

— Message from the Chairman of the Board —



Enhancing Yokogawa's Corporate Value in the Age of Transformation

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Outside directors are corporate managers who have a wealth of experience and are able to engage in vigorous discussions from various points of view.

Since I was appointed as an outside director in 2014, corporate governance in Japan has undergone dramatic change. While many companies are seeking to strengthen their corporate governance, Yokogawa's corporate culture has allowed it to actively embrace perspectives from outside the organization despite having a history dating back over a century, ensuring free and vigorous discussions by a Board of Directors that includes outside directors. All outside directors bring a wealth of corporate management experience and are able to engage in wide-ranging discussions of market trends, Yokogawa's strengths, and other topics, and the issues that they debate are given careful consideration and factored into strategy development. To improve the Board of Directors' effectiveness, evaluations are periodically conducted by such means as the distribution by third parties of questionnaires to executives both inside and outside the Company. I expect that such initiatives will enhance Yokogawa's corporate governance.

Accelerating the pace of reform through the integration of OT and IT

As the business environment in which Yokogawa's customers operate undergoes significant change, one could say that a company's sustainability will depend on its ability to transform itself. At Yokogawa, a wide range of initiatives have been carried out as part of previous reforms. Particularly commendable has been Yokogawa's effort to recruit people from outside the Company to work in such important areas as marketing, human resources, and digital transformation-related strategy. In accordance with the TF2020 plan's aims of achieving further transformation, the Company must take on a variety of new challenges and seek to keep ahead of the rapid

changes underway in today's world. As an outside director, I have stressed the importance of integrating both OT*, which is one of Yokogawa's strengths, and IT*. With the rapid advances in digital technologies, it is crucial that the Company's managers stay informed on the latest IT solutions around the world that can help to enhance organizational productivity and deliver value to customers. Training and utilization of personnel, including younger employees, is also essential. Further, Yokogawa shows great potential for finding solutions to environmental problems and helping to achieve the United Nations' Sustainable Development Goals (SDGs). As the need to resolve social problems increases, the Company will need to further expedite its reforms from 2020 onward.

Enhancing the Board's supervision of the achievement of the mid-term business plan and following up with risk management

To support and promote reforms in my capacity as chairman of the Board, I will strive to create an environment that encourages communication between inside and outside directors. This will entail the selection and prioritization of agenda items, the preparation of ample and varied materials, and other activities. It will be essential for the Board of Directors to strengthen their supervisory functions to ensure that the TF2020 initiatives are steadily implemented and that a foundation is laid for future steps to be carried out in a timely manner. With respect to risk management, which is crucial for taking on a variety of challenges, the Board of Directors will not only conduct thorough and global risk analysis but also follow up in a reliable manner to ensure risks can be detected and reported through the reporting line. Going forward, the Board of Directors will seek to enhance Yokogawa's corporate value by strengthening its effectiveness and further heightening the quality of its discussions.

* OT: Operational technology, IT: Information technology