



Protecting the Earth

For Future Generations

Yokogawa Group Environmental Report 2002

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● Editorial Policy

This is the fourth issue of the annual environmental report. The structure of and descriptions in this issue take into account the recent social trends and concerns of readers, while maintaining consistency with previous issues.

- **Objectives of issuing this environmental report:** To convey the true nature of environmental management sought by the Yokogawa Group and the Group's role in building a sustainable society; to summarize the targets and their attainment in fiscal year 2001; and to describe the Group's activities in detail.
- **Making the report easier to understand:** Technical environmental terms are footnoted on the same page. Technical terms for the industry and Yokogawa jargon are avoided in principle, and footnoted where used. Where quantitative parameters such as indicators and ratios are shown, their calculation formulas and meanings are noted.
- **Ensured transparency:** Yokogawa Electric Corporation teamed up with a company specializing in the preparation of reports, and jointly collected materials and wrote the articles for this report. While gathering materials, we disclosed the collected data and held site tours.
- **Introduction of environmental solutions:** In addition to the global environmental protection activities of the Group, this issue contains good examples of how we are helping to create a sustainable society and make industrial activities more harmonious with the environment.
- **Referencing the guidelines:** The following guidelines were used as references in preparing this issue: Environmental Reporting Guidelines (Fiscal Year 2000 Version) published by the Ministry of the Environment, Japan; Reporting Guidelines 2001 - With Focus on Stakeholders published by the Ministry of Economy, Trade and Industry, Japan; Environmental Reporting Guidelines (Fiscal Year 2002 Version) published by the Ministry of the Environment, Japan; and Sustainability Reporting Guidelines published by Global Reporting Initiative™, the United States.
- **Period reported:** April 1, 2001 through March 31, 2002
- **Date issued:** July 2002
- **Next issue:** July 2003

Data Sources

Company or Site	Employees	Functions
Headquarters, Yokogawa Electric Corp., Japan	5,766	Headquarter function, research and development, engineering, manufacturing, sales, and servicing
Kofu plant, Yokogawa Electric Corp., Japan	1,046	Engineering and manufacturing
Akiruno plant, Yokogawa Electronics Manufacturing Corp., Japan	441	Engineering, manufacturing, and sales
Mie plant, Yokogawa Electronics Manufacturing Corp., Japan	124	Manufacturing
Fukushima plant, Yokogawa Electronics Manufacturing Corp., Japan	225	Manufacturing
Nagano plant, Yokogawa Electronics Manufacturing Corp., Japan	409	Manufacturing
Kokusai Chart Corp., Japan	150	Engineering, manufacturing, and sales
Yokogawa M&C Corp., Japan	218	Engineering, manufacturing, and sales
Yokogawa Rental & Lease Corp., Japan	282	Rental and leasing
*Yokogawa Trading Corp., Japan	102	Procurement and import/export agency services
*Yokogawa Engineering Service Corp., Japan	819	Repair, calibration, and servicing
Yokogawa Denshikiki Co., Ltd., Japan	387	Engineering, manufacturing, and sales
Suzhou Yokogawa Meter Co., People's Republic of China	480	Manufacturing and sales
Yokogawa Shanghai Instrumentation Co., Ltd., People's Republic of China	88	Manufacturing and sales
*Yokogawa Sichuan Instrument Co., Ltd., People's Republic of China	227	Manufacturing and sales
Yokogawa Electric Asia Pte. Ltd., Singapore	249	Engineering and manufacturing
P.T. Yokogawa Manufacturing Batam, Indonesia	542	Manufacturing
*Yokogawa Engineering Asia Pte. Ltd., Singapore	268	Engineering and sales

* Sites added since last year's report.

A Message from Management — Strengthening Environmental Management

Following Japan's ratification of the Kyoto Protocol which aims to preserve the limited resources and living environment on earth, specific measures have started to be implemented. As society becomes more environmentally aware, corporations including the Yokogawa Group must consistently address environmental protection together with local communities while maintaining a global perspective.

In January 2000, the Yokogawa Group set out its new corporate strategy under the title "VISION-21 & ACTION-21," in which it defined its top priority as: "The Group aims to contribute toward not only preservation of the global environment in the 21st century and the recycling of resources in society, but also toward achieving a thriving global society." This statement reflects the Group's firm commitment to environmental management.

In fiscal year 2001, the Group continued working towards its environmental management targets, aiming to supply "green" (environmentally friendly) products through a broad range of activities. Such activities include extending a system which had been demonstrated in model sites to other sites, putting new systems into operation, and developing various guidelines. The Group also proposed environmental solutions for reducing the burden on the global environment and embracing a recycling-based system throughout society.

The Yokogawa Group believes that, in the 21st century, which has been called "the century of the environment," enterprises as well as citizens must take steps to use resources and energy effectively.

This public report summarizes the environmental management activities of the Yokogawa Group over the last fiscal year, reflecting our commitment to making environmental information publicly available and communicating openly with our many stakeholders.

We welcome your comments on this report and will use them to enhance our environmental management.

July 2002

Isao Uchida
President and Chief Executive Officer



◆ Environmental Management of the Yokogawa Group

Overview of Environmental Management in New Corporate Strategy

Efforts to protect the environment as a result of business activities are important, not just within the activities themselves. Based on Yokogawa's corporate policy of "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," the Yokogawa Group is addressing environmental management under its new corporate strategy, VISION-21 & ACTION-21.

VISION-21 & ACTION-21 states that the Group shall create value together with customers in industry and society, and contribute to protection of the global environment and recycling-based society of the 21st century to build a vibrant, sustainable world. In practice, this means that the Yokogawa Group's environmental management system must be based on the following three pillars:

1. Promotion of recycling-based management

- Effective use of resources and energy
- Prevention of environmental pollution
- Promotion of reduction, reuse, and recycling of waste

2. Global environmental protection (supply of environmental solutions)

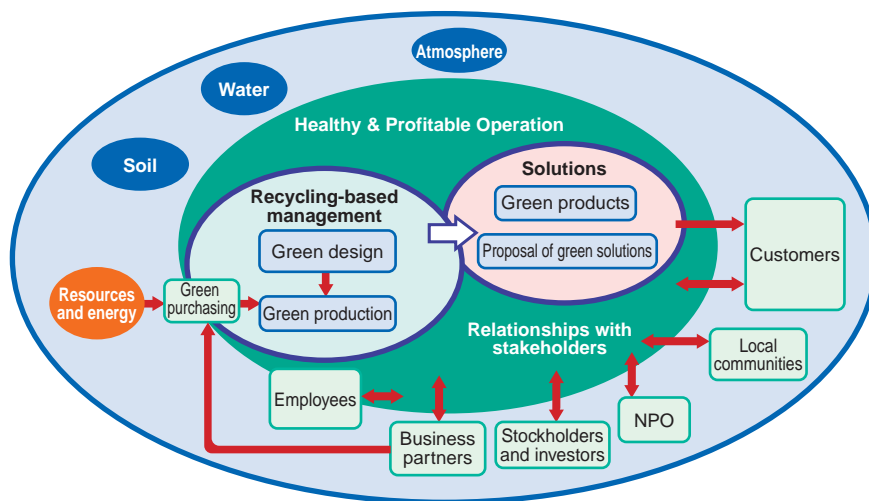
- Creation of green products
- Supply of environmental solution services

3. Autonomous actions

- Practice of environmental protection activities
- Participation in corporate and civil activities related to environmental protection

To date, the Group has focused on "Enterprise Technology Solutions," the objectives of which are to supply the latest and best technologies, services and solutions to each user to minimize the life-cycle costs of the user's equipment and plants, thus maximizing added value. In addition, by practicing environmental management, the Group supplies environmental solution services to a broad range of social systems.

The environmental management of the Group can be represented schematically as shown in the figure below. Thus, recycling-based management, supply of environmental solutions, and relationships with stakeholders form three pillars of our operations to ensure harmonious coexistence with the natural environment as well as economic and social environments, and to add value in multifaceted aspects. We call this "healthy and profitable operation."



Environmental Management by the Yokogawa Group

Basic Environmental Management Rules and Goal

1. Basic Environmental Management Rules

In line with VISION-21 & ACTION-21, the Yokogawa Group enacted Basic Environmental Management Rules for the Yokogawa Group in April 2001, which apply to the operations of all firms of the global Yokogawa Group.

Basic Environmental Management Rules for the Yokogawa Group

Article 1. Environmental Philosophy of the Yokogawa Group	Based on Yokogawa's corporate policy of "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," the Yokogawa Group recognizes that protecting the earth's environment for future generations is crucially important for all mankind. We therefore aim to contribute to industrial development while maintaining harmony with the environment.
Article 2. Environmental Policy of the Yokogawa Group	The Yokogawa Group shall consider protection of the global environment to be a key management target and shall establish an environmental management system to continuously improve its environmental performance. Therefore, all firms in the Group shall: <ol style="list-style-type: none"> (1) Strive to carry out resource recycling-based operations. By conducting its business without omission, the Yokogawa Group strives to utilize energy and resources efficiently, to prevent environmental pollution, to reduce waste, and to promote reuse and recycling of resources with the aim of achieving zero emissions. (2) Contribute to global environmental protection. The Yokogawa Group creates and/or provides environmentally friendly products, namely, "green" products, and supplies society with solutions and services that contribute to global environmental protection. (3) Act autonomously with consideration of the environment. All employees of the Yokogawa Group shall: <ul style="list-style-type: none"> • Understand the Environmental Philosophy (Article 1), Code of Conduct for Environmental Protection (Article 3), and Environmental Policy (this article) of the Yokogawa Group; • Improve their environmental awareness and implement environmental protection activities under their own initiative; and • Positively support and participate in corporate and civil activities related to environmental protection.
Article 3. Code of Conduct for Environmental Protection by the Yokogawa Group	The Yokogawa Group shall consider protection of the global environment in all aspects of its business activities. Therefore, all firms in the Group shall: <ol style="list-style-type: none"> (1) Reduce all kinds of their environmental impacts and strive to promote recycling in their business operations; (2) Actively assist customers in their global environment protection activities; and (3) Actively participate in and cooperate with global environment protection activities wherever they are conducted.
Article 4. Environmental Management Organization	(1) Yokogawa Electric Corporation's vice president of environmental management reports directly to the president and chief executive officer of Yokogawa Electric Corporation, and oversees and administers the activities of all firms of the Group related to environmental protection. (2) Yokogawa Electric Corporation's department responsible for management and support for the Group instructs the Group firms to carry out the basic rules stipulated herein. (3) The president and chief executive officer of each firm of the Group is responsible for implementing environmental protection activities.
Article 5. Implementation of Environmental Protection Activities	(1) All firms of the Yokogawa Group shall abide by the Environmental Policy (Article 2) and implement concrete environmental protection activities. (2) Departments having headquarter functions shall improve the instructions and support for Yokogawa Electric Corporation's individual divisions and Group firms in order to spread environmental protection activities.

2. Goal — Establishment of Environmental Management Systems

The Yokogawa Group aims to establish an environmental management system in each consolidated firm of the Group, according to the scale and scope of business of each firm. In particular, we divided the firms into three levels: (1) firms that are to obtain ISO14001 certification; (2) firms that are to establish a simplified version of environmental management system*; and (3) firms that are to establish energy efficiency and waste management in daily activities. The goal of the entire

Group is to establish environmental management systems at the individual levels until fiscal year 2005.

* Simplified version of environmental management system:
An environmental management system for consolidated firms that do not possess a manufacturing facility.

