

The following is an English translation prepared for the convenience of shareholders and investors. The official text in the Japanese version of this notice has been prepared in accordance with statutory provisions and mailed to the respective shareholders separately. Should there be any inconsistency in the contents of the translation and the official version, the latter shall prevail. The Company accepts no liability for any misunderstanding caused by the translation.

To All Shareholders:

Securities code: 6841

May 31, 2022

Yokogawa Electric Corporation
2-9-32 Nakacho, Musashino-shi, Tokyo

Notice of 2022 Annual General Meeting of Shareholders

Dear Shareholder:

Yokogawa Electric Corporation (hereinafter the Company) hereby announces that the 2022 Annual General Meeting of Shareholders will be held as per the schedule below.

For this Annual General Meeting of Shareholders, **you are urged to exercise your voting rights in advance by mail, via the Internet, or by other means as much as possible and refrain from attending on the day of the meeting,** from the perspective of prevention of the infection spread of the novel coronavirus disease (COVID-19). Please review the attached Reference Materials for General Meeting of Shareholders concerning the exercise of your shareholder voting rights and submit your vote using one of the methods outlined below.

Sincerely,

Hitoshi Nara
President and CEO

1. Time & Date: 10:00 a.m. (Japan time), Wednesday, June 22, 2022

2. Place: Conference Hall, Yokogawa Head Office, 2-9-32 Nakacho, Musashino-shi, Tokyo

The number of seats at the venue has been greatly reduced to ensure social distance. Accordingly, please note that we may have to turn down your entry, even if you come to the venue on the day. We appreciate your understanding.

Depending on the spread of COVID-19 infections, the venue or start time may be necessarily changed. In this case, the information will be posted on the Company's website (<https://www.yokogawa.com/>) on the Internet. Please make sure to check the Company's website in advance even if you attend on the day.

3. Meeting Agenda:

Items to be reported

- 1: Business report, consolidated financial statements, and a report on the audit of the consolidated accounts by the accounting auditors and the Audit & Supervisory Board for fiscal year 2021 (April 1, 2021 to March 31, 2022)
- 2: Non-consolidated financial statements for fiscal year 2021 (April 1, 2021 to March 31, 2022)

Items to be resolved

Item 1: Disposition of Surplus

Item 2: Amendment of the Articles of Incorporation

Item 3: Election of Nine (9) Directors

Item 4: Election of One (1) Audit & Supervisory Board Member

[Vote by mail]

Indicate “for” or “against” for each agenda item shown on the enclosed voting form and return it promptly to ensure its arrival **no later than 5:00 p.m. on Tuesday, June 21, 2022, Japan time.**

[Vote via the Internet]

Access the shareholder voting site (<https://soukai.mizuho-tb.co.jp/>) designated by the Company and enter the voting code and password found on the enclosed voting form.

By following the prompts on the screen, indicate “for” or “against” for each agenda item and submit this form **no later than 5:00 p.m. on Tuesday, June 21, 2022, Japan time.**

For more details, please refer to the Instructions for Internet Voting on page 54.

[Handling of multiple voting]

If you exercise your voting right both by mail and via the Internet, the voting via the Internet shall prevail regardless of the arrival date of the mailed vote. In the case of multiple voting via the Internet, the last voting shall prevail.

Notes:

1. If attending the meeting in person, please present the enclosed voting form to the reception desk upon arrival. If you intend to exercise your voting rights by proxy, you must appoint as your proxy another shareholder who is entitled to exercise voting rights and will attend the General Meeting of Shareholders, pursuant to Article 19 of the Articles of Incorporation of the Company. However, a written document certifying the proxy’s authority must be submitted to the Company.
2. Revisions to or amendments, if necessary, of the Reference Materials for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Company website (<https://www.yokogawa.com/>).

Reference Materials for General Meeting of Shareholders

Item 1: Disposition of Surplus

The distribution of earnings to shareholders is a top management priority for the Company. By achieving growth in earnings, the Company aims to steadily and continuously increase our dividend payments.

Specifically, the Company strives to ensure a consolidated dividend payout ratio of more than 30% while giving overall consideration to ensuring investment capital for maximizing business results and mid- to long-term shareholder value and maintaining financial footing for supporting investment for growth. The Company also aims to maintain a stable dividend based on a DOE (dividend on equity) ratio, even when business results deteriorate due to temporary factors.

Based on the above policy, the Company proposes the following dividend payment. With this, the annual dividend per share for the year, including the interim dividend of 17 yen, will be 34 yen.

Matters related to year-end dividends

(1) Type of dividend assets

Cash

(2) Allocation of dividend assets and total amount of allocation

17 yen per common share of the Company

Total amount of payout is 4,537,817,055 yen.

(3) Effective date of dividend payout

June 23, 2022

Item 2: Amendment of the Articles of Incorporation

1. Reasons for amendments

The amending provisions provided in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will be enforced on September 1, 2022. To prepare for the implementation of an electronic provision system for informational materials for the General Meeting of Shareholders, the Company proposes to make the following amendments to the Articles of Incorporation of the Company.

- (1) The proposed amendment in Paragraph 1, Article 16 defines an electronic provision measure to be taken for information that constitutes the contents of reference materials, etc., for the General Meeting of Shareholders
- (2) The proposed amendment in Paragraph 2, Article 16 is a new clause to place a restriction on the extent of the contents of written documents to be delivered to shareholders who requested the delivery of written documents.
- (3) The clause on Disclosure of Proxy Materials for General Meeting of Shareholders via the Internet Deemed Furnished (current Article 16 of the Articles of Incorporation) is deleted as it will become unnecessary under the electronic provision system.
- (4) As a result of the foregoing deletion and new clauses, supplementary provisions concerning the effective date, etc., are created.


2. Details of the change


The contents of the amendment are as follows


(Underline indicates amended portions)


Current	Proposed amendment
<p><u>ARTICLE 16. DISCLOSURE OF PROXY MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS VIA THE INTERNET DEEMED FURNISHED</u></p> <p><u>When convening a General Meeting of Shareholders, the Company may, in a manner using the Internet pursuant to Ministry of Justice Ordinances, disclose information concerning matters required to be described or presented in the reference materials of the General Meeting of Shareholders, business reports, financial statements and consolidated financial statements and deem such information furnished to shareholders of the Company.</u></p> <p>(newly established)</p>	<p>(deleted)</p> <p><u>Article 16. ELECTRONIC PROVISION MEASURE, ETC.</u></p> <p><u>1. When convening the General Meeting of Shareholders, the Company shall take an electronic provision measure for information that constitutes the contents of reference materials, etc., for the General Meeting of Shareholders.</u></p> <p><u>2. The Company may not include all or part of the matters for an electronic provision measure as set forth in the Ministry of Justice Order in documents to be delivered to shareholders who submitted a request for the delivery of written documents by the record date for voting rights.</u></p>


Current	Proposed amendment
<u>(newly established)</u>	<p><u>SUPPLEMENTARY PROVISIONS</u></p> <p><u>1. The deletion of the current Article 16 (DISCLOSURE OF PROXY MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS VIA THE INTERNET DEEMED FURNISHED) of the Articles of Incorporation and the creation of the proposed amendment in Article 16 (ELECTRONIC PROVISION MEASURE, ETC.) shall be effective from the date of enforcement of the amending provisions provided in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Enforcement Date”).</u></p> <p><u>2. Notwithstanding the provision of the preceding paragraph, the current Article 16 of the Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Enforcement Date.</u></p> <p><u>3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Enforcement Date or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>


Candidate number	Name Date of birth	Brief history, position and area of responsibility	Number of Company shares owned by the candidate
4	 <p>Yu Dai (Feb. 25, 1963)</p> <p>Reelection Candidate</p>	<p>Aug. 1990 Joined SINOPEC Yangzi Petrochemical Corporation</p> <p>Jan. 1994 Deputy Project Director at Yangzi-BASF Styrenics Company Ltd.</p> <p>Jun. 1998 Project Director of BASF/SINOPEC JV Integrated Petrochemical Site (IPS) Project at SINOPEC</p> <p>Apr. 2001 GM of Base Chemicals Division at BASF-YPC Company Ltd.</p> <p>Jan. 2003 Low Olefins Plant Manager at CNOOC and Shell Petrochemical Company Ltd.</p> <p>Nov. 2006 GM of Base Chemicals for Asia Pacific / Middle East at Shell Chemicals</p> <p>Jan. 2009 Project GM at Shell China</p> <p>Nov. 2012 CEO of Jurong Aromatics Corporation Pte. Ltd.</p> <p>Oct. 2015 Joined Yokogawa Electric International Pte. Ltd. GM of China Sales Strategy Center</p> <p>Apr. 2016 President of Yokogawa China Investment Co., Ltd.</p> <p>Apr. 2017 Vice President of the Company, Chief Executive for ASEAN and Pacific, and President of Yokogawa China Investment Co., Ltd.</p> <p>Apr. 2019 Senior Vice President of the Company, Head of Digital Enterprise Business Headquarters</p> <p>Jun. 2019 Director and Senior Vice President of the Company, Head of Digital Enterprise Business Headquarters</p> <p>Apr. 2021 Director and Senior Vice President of the Company, Head of Digital Solutions Headquarters (present)</p>	0 shares
		<p>Number of years since appointment as a Director (at the conclusion of this AGM) 3 years</p> <p>Attendance of Board of Directors Meetings (FY2021) Present at 14 of the 14 meetings (100%)</p> <p>The reason for election as a Director candidate Mr. Yu Dai properly supervises management as a Director. He experienced administrative operations for projects and corporate management at several global companies in petroleum and chemical industries, then became the Chief Executive of subsidiary in the ASEAN and Pacific region, currently leads the solution business, one of core businesses in the industrial automation and control business, and has abundant experience and track records. Because he is expected to contribute to improvement of corporate value and strengthening of the decision-making function and the management supervision function of the Board of Directors by utilizing his wide experience and knowledge, his election as a Director is being requested.</p> <p>In addition, please refer to page 17 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</p>	
Notes	<p>1. There is no special interest between Mr. Yu Dai and the Company.</p> <p>2. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This agreement covers the insured’s losses and such costs as dispute expenses incurred from claims by shareholders and third parties, etc. for damages arising from acts carried out by the insured as an officer of the Company (including negligence). Mr. Yu Dai is currently included in the said insurance agreement as an insured, and provided he is re-elected as proposed, he will continue to be included as an insured in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal.</p>		

Candidate number	Name Date of birth	Brief history, position and area of responsibility	Number of Company shares owned by the candidate
	 <p data-bbox="387 600 533 651">Nobuo Seki (Sep. 21, 1944)</p> <p data-bbox="363 663 557 707">Reelection Candidate</p> <p data-bbox="363 719 557 763">Candidate of Outside Director</p> <p data-bbox="363 775 557 819">Candidate of Independent Officer</p>	<p data-bbox="588 327 1233 589"> Apr. 1970 Joined Chiyoda Chemical Engineering Company (the present Chiyoda Corporation) Apr. 1992 Vice President & Project General Manager of Chiyoda International Corporation in USA Jun. 1997 Director of Chiyoda Corporation Jun. 1998 Managing Director of Chiyoda Corporation Aug. 2000 Senior Managing Director of Chiyoda Corporation Apr. 2001 President and CEO of Chiyoda Corporation Apr. 2007 Chairman of Chiyoda Corporation Apr. 2009 General Corporate Advisor of Chiyoda Corporation Jul. 2012 Advisor of Chiyoda Corporation (retired in June 2013) Jun. 2015 Director of the Company (present) </p>	1,000 shares
5		<p data-bbox="379 842 858 887">Significant concurrent positions Outside Director of KAMEDA SEIKA CO., LTD.</p> <p data-bbox="379 898 983 943">Number of years since appointment as a Director (at the conclusion of this AGM) 7 years</p> <p data-bbox="379 954 1209 999">Attendance of Board of Directors Meetings (FY2021) Present at 14 of the 14 meetings (100%)</p> <p data-bbox="379 1010 1334 1200">The reason for election as an Outside Director candidate and outline of expected roles Mr. Nobuo Seki properly supervises management as an Outside Director. His election as an Outside Director is being requested so that he can contribute to greater operational fairness, objectivity, and transparency with respect to supervising management of the Company based on his wide knowledge as a corporate manager, his abundant experience in the engineering business centered on the energy industry, and his extensive expertise in global business. In addition, please refer to page 17 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</p> <p data-bbox="379 1211 1334 1379">About the independent officers Mr. Nobuo Seki meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and the standards of independence in the Company. The Company nominated him as an independent officer, and he is registered as such at the said exchange. Provided he is re-elected as proposed, he will continue his service for the Company as an independent officer. In addition, please refer to page 18 for “The Company’s Independence Standards.”</p>	
<p data-bbox="244 1402 1385 1872">Notes: 1. There is no special interest between Mr. Nobuo Seki and the Company. 2. Mr. Nobuo Seki is a candidate to fill the Outside Director positions provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. 3. The Company has entered into a liability limitation agreement with Mr. Nobuo Seki, upon approval of his reelection, the Company will continue the agreement with him. The overview of the agreement is as follows: Under Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act. 4. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This agreement covers the insured’s losses and such costs as dispute expenses incurred from claims by shareholders and third parties, etc. for damages arising from acts carried out by the insured as an officer of the Company (including negligence). Mr. Nobuo Seki is currently included in the said insurance agreement as an insured, and provided he is re-elected as proposed, he will continue to be included as an insured in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal. 5. Mr. Nobuo Seki is scheduled to retire as Outside Director of KAMEDA SEIKA CO., LTD. on June 14, 2022.</p>			

Candidate number	Name Date of birth	Brief history, position and area of responsibility	Number of Company shares owned by the candidate
	 <p>Shiro Sugata (Nov. 17, 1949)</p> <p>Reelection Candidate</p> <p>Candidate of Outside Director</p> <p>Candidate of Independent Officer</p>	<p>Apr. 1972 Joined USHIO INC.</p> <p>Jan. 1993 President of BLV Licht- und Vakuumtechnik GmbH</p> <p>Jun. 2000 Director and Corporate Senior Vice President of USHIO INC.</p> <p>Apr. 2001 Director and General Manager of Lamp Division II of USHIO INC.</p> <p>Apr. 2003 Director and Lamp Company President, COO of USHIO INC.</p> <p>Apr. 2004 Director and Corporate Executive Vice President of USHIO INC.</p> <p>Jun. 2004 Representative Director and Corporate Executive Vice President of USHIO INC.</p> <p>Mar. 2005 President and CEO of USHIO INC.</p> <p>Oct. 2014 Director and Corporate Advisor of USHIO INC.</p> <p>Jun. 2016 Corporate Advisor of USHIO INC. Director of the Company (present)</p> <p>Jul. 2017 Special Corporate Advisor of USHIO INC. (retired in April 2021)</p>	0 shares
6	<p>Significant concurrent positions Outside Director of JSR Corporation Outside Director of YAMATO HOLDINGS CO., LTD.</p> <p>Number of years since appointment as a Director (at the conclusion of this AGM) 6 years</p> <p>Attendance of Board of Directors Meetings (FY2021) Present at 14 of the 14 meetings (100%)</p> <p>The reason for election as an Outside Director candidate and outline of expected roles Mr. Shiro Sugata properly supervises management as an Outside Director. His election as an Outside Director is being requested so that he can contribute to greater operational fairness, objectivity, and transparency with respect to supervising the management of the Company based on his wide knowledge as a corporate manager, his abundant experience in the development and marketing of industrial instruments, and his extensive expertise in global business. In addition, please refer to page 17 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</p> <p>About the independent officers Mr. Shiro Sugata meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and the standards of independence in the Company. The Company nominated him as an independent officer, and he is registered as such at the said exchange. Provided he is re-elected as proposed, he will continue his service for the Company as an independent officer. In addition, please refer to page 18 for “The Company’s Independence Standards.”</p>		
<p>Notes:</p> <ol style="list-style-type: none"> There is no special interest between Mr. Shiro Sugata and the Company. Mr. Shiro Sugata is a candidate to fill the Outside Director positions provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Company has entered into a liability limitation agreement with Mr. Shiro Sugata, upon approval of his re-election, the Company will continue the agreement with him. The overview of the agreement is as follows: Under Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This agreement covers the insured’s losses and such costs as dispute expenses incurred from claims by shareholders and third parties, etc. for damages arising from acts carried out by the insured as an officer of the Company (including negligence). Mr. Shiro Sugata is currently included in the said insurance agreement as an insured, and provided he is re-elected as proposed, he will continue to be included as an insured in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal. Mr. Shiro Sugata is scheduled to retire as Outside Director of JSR Corporation on June 17, 2022. 			

Candidate number	Name Date of birth	Brief history, position and area of responsibility	Number of Company shares owned by the candidate
7	 <p>Akira Uchida (Oct. 4, 1950)</p> <p>Reelection Candidate</p> <p>Candidate of Outside Director</p> <p>Candidate of Independent Officer</p>	<p>Apr. 1975 Joined Toray Industries, Inc.</p> <p>Jun. 1996 Executive Vice President of Toray Industries (America), Inc.</p> <p>Jun. 2000 Senior Manager of Corporate Planning 1st Department and Corporate Communications Department, Toray Industries, Inc.</p> <p>Jun. 2004 Associate Director of Corporate Planning Department and Investor Relations Department, Toray Industries, Inc.</p> <p>Jun. 2005 Vice President (Member of the Board), General Manager of Finance & Controller's Division, Toray Industries, Inc.</p> <p>Jun. 2009 President of Toray Holding (U.S.A.), Inc. Senior Vice President (Member of the Board), General Manager of Finance & Controller's Division, Toray Industries, Inc.</p> <p>Jun. 2012 President of Toray Holding (U.S.A.), Inc. Senior Vice President (Member of the Board), Chief Investor Relations Officer, Chief Social Responsibility Officer, General Supervisor for General Administration & Legal Division, Corporate Communications Department, Advertising Department, General Manager of Tokyo Head Office, Toray Industries, Inc.</p> <p>Jun. 2016 Counselor, Toray Industries, Inc. (retired in March 2019)</p> <p>Jun. 2019 Director of the Company (present)</p>	1,762 shares
<p>Significant concurrent positions Outside Director of J. FRONT RETAILING Co., Ltd. Auditor of Suga Weathering Technology Foundation</p> <p>Number of years since appointment as a Director (at the conclusion of this AGM) 3 years</p> <p>Attendance of Board of Directors Meetings (FY2021) Present at 14 of the 14 meetings (100%)</p> <p>The reason for election as an Outside Director candidate and outline of expected roles Mr. Akira Uchida properly supervises management as an Outside Director. His election as an Outside Director is being requested so that he can contribute to greater operational fairness, objectivity, and transparency with respect to supervision of management of the Company based on his wide knowledge as a corporate manager and wide experience in the corporate administration field centered on the Finance and Controller's Division. In addition, please refer to page 17 for "The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers."</p> <p>About the independent officers Mr. Akira Uchida meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and the standards of independence in the Company. The Company nominated him as an independent officer, and he is registered as such at the said exchange. Provided he is re-elected as proposed, he will continue his service for the Company as an independent officer. In addition, please refer to page 18 for "The Company's Independence Standards."</p>			
<p>Notes:</p> <ol style="list-style-type: none"> There is no special interest between Mr. Akira Uchida and the Company. Mr. Akira Uchida is a candidate to fill the Outside Director positions provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Company has entered into a liability limitation agreement with Mr. Akira Uchida, upon approval of his re-election, the Company will continue the agreement with him. The overview of the agreement is as follows: Under Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This agreement covers the insured's losses and such costs as dispute expenses incurred from claims by shareholders and third parties, etc. for damages arising from acts carried out by the insured as an officer of the Company (including negligence). Mr. Akira Uchida is currently included in the said insurance agreement as an insured, and provided he is re-elected as proposed, he will continue to be included as an insured in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal. 			

Candidate number	Name Date of birth	Brief history, position and area of responsibility	Number of Company shares owned by the candidate
8	 <p data-bbox="389 591 531 640">Kuniko Urano (Oct. 19, 1956)</p> <div data-bbox="363 651 557 703" style="border: 1px solid black; padding: 2px; text-align: center;">Reelection Candidate</div> <div data-bbox="363 719 557 770" style="border: 1px solid black; padding: 2px; text-align: center;">Candidate of Outside Director</div> <div data-bbox="363 786 557 837" style="border: 1px solid black; padding: 2px; text-align: center;">Candidate of Independent Officer</div>	<p data-bbox="587 322 1235 734"> Apr. 1979 Joined Komatsu Ltd Apr. 2005 General Manager of Logistics Planning Department, Production Division of Komatsu Ltd Apr. 2010 General Manager of Corporate Communications Department of Komatsu Ltd Apr. 2011 Executive Officer, General Manager of Corporate Communications Department of Komatsu Ltd Apr. 2014 Executive Officer, General Manager of Human Resources Department of Komatsu Ltd Apr. 2016 Senior Executive Officer, General Manager of Human Resources Department of Komatsu Ltd Jun. 2018 Director and Senior Executive Officer of Komatsu Ltd Apr. 2021 Director of Komatsu Ltd Jun. 2021 Director of the Company (present) Jul. 2021 Senior Adviser of Komatsu Ltd (present) </p> <p data-bbox="376 846 834 943"> Significant concurrent positions Senior Adviser of Komatsu Ltd. Outside Director of MORINAGA & CO., LTD. Director of JAPAN RUGBY LEAGUE ONE </p> <p data-bbox="376 954 898 999"> Number of years since appointment as a Director 1 year (at the conclusion of this AGM) </p> <p data-bbox="376 1010 1070 1055"> Attendance of Board of Directors Meetings Present at 11 of the 11 meetings (FY2021) (100%) </p> <p data-bbox="775 1059 1203 1081"> *Since she assumed the position on June 23, 2021 </p> <p data-bbox="376 1081 1334 1218"> The reason for election as an Outside Director candidate and outline of expected roles Ms. Kuniko Urano properly supervises management as an Outside Director. Her election as an Outside Director is being requested so that she can contribute to greater operational fairness, objectivity, and transparency with respect to supervision of management of the Company based on her wide knowledge as a corporate manager and wide experience in divisions of production, personnel/education, public relations/CSR, etc., in major manufacturing companies. In addition, please refer to page 17 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.” </p> <p data-bbox="376 1279 1334 1442"> About the independent officers Ms. Kuniko Urano meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and the standards of independence in the Company. The Company nominated her as an independent officer, and she is registered as such at the said exchange. Provided she is re-elected as proposed, she will continue her service for the Company as an independent officer. In addition, please refer to page 18 for “The Company’s Independence Standards.” </p>	0 shares
<p data-bbox="240 1462 1385 1890"> Notes: <ol style="list-style-type: none"> <li data-bbox="325 1462 1050 1485">1. There is no special interest between Ms. Kuniko Urano and the Company. <li data-bbox="325 1496 1366 1541">2. Ms. Kuniko Urano is a candidate to fill the Outside Director positions provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. <li data-bbox="325 1552 1366 1597">3. The Company has entered into a liability limitation agreement with Ms. Kuniko Urano, upon approval of her re-election, the Company will continue the agreement with her. The overview of the agreement is as follows: Under Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act. <li data-bbox="325 1720 1385 1890">4. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This agreement covers the insured’s losses and such costs as dispute expenses incurred from claims by shareholders and third parties, etc. for damages arising from acts carried out by the insured as an officer of the Company (including negligence). Ms. Kuniko Urano is currently included in the said insurance agreement as an insured, and provided she is re-elected as proposed, she will continue to be included as an insured in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal. </p>			

Candidate number	Name Date of birth	Brief history, position and area of responsibility	Number of Company shares owned by the candidate
9	 <p>Takuya Hirano (Aug. 11, 1970)</p> <p>New Candidate</p> <p>Candidate of Outside Director</p> <p>Candidate of Independent Officer</p>	<p>Dec. 1995 Joined Kanematsu USA</p> <p>Feb. 1998 Joined Hyperion Solutions Corporation (the present Oracle Corporation)</p> <p>Feb. 2001 President of Hyperion Solutions Japan</p> <p>Aug. 2005 Senior Director, Business & Marketing Division of Microsoft Co., Ltd. (the present Microsoft Japan Co., Ltd.)</p> <p>Feb. 2006 General Manager, Enterprise Service of Microsoft Co., Ltd.</p> <p>Jul. 2007 General Manager, Enterprise Business & Enterprise Service of Microsoft Co., Ltd.</p> <p>Mar. 2008 General Manager, Enterprise Business of Microsoft Co., Ltd.</p> <p>Sep. 2011 General Manager, Multi-country of Microsoft Central and Eastern Europe</p> <p>Jul. 2014 Executive Vice President, Marketing & Operations of Microsoft Japan Co., Ltd.,</p> <p>Mar. 2015 Representative Officer, Executive Deputy President of Microsoft Japan Co., Ltd.</p> <p>Jul. 2015 President of Microsoft Japan Co., Ltd. (retired in August 2019)</p> <p>Sep. 2019 Vice President, Global Service Partner Business of Microsoft Corporation (present)</p>	0 shares
<p>Significant concurrent positions</p> <p>Vice President, Global Service Partner Business of Microsoft Corporation</p> <p>The reason for election as an Outside Director candidate and outline of expected roles</p> <p>Mr. Takuya Hirano has a wide range of practical experience in business divisions at a major global IT company and has a wealth of experience as a manager such as the president of the Japanese subsidiary of the company. Accordingly, we expect him to contribute to greater operational fairness, objectivity, and transparency with respect to supervising management of the Company based on his such experiences, and newly request his election as a candidate for Outside Director.</p> <p>In addition, please refer to page 17 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</p> <p>About the independent officers</p> <p>Mr. Takuya Hirano meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and the standards of independence in the Company. Provided He is elected as proposed, the Company plans to register him as an independent officer to the said exchange.</p> <p>In addition, please refer to page 18 for “The Company’s Independence Standards.”</p>			
<p>Notes:</p> <ol style="list-style-type: none"> There is no special interest between Mr. Takuya Hirano and the Company. Mr. Takuya Hirano is a candidate to fill the Outside Director positions provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. Upon election of Mr. Takuya Hirano as proposed, the Company will enter into a liability limitation agreement with him. The overview of the agreement is as follows: Under Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This agreement covers the insured’s losses and such costs as dispute expenses incurred from claims by shareholders and third parties, etc. for damages arising from acts carried out by the insured as an officer of the Company (including negligence). Provided Mr. Takuya Hirano is elected as proposed, he will be included as an insured in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal. 			

- Notes:
1. There is no special interest between Mr. Makoto Ohsawa and the Company.
 2. Mr. Makoto Ohsawa is a candidate to fill the Outside Member of the Audit & Supervisory Board positions provided for in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
 3. The Company has entered into a liability limitation agreement with Mr. Makoto Ohsawa, upon approval of his re-election, the Company will continue the agreement with him.

The overview of the agreement is as follows:

Under Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act.

4. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This agreement covers the insured's losses and such costs as dispute expenses incurred from claims by shareholders and third parties, etc. for damages arising from acts carried out by the insured as an officer of the Company (including negligence). Mr. Makoto Ohsawa is currently included in the said insurance agreement as an insured, and provided he is re-elected as proposed, he will continue to be included as an insured in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal.

Reference

The policy and procedure for the appointment and dismissal of Directors,
Audit & Supervisory Board Members and officers

Policy for nomination of Director and Audit & Supervisory Board Member candidates, and appointment of officers

The Board of Directors shall be composed so as to be well balanced in knowledge, experience, and capabilities to effectively fulfill its roles and responsibilities, and it shall be constituted in such a manner as to achieve both diversity and appropriate size.

Under this premise, human resources that contribute to improvement of corporate governance are nominated as Director and Audit & Supervisory Board Member candidates. Furthermore, human resources that are familiar with the Group's business and contribute to the appropriate execution of business and supervision of highly effective management and that have experience and knowledge required for formulation of management strategies aiming at an increase in the Company's corporate value over the medium to long term and contribute to right management decisions and supervision of highly effective management are nominated as Director candidates, while human resources that are familiar with the Group's business and contribute to appropriate auditing of management of the Company and Group companies and that have knowledge on accounting, finance, legal affairs and corporate management and contribute to appropriate auditing of management are nominated as Audit & Supervisory Board Member candidates. Officers are appointed after confirmations of whether the candidate has sufficient experience, knowledge, etc. and whether he or she has an intention and attitude suitable for the management are made.

Procedure for nomination of Director and Audit & Supervisory Board Member candidates, and appointment of officers

With respect to nomination of Director candidates and Audit & Supervisory Board Member candidates as well as appointment of officers, the Company has established the Nomination Advisory Committee, which is a voluntary advisory body comprised of at least three (3) Directors, of whom a majority are independent Outside Directors based on the resolution of the Board of Directors, in order to enhance the objectivity and transparency of the nomination and appointment.

Matters with respect to nomination of Director candidates and appointment of officers are resolved by the Board of Directors on the basis of recommendation from the Nomination Advisory Committee prepared through deliberations made in accordance with the prescribed standard and procedure for new appointment or reappointment. Matters with respect to nomination of Audit & Supervisory Board Member candidates are resolved by the Board of Directors on the basis of recommendation from the Nomination Advisory Committee prepared through deliberations made in accordance with the prescribed standard and procedure for new appointment and reappointment, upon having gained consent of the Audit & Supervisory Board.

Policy and procedure for dismissal of Directors and Audit & Supervisory Board Members

The Nomination Advisory Committee has prescribed the standard and procedure for dismissal of Directors and Audit & Supervisory Board Members. In reference to the deliberation and recommendation from the Nomination Advisory Committee based on the dismissal standard and procedure, the Board of Directors deliberates proposals of dismissal of the Directors and Audit & Supervisory Board Members.

Policies and procedures for evaluation, new appointment, reappointment, and dismissal of President and Chief Executive Officer

The Nomination Advisory Committee has also prescribed the standard and procedure for new appointment, reappointment, and dismissal of President and Chief Executive Officer. The evaluation of President and Chief Executive Officer is conducted every year and takes into account basic evaluation criteria that have a quantitative aspect including business performance. The Nomination Advisory Committee ensures objectivity, timeliness, and transparency of processes by recommendations on new appointment, reappointment and dismissal presented to the Board of Directors following deliberation based on the prescribed standard and procedure for new appointment, reappointment, and dismissal in reference to evaluation results and succession plan.

Policy and procedure for dismissal of officers

Dismissal of officers is also resolved by the Board of Directors based on the Nomination Advisory Committee's recommendation and in reference to the prescribed standard and procedure.

Reference

The Company's Independence Standards

As a company with an Audit & Supervisory Board, the Company has invited Outside Directors and Outside Audit & Supervisory Board Members who are independent of the current management to enhance the Board of Directors and the Audit & Supervisory Board. In order to increase the transparency of appointments of Outside Directors and Outside Audit & Supervisory Board Members, the independence standards for Outside Directors and Outside Audit & Supervisory Board Members were established as follows at the Board of Directors' meeting held on March 24, 2015.

Any of the following will disqualify an individual from serving as an independent officer of the Company:

- (1) Is an executive of the Company or its consolidated subsidiaries (hereinafter referred to as "the Group") or has served as such within the last 10 years (Note 1)
- (2) Is a current major shareholder of the Company (ratio of voting rights: 10% or higher) or has been such a shareholder within the last five years (Note 2)
- (3) Is an executive of a corporation in which the Company is currently a major shareholder
- (4) Is an executive of a major business partner of the Group, which may be defined as any company that has made or received payments exceeding 2% of the consolidated total sales in the most recent fiscal year or in any of the preceding three fiscal years
- (5) Is an executive of a public interest incorporated foundation, public interest incorporated association, non-profit corporation or other body that has received an annual average of 10 million yen or more in donations or subsidies from the Group during the previous three years, or donations or subsidies that have covered more than 30% of the organization's operating costs during that period, whichever amount is higher
- (6) Is an executive of a corporation that has appointed a Director from the Group
- (7) Is an executive of a major lender for the Group or has served in such a role during the preceding three years (Note 3)
- (8) Is the Group's accounting auditor or is involved in the Group's auditing firm, etc., or has served in such a capacity during the preceding three years (Note 4)
- (9) Is a lawyer, certified accountant, certified tax accountant, or other consultant who does not fall under (8) above and has received an annual average of 10 million yen or more in compensation (other than that for duties as an officer) during the preceding three years
- (10) Is with a law firm, auditing firm, tax accounting firm, or consulting firm that does not fall under (8) above and for which the Group is a major business partner (billings to the Group account for over 2% of average annual revenues over the past three fiscal years) (Note 5)
- (11) Is a relative of a person who falls under any of (1) to (10) above [except (5)] (spouse, relative within the second degree of kinship, or family member who is living in the same household with the person)
- (12) Has served for over eight years as an independent officer

Note 1: An executive Director, officer or some other person who serves in an executive capacity (hereinafter referred to as "Executives" in these standards).

Note 2: The Company's major shareholder at present or in the last five years. In cases where the major shareholder is a corporation, an executive of that major shareholder or its parent company or principal subsidiary.

Note 3: A provider of loans whose total outstanding amount exceeds 2% of the Company's consolidated total assets. Applies to Executives of the lending institution and all fellow institutions in a consolidated financial group.

Note 4: The Group's accounting auditor or an employee or partner of the Group's auditing firm, or a person who was served in such a capacity within the past three years (including those who have already retired).

Note 5: A partner, associate, or employee of that firm.

[Reference]

Expertise and Experience of Officers

The expertise and experience of officers are as below.

The expertise and experience of offices are outlined based on the officer structure after each candidate is elected as originally proposed under Items 3 and 4 in this meeting.

Expertise and Experience of Officers			Corporate management	Internationality / Global experience	Treasury / Finance	Technology / Development	IT / Digital	Sales / Marketing	Human resource, Human resources development	Legal Risk management	Sustainability ESG
Directors	Directors	Takashi Nishijima	●	●		●		●			
		Hitoshi Nara	●	●				●			
		Junichi Anabuki			●					●	●
		Yu Dai	●	●		●	●				
	Outside Directors	Nobuo Seki	●	●		●				●	
		Shiro Sugata	●	●		●		●			
		Akira Uchida		●	●						●
		Kuniko Urano							●		●
		Takuya Hirano		●			●	●			
	Audit & Supervisory Board Members	Audit & Supervisory Board Members	Kouji Maemura						●	●	
Hajime Watanabe				●	●					●	
Outside Members, Audit & Supervisory Board		Yasuko Takayama								●	●
		Makoto Ohsawa		●	●						
		Masaru Ono		●						●	●

Business Report

(From April 1, 2021 to March 31, 2022)

1. Status of the Yokogawa Group

(1) Business Results

a. Analysis of Business Results

The Yokogawa Group's (hereinafter referred to as the "Group") understanding regarding the conditions in its specific markets for the fiscal year under review (April 1, 2021 to March 31, 2022) is as follows.

While the effects of the spread of COVID-19 are gradually diminishing with progressing vaccinations, the effects still continue. Furthermore, the overall uncertainty surrounding the global economy continues due to prolonged materials shortages and intensifying conditions between Russia and Ukraine since the start of 2022.

Under this business environment, in accordance with the mid-term business plan, "Accelerate Growth 2023," which started in the current fiscal year, the Group has been working to establish a business structure centered on solving common social issues towards growth, focusing on four key strategies: "Implement IA2IA and smart manufacturing and transform value provision," "Strengthen industry responsiveness and expand cross-industry business," "Ensure profitability and sound growth," and "Optimize internal operations and transform mindsets."

In terms of the Group's business performance during the fiscal year under review, net sales increased by 15.695 billion yen year on year mainly due to foreign exchange fluctuations. However, operating profit fell 0.913 billion yen year on year mainly due to the reaction to the decrease in subsidies, an increase in selling, general and administrative expenses, and the recording of allowance for doubtful accounts associated with the intensifying situation between Russia and Ukraine. Ordinary profit increased by 1.649 billion yen year on year and profit attributable to owners of parent increased by 2.062 billion yen year on year.

<Consolidated financial results (year-on-year)>

Net sales	¥389.901 billion	(4.2%, up	¥15.695 billion)
Operating income	¥30.685 billion	(-2.9%, down	¥0.913 billion)
Ordinary income	¥35.757 billion	(4.8%, up	¥1.649 billion)
Profit Attributable to Owners of Parent	¥21.282 billion	(10.7%, up	¥2.062 billion)

Results by individual segment are outlined below.

From the beginning of the fiscal year under review, as a result of revising the Group's internal management classification, the life innovation business that was previously included in the test and measurement business segment has been reclassified into the industrial automation and control business segment. In addition, the name of the reportable segment previously known as the test and measurement business has been changed to the measuring instruments business. Moreover, segment information for the previous fiscal year has been presented based on the changed classification.

Industrial Automation and Control Business

Net sales for the industrial automation and control business segment increased by 14.580 billion yen year on year, mainly due to foreign exchange fluctuations. The rise in operating profit was limited to 0.395 billion yen year on year, due to mainly the pullback from the decline in subsidies and the recording of a provision of allowance for doubtful accounts in relation to the growing severity of the Russia-Ukraine situation, despite the increase in revenue due to foreign exchange fluctuations.

Measuring Instruments Business (From the fiscal year under review, the name of the segment previously known as the test and measurement business has been changed to the measuring instruments business.)

In the measuring instruments business, net sales increased by 1.183 billion yen year on year to 21.218 billion yen, mainly due to foreign exchange fluctuations, but operating profit was flat year on year at 3.419 billion yen mainly due to changes in the model mix.

Aviation and Other Businesses

In the aviation and other businesses, net sales were about the same as the previous year at 6.274 billion yen, and operating loss increased by 1.434 billion yen to 2.504 billion yen, mainly due to an increase in selling, general and administrative expenses for new businesses.

b. Capital Investment

Total capital investment during the fiscal year under review stood at 21.698 billion yen, up 1.131 billion yen from the previous fiscal year.

c. Fundraising

Equipment funds and working capital, etc. during the fiscal year under review were self-financed or were allocated from loans taken out from financial institutions.

(2) Challenges for the Company

Solid Execution of the mid-term business plan “Accelerate Growth 2023”

While the effects of the spread of COVID-19 are gradually diminishing with progressing vaccinations, and the overall market is in a trend of recovery, there are still concerns over COVID-19’s effect on economic activities, such as continued localized lockdowns causing disruptions in the supply chain. Furthermore, intensifying conditions between Russia and Ukraine are causing stressed energy supply-and-demand and surging prices for resources and raw materials, and there is increasing uncertainty over these trends on world affairs and the global economy.

To ensure that we achieve our long-term business framework and our mid-term business plan “Accelerate Growth 2023” and realize our vision for the future, we must transform ourselves into a company that resolves our customers’ real issues through advanced, revolutionary solutions based on the future vision. In addition to our longstanding project execution capabilities in which we take great pride, we will transform ourselves into a company that leads the resolution of common social issues by capturing the world’s collective wisdom through “integration,” “autonomy,” and “digitalization” and by providing new global solution services. We will accelerate transforms for the Group’s sustainable growth over the medium to long term aimed at achieving the goals of “Accelerate Growth 2023” and move forward to realize Yokogawa’s Purpose of “Utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet.”

Target Management Indicators under the mid-term business plan “Accelerate Growth 2023”

Under “Accelerate Growth 2023”, the Company has set targets that aim for Return on sales (ROS), growth in earnings per share (EPS), increased operating cash flow, and improved return on equity (ROE) and will maximize corporate and shareholder value over the mid- to long-term, which is the basic policy.

Performance indicators	Target value
Growth in orders received	8-10% /year
Growth in net sales	4-6%/year
Return on sales (ROS)	10% (fiscal year 2023)
Growth in earnings per share (EPS)	16-18%/year
Return on equity (ROE)	10% or more (fiscal year 2023)
Operating cash flow	140 billion yen or more (cumulative over three years)

For more information about the Group’s long-term business framework and the mid-term business plan “Accelerate Growth 2023”, please refer to “— Reference — Overview of the Basic Management Policy and Mid- to Long-term Management Strategy” of the next page.

— Reference —

Overview of the Basic Management Policy and Mid- to Long-term Management Strategy

Overview of basic management policy of the Group and the mid- to long-term management strategy are as follows:

1. Basic Management Policy

In revising the long-term business framework and establishing the mid-term business plan “Accelerate Growth 2023” in the fiscal year 2021, the elements that shape our identity have been organized as follows. The Yokogawa Philosophy and the underlying founding principles indicate what role Yokogawa should play in society. The Vision statement indicates where Yokogawa wishes to be ten years from now, and our shared values provide guidance for action. Based on these elements, Yokogawa’s Purpose is a statement on the meaning of our existence and the intentions that lie behind the commitments we make.

Yokogawa Group Identity



[Founding Principles]

Upon founding the company, Tamisuke Yokogawa encouraged Ichiro Yokogawa, the future president, and Shin Aoki, the future chief engineering officer, saying, “You don’t need to worry about profits. Just learn and improve our technology. You must make products that earn us the respect of our customers.” These words have been passed down to us in our founding principles.

[The Yokogawa Philosophy]

Based on our founding principles, the Yokogawa Philosophy was formulated in 1988 as a statement on Yokogawa’s mission to society that provides guidance on values and the actions that Yokogawa’s people should take. When formulating Yokogawa’s Purpose, we chose the phrase “sustainable society” to emphasize that we are in business to make a contribution that will be to the good of our planet.

[Yokogawa’s Purpose]

Yokogawa’s Purpose is our commitment to meet the requirements and expectations of customers, markets, and society, and expresses the meaning of our existence in society. It aims to unify and give our organization and people the strength and ambition to drive transformation.

[Core Values]

In keeping with our corporate culture, our shared values provide clear guidance on the actions we all should take. Actions rooted in these shared values will create new value, drive forward our contributions to society, and put us on a strong competitive footing.

[Vision statement]

The vision statement addresses where we wish to be as a company ten years from now, and the ideals that we should uphold, based on our long-term business framework. It was created to take the place of the vision statement announced in 2015 for the Transformation 2017 mid-term business plan.

For more information about Yokogawa Group Identity, please refer to our web site <https://www.yokogawa.com/about/company-overview/our-brand-and-identity/#Our-Brand-and-Identity>

2. Mid-to Long-term Management Strategy

In drawing up the Accelerate Growth 2023 mid-term business plan for 2021, the long-term business framework has been thoroughly revised to aim for sustainable growth by providing shared value to society, taking into consideration the potential major changes in the business environment during the next 10 years. The overall picture of the long-term business framework and the mid-term business plan is as follows:



(a) Long-term Business Framework

<Value provision to customers>

In the world today, everything is increasingly interconnected in complex ways, and it is becoming more important to engage in co-creation to capitalize on that inter-connectiveness. To provide value, we will focus on the system of systems (SoS) concept. To provide value based on this concept, we will pursue our IA2IA*1 and smart manufacturing*2 initiatives.

- (*1) An initiative to promote the evolution from industrial automation to industrial autonomy (IA2IA) by incorporating DX enablers such as robotics and blockchain technology
- (*2) Employing DX and IA2IA to progressively achieve autonomy in manufacturing sites, enterprises, and supply chains to dramatically improve productivity

For more information about Yokogawa's Approach to Value Providing through System of Systems (SoS), please refer to "2021 Yokogawa Report" https://cdn-nc.yokogawa.com/1/20561/tabs/ir_2021yreports-en.pdf?_ga=2.164922556.2046839789.1651319699-1055542971.1639120348#PAGE=28

<Business segments>

In line with the changes in the business environment, and to enable growth in business areas where Yokogawa can leverage the technologies, expertise, and advantages that it has cultivated, the company has reorganized from a traditional product- and function-oriented structure to one that is centered on key industrial sectors, and will accelerate its business expansion and transition to a solution business model.

- Energy & sustainability

Support safe and optimal operations in a diverse range of energy sectors, spanning the entire value chain of production, supply, use, disposal, and recycling.

- Materials

Contribute to the achievement of a recycling-oriented society that is in harmony with the environment.

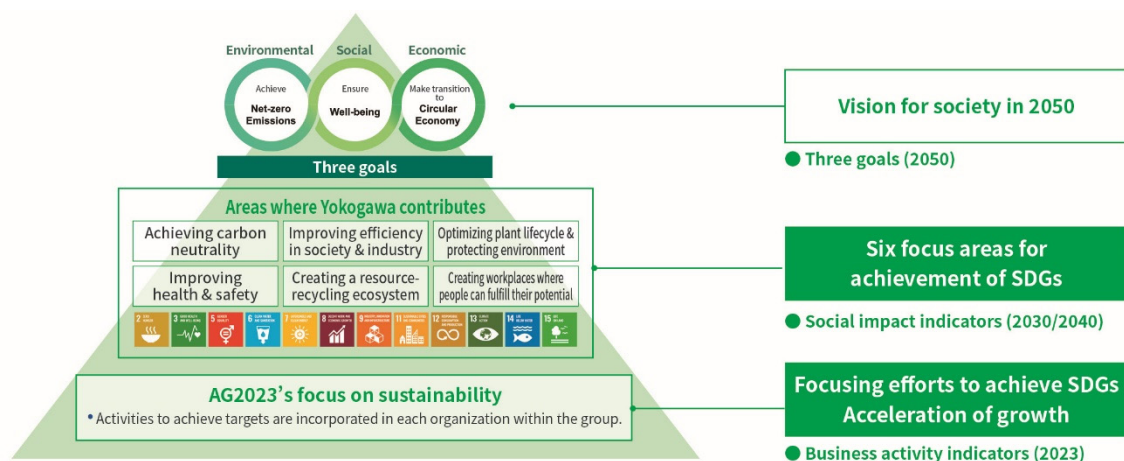
- Life

Contribute to the supply of pharmaceuticals that protect people’s lives and health, and the supply of safe water and food everyone can drink and eat with peace of mind.

The measuring instrument business segment and also the new businesses and other business segment, which includes Yokogawa Bio Frontier Inc. and Amnimo Inc., are categorized separately as they need to maintain independent business operations due to the characteristics of their products and sales channels. However, in terms of the value that will be offered 10 years from now, they share the same direction as the other segments.

< Non-financial goals>

To ensure that Yokogawa can continue to provide value to society, managing from environmental, social, and governance perspectives is a prerequisite, and this has been emphasized in the revised long-term business framework. Regarding the environmental and social factors, the company is working toward its “Three goals” for sustainability, and has set mid-term sustainability targets, which are aligned with the Accelerate Growth 2023 initiatives.

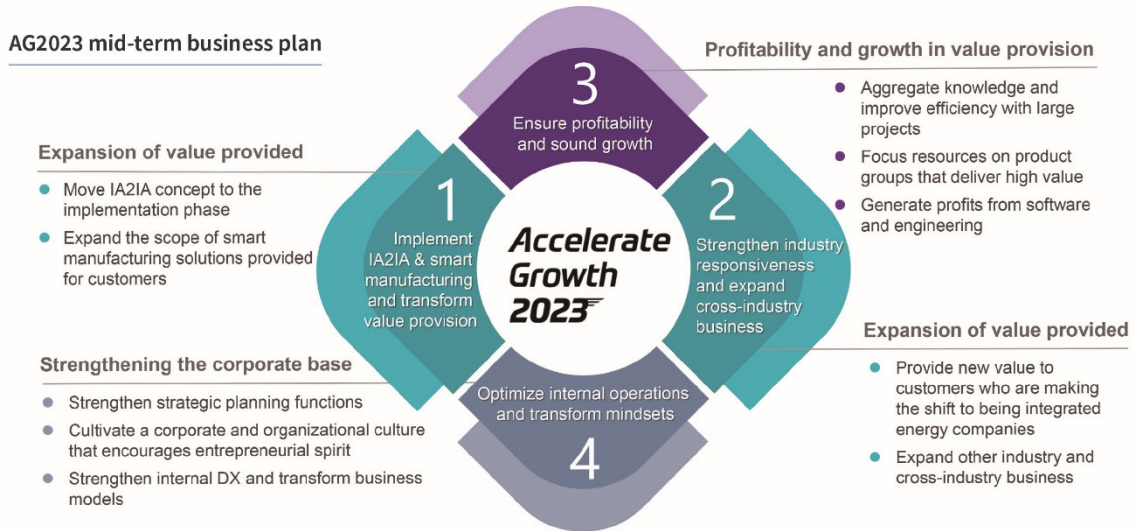


For more information about the Group’s sustainability initiatives, please refer to our web site <https://www.yokogawa.com/about/sustainability/>

(b) The mid-term business plan, “Accelerate Growth 2023”

For the company to achieve the ideal state 10 years from now that is defined in the long-term business framework, Yokogawa has formulated four key strategies and priority measures for each to be focused on during the three-year period until 2023.

< Four key strategies in Accelerate Growth 2023 >



<Capital policy and financial strategy>

To achieve sustainable improvement in corporate value and total shareholder return under Accelerate Growth 2023, Yokogawa will maintain the solid financial base needed to support growth and optimally allocate funds earned through its business to investment for growth and return to shareholders. Yokogawa will also strengthen its capability to generate future, cumulative cash flow.

- Growth investment budget
 - M&A, alliances: 70 billion yen
 - Prioritize investment in the creation of new businesses/new fields (life, renewable energy, etc.).
 - Purposes include acquisition of technologies, sales channels, products and services, customers, human resources, and know-how.
- Return to shareholders
 - Stable and sustainable dividend payment
 - Dividend payout ratio: seek to keep at over 30%
 - Even when temporary factors lead to a downturn in financial results, maintain a stable dividend rate based on the equity dividend rate.

For more information about the mid-term business plan “Accelerate Growth 2023”, please refer to our web site <https://www.yokogawa.com/about/company-overview/corporate-strategy/#Corporate-Strategy>

(3) Financial Assets and Profits/Losses

a. The Group's Financial Assets and Profits/Losses

(Millions of yen)

Category	FY2018	FY2019	FY2020	FY2021
Orders	431,972	418,662	355,828	420,496
Net sales	403,711	404,432	374,206	389,901
Operating income	34,594	35,588	31,599	30,685
Ordinary income	36,770	36,301	34,107	35,757
Profit Attributable to Owners of Parent	28,446	14,686	19,219	21,282
Basic Earnings per Share	¥106.54	¥55.02	¥72.00	¥79.73
Total assets	470,114	489,678	519,081	555,822
Net assets	296,150	291,472	314,770	340,356

b. The Company's Financial Assets and Profits/Losses

(Millions of yen)

Category	FY2018	FY2019	FY2020	FY2021
Orders	115,534	108,202	99,645	113,681
Net sales	111,756	110,283	104,797	104,926
Operating income (loss)	(209)	(1,836)	(5,507)	(3,570)
Ordinary income	25,537	17,699	14,866	15,054
Profit (Loss)	31,820	4,347	(2,657)	12,822
Basic Earnings per Share	¥119.17	¥16.29	(¥9.96)	¥48.40
Total assets	270,917	281,508	272,663	275,623
Net assets	197,607	190,482	183,062	187,045

Note: In the non-consolidated financial statements for the previous fiscal year, the Company recorded an extraordinary loss (impairment losses) of 14,931 million yen on shared use assets held by the Company. Because the recoverability of the shared use assets is recognized in the consolidated financial statements, there is no impact on consolidated financial results.

(4) Status of Parent Company and Principal Subsidiaries

a. Parent Company

No applicable matter

b. Principal Subsidiaries

Name	Capital	Percentage of the Company's voting rights	Principal businesses
Yokogawa Solution Service Corporation	JPY3,000 million	100.0%	Sales, engineering and maintenance services of control equipment
Yokogawa Manufacturing Corporation	JPY100 million	100.0%	Manufacturing of control and measuring equipment
Yokogawa Test & Measurement Corporation	JPY90 million	100.0%	Sales and maintenance services of measuring equipment
Yokogawa Engineering Asia Pte. Ltd.	SGD23,076,000	100.0% (100.0%)	Sales, engineering and maintenance services of control equipment
Yokogawa Electric Asia Pte. Ltd.	SGD31,020,000	100.0%	Manufacturing of control and marine and aerospace electronics equipment
Yokogawa China Co., Ltd.	RMB119 million	100.0%	Sales, manufacturing, engineering and maintenance services of control equipment
Yokogawa Sichuan Instrument Co., Ltd.	RMB132 million	60.0% (26.7%)	Sales and manufacturing of control equipment
Yokogawa Electric Korea Co., Ltd.	WON4,032 million	100.0%	Sales, engineering, and maintenance services of control and measuring equipment
Yokogawa Middle East & Africa B.S.C. (c)	BHD2,481,000	100.0%	Sales, engineering and maintenance services of control equipment
Yokogawa India Limited	INR85,054,000	100.0%	Sales, manufacturing, engineering and maintenance services of control equipment
Yokogawa Corporation of America (Note 1)	USD1,000	100.0% (100.0%)	Sales, engineering, and maintenance services of control and measuring equipment
Yokogawa America do Sul Ltda.	BRL72,044,000	100.0%	Sales, engineering and maintenance services of control equipment
Yokogawa Europe B.V.	EUR17,725,000	100.0%	Sales, engineering, and maintenance services of control and measuring equipment
KBC Advanced Technologies Limited	GBP2,145,000	100.0%	Software sales and consulting services
Yokogawa Electric CIS Ltd.	RUB100,000,000	100.0%	Sales, engineering, and maintenance services of control and measuring equipment

Notes: 1. In addition to capital of 1,000 U.S. dollars, the Company has invested 114,152,000 U.S. dollars in the legal capital surplus of Yokogawa Corporation of America.

2. There is no specified wholly owned subsidiary at the end of the fiscal year under review.
3. Figures in parentheses under percentage of the Company's voting rights indicate indirect ownership (included in total equity holdings)

(5) Principal Businesses (as of March 31, 2022)

Business segment	Main solutions and products
Industrial automation and control business	Solutions for every phase of the plant lifecycle, maximizing value for our customers by linking plant operations and corporate management, Software packages that enhance productivity, Production control systems, flowmeters, differential pressure/pressure transmitters, process analyzers, programmable controllers, industrial recorders, confocal scanners, etc.
Measuring instruments business	Waveform measuring instruments, optical communication devices, waveform generators, power/temperature/pressure measurement devices, etc.
Aviation and other businesses	Aircraft navigation-related devices, etc.

(6) Main Offices and Factories (as of March 31, 2022)

a. The Company

Head office:	Musashino-shi, Tokyo	
Office:	Komine Office	(Akiruno-shi, Tokyo)
	Kofu office	(Kofu-shi, Yamanashi)
	Kanazawa Office	(Kanazawa-shi, Ishikawa)

b. Subsidiaries

Factories:	Yokogawa Manufacturing Corporation	
	Kofu Factory	(Kofu-shi, Yamanashi)
	Komine Factory	(Akiruno-shi, Tokyo)
	Yokogawa Electric Asia Pte. Ltd.	(Singapore)
Sales companies:	Yokogawa Solution Service Corporation	
	Sales Division at head office	(Musashino-shi, Tokyo)
	Kansai Branch	(Osaka-shi, Osaka)
	Chubu Branch	(Nagoya-shi, Aichi)
	Yokogawa Test & Measurement Corporation	(Hachioji-shi, Tokyo)
	Yokogawa Engineering Asia Pte. Ltd.	(Singapore)
	Yokogawa China Co., Ltd.	(China)
	Yokogawa Sichuan Instrument Co., Ltd.	(China)
	Yokogawa Electric Korea Co., Ltd.	(Korea)
	Yokogawa Middle East & Africa B.S.C. (c)	(Bahrain)
	Yokogawa India Limited	(India)
	Yokogawa Corporation of America	(United States)
	Yokogawa America do Sul Ltda.	(Brazil)
	Yokogawa Europe B.V.	(Netherlands)
	KBC Advanced Technologies Limited	(United Kingdom)
	Yokogawa Electric CIS Ltd.	(Russia)

(7) Employees (as of March 31, 2022)

Business segment	Number of employees	Change from the previous year
Industrial automation and control business	16,364	(441)
Measuring instruments business	668	-
Aviation and other businesses	226	(16)
Total	17,258	(457)

- Notes: 1. Only regular employees are included, i.e. contract, dispatch, and other temporary personnel are excluded.
2. From the current fiscal year, as a result of revising the management classification, the life innovation business that was previously included in the test and measurement business segment has been reclassified into the industrial automation and control business segment. In addition, the name of the reportable segment previously known as the test and measurement business has been changed to the measuring instruments business. Therefore, the comparisons use figures as of the end of the previous year that were adjusted according to the current classification.

(8) Principal Lenders (as of March 31, 2022)

Lenders	Loan amount
Syndicated loan	¥20.0 billion

- Notes: 1. Mizuho Bank, Ltd. is a manager for the syndicated loan.
2. The Company has a 45.0 billion yen commitment line contract.
The loan balance is zero as of the end of the fiscal year under review.

(9) Other Important Matters Related to the Group

On October 5, 2021, the Company agreed with Oki Electric Industry Co., Ltd. to transfer the aviation equipment business belonging to the Company and Yokogawa Manufacturing Corporation to Oki Electric Industry Co., Ltd., and the business transfer was executed on April 1, 2022.

For details on this transfer, please refer to the Notes to Consolidated Financial Statements XIII. Notes Related to Significant Subsequent Events.

(Note) Pursuant to laws and regulations and Article 16 of the Company's Articles of Incorporation, the Notes to Consolidated Financial Statements for the Company's Consolidated Financial Statements are provided online on the Company's website (<https://www.yokogawa.co.jp/>)

2. Overview of the Company

(1) Shares (as of March 31, 2022)

a. Number of Authorized Shares: 600,000 thousand

b. Number of Issued Shares: 268,624 thousand

c. Number of Shareholders: 15,596

d. Major Shareholders (Top 10):

Name of shareholder	Number of shares (thousand shares)	Shareholding ratio (%)
Master Trust Bank of Japan Limited (trust account)	65,252	24.4
Custody Bank of Japan, Ltd. (trust account)	15,880	5.9
The Dai-ichi Life Insurance Company, Limited	15,697	5.9
Nippon Life Insurance Company	13,484	5.1
State Street Bank and Trust Company 505223	7,874	2.9
Retirement Benefit Trust in Mizuho Trust & Banking Co., Ltd. (Mizuho Bank, Ltd. account); Custody Bank of Japan, Ltd. as a Trustee of Retruster	6,141	2.3
Yokogawa Electric Employee Shareholding Program	5,381	2.0
The Bank of New York Mellon (International) Limited 131800	4,552	1.7
BNYM as AGT/CLTS 10 Percent	4,204	1.6
BBH (LUX) for Fidelity Funds-Global Technology Pool	4,169	1.6

Notes: 1. The Company holds 1,694 thousand shares of treasury stock.
2. The shareholding ratio is calculated after deducting treasury stock.

(2) Company Executives

a. Directors and Audit & Supervisory Board Members (as of March 31, 2022)

Position	Name	Area of responsibility and significant concurrent positions
Chairman	Takashi Nishijima	Chairman of the Board of Directors Outside Director of Hitachi Transport System, Ltd.
President and Chief Executive Officer	Hitoshi Nara	
Director	Junichi Anabuki	Senior Vice President, Head of Corporate Administration Headquarters
Director	Yu Dai	Senior Vice President, Head of Digital Solutions Headquarters
Director	Noritaka Uji	Chief Outside Director Outside Director of DAIICHI SANKYO COMPANY, LIMITED Honorary chairman of Japan Telework Association Honorary chairman of Japan Institute of Information Technology
Director	Nobuo Seki	Outside Director of KAMEDA SEIKA CO., LTD.
Director	Shiro Sugata	Outside Director of JSR Corporation Outside Director of YAMATO HOLDINGS CO., LTD.
Director	Akira Uchida	Outside Director, J. FRONT RETAILING Co., Ltd. Auditor, Suga Weathering Technology Foundation
Director	Kuniko Urano	Senior Adviser of Komatsu Ltd. Outside Director of MORINAGA & CO., LTD. Director of JAPAN RUGBY LEAGUE ONE
Audit & Supervisory Board, Standing Member	Kouji Maemura	
Audit & Supervisory Board, Standing Member	Hajime Watanabe	
Audit & Supervisory Board Member	Yasuko Takayama	Outside Director, The Chiba Bank, Ltd. Outside Audit & Supervisory Board Member, Mitsubishi Corporation Outside Director (Audit and Supervisory Committee Member), Cosmo Energy Holdings Co., Ltd.
Audit & Supervisory Board Member	Makoto Ohsawa	Chief Executive Officer, FEMO Co., Ltd. Representative Director and Chairman, Long Stay Network Co., Ltd. Outside Director, Bank of Toyama Director, Mega Solar Association Director, Japan Business School Education Development Organization
Audit & Supervisory Board Member	Masaru Ono	Attorney-at-Law at Nishimura & Asahi Outside Director, Daido Life Insurance Company Managing Director, Securitization Forum of Japan Visiting Professor, University of Tokyo

- Notes: 1. Noritaka Uji, Nobuo Seki, Shiro Sugata, Akira Uchida and Kuniko Urano are Outside Directors.
2. Yasuko Takayama, Makoto Ohsawa and Masaru Ono are outside members of the Audit & Supervisory Board.
3. Audit & Supervisory Board Member Makoto Ohsawa has a track record of making reviews of financial instruments and providing guidance on revival and management improvement of

operating companies and for succeeding managers for many years at the Bank of Japan, PwC and FEMO Co., Ltd. as well as considerable expertise regarding finance and accounting.

4. Directors Noritaka Uji, Nobuo Seki, Shiro Sugata, Akira Uchida and Kuniko Urano, and Audit & Supervisory Board Members Yasuko Takayama, Makoto Ohsawa and Masaru Ono are highly independent. Because there is no risk of a conflict of interest between them and general shareholders, the Company appointed them as independent officers pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and they are registered as such at the said Exchange.
5. There are no special relationships between the Company and the companies or organizations at which the Outside Directors and outside Audit & Supervisory Board Members have significant concurrent positions.
6. Director Kuniko Urano retired from Director of Qualica Inc. on June 16, 2021.
7. Audit & Supervisory Board Member Makoto Ohsawa retired from Outside Audit & Supervisory Board Member of Agri Solar Co., Ltd. on June 30, 2021.
8. Audit & Supervisory Board Member Masaru Ono retired from Outside Audit & Supervisory Board Member of Higashi-Nippon Bank Ltd. on June 22, 2021.

b. Summary of limited liability contract

Based on the Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company enters into an agreement with Directors, Noritaka Uji, Nobuo Seki, Shiro Sugata, Akira Uchida and Kuniko Urano, and Audit & Supervisory Board Members Yasuko Takayama, Makoto Ohsawa and Masaru Ono which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated by the Act.

c. Outline, etc. of the contents of directors and officers liability insurance agreement

The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This insurance agreement applies to Directors, Audit & Supervisory Board Members and executive officers (including those who have already retired) of the Company and its subsidiaries, and those insured individuals do not bear insurance premiums. This insurance agreement covers the insured's losses and such costs as dispute expenses incurred from claims by shareholders and third parties, etc. for damages arising from acts carried out by the insured as an officer of the Company (including negligence). However, in order to ensure that appropriateness of the insureds' execution of duties would not be impaired, this agreement does not apply to damages and other losses arising from criminal acts such as bribery and illegal acts intentionally committed by officers.

d. Compensation for Directors and Audit & Supervisory Board Members

- i. Policy in relation to decisions concerning the details of compensation, etc. for officers

At the Board of Directors meeting held on March 2, 2021, the Company resolved the policy in relation to decisions concerning the details of compensation for individual Directors. Prior to the resolution at the Board of Directors meeting, the matters to be resolved were consulted with the Compensation Advisory Committee and reported to the Board of Directors.

In addition, the Board of Directors has confirmed regarding the compensation for individual Directors for the fiscal year under review that the method of determining the details of compensation and the content of determined compensation are consistent with the policy resolved by the Board of Directors and that the reports of the Compensation Advisory Committee are respected, has also judged that such procedures are in accordance with the policy.

The contents of the policy in relation to decisions concerning the details of compensation for individual Directors are as follows.

1. Basic policy

The basic policy on compensation for Directors shall be as follows:

- (1) Plan that promotes sustainable, medium- to long-term improvement in corporate value
- (2) Plan that reflects the medium- to long-term management strategy and strongly motivates the achievement of medium- to long-term management objectives
- (3) Plan that prevents bias toward short-term thinking
- (4) Plan and monetary amounts that secure and maintain excellent human resources
- (5) Plan that includes transparency, fairness, and rationality for stakeholders, decided through an appropriate process to ensure these factors

2. Policy for determining compensation, etc. for officers

(1) Compensation for Directors

The amount of compensation for Directors shall be determined individually within the limits approved at the General Meeting of Shareholders (*1). Compensation for Audit & Supervisory Board Members shall also be determined through consultation among Audit & Supervisory Board Members within the limits approved at the General Meeting of Shareholders (*2).

(*1) At the 142nd Ordinary General Meeting of Shareholders held on June 26, 2018, the maximum amount of compensation for Directors was resolved to be 1.6 billion yen per business year (excluding salaries for employees).

(*2) At the 128th ordinary general meeting of shareholders held on June 25, 2004, the maximum amount of compensation for Corporate Auditors was resolved to be no more than 150 million yen per fiscal year.

(2) Composition, roles and responsibilities of the Compensation Advisory Committee

The Compensation Advisory Committee, composed of at least three directors, the majority of whom are Outside Directors, shall be established as an advisory body to the Board of Directors with the aim of enhancing objectivity and transparency in the process of determining compensation for Directors and Executive Officers.

a) Members of the Compensation Advisory Committee

The Committee is composed of three or more directors, the majority of whom are outside directors.

b) Roles and Responsibilities of the Compensation Advisory Committee

The Compensation Advisory Committee, in consultation with the Board of Directors, deliberates on the compensation system and decision-making policies for Directors and Executive Officers, and reports to the Board of Directors. In addition, the Compensation Advisory Committee, in accordance with the compensation system, determines the details of compensation for individual Directors and Executive Officers.

c) Measures to ensure that such powers are properly exercised

In the Compensation Advisory Committee, which consists of a majority of independent Outside Directors, the Chairman is elected mutually by the committee members, and the amount of individual compensation is determined based on the compensation system approved by the Board of Directors, thereby securing the decision that conforms to the aforementioned purpose.

Note: As described above, in order to increase the objectivity and transparency of the decision-making process for executive compensation, the Board of Directors entrusts the Compensation Advisory Committee to determine the details of compensation for individual Directors and Executive Officers. The composition of the Compensation Advisory Committee for the fiscal year under review is as follows.

Noritaka Uji	Outside Director (Chairman)
Nobuo Seki	Outside Director
Shiro Sugata	Outside Director
Akira Uchida	Outside Director
Kuniko Urano	Outside Director
Takashi Nishijima	Chairman
Hitoshi Nara	President and Chief Executive Officer

3. Composition of officers' compensation

Compensation for internal Directors and executive officers consists of (1) basic compensation, which is fixed component, and (2) performance-linked component ((2)-1 annual incentives and (2)-2 medium-to long-term incentives).

Performance-linked compensation covers directors and executive officers, excluding Outside Directors, Audit & Supervisory Board Members and non-executive Directors. This is because variable compensation such as performance-linked compensation is not appropriate for Outside Directors and Audit & Supervisory Board Members, who maintain position independent from the performance of duties, and as such only fixed compensation is paid, identically for non-executive Directors.

The levels of compensation for executive are set through a comparison with companies from the same industry and of the same scale, both domestically and internationally, based on the results of surveys conducted by external organizations, and the Company's financial conditions.

Compensation levels for each position are based on the level of 50%iles by peer companies. From the viewpoint of flexible management in response to changes in the environment and the acquisition and retention of talented management personnel, compensation levels shall generally be within the range of 25%iles to 75%iles.

Compensation for personnel hired overseas may be determined individually based on a compensation benchmark analysis that takes into account the responsibilities of each position based on executive compensation survey data in that overseas region.

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

Executive categories	(1) Basic compensation	(2) Performance-linked compensation (2)-2 including non-monetary compensation		Remarks
		(2)-1 Annual Incentive	(2)-2 Mid- to Long-Term Incentive	
Directors (excluding Outside Directors and Non-executive Directors)	○	○	○	Executive compensation and employee salaries
Outside Directors and Non-executive Directors	○	-	-	Executive compensation
Audit & Supervisory Board Members	○	-	-	Executive compensation
Outside Audit & Supervisory Board Members	○	-	-	Executive compensation
Non-Director officers	○	○	○	Employee salaries

(1) Basic compensation

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

(2) Performance-linked compensation

Performance-linked compensation shall be determined by the Compensation Advisory Committee in order to raise awareness of the improvement of business performance in each fiscal year and the enhancement of corporate value in the medium term, and shall be paid in an amount or number calculated according to the degree of achievement of the target value (KPI).

The concept of performance-linked compensation is as follows.

- a) Increase the ratio of performance-linked compensation to total compensation.
- b) The higher the position, the higher the ratio of performance-linked compensation to total compensation, and the ratio for representative director is set at 60%.
- c) Share-based compensation as a percentage of total compensation shall be at least equal to companies from the same industry or of the same scale.

(2)-1 Annual incentives

Annual incentives in performance-linked compensation shall be calculated by the Compensation Advisory Committee on the basis of the company-wide performance evaluation and individual performance evaluation for a single fiscal year, and shall be paid once a year. The amount to be paid shall be designed to vary from 0% to 200% to a value of 100% when the performance target is achieved.

※The ratio of the basic compensation and the annual incentives when the performance target is achieved is designed so that the higher the position is, the higher the ratio of the annual incentive is set. From 1 to 0.75 for the representative director, the lower the position is, the lower the ratio of annual incentives is set. The overall average including Executive Officers is generally 1 to 0.5 (Image 1). This ratio may vary from 1 to 0 to 1 to 1, depending on the degree to which performance targets are achieved.

(Image 1)

Basic compensation 1	Annual incentives 0.5(0-1)
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(2)-2 Medium-to long-term incentives

Regarding medium-to long-term incentives, at the 142nd Annual General Meeting of Shareholders convened on June 26, 2018, the Company introduced the performance share unit plan (the "PSU Plan"), a performance-based stock compensation plan, under which payment of the Company's shares and cash is made in accordance with the extent to which the Company's consolidated return on equity (ROE) target and other targets have been achieved in the final fiscal year of the period covered by the medium-term business plan.

Subject to performance targets and other requirements established in advance by the Board of Directors during the period covered by the Medium-Term Business Plan, the Company determines the amount of compensation based on medium-to long-term incentives for each eligible director and executive officer by multiplying the base amount of stock compensation established by the Compensation Advisory Committee for each director and executive officer to which the compensation will be paid by a coefficient established in advance by the Board of Directors in accordance with the conditions for achieving performance targets (the "payment rate"). An amount equal to 60% of the amount of compensation shall be paid in the form of shares of the Company in an amount equal to 40% in monetary terms. The payout rate is designed to vary from 0% to 100% depending on the degree of achievement of the performance target.

Performance targets in medium-to long-term incentives are based on links with the medium-term business plan, and are considered to be important indicators in terms of both corporate value and shareholder value. Accordingly, the Company shall use return on equity (ROE), which is an indicator of management efficiency.

The PSU Plan establishes a clawback provision under which, in the event of material fraud accounting or a large loss, all or a portion of the compensation paid as compensation related to the PSU Plan can be requested for reimbursement free of charge.

※The ratio of annual incentives and medium- to long-term incentives to basic compensation when the performance targets for each of the annual incentive and the medium-to long-term incentive are achieved in the fiscal year in which the medium-to long-term incentive is paid shall be set as the higher the position, the higher the ratio to the basic compensation shall be set, and as the position falls from 1 to 0.75 for the representative director, the overall average including the executive officer shall be approximately 1 to 0.5 to 0.5. (Image 2)

This ratio may vary from 1:0:0 to 1:1:0.5, depending on the degree of achievement of the performance objectives for each of the annual incentives and the medium-to long-term incentives.

(Image 2)

Basic compensation 1	Annual incentives 0.5 (0-1)	Medium-to long-term incentives 0.5 (0-0.5)
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- Notes: 1. Based on the idea that performance objectives that lead to an evaluation of the entire company's results for the individual year in the annual incentive are significant indicators for the Group to measure sustained growth, the performance objectives have been set for "consolidated sales" and "consolidated return on sales (ROS)." Performance objectives and results in the fiscal year ended March 31, 2021, one of determinant factors for performance-linked compensation, are as follows:

Performance objectives set for the fiscal year ended March 31, 2021		Results in the fiscal year ended March 31, 2021
Consolidated sales	¥413.9 billion	¥374.2 billion
Consolidated return on sales	9.9%	8.4%

2. The Company considers that performance objectives in medium-to long-term incentive are based on the linkage with the mid-term business plan. Among several business objectives set in the mid-term business plan, the Company has currently chosen "return on equity (ROE)," an indicator showing efficiency of management, for the performance objective based on the idea that it is a significant indicator in an increase in both corporate value and shareholder value.

Actual ROE	Payment Rate
Less than 8 %	0%
From 8 % to less than 11 %	$(\text{Actual ROE} \times 100 - 8) / 3 \times 25\%$
From 11 % to less than 14 %	$(50 + (\text{Actual ROE} \times 100 - 11) / 3 \times 50)\%$
14 % or higher	100%

*The actual ROE for the fiscal year ended March 31, 2021 was 6.5%, and the payment rate was 0%

ii. Total amount of compensation for the fiscal year under review

Classification	Total amount of compensation (Millions of yen)	Total amount of compensation by type (Millions of yen)		Number of persons paid
		Basic compensation	Performance-linked compensation	
Directors (Outside Directors)	256 (60)	180 (60)	76 (-)(-)	9 (5)
Audit & Supervisory Board Members (Outside Members)	88 (34)	88 (34)	- (-)	5 (3)
Total (Outside Directors and Outside Members of Audit & Supervisory Board)	345 (94)	268 (94)	76 (-)(-)	14 (8)(8)

- Notes:
1. The total paid to Directors does not include employee salaries for Directors who are concurrently employees.
 2. The annual limit for Director compensation was set at 1,600 million yen by resolution of the 2018 Annual General Meeting of Shareholders convened on June 26, 2018. This does not include employee salaries. At the conclusion of this General Meeting of Shareholders, the number of Directors is nine, including four Outside Directors.
 3. The annual compensation limit for Audit & Supervisory Board Members was set at 150 million yen by resolution of the 2004 Annual General Meeting of Shareholders convened on June 25, 2004. At the conclusion of this General Meeting of Shareholders, the number of Audit & Supervisory Board Members is five.
 4. Performance-linked compensation is comprised of annual incentives and medium- to long-term incentives. Furthermore, in the current fiscal year, only annual incentives were paid.
 5. The retirement bonuses for Directors were eliminated on the day of the 2004 Annual General Meeting of Shareholders held on June 25, 2004.

e. Matters regarding Outside Directors and Outside Members of Audit & Supervisory Board

i. Significant concurrent positions of other organizations and the Company's relation thereto

As described in "(2) Company Executives, a. Directors and Audit & Supervisory Board Members (as of March 31, 2022)."

ii. Major activities in the business year under review

Name / Position	Status of attendance, status of remarks, and the outline of duties performed relating to the roles expected of Outside Directors
Noritaka Uji Outside Director	<p>Board of Directors meetings Present at 14 of the 14 meetings</p> <p>As Chief Outside Director, he attended all 14 Board of Directors meetings held during the fiscal year under review. Until June 23, 2021, he appropriately managed the proceedings of the Board of Directors meetings as Chairman of the Board of Directors. He possesses wide knowledge as a corporate manager, as well as abundant experience and extensive expertise in technology development and IT/ICT fields. He actively expressed opinions from the said standpoints at the Board of Directors meetings, and played the appropriate roles in enhancing validity, objectivity, and transparency with respect to management of the Company. In addition, as a member of the Nomination Advisory Committee and Chairman of the Compensation Advisory Committee, he attended all 14 Nomination Advisory Committee meetings and 6 Compensation Advisory Committee meetings held during the fiscal year under review.</p>
Nobuo Seki Outside Director	<p>Board of Directors meetings Present at 14 of the 14 meetings</p> <p>He attended all 14 Board of Directors meetings held during the fiscal year under review. He possesses wide knowledge as a corporate manager, as well as abundant experience in the engineering business centered on the energy industry, and his extensive expertise in global business. He actively expressed opinions from the said standpoints at the Board of Directors meetings, and played the appropriate roles in enhancing validity, objectivity, and transparency with respect to management of the Company. In addition, as a member of the Nomination Advisory Committee and a member of the Compensation Advisory Committee, he attended all 14 Nomination Advisory Committee meetings and 6 Compensation Advisory Committee meetings held during the fiscal year under review.</p>
Shiro Sugata Outside Director	<p>Board of Directors meetings Present at 14 of the 14 meetings</p> <p>He attended all 14 Board of Directors meetings held during the fiscal year under review. He possesses wide knowledge as a corporate manager, his abundant experience in the development and marketing of industrial instruments, and his extensive expertise in global business. He actively expressed opinions from the said standpoints at the Board of Directors meetings, and played the appropriate roles in enhancing validity, objectivity, and transparency with respect to management of the Company. In addition, as a member of the Nomination Advisory Committee and a member of the Compensation Advisory Committee, he attended all 14 Nomination Advisory Committee meetings and 6 Compensation Advisory Committee meetings held during the fiscal year under review.</p>
Akira Uchida Outside Director	<p>Board of Directors meetings Present at 14 of the 14 meetings</p> <p>He attended all 14 Board of Directors meetings held during the fiscal year under review. He possesses wide knowledge as a corporate manager and wide experience in the corporate administration field centered on the Finance and Controller's Division. He actively expressed opinions from the said standpoints at the Board of Directors meetings, and played the appropriate roles in enhancing validity, objectivity, and transparency with respect to management of the Company. In addition, as a member of the Nomination Advisory Committee and a member of the Compensation Advisory Committee, he attended all 14 Nomination Advisory Committee meetings and 6 Compensation Advisory Committee meetings held during the fiscal year under review.</p>

Name / Position	Status of attendance, status of remarks, and the outline of duties performed relating to the roles expected of Outside Directors
Kuniko Urano * Outside Director	<p>Board of Directors meetings Present at 11 of the 11 meetings</p> <p>She attended all 11 Board of Directors meetings held during the fiscal year under review convened since she assumed the position. She has extensive practical experience as a manager of production, personnel/education, public relations/CSR, etc. in a major manufacturing industry. She actively expressed opinions from the said standpoints at the Board of Directors meetings, and played the appropriate roles in enhancing validity, objectivity, and transparency with respect to management of the Company. In addition, as a member of the Nomination Advisory Committee and a member of the Compensation Advisory Committee, she attended all 10 Nomination Advisory Committee meetings and 4 Compensation Advisory Committee meetings held during the fiscal year under review.</p>
Yasuko Takayama Outside member, Audit & Supervisory Board	<p>Board of Directors meetings Present at 14 of the 14 meetings</p> <p>Audit & Supervisory Board meetings Present at 17 of the 17 meetings</p> <p>She attended all 14 Board of Directors meetings and all 17 Audit & Supervisory Board meetings. She possesses extensive practical experience, including corporate social responsibility, gained when working for a major company in the consumer market, as well as a wealth of experience as a full-time Audit & Supervisory Board member and as an outside executive at various companies. She actively expressed opinions at the Board of Directors meetings, etc. from the said standpoints.</p>
Makoto Ohsawa Outside member, Audit & Supervisory Board	<p>Board of Directors meetings Present at 14 of the 14 meetings</p> <p>Audit & Supervisory Board meetings Present at 17 of the 17 meetings</p> <p>He attended all 14 Board of Directors meetings and all 17 Audit & Supervisory Board meetings. He possesses wide knowledge based on his perspective as an experienced corporate manager and his extensive range of business activities in the economic circles. He actively expressed opinions at the Board of Directors meetings, etc. from the said standpoints.</p>
Masaru Ono Outside member, Audit & Supervisory Board	<p>Board of Directors meetings Present at 14 of the 14 meetings</p> <p>Audit & Supervisory Board meetings Present at 17 of the 17 meetings</p> <p>He attended all 14 Board of Directors meetings and all 17 Audit & Supervisory Board meetings. He, as a lawyer, possesses extensive expertise of the corporate legal affairs and finance fields based on wide knowledge of his extensive range of business activities in economic and educational circles. He actively expressed opinions at the Board of Directors meetings, etc. from the said standpoints.</p>

* For Outside Director Kuniko Urano, we have described her attendance of the Board of Directors meetings convened since she assumed the position on June 23, 2021.

(3) Accounting Auditor

a. **Designation:** Deloitte Touche Tohmatsu LLC

b. Compensation Paid to Accounting Auditor

	Payment amounts
Compensation to the accounting auditor for the year under review	¥136 million
Total amount paid in cash and other financial asset profits to the accounting auditor by the Company and subsidiaries	¥165 million

Notes: 1. In the audit contracts between the Company and its accounting auditor, the fees for audits conducted under the Companies Act and under the Financial Instruments and Exchange Law are not clearly differentiated. As they cannot be effectively separated, the amounts of compensation paid to the accounting auditor for the year under review show the total amounts.

2. Pursuant to Article 399, Paragraphs 1 and 2 of the Companies Act, the Audit & Supervisory Board has provided its consent regarding compensation paid to the accounting auditor upon having performed verification necessary with respect to determining appropriateness regarding matters such as content of the accounting auditor's audit plan, its performance of accounting audit duties, and the basis for estimating compensation paid for the audit.

3. All companies outside Japan that are principal subsidiaries of the Company are audited by accounting auditors other than the Company's accounting auditor.

c. Policy on Decision to Dismiss or Not Reappoint Accounting Auditor

In the event that any of the items set forth in Article 340, Paragraph 1 of the Companies Act apply to the accounting auditor, pursuant to the provisions of Article 340, Paragraph 2 of the Companies Act, the Company's Audit & Supervisory Board shall dismiss the accounting auditor upon gaining unanimous consent of all Audit & Supervisory Board Members.

Moreover, in the event that it has been deemed difficult for the accounting auditor to perform duties appropriately, pursuant to the provisions of Article 344 of the Companies Act, the Company's Audit & Supervisory Board shall determine the content of a proposal for the dismissal or non-reappointment of the accounting auditor, and then the Company's Board of Directors shall accordingly submit such proposal to the General Meeting of Shareholders on the basis of the Audit & Supervisory Board's decision.

3. System for Assuring the Appropriateness of Company Operations, and Operational Status of the System

(1) System for Assuring the Appropriateness of Company Operations

The Yokogawa Group Internal Control System acts as a system for ensuring that Directors comply with laws, ordinances, and the Articles of Incorporation of the Company. It also acts as a stipulated system required for ensuring the appropriateness of operations of other corporations as well as the operations of the corporate group comprising the Company and its subsidiaries. Accordingly, the Company has established the Yokogawa Group Internal Control System pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, as follows.

a. System for Assuring Compliance of Directors of the Company and its Subsidiaries with Laws, Ordinances, and the Company's Articles of Incorporation

- Compliance principles have been set forth in the Yokogawa Group Code of Conduct, and the Board of Directors, and the Board of Directors of all Group companies and equivalent bodies (hereinafter, the "Directors and others"), take the lead in ensuring that business ethics are upheld and embraced throughout the Group.
- A department has been established that is in charge of matters pertaining to business ethics. This includes the identification and resolution of problems with the Groupwide compliance system.
- The Board of Directors is to base its decisions on the Rules Governing the Board of Directors and on the Decision Making Management Code. Directors including outside Directors who make up the Board appropriately supervise the execution of business by other directors. All members of the Audit & Supervisory Board audit the actions of the Directors based on the Auditing Standards for Audit & Supervisory Board Members and the Rules Governing the Audit & Supervisory Board.
- Decision making at the Boards of Directors of all Group companies and equivalent decision-making bodies is carried out based on rules formulated at all Group companies in accordance with the Company's rules. The Company's Audit & Supervisory Board periodically visits Group companies to conduct auditing activities.

b. System for Storing and Controlling Information concerning Execution of Duties by the Company's Directors

- The Rules Governing the Board of Directors, the Rules on the Control of Communications and Documentation, and the Rules on the Control of Documentation are specified, and rules and control systems concerning meeting minutes and other information that should be preserved are established.
- The Group Information Security Management Code and the Code of Conduct for the Prevention of Insider Trading, and rules and control systems concerning information confidentiality categories are established. In addition, people performing work for the Group are requested to sign confidentiality agreements.

c. Rules and Other Systems for Crisis Management of the Company and its Subsidiaries

- Risk Management Code has been set forth for the purpose of establishing a basis for the effective and efficient conduct of enterprise risk management by the Yokogawa Group. Based on this code, Risk Management Committee shall decide the significant risks which shall be managed preferentially as the Yokogawa Group and decide the monitoring method for its risks and report them to the Board of Directors. The president shall bear the responsibility for supervising all matters in relation to the risk management as the chairperson of Risk Management Committee.
- Respective organizational units of the Yokogawa Group shall perform the identification and assessment of risks followed by the preparation and implementation of the countermeasures against risks. The department in charge of internal audit shall evaluate the effectiveness of

the Yokogawa Group risk management process and reports important findings to the Board of Directors and the Audit & Supervisory Board members.

- Crisis situations are to be responded to as set forth in the Group Crisis Management Code. As the head of the Crisis Management Office, the President controls the communication of information and issuance of instructions during times of crisis at all Group companies, and works to ensure safety and minimize economic losses.

d. System for Assuring Efficient Execution of Duties of Directors of the Company and its Subsidiaries

- The Rules Governing the Board of Directors and the Decision Making Management Code provide the basis for ensuring that the Board of Directors thoroughly deliberates matters and delegates authority to the Management Board and other decision-making bodies.
- Companywide management objectives have been established, and the measures taken to achieve those objectives are reviewed. To ensure that the annual management objectives are achieved, they are reviewed by each organization on a quarterly basis. The Board of Directors receives reports on the attainment of these objectives, determines what activities are to be eliminated, decides how efficiency can be improved by overcoming obstacles, creates mechanisms that make it possible for the Company as a whole to pursue efficiency and achieve its goals, and maintains a management information system for the purpose of identifying, reporting, and acting on information regarding the achievement of management objectives, in real time.
- Enhancing the effectiveness of the Board of Directors, a Board of Directors office has been set up, and assistants including those who will work there on a full time basis are to be assigned.

e. System for Assuring Compliance of Employees of the Company and its Subsidiaries with Laws, Ordinances, and the Company's Articles of Incorporation

- Employees of the Group are to conduct themselves as set forth in the Yokogawa Group Compliance Guidelines, which define upstanding behavior without any involvement with antisocial forces
- The President continuously reminds all employees of the importance of legal compliance, and the department in charge of business ethics takes the lead in providing ongoing compliance education.
- The system for receiving internal reports and consultations on compliance-related issues shall be provided in the Yokogawa Group Compliance Management Code and the Rules on Internal Reporting and Consultation and shall be operated appropriately. In addition, the contact point shall be made known to the entire Group.
- The department in charge of business ethics monitors the status of compliance efforts and reports important findings to the Board of Directors and the Audit & Supervisory Board members.

f. System for Ensuring Appropriateness of Business Activities Carried out by the Group (the Company and Its Subsidiaries)

- The Company shall establish Group Management Standards (GMS), which is the supreme rule of Yokogawa Group, and by clarifying roles and responsibilities in each business process, we aim to realize an internal control system based on autonomous control activities. Guidance and management shall be provided to Group companies concerning the establishment of an optimal internal control system suited to the functions and systems of each Group company in accordance with the basic policies of the internal control system resolved by the Board of Directors. Each Group company shall report to us on matters relating to the execution of duties by its Directors, etc. in a timely and appropriate manner.
- Each person responsible for the internal control system based on the GMS shall have an audit function of the system and shall act to ensure (maintain and improve) the effectiveness

and efficiency of the system of each Group company. Important matters shall be reported to the Board of Directors and Audit & Supervisory Board members. Among internal control systems, systems that are of particular importance from the standpoint of business appropriateness are summarized as deployment systems consisting of business ethics, decision-making, operating management, crisis management and corporate auditing infrastructure, and Yokogawa Group's internal control system has been established as a supervisory responsibility system.

- To ensure the reliability of financial reports, the Accounting Management System which is based on the Group Accounting Code has been formulated that establishes controls for the correct performance of accounting work by each Group company. In addition, a system for evaluating these financial reporting controls and disclosing the evaluation results is established in accordance with the internal control reporting system requirements of the Financial Instruments and Exchange Act.
- In accordance with the Group Internal Audit Code, the department that is in charge of internal audits shall audit the effectiveness of the Yokogawa Group's Internal Control Systems and report on important matters to the Board of Directors and the Audit & Supervisory Board members.
- The system shall enable Audit & Supervisory Board members to obtain information directly or by contacting Group company auditors for the purpose of verifying decisions on important Group company matters.

g. Matters concerning Requests by Audit & Supervisory Board Members of the Company to Assign Assistants to Support Roles

- An Audit & Supervisory Board Member Office has been set up, and assistants, including those who will work there on a full time basis, are to be assigned.

h. Matters concerning Independence of Assistants from Directors of the Company and Ensuring the Effectiveness of Instructions from Audit & Supervisory Board Members of the Company to Assistants

- Personnel transfers related to the Audit & Supervisory Board Member Office require prior approval from the Audit & Supervisory Board members.
- Assessment of the assistants working in the Audit & Supervisory Board Member Office is conducted by Audit & Supervisory Board members who have been designated by the Audit & Supervisory Board.

i. System for Directors and Employees to Report to Audit & Supervisory Board Members of the Company, and System for Ensuring Reporting Persons Are Not Treated Disadvantageously for Making Reports

- Directors and employees of the Company, as well as Directors, etc., Audit & Supervisory Board members and employees, etc., of all Group companies, shall report the following matters to the Audit & Supervisory Board members:
 - (a) Violations of laws, ordinances, and the Articles of Incorporation
 - (b) Important matters concerning the internal audit situation and risk management
 - (c) Matters that could cause significant losses to the Company
 - (d) Important matters concerning decision making
 - (e) Important matters concerning the management situation
 - (f) Matters concerning information reported via the internal reporting system
 - (g) Other important matters related to compliance
- The Company and all Group companies ensure that reporting persons are not treated disadvantageously for making reports.

j. Matters concerning Procedures for Advance Payment or Redemption of Expenses Occurring from Execution of Duties by Audit & Supervisory Board Members of the

Company, and Policies Relating to Handling of Other Expenses or Obligations Occurring from said Execution of Duties

- For audit expenses and other expenses occurring from the execution of duties by Audit & Supervisory Board members of the Company, appropriate amounts are budgeted to ensure the effectiveness of auditing. However, appropriate expenses spent in emergencies or on a temporary basis will be reimbursed regardless of whether they are budgeted.

k. Other Systems for Ensuring Effective Auditing by Audit & Supervisory Board Members of the Company

- The Company shall provide opportunities for regular exchanges of opinions with top management, such as the Chairman of the Board of Directors, Representative Directors and officers in charge of Accounting and Finance as well as with the responsible departments of the head office's administrative departments, including the departments in charge of internal audits and compliance, and with the accounting auditors. In addition, the Company will provide opportunities and an environment in which interviews can be conducted with other directors and key employees as appropriate.
- Provide opportunities for consultation or exchange of opinions with the accounting auditor and the department in charge of internal audits, etc. in order to conduct efficient audits. In addition, to ensure the effectiveness of audits, the Company will provide opportunities for information exchange and cooperation with outside directors, etc.
- As necessary, outside specialists can be appointed.

(2) Operational Status of the System for Assuring the Appropriateness of Company Operations

In accordance with Yokogawa Corporate Governance Guidelines, in fiscal 2021, after the conclusion of the Ordinary General Meeting of Shareholders, non-executive internal directors (Chairman) served as the Chairman of the Board of Directors. In order to ensure swift execution of business under appropriate controls, the Board of Directors established a basic policy for the establishment of an internal control system and a risk management system, monitored and supervised whether the system was being operated effectively, and worked to disclose information appropriately. In fiscal 2021, based on the results of the effectiveness' evaluation of the Board of Directors, the mid-term business plan, the long-term business framework and the Company's major direction were positioned as the most important monitoring and supervision items for business execution, and deliberation time was allocated preferentially.

Along with the above, an overview is provided as follows on the operation status of the Yokogawa Group Internal Control System for the fiscal year under review (146th term), which was implemented based on the Basic Policy for FY21 Internal Control System resolved at the Board of Directors Meeting held on April 6, 2021.

a. System for Assuring Compliance with Laws, Ordinances, and the Company's Articles of Incorporation

- Yokogawa Group Code of Conduct and Compliance Guidelines have been established and announced to take into account global perspectives, including the realization of a sustainable society, human rights issues, and the elimination of discrimination.
- In addition to ensuring compliance with laws, ordinances, and the Company's Articles of Incorporation, the Company has been developing workplace-based systems for promoting compliance worldwide with the aims of creating maintaining and improving a corporate culture where misconduct does not occur and systems that prevent unethical conduct. Campaigns geared to instilling awareness of compliance and causing such awareness to take hold have been carried out in Japan by compliance facilitators who also act as workplace advisors, and overseas by compliance coordinators. In addition, quarterly Compliance Committee Meetings and other meetings are held for the compliance secretariat and

representatives of compliance facilitators in each organization to share information and manage the progress of activities.

- The Compliance Awareness Survey, etc. are administered on a yearly basis so that the Company can gain an understanding of circumstances surrounding efforts to instill awareness of compliance issues, and also to facilitate efforts to promote such initiatives. Results of the survey are made available and shared within Yokogawa Group, and are also analyzed on the basis of individual workplaces and employment positions, and then put to use in formulating compliance measures in the subsequent fiscal year.
- As part of our awareness-raising activities, each year the Company conducts various compliance training programs for all employees through e-learning and other means to deepen their understanding of compliance. In addition, the Company has established Compliance Week within Yokogawa Group to raise and entrench compliance awareness.
- The Company has established points of contact for internal reporting and consultation and has also established points of contact for external reporting and consultation both in Japan and overseas. These points of contact enable the Company to take swift action with respect to discovering compliance-related problems in the early stages, and preventing misconduct before it occurs.

b. Rules on risk management of loss and other system

- The Company promotes risk management initiatives that function smoothly and effectively, and has accordingly established Rules on Risk Management stipulating basic matters regarding management of risks facing the Yokogawa Group, such as basic policy and systems involving risk management.
- The risk management initiatives undertaken autonomously by respective organizational units of the Yokogawa Group in part involve pinpointing risks, evaluating the severity of such risks with respect to the extent of their potential adverse impact along with the likelihood of any such risk materializing, and then drawing up and implementing measures to address such risks.
- Respective organizational units of the Yokogawa Group compiled information on risks deemed significant, grouped such risks from a perspective encompassing categories such as business opportunities and compliance and crisis situations. Moreover, the Risk Management Committee identified high-priority risks, determined methods for monitoring such risks, and reported such matters to the Board of Directors.
- In fiscal 2021, business risks, cyberattacks, information security risks, and natural disasters and infectious disease risks were selected as priority management risks based on their severity. The progress of countermeasures was confirmed in accordance with each monitoring method, and the status of activities was confirmed quarterly by the Risk Management Committee, and the content of these activities was reported to the Board of Directors and other bodies.
- The Company responded to emerging risks based on the Group Crisis Management Code, which were established in advance, and reported to the Board of Directors. The Crisis Management Committee, chaired by the President, shared information, and examined policies and measures, to address geopolitical risks associated with the outbreak of the novel coronavirus disease infection (COVID-19), the shortage of semiconductor components and the situation in Ukraine.

c. System for Assuring Appropriate Operations in the Corporate Group

- The Company is enhancing the Group Management Standards for the Yokogawa Group, which is the top set of rules for the Yokohama Group, and is working to clarify roles and responsibilities in each operational process and further improve the internal control system based on autonomous control activities and appropriate risk management.

- In the course of performing quarterly audits, the department in charge of internal audits verifies that respective responsible sections of internal control systems clarify individual priority benchmarks, and then that stages of the plan-do-check-act (PDCA) cycle are being performed in step with circumstances prevailing with respect to achieving those benchmarks.

d. System for Assuring Effective Auditing by Audit & Supervisory Board Members

- The Audit & Supervisory Board stipulated the key audit items for the fiscal year under review as “Establishment of a new organizational structure and progress in the AG2023 mid-term business plan,” “Assessment of strategic investments,” “the Status of Enhancement and Operation of Internal Control System of Yokogawa Group,” “Status of business management based on new ways of working,” and “Response to risks in a severe business environment” and conducted audits based on the annual activity plan.
- The Audit & Supervisory Board Members exchange opinions regularly and as necessary with the Chairman and Chairman of the Board of Directors, the President, officers in charge of Corporate Administration, and also with the department in charge of internal audits, the department in charge of business ethics, the department in charge of legal affairs, and the accounting auditor. They also conduct interviews of Directors and important employees, as necessary.
- Full-time Audit & Supervisory Board Members hold three-way audit meetings with the accounting auditor and the department in charge of internal audits. In addition to conducting audits of subsidiary management and audits of the internal control system jointly with the department in charge of internal audits.
- The Audit & Supervisory Board Members deepen cooperation by holding meetings with Outside Directors, with the participation of the accounting auditor and members of related departments within the Company, depending on the theme.
- The Audit & Supervisory Board concludes advisory agreements with an outside law firm that is independent from the business execution side, consults with them as appropriate, and seeks advice.

4. Basic Policy regarding Control over the Company

The Company believes that parties making decisions regarding its financial and business policies above all else must be capable of protecting and enhancing the corporate value of the Company and the common interests of the shareholders.

The Yokogawa Group sets forth the following corporate philosophy: “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.” Accordingly, we believe that acting on the basis of this philosophy, and thereby helping to protect the environment and achieve a sustainable society, will protect and enhance the corporate value of the Company and the common interests of its shareholders while we engage in sound and profitable management practices that allow us to steadfastly pursue our business activities and provide solutions and services that add value.

While acknowledging the fact that we are a public company whose shares are freely traded, the Company believes that a decision on whether to allow a party to carry out a large-scale acquisition of its shares should ultimately be left to its shareholders. As such, in the event of a large-scale acquisition of the Company’s shares, we will not categorically rule out the acquisition if it improves the corporate value of the Company or if it is in the common interests of the shareholders.

However, there are a number of situations when a large-scale takeover attempt would contribute to neither the corporate value of the Company nor the common interests of the shareholders, such as when: (i) sufficient time and information have not been provided for the Company or its shareholders to consider the proposal or an alternative proposal regarding the acquisition, (ii) the purpose of the share acquisition and the administrative policy to be followed after the acquisition are likely to harm the corporate value and the common interests of the Company’s shareholders, (iii) shareholders are effectively forced to sell their shares, and (iv) the acquisition terms are considered insufficient or inappropriate in light of the corporate value of the Company and the common interests of the Company’s shareholders.

The Company believes that any party attempting a large-scale acquisition in the above manner would be unsuitable with respect to making decisions on the Company’s financial and business policies. The Company remains committed to taking appropriate measures in accordance with relevant laws and regulations, such that include requiring any party proposing a large-scale acquisition of the Company’s shares to disclose sufficient information necessary for enabling shareholders to make an informed judgment on the advantages and disadvantages of the prospective acquisition, while also disclosing the Board of Directors’ views on any such proposal taking steps to ensure that shareholders are afforded sufficient time to consider the acquisition.

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS

As of March 31, 2022

	Millions of yen
ASSETS	
Current assets	
Cash and deposits	117,687
Notes receivable-trade	11,572
Accounts receivable - trade	116,601
Contract assets	58,155
Merchandise and finished goods	16,662
Work in process	4,584
Raw materials and supplies	21,758
Other	22,479
Allowance for doubtful accounts	(5,304)
Total current assets	364,195
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	46,089
Machinery, equipment and vehicles, net	8,159
Tools, furniture and fixtures, net	6,144
Land	15,448
Leased assets, net	57
Right-of-use assets	8,083
Construction in progress	2,961
Total property, plant and equipment	86,943
Intangible assets	
Software	13,997
Goodwill	12,378
Other	11,940
Total Intangible assets	38,316
Investments and other assets	
Investment securities	53,241
Deferred tax assets	7,154
Other	7,124
Allowance for doubtful accounts	(1,154)
Total investments and other assets	66,366
Total non-current assets	191,626
Total assets	555,822

CONSOLIDATED BALANCE SHEETS

(continued)

	Millions of yen
LIABILITIES	
Current liabilities	
Notes and accounts payable-trade	26,590
Electronically recorded obligations	10,119
Short-term loans payable	1,576
Commercial papers	20,000
Accounts payable-other	19,046
Income taxes payable	5,926
Contract liabilities	41,124
Lease obligations	2,758
Provision for bonuses	17,127
Provision for loss on construction contracts	6,499
Other	26,424
Total current liabilities	177,192
Non-current liabilities	
Long-term loans payable	24,095
Deferred tax liabilities	2,077
Net defined benefit liability	4,687
Lease obligations	5,619
Other	1,792
Total non-current liabilities	38,272
Total liabilities	215,465
NET ASSETS	
Shareholders' equity	
Capital stock	43,401
Capital surplus	54,392
Retained earnings	221,446
Treasury shares	(1,407)
Total shareholders' equity	317,832
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	11,592
Foreign currency translation adjustment	5,138
Remeasurements of defined benefit plans	(976)
Total accumulated other comprehensive income	15,754
Non-controlling interests	6,769
Total net assets	340,356
Total liabilities and net assets	555,822

CONSOLIDATED STATEMENTS OF INCOME

For the year ended March 31, 2022

		Millions of yen
Net sales		389,901
Cost of sales		217,091
Gross profit		172,810
Selling, general and administrative expenses		142,124
Operating income		30,685
Non-operating income		
Interest income	605	
Dividend income	1,785	
Foreign exchange gains	1,346	
Share of profit of entities accounted for using equity method	3,128	
Miscellaneous income	679	7,546
Non-operating expenses		
Interest expenses	684	
Provision of allowance for doubtful accounts	294	
Commission expenses	244	
Donations	174	
Miscellaneous loss	1,077	2,475
Ordinary income		35,757
Extraordinary income		
Gain on sale of non-current assets	33	
Gain on sale of investment securities	58	92
Extraordinary losses		
Loss on sale of non-current assets	1	
Loss on retirement of non-current assets	372	
Impairment loss	1,410	
Loss on valuation of investment securities	1,758	
Loss on sale of shares of subsidiaries and associates	139	
Business restructuring expenses	2,058	5,740
Profit before income taxes		30,109
Income taxes-current	8,165	
Income taxes-deferred	(1,730)	6,435
Profit		23,674
Profit attributable to non-controlling interests		2,392
Profit attributable to owners of parent		21,282

NON-CONSOLIDATED FINANCIAL STATEMENTS
NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2022

	Millions of yen
ASSETS	
Current assets	
Cash and deposits	25,820
Notes receivable-trade	601
Accounts receivable-trade	36,662
Contract liabilities	200
Merchandise and finished goods	1,271
Work in process	239
Raw materials and supplies	765
Prepaid expenses	1,906
Short-term loans receivable	42,667
Accounts receivable-other	15,567
Other	1,234
Allowance for doubtful accounts	(1,588)
Total current assets	125,347
Noncurrent assets	
Property, plant and equipment	
Buildings, net	20,921
Structures, net	670
Machinery and equipment, net	458
Tools, furniture and fixtures, net	2,389
Land	8,208
Construction in progress	1,318
Other	47
Total property, plant and equipment	34,013
Intangible assets	
Software	10,602
Software in progress	7,436
Leasehold right	488
Other	699
Total intangible assets	19,226
Investments and other assets	
Investment securities	37,819
Stocks of subsidiaries and affiliates	42,034
Investment in capital of subsidiaries and affiliates	14,319
Lease and guarantee deposits	193
Long-term financial assets	2,074
Other	684
Allowance for doubtful accounts	(90)
Total investments and other assets	97,034
Total noncurrent assets	150,275
Total assets	275,623

NON-CONSOLIDATED BALANCE SHEETS

(continued)

	Millions of yen
LIABILITIES	
Current liabilities	
Electronically recorded obligations	2,558
Accounts payable-trade	7,366
Short-term loans payable	5,548
Commercial papers	20,000
Accounts payable-other	14,606
Accrued expenses	1,702
Income taxes payable	452
Contract liabilities	860
Deposit received	323
Provision for bonuses	3,771
Other	4,231
Total current liabilities	61,423
Noncurrent liabilities	
Long-term loans payable	24,000
Long-term deferred tax liabilities	2,423
Other	730
Total noncurrent liabilities	27,154
Total liabilities	88,577
NET ASSETS	
Shareholders' equity	
Capital stock	43,401
Capital surplus	54,514
Legal capital surplus	36,350
Other capital surplus	18,164
Retained earnings	78,964
Other retained earnings	78,964
Reserve for advanced depreciation of noncurrent assets	1,033
Retained earnings brought forward	77,931
Treasury stock	(1,407)
Total shareholders' equity	175,472
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	11,573
Total valuation and translation adjustments	11,573
Total net assets	187,045
Total liabilities, net assets	275,623

NON-CONSOLIDATED STATEMENTS OF INCOME

For the year ended March 31, 2022

		Millions of yen
Net sales		104,926
Cost of sales		52,774
Gross profit		52,152
Selling, general and administrative expenses		55,723
Operating loss		(3,570)
Non-operating income		
Dividend income	19,803	
Rent receivable	2,508	
Foreign exchange gains	588	
Miscellaneous income	469	23,369
Non-operating expenses		
Interest expenses	303	
Rent payable	2,314	
Commission expenses	262	
Provision of allowance for doubtful accounts	1,587	
Miscellaneous loss	277	4,744
Ordinary income		15,054
Extraordinary income		
Gain on sale of noncurrent assets	8	
Gain on sale of investment securities	58	67
Extraordinary losses		
Loss on retirement of noncurrent assets	306	
Impairment loss	94	
Loss on valuation of investment securities	1,758	
Loss on valuation of shares of subsidiaries and associates	1,352	
Loss on sales of investment securities	150	
Business restructuring expenses	943	4,606
Profit before income taxes		10,514
Income taxes-current	(711)	
Income taxes-deferred	(1,596)	(2,307)
Profit		12,822

Instructions for Internet Voting

I. Conditions regarding Internet Voting

1. Conditions regarding Internet Voting

- (1) You may vote via the Internet through the shareholder voting site (see the URL below) designated by the Company instead of voting by mail. If you choose to vote via the Internet, login with the voting code and the password shown on the right side of the enclosed voting form, and cast your vote by following the prompts on the screen. Please note that you need to change the password the first time you login to ensure security.

<https://soukai.mizuho-tb.co.jp/>

- (2) The deadline for voting is 5:00 p.m. on Tuesday, June 21, 2022, Japan time. You need to complete your vote by that time. Please vote ahead of time.
- (3) If you vote both by mail and via the Internet, the vote via the Internet shall prevail. In the case of multiple voting via the Internet, the last one shall prevail.
- (4) Your password (including the one you changed) will be valid for this General Meeting only. A new password will be issued for the next General Meeting.
- (5) The Company is not responsible for any expenses related to Shareholders' Internet access.

(Notes)

- The password is a means of authenticating the identity of a voter as a shareholder. You will never receive a call from the Company inquiring about your password.
- The password will be locked and suspended if you enter the wrong password a certain number of times. If it becomes locked, please follow the prompts on the screen.
- We conducted an operation check of the shareholder voting site with general Internet access devices, but the site may not be usable on some devices.

2. Inquiries

If you have any concerns about Internet voting, please contact the Stock Transfer Agency Dept., Mizuho Trust & Banking Co., Ltd., our shareholder register manager (see below).

- (1) All inquiries regarding how to vote via the shareholder voting site may be addressed to the following:
Toll free (calls from within Japan) 0120-768-524
(Between 9:00 a.m. and 9:00 p.m., Japan time)
- (2) Other inquiries regarding stock-related administrative work may be addressed to the following:
Toll free (calls from within Japan) 0120-288-324
(Between 9:00 a.m. and 5:00 p.m., Japan time, on weekdays)

II. Electronic Voting Platform

Regarding the exercise of voting rights at the Company's General Meeting of Shareholders, nominee shareholders such as trust and custody banks (including standing proxies) may, as an alternative to the Internet voting described above, use the electronic voting rights execution platform established by the Tokyo Stock Exchange and organized by the Investor Communications Japan (ICJ) Inc., provided that application for the use of this electronic voting platform is made in advance.

< Measures to prevent the growing spread of infections of the new coronavirus disease
at the 2022 Annual General Meeting of Shareholders >

1. Requests to our shareholders

- Depending on the status of the infection spread, announcements and others of the government, etc. up to the day of this Annual General Meeting of Shareholders, the measures may be updated.
We also ask that you check information offered on the Company's website (<https://www.yokogawa.com/>) on the Internet.
- Regarding this Annual General Meeting of Shareholders, you are urged to exercise your voting rights in advance by mail, via the Internet, or by other means as much as possible and refrain from attending on the day of the meeting.
- Shareholders in attendance are asked to bring/wear a mask. Shareholders who do not bring/wear a mask may be declined entry and asked to leave.
- When any person is found to have a fever, or is considered to be in bad physical condition, the person may be declined entry and asked to leave.
- A tour to the showroom and Global Response Center after this Annual General Meeting of Shareholders has been cancelled. Please leave the venue immediately after the conclusion of the meeting. We appreciate your cooperation in advance.

2. Measures to be taken on the day of the meeting

- Alcohol-based hand sanitizer for shareholders will be prepared near the reception desk at the venue.
- Operation staff for this Annual General Meeting of Shareholders will attend to shareholders after checking their physical condition including taking their temperature, with a mask on.
- At this Annual General Meeting of Shareholders, with regard to the Company's officers, only some of them may be in attendance, regardless of their physical conditions on the day, from the perspective of reducing the risk of infection spread and the Company's business continuity. Any officers in attendance will wear a mask.
- At this Annual General Meeting of Shareholders, explanations made at the meeting venue on items to be reported (including audit report) and items to be resolved will be reduced as much as possible.