management System in its group companies in an effort to ensure full compliance with the laws, regulations, agreements, etc., that are designed for the prevention of environmental pollution. Moreover, to conserve energy and reduce environmentally hazardous substances, the Group is encouraging a shift to alternative technologies to the greatest extent possible and is leading an effort to mitigate its environmental impact.

Yokogawa achieved ISO 14001 certification at its major offices and manufacturing sites as part of its effort to improve the Environmental Management System.

### Compliance with laws

In 2014 we again endeavored to ensure full compliance with the environmental laws, regulations, agreements, etc., and had no major violations.

### Conserving Water and Soil

The Yokogawa Group has conducted soil and water studies at former production sites in accordance with its proprietary control standards, starting before the enactment of Japan's Soil Contamination Countermeasures Law.

### Environmental Auditing

#### Internal Audits

The environmental internal audits for ISO14001 consist of systems, legal compliance, and performance audits. Internal audits were conducted at all departments at least once during the year. Internal audit findings have been promptly addressed and corrected.

#### Internal Audit Inspection Items

Systems audit	Audit of organizations/systems, target management, education, operations management/corrections, and other data to check whether the system is functioning effectively
Legal compliance audit	Audit of the operation and monitoring of regulated values (qualifications, notice submissions, and measurement data) and other data to check whether legal and other requirements are being followed
Performance audit	Audit of targets and actual results, regulated values, and other data to check whether the self-determined operation items are being implemented properly

## Annual Surveillance

Regular inspections (renewal inspection or surveillance) were conducted at each of Yokogawa's ISO14001-certified group companies by an ISO14001 certifying organization in order to maintain ISO14001 certification.

## ISO 14001 Certification at Yokogawa Group

The Yokogawa Group has achieved ISO 14001 certification primarily at its major offices and manufacturing sites in Japan and abroad.

### ISO14001

As of the end of April 2015

Factories		Date Certified
Yokogawa Electric Corporation Headquarters & Main Factory		July 1997
Yokogawa Manufacturing Corporation (Komine, Kofu and Headquarters Factories)		July 1997
Yokogawa Meters & Instruments Corporation		July 1997
Yokogawa Solution Service Corporation		February 2000
Yokogawa Denshikiki Co., Ltd.		November 2000
Suzhou Yokogawa Meter Company	China (Suzhou)	May 1998
Yokogawa Shanghai Instrumentation Co., Ltd.	China (Shanghai)	March 2000
Yokogawa Sichuan Instrument Co., Ltd.	China (Chongqing)	December 2000
Yokogawa Electric China Co., Ltd.	China (Suzhou)	May 2004
Yokogawa Electric Asia Pte. Ltd.	Singapore	October 1998
Yokogawa Engineering Asia Pte. Ltd.	Singapore	August 2001
P.T. Yokogawa Manufacturing Batam	Indonesia	April 2000
Yokogawa Corporation of America	USA	June 2005
Yokogawa Electronics Manufacturing Korea Co., Ltd.	South Korea	December 2004
Yokogawa Philippines, Inc.	Philippines	June 2007
Rota Yokogawa GmbH & Co.KG	Germany	August 2011
Yokogawa Middle East & Africa B.S.C. (c)	Bahrain	June 2013

## Environmental Week

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### Yokogawa Electric Corporation

The Yokogawa Environmental Week is undertaken in November of each year, during which time environmental events are held in order to increase employee awareness.

We have organized events such as screening of a movie about the environment, "Nature"; a campaign to promote the so-called "Environmental Housekeeping Books"; the event to call for "Photographs of blessings of nature that should be saved for the future"; and a crossword puzzle event with environmental keywords, among others.



Environmental Week Poster

## Participation in "Five Million GPN Members' Green Purchasing Campaign"

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### Yokogawa Electric Corporation

Yokogawa Electric took part in the "Five Million GPN Member Action Campaign" sponsored by the Green Purchasing Network, and advertised the campaign on posters and in the environmental newsletter as a means to call on its employees to take action for that cause.



## Environmental milestones

Various global environmental conservation activities had been carried out before Yokogawa Kofu office was certified with the ISO14001 certification in 1997 followed by officially implementing the environmental management system across the entire Yokogawa group. The environmental practices of Yokogawa group since 1971 are listed below in chronological order.

### History of Environmental Practices of Yokogawa (in time series)

1971		Yokogawa establishes a pollution prevention organization
1974	July	Yokogawa completes construction of wastewater treatment facilities to comply with ordinance of Tokyo compliant with municipal bylaws
1987	May	Yokogawa begins environmental assessment studies
1989	October	Yokogawa establishes a chlorofluorocarbon (CFC) reduction committee
1991	April	Yokogawa sets up an organization to promote an Environment management
	August	Yokogawa starts "Save the Earth" campaign
1993	February	Yokogawa appoints a Vice President of Environmental Management and forms a Global Environment Committee
	July	Yokogawa establishes a voluntary environmental activities plan
1994	August	Yokogawa reports the results of voluntary environmental activities in fiscal year 1993
	December	Yokogawa completely eliminates specific CFCs and trichloroethane for cleaning
1995	June	Yokogawa Board of Directors decided to obtain ISO14001 certification and merge a voluntary environmental activity plan into ISO14001 plan.
	October	Yokogawa reorganize a Global Environment Committee
1996	March	Yokogawa establishes corporate rules for environmental management
	May	Yokogawa forms a Global Environment Committee at Yokogawa Electric Headquarters & Main Factory, Kofu Office (current Yokogawa Manufacturing Kofu Factory), and Komine Factory (current Yokogawa Manufacturing Komine Factory). Solar power generators for disaster use installed at Yokogawa Electric Headquarters & Main Factory. Yokogawa signs a disaster prevention accord with Musashino City.
1997	April	Issued "Green Times", a company newsletter
	July	The Kofu Office (current Yokogawa Manufacturing Kofu Factory) obtains ISO14001 certification

1998	February	Yokogawa Electric Headquarters & Main Factory and the Komine Factory (current Yokogawa Manufacturing Komine Factory) obtain ISO14001 certification
	May	Two co-generation power generators (585 kw,2 units) go online at the new main building of Yokogawa Electric Headquarters & Main Factory
	June	Yokogawa begins publishing Yokogawa Environmental Catalogue
1999	September	Yokogawa publishes Yokogawa Environmental Report 1999. Also the company introduces environmental accounting and makes data available to public.
	November	Yokogawa introduces environmental labeling (Type II )
2000	July	Yokogawa Electric Headquarters & Main Factory reached its goal of generating zero landfilled waste
	August	Yokogawa introduces Japan's first returnable container recycling service for customers
	September	Yokogawa publishes Yokogawa Group Environmental Report 2000 and introduces third-party verification system
	November	Suzhou Yokogawa Meter Co. joins the China-Japan 3E (Energy, Environment, and Economy) Research Project and is selected as a model company for environmental accounting study
2001	March	Yokogawa establishes The principles of Yokogawa Group Environmental Management Standards.
	July	Yokogawa publishes Yokogawa Group Environmental Report 2001
	September	Three Yokogawa sites receive comprehensive ISO14001 certification
	November	The Kofu Office (current Yokogawa Manufacturing Kofu Factory) reached its goal of generating zero landfill waste
2002	February	The Yokogawa Manufacturing Akiruno Office (current Yokogawa Manufacturing Komine Factory) accomplishes its goal of generating zero landfill waste. The Kofu Office (current Yokogawa Manufacturing Kofu Factory) installs a light through type solar power generating system
	July	Yokogawa publishes Yokogawa Group Environmental Report 2002
	August	Four Yokogawa sites receive comprehensive ISO14001 certification

2003	February	The Econo-Pilot energy-saving system for water pumps receive the Agency of Natural Resources and Energy Director-General's Award at the Energy Conservation Award ceremony. The Kofu Office (current Yokogawa Manufacturing Kofu Factory) receives award from the Director-General of the Kanto Bureau of Economy, Trade and Industry in recognition of its achievements in reducing energy consumption.
	July	Yokogawa publishes Yokogawa Group Environmental Report 2003
	October	The Plant of newly established Yokogawa Electric China starts operations in Suzhou as an environmentally aware manufacturing site
2004	March	New environmentally optimized facilities at the Yokogawa Manufacturing Komine Factory and Kofu Factory start operations
	June	Yokogawa publishes Yokogawa Group Environmental Management Report 2004
	August	Yokogawa Electric Headquarters & Main Factory obtain a separate ISO14001 certification
2005	March	Energy Conservation Guided Tours start at the Yokogawa Manufacturing Kofu Factory
	April	Yokogawa joins the Team Minus 6% national campaign
	June	Yokogawa publishes Yokogawa Group Environmental Management Report 2005
2006	March	Yokogawa Manufacturing Kofu Factory and Komagane Factory attain zero CO2 emissions
	September	Yokogawa publishes Yokogawa Group Sustainability Report 2006
	October	Yokogawa introduces the Green Power Certification System (300,000kwh) The Kanazawa Office receives the New Office Promotion Award, Environment Award and Good Design Award for architectural design
2007	June	Yokogawa publishes Yokogawa Group Corporate Social Responsibility Report 2006
	September	Yokogawa Group establishes the Energy Conservation and Environment Protection Solution Division in order to promote environmental management solutions to customers
2008	June	Yokogawa publishes Yokogawa Group Corporate Social Responsibility Report 2007
2009	May	Yokogawa completely abolishes the usage of HCFC
	June	Yokogawa publishes Environmental Report 2009 on its website.
	October	The Kofu Office receives "Green IT Award 2009 Minister of Economy, Trade and Industry Award" for its energy-saving activities

2010	February September	The ESCO business receives the 2009 Energy Conservation Grand Prize Yokogawa established the "Yokogawa Group Green Promotion Committee" with the aim of stepping up group-wide efforts to conserve the global environment and prevent climate change.
2013	April	Joined the Keidanren (Japan Federation of Economic Organizations)'s "Commitment to a Low-Carbon Society."
2015	January	Yokogawa Manufacturing Corporation's Kofu Factory received the Judging Committee Special Prize of the 2014 Energy Conservation Grand Prizes for reductions in power consumption and wastewater.

## 2014 Goals and Achievements

### Goals and Achievements in Fiscal Year 2014

Environmental Policy of the Yokogawa Group	Fiscal Year 2014 (main sites)		Self Evaluation
	Target/Goal	Results	
EMS establishment, maintenance, and improvement	Confirm and achieve the environmental conservation action targets that are closely integrated with our business practices. *1	<ul style="list-style-type: none"> <li>● 143 themes closely integrated with business operations</li> <li>● An internal audits conducted and effective environmental system confirmed</li> </ul>	Good
	Promote 51 useful environmental activities in line with existing business. *2	51 useful environmental activities promoted	
Implementation of environmental education	<ul style="list-style-type: none"> <li>● Provide all employees with basic environmental education that can be applied to activities undertaken on their own initiative. *3</li> <li>● Provide specialized environmental education to those who are engaged in business activities that have a particularly significant impact on the environment. *3</li> </ul>	100% achieved	Good
Legal compliance	Conduct inspection of wastewater treatment facilities. *2	<ul style="list-style-type: none"> <li>● Inspection of tanks, pipework, and plating lines etc. required by law conducted.</li> <li>● Inspection of basement ceiling conducted.</li> </ul>	Good

Promotion of resource recycling-based management	<p><b>Reduce energy consumption and CO2 emissions (domestic group companies) .</b> Total CO2 emissions: 52,601 t-CO2/year (Reduce emissions by 7% from the average of reference years from 2005 to 2007.)</p>	<p><b>Reduced energy consumption and CO2 emissions (domestic group companies) .</b> Total CO2 emissions: 34,064 t-CO2/year</p>	Good
	<p><b>Reduce total waste</b>  <ul style="list-style-type: none"> <li>● by 37% compared to fiscal year 2003 (479 t/year in total generation) *1</li> <li>● Reduced to 2,494t/year *2</li> </ul> </p>	<p><b>Reduce total waste</b>  <ul style="list-style-type: none"> <li>● 31% reduction compared to fiscal year 2003 (524 t/year in total generation)</li> <li>● Reduced to 2,267 t/year</li> </ul> </p>	No Good Good
	<p><b>Resource saving</b> Achieve 8 resource-saving improvements, including on manufacturing lines and for equipment *2</p>	<p><b>Resource saving</b> Achieved 8 resource-saving improvements, including on manufacturing lines and for equipment (Waste reduction, power consumption, system improvement, etc.)</p>	Good
Minimization of environmental pollutants	Reduce toluene and xylene by 2,990 kg. *2	3,438 kg reduction	Good
	<ul style="list-style-type: none"> <li>● Promote lead-free soldering and achieve 100% application in planned products. *2</li> <li>● Review installation of lead-free soldering equipment</li> </ul>	<ul style="list-style-type: none"> <li>● Application to all planned products achieved</li> <li>● Survey conducted</li> </ul>	
Development of environmentally friendly products	Apply the assessment standards to reduce CO2 emissions of developed products by more than 25%. *1	Registered 10 product models to which the assessment standards are applied, and conducted their design reviews according to the respective schedules.	Good
	Conduct survey of and promote green purchasing *2	<ul style="list-style-type: none"> <li>● Returnable containers of two companies implemented</li> <li>● Achieved unified ordering</li> </ul>	
Provision of environmental solutions	Increase sales of environmentally friendly products *1	Achieved	Good

Contribution to society through environmental conservation	Promote contributions to society through participation in nature conservation and social and community activities. *1	Participated in community clean-up activities etc.	Good
	Carry out at least 12 social contribution activities. *2	A total of 14 social contribution activities carried out by each factory.	
Disclosure of environmental conservation information	Promote information disclosure and enhance efforts to communicate with communities. *1	Published CSR report, Web edition	Good
	Improve the corporate website and intranet. *2	Updated information posted on the corporate website and intranet.	

Main sites: Yokogawa Electric Corporation Headquarters & Main Factory and Yokogawa Manufacturing Corporation

\*1: Goals of Yokogawa Electric Corporation Headquarters & Main Factory

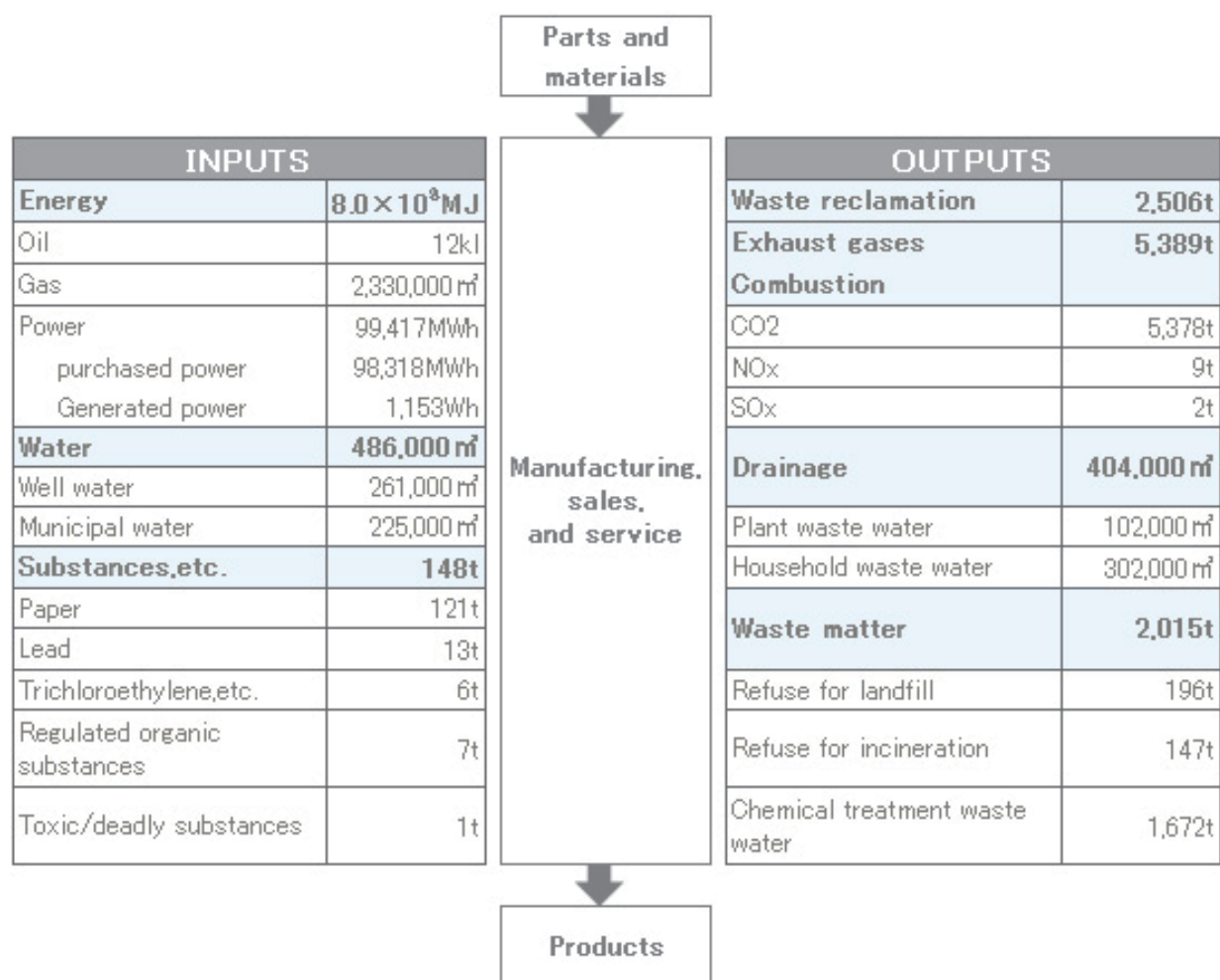
\*2: Yokogawa Manufacturing Corporation

\*3: Common goals

## Environmental Impact

The Yokogawa Group calculates the annual volume of the energy and material inputs for its business activities (including manufacturing, sales, and service) as well as their annual output of waste and other matter into the air and water. This analysis helps the Group effectively use resources, improve energy efficiency, and improve the waste recycling rate.

### Overview of Environmental Impact (FY2014)



\* Data was taken from ISO14001-certified manufacturing sites.



## Environmental Accounting

In accordance with the Ministry of the Environment's "Environmental Accounting Guidelines (2005 edition)", Yokogawa calculates the costs of its environmental activities and quantifies their economic impact.

### Environmental Conservation Costs

Category	Item	Main Initiatives	Capital Investment	Related Costs
Costs for reducing environmental impact of factories (areas of operation)	Pollution prevention costs	Monitoring and measurement	93.4	135.3
	Global environmental conservation costs	Energy savings	464.0	275.6
	Resource recycling costs	Minimize generation of waste matter	14.9	111.7
Costs for reducing environmental impact of procurement and logistics		Green procurement	0	2.3
Environmental conservation costs in EMS activities		EMS updates, education	0	150.0
Environmental conservation costs in community activities		Environmental events	0	15.4
Costs for correcting damage to the environment		Soil recovery	0	424.0
Total			572.3	1,114.3

\* Data was taken from ISO14001-certified manufacturing sites.

(Millions of yen)

## Environmental Conservation Effects

Category	Description of Effect (unit)	FY2013	FY2014	Effect
Resource expenditure	Total amount of energy consumed (10 <sup>8</sup> MJ)	8	8	0
	Total amount of water resources consumed (km <sup>3</sup> )	567	486	-81
Global warming prevention	CO2 emissions (t)	5,455	5,378	-77
	CO2 emissions on unit sales (t-CO2/100 million yen)	2	2	0
Air pollution	NOx emissions (t)	9	9	0
	SOx emissions (t)	2	2	0

\* Data was taken from ISO14001-certified manufacturing sites.

## Economic Effects of Environmental Conservation Measures - Intrinsic Effect

Description of Effect	Amount
Reduction in expenditure due to recycling (sale of valuable resources, etc.)	70.2
Reduction in expenditures due to energy savings (power, etc.)	3.9
Reduction in expenditures due to resource savings (reduced use of paper and water, etc.)	2.5
Total	76.6

\* Data was taken from ISO14001-certified manufacturing sites.

(Millions of yen)

## Environmental Activity Data of the Past 5 years

### Total CO2 emissions

Total CO2 Emission and unit-sales-basis CO2 emissions for Yokogawa Group  
data coverage: Yokogawa companies in Japan and outside Japan

### Total CO2 emissions

	2010	2011	2012	2013	2014
In Japan	48,079	42,044	41,266	36,231	34,064
Outside Japan	23,962	27,122	27,722	28,877	29,303
Total	72,041	69,166	68,988	65,108	63,367

(unit: t-CO2)

### Unit basis (Unit-sales-basis CO2 emissions)

	2010	2011	2012	2013	2014
In Japan	16.71	14.56	15.37	12.90	12.08
Outside Japan	11.47	11.97	11.07	9.16	8.47
Total	14.5	13.42	13.29	10.92	10.09

(unit: t-CO2/100M¥)

## Water consumption volume

Water consumption volume and sales-unit-basis water consumption for Yokogawa group  
data coverage: Yokogawa companies in Japan and outside Japan

### Amount consumed, Total emissions

		2010	2011	2012	2013	2014
In Japan	Amount consumed	599	555	541	444	351
	Total emissions	521	404	355	382	305
Outside Japan	Amount consumed	179	178	228	239	253
	Total emissions	131	90	108	101	112
Total	Amount consumed	778	733	769	683	604
	Total emissions	652	494	463	483	417

(unit: kilo m<sup>3</sup>)

### Unit-basis (Unit-sales-basis water consumption volume)

	2010	2011	2012	2013	2014
In Japan	0.21	0.19	0.20	0.16	0.12
Outside Japan	0.09	0.08	0.09	0.08	0.07
Total	0.16	0.14	0.15	0.11	0.10

(unit: kilo m<sup>3</sup>/100M¥)

## Waste emissions

Total waste emissions and unit-sales-basis waste emissions for Yokogawa group  
data coverage: Yokogawa companies in Japan and outside Japan

### Total waste emissions and final waste volume

		2010	2011	2012	2013	2014
In Japan	Total emissions	4,536	4,356	3,796	3,355	3,607
	Final waste volume	156	170	166	159	109
Outside Japan	Total emissions	1,845	2,350	2,547	1,788	1,932
	Final waste volume	449	405	851	782	1,139
Total	Total emissions	6,381	6,706	6,343	5,143	5,539
	Final waste volume	605	575	1,017	941	1,248

(unit: ton)

### unit-basis (Unit-sales-basis total waste emissions)

	2010	2011	2012	2013	2014
In Japan	1.58	1.51	1.41	1.19	1.28
Outside Japan	0.88	1.04	1.02	0.57	0.56
Total	1.28	1.30	1.22	0.86	0.88

(unit: ton/100M¥)

## Natural energy

Natural energy consumption for Yokogawa group  
data coverage: Yokogawa Electric and Yokogawa manufacturing

	2010	2011	2012	2013	2014
Solar power generation	81,601	89,066	96,856	86,442	85,480
Green electricity certificates	300,000	300,000	300,000	300,000	300,000

(unit: kWh)

## Environmentally Friendly Products

Yokogawa actively develops environmentally friendly products through the implementation of its own strict standards of design and assessment for long-term usability, energy-saving performance and other aspects. New products are evaluated for energy consumption as well as the emission of carbon dioxide (CO<sub>2</sub>), nitrogen oxide (NO<sub>x</sub>) and sulfur oxide (SO<sub>x</sub>) based on our "Lifecycle Assessment (LCA) standards".



## Guidelines for Environmentally Friendly Design

### (1) Environmental Assessment Standards for Product Design

We have established assessment standards in eight areas: ease of recycling and treatment, resource conservation, energy conservation, long-term usability, ease of collection and transport, safety and environmental protectiveness, information disclosure, and packaging. These standards are used in conducting assessments during each inspection (initial design, intermediate design, and final design).

### (2) Lifecycle Assessment (LCA) Standards

The LCA standards are used for preliminary assessments of energy use, CO<sub>2</sub> emissions, NO<sub>x</sub> emissions, SO<sub>x</sub> emissions, and the like throughout the lifecycle of a product. These standards are used in conducting assessments during each inspection (initial design, intermediary design, and final design).

### (3) Environmentally Friendly Product Design Guidelines

These guidelines establish design and machining and assembly methods that incorporate long-life design, energy conservation design, resource conservation design, and materials and parts selection guidelines, as well as standards for the recycling and disposal of products.

### (4) Criteria for hazardous substances contained in products

The following criteria are provided to ensure that environmentally friendly parts and materials are selected during the design phase. Controlled substances are classified into five different levels:

- Banned Substance 1: Any substance that is banned from inclusion in a product
- Banned Substance 2: Any RoHS command regulated substance
- Controlled Substance 1: Any SVHC (substance of very high concern) under the REACH regulation
- Controlled Substance 2: Any substance that is banned at certain concentrations, bound by the limited purposes of use or restricted in any way
- Controlled Substance 3: Any substance for which the amount contained in a product must be identified

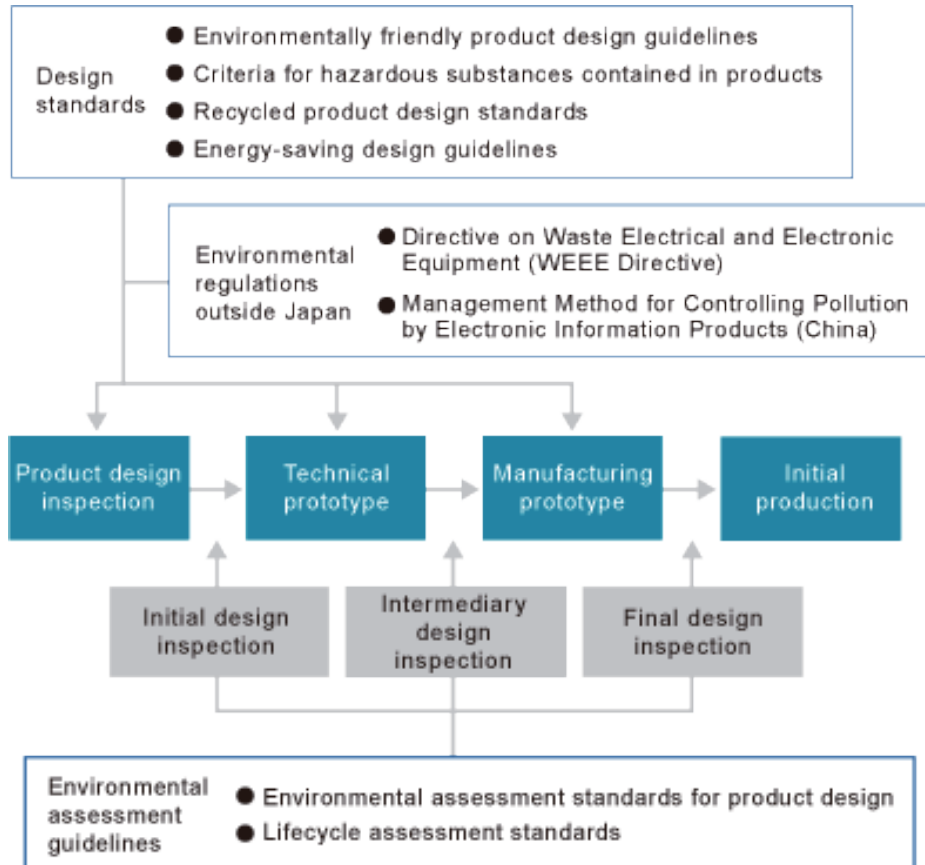
### (5) Recycled Product Design Standards

These standards encourage the three Rs: the reduction of waste and the reuse and recycling of used products.

## (6) Energy-saving Design Guidelines

These guidelines state that energy is to be conserved in the manufacturing and product use stages. They introduce energy conservation design technologies for products and manufacturing.

## Environmentally Friendly Design and Assessment Standards



## Environmental Assessment Standards for Product Design

(1) When	Initial design inspection/intermediate design inspection/ final design inspection
(2) Assessment items	Twenty-nine items in eight fields; ease of recycling and treatment, resource conservation, energy conservation, long-term usability, ease of collection and transport, safety and environmental protectiveness, information disclosure, and packaging.
(3) Evaluation criteria	Score is zero points if legal regulations are not satisfied, four points if legal regulations are satisfied and an improvement of 30% or more is achieved, three points for an improvement of 15% or more, two points for an improvement of 5% or more, and one point for an improvement of less than 5%.

(4) Pass/fail judgment criteria	In order to pass, there must be no assessment items with a score of zero points, and the total score must be greater than that of the old model. A "failed" judgment is given if any of the assessment items has a score of zero points or if the total score is the same as or lower than that of the old model. The improvement guidelines target an improvement of 25% or more, and more than anything seek to incorporate environmental-burden reduction into design.
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## Green Procurement

Various laws and regulations have been put in place, such as the Home Appliance Recycling Law and Law for Promotion of Effective Utilization of Resources in Japan, as well as the Waste Electrical and Electronic Equipment (WEEE) and Restriction of Hazardous Substances in EEE (RoHS) Directives outside Japan. With this background, Yokogawa aims at building a sustainable society in various areas of its business activities.

Based on the principle "Resource procurement with less environmental load = Offering environmentally friendly products", Yokogawa proactively promotes green procurement activities that are environmentally friendly.

### Green Procurement Guidelines

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Under the philosophy to contribute to building a sustainable society in various areas of business activities, Yokogawa has created the "Green Procurement Guidelines" to promote green procurement activities.



## LCA Label

Yokogawa began to conduct the life cycle assessment (LCA) in 1999 in the design phase of all new products as part of efforts to minimize our products' environmental impact. Some of the results of the LCA are disclosed on our website. When LCA data is disclosed for a product, the applicable product is "LCA-labeled" in the product webpage and/or sales brochure .



### Requirements for LCA Labeling

A product will be LCA-labeled if it meets all the requirements described below:

1. Life cycle assessment has been conducted according to Yokogawa's engineering specifications.
2. The results of life cycle assessment are disclosed on the Yokogawa website according to the company's internal rules.

### Concept/Implementation of the LCA

Yokogawa has set its unique LCA standards based on JIS Q 14040 "Environmental management -- Life cycle assessment -- Principles and framework." We compare a new product with its previous product for assessment purposes. The results of the LCA of the previous product are multiplied by the "functional factor" to compare the environmental impacts based on the equivalent functionality of the new product. When the results of the LCA on the previous products clearly suggest how these products would impact the environment, we may only conduct LCA on the elements significantly affecting the environmental impact.

### List of LCA-Labeled Products

Model	Products
CENTUM CS3000 Model System	Integrated Production Control System Compared to the reference product CENTUM CS, CO2 emission was reduced by about 11% .
Prosafe-RS Model System	Safety Instrumented System Compared to the reference product ProSafe-PLC, CO2 emission was reduced by about 23% .
STARDOM Model System	Network-based Control Systems Compared to the reference product CENTUM CS1000, CO2 emission was reduced by about 55% .
EJA110E	Pressure Transmitter (DPharp EJA-E Series) Compared to the reference product EJA, CO2 emission was reduced by about 30%.

CSU-X1	Confocal scanner unit Compared to the reference product CSU22 + Filter Wheel, CO2 emission was reduced by about 40%.
2553A	Precision DC Calibrator Compared to the reference product 2553, CO2 emission was reduced by about 66% .
2558A	AC Voltage Current Standard Compared to the reference product, CO2 emission was reduced by about 50% .
AQ 1200A/B/C	AQ1200 MFT-OTDR Optical Time Domain Reflectometer Compared to the reference product OTDR AQ7270 series, CO2 emission was reduced by about 40% .
AQ2200-131	AQ2200-131 Grid TLS Module Compared to the reference product AQ2200 — 111, CO2 emission was reduced by about 10% .
AQ2200-342	AQ2200-342 DUAL ATTN Module Compared to the reference product AQ2200-331, CO2 emission was reduced by about 45% .
AQ6370D	AQ6370D OPTICAL SPECTRUM ANALYZER Compared to the reference product AQ6370C, CO2 emission was reduced by about 17% .
AQ7280	AQ7280 series OTDR Compared to the reference product AQ7270, CO2 emission was reduced by about 25% .
DLM4038/ DLM4058	Mixed Signal Oscilloscope DLM4000 Series Compared to the reference product DL7480, CO2 emission was reduced by about 25% .
WT310/WT310HC	WT300 Series Digital Power Meters
WT332/WT333/	Compared to the reference product WT210, CO2 emission was reduced by 18%.

## Global Warming Prevention

The "Yokogawa Group Green Promotion Committee" was formed to step up our efforts to preserve the global environment and enhance our programs to counter global warming. We have set CO2 emission reduction targets for the Yokogawa Group (Japan) for the phases 2010-2014, 2015-2019 and 2020, and are implementing emission reduction programs to achieve those targets. Our ongoing CO2 emission reduction programs include the improvement of production lines, the introduction of high-efficiency heating/cooling equipment, the installation of inverter-driven lights, LED lights and the use of green power.

For our offices and factories, we have employed "InfoEnergy," Yokogawa's proprietary energy conservation support system designed to visualize energy data, in order to reduce CO2 emissions.

Yokogawa Electric and Yokogawa Manufacturing participate in the Keidanren's Commitment to a Low-Carbon Society (an industry action policy established subsequent to the first commitment period of the Kyoto Protocol). Specifically, the companies are working on improving their production processes in order to realize greater energy efficiency in production processes, such efficiency being a common goal of the electrical and electronics industry. (Our target is to improve the average annual energy consumption rate by 1% by 2020.)

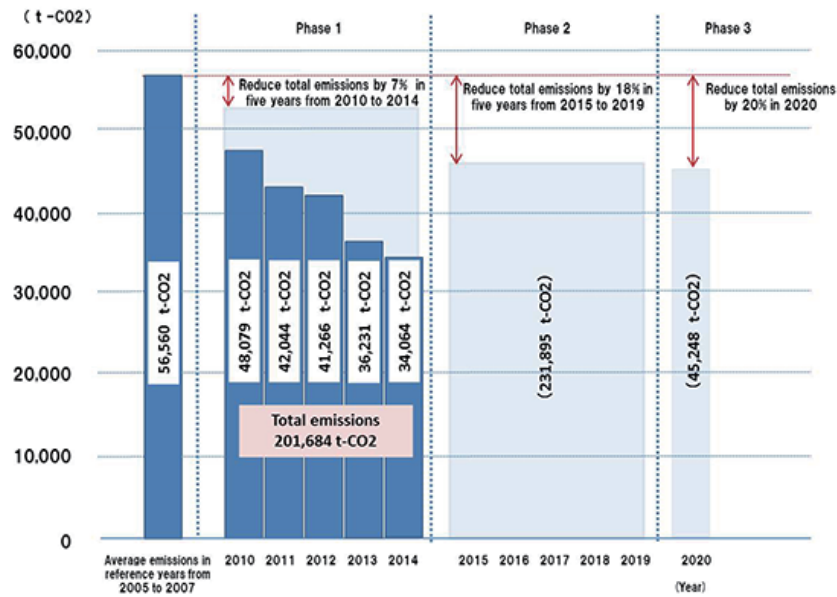
### CO2 Emission Reduction Targets and Performance for Yokogawa Group (Japan)

The Yokogawa Group (Japan) has set its CO2 emission reduction targets toward 2020, and is directing its efforts to achieve the targets. By using the annual average of emissions measured over the 2005 to 2007 period as the baseline (56,560 tons of CO2), we have set different reduction targets for three phases with the ultimate objective of achieving the goal set for 2020. Specifically, we are implementing a range of activities to achieve the reduction targets described below:

- 2010 to 2014 period: A 7% reduction in total emissions  
(263,005 tons of CO2, with an annual average of 52,601 tons of CO2)
- 2015 to 2019 period: An 18% reduction in total emissions  
(231,895 tons of CO2, with an annual average of 46,379 tons of CO2)
- 2020: 20% reduction  
(45,248 tons of CO2)

The Yokogawa Group (Japan) produced 34,064t-CO2 of carbon dioxide emissions in 2014, achieving its CO2 emission reduction target. The target of the first phase (from FY 2010 to FY 2014) was 263,005t-CO2 (gross emissions) and the result was 201,684t-CO2. The target of the first phase was achieved. Overseas, each of our group companies overseas sets its voluntary reduction target and is working to achieve the target.

Graph of CO2 Emission Reduction Targets and Performance for Yokogawa Group (Japan)



### Scope 3 CO2 Emissions

In addition to the direct CO2 emissions generated from our use of fuels and manufacturing processes (Scope 1) and indirect CO2 emissions generated through the use of purchased electricity, heat and other sources of energy (Scope 2), we also track and calculate other indirect CO2 emissions (Scope 3).

Category			Emissions (t-CO2)
Upstream	1	Purchased Goods & Services	—
	2	Capital Goods	—
	3	Fuel- and Energy Related Activities Not Included in Scope 1 or 2	5,259
	4	Transportation & Distribution	—
	5	Waste Generated in Operations	34
	6	Business Travel	6,049
	7	Employee Commuting	2,143
	8	Leased Assets	—
Downstream	9	Transportation & Distribution	—
	10	Processing of Sold Products	—
	11	Use of Sold Products	—
	12	End-of-Life Treatment of Sold Products	—

	13	Leased Assets	—
	14	Franchises	—
	15	Investments	—
Total			13,485

(The above figures apply to Yokogawa Electric and Yokogawa Solution Service.)

(-) indicates that the calculation method is still being examined or the figure is not included.

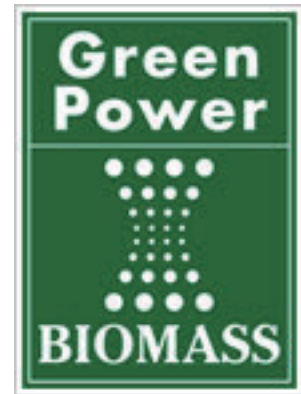
General Guidelines on Supply Chain GHG Emission Accounting

(Ministry of Economy, Trade and Industry and the Ministry of the Environment)

## Introduction of the "Green Power Certificate" System

### Yokogawa Electric

A portion of the electricity used by the headquarters building of Yokogawa Electric come from "Green Power" harnessed through "biomass power generation"(300,000 kWh/year).



Biomass  
power generation

## Chemical Substance Reduction, Waste Reduction and Resource Conservation

The Yokogawa Group is thorough in managing chemicals that are harmful to humans and the global environment. Also, Yokogawa is developing and introducing alternative processes in an effort to reduce chemical use and waste as well as to conserve resources. Furthermore, to comply with RoHS directives restricting the use of certain chemicals in electrical and electronic equipment in Europe, as well as with the REACH Regulation (Registration, Evaluation, Authorization and restriction of Chemical substances), we are implementing efforts for the reduction and management of such chemical substances.

### PRTR Substances

The amount of substances reported under PRTR\* requirements (1,000 kg/year or more handled) is shown in the table.

\*PRTR System:

The PRTR, or Pollutant Release and Transfer Register, was established to enable society as a whole to manage chemical substances through the disclosure of toxic chemical emissions data and other information.

### Fiscal Year 2014 PRTR Data

Factory	Factory substance	Amount used (kg)	Amount emitted (kg)				Amount transferred (kg)	
			Air	Public water area	Soil	Landfill	Sewage system	Outside site
Yokogawa Manufacturing Komagane Factory	Hydrogen fluoride and its water-soluble salt	1,098	0	110	0	0	0	990
	Ferric chloride	1,358	0	0	0	0	0	0
Yokogawa Manufacturing Kofu Factory	Toluene	831	750	0	0	0	0	83
	Ferric chloride	8,820	0	0	0	0	0	0
Yokogawa Manufacturing Komine Factory	Toluene	1,046	650	0	0	0	0	400

## Water Resource Conservation

The Yokogawa Group is implementing resource-saving/energy-saving measures and initiatives designed. Specifically, we are working to reduce the amount of water usage by improving our production processes and by introducing water-saving systems to our office water supplies.

### Efforts in the Middle East and Southeast Asia

In regions where securing water resource is a serious challenge, the companies of YOKOGAWA group are promoting efforts regarding water resource through measures such as monitoring water usage and securing alternative water resource.

#### Yokogawa Electric Asia / Yokogawa Engineering Asia (Singapore)

To support the measures by the Singaporean government such as maintaining drinking water resource and utilizing alternative water resource, Yokogawa Electric Asia and Yokogawa Engineering Asia implement the following measures:

- Strictly comply with the guideline set by PUB (Public Utilities Board) to avoid excess use of water.
- Join the national measure, NEWater (recycled water) project and have switched to use NEWater for air conditioning systems instead of normal tap water.
- Install water-saving devices to lavatories and water utilities.
- Regularly check water consumption to find water leakage early.

#### Yokogawa Middle East & Africa (Bahrain)

In Middle Eastern countries, shortage of water is becoming a serious problem. Yokogawa Middle East & Africa is contributing to the government's water protection measures through efforts as follows:

- Sets the target value for reduction of water consumption per employee per year, and manages the progress.
- Restricts drinking water consumption and use normal tap water for non-drinking purposes.
- Has obtained the building safety authentication that includes water protection from an independent organization.
- During the HSE (Health, Safety and Environment) inspection tour, all facilities are checked for water leakage, and if any abnormality is detected, corrective action and preventive measures are taken immediately.

### Adopting Water-Saving Systems for Office Water Supplies

#### Yokogawa Electric Corporation (Japan)

Water-saving systems have gradually been introduced at Yokogawa Electric head office to reduce the amount of water usage.

## Promoting Biodiversity

In line with the environmental policy of the Yokogawa Group, all group companies are working to preserve biodiversity.

### "Tokyo Greenship Action": A Collaborative Effort Between Local NPO and Residents to Protect the Woodlands

#### Yokogawa Electric

Since 2009, Yokogawa has been a participant in "Tokyo Greenship Action," a collaborative effort among the city of Tokyo, local NPOs, and businesses to conserve and revive the woodlands in the hills of Tokyo, and contribute to their biodiversity.



Tokyo Greenship Action

### Participation in the Tenryu River Water Quality Survey

#### Yokogawa Electric Komagane Factory

At our Komagane factory, situated along the Tenryu River in Nagano Prefecture, employees and their families are participating in the "Family Water Quality Survey" organized by the Nagano Techno Foundation. The survey was initiated under two themes: "Restoring the Tenryu River where we can swim" and "Building a recycling-oriented society". Every participating family uses a simple water quality analyzer called "Pack Test" to study the water quality at a nearby area of the river and submit a report.

調査日	年度	実施日時	気温(℃)	水温(℃)	pH	調査内容	備考
11月17日	2019	11時47分	21	18	4	臭気などに気づいているが、それ以外の項目は悪くない。	3
11月18日	2019	11時35分	21	20	5	悪臭はほぼ解消されている。	—
11月19日	2019	11時38分	20	22	3	臭気はほとんど解消しているが、悪臭は残っている。	—

Water Quality Survey List



## Protecting Large Trees in the City of Musashino

### Yokogawa Electric

In the city of Musashino, where Yokogawa Electric's headquarters is located, there are approximately 2,000 large trees in the city designated as "environmentally protected." It is under a program called "2000 Large Trees/Symbolic Trees Plan", which has been in place since 1994. Fifty large trees within the premise of Yokogawa Electric's headquarters have been designated under this program and are protected as such.



Protected Large Trees

## Participation in the Tenryu River Eco Picnic

### Yokogawa Electric

The employees of Yokogawa's Komagane Factory and their families participated in the cleanup activities along the Tenryu River in Nagano Prefecture, as hosted by the Nagano Techno Foundation.

This event is organized as part of an "environmental beautification campaign" intended to teach the significance and importance of waste sorting, encourage a first-hand view of the current state of the Tenryu River and help achieve a recycling-based society.



Tenryu River Eco Picnic

## Installing vending machine to assist Borneo

### Yokogawa Solution Service Corporation, Semiconductor Service Center in Tachikawa Office

Vending machines are installed in Tachikawa Office to assist Borneo. A part of the money raised through sales from these vending machines are donated to the specified non-profit corporation Borneo Conservation Trust Japan and used for activities to conserve the rain forest and wild animals in Borneo.



Vending machine to assist Borneo

## Cleanup at the Uchikawa dam

### Yokogawa Electric

The employees of Yokogawa's Kanazawa Office participated in the cleanup activities around the Uchikawa Dam, which were sponsored by the Kanawaza Water and Energy Center. This cleanup event is designed to "preserve water environments" through the cleanup of the Uchikawa Dam, which is an important local water supply and an "area designated for preservation of water source."



Cleanup at the Uchikawa dam

## Activities to protect the woods of the forests in Kanazawa

### Yokogawa Electric

The employees of Yokogawa's Kanazawa Office participated in the activities to protect the woods in Kanazawa City's "Forests of the Kanazawa Techno Park" (approximately 2 hectares).

The activities are organized as part of the community contribution and environmental preservation programs, in which underbrush is cleared and trees are thinned, paths are maintained, among others.



Activities to protect the woods of the forests

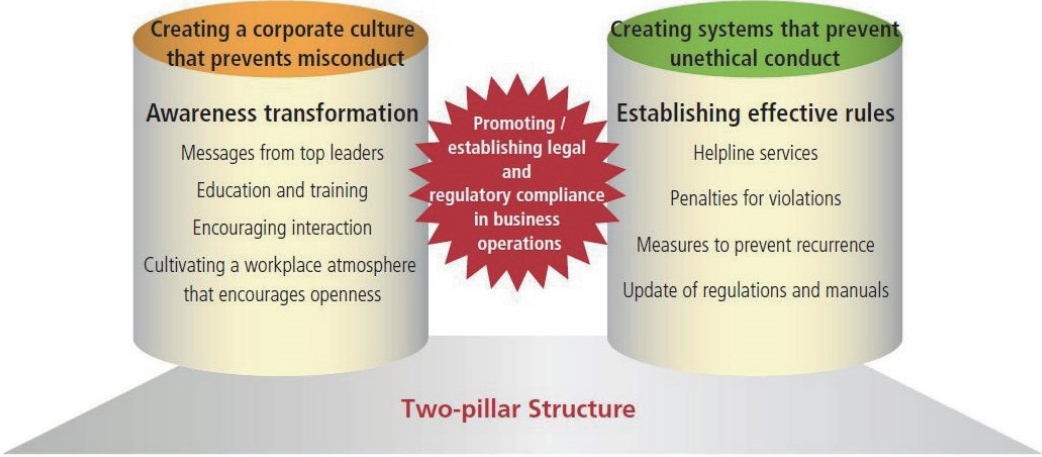
## Fair Operation Practices



All Yokogawa employees comply with laws and business ethics in addition to working to ensure compliance according to the Standards of Business Conduct. Also, we are promoting CSR activities across the supply chain and engage in fair and equitable transactions.

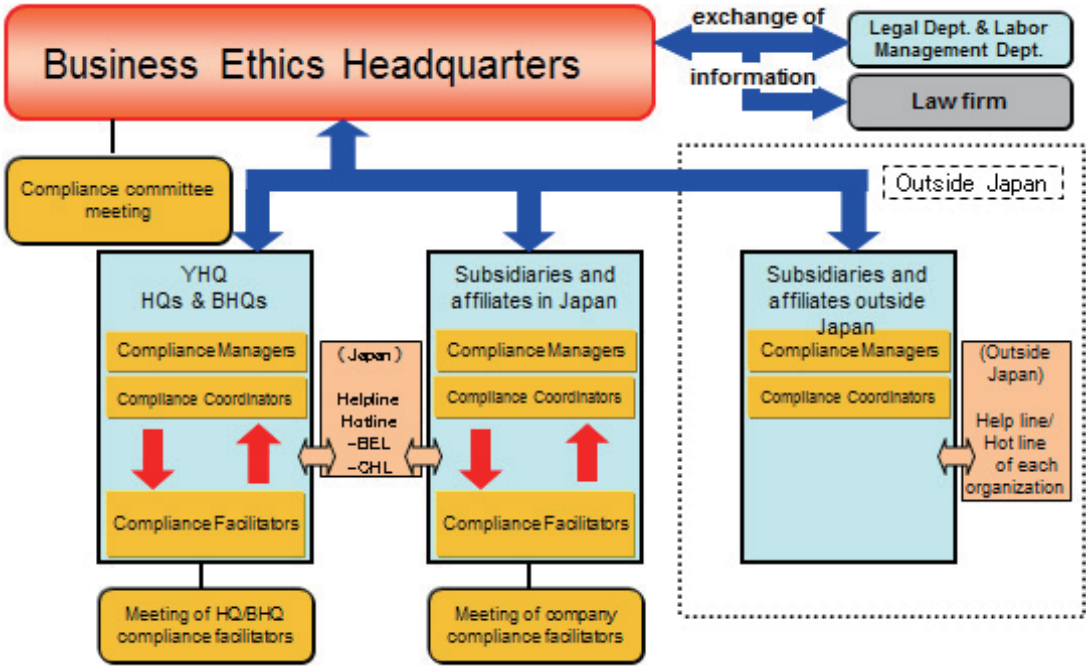
# Anti-corruption and Compliance

Yokogawa promotes compliance management strongly throughout its entire group, with the slogan, "compliance above everything else". It aims to be a healthy and open business with two pillar foundations: "corporate culture that prevents misconduct" and "systems that prevent unethical conduct."



## Provision of Compliance Promotion Structure

To build a "corporate culture that prevents misconduct" and "systems that prevent unethical conduct," a compliance promotion structure has been set in place globally. In Japan, compliance facilitators, who are advisors in the workplace, drive activities designed to communicate and entrench compliance awareness. Also, representatives from the compliance offices and key compliance facilitators in each organization are required to participate in the regular "Compliance Committee" meetings in order to share information and monitor the progress of activities.



## **Anti-bribery Guideline**

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Yokogawa has established and managed a specific guideline, as an internal bylaw, on bribery prevention, not only with respect to public servants but also to private citizens inside and outside Japan. It is intended to ensure compliance with the anti-bribery law in each country where the Yokogawa Group conducts business and prevent bribery while engaging in corporate activities in a fair, appropriate manner.

## **Enlightenment Activities**

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Yokogawa conducts compliance education and training to foster employees' awareness of compliance and a corporate culture that emphasizes fair, clear and open business conducts.

## **Compliance Training/Education**

Yokogawa conducted a number of training/education programs again in 2014 in order to imbue all group companies with the concept of compliance awareness. All employees of our group companies inside and outside Japan received compliance training, while Japanese associates were given opportunities to learn about compliance in different circumstances, such as when being promoted to a manager position, before starting a new post as expatriate or upon joining the company.

## **Use of the Compliance Guidelines**

Our Compliance Guidelines--which spell out the specific requirements for the Standards of Business Conduct and items the employees must observe in carrying out their duties--are currently published in English, Chinese and Portuguese. In 2014, compliance facilitators at our subsidiaries outside Japan again relied on these guidelines to step up their training programs.

## **Compliance News Issued**

The "Compliance News" is issued bimonthly to all Group employees. It raises awareness of compliance among all employees through timely discussions of topics such as sexual harassment and international cartels.

## **Revision of the Misconduct Case Studies**

We have a handbook called "Misconduct Case Studies" for the purpose of preventing compliance violations. The handbook is updated each year with the addition of new examples that serve as real-life lessons collected from inside/outside the group. The revised editions are issued and made available to all employees.

## **Compliance Week**

Aimed at all employees of Group companies in Japan, "Compliance Week" was held for the purpose of further instilling awareness of compliance. Activities carried out during the week included e-learning programs and solicitation of compliance slogans.

Some companies used the Compliance Week to take extra steps toward greater compliance in addition to

taking part in the group-wide programs. For example, Yokogawa Solution Service uploaded write-ups for better communications and a simple diagnostic check sheet on workplace openness to their intranet with the goal of "building an open workplace environment."

## **Performing of Global Awareness Survey**

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An awareness survey regarding compliance is conducted for all Yokogawa Group employees every year. After analyzing the results by workplace and function in order to visually track how the compliance awareness of employees changes over time, the results are then used to facilitate the planning of the following year's activities.

## **Use of Consultation and Reporting System**

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To quickly identify and address compliance issues, a channel for reporting and inquiries has been established. In Japan, two hotlines are available: the internal hotline and the external hotline, which is staffed with lawyers.

An employee can contact the internal hotline anonymously or with his/her real name in order to report or consult on a compliance issue. The personal information of the employee who has contacted the external hotline will not be made available to the company. Both the internal and external hotline can be contacted by e-mail, over the phone or in writing. Each case will be investigated by keeping the identity of the reporting employee in strict confidence and in an expedient manner, in compliance with the manual on investigation.

## **Strict Prohibition of Insider Trading**

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To prevent insider trading, we have established the "Regulations on Prevention of Insider Trading" as an internal regulation and have included a section on prohibition of insider trading in our "Compliance Guidelines." Additionally, we have established a group-wide compliance structure and provided education, etc., to strictly prohibit insider trading.

## **Actions to be taken to counter anti-social forces**

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Yokogawa's policy is to conduct business in compliance with laws, ordinances, commercial and social practices and other social norms while maintaining high moral values in the spirit of the "Standards of Business Conduct for the Yokogawa Group." We are doing the following to achieve this objective:

- We state the specific "Dealing with anti-social forces that pose a threat to safety and order" in the "Yokogawa Group Compliance Guidelines."
- Through the use of compliance training and the company newsletter, we bring home to all employees our basic stance on unreasonable demands and how to deal with such demands.
- We incorporate the provision on exclusion of anti-social forces in the text of our "Master Transaction Agreement" in compliance with the Organized Crime Exclusion Ordinance of Tokyo, and also execute a "Memorandum on Exclusion of Anti-social Forces" with our existing suppliers, contractors and customers.

## Supply Chain Management

### 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 procurement processes in the supply chain, Yokogawa Group's "Group Procurement Code" has 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, began working on the issue of conflict minerals, and focuses on establishing a supply chain that considers environmental protection.

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. 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.

### Strengthening of Partnerships with the Suppliers

Yokogawa Electric, in order to reinforce its partnerships, is actively organizing events on a regular basis to promote discussion and deepen trust with key suppliers and their management teams.

For example, each year we host the "Supplier Policy Presentation Meeting", in which we explain our management policy, business plan, purchasing strategy, etc., to the suppliers.

Additionally, we organize "Component Exhibitions" and "Technical Seminars" through the Purchasing Department in order to introduce the products of suppliers, along with market trends, component trends and other relevant information, to the product development teams of companies within the Yokogawa Group.



Supplier Policy  
Presentation Meeting

## Reinforcement of Compliant Procurement

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Yokogawa regularly organizes education programs for group companies in Japan so that they can learn about the "Act Against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors" as it applies to purchasing processes. Furthermore, we have a chapter on compliance to the Master Transaction Agreement in order to reinforce compliant procurement. As part of this effort, we are working to build greater ties/partnerships with the suppliers and prevent the establishment of ties with antisocial forces in order to eliminate such forces from society.

We have set up a "help line" as a channel for reporting and inquiry that can be contacted by suppliers, should they find an actual or potential violation of compliance.

## Promotion of Green Procurement

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Under the philosophy to contribute to building a sustainable society in various areas of business activities, Yokogawa has created the "Green Procurement Guidelines" to promote green procurement activities. Specifically, we have established a system for promoting the control of chemical substances contained in our products and are also investigating/controlling chemical substances in materials/components.

## Initiatives on Conflict Minerals

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Certain minerals (tin, tantalum, tungsten and gold) produced in the Democratic Republic of the Congo and nearby nations, and distributed via supply chains might be used to fund armed forces engaged in illicit activities involving human-rights violations, acts of violence, etc., and consequently such materials are referred to as conflict minerals.

We at the Yokogawa Group consider it a group-wide challenge to cut off such funding of armed forces at every point and stage in our supply chain, and thus we aim to become conflict-free by not using conflict minerals in any of our products.

To meet the aforementioned challenge, the Yokogawa Group has carried out the following efforts:

- Dedicated structures were put in place in the relevant departments in 2011, through which we took appropriate action.
- As a member of the "Responsible Minerals Trade Working Group" run by the JEITA (Japan Electronics and Information Technology Industries Association) we coordinate our efforts with those of other corporations and obtain the latest information.
- From 2013, we have been cooperating with our suppliers to investigate the use of conflict minerals in certain products. Additionally, our procured gold and tantalum investigated after 2013 has been confirmed as conflict-free.

The Yokogawa Group plans to implement the following initiatives as we move forward:

- Conduct individual investigations on the parts and processed components used in our products by reflecting the requests and other requirements of our customers.
- If the findings of an investigation raise a concern about the investigated mineral as a possible funding source for armed forces, we will immediately take steps to avoid using the mineral.



In July 2013 we added our requirements on conflict minerals to the "Yokogawa Group Supply Chain CSR Guidelines" and the guidelines are freely available and accessible to the public on our website.

The Yokogawa Group will continue its utmost efforts to ensure the responsible procurement of minerals.

\*JEITA: Japan Electronics and Information Technology Industries Association

## Investor Relations

Our relationship (communication) with shareholders and investors is described in "IR information" and "Annual Report."

- ▶ [Investor Relations](#)
- ▶ [2015 Yokogawa Report](#)

## With Customers



We emphasize to value the relationship with our customers in the Transformation 2017 mid-term business plan. We pursue the improvement of quality, reliability and information security, and take the customer perspective to ensure high satisfaction with our products and services.

## Customers and Quality First

### Activities to Improve Customer Satisfaction

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We at Yokogawa strive to achieve greater customer satisfaction at our offices and factories around the world.

Yokogawa Electric (Japan) has conducted a customer satisfaction survey since 2008 on all customers who have received a product seminar at our training centers in Japan. In 2014, 1,198 questionnaires were collected, and the results were compiled and analyzed. Concurrently, a system was put in place to share the survey responses and comments among all employees on the company's intranet in order to help improve product functions and services.

The Group companies are also obtaining feedback from customers through e-mailed surveys, customer visits, mailed questionnaires and conversations at product seminars, so as to provide more satisfactory products and services.

### Quality First Approach

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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 and working on delivery of the same quality worldwide.

In addition, we always heed the voices of our customers to offer high-quality products and solutions, and aim to solve problems and create values with our customers.

### The basic quality policy

1. Quality management is carried out in order to implement customer focus based on "Quality First," which is the spirit of foundation, and "Healthy and Profitable Management" through improvements in management quality.
2. Products that meet statutory and regulatory requirements as well as customer requirements are supplied.
3. Appropriate quality management systems conforming to the International Standard ISO 9001 requirements are established and implemented. In addition, the effectiveness of those systems is continually improved.
4. Customer requirements are fulfilled and customer satisfaction is increased through the results of quality activities in all organizations and personnel. For this purpose, each employee must feel that the quality of his or her work has a direct bearing on product quality, and that the company believes in "Quality First".
5. The head of each organization is responsible for the quality of the relevant businesses. The responsibilities include ensuring that adequate resources are made available.

# 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.

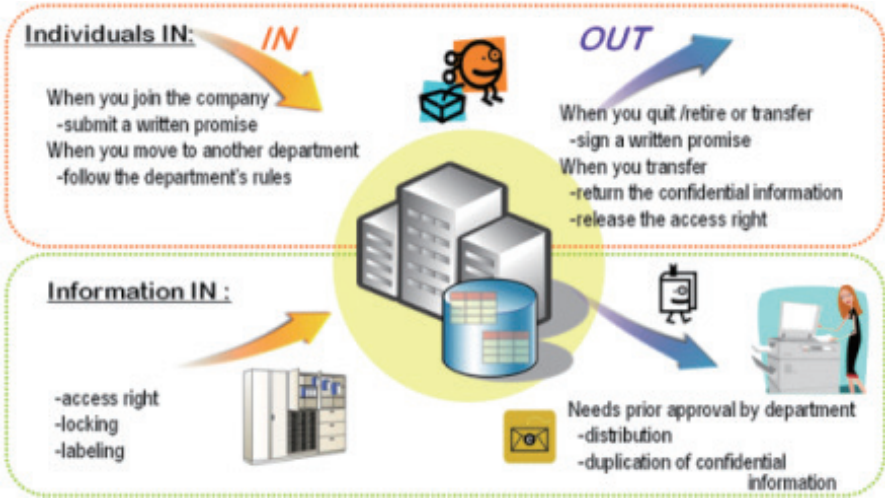


Image from ISMS text

In addition, we provide more practical education and trainings regarding targeted e-mail attacks, and for line managers, information security education.

## 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

## 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

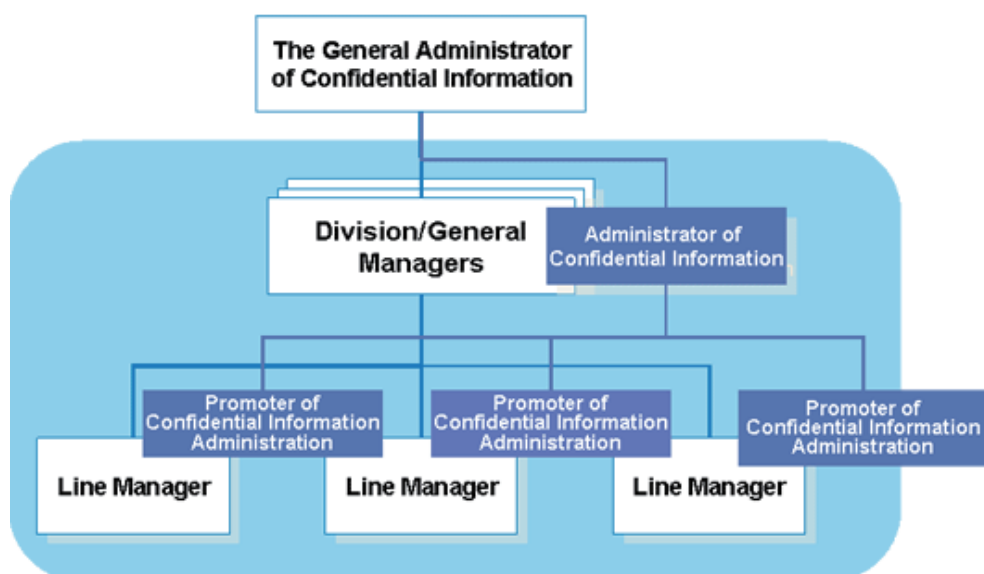
We have implemented an anti-spam filtering system, because spam mail is not only bothersome but also includes malicious mail that may cause data leakage and virus infection.

### 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

In Yokogawa Group, information security activities have been developed based on the idea of ISO27001, and information security measures and policies are notified to the Group's headquarters, business headquarters and each Group company by the general administrator of confidential information. The head office checks the operations if they follow the rules and implements necessary reforms. 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

## Community Involvement

The Yokogawa Group is tackling challenges that affect the global environment and society to contribute toward the realization of a thriving global society.

### Yokogawa's corporate citizenship

Yokogawa, with awareness of its responsibilities as a "good citizen", strives for harmonious coexistence with the communities it serves. We not only contribute to society as a whole through business activities but also implement wide-ranging community programs. We at Yokogawa are committed to cooperating with the communities and governments in all countries and regions in which we do business, to thereby achieve their goals and contribute to growth.



Finding solutions to social issues,  
Helping build a sustainable society

We also encourage our employees to participate in community programs as "good citizens". Specifically, we drive and participate in skill-development programs and environmental conservation activities in local communities. We also provide volunteer programs designed to let our employees make use of their various skills and competences for the community.

### Corporate citizenship by Yokogawa group companies

The following are some of the community programs in which our group companies are involved:



## Corporate Citizenship in Japan

### **Supporting to Develop Next-Generation Talent**

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Yokogawa Science Classes addressing the fundamental technologies that are the basis for Yokogawa's business-optics, electrics, radio, etc.

As members of their community, our employees are engaged in various programs designed to support school education as well as to help children with disabilities and students to be selfsupporting and participate in society.

### **Collaborative Efforts with External Organizations to Solve Social Issues**

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Yokogawa is committed to fulfilling its responsibilities as a global company by finding solutions to various social issues.



## Supporting to Develop Next-Generation Talent

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As a member of our local communities, Yokogawa is conducting activities to support the development of next-generation talent.

### Yokogawa Science Classes

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As a company engaging in business on the strength of its technology in the areas of measurement, control, and information, Yokogawa holds the YOKOGAWA Science Classes to support science education for elementary school students.

#### List of Programs

Program	Content
Becoming a Discerner of Light	Construct illuminance meters and measure the brightness of light
Communicating Via Light	Construct an optical transceiver and experiment with optical communication
Capturing Radio Waves	Construct a germanium radio that requires no batteries and listen to radio broadcasts
Forming a Temperature Investigation Team	Constructing a radiation thermometer and measure temperatures without contact
Discovering the Secrets of Light	Construct rainbow-colored flashlights and experiment with colors made from the three primary colors
Measuring Electricity with a Magnet	Construct a meter that makes practical use of magnets and check remaining battery power

Yokogawa launched the YOKOGAWA Science Classes in 2006. We now conduct the classes several times a year, primarily in Tokyo.

The themes of the classroom are related to light, electricity, radio waves, and other topics related to the basic technologies that support Yokogawa. Employee volunteers act as instructors and provide personal instruction during hands-on construction projects. After the employee volunteers have explained the mechanisms of light or electricity according to the theme, the participating children begin the construction tasks, including soldering. Afterward, the employees provide an introduction to technology jobs. Drawing on the children's interest in technology, they teach the children the importance of thinking and making improvements. This interaction with children leads to the growth of the employees as well.

Through such activities, Yokogawa deepens its interactions with communities and contributes to the development of human resources that have an interest in science and technology. Our wish is to nurture these people who will support the earth in the future.

Date	Venue	Program
July 19, 2014	Musashino City and Mitaka City, Tokyo	Capturing Radio Waves
August 20, 2014	Kanazawa City, Ishikawa	Communicating Via Light
March 7, 2015	Musashino City and Mitaka City, Tokyo	Capturing Radio Waves



Yokogawa Science Classes

#### Comments by Children :

- I want to try making something more difficult.
- I want to take part again and perform experiments.
- It was my first time to make a radio. That was fun.

#### Comments from children's guardians:

- I hope the class will lead to opportunities in the children's futures.
- I'm glad to learn more about the work that nearby companies are doing.
- I think that it's a good experience for children to interact with adults other than their parents.

#### Comments from employee volunteers:

- It's a joy to see the children's happy faces.
- When the children have fun, so do I.

## Participation in Musashino Science Festa

Each year Yokogawa participates in the "Musashino Science Festa," an annual event held by the city of Musashino. It's a comprehensive event for scientific experimentation in which elementary and junior high school teachers, businesses, volunteer organizations, etc., in the city set up booths to exhibit their experimentation. There are approximately 1,000 visitors to the event each year.

The theme of Yokogawa's booth was "Discovering the Secrets of Voice." Visitors to our booth observed what their voices looked like, using a hand-made microphone amplifier and oscilloscope. The children seemed really interested as they watched the waveform change according to the loudness of their voices and the frequency, or pitch, of the sound. Yokogawa staff, who participated in the event as volunteer staff, enjoyed themselves as they instructed the visitors how to observe their voices using the oscilloscope.



Observing child's own voice  
on the oscilloscope

## Support for Events at a nursery and Elementary School

### Concerts at a Nursery and Elementary School

Upon request from a nursery and elementary school, the "Ensemble Yokogawa" orchestra club held concerts for the children and students.

- A concert was held at Poppins Nursery School  
June 10, 2014
- A concert was held at Chofu City's Tamagawa Public  
Elementary School on September 27, 2014.
- A concert was held at the Faculty of Nursing,  
Toho University January 24, 2015



Concert at nursery

### Interacting with Children through Basketball at a Senior Care Facility

On October 4, 2014, at the invitation of the Sawayaka Welfare Foundation, Yokogawa's basketball team traveled to a special nursing home for the elderly in Musashino City and enjoyed playing basketball with elementary school children from the Kyuden Shooting Stars in Tokyo's Setagaya Ward.



Interacting with Children through Basketball at a Senior Care Facility

## Support for Classes, Events and Recreational Activities at Special Schools

As a member of the "Tokyo Metropolitan Council for Community Education Promotion Network," Yokogawa supports classes provided at special schools and is contracted under the Tokyo Metropolitan Government's "After School Children's Class" program to support recreational activities at special schools, including the "Akiruno Club," which is organized mainly by the PTA of the Tokyo Metropolitan Akiruno Gakuen Special School. The Yokogawa employees work as volunteers and interact with children with disabilities, increasing their awareness as "good citizens."

-FY2014-

Date	Organization to support	Program	Participant
June 21, 2014	Akiruno Club	Let's Play with a Foreign Language!	Volunteer employee
June 21, 2014	Akiruno Club	Let's Decorate with Flowers!	Flower arrangement club members
August 23, 2014	Akiruno Club	Tea Ceremony Workshop	Tea ceremony club members
Total of Five days in July and August 2014	Tokyo Metropolitan Nanao Special School	Support for the "Opening of school's swimming pool to the Public"	Swimming club members
October 18, 2014	Akiruno Club	Hiking at Tokyo metropolitan Komine Park	Mountaineering club members, Yokogawa Musashino Atlstars(rugby team)
October 24, 2014	Tokyo Metropolitan Akiruno Gakuen School	Community interaction events for special schools	Orchestra club members
January 24 and February 21, 2015	Akiruno Club	Hip-hop dance event	Volunteer employee
Official games in 2014 season	Tokyo Metropolitan Special Schools	Invitation to the official games of Japan Football League	Yokogawa Musashino Football Club
December 20, 2014	Akiruno Club	A Christmas Event Held at a Special School	Yokogawa Musashino Football Club
January 24, 2015	Akiruno Club	Let's Play with a Soccer Ball!	Yokogawa Musashino Football Club



Let's Play with a Foreign Language!



Support for the "Opening of school's swimming pool to the Public"



Hip-hop dance event



Let's Decorate with Flowers!



Hiking at Tokyo metropolitan Komine Park



Tea Ceremony Workshop

**Comments from children:**

- I was able to make tea on my own, which was great.
- Please bring lovely flowers again next year.
- I got good at swimming and received lots of praise. That was fun.

**Comments from employee volunteers:**

- We, too, were encouraged by the children's smiles and playfulness.
- The kids felt that sports are fun, which really made me happy.
- If we're invited again, I hope to make the activities even better suited to the students' feelings.

**"Akiruno Club"**

The "Akiruno Club" is an organization that plans and organizes community and recreational activities designed to help children with disabilities live rich, fulfilling lives and to promote their lifelong learning, and thereby supports such children and their families. The club and its activities were launched in June 2004, primarily by the parents and families of students of Tokyo Metropolitan Akiruno Gakuen School.

The Akiruno Club has, since 2004, been contracted by the Ministry of Education, Culture, Sports, Science and Technology of Japan and the Tokyo Metropolitan Government to sponsor a variety of projects, which are implemented with focus on "providing many programs to choose from," "offering programs not just to the current Akiruno students but also to other.

# Collaborative Efforts with External Organizations to Solve Social Issues

Yokogawa, in collaboration with external organizations, has made efforts to solve increasing social issues and revitalize community environments.

## "Tokyo Greenship Action": An Initiative to Conserve Undeveloped Woodlands in Collaboration with Regional NPOs and Citizens

Yokogawa has, since 2009, been a member of the "Tokyo Greenship Action," a collaborative initiative by the Tokyo Metropolitan Government, regional NPOs and corporations aimed at conserving/regenerating undeveloped woodlands and copses on the hills of Tokyo and thereby contributing to biodiversity.

One of the areas covered by this initiative is the landscape conservation area in Tatemachi, Hachioji City (spanning 24,392 square meters), a familiar conservation area surrounded by houses on the Tama hills in Hachioji. Fireflies thrive along a clear stream that runs through this conservation area. Local volunteer groups regularly organize weeding and bush-thinning operations in order to regenerate the natural environment.

The area used to be undeveloped woodland, which was richly endowed with nature and well taken care of. However, years of neglect made it an abandoned forest where trees were never planted, thinned or trimmed. Tokyo Greenship Action organizes weeding, dead-tree trimming/organization operations and tree planting on an ongoing basis in order to preserve the beautiful landscape of this hilly copse and nurture the area's rich biodiversity.

Yokogawa participated in a program arranged by Tokyo Greenship Action in 2014 as it did in the previous year. Employees of our group companies worked with the members of NPO Green Support Hachioji to trim the thickets and cut down large trees to thin the forest.



Tokyo Greenship Action

## Collaborating with the Community on Disaster Preparedness

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Yokogawa and Musashino City, where Yokogawa's head office is located, signed a memorandum in 1996 on cooperation in the event of a major disaster, spelling out the terms under which Yokogawa would cooperate with Musashino City to ensure the safety of citizens. Therefore, in the event of a disaster, Yokogawa will open some areas of its premises to provide water and supplies, among others. In January 2014, Yokogawa Solution Service also signed an agreement with Musashino City on cooperation in the event of a disaster.

In 2006, Yokogawa also signed an agreement with the Musashino Fire Department on support operations in the event of an earthquake. Should an earthquake hit, Yokogawa will cooperate with the Musashino Fire Department to the greatest possible extent in order to help extinguish the fire and rescue the injured. We are also conducting disaster drills with the department on a regular basis.

## Participating in Local Cleanup Drives near Factories

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To practice our corporate philosophy of "good corporate citizen," our group companies are regularly participating in the cleanup drives organized by local municipalities and are making voluntary efforts to clean up the areas around their factories. At Yokogawa, we are contributing to the beautification and environmental conservation of the regions in which we operate while fostering deeper friendships and understanding of the communities we serve.

### ● Yokogawa Electric Corporation

Twice per year, the city of Musashino conducts cleanup activities around major train stations in the municipality. Each time, a total of about 50 Yokogawa employees and family members take part in the work.

### ● Yokogawa Solution Service Corporation

This company takes part in cleanup activities throughout the country in areas around its worksites. In fiscal 2014, a total of 231 employees assisted a significant increase from 171 the year before.

### ● Yokogawa Manufacturing Corporation

In addition to conducting cleanup activities around its work places in Japan and around nearby train stations, this company performs weeding along the cherry tree-lined section of the Kamata River. The company also takes part in the Aki no Rakuichi autumn festival in the city of Tachikawa and cleanup activities in the city of Akiruno.

## Promoting the employment of the people with disabilities

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Yokogawa, in addition to promoting the employment of the people with disabilities by its group companies, collaborates with NPO Japan SELP Center to engage in the following activities to provide more work opportunities in local communities.

## Kofu Factory Purchasing Waste Cloths (Used for Maintaining Machines) from an Employment Support Service Hiring the People with Disabilities

Yokogawa Manufacturing's Kofu Factory has, since April 2010, purchased 150kg of waste cloths (used to wipe off oil, impurities and other dirt from factory machines) every month from an employment support service that hires disabled persons.

The waste cloths thus purchased consist of material recycled from old clothes and fabrics, which means that their production does not require any resource or energy and does not produce CO2 emissions.

By purchasing reused waste cloths from this service provider, we help people with disabilities to obtain work. Thus, our purchases contribute to the conservation of the global environment.



Purchased waste cloths are used for cleaning in the factory



Producing waste cloths

## Outsourcing the Production of Envelopes for Notices of Annual General Meetings of Shareholders and Resolutions to a Sheltered Workshop

Beginning with the 2010 Annual General Meeting of Shareholders, we have outsourced the production of envelopes for meeting notices and other share-related documents to a sheltered workshop that hires disabled persons.



この封筒は障害のある方が働く福祉工場で製造されています。

Produced envelopes for notices of annual general meetings of shareholders



Producing envelope at a workshop

From the 2012 Annual General Meeting of Shareholders, we initiated the distribution of cookies produced by the "A Box of Cookies Makes You Fall in Love with Miyagi" Project--a group formed by ten factories employing disabled persons in Miyagi Prefecture, which was hit by the Great East Japan Earthquake--to the attending shareholders as take-home gifts.





Producing cookies

## Installing Welfare Vending Machines Whose Receipts Are Partially Donated to Help Persons with Disabilities Find Employment

Yokogawa, in September 2008, installed one SELP (Support of Employment, Living and Participation) each on the premises of its Musashino City Facility in Tokyo and a nearby location. Moreover, since 2009 Yokogawa has installed SELP vending machines at the factories of its group companies in Akiruno City, Ome City and Tachikawa City in Tokyo, as well as in Kofu City and Uenohara City in Yamanashi Prefecture. When one purchases a drink from one of these vending machines, a portion of the money goes to NPO Japan SELP Center to help persons with disabilities obtain employment.

Regular vending machines and SELP vending machine are positioned side by side on the premises of the head-office factory. Receipts from the SELP vending machine have increased by approximately 30% compared to the regular vending machines that previously operated in the same place. This is proof that many employees act consciously to contribute to society.



Welfare vending machine

Cumulatively, the donation from the SELP vending machines between 2008 and 2014 amounts to 2,105,752 yen.

## Providing Educational Support for Developing Countries through the Recycling of Used Books and CDs

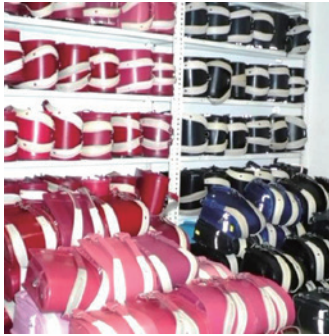
In November 2009, we joined "Book Magic", a social program designed to utilize books, CDs and DVDs collecting dust for the educational support projects in Afghanistan, Sudan, etc. From the collection boxes installed at 50 locations within the factories in Musashino City, Tokyo and Kofu City, Yamanashi, we have collected 15,339 items and donated 296,852 yen as of March 2015.



Health education for children

## Sending School Bags across the Sea

Yokogawa has, since 2008, contributed to the "Sending School Bags across the Sea" campaign sponsored by Kuraray Co., Ltd. In fiscal 2014, too, we collected unneeded stationery and used school bags packed with the memories of the donating employees, and sent these overseas to support children's education in Afghanistan and Mongolia where literacy rates are notably low. The number of school bags donated by employees over the past 7 years has reached 454.



School bags presented from employees



Children and school bags

## Eat Healthy and Donate at the Employee Cafeteria

Since 2009, the employee cafeteria at Yokogawa Electric's head office has offered a special fundraising "Hearty Healthy Plate" every Monday. With each plate purchased, 20 yen is donated to developing countries (such as Afghanistan) through the NGO JOICFP developing countries such as Afghanistan, a nation faced with a high maternal mortality rate. The donations provide funds with which to purchase crop seedlings, vitamins, and medicines, as well as immunize infants.

The menu items in the cafeteria are designed with calories and nutritional balance in mind to promote the health of employees, even as the donations support food self-sufficiency, autonomy, and the health of pregnant women and infants in developing countries.

From the start of the program in April 2009 through March 2015, we have sold a total of 11,968 "Hearty Healthy plates". This has generated the donation of enough funds to purchase 517 orange seedlings and to provide nutritional supplements, including folic acid and multivitamins, to 2,235 pregnant women.



Hearty healthy menu



Protective vaccinationin for infant

## Blood Donation

Yokogawa Electric Corporation has held blood donation campaigns in its premises to cooperate with Japanese Red Cross Tokyo Metropolitan Blood Center. Since 1966, total of 40,000 volunteer employees have participated in the campaigns actively.



Blood donation  
at Yokogawa Clinical Center

## Improving the Health of Mothers and Children in Indonesia (to Achieve the United Nations Millennium Development Goals)

Yokogawa has, since 2008, worked with Peoples' HOPE Japan (a certified NPO) to improve the health of mothers and children in Serang Regency, Indonesia. Located 80 km west of the capital Jakarta, the province of Serang has many poor villages scattered across its territory. A major problem the region faces is the fact that many pregnant women and babies die as the result of birth complications. Moreover, significant numbers of infants and children under five years of age suffer from malnutrition.

Programs like those organized by Peoples' HOPE Japan are contributing to the achievement of the United Nations Millennium Development Goals.

Millennium Development Goals	
Goal 4 (Reduce child mortality rates)	Reduce to one-thirds, between 1990 and 2015, the under-five mortality rate.
Goal 5 (Improve maternal health)	Reduce to one-fourths, between 1990 and 2015, the maternal mortality rate.

For the specific efforts on improving the health of mothers and children, visit the website of Peoples' HOPE Japan (a certified NPO).

▶ [People's HOPE Japan](#)

## Corporate Citizenship in North and South Americas

### Support for Education and Social Welfare (United States)

Yokogawa Corporation of America (YCA) is making community contributions as a "good corporate citizen" through donations in the areas of education, social welfare and health. Some of these donations have been made under a matching gift program, in which the company matches the employees' charitable contributions.

### Support for the March of Dimes (United States)

YCA participates in the annual charity event, "March for babies," sponsored by the March of Dimes, a nonprofit organization that works to support health care and wellness for mothers and babies. This event is held across the United States in order to help prevent birth defects and other problems.

The YCA employees and their families participated in this charity walk. The funds raised through this event were donated to the March of Dimes.

### Support for American Heart Association (United States)

YCA participated in the Heart Walk and Wear Red Day charity events sponsored by the American Heart Association to aid in the prevention of heart disease and strokes. At the events, YCA employees promoted the importance of preventing heart disease and supported events while walking, donating collected funds to the organization.



Heart Walk



Wear Red Day

### Supported Local Children (Brazil)

Yokogawa America do Sul Ltda. (YSA) donated Christmas presents and engaged in activities to donate food and sanitary/cleaning supplies to organizations that support children in need of economic aid.



Donated food and sanitary/cleaning supplies

## Corporate Citizenship in Asia

### Massage at work (Singapore)

Yokogawa Engineering Asia Pte. Ltd. (YEA) has partnered with Singapore Association of the Visually Handicapped (SAVH) to arrange for a Mobile Massage Team (MMT) to Yokogawa. MMT visited YEA office to provide a 20 minutes head and shoulder massage services to each of our staff who have registered for this service for a fees. MMT is operated by a crew of qualified, visually-handicapped masseurs who provide mobile massage services for corporates, schools, community centers and other such venues for an income. 80 staffs registered for this activity, they enjoyed not only a 20 minutes head and shoulder massage but also did a good deed at the same time by providing an income to these visually handicapped masseurs.

### A Packet of Rice Community Event (Singapore)

Yokogawa Engineering Asia Pte. Ltd. (YEA) have organized a community event to distribute meals and food items to the doorsteps of needy senior citizens. These senior citizens are usually living alone and low income earners and this project seeked to provide a decent meal and food items to these needy residents. Our staffs have played a part in this meaningful project by either sponsoring food goodie bag for the elderly or being involved in the food distribution exercise.



### Regional Environmental Conservation Event (China)

Yokogawa Electric China Co., Ltd. (YCS) held a regional environmental event, carrying out environmental conservation activities while interacting with local residents.

- Employee volunteers participated in a local flea market, displayed posters calling for the use of eco-bags, and also distributed eco-bags, to the approval of many visitors.
- Employee volunteers acted as teachers in classrooms that showed local children how to put environmental conservation into practice.
- Employee volunteers conducted an environmental protection activity that involved cycling around Jinji Lake in the Suzhou Industrial Park.
- While enjoying cycling as a sport, the employees engaged in PR on the topic of reducing environmental pollution and reducing the use of energy.

### Supported the Education and Daily Lives of Local Children (China)

YCS conducted events to support the education and daily lives of children.

- Employee volunteers visited a children's welfare institution in Suzhou and donated electric fans and other summer daily goods to ease everyday life during the summer months.
- Volunteer employees took the children of Suzhou welfare staff to the zoo.

- Employee volunteers held a handicrafts classroom during local students' summer vacation.

## **Economic Support for Local Communities (China)**

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YCS conducted support activities for families and regions that require economic aid.

- The company donated clothes, shoes, books, stationery, toys, and other goods to families in the Western impoverished region.
- Employee volunteers visited low-income households and the residences of seniors living alone, and donated foods and other goods.

## Corporate Citizenship in the Middle East and Africa

### Supported human resources development and employment in the community (Bahrain, Saudi Arabia)

Yokogawa Middle East & Africa B.S.C.(C) (YMA) believes the most meaningful activity under CSR is to make a difference at the grassroots level and has collaborated very closely with 8 universities/institutes in the region. Activities range from participating in Career Days, Symposia, Workshops, Seminars and supplementing the University curriculum through practical courses. Summer internship programs are offered every year. 65 students attended such programs across YMA in 2014.

- Development of the local national workforce is one of the key issues of the region, and YMA has been actively supporting such initiatives. More than 20 such beneficiaries have been enrolled on intensive 1 year/2 year training programs. Such initiatives to develop local national workforces in Saudi Arabia, U.A.E., Oman and Bahrain were very successful.
- YMA participated in the Career Day events held at several colleges and universities in the region. YMA explained the job descriptions of different positions at Yokogawa to thousands of students, who paid great attention to the information covering a variety of career options and professional training programs.
- Yokogawa Saudi Arabia Ltd. (YKSA) participated in a special career day for women in Saudi Arabia along with other companies selected for the privilege from among hundreds of thousands of establishments in Saudi Arabia.
- YMA has maintained a healthy balance and diversity amongst the workforce with much higher ratios than those stipulated by the authorities. A major challenge is to achieve a gender-balance in some of the countries in the region, and YMA overcame this challenge by increasing number of Lady Graphic Designers which was a major achievement.



### Supported students and educational institutes through internship (South Africa)

YMA-SA (South Africa) has made meaningful contributions to educational institutes and students by offering one-year internship programs. YMA-SA took in 10 Students in FY14.

### Training for New Graduates (Nigeria)

Yokogawa Middle East & Africa B.S.C. (C) (YMA) and Yokogawa Nigeria Limited (YMA-NG) launched an initiative to provide new technical graduates with training in YOKOGAWA control systems. The trainees underwent an intensive 9-month program from August 2014 to March 2015. The initiative will contribute to human resources development within Nigeria, which is required as global company.

### Supported Toastmasters (Bahrain)

YMA sponsored the Bahrain Annual Toastmasters Conference which helps members to develop their communication and leadership skills which lead to realization of their potential.

### Supported Welfare Events for Child Foster Care Facility (South Africa)

Yokogawa South Africa (Pty) Ltd. (YMA-SA) visited a child foster care facility to deliver presents to orphans and to engage in community contribution activities, including donations to a Casual Day event held annually to support persons with disabilities.



Presented a gift to a child foster care facility

### Blood donation (Bahrain, Saudi Arabia)

Yokogawa Middle East & Africa B.S.C.(C) (YMA) and Yokogawa Saudi Arabia Ltd. (YKSA) held a blood donation campaign in Bahrain and Saudi Arabia with more than 100 volunteer employees.

### Attended environmental conservation initiatives in the community (Bahrain, Saudi Arabia, UAE)

Employees of YMA and its region companies attended the events in which the key message on the importance of not polluting our environment was highlighted.

- "Nature Camp at the Desert" (Bahrain, January 16, 2015)
- "Tree-Planting campaign" (Bahrain, March 14, 2015)
- "Tree-Planting campaign" (UAE, March 27, 2015)
- "Beach Cleaning at Abu Dhabi" (Saudi Arabia, March 14, 2015)



Tree-Planting campaign



## Corporate Citizenship in Europe

### Aid for Medical Care

- Yokogawa made a donation to CliniClowns, an organization that sends clowns to clinics to support children requiring long-term hospitalization. (Yokogawa Europe B.V., The Netherlands)
- Yokogawa supports Businessloop Amersfoort, a charitable event in which many citizen runners participate and have fun running. The Employees participated in this event and assisted in raising funds for cancer treatment foundations. (Yokogawa Europe B.V., The Netherlands)
- Yokogawa made a donation to the "3FM Serious Request" Christmas charity activities hosted by the 3FM radio station. The money raised will be used to support Red Cross projects. (Yokogawa Europe B.V., The Netherlands)

### Support for Charity and Social Welfare

- Yokogawa made donations to groups including charity organizations for persons with mental disabilities, humanitarian aid organizations, kindergartens, and firefighting teams. (Rota Yokogawa GmbH & Co.KG, Germany)
- Yokogawa made a donation to SOS Villaggi dei Bambini, an international NGO supporting children around the world. Yokogawa contributed funds in the amount to support two foster children. (Yokogawa Italia S.r.l., Italy)
- Yokogawa made a donation to the WALTON LEA CHARITY Fund, which finds work and supports employment for persons with disabilities. (Yokogawa United Kingdom Limited, The United Kingdom)
- Yokogawa made a donation to ENTREAMIGOS, an NGO that supports scholarships and offers computer education for communities. (Yokogawa United Kingdom Limited, The United Kingdom)

### Support for Sports

- Yokogawa made a donation to sports organization, such as "Ajinomoto Eurolysine bike club" or "Sport Aventures 64 sports association". (Yokogawa France S.A.S., France)
- Yokogawa made a donation to a water polo club in Amersfoort. (Yokogawa Europe Solutions B.V., The Netherlands)

### Disaster Aid

- Yokogawa made a monetary donation to the ORF Hochwasserhilfe Sofort campaign to provide support following floods that occurred in Austria. (Yokogawa GesmbH, Central East Europe, Austria)

## Personnel-related and Social Data of the Past 5 years

### Personnel-related data

#### Number of employees

	2010	2011	2012	2013	2014
Consolidated	19,334	19,437	19,685	19,837	19,601
Non-consolidated	4,723	4,211	4,298	2,958	2,871

As of the end of each fiscal year

#### Disability employment rate

	2010	2011	2012	2013	2014
Yokogawa's disability employment rate	2.28	2.25	2.23	2.28	2.15
Legal disability rate	1.80	1.80	1.80	2.00	2.00

(%)

As of June 1st each year

#### Frequency rate of occupational accident

Frequency Rate of Occupational Accident = (No. of workers having occupational accident with lost days / total working hours) × 1,000,000

	2010	2011	2012	2013	2014
In Japan	0.31	0.18	0.42	0.31	0.57
Outside Japan	0.39	0.38	0.23	0.45	0.49
Total	0.35	0.29	0.32	0.39	0.53

(%)

## Social data

### Yokogawa Science Classes

	2010	2011	2012	2013	2014
Number of classes	5	5	6	4	3
Number of children	129	115	129	73	70

### Visitors for Yokogawa Foundry (special subsidiary for the employment of disabled persons)

	2010	2011	2012	2013	2014
Number of visitors	371 ppl 51 org	365 ppl 76 org	272 ppl 64 org	259 ppl 42 org	108 ppl 26 org

### Welfare vending machine

By purchasing a drink in this vending machine, a part of proceeds is utilized to support employment of people with disabilities through SELP, a Non-profit organization.

	2010	2011	2012	2013	2014
Number of drinks sold from welfare vending machine (bottles)	105,573	123,732	115,775	97,489	73,782
Amounts contributed by welfare vending machine (Yen)	344,016	462,252	430,304	357,952	265,932

In cooperation with Japan SELP center, specified non-profit corporation

### Participants in "Tokyo Greenship Action"

Tokyo metropolitan government has conducted nature conservation activities in cooperation with companies, non-profit organization, etc. in some areas. Companies use these occasion as social contribution activities of companies.

	2010	2011	2012	2013	2014
Participants from Yokogawa	32 ppl	27 ppl	26 ppl	19 ppl	9 ppl

Promoted by Environmental Bureau of the Tokyo Metropolitan Government  
In cooperation with Midori Support Hachioji, non-profit organization

### Donation by "Book Magic"

Book Magic is a program that JEN, a non-profit organization, operates. JEN sells book, CD, DVD, etc., donated by companies' employees, to a used book shop and utilize the sales fund to support the education in developing countries.

	2010	2011	2012	2013	2014
Number of CD and book contributed	5,675	2,386	1,505	1,239	1,459
Donation from selling of CD and books (Yen)	98,717	47,122	28,193	23,467	30,910

In cooperation with JEN, specified non-profit corporation

### Donation to "Sending School Bags across the Sea"

"Sending School Bags across the Sea" is a program of international cooperation under which Kuraray Co.,Ltd. send school bags once used by Japanese elementary school students along with letters to children in Afghanistan and other countries.

	2010	2011	2012	2013	2014
Number of donated school bags	100	55	39	27	120

Promoted by Kuraray Co.,Ltd.

### Donation by "Heartfelt Healthy Menu"

In the canteen of Yokogawa Electric headquarters, a special menu with fundraising, "Heartfelt Healthy Menu" is offered every Monday. Per meal, donation of ¥ 20 is presented to developing countries, such as Afghanistan through JOICFP, international cooperation organization. It becomes the money to buy vitamins or seedling crop. Menu is friendly nutritional balance and calories. As well as help to promote health of our employees, we support independence and food self-sufficiency in developing countries, and the promotion of health of expectant mothers.

	2010	2011	2012	2013	2014
Number of "Heartfelt Healthy Menu" eaten at Yokogawa's cafeteria	1,711	1,851	2,455	2,893	1,519
Number of orange seedling contributed by donation	285	—	—	—	—

Number of expectant mother we could contribute to their nutritional support	—	370	491	579	254
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In cooperation with Japanese Organization for International Cooperation in Family Planning (JOICFP), international NGO