

Taking steps to strengthen and enhance corporate governance, we will work to increase shareholder value.

Basic Premise on Corporate Governance

Yaskawa Electric places a high priority on corporate ethics based on compliance with statutes and regulations, and we aim to respond to changes in the social and economic environment with prompt management decision-making. We consider it of great importance to take measures that will enhance the soundness of business operations and increase shareholder value.

We commit ourselves to realizing these aims by establishing better relationships with all of our stakeholders and supporters, including our shareholders, customers, business partners, local communities, and our employees. At the same time, we will work to further enhance corporate governance at Yaskawa Electric by strengthening the functions of our current governance structure, including shareholders' meetings, board of directors, board of auditors and our accounting auditors.

System of Corporate Governance

Yaskawa Electric has formed a Board of Directors, which includes an external director, and a Board of Auditors as the corporate management system for company decision-making, execution of decisions, and oversight of such execution. We have adopted the corporate auditor system, and therefore has established a Board of Auditors that oversees and supervises the administration of corporate affairs.

meet periodically with the President to exchange general information and share audit information.

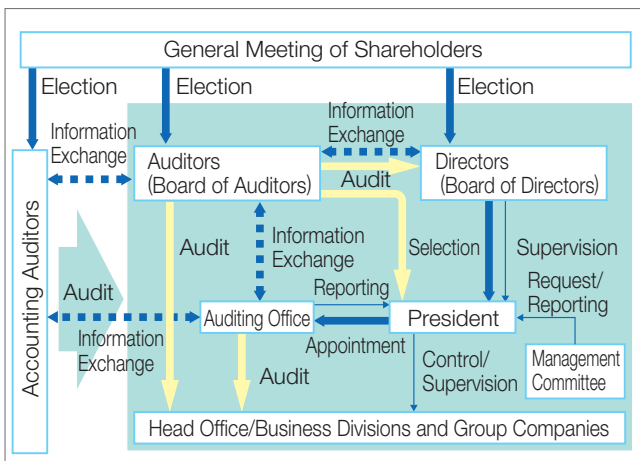
Also, in order to ensure transparency and enable multidimensional auditing, two external auditors are appointed.

Ernst & Young ShinNihon LLC is the auditing firm for Yaskawa Electric. As part of the contract for auditing services, we are required to provide accurate management information. The auditors are provided with an environment in which an open and impartial point of view can be attained. In any situation where the accounting auditors' judgment is necessary, we will consult with them to receive the necessary support.

Status of Internal Control System

As to establishing and strengthening internal control systems, the Internal Control Group, a part of the Auditing Office, responds to the need for financial reporting internal control systems as governed by the Financial Instruments and Exchange Law.

A Yaskawa Board of Directors' resolution of May 2006 determined the structure for establishing an internal control system as required under the Corporation Law. We are continuing with efforts to further enrich and upgrade the system. In March 2009 and March 2011, the Board of Directors revised the internal control system with a view to reinforcing compliance and related matters.



Status of Corporate Governance

The Board of Directors meets in regular and special sessions as needed to make decisions on important managerial and legal issues and to oversee business operations.

During the past fiscal year, the Board of Directors met a total of 9 times to make decisions on important managerial and legal issues, and to oversee the business operations. Yaskawa Electric adopts an external director in order to assure compliance. Corporate auditors regularly meet with accounting auditors and internal auditors to exchange information that each of them has learned according to their position. Corporate auditors also

Compliance

We have defined norms for corporate actions by formulating the Corporate Charter and the Yaskawa Group Corporate Activity Standards. We have taken measures for compliance by Yaskawa Electric and every Group company as well as for deploying and promoting educational and statutory compliance systems. Our Compliance Guidelines are distributed to all employees. We have also set up an in-house violation information system with contact points both in-house and at outside third-party organizations.

Protection of personal information is a very large corporate responsibility. We formulated the Privacy Policy, the Rules for Dealing with Personal Information, and the Information Security Policy to protect personal information, and have been educating employees of these policies.

To ensure international security export control, moreover, we have set up a compliance program (CP) conforming to export-control-related laws, and the entire Yaskawa Group works to comply with these laws.

We are acting to further strengthen corporate governance by promoting activities for corporate social responsibility (CSR) through committees for compliance, crisis management, environmental protection, corporate communication, disclosure, and so on, placed under an officer in charge of CSR.