

Daiei Kankyo Group
Integrated Report

2024



Power to Turn into Resources, Return to Nature

DAIEI KANKYO

Securities code: 9336



Daiei Kankyo Group Integrated Report 2024

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Editorial Policy

This report is the Daiei Kankyo Group's first integrated report. It has been edited with the aim of informing investors about our philosophy, management strategy and its progress, as well as various initiatives aimed at enhancing corporate value. We also hope it will serve as a starting point for constructive dialogue with investors.

In this report, we have organized and clarified our business model and value creation process, and provided updates on the material issues (materiality) we have identified. We have also included two special features on which we particularly seek your understanding, "The Importance of the Daiei Kankyo Group in the Waste Management and Recycling Industry" and "Strategic Human Resources Development."

Detailed ESG initiatives and data which are not covered in this report are disclosed on the Daiei Kankyo Group website.

Scope of the report

Daiei Kankyo Co., Ltd. and consolidated subsidiaries (as of March 31, 2024)
Any material outside of this scope is clearly indicated as such.

Period covered by the report

April 1, 2023 to March 31, 2024
(Some contents outside the above period are also included.)

Reference guidelines

- The International Integrated Reporting Framework; IFRS Foundation
- Guidance for Collaborative Value Creation 2.0; Ministry of Economy, Trade and Industry
- Final Report of the Task Force on Climate-related Financial Disclosures (TCFD)
- GRI Sustainability Reporting Standards
- SASB Standards; IFRS Foundation

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Disclaimer

This report includes forward-looking statements. These forward-looking statements are based on information available at the time this report was prepared and involve risks and uncertainties. Please be aware that due to changes in various factors, actual results may differ from those described in the forward-looking statements.





What we value in order to be an essential part of people's lives and society

Daiei Kankyo Group's founding principles

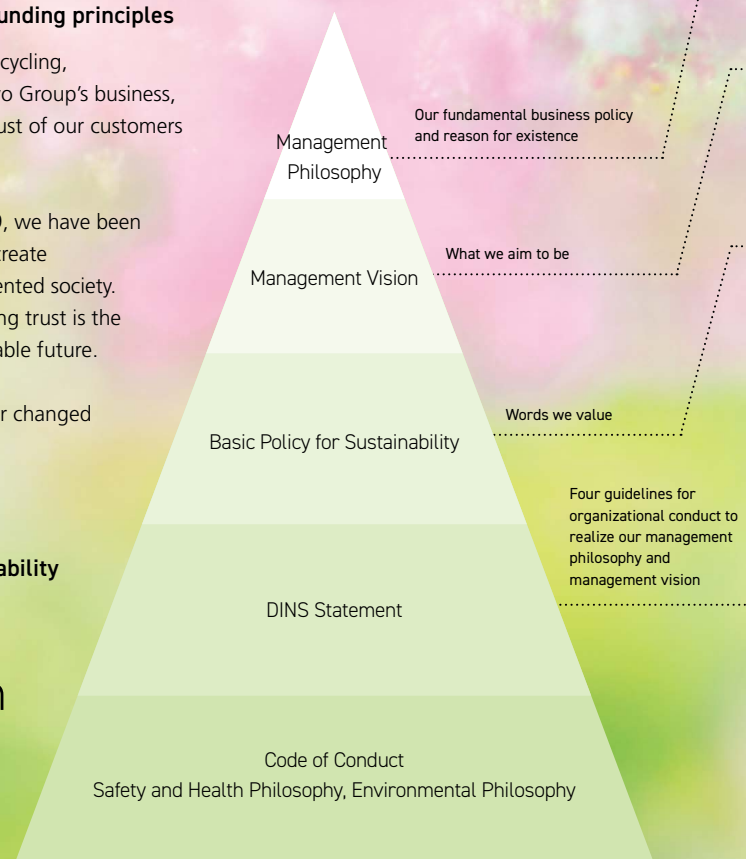
Waste management and recycling, the core of the Daiei Kankyo Group's business, cannot exist without the trust of our customers and local communities.

Since our founding in 1979, we have been diligently working to help create a sustainable, recycling-oriented society. For us, the building of lasting trust is the starting point for a sustainable future.

This belief of ours has never changed and never will.

Basic Policy for Sustainability

The Future Comes from Trust.



Management Philosophy

With our strong commitment to creation, innovation, and meeting challenges, we shall contribute to society while striving for the coexistence of human life, industry, and nature.

Management Vision

Enhancing business continuity and evolving as a company with the power to create better environments.

The Daiei Kankyo Group will continue to challenge itself to innovate and create new value with the aim of creating better environments for a sustainable and bright future.

Basic Policy for Sustainability

The Future Comes from Trust.

DINS Statement



Development

In order to continue to be a social infrastructure company that supports the future, we shall not be bound by conventional approaches. Rather, we shall take on challenges with enthusiasm and continually evolve without fear of change or failure.

Integrity

In order to continue to be a company trusted and needed by society, we shall always respond to the expectations of society and changes in the environment, comply with laws, regulations, social norms, and company rules, respect human rights and local communities, and act with integrity based on high ethical standards.

Nature

Our lives depend on various blessings from nature. We shall help resolve environmental issues through our business activities, actively engage in forest and environmental conservation activities and efforts to reduce our environmental impact, and work toward the realization of a society in harmony with nature, one that can enjoy nature's bounty for years to come.

Social contribution

As a member of the local community, we shall contribute to regional growth and development through our business activities, and shall strive to conduct corporate activities in harmony with society as a whole.

It has been 45 years since our founding. The journey of the Daiei Kankyo Group has been a continuous effort to build bonds with local communities and seize new possibilities. Initially facing strong opposition to the construction of a final disposal site, the Company started operations by gaining the understanding and support of the local community. With the concept that “waste is a recyclable resource,” the Group quickly ventured into the recycling business, in addition to waste management, and devoted efforts to disaster waste management when the Great Hanshin-Awaji Earthquake occurred.

Adopting the management philosophy of creation, innovation, and meeting challenges, the Group shifted toward becoming a company with the power to create better environments, rolling out a number of different environmental-related businesses. The Group also began aiming to construct a so-called “Local Circular Ecological Sphere,” focusing on local energy production and consumption centered around waste management facilities. In 2022, the Company was listed on the Tokyo Stock Exchange (TSE) Prime Market. Nowadays, the Group collaborates with industry, government, and academia, including municipalities, local companies, and universities, to create a circular economy and develop technological innovations for the advancement of resource recycling. The Daiei Kankyo Group has been tackling environmental, social, and economic issues that are difficult to resolve by a single company, and is working together with its partners toward a sustainable future.

No. of municipalities
we worked with^{*1}

In FY2015/3

In FY2024/3

197 → 467

No. of disaster cooperation
agreements signed

As of March 31,
2018

As of March 31,
2024

15 → 176

No. of Local Circular Ecological
Spheres established through PPP

As of October 31,
2021

As of March 31,
2024

2 → 3

^{*1} The number of municipalities includes prefectures and Tokyo's 23 wards, and for wide-area associations, each of the constituent municipalities of the wide-area associations is counted as one municipality.

2013

Proposed and won contract for cooperation among five companies for the development and operation of a general waste management facility in Omihachiman City, Shiga

We were contracted to develop and operate a local energy center using the DBO method.^{*2} The proposal was made jointly by Mie Chuo Kaihatsu Co., Ltd. (a Group company), Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd., Akimura & Partners, and Kyokuto Kaihatsu Kogyo Co., Ltd., and became the first case in Japan where a waste management company served as the representative company.



2014

Built a food recycling loop with the Aeon Group

Food waste from Aeon Group stores is converted into compost and used at farms directly managed by Aeon. We achieved a recycling loop in which the vegetables grown are sold in the stores.

2020

Established a food waste biogas power company in collaboration with a plant manufacturer

We established Re-enermie Co., Ltd., which operates a biogas power generation business, in Iga City, Mie, in collaboration with Kobelco Eco-Solutions Co., Ltd. The facility has been in operation since March 2023, fueled by methane gas derived from food biomass produced by Daiei Kankyo Co., Ltd.



Daiei Kankyo Group's History

- 1979 Daiei Kankyo Co., Ltd. was established in Izumi City, Osaka
- 1980 Opened controlled final disposal site in Izumi City, Osaka
- 1986 Opened Nishinomiya Recycle Center, which has a refuse-derived fuel (RDF) facility
- 1995 Worked hard to dispose of disaster waste after the Great Hanshin-Awaji Earthquake
Devoted all our knowledge and skills to recovery, which is our first priority over profitability with a sole focus on saving lives
- 1997 Formulated our first management plan to ensure stable operations
- 2001 Izumi Recycling Environmental Park opened on the site of former final disposal site
- 2013 Opened Mie Energy Plaza, a waste management and recycling facility, which uses the energy generated during waste management for power generation and heating

Equipped with an incinerator, roaster, and carbonizing furnace, to supply heat to the region



Disaster waste management

^{*2} Design, build, and operate (DBO) method: A procurement method in which the private sector is appointed to design, build, and operate a facility that is financed by a municipality.

Since 2021

Signed a public-private partnership agreement with local municipalities to support social infrastructure

We are promoting public-private partnerships (PPP) to centralize regional waste management, efficiently converting waste into resources and energy to return to local communities. Currently, we have agreements with three municipalities and are preparing for the construction of recycle centers and energy centers.

2023

Conducted demonstration experiments of next-generation garbage collection system jointly developed with a university

Daiei Kankyo Research Institute Co., Ltd., a consolidated subsidiary, has developed an autonomous mobility system for transporting various items, including garbage, and smart garbage bins through joint research with Waseda University. Demonstration experiments were conducted for a next-generation garbage collection system to address social issues such as the shortage of sanitation workers and the spread of infections.



2023

Signed a cooperative agreement on pursuing establishment of recycling-oriented society

After the Plastic Resource Circulation Act, came into effect in April 2022, Daiei Kankyo Co., Ltd. signed agreements with Kishiwada City, Osaka, in April 2023, and Hashima City, Gifu, in March 2024, for the purpose of working together in conducting surveys, research, and projects regarding waste initiatives for waste reduction and recycling. We will continuously strive to create a recycling-oriented society with less impact on the environment.

2024

Completed demonstration experiment to create gas from waste plastic and synthesize methanol

To contribute to carbon neutrality by utilizing various hard-to-recycle plastics, we initiated Japan's first project in 2022 with the cooperation of Osaka Prefecture and Sakai City. The project has been promoted in collaboration with Kobelco Eco-Solutions Co., Ltd., Mitsubishi Gas Chemical Company, Inc., Mitsubishi Kakoki Kaisha, Ltd., and our consolidated subsidiary, DINS Kansai Co., Ltd. Supported by the Ministry of the Environment, the demonstration experiment was completed in March 2024, and we continue to work on independent validation for commercialization.



2024

Launched iCEP PLASTICS, a total recycling coordination service

Yagikuma Co., Ltd., UNIADDEX, Ltd., Resource Circulation Systems Co., Ltd., which is our consolidated subsidiary, and Daiei Kankyo Co., Ltd. began offering a one-stop service providing solutions ranging from waste plastic collection, recycling to resin, molding, and product manufacturing by leveraging each company's strengths to promote "artery-vein" collaboration in waste plastic management.



<https://icep-plastics.rcs-dx.jp/>
(in Japanese only)

2014

Started solar power generation business using former final disposal site

2016

Acquired General Agriculture & Forestry Co., Ltd. as a subsidiary
Entered forest management business

2020

Established Plafactory Co., Ltd., which manufactures plastic pallets

2021

Concluded agreement with communities in five towns in Kamimashiki, Kumamoto, and elsewhere to promote Local Circular Ecological Spheres

2022

Opened methane fermentation facility and composting facility in Iga City, Mie

2022

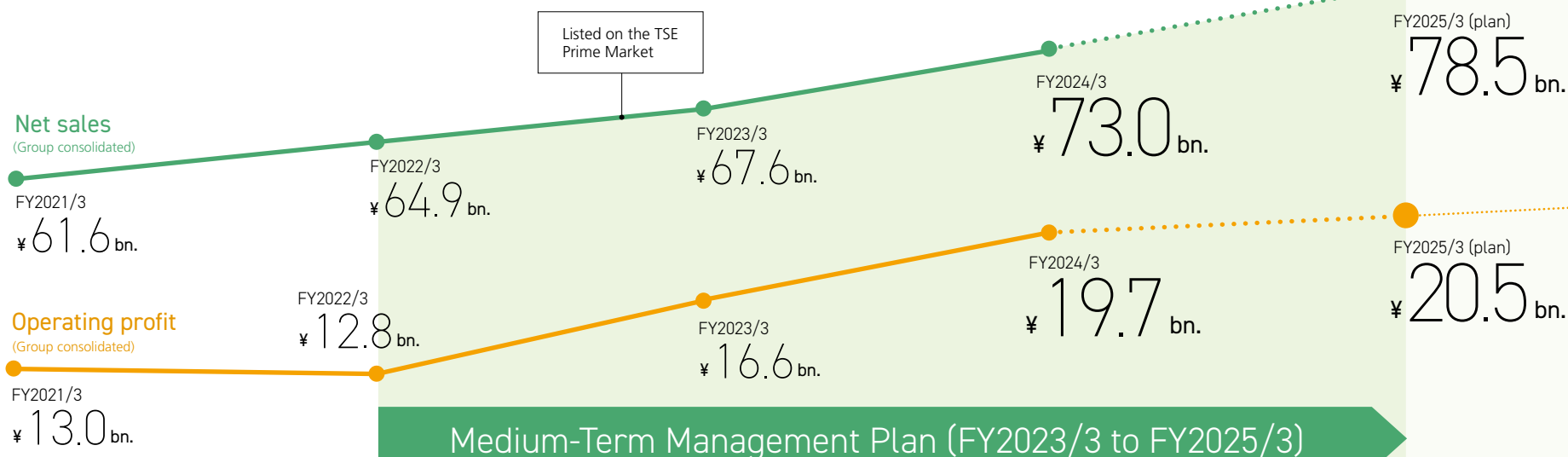
Listed on the TSE Prime Market on December 14

The opening price was ¥1,710, 27% above the initial public offering (IPO) price of ¥1,350, and the closing price was ¥1,796.



2024

Transitioned to a company with an audit and supervisory committee



Waste management and recycling

We provide a one-stop service from the collection and transportation of general waste and industrial waste to intermediate treatment, recycling, and final disposal. This is our core business.

Soil remediation

At our high-performance plants equipped with their own berth,* we take in contaminated soil from various locations, neutralizing all designated hazardous substances as stipulated by the Soil Contamination Countermeasures Act.

* A place for unloading cargo from ships

Facility construction and administration

Leveraging our expertise in operating waste management facilities, we efficiently construct, manage, inspect, and maintain municipal clean centers and similar facilities.

Consulting

We address waste-related issues through the development of services utilizing AI, IoT, and digital transformation (DX) promotion, as well as centralized waste management and municipal waste processing plans.

Electricity generation

We create energy from waste, including biomass and biogas power generation. We also use former final disposal sites for solar power generation.



Forest management

We manage approximately 8,170 hectares of Company-owned forests, focusing on balancing environmental protection with forestry management, disaster prevention, and biodiversity conservation, all while advancing forest development with a vision for the next 100 years.

Others (Temporary staffing / Agribusiness)

We provide temporary staffing and employment agency services for general workers and individuals with disabilities, and develop agribusiness, aiming to revitalize local communities and contribute to society.

Aluminum pellet manufacturing and sales

After purchasing aluminum cans as a resource, we process them and manufacture high-purity aluminum pellets. These pellets are primarily sold to steel manufacturers as deoxidizers.

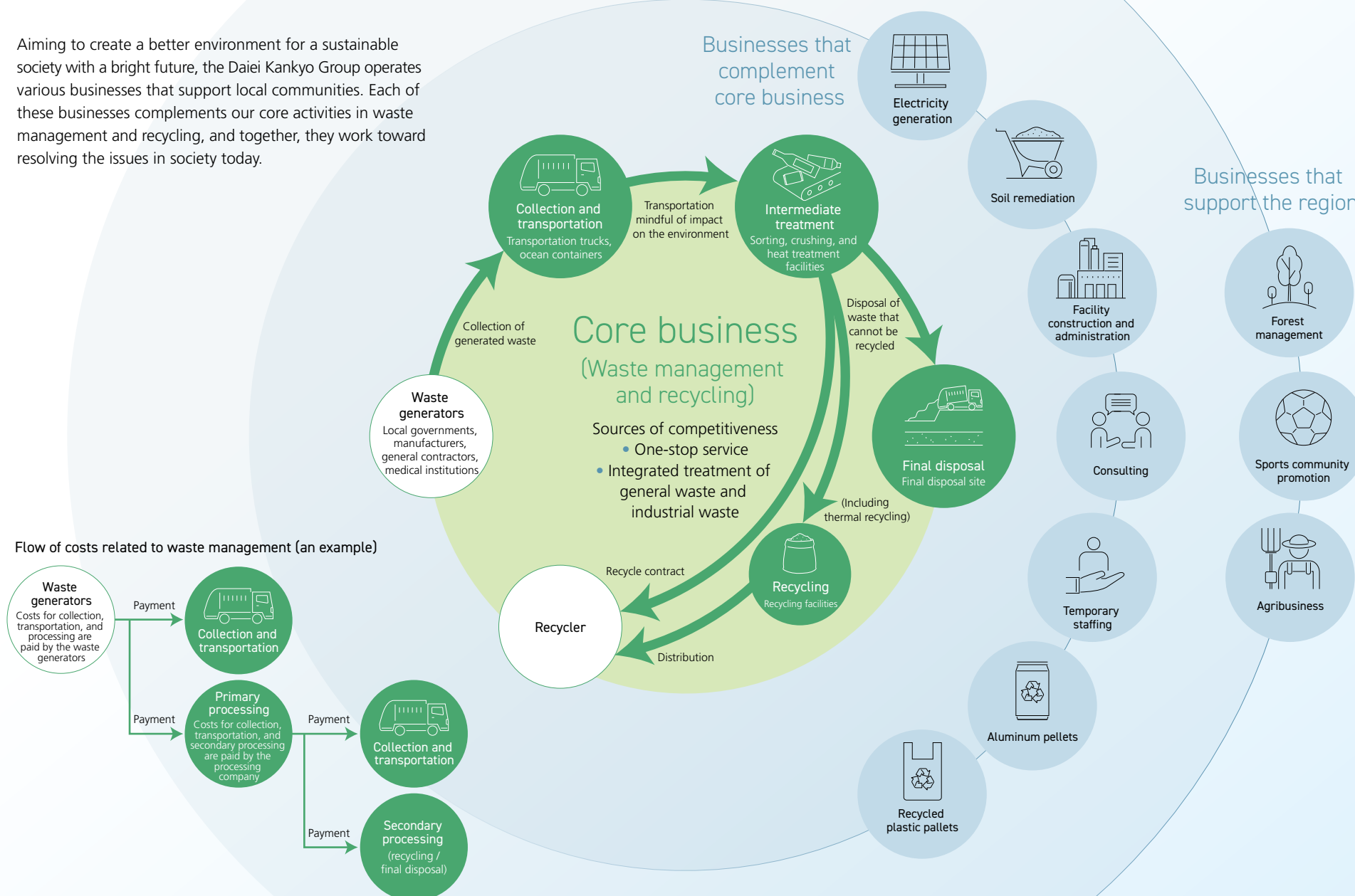
Recycled plastic pallet manufacturing and sales

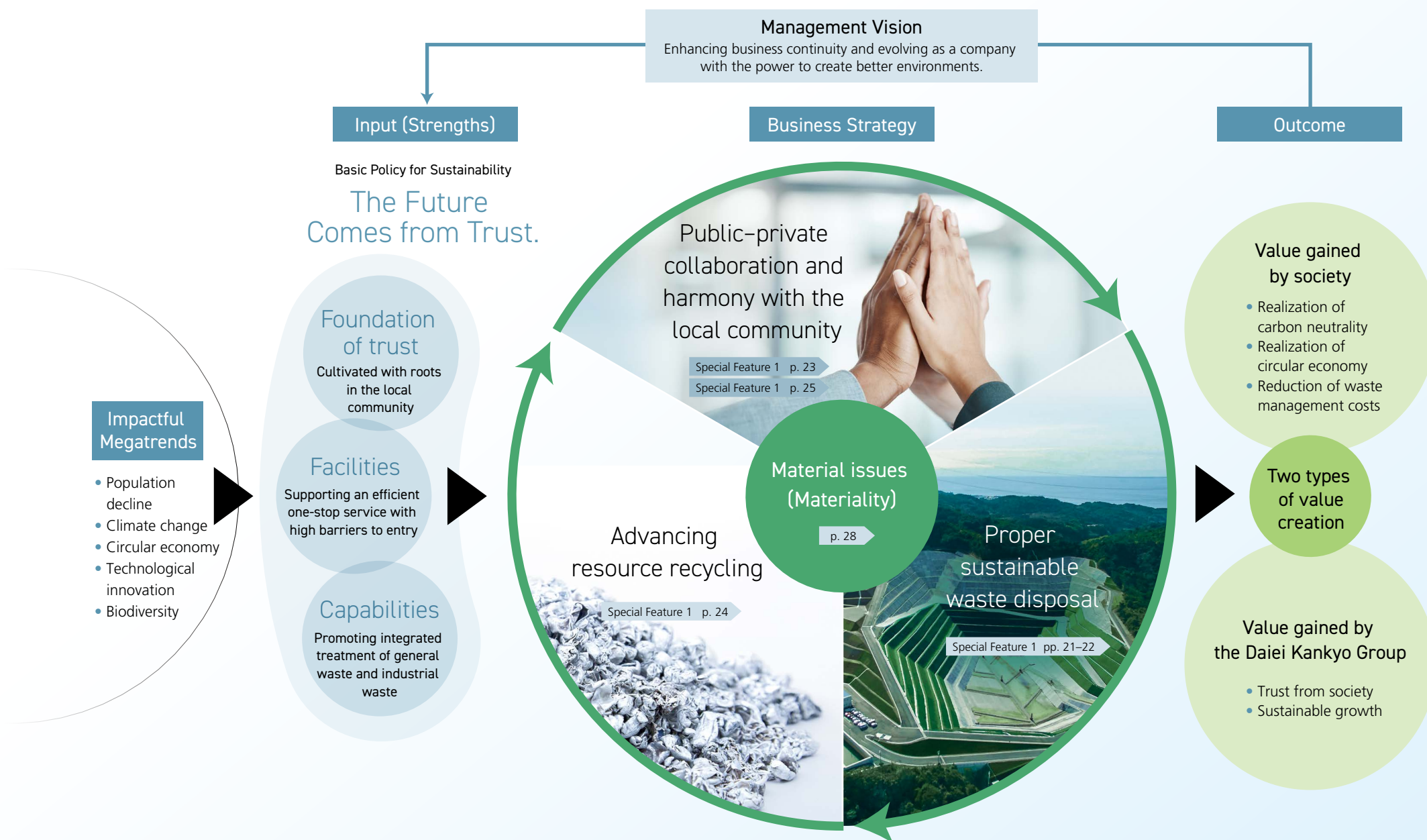
We manufacture and sell very eco-friendly, high-quality pallets made from 100% recycled materials, such as plastic container packaging.

Sports community promotion

We are dedicated to promoting sports culture and developing the regional economy through the management of a Japanese women's professional soccer club and golf course.

Aiming to create a better environment for a sustainable society with a bright future, the Daiei Kankyo Group operates various businesses that support local communities. Each of these businesses complements our core activities in waste management and recycling, and together, they work toward resolving the issues in society today.





Management Strategy and Progress

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Strategic Human Resources Development



The Future Comes from Trust. We Will Strengthen This Belief to Accelerate Our Growth.

Achieving record earnings for two consecutive years, meeting all performance targets

Reflecting on the fiscal year ended March 31, 2024, our waste management and recycling business saw significant growth. This was driven by securing waste management demand from infrastructure development projects in the Kansai and Chubu areas, and the full-scale operation of the Miki Biomass Factory, an incineration and other heat treatment facility, which began in October 2023. Due to these, the volume of waste received increased to 2,207 thousand tons (up 16.6% year on year), boosting our earnings. The Miki Biomass Factory's operation allowed us to switch from final (landfill) disposal of organic waste such as non-recyclable used plastics to incineration, increasing the volume of waste received while preserving capacity at final disposal sites. However, for our soil remediation business, the volume of contaminated soil received dropped to 406 thousand tons (down 39.1% year on year). This was due to the increase in the volume of higher-value waste

A portrait of Fumio Kaneko, an older man with glasses, wearing a dark blue suit and a light blue patterned tie. He is standing in front of a green living wall and a blue glass door. His hands are clasped in front of him.

Fumio Kaneko

President and Representative Director
Daiei Kankyo Co., Ltd.

received, thereby reducing the volume of contaminated soil at final disposal sites. In the electricity generation business, the increased power generation from the Miki Biomass Factory led to almost a doubling of net sales compared to the previous fiscal year.

As a result, the Group's consolidated net sales for the fiscal year under review reached ¥73.0 billion (up 7.9% year on year), setting a new record for the second consecutive year. On the profit side, despite increased depreciation, labor cost and the cost of energy, parts and materials associated with growth investments, our continuous insourcing efforts helped control overall Group costs. Consequently, consolidated operating profit rose to ¥19.7 billion (up 18.6% year on year) and profit attributable to owners of parent increased to ¥13.5 billion (up 29.5% year on year), both setting new records for the second consecutive year. EBITDA, one of our key performance indicators (KPIs), reached ¥26.2 billion (up 18.0% year on year), while the EBITDA margin improved to 36.0% (from 32.9% in the previous fiscal year) and the operating profit margin rose to 27.0% (from 24.6% in the previous fiscal year).

The fiscal year ending March 31, 2025 is the final year of our current Medium-Term Management Plan, and we expect to achieve all the financial targets set out in this plan. Of particular note are the EBITDA and operating profit margins which have consistently exceeded our targets over the past two fiscal years. Based on our progress leading up to March 2025, we plan to set new goals for our next Medium-Term Management Plan, starting from the fiscal year ending March 31, 2026. Trends toward a circular economy and a decarbonized society are gaining speed at an ever faster pace, and the awareness of society and corporations on waste is also undoubtedly shifting. We therefore expect that growth opportunities for the Group, which aims to be a company with the power to create better environments, will be greater than ever.

Consolidated performance in the Medium-Term Management Plan

Indicator	FY2022/3 (actual)	FY2023/3 (actual)	FY2024/3 (actual)	FY2025/3 (plan)
Net sales	¥ 64.9 bn.	¥ 67.6 bn.	¥ 73.0 bn.	¥ 78.5 bn.
EBITDA* ¹ margin* ²	30.5 % (EBITDA ¥19.8 bn.)	32.9 % (EBITDA ¥22.2 bn.)	36.0 % (EBITDA ¥26.2 bn.)	34.6 % (EBITDA ¥27.1 bn.)
Operating profit margin	19.8 % (Operating profit ¥12.8 bn.)	24.6 % (Operating profit ¥16.6 bn.)	27.0 % (Operating profit ¥19.7 bn.)	26.2 % (Operating profit ¥20.5 bn.)

*¹ EBITDA: Operating profit + Depreciation (excluding non-operating expenses) + Amortization of goodwill

*² EBITDA margin: EBITDA / Net sales

Capital efficiency and leverage indicators

Indicator	FY2022/3 (actual)	FY2023/3 (actual)	FY2024/3 (actual)
ROE* ³	15.7 %	15.2 %	16.4 %
ROIC* ⁴	11.5 %	13.1 %	14.0 %
Net D/E ratio* ⁵	0.4 ×	0.1 ×	0.1 ×

*³ Return on equity (ROE): Profit attributable to owners of parent / Equity (average at the beginning and end of the period)

*⁴ Return on invested capital (ROIC): Net operating profit after tax (NOPAT) / Invested capital at the beginning of the period; Invested capital: Non-current assets + Current assets (excluding cash and deposits) - Current liabilities (excluding interest-bearing debt); Interest-bearing debt: Bonds + Borrowings + Lease obligations, etc.

*⁵ Net debt-to-equity (D/E) ratio: (Interest-bearing debt - Cash and cash equivalents) / Equity

Responding to the Plastic Resource Circulation Act in collaboration with municipalities and manufacturers

The Act on Promotion of Resource Circulation for Plastics (Plastic Resource Circulation Act), which came into force in April 2022, represents a new growth opportunity for us. This Act aims to encourage various business operators and municipalities to work together to create a system for the recycling of plastics. The Daiei Kankyo Group is therefore proactively working to develop a recycling scheme that optimally combines material, chemical, and thermal recycling based on the type of plastic material, in collaboration with various business partners.

Since the enactment of the Plastic Resource Circulation Act, we have seen a rapid increase in requests from partner companies aiming to develop material recycling. Collaborating with over 40 companies, we are handling industrial plastic waste. For general plastic waste, we are working with four municipalities: Sakai City in Osaka Prefecture, Kyoto City in Kyoto Prefecture, and Komono Town and Tsu City in Mie Prefecture. We expect this trend to spread across the country, and consequently we look forward to an increase in the number of partner companies and municipalities.

Currently, pellets produced through material recycling are sold externally and used as raw materials for manufacturing recycled plastic pallets by our consolidated subsidiary, Plafactory Co., Ltd. In February 2024, to further develop demand, we started offering the iCEP PLASTICS coordination service. This service provides one-stop support for the collection, recycled resin production, molding, and commercialization of waste plastics through so-called “artery-vein” (or manufacturing-waste management) collaboration.

Growth strategies and goals for value creation

Details and progress: pp. 21–25		Details and progress: pp. 26–27	
Details and progress: pp. 46–47		Details and progress: pp. 34–40	
ESG initiatives relating to growth strategies		ESG initiatives relating to the enhancement of management base	
Environment	Recycling business Handle organic waste, food waste, plastics, gypsum board, metal resources, mixed waste, sludge, etc.	Incineration and other heat treatment facilities High-efficiency heat recovery Increase processing capacity to 4,000 tons/day by FY2030/3	Final disposal sites Secure remaining portion of required capacity* by 100th anniversary of our founding (FY2080/3)
	Collaboration with local partner companies Expand business areas throughout Japan		
Society	Carbon neutrality		Forest management and biodiversity
			Environmental protection
	Local Circular Ecological Sphere Execute PPP agreements with 12 municipalities by FY2030/3	General and disaster waste disposal plan Formulate plans for 33 municipalities (cumulative) by FY2025/3	Disaster agreement Execute agreements with 195 municipalities (cumulative) by FY2025/3
	DX promotion	Creation of brand value	Diversity promotion
Governance	Human resources development	Respect for human rights	Occupational safety and health
	Enhancement of corporate governance initiatives		Disclosure of financial and non-financial information

* The remaining portion of required capacity for final disposal sites is based on the estimated landfill space required through the fiscal year ending March 31, 2080, assuming that the development of the resource recycling system progresses as expected.

To achieve zero landfill of organic waste by 2030, a key milestone for the circular economy, items that cannot be recycled through material or chemical recycling will be thermally recycled at incineration and other heat treatment facilities such as the Miki Biomass Factory. However, to achieve the Japanese government’s goal of carbon neutrality by 2050, we must advance material and chemical recycling more than ever

before, rather than treating waste plastics at incineration and other heat treatment facilities, which have high emission factors.

For this reason, we are moving ahead on the introduction of chemical recycling. We will continue to explore the commercialization of technologies for which we have completed demonstration projects with partner companies, while also considering a wide range of other potential technologies.

Collaborating with local communities to tackle social issues and aiming to build Local Circular Ecological Spheres

The Daiei Kankyo Group possesses highly profitable large-scale incineration and other heat treatment facilities as well as final disposal sites, and we are also licensed to handle general waste at many facilities in addition to industrial waste. The permits for general waste handling are a result of years of communication with local communities and municipalities, which have recognized us as a “community-based company.” This trust with local communities, which cannot be achieved solely through large-scale business operations or financial

power, is our greatest strength and a key differentiator from other companies.

Moving forward, we plan to expand our collaboration with local communities under the concept of Local Circular Ecological Spheres. Japan’s Waste Management and Public Cleansing Act stipulates that municipalities are responsible for the disposal of general waste, but over 50 years since its enactment, many local governments are facing population decline and lack of funds for upgrading their facilities. Therefore, we have been advocating for a system whereby the private sector invests in facility construction to jointly process general and industrial waste for the community. We propose using our own funds to build facilities in line with the upgrade time frames of municipal facilities, enabling the integrated treatment of general waste and industrial waste. This

approach seeks to centralize facilities, efficiently generate resources and energy for the entire region, and contribute to the realization of a circular, decarbonized economy.

We have already signed public-private partnership (PPP) agreements for the development of regional energy centers with three locations: five towns in Kamimashiki District in Kumamoto, Aioi City in Hyogo, and Tadaoka Town in Senboku District, Osaka, where a relay facility started operations in April 2024. In March 2024, we signed an agreement with Hashima City in Gifu to collaborate on surveys, research, and planning for waste reduction, recycling, and other waste management strategies. Our aim is to sign PPP agreements in 12 regions across Japan and to start operating facilities such as a local energy center in four of them by 2030.

Results of growth strategies for value creation (ESG measures) in FY2024/3

Environment	Promote recycling businesses	<ul style="list-style-type: none">Increased number of business partners for methane fermentation facilities, composting facilities, and plastic resource recycling at the Iga Recycle Center, resulting in progress of individual recycling businessesObtained certification for the Food Recycling Loop with Co-op Kobe	Society	Build Local Circular Ecological Spheres	<ul style="list-style-type: none">Relay facility started operation in April 2024 in Tadaoka Town, Senboku District, Osaka
	Double the processing capacity of heat treatment facilities and examine the feasibility of introducing CCUS	<ul style="list-style-type: none">Miki Biomass Factory started operation in May 2023 (Full-scale operation started in October 2023)Nishinomiya Recycle Center obtained permission to install incineration and other heat treatment facilities, making steady progress toward processing capacity of 4,000 tons/day		Enhance disaster preparedness	<ul style="list-style-type: none">Steady increase in the number of disaster cooperation agreements signed
	Secure the remaining portion of the required capacity of final disposal sites with the aim of reducing landfill volume over the long term	<ul style="list-style-type: none">Construction to expand final disposal sites at Mie Recycle Center and Gobo Recycle Center is progressing		Expand human resources development	<ul style="list-style-type: none">Implemented various training programs and personnel rotations to develop people who can put the management philosophy of creation, innovation, and meeting challenges into practiceImplemented measures to increase the ratio of women in management positions as well as create opportunities where everyone can play an active roleBegan further improvements to workplace environment based on results of engagement surveys
	Collaboration with local partner companies	<ul style="list-style-type: none">D-design Co., Ltd. became a consolidated subsidiary in January 2024Kitaguchi Corporation became an equity-method affiliate in January 2024INAC Football Club Co., Ltd. became a consolidated subsidiary in March 2024	Governance	Strengthen disclosure of financial and non-financial information	<ul style="list-style-type: none">Disclosed greenhouse gas emissions including Scope 3 for the entire Group (Plan to disclose responses to the CDP for first time in September 2024)
				Strengthen efforts in corporate governance	<ul style="list-style-type: none">Introduced restricted share-based remuneration system for employee stock ownership

The Ministry of the Environment's medium- to long-term policy regarding widening waste management areas and consolidating facilities, issued in March 2024, identifies consolidation through private facility contracts as one strategy to sustain general waste treatment amid population decline. We expect this policy to lead to an increase in municipalities opting for private contracts, and so we intend to seize this expanding opportunity.

Strengthening human resources development through a decade-long selective training program to improve engagement

Alongside our growth strategies, the Daiei Kankyo Group is steadily advancing with its non-financial initiatives. In June 2024, we identified material issues in our operations (see "Materiality" on pages 28–30). Of these, we are placing particular emphasis on our human resources, or human capital. The very basis of our goal to become a "100-year company" is formed when we can meet the expectations and earn the trust of the community, our customers, and shareholders. Whether we can achieve this depends entirely on our people.

To cultivate such talent, capable of keeping pace with rapid growth and embodying our management philosophy of creation, innovation, and meeting challenges, we have been conducting selective training at various levels for the past decade. We have also been strengthening our internal training programs, including our Next-Generation Business Leader Training, and focusing on job rotations.

Enhancing employee engagement is also crucial for attracting the very best talent. Based on the results of our

engagement surveys, we are working to improve the workplace environment and enhance employee benefits so that all Group employees can demonstrate their individuality and abilities, and play an active role. From the perspective of diversity, we are also redoubling efforts to promote the active participation of women. In September 2023, as part of our measures to improve engagement, we introduced a restricted share-based remuneration system through the employee stock ownership plan. We hope that this plan will not only help employees build their assets but also foster a sense of individual participation in management.

The Daiei Kankyo Group's material issues (Materiality)

- Materiality 1 **Building the foundation for Local Circular Ecological Spheres**
- Materiality 2 **Strengthening the business foundation to become a company with the power to create better environments**
- Materiality 3 **Contributing to a decarbonized society and reducing our impact on the environment**
- Materiality 4 **Promoting human capital management**
- Materiality 5 **Improving management transparency and Group capabilities**

Transitioning to a company with an audit and supervisory committee from the fiscal year ending March 31, 2025 to further strengthen governance

Building a robust governance structure is essential for a company's sustainable growth and corporate value enhancement over the medium to long term. The primary reason for our listing on the Tokyo Stock Exchange Prime Market was to strengthen governance. In preparation for the listing, we established the Audit & Supervisory Board in June 2021, striving to build an effective governance system while providing thorough governance training to all employees and clarifying the workflow of each department. In December 2022, we became the first vein-type company (those in the waste management industry) to be directly listed on the Prime Market, but we do not consider this to be the end goal. To further strengthen governance, we transitioned to a company with an audit and supervisory committee as of June 2024. Under this new system, Audit & Supervisory Committee Members have voting rights on the Board of Directors, and the committee, the majority of which consists of Outside Directors, performs not only legality audits but also validity audits, thereby enhancing the supervisory function of the Board of Directors. In addition, by delegating decision-making authority for business execution from the Board of Directors to Directors and executives, we aim to speed up the decision-making process and further enhance corporate value.

We are also focusing on strengthening governance within the Group. More than half of our Group companies joined us through M&A. Many of these were small and medium-sized enterprises facing challenges, including a lack of business successors or poor performance, but the majority have turned profitable after their merger into the Group thanks to synergy

effects. Moving forward, we will aim to foster a greater sense of unity within the Group in the pursuit of growth.

Expanding through M&A and creating synergies to enhance social value of the “vein” industry

We will continue to focus on our M&A strategy. In the short term, we are particularly looking forward to seeing synergies from Eiwa Recycle Co., Ltd. and Urayasu Seiun, Inc., acquired in April 2024 and July 2024, respectively. We also hope to create synergies with Kyodoh Doboku Co., Ltd., a consolidated subsidiary that has intermediate treatment facilities in the Tokyo metropolitan area, and thus expand our business in the Kanto area.

I firmly believe that expanding the scale of our Company through consolidation by M&A not only contributes to our own sustainable growth but also improves the social standing of “vein” companies. Japan’s so-called “vein” industry, which handles waste management and recycling, has a market size of approximately ¥7.2 trillion, but with 120,000 operators nationwide, it is a highly fragmented industry. As a result, even the largest company holds only about 1% market share, which does not give them a great deal of social influence, compared to “artery” companies (such as those in the manufacturing industry). By increasing our market share and expanding our corporate scale, we can make recommendations and sway government and municipal environmental policies, building partnerships on a level footing with “artery” companies.

As demands for advanced and transparent resource recycling have grown, industry consolidation is gaining momentum, and the number of M&A opportunities has

been remarkably high. We intend to continuously take the lead in pursuing M&A, further fostering the trend toward industry-wide consolidation.

Contributing to regional economic development to enhance our brand value

A year and a half ago, our listing on the Tokyo Stock Exchange Prime Market aimed not only to strengthen governance but also to improve the level of recognition and trust we have in society. Indeed, compared to before the listing, our recognition among potential clients has increased, and we have found it easier to gain approval from municipalities. By deepening and evolving our business, my hope is that we can improve the value of our brand, and as a consequence, attract and develop the very best talent.

Our acquisition of INAC Football Club Co., Ltd. as a consolidated subsidiary in March 2024 has also helped to boost exposure for the Daiei Kankyo Group. This company runs one of the top teams in the Japan Women’s Empowerment Professional Football League, INAC KOBE LEONESSA. As the owner, we will further strengthen our relationships with fans and local communities, contributing to the promotion of sports culture and regional economic development. We also hope to develop initiatives that address the challenges faced by women in professional sports, for example, providing career support after retirement and promoting a society where women can fulfill their potential. Moreover, ROKKO i PARK, a shopping center on Kobe Rokko Island where our Group headquarters is located, was reopened at the same time. No doubt both initiatives will help to revitalize the local economy and enhance the Group’s brand value.

The Daiei Kankyo Group has always moved forward with the strong belief that “The Future Comes from Trust.” We will continue to build trust as a company with the power to create better environments coexisting with people’s lives, industry, and nature. In so doing, we will help create a sustainable world and deliver new value to society, thereby aiming for further growth.

Fumio Kaneko

President and Representative Director
Daiei Kankyo Co., Ltd.



Making growth investments that can provide early returns with an emphasis on capital return Strengthening non-financial capital focusing on human resources and technology

Group consolidated financial results for FY2024/3 and outlook for the next fiscal year

For the fiscal year ended March 31, 2024, the Daiei Kankyo Group's consolidated financial results reached a record high in both sales and profits for two consecutive years, with net sales amounting to ¥73.0 billion (up 7.9% year on year) and operating profit at ¥19.7 billion (up 18.6% year on year).

Looking ahead to the fiscal year ending March 31, 2025, which is the final year of the current Medium-Term Management Plan, we anticipate continued growth in sales and profits. This forecast is driven by several factors: ongoing large-scale development projects such as Expo 2025 Osaka, Kansai, Japan; participation in the Plastic Recycling Business Plans in multiple municipalities including Sakai City in Osaka Prefecture and Kyoto City in Kyoto Prefecture; and increased intake volume in the Kanto area through M&A. As a result, we expect net sales to reach ¥78.5 billion (up 7.5% year on year) and operating profit to rise to ¥20.5 billion (up 4.0% year on year). Consequently, we anticipate achieving all financial targets set in the Medium-Term Management Plan, including the compound annual sales growth rate, EBITDA margin, and operating margin.

Management with a focus on capital return

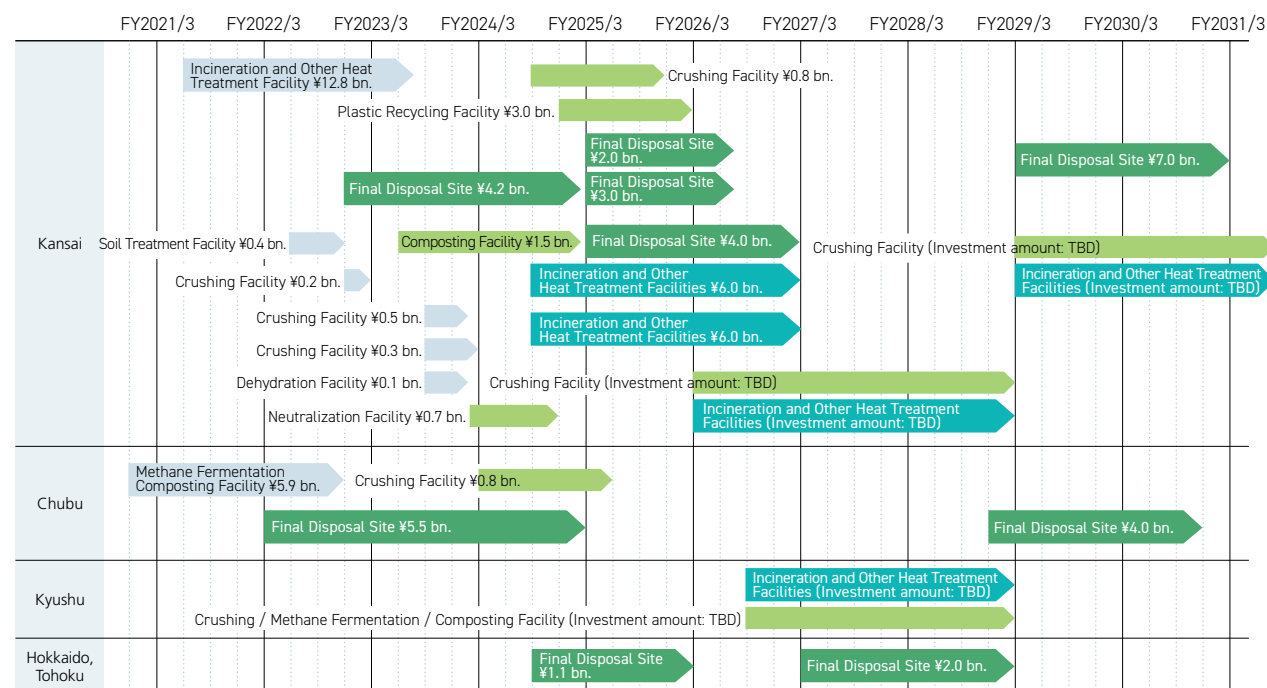
From a financial perspective, emphasis is geared toward not only profit and profit margins but also capital return. In our investment strategy, we focus on maintaining the overall

return on invested capital (ROIC) by prioritizing investments in highly profitable facilities, such as incineration and other heat treatment facilities and final disposal sites. As a result, the Group's ROIC improved from 13.1% in the fiscal year ended March 31, 2023 to 14.0% in the fiscal year ended March 31, 2024. Although we anticipate a slight drop in profit margins for the next fiscal year due to several cost-increasing

factors (with operating margin expected to fall from 27.0% to 26.2% and EBITDA margin from 36.0% to 34.6%), we will continue to implement our investment strategy while striving for further improvement in capital return.

As a guideline for capital investment, we are looking at approximately ¥13 billion ± ¥1 billion per year. However, this does not include investments related to M&A.

Capital investment plan to expand existing businesses



Strengthening non-financial capital

We are also heavily investing in non-financial capital, most notably in human resources, or human capital, which is the most crucial capital for any company. As we expand public-private partnership (PPP) agreements nationwide, in addition to an increase in the construction and equipment costs for such facilities as local energy centers, we will need to increase the number of operational staff for those facilities. Management roles for those facilities will be filled by individuals with a business mindset cultivated through programs such as our Next-generation Business Leader Training.

Investment in technological development, a key factor in differentiating us from other companies, is also vital. Currently, our R&D expense is less than 1% of our consolidated net sales, but we are steadily advancing joint research with various partners on important areas in business strategy such as plastic recycling and CO₂ capture and reuse, while participating in national demonstration projects. We are always prepared to make significant investments in new equipment needed for the commercialization of these projects.

In terms of these investments in non-financial capital, we will strengthen collaboration while sharing an understanding of the issues on hand through information exchange between the management teams of each Group company and the departments responsible for human resources and technology development. It is this kind of approach that will lead to the sustainable growth of the Daiei Kankyo Group.

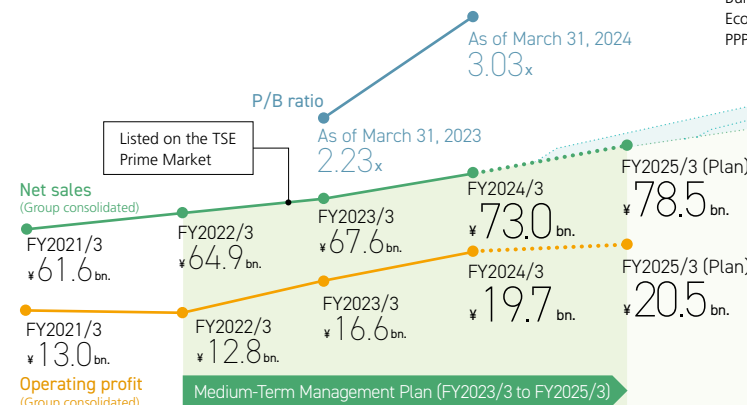
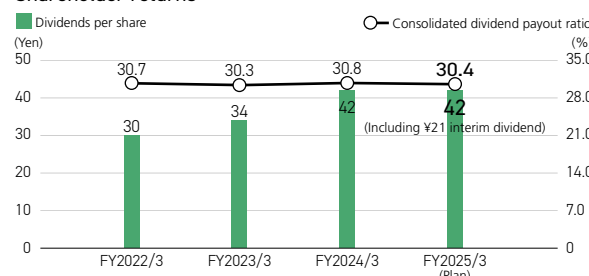
Emphasizing shareholder returns

Returning profits to our shareholders is positioned as an important issue for our business. Our goal is for a consolidated dividend payout ratio of 30% or more, striving to achieve sustainable and stable shareholder dividends while balancing growth investments. For the fiscal year ended

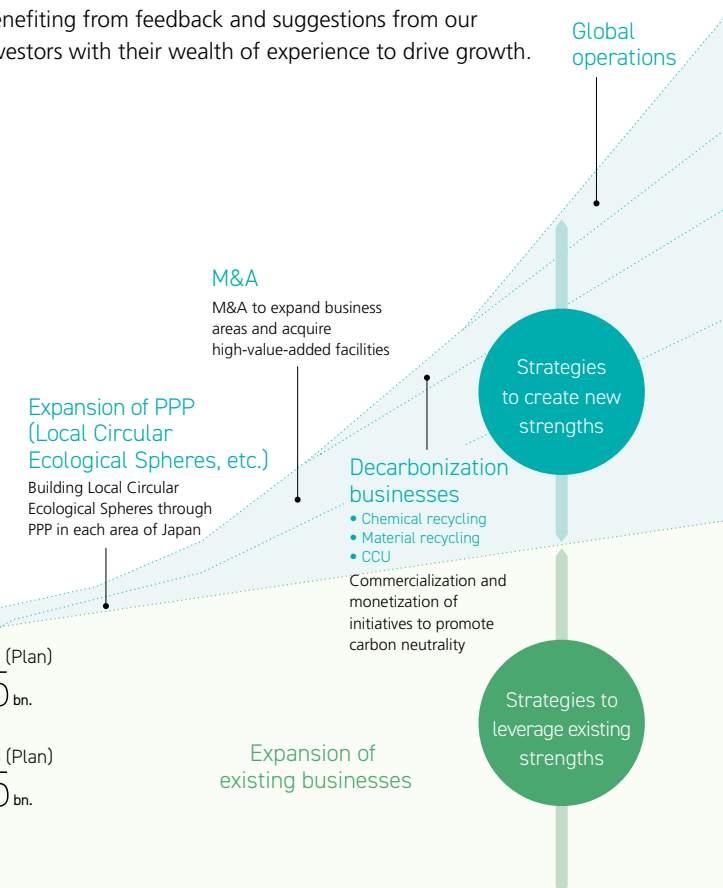
March 31, 2024, we increased the year-end dividend by ¥8 from the previous fiscal year to ¥42 per share. For the fiscal year ending March 31, 2025, to enhance opportunities for returning profits, we plan to pay an interim and year-end dividend of ¥21, totaling ¥42. In addition, we are promoting the acquisition of treasury stock, having acquired a cumulative total of 850,000 shares (approximately ¥1.9 billion in total) during the fiscal year ended March 31, 2024.

It has been one and a half years since our listing on the Tokyo Stock Exchange Prime Market in December 2022, and we believe we have been able to meet the expectations of the investment market to some extent. The fact that the

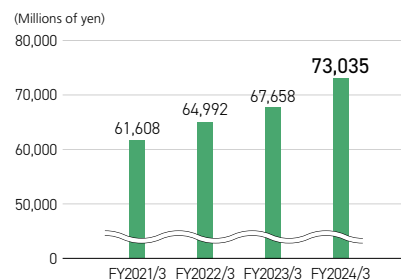
Shareholder returns



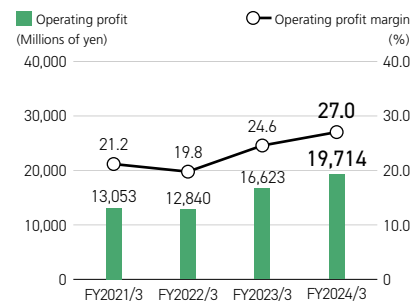
Daiei Kankyo Group's price-to-book (P/B) ratio stood at 3.03x as of the end of March 2024 reflects the high hopes from many investors. However, there are still many shareholders and investors who may not be fully up-to-date with our industry and business structure. Moving forward, we hope to further expand opportunities for dialogue with our stakeholders, communicating the future vision of the Daiei Kankyo Group and progress of specific activities, while at the same time benefiting from feedback and suggestions from our investors with their wealth of experience to drive growth.



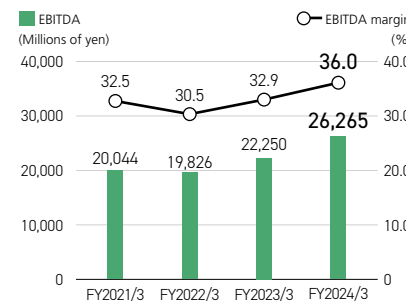
Net sales



Operating profit and operating profit margin

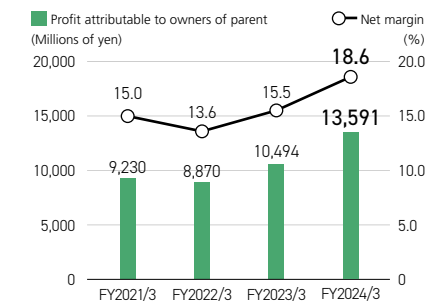


EBITDA and EBITDA margin

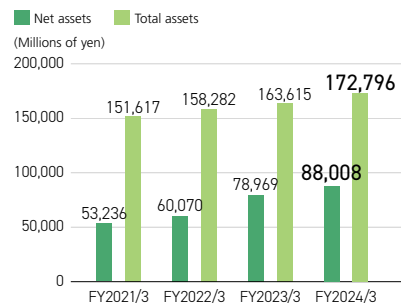


* EBITDA: Operating profit + Depreciation (excluding non-operating expenses) + Amortization of goodwill
* EBITDA margin: EBITDA / Net sales

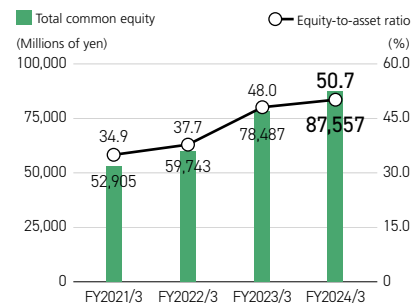
Profit attributable to owners of parent and net margin



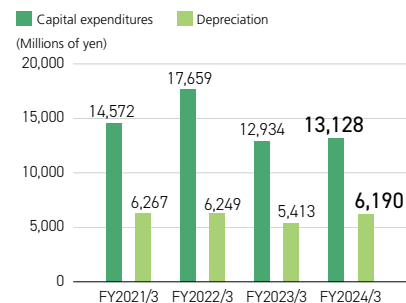
Net assets and total assets



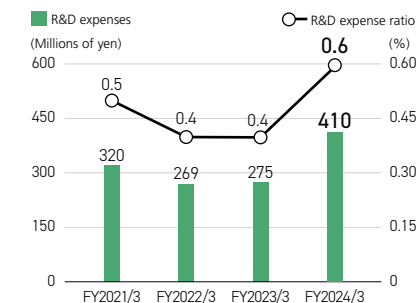
Total common equity and equity-to-asset ratio



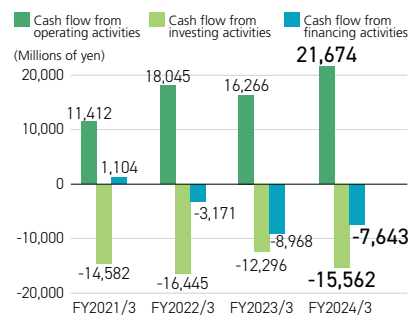
Capital expenditures and depreciation



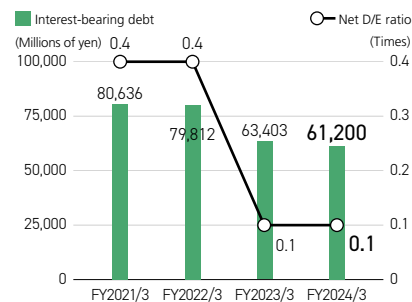
R&D expenses and R&D expense ratio



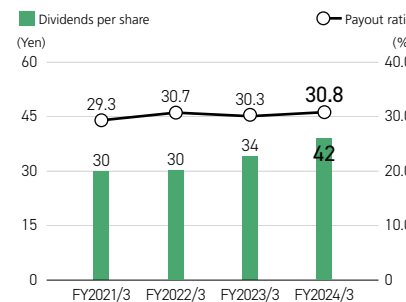
Cash flows



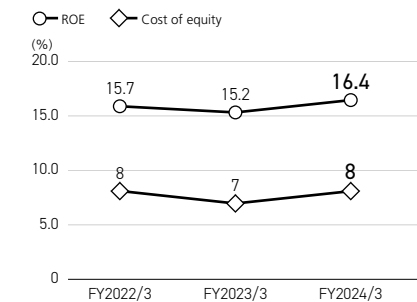
Interest-bearing debt and net D/E ratio



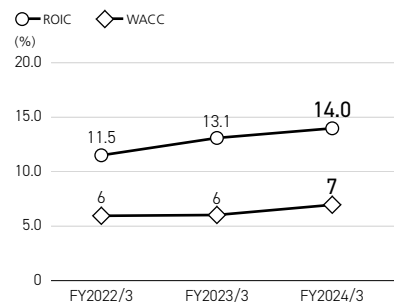
Dividends per share and payout ratio



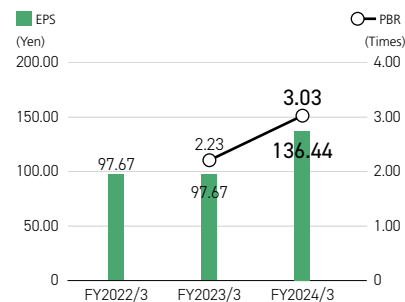
ROE and cost of equity



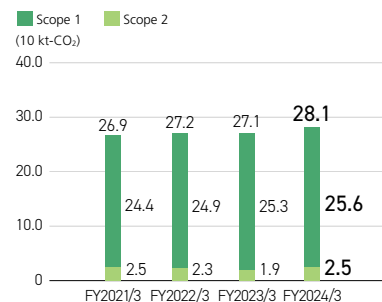
ROIC / WACC



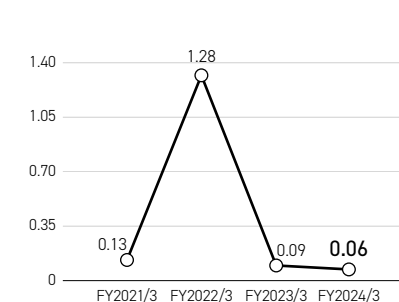
PBR / EPS



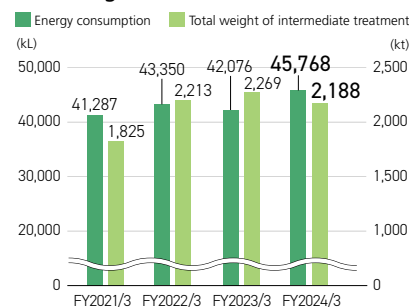
Greenhouse gas emissions



Severity rate

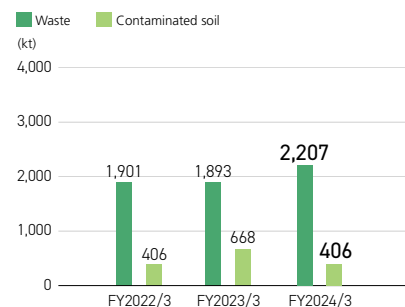


Groupwide energy consumption and total weight of intermediate treatment



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

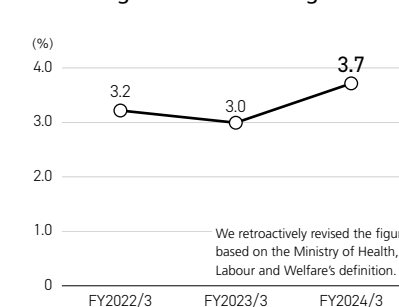
Volume of waste and contaminated soil received



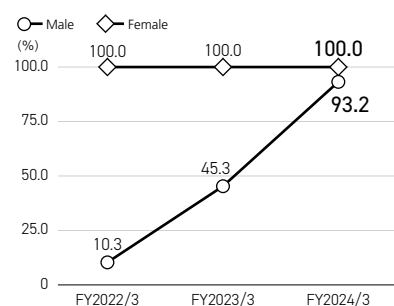
Percentage of employees with disabilities



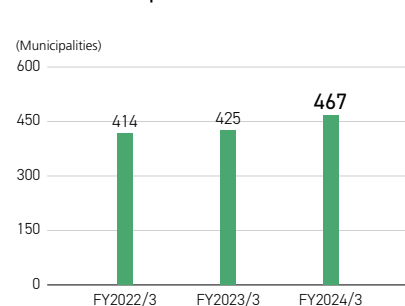
Percentage of female managers



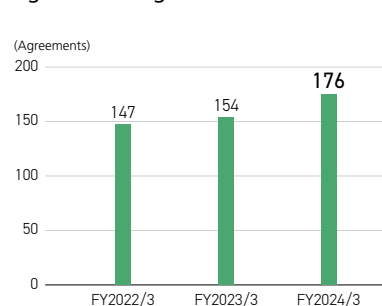
Percentage of employees who take childcare leave



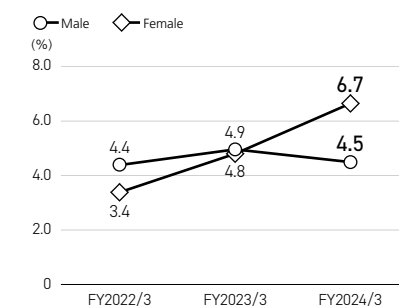
No. of municipalities we work with


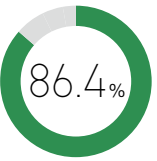

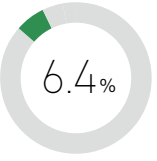

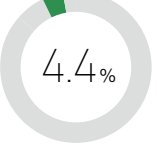


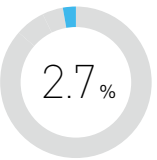
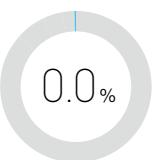
No. of disaster cooperation agreements signed



Job turnover rate



Reporting segment	Service	Actual results from FY2024/3	Forecast for FY2025/3
Waste-related business Net sales ¥71,032 million FY2023/3 65,472 FY2024/3 71,032 FY2025/3 75,900 Segment profit ¥20,109 million FY2023/3 16,715 FY2024/3 20,109 FY2025/3 20,800 Segment profit margin 28.3%	 Waste management and recycling Percentage of net sales  86.4% Net sales ¥63,108 million FY2023/3 56,489 FY2024/3 63,108 FY2025/3 66,600	<p>The volume of waste received was 2,207 thousand tons (up 16.6% year on year). This increase was due to several factors: the acquisition of waste processing demand related to infrastructure development projects mainly in the Kansai and Chubu areas, the full-scale operation of the Miki Biomass Factory at the Miki Recycling Center from October 2023, and a focus on establishing a waste plastic resource circulation system with partner companies and local governments.</p> <p>Consequently, net sales amounted to ¥63,108 million, marking an 11.7% increase year on year.</p>	<p>Despite ongoing uncertainties due to rising prices, geopolitical risks, and fluctuations in the financial capital markets, we anticipate economic improvement driven by continued active demand for development, increased capital investment associated with labor-saving and digitalization initiatives, and a rebound in personal consumption supported by improvements in employment and income conditions.</p> <p>In this context, with regard to waste management and recycling, waste received is expected to remain stable, driven by ongoing large-scale development projects such as Expo 2025 Osaka, Kansai, Japan, and other infrastructure projects. In addition, we plan to step up our involvement as a recycling business operator in plastic resource recycling promoted by partner companies and municipalities. Moreover, by integrating operations with Kyodo Doboku Co., Ltd., which has a base in the same Kanto area as Eiwa Recycle Co., Ltd.—consolidated as a subsidiary in April 2024—we aim to increase the volume of waste received in this region.</p> <p>For soil remediation, we will maintain our current policies, expecting contaminated soil received to remain at the same level as the previous fiscal year. As a result, the net sales forecast for the fiscal year ending March 31, 2025 is as follows.</p> <ul style="list-style-type: none"> • Waste management and recycling ¥66,600 million (up 5.6% year on year) • Soil remediation ¥4,600 million (down 1.1% year on year)
	 Soil remediation Percentage of net sales  6.4% Net sales ¥4,699 million FY2023/3 5,970 FY2024/3 4,699 FY2025/3 4,600	<p>While efforts were made to acquire difficult-to-treat soil, the completion of large projects and revised unit price for contaminated soil accepted at final disposal sites led to a reduction in the amount of contaminated soil received. As a result, the volume of contaminated soil received decreased to 406 thousand tons (down 39.1% year on year).</p> <p>Consequently, net sales amounted to ¥4,699 million, marking a 21.3% decrease year on year.</p>	
	 Other Percentage of net sales  4.4% Net sales ¥3,225 million FY2023/3 3,012 FY2024/3 3,225 FY2025/3 4,600	Net sales <ul style="list-style-type: none"> • Facility construction and administration ¥1,908 million (down 3.6% year on year) • Consulting ¥666 million (up 5.4% year on year) • Electricity generation ¥568 million (up 104.6% year on year) • Forest management ¥14 million (down 71.7% year on year) • Other ¥66 million (down 3.7% year on year) 	<p>Thanks to the newly recorded sales of Eiwa Recycle Co., Ltd.'s demolition business, other net sales are expected to increase by 45.6% from the previous fiscal year to ¥4,600 million.</p>

Reporting segment	Service	Actual results from FY2024/3	Forecast for FY2025/3
Other Businesses Net sales ¥2,002 million FY2023/3 2,185 FY2024/3 2,002 FY2025/3 2,500 Segment profit or loss - ¥238 million FY2023/3 134 FY2024/3 -238 FY2025/3 -100 Segment loss margin -11.9%	Valuable resource recycling  Percentage of net sales 2.7% Net sales ¥1,996 million FY2023/3 2,185 FY2024/3 1,996 FY2025/3 2,100	The sales volume of aluminum pellets recovered in the second half, increasing by 7.0% year on year. However, due to the low levels in the aluminum market, net sales decreased. For recycled plastic pallets, despite a decrease in sales volume due to reduced demand in the distribution industry, efforts to raise the selling price kept net sales on par with the previous fiscal year.	For aluminum pellets, we anticipate a recovery in sales volume due to the rising trend in aluminum market prices and the expanding demand for electric furnaces aimed at achieving carbon neutrality. Regarding recycled plastic pallets, we plan to increase the number of units sold in response to the growing demand for plastic recycling. As a result, we forecast that net sales for valuable resource recycling will increase by 9.9% year on year, reaching ¥2,100 million.
	Sports promotion  Percentage of net sales 0.0% Net sales ¥6 million FY2024/3 6 FY2025/3 300	On March 1, 2024, we acquired all shares of INAC Football Club Co., Ltd.—the company which runs INAC KOBE LEONESSA, one of the top teams in the Japan Women's Empowerment Professional Football League—making it a consolidated subsidiary. Consequently, from the fourth quarter of the fiscal year ended March 31, 2024, we categorized it under the Other Business segment as sports promotion. The main revenue components are sponsorship income, merchandise sales, ticket sales, and fan club membership fees. Through the management of a women's soccer team, we aim to become a symbol of gender equality, one of the SDGs. To this end, we actively participate not only in matches but also in community events, address issues in women's sports such as career support after retiring from professional sports, and promote the realization of a society where women can play an active role. We will build a strong financial foundation and ensure stable management to support these initiatives.	

In the fiscal year ended March 31, 2024, the transition of COVID-19 to a Class 5 infectious disease, improvements in employment and income conditions, and robust development projects contributed to a significant push toward the normalization of economic activities.

In this environment, we capitalized on waste management demand associated with infrastructure development projects, the full-scale operation of the Miki Biomass Factory from October 2023, and our efforts to establish a waste plastic resource circulation system with partner companies and

municipalities. Consequently, the volume of waste received increased. In addition, we achieved cost reductions by insourcing some operations that were previously outsourced.

As a result, for the fiscal year ended March 31, 2024, we achieved record highs in both sales and profits with net sales of ¥73,035 million (up 7.9% year on year), operating profit of ¥19,714 million (up 18.6% year on year), ordinary profit of ¥20,589 million (up 23.3% year on year), and profit attributable to owners of parent of ¥13,591 million (up 29.5% year on year). Additionally, operating profit margin was

27.0% (up 2.4 points year on year), and EBITDA*¹ was ¥26,265 million (up 18.0% year on year), while the EBITDA margin*² was 36.0% (up 3.1 points year on year).

*¹ EBITDA: Operating profit + Depreciation (excluding non-operating expenses) + Amortization of goodwill

*² EBITDA margin: EBITDA / Net sales



Changing the way waste management and recycling are done

Morihiko Shimoda

Executive Officer, General Manager of Corporate Strategy Planning Division, Responsible for Corporate Strategy Planning



The definite solution—integrated treatment of general waste and industrial waste

In Japan, the waste management and recycling sector produces approximately 40 million tons of CO₂ emissions annually, with 80% of this stemming from the heat treatment (incineration, etc.) of waste plastics and waste oil (see p. 22, Figure 1). To achieve carbon neutrality by 2050, it is necessary to process waste oil and waste plastics with high CO₂ emission coefficients through methods other than heat treatment.

Even if various recycling methods such as material and chemical recycling of waste plastics and the recycling of waste oil into sustainable aviation fuel (SAF) progress smoothly, it is estimated that roughly 60% of waste will still need to be treated by using heat or incinerated by 2050 (see p. 22, Figure 2), generating approximately 10 million tons of CO₂ annually from heat treatment (see p. 22, Figure 3). We have to capture more CO₂ than this amount by 2050 using CCUS* technology to achieve our carbon negative goal. To generate the energy required for CCUS, we must scale up incineration and other heat treatment facilities. This means it is

crucial to change the way waste is treated. Namely, we need to consolidate facilities based on the premise that general waste, in which the private sector has had limited involvement, should be treated together with industrial waste.

Given that the amount of both general and industrial waste has fallen due to population decline, to consolidate facilities, integrated treatment is evidently more efficient than the conventional separate treatment where municipalities handle general waste while private sectors handle industrial waste. This is especially true in regions with significant population declines.

The Daiei Kankyo Group aims to establish local energy centers nationwide through public-private partnerships (PPP) based on the idea of integrated treatment of general waste and industrial waste. Currently, we are preparing facilities in three areas, with plans to expand to 12 by the fiscal year ending March 31, 2030. In the same way as with industrial waste generators, municipalities do not have to bear the cost of facility maintenance or use subsidies for PPP. Municipalities only pay an outsourcing fee based on the volume of waste. This method benefits both parties, as it

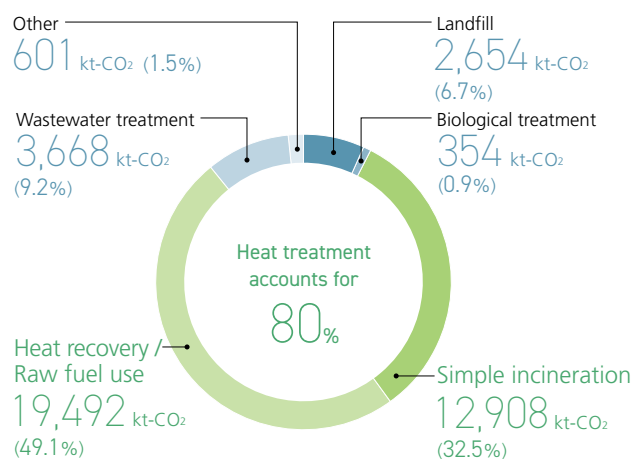
* CCUS: Carbon Capture, Utilization, and Storage. It involves the separation, storage, and effective utilization of CO₂.

Special Feature 1

The Importance of the Daiei Kankyo Group in the Waste Management and Recycling Industry

reduces future costs compared to publicly funded facilities, and it allows our Group access to the general waste market (see Figure 4), which has seen very little outsourcing to the private sector. Changing the way waste management is done, we aspire to lead the way as a company that embraces change and boldly takes on challenges.

Figure 1: Breakdown of GHG emissions by emission source (waste treatment method) in Japan (FY2020/3)



Source for Figures 1, 2, and 3: Created based on R&D and Social Implementation for the "Achieving Carbon Neutrality in Waste and Resource Circulation" Project, Ministry of the Environment
Source for Figure 4: Created based on Waste Management in Japan (2021 edition), Ministry of the Environment

Figure 2: Estimated results of GHG reduction effects in significant 3R progress scenarios

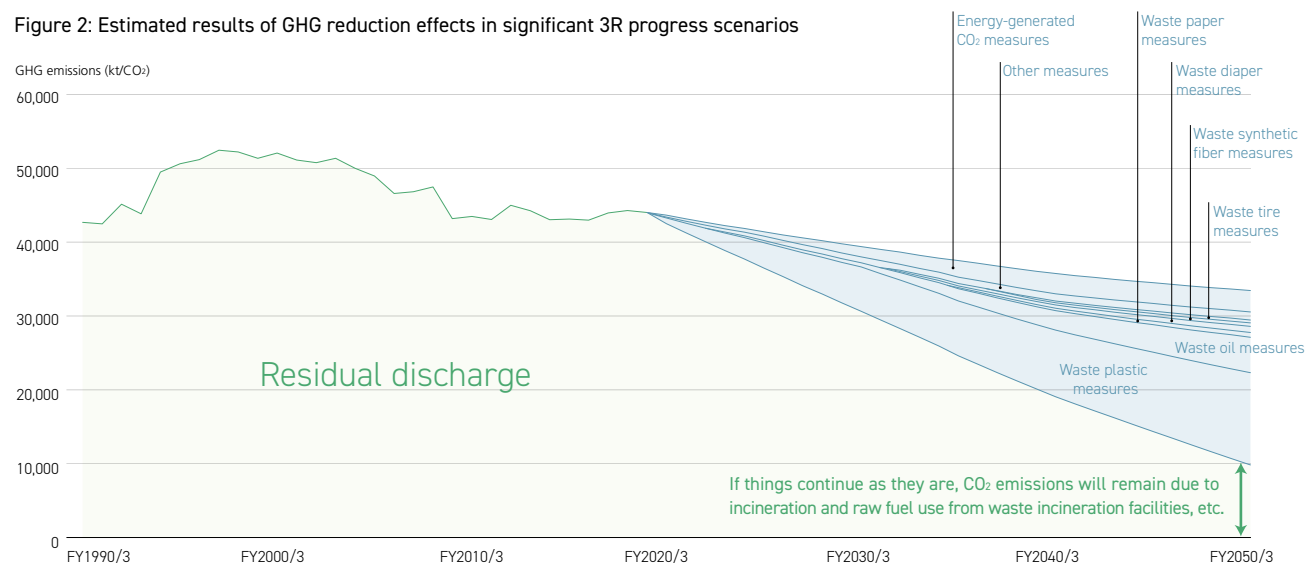


Figure 3: Projected volume of waste management (incineration and methane fermentation) (Significant 3R progress case)

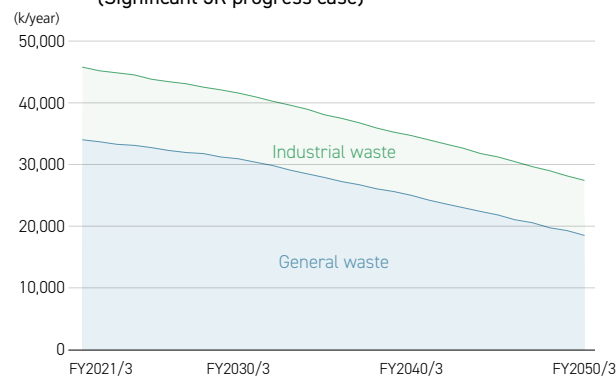
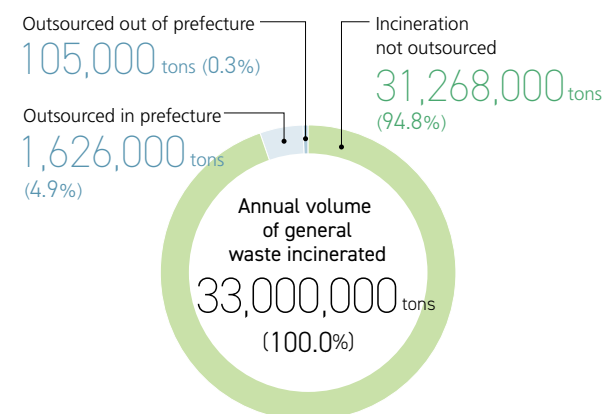


Figure 4: Outsourced incineration treatment for general waste (FY2021/3)



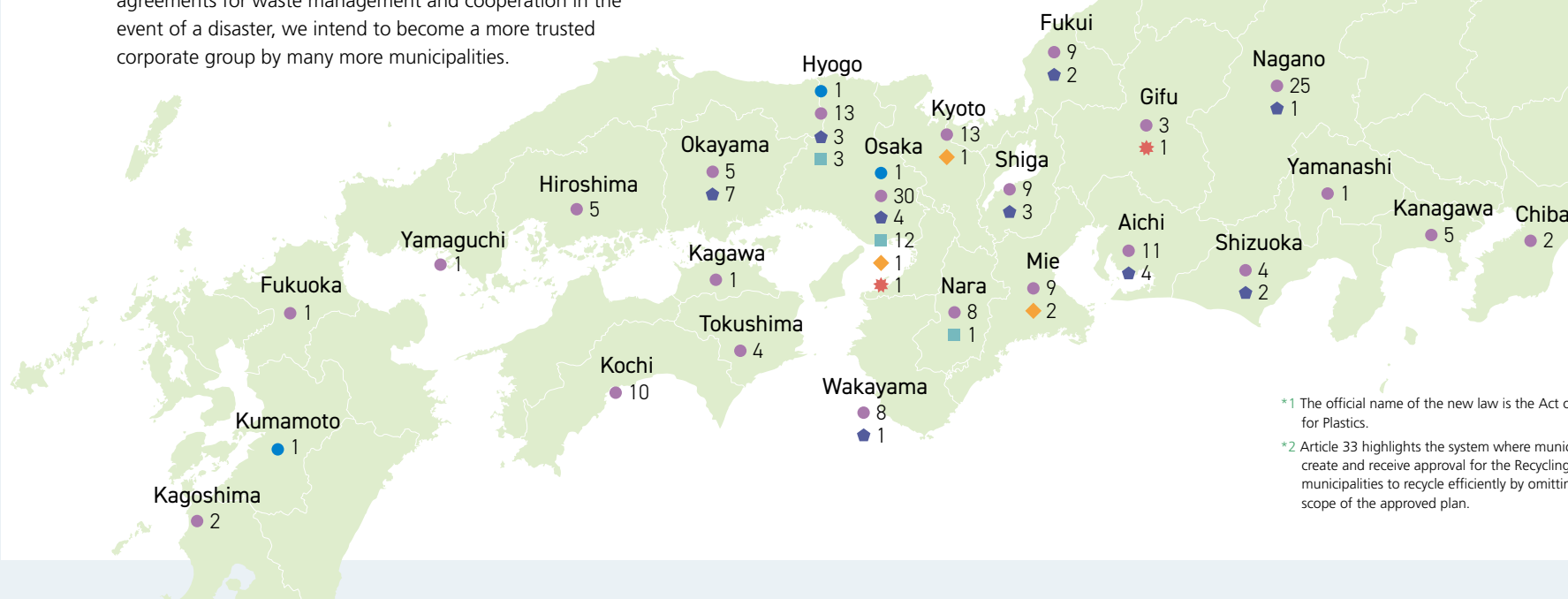
Building broader and deeper relationships of trust based on dealings with many municipalities

As of the fiscal year ended March 31, 2024, the Daiei Kankyo Group has worked with 467 municipalities in various ways, accounting for approximately 26% of all municipalities in Japan. A significant turning point was gaining the trust of many municipalities through disaster waste management following the Great Hanshin-Awaji Earthquake in 1995, and accelerating the expansion of transactions with municipalities after the completion of the Mie Energy Plaza (a large-scale complex heat treatment facility) by our consolidated subsidiary Mie Chuo Kaihatsu Co., Ltd. in 2013.

Moving forward, the Group aims to establish the integrated treatment of general waste and industrial waste at all of its locations and develop local energy centers through PPP across the country. In this process, by deepening relationships with municipalities with whom we have agreements for waste management and cooperation in the event of a disaster, we intend to become a more trusted corporate group by many more municipalities.

No. of municipalities Daiei Kankyo has agreements with (as of June 2024)

Local Circular Ecological Spheres	3	Plastic bottle horizontal recycling	16
Disaster agreements signed	179	Participation in the Recycling Business Plans based on the Plastic Resource Circulation Act*1 Article 33*2	4
Support service for formulating general waste and disaster waste management plans	27	Collaboration agreements for promoting the creation of a recycling-oriented society	2



*1 The official name of the new law is the Act on Promotion of Resource Circulation for Plastics.

*2 Article 33 highlights the system where municipalities collaborate with recyclers to create and receive approval for the Recycling Business Plans, allowing municipalities to recycle efficiently by omitting intermediate treatment within the scope of the approved plan.

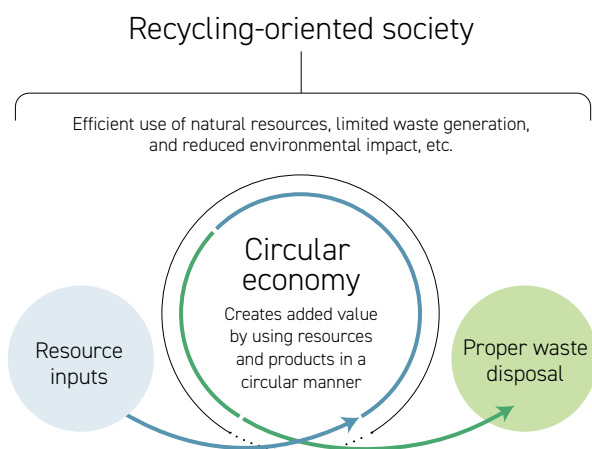
Working to advance resource recycling

Plastic recycling and enhancement of recycling technologies

A transition to a circular economy is essential to achieve carbon neutrality in Japan.

In waste management and recycling, it is crucial to first recover as much reusable material as possible from discarded resources and products. Since not everything can be recycled, the remaining waste must be properly disposed of. Both the recycling and proper disposal processes must be made carbon neutral.

Circular economy: The driving force for a recycling-oriented society






Maximizing resource recycling, minimizing proper disposal

Source: Created based on Efforts toward Resource Circulation (Resource Recycling Business Advancement Bill), Ministry of the Environment

Plastic recycling methods and products

■ Recycling that the Group is currently implementing ■ Recycling that the Group intends to implement in the near future

Material recycling A method of recycling waste plastic into plastic products by using it as raw materials		Plastic products	Pallets, benches, civil engineering construction materials, etc. Bottle-to-bottle recycling
		Raw materials and monomers	Bottle-to-bottle recycling
Chemical recycling A method of recycling waste plastic into chemical raw materials by chemically decomposing it or by other means		Blast furnace raw material	Reducing agent used in steel mills
		Coke oven chemical raw material	Coke, hydrocarbon oil, coke oven gas
		Gas	Chemical industry raw materials and fuels such as hydrogen, methanol, ammonia, acetic acid, etc.
		Oil	Synthetic oil, fuel
Thermal recycling A method of converting waste plastic into solid fuel or incinerating it to recover thermal energy		Solid fuel	RPF (high-calorie solid fuel made from refuse paper and plastics that are difficult to process through material recycling)
		Cement raw material and fuel	Raw material and fuel for cement production
		Use of incineration heat and power generation	Hot water (heated pools, public baths), heating, electricity, etc.

Particularly, plastics with high CO₂ emission coefficients must be recycled through material and chemical recycling to minimize the amount of plastic that needs to be incinerated. At the same time, ensuring economic rationality is essential for creating a sustainable system.

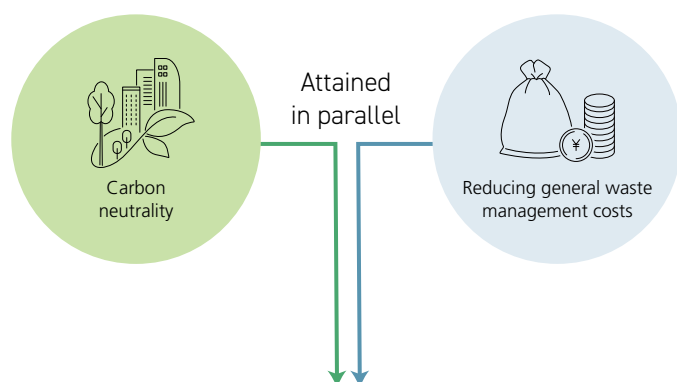
The Daiei Kankyo Group is currently focusing on material recycling based on Articles 33 and 48 of the Plastic Resource Circulation Act. We are working to improve the quality of

recycled materials and develop products that meet market needs. To accurately sort waste containing mixed materials, we are also advancing technologies for automated and efficient sorting using AI. Furthermore, we are conducting a wide range of studies aimed at commercializing chemical recycling. By advancing resource recycling in this manner, we aim to maximize recycling and minimize the waste that must be incinerated or landfilled.

Creating Local Circular Ecological Spheres with multifaceted value for the realization of a sustainable and bright future society

Achieving carbon neutrality in recycling and proper disposal through the integrated treatment of general waste and industrial waste

In terms of recycled materials, the integrated treatment of general waste and industrial waste is expected to progress further with the enactment of such laws as the Recycling Business Advancement Act,* which is currently in the draft



A company with the power to create better environments—the goal we aspire to be

Creating new value that will lead to the realization of a sustainable and bright future society

stage. For waste that must be incinerated, we will use local energy centers that handle both general and industrial waste as core facilities, aiming to establish Local Circular Ecological Spheres that provide multifaceted value to the community through PPP.

These local energy centers, contributing to carbon neutrality, will supply locally produced energy for local consumption from waste while also functioning as disaster waste treatment and disaster response center in case of emergency. These centers will play an increasingly important role in creating jobs, linking with the local economy, and providing a place for environmental education. By building a strong trust with local communities, we will contribute to achieving carbon neutrality in waste management and recycling, while enhancing services for those who produce waste in a cost-effective manner.

We believe that creating new value that leads to the realization of a sustainable and bright future society is what enhances the importance of the Daiei Kankyo Group, and most importantly, it allows us to grow together with the local communities we value so much.

* Recycling Business Advancement Act: Act on Advancement of Recycling Businesses, etc. for Promotion of Resources Recycling



Steadily developing successors across all generations, including senior management

Hitoshi Wanibe

Executive Officer, General Manager of Business Administration Division, Responsible for Business Administration



Strengthening unity among all employees to create the future

In the aftermath of the Great Hanshin-Awaji Earthquake, the Company took on disaster waste management tasks that far exceeded our capabilities. President Kaneko often says, “We were able to make the impossible possible because all of our employees came together as one.” This experience serves as the foundation for our human resource training as well. Based on this, we seek to ensure that employees understand the Company’s management philosophy and work together to create the future, and to ensure that executives demonstrate strong leadership, unite their respective divisions, and operate facilities efficiently to adapt to the changing times.

Fostering a sense of participation in management across the entire Group

To provide a one-stop service from collection and transportation to final disposal, it is important to operate as a unified group. To ensure that each location engages in close communication and operates with the same vision as senior management, companies that have joined the Group through M&A are encouraged to participate in various training programs that

go beyond the boundaries of department and business location. This helps to instill a sense of unity and a commitment to growing the Group as a whole. As the Group expands and its incineration and other heat treatment facilities grow, we need to increase the number of qualified personnel. To support this, we are promoting the use of qualification acquisition support programs to help individuals enhance their skills.

Above all, our Group business, which is built on a foundation of trust, requires a high level of customer satisfaction, which in turn depends on improving employee engagement. One of our efforts in this area is the introduction of a restricted stock compensation plan and the increase in incentive rates, both of which were implemented in the fiscal year ended March 31, 2024 as part of the employee stock ownership plan. These initiatives are designed to foster a sense of participation in management among employees and to develop talent that carries forward the spirit of our founders.

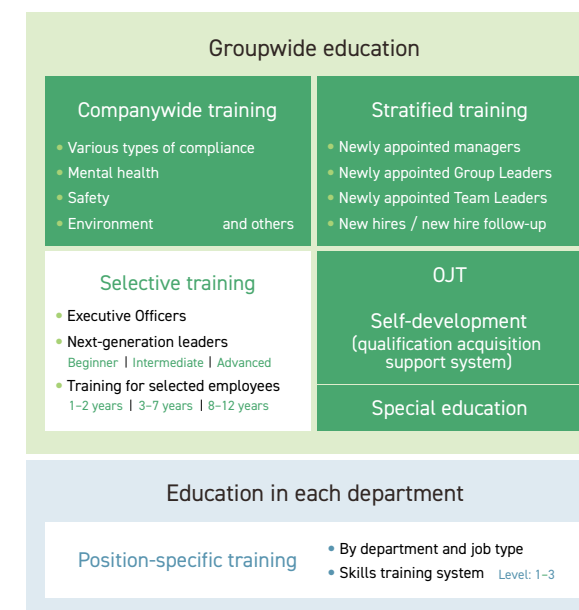
Young talent growing into executive candidates

Through continuous training programs such as our selective training and Next-Generation Business Leader Training, the new graduates who joined us 20 years ago have now grown

into senior managers who are central to the Company. Among their younger colleagues, we are also seeing emerging talent rapidly rising through the ranks despite their youth.

These future leaders for building the foundation of a “100-year company” who will continue to grow are expected to carry forward the founders’ vision and strive for improvement in human qualities as well. To achieve our management vision of enhancing business continuity and evolving as a company with the power to create better environments, it is essential that we grow into a company where leaders with a great sense of ethics always stand at the top.

Daiei Kankyo Group's training programs



Special Feature 2

Strategic Human Resources Development

Building systems to deepen collaboration between divisions and business locations for greater productivity

Tatsuo Nakamura

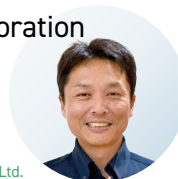
Deputy General Manager of Enterprise Division, Daiei Kankyo Co., Ltd.

I joined Mie Chuo Kaihatsu Co., Ltd. during the launch phase of the container and packaging recycling business, where I worked hard to improve profitability on the ground. Although I experienced significant failures, it was through my determined efforts to figure out what needed to change to generate profit that I was later able to turn around the business as the General Manager of the R&E* Recycle Center at DINS Kansai Co., Ltd., transforming it into a profitable operation.

Currently, as Deputy General Manager, I am promoting digital transformation (DX) to improve productivity. I listen to what people have to say on-site while collaborating with related departments, coming up with the best strategies that align management policy with realities on the ground. In addition, I serve as a director for four subsidiaries, where I make decisions to resolve difficult issues when they arise. In all of my roles, I prioritize daily communication in order to build relationships where departments can consult with one another across borders.

Improving productivity is essential for the future of the Group. While adhering to the spirit of our founders, I am actively introducing new methods and building systems with a “where there’s a will, there’s a way” attitude.

* R&E: Recycle and Equal



Taking on the challenge of building a new organization based on my experience

Yukari Inai

Assistant Manager, DINS Kansai Co., Ltd.

I am currently responsible for overseeing all administrative tasks and internal controls at DINS Kansai Co., Ltd., as well as serving as the secretary for the board of directors. Over the years, I have had the opportunity to gain experience in a variety of roles, allowing me to build my career. In particular, during my time handling customer interactions at the GE* Recycle Center, I was able to better understand the challenges of waste management and my own role within the Company. This understanding helped me smoothly manage subsequent development projects and interactions with the local community.

During the intermediate Next-Generation Business Leader Training I attended, discussions with other highly motivated members gave me the belief to “see things through.” Currently, I am taking on the challenge of building a new organization where employees are energized and motivated, and where work can be done without relying too heavily on the expertise of a few key individuals. With an “onwards and upwards” mindset, I am determined to bring this new organizational structure to fruition.

* GE: General Ecology

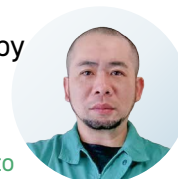


Contributing to electrical safety by utilizing my Third-Class Chief Electricity Engineer’s license

Atsushi Domoto

Electrical Safety Section, Miki Recycle Center, Daiei Kankyo Co., Ltd.

After joining the Company with no prior work experience in the electrics and electricity field, I obtained my First-Class Electrician certification and have since been engaged in electrical safety and management tasks at the Miki Recycle Center. Wanting to take on more specialized work, I gained the more challenging Third-Class Chief Electricity Engineer’s license within three years of joining the Company, and I am now responsible for the substation equipment at a composting facility that recycles food waste. The field of electrics and electricity is vast, and there are many instances where I struggle with the complexity and the high level of specialized knowledge required. However, I continue to push forward with the belief that all of these challenges contribute to my personal development. I feel a real sense of growth when I can quickly respond to and resolve issues when they arise, or when I can help people on-site there and then. There is no end to learning in this field, and I remain committed to the safety of electrical equipment with a strong sense of responsibility.



Focusing on creating a rewarding environment to increase the number of female manager candidates

Suzuka Yoshioka

Assistant Section Manager, General Affairs Section 1, General Affairs Department, Business Administration Division, Daiei Kankyo Co., Ltd.

I am responsible for preparing and conducting the General Meeting of Shareholders, supporting post-merger integration after M&A, and coordinating among various companies. I felt an immense sense of achievement when the Q&A session on the day of the General Meeting of Shareholders went smoothly after I worked hard to prepare for it.

When training junior employees, I provide them with opportunities to improve their skills and help them learn from mistakes while helping them achieve their goals. I also place importance on strengthening connections with other departments, valuing face-to-face discussions to ensure that the entire Company can operate as one cohesive team.

My goal moving forward is to increase the number of female employees who aspire to become managers. I would like to focus on creating an environment where key roles are open to all, regardless of gender, where people can have a more fulfilling work-life balance, so that more people think, “I want to be a manager, too.”



About the Daiei
Kankyo Group

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Strategy and Progress

Material Issues
(Materiality)

Sustainability

Data Section

Materiality

29 Material Issues (Materiality)

31 Opinions from Stakeholders on Material Issues



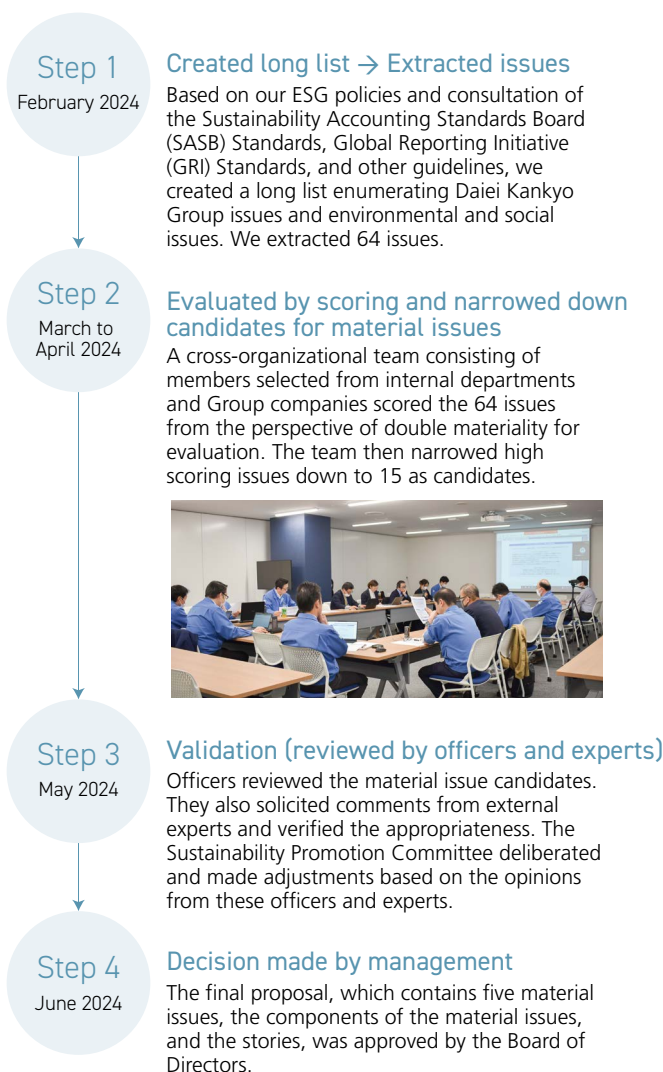
Background on identification of material issues (Materiality)

The Daiei Kankyo Group has formulated its own ESG policies to realize sustainability management since before its shares were listed on the stock exchange. When the Company was listed on the Tokyo Stock Exchange Prime Market, we decided to capitalize on that opportunity and identify material issues to ensure sustained growth while further contributing to the resolution of social issues. We have identified five material issues and have sketched out the stories on enhancing corporate value to express why we selected each of these issues.

The Daiei Kankyo Group's material issues (Materiality)

- Materiality 1 Building the foundation for Local Circular Ecological Spheres
- Materiality 2 Strengthening the business foundation to become a company with the power to create better environments
- Materiality 3 Contributing to a decarbonized society and reducing our impact on the environment
- Materiality 4 Promoting human capital management
- Materiality 5 Improving management transparency and Group capabilities

Process for identifying material issues (materiality)



Opinions on identification of material issues (representative examples)

From Expert A

The compatibility of the material issues with the corporate vision on becoming a company with the power to create better environments should be carefully considered. I also think that material issues relating to the environment are particularly essential among issues regarding sustainability, so too much emphasis is not placed on business areas.

From Expert B

In the case of the double materiality approach, it is not always necessary to score high both on financial impact on the Company and social and environmental impact. Occupational safety and health should be essential, given the specific characteristics of the business. While it is necessary to reflect the opinions of stakeholders to the extent possible, a point of caution is that an average score is not always appropriate due to the diversity of the business. It is also good to have wording emblematic of Daiei Kankyo.

From an Executive Officer

When I looked at the wording of “ensuring proper waste disposal,” used for one of the material issue candidates in Step 2, I thought that it could certainly cause the misunderstanding that there is some improper disposal within the Group. I felt the revision to “strengthening the capacity of treatment facilities and expanding the waste management network” in the final proposal in Step 4 made it easier to understand our intent.

Material Issues	Components	Stories
1 Building the foundation for Local Circular Ecological Spheres	<p>Living in harmony with local residents and contributing to local communities</p> <p>Expanding our system of cooperation with municipalities</p>	<p>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.</p>
2 Strengthening the business foundation to become a company with the power to create better environments	<p>Promoting integrated treatment of general waste and industrial waste</p> <p>Strengthening the capacity of treatment facilities and expanding the waste management network</p>	<p>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 public-private partnerships.</p>
3 Contributing to a decarbonized society and reducing our impact on the environment	<p>Advancing resource recycling systems</p> <p>Promoting electricity generation and energy conservation</p> <p>Tackling environmental protection</p>	<p>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.</p>
4 Promoting human capital management	<p>Developing the next generation of leaders</p> <p>Recruiting, finding, and developing human resources</p> <p>Establishing the foundation for a comfortable work environment and diversity</p>	<p>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.</p>
5 Improving management transparency and Group capabilities	<p>Strengthening Group governance</p> <p>Ensuring thorough corporate ethics and compliance</p> <p>Strengthening information security</p> <p>Ensuring occupational safety and health</p>	<p>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.</p>

Future process

July 2024 onward:

Instill awareness of material issues

Endeavor to instill awareness and deepen the understanding of the identified material issues (materiality) within the Group while also soliciting opinions on each issue through dialogue with investors and other external stakeholders.

FY2025/3:

Formulate action plan and KPIs

Formulate an action plan and KPIs for the five material issues, based on the results from the identification of material issues. Link these to the new Medium-Term Management Plan, which will begin in April 2025.

April 2025 onward:

Implement

Review the material issues from time to time, as necessary, ascertaining changes in the business environment.

Comment from a partner company

Building Local Circular Ecological Spheres is a true contribution through the Group's main business. I look forward to value creation aimed at the development of local communities and businesses.

Keiichi Suzuki

Manager, ESG Promotion Sec. CSR & Environment Promotion Dept. Sustainability Promotion Group,
Hitachi Construction Machinery Co., Ltd.



I think "building the foundation for Local Circular Ecological Spheres" is a good theme characteristic of the Daiei Kankyo Group, which places importance on harmony with the local community in pursuing its business. While it is often said that a company is the public instrument of society, Local Circular Ecological Spheres that create multifaceted value in local communities through waste management and resource recycling are truly a contribution through the Group's main business, demonstrating its strengths. To understand the nature of that contribution is to understand the Daiei Kankyo Group itself. There are still areas where the Group has not expanded its business, and the future potential is also expanding. I look forward to the creation of new value that will lead to the development of local communities and growth of the Daiei Kankyo Group.

I understood that "strengthening the business foundation to become a company with the power to create better environments" is a theme for such stable, sustained contributions. Integrated treatment of general waste and industrial waste is a deeply significant initiative, and I believe transmitting information on this will further increase corporate credibility and social significance. "Contributing to a decarbonized society and reducing our impact on the environment" is a theme that shows the strong awareness of social and environmental issues, and I look forward to initiatives aimed at achieving carbon neutrality by 2050. "Promoting human capital management" is the source of all business, and I therefore think it is important to clearly delineate it as a material issue. The theme of "improving management transparency and Group capabilities" seems to

show the Group's intent to not neglect the fundamental importance of the Company foundation. In particular, "ensuring occupational safety and health" is an indispensable issue. Once the Group sets key performance indicators (KPI) and succeeds in delivering numerical results, its external persuasiveness is likely to increase. While I recognize that the domestic business is currently the Group's main business, I think people will gain a more in-depth understanding of the Daiei Kankyo Group if the perspective of global social issues is also expressed.

About Hitachi Construction Machinery Co., Ltd.

Hitachi Construction Machinery is a construction machinery manufacturer that is globally expanding its business primarily in the development, manufacturing, sale, and service of hydraulic excavators, wheel loaders, road compaction equipment, and mining machinery.

In addition to the new machinery sales business, Hitachi Construction Machinery is expanding value chain businesses that cover parts and services, remanufacturing (parts & machines), and rental and used equipment, and aims to grow along with its customers as a true solution provider that offers customers innovative solutions.

The company has roughly 26,000 employees globally. In the fiscal year ended March 31, 2024, it recorded consolidated revenue of ¥1,405.9 billion, 84% of which came from overseas sales.

Please see the corporate website for more information.
<https://www.hitachicm.com/global/en/>

Comment from our employee

I aim to create a corporate culture where cross-departmental activities bring about ambitious projects.

Koji Satani

Assistant Manager, Kansai Sales Department,
Sales Division, Daiei Kankyo Co., Ltd.



While some employees probably feel that "building the foundation for Local Circular Ecological Spheres" does not relate much to their work, it is a theme that pertains to all businesses of the Group. I think we can design more abundant Local Circular Ecological Spheres if everyone thinks a little more deeply about their own work. I want to create a culture that will enable the future generations of employees who join the Company to talk to one another about development of local communities and towns from the perspective of a "vein" (waste management) industry. At the same time, to build Local Circular Ecological Spheres, we will take on investing in intangible assets, such as building resource recycling systems for waste generators to use, and expanding the network linked to those aspects, in addition to the expansion and upgrading of processing facilities. I think this will lead to "strengthening the business foundation to become a company with the power to create better environments."

A system for the development and promotion of young employees who can take on such challenges is also needed. When talking to young employees, I feel that, while they are passionate and ambitious, their perspective does not extend beyond their own department. I look forward to cross-departmental activities such as Next-Generation Business Leader Training by "promoting human capital management" in order to enable young employees to gain new knowledge and learn new skills. I also want to create an atmosphere where ambitious plans are generated within the Company.

Comment from our employee

I will promote compliance from the ground up to enhance Group capabilities.



Yuki Kawakami

Section Manager, General Affairs Section 2,
General Affairs Department, Business
Administration Division, Daiei Kankyo Co., Ltd.

Because the Group's many businesses cannot exist without understanding from local communities, I felt that the selection of "building the foundation for Local Circular Ecological Spheres" as a material issue was highly significant. As the government administrative organizations shrink due to personnel reductions and other factors, the Group will build more cooperative relationships with government institutions and contribute to local community development while earning operating profit. I think this will make local communities and, by extension, Japan a more comfortable place to live.

"Strengthening the business foundation to become a company with the power to create better environments" does not end with maintaining current conditions and resolving problems, and I think it will also need more "creative" measures. I believe that transforming the environment to the extent that ideas and rules on it changes is "creating" an environment. On the other hand, I think "contributing to a decarbonized society and reducing our impact on the environment" needs more detailed measures, such as reducing greenhouse gas emissions and thorough facility management. To implement such measures, "promoting human capital management" is indispensable, and in this theme, I discerned the Company's intent to develop human resources.

Finally, I am in charge of legal matters, so "improving management transparency and Group capabilities" is a theme that is deeply intertwined with the work I do. I want to strengthen information security and promote compliance from the ground up.

Comment from our employee

I want to prioritize trust and contribute to strengthening internal controls from a broad perspective.



Haruna Takagawa

Audit Office, Daiei Kankyo Co., Ltd.

One reason I joined the Company was because the founders' belief that "The Future Comes from Trust." resonated with me. For "promoting human capital management," I think developing human resources who will pass down this founders' spirit will strengthen the Group's capability. I also look forward to an increase in the percentage of female managers. Regarding "improving management transparency and Group capabilities," as we are required to respond to many changes day after day in the pursuit of M&A and digital transformation (DX), it is important to develop trust with each location involved and proceed with operations in a steady, prudent manner. I want to incorporate information from a broad range of perspectives in evaluating internal controls, which I am responsible for, to make sure that it leads to ensuring the trust and growth of the Group.

I think "strengthening the business foundation to become a company with the power to create better environments" is important for making sure the business is sustainable over the long term. Securing the remaining portion of the required capacity of final disposal sites is especially an important issue. The subject of the environmental impact from landfill comes up in conversation frequently when I visit the various business locations, and increasing processing capacity and progress on recycling technology is essential. "Contributing to a decarbonized society and reducing our impact on the environment" requires community-wide initiatives, so I want to continuously contribute to initiatives aimed at decarbonization that the Group is pursuing through its business.

Comment from our employee

I will work to foster a sense of personal responsibility to think about issues and develop key actors.



Norihisa Shirotani

Assistant Manager, Enterprise Department,
Enterprise Division, Daiei Kankyo Co., Ltd.

As many differences between local areas such as population decline emerge in Japan, the role of our Group is to engage in close dialogue with local communities and contribute to building the foundation for local residents' lives through its business. I think "building the foundation for Local Circular Ecological Spheres" is a theme that expresses the reason why our Group exists. "Contributing to a decarbonized society and reducing our impact on the environment" is also absolutely essential for a company that is responsible for social infrastructure. I also strive to pursue measures to reduce CO₂ emissions and foster awareness through environmental management, which I am in charge of. I believe if employees think of this issue as their own, it will help reduce business risk and realize decarbonization of society. In addition, we need to continue our efforts to develop more advanced resource recycling systems and develop new technology. That is because the ability to transform waste into resources and return them to nature will lead to the provision of services that enable us to differentiate our services from others.

"Promoting human capital management" is an urgent issue, and we need to develop leaders who possess the founders' spirit of pursuing local community-based business as we expand our business areas. I also want to pursue environmental initiatives that embody the founders' spirit and provide sound environmental education that will help develop key actors.

Sustainability

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Basic concept

To live up to the trust placed in us by our customers and society, as well as to enhance our corporate value, the Daiei Kankyo Group is committed to improving fairness and transparency in management and enhancing the supervisory function of the Board of Directors and the Audit & Supervisory Committee. By doing so, we are working to improve our corporate competitiveness, ensure prompt and rational decision-making, and achieve transparent and sound management. We have also established the Basic Policies for Internal Control. Through the development of an internal control system, we have built a system to execute business legally and efficiently.

Form of institutional design and reason for adoption

The Company transitioned from the structure of a company with an audit and supervisory board to the structure of a company with an audit and supervisory committee on June 26, 2024. The Members of the Company's Audit & Supervisory Committee have voting rights on the Board of Directors, and the committee, the majority of which consists of Outside Directors, performs not only legality audits but also validity audits, thereby enhancing the supervisory function of the Board of Directors.

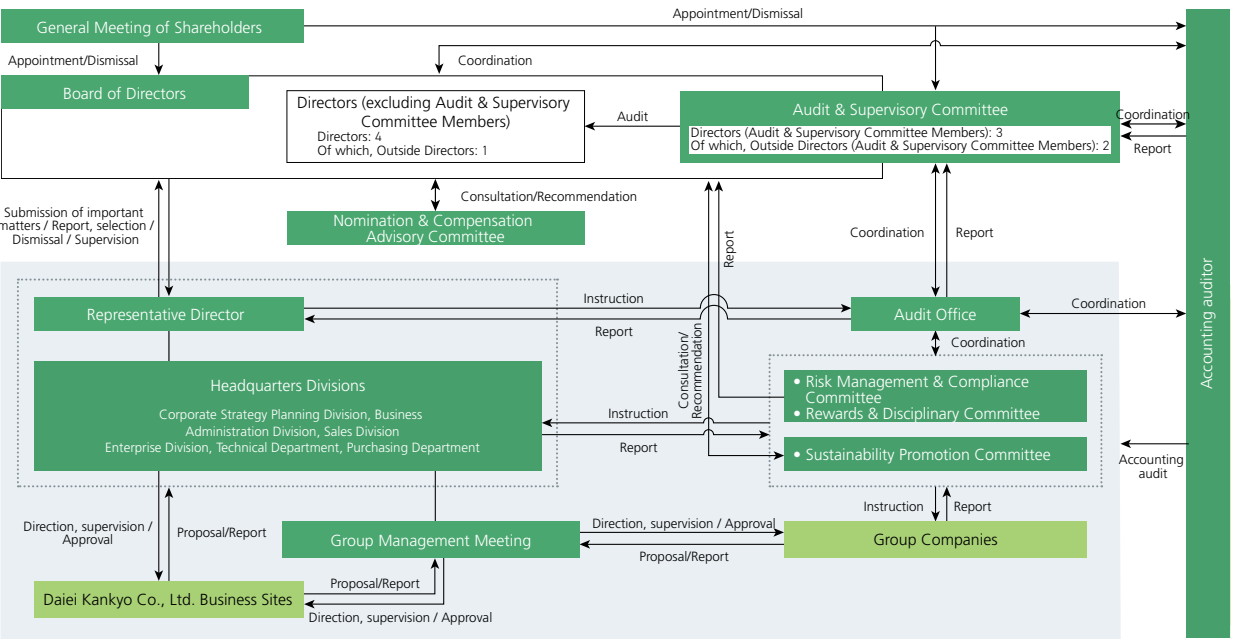
In addition, to strengthen our corporate governance structure, we have established the Risk Management & Compliance Committee and other committees as well as the Group Management Meeting to facilitate prompt decision-making, agile business execution, and Group management.

Corporate governance structure at a glance

Form of institutional design	Company with an audit and supervisory committee
Chair of the board of directors	President
No. of directors	4
Of which, outside directors	1
No. of outside directors designated as independent officers	1
No. of directors (audit and supervisory committee members)	3
Of which, outside directors (audit and supervisory committee members)	2
No. of directors (audit and supervisory committee members) designated as independent officers	2
Term of office of directors	1 year
Term of office of directors (audit and supervisory committee members)	2 years
Adoption of executive officer system	Adopted
Establishment of voluntary advisory committee	Nomination & Compensation Advisory Committee
Adoption of performance-linked remuneration system	Adopted
Accounting auditor	GYOSEI & Co.

Corporate governance report www.dinsgr.co.jp/english/csr/pdf/CorporateGovernanceReport20240703.pdf

Corporate governance structure



Overview of corporate governance structure

Meeting body	No. of members	Chair / Committee Chair	Members	Purpose and contents
Board of Directors Frequency: In principle, once a month	7 4 internal 3 outside	Fumio Kaneko President and Representative Director / Executive Officer	President and Representative Director / Executive Officer, Director and Senior Managing Executive Officer, Director and Junior Managing Executive Officer, 1 Outside Director, Director (Full-time Audit & Supervisory Committee Member), 2 Outside Directors (Audit & Supervisory Committee Members)	Makes decisions on important management matters and ensure management transparency through the appointment of independent Outside Directors. Furthermore, the Company's Articles of Incorporation allow us to delegate all or part of the decision-making authority for important business executions to Directors. This delegation of authority enables us to achieve swift and accurate decision-making.
Audit & Supervisory Committee Frequency: In principle, once a month	3 1 internal 2 outside	Akira Minemori Director (Full-time Audit & Supervisory Committee Member)	Director (Full-time Audit & Supervisory Committee Member), 2 Outside Directors (Audit & Supervisory Committee Members)	In addition to sharing information and exchanging opinions on the status of Directors' performance of their duties, Full-time Audit & Supervisory Committee Member reports on the status of audits at important meetings and the results of internal document inspections. Also discusses cooperation with the Audit Office and accounting auditor.
Nomination & Compensation Advisory Committee Frequency: At least once a year	3 1 internal 2 outside	Kazumasa Murai Outside Director (Audit & Supervisory Committee Member)	1 Outside Director (Audit & Supervisory Committee Member), President and Representative Director / Executive Officer 1 Outside Director	To strengthen the fairness, transparency, and objectivity of the procedures related to nomination and remuneration, and to enhance corporate governance, deliberates on matters raised by the Board of Directors, such as the policy and standards for the election and dismissal of Directors, the remuneration system for Directors, and the policy for determining remuneration, and reports back to the Board of Directors.
Group Management Meeting Frequency: In principle, once a month	9 9 internal 0 outside	Fumio Kaneko President and Representative Director / Executive Officer	President and Representative Director / Executive Officer, Director and Senior Managing Executive Officer, Director and Junior Managing Executive Officer, Director (Full-time Audit & Supervisory Committee Member), Executive Officer / General Manager of Corporate Strategy Planning Division, Executive Officer / Executive Assistant to President, Executive Officer / General Manager of Business Administration Division, Executive Officer / General Manager of Enterprise Division, Executive Officer / General Manager of Purchasing Department	To optimize the Group management, makes relevant decisions from a Companywide perspective. Relevant parties, including Group subsidiaries, also attend as needed.
Risk Management & Compliance Committee Frequency: At least once a quarter	5 5 internal 0 outside	Fumio Kaneko President and Representative Director / Executive Officer	President and Representative Director / Executive Officer, Director (Full-time Audit & Supervisory Committee Member), Executive Officer / General Manager of Business Administration Division, General Affairs Department Manager, Manager of Audit Office	By establishing standard procedures for risk management, strives to minimize losses and enhance the credibility of the Daiei Kankyo Group by preventing the occurrence of risks and ensuring compliance. Moreover, deploys a risk management promotion manager and a person in charge of risk management promotion to each department, thereby ensuring that each department is thoroughly informed of matters related to risk management and compliance.
Rewards & Disciplinary Committee Frequency: Occasional	5 5 internal 0 outside	Hitoshi Wanibe Executive Officer General Manager of Business Administration Division	Executive Officer / General Manager of Business Administration Division, Director (Full-time Audit & Supervisory Committee Member), Human Resources Department Manager, General Affairs Department Manager, Manager of Audit Office	Strives to ensure sound management through the strict and proper application of the regulations regarding discipline stipulated in the employment regulations.
Sustainability Promotion Committee Frequency: At least twice a year	9 9 internal 0 outside	Fumio Kaneko President and Representative Director / Executive Officer	President and Representative Director / Executive Officer, Director and Senior Managing Executive Officer, Director and Junior Managing Executive Officer, Director (Full-time Audit & Supervisory Committee Member), Executive Officer / General Manager of Corporate Strategy Planning Division, Executive Officer / General Manager of Business Administration Division, Executive Officer / General Manager of Enterprise Division, Executive Officer / General Manager of Purchasing Department, IR/Sustainability Promotion Department Manager	Formulates and revises the Basic Policy on Sustainability, identifies material issues, and sets goals and manages progress toward resolving social issues. When receiving a consultation from the Board of Directors, discusses management plans from the perspective of promoting sustainability and reports back to the Board.

Transition to a stronger governance structure



Diversity in the Board of Directors and officers

Our Board of Directors consists of five men and two women, including three Outside Directors with expertise as lawyers, certified public accountants, and tax accountants, ensuring a diverse Board composition. The Board of Directors receives valuable feedback and advice from Independent Outside Directors who bring multifaceted perspectives and specialized knowledge, leading to very active discussions.

We maintain a policy of ensuring that at least one-third of the Directors are Independent Outside Directors. While specific timing and selection of individuals are yet to be determined, we are considering the appointment of Independent Outside Directors with business management experience to further strengthen governance and enhance diversity.

Policy on appointment of Directors and Outside Directors, and nomination of candidates

When appointing and nominating Directors, decisions are made by the Board of Directors based on deliberations by a voluntary Nomination & Compensation Advisory Committee, which is composed of a majority of Independent Outside Directors and follows the selection criteria established by the Company.

Outside Directors are determined through a similar process based on the selection criteria and independence criteria established by the Company.

CEO succession plan

The qualifications required of a CEO are set out below. The President recommends candidates for succession, and after deliberation by the Nomination & Compensation Advisory Committee, the committee reports to the Board of Directors, which then makes a decision by resolution of the Board.

Qualifications required of a CEO

- (1) Meet the requirements set out in the criteria for appointment of Directors
- (2) Possess the ability to formulate plans and execute them on their own, as well as the ability to exercise leadership in order to achieve the Group's sustainable growth and enhance its corporate value over the medium to long term

Evaluating the effectiveness of the Board of Directors

In May 2024, all Directors and Audit & Supervisory Board Members were asked to complete a questionnaire regarding the effectiveness of the Board of Directors.

Questionnaire items for evaluation

- 1. Size and composition of the Board of Directors
- 2. Operation of the Board of Directors
- 3. Agenda of the Board of Directors
- 4. Support system for the Board of Directors

Assessment by a third-party is scheduled to be incorporated in the evaluation of the effectiveness of the Board of Directors in the fiscal year ending March 31, 2025.

Results of (issues from) evaluation of the effectiveness of the Board of Directors in FY2024/3 and policies for FY2025/3

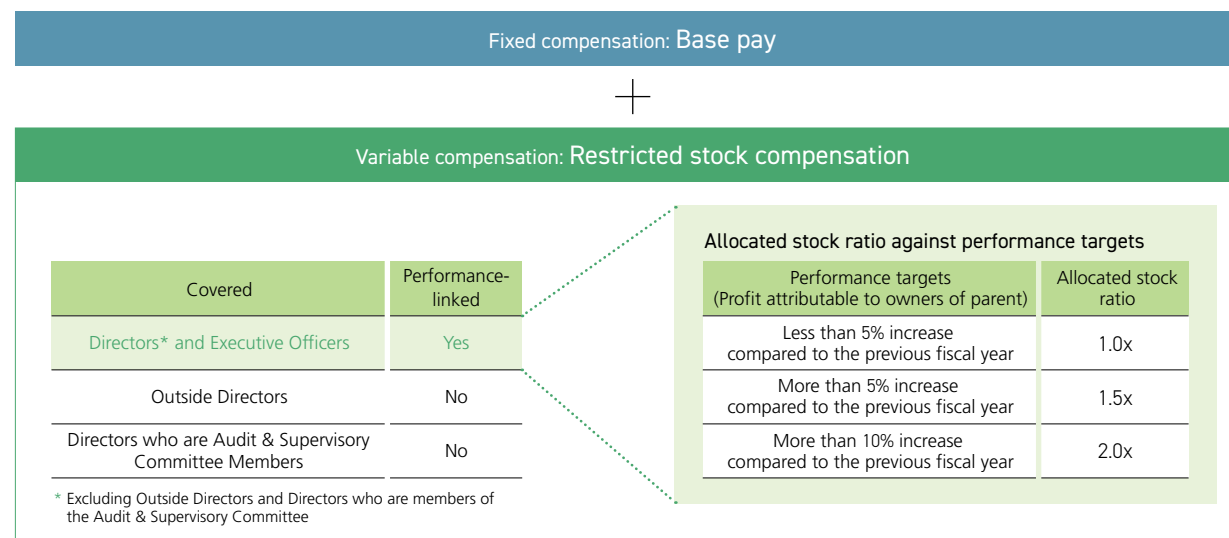
FY2024/3 issues	<ul style="list-style-type: none">• Some of the materials submitted to the Board of Directors lacked sufficient time for prior review. To enhance discussions at Board meetings, it is necessary to ensure that ample time is provided for prior review by preparing the materials in advance.• To enhance discussions at Board meetings, it remains essential to select and focus on important deliberation matters. Therefore, it is necessary to continue considering the delegation of authority to the Group Management Meeting and other such bodies.• To further enhance corporate value, it is crucial to strengthen the Board of Directors supervisory function, enhance corporate governance, and expedite decision-making processes in management.
FY2025/3 policies	<ul style="list-style-type: none">• Regarding the materials submitted to the Board of Directors, we will continue preparing documents that clearly outline the points for discussion. In addition, to ensure sufficient time for prior review, we will prepare the materials well in advance before submitting to the Board.• We will continue reviewing which matters should be deliberated by the Board of Directors and which should be delegated to the Group Management Meeting or other relevant committees.• We will strengthen the supervisory function of the Board of Directors and further enhance corporate governance through the transition to a company with an audit and supervisory committee, while also working to speed up the decision-making process.

Officer remuneration

The Articles of Incorporation stipulate that remuneration and other benefits for Directors shall be determined by a resolution of the General Meeting of Shareholders. Based on this, the remuneration and other benefits are determined within the maximum amount resolved at the General Meeting of Shareholders, taking into account position, tenure in office, business performance, and other factors in a comprehensive manner. In addition, to strengthen the fairness, transparency, and objectivity of procedures related to remuneration and other benefits, and to enhance corporate governance, the Nomination & Compensation Advisory Committee has been established, chaired by an Independent Outside Director and consisting of the President and Representative Director / Executive Officer, and two Outside Directors. The Nomination & Remuneration Advisory Committee deliberates on matters raised by the Board of Directors, including the remuneration system for Directors and policies for determining remuneration, and the Board of Directors makes final decisions based on the contents of these deliberations.

For Directors* and Executive Officers, in addition to fixed compensation, we have introduced a performance-linked restricted stock compensation plan with the purpose of further aligning value with our shareholders. In this plan, compensation varies depending on the achievement of performance targets according to our Executive Remuneration Rules. Remuneration for other Directors (Outside Directors and Directors who are Audit & Supervisory Committee Members) consists of fixed compensation and restricted stock compensation.

* Excluding Outside Directors and Directors who are members of the Audit & Supervisory Committee



Amount of officer remuneration (FY2024/3)

Category of officers	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc., by type (Millions of yen)			No. of eligible officers
		Fixed compensation	Performance-linked remuneration	Non-monetary remuneration, etc.	
Directors (excluding Outside Directors)	147	137	—	9	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	10	10	—	—	1
Outside Directors	19	19	—	—	4

Note: Non-monetary remuneration, etc., is the amount recorded as an expense in the fiscal year under review (ended March 31, 2024) based on the restricted stock compensation plan.

Training for officers

Training policy

To ensure that Directors, including Outside Directors, appropriately fulfill the roles and responsibilities expected of them as part of the Company's important governance bodies, we provide opportunities for training, such as for acquisition and appropriate updating of necessary knowledge and deeper understanding of their roles and responsibilities.

Main training content

For the fiscal year ended March 31, 2024, internal and outside Directors and Audit & Supervisory Board Members attended a seminar conducted by an external lawyer on the responsibilities and duties of executives in listed companies, which deepened their understanding of their roles and responsibilities. In addition, internal Directors and Audit & Supervisory Board Members, like employees, completed compliance training covering 18 topics. Outside Directors and Audit & Supervisory Board Members, on the other hand, participated in a training program covering 13 topics, after receiving explanations from relevant departments about the Company's internal operations (such as site visits, cost management, and sales management systems). Through the program, they enhanced their understanding of the Daiei Kankyo Group's businesses.

For the fiscal year ending March 31, 2025, we will continue to provide compliance training with external instructors for both internal and outside Directors. Outside Directors will also receive explanations from relevant departments about the Company's internal operations (such as site visits, transportation business management systems, and human capital initiatives), and will participate

in a training program with 13 topics to further enrich their understanding of the Group's businesses.

Audits

The Company transitioned from the structure of a company with an audit and supervisory board to the structure of a company with an audit and supervisory committee on June 26, 2024. The auditing system is structured as follows.

Our audits involve the Audit Office and the Audit & Supervisory Committee (formerly the Audit & Supervisory Board) holding regular meetings with the accounting auditor. This enables the sharing of information regarding internal audit results, Audit & Supervisory Committee Members' audit findings, and accounting audit results (quarterly reviews and annual audits), facilitating complementary and effective audits.

The business audits conducted by the Audit & Supervisory Committee Members (formerly the Audit & Supervisory Board Members) are carried out by one Full-time Audit & Supervisory Committee Member and two Outside Directors who are Audit & Supervisory Committee Members. The Audit & Supervisory Committee meets monthly in accordance with the rules of the Audit & Supervisory Committee. In addition to attending important meetings, including meetings of the Board of Directors, Audit & Supervisory Committee Members review important documents and other information related to the execution of business operations, and receive reports from the officers and employees of the Company and its subsidiaries from time to time regarding information necessary for auditing. They also exchange views with the President and Representative Director on a regular basis.

Internal audits of the Daiei Kankyo Group are conducted by the Audit Office, which reports directly to the President and Representative Director. The Audit Office conducts audits of the business activities of each department and the operation of various systems in light of management objectives. The Audit Office regularly meets and coordinates with the Audit & Supervisory Committee (once a month) and the accounting auditor (twice a year), thereby ensuring efficient internal audits. The office also provides guidance, advice, and recommendations to the audited departments based on the internal audit results. Furthermore, once an audit is completed, an internal audit report is compiled after a comprehensive review and assessment of the audit findings and opinions of the department being audited, and this report is delivered to the Board of Directors, the President and Representative Director, and the Audit & Supervisory Committee.

Results of audit by the Audit & Supervisory Board Members for FY2024/3

Covered	26 locations (3 companies, 26 departments)
Result	No misconduct in the execution of duties by Directors or serious violation of laws and regulations or the Articles of Incorporation was found.

Results of internal audit for FY2024/3

Covered	51 locations (16 companies, 45 departments)
Result	No serious violations of relevant laws and regulations, such as the Waste Management and Public Cleansing Act and the Industrial Safety and Health Act, were found.

Results of internal audit for FY2024/3

Covered	GYOSEI & Co.
Result	Appropriate in all material respects (unqualified opinion)

Management of affiliated companies

The Daiei Kankyo Group is composed of 50 companies, including Daiei Kankyo Co., Ltd. and its 36 consolidated subsidiaries, 2 non-consolidated subsidiaries, 6 affiliated companies accounted for by the equity method, and 6 affiliated companies not accounted for by the equity method. (As of July 31, 2024)

We have established the Basic Policies for Internal Control and have built a system to ensure the appropriateness of operations within the Group. Regarding the control of affiliated companies, we have established the Affiliate Company Management Rules, and the Company's Business Administration Division takes the lead in guiding and supporting the smooth operation of affiliated companies in accordance with the Basic Policies on the Management of Subsidiaries.

Important management matters are decided at the Group Management Meeting. To enhance internal checks and balances, we not only dispatch Directors and Audit & Supervisory Committee Members from the Company but also conduct internal audits by the Audit Office and business audits by the Audit & Supervisory Committee Members.

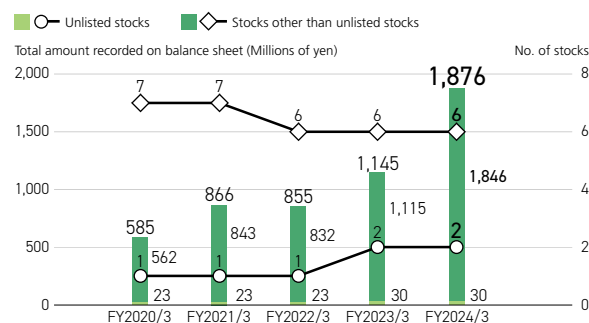
Cross-shareholdings

The Company holds shares in its business partners as cross-shareholdings in order to achieve sustainable growth and increase medium- to long-term corporate value, maintain business relationships (e.g., stable funding and financial transactions), and strengthen business transactions in the field of waste management orders. The status of these shareholdings is reported to the Board of Directors once a quarter. Stocks that are no longer meaningful to hold in light of the

development of our business will be sold after obtaining the approval stipulated in our regulations, taking into consideration the stock price and market trends as appropriate. It is our policy not to acquire new cross-shareholdings.

In exercising the voting rights associated with the shares we own, we scrutinize the content of proposals from the perspective of whether or not they will contribute to improving the medium- to long-term corporate value of the issuing company.

Status of cross-shareholdings



Compliance

We recognize that compliance is of the utmost importance for the Daiei Kankyo Group to enhance business continuity and continue to evolve as a company with the power to create better environments. In April 2022, we formulated the Daiei Kankyo Group Business Conduct Guidelines. This is a specific code of conduct that all officers and employees of the Daiei Kankyo Group must comply with. The goal is for all our officers and employees to put these guidelines into practice so our Group is trusted and needed more than ever by society, and people can work with a sense of pride.

Whistleblowing system

To quickly detect and rectify misconduct and strengthen compliance management, the Daiei Kankyo Group has established a system that allows all officers, employees, contracted employees, part-timers, temporary workers (hereinafter, "personnel"), and business partners to use an internal whistleblowing system. We also address consultations regarding organizational or individual violations of internal regulations and compliance issues from all personnel.

The internal contact point is set up in the Audit Office, which is an independent organization. If the matter relates to the Audit Office, it may be reported to the Company's General Affairs Department Manager or Full-time Audit & Supervisory Committee Member, and if the matter relates to a Director of the Company, it may be reported to an Audit & Supervisory Committee Member of the Company. As an external contact point, an outside attorney designated by the Company is available.

No. of whistleblowing reports

(Fiscal year ended March 31)

	2021	2022	2023	2024
Internal contact point	3	14	10	24
External contact point	2	1	5	5
Total	5	15	15	29

Overview of whistleblowing cases

(Fiscal year ended March 31)

	2021	2022	2023	2024
Misconduct, etc.	2		1	1
Rules/regulations		2	4	8
Harassment, etc.	1	9	9	15
Work improvement, etc.		3	1	1
Dissatisfaction with personnel affairs	2	1		4
Total	5	15	15	29

Risk management

The Company has established the Sustainability Promotion Committee, chaired by the President and Representative Director / Executive Officer, which identifies and evaluates risks and opportunities to address sustainability issues such as climate change and human capital. Other risks for the Daiei Kankyo Group as a whole are identified and assessed by the Risk Management & Compliance Committee, chaired by the President and Representative Director / Executive Officer. Each committee determines materiality based on uniform judgment criteria and make additional changes to risk items or revise their materiality in response to changes in the external environment such as laws and regulations.

Risks deemed to be of high materiality by each committee are reported or brought to the Board of Directors for discussion, thereby ensuring integrated management of risks for the Daiei Kankyo Group as a whole.

Information security measures

The Daiei Kankyo Group has established “thorough information management” as a policy in the Daiei Kankyo Group Business Conduct Guidelines, which serves as code of conduct guidelines for all officers and employees within the Group, and ensures that this policy is well-communicated and understood. The Daiei Kankyo Group has also developed and applies internal rules, including rules for the management of confidential information, rules for the protection of personal information, and detailed rules for the implementation

of electronic information security.

In the fiscal year ended March 31, 2024, training in Japan’s Personal Information Protection Act was given to all officers and employees. The risk of information leaks and countermeasures was explained to emphasize the importance of information management.

Business continuity plan (BCP)

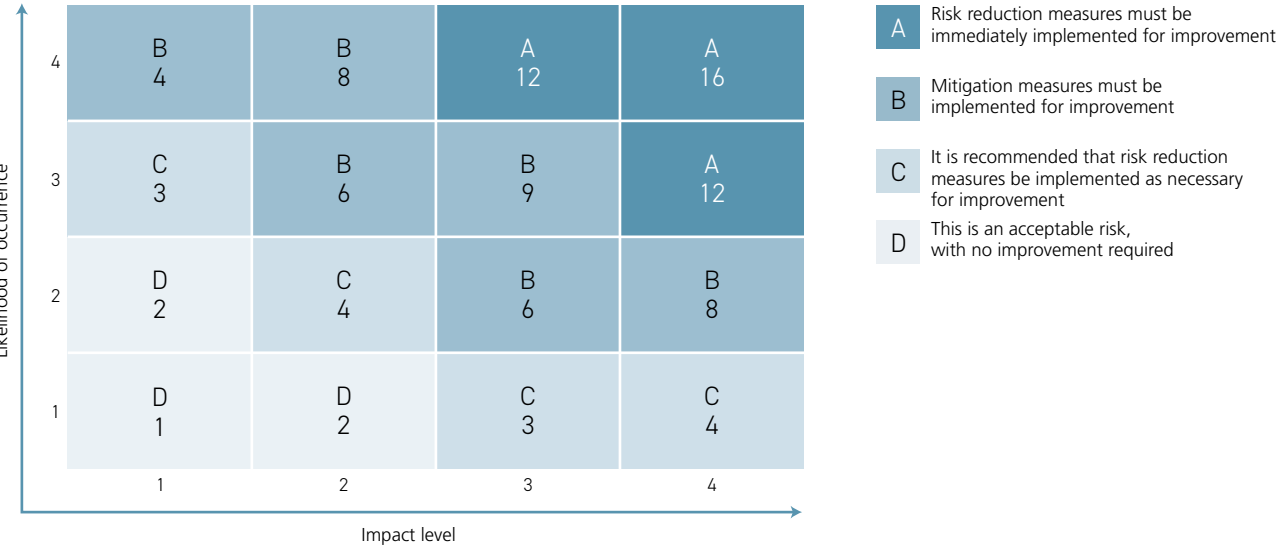
The Daiei Kankyo Group has established a BCP to fulfill its responsibility to continue waste management operations, minimize the impact of business interruption and enable early recovery, and ensure the safety of employees of the Company and partner companies and protect their employment.

The BCP defines the criteria for activating it, as well as the structure and roles of the emergency task force so that it can respond quickly when activated. In the event the headquarters building is damaged and there is no prospect of recovery, the Miki Recycle Center and other sites, which are assumed to be at low risk of damage from earthquakes, have been designated as an alternative base of operations for the emergency task force to prepare for unforeseen events such as loss of the chain of command. The Daiei Kankyo Group has also established procedures for responding to major accidents and other incidents at each of its business sites.

In the future, we plan to fine-tune the contents of these plans to be more practical and combine them so that they work in a coordinated fashion.

We will continue to revise our plans so that the Daiei Kankyo Group can fulfill its expected role as a part of the social infrastructure that supports a recycling society even in the event of a disaster.

Risk matrix



List of Officers

(As of June 30, 2024)

Directors

**Fumio Kaneko**President and
Representative Director /
Executive Officer**Nariyuki Ohta**Director
Senior Managing Executive Officer
Responsible for Enterprise
and Technology**Kazumasa Onaka**Director
Junior Managing Executive Officer
and General Sales Manager
Responsible for Sales**Tomoko Murakami**

Outside Director

Career highlights

- Apr. 1979
Joined Daieisei Inc. (currently
Daieisei Corporation)
- Sep. 1983
Director of Mie Chuo Kaihatsu
Co., Ltd.
- June 1986
Auditor of Mie Chuo Kaihatsu
Co., Ltd.
- May 1991
Director of the Company
- Mar. 1994
Junior Managing Director of the
Company
- Mar. 2002
Vice President of the Company
Vice President of Mie Chuo
Kaihatsu Co., Ltd.
- Mar. 2003
Established GE Co., Ltd.
(currently DINS Kansai Co., Ltd.)
and became Director
- Mar. 2004
Director of Bioethanol Japan
Kansai Co., Ltd. (currently DINS
Kansai Co., Ltd.)
- May 2004
Vice President and
Representative Director of the
Company
- Apr. 2007
Vice President and
Representative Director of Mie
Chuo Kaihatsu Co., Ltd.
- Apr. 2007
President and Representative
Director of Mie Chuo Kaihatsu
Co., Ltd.
- Apr. 2007
President and Representative
Director of the Company
Director of RAC Kansai Co., Ltd.
(currently DINS Kansai Co., Ltd.)
- Sep. 2023
Director of Resource Recycling
Council general incorporated
association (current position)
- Mar. 2024
Representative Director and
Chair of INAC Football Club Co.,
Ltd. (current position)
- June 2024
President and Representative
Director / Executive Officer of the
Company (current position)

- Aug. 1982
Established Kayu Construction
Limited and became Director
- Mar. 1996
Joined Takehiro Kaihatsu Co.,
Ltd. (currently Mie Chuo
Kaihatsu Co., Ltd.)
- May 2002
Director and Deputy General
Manager of Enterprise Division
of Mie Chuo Kaihatsu Co., Ltd.
- Apr. 2007
Junior Managing Director and
General Manager of Enterprise
Division of the Company
Junior Managing Director and
General Manager of Enterprise
Division of Mie Chuo Kaihatsu
Co., Ltd.
- Apr. 2011
Director of Japan Soil Treatment
Association (current position)
- Apr. 2013
Junior Managing Director of the
Company
Junior Managing Director of Mie
Chuo Kaihatsu Co., Ltd.
- Feb. 2016
Director of Japan Disaster
Treatment Systems (current
position)
- May 2020
Representative Director of DINS
Kansai Co., Ltd.
- June 2021
Senior Managing Director
Responsible for Enterprise and
Technology of the Company
- June 2022
Director of Sakai Coastal Eco
Factories Council (current
position)
- June 2023
Director of DINS Kansai Co., Ltd.
(current position)
- June 2024
Senior Managing Director and
Executive Officer of the
Company
Responsible for Enterprise and
Technology (current position)

- Mar. 1974
Joined Nissha Printing Co., Ltd.
(currently Nissha Co., Ltd.)
- June 1980
Joined Marusue Kogyo Co., Ltd.
(currently Marusue Co., Ltd.)
- Mar. 1989
Joined Mie Chuo Kaihatsu Co.,
Ltd.
- May 2002
Director and General Manager
of Sales Department of Mie
Chuo Kaihatsu Co., Ltd.
- Apr. 2010
Director and General Manager
of Sales Department of the
Company
- Dec. 2011
Director of the Company
- Apr. 2019
Director and General Sales
Manager of the Company
- June 2021
Junior Managing Director and
General Sales Manager
Responsible for Sales of the
Company
- June 2024
Junior Managing Director and
Executive Officer of the
Company
General Sales Manager
Responsible for Sales (current
position)

- Oct. 2005
Registered as an
attorney-at-law
Joined Ishii Yoshihito Law Office
- Nov. 2008
Joined Murata Futaba Law and
Patent Office
- Apr. 2011
Part-Time Lecturer (Business
Law), School of Law and
Politics, Kwansei Gakuin
University
- May 2013
Established ARCUS PARTNERS
and became Partner (current
position)
- Apr. 2017
Contract Counselor of
Employment Consultation
Center of Kansai National
Strategic Special Zone (Deloitte
Touche Tohmatsu LLC)
- Nov. 2017
Contract Counselor of Osaka
Business Development Agency
(Internal Control Hotline)
(current position)
- Apr. 2019
Member of Third-Party Expert
Team of the Osaka City Board
of Education (current position)
- Apr. 2021
Member of Osaka Bay Area
Fisheries Adjustment
Committee (current position)
- June 2021
Auditor of Sendankai (current
position)
- Outside Director of the
Company (current position)

Directors (Audit & Supervisory Committee Members)

**Akira Minemori**Director
(Full-time Audit & Supervisory
Committee Member)**Kazumasa Murai**Outside Director
(Audit & Supervisory
Committee Member)**Noriko Kitajima**Outside Director
(Audit & Supervisory
Committee Member)

- Apr. 1975
Joined Sumitomo Banking
Corporation (currently
Sumitomo Mitsui Banking
Corporation)
- Oct. 1994
Manager of Fushimi Branch
- Jan. 1997
Manager of Fukaebashi Branch
- Oct. 1998
Manager of Nishinomiya
Branch
- Apr. 1999
Nishinomiya Corporate
Manager
- Apr. 2000
Advisor to Biwako Bank, Ltd.
(currently Kansai Mirai Bank,
Ltd.)
- June 2000
Director
- June 2003
Managing Director
- Apr. 2007
General Manager, Business
Administration Department,
Business Administration
Division, Nitto Pharmaceutical
Industries, Ltd.
- May 2007
Director and General Manager
of Business Administration
Division of Nitto Pharmaceutical
Industries, Ltd.
- June 2019
Advisor to General Affairs
Department, Business
Administration Division of the
Company
- Feb. 2020
Audit & Supervisory Board
Member of the Company
Audit & Supervisory Board
Member of Mie Chuo Kaihatsu
Co., Ltd. (current position)
- June 2024
Director of the Company
(Full-time Audit & Supervisory
Committee Member) (current
position)

- Oct. 1990
Joined Osaka Office, Tohmatsu &
Co. (currently Deloitte Touche
Tohmatsu LLC)
- Aug. 1995
Registered as a certified public
accountant
- Aug. 2006
Registered as a tax accountant
Opened Murai Certified Public
Accountant Office and became
Representative (current position)
- May 2007
Established Management
Research Institute Co., Ltd. and
became Representative Director
- June 2017
Audit & Supervisory Board
Member of Technical Electron
Co., Ltd. (currently Parking
Solutions Co., Ltd.)
- May 2019
Opened Murai Tax Accountants'
Corporation and became
Representative Partner (current
position)
- June 2021
Outside Director of the Company
(current position)
- June 2024
External Statutory Corporate
Auditor of Nippon Shokubai Co.,
Ltd. (current position)
Outside Director (Audit &
Supervisory Committee Member)
of the Company (current
position)

- Oct. 2000
Registered as an
attorney-at-law
Joined Takahiko Inoue Law
Office (currently Phoenix Law
Office)
- Jan. 2012
Joint Representative (current
position)
- June 2015
Outside Director (Audit and
Supervisory Committee
Member) of Sankyo Kasei
Corporation (current position)
- Mar. 2017
Outside Audit & Supervisory
Board Member of Daitron Co.,
Ltd.
- June 2021
Outside Audit & Supervisory
Board Member of the
Company
- Mar. 2023
Outside Director (Audit and
Supervisory Committee
Member) of Taki Chemical Co.,
Ltd. (current position)
- June 2024
Outside Director (Audit &
Supervisory Committee
Member) of the Company
(current position)

	Fumio Kaneko	Nariyuki Ohta	Kazumasa Onaka	Tomoko Murakami	Akira Minemori	Kazumasa Murai	Noriko Kitajima
Tenure (years)	33	17	14	3	4	3	3
No. of shares held	48,300	47,800	8,800	4,600	9,000	4,600	4,600
Attendance at Board of Directors' meetings	19/19 (100%)	19/19 (100%)	19/19 (100%)	19/19 (100%)	19/19 (100%)	19/19 (100%)	19/19 (100%)
Attendance at Audit & Supervisory Board meetings					13/13 (100%)		13/13 (100%)
Attendance at Nomination & Compensation Advisory Committee meetings	6/6 (100%)			6/6 (100%)		6/6 (100%)	
Attendance at Group Management meetings	14/14 (100%)	14/14 (100%)	14/14 (100%)		14/14 (100%)		
Attendance at Risk Management & Compliance Committee meetings	14/14 (100%)				14/14 (100%)		
Attendance at Rewards & Disciplinary Committee meetings					1/1 (100%)		
Attendance at Sustainability Promotion Committee meetings	2/2 (100%)	2/2 (100%)	2/2 (100%)		2/2 (100%)		
Expertise and experience							
Corporate management	●				●		
Legal affairs and compliance		●		●	●		●
Risk management	●	●		●	●		●
Finance, accounting, and tax affairs	●				●	●	
Engineering and facility operations		●	●				
R&D		●					
Sales and marketing		●	●				
ESG and sustainability	●					●	
Human resources development	●						

Executive Officers

Fumio Kaneko

(President and Executive Officer)

Nariyuki Ohta

(Senior Managing Executive Officer)
Responsible for Enterprise
and Technology

Kazumasa Onaka

(Junior Managing Executive Officer)
General Sales Manager
Responsible for Sales

Morihiko Shimoda

General Manager of Corporate
Strategy Planning Division
Responsible for Corporate
Strategy Planning

Kunihiko Idei

Executive Assistant to President
Responsible for Special
Assignments from the President

Hitoshi Wanibe

General Manager of Business
Administration Division
Responsible for Business Administration

Hiroaki Shimoji

General Manager of
Enterprise Division
Responsible for Enterprise

Motomitsu Azumai

General Manager of
Purchasing Department
Responsible for Purchasing Management

Atsuo Tanaka

General Manager of Miki Recycle Center
Responsible for Management of
Miki Recycle Center

Toshifumi Hirai

Representative Director of Mie Chuo Kaihatsu Co., Ltd.
Responsible for General Management of
Mie Chuo Kaihatsu Co., Ltd.

Kenichi Morita

Director of Mie Chuo Kaihatsu Co., Ltd.
Responsible for Development of
Mie Chuo Kaihatsu Co., Ltd.

Masakatsu Shimoji

Representative Director of DINS Kansai Co., Ltd.
Responsible for General Management of
DINS Kansai Co., Ltd.

Koichi Ishikawa

Director of Geo-Re Japan Inc.
Responsible for Sales of Geo-Re Japan Inc.

Messages from Outside Officers

Reasons for appointments

Tomoko Murakami Outside Director

With advanced specialist knowledge of law as an attorney-at-law and abundant specialist expertise based on her many years of experience in corporate legal affairs, she has provided useful opinions on the Company's management from an independent standpoint. Based on this experience, the Company appointed her because it judges that further enhancement of corporate governance can be expected from her external and objective perspectives.

Kazumasa Murai Outside Director (Audit & Supervisory Committee Member)

With a wealth of specialized knowledge in finance, accounting, and tax affairs as a certified public accountant and licensed tax accountant, he has provided useful opinions on the Company's management from an independent standpoint as an Outside Director of the Company. Based on these extensive experiences, knowledge, and independence, the Company appointed him because it judges that the further enhancement of audit and supervision of the Company can be expected from his independent perspective.

Noriko Kitajima Outside Director (Audit & Supervisory Committee Member)

In addition to her deep specialized knowledge of corporate legal affairs as an attorney-at-law, she has assumed roles of outside audit & supervisory board members and outside director who is an audit and supervisory committee member at listed companies, and has been striving to enhance our corporate governance through auditing of overall business execution from an independent perspective as an Outside Director of the Company. Based on this track record, the Company appointed her because it judges that further enhancement of audit and supervision of the overall management of the Company can be expected from her independent perspective.

Pursuing business safety and environmental sustainability while increasing recognition of the importance of the Daiei Kankyo Group

Tomoko Murakami Outside Director



During the fiscal year ended March 31, 2024, I was able to participate in discussions with a thorough understanding of the background of the proposals and the operations of Group companies through prior briefing sessions and site visits prior to the Board of Directors' meetings. In terms of ensuring workplace safety, which has been a key focus since the fiscal year ended March 31, 2023, I have made efforts to reconfirm the current system. For example, I have asked questions and tried to understand the responses to concerns and preventative measures. Moving forward, I believe we need measures that will motivate us to continue our efforts. As for legal compliance, I requested records of reports made to designated contact points to gain a detailed understanding of the response. While no organizational or structural issues are evident from the reports at this point in time, I will continue to scrutinize and monitor management at each site closely.

In the fiscal year ending March 31, 2025, Outside Directors will have voting rights due to the Company's transition to the structure of a company with an audit and supervisory committee. This change will maintain the supervisory function of the Board of Directors, even when a Director is replaced, and will further strengthen governance. It has been pointed out that detailed provisions need to be established for the transition to ensure that the authority of the Audit & Supervisory Committee Members is not diminished compared to the former Audit & Supervisory Board system, and so careful attention will be needed to address this matter.

In order for the Group to further increase its corporate value, it is crucial to continue analysis and response based on the Task Force on Climate-related Financial Disclosures (TCFD). The medium- to long-term strategy includes the following: 1) creating an opportunity for growth by promoting energy conservation in response to concerns about falling revenues due to the impact of carbon tax from tighter regulations on greenhouse gas emissions; and 2) in response to the increasing demands for digital transformation (DX), leveraging traceability and automation to gain a competitive advantage, thereby creating opportunities for increased sales. I hope that the importance of the Group will be recognized as we strive to pursue business safety and environmental sustainability.

Expectations to expand business into the Tokyo metropolitan area by incorporating municipal business through active M&A



Kazumasa Murai

Outside Director (Audit & Supervisory Committee Member)

As the chair of the Nomination & Compensation Advisory Committee, I focused on the development of successor training in the fiscal year ended March 31, 2024. This included establishing criteria for a training plan called the Succession Plan, which emphasizes leadership and decision-making skills. The challenge for the future will be to clarify the group of successor candidates and the timing for applying these criteria.

The Board of Directors has considered the pros and cons of M&A and appropriate acquisition prices. Going forward, we will focus more on the synergies companies bring when they join the Group. The M&A of INAC Football Club Co., Ltd. received extensive media coverage and had the effect of improving the image of the Group. Becoming the owner of a famous women's soccer team is something that employees' families can easily understand, and I believe it has played a big part in boosting employees' motivation. Furthermore, during a site visit to Kyodoh Doboku Co., Ltd., which was also acquired through M&A, I sensed that there was good communication between our Directors (employees of the Company) and their middle management. To foster a high level of awareness on compliance issues and a corporate culture that values local communities within the Group, it is vital that we integrate talent from acquired companies into the Group and allow them to experience what the Group stands for firsthand.

Moving forward, it is crucial to expand our business into the Tokyo metropolitan area by incorporating municipal waste management services. To achieve this, we must actively pursue M&A to leverage synergies, working together as one Group to build relationships of trust with the local community.

The importance of developing managers with an awareness of the skills matrix and cultivating frontline employees with focus on diversity



Noriko Kitajima

Outside Director (Audit & Supervisory Committee Member)

Over the past year, to enhance the effectiveness of governance, I have requested reports on the key points of discussions during the Nomination & Compensation Advisory Committee's recommendations to the Board of Directors. As an Audit & Supervisory Committee Member, I have also consciously sought to obtain as much information as possible about the Company to help form a basis for our judgments. I have also made efforts to share information with the Full-time Audit & Supervisory Committee Member and the Audit Office, share awareness of issues with the auditing firm, and work to collaborate and exchange opinions with outside officers. In the fiscal year ending March 31, 2025, with the transition to a company with an audit and supervisory committee, I hope to strengthen our supervisory functions by exercising our voting rights and right to be heard.

One of the challenges for the Group is to develop and appoint personnel with diverse backgrounds, both inside and outside the Company, with an awareness of the skills matrix. For instance, currently, all employees in the Company at the level of Executive Officer and above are male, and there are few female managers who could be candidates for Executive Officer positions. We must therefore establish a system where talented and diverse personnel are appointed regardless of gender or any other characteristic. On this point, the Company is also conscious of the need to promote talented mid-level and young employees, and a higher level of awareness in these employees themselves, so I am hopeful that the environment will improve in the future. Moreover, I would like to suggest that the Company consider appointing individuals with management experience as Outside Directors. For frontline employees as well, it is important to create a workplace environment where all employees can work comfortably, regardless of age, gender, or nationality, and to build a company that attracts diverse talent. In order for the Company to improve its corporate value, I believe it needs to develop businesses and nurture talent at a faster pace, and have the awareness to elevate Japan's level of environmental innovation as a leading company, while not losing the sincere and honest corporate culture it has had since its founding.



Expectations of Outside Directors from an Investor's Perspective

Mr. Kazumasa Murai, Outside Director and chair of the Nomination & Compensation Advisory Committee, sat down for a conversation with an investor, Mr. Masanaga Kono, on March 22, 2024. The dialogue took place at the request of Mr. Kono and included a candid Q&A session about Daiei Kankyo's growth potential and management issues. Here, we provide an excerpt and summary of the feedback received and the views expressed during their conversation.

Thoughts from an Investor— Mr. Masanaga Kono

- To make appropriate management decisions, diverse perspectives are vital, and the job of the Board of Directors is to weigh up the revenue opportunities and risks. The current situation, where the President and owner holds 60% of the shares, presents both a benefit and drawback. On one side it shows strong leadership, while on the other it poses a corporate governance risk. I hope to see structural changes in the future, including the nomination committee's effectiveness in selecting senior management successors. Regarding the selection of Outside Directors, I would like to see not only a guarantee of independence or a simplistic skills matrix but also evidence and logic demonstrating that "this is the person we need." It is also imperative that more separation and delegation of authority is given between Executive Officers and the Board of Directors to clarify mutual responsibilities and enhance oversight functions.
- The high profit margins are driven by the significant barriers to entry in the market. Daiei Kankyo's strengths lie not only in its facilities but also in its know-how in sorting, collection, and incineration operations, as well as in building relationships with local communities, which constitutes its social capital. Clearly explaining the rarity and economic value of these strengths and sharing them with stakeholders is crucial.
- Daiei Kankyo maintains a good hold on its costs even while on a growth trajectory, which is commendable. Investors want to understand not only the numerical targets for return on equity (ROE) and payout ratio but also the capital required to achieve these goals, how it will be allocated, and the underlying rationale and logic. I look forward to recommendations, representing the voice of shareholders and employees, from the Outside Directors.
- It is important to set a clear vision for the balance sheet and talent portfolio in pursuit of medium- to long-term profit targets and to fine-tune toward achieving this vision. This vision should be shared not only with shareholders but also with employees.

In Response— Outside Director Kazumasa Murai

Daiei Kankyo is approaching a period of leadership transition. Senior management should not only have an overarching view of the entire Company but also understand the realities on the ground. Similarly, the supporting executive team must have the ability to lead operations in the field. When selecting successors for the management team, it is essential to consider this balance while looking ahead to the future of the Company. Regarding the function of the Board of Directors, Directors should focus on overall supervision, while business execution, such as on-site management, should be delegated to the executive side, enabling more rapid decision-making and agile operations. This delegation of business execution to the next generation is also seen as a means of developing future leaders.

From a broader perspective, Daiei Kankyo has been pursuing an M&A strategy and plans to continue promoting M&A to increase revenue. It is crucial to thoroughly evaluate not only the financial aspects of the companies Daiei Kankyo seeks to acquire but also their position on safety, labor, and compliance.

Daiei Kankyo's core business of waste management is relatively recession-proof and well-suited to municipal public-private partnership (PPP) projects with municipalities, indicating long-term demand. The Company's strength lies in its comprehensive know-how and track record in waste management while owning both incinerators and disposal sites with strong revenue potential. This strength is built on a foundation of trust with the residents living close to facilities.

In talking of trust, keeping a firm grasp on costs and appropriately allocating capital helps to maintain stakeholder trust. When it comes to capital allocation, it is also important to provide returns to employees. As some of Daiei Kankyo's work sites are dangerous, it is essential to invest in safety to create a safe, efficient, and comfortable working environment.

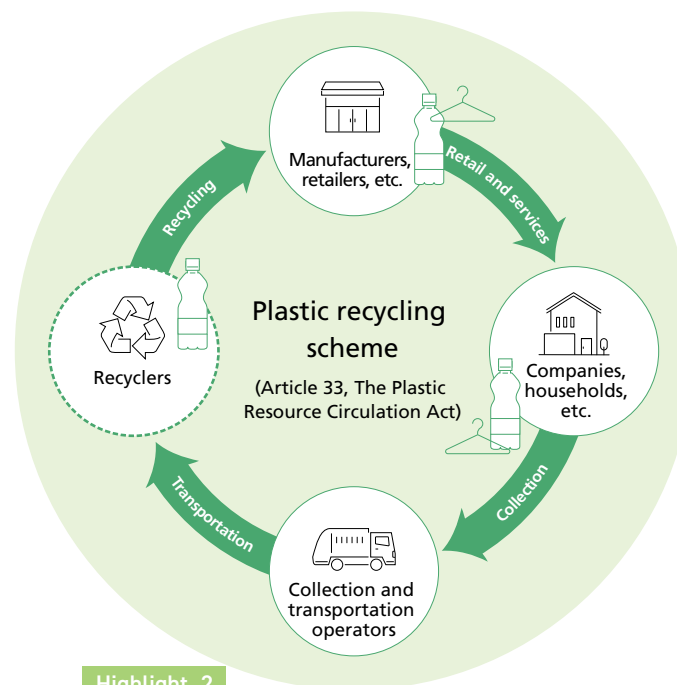
Highlight_1

Acquired certification of Natural Symbiosis Site

Our consolidated subsidiary, General Agriculture & Forestry Co., Ltd., is targeting sustainable forest management in the forest it owns in the town of Mimata, in Miyazaki, and it is continuing to implement initiatives aimed at creating harmony with the local community, including production of forest products, conservation of biodiversity, and working together with the local community on landscaping. In October 2023, the company obtained national certification of a 500 hectare section of the forest in Mimata Town as a Natural Symbiosis Site by the Ministry of the Environment and also participated in the 30by30 Alliance for Biodiversity.

In the future, we will continue to cooperate with local communities and experts, monitor and manage in a manner that is considerate of the ecosystem, and take steps to conserve biodiversity.

Award ceremony for
certification of a
Natural Symbiosis Site



Highlight_2

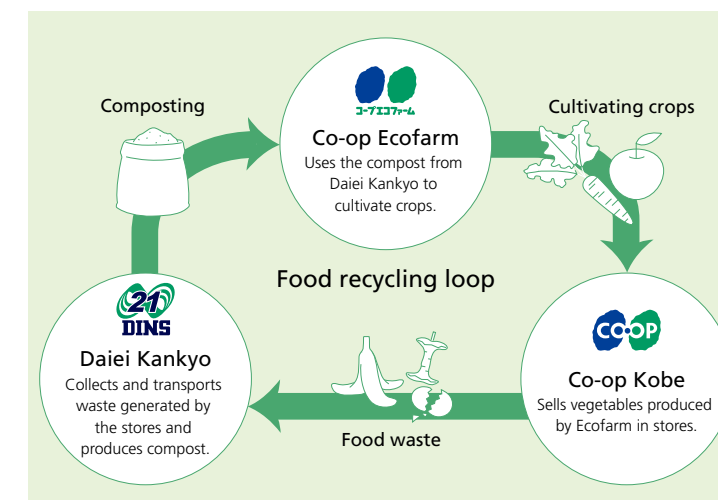
Participation in plastic waste recycling projects based on Article 33 of the Plastic Resource Circulation Act

The enforcement of the Plastic Resource Circulation Act has enabled stronger promotion of municipality-driven initiatives in promoting plastic recycling and building decarbonized communities. Based on this Act, municipalities are certified by the Ministry of the Environment and the Ministry of Economy, Trade and Industry, and take the initiative in recycling plastic-containing product waste in addition to plastic container and packaging waste. The Daiei Kankyo Group is participating as a recycler in four municipalities certified under this system (Sakai City in Osaka Prefecture, Kyoto City in Kyoto Prefecture, and Komono Town and Tsu City in Mie Prefecture), and will continue to contribute to plastic recycling.

Highlight_3

Building a food recycling loop with Co-op Kobe

In March 2024, Daiei Kankyo Co., Ltd. and Consumers Co-operative Kobe (Co-op Kobe) obtained certification from the Ministry of Agriculture, Forestry and Fisheries and the Ministry of the Environment of our Recycling Project Plan (food recycling loop), in accordance with the Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources. Food waste generated by Co-op Kobe is composted and used to cultivate the fields of Co-op Ecofarm in the Co-op Kobe Group. The produce from the farm is sold in some Co-op Kobe stores. We are working to build Local Circular Ecological Spheres by increasing the percentage of food waste recycled and returning local resources to the community.





The relay facility
started operations
in April 2024

Highlight_1

Progress on building a Local Circular Ecological Sphere in Tadaoka Town, Senboku-gun, Osaka

We signed cooperative public-private partnership agreements and are building Local Circular Ecological Spheres in three areas: five towns in the Kamimashiki-gun, Kumamoto; Aioi City, Hyogo; and Tadaoka Town, Senboku-gun, Osaka.

In Tadaoka Town, Senboku-gun, Osaka, we are currently preparing for the establishment of a new waste management facility (tentative name: Local Energy Center). We established a relay facility in advance and have begun accepting general waste from Tadaoka Town in the existing Daiei Kankyo Group facility until the local energy center is completed.

Highlight_2

Increase in municipalities we support for disaster preparedness

With the frequent occurrence of natural disasters in recent years, many municipalities are facing issues with and the need for disaster waste management. The Daiei Kankyo Group concludes cooperation agreements with municipalities to support the rapid establishment of a processing system after a disaster. As of March 31, 2024, 176 municipalities have signed disaster cooperation agreements.

Moreover, we have supported eight municipalities in formulating general waste management plans and have a record of supporting a total of 27 municipalities in the fiscal year ended March 31, 2024. Included among these plans are revision of the basic general waste management plan for Takahama City, Aichi and formulation of a disaster waste management plan for Ikeda City, Osaka.



Disaster cooperation
agreement signing
ceremony with Shunan
City, Yamaguchi

Next-generation
business leader
training



Highlight_3

Resumption of Next-Generation Business Leader Training and progress on advancement of women

We are promoting the development of human resources who can practice the commitment to our philosophy of creation, innovation, and meeting challenges to achieve sustainable corporate growth. We have resumed Next-Generation Business Leader Training, as this could not be conducted for three years due to the impact of the COVID-19 pandemic. A total of 78 employees took the training courses for the beginning, advanced, and master levels.

We are also actively working to promote the advancement of women, including the improvement of workplace environments. In the fiscal year ended March 31, 2024, women accounted for 36.8% of new graduate hires (graduates from a four-year university or graduate program), a 10.1% increase compared to the previous fiscal year.



Highlight_4

Building trust with local communities by managing a sports team and opening a commercial facility

On March 1, 2024, Daiei Kankyo Co., Ltd. acquired all of the shares of INAC Football Club Co., Ltd., making it a consolidated subsidiary. It manages INAC KOBE LEONESSA, a Japanese woman's professional soccer club belonging to the WE (Woman Empowerment) League.

INAC KOBE LEONESSA was established in 2001 and has grown to develop a core presence in the sports communities in its home city of Kobe and Hyogo Prefecture. The management organization of the team became a non-profit corporation in April 2004 and a stock company in 2010 to further increase the depth of the concept of being locally rooted. Our partnership with INAC KOBE LEONESSA has strengthened our ties with the local communities, and based on this, we aim to contribute to the development of youth, promotion of sports culture, and stimulation of the local economy. INAC KOBE LEONESSA is also currently mentoring around 260 youth with the goal of developing healthy youth and the lifelong pursuit of sports through soccer. We believe this initiative will enhance the brand value and increase the name recognition of the Daiei

Kankyo Group. We also focus our efforts on the proliferation of women's soccer and promotion of gender equality. Our broad-ranging initiatives include active participation in local events, support in career creation for female athletes after retiring from professional sports, and the advancement of women, in addition to matches.

On March 1, 2024, we opened ROKKO iPark in the building complex Daiei Kankyo Co., Ltd. owns and where it has the Group's head office. The facility concept is "a place where I play a starring role" and "a place where many people interact with each other, just like in a park." ROKKO iPark provides convenience to the local community with its many stores, from a food supermarket and drugstore to a specialized tool shop. Moreover, Kobe Green Field inside the same building provides an opportunity for visitors to learn about the connections between Kobe and sports through exhibits on the history of sports in Kobe and local professional sports teams.

This provides a place for understanding and developing a greater appreciation for the local sports culture.

The Daiei Kankyo Group hopes to continue to be rooted in local communities, contribute to them, and develop trust with everyone.

Photo by INAC KOBE
LEONESSA



INAC KOBE
SINCE 2001

I NTELLIGENCE 知性
N ATURE 天性
A TTRACTION 魅力
C OMMUNICATION 意思疎通



Our approach to sustainability

The Daiei Kankyo Group's business cannot exist without the trust of our customers and local communities. Since our founding in 1979, we have been diligently working to help create a sustainable, recycling-oriented society. For us, the building of lasting trust is the starting point for a sustainable future.

Basic Policy for Sustainability

The Future Comes from Trust.

Sustainability promotion framework

The Daiei Kankyo Group has established the Sustainability Promotion Committee, chaired by the President and Representative Director / Executive Officer to address climate change, human capital, and other sustainability issues. The committee discusses various sustainability-related policies as well as risks and opportunities at least twice a year, and reports the results of these discussions to the Board of Directors. The Board then makes decisions and supervises important matters based on the reports from the committee.

Sustainability promotion framework



Sustainability Promotion Committee activities

In the fiscal year ended March 31, 2024, the Sustainability Promotion Committee met twice and discussed the following three important agenda items.

- 1 Reviewing and updating information disclosure based on Task Force on Climate-related Financial Disclosures (TCFD)
- 2 Confirming consistency between the Medium-Term Management Plan and sustainability management
- 3 Initiatives aimed at disclosure of information on human capital

Depending on the agenda item, Outside Directors and general managers of the departments who are not the Committee Members also participated in the Committee meeting as observers and shared information about sustainability initiatives.

Agenda item	Description
1 Reviewing and updating information disclosure based on Task Force on Climate-related Financial Disclosures (TCFD)	Assessment and identification of risks and opportunities, and an assessment through scenario analysis, were undertaken for the Group subsidiaries and business segments, which were not subject to evaluation before, and a progress report was presented.
2 Confirming consistency between the Medium-Term Management Plan and sustainability management	The consistency between the ESG measures in the Medium-Term Management Plan and sustainability management was confirmed in light of trends in the external environment concerning sustainability.
3 Initiatives aimed at disclosure of information on human capital	Progress on the indicators and targets for women in management positions, men taking childcare leave, and other goals was confirmed, and past initiatives and future response measures were discussed.

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 (CO₂) emissions

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

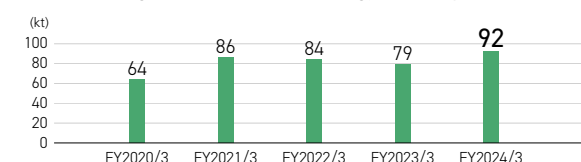
Changes in energy consumption

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 CO₂ emissions due to an increase in

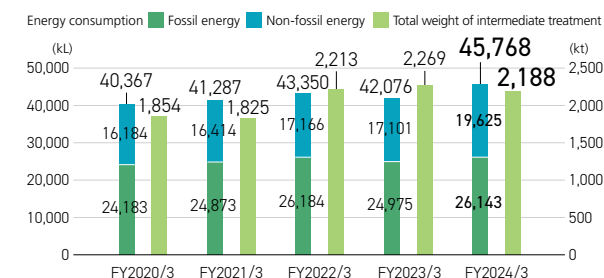
the emissions factors for the retail electricity suppliers with which we have contracts.

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 (CO₂) 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.

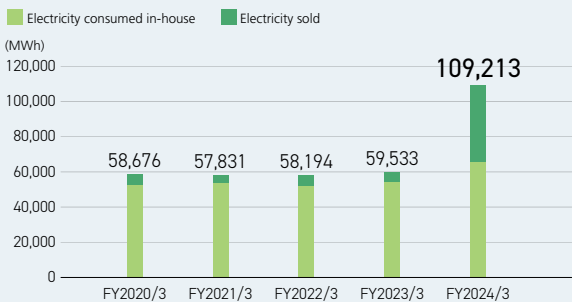
CO ₂ reduction initiative	Contributions			Absorption	Total
	Thermal recycling	Recycling	Solar power	Forest management	
Amount of reduction	-19 kt	-114 kt	-2 kt	-44 kt	-179 kt

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.

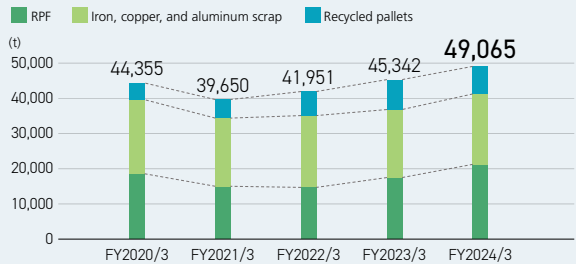
Amount of electricity consumed in-house and amount sold



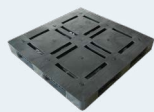
Contribution to reduction by recycling

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)
CO₂ reduction:
1.88 t-CO₂
per ton of RPF

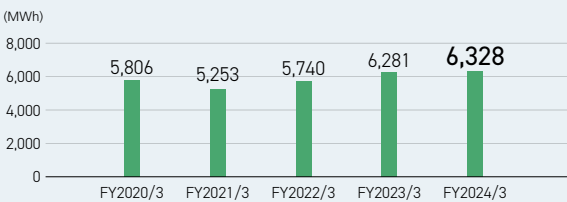


Recycled pallets
CO₂ reduction:
1.79 t-CO₂
per ton of pallets

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 CO₂ 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 CO₂ 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 Aqeduct.*

* Aqeduct: 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

Human rights

Respect for human rights

Respect for human rights is the foundation for business activities. The Daiei Kankyo Group formulated its Human Rights Policy in June 2024 to clearly express the Group's stance on respecting the human rights of all people, both internally and externally.

Based on its management philosophy, the Group is supported by a wide range of stakeholders, including business partners, shareholders, local communities, employees, and is committed to resolving social issues as an integral part of the social infrastructure to support the future.

Human rights due diligence

We will build a system for performing due diligence on human rights and seek to identify, prevent, and mitigate practices and situations that negatively impact human rights, in accordance with the United Nations Guiding Principles on Business and Human Rights and other international standards on human rights. We intend to begin identifying human rights issues in 2024.

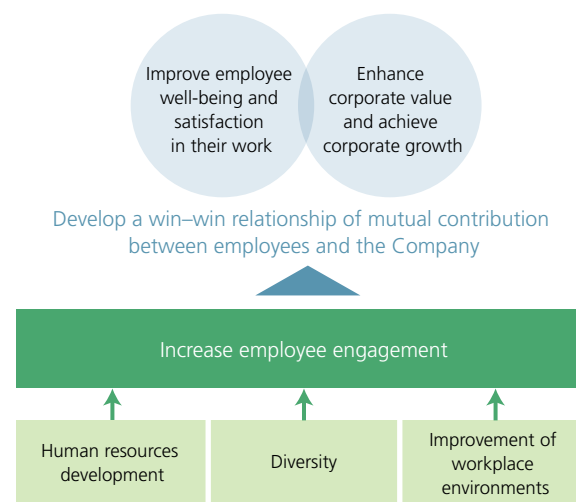
The Daiei Kankyo Group naturally endeavors to avoid violating human rights itself, and also to make sure that our suppliers and other business partners avoid encouraging the violation of human rights. If it becomes clear that a human rights violation has occurred or was encouraged, we will take corrective steps immediately.

Moreover, if we become aware that a stakeholder has been affected by a human rights violation or the potential for in our business activities, through the human rights hotline on our corporate website (established in August 2024), we will urge that corrective action be taken to minimize the impact.

Approach to human resources management

We believe that preparing a nurturing environment where employees can take pride in our business, have a sense of mission, and derive satisfaction from their work will lead to sustained growth of and enhance the corporate value of the Daiei Kankyo Group and at the same time will facilitate the development of human resources. We aim to create an environment where employees can enthusiastically endeavor to grow themselves and the Company.

Human resources strategy



To enhance the corporate value and achieve sustained growth of the Daiei Kankyo Group, we think it is important to increase employee engagement. We have positioned development of employees who will put the management philosophy and the management vision into practice as an

important strategy, and strive to develop workplace environments where diversity is respected and everyone can work comfortably. We believe that maintaining a sense of satisfaction with work and increasing the well-being of employees will enhance corporate value and achieve sustained growth.

Human resources development

Investing in employees who are motivated to grow

For employees who are highly motivated to learn and take on challenges, we believe that it is our responsibility to support them in building diverse careers.

Although we are providing employees with opportunities for growth by inter-Group transfers through open recruitment, secondment outside the Group, and other such opportunities, we still feel the need for more opportunities that will generate diverse experiences.

We will also enhance our training programs, provide opportunities to gain broad experience in different departments, and provide spaces for interaction with people outside of the Company. Through these measures, we will continue to encourage employees to take on challenges.

Educational system and training programs

Enhancing the educational system is essential to operate an organization where employees enthusiastically work for the growth of the Company.

We have established a systematic education system. The main training programs include "Companywide training" on the code of conduct (Daiei Kankyo Group Business Conduct Guidelines) and compliance, as well as "stratified training" implemented in conjunction with promotions and other such events, and "skills education" implemented by job type across business locations.

In recent years, we have also focused on expanding selective training with the aim of cultivating the next

generation of executives and leaders, as part of building the foundation for a 100-year company. We also actively support taking external courses and other training to acquire the necessary qualifications, licenses, skills, and knowledge for an employee's work, and support approximately 300 different qualifications. Aiming to develop human resources who can practice the commitment to creation, innovation, and meeting challenges, the Daiei Kankyo Group is working to establish an educational system to support employee growth.

The most important issue in human resources development is to systematically nurture leaders who will carry the Group forward into the future. In the development of our educational system, we are therefore placing particular emphasis on enhancement of selective training. We plan to evolve our training programs by utilizing outside educational institutions and experts. Nurturing outstanding management executives also necessitates cultivating a wide range of knowledge and expertise through experience in a variety of businesses and departments. We are therefore proactive in providing effective job rotations in cooperation with Group companies.

Diversity (Diversity promotion)

Promoting active participation of women

The Daiei Kankyo Group believes that women are indispensable to the Company's sustainable growth, and actively recruits women who are new university graduates or previous graduates. Women accounted for 36.8% of new graduate hires (graduates from a four-year university or graduate program) in the fiscal year ended March 31, 2024, and we will continue to actively recruit women in the fiscal year ending March 31, 2025 and beyond to meet our target of a female new graduate recruitment ratio of 30% or more.

We are also actively pursuing promotion of women to management positions. Female managers accounted for

3.7%* of all managers at the end of the fiscal year ended March 31, 2024. The target for the fiscal year ending March 31, 2025 is 4.0% or higher, and we are implementing measures to increase the number of female employees who aim to become leaders. To increase the percentage of women in management positions, it is necessary to instill the mindset of expanding the scope of women's participation in the workplace in all employees and to create an encouraging environment that enables active participation over the medium and long term. In addition, we will continue to plan training for female employees while creating opportunities for female employees who are role models to engage in dialogue with younger employees.

* 3.7%: The percentage of female managers has been retroactively revised based on the Ministry of Health, Labour and Welfare's definition.

Securing diverse human resources (employment)

In the Daiei Kankyo Group, we are stepping up our efforts to hire employees who are foreign nationals, utilize women and seniors more actively, and employ more people with disabilities to ensure diversity of our human resources and contribute to sustained growth, in light of the declining birthrate, aging population, and labor shortages that will become substantially worse in the future.

We established DINS Mirai Co., Ltd., a consolidated subsidiary, in June 2021 to employ and promote the active participation of people with disabilities. Each Group company is implementing active employment measures.

In regard to the utilization of seniors, the Daiei Kankyo Group actively rehires retirees. In the fiscal year ended March 31, 2024, 70.8% of retirees used the rehiring system and were actively participating in the Group. Many companies in the Group have also increased the retirement age to 70 and are developing work environments in which seniors who are wanting to work can play an active role.

Improvement of workplace environments

Health and productivity management

We believe that the mental and physical health of employees leads to the well-being of the employees and their families, and is the driving force behind their motivation to work. We strive to improve work environments where employees can continue to work in good health by implementing various measures such as mental health support measures, a subsidy system for additional medical examinations, a subsidy system for medical examinations of the spouses of employees with 10 or more years of service, and promoting smoking cessation activities.

To address smoking cessation, we have been separating smoking areas to prevent secondhand smoke at some sites. We will continue to make improvements at sites where the separation of smoking areas is ambiguous. Smoking has also been prohibited in Company vehicles from the fiscal year ending March 31, 2025 to prevent passive smoke inhalation and promote employee health. We also provide support to employees who want to quit smoking in addition to promoting smoking cessation. We will continue to implement initiatives such as a smoking cessation program via remote guidance to promote smoking cessation.

Consideration for work-life balance

For labor management, we have introduced an attendance management system to keep tabs on working hours and are building a structure that will enable managers to appropriately manage work by ascertaining day-to-day work status. Every month, the Human Resources Department in the Business Administration Division sends an alert email to employees who have worked a certain amount of overtime and their managers in an effort to control long working hours. From the fiscal year ending March 31, 2025, most companies in the Daiei Kankyo Group also increased annual holidays by another five days over the increase in the fiscal year ended March 31,

2024, and we are developing workplace environments in which employees find it more comfortable to work.

To encourage employees to take paid leave, we have a system in which managers regularly encourage employees who have not taken paid leave to take it. The rate of the used portion of employees' annual paid leave was 77.7% as of March 31, 2024, and the target for the fiscal year ending March 31, 2025 is 90% or more.

Balancing work and childcare

In the Daiei Kankyo Group, we help employees balance work and childcare and support working women by expanding employees who are eligible for working shorter hours to care for children. We have also expanded the system to enable employees to choose shortened working hours for pregnancy, childcare, and caregiving, thus improving the system to enable them to adopt a workstyle that suits their personal circumstances.

Interest in childcare has increased among male employees, and we are promoting a system that enables them to balance work and family. We distribute a guidebook to parenting employees and provide an explanation of the system available to them. This system has become established as a regular practice, resulting in the rate of male employees who take childcare leave reaching 93.2% as of March 31, 2024. We will aim to maintain 80% or higher in the fiscal year ending March 31, 2025 as well and will continue our efforts to reach 100%.

Fair evaluations and benefits

The Daiei Kankyo Group complies with the legal minimum wage and provides benefits in accordance with laws and regulations. In performing the evaluations on which benefits are based, we make appropriate determinations on the degree of contribution to the organization from multiple perspectives in addition to evaluating work performance, and reflect such factors in an employee's compensation.

Assignment and reassignment of employees

In determining assignment of new employees, we confirm the wishes of the employee, take their wishes into consideration, and observe those wishes in assigning them, insofar as possible.

We have also introduced a self-reporting system and provide annual opportunities for employees to submit their wishes in writing. The employee's superior and the Human Resources Department speak with the employee and, based on the employee's wishes, make an effort to incorporate positive wishes to the extent possible, enabling them to outline a future career plan.

Initiative to rectify the wage gap between men and women

In the fiscal year ended March 31, 2024, women's wages were 73.5%* of men's wages at Daiei Kankyo Co., Ltd. Because we have established the same wage structure for men and women, we recognize that this gap mainly results from the high percentage of male employees in positions at the management level or higher with a higher salary level. We believe creating an organization where women can actively work in a wide range of positions and increasing the percentage of female managers will rectify the wage gap.

* The wage gap between men and women is calculated as specified in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015).

Increasing engagement

We have listened directly to employees about their job satisfaction and requests, and have worked to improve issues through employee surveys and the self-reporting system. We are implementing initiatives aimed at creating more fulfilling workplaces, especially by expanding the number of annual holidays two years in a row, which many employees desired.

We also introduced a new employee engagement survey in the fiscal year ended March 31, 2024, in addition to the

surveys mentioned above. This survey measures employee trends in greater detail. We analyze the results to enhance the strengths of the Daiei Kankyo Group and work to solve issues.

As an initiative to improve engagement, we encourage employees to join the employee stock ownership plan. For enrollees who meet certain criteria, we introduced a restricted stock compensation system and measures to increase the grant rate of incentives, thereby promoting stable asset formation for employees and raising their awareness of participation in management. Through these, we are striving to enhance the corporate value of the Daiei Kankyo Group over the medium and long term.

Occupational safety and health

Safety and Health Action Policy and management system

We have developed the Safety and Health Action Policy based on the Safety and Health Philosophy which serves as the basis for all safety and health activities in the Daiei Kankyo Group.

Each fiscal year, each business location formulates safety and health activity plans, sets a reduction target for the number of accidents / occupational accidents, and engages in safety and health activities, based on these common guidelines and philosophy.

Safety and Health Philosophy

We place top priority on safety and health in all aspects of our business, and strive for workplaces free of accidents and disasters by being watchful, attentive, and considerate.

Safety and health code of conduct

- Prioritize safety and health for employees and their families
- Clarify safety and health organizational responsibilities and authorities
- Reflect on past accidents and disaster drills to make sure they are not forgotten
- Make the “5S” principles a basic practice (Sort, Set-in-Order, Shine (clean), Standardize, and Sustain/Self-discipline)
- Take individual responsibility and act in unison
- Break through the status quo and pursue continual improvement
- Create a welcoming workplace that is considerate of senior employees

Accidents / occupational accidents and risk mitigation

In the fiscal year ended March 31, 2024, we made a thorough effort to narrow our targets and provide systematic education. We produced a video reenacting accidents similar to the 23 serious occupational accidents that occurred in the fiscal year ended March 31, 2023 and resulted in four or more days off work, and provided a video training for all employees based on the particularly important concept of “experience.” We also introduced realistic experience-based learning from accidents and disasters, using virtual reality goggles. Classroom education was also provided to personnel of foreman rank who instruct and guide workers on-site, which included instruction on how to provide guidance and the essential elements of teamwork. This enhanced education, which had not been uniformly implemented up to this point.

These initiatives reduced the number of serious occupational accidents resulting in four or more days off work from 23 in the fiscal year ended March 31, 2023 to 13 in the fiscal year ended March 31, 2024. Despite this, the total number of accidents, including property damage, increased to 113 in the fiscal year ended March 31, 2024, from 103 in the previous fiscal year. Despite the substantial reduction in serious occupational accidents, minor accidents increased, and we recognize that reducing accidents resulting in property damage is also a major issue.

Safety management at partner companies

At the Daiei Kankyo Group Safety Conference every year in July, we make sure that our partner companies understand our Safety and health code of conduct. Although the partner companies who provide collection and transportation services under contract are not included when counting the number of accidents / occupational accidents, they share indirect information on safety activities.

For exclusive partner companies who are stationed at a work site, we perform the same integrated data management as we do for Daiei Kankyo Group employees and temporary workers. The same activities are also implemented for safety education, improving the ability to detect hazards on a routine basis, and alerts.

Reducing vehicle accidents

To reduce the number of vehicle accidents in the Daiei Kankyo Group, we focus on practical training, work safety training, near miss video training, and special training (tailgate lifter operating training). In the fiscal year ended March 31, 2024, a total of 59 accidents / occupational accidents occurred in vehicle transportation. Of these, 17 accidents resulted in injury of a crew member or support staff. The remaining 42

accidents were traffic accidents and accidents resulting in property damage without human injuries. Although no serious accidents occurred, the total number of accidents was higher than the 43 accidents which occurred in the fiscal year ended March 31, 2023.

Sustainable collection and transportation

A cap on the hours worked by collection drivers (the so-called “2024 problem”) took effect in April 2024. In response to this, we began monitoring the hours of drivers who are Daiei Kankyo Group employees from the fiscal year ended March 31, 2022 and drivers who are temporary workers from the fiscal year ended March 31, 2023, before the regulation was implemented. In response to the increase in the volume of collection and transportation, we are working to improve our transportation capacity within working hours by collaborating with new partner companies in addition to our existing partner companies, and providing indirect support to them for transportation management.

We are seeking the understanding of our customers and revising transportation subcontracting fees gradually to incorporate the increase in the cost of fuel as well as from costs accompanying the steep rise in the price of other goods. Over the past several years, we have been strengthening initiatives to enable the transportation department to earn a reasonable profit as an independent business.

The Daiei Kankyo Group continues to work on building a sustainable collection and transportation system through these activities.

Data Section

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Daiei Kankyo Co., Ltd.

Business description: Waste-related business, valuable resource recycling business, and sports promotion business

Head office: 2-3-28 Techno Stage, Izumi-shi, Osaka, 594-1144, Japan

Group headquarters: Kobe Fashion Plaza, 2-9-1 Koyochonaka, Higashinada-ku, Kobe, Hyogo 658-0032, Japan

Founded: October 17, 1979

President and Representative Director: Fumio Kaneko

Capitalization: ¥5,907 million

No. of employees: 2,607
(combined total of regular employees and temporary employees (average number of employees per year) as of March 31, 2024)

Subsidiaries

Consolidated subsidiaries

Mie Chuo Kaihatsu Co., Ltd.

4713 Hachiya, Yono, Iga, Mie 518-1152, Japan
Waste management and recycling, soil remediation, consulting, electricity generation

DINS Kansai Co., Ltd.

1-5-38 Chikkoshinmachi, Nishi-ku, Sakai, Osaka 592-8331, Japan
Waste management and recycling, electricity generation

Kyodoh Doboku Co., Ltd.

26-1 Harashinmachi, Ageo, Saitama 362-0016, Japan
Waste management and recycling

Geo-Re Japan Inc.

1-1 Higashihamacho, Amagasaki, Hyogo 660-0844, Japan
Soil remediation

Safety Island Co., Ltd.

16-7 Uozakihamamachi, Higashinada-ku, Kobe, Hyogo 658-0024, Japan
Waste management and recycling, soil remediation

Settsu Seiun Co., Ltd.

2-4-27 Higashitsukaguchicho, Amagasaki, Hyogo 661-0011, Japan
Waste management and recycling

Kyoto Kankyo Co., Ltd.

8 and 9 Saiinhighashi Nakamizuchō, Ukyo-ku, Kyoto, Kyoto 615-0042, Japan
Waste management and recycling

Kobe Port Recycle Co., Ltd.

9-13 Minatojima, Chuo-ku, Kobe, Hyogo 650-0045, Japan
Waste management and recycling

Daiei Amet Co., Ltd.

1-17 Hazemiyamachi, Fukuchiyama, Kyoto 620-0856, Japan
Waste management and recycling

Clean Stage Co., Ltd.

2-3-30 Techno Stage, Izumi, Osaka 594-1144, Japan
Waste management and recycling

Settsu Co., Ltd.

2-4-27 Higashitsukaguchicho, Amagasaki, Hyogo 661-0011, Japan
Waste management and recycling

Tohoku Eco Clean Co., Ltd.

38 Kumada, Shioniwa, Onomachi, Tamura, Fukushima 963-3314, Japan
Waste management and recycling

Create Navi Co., Ltd.

Kobe Fashion Plaza, 2-9-1 Koyochonaka, Higashinada-ku, Kobe, Hyogo 658-0032, Japan
Recruiting service

Plafactory Co., Ltd.

4-2-3 Chikkoshinmachi, Nishi-ku, Sakai, Osaka 592-8331, Japan
Recycled plastic pallets

Omihachiman Eco Service Co., Ltd.

1143 Takecho, Omihachiman, Shiga 523-0036, Japan
Facility construction and administration

Sanki Kaihatsu Co., Ltd.

23 Minami 15 Sennishi, Nanporocho, Sorachi-gun, Hokkaido 069-0215, Japan
Waste management and recycling

Software Total Service Co., Ltd.

Chiyoda Building Higashi-kan, 2-9-4 Higashitemma, Kita-ku, Osaka, Osaka 530-0044, Japan
Consulting

Green Arrows Kansai Co., Ltd.

4-2-3 Chikkoshinmachi, Nishi-ku, Sakai, Osaka 592-8331, Japan
Waste management and recycling

Maruyo Inc.

3-13 Kusunokicho, Ashiya, Hyogo 659-0015, Japan
Waste management and recycling

General Agriculture & Forestry Co., Ltd.

Kobe Fashion Plaza, 2-9-1 Koyochonaka, Higashinada-ku, Kobe, Hyogo 658-0032, Japan
Forest management

DINS Environmental Analysis Center Co., Ltd.

3598-12 Hatta, Iga, Mie 518-1155, Japan
Consulting

Daiei Kankyo Research Institute Co., Ltd.

41-1 Kanda Higashimatsushitacho, Chiyoda-ku, Tokyo 101-0042, Japan
Consulting

Resource Circulation Systems Co., Ltd.

1-1-1 Hirano, Yahatahigashi-ku, Kitakyushu, Fukuoka 805-0062, Japan
Consulting

DINS Mirai Co., Ltd.

6F Kobe Fashion Plaza, 2-9-1 Koyochonaka, Higashinada-ku, Kobe, Hyogo 658-0032, Japan
Recruiting service

Ashiya Josui Co., Ltd.

3-13 Kusunokicho, Ashiya, Hyogo 659-0015, Japan
Waste management and recycling

ISV Japan, Limited

3F Oshima Building, 2-4-8 Konan, Minato, Tokyo 108-0075, Japan
Waste management and recycling

DINS Hokkaido Co., Ltd.

562-14 Abira, Abiracho, Yufutsu, Hokkaido 059-1511, Japan
Waste management and recycling

Tadaoka Eco Service Co., Ltd.

2-5-46 Niihama, Tadaokacho, Senboku, Osaka 595-0814, Japan
Waste management and recycling

D-design Co., Ltd.

Nomura Yotsubashi Building, 1-4-4 Awaza, Nishi-ku, Osaka, Osaka 550-0011, Japan
Consulting

INAC Football Club Co., Ltd.

Kobe Fashion Plaza, 2-9-1 Koyochonaka, Higashinada-ku, Kobe, Hyogo 658-0032, Japan
Regional sports promotion

Eiwa Recycle Co., Ltd.

2-9-16 Nishi-Waseda, Shinjuku-ku, Tokyo 169-0051, Japan
Waste management and recycling, facility construction and administration

GLOBAL ENVIRONMENTAL TECHNOLOGY Co., Ltd.

#509, Izumisano Center Building Southcore 21, 1-10-37 Takamatsuhigashi, Izumisano, Osaka 598-0012, Japan
Waste management and recycling

Urayasu Seiun, Inc.

15-39 Chidori, Urayasu, Chiba 279-0032, Japan
Waste management and recycling

Aia, Inc.

15-39 Chidori, Urayasu, Chiba 279-0032, Japan
Waste management and recycling

Negibozu Agricultural Producers' Cooperative Corporation

11654 Kakinokigawa, Yono, Iga, Mie 518-1152, Japan
Agribusiness

Makinosato Agricultural Producers' Cooperative Corporation

132-8 Tani, Kitsushoji, Kuchiyokawacho, Miki, Hyogo 673-0752, Japan
Agribusiness

Non-consolidated subsidiaries

Fukuchiyama Golf Co., Ltd.

194 Hatakenaka, Fukuchiyama, Kyoto 620-0967, Japan
Regional sports promotion

Satoyama Agricultural Producers' Cooperative Corporation

4713 Hachiya, Yono, Iga, Mie 518-1152, Japan
Agribusiness

Affiliated companies

Affiliated companies accounted for by the equity method

Major Venous Japan Co., Ltd.

4-2-21 Shinkiba, Koto-ku, Tokyo 136-0082, Japan
Waste management and recycling

Re-enermie Co., Ltd.

3693-15 Kitafukuzawa, Hatta, Iga, Mie 518-1155, Japan
Electricity generation

Symfives Co., Ltd.

2874 Toshimamachi, Higashi-ku, Kumamoto,
Kumamoto 861-8031, Japan
Waste management and recycling

KOBE-Bio-Sewage Co., Ltd.

1-4-78 Wakinohamacho, Chuo-ku, Kobe, Hyogo
651-0072, Japan
Waste management and recycling

Asahikouseki Co., Ltd.

13-4 Biwanokubo, Iitanicho, Tokushima, Tokushima
771-4265, Japan
Waste management and recycling

Kitaguchi Corporation

1-8-7 Shinke, Neyagawa, Osaka 572-0812, Japan
Waste management and recycling

Affiliated companies not accounted for by the equity method

KOUKI CORP.

6-23 Hamawakicho, Nishinomiya, Hyogo 662-0941,
Japan
Facility construction and administration

Eco Clean Yamatokoriyama Co. Ltd.

#202, Urbanheim Koriyama, 23-1 Konyamachi,
Yamatokoriyama, Nara 639-1148, Japan
Facility construction and administration

Green Arrows Holdings, Inc.

A-10F, 2-4-1 Shibakoen, Minato-ku, Tokyo
105-0011, Japan
Waste management and recycling

NEW ENERGY SUPPLY CORPORATION

1-12-11 Hamamatsucho, Minato-ku, Tokyo
105-0013, Japan
Waste management and recycling

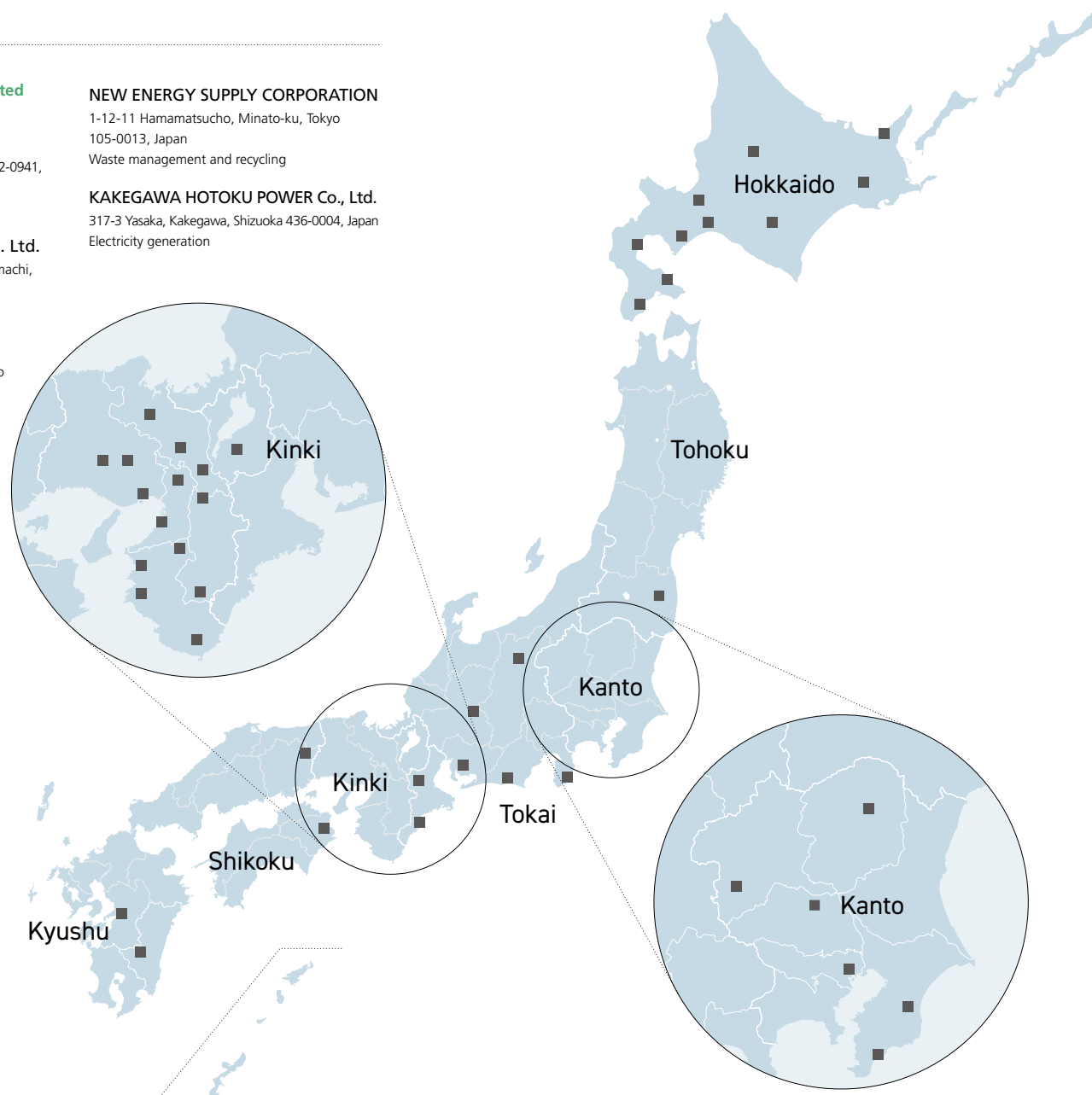
KAKEGAWA HOTOKU POWER Co., Ltd.

317-3 Yasaka, Kakegawa, Shizuoka 436-0004, Japan
Electricity generation

Daiei Kankyo Group business locations

Owned by Daiei Kankyo and consolidated subsidiaries	■ Recycling facilities	30
	■ Other business locations	30
	■ Sales offices	13
	■ Forests	29
Owned by affiliated companies accounted for by the equity method	■ Recycling facilities	3
	■ Other business locations	3
Owned by affiliated companies not accounted for by the equity method	■ Other business locations	5

(As of July 2024)



We possess facilities in compliance with various recycling-related laws and meet the diverse needs of our customers. Approximately 70% of our total permitted capacity is authorized for general waste management.

Total permitted capacity for sorting, crushing, and recycling facilities

55,275 t/day

* RC: Recycle Center

Business location	Processing capacity
Izumi RC	1,793 t/day
Kokawa RC	234 t/day
Nishinomiya RC	1,234 t/day
Miki RC	14,121 t/day
Rokko RC	1,916 t/day
Gobo RC	336 t/day
Wakayama RC	7,026 t/day
Iga RC	1,562 t/day
Mie Chuo Kaihatsu Mie RC	1,332 t/day
Mie Chuo Kaihatsu Kyoto RC	1,959 t/day
Settsu Seiun Co., Ltd.	1,447 t/day
DINS Kansai GE RC	321 t/day
DINS Kansai Bioethanol RC	1,058 t/day
DINS Kansai RAC RC	3,364 t/day
DINS Kansai R&E RC	102 t/day
Daiei Amet Co., Ltd.	1,356 t/day
Sanki Kaihatsu Co., Ltd.	146 t/day
Major Venous Japan Co., Ltd.	2,416 t/day
Kobe Port Recycle Co., Ltd.	2,198 t/day
Green Arrows Kansai Co., Ltd.	566 t/day
Kyodoh Doboku Tokyo Intermediate Treatment Site	3,256 t/day
Kyodoh Doboku Chiba Intermediate Treatment Site	1,925 t/day
Kyodoh Doboku Saitama Intermediate Treatment Site	800 t/day
Safety Island Co., Ltd.	4,802 t/day

Total permitted capacity for incineration and other heat treatment facilities

2,412 t/day

Note: The table only shows the main facilities.

Business location	Processing capacity	Power generation capacity
Izumi RC (drying)	60 t/day	
Nishinomiya RC (incineration)	50 t/day	
Miki RC (incineration)	150 t/day	800 kW
Miki RC Biomass Factory (incineration)	440 t/day	11,700 kW
Mie RC (incineration)	130 t/day	800 kW
Mie RC (roasting)	200 t/day	
Mie RC (melting)	4 t/day	
Mie RC Energy Plaza (incineration)	636 t/day	4,050 kW
Mie RC Energy Plaza (roasting)	407 t/day (including carbonization)	
DINS Kansai GE RC (incineration)	248 t/day (including drying)	850 kW
DINS Kansai Bioethanol RC (incineration)	86 t/day	1,950 kW

Total permitted capacity for final disposal sites

31,860,000 m³

Business location	Permitted capacity for establishment
Izumi RC (controlled final disposal site)	3,381,011 m ³
Miki RC (controlled final disposal site)	11,066,371 m ³
Mie RC (controlled final disposal site)	12,807,077 m ³
Kyoto RC (controlled final disposal site)	1,285,268 m ³
Gobo RC (controlled final disposal site)	2,798,327 m ³
Daiei Amet Co., Ltd. (stable final disposal site)	86,000 m ³
Tohoku Eco Clean Co., Ltd. (controlled final disposal site)	249,995 m ³
DINS Hokkaido Co., Ltd. (controlled final disposal site)	186,689 m ³

Soil remediation treatment

Pyrolysis and melting

487 t/day

Business location	Processing capacity
Mie RC	377 t/day
Geo-Re Japan Inc.	110 t/day

Washing

708 t/day

Business location	Processing capacity
Geo-Re Japan Inc.	408 t/day
Safety Island Co., Ltd.	300 t/day

Dry magnetic sorting

2,520 t/day

Business location	Processing capacity
Geo-Re Japan Inc.	2,520 t/day

Sorting, Insolubilization, and Chemical Desorption

8,200 t/day

Business location	Processing capacity
Mie RC	400 t/day
Geo-Re Japan Inc.	5,720 t/day
Safety Island Co., Ltd.	2,080 t/day

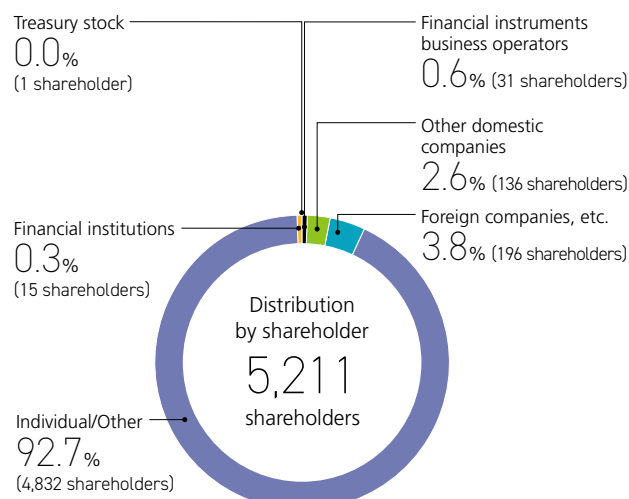
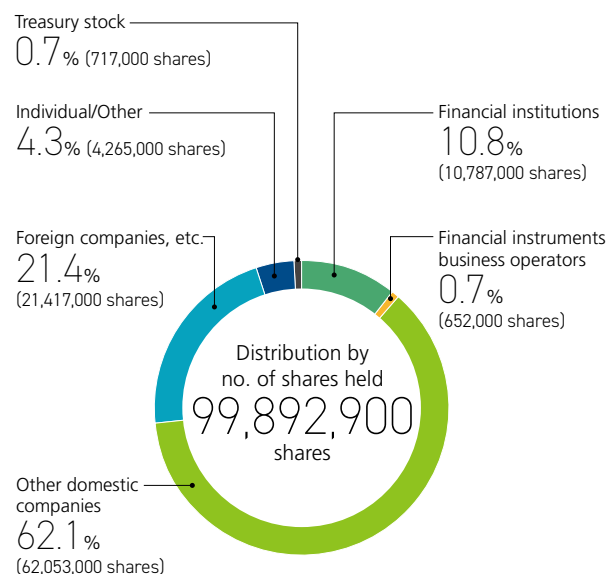
(As of July 2024)

Issued shares	99,892,900
Shareholders	5,211
Stock trading unit	100
Market listing	Tokyo Stock Exchange Prime Market
Securities code	9336
Fiscal year	From April 1 of each year to March 31 of the subsequent year
Annual General Meeting of Shareholders	Within three months of the fiscal year-end
Record date for shareholders' rights exercise	March 31 of each year
Record date for surplus dividend payout	September 30 of each year March 31 of each year
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited
Accounting auditor	GYOSEI & Co.

Major shareholders (Top 10)

Name of shareholder	No. of shares held (thousand)	% of total
Wing Towa K.K.	61,399	61.91
The Master Trust Bank of Japan, Ltd. (trust account)	6,810	6.87
Custody Bank of Japan, Ltd. (trust account)	3,329	3.36
JPMorgan Chase Bank, N.A. (385632)	1,958	1.98
Daiei Kankyo employee stock ownership plan	1,407	1.42
STATE STREET BANK AND TRUST COMPANY 505001	1,072	1.08
BNP PARIBAS LUXEMBOURG / 2S / JASDEC SECURITIES / UCITS ASSETS	1,070	1.08
CEPLUX-THE INDEPENDENT UCITS PLATFORM 2	1,020	1.03
SSBTC CLIENT OMNIBUS ACCOUNT	796	0.80
STATE STREET BANK AND TRUST COMPANY 505103	740	0.75

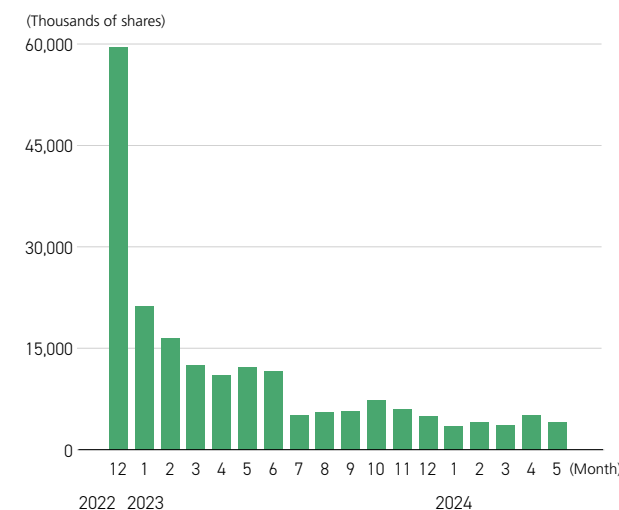
Share distribution



Trend in share price



Trend in trading volume



Information Disclosure System

Financial Information	Non-financial Information
<p>Integrated Report www.dinsgr.co.jp/english/ir/integrated_report/</p>	
<p>Financial Results www.dinsgr.co.jp/english/ir/library/</p>	<p>Corporate Governance Report www.dinsgr.co.jp/english/csr/pdf/CorporateGovernanceReport20240703.pdf</p>
<p>Presentation Materials www.dinsgr.co.jp/english/ir/library/presentation/</p>	
<p>Securities Report (in Japanese only) www.dinsgr.co.jp/ir/library/securities/</p>	
<p>Investor Relations Website www.dinsgr.co.jp/english/ir/</p>	<p>Sustainability Website www.dinsgr.co.jp/english/csr/</p>

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