As indicated by measures such as the establishment of the Yokogawa Corporate Governance Guidelines, all Yokogawa inside and outside directors have long had a commitment to strengthening the Company’s corporate governance. In keeping with the good governance practices of a company that has an Audit & Supervisory Board, Yokogawa has established the Nomination Advisory Committee and the Compensation Advisory Committee, on which all outside directors serve, and this has contributed to transparent and fair governance. With the aim of achieving corporate growth, management has to take calculated risks in pursuit of returns. While embracing the diverse and illuminating perspectives of its outside directors, the Yokogawa Board of Directors has been swift and decisive in matters pertaining to the mid- and long-term business plans, and has supported management’s taking of reasoned risks.

On June 26, 2018, an outside director was appointed for the first time as chairman of the Yokogawa Board of Directors. The role of the chairman is to encourage vigorous discussions among the members of the Board and ensure that they effectively carry out their strategy-formulation, decision-making, supervisory, and other functions. Having an outside director serve as the chairman of the Board is advantageous in that, by virtue of having an external perspective, this person is in a better position to shortlist those agenda items that should be discussed thoroughly, and ensure that important matters are not settled in advance. To ensure vigorous discussions by the Board, it is critically important for outside directors to have a good grasp of the Company’s circumstances and be knowledgeable about all items on the agenda. For this purpose, it is essential to prepare detailed reference materials that clearly elucidate all points on the agenda that are to be discussed. With this in mind, an important aspect of my role as an outside director serving as chairman of the Board is to allocate sufficient time for discussions with management and the secretariat to prepare for meetings of the Board of Directors.

The business environment in which the Yokogawa Group operates is undergoing dramatic change. The need to resolve issues that are of global concern is becoming ever more urgent, and has driven such initiatives as the adoption of the Sustainable Development Goals (SDGs) by the United Nations and the signing of the Paris Agreement at the 21st Conference of Parties to the United Nations Framework Convention on Climate Change (COP21). These developments are creating great opportunities for the Yokogawa Group to transform itself through the pursuit of digital technology innovation. Under the Transformation 2020 mid-term business plan that was launched at the beginning of fiscal year 2018, the Yokogawa Group is pursuing three transformations that require it first to ascertain its current situation and then do away with any old practices that may hinder it from making a fresh start. To achieve the goals set out in the Transformation 2020 plan, the Board of Directors will make decisions with a sense of urgency, while taking care to maintain an appropriate distance between management and the outside directors. They will take the long-term perspective in their efforts to enhance our intrinsic corporate value.