

Forms of Value Creation

The azbil Group's Philosophy and History

Contributing to the sustainability of industry and society for over a century with value creation through automation as our DNA

The azbil Group, founded in 1906, has established a Group philosophy that inherits the founder's spirit. We seek both to create new value through automation and to contribute to the sustainability of industry and society by developing our business.

Helping to develop Japanese industry and society with our founder's spirit of "freeing people from drudgery"

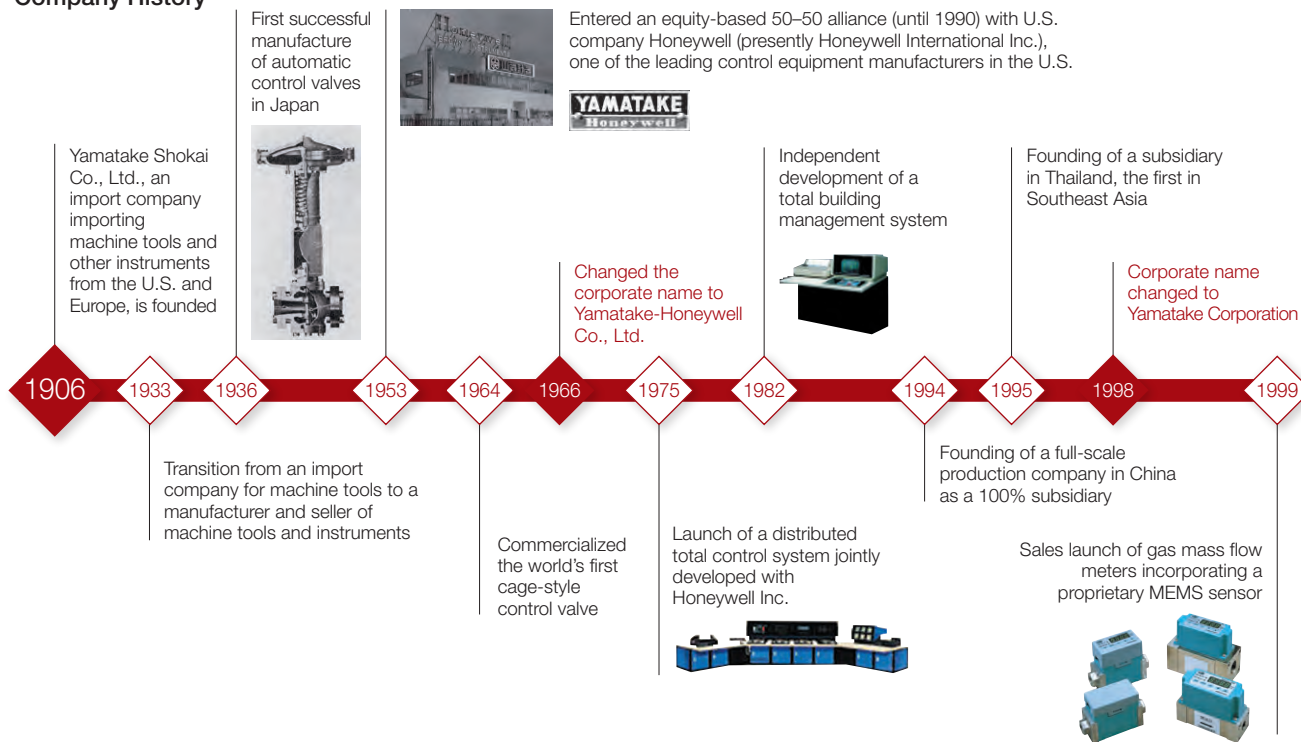
The azbil Group has inherited the spirit of its founder, Takehiko Yamaguchi, to "freeing people from drudgery," and with this as its DNA, has provided solutions to the challenges facing industry and society through the provision of automation-related products and services. The Group's history began in 1906 as an importer of machine tools, and

subsequently expanded its scope of business to industrial instruments. In the 1950s, Yamatake (now Azbil Corporation) sold air conditioning control equipment and micro-switches, while at the same time focusing on the in-house development and domestic production of equipment. Yamatake understood the need for automation and was quick to commercialize it, making significant contributions to the development of Japanese industry from the post-war recovery period to the period of rapid economic growth.

Continuously creating new value in response to changes in the environment

As a comprehensive automation supplier, Yamatake-Honeywell (now Azbil Corporation) grew and contributed to Japan's rapid economic growth through its air conditioning

Company History



1906-1950s

Freeing people from drudgery

Importation of industrial instruments to domestic production

Yamatake Shokai was founded in 1906. The company began importing and selling machine tools from Germany, subsequently transforming itself into a manufacturer and seller of industrial machinery and instruments for the U.S.-based Braun Corporation (later Honeywell). As Japan's materials industry developed, Yamatake Shokai expanded its production of industrial instruments, contributing to Japan's postwar reconstruction and the development of heavy industry.

1950s-1970s

First in control

Contribution to rapid economic growth through automation

In 1952, the company entered into a technical license agreement with Honeywell Inc. of the U.S., introducing Honeywell's air conditioning control technology, combustion safety control technology, microswitches, and the like to Japan. The company has since evolved into a comprehensive automation manufacturer, introducing its innovative compact electric instruments based on proprietary technology and a central monitoring system designed to address the needs of large-scale buildings.

control systems for large buildings, process control systems for petrochemical plants, etc. However, since the 1970s, to meet society's need to save energy and labor, the company developed products and services that provide a range of value, such as energy efficiency through automation technology, which meet the requirements of industry and society and have been rated highly.

of creating new value by providing new solutions that respond to changes in the business environment, while also recognizing its strengths in improving productivity and curbing resource and energy use in buildings and factories throughout their life cycles.

Aiming to make contributions “in series” to the achievement of a sustainable society through value creation by automation

As the effects of global warming are becoming more apparent and the COVID-19 pandemic is causing changes in behavior, there is a further increase in interest in sustainable business, the global environment, and society. The azbil Group has evolved its founding spirit over the century to “contributing ‘in series’ to the achievement of a sustainable society” and continues to take on the challenge

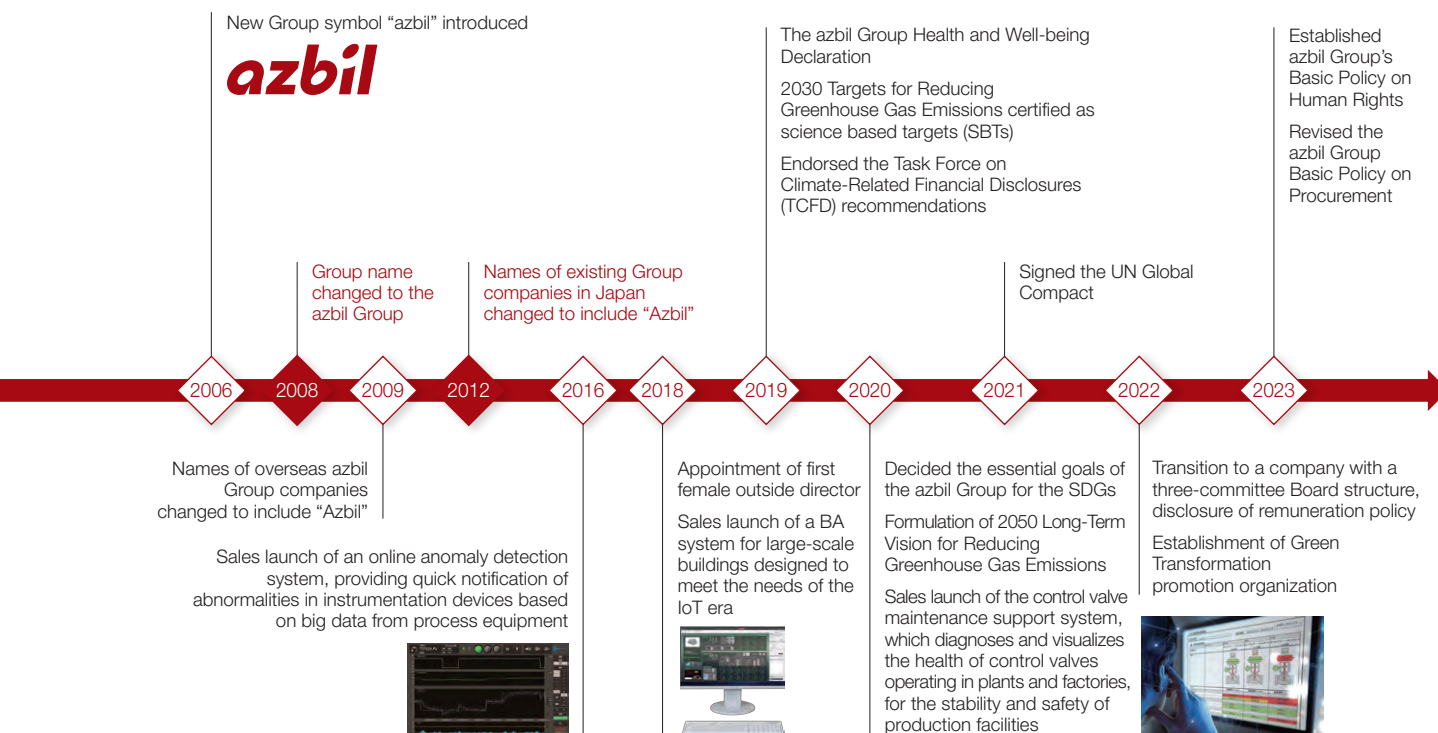
azbil Group philosophy

To realize safety, comfort, and fulfillment in people's lives and contribute to global environmental preservation through “human-centered automation.”



Meaning of “azbil”
automation · zone · builder

Using automation technology, we build zones in which safety, comfort, and fulfillment can flourish.



1970s–2000s

Savemation*

Contribution to high-functionality, high-precision and energy saving

With the oil crisis triggering a trend toward energy saving and labor conservation in all industries, the company's corporate philosophy clearly states that it will achieve “saving” in a range of fields and contribute to the global environment. The company offers a variety of products addressing the requirements for high-functionality, high-precision industrial instruments, as well as total building management services that utilize communications technology.

* Save + Automation = “Savemation”

From 2006

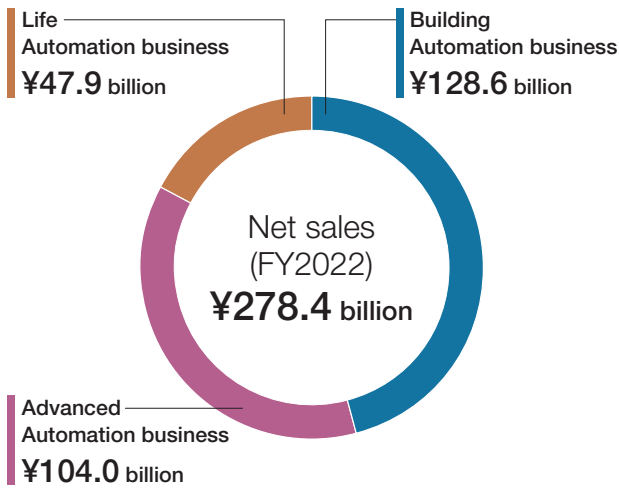
Human-centered automation

Contribution “in series” to the achievement of a sustainable society

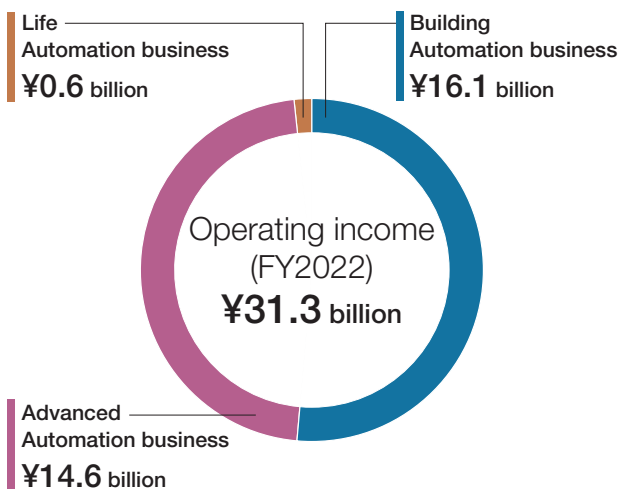
Addressing the growing social requirements for environmental protection and energy conservation and providing sustainable solutions. Based on the evolving Group philosophy of realizing safety, comfort, and fulfillment in people's lives through automation, we are developing products and solutions in various fields addressing various technological innovations such as AI and big data, along with the advancement of network technology. We aim to solve social issues with our customers on a global scale and achieve sustainable development.

The azbil Group's Business

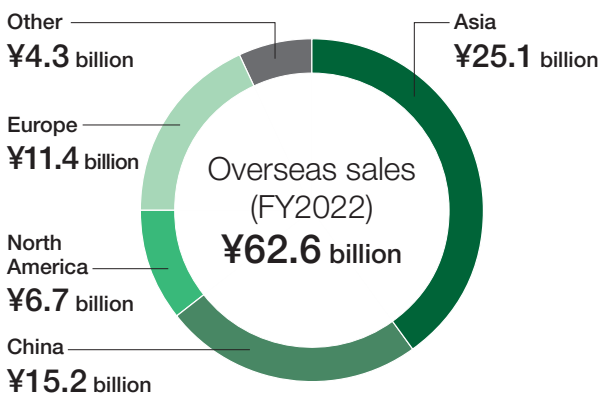
The azbil Group pursues “human-centered automation,” which aims to provide people with safety, comfort and fulfillment, and to contribute to the global environment. Based on our measurement and control technologies, we are developing the Building Automation (BA) business in the building market,



Building Automation business



Advanced Automation business



Life Automation business



the Advanced Automation (AA) business in the factory and plant market, and the Life Automation (LA) business in the lifeline utilities, life science, pharmaceutical, and other markets.

We control facilities and instruments in many large-scale buildings, including offices, hotels, shopping centers, and factories, using our original environmental control technologies to deliver comfort, functionality, and energy efficiency. We contribute to the creation of comfortable and efficient work and production spaces and the reduction of environmental impact. The required role of the Group is also dramatically expanding to address the diversification of work styles and adjusting the power demand of many buildings using cloud and IoT technologies.

- **Control systems**

The BA system monitors and manages the indoor environment, security, energy status, etc. of entire buildings



- **Automatic control instruments**

Provision of high-performance valves, sensors, controllers, etc. to optimally regulate the flow of cold and hot water and steam through buildings



- **Services**

Provision of comprehensive management services to manage building operations on behalf of the client through remote monitoring



We develop advanced measurement and control technologies for factories and plants to support the resolution of various manufacturing issues and to help create production sites in which people can safely fulfill their potential. In plants, we contribute to safe operations through online diagnosis of instrument/facility status and early detection of signs of abnormalities by AI learning of operational data, etc. We also contribute to the advanced sensing technology of components for semiconductor manufacturing equipment, etc.

- **Process automation field**

Provision of control valves to regulate the flow of gases and liquids, process sensors to measure flow and pressure, and monitoring and control systems to achieve safe and stable production for a variety of plants in the chemical, steel, electric power and gas, and other industries



- **Factory automation field**

Provision of controllers, sensors, and switches that optimally control various manufacturing equipment



We apply our measurement and control technologies and services cultivated over many years from buildings, factories, plants, and living infrastructure, to lifeline utilities such as gas and water, residential central air-conditioning systems, life science research, and pharmaceuticals. We help people to enjoy safe, secure, healthy, and comfortable lifestyles. In the lifeline field, in addition to the automation of meter-reading operations using communication-equipped meters, we are working to develop new services that combine data on electricity, gas, and water.

- **Lifeline field**

Provision of city and LP gas meters and water meters for the general public, as well as safety and security equipment, regulators and other products for industry



- **Life science engineering field**

Provision of pharmaceutical manufacturing equipment such as lyophilizers and sterilizers to pharmaceutical companies and research laboratories



- **Residential central air-conditioning systems field**

Provision of residential central air-conditioning systems for homes that make the whole house comfortable



Business Structure

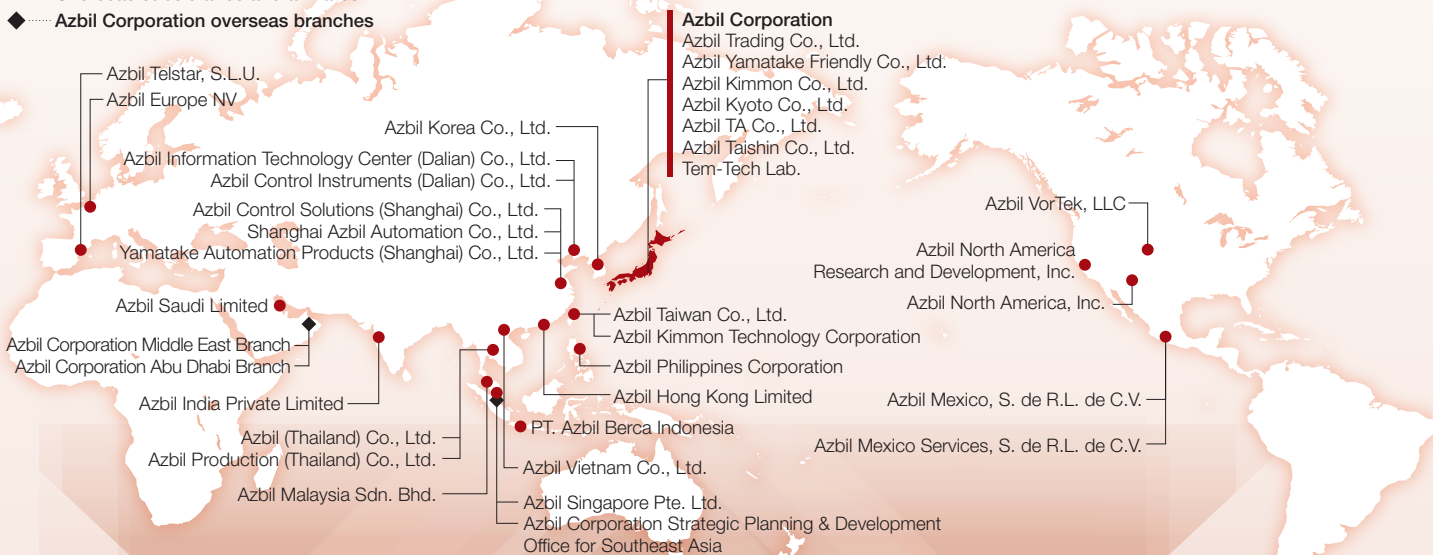
Providing optimal solutions to customers and society under an integrated business structure from research and product development to services

The azbil Group adopts an integrated system that extends from research and product development, manufacturing, and procurement to consulting, sales, engineering, installation, and post-delivery services on a global basis. In this way, we accurately identify onsite issues and continuously create and deliver solutions through automation over the long term. As new societal issues emerge and customer requirements become more diverse and sophisticated, we

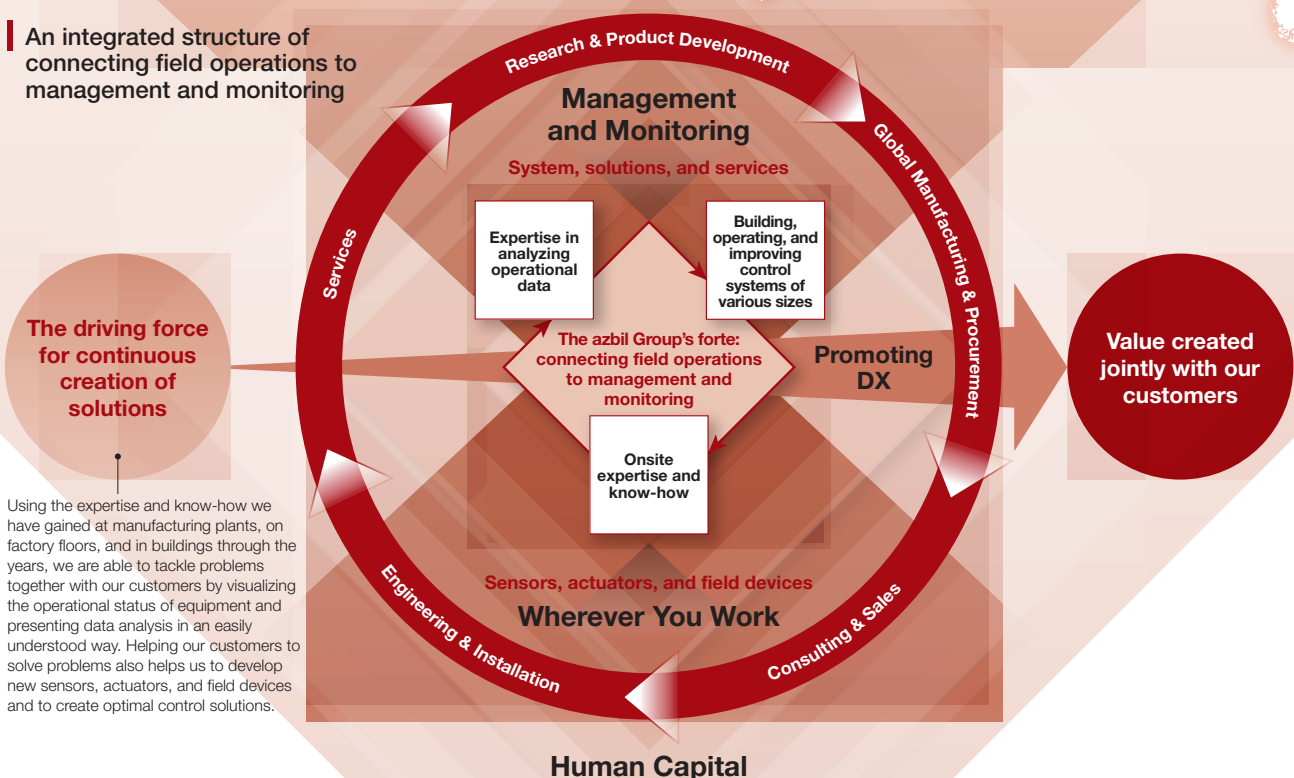
are responding to these changes and contributing to realizing a sustainable society. In order for ourselves also to grow, together with proactive R&D and capital investment, we are promoting digital transformation (DX) in sales, service, and engineering, investing in human capital, and strengthening our research and product development capabilities and our integrated structure by leveraging the strengths of the azbil Group.

Global network

- Overseas subsidiaries and affiliates
- ◆ Azbil Corporation overseas branches



An integrated structure of connecting field operations to management and monitoring



Research and product development

The azbil Group focuses on the development of core technology in two areas: field instruments in buildings, plants, and factories; and applications that bring added value to the information collected by the instruments. Our development personnel are expanding their knowledge in new technological areas such as AI applications, networks, and system architecture with the aim of solving social issues and supporting transformation and growth at our customers' sites. We are also leveraging the strengths of the Group to create competitive products, and it is essential to improve the performance of our unique microelectromechanical systems (MEMS) sensors and ensure a stable supply of these sensors. The azbil Group is working to improve the performance of MEMS sensors through further miniaturization, as well as to boost product value by exploring new detection principles and developing devices using new materials. To strengthen our development capabilities for such system solutions, devices, and field instruments, we constructed new buildings equipped with the latest facilities and development environment at our R&D base, Fujisawa Technology Center, in 2022. We are also implementing organizational reforms in our technological development and production departments. (See pp. 59–64 Research and Product Development)

Global manufacturing and procurement

We have established a three-base manufacturing system with bases in Japan, China, and Thailand, and we are working to fulfill our responsibilities to society in our supply chain, while also building an optimal production system for global business development. With the Shonan Factory and Fujisawa Technology Center as the “mother factories” at the core, we are working to raise the level of our production engineering, etc. In addition, as part of our efforts to expand production capacity to meet growing global demand, we constructed a new factory building at Azbil Control Instruments (Dalian) Co., Ltd. in China. We will continue to expand the production capacity of Azbil Production (Thailand) Co., Ltd. Moreover, in FY2022, we strengthened our manufacturing and procurement capabilities to address parts shortages and procurement difficulties, and were able to achieve effective results. (See pp. 65–66 Manufacturing and Procurement)

Consulting and sales, engineering and installation and services

We have bases that provide sales and services in 23 countries and regions. Sales engineers, system engineers, field engineers, and service engineers are each working to provide optimal solutions at each site to address the various needs of customers at each stage of their life cycle, including planning, operation, maintenance, improvement, and renewal. We are further strengthening our sales and service network by increasing the number of personnel and offices overseas, as well as promoting DX and strengthening our service infrastructure by utilizing cloud computing for remote maintenance and other services.

Promoting digital transformation (DX)

Recognizing that the role and opportunities for automation are expanding, we aim to accelerate our business development and further enhance the value we provide by utilizing the latest digital technologies. For example, we are promoting the use of IoT, cloud technology and AI in development departments, introducing cloud MES in production sites and expanding production DX in the field, and promoting cyber security measures and management by a specialized organization. We are also strengthening our human resources by enhancing training in DX and recruiting DX-capable human resources. (See pp. 57–58 Digital Transformation (DX))

Human capital

In order to understand the issues at our customers' sites and deliver optimal solutions to our customers, we require, for example, engineers possessing high skills and extensive knowledge. For this reason, we are proactively pursuing investments in human capital, from appropriate human resource development, such as reskilling, to securing human resources consistent with our business strategies in order to grow and expand our business. At the same time, we are also promoting the reform and enhancement of employee incentive plans and various personnel systems that are linked to our financial measures. From this perspective, we have also established human resource development targets in our unique essential SDG goals, aiming for the development and growth of all employees. (See pp. 69–72 Human Capital)