

— **Human Resources Management** —

Human Resources Management

A diverse workforce is an indispensable resource and a key driver for Yokogawa's growth and creation of value. To achieve the targets of the Transformation 2020 mid-term business plan, whose overall goal is the creation of new value through co-innovation with our customers, Yokogawa is pursuing a human resources strategy that is focused on transformation through the strengthening of human resources, promotion of diversity and inclusion, and management of health and productivity. Moreover, to be a good partner, a good corporate citizen, a going concern, a good brand, and a good employer, we will work to establish a productive, healthy, and rewarding work environment throughout the Yokogawa Group.

Transformation through the strengthening of human resources:
Creating a corporate culture in which the Company and its employees continue to grow together

Yokogawa University is established to realize a “Learning Company”

With the goal of ensuring Yokogawa can continue to create greater value for our customers and society in a fast-changing world, in October 2018 we established Yokogawa University, an in-house institution, to provide our employees an environment to learn and increase the level of expertise and skills in a broad range of areas. E-learning is the primary method of training to give our employees around the globe an equal opportunity to learn without any limitations from time or locations. Also, we are developing instructors at each region who can deliver the trainings at all our locations. By offering employees opportunities to take up new challenges and supporting motivated employees to learn while cultivating a corporate culture where employees can learn from each other (“Learning Company”), Yokogawa aims to transform itself into an enterprise that is able to achieve sustained growth through employee growth and development.

Expanding the program content with a focus on business contribution

Programs offered at Yokogawa University are divided into three major themes: Business literacy, which is a set of basic skills in leadership, finance, and other areas expected of a professional; themes based on functional areas of business such as sales and services needed to transform existing businesses and to impart knowledge; and themes based on new technologies and other resources needed to create new businesses and transform business models. External e-learning resources have also been incorporated to expand the programs. A cross-departmental steering committee plays a central role in preparing each program while keeping in mind how an employee will be able to contribute to the Company's business by taking the program. While the University started with some 120 programs when it opened in October 2018, the number of programs were increased to about 680 by the end of March 2019, with more on the way. Employees will apply what they learned from the programs to work and generate more value, so as to realize growth for the Company.

Establishment of a global talent management system

In its effort to achieve sustained growth and enhance its corporate value over the mid to long term, Yokogawa has placed cultivating leaders capable of guiding the Company to global success among its top management

priorities. In fiscal year 2018, Yokogawa launched a committee dedicated to systematically discovering and cultivating future leaders who will shoulder the management of the Company. Yokogawa will make group-wide efforts to strengthen its human resources by assigning personnel and cultivate talents strategically to drive sustainable corporate management.

Promotion of diversity and inclusion

Yokogawa will actively hire, develop, and promote people from a variety of backgrounds who differ in terms of experience, knowledge, sensibility, perspective, cultural background, and values, and in so doing will not discriminate based on ethnicity, nationality, gender, religion, age, social position, or disability. By utilizing digital technology and cultivating a safe working environment, we make it possible for every employee to demonstrate his or her full potential and to work comfortably, with a flexible workstyle. Good communication and constructive collaboration based on mutual respect facilitates the co-creation of new value. Companies throughout the Yokogawa Group are collaborating in the promotion of various diversity and inclusion initiatives, and this includes the monitoring of progress and sharing of information.

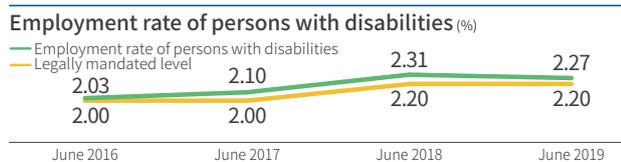
Management of health and productivity

The individual circumstances and priorities of our employees may change over time as they pass through different life phases. Yokogawa provides a comfortable working environment including a friendly and safe workspace for all employees tailored to their evolving circumstances, so that they can continue to perform to the best of their abilities in their optimum physical and mental conditions. We look after the well-being of everyone in the Yokogawa family by promoting good physical and mental health and seeking to ensure that they stay motivated and content.

Following the adoption of a health declaration in 2016, Yokogawa was recognized as an Outstanding Health and Productivity Management Organization and designated a “White 500” company for three consecutive years since 2017. Yokogawa Solution Service Corporation, a Group company, was also recognized as a White 500 enterprise in 2018. Going forward, Yokogawa will position health and productivity management as a key element of its management practices and seek to expand the scope of its initiatives to include other companies within the Group.

Promoting the active participation of persons with disabilities

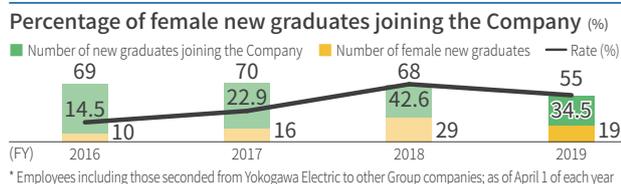
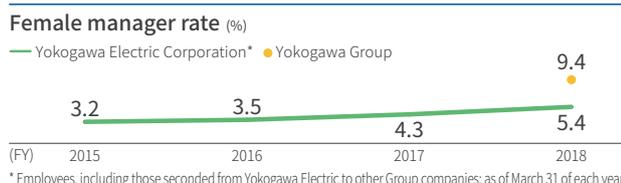
Yokogawa has been actively hiring persons with disabilities since 1992, and such individuals have been working in various capacities within the Company, in functions such as engineering, manufacturing, sales, and administration. As of June 1, 2019, the employment rate of persons with disabilities at Group companies in Japan was 2.27%. Yokogawa will continue to make vigorous efforts in this area by such means as holding briefings for Group companies in cooperation with labor affairs-related institutions and will remain active in hiring persons with disabilities and encouraging their active participation in the workforce.



* Data for the 7 Group companies in Japan (data as of June 1, 2019 for 6 Group companies in Japan)

Promoting the success of women

In April 2015 Yokogawa established a work section that is dedicated to the promotion of diversity, and this unit is actively helping employees achieve success in their jobs by means such as formulating career development plans for each female leader candidate. Moreover, we conduct career development training for female employees as well as seminars to raise awareness among managers concerning the need to empower women. Yokogawa is pursuing its goal of achieving the female manager rate of 7% (non-consolidated) and 12% (global) by fiscal year 2020. In recruitment activities, our target rate for female employees is 30% or more, with the long-term aim of optimizing Yokogawa's workforce gender composition. Women made up 34.5% of the new graduates joining the Company in 2019.



Medium-term sustainability targets

Human resources

Contribution through the Group's foundation				2018 Review
SDGs	Value creation themes	KPIs	Goals	FY18 Results
	Diversity and inclusion	Female ratio out of total number of managers	12%* (FY2020) *Global	9.4%
		Disability employment rate (Group companies in Japan)	2.3% (FY2020)	2.27% (As of June 1, 2019)
	Talent attraction and engagement	Engagement survey score	Implementation of measures to improve employee engagement	— (Planned Jan-Mar 2020)

Work-style reform

We are carrying out various measures to foster a supportive work environment that allows all members of our diverse workforce to challenge themselves and develop their careers. The establishment of Yokogawa University is one such important measure. At the same time, we are undertaking workstyle reforms that will enhance our co-creation of value by improving productivity, motivating employees, and encouraging personal growth.

To give our employees greater flexibility by minimizing constraints on when and where they work, Yokogawa introduced a flex-time option without core time, an hourly paid leave, and telecommuting systems, and is cultivating a change in mindset that is conducive to the use of these systems. Nursing leave and sick / injured child care leave can be taken on an hourly basis, and the first five days of parental leave are paid. In this and other ways, Yokogawa is helping employees maintain a good work-life balance.

We are also promoting new work practices such as enhancement of our Web conferencing tools by incorporating digital technology as well as introduction of robotic process automation (RPA) and other means to improve operational efficiency. Furthermore, by creating a flexible workspace (a "collaboration area" that encourages employees to work together, a "relaxation area" conducive to new ideas and innovation, and a "focus area" where employees work on their individual tasks), Yokogawa realizes an efficient and comfortable workspace where employees are free to choose where they want to work depending on their circumstances.

Hourly paid leave usage rate



Telecommuting usage rate



Free workspace