

## YASKAWA ELECTRIC CORPORATE GOVERNANCE POLICY

This Corporate Governance Policy defines our basic approach to corporate governance with the purpose of enhancing corporate value over the medium to long term that contributes to our stakeholders.

### Chapter 1 Ensuring Shareholder Rights and Equality

#### 1. Policy for the General Meeting of Shareholders

##### (1) Positioning of the General Meeting of Shareholders

We recognize that the General Meeting of Shareholders is the highest decision-making body of the Company and provide a forum for active exchange of opinions with shareholders, including minority shareholders.

##### (2) Provision of convocation notice

Related to the concept of (1) above, we reflect in the convocation notice the information which contribute to making appropriate decisions at the General Meeting of Shareholders.

##### (3) Electronic voting

We participate in electronic voting platforms to enable the electronic exercise of voting rights by institutional investors and overseas institutional investors. Also, in order to increase the convenience of general shareholders, voting rights may be exercised through smartphones, tablets, and PCs.

##### (4) English translation of the convocation notice

We provide convocation notice and reference documents (proposals) in a narrow sense in English. In the future, we will consider human resources and other factors so that the full text of the convocation notice can be provided in English.

##### (5) Early dispatch of convocation notice

We disclose convocation notice on our website and on the website of Tokyo Stock Exchange one month before the General Meeting of Shareholders. We will also send out convocation notice about 3 weeks before the General Meeting of Shareholders.

##### (6) Date of the General Meeting of Shareholders

A General Meeting of Shareholders shall be held at least three business days prior to the end of the month.

##### (7) Providing remote shareholder convenience

We provide convenience for remote shareholders to broadly participate in our General Meeting of Shareholders, such as hybrid virtual meetings (participatory).

(8) Attendance of so-called substantial shareholders at the General Meeting of Shareholders

If substantial shareholders wish to attend the meeting, they will be allowed to attend the meeting at our discretion.

(9) Handling of proposals that were passed at the General Meeting of Shareholders, but for which a significant number of opposing votes were voted

When opposing votes were voted, regardless of the size of the opposition rate, the cause is analyzed and the need for communication with shareholders and other responses is examined, and the results are reflected in the next General Meeting of Shareholders as necessary.

## 2. Capital Policy

(1) Management indicators of particular emphasis

In addition to placing operating profit as the most important management indicator, management considers return on equity attributable to owners of the parent (ROE), return on invested capital (ROIC), and dividend payout ratio in order to maintain and improve shareholder value.

(2) Initiatives on cost of capital

In formulating the medium to long-term management plan, we will identify the capital costs of Yaskawa Group and present the basic policies for its earnings plan and capital policy.

(3) Capital policies that could harm the interests of shareholders

The Board of Directors will review the appropriateness and the nature of the use of funds in the event of capital raising (hereafter "the Capital Raising"), which could result in significant dilution. In addition, if the Board of Directors decides to implement the Capital Raising, we will provide explanations to investors and shareholders.

## 3. Policy on Cross-Shareholdings

(1) Policy of cross-shareholding

For the purpose of strengthening relationships with business partners, etc. in order to sustainably increase corporate value, we will hold shares of other companies as cross-shareholdings only when we deem it necessary in terms of business operations.

(2) Consideration of the appropriateness of holding

The significance of cross-shareholdings shall be comprehensively verified from the perspectives of business potential, profitability, and holding risk, and the Board of Directors shall determine the appropriateness of shareholdings each year.

(3) Exercising voting rights

In light of our holding objectives, the relevant division exercises its voting rights after confirming whether the proposal from the issuing company contributes to the enhancement of our corporate value. We will communicate with the issuing company if necessary.

(4) Shares whose significance of holding has been diluted

We consider the sale after considering the impact on the issuer's business and the market.

4. Policy on Takeover Defense Measures

In the event that our shares are tender purchased, we will request the tender offer holder to explain their measures to increase our corporate value, and promptly disclose the idea of the Board of Directors.

5. Policy for Transactions between Relevant Parties

We establish a system to ensure that the transactions do not harm the common interests of our company and its shareholders in cases where we engage in transactions with related parties (such as officers and major shareholders). Competitive transactions and conflict of interest transactions between the Company and the Directors shall be subject to prior approval and ex post facto reporting by the Board of Directors and shall be monitored through approvals or reports on actual transactions.

Chapter 2 Appropriate Collaboration with Stakeholders Except Shareholders

1. Basic Concept for Strengthening Social and Relationship Capital

As a globally active company, we will strive to realize a sustainable society by implementing business activities rooted in each region, developing various collaborative activities in line with local social issues, and deepening communication and co-creation with stakeholders even more than ever before.

2. Social and Environmental Issues

(1) Initiatives for sustainability issues

We actively address sustainability issues as a management issue.

(2) Relationship with corporate pension funds

We conduct the following operations through the Yaskawa Electric Corporate Pension Fund.

- ① Employees with appropriate qualifications for the operation of corporate pensions shall be selected from the Company as representatives for corporate pension funds.
- ② Decisions on the operation of corporate pensions shall be made by the substitute members based on the opinions of the Asset Management Committee for the purpose of maximizing the interests of beneficiaries and the appropriate management of conflict of interest transactions.
- ③ Along with working with investment consultants to ensure appropriate investment, we increase the expertise of personnel involved in the operation of corporate pensions.

## Chapter 3 Ensuring Appropriate Information Disclosure and Transparency

Yaskawa Group Code of Conduct stipulates that "we will comply with the rules for disclosure of corporate information and will endeavor to disclose accurate information in a timely manner." Based on the above criteria, each division in charge will timely and accurately comprehend information on the Company's operations, including those of subsidiaries (information on facts of decision, facts of occurrence, and settlement of accounts), and disclose information to investors, etc. and financial instruments exchanges in a timely and appropriate manner.

In order to disclose information in a timely and appropriate manner, important matters concerning management shall be submitted to the Management Committee, and further important matters shall be discussed at the Board of Directors.

## Chapter 4 Responsibilities of the Board of Directors, etc.

### 1. Organization Design

We adopt a system of a company with an Audit and Supervisory Committee in order to further strengthen the supervisory function of the Board of Directors to management and corporate governance, and to enhance the soundness and efficiency of management. In addition, the Nomination Advisory Committee and the Compensation Advisory Committee will be established as advisory bodies to the president to supplement the functions of the Board of Directors.

### 2. Board of Directors Policy

#### (1) The role of the Board of Directors

- ① The Board of Directors aims to achieve sustainable growth for Yaskawa Group and increase corporate value over the medium to long term for the common interests of our Group and other stakeholders, including shareholders.
- ② The Board of Directors has the following responsibilities.
  - (a) To discuss and make resolutions on important business execution and legal matters, such as our Group-wide medium- and long-term management plans and annual business plan, and to supervise the execution of duties by directors.
  - (b) To establish an appropriate internal control system for the entire group and to monitor and supervise the status of operations.
- ③ The Board of Directors shall supervise the matters to be delegated to each director in addition to the matters to be resolved at meetings of the Board of Directors and, where necessary,

shall seek correction.

(2) Composition of the Board of Directors

The composition of Board of Directors is based on the following policies.

- (a) Comprised of personnel with advanced knowledge and experience in various fields related to company management.
- (b) The percentage of independent outside directors on the Board of Directors is at least one third.

(3) Diversity of Board of Directors

Our Board of Directors considers diversity in experience, knowledge, abilities, etc., regardless of nationality, race, or gender.

(4) Chairman of the Board of Directors

- ① The Chairman of the Board of Directors is the representative director established in advance.
- ② The Chairman of the Board of Directors shall endeavor to ensure that discussions at meetings of the Board of Directors are free and constructive from a fair standpoint.

(5) Evaluation of the Effectiveness of the Board of Directors

A questionnaire on the evaluation of the Board of Directors is conducted anonymously once a year. In addition, an individual hearing is held once every three years by a third-party organization.

3. Policy on Directors

(1) Areas required of directors' corporate management

The knowledge and experience that our Board of Directors expects of directors are as follows. Corporate Management and Management Strategy /Corporate Governance /Finance and Accounting /Legal Affairs /Sales and Marketing /Manufacturing, R&D, and ICT/ Globals

(2) Succession planning

The Board of Directors is involved in the formulation and operation of succession plans for directors and executive officers and monitors the progress once a year.

(3) Director training

- ① Provide opportunities for directors to continue to expand insight when and after their appointment.
- ② Provide opportunities tailored to each outside director so that outside directors can continuously acquire the necessary knowledge of our Group's business, finance, organization, etc.

(4) Procedures for Election of Directors

- ① Each year, the Nomination Advisory Committee discusses the new system for the following fiscal year, including directors and executive officers, and the Board of Directors deliberates on the appointment of directors and executive officers.

- ② The Nomination Advisory Committee shall deliberate the appointment of director candidates within the new system for the following fiscal year in accordance with the following procedures.
  - (a) We determine the knowledge, experience, abilities and diversity that the board as a whole should possess.
  - (b) We appoint a candidate for the Board of Directors based on the above decision.

(5) Reasons for Dismissal of Directors

In the event that it is resolved at a meeting of the Board of Directors that a director falls under any of the following items, he or she shall not be appointed as a candidate for the Board of Directors at the next General Meeting of Shareholders: In addition, in the event such director is the Representative Director, such director shall be dismissed from the office.

- ① When having committed an act contrary to public order and morality
- ② When it becomes difficult to continue work due to health reasons
- ③ Significant impairment of corporate value due to failure to perform duties
- ④ In the event of a director's disqualification as set forth in Clause 1 of Article 331 of the Companies Act
- ⑤ Other cases where the Board of Directors decides that the director is unsuitable for appointment as a director

4. Independent Outside Director

- (1) Independent outside directors are responsible for providing advice and recommendations from an independent standpoint with respect to our overall management, based on their diverse perspectives, experience, and high level of expertise.
- (2) In addition to the independence standards stipulated by the Financial Instruments Exchange, persons who do not fall under any of the following matters shall be selected as independent outside directors.
  - ① Individuals who have worked for an organization in which we are a shareholder with a 10% or greater ownership interest, either now or within the past 3 fiscal years.
  - ② Individuals who have worked at our main bank or at our group's primary lender as described in our most recent business report, either now or within the past 3 fiscal years.
  - ③ Individuals who have worked in our lead underwriter's securities, either now or within the past 3 fiscal years.
  - ④ Individuals who have worked for an organization whose transaction value exceeds 1% of our or the counterparty's consolidated net sales, either now or within the past 3 fiscal years.
  - ⑤ Individuals who have worked at our independent auditors, either now or within the past 3 fiscal years.
  - ⑥ Individuals who are eligible have received compensation in excess of 10 million yen per

year from us for consulting and advisory contracts (legal, accounting, tax, etc.) either now or within the past 3 fiscal years.

- ⑦ Individuals who have worked for an organization (including an individual) that has received donations from us in excess of 10 million yen per year, either now or within the past 3 fiscal years.

## 5. Access to Independent Experts

The Board of Directors, the Audit and Supervisory Committee and each Advisory Committee may seek advice from outside independent experts as necessary.

## 6. Advisory Committee

### (1) Compensation Advisory Committee

The Compensation Advisory Committee, an advisory body to the president, shall be established with the purpose of ensuring the appropriateness and transparency of compensation for directors (excluding directors serving on the Audit and Supervisory Committee) and executive officers through fair deliberation and securing a forum for outside directors serving on the Audit and Supervisory Committee to obtain sufficient information to form opinions on such compensation and discuss it.

### (2) Appointment Advisory Committee

The Nomination Advisory Committee, an advisory body to the president, shall be established for the purpose of ensuring transparency and fairness in the process of nominating candidates for director, and the selection process for representative directors and executive officers, etc., as well as ensuring that outside directors, who are Audit and Supervisory Committee members, obtain sufficient information to form opinions on the nomination of officers and hold discussions.

## 7. Exchange of information and sharing of awareness among independent outside directors

To exchange information and share awareness, we take such measures as holding meetings of only independent outside directors as necessary.

## 8. Directors' Remuneration

### (1) Basic policy

- ① Our directors' remuneration is designed to be a remuneration level that can secure high-caliber human resources with the purpose of continuously enhancing corporate value and enhancing competitiveness, and a remuneration that functions as an incentive for improving short-term and medium-to long-term performance.
- ② The basic policy for performance-linked remuneration shall be as follows.

(a) Single-year remuneration: We pay remuneration in accordance with the profit performance of the previous fiscal year in order to raise the awareness that the entire company is constantly working together to improve profits.

(b) Medium-to long-term remuneration: Increase awareness of raising corporate value over the medium to long term and share profits with stakeholders.

(2) Composition of Directors' remuneration

① Directors who are not Audit and Supervisory Committee members

The remuneration is comprised of basic remuneration (fixed remuneration) and performance-linked remuneration (single-year remuneration) and stock remuneration (medium-to long-term remuneration) that are linked to performance. Our financial performance as well as our goals for ESG are incorporated in the establishment of this stock-based compensation indicator.

② Directors serving on the Audit and Supervisory Committee

The remuneration consists of basic remuneration and stock-based compensation.

(3) Policy of the ratio of each remuneration

Performance-linked remuneration (single-year remuneration) and stock remuneration (medium-to long-term remuneration) shall be designed to reward the portion of improved performance without setting a ceiling as remuneration. For this reason, when the performance of the indicators on which the calculation is based is favorable, the ratio of the basic remuneration is relatively small. On the other hand, when the performance of the indicators on which the calculation is based is sluggish, the ratio of the basic remuneration is relatively large.

9. Roles of the Audit and Supervisory Committee

(1) The Audit and Supervisory Committee shall consist of a majority of independent outside directors.

(2) The Audit and Supervisory Committee shall audit the status of execution of duties by Directors, etc.

(3) In conducting audits, the Audit and Supervisory Committee sufficiently grasps the current status of the Company through information reported by the Internal Control Division, the Internal Audit Division, and the Head Office business divisions, and the Internal Directors perform their duties appropriately while conducting on-the-spot inspections.

(4) The Audit and Supervisory Committee perform duties in cooperation with accounting auditors and monitor and verify the duties of accounting auditors.



## Chapter 5 Communication with Shareholders

We consider it important to promote constructive communication with shareholders in order to achieve sustainable corporate growth and increase corporate value over the medium to long term. As a promotion system, the director in charge of IR shall be appointed, and Corporate Communications Division shall be the department in charge of IR. Our investor relations activities involve the creation of a dedicated page on our website and disclosure of management policies and business results. In addition, the IR Division shall cooperate with relevant divisions according to the content of the communication.

## Chapter 6 Other

The Corporate Governance Policy will be revised and abolished by resolution of the Board of Directors.