

Promotion of ESG management

Basic Sustainability Policy

To fulfill our corporate philosophy, we reflect societal concerns and changes in the business landscape in our medium-term management strategy, implementing ESG (Environmental, Social, Governance) management to tackle these issues through our operations. The Sustainability Committee was established in October 2022, and the Basic Sustainability Policy was set in motion in March 2023.

Structure for advancing sustainability

We have set up the Sustainability Committee to encourage a more proactive approach to sustainability across our Group. Headed by the President and Representative Director, the Committee is largely made up of several directors and managers from relevant divisions, creating a cross-organizational structure.

Matters discussed by the Committee are presented and reported to the Executive Committee and the Board of Directors as necessary.

■ Key functions of the Committee

- Discussing sustainability strategies and main initiatives
- Creating subcommittees centered on important subjects such as climate change, decarbonization, and human capital management, and formulating and implementing specific actions
- Fostering communication about sustainability within the organization and to external parties

Implementation of sustainability and SDGs training

We have organized sustainability training sessions for our directors, corporate auditors, and executive officers, facilitated by external specialists. Additionally, we have held workshops for our employees to increase their understanding of the Sustainable Development Goals (SDGs) and to brainstorm ways in which our products can contribute to these goals.



SDGs training (hybrid event)



SDGs workshop

External evaluation: Bronze rating by EcoVadis

We are honored to have received a "Bronze" rating once again in the 2023 Sustainability Assessment by EcoVadis. EcoVadis is a globally respected evaluation organization based in France, rating over 100,000 companies across 175 countries based on four key areas: environment, labor and human rights, ethics, and sustainable procurement. Our "Bronze" rating indicates that we are among the top 50% of all companies evaluated.



Corporate Behavior Charter

We have a Corporate Behavior Charter and Code of Conduct that all members of our group follow to fulfill our social responsibilities based on our corporate philosophy.

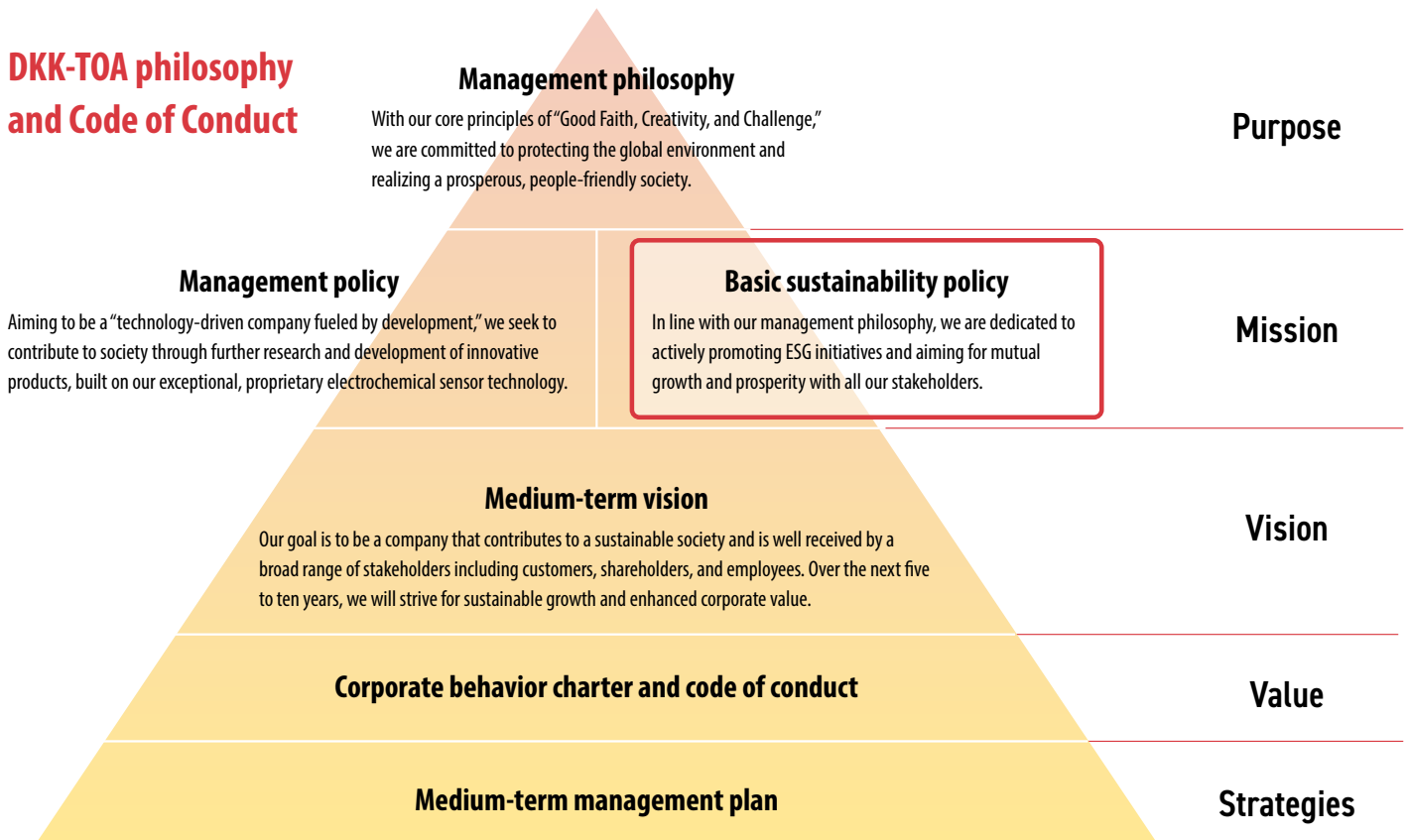
Corporate Behavior Charter

1. We comply with laws and regulations and conduct honest, fair, and transparent transactions.
2. We develop and provide excellent products and services to improve customer satisfaction and trust.
3. We will contribute to the preservation of the global environment and the realization of prosperous, people-friendly society through environmental and medical measurement.
4. We emphasize transparency and disclose necessary corporate information to stakeholders in a timely manner.
5. While respecting the personality and individuality of employees, we will ensure a comfortable working environment with consideration for health and safety.
6. As a member of the global economies, we will respect the customs and cultures of other countries and contribute to their development.
7. We will adopt a firm stance against antisocial forces and organizations and cut off any ties with them.

We not only routinely check compliance with our Corporate Behavior Charter and Code of Conduct, but we also update their content as needed to ensure they remain current and relevant.



DKK-TOA philosophy and Code of Conduct



Relationship with stakeholders

The Group believes that incorporating the demands and expectations of stakeholders into our business activities is important for promoting sustainable management. We strive to fulfill information disclosure obligations, demonstrate accountability, and build good relationships while enhancing communication with our stakeholders.

| Stakeholders | Main issues | Main communication methods |
|----------------------------------|---|--|
| Customers (including agents) | <ul style="list-style-type: none"> Providing high-quality products and services Promoting eco-friendly design Providing appropriate information on products and services Responding to opinions and complaints | <ul style="list-style-type: none"> Daily sales activities Exhibiting at trade exhibitions Presenting products on the website National agency meeting Call centers |
| Business partners | <ul style="list-style-type: none"> Thorough fair and impartial transactions Managing supply chain | <ul style="list-style-type: none"> Daily procurement activities Supplier meetings |
| Employees | <ul style="list-style-type: none"> Development and utilization of human resources Respect for diverse human resources and work styles Consideration for occupational safety and hygiene and health Respect for human rights | <ul style="list-style-type: none"> Human resources development programs, various trainings Consultation with the labor union In-house newsletter, intranet Harassment counseling |
| Community/society/administration | <ul style="list-style-type: none"> Activities contributing to local communities Compliance with laws and regulations, response to law revisions | <ul style="list-style-type: none"> Various volunteer activities Participation in industry groups |
| Global environment | <ul style="list-style-type: none"> Developing environmentally friendly products Reducing CO2 emissions and waste Managing chemical substances and wastewater properly | <ul style="list-style-type: none"> Compliance with environmental laws and regulations Publicizing the environmental policy and initiatives |
| Shareholders/investors | <ul style="list-style-type: none"> Highly transparent management Timely and appropriate information disclosure Appropriate and stable dividends Sustainable improvement of corporate value | <ul style="list-style-type: none"> General meeting of shareholders, briefing sessions for investors Disclosure of information on IR sites Issuance of business reports Shareholder questionnaire |



Environment

Environmental conservation efforts

Conservation of the global environment is an issue of top priority in modern society. In order to protect the global environment and pass it on to the next generation, our Group as an environmental measuring equipment manufacturer provides society with technologies and products that are useful for environmental conservation, while minimizing pollution during the manufacturing processes.

■ Managing the environment

To reduce the environmental footprint of our operations, we have implemented an environmental management system (EMS), conforming to the ISO 14001 standard, which we are certified in. This helps us actively control and reduce the environmental impact of our business activities.



ISO14001 certification obtained

| | |
|---|--|
| Date of certification / certification number | October 6, 2000 / JQA-EM1031 |
| Registered entities | DKK-TOA Corporation (Headquarters, Sayama Technical Center / Research & Development Center, Tokyo Engineering Center) DKK-TOA Service Corporation |

Environmental policy

Recognizing the impact of our business activities on the environment, the Group has set up the following environmental policy in implementing development, design, procurement, production, sales, and services related to environment/process analyzers, scientific analyzers, and medical equipment.

Promoting environmentally friendly business activities

We are committed to reducing the environmental impact of our business activities to contribute to environmental conservation.

We ensure optimization on the premises and work on the reduction of environmental impact by separating waste for recycling.

The entire Group addresses environmental conservation in accordance with the environmental management system.

We have acquired the certification of the international standard “ISO14001” for an environmental management system and are working to improve our environmental performance in a progressive manner.

Providing environmentally friendly products and services

We comply with laws and regulations regarding restrictions on the use of harmful substances and handling of chemical substances.

We aim to develop products that limit the use of harmful chemical substances such as lead-free products to help reduce the environmental impact. In addition, we comply with relevant laws and regulations for the storage, movement, transportation, consumption, disposal, etc. of chemical substances such as reagents in handling them properly.

Environmental education / Environmental conservation activity support

Environmental education

We are raising awareness so that each employee is conscious of and feels responsible for reducing the environmental impact. Environmental education is included in the training for new employees, where we show videos on global warming (produced by the Ministry of the Environment) and give lectures on the importance of water and our environmental efforts. In addition, we encourage our employees to take the Certification Test for Environmental Specialists (Eco Test) sponsored by the Tokyo Chamber of Commerce and Industry and provide them with textbooks for further learning.



Participation in Tokyo Greenship Action

Every year, we participate in Tokyo Greenship Action, a natural environment conservation activity sponsored by the Tokyo Metropolitan Government Bureau of Environment in collaboration with businesses, non-profit organizations (NPOs), and the government. In 2022, 20 employees, majority of which were new hires, participated in removing undergrowth with the cooperation of volunteer groups and NPOs Midori Support Hachioji and Hachidai Ryokuyukai that engage in satoyama conservation activities in the Hachioji Otani Ryokuchi Conservation Area.



Supporting Green Feather Campaign

As a shareholder benefit, we offer QUO cards (prepaid cards or gift certificates; see page 16) with a donation function to support the green feather campaign. The green feather campaign is a fund-raising activity run by the National Land Afforestation Promotion Organization, and the collected donations are used for forest maintenance, greening promotion projects, and human resource development related to forests in Japan and overseas.



Release of ESG publication “HOIPPO”

We publish “HOIPPO,” a quarterly magazine aimed at fostering internal communication about key issues in Environment (E), Social (S), and Governance (G) domains. These are important areas that demand conscientious action and responsibility within our corporate functions.





Efforts to combat global warming

The entire Group to switch to 100% renewable energy

In October 2021, we committed ourselves to the RE Action – Declaring 100% Renewable Energy initiative, a pledge for organizations such as businesses, local governments, educational institutions, and medical facilities, to fully transition to renewable energy for their electricity consumption.

By expediting our initiatives towards an early realization of a carbon-neutral society, we have successfully maintained 100% renewable energy usage since fiscal year 2021.



Obtaining renewable energy certificates and renewable energy power contracts

Starting in 2019, the Group began shifting its electricity to renewable sources.

- April 2019: Head Office and Tokyo Engineering Center
- April 2020: Sayama Technical Center
- April 2021: DKK-TOA Yamagata and DKK-TOA Iwate (see page 18)
- February 2022: Bionics Instrument (for high-voltage power section)



Acquisition of carbon credits

For locations such as sales offices where renewable electricity usage is not feasible due to building restrictions, we offset our carbon emissions using CO2 reduction value or “J-Credit” provided by the Sun and Forest Association in Yamagata Prefecture.



A letter of appreciation from Governor Yoshimura of Yamagata Prefecture for our purchase of J-Credit

Solar power generation system

The Research & Development Center is capable of producing 15 kW of power output and approximately 15,000 kWh of annual electricity. The Medical Devices Center has the capacity to produce 49.5 kW of power output and 48,310 kWh of annual electricity. Our ongoing plans involve expanding our solar power capabilities and introducing storage batteries to enhance our energy efficiency.



Medical Device Center

Energy conservation initiatives

Despite the rising energy demands brought about by business growth and increased ventilation to protect against COVID-19, we are actively pursuing energy conservation. Our efforts include moderating the use of air conditioning and lighting, implementing energy-efficient equipment, encouraging employees to take summer vacation simultaneously, adopting Cool Biz and Warm Biz dress codes, introducing LED lighting, and minimizing peak power usage at facilities such as the Sayama Technical Center and Tokyo Engineering Center. As a result of these initiatives, our total power consumption for fiscal year 2022 dropped to 4,429MWh—a 9.2% decrease from the previous year.

Obtaining environmental certification

Our Medical Equipment Production Building, which proactively employs environmentally friendly and energy-saving equipment, has achieved an 'A' rating from CASBEE. This certification system assesses buildings on their environmental performance across various aspects.



Rooftop greenery

The Research & Development Center has a 107.5 m2 rooftop green space to enhance the heat insulation effect of the rooftop and cut down on air conditioning use.



Working towards greenhouse gas (GHG) emissions reduction

We have effectively reduced our Scope 2 emissions to zero by transitioning to renewable energy sources and purchasing carbon offsets, known as J-Credit. Additionally, since fiscal 2022, we have been actively working to lessen our Scope 1 emissions by tracking our GHG emissions and investigating the root causes. We keep our employees informed and engaged in these efforts by posting on the company's internal network the GHG emissions according to location.

Greenhouse gas (GHG) emissions (in metric tons of CO₂):

| Fiscal Year 2022: | |
|-------------------|----------|
| Scope1 | 331 tons |
| Scope2 | 0 tons |

Note 1: The Scope data presented here is on a group-wide basis.
 Note 2: The calculation for Scope 2 is based on a market-based method.

Trending topic

Building a new eco-friendly manufacturing facility

We are currently constructing a new production facility at the Sayama Technical Center, equipped with advanced features to accelerate the transition from product development to mass production. Our goal is to achieve a Net Zero Energy Building (ZEB), which minimizes energy consumption and generates its own power through sources such as solar energy.



Rendering of the facility (to be completed in 2024)

Environment

Efforts towards waste minimization

We are actively advocating proper waste sorting to minimize waste generation and boost recycling efficiency.

Waste reduction measures

In addition to being diligent about separating recyclables, we minimize waste by encouraging the use of double-sided and indexed printing and prefer digital data to cut down on paper use. We also donate unused items such as calendars and planners gifted from suppliers to the Shinjuku Social Welfare Conference.



Donation of calendars and planners

Promotion of eco-friendly purchasing

We generally use recycled copy paper that complies with the Act on Promoting Green Purchasing. When procuring office supplies, we do our best to make green purchase decisions by buying products with eco-labels such as the Eco Mark.

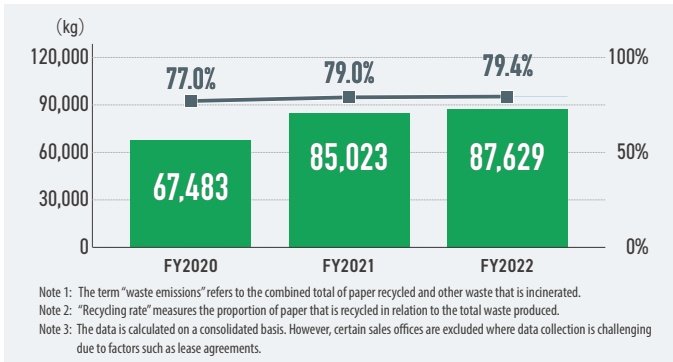
Managing industrial waste

Our industrial waste is disposed of properly in accordance with the Waste Management and Public Cleansing Law (WMPCL). We keep a close eye on waste manifests and conduct regular on-site inspections to ensure proper waste disposal protocols. At major workplaces, we make use of electronic manifests.



Separating industrial waste at Sayama Technical Center

Changes in waste emissions and recycling rate



Efforts towards minimizing environmental impact

Minimizing packaging and carbon footprint

For large-scale transportation, we have made the switch from wooden to paper pallets (made from corrugated fiberboard), which are not only lightweight but also recyclable. Additionally, for the packaging of smaller products, we are phasing out polyurethane foam and replacing it with paper. We are also adopting the use of corrugated boxes certified by the Forest Stewardship Council (FSC)*, which affirms that these products were made following sustainable forest management practices.

* The FSC is an international certification system designed to ensure products are produced under sustainable forest management, aimed at fostering the balanced use and conservation of forests.



Paper pallets



Paper packaging material

Adopting low-emission vehicles

We are steadily transitioning to low-emission vehicles, with hybrid vehicles now constituting 52.5% of our company cars. As a company dedicated to mitigating air pollution, we are registered as a "Clear Sky Supporter" with the Tokyo Metropolitan Government.

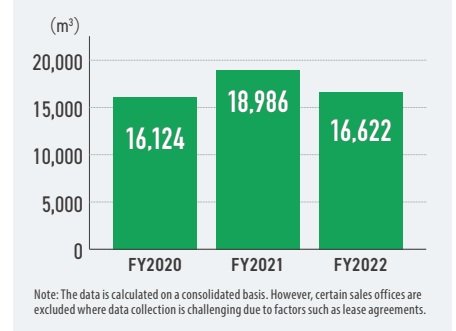


Water consumption and wastewater management

We are taking extra steps to conserve water, which includes installing water-efficient fixtures such as automatic faucets and low-flush toilets. At our R&D Center, we are optimizing water resources by employing rainwater harvesting systems, predominantly for toilets. As for the wastewater from the Sayama Technical Center, we conduct regular inspections of our wastewater treatment facility (pH neutralization facility), calibrate measuring instruments, and carry out water quality assessments periodically.



pH neutralization facility



Environmentally friendly manufacturing

One of the greatest social contributions that manufacturers can make is to produce products with consideration of the environmental impact over the entire life cycle of products, from purchasing parts/materials to designing, producing, using, and disposing of products. Our products are produced in collaboration with many suppliers. We have established a Basic Procurement Policy, and when selecting suppliers, we prioritize transactions with companies that understand and cooperate with our environmental policy, and promote green procurement. In addition, when developing new products or expanding the functions of conventional products, we carry out "environmental conformity assessments" by eight criteria of weight reduction, long-term usability, reuse/recycling, ease of processing, environmental protection, packaging materials, information provision, and energy saving, and thus promote environmental consideration in manufacturing.

Example: Improvement in the production process of the model NPW-160H*, the automatic all-nitrogen/all-phosphorus measuring device for China

| | |
|------------------------------------|--|
| Reagent usage | Compared to the conventional model: 3/5 (40% reduction) Compared to manual analysis by JIS (Japan Industrial Standards): Approximately 1/20 (94% reduction) |
| Pure water usage | Compared to the conventional model: 17.5L reduction per year |
| Waste liquid amount | Compared to the conventional model: 27.3L reduction per year |
| Power consumption (average) | Compared to the conventional model: 25% reduction (200W → 150W) |

* See page 10

Management of chemical substances

We have established our "safety regulations for analyzers for dangerous chemical substances manufactured and sold by our company" and are making efforts to minimize the impact on the environment through proper management of chemical substances and reduction of emissions. In order to respond to the tightening of domestic and overseas chemical substance regulations such as the Pollutant Release and Transfer Register Law *1 and Restriction of Hazardous Substances Directive *2, we have established a chemical substance safety management committee to share information, study countermeasures, hold seminars on chemical substance handling, and so on.

*1 Act on confirmation, etc. of release amounts of specific chemical substances in the environment and promotion of improvements to the management

*2 Directive on expiration date of specified hazardous substances in electronic and electrical equipment in EU



Seminar on chemical substance handling



Our Group's products contributing to the SDGs in Japan and abroad



Monitoring water pollution

(Discharged water monitoring)

Total nitrogen / total phosphorus automatic measuring equipment

We provide equipment to monitor the environmental water quality of closed water areas such as Tokyo Bay, Ise Bay, and the Seto Inland Sea. Our business has also been deployed in China for more than 10 years, and the number of units sold is on the rise, and our products are used to monitor the pollution of rivers in China. In 2019, we acquired the Chinese national certification for a new model of all-nitrogen and all-phosphorus automatic measuring device for environmental water quality monitoring developed for China, established a local production system, and are providing a stable supply.

In June 2022, we achieved a milestone in our sales figures, with over 10,000 units of environmental water quality meters sold.

Automatic all-nitrogen / all-phosphorus measuring device for China NPW-160H



Air pollution monitoring

Ambient air measuring equipment

Our ambient air measuring equipment boasts the top market share in Japan and the sales is expanding to overseas markets. In 2016, we obtained the Korean national certification for PM2.5 measuring equipment in South Korea, and it was adopted in subway premises and Incheon International Airport. Also in India, which is facing serious air pollution, we are working to expand sales of ambient air monitoring systems that monitor air pollutants such as sulfur dioxide (SO₂) and nitrogen oxides (NO_x) and equipment installed in ambient air measurement vehicles.



PM2.5 measuring device for Korea FPM-388



Inspecting tap water

Automatic water quality analyzer for tap water

Our automated meter for tap water is installed in public places such as parks and continuously monitors seven inspection criteria that are indispensable for safe and clean water. In Japan, the system is used in major cities such as Tokyo and Osaka. In South Korea, it has been adopted by the Seoul Metropolitan Waterworks Bureau and is responsible for monitoring water quality at more than 300 locations.



Installed in Seoul (Korea)



Ambient air measurement vehicle (India)



Supporting the adoption of decarbonization technologies

pH meter transmitter, electric conductivity analyzer, COD analyzer, gas chromatograph, boiler sampling system, etc.

Japan has introduced the "Green Growth Strategy through Achieving Carbon Neutrality in 2050," aiming to reduce carbon emissions. As part of this effort, the country is actively working on developing innovative technologies that eliminate CO₂ emissions. One such technology involves the use of hydrogen and ammonia-based thermal power generation, which are eco-friendly alternatives. Our company specializes in supplying a range of process analysis equipment needed to produce hydrogen, hydrogen power generation, ammonia power generation, biomass power generation, and carbon dioxide capture and storage (CCS) technology. This equipment plays a vital role in enabling these sustainable energy production methods.



Boiler sampling system installed at a biomass power plant

Products related to green growth strategies



Industrial pH meter transmitter (HBM-160B)



Industrial electric conductivity analyzer transmitter (WBM-160)



Automatic COD analyzer (CODR-400)



Process gas chromatograph (5000 series)



Boiler sampling system (BSC)