

Sustainability Initiatives

A&D HOLON Holdings Company, Limited

November 24, 2023

Contents

1. Message from the President

2. Sustainability Policy

3. Environment

- Initiatives for Environmental Conservation and Reduction of Environmental Impact
- Environmentally Friendly Manufacturing
- Products that Contribute to Solving Environmental Problems
- Business Opportunities Related to Climate Change
- Environmental Activities Data



4. Society

- Customer Relations
- Fundamental View on Human Resources
- Personnel and Education Systems
- Work-style Reform
- Occupational Health and Safety and Health Management
- Material Procurement Activities
- Contribution to Society



5. Governance

- Corporate Governance
- IR Activities
- Stakeholder Relations



6. Reference Information

1. Message from the President

To Our Stakeholders

"We aim to be a corporate group that contributes to the development of science and technology, the advancement of industry, and the health of people's lives by providing society with the "measurement" technologies we have cultivated over many years. Doing so will contribute to the creation of a prosperous and sustainable society on a global scale." - this is our Group's corporate philosophy. Our unwavering dedication to our policy paves the way for sustainable growth and the generation of shared value. As we work to achieve our objectives, we would like to share our organization's perspective on sustainability and outline our related initiatives within this document.

Central to every technology we develop is the concept of 'Measurement.' This principle is crucial in building a sustainable society. Precise measurement is key to addressing a multitude of social and environmental challenges. In today's world, we confront numerous issues such as climate change, resource depletion, and social inequality. Amidst these rapid changes, our 'measurement' technology serves as a cornerstone supporting emerging industries and fostering innovation.

Our efforts extend beyond the enhancement of 'measurement' technology; we are actively involved in creating solutions for a range of societal and environmental challenges.

Representative Director

G. Morishima



Sustainability Policy

The Group aims to realize a prosperous and sustainable society and increase its corporate value over the medium to long term by contributing to solving social issues through its business activities in the fields of measuring and weighing, medical and health care, and semiconductors, and by actively promoting environmental conservation and efforts to reduce environmental impact through cutting-edge and diverse "measurement" technologies.

Contents

1. Message from the President

2. Sustainability Policy

3. Environment

- Initiatives for Environmental Conservation and Reduction of Environmental Impact
- Environmentally Friendly Manufacturing
- Products that Contribute to Solving Environmental Problems
- Business Opportunities Related to Climate Change
- Environmental Activities Data



4. Society

- Customer Relations
- Fundamental View on Human Resources
- Personnel and Education Systems
- Work-style Reform
- Occupational Health and Safety and Health Management
- Material Procurement Activities
- Contribution to Society



5. Governance

- Corporate Governance
- IR Activities
- Stakeholder Relations



6. Reference Information



LED Lighting

Converted lighting at A&D (Development and Technical Center) and HOLON (Head Office) to LED. Use of LED lighting reduces power consumption and contributes to climate change mitigation by reducing CO₂ emissions

Utilization of Natural Energy

Installation of solar power systems at A&D, HOLON and A&D Manufacturing



● A&D (Development and Technology Center)

In order to reduce electricity consumption and curb peak power demand, solar panels with a generating capacity of 295 kW were installed, and power generation began in April 2023. The facility is expected to generate approx. 301 MWh of electricity and to reduce CO₂ emissions by approx. 121 tons per year.



Waste Reduction Activities, Recycling

● A&D (Development and Technology Center)

(1) Strict Separation

- Giving employees instruction
- Posting notices on internal bulletin boards when problems occur
- Establishment of a dedicated waste separation officer (since 2014)

(2) Recycling Rate

	2002	2007	2012	2017	2022
Total waste (kg)	64,492	168,103	144,677	100,681	140,071
Recycling rate (%)*	78.6	84.6	78.1	96.2	92.0



Medical and Healthcare Equipment Business

Contributes to reduction of environmental impact through reduction of accessories and material

Contributes to reduction of environmental impact through weight reduction



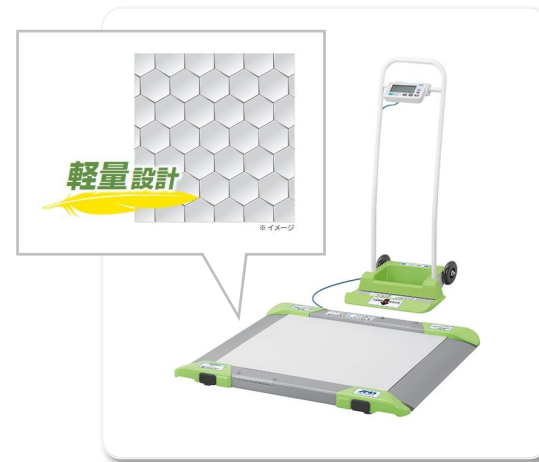
Upper Arm BPM
(Eco model)

Models have simple individual boxes, with only the bare minimum of accessories



Upper Arm Hoseless Blood Pressure Monitor
(Scheduled to be released in February 2024)

Model offering compact storage, without hose connecting cuff to blood pressure monitor main unit



Barrier-free Scale for Wheelchair Use

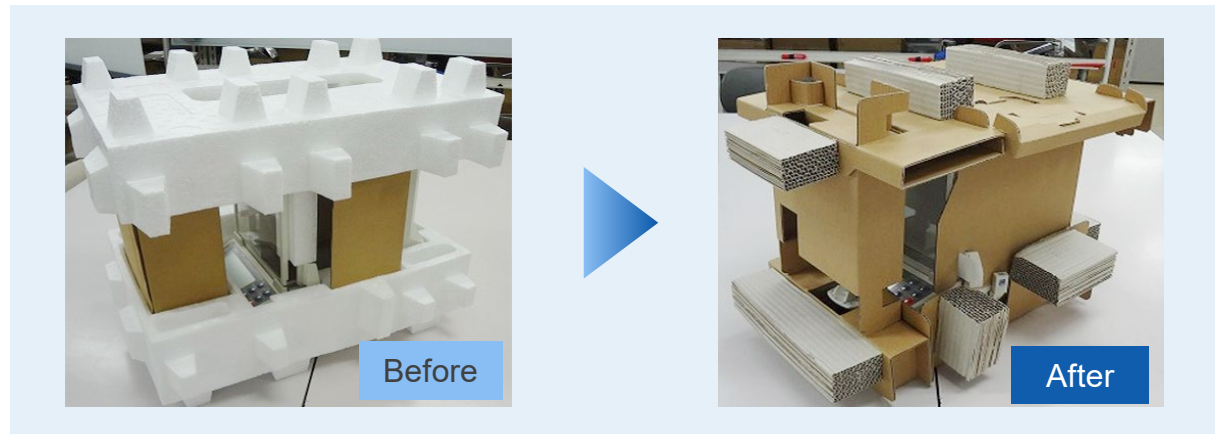
The weighing platform has a honeycomb structure, allowing a significant weight reduction (approx. 30% weight reduction) to be achieved while maintaining the same strength of the conventional model.



Environmentally-Friendly Packaging Materials

There is growing concern about global environmental pollution caused by plastic waste discharged into the oceans, and society is progressing with efforts to reduce single-use plastics. A&D is working to reduce the use of single-use plastics by switching to corrugated cardboard for product packaging in order to contribute to the realization of a sustainable society and the conservation of biodiversity.

We are currently changing the packaging materials for products such as analytical balances, counting scales, and body weight scales, and plan to continue expanding this to other products. (Change to corrugated cardboard packaging is expected to produce CO₂ emission reduction of approx. 28 tons in FY2023/24*)





Products that Contribute to Solving Environmental Problems

Measuring and Weighing Equipment Business

Contribution to EV Development



EV-Sim HELIOS Edition (Simulator for electric vehicle development)

The automotive industry's move to EVs is extremely important for reducing CO2 emissions. A&D technology is also being utilized in EV development.

Contribution to Production of (Rechargeable) Batteries for EVs



High-precision weighing sensors for production lines

Weight sensors are used in the production of rechargeable batteries that reduce the use of fossil energy, such as oil and gas, thereby curbing global warming.

Contribution to Development for Support of Hydrogen, Ammonia, and Other Alternative Fuels



FTIR Gas Analyzers (for hydrogen gas analysis)

Providing measurement technologies and equipment essential to the realization of a carbon-neutral society. With our state-of-the-art measurement technology, we are contributing to achieving Zero Emissions.

Contributing to the Development of Recyclable Materials



TENSILON Universal Material Testing Machine

We contribute to the realization of a safe and secure recycling-oriented society by measuring the durability of recyclable materials with our superior force sensor technology.



Contribution to Development and Popularization of Eco Tires (Fuel-Efficient Tires) with Tire Rolling Resistance Test Machines

Rolling resistance measurement in accordance with ISO 28580

High repeatability with our self-developed high-precision force measuring system has a proven track record both in Japan and overseas. Reducing the rolling resistance of tires produces three effects.



3 Effects

1. Improved fuel efficiency

The amount of fuel required to travel the same distance is reduced, which in turn reduces carbon dioxide (CO₂) emissions.

2. Energy savings

There is less rolling resistance while the wheels are rolling, so energy consumption in all types of vehicles is reduced.

3. Extended tire life

Fuel-efficient tires have excellent wear resistance, which extends tire life and reduces the frequency of tire replacement, thereby contributing to the reduction of tire waste.



Business Opportunities Related to Climate Change

Our "measuring" technology is indispensable in various industries and sectors, and we will pursue manufacturing that leads to solutions to environmental problems with our technological capabilities.

Industry	Business Segment	Main Opportunities	Response Policies
Automobiles	Weighing Equipment DSP Equipment	<ul style="list-style-type: none"> • Increased demand for materials to increase production of rechargeable batteries and to extend cruising range due to the progress of EVs • Increased demand for testing equipment, etc., due to accelerated development of environmentally friendly vehicles, such as EVs and FCVs • Increasing demand for new vehicle and tire testing equipment due to increased weight of electric vehicles 	<ul style="list-style-type: none"> • Expansion of supply of high precision weighing sensors used in the production of rechargeable batteries for integration into production lines • Aim for expansion of applications, and promotion of support for testing systems for electric vehicles • Promotion of supply of tire testing machines that utilize high-capacity force sensors
Materials	Measuring Equipment Weighing Equipment	<ul style="list-style-type: none"> • Increased demand due to intensified development activity related to CO₂ Capture, Utilization, and Storage (CCUS) • Growing corporate and individual awareness of the need to curb climate change is driving substitution of renewable natural materials and the development of recycled materials 	<ul style="list-style-type: none"> • Sales promotion of evaluation equipment (material testing machines and property testing machines) and analytical instruments (gas analyzers and analytical balances) for CCUS-related R&D • Sales promotion of evaluation equipment (material testing machines and property testing machines) for containers and packaging materials using recyclable materials
Energy	Measuring Equipment DSP Equipment	<ul style="list-style-type: none"> • Increased demand for related solutions due to accelerated development in pursuit of more efficient power supply and demand • Demand for related testing machines, etc., is increasing due to the promotion of substitution of alternative fuels, such as hydrogen and ammonia 	<ul style="list-style-type: none"> • Promotion of development and supply of products that factor into efforts to improve the operational efficiency of power systems, etc. (utilizing existing iTest and HILS equipment) • Supply of solutions, such as gas analyzers for alternative fuels, systems to evaluate catalysts, etc.



Business Opportunities Related to Climate Change

Our "measuring" technology is indispensable in various industries and sectors, and we will pursue manufacturing that leads to solutions to environmental problems with our technological capabilities.

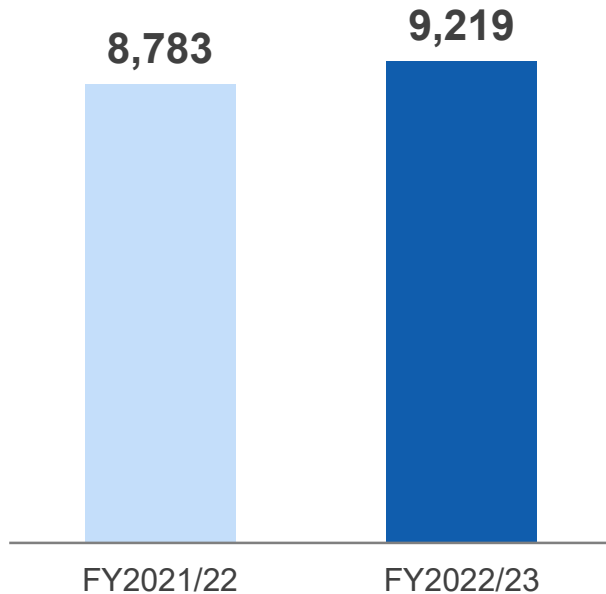
Industry	Business Segment	Main Opportunities	Response Policies
Food	Weighing Equipment	<ul style="list-style-type: none"> Increased demand for inspection equipment to check for foreign objects in food production and processing, reducing food wastage. 	<ul style="list-style-type: none"> Strengthen supply of line inspection equipment, such as weight checkers, metal detectors, and X-ray inspection machines, and use AI technology to improve inspection accuracy.
Medical Care	Medical Equipment	<ul style="list-style-type: none"> Increased demand for new markets due to progress in deregulation of telemedicine Need for products with reduced environmental impact due to development of low-carbon materials, creating new demand. 	<ul style="list-style-type: none"> Promotion of development of new products that support healthcare data on the cloud Promotion of development of lightweight and high-strength medical weighing equipment
Health	Healthcare Equipment	<ul style="list-style-type: none"> Growing awareness of the need to curb climate change and increasing demand for environmentally friendly products 	<ul style="list-style-type: none"> Promotion of development of rechargeable batteries and other renewable energy-compatible products Promotion of development of products that lead to reduction of parts and materials (e.g. hoseless blood pressure monitors)
Semiconductors	Semiconductor-related	<ul style="list-style-type: none"> Increasing need for higher functionality and faster processing speeds in semiconductor devices due to the advancement of DX Increased demand for power semiconductors due to growing demand for higher efficiency (energy saving and power saving) mainly in the EV and industrial equipment markets 	<ul style="list-style-type: none"> Promotion of development of photomask inspection and length measurement systems for miniaturization of semiconductor devices Expansion of supply of semiconductor-related equipment, such as electron guns, power supplies, and A/D and D/A converters

Indicators and Targets

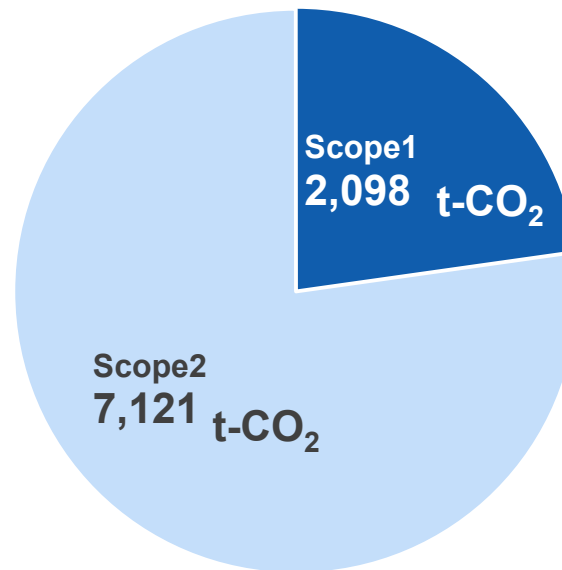
The Group's ultimate goal is to achieve carbon neutrality by 2050, and as a first step, we are working on calculating emissions. We plan to disclose climate-related financial information based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, and will also consider establishing medium-term reduction targets.

Greenhouse Gas Emissions Scope1+2 (Consolidated)

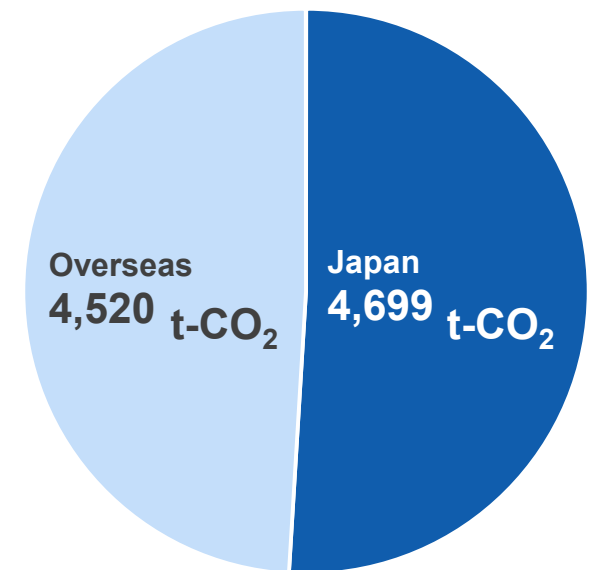
(t-CO₂)



Breakdown of Emissions in FY2022/23



Regional Breakdown for FY2022/23



* Calculation Criteria: Calculated in accordance with GHG Protocol * Scope 1: Direct emissions (gasoline, kerosene, diesel oil, LPG, city gas)

* Aggregate Scope: 14 domestic and overseas group companies (data coverage: 89.4% of sales) * Scope 2: Indirect energy-derived emissions (electricity)

Contents

1. Message from the President

2. Sustainability Policy

3. Environment

- Initiatives for Environmental Conservation and Reduction of Environmental Impact
- Environmentally Friendly Manufacturing
- Products that Contribute to Solving Environmental Problems
- Business Opportunities Related to Climate Change
- Environmental Activities Data



4. Society

- Customer Relations
- Fundamental View on Human Resources
- Personnel and Education Systems
- Work-style Reform
- Occupational Health and Safety and Health Management
- Material Procurement Activities
- Contribution to Society



5. Governance

- Corporate Governance
- IR Activities
- Stakeholder Relations



6. Reference Information

Streaming of Webinars

● A&D

We hold web seminars to share information and to promote sales over the web. We plan to stream a variety of seminars to meet the needs of our customers, including introducing products and solutions that contribute to environmental and social sustainability. In FY2022/23, we streamed 67 seminars (40% increase over FY2021/22).



AND Discover Products

自動車開発における
モデルベース開発とHILS活用事例

オンデマンド配信

オンデマンド配信中

[【オンデマンドWebinar】 自動車開発におけるモデルベース開発とHILS活用事例](#)



AND Discover Products

カーボンニュートラルに貢献する
ガス分析計のご紹介

オンデマンド配信

オンデマンド配信中

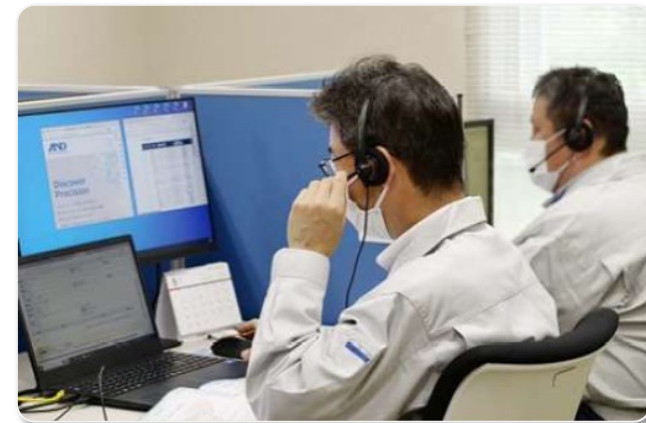
[【オンデマンドWebinar】 カーボンニュートラルに貢献するガス分析計のご紹介](#)

Establishment of a Pre-Sales Consultation Desk

● A&D

The Customer Service Center handles inquiries about our products and services, but we have also established a pre-sales consultation desk within the Center to strengthen our services for customers, distributors, and dealers who are considering purchasing our products. (Establishment Date: May 16, 2023)

Details of inquiries are shared with related departments at monthly CS (Customer Satisfaction) meetings and utilized for better sales activities and product development. We will continue to work hard to further improve customer satisfaction.





Policy on Human Resources and In-company Environment

Our group's basic management policy is to contribute to society through "measurement" and we believe that human resources are the source of our competitiveness and our most important asset in providing "measurement" tools that are needed by an ever-changing society and chosen by our customers.

Human Resource Development Policy

We believe that diversification of human resources and development of such human resources will lead to medium- and long-term improvements in corporate value. We will actively recruit women, foreigners, and mid-career employees, and provide systematic and effective education and training. In addition, since sustainable corporate growth requires quick and flexible responses to changes in the environment, we aim to develop human resources who can "flexibly respond to change" and "think and act on their own initiative."

Workplace Environment Improvement Policy

With a corporate culture based on respecting human rights, we will promote activities for health and safety and create a work environment where employees can work with peace of mind, and take measures to ensure that employees are highly motivated and provide a work environment where each and every employee can maximize their potential and feel fulfilled in their work.

Diversity & Inclusion

To promote the activities of women, foreign nationals, senior employees, etc., we are working to create a workplace environment in which diverse human resources can maximize their potential.

Promotion of Senior Employees

A&D

Our company adopts a contract employee reemployment system from the retirement age of 60. Those who have made significant contributions to the company are recognized as "Meisters" and those who have made extremely significant contributions to the company are recognized as "Senior Meisters," and their contributions are reflected in their compensation.

Promotion of Female Employees

We will strengthen recruitment of women among new graduates and mid-career hires to increase the ratio of female employees, leading to an increase in the ratio of female managers in the future.

	A&D			HOLON		
	FY20/21	FY21/22	FY22/23	FY20/21	FY21/22	FY22/23
Percentage of female employees (%)	7.5	8.0	9.0	8.8	10.0	11.5
Percentage of female managers (%)	0.5	0.6	0.5	5.5	5.2	5.0
Percentage of foreign employees (%)	1.5	1.5	1.5	13.3	16.0	17.3



Personnel System

Fair Evaluation and Human Resource Development

A&D

In order to appropriately evaluate the actions and results of employees and treat them fairly, we evaluate performance and work processes mainly by a target management system. In the process evaluation, competency* is set as an evaluation element of job performance for each grade. The aim is to encourage employees to grow gradually. In goal management, both supervisor and subordinate confirm set goals and results. Managers are also given evaluator training on a regular basis in order to understand the evaluation system and prevent evaluation errors.

Respect for autonomy

We respect the independence of our employees from the viewpoint of the right person for the right job, and have established a personnel system that enables them to realize their full potential.

System	Description
Internal recruitment system	Widely recruit the necessary personnel from employees in other departments. Personnel transfer system for selected applicants
Self-assessment system	Express opinions on work, the workplace, skill development, etc., respect the independence and autonomy of the individual, and motivate human resources to revitalize and develop their skills through appropriate placement.

Education System

A&D

We have established an education and training system which we are using effectively in order to improve employee skills.

Type	Description
Tiered training	Training to improve knowledge and abilities commonly required at all levels within the company.
	New employee training, mid-level employee training, new section manager training, new manager training, senior manager training
Job-specific training	Training for the purpose of acquiring the skills and knowledge necessary to perform the work for which one is responsible, and for the purpose of improving one's skills.
	OJT, in-house group training, in-house individual training, external training
Self-development training	Training to motivate employees to improve themselves and develop their own abilities.
	Distance learning support system, language training system, introduction and mediation of various training courses and materials, etc.

Work-style Reform



We will promote the development of a comfortable work environment and safety and health initiatives to enable employees to maximize their potential.

■ Improvement in Childcare Leave Acquisition Rate

- Set improved uptake of childcare leave by male employees as an action plan goal in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life. Explain the system to eligible employees and provide the environment for them to take leave.

■ Reduction Of Overtime Hours

- No-overtime days on Wednesdays and Fridays to encourage employees to leave the office on time.
- Alert superiors of employees who exceed a certain number of work hours and hold meetings.

■ Promotion of Use of Annual Paid Leave

- Ensure acquisition through collective and planned assignment.
- Allow half-day increments (no upper limit).

Item	FY2020/21	FY2021/22	FY2022/23
Childcare leave acquisition rate(total) (%)	18.5	33.3	57.1
Childcare leave acquisition rate(male) (%)	15.4	30.0	55.0
Average monthly overtime (hours)	14.4	17.1	17.4
Annual paid leave taken (days)	14.2	15.3	16.7

■ Increased Work Engagement

Since 2021, we have carried out an internal survey to evaluate improvements in the work environment, using a shortened version of the Utrecht Work Engagement Scale as one of the indicators. (Measured on the three factors of "vitality," "enthusiasm," and "immersion" in work. Score is out of 6 points.)

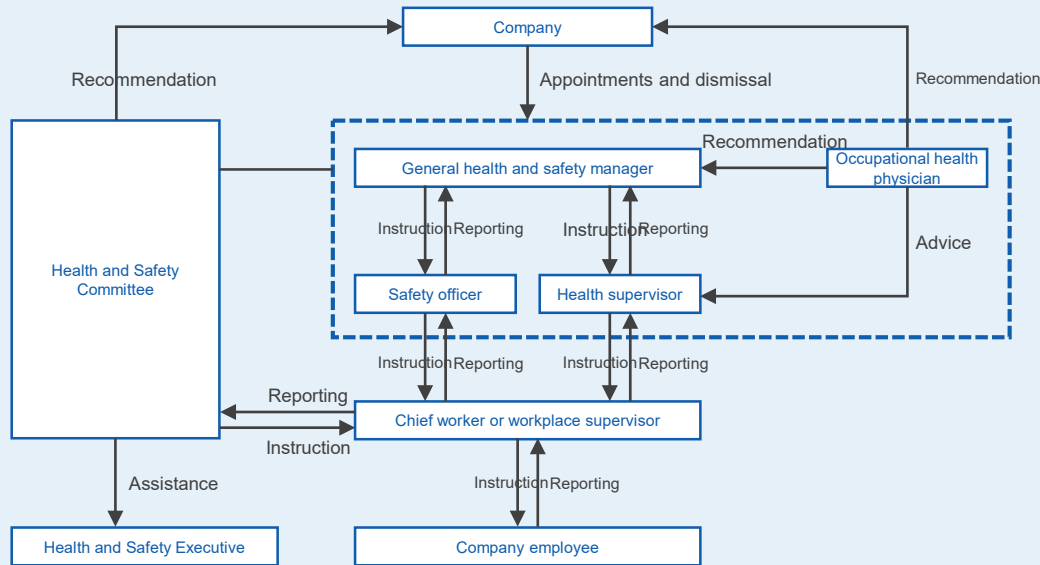
Item	FY2020/21	FY2021/22	FY2022/23
Work engagement	—	3.2	3.2



Occupational Health and Safety

We promote occupational health and safety activities to ensure the "safety" and "health" of our employees. We will establish an occupational health and safety management system to prevent injuries and illnesses among our employees. We work to prevent occupational accidents through continuous improvement of health and safety management by creating an environment where employees recognize the importance of health and safety and are aware of their own occupational health and safety obligations. This results in employees that can take initiatives and participate in activities to improve health and safety.

Health and Safety Management Organizational Chart A&D



Health Management



A&D

A&D has established a Health Management Declaration to realize its management philosophy, focusing on "mental health," "physical health," and "work environment creation," and has been certified an "Excellent Corporation for Health Management" 2023.

Health Management Declaration

A&D works to realize its management philosophy that will create a work environment in which each and every employee is healthy in mind and body and can maximize his or her potential by actively supporting employee health and activities that promote organized health promotion measures.

Promotion Structure

To promote health management, we have established the Health Management Declaration with top management in charge of implementing various initiatives. In charge: Representative Director, Executive Officer, President. Responsible department: Health Promotion Division, General Affairs Department

Specific Initiatives

- "Mental health consultation" and "women's health consultation" by public health nurses.
- Offering healthy menu items that promote low-sodium and fiber intake, after discussions with staff at the company cafeteria (Development and Technology Center).



Procurement Policy

A&D

We will develop analog-to-digital conversion technology to contribute to the development of various industries and aid people in leading healthier lives. We shall support the creation of new customer value by providing tools that make full use of measurement and control technology.

In developing our businesses globally, we will emphasize compliance with laws and social norms and consideration for human rights, labor, and the environment throughout the supply chain, strive to build relationships of trust based on mutual understanding with our suppliers, and respect fair and free competition in our procurement activities.

Environmental Conservation

A&D

A&D HOLON Holdings will improve its environmental conservation system in accordance with the "A&D Green Procurement Guidelines" and "A&D Green Procurement Guidelines Related Documents."

This guideline contains information on our management practices to promote procurement of products (units, materials, parts, packaging materials, etc.) with low environmental impact.

We would appreciate our business partners' cooperation.

Provision of Company Facilities

● A&D

The company loans the company ground to local youth sports teams and it loans employee parking spaces when events are held in the neighborhood.



Provision of Company Facilities

● HOLON

We offered a glass-walled space near our company entrance for a neighboring elementary school to exhibit children's artwork for a certain period of time. Local residents passing in front of our company enjoyed the exhibit and it also provided an opportunity to interact with the community.

Utilizing SDGs Lease MIRAI 2030[®]

● A&D

We have signed a SDGs Lease MIRAI 2030[®] (donation type) contract provided by Sumitomo Mitsui Finance and Leasing Company, Limited. Principally, we will donate a portion of the lease for production facilities for medical and health care equipment through Sumitomo Mitsui Finance and Leasing Company, Limited to the Guide Dog & Service Dog & Hearing Dog Association of Japan to support people with disabilities.

Contents

1. Message from the President

2. Sustainability Policy

3. Environment

- Initiatives for Environmental Conservation and Reduction of Environmental Impact
- Environmentally Friendly Manufacturing
- Products that Contribute to Solving Environmental Problems
- Business Opportunities Related to Climate Change
- Environmental Activities Data



4. Society

- Customer Relations
- Fundamental View on Human Resources
- Personnel and Education Systems
- Work-style Reform
- Occupational Health and Safety and Health Management
- Material Procurement Activities
- Contribution to Society



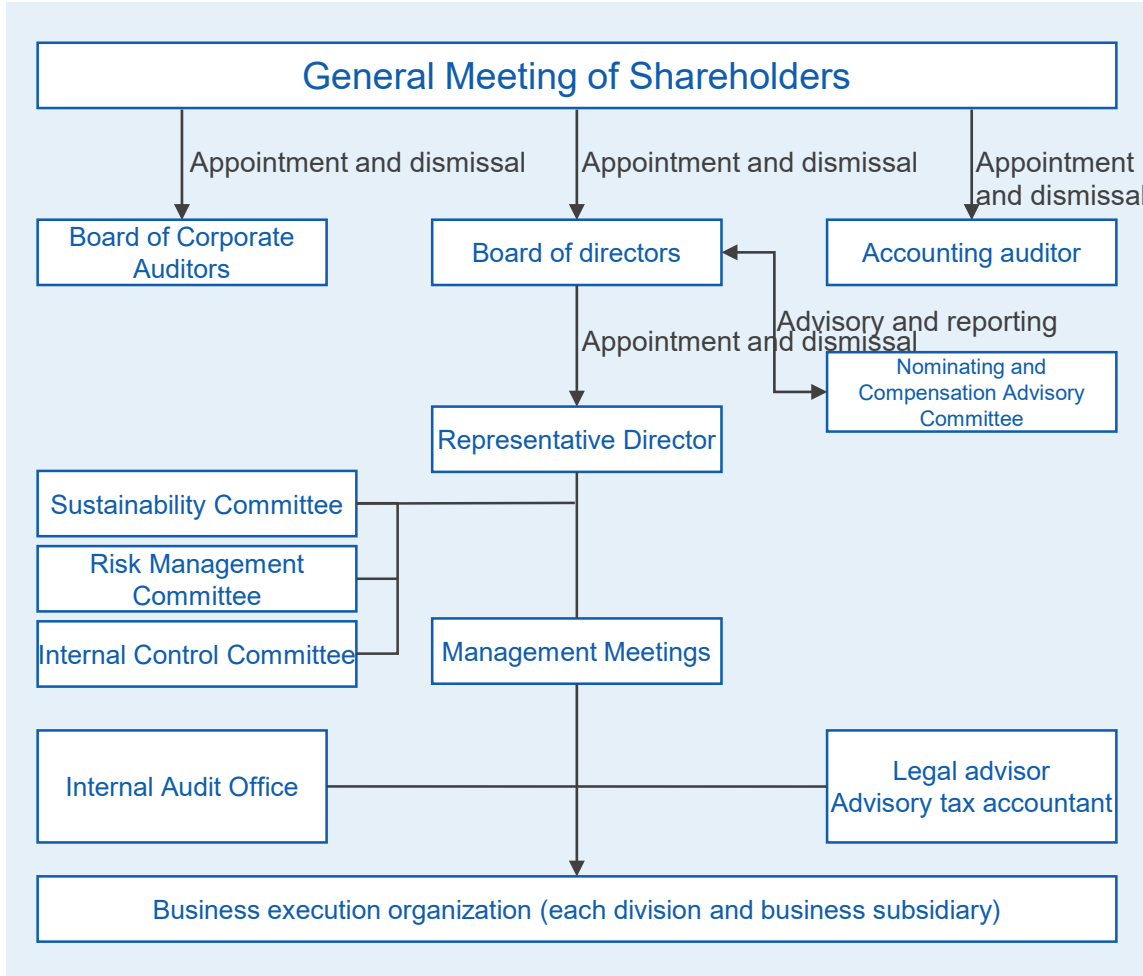
5. Governance

- Corporate Governance
- IR Activities
- Stakeholder Relations



6. Reference Information

Corporate Governance Structure



Fundamental View

We recognize that enhancing corporate governance is one of the most important tasks for management, and we are working to improve this by establishing a management organizational structure and mechanisms to realize our management philosophy.

Sustainability Committee Established

The Sustainability Committee was established in April 2023 with the aim of contributing to internal and external stakeholders through efforts to realize a sustainable society and environment, and to ensure the survival of the Group and enhance its corporate value over the medium to long term. The Committee, chaired by the director in charge of administrative management and composed of internal directors and managers of main divisions, determines basic policies for implementing sustainability management, deliberates on measures to address issues, and manages and supervises activities.

Communication with Shareholders and Investors

Financial Results Briefing for Institutional Investors

A&D HOLON Holdings holds financial results briefings for institutional investors and securities analysts twice a year.

We explain our business performance and the progress of our mid-term business plan.

In addition, the company discloses briefing materials of financial results every quarter. We will continue to expand the contents so readers can have a better picture of our company's state of affairs.

Financial Results Briefing for the Fiscal Year Ended March 31, 2023



Individual Investor Relations Meetings

We hold individual meetings and small meetings with institutional investors on a quarterly basis.

In addition to in-person meetings, we also make use of web conferencing and teleconferencing. In FY2022/23, we held 81 meetings in total.

Shareholder Communication

As part of our efforts to provide our shareholders information, we publish shareholder communications on our website biannually. We work hard to communicate the various initiatives our company is taking in an easy-to-understand manner.

The Group is committed to strengthening partnerships with stakeholders through consistent communication in order to establish good relationships of trust.

Stakeholders	Main communication opportunities
Customers	Sales activities / Product operation briefings for distributors / Various exhibitions, Web seminars / Customer Service Center / A&D mail magazine, WAY information magazine / APS inventory search site
Shareholders and Investors	General Meeting of Shareholders / Financial Results Briefing for Institutional Investors / Company and Factory Tours / Individual Meetings with Institutional Investors / Web Shareholders' Newsletter
Employees	Labor-management conferences / Training by job level and job function / Business improvement suggestion system / In-house e-mail magazine "HEAT UP!"
Business Partners	Procurement activities / A&D cooperation meetings (new product briefings, business policy briefings, etc.) / Supplier visits / Cooperative factory audits
Community, Government, Local Government	Cooperation with local community associations (loan of parking lots, grounds, etc.) / Company and factory tours / Sponsorship of local events / Summer vacation free study campaign for elementary and junior high school students

Contents

1. Message from the President

2. Sustainability Policy

3. Environment

- Initiatives for Environmental Conservation and Reduction of Environmental Impact
- Environmentally Friendly Manufacturing
- Products that Contribute to Solving Environmental Problems
- Business Opportunities Related to Climate Change
- Environmental Activities Data



4. Society

- Customer Relations
- Fundamental View on Human Resources
- Personnel and Education Systems
- Work-style Reform
- Occupational Health and Safety and Health Management
- Material Procurement Activities
- Contribution to Society



5. Governance

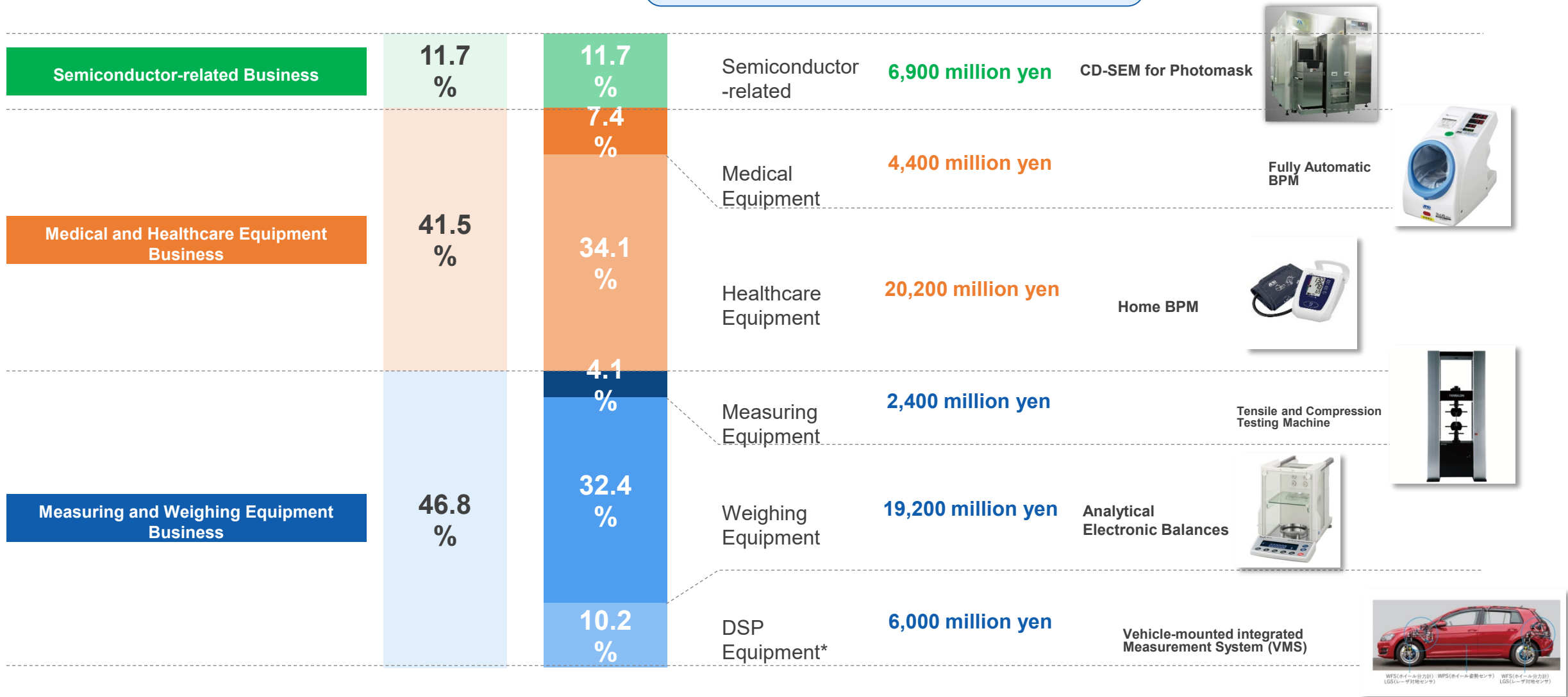
- Corporate Governance
- IR Activities
- Stakeholder Relations



6. Reference Information

FY2022/23 Sales Composition by Business Segment

Net sales 59.0 billion yen



Point of Contact



3-23-14 Higashi-Ikebukuro, Toshima-ku, Tokyo 170-0013, Japan



TEL: 03-5391-6124



Public Relations and Investor Relations Section, Corporate Strategic Planning Office, A&D HOLON Holdings Company, Limited

AND

HOLON

A&D HOLON Holdings