

<TRANSLATION> The following is an English translation of a document written initially in Japanese. Should there be any inconsistency in the contents of the translation and the official Japanese version, the latter shall prevail.

Yokogawa Corporate Governance Guidelines

Chapter I. General Provisions

1. Purpose and Basic Views on Corporate Governance

The Yokogawa Electric Group (hereinafter referred to as the “Group”) has established a corporate philosophy, the Yokogawa Philosophy, and Standards of Business Conduct for the Yokogawa Group (hereinafter referred to as the “Standards of Business Conduct”) that apply to the entire Group, and strives to maintain appropriate relationships with all stakeholders as well as aims for sustainable corporate growth and increased corporate value over the medium to long term. In addition, based on the philosophy that “a company is a public entity of society,” the Group positions answering the trust of all stakeholders, including shareholders, customers, business partners, society, and employees, via sound and sustainable growth, as the basic mission of its corporate management.

In order to maximize its corporate value, the Group believes that efforts such as thorough compliance, appropriate management of risks, and information disclosure in order to ensure constructive dialogue with shareholders and other stakeholders are important.

The Group formulates these Yokogawa Corporate Governance Guidelines (hereinafter referred to as the “Guidelines”) which serve as the basic policy for continually working on corporate governance in line with the above views.

2. Establishment, Amendment, and Abolishment

The Guidelines shall be established, amended, or abolished by resolution of the Board of Directors of Yokogawa Electric Corporation (hereinafter referred to as the “Company”).

Chapter II. Corporate Governance System

1. Organizational Design

- (i) Under the company structure as a company with Audit & Supervisory Board, the Company shall invite independent outside directors and independent outside audit & supervisory board members who are independent of the current management to enhance the function of the Board of Directors, which supervises the execution of duties by directors, and the Audit & Supervisory Board, which supervises the Board of Directors. In addition, the Company shall establish both the Nomination Advisory Committee and the Compensation Advisory Committee as voluntary advisory bodies to give opinions

in response to consultations from the Board of Directors regarding nominating directors and determining compensation thereof, thereby supporting the function of the Board of Directors and the Audit & Supervisory Board and thus further strengthening corporate governance. In addition, audit & supervisory board members, including independent outside audit & supervisory board members, shall work to enhance the management audit function by strictly auditing the legality and rationality of the work carried out by directors and the validity of their decision making processes.

- (ii) The Company shall formulate independence standards for outside directors and outside audit & supervisory board members, and this shall be disclosed.

2. Board of Directors

(1) Board of Directors Composition

- (i) In line with the provisions of the Articles of Incorporation, the number of directors shall be no more than 15, and at least one-third of the directors shall be independent outside directors. In order to practice management backed by the trust of shareholders, a director's tenure in office shall be 1 year.
- (ii) The Board of Directors shall be comprised 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.

(2) Roles and Responsibilities of the Board of Directors

Having been entrusted responsibility by shareholders, the Board of Directors, as the decision-making body with respect to management, aims to achieve sustainable growth and a medium- to long-term increase in corporate value of the Group. To achieve these goals, the Board of Directors shall improve profit-earning capability and capital efficiency, and determine the general direction of the Group, including corporate strategies. Also, in addition to monitoring and supervising the execution of business by management, including directors and officers, the Board of Directors shall develop provisions related to the execution of duties by directors, and establish a framework to take supervision responsibility related to the execution of business.

- (i) The Board of Directors is to base its decisions on the Decision Making Code and on the Rules Governing the Board of Directors. All the directors, including independent outside members, bear supervisory responsibility for the execution of business as the members constituting the Board of Directors. Decisions concerning statutory matters and important matters for the Group's execution of business that are matters which have a serious impact on the Group's management or matters other than those specified to be decided by the Board of Directors in the above code and rules, such as important strategic matters related to the Group, are delegated to meeting bodies besides the Board of Directors or persons responsible for executing such matters, in line with the Company's Decision Making Code. By receiving reports on decision-making that has been

delegated, the Board of Directors shall supervise decision-making and execution of business by executive directors and officers.

- (ii) Based on the opinions from the Nomination Advisory Committee and the Compensation Advisory Committee in response to its consultations, the Board of Directors shall decide the candidates for director and audit & supervisory board member, as well as the officers and the representative director and president. The Board of Directors shall also decide the standards for calculating the compensation of directors and officers as well as the amounts to be paid.
- (iii) In order to ensure that business is executed speedily based on appropriate controls, the Board of Directors shall formulate a basic policy concerning the development of an internal control system and a risk management framework, and perform supervision of whether or not these systems are being run effectively, along with striving to provide appropriate disclosure. Also, the Board of Directors shall, recognizing that the external accounting auditor has an auditing responsibility to shareholders and investors, take appropriate steps to secure the proper execution of audits, including securing sufficient auditing time to make high-quality audits possible.

(3) Directors

- (i) Recognizing their fiduciary responsibility to shareholders, in accordance with the Standards of Business Conduct, directors shall fulfill their duties as directors with the aim of ensuring the Group's sustainable growth and increased corporate value over the medium to long term.
- (ii) In accordance with the values, sense of ethics, experience, and knowledge that they each possess, at Board of Directors meetings, directors shall strive to engage in free, open, and constructive discussions and exchange of opinion.
- (iii) Directors shall devote sufficient time and effort required to effectively fulfill their respective roles and responsibilities and proactively obtain necessary information.
- (iv) The status of directors' important concurrent positions outside of the Company shall be disclosed.
- (v) Independent outside directors
 - Based on their independence and knowledge, independent outside directors shall proactively contribute to discussions about matters such as management policies and management improvements, and supervise management by making decisions at Board of Directors meetings.

(4) Chairman of the Board of Directors

A non-executive Director shall, in principal, act as the Chairman of the Board of Directors in order to separate the execution and supervision of business. The Chairman of the Board of Directors shall strive to conduct the meeting of the Board of Directors in a way which creates a place for holding free and open discussions and concrete debates.

(5) Board of Directors Evaluation

Based on the evaluations of each director and audit & supervisory board member, each year the Board of Directors shall identify issues for further boosting the strengths and effectiveness of the Board of Directors. In addition to analysis and evaluations in order to clarify the points that should be emphasized when working on each issue and striving to enhance corporate governance, the overview of the outcomes shall be disclosed in a timely and proper manner. The Board of Directors shall use third-party evaluation organizations as appropriate in order to receive support with analysis and evaluation thereof, as well as resolving issues from these analyses and evaluations.

(6) Internal Control

In accordance with laws and regulations, the Board of Directors shall establish the Basic Policy on the Yokogawa Group Internal Control System, which includes securing the reliability of financial reporting and the properness of decision-making, and supervise the building of the framework and the status of its management.

Concerning the status of the management of the internal control system, quarterly reports shall be made to the Board of Directors so that the system functions effectively from the standpoint of compliance, appropriateness of financial reporting, and risk management.

3. Audit & Supervisory Board

(1) Audit & Supervisory Board Composition

- (i) In line with the provisions in the Articles of Incorporation, the number of audit & supervisory board members shall be no more than 5, and at least one-half of the audit & supervisory board members shall be independent outside audit & supervisory board members. The Audit & Supervisory Board shall be comprised entirely of all the audit & supervisory board members. Based on its resolution, the Audit & Supervisory Board shall appoint at least 1 standing member of the Audit & Supervisory Board.
- (ii) The Audit & Supervisory Board 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. It is particularly prescribed that the Audit & Supervisory Board shall appoint at least 1 audit & supervisory board member with sufficient knowledge of finance and accounting.

(2) Roles and Responsibilities of the Audit & Supervisory Board

Entrusted by shareholders, in order to ensure the Group's sustainable growth and corporate soundness, the Audit & Supervisory Board shall make appropriate decisions and express its opinions from an

independent and objective standpoint.

Also, based on laws and regulations as well as the Auditing Standards for Audit & Supervisory Board Members and the Rules Governing the Audit & Supervisory Board, the Audit & Supervisory Board shall receive reports from each audit & supervisory board member on important matters related to audits, deliberate, and pass resolutions as necessary.

- (i) Based on audit reports prepared by each audit & supervisory board member, the Audit & Supervisory Board shall engage in deliberations and prepare the Audit & Supervisory Board's audit report.
- (ii) The Audit & Supervisory Board shall decide matters such as the audit policy, audit plans, audit methods, and the division of auditing duties.
- (iii) The Audit & Supervisory Board shall call on directors to develop a framework to ensure that the audits performed by audit & supervisory board members are carried out effectively.
- (iv) The Audit & Supervisory Board shall regularly meet with the representative director and president to exchange opinions about matters such as the issues that the Company should address, the status of the auditing environment for audit & supervisory board members, as well as important auditing issues, and make necessary requests, and otherwise endeavor to deepen the mutual understanding between the Audit & Supervisory Board and the representative director and president.
- (v) Audit & supervisory board members shall regularly and as needed report to the Audit & Supervisory Board regarding the status of the execution of their own duties. In addition, the Audit & Supervisory Board shall, as needed, ask the external accounting auditor, directors, employees of or other individuals related to the department in charge of internal audits or other departments to provide reports.
- (vi) With respect to the election, dismissal, or non-reappointment of the external accounting auditor, the Audit & Supervisory Board shall decide the proposals to submit to the General Meeting of Shareholders, in accordance with the standards for appropriately appointing and evaluating an external accounting auditor candidate.

(3) Audit & Supervisory Board Members

Recognizing their fiduciary responsibility to shareholders, audit & supervisory board members shall execute their duties as audit & supervisory board members in order to ensure the Group's sustainable growth and corporate soundness.

- (i) Audit & supervisory board members shall perform audit & supervisory board member audits in accordance with the annual audit plan that specifies priority audit items.
- (ii) Audit & supervisory board members shall attend Board of Directors meetings and other important meetings, and hold regular meetings with departments that are in charge of internal audits and

business ethics which promotes the compliance framework, and exchange and share information about the activities of each, as well as proactively offer opinions. Audit & supervisory board members shall also hold regular meetings with the external accounting auditor, and exchange information related to the status of financial results and other matters.

- (iii) Standing members of the Audit & Supervisory Board shall share the information learned in the course of their duties with other audit & supervisory board members, and ensure cooperation with independent outside audit & supervisory board members.
- (iv) The status of audit & supervisory board members' important concurrent positions outside of the Company shall be disclosed.
- (v) Independent audit & supervisory board members
 - Based on their independence and their own knowledge, independent outside audit & supervisory board members shall appropriately state their opinions to directors, the Board of Directors, and others.
 - In exercising their investigation authority under laws and regulations, independent outside audit & supervisory board members shall proactively strive to develop an audit environment.

4. Advisory Committees

(1) Nomination Advisory Committee

- (i) With respect to subjects such as nomination of director candidates and audit & supervisory board member candidates, evaluation, appointment and dismissal of representative director and president, appointment and dismissal of officers, proposals for dismissal of directors and audit & supervisory board members, and qualities (aptitude, track record, etc.) sought after in directors, audit & supervisory board members and officers, the Nomination Advisory Committee shall provide recommendation to the Board of Directors following deliberations made in accordance with the standard and procedure prescribed to ensure optimal placement for the Group's sustainable growth and corporate governance from the perspective of all stakeholders.
- (ii) The Nomination Advisory Committee shall be comprised of at least 3 directors appointed by the Board of Directors, of whom a majority are independent outside directors.

(2) Compensation Advisory Committee

- (i) The Compensation Advisory Committee shall provide recommendation to the Board of Directors following deliberations made in accordance with the standard and procedure prescribed so that the compensation system and compensation for directors and officers encourage appropriate challenges targeting the Group's growth, help to hire and retain excellent human resources, and which are suitable from the perspective of all stakeholders.

- (ii) The Compensation Advisory Committee shall be comprised of at least 3 directors appointed by the Board of Directors, of whom a majority are independent outside directors.
- (iii) The policies and procedures for determining the compensation of directors and officers shall be disclosed.

5. Support Framework for Directors and Audit & Supervisory Board Members

In order to ensure that the Board of Directors and the Audit & Supervisory Board have active deliberations and are managed efficiently and smoothly, the Company shall establish an office for the Board of Directors and an office for the Audit & Supervisory Board, and otherwise strive to establish a supporting framework.

If the department in charge of internal audits or any other executive departments are asked by directors or audit & supervisory board members for information necessary for them to execute their duties, they shall actively provide such information.

(1) Office for the Board of Directors

- (i) The Board of Directors Office, which is granted appropriate number of personnel and the necessary budget, shall be established as the office for the Board of Directors so that the Board of Directors and each director can appropriately execute their duties.
- (ii) By finalizing the Board of Directors meeting annual schedule in advance and by putting in place a system for videoconferencing and teleconferencing, the office for the Board of Directors shall develop a framework that makes it easy for directors and audit & supervisory board members to attend Board of Directors meetings.
- (iii) In order to ensure adequate time for directors and audit & supervisory board members to study matters, the office for the Board of Directors shall distribute Board of Directors meeting materials in advance, in principle. Also, with respect to particularly important matters for resolution, the office for the Board of Directors shall provide advanced briefings prior to the Board of Directors meeting, and adjusts the agenda schedule so as to ensure adequate time for discussion.
- (iv) The office for the Board of Directors shall provide the necessary information for all directors, including independent outside directors, to make decisions, as needed. The office for the Board of Directors shall also provide all necessary information when requests are made by directors or audit & supervisory board members.

(2) Office for the Audit & Supervisory Board

- (i) The Audit & Supervisory Board Member Office, which is granted appropriate number of personnel and the necessary budget, shall be established as the office for the Audit & Supervisory Board so that the Audit & Supervisory Board and each audit & supervisory board member can appropriately execute their duties. The Audit & Supervisory Board Member Office also shall

support the activities of independent outside audit & supervisory board members.

- (ii) By finalizing the Audit & Supervisory Board meeting annual schedule in advance and by putting in place a system for videoconferencing and teleconferencing, the office for the Audit & Supervisory Board shall develop a framework that makes it easy for audit & supervisory board members to attend Audit & Supervisory Board meetings.

6. Training Policy

The Company shall provide directors and audit & supervisory board members with necessary training and information as appropriate to allow them to fulfill their roles and responsibilities.

- (i) When directors and audit & supervisory board members newly assume their positions, lectures and training by experts in laws and corporate governance shall be provided, and during their tenures training with respect to amendments to laws and management issues shall be provided on an ongoing basis.
- (ii) In addition to the above, when independent outside directors and independent outside audit & supervisory board members newly assume their positions, the Company shall provide them with briefings about the Company's businesses and conduct tours of key business sites and other locations.
- (iii) Each year, the Board of Directors shall interview the persons responsible for each business concerning business strategies, progress in carrying out such strategies, and other matters.
- (iv) The Company shall provide independent outside directors and independent outside audit & supervisory board members with necessary information about the Company's business issues and other matters in a timely and proper manner.

Chapter III. Relationships with Stakeholders

1. Relationships with Shareholders

(1) General Meeting of Shareholders

In order to truly secure the rights of shareholders, including shareholders' voting rights, the Company shall appropriately address issues related to shareholders' rights and develop an appropriate environment.

- (i) From the standpoint of enhancing constructive dialogue with shareholders and providing sufficient information, the Company shall strive to set the date, among others, of the General Meeting of Shareholders so that as many shareholders as possible can attend the meeting.
- (ii) The Company shall send out the notice of the General Meeting of Shareholders approximately 3 weeks before the date of the General Meeting of Shareholders, so as to give shareholders sufficient time to consider the agenda items of the General Meeting of Shareholders and to

appropriately exercise their voting rights. In addition, between the time that the Board of Directors passes its resolutions with respect to the convocation of the General Meeting of Shareholders and the time that the notice is sent out, the notice of the General Meeting of Shareholders shall be disclosed on the Company's website and other locations, including an English translation of the notice.

- (iii) The Company shall work to develop an environment that makes it easy for all shareholders, including those shareholders for whom attending the General Meeting of Shareholders is difficult, to exercise their voting rights appropriately, through the use of the electronic voting platform and other initiatives.
- (iv) The Company shall consider the handling of cases in which institutional investors who hold shares in the name of a trust bank or other institution state in advance their wish to exercise their voting rights at the General Meeting of Shareholders on their own, in place of the trust bank or other institution.

(2) Securing the Rights of Shareholders

Given the importance of shareholders' rights, the Company shall strive to ensure truly equal treatment for all shareholders, and disclose information in a timely and proper manner so as to ensure that there are no information gaps among shareholders.

In cases where the number of opposition votes exceeds a certain level, the Board of Directors shall analyze the cause of the opposition and consider the need for dialogue, etc. with shareholders.

(3) Dialogue with Shareholders

In order to contribute to its sustainable growth and increased corporate value over the medium to long term, the Company shall strive to engage in constructive dialogue with shareholders not only at the General Meeting of Shareholders but also in other settings.

(4) Basic Capital Policy

With the objective of increasing long-term corporate value, the Company shall maintain a durable level of capital equity that enables the Company to address changes in the business environment and other management risks surrounding the Company, and strive to establish the optimal capital structure while appropriately maintaining financial security.

(5) Basic Policy on Cross-Shareholdings

The Group shall strategically hold shares, provided such shares are determined to contribute to maintaining and increasing corporate value. With respect to all cross-holding shares, the Board of Directors shall decide every year if it is suitable to hold the shares by examining the purpose and economic rationale, etc. of individual shares from a medium- to long-term perspective. Any cross-holding share that is deemed as no longer suitable to hold as a result of the examination shall be sold

with the attempt of reducing shares held.

With respect to exercising the voting rights of strategically held shares, the Group shall make decisions based on sufficient examination, from the standpoint of increasing the corporate value of the Company and the companies that the Company has invested in over the medium to long term.

(6) Takeover Defense Measures

The Company currently does not have any takeover defense measures in place. If it becomes necessary to adopt takeover defense measures in the future, the Board of Directors and the Audit & Supervisory Board will adequately consider the necessity and the rationale etc. for such measures, and make a proposal to the General Meeting of Shareholders.

If the Company's shares are the object of a tender offer, etc., the Board of Directors shall respond as follows.

- Request any entity making the tender offer of the Company's shares or other involved party to submit sufficient information for shareholders to make an informed judgment on advantages and disadvantages of the large-scale acquisition.
- Take appropriate measures, such as providing the Board of Directors' views on the proposal to the shareholders, and seeking to give the shareholders sufficient time to consider the acquisition.

(7) Related Party Transactions

The existence or non-existence of business transactions between the Company and its directors, audit & supervisory board members, or their close relatives, and between the Company and its key shareholders, etc., (hereinafter referred to as the "related party transactions") shall be investigated regularly and reported to the Board of Directors. In conformity with applicable laws and regulations including the Companies Act and the Financial Instruments and Exchange Act, and other applicable rules, related party transactions shall be disclosed upon resolution by the Board of Directors.

2. Relationship with Customers

Since its foundation, the basis of customer satisfaction of the Group has been "quality first." The Group shall make efforts to execute thorough quality management and ensure uniform quality throughout the world.

In addition, the Group shall always listen to its customers to offer high-quality products and solutions, and aim to solve problems and create value with customers.

The Group shall ascertain the opinions and needs of customers through a variety of channels, including e-mail surveys, in-person meetings, sending out questionnaires, dialogue at product seminars, and through the Global Response Center which is the general contact for service, and strive to provide products and services that satisfy customers even more.

3. Relationship with Business Partners

The Group shall put in place a management framework with respect to overall business processes, including relationships with customers and business partners as part of the Group's internal control.

With respect to the purchasing process, the Group shall formulate the "Group Procurement Code" based on the corporate philosophy and the Standards of Business Conduct, a set of rules that stipulates fair and impartial transactions. The Group shall carry out transactions in compliance with the laws and regulations of the countries and regions it does business in, focus efforts in developing a supply chain that gives consideration to protecting the environment, and respect human rights as well as work on the issue of conflict minerals.

In addition, the Group shall establish the "Yokogawa Group Supply Chain CSR Guideline," and disclose the guidelines to domestic and overseas business partners. The guidelines shall stipulate the basic purchasing policy as guidelines for daily operations.

4. Relationship with Society

Based on the belief that "a company is a public entity of society," the Group shall view contributing to solving societal problems, particularly realizing sustainability, through its businesses as its mission.

The Group shall position the protection of the global environment as an important management issue, and promote environmental management. In addition to helping customers practice environmental management by developing products that are in harmony with the environment and by offering environmental solutions that help customers analyze and reduce the environmental impact resulting from their business activities, the Group shall aggressively work to reduce the environmental impacts in its own business areas.

The Group's basic policy is to have absolutely no relationships with anti-social forces which threaten the order and safety of civil society. This involves taking a resolute stance against any inappropriate and unlawful demands from anti-social forces. If anti-social forces approach the Group, the organization shall stand up as one to handle the issue and thereby contribute to maintaining the order and safety of society.

Furthermore, in addition to working on social contribution activities as the Group, we shall strive to create an environment in which individual employees are easily able to engage in social contribution activities on their own.

5. Relationship with Employees

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

- (i) We shall adhere to international human rights guidelines and take differences in region and culture into consideration when employees perform work. Furthermore, we shall include into our compliance guidelines the provision that employees shall not be discriminated against due to race, nationality, gender, religion, age, the existence or non-existence of disabilities, or any other factors, and ensure that these guidelines are thoroughly enforced throughout the Group.
- (ii) As the Group grows and develops its businesses globally, having a diverse group of human resources continue to work is an absolute necessity for additional growth by the Group. As such, we shall promote the active participation of a diverse group of personnel in terms of both race and nationality, not just at the Group's overseas locations, but in Japan as well.

In addition, the Group shall work to transform awareness and behavior and establish a system to take advantage of its diverse workforce, and thereby further strengthen its global business competitiveness, including the creation of new value.

- (iii) The Group shall formulate the Standards of Business Conduct as the basic principles of compliance, and directors shall lead the way in complying with the business ethics and making sure that the business ethics are understood and followed in the Group. In addition, to firmly establish compliance awareness in the entire Group, each year compliance training shall be provided to all employees and all employees shall take a compliance awareness survey. The status of these activities and their outcomes shall be reported to the Board of Directors.
- (iv) A whistleblowing and consultation contact point shall be established in order to early detect compliance-related problems as well as prevent any problems from occurring in advance. In addition, an external whistleblowing and consultation contact point independent from Company management shall be established. A system shall be in place for the lawyer in charge to communicate any notifications or consultations received concerning the Company's directors or officers directly to the Company's audit & supervisory board members.

The Group shall include in the "Rules on Internal Reporting and Consultation" the provision to ensure that persons who provide information remain anonymous as well as prohibit such persons from being treated disadvantageously. Efforts shall be made to ensure that these rules are understood and complied with.

Chapter IV. Information Disclosure and Communication

1. Information Disclosure

In order to contribute to the Group's sustainable growth and increased corporate value over the medium to long term, the Group shall emphasize constructive dialogue with shareholders and other stakeholders. In accordance with the disclosure policy, the Group shall appropriately disclose not only financial information but also non-financial information pursuant to laws and regulations and other applicable rules, and work to

proactively provide information in addition to the information that must be disclosed pursuant to laws and regulations and other applicable rules.

- (i) Information shall be disclosed in conformity with the rules for timely disclosure stipulated by the Financial Instruments and Exchange Act, other laws and regulations, as well as the Tokyo Stock Exchange. In addition to such disclosure, the Company shall proactively disclose information which is believed to impact investment decisions by investors.
- (ii) In order to provide information to overseas investors, the notice of the General Meeting of Shareholders, the Yokogawa Report, and other disclosure materials shall be also provided in English. In addition, various types of information shall be posted in English on the Company's website.

2. Communication with Shareholders and Other Stakeholders

In order to contribute to the Group's sustainable growth and increased corporate value over the medium to long term, the Group shall strive to engage in constructive dialogue with shareholders and other stakeholders. The Board of Directors shall formulate and disclose a policy regarding its efforts to put in place a framework and its other initiatives aimed at fostering constructive dialogue with shareholders.

(Supplementary Provisions)

The Guidelines shall take effect on November 6, 2018.

End

Attachment 1: Standards of Business Conduct for the Yokogawa Group

I. Basic Principles of the Yokogawa Group

1. Realizing The Yokogawa Philosophy

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

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

We observe the Standards of Business Conduct.

2. Customer Satisfaction

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

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

3. Observance of Laws and Regulations

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

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

4. Respect for Human Rights

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

5. Order and Safety of Community and Society

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

II. Basic Attitude of the Yokogawa Group

1. Customers

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

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

2. Shareholders

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

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

We maintain a sound and clear relationship with our shareholders.

3. Community and Society

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

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

4. Suppliers and Vendors

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

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

5. Competitors

We compete fairly, openly and freely with other suppliers.

6. Politicians and Governmental Agencies

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

III. Guideline of Conduct for Yokogawa Group Members

1. Workplace

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

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

2. Group Assets

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

3. Management of Information

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

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

4. Avoidance of Conflict of Interest

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

5. Prudent Personal Activities

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

Attachment 2: 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 (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.

Attachment 3: Policy on Dialogue with Shareholders and Investors

Basic Views

In conformity with the Standards of Business Conduct and the Disclosure Policy, in order to contribute to sustainable growth and increased corporate value over the medium to long term, the Company will promote constructive dialogue with shareholders and investors.

The responsible officer for dialogue with shareholders and investors will be the officer responsible for IR, who will ensure that information sharing between departments that assist in such dialogue and other types of cooperation take place.

The department in charge of IR, which is under the oversight of the responsible officer, will be the contact for dialogue and handle the dialogue quickly, having directors and other members of management become involved in dialogue as necessary as a fundamental rule, depending on purposes of the meeting, etc.

The Company will strive to promote an understanding of the Company, placing utmost importance on dialogue through in-person meetings. However, depending on the needs of overseas shareholders and others, the Company will also engage in dialogue through means, including telephone and e-mail. When making dialogue, the Company will ensure to prevent leakage of insider information.

In order to encourage constructive dialogue with shareholders and others, when meeting with a shareholder for the first time, for example, we will try to enhance the content of the meeting by providing explanations not only about financial information, but also about non-financial information. In addition, we will strive to deepen shareholders' and investors' understanding of the Company by holding financial results briefings, business briefings, factory tours, and other events.

The responsible officer and the department in charge of IR will regularly hold meetings with the representative director and president and, as necessary, share the details of meetings with related departments, and provide reports to the Board of Directors, etc., thereby leading to improvements targeting effective dialogue.