



azbil ESG Databook 2023

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The azbil Group's Sustainability Management

■ Group Philosophy, Guiding Principles & Code of Conduct

"Human-centered automation," the azbil Group philosophy, reflects the concept of "freeing people from drudgery" that informed the founding of the original company in 1906. And it is this philosophy that underpins the Group's pursuit of new value creation through automation as it seeks, through the development of its business, to contribute to the sustainability of industry and society. This is in line with the United Nations' Sustainable Development Goals (SDGs) that aim to achieve a sustainable society. The azbil Group has positioned the SDGs as important guideposts for management, from the perspective of contributing "in series" to the achievement of a sustainable society and sustainability. The essential goals of the azbil Group for the SDGs were established in 2020, and in 2022 we identified materiality as priority issues to be tackled over the long term.

1. Group Philosophy

azbil Group Philosophy

To realize safety, comfort and fulfillment in people's lives and contribute to global environmental preservation through "human-centered automation."

To achieve our philosophy,

- We create value together with customers at their site.
- We pursue our unique value based on the idea of "human-centered."
- We think towards the future and act progressively.

2. Guiding Principles

Guiding Principles for azbil Group Business

— Guideposts for the azbil Group, to implement its philosophy —

In order to implement our corporate philosophy, we will take action based on the 5 Guideposts (Guiding Principles for business), aiming to serve as a *guiding bridge that interconnects our worldwide customers and leads us all into the future.*

1. Realizing a safe and comfortable social environment through *cooperative creation* by human ingenuity and technology
2. Contributing *in series* to the achievement of a sustainable society
3. Building long-term partnerships with stakeholders
4. Creating dynamic value through diverse human resources and teamwork
5. Growing constantly through innovation and a corporate culture of continual learning

We, the azbil Group, fulfill our corporate social responsibility (CSR) by respecting the Group Philosophy and Guideposts (Guiding Principles) as well as our Code of Conduct, and thereby continue to be a corporate organization that has value for society.

Full version is available here:

<https://www.azbil.com/csr/basic/compliance/business-conduct-guidelines.html>

3. Code of Conduct

azbil Group Code of Conduct

I. Compliance with the Code of Conduct

1. Duty to Report Violations and Right to Be Protected from Reprisals

II. Maintaining the aG's Public Nature and Fulfilling Social Responsibility

2. Officers' and Managers' Responsibilities
3. Observing Applicable Laws and Regulations and Their Spirit
4. Acting with Responsibility and Dignity as a Member of Society
5. Timely, Appropriate, and Accurate Disclosure of Information
6. Maintaining Good Communication with Stakeholders
7. Appropriate Use of Social Media
8. Ensuring Safe Product Design
9. Providing Warning Labels and Product Safety Information
10. Prompt Handling of Complaints and Appropriate Countermeasures for Non-conforming Products
11. Prohibition of Insider Trading
12. Rejection of Groups that Engage in Anti-social Behavior
13. Contributing to the Local Community
14. Activity that Contributes to Society

III. Compliance with Fair Trade and Prevention of Corruption

15. Ban on Cartels, Bid Rigging, etc.
16. Ban on Exaggerated or False Labelling
17. Ban on Bribery of Public Officials
18. Ban on Giving or Receiving Gifts or Entertainment Beyond the Scope of Accepted Practice
19. Sound and Transparent Relations with Politics and Government
20. Observance of International Rules and Local Laws and Regulations
21. Fair and Impartial Decisions on Business Terms and Conditions
22. Compliance with Fair Trade
23. Fair Trade with Suppliers
24. Ban on Sales or Intermediary Activity for Personal Profit

25. Ban on Illegal Business Transactions

26. Check of Intended Use and End Users

IV. Social Conduct Based on Respect for Human Dignity

27. Ban on Discrimination and Mistreatment
28. Promotion of Employment and Advancement of Diverse Human Resources
29. Ban on Harassment
30. Protection of Personal Information
31. Elimination of Child Labor and Forced Labor
32. Nurturing Human Resources and Conducting Fair Evaluations
33. Strict Compliance with Workplace Safety Rules
34. Observing Labor-related Rules and Managing Healthcare

V. Management and Operation of Company Property

35. Maintaining Accurate Records
36. Proper Accounting
37. Protection of Intellectual Property
38. Ban on the Use of Company Property for Non-business Purposes
39. Confidentiality
40. Handling of Confidential Information after Separation from the Company
41. Non-infringement of Another Company's Patent Rights
42. Non-infringement of Copyright
43. Appropriate Management and Use of Other Companies' Confidential Information
44. Ban on Wrongful Acquisition of Confidential Information

VI. Protecting the Environment

45. Compliance with Environmental Laws and Regulations
46. Proper Handling of Waste
47. Consideration of the Environment in Business Activities
48. Information Disclosure for Environmental Protection

Full version is available here:
<https://www.azbil.com/csr/basic/compliance/business-conduct-standard.html>

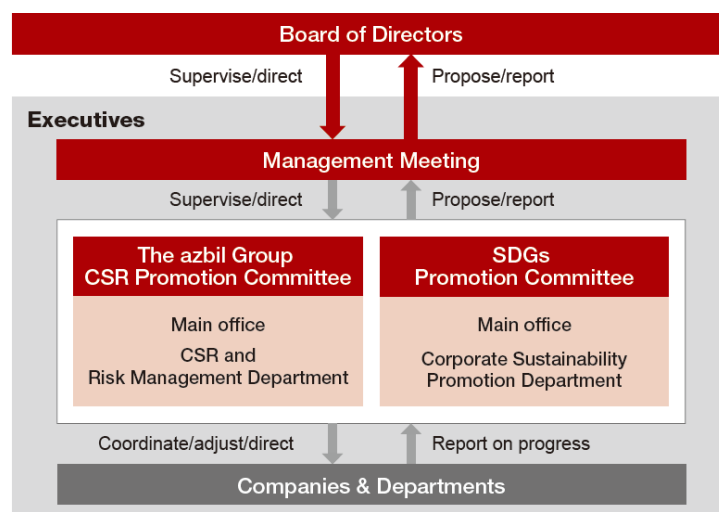
■ Sustainability Policy & System for Promoting Sustainability

1. Sustainability Policy

The azbil Group's Sustainability Policy

The azbil Group is committed to continuously enhancing enterprise value based on mutual trust with stakeholders, to realizing “safety, comfort, and fulfillment in people’s lives” and contributing to global environmental preservation, and to contributing “in series” to a sustainable society. These are achieved through practicing the azbil Group’s philosophy of “human-centered automation” and respecting the values to contribute to society for people’s well-being based on the founding spirit of “freeing people from drudgery.”

2. Structures to Advance Sustainability Management



Note: The azbil Group CSR Promotion Committee and SDGs Promotion Committee are concerned with the azbil Group as a whole.

3. The azbil Group CSR Promotion Committee






| | |
|-------------------------------|--|
| Chair | Corporate Executive for CSR & Risk Management |
| Participants | Staff responsible for CSR initiatives (Internal Audit Department, Corporate Planning Department, Group Management Headquarters, Human Resources Department, General Affairs Department, Legal Department, Information Systems Department, Service Headquarters, International Business Headquarters, Home Comfort Headquarters, Production Management Headquarters, aG Quality Assurance Department, aG Safety Management Department, Environment Promotion Department, BSC Quality Assurance Department, AAC Business Control Department); also managers of CSR promotion departments within each of the azbil Group companies Audit Committee members, who participate as observers Staff responsible for handling departmental management risks |
| Main office | CSR and Risk Management Department |
| Frequency of meetings/reports | The CSR Promotion Committee meets 4 times a year. These meetings are reported to the Management Meeting & Board of Directors meeting every year. |
| Aim | To plan/promote the azbil Group's CSR activities |
| Agenda items | 1. CSR planning |
| | ① Planning and formulation of CSR strategy |
| | ② Selecting and promoting CSR initiatives, ensuring thorough departmental implementation, monitoring progress |
| | ③ Propelling/supporting the promotion of CSR activities |
| | ④ Communication/exchange of common CSR-related information |
| | 2. Risk management |
| | ① Planning and formulating measures to counter major risks and departmental management risks |
| Topics | ② Following progress of measures to counter major risks and departmental management risks |
| | Thorough implementation of compliance; strengthening legal compliance; disaster prevention, BCP; preventing information leaks; strengthening group governance; correct accounting, enhanced internal controls for subsidiaries; enhancing CSR within the supply chain (procurement); creating healthy workplaces; workers' health & safety; handling product-related accidents involving customer safety; ensuring compliance with environmental laws & regulations Risk management |

4. SDG Promotion Committee

| | |
|-------------------------------|---|
| Chair | Corporate Executive for Promoting SDGs |
| Participants | Executives & managers of sustainability-related departments, staff in charge of sustainability promotion at the azbil Group companies |
| Main office | Corporate Sustainability Promotion Department |
| Frequency of meetings/reports | The SDG Promotion Committee meets 6 times a year (4 times in Japan, 2 times overseas). These meetings are reported to the Management Meeting & Board of Directors every year. |
| Aim | To plan/promote the azbil Group's SDG initiatives |
| Agenda items | ① Planning and promotion of SDG-related activities |
| | ② Creating and maintaining system for promoting SDGs |
| | ③ Setting SDG targets and monitoring progress |
| | ④ Promoting and supporting the SDG-related activities of Group companies |
| | ⑤ Sharing information regarding SDG-related initiatives |

■ Materiality

1. Materiality and Essential Goals of the azbil Group for SDGs

| Materiality | | Essential Goals of the azbil Group for SDGs | |
|--|-----------------------------------|--|--|
| | | Essential Goals | Targets |
| Environment  | Climate change | I Environment and Energy | <ul style="list-style-type: none">Effective reduction of CO₂ at customers' sites: 3.40 million metric tons of CO₂/year (FY2030)Reduction targets in GHG emissions (SBT*¹ approved) (FY2030) 55% reduction in GHG emissions from our business activities (scopes 1+2) compared to 2017 20% reduction in GHG emissions across the entire supply chain (scope 3) compared to 2017Creation and provision of eco-friendly products and services Design all new products to meet the azbil Group's own sustainability standards*² (FY2030)Effective use of natural resources and reduction of waste generation Design all new products to be 100% recyclable*³ (FY2030) |
| | Resource recycling | | |
| Innovation  | | II New Automation | <p>So that customers can benefit from sustainable production sites and workplace environments—as well as greater safety, comfort, and fulfillment—we will solve occasional issues as required by society and create added value through advanced measurement, a data-driven approach, and autonomy in production spaces, office spaces (buildings) and living spaces.</p> <ul style="list-style-type: none">We will achieve a state of resilience to changes in the business environment at 8,000 business sites by 2030.*⁴We will provide environments that support stress-free and diverse work styles to 6 million people by 2030.*⁵ |
| Society  | Supply chain | III Supply Chain Social Responsibility | <ul style="list-style-type: none">Working with our business partners on achieving the SDGs as a common goal and creating shared CSR value across the supply chain; evaluating policies, systems, initiatives, and effectiveness using our own evaluation indicators*⁶Social contribution activities rooted in local communities are run at all our business sites,*⁷ with the active participation of every employee.*⁸ |
| | Contribution to local communities | | |
| Human resources  | Human rights, safety, and health | IV Health and Well-being Management An Organization That Never Stops Learning | <ul style="list-style-type: none">Implementing health and well-being management (job satisfaction, health, diversity and inclusion) Women's advancement points*⁹ in FY2024: Double versus 2017 Employees expressed satisfaction with working at the azbil Group companies in FY2030: 65% or more*¹⁰Developing and strengthening “an organization that never stops learning” Training opportunity points*¹¹ in FY2024: Double versus 2012 Employees have experienced personal growth through their work in FY2030: 65% or more*¹⁰ |
| | Learning and employee development | | |
| | | | |
| Governance  | Product safety and quality | <p>Fulfilling our fundamental obligations to society</p> <ul style="list-style-type: none">With regard to product safety and quality and compliance, the azbil Group CSR Promotion Committee sets indicators and goals directly related to business as a CSR activity plan for each department.With regard to corporate governance, in 2022 Azbil Corporation transitioned to a three-committee Board structure, and is working to ensure appropriate supervision and effectiveness under a system of a Board of Directors with a majority of outside directors and three statutory committees. | |
| | Corporate governance | | |
| | Compliance | | |

*1 Science-based target: A greenhouse gas emission reduction target based on scientific evidence

*2 Design aimed at creating and providing products that contribute to solving global environmental issues (decarbonization, resource recycling, and biodiversity conservation)

*3 Best available technology (BAT) refers to the most effective technology that is both economically and technologically viable.

*4 As of April 2022, 530 business sites are in operation, aiming to increase 15-fold to 8,000 by 2030.

*5 As of April 2022, has been provided to 600,000 people, aiming to increase 10-fold to 6 million people by 2030.

*6 A unique framework and evaluation system based on external ESG assessments such as FTSE

*7 All offices, in Japan and overseas

*8 The azbil Group aims to participate in activities of a scale that can accommodate the total number of employees.

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

*10 We aim to achieve 65%, which is considered a high level in the azbil Group's annual employee satisfaction survey conducted in Japan, or, in other words, 2/3 of all employees.
























*11 Points tallied internally for participating in opportunities (frequency or number of employees) to learn with stakeholders

■ Key ESG Issues & SDGs

1. SDG Targets and Promotion Framework



2. ESG/SDG Chart

| ESG | Major ESG Topics | Main Initiatives of the azbil Group | SDG Targets | Related SDGs |
|-------------------------|---|--|-------------------------------------|---|
| E Environment | Climate change Carbon neutrality | Contribute to decarbonization at customer sites | 7.3, 13.2, 13.3 |         |
| | | Reduce mid- to long-term CO ₂ emissions from business activities (scopes 1+2) | 7.3, 13.2, 13.3 | |
| | | Offer energy management solutions | 7.3, 13.2, 13.3 | |
| | | Greatly increase the energy efficiency of batch polymerization reactors at chemical plants around the world through control performance optimization services. Also, promote energy management through autonomy. | 7.3 | |
| | | Promote the introduction of renewable energy with virtual power plant technology. | 7.2, 13.2, 13.3 | |
| | Environmental considerations for products and services | Promote sustainable product design | 8.4, 9.4, 12.2, 12.5 | |
| | | Promote compliance with regulations on chemical substances in products both in Japan and overseas. | 12.4 | |
| | Pollution & resources | Prevent environmental pollution. Promote effective use of resources (including waste reduction). Air pollution, water pollution, hazardous waste, waste reduction, raw materials, etc. | 12.2, 12.4, 12.5 | |
| | Water security & water risk | Support waterworks infrastructure development and water resource management in developing countries, popularize remote monitoring systems for wide area water supply facilities using cloud services | 6.1, 6.3, 6.4, 14.1 | |
| | | Provide a usage environment for a waterworks information utilization system (as promoted by Japan's Ministry of Economy, Trade and Industry and Ministry of Health, Labour and Welfare) to help waterworks operators achieve sustainable operations through the use of monitoring and operation services (a cyber-physical system or CPS for waterworks) | 6.1 | |
| | | Respond to water withdrawal restrictions, strengthening of water regulations, and natural disasters | 6.4, 14.1 | |
| | Biodiversity | Help conserve ecosystems through our operations | 14.1 | |
| S Society | Labor practices, health, and safety | Provide working environments for any age, gender, and skill level and prevent work errors through work support based on data from supporting work in the field | 8.5 |           |
| | | Stabilize production facilities and strengthen security using the control valve maintenance support system | | |
| | | Promote health and well-being management (supporting new ways of working, diversity, and inclusion), recruit and develop diverse human resources, improve the working environment with new offices/facilities, and take steps to prevent the spread of COVID-19 | 3.3, 4.4, 5.5, 8.5 | |
| | Human rights | Respect fundamental human rights, work to implement the 10 principles of the UN Global Compact, recruit personnel in accordance with each country's laws and compliance regulations, eliminate harassment, promote diversity and inclusion | 4.4, 4.7, 5.1, 5.2, 8.5, 8.7 | |
| | Community | Provide a usage environment for a waterworks information utilization system (as promoted by Japan's Ministry of Economy, Trade and Industry and Ministry of Health, Labour and Welfare) to help waterworks operators achieve sustainable operations through the use of monitoring and operation services (a cyber-physical system or CPS for waterworks) | 9.1 | |
| | | Sponsor community events, volunteer, and donate to organizations that contribute to society | 4.4, 4.7, 5.5, 7.3, 8.5, 12.5, 13.3 | |
| | Social supply chain | Share CSR values with business partners and eliminate the risk of human rights violations in the supply chain through implementing human rights due diligence | 5.1, 8.5, 8.7 | |
| | | Greatly increase the productivity (quality, energy efficiency, automation rate) of batch polymerization reactors operating at chemical plants around the world through control performance optimization services. Also, improve productivity through autonomous production. | 9.4 | |
| | | Increase both comfort (predicted mean vote, PMV) and energy savings for users of office spaces (buildings) | 11.3, 12.8 | |
| | | Provide products and services with high quality, long life, high safety, environmental friendliness, and long-term supply stability to meet the life-cycle needs of customers | 9.4, 11.3 | |
| | Quality & customers | Offer total solutions through an integrated system including development, production, sales, engineering, and services | 9.4, 11.3, 12.2, 12.4, 12.5 | |
| | | | | |
| G Governance | Corporate governance | Fortify supervisory and audit functions (by transitioning to a company with a three-committee Board structure, setting criteria to assess Board independence, etc.) | 5.5 |      |
| | | Bolster management transparency and soundness (introduce a skill matrix, introduce a stock compensation system, and make other changes to the remuneration system for directors and officers, etc.) | 16.7 | |
| | | Clarify responsibility system and promote dialogue (in accordance with the Corporate Governance Code, the corporate communications officer, etc.) | 12.6 | |
| | Risk management | Expand the comprehensive major risk management system (The azbil Group General Risk Management Committee and the azbil Group General Risk Committee), emergency and critical event management, business continuity management (disaster preparedness, disease prevention, BCP) | 12.4, 13.1 | |
| | | Increase awareness of the Group philosophy, Guiding Principles and Code of Conduct | 4.7 | |
| | Compliance | Enhance compliance training, conduct and analyze the results of regular company-wide awareness surveys, improve the CSR hotline function | 4.4, 16.3, 16.5 | |

Active contributions to society through support of the Azbil Yamatake General Foundation



Environment

■ Policy, System & Initiatives

1. Basic Policy on Environmental Management

The azbil Group Basic Policy on Environmental Management

Through “human-centered automation”, the azbil Group brings “safety, comfort, and fulfillment” to people and helps to preserve the global environment. Based on the “azbil Group philosophy”, the “Guiding Principles for azbil Group Business”, and the “azbil Group Code of Conduct”, we consider the protection of the global environment to be one of our most important management issues. To help achieve a sustainable society, we actively work to limit the environmental impact of our entire supply chain and to reduce the environmental impact when we conduct our business at our customers’ sites. We also aim to become an environmentally advanced company that actively resolves environmental issues.

1. Working toward carbon neutrality

We are rising to the challenge of climate change—in our business activities and throughout our supply chain—by reducing greenhouse gas emissions and energy use, improving efficiency, and utilizing renewable energy. We promote decarbonization at our customers’ sites by providing products, services, and solutions based on our measurement and control technologies.

2. Resource recycling and pollution prevention

We promote the 3Rs (reduce, reuse, recycle) in order to reduce the use of raw materials and water in our business activities, and to produce less waste. We also work to improve the efficient use of limited natural resources. We strive to prevent chemical substances from polluting the environment.

3. Biodiversity conservation

We are strengthening our efforts to protect the natural environment through collaboration with various organizations inside and outside Japan. In addition to reducing the impact of our business activities on nature and biodiversity, we are working to restore the natural environment.

4. Creation and provision of environmentally conscious products, services, and solutions

We strive to create and provide products, services, and solutions that contribute to solving global environmental problems (through decarbonization, resource recycling, and biodiversity conservation).

5. Legal compliance

We comply with environment-related laws and other requirements.

(continued on the next page)

6. Information disclosure and communication

We actively and regularly disseminate—both inside and outside the company—information related to our environmental initiatives. In addition, as a member of the local community, we cooperate with our various stakeholders, foster communication with them, and reflect these in our own environmental efforts.

7. Continuously improving our environmental management system and raising environmental awareness

In order to implement this policy, we identify risks and opportunities through the operation of our environmental management system, set environmental targets, and periodically monitor and review the progress of ongoing plans so as to reduce our impact on the environment and continuously improve the system. Furthermore, we will develop our staff with high environmental awareness by raising their level of environmental knowledge and technology. Also, all our employees will tackle environmental problems on their own initiatives.

2. Environmental Promotion System



3. Long-term Vision for Reducing Greenhouse Gas Emissions (Greenhouse gas emission reduction targets for 2030 & 2050)

Regarding greenhouse gas emissions (scopes 1+2)*¹ associated with our own business activities, we have already launched specific initiatives. Aiming to achieve zero emissions by 2050, we have developed our long-term vision for reducing greenhouse gas emissions, and we have also established 2030 targets for reducing greenhouse gas emissions (approved as science-based targets) that span our entire supply chain.

• 2050 Long-term Vision for Reducing Greenhouse Gas Emissions

We have established our vision to achieve substantially zero greenhouse gas emissions (scopes 1+2) from our business activities by 2050. We have also endorsed the “Actions by the Business Community on Long-term Global Warming Countermeasures up to 2050” proposed by the KEIDANREN (Japan Business Federation).

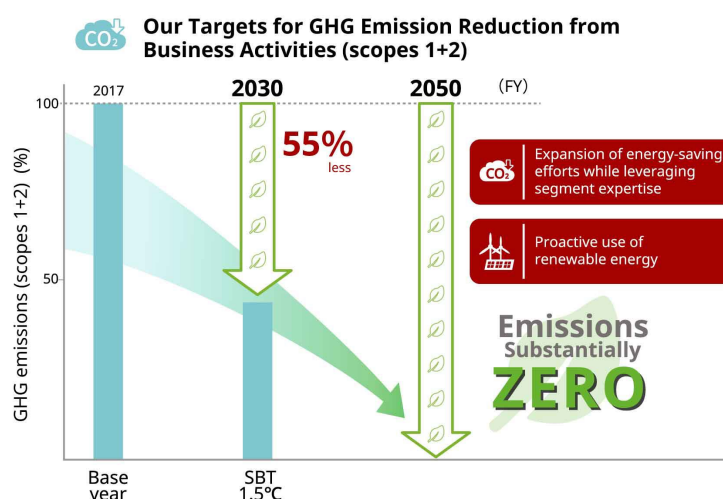
• 2030 Targets for Reducing Greenhouse Gas Emissions

Actions are now being taken to rapidly decarbonize all aspects of society, prompting us to update our target for reducing GHG emissions through business activities from 30% to 55%. This was reapproved as a 1.5°C target by the Science Based Targets initiative (SBTi)*² in August 2021. We will accelerate our initiatives to achieve our long-term vision.

GHG emissions (scopes 1+2) from own business activities **55% reduction (2017 base year)**

GHG emissions (scope 3*³) across our entire supply chain **20% reduction (2017 base year)**

In June 2023, a commitment letter was submitted to the SBTi, for application within two years, to set a net zero target for 2050 for all CO₂ emissions (scopes 1+2+3).



*1 Scope 1: direct greenhouse gas (GHG) emissions from a business (from fuel burning, industrial processes, etc.)
Scope 2: indirect GHG emissions from using electricity, heat, or steam provided by another business.

*2 The Science Based Targets initiative (SBTi): An international initiative—jointly established by the CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF)—to certify that corporate CO₂ emission reduction targets are consistent with scientific evidence. The 1.5°C target is to limit the increase in global average temperature caused by climate change to no more than 1.5°C compared to pre-industrial levels.

*3 Scope 3: indirect GHG emissions related to business activities (emissions not included in scopes 1 and 2)

■ Data

1. Environmental Management

1) Environmental Education

Environmental Education Costs

| | Unit | Fiscal Year | | | | |
|------------------------------|-------------|-------------|-------|-------|-------|-------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Environmental education cost | ¥1 thousand | 6,496 | 7,603 | 5,098 | 5,322 | 4,981 |

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Isehara Factory (up to FY2019)], Azbil Taishin Co., Ltd.

No. of People in Environmental Education

| | Unit | Fiscal Year | | | | |
|--|---------|-------------|--------|--------|--------|--------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| No. of people in environmental education (aggregate) | Persons | 10,798 | 11,078 | 10,978 | 11,104 | 10,908 |

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Isehara Factory (up to FY2019)], Azbil Taishin Co., Ltd.

2) Environmental Accounting

Environmental Accounting

| Category | | Unit | Fiscal Year 2018 | | Fiscal Year 2019 | | Fiscal Year 2020 | | Fiscal Year 2021 | | Fiscal Year 2022 | |
|-------------------------------|---|------------|------------------|----------|------------------|----------|------------------|----------|------------------|----------|------------------|----------|
| | | | Invested | Expended | Invested | Expended | Invested | Expended | Invested | Expended | Invested | Expended |
| Costs within business area | Pollution prevention costs | ¥1 million | 0.0 | 10.2 | 7.3 | 6.3 | 0.0 | 18.1 | 13.0 | 5.6 | 109.6 | 7.0 |
| | Global environmental conservation costs | ¥1 million | 14.3 | 53.6 | 45.4 | 36.5 | 30.2 | 50.4 | 44.2 | 32.7 | 222.7 | 33.6 |
| | Resource circulation costs | ¥1 million | 0.0 | 61.0 | 11.7 | 37.7 | 0.0 | 32.2 | 0.0 | 23.3 | 1.6 | 30.9 |
| Upstream/downstream costs | | ¥1 million | 0.0 | 12.0 | 0.0 | 12.0 | 0.0 | 12.0 | 0.0 | 12.0 | 0.0 | 12.0 |
| Administrative activity costs | | ¥1 million | 30.6 | 222.7 | 49.0 | 205.9 | 6.5 | 218.9 | 1.4 | 241.9 | 10.8 | 251.4 |
| R&D costs*1 | | ¥1 million | 0.0 | 389.6 | 0.0 | 372.4 | 0.0 | 571.3 | 0.0 | 365.9 | 0.0 | 2,307.4 |
| Social activity costs | | ¥1 million | 0.0 | 0.0 | 2.2 | 0.0 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total*2 | | ¥1 million | 44.9 | 751.3 | 113.4 | 671.5 | 36.7 | 902.9 | 58.7 | 681.3 | 344.7 | 2,642.3 |

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Isehara Factory (up to FY2019)], Azbil Taishin Co., Ltd.

*1 From FY2022 the scope for calculating R&D costs was revised.

*2 Each total may not equal the sum of all items above as a result of rounding.

Environmental Conservation Costs

| | Unit | Fiscal Year | | | | |
|---------------------------------|------------|-------------|-------|-------|-------|---------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Environmental conservation cost | ¥1 million | 796.2 | 784.9 | 939.5 | 740.0 | 2,987.0 |

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Isehara Factory (up to FY2019)], Azbil Taishin Co., Ltd.

Economic Benefit Associated with Environmental Conservation Activities

| | Unit | Fiscal Year | | | | |
|---|------------|-------------|------|------|-------|--------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Revenue | ¥1 million | 7.2 | 10.8 | 8.5 | 19.2 | 17.7 |
| Savings from energy conservation | ¥1 million | -92.9 | 94.7 | 54.3 | -43.5 | -240.9 |
| Savings from reduced resource consumption (water) | ¥1 million | 1.3 | 3.6 | 11.8 | 0.1 | -1.7 |

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Isehara Factory (up to FY2019)], Azbil Taishin Co., Ltd.

3) Environmental Enlightenment Initiatives

Eco Test

| | Unit | Fiscal Year | | | | |
|----------------------|---------|-------------|-------|-------|-------|-------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| No. passing Eco Test | Persons | 1,815 | 1,849 | 1,862 | 1,873 | 1,905 |

* Included: Azbil Corporation, Azbil Trading Co., Ltd., Azbil Kimmon Group, Azbil Kyoto Co., Ltd., Azbil TA Co., Ltd., Azbil Taishin Co., Ltd.,

2. Climate Change

1) Effective Reduction of CO₂

Effective Reduction of CO₂ at Customers' Sites

| | Unit | Fiscal Year | | | | |
|---------------------------------|--|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Automation effects | Million metric tons of CO ₂ /year | 2.69 | 2.71 | 2.69 | 2.66 | 2.50 |
| Energy management effects | Million metric tons of CO ₂ /year | 0.24 | 0.25 | 0.21 | 0.23 | 0.21 |
| Maintenance and service effects | Million metric tons of CO ₂ /year | 0.05 | 0.05 | 0.04 | 0.05 | 0.05 |
| Total | Million metric tons of CO ₂ /year | 2.98 | 3.01 | 2.94 | 2.94 | 2.76 |

* In order to quantitatively assess the contribution to the reduction of environmental impact, the effects were classified into the three categories of 1) effects from automation, 2) effects from energy management, and 3) effects from maintenance and services to theoretically estimate the difference between adopting and not adopting products of the azbil Group, services and solutions at customers' sites. Global reduction impact is partially based on original methods. A third party reviewed the estimation method in FY2018.

* CO₂ reduction figures may be lower than the previous year due to such factors as an error, since corrected, in FY2021 calculations for the domestic plant market, and changes in the types of buildings ordered in the domestic building market.

2) CO₂ Emissions

Scope 1

| | Unit | Fiscal Year | | | | |
|---------|--------------------------------|-------------|-------|-------|-------|-------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Scope 1 | Metric tons of CO ₂ | 4,204 | 4,305 | 4,093 | 3,880 | 4,102 |

* Included: Azbil Corporation, domestic consolidated subsidiaries, major overseas production sites [Azbil Production (Thailand) Co. Ltd., Azbil Control Instruments (Dalian) Co. Ltd., Azbil Telstar, S.L.U.]

* We have received third-party verification for our CO₂ emissions figures (scope 1) for FY2017 onwards. Azbil Telstar, S.L.U. was added to this in FY2021.

* Calculations are made using the emission factors in the *Guidelines for Calculating Greenhouse Gas Emissions from Businesses* (Draft ver. 1.6) until FY2020 and *Manual for the Calculation and Reporting of GHG Emissions* (Ver. 4.8) from FY2021.

* Some figures differ from last year's report owing to the use of corrected data for the calculations.

Scope 2

| | Unit | Fiscal Year | | | | |
|--|--------------------------------|-------------|--------|--------|--------|--------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Scope 2 (market-based)* ¹ | Metric tons of CO ₂ | 20,811 | 20,015 | 15,926 | 15,186 | 12,449 |
| Scope 2 (fixed)* ² , * ³ | Metric tons of CO ₂ | 15,665 | 14,960 | 13,934 | 14,302 | 15,920 |

* Included: Azbil Corporation, domestic consolidated subsidiaries, major overseas production sites [Azbil Control Instruments (Dalian) Co. Ltd., Azbil Production (Thailand) Co. Ltd., Azbil Telstar, S.L.U.]

* Some figures differ from last year's report owing to the use of corrected data for the calculations.

*¹ We have received third-party verification for our CO₂ emissions figures (scope 2, market-based) for FY2021 onwards.

*² We have received third-party verification for our CO₂ emissions figures (scope 2, fixed) for FY2017 onwards. Azbil Telstar, S.L.U. was added to this in FY2021.

*³ A fixed value (0.378 kg-CO₂/kWh) is employed as the CO₂ emission factor for electrical power.

Scope 3

| Category | Unit | Fiscal Year | | | | |
|---|---|-------------|-------|-------|-------|---------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Purchased products and services | Thousand metric tons of CO ₂ | 355.1 | 319.1 | 308.2 | 413.2 | 496.8 |
| Capital goods | Thousand metric tons of CO ₂ | 3.4 | 17.5 | 9.1 | 24.4 | 24.8 |
| Fuel and energy-related activities not included in scopes 1 and 2 | Thousand metric tons of CO ₂ | 8.1 | 9.2 | 3.6 | 3.9 | 3.9 |
| Transportation/delivery (upstream) | Thousand metric tons of CO ₂ | 19.5 | 22.3 | 22.9 | 26.0 | 35.0 |
| Waste generated from business | Thousand metric tons of CO ₂ | 1.7 | 2.1 | 1.8 | 1.8 | 1.8 |
| Business travel | Thousand metric tons of CO ₂ | 1.5 | 1.5 | 0.6 | 0.7 | 0.9 |
| Employee commuting | Thousand metric tons of CO ₂ | 5.0 | 5.1 | 2.8 | 3.1 | 4.5 |
| Leased assets (upstream) | Thousand metric tons of CO ₂ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transportation/delivery (downstream) | Thousand metric tons of CO ₂ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Processing of products sold | Thousand metric tons of CO ₂ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Use of products sold | Thousand metric tons of CO ₂ | 571.5 | 459.8 | 355.7 | 364.8 | 438.2 |
| Disposal of products sold | Thousand metric tons of CO ₂ | 1.4 | 1.5 | 1.2 | 9.7 | 14.3 |
| Leased assets (downstream) | Thousand metric tons of CO ₂ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Franchises | Thousand metric tons of CO ₂ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investments | Thousand metric tons of CO ₂ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | Thousand metric tons of CO ₂ | 967.1 | 838.0 | 705.9 | 847.6 | 1,020.2 |

• Included: Azbil Corporation, consolidated subsidiaries

• We have received third-party verification for our CO₂ emissions figures (scope 3) for FY2018 onwards.

3) Energy

Energy Consumption (electricity used, energy generated, renewable energy)

| | Unit | Fiscal Year | | | | |
|-----------------------------|------|-------------|--------|--------|--------|--------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Energy used | MWh | 42,408 | 40,562 | 38,204 | 38,873 | 43,035 |
| Energy generated | MWh | 59 | 84 | 51 | 20 | 38 |
| Renewable energy purchased | MWh | 0 | 0 | 1,817 | 3,365 | 14,593 |
| Renewable energy percentage | % | 0.14 | 0.21 | 4.89 | 8.71 | 34.00 |

• Included: Azbil Corporation, domestic consolidated subsidiaries, major overseas production sites [Azbil Production (Thailand) Co. Ltd., Azbil Control Instruments (Dalian) Co. Ltd., Azbil Telstar, S.L.U.]

3. Resource Circulation

1) Water Usage

Use of Water Resources

| | | Unit | Fiscal Year | | | | |
|---------------------------|-------------------------------------|-------------------------|-------------|--------|--------|--------|--------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Water acquired | Urban water (tap water) | Thousand m ³ | 136.59 | 127.07 | 104.39 | 107.55 | 129.37 |
| | Surface water (rivers, lakes, etc.) | Thousand m ³ | 2.74 | 3.66 | 2.15 | 2.47 | 2.79 |
| | Groundwater | Thousand m ³ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total | Thousand m ³ | 139.33 | 130.73 | 106.54 | 110.02 | 132.16 |
| Wastewater | | Thousand m ³ | 139.22 | 130.58 | 106.38 | 109.90 | 132.16 |
| Water consumed | | Thousand m ³ | 0.11 | 0.15 | 0.16 | 0.12 | 0.00 |
| Recycled water | | Thousand m ³ | 4.11 | 3.38 | 0.20 | 0.00 | 0.00 |
| Recycled water percentage | | % | 3.0 | 2.6 | 0.2 | 0.0 | 0.0 |

• Included: Azbil Corporation, domestic consolidated subsidiaries, major overseas production sites [Azbil Production (Thailand) Co. Ltd., Azbil Control Instruments (Dalian) Co. Ltd., Azbil Telstar, S.L.U.]

• From FY2022 a revised aggregation method has been used for calculating water consumption.

• We have received third-party verification for our water acquired (tap water) at domestic and overseas production sites for FY2022.

2) Waste

Waste Amounts

| | Unit | Fiscal Year | | | | |
|--|-------------|-------------|-------|-------|-------|-------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Total amount of waste discharged (domestic and overseas) | Metric tons | 3,108 | 3,052 | 2,845 | 2,851 | 3,188 |
| Domestic | Metric tons | 2,649 | 2,605 | 2,370 | 2,389 | 2,409 |
| Overseas | Metric tons | 459 | 447 | 475 | 462 | 779 |
| Amount of waste recycled (domestic) | Metric tons | 2,640 | 2,583 | 2,354 | 2,360 | 2,388 |
| Final disposal amount (domestic) | Metric tons | 9 | 21 | 16 | 29 | 21 |
| Recycling percentage (domestic) | % | 99.6 | 99.2 | 99.3 | 98.8 | 99.1 |

• Included: The domestic production sites of the following azbil Group companies

Domestic: Azbil Corporation, Azbil Kimmon Co., Ltd., Azbil Kyoto Co., Ltd., Azbil TA Co., Ltd., Azbil Taishin Co., Ltd., and its consolidated subsidiaries

Overseas: Azbil Production (Thailand) Co. Ltd., Azbil Control Instruments (Dalian) Co. Ltd., Azbil Telstar, S.L.U. (added to this in FY2022)

Disposal Ratio

| | Unit | Fiscal Year | | | | |
|--|------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Final disposal amount ÷ Total amount of waste discharged | % | 0.4 | 0.8 | 0.7 | 1.2 | 0.9 |

• Included: The domestic production sites of the following azbil Group companies:

Azbil Corporation, Azbil Kimmon Co., Ltd., Azbil Kyoto Co., Ltd., Azbil TA Co., Ltd., Azbil Taishin Co., Ltd., and its consolidated subsidiaries

4. Biodiversity

1) Environmental Conservation Activities

Events & Participation

| | Unit | Fiscal Year | | | | |
|--|---------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Environmental conservation activities | Events | 6 | 5 | 4 | 5 | 6 |
| Participants (employees, family members, etc.) | Persons | 110 | 90 | 50 | 94 | 66 |

• FY2020 & FY2021 events were held online. In FY2022, 2 onsite and 4 online activities were conducted.

5. Environmental Regulations

1) Environmental Regulation Compliance

Environmental Regulation Compliance

| | Unit | Fiscal Year | | | | |
|---|-------------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Major environmental non-conformity* | Cases | 0 | 0 | 0 | 0 | 0 |
| Total amount of environmental fines & penalties | ¥1 thousand | 0 | 0 | 0 | 0 | 0 |

• Included: Azbil Corporation, domestic consolidated subsidiaries, major overseas production sites [Azbil Production (Thailand) Co. Ltd., Azbil Control Instruments (Dalian) Co. Ltd., Azbil Telstar, S.L.U.]

* Major environmental non-conformity: An environment-related fine, penalty, violation of law, or proceeding resulting in an administrative order.

2) PRTR Law*

Total Amounts Reported under PRTR Law

| Substance | Unit | Fiscal Year | | | | |
|---------------|-------------|-------------|--------|--------|--------|--------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Ethyl benzene | Metric tons | 10.900 | 11.600 | 10.000 | 8.100 | 11.000 |
| Xylene | Metric tons | 12.680 | 13.280 | 11.370 | 9.460 | 12.430 |
| Toluene | Metric tons | 16.100 | 15.800 | 11.700 | 10.890 | 11.910 |

• Included: Azbil Corporation (Shonan Factory), Azbil Kimmon Energy Products Co., Ltd. (Shirasawa Factory, Shirakawa Factory, Wakayama Factory)

• Figures are the sum of the values reported for the above factories.

Discharge/Disposal of Materials Governed by Japan's PRTR Law

| | Unit | Fiscal Year | | | | |
|--------------------------------|-------------|-------------|--------|--------|--------|--------|
| | | 2018 | 2019 | 2020 | 2021 | 2021 |
| Discharged into the atmosphere | Metric tons | 39.100 | 38.500 | 31.600 | 27.000 | 33.900 |
| Disposed of as waste | Metric tons | 0.580 | 2.180 | 1.470 | 1.450 | 1.440 |
| Total | Metric tons | 39.680 | 40.680 | 33.070 | 28.450 | 35.340 |

• Included: Azbil Corporation (Shonan Factory), Azbil Kimmon Energy Products Co., Ltd. (Shirasawa Factory, Shirakawa Factory, Wakayama Factory)

• Figures are the sum of the values reported for the above factories.

* Law promoting confirmation and improved measurement and management of emissions of specified chemical substances into the environment.

- Report on materials governed by Japan's PRTR (Pollutant Release and Transfer Register) law used in quantities of 1 ton or more by the azbil Group.
- Azbil Corporation (Fujisawa Technology Center) and Azbil Taishin Co., Ltd., are not included as they use less than 1 ton of those substances subject to the PRTR Law.

Social

■ Policies, Initiatives

1. azbil Group Health and Well-being Declaration — Investing in and Enhancing the Value of Human Capital Based on “Human-centered” Values

Investing in and Enhancing the Value of Human Capital Based on “Human-centered” Values

Through “people-focused” management founded on the principle of “conduct based on respect for human dignity” encapsulated in the azbil Group Code of Conduct, we are working on initiatives to enhance the value of human capital to produce sustained growth in enterprise value.

- Implementing health and well-being management that revolves around work-style reforms and diversity and inclusion.
- Fostering human resources capable of responding to change—in keeping with our corporate culture of an organization that never stops learning—principally at the Azbil Academy, an institution specializing in human resource development.

azbil Group Health and Well-being Declaration

Making workplaces and employees healthy, happy, and lively

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

We declare our intention that companies and employees proactively work together to create a comfortable work environment, to enhance the mental and physical health of employees, and to make workplaces and employees healthy, happy, and lively.

[Health and Well-being Management overview]



2. Basic Policy on Human Rights

The azbil Group Basic Policy on Human Rights

Through “human-centered automation”, the azbil Group brings “safety, comfort, and fulfillment” to people and helps to preserve the global environment. Based on the “azbil Group Philosophy”, the “Guiding Principles for azbil Group Business”, and the “azbil Group Code of Conduct”, we recognize that ensuring respect for human rights is one of our most important management issues. Therefore, we actively work to achieve a sustainable society and protect the global environment. We will comply with laws and regulations with a high sense of ethics, build relationships of trust with stakeholders, and fulfill our responsibility to respect human rights.

1. Respect for human rights

We respect human rights by prohibiting discrimination and harassment based on differences in race, ethnicity, nationality, gender, religion, culture, creed, birth, age, disability, sexual orientation, gender identity, etc. We ban unjust practices such as forced labor and child labor. We provide a safe and healthy work environment free of harassment; and we support freedom of association and the right to collective bargaining.

2. Scope and system

This policy applies to all officers and employees of the azbil Group. In addition, we expect customers and business partners of the azbil Group to understand and support the contents of this policy, and we continue to work to ensure that this policy is respected.

3. Related laws and international norms

We support:

- The International Bill of Human Rights
- The Declaration on Fundamental Principles and Rights at Work, and the core labor standards of the International Labor Organization (ILO)
- The United Nations Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises of the Organization for Economic Co-operation and Development
- The Children’s Rights and Business Principles of the United Nations Children’s Fund (UNICEF)

Azbil Corporation has also declared its support for the 10 principles of the United Nations Global Compact (UNGC) in the four areas of human rights, labor, environment, and anti-corruption. We observe these international norms on human rights, and all of us support internationally recognized human rights based on respect for others as stipulated in the azbil Group Code of Conduct.

(continued on the next page)

4. Human rights due diligence

We identify any negative impact on human rights or significant human rights issues resulting from our corporate activities, and strive to prevent, mitigate, or avoid the same once identified. We evaluate the effectiveness of these efforts, provide explanations, and disclose information on how we deal with such matters. In implementing human rights due diligence, we engage in dialog with our stakeholders. Furthermore, if, as a result of the feedback from the azbil Group's customers and business partners, we learn of any negative impact on human rights that is directly related to our business, products, or services, we will work to prevent, mitigate, or avoid it.

5. Correction and redress

If it becomes clear that our corporate activities are causing or contributing to a negative impact on human rights, we will work to remedy the situation. In this case, we will make appropriate remedy from the perspective of stakeholders whose human rights have been negatively impacted. In addition, we will provide for correction/redress through the establishment or use of a grievance handling mechanism.

6. Information disclosure and communication

We actively and appropriately disseminate—both inside and outside the company—information related to our human rights initiatives. In addition, as part of the local community, we cooperate with our various stakeholders, foster communication with them, and reflect the results of this communication in our human rights initiatives.

7. Education

We conduct educational and awareness-raising activities related to respect for human rights so that this policy is understood and put into practice by all officers and employees of the azbil Group. In addition, we work to promote the understanding and practice of this policy among customers and business partners of the azbil Group.

8. Stakeholder engagement

This policy clarifies the azbil Group's stance on human rights. In order to resolve any human rights issues that are identified through human rights due diligence, we respect the advice of external experts. Furthermore, we actively and continually engage with various stakeholders to further our efforts to respect human rights in accordance with our "human-centered" concept.

(This policy was decided and approved by the Board of Directors of Azbil Corporation on December 22, 2022.)

3. Basic Policy on Health and Safety

The azbil Group Basic Policy on Health and Safety

Through “human-centered automation”, the azbil Group brings “safety, comfort, and fulfillment” to people and helps to preserve the global environment. Based on the “azbil Group philosophy”, the “Guiding Principles for azbil Group Business”, and the “azbil Group Code of Conduct”, we consider occupational health and safety activities as one of our most important management issues. In order to achieve a sustainable society, we ensure that not only employees, but also all people involved in the azbil Group business and supply chain (including temporary staff and contractors) can work in a safe, healthy and active work environment.

1. Observing health- and safety-related laws and regulations

We understand and comply with health and safety laws, and observe our own health and safety standards.

2. Promoting 5S + 1S

We promote good communication through 5S + 1S (Sort, Straighten, Shine, Spotless, Self-discipline, and Smile) activities.

3. Promoting health and well-being in the workplace

We promote physical and mental health, and work to create a safe, secure, comfortable, and lively working environment.

4. Eliminating dangerous risks

We identify potential hazards in the workplace and strive to eliminate or reduce risks.

5. Continuously improving occupational health and safety

We set health and safety targets, promote occupational health and safety management systems, and strive for continuous improvement.

6. Education and training

We protect the health and safety of employees by implementing health and safety education and training.

4. Basic Policy on Quality

The azbil Group Basic Policy on Quality

Through “human-centered automation”, the azbil Group brings “safety, comfort, and fulfillment” to people and helps to preserve the global environment. Based on the “azbil Group Philosophy”, the “Guiding Principles for azbil Group Business”, and the “azbil Group Code of Conduct”, we work to satisfy our customers’ expectations by supplying them with products and services of assured quality in the following three ways.

1. Using a quality management system

We use a quality management system to maintain and improve the quality of the products and services we provide.

2. Ensuring the anticipated level of quality

We will always ensure our level of quality meets the standard anticipated by our customers, implement continuous quality improvement, and strive to prevent the occurrence of any nonconformity in quality, reliability, or safety.

3. Aiming to offer appealing quality

We seek to provide attractive products and services that exceed customers’ expectations.

5. Basic Policy on the Safety and Reliability of Products and Services

The azbil Group Basic Policy on the Safety and Reliability of Products and Services

Through “human-centered automation”, the azbil Group brings “safety, comfort, and fulfillment” to people and helps to preserve the global environment. Based on the “azbil Group Philosophy”, the “Guiding Principles for azbil Group Business”, and the “azbil Group Code of Conduct”, we work proactively to ensure the safety and reliability of our products and services for the safety and peace of mind of our customers.

1. Legal compliance

We comply with laws and regulations related to product safety and reliability and strive to bring about the sort of society that the laws and regulations aim for.

2. Safe and dependable products and services

We ensure the safety and reliability of our products and services with advanced technology and proper management.

(continued on the next page)

3. Customer safety and peace of mind

We strive to ensure customers' safe and confident use of our products and services by providing cautions, warnings, and other useful information.

4. Prompt response to problems

If there is an issue with a product or service, we respond promptly and appropriately.

■ Data

1. Employees

1) General Information

No. of Employees by Gender & Age (non-consolidated)

| | Category | Unit | Fiscal Year | | | | |
|---------|-------------------|---------|-------------|-------|-------|-------|-------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Overall | Male | Persons | 4,124 | 4,199 | 4,172 | 4,141 | 4,053 |
| | Female | Persons | 1,027 | 1,170 | 1,185 | 1,188 | 1,185 |
| | Total | Persons | 5,151 | 5,369 | 5,357 | 5,329 | 5,238 |
| | Female percentage | % | 19.9 | 21.8 | 22.1 | 22.3 | 22.6 |
| Age | Under 20s | Persons | 486 | 504 | 536 | 549 | 538 |
| | 30s | Persons | 756 | 851 | 839 | 868 | 899 |
| | 40s | Persons | 1,818 | 1,691 | 1,499 | 1,336 | 1,215 |
| | 50s | Persons | 2,053 | 2,274 | 2,429 | 2,516 | 2,533 |
| | 60s and over | Persons | 38 | 49 | 54 | 60 | 53 |

* Here the number of employees is the number of full-time employees, including employees on loan from other companies but not those on loan to other companies.

Average Age & Average Years of Service (non-consolidated)

| | Category | Unit | Fiscal Year | | | | |
|--------------------------|----------|-------|-------------|------|------|------|------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Average age | Male | Years | 45.3 | 45.5 | 45.7 | 45.8 | 46.0 |
| | Female | Years | 45.7 | 45.5 | 45.7 | 45.9 | 46.0 |
| | Total | Years | 45.4 | 45.5 | 45.7 | 45.9 | 46.0 |
| Average years of service | Male | Years | 20.3 | 20.1 | 20.1 | 20.2 | 20.4 |
| | Female | Years | 20.7 | 19.7 | 19.8 | 20.0 | 20.0 |
| | Total | Years | 20.4 | 20.0 | 20.1 | 20.1 | 20.2 |

* Here the number of employees is the number of full-time employees, including employees on loan from other companies but not those on loan to other companies.

No. of Temporary Employees (non-consolidated)

| | Unit | Fiscal Year | | | | |
|-----------------------------|---------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| No. of temporary employees* | Persons | 1,145 | 934 | 882 | 902 | 905 |

* The number of temporary employees is the average number of such employees over a 12-month period (April to March). Included are part-timers, retired employees who have been rehired, and contract employees; staff dispatched by temp staffing agencies are not included.

Employees (domestic, consolidated)

| | Category | Unit | Fiscal Year | | | | |
|-----------|-------------------|---------|-------------|-------|-------|-------|-------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Full-time | Male | Persons | 5,210 | 5,291 | 5,266 | 5,210 | 5,123 |
| | Female | Persons | 1,408 | 1,571 | 1,590 | 1,605 | 1,611 |
| | Total | Persons | 6,618 | 6,862 | 6,856 | 6,815 | 6,734 |
| | Female percentage | % | 21.3 | 22.9 | 23.2 | 23.6 | 23.9 |

* Shown above are the number of employees of domestic consolidated companies at the end (March 31) of each fiscal year.

* Here the number of employees is the number of full-time employees, including employees on loan from other companies but not those on loan to other companies.

Wage Comparison for Men and Women (non-consolidated)

(Women's wages expressed as percentage of men's wages)

| | Unit | Fiscal Year | | | | |
|--|------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| All employees | % | - | - | - | - | 66.5 |
| Employees without a fixed term of employment | % | - | - | - | - | 70.8 |
| Temporary employees* | % | - | - | - | - | 54.1 |

* When determining wages, the same standards are applied regardless of gender; within the same pay grade of Azbil Corp's personnel system, women's wages range between 89% and 101% of men's wages.

Among the main reasons for the wage gap shown by this table are differences in the number of male and female employees who choose to work shorter hours, and differences in the number of male and female employees at the same pay grade.

Figures are calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015).

* Temporary employees include part-timers, retired employees who have been rehired, and contract employees.

2. Health and Well-being Management

1) Work-style Reforms

Data Related to Work-style Reforms (non-consolidated)

| | | Unit | Fiscal Year | | | | |
|--|--------|---------|-------------|---------|---------|---------|---------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Total annual hours worked per employee | | Hours | 1,963.5 | 1,925.2 | 1,989.2 | 1,983.0 | 1,939.0 |
| Average monthly overtime hours | | Hours | 20.0 | 18.8 | 20.2 | 18.9 | 22.0 |
| Annual paid leave granted | | Days | 20.0 | 20.3 | 20.4 | 20.4 | 20.4 |
| Annual paid leave taken | | Days | 16.7 | 15.8 | 15.1 | 15.8 | 17.7 |
| Annual paid leave taken as a percentage of paid leave granted | | % | 83.5 | 77.8 | 74.0 | 77.3 | 86.7 |
| Employees taking maternity leave | | Persons | 22 | 16 | 25 | 21 | 26 |
| Employees taking childcare leave* ¹ | Male | Persons | 29 | 21 | 36 | 78 | 56 |
| | Female | Persons | 32 | 20 | 21 | 25 | 26 |
| Childcare leave taken as a percentage of childcare leave granted* ² | Male | % | - | - | - | 84.8 | 73.7 |
| | Female | % | - | - | - | 108.6 | 92.8 |
| Employees returning to work after maternity or childcare leave | Male | % | 100 | 100 | 100 | 100 | 100 |
| | Female | % | 100 | 100 | 100 | 100 | 100 |
| Employees taking leave of absence to care | | Persons | 3 | 9 | 2 | 4 | 6 |
| Employees resigning for personal reasons | | Persons | 64 | 41 | 26 | 59 | 75 |
| Turnover rate due to above resignations | | % | 1.0 | 0.9 | 0.6 | 1.1 | 1.4 |
| Employees resigning within 3 years* ³ | | Persons | 7 | 9 | 4 | 1 | 7 |
| Periodic health checkup rate* ⁴ | | % | 100 | 98.3 | 99.9 | 99.9 | 99.9 |
| Stress test checkup rate | | % | 90.5 | 84.1 | 85.9 | 96.9 | 97.6 |
| Employees on leave for mental health reasons | | Persons | 44 | 38 | 41 | 60 | 56 |

*¹ From FY2021 includes leave for childcare purposes.

*² Based on the provisions of *The Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members* (Act No. 76, 1991), the percentage of employees taking childcare leave and leave for childcare purposes is calculated in accordance with Article 71-4, Item 2 of the Regulations for the Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25, 1991).

*³ Those hired as new graduates who have left by the end of their third year with Azbil Corporation

*⁴ Not including employees on leave of absence

Schemes for Promotion of Work-life Balance (non-consolidated)

| Scheme | Details |
|---|---|
| Hybrid work | An employee can combine working at the office and working from home. |
| Maternity leave for spouse | When a spouse gives birth, an employee can take up to up to 5 working days of leave (with pay) within one month before and after the birth. (Days of leave may be taken consecutively or in one-day increments.) |
| Leave of absence to care for a young child | This leave is granted when a child is less than two years old. |
| Childcare work | An employee can choose to work fewer hours per day, fewer days per week, staggered hours, or flextime hours up until March 31 when the child completes the 6th grade of elementary school. (Can be used in combination) |
| Child-nursing leave | An employee can take up to 5 days of leave per year, per child, for the purpose of caring for a child up to completion of the 6th grade of elementary school. (This leave may be taken in half-day or hourly increments.) |
| Nursing leave | To look after family members in need of care, an employee can take up to 5 days of leave per person per year. (This leave may be taken in half-day or hourly increments.) |
| Leave of absence to care for the elderly/disabled | For each family member in need of care, an employee can take this leave divided up to 5 times over a period of up to 2 years. |
| Nursing work | An employee can choose to work fewer hours per day, fewer days per week, staggered hours, or flextime hours for up to 5 years per family member in need of nursing care. (Can be used in combination) |
| Half-day leave | An employee can take annual leave in half-day increments. |
| Hourly leave | An employee can take annual leave in one-hour increments up to 5 days per year. |
| Refreshment leave | Employees who have been with Azbil Corporation for 15, 25, and 35 years receive 3 or 5 days of special leave and bonuses. |
| Pre-retirement leave | Employees who have been with Azbil Corporation for 15 years or more receive 5 days of special leave and a bonus as they approach retirement age. |
| Volunteer leave | An employee doing volunteer work for disaster emergency relief can take up to 10 days of leave at a time up to twice a year. |
| Leave of absence to accompany spouse overseas | To accompany a spouse going overseas for their work, etc., an employee can take a leave of absence for a period of not less than six months and not more than three years. This leave is only allowed once. |
| Leave of absence to study | To study at a university or graduate school in Japan or to study abroad, an employee can take a leave of absence for a period of not less than six months and not more than two years. This leave is allowed twice. |

Employee Satisfaction Survey

| | Unit | Fiscal Year | | | | |
|---|------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Employees expressing satisfaction with working at the azbil Group companies | % | 56 | 57 | 60 | 59 | 58 |

* Included: Azbil Corporation, domestic consolidated subsidiaries

Occupational Health and Safety (domestic consolidated companies & domestic business partners)

| | | Unit | Fiscal Year | | | | |
|--|------------------------|---------|-------------|------|------|------|------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| No. of sites certified under ISO 45001 (Occupational Health and Safety Management System) *1 | | Sites | 42 | 42 | 41 | 43 | 42 |
| No. of serious work-related accidents*2,3 | Involving employees | No. | 1 | 3 | 0 | 1 | 9 |
| | At partner companies*4 | No. | 1 | 6 | 4 | 4 | 3 |
| No. of work-related deaths | Involving employees | Persons | 1 | 0 | 0 | 0 | 0 |
| | At partner companies*4 | Persons | 0 | 0 | 0 | 0 | 0 |
| Frequency of lost-time injuries*5 | Involving employees | — | 0.18 | 0.65 | 0.55 | 0.66 | 1.43 |
| | At partner companies*4 | — | 0.24 | 0.68 | 0.6 | 0.64 | 1.06 |
| Impact of lost-time injuries*6 | Involving employees | — | 0 | 0 | 0.02 | 0.01 | 0.02 |
| | At partner companies*4 | — | 0.01 | 0.02 | 0.02 | 0.01 | 0.01 |
| No. of infractions of regulations/standards related to occupational health & safety | | No. | 0 | 0 | 0 | 0 | 0 |

*1 In FY2019 certification was transferred from OHSAS 18001 to ISO 45001.

*2 Lost-time injuries resulting in 4 or more lost workdays which were covered by disability compensation (or which could have been); included are incidents that result in a worker's death or permanent incapacity to work.

*3 The number of serious work-related accidents in FY2022 includes cases in which people were off work having contracted COVID-19.

*4 Those working under Azbil's supervision, including employees dispatched by staffing agencies, part-timers, and subcontractors.

*5 No. of fatalities & injuries resulting from occupational accidents per million actual hours worked.

*6 Total lost days of work per thousand actual hours worked.

2) Diversity and Inclusion

No. of Employees in Management Positions, Percentage of Female Managers (non-consolidated)

| | | Unit | Fiscal Year | | | | |
|---------------------------------|-------------------|---------|-------------|-------|-------|-------|-------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Overall | Male | Persons | 1,067 | 1,077 | 1,085 | 1,091 | 1,061 |
| | Female | Persons | 56 | 59 | 65 | 71 | 72 |
| | Total | Persons | 1,123 | 1,136 | 1,150 | 1,162 | 1,133 |
| | Female percentage | % | 5.0 | 5.2 | 5.7 | 6.1 | 6.4 |
| Below general manager level | Male | Persons | 934 | 944 | 958 | 971 | 943 |
| | Female | Persons | 53 | 58 | 62 | 68 | 70 |
| | Total | Persons | 987 | 1,002 | 1,020 | 1,039 | 1,013 |
| | Female percentage | % | 5.3 | 5.8 | 6.2 | 6.8 | 6.9 |
| General manager level or higher | Male | Persons | 133 | 133 | 127 | 120 | 118 |
| | Female | Persons | 3 | 1 | 3 | 3 | 2 |
| | Total | Persons | 136 | 134 | 130 | 123 | 120 |
| | Female percentage | % | 2.2 | 0.7 | 2.3 | 2.4 | 1.7 |

No. & Employment Rate of People with Disabilities

| | Unit | Fiscal Year | | | | |
|---|---------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Actual number of employees with disabilities* | Persons | 115 | 115 | 113 | 111 | 118 |
| Employment rate of those with disabilities* | % | 2.29 | 2.35 | 2.32 | 2.25 | 2.38 |
| Statutory employment rate | % | 2.2 | 2.2 | 2.2 | 2.3 | 2.3 |

No. of Foreign Employees (non-consolidated)

| | Unit | Fiscal Year | | | | |
|--------------------------|---------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| No. of foreign employees | Persons | 47 | 49 | 56 | 55 | 58 |
| No. of foreign managers | Persons | 3 | 4 | 6 | 6 | 6 |

* Included: Azbil Corporation, Azbil Trading Co., Ltd., Azbil Yamatake Friendly Co., Ltd., Azbil Kimmon Co., Ltd., Azbil TA Co., Ltd.

* Data points as of June 1, each fiscal year

3. Recruitment/Development

1) Recruitment

No. of Full-time Employees Hired (non-consolidated)

| | | Unit | Fiscal Year | | | | |
|------------------------|-------------------|---------|-------------|------|------|------|------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| New graduate hires | Male | Persons | 75 | 73 | 85 | 87 | 72 |
| | Female | Persons | 28 | 26 | 21 | 23 | 29 |
| | Total | Persons | 103 | 99 | 106 | 110 | 101 |
| | Female percentage | % | 27.2 | 26.3 | 19.8 | 20.9 | 28.7 |
| Mid-career recruitment | Male | Persons | 37 | 34 | 24 | 29 | 38 |
| | Female | Persons | 4 | 2 | 3 | 4 | 6 |
| | Total | Persons | 41 | 36 | 27 | 33 | 44 |
| | Female percentage | % | 9.8 | 5.6 | 11.1 | 12.1 | 13.6 |

2) Development

Status of Training Programs (non-consolidated)

| | Unit | Fiscal Year | | | | |
|--|-------------|-------------|------|---------|---------|---------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Total training hours (approx.) | Hours | - | - | 134,000 | 139,000 | 152,000 |
| No. of training hours per employee* ¹ (approx.) | Hours | - | - | 25.9 | 27.0 | 29.1 |
| No. of training days per employee* ² (approx.) | Days | - | - | 4.0 | 4.2 | 4.5 |
| Training investments (approx.) | ¥1 million | 392 | 340 | 320 | 370 | 450 |
| Average training costs per employee (approx.) | ¥1 thousand | 76 | 63 | 62 | 72 | 87 |

* Reported here is hierarchical training and specialized training.

*¹ The number of training hours per employee is calculated as total training hours divided by the number of employees.

*² The number of training days per employee is calculated as total training days divided by the number of employees.

Status of Training Programs by Category (non-consolidated)

| | | Fiscal Year 2022 | |
|----------------------------|----------------------|-----------------------------------|---------------------|
| Category | Training | No. of participants* ¹ | Hours* ² |
| Hierarchy | Executive | 22 | 548 |
| | Management | 74 | 3,492 |
| | Leadership | 288 | 4,032 |
| | Basic | 471 | 75,264 |
| Career | Career and life plan | 290 | 2,320 |
| DX-related | DX knowledge | 1,381 | 3,646 |
| | Software engineer | 138 | 8,379 |
| Company-wide* ³ | Compliance | 13,132 | 6,566 |
| | Information security | 6,660 | 3,300 |
| | Safety | 12,720 | 6,360 |

*¹ Total number of participants

*² Total number of training hours

*³ Training conducted for all employees via e-learning (LMS)

4. Human Rights

1) Freedom of Association

Basic Approach to the Right to Organize & the Right to Collective Bargaining

Azbil Corporation and the Azbil labor union follow the “Joint Declaration on Productivity by Labor and Management” of 1978, which stresses the importance of consultation. The labor agreement stipulates that the union retains the right to collective bargaining and the right to strike.

To handle the various issues involving labor and management, Azbil Corporation has established permanent consultative bodies such as the Management Council, the business Company Management Councils, and other councils. For specialized fields, we operate a labor-management consultative system that includes the Steering Committee and the Work-life Balance Committee.

No. and Percentage of Labor Union Members (non-consolidated)

| | Unit | Fiscal Year | | | | |
|---|---------|-------------|-------|-------|-------|-------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| No. of union members ^{*1} | Persons | 3,873 | 3,885 | 3,872 | 3,844 | 3,795 |
| Union members as a percentage ^{*2} | % | 100 | 100 | 100 | 100 | 100 |

*1 Data points as of March 31, each fiscal year

*2 No. of union members divided by no. of eligible employees (excluding managers and those stipulated by the labor agreement)

5. Supply Chain

1) Policy, Promotion Framework

Our Basic Approach

Based on its corporate philosophy, the azbil Group has been actively working to realize a sustainable society and preserve the global environment through its business activities. Most of these initiatives, including the Sustainable Development Goals (SDGs), are likely to be more successful when the entire supply chain, not just the azbil Group, is involved. Therefore, for the procurement process, our aim is to build long-term relationships of trust with business partners to increase the added value for both the azbil Group and our business partners. Based on this, we are fulfilling our social responsibilities hand-in-hand with our business partners. And as guidelines for specific initiatives, we have compiled and published “The azbil Group Basic Policy on Procurement” and “CSR Procurement Guidelines for the azbil Group,” which explain the azbil Group’s basic approach.

Our business partners are requested to appreciate the core purpose behind these guidelines and to promote activities that conform with them.

The azbil Group Basic Policy on Procurement

Through “human-centered automation”, the azbil Group brings “safety, comfort, and fulfillment” to people and helps to preserve the global environment. Based on the “azbil Group philosophy”, the “Guiding Principles for azbil Group Business”, and the “azbil Group Code of Conduct”, we work proactively to achieve a sustainable society and protect the global environment. We maintain high ethical standards, understand, and comply with the laws in Japan and abroad and implement procurement-related activities fairly and equitably, taking into consideration human rights and the environment.

Together with our business partners, we take into consideration our corporate social responsibility (CSR) when engaging in procurement activities throughout the supply chain. We consider working on these activities to be one of our most important management issues. We aim to build long-term trust relationships with our business partners, cooperate with them to achieve mutual prosperity, and contribute to the local community and society.

1. Public nature of the company and fulfillment of our social responsibility

We disclose timely, appropriate, and accurate information to our business partners, and act so to earn their trust by our openness.

We receive the opinions of our business partners with sincerity, foster good communications with them, and act to fulfill our social responsibilities together with them.

2. Observance of fairness in commercial transactions

When dealing with our business partners inside and outside Japan, we observe international rules and laws and do not engage in unfair actions such as abusing a dominant position over a business partner.

When selecting a business partner and deciding whether to continue a business relation, we compare and evaluate companies in a fair and equitable manner, consider their legal compliance, management foundations, quality, price, stability of supply, technological development, and make efforts to achieve a sustainable society.

3. Respect for human rights

In our procurement activities, we stand together with our business partners in opposing behaviors that violate human rights, such as child labor, human trafficking, forced labor, and overwork and strive to eliminate discrimination based on race, gender, religion, etc. We seek to eradicate inhuman acts such as harassment and respect human rights.

4. Protection of the environment

In our procurement activities we, together with our business partners, obey the laws and regulations related to environmental protection and continuously seek to reduce greenhouse gas emissions, conserve energy, conserve resources, conserve water, manage chemical substances contained in products, and promote environmentally conscious design for the environment. By doing so, we strive to respond to climate change, use resources in a cyclical manner, conserve biodiversity, and contribute to the global environment.

2) CSR-focused Procurement

CSR Procurement Guidelines for the azbil Group

We created “CSR Procurement Guidelines for the azbil Group” to help our business partners to understand the concept and necessity of the SDGs and to take specific measures to achieve them. The guidelines summarize the direction of our extensive CSR activities in the supply chain and points for compliance, based on the fundamental approach contained in the Group philosophy and the azbil Group Guiding Principles. Specifically, listed below are the actions/activities we expect of our business partners to ensure compliance within each category.

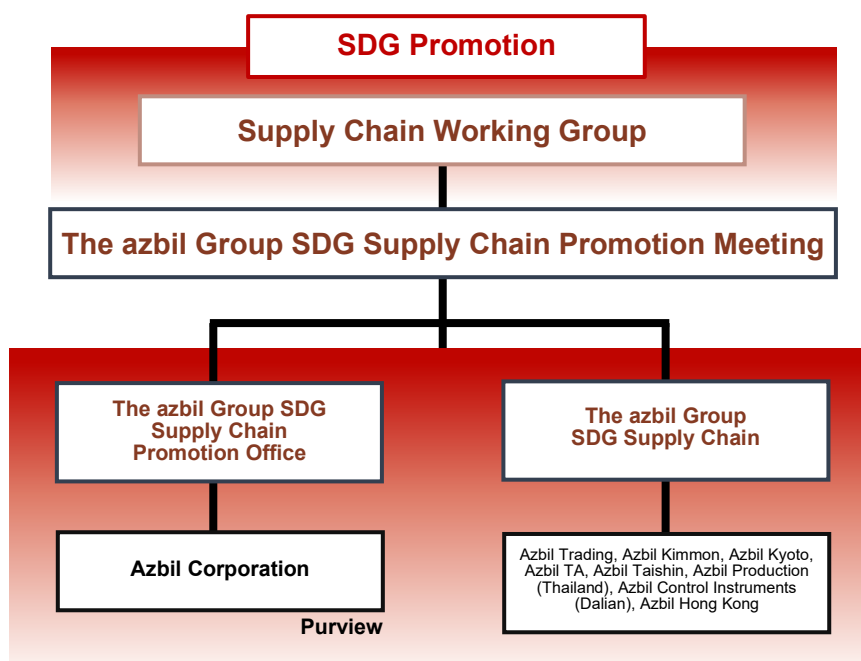
Areas for SDGs Supply Chain Initiatives

| Main category | Intermediate category | Subcategory |
|--|--|---|
| E (Environmental supply chain) | Climate change (Greenhouse gases, energy) | Initiatives to combat climate change (including CO ₂ /GHG emissions) |
| | Pollution and resources (Air, wastewater, hazardous waste, waste reduction, raw materials, etc.) | Green procurement |
| | | Management of chemical substances in products |
| | | Reduction of resource use |
| | | Reduction of industrial water |
| | | Recycling |
| | | Promotion of renewable energy use |
| S (Social supply chain) | Water security and risk | Reduction of water use and wastewater emissions |
| | Biodiversity | Preservation of biodiversity |
| | Environmental management | Environmental management activities in conformity with ISO 14001 |
| | Labor practices | Abolition of child labor and forced labor, reduction of overwork |
| | | Prohibition of discrimination, equal opportunity |
| | | Promotion of diversity |
| | Health and safety | Health and safety management |
| | | Work-style reform, work-life balance |
| | Human rights | Respect for basic human rights (including exclusion of antisocial forces and response to conflict minerals) |
| | Community (regional society) | Regional promotion, activities tied to social contribution |
| | Quality, customers | Observance of fair commercial transactions (including legal compliance) |
| | | Quality management |

CSR Procurement Guidelines for the azbil Group, Third edition, issued in June 2023

https://www.azbil.com/corporate/procurement/policy/csr_guideline/index.html

Supply Chain Promotion Framework



Participating azbil Group companies are developing an appropriate framework that enables them to encourage their business partners and to develop measures in target areas, spearheaded by their SDG managers in coordination with related functional departments.

| Main category | Intermediate category | Key departments |
|--|--------------------------|--|
| E (Environmental supply chain) | Climate change | Department in charge of environment |
| | Pollution and resources | |
| | Water security and risk | |
| | Biodiversity | |
| | Environmental management | |
| S (Social supply chain) | Labor practices | Human Resources Department |
| | Health and safety | Department in charge of health & safety |
| | Human rights | Department in charge of CSR, Human Resources Department |
| | Community | Department in charge of CSR |
| | Quality, customers | Department in charge of quality, Department in charge of procurement |

3) Encouraging the Supply Chain

Status of Supply Chain Initiatives

(1) Selecting key business partners

The azbil Group's SDG supply chain initiatives started in FY2021. The azbil Group as a whole has more than 4,000 business partners, and we select partners for the azbil Group's SDG initiatives from among these.

Specifically, we select business partners in order of transaction value so as to cover 80% of the Group's total transaction value. The number of suppliers covered by the azbil Group's SDG initiatives as of FY2022 is 562.

Every year the volume of business transactions is monitored and, if necessary, Azbil Corporation reviews its list of key business partners.

Business Partners Subject to the SDGs

| The azbil Group companies | No. of business partners | No. of business partners subject to the SDGs (No. of key business partners) |
|--|--------------------------|--|
| Azbil Corporation | 2,575 | 318 |
| Azbil Trading Co., Ltd. | 817 | 37 |
| Azbil Kimmon Co., Ltd. | 267 | 77 |
| Azbil Kyoto Co., Ltd. | 4 | 4 |
| Azbil TA Co., Ltd. | 300 | 53 |
| Azbil Taishin Co., Ltd. | 265 | 28 |
| Azbil Production (Thailand) Co., Ltd. | 36 | 11 |
| Azbil Control Instruments (Dalian) Co., Ltd. | 119 | 24 |
| Azbil Hong Kong Limited | 50 | 10 |
| Total | 4,433 | 562 |

(2) Holding briefing sessions on the CSR Procurement Guidelines for our business partners

- In FY2021, we held briefing sessions on the azbil Group's SDG initiatives and CSR Procurement Guidelines for approximately 300 major business partners of the Group to motivate them to adopt SDG initiatives and to help them understand specific items to be addressed.
- In FY2022, in order to make the most of this experience and further expand its effectiveness, we held similar briefings at each azbil Group company, as shown below.
- In FY2023 and beyond, the azbil Group's overseas sales subsidiaries plan to hold similar CSR Procurement Guideline briefings for their own business partners.

| The azbil Group companies | No. of business partners participating in the CSR Procurement Guidelines briefing sessions |
|--|---|
| Azbil Corporation | 276 |
| Azbil Trading Co., Ltd. | 17 |
| Azbil Kimmon Co., Ltd. | 46 |
| Azbil Kyoto Co., Ltd. | 3 |
| Azbil Taishin Co., Ltd. | 28 |
| Azbil Production (Thailand) Co., Ltd. | 11 |
| Azbil Control Instruments (Dalian) Co., Ltd. | 24 |
| Azbil Hong Kong Limited | 2 |
| Total | 407 |

(3) Implementing human rights due diligence

What is “human rights due diligence”?

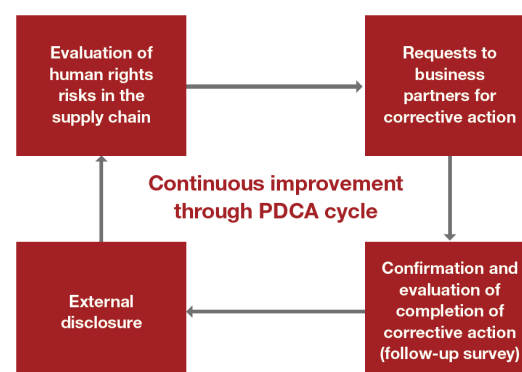
Due diligence means seeing that the human rights of business partners’ employees are fully respected, assessing the risk of human rights violations occurring, and ensuring prompt corrective action is taken should any such violations occur.

The azbil Group has been implementing due diligence since FY2022. Risk assessment covers the following 8 human rights issues.

[Target human rights issues]

| |
|--|
| Elimination of child labor |
| Elimination of forced labor |
| Reduction of overwork |
| Wages (appropriate, duly paid) |
| Migrant labor/foreign workers |
| Prohibition of discrimination, equal opportunity |
| Health and safety management |
| Freedom of association and collective bargaining |

Human rights due diligence process



[Status of human rights due diligence]

| Risk assessment steps | Risk assessment methods | No. of business partners |
|-----------------------|---|---|
| Primary screening | Identify potential risk business partners based on responses to the “Labor Practices” and “Health and Safety” sections of the business partner self-evaluation questionnaire. | Business partners of Azbil Corporation 318 companies ↓ 147 companies |
| Secondary screening | Narrow down the target companies by creating a questionnaire that focuses on human rights issues and checks for specific risk events. | ↓ Business partners identified as at risk 68 companies |
| Tertiary screening | Conduct e-mail exchanges/interviews with each company to determine if risk events have occurred. | ↓ Business partners with corrective instructions 20 companies |

(4) Business partners’ self-evaluation

The azbil Group conducts an annual business partners’ self-evaluation questionnaire based on United Nations Global Compact to objectively assess the status of environmental and social initiatives of individual business partners and to monitor changes/progress over the years; this includes verification of the effectiveness of the Group’s efforts. The scope of the FY2022 survey, domestic and overseas, is shown below.

■ Self-evaluation conducted by business partners of six azbil Group domestic companies

| | No. of target companies | No. of responding companies | Breakdown of responding companies by type of business | | | |
|-------------------------|-------------------------|-----------------------------|---|------------|----------------------|---------------------------------|
| | | | Manufacturing | Commercial | Installation/Service | Engineering/Software developing |
| Azbil Corporation | 318 | 270 | 82 | 43 | 136 | 9 |
| Azbil Trading Co., Ltd. | 37 | 30 | 22 | 7 | 1 | 0 |
| Azbil Kimmon Co., Ltd. | 4 | 3 | 2 | 0 | 1 | 0 |
| Azbil Kyoto Co., Ltd. | 4 | 3 | 0 | 3 | 0 | 0 |
| Azbil TA Co., Ltd. | 53 | 45 | 36 | 8 | 1 | 0 |
| Azbil Taishin Co., Ltd. | 28 | 24 | 11 | 13 | 0 | 0 |
| Total | 444 | 375 | 153 | 74 | 139 | 9 |

■ Self-evaluation conducted by business partners of three azbil Group overseas companies

| | No. of target companies | No. of responding companies | Breakdown of responding companies by type of business | | | |
|--|-------------------------|-----------------------------|---|------------|----------------------|-----------------------------------|
| | | | Manufacturing | Commercial | Installation/Service | Engineering/ Software development |
| Azbil Production (Thailand) Co., Ltd. | 11 | 11 | 6 | 5 | 0 | 0 |
| Azbil Control Instruments (Dalian) Co., Ltd. | 24 | 24 | 17 | 7 | 0 | 0 |
| Azbil Hong Kong Limited | 11 | 8 | 6 | 2 | 0 | 0 |
| Total | 46 | 43 | 29 | 14 | 0 | 0 |

The azbil Group's "SDG Supply Chain Annual Report"

The azbil Group publishes the "SDG Supply Chain Annual Report", which summarizes initiatives for CSR procurement (SDG supply chain) implemented during the year.

The FY2021 and FY2022 reports can be accessed from the following URL:

<https://www.azbil.com/corporate/procurement/supplychain-annualreport/index.html>

Other Guidelines

Green Procurement

- The azbil Group's Green Procurement Standard for business partners, Sixth edition, issued in June 2019
- Requirements for Managing Packaging Materials for the azbil Group, First Edition, issued in March 2015
- The azbil Group's Green Procurement Evaluation Sheet, Third edition

Management of Chemical Substances in Products

- The azbil Group's Guidelines for the Establishment of Chemical Substance Management Systems, Third edition, issued in March 2022
- Standards for Hazardous Substances Contained in Products, Ver. 13.0, issued in October 2023

Preservation of Biodiversity

- A Request from the azbil Group Regarding Biodiversity Preservation, issued in March 2015

6. Community

1) Social Contribution Activities

Donation Amounts (non-consolidated)

| | Unit | Fiscal Year | | | | |
|------------------------------|------------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Social contributions, etc.*1 | ¥1 million | 129 | 35 | 27 | 33 | 28 |
| Recovery support*2 | ¥1 million | 15 | 10 | 55 | 0 | 13 |

*1 Donations for general social contribution activities

*2 Donations for specific causes (disasters, earthquakes, floods, epidemics, etc.)

Major Donations (non-consolidated)

| Fiscal Year | Details | Receiving organization/fund | Unit | Sum |
|-------------|--|--|------------|-----|
| 2022 | 2023 Turkey-Syria Earthquake Relief Fund | Japanese Red Cross Society | ¥1 million | 3 |
| | Donations for refugees and human rights issues | UNHCR | ¥1 million | 10 |
| 2021 | — | — | — | - |
| 2020 | Donation for the July 2020 torrential rain disaster | Japanese Red Cross Society | ¥1 million | 5 |
| | Donation for the COVID-19 pandemic | UNICEF | ¥1 million | 20 |
| | | Japan Red Cross Society | ¥1 million | 15 |
| | | Central Community Chest of Japan (Red Feather Community Chest) | ¥1 million | 15 |
| 2019 | Support for the victims of Typhoons No.15 and No.19 and for reconstruction in the affected areas | Central Community Chest of Japan (Red Feather Community Chest) | ¥1 million | 10 |
| 2018 | Support following Typhoon No. 21 and the 2018 Hokkaido Eastern Iburi Earthquake | Central Community Chest of Japan (Red Feather Community Chest) | ¥1 million | 5 |
| | Donation for the victims and areas affected by the July 2018 torrential rains | Central Community Chest of Japan (Red Feather Community Chest) | ¥1 million | 10 |

Support from the azbil Honey Bee Club*1

| | Unit | Fiscal Year | | | | |
|------------------------------|------------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| azbil Honey Bee Club support | ¥1 million | 3.8 | 4.2 | 4.7 | 5.3 | 5.6 |
| Matching gift*2 | ¥1 million | 2.0 | 2.5 | 2.7 | 3.1 | 3.2 |
| Total*3 | ¥1 million | 5.7 | 6.7 | 7.4 | 8.5 | 8.8 |
| Recipient organizations | No. | 38 | 43 | 48 | 54 | 58 |



March, the azbil Honey Bee Club's mascot

*1 Azbil Honey Bee Club: Members are employees of the azbil Group companies who wish to participate in this voluntary social contribution support program, which was started in FY2010. Members decide how much they wish to contribute (through monthly payroll deductions) in increments of 100 yen. They nominate organizations to support and then vote to select the recipients each year.

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

*3 Financial support provided by the azbil Honey Bee Club plus the matching gift provided by Azbil Corporation.

Major Social Contribution Activities

| Activities | |
|--|---|
| • Conducting an energy conservation tour for elementary school students | • Hosting factory and research facility tours |
| • Dispatching employees to lecture at universities | • Promoting communication with local communities around production sites |
| • Accepting student interns (from universities and technical colleges) | • Cooperating in the promotion of local youth sports |
| • Collaborating with an NPO to donate money (from collecting PET bottle caps) for vaccines | • Azbil Yamatake General Foundation offers three programs (scholarships, support for education and awareness, and research grants). |
| • Nature conservation activities in collaboration/cooperation with local governments, etc. | |



Azbil Yamatake General Foundation

We established the Azbil Yamatake General Foundation in February 2016 to provide a stable learning system and educational opportunities for promising children, and to provide research grants and support the development of new technologies in the fields of science and technology. It offers three programs—scholarships, support for education and awareness, and research grants—under the motto “For the future of youth.”

2) Organizations & Initiatives

Major Memberships and Initiatives

| |
|--|
| • Business & Industrial Organizations |
| KEIDANREN (Japan Business Federation) |
| Japan Electronics and Information Technology Industries Association |
| Building Automation Association |
| Japan Association of Energy Service Companies (JAESCO) |
| Japan Electric Measuring Instruments Manufacturers' Association (JEMIMA) |
| NIPPON ELECTRIC CONTROL EQUIPMENT INDUSTRIES ASSOCIATION |
| The Japan Institute of Industrial Engineering |
| Robot Revolution & Industrial IoT Initiative |
| • Other Organizations & Initiatives |
| Japan Climate Leaders' Partnership (JCLP) |
| Japan Climate Initiative (JCI) |
| GX League (Ministry of Economy, Trade and Industry) |
| Challenge Zero (Japan Business Federation) |
| Keidanren Initiative for Biodiversity Conservation (Japan Business Federation) |
| Task Force on Climate-related Financial Disclosures (TCFD) |
| United Nations Global Compact* |
| Japan Women's Innovative Network (NPO J-Win) |
| Japan Partnership for Circular Economy (J4CE) |
| Declaration of Partnership Building (Ministry of Economy, Trade and Industry) |
| Keidanren Committee on Nature Conservation (Japan Business Federation) |
| 30 by 30 Alliance for Biodiversity (Ministry of the Environment) |

* Listed here are our major memberships in economic, industry and other associations as well as major initiatives in which we participate.

* Support for the United Nations Global Compact

Azbil Corporation signed and joined the United Nations Global Compact (UNGC) in April 2021. In Japan, we have also joined the Global Compact Network Japan (GCNJ), and actively participate in its various subcommittees.

The UNGC has set forth 10 principles in the four areas of Human Rights, Labour, Environment, and Anti-Corruption. It can be said that the azbil Group has been working on these principles for many years since all ten are aligned with the spirit of the azbil Group philosophy of "human-centered automation."

The azbil Group will continue to support and cooperate with the UN Global Compact, contributing "in series" to the achievement of a sustainable society.

7. Contributions & Donations

Political Contributions (non-consolidated)

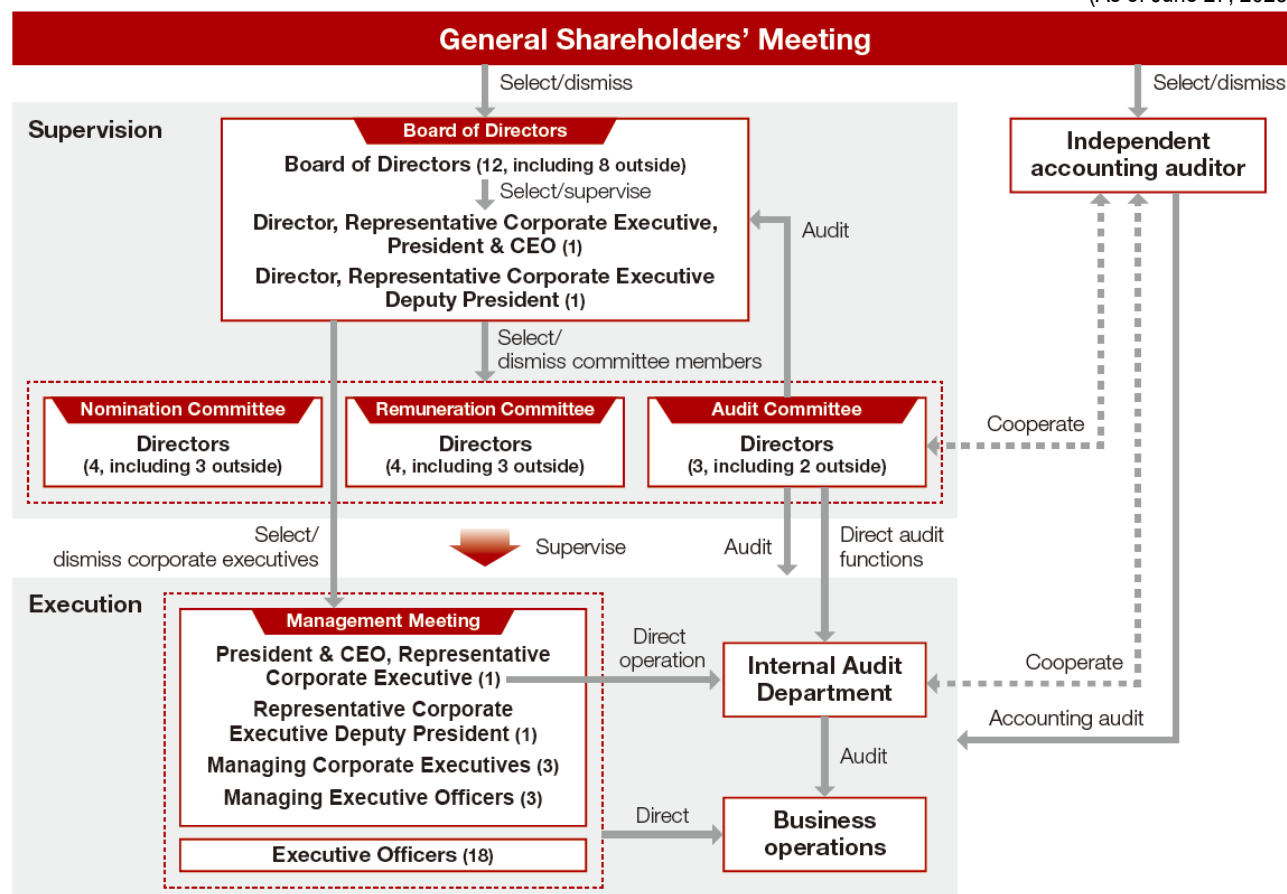
| | Unit | Fiscal Year | | | | |
|-------------------------|-------------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Political contributions | ¥1 thousand | 54 | 20 | 0 | 0 | 0 |

Governance

■ Policies, Promotion Framework & Initiatives

1. Corporate Governance Framework

(As of June 27, 2023)



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

| | |
|--------------------------|---|
| ■ Nomination Committee | Responsible for deciding proposals for the selection/dismissal of directors to be submitted to the General Meeting of Shareholders, and for deliberating matters related to selecting/dismissing members of statutory committees (Nomination, Audit, and Remuneration), selecting/dismissing corporate executives, and planning for succession. |
| ■ Audit Committee | Responsible for auditing the execution of duties by corporate executives and directors, for preparing audit reports, for drawing up detailed proposals for the selection, dismissal, or non-reappointment of the accounting auditor, and for promoting systematic auditing. |
| ■ Remuneration Committee | Responsible for determining policies related to the remuneration system for corporate executives and directors, for determining individual remuneration, and for deliberating on the establishment, revision, or abolition of remuneration systems as well as other matters related to remuneration for directors and officers. |

Members of Each Committee (◎ indicates chairperson)

| Name | Nomination Committee | Audit Committee | Remuneration Committee | Positions as of June 27, 2023 |
|------------------------------|----------------------|-----------------|------------------------|--|
| Hirozumi Sone | | | | Chairperson of the Board Non-executive Director |
| Kiyohiro Yamamoto | ○ | | | Representative Corporate Executive, President & Group CEO |
| Takayuki Yokota | | | ○ | Representative Corporate Executive Deputy President |
| Hisaya Katsuta | | ○ | | Non-executive Director |
| Takeshi Itoh (Outside) | ◎ | | | |
| Waka Fujiso (Outside) | | | ○ | |
| Mitsuhiro Nagahama (Outside) | | | ◎ | |
| Anne Ka Tse Hung (Outside) | ○ | | | |
| Minoru Sakuma (Outside) | | ○ | | |
| Fumitoshi Sato (Outside) | | ◎ | | |
| Shigeaki Yoshikawa (Outside) | ○ | | | |
| Tomoyasu Miura (Outside) | | | ○ | |

2. Remuneration Policy for Officers

Basic Policy Regarding Executive Remuneration

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

- Taking into consideration the nature of our business, remuneration should encourage awareness of the necessity to enhance enterprise value from a medium- to long-term perspective and further promote value sharing with our shareholders.
- Remuneration should help to secure talented management personnel to realize management philosophy of Azbil Corporation 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.

*For the Group philosophy, see p.01.

Remuneration Levels

Remuneration levels are set by resolution of the Remuneration Committee after it has verified their appropriateness using data supplied by an external research agency. Also, the committee reviews remuneration levels as necessary in response to changes in the external environment.

Remuneration Structure

The remuneration structure for corporate executives (including those concurrently serving as directors) consists of basic remuneration, which is a fixed monthly amount based on their roles and responsibilities; bonuses, which are short-term incentives; and stock-based compensation*¹, which is a medium- to long-term incentive. In order to ensure a remuneration structure that motivates officers to achieve our medium- and long-term performance targets and enhance enterprise value, the incentive component of remuneration has been increased, and the combined remuneration for corporate executives is expected to break down as follows*²: basic remuneration 50%, bonus (base

amount) 30%, stock-based compensation (base amount) 20%. The remuneration for directors (not including those concurrently serving as corporate executives) consists of basic remuneration and stock-based compensation.

*1 A base amount for stock-based compensation is set for each position. 50% of the base amount for corporate executives is performance-linked, and 50% is not. All stock-based compensation for directors is non-performance-linked. In principle, stock-based compensation is paid after retirement.

*2 In conjunction with the expansion of the stock-based compensation component of remuneration in FY2023, the Remuneration Policy for Officers has been revised.

• Corporate Executives

Bonus KPIs and evaluation weighting

The remuneration is designed so that the higher the officer's position, the higher the weighting of financial indicators. As an example, the KPIs and their respective evaluation weightings for the president and CEO are shown at right.

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

• Corporate Executives

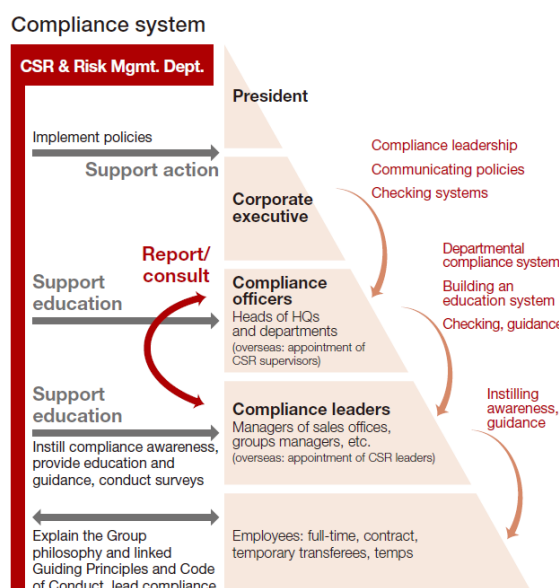
Stock-based compensation KPIs and evaluation weighting

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

Non-payment of Stock-based Compensation

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

3. Compliance System



4. The azbil Group General Risk Committee

| | |
|-----------------------|--|
| Chair | Director in charge of risk management |
| Participants | Directors with responsibility for risk-related matters appointed by the Chair Audit Committee members, who participate as observers |
| Office | CSR & Risk Management Department |
| Frequency of meetings | Twice per year |
| Aim | To select major risks—that is, factors that may hinder the achievement of our business goals; to manage the progress of measures adopted to counter major risks and to determine the degree of risk mitigation |
| Agenda items | ① Identifying/selecting major risks over the coming year |
| | ② Managing ongoing mitigation actions for risks chosen in the previous fiscal year |

5. Basic Policy on Information Security

The azbil Group Basic Policy on Information Security

Through “human-centered automation”, the azbil Group brings “safety, comfort, and fulfillment” to people and helps to preserve the global environment. Based on the “azbil Group philosophy”, the “Guiding Principles for azbil Group Business”, and the “azbil Group Code of Conduct”, we recognize that securing information throughout the Group is one of our most important management issues. Therefore, when we conduct our business activities, we will do our utmost to properly protect all stakeholders’ important information assets, our own internal information assets as well as those relating to the products that we provide to our customers.

1. Responsibility of management

We systematically and continuously strive to improve information security through management leadership.

2. Establishment and maintenance of our information security system

We establish organizational structures to maintain and improve information security and set up formal internal rules governing information security measures.

3. Compliance with laws and regulations

We comply with the relevant information security laws and regulations of the countries and regions we operate in, as well as observing social norms and mores.

4. Protection of information assets

We strive to remove or diminish any threats to the information assets of all stakeholders, including our customers, business partners, stockholders, investors, the local community, and employees.

(continued on the next page)

5. Continuous management of information assets

We ensure the safe and continuous development of our business by taking appropriate preventive and corrective measures against information security risks such as leaks, loss, theft, unauthorized access, falsification, and destruction of information assets.

6. Education, training, and awareness-raising activities

We strive to ensure that all managers, employees, and other relevant parties are familiar with this azbil Group Basic Policy on Information Security, and we constantly conduct educational and awareness-raising activities related to information security.

7. Response to security incidents

In the event of an information security incident, legal violation, or contract infringement, we will appropriately deal with the situation, disclose relevant information as necessary, and take measures to prevent any recurrence.

6. Basic Policy on Anti-corruption Practices

The azbil Group Basic Policy on Anti-corruption Practices

Through “human-centered automation”, the azbil Group brings “safety, comfort, and fulfillment” to people and helps to preserve the global environment. Based on the “azbil Group philosophy”, the “Guiding Principles for azbil Group Business”, and the “azbil Group Code of Conduct”, we recognize that the prevention of corruption is one of our most important management issues to realize a sustainable society. We maintain high ethical standards, understand and comply with relevant laws and regulations, and strive to prevent all forms of corruption in Japan and overseas. We will build and maintain long-term, fair and sound relationships of trust with customers and business partners (hereinafter “business partners, etc.”), and with all other stakeholders.

1. Purpose and scope

The purpose of this policy is to contribute to the achievement of a sustainable society by requiring all officers and employees of the azbil Group, regardless of country or region, to comply with the applicable laws and regulations aimed at preventing corruption and to prevent corruption in business activities.

2. Compliance with relevant laws and regulations

We comply with all international treaties, laws, and regulations aimed at preventing corruption that apply in the countries and regions where our Group's operational bases are located and where we conduct business.

3. Prohibition of corruption

We do not directly or indirectly participate in any form of corruption—including extortion, bribery, conflicts of interest, obstruction of justice, money laundering, and insider trading—in any of the countries and regions where we operate.

(continued on the next page)

① Bribery

We do not give, offer, receive, request, or promise bribes (money, gifts, entertainment, or any other type of benefit to gain an unfair advantage) to/from public officials or their equivalents, domestic or foreign (hereinafter "public officials, etc.") or private business partners, etc. In addition, we do not make facilitation payments* to public officials, etc.

*This refers to the inappropriate payment of a small sum of money to expedite or facilitate the provision of ordinary administrative services.

② Excessive entertainment and gifts

Even if it does not strictly qualify as bribery, we do not give or receive entertainment or gifts that violate applicable laws and regulations in any country or region, or that exceed sound business practices and social common sense, in dealings with public officials, etc., and business partners, etc.

③ Giving or receiving unfair advantage

We do not give or receive unfair advantage to or from business partners, etc.

④ Conflicts of interest

We do not engage in any act that is against or may be against the interests of the azbil Group by pursuing our own interests or the interests of a third party, and we avoid situations where such conduct may be suspected.

⑤ Insider trading

If we become aware of undisclosed material facts concerning the azbil Group or other listed companies, we do not use that information for insider trading; also, to prevent insider trading by others, we do not divulge that information.

⑥ Inappropriate political/administrative association

We maintain sound and transparent relationships with government and administrative bodies, and do not make political or other donations in the name of the azbil Group without complying with applicable laws and regulations and the procedures of the azbil Group.

4. Accurate accounting records

Regarding payments and other expenditures to third parties, we keep accurate, fact-based records in ledgers, etc., properly manage any related documentation, and ensure compliance with laws and regulations related to the prevention of corruption.

5. Education

We properly educate all officers and employees so that they can act in accordance with this policy in all business activities of the azbil Group.

6. Compliance system

In order to ensure compliance with this policy, we maintain a whistleblowing system that ensures strict confidentiality and prohibits reprisal. We conduct a thorough internal investigation if any violation or possible violation of this policy is discovered.

7. Handling violations

If we discover that an officer or employee of the azbil Group has violated or may have violated this policy, we will promptly report it to the person in charge of compliance, such as a contact person for the azbil Group's whistleblowing system. It is accepted that if an officer or employee of the azbil Group violates anti-corruption laws or internal regulations, including this policy, strict disciplinary action will be taken based on the internal regulations of the azbil Group company to which the officer or employee belongs.

■ Data

1. Corporate Governance

Governance Structure

| | | | Unit | Fiscal Year | | | | | |
|---|----------|--------|---------|-------------|------|------|------|------|------|
| | | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Directors | Internal | Male | Persons | 6 | 6 | 6 | 6 | 4 | 4 |
| | | Female | Persons | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Total | Persons | 6 | 6 | 6 | 6 | 4 | 4 |
| | Outside | Male | Persons | 3 | 4 | 3 | 3 | 6 | 6 |
| | | Female | Persons | 1 | 1 | 2 | 2 | 2 | 2 |
| | | Total | Persons | 4 | 5 | 5 | 5 | 8 | 8 |
| | Total | | Persons | 10 | 11 | 11 | 11 | 12 | 12 |
| Average tenure | | | Years | 6.2 | 6.6 | 5.3 | 6.3 | 3.9 | 4.9 |
| Independent outside directors as a percentage | | | % | 40.0 | 45.5 | 45.5 | 45.5 | 66.7 | 66.7 |
| Female directors as a percentage | | | % | 10.0 | 9.1 | 18.2 | 18.2 | 16.7 | 16.7 |
| Audit & Supervisory Board members | Internal | Male | Persons | 2 | 2 | 2 | 2 | - | - |
| | | Female | Persons | 0 | 0 | 0 | 0 | - | - |
| | | Total | Persons | 2 | 2 | 2 | 2 | - | - |
| | Outside | Male | Persons | 3 | 3 | 3 | 3 | - | - |
| | | Female | Persons | 0 | 0 | 0 | 0 | - | - |
| | | Total | Persons | 3 | 3 | 3 | 3 | - | - |
| | Total | | Persons | 5 | 5 | 5 | 5 | - | - |
| Average tenure | | | Years | 6.6 | 6 | 7 | 8 | - | - |
| Independent outside Audit & Supervisory Board members as a percentage | | | % | 60.0 | 60.0 | 60.0 | 60.0 | - | - |
| Female Audit & Supervisory Board members as a percentage | | | % | 0 | 0 | 0 | 0 | - | - |

• Data as of the end of the General Meeting of Shareholders, held each fiscal year. The average length of tenure for FY2023, which is given here by way of reference, is the expected number of years as of the end of the FY2023 General Meeting of Shareholders.

• Azbil Corporation transitioned to a three-committee Board structure, effective June 23, 2022.

No. of Meetings Held, Attendance Rate

| | Unit | Fiscal Year | | | | |
|--|------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| No. of meetings of the Board of Directors | No. | 12 | 13 | 13 | 12 | 12 |
| Average attendance rate of directors at meetings of the Board of Directors | % | 99.1 | 99.3 | 100 | 100 | 100 |
| No. of meetings of the Nomination committee | No. | - | - | - | - | 9 |
| Average attendance rate at meetings of the Nomination committee | % | - | - | - | - | 97.2 |
| No. of meetings of the Audit Committee | No. | - | - | - | - | 11 |
| Average attendance rate at meetings of the Audit Committee | % | - | - | - | - | 100 |
| No. of meetings of the Remuneration Committee | No. | - | - | - | - | 7 |
| Average attendance rate at meetings of the Remuneration Committee | % | - | - | - | - | 100 |
| Average attendance rate of Audit & Supervisory Board members at meetings of the Board of Directors | % | 100 | 100 | 100 | 100 | 100 |
| No. of meetings of the Audit & Supervisory Board | No. | 14 | 14 | 14 | 14 | 4 |
| Average attendance rate at meetings of the Audit & Supervisory Board | % | 100 | 100 | 100 | 100 | 100 |

• Data for each fiscal year (April-March)

• Azbil Corporation transitioned to a three-committee Board structure, effective June 23, 2022. For FY2022, the attendance rate of Audit & Supervisory Board members refers to meetings held prior to this date, while that of directors and members of the three committees refers to meetings held after this date.

Executive Remuneration

| | Remuneration, etc. | Unit | Fiscal Year | | | | | |
|--|---|------------|-------------|------|------|------|-----------------------|-----------------------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 (Apr. – Jun.) | 2022 (Jul. – Mar.) |
| Directors (excluding outside directors and directors concurrently performing as corporate executives) | Total remuneration | ¥1 million | 356 | 350 | 381 | 385 | 87 | 58 |
| | Fixed remuneration (cash remuneration) | ¥1 million | 267 | 256 | 278 | 287 | 64 | 56 |
| | Fixed remuneration (non-cash remuneration) | ¥1 million | - | - | - | - | - | 1 |
| | Performance-linked remuneration (cash remuneration) | ¥1 million | 89 | 93 | 103 | 97 | 23 | - |
| | Performance-linked remuneration (non-cash remuneration) | ¥1 million | - | - | - | - | - | - |
| | No. of persons remunerated* | Persons | 8 | 6 | 7 | 6 | 6 | 2 |
| Audit & Supervisory Board members (excluding outside officers) | Total remuneration | ¥1 million | 50 | 51 | 52 | 52 | 13 | - |
| | Fixed remuneration (cash remuneration) | ¥1 million | 50 | 51 | 52 | 52 | 13 | - |
| | Fixed remuneration (non-cash remuneration) | ¥1 million | - | - | - | - | - | - |
| | Performance-linked remuneration (cash remuneration) | ¥1 million | - | - | - | - | - | - |
| | Performance-linked remuneration (non-cash remuneration) | ¥1 million | - | - | - | - | - | - |
| | No. of persons remunerated* | Persons | 2 | 2 | 2 | 2 | 2 | - |
| Corporate executives (including those concurrently performing as directors) | Total remuneration | ¥1 million | - | - | - | - | - | 235 |
| | Fixed remuneration (cash remuneration) | ¥1 million | - | - | - | - | - | 118 |
| | Fixed remuneration (non-cash remuneration) | ¥1 million | - | - | - | - | - | 16 |
| | Performance-linked remuneration (cash remuneration) | ¥1 million | - | - | - | - | - | 85 |
| | Performance-linked remuneration (non-cash remuneration) | ¥1 million | - | - | - | - | - | 16 |
| | No. of persons remunerated* | Persons | - | - | - | - | - | 4 |
| Outside officers | Total remuneration | ¥1 million | 75 | 89 | 94 | 94 | 23 | 91 |
| | Fixed remuneration (cash remuneration) | ¥1 million | 75 | 89 | 94 | 94 | 23 | 83 |
| | Fixed remuneration (non-cash remuneration) | ¥1 million | - | - | - | - | - | 7 |
| | Performance-linked remuneration (cash remuneration) | ¥1 million | - | - | - | - | - | - |
| | Performance-linked remuneration (non-cash remuneration) | ¥1 million | - | - | - | - | - | - |
| | No. of persons remunerated* | Persons | 7 | 10 | 9 | 8 | 8 | 8 |
| Total | | ¥1 million | 482 | 491 | 528 | 532 | 124 | 385 |

* The figures for FY2022 are divided into two columns representing the periods before (April-June 2022) and after (July 2022-March 2023) the transition to a three-committee Board structure.

* The system providing retirement allowance for officers was abolished in 2005.

* Figures given here regarding the number of members, their remuneration, etc. include those directors and Audit & Supervisory Board members whose retirement coincided with the Ordinary General Meeting of Shareholders. Note that no remuneration, etc. was received by outside directors or Audit & Supervisory Board members from subsidiaries of Azbil Corporation.

2. Compliance

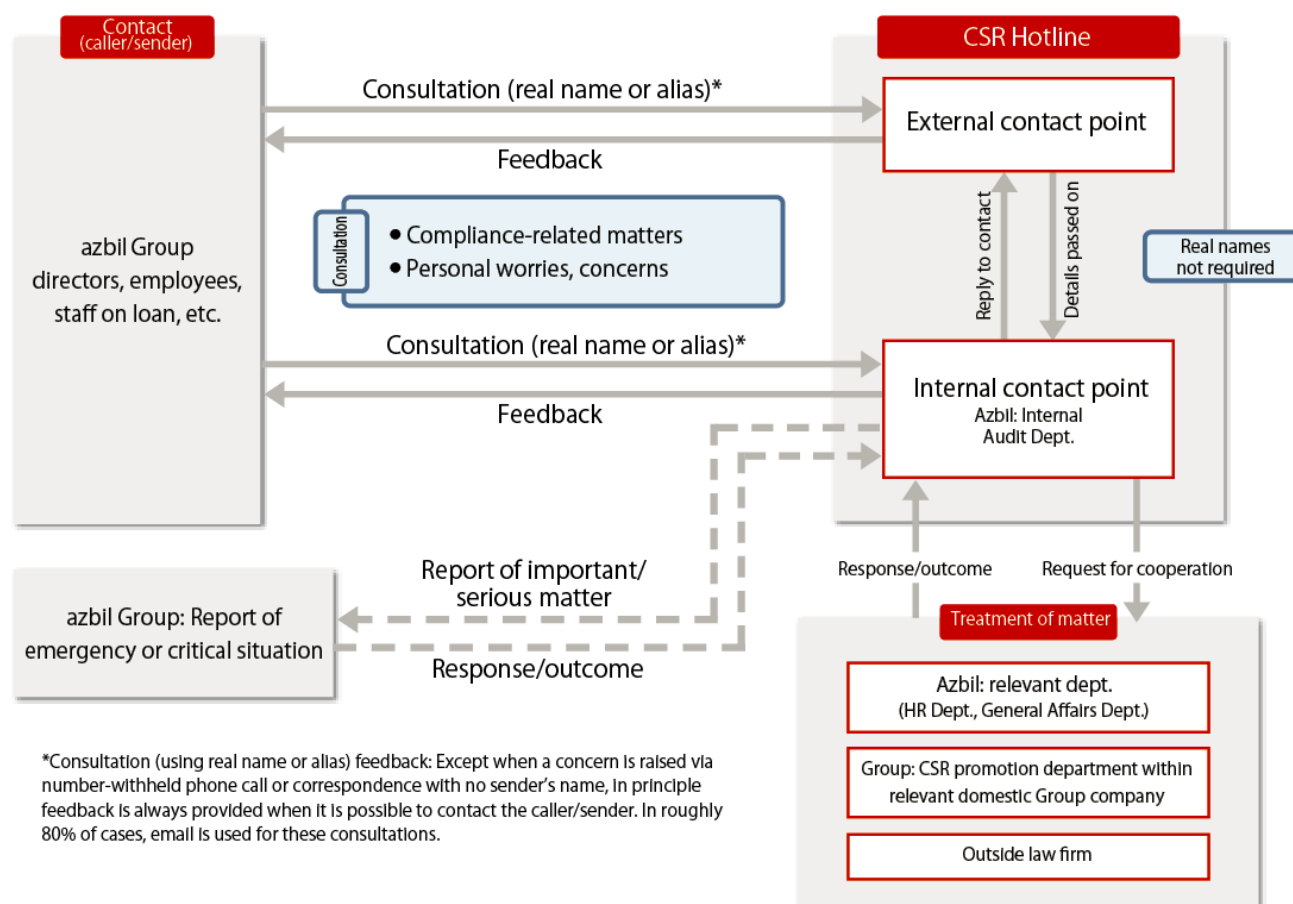
No. of CSR Hotline*¹ Consultations

| | Unit | Fiscal Year | | | | |
|---|------|-------------|------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| CSR Hotline consultations* ² | No. | 127 | 181 | 175 | 202 | 243 |

*¹ Our CSR Hotline receives so-called whistleblower reports as stipulated by the Whistleblower Protection Act. It also receives reports on possible compliance infringements, such as any departure from the azbil Group's Guiding Principles and Code of Conduct. Also, reflecting our own policy of Health and Well-being Management, we welcome a wide range of consultations, including concerns that are related, directly or indirectly, to business operations, as well as the employees' own personal matters.

*² These figures are for consultations from both domestic and overseas Group companies, excepting European Group companies, which have their own arrangements.

■ CSR Hotline operational flow



Notes: An external contact point is only available in Japan and China.

This operational flow does not apply to European Group companies, which have their own arrangements.

Scope of the azbil ESG Databook 2023

■ Reporting Period, List of the azbil Group Companies

Reporting period: From April 1, 2022 through March 31, 2023 (FY2022)

This report covers the Azbil Corporation, its consolidated subsidiaries as well as some non-consolidated subsidiaries and affiliates

Notes: Wherever the reporting scope differs, the names of the companies whose data is included are indicated. In addition, the following terms are used:

- “Non-consolidated” and “Azbil” refer to Azbil Corporation.
- “Consolidated” refers to Azbil Corporation and its consolidated subsidiaries.

Environmental data are rounded to the nearest whole number.

List of the azbil Group Companies

(As of March 31, 2023)

| | Company Name | Business Segment | | | | Business Type | | | Scopes 1+2, 3 ^{*2} | Consolidated Employees |
|-------|---|------------------|----|----|-------|---------------|-------------------|-------|-----------------------------|------------------------|
| | | BA | AA | LA | Other | Production | Engineering/Sales | Other | | |
| Japan | Azbil Corporation | • | • | • | | • | • | | • | • |
| | Azbil Trading Co., Ltd. | | • | | • | | • | | • | • |
| | Azbil Yamatake Friendly Co., Ltd. ^{*1} | | | | • | | | • | ◎ | |
| | Azbil Kimmon Co., Ltd. | | | • | | • | • | | • | • |
| | Azbil Kyoto Co., Ltd. | | • | | | • | | | • | • |
| | Azbil TA Co., Ltd. | | • | | | • | • | | • | • |
| | Azbil Taishin Co., Ltd. | | • | | | • | • | | • | • |
| | Tem-Tech Lab. ^{*1} | | | | • | • | • | | | |

| | Company Name | Business Segment | | | | Business Type | | | Scopes 1+2, 3 ^{*2,3} | Consolidated Employees |
|----------|--|------------------|----|----|-------|---------------|-------------------|-------|-------------------------------|------------------------|
| | | BA | AA | LA | Other | Production | Engineering/Sales | Other | | |
| Overseas | Azbil Korea Co., Ltd. | • | • | | | | • | | ○ | |
| | Azbil Taiwan Co., Ltd. | • | • | | | | • | | ○ | |
| | Azbil Kimmon Technology Corporation | | | • | | • | • | | ○ | |
| | Azbil Vietnam Co., Ltd. | • | • | | | | • | | ○ | |
| | Azbil India Private Limited | • | • | | | | • | | ○ | |
| | Azbil (Thailand) Co., Ltd. | • | • | | | | • | | ○ | |
| | Azbil Production (Thailand) Co., Ltd. | • | • | | | • | | | • | |
| | Azbil Philippines Corporation | • | • | | | | • | | ○ | |
| | Azbil Malaysia Sdn. Bhd. | • | • | | | | • | | ○ | |
| | Azbil Singapore Pte. Ltd. | • | • | | | | • | | ○ | |
| | PT. Azbil Berca Indonesia | • | • | | | | • | | ○ | |
| | Azbil Saudi Limited | | • | | | • | • | | ○ | |
| | Azbil Control Instruments (Dalian) Co., Ltd. | • | • | | | • | | | • | |
| | Azbil Information Technology Center (Dalian) Co., Ltd. ^{*1} | | | | • | • | | | | |
| | Azbil Control Solutions (Shanghai) Co., Ltd. | • | • | | | | • | | ○ | |
| | Shanghai Azbil Automation Co., Ltd. | | • | | | • | • | | ○ | |
| | Yamatake Automation Products (Shanghai) Co., Ltd. | | • | | | | • | | ○ | |
| | Azbil Hong Kong Limited | • | • | | | | • | | ○ | |
| | Azbil North America Research and Development, Inc. | • | • | | | | | • | ○ | |
| | Azbil North America, Inc. | | • | | | | • | | ○ | |
| | Azbil VorTek, LLC | | • | | | • | • | | ○ | |
| | Azbil Mexico, S. de R.L. de C.V. ^{*1} | | • | | | | • | | | |
| | Azbil Mexico Services, S. de R.L. de C.V. ^{*1} | | • | | | | • | | | |
| | Azbil Europe NV | | • | | | | • | | ○ | |
| | Azbil Telstar, S.L.U. | | | • | | • | • | | • | |

^{*1} Unconsolidated subsidiary

^{*2} Scopes 1+2 & 3=•, scopes 1+2=◎, scope 3=○

^{*3} Included for scopes 1+2 & 3 is a former subsidiary, Azbil Brazil Ltd., which was liquidated in February 2022.

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