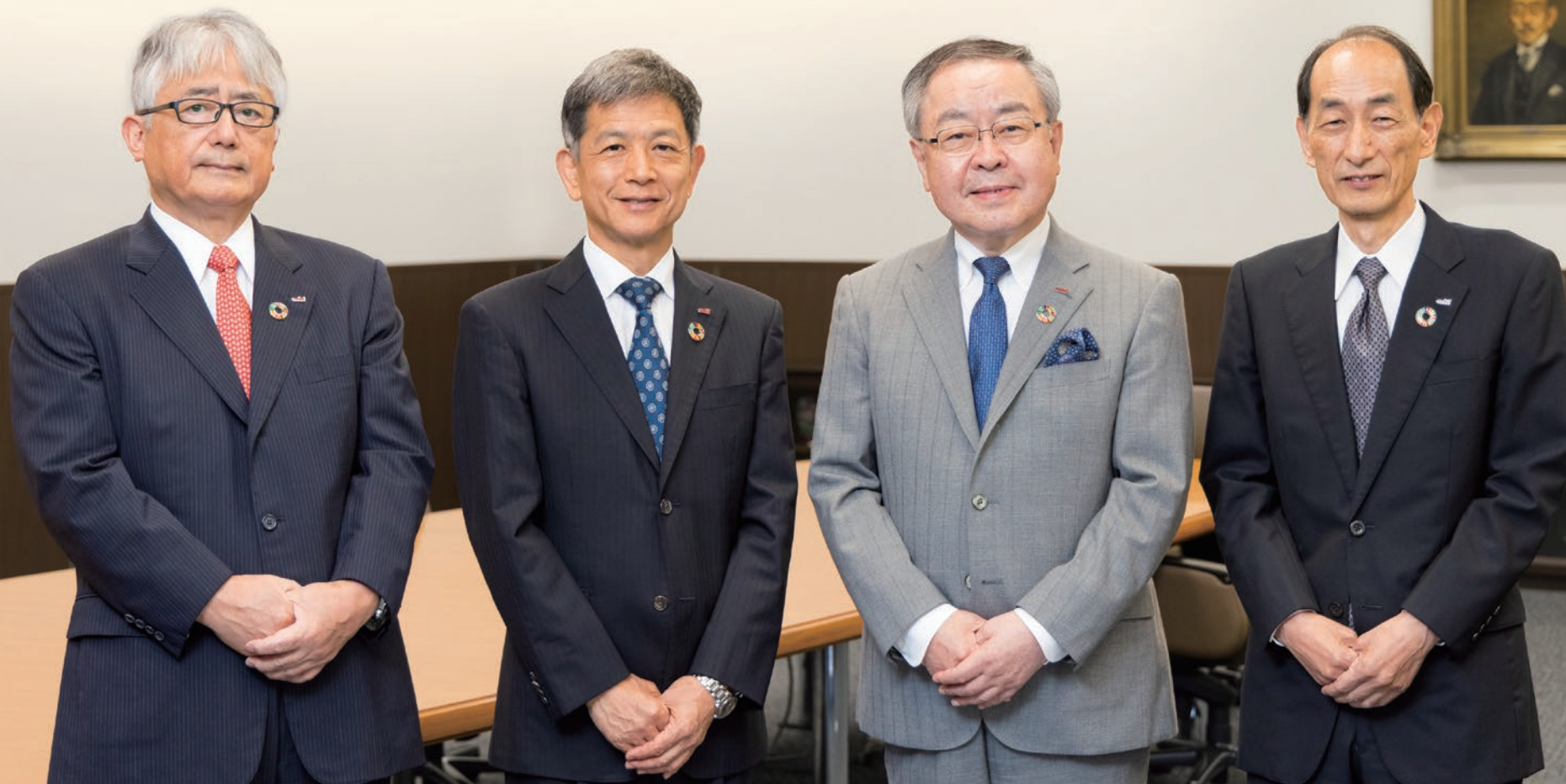


Outside Directors' Roundtable

Steady evolution of the governance system following changes in organizational design

It has been three years since the company transitioned to a company with a three-committee board structure in 2022. This year, we have continued initiatives to strengthen our governance system, including appointing an outside director as Chairperson of the Board and revising our remuneration system. We interviewed four outside directors—the Chairperson of the Board and the Chairpersons of each committee—about past initiatives and future developments.



Mitsuhiro Nagahama
Outside Director,
Remuneration Committee chairperson



Tomoyasu Miura
Outside Director,
Chairperson of the Board



Shigeaki Yoshikawa
Outside Director,
Nomination Committee chairperson



Hiroshi Yoshida
Outside Director,
Audit Committee chairperson

As a company with a three-committee board structure, our approaches to discussions are evolving while we strengthen our systems.

Q How do you view the evolution of governance systems following changes to the organizational design in 2022?

Yoshikawa I was appointed an outside director when Azbil transitioned to a company with a three-committee board structure. Over these three years, I feel the company has steadily “taken shape” as a company with a three-committee board structure. Looking back, it was a bold board structure, with eight outside directors to four internal directors, from the start of the transition. Initially, there was some trial and error as we clarified the roles of directors and corporate executives, but their respective roles are gradually becoming clearer. Now, at meetings of the Board of Directors, we are able to hold discussions from a broad perspective, covering areas such as growth strategies and infrastructure development. Under these circumstances, in June 2025, we took a major step toward further evolution, with the appointment of an outside director as Chairperson of the Board.

Nagahama Looking back over the past three years, I mostly share Mr. Yoshikawa's view. Compared to more advanced companies in Japan and Western companies, however, I feel there are still many areas where we must improve. Specifically, I am referring to matters such as how decisions made by the executive side are reported, and how discussions are conducted at meetings of the Board of Directors. One challenge is how to ensure that discussions at meetings of the Board of Directors do not focus too much on the details of specific executive matters, and instead deepen discussions that take an overarching perspective.

Yoshida I was appointed a director in June 2024, so I cannot reflect on the process of this evolution, but I agree with Mr. Nagahama in some regards concerning future challenges. For example, in discussions of the portfolio and capital efficiency, I would like for us to increase opportunities

for substantive discussions that take an overarching view of the Group as a whole and consider long-term growth, not limited to just focusing on the current status of ROIC management in each business and individual measures.

Miura One thing that has left an impression on me with regard to the evolution of the governance system is the deepening of collaboration. I feel there has been a significant improvement in mutual understanding between internal and external directors, and between corporate executives and directors. The participation of outside directors from the early stages of discussions when formulating the medium-term plan was particularly symbolic in this regard. During this process, we broadly shared agenda items related to management, such as the business portfolio and overseas business strategy, capital policy, and relationships with each Group company. Going forward, I hope we can further deepen this type of collaboration, and reflect the viewpoints and discussion points that we obtain from this collaboration in discussions at meetings of the Board of Directors, thus contributing to more effective governance.

Revisions of the remuneration system and introduction of highly transparent and objective KPIs, aimed at sustainable enterprise value enhancement

Q What are your views on the aims of the increase in the proportion of performance-linked remuneration for corporate executives and the revision of KPIs, and how they relate to enhancing enterprise value?

Nagahama This year, the company revised its remuneration policy at the same time as the formulation of the new medium-term plan. As Azbil's systems and management as a company with a three-committee board structure were being established, we took the opportunity to make major changes to the previous remuneration system. The revisions were mainly based around two concepts. First, ensuring competitive remuneration levels to secure talented human resources. We identified a group of comparable companies

based on various factors, such as industry and size, and designed our system such that our remuneration exceeded a certain level within that group. Another element is creating a more advanced remuneration system that acts as a sound incentive for contributing to enhancing enterprise value over the medium to long term. Compared to major companies in the West, the proportion of performance-linked remuneration has generally been lower among Japanese companies. While prioritizing the soundness of management, we have set a higher proportion of performance-linked remuneration than Japanese companies in general, taking into consideration future competition with overseas companies, expectations among investors, and other factors. For example, the President & CEO's remuneration now consists of basic remuneration, bonuses, and stock-based compensation, in a 1:1:1 ratio.

At the same time, we comprehensively reviewed the KPIs used as benchmarks for evaluations, and revised them as necessary. Previously, the financial KPI for stock-based compensation, i.e., long-term performance-linked remuneration, was relative TSR + operating income margin, but we changed this to relative TSR + ROE to further align incentives with a shareholder perspective and enforce the idea that we are in the same boat as shareholders. Moreover, to further ensure the fairness and transparency of bonuses, i.e., short-term performance-linked remuneration, we have adopted new, highly objective KPIs, such as the disclosed ratio of female employees in managerial or specialist positions.

Appointment of an outside director as Chairperson of the Board as a turning point for stronger systems

Q Could you share the background and significance of the appointment of an outside director as the Chairperson of the Board?

Yoshikawa The transition to a company with a three-committee board structure in 2022 was a pioneering reform for a Japanese company, and I believe the recent



appointment of an outside director as Chairperson of the Board is also a bold decision. It is not unique to the company, but systems where former presidents with deep knowledge of business operations serve as Chairperson pose concerns from the perspective of separating supervisory

and executive functions, despite contributing to the smooth operation of the Board of Directors. From that perspective, I think it is highly significant that an outside director is leading the Board of Directors. On the other hand, for an outside director to fulfill the role of Chairperson of the Board, they must possess an understanding of the company, as well as advanced communication skills, and a sense of balance. Although he has limited experience in corporate management or overseas operations, Mr. Miura, the newly appointed Chairperson, has many years of experience in management consulting, as well as an understanding of internal issues and our corporate culture from his three years of experience as an outside director in the azbil Group, making him capable of smooth dialogue with corporate executives and directors. I think the fact that there was a person so well-qualified has supported this decision.

Nagahama I think the role of the Chairperson of the Board is extremely significant, including ensuring a well-structured agenda and smooth facilitation at meetings of the Board of Directors. As outside directors, we will support the Chairperson of the Board, while also offering advice and working to invigorate the Board of Directors as a whole and enhance its effectiveness.

Ongoing updates to internal control systems and strengthening of audit departments, in anticipation of expanded overseas development



What are your thoughts on the current state of internal controls?

Yoshida The azbil Group has a history spanning about 120 years and corporate divisions at Azbil's headquarters have a deeply rooted awareness of managing the Group as a whole. I feel reassured by that point.

Internal control systems, however, are not something that a company completes by building once. It is essential that these systems are continuously reviewed in response to

changes in the environment, company size, and other factors. The importance of these systems for the development of our overseas business, a pillar of growth, might increase, but it will not decrease. From this perspective, I hope the people responsible for the second line of defense, i.e., compliance and risk management, will always be aware of factors such as whether appropriate internal control systems are in place and functioning effectively, and be ready to review these systems as necessary. The creation of an open system, where feedback from people on the first line of defense, i.e., those engaged in actual operations, can be shared smoothly, is also necessary.

The third line of defense, which is responsible for internal audits, includes a number of specialists with a diverse range of skill sets, but as our businesses develop, we will likely face the challenge of securing human resources. To begin with, auditing is a suitable position for refining one's management sense. If a system is in place where, as part of their career path, future senior management candidates can participate in audit operations early in their careers, I think it will contribute positively to the azbil Group, not just the Internal Audit Department.

Discussions at meetings of the Board of Directors when considering and formulating the new medium-term plan



What sort of discussions were held at meetings of the Board of Directors regarding the formulation of the new medium-term plan (FY2025–FY2027)?

Miura Two aspects that particularly left an impression on me were the discussions on overseas business strategy, and those related to the structure of core businesses and growth businesses, which together are positioned as the “azbil Group's unique business model.”

We deepened our discussions on setting quantitative targets for the expansion of the overseas business, a top priority challenge. We also discussed how to achieve a

balance between market share and profit margins in core businesses and growth businesses. We exchanged views on the level of risk to incorporate in profit margin targets for growth businesses, whereas for core businesses, we exchanged views on incorporating projected changes in profit margins into specific numerical targets, based on our strategy of increasing profit margins through digital transformation (DX) and other forms of innovation.

Yoshida The financial position of the azbil Group is extremely sound, so I think there is scope to hold deeper discussions related to capital efficiency. This theme will become increasingly important as we look to achieve our long-term targets for FY2030, and I look forward to the details of the proposals from the executive side.

Nagahama There was a time in the past when the azbil Group was forced to operate its businesses in difficult circumstances. Successive senior management teams worked to steadily expand operations within Japan as the company's core operational domain, through steady, sound management. These efforts have led to today's high profit margins and strong financial position. When considering future growth, however, the same conservative approach of the past alone will clearly not be enough. Taking into consideration the scale, industry, and operating environment of our businesses, it is clear that overseas business expansion will be key to the company's future growth. Unfortunately, partly for historical reasons, overseas businesses have generated less than 20% of our total net sales and profits. For this reason, expanding the scope of operations and increasing earnings overseas is a pressing strategic issue. In that sense, I feel it was significant that, as Mr. Miura stated, in the process of formulating our medium-term plan, we were able to engage in practical, in-depth discussions concerning the clarification of business domains to focus on and the establishment of specific numerical targets, including overseas.

Yoshikawa I share Mr. Nagahama's view regarding the size of the overseas business. Bold expansion overseas will

be essential for long-term growth beyond the scope of the new medium-term plan period. We considered these points when holding discussions related to the formulation of the new medium-term plan, but I feel there are still some aspects where we have a lot of work to do. I am aware that we must envision the big picture from a long-term perspective, while also considering the details in typical Azbil fashion, including portfolio restructuring with a bold forward-looking selection of business models.

Innovative measures and creation of systems to ensure substantive discussions as Chairperson of the Board



As Chairperson of the Board, how do you intend to manage the operations of the Board of Directors in the future?

Miura To enhance the quality of discussions at meetings of the Board of Directors, it will be important to manage meetings with a focus on the key discussion points of each agenda item. In our position of supervising business execution, we must identify how to explore each agenda item and clearly organize the discussion points. If directors remain conscious of those discussion points, we will be able to prevent discussions from losing focus and guide the Board toward more effective discussions. From this perspective, we can expect to see a further increase in opportunities to reexamine the points of debate concerning agenda items proposed by the executive side.

At the same time, we will also promote innovative measures to encourage mutual understanding and invigorate discussions, by creating opportunities for outside directors to exchange views among themselves prior to deliberations at meetings of the Board of Directors.

Furthermore, it will be essential that outside directors deepen their understanding of the azbil Group's management challenges and their priorities. As Chairperson of the Board, one of the important roles that I must fulfill is the creation of



an environment that facilitates this and the nurturing of the foundations for discussions.

Through these efforts, I aim to continuously enhance the overall quality of meetings of the Board of Directors.

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 released by the Financial Services Agency and Tokyo Stock Exchange, Inc., and satisfy requirements for information disclosure by publishing corporate governance reports and integrated reports (this report) on our company website.

Corporate Governance Report

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

Changes to improve corporate governance

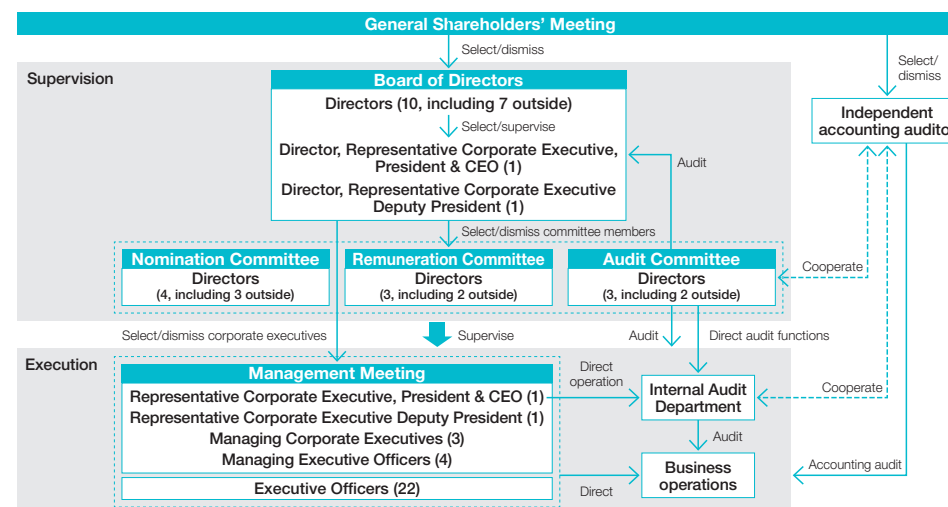
	2000	2016	2018	2020	2022	2024	2025
Strengthening of supervision and auditing functions		2007 Appointed 1 independent outside director			2022 8 outside directors		2025 7 outside directors (increase in the percentage of outside directors)
		2016 Evaluations of Board of Directors effectiveness began		2020 Made partial revisions, including setting an upper limit on the term of office for outside officers	2022 Evaluated effectiveness utilizing a third party	2024	
Strengthening of management transparency and soundness		2016 Established criteria for judging the independence of outside officers			2022 Transitioned to a company with a three-committee board structure		2025 Appointed an independent outside director as the Chairperson of the Board
		2016 Replaced the Nomination and Remuneration Meeting (set up in 2008) with the Nomination and Remuneration Committee, with independent outside directors as a majority	2018 Appointed an independent outside director as chairperson of the Nomination and Remuneration Committee		2022 Independent outside directors make up the majority of and are appointed as chairpersons of the statutory committees, the Nomination Committee and the Remuneration Committee	2024	
Other clarification of responsibilities, encouragement of dialogue, etc.		2016 Abolished the counselor and advisor system			2022 Revised the executive remuneration system (introduced a stock-based compensation plan, disclosed the remuneration policy, introduced malus and clawback provisions, etc.)	2024	
	2000 Introduced the executive officer system	2016 Appointed an executive officer for corporate communications	2018 Revised	2020 Changed the type of contract for executive officers to an entrustment agreement	2021 Disclosed skills expected of directors (skills matrix)	2024 Held a small meeting between independent outside directors and institutional investors	

Corporate governance framework

As a company with a three-committee board structure, the company has established three statutory committees, the Nomination Committee, the Audit Committee, and the Remuneration Committee, 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, to enhance the independence and effectiveness of the Board of Directors' supervisory function, an independent outside director assumed the position of Board chairperson following the Ordinary General Meeting of Shareholders in June 2025.

In business execution, we are continuing the system for executive officers charged with business execution. Moreover, we established the Management Meeting to serve as an executive-level advisory body to assist the president & CEO in making decisions, which corporate executives and executive officers with titles attend (attended by the full-time Audit Committee member to ensure the effectiveness of monitoring), to strengthen business operations through prompt decision-making and strict execution.

Corporate governance framework (as of June 25, 2025)



Note: The chairperson of the Board of Directors is an independent outside director.

Composition and main activities of the Board of Directors



Main topics for discussion in FY2024

Items resolved	Formulation of the next medium-term plan, capital policy, appointment of corporate executives, appointment of committee members, approval of financial results, transfer of equity interests in a subsidiary, establishment of an overseas manufacturing subsidiary, and other matters
Items reported	Selection of major risks, reports on the holding status of strategic shareholdings, reports on the execution of duties from each statutory committee and corporate executives, reports on the status of operation of internal control systems, reports on the status of CSR management, business portfolio review, and other reports

Evaluation of the effectiveness of the Board of Directors

The Board of Directors aims to enhance enterprise value over the medium to long term by making decisions on management strategy and other matters and supervising execution through objective and constructive discussions.

A survey is carried out every year to evaluate the effectiveness of the Board of Directors in properly fulfilling its roles and responsibilities, to identify issues and points of improvement, and to indicate ways in which the Board's effectiveness might be enhanced. In FY2024, to further ensure the objectivity of the evaluation of the Board's effectiveness, we commissioned an appropriate, independent agency to develop survey items for the evaluation and to assess the results.

For this FY2024 survey, we reviewed all directors' opinions and assessments of the following survey items: (1) the role and composition of the Board of Directors; (2) the operation of the Board of Directors; (3) the deliberations and monitoring of the Board of Directors; (4) the performance of the corporate executives and outside directors; (5) support systems, training, and communication; (6) dialogue with shareholders and investors; and (7) operations of the Nomination Committee, the Audit Committee, and the Remuneration Committee. Based on the above, the Board of Directors held constructive discussions on current Board effectiveness as well as issue-sharing and future steps.

Confirmation results from the evaluation of effectiveness

- The Board of Directors is of an appropriate size and composition, is properly fulfilling its role as the supervisory body of a company with a three-committee board structure, and is holding active and open discussions.
- The deliberation topics of the three statutory committees for nomination, audit, and remuneration are appropriate, and the overall effectiveness of the Board of Directors is adequately ensured.
- Outside directors' understanding of Azbil's businesses has been enhanced through the provision of opportunities for visits to azbil Group sites, exhibitions, etc.
- Appropriate communication is ensured through the Liaison Meeting for Directors and Corporate Executives, which is a forum established so that directors can gather information and exchange opinions with corporate executives, as well as intensive discussions and off-site meetings.

PDCA initiatives to improve effectiveness

Issues shared in the evaluation of effectiveness for FY2023	▪ Deepening discussions related to important management issues ▪ Encouraging stronger monitoring of items subject to the delegation of authority ▪ Promoting discussions aimed at maintaining and enhancing the optimal structure of the Board of Directors ▪ Promoting dialogue with shareholders and investors
Status of initiatives in FY2024	▪ Prioritized discussions related to important management issues through the process of establishing the new medium-term plan ▪ Executed board refreshment to optimize the structure of the Board of Directors and strengthen governance ▪ Encouraged dialogue with shareholders and investors through a small meeting between outside directors and institutional investors
Issues shared in the evaluation of effectiveness for FY2024	▪ Reconfirmation of our awareness of the role of directors in a company with a three-committee board structure, amid progress on discussions related to the structure of the Board of Directors ▪ Deeper discussions on further revisions to the business portfolio of the azbil Group as a whole ▪ Necessity of further improvements to the operation of the Board of Directors

We will continue to promote initiatives to enhance the effectiveness of the Board of Directors so as to achieve sustainable growth and increase enterprise value over the medium to long term.

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 inside and 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. In particular, new outside directors also go through an orientation program where they are given an overview of the company, its business, and the products it handles; are briefed on matters such as corporate governance; and tour our factories so that they can deepen their understanding of the company. Furthermore, once they

have taken office, we provide them with opportunities to visit bases for the Group's operations, attend exhibitions, etc., so as to deepen their understanding of our business and external environment and contribute to enhancing effective monitoring. We also regularly hold group training sessions on compliance for all officers, in addition to inviting external lecturers for training as necessary.

Selection of director candidates, and the selection and dismissal of the CEO and other senior executives

(1) Directors

In terms of basic qualifications, a candidate for director is to be a person with excellent character and insight who contributes to the growth of the company and the Group as a whole and helps to enhance enterprise value. The nomination and selection of candidates is determined by the Nomination Committee, which also confirms and considers the skills matrix and the composition of the current committee and comprehensively takes into account the diversity of the Board of Directors as a whole (internationality, gender, and other factors).

(2) CEO and other senior executives

The appointment of the CEO and other senior executives (president & CEO, deputy president, and corporate executives) 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

As the basic requirements, senior executives must have (1) a full understanding of the Group philosophy; (2) deep knowledge of corporate management; (3) wide-ranging experience both inside and outside Japan as well as good insight into corporate governance, CSR, and compliance;

and (4) the ability to lead the entire Group and guide it to sustainable growth.

Criteria for proposing dismissal

Concerning policies and procedures for dismissing senior executives, the candidate for dismissal undergoes a fair and rigorous process of examination and deliberation by the Nomination Committee. If the committee judges that the dismissal is appropriate, the Board of Directors shall make the final decision.

Reasons for proposing dismissal include a serious business problem arising from a violation of the law or the Articles of Incorporation of the company, an event that makes it difficult for the person to perform and continue in the job, or upon the occurrence of a reason for retirement as stipulated by laws and regulations.

The Nomination Committee will deliberate on the dismissal of the president and CEO as appropriate, taking into consideration quantitative events such as deteriorating performance.

Succession planning

Regarding succession planning for the company's senior executives, the Nomination Committee discusses the ongoing training and selection of successors, records the results of those discussions as well as the process of deliberation, and ensures that succession planning is conducted appropriately and objectively. In addition, the chairperson of the Nomination 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.

Furthermore, to prepare the next generation of senior executives, we provide training opportunities for managers to acquire the leadership skills, knowledge of management strategies, and management competences required of top management.

Support system by the committee office of the Board of Directors

At Azbil, we have established a committee office for the Board of Directors and the statutory committees, as part of the development of a multifaceted support system operated by dedicated staff. Through this system, in collaboration with related departments, we provide the following types of support to the Board of Directors, each statutory committee, and the Chairperson of the Board.

- Advance confirmation of the agenda for meetings of the Board of Directors and clarification of points of discussion by the Chairperson of the Board and business execution departments
- Distribution of documents for meetings of the Board of Directors in advance and advance briefings, to enhance deliberations at meetings of the Board of Directors
- Measures to contribute to enhancing the effectiveness of the Board of Directors
- Distribution of documents for statutory committees in advance and provision of reference information to enhance deliberations at meetings of the statutory committees
- Operation of the Liaison Meeting for Directors and Corporate Executives as an opportunity for the sharing of information and exchange of opinions between directors and corporate executives

Going forward, we will continue to support the operation of the Board of Directors under our new system, in which an outside director serves as the Chairperson of the Board, and further strengthen these initiatives to ensure that the chairperson can sufficiently fulfill his or her role.



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 FY2024 were 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

Role	Name	Status of attendance in FY2024
Chairperson (outside)	Shigeaki Yoshikawa	13/13
Member (outside)	Anne Ka Tse Hung	13/13
Member (outside)	Sachiko Ichikawa	11/11*
Member	Kiyohiro Yamamoto	13/13

* Applies only to meetings held after this member's appointment as she was elected at the 102nd Ordinary General Meeting of Shareholders held on June 25, 2024.

Main content of consideration for FY2024

Items implemented	Specific content of consideration
Action plans for the current fiscal year (FY2024)	The Nomination Committee considered and determined the matters to be considered by the committee during the current fiscal year, as well as the annual action plans and other matters.
Formulation of nomination guidelines	The Nomination Committee formulated guidelines for making nominations following consideration of the composition of the Board of Directors, processes concerning appointment and dismissal, terms of office, and selection and training of candidates for director and upper management positions.
Consideration of the structure of the Board of Directors	The Nomination Committee considered the most suitable composition for the Board of Directors and confirmed the appropriateness of the current skills matrix.
Determination of the content of proposals concerning candidates for directors for the next term	In considering the Board of Directors structure for the next term (FY2025), the Nomination Committee confirmed views on the selection and the state of consideration and deliberated on and determined candidates for directors for the next term to be proposed at the General Shareholders' Meeting.

Items implemented	Specific content of consideration
Determination of corporate executive candidates for the next term	Regarding the corporate executive structure for the next term (FY2025) based on consultation from the Board of Directors, the Nomination Committee confirmed views on the selection and the state of consideration and deliberated on and determined corporate executive candidates for the next term.
Selection of successor candidates and confirmation of individual training plans	The Nomination Committee shared profiles of the needed successors and the judgment criteria for promotion and confirmed the development of future leaders and the selection and training process and the training status of successor candidates.

Audit Committee

Role	Name	Status of attendance in FY2024
Chairperson (outside)	Hiroshi Yoshida	10/10*
Member (outside)	Satoko Nakatani	-/- (newly selected)
Member	Hisaya Katsuta	13/13

* Applies only to meetings held after this member's appointment as he was elected at the 102nd Ordinary General Meeting of Shareholders held on June 25, 2024.

Main content of consideration for FY2024

Key audit items [key points of audit]	Specific content of audits
Status of operation of internal control systems — Status of operation of the azbil Group Basic Policy on Internal Control Systems Architecture/status of response to major risks and departmental management risks	All Audit Committee members confirmed the status of operation through discussions at Board of Directors meetings, interviews, etc., and exchanging opinions with the divisions in charge of internal audits and the presidents and Audit & Supervisory Board members of the company's subsidiaries. The full-time Audit Committee member also confirmed risk management status through interviews with the main control divisions and the Audit & Supervisory Board members of the company's subsidiaries, as well as by attending the azbil Group General Risk Committee.
Confirmation of governance — Status of execution of duty of diligence by corporate executives and directors, and of the separation of supervisory and execution functions	All Audit Committee members held meetings with corporate executives and presidents of subsidiaries to exchange opinions and confirm the operation of the whistleblowing system. The full-time Audit Committee member also attended the Management Meeting and other important meetings, and reviewed the responses to urgent and serious incidents as well as the implementation status of measures to prevent recurrence prevention.
Confirmation of legal and regulatory compliance — Status of compliance with the Act on the Protection of Personal Information, Anti-Monopoly Act, Foreign Exchange and Foreign Trade Act, Construction Business Act, and Subcontract Act	The full-time Audit Committee member confirmed the status of regulatory compliance through an examination of business operations at the divisions in charge of operations related to various laws and regulations, and confirmed the implementation of disclosure matters and the status of the response to the introduction of a new quarterly reporting system (amendment to the Japanese Financial Instruments and Exchange Act).

Key audit items [key points of audit]	Specific content of audits
Confirmation of the implementation status of management strategies (long-term targets) — Status of achievement of performance targets/Status of SDG initiatives	At the Board of Directors and the Liaison Meeting for Directors and Corporate Executives, discussions were made on measures to achieve the medium- and long-term plan and on the details of the business portfolio study. Confirmation was also made regarding the business surveys of departments on their business operations in line with the medium-term plan.
Confirmation of status of audits by the accounting auditor — Status of accounting audit and internal control audit	All the Audit Committee members listened to an audit report from, and exchanged opinions with, the accounting auditor and confirmed the status of audits in regard to the key audit matters (KAM). Members, particularly the full-time Audit Committee member, also observed onsite audit operations by the audit firm and confirmed the audit methods used.

Remuneration Committee

Role	Name	Status of attendance in FY2024
Chairperson (outside)	Mitsuhiro Nagahama	14/14
Member (outside)	Shigeaki Yoshikawa	-/- (newly selected)
Member	Takayuki Yokota	14/14

Main content of consideration for FY2024

Items implemented	Specific content of consideration
Action plans for the current fiscal year (FY2024)	The Remuneration Committee considered and determined the matters to be considered by the committee during the current fiscal year, as well as the annual action plans and other matters.
Determination of the policies and systems for determining the details of remuneration for directors and corporate executives	The Remuneration Committee revised the policies and systems used to decide the details of remuneration for directors and corporate executives in anticipation of the new medium-term plan beginning in FY2025, including reviewing the remuneration levels and ratios for directors and corporate executives, revising the KPI for performance-linked remuneration, and introducing a clawback provision applicable in cases such as financial results revisions and illegal acts.
Determination of individual remuneration for directors and corporate executives	In addition to evaluating the performance of corporate executives in FY2023, based on the policy for determining details of remuneration for directors and corporate executives, the Remuneration Committee determined details of individual remuneration for directors and corporate executives.
Confirmation of the external environment relative to officers' remuneration	The Remuneration Committee confirmed 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 and others.

Remuneration for officers, etc.

Total amount of remuneration of officers in FY2024

Category of officer	Amount of remuneration 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 outside directors and directors concurrently performing as corporate executives)	80	78	2	—	—	2
Outside directors	120	112	8	—	—	10
Corporate executives (including those concurrently performing as directors)	500	220	36	215	29	6

Remuneration policy

As a company with a three-committee board structure, the Remuneration Committee, for 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.

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- to 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 the 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 specialist 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 hereinafter) is based on their roles and responsibilities, and consists of basic remuneration, which is a fixed monthly amount; bonuses, which are short-term incentives; and stock-based compensation,* which is a medium- to long-term incentive. To ensure a remuneration structure that not only motivates officers to achieve the medium- and long-term performance goals and enhance enterprise value but also leads to increased competitiveness for attracting highly skilled human resources for management, the incentive component of remuneration has been set at a high level, so that the combined remuneration for the president & CEO has the following structure: basic remuneration 1/3, bonus (base amount) 1/3, stock-based compensation (base amount) 1/3. The remuneration structure for other corporate executives is also determined in line with this, taking into consideration their expected roles and responsibilities. The remuneration for directors (not including those concurrently serving as corporate executives; similarly hereinafter) consists of basic remuneration and stock-based compensation.

Corporate executives

1) Basic remuneration

Basic remuneration is paid as fixed monthly monetary compensation based on the position of the officer.

2) Bonus

- A bonus is paid as 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.
- There are three non-financial indicators: employee engagement and diversity, which assess contributions toward achieving the essential goals of the azbil Group for the SDGs, and an individual evaluation, which assesses the handling of those management issues and measures that are the particular responsibility of the corporate executive as well as how much they have contributed. Based on the degree of achievement for each of these items, the Remuneration Committee determines the amount of remuneration.
- Taking into account both financial and non-financial indicators, the final amount paid as a bonus will vary between 0% and 200%.
- 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 & CEO are as follows.

	Bonus KPIs	Evaluation weighting
Financial indicators	Net sales	45%
	Operating income	45%
Non-financial indicators	Employee engagement	2.5%
	Diversity (percentage of female employees in managerial and specialist positions)	2.5%
	Individual evaluation (e.g., customer satisfaction, productivity & efficiency, CSR management)	5%

* For non-residents of Japan, the company plans to pay in cash in an amount equivalent to stock-based compensation.

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 the performance-linked component, the evaluation is based on indicators aligned with the medium-term plan that are tracked over the same period (3 years) as the plan; this is designed to increase the incentive. As financial indicators, we use relative total shareholder return (TSR)—an indicator that evaluates our TSR relative to the Tokyo Price Index (TOPIX) of the Tokyo Stock Exchange—and return on equity (ROE) to promote value sharing with shareholders. 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 individual's stock-based compensation (ranging from 0% to 150%, depending on performance) is determined by the extent to which these targets have been achieved in the final year of the medium-term plan, using the specified evaluation weightings (see below).

	Stock-based compensation KPIs	Evaluation weighting
Financial indicators	Relative TSR (relative to TOPIX, including dividends)	50%
	ROE	30%
Non-financial indicators	Effective reduction of CO ₂	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.

Director

1) Basic remuneration

Basic remuneration is paid as a fixed monthly monetary compensation 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, a structure that ensures objectivity and transparency. Any additional information necessary for members' deliberations is sought from external specialist organizations.

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 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.

Forfeiture and return of remuneration (malus and clawback)

If the financial results for a previous fiscal year are revised retrospectively, or if serious misconduct or a serious violation has occurred, the company can deny the officer(s) responsible the incentive component of remuneration (malus), and may demand the return of the compensation already paid to them (clawback). The compensation subject to such malus or clawback may include, in whole or in part, bonuses already paid or yet to be paid, points accrued under the stock-based compensation plan prior to the transfer of company shares, and company shares that have already been transferred to the officer(s) in question.

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 appropriately through the annual Securities Report, reference materials for the General Meeting of Shareholders, the Business Report, the Corporate Governance Report, the company website, etc. The company also implements a policy of active engagement with shareholders and investors.

Management and Board of Directors (as of June 25, 2025)



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

Kiyohiro Yamamoto

Nomination Committee member
Section: Internal Audit

Number of years served as director: 5
Number of Company shares owned: 54,756
Number of Company shares to be provided under the stock-based compensation plan: 67,380

Apr 1989 Joined the Company
Apr 2007 General Manager of Environmental Marketing Department, Marketing Headquarters, Building Systems 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 & Group Chief Executive Officer
Jun 2022 Director, Representative Corporate Executive, President & Group Chief Executive Officer (Present post)



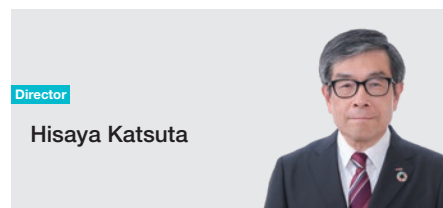
**Director,
Representative Corporate Executive
Deputy President**

Takayuki Yokota

Remuneration Committee member
Section: Assisting to President, Corporate Administration, Management, Corporate Communication, Sustainability (& azbil Group CSR), Human Resources & Education

Number of years served as director: 7
Number of Company shares owned: 59,900
Number of Company shares to be provided under the stock-based compensation plan: 23,918

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 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

Number of years served as director: 3
Number of Company shares owned: 47,400
Number of Company shares to be provided under the stock-based compensation plan: 2,918

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)



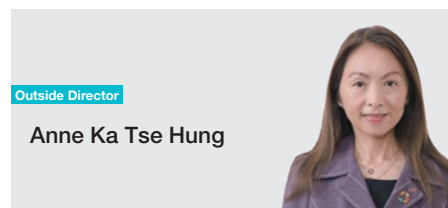
Outside Director

Mitsuhiro Nagahama

Remuneration Committee chairperson

Number of years served as director: 6
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: 2,918

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. (Retired in April 2013)
Apr 2013 Chairman of the Board of Mizuho Securities Co., Ltd. & Mizuho Securities USA Inc.
Apr 2015 Advisor of Mizuho Securities Co., Ltd. (Retired in March 2020)
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. (Retired in March 2021)
Jun 2019 Outside Director of the Company (Present post)
Jun 2020 Outside Director of NSK Ltd. (Retired in June 2024)
Jun 2024 Chairperson of Japan Association of Retired Industrial Persons (JARP) (Present post)
Jun 2024 Outside Director of Toshiba Tec Corporation (Present post)



Outside Director

Anne Ka Tse Hung

Nomination Committee member

Number of years served as director: 5
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: –

Jul 1987 Joined Baker McKenzie
Jun 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)



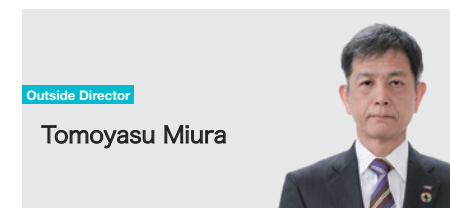
Outside Director

Shigeaki Yoshikawa

Nomination Committee chairperson, Remuneration Committee member

Number of years served as director: 3
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: 2,918

Apr 1977 Joined Mitsubishi Corporation
Jun 2004 General Manager of Singapore Branch
Jul 2006 General Manager of Regional Strategy & Coordination Department
Apr 2008 Senior Vice President, General Manager of Global Strategy & Coordination Department
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 (Retired in August 2016)
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 Corporate Advisor (Retired in December 2023)
Jun 2022 Outside Director of the Company (Present post)
Jun 2023 Chairman and Representative Director of The Japan Singapore Association (Present post)
Jun 2023 Outside Director of Mochida Pharmaceutical Co., Ltd. (Present post)
May 2025 Councilor of Showa Women's University (Present post)



Outside Director

Tomoyasu Miura

Chairperson of the Board

Number of years served as director: 3
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: 2,918

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 2014 Senior Managing Director, Division Manager of Center for Strategic Management & Innovation of Nomura Research Institute, Ltd.
Apr 2017 Counselor of Nomura Research Institute, Ltd. (Retired in June 2022)
Deputy Dean of Nomura School of Advanced Management
Jun 2018 Executive Director & Dean of Nomura School of Advanced Management (Retired in May 2022)
Aug 2019 Auditor of Research Institute of Science for Education (Present post)
Jun 2022 Outside Director of the Company (Present post)

Note: The number of shares to be provided under the stock-based compensation plan reflects the number of confirmed points granted to each director. Furthermore, because Ms. Anne Ka Tse Hung does not reside in Japan, the equivalent amount of stock-based compensation will be paid in cash.

Outside Director

Sachiko Ichikawa



Nomination Committee member

Number of years served as director: 1
 Number of Company shares owned: –
 Number of Company shares to be provided under the stock-based compensation plan: 974

Apr 1997 Registered as attorney (Member of Dai-Ichi Tokyo Bar Association)
 Joined Tanabe & Partners Law Office
 Jan 2005 Registered as attorney (Member of New York State Bar Association)
 Jan 2011 Partner of Tanabe & Partners Law Office (Present post)
 Jun 2015 Outside Director of ANRITSU CORPORATION (Retired in June 2017)
 Apr 2018 Registered as certified public accountant of the U.S.A.
 May 2018 Outside Audit & Supervisory Board Member of Ryojin Kaikaku Co., Ltd.
 (Retired in November 2021)
 Jun 2020 Statutory Auditor of The Board Director Training Institute of Japan
 Jun 2021 Outside Director of Tokyo Electron Ltd. (Present post)
 Jun 2021 Outside Director of Olympus Corporation (Present post)
 Jun 2022 Director of The Board Director Training Institute of Japan (Present post)
 Jun 2024 Outside Director of the Company (Present post)

Outside Director

Hiroshi Yoshida



Audit Committee chairperson

Number of years served as director: 1
 Number of Company shares owned: –
 Number of Company shares to be provided under the stock-based compensation plan: 974

Apr 1983 Joined Hitachi Chemical Co., Ltd. (Present: Resonac Corporation)
 Jun 2001 General Manager in charge of Accounting of Financial Strategy Office of Hitachi Chemical Co., Ltd.
 Aug 2003 General Manager in charge of Finance of Financial Strategy Office of Hitachi Chemical Co., Ltd.
 Apr 2006 Treasurer of Hitachi Chemical Co. America, Ltd.
 Aug 2008 Senior Manager of Corporate Planning & Development Office of Hitachi, Ltd.
 Oct 2009 Senior Manager of Corporate Planning Office of Hitachi Chemical Co., Ltd.
 Apr 2010 Head of Finance Center of CSR Department of Hitachi Chemical Co., Ltd.
 Apr 2014 General Manager of Risk Management Center of Hitachi Chemical Co., Ltd.
 Apr 2015 General Manager of Finance and Accounting Dept. of Corporate Business Strategy Headquarters of Hitachi Chemical Co., Ltd.
 Apr 2016 Executive Officer, Deputy General Manager of Corporate Business Strategy Headquarters of Hitachi Chemical Co., Ltd.
 Jun 2020 Audit & Supervisory Board Member of Hitachi Chemical Co., Ltd. (Retired in March 2024)
 Jun 2024 Outside Director of the Company (Present post)

Outside Director

Satoko Nakatani



Audit Committee member

Number of years served as director: – (New appointment)
 Number of Company shares owned: –
 Number of Company shares to be provided under the stock-based compensation plan: –

Apr 1987 Joined BROTHER SALES, LTD.
 Oct 1992 Joined Ito accounting firm
 Mar 1996 Registered as certified public accountant
 Jan 2001 Joined Chuo Aoyama Audit Corporation
 Aug 2006 Joined PricewaterhouseCoopers Aarata (Present: PricewaterhouseCoopers Japan LLC)
 Jul 2016 Partner of PricewaterhouseCoopers Aarata (Retired in June 2025)
 Apr 2020 Statutory Auditor of Tokai National Higher Education and Research System (Present post)
 Jun 2025 Outside Director of the Company (Present post)

Managing Corporate Executives

Yoshimitsu Hojo

Group Management Strategy Function, azbil Group (aG) System Business/Product Business Portfolio Enhancement

Kazuyasu Hamada

Building Automation (BA) business, aG Service Engineering Enhancement, aG System Business Portfolio Enhancement, President of Building Systems Company (BSC)

Hideaki Ishii

aG Production, aG Purchasing, aG Research and Development, aG Product Safety & Quality, aG Product Business Portfolio Enhancement

Managing Executive Officers

Shigeru Wada

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

Tomoyuki Takeda

BA business (Domestic), aG System Business Portfolio Enhancement, aG Work-style Creation (Well-being), aG Safety Management (Occupational Health and Safety)

Takashi Igarashi

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

Kenji Okumura

Life Automation business

Executive Officers

Masashi Hirano

Co-Creation Promotion

Toshiyasu Sumitomo

General Manager of Corporate Planning Department

Akiko Sekino

Head of Legal and Risk Management Headquarters

Tetsuya Kajita

Head of Technology Development Headquarters

Anju Jaswal

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

Norio Hashimoto

Head of Production Management Headquarters

Chosei Kaseda

General Manager of Group Management Strategy Department

Toshihisa Murayama

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

Hiromitsu Yoshizawa

Head of BSC Engineering Headquarters

Norio Morokuma

Manager of BSC Tokyo Head Office

Taro Sento

General Manager of AA IAP business^{*1}

Kenji Sudo

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

Eisuke Toyoda

General Manager of AA CP business^{*3}

Isamu Ikeda

AA Development/Quality Assurance

Kazuhiko Yasuda

aG Digital Transformation Promotion, aG IT Enhancement (aG Cyber Security), Head of Digital Enhancement Headquarters

Jun Iwamatsu

Co-Creation Promotion

Kazuaki Shirane

General Manager of aG Cloud Service Department of Service Headquarters, Deputy Head of BSC Facility Management Headquarters

Masashi Takesako

Head of BSC International Business Headquarters

Akinori Sugi

Head of BSC Facility Management Headquarters

Takeshi Yoshizumi

AA Business Sales, Head of AAC Business Development Headquarters

Masahiro Uenishi

Co-Creation Promotion

Yasuko Tsuda

General Manager of Internal Audit Department

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

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

^{*3} CP business: Control Product business (supplying factory automation products such as controllers and sensors)

Skills expected of directors (skills matrix)

The company has determined the skills and other attributes expected of directors from the perspective of consistently increasing enterprise value, including the realization of the medium-term plan, at the Board of Directors meeting held on May 14, 2021. Regarding the skills, the Board of Directors and the Nomination and Remuneration Committee conducted an objective review considering the Group philosophy, business model, growth strategy, and other factors,

and selected seven important items expected of the directors to support growth toward making contributions “in series” to the achievement of 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 10 directors, three are women (one of whom is a foreign national).

(as of June 25, 2025)

Name (Age)	Nomination Committee member (● indicates chairperson)	Audit Committee member (● indicates chairperson)	Remuneration Committee member (● indicates chairperson)	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
Kiyohiro Yamamoto (60)	●				M	●	●		●	●	●	
Takayuki Yokota (64)			●		M	●	●	●				●
Hisaya Katsuta (67)		●			M			●			●	●
Mitsuhiro Nagahama (71)			●	●	M	●	●	●				
Anne Ka Tse Hung (61)	●			●	F		●					●
Shigeaki Yoshikawa (72)	●		●	●	M	●	●			●		
Tomoyasu Miura (63)				●	M	●			●	●		
Sachiko Ichikawa (58)	●			●	F	●		●				●
Hiroshi Yoshida (66)		●		●	M	●		●			●	
Satoko Nakatani (60)		●		●	F	●		●				●

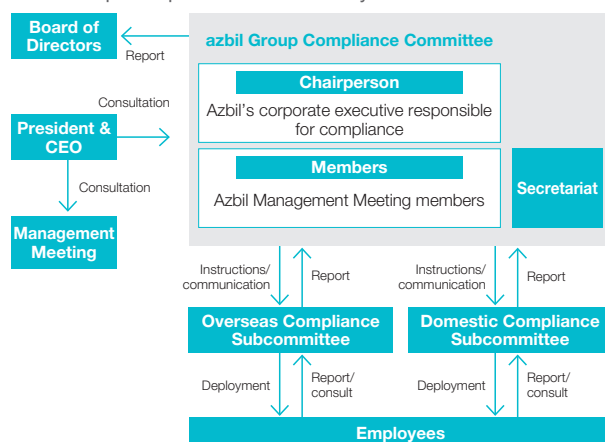
* For the azbil Group to be able to achieve its stated objective of contributing “in series” to the achievement of a sustainable society, “corporate management/sustainability” has been included together as one expected skill. In addition, this item includes skills regarding the strengthening of human capital from the viewpoint of sustainability.

Compliance and Internal Control

Compliance promotion framework

We have a compliance system where a corporate executive is appointed to promote compliance efforts as shown in the diagram on the right. In addition, to strengthen the compliance system across the azbil Group as a whole, in FY2025, we established the azbil Group Compliance Committee, consisting of Azbil's top management.

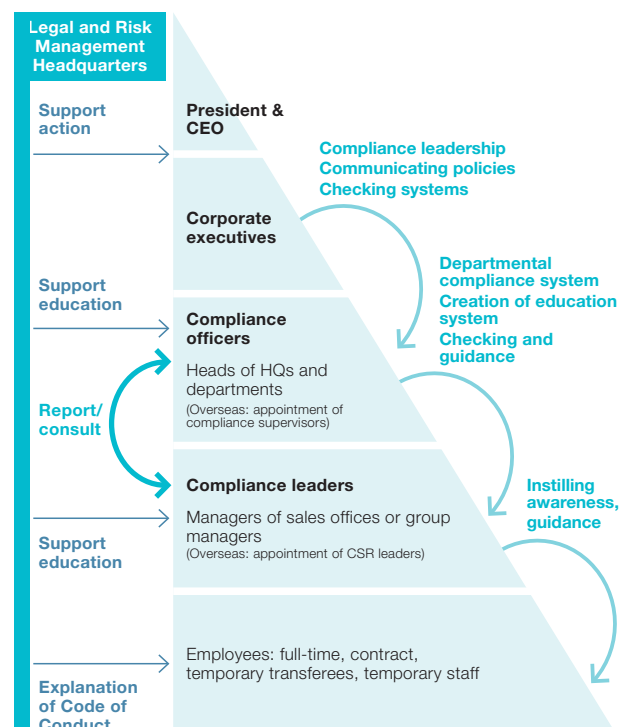
azbil Group Compliance Committee system



Building internal control system and complying with J-SOX

In accordance with Article 416 of the Japanese Companies Act, we have established the azbil Group Basic Policy on Internal Control System Architecture, and we ensure it is being implemented. Regarding internal control over the reliability of financial reporting under the Japanese Financial Instruments and Exchange Act (J-SOX), following amendments to the standards and practice standards for internal control, we have expanded the scope of the company-level control assessment, and reviewed our

Compliance system



assessment items. In addition, we clarified the criteria for the determination of significant locations or business units subject to internal control assessments related to operational processes.

Maintaining and increasing compliance awareness

Officers and department heads spearhead efforts to improve compliance awareness, and we invite external experts to provide annual training for these officers. In addition to education for all employees, Azbil provides training to compliance officers and leaders, as well as group

discussion-based training for half of all employees every year. We hold Regional CSR Leaders (CL) Meetings overseas and are working to raise the level of CLs. In addition, we conduct an annual survey of all employees, which helps us grasp the level of understanding and identify any problems so that we can implement the necessary countermeasures.

Anti-corruption initiatives

We oppose corruption in all its forms based on the azbil Group Basic Policy on Anti-corruption Practice, which applies to all officers and employees of the Group. The executive team monitors the status of these initiatives, and Azbil's Board of Directors supervises them through audits. In regard to relationships with our stakeholders, we strive for anti-corruption practices by stipulating legal compliance provisions, including corruption prevention, in contracts, as well as a provision to prohibit corruption in the azbil Group's CSR Procurement Guidelines.

An internal reporting system for the early identification of problems and issues in the workplace environment

We have established the Employee Reporting and Consultation Service for officers and employees, as well as the azbil Group Reporting and Consultation Service* for stakeholders in Japan and overseas. These services are intended to prevent violations of laws and regulations, promptly detect issues, and respond appropriately to breaches of corporate ethics, human rights concerns, and other significant matters. In FY2024, we enhanced the reporting system by introducing multilingual support for the external reporting service and expanding the scope of eligible users, in response to Japan's Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators (the "Freelance Act").

* It can be accessed from the "Contact us" section of the azbil Group website.