Appointment of New President and CEO

Takashi Nishijima
Chairman

Hitoshi Nara
President and CEO
We interviewed Chairman Nishijima on this topic as he served last fiscal year as chairperson of the Nomination Advisory Committee.

**Q** What approach was taken with the appointment of the new president and CEO?

**A** In 2014 Yokogawa established the Nomination and Compensation Committee, the majority of whose members were independent outside directors, as a voluntary advisory body for the Board of Directors. In 2015 we established the Nomination Advisory Committee and the Compensation Advisory Committee to make corporate governance more objective and transparent and to take greater advantage of the perspectives of outside directors in management. The Nomination Advisory Committee formulated and has been implementing a leadership training and evaluation program that is dedicated to selecting and training individuals to serve as president and in other executive roles. Through this program we clarified what attributes and qualities were expected of these executives. We selected several candidates and had them attend workshops and participate in challenging projects for training purposes. Based on the results of this training and evaluation, the five members of the Committee—namely four outside directors and myself—engaged in a series of discussions regarding who should be nominated as the next president and when that leadership change should take place, and reached the consensus that Mr. Nara would be appointed as the next president at the beginning of fiscal year 2019. The Committee subsequently reported on their deliberations to the Board of Directors and Mr. Nara was officially appointed.

**Q** Why was a new president and CEO appointed?

**A** To further accelerate the pace of reforms at Yokogawa. The business environment surrounding Yokogawa is undergoing dramatic change, and this is due in part to digital technology innovation and the advancement of globalization. In this fast-changing world with complex, interacting events, it is becoming increasingly difficult to make accurate predictions. Under these circumstances, the Company must try to anticipate changes and cultivate a mindset that emphasizes responding quickly and flexibly to new challenges. We need to be highly sensitive to changing circumstances and instigate changes before we are overtaken by events. As president I personally made some changes and actively took up new challenges. However, in order to further accelerate the transformations that Yokogawa has set out to achieve, we need new perspectives to look at things from different angles, and the ability to quickly and agilely take on challenges without being tied down by precedents. To accomplish this, and to begin tackling reforms, we felt it would be greatly beneficial to pass on the baton to a new president.

**Q** Fiscal year 2019 is the interim year of Transformation 2020 (TF2020), the Company’s mid-term business plan. Why the new appointment now?

**A** The Nomination Advisory Committee held many discussions on the timing of the nomination. Some may have wondered why the new appointment was announced now, just as TF2020 enters its second, and crucial, year. From a slightly longer-term perspective, we can think of fiscal year 2019 not just as an important year for both achieving the fiscal year plan and accelerating the transformations under TF2020, but also as a year in which we will start preparing the next mid-term business plan (for the period commencing in fiscal year 2021) and shift our activities into high gear as we head into fiscal year 2020. Formulating a mid-term business plan is exactly the kind of work the president should lead, so we believed fiscal year 2019 was the best time for this leadership change. I of course have continued to be responsible for the results of the TF2020 initiatives and am working with Mr. Nara, the new president and CEO, to implement reforms.

**Q** How would you describe Mr. Nara, who was appointed as new president and CEO?

**A** Not only does Mr. Nara have the attributes and qualities identified in the leadership training and evaluation program and meet the requirements concerning nomination standards, he is also a very upbeat and positive person and is capable of tackling new challenges without being bogged down by precedents. Having built a successful career at the forefront of sales operations and consistently taking a hands-on approach by working closely with customers, Mr. Nara has earned the trust of many customers. Mr. Nara is best qualified to be the leader of Yokogawa, which seeks to be a trusted partner capable of pursuing co-innovation with customers and partners and working with customers to identify and address issues they are unaware of. He is also good at tapping into other people’s talents. He listens to people carefully while openly communicating his views and excels at involving others and promoting good teamwork to accomplish goals. He also has experience serving as president of a local subsidiary in an emerging market. As such, he is well suited to be Yokogawa’s new president and CEO, in which positions he will press forward with transformations and pave the way for a new era.
Corporate Governance

We interviewed Mr. Nara, the new president and CEO.

Q What goals do you hope to accomplish as the new president and CEO?

A With respect to management, the number one goal is to balance the value that Yokogawa contributes to society with the economic value that it generates to achieve sustainable growth and maximize our corporate value. The future course of world events is uncertain, and we are in an era of rapid and discontinuous change. It is important to anticipate change and speedily make decisions on what to do. With the goal of realizing robust earnings regardless of what is happening in the market, we will accelerate the pace of our transformations to achieve growth and improve efficiency. We will endeavor to be a trusted partner who can help our customers achieve breakthroughs in productivity. Based on our digital transformation and the industry knowledge and experience that we have acquired over the years, we will leverage our capability to propose comprehensive solutions, including consulting services, and will accelerate the value creation process and work with our customers to address the issues that they face. Further, we will work to capitalize on the diversity of our workforce while holding true to the corporate culture and values that Yokogawa has cultivated over the past 100 plus years. And to contribute to the realization of a sustainable society, we will aim to create growth opportunities and consolidate the foundation for growth, two goals of the TF2020 plan.

Profile of Hitoshi Nara

Born on January 23, 1963 in Akita Prefecture, and graduated from Rikkyo University School of Law in 1985. Inspired by Yokogawa's support for a variety of industries and its contributions to society, Mr. Nara joined Yokogawa in 1985.

During his first three years after joining the Company, Mr. Nara gained a broad range of experience working as a service engineer in the sales department. Subsequently he gained experience in the preparation of price quotes for industrial instruments and control systems, engineering, and measuring instrument sales targeting research institutions, and then moved on to handle sales to customers mainly in the chemical industry. As these customers began to expand their operations outside Japan, he was assigned to Yokogawa Engineering Asia and Yokogawa (Thailand) and gained experience in management. Following his return to Japan, he assumed responsibility for petrochemical, chemical, and plant sales in Japan as head of Sales Division I in the Industrial Solutions Business Headquarters. In 2013, as president of Yokogawa Solution Service Corporation, he led the launch of our solution service business. In fiscal year 2018, as head of the Life Innovation Business Headquarters, he was tasked with establishing a service business that delivers enhanced productivity throughout the value chain.

Apr. 1985 Joined the Company
Oct. 2001 Vice President of Yokogawa Engineering Asia Pte. Ltd.
Oct. 2003 President of Yokogawa (Thailand) Ltd.
Jan. 2007 Head of Sales Division I, Industrial Solutions Business Headquarters of the Company
Apr. 2010 Senior Vice-President, Head of Industrial Solutions Business Headquarters
Jun. 2011 Director and Senior Vice-President, Head of Industrial Solutions Business Headquarters
Apr. 2013 Director of the Company, President of Yokogawa Solution Service Corporation
Apr. 2017 Director and Executive Vice President of the Company, Chief Executive for Japan and Korea, President and CEO of Yokogawa Solution Service Corporation
Apr. 2018 Director and Executive Vice President of the Company, Head of Life Innovation Business Headquarters
Apr. 2019 President and CEO