

# Yokogawa Group CSR Report 2009

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## Disclosure on CSR Information

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We disclose CSR Information as some part of 'Annual Report 2009' and on this report. The Annual Report provides information relevant to key CSR topics, while this report contains detailed data.

## Period Covered by This Report

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April 1, 2008 through March 31, 2009

Where appropriate, events beyond this period and some latest news may be included.

## Scope of Data

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This report covers Yokogawa Electric and its group companies.

Different scope Data are noted separately in their respective sections.

## Company Names

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In this report, "Yokogawa" or "Yokogawa Group" refers to the entire organization, "Yokogawa Electric" refers to Yokogawa Electric Corporation.

## Reference Guidelines

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- Environmental Reporting Guidelines (Fiscal year 2007 Version), published by the Ministry of the Environment, Japan
- Environmental Accounting Guidelines (Fiscal year 2005 Version), published by the Ministry of the Environment, Japan
- Sustainability Reporting Guidelines 2006, published by the Global Reporting Initiative

One reason for a company's existence is the contribution that it makes to society, and an important mission for any company is the enhancement of its corporate value through healthy and sustainable growth. The Yokogawa Group aims to build relationships of trust and meet the expectations that have been placed on it by society, and does so with the realization that it owes much to nature and the community. Without the acceptance and respect of society, we will not be able to sustain our business operations. As a global citizen, I would like to create value together with our customers and help to make our society more sustainable. We will always be looking for those contributions that only Yokogawa can make by leveraging our technical strengths, and will endeavor to be a socially responsible company with spirited employees who hold their heads high.



President Shuzo Kaihori

The Yokogawa Group has joined the United Nations Global Compact to affirm its support of fundamental principles in the areas of human rights, labor, the environment, and anti-corruption. We will make sure that all employees honor these principles.

## Our Identity

Our corporate philosophy is a declaration of the Group's identity: "As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information." Although our business activities may not be well known to the general public, we are striving to fulfill our responsibilities to society through the products and services that we provide our customers, and take pride in our support of industries worldwide.

In 2000, we announced the VISION-21 and ACTION-21 long-term corporate strategy for the years leading up to 2010. VISION-21 states, "The Yokogawa Group will work together with its customers to create value in the fields of industrial and social systems. Thus, the Group aims to contribute toward not only preserving the global environment in the 21st century and realizing resource recycling in society, but also realizing a thriving global society." VISION-21 also sets out our common values, which includes respect for individuals, the creation and sharing of value with our customers, and fairness and openness.

## Winning Society's Trust

Trust provides the very foundation for a company's existence. The second part of our corporate philosophy makes clear our standard for personal conduct, affirming, "Individually, we aim to combine good citizenship with the courage to innovate."

In 1994, we set out our basic compliance policies in the Standards of Business Conduct for the Yokogawa Group. In addition, the Yokogawa Group Internal Control Systems have been established to enhance corporate governance. Thanks to a Groupwide commitment, both efforts have been effective, and we will take further steps to reinforce them. To promote understanding of our activities and build trust, we will also seek to disclose more information.

## Technological Innovation for Our Customers

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As indicated in a number of corporate image surveys, Yokogawa is known as a technology company. I believe society expects a contribution from us that is based on our high-quality products and services and utilizes our leading edge technology.

In 2006, the Group designated FY2010 as the Second Milestone for the VISION-21 and ACTION-21 strategy, which states, "Yokogawa will help customers solve problems from their point of view (Customer Centric Solutions), using optimum technical expertise (Leading Edge Technology)." We will do whatever it takes to meet our customers' needs.

## Global Human Resources

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Another initiative for the Second Milestone is "One Global YOKOGAWA." Regarding this initiative, we have stated, "We must be One Global YOKOGAWA in the eyes of our customers, no matter when, where, or how they encounter us." As developing and utilizing human resources is another important mission for a company, we will provide the kind of environment in which employees can fully demonstrate their true potential.

More than 50% of our consolidated sales come from outside Japan. Approximately one half of the Group's employees work in subsidiaries outside Japan, and just one fourth work for subsidiaries in Japan. In response to the increasing diversity of our business and its employees, we must achieve a truly consolidated operation that allows us to combine the strengths of this diverse workforce.

## Approach to Social and Environment Issues

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Humankind today faces many problems that involve society and the environment. We must ask ourselves what we can do as a company to respond to these problems and look for answers. Although major issues such as poverty, military conflict, and refugees cannot be immediately resolved by any one company acting on its own, there are many other areas like water, food, medicine, and housing where our business activities in fields such as measurement, control, and life science can have an immediate impact in people's lives.

Yokogawa is already moving forward on these fronts by leveraging its measurement, control, and information technologies to provide products and services that, for example, help to reduce energy consumption. Capitalizing on our expertise in such areas as renewable energy and water recycling and reuse, we will make further contributions with the aim of realizing a sustainable society.



Yokogawa has established the corporate philosophy and the standards of business conduct applied to all the group companies. These policies clearly describe Yokogawa's corporate responsibility.

Also, the Yokogawa Group Compliance Guidelines give clear rules and guidelines relating to human rights, obedience to the law, workplace safety, hygiene, etc.

We at Yokogawa fulfill our social responsibilities in the areas of society and environment, business activities, human resources, and management.

## Society and Environment

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We consider the society and environment surrounding our business activities, making efforts to improve global environment and build relationships with local communities which we directly affect.

## Business Activities

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We fulfill our responsibility through business activities not only independently within the company, but also on a larger scale by involving our customers and suppliers.

## Human Resources

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The quality of our business activities depends on the employees. With a reliable management system, we strive to create a work environment that facilitates innovation and to provide career opportunities that allow them to maximize their potential.

## Management

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In order to maintain trust as a company, we have given priority to the establishment of management system. The management system is the core of our various business activities.

Yokogawa is actively engaged in fulfilling its corporate social responsibilities in the areas of society and environment, business activities, human resources, and management.

Aiming to be a company that is trusted in the global markets, we have positioned compliance as our number one management priority. We have also strengthened our internal control system and risk management.

## Corporate Governance

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Yokogawa's basic system of corporate governance including business execution system, board of directors, board of auditors, and whole structure

## Compliance

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System to promote compliance, compliance training, compliance hotline, and global opinion survey

## Risk Management

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Risk survey, classification of risks, management system, and risk reporting

## Information Security

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Information security measures to address three aspects: people, equipment, and information technology

## Quality Control

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Yokogawa's policy and management system for **Quality First Approach** and ISO9001 certification

## Compliance

Compliance is a top priority management issue at Yokogawa. We have been strengthening compliance management through the creation of systems that prevent ethical misconduct, and the establishment of a culture that encourages ethical conduct and we aim to be a sound and open company without misconducts.

### System to Promote Compliance

To create system that prevent ethical misconduct and a culture that encourages ethical conduct in each workplace, compliance system has been established in Yokogawa Group in Japan. To expand the system, in fiscal year 2008, similar systems were established in all non-Japan subsidiaries.

### Compliance Hotline

To rapidly identify and address compliance issues, Yokogawa established hotlines not only at Japan but also at non-Japan subsidiaries. In Japan we have the internal Business Ethics Line (BEL) and the external (staffed by lawyers from a law firm) Compliance Hotline (CHL), and we have actively encouraged the use of compliance hotlines by employees.



### Global Opinion Survey

Each year we carry out a Global Opinion Survey to clarify our employees' awareness of compliance issues. We subsequently analyze the results by workplace and functions, and make full use of the results to implement a range of compliance measures.



### Education and Training to Ensure Employee Compliance

Yokogawa conducts compliance trainings to enhance employees' awareness of compliance globally. In fiscal year 2008 in Japan we implemented a variety of compliance training courses as follows:

- Business ethics training for managers in all Yokogawa Group in Japan
- Training for new employees in Japan on the Standards of Business Conduct for the Yokogawa Group
- Business ethics training for newly appointed managers in Japan
- Business ethics training for Japan employees who are to be posted to other countries
- Business ethics training for managers outside Japan



### Business Ethics Week

In fiscal year 2008 we conducted a Business Ethics Week campaign for all employees in Japan.

- Shared messages from the top management about the importance of compliance
- Arranged for all employees to take an e-learning course that deepened their understanding of compliance.
- Encouraged employees to internalize and vocalize compliance slogan, to raise awareness and stimulate communication about compliance in each workplace.

## Compliance News

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We distributed a copy of the “Standards of Business Conduct for the Yokogawa Group” and the “Yokogawa Group Compliance Guidelines” to each employee of all Yokogawa group companies globally. Through these documents, we call for employees’ ethical conduct, adhering to our code of conduct both on and off the job.

Further, in Japan through a variety of initiatives such as the publishing of the Yokogawa Compliance News, we ensure that all employees understand that compliance is an issue that directly involves them.



## Case Studies of Ethical Misconduct

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In fiscal year 2008 we created a document entitled “Case Studies of Ethical Misconduct” and distributed it as a printed pamphlet and in PDF format on the company intranet in Japan. This collection of case studies helps employees learn about compliance issues through specific examples of unethical behavior, and it has been utilized in training sessions and study meetings at all of our workplaces in Japan.

## Compliance Guidelines in English and Chinese

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We translated “Compliance Guidelines for Yokogawa Group” (issued on 2007) into English and Chinese, and modified the text to address specific local issues. This text is used in compliance trainings in each country.

## Risk Management

### Risk Survey

In FY2008 we conducted a risk survey for all domestic and foreign affiliates and for the headquarters in the YOKOGAWA Group. The survey was conducted as a self-assessment of the state of risk extraction and risk management, using a risk survey sheet based on the book, **Learn Risk Management from Leading Companies - Practice Text**, issued by METI. "Risk" is defined as something that could affect the management of the YOKOGAWA Group. We further define risks that occurred in the past or is currently occurring as "explicit risks", and foreseeable risks that have not yet surfaced as "implicit risks".

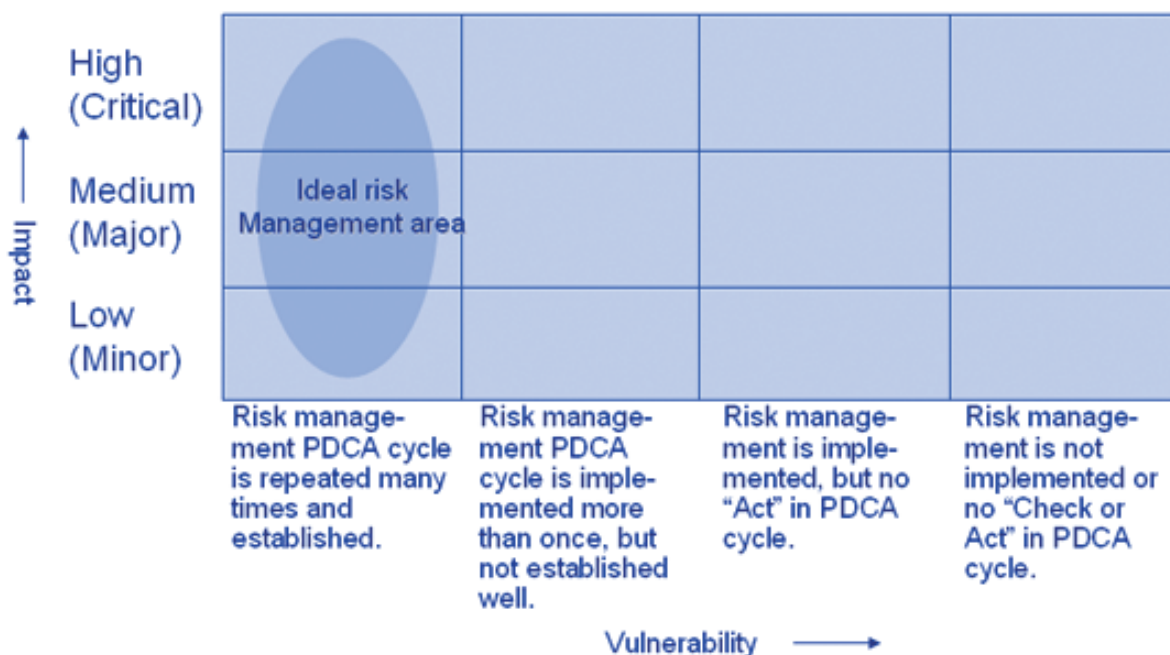
METI: the Ministry of Economy, Trade and Industry

### Classification of Risks

The risks extracted from the survey were classified into two categories, "corporate risks" and "business risks". "Corporate risks" deal with the YOKOGAWA Group's internal control systems, and is handled from 10 perspectives (e.g. quality, environment-health and safety, and information security, etc.) "Business risks" deal with our decision making. They are classified into "1. risks relating to the external environment", "2. risks relating to achieving business plan", "3. risks relating to partnerships with other companies", and "4. risks relating to human resources (recruiting, training, and utilization, etc.)".

### Risk Management

We use the PDCA cycle management to avoid, reduce, transfer and retain risks. The risk map is used to analyze situations in risk management.



## Reporting the Results of the Risk Survey and Risk Management

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We reported the results of the risk survey and the risk management at the board and management meetings. We are continuously improving the risks that are not well managed, and are also strengthening our risk management. Some of the examples for strengthening risk management in FY2008 include "counter-measures against the new flu pandemic", "strengthening information security", and "business continuity management in preparation for large earthquakes".

## Escalation of Information

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In the event of a disaster, accident, or incident that can seriously impact the Yokogawa Group companies' management and/or the lives of their officers and employees, the concerned organization must take prompt action to minimize the damage by gathering information and reporting back to the Group's top management.

To address this issue, we have created the "Guidelines for Reporting Disasters, Accidents, and Incidents". These guidelines have been prepared to advise all departments and affiliates in the Yokogawa Group on the reporting procedures to follow in the event of such disasters.

The Yokogawa Group works together with customers to provide them with solutions. To protect important information entrusted to us by our stakeholders, we implement information security measures to address three aspects: people, equipment, and information technology (IT).

### People: Information Security Training

An important way to protect information is to raise the security awareness of each employee by training them on how to handle information. To ensure that Yokogawa's employees appreciate on the importance of information security and keep their knowledge up to date, the Yokogawa Group uses an e-learning system to annually provide training to all employees. Based on the belief that "a good beginning makes a good ending," the Group provides training to new employees who are entering straight out of university or in mid-career to familiarize them with the rules of their new workplace. We also review the details and results of the training through information security audits.

### Equipment: Continuous Improvement

We implement anti-theft, fire-prevention, and other security measures to protect locations where information is stored. Our facilities and equipment are kept under continual surveillance, and efforts are made to replace obsolete facilities and equipment with state-of-the-art ones. For R&D facilities that require advanced security, we implement a variety of security measures including the introduction of iris authentication for facility access control and the use of storage cabinets that can only be unlocked with an employee ID card.



Opening a locked cabinet with an employee ID card

## Information Technology (IT): Protection Behind the Scenes

The most vulnerable point with regards to information security breaches is people. People can leak information by mistake and misuse information out of ignorance. IT systems provide ways to prevent such human errors.

### 1. Measures to prevent data leakage from PCs

We create a more secure environment by installing antivirus software, implementing biometric authentication, using data encryption, and more.

### 2. Anti-spam measures

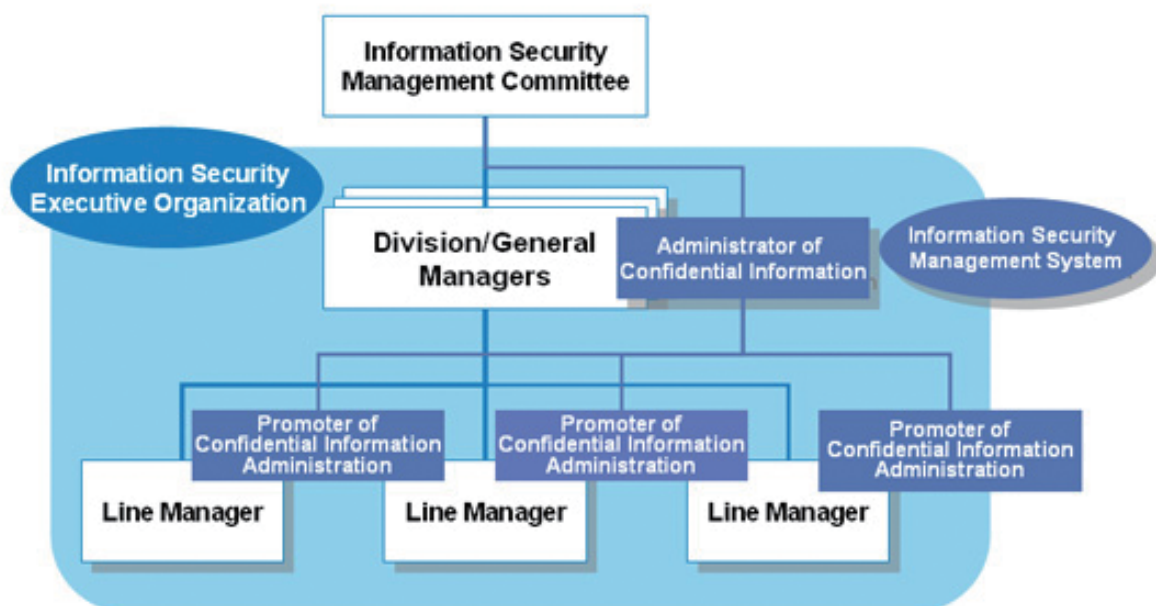
We have implemented an anti-spam filtering system, because spam mail is not only bothersome but also includes malicious mail that may cause data leakage and virus infection.

### 3. Network connection device management

To protect against unauthorized access and data leakage, we prevent unregistered PCs and related devices from being connected to the network.

## Organization

There is an Information Security Management Committee that discusses and determines information security measures and policies. In addition, there is an information security department or section for each of the Yokogawa Group's headquarters and business headquarters, as well as for each Group company. A PDCA, or Plan-Do-Check-Act, cycle is implemented to ensure information security activities are implemented smoothly.



Information security organization of Yokogawa Electric Corporation

Yokogawa is carrying out the environmental management activities globally throughout the entire Yokogawa Group and implementing the global environmental conservation activities that are closely integrated with its business operations in accordance with the principles of the Yokogawa Group Environmental Management Standards, which define our Environmental Philosophy, Environmental Policy, and Code of Conduct for Environmental Protection. Each Group company, in accordance with the Environmental Policy of the Yokogawa Group and the Yokogawa Group's Environmental Voluntary Action Plan (both the medium-term and annual plans), has established an environmental target, and is thus independently engaged in environmental conservation activities.

The Yokogawa Group's two goals of its environmental management are 1) to reduce the environmental burden of the Group's business activities and 2) to reduce the environmental burden of customers' business activities. The Yokogawa Group is proactively implementing environmental activities in all business areas to integrate the activities for reducing the environmental burden into our daily business operations.

## The Yokogawa Group's Environmental Management



The Yokogawa Group aims to reduce its global environmental burden across all its operations by:

- Proactively implementing environmental activities
- Providing environmental solutions and environmentally friendly products to customers

Through these activities, the Yokogawa Group will contribute to building a sustainable society together with its customers.

All operations: Senior management, planning, R&D, design, sales, procurement, production, distribution, service, recovery and recycling

Environmental activities: Resource and energy conservation, pollution prevention, waste reduction, promotion of reuse and recycling, etc.

## Environmental Policy

In conformity with Basic Environmental Management Rules for the Yokogawa Group, each site of the Group shall strive, in all its activities, to:

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

Each site establishes an environmental management system in order to promote and continuously improve its global environmental conservation activities. To maintain and improve the system, each site accurately evaluates the burden of its activities on the environment, sets environmental objectives and targets that are technically and economically viable, and carries out environmental audits.

**2. Provide environmental training.**

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

**3. Abide by legal regulations.**

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

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

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

**5. Minimize environmental pollution.**

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

**6. Create environmentally friendly products.**

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

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

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

**8. Contribute to local communities.**

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

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

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

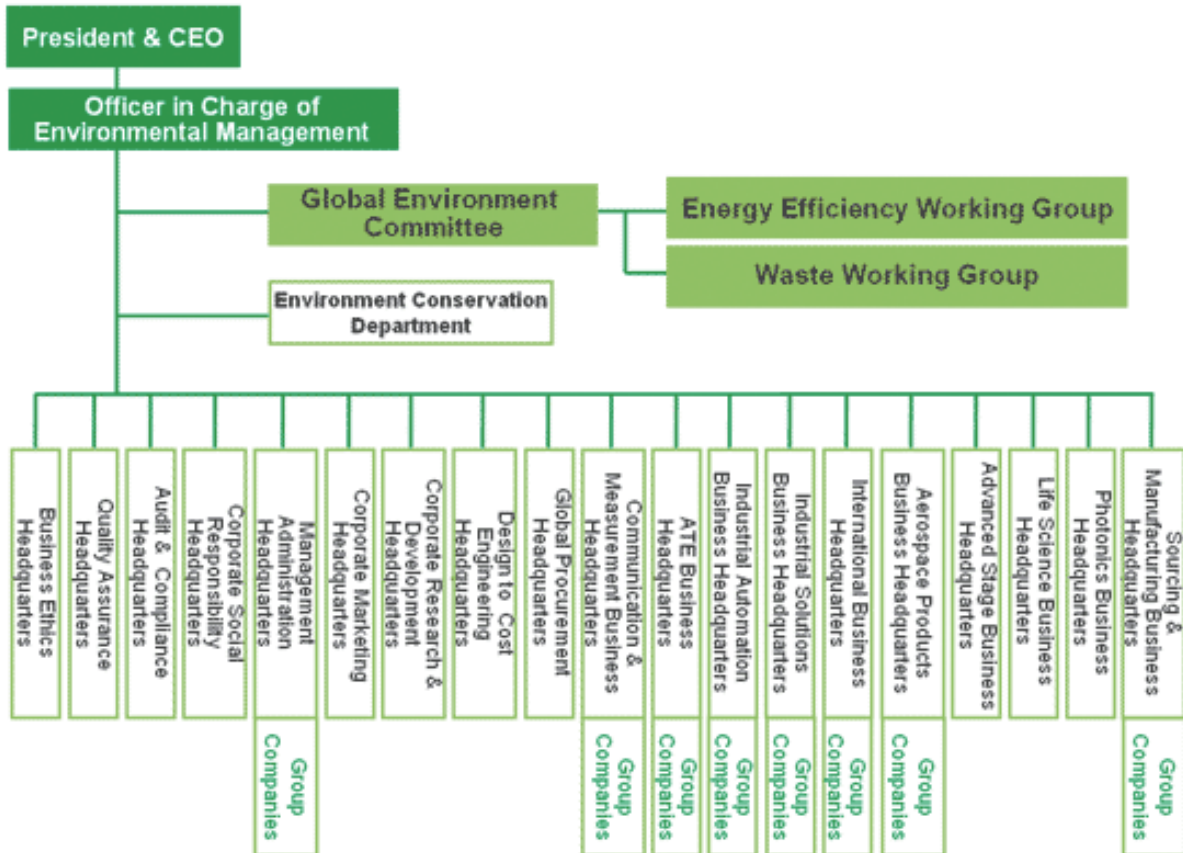
April 2008  
Manabu Sasada  
Senior Vice President  
Corporate Social Responsibility Headquarters  
Yokogawa Electric Corporation



## Environmental Management System

As Yokogawa's system, the business headquarters and divisions of Yokogawa Electric provide EMS guidance and support to the Group companies they are in charge of. By taking such measures that combine business and EMS, each Group company follows themes that are closely integrated with its targeted business practices for the fiscal year.

### Organization Chart for the Promotion of the Yokogawa Group's Environmental Management



## ISO14001 Certifications

There were 12 ISO14001 (\*2 including KES)-certified sites in Japan and 11 outside Japan as of the end of March 2009.

### ISO14001

As of the end of March 2009

Factories		Date Certified
Yokogawa Electric Corporation Headquarters & Main Factory		July 1997
Yokogawa Manufacturing Corporation*1	Komine Factory	July 1997
	Kofu Factory	July 1997
	Ome Factory	July 1997
	Komagane Factory	July 1997
	Uenohara Factory	July 1997
	Headquarters Factory	July 1997
Yokogawa Meters & Instruments Corporation		July 1997
Kokusai Chart Corporation		January 1999
Yokogawa Field Engineering Service Corporation		February 2000
Yokogawa Denshikiki Co., Ltd.		November 2000
Yokogawa Digital Computer Corporation*2		September 2007
Suzhou Yokogawa Meter Company	China (Suzhou)	May 1998
Yokogawa Shanghai Instrumentation Co., Ltd.	China (Shanghai)	March 2000
Yokogawa Sichuan Instrument Co., Ltd.	China (Chongqing)	December 2000
Yokogawa Electric China Co., Ltd.	China (Suzhou)	May 2004
Yokogawa Electric Asia Pte. Ltd.	Singapore	October 1998
Yokogawa Engineering Asia Pte. Ltd.	Singapore	August 2001
P.T. Yokogawa Manufacturing Batam	Indonesia	April 2000
Yokogawa Corporation of America	USA	June 2005
Yokogawa Electronics Manufacturing Korea Co., Ltd.	South Korea	December 2004
Yokogawa Measuring Instruments Korea Corp.	South Korea	March 2007
Yokogawa Philippines, Inc.	Philippines	June 2007

\*1 The following sites obtained integrated certification: Yokogawa Manufacturing Corporation Komine Factory, Kofu Factory, Ome Factory, Komagane Factory, Uenohara Factory, and Headquarters Factory.

\*2 "KES" refers to the KES Environmental Management System Standard.

## Environmental Auditing

### Internal Audits

The environmental internal audits of the Yokogawa Electric Corporation Headquarters & Main Factory consist of systems, legal compliance, and performance audits. Internal audits were conducted at all sites at least once during the year. Although some minor inconsistencies and items to be watched were identified, these were quickly addressed and corrected.

#### Internal Audit Inspection Items

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

### Periodic Inspections

The annual surveillance inspections were conducted at the Yokogawa Electric Corporation Headquarters & Main Factory as well as at Yokogawa Manufacturing by an ISO14001 certifying organization. Yokogawa's continuing efforts were praised and registered by the inspection team regarding the following aspects:

- Yokogawa Electric Corporation Headquarters and Main Factory were recognized for their expansion of identified positive environmental aspects associated with their core business, and for their effective communication with the external parties by hosting the "Executive Forum on Energy Conservation and Environment".
- Yokogawa Manufacturing was recognized for its expanded scope for identifying positive environmental aspects, and for its efforts to strengthen its internal audit system by educating and training additional auditors.

## Air Water Soil Pollution Prevention

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The Yokogawa Group ensures compliance with laws, regulations, agreements, etc., to prevent environmental pollution. At the same time, the Group adopts alternative technologies wherever possible to reduce environmental impact substances. The Group has set its proprietary control standards and taken measures to meet them, starting before the enactment of Japan's Soil Contamination Countermeasures Law.

### Protecting Water and Soil

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The Yokogawa Group has conducted soil and water studies at former production sites in accordance with its proprietary control standards, starting before the enactment of Japan's Soil Contamination Countermeasures Law. The Group continues to monitor the Yokogawa Manufacturing Moroyama Factory, where the purification of trichloroethylene-contaminated soil and water is now complete.

### Legal Compliance

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The Yokogawa Group continues to ensure that environmental laws, regulations, and agreements are thoroughly adhered to. Once again, we committed no violation in this regard in fiscal year 2008.

## Goals and Achievements

In fiscal year 2008, the Yokogawa Group reviewed its global environment protection activities from the environmental and business perspectives and strove to achieve targets that were closely integrated with its business operations.

The Yokogawa Group also strove to reduce our environmental burden and conserve energy and resources in production activities by carrying out measures such as a review of the handling of toxic chemical substances in products.

### Goals and Achievements in Fiscal Year 2008

Environmental Policy of the Yokogawa Group	Fiscal Year 2008 (main sites)		Self Evaluation
	Target/Goal	Results	
EMS implementation, maintenance, and improvement	Confirm and achieve environmental conservation action targets that are closely integrated with our business practices.*3	111 themes closely integrated with business operations attained Semi-annual internal audits conducted and effective environmental system confirmed	○
	Promote useful activities in line with existing business.*2	47 useful environmental activities promoted	○
Implementation of environmental education	Provide all employees with basic environmental education that can be applied to activities undertaken on their own initiative.*3	100% achieved	○
	Provide specialized environmental education to those who are engaged in business activities that have a particularly significant impact on the environment.*3	100% achieved	○
Legal compliance	Strictly comply with the improved voluntary control limits.*2	All items confirmed to be below the voluntary control limits	○
	Prevent boron and iodine values from exceeding limits set by regulations*2	Implemented measures to strengthen monitoring and measurement of boron and iodine; maintained levels within values set by standards	○
	Take measures to reduce environmental risks in 13 areas for environmental facilities and equipment.*2	Measures taken to reduce risks in 13 areas for environmental facilities and equipment	○
Promotion of recycling-based management	Reduce CO2 emissions: <ul style="list-style-type: none"> <li>by 19.5 % per unit floor space, compared to fiscal year 1990 (to 116.4 kg-CO2/m2 in emissions) *1</li> <li>to 26,519 t-CO2/year*2</li> </ul>	<ul style="list-style-type: none"> <li>31.7 % reduction (to 98.7 kg-CO2/m2 in emissions)</li> <li>Reduced to 23,248 t-CO2</li> </ul>	○
	Reduce total waste: <ul style="list-style-type: none"> <li>by 14% compared to fiscal year 2003 (654 t/year in total emissions)*1</li> <li>to 4,498 t/year*2</li> </ul>	<ul style="list-style-type: none"> <li>17% reduction (629 t/year in total emissions)</li> <li>Reduced to 3,317 t/year</li> </ul>	○

	Zero emission of waste <ul style="list-style-type: none"> <li>• Achieve 99.5% or higher waste recycling rate.*2</li> </ul>	<ul style="list-style-type: none"> <li>• 99.75% waste recycling rate achieved</li> </ul>	○
	Resource saving <ul style="list-style-type: none"> <li>• Deploy green production lines and make improvements to 15 lines*2</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved energy-saving improvements, including on manufacturing lines and for equipment, at 15 lines (reduced use of cutting oil, reduced volume of paper use, etc.)</li> </ul>	○
Reduction of environmental pollutants	Reduce toluene and xylene by 1,450 kg*2	2,413 kg reduction	○
	Promote lead-free soldering and achieve 100% application in planned products*2	Application to all planned products achieved	○
Development of environmentally friendly products	Reduce CO2 emissions of developed products by more than 25%.*1	Completed for five models	○
	Promote green procurement <ul style="list-style-type: none"> <li>• Introduce returnable tote boxes and palettes to seven more client companies *2</li> <li>• Upgrade more than four C-rated suppliers to B or higher *2</li> </ul>	<ul style="list-style-type: none"> <li>• Returnable tote boxes introduced to 14 more client companies</li> <li>• Rating of four suppliers upgraded</li> </ul>	○
Provision of environmental solutions	Increase sales of environmentally friendly products*1	Achieved	○
	Show visitors energy-saving efforts at the Kofu Factory*1	Achieved	○
Contribution to society through environmental protection	Promote contributions to society through participation in nature conservation and social and community activities*1	Participated in community clean-up activities	○
	Carry out nature conservation and social and community activities at least once a year at each site*2	A total of 29 social activities carried out	○
Disclosure of environmental conservation information	Promote information disclosure and enhance efforts to communicate with communities*1	CSR Report published	○
	Improve website*2	Risk management information published	○

Main sites:

Yokogawa Electric Corporation Headquarters & Main Factory and Yokogawa Manufacturing Corporation

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

\*2: Goals of Yokogawa Manufacturing Corporation

\*3: Common goals

## Environmental Education

Yokogawa Electric places an emphasis on the environmental education program as part of employee training in order to raise environmental awareness of each employee. The program consists of basic education, specialized environmental education, environment-related qualification education and special education. In fiscal year 2008, the environmental education structure was revised, and the education materials for environment basic education and education to raise environmental awareness were thoroughly reviewed and updated with the latest contents.

To raise environmental awareness and facilitate acknowledgement of each employee in the Yokogawa Electric regarding the global environmental conservation activities and daily updated environmental information, environmental education will be further expanded.

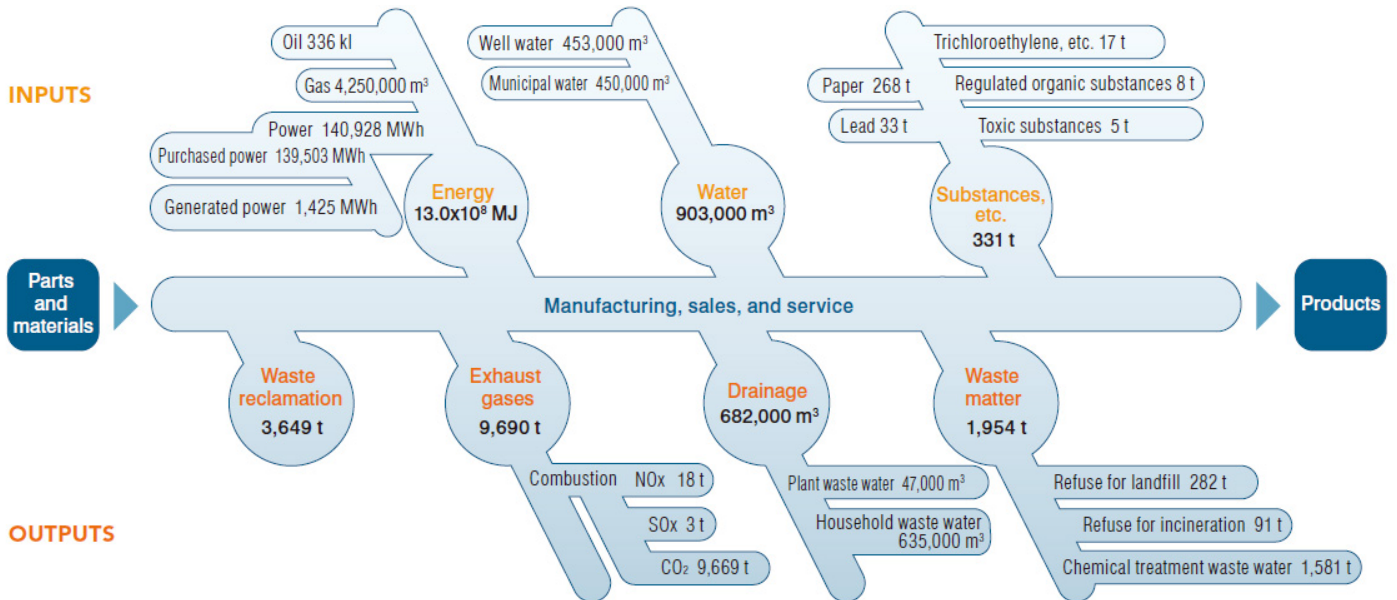
### Structure of Environmental Education in Yokogawa Electric Corporation Headquarters & Main Factory

	Environmental Management Manager	All Employees And Group Companies	Contractors
Basic Education	Basic Environmental Education		
	Education to Raise Environmental Awareness		
	Education for Facilitators		
Specialized Environmental Education		Specialized Environmental Education	Contractors Education
Qualification Education		Legal Practitioners Education	
	Internal Auditors Education	Engineering Staff Qualification System	
Special Education	Special Education		

## Environmental Impact

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

### Overview of Environmental Impact



Data was taken from ISO14001-certified manufacturing sites.



## Environmental Accounting

In accordance with the Ministry of the Environment's Environmental Accounting Guidelines (2005 edition), Yokogawa calculates the costs of its environmental activities and quantifies their economic impact. The cost of activities to protect the environment increased in fiscal year 2008 due to investment and expenditure for the construction of new buildings. Further, the application of a broader scope in the calculation of statistical totals resulted in an increase in emissions and in energy and water use.

### Environmental Conservation Costs

(Millions of yen)

Category	Item	Main Initiatives	Capital Investment	Related Costs
Costs for reducing environmental impact of factories (areas of operation)	Pollution prevention costs	Monitoring and measurement	332	500
	Global environmental conservation costs	Energy savings	146	157
	Resource recycling costs	Minimize generation of waste matter	0	145
Costs for reducing environmental impact of procurement and logistics		Green procurement	0	25
Environmental conservation costs in EMS activities		EMS updates, education	0	239
Environmental conservation costs in R&D activities		Development of environmentally friendly products	0	1
Environmental conservation costs in community activities		Environmental events	0	33
Costs for correcting damage to the environment		Soil recovery	0	1
Total			478	1101

### Environmental Conservation Effects

Category	Description of Effect (unit)	FY2007	FY2008	Effect
Resource expenditure	Total amount of energy consumed (10 <sup>8</sup> MJ)	11	13	-2
	Total amount of water resources consumed (km <sup>3</sup> )	727	903	-176
Global warming prevention	CO2 emissions (t)	8,899	9,669	-770
	CO2 emissions on unit sales (t-CO2/100 million yen)	3.2	3.5	-0.3
Air pollution	NOx emissions (t)	16	18	-2
	SOx emissions (t)	3	3	0

A minus effect indicates an increase in the environmental burden.

### Economic Effects of Environmental Conservation Measures — Intrinsic Effect

(Millions of yen)

Description of Effect	Amount
Reduction in expenditure due to recycling (sale of valuable resources, etc.)	29.7
Reduction in expenditures due to energy savings (power, etc.)	66.8
Reduction in expenditures due to resource savings (reduced use of paper and water, etc.)	4.3
Total	100.8

Data was taken from ISO14001-certified manufacturing sites.

## Environmentally Friendly Products

The Yokogawa Group is promoting the development of environmentally friendly products based on design standards and assessment standards for long-term use, energy conservation, and other parameters.

### An Environmentally Friendly Product "DLM2000"

Yokogawa has established the design standards and assessment standards when developing environmentally friendly products that promote long-term use, energy conservation, and so on. The Lifecycle Assessment (LCA) standards are used for preliminary assessments of CO<sub>2</sub> emissions, NO<sub>x</sub> emissions, and SO<sub>x</sub> emissions, throughout the product development.

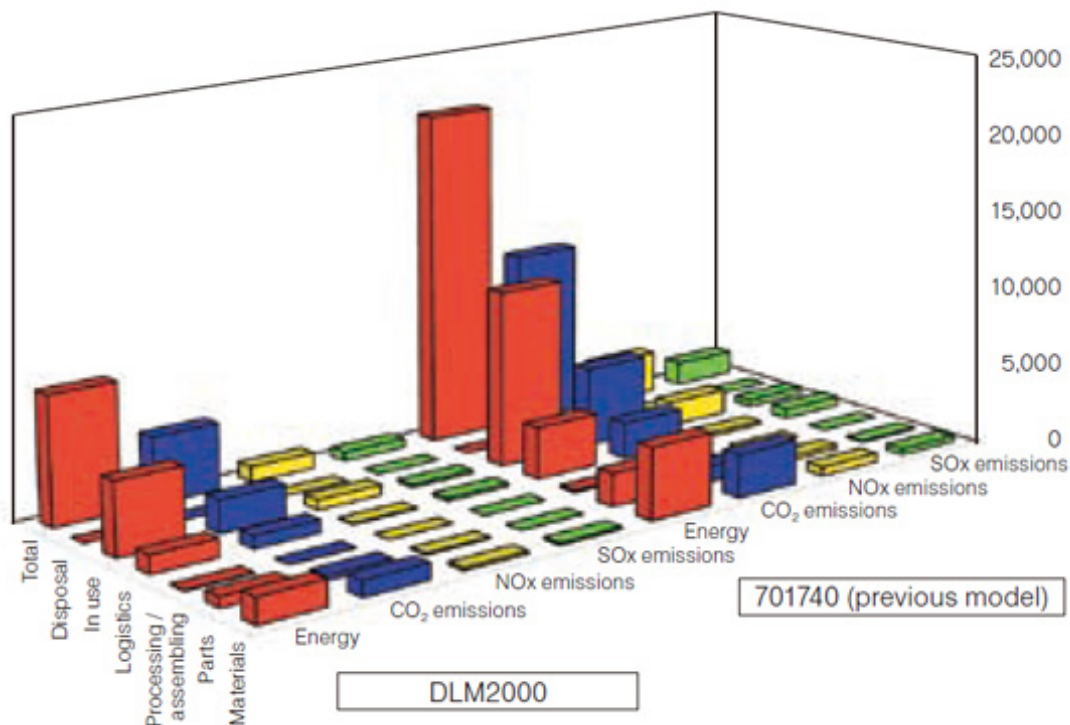
October 2008, Yokogawa Electric Corporation released a new mid-range digital oscilloscope, the DLM2000 series mixed signal oscilloscope. DLM2000 series oscilloscopes inherit the basic concepts - compact, lightweight, and inexpensive - which are also the reputations of Yokogawa products, to meet the customer needs in the increasingly digitized mechatronics and electronics market.



DLM2000 Mixed Signal Oscilloscope

An evaluation for DLM2000 series product based on the Lifecycle Assessment (LCA) Standards concluded that this series of products reduce the CO<sub>2</sub> emissions by 61.7%, NO<sub>x</sub> emissions by 62.1% and SO<sub>x</sub> emissions 61.8% comparing with the legacy models of similar products.

### Lifecycle Assessment (LCA) Reference Comparison Chart



## Guidelines for Environmentally Friendly Design

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

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

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

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

### **(3) Environmentally Friendly Product Design Guidelines**

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

### **(4) Standards on Toxic Substances in Products**

These standards guide the selection of environmentally friendly parts and materials in the design stage. Currently, efforts are being made to eliminate or reduce substances from a total of 44 substance groups: 15 prohibited substance groups and 14 voluntarily controlled substance groups specified in the Green Procurement Study Standardization Guidelines, and substances in 15 voluntarily controlled substance groups nominated by the Group.

### **(5) Recycled Product Design Standards**

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

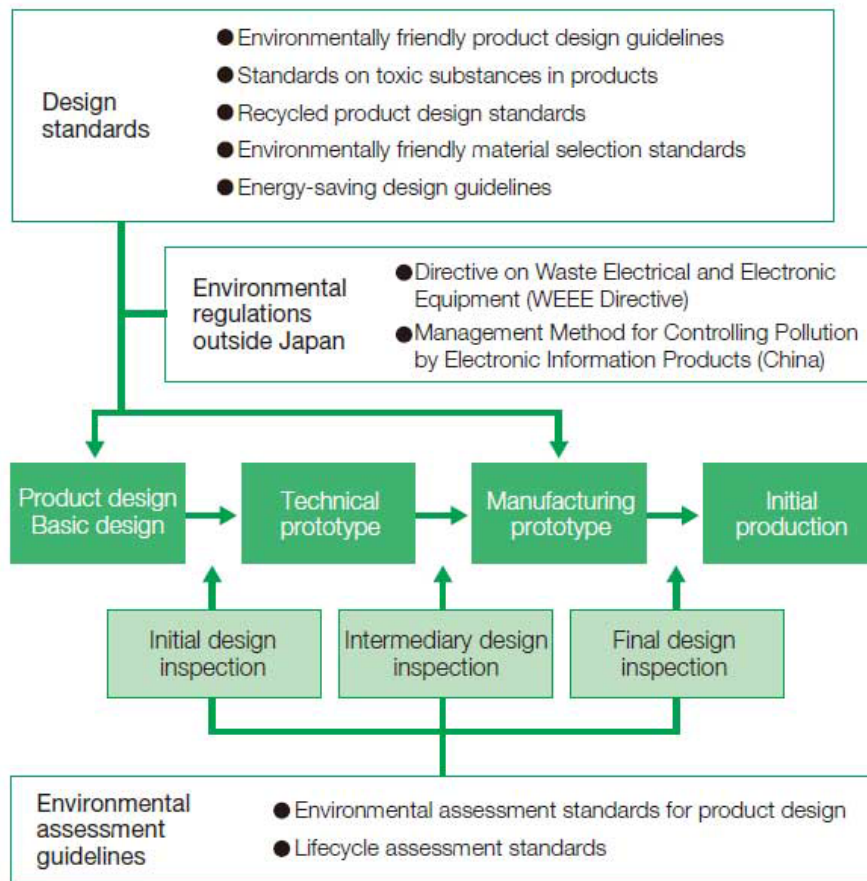
### **(6) Environmentally Friendly Material Selection Standards**

These standards state that the use of halogen-based flame retardants is to be avoided. The standardized specifications of materials also state that the use of structural steel plates containing hexavalent chromium is to be avoided and assign chrome-free steel plates as a substitute.

### **(7) Energy-saving Design Guidelines**

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

## Environmentally Friendly Design and Assessment Standards



### Environmental Assessment Standards for Product Design

(1) When	Initial design inspection/intermediate design inspection/ final design inspection
(2) Assessment items	Twenty-nine items including ease of recycling and treatment, resource conservation, energy conservation, long-term usability, ease of collection and transport, safety and environmental protectiveness, information disclosure, and packaging.
(3) Evaluation criteria	Score is zero points if legal regulations are not satisfied, four points if legal regulations are satisfied and an improvement of 30% or more is achieved, three points for an improvement of 15% or more, two points for an improvement of 5% or more, and one point for an improvement of less than 5%.
(4) Pass/fail judgment criteria	In order to pass, there must be no assessment items with a score of zero, and the total score must be greater than that of the old model. A “failed” judgment is given if any of the assessment items has a score of zero or if the total score is the same as or lower than that of the old model. The improvement guidelines target an improvement of 25% or more, and more than anything seek to incorporate environmental-burden reduction into design.

## Environmental Solutions

Up until now, Yokogawa has contributed great efforts to provide environmental solutions for energy conservation and global warming prevention in the industrial areas especially in the process control and measurement instrumentation areas. For global warming prevention purposes, the energy saving solutions for factories and offices are more and more demanded in recent years. From the cost reduction and environmental management point of view, Yokogawa will support the customer's energy saving efforts in the "Energy on Demand" concept, which refers to the supply of energy where it is required, when required, and in the required amount.

### Energy Saving and Environmental Executive Forum

Yokogawa hosted an Energy Saving and Environmental Executive Forum to which leaders representing the government, industry, and the media were invited for an exchange of opinions on the topic of environmental conservation on April 24, 2008, at the Imperial Hotel, Tokyo. On panel discussions, the panel members from the key industries of Japan made presentations on the most advanced technologies in the world regarding energy supply and conservation. 172 guests from government offices, customer companies, sales agents and press related organizations attended the forum. The representatives from industrial circles discussed the goals and strategies of the industrial world.



### Econo-Pilot Presentation on the G8 Toyako Summit

The G8 Toyako Summit was held in Toyako village of Hokkaido on July 7, 2008. In this summit, the main topics discussed by the world leaders include global warming prevention, food security, financial crises and energy supply issues.

Inside the International Media Center in Rusutsu Village, the Green IT Pavilion was opened, sponsored by Green IT International Symposium. At the Green IT Pavilion\*1, 11 companies including Yokogawa presented environmentally-friendly solutions.

Yokogawa presented an energy conservation control system, Econo-Pilot using an air conditioning system model and introduced the result of actual application of this solution with videos and photos to make an appeal on Yokogawa's energy conservation and environmentally-friendly technologies.



\*1: Green IT Pavilion is place for introducing the energy conservation solutions on IT devices and energy conservation technologies related to information technology.

## Green Procurement

Green Manufacturing starts with Green Procurement of resources, hence Yokogawa expects from its suppliers the same attitude towards sustainable manufacturing, production and procurement as Yokogawa has. With this approach, the Yokogawa Group is convinced it contributes to a sustainable society through all the corporation business activities.

The Yokogawa Group promotes Green Procurement activities in line with the Green Procurement Guidelines that were formulated to contribute to the conservation of the environment.

## Green Production Line

The Yokogawa Group established the Green Production Line Improvement Guidelines in 2002 and promotes improvements to reduce the environmental burden at each production line. Yokogawa is also making efforts to conserve the environment by reducing contaminants in the air, water, and soil, as well as reducing CO2 emissions generated by the use of electricity, while at the same time reducing costs.

### Reduction of Oil Usage in the Water Soluble Cutting Fluid

Yokogawa Manufacturing Kofu Factory has reduced the oil usage in water-soluble cutting fluid as a part of environmental conservation activities in fiscal year of 2008 on its metal cutting production line.

The cutting fluid used for metal cutting is a combination of oil and water. The density of the cutting fluid can be controlled by adjusting the quantity of tap water added to the fluid.

When the density of the cutting fluid was too high infrequently, the oil emulsion generated large amounts of foam and the cutting fluid leaked from the machine tools. We tested various densities of cutting fluid based on the vendor recommended density and decided the proper density for each machine tool. We carried out the density control on a daily basis by using a refractometer. Combined with training for the personnel responsible for various machine tools, the proper density of cutting fluid for each machine tool was obtained and applied. As a result of this activity to maintain the proper density of the water soluble cutting fluid used at Kofu Factory, the average monthly oil usage was reduced by 898L compared to the previous average monthly usage.

Moreover, originally, the cutting fluid that flowed out with metal crumbs was disposed with metal cutting waste. Now, before disposing the metal crumbs, a pump is used to suck the mixed cutting fluid and put back to the tank for reutilization.

In the future, we will test cutting fluids of different types to find more environmentally friendly water soluble cutting fluid, and aim further oil reduction.



Using Refractometer to Check the Density of Cutting Fluid



## Capsule Body Thickness Change

Yokogawa Manufacturing Kofu Factory has changed the capsule body thickness as a part of environmental conservation activities on its differential pressure transmitter production line. This activity was carried out based on the Material Flow Cost Accounting\* method.




When manufacturing a differential pressure transmitter product, a semi-product forged or casted roughly in the designed shape of the capsule body needs to be purchased from the iron and steel product maker. After cutting and scraping the semi product, the workpiece of the differential pressure transmitter capsule can be completed. Our activity for reducing the material waste targeted the scraped materials in this process. According to the research result of our research and development department, the scraped part can be reduced by reducing the surface unevenness. Thus, the weight of the capsule body semi product is changed from 1,400g to 1,250g. With this change alone, the scraped materials and waste materials are reduced by 600kg per month on average. Based on the "3R" concept (Reduce, Reuse and Recycle), zero-waste design and engineering processes should be considered. Our activity is an actual practice of Reducing, as one of various activities.



EJA110 Differential Pressure Transmitter can be used for measuring the flow, level, density and pressure of liquids, gases and steams.

\* Material Flow Cost Accounting: Material Flow Cost Accounting is an environmental management accounting method aimed at reducing waste in the manufacturing processes. This accounting method aims to measure both a material loss and s a monetary loss by classifying the loss into material cost, system cost, energy cost and waste cost in the accounting system.

Semi Product:

Before this change: 1,400g	After this change: 1,250g	Completed Product: 1,000g
		

## Development of Water Saving PCB Cleaning Machine

Yokogawa Manufacturing Ome Factory has taken a proactive step to save water in the printed circuit board cleaning process.

Originally, in Ōme Factory, about 400t of pure water was required each day for the surface cleaning processes of the printed circuit board production line. The water was mainly drawn from the water well. In recent years, no more than 300t of water can be drawn from the water well per day. The production line was even stopped occasionally due to the water shortage in the water well.

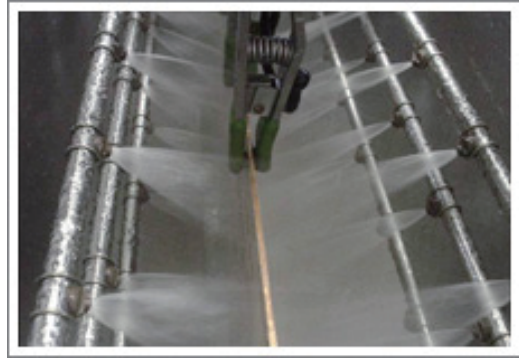


Figure Water Saving PCB Cleaning Machine is spraying water

On the other hand, another Yokogawa group company, Yokogawa Denshikiki, owns a patent for "Direct Cleaning Method" which is already implemented in dish washing machine products. Compared to the similar products of other manufacturers, this direct cleaning method uses water spray for cleaning and the water consumption is very small. Therefore, the two group companies took a joint test to figure out a way to apply the cleaning power and water saving features of the dish washing machine to the printed circuit board cleaning process. This resulted in successful development of the Water Saving PCB Cleaning Machine. Using this Water Saving PCB Cleaning Machine on the copper gilding production line yielded a very good water saving performance, the daily water consumption was reduced from 13t to 1.8 t, which is an 82% saving. Now, this success is being widely introduced to other production lines. When this cleaning method is applied to all the planned production lines in Ome Factory, the pure water consumption of the entire Ome Factory can be reduced by 25%, at the same time, the water sewerage is accordingly reduced as well. With this success, Yokogawa Denshikiki is considering to add this technology to its business lineup.

## Global Warming Prevention

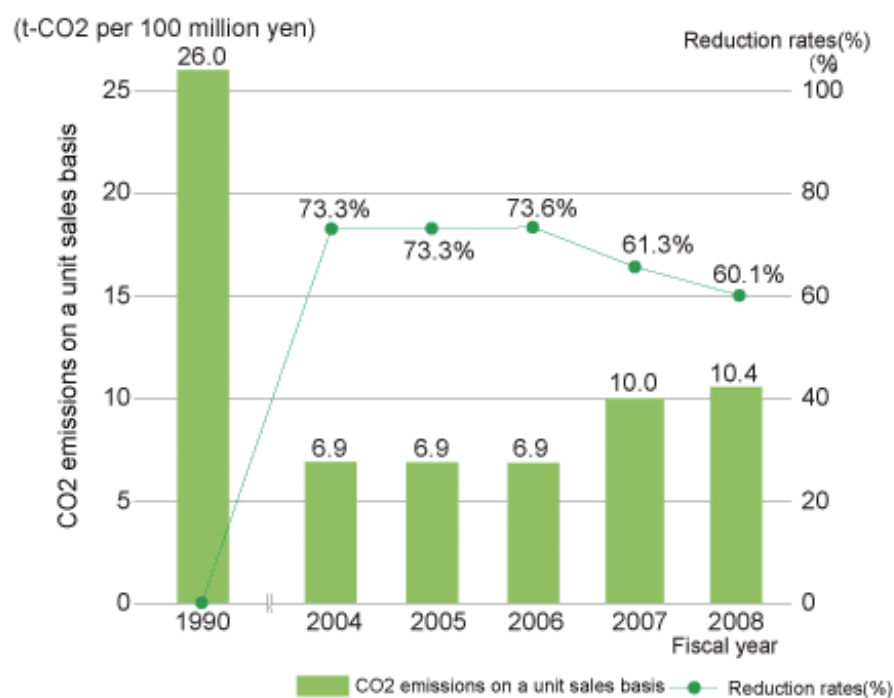
In the past year, we improved our production lines and introduced equipment with better environmental performances as a part of our efforts to reduce CO2 emissions. In Japan, Yokogawa Group continued playing an active part in the "Team Minus 6%," "Cool Biz" and "Warm Biz" national environmental conservation campaigns. Among the group companies, major factories and offices also actively attended the local "Black Illumination" campaigns that encouraged people to switch off lights on the summer solstice day.

### Unit-sales-basis CO2 Emissions and Reduction Rates (compared to fiscal year 1990)

In fiscal year 2008, Yokogawa group companies' CO2 emissions in Japan on a unit sales basis amounted to 10.4 t-CO2 per 100 million yen, a 60.1% decrease compared to fiscal year 1990.

Although factors such as the energy conservation activities, energy efficiency improvement in the new factories, and weather conditions positively contributed to the reduction of CO2 emissions, the reduction rate of unit-sales-basis CO2 emissions was counterbalanced by the decrease in total sales. Thus, compared to the previous year, it roughly leveled off.

#### Unit-sales-basis CO2 Emissions and Reduction Rates (compared to fiscal year 1990)



CO2 emissions on a unit sales basis

(t-CO2 per 100 million yen) = CO2 emissions (t-CO2) ÷ sales (100 million yen) × Japan's domestic corporate goods price index (electrical equipment) published by the Bank of Japan

## Using Inverters



Yokogawa Manufacturing  
Kofu Factory Energy Manager  
Tetsuro Tanaka

Since March of 2009, an inverter equipment has been applied to continuously running (24 hours per day) air conditioning system in Yokogawa Manufacturing Kofu Factory.

It is expected that 1,000MWh (equivalent to 425t/yr CO<sub>2</sub> emissions) energy can be saved per year since applying this inverter equipment.

This factory was put into production in 2007. The production environment requires that the indoor temperature and the indoor moisture must be maintained at a certain level. Since large quantities of energy are consumed by the air conditioners and their controllers, we targeted the air conditioning system as a part of our energy conservation activities.

The energy manager of Kofu factory studied the air conditioning system with regards to how the energy is consumed and what would be a good measure to save energy,

and then decided to use inverters for better controlling the air conditioners. The energy manager and the factory engineers checked and adjusted the indoor air pressure (normally positive air pressure), temperature and moisture as well as the air cleanness, so that energy efficiency is optimized.

Now, Kofu factory considers introducing the Yokogawa "Econo-Pilot Series" product for automatically controlling the air conditioning system to optimize the system with the change of seasons (change of temperature and moisture) for a further achievement on energy conservation.

## High Efficient Chiller System Installed



Yokogawa Manufacturing  
Komine Factory Energy Manager  
Motohiro Takagi

In Yokogawa Manufacturing Komine Factory, when upgrading the existing air conditioning system, a high efficient chiller system was installed. Thus, it is expected that 134MWh (equivalent to 57t /yr CO<sub>2</sub> emissions) energy can be saved per year.

The previous air conditioning system was also a chiller system with a cooling tower for cooling the production facilities. Since the previous chiller system had been continuously running for 15 years, the risk of failure became greater. The energy manager of Komine factory discussed with the facility manufacturer and then decided to install a high efficient chiller system. From now on, further studies on saving energy and reducing power consumption will be continued to optimize the system by fine tuning to the change of seasons.

## Daily Electric Consumption Monitoring (Daily Environmental Activity)

In Yokogawa Manufacturing Kofu Factory, a new environmental activity started from April, 2008 to check the power consumption of each manufacturing group every day according to the predefined monthly consumption plans. In the course of this activity, every single employee contributed the considerations and suggestions on how to reduce the power consumption. For an example, a proposal suggested to turn off the air conditioners 30 minutes before the end of the planned overtime work or an optimization of air conditioning. Through this activity, the power consumption has reduced by 3,700MWh (equivalent to 1,573t /yr CO2 emissions) compared with the previous year. In the future, the similar activity will be carried out for reducing the town-gas consumptions.

## Green Curtain



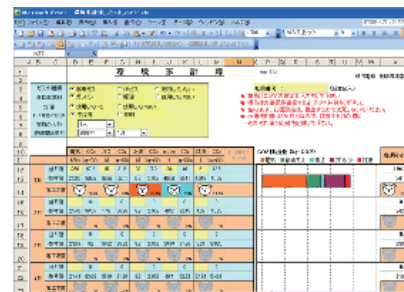
Green Curtain of Bitter Gourd Creepers

Yokogawa Manufacturing Kofu Factory actively participated the Green Curtain activity, which is one of Kofu city's global warming prevention activities. In the compound of Kofu factory, a 10-meter wall along the building was planted with bitter melon seedlings. In the summer, this piece formed a large "green curtain" to protect the building from sun exposure. The indoor temperature of the rooms shaded by the big leaves and creepers from the sun exposure is about 2 degrees Celsius lower than other rooms. In the future, the green curtain will be expanded to reduce the power consumption by the air conditioning system.

## Household Eco-Account Book

Since 2007, Yokogawa has encouraged the employees to utilize a Household Eco-Account Book so that the employees' families may integrate the environmental consciousness in their daily lives to reduce CO2 emissions little by little. According to the questionnaires collected from those families, they became more conscientious about reducing power and gas consumptions when using the home appliances, for example, by powering off electrical appliances as long it is not used.

### Household Eco-Account Book -- YOKOGAWA Version



In the household eco-account book, consumption of electricity, gas, tap water and gasoline is recorded much like a bookkeeping for CO2 emissions.

## Green Power Certification System

Since fiscal year 2006, 300 kWh/year of the power at Yokogawa Electric Headquarters building comes from “green power” certified by the Green Power Certification System.



## Chemical Substances Control and Reduction

The Yokogawa Group strives to carefully manage chemical substances that are hazardous to the environment and human health and to reduce them through development and implementation of alternative processes and other measures.

### Reduction of Toluene and Xylene

Yokogawa Manufacturing Kofu factory actively sets up goals to implement the Yokogawa Group Environmental Policy on minimizing the environmental pollution for each year. Reduction of Toluene and Xylene was also defined in quantity one of the goals. In 2008, the detergents that do not contain Toluene were used for cleaning paint cans and equipment. With this change, the usage of Toluene and Xylene in Yokogawa Manufacturing Kofu factory was reduced to 2,350kg in fiscal year of 2008, 920kg less than the previous year's 3,270kg.

### Reduction of the Waste Fluid from Washing and Rinsing

In Yokogawa Manufacturing Komine factory, the amount of waste fluid generated during the cleansing and degreasing processes sent to the waste water treatment company was reduced. Before painting a product, the product needs to be cleansed to remove the grease that adhered to it during the cutting process. On the cleansing line, there are three cleansing processes performed in the washing tank, the rinsing tank, and the drying tank.



Cleansing and Degreasing Equipment

Originally, the fluid after rinsing was recycled by the water-purifying equipment inside the factory. Since the water quality was getting worse and worse after a few cycles, the factory began to send the waste water to the waste water treatment company in recent years.

However, the quantity of the waste fluid sent to the water treatment company had been increasing greatly, and the reduction of the amount of waste water sent to the water treatment company was identified as a target environmental activity. Undergoing a thorough investigation, when mixing the waste water from the cleansing line with the waste water from the surface processing line in the factory's waste water treatment equipment, the processed waste water reached the standard for draining waste water through the sewerage system. It is estimated that this effort will reduce the waste water sent to the water treatment company by 40t per year.

## Reduction of HCFC

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In Yokogawa Electric China Co., Ltd. in Suzhou, in accordance with the Yokogawa Group's Mid-Term Environmental Voluntary Action Plan, activities to abolish HCFC (hydrochlorofluorocarbon) were carried out. The cleansing liquid was replaced by the semi-water based glycol ether cleaning liquid that does not contain HCFC. This project was started in the group companies in China based on successful experience in Japan. After a number of experimentations performed together with the engineering department, the usage of HCFC was completely abolished in May, 2009.

HCFC:

Hydrochlorofluorocarbon (HCFC) is a chemical substance used for substituting the Fluorocarbon. The hydrochlorofluorocarbon contains hydrogen, chlorine, fluorine, and the carbon substances and plays a significant role in the depletion of the ozone layer and global warming. Developed countries have decided to abolish using this material by 2020.

## Compliance with product related legislation

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Compliance with product related legislation on environmental aspects is a design requirement for Yokogawa products. The legislation on restriction of hazardous substances (Hexavalent Chromium, Lead, Cadmium, Mercury and certain flame retardants) and the control on release of substances to the environment (REACH) are leading.

A number of Yokogawa products are excluded from the European RoHS directive as they belong to Category-9 (monitoring and control instruments). However also in this category, Yokogawa strives to avoid or minimize the use of hazardous substances where possible.

Yokogawa has built production lines in Japan and China that are designed for use of RoHS-compliant components and lead-free solders.

Yokogawa applies good manufacturer practices and adheres to the use of international technical and process management standards to achieve compliance where possible. Independent notified bodies are continually inspecting our manufacturing processes and production sites and examine many of our products prior product release.

Yokogawa's Regional Support Offices have validation processes in place to control placing on the market of products in compliance with regional and industry segment specific legislation.



## Substances Regulated by PRTR

The following table shows the Yokogawa Group's usage of substances designated to be reported by the PRTR System\* (which applies to usage of 1 ton or more per year).

\* PRTR System:

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

### Fiscal Year 2008 Yokogawa Manufacturing PRTR Data

Factory	Factory Substance	Amount used (kg)	Amount emitted (kg)				Amount transferred (kg)	
			Air	Public	land	landfill	Sewage	Soil outside site
Komine Factory	Xylene	2,228	1,381	0	0	0	0	847
	Toluene	2,174	1,348	0	0	0	0	826
	Lead	1,049	0	0	0	0	0	0
Kofu Factory	Xylene	1,110	1,000	0	0	0	0	110
	Toluene	1,240	1,100	0	0	0	0	140
	Lead	5,500	0	0	0	0	0	0
	Benzene	1,700	0	0	0	0	0	0
Ome Factory	Water-soluble copper salts	14,450	0	0	0	0	18	13,000
	Formalin	2,580	440	0	0	0	13	1,700
Komagane Factory	Xylene	1,240	980	0	0	0	0	260
	Hydrazine	1,370	0	750	0	0	0	620
	Hydrogen fluoride and related water soluble salts	1,630	0	130	0	0	0	1,500

## Promoting Zero Emissions

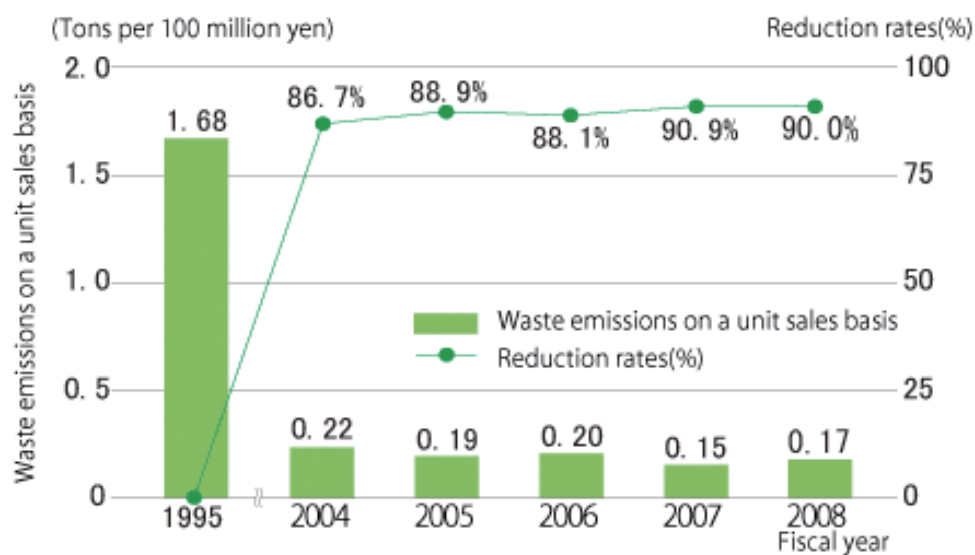
The "3R" concept (Reduction, Reuse, and Recycling) promoted by the Yokogawa Group is indispensable to global environmental conservation. The Yokogawa Group defines zero emissions as recycling and reusing 99% or more of the total amount of waste generated. Up to now, the Yokogawa Electric Headquarter and five main factories have met the goals of zero emissions.

### Unit-sales-basis Waste Emissions and Reduction Rates (Compared to Fiscal year 1995)

The waste emissions in fiscal year 2008 amounted to 0.17 t per 100 million yen on a unit sales basis (634 tons in total). The Yokogawa Group has taken specific initiatives to reduce waste by reutilizing unwanted office furniture, returning direct mails to the senders and so on. Furthermore, Yokogawa Electric was recognized as an Eco Partner (a waste reduction and recycling promotion company) by the city of Musashino for its separating, reutilizing and recycling of the waste and enthusiastic environmental activities.

\* The Eco Partner (waste reduction and recycling promotion company) system was established by the city of Musashino, Tokyo to recognize the achievement of companies that are actively committed to reducing waste and the consumption of energy and resources.

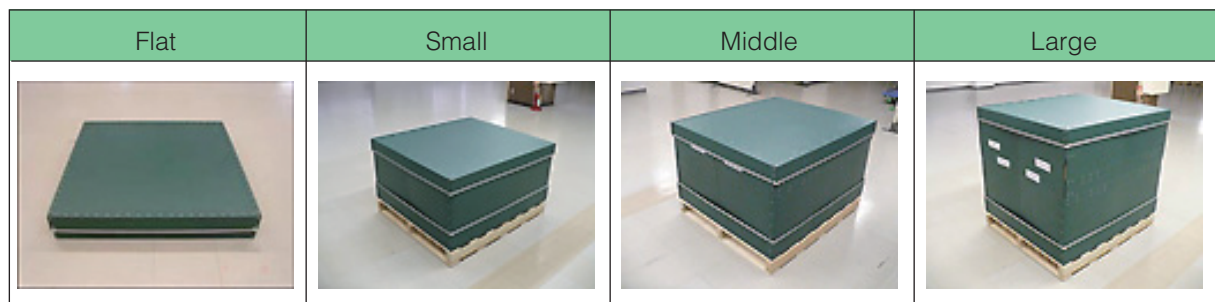
### Unit-sales-basis Waste Emissions and Reduction Rates (compared to fiscal year 1995)



## Development of Special Tote Boxes

In Yokogawa manufacturing Tachikawa office, the Yokogawa Eco-Boxes were developed for transporting the products. The Yokogawa Eco-Box is a tote box and the size of the box is adjustable according to the quantity and size of the products. This type of tote boxes began to be used for transporting products between Yokogawa manufacturing Kofu factory and Yokogawa Electric China Co., Ltd. in Suzhou in June, 2009. When using conventional tote boxes, since the size of the box is not adjustable, the spaces need to be filled with excessive cushion materials during transportation. However, when using the Yokogawa Eco-Box, the box can be adjusted to four different sizes; largely reducing the usage of cushion materials. Moreover, the measurement of the box is designed according to the size of container so that when piling up the boxes in a transportation container, the idle space in the container is minimized. This development largely reduced the cushion material waste and transportation cost, consequently, the CO2 emissions are also reduced. In the future, this transportation method will be introduced for transporting products between the group companies in Korea and Japan.

### Special Tote Boxes



## Garbage Processed by Earthworm Composting

In Yokogawa Manufacturing Komine factory, reutilization of recyclable resources from the waste was put into practice to reduce food garbage from the cafeteria.

Until recently, the food garbage from the cafeteria was mainly disposed as burnable trash. Recently, neutralizing the food garbage by earthworm composting method which is reportedly adopted in a number of foreign countries was practiced in Komine factory as an effort to reduce organic waste. First, an earthworm composting box was prepared, then 1250 Sima earthworms were put into the box. The earthworms are fed using the garbage from the cafeteria. This effort reduced the organic wastes by 1%. In the future, Komine factory plans to compost more earthworms to reutilize more organic garbage to reduce organic waste.



Garbage Processed by Earthworm Composting

## Environmental Contribution to Local Community

The Yokogawa Group companies and factories have been actively taking part in the environment protection and biological diversity activities in local communities.

### Tree Protection Activity in Musashino City

In the city of Musashino, where the Yokogawa headquarter is located, an environmental campaign called "Protecting 2000 Big and Symbol Trees" has been ongoing since 1994 for protecting approximately 2,000 large trees in this town. Within the compound of Yokogawa headquarter, 49 large trees are specified for preservation. Now these big trees are under good protection in Yokogawa Electric headquarter compound.



### Street Cleaning Activity in Musashino City

Yokogawa encourages the employees and their family members of the Group companies to take part in the street cleaning activities (cleaning streets near Mitaka, Kichijyouji and Musashisakai stations) initiated by municipal government of Musashino city twice a year. Every year, a large number of citizens participate to raise the importance of maintaining a beautiful community environment by not littering the streets.



### "Techno-Park Forestry" Activity of Kanazawa City

The employees of Yokogawa Electric's Kanazawa office enthusiastically participated in the "Forestry at the Techno-Park" activities of Kanazawa city. The "Forestry at the Techno-Park" is one of the activities of "Hometown Forestry" initiated by the Kanazawa citizens and local enterprises. In the "Forestry at the Techno-Park" activity, people are using chainsaws and other tools to thin out the cryptomeria trees and bamboos, and maintain the forest walks in good condition.



## Afforestation of Water Source Forest of Kofu City

Twenty employees of Yokogawa Manufacturing Kofu factory including their family members participated in the "Afforestation Event of Water Source Forest" sponsored by the Kofu city government. This activity was initiated from the viewpoint of wellhead protection and is carried out every year. About 300 citizens participated this year and 600 *Quercus crispula* trees were planted on a hill in Mitake-cho of Kofu city.



## Volunteering Activity for Collecting Reusable Cups in Yamanashi Prefecture

17 employees of Yokogawa Manufacturing Kofu factory and their family members participated in the "Volunteering Activity for Collecting Reusable Cups" in the athletic field of the Kose Sports Park in Yamanashi Prefecture. The collected reusable cups were also reutilized on the event of Yokogawa Manufacturing Kofu factory summer festival.



Reusable Cups

## Environmental Communications

Yokogawa has been disclosing all environment-related information and making great efforts to communicate environmental issues to the public. In addition, we also use your valuable feedbacks to constantly take our environmental activities to the next level.

### Communication Through the CSR Report

The Yokogawa Group received 245 responses to the 2008 edition questionnaires that were circulated internally and externally. The average ratings from one to five are shown below. The most popular comments were: "Enjoyed the sufficient information," "Presentation of specific examples with photos was good," and so on.

The average ratings for the report are:

Year	2006	2007	2008
Was the report easy to understand?	4.1	4.0	4.1
Did the report contain enough detail?	3.9	4.0	4.0
Your comment on Yokogawa's environmental initiatives	4.3	4.3	4.3
Your overall impression of the report	4.0	4.1	4.2

### Environmental Report Activities

Since 1999, our annual Environmental Report has served as an important communication tool that the Group has prepared and distributed to customers, employees, and other stakeholders. We also distributed the 2008 edition to local community associations, elementary schools, and about 500 libraries across Japan in an effort to make the report available to as many people as possible.

## What We Have Achieved

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

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

1971		Yokogawa establishes a pollution prevention organization
1974	July	Yokogawa completes construction of wastewater treatment facilities to comply with ordinance of Tokyo compliant with municipal bylaws
1987	May	Yokogawa begins environmental assessment studies
1989	October	Yokogawa establishes a chlorofluorocarbon (CFC) reduction committee
1991	April	Yokogawa sets up an organization to promote an Environment management
	August	Yokogawa starts "Save the Earth" campaign
1993	February	Yokogawa appoints a Vice President of Environmental Management and forms a Global Environment Committee
	July	Yokogawa establishes a voluntary environmental activities plan
1994	August	Yokogawa reports the results of voluntary environmental activities in fiscal year 1993
	December	Yokogawa completely eliminates specific CFCs and trichloroethane for cleaning
1995	June	Yokogawa Board of Directors decided to obtain ISO14001 certification and merge a voluntary environmental activity plan into ISO14001 plan.
	October	Yokogawa reorganize a Global Environment Committee
1996	March	Yokogawa establishes corporate rules for environmental management
	May	Yokogawa forms a Global Environment Committee at Yokogawa Electric Headquarters & Main Factory, Kofu Office (current Yokogawa Manufacturing Kofu Factory), and Komine Factory (current Yokogawa Manufacturing Komine Factory). Solar power generators for disaster use installed at Yokogawa Electric Headquarters & Main Factory. Yokogawa signs a disaster prevention accord with Musashino City.
1997	April	Issued "Green Times", a company newsletter
	July	The Kofu Office (current Yokogawa Manufacturing Kofu Factory) obtains ISO14001 certification
1998	February	Yokogawa Electric Headquarters & Main Factory and the Komine Factory (current Yokogawa Manufacturing Komine Factory) obtain ISO14001 certification
	May	Two co-generation power generators (585 kw) go online at the new main building of Yokogawa Electric Headquarters & Main Factory
	June	Yokogawa begins publishing Yokogawa Environmental Catalogue
1999	September	Yokogawa publishes Yokogawa Environmental Report 1999. Also the company introduces environmental accounting and makes data available to public.
	November	Yokogawa introduces environmental labeling (Type II)

2000	July	Yokogawa Electric Headquarters & Main Factory reached its goal of generating zero landfilled waste
	August	Yokogawa introduces Japan's first returnable container recycling service for customers
	September	Yokogawa publishes Yokogawa Group Environmental Report 2000 and introduces third-party verification system
	November	Suzhou Yokogawa Meter Co. joins the China-Japan 3E (Energy, Environment, and Economy) Research Project and is selected as a model company for environmental accounting study
2001	March	Yokogawa establishes The principles of Yokogawa Group Environmental Management Standards.
	July	Yokogawa publishes Yokogawa Group Environmental Report 2001
	September	Three Yokogawa sites receive comprehensive ISO14001 certification
	November	The Kofu Office (current Yokogawa Manufacturing Kofu Factory) reached its goal of generating zero landfill waste
2002	February	The Yokogawa Manufacturing Akiruno Office (current Yokogawa Manufacturing Komine Factory) accomplishes its goal of generating zero landfill waste. The Kofu Office (current Yokogawa Manufacturing Kofu Factory) installs a light through type solar power generating system
	July	Yokogawa publishes Yokogawa Group Environmental Report 2002
	August	Four Yokogawa sites receive comprehensive ISO14001 certification
2003	February	The Econo-Pilot energy-saving system for water pumps receive the Agency of Natural Resources and Energy Director-General's Award at the Energy Conservation Award ceremony. The Kofu Office (current Yokogawa Manufacturing Kofu Factory) receives award from the Director-General of the Kanto Bureau of Economy, Trade and Industry in recognition of its achievements in reducing energy consumption.
	July	Yokogawa publishes Yokogawa Group Environmental Report 2003
	October	The Plant of newly established Yokogawa Electric China starts operations in Suzhou as an environmentally aware manufacturing site
2004	March	New environmentally optimized facilities at the Yokogawa Manufacturing Komine Factory and Kofu Factory start operations
	June	Yokogawa publishes Yokogawa Group Environmental Management Report 2004
	August	Yokogawa Electric Headquarters & Main Factory obtain a separate ISO14001 certification
2005	March	Energy Conservation Guided Tours start at the Yokogawa Manufacturing Kofu Factory
	April	Yokogawa joins the Team Minus 6% national campaign
	June	Yokogawa publishes Yokogawa Group Environmental Management Report 2005
2006	March	Yokogawa Manufacturing Kofu Factory and Komagane Factory attain zero CO2 emissions
	September	Yokogawa publishes Yokogawa Group Sustainability Report 2006
	October	Yokogawa introduces the Green Power Certification System (300,000kwh) The Kanazawa Office receives the New Office Promotion Award, Environment Award and Good Design Award for architectural design
2007	June	Yokogawa publishes Yokogawa Group Corporate Social Responsibility Report 2006
	September	Yokogawa Group establishes the Energy Conservation and Environment Protection Solution Division in order to promote environmental management solutions to customers
2008	June	Yokogawa publishes Yokogawa Group Corporate Social Responsibility Report 2007
2009	May	Yokogawa completely abolishes the usage of HCFC



Since the establishment, we have implemented our quality management system across all processes, as we are convinced that Quality First Approach is the basis of customer satisfaction. All the main Group companies have attained ISO9001 certification starting with Yokogawa Electric in 1992, which has made delivery of the same quality worldwide a reality.

We have continuously valued our customers' feedback to develop satisfactory products, and have gained a high level of satisfaction from our customers with respect to the accuracy and functionality of our products.

In addition to getting customer feedback through conversations at the management level or third parties researches, we have started conducting customer surveys for the users who attended our training courses at our training center in Japan in fiscal 2008. We will analyze and make use of this information to offer more desirable products and solutions.

## Cooperation with Suppliers

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We consider customer satisfaction in terms of supply chain management. The parts and services from our suppliers are an important element of the product quality. Yokogawa strives to maintain high quality and develop advanced technologies by working with our suppliers.

## Promote utilization of human resources from the diversity perspectives

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Human Resources are an important asset for Yokogawa.

It is stated in the Standards of Business Conduct for the Yokogawa Group that "we value and respect the dignity of each individuals and all basic human rights". Irrespective of race, nationality, sex, educational background, age, etc., we provide employees with career opportunities that allow them to fully maximize their potential, and actively seek to ensure that our employees maintain a sound work-life balance.

We also encourage the employment of people with disabilities.

We conduct an employee opinion survey for all employees of Yokogawa Group. Last year, the total response rate from all the group companies including companies outside of Japan was 72% whereas the rate was 93% from companies within Japan.

This survey includes many aspects such as compliance, CSR, customer satisfaction and environment of workplace. Based on the result of the survey, we try to come up with ways to improve the environment so that the employees are able to proactively carry out their work.

## Human Rights

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

### Philosophy

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

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

### Standards of Business Conduct

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

### Yokogawa Group Management Standards

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

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

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

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

#### **27 Equal Opportunity**

Thanks to our fair and impartial personnel system operating under the basic policy of the Yokogawa Group, each employee is afforded equal opportunities in hiring, placement, promotion, pay rises, training, etc. An employee in a position of management or leadership must have a basic knowledge of

the labor laws of the country in question, and must have a thorough knowledge of labor contracts and work regulations. It is important that he or she work on the basis of this knowledge to maintain a workplace free of unfair discrimination, engaging in ample communication with his or her subordinates and ensuring that day-to-day personnel management goes smoothly.

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

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

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

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

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

### **30 Prohibition of harassment**

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

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## Attention to human rights in the supply chain

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

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## UN Global Compact

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

## Career Development and Work Life Balance

### Career development for the growth of both employees and organization

We carry out HR measures to realize “the right person on the right job” so that each employee is able to perform at their full capacity.

We have created a system where the employees are able to notify their short-term and mid-term career plans to their managers and also promote their acquired skills and experiences to the managers of other department. These systems allow the employees to autonomously build their own careers.

Under the job opportunity system, employees are able to submit their career plans without approval from his/her superiors. Such a system helps to expedite the speedy deployment of the resources especially under the circumstances where there is a manpower requirement due to new business or project.

Moreover, we have an on-the-job training program by exchanging members between Japan and group companies in overseas. This program is aimed at developing global players who can contribute to the global business operations.

### "Refresh & Challenge" Program to Support Employees Work-Life Balance

We provide a program to help the employees design their career and life when they reach a turning point in his or her career. This is an awareness program for managing health and for building future life plan.

As the program name "Refresh & Challenge" suggests, participants are given a fixed number of off days after the training for refreshing themselves physically and mentally. The program provides ideas to support the employees in setting new goals.



In particular, in the training provided for employees at the age of 45, participants are able to take 15 days of leave from work. They can utilize this leave freely. Some of the participants join the training course to obtain qualifications and others review their future plans on private life and career. These 15 days of leave help the employees to regain their motivation and energy.

## Improving Employee Motivation by Promoting Work-Life Balance

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

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

Many of our employees, both male and female, are making full use of other company supports such as flexible working hours or paid maternal leave. These systems are helping increase employees' motivation.

In September 2006, we opened a day care center near Yokogawa Headquarters.

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

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

### ■ Comment from an Employee who Took a Maternal Leave

#### ■ Fumiko Sasaki in HR headquarters

At Yokogawa, there is a good support system for child-care, and many employees utilize them. I was able to take a maternal leave without hesitation or concern in view of the strong support provided by the company.

I took time off until my child was 18 months old, and I was able to spend enough time with him. It was a valuable period for me.

Also, it was a good opportunity to think about my work from new point of view.

Lifestyle and working style change due to events such as marriage, childbirth and child-raising.

I am thankful for the support system that helped me to continue working at Yokogawa after childbirth.

## Employee Assistance Program

EAP (employee assistance program) to help promote a healthy working life

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We have implemented an Employee Assistance Program to help employees perform at their full capacity while avoiding situations where they are unable to fully demonstrate their capabilities due to stress. The main characteristic of Yokogawa's EAP is that it provides employees with both psychological and career support.

Our psychological support includes stress checks for all employees, with feedback provided to organizations in the company to help identify areas where additional supports, such as counseling, is necessary.

In addition, we have introduced a management training and a mental health training for the employees.

Our career support includes career counseling for employees who request it.

Our EAP offers total support such as prevention/early detection of problems, early therapy, rehabilitation and career development so that employees can maintain physical and mental health and have a fulfilling career.

## Employment of People with Disabilities

### Employing and developing people with disabilities

Since the beginning of the "Normalization Project" in 1992, we have made a proactive effort to employ people with disabilities.

In addition to meeting the legal employment rate of people with disabilities on a non-consolidated basis, the Group as a whole has worked to promote the employment of people with disabilities and to ensure that they are provided with career opportunities.

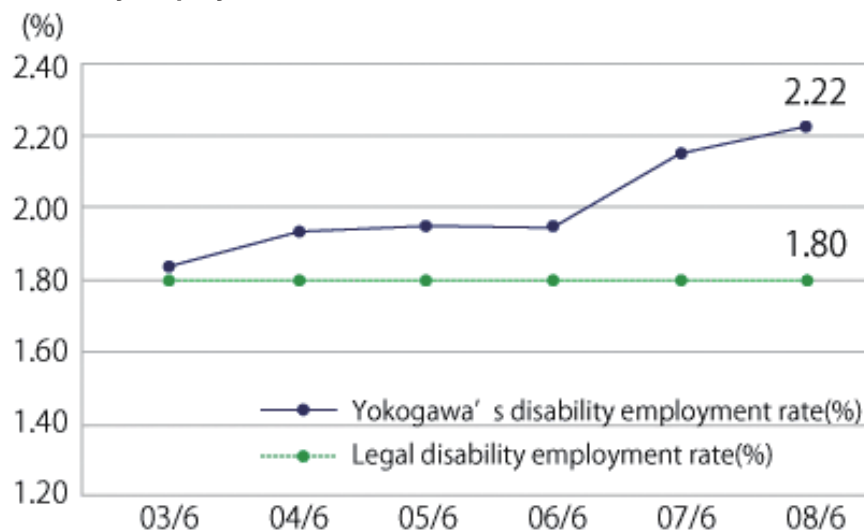
With the goal of recruiting people with mental disabilities, we established the Yokogawa Foundry Corporation in 1999, and the company was certified in the same year with a special subsidiary for the employment of disabled individuals.

Employees of Yokogawa Foundry received full training programs to improve their skills, and are provided with many types of challenging jobs as well as opportunities to broaden the scope of their daily lives.

Furthermore, Yokogawa Foundry employees are also active outside of the Company, and have, for example, won awards at the Abilympics.

We Yokogawa keep on providing opportunities for people with disabilities to play an active role at workplace.

**Disability employment rate**





**Comment from Employees of Yokogawa Foundry Corporation  
Who was Awarded at the Abilympics**

**Yoshihiro Hashimoto in Yokogawa Foundry**

Silver award in the world competition 2007

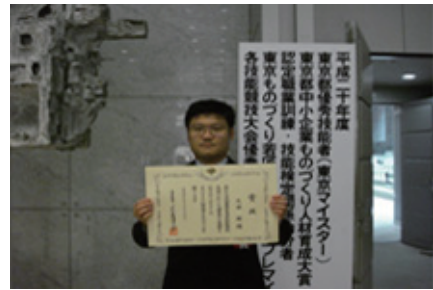
I wanted to compare my skills in data input with the other participants. That is the reason why I competed in the Abilympics. I felt very happy that I could display my skills and efforts to the audiences. I trained hard until just before the competition started, so I could make a good result. In the future, I want to try not only data input but also other skills.



**Tsuyoshi kubo in Yokogawa Foundry**

Silver award in the Japanese competition 2008

Aiming to win at least a bronze medal at Abilympics, I got a better result. I trained very hard for my sake and for the sake of my co-workers, and as a result earned a silver medal. My skills are not yet perfect, so I want to keep working hard to improve my skills.



**The Abilympics challengers**



A lot of employees challenge in the Abilympics every year.

## Occupational Safety and Health

In fiscal year 2007, we established the Yokogawa Group Safety and Health Policy and put in place an occupational safety and health management system (OSHMS). Since 2008, we have been making an ongoing effort to improve safety and health in the Yokogawa Group through OSHMS-related activities at each Group company.

### The OSHMS

In recognition that safety and health are a basis for the management of the Yokogawa Group, we set up an OSHMS in order to ensure the safety of all Group employees as well as to maintain and improve their overall health. Through this system, we have been developing Groupwide safety and health activities. Specifically, we have been pushing forward with measures to progressively improve the overall level of safety and health, such as risk assessments to lessen or eliminate potential risks and internal audits to evaluate and review existing safety and health measures.



Management audit at Yokogawa Electric China Co., Ltd. (Suzhou)

In fiscal year 2008, each Group company implemented an internal audit. Furthermore, the department responsible for the Yokogawa Group OSHMS carried out management audits at 39 Group companies in order to identify areas of improvement. In fiscal year 2009, we will continue with these efforts. Currently, 15 Group companies in 11 countries have acquired certification based on the OHSAS18001 occupational health and safety assessment series.

### Providing safety and health education

In order to fully disseminate the Yokogawa Group Safety and Health Policy throughout the Group, in fiscal year 2008 we published the **Safety and Health Handbook** and distributed it to all Group employees. This covers basic subject relating to safety and health and the rules for our employees' day-to-day activities. Further, to promote greater understanding of its contents, we carried out a Yokogawa Group safety and health comprehension check for 13,000 employees in Japan and 7,000 in other countries.



Safety and health comprehension check



Safety and Health Handbook

## Accident analysis for fiscal year 2008

After the introduction of the OSHMS, in each quarter of fiscal year 2008 we collected and collated statistics on occupational accidents at 41 Group companies. What stands out in these data is that the number of accidents in 2008 was down from the previous year, but the total number of lost workdays remained the same. The reason is that there were more injuries requiring longer recovery periods, from accidents such as falling down the stairs, missteps while descending from a work platform, and work gloves getting caught in moving machinery.

### FY2007/2008 Occupational Accidents for the Yokogawa Group

FY2007 / FY2008		Other Countries	Japan	Total
Number of workers	07	10,440	14,300	24,740
	08	11,694	13,789	25,483
Total working Hours	07	20,828,624	28,795,903	49,624,527
	08	23,360,621	26,565,064	49,925,685
Number of workers without lost days	07	37	26	63
	08	18	15	33
Number of workers with lost days	07	13	10	23
	08	14	5	19
Total lost workdays	07	94	183	277
	08	125	151	276
Total Recordable case Frequency Rate (RFR)	07	2.40	1.25	1.73
	08	1.37	0.75	1.04
Frequency Rate (FR)	07	0.62	0.35	0.46
	08	0.60	0.19	0.38

## Responding to the new influenza strain

Earlier, the Yokogawa Group planned countermeasures in preparation for a global H5N1 influenza outbreak. In fiscal year 2008, we began creating guidelines for protecting employees from H5N1 that followed the Japan Ministry of Health, Labour and Welfare's guidelines for the prevention of influenza in the workplace. As part of our education activities, we distributed a prevention manual to all Yokogawa employees in Japan. Along on this manual, we began stockpiling items such as masks and disinfectant.



Stock piled items and the distributed H5N1 prevention manual

## Yokogawa's Basic Procurement Policy

In 2008, we established a basic policy for all procurement-related operations, which includes following three points:

1. Create an ethical, clear, and open corporate culture and establish ourselves as a company that can be trusted by society.
2. Promote socially responsible procurement activities throughout the supply chain, including not only the Yokogawa Group, but also the suppliers of Yokogawa.
3. Comprehensively evaluate and select suppliers, giving priority to our commitment to being a good corporate citizen.

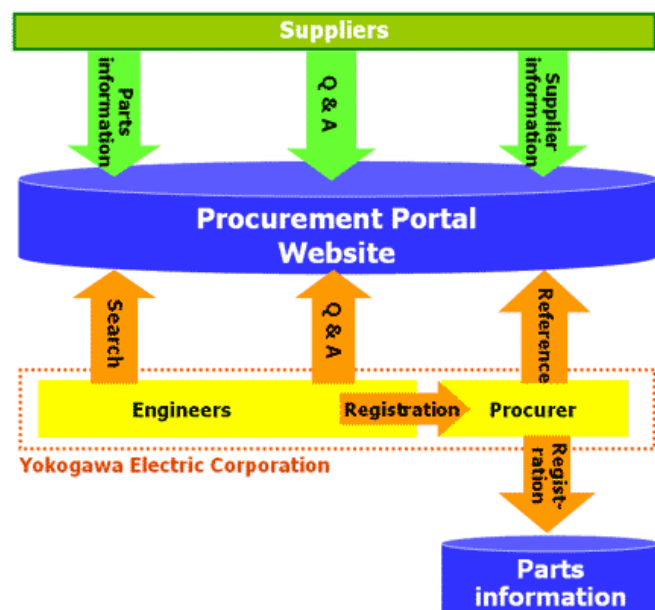
In this policy, the following are strictly prohibited: Discrimination by abusing higher advantages, imposing of unilateral conditions, and pursuing of personal benefits. We are also obligated to protect both personal and confidential information obtained during our transactions with suppliers.

By asking our suppliers to agree to the Yokogawa Supply Chain Guidelines and to provide appropriate quality, delivery schedules, costs, technologies, and services, our hope is that we can develop partnerships based on mutual understanding, cooperation, and trust.

## Procurement Portal Website Contributing to Cost Reduction

In 2008, Yokogawa launched a Procurement Portal Website in Japan. The purpose of this website is to improve the quality of information and work efficiency for adopting and designing parts, by directly connecting suppliers and Yokogawa engineers.

With this website, the engineers can share the suppliers' correct information in a timely manner. In addition, the standardized format used in part adoption and design improves work efficiency for both the suppliers and Yokogawa.



## Socially Responsible Supply Chain Initiatives

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As Yokogawa is part of numerous supply chains we believe that we have to work with our supply chain partners on global issues, such as human rights issues and global environment issues.

In the areas of human rights, labor, environment, and anticorruption, which are defined in the United Nations Global Compact, Yokogawa has formulated guidelines and regulations for the entire Group and is engaged in legal compliance activities.

Also, Yokogawa is actively cooperating with its customers and suppliers to be a good corporate citizen.

Yokogawa's corporate citizenship is rooted in the company's philosophy of being pioneers and good citizens. Yokogawa sees its fundamental duties as going above and beyond benefiting society through its normal business activities and complying with the law - it is actively engaged in addressing serious social issues, regional revitalization efforts, etc.

## Cultivating Future Human Resources

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

## Interacting With Local Communities

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The Yokogawa Group's various locations each work to benefit their local communities in ways to address their own specific needs.

## Dealing With Social Issues

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Providing assistance towards humanitarian concerns and natural disasters through our employee volunteers and collaboration with non-profit organizations and NGOs

## Cultivating Future Human Resources

Yokogawa's business is built on its technical strengths in measurement, control, and information, and thereby supports science education in primary schools. The company's hope is that this will develop an interest in science and technology among the next generation. Yokogawa employees also volunteer to serve as instructors at colleges and research institutions. The company also provides materials (such as instruments and research funds) as part of its wide range of support.

### Yokogawa Science Classes (Japan)

Concerned that children were not being sufficiently educated in science, Yokogawa started offering the Yokogawa Science Classes in 2006 for primary-school children. The classes are currently offered on several weekends each year in Tokyo. These classes address the fundamental technologies that are the basis for Yokogawa's business—optics, electrics, radio, etc. Instructors are generally employee volunteers, who often find that their contact with children helps them grow as well. Programs like this are a way to deepen the company's ties with its surrounding communities, as well as a way to encourage an interest in science and technology in the next generation.



### Donations to Educational Institutions (Australia)

Yokogawa Australia donated more than AUD \$45,000 worth of process control instrumentation to universities and training institutes in Australia and New Zealand in 2009.

University of Sydney, Royal Melbourne Institute of Technology, Christchurch Polytechnic Institute of Technology in New Zealand, and other five educational institutions received Yokogawa's instruments, including digital controllers, magnetic flowmeters and transmitters.

"We see donations of this kind as an essential part of our corporate citizenship," said Yokogawa Australia's Sales and Marketing Director, Russell Palmer. "It's important that apprentices and engineering students have access to current technology so that they are abreast of the latest advancements in instrumentation."



Building a rig using a Yokogawa flowmeter to teach advanced technologies in Christchurch Polytechnica Institute of Technology

## Dealing With Social Issues

With market economies becoming global, companies have a broader impact on societies through their actions. Yokogawa is connected to people throughout the world, directly or indirectly, through its dealings with customers and suppliers.

Yokogawa is taking responsibility as a player in the global marketplace to combat worsening global environmental problems, food shortages, poverty, and education. Healthy economic activity can serve as a starting point for healthy regional communities.

Yokogawa has taken an active part in addressing regional social issues by providing assistance towards humanitarian concerns and natural disasters through its employee volunteers at their respective regional branches. Yokogawa also deals with global issues such as poverty and human rights issues through its collaboration with non-profit organizations and NGOs.



## Disaster Assistance

Yokogawa is always looking for ways to provide assistance in the wake of severe natural disasters that affect its business activities.

### Past Disaster-relief Efforts

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February 1, 2010	Yokogawa Supports Haiti Earthquake Relief Efforts.
October 8, 2009	Sumatra Earthquake
August 5, 2008	Kanazawa Flood
May 15, 2008	Myanmar cyclone and Szechuan province Earthquake
July 24, 2007	Niigata prefecture Chuetsu-Okai Earthquake
June 21, 2006	Java Earthquake
September 9, 2005	Hurricane Katrina in the USA

## Helping Seniors Remain Independent (Yokogawa Electronics Manufacturing Korea)

Since its founding in 2002, Yokogawa Electronics Manufacturing Korea has sought to uphold the Yokogawa Group's philosophy of being pioneers and good citizens through active community participation and service. At the core of these activities is the "Da Sarang" volunteer circle (**Da Sarang** means "great love" in Korean). **Da Sarang** has previously cleaned senior centers, delivered meals to seniors living alone and donated underwear to prisons. In 2008, 68 members of **Da Sarang** delivered 2,200 cases of charcoal and 1,620 liters of fuel for home heating to seniors living alone and to low-income households. The group plans to continue with similar efforts in the future.



## Construction Assistance for Community Health Center

### Yokogawa Donates a Community Health Center in Indonesia

Working through PH-Japan, a certified non-profit organization, Yokogawa donated a community health center (Poskesdes) in the Serang district of Indonesia in April 2009. The Serang district is a poor area 80 km west of Jakarta, where most childbirths are handled traditionally and problems during childbirth are a frequent cause of death for both the mother and newborn. PH-Japan has been seeking to alleviate this problem by training midwives and providing health education to expectant mothers for safer deliveries. Until currently, this area has lacked any kind of proper childbirth facilities, making it difficult for midwives to assist in safe deliveries. The donated community health center will be staffed 24 hours a day by midwives to assist with deliveries. There are some 500 women of childbearing age in the area, and about 100 births per year.

The center will initially focus on services for pregnant women, including medical exams, assistance in delivery and family planning. It will also handle general-medical care including emergency care, general medical care, and preventative care. Over time, the center is expected to serve the community as a comprehensive health center that maintains the health of people in the community.



Community health center exterior



Staff



Delivery table

## The Solar Powered Lantern Project: “Lighting a Billion Lives”

This project, which provides solar powered lanterns to villages in India without access to electricity, is the work of Rajendra Pachauri, the chairman of the Nobel-prize-winning Intergovernmental Panel on Climate Change (IPCC) and director general of India’s TERI. In Japan, it seeks supporters through the Gaia Initiative, a non-profit organization.

Yokogawa, which has a subsidiary in India, contributed enough lanterns for one village during 2009. It has helped to both combat global warming through the use of renewable energy sources and support its local community.\*

### Details of Yokogawa’s contribution

Location: Pachpadi village, Thanagazi block, Alwar district, state of Rajasthan

Households: 62

Population: 600

Replacing the kerosene lamps previously in use with solar powered lanterns will reduce CO2 emissions by roughly 1.45 tons per lantern over ten years, or some 72.5 tons for the entire village.



Lighting a Billion Lives  
Supporter Certificate

### Lighting a Billion Lives Supporter Certificate

At a September 7, 2009 ceremony in Tokyo to present certificates to supporters, Yokogawa received a corporate supporter certificate from Dr. Pachauri.

front row from left:

- Tomoyo Nonaka,  
Representative Director of the Gaia Initiative
- Dr. Rajendra Pachauri,  
Director General of India’s TERI and Chairman of the IPCC
- Shigefumi Matsuzawa,  
Governor of Kanagawa Prefecture

back row:

- Yokogawa’s Director Yagi
- Corporate Citizenship Coordinator Shozugawa.



\* Yokogawa’s donation was made through Kanagawa prefecture, following a request from the prefecture to the company offices.

## Bottle Cap Vaccination Drive

The Yokogawa head office and factories undertook an “ecocap” drive beginning in 2008 to recover the caps for plastic bottles and sell them as recyclable materials; the resulting funds were donated to childhood vaccination programs. This was organized by the Ecocap Movement.

Yokogawa placed bottle cap recovery bins at its head office and factories and encouraged employee participation through posters and company newsletters. This resulted in some 68,000 bottle caps recovered during FY 2008, which were sent to the Ecocap Movement. This was enough to purchase roughly 150 polio vaccinations.

Recycling these bottle caps also limited CO2 emissions by 500 kg.



Bottle cap recovery bins at the head office and factories

## Donations from “heartfelt healthy menu” at Yokogawa's company cafeteria (in collaboration with JOICFP)

Since 2009, the cafeteria at Yokogawa Electric Corporation Headquarters has been offering a special menu called the "Heartfelt Healthy Menu" every Monday of the week. For every purchase of a meal from this menu, a donation of 20 yen is made to developing countries such as Afghanistan through JOICFP (Japanese Organization for International Cooperation in Family Planning). These funds are then used to purchase seedlings for crops.

Not only does the menu promote good health for the employees by offering healthy meals with calorie considerations and nutritional balance, it also helps developing countries become self-sustaining by providing the funds to purchase seedlings.

In six months since starting this initiative in April 2009, approximately 740 Heartfelt Healthy meals have been sold, and donations equivalent to 124 orange seedlings have been made.



## “Book Bags Across the Sea” Campaign

In 2008, Yokogawa participated in the “Book Bags Across the Sea” campaign sponsored by Kuraray Co., Ltd. This program provides educational assistance to the children of Afghanistan by collecting and sending book bags and other school supplies that Yokogawa employees' own children have outgrown.



## Vending Machines for the Common Good

In September 2008, Yokogawa installed a vending machine on behalf of SELP (Support of Employment, Living, and Participation) at its head office and one in the surrounding neighborhood. Part of the proceeds from these vending machines go to the Japan SELP Center, which uses them to assist people with disabilities find employment.

The SELP vending machine is placed alongside ordinary vending machines at the Yokogawa head office, and it generates 30% more sales than the ordinary one that preceded it, showing the desire that many employees have to do something for the common good.

Not only does Yokogawa promote employment of people with disabilities within its own company, it looks to expand employment opportunities for people with disabilities in the surrounding communities. Placing the SELP vending machine is just one way of doing this.

\* About the Japan SELP Center

Provides training and facilities for people with disabilities for the purpose of helping them to live independently.





## Interacting with local communities

The Yokogawa Group's various locations each work to benefit their local communities in ways to address their own specific needs. In Japan, for example, the company makes an effort to encourage young people through sports, to protect the environment in the green areas surrounding its head office and factories, and to protect against earthquakes. In China, the company assists children by covering school expenses and donating warm winter clothing and shoes. These projects are a form of corporate citizenship that relies on an eagerness to volunteer from the employees. They make it possible for Yokogawa to live up to its philosophy of being a good citizen everywhere it does business. Projects outside Japan and China are detailed below.

## Community Involvement in China

The Yokogawa Group operates seven locations in China, handling manufacturing, sales, distribution, and service. Working through China Yokogawa, the group's umbrella organization in China, these operations take an active role in their communities, under the common slogan "to shine a light of hope and compassion".

### Tuition support to needy families

There are 65 million households in China whose annual income is less than RMB 700, accounting for 5% of the country's entire population. These low-income families are hard-pressed to provide for even the minimum level of education. This is the reason why the employees of all the Yokogawa Group companies in China are contributing to provide tuition to support these needy families and helping educate children from the start of primary school through graduation.

The supported areas are Chinghai, Shaanxi province, Chiangsu and Chongqing. Employees who are interested in taking part in this program sign up at the notices that are posted at the company cafeterias. Contributions are made entirely on a volunteer basis by Yokogawa employees (including both staff from abroad and local hires). As of April 2009, there were 1,645 people taking part, raising RMB 132,336 to benefit 828 schoolchildren.



Tuition handing ceremony in Chinghai



Contributed stationery to children in Chiangsu elementary school



Contributed stationery to children in Chinghai elementary school



## Support in the form of clothing, etc, from a family from Japan

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At the school serving an area with a lot of poor families, many of the children didn't have a clean change of clothing, warm clothes in the colder seasons or a decent pair of shoes. To help these children of poor families, China Yokogawa involved the children of Japanese families stationed in China—through their baseball and soccer teams--by collecting cold-weather clothing, sneakers, and hats that they had outgrown. Shipping was handled by one of the company's vendors, Shanghai E & T Sankyu Logistics.



Contributed clothes and sporting goods to children in Chinghai elementary school

The United Nations has put forward a set of ten principles, The UN Global Compact, relating to human rights, labor, the environment, and anti-corruption. On January 5, 2009, Yokogawa signed on as a participating company.

Kofi Annan, former Secretary-General of the UN, first proposed the Global Compact at the World Economic Forum in 1999; the UN officially launched it in 2000. Participating companies are expected to uphold and practice international standards relating to human rights, labor, the environment, and anti-corruption.

Today, Yokogawa does business around the world and its actions affect economies, societies, and the environment. Recognizing its role as a global company, it abides by international norms and actively works to address urgent international issues such as the environment and human rights.

Below are the ten principles of the UN Global Compact, followed by Yokogawa's efforts in each area:

## Human Rights

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**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

### Yokogawa's Efforts:

- Human rights policies
- Extends CSR through the supply chain
- Addresses social issues

## Labor Standards

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**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labor;

**Principle 5:** the effective abolition of child labor; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

### Yokogawa's Efforts:

- Encourages the use of human resources with an emphasis on diversity
- Employs the disabled
- Maintains workplace safety and hygiene

## Environment

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**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

### ■ Yokogawa's Efforts:

- Environmental management
- Adopts solutions aimed at reducing energy consumption
- Environmental equipment and instruments

## Anti-Corruption

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**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery

### ■ Yokogawa's Efforts:

- Business Ethics and Compliance

## Yokogawa Electric Corporation

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