

Environmental Measures & Social Contributions

—Realizing Sustained Growth ‘for’ and ‘with’ Society

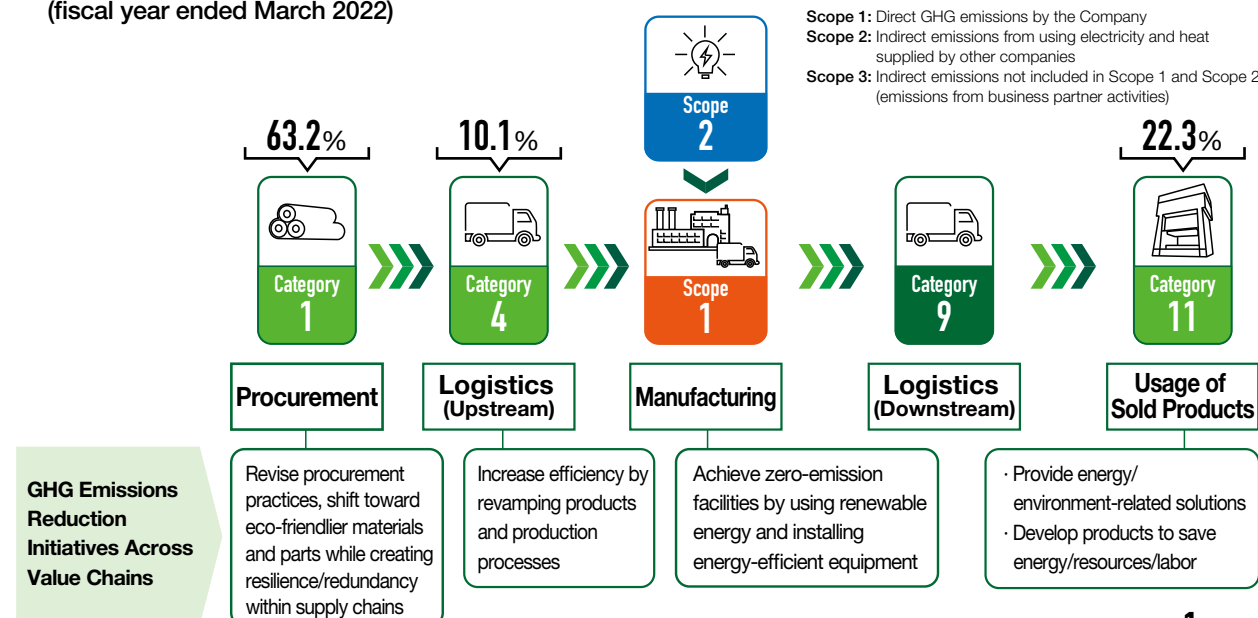
Environmental measures and social contribution initiatives are core strategies in our new Medium-Term Management Plan. In addition to energy-saving initiatives and other in-house environmental measures, the Group is helping to reduce the impact on the environment by leveraging our accumulated foundation of technological and product development expertise to develop business activities in areas such as renewables, advanced energy efficiency, eco-friendly materials, and productivity gains. We aim to generate sustained growth by helping to realize a sustainable society by working ‘for’ and ‘with’ society.

The Carbon-Neutral Initiative Policy

The AIDA Group regards environmental measures such as decarbonization, energy conservation, and resource conservation as major business opportunities, and we aim to be carbon-neutral by 2050 and we will strive to solve ESG issues and improve corporate value.

During the fiscal year ended March 2023, the AIDA Group in Japan developed ways to visualize the greenhouse gas (GHG) emissions from our entire domestic supply chain that spans procurement, manufacturing, logistics and sales. Going forward, we plan to focus on gauging and managing the GHG emissions of the entire AIDA Group so we can contribute to the achievement of a decarbonized society.

Greenhouse Gas (GHG) Emissions (fiscal year ended March 2022)



TOPICS Helping to Achieve Carbon Neutrality Through Our Products

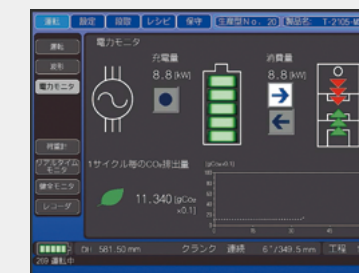
Total GHG emissions across our supply chain in fiscal year ended March 2022 were 351,083 tons of CO₂. Scope 3 emissions from Category 11 resulting from customer usage of Company products in manufacturing activities accounted for 78,322 tons of CO₂, approximately 22% of the total.

Presses are AIDA's flagship products, and using presses for metalforming instead of machining processes not only increases material yields and reduces scrap, it also enables high-efficiency mass production and reduces energy

consumption. Moreover, we are continuing to develop new products that deliver significant energy savings compared to earlier models.

The Direct Servo Former presses pioneered by AIDA feature high-capacity capacitors in the circuit between the servo motor and the power source. These suppress peak current during forming, which helps to stabilize voltages, and they also store regenerated energy from the servo motor, thereby enabling power conservation by managing the draw from the factory power source.

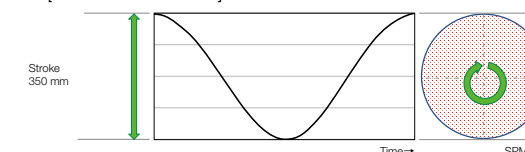
The CO₂ emissions per product can also be calculated on the Power Monitor screen.



The greatest feature of a servo press is the ability to freely program the slide motion and the forming speed to match the product using computer-based controls. This not only improves formability and increases productivity, but it also enables the press to operate in different energy-saving modes that use less power and emit less CO₂.

By supplying these kind of advanced press products, we are contributing to more environmentally friendly manufacturing activities. One of our key priorities is to achieve energy efficiency improvements in our products, and we will continue to strive to make further advances in this area.

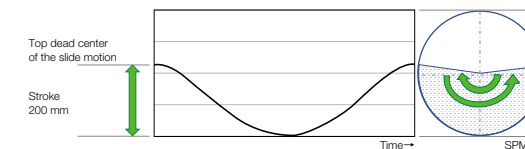
A [Standard Crank Motion]



CO₂ Emissions per Cycle

2.259 (g-CO₂)

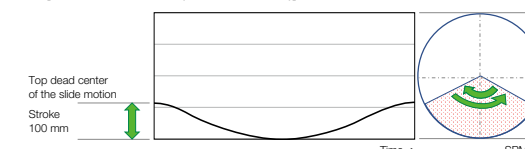
B [Pendulum Motion (200 mm stroke)]



CO₂ Emissions per Cycle

1.297 (g-CO₂)

C [Pendulum Motion (100 mm stroke)]



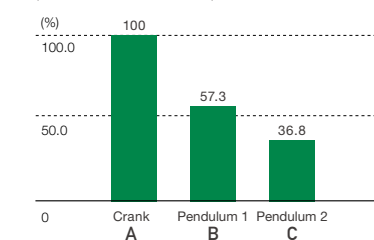
CO₂ Emissions per Cycle

0.832 (g-CO₂)

Pendulum motion with its shorter stroke length is the best motion for saving energy and boosting productivity.

CO₂ Emissions per Stroke

(Crank motion baseline = 100)



	Stroke Length	Base SPM	Cycle SPM	CO ₂ Emissions/Stroke (g-CO ₂)	Emissions Compared to Crank Motion
Crank A	350 mm	21	21	2.25	100.0%
Pendulum 1 B	200 mm	21	35.5	1.29	57.3%
Pendulum 2 C	100 mm	21	51.4	0.83	36.8%

Initiatives to Address Climate Change and Other External Environmental Issues That May Pose Management Risks and Offer Opportunities

We formulated the AIDA Environmental Policy to advance our environmental protection activities. In our Medium-Term Management Plan, the vision statement “As a leading company, AIDA will contribute to society by supporting efforts to protect the environment, reduce energy consumption, and develop new technologies” expresses our commitment to achieving further growth while reducing our environmental impact and developing products with superior environmental and energy-saving performance. To ensure business continuity and achieve sustainable growth, we will strive to understand the risks and opportunities associated with climate change and other environmental issues, and to disclose information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

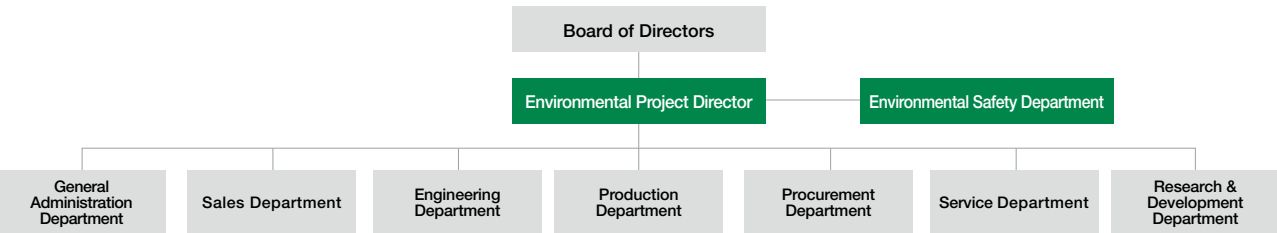
Governance

Environmental Policy

Recognizing that protecting the earth’s environment is one of the most important goals shared by all mankind, as AIDA ENGINEERING, LTD. rises to the challenge of attaining “a harmony between people and technology” that creates a people-friendly environment as it pursues original technologies in the metalforming field, it will establish and implement a workplace environment where environmental protections will be incorporated into the engineering, manufacturing, and sales activities for its presses, automation equipment, and auxiliary equipment.

Environmental Management Organization (Simplified Diagram)

Our Environmental Management Organization is led by the Company’s President and includes members appointed by each department. This organization advances efficient environmental protection activities throughout the Company.



Strategy

Potential Risks
Physical Risks
· Extreme weather events such as floods or natural disasters could disrupt our product manufacturing operations and our supply chain, which could in turn impact our revenue and require major outlays to bring our manufacturing equipment back online.
Transition Risks
· Stricter energy efficiency regulations that apply to our products and services could result in the loss of sales opportunities if our engineering and development responses were inadequate.
· Higher taxes stemming from the introduction of environmental and carbon taxes and the resulting higher product costs could impact revenue.
· Alternative materials required for the electrification and weight reduction of automobiles could increase our R&D expenses related to these alternative materials, which could affect profitability.
· Revised assessments of the Company due to its attitude toward climate change, etc., could lead to a decrease in corporate value.
Opportunities
· The introduction of energy-saving equipment and more efficient usage of energy in production activities could lead to cost reductions and improve product competitiveness.
· As we continue to develop product technologies in response to the electrification and weight reduction of automobiles, it could lead to the development of highly competitive products that deliver better energy efficiency and productivity, which would enhance our product competitiveness.
· Our ability to respond quickly to natural disasters and other calamities (by bringing machines back online and delivering consumables) using our robust service system could enhance our service response and improve trust, which could lead to more sales opportunities.

Risk Management

To address risks related to management strategies, the involved departments are analyzing the risks and reviewing countermeasures, and such items are discussed as necessary in Board of Directors meetings and Management Council meetings. We have identified climate change as one of the most critical risks for the entire company, and we plan to develop countermeasures and disclose information about physical risks and transitional risks related to laws, regulations, and markets, etc., as necessary.

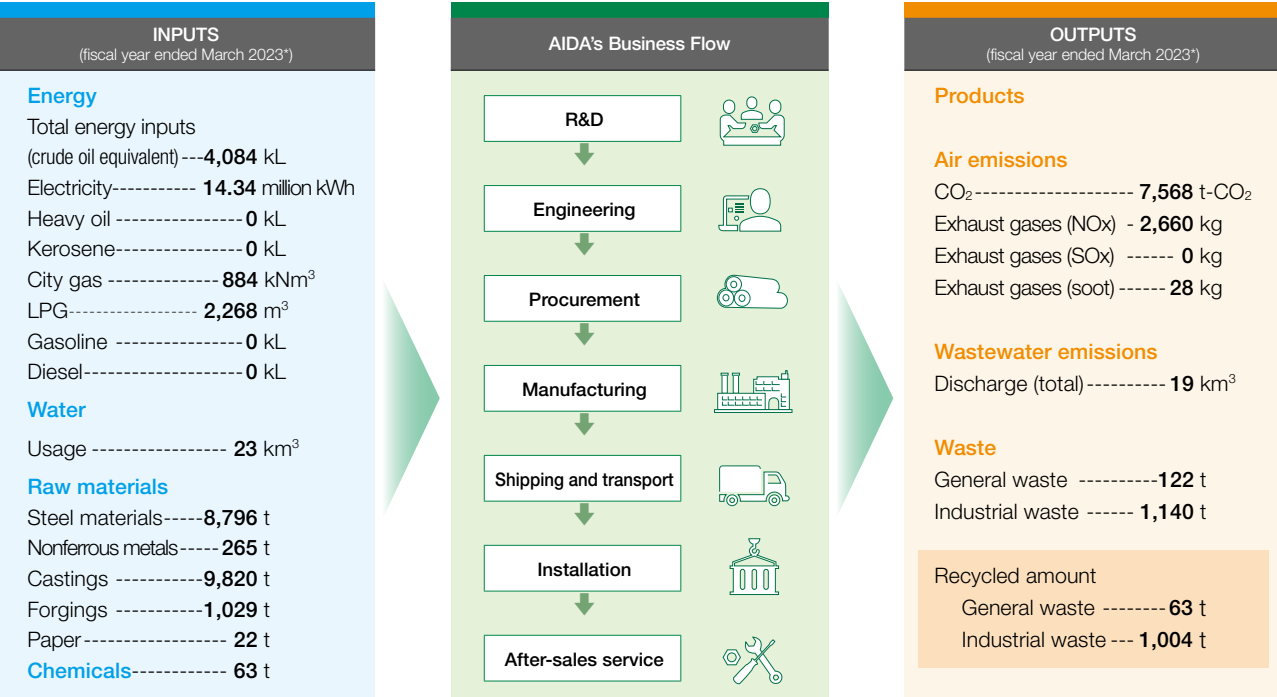
Indicators and Targets

Based on our environmental policy, we have set environmental targets that take into consideration laws, regulations, and other requirements as well as factors that can significantly affect the environment. We also strive to ensure compliance with laws and regulations, to improve our environmental protection efforts, and to develop environmentally friendly products.

Environmental Objectives	Targets for Fiscal Year Ended March 2023	Results for Fiscal Year Ended March 2023
Promote the recycling of waste materials and control waste generation (promote recycling and reuse)	● Emissions* target Sagamihara: 1,600 tons or less Hakusan: 110 tons or less ● Industrial waste recycling ratio Sagamihara: 86% or higher Hakusan: 80% or higher	● Total emissions Sagamihara: 1,161 tons; target achieved Hakusan: 101 tons; target achieved ● Industrial waste recycling ratio Sagamihara: 89%; target achieved Hakusan: 78%; target not achieved
Promote energy conservation	● Total energy usage (crude oil equivalent) Sagamihara: 4,450 kL or below Hakusan: 285 kL or below ● CO ₂ emissions (carbon intensity) Sagamihara: 37 t-CO ₂ /¥100 million (production volume) or lower Hakusan: 12 t-CO ₂ /¥100 million (net sales) or lower	● Total energy usage (crude oil equivalent) Sagamihara: 3,854 kL; target achieved Hakusan: 230 kL; target achieved ● CO ₂ emissions (carbon intensity) Sagamihara: 27.2 t-CO ₂ /¥100 million (production volume); target achieved Hakusan: 12.7 t-CO ₂ /¥100 million (net sales); target not achieved

* Emissions: Total emissions of general waste and industrial waste * Scope of Sagamihara Aggregate Data: HQ/Sagami Plant, Tsukui Plant, and Shimokuzawa Plant

Material Balance (Scope 1)



* Environmental impact of AIDA production processes for the fiscal year ended March 31, 2023 (rounded down to the nearest whole number) Scope of Aggregate Data: AIDA ENGINEERING, LTD. (HQ/Sagami Plant, Tsukui Plant, Shimokuzawa Plant, and Hakusan Plant)

TOPICS

AIDA Group Social Contributions

In May 2023, we sponsored the Sagamihara stage of the “Tour of Japan 2023” road race, Japan’s largest such event for professional cyclists that has been dubbed the Japanese Tour de France and is a UCI-recognized event. The city of Sagamihara also hosted the cycling road race event during the Tokyo Olympics. The TOJ event witnessed a heated contest along a section of the Olympic course. We are one of the few TSO Prime Market-listed firms based in Sagamihara and we are an active local corporate citizen. We will continue to help revitalize the region and contribute to society through our sponsorship of sporting events and other activities.

Source: TOJ Organizing Committee