

Daiseki Co., Ltd.

ESG REPORT 2022



Environment

Social



Governance



Management Principles

Ideas, Plans, Structures, Actions

After conceiving of an idea, we consider it various ways, built organization and other structures to realize it, and put our plan into action.

Our purpose

Making the best use of limited resources

An environment-creating company contributing to society through the environment

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Ethics Charter

Good-faith responsible action is at the heart of the Company.

A commitment to good-faith, responsible action from each and every one of our executives and employees is at the core of our position as trustworthy members of society and the first choice of our customers. In recognition of this, we have established the Daiseki Ethics Charter to guide our business practices.

1. Societal Role and Responsibilities

We fully recognize our societal role and responsibilities as a company providing intermediate industrial waste treatment. By following sound and appropriate business practices based on the principle of accountability, we strive to be worthy of the trust society places in us.

2. Compliance with Laws and Regulations

We work to implement internal control maintaining strict compliance with laws, regulations, and company rules, and carry out appropriate business operations and fair, good-faith business practices.

3. Respect for Human Rights and Promotion of an Open-Minded Corporate Culture

We respect human rights and strive to promote a rewarding and open-minded corporate culture.

Code of Conduct

Code of Conduct is internal rules for members of Daiseki.

We operate our corporate business prioritizing social responsibility, compliance of laws and regulations, and basic human rights to ensure as members of Daiseki. "Code of Conduct" describes basic internal rules for executives and employees to follow.

[Code of Conduct Articles]

1. Daiseki's Basic Stance

- (1) Pursuit of sound business practices
- (2) Promotion of mutual understanding with wider society
- (3) Support for activities that make a social contribution
- (4) Respect for the global environment

2. Core Concepts for Employee Treatment

- (1) High expectations of employees
- (2) Respect for fundamental human rights
- (3) Provision of a work environment that fosters individual capabilities

3. Guidelines for Fair Business Practices

- (1) Compliance with the antimonopoly act
- (2) Appropriate approach to entertainment, gifts, and similar practices
- (3) Transactions with public institutions, handling of political contributions and donations

4. Guidelines for Information Protection

- (1) Handling of trade secrets
- (2) Handling of inside information
- (3) Handling of intellectual property

Publication Details

● Scope and Areas Covered by This Report

This report covers the ESG activities of the Daiseki Group as a whole. However, some of its content refers only to Daiseki Co., Ltd. (which accounts for approximately 57% of the Group's net sales).

● Period Covered by This Report and Important Organizational Changes Occurring During This Period

This report covers FY2022 (March 1, 2021 to February 28, 2022). However, some sections refer to activities and results occurring before or after this period. No significant changes to the structure of our organization, our shareholder composition, our business description, or other similar areas have occurred within the period covered.

● Date of Publication, Previous Publications, and Next Planned Publication

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● Key Company Information

See our corporate profile, securities reports, shareholder communications, ESG reports (environmental reports, environment and society reports, CSR reports), website, or the Sanpaikun Waste Information Network

The Story of Value Creation at Daiseki

Drivers of Daiseiki Growth

Daiseiki was founded in 1958, before the word “recycling” was in common usage, and started out in the manufacture of lubricating oil and recycling of waste oil. Since obtaining permission for industrial waste management in 1972, we have been promoting building a recycling-oriented society with the philosophy “Making the best use of limited resources.”

We will continue to contribute to the development of sustainable society through resolving social challenges, as an environment-creating company.

Daiseiki Group's journey to value creation

Moved from refining oils and fats to petroleum sales and re-refining used oil

1945

- Founded oil and fat refining business in Mie District of Mie Prefecture

1958

- Established Daido Sekiyu Kagakukogyo Co., Ltd.



Founder Haruo Ito

1963

- Opened Nagoya Works in Minato-ku, city of Nagoya

1966

- Opened Kyushu Works in Kokura-ku, city of Kitakyushu



Daido Sekiyu Kagakukogyo

1970

- Opened Hokuriku Daiseiki Co., Ltd. in city of Kanazawa, Ishikawa Prefecture

Began our waste treatment and recycling business as pollution became an increasingly pressing issue

1972

- Obtained permission for industrial waste management in city of Nagoya

1973

- Opened the Hokuriku Works in the city of Hakusan, Ishikawa Prefecture



Hokuriku Works

1980

- Opened the Osaka office in city of Amagasaki, Hyogo Prefecture

1982

- Opened the Kyushu Works in Wakamatsu-ku, the city of Kita-Kyushu



Kyushu Works

1984

- Changed the company name to Daiseiki Co., Ltd.
- Received Chairman Award from Clean Japan Center Foundation (current JEMAI) as a company contributing for renewal materials



Kanto Works

1990

- Opened the Kanto Works in the city of Sano, Tochigi Prefecture

Founding period (1945~1970)

Seminal period (1971~1990)

Daiseiki's achievement on value creation

- Consolidated Net Sales (unit: millions of yen)



IPO for the company's further growth

1995

- Listed on stock market

1996

- Established Daiseki Plant Co., Ltd. (today Daiseki Eco. Solution Co., Ltd.) by dividing engineering department

1997

- Opened the Chiba Works in the city of Sodegaura, Chiba Prefecture

1998

- Received Japan Coast Guard Commissioner Award and Maritime Disaster Prevention Center Chairman Award, recognized with heavy crude oil collection work leaked from Russian tanker Nakhodka in the Sea of Japan
- Chiba Works was first certified for ISO 14001 in the Company (JQA-EM0304)

1999

- Listed on Tokyo Stock Exchange and Nagoya Stock Exchange Second Section

2000

- Alternatively listed on Tokyo Stock Exchange and Nagoya Stock Exchange First Section



Daiseki Eco. Solution



Chiba Works



Collection of heavy crude oil leaked from Russian tanker Nakhodka



Redesignated on Tokyo Stock Exchange First Section

Accelerating group development with an emphasis on recycling

2002

- Opened the Kansai Works in the city of Akashi, Hyogo Prefecture

2003

- Awarded first "Honest Company Award"
- President Hiroyuki Ito received Minister of the Environment Award (Award for contribution to living environment improvement) at National convention for industrial waste and environment

2008

- Made Daiseki MCR Co., Ltd. a whole subsidiary

2010

- Made System Kikou Co., Ltd. a whole subsidiary

2011

- Supported reconstruction efforts following the Great East Japan Earthquake

2021

- Received the Japan Environmental Management Association for Industry Chairman's Award at the Awards for Resources Recirculation Technologies and Systems
- Exhibited at the COP26 Virtual Japan Pavilion

2022

- Daiseki Eco. Solution received a Special Award at the ESG Finance Awards
- Transferred to Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Prime Market



Kansai Works



Daiseki MCR



System Kikou



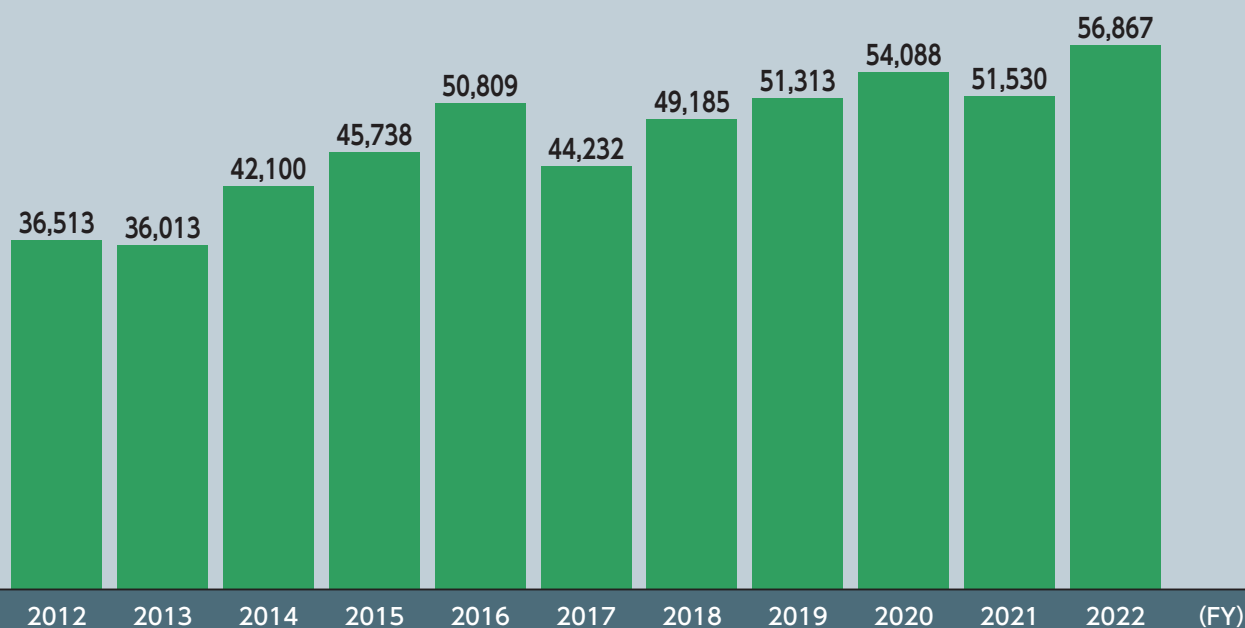
Supporting recovery from earthquake



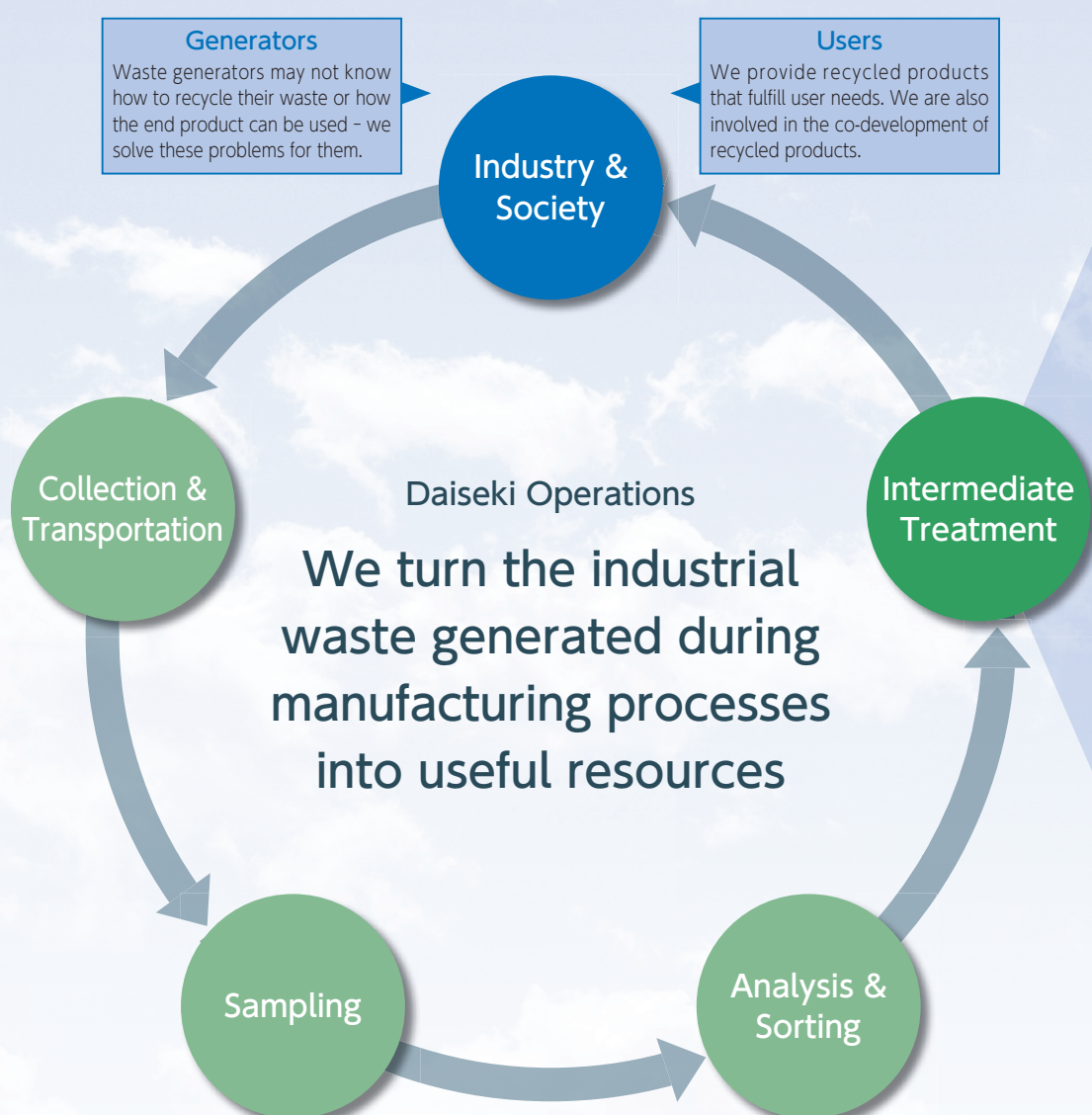
Tokyo Stock Exchange Prime Market Trademark

Rapid growth period (1991~2000)

Development period (2001~Present)



By considering waste as a resource, we contribute to building a recycling-oriented society



Recycling Rate
(FY2022)

87.7%

Daiseki's received amount of materials to be recycled
(FY2022)

1,081,000 tons

Note: See page 24 for definitions of "recycling rate" and "received amount of materials to be recycled"

Combining a Variety of Technologies to Maximize Recycling of Waste into Resources

Waste oil

We recycle degraded lubricating oils, produce recycled heavy oil by separating out water content and contaminants before re-refining it, and process waste oils into supplemental fuels (coal substitutes) by adjusting their composition to meet user needs.



Oils and other liquids

Treatment and recycling processes



Waste oil treatment (vibration sieving machine)



Waste oil treatment (centrifuge)



Recycled fuels

Sludge

Through treatments including dehydration, drying, and kneading (mixing with a treatment agent), we recycle sludge into the raw materials for cement. We minimize the quantity of sludge that cannot be recycled and outsource landfill disposal of any remaining.



Muddy waste

Treatment and recycling processes



Dehydrator



Drying device



Raw materials for cement

Wastewater

We separate out any oil content, which can be converted into fuel; neutralize waste acids and alkalis; then use activated sludge to purify the water. After verifying that it conforms to the water quality standards set by national and local governments, we discharge the wastewater into rivers or sewer systems. We also recover useable metals from wastewater.



Waste acids (pH 7 or lower) and waste alkalis (pH 7 or higher) in liquid form

Treatment and recycling processes



Activated sludge treatment



Metal recovery device



Metal slag

Note: Recycled fuels mean recycled heavy oil and supplemental fuels.

Daiseki's Value Creation Story

The Daiseki Group Value Creation Process

As the premier company in Japan's "venous industry," Daiseki is engaged in creating the value that society needs

INPUT

Foundation of Daiseki Group as an environment-creating company

1

Japan-wide network

With a network of 41 bases across Japan, the Daiseki Group provides comprehensive services in the areas of industrial waste treatment and resource recycling.

2

Extensive business track record

Boasting a track record of business with over 10,000 companies, we support the Japanese manufacturing industry by proposing optimal recycling methods in response to requests from customers in all industries.

3

Advanced technologies

We have advanced technologies such as integrated processing by Daiseki that simplifies processing by combining difficult-to-treat wastewater, optimal research and purification process by Daiseki Eco. Solution Co., Ltd., recycling of waste batteries into JIS standard lead by Daiseki MCR and safe and high-quality waste oil cleaning by COW method by System Kikou.

4

Expertise on relevant laws and regulations

Employees who are knowledgeable about laws that are hard to understand, such as 'Waste Management and Public Cleansing Act' or 'Soil Contamination Countermeasures Act,' provide accurate guidance to customers from the perspective of legal compliance.

5

Robust inbound receipt system

We are equipped with an inbound receipt system to process two million tons of waste annually and properly dispose the waste. We also own over 200 vehicles for transportation, which establishes the system to promptly respond to requests for collection from customers and supports for recovery from disasters.

6

Sound financial structure

While companies with capital over JPY1 billion account for approximately 1% of the industrial waste treatment industry, Daiseki's listing on the stock exchange in 1999 came to be one of the first company specializing in industrial waste disposal business.

BUSINESS

Conducting Business that Sees Industrial Resource and Strives to Solve Social Issues

Daiseki

Waste oil

Treatment and recycling



Waste oil treatment (centrifuge)

Sludge

Treatment and recycling



Dehydrator

Group companies

Crude oil tank

Treatment and recycling



Crude oil tank cleaning

Construction sludge

Treatment and recycling



Intermediate treatment of construction sludge

New business

- M&A with the keyword of "environment" and "recycling" as core businesses
- Promotion of alliances including businesses in different areas
- Widening the range of items handled by development of recycling process technologies

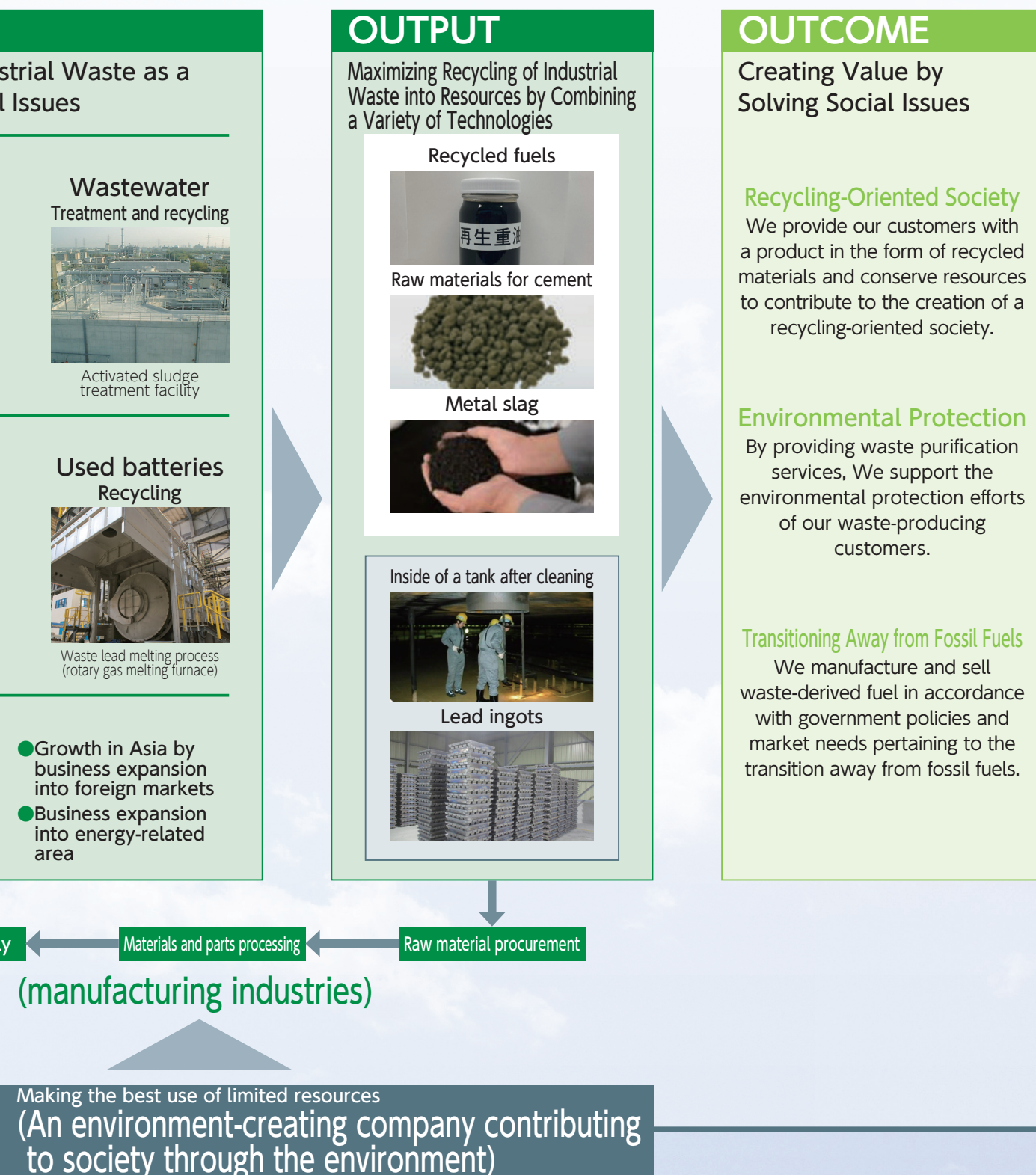
Sale

Product assembly

Arterial industries

Our purpose

The recycling and industrial waste treatment industry is referred to as the “venous industry.” Like veins that carry blood from the heart via arteries throughout the body, then return it back to the heart, the Daiseiki Group sees its role as recycling waste generated by manufacturers’ production processes in the “arterial industry” as fuel and raw materials, then returning them to the manufacturers for reuse.



The Story of Value Creation at Daiseiki

Top Message

Aiming for the number 1 recycling company in Asia

We contribute to development of sustainable society with our own environmental technology, protecting abundant nature environment

Tetsuya Yamamoto

President and Representative Director



We strengthen existing businesses and create new businesses with the favorable wind of increasing environmental needs.

I took over the position of President and Representative Director from former President Hideki Hashira in May 2022 and started managing the Daiseiki Group, which is a leading company of material circulation area. My mission is to utilize the Daiseiki Group's unique technologies of industrial waste recycling for customers' and society's environmental needs of our customers and society such as carbon neutral or circular economy, leading to new businesses and stronger existing businesses.

Let's look back on FY2022. In this year, we recovered from the influence of COVID-19 and expanded ESG management. The Daiseiki Group set up our long-term management vision "VISION2030" in FY2019. We accomplished consolidated net sales of 56.8 billion yen and consolidated operating profit of 12.9 billion yen in FY2022, which exceeded our initial target. This was a result of our investments in technology with the favorable wind of world-wide increasing environmental needs. We have been transferred to Tokyo Stock Exchange Prime Market in April 2022, and will lead this accomplishment to our further sustainable growth and corporate value, to be the number 1 recycling company in Asia.

In this past year, we developed our ESG management in the areas of environment, society and governance.

As for ESG management, after disclosing information on TCFD scenario analysis and evaluation by third party guarantor company to CDP, one of institutions that provide ESG evaluation, our CDP evaluation was improved to be rank B. In the future, we will aim for rank A- or A by showing leadership for our efforts in partnerships with customer companies and related companies.

In the area related to society, we made donation for "Nation-wide rich ocean creating event" (Akashi City) that aims for water environmental protection, strengthening partnerships with communities. Further, we invited teachers and students from The University of Tokyo, Nagoya

University and Nagoya Institute of Technology and held environmental seminars to strengthen connections between industrial and academic sectors. Also, we continue plant tours for residents in surrounding area, companies, and investors for them to better understand our efforts for environment and environmental protection. Meanwhile with employees, we worked on making improvements of labor productivity and safety. As a result, we have attained the rate of 100% for employees who took regular health checkup, introduced 24 hours health consulting service, extended the period of short time work, and were certified as Health and Productivity Management Organization.

As for governance, we changed the structure of Board of Meeting in May this year to consist of 3 external directors and 3 internal directors, in order to accept independent opinion of external directors. Also, we hold monthly compliance study sessions attended by all employees, as an opportunity for employees to learn compliance and social responsibilities. In the safety management system, we are making efforts to have zero accident by investigating accident causes, taking countermeasures for improvements and conducting safety patrols. Each employee's pride and responsibility as a "professional" will be the strongest power for us to evolve. We will continue to create a workplace with a secure and safe environment, where employees can have motivation and joy to work, with all employees; and we aim to be a company where employees do work that makes their families proud of.

We will contribute to society by promoting recycling, focusing on purpose management as an environment-creating company.

Now, we have announced our purpose to be "an environment-creating company contributing to society through the environment" by "making the best use of limited resources" utilizing limited resources." We have had our main environmental business since 1970s, before SDGs and ESG. There are countless materials called "waste," but for us, waste is not trash and everything is a valuable material as an important study subject. Our job is a dreamful job that finds the true value of materials on planet and contributes to recycling.

We use our proprietary environmental technologies both to create a circular economy that recirculates waste for

The Daiseki Group's purpose

Making the best use of limited resources

An environment-creating company contributing to society through the environment

Efforts for accomplishment

Application for certificate of SBTi

(initiative for reduction of greenhouse gas based on scientific basis)

Medium-term target

Reduce SCOPE 1 + SCOPE 2 emissions by **30%** by FY2028
and SCOPE 3 emissions by **18%**

Long-term target

Reduce SCOPE 1 + SCOPE 2 emissions by **100%** by FY2051

Note: See page 16 for definitions of SCOPE 1, 2, and 3.

Implementing management concepts



society's use by turning it into resources, and to continue toward achieving carbon neutrality with reduced CO₂ emissions during the recycling process. To attain this purpose, we will promote not only expanding existing businesses, but also alliance with companies with similar policies, M&A and creating new businesses.

Of course, we have responsibility to attain carbon neutral at our work sites as well. We will aim for certification of our reduction target by SBT within this fiscal year. Our target is to reduce SCOPE 1 + SCOPE 2 emissions by 30% by switching to power by renewable energy etc., and to reduce SCOPE 3 emissions by 18% by purchasing low carbon products, etc. by FY2028. Also, we will promote electrification of large vehicles such as tank trucks and switching to energy saving equipment, aiming for carbon neutral by FY2051. Further, considering that transmitting information to governments and establishing rules are parts of Daiseki's social responsibilities as well, we will proactively suggest governmental policies to realize carbon neutral, through discussion of circular economy at Circular Economy Association, which we joined as a member this year, and GX league, which is organized by Ministry of Economy, Trade and Industry.

We aim for sustainable growth with mid and long-term outlook by reviewing five important challenges.

In order for sustainable growth as "an environment-creating company contributing to society through the environment," the Daiseki Group has reviewed five important challenges and defined them as the materiality, which are "making the best use of limited resources," "Creating workplace that individuals shine," "Eliminating industrial and environmental accidents," "A company well-liked by local communities" and "Promoting thorough understanding of compliance and observation of laws and regulations." These were determined by deliberations at management meeting and approval by Board of Meeting, after summarizing needs from interested parties such as shareholders, customers, governments, local residents and employees and internally assessing the importance.

"Making the best use of limited resources" indicates for us to create new values by proactively considering and taking

actions to realize carbon neutral, to create circular economy society, to effectively utilize resources and to protect environment.

With the challenge "Creating workplace that individuals shine," we aim to create comfortable workplaces that facilitate our employees' mental and physical health and allow them to mutually support one another with respect for everyone's differences. We also aim to be a company where employees can win the trust of society and our customers as professionals and do work that makes their families proud of. Based on these guiding principles, we will continue to work to be a company where employees approach their work with scrupulous professionalism, prioritize their colleagues, and deliver results as a team.

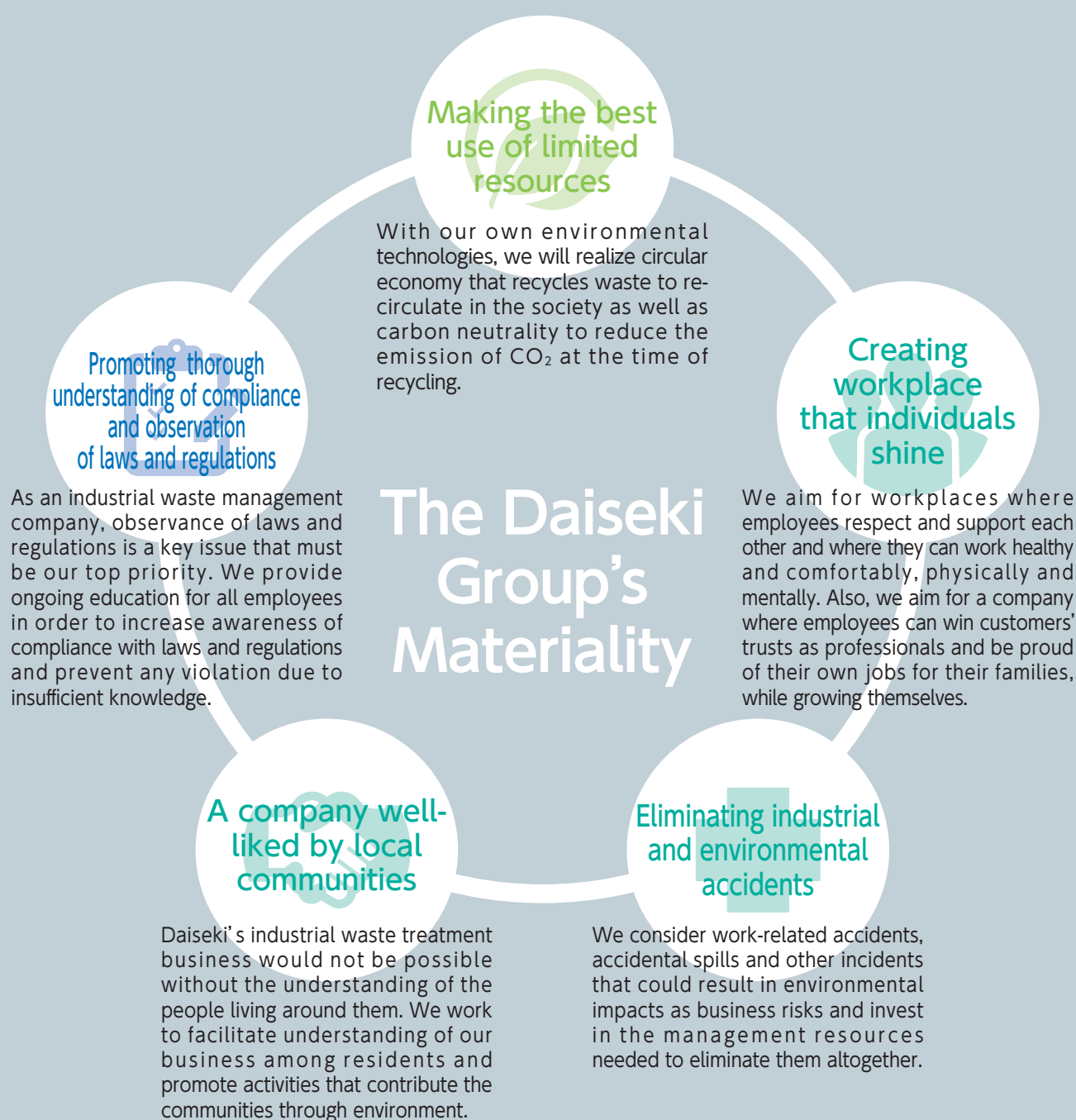
As for the challenge "Eliminating industrial and environmental accidents," we handle industrial waste, etc., which can be highly dangerous or harmful, and we therefore consider accidental spills and other incidents that could result in work-related accidents for our employees or environmental impacts. Work-related accidents are not only terrible for our employees but also for the Company. Accidental spills betray the trust of our customers and local communities. We invest the management resources needed to prevent these kinds of accidents and are committed to eliminating them altogether.

In relation to the challenge "A company well-liked by local communities," Daiseki's industrial waste treatment business would not be possible without the understanding of local communities. We facilitate understanding of our business among residents and administrative bodies in the areas around our facilities, and promote activities that contribute to communities through environment.

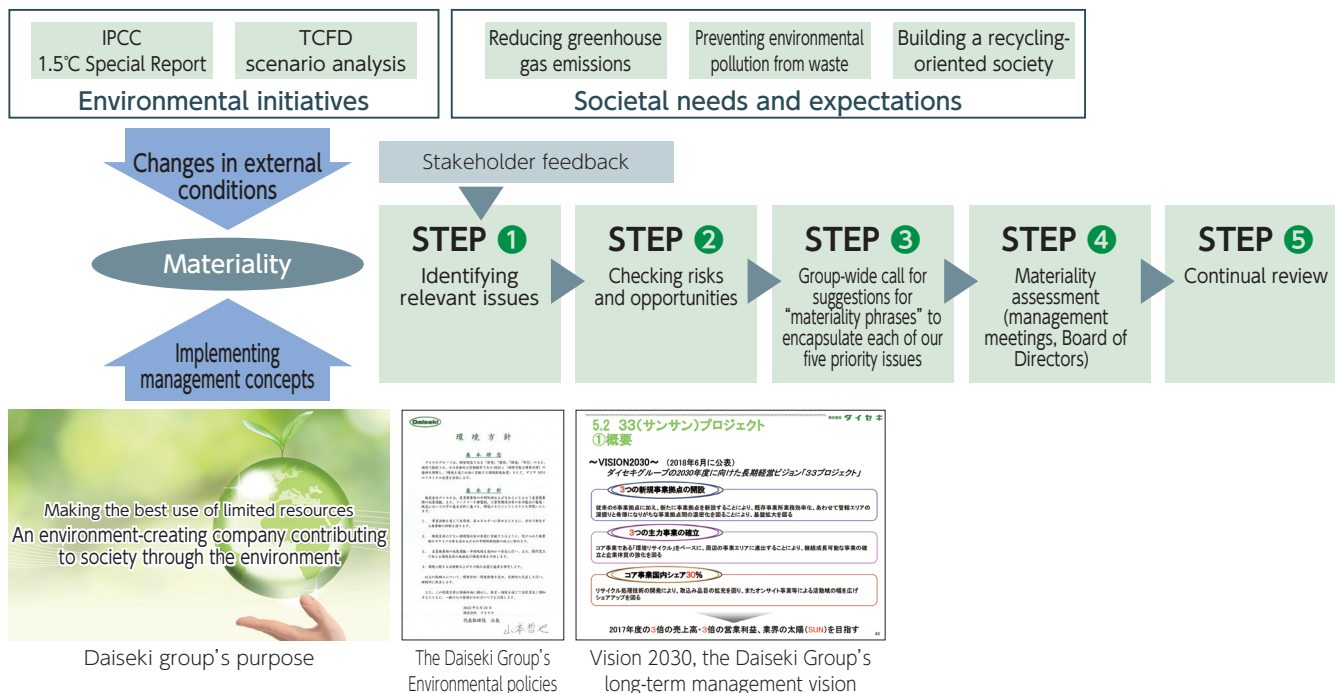
In relation to the challenge "Promoting thorough understanding of compliance and observation of laws and regulations," since our business is conducted under licenses, observance of laws and regulations is a key issue that must be Daiseki's top priority. We provide ongoing education for all employees in order to increase awareness of compliance with laws and regulations and prevent any violation due to insufficient knowledge. The Daiseki Group's ESG management is a challenge to contribute to environment, people and society and make better future. We will utilize our environmental technology and knowledge to leave abundant natural environment and convivial society for our children in the future.

The Daiseki Group's Priority Issues and Materiality Assessment Process

The Daiseki Group aims to achieve continued sustainable growth as an environment-creating company contributing to society through the environment. To this end, we recently identified five material items and committed to furthering our efforts in response to them. We will work to enhance our corporate value from a medium- to long-term standpoint while incorporating ESG perspectives.



Materiality Assessment Process



Each Issue's Connection with the SDGs, Initiatives, and Performance Review

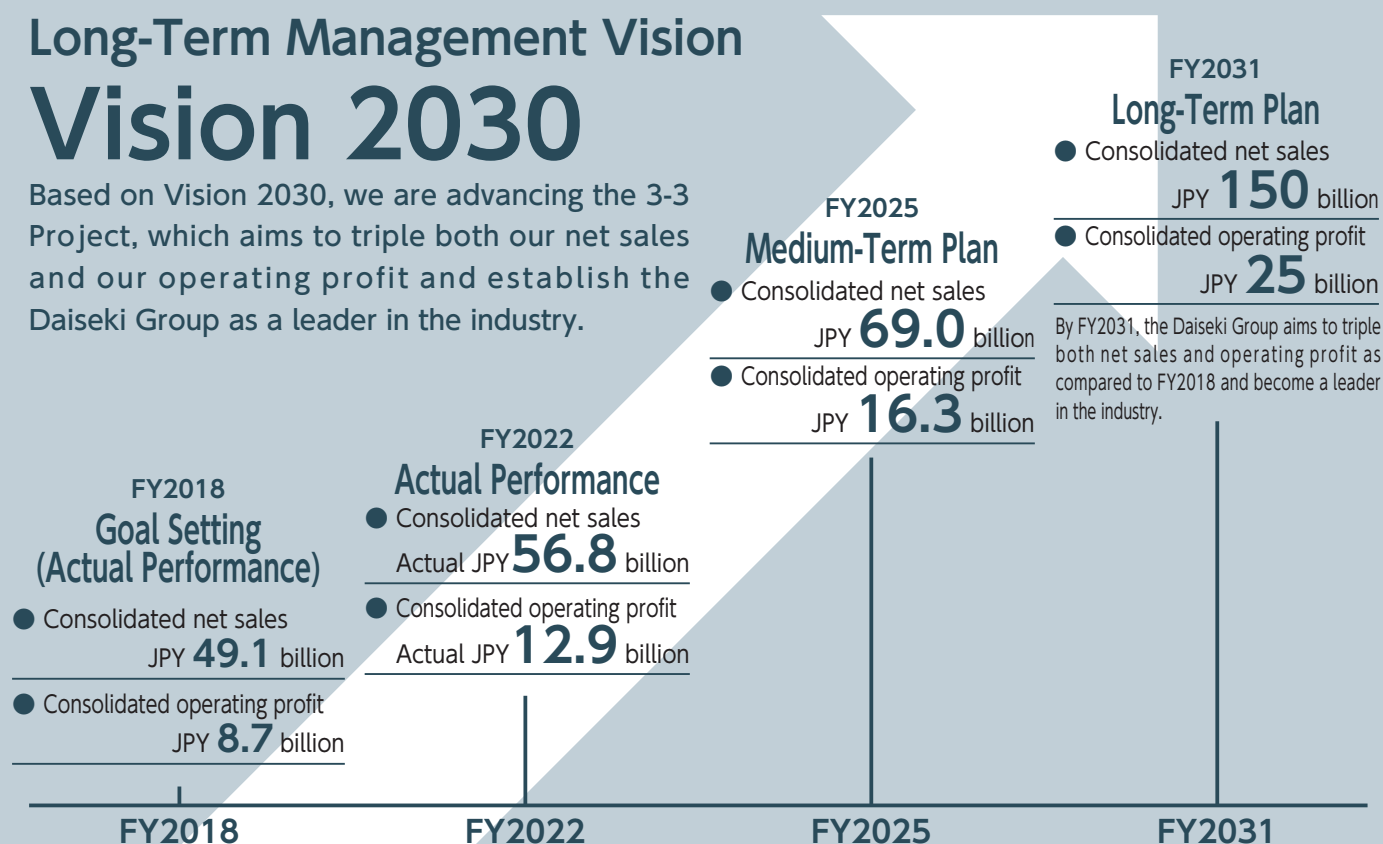
ESG Materiality		FY2022 Initiatives	Stakeholder Interest	Impact on Daiseiki Group Operations	Overarching Aims	Related Pages
Materiality Issues	Priority Issues					
Making the best use of limited resources	<ul style="list-style-type: none"> ● Circular economy ● Carbon neutrality ● Environment protection ● Strengthening trusted relationships with customers as an environment-creating company 	We set medium- to long-term goals for reducing greenhouse gas emissions and worked toward these goals. We received a B rating from the CDP.	Extremely high	Extremely high		P22 ~32
Creating workplace that individuals shine	<ul style="list-style-type: none"> ● Health Management (employee, family, supply chain) ● Diversity and inclusion ● Work-life balance ● Human resource development (nurturing employees to win trusts from society and customers as professionals and to be proud of own job for families) ● Workplace and company you can be proud of for your family (employees and company make safe workplace that is worth working for without any frauds) 	We worked to create comfortable workplaces facilitating employees' mental and physical health, and were certified as an Outstanding Health & Productivity Management Company (large enterprise category).	Very high	Very high		P33 ~36
Eliminating industrial and environmental accidents	<ul style="list-style-type: none"> ● Philosophy to put safety as the top priority ● Nurturing employees who work safely as professionals ● Danger prediction training, risk assessment ● Update and expansion of necessary equipment 	We implemented thorough accident-prevention measures, including inquiries into the root causes of accidents and safety patrols of our customers' premises.	Very high	Very high		P37 ~40
A company well-liked by local communities	<ul style="list-style-type: none"> ● Building relationships and trusts with residents in surrounding area ● Cooperation with autonomous and universities in surrounding area ● Company that roots in and contribute to the local area through environment 	We furthered our cooperation with local governments and universities, including by participating in local government events and giving university lectures at Daiseiki.	High	High		P41 ~42
Promoting thorough understanding of compliance and observation of laws and regulations	<ul style="list-style-type: none"> ● Compliance of related laws such as the Waste Management and Public Cleansing Act ● Employee trainings by compliance study sessions ● Strengthening corporate governance 	We worked to increase employees' knowledge and awareness of laws and regulations through compliance study sessions attended monthly by all employees.	Very high	Very high		P43 ~46

Progress of Vision 2030 (Our Long-Term Management Vision) and Our Long-Term Business Plan

In the aim of achieving the scale and ability that will allow us to compete with the top international players in the industry, the Daiseki Group is working toward Vision 2030, our long-term management vision established in FY2019 and effective through FY2031.

Long-Term Management Vision Vision 2030

Based on Vision 2030, we are advancing the 3-3 Project, which aims to triple both our net sales and our operating profit and establish the Daiseki Group as a leader in the industry.



The Daiseki Group's Core Strategies

Domestic Strategies

- Increase activity in currently underserved areas through cooperation between existing facilities
- Expand into new areas through development of new operating bases

Overseas Strategy

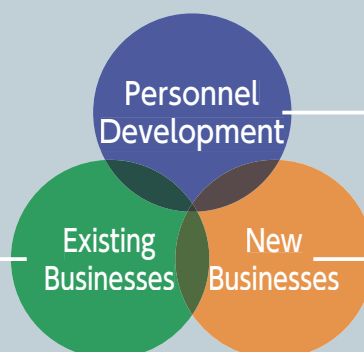
- Commence market research geared toward expansion into the Asian market

Development of Technologies and Equipment

- Raise our recycling rate
- Increase range of items accepted for treatment by adopting new technologies and equipment

Group Strategy

- Enhance synergy by strengthening cooperation, including exchange of human resources



Work Environment

- Rewarding work environment where employees can hope to grow
- Gender-neutral work environment

Human Resources Development

- Stimulate exchange of human resources between Group companies
- Expand education system
- Implement internal system inviting new project applications

M&A Strategy

- M&A with an emphasis on environment and recycling

Partnership Strategy

- Promote partnerships, including with other industries

In the aim of achieving our VISION 2030 goals, we are moving forward with initiatives in line with our core strategies.

- Established a Corporate Planning Office within our Headquarters of Business Generalization, which shares information about and monitors our progress on VISION 2030.
- Strengthening our processes for hiring and developing the human resources we need to develop new businesses going forward.
- Moving forward with measures to improve work environments in order to create comfortable, highly productive workplaces.

Progress of Our Long-Term Business Plan

① Opening Three New Operating Bases

We plan to open a new facility in the Hiroshima area after FY2025. We have already acquired the land and are therefore moving forward with the process to acquire the necessary operating license. We are investigating sites for further two new bases around the regions of Southern Kanto and Tohoku.

② Establishing Three New Core Businesses

Looking ahead to moves toward a circular economy and a carbon-neutral society, we will establish new businesses to be developed into our future core businesses. We aim to establish three new core businesses, whose concrete ideas are currently under consideration.

③ Capturing 30% Domestic Market Share in Our Core Businesses

Daiseki's 2021 domestic market share is 10.5% for waste oil, 6.8% for waste alkali and 4.6% for waste acid. Alongside our goal to increase our market share by opening new operating bases, as outlined in ① above, we will also pursue sales activities that effectively showcase Daiseki's intermediate treatments, which emit less greenhouse gases during the processes.

The Daiseki Group aims to triple FY2018 levels for net sales and operating profit and become a leader in the industry

Target Performance Indicators and Value Drivers

Performance Indicators	<ul style="list-style-type: none"> ● Non-consolidated operating profit margin of 25% or more, consolidated operating profit margin of 20% or more ● Consolidated ROE of 10% or more (FY2031 target: 15%) ● Steadily increasing our dividend payout ratio through dividend increases, stock splits, etc. 		
Value Drivers	Net Sales Growth <ul style="list-style-type: none"> ● Increasing market share in both Eastern and Western Japan ● Expanding peripheral businesses (subsidiaries, M&A) 	Increasing Profitability <ul style="list-style-type: none"> ● Improving recycling technologies ● Reducing costs by monitoring variable and fixed costs 	Increasing Efficiency <ul style="list-style-type: none"> ● Improving operations ● Improving capital efficiency through capital investment, M&A, and shareholder returns (dividend increases, share repurchases, etc.)

Using Value Drivers to Create Value

Plan Going Forward

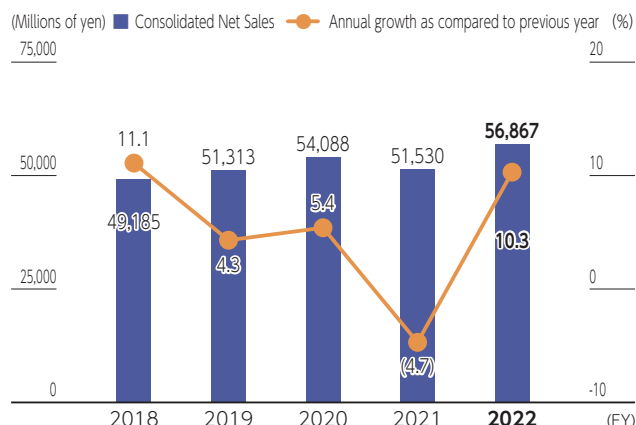
Unit: billion yen

Fiscal Year	2018	2022	2025	2031
Consolidated net Sales	49.1	56.8	69.0	150.0
Consolidated operating Profit	8.7	12.9	16.3	25.0

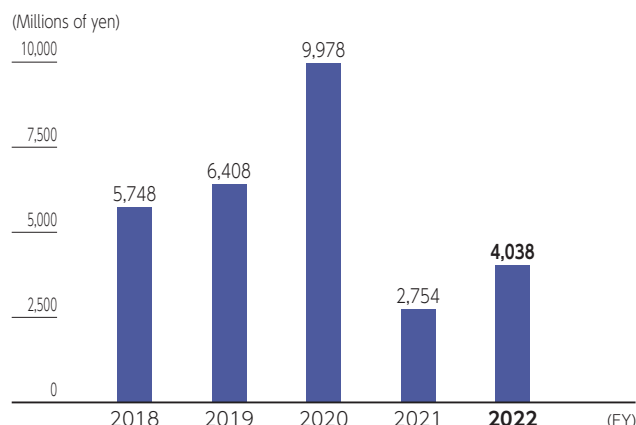
Financial and Non-Financial Highlights

Financial Highlights

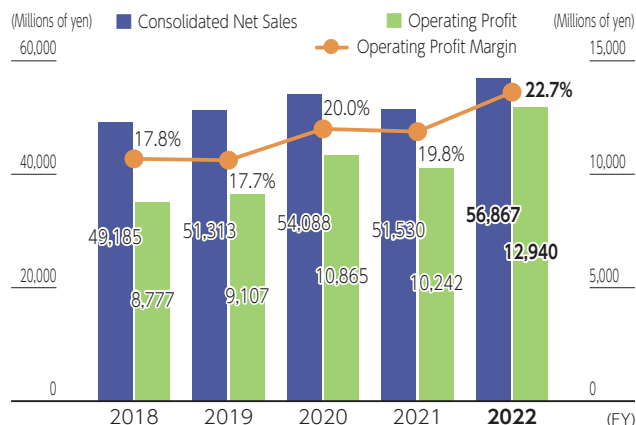
Consolidated Net Sales



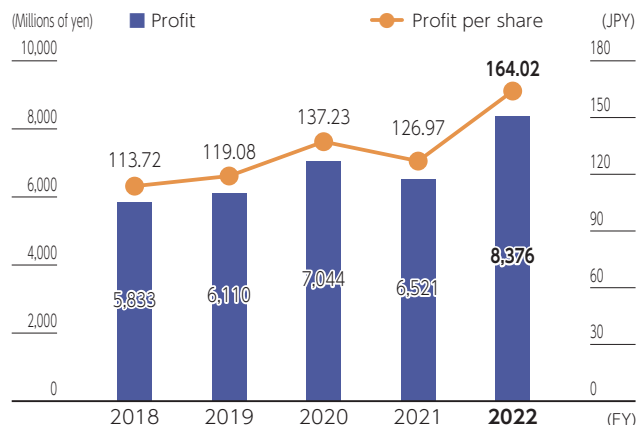
Investment for equipment



Consolidated Net Sales, Operating Profit, Operating Profit Margin

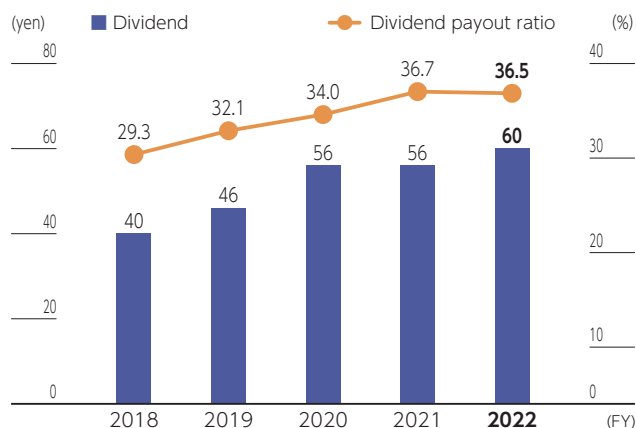


Profit attributable to owners of parent



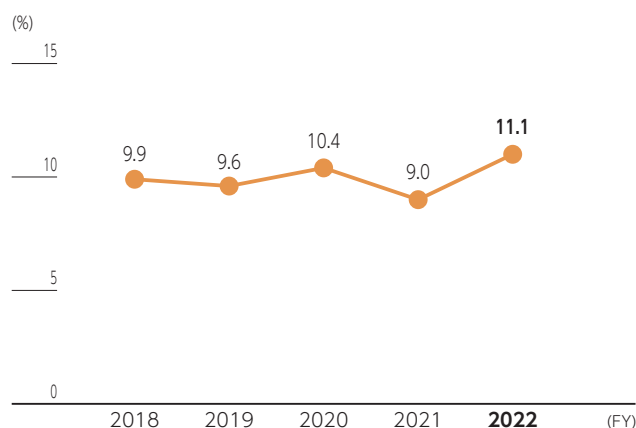
Note: Profit per share was calculated considering the stock split with 1.2 share per ordinary share in September 2021 and assuming that share split was conducted accordingly at the beginning of FY2022.

Dividend, dividend payout ratio



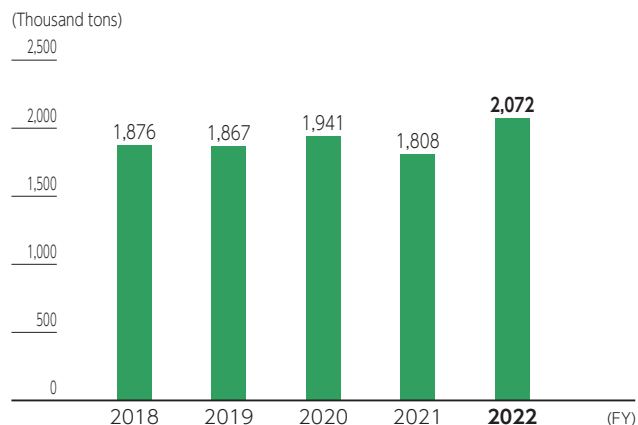
Note: As of September 2021, shares were split at the rate of 1.2 shares per share, and dividend was actually increased without changing dividend per share

Consolidated ROE

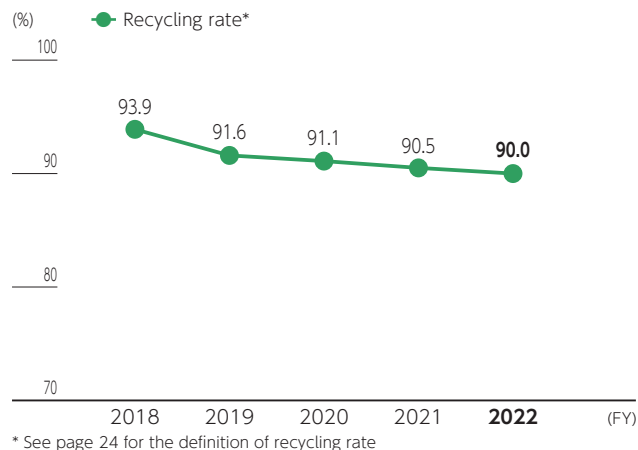


Non-Financial Highlights

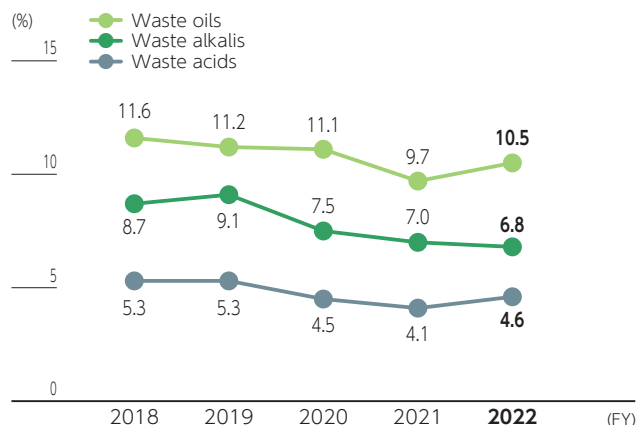
Quantity of industrial waste received for recycling at Daiseki Group



Daiseki Group Recycling Rate

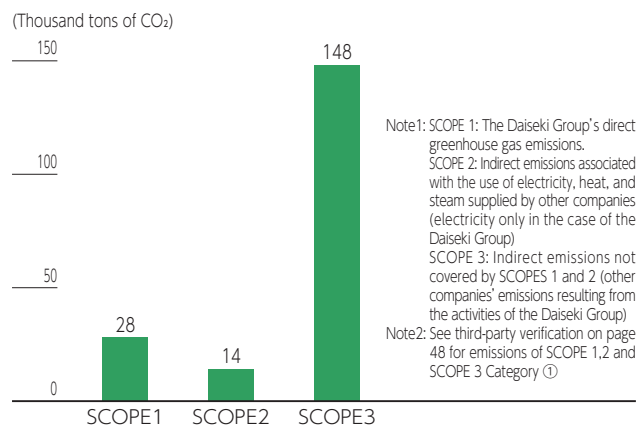


Daiseki's Share of Domestic Industrial Waste* Recycled

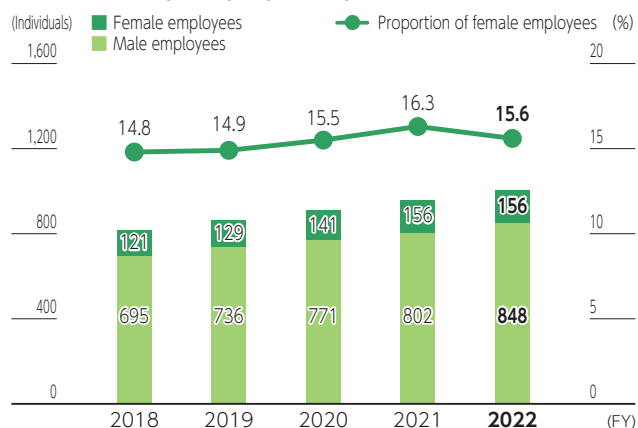


* Figures for domestic industrial waste taken from the Ministry of the Environment's Survey Report on Industrial Waste Generation and Treatment. Figures are actual for FY2018 through FY2020, preliminary for FY2021, but FY2022 preliminary for FY2021 since the corresponding figures were not disclosed

Breakdown of Daiseki Group Emissions (FY2022)

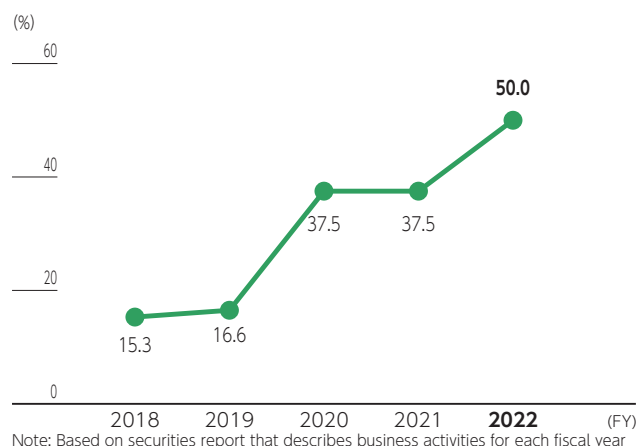


Daiseki Group Employees by Gender



Note: Full time employee only (non-regular staffs, contractors, temporary employees, assignee, part time employees and associate employees are not included)

Transition of ratio of Daiseki external directors



Daiseki Group Performance by Business

Each company within the Daiseki Group is working to create value in the domains of environmental protection, resource recycling, and the transition away from fossil fuels.

In this section, we categorize our operations into four segments (Wastewater, waste oil, and sludge recycling; Soil and plasterboard recycling; Lead recycling; Oil tank cleaning) and discuss our performance and initiatives for each segment.

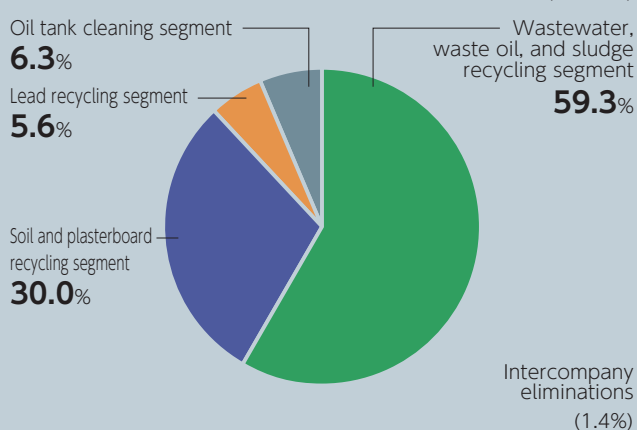
Consolidated Net Sales (FY2022)

Wastewater, waste oil, and sludge recycling segment	33,753	millions of yen
Soil and plasterboard recycling segment	17,082	millions of yen
Lead recycling segment	3,230	millions of yen
Oil tank cleaning segment	3,620	millions of yen
Intercompany eliminations	(819)	millions of yen
Total	56,867	millions of yen

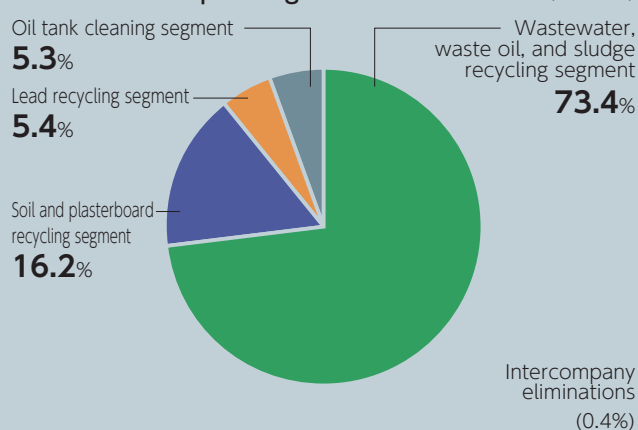
Consolidated Operating Profit (FY2022)

Wastewater, waste oil, and sludge recycling segment	9,503	millions of yen
Soil and plasterboard recycling segment	2,102	millions of yen
Lead recycling segment	706	millions of yen
Oil tank cleaning segment	688	millions of yen
Intercompany eliminations	(60)	millions of yen
Total	12,940	millions of yen

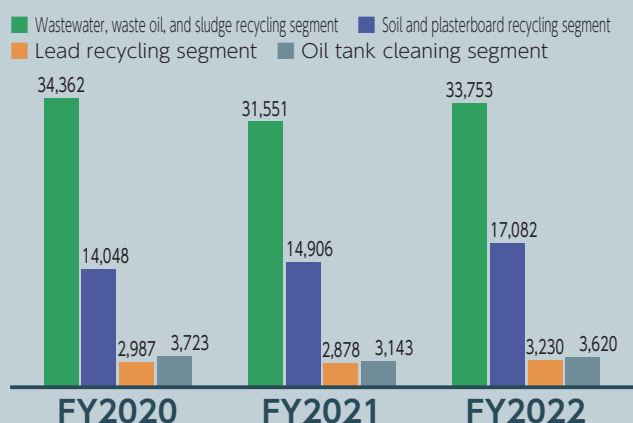
Consolidated Sales breakdown (FY2022)



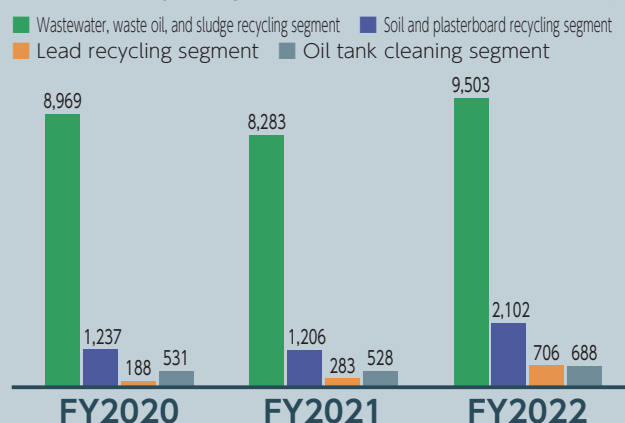
Consolidated Operating Profit breakdown (FY2022)



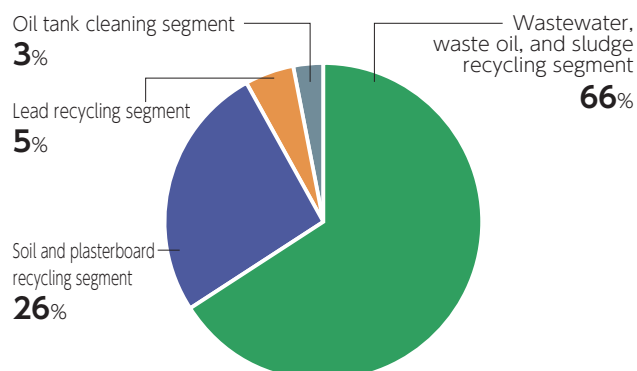
Consolidated Net Sales Trends Unit of measurement Millions of yen



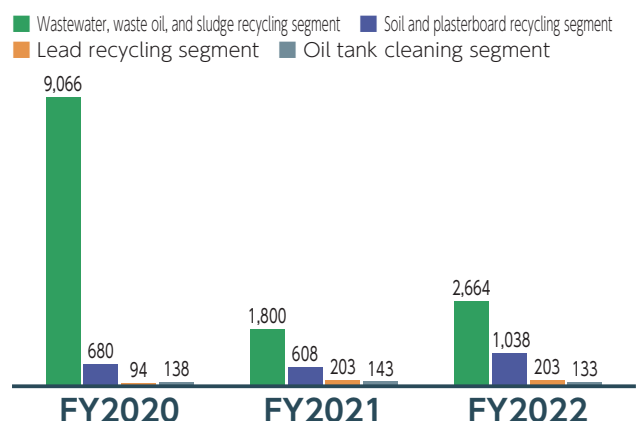
Consolidated Operating Profit Unit of measurement Millions of yen



Proportion of Capital Investment by Segment (FY2022)



Trends in Capital Investment by Segment (Millions of yen)



Note: Information for wastewater, waste oil and sludge recycling segment is derived from data of Daiseiki Co., Ltd and Hokuriku Daiseiki Co., Ltd. and information for soil and plasterboard recycling segment is derived from data of Daiseiki Eco. Solution Co., Ltd., Green Arrow Central Co., Ltd. and Green Arrows Kyushu Co., Ltd. Information for Lead recycling segment is derived data from Daiseiki MCR Co., Ltd. and information of oil tank cleaning segment is derived data from System Kikou Co., Ltd.

● Operating Conditions and Key Initiatives in Each Segment

Operating Conditions	Key Initiatives
Wastewater, waste oil, and sludge recycling segment <ul style="list-style-type: none"> ● Wastewater Our wastewater segment primarily carries out recycling of waste acids and alkalis generated by factories. Specializing in recycling hard-to-treat wastewater, we boast a leading domestic market share. ● Waste oil Our waste oil segment recycles waste oils and solvents generated by factories and dealerships into recycled fuels. Recycled fuels are used as replacements for fossil fuels such as coal and heavy oil. ● Sludge Our sludge segment primarily recycles sludge generated by factories into raw materials for cement. This recycled sludge is used by cement companies as a replacement for limestone and other materials. 	<ul style="list-style-type: none"> ● Increase the processing capacities of our Kanto, Kansai, and Kyushu Works (during FY2023) ● Acquire new customers by opening our Hiroshima Works (FY2025 onward) ● Investigate possibilities for opening facilities in the Southern Kanto and Tohoku regions ● Increase customer interest in our provision of recycling and treatment methods with low greenhouse gas emissions ● Increase our recycling rate ● Expand the range of items accepted for recycling through technological development
Soil and plasterboard recycling segment <ul style="list-style-type: none"> ● Soil Our soil segment cleans and recycles soil contaminated by civil engineering works. Recycled soil is used as a construction material and a raw material for cement. ● Plasterboard We collect plasterboard from demolition sites, separate its components, and recycle it into recycled plasterboard and raw materials for cardboard and recycled paper. 	<ul style="list-style-type: none"> ● Reliably conduct large-scale construction projects in the Tokyo metropolitan area, the Chubu region and the Kinki region ● Strengthen our sales work in the upstream and consulting sectors ● Augment treatment facilities at our used plasterboard works (to be completed in May 2023)
Lead recycling segment We collect used batteries and separate, dissolve and smelt their components to recycle them into lead ingots. The lead ingots are used by battery manufacturers.	<ul style="list-style-type: none"> ● Reduce greenhouse gas emissions by adopting use of carbon neutral LNG ● Begin construction of industrial waste management facilities for used batteries (to be completed in December 2022)
Oil tank cleaning segment We carry out cleaning works and similar operations for oil tanks and tankers' internal storage tanks, collecting the crude oil sludge accumulated inside the tanks. Our cleaning technologies and systems are considered industry-leading both in Japan and overseas.	<ul style="list-style-type: none"> ● Increase quantity of materials we can accept by augmenting employees and facilities

A Conversation with Our External Directors

Corporate Governance Safeguards Daiseki's Corporate Value

Special
Feature

1

As a leading industrial waste recycling company, Daiseki is contributing to the development of a more sustainable society. Against a backdrop of international calls for action on environmental issues, our external directors had a conversation on the role Daiseki should play and the issues we will face going forward.

Exercising leadership on environmental issues in the age of carbon neutrality

Sahashi: Daiseki was founded in 1945 as an oil and fat refining business, and had already branched into producing recycled oils when it was incorporated as a company in 1958. 1958 is actually the year I was born, yet by this time Daiseki was already looking ahead toward a recycling-oriented society as part of its management principles. I was an advisor to the Aichi Prefecture Industrial Resource Recycling Association for many years and I can say that there are no other companies taking such a diverse range of resources and reutilizing them for commercialization.

Kako: The Japanese government has set out a Green Growth Strategy with a target of achieving net zero carbon by 2050. I think Daiseki is uniquely well-placed to make an appreciable contribution within the growing movement to effectively use our current resources and aim toward building a society with net-zero

greenhouse gas emissions.

Mizuno: Right now, great things are expected of business in the environmental sector and it feels like the time has come for Daiseki to show leadership. I think we can contribute to society not only within the industrial waste industry, but also by taking an assertive stance, for example, by recommending to manufacturers manufacturing methods and materials that facilitate recycling.

Sahashi: Momentum is gathering right now. With both businesses and governments calling for action on environmental issues, the challenge we must face going forward is whether we can remain at the forefront and set new trends. We are lucky to be trusted partners of government and often hear from our customers that they are confident in our unique ability to do things. We need to be active in promoting ourselves as a manufacturing and environmental technologies company, too.

Mizuno: In the last few years, Daiseki has been progressing, through proactive capital investment, toward our goal of entering the process industry. We can expect further increases in efficiency going forward through application of the IoT and AI. Japan's environmental technologies are second to none and I therefore believe that Daiseki technologies will be able to find worldwide application.

Kako: At the request of the Ministry of the Environment, Daiseki moved rapidly to provide support following the Nakhodka tanker heavy-oil spill, the Great East Japan Earthquake, and the Chikuma River flooding. I often see the possibilities for Daiseki technologies and consider the help they could provide when I see reports of various disasters overseas. I would like to see us further increase capital investment in our research facilities. Recently, there has been a lot of talk about focusing on research aimed at carbon neutrality, but surely we cannot have too much forward-looking

Norikazu Sahashi

External Director (Audit and
Supervisory Committee Member)

First election in 1987, he served on Nagoya City Council for six consecutive terms. Chairperson of the Nagoya City Council from 2005 to 2006. Took on his current role in 2016 after serving as a Daiseki Audit and Supervisory Board Member in 2012.



Mitsuyo Kako

External Director (Audit and Supervisory Committee Member)

After serving on the staff of Aichi Prefecture, she was appointed trustee and board member of Aichi University in 2016 (ongoing role). Appointed board member of Chita City Board of Education in 2018 (ongoing role). Took on her current role at Daiseki in 2020.



research.

Sahashi: It's a question of a management approach that aligns with the direction the world is currently taking, looking ahead to 2050.

I would like to see proactive consideration of what Daiseki can do as an environment-creating company, and translation of those ideas into initiatives.

Compliance awareness for all employees at all our domestic facilities

Sahashi: When we inspected our facilities throughout Japan, we were conscious that our working environments are created by our employees' scrupulous attention to systematic tidiness and organization. We handle dangerous materials, therefore making thorough safety measures is particularly necessary.

Mizuno: Headquarters is increasing cooperation with all facilities to create a framework supporting fully effective governance. These efforts appear to be moving forward at present. In our work to strengthen compliance, we are making efforts to improve our whistleblowing system and internal auditing through training and other measures.

Kako: Daiseki carries out business under licenses based on the Waste Management and Public Cleansing Act. In this position, compliance with laws and regulations is vital. In addition to safety aspects and fostering a mentality emphasizing legal compliance, comfortable working environments and openness within the organization are also part of compliance. I included requests regarding the active participation of women in the survey evaluating the efficient running of the Board of Directors, and I feel that this sparked lively debate and engagement within the Company.

Mizuno: Daiseki management has remained in the founder's family and our founder's principles continue to be passed down. When we also consider the examples of Toyota and other companies, we can see that clear management principles are a strong point facilitating the showing of leadership. Alongside our role as "balancers," I hope that I and my fellow external directors can also help Daiseki to develop into a company with the ability to take the initiative in the environmental sector.



Tour at Gifu Recycling Center of Daiseki Eco. Solution Co., Ltd.

Promoting diversity and proactive business expansion Creating comfortable working environments and assertive management aligned with current developments

Kako: On the subject of the active participation of women, which we touched on earlier, Daiseki has launched a five-year "Action Plan for Promotion of Women's Active Participation," starting in 2021. While this includes goals such as increasing the number of female sales personnel and the number of years they work with us, I would like to see specific measures like training and interviews set out more clearly. I hope we will continue efforts as a leading company in the industry.

Mizuno: The Ito Review* puts forward a target of 8% ROE to sustainably increase corporate value. We've already achieved ROE of nearly 10%. Employee's engagement, including factors such as high salaries and job satisfaction, is directly linked to increases in operating profit margin and workforce productivity, so I would like to see Daiseki embracing change and putting this toward further developing an attractive human resources system.

Sahashi: We were able to deal with the situation around COVID-19 vaccination by rapidly creating a system facilitating employee vaccination. One of Daiseki's defining characteristics is our steadiness, our determination does not proceed until we are absolutely sure. However, I hope to see speedy, forward-looking decision-making and follow-through yield rapid progress for Daiseki, allowing us to make a significant contribution in this era of concern for the environment.

Mizuno: We must ensure the continuation of steady management and safety measures going forward. On the other hand, Daiseki has a tendency to hit the brakes a bit too hard and, going forward, I think we need to step on the gas in areas where we can expand. I think it would be good to get in on the momentum surround carbon neutrality and make policy recommendations, conduct outreach with manufacturers, and proactively promote our business in the environmental sector.



Meeting with female employees held by Director Kako



Nobukatsu Mizuno

External Director (Audit and Supervisory Committee Member)

Worked with Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC) before assuming directorship of the Nobukatsu Mizuno Certified Public Accountancy Office (ongoing position). Took on his current role at Daiseki in 2018.

***The Ito Review:** the final report, published in August 2014, of the Ministry of Economy, Trade and Industry's "Competitiveness and Incentives for Sustainable Growth: Building Favorable Relationships between Companies and Investors" Project, chaired by Kunio Ito, a professor at Hitotsubashi University at the time. This report gives recommendations on company-shareholder relations and has driven reforms in corporate governance.

Daiseki's Response to the Post-COVID Landscape

Special
Feature

2

The COVID-19 pandemic has had an enormous impact on our stakeholders' living and business conditions, as well as their daily lives. Despite these circumstances, the Daiseki Group has been working to steadily improve performance and return it to pre-COVID-19 levels.

Impacts of the COVID-19 Pandemic on Our Operations

In response to the spread of COVID-19 infection, the Daiseki Group has made efforts to reduce the pandemic's harmful impacts on our Company and beyond, and made it a priority to ensure the safety of employees of both the Daiseki Group and our business partners.

Impacts	FY2021	FY2022
● Financial Impacts		
Consolidated Net Sales (year-on-year)	(4.7) %	+10.3 %
Consolidated Operating Profit (year-on-year)	(5.7) %	+26.3 %

Although COVID-19 caused a downturn in the first half of FY2021, we quickly entered a recovery phase and were able to achieve record highs for net sales and operating profit in FY2022.

The Daiseki Group's COVID-19 Measures

● Provided new option to take vaccination leave

Daiseki Group granted special holidays, referred to as "vaccination leave," to remove employee worries around vaccination and contribute to ending the COVID-19 pandemic as soon as possible. (Vaccination leave taken in FY2022: 415 employees took a total of 1,011 days of leave)

● Promoted working from home and staggered working hours

In order to reduce the pandemic's harmful impacts, Daiseki Group promoted measures and adopted the structures and systems needed to enable staggered working hours and working from home.

● Utilized an online meeting system

Daiseki Group postponed unnecessary, non-urgent business trips and opted to hold discussions and meetings online whenever possible. We also worked to improve business efficiency, using this opportunity to move forward with digitization and our shift to a paperless system.

● Promoted temperature checks, ventilation, regular hand-washing and gargling, and prohibition of eating in large groups

Daiseki Group encouraged all employees to check their temperature, ensure ventilation, and regularly wash their hands and gargle, and also introduced measures prohibiting eating in groups both inside and outside the Company during the pandemic.

Daiseki's Initiatives to Reduce Greenhouse Gas Emissions

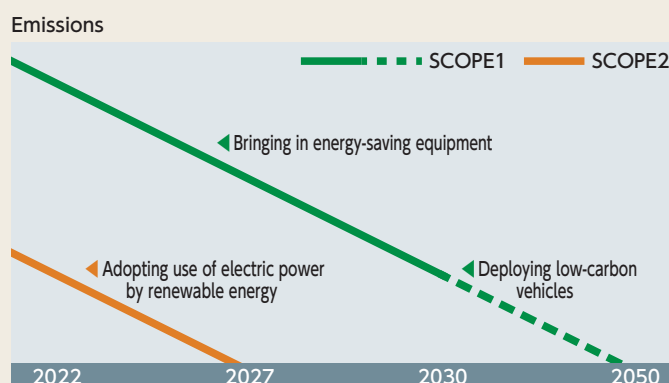
Special
Feature

3

The effects of climate change caused by global warming are increasing worldwide from year to year, and the creation of a carbon-free society is becoming an urgent issue. As a leading company in the venous industry, the Daiseki Group will continue to reduce our greenhouse gas emissions and contribute to building a more sustainable society.

Aiming for Zero Greenhouse Gas Emissions by 2050

Aiming toward carbon neutrality by 2050, the Daiseki Group will work to reduce our own emissions alongside supporting our customers to reduce their emissions.



Issues and Initiatives for Emissions Reduction

① Switching to power originated from renewable energy sources

By 2027, the Daiseki Group plans to switch to energy originated from renewable energy sources (renewable energy) for all energy used to power operations at our works.

② Adopting use of equipment with low CO₂ emissions

Energy-intensive business activities comprise operation of activated sludge blowers used in treatment of wastewater, using heating blowers for waste oil treatment, melting waste lead in our waste lead recycling process, and running large vehicles such as tanker trucks and other cargo vehicles. As this equipment deteriorates and requires replacement, we are switching it to energy-saving models.



Rotary gas melting furnace (Daiseki MCR) uses LNG instead of coke for recycling lead

③ Deploying low-carbon vehicles

We will aim for introduction of vehicles with low greenhouse gas emissions, such as EVs and FCVs, once they are available on the market.

SBTi

(Initiative for greenhouse gas reduction targets based on scientific basis)

Daiseki has set the following medium- to long-term targets for greenhouse gas emissions reduction and submitted them for official validation from the Science Based Targets initiative.

Medium-term target

Reduce SCOPE 1 + SCOPE 2 emissions by **30%** by FY2028
and SCOPE 3 emissions by **18%**

Long-term target

Reduce SCOPE 1 + SCOPE 2 emissions by **100%** by FY2051

nvironment



Environment

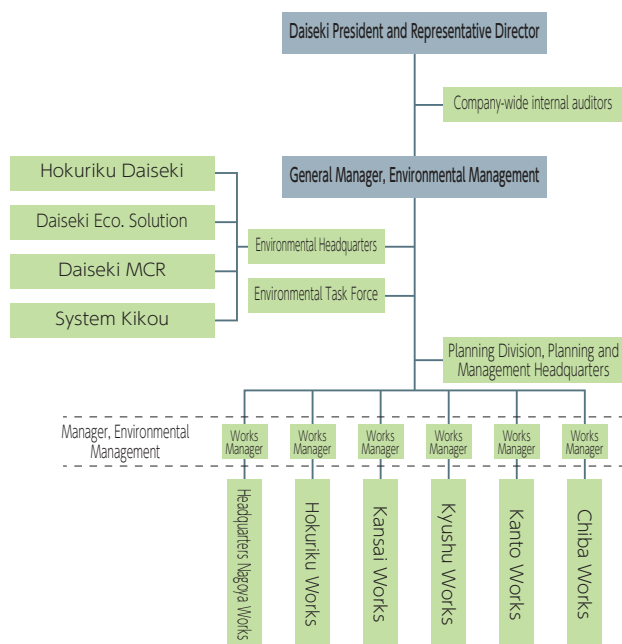
Providing behind-the-scenes support for manufacturing and other arterial industries, Daiseki Group fulfills a vital social role as part of the venous industry, recycling a maximum of the industrial waste we receive and effectively utilizing resources, as well as striving to reduce the environmental impact of the waste treatment process.

Promoting Environmental Management

Developing environmental-friendly operation through an environmental management system

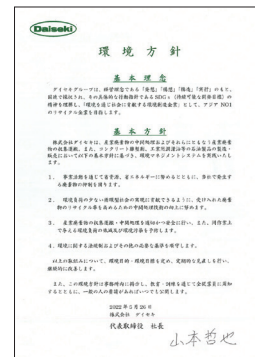
The Daiseki Group has established an environmental management system delivering environmental management led by our President. Our Environmental Headquarters, comprising Daiseki and our Group company management teams, deliberates on and makes decisions regarding priority matters concerning environmental protection and climate change.

Structure of the Daiseki Group Environmental Management System



Formulation of an Environmental Policy and its dissemination to employees

The Daiseki Group has established an Environmental Policy based on the Group's shared core principles and bringing together the core policies guiding environmental initiatives at each of our group companies. We're raising employee awareness of our Environmental Policy among all staff and working to achieve our targets as an environment-creating company.



Daiseiki Group Environmental Policy

Our system for monitoring compliance with environmental laws and regulations

Daiseiki, Daiseiki Eco. Solution, and Daiseiki MCR have acquired ISO14001 certification, and manage compliance with environmental laws and regulations through ISO-compliant activities at all of our business sites. In FY2022, the Daiseiki Group received no administrative sanctions (orders for improvement, orders for action, or business suspension orders) under the Waste Management and Public Cleansing Act, the Air Pollution Control Act, the Noise Regulation Act, or the Offensive Odor Control Act. Further, Daiseiki Group faced no fines or legal action with regard to environmental matters.



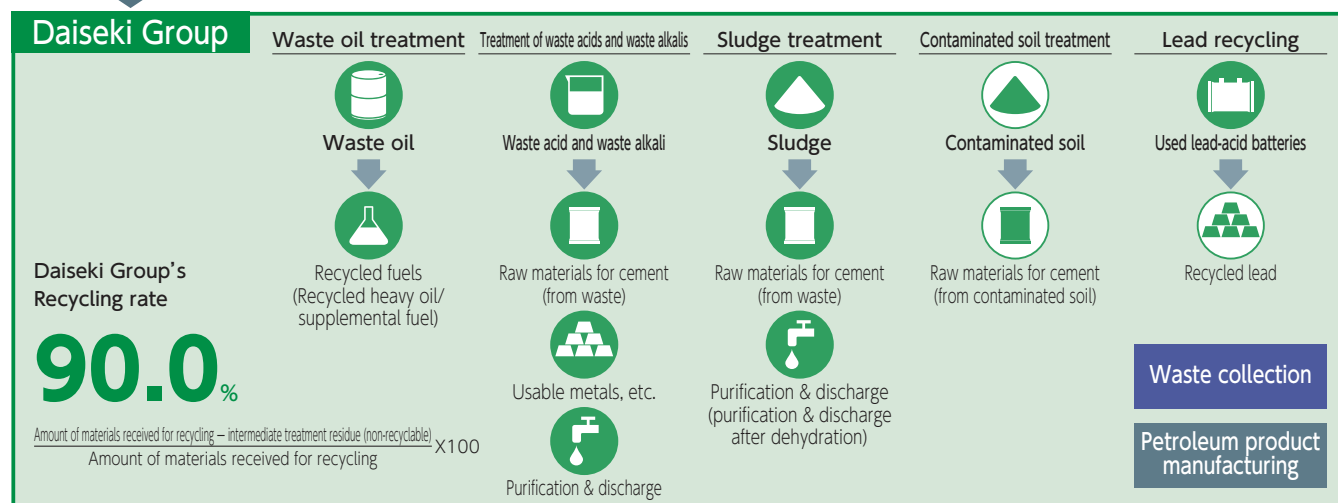
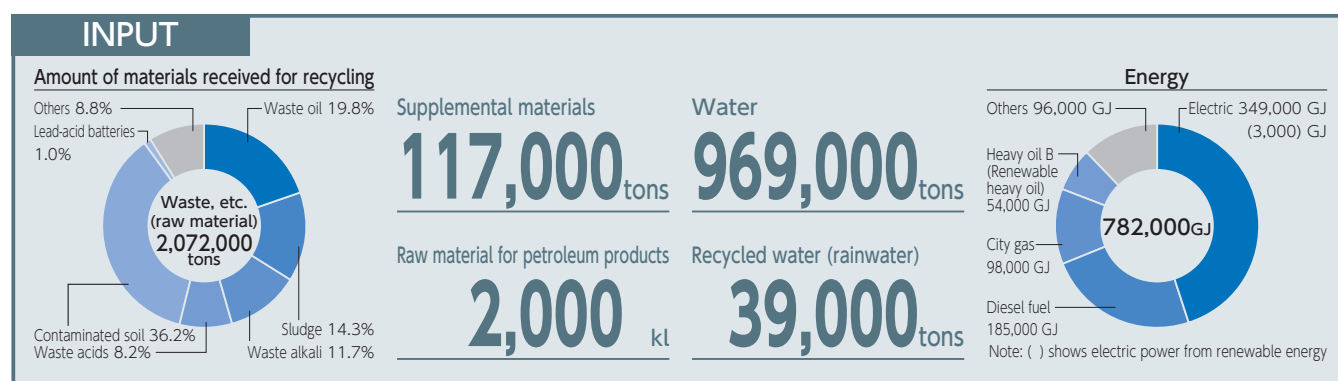
ISO 14001 Management System Registration Certificate

Key environmental achievements in FY2022 (Daiseki Group)

Amount of materials received for recycling	Recycling rate	CO ₂ total emission (SCOPE 1 and 2 only)
2,072,000 tons (1,081,000 tons)	90.0% (87.7%)	42,000 tons-CO₂ (30,000 tons-CO ₂)

Note: () shows the number with Daiseki only

Perspective of the environmental load by Daiseki Group's recycling business



OUTPUT		
Recycled products shipment	Drainage to sewer or rivers	Petroleum products
<ul style="list-style-type: none"> Recycled fuels: 323,000 tons Raw materials for cement (from waste): 261,000 tons Useable metals and similar: 9,000 tons Raw materials for cement (from contaminated soil): 491,000 tons Recycled lead: 12,000 tons Other recycled materials: 290,000 tons 	<ul style="list-style-type: none"> Purification & discharge: 1,400,000 tons Note: Discharged after purifying to the value under standard Intermediate treatment residues (non-recyclable) Incinerated: 12,000 tons Final disposal (landfill): 197,000 tons Note: Intermediate treatment residue is outsourced. 	<ul style="list-style-type: none"> 3,000 kl Emission into the air CO₂ total emission: 42,000 tons of CO₂

The Three Pillars of Environmental Protection

Environmental
Protection
Pillar

1

Maintaining a high recycling rate

The Daiseki Group receives wastes such as waste oils, waste acid/alkali, sludge, contaminated soil, and lead-acid batteries from our customers and recycle them into recycled fuel, raw materials for cement, usable metals, recycled lead, etc.

Recycling rate
(FY2022)

90.0%

Note: See page 24 for a definition of “recycling rate”

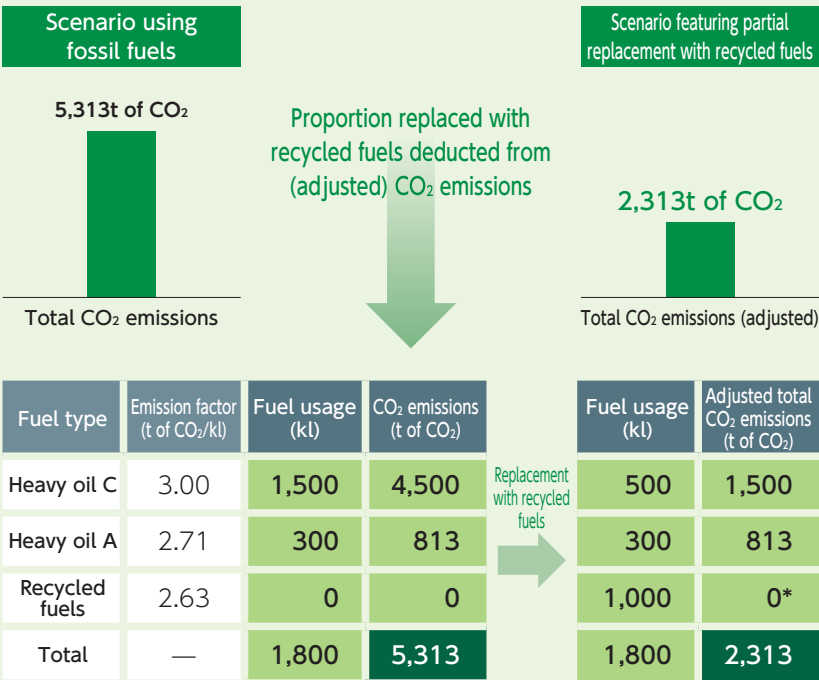
Environmental
Protection
Pillar

2

Contributing to reductions in fossil fuel usage and greenhouse gas emissions through recycled fuels

Daiseki’s Recycled fuels are classified as fuels recycled from waste materials (“waste-derived raw materials and fuel”) and when reporting the amount of emissions from energy, the amount of emissions derived from utilization of them can be deducted from total emissions.

Projection of a scenario in which fossil fuels are partially replaced by recycled fuels



* When reporting greenhouse gas emissions in line with the Act on Promotion of Global Warming Countermeasures, we report adjusted emissions alongside basic greenhouse gas emissions. Greenhouse gas emissions associated with the use of waste-derived raw materials and fuels are deducted from the adjusted emissions. Also, greenhouse gas emissions associated with the use of waste-derived raw materials and fuels are also excluded from the scope of greenhouse gas reporting based on the Act on Rationalizing Energy Use.

Waste treatment with low-greenhouse gas emissions

While incinerating untreated industrial waste emits significant levels of CO₂, Daiseki is able to offer treatment methods with lower CO₂ emissions than incineration. In the categories of waste oil and sludge, outsourcing recycling and treatment to Daiseki reduces our customers' SCOPE 3 Category 5 (Waste Generated in Operations) emissions to zero.*¹ Outsourcing to Daiseki also enables customers to report lower SCOPE 3 greenhouse gas emissions to CDP and other environmental ratings agencies.

By promoting improvement of recycling capacity and active sales activities, we aim to higher the reduction effect for Greenhouse Gas emissions to more than 680,000 tons of CO₂ by FY2025.

Note: The following trial calculations are based on FY2022 results for our oil-water separation and fuel conversion treatments, two of our main processing methods. These theoretical figures estimate the reduction in CO₂ emissions effected by our treatments, as compared to a scenario in which our customers simply incinerate their waste.

*¹ The Database on Emissions Intensity for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.1), published by the Ministry of the Environment, sets the emissions intensity (quantity of greenhouse gas emissions per a given unit of activity) for recycling of waste oil and sludge to zero.

*² Calculated on the basis of CO₂ issuing from the carbon contained in waste (based on emissions factors from the Ministry of Environment's Greenhouse Gas Emissions Accounting and Reporting Manual).

*³ Calculated by totaling 1-3 below (from Daiseki FY2022 processing results)

1. CO₂ generated through fuel consumption by boilers used for oil-water separation

2. CO₂ calculated according to the amount of electricity used for neutralization, biological treatment, and other processes

3. CO₂ equivalents of the CH₄ and N₂O generated by wastewater treatment

*⁴ CO₂ emissions from incineration without other treatments are calculated by applying a waste solvent ratio to the waste oil emission factor, accounting for 145,000 tons of the 281,000 tons of supplemental and other fuels Daiseki delivered in FY2022, with water accounting for the remaining 136,000 tons. These figures fluctuate every year depending on the ratio of waste solvent to water in the products we deliver.

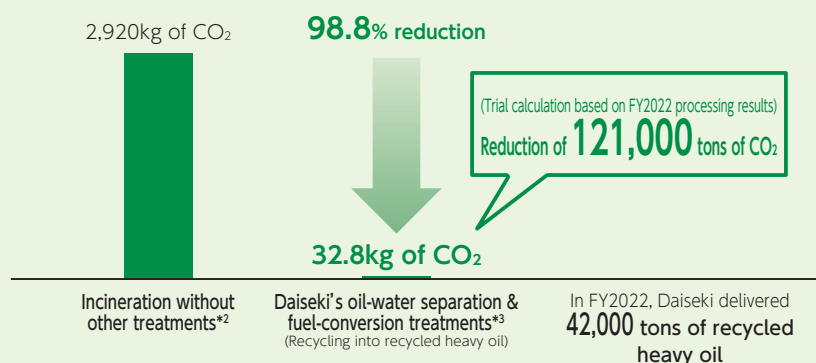
*⁵ CO₂ calculated according to the amount of electricity used for fuel-conversion treatments, based on Daiseki's FY2022 processing results

*⁶ In the mid-term management plan, it is expected that Daiseki's non-consolidated sales for FY2025 will be 120.55% compared to FY2022.

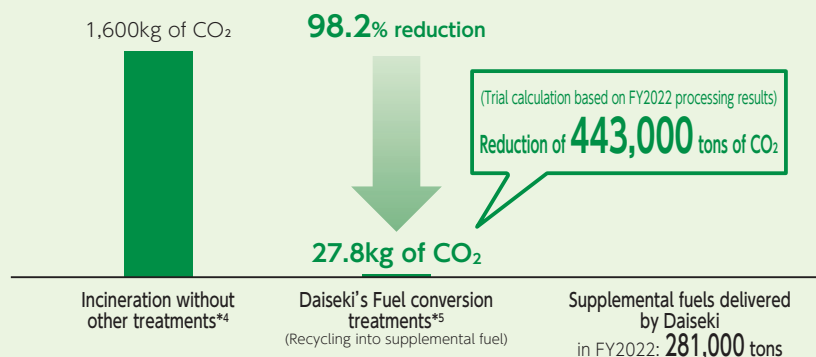
The target was set based on an assumption that the effect of reduction of CO₂ emission is proportionate to the sales.

*⁷ In FY2021, annual CO₂ emissions per household were 2.88 tons (According to the FY2021 Survey on Actual CO₂ Emissions in the Household Sector)

Comparison when treating one ton of waste oil



Comparison when treating one ton of waste solvent



Over **564,000** tons of CO₂ reduced
(Equivalent to the annual CO₂ emissions of 190,000 households*⁷)

Target by FY2025:
Over **680,000** tons of CO₂*⁶ reduced
(Equivalent to the annual CO₂ emissions of 230,000 households*⁷)

Climate Change Scenario Analysis

Daiseki has established a Risk Management Committee and conducts risk management every quarter, including assessment of climate change risk. Consideration of risk impacts and frequencies is not sufficient to give a full picture of climate change risk, so we have opted to conduct analyses of set scenarios.

Projected 4.0°C Scenario

- Amount of greenhouse gas emission is large with insufficient countermeasures, and in 2100 the air temperature will rise in 4°C compared to the temperature in industrial revolution

In this scenario, there is a lack of clarity around policies aimed at decarbonization, and carbon pricing and other regulations on fossil fuel usage are not strengthened. Although businesses become more aware of decarbonization to some degree, they do not choose low-carbon products at the expense of raising their costs. In this situation, energy costs do not change. With no reduction in fossil

fuel usage and demand for recycled fuels expected to be unchanged, Daiseki expands our recycling operations in this category. In response to predictions of increase in number of weather disasters over the medium- to long-term and the possibility that these could damage our customers' works, Daiseki develops systems to provide reconstruction support.

	Possible Situation	Impact Assessment	Response
4.0°C Scenario (Little to no intervention)	Lack of clarity on greenhouse gas emissions regulations	No change in energy costs	Remains at current level
	Remaining at current level of businesses' emissions reduction efforts	No change in demand for Daiseki's low-emissions industrial waste treatment services	Expanding our industrial waste treatment business operations
		No change in demand for recycled fuels	Expanding our recycling operations in the recycled fuels category
	Increased severity of typhoons, torrential rain, and other natural disasters	Risk: disasters force Daiseki and/or our customers to cease operations	Securing our supply chain in preparation for potential disasters
		Opportunity: Daiseki receives more contracts from our customers to provide reconstruction support	Developing systems to support reconstruction
	Rising sea levels and other changes in the marine environment	Risk: flooding forces Daiseki and/or our customers to cease operations	Calling on local governments to construct levees and raise the height of defenses, if necessary

Projected 1.5°C Scenario

- Temperature rise in 2100 will be within 1.5°C with strict policy for climate change introduced

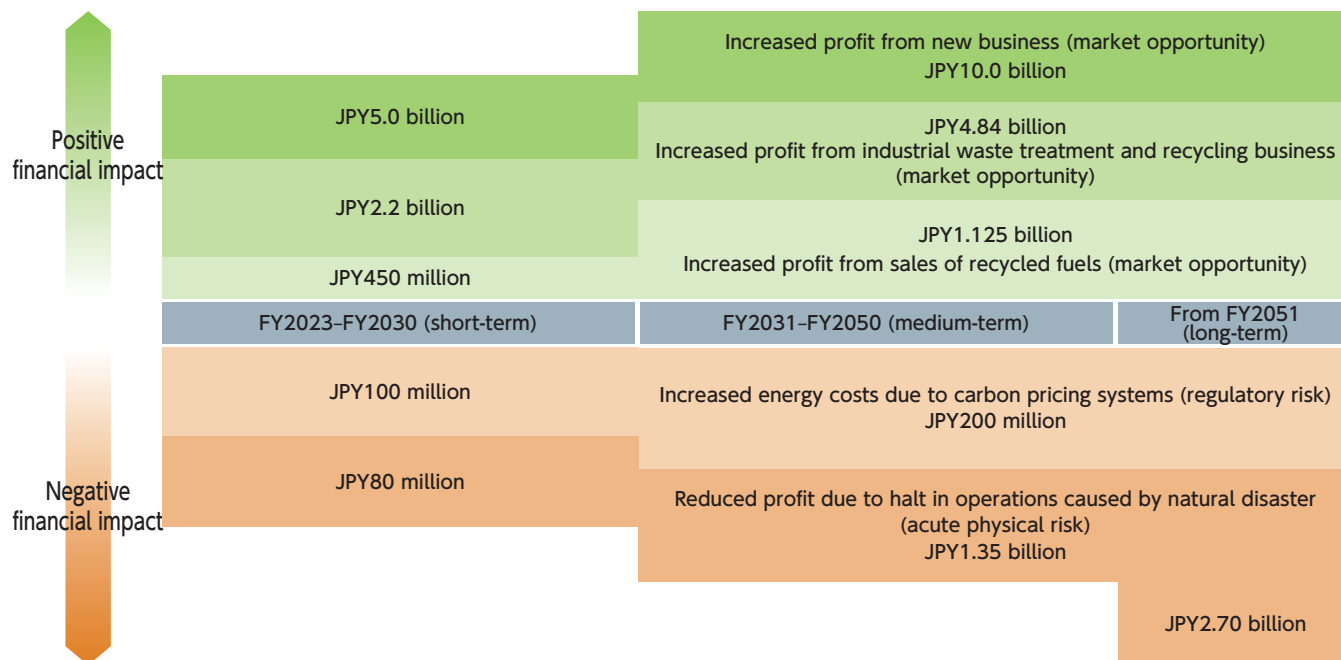
In this scenario, greenhouse gas emissions regulations such as carbon pricing systems and carbon taxation are adopted, resulting in increased energy costs, so we respond by adopting the use of renewable energies and deploying low-emissions vehicles and processing equipment. Fossil fuel usage also decreases, lowering demand for recycled fuels in turn and bringing expectations of decrease in sales. Conversely, demand for our low-emissions industrial waste treatment services and raw

materials increases. In anticipation of this kind of paradigm shift, Daiseki will shift our focus to material recycling. Material recycling is the recycling of waste into products retaining close to their original functionality. This removes the need for the incineration or landfill that would be required for disposal and avoids using natural resources, thereby allowing us to contribute to decarbonization and resource recycling.

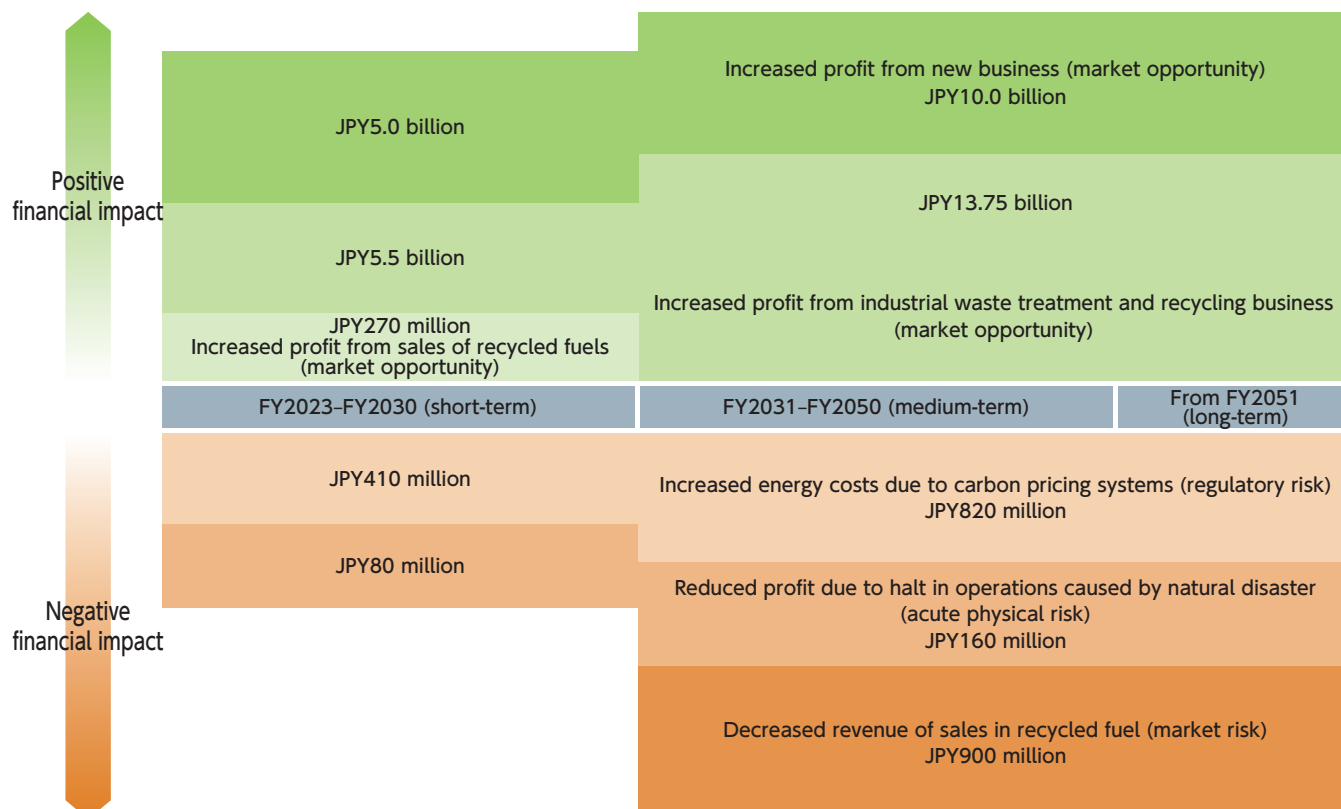
	Possible Situation	Impact Assessment	Response
1.5°C Scenario (Controls applied)	Greenhouse gas emissions regulations are strengthened (carbon pricing systems and carbon taxation are adopted)	Risk: Increased energy costs	Adopting use of power by renewable energies and low-emissions equipment
		Opportunity: Increased demand for Daiseki's low-emissions industrial waste treatment services	Proactively expanding our industrial waste treatment service operations
	Advances in businesses' emissions reduction efforts	Risk: Reduced fossil fuel usage ⇒ Reduced demand and raw materials for recycled fuels ⇒ Reduced sales of recycled fuels	Shifting operations from recycled fuels to material recycling
		Opportunity: Increased demand for raw materials and industrial waste treatment services with low emissions	
	No change in likelihood of typhoons, torrential rain, and other natural disasters	No change in risk of disasters forcing Daiseki and/or our customers to cease operations	Remains at current level
		No change in number of contracts for reconstruction support received from our customers	Remains at current level
	No change in the marine environment such as rise in sea levels	No change in risk of flooding forcing Daiseki and/or our customers to cease operations	Remains at current level

Analysis of the Financial Impact of These Risks and Opportunities on Our Business Activities

4.0°C Scenario

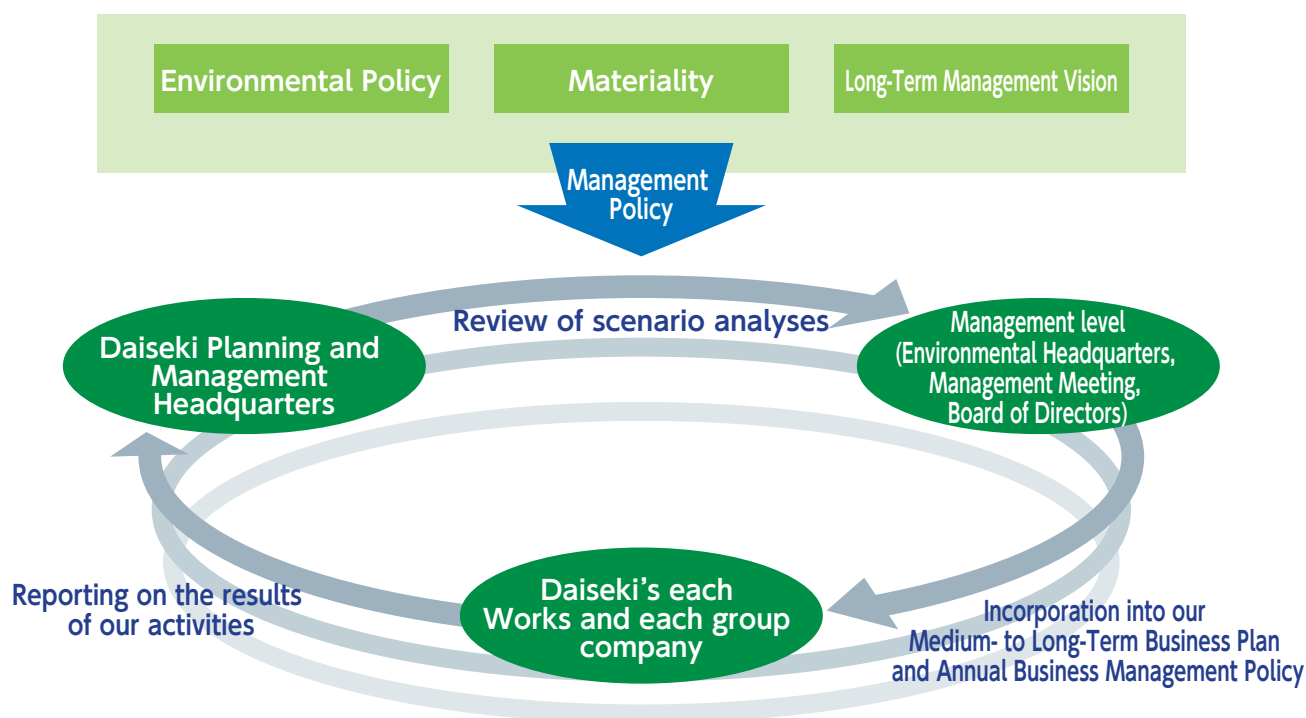


1.5°C Scenario



Note: Positive and negative financial impacts that affect operating profit of the year are calculated. For the basis of calculation, see "Basis of calculation of financial impact to business activities with risks and opportunities."

Management Strategy Based on Our Scenario Analysis



Decarbonization and Low-Carbonization Initiatives

● Switching to power from renewable energy sources (Daiseki Group)

In order to reduce greenhouse gas emissions associated with our business activities, we have recently begun to adopt the use of power originated from renewable energy sources (renewable energy). In FY2022, we began using renewable energy at our Kyushu Works and Chiba Works. We plan to introduce the use of renewable energy at all Daiseki Group facilities and in all of our Group companies by FY2028, reducing our SCOPE 2 emissions to zero.

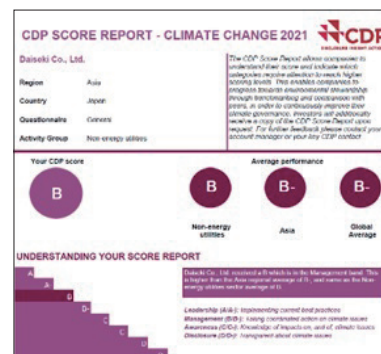
The Daiseki Group has registered and announced this plan as part of the RE Action - Declaring 100% Renewable initiative.



RE Action - Declaring 100% Renewable initiative logo mark

● Receiving a B rating from the CDP (Daiseki Group)

In FY2022, the Daiseki Group received a B rating in response to our information disclosure through the CDP Climate Change 2021 Questionnaire. By carrying out TCFD (Task Force on Climate-related Financial Disclosures) scenario analysis, as well as disclosing information on and obtaining third-party verification concerning our total greenhouse gas emissions, we were able to improve our rating from the D we received in the previous financial year. Going forward, we will continue our environmental protection, resource recycling, and carbon neutrality initiatives and aim to further improve our rating.



CDP Climate Change 2021 score report

● Endorsement of the GX League (Daiseki)

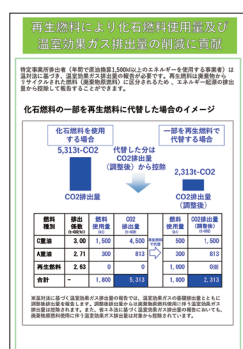
In February 2022, Daiseki declared our endorsement of the GX League Basic Concept, a framework announced by the Ministry of Economy, Trade and Industry. The GX League was founded as a place to discuss and create a vision of a sustainable, carbon-neutral future for 2050, a place to discuss market creation and rulemaking in the carbon-neutral era, and a place for companies to conduct voluntary emissions trading to achieve their carbon-neutral targets. As Japan's premier venous industry company, Daiseki hopes to use the GX League to share information with other companies and countries and make policy recommendations.



Slide material about the GX League Basic Concept (Ministry of Economy, Trade and Industry)

● Attracting customers with our results for greenhouse gas emissions reduction (Daiseiki)

We have prepared materials summarizing the greenhouse gas emissions reductions delivered by our services, and we are using these to attract customers. Daiseki's strengths lie in our low-emissions industrial waste recycling and treatment services and our recycled fuels, which can reduce emissions as a substitute for fossil fuels. In the aim of achieving carbon neutrality, calls for emissions reduction are mounting in many manufacturing industries throughout Japan, and the number of companies using these services is growing.



Our materials explaining the effect of greenhouse gas emissions reductions we deliver

● Joining the Circular Economy Association (Daiseiki)

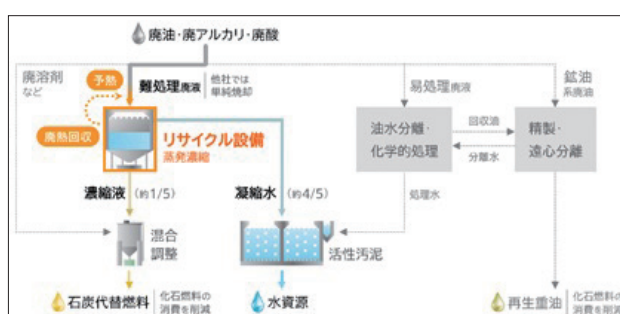
Daiseki joined and was inaugurated as a member of the Circular Economy Association (a general incorporated association) in February 2022. The Circular Economy Association is an organization established to promote the development and implementation of business within a circular economy model, in the aim of realizing a circular economy capable of sustainable development while efficiently utilizing our limited natural resources. Daiseki believes that, going forward, our Company must incorporate the circular economy concept into our business activity. To facilitate this, we are exchanging information with others and further exploring our future business model through the Circular Economy Association.



Circular Economy Association logo mark

● Bringing in energy-saving equipment (Daiseiki)

Daiseki is pursuing energy-saving measures to reduce our greenhouse gas emissions during treatment of wastewater. In October 2021, we installed a preheater in order to reduce the energy consumption of our evaporator-concentrator. Preheating with a preheater allows us to reduce our CO₂ emissions by approximately 4.8%.



Overview of a preheater installed in an evaporator-concentrator for prewarming

● Supplying biodiesel for marine vessels (Daiseki Eco. Solution)

We started to work on applying biodiesel fuels for vessels, and in the beginning of FY2023, we implemented trials to supply to the Port of Nagoya by Ship to Ship method, for the first time in Japan. We will work on verifying the effectiveness of biofuels for coastal vessels in the future, and if the supply with this method is realized, the use of biofuels for vessels will innovatively promoted and we will be able to significantly contribute to realization of carbon neutral and circular economy.



Left: The Tahara Maru tugboat (Sanyo Kaiji) supplied with biofuel
Right: The fuel-supply vessel Jyuhō Maru (Toyota Tsusho) supplying biofuel

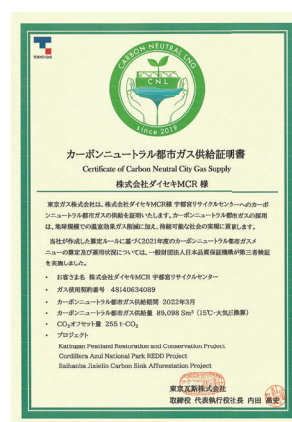
● Adopting the use of carbon-neutral LNG (Daiseki MCR)

In April 2014, in order to reduce the significant quantity of CO₂ emitted during the lead recycling process, we installed a rotary gas melting furnace that uses LNG instead of the traditional coke. This was followed in March 2022 by a switch to carbon-neutral LNG in place of LNG. Carbon-neutral LNG offsets LNG with carbon credits from forest conservation, tree-planting, and other activities, and is certified carbon neutrality by the Carbon

Neutral LNG Buyers Alliance.

For more information, please see the Daiseki MCR website at the link below.

https://www.daiseki-mcr.com/carbon_neutral.html



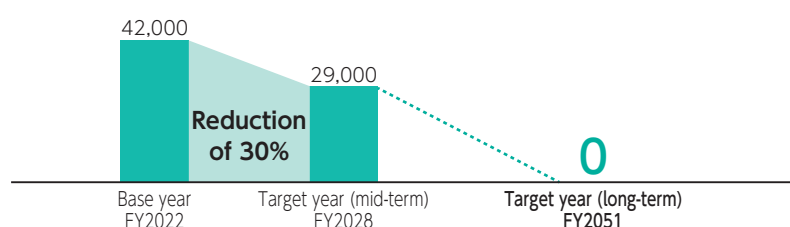
Certificate of Carbon Neutral City Gas Supply

Greenhouse Gas Emissions Reduction Targets and Results

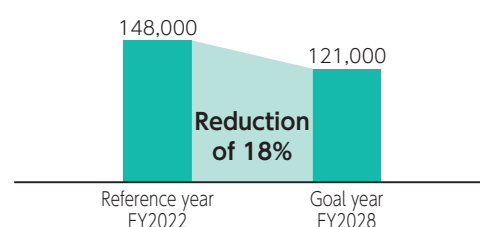
The Daiseki Group recently set medium- to long-term targets for reducing our greenhouse gas emissions. We submitted our targets to the SBTi (Science Based Targets initiative) and are now waiting for official validation. We will continue to make consistent efforts toward achieving carbon neutrality.

The Daiseki Group's Medium- to long-term targets for greenhouse gas emissions reduction

Reduction targets for total emissions under SCOPE 1 and 2 (tons-CO₂)



Reduction targets for total emissions under SCOPE 3 (tons-CO₂)



FY2022 greenhouse gas emissions figures at the Daiseki Group

	SCOPE1 Direct greenhouse gas emissions by the Daiseki Group (from energy sources only)	SCOPE2 Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies (electricity only in the case of the Daiseki Group)	SCOPE3 Indirect emissions not covered by SCOPE 1 and 2 (other companies' emissions related to a business's activities)
Emissions (tons-CO ₂)	28,000	14,000	148,000

Note : See third-party verification on page 48 for emissions of SCOPE 1,2 and SCOPE 3 Category ①

The Daiseki Group's Initiatives for Preventing Environmental Pollution

Measures for air pollution control

● Rigorous measures to control fine particle pollution

Dust collectors are installed in our plants that handle sludge, particulate matter, and hazardous materials, preventing release of fine particles from our worksites. Also, we have installed apparatuses that humidify particulate waste within our processing equipment, as well as large-scale dust collectors.



Scrubbers, as well as air showers and footwear cleaning equipment for personnel, have also been installed in our Daiseki MCR plants in order to prevent release of lead, a hazardous material, into the ambient air.

Daiseki's large-scale dust collector (Daiseki Kanto Works)

● Controlling emissions of air pollutants

For small boilers used at all Daiseki works, and we measure emissions of SOx, NOx, and other air pollutants biannually. In FY2022, all works maintained emissions at or below required levels.

● Measures against unpleasant odors

Daiseki takes steps to counter unpleasant odors from the waste we receive by analyzing samples of that waste before it is delivered to us and, in cases where it generates significant unpleasant odor, determining in advance whether to accept its delivery and the treatment methods to be used. We are working to prevent odors within our plants by eliminating odor of exhaust gas with a deodorizing device before releasing to the air.



Deodorizing device by scrubber method with high deodorizing effects (Daiseki Kyushu Works)

Controlling water quality of drainage water

Daiseki processes the wastewater we receive by first neutralizing, coagulating, and dehydrating it, then applying a biological treatment in the form of the activated sludge method, and finally discharging it into sewers or rivers. We have also established our own standards that go beyond the legal requirements for the discharge of drainage water and formulated emergency response procedures to be followed if a risk of exceeding our own required levels is identified.

Daiseki Eco. Solution's recycling centers are installed with drainage water treatment equipment and purify water before discharging it.



Activated sludge processing facility that can purify organic substances (Daiseki Nagoya Works)

Measures to prevent off-site leaks from our worksites

At Daiseki, we install dikes around storage tanks to prevent the already unlikely event of wastewater seeping into the soil, groundwater, or off-site.



Storage tank installed with dikes to prevent wastewater seeping (Daiseki Kyushu Works)

Biodiversity

The Daiseki Group contributes to preserving biodiversity in the following ways:

1. Reducing the environmental impacts associated with plant operations and transportation, and monitoring environmental risk.
2. Protecting plant and animal habitats through purification of drainage water.
3. Reducing impacts on biodiversity by supplying recycled products and industrial waste treatment services with low greenhouse gas emissions.
4. Protecting local flora and fauna by maintaining greenery and attractive landscaping within and around our facilities.

ocial



People

To continue growing 100 years from now, we strive to create a Company where all employees can work long-term in a healthy and fulfilling environment, develop human resources and promote diversity.

Health Management and Diversity

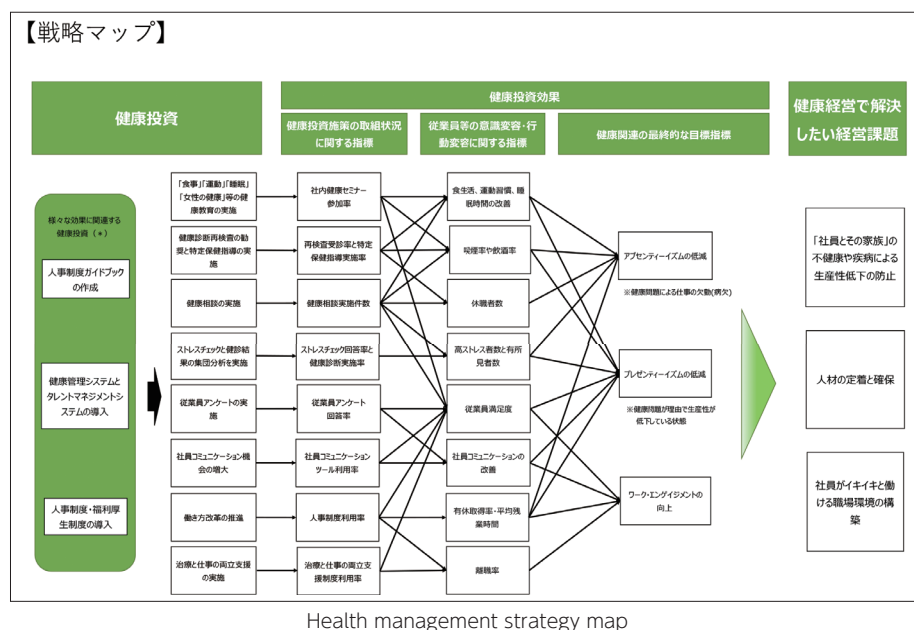
We clarify management challenges to resolve by Health Management and work on promoting diversity.

Promoting Health Management

Daiseki established health management strategy in FY2022. We will clarify challenges to resolve and promote necessary investments and concrete actions. Management challenges and health strategies that have been decided to implement are as shown below.

Certification of Health and Productivity Management Organization

Daiseki and Daiseki MCR have been working on maintaining and improving employees' physical and mental health and creating workplaces easy to work at, and Daiseki and Daiseki MCR were certified as "2022 Health and Productivity Management Organization." We will aim for obtaining White 500 Certification and Bright 500 Certification by creating work environments where employees can show high performances.



Certificate of
Daiseki 2022
Health and
Productivity
Management
Organization



Certificate of
Daiseki MCR
2022 Health and
Productivity
Management
Organization

Main accomplishment related to society in FY2022 (the Daiseki Group)

Training hours per person

7.2 hours/person
(7.8 hours/person)

Turnover Rate

2.5%
(1.3%)

Paid Leave Acquisition Rate

60.5%
(62.9%)

Note: Numbers in () shows for Daiseki non-consolidated

Deployment of health management to suppliers

Daiseki promotes health management with partner companies. In FY2022, we requested managements of partner companies to work on preventing overworking and conducting proper medical exams at a meeting with partner companies.

Concerns for Healthy Employee Minds and Bodies

Regular Medical Checkups and Comprehensive Health Examinations

The Daiseki Group continues to provide periodical medical exams for all employees to maintain and improve health. We also facilitate comprehensive health examinations for employees aged 35 and over to ensure the early detection and treatment of illness.

The Daiseki Group's attendance rate of Regular Medical Checkups and Comprehensive Health Examinations (FY2022) (%)

	Regular Medical Checkups	Comprehensive Health Examinations
Attendance rate	100	96.6

Stress Checks

The Daiseki Group has been conducting stress checks for all employees. Employees experiencing high levels of stress are reassigned appropriately based on their requests as well as interviews and consultations with physicians.

The Daiseki Group's Stress Checks implementation (%)

Fiscal Year	FY2021	FY2022
Stress check implementation rate	91.2	90.0
Proportion of highly stressed employees	6.9	8.7

Health lectures by occupational health physician

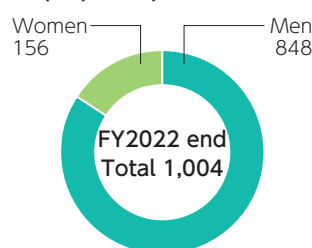


Daiseki's Kansai Works provides health lectures by occupational health physician twice a year.

Health lecture
(Daiseki Kansai Works)

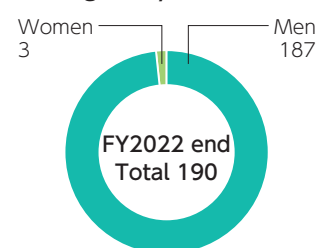
The Daiseki Group's Promotion of Diversity

Employees by Gender



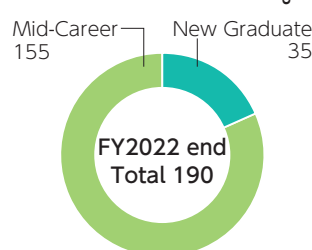
Note: Full-time employees only

Managers by Gender



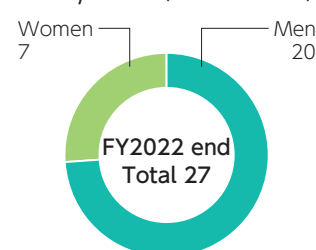
Note: Full-time employees only

New Graduate and Mid-Career Managers



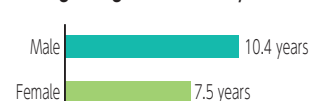
Note: Full-time employees only

Hires by Gender (New Graduates)



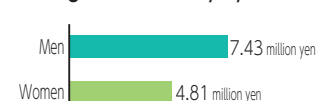
Note: Full-time employees only

Average Length of service by Gender



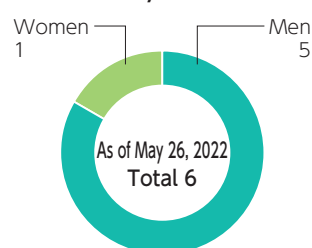
Note: As of FY2022 end Full-time employees only

Average Annual Salary by Gender



Note: 1 As of FY2022 end Full-time employees only
Note: 2 Male average age: 42.4 years old, Female average age 37.7 years old

Directors by Gender



Supporting the Realization of a Work-Life Balance

In FY2022, 16 Daiseki Group employees utilized childcare leave, of which four were male employees. In terms of COVID-19 countermeasures, we introduced a staggered commute system, a telework system and a special leave system for employees with young children who need cares for them at home due to kindergarten and elementary school closures. Also, the period allowed to have short work hours was extended to the year the employee's child turns six years old.

Acquisition of Paid Leave and Maternity/Childcare Leave at the Daiseki Group

Fiscal Year	2021	2022
Paid leave acquisition rate (%) ^{*1}	58.8	60.5
Utilized maternity leave (people)	3	7
Men who utilized childcare leave (%) ^{*2}	-	10.8
Women who utilized childcare leave (%) ^{*2}	-	85.7

The Daiseki Group's turnover (FY2022)

	Male employees	Female employees	Total
Turnover (%) ^{*3}	2.2	3.8	2.5

^{*1} Paid Leave Acquisition Rate shows the rate of paid leaves employees acquired within the leaves given
^{*2} Childcare Leave Acquisition Rate shows the rate of employees who acquired childcare leave within the number of employees who had newborn in that fiscal year
^{*3} Turnover Rate shows the rate of employees who resigned in FY2022 within the number of employees in February 2022

Target and performance for human resource

To promote Health Management and diversity, the Daiseki Group has set concrete target figures.

Actual and target figures related to human resources for FY2022

	Actual	Target
Turnover Rate	2.5% (1.3%)	Below 2% (below 1%)
Paid Leave Acquisition Rate	60.5% (62.9%)	80% or more (80% or more)
Rate of Female Managers	1.5% (1.6%)	By FY2027 10% or more (10% or more)

Note: () shows figures for Daiseki only

Human Resource Development and Workplace Improvement Efforts

We aim for company's continuous evolution by enhancing Human Resources Development and creating environment where employees can work comfortably. We plan to conduct employee engagement surveys starting in FY2023.

Efforts for nurturing human resources

● Employee trainings

The Daiseki Group actively conducts trainings considering that employees are our human capitals.

In FY2022, we started trainings for Vice Works Manager, Assistant Division Chief at Administrative Department and Evaluator, in addition to trainings for Division Chiefs and Chiefs.

Total training hours at the Daiseki Group (FY2022)

Contents	Total training hours (hours)	Total number of attendees (people)
Compliance study session	5,535 (5.1 hours per employee)	11,071
Training per job levels	1,339	48
Evaluator training	406	116
Other trainings	563	483
Total	7,843 (7.2 hours per employee)	11,718

● Voice from Male employees who acquired Childcare leave Voice

I appreciate that I was able to know how hard childcare was, and that I was able to have life style I do not have normally.

Daiseki Nagoya Works Production Division 3 Division Chief
Toyokazu Yamai

I took Childcare leave and short work hours after my second child was born in June 2021. While my wife was in hospital in preparation of delivery, I lived alone with my daughter, and I was able to experience a life style that I do not normally have, taking her to and picking her up from kindergarten or cooking with her. After Childcare leave, taking short work hours was very helpful to help my wife by taking my daughter to and picking her up from kindergarten.



Shareholding association system

Daiseki regards employees as human assets and grants shareholding association incentive which is 15% of reserve amount as a part of benefit to support employees to have own company's shares, so that they have an interest for the company management.

Attendance at shareholding association at Daiseki

Fiscal year	2021	2022
Number of shareholding association members (people)	492	545
Attendance rate for shareholding association (%)	77.1	81.4



Efforts to improve workplace environments

● Work Environment Improvement Project

Daiseki has been engaged in the “Work Environment Improvement Project.” This involves in-house improvement activities aimed at creating a workplace where all employees can work in health and safety. Improvement proposals are posted on the Daiseki in-house bulletin board as improvement reports for all employees to review. In FY2022, we improvements were made by introducing air-conditioning cloths, promoting effective workflows with electric contract documents or reports, and extending the period allowed to take short work hours for childcare from up to the time when the employee’s child turns three years old to the time the child turns six years old. Going forward, we will continue responding to employee requests and feedback.

● Reducing overtime work by outsourcing

Daiseki Chiba Works outsourced part of day shift works and driving tasks in FY2022 for employees to realize work-life balance and reduce overtime work based on actions at other location within Daiseki.

Day shift work deals with visitors or handling requests of industrial waste disposals. Driving task deals with collecting wastewater, etc. from customer plants with large vehicles. The outsourcing was started after training persons and confirming that we could rely on them. Reduction of overtime work by outsourcing was as follows.

● Day shift work: 107hours/month

● Driving work: 64hours/month

● Voice from employees who work while raising children

Extending the period of short work hours enabled me to both work and take care of my children

Daiseki Hokuriku Works Production Technology Division Technician
Ayako Mori

I had been taking short work hours until my child turned three years old. However, I felt that it would be difficult to keep working without short work hours until my child enrolls elementary school due to taking to and picking up my child from kindergarten, so I consulted with my supervisor if we could extend the period of short work hours. My supervisor immediately spoke with Human Resources Department, and the period of short work hours was extended to the time when the child turns six years old. I am very grateful for coworkers’ understanding and cooperation.



Childcare

● Voice from employees who have improved their work environment

Voice

To realize the workplace where employees are appreciative for each other

Daiseki Nagoya Works Environment Department Assistant Division Chief
Shima Hori

“Thank You Report” is Nagoya Works’ unique and new activity for employees to give reports to express appreciation each other with the purpose to “build the culture to communicate good aspects of people and recognize each other.” The number of reports has been gradually increasing since May 2021 when the activity was started, and now almost 100 reports are submitted each month. I have been given positive feedbacks with comments



“I have more opportunities to say thank you,” “I can recognized good aspects of my coworkers” or “I’m more motivated for work.”



Safety

To ensure employee safety, we are revising our safety management system and promoting safety and health activities.

Work-related Safety and Health Initiatives

Daiseki strives to create a safe working environment through efforts to prevent work-related accidents and ensure the physical and mental health of all employees.

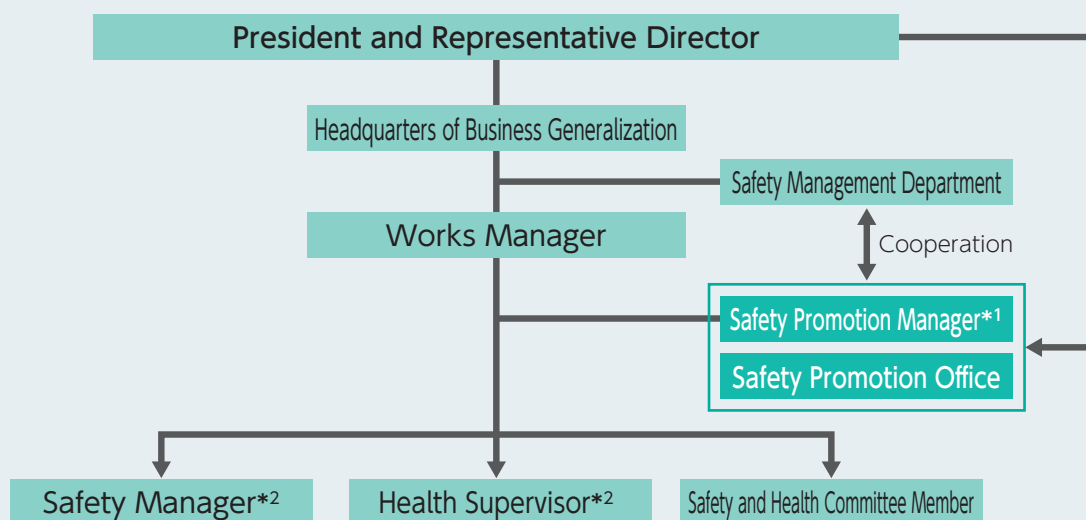
Establishment of Safety and Health Management System

The Daiseki Group appoints each entity's President as the chief representative, and select representatives for Safety and Health at each site to build Safety and Health Management System. Also, we share information of accidents at the Daiseki Group to prevent similar accidents.

Safety Promotion Manager Appointment

"Safety Promotion Office" have been established at each Daiseki business site managed by "Safety Promotion Manager" appointed to promote safety. The president delegates the authority to promote safety to a person in charge at each worksite who provides guidance to staff and implements various safety measures.

Daiseki's Safety and Health Management System

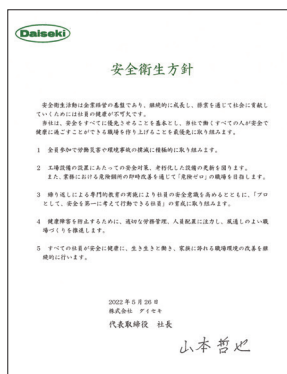


*1 Delegated to authorities related to safety management by President and Representative Director

*2 At the Chiba Works, which has less than 50 employees, it is not necessary to appoint a Safety and Health Manager, thus a Safety and Health Promoter has been appointed

Safety and Health Policy

The Daiseki Group establishes Safety and Health Policy at each company and promotes prevention of accidents, and Safety and Health. We put safety as the top priority and work on creating the workplace where employees can work safely and healthy.



Safety and Health Policy (Daiseiki)

Safety and Health activities

At Daiseki, Safety Promotion Offices at each business site conduct the following occupational health and safety activities.

- ① Training with the correct knowledge for risk prediction
- ② Checking collecting works at customers sites
- ③ Thorough investigation on the cause of accidents and information sharing

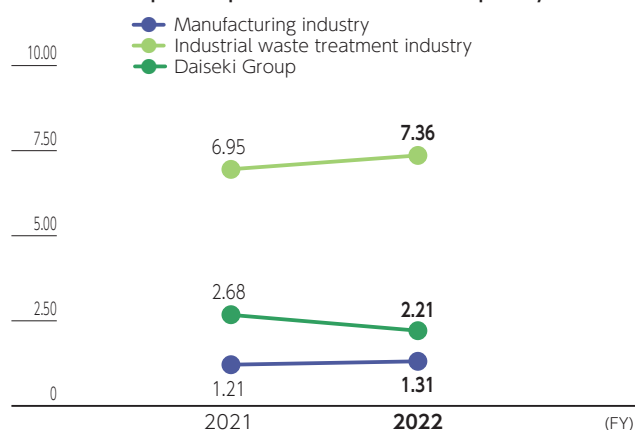
Daiseki Group Work-related Accident Record

In 2021, the Daiseki Group had 6 accidents accompanied by lost worktime and 7 accidents not accompanied by lost worktime. Accidents accompanied by lost worktime included falls, heatstroke, limbs caught in objects, etc. and accidents not accompanied by lost worktime included touching wastewater, traffic accidents, etc.

Daiseki Group Work-related Accidents (cases)

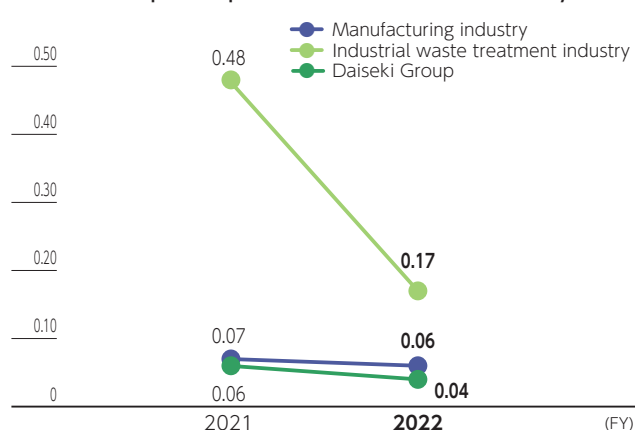
Year	2017 January- December	2018 January- December	2019 January- December	2020 January- December	2021 January- December
Fatalities	0	0	0	0	0
Accidents accompanied by lost worktime	7	7	7	7	6
Accidents not accompanied by lost worktime	9	10	5	2	7

Daiseki Group Occupational accidents (frequency rate)*



* Frequency rate: Total number of casualties due to occupational accidents per million total working hours (accident frequency).

Daiseki Group Occupational accident rate (intensity)*



* Intensity: Total number of working days lost per 1,000 total actual working hours (degree of accident severity).

Safety Trainings

To prevent accidents, the Daiseki Group gives daily instructions and alerts at monthly safety meetings for the sites that handle hazardous materials. In addition, safety training is conducted for all employees. Employees who took safety trainings have given feedbacks that they could understand the awfulness of accidents and points to focus on to prevent accidents.

Daiseki Group Safety Training* (FY2022)

Timing	Description	Total training hours (hours)	Number of attendees
April	Reflection on accidents in FY2021	340	1,020
June	Hazardous materials such as acid and alkali	339	1,018
September	Method for analyzing process of accidents and hearing (for Safety Promotion Office)	78	26
October	Study session to recognize dangerous situations (for drivers with services of three years or less)	23	46
November	Danger of static electricity, fire fighting	343	1,026
December	Prevention of traffic accident	341	1,022
January - February	Danger of electrocution, danger of fall (for drivers, plant employees and sales personnel)	405	405

*Total safety training hours are included in total training hours on page 35

Danger Prediction Training

Daiseki conducts Danger Prediction Trainings to prevent accidents in transporting and processing high-risk industrial wastes. In FY2021, we held lectures by external instructors. In FY2022, employees certified as trainers gave lectures to leader-level employees at each site, establishing the system that each site promotes prevention of accidents.

Number of attendees for Danger Prediction Training at Daiseki

FY2021	FY2022
82	132



Danger Prediction Training (Daiseki Kanto Works)

Safety trainings for partner companies

Since Daiseki outsources collection of industrial wastes with high risks, we conduct safety trainings for those companies. In FY2022, we invited managements of partner companies at each site, explained the cause of accidents in the previous year and the points to instruct, and requested them to prepare instructions easy to understand for drivers.



Safety trainings for partner companies (Daiseki Kyushu Works)

Safety trainings utilizing videos

For drivers, to have knowledge of waste acid or waste alkali, etc. and vehicles is necessary to properly handle industrial wastes. Daiseki started safety training utilizing videos. For example, we made a training video demonstrating a condition of vacuum vehicle when it sucks bubbling liquids and when a deformer suppresses bubbles in lab scale. We show this to drivers for their trainings.



Picture from safety training video for prevention of leakage accidents

Efforts to prevent accidents

At Daiseki, 6,557 near miss accidents were reported in FY2022. Safety Management Department and Safety Promotion Office make responses to the cases that need countermeasures that were reported. For example in FY2022, we installed mirrors to prevent accidents when making turns in offices, or painted pipes to prevent collisions of vehicles in plants, etc.



Painted pipes in plant to prevent collisions (Daiseki Chiba Works)

Promoting BCP (business continuity plan)

Daiseki operates hazardous material facilities at each worksite and makes every effort for safety management. To prepare for the Nankai Trough megathrust and other major earthquakes, disaster prevention drills are held annually at all worksites assuming tsunami and fire scenarios and annual drill to form disaster countermeasure office are held at headquarters and worksites. In FY2022, 344 employees joined the disaster prevention drill and 45 employees joined the drill to form disaster countermeasures office. Each worksite prepares BCP (business continuity plan) to determine responses at the time of disasters.



Disaster drill (Daiseki Kanto Works)

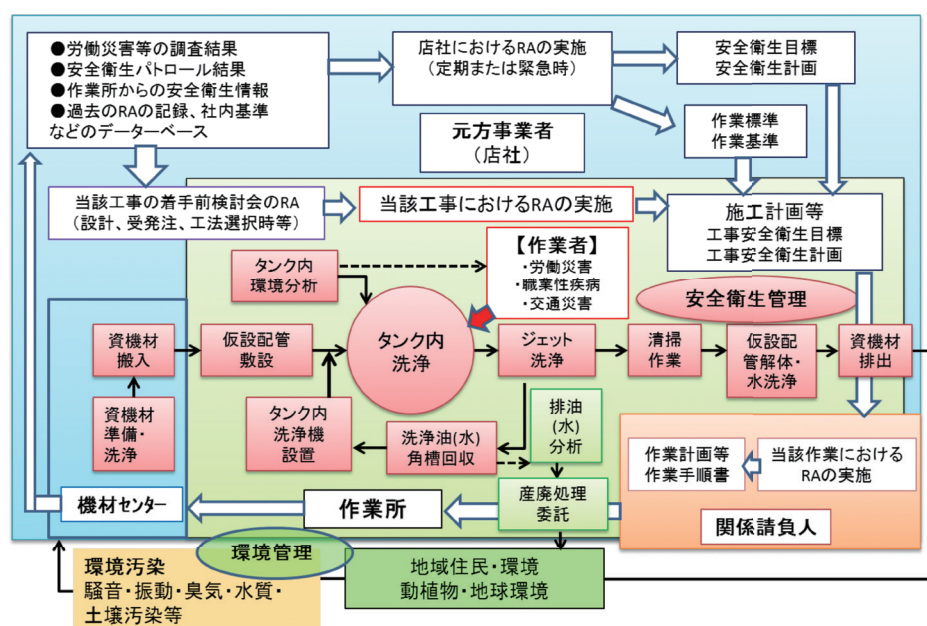
Safety and Health activities at System Kikou

System Kikou, which particularly handles dangerous tasks within Daiseki Group, implements following safety and health activities at each site as the effort to create a workplace with zero danger.

- ① Risk Assessment ② Sharing information of work-related accidents
- ③ Safety and Health Patrol



Cleaning inside of a tank (System Kikou)



Risk assessment matrix (System Kikou)

Efforts to eliminate unsafe conditions

In order to eliminate unsafe work environments for drivers, we make improvements with customers' supports as well. If improvements are difficult to make, we inform drivers of the risks and review work procedures, etc.

Also, Safety Management Department and Safety Promotion Office staffs ride together to the working sites and check the procedures, equipment and controls to make necessary improvements.

Unsafe conditions eliminated at Daiseki customers' sites (FY2022)

Eliminated	In process or under negotiation
35 cases	8 cases

Establishment of waste information sharing system Voice

Promotion of accident prevention by "opinion box" system

Daiseki Nagoya Works Technology Department Production Technology Division
Sho Sugisaki Technician

At Nagoya Works, we have established an information sharing system "opinion box" to further promote prevention of accidents while processing waste. With this system, dangerous matters that need requests to customers to improve the way to generate wastes or responses to them are centralized to manage, and automatic emails promoted responses and made information sharing effective. Based on this system, sales personnel can give cautions to customers in advance and eliminate dangerous conditions.





Local Communities

The understanding of neighboring communities is essential for the operation of an industrial waste treatment business. While striving to engage in proactive dialogues and exchanges, we are also engaged in social contributions leading to the invigoration of local communities.

Conducting Tours at Daiseki Works

Daiseki conducts tours at its works for customers that generate industrial waste and residents in surrounding area as needed. 912 people from 537 companies participated in these tours in FY2022. Tour attendees are asked to participate in a survey evaluating the works in terms of tidiness and organization, safety conditions, employee attitudes and other factors on a scale of 0-5 points, and respondents gave Daiseki an average 4.7 points in FY2022.



Plant tours are held regularly inciting residents in surrounding area (Daiseki Hokuriku Works)

Support for Recovery from Environmental Pollution Accidents Caused by Natural Disasters

At Daiseki, each business site engages in recovery activities in the event of environmental pollution accidents that occur at nearby factories, on roads, in rivers or other locations due to typhoons and other natural disasters. Kanto Works supported recovery from environmental contamination accident that happened with a cargo ship grounding offshore Hachinohe, Aomori in August 2021, by collecting heavy crude oil and cargos that overflowed.



Supporting recovery from an environmental contamination caused by cargo ship grounding offshore Hachinohe (Daiseki Kanto Works)

Awarded ESG Finance Award Japan (Daiseki Eco. Solution)

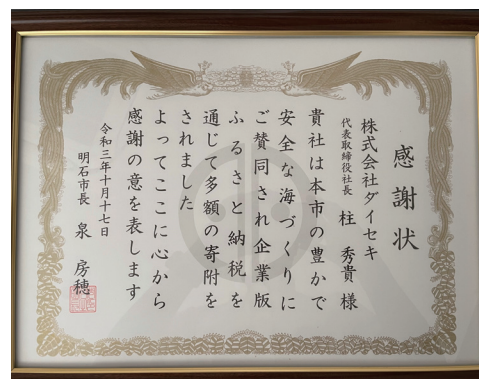
Daiseki Eco. Solution was awarded "Special Award" in environmental sustainable corporate section of the Third "ESG Finance Award Japan" organized by Ministry of the Environment. With the Special Award, Daiseki Eco. Solution was highly recognized with efforts for TCFD and contributions to material circulation (circular economy) focusing on improvements for handling materials with less life cycle CO₂ emission, etc.



ESG Finance Award Japan Special Award

Donation by "Corporate Hometown Tax Donations"

Daiseki made donation to Akashi City utilizing "Corporate Hometown Tax Donations," as a support for abundant and safe ocean business related to environment in October 2021. This system is for companies to make donations for local community formation projects certified by the government, with businesses that "utilize donations for formation of the city, people and works" as the subjects.



Appreciation letter from Akashi City (Daiseki Kansai Works)

Material Circulation Technology and System Award

Daiseki applied to the Forty Seventh "Material Circulation Technology and System Award" organized by Japan Environmental Management Association for Industry with a theme "Recycling Business of Renewable Fuel with the Raw Material of Waste Solvent, etc." and was awarded "Japan Environmental Management Association for Industry Chairman Award." The purpose of the award is to contribute to Reduce, Reuse and Recycle of waste, find excellent businesses and



Certificate of Japan Environmental Management Association for Industry Chairman Award on Material Circulation Technology and System Award

efforts and promote/spread them to develop circulate systems.

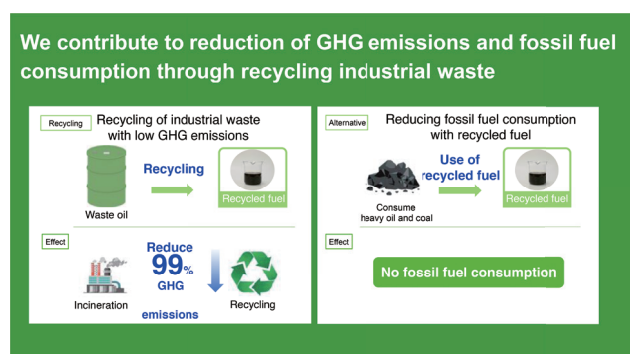
Disseminating and Exchanging Information with Local Communities and Stakeholders

Daiseki makes an effort to engage in dialogues with residents living near our facilities, and strive to disseminate information through events that attract attention related to the environment and briefing sessions for investors and other stakeholders.

Exhibition at the COP26 Virtual Japan Pavilion

Daiseki joined COP26 Virtual Japan Pavilion organized by Ministry of the Environment in November 2021.

We transmitted information that Daiseki's recycling product, recycled fuel is utilized as a substitute of coals and heavy crude oil, that it helps reduce use of fossil fuel, and that Daiseki's waste recycling reduces greenhouse gas emission by 99% compared to simple incineration.



Presentation slide for COP26 Virtual Japan Pavilion

ESG Briefings for Institutional Investors

In January 2022, we held second ESG briefing session for institutional investors to explain Daiseki's ESG activities. At this time, we introduced the relationship between environment, which is Daiseki's strong point, and the profit and loss of businesses.

目次

1. ダイセキグループの紹介
2. 前回セミナー(2021年1月)からの振返り
3. ESG報告書2021
4. 環境ビジネス推進によるP/Lへの影響
5. 今後の展望
6. 今後のESG活動

ESG briefing slides

Industry-Academia Collaboration Efforts with Universities

Daiseki invited teachers and students from The University of Tokyo, Nagoya University and Nagoya Institute of Technology and held environmental seminars. We introduced Daiseki's industrial waste management business and efforts on recycling, and gave tours for the plant and actual works. Also, in response to request from Graduate school of Nagoya University, our employee gave a lecture regarding industrial waste management as a part-time teacher.



Nagoya University environmental field seminar (Daiseki Headquarters)

● Lecture regarding industrial waste management

Voice

Showing Daiseki's interesting environmental business to young people

Daiseki Headquarters Human Resource Planning Division Chief
Ryuko Baba

In response to request from Graduate School of Environmental Studies, Nagoya University, I gave a lecture regarding waste management in a class called "front line of environmental issue solutions." The purpose of this lecture was to show concrete efforts and outlook on challenges and future for complicated and various environmental issues to students who learn environmental issues. I introduced the history of Japan's waste management and circular economy and carbon neutral which are among top topics, along with Daiseki's activities.



Governance



Compliance

For Daiseki Group, which expands businesses with permissions, assuring compliance and meeting social responsibility and public responsibility are the most important issues for corporate management.

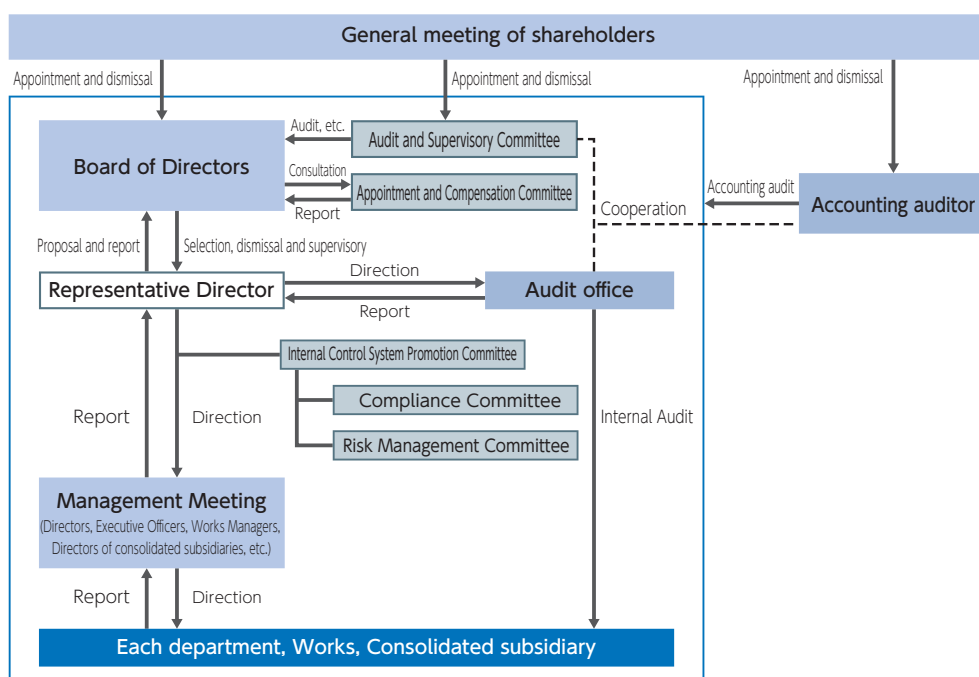
Basic Approach to Corporate Governance

Daiseki positions corporate activities that comply with laws and social norms as the most important issue for improving transparency and soundness in corporate management. We adopted the Company with Audit and Supervisory Committee system, with an Audit and Supervisory Committee comprising three outside directors, further enhancing the supervisory function of directors. One of external directors is a woman, who gives recommendations from a female perspective.

In May 2020, Daiseki introduced an executive officer system

with the aim of clarifying business execution responsibilities, streamlining management and accelerating decision-making. Further, the authority necessary for conducting daily corporate activities is delegated to the works managers at each of the six worksites and the presidents of six Group companies, with the Management Meeting held with the participation of directors, executive officers, works managers, directors of consolidated subsidiaries and other staff.

Daiseki's Corporate Governance System



Main accomplishments related to governance of FY2022 (Daiseki)

Board of Directors	Audit and Supervisory Committee	Ratio of external directors within all directors (as of May 26, 2022)
Held 21 times	Held 14 times	50%

Basic Approach to Internal Controls

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, Daiseki established the following system for ensuring the appropriateness of operations (hereinafter, the "internal control system").

- ① Within the Daiseki Ethics Charter, Daiseki established three guidelines for corporate behavior that convey its stance on growing and developing alongside society: Social roles and responsibilities, compliance with laws and regulations, respect for human rights and the fostering of a free and open corporate culture.
To achieve perpetual development as an industry leader, Daiseki has developed an internal control system and strives to embody its Ethics Charter.
- ② The Board of Directors formulates basic policies for internal control, provides instructions and supervision on the implementation status of internal controls, confirms maintenance and operational status and reviews basic policies and countermeasures when necessary.
- ③ Daiseki established the Internal Control System Promotion Committee chaired by the President and Representative Director to ensure reliable financial reporting through the establishment and maintenance of internal control system programs.

Risk Management

Daiseki established Risk Management Regulations in 2006 to address various risks including earthquakes and other natural disasters, occupational accidents and information leaks. Additionally, we created a risk map and established a response system defining responsible departments for each risk classification.

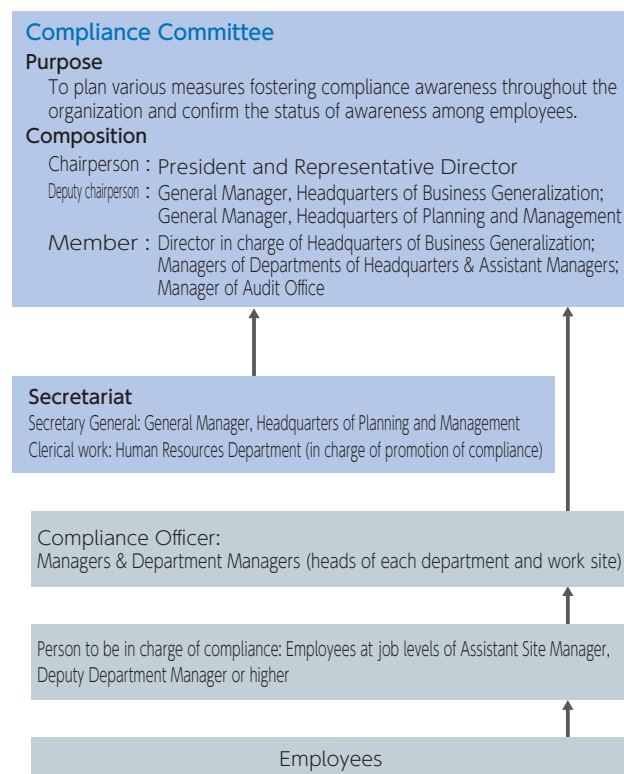
The Risk Management Committee, which plays a central role in risk management, is chaired by the President and Representative Director and manages risks facing the Daiseki Group thoroughly and comprehensively. The Audit Office audits the risk management status of each department, reports the results to the Risk Management Committee and the Board of Directors on a regular basis, and deliberates and decides on improvement measures.

Also, in FY2022, we began discussing risk analysis in light of climate change based on TCFD recommendations at the Environmental Headquarters and Risk Management Committee meetings, with progress confirmed at Management Meeting and results reported to the Board of Directors.

Compliance System

Daiseki established a Compliance Committee in May 2002 and formulated an Ethics Charter announced within and outside the Company. Compliance Committee chaired by the President and Representative Director works on grasping the status of company-wide compliance systems established and its problems, analyzing compliance risks at each department and embodying countermeasures. For the cases where the Daiseki Group management or compliance officers at each department find problems related to compliance, we have established a system to report to compliance committee immediately and thoroughly operate that system,

Compliance System



Whistleblower Protections

The Daiseki Group established a compliance consultation counter where employees can directly consult with The Daiseki Human Resources Department or corporate lawyers that is easy for employees to use, and thoroughly operate it informing the importance of it. When employees consult, the consultation counter will investigate the matter, determine the countermeasure to prevent it from happening again with the related departments and implement it thoroughly, company-wide. The whistleblowing system stipulates the protection of whistleblowers so that employees who make report suffer no adversity. All information from whistleblowers handled in the strictest confidence only by those who respond in the whistleblower system so no information is leaked to the outside.

Information Protection and Management

In 2005, we formulated Personal Information Protection Rules to ensure all officers and employees maintain a thorough understanding of appropriate personal information protections in an effort to strengthen management.

Based on the Information Security Basic Policy, we strictly manage and control the creation, use, removal and storage of information. In FY2022, there were no incidents involving the leak of personal information.

Respect for Intellectual Property Rights

We formulated employee invention regulations to address inventions and other intellectual property created by employees while on the job. By clarifying the attribution of rights to employee inventions and guaranteeing inventor rights, we are working to increase motivation for research and development.

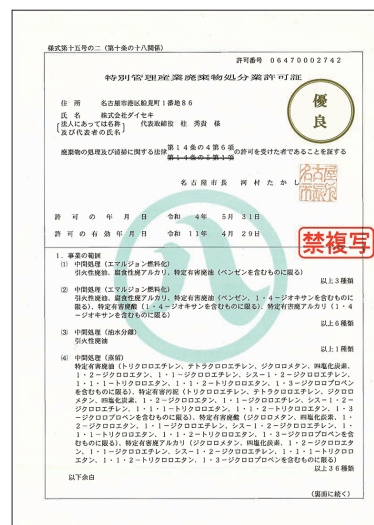
Number of intellectual property rights(FY2022 end) (cases)

	Patents holding	Patents pending
Number of intellectual property rights	4	2

Compliance with the Excellent Industrial Waste Disposal Company Certification System

The purpose of this system is to create an environment in which generators of industrial waste can easily outsource treatment to excellent certified businesses and to promote the proper treatment of industrial waste. If an industrial waste disposal company with a track record of five years or more meets certain standards, a seal of excellence will be printed on the permit and introduced on the Industrial Waste Information Net website.

Daiseki was the first operator to be certified under this system by the city of Nagoya in 2011, and as of February 28, 2022, we were certified as excellent by a total of 49 local governments (45 prefectures and four cities).



The Certification of the Excellent Industrial Waste Disposal Company by Nagoya City

Developing Sound Corporate Activities

We are responsible for meeting stakeholder expectations through sound corporate activities, compliance with relevant laws and regulations and fair business relationships.

- ① We engage with all business partners in good faith, justly and fairly.
- ② We establish mutually beneficial relationships with business partners and aim for stable growth and development.
- ③ We conduct corporate activities in accordance with social norms and standard business practices.
- ④ We build an internal control system for the purpose of ensuring the reliability of financial reports.
- ⑤ We aim to enhance shareholder returns as profits grow.

Observing the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade

We have established and adhere to the following rules.

- ① We do not discuss or enter into agreements that mutually restrict free corporate activities.
- ② We do not use one's position to influence business transactions.
- ③ We do not make inappropriate displays or provide excessive gifts or prizes.

Treatment of Entertainment and Gifts

We comply with the following guidelines.

- ① We don't entertain or give gifts to business partners and other stakeholders beyond the scope of social conventions and common courtesies.
- ② We don't entertain or give gifts to current or former civil servant employees, except when permitted by laws and regulations.
- ③ We don't provide our shareholders with entertainment or gifts that exceed the scope of social conventions and common courtesies.
- ④ We don't give any favors to antisocial forces (extortionists).

Transactions with Public Institutions and Handling of Political Contributions and Donations

Transactions with public institutions, as well as political contributions and donations, are handled as follows in compliance with relevant laws and regulations.

- ① We act with thorough consideration for sociality, commonality, necessity, etc.
- ② We do not make illegal political contributions.

Protecting Human Rights

We respect the basic human rights of its employees and strive to prevent discrimination and human rights violations on the basis of race, creeds, gender, physical disabilities or other anomalies. To this end, power harassment workshops for all managers are conducted regularly by an outside lecturer. Additionally, we are conducting training aimed at preventing sexual and power harassment for new managers. Further, the Human Resources Department regularly interviews employees to monitor for human rights violations.

- ① We respect the basic human rights of employees and do not discriminate on the basis of race, creeds, gender, physical disability, or for other reasons under any circumstances.
- ② We protect personal privacy.
- ③ We don't engage in sexual harassment or other acts that violate human rights.
- ④ We create a corporate culture in which employees have mutual respect for one another.

Effectiveness evaluation of Board of Directors

Effectiveness evaluation of Board of Directors held in FY2022 was conducted, and its results were reported and discussed at Board of Directors. The evaluation results are as follows.

① Task implemented

● Evaluation subject

...Board of Directors held in September 2020 through August 2021

● Person in charge of evaluation

...All Directors

● Evaluation implementation period

...September 2021

● Overview

...Items to be evaluated

- Basic management policy, decisions of strategies and decisions related to important business execution. Items related to agenda discussion of monitoring
- items related to structure, deliberation and operation of Board of Directors

② Analysis and evaluation results

● Questionnaire results

...Generally positive (management of the Board of Directors, matters related to the agenda, etc.)

● Effectiveness of Board of Directors

...Confirm that it is generally secured

③ Measures to realize effectiveness

● Three items pointed out as improvement was required were as follow.

- Early distribution of handouts of Board of Directors meeting
- Increase communication on status reports from each department
- Reinforcement of cooperation with external directors and study on information provision

Directors skill matrix (as of May 26, 2022)

Name	Title	Age	Gender	Term of office	Committee		C	B	O	G	S	M	F	S	T	H
					A	Audit										
Tetsuya Yamamoto	President and Representative Director	57	M	27	○		●	●					●	●	●	
Yasuo Ito	Vice President and Representative Director	49	M	12	○		●		●	●	●					
Koji Amano	Directors	61	M	19				●			●					●
Norikazu Sahashi	Independent External Directors	63	M	6	○	○		●				●		●		
Nobukatsu Mizuno	Independent External Directors	69	M	4	○	○			●			●	●			
Mitsuyo Kako	Independent External Directors	68	F	2	○	○			●			●				●

Note: A: Appointment, Reward Committee C: Corporate management B: Business knowledge O: Operation strategy G: Global S: Sales marketing M: Management risk F: Financial accounting S: Sustainability T: Technology innovation H: Human resource, education, diversity

Non-Financial Information and Company Information

Main Sustainability Information

Environment (the Daiseki Group)

SCOPE1 Emission Breakdown (FY2022) (t of CO₂)

	SCOPE1 Emission
Diesel fuel	12,663
City gas	4,868
Heavy oil B (Recycled heavy oil)	3,835
Others	6,372

SCOPE3 Emission Breakdown (FY2022) (t of CO₂)

	SCOPE3 Emission
1. Purchased products and services	66,717
2. Capital goods	11,259
3. Activities related to fuel and energy not included in SCOPE1 and 2	6,416
4. Transportation and distribution (upstream)	13,093
5. Wastes generated by businesses	40,190
6. Business trip	945
7. Employees' commute	2,116
8. Lease assets (upstream)	0
9. Transportation and distribution (downstream)	327
10. Conversion of sold products	613
11. Use of sold products	3,826
12. Disposal of sold products	1,867
13. Lease assets (downstream)	0 Not applicable
14. Franchise	0 Not applicable
15. Investments	0 Not applicable

CO₂ Emission (t of CO₂)

	FY2021	FY2022
SCOPE1	27,148	27,738
SCOPE2	14,246	14,153
SCOPE3	105,450	147,369

SCOPE 1 and 2 emissions intensity (t of CO₂/t)

	FY2021	FY2022
SCOPE 1 and 2 emissions intensity	0.023	0.021

Note: Calculated with amount of materials received for recycling at Daiseki as the denominator and the emission for SCOPE 1 and 2 as the molecule

Energy consumption (thousands of GJ)

	FY2021	FY2022
Electricity* (power by recycled energy)	339	349(3)
Diesel fuel	184	185
City gas	91	98
Heavy oil B (Recycled heavy oil)	59	54
Others	88	96

*Figure in the parenthesis indicates renewable energy

Energy intensity (GJ/t)

	FY2021	FY2022
Energy intensity	0.42	0.38

Note: Calculated with amount of materials received for recycling at Daiseki as the denominator and energy consumption as the molecule

Water consumption (thousands tons)

	FY2021	FY2022
Water consumption	956	969

Implementation of Environmental Management

	FY2022
Number of business sites	41
Number of sites certified for ISO 14001 or Eco Action	19
Number of sites that implemented audits related to environment and laws and regulations	19

Governance (Daiseki or the Daiseki Group)

Number of directors As of May 26, 2022

	FY2022
Internal director	3
External director	3(1)

() shows female (people)

Compensation for executives

	FY2022	
	Directors (Excluding Audit & Supervisory Board Members)	External Directors (Audit & Supervisory Board Member)
Number of executive (people)	5	3
Compensation amount (million yen)	223	5

Society (the Daiseki Group)

Breakdown of regular positions and general positions (people)

Category	FY2022 end
Regular positions	786
General positions	86
Not categorized	132

Mid-career hire rate (%)

Category	FY2022
Mid-career hire rate*	3

*Percentage of manager and higher position employees within new hires

Number of foreigner employees

	FY2021 end	FY2022 end
Number of foreigner employees(people)	0	0

Employment of handicapped persons and re-employment

	FY2021	FY2022
Number of handicapped persons employed(people)	15	15
Re-employment rate of retirees (%)	100	100
Re-employment rate of applicants (%)	100	100

Average monthly overtime hours (hour)

	FY2021	FY2022
Average monthly overtime hours	39	39

Number of flexible work arrangements utilization (people)

Category	FY2022
Flexible work arrangements utilization	186

Number of short work hours utilization (people)

Category	FY2022
Short work hours utilization	7

Number of nursing leave utilization (people)

Category	FY2022
Nursing leave utilization	0

Training-related investments (millions of yen)

	FY2022
Training-related investments	27

Specific health guidance rate (%)

Category	FY2022
Employees who needed specific health guidance rate*	25

*Percentage of employees who needed specific health guidance within those who took comprehensive health examinations

Smoking rate (%)

Category	FY2022
Smoking rate*	12

*Percentage of employees who were subjected to specific health advisory within those who took medical checkups

Number of Shareholding Association Members (people)

	FY2021 end	FY2022 end
Number of Shareholding Association Members*	622	694

*Number of shareholding association members within group

Number of Board of Directors held and attendance rate

	FY2022
Number of Board of Directors (times)	21
Attendance rate (%)	98.2


Number of committees held (times)

	FY2022
Nomination and Remuneration Committee	1
Audit and Supervisory Committee	14

R&D cost (millions of yen)

	FY2022
R&D cost	110

Third-Party Assurance


23 June 2022
Opinion No : SGS22/050

Verification Opinion

Mr. Tetsuya Yamamoto
President
Daiseki Co., Ltd.
1-86 Funami-cho Minato-ku, Nagoya, Aichi, Japan

Objective
SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by Daiseki Co., Ltd. (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (ISO14064-3: 2019 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the statement"). The objective of this verification is to confirm that the statement in the Organization's applicable scope has been correctly calculated and reported in the statement in conformance with the criteria, and to express our views as a third party. The Organization is responsible for the preparation and fair presentation of the statement.

Scope
The scope of verification is Scope 1 and 2 emissions, energy consumption, and Scope3 emissions.
The period subject to report is 1 March 2021 to 28 February 2022.
Refer to the attached sheet for the detailed scope of verification.

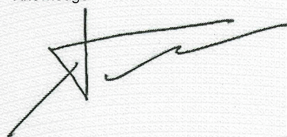
Procedure of Verification
The statement was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the measurement, tabulation, calculation and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the statement: On-site verification and review of vouchers conducted at the Daiseki Co., Ltd. Nagoya Works Recycle Center and the Daiseki MCR Co., Ltd. Utsunomiya Recycling Center, and analytical procedures and interviews for other sites in the scope of verification carried out at the head office



The criteria for this review are based on Act on the Rational Use of Energy, the GHG Emissions Calculation and Reporting Manual Ver.4.8, Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain, Ver.2.3, Emission Factor Database on the same Accounting Ver.3.1, IDEA Ver.2.3 and the protocol specified by the Organization.

Conclusion
Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's statement was not calculated and reported in conformance with the criteria.
SGS Japan Inc. affirms our independence from the Organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc
Yokohama business Park North Square I
134, Good-cho, Hodogaya-ku, Yokohama
Senior Executive & Director
Knowledge



Yuji Takeuchi



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Non-Financial Information and Company Information

Third-Party Opinion



Professor, Nagoya Institute of Technology, Graduate School of Engineering

Eizo Hideshima

Born in 1966. Served as an assistant at Engineering Department of Kyoto University in 1992, obtained a Doctorates in 1996 (engineering), served as an instructor at Nagoya Institute of Technology in 1998, became a professor at Nagoya Institute of Technology Graduate School in 2012. Gives lectures such as “Sustainable environment study,” etc. Outside of Nagoya Institute of Technology, he also serves as the Chief Advisor of JICA Brazil urban transportation human resource development project, Visiting Researcher of Stanford University, Chairperson at Aichi Prefecture Urban Development Council, Chairperson at Society of Global Business, Executive Director and Branch Chief at Japan Association for Planning and Public Management, etc. He has written books including “Environmental Regulation and Impact Assessment,” etc.

It has been a long time since circular economy was first proposed. Much time was needed for the word “sustainability” known commonly, and I expect that this will be the case for “circular economy” as well. “Sustainability” was originally used to seek for the balance among (natural) environment, economy, and society, but it is often suggested in Japan with the issues such as deteriorating natural environment and depletion of natural resources. We can just use the words “environmental issues” for those matters. I speculate that this is the reason that “sustainability” does not become very common in Japan. Of course, it is not about the word itself but how it is correctly understood and realized in policies by governments or communities, and companies or individuals’ activities. It feels that the word is used more correctly and commonly in developing countries. It is probably because it is essential to balance this issue with “poverty,” which is a social and economical problem. In contrast, here in Japan, we have established life styles where we consume resources in high volume after the period of high economic growth, with products manufactured and distributed accordingly. We did not highly recognize social diversities so far, including disparities of income. With these situations, we cannot clearly see yet how circular economy will be common in our society. It is concerning how products and services will be handled in different markets, or how economical growth can be realized.

Daiseki Co., Ltd. has been sincerely dealing with environment issues as its company business. This report shows that the company recognizes waste management as

environmental and economical matter, which is a leading view with the concept of circular economy, and that there is a deep insight for the positioning of the company itself. The word “Venous Industry” only reminds of the industry activities at downstream of product life cycles.

Waste is generated from many kinds of industries. Therefore, Daiseki Co., Ltd. knows waste management in various industries. There are many waste management techniques for many areas, with different selections, combinations, and applications. It is not clearly said in the report, but it seems that the company also provides consulting services for other companies that need waste management in some ways. I felt that the company can highlight that more.

Currently, many companies describe their environmental policies on their website. If circular economy is to be promoted, that cannot be all described in the page of environmental policies. Companies will need to assess product life cycles, disclose the results, and consider what type and fluctuation of material and energy to bear costs for and add values with. Therefore, it can relate to marketing strategies of the companies they have businesses with.

For almost two years, not only Japan, but also the whole world has experienced the pandemic. The pandemic is not over yet, but the structural changes of industries and logistics caused by the pandemic are seen gradually and more clearly. I think that this report, next year, will include the change on how to handle industrial waste management with these changes.

Daiseki Group Overview

● Corporate Overview

Company name	Daiseki Co., Ltd.
President and Representative Director	Tetsuya Yamamoto
Founded	November 1, 1945
Established	October 1, 1958
Head office	1-86, Funami-cho, Minato-ku, Nagoya-shi, 455-8505 TEL: +81-52-611-6321 (Representative) FAX: +81-52-611-0160 (Representative) TEL: +81-52-611-6322 (Head office) FAX: +81-52-612-4382 (Head office)
Capital	6.382 billion yen (as of February 28, 2022)
Sales	(consolidated) 56.867 billion yen (non-consolidated) 32.881 billion yen (year ended February 28, 2022)
Listed market	Prime Section of the Tokyo Stock Exchange, Premier Section of the Nagoya Stock Exchange
Number of employee	(consolidated) 1,076 (non-consolidated) 710 (as of February 28, 2022)

● Daiseki Group Overview

Daiseki Co., Ltd. [Nagoya city]

Waste collection, Intermediate treatment and recycling
Manufacturing and sales of petroleum products



Daiseki Eco. Solution Co., Ltd. [Nagoya city]

Soil pollution survey, purification process, etc.



Hokuriku Daiseki Co., Ltd. [Kanazawa, Ishikawa]

Manufacturing of lubricant and sales of petroleum products



Daiseki-MCR Co., Ltd. [Utsunomiya, Tochigi]

Lead refining, recycling of used batteries



System Kikou Co., Ltd. [Minato-ku, Tokyo]

Cleaning work and related work for tank storage equipment



Green Arrows Central Co., Ltd. [Tokai, Aichi]

Plasterboard recycling



Green Arrows Kyushu Co., Ltd. [Kasuya-Gun, Fukuoka]

Plasterboard recycling



● Stock information

as of February 28, 2022

Securities code	9793
Listed stock exchange	Tokyo Stock Exchange Prime Section Nagoya Stock Exchange Premier Section
Round lot	100 stocks
Total number of authorized shares	79,200,000 stocks
Total number of stocks issued	51,000,000 stocks
Number of stock holders	5,307
Fiscal year	From March 1 through end of February of the following year
General Meeting of Shareholders	May of each year
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Audit company	KPMG AZSA LLC.

● Rating information

Rating and Investment Information, Inc. (R&I)

● Rating **A-** ● Announced on **December 9, 2021**

● Assessment by a third party

CDP B

CDP—Climate Change 2021

MSCI BBB

*Included in MSCI Japan Empowering Women Select Index (WIN) in 2020

FTSE Overall ESG Score 3.3

*Included in FTSE Blossom Japan Index in 2022

Nikkei SDGs ★★

Toyo Keizai SDGs

Utilization of human resources A, Environment AA,
Corporate governance A, Sociality A, Basic A,
Growth potential AA, Profitability, AAA, Safety AA,
Size AA



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