

# Sustainability Initiatives

A&D HOLON Holdings Company, Limited

May 24, 2024

# Contents

## 1. Message from the President

## 2. Sustainability Policy

## 3. Materiality

## 4. Environment

- Disclosure Based on TCFD Recommendations
- Main Risks Related to Climate Change
- Business Opportunities Related to Climate Change
- Environmental Activities Data (Indicators & Targets)
- Approach to Environmental Contribution
- Environmental Contribution of Businesses
- Products that Contribute to Solving Environmental Problems
- Environmentally Friendly Manufacturing
- Initiatives for Environmental Conservation and Reduction of Environmental Impact



## 5. 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



## 6. Governance

- Corporate Governance
- IR Activities
- Stakeholder Relations



## 7. 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

**Our 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 our business activities in the fields of measuring and weighing, medical and health care, and semiconductors. We will do this by actively promoting environmental conservation and efforts to reduce our environmental impact through cutting-edge and diverse "measurement" technologies.**

# Materiality (Priority Issues)

## Contribute to advancement of the environment, society, and stakeholders by promoting materiality initiatives to realize our Sustainability Policy.

### STEP 1

## Identify issues

- Extensively identify issues facing the company from a perspective of ESG and the 17 SDGs goals
- Organize not only what the company is currently doing and what it can do in the future, but also what actions the company should take to solve social and environmental problems.

### STEP 2

## Evaluate issues

- Evaluate identified issues in terms of both "Internal importance" and "Priority for external dissemination".
- Evaluate the contribution to "Consistency with management philosophy," "Environment," "Society," "Economy," and "Education/Site improvement" on a point scale and narrow down to those with high ratings.

### STEP 3

## Identify materialities

- Among the narrowed down issues, group the possible materialities, including action items.
- Materialities are determined through deliberation by the Sustainability Committee and final approval by the Board of Directors.

### 1 Enhance management capable of both solving social issues and realizing economic growth

We aim to be a company that is both socially and economically oriented by making the promotion of solutions to social issues, such as the reduction of environmental impact, the source of our growth and development.

#### Example measures

- Encourage use of sustainable raw materials and materials
- Help to reduce environmental impact through product optimization
- Realization of carbon neutrality etc.



### 2 Strengthen partnerships with local communities and stakeholders to become a sustainable company that enriches the future

By creating new value through the power of collaboration, we aim to be a sustainable company that contributes to the future of the Earth, its countries, regions, and stakeholders.

#### Example measures

- Conduct activities that contribute to regional and social development
- Provide assistance for natural disasters
- Strengthen partnerships etc.



### 3 Strengthen management of diverse and sustainable human capital

We aim to become a highly engaged company that is chosen by its employees by accelerating human capital investment that promotes self-improvement of each and every member of our diverse workforce.

#### Example measures

- Provide opportunities for employee success and growth
- Promote work-life balance
- Build a platform to promote staff success etc.



### 4 Maximize customer and corporate value by building a strong corporate foundation

By integrating information technology into our management system, we aim to optimize and maximize customer value, and by further strengthening our highly transparent corporate management, we aim to become a global company of choice for our customers and society.

#### Example measures

- Streamline and create new added value through DX
- Create a mechanism for continued transparent corporate management etc.



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- Products that Contribute to Solving Environmental Problems
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- Initiatives for Environmental Conservation and Reduction of Environmental Impact



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## Background of Information Disclosure

Our Group recognizes that addressing environmental issues, including climate change, is an important management issue that will also lead to profit-earning opportunities, and is working to develop products that contribute to reducing CO<sub>2</sub> emissions and solving environmental problems. In 2022, we began to examine risks and opportunities based on the framework proposed by the TCFD. Below we disclose information related to climate change in line with TCFD recommendations.

### Governance

The Sustainability Committee was established in April 2023 to support internal and external stakeholders in achieving a sustainable society and environment while increasing our Group's corporate value over the medium to long term. Chaired by the director in charge of the General Affairs Department and composed of internal directors and managers from our business divisions, the Committee sets basic policies for sustainability management, deliberates on measures to address issues, and oversees activities. Additionally, the Sustainability Committee supervises three subcommittees: the Social & Environmental Subcommittee, the Risk Management Subcommittee, and the Governance Subcommittee. These subcommittees implement climate change-related measures. The Sustainability Committee reports its deliberations to the Board of Directors as needed and regularly discloses information on sustainability policies and activities to internal and external stakeholders.



## Strategy

### Scenario Analysis

We conducted an analysis using two scenarios based on the framework proposed by the TCFD. Qualitative and quantitative risk analyses were conducted for 1.5°C/2°C and 4°C scenarios, referring to the World Energy Outlook (WEO) prepared by the International Energy Association (IEA) and the Representative Concentration Pathways (RCP) prepared by the Intergovernmental Panel on Climate Change (IPCC). The 1.5°C/2°C scenario refers to a scenario in which the transition to a decarbonized society progresses, and the 4°C scenario refers to a scenario in which current emission regulations, etc., are maintained. By analyzing these scenarios, we have examined how climate-related matters might affect our business, strategy, and financial plans. A summary of each scenario is shown in the following table.

|                   | Less Than 1.5°C/2°C Scenario   | 4°C Scenario   |
|-------------------|--|--|
| <b>Overview</b>   | The temperature rise in 2030 will be limited to approx. 1.5°C compared to pre-industrial times. Emission regulations such as carbon taxes and emissions trading, as well as energy conservation, have been tightened and business is greatly affected by transition risks. | The temperature rise in 2030 will increase to approx. 4°C compared to pre-industrial times. Emission controls and other regulations are unchanged, and business is greatly affected by the physical risks of extreme weather events and rising temperatures. |
| <b>Scenario</b>   |  |  |
| <b>Transition</b> | Net-Zero Emissions by 2050 scenario (NZE)<br>Sustainable Development Scenario (SDS)  | Stated Policy Scenario (STEPS)   |
| <b>Physical</b>   | Representative Concentration Pathways (RCP2.6)   | Representative Concentration Pathways (RCP8.5)   |





## Strategy

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### Qualitative Analysis - Risks & Opportunities

Based on a set of scenarios, we have qualitatively analyzed the events that are risks and opportunities for our business among the impacts caused by climate change. The table in the next section shows the events that have a significant impact.

The results of the analysis indicate that the transition risks in the 1.5°C/2°C scenario include financial impacts from policies such as carbon taxes and plastic regulations and reputational impacts from changes in customer and investor attitudes, whereas the physical risks in the 4°C scenario include the impacts from natural disaster response and response to rising temperatures. Our response to these issues is implemented and reviewed by the "Social & Environmental Committee" and the "Risk Management Committee".

## Risk Management

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The Group's Sustainability Committee is responsible for overall management of company-wide risks in accordance with the Risk Management Regulations. The Risk Management Subcommittee has been established under the Sustainability Committee to discuss issues and measures related to risk management. The Social & Environmental Subcommittee identifies climate change-related risks and these are shared with the Sustainability Committee by way of the Risk Management Subcommittee. The deliberations of the Sustainability Committee are reported to the Board of Directors on a case-by-case basis, and are reflected in the Group's strategies based on the deliberations of the Board of Directors.



# Main Risks Related to Climate Change

| Type            | Category              | Major Risks   | Response Policies  |
|-----------------|-----------------------|---|--|
| Transition risk | Policy/<br>Regulation | <ul style="list-style-type: none"> <li>• Increased manufacturing and procurement costs due to the introduction of a carbon tax that includes the company and its suppliers in the tax base</li> <li>• Costs incurred in switching to alternative materials due to restrictions on the use of disposable plastic materials for packaging materials</li> </ul>                  | <ul style="list-style-type: none"> <li>• Reduction of electricity consumption through the use of LEDs</li> <li>• Introduction of renewable energy</li> <li>• Establish goals and implement reduction plans to become carbon neutral</li> <li>• Promote initiatives to reduce the amount of plastic used (e.g., replace packaging materials with corrugated cardboard)</li> </ul> |
|                 | Technology            | <ul style="list-style-type: none"> <li>• Lost sales opportunities due to delays in responding to customer demands, etc., in response to growing needs for decarbonization, renewable energy, and energy conservation</li> <li>• Decline in demand for hydraulic testing equipment and products for internal combustion engines due to the shift to electrification</li> </ul> | <ul style="list-style-type: none"> <li>• Early collection of information on changing customer requirements in sales regions, and development and sales promotion in response to such requirements</li> <li>• Development and sales promotion of testing equipment for electrification and electric vehicle development</li> </ul>  |
|                 | Reputation            | <ul style="list-style-type: none"> <li>• Decrease in reputation and corporate value among stakeholders when climate change measures and information disclosure are deemed inadequate</li> </ul>   | <ul style="list-style-type: none"> <li>• Establishment of interim targets for the next 10 years toward carbon neutrality in 2050 and efforts to reduce CO<sub>2</sub> emissions</li> <li>• Enhancement of information disclosure</li> </ul>  |
| Physical risk   | Acute                 | <ul style="list-style-type: none"> <li>• Damage to the company's sites and impact on the supply chain due to severe extreme weather events</li> </ul>   | <ul style="list-style-type: none"> <li>• Formulate and review Business Continuity Plan (BCP)</li> <li>• Establish a framework for stable procurement</li> </ul>  |



# Business Opportunities Related to Climate Change

| Industry           | Business Segment                                  | Main Opportunities   | Response Policies  |
|--------------------|---|--|--|
| <b>Automobiles</b> | <b>Weighing Equipment<br/>DSP Equipment</b>       | <ul style="list-style-type: none"> <li>• Increased demand for materials to increase production of rechargeable batteries and to extend cruising range for EVs</li> <li>• Increased demand for testing equipment, etc., due to accelerated development of environmentally friendly vehicles, such as EVs and FCVs</li> <li>• Increasing demand for new vehicle and tire testing equipment due to increased weight of electric vehicles</li> </ul> | <ul style="list-style-type: none"> <li>• Expansion of supply of high precision weighing sensors used in the production of rechargeable batteries for integration into production lines</li> <li>• Aim for expansion of applications, and promotion of support for testing systems for electric vehicles</li> <li>• Promotion of supply of tire testing machines that utilize high-capacity force sensors</li> </ul>              |
| <b>Materials</b>   | <b>Measuring Equipment<br/>Weighing Equipment</b> | <ul style="list-style-type: none"> <li>• Increased demand due to intensified development activity related to CO<sub>2</sub> Capture, Utilization, and Storage (CCUS)</li> <li>• 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</li> </ul>  | <ul style="list-style-type: none"> <li>• Sales promotion of evaluation equipment (material testing machines and property testing machines) and analytical instruments (gas analyzers and analytical balances) for CCUS-related R&amp;D</li> <li>• Sales promotion of evaluation equipment (material testing machines and property testing machines) for containers and packaging materials using recyclable materials</li> </ul> |
| <b>Energy</b>      | <b>Measuring Equipment<br/>DSP Equipment</b>      | <ul style="list-style-type: none"> <li>• Increased demand for related solutions due to accelerated development in pursuit of more efficient power supply and demand</li> <li>• Demand for related testing machines, etc., is increasing due to the promotion of substitution of alternative fuels, such as hydrogen and ammonia</li> </ul>   | <ul style="list-style-type: none"> <li>• 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)</li> <li>• Supply of solutions, such as gas analyzers for alternative fuels, systems to evaluate catalysts, etc.</li> </ul>   |



## Business Opportunities Related to Climate Change

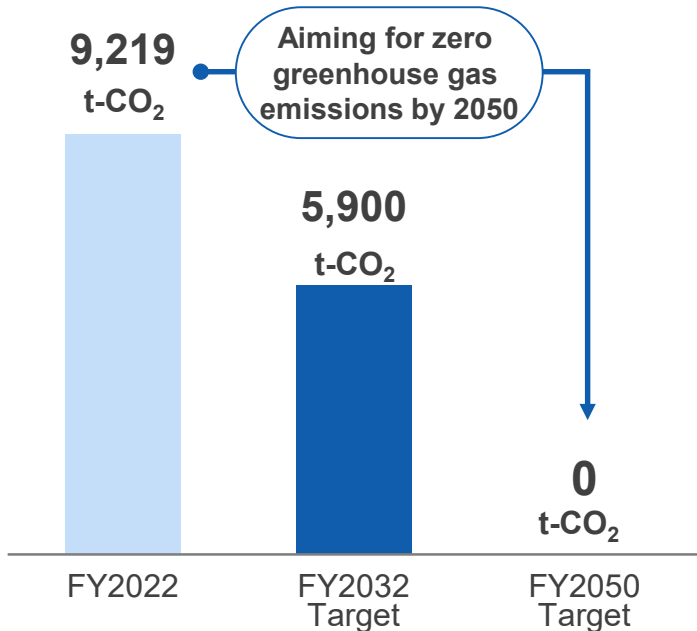
| Industry       | Business Segment      | Main Opportunities   | Response Policies  |
|----------------|-----------------------|--|--|
| Food           | Weighing Equipment    | <ul style="list-style-type: none"><li>Increased demand for inspection equipment to check for foreign objects in food production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



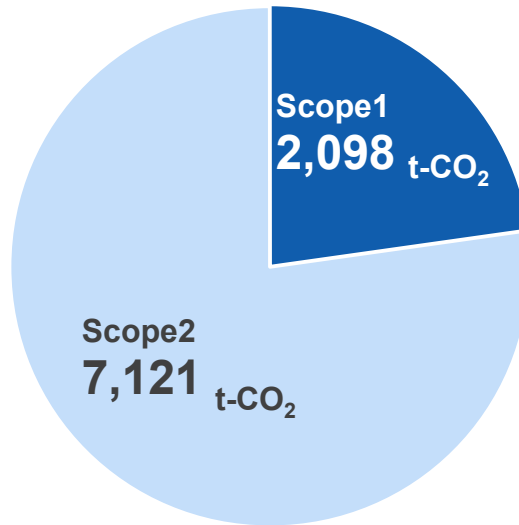
## Indicators & Targets

In order to take climate change-related risks into account in our business strategies, we identify, assess, and manage climate change-related risks using greenhouse gas (GHG) emissions, especially carbon dioxide (CO<sub>2</sub>) emissions, which are considered a cause of climate change, as an indicator. While our goal is to achieve carbon neutrality by 2050, we have set a new quantitative target of a 36% reduction (compared to FY2022) by FY2032. Specifically, we envision that emissions will be reduced to a net zero by promoting the use of renewable energy sources while at the same time working to conserve energy. Scope 3 emissions will be calculated in the future.

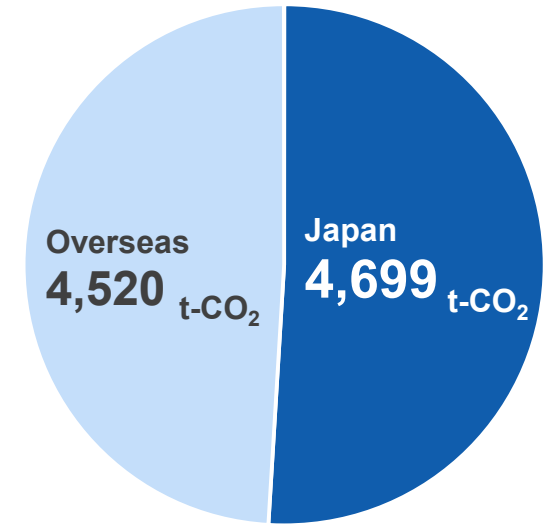
### Greenhouse Gas Reduction Targets (Scope 1+2)



### Breakdown of Emissions in FY2022



### Regional Breakdown for FY2022



\* Calculation Criteria: Calculated in accordance with GHG Protocol

\* Aggregate Scope: 14 domestic and overseas group companies (data coverage: 89.4% of sales)

\* Scope 1: Direct emissions (gasoline, kerosene, diesel oil, LPG, city gas)

\* Scope 2: Indirect energy-derived emissions (electricity)



# Approach to Environmental Contribution

## Direct contribution

• Our products' own specifications and performance contribute to the reduction of environmental impact.

Product

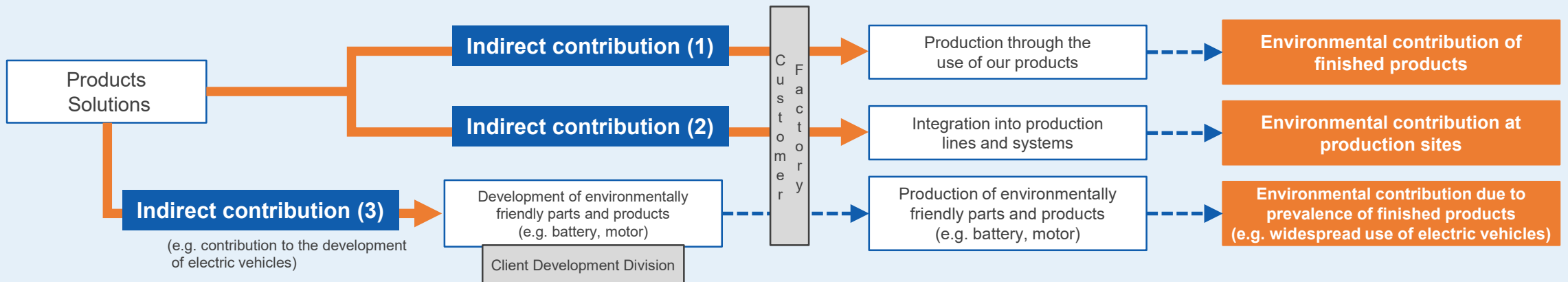
Environmental contribution of products themselves

Product applicability criteria

Products that are expected to have 20% or more of the following improvements or advantages over our conventional products or equivalent products of other companies  
(1) Power savings, (2) Weight and size reduction, (3) Resource reduction and recycling, (4) Higher performance (processing speed, inspection accuracy, long life, etc.), and (5) Manufacturing man-hours

## Indirect contribution

- (1) Finished products produced using our products contribute to reducing environmental impact
- (2) Contribute to reducing environmental impact at production sites by providing products and solutions (energy saving, yield improvement, etc.)
- (3) Products developed through the provision of products and solutions contribute to the reduction of environmental impact





## Measuring and Weighing Equipment Business

- Contributing to development efficiency by providing test equipment and simulation systems for critical components in electric vehicle development
- Contributing to the reduction of environmental impact in the supply chain by providing products with improved environmental performance

### Contribution Example: Indirect Contributions (3)



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

MBD\* contributes to more efficient control development of motors, an important component of electric vehicles.

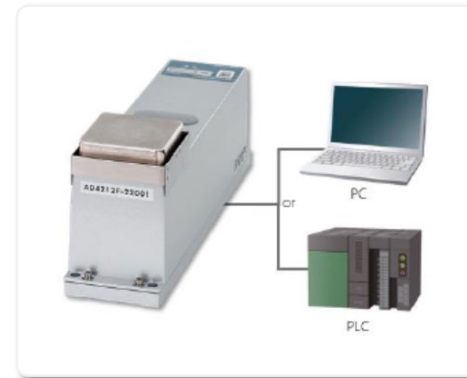


**Battery HILS**  
(Simulator for battery development)

MBD\* contributes to more efficient control development of batteries, a key component of electric vehicles.

\* MBD: Model Based Development

### Contribution Example: Direct/Indirect Contributions (2)



**High-precision weighing sensors for production lines**

Smaller; faster response time than conventional products. Contributing to precise and safe rechargeable battery production by being incorporated into automotive rechargeable battery production lines



**Checkweighers/ Metal Detectors/X-ray Inspection Machines**

Prevents letting out of food products contaminated with foreign matter and contributes to reduction of food loss through collection and disposal of marketed products



## Medical and Health Care Equipment Business

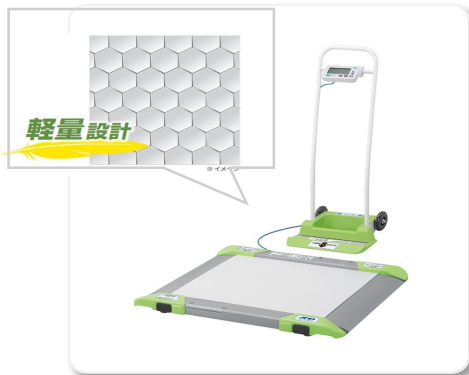
Contributing to the reduction of society's environmental impact through the development and supply of resource-saving and lightweight products

### Contribution Example: Direct Contributions (1)



#### Upper arm hoseless blood pressure monitor

The compact design and elimination of the hose connecting the blood pressure monitor body to the cuff contribute to resource conservation and reduction of environmental impact.



#### Barrier-free Scale for Wheelchair Use

The honeycomb structure of the weighing platform contributes to a significant weight reduction (approx. 30% less weight) with the same strength compared to the conventional model, thereby reducing environmental impact.

## Semiconductor Related Business

Contributing to the reduction of environmental impact through energy conservation and yield improvement in our customers' semiconductor manufacturing by providing semiconductor related equipment.

### Contribution Example: Indirect Contributions (1)(2)



#### Electron guns, high-voltage power supplies, deflection circuits

Contributing to semiconductor performance and yield improvement by supplying high-performance intermediate products to semiconductor production equipment manufacturers and inspection equipment manufacturers.



#### Dimension measurement system for photomasks

Contributing to the improvement of semiconductor chip quality by measuring the dimensions of photomasks, which are the base plates for semiconductor circuit patterns, to ensure that they are manufactured correctly according to the design.





# Products that Contribute to Solving Environmental Problems

## Significant contribution to reducing the environmental impact of transportation, industry, and energy conversion sectors

In order to "achieve carbon neutrality," the following technologies are being developed mainly in the automotive, shipbuilding, steelmaking, industrial furnace, and energy conversion industries, and the need to measure gases and evaluate catalyst performance for various purposes is increasing.

- **Combustion of new fuels (hydrogen, ammonia, etc.) that do not emit CO<sub>2</sub>**
- **Capture and utilization of CO<sub>2</sub> (CCUS)**
- **Exhaust gas purification**

With our gas measurement technology (analyzers) and simulated gas generation technology (generators) cultivated over many years, we offer products that can be used in the development of these technologies.

### Introduction examples

- **Reduction of CO<sub>2</sub>**  
Mixed and dedicated combustion of hydrogen and ammonia in marine engines, industrial furnaces, and gas turbines
- **CO<sub>2</sub> recovery**  
Catalyst Adsorbent Separation membrane
- **CO<sub>2</sub> Methanation**
- **Compliance with emission regulations**

### Gas analyzer

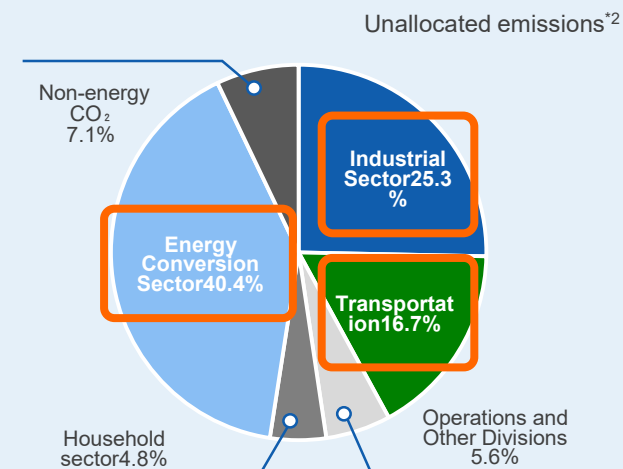


### Simulated gas generator



Significant contribution to efforts to reduce environmental impact

### CO<sub>2</sub> emissions by sector\*1



\*1: From "Summary of FY2021 Greenhouse Gas Emissions and Removals (Final figures)" by the Ministry of the Environment

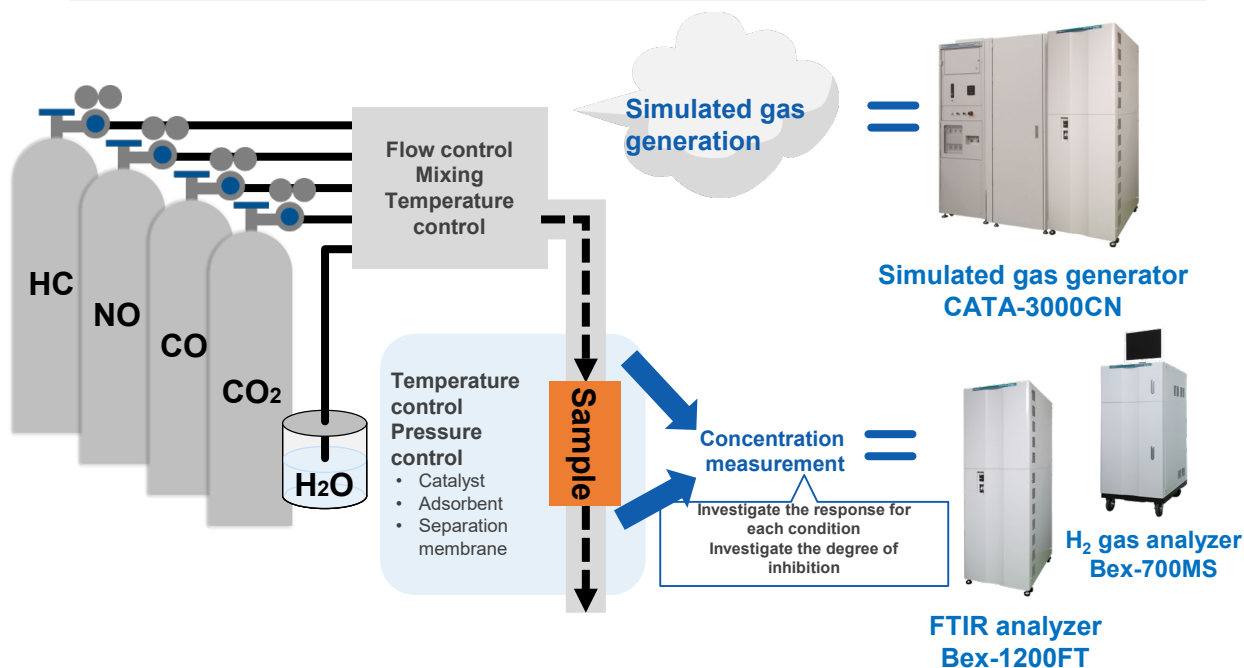
\*2: CO<sub>2</sub> emissions from electricity and heat generation are recorded as the emissions from those entities.



# Products that Contribute to Solving Environmental Problems

Significant contribution to reducing the environmental impact of transportation, industry, and energy conversion sectors

## CO<sub>2</sub> Recovery & Utilization



### Reasons we are selected

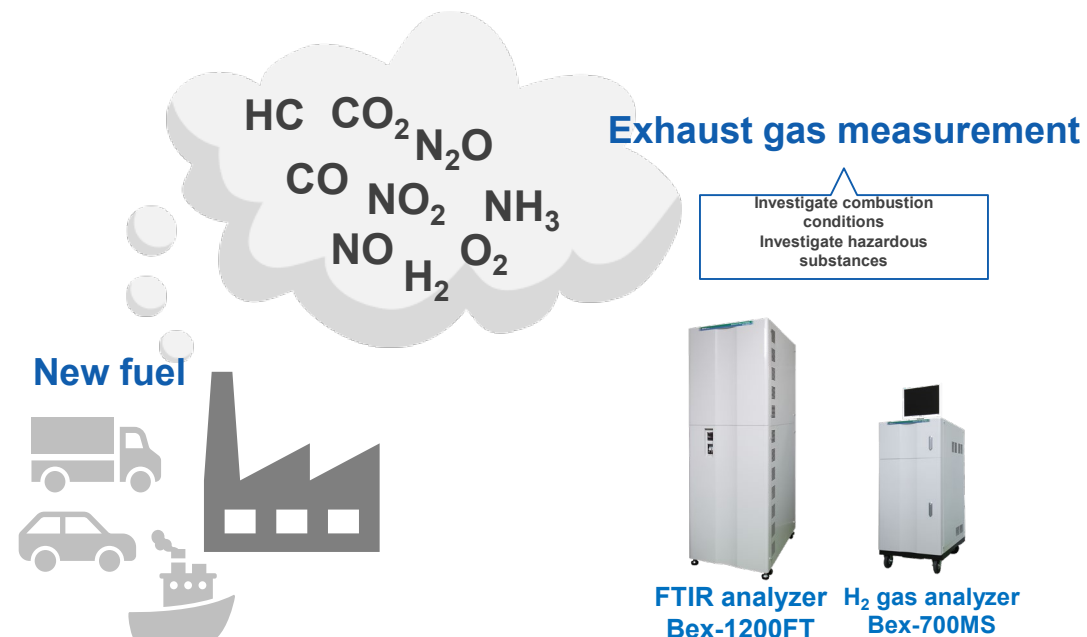
- Highly accurate reproduction of various gas conditions (composition, temperature, pressure) using superior control technology
- Flexible support for all needs based on numerous customizations
- Detailed understanding of catalytic reaction behavior in combination with FTIR

Modeling of catalytic reactions



Contributing to more efficient catalyst development

## CO<sub>2</sub> Reduction & Emissions Purification



### Reasons we are selected

- Simultaneous multi-component measurement using interference reduction technology developed over many years
- Our extensive lineup of hydrogen meters meets diverse requirements
- High reliability due to robust design for a wide range of applications

Determining formation mechanism of controlled substances



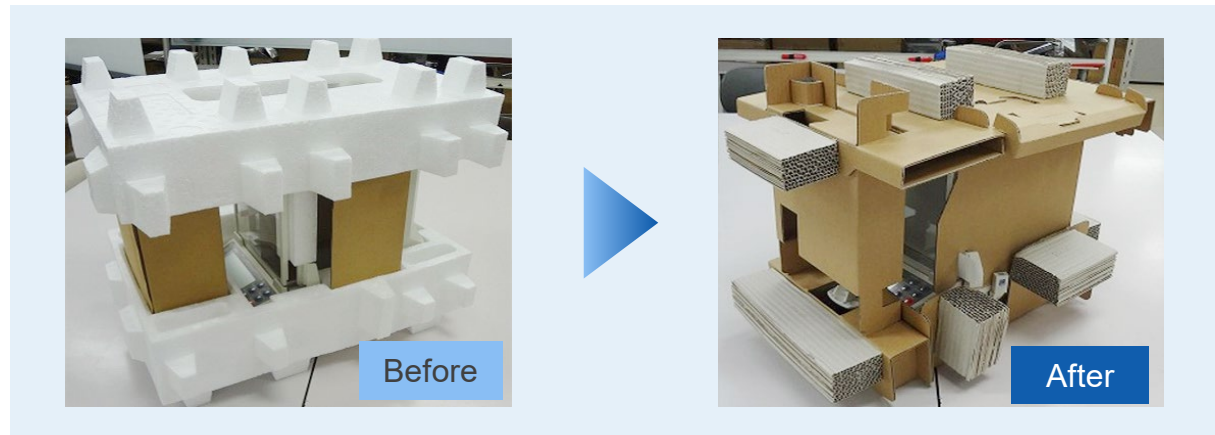
Contributes to identifying optimal combustion conditions



## 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. (CO<sub>2</sub> emission reduction by corrugated cardboard packaging was approx. 26 tons in FY2023\*)





## 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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    |

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## 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 FY2023/24, we streamed 110 seminars (an increase of 43 times over FY2022/23).



AND  
Discover Precision

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 Precision

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

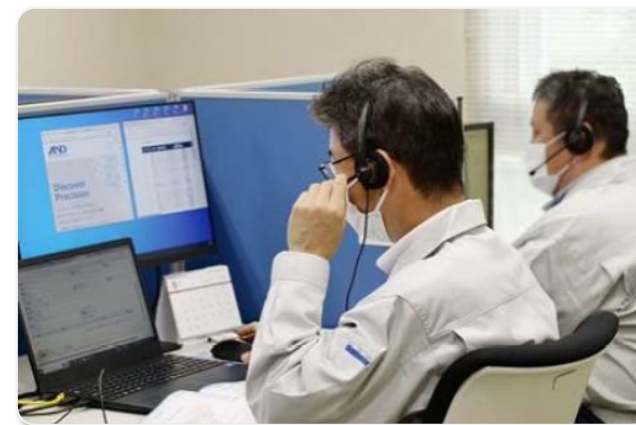
[【オンデマンドWebinar】 カーボンニュートラルに貢献するガス分析計のご紹介](#)

## 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.



## Launched Special Website for the UA-1100NFC Upper Arm Hoseless Blood Pressure Monitor



This page introduces the UA-1100NFC, an upper arm hoseless blood pressure monitor without a hose connecting the blood pressure cuff to the main body of the blood pressure monitor, and provides information on how to use the product and where to purchase\* it.

\*As of June 30, 2024, only in the Japanese market



<https://www.aandd.co.jp/products/hhc/special/ua1100nfc/>







## Human Resource and Workplace Environment Policies

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

### Human Resource Development Policy

We believe that diversifying and developing 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. Additionally, since sustainable corporate growth requires quick and flexible responses to environmental changes, 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. Additionally, we will take measures to ensure that employees are highly motivated and provide an 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 in the technical field are recognized as "Meisters" and those who have made significant contributions in the management field are recognized as "Executives," 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   |         |         |
|-------------------------------------|---------|---------|---------|---------|---------|---------|
|                                     | FY21/22 | FY22/23 | FY23/24 | FY21/22 | FY22/23 | FY23/24 |
| Percentage of female employees (%)  | 8.0     | 9.0     | 9.9     | 10.0    | 11.5    | 12.7    |
| Percentage of female managers (%)   | 0.6     | 0.5     | 0.5     | 5.2     | 5.0     | 4.7     |
| Percentage of foreign employees (%) | 1.5     | 1.5     | 1.4     | 16.0    | 17.3    | 16.3    |



## Personnel System

### Fair Evaluation and Human Resource Development

A&D

To appropriately evaluate and fairly treat employees' actions and results, we use a performance and work process evaluation system centered on target management. In process evaluation, competency\* is established as a key element of job performance for each grade, aiming to foster gradual employee growth. In goal management, supervisors and subordinates collaboratively confirm set goals and results. Additionally, managers receive regular evaluator training to understand the evaluation system and prevent errors.

### Respect for autonomy

We respect the independence of our employees from the viewpoint of aligning the right person for the right job. We have established a personnel system that enables our employees 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

A&D

**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  | FY2021/22 | FY2022/23 | FY2023/24 |
|---|-----------|-----------|-----------|
| Childcare leave acquisition rate(total) (%) | 33.3      | 57.1      | 73.7      |
| Childcare leave acquisition rate(male) (%)  | 30.0      | 55.0      | 73.7      |
| Average monthly overtime (hours)            | 17.1      | 17.4      | 18.6      |
| Annual paid leave taken (days)              | 15.3      | 16.7      | 18.2      |

### ■ 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.)

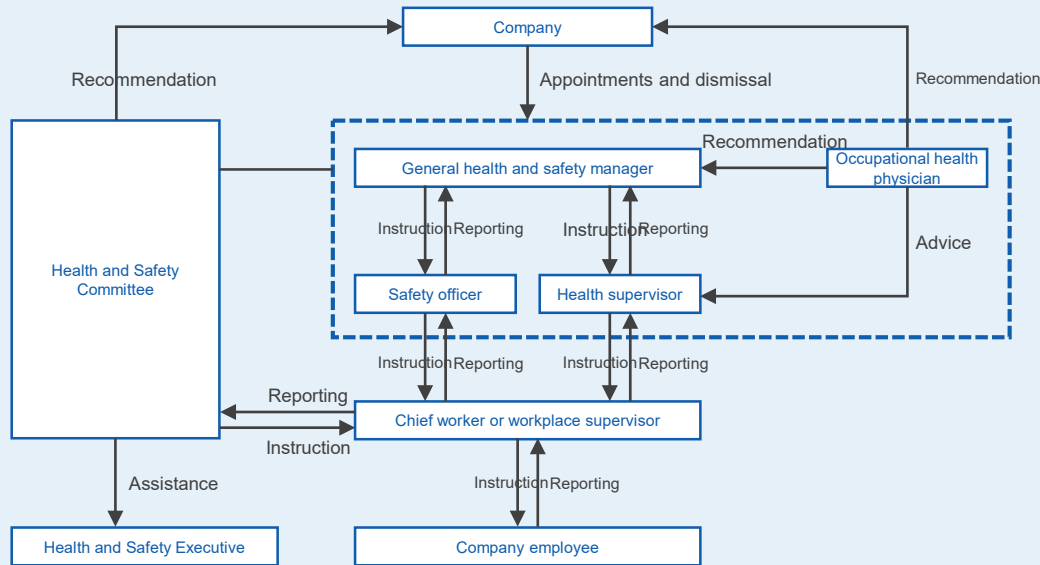
| Item            | FY2021/22 | FY2022/23 | FY2023/24 |
|-----------------|-----------|-----------|-----------|
| Work engagement | 3.2       | 3.2       | 3.2       |



## 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" 2024.

### 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

Our company allows local youth sports teams and the use of employee parking spaces when events are held in the neighboring areas.

### 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.

### President Morishima Gave a Lecture at Kitamoto City Hall

### A&D

In January 2024, President Morishima gave a lecture to city management officials on "Viewing Management with a Founding Member's Awareness" at the City Hall of Kitamoto City, Saitama Prefecture, where A&D's largest business base - the Development and Technology Center - is located. After the lecture, the mayor said, "I would like to take this opportunity to start full-scale collaboration with A&D. I hope this will make the local community more prosperous." he said. We will continue contributing to the local community.



# Contents

## 1. Message from the President

## 2. Sustainability Policy

## 3. Materiality

## 4. Environment

- Disclosure Based on TCFD Recommendations
- Main Risks Related to Climate Change
- Business Opportunities Related to Climate Change
- Environmental Activities Data (Indicators & Targets)
- Approach to Environmental Contribution
- Environmental Contribution of Businesses
- Products that Contribute to Solving Environmental Problems
- Environmentally Friendly Manufacturing
- Initiatives for Environmental Conservation and Reduction of Environmental Impact



## 5. 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



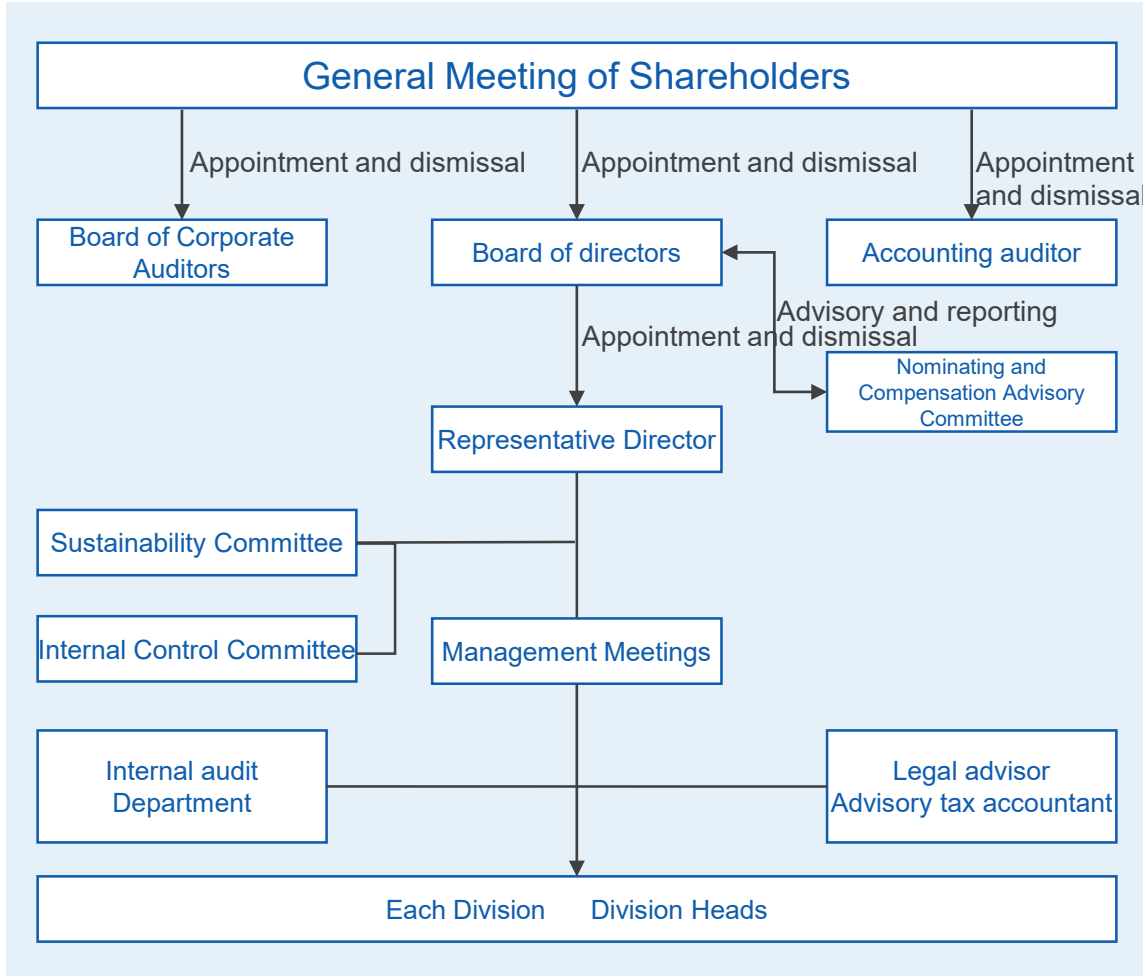
## 6. Governance

- Corporate Governance
- IR Activities
- Stakeholder Relations



## 7. Reference Information

## Corporate Governance Structure

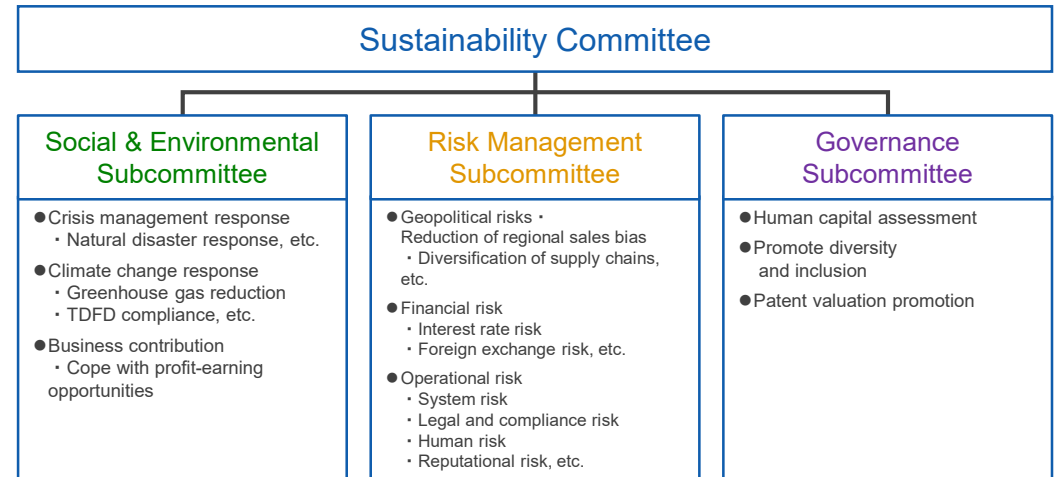


### Fundamental View

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 Promotion Structure

The Sustainability Committee, chaired by the director in charge of the General Affairs Department and composed of internal directors and managers of divisions in charge, determines basic policies for implementing sustainability management, discusses 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 Second Quarter of the Fiscal Year Ended March 31, 2024**



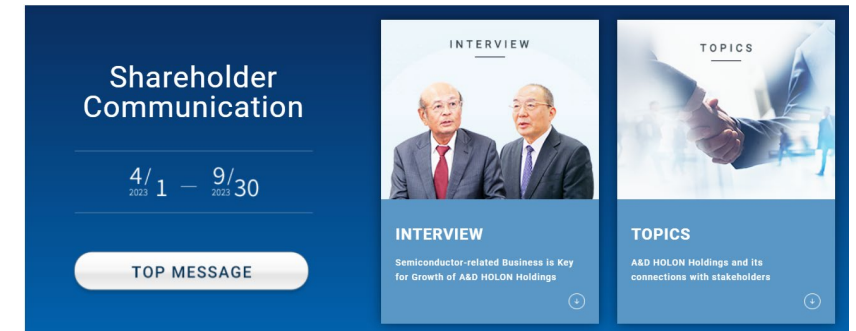
### Individual Investor Relations Meetings

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 FY2023/24, we held 125 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.





## Stakeholder Relations

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 |

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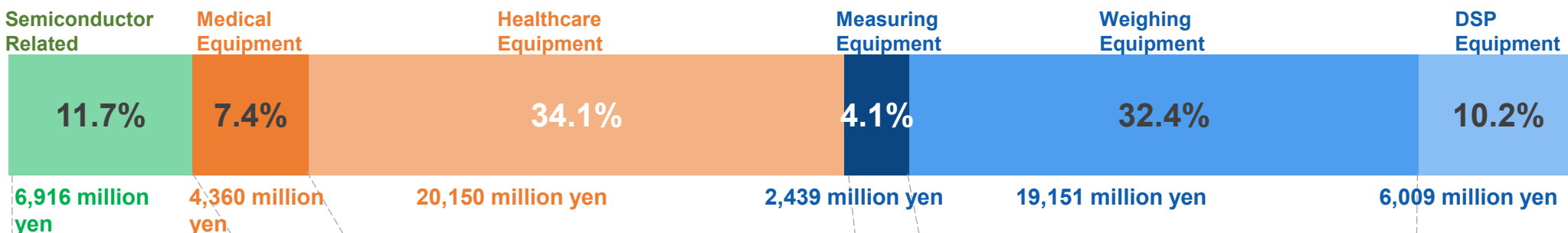


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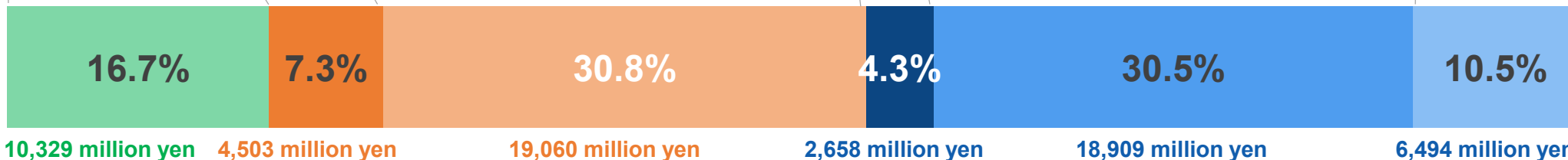
# Sales Composition by Business Segment

■ Semiconductor Related  
 ■ Medical Equipment  
 ■ Healthcare Equipment  
 ■ Measuring Equipment  
 ■ Weighing Equipment  
 ■ DSP Equipment

FYE March 31, 2023  
59,028 million yen



FYE March 31, 2024  
61,955 million yen



CD-SEM for Photomask



Fully Automatic BPM



Home BPM



Tensile and Compression Testing Machine



Analytical Electronic Balances



Vehicle-mounted integrated Measurement System (VMS)

## Point of Contact



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A&D HOLON Holdings Company, Limited**

**AND**

**HOLON**

A&D HOLON Holdings