

Environmental Measures and Contributing to the Community

—Realizing Sustained Growth “for” and “with” Society

Environmental measures and social contribution initiatives are one of the core strategies of the Medium-Term Management Plan. Besides decarbonization and energy efficiency initiatives conducted as part of our business activities, we are helping to reduce environmental impact by leveraging our accumulated base of technological and product development expertise through our products to develop business 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, working “for” and “with” society.

Sustainability Policy (ESG)

We will apply the AIDA Group corporate philosophy of “AIDA will grow as a forming system builder and continue its contribution to people and community” to build long-term relationships of trust with the community—including our stakeholders—and strive to achieve a sustainable society and increase corporate value.

- Manufacturing User-Friendly and Environmentally Friendly Products (E)
- Creating Value That Contributes to Societal Development (S)
- Improving Governance to Achieve Harmony with Society (G)

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.

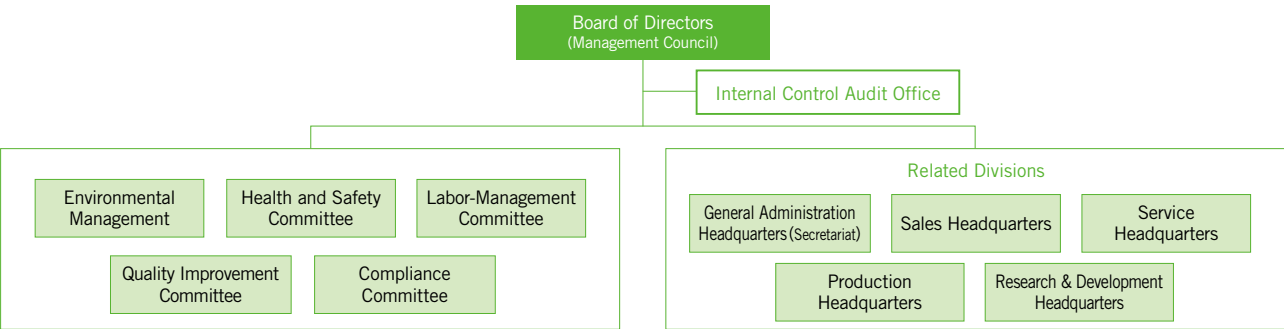
The Carbon-Neutral Initiative Policy

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.

Governance

We have created the organization shown below to oversee management of sustainability and environmental issues by the Group, that reports to the CEO and is comprised of various divisions and committees, all supported by a secretariat in the General Administration Headquarters. The Management Council and Board of Directors consider important related policy items. As detailed in the “Risk Management” section below, this organization enables us to delineate strategy and related issues, and to manage this area based on regular reporting of the status of initiatives tackling related risks and opportunities.

Sustainability & Environmental Management Organization



Risk Management

Our risk management is based on a range of established policies and regulations, including the Sustainability Policy, AIDA’s Environmental Policy, Privacy Policy, AIDA Group Human Rights Policy, policy on instituting internal controls, regulations covering global management and compliance, and our business continuity manual. We have identified an opportunity to promote the development of product technologies in response to the electrification and weight reduction of automobiles, a recent trend, with our aim being to develop highly competitive products delivering world-class energy efficiency and productivity. Following deliberation by the Management Council and the Board of Directors, we have incorporated this as a core strategy in our latest Medium-Term Management Plan. The progress status of initiatives tackling related risks and opportunities, as well as critical risk management items, are reported to the Management Council each quarter, along with analyses of risks and related countermeasures conducted by relevant divisions. The progress status of opportunity-related initiatives is also reported monthly to the Management Council and the Board of Directors.

Strategy

We view risks associated with climate change as critical risks affecting the entire AIDA Group. We continue to formulate measures where necessary to mitigate both the physical risks and any transition risks in relation to regulations, markets, or other factors.

Potential Risks
Physical Risks
<ul style="list-style-type: none">• 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
<ul style="list-style-type: none">• 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.• Changes in the assessments of the Company’s attitude toward climate change, etc., could lead to a decrease in corporate value.
Opportunities
<ul style="list-style-type: none">• The introduction of energy-saving equipment and more efficient usage of energy in production activities could lead to cost reductions and improve product competitiveness.• We seek to add greater value by developing products for production of EVs and weight reduction in automobiles; adoption of alternative energy sources; and gains in energy efficiency and productivity.• 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.

We view environmental trends such as decarbonization and the efficient use of energy and materials as a major business opportunity. We aim to achieve carbon neutrality by 2050 while increasing corporate value by contributing to addressing issues related to the SDGs. Specific elements of this within the current Medium-Term Management Plan are summarized below:

- [1] Upgrade production and sales of existing high-speed and precision presses for fabrication of parts used in EVs
- [2] Develop new forming presses for production of EV motors/batteries and parts used in FCEVs and alternative energy-powered vehicles
- [3] Besides promoting decarbonization internally, supply products to support the efforts of customers to decarbonize and achieve productivity gains as part of our environmental and social contribution

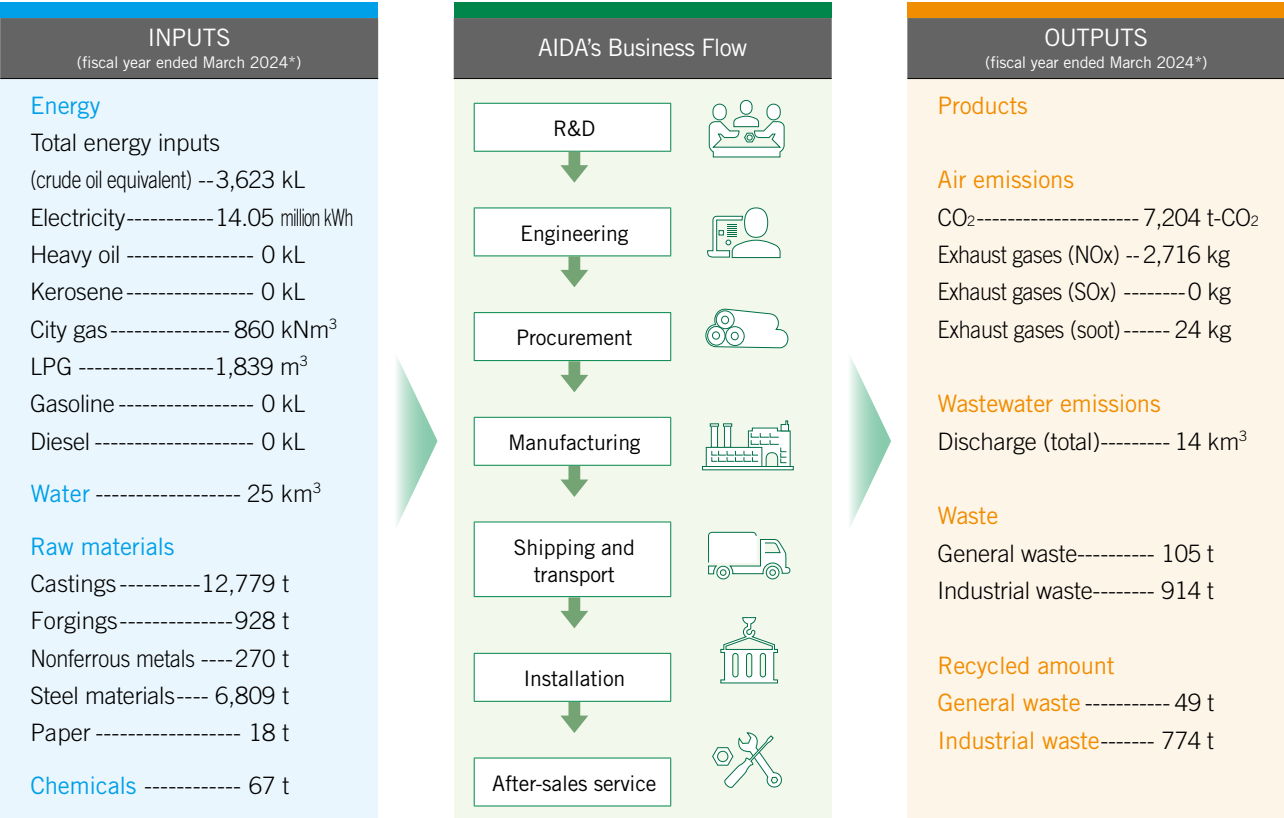
Indicators and Targets

Under the ISO framework, we have set environmental performance targets for the AIDA Group based on ongoing compliance with laws governing air /water pollution and vibration; the promotion of waste recycling, reduced waste generation, and greater energy efficiency; and other environmental protection initiatives.

Environmental Objectives	Targets for Fiscal Year Ended March 2024	Results for Fiscal Year Ended March 2024
Promote the recycling of waste materials and control waste generation (promote recycling and reuse)	● Emissions* target Sagamihara: 1,600 tons or less Hakusan: 95 tons or less	● Total emissions Sagamihara: 920 tons [target achieved] Hakusan: 99 tons [target not achieved]
	● Industrial waste recycling ratio Sagamihara: 86% or higher Hakusan: 70% or higher	● Industrial waste recycling ratio Sagamihara: 86% [target achieved] Hakusan: 77% [target achieved]
	Main Initiatives Programs to conserve resources such as reuse of topcoats of paint, and efforts to reduce, reuse / return wooden pallets and packing cushion material.	
Promote energy conservation	● Total energy usage (crude oil equivalent) Sagamihara: 4,450 kL or below Hakusan: 285 kL or below	● Total energy usage (crude oil equivalent) Sagamihara: 3,417 kL [target achieved] Hakusan: 206 kL [target achieved]
	● CO ₂ emissions (carbon intensity) Sagamihara: 13.0 t-CO ₂ /kh (operation hours) max Hakusan: 10.0 t-CO ₂ /kh (operation hours) max	● CO ₂ emissions (carbon intensity) Sagamihara: 7.1 t-CO ₂ /kh (operation hours) [target achieved] Hakusan: 4.4 t-CO ₂ /kh (operation hours) [target achieved]
	Main Initiatives Reduction in power load variability via adoption of A/C system demand controls; reduction in compressor power consumption using regular checks for air leaks	

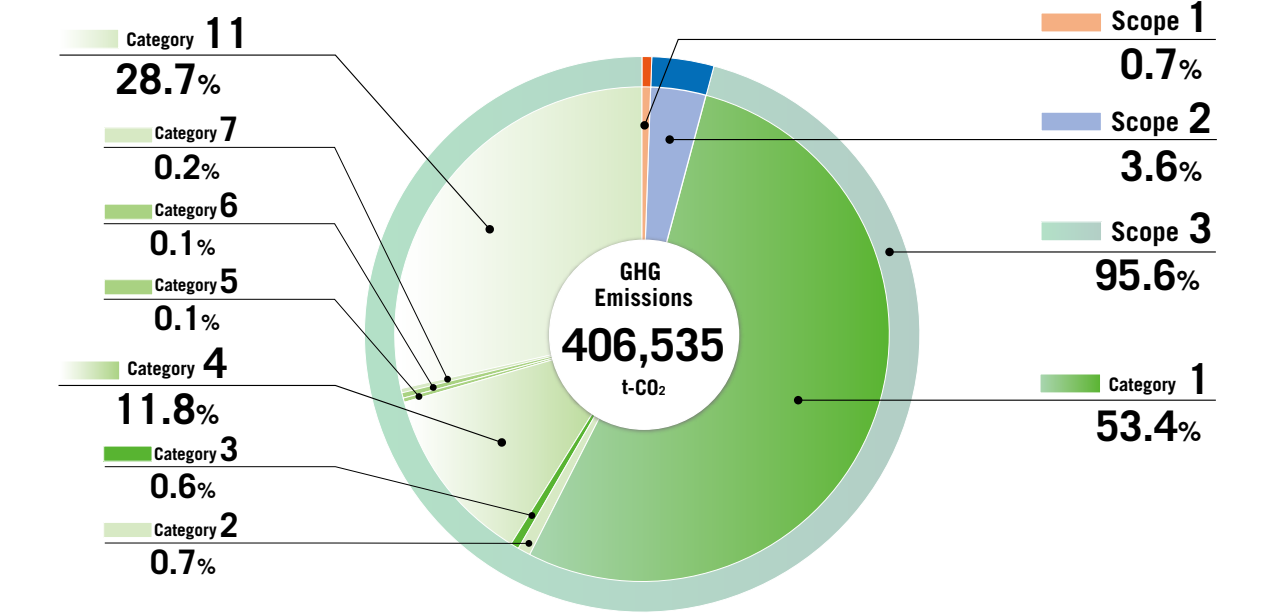
* Emissions: Total emissions of general waste and industrial waste
* Scope of Sagamihara Aggregate Data: HQ/Sagami Plant, Tsukui Plant, and Shimokuzawa Plant

Material Balance

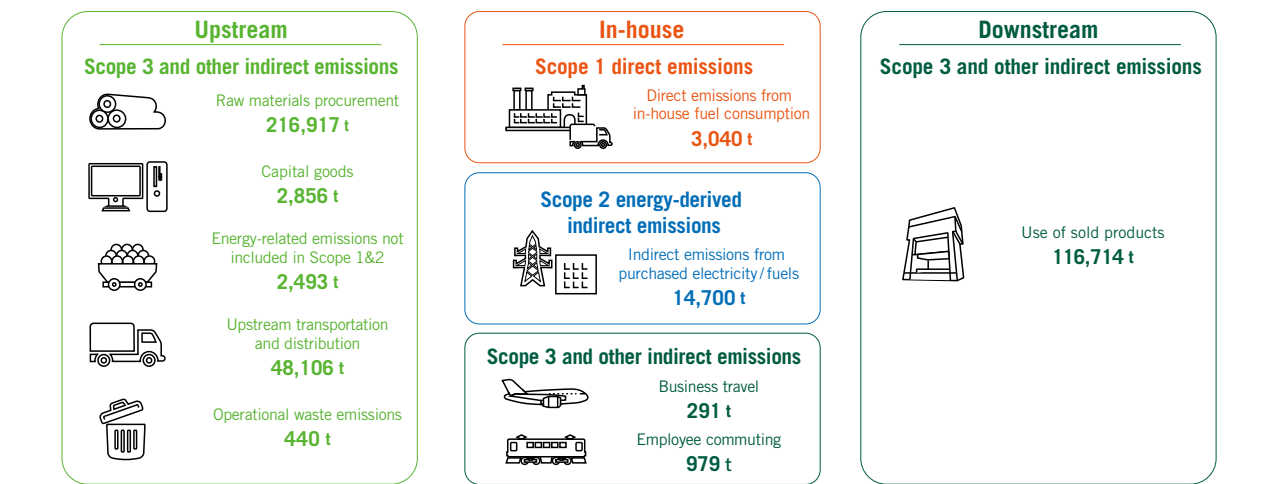


* Environmental impact of AIDA production processes for the fiscal year ended March 31, 2024 (rounded down to the nearest whole number)
Scope of Aggregate Data: AIDA ENGINEERING, LTD. (HQ/Sagami Plant, Tsukui Plant, Shimokuzawa Plant, and Hakusan Plant)

Greenhouse Gas (GHG) Emissions and Breakdown (Fiscal Year Ended March 2024)



CO₂ Emissions Over Entire Value Chain



* Scope of Aggregate Data: AIDA ENGINEERING, LTD. (HQ/Sagami Plant, Tsukui Plant, Shimokuzawa Plant, Hakusan Plant, domestic Sales/Service bases), REJ Co., Ltd., overseas production subsidiaries

TOPICS

Initiatives to Achieve Carbon Neutrality

◆ Introducing Equipment That Conserves Energy and Utilizes Renewable Energy Sources

At our headquarters plant in Sagamihara City, we have installed a CGS system (a cogeneration system that provides heat and electricity) together with a Gene-Link system (a water heating and cooling system fueled by hot wastewater from the CGS). As electricity is generated, hot water results as a byproduct, and we then use this hot water for heating and air conditioning in the manufacturing plant and administrative offices, and we adjust thermostats and take other steps based on air conditioning loads. Doing this has allowed us to slash our total energy cost and level out our electricity demand.

◆ Utilizing Carbon-Offset City Gas*1 for Global Environmental Contribution

The high-efficiency CGS system installed at the Sagami Plant supplies about 30% of our power requirements. In October 2021, we signed a contract with Tokyo Gas to switch the gas we use for in-house power generation to carbon-offset city gas. Along with the conversion to carbon-offset city gas, we also joined the Carbon-Offset City Gas Buyers Alliance. The alliance was established through the concerted efforts of Tokyo Gas (which

procures and supplies carbon-offset city gas) and other companies that purchase carbon-offset city gas, with the aim of broadening the usage of carbon-offset city gas and increasing its utility value as it strives to achieve a sustainable society.

◆ Utilizing Electricity Derived from Renewable Energy Sources

In November 2023, our Sagami, Tsukui, and Shimokuzawa plants began purchasing 100% of their electricity from renewable energy sources by implementing the “Green Basic Plan*2” (RE100-compliant certified non-fossil fuel electricity) provided by TEPCO Energy Partner, Inc. As a result, CO₂ emissions from purchased electricity at the above-mentioned factories will be effectively zero, and this is expected to contribute to an approximately 5,000-ton annual reduction in CO₂ emissions.

*1 “Carbon-offset city gas” is city gas that can help reduce greenhouse gas emissions on a global scale by offsetting (carbon offsetting) all or part of the greenhouse gases generated during the city gas life cycle by means of CO₂ reductions or absorptions from various projects both domestically and overseas.

*2 The Green Basic Plan is an initiative of TEPCO Energy Partner Inc. to supply electricity that comes with a non-fossil fuel certificate that attests that the electricity is derived from solar, wind, hydroelectric, and other renewable energy sources that have virtually zero CO₂ emissions.

Working with Local Communities

We are working to address societal issues through the Group’s business activities and social contribution initiatives. Our active efforts to contribute to communities and help revitalize regions are aimed at building a sustainable society.

Official Sponsorship of SC Sagamihara

In April 2022, we concluded an official sponsorship contract with SC Sagamihara, a professional football club in the J-League, and became its top partner from the 2024 season, with our logo displayed on the left sleeve of their uniforms. As a company headquartered in Sagamihara, we are committed to revitalizing the region and providing cultural support as a whole.



Sponsorship of Sagamihara Stage of “Tour of Japan 2024”

In May 2024, we sponsored the Sagamihara stage of the “Tour of Japan 2024” road race, Japan’s largest professional cycling race and a UCI-recognized event. The seventh stage around Sagamihara also celebrated the 70th anniversary of the city’s establishment. In such a special year for the city, we continued to sponsor the event after its success in 2023. The event attracted top-class cycling teams from around the world, with approximately 23,000 spectators attending. Through sponsorship we continue to celebrate the region with residents while contributing to efforts to promote a healthy society.



Source: TOJ Organizing Committee

Opening of the AIDA EV Charging Station

As a manufacturer of industrial goods that play a role in the promotion of EVs, we opened the “AIDA EV Charging Station” in September 2023 at our Sagamihara headquarters to support the broader adoption of EVs across the region. Open to the public, the facility comprises four superchargers for TESLA vehicles and three charging outlets for all EV models. The facility will contribute to resolving issues related to local charging infrastructure facilities towards carbon neutrality.



Corporate Governance

Basic Stance on Corporate Governance

Guided by our Group-wide corporate philosophy and management vision, the Company places top priority on having each Group company achieve sustainable and stable growth and improving corporate value. To this end, the Group has a global business management system led by Japan that organically connects our five global manufacturing facilities and our sales and service operations around the world to make maximum use of their respective functions, and we are constantly enhancing our corporate governance framework to support this system.

Directors, the Board of Directors, Operating Officers, and the Management Council

The Company has adopted an operating officer system since April 2001 to separate management supervisory functions and business execution functions, and strives to expedite management decision-making and clarify lines of authority and responsibility. The current management structure comprises operating officers who concurrently serve as directors, along with four outside directors (all of whom are independent directors). As a general rule, the Board of Directors convenes monthly ordinary board meetings with the President serving as the chair, and convenes extraordinary board meetings as needed, thereby performing a decision-making function for important matters mandated by law and a supervisory function for the execution of business operations.

In addition, the Management Council, which as a general rule is convened twice a month, is chaired by a person approved by the Board of Directors and is composed of operating officers and others. The Management Council deliberates and resolves important matters related to business execution based on management policies decided by the Board of Directors, and strives to achieve a consensus among management and the

swift execution of business operations. Outside directors attend important meetings of the Board of Directors, Management Council, and other bodies to develop a clear understanding of the current status of business execution by the Company and Group companies. They also provide valuable advice and suggestions on the Company’s management from an objective perspective.

- The Board of Directors meetings convened 12 times in the fiscal year ended March 31, 2024, to supervise the execution of business. The main agenda topics for deliberation are listed below.
- Medium-Term Management Plan
 - Monthly performance of business execution
 - Policy on ownership of strategic shareholdings
 - Agenda items relating to strategic investments
 - Revision of internal regulations
 - Disposition of treasury stock through third-party allotment in connection with additional contribution to Board Benefit Trust
 - Acquisition and cancellation of treasury stock, etc.

Statutory Auditors and the Board of Auditors

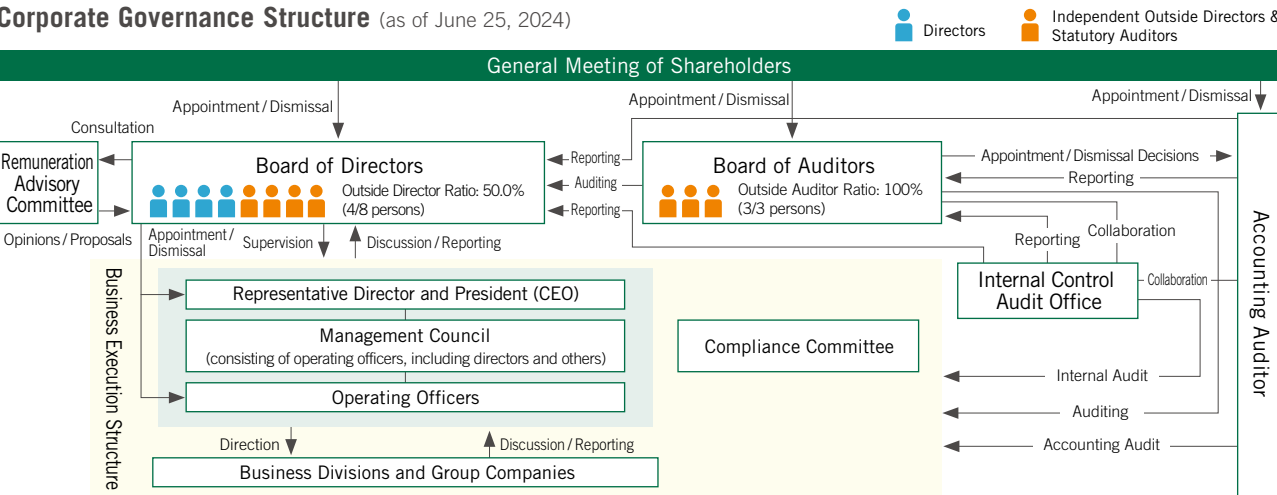
The Company has adopted a statutory auditor system. In order to strengthen the functions of the Board of Auditors, it has appointed three highly independent statutory auditors (all of whom are independent auditors), one of whom also serves as a standing statutory auditor. The activities of the statutory auditors include attending important meetings of the Board of Directors, the Management Council, and other bodies in accordance with the audit plan to oversee the performance of duties by directors, as well as asking questions and expressing opinions to ensure the legality and validity of the decision-making by the Board of Directors and other bodies. In addition, statutory auditors receive reports from the accounting auditor, listen to ask questions about business reports, examine important documents, and conduct inspections of the operations and assets of each division in order to monitor and gain a clear understanding of the status of management operations.

The Company has built a structure to support audits performed by the statutory auditors by assigning staff from the Internal Control Audit Office, the Finance & Accounting Department, and other administrative divisions.

The Board of Auditors meetings convened 13 times in the fiscal year ended March 31, 2024, to oversee the management of the Company and to monitor business execution. The main agenda topics for deliberation are listed below.

- Formulation of audit plans; compilation of audit reports
- Determination of the appropriateness of the accounting audit and the appointment of accounting auditors, etc.
- Verification of resolutions and reported items from important meetings
- Verification of the status and operation of the internal control systems
- Status report of internal audits
- Reviews of non-warranty work that was provided
- Analysis/review of statutory auditor remuneration
- Other statutory matters, etc.

Corporate Governance Structure (as of June 25, 2024)



Details on corporate governance and the status of the Company’s implementation of Japan’s Corporate Governance Code are described in the Corporate Governance Report. <https://www.aida.co.jp/en/ir/management/governance.html>