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Our Sustainability

Sustainability

The azbil Group is focusing on strengthening its relationships with its many stakeholders as part of its commitment to the sustainable development of companies and society. This section introduces initiatives to strengthen our relationships with the Group's various stakeholders.

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

Based on its Group Philosophy, the azbil Group proactively works to ensure the safety and dependability of its products and services, and has set forth both a statement of basic policy and a detailed statement of rules to ensure its continued ability to provide products and services that keep customers safe and contribute to their peace of mind.

The azbil Group's Initiatives to Offer Customers Safety and Dependability

For the azbil Group, the term "products and services" encompasses products such as devices, equipment, software, and systems, as well as services such as engineering, installation, adjustment, maintenance, facility management, and in-home care. To ensure that all of these products and services pose no risk to our customers' safety or peace of mind, we established the Basic Policy on the Safety and Dependability of azbil Group Products and Services, which is shown on the right.

At the same time, we set forth Rules on the Safety and Dependability of azbil Group Products and Services and shared them with Group companies in Japan and overseas in a proactive effort to ensure the safety and dependability of products provided by azbil Group companies.

In addition, the entire azbil Group is committed to enhancing product quality. Efforts by each business department and each Group company are periodically reviewed by the azbil Group's Quality Assurance Committee and shared throughout the Group. A report on product quality at each Group company is published monthly and distributed to the management of each company.

Quality Assurance Activity Monitoring System



Basic Policy on the Safety and Dependability of azbil Group Products and Services

1. Observing laws

We will observe laws pertaining to the safety and dependability of the products and services we provide.

2. Ensuring the safety and dependability of our products and services

By maintaining internal rules and standards for the safety and dependability of our products and services, having appropriate quality control, educating our employees and sub-contractors, and conducting appropriate inspection and monitoring, with continuous *kaizen*, we will ensure the safety and dependability of our products and services.

3. Providing safe and dependable products and services

We will plan and design our products and services from the customer's point of view, recognizing that safety and the customer's peace of mind are higher priorities than function, performance, and cost.

4. Cautions and information sharing for customers' safety and peace of mind

In our manuals, catalogs, products labels, specification sheets, contracts, etc., we will include appropriate and sufficient precautions for safety and peace of mind and other useful information in order to ensure customers' safe use with peace of mind.

5. Quick response to accidents

We will proactively collect information about accidents of our products and services. If an accident happens, we will first care for customers' safety and peace of mind, and quickly prevent a worsening of the situation, and then study the cause, and take countermeasures. We will also disclose appropriate information by means of reports, notices, etc., inside and outside the company.



Initiatives to Enhance Group-wide Quality Management

From the perspective of Group-wide quality management, the azbil Group conducts enhanced quality education and human resource development, customer-oriented product planning, and source management at the development and design stages. We have initiated a campaign against non-conformance in all production processes as we work to prevent the delivery of defective products to our customers' business sites.

We will work to further improve our quality management in order to provide products that offer greater satisfaction to customers.

Hideaki Ishii

General Manager
azbil Group Quality Assurance Department
Azbil Corporation

TOPICS

Efforts to Hasten Recovery in Disaster-Stricken Areas

The azbil Group believes that its relationships with customers do not end with the sale of products. We work with customers on a daily basis to help resolve the challenges they face at their work sites. In the wake of the Great East Japan Earthquake and the floods in Thailand that occurred in 2011, the azbil Group promptly provided reconstruction assistance to help customers affected by these disasters to solve a variety of problems.

Helping to Restore the Infrastructure as a Unified Group

In the Kanto area an oil refinery, one of our customers, was forced by the earthquake to undergo an emergency shutdown of its equipment. With the collaborative help of the azbil Group's sales, service, and engineering divisions, after completing safety checks and restarting its plants one by one, this customer was able to resume tanker truck shipments from its refinery on March 14, just three days after the earthquake. Also, at the request of the national government, we helped to restart a thermal power plant that had suspended operations.

To procure the necessary parts for these support activities, information about usage frequency, inventory levels, and supplier status was collected. Specifically, it was necessary to ensure the stable supply of parts to the infrastructure-related customers, who were the top priority, and at the same time to set up a supply framework that included designs using alternatives for parts that would likely be difficult to source.

Support for the Mental Well-Being of Elderly Disaster Victims

Azbil Care & Support Co., Ltd. (formerly Safety Service Center Co., Ltd.), which operates an emergency alert response service for elderly people who live alone, continued to provide services 24 hours a day, despite interruptions in public transportation that made it difficult for staff to come to work. The company confirmed the safety of each one of its customers in the disaster area and reported its findings to the appropriate local governments. It also worked to relieve customers' anxieties after the

disaster by contacting local governments and medical institutions, etc., helping to provide peace of mind to many.

Following the earthquake and tsunami, Azbil Care & Support provided the Nurse Phone-Anshin Pendant™, a mobile version of our emergency alert response service, allowing people to make contact or receive consultation at any time, in order to prevent the elderly from withdrawing from society or dying alone while in temporary housing. This service is currently being provided in the cities of Iwanuma in Miyagi Prefecture and Ofunato in Iwate Prefecture.

Putting Our Disaster Response Experience to Immediate Use Overseas

Immediately after the floods in Thailand in 2011, we were inundated with requests to provide reconstruction assistance from more than 200 companies. We set up a reconstruction support office and dispatched personnel and supplies, working closely with Azbil (Thailand) Co., Ltd. As a result, we were able to provide a wide range of support, including the installation of alternative machinery and establishment of new supply chains, which helped many of our customers quickly return their operations to normal.



The valve maintenance center in Rayong cleaned 200 water-damaged valves.



Paitoon Prompt

Sales Manager, Azbil (Thailand) Co., Ltd.

Valve Maintenance Center in Thailand Plays Key Role in Rebuilding Customer's Factory

I participated in a project to help restore operations at a major Japanese materials manufacturer, doing maintenance work on valves that had been rusted by the flood waters. All 200 or so valves were transported to our maintenance center in Rayong. So that the valves for each process would be ready in time for the restart of operations, I created a detailed process management sheet for all of the work required, and the project turned out to be a Group-wide effort. The customer was very impressed that, no matter what the request, we quickly traveled to their site and responded in a timely manner. This helped to build such a strong relationship of trust that the customer stated that they will get in touch with the azbil Group if any problems arise in the future. Our ability to play a key role in helping many customers successfully rebuild, while contributing also to Thailand's reconstruction effort, has given our employees here a strong sense of satisfaction and motivation.

As members of society, we strive to contribute to the welfare of our fellow citizens by applying our “human-centered” approach on behalf of individuals, livelihoods, society, and the Earth’s environment. In addition to contributing to society through our business operations, our corporate culture is a stimulus for volunteer activity by our employees.

**Activities in Fiscal Year 2011,
Ended March 31, 2012**

The Sixth Shonan International Marathon

Since 2006, the azbil Group has co-sponsored the Shonan International Marathon, an event that aims to be more environmentally friendly each year.

As an “Eco Friendship” corporate leader, we coordinated the activities of six other participating companies, which included collecting and sorting recyclables at the venue and conducting eco craft making activities among children to foster their awareness of the environment.

In addition, we calculated the total amount of energy used at the event to estimate CO₂ emissions, and conducted an environmental impact analysis of the marathon’s effects on the surrounding environment.

Reaching its sixth year in fiscal year 2011, the marathon has grown to become the largest in Kanagawa Prefecture, with more than 23,000 runners taking part in 2011. About 220 azbil Group employees were involved as volunteers or runners.

This year we invited the participation of employee runners from all parts of Japan to further strengthen solidarity and interaction within the azbil Group on the occasion of the fifth anniversary of the “azbil” symbol. Employee runners came from as far north as Hokkaido and as far south as Kyushu. Runners sped through Shonan wearing the familiar azbil Group’s race t-shirt and race bibs with the azbil logo.



Employees who participated in the marathon

azbil Honey Bee Club

The azbil Honey Bee Club is a volunteer organization established in 2009 to encourage participation in social contribution activities by azbil Group employees. Interested employees and officers can join the club with a donation of 100 yen or more. The club then makes donations to recipients selected by the members.

In fiscal year 2011, its second year of operation, the club decided to expand its scope to include providing assistance to groups and organizations through the payment of membership fees and donations. Members voted to provide donations to 32 organizations and groups involved in areas including social welfare, health and medicine, community environmental activities, international exchange for the environment, education and lifelong learning, sports and training, preservation of historical sites or traditional culture, and academic research. In total, the organizations received approximately ¥4 million in financial support from the Honey Bee Club and matching company contributions.

To assist areas affected by the Great East Japan Earthquake, the club helped to fund after-school activities at Ofunato Junior High School in Iwate Prefecture as well as emergency rations and supplies for future use through a program of the Japan Philanthropic Association. Also, club funds provided to charity organizations were used to supply a fishing vessel for the disaster area.



Fishing vessel for the disaster area supplied using azbil Honey Bee Club funds



From left:

Hironi Yamamoto

Sumie Saito

Masatoshi Hori

Technology General Affairs Group
Technology Development
Headquarters
Azbil Corporation

Working with Business Sites

– Making Social Contributions by Recycling Unwanted Books

In December 2011, we established a program in which unwanted books from various company departments are sold to second-hand bookstores, with the proceeds donated to philanthropic groups. The idea originated from the person in charge of discarding old materials used for research and development, who suggested to the department handling CSR that the unwanted books could be used to benefit society, rather than being simply thrown away. The department handling CSR established a framework and informed employees of the program to promote the participation of azbil Group employees throughout Japan. Employees are also able to contribute unwanted books they have at home.

As of April 2012, or nearly six months after the program’s inception, a total of 788 books were sold and about ¥50,000 in proceeds donated to the Japanese Red Cross Society. We hope to expand the scope of this program to include the entire azbil Group so that every employee has the opportunity to help out.

TOPICS

The azbil Group contributes to the preservation of the global environment by actively promoting green procurement, which prioritizes selection of materials with low environmental impact in order to provide environmentally friendly products and services to customers.

Green Procurement and Related Evaluations

The azbil Group's procurement departments (materials and purchasing departments) have adopted a policy of using green procurement when sourcing materials. The environmental activities of suppliers are evaluated using the azbil Group Green Procurement Guidelines.

Green Procurement Evaluation Sheet (excerpts)

Question	Answer	Instructions (Example)
■ ISO 14001 implementation status		
(1) Has your company (business site) acquired ISO 14001 certification?	<input type="checkbox"/>	Yes = 1 No = 2
■ Status of voluntary environmental initiatives		
(2) Environmental philosophy/policy		
<ul style="list-style-type: none"> We have established a philosophy and/or policy on the environment and make these known to employees in writing, displays, etc. 	<input type="checkbox"/>	Yes = 1 No = 2
<ul style="list-style-type: none"> In our environmental policy, we pledge to comply with environmental laws and regulations and to prevent pollution. 	<input type="checkbox"/>	Yes = 1 No = 2
■ Status of environmental initiatives for products		
(8) Conserving resources and energy		
<ul style="list-style-type: none"> We design products using the 3Rs (reduce, reuse, recycle) to reduce resource use and waste, conserve energy and make disassembly easier. 	<input type="checkbox"/>	Yes = 1 No = 2
(11) Management of chemical substances used in product packaging and compliance		
<ul style="list-style-type: none"> We are aware of and manage substances noted in Attachment 2 of the Chemical Substances Management Rules as prohibited or requiring reductions and management. 	<input type="checkbox"/>	Yes = 1 No = 2

The Green Procurement Promotion Committee performs evaluations by checking to see if the entries on the Green Procurement Evaluation Sheet completed by the supplier meet predetermined criteria. If the supplier fails to meet these criteria, a reconfirmation is performed on the status of its voluntary environmental initiatives and the supplier is requested to make greater efforts for environmental preservation. When necessary, we provide support, such as through the azbil Eco Program¹, to assist in suppliers' efforts to reduce their environmental impact.

1. For suppliers that fail to meet the criteria on the Green Procurement Evaluation Sheet, we have set up the azbil Eco Program, which deals with environmental preservation activities based on the Ministry of the Environment's "Eco Action 21 Guidelines," which are easily implemented even by small businesses.

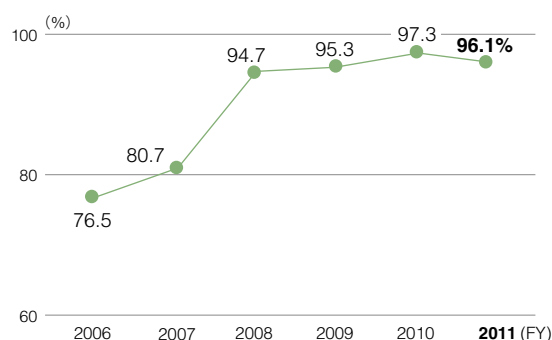
Examples of Evaluation Criteria

Department in Charge of Evaluation	Materials Procurement Department	
Frequency of Evaluation	Once every 3 years Whenever needed When commencing a new relationship with a new supplier	
Evaluation Criteria	Implementation Status of ISO 14001, etc.	Acquired ISO 14001 certification Preparing to acquire ISO 14001 certification Implemented other environmental management system Creating other environmental management system Voluntary environmental initiatives (12 items)
	Evaluation of Materials	Environmentally friendly product design Reduced resource use and chemical substance management of products and packaging (4 items)

Green Procurement Promotion Committee

Representatives from each procurement department in the azbil Group meet monthly to establish a fiscal year target for the Group's green procurement rate, and then to monitor and assess the green procurement status of each supplier based on this target. The following graph illustrates trends in our green procurement rate² since its implementation in fiscal year 2006, ended March 31, 2007. In fiscal year 2011, ended March 31, 2012, we achieved a green procurement rate of 96%, exceeding our target of 95%.

Green Procurement Rate



$$2. \text{ Green procurement rate (\%)} = \frac{\text{Total purchases from suppliers meeting Green Procurement Evaluation Sheet criteria}}{\text{Total purchases from all suppliers}} \times 100$$

The Green Procurement Evaluation Sheet is valid for a period of three years, and members of the Green Procurement Promotion Committee regularly contact suppliers to monitor their status. We also work to maintain and improve our green procurement rate by actively following up with suppliers and helping them to improve their operations by providing guidance for environmental improvements and other measures. When necessary, we check the status of suppliers' voluntary environmental initiatives through interviews or on-site visits.

We strive to create and maintain workplaces where all employees can work with peace of mind for many years to come. We are committed to creating job opportunities as well as fostering and deploying employees with diverse viewpoints, including women, foreign staff, senior citizens, and persons with disabilities. In that way we advance toward our goal of being a corporate group that never stops learning as we evolve to deal with a changing environment.

Creating Healthy Workplaces Where Employees Can Thrive

In October 2011, the azbil Group introduced its Occupational Health and Safety Management System (OHSMS) to maintain and enhance the safety and health of employees based on the creation of healthy, cheerful, and comfortable workplaces where employees can work with peace of mind for many years to come.

Guidelines issued by the Ministry of Health, Labour and Welfare in March 2006 encourage companies in Japan to proactively introduce and build an OHSMS through a framework for phased enhancements in the occupational health and safety standards of business sites.

Immediately after the October 2011 introduction of our OHSMS, we formulated a plan for internal audits, the first of which was conducted at a total of 29 business sites by the end of February 2012. We then went through the PDCA (Plan, Do, Check, Act) cycle to identify potential issues and implement remedial measures. This process also reaffirmed the importance of working to improve our health and safety standards by continuing to turn the PDCA cycle in the future.

Fostering and Deploying Human Resources for the "Period of Growth"

We have been working to secure and foster the diverse human resources required to enter the ranks of top-class global enterprises under the azbil Group's "Period of Growth" medium-term plan, and as we near its halfway point, we are redoubling our efforts to respond to the various changes taking place in our business climate.

Training for Managers

We provide organized and systematic training for newly promoted managers to guide them in becoming key management resources for the company.

At the time of their promotion, managers go through training in the fundamentals of management, including the necessary practical experience in duties and workplace management. As they are promoted through the ranks from middle to senior management, managers receive training for the development of advanced skills and knowledge in leadership and strategic planning, as well as training outside the company to cultivate professional skills and knowledge related to management expertise.

Going forward, training will place greater emphasis on enhancing managers' abilities to identify and resolve issues in their daily work, in addition to developing the foundations of a corporate group that never stops learning and that evolves to deal with a changing environment.

Securing and Developing Human Resources for Globalization

The companies of the azbil Group around the world are stepping up human resource development programs that combine language study and correspondence courses in order to promote further globalization. These include training for presidents and executives of overseas subsidiaries to develop the future business leaders of the azbil Group and training for globally active human resources to develop personnel who can plan and initiate collaboration with multinational companies.

Going forward, we will continue to develop and strengthen our human resources in order to enable our subsidiaries around the world to operate and manage their companies more independently.



Training globally active human resources



Azbil Yamatake Friendly
(From left)

Toshihiko Enomoto

Isehara Section Manager
General Affairs Department

Masako Kamiya

Section Manager
General Affairs Department

Hajime Morohoshi

Director and General Manager
General Affairs Department

Azbil Yamatake Friendly Co., Ltd.: A Special Subsidiary Employing Workers with Intellectual Disabilities

Azbil Yamatake Friendly was founded as an azbil Group company in April 1998 with the aim of creating a place where employees with intellectual disabilities can thrive and be active (*ikiki*)¹ as integral staff members. The company's management policy is to support employees' skill enhancement and self-realization through their work, helping them to contribute to society. It aims to satisfy customers with its quality, pricing, and delivery as it takes on the challenges of better work quality and speed with its attitude of "never turn down a customer request."

The entire azbil Group is helping to expand the scale of business of Azbil Yamatake Friendly and supports the company's independence in order to maintain and increase employment opportunities for persons with disabilities.²

Notes:

- ¹ *Ikiki* means "active," but it is written with kanji characters in a special way that suggests that the workplace is an important place in the lives of employees.
- ² The azbil Group has received approval to use special criteria in calculating its ratio of employees with disabilities (businesses are required by law to employ persons with disabilities at or above a rate of 1.8% for private sector companies).

TOPICS

To contribute to the preservation of our environment, the azbil Group has formulated the azbil Group Environmental Charter, which is based on our Group philosophy, and we proactively work to reduce the environmental impact of our own business activities as well as to contribute to reducing society's impact on the environment.

Reducing the Environmental Impact of Our Business Activities

Initiatives for Reducing CO₂ Emissions

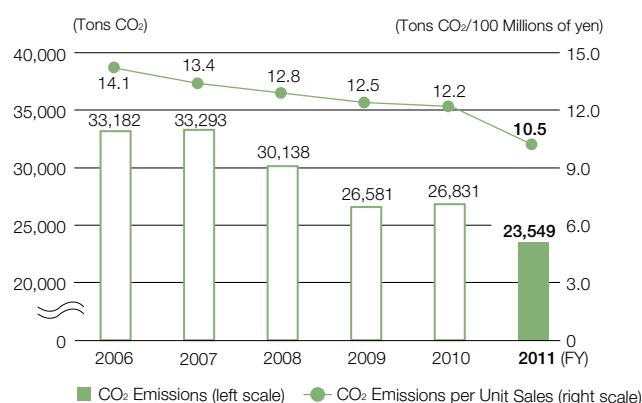
To help prevent global warming, the azbil Group is proactively working to conserve energy in its business activities. We have set a management policy to reduce our CO₂ emissions for fiscal year 2013, ending March 31, 2014, by more than 10% from the level of fiscal year 2006, ended March 31, 2007. All employees are involved in this initiative, which is achieving results.

⇒ See page 55 regarding conservation of energy and resources.

In addition, measures to deal with electricity usage restrictions imposed in summer 2011 contributed significantly to CO₂ reduction.

⇒ See page 57 regarding measures to deal with electricity usage restrictions.

CO₂ Emissions



* Scope is Azbil Corporation and its consolidated subsidiaries in Japan.

* The figures for CO₂ emissions use a fixed coefficient (0.378 kg CO₂/ kWh).

* The figures for CO₂ emissions include estimates of air-conditioning energy and other figures.

Initiatives for Environmentally Friendly Products

To provide environmentally friendly products, services, and solutions, the azbil Group proactively promotes measures throughout all stages of the life cycle from development to disposal, including material selection, energy-saving design, reuse of materials, and environmental information disclosure.

⇒ See page 56 regarding environmentally friendly product design.

Helping to Reduce Society's Impact on the Environment

The azbil Group proactively contributes to society by providing products, services, and solutions that support energy savings at its customers' work sites.

⇒ See page 54 regarding quantitative results in reducing society's environmental impact.

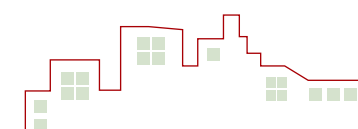
In addition, based on the recommendations of employees, we have initiated joint activities with local communities to protect the natural environment in order to help conserve local biodiversity.

⇒ See page 58 regarding raising environmental awareness and initiatives for local communities.

Environmental Management System Promotion Framework

The azbil Group Environmental Management Committee, led by the Environmental Management Officer, is responsible for the environmental management of the entire Group. The Committee promotes and reviews plans to improve the quality of the Group's environmental management, including reducing the environmental impact of its own business activities as well as at its customers' work sites through its core businesses.

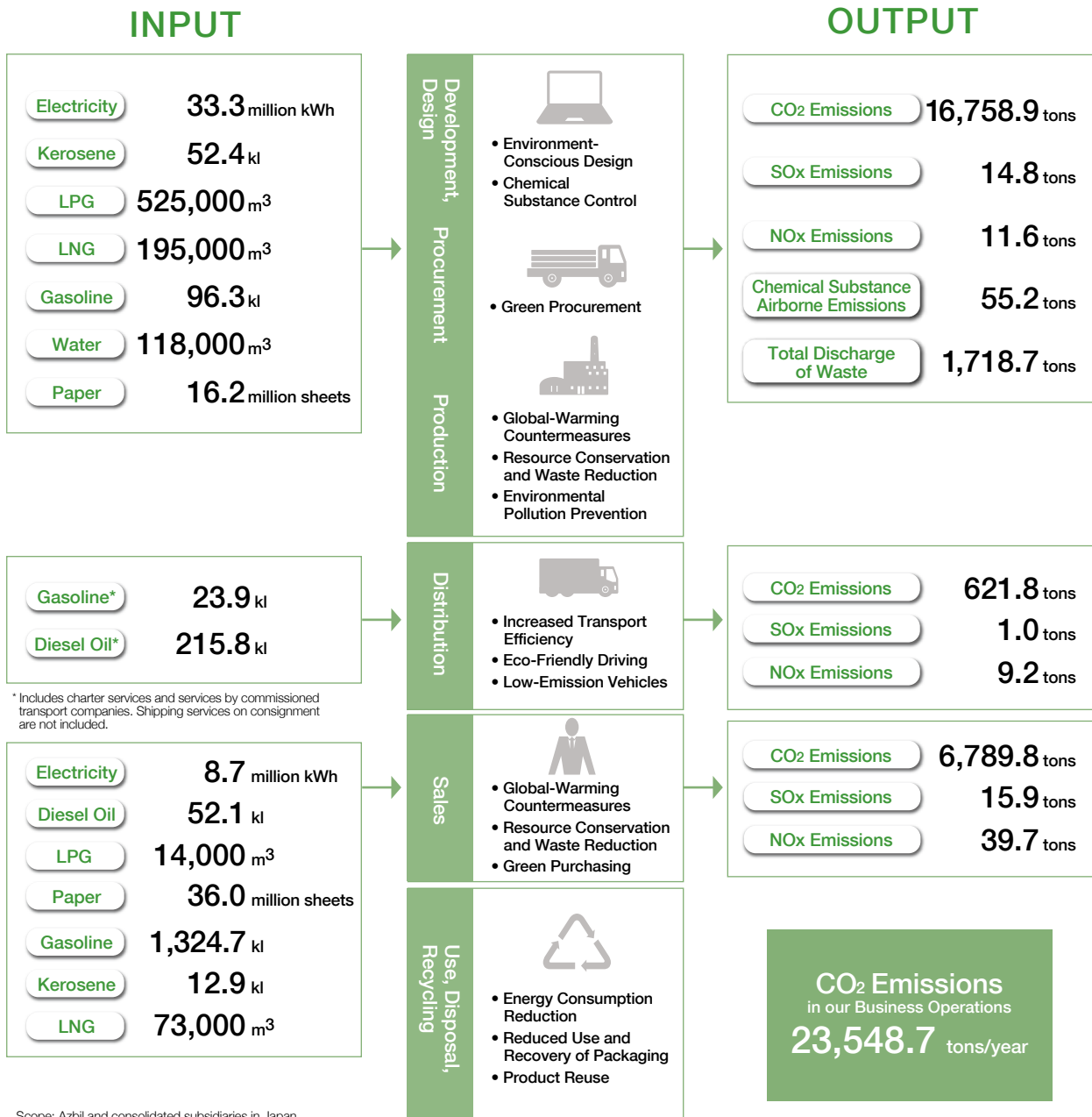
Environmental Management System Promotion Framework



Material Balance and Reduction of Society's Impact on the Environment

The azbil Group undertakes quantitative analysis of environmental impact and strives for preservation of the environment in all phases of the product life cycle, from development and design to use, disposal, and recycling. In addition, we calculate the reduction in environmental burden that we are able to achieve through our business operations.

Summary of Environmental Performance Data (Fiscal Year 2011, Ended March 31, 2012)



Reducing Society's Impact on the Environment

We calculate the effectiveness of CO₂ reduction in our Building Automation business to assess our contribution to society.

Details are available on our website.

<http://www.azbil.com/csr/eco/es/co2reduction.html>



CO₂ Reduction at Customers' Sites

2.08 million tons/year



Conservation of Energy and Resources

Based on the azbil Group philosophy of contributing to global environmental preservation, we are actively promoting reduction of CO₂ emissions. We have also cut back our use of paper through business process improvements and are working to reduce the volume of waste generated and water used.

Initiatives in Fiscal Year 2011, Ended March 31, 2012

We worked to enhance our existing energy conservation initiatives and to roll them out across the entire azbil Group. This included launching the CO₂ Reduction Diagnostic Team to help curb our CO₂ emissions volume by means of energy conservation diagnoses at each business site. As a result, we were able to make concrete improvements in energy conservation. CO₂ emissions for fiscal year 2011 were down 29% compared with fiscal year 2006, ended March 31, 2007, surpassing our target with a substantial contribution from our electricity conservation initiatives.

As a result of our conservation of resources, we reduced the volume of paper used¹ by 26% compared with fiscal year 2006. We introduced medium-to-long-term measures for total volume of waste generated and water used,² which increased by 1.6% and decreased by 12.7%, respectively, on a per unit basis compared with the previous fiscal year.

1. Scope: Azbil, Azbil Kyoto, and Azbil Taishin

2. Scope: Azbil's four main facilities (Fujisawa Technology Center and Shonan, Isehara, and Hadano factories), Azbil Kyoto, and Azbil Taishin



Elevated water tank for flow calibration rig

Energy-Saving Initiatives at Azbil Kyoto

Azbil Kyoto Co., Ltd. is a key azbil Group producer of flow measurement equipment, including electromagnetic flowmeters and water meters. In addition to manufacturing electromagnetic flowmeters, water meters, and heat meters for industrial, air-conditioning, and water supply applications in Japan and around the world, Azbil Kyoto also has one of Japan's largest flow calibration rigs. In January

2010, Azbil Kyoto began offering calibration services for electromagnetic flowmeters made by other manufacturers. Because this initiative was expected to lead to greater energy usage, from the start Azbil Kyoto considered various energy-saving initiatives including the installation of a visualization system to monitor electricity, air, gas, and water usage.

Improving Operations with "Visualization"

Energy conservation at Azbil Kyoto has centered on improvements through operational changes. Personnel in charge of each production process guided employees in a review to develop specific improvement targets for each process. When developing various ideas using a trial-and-error approach, visualizing the amount of electricity usage with Azbil Corporation's EneSCOPE™ energy management and analysis system and

ENEOPT™pers, an energy control optimization package, helped to efficiently verify the efficacy of initiatives and enabled immediate progress to the next step. The substantial results of this series of localized initiatives for each

process led to a 13% year-on-year reduction in CO₂ emissions. As part of its visualization-led operational improvements, the company changed the operating hours of the lifting pump used to supply large quantities of water for the flow calibration rig. This resulted in reduced power usage during peak demand, while the change in the amount of contracted electricity helped to significantly lower costs as well.

Looking forward, Azbil Kyoto will continue to implement operational improvements, consider facility improvements, and review further energy-saving measures.



Lifting pump valves

Promoting Energy Conservation Together with Employees

Ideas for energy conservation were generated with the help of all our employees. A call for proposals yielded 40 potential energy-saving measures, which included everything from strings attached to the on/off switches of fluorescent lights to hydroelectric power generation using the water pressure of the elevated water tank. We decided to immediately implement the zero-cost solutions using a trial-and-error approach. At first it was tough to ask employees to cooperate because the effectiveness of these measures was not apparent, but visualization of electricity usage helped on-site leaders to verify effectiveness right away. This in turn raised everyone's awareness and motivated them to take the lead. Various operational improvements, including changes in the operating times of compressors, air-conditioning units, and hydraulic pumps, have also helped us achieve significant results. I look forward to continuing to promote energy conservation measures together with employees.

TOPICS



Akira Mano

Manager
Quality Management Section
Azbil Kyoto Co., Ltd.
(Fiscal year 2011:
Manager of Environment, Safety, and
Conservation Section)

Environmentally Friendly Products

To provide environmentally friendly products, services, and solutions, we are actively involved in material selection, energy-saving design, promotion of recycling, and information disclosure throughout the entire life cycle, from the development stage to disposal.

Initiatives for Environmentally Friendly Products

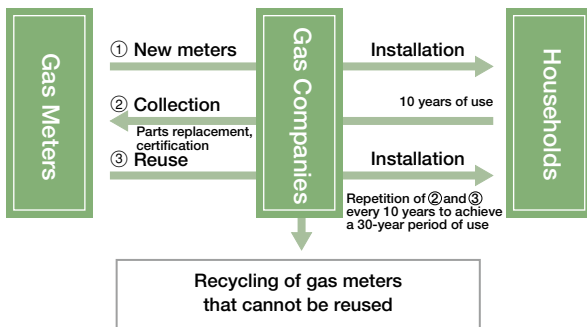
The azbil Group contributes to the global environment through its Building Automation, Advanced Automation, and Life Automation businesses.

For our products, in addition to encouraging reuse, conservation of resources, and conservation of energy, we perform life cycle assessments, a method of quantitatively evaluating a product's environmental impact. We also strictly control the use of hazardous chemicals in our products.

Furthermore, we have implemented the azbil Eco Program to support the environmental activities of our suppliers with green procurement.

Environmental Initiatives for City Gas Meters

Once residential-use city gas meters have exceeded their 10-year certification period, they are collected, and after their parts are replaced and certified, they are put back into service. Consequently, our development of these meters takes their reuse into account from the initial design phase.



In addition, we share product design specifications through the Japan Gas Meter Industry Association to ensure that any manufacturer can reuse any gas meter it has collected.

Development of an Intelligent Gas Meter (Type J) for City Gas

Azbil Kimmon Co., Ltd. has developed an environmentally friendly intelligent gas meter (Type J) that offers the same performance as conventional units but with fewer parts, and it has now been adopted by all gas companies.



Current product (Type N) and new product (Type J)

This gas meter can be used for every type of household, from single-person low-flow homes to families with high flow volume. This helps reduce inventory compared with the current situation, where different sized meters are used for each flow volume category.

We provide the product design specifications of this new gas meter to other city gas meter manufacturers. In this way the framework for reuse of city gas meters is maintained, and by the gradual replacement of current meters with this new model, we contribute to reducing society's environmental impact.

Jun Ishizeki

Development Department
Azbil Kimmon Co., Ltd.

Naohiro Akutsu

Nango Factory
Azbil Kimmon Co., Ltd.



TOPICS

Reducing the Environmental Impact of City Gas Meters

The Type J gas meter, designed to be used for a period of 30 years, follows the basic design concept of the Type N gas meter, but uses fewer parts, thanks to parts integration. Also, it incorporates new technologies not found in the Type N. We are very happy that our product is recognized for its reduced impact on the environment as a result of its 30% reduction in weight, 20% reduction in volume, and 30% reduction in materials compared to the Type NB6 gas meter.

The Type J recently entered the mass-production phase. We faced a couple of challenges, such as handling its installation method, which is the reverse of that of the Type N, but because the Type J essentially combines three gas meters into one we can now concentrate on reducing our impact on the environment during the production process. We continue to make improvements, with a dramatically changed production line about every three months. In fiscal year 2011, we were able to reduce man-hours by nearly two-thirds compared to our initial production.

Compliance with Environmental Laws and Regulations

The azbil Group considers its observance of environmental laws, regulations, and other requirements in Japan and overseas to be important from the perspectives of CSR and risk management. The Group is promoting electricity conservation, with intensive efforts in the summer to deal with electricity usage restrictions.

Initiatives in Fiscal Year 2011, Ended March 31, 2012

A major issue in the summer of 2011 was dealing with electricity usage restrictions that were enacted based on Article 27 of the Electricity Business Act due to power shortages in Japan. The azbil Group decided to reduce its electricity consumption by 20% (year on year, peak usage), exceeding the mandatory 15% reduction stipulated by law, and rolled out various group-wide measures to meet this target. Through initiatives such as accelerating electricity conservation measures already in effect and shifting usage to off-peak hours, we were able to reduce our average daily peak electricity usage by more than 20% year on year and to contribute substantially to energy conservation.

Within the azbil Group there were no serious violations of environmental laws or regulations in fiscal year 2011.

Development and Introduction of a Tool to Visualize Electricity Usage

Azbil Corporation developed ENEOPT™, an energy control optimization package to make electricity usage visible in real time, and introduced it at the main business sites of azbil Group companies in Japan before the start of summer electricity conservation. Through the Group's intranet, any employee was able to check real-time electricity usage data on the targeted sites, allowing for effective employee-led conservation activities. We also made active use of the package to support our customers' electricity conservation efforts.



Visualization of electricity usage

Electricity Conservation Efforts at the Fujisawa Technology Center

The Fujisawa Technology Center in Kanagawa Prefecture is one of our primary business sites, with approximately 1,800 employees. It is an important site for our electricity conservation measures, which are adapted to individual building specifications. One building in particular, which has been promoting energy visualization, incorporated its own unique approach to high-priority measures such as shifting usage to off-peak hours, controlling power demand, and employee-led electricity conservation. In order to shift power usage to off-peak hours, the entire building was pre-cooled prior to working hours, when power usage was not restricted. Then, during the period subject to usage reductions, cooling was accomplished using only ice generated with nighttime electricity and kept in thermal energy storage. Our proprietary forecasting technology, which incorporates weather forecast information, was also used to minimize the pre-cooling required. Additionally, an incentive-type control system was introduced that allowed a lower indoor temperature setting if lights were turned off. A system introduced on a trial basis allowed employees to take the lead in setting the indoor temperature for each workday.

These initiatives helped cut peak electricity consumption on every workday subject to power usage restrictions by more than 40% at the building and by some 30% for the entire Fujisawa Technology Center, greatly exceeding the target.



Individual control of overhead lighting

Fumitoshi Sato

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Employee-led Electricity Conservation Efforts

To conserve electricity, the Fujisawa Technology Center has expanded the scope of its existing energy conservation initiatives and promoted various interdepartmental cooperative measures. Efforts include relocating testing equipment and managing waste heat from constant-temperature ovens. However, as has always been the case with conventional energy-saving initiatives, the enhanced awareness of every employee has proven to be a significant driving force supporting conservation. Not only the head office, but also each department conducted electricity conservation patrols, as the efforts of all employees helped to significantly reduce the site's overall energy consumption. Summer 2012 will likely require the same measures that were implemented in 2011. We are committed to continuing with these employee-led electricity conservation initiatives as we seek to resolve the issues that surfaced in the summer of 2011, balancing conservation with productivity and comfort.

Environmental Awareness and Initiatives for Local Communities

The azbil Group aims to further raise the environmental awareness of its employees and their families by helping them to understand that environmental issues have a direct impact on them. To this end, our business sites work with local communities to conduct environmental preservation activities.

Launch of Biodiversity Initiatives

The azbil Group stresses the importance of raising the environmental awareness of its employees as the basis for reducing the environmental impact both of its own business activities and of society. So when employees expressed a desire to help the environment in other areas beside their own business activities, we started biodiversity preservation activities with the hope of enhancing environmental awareness as the basis for changing the business activities of the azbil Group.

Azbil Corporation entered into agreements with the city of Fujisawa in Kanagawa Prefecture, the location of the Group's largest business site, the Fujisawa Technology Center, in January 2011 and with the town of Minamiaizu in Fukushima Prefecture, the location of the Nango Factory belonging to Azbil Kimmon Co., Ltd., in July 2011 and launched activities in both areas. Each was the first time that Fujisawa or Minamiaizu had made such an agreement with a private-sector company.

Greenery Preservation Activities in Fujisawa

Each local community faces its own unique challenges when it comes to preserving the environment. The challenge facing Fujisawa was the large number of green spaces in the city that have been left unmaintained. Under the guidance of Fujisawa



Greenery preservation activities

Green Staff, a local non-profit organization, we are helping to create an open space with a large cherry tree in the center at one of these sites to make more sustainable use of the city's green spaces.

For the first activity in May 2011, employees and their families, twenty participants in all, made a walking path and thinned a wooded area to let more sunlight in.

Preserving Maiden Lilies in Minamiaizu

Minamiaizu, located in southwestern Fukushima Prefecture, is famous for clusters of *himesayuri* (*Lilium rubellum*), or maiden lily. This plant is designated as a near threatened species on the Red List of the Ministry of the Environment of Japan, and the town decided to conduct preservation activities. For the first activity in October



Maiden lily

2011, Azbil Kimmon employees and their families, totaling 33 participants, worked with members of the local community to clear underbrush, sow seeds, and plant bulbs.

Generally it takes at least four years for a cultivated maiden lily to bloom after its seeds are sown, and more than 10 years for an uncultivated maiden lily that grows naturally, so the activities will continue.



Planting maiden lily bulbs

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Director
Minamiaizu Municipal Government,
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Mr. Yoshimitsu Baba

Promotion Section Chief
Minamiaizu Municipal Government,
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Environmental Preservation Activities with the azbil Group

We have completed the first year of activities under our agreement with the azbil Group. We never considered actively preserving the maiden lily, even though we know it is a rare flower, because we took for granted the fact that it grows naturally. As a result, the environmental preservation activities undertaken together with the azbil Group were new and gratifying. These activities have motivated us to protect the maiden lily, and we are in the process of developing innovative methods for further propagation.

In Minamiaizu there are many ways to experience nature, including Takashimizu Nature Park and Miyatoko Marsh. We hope to work together with the azbil Group for many years to come on a variety of environmental preservation and environmental education activities.