Mission and Challenges of the Daiei Kankyo Group

The power to generate resources, the power to return to nature.

October 5, 2017
Daiei Kankyo Co., Ltd.
Fumio Kaneko
# Table of Contents

1. Introduction ................................. 2

2. About Daiei Kankyo Group .................. 3

3. History of Daiei Kankyo Group .......... 9

4. A Mission Fostered Throughout History .......... 14

5. Challenges in Current Social Trends .......... 15

6. Daiei Kankyo Group Efforts ............... 16

7. Conclusion ................................. 34
1. Introduction

Daiei Kankyo Co., Ltd. was founded in 1979 in an attempt to create a trench type disposal site, the highest hurdle of all. Afterwards, the company shifted to reducing and recycling promptly in order to create sustainable business.

Regional and local government understanding is crucial to our business, and as such our expansion has focused on the creation of spin-off companies based on the development of projects rooted in local areas. We have 20 capital group companies, with Daiei Kankyo and Mie Chuo Kaihatsu at the core, and 11 joint ventures with partner companies, and are developing business focused on recycling resources at 22 locations focused on the Kinki/Chubu area and including Kanto and Hokkaido.

These facilities follow all recycling laws, and the major ones have obtained permits not only for industrial waste but for general waste as well, meaning we are entrusted by local municipalities with processing and recycling, and bear responsibility for the urban infrastructure crucial to the preservation of the environment and public health.

We are committed to contributing to the community whose understanding and trust we’ve gained in building facilities. In order to keep our commitment, we conduct our business with the vision of “enhancing business sustainability and evolving as a company that creates environment”. It is from this that the Daiei Kankyo Group has made “creating sustainable business” based in the local community its mission.

It is with this vision that we play our role in creating a recycling-oriented society and continue to “create, innovate, and challenge ourselves” based on the challenges presented by the Sustainable Development Goals (SDGs).
2. About the Daiei Kankyo Group

Group Overview

Organization 20 Capital Group Companies (Tax Consolidated)

As of June, 2017

- Group Companies: 1,578 Employees
- Special Partner Companies: 819 Employees
- Total: 2,397 Employees

Daiei Kankyo Holdings Co., Ltd.

Ownership: Daiei Kankyo HD 100%

Daiei Kankyo Co., Ltd.

Ownership: Daiei Kankyo 73%
Daiei Kankyo HD 27%

Mie Chuo Kaihatsu Co., Ltd.

Daiei Kankyo Transport

Hokuto Co., Ltd.

Ownership: Daiei Kankyo HD 100%

Settsu
- General Agriculture & Forestry
- Daiei Kankyo Engineering
- Maruyo Shoten

Settsu Seiun
- DINS Environmental Analysis Center
- Kinki Environmental Development
- Ashiya Water Purification

GE
- Recycle and Equal
- Platec
- Daiei Kankyo Transport

DINS Sakai
- Osaka Senshu Construction Waste Management
- Ecopro
- Sanki Kaihatsu

Settsu Seiun
- DINS Environmental Analysis Center
- Kinki Environmental Development
- Ashiya Water Purification

Daiei Kankyo Co., Ltd.

Ownership: Daiei Kankyo HD 100%
## About the Daiei Kankyo Group

### Group Achievements FY 2016

<table>
<thead>
<tr>
<th>法人名</th>
<th>売上高</th>
<th>純資産</th>
<th>總資産</th>
<th>純資産</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Daiei Kankyo Holdings Co., Ltd.</td>
<td>1,212,303</td>
<td>1,560,345</td>
<td>22,256,535</td>
<td></td>
</tr>
<tr>
<td>2. Daiei Kankyo Co., Ltd.</td>
<td>26,516,866</td>
<td>17,873,568</td>
<td>54,291,882</td>
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<tr>
<td>3. Mie Chuho Kaihatsu Co., Ltd</td>
<td>16,501,925</td>
<td>11,842,395</td>
<td>31,383,966</td>
<td></td>
</tr>
<tr>
<td>4. Settsu Co., Ltd.</td>
<td>640,478</td>
<td>467,731</td>
<td>916,358</td>
<td></td>
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<tr>
<td>5. Settsu Selun Co., Ltd.</td>
<td>1,795,396</td>
<td>621,502</td>
<td>1,113,419</td>
<td></td>
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<tr>
<td>6. GE Co., Ltd.</td>
<td>2,024,240</td>
<td>1,713,811</td>
<td>4,464,031</td>
<td></td>
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<tr>
<td>7. DINS Sakai Co., Ltd</td>
<td>2,278,910</td>
<td>1,516,728</td>
<td>3,226,709</td>
<td></td>
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<tr>
<td>8. General Agriculture and Forestry Co., Ltd</td>
<td>23,582</td>
<td>60,951</td>
<td>1,832,935</td>
<td></td>
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<tr>
<td>9. DINS Environmental Analysis Center Co., Ltd</td>
<td>123,444</td>
<td>79,997</td>
<td>122,913</td>
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<tr>
<td>10. Recycle and Equal Co., Ltd.</td>
<td>609,091</td>
<td>175,882</td>
<td>1,109,163</td>
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<tr>
<td>11. Osaka Senhu Construction Waste Management Co., Ltd</td>
<td>107,467</td>
<td>133,278</td>
<td>223,864</td>
<td></td>
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<tr>
<td>12. Daiei Kankyo Engineering Co., Ltd</td>
<td>211,436</td>
<td>29,780</td>
<td>295,427</td>
<td></td>
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<tr>
<td>13. Kinki Environmental Development Co., Ltd</td>
<td>547,274</td>
<td>385,449</td>
<td>740,800</td>
<td></td>
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<tr>
<td>14. Platec, Ltd</td>
<td>81,813</td>
<td>160,078</td>
<td>184,905</td>
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<tr>
<td>15. Ecopro Ltd.</td>
<td>9,137</td>
<td>66,786</td>
<td>35,319</td>
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<tr>
<td>16. Maruyo Shoten Co., Ltd</td>
<td>159,615</td>
<td>76,829</td>
<td>142,809</td>
<td></td>
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<tr>
<td>17. Ashiya Water Purification, Ltd</td>
<td>16,848</td>
<td>9,592</td>
<td>10,949</td>
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<tr>
<td>18. Daiei Kankyo Transportation Co., Ltd</td>
<td>0</td>
<td>11,182</td>
<td>78,990</td>
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<tr>
<td>19. Sanki Kaihatsu Co., Ltd</td>
<td>416,856</td>
<td>387,606</td>
<td>387,606</td>
<td></td>
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<tr>
<td>20. Hokuto Co., Ltd</td>
<td>124,237</td>
<td>77,351</td>
<td>805,718</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL: 52,984,062 5,414,304 123,653,548 35,844,753
## 11 Partners and Affiliated Companies

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Venture Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Venous Japan Co., Ltd</td>
<td>Suzutoku Holdings Co., Ltd</td>
</tr>
<tr>
<td>Clean Stage Co., Ltd</td>
<td>Obayashi Corporation Co., Ltd, Taisei Corporation Co., Ltd</td>
</tr>
<tr>
<td>Global Environmental Technology Co., Ltd</td>
<td>Group 21 Co., Ltd, Airport Enterprise Corporation Co., Ltd</td>
</tr>
<tr>
<td>Omihaichiman Eco Service Co., Ltd</td>
<td>Mitsubishi Heavy Industries Environmental &amp; Chemical Engineering Co., Ltd, Akimura Construction Co., Ltd</td>
</tr>
<tr>
<td>Green Arrows Kansai Co., Ltd</td>
<td>DINS Sakai Co., Ltd, Green Arrows Holdings Co., Ltd</td>
</tr>
<tr>
<td>Kyotango Bio Farm Co., Ltd</td>
<td>Ecopro Ltd, Farming Co-Op Negibozu</td>
</tr>
</tbody>
</table>
2. About the Daiei Kankyo Group

Recycling Centers

22 Locations

Kinki Environmental Development Co., Ltd
Fukuchiyama RC
Platec Ltd
Yosano RC
Kinki Environmental Development Co., Ltd
Fukashima RC

Osaka Prefecture
Shiga Prefecture
Kyoto Prefecture

Hyogo Prefecture

Mie Prefecture

Nara Prefecture

The 23 special wards of Tokyo

The 23 special wards of Tokyo

Hokkaido

February, 2016

14 Locations

April, 2017

22 Locations

Daiei Kankyo Co. Ltd Tri-R
Daiei Kankyo Co. Ltd Higashimatsuyama RC
Kobe Part Recycle Co. Ltd
Daiei Kankyo Co. Ltd Hyogo RC
Geo-Re Co. Ltd
GE Co. Ltd
Clean Stage Co. Ltd
Daiei Kankyo Co. Ltd Gobe
Daiei Kankyo Co. Ltd Kobe RC
Daiei Kankyo Co. Ltd Izumi RC
DINS Sakai Co. Ltd HAC Worksite
DINS Sakai Co. Ltd RE Worksite
Green Arrows Co. Ltd

Nerima Ward
Bunkyo Ward
Shinjuku Ward
Toshima Ward
Nakano Ward
Itabashi Ward
Suginami Ward
Setagaya Ward
Shibuya Ward
Minato Ward
Meguro Ward
Ota Ward

Wakayama Prefecture
Mie Prefecture
Nara Prefecture

Wakayama
Mie
Nara

Daiei Kankyo Co. Ltd Nishinomiya RC
Kobe Port Recycle Co. Ltd
Daiei Kankyo Co. Ltd Rokko RC
Kobe City

14 Locations

22 Locations

February, 2016

April, 2017
2. About the Daiei Kankyo Group

Final Disposal Sites

6 Locations

- Daiei Kankyo Co., Ltd Miki RC
- Mie Chuo Kaihatsu Co., Ltd Kyoto RC
- Daiei Kankyo Co., Ltd Gobo RC
- Wakayama
- Osaka
- Nara
- Hyogo
- Kinki Environmental Development Co., Ltd Fusuiyama RC
- Mie Chuo Kaihatsu Co., Ltd Mie RC
- Mie Chuo Kaihatsu Co., Ltd Kyotoku RC

In Service: 6 Locations

Under Construction: 1 Locations
(Opening in FY 2017)

*Existing final disposal site and adjacent facilities at the Miki site are under construction.
2. About the Daiei Kankyo Group

Scale of Facilities

**Total Capabilities Permitted at Industrial Waste Treatment Facilities**

- **Sorting/Crushing/Recycling Facilities**: 25,277 tons/day
- **Incineration/Gasification-Reform/Torrefaction**: 2,067 tons/day
- **Final Disposal Site Total Capacity**: 21.63 million m³

We have facilities that correspond to all recycling methods, and roughly 70% of our total capabilities permitted are for general waste treatment. Developed at our six final disposal sites [in service: 6 locations, under construction: 1 location].

*Remaining capacity at the end of FY 2016: 9.16 million m³*

**Total Capabilities Permitted at Contaminated Soil Treatment Facilities**

- **Separation/Insolubilization Facilities**: 2,920 tons/day
- **Purification (Extraction) Facilities**: 568 tons/day
- **Purification (Melting/Disassembly) Facilities**: 487 tons/day

Three of the six final disposal sites listed above have permission as landfills.
When Daiei Kankyo was founded, it was considered impossible to obtain permission to build a disposal site due to the tremendous opposition from local residents and government near the planned sites. However, with unrelenting zeal, the company managed to convince a portion of the local residents and government, gaining their understanding regarding the importance of a disposal site, and lastly obtaining permission. Meanwhile, the majority of residents, who still opposed the site, appealed to revoke permission, a trial which would continue for 10 years until its settlement. During this time, those who agreed with the company were made to feel ashamed, and so as to not betray these people, we made “creating sustainable business” our top priority.

To extend the life of the disposal sites, we shifted from landfills to reducing and recycling by enhancing our recycling facilities, such as our sorting and crushing facilities, refuse-derived fuel (RDF) converters, and incinerators. The M&A with Mie Chuo Kaihatsu (now a core group member) also helped to secure new final disposal sites.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>Trench Type Disposal Site started business (City of Izumi, Osaka Prefecture)</td>
</tr>
<tr>
<td>1984</td>
<td>Daiei Kankyo Nishinomiya Branch started business (City of Nishinomiya, Hyogo Prefecture)</td>
</tr>
<tr>
<td>1986</td>
<td>Refuse Derived Fuel (RDF) Facility started business (City of Nishinomiya, Hyogo Prefecture)</td>
</tr>
<tr>
<td>1988</td>
<td>Mie Chuo Kaihatsu Incinerator started business (City of Iga, Mie Prefecture)</td>
</tr>
</tbody>
</table>
To clearly show our focus on sustainable business, we created a new logo showing our group coexisting sustainably (infinity) with “people”, “industry”, and “nature” (three lines). Accordingly, we changed the corporate brand name to Daiei Inter Nature System, or DINS, and disseminated information inside and outside the company.

During this period of establishment, we understood the necessity of recycling, yet failed to understand the cost burden, and business fell into a vicious cycle of deteriorating profitability with the more work spent on recycling leading to higher costs. This fragile financial situation meant our funds were always on the brink.

What finally broke through this situation was the Miki disposal site, which finally opened in 1994 after four years of coordination with the region.

1994
Trench Type Disposal Site started business
(City of Miki, Hyogo Prefecture)
The Great Hanshin-Awaji Earthquake of 1995 changed the foundation of our business. In response to requests from local government, the remaining capacity of the Miki disposal site, which had opened the year before, as well as the existing Mie disposal site, suddenly decreased, and moreover, it became difficult to pay back huge loans invested in establishing large scale plants at the temporary rubble disposal sites of each local government.

Business would stagnate if demand from the earthquake were to disappear, and it was out of this sense of emergency that we created our first business plan in 1997, which called on all employees to join together to overcome these hardships.

We made our vision “the actualization of a large shift from landfills to recycling (establishing a recycling system)”, which clarified our philosophy and vision cultivated since the foundation of the company, and made as our next goal “the actualization of an agricultural and industrial complex Recyclable Resources System”, which emphasized relationship with local communities.
These plans focused on investment in recycling facilities in order to establish a recycling system that corresponded to our vision, based on thoroughly managing the balance of profit, capital, and remaining landfill capacity. Investments at this time were connected to orders for projects related to recycling laws to meet the needs of society in the future.

In addition, these plans contributed to expanding our areas of business, such as facility management and consultation not related to treatment and disposal in collaboration with our partner companies, which put the company on a growth trajectory even after disposal of rubble from the earthquake had finished.

The second business plan and onward have pressed the core of our business forward while constantly evolving. Mie Energy Plaza, which was completed in September 2013 (the fiscal year end of the fifth business plan) was a facility planned in the first business plan, and with investments totaling 12 billion yen, served as the culmination of our work and marked a turning point for the company.
In addition to completing Mie Energy Plaza, the fifth business plan, which achieved higher sales and profit than planned, served as an important juncture leading to the sixth business plan, which was created to incorporate new ideas.

Our strength is the overwhelming scale of our facilities, which can only be achieved through gaining understanding from each local region, and since each facility plays a role in societal infrastructure, we revised our corporate vision, based on the belief that creating sustainable business leads to contribution to the community and to society, to “enhancing business sustainability and evolving as a company that creates environment”. While investing aggressively, we began implementing five concrete measures toward “sustainability” and “creating new value”, which looked not only at immediate profit, but ten and twenty years into the future.

As a result of the steady implementation of these measures, we achieved our target for FY 2018, which was 50 billion yen in sales and 5 billion yen in ordinary profit, in 2015, the second year of the plan. Seeing the prospects of our disposal sites, the groups’ greatest strength, we decided to shift to the seventh business plan.
The Mission of Daiei Kankyo Group

"Creating sustainable business" rooted in each region

For this purpose, we will...

1. Check the latest societal trends, make forecasts, and challenge ourselves to evolve and create new environmental business.

2. In addition to building strong financial foundations, establish sustainable business foundations through aggressive investment that does not focus solely on short-term profit using sound business plans.
5. Current Challenges in Societal Trends

Challenges of the Daiei Kankyo Group

**Challenge 1: Shrinking Waste Disposal Market**
- Heightened awareness of the environment
- Change of industrial structure due to shift towards overseas production
- Population decline

**Challenge 2: Dumping (lack of proper evaluation axes)**
- Entering new or different industries through easy acquisition of permission for transport/intermediate processing (Article 15 not applicable)
- The existence of many waste disposal entities who believe they should be as cheap as is permitted (level of waste treatment does not matter)
- Meanwhile, building a sustainable society, reducing the carbon footprint, and promoting advanced recycling is in ever higher demand

**Challenge 3: Securing Human Resources**
- The waste disposal industry has a negative image and is unappealing
- As the working population declines even more in the future, harsh working conditions will lead to current employees fleeing, not to mention new hires, and if the situation is not improved, it will interfere with business

**Challenge 4: Upgrading IT**
- Increased scope of management through business expansion
- System changes that force us to respond every time the law is amended.
- Increase administrative burden due to electronic manifest and the associated decrease in productivity
  1. Respond with a unique system for waste disposal entities
  2. Double response with paper manifest
Based on the missions and challenges of the Daiei Kankyo Group, we have created the seventh business plan, spanning five years starting FY 2016, which currently pushes our business forward. The seventh plan comes 40 years since our establishment, and positions the next five years as a major milestone in which we will pass the baton from the founders to the next generation.

In addition to building a strong financial foundation, we will continue make aggressive investments that do not focus solely on immediate profit. We will reinforce our five concrete measures even further, establishing the foundation for the next 100 years of the company.

Enhancing business sustainability evolving as a company that creates environment

**Measure 1**  Building a foundation for **100 years of business**

**Measure 2**  Innovating Recyclable Resources

**Measure 3**  Creating Energy

**Measure 4**  Developing Business Schemes

**Measure 5**  Creating Brand Value

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>50.9 billion yen</td>
<td>70 billion yen</td>
</tr>
<tr>
<td>Ordinary Profit</td>
<td>5.76 billion yen</td>
<td>7 billion yen</td>
</tr>
<tr>
<td>Total Assets</td>
<td>111.1 billion yen</td>
<td>100 billion yen</td>
</tr>
<tr>
<td>Net Assets</td>
<td>33.7 billion yen</td>
<td>50 billion yen</td>
</tr>
<tr>
<td>Capital Adequacy Ratio</td>
<td>30 %</td>
<td>50 %</td>
</tr>
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</table>

FY 2016 ~ 2020 5 year plan to invest 29 billion yen
The concrete efforts of the five measures listed in the seventh business plan are as follows. An overview of each effort will be introduced here.

**Measure 1: Building a foundation for 100 years of business**
1. Build appealing working conditions
2. Landfill burden reduction system
3. A forest conservation project that is the pinnacle of environmental protection

**Measure 2: Innovating Recyclable Resources**
1. Forest resource supply business
2. Expand areas of business
3. Sustainability for each recycling business

**Measure 3: Creating Energy**
1. Create energy from waste products
2. Make use of abandoned waste disposal sites

**Measure 4: Developing Business Schemes**
1. Shift business from public to private
2. Sound processing of “negative legacy” substances
3. Speedy response toward disaster waste processing
4. Contaminated soil treatment
5. Building various networks

**Measure 5: Creating Brand Value**
1. Strive to change the negative image of the industry
2. Gain appreciation through having the public get to know us
Working style reform is our chance to secure employee retention and gain talented human resources, and in addition will improve efficiency through improving work, building the foundation for 100 years of business.

Creating appealing working conditions

Decrease overtime, increase days off
Towards a system that doesn’t interfere with employees’ lives

- Labor Regulations
- Mandatory Retirement
- Wage Structure

Increase productivity so as to not lower our competitiveness
Take a fresh look at everything

- Systems
- Logistics
- General Affairs
- Management
- Environment & Safety
- Clerical & Nonclerical Work
In addition to developing final disposal sites, we will establish a system to thoroughly collect recyclables and organic waste to reduce landfill burden during these five years, and will reduce average landfill volume by 400,000 tons (250,000 m³)/year for 60 years starting in 2021. In doing so, we will have remaining landfill capacity secured at 15 million m³ at the end of 2020, making landfills possible until 2080, for a plan that anticipates the 100th year since our foundation.

Landfill Burden Reduction System

- Recyclable Resources: ZERO Landfills → Promoting the creation of a resource recycling society
- Organic Waste: ZERO Landfills → Reduce greenhouse gas emissions

Stable Inorganic Compound Only Landfill
We will work on forest conservation projects based on foundations of stable management. Our forests serve to absorb greenhouse gases, as watersheds, and as homes to biodiversity, and our efforts toward long-term forest protection and cultivation in order to leave plentiful forests for our 100 year anniversary will be the pinnacle of our environmental creation. We will cultivate foresters and help regenerate forestry in various regions through consulting. With forests owned by our company under proper management, we will protect the environment and actualize sustainable business while supplying wood, creating biomass resources through thinning, and cultivating trees that will grow over 100 years old.
We will create plants for the accumulation and processing of forest resources supplied from General Agriculture & Forestry, and start selling resources for use in paper making, fuel, and boards. Our goal is to create ten of these mostly unused general wood accumulation and processing plants by the end of FY 2020, with sales of 2.25 billion yen. In addition to setting up major centers in Hokkaido in 2017, we are preparing to develop centers in five locations.

**Forest resource supply business**

Unused timber (**FIT**: 32 yen/kwh)
General timber (**FIT**: 24 yen/kwh)

Main accumulation and processing plant development

- **Major centers**: 100 tons/day × 5 locations
- **Subcenters**: 50 tons/day × 5 locations

**Doo/Donan Area**
(7.2 million m²)

**Kazusa Futtsu**
(694,215 m²)

**Izu Ito**
(3.9 million m²)

**Miyazaki Mimata**
(22.3 million m²)

**Yamato Totsukawa**
(13.8 million m²)
In order to expand our business towards paid recycling, such as the purchasing of plastic and aluminum cans, we are actively developing a one-stop service that can handle ferrous and nonferrous materials in bulk. Major Venous Japan, our partner company, will expand its business domains aggressively in an effort to be a major venous industry representing Japan.
We will put our business firmly on the right track to correspond to all recycling laws for packaging, food, and small home electronics, growing towards a core business. To that end, we are actively striving to develop the necessary technologies.
Along with establishing new energy supply facilities that will generate 12,000 kW through the burning of waste and biomass, we will contribute to the creation of a low-carbon society through such efforts as effective utilization of unused heat in existing heat treatment facilities.

**Energy generation from waste products**

**Measure 1** Miki Biomass Cogeneration Facility

- **FIT 12,000 kw**
- Estimated amount of electricity generated: 75.82 million kwh
- Estimated amount of electricity sold: 63.22 million kwh
  (equivalent to 15,965 average households)

**Measure 2** Mie Energy Plaza

- **FIT 1,950 kw**
- Amount of power generated: 24.88 million kwh
- Amount of electricity sold: 680,000 kwh
  (equivalent to 172 average households)

**Measure 3** DINS Sakai Biomass Boiler

- **FIT 1,950 kw**
- Amount of power generated: 10.03 million kwh
- Amount of electricity sold: 4.04 million kwh
  (equivalent to 1020 average households)
The construction of the No. 2 DINS Mega Solar in 2017 next to DINS Mega Solar at the disposal site where we began generating power in 2013 will further contribute to the creation of a low-carbon society.

Use of waste disposal facility site

Contribution to the creation of a low-carbon society

DINS Mega Solar 2016 Results

- FIT 1,990 kW
- Amount of power generated: 2.81 million kwh
- Amount of electricity sold: 2.78 million kwh (equivalent to 702 average households)

Completion Goal FY 2017 end

DINS Mega Solar

No.2 DINS Mega Solar

1,990 kW

Generating electricity

Hirai Industrial District 8 site

Hirai Industrial District 5 site
We will further increase the ratio of general waste disposal “from public to private”, aiming for 25% of total group sales of 70 billion yen, or 17.5 billion yen, in FY 2020.

**Shifting from public to private**

**Measure 1** Commissions for collection and transportation of household waste in the cities of Amagasaki and Ashiya

**Measure 2** Commissions for DBO work on recycling and heat recovery facilities

We aim to make use of our achievements in the city of Omihachiman to get new commissions for DBO work.

**Measure 3** Commissions for recycling and disposal of general waste at our facilities

We aim to expand the number of commissions mainly for Mie and CLS.

**Measure 4** Commissions for operation and management work, such as transfer, recycling, and heat recovery facilities

Using our many achievements (11 in FY 2016), we aim to expand commissions.

**FY 2016 Results**

<table>
<thead>
<tr>
<th>No. of Municipalities</th>
<th>No. of Wider Area Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>69</td>
<td>15%</td>
</tr>
<tr>
<td>104</td>
<td>20%</td>
</tr>
<tr>
<td>85</td>
<td>17%</td>
</tr>
<tr>
<td>152</td>
<td>25%</td>
</tr>
<tr>
<td>71</td>
<td></td>
</tr>
</tbody>
</table>

¥ 17.5 Billion
We have been involved in various ways in the processing of waste products with a “negative legacy”, such as POPs, including dioxin and PCB, as well as asbestos and sulfuric acid pitch, so as not to leave them for future generations. We will continue doing everything in our power to reduce these waste products through sound processing.
Using our experience with the Great Hanshin-Awaji Earthquake, which changed the foundation of our business, we have made it our corporate mission to get involved in the processing of disaster waste. Most recently, we have been involved in disaster waste processing in Kumamoto after the Kumamoto Earthquake and in the city of Joso after the flooding of the Kinugawa River in the previous year. Amid the increased demand for proper disposal of disaster waste smoothly and speedily, we will do everything in our power to ensure sound processing.

Quick response towards waste treatment after a disaster

6. Daiei Kankyo Group Efforts Seventh Business Plan Measure 4 Developing Business Schemes

<table>
<thead>
<tr>
<th>Main Achievements</th>
<th>Total 5.2 million tons treated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td></td>
</tr>
<tr>
<td>Great Hanshin-Awaji Earthquake</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>Kii Peninsula Flooding</td>
<td></td>
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<td>2014</td>
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<td>Kanto-Tohoku Heavy Rainfall</td>
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<td>2015</td>
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<td>Kumamoto Earthquake</td>
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As stated at the beginning, we’ve expanded through the creation of spin-off companies based on the development of projects rooted in local areas. Based on this concept, we will develop further cooperation with our partner companies in each local region and aim for nationwide business development through M&A, joint ventures, and trade networks, making sure we fulfill the role society expects from us.

Building various networks

**M&A Joint venture companies**
- General waste
- Industrial waste
- Scrap
- Contaminated soil

**Establishment of joint contracts with our trade network**
- General waste
- Disaster waste
- Scrap
- Contaminated soil

Nationwide Construction
Starting this year, Geo-Re Japan Inc. (formerly Kanden Geo-Re) has become our subsidiary, and has developed a system for treating contaminated soil that will meet a variety of needs. This will play a part in sound processing, as it enables one-stop processing of enormous amounts of soil contaminated by natural causes expected in the future, as well as soil contaminated with mercury and PCB.
Our business bears responsibility for the social infrastructure and lifelines, which are essential for society. However, there are still many people who feel disgust at the mere mention of waste treatment. **Having the people get to know us** is the first step to changing the image of this industry, as well continuing our active dissemination of information in the future.

In order to do this, we must first of all raise the level of employee satisfaction and create a company worthy of pride. This will lead to better service to the local regions and our customers, and will increase brand value of the Daiei Kankyo Group.

### Efforts to change the industry’s negative image

1. **First**
   - Have the public get to know us
2. **Step 2**
   - Have the public understand DINS
3. **Step 3**
   - Have those around us appreciate us

**For a company that brings together excellent personnel, great customers, and useful information naturally**
Also, it is important to have people know the true form of our business in order to change our image. With "open", "interaction", and "gratitude" as our keywords, we will continue to strive towards transparency by creating a variety of opportunities to properly convey the reality of our business in an easy to understand manner.

**Open**

**Interaction**

**Gratitude**

**Having the public get to know us leads to appreciation**

Expressing our gratitude to the local people every day
"Mie Chuo Kaihatsu Interactive Gratitude Fair" (May 14, 2017)

Even more active publicity

A hands-on event based on the theme of food recycling
"Miki Environment Festival" (June 25, 2017)
Izumi Recycle Environment Park, a facility contributed to the local community that utilizes land reclaimed from a disposal site, is a resting place with 350,000 visitors each year, with municipalities and organizations nationwide visiting as well, since it is the first place in the country where reclaimed land from a disposal site has been used in earnest. It was also adopted as the design for the 60th anniversary stamp of the city of Izumi, released last year.
7. Conclusion

It is a fact that the waste treatment industry is still underappreciated by the general public.

We at the Daiei Kankyo Group will ensure our growth through the efforts introduced here in order to create sustainable business rooted in the local region, and will contribute toward improving the image of the industry.

However, it is impossible for an individual company to do this alone. In March of this year, a Ministry of the Environment committee announced its “Measures for Promoting the Industrial Waste Treatment Industry”.

By advancing the promotion measures listed there and growing venous industries that will exert influence on society, we can change the image the general public has of our industry and gain appreciation as an appealing environmental industry.
Thank you for your attention.