

# Human Capital



**Mikio Matsui**  
Head of Human Resources  
and General Affairs  
Headquarters

Yokogawa aims to realize the aspirations expressed in Yokogawa's Purpose and achieve the growth that will put us on track to becoming a trillion-yen company by fiscal year 2030 through the provision of shared value to society. The driving force behind this is the growth of each and every one of our employees. We will create an environment in which our employees can resolutely tackle the changes in the business environment that are exceeding all expectations, adopt whatever mindset is required, and act on their own initiative to improve individual capabilities and skills.

Under the AG2023 plan, we are thoroughly implementing a global human resources strategy to optimize our internal operations and transform mindsets, as part of which we are cultivating a corporate culture and an organizational climate that encourages people to take on new challenges. A key to expansion into new businesses and fields is to promptly secure human resources with the required capabilities at a global level. We will visualize information on the quality and number of personnel, and recruit, train, and optimally deploy employees. Through recruitment and M&A, we will bring on-board personnel who can be immediately effective, promote a change in mindset among our employees, and enhance the training environment for reskilling the workforce. At the same time, the Global HR Transformation Project will integrate personnel systems, processes, and HR databases to establish a foundation for the optimal allocation of human resources. By creating an environment in which human capital is enhanced by such means as improving employee capabilities and engagement, we will maximize the efficiency of our global team. And through our practice of human capital management, our aim as one globally unified company is to continually provide shared value to society.

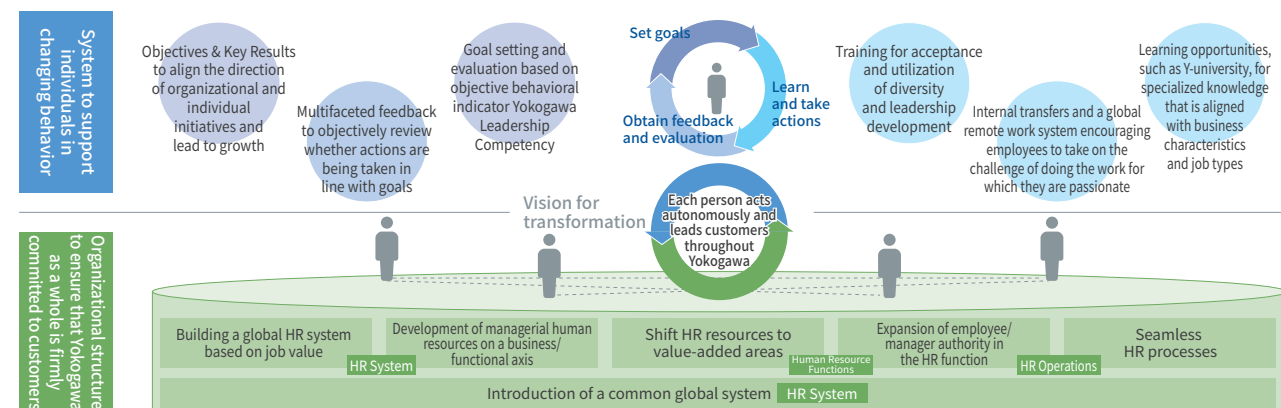
## Global HR Transformation Project

### - Each one of us strengthens Yokogawa

In response to the evolving business landscape surrounding our customers, we initiated this project starting from the fiscal year 2021 to globally identify and address customer challenges and achieve "Yokogawa's Purpose" through value provision.

We are promoting the global unification of personnel systems and processes and introducing a global human resources IT system to effectively operate them. This will create an organizational structure that is customer-oriented and enables cross-border collaboration and optimization. Additionally, we are establishing the foundation for a framework where individuals can understand and grow in alignment with the expected roles in the future.

Furthermore, in this transformation, each and every employee takes center stage. Both individuals and the organization must change from the ways of the past, requiring considerable effort and ingenuity. That is precisely why we are fostering collaboration between the frontline and the HR department to drive a change in mindset as well.



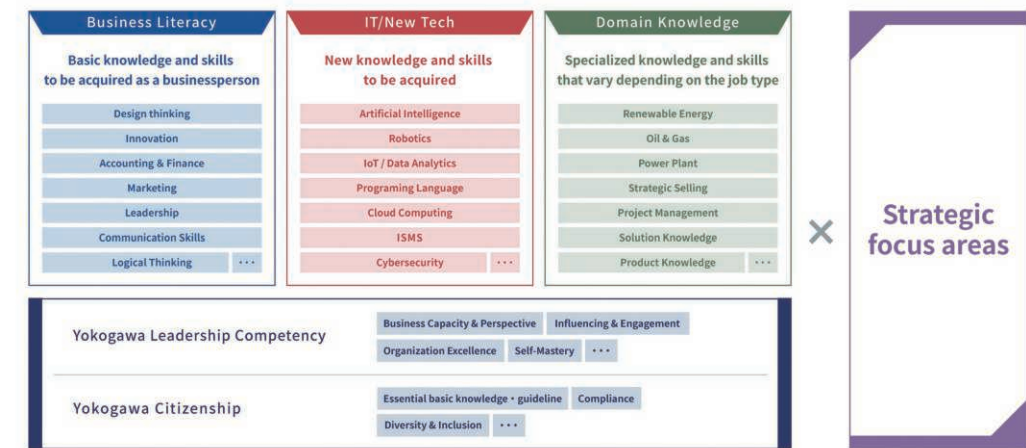
## Fostering a Corporate Culture That Inspires Employees to Grow with the Company

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 with an environment to acquire and increase their level of expertise and skills in a broad range of areas. E-learning is used as the primary method of training so that our employees around the globe have an equal opportunity to learn without time or location constraints. At the same time, we are developing instructors globally to ensure the availability of instructors at all our locations. Further, our officers serve as instructors to educate our employees. By offering employees opportunities to take on new challenges and helping motivated employees grow faster while cultivating a corporate culture where employees can learn from one another ("Learning Company"), Yokogawa aims to transform itself into an enterprise that is able to achieve sustained growth through employee growth and development.

### Learning Target and Results

FY2022 Medium-term results Learning hours per person: 41.3 hours

FY2023 Medium-term target Learning hours per person: 40 hours



Yokogawa University Learning Categories

## Future Co-creation Initiative: Nurturing Co-creative Talents and Shaping Collaborator Networks with External Parties

Under the president's direct control, this cross-organizational virtual team is responsible for adapting to drastic external environmental changes, embodying Yokogawa's Purpose, forming collaborative networks, creating value related to solving social issues, and nurturing co-creative talents. Twenty-four young employees in their 20s to 40s, belonging to the millennials, are actively engaged as Scenario Ambassadors, using future scenarios as a dialogue tool to explore and pioneer the future, transcending organizational and industry boundaries, and engaging in forward-looking dialogues with various stakeholders.

### ■ The 2035 Future Scenario Created by Scenario Planning:

The future scenario envisioned by young employees using scenario planning has become a tool for dialogue about the future across industries and generations. This scenario is widely used for human resource development, business strategy, R&D strategy, and other purposes and continues exploring a new sense of the world. In December 2022, a new team of 18 young employees was formed to create a 2040 future scenario with an expanded scope from BtoB to BtoBtoC.

### ■ Exploration of Future-Oriented Management and Organizations:

While performing their primary duties, the members have engaged in dialogues with various stakeholders and have established relationships with more than 100 corporations and organizations as of the end of FY2022. They function as boundary spanners, connecting various communities both within and outside the company, thereby strengthening the "power to connect" in Yokogawa's Purpose. We are also continuing our exploration of future-oriented management and organizations by developing new training programs that utilize generative AI and working to activate dialogue and improve the capabilities of young employees.

### ■ Expanding Collaborator Networks and the Future Co-Creation Community:

We are expanding our collaborator networks by holding workshops to comprehensively explore common social and management issues such as sustainability, DX, and well-being, collaborated on the industry-government-academia fusion community (Green Phoenix Project) established in collaboration with Waseda University's Governance & Sustainability Research Institute.



Please visit our website for more details.

<https://www.yokogawa.com/solutions/featured-topics/future-co-creation-initiative/>

## Improvement of Employee Engagement

Increasing employee engagement is essential for Yokogawa to enhance corporate value and achieve sustainable growth.

When employees are passionate about their work and contribute to the achievement of the organization's goals, the capability of the organization is enhanced, and the value provided to stakeholders is greater. While sharing Yokogawa's Purpose, Vision, Mission, and Shared Values, we will develop employees who are proud to be a part of the organization, appreciate and admire each other, have a spirit of mutual respect, and contribute to the organization in an autonomous manner.

### Main Achievements in fiscal year 2022

#### ■ Global employee engagement pulse survey, analysis of results, and improvement activities

In FY2022, we conducted an engagement pulse survey (a simple survey with a limited number of questions) (see "Indicators, Targets, and Performance" on the right page for results). The results of the analysis revealed that "inefficient business processes" were an issue to employee vitality and engagement. In addition, the "connection between managers and general employees" is an issue requiring continued efforts. In response to the current situation where many employees are working remotely, we have identified a lack of verbal communication as one cause. We are making improvements with "communication" and "teamwork" as keywords. In order to address these issues more promptly, each department head has set a mission to "improve sustainable engagement" and is focusing on improvement activities with numerical targets.

#### ■ Yokogawa Group Awards, an in-house awards system for the Yokogawa Group, are held every year (150 employees received 16 awards in FY2022).

Recognizing and praising people and teams embodying the company's strategy and direction (AG2023/Three goals/Core Values) as role models and good practices.



## Promoting Diversity, Equity & Inclusion (DE&I)

Yokogawa believes in building a culture that accepts, values, and celebrates individual differences. Yokogawa is committed to providing an equitable and inclusive environment where everyone can belong, contribute, succeed, and demonstrate their full potential without fear of harassment, verbal abuse, or other behaviors that inhibit them from fully contributing or harm their dignity.

To achieve this, Yokogawa will actively recruit, develop, and promote people from a variety of backgrounds who differ in terms of experience, knowledge, thinking styles, perspective, cultural background, and socioeconomic status, and in so doing will not discriminate based on ethnicity, nationality, gender, religion, age, social position, or disability. By utilizing digital technology and cultivating an inclusive working environment, we will make it possible for every employee to demonstrate his or her full potential and to work comfortably with a flexible workstyle. Engaging communication and constructive collaboration based on mutual respect facilitates innovation and the co-creation of new value for our customers, partners, suppliers, and in so doing, improves our planet.

### Main Achievements in fiscal year 2022

#### ■ Expanding DE&I Mindset Training to All Global Employees

Deepened understanding of the importance of DE&I promotion and how unconscious bias can affect behavior.

#### ■ Conducted audits of human resource management systems globally, with DE&I as one of the policies. (FY2022: Implemented at 4 sites)

#### ■ Promoting the active role of employees with disabilities

Employees with disabilities are making the most of their respective skills and experience and are active in various fields, including engineering, manufacturing, sales, and clerical work. Active recruitment activities have been conducted continuously for many years; as of June 1, 2023, the employment rate in the domestic group is 2.52%.

#### ■ Promoting the career advancement of female employees

In April 2015, an organization dedicated to promoting diversity was established. We are making group-wide efforts to achieve the goal of increasing the percentage of female managers to 9.3% on a nonconsolidated basis and 12.5% on a global basis by FY2023. In April 2021, two female executive officers were promoted from within the company. In FY2022, the non-consolidated ratio was 8.7% (+3.3% compared to FY2018), and the global ratio was 13.3% (+3.9% compared to FY2018).

#### ■ Transformation from Telework-Centered Work to Hybrid Work

Due to the impact of COVID-19, there has been a major shift from a work style based on coming to the office to one centered on telework. In line with this change, we have been developing various systems and environments. While the spread of telework has helped individuals achieve a better work-life balance, online work has also led to a lack of daily communication. Many of Yokogawa's strengths have been cultivated through real communication, such as our knowledge of the actual business field, our perseverance in tackling difficult projects, and our ability to overcome challenges through teamwork. Therefore, we have started a hybrid work initiative that combines the best parts of telework and real communication.



I believe we are living in a fascinating era, in which we don't just want, but create a culture that gives everyone a safe space to contribute, achieve their full potential, and feel a strong sense of belonging. This culture embraces diversity, equity and inclusion (DE&I) and will empower us to innovate and dynamically transform mindsets to achieve successful outcomes for our people, partners, communities, and our planet.

#### Karen Murray

Director, Global DE&I and Organization Effectiveness CoE

Please visit our website for more details.

<https://www.yokogawa.com/about/careers/diversity-equity-inclusion/>

## Governance

See page 72 for Corporate Governance.

The Board of Directors monitors and oversees the appropriate response to human capital challenges. The Board of Directors also considers human capital strategies and plans when discussing business strategies and plans.

## Risk Management

See page 90 for Risk Management.

In the global business activities of the Yokogawa Group, it is extremely important to bring together a diverse range of human resources so that each individual can maximize their abilities and individuality. As the mobility of human resources increases, the greatest risk is that the competitiveness of recruitment will decline, resulting in the inability to recruit new graduates and mid-career hires as planned and targeted, and the overall strength of the organization will decline as a result of employee turnover. We are working to reduce these risks by providing employees with opportunities for growth and creating an environment that facilitates their success.

## Indicators, Targets, and Performance

The Group has established long-term indicators to measure the degree of contribution to society (social impact indicators) and mid-term indicators to measure the growth of businesses contributing to society (business activity indicators) under AG2023 in each of six contribution areas. Among them, as Yokogawa's focus areas related to human capital and diversity, we have identified "occupational health & safety of workers, respect for human rights," "employee well-being & engagement," "people capability development for change," and "promotion of diversity & inclusion," and we set the indicators and targets as follows and are working on these.

Contribution area	Focus area	Indicator	FY23 target	FY22 actual
Improving health & safety	Occupational health and safety of workers at Yokogawa, respect for human rights	ISO45001 certification acquisition record	Acquisition at major companies (12 companies)	Acquisition at major companies (10 companies)
Creating workplaces where people can fulfill their potential	Employee well-being & engagement	Engagement survey score	81%	76%
	People capability development for change	Training hour per person	40 hours per year per person	41.3 hours
	Promotion of diversity & inclusion	Female manager ratio	12.5%	13.3%
		Employment rate of disabled persons (Japan)	2.50%	2.52%

### Special Feature

## Transforming Mindsets: Empowering sales organizations through value-creating selling training

### ■ Launch of Global Training Center (GTC)

Sales organizations are actively working towards a shift from product-centric selling to solution-oriented selling, aiming to add value by enhancing their capability to assist customers in identifying their potential issues and offering them valuable solutions. GTC, under the Global Sales HQ, develops and delivers training programs with the objective of supporting sales organizations globally in transforming their sales mindset and enhancing their selling skills, process knowledge, and organizational learning capabilities.

### ■ Training programs focusing on three key areas

- A) Sales skills with a focus on value-creating selling
- B) Process knowledge to better connect with our customers
- C) Coaching to motivate learning

### ■ Main activities

One of the foundations of value-creating selling is preparing hypotheses using industry process knowledge. These hypotheses can help explore customers' challenges, triggering them to analyze with new perspectives to uncover unmet needs.

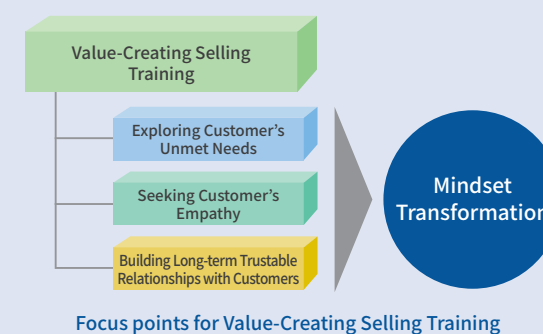
Good sales meeting skills are critical in establishing customer trust and building long-term relationships. The training program utilizes a structured process and a tool to assess individual meeting skills from the customer's perspective (judging from customer's reactions and feelings) and identifying areas for self-improvement.

Finally, GTC offers a coaching program helping managers to enhance their ability to support their staff's learning. By consistently enhancing training initiatives, including enhancing conducive learning environments and support, GTC aims to empower sales professionals across the organization to further excel in their roles.



#### Ang Aik Leong

Head, Global Training Center



Sales Training in Yokogawa South Africa