

IX. Dialogue—Engagement

Communication with Stakeholders for Co-creation of Value

The azbil Group aims to “contribute ‘in series’ to the achievement of a sustainable society” through its businesses. To accomplish this goal, it is extremely important to comprehend the various issues in each country and region, propose solutions, and co-create value toward sustainable growth through interactive communication with our stakeholders. From this perspective, management promotes proactive dialogue and works to create more transparent and trusting relationships with our stakeholders.

Corporate communication structure

Under the guidance of the corporate executive in charge of corporate communications, we have set up a system (Corporate Communication Task Force) to facilitate dialogue with stakeholders through collaboration among internal departments, and have been discussing ways to enhance communication activities, including timely, appropriate, and integrated dissemination of information and the introduction

of new opportunities and tools, including digital tools. Also, starting in FY2023, we have integrated the major organizations involved in information dissemination into a new Communication Department which promotes global communication and branding. We engage in fair and highly transparent information disclosure in accordance with laws and regulations in a timely and appropriate manner, and proactively disseminate not only financial information but also non-financial information such as management plans, ESG information, and product and service information. Additionally, we actively seek feedback from all stakeholders, considering their opinions as valuable input for our management decisions.



Disclosure Policy

<https://www.azbil.com/ir/management/disclosure/index.html>

Details of dialogue with stakeholders

	Customers	Business partners and suppliers
Value creation through communication	<ul style="list-style-type: none"> • Developing better products and services • Providing consulting, quality assurance, high value-added engineering and maintenance services 	<ul style="list-style-type: none"> • Ensuring opportunities for fair transactions • Building good partnerships • Sharing values and fulfilling social responsibilities with the SDGs as a common goal
Communication opportunities	<ul style="list-style-type: none"> • Sales and quality assurance activities • Offering safe, dependable, and valuable products and services • Providing information through our website • Providing an inquiry form on our website • Exhibitions, webinars 	<ul style="list-style-type: none"> • Briefings on the CSR Procurement Guidelines • ESG-oriented implementation of and feedback from business partners' self-evaluation surveys • Initiatives to achieve our own essential SDG goals in our supply chain
Examples of activities for FY2022	<ul style="list-style-type: none"> • Hybrid participation in Measurement and Control Show 2022 OSAKA / MCS 2022 Online+plus; booth at Industrial Transformation ASIA PACIFIC, Smart Building EXPO, etc., introducing advanced products and services as a contribution to DX, carbon neutrality, etc. 	<ul style="list-style-type: none"> • Conducted briefings to motivate and promote specific initiatives to achieve the SDGs • Carried out human rights due diligence (conducted on approximately 300 major business partners)

Proactive dissemination by top management

Top management proactively communicates on various fronts, including interviews in the Nikkei ESG magazine and the lecture at the Nikkei SDGs Festival, about the Group's efforts to solve issues onsite and within the Group through measurement and control technology toward achieving a sustainable society.



The lecture at the Nikkei SDGs Festival

Responding to requests for sustainability-related disclosures and communicating with suppliers

Guided by the Group philosophy, the azbil Group identifies materiality in terms of both opportunities and risks, taking into consideration medium- and long-term changes in the business environment. We have established the essential goals of the azbil Group for the SDGs as specific indicators and targets, and are working to achieve them.

In FY2022, we expanded our disclosure in our Annual Securities Report regarding our response to climate change and strengthening our investment in human capital, both of which are issues related to sustainability. In addition, we newly published the azbil ESG Databook that compiles a wide range of non-financial information. As part of fulfilling our social responsibilities to customers and business partners, we have shared our own essential SDG goals with our business partners and conducted questionnaires, briefing sessions, and human rights due diligence (see pp. 81–84).



azbil ESG Databook

<https://www.azbil.com/ir/library/esg/index.html>

	Employees	Local and international communities	Shareholders and investors
	<ul style="list-style-type: none"> Achieving health and well-being management so that all employees can work comfortably and exercise their full potential 	<ul style="list-style-type: none"> Proactive communication to respond to the needs and expectations of local and international communities; participation in activities contributing to society Engaging in responsible corporate action through declarations, initiatives, and activities 	<ul style="list-style-type: none"> Timely and appropriate information disclosure Improvement of enterprise value by gathering authentic valuations from the capital markets and understanding the requirements of the capital markets Initiatives and disclosure on social issues and sustainability
	<ul style="list-style-type: none"> Information dissemination through the intranet Direct dialogue between officers and employees (online dialogue at the individual workplace level and with managers) Implementing an annual employee satisfaction survey and establishing/pursuing initiatives to achieve high satisfaction levels as our own essential SDG goals Regular dialogue between the labor union and management (joint management council) 	<ul style="list-style-type: none"> Inviting local residents and institutions to seasonal events (such as summer evening festivals hosted by the company) and programs to contribute to society (such as educational support) Volunteer activities (community cleanup, azbil Honey Bee Club) Participation in international initiatives (UN Global Compact, TCFD, and others), communication of information through webinars, etc. Biodiversity conservation initiatives (in cooperation with Japanese and international NPOs and NGOs) 	<ul style="list-style-type: none"> General meetings of shareholders, financial results briefings, facility tours, and exhibitions Individual meetings with Japanese and overseas institutional investors and analysts, briefings for individual investors Information disclosure through the integrated report (azbil report), business reports for shareholders and investors, azbil ESG Databook, and information disclosure on the company's website (Investor Relations page) Establishment of a disclosure policy and dialogue based on the policy
	<ul style="list-style-type: none"> Conducted direct dialogue between officers and employees (promotion of employee engagement by the president) Carried out employee satisfaction surveys (measured the percentage of employees who have expressed satisfaction and experienced personal growth) Provided opportunities for cross-departmental exchanges and discussions to enhance expertise (communities of practice: CoP*) Group training in a hybrid format and invitation to employees at overseas sites to participate Conducted dialogue at joint management council meetings 	<ul style="list-style-type: none"> Continued support for contributions to society such as community cleanups, tree planting activities, and educational support, through the azbil Honey Bee Club Co-sponsored educational projects and sporting events for local children with Shonan Bellmare and Shonan United BC, and reduced environmental impact of the Shonan International Marathon through carbon offsets 	<ul style="list-style-type: none"> Held general meeting of shareholders in hybrid onsite and online meetings, and held a financial results briefing online (for the second quarter) and in a hybrid format (for the end of the fiscal year). Conducted meetings with domestic and overseas institutional investors, including senior management Participated in online presentations for individual investors (for the second consecutive year)

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

Communication with Stakeholders for Co-creation of Value

Initiatives for constructive dialogue with shareholders and investors and utilization of the internet

We have a system in place for dialogue with shareholders and investors in which senior management, the corporate executive in charge of corporate communications, and Investor Relations take the lead, depending on the purpose of the meeting. The dialogue is extensive, ranging from management strategies and business performance to sustainability and ESG-related initiatives and voting criteria, and includes proactive dialogue with ESG and voting staff from fund managers and analysts from shareholders and investors of various management styles. In FY2022, the frequent topics in the discussion were the status of and forecast for each business, how the company is responding to the business environment, growth investment areas and business opportunities, and strengthening of governance, such as the transition to a three-committee Board structure. The feedback obtained through these dialogues is shared with the company president and other members of the management team, as well as outside directors, at the Management Meeting and Board of Directors meeting, and are incorporated into capital policies, corporate strategies, and management as appropriate.

We are also using remote support such as web conferencing tools and enhancing and utilizing digital content. We also actively disseminate information and strive to



The 101st Ordinary General Meeting of Shareholders was held in a hybrid format.

promote understanding, not only for domestic but also overseas shareholders, institutional investors, and individual investors, by means such as live and on-demand distribution of the content of general meetings of shareholders, on-demand distribution of results briefing videos in Japanese and English, online company briefings for individual investors, etc.



On-demand broadcast of the company briefing for individual investors

Communication with employees

The president of the company personally creates opportunities for direct dialogue with employees of the azbil Group in Japan and abroad to promote a free exchange of ideas, and shares the content of these discussions via the company intranet and other means to deepen ties between employees. Since the outbreak of the COVID-19 pandemic, we have also transitioned to a hybrid format of in-person and online group training, allowing employees at locations overseas to participate in the training. In addition, we are creating CoP opportunities mainly for young employees at each location for discussion of business issues and operational improvements, as well as self-reflection and growth. Through these efforts, we have improved the ratio of employees who have expressed satisfaction and employees who experienced personal growth, as measured by employee satisfaction surveys. Also, joint management council meetings are held seven times a year to address issues raised by the labor union regarding the work environment.

Main declarations and initiatives we have joined or supported, and external evaluations

- Declaration of support for the Task Force on Climate-related Financial Disclosures (TCFD)
- Signatory of the United Nations Global Compact
- Climate Change Initiative and the Japan Climate Leaders' Partnership Endorsement
- Listing on six indices chosen by the Government Pension Investment Fund (GPIF): FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, FTSE Blossom Japan Sector Relative Index, MSCI Japan Empowering Women Index (WIN), S&P/JPX Carbon Efficient Index, Morningstar Japan ex-REIT Gender Diversity Tilt Index
- CDP Climate Change (A score) / Water Security (A- score), supplier engagement leader
- Highest level (*Eruboshi*) certification for leading companies based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace; *Platinum Kurumin* certification; certification as a Health & Productivity Management Outstanding Organization in 2023
- Selected as an "Environmentally Sustainable Enterprise" for the 4th ESG Finance Awards Japan
- FTSE4Good Japan Index, MSCI Japan Index, JPX-Nikkei Index 400



Inigorating local communities

As its own essential SDG goal, the azbil Group aims to contribute to society at all business sites through activities rooted in the local community, with active participation by every employee, and it is working to achieve this target. To facilitate the practice of continuing and systematic activity, we established a dedicated social contribution department in FY2021, and formulated aims and key themes for its initiatives. In FY2022, in line with global conditions, we promoted employee participation at our business locations and at sponsored events, while ensuring the safety and security of the local community and our employees. By strengthening the efforts of all employees to address social issues both in Japan and overseas, we will continue to aim to contribute “in series” to the achievement of a sustainable society.

Inigorating Local Communities

 <https://www.azbil.com/csr/contribution-to-society/voluntary-activity/local.html>

The azbil Group's Essential Goal III for the SDGs (for FY2030)

Social Responsibility

Social contribution activities rooted in the local communities are run at all of our business sites, with **active participation by every employee**

Supporting education in elementary schools

The azbil Group provides educational support as part of our efforts to contribute to the local community. In FY2022, in conjunction with the completion of the buildings in the Fujisawa Technology Center, which is our R&D base, we conducted an energy conservation tour for third graders of Takaya Elementary School in the suburbs of Fujisawa. This

was the first time for the azbil Group to conduct an energy conservation tour for elementary school students, and our employees served as lecturers to the approximately 150 students, explaining the Group's activities connected to the achievement of the SDGs. As a result of the lesson, we received letters from the children, and we continue to interact with them.



Energy conservation tour (image courtesy of Townnews-Sha Co., Ltd.)

Support from the azbil Honey Bee Club

The azbil Honey Bee Club consists of about 1,100 employees and company officers of the azbil Group. In addition to donating a small amount from their salaries every month, the members propose recipients and vote to determine which ones to support in order to help provide solutions to society's problems. Since these activities involve collaborating with a variety of stakeholders, they foster a corporate culture of growing along with society, and they give the azbil Group a sense of solidarity and accomplishment. In FY2022 the club gave a total of ¥8.8 million to 58 organizations. Of that amount, ¥5.6 million was from club members, while ¥3.2 million was matching funds from Azbil Corporation.*



March, the azbil Honey Bee Club's mascot

* Azbil Corporation matches the club's donation if members themselves participate in the activities of the recipient.

The azbil Honey Bee Club

 <https://www.azbil.com/csr/contribution-to-society/voluntary-activity/mitsubachi.html>

Azbil Yamatake General Foundation

The Azbil Yamatake General Foundation was established to provide educational opportunities and a stable learning system for promising children, to provide research grants in the fields of science and technology to support the development of new technology. We offer three programs—scholarships, support for education and awareness, and research grants—under the motto “For the future of youth.” Through these programs, we are working on a variety of activities in collaboration with local communities, schools, and research organizations so that those who receive support can gain a sense of happiness and fulfillment. For example, the foundation participated in and supported scholarship systems

established by local governments, helped needy youth from single-parent families to enroll in schools, and donated to orphanages. Additionally, it worked with local governments to support the establishment of new children's clubs, supported education at *terakoya* (voluntary prep schools), and supported student volunteers that manage cafeterias for children. These activities are aimed at tackling child poverty and creating an environment where children who need assistance can learn with peace of mind. In FY2021 we began offering grants for research activities through an open application process, and we expanded the area and scope of our activity in the following year.

