

## Message from the Chairperson of the Board

# Enhancing Enterprise Value through an Effective Board of Directors

Strengthening corporate governance is one of the most important priorities for achieving the sustainable enhancement of enterprise value. We spoke with Tomoyasu Miura, an outside director who has served as Chairperson of the Board since FY2025, about initiatives to improve board effectiveness and his views on the company's medium- to long-term growth.



Tomoyasu Miura  
Outside Director  
Chairperson of the Board

**Q1 Azbil has strengthened its corporate governance over the years. Since FY2025, Mr. Miura, an outside director, has served as Chairperson of the Board. How do you assess the current corporate governance structure and its effectiveness?**

In 2022, Azbil transitioned to a company with a three-committee board structure, clearly separating the Board's supervisory function from management's business execution function. Even among companies listed on the Tokyo Stock Exchange Prime Market, only approximately 5% have adopted this corporate governance structure. In that sense, I believe we have put in place a highly advanced governance framework.

At the same time, various activities of the committees remain a work in progress. Areas such as CEO succession planning, the transition to organizational audits, and the operation of the new executive remuneration system continue to evolve, and efforts are ongoing to ensure stable and highly effective governance. To further enhance the effectiveness of the Board, directors—particularly outside directors—are required to contribute their respective expertise and experience and engage in constructive discussions. To that end, we place considerable emphasis on initiatives that deepen mutual understanding among directors.

Looking ahead, we will continue to pursue further strengthening of corporate governance while identifying and addressing issues and ensuring the stable operation of systems established under the company with a three-committee board structure.

**Q2 As Chairperson of the Board, what do you consider most important in leading the Board and engaging with other directors? In addition, how would you assess your first year in the role in FY2025?**

The role of the Chairperson is to ensure independence from management execution, ensure both the strategic

focus and fairness of Board discussions, and maintain the overall effectiveness of the Board. As an outside director, I am particularly conscious of bridging the gap that can arise from information asymmetry between internal and external directors and serving as a conduit between the two perspectives.

During the past year in particular, I focused on two priorities: agenda setting, namely the development of an annual Board agenda, and clarifying the key issues to be discussed for each agenda item. Taking stakeholder perspectives into account, I place importance on clarifying and refining key discussion points in advance so that Board discussions remain focused and productive.

In addition, recognizing that Board discussions must address a wide range of matters in sufficient depth within a limited time, the outside directors engage in preliminary exchanges of views with one another. These informal discussions provide opportunities to candidly clarify questions and deepen our understanding of the matters to be discussed by the Board.

We have also introduced KPIs for the strategies monitored by the Board and have worked to quantify progress against those strategies. As a result, it has become easier for outside directors to compare performance across businesses and assess developments over time from an objective standpoint.

Through these efforts, I believe that the hesitation that can sometimes accompany outside directors has gradually diminished, and the effectiveness of Board discussions has steadily improved. Although each outside director brings a different background and perspective, we engage in constructive dialogue with a shared commitment to enhancing the company's enterprise value.

Earlier in my career, I worked as a management consultant, helping clients articulate their intentions and build consensus through dialogue. I believe that experience has proven highly valuable in my current role as Chairperson of the Board.

## Message from the Chairperson of the Board

### **Q3** What agenda items received particular attention from the Board in FY2025? What recommendations did you make regarding those items?

Among matters considered by the Board in FY2025, particular emphasis was placed on business portfolio optimization, global growth strategies, capital management including strategic investments, human capital strategy, and internal control. Regarding the business portfolio, we discussed the future ideal state of each business and considered a broad range of growth options, including strategic alliances and M&A beyond the extension of existing businesses, as well as the cultivation of new businesses through R&D investment.

These themes can easily be overlooked when attention is focused solely on monitoring progress against a medium-term plan, and they are not issues that yield visible results in the short term. However, we regard them as essential to enhancing enterprise value over the medium to long term and therefore place great importance on ongoing discussion.

At the same time, because outside directors are not involved in day-to-day business execution, it is not always appropriate for us to prescribe specific actions directly. Instead, we strive to contribute concrete examples drawn from our respective professional backgrounds and areas of expertise. When those examples resonate with management's own understanding of the challenges at hand, discussions become deeper and more effective.

We also invite external experts when appropriate to provide specialized insights and perspectives. Through these efforts, I believe the Board has steadily cultivated a culture of active and productive discussion.

### **Q4** How do you assess the progress of the medium-term plan that began in FY2025? What achievements stand out so far, and what themes do you believe will be important for future growth?

Since the medium-term plan (FY2025–FY2027) was formulated, the business environment has changed in ways that were not necessarily anticipated, including heightened geopolitical risks. At present, the plan is progressing steadily. At the same time, we intend to continue fulfilling our accountability to stakeholders and will consider reviewing the plan once the uncertainties, including the situation in the Middle East, become clearer and the outlook improves.

In addition, FY2030—the final year of the long-term targets—is steadily approaching. As we prepare for the next medium-term plan, we believe it is important to advance discussions on long-term financial targets and the vision for what we aim to become beyond FY2030. These discussions should serve as the foundation for formulating the next medium-term plan.

### **Q5** What are your thoughts on the newly formulated azbil Group's Purpose and Vision? Please also share your views on the Group's future growth.

I believe the azbil Group possesses exceptional technical capabilities that enable it to achieve what might initially seem impossible. In that sense, the recently announced brand statement, "Engineering the Impossible," accurately captures one of the Group's defining strengths. The azbil Group has a long-standing ability to take on highly sophisticated and complex challenges and solve them through its strong technical and field capabilities. I hope that every employee will recognize this tremendous potential once again and that investors will also come to appreciate it more fully.



The growth of the Group is directly linked to solving societal challenges and contributing to the realization of a sustainable society. To achieve this, we must continue investing for future growth while further accelerating our global expansion.

### **Q6** As Chairperson of the Board, what message would you most like to convey to investors and other stakeholders regarding the azbil Group's long-term growth and value creation?

The efforts the azbil Group has undertaken to enhance enterprise value are never truly complete. They must continue to evolve over time. To support that progress, I believe it is particularly important to strengthen communication among the outside directors themselves. The composition of the outside directors has changed significantly over the past two to three years, bringing greater diversity in experience and perspectives. Precisely because of that diversity, it is essential that outside directors engage proactively with one another and continue building and strengthening relationships of trust.

Going forward, both as an outside director and as Chairperson of the Board, I will remain committed to helping unlock the full potential of the azbil Group and contributing to the sustainable enhancement of its enterprise value.

# 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 enhancing enterprise value, the azbil Group regards strengthening 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)

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

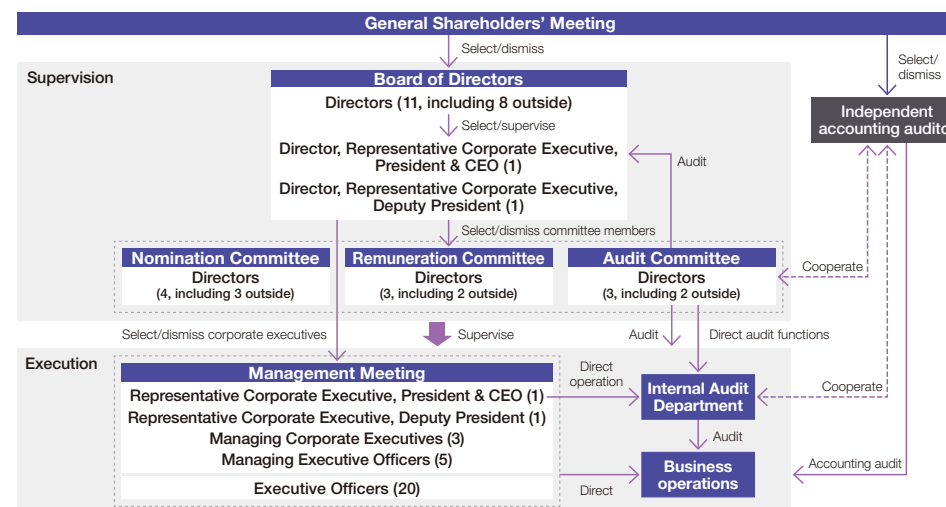
## Changes to strengthen corporate governance

|                                                                          | 2000                                            | 2016                                                                                                                                                                       | 2018                                                                                                          | 2020                                                                                                        | 2022                                                                                                                                                                                  | 2024                                                                                                                                                                              | 2025                                                                          | 2026                                                                    |
|--------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Strengthening of supervision and auditing functions                      |                                                 | 2007<br>Appointed an independent outside director                                                                                                                          |                                                                                                               |                                                                                                             | 2022<br>Independent outside directors make up the majority of the Board                                                                                                               |                                                                                                                                                                                   |                                                                               | 2026<br>Independent outside directors make up the majority of the Board |
|                                                                          |                                                 | 2016<br>Evaluations of Board of Directors effectiveness began                                                                                                              |                                                                                                               |                                                                                                             | 2022<br>Evaluated effectiveness utilizing an independent third party                                                                                                                  | 2024 evaluation and later                                                                                                                                                         |                                                                               |                                                                         |
| Strengthening of management transparency and soundness                   |                                                 | 2016<br>Established criteria for judging the independence of outside officers                                                                                              |                                                                                                               | 2020<br>Made partial revisions, including setting an upper limit on the term of office for outside officers | 2022<br>Transitioned to a company with a three-committee board structure                                                                                                              |                                                                                                                                                                                   | 2025<br>Appointed an independent outside director as Chairperson of the Board |                                                                         |
|                                                                          |                                                 | 2016<br>Replaced the Nomination and Remuneration Meeting (set up in 2008) with the Nomination and Remuneration Committee, with independent outside directors as a majority | 2018<br>Appointed an independent outside director as chairperson of the Nomination and Remuneration Committee |                                                                                                             | 2022<br>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<br>Revised the executive remuneration system (e.g., introduced a stock-based compensation plan, disclosed the remuneration policy, introduced malus and clawback provisions) |                                                                               |                                                                         |
| Other clarification of responsibilities, encouragement of dialogue, etc. | 2000<br>Introduced the executive officer system | 2016<br>Appointed an executive officer for corporate communications                                                                                                        | 2018<br>Revised                                                                                               | 2020<br>Changed the type of contract for executive officers to an entrustment agreement                     | 2022<br>Established the Corporate Secretariat Office as a dedicated secretariat for the Board of Directors                                                                            | 2024-2025<br>Held small meetings between independent outside directors and institutional investors                                                                                |                                                                               |                                                                         |
|                                                                          |                                                 | 2016<br>Formulated guidelines on strategic shareholdings                                                                                                                   |                                                                                                               | 2021<br>Disclosed skills expected of directors (skills matrix)                                              |                                                                                                                                                                                       |                                                                                                                                                                                   |                                                                               |                                                                         |

## 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 has served as Chairperson of the Board since 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 24, 2026)



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

## Corporate Governance

### Composition and main activities of the Board of Directors

#### Composition of the Board of Directors

##### Independence (Percentage of outside directors)

8 ppl. (73%)

3 ppl. (27%)

■ Independent outside directors

■ Inside directors

##### Separation of supervision and business execution (Percentage of non-executive directors)

9 ppl. (82%)

2 ppl. (18%)

■ Directors who do not concurrently serve as corporate executives

■ Directors who concurrently serve as corporate executives

##### Diversity (Percentage of female directors)

3 ppl. (27%)

8 ppl. (73%)

■ Female (One of whom is a foreign national)

■ Male

#### Rate of attendance at the Board of Directors meetings in FY2025

100% (Held 13 times)

#### Main topics for discussions in FY2025

|                |                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Items resolved | Formulation of the medium-term plan, capital management, appointment of corporate executives, appointment of committee members, approval of financial results, introduction of an indemnification agreement, and other matters                                                                                                                                                   |
| Items reported | Identification of significant risks, reports on the 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, establishment of an overseas subsidiary, 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. The company carries out a survey 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 FY2025, as in FY2024, to further ensure the objectivity and transparency of the evaluation of the Board's effectiveness, we commissioned an independent third-party agency to develop survey items for the evaluation, to assess the results, and to analyze the comparison relative to other companies.

For this FY2025 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) management plan and management strategy; (4) internal control and risk management; (5) performance, support systems, and training; (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 sufficient discussions on current board effectiveness as well as issue-sharing and future action.

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

#### Confirmation results from the evaluation of effectiveness

- The Board of Directors is of an appropriate size and composition as a company with a three-committee board structure and is properly fulfilling its supervisory function.
- Board refreshment based on the skills expected of directors is progressing steadily.
- The deliberation topics of the three statutory committees are appropriate, and the overall effectiveness of the Board of Directors is adequately ensured.
- Appropriate communication between the directors and corporate executives 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 off-site meetings.

#### Status of the PDCA initiatives to improve effectiveness

|                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issues shared in the evaluation of effectiveness for FY2024        | <ul style="list-style-type: none"> <li>■ Reconfirmation of directors' roles and responsibilities under the company with a three-committee board structure</li> <li>■ Deeper discussions on further revisions to the business portfolio of the azbil Group as a whole</li> <li>■ Further improvement of the operation of the Board of Directors</li> </ul>                                                                                                                                                                                   |
| Status of initiatives in FY2025 to the issues identified in FY2024 | <ul style="list-style-type: none"> <li>■ Shared understanding of the Board's roles in light of the governance framework through deliberations at the Board of Directors meetings and off-site meetings</li> <li>■ Expanded opportunities for discussion of important management issues through periodic reviews of progress under the medium-term plan and other initiatives</li> <li>■ Secured sufficient time for Board deliberations through advance briefings and the Liaison Meeting for Directors and Corporate Executives</li> </ul> |
| Issues shared in the evaluation of effectiveness for FY2025        | <p>The Board shared the view that further discussion and functional enhancement are desirable in the following areas:</p> <ul style="list-style-type: none"> <li>■ Oversight of the business portfolio of the azbil Group as a whole</li> <li>■ Allocation of management resources from a medium- to long-term perspective, including human capital and intellectual property</li> <li>■ Internal control and risk management, including subsidiaries and overseas operations</li> </ul>                                                    |
| Initiatives in FY2026 to the issues identified in FY2025           | <ul style="list-style-type: none"> <li>■ Strengthening the Board's role as a monitoring board</li> <li>■ Further enhancing discussions on management strategy and the business portfolio</li> <li>■ Further strengthening group governance</li> </ul>                                                                                                                                                                                                                                                                                       |

## Corporate Governance

### Nomination and selection of director candidates, and the selection and dismissal of 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 determined by the Board of Directors following deliberation by the Nomination Committee, taking into account the appointment criteria and the desired composition of the management team.

#### 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

With respect to the dismissal of senior executives, the Nomination Committee deliberates the relevant matter following a fair and rigorous investigation. 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 & 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 system 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 competencies required of top management.

#### Training policy for directors

To ensure that the Board properly fulfills its functions and responsibilities, the company provides opportunities for training and professional development. New directors are given opportunities for training inside and outside the company to gain the knowledge needed to perform their duties, including information on their legal authority and obligations. In particular, new outside directors participate in an orientation program that provides an overview of the company, its business, products, corporate governance, and factory tours. After taking office, they are also provided opportunities to visit Group operating sites and attend exhibitions to deepen their understanding of the business

and external environment and support effective oversight. We also regularly hold group compliance training for all officers.

### Support system by the committee office of the Board of Directors

The company has established a dedicated organization that serves as a committee office for the Board of Directors and the statutory committees. In addition to supporting the operation of the Board and its committees, it provides the following support functions:

- 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 meetings of 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
- Provision of orientation programs for newly appointed outside directors and ongoing development opportunities for all outside directors

We will continue to further strengthen these initiatives in order to promote more active and effective Board deliberations.

## Corporate Governance

### Composition and main activities of statutory committees

#### Nomination Committee

##### Message from Chairperson **Shigeaki Yoshikawa**

As a company with a three-committee board structure, the company entered its fifth year in June 2026 following its transition. Over the past four years, the Committee has worked diligently to strengthen the corporate governance framework through extensive deliberations on matters including streamlining the relevant policies and rules, the ideal board structure, and the appropriate implementation of CEO succession planning. The effectiveness of these activities has been verified through external assessments and evaluations of board effectiveness.

Going forward, the Committee will continue to strengthen its functions and ensure its independence, including through the effective use of external expertise.

#### Composition

| Role                  | Name               | Status of attendance in FY2025 |
|-----------------------|--------------------|--------------------------------|
| Chairperson (outside) | Shigeaki Yoshikawa | 11/11                          |
| Member (outside)      | Anne Ka Tse Hung   | 11/11                          |
| Member (outside)      | Sachiko Ichikawa   | 11/11                          |
| Member                | Kiyohiro Yamamoto  | 11/11                          |

#### Principal topics considered in FY2025

The Nomination Committee established its annual activity plan and confirmed the effectiveness of its activities through an external evaluation process. In addition, based on interviews with candidates, the Committee determined proposals for the next Board of Directors and Corporate Executive structure. The Committee also examined the desired board structure, the skills matrix, and the utilization of specialized talent. With respect to succession planning, the Committee shared its view of the qualities expected of successors and the criteria for promotion, while reviewing progress in the development of successor candidates.

#### Audit Committee

##### Message from Chairperson **Hiroshi Yoshida**

The Committee continues to advance initiatives such as developing audit plans based on a well-established risk approach and strengthening cooperation with the Internal Audit Department.

Beginning in FY2026, the Committee has expanded the scope of its activities to maintain and further enhance the effectiveness of organizational audits. These efforts include candid discussions with the president & CEO regarding the role and structure of the Internal Audit Department.

Looking ahead, I intend to remain attentive to the development of an audit framework that contributes to the enhancement of the company's enterprise value.

#### Composition

| Role                  | Name            | Status of attendance in FY2025 |
|-----------------------|-----------------|--------------------------------|
| Chairperson (outside) | Hiroshi Yoshida | 13/13                          |
| Member (outside)      | Satoko Nakatani | 10/10*                         |
| Member                | Hisaya Katsuta  | 13/13                          |

\* Applies only to meetings held after this member's appointment as she was elected at the 103rd Ordinary General Meeting of Shareholders held on June 25, 2025.

#### Principal audit matters in FY2025

The Audit Committee identified priority audit items for FY2025 and, through deliberations at Board of Directors meetings and exchanges of views with management, and the presidents and audit & supervisory board members of subsidiaries, reviewed the development and operation of internal control systems and response to significant risks, and confirmed the status of Group-wide governance and compliance. The Committee also reviewed the operation of the whistleblowing system and confirmed its effectiveness, while examining the status of audits conducted by the independent accounting auditor, including its response to key audit matters (KAMs).

#### Remuneration Committee

##### Message from Chairperson **Junichi Nishizawa**

The Committee has continuously enhanced the framework and operation of the executive remuneration system to ensure transparency and objectivity to strengthen alignment with medium- to long-term enhancement of enterprise value, secure talented management personnel, and fulfill its accountability to shareholders.

To support sustainable growth in a rapidly changing business environment, I will draw on my experience in corporate management and human resources to promote appropriate KPIs reflecting key management issues and continuous review of the remuneration system. Through these efforts, the Committee will continue to support the company's sustainable growth and enhancement of enterprise value.

#### Composition

| Role                  | Name               | Status of attendance in FY2025 |
|-----------------------|--------------------|--------------------------------|
| Chairperson (outside) | Junichi Nishizawa  | -/- (newly selected)           |
| Member (outside)      | Shigeaki Yoshikawa | 7/7*                           |
| Member                | Takayuki Yokota    | 10/10                          |

\* Applies only to meetings held after this member's appointment as he was appointed as a member of the Remuneration Committee by the Board of Directors meeting held after the 103rd Ordinary General Meeting of Shareholders on June 25, 2025.

#### Principal topics considered in FY2025

In addition to establishing its annual activity plan and determining remuneration for individual directors and corporate executives, the Remuneration Committee reviewed the remuneration policy in light of revisions to the executive remuneration system. In preparation for FY2026, the Committee utilized external experts to review trends at other companies and broader societal developments, confirming the appropriateness of both the executive remuneration system and remuneration levels. The Committee also deliberated on revisions to the remuneration levels and structure applicable to non-executive directors. Based on these deliberations, the Committee determined the policies and framework for setting remuneration for directors and corporate executives in FY2026.

## Corporate Governance

### Remuneration for officers, etc.

#### 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 enhance enterprise value over the medium to long term, we use revenue and business profit, 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     | Revenue                                                                                        | 45%                  |
|                          | Business profit                                                                                | 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%                   |

##### 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 (three 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 Stock Price Index (TOPIX) of

## Corporate Governance

the Tokyo Stock Exchange—and return on equity (ROE) to promote value sharing with shareholders. As a non-financial indicator, we use effective CO<sub>2</sub> 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 <sub>2</sub>                | 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. For non-residents of Japan, the company plans to pay in cash in an amount equivalent to stock-based compensation.

### Directors

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

### 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-linked 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.

### Total amount of remuneration of officers in FY2025

| 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<br>(excluding outside directors and directors concurrently performing as corporate executives) | 41                                            | 40                                     | 0                                          | —                               | —                                          | 2                             |
| Outside directors                                                                                        | 118                                           | 111                                    | 6                                          | —                               | —                                          | 9                             |
| Corporate executives<br>(including those concurrently performing as directors)                           | 553                                           | 198                                    | 70                                         | 215                             | 70                                         | 6                             |

# Management and Board of Directors

(as of June 24, 2026)



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

**Kiyohiro Yamamoto**

Nomination Committee member  
Section: Internal Audit

Number of years served as director: 6  
Number of Company shares owned: 54,756  
Number of Company shares to be provided under the stock-based compensation plan: 86,471

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 the President, Corporate Administration, Management, Corporate Communication, Sustainability (& azbil Group CSR)

Number of years served as director: 8  
Number of Company shares owned: 59,900  
Number of Company shares to be provided under the stock-based compensation plan: 41,851

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 Bank, 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

Number of years served as director: 4  
Number of Company shares owned: 47,400  
Number of Company shares to be provided under the stock-based compensation plan: 3,612

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**

**Anne Ka Tse Hung**

Nomination Committee member

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: –

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**

**Shigeaki Yoshikawa**

Chairperson of the Nomination Committee, Remuneration Committee member

Number of years served as director: 4  
Number of Company shares owned: –  
Number of Company shares to be provided under the stock-based compensation plan: 3,612

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 2020)  
Apr 2021 Visiting Professor (Department of Business Design, Faculty of Global Business), Research Fellow (Institute of Current Business Studies) of Showa Women's University (Present post)  
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: 4  
Number of Company shares owned: –  
Number of Company shares to be provided under the stock-based compensation plan: 3,612

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)



**Outside Director**

**Sachiko Ichikawa**

Nomination Committee member

Number of years served as director: 2  
Number of Company shares owned: –  
Number of Company shares to be provided under the stock-based compensation plan: 1,668

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 Ryohin Keikaku 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 Limited (Retired in June 2026)  
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)

Note: The number of shares to be provided under the stock-based compensation plan reflects the number of confirmed points granted to each director. Stock-based compensation for directors who concurrently serve as corporate executives is 50% performance-linked (this portion fluctuates based on the level of achievement of performance targets in the medium-term plan) and 50% non-performance-linked. The performance-linked portion that has not been confirmed at present is not included in the number of shares planned to be transferred. Furthermore, because Anne Ka Tse Hung does not reside in Japan, the equivalent amount of stock-based compensation will be paid in cash.

## Management and Board of Directors



Outside Director

Hiroshi Yoshida

Chairperson of the Audit Committee

Number of years served as director: 2  
 Number of Company shares owned: –  
 Number of Company shares to be provided under the stock-based compensation plan: 1,668

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: 1  
 Number of Company shares owned: –  
 Number of Company shares to be provided under the stock-based compensation plan: 694

Apr 1987 Joined BROTHER SALES, LTD.  
 Oct 1992 Joined to 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)  
 Jul 2025 Head of Satoko Nakatani Certified Public Accountant Office (Present post)  
 Jul 2025 Auditor of Japan Association for Chief Financial Officers (Present post)



Outside Director

Shoichiro Eguchi

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 1979 Joined Trio Electronics, Inc. (Present: JVCKENWOOD Corporation)  
 Jun 2003 Senior Vice President & Executive Officer of Kenwood Corporation (Present: JVCKENWOOD Corporation)  
 Apr 2004 General Executive of Car Electronics Sales Division of Kenwood Corporation, President and Director of Kenwood Electronics Europe B.V. (Present: JVCKENWOOD Europe B.V.)  
 Jun 2004 Director, Senior Vice President & Executive Officer of Kenwood Corporation  
 Oct 2011 Representative Director of the Board, Executive Officer, Vice President of JVCKENWOOD Corporation  
 Jun 2012 Representative Director of the Board, President & Chief Executive Officer of JVCKENWOOD Corporation  
 Apr 2018 Representative Director of the Board, President, Chief Operating Officer of JVCKENWOOD Corporation  
 Apr 2019 Representative Director of the Board, President & Chief Executive Officer of JVCKENWOOD Corporation  
 Apr 2023 Outside Director of AIST Solutions Co., Ltd. (Present post)  
 Apr 2026 Representative Director of the Board, Chairman & Chief Executive Officer of JVCKENWOOD Corporation (Present post)  
 Jun 2026 Outside Director of the Company (Present post)



Outside Director

Junichi Nishizawa

Chairperson of the Remuneration Committee

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 1980 Joined the Fuji Bank, Limited (Present: Mizuho Bank, Ltd.)  
 Apr 2006 Executive Officer and General Manager of Nagoya-chuo Corporate Banking Department of Nagoya-chuo Branch of Mizuho Bank, Ltd.  
 Apr 2010 Managing Director, Managing Executive Officer, Head of Risk Management Group and Head of Human Resources Group of Mizuho Corporate Bank, Ltd. (Present: Mizuho Bank, Ltd.)  
 Jun 2011 Deputy President and Representative Director of Mizuho Financial Group, Inc. (Retired in March 2013)  
 Apr 2013 President and Representative Director of Mizuho Information & Research Institute, Inc. (Present: Mizuho Bank, Ltd.) (Retired in March 2019)  
 Jun 2019 Vice President and Director of Joban Kosan, Ltd.  
 Jun 2019 Outside Corporate Auditor of FUJIO AUTO LEASE CO., LTD. (Retired in June 2026)  
 Jun 2020 President and Representative Director of Joban Kosan, Ltd.  
 Jun 2020 Outside Director of JOBAN JOINT POWER CO., LTD. (Retired in June 2026)  
 Jun 2020 Outside Director of Onahama Kairiku Unso Kaisha, Ltd. (Retired in June 2026)  
 Jun 2024 Chairman and Representative Director of Joban Kosan, Ltd. (Retired in April 2025)  
 Mar 2025 Outside Director of Tokyo Tatemono Co., Ltd. (Present post)  
 Jul 2025 Outside Director of Nichizei Business Service Co., Ltd. (Present post)  
 Jun 2026 Outside Director of the Company (Present post)

### Managing Corporate Executives

#### Kazuyasu Hamada

Human Resources and Talent Development,  
 azbil Group (aG) Service Engineering Function,  
 Head of aG System Business Portfolio Enhancement,  
 Building Automation (BA) Business Support (Digital Transformation Promotion),  
 Life Automation (LA) Business Support (Home Comfort Headquarters)

#### Hideaki Ishii

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

#### Takashi Igarashi

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

### Managing Executive Officers

#### Shigeru Wada

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

#### Tomoyuki Takeda

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

#### Kenji Okumura

LA Business

#### Masashi Takesako

BA Business, aG System Business Portfolio Enhancement  
 President of Building Systems Company (BSC)

#### Chosei Kaseda

Group Management Strategy,  
 aG Research and Development (Deputy)  
 General Manager of Group Management Strategy Department

### Executive Officers

#### Toshiyasu Sumitomo

LA Business (Deputy)  
 General Manager of Corporate Planning  
 Department

#### Akiko Sekino

Corporate Communication (Deputy)  
 Head of Sustainability Management  
 Headquarters

#### Tetsuya Kajita

aG Product Business Portfolio  
 Enhancement Support  
 Deputy Head of AAC Development  
 Headquarters

#### Anju Jaswal

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

#### Norio Hashimoto

Head of Production Management  
 Headquarters

#### Kazuhiko Yasuda

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

#### Yasuko Tsuda

General Manager of Internal Audit  
 Department

#### Jun Iwamatsu

Co-Creation Promotion  
 Head of Corporate Secretariat Office

#### Hiromitsu Yoshizawa

Head of BSC Engineering Headquarters

#### Kazuaki Shirane

aG Digital Transformation Promotion  
 (Product DX)  
 Head of Cloud Systems Headquarters

#### Akinori Sugii

Head of BSC Facility Management  
 Headquarters

#### Taro Sento

aG Product Business Portfolio  
 Enhancement Support  
 Head of AA Division, Global Business  
 Headquarters

#### Kenji Sudo

aG System Business Portfolio  
 Enhancement Support  
 General Manager of AA SS Business<sup>\*1</sup>  
 General Manager of AAC Autonomous  
 Systems Business Development  
 Department

#### Eisuke Toyoda

General Manager of AA CP Business<sup>\*2</sup>

#### Isamu Ikeda

Head of AAC Development  
 Headquarters

#### Takeshi Yoshizumi

Head of AAC Sales Headquarters

#### Satoshi Asai

Human Resources and Talent  
 Development (Deputy)  
 Head of Group Management  
 Headquarters

#### Yoshiharu Nakai

General Manager of BSC  
 Business Planning Department

#### Tatsuya Yoshida

Manager of BSC Tokyo Head  
 Office

#### Shingo Kakizaki

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

<sup>\*1</sup> SS business: Solution and Service business (offering control systems, engineering service, maintenance service, energy-saving solution service, etc.)

<sup>\*2</sup> CP business: Control Product business (supplying factory automation products such as controllers and sensors)

## Management and Board of Directors

### Skills expected of directors (skills matrix)

The company determined the skills and other attributes expected of directors from the perspective of consistently enhancing 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 11 directors, three are women (one of whom is a foreign national).

(as of June 24, 2026)

| Name<br>(Age)              | Nomination<br>Committee<br>member<br>(● indicates<br>chairperson) | Audit Committee<br>member<br>(● indicates<br>chairperson) | Remuneration<br>Committee<br>member<br>(● indicates<br>chairperson) | Independence            |        | Diversity                                   |                 |                                              | Expected skills                                          |                  |                                               |                                          |
|----------------------------|-------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------|-------------------------|--------|---------------------------------------------|-----------------|----------------------------------------------|----------------------------------------------------------|------------------|-----------------------------------------------|------------------------------------------|
|                            |                                                                   |                                                           |                                                                     | Independent<br>director | Gender | Corporate<br>management/<br>sustainability* | Global business | Financial affairs,<br>accounting,<br>finance | IT, technology/<br>control and<br>automation<br>business | Sales, marketing | Manufacturing,<br>research and<br>development | Legal, risk<br>management,<br>compliance |
| Kiyohiro Yamamoto<br>(61)  | ●                                                                 |                                                           |                                                                     |                         | M      | ●                                           | ●               |                                              | ●                                                        | ●                | ●                                             |                                          |
| Takayuki Yokota<br>(65)    |                                                                   |                                                           | ●                                                                   |                         | M      | ●                                           | ●               | ●                                            |                                                          |                  |                                               | ●                                        |
| Hisaya Katsuta<br>(68)     |                                                                   | ●                                                         |                                                                     |                         | M      |                                             |                 | ●                                            |                                                          |                  | ●                                             | ●                                        |
| Anne Ka Tse Hung<br>(62)   | ●                                                                 |                                                           |                                                                     | ●                       | F      |                                             | ●               |                                              |                                                          |                  |                                               | ●                                        |
| Shigeaki Yoshikawa<br>(73) | ●                                                                 |                                                           | ●                                                                   | ●                       | M      | ●                                           | ●               |                                              |                                                          | ●                |                                               |                                          |
| Tomoyasu Miura<br>(64)     |                                                                   |                                                           |                                                                     | ●                       | M      | ●                                           |                 |                                              | ●                                                        | ●                |                                               |                                          |
| Sachiko Ichikawa<br>(59)   | ●                                                                 |                                                           |                                                                     | ●                       | F      | ●                                           |                 | ●                                            |                                                          |                  |                                               | ●                                        |
| Hiroshi Yoshida<br>(67)    |                                                                   | ●                                                         |                                                                     | ●                       | M      | ●                                           |                 | ●                                            |                                                          |                  | ●                                             |                                          |
| Satoko Nakatani<br>(61)    |                                                                   | ●                                                         |                                                                     | ●                       | F      | ●                                           |                 | ●                                            |                                                          |                  |                                               | ●                                        |
| Shoichiro Eguchi<br>(70)   |                                                                   |                                                           |                                                                     | ●                       | M      | ●                                           | ●               |                                              | ●                                                        |                  | ●                                             |                                          |
| Junichi Nishizawa<br>(70)  |                                                                   |                                                           | ●                                                                   | ●                       | M      | ●                                           | ●               | ●                                            |                                                          |                  |                                               |                                          |

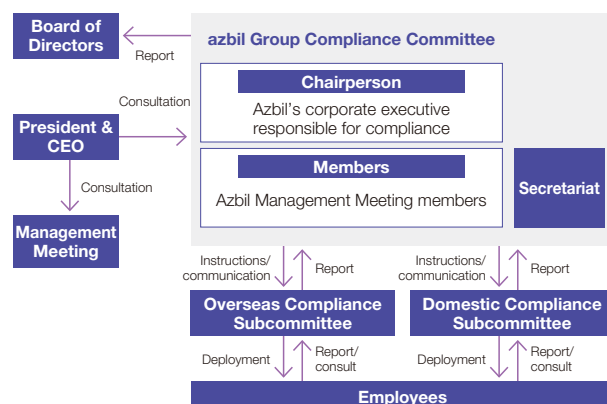
\* For the azbil Group to be able to achieve its stated objective of contributing “in series” to the achievement of a sustainable society, “corporate management/sustainability” has been included together as one expected skill. In addition, this item includes skills regarding the strengthening of human 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. To ensure compliance across the entire Group, since FY2025 the company has established and convened the azbil Group Compliance Committee, consisting of Azbil's top management, together with Domestic and Overseas Compliance Subcommittees as its subordinate organizations.

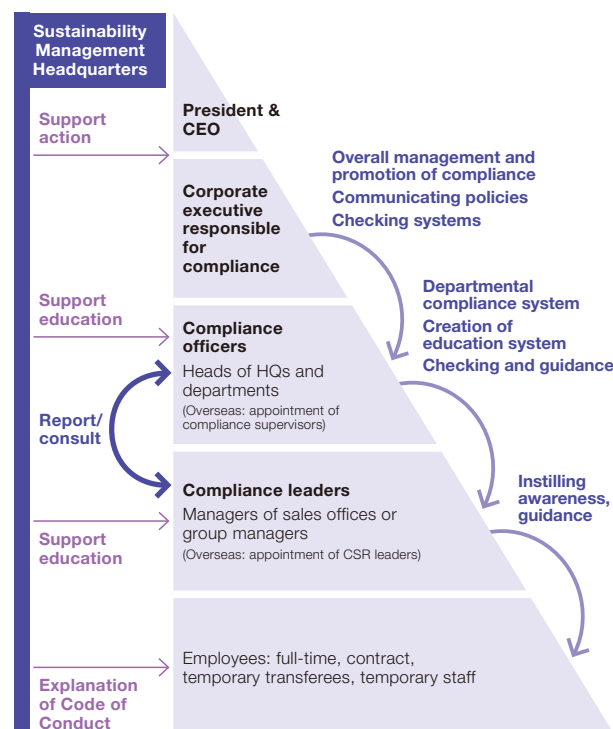
### azbil Group Compliance Committee system



## Building internal control system and complying with J-SOX

In accordance with Article 416 of the Japanese Companies Act, we have established and implemented the azbil Group Basic Policy on Internal Control System Architecture. Under the internal control reporting system required by the Financial Instruments and Exchange Act (J-SOX), we review the scope and evaluation items for entity-level and process-level control assessments in a timely manner in response to regulatory amendments and changes in the business environment. We also clarify the criteria for selecting significant locations or business units to enhance the effectiveness of internal controls.

## Compliance system



## Maintaining and enhancing 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. In FY2025, to further strengthen compliance, the Group held the Compliance Enhancement Meeting for its management. We also held the azbil Group Global CSR, HR, and SDGs Joint Meeting for compliance leaders at overseas subsidiaries and affiliates, including those responsible for

human resources and SDGs. Through training sessions and discussions on a wide range of topics, the Group worked to raise compliance awareness and strengthen the capabilities of compliance leaders. In addition, we conduct annual surveys of all employees to assess the degree to which compliance has been embedded across the organization and to identify issues, and then implement appropriate measures.

## Anti-corruption initiatives

We oppose corruption in all its forms based on the azbil Group Basic Policy on Anti-corruption Practices, 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. We also work to prevent corruption in relationships with stakeholders by incorporating compliance clauses, including anti-corruption provisions, into contracts and by clearly stipulating anti-corruption requirements in the azbil Group Sustainable Procurement Guidelines.

## Internal reporting system for early detection of workplace issues

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. We are enhancing the reporting and consultation system by providing multilingual support for external reporting channels to improve accessibility. In addition, based on the Whistleblower Protection Act and other relevant laws and regulations, we are expanding eligibility for use of the system and improving related company regulations.

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

[https://form.azbil.com/form/pub/contact/azbil\\_form\\_hotline](https://form.azbil.com/form/pub/contact/azbil_form_hotline)  
Consultation and reporting on human rights issues, laws, and ethics violations

Our global hotline for consultation and reporting can also be accessed from the websites of overseas subsidiaries and is available in multiple languages.