

Five material issues (materiality)



Process for identifying material issues (materiality)
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The Daiei Kankyo Group listed environmental, social, and business challenges it faces. Through a selection process applying the concept of double materiality to assess the importance of each issue, five material issues (materiality) were identified in June 2024. We also outlined the components of each issue and the rationale for their selection as material.

Material issues	Components	Stories
1 Building the foundation for Local Circular Ecological Spheres	Living in harmony with and contributing to local communities Expanding our system of cooperation with municipalities	Waste management and recycling, the core business of the Daiei Kankyo Group, is a business that cannot succeed without understanding from local communities. We have always operated businesses rooted in local communities. It is undoubtedly important to become more rooted in the local areas where we currently have business locations. As we expand our business area in the future, it is also extremely important to develop strong trust with local communities in new areas, just as we have in our existing locations. We will continue to build the base for creating Local Circular Ecological Spheres aimed at generating multifaceted value through various means of communication with local communities.
2 Strengthening the business foundation to become a company with the power to create better environments	Promoting integrated treatment of general waste and industrial waste Strengthening the capacity of treatment facilities and expanding the waste management network	While it is necessary to centralize management facilities in the waste management and recycling area to achieve carbon neutrality by 2050, we think depopulation and financial issues will make it hard for municipalities to upgrade waste management facilities on their own. The Daiei Kankyo Group will work to centralize management facilities and contribute to the simultaneous achievement of carbon neutrality and relief of cost burden on waste generators in this area by integrated treatment of general waste and industrial waste at all our locations, as well as working on the expansion of general waste management at existing locations and the creation of new business locations, mainly through PPPs.
3 Contributing to a decarbonized society and reducing our impact on the environment	Advancing resource recycling systems Promoting electricity generation and energy conservation Tackling environmental protection	To achieve carbon neutrality for Japan by 2050, it is extremely important for each industry to recycle and use untapped resources that have been disposed of as waste up to the present. We will advance resource recycling systems to maximize recycling use while also generating resources and energy from waste to the greatest extent possible and achieving energy savings in facilities. In addition, we will endeavor to reduce the impact of waste processing on the surrounding environment as much as possible, and disclose the status of its maintenance and management in easily understandable terms, so the public appreciates the fact that we are operating facilities in a safe and secure manner.
4 Promoting human capital management	Developing the next generation of leaders Recruiting, finding, and developing human resources Establishing the foundation for a comfortable work environment and diversity	Whether the Daiei Kankyo Group can meet the expectations from communities, customers, and shareholders and earn their trust depends entirely on our people. We will develop human resources who can keep up with the rapid growth and changes in society, put the commitment to our management philosophy—creation, innovation, and meeting challenges—into practice, and will boldly take on challenges even seemed impossible. We will also continue to improve engagement to enable all employees to demonstrate their individuality and capabilities and work energetically with high motivation. Furthermore, we will establish an environment that will make it possible to continue to recruit, find, and develop outstanding human resources in the Daiei Kankyo Group's business areas where industry restructuring is likely to take place in the future.
5 Improving management transparency and Group capabilities	Strengthening Group governance Ensuring thorough corporate ethics and compliance Strengthening information security Ensuring occupational safety and health	From the perspective of the Daiei Kankyo Group, the greatest reason for listing was to strengthen governance. That is because the establishment of a Group governance system was necessary, given the expansion in the number of subsidiaries and employees. As we take the lead on pursuing industry consolidation, we will improve management transparency and the collective strengths of the Group by transitioning to a company with an audit and supervisory committee and reinforcing information security, occupational safety and health, and other management systems to further enhance governance.

Approach to Action Plan and KPIs

In May 2025, we formulated and published an action plan aligned with our Medium-Term Management Plan, D-Plan 2028 (see pp. 17–20). In June, we also established KPIs corresponding to this action plan.

These initiatives aim to achieve both the Daiei Kankyo Group's sustainable growth and the realization of a sustainable society.

The target timelines for achieving the KPIs are set for the fiscal years ending March 31, 2028 and March 31, 2031, with some extending beyond the fiscal year ending March 31, 2032.

Progress will be monitored accordingly.

Material issues	Components	Action plan	KPIs	Target values for FY2028/3 (D-Plan 2028 period)	(Reference) Target achievement timelines set for FY2028/3 onward
1 Building the foundation for Local Circular Ecological Spheres	Living in harmony with and contributing to local communities	1. Appropriately disclose information to stakeholders	(Qualitative target) Ongoing enhancement	–	–
		2. Support the development of local communities and the promotion of sports and culture	(Qualitative target) Ongoing enhancement	–	–
	Expanding our system of cooperation with municipalities	3. Expand number of municipalities we work with	No. of municipalities we worked with	Not disclosed	FY2031/3
		4. Expand disaster support areas	No. of disaster cooperation agreements signed (cumulative)	Not disclosed	FY2031/3
		5. Support the formulation of general waste and disaster waste management plans	No. of times support has been provided to formulating disaster waste and general waste management plans (cumulative)	Not disclosed	FY2031/3
			No. of agreements signed related to plastic bottle horizontal recycling (cumulative)	Not disclosed	FY2031/3
2 Strengthening the business foundation to become a company with the power to create better environments	Promoting integrated treatment of general waste and industrial waste	6. Promote the construction of PPP-based local energy centers	No. of basic agreements signed (cumulative)	7 agreements	(Target for FY2031/3: 12 agreements)
		7. Strengthen system for receiving general waste at existing business locations	(Qualitative target) Ongoing enhancement	–	–
	Strengthening the capacity of treatment facilities and expanding the waste management network	8. Increase processing capacity by introducing high-efficiency heat recovery	Processing capacity for incineration and other heat treatment facilities	–	(Target for FY2031/3: 4,000 t/day)
		9. Introduce high-efficiency sorting processes	Annual recycling volume	1,000,000 t/year	–
		10. Secure remaining portion of required capacity at final disposal sites in the run-up to our 100th anniversary	Remaining landfill capacity	–	(Target for FY2031/3: 15,000,000 m ³ or more)
		11. Strengthen Groupwide networks through ongoing M&A	Net sales from M&A activities	JPY 10.0 bn	–
3 Contributing to a decarbonized society and reducing our impact on the environment	Advancing resource recycling systems	12. Strengthen R&D in the field of resource recycling	(Qualitative target) Ongoing enhancement	–	–
		13. Promote plastic waste recycling based on the Plastic Resource Circulation Act	(Qualitative target) Ongoing enhancement	–	–
		14. Establish new business schemes through “artery–vein” collaboration, etc.	(Qualitative target) Ongoing enhancement	–	–

3	Contributing to a decarbonized society and reducing our impact on the environment	Promoting electricity generation and energy conservation	15. Increase electricity generated by waste management	Cumulative annual power generation	Maintain at least 130,000 MWh (annually)	–
			16. Increase utilization rate of renewable energy	Percentage of non-fossil energy used in electricity consumption (Non-fossil energy / Total energy)	60%	–
			17. Promote energy-saving projects within the Group	Energy consumption intensity	1% decrease compared to the previous fiscal year	–
	Tackling environmental protection		18. Ensure strict pollution control based on voluntary environmental regulations	Environmental monitoring results (published annually)	–	–
			19. Promote research and study aimed at introducing Carbon dioxide Capture and Utilization (CCU)	(Qualitative target) Ongoing enhancement	–	–
			20. Reduce greenhouse gas (GHG) emissions for society as a whole	CO ₂ reduction contribution	125,000 t-CO ₂	–
4	Developing the next generation of leaders		21. Expand the pool of next-generation leaders	Hours and no. of participants in business leader training (annual)	3,100 hours/year 80 people/year	–
						–
	Recruiting, finding, and developing human resources		22. Secure and develop human resources based on growth strategies	No. of facility operators secured	Not disclosed	–
				No. of personnel secured for M&A support	Not disclosed	–
				No. of hours of skill training conducted	4,500 hours/year	–
				Female new graduate hires (university graduates) ratio	30% or more/year	–
			23. Promote the use of diverse human resources	Retiree reemployment rate	70% or more/year	–
	Establishing the foundation for a comfortable work environment and diversity			Employment rate of persons with disabilities	2.7% or more/year	–
			24. Promote active participation of women	Percentage of female managers	4.5% or more/year	–
				Gender wage gap ratio	75.0% or more/year	–
				Paid leave utilization rate	90% or more/year	–
				Male parental leave uptake rate	90% or more/year	–
			25. Create a comfortable working environment	Percentage of high-stress individuals in stress checks	10% or less/year	–
				(Qualitative target) Improvement of workplace environment and facilities at offices, etc.	–	–
				(Qualitative target) Engagement survey results (evaluated by year-on-year average score change)	–	–
				(Qualitative target) Maintenance of Health & Productivity Management Certification (Daiei Kankyo Co., Ltd.)	–	–
			26. Promote health-conscious management	No. of new Health & Productivity Management Certifications acquired by Group subsidiaries (cumulative)	1	–
5	Strengthening Group governance		27. Ensure strict monitoring through an internal control system	Ratio of internal audits requiring improvement	10% or less/year	–
			28. Strengthen the Groupwide risk management system	(Qualitative target) Ongoing enhancement	–	–
	Ensuring thorough corporate ethics and compliance		29. Achieve zero compliance violations	No. of serious legal violations	0 cases/year	–
	Strengthening information security			Rate of participation in internal security training	95% or higher/year	–
			30. Improve information literacy	No. of targeted phishing email drills conducted	2 times/year	–
				No. of information security committee meetings held	4 times/year	–
	Ensuring occupational safety and health		31. Reduce the number of occupational accidents	No. of workplace accidents causing absence of three days or less	16 or fewer cases/year	–
				No. of serious workplace accidents causing absence of four days or more	0 cases/year	–