azbil
Engineering the Impossible

azbil ESG Databook 2026

Azbil Corporation

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azbil Group Philosophy, Purpose & Vision

■ Group Philosophy, Purpose & Vision

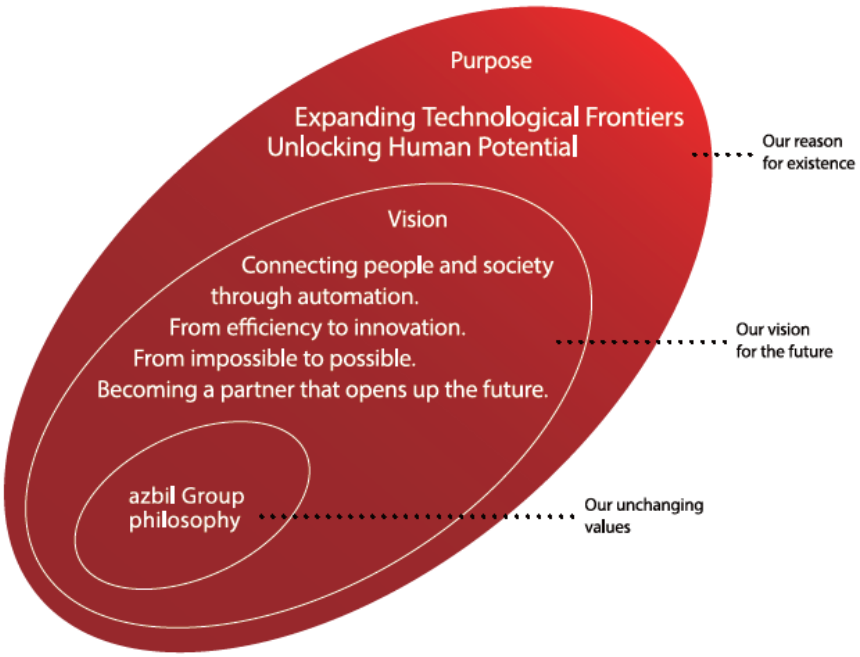
azbil Group Philosophy

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.

azbil Group Way

Shared values that unite our aspirations for the Group's future.



From the starting point of an unchanging philosophy, we move towards the purpose and vision we aspire to.

The azbil Group is united in its vision for the future, delivering value to people and society.

Purpose

Expanding Technological Frontiers
Unlocking Human Potential

The thoughts behind our purpose

Expanding Technological Frontiers
Unlocking Human Potential

This purpose expresses how we aim to drive the creation of new value on site with our customers—advancing “From efficiency to innovation. From impossible to possible.”—which is achieved by using technologies centering automation to unlock the tremendous potential inherent in people and society. Furthermore, the phrase unlocking human potential is linked to our Group’s philosophy of “human-centered automation” and the founder’s aspiration of “freeing people from drudgery.”

Vision

Connecting people and society through automation.
From efficiency to innovation.
From impossible to possible.
Becoming a partner that opens up the future.

The thoughts behind our vision

Connecting people and society: This reflects our desire to solve “division,” one of the fundamental challenges facing society, by utilizing “connection,” which is the essential function and role of automation. From efficiency to innovation: This means that the value of automation going forward will go beyond “efficiency” to “innovation,” and that “innovation” at our customers’ sites is the new value that the azbil Group will provide. From impossible to possible: This signifies our intention to make the impossible possible through measurement-and-control technologies and to continue generating new value through future “innovation.” Becoming a partner that opens up the future: This signifies our commitment to forging a path to the future and contributing together to the realization of a sustainable society, based on a partnership built on a foundation of integrity.

azbil Group Statement

An expression of determination of our purpose and vision

This directly reflects azbil Group’s commitment to technological innovation, unlocking new possibilities, and its vision of “from impossible to possible.”

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■ Guiding Principles & Code of Conduct

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/sustainability/governance/compliance/business-conduct-guidelines.html

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
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25. Ban on Illegal Business Transactions
26. Check of Intended Use and End Users

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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/sustainability/governance/compliance/business-conduct-standard.html

azbil Group Sustainability Management

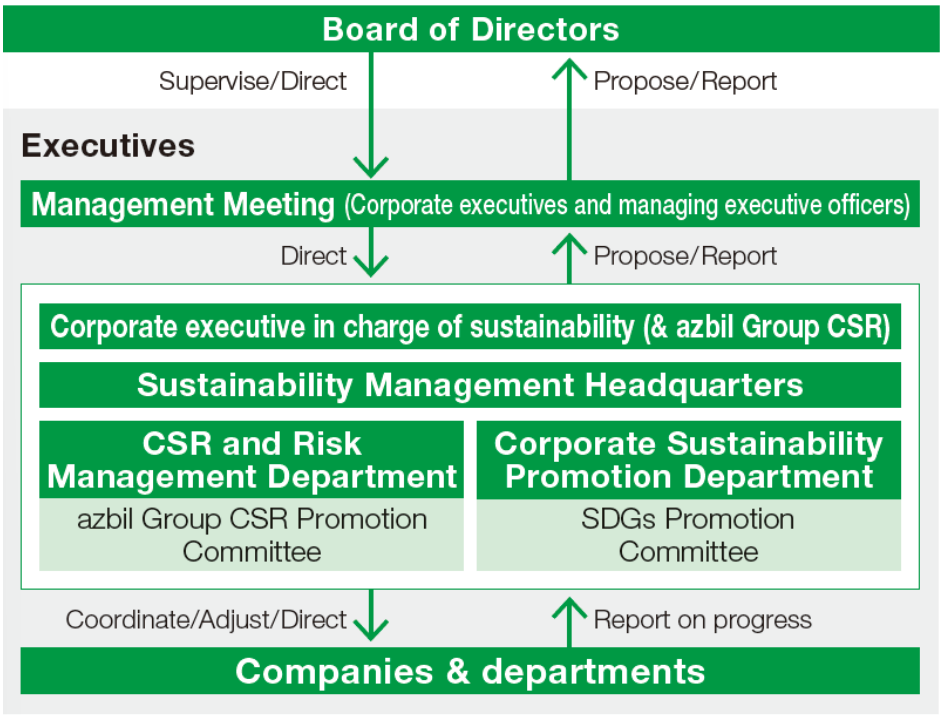
■ Sustainability Policy & System for Promoting Sustainability

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



Both the azbil Group CSR Promotion Committee and SDGs Promotion Committee are concerned with the azbil Group as a whole.

3. azbil Group CSR Promotion Committee

Chair	Corporate executive in charge of azbil Group CSR
Participants	・Staff responsible for CSR initiatives (Internal Audit Department, Group Management Headquarters, Human Resources Planning and Administration Department, Global Human Resources Department, Business Management Headquarters, Sustainability Management Headquarters, Digital Enhancement Headquarters, BSC Quality Assurance Department, AAC Business Control Department, Service Headquarters, Global Business Headquarters, Home Comfort Headquarters, Production Management Headquarters, aG Quality Assurance Department, aG Safety Management Department); ・Corporate Planning Department; ・Staff responsible for handling departmental management risks; ・Managers of CSR promotion departments within each of the azbil Group companies; ・Audit Committee members
Main office	CSR and Risk Management Department, Sustainability Management Headquarters
Frequency of meetings/reports	The CSR Promotion Committee meets 4 times a year. These meetings are reported to the Management Meeting and Board of Directors every year.
Aim	To plan/promote the azbil Group's CSR activities and reduce aG significant risks and departmental management risks.
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) Driving and supporting CSR activities
	(4) Communication and exchange of common CSR-related information
	2. Risk management
	(1) Planning and formulating measures to counter aG significant risks and departmental management risks
	(2) Following progress of measures to counter aG significant risks and departmental management risks
Topics	CSR planning: compliance enhancement; strengthening legal compliance; disaster preparedness and business continuity planning; prevention of information leaks; proper accounting practices; creation of a healthy workplace; enhanced occupational health and safety; assurance of customer safety in the event of product incidents; respect for human rights Risk management: monitoring of significant risks and department-managed risks

4. SDGs Promotion Committee

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

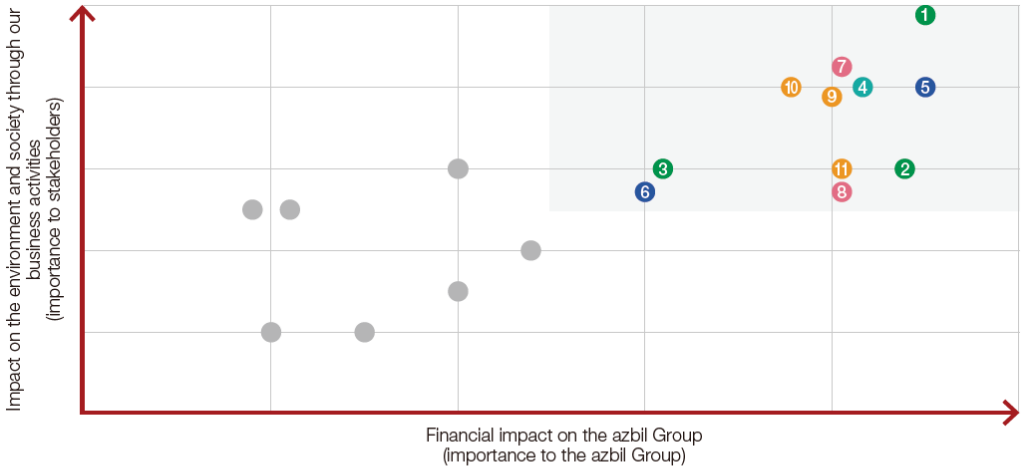
■ Materiality and SDG Initiatives

1. Materiality

The azbil Group incorporates a double materiality perspective that evaluates both the financial impact of environmental and social factors on the Group and the impact of corporate activities on the environment and society, and identifies its materiality based on this evaluation.

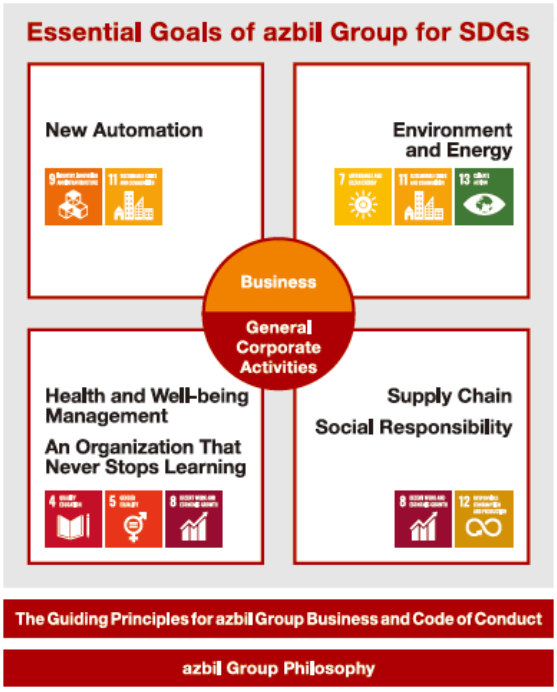
In FY2026, the azbil Group reviewed and revised its materiality in light of changes in the business environment and the formulation of its Purpose, following deliberations by the Board of Directors. In recent years, the importance of supply chains and human capital has increased globally, while technological innovation and responses to societal challenges have accelerated in areas such as the semiconductor market, the data center market, and GX-related solutions, all of which we regard as growth areas. As a result of reassessing both significance and financial impact in response to these developments, we elevated the priority of supply chain and human capital issues and added “water resources” as a material issue, recognizing that water resource management is an important theme from the perspective of the creation of new business opportunities.

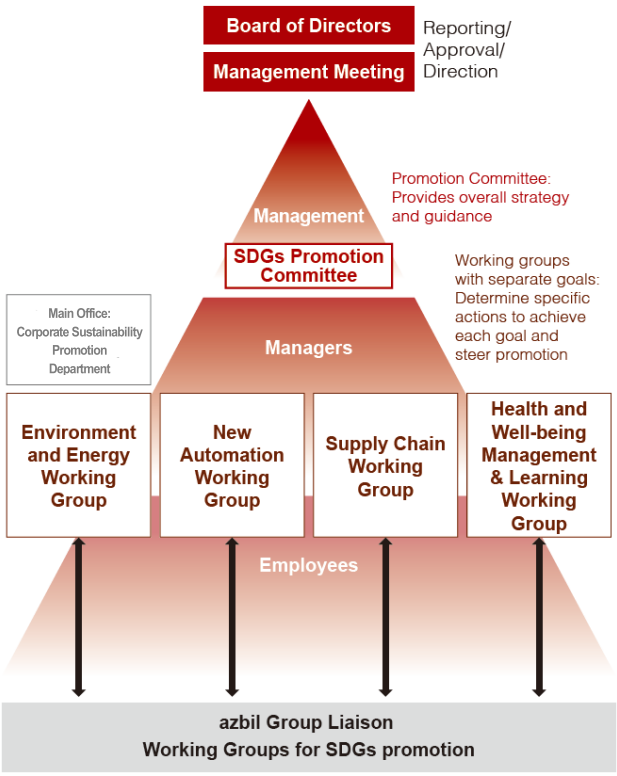
The materiality identification process and background to the review are described in the *azbil Report 2026* (p.16).
https://www.azbil.com/ir/library/annual/index.html



Materiality		Our aim
Environment	❶ Climate change	Help to solve environmental problems to achieve a decarbonized society
	❷ Resource recycling	Provide environmentally friendly products and services
	❸ Water resources	Contribute to the conservation and effective utilization of water resources
Innovation	❹ Innovation	Continuously seek new forms of automation to achieve a safe and comfortable society
Social	❺ Supply chain	Realize sustainable supply chains that are mindful of human rights and the environment
	❻ Contribution to local communities	Contribute to viable communities through community-based action
Human resources	❼ Human rights, safety, and health	Promote corporate activities based on “human-centered” values, and health and well-being management
	❽ Learning and human resource development	Develop the corporate culture as “an organization that never stops learning” and strengthen the foundation for education
Governance	❾ Product safety and quality	Provide high-quality products and services that prioritize customer safety and security
	❿ Corporate governance	Continuously raise enterprise value through highly transparent management
	⓫ Compliance	Fulfill our social responsibilities based on high corporate ethics

2. The azbil Group SDG Targets and Promotion Framework





3. Essential Goals of the azbil Group for the SDGs

Based on the materiality we have identified, for eight material issues related to our business and corporate activities, we have formulated specific targets to achieve by FY2030 within the scope of the essential goals of the azbil Group for the SDGs. For the other three material issues, which are fundamental obligations that a company must fulfill to be a member of society, we have established specific goals as part of our CSR activities. We are promoting sustainability management through various initiatives to achieve these goals.

Materiality		Essential goals of the azbil Group for the SDGs		
		Essential Goals		Targets
Environment	Climate change Resource recycling Water resources	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 CO_2/year**[*1] ★Refer to p.16 for actual values ♦ Reduction targets in GHG[*2] emissions - **60% reduction**[*3, *4,] in GHG emissions (Scope[*5] 1+2) from our business activities - **33% reduction**[*3,] in GHG emissions (Scope[*5] 3) 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 design standards for sustainability**[*7] ★Refer to p.19 for actual values - Increase the number of **skilled professionals**[*8] for supporting services for sustainability[*9] provided by the azbil Group to **a total of 1,800**[*10]**—triple the number** in FY2021 ★Refer to p.19 for actual values ♦ Effective use of natural resources[*11] and reduction of waste generation - Design all new products to meet **the azbil Group's own design standards for 100% recyclability**[*12] ★Refer to p.19 for actual values - Contribution to the conservation and effective use of water resources
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.
Social	Supply chain Contribution to local communities	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 a **sustainable supply chain that is mindful of human rights and the environment** **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]
Human resources	Human rights, safety, and health Learning and employee development	IV	Health and Well-being Management, An Organization That Never Stops Learning	**Implementing health and well-being management (job satisfaction; health; and diversity, equity 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.28 for actual values ♦ Percentage of female employees at managerial or specialist positions to be **10% or more**[*18] ♦ Approximately **double** the percentage of female employees at managerial or specialist positions across the azbil Group in Japan by FY2027 (versus FY2017)[*19] **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.28 for actual values

Chart continues to the next page

Materiality		Essential goals of the azbil Group for the SDGs	
		Essential Goals	Targets
Governance 	Product safety and quality Corporate governance Compliance	Fulfilling our fundamental obligations to society ♦ With regard to product safety and quality, and compliance, each department selects indicators and sets goals directly related to business as part of a CSR activity plan. The plan includes compliance enhancement, strengthening of legal compliance, disaster preparedness and business continuity planning, prevention of information leaks, proper accounting practices, creation of a healthy workplace, enhanced occupational health and safety, assurance of customer safety in the event of product incidents, and respect for human rights. Progress is monitored by the azbil Group CSR Promotion Committee, ensuring the maintenance and improvement of these initiatives. ♦ With regard to corporate governance, in June 2022 the company transitioned to a three-committee board structure, and it has been working to ensure an appropriate supervisory function and board effectiveness under a Board of Directors with a majority of outside directors and three statutory committees.	

*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., CO_2)
*3 Base year: FY2017
*4 In April 2026, our new target to reduce GHG emissions by 60% by 2030 (compared with 2017) was certified by the SBTi.
*5 Scope 1: Direct GHG emissions from a business (from fuel burning, industrial processes, etc.)
Scope 2: Indirect GHG emissions from using electricity and heat/steam provided by another business
Scope 3: Indirect GHG emissions related to business activities (indirect emissions not included in Scope 1 and 2)
*6 Management that integrates into business operations such environmental activities as decarbonization, resource recycling, and biodiversity conservation
*7 Design for 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 service
*11 A general term for materials and energy found in nature that can be used to support human lifestyles and production activities
*12 Design that scores 100% on the azbil Group's proprietary scale for resource recycling. Our aim is to enable proper disassembly and sorting when the product is disposed of by the customer.
*13 Base year: 2022 (baseline as of April 2022 = approx. 530 business sites)
*14 Base year: 2022 (baseline as of April 2022 = approx. 600,000 people)
*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 a level of 65%—that is, 2/3 of all employees, which is considered high—in the azbil Group's annual employee engagement survey conducted in Japan.
*18 Azbil Corporation's target is for female employees in managerial or specialist positions to represent at least 10% of all employees in these positions.
*19 The base year for our target is FY2017 because in FY2018 we revised our personnel system to incorporate measures for women's advancement.

4. ESG/SDG Initiatives

Please refer to the following URL for information on SDG targets.
https://sdgs.un.org/sites/default/files/publications/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf

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 (Scope 1+2)	7.3, 13.2, 13.3	
		Offer energy management solutions	7.3, 13.2, 13.3	
		Reduce energy loss through stable operations and optimal production enabled by 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 the azbil Group's own design for sustainability	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, 12.5	
		Prevent environmental pollution. Promote effective use of resources (including waste reduction). Air pollution, water pollution, hazardous waste, waste reduction, raw materials, etc.	6.3, 12.2, 12.4, 12.5	
	Water security & water risk	Support waterworks infrastructure development and water resource management in developing countries, popularize remote monitoring systems for wide area water supply facilities using cloud services	6.1, 6.3, 6.4, 14.1	
		Increase resilience of water infrastructure through autonomy	6.4	
		Implement water conservation measures, strengthen wastewater management, and address natural disasters	6.4, 6.5, 14.1	
	Biodiversity	Help conserve ecosystems through our operations	14.1	
		Natural environment conservation efforts centered on business sites	15.1, 15.4	
	Supply chain	Reduce mid- to long-term CO_2 emissions across the entire supply chain (Scope 3)	13.3	
		Promote green procurement, chemical substance management, and compliance with environmental laws	12.2, 12.4, 12.7	
	Environmental management	Promote environmental management based on ISO 14001	12.2, 12.4, 12.5, 13.3, 14.1	
S Social	Labor practices, health, and safety	Use a cloud-based valve analysis and diagnostic service to build a data-driven work environment not reliant on human skills	8.5	
		Enhance wellness and diverse work styles at customers' production sites through autonomy; address issues resulting from the declining birthrate and aging population	4.4, 5.b, 8.2, 8.5	
		Promote health and well-being management (supporting new ways of working, mental & physical health, diversity, equity and inclusion (DEI), 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 DEI, carry out human rights due diligence	4.4, 4.7, 5.1, 5.2, 8.5, 8.7	
	Community	Support upgrading of water supply infrastructure and water resource management; deploy remote monitoring systems for wide-area water facilities using cloud services	9.1	
		Contribute to the safety and security of local communities by promoting autonomization to ensure the stable operation of customer facilities and the prevention of accidents; contribute to revitalizing regional industries and improving quality of life by strengthening energy infrastructure resilience	9.4, 12.2	
		Sponsor community events, support employee participation in volunteer activities, support the azbil Honeybee Club, donate to organizations making a social contribution	4.4, 4.7, 5.5, 7.3, 8.5, 12.5, 13.3	
	Supply chain	Reduce the risk of human rights violations in the supply chain by implementing human rights due diligence; promote diversity, equity, and inclusion (DEI), including the utilization of foreign talent	5.1, 8.5, 8.7, 10.2	
	Quality & customer value	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	
		Contribute to societal innovation through enhanced quality control enabled by autonomy and the early market introduction of new products	8.2, 9.4	
		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	
G Governance	Corporate governance	Fortify supervisory and audit functions (transition to a company with a three-committee board structure, appointment of independent outside directors as Chairperson of the Board and chairpersons of each statutory committee, establishment of the committee office for the Board of Directors, etc.)	16.6	
		Enhancement of management transparency, soundness, and the effectiveness of the Board of Directors (introducing a skills matrix; revising the executive remuneration system, including the introduction of a stock-based compensation plan)	16.6, 16.7	
		Clarification of accountability structures and promotion of dialogue with stakeholders (including dialogue between independent outside directors and institutional investors)	16.7	
	Risk management	Expand the comprehensive major risk management system (the azbil Group General Risk Management Committee and the azbil Group General Risk Committee), emergency and critical event management, business continuity management (disaster preparedness, disease prevention, BCP)	12.4, 13.1	
	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



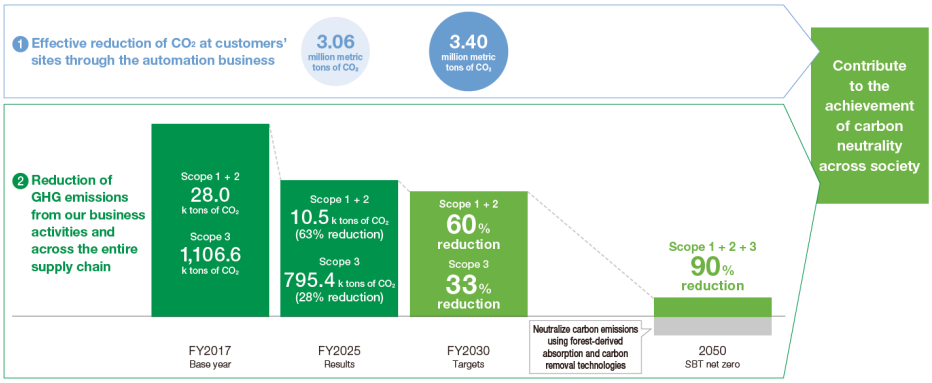
3. Decarbonization Transition Plan

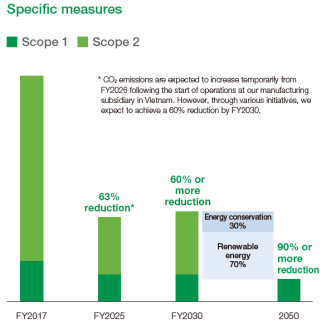
To contribute to achieving carbon neutrality across society, the azbil Group has set targets for two areas: the effective reduction of CO_2 at customers' sites through the automation business and the reduction of greenhouse gas (GHG) emissions from our business activities and across the entire supply chain (Scope 1, 2, and 3).

Furthermore, the 2050 net-zero target covering all GHG emissions (Scope 1, 2, and 3) was certified by the Science Based Targets initiative (SBTi) as a net zero target in October 2024.

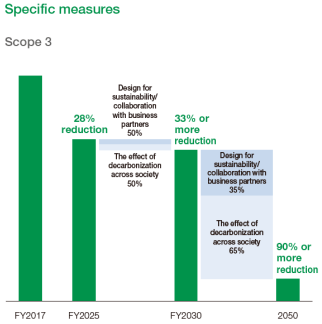
Regarding Scope 1 and 2 emissions, we achieved our FY2030 reduction target of 55% ahead of schedule in FY2024. Accordingly, we increased the FY2030 target to 60%, and the revised target was certified by the SBTi in April 2026.

Initiatives and target toward achieving the azbil Group's unique approach to carbon neutrality





For Scope 1 and 2 emissions, we are actively implementing energy visualization systems across the entire Group, and we are focusing our energy conservation efforts from two perspectives: improving operations and upgrading facilities. In collaboration with our business lines, we are accelerating initiatives that leverage the energy-saving expertise we have developed over many years. We are actively incorporating renewable energy sources and will further reduce emissions, with a view to transitioning all electricity consumed to renewable electricity by 2050.



As for Scope 3 emissions, to reduce CO_2 emissions from purchased products and services and from the use of products sold, we continue and expand our efforts in resource-saving and energy-saving design. We also support our business partners' decarbonization efforts by conducting surveys and engaging in detailed discussions on decarbonization initiatives. Looking toward 2050, we take into account scenarios based on global trends and Japanese policy initiatives, as well as projected decarbonization across society.

Note: The azbil Group discloses information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Natural-related Financial Disclosures (TNFD).
See pp.52-56 of the *azbil Report 2026* for details.
https://www.azbil.com/ir/library/annual/index.html

■ Data

1. Environmental Management

1) Environmental Education

Environmental Education Costs

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Environmental education cost	¥1 thousand	9,235	10,760	11,747	12,346	10,003

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Hadano Office]

No. of People in Environmental Education

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
No. of people in environmental education (aggregate)	Persons	11,078	10,893	11,043	10,994	10,875

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Hadano Office]

2) Environmental Accounting

Environmental Accounting

Category		Unit	Fiscal Year									
			2021		2022		2023		2024		2025	
			Invested	Expended	Invested	Expended	Invested	Expended	Invested	Expended	Invested	Expended
Costs within business area	Pollution prevention costs	¥1 million	13.0	3.1	109.6	4.3	0.0	2.4	0.0	3.8	8.2	2.8
	Global environmental conservation costs	¥1 million	44.2	22.6	222.7	22.9	52.3	22.4	66.4	22.9	26.5	23.8
	Resource circulation costs	¥1 million	0.0	20.9	1.6	28.5	55.4	20.3	1.5	23.2	0.0	24.8
Upstream/downstream costs		¥1 million	0.0	12.0	0.0	12.0	0.0	12.0	0.0	12.0	0.0	15.8
Administrative activity costs		¥1 million	1.4	228.2	10.8	239.5	12.3	267.2	25.9	341.5	30.8	338.8
R&D costs*1		¥1 million	0.0	365.9	0.0	2,307.4	0.0	2,605.5	0.0	2,614.3	0.0	2,695.4
Social activity costs		¥1 million	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total*2		¥1 million	58.7	652.7	344.7	2,614.6	120.1	2,929.8	93.8	3,017.7	65.5	3,101.5

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Hadano Office]

*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				
		2021	2022	2023	2024	2025
Environmental conservation cost	¥1 million	707.4	2,953.4	3,044.0	3,111.5	3,167.0

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Hadano Office]

Economic Benefit Associated with Environmental Conservation Activities

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Revenue	¥1 million	15.4	14.2	11.1	14.8	12.6
Savings from energy conservation	¥1 million	-42.7	-179.3	110.6	-56.2	-7.7
Savings from reduced resource consumption (water)	¥1 million	0.2	-1.6	-3.1	1.1	-2.0

• Included: Azbil Corporation production sites [Fujisawa Technology Center, Shonan Factory, and Hadano Office]

3) Environmental Enlightenment Initiatives

Eco Test

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
No. passing Eco Test	Persons	1,873	1,905	1,953	2,007	2,013

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

2. Climate Change

1) Effective Reduction of CO_2

Effective Reduction of CO_2 at Customers' Sites (★ The azbil Group's Essential Goal I for the SDGs: Effective reduction of CO_2 at customers' sites: 3.40 million metric tons of CO_2/year)

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Effect of automation	Million metric tons of CO_2/year	2.66	2.50	2.61	2.33	2.68
Effect of energy management	Million metric tons of CO_2/year	0.23	0.21	0.18	0.34	0.33
Effect of maintenance and services	Million metric tons of CO_2/year	0.05	0.05	0.05	0.05	0.05
Total	Million metric tons of CO_2/year	2.94	2.76	2.84	2.72	3.06

- To quantitatively assess the contribution 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 reduction effect by taking 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.
- From FY2025, based on the results of a third-party review, we revised the scope of calculation and, for certain products, changed the calculation period from 10 years to 15 years, their statutory useful life. FY2025 results are based on this revised calculation approach.

2) CO_2 Emissions

Scope 1

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Scope 1	Metric tons of CO_2	4,113	4,329	4,495	4,197	3,392

- Included: Azbil Corporation, consolidated subsidiaries
- We have received third-party verification for our CO_2 emissions figures (Scope 1) for FY2022 onwards.

Scope 2

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Scope 2 (location-based)*1	Metric tons of CO_2	—	—	18,882	18,029	16,943
Scope 2 (market-based)*2	Metric tons of CO_2	16,102	13,382	12,422	8,383	7,077
Scope 2 (fixed)*3, *4	Metric tons of CO_2	14,970	16,627	16,418	15,974	15,026

- Included: Azbil Corporation, consolidated subsidiaries

*1 We have received third-party verification for our CO_2 emissions figures (Scope 2, location-based) for FY2023 onwards.
*2 We have received third-party verification for our CO_2 emissions figures (Scope 2, market-based) for FY2022 onwards.
*3 We have received third-party verification for our CO_2 emissions figures (Scope 2, fixed) for FY2022 onwards.
*4 A fixed value (0.378 kg- CO_2/kWh) is employed as the CO_2 emission factor for electrical power.

Scope 3

Category	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Purchased products and services	Thousand metric tons of CO_2	413.2	496.8	435.3	415.1	410.8
Capital goods	Thousand metric tons of CO_2	24.4	24.8	19.8	22.5	13.1
Fuel and energy-related activities not included in Scope 1 and 2	Thousand metric tons of CO_2	3.9	3.9	4.2	4.1	3.7
Transportation and distribution (upstream)	Thousand metric tons of CO_2	26.0	35.0	31.5	28.2	27.4
Waste generated in operations	Thousand metric tons of CO_2	1.8	1.8	2.2	1.6	1.7
Business travel	Thousand metric tons of CO_2	0.7	0.9	1.3	1.5	1.5
Employee commuting	Thousand metric tons of CO_2	3.1	4.5	4.6	5.1	5.1
Leased assets (upstream)	Thousand metric tons of CO_2	-	-	-	-	-
Transportation/delivery (downstream)	Thousand metric tons of CO_2	-	-	-	-	-
Processing of products sold	Thousand metric tons of CO_2	-	-	-	-	-
Use of products sold	Thousand metric tons of CO_2	364.8	438.2	386.0	351.2	331.1
Disposal of products sold	Thousand metric tons of CO_2	9.7	14.3	1.1	0.9	1.1
Leased assets (downstream)	Thousand metric tons of CO_2	-	-	-	-	-
Franchises	Thousand metric tons of CO_2	-	-	-	-	-
Investments	Thousand metric tons of CO_2	-	-	-	-	-
Total	Thousand metric tons of CO_2	847.6	1,020.2	885.9	830.2	795.4

- Included: Azbil Corporation, consolidated subsidiaries
- We have received third-party verification for our CO_2 emissions figures (Scope 3).
- Hyphen (-) indicates items not subject to calculation.

3) Energy

Energy Consumption (electricity consumption, renewable energy generated in-house, renewable energy purchased)

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Electricity consumption	MWh	38,295	42,727	42,085	40,752	36,519
Renewable energy generated in-house	MWh	20	38	104	101	106
Renewable energy purchased	MWh	3,968	14,593	15,606	24,481	24,176
Renewable energy percentage	%	10.4	34.2	37.3	60.3	66.5

• Included: Azbil Corporation, consolidated subsidiaries

3. Resource Circulation

1) Water Usage

Use of Water Resources

		Unit	Fiscal Year				
			2021	2022	2023	2024	2025
Water intake	Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Thousand m^3	2.47	2.79	3.24	3.43	2.13
	Brackish surface water/Seawater	Thousand m^3	0.00	0.00	0.00	0.00	0.00
	Groundwater – renewable	Thousand m^3	0.00	0.00	0.00	0.00	0.00
	Groundwater – non-renewable	Thousand m^3	0.00	0.00	0.00	0.00	0.00
	Produced/Entrained water	Thousand m^3	0.00	0.00	0.00	0.00	0.00
	Third party sources	Thousand m^3	107.73	129.37	124.24	117.96	107.97
	Total	Thousand m^3	110.20	132.16	127.48	121.39	110.10
Wastewater discharge	Fresh surface water	Thousand m^3	36.62	40.02	33.52	29.88	25.50
	Brackish surface water/Seawater	Thousand m^3	0.00	0.00	0.00	0.00	0.00
	Groundwater	Thousand m^3	0.00	0.00	0.00	0.00	0.00
	Third-party destinations	Thousand m^3	73.46	92.14	93.96	91.52	84.61
	Total	Thousand m^3	110.08	132.16	127.48	121.39	110.10

• 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. (FY2022-FY2024)]
• We have received third-party verification for our water withdrawal (tap water) at domestic and overseas production sites after FY2022 onwards.

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

Sites in water-stressed areas	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Azbil Production (Thailand) Co. Ltd. (Thailand)	Thousand m^3	8.45	9.50	10.64	12.90	14.48
Azbil Control Instruments (Dalian) Co. Ltd. (China)	Thousand m^3	13.37	13.98	14.59	14.07	12.61

• The azbil Group uses WRI's Aqueduct data platform to assess various water risks at its sites.
• The azbil Group production sites with a Baseline Water Stress of 40% or above (according to Aqueduct), or a Baseline Water Depletion of 50% or above (according to Aqueduct), are considered to be located in water-stressed areas.

2) Waste

Waste Amounts

		Unit	Fiscal Year				
			2021	2022	2023	2024	2025
Total amount of waste discharged (domestic and overseas)		Metric tons	2,851	3,188	2,913	2,868	2,685
	Domestic	Metric tons	2,389	2,409	2,244	2,289	2,338
	Overseas	Metric tons	462	779	670	579	347
Amount of waste recycled (domestic)		Metric tons	2,360	2,388	2,224	2,263	2,315
Final disposal amount (domestic)		Metric tons	29	21	19	26	23
Recycling percentage (domestic)		%	98.8	99.1	99.1	98.9	96.9

- Included: The production sites of the following azbil Group companies
  - Domestic: Azbil Corporation, Azbil Kimmon Co., Ltd. and its consolidated subsidiaries, Azbil Kyoto Co., Ltd., Azbil TA Co., Ltd., Azbil Taishin Co., Ltd.
  - Overseas: Azbil Production (Thailand) Co. Ltd., Azbil Control Instruments (Dalian) Co. Ltd., Azbil Telstar, S.L.U. (FY2022-FY2024)
- We have received third-party verification for industrial waste volumes at major production sites, in Japan and overseas, for FY2022 onwards.

Disposal Ratio

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Final disposal ratio	%	1.2	0.9	0.9	1.1	1.0

- Included: The domestic production sites of the following azbil Group companies: Azbil Corporation, Azbil Kimmon Co., Ltd. and its consolidated subsidiaries, Azbil Kyoto Co., Ltd., Azbil TA Co., Ltd., Azbil Taishin Co., Ltd.
- The final disposal rate is calculated as follows: Final disposal volume / Total waste generated × 100.

4. Biodiversity

1) Environmental Conservation Activities

Events & Participation

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Environmental conservation activities	Events	5	6	6	6	6
Participants (employees, family members, etc.)	Persons	94	66	90	98	131

- Events were held online on FY2021. In FY2022, 2 onsite and 4 online activities were conducted. In FY2023, 6 onsite activities were conducted. 1 online and 5 onsite activities were conducted in both FY2024 and FY2025.

5. Products and Services Designed for Sustainability

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 design standards for sustainability)

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Sustainable design meeting the azbil Group's own standards*1	%*2	—*3	67	100	100	100

・Launched in FY2022, this project became operational in FY2023.

*1 Design for creating and providing products that contribute to solving global environmental issues (decarbonization, resource recycling, and biodiversity conservation). It is comprehensively evaluated based on the following items.
- Product life-cycle CO_2
- Indicators for resource consumption reduction and resource recycling
- Decarbonization, resource recycling, biodiversity conservation (environmental pollution prevention), and information disclosure

*2 Ratio of new products with sustainability design meeting the azbil Group's own standards

*3 Until FY2021, environmental design assessments were conducted using standards the azbil Group established under the previous system.

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

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Skilled professionals*1 who support sustainable services*2	Persons	601	652	760	943	1,049

*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 (decarbonization, resource recycling, and biodiversity conservation):
- 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

*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).

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

Design for Recyclability (★ The azbil Group's Essential Goal I for the SDGs: Design all new products to meet design standards for 100% recyclability)

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Design for recyclability*1	%*2	–*3	17	13	13	50

・Launched in FY2022, this project became operational in FY2023.

*1 Design that scores 100% on the azbil Group's own scale for resource recycling. We aim to enable proper disassembly and sorting when customers dispose of products by removing impediments to recycling within the realm of the most effective technologies that are economically and technologically feasible.

*2 Ratio of new products meeting the azbil Group's own design for 100% recyclability

*3 Until FY2021, environmental design assessments were conducted using standards the azbil Group established under the previous system

6. Environmental Regulations

1) Environmental Regulation Compliance

Environmental Regulation Compliance

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Major environmental non-conformity*1	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.*2 (until October 31, 2024)]

*1 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 All equity interests in Azbil Telstar S.L.U. were transferred in October 2024.

2) PRTR Law*

Total Amounts Reported under Japan's PRTR Law

Substance	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Ethyl benzene	Metric tons	8.1	11.0	10.3	9.5	8.3
Xylene	Metric tons	9.5	12.4	11.5	9.3	8.1
Toluene	Metric tons	10.9	11.9	12.0	10.6	11.4

• Included: Azbil Corporation (Shonan Factory), Azbil Kimmon Energy Products Co., Ltd. (Shirakawa Factory, Shirasawa 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				
		2021	2022	2023	2024	2025
Discharged into the atmosphere	Metric tons	27.0	33.9	32.6	29.4	27.0
Disposed of as waste	Metric tons	1.5	1.4	1.2	0.0	0.8
Total	Metric tons	28.5	35.3	33.8	29.4	27.8

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

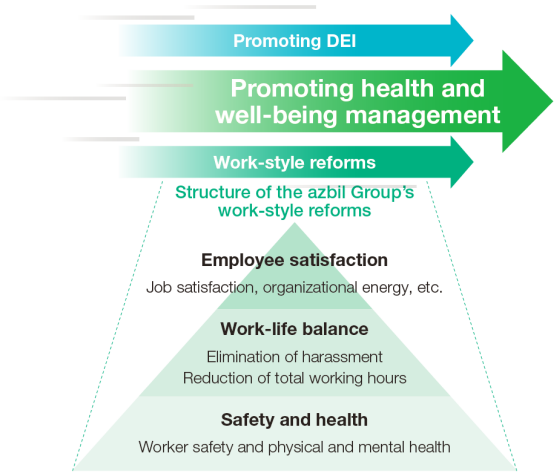
azbil Group Health and Well-being Declaration

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.

[Overview of health and well-being management]



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 resolved and approved at the Azbil Corporation Board of Directors meeting 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				
			2021	2022	2023	2024	2025
Overall	Male	Persons	4,141	4,053	3,966	3,872	3,931
	Female	Persons	1,188	1,185	1,197	1,180	1,212
	Total	Persons	5,329	5,238	5,163	5,052	5,143
	Female percentage	%	22.3	22.6	23.2	23.4	23.6
Age	Under 30s	Persons	549	538	550	586	615
	30s	Persons	868	899	920	908	916
	40s	Persons	1,336	1,215	1,137	1,081	1,053
	50s	Persons	2,516	2,533	2,504	2,433	2,342
	60s and over	Persons	60	53	52	44	217

• 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.

• The number of employees aged 60 and over in FY2025 increased compared with the previous year because the retirement age was raised from 60 to 62 from FY2025.

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

	Category	Unit	Fiscal Year				
			2021	2022	2023	2024	2025
Average age	Male	Age	45.8	46.0	45.9	45.6	45.8
	Female	Age	45.9	46.0	46.1	46.1	46.5
	Total	Age	45.9	46.0	45.9	45.7	46.0
Average years of service	Male	Years	20.2	20.4	20.2	19.8	19.9
	Female	Years	20.0	20.0	19.8	19.4	19.6
	Total	Years	20.1	20.2	20.0	19.7	19.8

• 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				
		2021	2022	2023	2024	2025
Temporary employees*	Persons	902	905	952	1,002	1,014

* 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				
			2021	2022	2023	2024	2025
Full-time	Male	Persons	5,210	5,123	4,982	4,916	4,945
	Female	Persons	1,605	1,611	1,630	1,640	1,685
	Total	Persons	6,815	6,734	6,612	6,556	6,630
	Female percentage	%	23.6	23.9	24.6	25.0	25.4

• Shown above are the number of employees of Azbil Corporation and its domestic consolidated subsidiaries 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				
		2021	2022	2023	2024	2025
All employees	%	-	66.5	66.9	69.0	69.9
Employees without a fixed term of employment	%	-	70.8	71.6	73.4	74.6
Temporary employees*	%	-	54.1	53.8	57.8	55.1

• When determining wages, the same standards are applied regardless of gender; within the same pay grade of Azbil Corp's personnel system, women's wages range between 89% and 102% of men's wages.
Two of the main reasons for the wage gap shown by this table are the fact that more female employees choose to work shorter hours, and the number of employees within each pay grade differ.

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

• Figures for consolidated subsidiaries can be found in the *Annual Securities Report* (in Japanese only).
https://www.azbil.com/jp/ir/library/report/__icsFiles/afieldfile/2026/06/24/104yuho_1.pdf

2. Health and Well-being Management

1) Work-style Reforms

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

		Unit	Fiscal Year				
			2021	2022	2023	2024	2025
Total annual hours worked per employee		Hours	1,983.0	1,939.0	1,943.0	1,943.1	1,888.4
Average monthly overtime hours		Hours	18.9	22.0	18.7	18.3	17.5
Annual paid leave granted		Days	20.4	20.4	20.1	20.0	19.9
Annual paid leave taken		Days	15.8	17.7	18.0	17.9	17.1
Annual paid leave taken as a percentage of paid leave granted		%	77.3	86.7	89.6	89.5	85.9
Employees taking maternity leave		Persons	21	26	26	18	22
Employees taking childcare leave	Male	Persons	78	56	60	68	79
	Female	Persons	25	26	19	22	25
Childcare leave taken as a percentage of childcare leave granted*1	Male	%	84	73	83	88	96
	Female	%	108	92	90	115	108
Employees returning to work after childcare leave		%	100	100	100	100	100
Employees taking leave of absence to care		Persons	4	6	7	9	2
Employees resigning for personal reasons		Persons	59	75	66	64	59
Turnover rate due to above resignations		%	1.1	1.4	1.3	1.3	1.2
Retention rate for new graduate hires after 3 years*2		%	90.7	93.2	87.7	88.1	92.1
Periodic health checkup rate*3		%	99.9	99.9	100	100	100
Stress test checkup rate		%	96.9	97.6	95.9	95.6	96.7
Employees on leave for mental health reasons		Persons	60	56	61	56	66

*1 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).

*2 The figure for FY2025 represents the retention rate for new graduate hires of April 1, 2023, measured 3 years later (April 1, 2026). Figures for the other years (FY2021-FY2024) are calculated in the same way.

*3 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 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 6 days of leave per year in the case of one child, or up to 12 days per year to care for two or more children, 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 6 days of leave per year for one person or up to 12 days per year to care for two or more persons. (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)
Family support leave	Up to 3 working days per year may be taken for reasons* concerning the employee or their family. (Can be taken in single-day increments) ** Reasons include medical appointments for the employee or a family member, disease prevention, check-ups, family caregiving or nursing, supervising children during a school closure, participating in school events, fertility treatment, etc.*
Reproductive support leave	Up to 6 days per year may be taken for fertility treatment. (This leave may be taken in half-day or hourly increments.)
Leave of absence for fertility treatment	This leave may be taken up to three times, provided that the total is no more than one year (Conditions apply)
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 Engagement 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				
		2021	2022	2023	2024	2025
Employees who expressed satisfaction with working at azbil Group companies	%	59	58	57	59	60
Employees who experienced personal growth over the past year	%	58	59	59	61	58

• Included: Azbil Corporation, domestic consolidated subsidiaries

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

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

		Unit	Fiscal Year				
			2021	2022	2023	2024	2025
No. of sites certified under ISO 45001 (Occupational Health and Safety Management System)		Sites	43	42	41	40	40
No. of serious work-related accidents*1,*2	Involving employees	No.	1	9	2	3	3
	At partner companies*3	No.	4	3	1	4	4
No. of work-related deaths	Involving employees	Persons	0	0	0	0	0
	At partner companies*3	Persons	0	0	0	0	0
Frequency of lost-time injuries*4	Involving employees	–	0.66	1.43	0.51	0.32	0.38
	At partner companies*3	–	0.64	1.06	0.37	0.22	0.27
Impact of lost-time injuries*5	Involving employees	–	0.01	0.02	0.01	0.01	0.01
	At partner companies*3	–	0.01	0.01	0.01	0.01	0.01
No. of infractions of regulations/standards related to occupational health & safety		No.	0	0	0	0	0

*1 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.
*2 The number of serious work-related accidents in FY2022 includes cases in which people were off work having contracted COVID-19.
*3 Those working under Azbil's supervision, including employees dispatched by staffing agencies, part-timers, and subcontractors.
*4 No. of fatalities & injuries resulting from occupational accidents per million actual hours worked.
*5 Total lost days of work per thousand actual hours worked.

2) Diversity, Equity and Inclusion (DEI)

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

		Unit	Fiscal Year				
			2021	2022	2023	2024	2025
Overall	Male	Persons	1,123	1,095	1,072	1,026	1,072
	Female	Persons	72	73	78	77	86
	Total	Persons	1,195	1,168	1,150	1,103	1,158
	Female percentage	%	6.0	6.3	6.8	7.0	7.4
Below general manager level	Male	Persons	971	943	912	867	904
	Female	Persons	68	70	72	71	81
	Total	Persons	1,039	1,013	984	938	985
	Female percentage	%	6.5	6.9	7.3	7.6	8.2
General manager level or higher	Male	Persons	152	152	160	159	168
	Female	Persons	4	3	6	6	5
	Total	Persons	156	155	166	165	173
	Female percentage	%	2.6	1.9	3.6	3.6	2.9

No. of Employees in Management Positions, Percentage of Female Managers (domestic group companies)

		Unit	Fiscal Year				
			2021	2022	2023	2024	2025
Overall	Male	Persons	1,366	1,336	1,303	1,254	1,292
	Female	Persons	80	81	85	88	99
	Total	Persons	1,446	1,417	1,388	1,342	1,391
	Female percentage	%	5.5	5.7	6.1	6.6	7.1

Note: Enumerated here are employees in senior management and above, as designated by the Company's personnel system, and those in equivalent positions at group companies. Employees within this category who are seconded to group companies and other companies are also included

No. & Employment Rate of People with Disabilities

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Actual no. of employees with disabilities	Persons	111	118	117	128	129
Employment rate of those with disabilities*	%	2.25	2.38	2.45	2.63	2.62
Statutory employment rate	%	2.3	2.3	2.3	2.5	2.5

• 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				
		2021	2022	2023	2024	2025
Foreign employees	Persons	55	58	64	76	88
Foreign managers	Persons	6	6	6	5	5

3. Recruitment/Development

1) Recruitment

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

		Unit	Fiscal Year				
			2021	2022	2023	2024	2025
New graduate hires	Male	Persons	87	72	82	98	91
	Female	Persons	23	29	19	17	23
	Total	Persons	110	101	101	115	114
	Female percentage	%	20.9	28.7	18.8	14.8	25.2
Mid-career recruitment	Male	Persons	29	38	60	66	71
	Female	Persons	4	6	12	12	18
	Total	Persons	33	44	72	78	89
	Female percentage	%	12.1	13.6	16.7	15.4	20.2

2) Development

Status of Training Programs (non-consolidated)

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Total training hours (approx.)	Hours	139,000	152,000	171,000	180,000	177,000
No. of training hours per employee*1 (approx.)	Hours	27.0	29.1	34.3	35.6	34.4
No. of training days per employee*2 (approx.)	Days	4.2	4.5	5.3	5.5	5.3
Training investments (approx.)	¥1 million	370	450	520	615	671
Average training costs per employee (approx.)	¥1 thousand	72	87	104	122	130

• 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		2024		2025	
Category	Training	No. of participants*1	Hours*2	No. of participants*1	Hours*2	No. of participants*1	Hours*2
Hierarchy	Executive	30	1,582	31	571	42	760
	Management	86	4,275	86	4,304	92	4,636
	Leadership	373	5,516	440	4,914	493	5,663
	Basic	453	76,993	497	85,785	498	85,022
Career	Career and life plan	263	3,156	280	3,360	401	4,117
DX-related	DX knowledge	1,102	17,853	9,398	25,475	2,915	16,602
	Software engineer	167	2,533	159	2,683	157	2,663
Company-wide*3	Compliance	16,714	11,464	10,748	8,529	10,471	11,504
	Information security	6,635	3,317	6,949	3,537	6,938	6,938
	Safety	15,726	16,355	18,044	17,240	13,476	14,316

*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				
		2021	2022	2023	2024	2025
Union members*1	Persons	3,844	3,795	3,727	3,728	3,767
Union members as a percentage*2	%	100	100	100	100	100

*1 Data points at the end (March 31) of 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

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. We believe that these initiatives are likely to be more successful when the entire supply chain, not just the azbil Group, is involved. Accordingly, our procurement activities are aimed at enhancing value for both the azbil Group and its business partners and at building long-term relationships of trust, through which we work together with our business partners to fulfill our social responsibilities. As specific guidance for these efforts, we have established “The azbil Group Basic Policy on Procurement” and “The azbil Group Sustainable Procurement Guidelines”.

We ask our business partners to understand the concepts and objectives behind these initiatives and to promote activities in accordance with the policies and guidelines.

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.

The azbil Group Sustainable Procurement Guidelines

We have created “The azbil Group Sustainable Procurement Guidelines” to help our business partners to understand the concept and necessity of the SDGs and to take specific measures to achieve them. Based on the fundamental approach contained in the azbil Group philosophy and the Guiding Principles for azbil Group Business, these guidelines summarize the direction of our extensive activities to ensure the sustainability of the supply chain and cover compliance requirements.

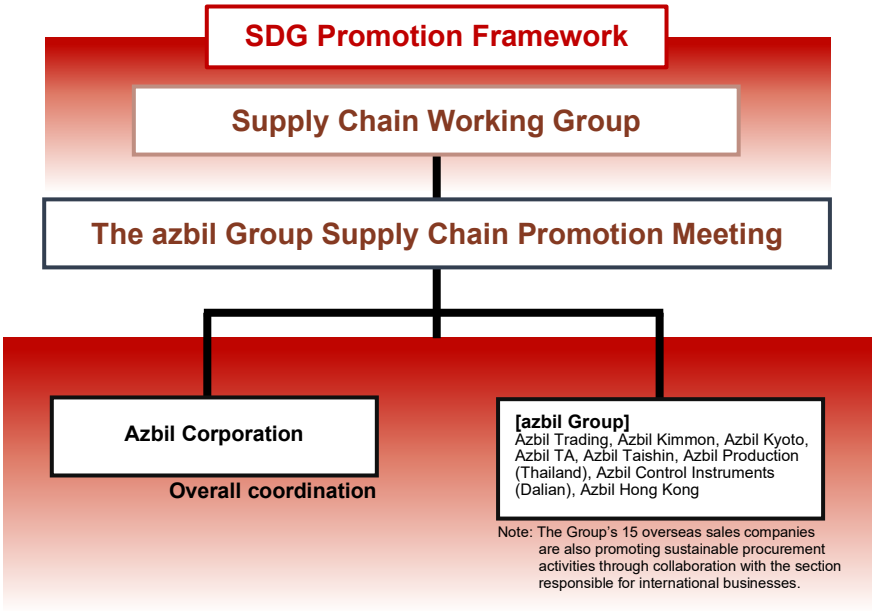
Listed below are the specific actions and activities we expect of our business partners to ensure compliance within each category.

Focus Areas in the Supply Chain

Broad category	Intermediate category	Subcategory
Environment	Climate change (GHG, energy)	• Climate change initiatives including CO_2/GHG emissions
	Pollution and resources (e.g., air pollution, water pollution, hazardous waste, waste reduction, raw materials)	• Green procurement • Management of chemical substances contained in products • Efficient use of resources, waste reduction, and promotion of recycling and renewable energy use
	Water security and water risks	• Reduction of water use and wastewater discharge
	Biodiversity	• Biodiversity conservation
	Environmental management	• Environmental management activities in compliance with ISO 14001
Social	Labor practices	• Elimination of child labor and forced labor, reduction of excessive working hours • Prohibition of discrimination, promotion of equal opportunity • Promotion of diversity, equity and inclusion (DEI)
	Health and safety	• Health and safety management • Work style reforms and work-life balance
	Human rights	• Rejection of antisocial forces • Responsible mineral procurement
	Contributing to local communities	• Activities contributing to regional development and society
	Quality and customers	• Quality management • Provision of accurate product and service information
Ethics and risk management	Compliance with laws and regulations and respect for international norms	• Compliance with laws and regulations and respect for international norms
	Compliance with fair trade practices	• Compliance with fair trade practices • Respect for intellectual property • Protection of whistleblowers • Appropriate import and export management
	Establishment of a management system	• Establishment of a management system • Supplier management • Grievance mechanism
	Appropriate information disclosure	• Appropriate information disclosure
	Information security	• Information security • Protection of personal information • Prevention of confidential information leakage
	Business continuity planning and preparation	• Business continuity planning and preparation

The azbil Group Sustainable Procurement Guidelines, seventh edition issued in September 2026.
https://www.azbil.com/sustainability/social/supplychain/pdf/azbilGroup_sustainable_procurement_guideline_07_EN.pdf

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 departments having relevant responsibilities.

Broad category	Intermediate category	Coordination
Environment	Climate change	Environment
	Pollution and resources	
	Water security and water risks	
	Biodiversity	
	Environmental management	
Social	Labor practices	Human resources
	Health and safety	Health & safety
	Human rights	CSR
	Contribution to local communities	CSR
	Quality and customers	Quality assurance
Ethics and risk management	Compliance with laws and regulations and respect for international norms	Legal
	Compliance with fair trade practices	Legal
	Establishment of a management system	Production
	Appropriate information disclosure	CSR
	Information security	Information systems
	Business continuity planning and preparation	Production

2) Encouraging the Supply Chain

Status of Supply Chain Initiatives

(1) Selecting key business partners

The azbil Group's sustainable procurement initiatives started in FY2021. Of more than 4,000 business partners of the azbil Group, we identify and select those that will be subject to the Group's sustainable procurement initiatives.

Specifically, we use transaction volume to select the largest business partners, so that 80% of the Group's total transaction volume will qualify as sustainable procurement. As shown on the right, the list of suppliers subject to the azbil Group's sustainable procurement requirements runs to 552 business partners as of FY2025.

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

Business Partners Subject to Sustainable Procurement Requirements

The azbil Group companies	No. of business partners	No. of business partners subject to sustainable procurement (No. of key business partners)
Azbil Corporation	2,575	321
Azbil Trading Co., Ltd.	817	30
Azbil Kimmon Co., Ltd.	267	80
Azbil Kyoto Co., Ltd.	4	3
Azbil TA Co., Ltd.	300	42
Azbil Taishin Co., Ltd.	265	29
Azbil Production (Thailand) Co., Ltd.	36	13
Azbil Control Instruments (Dalian) Co., Ltd.	119	25
Azbil Hong Kong Limited	50	9
Total	4,433	552

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

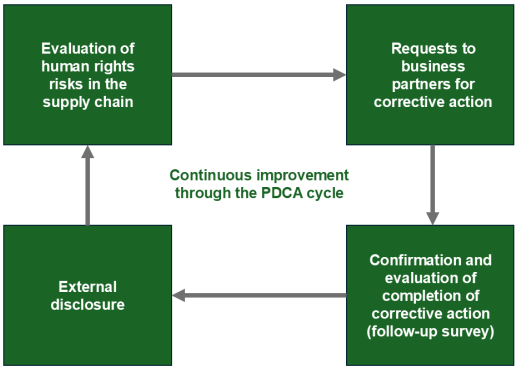
- In FY2021, for approximately 280 key business partners of Azbil Corporation we held briefing sessions on the company's SDG initiatives and CSR Procurement Guidelines (later renamed Sustainable Procurement Guidelines), with the aim of encouraging SDG initiatives and deepening understanding of specific actions to be taken.
- In FY2022, to make the most of this experience and further expand its effectiveness, we held similar briefings for 131 business partners of 7 azbil Group companies.
- In FY2024, responding to external requests and industry standards/trends, we added new items concerning ethics and risk management to our guidelines for business partners to follow; these are based on the azbil Group's Basic Policy on Information Security and Basic Policy on Anti-corruption Practices. At the same time, we changed the name to the azbil Group Sustainable Procurement Guidelines, and held a briefing session for 260 key business partners of Azbil Corporation.
- In FY2025, we also held briefing sessions for business partners of azbil Group companies with the aim of spreading these concepts and initiatives throughout the azbil Group.

The azbil Group companies	No. of business partners participated in the CSR Procurement Guidelines briefing sessions (Azbil: FY2021; azbil Group: FY2022)	No. of business partners participated in the Sustainable Procurement Guidelines briefing sessions (Azbil: FY2024; azbil Group: FY2025)
Azbil Corporation	276	255
Azbil Trading Co., Ltd.	17	24
Azbil Kimmon Co., Ltd.	46	79
Azbil Kyoto Co., Ltd.	3	3
Azbil TA Co., Ltd.	–	20
Azbil Taishin Co., Ltd.	28	29
Azbil Production (Thailand) Co., Ltd.	11	13
Azbil Control Instruments (Dalian) Co., Ltd.	24	–
Azbil Hong Kong Limited	2	–
Total	407	423

(3) Implementing human rights due diligence

Human rights due diligence is a process that identifies and assesses the risk of human rights violations arising through business activities, seeking to prevent, mitigate, and, where necessary, remedy such risks. At Azbil Corporation, we conduct human rights due diligence for primary business partners of both Azbil Corporation and the azbil Group; we are expanding the scope to include secondary business partners of Azbil Corporation. Here, primary business partners are those with which Azbil Corporation deals directly, while secondary business partners are the business partners of those primary business partners.

Human rights due diligence process



Human rights issues under scrutiny

1. Elimination of child labor
2. Elimination of forced labor
3. Reduction of overwork
4. Wages (appropriate, duly paid)
5. Prohibition of discrimination, equal opportunity
6. Health and safety management
7. Freedom of association and the right to collective bargaining
8. Responsible mineral procurement
9. Protection of personal information, privacy violations
10. Harassment

Human rights due diligence for primary business partners

- In FY2023, Azbil Corporation conducted human rights risk assessments for approximately 300 key business partners, and requested improvements where needed. By FY2024, it was confirmed that all the required improvements had been completed.

- In FY2024, the azbil Group conducted human rights due diligence for approximately 190 key business partners. Completion of all required improvements was confirmed by FY2025.

Human rights due diligence for secondary business partners

- In FY2024, in response to growing demands from customers and society, Azbil Corporation expanded the scope of its human rights due diligence activities to include secondary business partners. Because the potential number of such companies could reach several thousand, companies were selected based on their importance to both Azbil Corporation and its primary business partners, as well as their exposure to potentially high human rights risks. As shown in the table below, risk assessments relating to human rights violations were conducted for 97 secondary business partners, and improvement requests were issued to 29 companies. In the case of companies requiring additional time to complete these improvements, we monitored their progress and provided support where possible. As a result of these efforts, undertaken with the cooperation of our primary business partners, only 4 secondary business partners had yet to complete improvements as of the end of FY2025. No risks associated with serious human rights violations, such as forced labor or child labor, were identified.

Human rights due diligence for Azbil Corporation's secondary business partners

Figures indicate number of companies

Category	Primary business partners (partners with which azbil deals directly)		Secondary business partners (partners with which primary business partners deal)				
Description	Key business partners	Primary business partners*1 who were asked to check on secondary business partners	Secondary business partners listed by primary business partners	Secondary business partners*1 subject to human rights due diligence	Secondary business partners who responded to the HRDD questionnaire	Secondary business partners with risk (improvements requested)	Secondary business partners yet to complete improvements
Total	306*2	132	231	97	95	29	4

*1 Survey scope was decided by whether the business partner is involved in areas (such as product categories) with high risk of human rights infringements, and the importance of Azbil Corporation to the business partner (Azbil dependency).

*2 Number of companies selected when the HRDD initiative was launched in FY2024

Going forward, based on societal demands and trends, we will provide the necessary support to enable business partners to independently reduce risks that could lead to human rights violations. At the same time, Azbil Corporation will gradually transition to an approach which confirms, through monitoring and audits, that appropriate human rights due diligence is being conducted by its business partners.

(4) Efforts to address climate change: Reduction of CO_2 emissions in the supply chain

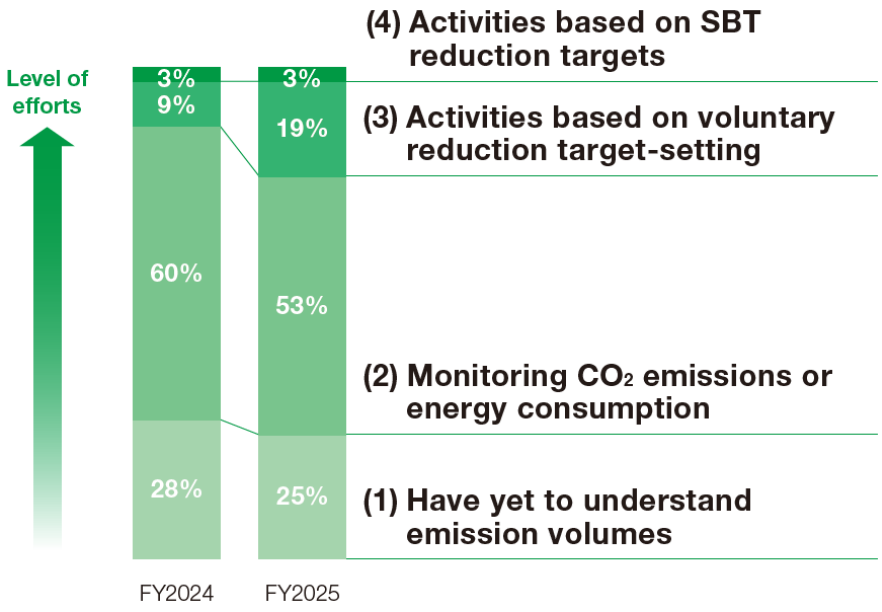
In FY2025, the azbil Group implemented the following initiatives with its business partners to achieve its FY2030 goal of reducing GHG (greenhouse gas) emissions across the entire supply chain by 33% compared to FY2017.

- We revised and distributed materials on CO_2 emission reduction to key business partners, adding information on the societal perspective, specific approaches, and examples of implementation. In producing these materials, we are emphasizing the importance of reducing CO_2 emissions across the entire supply chain and encouraging business partners to understand their own emissions and to consider establishing reduction targets.

- We also held a webinar on setting CO_2 emission reduction targets, primarily for business partners that had quantified their CO_2 emissions but had not yet established reduction targets. In addition to explaining approaches to target setting and specific methods for doing so, the webinar introduced examples of how SBT certification is obtained for small and medium-sized enterprises.

As a result of these initiatives, the percentage of business partners that have established CO_2 emission reduction targets increased significantly, from 9% in the previous fiscal year to 19%.

The status of CO_2 emission reduction initiatives among approximately 300 key business partners, based on the results of a questionnaire survey, is shown below.



(5) Dialogue and collaboration with business partners

At Azbil Corporation, we promote dialogue and collaboration with business partners to enhance sustainability across the entire supply chain. Through case study presentations, ESG seminars, and other activities, we encourage learning, information sharing, and network building among business partners, helping to create an environment that supports proactive ESG initiatives.

ESG Seminars for Business Partners

- In October 2025, ESG Seminars for Business Partners were held for Azbil Corporation's business partners to deepen their understanding of the initiatives promoted by the azbil Group throughout the supply chain. To help participants understand that the requested improvements, required by the Sustainable Procurement Guidelines, are based on societal expectations rather than requirements unique to Azbil Corporation, the seminar incorporated external content to provide a more objective perspective. Participation, including both attendees and those who viewed the recorded seminar after the event, was as follows.

  Participating companies: 212
  Participants: 377

Business Partner Case Study Presentation

- To encourage business partners to learn from and communicate with one another proactively, we held a Business Partner Case Study Presentation in February 2026. Two business partners who have implemented distinctive initiatives in the environmental and social fields gave presentations on the topics of SDG initiatives and initiatives for hiring foreign talent, sharing the background, approaches, and results of their activities. Following the presentations, participants exchanged views in groups on 3 topics: CO_2 and energy reduction, recruitment and employment, and supplier management (building relationships with business partners). Azbil Corporation recognized and commended the two presenting companies in appreciation of their exemplary initiatives.

  Participating companies: 44
  Participants: 73
  Webcast viewers: Approximately 100

Interviews with Individual Business Partners

- To reduce the impact of potential environmental regulatory violations across the supply chain, in FY2025 we confirmed compliance with environmental regulations among those business partners whose scores on the environmental section of the self-assessment questionnaire fell below our own internal standards and who had not responded to specific questionnaire items. As a result, no violations of environmental regulations or matters requiring corrective action were identified.

  No. of companies with which Azbil Corporation discussed compliance with environmental regulations from the perspective of pollution prevention: 8

- As part of our efforts to promote diversity, equity, and inclusion (DEI), we aim to enhance diversity across the supply chain and contribute to business growth through talent acquisition by promoting the recruitment and active participation of foreign workers. Based on preliminary surveys of business partner interest, we provided interested business partners with information and proposals regarding the hiring of foreign workers.

  No. of companies visited to propose the hiring of foreign workers: 8

(6) Business partners' self-assessment questionnaire

Each year, the azbil Group asks its business partners to complete a self-assessment questionnaire in order to foster constant motivation and provide opportunities for reflection, thereby encouraging each company to make progress with their initiatives. This questionnaire is based on the principles of the United Nations Global Compact and the philosophy underlying the Responsible Business Conduct Guidelines published by the Japan Electronics and Information Technology Industries Association (JEITA). The results of the FY2025 questionnaire are shown below.

■ Self-assessment conducted by business partners of azbil Group domestic companies and overseas production companies (FY2025)

Figures indicate number of companies

The azbil Group companies	Questionnaire		Breakdown of responding companies by type of business			
	No. of target companies	No. of responding companies	Manufacturing	Trading company	Construction/ Service	Engineering/ Software
Azbil Corporation	321	309	98	56	142	13
Azbil Trading Co., Ltd.	30	30	22	6	2	0
Azbil Kimmon Co., Ltd.	80	80	50	21	6	3
Azbil Kyoto Co., Ltd.	3	3	0	3	0	0
Azbil TA Co., Ltd.	42	40	30	9	1	0
Azbil Taishin Co., Ltd.	29	29	14	15	0	0
Azbil Production (Thailand) Co., Ltd.	13	13	10	3	0	0
Azbil Control Instruments (Dalian) Co., Ltd.	25	25	19	6	0	0
Azbil Hong Kong Limited	9	9	2	7	0	0
Total	552	538	245	126	151	16

■ Self-assessment conducted by business partners of azbil Group overseas sales companies (FY2025)

Figures indicate number of companies

The azbil Group companies	Questionnaire		Breakdown of responding companies by type of business			
	No. of target companies	No. of responding companies	Manufacturing	Trading company	Construction/ Service	Engineering/ Software
Azbil Korea Co., Ltd.	28	28	8	2	13	5
Azbil (Thailand) Co., Ltd.	27	27	2	10	14	1
Azbil Singapore Pte. Ltd.	28	12	4	4	4	0
Azbil Control Solutions (Shanghai) Co., Ltd.	19	10	3	4	2	1
Total	102	77	17	20	33	7

The azbil Group's *Sustainable Procurement Annual Report*

The azbil Group publishes the *Sustainable Procurement Annual Report*, which summarizes initiatives for sustainable procurement implemented during the year.

Five annual reports from FY2021 to FY2025 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
	• *Standards for Hazardous Substances Contained in Products*, Ver. 15.0, issued in June 2026
Preservation of Biodiversity	• *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				
		2021	2022	2023	2024	2025
Social contributions, etc.*1	¥1 million	33	28	34	44	40
Recovery support*2	¥1 million	0	13	20	3	5

*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
2025	Contribution of Relief Funds for the 2025 Myanmar Earthquake	Japanese Red Cross Society	¥1 million	5
2024	Contribution of Relief Funds for the 2024 Hualien Earthquake	Japanese Red Cross Society	¥1 million	3
2023	Contribution of Relief Funds for the 2024 Noto Peninsula Earthquake	Japanese Red Cross Society	¥1 million	10
	Additional Contribution of Relief Funds for the 2024 Noto Peninsula Earthquake	Central Community Chest of Japan	¥1 million	10
2022	Contribution of Relief Funds for the 2023 Turkey-Syria Earthquake	Japanese Red Cross Society	¥1 million	3
	Contribution of Relief Funds for refugees and human rights issues	UNHCR	¥1 million	10
2021	-	-	-	-

Support from the azbil Honey Bee Club*1

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
azbil Honey Bee Club support	¥1 million	5.3	5.6	5.2	5.5	5.9
Matching gift*2	¥1 million	3.1	3.2	2.5	2.9	3.6
Total*3	¥1 million	8.5	8.8	7.8	8.5	9.5
Recipient organizations	No.	54	58	54	57	61



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

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

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

Major Social Contribution Activities

Activities	
・Conducting an energy conservation tour for elementary school students and work-experience study session for junior high school students	・Hosting factory and research facility tours
	・Promoting communication with local communities around production sites
・Dispatching employees to lecture at universities	・Contributing to the local community through sponsorship of sports teams based near our major business sites, while supporting the healthy development of youth by providing them with opportunities to participate in wheelchair basketball events
・Accepting student interns (from universities and technical colleges)	
・Supporting career education by participating in the development of digital supplementary educational materials for public elementary and junior high school students in the communities where the Group operates	・The Azbil Yamatake General Foundation administers three programs: scholarship grants, such as educational support funds; educational and awareness-raising support initiatives; and research funding.
・Nature conservation activities in collaboration/cooperation with local governments, etc.	

Azbil Yamatake General Foundation

We established the Azbil Yamatake General Foundation in February 2016 to provide a stable learning system and educational opportunities for promising children, and to support research and development of new technologies in the fields of science and technology. In addition to scholarship grants, it administers two other programs, one for educational outreach and another for research grants. To preserve the aspiration of Yamatake Corporation, which was the forerunner of Azbil Corporation, "Yamatake" has been included in the name of the foundation.

2) Organizations & Initiatives

Major Memberships and Initiatives

● Economic/Industry Associations and Societies
KEIDANREN (Japan Business Federation)
KEIZAI DOYUKAI (Japan Association of Corporate Executives)
Japan Electronics and Information Technology Industries Association (JEITA)
Building Automation Association
Japan Association of Energy Service Companies (JAESCO)
Japan Electric Measuring Instruments Manufacturers' Association (JEMIMA)
NIPPON ELECTRIC CONTROL TECHNOLOGY INDUSTRIES ASSOCIATION (NECA)
The Japan Institute of Industrial Engineering
Japan Valve Manufacturers' Association (JVMA)
The Society of Instrument and Control Engineers (SICE)
● Other Organizations & Initiatives
United Nations Global Compact*
Task Force on Climate-related Financial Disclosures (TCFD)
Taskforce on Nature-related Financial Disclosures (TNFD)
Science Based Targets initiative (SBTi)
Japan Climate Leaders' Partnership (JCLP)
Japan Climate Initiative (JCI)
30by30 Alliance for Biodiversity (Ministry of the Environment)
GX League (Ministry of Economy, Trade and Industry)
Declaration of Partnership Building (Ministry of Economy, Trade and Industry)
Keidanren Committee on Nature Conservation (Japan Business Federation)
Keidanren Initiative for Biodiversity Conservation (Japan Business Federation)
Challenge Zero (Japan Business Federation)
Japan Women's Innovative Network (NPO J-Win)
Japan Partnership for Circular Economy (J4CE)

• 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)

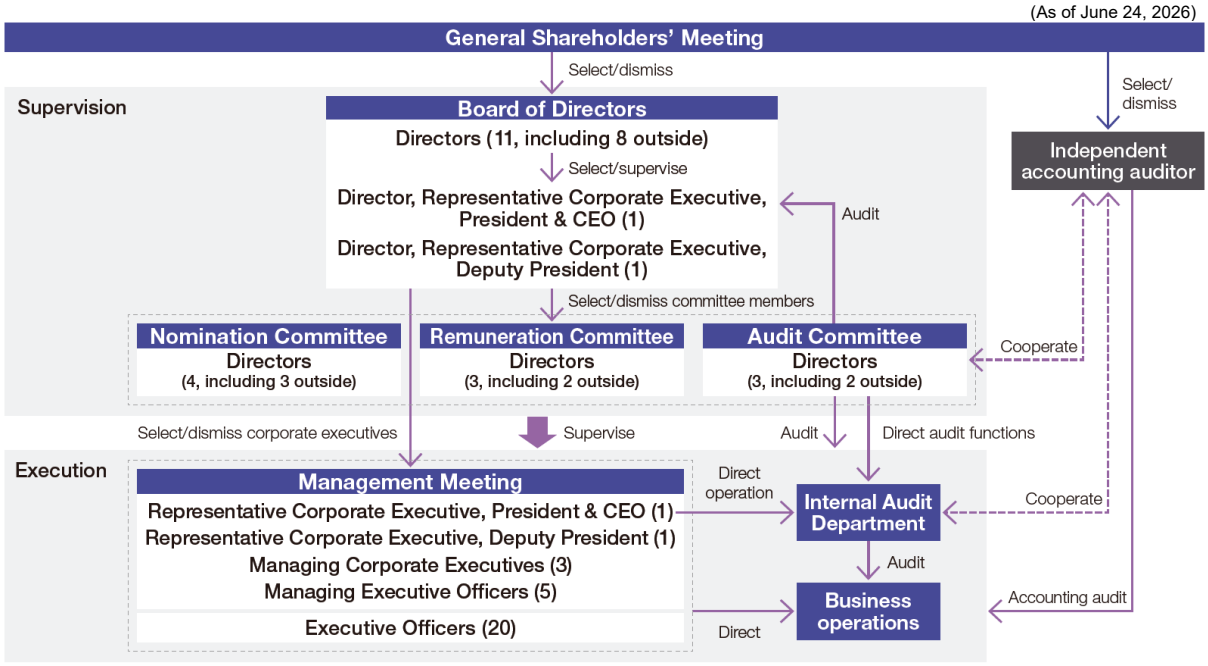
	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Political contributions	¥1 thousand	0	0	70	50	0

Governance

■ Policies, System & 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. In addition, the Board of Directors is chaired by an independent outside director. This has further enhanced the effectiveness of the Board's supervisory functions and contributes to increased transparency.



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

■ Nomination Committee	Determines proposals concerning the election and dismissal of directors to be submitted to the General Meeting of Shareholders and deliberates on drafts concerning the appointment and removal of members of the three committees (nomination, audit and remuneration); drafts concerning the election and dismissal of corporate executives; and matters related to succession planning.
■ Audit Committee	Audits the execution of duties by corporate executives and directors; prepares audit reports; draws up detailed proposals for the election, dismissal, or non-reappointment of the accounting auditor, and promotes systematic auditing.
■ Remuneration Committee	Determines policies related to the remuneration system for directors and corporate executives; determines individual remuneration; and deliberates on establishment, revision, or abolition of remuneration systems as well as other matters related to executive remuneration.

Skills Expected of Directors (Skills Matrix)

(As of June 24, 2026)

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

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

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 the company's management philosophy and achieve the medium- to long-term performance goals.
- The remuneration system should be highly independent and objective, and should enable us to fulfill our duty of accountability to stakeholders.

Remuneration Levels

Remuneration levels for the company officers (corporate executives and directors) are set by resolution of the Remuneration Committee after it has verified their appropriateness using data supplied by an external specialist agency. Also, the committee reviews remuneration levels as necessary in response to changes in the external environment.

Remuneration Structure

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

● **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	Revenue	45%
	Business profit	45%
Non-financial indicators	Employee engagement	2.5%
	Diversity (percentage of female employees in managerial and specialist positions)	2.5%
	Individual evaluation (e.g., customer satisfaction, productivity & efficiency, CSR management)	5%

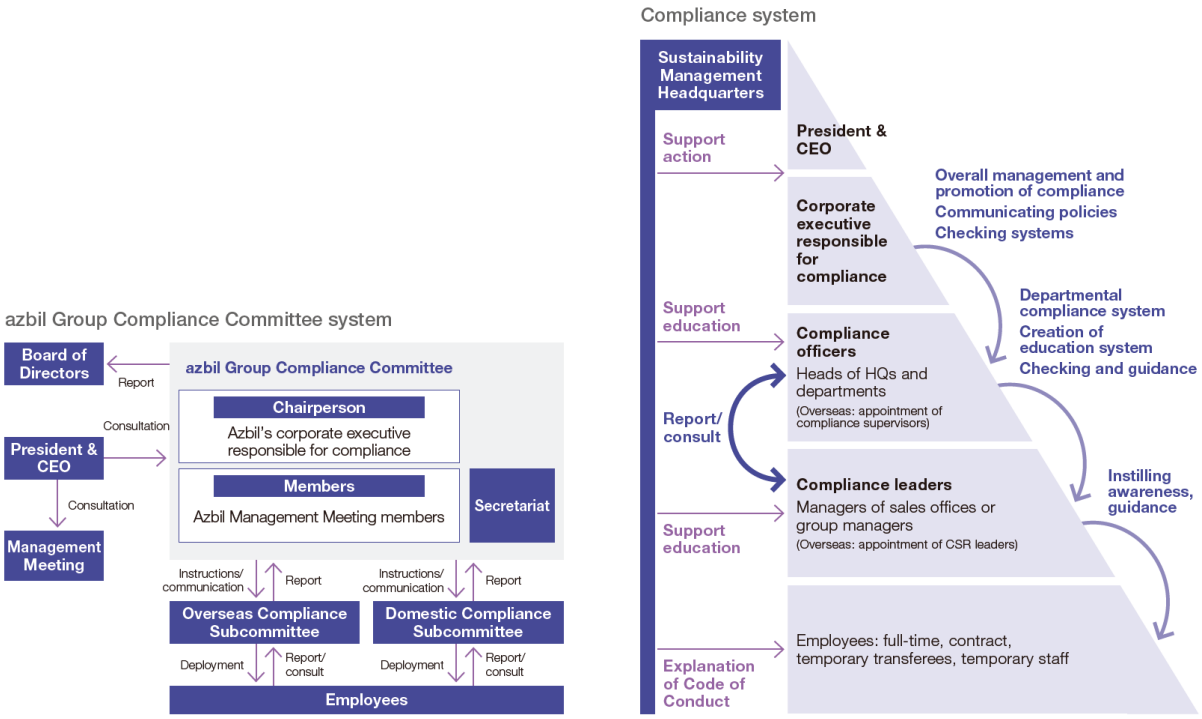
● **Corporate Executives**
Stock-based compensation KPIs and evaluation weighting

	Stock-based compensation KPIs	Evaluation weighting
Financial indicators	Relative TSR (relative to TOPIX, including dividends)	50%
	ROE	30%
Non-financial indicators	Effective reduction of CO_2	20%

Forfeiture and Return of Remuneration (Malus and Clawback)

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

3. Compliance Promotion Framework



4. azbil Group Compliance Committee

Chair	Corporate executive responsible for compliance
Participants	Members of the Azbil Corporation Management Meeting (including Audit Committee members)
Office	Sustainability Management Headquarters
Frequency of meetings	Twice per year
Aim	Promote initiatives to establish, strengthen and maintain compliance in the azbil Group and to prevent acts that violate compliance or may violate compliance
Agenda items	(1) Compliance policies, systems, and measures (including education and promotion of awareness) of the whole azbil Group
	(2) Establishment and maintenance of regulations, guidelines and the like concerning compliance of the whole azbil Group
	(3) Response to compliance issues in the azbil Group
	(4) The azbil Group's initiatives on compliance-related information and trends

• Domestic and overseas compliance subcommittees have been established as subordinate organizations.

5. azbil Group General Risk Committee

Chair	Corporate executive in charge of risk management
Participants	Members of the Azbil Corporation Management Meeting (including Audit Committee members)
Office	Sustainability Management Headquarters
Frequency of meetings	Twice per year
Aim	To determine the azbil Group's significant risks—that is, factors that may hinder the achievement of our business goals; to manage the progress of measures adopted to counter the Group's significant risks, and to determine the degree of risk mitigation
Agenda items	(1) Determination of the azbil Group's significant risks for the next fiscal year
	(2) Managing ongoing mitigation actions for risks selected in the previous fiscal year

• The progress of risk response plans for significant risks and departmental management risks is reviewed by the azbil Group CSR Promotion Committee in addition to this Committee.

6. 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 more.

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.

7. 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					
				2021	2022	2023	2024	2025	2026
Directors	Internal	Male	Persons	6	4	4	4	3	3
		Female	Persons	0	0	0	0	0	0
		Total	Persons	6	4	4	4	3	3
	Outside	Male	Persons	3	6	6	5	4	5
		Female	Persons	2	2	2	3	3	3
		Total	Persons	5	8	8	8	7	8
	Grand total		Persons	11	12	12	12	10	11
Average tenure			Years	6.3	3.9	4.9	3.9	3.4	3.4
Independent outside directors as a percentage			%	45.5	66.7	66.7	66.7	70.0	72.7
Female directors as a percentage			%	18.2	16.7	16.7	25.0	30.0	27.3
Audit & Supervisory Board members	Internal	Male	Persons	2	-	-	-	-	-
		Female	Persons	0	-	-	-	-	-
		Total	Persons	2	-	-	-	-	-
	Outside	Male	Persons	3	-	-	-	-	-
		Female	Persons	0	-	-	-	-	-
		Total	Persons	3	-	-	-	-	-
	Grand total		Persons	5	-	-	-	-	-
Average tenure			Years	8	-	-	-	-	-
Independent outside Audit & Supervisory Board members as a percentage			%	60.0	-	-	-	-	-
Female Audit & Supervisory Board members as a percentage			%	0	-	-	-	-	-

• Data as of the end of the General Meeting of Shareholders, held each fiscal year. The average length of tenure for FY2026, 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 2026.

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

No. of Meetings Held, Attendance Rate

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Meetings of the Board of Directors	No.	12	12	12	13	13
Average attendance rate of directors at meetings of the Board of Directors	%	100	100	100	100	100
Meetings of the Nomination Committee	No.	-	9	12	13	11
Average attendance rate at meetings of the Nomination Committee	%	-	97.2	100	100	100
Meetings of the Audit Committee	No.	-	11	13	13	13
Average attendance rate at meetings of the Audit Committee	%	-	100	100	100	100
Meetings of the Remuneration Committee	No.	-	7	10	14	10
Average attendance rate at meetings of the Remuneration Committee	%	-	100	100	100	100
Average attendance rate of Audit & Supervisory Board members at meetings of the Board of Directors	%	100	100	-	-	-
Meetings of the Audit & Supervisory Board	No.	14	4	-	-	-
Average attendance rate at meetings of the Audit & Supervisory Board	%	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

Executive category	Item	Unit	Fiscal Year					
			2021	2022 (Apr. – Jun.)	2022 (Jul. – Mar.)	2023	2024	2025
Directors (excluding outside directors and directors concurrently performing as corporate executives)	Total remuneration	¥1 million	385	87	58	77	80	41
	Fixed remuneration (cash remuneration)	¥1 million	287	64	56	75	78	40
	Fixed remuneration (non-cash remuneration)	¥1 million	-	-	1	1	1	0
	Performance-linked remuneration (cash remuneration)	¥1 million	97	23	-	-	-	-
	Performance-linked remuneration (non-cash remuneration)	¥1 million	-	-	-	-	-	-
	No. of persons remunerated*	Persons	6	6	2	2	2	2
Audit & Supervisory Board members (excluding outside officers)	Total remuneration	¥1 million	52	13	-	-	-	-
	Fixed remuneration (cash remuneration)	¥1 million	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	-	-	-	-
Corporate executives (including those concurrently performing as directors)	Total remuneration	¥1 million	-	-	235	422	499	553
	Fixed remuneration (cash remuneration)	¥1 million	-	-	118	189	219	198
	Fixed remuneration (non-cash remuneration)	¥1 million	-	-	16	27	36	70
	Performance-linked remuneration (cash remuneration)	¥1 million	-	-	85	177	214	215
	Performance-linked remuneration (non-cash remuneration)	¥1 million	-	-	16	27	28	70
	No. of persons remunerated*	Persons	-	-	4	5	6	6
Outside officers	Total remuneration	¥1 million	94	23	91	119	119	118
	Fixed remuneration (cash remuneration)	¥1 million	94	23	83	111	111	111
	Fixed remuneration (non-cash remuneration)	¥1 million	-	-	7	7	7	6
	Performance-linked remuneration (cash remuneration)	¥1 million	-	-	-	-	-	-
	Performance-linked remuneration (non-cash remuneration)	¥1 million	-	-	-	-	-	-
	No. of persons remunerated*	Persons	8	8	8	8	10	9
Total		¥1 million	532	124	385	619	699	713

• 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

The azbil Group has established a consultation and reporting hotline.

This hotline can be used to contact us if someone becomes aware of a situation where, as a result of the azbil Group's business activities, a human rights issue—such as a human rights infringement, including bullying or harassment—may have arisen or may arise. Similarly, it can be used to report an actual or suspected violation of laws, regulations, or corporate ethics—such as a corrupt practice, including bribery—by azbil Group officers, employees, etc. Anonymous reports are also accepted.

Following a consultation/report, we will investigate the matter while ensuring and maintaining the confidentiality of individuals using the Hotline as required by relevant laws and regulations. Should this investigation confirm an infringement of human rights, or the risk of such occurring, we will provide appropriate remedies to affected persons; should it confirm a violation of laws, regulations, or corporate ethics, we will identify the causes of the violation; in addition, we will take the necessary steps to correct and improve the situation. Moreover, our internal regulations, alongside provisions regarding disciplinary action, prohibit any form of retaliation against those who initiate a consultation or file a report.

All azbil Group officers and employees, officers and employees of partner companies, and other stakeholders, both in Japan and overseas, may use this mechanism, which begins with a consultation or report and proceeds via investigation and confirmation to relief and correction/improvement. It is based on the azbil Group Basic Policy on Human Rights. In addition, annual training is provided to azbil Group officers and employees to raise awareness and understanding of this mechanism. Refer to pp. 22-23 for the azbil Group Basic Policy on Human Rights.

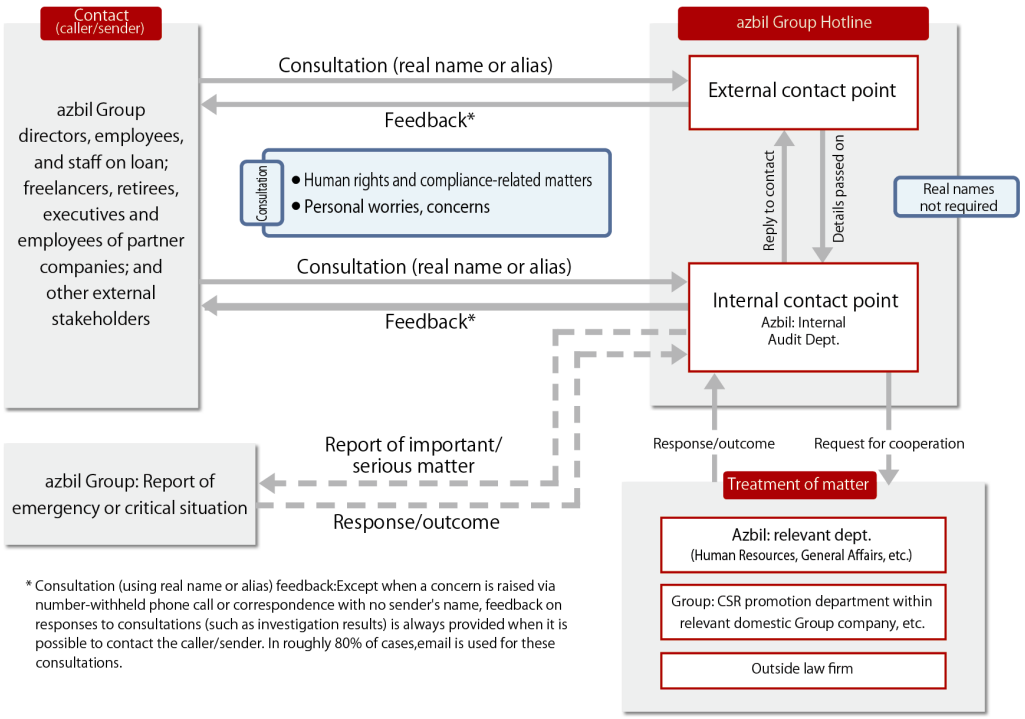
No. of Consultations and Reports Received via the Hotline

	Unit	Fiscal Year				
		2021	2022	2023	2024	2025
Consultations*	No.	202 (7)	243 (15)	237 (3)	268 (11)	297 (18)

* Consultations from group companies in Japan and overseas, and external stakeholders (figures in parentheses indicate consultations initiated from overseas)

Consultation and reporting on human rights issues, laws, and ethics violations
https://form.azbil.com/form/pub/contact/azbil_form_hotline
Our global hotline for consultation and reporting can also be accessed from the websites of overseas subsidiaries and is available in multiple languages.

Structure of the Consultation and Reporting Hotline



* Consultation (using real name or alias) feedback:Except when a concern is raised via number-withheld phone call or correspondence with no sender's name, feedback on responses to consultations (such as investigation results) is always provided when it is possible to contact the caller/sender. In roughly 80% of cases,email is used for these consultations.

Scope of the azbil ESG Databook 2026

■ Reporting Period, List of azbil Group Companies

Reporting period: From April 1, 2025 through March 31, 2026 (FY2025)

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, 2026)

	Company Name	Business Segment				Business Type			Scope 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]				●	●	●			

	Company Name	Business Segment				Business Type			Scope 1+2, 3[*3*4]	Consolidated Employees
		BA	AA	LA	Other	Production	Engineering/ Sales	Other		
Overseas	Azbil Korea Co., Ltd.	●	●				●		●	
	Azbil Taiwan Co., Ltd.	●	●				●		●	
	Azbil Kimmon Technology Corporation			●		●	●		●	
	Azbil Vietnam Co., Ltd.	●	●				●		●	
	Azbil Vietnam Production 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.	●	●				●		●	
	Azbil JS Sdn. Bhd.[*1]	●	●				●			
	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.		●				●		●	
	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		●				●		●	

*1 Unconsolidated subsidiary *2 Affiliate company not accounted for by the equity method
*3 Scope 1+2, 3=●, Scope 1+2=◎
*4 Included for Scope 1+2, 3 are the following:
until FY2021: Azbil Brazil Ltd. (liquidation completed in February 2022),
until FY2023: Azbil VorTek, LLC. (equity transferred in January 2024),
until FY2024: Azbil Telstar S.L.U. (equity transferred in October 2024), and Yamatake Automation Products Shanghai Co., Ltd. (merged with Azbil Control Solutions (Shanghai) Co., Ltd. by absorption in March 2025).
from FY2025: Azbil Information Technology Center (Dalian) Co., Ltd. (reclassified from a non-consolidated subsidiary to a consolidated subsidiary in April 2025)

azbil

Engineering the Impossible

PR-2102E (2610-0K-FT)