

February 25, 2022

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Notice of Transition to a Company with a Three Committees Board Structure

Azbil Corporation (the "Company") announces that it has resolved, at its Board of Directors meeting held on February 25, 2022, its policy to transition from a company with an audit & supervisory board to a company with a three committees board structure, subject to the approval at the 100th Ordinary General Meeting of Shareholders scheduled to be held on June 23, 2022.

Additionally, the personnel details of the Company's officers associated with this development are disclosed separately in "Notice regarding Change of Representative Accompanied by Transition to a Company with a Three Committees Board Structure" today.

1. Purpose of the Transition

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. Based on the philosophy of "human-centered automation," the Company's group aims to attain mid-long term growth and sustainable improvement of its corporate value. At the same time, the Company recognizes that the enhancement of corporate governance as the basis for sustainable improvement of its corporate value is an important management issue, and has worked to strengthen the supervisory and auditing functions of its Board of Directors, to enhance management transparency and soundness, and to clarify its system for responsibility of the execution of its business operations.

Based on this management philosophy, aiming to further enhance its corporate governance toward the realization of the "New Long-term Targets (for fiscal year 2030)" and the "New Medium-term Plan (for fiscal years 2021 to 2024)," to establish a clear separation between the supervisory function and the execution function, and to realize further strengthening the management supervisory function, the Company has decided to transition to a company with a three committees board structure. A company with a three committees board structure has three committees (Note) of which the majority of its members will be independent outside directors, and the Company can significantly transfer the execution authorities toward corporate executives owning legally

responsibility from its Board of Directors of which the majority of its members will be independent outside directors.

(Note) three committees means a nominating committee, a compensation committee and an audit committee.

Moreover, the Company has resolved, at its Board of Directors meeting held on February 25, 2022, to introduce a stock compensation plan using a trust for its corporate executives (*shikkoyaku*) and executive officers, subject to its transition to a company with a three committees board structure. For details, please refer to the “Notice regarding Introduction of Performance-linked Stock Compensation Plan (RS Trust)” disclosed separately today.

2. Schedule of the Transition

The Company plans to transition to a company with a three committees board structure after obtaining the approval of necessary amendments to its Articles of Incorporation at the 100th Ordinary General Meeting of Shareholders scheduled to be held on June 23, 2022. Additionally, the amendments to the Articles of Incorporation to be submitted to the 100th Ordinary General Meeting of Shareholders will be disclosed once determined.

END