

May 13, 2022

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Notice Regarding Partially Amending the Articles of Incorporation

Azbil Corporation (the “Company”) announces that it has resolved, at its Board of Directors meeting held on May 13, 2022, to submit a proposal for “Partially Amending the Articles of Incorporation” (the “Proposal”), to the 100th Ordinary General Meeting of Shareholders scheduled to be held on June 23, 2022, as follows:

1. Reasons for the Amendments

- (1) Aiming to further enhance its corporate governance toward the realization of the “Long-term Targets (for fiscal year 2030)” and the “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 of the management supervisory function, the Company has decided to transition to a company with a three-committee board structure. In line with this, necessary amendments will be made, including the establishment of new provisions concerning the Nomination Committee, the Audit Committee and the Remuneration Committee, and Corporate Executives (Article 4 and Articles 28 to 34 of the Proposed Amendments), a change to the fixed number of Directors to enhance the corporate governance system in conjunction with the establishment of the statutory committees (Article 18 of the Proposed Amendments), a change to the provision relating to the adoption of the one-year term of office for Directors (Article 20 of the Proposed Amendments), as well as the deletion of provisions concerning Audit & Supervisory Board Members and the Audit & Supervisory Board (Articles 29 to 36 of the Current Articles of Incorporation) and transitional measures thereof. For the new establishment of Article 34 of the Proposed Amendments (Exemption of Corporate Executives’ Liability), the Company has obtained necessary consent from each Audit & Supervisory Board Member.
- (2) Moreover, in consideration that the supervisory function will be strengthened with the transition to a company with a three-committee board structure, the Company proposes to make necessary changes—including the establishment of provisions regarding the organizational body for determining dividends of surplus, etc. (Article 36 of the Proposed Amendments)—so as to enable decisions on flexible payment of dividends of surplus, etc. to also be made by the Board of Directors, pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act.

- (3) Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the General Meeting of Shareholders in electronic format.
- (i) As the Company is to be obligated to stipulate in the Articles of Incorporation that it will take measures to provide information constituting the content of reference documents, etc. for the General Meeting of Shareholders in electronic format, Article 15 (Measures, etc. for Providing Information in Electronic Format), Paragraph 1 in the Proposed Amendments shall be newly established.
 - (ii) Regarding the information that constitutes the content of reference documents, etc. for the General Meeting of Shareholders for which the measures to provide it in electronic format will be taken, so as to provide for being able to limit the scope of the items to be stated in the paper-based documents delivered to those shareholders who requested the delivery of paper-based documents to the scope designated by the Ministry of Justice Order, Article 15 (Measures, etc. for Providing Information in Electronic Format), Paragraph 2 in the Proposed Amendments shall be newly established.
 - (iii) As the provisions under Article 16 (Deemed Provision of Internet Disclosure of General Shareholder Meeting Reference Materials) of the Current Articles of Incorporation shall no longer be required following the adoption of the system for providing informational materials for the General Meeting of Shareholders in electronic format, this provision shall be deleted.
 - (iv) Accompanying the establishment and deletion of provisions mentioned in (i) to (iii) above, supplementary provisions regarding effective dates, etc. shall be established. These supplementary provisions shall be deleted after the stipulated dates.
- (4) Other adjustments to the article numbers and necessary changes in line with the above-mentioned changes shall be made.

The changes to the Articles of Incorporation in the Proposal shall take effect from the conclusion of the 100th Ordinary General Meeting of Shareholders scheduled to be held on June 23, 2022, excluding those stipulated in Article 2, Paragraph 1 of the Supplementary Provisions of the Proposed Amendments.

2. Details of the Amendments

*Amended points are underlined

Current Articles of Incorporation	Proposed Amendments
Chapter I. General Provisions	Chapter I. General Provisions
Articles 1 to 3 (Provisions omitted)	Articles 1 to 3 (Same as the current Articles 1 to 3)
Article 4. (Organs)	Article 4. (Organs)
The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors:	<u>As a company with a three-committee board structure</u> , the Company shall have, in addition to the General Meeting of Shareholders and
and Directors:	Directors, the following organs:
1. Board of Directors	1. Board of Directors
2. <u>Audit & Supervisory Board Member</u>	2. <u>Nomination Committee, Audit Committee</u>
3. <u>Audit & Supervisory Board</u>	<u>and Remuneration Committee</u>
4. Accounting Auditor	3. <u>Corporate Executives</u>
	4. Accounting Auditor
Article 5. (Method of Public Notice)	Article 5. (Method of Public Notice)
(Provisions omitted)	(Same as the current Article 5)
Chapter II. Shares	Chapter II. Shares
Article 6. (Total Number of Shares Issuable)	Article 6. (Total Number of Shares Issuable)
(Provisions omitted)	(Same as the current Article 6)
<u>Article 7. (Acquisitions of the Company's Treasury</u>	(Deleted)
<u>Shares)</u>	
<u>Based on the provisions of Article 165,</u>	
<u>Paragraph 2 of the Companies Act, the</u>	
<u>Company may, by resolution of the Board of</u>	
<u>Directors, acquire Company's treasury shares</u>	
<u>through market transactions etc</u>	
Articles <u>8</u> to <u>10</u> (Provisions omitted)	Articles <u>7</u> to <u>9</u> (Same as the current Articles 8 to 10)
Article <u>11</u> . (Administrator of the Shareholders' Register)	Article <u>10</u> . (Administrator of the Shareholders' Register)
The Company shall appoint an administrator of	The Company shall appoint an administrator of
the shareholders' register. The administrator of	the shareholders' register. The administrator of
the shareholders' register and the location of its	the shareholders' register and the location of
office will be determined by resolution of the	its office will be determined by resolution of the
Board of Directors and will be announced	Board of Directors or <u>by the decision of a</u>
through public notice.	<u>Corporate Executive delegated by resolution of</u>

The preparation and storage of the shareholders' register and the register of warrants and the administration of other matters relating to the shareholders' register and the register of warrants shall be entrusted to the administrator of the shareholders' register and will not be handled within the Company.

Article 12. (Rules for Handling Shares)

Fees and handling relating to the shares of the Company shall, in addition to laws, regulations and these Articles of Incorporation, be in accordance with the Rules of Handling Shares determined by the Board of Directors.

Chapter III. General Meeting of Shareholders

Articles 13 to 14 (Provisions omitted)

Article 15. (Person to Convene and Chairperson)

The Director and President shall convene the General Meeting of Shareholders and shall act as the chairperson at the meeting.

In case the Director and President is prevented from convening the General Meeting or serving as the chairperson of the meeting, one of the other Directors shall take his/her place according to the order of precedence determined in advance by the Board of Directors.

the Board of Directors, and will be announced through public notice.

The preparation and storage of the shareholders' register and the register of warrants and the administration of other matters relating to the shareholders' register and the register of warrants shall be entrusted to the administrator of the shareholders' register and will not be handled within the Company.

Article 11. (Rules for Handling Shares)

Fees and handling relating to the shares of the Company shall, in addition to laws, regulations and these Articles of Incorporation, be in accordance with the Rules of Handling Shares determined by the Board of Directors or by the decision of a Corporate Executive delegated by resolution of the Board of Directors.

Chapter III. General Meeting of Shareholders

Articles 12 to 13 (Same as the current Articles 13 to 14)

Article 14. (Person to Convene and Chairperson)

1. A Director determined in advance by the Board of Directors shall convene the General Meeting of Shareholders. In case the said Director is prevented from convening the General Meeting, one of the other Directors shall take his/her place according to the order of precedence determined in advance by the Board of Directors.

2. A Director or Corporate Executive determined in advance by the Board of Directors shall act as the chairperson at the General Meeting of Shareholders. In case the said Director or Corporate Executive is prevented from serving as the chairperson of the General Meeting of Shareholders, one of

<p><u>Article 16. (Deemed Provision of Internet Disclosure of General Shareholder Meeting Reference Materials)</u></p> <p><u>When convening a General Meeting of Shareholders, the Company may deem to have provided shareholders with information relating to matters which should be noted or expressed in reference materials for the General Meeting of Shareholders, business reports, financial reports, and consolidated financial reports by disclosing said materials over the Internet in accordance with Ministry of Justice Order.</u></p> <p>(New)</p> <p>Articles <u>17</u> to <u>18</u> (Provisions omitted) Chapter IV. Directors and Board of Directors</p> <p>Article <u>19</u>. (Fixed Number) The Company shall have more than three (3)</p>	<p><u>the other Directors or Corporate Executives shall take his/her place according to the order of precedence determined in advance by the Board of Directors.</u></p> <p>(Deleted)</p> <p><u>Article 15. (Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>1. When the Company convenes a General Meeting of Shareholders, it shall take measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. in electronic format.</u></p> <p><u>2. Of those items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested, by the record date for voting rights, the delivery of paper-based documents.</u></p> <p>Articles <u>16</u> to <u>17</u> (Same as the current Articles 17 to 18) Chapter IV. Directors and Board of Directors</p> <p>Article <u>18</u>. (Fixed Number) The Company shall have more than three (3)</p>
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<p>and not more than <u>11</u> directors.</p> <p>Article <u>20</u>. (Election)</p> <p style="text-align: center;">(Provisions omitted)</p> <p>Article <u>21</u>. (Term of Office)</p> <p>The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders held in the fiscal year that ends within <u>two (2) years</u> from their assumption of office.</p> <p><u>The term of office of a Director elected to fill a vacancy of Director who retires prior to the completion of his/her full term or as a result of an increase in the number of Directors shall be the same time as when the term of office of the other Directors expires.</u></p> <p>Article <u>22</u>. (<u>Representative Directors and Directors with Special Office</u>)</p> <p><u>1. The Board of Directors shall, by its resolution, elect Representative Directors.</u></p> <p><u>2. The Board of Directors shall, by its resolution, select President and Chief Executive Officer and may select in addition other Directors with Special Office.</u></p> <p>Article <u>23</u>. (Executive Officer)</p> <p style="text-align: center;">(Provisions omitted)</p> <p>Article <u>24</u>. (Compensation, etc.)</p> <p>The monetary benefits (hereafter referred to as "compensation, etc.") received from the Company as Directors' compensation, bonuses and other consideration for the performance of their respective duties shall be determined by the resolution of the <u>General Meeting of Shareholders</u>.</p> <p>Article <u>25</u>. (Exemption of Directors' Liability)</p> <p style="text-align: center;">(Provisions omitted)</p>	<p>and not more than <u>15</u> directors.</p> <p>Article <u>19</u>. (Election)</p> <p style="text-align: center;">(Same as the current Article 20)</p> <p>Article <u>20</u>. (Term of Office)</p> <p>The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders held in the fiscal year that ends within <u>one (1) year</u> from their assumption of office.</p> <p>Article <u>21</u>. (Directors with Special Office)</p> <p>The Board of Directors may, by its resolution, select Directors with Special Office.</p> <p>Article <u>22</u>. (Executive Officer)</p> <p style="text-align: center;">(Same as the current Article 23)</p> <p>Article <u>23</u>. (Compensation, etc.)</p> <p>The monetary benefits (hereafter referred to as "compensation, etc.") received from the Company as Directors' compensation, bonuses and other consideration for the performance of their respective duties shall be determined by the resolution of the <u>Remuneration Committee</u>.</p> <p>Article <u>24</u>. (Exemption of Directors' Liability)</p> <p style="text-align: center;">(Same as the current Article 25)</p>
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<p>Article <u>26</u>. (Convocation of Board of Directors)</p> <p>The notice of convocation of the Board of Directors shall be given to each Director <u>and each Audit & Supervisory Board Member</u> three (3) days in advance. In cases of emergency, however, this period may be shortened.</p> <p>Article <u>27</u>. (Omission of Board of Directors' Resolution)</p> <p>In respect to items for resolution of the Board of Directors, the Company shall deem that a resolution had been undertaken with the intent of adopting said items for resolution when all Directors (limited to those Directors able to exercise voting rights with respect to said items for resolution) have agreed in writing or through electronic means. <u>However, this shall not apply when an Audit & Supervisory Board Member objects.</u></p> <p>Article <u>28</u>. (Rules of Board of Directors)</p> <p style="text-align: center;">(Provisions omitted)</p> <p style="text-align: center;"><u>Chapter V. Audit & Supervisory Board Members and Audit & Supervisory Board</u></p> <p>Article <u>29</u>. (Fixed Number)</p> <p><u>The Company shall have not less than three (3) and not more than five (5) Audit & Supervisory Board Members.</u></p> <p>Article <u>30</u>. (Election)</p> <p><u>Audit & Supervisory Board Members shall be elected by resolution of the General Meeting of Shareholders.</u></p> <p><u>Resolution electing Audit & Supervisory Board Members shall be determined by a majority of the votes of shareholders in attendance holding not less than one-third (1/3) of the voting rights of shareholders who are able to exercise voting rights.</u></p> <p>Article <u>31</u>. (Term of Office)</p>	<p>Article <u>25</u>. (Convocation of Board of Directors)</p> <p>The notice of convocation of the Board of Directors shall be given to each Director three (3) days in advance. In cases of emergency, however, this period may be shortened.</p> <p>Article <u>26</u>. (Omission of Board of Directors' Resolution)</p> <p>In respect to items for resolution of the Board of Directors, the Company shall deem that a resolution had been undertaken with the intent of adopting said items for resolution when all Directors (limited to those Directors able to exercise voting rights with respect to said items for resolution) have agreed in writing or through electronic means.</p> <p>Article <u>27</u>. (Rules of Board of Directors)</p> <p style="text-align: center;">(Same as the current Article 28)</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p>
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<p>1. <u>The term of office of Audit & Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held in the business year that ends within four (4) years from their assumption of office.</u></p> <p>2. <u>The effective period of the resolution to elect a substitute Audit & Supervisory Board Member elected pursuant to the provision of Article 329, Paragraph 3 of the Companies Act shall be until the commencement of the Ordinary General Meeting of Shareholders for the last fiscal year which ends within four (4) years from the time of his/her election.</u></p> <p>3. <u>In the event that a new Audit & Supervisory Board Member is chosen to fill the vacancy of an Audit & Supervisory Board Member who retires prior to the completion of his/her full term, then the new Audit & Supervisory Board Member's term will end when the term of office of his/her predecessor's would have expired; provided, however, that if the substitute Audit & Supervisory Board Member elected pursuant to the provision of the preceding paragraph assumes the office of Audit & Supervisory Board Member, the term of office of said Audit & Supervisory Board Member may not continue beyond the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year which ends within four (4) years from the time of his/her election as substitute Audit & Supervisory Board Member.</u></p>	
<p><u>Article 32. (Standing Audit & Supervisory Board Member)</u></p> <p><u>Standing Audit & Supervisory Board Members shall be appointed by the resolution of the Audit & Supervisory Board.</u></p>	<p>(Deleted)</p>
<p><u>Article 33. (Compensation, etc.)</u></p> <p><u>The compensation, etc. payable to Audit &</u></p>	<p>(Deleted)</p>

<p><u>Supervisory Board Members shall be determined by the resolution of the General Meeting of Shareholders.</u></p> <p><u>Article 34. (Exemption of Audit & Supervisory Board Member' Liability)</u></p> <p><u>1. Based on the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may exempt within the limits of laws and regulations Audit & Supervisory Board Members (including former Audit & Supervisory Board Member) from liability for damages under Article 423, Paragraph 1 of said Act.</u></p> <p><u>2. Based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Outside Audit & Supervisory Board Members limiting liability for damages under Article 423, Paragraph 1 of said Act. However, the maximum amount of liability for damages based on said agreement shall be the amount stipulated in laws and regulations.</u></p> <p><u>Article 35. (Convocation of Audit & Supervisory Board)</u></p> <p><u>The notice of convocation of the Audit & Supervisory Board shall be given to each Audit & Supervisory Board Member three (3) days in advance.</u></p> <p><u>In case of emergency, however, this period may be shortened.</u></p> <p><u>Article 36. (Rules of the Audit & Supervisory Board)</u></p> <p><u>Matters concerning the Audit & Supervisory Board shall be governed by the Rules of Audit & Supervisory Board established by Audit & Supervisory Board as well as the Articles of Incorporation and the laws and regulations.</u></p> <p>(New)</p>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p><u>Chapter V. Nomination Committee, Audit Committee and Remuneration Committee</u></p>
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(New)	<p><u>Article 28. (Election)</u></p> <p><u>Members comprising the Nomination Committee, Audit Committee and Remuneration Committee shall be elected from among the Directors by resolution of the Board of Directors.</u></p>
(New)	<p><u>Article 29. (Rules of the Committees)</u></p> <p><u>Matters concerning each committee shall be governed by the regulations of the respective committee established by the Board of Directors, in addition to applicable laws and regulations and these Articles of Incorporation.</u></p> <p><u>Chapter VI. Corporate Executives</u></p>
(New)	
(New)	<p><u>Article 30. (Election)</u></p> <p><u>Corporate Executives shall be elected by resolution of the Board of Directors.</u></p>
(New)	<p><u>Article 31. (Term of Office)</u></p> <p><u>The term of office of a Corporate Executive shall expire at the conclusion of the first meeting of the Board of Directors convened after the Ordinary General Meeting of Shareholders held in the fiscal year that ends within one (1) year from their assumption of office.</u></p>
(New)	<p><u>Article 32. (Representative Corporate Executives and Corporate Executives with Special Office)</u></p> <p><u>1. The Board of Directors shall, by its resolution, elect Representative Corporate Executives from among the Corporate Executives.</u></p> <p><u>2. The Board of Directors shall, by its resolution, elect a President and Chief Executive Officer, and other Corporate Executives with Special Office.</u></p>
(New)	<p><u>Article 33. (Compensation, etc.)</u></p> <p><u>The compensation, etc. payable to Corporate Executives shall be determined by the</u></p>

<p style="text-align: center;">(New)</p> <p style="text-align: center;">Chapter <u>VI</u>. Accounts</p> <p>Article <u>37</u>. (Fiscal Year)</p> <p style="text-align: center;">(Provisions omitted)</p> <p style="text-align: center;">(New)</p> <p style="text-align: center;">(New)</p> <p>Article <u>38</u>. (Dividends)</p> <p style="padding-left: 40px;"><u>The dividends of the Company shall be paid to shareholders or pledgees whose names are registered on the last registry shareholders as of March 31 each business year.</u></p> <p>Article <u>39</u>. (Interim Dividend)</p> <p style="padding-left: 40px;"><u>The Company may, by resolution of the Board of Directors, make an interim dividend payment to</u></p>	<p style="text-align: center;"><u>resolution of the Remuneration Committee.</u></p> <p>Article <u>34</u>. (Exemption of Corporate Executives' Liability)</p> <p style="padding-left: 40px;"><u>Based on the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may exempt, within the limits of applicable laws and regulations, Corporate Executives (including former Corporate Executives) from liability for damages under Article 423, Paragraph 1 of said Act.</u></p> <p style="text-align: center;">Chapter <u>VII</u>. Accounts</p> <p>Article <u>35</u>. (Fiscal Year)</p> <p style="text-align: center;">(Same as the current Article 37)</p> <p>Article <u>36</u>. (Organizational Body to Determine Dividends, etc.)</p> <p style="padding-left: 40px;"><u>Unless otherwise provided for by laws and regulations, the Company shall, by resolution of the Board of Directors, determine dividends and other matters set forth in the items of Article 459, Paragraph 1 of the Companies Act.</u></p> <p>Article <u>37</u>. (Record Date for Dividends)</p> <p style="padding-left: 40px;">1. <u>The record date for year-end dividends of the Company shall be March 31 of each year and the record date for interim dividends shall be September 30 of each year.</u></p> <p style="padding-left: 40px;">2. <u>In addition to the provision of the preceding paragraph, the Company may pay dividends by setting a record date.</u></p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p>
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<p><u>the shareholders or pledgees whose name are registered on the last registry of shareholders on September 30 each year.</u></p> <p>Article <u>40</u>. (Period of Exclusion of Dividend, etc.)</p> <p>(Provisions omitted)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p>	<p>Article <u>38</u>. (Period of Exclusion of Dividend, etc.)</p> <p>(Same as the current Article 40)</p> <p><u>(Supplementary Provisions)</u></p> <p>Article <u>1</u>. <u>(Transitional Measure for Exemption of Audit & Supervisory Board Members from Liability)</u></p> <p><u>Regarding the liability of Audit & Supervisory Board Members before the conclusion of the 100th Ordinary General Meeting of Shareholders, the provisions of Article 34 of the Articles of Incorporation before being amended by resolution at that General Meeting shall remain in force.</u></p> <p>Article <u>2</u>. <u>(Effective Date and Transitional Measures for Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>1. The deletion of Article 16 (Deemed Provision of Internet Disclosure of General Shareholder Meeting Reference Materials) in the pre-amended Articles of Incorporation and the establishment of the new Article 15 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement").</u></p> <p><u>2. Notwithstanding the provision of the preceding paragraph, Article 16 of the pre-amended Articles of Incorporation shall remain effective regarding any General Meeting of</u></p>
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	<p><u>Shareholders held on a date within six (6) months from the Date of Enforcement.</u></p> <p><u>3. These provisions shall be deleted on the date when six (6) months have elapsed from the Date of Enforcement or three (3) months have elapsed from the date of the General Meeting of Shareholders in the preceding paragraph, whichever is later.</u></p>
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3. Schedule

Date of General Meeting of Shareholders deliberating on the amendments to the Articles of

Incorporation: June 23, 2022

Effective Date of these amendments: June 23, 2022

(Note) The deletion of Article 16 in the Current Articles of Incorporation and the establishment of the Article 15 in the Proposed Amendments shall be effective from the date stipulated in Article 2 of the Supplementary Provisions.

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