

## IV. Human Capital

### Efforts for Human Capital

The azbil Group is committed to continuously strengthening our human capital and enhancing enterprise value through people-oriented management.

#### Akihiko Naruse

Managing Corporate Executive  
Human Resources & Education, SDGs



#### The azbil Group's approach to human capital

The azbil Group since its founding has regarded human capital as an essential asset that creates value, and it strengthens its human capital in order to continuously grow as a valuable presence in the world that makes contributions “in series” to the achievement of a sustainable society.

In our hiring process, we adopt the universal idea that employees are important assets and the source of new corporate culture and the creation of enterprise value, and we hire people with diverse value based on a variety of backgrounds who can respond to changes in our business structure in line with future technological developments and new developments in society. Moreover, to achieve our long-term targets and medium-term plan, in addition to preparing our personnel system so that employees will continue to play an active role, we systematically develop human resources who respond flexibly to change, and we assign the right people to the right positions, embodying our vision of being an organization that never stops learning. The azbil Group recognizes that every one of its more than 10,000 employees are human capital possessing some sort of talent. Based on a variety of human resource strategies, we create settings where individual capabilities can be fully realized, innovation can occur, and productivity can be further enhanced by increasing employee engagement, which will lead to the sustainable enhancement of enterprise value (i.e., we practice sustainability management).

#### Human resource strategy

The azbil Group defines *health and well-being management* as a comprehensive approach that enables all of our diverse employees to be healthy, active, and demonstrate their abilities, based on two strategies: innovating new ways of working and promoting diversity. In order to put this health and well-being management into practice, we are working to develop comfortable working environments for our employees and strengthening our human capital through measures such as “turning human resources into human capital” using the Azbil Academy, an institution specializing in human resource development, and thereby we are aiming for business expansion and growth in the three growth fields to achieve our long-term targets and medium-term plan.

#### ① Human capital investment in the three growth fields

The azbil Group has organized the necessary human resource requirements to promote the three growth fields in which it has strengths: *new automation*, *environment and energy*, and *life-cycle solutions*, and we are making investments in human capital in line with our business strategy.

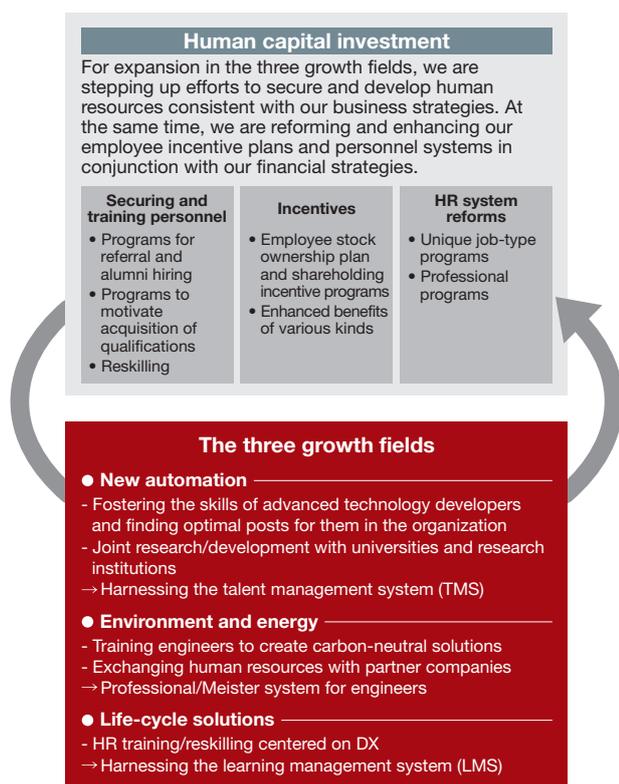
In the field of *new automation*, advanced technology development is necessary both in Japan and overseas. To this end, we are strengthening our training efforts by cultivating and optimally allocating engineers through our talent management system, hiring specialized personnel, and dispatching them to collaborative research sites.

In the field of *environment and energy*, we must strengthen our engineering capabilities and, in particular, further enhance our knowledge of renewable sources of energy. In addition to promoting human resource

development through mutual exchanges with partner companies, we are leading the azbil Group in strengthening its engineering capabilities by certifying high-level engineers as “Professionals” and “Meisters” under an in-house certification system.

As for the field of *life-cycle solutions*, it is essential to strengthen our engineering and service capabilities through DX and to enhance our global human resources. We are promoting reskilling across a wide range of areas, from production to service maintenance, engineering, and support staff departments, through DX education using the learning management system (LMS), etc., so that all engineers can acquire a basic knowledge of DX. The plan is to train all engineers to acquire basic knowledge of DX and to develop 1,000 or so specialists in the field.

### Human capital investment for business growth



## ② Initiatives for human resource development

To sustain and develop azbil Group work that contributes “in series” to a sustainable society, the Azbil Academy is playing a central role in setting forth the Basic Principles of Human Resource Development, which call for: (1) teamwork and collaboration as work professionals, (2) a strong desire to be first class and the spirit to take on challenges, (3) high aspirations, a sense of ethics, and an international mindset. We are making systematic efforts to become “an organization that never stops learning” based on the

following human resource requirements.

### Basic Principles of Human Resource Development

1. Human resources are the source of the azbil Group’s growth, so the azbil Group cannot grow unless its employees grow.
2. Therefore, to optimize employee strength and organizational strength, the following are necessary.
  - (a) For individuals: Take responsibility for your own growth and the development of your abilities as much as possible
  - (b) For supervisors: Take responsibility for developing subordinates’ abilities in the workplace
  - (c) For companies: Support individuals and organizations by providing opportunities fairly

To identify issues at customers’ sites and deliver optimal solutions, engineers with advanced skills and extensive knowledge are the key. For example, to train next-generation engineers for the IoT and AI era, we have instituted an engineer education program covering the latest developments in technology and emphasizing practical examples. We are working to strengthen the knowledge and technical skills required to create high-value-added software and advanced engineering services.

At Azbil Academy, in addition to providing various training programs and LMS, we focus on developing global business leaders regardless of whether they are from domestic or overseas Group companies. In these advanced training programs, participants from local subsidiaries and affiliates around the world, including Japan, come together for English-based learning opportunities.

Also, we launched a diversity promotion initiative in FY2017 to implement strategies so that all employees can play an active role in the company. In order to enable employees with various backgrounds and values—including women, non-Japanese employees, and mid-career hires—to play an active role in the company, we are making efforts to develop leaders and change the workplace culture, as well as considering or introducing diverse ways of working.

## ③ Improvements in work environments

Based on the azbil Group Health and Well-being Declaration, which calls for collaboration between the company and employees to create comfortable and pleasant work environments and proactive efforts to promote mental and physical health, we encourage all personnel in various training programs to respect each other’s different social and physical characteristics, ideologies, and values, and to take advantage of opportunities to play an active role.

**Efforts for Human Capital**

**azbil Group Health and Well-being Declaration**

The azbil Group believes that the health of each employee is an important basis for corporate action, and aims to create workplaces where each and every person at an azbil Group company works in a lively, healthy, and comfortable way, with a feeling of safety and peace of mind, and in a manner that suits each person. When each person is able to express his or her diverse abilities and to live a fulfilled life both at work and at home, productivity and performance will improve, resulting in innovation and contributions to society.

In our HR system, we have adopted the concepts of *permanent human resource development*, *maximizing employees' ability to demonstrate their abilities*, and *enriching employees' lives and securing human resources*, and we support the activities of our diverse employees through fair evaluation, treatment, and promotion based on demonstrated ability, regardless of age, nationality, gender, or any other factor. To enable employees to balance work and various life situations, including childcare and caregiving, we are also expanding programs that enable employees to remain active in the azbil Group over the long term throughout the course of their lives. These include a limited work area program, a flexible work schedule that includes shorter hours and shorter days, and a system of leave to accompany a spouse who is transferred overseas.

Other concepts include encouragement of all employees to create their daily work with an awareness of the need to enhance enterprise value. We expect employees to grow and develop themselves along with the company by practicing our Group philosophy. Similarly, the Employee Stock Ownership Plan aims to help employees build long-term assets by working together with the company to improve business performance. We are striving

to improve the work environment, including employee benefits, by introducing the Employee Stock Ownership Association and our own incentive plan for it.

We are also promoting the creation of new ways of working, starting from remote work during the COVID-19 environment. This is intended to provide employees with a new "office" environment by promoting hybrid work (working from home, or a combination of office work and remote work) and DX-based business innovation, while at the same time enhancing employee well-being and engagement by strengthening various occasions of communication (creating a forum for management and employees, and for employees to talk among themselves; a mentoring system; a system of short-term internship in another department; the development of internal communication tools, etc.).

**Achieving essential goals of the azbil Group for the SDGs**

With regard to human resource development and environmental improvement, we have set our own essential SDG goals for FY2030 as follows: "65% or more of employees have experienced personal growth over the past year" and "65% or more employees expressed satisfaction with working at azbil Group companies." This will lead to an increase in evaluation indices for areas like diversity, productivity, and well-being. We will continue to focus on health and well-being management, diversity promotion, development through reskilling, and other programs.

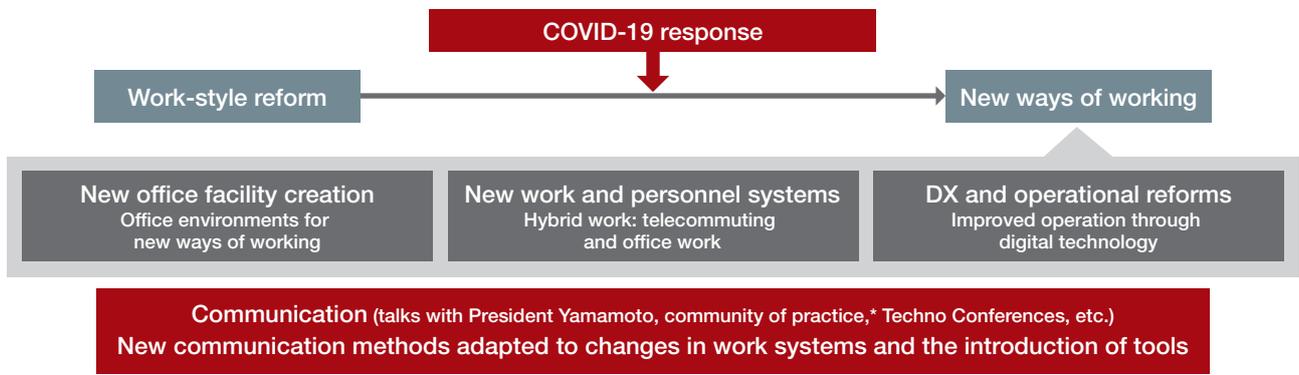
Using annual employee satisfaction surveys and other means, the status of each of these points is checked and analyzed, and problems are identified. By incorporating measures for improvement into our action plans, we further enhance employee job satisfaction and human resource development.

**Human resources training program for leaders (for both domestic and overseas employees)**



\*Practical training at overseas subsidiaries and affiliates for three months to one year by the 10th year of employment, with an estimated 30 trainees each year

FY2022 creation of new ways of working: New work style



\*Activities in which employees who are aware of and enthusiastic about a particular theme gather to deepen their knowledge and expertise through change



Office of Azbil Korea Co., Ltd.  
Open area (left) and individual booths (right)



Tokyo Office of Azbil Corporation  
Open meeting area (left) and communication area (right)



The azbil Group's Essential SDG Goal IV for the SDGs

**Health and Well-being Management**

**65% or more**\*1 employees expressed satisfaction with working at azbil Group companies (FY2030)

**Double women's advancement points**\*2 compared with 2017 (FY2024)

The azbil Group's Essential SDG Goal IV for the SDGs

**An Organization That Never Stops Learning**

**65% or more**\*1 employees have experienced personal growth over the past year (FY2030)

**Double training opportunity points**\*3 compared with 2012 (FY2024)

\*1 An employee satisfaction survey is conducted annually.

\*2 Points tallied internally with weight given based on the role, such as company executive, officer, and manager

\*3 Points tallied internally for participating in opportunities (by frequency or number of participating employees) to learn with stakeholders at internal training, internships, and training and briefings for customers

**Employee comment**

**Initiatives related to our own essential SDG goals at overseas Group companies**

At Azbil North America Research and Development, Inc. (ANAD), one of our R&D bases, we conducted team building activities called The Singing Tree™ Mural Project\* for our own essential SDG goals. In this seminar, participants from diverse cultures shared their values and imagination. “Expanded Learning and Openness” emerged as a primary principle. We co-created a cherry tree mural, including each person’s ideas and artwork. In this non-threatening environment, we were able to enjoy ourselves while recognizing each other’s creativity and individuality and fostering a sense of unity.

At ANAD there is a strong philosophy in promoting collaboration. It is sometimes difficult for geographically and culturally diverse teams to work together, but we want to overcome this and promote collaboration. As a member of the azbil Group, we will continue to promote job satisfaction, diversity and inclusion, which will lead to the realization of health and well-being management.

\* Courtesy of Unity Through Creativity. See the official website for more details about the training. ANAD’s initiatives are also featured on YouTube.

**Unity Through Creativity official website**  
<https://www.unitythroughcreativity.org>

**Video posted on YouTube**  
<https://www.youtube.com/watch?v=vRq8VQVgDIY>



**Jeremy Tole**  
Vice President  
Azbil North America  
Research and  
Development, Inc.



Employees of ANAD



Wooden mural painting