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YASKAWA ELECTRIC CORPORATE GOVERNANCE POLICY

This Corporate Governance Policy defines our basic approach to corporate governance with the purpose of enhancing our corporate value over the mid-term 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 company's highest decision-making body and make it a place to actively exchange opinions with shareholders, including minority shareholders.

(2) Provision of information on convocation notices

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

(3) Electronic voting

We participate in the electronic voting platform 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, we will enable voting rights to be exercised on smartphones, tablets, and PCs.

(4) English translation of convocation notices

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 notices

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

(6) Date of the General Meeting of Shareholders

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

(7) Providing convenience for remote shareholders

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

(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 against which a considerable number of votes were cast

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

2. Policy on Capital Policy

(1) Particularly important management indicators

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

(2) Addressing cost of capital

In formulating the mid-term 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 Policy that could impair the interests of shareholders

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

3. Policy on Cross-Shareholdings

(1) Holding 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 for 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) Exercise of voting rights

Considering our purpose of holding the shares, 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 its measures to increase our corporate value, and promptly disclose the Board of Directors' views.

5. Policy for Transactions between Relevant Parties

We establish a system to ensure that the transactions do not impair the common interests of our company and its shareholders in cases where we engage in transactions with related parties (such as directors 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 other than Shareholders

1. Basic Approach to Strengthening Social and Relationship Capital

As a global 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 fund

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 With regard to the operation of corporate pensions, decisions 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, and enhance the expertise of personnel involved in the operation of corporate pensions.

Chapter 3 Ensuring Appropriate Information Disclosure and Transparency

Yaskawa Group Corporate Code of Conduct stipulates that "we will comply with the rules for disclosure of corporate information and endeavor to disclose accurate information in a timely manner." Based on the above code, each division in charge will timely and accurately comprehend information on company operations, including subsidiaries (information on facts of decision, facts of occurrence, and financial results), 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 submitted at the Board of Directors.

Chapter 4 Responsibilities of the Board of Directors, etc.

1. Organization Design

We adopt the system of a company with an Audit and Supervisory Committee in order to further strengthen the supervisory function of the Board of Directors and corporate governance over management, and to improve the soundness and efficiency

of management.

In addition, the Nomination Advisory Committee and the Compensation Advisory Committee will be established under the Board of Directors to supplement the functions of the Board of Directors.

2. The Board of Directors Policy

(1) The role of the Board of Directors

- ① The Board of Directors aims to achieve sustainable growth of Yaskawa Group and increase its corporate value over the mid-term 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 mid-term 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 its operational status.
- ③ The Board of Directors shall supervise matters to be delegated to each director as well as matters to be resolved by the Board of Directors, and seek correction as necessary.

(2) Composition of the Board of Directors

The composition of the 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 the Board of Directors

Our Board of Directors considers diversity in terms of 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 of the Board of Directors.
- ② The Chairman of the Board of Directors shall endeavor to ensure that discussions at meetings of the Board of Directors are free, open-minded and constructive from a fair standpoint.

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

Conduct an anonymous “Questionnaire on evaluation of the Board of Directors”

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/ Global

(2) Succession planning

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

(3) Director training

- ① Provide opportunities for directors to continue to broaden their knowledge at the time of appointment and on an ongoing basis 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 on the appointment of director candidates under 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 of Directors as a whole, should possess.
 - (b) We appoint necessary director candidates based on the above decisions.

(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, the director shall not be appointed as a candidate for the Board of Directors at the next General Meeting of Shareholders: In addition, if the relevant director is the Representative Director, his/her position shall be dismissed.

- 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 When the corporate value is significantly impaired by negligence of duties
- ④ In the event of disqualification as a director as stipulated in Article 331, Paragraph 1 of the Companies Act of Japan.
- ⑤ Other cases where the Board of Directors decides that the director is unsuitable 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 advanced expertise.
- (2) In addition to the independence standards stipulated by Financial Instruments Exchange, we shall appoint persons who is not applicable under any of the following items as independent outside directors.
 - ① Individuals who have worked for an organization whose shareholder holds 10% or more of our company's stock, 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.
 - ④ Individuals who have worked at our independent auditors, either now or within the past 3 fiscal years.
 - ⑤ Individuals who are eligible have received compensation in excess of 10 million yen per 7 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.

In addition, the basic term of office as an outside director of our company is 4 years, and it may be extended for an additional year if there are unavoidable business reasons.

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 board under the Board of Directors, 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) Nomination Advisory Committee

The Nomination Advisory Committee, an advisory board under the Board of Directors, 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. Information exchange and recognition sharing among independent outside directors

Try to exchange information and share awareness, such as holding meetings of only independent outside directors as necessary.

8. Directors' compensation

(1) Basic policy

- ① Our directors' compensation is designed to be a compensation 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 mid-term to long-term performance.
- ② The basic policy for performance-linked compensation shall be as follows.
 - (a) Single-year compensation: We pay compensation: 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) Mid-term to long-term compensation: Increase awareness of raising corporate value over the mid-term to long term and share profits with stakeholders.

(2) Composition of Directors' compensation

① Directors who are not Audit and Supervisory Committee members

(a) Directors who are not outside directors

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

(b) Outside Directors

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

② Directors serving on the Audit and Supervisory Committee

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

(3) Policy of the ratio of each compensation

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

9. Role 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 based on 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 the accounting auditors and monitor and verify the duties of the 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 mid-term 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 Others

This Corporate Governance Policy shall be revised or abolished by resolution of the Board of Directors. However, this corporate governance policy shall be changed at the discretion of the Corporate Governance division if minor modifications such as changing the name of the organization are necessary.