

VIII. Corporate Governance

Roundtable Discussion among Outside Directors



Fumitoshi Sato
Audit Committee Chairperson



Takeshi Itoh
Nomination Committee Chairperson



Mitsuhiro Nagahama
Remuneration Committee Chairperson

To improve transparency and soundness of management

Azbil Corporation, which transitioned to a company having a three-committee Board structure in June 2022, strives to improve the transparency and soundness of management through the Board of Directors, of which the majority are outside directors, and the Nomination, Audit, and Remuneration Committees, which are led by outside directors. It has been one year since the new organizational structure was inaugurated. The three outside directors who chair the three committees speak about how the separation of supervisory and business execution functions has progressed, what discussions are taking place at Board meetings, and what issues have emerged.

— **It has been one year since we transitioned to the new company structure. How do you evaluate the changes during this period?**

Increasing the density of information needed for decision-making and deepening discussions

Itoh: The new organization clarifies the supervisory function of the Board of Directors, which basically delegates overall operations to the executive side, led by the president, while important issues are discussed by the Board.

Sato: I believe that a great deal of authority for matters related to the execution of business operations has been delegated to the executive side. As a result, the Board of Directors has been able to spend more time discussing major management issues such as the medium-term plan, corporate strategy, risk management, and sustainability strategy.

Itoh: Regarding medium- and long-term management plans and domestic and international strategies, the president

reports directly to us, and the Board of Directors thoroughly discusses what opportunities and risks will arise in the future, adding our knowledge to those of the azbil Group.

Sato: In discussing such major issues, since outside directors make up the majority of the Board, there are more opportunities to provide the information necessary for decision-making in advance. In addition, the Liaison Meeting for Directors and Corporate Executives is held almost every month to exchange opinions with the corporate executives. These opportunities for various brainstorming sessions are very meaningful, and I feel that the substance of the discussions is gradually deepening.

Nagahama: I believe that such advance briefings and meetings between corporate executives and directors are effectively functioning as measures to ensure a smooth transition to the new company structure.

Itoh: At the same time, we are also strengthening our initiatives designed to invigorate deliberations by, for example, having a meeting of eight outside directors after each Board

of Directors meeting, where one of them chairs the discussion on a specific theme. I believe it is valuable to further define the roles of each committee and form a more efficient Board of Directors through such discussions in the future.

— **As the effectiveness of the director’s supervisory function is being requested, what kind of deliberations are being promoted by the Board of Directors?**

It is important to discuss the rules of governance.

Sato: Following the change in the organizational design, our first step was to confirm to what extent the authority for business execution would be delegated to the corporate executives, and what we, the directors, would discuss and judge. Of course, the basis of the Board of Directors is to understand the current status of the business portfolio, monitor medium- and long-term strategies, and evaluate the performance of the CEO and corporate executives, etc. I also feel there are still some points to be discussed, such as that we must consider the extent of a director’s duty of care under the Companies Act.

Nagahama: What I emphasize is a governance framework. For example, when a loss is unavoidable due to an unforeseen defect in a product, the conventional Board of Directors discussion would focus on the individual issue of the product in question, such as “why, in what process, and how the defect occurred” and “how to minimize the loss.” Under the new structure, while such individual discussions are, of course, important, the main focus of deliberations will be on the overall governance, such as whether unified and consistent management rules have been established across the group organization and across products for development, production, and sales, whether such rules are being strictly observed, what risks, if any, are present in the process, and which department is in charge of such risks. The same applies to investment projects. While careful examination at the individual investment stage is important, periodic post-investment reviews, follow-up procedures, and the existence and quality of a PDCA framework are even more important. I believe it is a major responsibility of the Board of Directors to confirm that such a governance framework is firmly in place, and, if it is inadequate, to immediately expand it.

Sato: You are absolutely right. When acquiring a company, it is possible that the acquisition price is small, but the risks subsequently incurred are very high. At that time, how do we judge this? It is not an easy decision to make, but over the past year, we have received careful reports on each event and have confirmed what we are going to do about the governance framework.

Nagahama: For a company having a three-committee Board structure, “thorough and strengthened governance” is indeed the fundamental mission of the Board of Directors. Business execution is delegated to the executive side, and the Board of Directors, while supervising execution, is responsible for establishing and expanding a broad framework of internal control and group governance on a global basis. The origin of the perspective of executive supervision lies in whether a solid governance framework, including risk management, has been established and is effectively functioning. It is important that directors and corporate executives engage in a spirited dialogue based on the expected roles of each.

— **Three new committees: Nomination Committee, Audit Committee, and Remuneration Committee have been established. Please tell us about the deliberations, results, and issues that have been discussed there.**

To be efficient and effective committees

Itoh: In terms of a Nomination Committee, the company did have a non-binding Nomination and Remuneration Committee. While utilizing the favorable initiatives that have been taken to date, it is necessary for the Nomination Committee to further clarify its approach to the selection



Takeshi Itoh

Nomination Committee Chairperson

In 1969, he entered Burnham & Company, Inc. In addition to his management and analyst experience at domestic and foreign investment banks and investment advisory firms, he has a strong track record in high-level corporate analysis based on his long-term overseas work experience and consulting business experience, including fund-raising and M&A advisory services. In 2014, he was appointed as an outside director of Azbil Corporation, and in order to enhance transparency and fairness of management as well as supervision of business execution, he uses his advanced specialized knowledge in the fields of international finance and investment, and his experience as a management executive, including as Representative Director of an investment advisory company, to make proactive statements from the perspective of the capital markets.

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and appointment process and create a concrete succession plan. To this end, we need to expand the pool of human resources. Even now, I believe that diversity is progressing, as evidenced by the skill matrix of directors. However, going forward, we need to be more conscious of the need for a more extensive pool of candidates, including external candidates, with diverse and specialized skills and knowledge, regardless of gender. It is also necessary to draw up a skills matrix and examine what is lacking in order to develop and acquire the human resources in light of our future business strategy, in addition to the abilities and character of candidates.

Sato: With regard to the Audit Committee, the previous approach was for the Audit & Supervisory Board members to take turns going around to the sites and identifying problems, such as violations of rules. With the change in the design of the organization, we discussed organizational audit and risk-based approach to determine how to effectively perform the monitoring function with the new members and structure. For this purpose, it is more crucial that the Audit Committee, of which the majority is composed of outside Audit Committee members, Internal Audit Department, and the auditors of the azbil Group companies cooperate with each other, and we are deepening the exchange of information. For instance, as one example, we have the general manager of the Internal



Fumitoshi Sato

Audit Committee Chairperson

He entered the Bank of Japan in 1976, where he worked as a branch manager (Aomori, Fukuoka). In addition to his extensive knowledge and extensive experience in the financial field, he has 13 years of management experience as a director and in charge of accounting, legal, human resources, and general affairs at Horiba, Ltd. In 2019, he was appointed as an outside Audit & Supervisory Board member of Azbil Corporation to audit all aspects of the company's business, and also as an outside director (Audit Committee member) from 2022, contributing to the improvement of the company's corporate governance and internal controls. He has made remarks at Board of Directors meetings with respect to the appropriateness of the company's business and financial strategies, as well as risk management and strengthening of corporate governance.

Audit Department attend the Audit Committee meetings every month and report back to us, and we feel that this has deepened our cooperation. Also, the issue of the Audit Committee and internal audit systems having different time frames for the annual audit plan was unified with an April start date. We have made the audit plan consistent for the entire company. At the same time, we increased opportunities for direct discussions with corporate executives, executive officers, and top management of group companies, and our outside Audit Committee members have been directly visiting overseas group companies to conduct on-site inspections.

Itoh: We are taking a proactive approach throughout the entire azbil Group not only to improve efficiency, but also to ensure the effectiveness and increase functionality of the new corporate structure.

Nagahama: The activities of the Remuneration Committee began with the formulation of a new remuneration policy based on the deliberations that had been held prior to the transition to the new company structure. Since then, it has focused exclusively on the development and expansion of a fair, objective, and transparent compensation system based on the basic concept of "sound incentives that contribute to medium- to long-term improvement of enterprise value." As a result, we believe that we have established a sound remuneration system that is thoroughly understood and accepted by our stakeholders. However, on the other hand, the level of disclosure requirements has been increasing year by year, and social demands on companies have been changing. While keeping pace with the work on the next medium-term plan, it will make constant efforts to improve the quality of the system, focusing on items to be considered, such as KPIs, the ratio of performance-linked vs. non-performance-linked compensation, the ratio of stock-based compensation, and other necessary items.

—What needs to be done in the future to further increase enterprise value?

Responding to stakeholder expectations through growth fields

Nagahama: In FY2022, net sales, operating income margin, and ROE all exceeded our financial plan, and we are highly evaluated for making steady progress despite the headwinds of the COVID-19 pandemic and the shortage of semiconductors.

Sato: The medium-term plan is progressing well. Although it is necessary to review and further refine the specifics of our long-term goals in light of changes in the business environment and other factors, I believe that our focus on strategy and concentration—on three growth fields—is not mistaken. However, given the azbil Group's potential and human resource



Mitsuhiro Nagahama
Remuneration Committee Chairperson

He entered The Fuji Bank, Limited. (currently Mizuho Bank, Ltd.) in 1976. He has served in important positions at financial institutions, such as Deputy President and Chairman of the Board and has extensive knowledge and rich experience in corporate management, the finance and securities sectors, and global business. He was appointed as an outside auditor of Azbil Corporation in 2015 and has audited all aspects of the company's business by utilizing his superior insight on corporate governance and corporate management, etc. From 2019, as an outside director of Azbil Corporation, he not only supervises the execution of business operations, but also makes active comments from a capital market perspective and a global perspective in order to enhance the transparency and fairness of the management.

power, it is also true that the market and our shareholders expect us to grow even higher. When we look ahead to the coming several years, we will need to re-examine whether we are missing out on new growth opportunities.

Itoh: I feel the same. We have a very talented group of people, especially in terms of technical capabilities, and they have the flexibility to address DX, including the use of AI, and I see growth potential in them. The Group has set a sales target of ¥400.0 billion by 2030, and has set growth fields. What is needed to achieve this goal from a more comprehensive perspective? I hear that the executive side is now considering various strategies for the next medium-term plan.

Nagahama: I think what is important is the next “method of placing the stone.” This is to determine the strategic domains in which to invest new management resources. Whether to open up completely new horizons, to expand outside of the Group's current business portfolio, or to dig deeper into existing operations, solid consideration is required. Personally, I believe that while launching new businesses is indeed important, in the case of the Group, strategies to further strengthen the existing advantages of the Group are also of considerable significance. I look forward to the formulation and development of strategies to maintain and strengthen the relationships with our valued customers that we have cultivated over more than 100 years,

and to deepen the Group's unique “retention marketing” while responding directly to the increasingly sophisticated and complex needs of our customers. On the other hand, in this day and age, the most important thing we must do is to keep a close eye on the emergence of so-called “game changers.” For example, I believe that we should be addressing head-on the possibility of fundamental and structural changes in customer requirements and industry structure due to AI evolution, etc., as a key issue for mid- to long-term management awareness.

Sato: For those start-ups that could be game changers, it will be necessary to compete with resilience and mobility, and at the same time, to collaborate more proactively as we are already working on.

— **Lastly, what is your message to your stakeholders?**

Supporting the azbil Group's management from a supervisory perspective, including growth by capitalizing on our strengths in contributing to the environment and meeting stakeholder expectations

Sato: As I mentioned earlier, I feel that stakeholders, starting with our customers, have high expectations of us. The question is how we can provide products and services that meet these requirements. The challenge for the future is how to manage the organization in a flexible manner while taking appropriate risks, and we hope that we can support them in this endeavor.

Nagahama: The azbil Group is a corporate group that makes a significant contribution to environmental issues, as our businesses themselves emit little greenhouse gas emissions and our products and services contribute to reducing environmental impact. This is a characteristic of the Group that is worth promoting more. We are also vigorously pursuing a variety of strategies to address SDG/ESG issues that go beyond environmental issues, paying close attention to our diverse stakeholders, including society, customers, employees, business partners, suppliers, shareholders, and investors. I personally experience this on a daily basis at meetings of the Board of Directors and in dialogues with the corporate executives. I hope that this integrated report will help everyone to better understand these efforts.

Itoh: Although our stakeholders are diverse, the azbil Group has long been a corporate group that balances investment in growth, such as human resources, technology, and environmental measures, with risk countermeasures, and has placed a great deal of emphasis on what we now call ESG. Going forward, we will continue to place emphasis on these factors and support decision-making so that we can achieve growth that exceeds expectations.

Corporate Governance

Basic approach to corporate governance

To ensure its own medium- to long-term development, respond to the trust of all its stakeholders, including its shareholders, and proceed with consistently increasing enterprise value, the azbil Group sets fortifying the underlying corporate governance as a management priority. Measures have included strengthening the supervisory and auditing functions of the Board of Directors, improving management transparency and soundness, and clarifying the structure of responsibility for the execution of duties.

We also comply with Japan's Corporate Governance Code, which was published by the Financial Services Agency and Tokyo Stock Exchange, and satisfy requirements for information disclosure by publishing corporate governance reports and integrated reports (such as this one) on our company website.



Corporate Governance Report
<https://www.azbil.com/csr/basic/governance.html>

Corporate governance framework

The company has transitioned from having an Audit & Supervisory Board to having a three-committee Board structure, following the approval of a proposal to amend its Articles of Incorporation at the 100th Ordinary General Meeting of Shareholders held on June 23, 2022.

Accompanying this transition to a three-committee Board structure, three statutory committees—the Nomination Committee, Audit Committee, and Remuneration Committee—have been established, each consisting of a majority of independent outside directors and being chaired by an independent outside director. In addition, by substantially transferring business execution authority from the Board of Directors to corporate executives with clear legal responsibilities, we are clearly separating supervisory and execution functions to ensure a business execution system based on flexible and efficient decision-making, while at the same time enhancing the objective supervision of management.

Furthermore, as a company with a three-committee Board structure, to ensure the effectiveness of monitoring

Changes to improve corporate governance

Strengthening of supervision and auditing

- Appointed and increased the number of independent outside directors (1 in 2007, 2 in 2010, 3 in 2014, 4 in 2018, 5 in 2019, 8 in 2022)
- Appointed and increased the number of independent outside Audit & Supervisory Board members (2 in 1994, 3 in 2011)
- Evaluations of Board of Directors effectiveness began (2016) → Survey items were created and results were summarized by a third party (2023)
- Established criteria for judging the independence of outside directors (2016, revised 2020)
- Set an upper limit on the term of office for outside directors (2020)
- Transitioned to a company with a three-committee Board structure (2022)

Strengthening of management transparency and soundness

- Replaced the Nomination and Remuneration Meeting (set up in 2008) with the Nomination and Remuneration Committee, with independent outside directors as a majority (2016) → Appointed an independent outside director as chairperson of the Nomination and Remuneration Committee (2018) → Independent outside directors make up the majority of and are appointed as chairpersons of the statutory Nomination Committee and Remuneration Committee (2022)
- Abolished the counselor and advisor system (2018)
- Revised the remuneration system for officers: introduced a stock compensation plan for officers and disclosed the remuneration policy (2022, revised 2023)

Clarification of responsibilities, encouragement of dialogue, etc.

- Introduced the executive officer system (2000)
- Appointed an executive officer for corporate communications (2016)
- Formulated guidelines on cross-shareholdings (2016, revised 2018)
- Changed the type of contract for executive officers to an entrustment agreement (2020)
- Defined skills expected of directors (skills matrix) (2021)

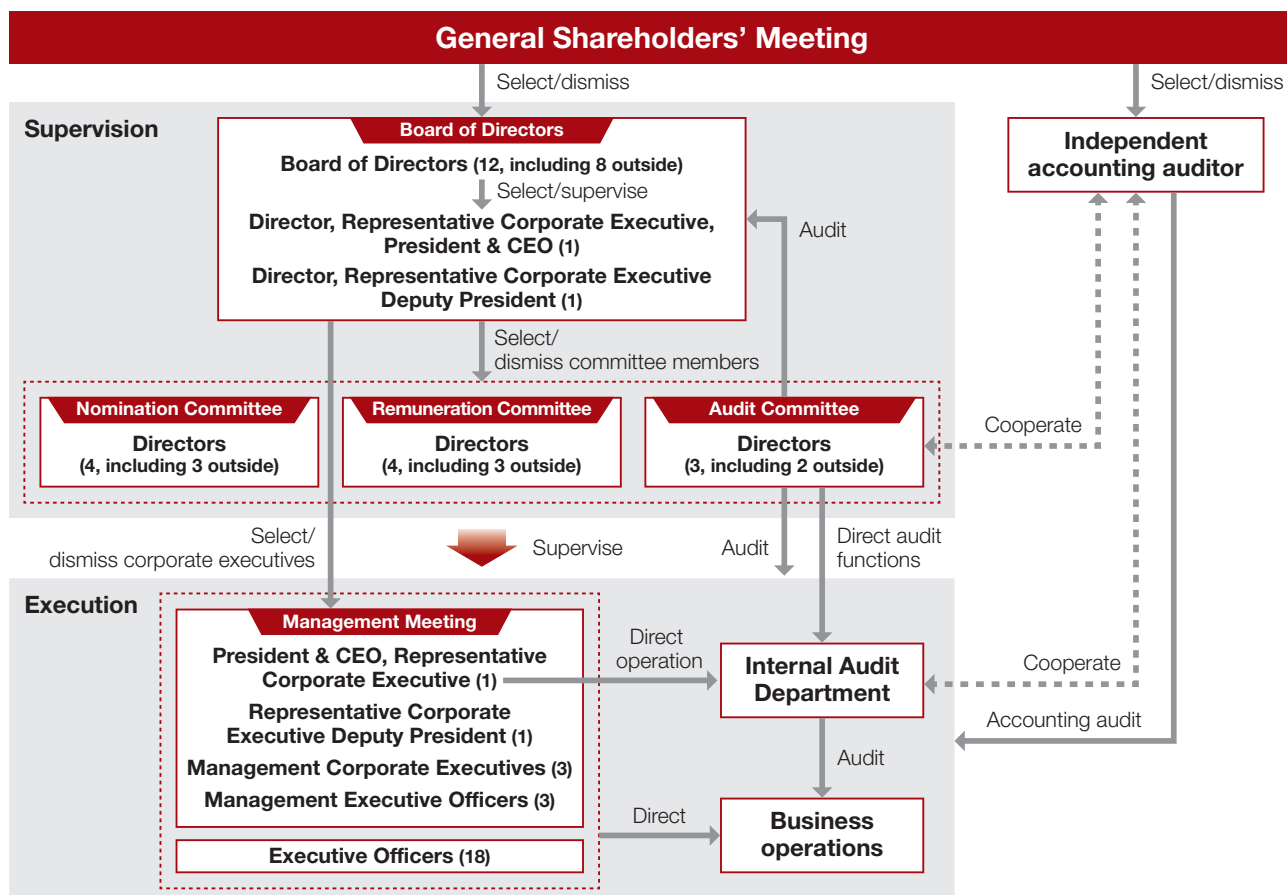
by the Board of Directors, we have established a forum for providing information to directors and exchanging opinions with corporate executives in the form of a Liaison Meeting for Directors and Corporate Executives. In addition, opinion exchange meetings are held regularly among outside directors. At the same time, we are continuing the system for executive officers charged with business execution, aiming to enhance the quality and speed of decision-making.

The Board of Directors is convened monthly, in principle, to discuss and consider legal issues, and other important managerial matters as the highest decision-making body for management and provide a major direction, and to exercise appropriate supervision over execution in order to reflect the opinions of stakeholders. In business execution, the Management Meetings, which corporate executives and executive officers with titles attend, have been established to serve as an executive-level advisory body to assist the President & Group CEO in making decisions, and are attended by the full-time Audit Committee member to ensure the effectiveness of

monitoring. The Management Meetings are held twice a month as part of ongoing initiatives to strengthen business operations through prompt decision-making and strict execution.

As of June 27, 2023, the company has appointed a total of 12 directors, including four who are involved in business execution and have accumulated experience in the company's business, management and audits (Hirozumi Sone, Kiyohiro Yamamoto, Takayuki Yokota, and Hisaya Katsuta), as well as eight who are independent outside directors and have independence, broad experience, a wealth of expertise and knowledge, and rich diversity in the form of nationality and gender (Takeshi Itoh, Waka Fujiso, Mitsuhiro Nagahama, Anne Ka Tse Hung, Minoru Sakuma, Fumitoshi Sato, Shigeaki Yoshikawa, and Tomoyasu Miura). Independent outside directors have made up the majority of the Board of Directors. They are working diligently to contribute to the enhancement of the company's enterprise value through appropriate oversight and advice during the decision-making process at Board of Directors meetings.

Corporate governance framework (as of June 27, 2023)



*Chairperson of the Board of Directors is a non-executive director.

Corporate Governance

Message from directors appointed for FY2022

**Shigeaki Yoshikawa**

**Nomination Committee Member
Outside Director**

In June 2022, I was appointed as an outside director at the very same time the company made the transition to a company with a three-committee Board structure. Only a fraction of listed companies in Japan have a majority of outside directors chairing all three committees: Nomination Committee, Audit Committee, and Remuneration Committee. In terms of improving corporate governance, the company is a front-runner.

When I was requested to become an outside director, I thought that my duties would amount to little more than attending the monthly Board of Directors meetings and their preliminary briefings, but that idea was soon betrayed in a positive way. There were plenty of opportunities to gain a better understanding of the company, including Nomination Committee meetings, Liaison Meetings for Directors and Corporate Executives, meetings of outside directors, visits to subsidiaries, visits to trade shows in which the company participated, and attendance at meetings of Group executives.

In particular, for the two newly appointed outside directors, including myself, the intensive three-month lecture on the company's business operations and strategies that we received immediately after our appointment was extremely beneficial to our understanding of the company.

I feel the strong determination of the company's management to steadily take concrete steps to embed its soul in the new institutional design, and I hope that each outside director will use the skills expected of them to further enhance the company's enterprise value.

I was appointed as an outside director and member of the Remuneration Committee in June 2022, when the company transitioned to a company with a three-committee Board structure. Over the past year, I have sought to understand the business and corporate culture through the lectures, documents prepared for me as well as visits to trade shows, etc., and to supervise and advise management as an outside director. I also came to understand that the azbil Group is one of the industry's top-class companies in terms of technological capabilities in the area of "measurement and control." In fact, the Group has earned the trust of its clients and established a high level of prestige by working on the creation of frameworks that clients struggle to achieve. In recent years, we have been striving to create even more innovative frameworks by integrating "sensors and actuators" and "software and hardware" technologies that have developed from "measurement and control."

Amid an uncertain business environment that necessitates bold risk-taking, the company is entering a period in which we must formulate a new medium-term plan. I intend to contribute to the establishment of risk-taking system that contributes to the azbil Group's development by drawing on my experience in management consulting, new business development, and management executive education, in addition to my objective perspective as an outside director. And I will strive to build a new team of "Board of Directors" so that the speed and quality of decision-making will not be compromised by an excessive focus on strengthening governance.

**Tomoyasu Miura**

**Remuneration Committee Member
Outside Director**

Main activities of the Board of Directors in FY2022

In FY2022, the Board of Directors met a total of 12 times. The 12 directors attended all of the meetings. Major items discussed at the Board of Directors meetings are as follows.

Main topics for discussion by the Board of Directors meetings in FY2022

| | |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Items resolved | Medium-term plan, budget development, CSR management plan, selection of major risks, establishment and revision of policies regarding corporate governance, capital policies including sale of strategic shareholdings, appointment of corporate executives, appointment of committee members, approval for financial results, and other matters |
| Items reported | Reports on execution of duties from each statutory committee, reports on execution of duties from corporate executives, reports on the status of operation of internal control systems, reports on the status of CSR management, reports on the status of management of group companies in Japan and overseas, business portfolio review, and other reports |
| Free discussion | Discussions on strategies toward medium- to long-term business growth, and other discussions |

Evaluation of effectiveness of the Board of Directors

Through conducting objective and constructive deliberations, the company's Board of Directors decides on such matters as management strategy, supervises their execution, and strives to enhance enterprise value over the medium to long term. A survey was again carried out this year, like last year, to evaluate the effectiveness of the Board of Directors in properly fulfilling its roles and responsibilities, to identify issues and possible improvements, and to provide suggestions as to how the Board's effectiveness might be enhanced. We were thus able to confirm that, following the transition to a company with a three-committee Board structure, steady progress has been made in both strengthening governance and improving the effectiveness of the Board of Directors. In preparing for this evaluation, the chairperson led a review with outside directors of the approach and methodology to be used, and—so as to ensure objectivity and facilitate more effective initiatives in the future—an outside organization was tasked with compiling both the survey items and the results.

For this survey of FY2022, all directors were asked for their opinions and assessments of (1) the role and functions of the Board of Directors; (2) the size and composition of the Board of Directors; (3) the operation of the Board of Directors; (4) the composition, role and work of the Nomination Committee; (5) the composition, role and work of the Remuneration Committee; (6) the composition,

role and work of the Audit Committee; (7) the support provided for outside directors; (8) investor and shareholder relations; (9) the overall effectiveness of the governance system and Board of Directors; and (10) their own self-evaluations. Based on the above, the Board of Directors held constructive discussions on current effectiveness as well as issue-sharing and future steps.

It has thus been concluded that the Board of Directors is of an appropriate size and composition, and is properly fulfilling its role, with its members plainly sharing the Board's supervisory function for a company with a three-committee Board structure; that—thanks to the Liaison Meeting for Directors and Corporate Executives, a forum established so that directors can gather information and exchange opinions with corporate executives—there is sufficient communication between directors and corporate executives, as well as between internal directors and outside directors, and that this is contributing to the smooth transition to the new Board structure; that the size, composition, and deliberation topics of the three statutory committees for nomination, remuneration, and audit are all appropriate; and that the overall effectiveness of the Board of Directors is adequately ensured.

In last year's assessment of effectiveness, Board members all recognized the importance of sharing and discussing the progress of the medium-term plan. Consequently, in FY2022, in addition to being deliberate at Board meetings and at the above-mentioned Liaison Meeting for Directors and Corporate Executives, the medium-term plan was also the subject of intensive discussions at off-site meetings made possible following the lifting of restrictions related to the COVID-19 pandemic. These opportunities were used to review the plan and discuss business strategies to achieve long-term growth and long-term targets; topics included capital policy, overseas business strategy, development capabilities, DX and related businesses, and the business portfolio. These initiatives represented one of the items covered by this year's survey of effectiveness.

Going forward, members agreed that the Board of Directors will strive to make a clearer division of supervisory and executive roles, and to improve the reference materials prepared for meetings so that the Board can discuss more important management issues, and also that the Board of Directors and Nomination Committee will discuss the skills matrix required to maintain the appropriate composition of the Board of Directors, improving it where possible. In order to achieve sustainable growth and increase enterprise value over the medium to long term, the company will continue its efforts to enhance the effectiveness of the Board of Directors.

Corporate Governance

Training policy for directors

To ensure that the Board properly fulfills its functions and responsibilities, the company believes it is important to provide training opportunities tailored to each individual officer. Based on that awareness, new directors are given opportunities to train outside the company so that they can gain and update knowledge that they need to execute their duties, such as information on their legal authority and obligations. New outside directors also go through an orientation program where they are given an overview of the company, its business, and products it handles; are briefed on matters such as corporate governance; and also tour our factories so that they can deepen their understanding of the company. Moreover, after they assume office, all officers receive regular group training on compliance, and on occasion, outside instructors are invited to conduct training sessions. And in order to prepare the next generation of executives, we provide training opportunities for managers to acquire the leadership skills, knowledge of management strategies, and management competences required of top management.

Supporting system for outside directors

We have established a Corporate Secretariat Office, which performs secretarial duties for officers, handles special management orders, serves as the main office for the Board of Directors, and supports the Nomination Committee and Remuneration Committee. We have also established an Audit Committee Office within the Internal Audit Department. Through these offices, we are working to boost the support functions available to the Board of Directors and the statutory committees. Moreover, we distribute materials for Board of Directors' meetings in advance, and for outside directors we hold advance briefings on agenda items so that they can obtain any needed information.

Composition and main activities of each committee

The company has established statutory committees as a company with a three-committee Board structure. The composition of each committee and the status of its activities in FY2022 are as follows. Furthermore, each committee member is selected by resolution of the Board of Directors from among the directors, and the chairperson of each committee is then appointed by resolution passed by the Board of Directors from among the members who are outside directors.

Nomination Committee

Composition

| | Status of attendance in FY2022 |
|--------------------------------------|--------------------------------|
| Takeshi Itoh, Chairperson (outside) | 9/9 |
| Anne Ka Tse Hung, member (outside) | 9/9 |
| Shigeaki Yoshikawa, member (outside) | 9/9 |
| Kiyohiro Yamamoto, member | 8/9 |

Contents of consideration in FY2022

| Items implemented | Specific contents of consideration |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Action plans for the current fiscal year (FY2022) | While sharing information on the status of activities of the Nomination and Remuneration Committee, an optional committee that served until the previous fiscal year, the Nomination Committee considered and determined annual action plans for the committee in the current fiscal year, and other matters. |
| Determination of contents of proposals concerning candidates for directors for the next term | In considering the Board of Directors structure for the next term (FY2023), the Nomination Committee confirmed views on the selection and the state of consideration, and deliberated and determined candidates for directors for the next term. |
| Consideration of candidates for corporate executives for the next term and candidates for executive officers for the next term | As for the corporate executive structure and the executive officer structure for the next term (FY2023), the Nomination Committee confirmed views for the selection and the state of consideration, as well as the selection of candidates for corporate executives for the next term and candidates for executive officers for the next term. |
| Selection of successor candidates and confirmation of individual training plans | The Nomination Committee shared a profile of the needed successor and the judgment criteria for promotion and confirmed the selection and training process and the training status of successor candidates based on the development of leadership personnel. |
| Consideration regarding global personnel | The Nomination Committee confirmed the status of the promotion of overseas business, shared information and exchanged opinions on needed global personnel and the state and method of recruitment, while confirming the appointment of global executive officers and the structure of executives of overseas subsidiaries. |

Audit Committee

Composition

| | Status of attendance in FY2022 |
|---------------------------------------|--------------------------------|
| Fumitoshi Sato, Chairperson (outside) | 11/11 |
| Minoru Sakuma, member (outside) | 11/11 |
| Hisaya Katsuta, member | 11/11 |

Remuneration Committee

Composition

| | Status of attendance in FY2022 |
|-------------------------------------------|--------------------------------|
| Mitsuhiro Nagahama, Chairperson (outside) | 7/7 |
| Waka Fujiso, member (outside) | 7/7 |
| Tomoyasu Miura, member (outside) | 7/7 |
| Takayuki Yokota, member | 7/7 |

Contents of consideration in FY2022

| Items implemented | Specific contents of consideration |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Auditing policy, audit implementation plan, and task division for the current fiscal year (FY2022) | The Audit Committee considered the organizational auditing structure including the Internal Audit Department after the transition to a company with a three-committee Board structure, and determined the auditing policy, audit implementation plan, and task division. |
| Consideration of the Audit Committee Rules, establishment of the Audit Committee Auditing Standards, and other rules | The Audit Committee considered the Audit Committee Rules that fit the actual condition of the company, and set the Audit Committee Auditing Standards and others by reference to rules, standards and other regulations established by the Japan Audit & Supervisory Board Members Association. |
| Consideration of revision of the basic policy for establishing internal control systems | The Audit Committee considered incorporating measures to ensure the independence of the executive officer in charge of internal audits, the head of the Internal Audit Department, and the Audit Committee Offices from the corporate executives, and others. |
| Cooperation with the Internal Audit Department | The executive officer in charge of internal audits and the head of the Internal Audit Department also attended Audit Committee meetings to exchange information and opinions on the status of implementation of audits by the Audit Committee and internal audits. |
| Evaluation of the accounting auditor | Based on the evaluation criteria for the accounting auditor, the Audit Committee evaluated the appropriateness of the audits, the independence, audit quality, and other matters through listening to regular reports on audits, etc. and to evaluations of the accounting auditor by the Accounting Department, etc., witnessing audits, and other means. |
| Status of audit activities by the full-time Audit Committee Member | The full-time Audit Committee member shared information with outside Audit Committee members on audit activities including attending important meetings such as Management Meetings, reviewing important documents such as approval forms, investigation of operations of departments and business sites. |

Contents of consideration in FY2022

| Items implemented | Specific contents of consideration |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determination of policies for determining details of remuneration for directors and corporate executives | In line with the transition of organizational design to a company with a three-committee Board structure, the Remuneration Committee determined policies for determining details of remuneration for directors and corporate executives and a new remuneration plan for officers including the introduction of stock-based compensation. |
| Determination of individual remuneration for directors and corporate executives | Based on the above determination policies, the Remuneration Committee determined details of individual remuneration for directors and corporate executives during the period from July 2022 to June 2023. |
| Establishment of rules in line with the introduction of a stock compensation plan for officers | In line with the introduction of a stock compensation plan for officers, the Remuneration Committee considered and established the content of rules for stock-based compensation for officers. |
| Confirmation of the external environment as for officers' remuneration | The Remuneration Committee made regular confirmation of the current remuneration plan for officers and the remuneration level in light of information on other companies and general trends provided by external specialized institutions, etc. |

Corporate Governance

Remuneration for officers, etc.

As a company with a three-committee Board structure, the company's Remuneration Committee, which a majority of the members, including the chairperson, are outside directors, sets policy on the determination of the individual remuneration of directors and corporate executives, which is disclosed as the Remuneration Policy.

Remuneration Policy

Basic policy regarding executive remuneration

Aiming to realize the Group philosophy, we have adopted the following basic policy for the remuneration of company officers to motivate them not only for short-term performance but also to achieve medium- and long-term performance goals and to enhance enterprise value.

- Taking into consideration the nature of our business, remuneration should encourage awareness of the necessity to enhance enterprise value from a medium- to long-term perspective and further promote value sharing with our shareholders.
- Remuneration should help to secure talented management personnel to realize the company's management philosophy and achieve the medium- to long-term performance goals.
- The remuneration system should be highly independent and objective, and should enable us to fulfill our duty of accountability to stakeholders.

Remuneration levels

Remuneration levels for company officers (corporate executives and directors) are set by resolution of the Remuneration Committee after it has verified their appropriateness using data supplied by an external research agency. Also, the committee reviews remuneration levels as necessary in response to changes in the external environment.

Remuneration structure

The remuneration structure for corporate executives (including those concurrently serving as directors; similarly hereafter) consists of basic remuneration, which is a fixed monthly amount based on their roles and responsibilities; bonuses, which are short-term incentives; and stock-based compensation, which is a medium- to long-term incentive. In order to ensure a remuneration structure that motivates officers to achieve the medium- and long-term performance goals and enhance enterprise value, the incentive component of remuneration has been increased, and the combined remuneration for corporate executives is expected to break down as follows: basic remuneration 50%, bonus (base amount) 30%, stock-based compensation (base amount) 20%. The remuneration for

directors (not including those concurrently serving as corporate executives; similarly hereafter) consists of basic remuneration and stock-based compensation.

Corporate executives

(1) Basic remuneration

- Basic remuneration is paid as a fixed monthly monetary amount based on the position of the officer.

(2) Bonus

- A bonus is paid as a performance-linked monetary remuneration that takes into consideration company performance and non-financial indicators for the single fiscal year.
- As regards financial indicators, to improve enterprise value over the medium to long term, we use net sales and operating income, which are the company's main management indices, as key performance indicators (KPIs). The amount of the bonus will fluctuate according to the degree by which these targets have been achieved, while taking into consideration also non-financial indicators.
- Non-financial indicators are based on the degree of achievement of the various roles of the corporate executive, such as implementing measures to realize the medium-term plan, engagement in CSR management, and the development of human resources (succession training). The Remuneration Committee determines the amount of remuneration based on such evaluation.
- Taking into account both financial and non-financial indicators, the final amount paid as a bonus will vary between 0% and 150%.
- Remuneration is designed so that the higher the officer's position, the higher the weighting of financial indicators. As an example, the KPIs and their respective evaluation weightings for the president and CEO are as follows.

| Bonus KPIs | | Evaluation weighting |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Financial indicators | Net sales | 45% |
| | Operating income | 45% |
| Non-financial indicators | Improved customer satisfaction, increased efficiency and productivity, HR development and revitalization of the organization, CSR management | 10% |

(3) Stock-based compensation

- In principle, stock-based compensation is paid to the corporate executive following retirement from the current position, with the aim of continuous enhancement of enterprise value while sharing value with shareholders.
- A base amount for stock-based compensation is set for each position. Of this, 50% is performance-linked and 50% is not.

- As regards KPIs, the performance-linked component uses relative total shareholder return (TSR)—an indicator that evaluates our TSR relative to the Tokyo Price Index (TOPIX) by the Tokyo Stock Exchange—to ensure that officers and shareholders have a shared interest, and operating income margin, an indicator set forth in the medium-term plan. As a non-financial indicator, we use effective CO₂ reduction at customers' sites, which is one of the essential goals of the azbil Group for the SDGs. The performance-linked component will vary between 0% and 150% depending on the extent to which these targets have been achieved during the period covered by the medium-term plan. The evaluation weightings for each KPI are as follows.

| Stock-based compensation KPIs | | Evaluation weighting |
|-------------------------------|-------------------------------------------------------|----------------------|
| Financial indicators | Relative TSR (relative to TOPIX, including dividends) | 50% |
| | Operating income margin | 30% |
| Non-financial indicators | Effective CO ₂ reduction | 20% |

- As a way to further encourage value sharing with shareholders, the non-performance-linked component is paid as stock-based compensation with vesting of a fixed number of shares.
- Stock-based compensation is paid through a Trust-type Stock Compensation Plan. Under this plan, points corresponding to an officer's position are awarded annually, and company shares equivalent to the number of points accumulated are transferred from the trust to the plan-eligible person following retirement from the current position.

Directors

(1) Basic remuneration

Basic remuneration is paid as a fixed monthly monetary sum based on the responsibilities of the position.

(2) Stock-based compensation

- In principle, stock-based compensation is paid to the director following retirement from the current position, with the aim of continuously enhancing enterprise value while sharing value with shareholders.
- A base amount of stock-based compensation is determined, which is entirely non-performance-linked.
- Stock-based compensation is paid through a Trust-type Stock Compensation Plan. Under this plan, a certain number of points are awarded annually to those eligible, and company shares equivalent to the number of points accumulated are transferred from the trust to the plan-eligible person following retirement from the current position.

Process for determining remuneration

The Remuneration Committee determines the remuneration of directors and corporate executives. The majority of the members of the Remuneration Committee, including the chairperson, are outside directors, which ensures objectivity and transparency.

The Remuneration Committee has the authority to determine the details of remuneration for individual directors and corporate executives. It arrives at evaluation decisions based primarily on (1) the policy governing remuneration details for individual directors and corporate executives; (2) the details of remuneration for individual directors and

Total remuneration of officers in FY2022

Before the transition to a company with a three-committee Board structure (From April 2022 to June 2022)

| Category of officer | Amount of remunerations paid (millions of yen) | Total amount by type (millions of yen) | | Number of persons remunerated |
|---------------------------------------------------------------|------------------------------------------------|----------------------------------------|---------------------------------|-------------------------------|
| | | Fixed remuneration | Performance-linked remuneration | |
| Directors (excluding outside directors) | 88 | 64 | 24 | 6 |
| Audit & Supervisory Board members (excluding outside members) | 13 | 13 | – | 2 |
| Outside officers | 24 | 24 | – | 8 |

After the transition to a company with a three-committee Board structure (From July 2022 to March 2023)

| Category of officer | Amount of remunerations paid (millions of yen) | Total amount by type (millions of yen) | | | | Number of persons remunerated |
|------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------------------------------|--------------------------------------------|---------------------------------|--------------------------------------------|-------------------------------|
| | | Fixed remuneration | | Performance-linked remuneration | | |
| | | Cash remuneration | Non-cash remuneration (stock compensation) | Cash remuneration | Non-cash remuneration (stock compensation) | |
| Directors (excluding directors concurrently performing as outside directors or corporate executives) | 58 | 56 | 2 | – | – | 2 |
| Outside directors | 92 | 84 | 8 | – | – | 8 |
| Corporate executives (including those concurrently performing as directors) | 236 | 118 | 16 | 86 | 16 | 4 |

Corporate Governance

corporate executives; and (3) in the case of corporate executives, the degree of achievement of both company-wide performance targets and the individual targets set for each corporate executive for the purpose of determining performance-based remuneration.

In the event of a substantial change in the external environment of the company, the Remuneration Committee, after carefully deliberating on the appropriateness of the target values and calculation methods used for determining performance-linked remuneration, may take exceptional measures.

Non-payment of stock-based compensation

If it is determined that an officer is responsible for serious misconduct or a serious violation, the company can deny all or part of the company shares, etc. that were to be transferred to the officer under the stock-based compensation plan.

Disclosure policy

In accordance with our disclosure policy and applicable laws and regulations, details of the executive remuneration system are compiled and disclosed promptly and proactively through the annual Securities Report, reference materials for the General Meeting of Shareholders, the Business Report, the Corporate Governance Report, company website, etc. The company also implements a policy of active engagement with shareholders and investors.

Selection and dismissal of directors, CEO and other senior executives

(1) Directors

In terms of basic qualifications, a candidate director is to be a person with excellent character and insight who contributes to the growth of the company and the Group and helps to enhance enterprise value. The company has a policy of appointing directors who are involved in business execution to be persons that have a high level of ability and knowledge about each business segment and important management functions, while outside directors must have wide-ranging experience, excellent expertise and knowledge, and must also have the ability to proactively express their opinions and raise issues from outside perspectives and diverse backgrounds. The Nomination Committee decides on the nomination and election of candidates for Board of Directors.

(2) CEO and other senior executives

The appointment of the CEO and other senior executives (president & CEO, deputy president, and the like) is decided by the Board of Directors after deliberation by

the Nomination Committee, based on appointment criteria standards and the desired composition of the Board of Directors.

Criteria for appointing directors

To be nominated, candidates must have a full understanding of the Group philosophy, deep knowledge of corporate management, and wide-ranging experience both inside and outside Japan, as well as good insight on corporate governance, CSR, and compliance. They must meet the following criteria and be capable of leading the Group to sustainable growth.

1. Good character and insight, a selfless attitude, a person who earns the trust of others;
2. The ability to think and judge from an international perspective and from the standpoint of the entire Group;
3. Exceptional insights, the ability to implement change and innovation and anticipate the future, and the willingness to embrace the challenges of a results-oriented approach;
4. Healthy, energetic, physically sound, and mentally resilient.

Criteria for proposing dismissal of directors

Concerning policies and procedures for dismissing the CEO and other senior executives (president & CEO, deputy president, and the like), the candidate for dismissal undergoes a fair and rigorous process of examination and deliberation by the Nomination Committee based on the following criteria. If the committee judges that the dismissal is appropriate, it is sent to the Board of Directors for approval.

Reasons for proposing dismissal include serious business problems arising from a violation of the law or the Articles of Incorporation, an event that makes it difficult for the person to perform and continue in the job, and confirmation that the person does not meet the appointment criteria.

Succession planning

Concerning succession planning for the company's senior management, the Nomination Committee deliberates concerning the status of training and selection of successors and records the results of these deliberations as well as the discussion process itself. It ensures that succession planning was done appropriately and objectively, and the chairperson of the committee, an independent outside director, reports the results of the discussions to the Board of Directors as appropriate, thereby creating a framework in which sufficient time and resources can be devoted to the development of potential successors.

Skills expected of directors (skills matrix)

The company has determined the skills, etc., expected of directors in light of its management strategy, including the realization of the medium-term plan, and has confirmed the independence, diversity, and expected skills (as given below) of the current Board of Directors. Regarding the skills, in May 2021, the Board of Directors and the Nomination and Remuneration Committee conducted an objective review considering the Group philosophy, business model, growth strategy, etc., and selected seven important

items expected of the directors to support growth toward making contributions leading “in series” to a sustainable society as outlined in the medium-term plan. Of these, “corporate management/ sustainability,” “global business,” and “IT/technology/ control and automation business” are particularly relevant to the Group’s sustainable growth over the medium to long term.

Of the 12 directors, two are women (one of whom is a foreign national).

| Name (Age) | Current positions | Independence | Diversity | Expected skills | | | | | | |
|--------------------------------|---------------------------------------------------------------------------------------------------------|----------------------|-----------|---------------------------------------|-----------------|----------------------------------------|-------------------------------------------------|------------------|-----------------------------------------|------------------------------------|
| | | Independent director | Gender | Corporate management/ sustainability* | Global business | Financial affairs, accounting, finance | IT, technology/ control and automation business | Sales, marketing | Manufacturing, research and development | Legal, risk management, compliance |
| Hirozumi Sone (68) | Director and Chairperson Chairperson of the Board | | M | ○ | | | ○ | ○ | | ○ |
| Kiyohiro Yamamoto (58) | Director Representative Corporate Executive, President & Group CEO Nomination Committee member | | M | ○ | ○ | | ○ | ○ | ○ | |
| Takayuki Yokota (62) | Director Representative Corporate Executive Deputy President Remuneration Committee member | | M | ○ | ○ | ○ | | | | ○ |
| Hisaya Katsuta (65) | Director Audit Committee member | | M | | | ○ | | | ○ | ○ |
| Takeshi Itoh (79) | Outside director Nomination Committee Chairperson | ○ | M | | ○ | ○ | | | | |
| Waka Fujiso (74) | Outside director Remuneration Committee member | ○ | F | ○ | | | | | | ○ |
| Mitsuhiro Nagahama (69) | Outside director Remuneration Committee Chairperson | ○ | M | ○ | ○ | ○ | | | | |
| Anne Ka Tse Hung (59) | Outside director Nomination Committee member | ○ | F | | ○ | | | | | ○ |
| Minoru Sakuma (74) | Outside director Audit Committee member | ○ | M | | ○ | ○ | | | | |
| Fumitoshi Sato (69) | Outside director Audit Committee Chairperson | ○ | M | ○ | | ○ | | | | ○ |
| Shigeaki Yoshikawa (70) | Outside director Nomination Committee member | ○ | M | ○ | ○ | | | ○ | | |
| Tomoyasu Miura (61) | Outside director Remuneration Committee member | ○ | M | ○ | | | ○ | ○ | | |

Note: This includes skills regarding human resources and personnel development from the viewpoint of sustainability.

(as of June 27, 2023)

Management and Board of Directors

(As of June 27, 2023)



Director and Chairperson

Hirozumi Sone

Non-Executive Director, Chairperson of the Board
Section: Board Effectiveness Enhancement

Apr 1979 Joined the Company
Apr 1996 Systems Marketing Manager of Systems Development Group, Industrial Systems Division
Oct 1998 Transferred to Yamatake Industries Systems Co., Ltd., General Manager of Marketing Department of the company
Apr 2005 Executive Officer of the Company, General Manager of the Corporate Planning Department
Apr 2008 Managing Executive Officer, General Manager of the Corporate Planning Department
Jun 2010 Director and Managing Executive Officer
Apr 2012 Representative Director, President and Chief Executive Officer
Apr 2020 Representative Director, Executive Chairperson, President and Group Chief Executive Officer
Jun 2020 Representative Director, Chairperson, Executive Chairperson
Jun 2021 Outside Director of Yasuda Logistics Corporation (Present post)
Jun 2022 Director and Chairperson (Present post)
Jun 2023 Outside Director of Mizuho Leasing Co., Ltd. (Present post)



Director, Representative Corporate Executive, President & Group Chief Executive Officer

Kiyohiro Yamamoto

Nomination Committee Member
Section: Internal Audit

Apr 1989 Joined the Company
Apr 2007 General Manager of Environmental Marketing Department, Marketing Headquarters, Building Systems Company of the Company
Apr 2011 Head of Marketing Headquarters, Building Systems Company
Apr 2012 Senior Officer, Head of Marketing Headquarters, Building Systems Company
Apr 2014 Senior Officer, General Manager of Corporate Planning Department
Apr 2017 Executive Officer, General Manager of Corporate Planning Department and Head of Marketing Headquarters, Building Systems Company
Apr 2018 Managing Executive Officer, Head of Marketing Headquarters, Building Systems Company
Apr 2020 Executive Deputy President
Jun 2020 Representative Director, President and Group Chief Executive Officer
Jun 2022 Director, Representative Corporate Executive, President & Group Chief Executive Officer (Present post)
May 2023 Chairperson, Japan Electric Measuring Instruments Manufacturers' Association (Present post)



Director, Representative Corporate Executive Deputy President

Takayuki Yokota

Remuneration Committee Member
Section: Assistant to President, Corporate Administration, Management, Corporate Communication, azbil Group CSR, Sustainability, Life Automation Business

Apr 1983 Joined The Fuji Bank, Limited (Present: Mizuho Bank, Ltd.)
Nov 2005 Chief IR Officer at Investor Relations, Mizuho Financial Group, Inc.
Apr 2010 Executive Officer and Head of the Investment Banking Business Management Department, Mizuho Corporate Bank, Limited (Present: Mizuho Bank, Ltd.)
Jun 2012 Audit & Supervisory Board Member of Mizuho Research Institute Ltd. (Present: Mizuho Research & Technologies, Ltd.)
Apr 2013 Joined the Company (Senior Officer)
Apr 2014 Executive Officer, Head of Group Management Headquarters
Apr 2016 Managing Executive Officer, Head of Group Management Headquarters
Apr 2017 Managing Executive Officer, Head of Group Management Headquarters and Head of International Business Headquarters
Apr 2018 Managing Executive Officer
Jun 2018 Director and Managing Executive Officer
Apr 2020 Director and Senior Managing Executive Officer
Jun 2022 Director and Representative Senior Managing Corporate Executive
Jun 2023 Director, Representative Corporate Executive Deputy President (Present post)



Director

Hisaya Katsuta

Non-Executive Director, Audit Committee Member

Apr 1983 Joined the Company
Apr 2005 General Manager of Production Planning Department
Feb 2010 General Manager of Internal Audit Department
Apr 2011 Senior Officer, General Manager of Internal Audit Department
Apr 2012 Senior Officer, Manager of Production Management Department, Production Management Headquarters
Apr 2014 Senior Officer, Manager of Purchasing Department, Production Management Headquarters
Jun 2015 Audit & Supervisory Board Member
Jun 2022 Director (Present post)



Outside Director

Takeshi Itoh

Nomination Committee Chairperson

Sep 1969 Entered Burnham & Company
Oct 1983 Director of The First Boston Corporation (Present: Credit Suisse Group AG)
Oct 1993 Managing Director and Vice Manager of Tokyo Branch, Smith Barney (Present: Citigroup Global Markets Japan Inc.)
Oct 1998 President of UBS Asset Management Inc. (Present: UBS Asset Management (Japan) Ltd.)
Dec 2010 Supreme Advisor of Japan Wealth Management Securities, Inc. (Present: Aozora Securities Co., Ltd.)
Feb 2012 Vice Chairman and Chief Operating Officer of Aozora Securities Co., Ltd.
Jun 2013 Senior Advisor of Aozora Securities Co., Ltd.
Jun 2014 Outside Director of the Company (Present post)
Jun 2018 Retired from Senior Advisor of Aozora Securities Co., Ltd



Outside Director

Waka Fujiso

Remuneration Committee Member

Apr 1980 Public prosecutor of Tokyo District Public Prosecutor's Office
Apr 2001 Public prosecutor of Tokyo High Public Prosecutor's Office
Dec 2007 Public prosecutor of Supreme Public Prosecutors Office
Mar 2008 Retired from Public prosecutor of Supreme Public Prosecutors Office
Apr 2008 Member of Information Disclosure and Personal Information Protection Review Board, Cabinet Office
Nov 2008 Retired from a member of Information Disclosure and Personal Information Protection Review Board, Cabinet Office
Apr 2009 Professor of Rikkyo University's Law School
Sep 2011 Member of the Medical Ethics Council of Ministry of Health, Labor and Welfare
Mar 2014 Retired from Professor of Rikkyo University's Law School
Jun 2015 Substitute Audit & Supervisory Board Member of the Company
Jun 2018 Outside Director of the Company (Present post)
Oct 2019 Retired from a member of the Medical Ethics Council of Ministry of Health, Labor and Welfare

Managing Corporate Executives

Yoshimitsu Hojo

Advanced Automation (AA) Business, azbil Group (aG) Product Business
Portfolio Enhancement
President of Advanced Automation Company (AAC)

Kazuyasu Hamada

Building Automation (BA) Business, aG System Business Portfolio
Enhancement, aG Work Style Creation (aG Synergy)
President of Building Systems Company (BSC)

Akihiko Naruse

Human Resources & Education, SDGs, General Affairs, aG Safety Management (Occupational Health and Safety)

Managing Executive Officers

Tadayoshi Ito

aG Marketing (Three business fields to expand for sustainable growth), aG Digital Transformation Promotion, aG IT (aG Cyber Security) Enhancement, aG Service Engineering Enhancement, aG System Business Portfolio Enhancement

Hideaki Ishii

aG Production, aG Purchasing, aG Research and Development, aG Environmental Protection Innovation, aG Product Safety, Quality, & Environment, aG Product Business Portfolio Enhancement

Shigeru Wada

aG International Business, aG Work Style Creation Support (Overseas), Head of International Business Headquarter

Executive Officers

Masato Iwasaki

Intellectual Property Strategy, Environment Promotion

Masashi Hirano

aG Marketing Support (Three business fields to expand for sustainable growth)

Toshiyasu Sumitomo

General Manager of the Corporate Planning Department

Masatoshi Yamada

Auditing Functions Enhancement, General Manager of Internal Audit Department

Akiko Sekino

General Manager of Legal Department



Outside Director

Mitsuhiro Nagahama

Remuneration Committee Chairperson

Apr 1976 Joined The Fuji Bank Limited. (Present: Mizuho Bank, Ltd.)
 Mar 2003 Executive Officer and General Manager of Otemachi Corporate Banking Division No. 6 and Otemachi Corporate Banking Division No. 7, Mizuho Corporate Bank, Ltd. (Present: Mizuho Bank, Ltd.)
 Apr 2005 Senior Executive Officer in charge of Corporate Banking, Mizuho Corporate Bank, Ltd.
 Mar 2006 Senior Executive Officer and Head of the Americas, Mizuho Corporate Bank, Ltd.
 Apr 2010 Deputy President and Deputy President-Executive Officer and Head of the Americas, Mizuho Corporate Bank, Ltd.
 Mar 2013 Retired from Mizuho Corporate Bank, Ltd.
 Apr 2013 Chairman of the Board of Mizuho Securities Co., Ltd. & Mizuho Securities USA Inc.
 Apr 2015 Advisor of Mizuho Securities Co., Ltd.
 Jun 2015 Outside Audit & Supervisory Board Member of the Company
 Mar 2018 Outside Audit & Supervisory Board Member of KURARAY Co., Ltd. (Present post)
 Mar 2019 Outside Director of Tokyo Tatemono Co., Ltd.
 Jun 2019 Outside Director of the Company (Present post)
 Mar 2020 Retired from Advisor of Mizuho Securities Co., Ltd.
 Jun 2020 Outside Director of NSK Ltd. (Present post)
 Mar 2021 Retired from Outside Director of Tokyo Tatemono Co., Ltd.



Outside Director

Anne Ka Tse Hung

Nomination Committee Member

Jul 1987 Joined Baker McKenzie
 Jul 1991 Moved to Baker McKenzie Tokyo
 Jul 1999 Partner of the firm
 Jul 2018 Senior Counsel of the firm
 Mar 2019 Retired from Senior Counsel of the firm
 Jun 2020 Outside Director of the Company (Present post)



Outside Director

Minoru Sakuma

Audit Committee Member

Apr 1971 Joined Export-Import Bank of Japan (Present: Japan Bank for International Cooperation)
 May 1998 Director General of Information Systems Department, Export-Import Bank of Japan
 Oct 1999 Director General of Research Institute for Development and Finance, Japan Bank for International Cooperation
 May 2000 Retired from Japan Bank for International Cooperation
 Managing Director of Cabinas Investment Corporation
 Jun 2009 Retired from Cabinas Investment Corporation
 Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of JGC Corporation (Present: JGC HOLDINGS CORPORATION)
 Jun 2016 Retired from Audit & Supervisory Board Member of JGC Corporation
 Jun 2019 Outside Audit & Supervisory Board Member of the Company
 Jun 2022 Outside Director of the Company (Present post)



Outside Director

Fumitoshi Sato

Audit Committee Chairperson

Apr 1976 Joined Bank of Japan
 Apr 1996 General Manager of Aomori Branch, Bank of Japan
 May 2001 General Manager of Fukuoka Branch, Bank of Japan
 Apr 2004 Retired from the Bank
 Senior Corporate Officer of HORIBA, Ltd.
 Jun 2005 Managing Director of HORIBA, Ltd., General Manager of General Administration Division
 Mar 2017 Retired from Managing Director of HORIBA, Ltd. Advisor of HORIBA, Ltd.
 May 2018 Retired from Advisor of HORIBA, Ltd.
 Jun 2019 Outside Board Director of TOMY Company, Ltd. (Present post)
 Outside Audit & Supervisory Board Member of the Company
 Jun 2022 Outside Director of the Company (Present post)



Outside Director

Shigeaki Yoshikawa

Nomination Committee Member

Apr 1977 Joined Mitsubishi Corporation
 Jun 2004 General Manager of Singapore Branch
 Jul 2006 General Manager of Regional Strategy & Coordination Dept.
 Apr 2008 Senior Vice President, General Manager of Global Strategy & Coordination Dept.
 Apr 2010 Senior Vice President, Chief Regional Officer for the Middle East
 Apr 2013 Executive Vice President, Regional CEO for the Middle East & Central Asia
 Apr 2016 Corporate Advisor
 Aug 2016 Retired from Corporate Advisor of Mitsubishi Corporation
 Sep 2016 Corporate Advisor of Mitsubishi Research Institute, Inc.
 Oct 2016 Executive Vice President
 Dec 2016 Representative Member of the Board, Executive Vice President & COO
 Dec 2020 Senior Corporate Advisor (Present Post)
 Apr 2021 Visiting Professor (Department of Business Design), Research Fellow (Institute of Current Business Studies) of Showa Women's University, Tokyo (Present post)
 Jun 2022 Outside Director of the Company (Present post)
 Jun 2023 Chairman & Representative Director of The Japan Singapore Association (Present post)
 Outside Director of Mochida Pharmaceutical Co., Ltd. (Present post)



Outside Director

Tomoyasu Miura

Remuneration Committee Member

Apr 1986 Joined Nomura Research Institute, Ltd.
 Apr 2001 Manager of Financial Consulting Service Department II of Nomura Research Institute, Ltd.
 Apr 2008 Manager of Financial Strategic Consulting Service Department of Nomura Research Institute, Ltd.
 Apr 2009 Senior Managing Director, Deputy Manager of Management Consulting Service Division of Nomura Research Institute, Ltd.
 Apr 2010 Senior Managing Director, Deputy Manager of System Consulting Service Division of Nomura Research Institute, Ltd.
 Apr 2011 Senior Managing Director, Manager of Center for Corporate Planning Division of Nomura Research Institute, Ltd.
 Apr 2013 Senior Managing Director, Deputy Manager of Financial System Solution Service Division of Nomura Research Institute, Ltd.
 Apr 2017 Counselor of Nomura Research Institute, Ltd. Deputy Dean of Nomura School of Advanced Management
 Jun 2018 Executive Director & Dean of Nomura School of Advanced Management
 Aug 2019 Auditor of Research Institute of Science for Education (Present post)
 May 2022 Retired from Executive Director & Dean of Nomura School of Advanced Management
 Jun 2022 Retired from Counselor of Nomura Research Institute, Ltd. Outside Director of the Company (Present post)

Tomohiro Takano

aG Product Business Portfolio Enhancement Support, Head of Actuator Development Headquarters

Tomoyuki Takeda

aG Work Style Creation Support (Domestic), Manager of BSC Tokyo Head Office

Tetsuya Iwasaki

aG System Business Portfolio Enhancement Support, Head of IT Development Headquarters, Head of BSC Development Headquarters

Toshihisa Murayama

BA International Business, Head of BSC Marketing Headquarters, Promotion Member of Strategic Planning & Development Office for Southeast Asia

Yukiya Kitaura

aG Service Engineering Enhancement Support, Head of BSC Facility Management Headquarters

Taro Sento

General Manager of AA IAP Business^{*1}

Tetsuo Kobayashi

Head of AAC Business Development Headquarters, Promotion Member of Strategic Planning & Development Office for Southeast Asia

Takashi Igarashi

aG Work Style Creation Support (Domestic), Manager of AAC Tokyo Head Office

Kenji Sudo

aG System Business Portfolio Enhancement Support, General Manager of AA SS Business^{*2}

Tetsuya Kajita

Head of Technology Development Headquarters

Anju Jaswal

Deputy Head of International Business Headquarter, Managing Director of Strategic Planning & Development Office for Southeast Asia

Hiroimitsu Yoshizawa

Head of BSC Engineering Headquarters

Eisuke Toyoda

General Manager of AA CP Business^{*3}

*1 Industrial Automation Product business (supplying process automation products such as differential pressure and pressure transmitters, and control valves)

*2 Solution and Service business (offering control systems, engineering service, maintenance service, energy-saving solution service, etc.)

*3 Control Product business (supplying factory automation products such as controllers and sensors)