



(Translation)



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## **Notice Regarding Details of the Trust Establishment in Connection with the Introduction of the Trust-Type Employee Shareholding Incentive Plan (E-Ship®)**

On February 25, 2022, Azbil Corporation (the “Company”) announced the introduction of a “Trust-Type Employee Shareholding Incentive Plan” (“E-Ship®”), aiming to incentivize employees of the Company and domestic Group companies (“Employees”) to, among other things, improve the enterprise value of the Company’s Group on a mid/long-term basis. The Company is now pleased to announce that, at its meeting held on May 13, 2022, the Board of Directors approved details of the timing of the establishment of the trust for E-Ship®, the total amount of money borrowed by the fund under E-Ship®, and the trust term for E-Ship®, as follows:

### 1. Overview of the azbil Group Employee Stock Ownership Association Trust Fund

- (1) Name: azbil Group Employee Stock Ownership Association Trust Fund (the “Fund”)
- (2) Trust type: Money trust other than cash trust (third-party beneficiary trust)
- (3) Purpose of Trust: To consistently and stably provide shares to the Stock Ownership Association and trust assets to all qualified beneficiaries
- (4) Consignor: The Company
- (5) Assignee: The Nomura Trust and Banking Co., Ltd.
- (6) Beneficiary: Those who meet the beneficiary eligibility criteria (The beneficial interest will come into existence after the prescribed formalities once it is determined that the eligibility criteria have been met.)
- (7) Trust Administrator: Selected from the employees of the Company
- (8) Trust Contract Date: May 13, 2022
- (9) Trust Term: From May 13, 2022 to May 28, 2025

(10) Beneficiary Eligibility Criteria: All living participants in the Stock Ownership Association (including any persons who withdrew from the Stock Ownership Association by way of retirement, termination of employment due to expiration of contract term, appointment to an officer position, and involuntary termination of employment between the Trust Contract Date and the commencement date of the beneficiary eligibility formalities) on the commencement date of the beneficiary eligibility formalities (which shall be the day the conversion of Trust assets into cash terminates because the Trust Term has ended, the day all the Company's shares allotted to Trust assets have been sold, etc.) shall be eligible.

2. Details of the acquisition of the Company's shares by the Fund

- (1) Types of Shares to Be Acquired: Common stock of the Company
- (2) Total Acquisition Price of the Shares: 4,806 million JPY (Total amount of loan to the Fund)
- (3) Share Acquisition Period: From May 18, 2022 to June 23, 2022
- (4) Share Acquisition Method: To be purchased in the stock market

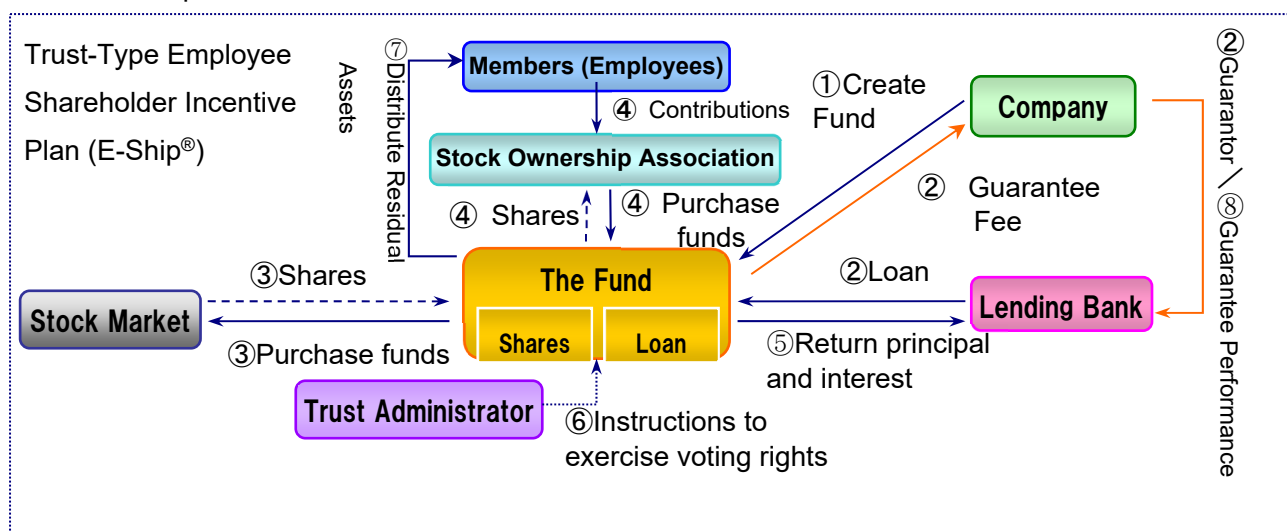
(Reference)

1. Overview of E-Ship®

E-Ship® is an incentive plan for all Employees in the Stock Ownership Association. E-Ship® will authorize the Fund through a trust bank fund and the Fund will acquire the Company's shares in advance for approximately three years during which the Stock Ownership Association will purchase those shares from the Fund. The Fund will consistently sell the Company's shares to the Stock Ownership Association. If the Fund has accrued an amount of money equivalent to profit on sales of shares at the end of its term, such amount will be distributed as residual assets to eligible recipients. On the other hand, as the Company will become a guarantor to the loan to purchase shares for the Fund, if the Fund accrues losses due to reductions in the Company's share price, the Company will be responsible for the liquidation of all debts from the loan associated with the loss from sales at the end of the term of the Fund.

E-Ship® is designed, as an expansion of employee benefits, to assist Employees in accumulating savings by promoting the acquisition and holding of shares through the Stock Ownership Association. In addition, E-Ship® is intended to incentivize Employees to enhance the enterprise value of the Company's Group on a mid/long-term basis.

## 2. E-Ship® schematic



- ① The Company will establish the Fund (other beneficiary trust) for the qualified beneficiaries in the Stock Ownership Association who meet the beneficiary eligibility criteria.
- ② The Fund will borrow necessary funds from the lending bank to purchase the Company's shares for which loan the Company will be the guarantor. The Company will receive guarantee fees from the Fund.
- ③ The Fund will purchase the expected number of the Company's shares to be acquired by the Stock Ownership Association from the stock market throughout the Trust Term.
- ④ The Fund will sell shares acquired in ③ throughout the Trust Term on an ongoing basis at market value to the Stock Ownership Association according to its plan (regarding conditions and methods).
- ⑤ The Fund will repay its interest on the loan through profits from the sale of the Company's shares and dividends received on the shares held.
- ⑥ The Fund will exercise the voting rights attached to the shares it holds as directed by the Trust Administrator appointed for the beneficiaries.
- ⑦ Any residual assets in the Fund at the end of the Trust Term will be distributed to those who meet the beneficiary eligibility criteria.
- ⑧ If any loan remains at the end of the Trust Term, the Company will make all necessary reimbursements in accordance with the guarantee described in ②.

(Reference)

E-Ship® is a trademark of Nomura Securities Co., Ltd.

E-Ship® (Employee Shareholding Incentive Plan) is a new incentive plan for employees that applies an ESOP (Employee Stock Ownership Plan) system that has been prevalent in the United States. E-Ship® was developed by Nomura Securities Co., Ltd. and The Nomura Trust and Banking Co., Ltd utilizing the Stock Ownership Association system.

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