

Message from the Chairperson of the Board

Enhancing Enterprise Value through an Effective Board of Directors

Strengthening corporate governance is one of the most important priorities for achieving the sustainable enhancement of enterprise value. We spoke with Tomoyasu Miura, an outside director who has served as Chairperson of the Board since FY2025, about initiatives to improve board effectiveness and his views on the company's medium- to long-term growth.



Tomoyasu Miura
Outside Director
Chairperson of the Board

Q1 Azbil has strengthened its corporate governance over the years. Since FY2025, Mr. Miura, an outside director, has served as Chairperson of the Board. How do you assess the current corporate governance structure and its effectiveness?

In 2022, Azbil transitioned to a company with a three-committee board structure, clearly separating the Board's supervisory function from management's business execution function. Even among companies listed on the Tokyo Stock Exchange Prime Market, only approximately 5% have adopted this corporate governance structure. In that sense, I believe we have put in place a highly advanced governance framework.

At the same time, various activities of the committees remain a work in progress. Areas such as CEO succession planning, the transition to organizational audits, and the operation of the new executive remuneration system continue to evolve, and efforts are ongoing to ensure stable and highly effective governance. To further enhance the effectiveness of the Board, directors—particularly outside directors—are required to contribute their respective expertise and experience and engage in constructive discussions. To that end, we place considerable emphasis on initiatives that deepen mutual understanding among directors.

Looking ahead, we will continue to pursue further strengthening of corporate governance while identifying and addressing issues and ensuring the stable operation of systems established under the company with a three-committee board structure.

Q2 As Chairperson of the Board, what do you consider most important in leading the Board and engaging with other directors? In addition, how would you assess your first year in the role in FY2025?

The role of the Chairperson is to ensure independence from management execution, ensure both the strategic

focus and fairness of Board discussions, and maintain the overall effectiveness of the Board. As an outside director, I am particularly conscious of bridging the gap that can arise from information asymmetry between internal and external directors and serving as a conduit between the two perspectives.

During the past year in particular, I focused on two priorities: agenda setting, namely the development of an annual Board agenda, and clarifying the key issues to be discussed for each agenda item. Taking stakeholder perspectives into account, I place importance on clarifying and refining key discussion points in advance so that Board discussions remain focused and productive.

In addition, recognizing that Board discussions must address a wide range of matters in sufficient depth within a limited time, the outside directors engage in preliminary exchanges of views with one another. These informal discussions provide opportunities to candidly clarify questions and deepen our understanding of the matters to be discussed by the Board.

We have also introduced KPIs for the strategies monitored by the Board and have worked to quantify progress against those strategies. As a result, it has become easier for outside directors to compare performance across businesses and assess developments over time from an objective standpoint.

Through these efforts, I believe that the hesitation that can sometimes accompany outside directors has gradually diminished, and the effectiveness of Board discussions has steadily improved. Although each outside director brings a different background and perspective, we engage in constructive dialogue with a shared commitment to enhancing the company's enterprise value.

Earlier in my career, I worked as a management consultant, helping clients articulate their intentions and build consensus through dialogue. I believe that experience has proven highly valuable in my current role as Chairperson of the Board.

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Q3 What agenda items received particular attention from the Board in FY2025? What recommendations did you make regarding those items?

Among matters considered by the Board in FY2025, particular emphasis was placed on business portfolio optimization, global growth strategies, capital management including strategic investments, human capital strategy, and internal control. Regarding the business portfolio, we discussed the future ideal state of each business and considered a broad range of growth options, including strategic alliances and M&A beyond the extension of existing businesses, as well as the cultivation of new businesses through R&D investment.

These themes can easily be overlooked when attention is focused solely on monitoring progress against a medium-term plan, and they are not issues that yield visible results in the short term. However, we regard them as essential to enhancing enterprise value over the medium to long term and therefore place great importance on ongoing discussion.

At the same time, because outside directors are not involved in day-to-day business execution, it is not always appropriate for us to prescribe specific actions directly. Instead, we strive to contribute concrete examples drawn from our respective professional backgrounds and areas of expertise. When those examples resonate with management's own understanding of the challenges at hand, discussions become deeper and more effective.

We also invite external experts when appropriate to provide specialized insights and perspectives. Through these efforts, I believe the Board has steadily cultivated a culture of active and productive discussion.

Q4 How do you assess the progress of the medium-term plan that began in FY2025? What achievements stand out so far, and what themes do you believe will be important for future growth?

Since the medium-term plan (FY2025–FY2027) was formulated, the business environment has changed in ways that were not necessarily anticipated, including heightened geopolitical risks. At present, the plan is progressing steadily. At the same time, we intend to continue fulfilling our accountability to stakeholders and will consider reviewing the plan once the uncertainties, including the situation in the Middle East, become clearer and the outlook improves.

In addition, FY2030—the final year of the long-term targets—is steadily approaching. As we prepare for the next medium-term plan, we believe it is important to advance discussions on long-term financial targets and the vision for what we aim to become beyond FY2030. These discussions should serve as the foundation for formulating the next medium-term plan.

Q5 What are your thoughts on the newly formulated azbil Group's Purpose and Vision? Please also share your views on the Group's future growth.

I believe the azbil Group possesses exceptional technical capabilities that enable it to achieve what might initially seem impossible. In that sense, the recently announced brand statement, "Engineering the Impossible," accurately captures one of the Group's defining strengths. The azbil Group has a long-standing ability to take on highly sophisticated and complex challenges and solve them through its strong technical and field capabilities. I hope that every employee will recognize this tremendous potential once again and that investors will also come to appreciate it more fully.



The growth of the Group is directly linked to solving societal challenges and contributing to the realization of a sustainable society. To achieve this, we must continue investing for future growth while further accelerating our global expansion.

Q6 As Chairperson of the Board, what message would you most like to convey to investors and other stakeholders regarding the azbil Group's long-term growth and value creation?

The efforts the azbil Group has undertaken to enhance enterprise value are never truly complete. They must continue to evolve over time. To support that progress, I believe it is particularly important to strengthen communication among the outside directors themselves. The composition of the outside directors has changed significantly over the past two to three years, bringing greater diversity in experience and perspectives. Precisely because of that diversity, it is essential that outside directors engage proactively with one another and continue building and strengthening relationships of trust.

Going forward, both as an outside director and as Chairperson of the Board, I will remain committed to helping unlock the full potential of the azbil Group and contributing to the sustainable enhancement of its enterprise value.