



azbil ESG Databook 2024

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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 10 material issues in five areas to be tackled over the long term*; their appropriateness was reaffirmed by the Management Meeting and Board of Directors after discussion and confirmation with external experts in FY2023.

* Refer to p.06 for Materiality and Essential Goals of azbil Group for SDGs

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. System to Advance Sustainability Management



Note: Both 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 (2) Following progress of measures to counter major risks and departmental management risks
Topics	CSR planning: 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: Monitoring of major risks and departmental management risks

4. SDG Promotion Committee

Chair	Corporate Executive for Promoting SDGs
Participants	Executives & managers of sustainability-related departments, staff in charge of sustainability promotion at 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 azbil Group for SDGs

Materiality		Essential goals of azbil Group for SDGs (for FY2030)	
		Essential Goals	Targets
Environment 	Climate change	I Environment and Energy	Solving energy-related problems (toward a decarbonized society) ♦ Effective reduction of CO ₂ at customers' sites: 3.40 million metric tons of CO₂/year ^{*1} ★Refer to p.13 for actual values ♦ Reduction targets in GHG ^{*2} emissions ^{*3} - 55% reduction ^{*4} in GHG emissions from our business activities - 33% reduction ^{*5} in GHG emissions across the entire supply chain Environmental preservation (realization of integrated environmental corporate management ^{*6}) ♦ Creation and provision of eco-friendly products and services - Design all new products to meet the azbil Group's own sustainability standards ^{*7} ★Refer to p.16 for actual values - Increase the number of skilled professionals ^{*8} for supporting sustainable services ^{*9} provided by the azbil Group to a total of 1,800 ^{*10} — triple the number in FY2021 ★Refer to p.16 for actual values ♦ Effective use of natural resources ^{*11} and reduction of waste generation - Design all new products to be 100% recyclable ^{*12} ★Refer to p.16 for actual values
	Resource recycling		
Innovation 	Innovation	II New Automation	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. ♦ We will achieve a state of resilience to changes in the business environment at 8,000 business sites ^{*13} by 2030. ♦ We will provide environments that support stress-free and diverse work styles to 6 million people ^{*14} by 2030.
Society 	Supply chain	III Supply Chain, Social Responsibility	Fulfilling social responsibilities with customers and business partners (expansion of azbil CSR activities aimed at sharing value) ♦ Working with our business partners on achieving the SDGs as a common goal and creating shared CSR value across the supply chain Invigorating local communities (contributions around our business sites) ♦ Social contribution activities rooted in local communities are run at all our business sites, ^{*15} with the active participation of every employee . ^{*16}
	Contribution to local communities		
Human resources 	Human rights, safety, and health	IV Health and Well-being Management, An Organization That Never Stops Learning	Implementing health and well-being management (job satisfaction, health, diversity and inclusion) (Creating workplaces that allow flexible work styles and a reduction in total work hours, maintaining and promoting employees' mental and physical health, and creating opportunities for diverse personnel to demonstrate their abilities) ♦ 65% or more employees ^{*17} expressed satisfaction with working at azbil Group companies ★Refer to p.25 for actual values ♦ Double women's advancement points ^{*18} by 2024 (versus 2017) Developing and strengthening "an organization that never stops learning" (Expanding opportunities for globally active employees to continue education and opportunities to learn with stakeholders) ♦ 65% or more employees ^{*17} experienced personal growth over the past year ★Refer to p.25 for actual values ♦ Double training opportunity points ^{*19} by 2024 (versus 2012)
	Learning and employee development		
Governance 	Product safety and quality	Fulfilling our fundamental obligations to society ♦ With regard to product safety and quality, and compliance, the azbil Group CSR Promotion Committee sets indicators and goals directly related to business with a CSR activity plan for each department. ♦ With regard to corporate governance, in 2022 the company 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 The FY2030 emission factor from electricity generation is our own estimated value based on the Japanese government's Energy Basic Plan in 2019.

*2 Greenhouse gases (e.g., CO₂)

*3 GHG emission reduction target has been certified by the SBTi.

*4 Base year: 2017

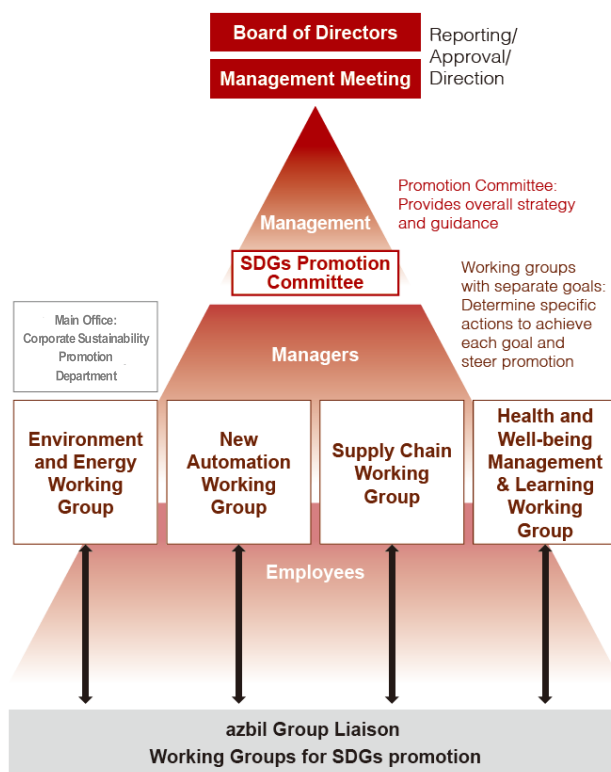
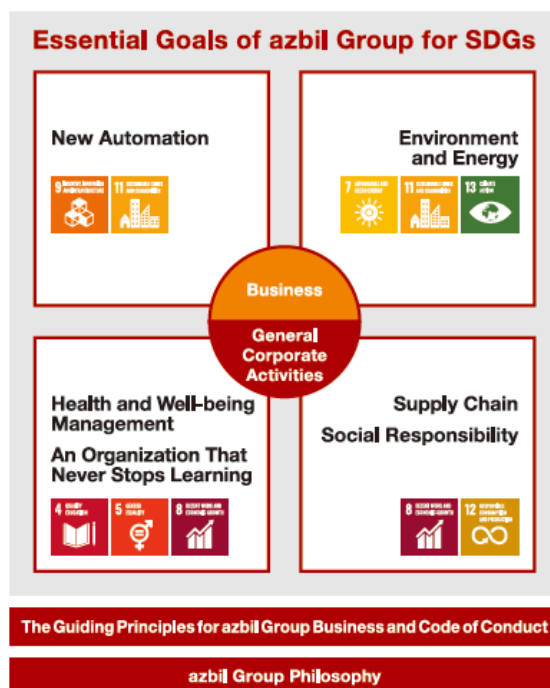
- *5 Base year: 2017
- *6 Management that integrates into business operations such environmental activities as decarbonization, resource recycling, and biodiversity conservation
- *7 Design aimed at creating and providing products that contribute to solving global environmental issues (decarbonization, resource recycling, and biodiversity conservation)
- *8 We have set up an in-house qualification system for employees with the following specialized skills, which are considered vital for realizing solutions to issues in our three environmental priority areas
 - Professionals licensed for network services, such as remote maintenance of large-scale buildings, energy management, and cloud services
 - Certified professionals in the fields of advanced plant/factory control, energy-saving solution technologies, and valve maintenance
- *9 As well as contributing, through our automation technologies, to productivity improvements and stable operations at our customers' sites, we offer field engineering services that can contribute to the realization of a sustainable society by solving environmental challenges that face our customers and society in all three of our environmental priority areas (decarbonization, resource recycling, and biodiversity conservation).
- *10 Total number of qualified personnel including those who have acquired multiple professional skills (counted separately for this purpose) to adapt to emerging technological innovation in field engineering services
- *11 A general term for materials and energy found in nature that can be used to support human lifestyles and production activities
- *12 Best Available Technology (BAT) refers to the most effective technology that is both economically and technologically viable.
- *13 As of April 2022, 530 business sites were in operation. The aim is to increase this 15-fold to 8,000 by 2030.
- *14 Provided to 600,000 people, as of April 2022. The aim is to increase this 10-fold to 6 million people by 2030.
- *15 All offices, both in Japan and overseas
- *16 The azbil Group aims to participate in activities of a scale that can accommodate the total number of employees.
- *17 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.
- *18 Points tallied internally, with weight given based on the role, such as company executive, officer, and manager
- *19 Points tallied internally for participating in opportunities to learn with stakeholders (frequency or number of employees)

The materiality identification process is described in the *azbil report 2024* (pp.23-24).









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

■ Key ESG Issues & SDGs

1. SDG Targets and Promotion Framework



2. ESG/SDG Initiatives

ESG	Major ESG Topics	Main Initiatives of the azbil Group	SDG Targets	Related SDGs
E Environment	Climate change Carbon neutrality	Contribute to decarbonization at customers' 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	
		Realize 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	Promote effective use of customers' resources through autonomy	12.2, 12.4, 12.5	
		Prevent environmental pollution. Promote effective use of resources (including waste reduction). Air pollution, water pollution, hazardous waste, waste reduction, raw materials, etc.		
	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	
		Increase resilience of water infrastructure through autonomy	6.4	
		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		
	Natural environment conservation efforts centered on business sites	15.1, 15.4		
Environmental supply chain	Reduce mid- to long-term CO ₂ emissions across the entire supply chain (scope 3)	13.3		
	Promote green procurement and the management of chemical substances contained in products, reduce industrial waste	12.2, 12.4, 12.5		
Environmental management	Promote environmental management based on ISO 14001	12.2, 12.4, 12.5, 13.3, 14.1		
S Society	Labor practices, health, and safety	Provide working environments for any age, gender, and skill level and, through work support based on data from supporting work in the field, prevent work errors	8.5	
		Stabilize production facilities and strengthen security using the control valve maintenance support system		
		Enhance wellness and diverse work styles at customers' production sites through autonomy; address issues resulting from the declining birthrate and aging population	8.2, 8.5	
		Promote health and well-being management (supporting new ways of working, mental & physical health, diversity, equity & inclusion (DE&I)), recruit and develop diverse human resources, improve the working environment with new offices/facilities	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 DE&I	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 reduce the risk of human rights violations in the supply chain through implementing human rights due diligence	5.1, 8.5, 8.7	
	Quality & customers	Optimize plant & factory operations by making use of optimizing control technology; realize energy savings, reduce CO ₂ emissions, and lower environmental impact	7.2, 7.3	
		Increase both comfort (using predicted mean vote or PMV) and energy savings for users of office spaces (buildings)	7.3, 11.6	
		Solve customers' quality issues using autonomy, improve data integrity for inspections, maintain quality control levels through machine learning, speed up market launches, and provide service support	8.2, 8.3, 9.4, 9.5	
		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	12.2, 12.5	
Offer total solutions through an integrated system including development, production, sales, engineering, and services		8.2, 9.4		
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 skills 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 dialog (in accordance with the Corporate Governance Code, the corporate communications officer, etc.)	12.6		
	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		
Compliance	Increase awareness of the Group philosophy, Guiding Principles and Code of Conduct	4.7		
	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.
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.

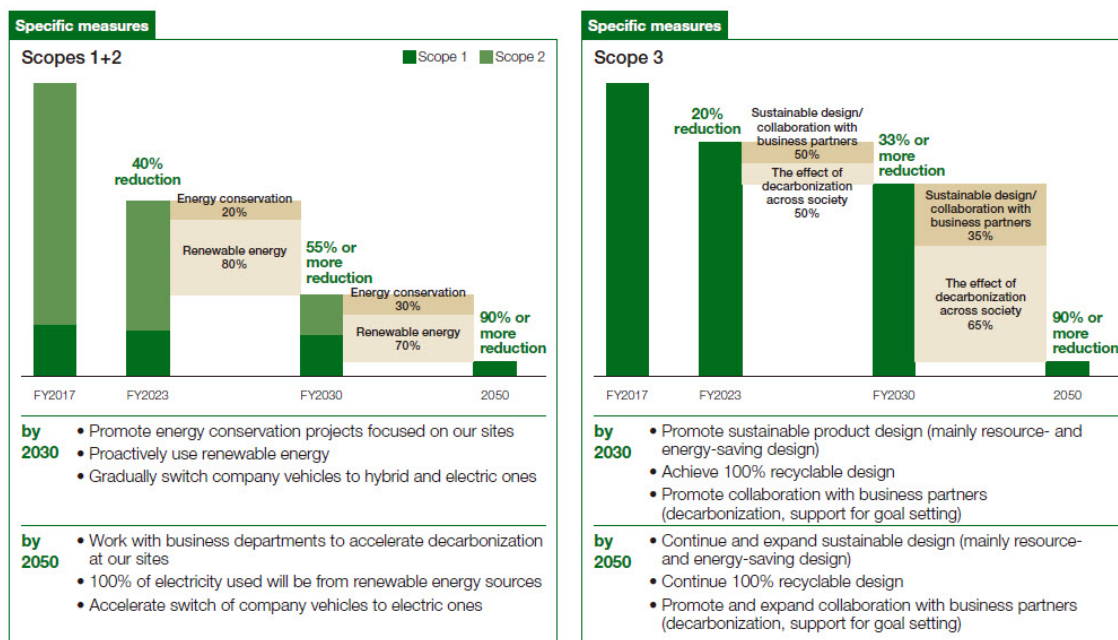
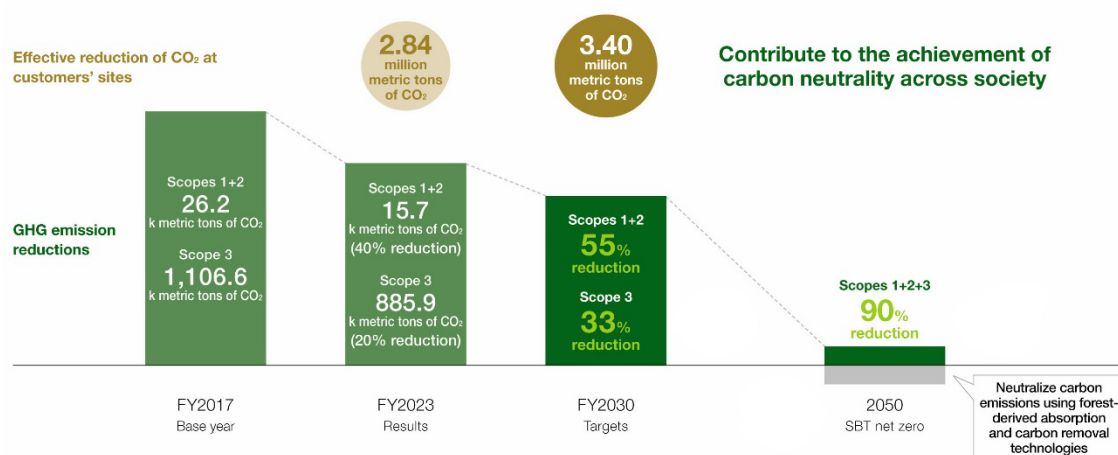
2. Environmental Promotion System



3. Decarbonization Transition Plan

In response to the societal shift toward decarbonization, we are actively contributing to solutions for the energy challenges faced by both our customers and society at large. In addition, we have developed a transition plan to support decarbonization efforts.

Our scope 3 emission reduction target, which has been revised upward from the current 20% reduction to a 33% reduction, and the 2050 net-zero target shown below—which includes all CO₂ emissions (scopes 1, 2, and 3)—were certified by the SBTi in October 2024.



Note: The azbil Group discloses information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). See pp.69-72 of the *azbil report 2024* for details.

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

■ Data

1. Environmental Management

1) Environmental Education

Environmental Education Costs

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Environmental education cost	¥1 thousand	7,603	5,098	5,322	4,981	5,869

• 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				
		2019	2020	2021	2022	2023
No. of people in environmental education (aggregate)	Persons	11,078	10,978	11,104	10,908	11,043

• 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 2019		Fiscal Year 2020		Fiscal Year 2021		Fiscal Year 2022		Fiscal Year 2023	
			Invested	Expended	Invested	Expended	Invested	Expended	Invested	Expended	Invested	Expended
Costs within business area	Pollution prevention costs	¥1 million	7.3	6.3	0.0	18.1	13.0	5.6	109.6	7.0	0.0	5.4
	Global environmental conservation costs	¥1 million	45.4	36.5	30.2	50.4	44.2	32.7	222.7	33.6	52.3	34.5
	Resource circulation costs	¥1 million	11.7	37.7	0.0	32.2	0.0	23.3	1.6	30.9	55.4	22.5
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	49.0	205.9	6.5	218.9	1.4	241.9	10.8	251.4	12.3	278.7
R&D costs*1		¥1 million	0.0	372.4	0.0	571.3	0.0	365.9	0.0	2,307.4	0.0	2,605.5
Social activity costs		¥1 million	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total*2		¥1 million	113.4	671.5	36.7	902.9	58.7	681.3	344.7	2,642.3	120.1	2,958.6

• 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				
		2019	2020	2021	2022	2023
Environmental conservation cost	¥1 million	784.9	939.5	740.0	2,987.0	3,078.7

• 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				
		2019	2020	2021	2022	2023
Revenue	¥1 million	10.8	8.5	19.2	17.7	16.2
Savings from energy conservation	¥1 million	94.7	54.3	-43.5	-197.5	117.6
Savings from reduced resource consumption (water)	¥1 million	3.6	11.8	0.1	-1.8	-3.3

• 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				
		2019	2020	2021	2022	2023
No. passing Eco Test	Persons	1,849	1,862	1,873	1,905	1,953

• 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

Note: The azbil Group discloses information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). See pp.69-72 of the *azbil report 2024* for details.

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

1) Effective Reduction of CO₂

Effective Reduction of CO₂ at Customers' Sites (★ The azbil Group's Essential Goal I for the SDGs: Effective reduction of CO₂ at customers' sites: 3.40 million metric tons of CO₂/year)

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Automation effects	Million metric tons of CO ₂ /year	2.71	2.69	2.66	2.50	2.61
Energy management effects	Million metric tons of CO ₂ /year	0.25	0.21	0.23	0.21	0.18
Maintenance and service effects	Million metric tons of CO ₂ /year	0.05	0.04	0.05	0.05	0.05
Total	Million metric tons of CO ₂ /year	3.01	2.94	2.94	2.76	2.84

• To quantitatively assess the contributions to the reduction of environmental impact, the effects were grouped in the three categories of 1) effect of automation, 2) effect of energy management, and 3) effect of maintenance and services to theoretically estimate the difference between adopting and not adopting azbil Group products, services, and solutions at customers' sites. The global reduction impact is partially based on our original methods. An independent third party reviewed and validated the estimation methodology.

2) CO₂ Emissions

Scope 1

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Scope 1	Metric tons of CO ₂	4,305	4,093	3,880	4,102	4,246

• 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.

• 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: FY2021-22, Ver. 5.0: FY2023)

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

* From FY2021, Azbil Telstar, S.L.U. was added to the scope of verification.

Scope 2

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Scope 2 (market-based)* ¹	Metric tons of CO ₂	20,015	15,926	15,186	12,449	11,488
Scope 2 (fixed)* ^{2, *3}	Metric tons of CO ₂	14,960	13,934	14,301	15,920	15,716

• 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.*]

• 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.

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

*⁴ From FY2021, Azbil Telstar, S.L.U. was added to the scope of verification.

Scope 3

Category	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Purchased products and services	Thousand metric tons of CO ₂	319.1	308.2	413.2	496.8	435.3
Capital goods	Thousand metric tons of CO ₂	17.5	9.1	24.4	24.8	19.8
Fuel and energy-related activities not included in scopes 1 and 2	Thousand metric tons of CO ₂	9.2	3.6	3.9	3.9	4.2
Transportation/delivery (upstream)	Thousand metric tons of CO ₂	22.3	22.9	26.0	35.0	31.5
Waste generated from business	Thousand metric tons of CO ₂	2.1	1.8	1.8	1.8	2.2
Business travel	Thousand metric tons of CO ₂	1.5	0.6	0.7	0.9	1.3
Employee commuting	Thousand metric tons of CO ₂	5.1	2.8	3.1	4.5	4.6
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	459.8	355.7	364.8	438.2	386.0
Disposal of products sold	Thousand metric tons of CO ₂	1.5	1.2	9.7	14.3	1.1
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	838.0	705.9	847.6	1,020.2	885.9

• 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 (energy used, renewable energy generated in-house, renewable energy purchased)

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Energy used	MWh	38,223	35,515	36,451	40,856	40,227
Renewable energy generated in-house	MWh	57	20	20	38	104
Renewable energy purchased	MWh	0	1,817	3,968	14,593	15,606
Renewable energy percentage	%	0.1	5.2	10.9	35.8	39.1

• 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				
			2019	2020	2021	2022	2023
Water withdrawal	Urban water (tap water)	Thousand m ³	127.07	104.39	107.55	129.37	124.24
	Surface water (rivers, lakes, etc.)	Thousand m ³	3.66	2.15	2.47	2.79	3.24
	Groundwater	Thousand m ³	0.00	0.00	0.00	0.00	0.00
	Total	Thousand m ³	130.73	106.54	110.02	132.16	127.48
Wastewater		Thousand m ³	130.58	106.38	109.90	132.16	127.48
Water consumption		Thousand m ³	0.15	0.16	0.12	0.00	0.00
Recycled water		Thousand m ³	3.38	0.20	0.00	0.00	0.00
Recycled water percentage		%	2.6	0.2	0.0	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. (added to this in FY2022)]

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

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

Water Use at Sites in Water-stressed Areas (total water withdrawal)

Sites in water-stressed areas	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Azbil Production (Thailand) Co. Ltd. (Thailand)	Thousand m ³	11.29	8.34	8.45	9.50	10.64
Azbil Control Instruments (Dalian) Co. Ltd. (China)	Thousand m ³	15.43	10.77	13.37	13.98	14.59

• The azbil Group uses WRI's Aqeduct data platform to assess various water risks at its sites.

• The azbil Group considers production sites with an Overall Water Risk of high or above (according to Aqeduct) to be sites with a high water risk, and production sites with a Baseline Water Stress of 40% or above, or a Baseline Water Depletion of 50% or above (according to Aqeduct), to be sites in a water-stressed area.

2) Waste**Waste Amounts**

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Total amount of waste discharged (domestic and overseas)	Metric tons	3,052	2,845	2,851	3,188	2,913
Domestic	Metric tons	2,605	2,370	2,389	2,409	2,244
Overseas	Metric tons	447	475	462	779	670
Amount of waste recycled (domestic)	Metric tons	2,583	2,354	2,360	2,388	2,224
Final disposal amount (domestic)	Metric tons	21	16	29	21	19
Recycling percentage (domestic)	%	99.2	99.3	98.8	99.1	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)

• Since FY2022, industrial waste volumes at major production sites, in Japan and overseas, have been verified by a third party.

Disposal Ratio

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Final disposal amount ÷ Total amount of waste discharged	%	0.8	0.7	1.2	0.9	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				
		2019	2020	2021	2022	2023
Environmental conservation activities	Events	5	4	5	6	6
Participants (employees, family members, etc.)	Persons	90	50	94	66	90

• FY2020 & FY2021 events were held online. In FY2022, 2 onsite and 4 online activities were conducted. In FY2023, 6 onsite activities were conducted.

5. Sustainable Products

1) Creation and Provision of Eco-friendly Products and Services

Achieving Sustainable Products (★ The azbil Group's Essential Goal I for the SDGs: Design all new products to meet the azbil Group's own sustainability standards)

	Unit	Fiscal Year					
		2019	2020	2021	2022	2023	
Sustainable design meeting the azbil Group's own standards ^{*1}	% ^{*2}	-	-	-	67	100	<p>• Launched in FY2022, this project became operational in FY2023.</p> <p>^{*1} Design that aims to create and provide products that contribute to solving environmental issues (through decarbonization, resource recycling, and biodiversity conservation). It is comprehensively evaluated based on the following items.</p> <ul style="list-style-type: none"> • Product life-cycle CO₂ • Indicators for resource consumption reduction and resource recycling • Evaluation of decarbonization, resource recycling, environmental pollution prevention, and information disclosure <p>^{*2} Ratio of new products with sustainability design meeting the azbil Group's own standards</p>

Provision of Sustainable Services (★ The azbil Group's Essential Goal I for the SDGs: Increase the number of skilled professionals for supporting sustainable services provided by the azbil Group to a total of 1,800—triple the number in FY2021)

	Unit	Fiscal Year					
		2019	2020	2021	2022	2023	
Skilled professionals ^{*1} who support sustainable services ^{*2}	Persons	-	-	601	652	760	<p>^{*1} We have set up an in-house qualification system for employees with the following specialized skills, which are considered vital for realizing solutions to issues in our three environmental priority areas:</p> <ul style="list-style-type: none"> • Professionals licensed for network services, such as remote maintenance of large-scale buildings, energy management, and cloud services • Certified professionals in the fields of advanced plant/factory control, energy-saving solution technologies, and valve maintenance <p>^{*2} As well as contributing, through our automation technologies, to productivity improvements and stable operations at our customers' sites, we offer field engineering services that can contribute to the realization of a sustainable society by solving environmental challenges that face our customers and society in all three of the azbil Group's environmental priority areas (decarbonization, resource recycling, and biodiversity conservation).</p>

2) Effective use of Natural Resources and Reduction of Waste Generation

Recyclable Design (★ The azbil Group's Essential Goal I for the SDGs: Design all new products to be 100% recyclable)

	Unit	Fiscal Year					
		2019	2020	2021	2022	2023	
Recyclable design ^{*1}	% ^{*2}	-	-	-	17	13	<p>• Launched in FY2022, this project became operational in FY2023.</p> <p>^{*1} Within the scope of best available technology (BAT), the most effective technology that is both economically and technologically viable, we eliminate various factors that hinder recycling so that when customers dispose of azbil Group products, all parts can be properly disassembled and sorted to achieve 100% recycling.</p> <p>^{*2} Ratio of new products with 100% recyclable design</p>

6. Environmental Regulations

1) Environmental Regulation Compliance

Environmental Regulation Compliance

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
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.]

Note: A major environmental non-conformity is one that involves any of the following: violation of environmental laws/regulations that result in an administrative order, fines, penalties, or litigation.

2) PRTR Law*

Total Amounts Reported under PRTR Law

Substance	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Ethyl benzene	Metric tons	11.6	10.0	8.1	11.0	10.3
Xylene	Metric tons	13.3	11.4	9.5	12.4	11.5
Toluene	Metric tons	15.8	11.7	10.9	11.9	12.0

• 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				
		2019	2020	2021	2022	2023
Discharged into the atmosphere	Metric tons	38.5	31.6	27.0	33.9	32.6
Disposed of as waste	Metric tons	2.2	1.5	1.5	1.4	1.2
Total	Metric tons	40.7	33.1	28.5	35.3	33.8

• 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.

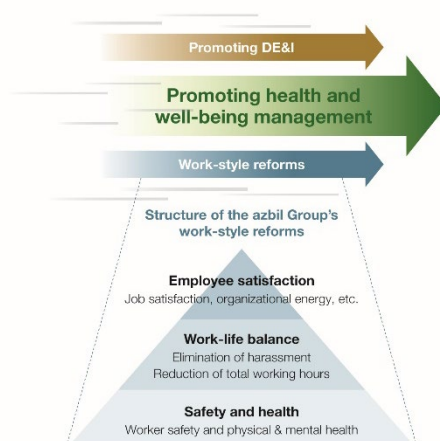
azbil Group Health and Well-being Declaration

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.

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.

(continued on the next page)

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.
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				
			2019	2020	2021	2022	2023
Overall	Male	Persons	4,199	4,172	4,141	4,053	3,966
	Female	Persons	1,170	1,185	1,188	1,185	1,197
	Total	Persons	5,369	5,357	5,329	5,238	5,163
	Female percentage	%	21.8	22.1	22.3	22.6	23.2
Age	Under 20s	Persons	504	536	549	538	550
	30s	Persons	851	839	868	899	920
	40s	Persons	1,691	1,499	1,336	1,215	1,137
	50s	Persons	2,274	2,429	2,516	2,533	2,504
	60s and over	Persons	49	54	60	53	52

• 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				
			2019	2020	2021	2022	2023
Average age	Male	Age	45.5	45.7	45.8	46.0	45.9
	Female	Age	45.5	45.7	45.9	46.0	46.1
	Total	Age	45.5	45.7	45.9	46.0	45.9
Average years of service	Male	Years	20.1	20.1	20.2	20.4	20.2
	Female	Years	19.7	19.8	20.0	20.0	19.8
	Total	Years	20.0	20.1	20.1	20.2	20.0

• 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				
		2019	2020	2021	2022	2023
Temporary employees*	Persons	934	882	902	905	952

* 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.

No. of Employees by Gender (domestic, consolidated)

	Category	Unit	Fiscal Year				
			2019	2020	2021	2022	2023
Full-time	Male	Persons	5,291	5,266	5,210	5,123	4,982
	Female	Persons	1,571	1,590	1,605	1,611	1,630
	Total	Persons	6,862	6,856	6,815	6,734	6,612
	Female percentage	%	22.9	23.2	23.6	23.9	24.6

• 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				
		2019	2020	2021	2022	2023
All employees	%	-	-	-	66.5	66.9
Employees without a fixed term of employment	%	-	-	-	70.8	71.6
Temporary employees*	%	-	-	-	54.1	53.8

* 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				
		2019	2020	2021	2022	2023
Total annual hours worked per employee	Hours	1,925.2	1,989.2	1,983.0	1,939.0	1,943.0
Average monthly overtime hours	Hours	18.8	20.2	18.9	22.0	18.7
Annual paid leave granted	Days	20.3	20.4	20.4	20.4	20.1
Annual paid leave taken	Days	15.8	15.1	15.8	17.7	18.0
Annual paid leave taken as a percentage of paid leave granted	%	77.8	74.0	77.3	86.7	89.6
Employees taking maternity leave	Persons	16	25	21	26	26
Employees taking childcare leave* ¹	Male	Persons	21	36	78	56
	Female	Persons	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
	Female	%	100	100	100	100
Employees taking leave of absence to care	Persons	9	2	4	6	7
Employees resigning for personal reasons	Persons	41	26	59	75	66
Turnover rate due to above resignations	%	0.9	0.6	1.1	1.4	1.3
Employees resigning within 3 years* ³	Persons	9	4	1	7	13
Periodic health checkup rate* ⁴	%	98.3	99.9	99.9	99.9	100
Stress test checkup rate	%	84.1	85.9	96.9	97.6	95.9
Employees on leave for mental health reasons	Persons	38	41	60	56	61

*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 5 working days of leave (with pay) within 1 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 2 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 6 months and not more than 3 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 6 months and not more than 2 years. This leave is allowed twice.

Employee Satisfaction Survey (★ The azbil Group's Essential Goal IV for the SDGs: 65% or more employees* expressed satisfaction with working at azbil Group companies; 65% or more employees* experienced personal growth over the past year)

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Employees expressed satisfaction with working at azbil Group companies	%	57	60	59	58	57
Employees experienced personal growth over the past year	%	57	59	58	59	59

* Included: Azbil Corporation, domestic consolidated subsidiaries

* 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.

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

		Unit	Fiscal Year				
			2019	2020	2021	2022	2023
No. of sites certified under ISO 45001 (Occupational Health and Safety Management System) *1		Sites	42	41	43	42	41
No. of serious work-related accidents*2,3	Involving employees	No.	3	0	1	9	2
	At partner companies*4	No.	6	4	4	3	1
No. of work-related deaths	Involving employees	Persons	0	0	0	0	0
	At partner companies*4	Persons	0	0	0	0	0
Frequency of lost-time injuries*5	Involving employees	—	0.65	0.55	0.66	1.43	0.30
	At partner companies*4	—	0.68	0.6	0.64	1.06	0.31
Impact of lost-time injuries*6	Involving employees	—	0	0.02	0.01	0.02	0.01
	At partner companies*4	—	0.02	0.02	0.01	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, Equity and Inclusion (DE&I)

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

		Unit	Fiscal Year				
			2019	2020	2021	2022	2023
Overall	Male	Persons	1,077	1,085	1,091	1,061	1,037
	Female	Persons	59	65	71	72	76
	Total	Persons	1,136	1,150	1,162	1,133	1,113
	Female percentage	%	5.2	5.7	6.1	6.4	6.8
Below general manager level	Male	Persons	944	958	971	943	912
	Female	Persons	58	62	68	70	72
	Total	Persons	1,002	1,020	1,039	1,013	984
	Female percentage	%	5.8	6.2	6.8	6.9	7.3
General manager level or higher	Male	Persons	133	127	120	118	125
	Female	Persons	1	3	3	2	4
	Total	Persons	134	130	123	120	129
	Female percentage	%	0.7	2.3	2.4	1.7	3.1

No. & Employment Rate of People with Disabilities

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Actual number of employees with disabilities	Persons	115	113	111	118	117
Employment rate of those with disabilities*	%	2.35	2.32	2.25	2.38	2.45
Statutory employment rate	%	2.2	2.2	2.3	2.3	2.3

* 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

No. of Foreign Employees (non-consolidated)

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Foreign employees	Persons	49	56	55	58	64
Foreign managers	Persons	4	6	6	6	6

3. Recruitment/Development

1) Recruitment

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

		Unit	Fiscal Year				
			2019	2020	2021	2022	2023
New graduate hires	Male	Persons	73	85	87	72	82
	Female	Persons	26	21	23	29	19
	Total	Persons	99	106	110	101	101
	Female percentage	%	26.3	19.8	20.9	28.7	18.8
Mid-career recruitment	Male	Persons	34	24	29	38	60
	Female	Persons	2	3	4	6	12
	Total	Persons	36	27	33	44	72
	Female percentage	%	5.6	11.1	12.1	13.6	16.7

2) Development

Status of Training Programs (non-consolidated)

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Total training hours (approx.)	Hours	-	134,000	139,000	152,000	171,000
No. of training hours per employee*1 (approx.)	Hours	-	25.9	27.0	29.1	34.3
No. of training days per employee*2 (approx.)	Days	-	4.0	4.2	4.5	5.3
Training investments (approx.)	¥1 million	340	320	370	450	520
Average training costs per employee (approx.)	¥1 thousand	63	62	72	87	104

• 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 2023	
Category	Training	No. of participants*1	Hours*2
Hierarchy	Executive	30	1,582
	Management	86	4,275
	Leadership	373	5,516
	Basic	453	76,993
Career	Career and life plan	263	3,156
DX-related	DX knowledge	1,102	17,853
	Software engineer	167	2,533
Company-wide*3	Compliance	16,714	11,464
	Information security	6,635	3,317
	Safety	15,726	16,355

*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				
		2019	2020	2021	2022	2023
Union members*1	Persons	3,885	3,872	3,844	3,795	3,727
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 Group philosophy and Code of Conduct, the azbil Group is actively engaged in efforts to realize a sustainable society, including the preservation of the environment through its businesses. Most of these initiatives, including the 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 “Sustainable Procurement Guidelines for the azbil Group.”

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.

Sustainable Procurement Guidelines for the azbil Group

We created Sustainable 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 activities to ensure the sustainability of the supply chain and cover compliance requirements, based on the fundamental approach contained in the Group philosophy and the azbil Group Guiding Principles. In FY2024, we are planning to add to these guidelines items related to governance. Listed below are the specific actions/activities we expect of our business partners to ensure compliance within each category.

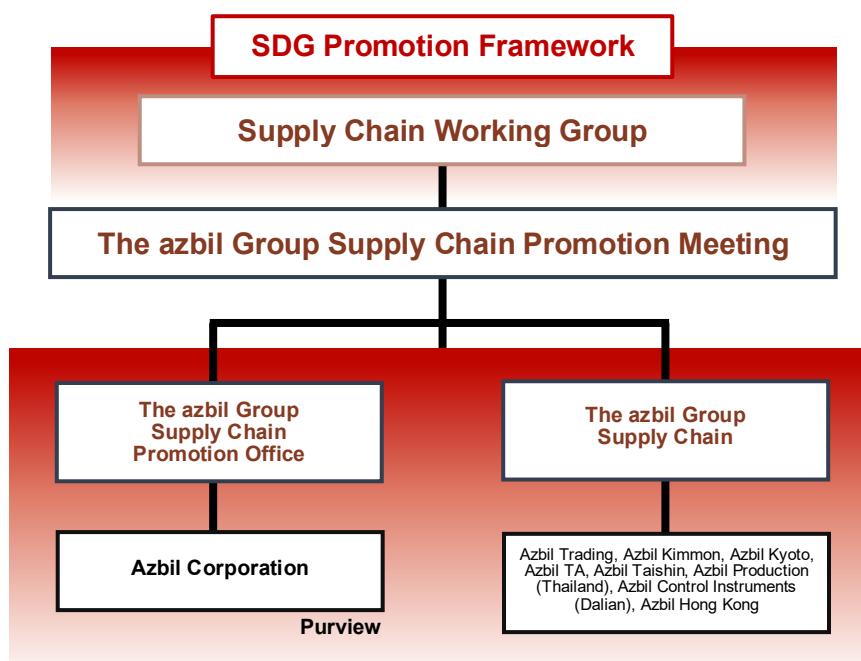
Focus Areas in the Supply Chain

Main category	Intermediate category	Subcategory
E (Environmental supply chain)	Climate change (greenhouse gases, energy)	<ul style="list-style-type: none"> Climate change (greenhouse gases, energy)
	Pollution and resources (air, wastewater, hazardous waste, waste reduction, raw materials, etc.)	<ul style="list-style-type: none"> Compliance with environmental laws/regulations Green procurement Chemical substance management Effective use of resources, waste reduction Environmental considerations regarding product design and products handled
		<ul style="list-style-type: none"> Reduction of water consumption Pollution prevention (wastewater, sewage, etc.)
	Water security and risk	<ul style="list-style-type: none"> Biodiversity
	Biodiversity	<ul style="list-style-type: none"> Environmental management
	Environmental management	<ul style="list-style-type: none"> Recruitment and employment of workers Working hours Wages and benefits Hiring of young workers, elimination of child labor Prohibition of discrimination Freedom of association, right to collective bargaining Prohibition of inhumane treatment Promotion of diversity and inclusion
		<ul style="list-style-type: none"> Occupational safety Emergency preparedness Occupational accidents/illnesses Occupational hygiene Consideration for physically demanding work Safety measures for machinery Sanitation, food, and housing Health & safety communications Employee health management Reforming work styles and achieving work-life balance
S (Social supply chain)	Labor practices	<ul style="list-style-type: none"> Respect for basic human rights Exclusion of antisocial forces Responsible sourcing of minerals
	Health and safety	<ul style="list-style-type: none"> Contributing to the local community
	Human rights	<ul style="list-style-type: none"> Quality management Provision of accurate product/service information
	Contributing to the local community	
	Quality, customers	

G (Governance)	Compliance with laws/regulations, respect for international norms	<ul style="list-style-type: none"> • Compliance with laws/regulations, respect for international norms
	Compliance with fair business practices	<ul style="list-style-type: none"> • Compliance with fair business practices
		<ul style="list-style-type: none"> • Anti-corruption
		<ul style="list-style-type: none"> • Respect for intellectual property
		<ul style="list-style-type: none"> • Protection for informants
		<ul style="list-style-type: none"> • Appropriate import/export management
	Establishment of a management system	<ul style="list-style-type: none"> • Establishment of a management system
		<ul style="list-style-type: none"> • Supplier management
		<ul style="list-style-type: none"> • Complaint-handling mechanism
	Appropriate information disclosure	<ul style="list-style-type: none"> • Appropriate information disclosure
	IT security	<ul style="list-style-type: none"> • Ensuring IT security
		<ul style="list-style-type: none"> • Protection of personal information
		<ul style="list-style-type: none"> • Prevention of confidential information leaks
	Business continuity planning and preparation	<ul style="list-style-type: none"> • Business continuity planning and preparation

Azbil Group Sustainable Procurement Guidelines, Fourth edition in Japanese, issued in October 2024. An English version will be issued in 2025.
<https://www.azbil.com/corporate/procurement/policy/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	Department in charge of human resources
	Health and safety	Department in charge of health & safety
	Human rights	Department in charge of CSR, Department in charge of human resources
	Community	Department in charge of CSR
	Quality, customers	Department in charge of quality, Department in charge of procurement

2) Encouraging the Supply Chain

Status of Supply Chain Initiatives

(1) Selecting key business partners

The azbil Group's 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. As of FY2023, the number of suppliers covered by the azbil Group's SDG initiatives is 556.

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	319
Azbil Trading Co., Ltd.	817	30
Azbil Kimmon Co., Ltd.	267	80
Azbil Kyoto Co., Ltd.	4	3
Azbil TA Co., Ltd.	300	52
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	9
Total	4,433	556

(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 in the chart.
- In FY2024, we will add governance items to the CSR Procurement Guidelines, change the name to the azbil Group Sustainable Procurement Guidelines, and hold another briefing session for 300 major business partners. In FY2025, similar briefings are planned for business partners of the azbil Group companies.

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”?

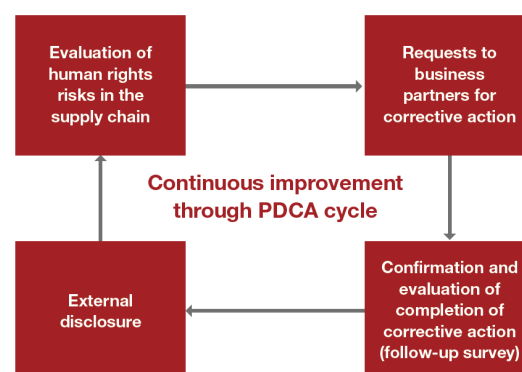
Due diligence means seeing that the human rights of business partners’ employees are fully respected, assessing the risk of human rights violations occurring, and ensuring prompt corrective action is taken should any such violations occur.

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
Final screening	Conduct e-mail exchanges/interviews with each company to determine if risk events have occurred. If it is so determined, request the business partner to take corrective action (make improvements).	↓ Business partners with corrective instructions 21 companies
Confirmation of completion of rectification (remediation)	Confirm completion of risk mitigation measures by each company.	↓ Business partners who have completed rectification 20 companies

Using the procedure described above, each azbil Group company is currently assessing the human rights due diligence of its own business partners.

azbil Group	No. of business partners assessed for human rights due diligence
Azbil Corporation	318
Azbil Kimmon Co., Ltd.	74
Azbil Trading Co., Ltd.	31
Azbil Taishin Co., Ltd.	28

azbil Group	No. of business partners assessed for human rights due diligence
Azbil TA Co., Ltd.	50
Azbil Kyoto Co., Ltd.	3
Azbil Control Instruments (Dalian) Co., Ltd.	24
Azbil Production (Thailand) Co., Ltd.	11
Total	539

(4) Efforts to address climate change: Reduction of CO₂ emissions in the supply chain

The azbil Group is working to reduce CO₂ emissions at its business partners to achieve a 20% GHG emission reduction across our entire supply chain (compared with FY2017). In FY2023, the following steps were taken to encourage and facilitate business partners' efforts to achieve further emission reductions.

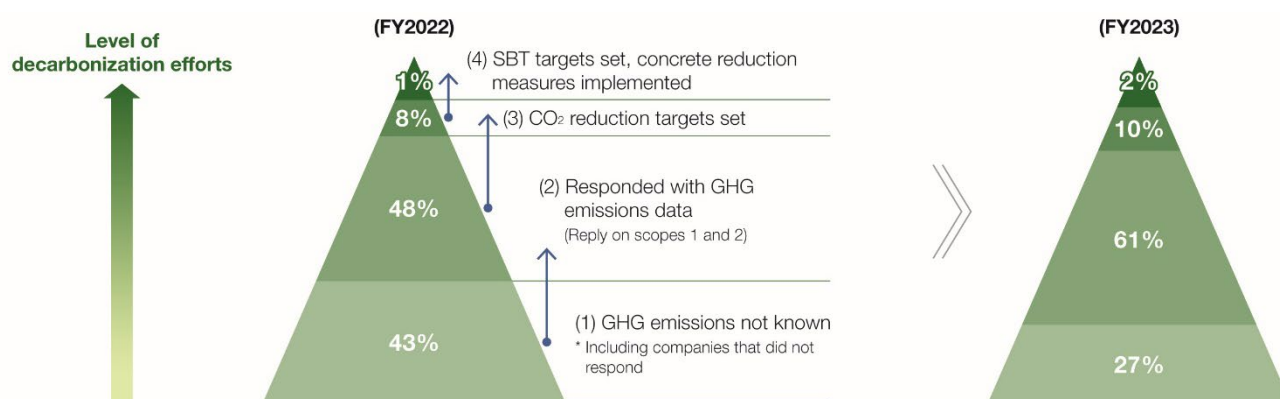
- To stress that efforts across the entire supply chain are essential for reducing CO₂ emissions, we revised our educational materials on decarbonization and distributed them to all of our business partners.
- To make the calculation of scope 3 emissions* at business partners easier, we revised our survey to use a method for calculating emissions based on the major items purchased from business partners.

*Simple calculation limited to category 1

This led to the following achievement over FY2022–FY2023.

- The number of business partners who have identified their own CO₂ emissions—(2), (3), and (4) in the figure below—increased from 57% to 73%.

Situation at approximately 300 business partners



(5) Results of interviews and exchanges of opinions with individual business partners

In FY2023, to enhance mutual understanding of the measures being advanced by the azbil Group and thus increase their effectiveness, we conducted visits and in-person interviews with each of our business partners. Through this process, as well as understanding their thinking and their specific approaches to the SDGs, we were able to build a consensus on the future direction of these initiatives. From among our major business partners, we selected 60 companies, about 30 of which emit significant amounts of CO₂ and 30 that have concerns about societal issues.

During the fact-finding part of this mission, various cases came to light that required rectification; we asked the relevant companies to make improvements.

- Rectification of environmental legal violations: 1 case
- Rectification of societal legal violations: 16 cases
- Rectification of violations of the CSR Procurement Guidelines for the azbil Group: 17 cases

The interviews revealed that our business partners are keen to learn from case studies involving other companies of similar size in the same industry, but that they do not have access to these. We therefore compiled a list of the various initiatives we had learned about from visiting our business partners. As well as posting these case studies (see below) on our website, we have provided them as feedback to the business partners we visited.

- Case studies related to the environment: 24
- Case studies related to society: 23

(6) 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 FY2023 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	319	283	92	43	136	12
Azbil Trading Co., Ltd.	30	27	20	5	2	0
Azbil Kimmon Co., Ltd.	80	71	39	17	5	2
Azbil Kyoto Co., Ltd.	3	3	0	3	0	0
Azbil TA Co., Ltd.	52	46	35	10	1	0
Azbil Taishin Co., Ltd.	28	20	8	12	0	0
Total	512	450	194	90	144	14

■ 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	8	3	0	0
Azbil Control Instruments (Dalian) Co., Ltd.	24	24	17	7	0	0
Azbil Hong Kong Limited	9	8	5	3	0	0
Total	44	43	30	13	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 sustainable procurement implemented during the year.

The FY2021, FY2022 and FY2023 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*, Eighth edition, issued in April 2022
- The azbil Group's *Green Procurement Evaluation Sheet*, Fifth edition

Management of Chemical Substances in Products

- The azbil Group's *Guidelines for the Establishment of Chemical Substance Management Systems*, Fourth edition, issued in March 2022

Preservation of Biodiversity

- *Standards for Hazardous Substances Contained in Products*, Ver. 14.0, issued in April 2024
- *A Request from the azbil Group Regarding Biodiversity Preservation*, First edition, issued in March 2015

6. Community

1) Social Contribution Activities

Donation Amounts (non-consolidated)

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Social contributions, etc.*1	¥1 million	35	27	33	28	34
Recovery support*2	¥1 million	10	55	0	13	20

*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
2023	Donation for the 2024 Noto Earthquake	Japanese Red Cross Society	¥1 million	10
	Additional donation for the 2024 Noto Earthquake	Central Community Chest of Japan	¥1 million	10
2022	Donation for the 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

Support from the azbil Honey Bee Club*1

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
azbil Honey Bee Club support	¥1 million	4.2	4.7	5.3	5.6	5.2
Matching gift*2	¥1 million	2.5	2.7	3.1	3.2	2.5
Total*3	¥1 million	6.7	7.4	8.5	8.8	7.8
Recipient organizations	No.	43	48	54	58	54



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	
<ul style="list-style-type: none"> Conducting an energy conservation tour for elementary school students and work-experience study session for junior high school students 	<ul style="list-style-type: none"> Hosting factory and research facility tours
<ul style="list-style-type: none"> Dispatching employees to lecture at universities 	<ul style="list-style-type: none"> Promoting communication with local communities around production sites
<ul style="list-style-type: none"> Accepting student interns (from universities and technical colleges) 	
<ul style="list-style-type: none"> Collaborating with an NPO to donate money (from collecting PET bottle caps) for vaccines 	
<ul style="list-style-type: none"> Nature conservation activities in collaboration/cooperation with local governments, etc. 	<ul style="list-style-type: none"> Azbil Yamatake General Foundation offers three programs (scholarships, support for education and awareness, and research grants).



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

• Economic/Industry Associations and Societies
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
The Society of Instrument and Control Engineers (SICE)
• 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 above are economic/industry associations and societies to which we belong, as well as other organizations and 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)

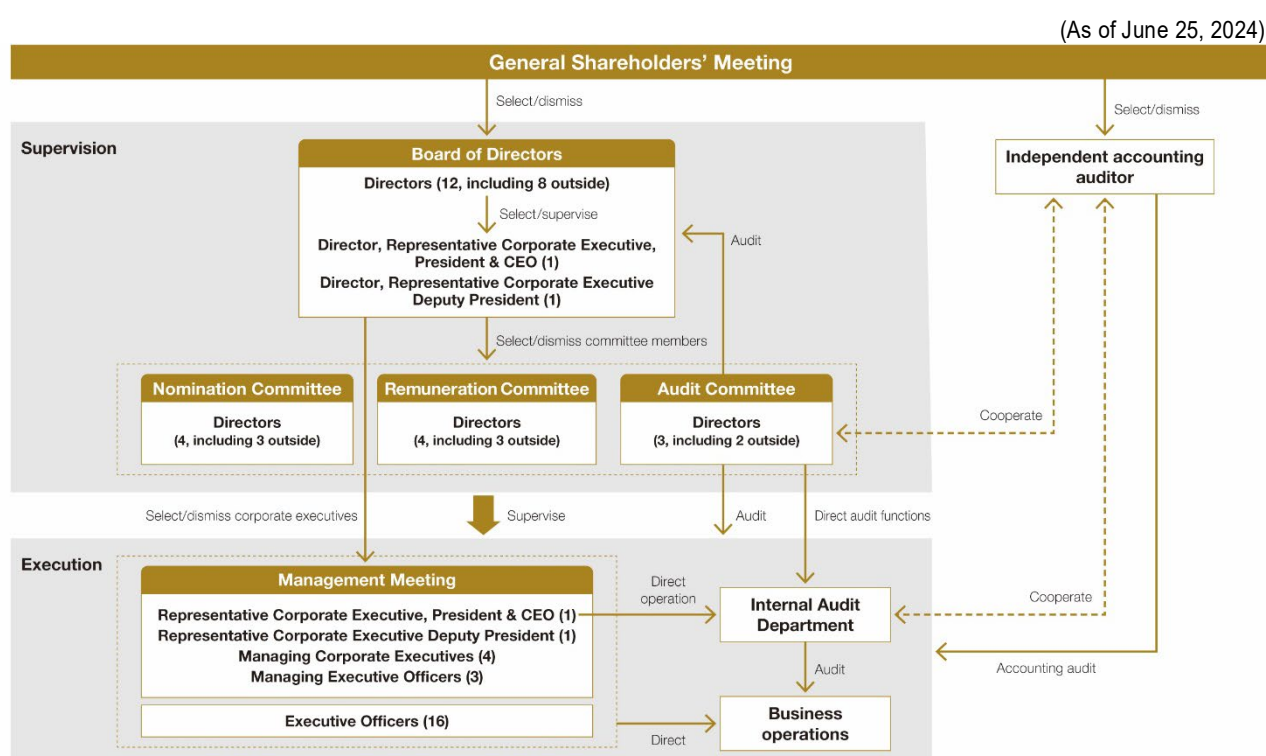
	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Political contributions	¥1 thousand	20	0	0	0	70

Governance

■ Policies, Promotion Framework & Initiatives

1. Corporate Governance Framework

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



Note: The Chairperson of the Board of Directors is a non-executive director.

■ Nomination Committee	Determines the proposals concerning the election and dismissal of directors submitted at the General Meeting of Shareholders, and deliberates on matters that include the appointment and removal of members of the three committees (nomination, audit and remuneration), the election and dismissal of corporate executives, and the succession plan.
■ Audit Committee	Conducts audits and prepares audit reports on the execution of duties of corporate executives and directors, determines the content of proposals concerning the election, dismissal and non-reappointment of the accounting auditor, promotes systematic audits, etc.
■ Remuneration Committee	Determines the policies for remuneration systems for directors and corporate executives, determines the individual remuneration, and deliberates on other matters concerning executive remuneration, such as establishing, revising, and abolishing remuneration systems.

Skills Expected of Directors (Skills Matrix)

Name (Age)	Current positions	Independence	Diversity	Expected skills						
		Independent director	Gender	Corporate management/sustainability*	Global business	Financial affairs, accounting, finance	IT, technology/control and automation business	Sales, marketing	Manufacturing, research and development	Legal, risk management, compliance
Hirozumi Sone (69)	Director and Chairperson Chairperson of the Board		M	○			○	○		○
Kiyohiro Yamamoto (59)	Director Representative Corporate Executive, President & Group CEO Nomination Committee member		M	○	○		○	○	○	
Takayuki Yokota (63)	Director Representative Corporate Executive Deputy President Remuneration Committee member		M	○	○	○				○
Hisaya Katsuta (66)	Director Audit Committee member		M			○			○	○
Waka Fujiso (75)	Outside director Remuneration Committee member	○	F	○						○
Mitsuhiro Nagahama (70)	Outside director Remuneration Committee chairperson	○	M	○	○	○				
Anne Ka Tse Hung (60)	Outside director Nomination Committee member	○	F		○					○
Fumitoshi Sato (70)	Outside director Audit Committee chairperson	○	M	○		○				○
Shigeaki Yoshikawa (71)	Outside director Nomination Committee chairperson	○	M	○	○			○		
Tomoyasu Miura (62)	Outside director Remuneration Committee member	○	M	○			○	○		
Sachiko Ichikawa (57)	Outside director Nomination Committee member	○	F	○		○				○
Hiroshi Yoshida (65)	Outside director Audit Committee member	○	M	○		○			○	

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

(as of June 25, 2024)

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- to long-term performance goals and to enhance enterprise value.

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

*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) is based on their roles and responsibilities, and consists of basic remuneration, which is a fixed monthly amount; bonuses, which are short-term incentives; and stock-based compensation, which is a medium- to long-term incentive. In order to ensure a remuneration structure that motivates officers to achieve the medium- and long-term performance goals and enhance enterprise value, the incentive component of remuneration has been increased, so that the combined remuneration for the president & CEO has the following structure: basic remuneration 40%, bonus (base amount) 30%, stock-based compensation (base amount) 30%. The remuneration structure for other corporate executives is determined in line with this, taking into consideration their expected roles and responsibilities. The remuneration for directors (not including those concurrently serving as corporate executives) consists of basic remuneration and stock-based compensation.

* 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.

• Corporate Executives

Bonus KPIs and evaluation weighting

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

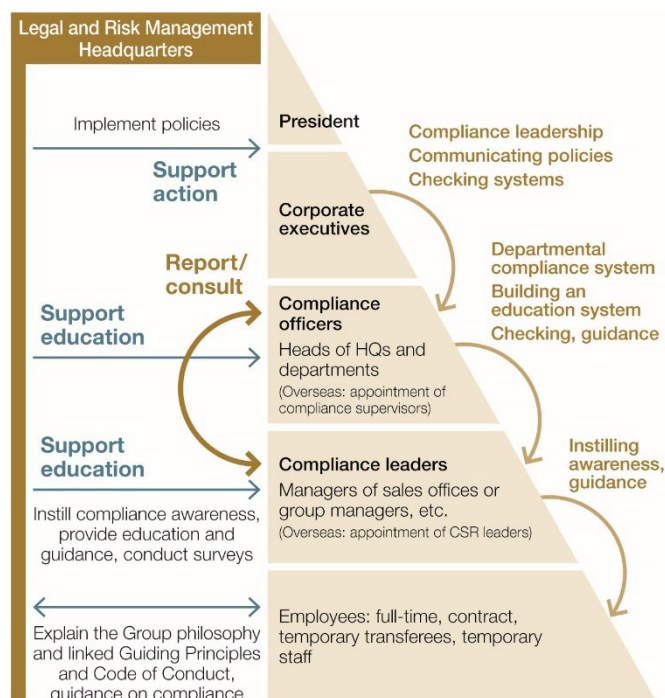
Stock-based compensation KPIs and evaluation weighting

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%

Forfeiture and Return of Remuneration (Malus and Clawback)

- If the financial results for a previous fiscal year are revised retrospectively, the company can deny officers all or part of the company shares, etc. (the performance-linked component) under the stock-based compensation plan, and may demand the return of all or part of the performance-linked compensation already paid to them.
- If it is determined that an officer is responsible for serious misconduct or a serious violation, the company can deny all or part of the company shares, etc., that were to be transferred to the officer under the stock-based compensation plan.

3. Compliance System



4. The azbil Group General Risk Committee

Chair	Director in charge of risk management
Participants	Members of the Azbil Corporation Management Meeting (including Audit Committee board members)
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

Note: In addition to this committee, the azbil Group CSR Promotion Committee checks on progress in the mitigation of major risks and departmental management risks, and any changes in these risks.

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.
- 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.

(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.

(continued on the next page)

(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.

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

■ Data

1. Corporate Governance

Governance Structure

			Unit	Fiscal Year					
				2019	2020	2021	2022	2023	2024
Directors	Internal	Male	Persons	6	6	6	4	4	4
		Female	Persons	0	0	0	0	0	0
		Total	Persons	6	6	6	4	4	4
	Outside	Male	Persons	4	3	3	6	6	5
		Female	Persons	1	2	2	2	2	3
		Total	Persons	5	5	5	8	8	8
	Total		Persons	11	11	11	12	12	12
Average tenure			Years	6.6	5.3	6.3	3.9	4.9	3.9
Independent outside directors as a percentage			%	45.5	45.5	45.5	66.7	66.7	66.7
Female directors as a percentage			%	9.1	18.2	18.2	16.7	16.7	25.0
Audit & Supervisory Board members	Internal	Male	Persons	2	2	2	-	-	-
		Female	Persons	0	0	0	-	-	-
		Total	Persons	2	2	2	-	-	-
	Outside	Male	Persons	3	3	3	-	-	-
		Female	Persons	0	0	0	-	-	-
		Total	Persons	3	3	3	-	-	-
	Total		Persons	5	5	5	-	-	-
Average tenure			Years	6	7	8	-	-	-
Independent outside Audit & Supervisory Board members as a percentage			%	60.0	60.0	60.0	-	-	-
Female Audit & Supervisory Board members as a percentage			%	0	0	0	-	-	-

• Data as of the end of the General Meeting of Shareholders, held each fiscal year. The average length of tenure for FY2024, which is given here by way of reference, is the number of years as of the end of the General Meeting of Shareholders held in June 2024.

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

No. of Meetings Held, Attendance Rate

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
Meetings of the Board of Directors	No.	13	13	12	12	12
Average attendance rate of directors at meetings of the Board of Directors	%	99.3	100	100	100	100
Meetings of the Nomination committee	No.	-	-	-	9	12
Average attendance rate at meetings of the Nomination committee	%	-	-	-	97.2	100
Meetings of the Audit Committee	No.	-	-	-	11	13
Average attendance rate at meetings of the Audit Committee	%	-	-	-	100	100
Meetings of the Remuneration Committee	No.	-	-	-	7	10
Average attendance rate at meetings of the Remuneration Committee	%	-	-	-	100	100
Average attendance rate of Audit & Supervisory Board members at meetings of the Board of Directors	%	100	100	100	100	-
Meetings of the Audit & Supervisory Board	No.	14	14	14	4	-
Average attendance rate at meetings of the Audit & Supervisory Board	%	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					
			2019	2020	2021	2022 (Apr. – Jun.)	2022 (Jul. – Mar.)	2023
Directors (excluding outside directors and directors concurrently performing as corporate executives)	Total remuneration	¥1 million	350	382	385	88	58	77
	Fixed remuneration (cash remuneration)	¥1 million	257	278	288	64	56	75
	Fixed remuneration (non-cash remuneration)	¥1 million	-	-	-	-	2	2
	Performance-linked remuneration (cash remuneration)	¥1 million	93	104	97	24	-	-
	Performance-linked remuneration (non-cash remuneration)	¥1 million	-	-	-	-	-	-
	No. of persons remunerated*	Persons	6	7	6	6	2	2
Audit & Supervisory Board members (excluding outside officers)	Total remuneration	¥1 million	52	52	52	13	-	-
	Fixed remuneration (cash remuneration)	¥1 million	52	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	-	-
Corporate executives (including those concurrently performing as directors)	Total remuneration	¥1 million	-	-	-	-	236	423
	Fixed remuneration (cash remuneration)	¥1 million	-	-	-	-	118	189
	Fixed remuneration (non-cash remuneration)	¥1 million	-	-	-	-	16	28
	Performance-linked remuneration (cash remuneration)	¥1 million	-	-	-	-	86	178
	Performance-linked remuneration (non-cash remuneration)	¥1 million	-	-	-	-	16	28
	No. of persons remunerated*	Persons	-	-	-	-	4	5
Outside officers	Total remuneration	¥1 million	90	94	95	24	92	120
	Fixed remuneration (cash remuneration)	¥1 million	90	94	95	24	84	112
	Fixed remuneration (non-cash remuneration)	¥1 million	-	-	-	-	8	8
	Performance-linked remuneration (cash remuneration)	¥1 million	-	-	-	-	-	-
	Performance-linked remuneration (non-cash remuneration)	¥1 million	-	-	-	-	-	-
	No. of persons remunerated*	Persons	10	9	8	8	8	8
Total		¥1 million	492	528	532	125	386	619

• 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

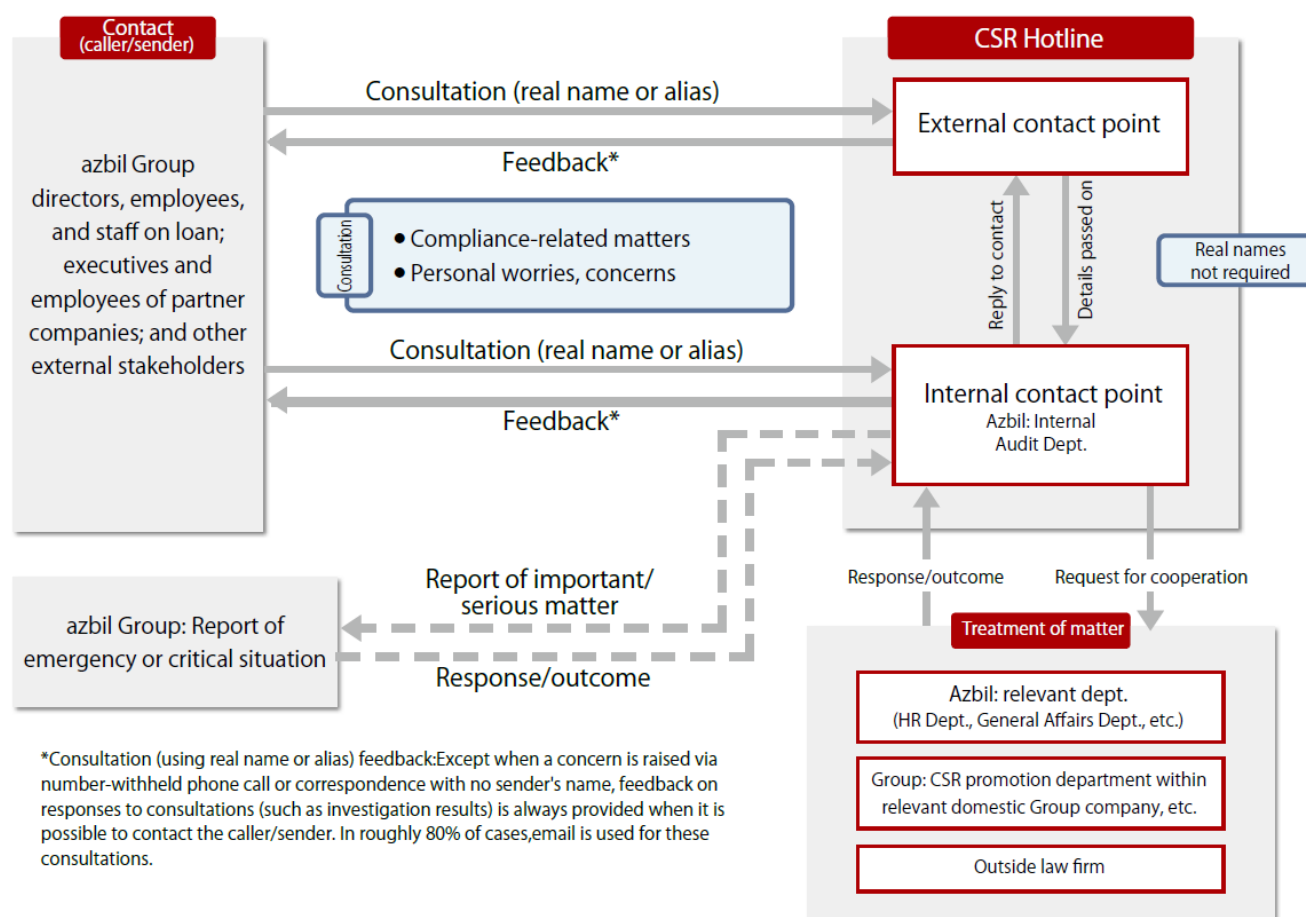
No. of CSR Hotline*¹ Consultations

	Unit	Fiscal Year				
		2019	2020	2021	2022	2023
CSR Hotline consultations* ²	No.	181	175	202	243	237

*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. 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. We also conduct surveys and provide feedback regarding how cases have been dealt with. Additionally, a system is in place for responding to consultations from a wide range of external stakeholders, including executives and employees of partner companies, in the event of any negative impact or serious issues, or risk of such, arising from the azbil Group's own corporate activities with regard to human rights (including human rights violations such as bullying and harassment), as well as in the event of any violation, or suspected violation, of laws or corporate ethics (including corrupt practices such as bribery) by officers and employees of the azbil Group.

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

■ CSR Hotline operational flow



Scope of the azbil ESG Databook 2024

■ Reporting Period, List of azbil Group Companies

Reporting period: From April 1, 2023 through March 31, 2024 (FY2023)

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 and governance data are rounded to the nearest whole number.

List of azbil Group Companies

(As of March 31, 2024)

	Company Name	Business Segment				Business Type			Scopes 1+2, 3 ^{*3}	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. ^{*2}				•	•	•			
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 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} Affiliate companies that are not accounted for by the equity method

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

^{*4} Included for scopes 1+2, 3 are 2 former subsidiaries:
until FY2021: Azbil Brazil Ltd. (liquidation completed in Feb. 2022)
until FY2023: Azbil VorTek, LLC. (equity transferred in Jan. 2024)

azbil