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and Corporate Auditors



Our Management

Management Framework

The azbil Group, a world-class enterprise specializing in automation, engages in a variety of Group-wide activities in support of its goal of “CSR Management That Values People.” This section introduces the azbil Group’s management framework, which forms the core of its CSR management.

For general information on our initiatives for strengthening our management framework, please refer to <http://www.azbil.com/csr/soc/index.html>

The azbil Group believes that corporate social responsibility (CSR) is a key issue of corporate management. Under our medium-term plan, which began in fiscal year 2010 (ended March 31, 2011), as a global automation enterprise, we work to establish and practice CSR management that actively contributes to the economy, the environment, and society.

Q: What is meant by “the azbil Group’s CSR?”

Aiming for sustainable development of society and of our business, we contribute to society by means of both “basic CSR” and “proactive CSR” activities that are unique to the azbil Group. Basic CSR includes fulfilling obligations with regard to legal compliance, risk management, safety, quality, the environment, and other areas that are essential for the azbil Group as a corporate citizen. Proactive CSR includes contributing to society through business operations and voluntary social contribution activities.

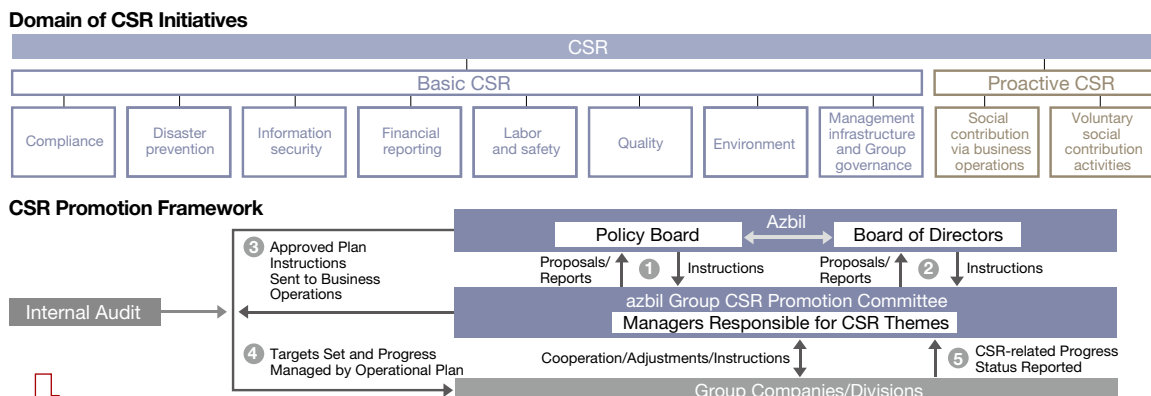
Q: What are your policies and targets for CSR management initiatives?

Under our medium-term plan, we have divided our initiatives into six themes, with targets for each.

- 01 Compliance control**
A culture of thorough compliance that includes not only awareness but also employees’ continuous execution of business activities in a manner that prevents the occurrence of serious compliance issues in the Group’s business activities.
- 02 Operation with thorough risk management**
Full application of Group-wide risk management in areas including disaster preparedness, information security, quality, product liability, and accounting, under a comprehensive risk management system, as well as measures taken on an annual basis to ascertain and deal with key risks.
- 03 Promotion of business management that values people**
Strengthening of the foundation for CSR management that values people by promoting employee health and safety, better workplace environments, a more dynamic corporate culture, and improved motivation as well as establishing a human resource system to support these initiatives.
- 04 Contributions to preserving our natural environment**
Reduction of our own CO₂ emissions and, through our business, active contributions to the reduction of CO₂ emissions of our partner companies and society. In addition, comprehensive promotion of energy conservation measures to address electric power supply shortages.
- 05 Promotion of group management**
Strengthening of Group-wide governance by significantly enhancing the level of management-related practices in areas including internal control, risk management, and accounting at subsidiaries in Japan and overseas.
- 06 Strengthening social contribution activities**
Active promotion and support of social contributions through business operations and employee-participatory, voluntary social contribution activities.

CSR Promotion Framework

The azbil Group’s CSR Promotion Committee was established in order to promote and enact CSR activities for the Group as a whole over a broad range of fields. The committee is composed of senior managers in charge of promoting CSR at individual Group companies and members of the lead departments for each initiative. The committee promotes and controls overall CSR activities, subject to the approval of the Board of Directors of Azbil Corporation, executing CSR initiatives, appraising their results, and reporting to management.



In order to enhance corporate governance, Azbil Corporation has introduced an executive officer system that separates decision making from actual execution of Company policy to facilitate the prompt implementation of policy initiatives. In addition, the Board of Directors and the Board of Corporate Auditors oversee and monitor the execution.

Our Approach to Corporate Governance

Our basic policy on corporate governance is to promote policies that fulfill our social responsibilities based on good ethical practices and that contribute to the welfare of the community based on sound legal and regulatory compliance, and we work to consistently increase enterprise value for the benefit of our shareholders and all our stakeholders by enhancing policies and schemes to realize highly efficient, fair, and transparent business practices.

Framework for Corporate Governance

Board of Directors and Executive Officer System

The Board of Directors makes decisions on operational basic policy, legal issues, and other important matters and oversees the status of execution. Functional separation between the executive officer system and the Board of Directors realizes swift policy execution and strengthens the auditing of execution. The Board of Directors convenes monthly, and for execution personnel, management meetings comprising mainly executive officers, with representatives of the Board of Corporate Auditors also attending, are held twice monthly as part of initiatives to further strengthen business operations through prompt decision making and strict execution.

Corporate Auditor System and Internal Audits

Azbil uses a corporate auditor system in which five corporate auditors including three external auditors are appointed, with two of these auditors serving on a full-time basis. The corporate auditors perform strict auditing of the business and policy decisions of the Board of Directors and executive officers, primarily from the perspective of legality. In addition, in order to strengthen the auditing function, the Company has established the Corporate Auditors' Staff Office under the direct control of the Board of Corporate Auditors, with special agents who assist

the corporate auditors in their duties. The corporate auditors strengthen ties with accounting auditors and the Internal Audit Office by means that include exchanging information and opinions periodically, in order to improve the effectiveness and efficiency of the audits. In addition, the Internal Audit Department, which is directly under the President's control, regularly audits organizations and structures, the execution of business, business risks, compliance, and internal control systems and provides specific advice and proposals for operational control and business improvement.

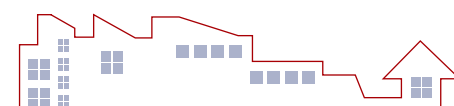
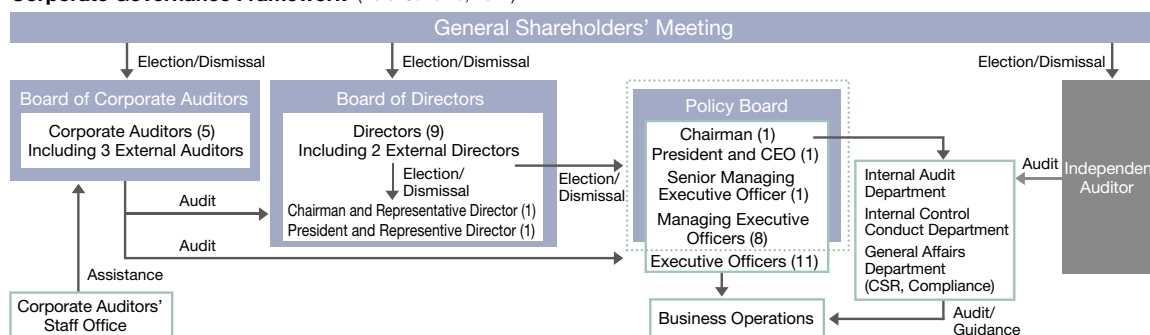
Current Framework

Azbil's Board of Directors was composed of nine members as of June 26, 2012, including six members that also have roles as executive officers, and two external directors. The remaining director is not an external director as defined by Japanese company law, but possesses abundant global management experience and wisdom accumulated over forty years. These directors have the independence to provide oversight and business advice from an external perspective in order to raise the fairness, neutrality, and transparency of the Company's management.

Remuneration for Directors and Corporate Auditors

Azbil discloses the total remuneration for directors and corporate auditors in its annual security report and notice of annual shareholders' meetings. In fiscal year 2011, ended March 31, 2012, total remuneration paid to nine directors amounted to ¥382 million (maximum permissible under company rules: ¥450 million). For the eight corporate auditors (including three corporate auditors who retired at the close of the 89th general shareholders meeting held on June 28, 2011), total remuneration amounted to ¥76 million (maximum permissible: ¥120 million).

Corporate Governance Framework (As of June 26, 2012)



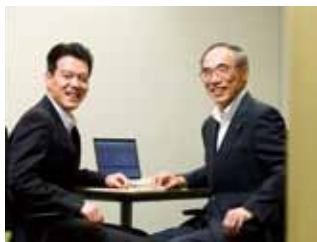
Risk management and compliance are essential components of management that is grounded in corporate social responsibility (CSR), and thus are key elements for the azbil Group if it is to maintain the trust of society and thereby continue to survive and thrive. We are working to manage the various risks entailed in doing business and to promote compliance throughout the Group.

Risk Management

The azbil Group's Total Risk Management

The azbil Group strives for meticulous risk management. Under our total risk management system, risks that could significantly impact our business are identified through comprehensive annual surveys of directors and managers of key departments, and then the Board of Directors prioritizes the azbil Group's key risks for the coming year. These efforts are aimed at facilitating the implementation of Group-wide measures to prevent key risks from materializing.

In consideration of factors such as changes in its management environment and business domains, revisions of laws and regulations, and incidents that create risks inside and outside the Group, the azbil Group revises the risks it surveys each year.



Osamu Murayama (left)
Hiroshi Watanabe (right)
CSR Promotion Group members
Azbil Corporation

Disaster Prevention and Business Continuity Planning

In fiscal year 2011, ended March 31, 2012, we conducted emergency disaster prevention inspections at all domestic business sites of the azbil Group in the wake of the Great East Japan Earthquake, identified problems, and initiated countermeasures. Furthermore, in order to strengthen the azbil Group's overall disaster prevention, we improved our system for checking employee safety after a major earthquake, enhanced our communications infrastructure for disasters, and relocated to buildings that meet new earthquake-resistance standards, among other measures.

Going forward, we will revise our business continuity plan to establish more robust disaster prevention and business continuity in addition to further strengthening our disaster prevention measures.

Information Security

To deal with information security risks, we have carried out a variety of initiatives such as ensuring thorough information security education of employees by means that include the use of e-learning, as in previous years; responding to information security issues brought to light by compliance awareness surveys; and upgrading our framework for managing important data and personal information.

We also relocated our network equipment and servers and upgraded our backup system to ensure that the operational level of services will not be significantly compromised during a disaster.

Compliance

Business Conduct Policy and Business Conduct Guidelines

Our Business Conduct Policy has been aligned with the azbil Group philosophy, and consists of six areas including the Group's public responsibilities, social responsibilities, compliance with antitrust and other fair trade regulations, and respect for human rights.

Based on the Business Conduct Policy, we assembled and implemented specific business guidelines as a code of conduct covering all business activities from the perspectives of legal compliance and ethical conduct.

We have issued localized versions of these guidelines for each country in order to take into consideration local laws and business practices, based on a guideline template for our overseas subsidiaries created in fiscal year 2011.

Compliance Promotion Framework

The azbil Group's Corporate Ethics Committee and departments in charge of compliance promotion are responsible for determining policy and promotion initiatives to ensure legal compliance and ethical behavior. The heads of departments and business office managers are designated as compliance managers and the heads of sections as compliance leaders, each of whom works to heighten awareness and ensure thorough compliance in each workplace.

In addition, we conduct annual surveys of compliance attitudes among all azbil Group officers and employees to monitor the actual compliance awareness and behavior of each workplace. In turn, these surveys are used to ascertain issues and implement improvements.

Compliance Education

Compliance education sessions are held annually for all employees, including directors, corporate auditors, the heads of departments and sections, newly hired employees, newly appointed managers, and employees assigned to an overseas posting.



Issues identified through compliance attitude surveys are reflected in the education curriculum, which uses specific case studies to encourage all employees to think about issues and make a thorough transition from thought into action.

In addition, training sessions for in-house lecturers were held to develop their teaching skills in order to improve the quality of our compliance education.

We have offered compliance education sessions in factories and sales branches nationwide, covering almost everyone in the Group.

Directors, Executive Officers



Seiji Onoki
Representative Director
Chairman
azbil Group General Management



Hirozumi Sone
Representative Director
President and Chief Executive Officer
azbil Group General Management,
Internal Audit Department,
Corporate Planning Department



Tadayuki Sasaki
Executive Director
Senior Managing Executive Officer
Assistant to the President
azbil Group CSR, Internal Control, Facilities and
Business Institutions, Finance Department,
Human Resources Department, General Affairs Department,
Legal & Intellectual Property Department, Secretary Office



Makoto Kawai
Executive Director
Managing Executive Officer
General Manager, Production Management Headquarters
azbil Group Production,
azbil Group Purchasing



Keiichi Fuwa
Executive Director
Managing Executive Officer
Building Systems Company President
Building Automation Business,
azbil Group Operating Synergy



Masato Iwasaki
Executive Director
Managing Executive Officer
Advanced Automation Company President
Advanced Automation Business



Makoto Yasuda
Director (Independent Non-Executive Director)



Eugene H. Lee
Director (Independent Non-Executive Director)
(External Director)



Katsuhiko Tanabe
Director (Independent Non-Executive Director)
(External Director)

Corporate Auditors

Full-time Corporate Auditors

Tomohiko Matsuyasu
Kensei Sukizaki

Corporate Auditors (External Auditors)

Kinya Fujimoto
Jyunichi Asada
Kazuo Yamamoto

Executive Officers

Managing Executive Officers

Toshitsune Okubo
General Manager, International Business Headquarters
International Business, Document Production Department

Ichio Kunii
General Manager, Home Comfort Headquarters
Home Comfort Business

Yoshihide Sugino
General Manager, Technology Development Headquarters
azbil Group Environmental Load Innovation,
azbil Group Technology Development,
Corporate Quality Assurance Promotion,
Department of Safety Assessment

Kenji Hidaka
Advanced Automation Business Sales

Mitsuharu Miyazawa
Service Business
General Manager, Tokyo Head Office
General Manager, Facility Management Headquarters
Building Systems Company

Executive Officers
Osamu Tamayori
Assistant to Managing Executive Officer

Teruyoshi Yamamoto
Group Finance
Assistant to Senior Managing Executive Officer

Takumi Ishiguro
Building Systems Company Instrumentation Sales
Assistant to President of Building Systems Company

Norio Murase
General Manager, Legal & Intellectual Property Department

Nobuo Shimizu
General Manager, Kansai Regional Division
Advanced Automation Company

Haruo Tamura
General Manager, Kansai Regional Division
Building Systems Company

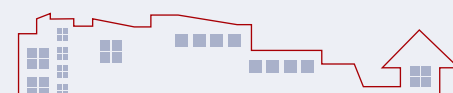
Hiroshi Arai
General Manager, Information Systems Department
azbil Group Information Systems

Seichiro Hayashi
General Manager, Engineering Headquarters
Building Systems Company

Hirohiko Kazato
Deputy General Manager, Technology Development
Headquarters
New Business Development

Yoshifumi Suzuki
General Manager, Engineering Department
Advanced Automation Company

Kenji Okumura
General Manager, Business Sales Headquarters
Advanced Automation Company



Career Summary of the Board of Directors

Seiji Onoki

April 1970	Joined the Company
November 1994	General Manager of System Development Headquarters; Industrial Systems Division
June 1996	Executive Director of the Company
June 2000	President of Yamatake Industrial Systems Co., Ltd. (presently the Company's Advanced Automation Company)
June 2000	Executive Director of the Company
April 2003	Executive Director and Managing Executive Officer of the Company; President of Advanced Automation Company
June 2004	President and Chief Executive Officer of the Company
April 2012	Chairman of the Company (present post) In charge of azbil Group General Management (present post)

Hirozumi Sone

April 1979	Joined the Company
April 1996	General Manager of System Marketing, System Development Headquarters, Industrial Systems Division
October 1998	Transferred to Yamatake Industrial Systems Co., Ltd. (presently the Company's Advanced Automation Company), General Manager of Marketing
June 2000	Executive Director, General Manager of Marketing, Yamatake Industrial Systems Co., Ltd.
April 2003	Director of the Company; General Manager of Engineering Headquarters, Advanced Automation Company
April 2005	Executive Officer of the Company, General Manager of Corporate Planning
April 2008	Managing Executive Officer of the Company, General Manager of Corporate Planning
April 2009	Managing Executive Officer of the Company
June 2010	Executive Director, Managing Executive Officer of the Company
April 2012	President and Chief Executive Officer of the Company (present post) In charge of azbil Group General Management, Internal Audit Department, Corporate Planning Department (present post)

Tadayuki Sasaki

April 1972	Joined The Fuji Bank, Limited
October 1999	General Manager of Project Finance Sales
May 2002	Joined the Company (Director)
April 2003	Executive Officer of the Company, Director of Accounting & Finance
April 2006	Managing Executive Officer of the Company
June 2007	Executive Director, Managing Executive Officer of the Company
April 2009	Executive Director, Senior Managing Executive Officer of the Company (present post)
April 2012	Assistant to the President, In charge of azbil Group CSR, Internal Control, Facilities / Business Sites, Finance Department, Human Resources Department, General Affairs Department, Legal & Intellectual Property Department, Secretary Office (present post)

Makoto Kawai

April 1972	Joined the Company
November 1996	General Manager of Technology IV, Product Development Headquarters, General Manager of CV Production, Product Production Headquarters, Industrial Systems Division
June 2006	General Manager of Shonan Factory
April 2007	Director of the Company, General Manager of Shonan Factory; Manager of IP Production Headquarters, Advanced Automation Company
April 2008	Executive Officer of the Company
April 2010	Managing Executive Officer of the Company
June 2010	Executive Director, Managing Executive Officer of the Company (present post)
April 2012	In charge of azbil Group Production, Purchasing; General Manager of Production Management Headquarters (present post)

Keiichi Fuwa

April 1974	Joined the Company
October 1998	Transferred to Yamatake Building Systems Co., Ltd. (presently the Company's Building Systems Company), General Manager of Security Systems, Yamatake Building Systems Co., Ltd.
April 2003	General Manager of Building Automation Business Headquarters, Tokyo Head Office, Building Systems Company
April 2004	Director of the Company; General Manager of Building Automation Business Headquarters, Tokyo Head Office, Building Systems Company
April 2006	Executive Officer of the Company; General Manager of Osaka Branch, Building Systems Company
April 2008	Executive Officer of the Company; General Manager of 1st Sales Headquarters, Building Systems Company
April 2011	Managing Executive Officer of the Company; General Manager of Sales Headquarters and Tokyo Head Office, Building Systems Company
April 2012	Managing Executive Officer of the Company; President of Building Systems Company (present post)
June 2012	Executive Director of the Company (present post)

Masato Iwasaki

April 1982	Joined the Company
April 2003	General Manager of Marketing 2nd Department and Information Systems, Advanced Automation Company
April 2005	General Manager of Solution Marketing, Advanced Automation Company
April 2010	Director of the Company; General Manager of Marketing, Advanced Automation Company
April 2011	Executive Officer of the Company; General Manager of Marketing, Advanced Automation Company
April 2012	Managing Executive Officer of the Company; President of Advanced Automation Company (present post)
June 2012	Executive Director of the Company (present post)

Makoto Yasuda

April 1960	Joined the Company
August 1968	Resigned from the Company
October 1984	Chairman of Elders Pika
May 1987	President of Elders and Yasuda Limited
July 1990	President of Yasuda and Pama Limited (presently Yasuda Makoto & Co., Ltd.) (present post)
June 2000	Corporate Auditor of the Company
May 2001	Director of Li & Fung Limited
June 2006	Executive Director of the Company (present post)
June 2007	Executive Director of KANEMATSU TEXTILE CORPORATION (present post)

Eugene H. Lee

September 1970	Professor of International Business and International Law at Sophia University
February 1973	President of International Investment Consultants Ltd.
January 1982	President of Siemens Medical Systems (presently Siemens Japan K.K.)
December 1990	Vice Chairman of Siemens K.K. (presently Siemens Japan K.K.) (Representative of Siemens Group in Japan)
June 2007	External Director of the Company (present post)

Katsuhiko Tanabe

April 1973	Registered as a Lawyer
September 1979	Established TANABE & PARTNERS (present post)
April 1995	Deputy Chairman of Dai-ichi Tokyo Bar Association
April 1997	Vice-Chairman of Kanto Bar Association
April 1998	Managing Director of Japan Federation of Bar Associations
June 2000	External Auditor of Sanwa Shutter Corporation (presently Sanwa Holdings Corporation) (present post)
June 2007	External Auditor of the Company
June 2010	External Director of the Company (present post)
October 2010	External Director of MIRAII Holdings Corporation (present post)

