Response to climate change

The Daiei Kankyo Group recognizes that responding to climate change is one of its important management issues. We are pursuing initiatives to reduce greenhouse gas emissions in society as a whole, starting from the waste management business. Specifically, we are working to advance waste management, improve the recycling rate, and generate energy through waste incineration, biogas power generation, and other means. As a company with the power to create better environments, we will continue to pursue further measures to combat climate change while also endeavoring to disclose information based on the TCFD* recommendations.

* TCFD: The Task Force on Climate-related Financial Disclosures. It was dissolved in October 2023. The International Financial Reporting Standards (IFRS) Foundation has assumed and is fulfilling that role from 2024 onward.

Disclosure of financial information on climate change

See our corporate website for more information on governance, risk management, and strategy (including scenario analysis).

https://www.dinsgr.co.jp/english/csr/environment/

Metrics and targets

Daiei Kankyo Group's greenhouse gas emission reduction targets

Long-term target	Achieve carbon neutrality across the Daiei Kankyo Group by 2050
Medium-term target	Achieve net zero CO_2 emissions from electricity use across the Daiei Kankyo Group by 2030

Actual greenhouse gas emissions of the Daiei Kankyo Group

	Covered	FY2023/3 (t-CO_2)	FY2024/3 (t-CO_2)
Scope 1	All Group companies*1	252,540	261,601
Scope 2	All Group companies*1	18,714	25,013
Total	All Group companies*1	271,254	286,615
(Reference) Scope 3	All Group companies*1, *3	–	223,306
	Four main companies*2, *3	142,889	–

*1 D-design Co., Ltd. and INAC Football Club Co., Ltd., which became consolidated subsidiaries during the period under review, were excluded from calculation of all Group companies

*2 The four main companies in the waste management and recycling, and soil remediation businesses of the Daiei Kankyo Group: Daiei Kankyo Co., Ltd.; Mie Chuo Kaihatsu Co., Ltd.; DINS Kansai Co., Ltd.; and Geo-Re Japan Inc.

*3 Covers companies included in the Daiei Kankyo Group in the fiscal periods covered by the report

*4 Due to a review of the aggregated results, the figures previously disclosed have been updated.

Daiei Kankyo Group's efforts to reduce greenhouse gas (CO_2) emissions

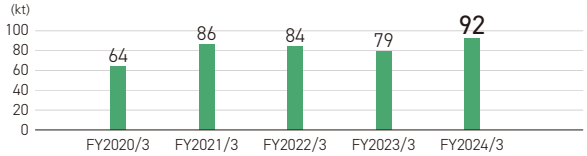
The Group is working to manage efforts in energy consumption and greenhouse gas emissions in order to achieve carbon neutrality by 2050.

Changes in energy consumption

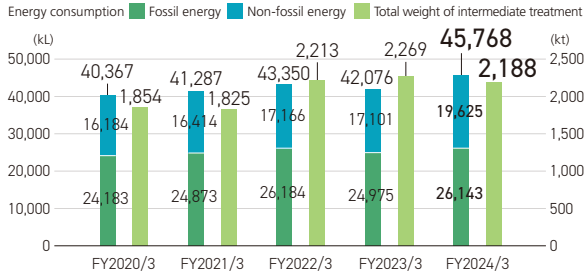
For the fiscal year ended March 31, 2024, energy consumption (oil equivalent) was 45,768 kL, and greenhouse gas emissions from energy consumption were 92 kt, an increase of 13 kt compared to the previous fiscal year. We believe the reasons for these increases were the increase in fuel consumption due to the test run of a new incinerator, and the increase in electricity-derived CO_2 emissions due to an increase in the emissions factors for the retail electricity suppliers with which we have contracts.

Under the Act on Rationalizing Energy Use, which was revised in April 2023, non-fossil energy is now subject to calculation of energy consumption. This report was therefore updated to include non-fossil energy in energy consumption.

Greenhouse gas emissions from energy consumption



Groupwide energy consumption and total weight of intermediate treatment



Note: Including the volume received between Group companies for intermediate treatment

Definition of energy consumption intensity

$$\text{Energy consumption intensity (L/t)} = \frac{\text{Crude oil equivalent energy consumption (L)}}{\text{Total weight of intermediate treatment (t)}}$$

Changes in energy consumption intensity

FY2020/3 (L/t)	FY2021/3 (L/t)	FY2022/3 (L/t)	FY2023/3 (L/t)	FY2024/3 (L/t)
21.8	22.6	19.6	18.5	20.5

Contribution to the reduction of greenhouse gas (CO_2) emissions in society as a whole

The Daiei Kankyo Group aims to reduce greenhouse gas emissions in society as a whole by promoting initiatives to recycle waste into resources and energy. For the fiscal year ended March 31, 2024, our contributions to greenhouse gas emission reduction and absorption amounted to 179 kt.

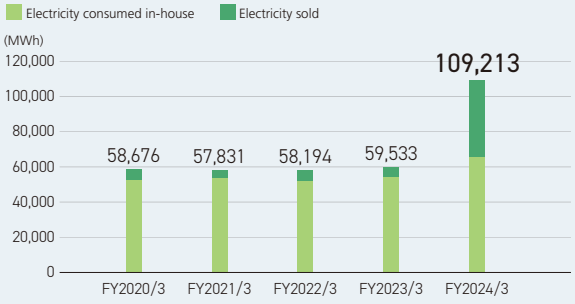
	Contributions			Absorption	
CO_2 reduction initiative	Thermal recycling	Recycling	Solar power	Forest management	Total
Amount of reduction	-19 kt	-114 kt	-2 kt	-44 kt	-179 kt

Contribution to reduction by thermal recycling

Electricity is generated by recovering the heat generated during waste incineration. The electricity generated is used in our own facilities and surplus electricity is sold, thereby helping reduce greenhouse gas emissions at Daiei Kankyo Co., Ltd. and other companies.

In the fiscal year ended March 31, 2024, the total amount of electricity generated was 109,213 MWh. Of this amount, 42,240 MWh was sold, equivalent to a reduction contribution of 19 kt.

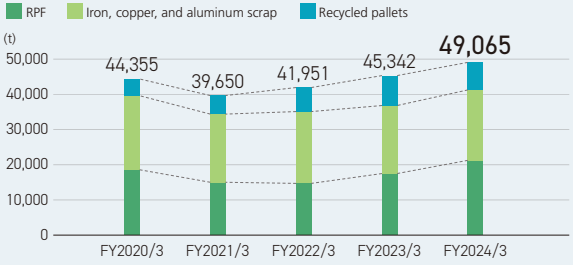
Amount of electricity consumed in-house and amount sold



Contribution to reduction by recycling

We help reduce greenhouse gas emissions by recycling a variety of waste materials such as RPF; iron, copper, and aluminum scrap; and recycled pallets. For the fiscal year ended March 31, 2024, our outgoing volume was 49,065 tons, equivalent to a greenhouse gas emission reduction contribution of 114 kt.

Outgoing volume from waste recycling



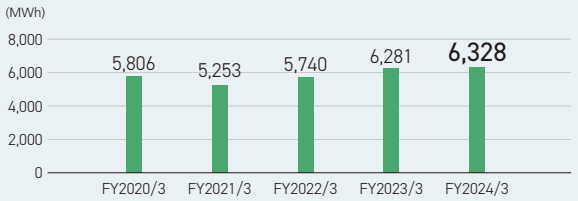
RPF (Solid fuel)
CO_2 reduction:
1.88 t-CO_2
per ton of RPF

Recycled pallets
CO_2 reduction:
1.79 t-CO_2
per ton of pallets

Contribution to reduction by solar power generation

The total amount of electricity generated by the Daiei Kankyo Group's solar power generation facilities in the fiscal year ended March 31, 2024 was 6,328 MWh. Of this amount, the DINS megasolar power plant installed on the former final disposal site sold 5,503 MWh of electricity under the feed-in tariff (FIT) system. This is equivalent to a greenhouse gas emission reduction contribution of 2 kt.

Solar power generated



Fixation by Company-owned forests

The Group owns approximately 8,170 hectares of forest (as of June 30, 2024), and the annual amount of CO_2 absorption and fixation by this vast forest is 44 kt.

Realization of a true recycling-oriented society

Waste processing and management

The Daiei Kankyo Group performs contract processing of waste generated by various manufacturers, general contractors, medical institutions, municipalities, and other businesses, and provides one-stop services from collection and transportation to intermediate treatment, recycling, and final disposal.

The Group introduced a proprietary integrated waste management system to appropriately process waste from contracted waste generators. Using the system, we strive to accurately record and provide information on waste materials, volume, processing method, and other information. Every month, we also disclose maintenance and management information according to the Waste Management and Public Cleansing Act, including results from the analysis of exhaust gases emitted from incinerators and effluent discharge from final disposal sites.

Furthermore, we have introduced a new online waste management facility observation service and a waste tracking service using PCs and smartphones, thereby providing efficient, safe, and secure waste processing management according to the needs of the waste generators.

Improving efficiency and advancing resource recycling

The Daiei Kankyo Group utilizes its collective strengths to propose efficient waste management and recycling for all kinds of waste. A particularly urgent issue from the perspective of achieving carbon neutrality by 2050 is reducing, recycling, and reusing waste plastics with high CO_2 emission coefficients. We are improving facilities for manufacturing recycled pellets and recycled pallets from plastic waste, and are also collaborating with partner companies on development of new plastic waste recycling technology.

Online waste management facility observation

Waste tracking system

Manufacturing line for recycled pallets used in distribution

Conservation and effective use of water resources

Response to water risks

The business locations of the Daiei Kankyo Group are situated throughout Japan. No business location is situated in an area that poses a high risk to water, according to the evaluation of water risk using Aqueduct.*

* Aqueduct: An internet-based data platform provided by the non-profit World Resources Institute (WRI) that consolidates all information related to water risks.

Intake, discharge, and effective use of water resources

Each business location of the Daiei Kankyo Group strives to mitigate the impact on the surrounding environment by ascertaining water intake volume, and effective use of recycled water and rainwater.

Mie Recycle Center to recycle water resources Reverse osmosis (RO) membrane treatment equipment in the water treatment facility

Conservation of water resources

We manage the Company-owned forests, including the forest in Mimata Town, Miyazaki, which is nationally certified as a Natural Symbiosis Site. We also preserve the water resource restoration function through the Odai Project to plant a variety of native saplings in landslide-prone areas and cultivate diverse forests.

Conservation of biodiversity

Certified as a Natural Symbiosis Site by the Ministry of the Environment

On October 6, 2023, General Agriculture & Forestry Co., Ltd., a consolidated subsidiary, acquired certification of a specified area in a Company-owned forest located in Mimata Town, Miyazaki as a Natural Symbiosis Site by the Ministry of the Environment, which certifies sites that meet the criteria for conservation value and management plans. This program covers locations where conservation of biodiversity is promoted through the initiatives of private sectors and organizations.

This certification enabled us to give form to the idea that directing awareness to the broader ecosystem, rather than only rare species, will lead to sustainable communities. Going forward we will continue to cooperate with local communities and experts, monitor and manage the certified site, and take steps to conserve biodiversity thereby contributing to Nature Positive by 2030.*

* Nature Positive by 2030: An initiative to stop the loss of biodiversity and put it on a recovery trajectory

Surveying

Confirming rare species (southern-limit species and endangered plants)

Participation in the 30by30 Alliance for Biodiversity

We participated in the 30by30 Alliance for Biodiversity, an alliance consisting of Japan's national government, the Ministry of the Environment, NPOs, companies, and other groups. We will contribute to the achievement of the 30by30 targets by expanding Natural Symbiosis Sites and OECM* areas, and sharing information with other alliance participants.

* OECM: Other Effective area-based Conservation Measures. OECM areas are ones that promote the preservation of biodiversity other than company-owned forests; *satoyama* and *satochi* areas, which are rich in nature consisting of farmlands, irrigation ponds, secondary forests, etc., around human settlements; and other protected areas.

Chemical management

We are pursuing proper management of chemicals in the chemical products we use in our business. Health hazard mitigation measures to protect the health of personnel who work with and are exposed to chemicals are implemented throughout the Company, including performing chemical risk assessments. We also calculate chemical movement and the volume of chemicals discharged into the external environment for each site involved in our business activities, and report the data to government authorities under the Pollutant Release and Transfer Register (PRTR) system established by law.

Environmental pollution and accident prevention drills

In recent years, there have been frequent fires caused by the ignition of lithium-ion batteries mixed with waste in waste management facilities. If it is not possible to extinguish the fire early, the function of the facility will stop, and the social infrastructure of waste management will be disrupted. We are installing spark detection systems, fire sprinkler systems, and other mitigation equipment Companywide, near crushing machines, which pose a particularly high risk of fire. Additionally, we consistently conduct fire drills to be prepared for emergencies.

Environmental audits

In 1998, Daiei Kankyo Co., Ltd. and Mie Chuo Kaihatsu Co., Ltd. obtained ISO 14001 certification, and the Daiei Kankyo Group has since continued to expand the scope of external certification to Group companies. We are extending consistent environmental management even to new locations added through M&A in recent years, through the cross-organizational rollout of initiatives that are characteristic of the Group.

Internal and external environmental audits conducted in FY2024/3

	FY2024/3
No. of Daiei Kankyo Group business sites	49*
No. of sites that have obtained ISO 14001 or Eco-Action 21 certification	30
No. of sites that conduct internal environment audits	22
No. of sites that undergo external environmental audits	30
No. of nonconformities found in internal environmental audits	19
No. of nonconformities found in external environmental audits	1

* 49: 29 recycling facilities and 20 other business locations in the table of waste management and recycling business locations, in the overview of the Daiei Kankyo Group