

LR Independent Assurance Statement

Relating to Yokogawa Electric Corporation's Environmental and Social Data within its Sustainability Report 2019 for the fiscal year 2018

This Assurance Statement has been prepared for Yokogawa Electric Corporation in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by Yokogawa Electric Corporation ("the Company") to provide independent assurance on its environmental and social data within its Sustainability Report 2019 ("the Report") for the fiscal year 2018, that is, from 1 April 2018 to 31 March 2019, against the assurance criteria below to a limited level of assurance and professional judgement of the verifier using ISAE 3000 and ISO 14064-3:2006 for greenhouse gas ("GHG") data.

Our assurance engagement covered the Company's operations and activities in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:

Environmental indicators:

- Energy consumption (GJ)
- Solar power generation (kWh)
- GHG emissions¹ (Scope 1 and Scope 2 [Market-based]) (tonnes CO₂)
- Water withdrawals (m³) and Water discharges (m³)
- Total waste generated (tonnes) and Total waste landfilled (tonnes)

Social indicators:

- Frequency rate of occupational accidents²
- Number of employees in the Industrial Automation and Control, Test and Measurement, Aviation, and other businesses
- The female managers ratio to all managers³ (%)
- The ratio of the overseas to total employees (%)
- Number of registered and pending patents (in Japan and overseas countries)
- Number of registered and pending designs (in Japan and overseas countries)
- Number of registered and pending trademarks (in Japan and overseas countries)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the Report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Company.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe the Company has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable environmental and social data

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

¹ GHG quantification is subject to inherent uncertainty. LR also reviewed the Organisation's 2018 fiscal year against its 2017 to confirm the year-on-year change in Scope 1 and 2 GHG emissions data.

² The number of casualties resulting from the occupational accidents in the boundary divided by total working hours (in the unit of million hours).

³ The reported data only covers Yokogawa Electric Corporation.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LR's approach

LR's assurance engagements are carried out in accordance with ISAE3000 and ISO14064-3. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the Report.
- Sampling datasets and tracing activity data back to aggregated levels;
- Visiting Kofu plant and Komagane plant of Yokogawa Manufacturing Co., Ltd. in Japan to assess the data collection processes and record management practices.

Observations

The company has demonstrated improvement in its data management system compared to that of last fiscal year. However, the Company should maintain the reliability of its future environmental and social performance data.

LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems - Part 1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LR is the Company's certification body for ISO9001. The verification and certification assessments are the only work undertaken by LR for the Company and as such do not compromise our independence or impartiality.

Signed

Dated: 27 June 2019



Norihiko Kinoshita

LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

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