

February 25, 2022

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Notice regarding Introduction of Performance-linked Stock Compensation Plan (RS Trust)

Azbil Corporation (the “Company”) announces that it has resolved, at its Board of Directors meeting held on February 25, 2022, to introduce a performance-linked stock compensation plan using a trust (the “Plan”) for the Company’s corporate executives (*shikkoyaku*) and executive officers (excluding non-residents in Japan; hereinafter “Executive Officers, etc.”), subject to its transition to a company with a three committees board structure.

Additionally, the transition to a company with a three committees board structure is disclosed separately in the “Notice of Transition to a Company with a Three Committees Board Structure” today.

1. Introduction of the Plan

The Company will introduce a new performance-linked stock compensation plan for Executive Officers, etc. which will be linked to its business performance, and will be highly transparent and objective regarding its operation, aiming to the sustainable improvement of corporate value while sharing value with shareholders. Additionally, with the introduction of the Plan, the remuneration of Executive Officers, etc. of the Company will consist of basic remuneration, bonuses, and stock compensation.

The Plan adopts a structure using a trust (the “Trust”). Through the Trust, the Company will grant or provide to Executive Officers, etc. the Company’s shares and the amount of money equivalent to the exchange price of the Company’s shares, depending on the positions held by Executive Officers, etc. and their achievements of, among other things, performance goals. The details of the Plan will be separately disclosed.

2. Purpose of Introduction of the Plan

The Company’s group announced in May 2021 that it established “New Long-term Targets (for fiscal year 2030)” as well as a “New Medium-term Plan (for fiscal years 2021 to 2024)” with the aim of achieving growth and contributing “in series” to the achievement of a sustainable society by providing automation-related products

and services. The Company aims to achieve mid-long term growth and sustainable improvement of its corporate value based on the philosophy of "human-centered automation." As disclosed in the "Notice of Transition to a Company with a Three Committees Board Structure" today, the Company will transition to a company with a three committees board structure aiming to further enhance its corporate governance.

Based on this management philosophy, the Company has been discussing an executive compensation plan that would be designed to support the realization of the "New Long-term Targets (for fiscal year 2030)" and the "New Medium-term Plan (for fiscal years 2021 to 2024)" at its Nomination and Remuneration Committee and its Board of Directors.

As a result, the Company has decided to introduce the Plan as the Company believes that the Plan will further raise the awareness of Executive Officers, etc. of their contributions to improving corporate value and will strengthen their efforts to contribute to maximizing shareholder value, and will promote their efforts to contribute "in series" to a sustainable society.

With the transition to a company with a three committees board structure and introduction of the Plan, the Company will establish a new remuneration policy for Executive Officers, etc. which includes the Plan. Considering the further discussion, the new remuneration policy will be disclosed once determined by the Board of Directors.

Additionally, the Company has resolved, at its Board of Directors meeting held on February 25, 2022, to introduce an "Employee Shareholding Incentive Plan (E-Ship®)" as an incentive plan aiming to incentivize employees of the Company and domestic group companies to improve the corporate value of the Company's group on a mid-long-term basis. Details are disclosed separately in the "Notice regarding Introduction of Employee Shareholding Incentive Plan (E-Ship®)" today.

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