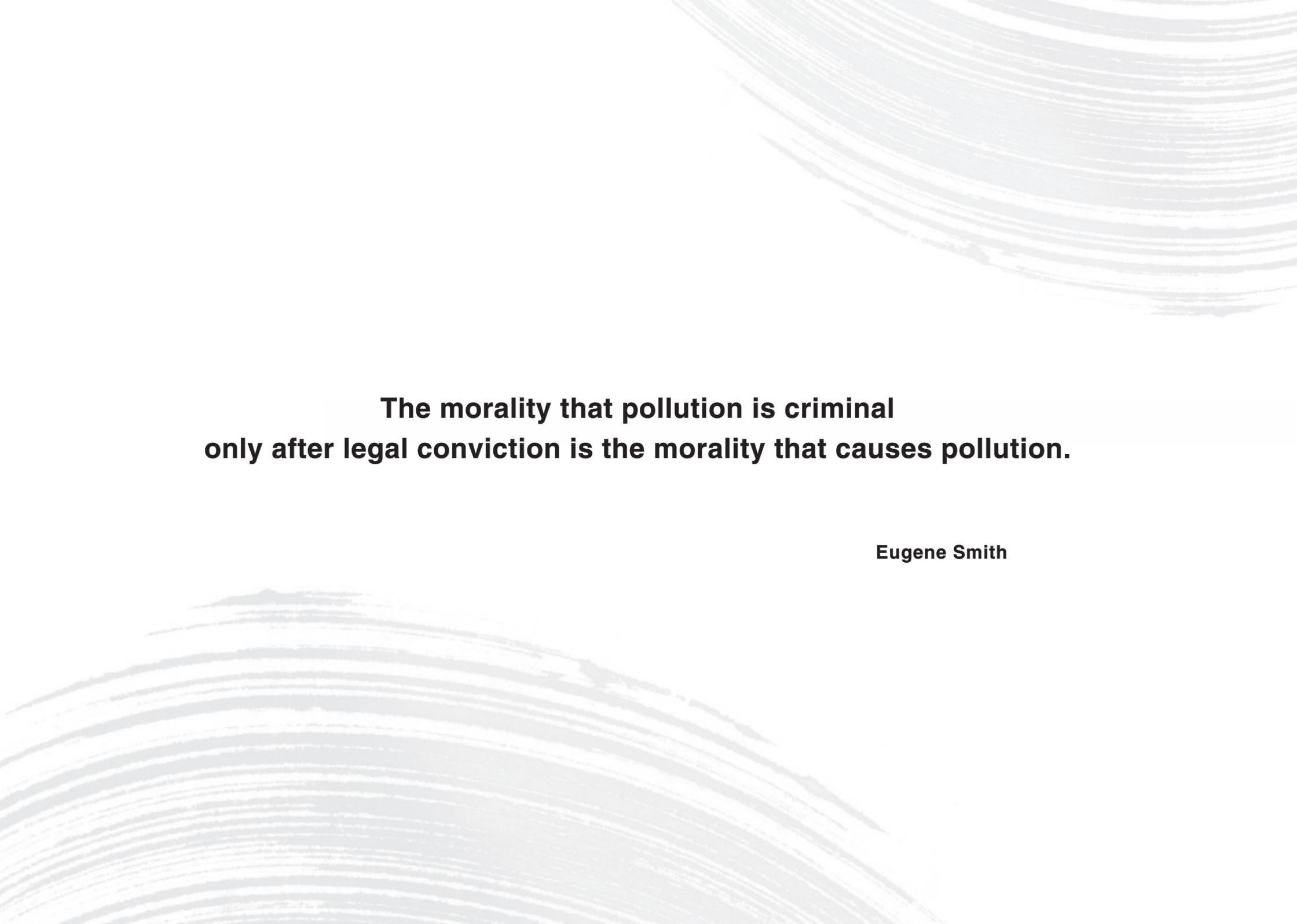


A glowing jar with a flame and smoke, containing dried flowers and the text "What is Value?".

# Creating Value, The AMITA Way

Annual Report 2014



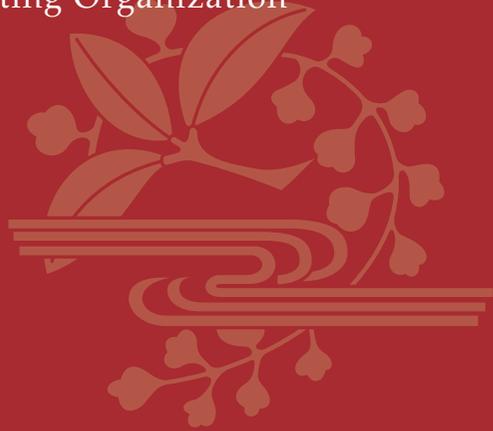
**The morality that pollution is criminal  
only after legal conviction is the morality that causes pollution.**

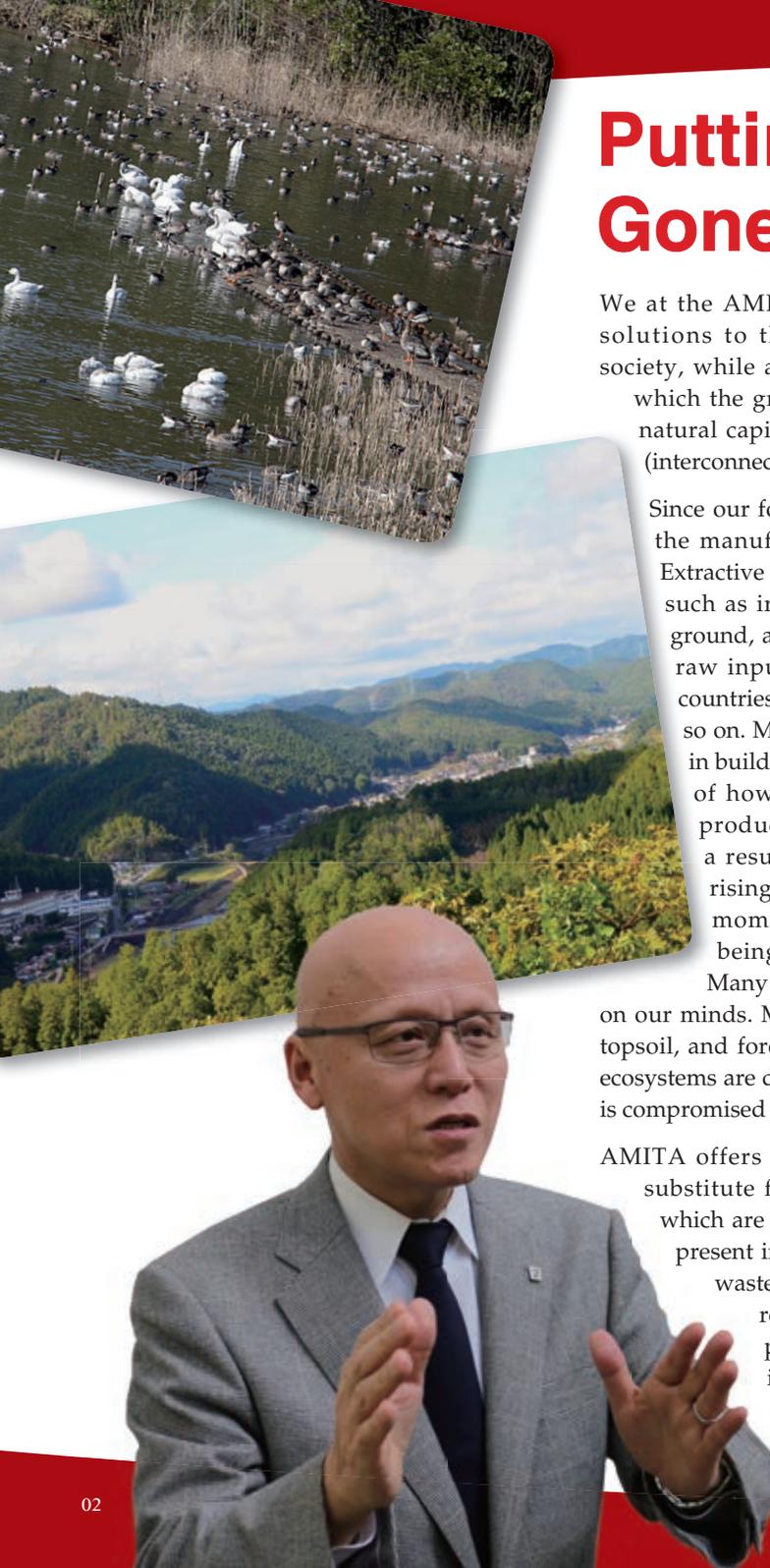
**Eugene Smith**



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# Putting Japan's Era of Aspirations Gone Wrong Behind Us

We at the AMITA Group make it our business to provide solutions to the critical problems challenging modern society, while aiming to bring about a sustainable future in which the growth of the company inherently creates both natural capital (healthy ecosystems) and relational capital (interconnectedness and trust among people).

Since our founding, one constant in our business has been the manufacture of what we call terrestrial resources. Extractive resources, exemplified by fossil fuels and metals such as iron and nickel, which must be dug out of the ground, are finite. Today, most of the metals that are the raw inputs to Japanese industry come from mines in countries that are far away: Chile, Australia, Bolivia and so on. More than 45 different mineral resources are used in building a single automobile—that is just one example of how essential these resources are to producing products that can compete on the global stage. As a result, worldwide demand for these resources is rising. The same is true of fossil fuels. At this very moment there are wars in a number of countries being fought for control of these finite resources. Many lives are being lost, and this fact should weigh on our minds. Meanwhile, the world's many mines strip away topsoil, and forests are felled to develop oil wells. Very often, ecosystems are devastated, rivers are polluted and human health is compromised in the vicinity of these extractive operations.

AMITA offers solutions to these problems by providing a substitute for extractive resources: terrestrial resources, which are manufactured from neglected resources already present in Japan. Our recycling business turns industrial waste into metals of higher quality than virgin natural resources, and into fuels that can take the place of petroleum. We then provide these to companies in need of resources. I believe that recycling technology is not only a pro-environment technology, but also a pro-peace technology

that can prevent fighting over natural resources, and a pro-wellness technology that can protect human health and safety.

In recent years we have expanded our definition of neglected resources. We have launched new business ventures that involve forests and farmland that have fallen into disuse, traditional culture and landscapes that are vanishing, and even human resources such as the elderly and the disabled whose potential contributions to society have been under-appreciated. We do this because in the present era we have seen the advent of problems that cannot be solved simply by the conventional production of industrial resources.

Japan today is at the forefront of facing challenges unique to mature economies. Despite Japan's great material wealth, exceptionally clean and safe living conditions, and outstanding utility infrastructure, over the past 15 years the annual number of suicides has hovered around 30,000, while the number of people diagnosed with psychiatric disorders has risen year after year. The extreme ageing of the population has triggered a crisis of elder care and elder impoverishment, regional governments have gone bankrupt, and the pension system is crumbling. In recent decades Japan has faced a series of natural disasters, radioactive contamination, and a number of shocking crimes. Our country's problems are deep-rooted and grave. What can be done to solve them?

I believe that the collective power of the citizenry will be hugely important to changing the future of the country. Why? Because an era is the product of the hopes and dreams of the people who live it. Our parents and grandparents and the generations before them dedicated their lives to building a future for their children and their country, a future they hoped would bring happiness. But with Japan mired in so many problems, we see that their hopes have not been fully realized. The reason is that previous generations did not pursue their hopes in the best way. They made wrong choices. We want to create solutions that will correct the errors of the past even as we inherit their aspirations for a

## — Shaping a Company to Forge a Flourishing Future

happy future. The time has come to dedicate ourselves to finding the determination, passion and, ultimately, the solutions that will build a better future. As an individual citizen at this time in history, and also as a businessman, I intend to dedicate my life to solving Japan's pressing problems.

According to projections, by 2040 the global population will top 9 billion, even as Japan's population shrinks inexorably. In the years ahead, Japan needs to mitigate the risks it faces as a result of its dependence on other countries for resources, food and energy. At the same time, it needs to develop systems that can supply social services such as welfare, health care, education and disaster preparedness to thinly populated regions of the country. The answer to these twin dilemmas is not to extend or expand existing facilities and systems. For example, as of the end of 2012, there were 1,142 active waste incinerators in Japan, of which 496 were operating beyond their designed service of 20 years. If no new incinerators are built, at the end of 2017, the number of superannuated incinerators will be 774 (68% of all those operating). At the end of 2022, 1,001 (88%). Among Japan's 968 sewage treatment plants, 558 are already past their 20 year designated service.<sup>\*1</sup> With Japan's population ageing rapidly, and consequently shrinking, the enormous expense of rebuilding all this infrastructure is prohibitive.

Moving forward, making plans on the assumption of an expanding society no longer makes sense, and we must instead plan for contraction, with flexible systems that are resilient to change. Specifically, what will be needed are small-scale power generation and recycling facilities that serve a few hundred or a few thousand people. Simple in construction, so that they can be maintained at the local level, and with a generalized design, so that they can be a ready source of local employment. The resources and energy produced by these facilities would be used by local industries, and would provide a utility infrastructure that can be restored rapidly after a disaster. Since 2012, we have been developing a model of exactly this type of system in Minami sanriku.

The vastness of the problems that Japan faces makes our company's efforts seem like a drop in the bucket, but if we succumb to the belief that society cannot change—that we are powerless—then that is when there is no hope. I firmly believe that by joining with like-minded clients and partner companies, with municipalities and citizens who want to work together to create new systems and solutions, and with shareholders who want to invest in a future with true promise, our collective strength can solve many of Japan's problems and pave the way to a better tomorrow.

Over the past few years, the AMITA Group's sales have been flat, failing to live up to our own expectations and those of our stakeholders.

Keenly aware that I bear the ultimate responsibility for our performance as a company, I regard this as a critical juncture for AMITA and am devoting my full efforts to improving the structural profitability of our existing businesses and boosting the pace of new product development. Moreover, I reiterate my commitment to shaping AMITA into the kind of company that Japan needs most: one that delivers tangible results. I ask for the continued backing of all our stakeholders as we move toward that goal.

Finally, to everyone who shares the AMITA Group's vision for the future, and supports our efforts to bring it about: Help us ensure that we are opening—not closing—doors that will allow future generations to enjoy a happy and flourishing society.

<sup>\*1</sup> Source: Japanese Ministry of the Environment Survey on Disposal of General Waste

Eisuke Kumano  
Founder & CEO  
AMITA HOLDINGS Co., Ltd.

熊野英介





# Creating Value, the AMITA Way

Since the AMITA Group was founded in 1977, we have been developing an environmental strategy support service that helps companies both reduce environmental risks and costs and raise their environmental value. There is an emerging need in our society for lifestyles based on healthy coexistence between people and nature. Since the 1990s, AMITA has been working to construct new social systems by identifying neglected resources in regions and putting them to the best possible use, while also fostering cyclical resource usage within those regions. We will continue to forge a genuinely thriving future for society by developing "social technologies" that offer solutions to the depletion of food, energy, minerals and other resources.

Here we summarize how the AMITA Group takes inputs of resources and raw materials and uses our manufacturing assets and knowhow to create value. (Figures are for 2014.)

In the coming years we will further reduce our energy consumption; embrace the use of renewable energy sources; work to grow our physical, human and intellectual capital; and create more financial, client and social value from our inputs.



## INPUT



### Energy inputs

**Electricity 1.77 million kWh**  
(of which 160,000 kWh from renewables)

**Diesel oil 149 kl**

**Kerosene 25 kl**

**Petrol 8 kl**

### Water usage

**Tap water 3,954 m<sup>3</sup>**

### Raw materials

**Industrial waste (as raw materials for recycling)**

**From 865 sites**

**2,177 types**

**137,000 t**

**Other raw materials (no natural resources consumed)**

**12,000 t**

▶ Above figures are for AMITA's five resource recycling plants. Does not include company headquarters & sales offices

### (Promotion of renewable energy usage)

In October 2014, AMITA launched a line of business where it acts as a sort of green electricity agency. In 2015 and beyond, renewable energy will be adopted at AMITA plants, and the proportion of renewable energy in our resource inputs will grow.

▶ Electric power generated from solar, wind, biomass and other natural sources

## OUR ORGANIZATION



### AMITA Resource Recycling Plants

**5 plants**

### Employees

**Approx. 150**

### Recycling network companies

**Approx. 300**

▶ Includes those AMITA has done business with in the last five years

### CO<sub>2</sub> emissions from plants

**862 t CO<sub>2</sub>**

### Employee relations

**62%**

of AMITA employees say that the job they do at the AMITA Group is fulfilling

**84%**

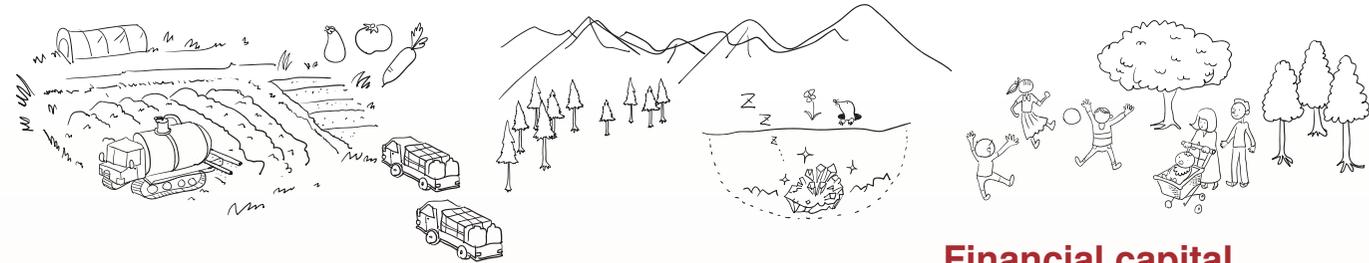
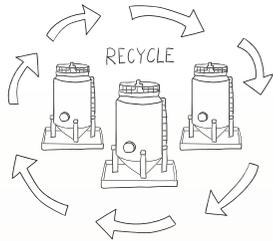
say they agree with AMITA's corporate philosophy

### Waste products value analytics

**Approx. 12,600 entries**

### Waste products generation processes

**Approx. 12,000 entries**



## Physical capital

At AMITA's five domestic recycling plants, we produce terrestrial resources (alternatives to extractive resources). In Japan we are expanding our bases through tie-ups with AMITA Terrestrial Resources Manufacturing Partners. And in 2015 we plan to open our first plant outside Japan, in Taiwan.

► For details on expansion of bases see P27, for our business initiatives outside Japan see PP12-15.

### Net sales

**4.36 billion yen**

### Ordinary income

**-101 million yen**

### Net income

**2 million yen**

### No. of AMITA Group business partners

**1,155 companies**

### Companies using multiple AMITA services

**75 companies**

### Participants in AMITA environmental training seminars

**1,373 people**

### Results for four Resource Recycling Plants (the Kyotango Resource Recycling Plant had no output of relevant products in this period)

Amount of alternative cement materials (calorific) produced **76,774t** ► Equivalent coal ore and related resources saved **230,396t**

Alternative nickel materials produced\* **2,480t** ► Equivalent nickel ore and related resources saved **26,798t**

Alternative copper materials produced **737t** ► Equivalent copper ore and related resources saved **42,276t**

► Calculated as those specialty steel materials that serve as nickel raw material alternatives. For AMITA's full recycling results, see P22.

### Companies receiving environmental certification

**281 companies**

## Human capital

The AMITA Group fosters a "work family" relationship with employees in order to promote social value creation that cannot be achieved by individuals acting alone. Based on our corporate philosophy that "people are an asset, not a cost," we are committed to making work motivating and meaningful, and to helping our employees raise their performance and commitment level.

► For more on employee indicators, see P54, for survey results, see PP58-61.

## Intellectual capital

Our unique recycling technology analyzes more than 2,000 types of waste annually, right down to the chemical elements that make them up, and then blends them to achieve the desired specifications of a given product. We have accumulated information on approximately 12,000 waste generating processes and 12,600 waste analyses, and we harness this knowledge to do things like develop higher-quality resource recycling technologies and systems.

► For more on our development of recycling technologies see P26, for technology development related to Regional Cyclical Systems of Resource Usage, P40.

### Email newsletter distributed to

**over 25,000 people**

### AMITA Group website users

**389,000/year**

### Fudenkan Museum Visitors

**Approx. 100/month**

### Example of increased social capital

At the Kyotango Resource Recycling Plant, organic waste from companies and food waste from a portion of the city's households are recycled into liquid fertilizer. This is used for growing food, but that's not all. AMITA is creating a system for the waste from local food consumption to be recycled again into liquid fertilizer, contributing to increased brand value of the region.

## Financial capital

In FY2014 AMITA reallocated some of our corporate resources to lay the groundwork for business expansion. In FY2015, we are taking steps to place the company on a growth trajectory.

► For more details on financials, see P46.

## Client value

AMITA provides solutions to environmental problems for the companies who are our clients. In addition to providing recycled resources as alternatives to extractive ones, we support the environmental management activities of 96 companies through our consulting and outsourcing services, training support, etc.

► For accomplishments of our Terrestrial Resources Business see PP22-23.

## Natural capital

By promoting cyclical usage of resources through the production of recycled resources, AMITA indirectly reduces the amount of virgin natural resources that are extracted and used.

Also, through our environmental certification services, we are contributing to both sustainable forestry management and the prevention of overfishing.

► For more details on environmental value created by AMITA, see P51.

## Social capital

AMITA reduces the environmental burdens of our customers, our supply chain, and municipalities, thereby making society as a whole more environmentally friendly.

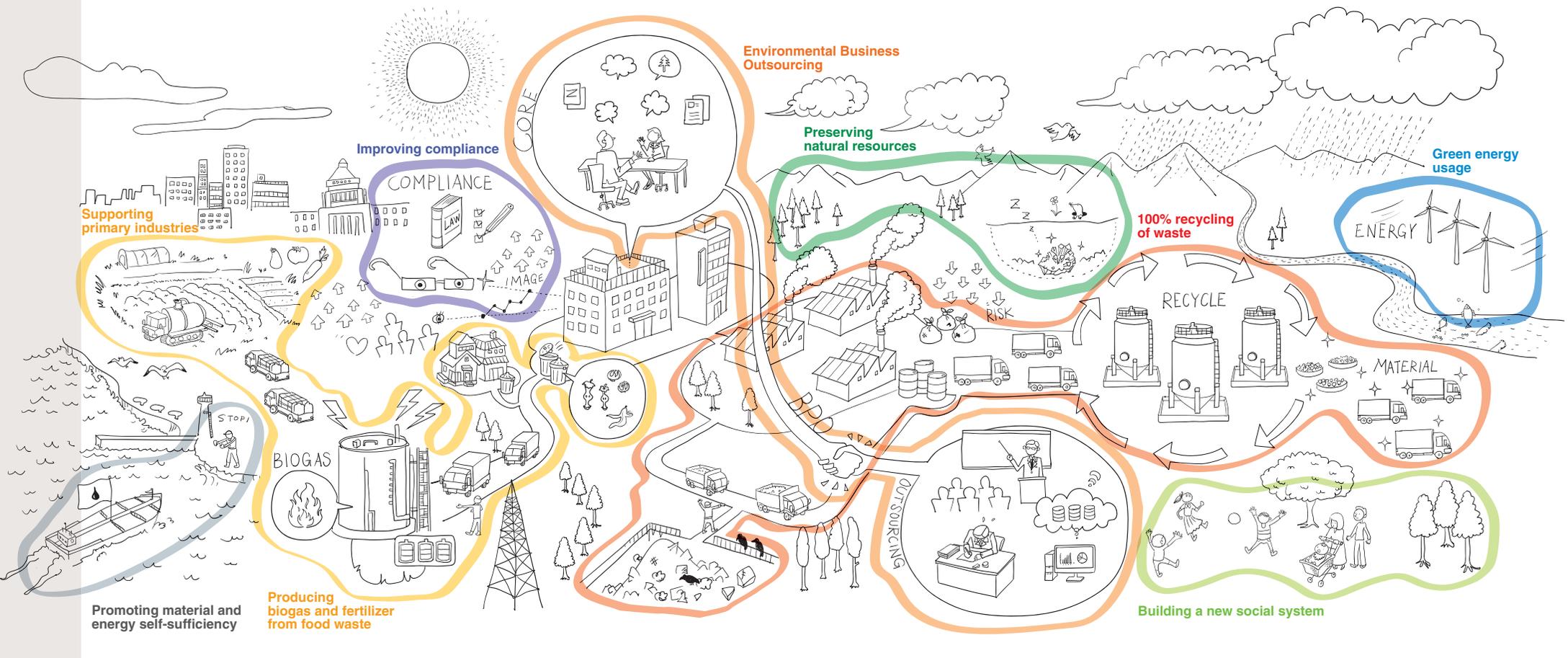
By producing recycled resources, we indirectly reduce the amount of ore mined, and the accompanying environmental impacts and effects on human habitation.

We are also actively engaged in building a network of partners to work with in building a sustainable society.

► For more on AMITA's social activities see P54.

# Business Domains of the AMITA Group

Promoting sustainable resource and energy usage through the harnessing of neglected resources





## Terrestrial Resources Business

### From consuming resources to creating them

Through 100% recycling of industrial waste (by-products and residues), AMITA creates what we call "terrestrial resources", which offer a solution to the problem of extractive resource exhaustion. By providing consulting and training services that support the waste management operations of customers, we help them raise their environmental value and contribute to the sustainable development of society.

Details of Terrestrial Resources Business begin on P16



## Regional Resources Business

### Building self-sufficient cyclical systems

AMITA empowers regions to fulfill their inherent potential by establishing positive relationships among people and between people and nature. By designing a Comprehensive Cyclical System of Resource Usage—which uses a region's neglected resources to develop products that harness its unique attributes—and by introducing biomass and other technologies, we aim to create thriving regions.

Details of Regional Resources Business begin on P38

#### Specific Services

#### Value Provided

Digital waste management system

Improve efficiency and reduce risks/cost of waste management

Assessments for international eco-labelling (certification)

Prevent unsustainable fishing and forestry

#### Specific Services

#### Value Provided

Recycling of waste generated by companies

Reduce amount of natural resources used by creating alternative resources

Environmental operations consulting

Improve quality of environmental operations by preventing illegal dumping, regulatory violations, etc.

Green energy services

Reduce amount of natural resources used by promoting use of renewable energy

#### Specific Services

#### Value Provided

Demonstration research, planning and operation of biogas plant

Coping with ageing utility infrastructure, adopting distributed energy generation

Symbiotic farming of Sasanishiki rice

Solve problems of disused farmland, lack of regional employment



## Information Resources Business

### Restructuring information to create value

All of the AMITA Group's businesses collect and compile various forms of information about the environment, and then employ technologies that can sift through it. We provide services that support customers' efforts to increase efficiency of environmental operations, environmental certification, and more. AMITA helps companies reach a higher level of environmental value.

Details of Information Resources Business begin on P32

► This organization of three business units is valid as of 2014. From 2015 the AMITA Group has reorganized into two business units, the Environmental Strategy Design Business and the Regional Systems Design Business. For details please see P62.

# Supporting environmental strategies that will enable companies to thrive in the years ahead

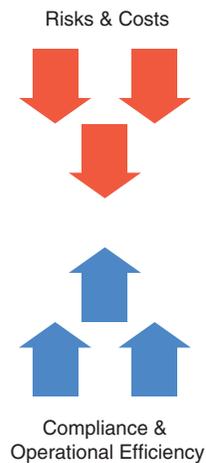
Environmental BPO Services Business Process Outsourcing

環境BPO →  
**BESTWAY**  
廃棄物管理ベストウェイ

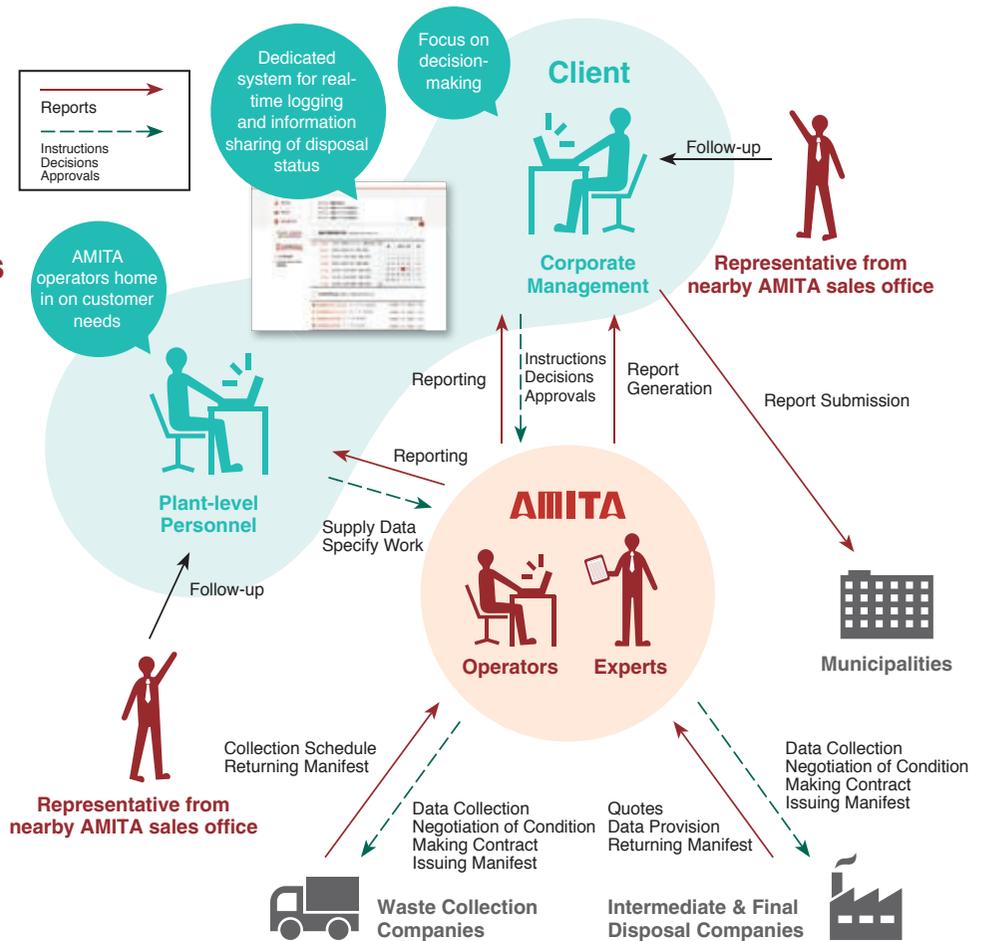
In February 2014, AMITA launched our BESTWAY Environmental Business Process Outsourcing (BPO) line of Environmental Strategy Support Services. Our first offering is the Best Way to Manage Waste system, under which AMITA will take over a company's waste management operations processes.

Best Way to Manage Waste is an outsourcing service provided by AMITA. We take on a company's entire waste management operations. Waste management often requires specialized legal expertise and regulatory knowledge relating to Japan's Waste Management Act. It can also be time and labour intensive: a company must generate and manage deadlines for extensive documentation, identify/select disposal providers, and generate reports.

By allowing AMITA—with its 35 years of experience in carrying out waste management itself, and in advising others on waste management—to take over these operations, a company can establish a comprehensive legal compliance system while cutting internal costs, reducing waste management risks, and increasing the efficiency and effectiveness of its business process and information management.



## → How "Best Way to Manage Waste" Works



## Q. Why is Environmental Business Outsourcing needed today?

**A. Companies today need to focus not on "environmental business", but rather on formulating and implementing a comprehensive environmental strategy.**

Currently, economic growth and industrial development are achieved through massive consumption of natural resources, destruction of ecosystems, disruption of the global climate and other negative externalities for the environment. These will have a blowback effect on our way of life by triggering food shortages and large-scale disasters.

Over the coming decades, many of Earth's natural resources will be exhausted, imposing severe constraints on our lifestyles. So in deciding how to operate, companies need to ask themselves the question, "How can we contribute to the sustainability both of our enterprise and of society as a whole under environmental constraints in the years ahead?" Companies should formulate and implement environmental strategies that are mindful of the future.

Meanwhile, Japan's population is shrinking, and ageing rapidly. Many companies will soon face a serious management challenge to secure the workforce they need. Outsourcing aspects of the business that entail significant risk and labor to specialized professionals will be a key means of conserving scarce resources. That is why Business Process Outsourcing (BPO) is in the spotlight: it is a focused means of formulating and implementing a future-oriented strategy.

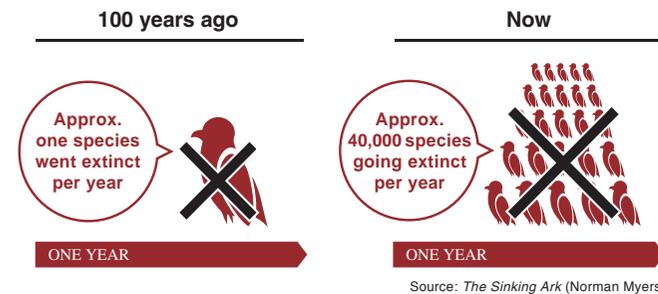
### Metal resources usage in 2050

Metals whose current reserves will be nearly exhausted by 2050	Iron, platinum, molybdenum, tungsten, etc.
Metals whose demand will exceed current reserves by at least 100% by 2050	Nickel, manganese, indium, etc.
Metals whose demand will exceed DRB by 2050	Copper, zinc, lead, gold, silver, etc.

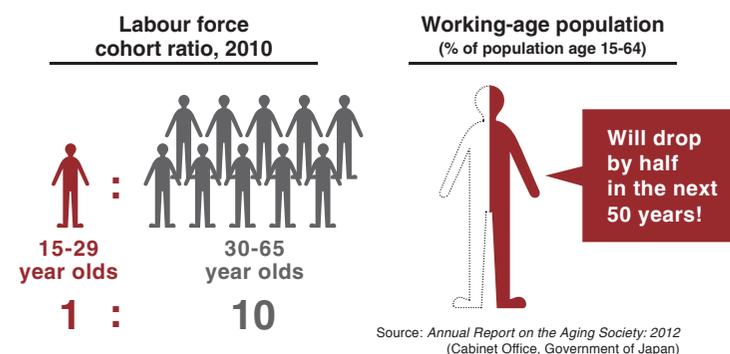
- ▶ Reserves are ores known to be economically extractable at the present time
- ▶ DRB (Demonstrated Reserve Base) includes ores that are infeasible or uneconomical to extract at the present time

Source: *Forecasting of the Consumption of Metals up to 2050*  
 [https://www.jstage.jst.go.jp/article/jinstmet/71/10/71\_10\_831/\_article/-char/ja/], Harada et al.

### Ecosystem Destruction

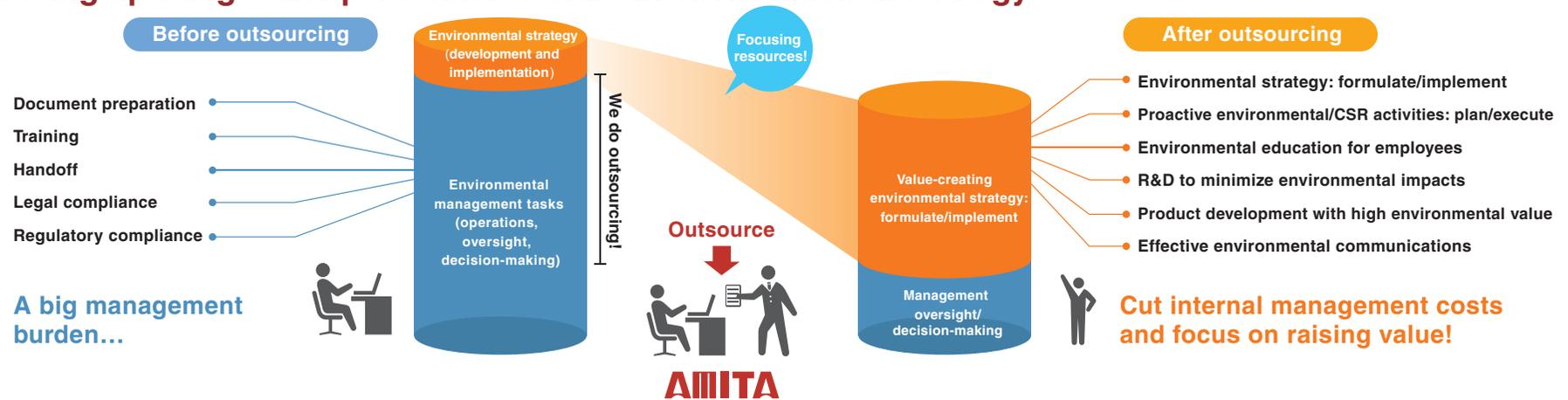


### (Workforce Challenges in an Aged Society)



**Q.** How will things change for my company after introducing AMITA's Best Way to Manage Waste?

**A.** AMITA will reduce a client's waste management risks and costs, freeing up budget and personnel to craft an environmental strategy.



The environment-related tasks that a company must handle are wide-ranging, and they are growing each year: pollution mitigation, adopting waste management and environmental management systems, reducing CO<sub>2</sub> emissions, environmentally responsible international expansion.

Does every company really have the internal resources to handle all those tasks? By identifying what can be outsourced and what cannot, and the risks and importance of each type of work, AMITA guides our clients to optimal resource allocation and risk management, ultimately saving them money.

With Japan's domestic market reaching its limits, and the only path forward leading to new markets in the fast-growing emerging economies, success hinges not on price competitiveness but on value competitiveness. And the biggest weapon in competing on value is being able to offer environmental value.

By making the most labour-intensive waste management tasks and risks visible to decision-makers, and effectively outsourcing those tasks, a company can free up budget and personnel to focus on an environmental strategy, and ultimately increase its value. That is what AMITA can offer.

## FY2014 Performance

### Best Way to Manage Waste

Engagements **2** places of business

Prospective\* **1** place of business

### Exploratory Study for BESTWAY Waste Management Operations Visibility Service

Engagements **11** companies

Prospective\* **1** company

\*Prospective: scheduled for 2015

## Targets for FY2015

### Best Way to Manage Waste

Sales **25** million yen

Launch new offerings in BESTWAY line

Develop new lines for 2016 launch

### Plans to offer BESTWAY outside Japan starting in 2017!

Japanese companies continue to expand outside Japan in search of new markets, and environmental operations needs outside Japan, particularly in Southeast Asia, are growing. Many companies urgently need to get their high-risk waste management operations in order. Starting in 2017, AMITA plans to put its experience and expertise in the Japanese market to use outside Japan by offering Best Way to Manage Waste in foreign markets. In FY2015, we are assessing SE Asian markets carefully and in depth.

## Drivers of Service Uptake

### Actual outsourcing needs

- Cannot replace veteran knowhow of retiring employees
- Do not have the necessary resources for global business expansion
- Want to rationalize internal operations in line with corporate strategy (based on interviews with approx. 400 publicly traded companies)

### Common barriers to outsourcing

- Involvement of multiple departments (environmental, human resources, administration, etc.) means decision-making process is drawn out
- Lack of clear vision for how costs and resources freed up by outsourcing could be repurposed, making impact hard to project

### Steps toward uptake

- Provide operations visibility service that will supply the necessary information for organization to evaluate outsourcing and enable projections of impact
- Support company in envisaging a future vision for its environmental operations and environmental strategy

# Promoting a cyclical system of resource use and increased regional awareness of the environment

## Expansion of AMITA Group Businesses Outside Japan

### Starting in FY2015, the AMITA Group will start making a serious move into SE Asian markets

In recent years, Japanese companies have actively expanded into foreign markets, and now have more than 25,000 foreign subsidiaries.\*<sup>1</sup> In order to avoid the risk of over-dependence on China, the recent trend has been to diversify the supply base to other nations.

Meanwhile, with new air travel routes, some of the world's most scenic, out-of-the-way places are undergoing tourism development. In areas that are not advancing their recycling technology apace, we are seeing deepening problems with rubbish and pollution.

\*1 KAIGAI SHINSHUTSU KIGYO SORAN 2013 (Toyo Keizai)

For about 25 years now, AMITA has been developing its resource circulation business in Taiwan, South Korea, Russia and various countries in SE Asia, primarily trading for valuable materials. Starting in 2015, based on our track record, and the know-how and technology of our environmental businesses in Japan, we will engage in full-scale business expansion in other countries. We will offer companies environmental strategy advising, and push forward with building comprehensive cyclical systems of resource utilization.

**2018: Establish foundation for offering environmental strategy advising and regional design businesses in markets outside Japan**

**1980s** Services will include trading valuable by-product materials outside Japan, investigating foreign environmental laws, assessing local risk, etc.

**From 2015** Deploy recycling technologies outside Japan (establish recycling plants)

**2015** Establish recycling plant in Taiwan (scheduled to begin operation in October)

**2016** Launch recycling business in Malaysia (scheduled) ▶ Since 2014, market studies and business feasibility analyses have been underway.

#### Carry out development of new services based on data and know-how obtained through business activities outside Japan

Services for Japanese companies planning to expand outside Japan are being developed and offered in collaboration with Japan-market business units, and include environmental risk counseling for expansion abroad; reliability assessments of local business partners and of foreign subsidiaries that are proving difficult to manage; local staff employee training support; and environmental legal and regulatory compliance support services. (In FY2014, AMITA was engaged by three companies for these services.)

Aiming for 1 billion yen in sales from environmental business outside Japan in FY2016

**From 2017** Expansion outside Japan of Environmental BPO (outsourcing business)

**2017** Begin offering Best Way to Manage Waste outside Japan (scheduled)

**From 2018** Expansion outside Japan of regional cyclical system technology

**2018** Build comprehensive system of cyclical resource usage for islands such as Palau, Cát Bà, etc.

▶ Since FY2013, market studies and pilot projects have been underway.

**In 2015, AMITA will commence operations of its first-ever directly owned subsidiary, a resource recycling plant outside Japan, in Taiwan.**

### Recycling Business in Taiwan



As of end of 2014

Company name	<b>Amita Taiwan Corporation</b>	
Business	Turn silicon slurry, etc., taken from solar panel and semiconductor manufacturing plants into recycled products (metallic silicon/regenerated coolant) and supply to user companies.	
Site location	Changhua County, Taiwan Changhua Industrial Park	
Site area	6,976m <sup>2</sup>	
Investment	356 million yen	
Scheduled	<b>Start of construction: May 2015</b> <b>Start of operations: October 2015</b>	<ul style="list-style-type: none"> <li>▶ Permit for industrial park location obtained in FY2014</li> <li>▶ Initial construction and operation schedule revised due to changed specifications</li> </ul>

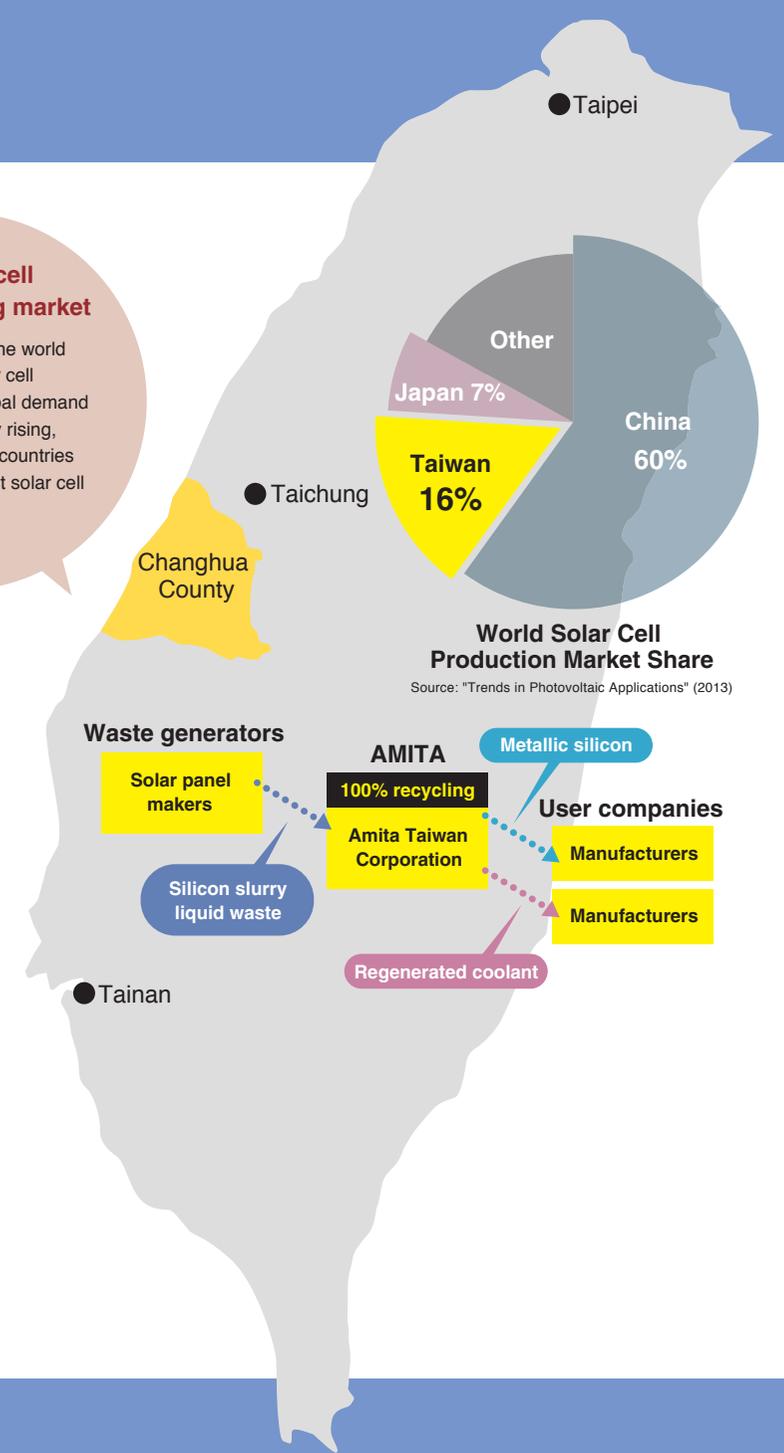
**Goal**

**Aiming for sales of 230 million yen in third year of operation, recouping initial investment.**

▶ After first plant becomes operational, plans to expand on same site.

**The solar cell manufacturing market**

Taiwan has 16% of the world market share in solar cell production. With global demand for renewable energy rising, China and SE Asian countries are expected to boost solar cell production.



## Expansion of AMITA Group Businesses Outside Japan

### Plan for Expansion Outside Japan from 2016

#### Recycling Business in Malaysia



After Taiwan, AMITA intends to introduce a recycling business in Malaysia. In FY2014 we carried out a business proposal formulation study (a joint proposal with the Kitakyushu City Environment Bureau; study commissioned by Japan's Ministry of the Environment). ▶ The study period is April 2014 through March 2015.

Next, AMITA will establish a joint venture with a local company in Malaysia to build a resource recycling plant. The aim is to begin operations by the end of FY 2016, recycling Malaysia's domestic waste stream into calorific cement raw materials.

#### Other Markets

Market studies and business feasibility assessments for expansion into Thailand, Indonesia and Vietnam have been underway since 2014.



Field study in Malaysia



Field study in Indonesia

### Measures to Accelerate Expansion Outside Japan

1

#### Seminars on Environmentally Responsible International Business

For Japanese companies expanding outside Japan, compliance with local laws and regulations can require a lot of work. AMITA will hold seminars for foreign subsidiaries of Japanese companies addressing environmental matters in places where AMITA is considering expanding its recycling business, in order to:

- Support the environmental efforts of Japanese subsidiaries in that country
- Perform on-the-ground data collection for that country
- Build a local network of companies

This will establish a foothold for full-scale market entry.



2

#### Active Collaboration with Japanese Agencies and Municipalities

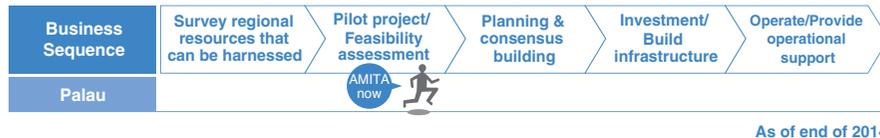
Japan's environmental technologies offer great promise for helping fast-growing emerging economies tackle their environmental problems. Japan's Ministry of the Environment and other agencies offer support for market entry outside Japan in a variety of ways. Also, the city of Kitakyushu, an Eco-Model City under Japan's Future City Initiative, is undertaking a policy of strengthening links with SE Asian countries, with an environmental focus.

AMITA will accelerate the pace of its international expansion by actively making use of joint proposals, joint studies, subsidies, etc. offered by agencies and municipalities in Japan.



## Case Study in Expansion Outside Japan: Social Technologies for a Sustainable Community

### Island-wide Cyclical Resource Plan for the Republic of Palau



The Republic of Palau is an island country in Micronesia with a population of about 20,000. Tourism is the main industry. Dependence on imported food and energy is a constant issue, and in addition Palau is experiencing worsening social and environmental problems: constrained landfill space, rising public health concerns related to improper waste management, and overloaded sewage treatment plants.

The AMITA Group's experience and know-how in orchestrating regional transformation in Japan is now being put to work to build a compact, cyclical resource usage and low-carbon social system for Palau.

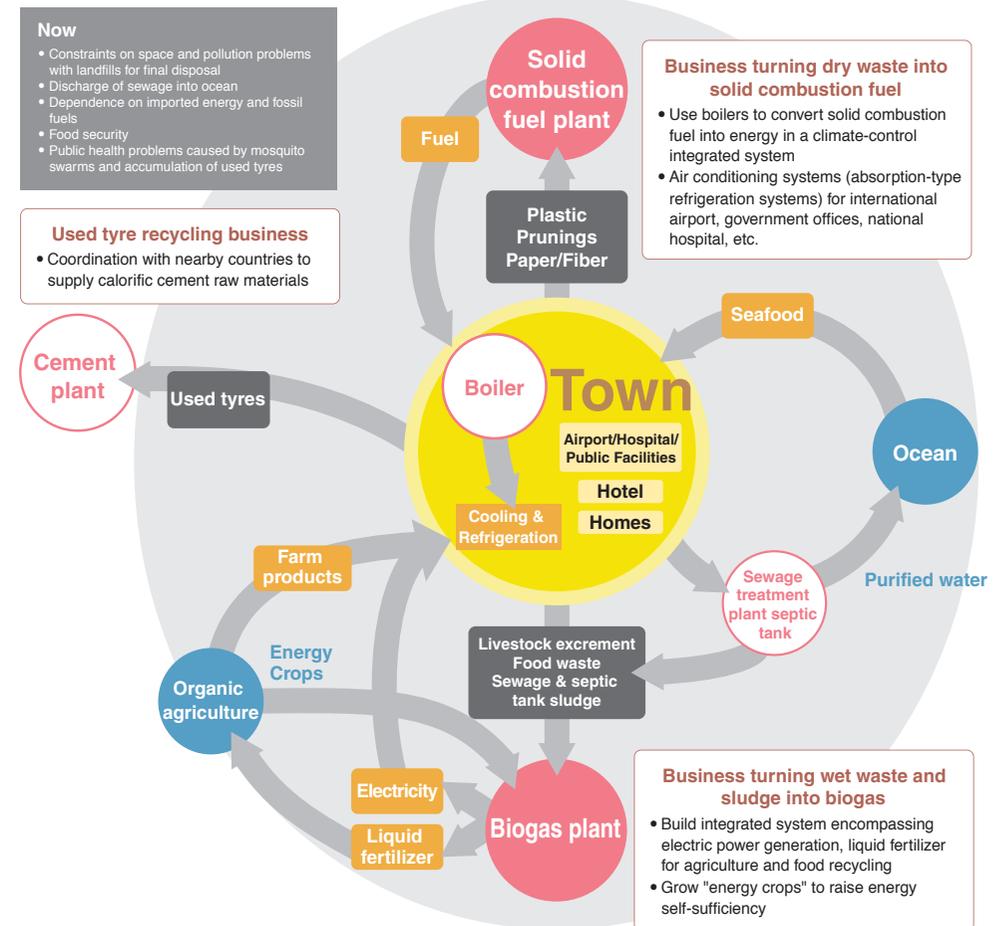
### The AMITA Group's Initiatives

- FY2013** Carried out preliminary study in order to identify environmental problems (Commissioned by Japan's Ministry of the Environment)
- FY2014** Carried out business feasibility study on building of a Comprehensive Cyclical System of Resource Usage based on technology for producing biogas/solid combustion fuel/calorific cement materials from waste.

**Starting in FY2015, will move to sign agreements with government bodies and formulate detailed design of technologies, with the aim of launching the business by the end of FY2018.**

### Outline of AMITA's Proposal to Build a Comprehensive Cyclical System of Resource Usage for the Republic of Palau

Obtain profits from operating facilities to make biogas or solid combustion fuel and selling recycled material.



The AMITA Group is also pursuing a similar initiative for Cát Bà Island in Haiphong City, Vietnam.



## **Terrestrial Resources Business**

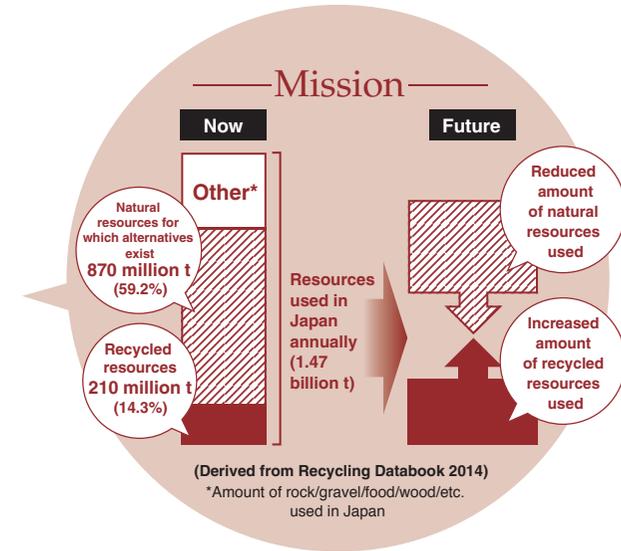
AMITA supports the creation of a sustainable society by finding the optimal means of turning unharnessed, unstable waste and energy into terrestrial resources.

► Business Mission

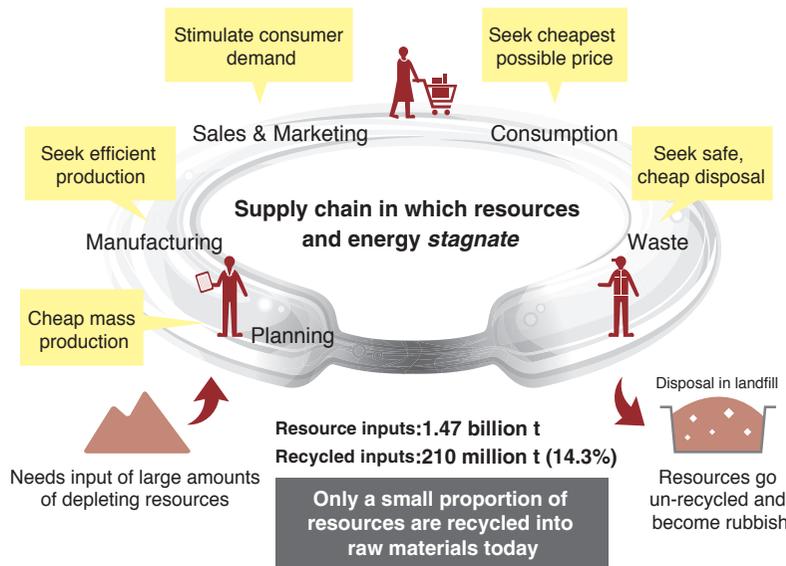
# Solving waste management problems while promoting sustainable resource use

The resources used/consumed in Japan annually amount to approximately 1.5 billion tons. Of that, only 210 million tons, approximately 14%, is recycled.

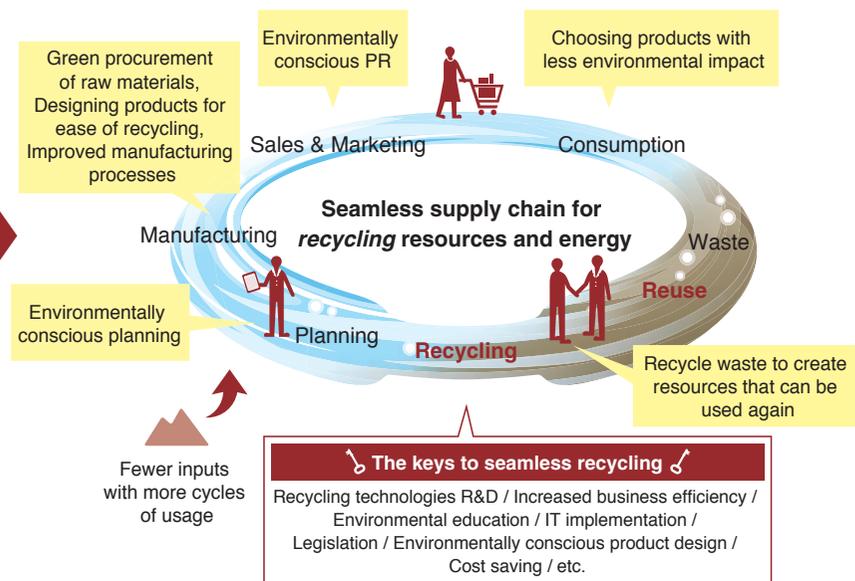
The mission of the Terrestrial Resources Business is to solve waste management problems for companies while forging a path to sustainable resource and energy usage. We aim to do this by limiting natural resources consumption and making optimal use of recycled resources and renewable energy, moving society as a whole toward a smaller ecological footprint.



## Society Today



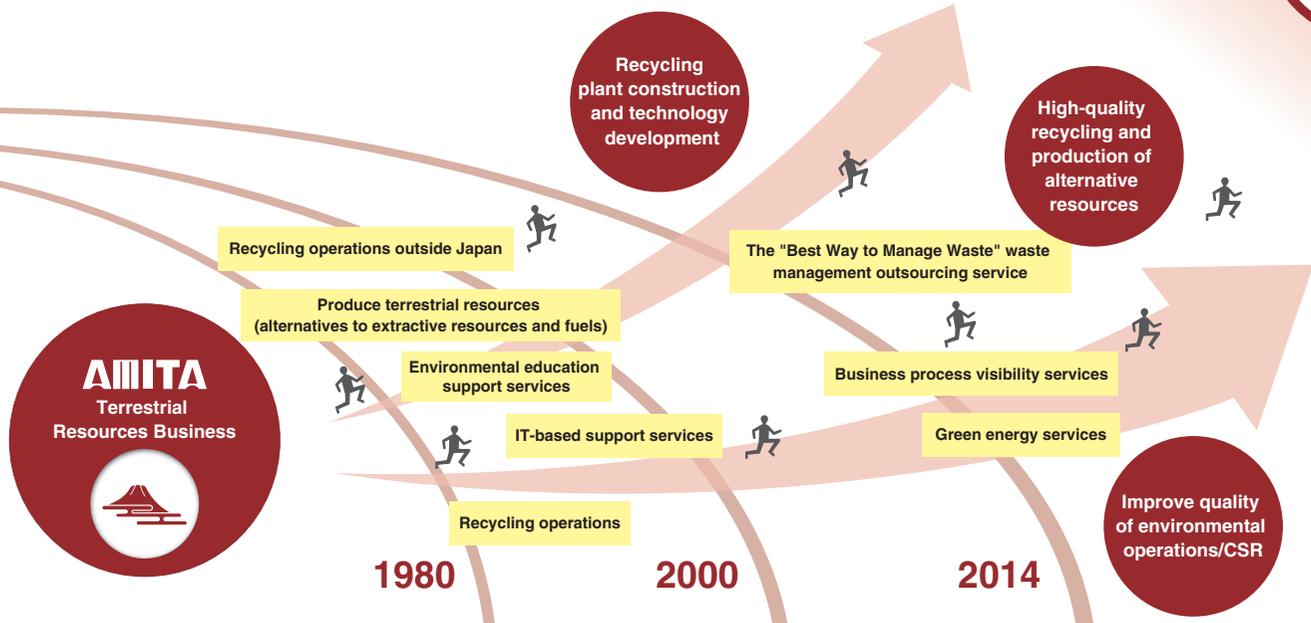
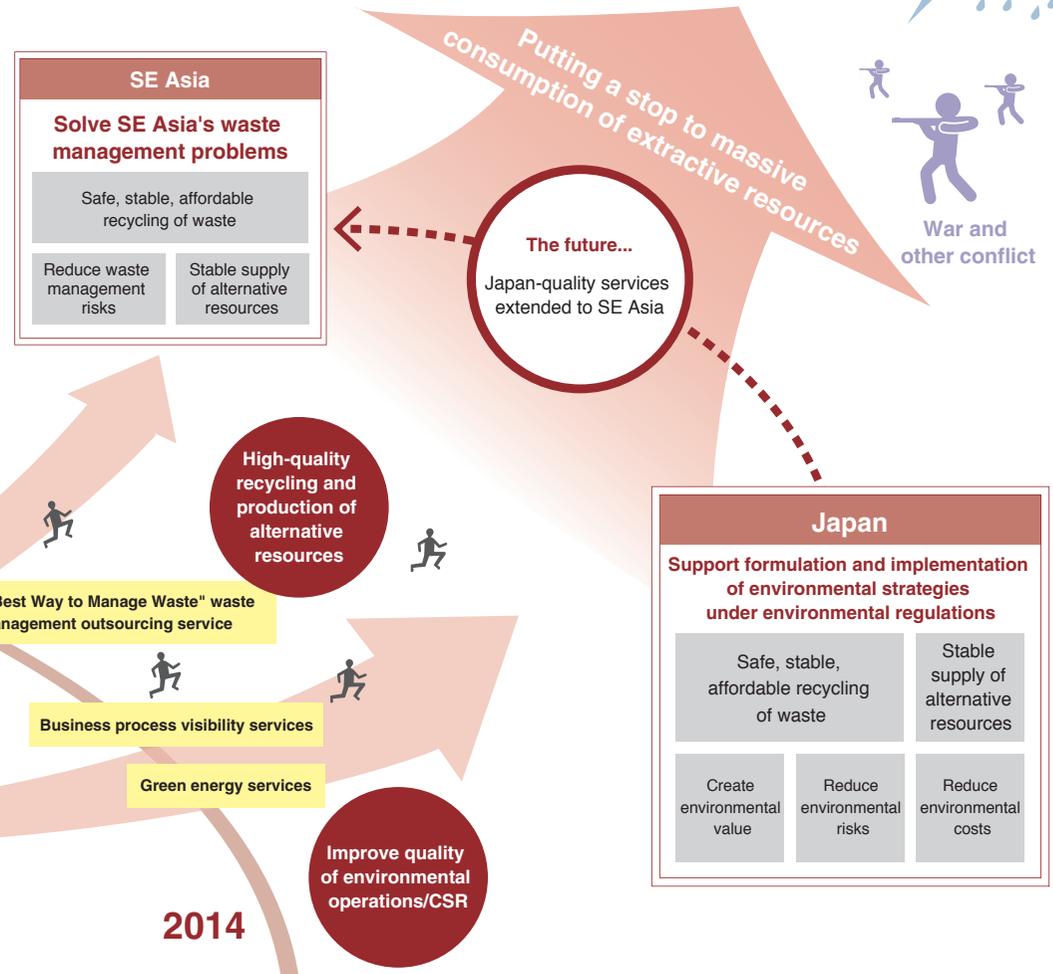
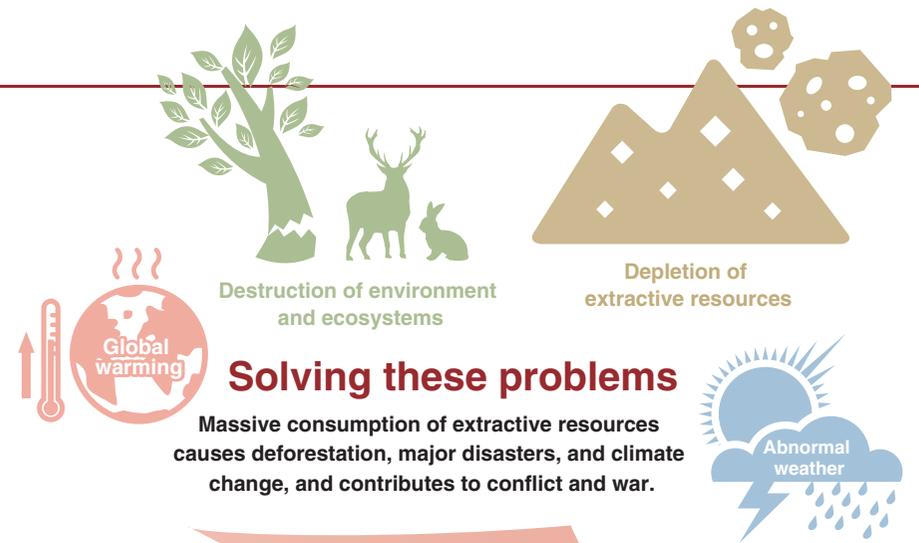
## Society Envisioned by AMITA



► Problems and the Market

# Developing and offering high-quality environmental services in Japan while expanding that same quality of recycling to SE Asia

AMITA's Terrestrial Resources Business has expanded across Japan by offering as its primary service the 100% recycling of waste from company factories and sewage treatment plants, which produces recycled materials and fuels that are alternatives to extractive resources. Moreover, we have supported the environmental strategies of many companies inside and outside Japan through related services such as corporate environmental education, IT that increases environmental operational efficiency, and general risk reduction.



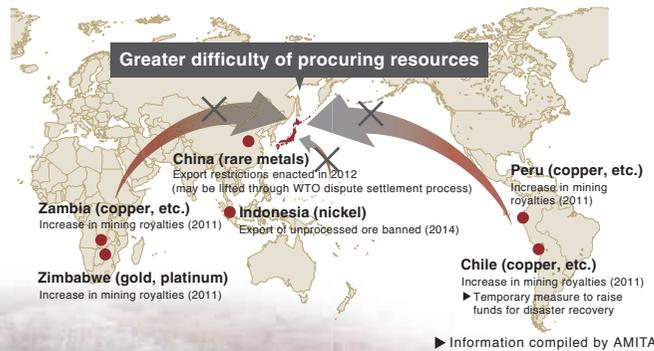


# Growing Demand for Terrestrial Resources Manufacturing

## Growing risks in resource procurement

In 2014, Indonesia banned the export of unprocessed ores, just one example of a country rich in natural resources enacting export restrictions; this trend is heightening the risks Japan faces in depending on resource procurement from overseas.

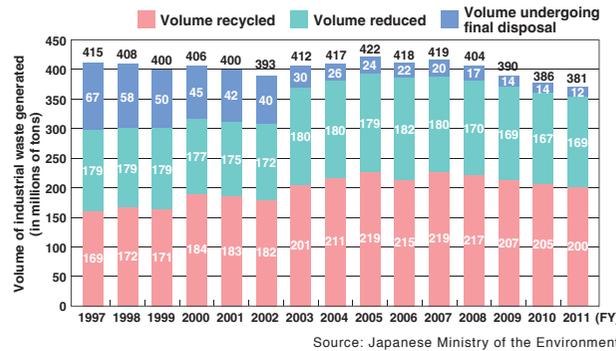
### Spread of natural resource export restrictions



## A vast supply of neglected resources

Each year, Japan generates almost 400 million tons of waste. The amount of waste recycled is 200 million tons, half the total. Much material continues to be incinerated or sent to a landfill. Increasingly effective ways of harnessing these terrestrial resources will continue to be needed.

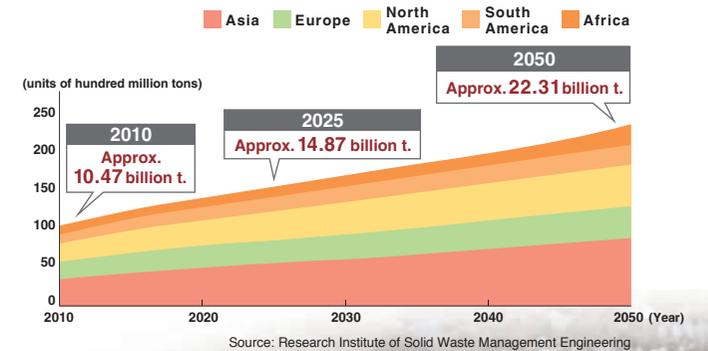
### Trends in Japan's waste volume



## Asia's growing waste volumes

By 2050, the amount of waste generated globally each year is projected to be 22.3 billion tons, 2.2 times greater than 2010. Growth is expected to be especially pronounced in Asia, which will create demand for more recycling.

### Projected waste volumes by world region



AMITA believes that risks related to resource depletion and resource procurement are growing, not only among the countries of Southeast Asia but also in Japan, even with its advanced recycling infrastructure. In light of this, demand for advances in harnessing waste for productive uses will grow in the long term.

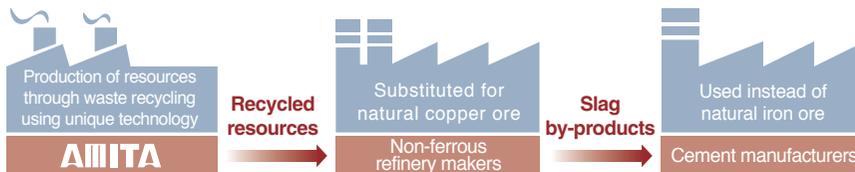
► The Strength of Our Recycling Service

# AMITA's recycling service, with a track record built up over 35 years, has three unique major strengths.

**Unique Strength 01** We offer a "100% recycling" service that is safe, reliable, and affordable

The aim of the AMITA Group's unique recycling technology, which makes use of the full range of waste constituents, is not just to realize zero waste production through recycling processes that create resources, but to achieve recycling that also includes the users taking delivery of these recycled resources in an overall supply chain that produces zero secondary waste. As the image below illustrates, the AMITA Group's reliable network for the collection of waste, along with the production and provision of recycled resources, incorporates over 1,000 waste generators, along with over 300 partner recycling firms.

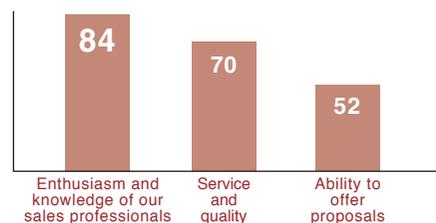
**Examples** 100% recycling of alternative sources of copper and other metals



**Unique Strength 02** Pride and passion, ideas and ideals: the path to a sustainable society

The key principle of our recruitment and training is not just skill, but the great emphasis placed on understanding our mission of realizing a sustainable society. Customer surveys consistently rank our sales personnel top for enthusiasm, standards, and knowledge.

Orders attracted by the AMITA name (No.)

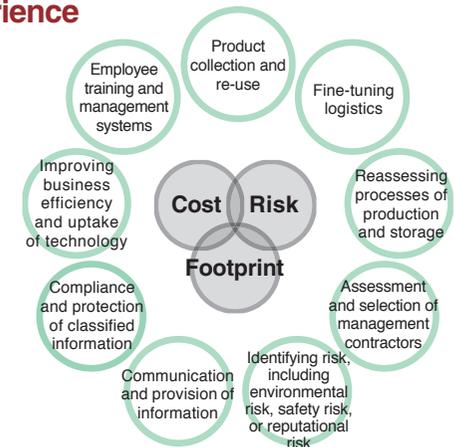


(Compiled from a 2014 Customer Survey. For details, see P58.)

**Unique Strength 03** Supporting customers through expertise and experience

AMITA aims not simply to provide a recycling service, but to take into account the scale, ideals, and budget of our customers and offer solutions that realize reductions in risk, cost, and environmental footprint. Our record, including the provision of consulting to a total of over 200 companies, and the organization of over 650 seminars that have seen over 10,000 participants, enables us to support customers in minimizing risk to their company brand through illegal dumping and breach of other laws and ordinances.

(For examples of our proposals, see P30.)



Adopting multiple perspectives to provide solutions tailored to individual customers

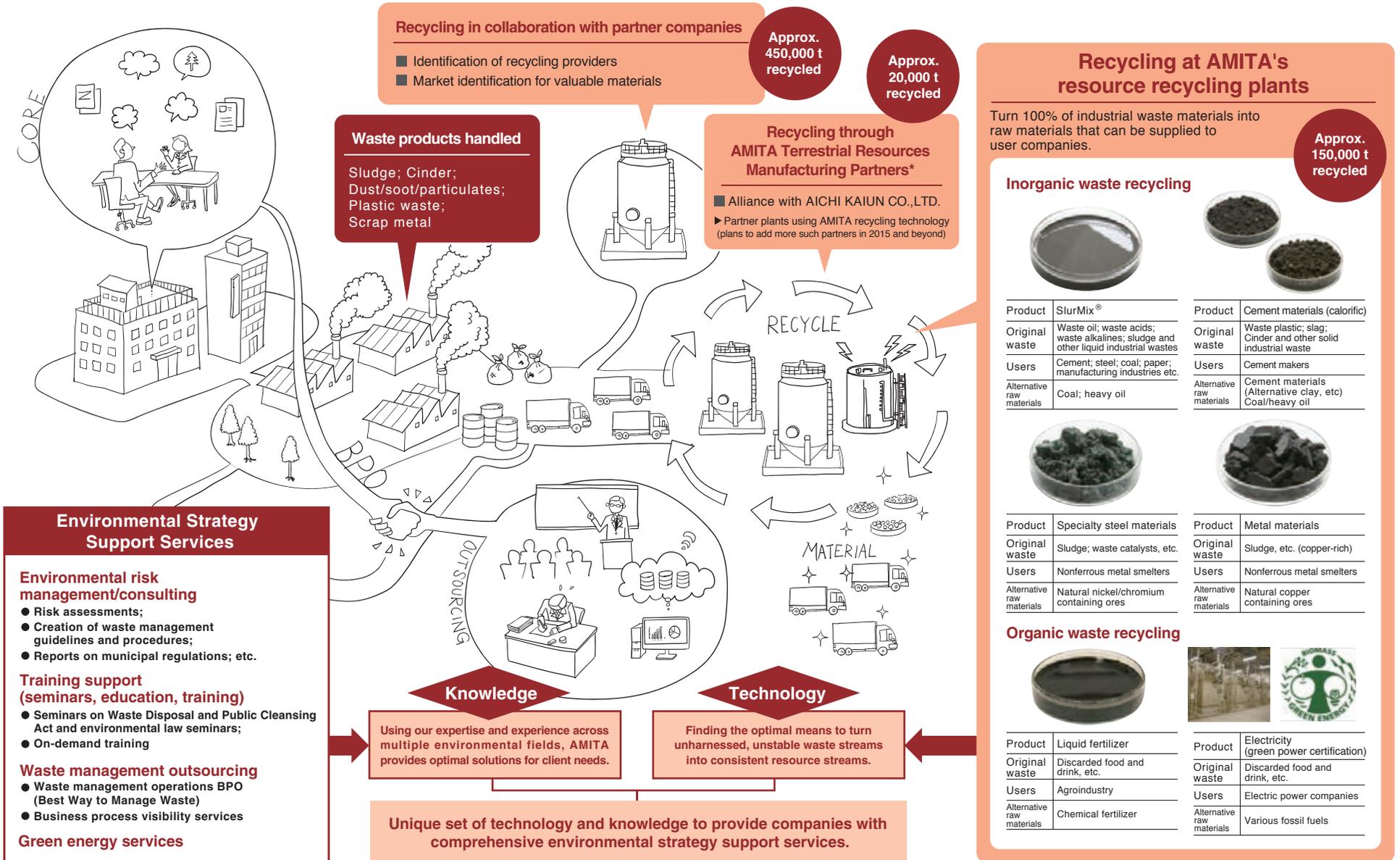
**Client feedback**



(Compiled from responses to a 2014 customer survey. For details, see P58.)

► Overview of Products and Services

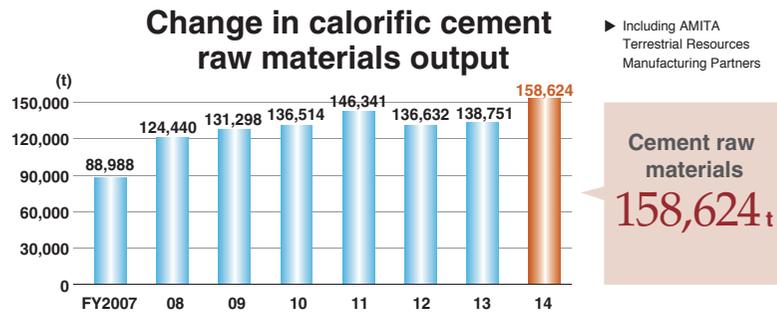
# Eco-solutions provided by Terrestrial Resources Business



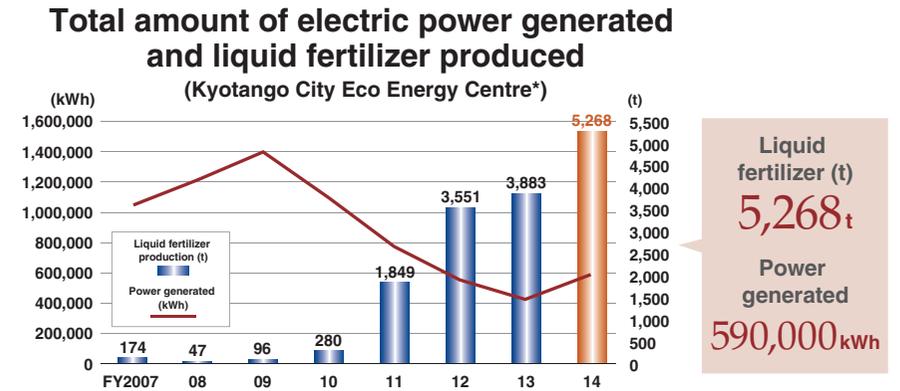
► Terrestrial Resources Business Performance, FY2014

# Providing companies with comprehensive support in reducing their environmental risks and costs

## Performance of resource recycling plants



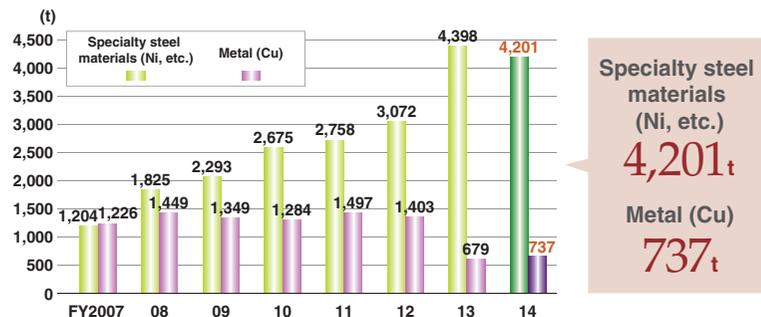
With full-scale recycling operations coming on stream at our partner company in Gamagori, a new record was set in amount produced.



Use of liquid fertilizer is rising in the vicinity of the Kyotango Resource Recycling Plant (Kyotango City Eco Energy Centre), and production volume is increasing.

\* The AMITA Group is the designated operator of the Kyotango City Eco Energy Centre.

### Change in metal raw materials output



Metal (Cu) has declined by approx. 50% since 2012, but the amount of speciality steel materials (Ni, etc.) produced has exceeded 4,000 t thanks to expanded uses.

### Bundled service engagements

The AMITA Group is working to build closer relationships with our corporate clients by supporting their environmental strategies. We are bundling multiple related services including recycling services, environmental business consulting services, environmental certification services and others. In FY2014 AMITA increased the number of companies to which it provides bundled service engagements by nine, to 75 companies. The group's total number of business partners is now 1,155 companies.





**Environmental Strategy Support Services:  
Business Accomplishments FY2014**

**Environmental risk management/consulting**

**38 companies**

**Services provided**

- Creation of waste management guidelines and procedures
- Risk assessment
- Advisory services on waste disposal methods

**Outsourcing (in whole or part) \*1**

**15 companies**

**Services provided**

- Waste management outsourcing (Best Way to Manage Waste)
- Composition of reports
- Document management, etc.

**Training support (seminars, education, training)**

**Seminars held 69**  
**Seminar attendees 1,286**  
**On-demand training 43 companies**

**Services provided**

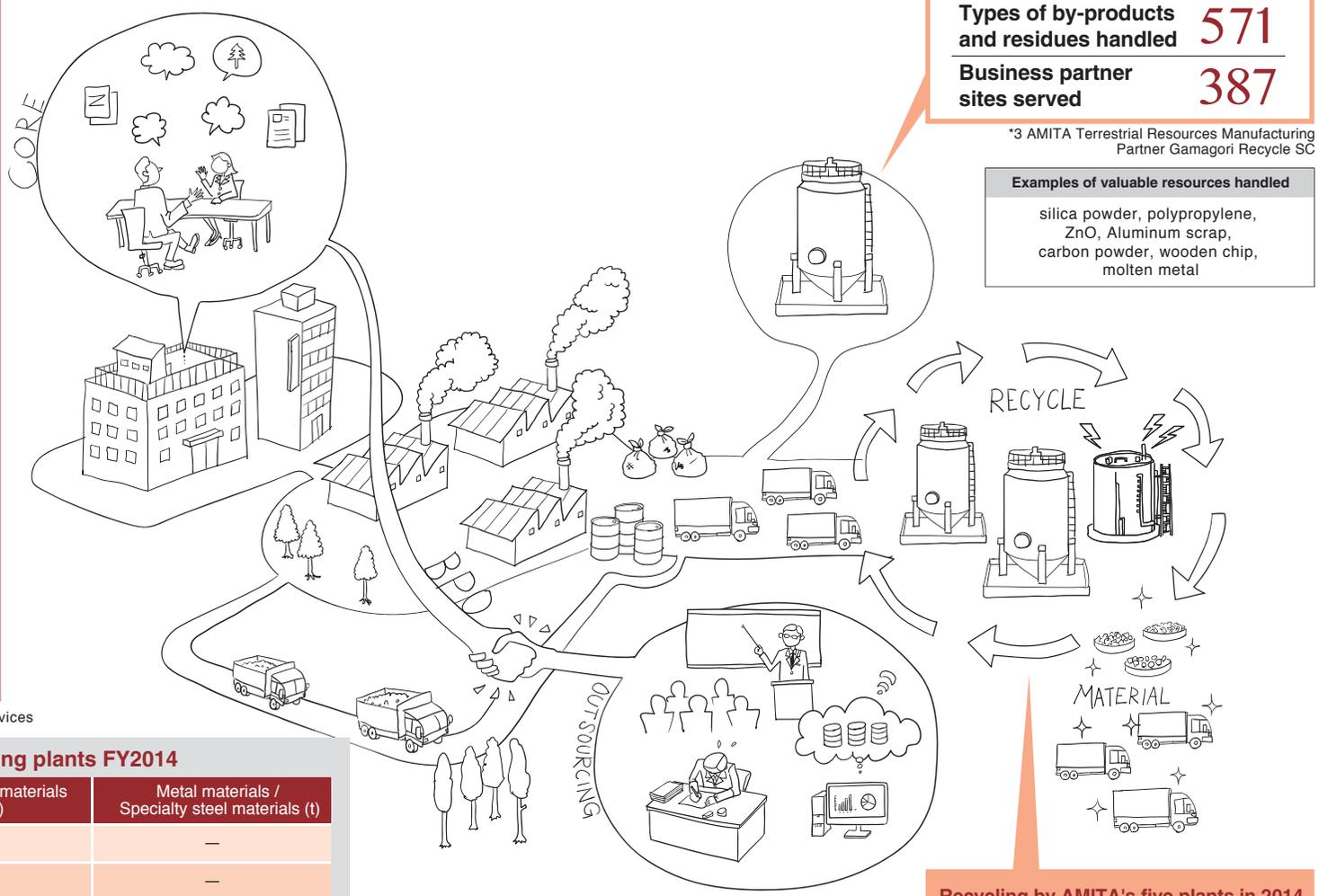
- Waste management law and best practices seminar
- Biodiversity seminar
- Environmental law seminar

\*1 includes digital waste management-related outsourcing services

**Accomplishments by resource recycling plants FY2014**

	SlurMix® / Cement materials (calorific) (t)	Metal materials / Specialty steel materials (t)
Ibaraki Resource Recycling Plant	22,437	—
Kawasaki Resource Recycling Plant	21,528	—
Himeji Resource Recycling Plant	64,746	4,938
Kitakyushu Resource Recycling Plant	29,387	0
AMITA Terrestrial Resources Manufacturing Partner Gamagori Recycle S.C.*2	20,526	—

\*2 Gamagori Recycle SC is a facility of AICHI KAIUN CO., LTD. using AMITA CORPORATION recycling technology



**Recycling by partner companies and recycling network companies (2014)<sup>\*3</sup>**

**Types of by-products and residues handled 571**  
**Business partner sites served 387**

\*3 AMITA Terrestrial Resources Manufacturing Partner Gamagori Recycle SC

**Examples of valuable resources handled**

- silica powder, polypropylene, ZnO, Aluminum scrap, carbon powder, wooden chip, molten metal

**Recycling by AMITA's five plants in 2014**

**Types of by-products and residues handled 2,177**  
**Business partner sites served 865**

**Factory tour participants 1,190**

► FY2014 Initiatives and Performance

# Launching of new services and expanding business overseas

In FY2014, AMITA launched multiple services including the waste management BPO service Best Way to Manage Waste, a Customer Process Visibility Service, renewable energy production, and more. We also advanced our plans for opening a recycling plant in Taiwan, and additional recycling bases in Japan through tie-ups with partner companies. In 2015, we are aiming to boost our sales efforts for these new services and to start expanding outside Japan in earnest.



Strategic Category	FY2014 Strategic Goals	FY2014 Initiatives/Performance
 <b>Hardware &amp; Technology</b>	<ul style="list-style-type: none"> <li>■ Raise product quality, safety, and efficiency</li> </ul>	<ol style="list-style-type: none"> <li>(1) Began renewable energy solution.</li> <li>(2) Himeji Resource Recycling Plant added waste plastic, slag (processed into metal raw materials) and construction waste (processed into calorific cement raw materials) to its accepted materials.</li> <li>(3) Ibaraki Resource Recycling Plant was certified by Ibaraki prefectural government as certification for superior plant.</li> <li>(4) Advanced to construction planning stage for biogas plant in Minamisanriku (details on P45).</li> </ol>
	<ul style="list-style-type: none"> <li>■ Develop alternative fuels</li> </ul>	
	<ul style="list-style-type: none"> <li>■ Produce and use renewable energy</li> </ul>	
 <b>Solution Delivery</b>	<ul style="list-style-type: none"> <li>■ Turn customer problem-solving into products</li> </ul>	<ol style="list-style-type: none"> <li>(1) Launched Best Way of Managing Waste offering in waste management BPO services line (2 engagements); also supplied Customer Process Visibility Service (11 engagements).</li> <li>(2) Increased number of waste/CSR seminar teachers.</li> <li>(3) Strengthened specialized expertise through department-specific training.</li> </ol>
	<ul style="list-style-type: none"> <li>■ Nurture expert personnel</li> </ul>	
 <b>Basing and Logistics Strategy</b>	<ul style="list-style-type: none"> <li>■ Build out bases</li> </ul>	<ol style="list-style-type: none"> <li>(1) In 2013, one example of base expansion through partner companies was our continued partnering with AICHI KAIUN to lay groundwork for developing bases in the Shinetsu/Southern Tohoku area.</li> <li>(2) Outsourced some logistics-related operations and achieved improved operating efficiency.</li> <li>(3) Consolidated Saitama and Chiba sales offices into Tokyo sales office, shifted Hamamatsu Sales Office to Gamagori Base, achieving efficiency gains.</li> </ol>
	<ul style="list-style-type: none"> <li>■ Identify users for planned products</li> </ul>	
	<ul style="list-style-type: none"> <li>■ Increase efficiency in logistics</li> </ul>	
 <b>Partnering Capabilities</b>	<ul style="list-style-type: none"> <li>■ Strengthen remote sales</li> </ul>	<ol style="list-style-type: none"> <li>(1) Raised customer satisfaction scores by more than 10 points though improved remote customer support and improved service at recycling plants.</li> <li>(2) Corporate website redesign brought increase in enquiries via the internet.</li> <li>(3) Able to begin renewable energy production through tie-ups with partner companies.</li> </ol>
	<ul style="list-style-type: none"> <li>■ Strengthen Links with Partners</li> </ul>	
 <b>International Market Expansion</b>	<ul style="list-style-type: none"> <li>■ Expand bases outside Japan</li> </ul>	<ol style="list-style-type: none"> <li>(1) Obtained planning permission for site of plant in Taiwan. Concrete progress is being made on AMITA's first plant outside Japan.</li> <li>(2) Worked with Kitakyushu City Environment Bureau to carry out a business proposal formulation study on waste recycling business in Malaysia.</li> <li>(3) Based on survey work by the Ministry of the Environment, carried out feasibility studies for recycling business development in Surabaya, Indonesia and Haiphong, Vietnam.</li> <li>(4) For each base outside Japan (Taiwan, Malaysia, Vietnam, Indonesia, etc.), invite relevant public officials in those locations to participate in tours and training in Japan so as to strengthen links with each foreign market.</li> </ol>
	<ul style="list-style-type: none"> <li>■ Promote international cyclical system of resource usage</li> </ul>	



► Client Problem Solving Initiatives (Key Initiatives for 2015)

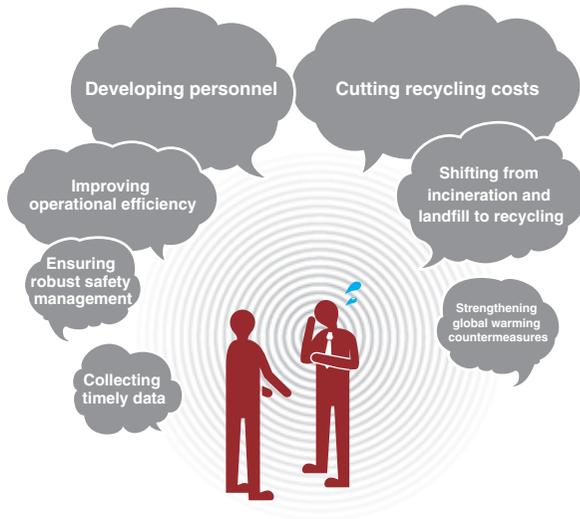
# AMITA will further emphasize its capabilities to tackle latent waste management problems through the following 3 Key Initiatives

As client problems and needs change over time, AMITA is always working to enhance the quality of its services to better address them.

## Client Problems

Today, many companies need to cut the cost of their environmental operations, even as the environmental processes they are responsible for increase. As a result, many companies are plunging in with cost-cutting measures before taking the time to strategize on how to create environmental value and make their environmental activities more sophisticated.

### Major waste management problems facing corporate environmental operations departments



► Based on AMITA Group client survey conducted in 2014. Size of the thought balloon corresponds to prominence of the problem in the minds of our clients.



## The AMITA Group's Key Initiatives for Improving Quality of Service

01

### Providing safer and more reliable recycling services

Hardware & Technology Partnering Capabilities

By expanding the range of waste that each of our resource recycling plants can handle, and building out our recycling network of partner companies, we will enhance the reliability of our waste acceptance and alternative raw materials supply capabilities.



02

### Cutting recycling costs

Hardware & Technology Basing and Logistics Strategy Partnering Capabilities

AMITA is working to develop services that emphasize a high cost-benefit ratio, rather than merely cost-cutting, through larger economies of scale. In particular, we are aiming to reduce the recycling costs of problematic waste and to increase the amount of valuable materials recovered. Another way that we are contributing to lower costs for clients is by expanding our recycling business with partner companies in regions that currently suffer from high recycling costs.



03

### Strengthen Environmental Strategy Support

Hardware & Technology Solution Delivery

Through developing and enhancing our recycling services, environmental training and education, renewable energy production, Information Resources Business services (environmental certification, waste management systems), etc., AMITA will strengthen the lineup of services that support clients' environmental strategies. In order to resolve clients' organizational challenges, we will also strengthen our capability both to make proposals driven by clients' corporate policies, and to serve as an information hub.



► For details on solutions for overall cost cutting and strengthening compliance systems for environmental operations departments, see P8.  
 ► For details on solutions to our clients' organizational issues, see P28.

► Initiatives for 2015

# Accomplishing Our 3 Key Priorities for 2015

(For initiatives outside Japan, see P12.)



## Hardware & Technology

AMITA is developing new recycled products that connect the recycling needs of waste generators with the raw materials needs of recycled-materials user companies. Currently, of all the resources the cement industry uses, only 10% are recycled. AMITA is expanding its focus beyond the cement industry to develop recycled resources catering to the steel and nonferrous metal industries, among others. We also plan to increase the range of waste types accepted by our recycling plants and invest in pre-processing and post-processing facilities that will enable us to better meet the needs of waste generators.

### Major development and enhancement items

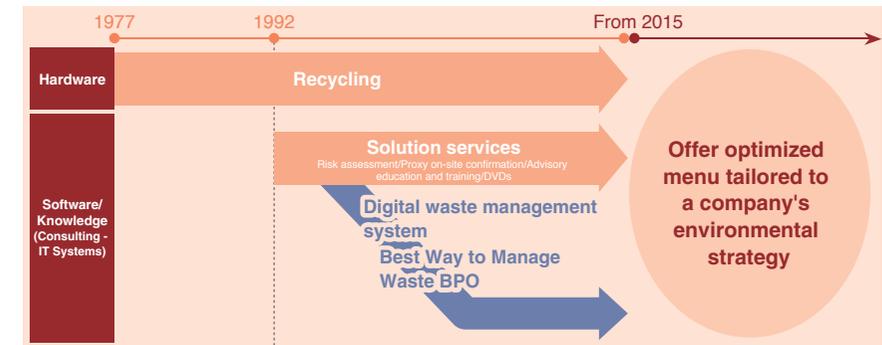
Product Development	<b>Develop recycled resources</b> <ul style="list-style-type: none"> <li>● Increase efforts to develop alternative raw materials for the steel and nonferrous metal industries.</li> </ul>
	<b>Expand range of waste types accepted</b> <ul style="list-style-type: none"> <li>● By introducing new equipment and revising processes, expand the range of wastes currently accepted. (Accept more kinds of waste with unwelcome chemical contents such as those with high fluorine or chlorine, varieties of sludge with high moisture content, etc.)</li> <li>● Expand range of waste types accepted</li> </ul> <p><b>2015 Objectives</b> Through the above initiatives, implement at least five new waste applications.</p>
Improve productivity	<ul style="list-style-type: none"> <li>● Install drying equipment to reduce manufacturing and procurement costs. Reducing moisture content raises the quality of recycled products.</li> <li>● Implement real-time information sharing between AMITA plants, to determine the client's optimal waste acceptance location.</li> </ul>



## Solution Delivery

Since the 1990s, AMITA has been developing software services that minimize operating burdens and risks for clients' environmental operations. In 2014, we launched an outsourcing service for waste management operations that harnesses the development knowledge of our Information Resources Business. Moving forward, as we promote optimal solutions for each client's business plan and corporate environmental strategies, we will also develop new outsourcing offerings that support companies' environmental CSR activities, and strengthen our various consulting services.

### Evolution and future direction of solution services



#### 1. Offer solutions driven by client's overall corporate strategy (see P28)

- Assign one point person for overall environmental strategy support at each client company, and additional point people for individual services such as risk assessment and digital waste management. Compare client company perspective and product offerings to create optimized support menu.

#### 2. Offer comprehensive environmental services

- By integrating with our Information Resources Business, offer comprehensive environmental solutions that incorporate digital waste management systems, environmental certification services, and CSR support services.

#### 3. Strengthen consulting services

- Improve the quality of existing services—such as consulting on how client companies can reengineer their supply chain to reduce the volume of waste generated—and support the obtaining of nation-wide collection permit.

► From 2015, the Terrestrial Resources Business will be largely merged with the Information Resources Business, and as the Environmental Strategy Design Business will provide services that support companies' environmental strategies (see P62).



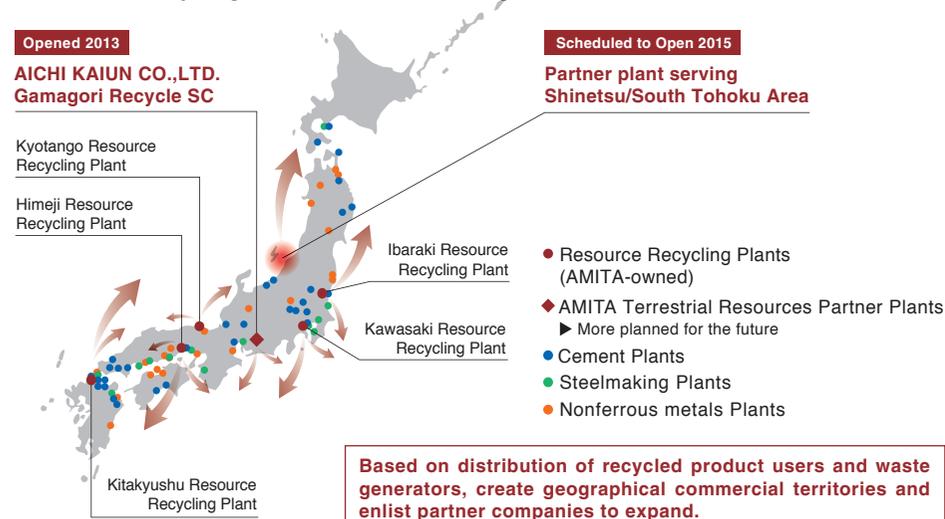
## Basing and Logistics Strategy

As we expand our resource recycling bases, key considerations are enabling AMITA to collect waste more easily, and to be better connected to companies using recycled materials. From 2015, AMITA plans to expand bases through tie-ups with Terrestrial Resources Partners and also to strategically exploit marine transport in order to expand our service provision area and reduce costs.

### AMITA Terrestrial Resources Partners

AMITA Terrestrial Resources Partners are a network of collaborating companies to which AMITA supplies terrestrial resources recycling technology. This facilitates the entry into the recycling market for partner companies, and creates synergies with existing businesses. For AMITA, it accelerates the pace at which we can expand our business and allows us to make use of partner companies' regional networks. For the regions into which we expand, it promises lowers recycling costs and increased recycling rates. Finally, this business model offers society the environmental value of preserving natural resources.

#### Overview of Recycling Bases and Build-Out Progress

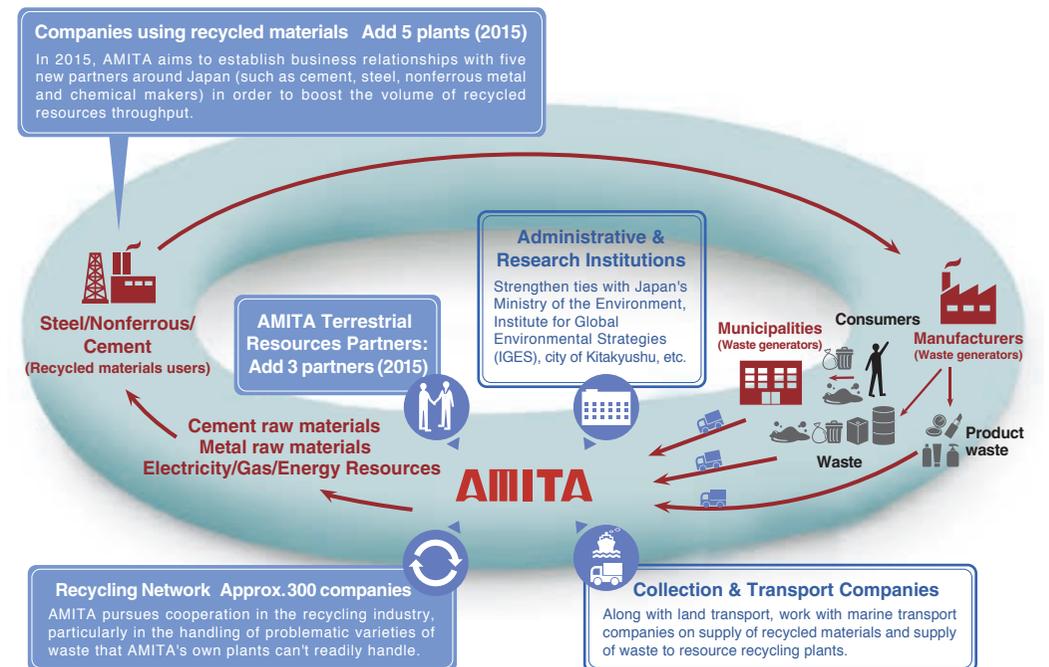


## Partnering Capabilities

To achieve 100% recycling, stronger links with partner companies through the supply chain from waste to recycled resources are needed.

In 2015, in addition to entering new business arrangements involving five plants of companies using recycled materials, AMITA plans to secure tie-ups with at least three new companies that will become AMITA Terrestrial Resources Partners. Also, we will work with companies using recycled materials to solve issues that impede recycling by waste generators, such as problematic waste content and logistics, process and cost issues. By doing this, we will expand our engagements with these companies.

### Specific Initiatives to Build Relationships with Important Partners



## Deeper support for client companies' environmental strategies

### Common organizational issues for companies' environmental operations departments

Along with the environmental issues facing specific operating sites, many companies' environmental operations departments recognize that they have organizational issues.

✓ **Disconnect between the overall environmental strategy adopted by company headquarters, and the measures taken on the front lines at operating sites**

✓ **Lack of information and know-how sharing between operating sites, as well as between HQ and operating sites**

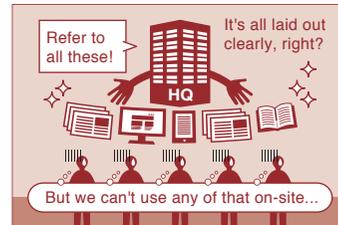
#### case.01



The disposal providers and disposal methods chosen at front-line sites do not conform to the policies and objectives laid down by headquarters, and so the disposal provider selection must be redone.

**Lack of trust between HQ and front-line sites**

#### case.02



The waste management systems and operating manuals that headquarters adopts don't fit actual conditions at front-line sites, so they are largely ignored.

**Environmental objectives set by HQ not being reached**

#### case.03



HQ fails to recognize the need for standardized tools that front-line sites know they need from experience, and gives these requests low priority.

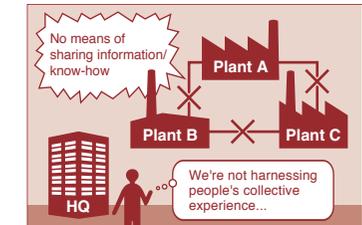
#### case.04



When training sessions are held at HQ, there is too much overlap with training done on-site, or the things learned are simply impractical in the field, limiting the benefits.

**Efficiency of work at front-line sites declines, costs increase**

#### case.05



The sharing of information/know-how between operating sites, which HQ wants to see in order to raise the overall level of performance, is not happening.

**Quality of work at front-line sites declines, risks increase**



# Two approaches to helping clients solve these problems

In 2015, AMITA will implement two initiatives intended to increase the quality of environmental strategy support services by solving these organizational issues for companies' environmental operations departments: offering custom-tailored solutions driven by the client's environmental policies, and hub functionality connecting the client's HQ and operating sites.

## Solution 01 Offer custom-tailored streamlined solutions to environmental issues, driven by overall environmental policies of the client

Here's how AMITA will strengthen its sales

**1 Because AMITA has sales offices from Sendai to Kitakyushu, we can finely tune sales activities to the particular characteristics of municipalities and regions across Japan**

**2 We can offer a wide spectrum of solutions based on accumulated experience, providing environmental support to many companies across Japan.**

However, since in the past the emphasis has been on solutions to the problems of individual client operating sites, AMITA has not adequately tackled how to bridge the gap between a client's HQ and its front-line sites.

So, beginning in 2015, AMITA will implement the following three measures in order to support companies in achieving their environmental objectives and reducing their internal inefficiencies.

**1 Get a clear understanding of the overall environmental mission, policies and objectives of the client company**

**2 Identify an environmental strategy support programme that reflects the company's specific characteristics: scale, industry, number of sites, budget, etc.**

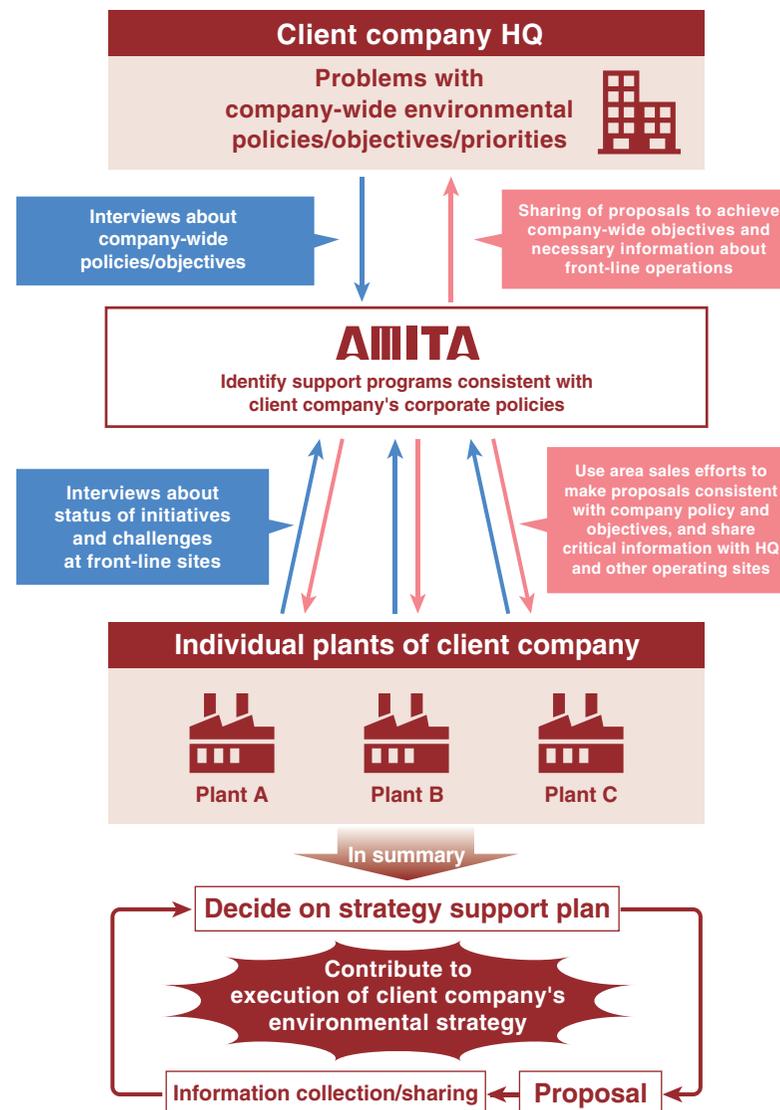
**3 Based on this programme, implement multiple environmental proposals that contribute to solving problems between the client's HQ and operating sites.**

## Solution 02 Offer hub functions that connect the client's HQ with its operating units

Companies that have multiple operating bases will ideally share information between front-line sites about, for example, environmental problems and instances of measures taken to address them at each site, and the know-how gleaned from those experiences, so that all the sites can enhance their operating effectiveness.

Thanks to a nationwide network of sales offices, AMITA provides attentive service to clients, obtaining a detailed understanding of circumstances at both the client's headquarters and operating sites. This is reflected in the

frequently received feedback that, "AMITA personnel are more familiar with our company's environmental information than our own personnel." Harnessing this information and our specialized environmental expertise, AMITA can serve as a hub connecting the client's operating sites in order to support the sharing and circulation of critical information and know-how as a stepping stone to developing a value-creating environmental strategy. Through these efforts, we aim to add even more value as an environmental partner.



▶ Examples of Services Offered

Customer Interview 01

# AMITA: A Vital Partner in Environmental Strategy



AMITA, working for the implementation of an environmental strategy for Asahi Soft Drinks Co., Ltd.

	Circa 2005	Circa 2010	2012
<b>Issues faced by and needs of Asahi Soft Drinks Co., Ltd.</b>	Amendments to laws clarified the responsibilities of companies that produce emissions. There is an increased need to conduct waste-management activities with heightened rigour.	Events such as the 2010 Convention on Biological Diversity (CBD) in Aichi Prefecture have stimulated an increasing societal and corporate focus on environmental and CSR activities. Against this backdrop, environmental administrators are expected to increase the scope of their management activities while proactively planning to achieve gains in sales and brand strength through solutions to environmental issues. With this aim, the first step was to establish a PDCA Cycle for problem solving.	The scope of environmental business activities is expanding, with requirements including adherence to a broad range of applicable laws and disclosure of information, all while staff are regularly rotating in and out. Issues to be addressed include risk mitigation, minimizing of workload, and standardization of practices.
<b>Setting targets on these issues</b>	Reconfirm fundamental knowledge relating to the Waste Management and Public Cleansing Act, and make sure information relating to changes, including revisions to the law, are actively conveyed throughout the business, enabling awareness of potential risks on the part of relevant staff.	Individual staff should be mindful of environmental issues in their area of work, strengthening their ability to identify issues in order to plan the necessary reforms and improvements.	Introduction of systems serves to boost business efficiency while preventing an over-reliance on individuals, and reduces the risk of legal infringements due to human error.
<b>AMITA solutions and their outcomes</b>	Training was provided on waste-related risk, including legal revisions and real-world examples from the beverage industry. The aim was to strengthen awareness and convey these principles throughout the business, improving the level of management throughout the company as a whole.	Workshops were held on the theme of biodiversity, and identifying problem areas within the business practices of Asahi Soft Drinks. Given a methodology for identifying areas in which their company may have deviated from best practice, individuals became able to act independently to address such issues.	The introduction of a digital waste management system made possible such gains as a reduction in workload. This was part of a standardization of business practice that serves to prevent over-reliance on individuals, while realizing improvements in the level of compliance.

**Human Resources Development**

**We are introducing AMITA's education and training schemes in order to cultivate staff who can think and act independently, recognizing the importance of our business.**

In order to ensure an understanding of environmental and CSR activities throughout Asahi Soft Drinks, we decided first to foster an organizational culture that was independent. This is because, in order to sustain such activities, all relevant staff must be aware of the importance of our business, as well as of risk, and work with a sense of importance and worth. As part of our moves to foster an independent organizational culture, the environmental team leaders from all of our facilities were required to attend regular AMITA training sessions. Through this external assistance, we wanted to enable individual staff involved in environmental activities to become able to understand the influence of our environmental business on society and the environment, as well as on our own financial success, thereby acquiring strong problem-solving skills.

The training schemes we are running have been adapted from standard AMITA courses to match the internal situation of our company, and the issues we face. AMITA's training is adapted to our business practice, is easy to put into practice following the sessions, and in addition to its proven track record and expertise, it is striking how the courses are designed to cover everything from the initiation of a project through the identification of issues to the drawing up of countermeasures and the eventual follow-up. The schemes are highly rated by trainees, whose queries are answered enthusiastically. We intend to continue to make consideration of a structure focused on strong performance the basis of our environmental business PDCA.

**Examples Environmental and CSR training programs**

- 1 Backdrop to environmental and CSR activities
- 2 Relationship of Group vision to ISO26000
- 3 Group work
- 4 Key points for operations Project planning involving staff
- 5 Common features of past successes
- 6 Group work Setting targets for CSR and environmental activities
- 7 Linking to profit: Past examples

**Building a structure**

**Building an IT structure that promotes organizational integration and minimizes human error. Passion and faith in Total Support were the deciding factors.**

Although human resources development through the training programs have been under way for some time, because of profound changes both inside and outside the company, employees are often transferred after 1-3 years in a given post. We needed a system that could respond flexibly to internal organizational changes, including our switch to holding company status. But standardized practice makes a company susceptible to over-reliance on individuals, and there is a limit to how far issues including problems during handover of roles to new staff, and human error, can be dealt with through education alone. Then, in 2012, we introduced AMITA's digital waste management system, creating a structure that increased efficiency, while minimizing the risk of over-reliance on individuals, and providing measures to counteract human error.

The reasons we chose AMITA's digital waste management system included AMITA's long track record in the field of 100% recycling, along with the diversity of solutions they were able to offer, and the enthusiasm of their staff. Things didn't end with the introduction of the scheme: along with training to help practitioners respond to legal revisions, we judged that they could continue to help us make improvements. It was a relief that, aside from systems, we could rely on AMITA for total support in terms of recycling, education, legal matters, and more.

By introducing the system we reduced risk and workload, while the AMITA training has helped us to continue to foster our own company climate. I feel that through the dual implementation of systems and measures, we can continue to help our specialist staff to step up their activities.



Satoru Komaki, Senior Manager  
Environmental Affairs Group  
Asahi Soft Drinks Co., Ltd. Quality Assurance Department

**AMITA is a partner you can trust to implement environmental strategies**

Limited resources mean it can be difficult for a company to expand both quantitatively and qualitatively while developing specialists in the various fields of its business. External partners can help to bridge this gap. We needed a specialist partner that could go beyond the client-service provider relationship by simultaneously providing extended follow-up care and risk response and participating in strategy formulation and planning. In our case, AMITA is exactly that kind of presence.



Customer Interview 02

# Create Stable Sources of Alternative Resources, Linking Waste Generators and Users of Recycled Products

AMITA's 100% recycling service builds cyclical resource systems by linking waste generators and resource users.



## Partner and Client Voices



User of Recycled Products

Tokuyama Corporation  
Resource Recycling Sales Group  
Assistant Manager  
**Masaru Sasai**

### Realizing Stable Procurement and Quality of Recycled Fuels and Materials

Our relationship with AMITA goes back more than 15 years. Thanks to AMITA's diverse network of waste generators and manufacturers of recycled products, the quantity of recycled goods we receive are reliably tailored to meet our demands. Quality requirements of the goods we order also are flexibly met, along with a stable supply of raw fuel and materials that meet the necessary standards.

When we need to gather raw materials, there are many requirements, including the conclusion of various contracts, credit management, and prior consultations—AMITA takes care of all of that for us, which is a great help. And they give us all the latest recycling information from across the country, which is also very helpful.

We hope to continue to use a lot of combustible waste in the future, and as our business partner we have high hopes that AMITA will continue to supply that combustible waste.



Logistics Partner

Himeji Koun Co., Ltd.  
Representative Director and President  
**Shigehiko Nakamura**

### Standing Side-By-Side to Broaden Scope of Transport Activities

Our first dealings with AMITA came in 1977, when we conducted maritime transport of dust they were involved in recycling. At present we are engaged in transporting the cement raw materials they produce at the Himeji Resource Recycling Plant, which are directed at makers of cement.

In any such new endeavor there are various hurdles to be overcome, including consideration and arrangement of transport methods, acquisition of the necessary permissions, and so on. And it is by clearing such obstacles that this company is able to acquire the necessary experience and technology to further increase the freight volumes we handle. As a business partner, AMITA consistently presents us with new goals and benchmarks, and joins us in solving problems and overcoming obstacles in a great spirit of unity, coordination, and closeness.

Because shipping companies constantly need to make daily improvements to unloading methods and other aspects of their business, I hope to join in many new and successful undertakings with AMITA in the future.



Waste-producing Company

Toshiba Corporation  
Semiconductor and Storage Company  
Himeji Semiconductor Factory  
Management Department,  
Environmental Conservation  
**Tasuku Watanabe**

### Achieving Zero Factory Emissions through 100% Recycling Activities

Since 2000, the whole Toshiba Group has been working toward zero emissions (which entails a landfill rate of less than 0.5% of total waste produced). Fifteen years ago, the constituents of waste, along with cost issues, meant that much of our waste was sent to landfill. After consultation with AMITA, we saw that their composite technology meant they could provide recycling services to suit our budgets, and we entered a working relationship. Because the limited space in our own factory meant it was difficult to store waste for significant periods, AMITA helped us to procure a small lot for exactly this purpose from a third party.

We also entrusted AMITA with waste that we had previously disposed of with the help of a cement company. We realized that costs could be kept to a minimum by entrusting all such activities, from the maintenance of crushers to price and quality negotiations with contractors, to a single specialist company.

Now that we have achieved zero emissions\*, the next issue is reducing the costs associated with waste disposal. The unique knowhow and network AMITA offers means that we have great expectations for their future assistance in such matters as further technological development and cultivation of new business.

\*Himeji Semiconductor Factory has met the criteria for zero emissions since fiscal 2007.



# **Information Resources Business**

Creating substantial new value  
through the collection and compilation of information.

▶ Business Policy

# Supporting client environmental strategies by leveraging information resources

One strength of the AMITA Group is our information compilation capabilities. Our ability to provide a stable supply of recycled calorific materials of consistent quality from waste that is both inconsistent in properties and erratic in supply stems from our knowhow in collecting, analyzing and combining information about waste composition/generation and the specifications demanded by users of our products. Also, sustainable resource usage demands traceability of products and resources that only IT can provide. Up through 2014, we provided our main IT-based environmental services through our Information Resources Business, one of three primary business domains. From 2015 on, in order to provide more comprehensive environmental strategy support services to corporate clients, we have merged the Information Resources Business into our Terrestrial Resources Business to form the new Environmental Strategy Design Business.

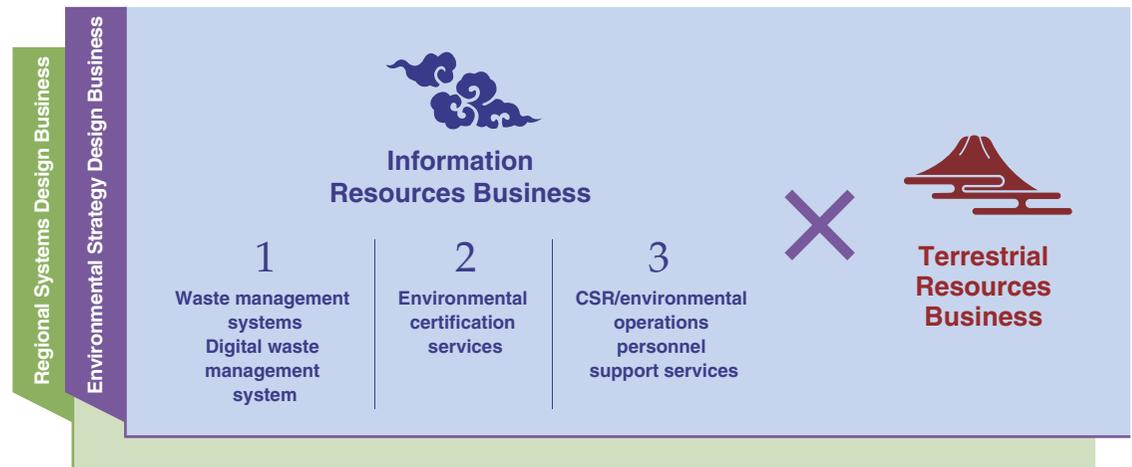


Information Resources Business

Previous relationship among businesses



From 2015

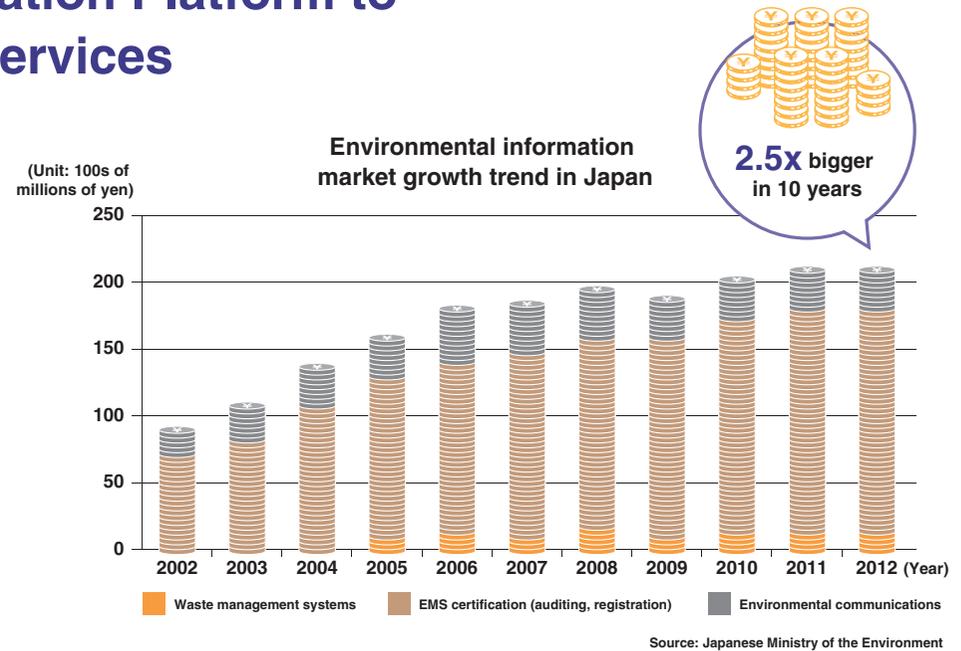


\*For details of this business reorganization see P62.

► FY2014 Initiatives and Performance

## Using AMITA's Environmental Information Platform to strengthen foundations for offering services

By 2012, the market in Japan served by our Information Resources Business for environmental information services such as waste management systems, environmental certification auditing and environmental communications had grown to approximately 21 billion yen, roughly 2.5 times larger than it was 10 years before. By cultivating expert human resources and reinforcing established channels, AMITA, a pioneer in the field of environmental information, is strengthening the information platform underlying our services in this field in order to open new markets and grow our customer base.



### Information Resources Business Initiatives for FY2014

Strategy component	FY2014 Strategic goal	FY2014 Initiatives and accomplishments
<p><b>Building communication channels</b></p>	<ul style="list-style-type: none"> <li>Increasing and strengthening contact centre capabilities</li> <li>Strengthening web marketing capabilities</li> </ul>	<ol style="list-style-type: none"> <li>Developed marketing approach for new products based on contact centre. (Fielded 1,633 calls, up 8% from previous year.)</li> <li>Redesigned AMITA CORPORATION website. A completely new front page and additional new content makes the website a more effective marketing tool. Enquiries via the website were up 20% over the previous year.</li> <li>Redesigned CSR JAPAN website. Improved search functionality and social media integration.</li> </ol>
<p><b>Develop environmental business professionals</b></p>	<ul style="list-style-type: none"> <li>Strengthen links with external organizations</li> <li>Encourage knowledge acquisition</li> </ul>	<ol style="list-style-type: none"> <li>Trained two external auditors in environmental certification.</li> <li>Analysed customer management database storing customer feedback entered by salespeople to discern market trends and latent needs, to guide sales strategy.</li> <li>Held trials of a monitoring service by outside experts to explore developing new services for CSR JAPAN website.</li> </ol>
<p><b>Next steps for information systems</b></p>	<ul style="list-style-type: none"> <li>Improve efficiency and quality of services through adoption of IT platforms</li> <li>Raise sales capabilities through adoption of IT platforms</li> </ul>	<ol style="list-style-type: none"> <li>Rolled out new, cloud-based version of digital waste management system.</li> <li>Developed the new environmental BPO service "Best Way to Manage Waste".</li> <li>Tailored sales strategy to clients based on data mining of sales and marketing data.</li> </ol>

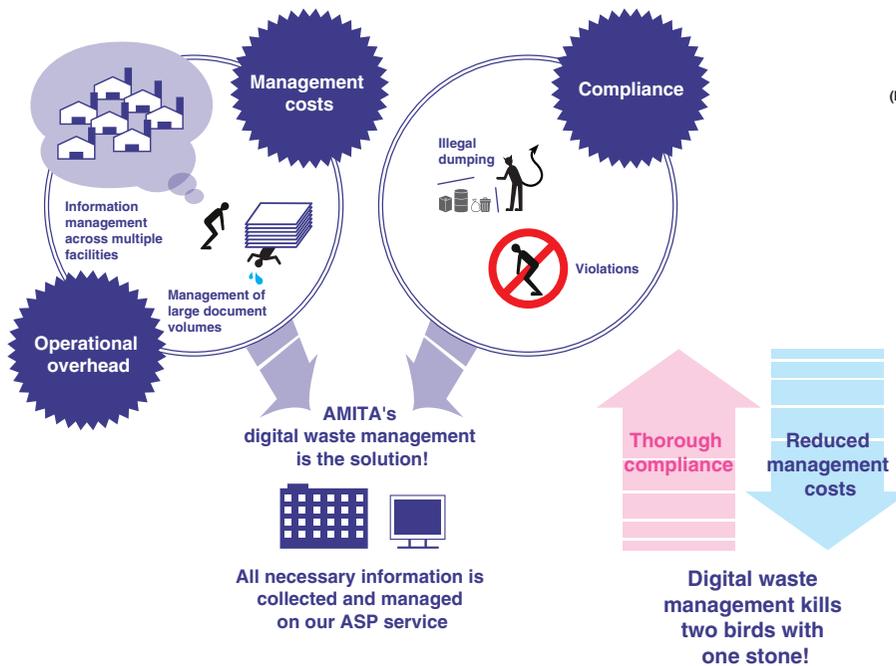


► Promotion of Business Activities #1: Digital Waste Management

# This service offers companies reduced waste management costs while ensuring greater compliance

## Service overview and key points

Since 2008, the AMITA Group has been offering an efficient ASP service that we call "digital waste management". It enables customers to appropriately and efficiently manage contracts and billing required in the disposal of industrial waste.

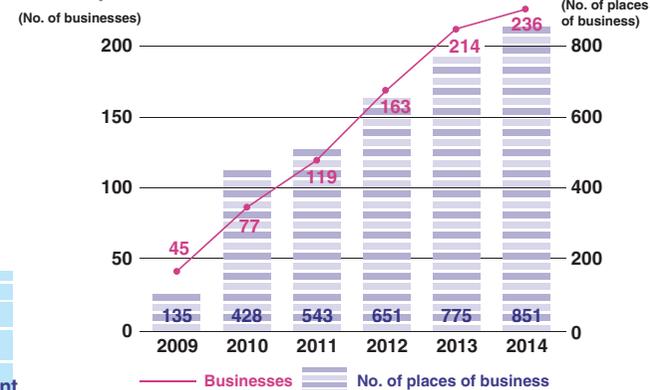


Digital waste management is a service offered for a fixed monthly fee per place of business. At deployment, a full menu of support services is offered including a compliance checking of contracts/billing and training for users. This service takes advantage of AMITA's specialized knowhow as a waste management company to provide a platform for many (mainly publicly-traded) companies to manage their contracts and billing.

## 2014 Accomplishments

In 2014, AMITA pushed to sign up entire companies, not just specific business locations, for this service. We are also carrying out an annual system upgrade based on user feedback. Improved usability provides customers with a unified waste management platform.

Trend in number of businesses and places of business



Companies ranked as Japan's Top 20 "environmental brands" signed up in FY2014:

**Signed up**  
**6 companies**  
**20 companies**

\*Based on "Environmental Brand Survey 2014" by Nikkei Business Publications Inc. Rankings change yearly.

## Challenges and future initiatives

### Challenges

- Large engagements: enhance capability to deploy service to hundreds of business locations simultaneously

### Future initiatives

- Achieve faster deployment speed through strengthened and more efficient back-office functions and internal coordination/sharing of system proposals and sales methods

For a special section covering our waste management outsourcing offerings as a whole, see P8.

► Promotion of Business Activities #2: Environmental Certification Service

# Making manufacturing data more visible to promote green procurement and green consumption

## Service Overview

In order to prevent illegal logging and the overexploitation of fisheries, AMITA offers auditing services for ECO certification of sustainably produced and manufactured goods. Through these services, our aim is to promote green procurement and environmental activities on the part of businesses.

### Main categories of environmental certification services offered by The AMITA Group

Forestry Certification	<p><b>Forest Stewardship Council® Forest Management Certification</b> Evaluation of environmentally, socially, and economically responsible forestry</p> <p><b>Forest Stewardship Council® Chain of Custody Certification</b> Evaluation of the appropriate processing and distribution of timber from certified forests</p>
Fishery Certification	<p><b>Marine Stewardship Council Chain of Custody Certification</b> Certification for appropriate processing and distribution of catches from sustainable natural fisheries.</p> <p><b>Aquaculture Stewardship Council Chain of Custody Certification</b> Certification for appropriate processing and distribution of produce from environmentally and socially sustainable aquaculture facilities</p>

► In addition to the services listed above, we also offer forestry-related assessments in line with the standards of organizations including Foreststock and the PEFC.

### Evaluation Scheme

A typical forestry assessment may include both Forest Management (FM) and Chain of Custody (COC) certification.



AMITA is the Japanese partner of FSC-approved certifying bodies the Soil Association Woodmark and SCS Global Services. In addition to FSC®N001887, as a certifying body fully approved by both the MSC and the ASC, we are also able to offer both MSC COC and ASC COC certification evaluations, along with ACC-MSC-020.

## 2014 Performance

Last year, we held seminars to introduce eco-labelling schemes to major businesses engaged in the procurement of materials both from across Japan and from elsewhere. In addition, by increasing the number of staff certified as primary auditors, and participating in the training of auditors from external organizations, we have promoted improvements in the quality of inspections.

### FSC FM Certification



### FSC COC Certification (As of end of Dec. 2014)



### MSC COC Certification (As of end of Dec. 2014)



### Net change in number of locations, 2014

	FSC Certified		MSC COC certified
	FSC FM Certified	FSC COC certified	
Japan	-1 (+1, -2)	-19	+6 (+14, -8)
AMITA	-1 (+1, -2)	-7	+6 (+9, -3)

► In line with moves toward certification among Japan's aquaculture businesses, we aim to boost activity in the area of ASC COC certification.

## Key Issues and Future Initiatives

### Key Issues

- Respond to requested improvements from the certified companies and organizations that represent our client base, including faster response times and revitalization of the market. Note: For the results of our customer survey, see P59

### Future initiatives

- Conduct sales and promotion of our certification schemes as one aspect of our comprehensive menu of corporate environmental strategies.
  - Improve business efficiency and training of auditors to improve speed of response and quality of service.
- For an outline of plans for structural reorganization including Environmental Certification Services, see P63.



# AMITA's free information services

## ▶ CSR/Environmental Administrator Support Site & Free Information Service

# Information service to support company CSR/Environmental administrators seeking solutions to a variety of issues

## Overview of Information Service and Website *Daily AMITA Update*

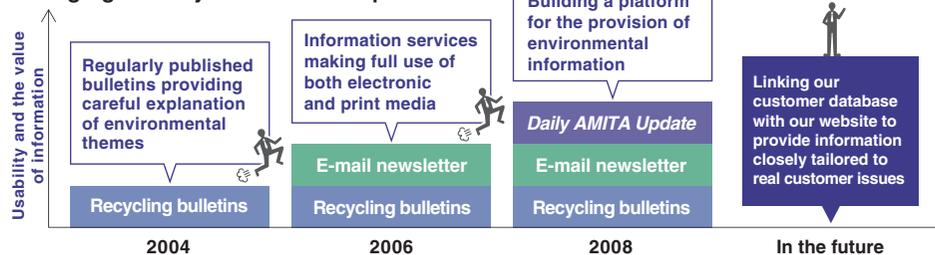
*Daily AMITA Update* is a website providing explanations of environmental laws and introducing the latest environmental topics with a focus on waste management.

In addition to the services outlined above, AMITA also offers regular information bulletins including reports on recycling, and an e-mail newsletter aimed at environmental operators.



Details ▶ <http://www.amita-oshiete.jp/>

### Changing the way information is presented



## CSR JAPAN website overview

Even as many companies complain that the CSR reports they have printed go unread, in fact more and more people (e.g. investors and students) are choosing to search for the ideal venture on the basis of a company's CSR activities. This website provides a convergence between those providing and those seeking information in the field of corporate social responsibility. In 2011 AMITA launched CSR JAPAN, a website enabling exploration and comparison of CSR information from a range of companies, and which continues to provide a platform for the promotion of CSR activities in Japan.

▶ In 2015 CSR JAPAN introduced a charge for access to some services.



Details ▶ <http://www.csr-japan.jp/>

## 2014 Performance

In 2014, as well as continuing to expand our infrastructure through measures including enhancements to our website CSR JAPAN, services such as *Daily AMITA Update* were placed at the heart of an effort to step up our provision of content addressing issues faced by environmental operators.

### Performance of key AMITA Group media



Daily bulletins  
A practical site for CSR/Environmental operators  
**Daily AMITA Update**

Approximately  
**240,000 users per year**  
Approximately  
**640,000 page views**

### Free information service



Sent to over  
**25,000 recipients**

Other services, including  
*Daily AMITA Update* newsletter,  
Recycling bulletins, and  
Environmental  
Certification News



Approximately  
**30,000 users per year**  
Approximately  
**150,000 page views**  
Carried reports from  
**265 companies**

The AMITA Group's various websites and information services attract a combined total of approximately 400,000 users per year, making us Japan's leading provider of information aimed at CSR/Environmental administrators.

▶ The monthly page view figure for the website *Daily AMITA Update* listed on P35 of our Fiscal 2013 Annual Report was incorrect. Please accept our sincere apologies.

## Key Issues and Future Initiatives

### Key Issues

- We hope to increase the number of queries to the *Daily AMITA Update* website, along with the number of registered users.
- We hope to remodel the CSR JAPAN website from a free service to a profit-making enterprise.

### Future Initiatives and Goals

- Achieve a 50% increase in registered users of *Daily AMITA Update* by improving conversion rates by 1% and providing superior content based on analysis of user responses.
- Boost the number CSR JAPAN users by expanding the range of available functions and content, while introducing charges for services offered on the site.

▶ The Information Resources Business introduced on P32–P37 was in 2015 combined with our Terrestrial Resources Business as the Environmental Strategy Design Business. Through utilization of the core products of the Information Resources Business to provide Corporate Environmental Strategies, we aim to bring added value to the supply chain as a whole.



## **Regional Resources Business**

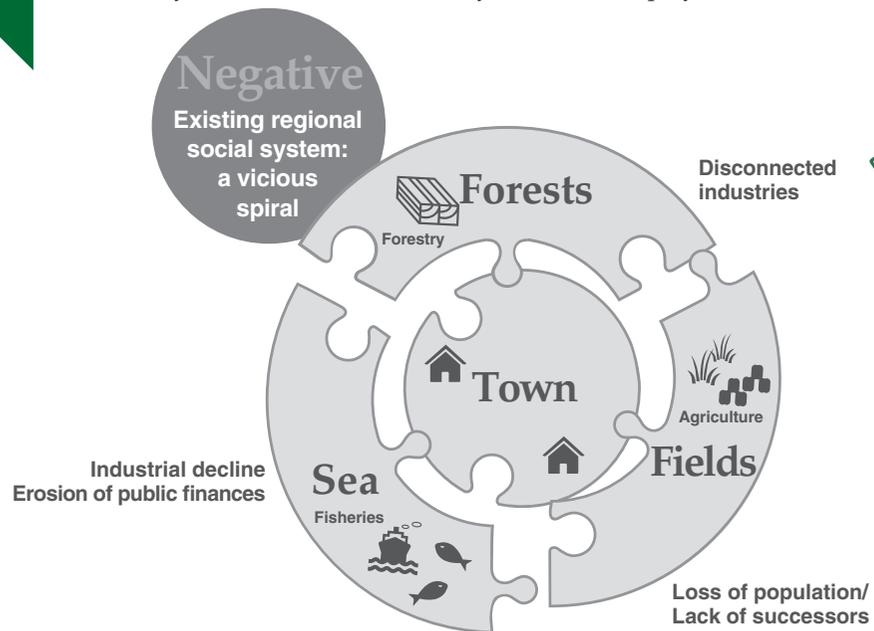
Establishing a new social system  
by harnessing a region's neglected resources.

► Mission

**Identify neglected resources in a given region and  
Encourage a new social model that puts them  
to the best possible use**

**Make the region safe, livable, vibrant and  
prosperous**

Since the Industrial Revolution, in the name of increased productivity and operational efficiency, the advance of industrialization and economic globalization has dissolved longstanding bonds among the inhabitants of local regions, and between them and the natural environment. As a result, the connections between different livelihoods—work in the forests, work in the fields, work at sea—have been severed, and regional industries have failed to cope with the demands of market forces. The mission of AMITA's Regional Resources Business is to help create a new social model that reconnects these livelihoods of forests, fields and sea with patterns of life in urban areas. The objective is to fully harness neglected resources within a region in a cyclical system, saving them from going to waste, in a way that will revitalize industry and create employment and economic dynamism.



**SHIFT**



**Comprehensive Cyclical System of Resource Usage**

A mechanism for creating mutually beneficial relationships among livelihoods related to the forest, fields and sea within a given region. A new social system introducing core infrastructure that facilitates the emergence of an intra-regional cycle of resources, energy, people and economy, thus creating a stable foundation for society and halting the advance of depopulation.



► Business Development Approach

# Building a prototype of a Comprehensive Cyclical System of Resource Usage in the town of Minamisanriku, a stepping-stone to a roll-out in Japan and SE Asia.

## STEP 1 Forging a Comprehensive Cyclical System of Resource Usage

AMITA will identify neglected resources in a region and design a social system that makes the best use of them. Businesses providing core infrastructure that can form the backbone of cyclical resource flow within a region (hereafter called "core businesses") will be developed and expanded in parallel with multiple collateral businesses, in order to maximize synergies in the construction of a complete model that provides a stable and profitable business platform.

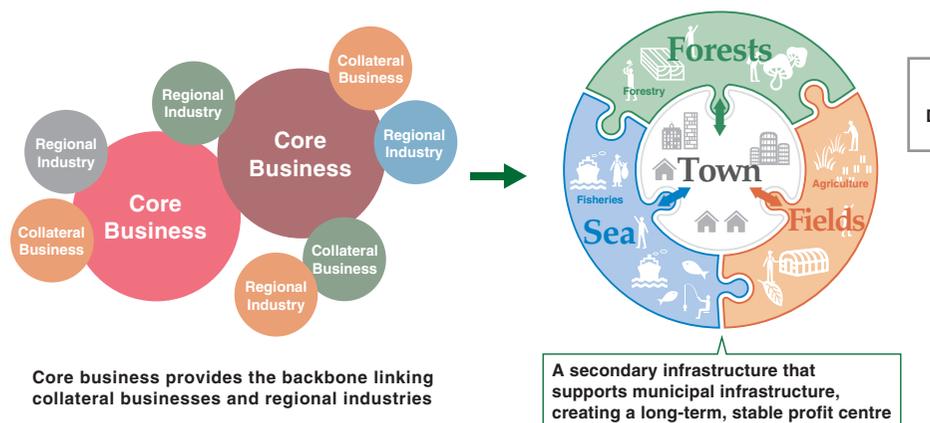
### Core Business Initiative Approach

At the initial stage, take advantage of support offered by national and municipal governments to conduct resource surveys and feasibility studies. In the course of formulating a concrete business plan, determine appropriate balance of public sector and private sector investment to ensure business viability.

### Core Business Rollout Sequence and Investment Scheme (Outline)

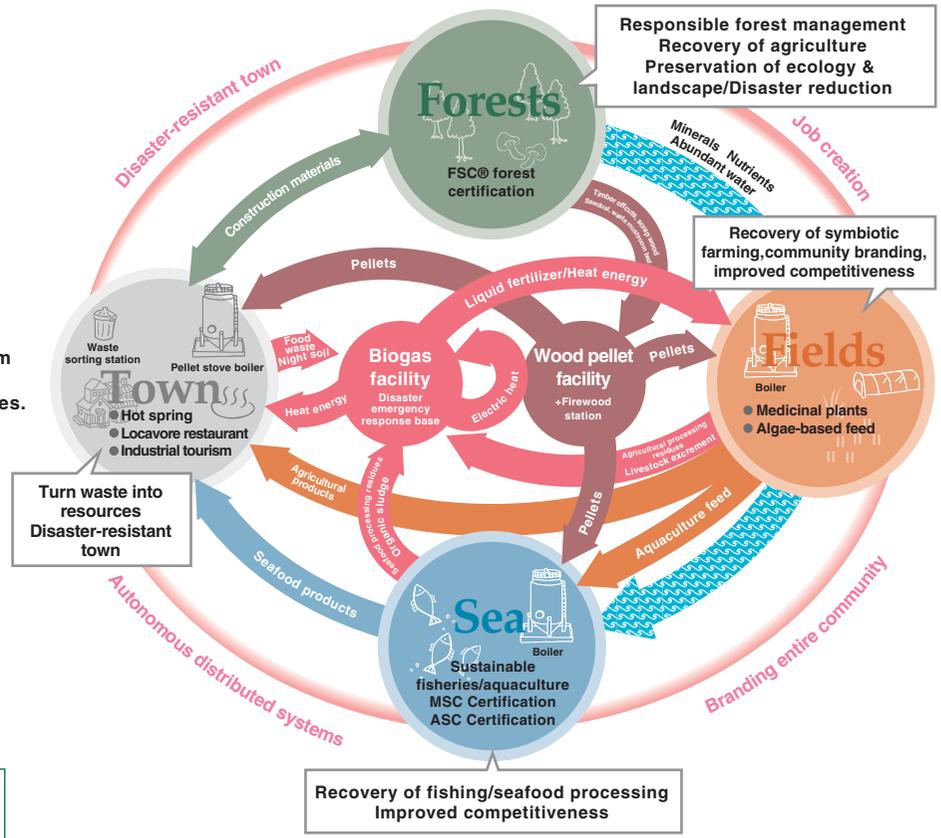
Business Sequence	Survey regional resources that can be harnessed	Pilot project/ Feasibility Assessment	Planning & Consensus Building	Investment/ Build infrastructure	Operate/Provide operational support
Investment Scheme	In initial phase, take advantage of public funding, subsequently ramp up business investment level.				

### Architecture of a Comprehensive Cyclical System of Resource Usage



### The Minamisanriku Model: A Prototype of a Comprehensive Cyclical System of Resource Usage

Since 2011, the AMITA Group has been building a prototype of a Comprehensive Cyclical System of Resource Usage in the town of Minamisanriku in Miyagi Prefecture. The Minamisanriku Model uses biogas and wood pellet production as its core businesses while developing collateral businesses such as symbiotic farming and medicinal plants. Efforts continue toward completing the model system in 2018.



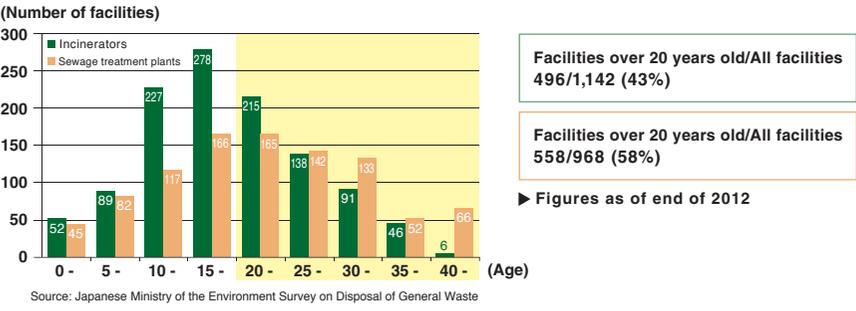


## STEP 2 Pursuing multifaceted opportunities in Japan and Southeast Asia

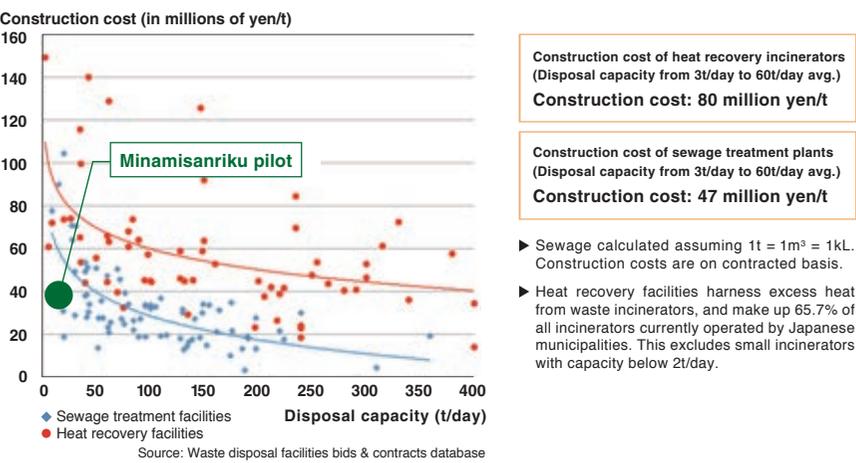
**Japanese Market** In Japan, 43% of incinerators and 58% of sewage treatment plants are currently past their 20-year service life. Amid an aging and shrinking population, many municipalities face the challenge of renovating or repairing these facilities. AMITA is moving rapidly to develop a business serving this need.

**Southeast Asian Market** AMITA plans to roll out a comprehensive resource recycling model tailored to the conditions of individual regions of Southeast Asia, where many countries face waste disposal problems, underdeveloped utility infrastructure, and high dependency on imported food and energy.

**Age of municipal waste incinerators and sewage treatment plants**  
 At 20 years of service life, incinerators and sewage plants require replacement or renovation. In Japan today, the number of these superannuated facilities is growing, and appropriate new utility infrastructure is needed to serve a declining population.



**Construction costs for heat recovery/sewage treatment facilities**  
 When a small-capacity, small-scale infrastructure facility is constructed, the unit cost is usually higher. The Minamisanriku pilot project is planned to have a small-scale, low-cost biogas facility that will pioneer a new model of utility infrastructure.



**Rising energy dependency ratio**  
 Petroleum production in ASEAN countries is predicted to shrink by one-third between 2012 and 2035. In that period, the ratio of imported petroleum will double to 75%. Securing energy supplies is a critical issue for the region.

**Unelectrified areas**  
 In ASEAN countries 130 million people live in areas lacking electricity. Many are islands or mountainous regions that are challenging to electrify.

**Areas facing waste disposal challenges**  
 Indonesia is one country where recycling of household waste hovers somewhere around 7%. Inappropriate waste disposal (such as indiscriminate dumping) poses a pollution threat to surrounding waterways and oceans.

**ASEAN petroleum import ratio 75% (2035)**

Source: OECD/IEA

**Population of unelectrified areas in ASEAN 130 million**

Source: ASEAN-RESP

**Recycling of household waste in Indonesia 7%**

Source: Indonesian Ministry of the Environment

**AMITA plans to pursue business opportunities addressing these three overlapping issues, focusing on island communities.**

► 2014 Goals and Performance

## Creating business opportunities by harnessing neglected resources from forests, fields, the sea and the town, and bringing a new vision of regional community into focus

In 2014, we at AMITA focused on building our Comprehensive Cyclical System of Resource Usage prototype in the town of Minamisanriku, successfully concluding an MOU with the local government for construction of a biogas facility. Preparations are now underway that should see this facility begin operation in autumn 2015. Progress was made on business expansion opportunities outside Japan in Palau and Vietnam (Cát Bà Island) in the form of on-site market studies and negotiations with relevant organizations. Meanwhile, within Japan, we carried out surveys, pilot projects and relationship-building aimed at harnessing neglected resources of forest, fields and town in the Keihoku region of Kyoto.



Strategy Element	FY2014 Key Priorities	FY2014 Performances
<b>Harnessing neglected resources from forests, fields, and the sea</b> 	<ul style="list-style-type: none"> <li>■ Studies of local potential</li> </ul>	<p><b>Progress on Minamisanriku Model business</b></p> <ul style="list-style-type: none"> <li>• Provided technical guidance and sales support for symbiotic farming in the town of Minamisanriku in Miyagi Prefecture.</li> </ul> <p><b>Pursue expansion of Comprehensive Cyclical System of Resource Usage to other regions</b></p> <ul style="list-style-type: none"> <li>• Commissioned by the city of Kyoto (fee: 5.3 million yen) to conduct a survey identifying resources in the Keihoku area and propose revitalization measures. Continuing to carry out studies and proposals toward realizing this business opportunity.</li> <li>• Commissioned by the city of Kaga in Ishikawa Prefecture (fee: 5.55 million yen) to assess the practicality and effectiveness of symbiotic agriculture for the purpose of protecting rare bird species, and to provide support for branding of farm products.</li> </ul> <p><b>Develop technologies for regional cyclical systems along with new business</b></p> <ul style="list-style-type: none"> <li>• Expanding from Minamisanriku to the Keihoku area of Kyoto, carrying out cultivation, marketing and selling of medicinal plant <i>Angelica acutiloba</i> (sales: 450,000 yen; area: 500 m<sup>2</sup>). Also begin business cultivating Panax ginseng.</li> </ul>
	<ul style="list-style-type: none"> <li>■ Develop medicinal plant cultivation techniques and expand cultivated area</li> </ul>	
	<ul style="list-style-type: none"> <li>■ Develop mechanisms for commercializing and distributing products</li> </ul>	
<b>Harness neglected resources from local communities</b> 	<ul style="list-style-type: none"> <li>■ Increase empathy capital of communities</li> </ul>	<p><b>Push forward with Minamisanriku Model business</b></p> <ul style="list-style-type: none"> <li>• Executed comprehensive contract with Minamisanriku town government for biogas plant, performed facility design, etc.</li> </ul> <p><b>Pursue expansion of Comprehensive Cyclical System of Resource Usage to other regions</b></p> <ul style="list-style-type: none"> <li>• Commissioned by Japan's Ministry of the Environment to carry out pilot project and business feasibility studies related to recycling infrastructure businesses (biogas/solid combustion fuel/calorific cement materials) in Palau (fee: 28.7 million yen) and Vietnam's Cát Bà Island (fee: 5.55 million yen).</li> </ul> <p><b>Develop technologies for regional cyclical systems along with new business</b></p> <ul style="list-style-type: none"> <li>• Performed assessment of establishing a community based on a "sharing economy" model in the Keihoku area of Kyoto, aimed at providing settlement for migrants; formulated and proposed a regional vision. (Proposal will be carried out in 2015.)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Develop infrastructure for recycling household waste</li> </ul>	
	<ul style="list-style-type: none"> <li>■ Build resource collection systems</li> </ul>	

## Progress on Minamisanriku Model

### Investing and Building Infrastructure for Biogas Business

For the past several years, AMITA has been proposing mechanisms for building a Comprehensive Cyclical System of Resource Usage, including a biogas business, in the town of Minamisanriku. In 2014, we focused on preparations to get the biogas facility in full-scale operation, by facilitating public information meetings (hosted by the local government) at approximately 60 locations around the town, explaining how the facility will work and how residents will need to sort their rubbish. We also contracted with the town government to handle distribution of liquid fertilizer, in order to promote usage of liquid fertilizer when the biogas plant begins operations. Over the course of 2014, we distributed approximately 90 tons of liquid fertilizer to the community.

The wood pellet business is also moving toward implementation as illustrated by our business plan proposal, which is aligned with the Minamisanriku Biomass Industries City Concept.

► For plans for 2015, please see P45



As of end of 2014

## Expanding the Comprehensive Cyclical System of Resource Usage to New Regions in Japan

### Resource Survey and Vision Formulation for the Keihoku region of Kyoto

AMITA carried out a survey identifying resources in the Keihoku area of Kyoto (commissioned by the city of Kyoto for a fee of 5.3 million yen). The distribution of vacant houses was mapped, issues were identified and ways to make the best use of the house were proposed.

Following on from that, AMITA was commissioned (fee: 1.85 million yen) to formulate a vision for revitalizing the region. We convened an expert advisory committee to formulate the vision and explore specific measures, and moved toward issuing a proposed basic plan in March 2015. Once the vision is adopted, we plan to assess how AMITA would pursue specific business opportunities in the context of revitalization initiatives.



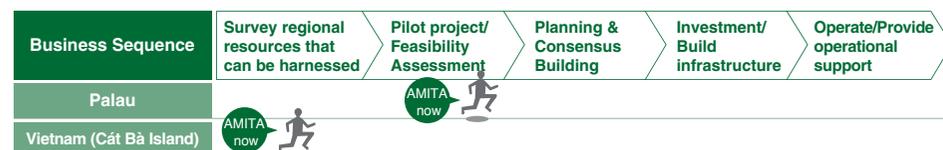
As of end of 2014

## Expanding the Comprehensive Cyclical System of Resource Usage to New Regions outside Japan

### Evaluation and Negotiation for Cyclical System of Resource Usage in Palau

Since May 2014, studies have been progressing toward the creation of a Cyclical System of Resource Usage and Low-Carbon Social Model for Palau and Vietnam. Based on the biogas project in Minamisanriku, the optimal cyclical resource usage model for local conditions, bearing in mind the type and amount of waste, and the local way of life, is being evaluated and negotiations with government authorities to launch this business are moving forward. In December, the Japan pavilion at the 20th Conference of Parties to the United Nations Framework Convention on Climate Change in Peru featured these AMITA projects.

► For details please see P15



As of end of 2014

## Develop Technologies for Regional Cyclical Systems along with New Business

### Establish Production System to Stabilize Medicinal Plant Business

Since 2012, the AMITA Group has been conducting joint research with Chiba University aiming to establish domestic cultivation of medicinal plants that are in high demand in Japan and have a mainly imported supply. For Angelica acutiloba, we have developed cultivation techniques to produce stems and leaves efficiently in one year, and, for Panax ginseng, techniques to grow the plants to a size in one year that would normally take three. In 2014, we expanded test cultivation from Minamisanriku to the Keihoku region of Kyoto, expanded the area under cultivation, established a more stable supply, and proposed new sales channels.



As of end of 2014

► 2015 Business Development Goals

# Begin operating biogas facility in Minamisanriku within the year and take steps to expand Comprehensive Cyclical System of Resource Usage both inside and outside Japan

	2015 Key Development Goals		From 2016: Steps to Commercialization and Development Goals	
	Recycling Infrastructure Domain	Natural Products Domain	Community Domain	
Push ahead with Minamisanriku Model business	<ul style="list-style-type: none"> <li>■ Biogas facility up and running within the year</li> <li>■ Proceed with business plan targeting launch of wood pellet business in 2018 and support efforts of Minamisanriku government to expand pellet users</li> <li>■ Assess specifications of wood pellet plant</li> <li>■ Promote wider use of liquid fertilizer in advance of targeted 2016 start of full-scale operations (Goal: Distribute 150t in FY2015)</li> <li>■ Support government-led information campaign on rubbish separation</li> </ul>	<ul style="list-style-type: none"> <li>■ Support symbiotic farming (establish methods of growing "Minamisanriku: Forests, Fields, Sea"-brand Sasanishiki rice; support branding)</li> <li>▶ Target for avg. yield of 28 bales/10 ares (approx.)</li> </ul>	No specific initiatives planned at present	
Expand model intra-regional cycle of resources and energy usage to other regions (in Japan)	<ul style="list-style-type: none"> <li>■ Carry out studies/proposals for Comprehensive Cyclical System of Resource Usage in 1 or 2 other municipalities</li> </ul>	No specific initiatives planned at present	Proceed with vision formulation for Keihoku region as commissioned by city of Kyoto and assess business opportunities/make business plan	
Expand model intra-regional cycle of resources and energy usage to other regions (outside Japan)	<ul style="list-style-type: none"> <li>■ Palau                             <ul style="list-style-type: none"> <li>• Work toward agreement with local residents and government on design of business for cyclical resource and energy usage (Plan for partial commercial operation by March 2016)</li> <li>• Conduct additional studies on waste volumes</li> <li>• Begin tyre recycling operations</li> <li>• Evaluate specifications for biogas/solid combustions fuel plants</li> </ul> </li> <li>■ Vietnam (Cát Bà Island)                             <ul style="list-style-type: none"> <li>• Conduct studies on rubbish volume and sorting</li> </ul> </li> </ul>	No specific initiatives planned at present	No specific initiatives planned at present	
Develop technologies for regional cyclical systems along with new business	No specific initiatives planned at present	<ul style="list-style-type: none"> <li>■ Develop cultivation techniques for medicinal plants, and then commercialize</li> <li>▶ Double cultivated area (from approx. 50 ares to approx. 1 hectare) to increase volume and sales</li> <li>■ Propose environmental certification to improve marketability of forestry and fisheries resources</li> </ul>	No specific initiatives planned at present	

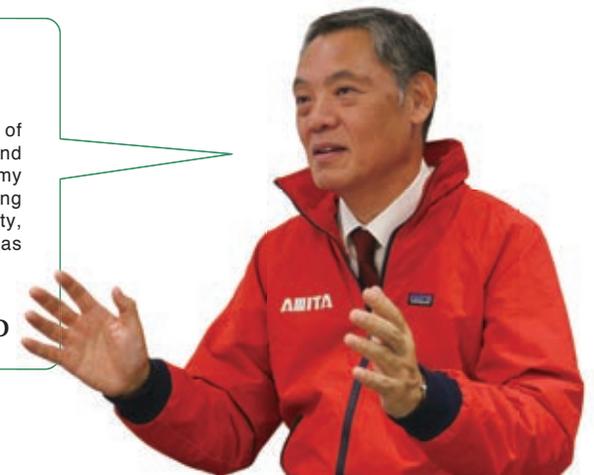
## Using our years of experience in the Terrestrial Resources Business, we will successfully get our biogas business up and running.

The Regional Resource Business creates new value by forging new connections within a region.

To accomplish that, simply building plants and other infrastructure is not good enough. There must be inputs and outputs for the value generated within the region. These may be newly created collateral businesses or industries that already exist in the region. Naturally, they are mediated by people and nature, so connecting them requires study and fine-tuning to ensure mutual harmony and benefit. That is what makes the Regional Resources Business challenging and also

rewarding. We have a proud history, dating back to the founding of The AMITA Group, of listening carefully to our stakeholders and creating value from those connections. I personally am applying my maximum efforts and long years of experience in the recycling business to closely manage the construction schedule, safety, facilities specifications, and workflow of the Minamisanriku biogas facility, so that it can be built and in operation by the end of 2015.

Takafumi Hasegawa, CSO



2015  
Key Topics

# In the autumn of 2015, in the town of Minamisanriku in Miyagi Prefecture, a cyclical resource usage system, with a biogas facility at its core, will begin operation.

## Outline of biogas business in Minamisanriku

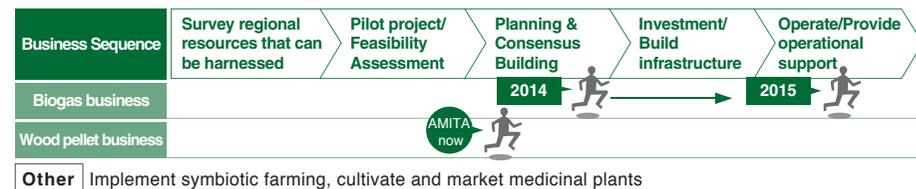
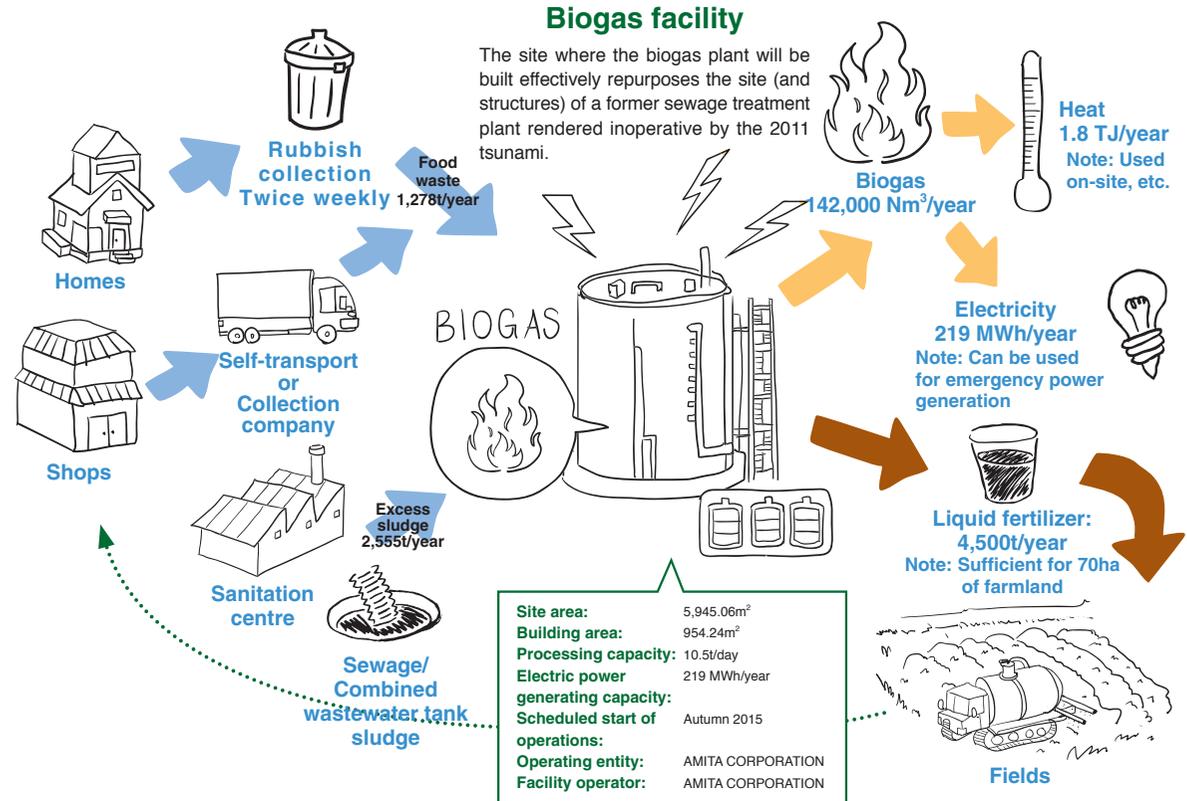
Food waste, sewage sludge, and other organic waste produced by the homes and businesses of Minamisanriku will undergo fermentation to produce biogas and liquid fertilizer. Biogas will be used at the facility to generate electricity, etc., while liquid fertilizer will be distributed to farms. This business will create a mechanism for intra-regional cyclical usage of resources, and in the future contribute to a better local economy and reduction of the risks associated with incinerators, landfills, etc.

### Business Parameters

<b>Investment</b>	400 million yen
<b>Subsidies</b>	Subsidy of 149 million yen allocated by MAFF (to be paid in 2016 under FY2014 programme facilitating "sectoriary sectorization": diversification of business into agricultural-related manufacturing and services in rural communities)
<b>Projected revenue</b>	70-80 million yen/year (subject to change)
<b>Contract period</b>	15 years, starting 2015
<b>Site</b>	Provided by Minamisanriku municipal government free of charge
<b>Investment recovery period</b>	7 years (ca. 2022)

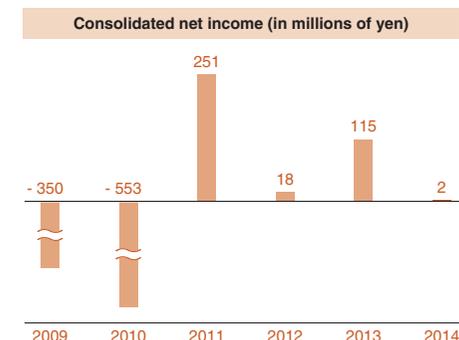
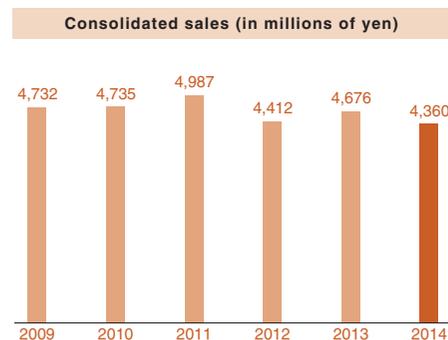
### Schedule

<b>Dec 2012 through Mar 2013</b>	Pilot project for biogas facility operation in Minamisanriku
<b>Jul 2014</b>	AMITA chosen as partner for Minamisanriku Biomass Industries City Concept
<b>Mar 2015</b>	Start of construction
<b>Autumn 2015</b>	Facility begins full-scale operations



These are the AMITA Group's financial results for FY2014 (Jan. 1, 2014 - Dec. 31, 2014).

The AMITA Group's consolidated sales, consolidated operating income, and consolidated net income over the past six years.



## Financial Statement

The AMITA Group's Consolidated Balance Sheet, Statement of Income and Statement of Cash Flows for FY2014.

### ● Consolidated Balance Sheet (in thousands of yen)

	Current period December 31, 2014	Previous period December 31, 2013
<b>(Assets)</b>		
Current assets	1,664,661	2,102,839
Fixed assets	2,072,570	2,142,791
Property, plant and equipment	1,836,599	1,935,269
Intangible fixed assets	67,814	33,251
Investments and other assets	168,155	174,270
<b>Total assets</b>	<b>3,737,231</b>	<b>4,245,630</b>
<b>(Liabilities)</b>		
Current liabilities	1,599,993	1,913,638
Fixed liabilities	1,434,194	1,619,438
<b>Total liabilities</b>	<b>3,034,187</b>	<b>3,533,076</b>
<b>(Net assets)</b>		
Equity	703,157	712,553
Common stock	474,920	474,920
Capital surplus	244,683	408,499
Retained earnings	-16,262	-170,731
Treasury stock	-183	-134
Other comprehensive income	-113	-
<b>Total equity</b>	<b>703,043</b>	<b>712,553</b>
<b>Total liabilities and equity</b>	<b>3,737,231</b>	<b>4,245,630</b>

### ● Consolidated Statement of Income (in thousands of yen)

	Current period January 1 through December 31, 2014	Previous period January 1 through December 31, 2013
Net sales	4,360,599	4,676,087
Cost of sales	3,030,345	3,173,127
Gross profit	1,330,254	1,502,960
Selling, general and administrative expenses	1,414,891	1,367,823
Operating income/loss	-84,636	135,137
Non-operating income	8,384	45,563
Non-operating expenses	25,449	73,925
Ordinary income/loss	-101,702	106,775
Extraordinary income	110,605	117,963
Extraordinary losses	17,122	3,038
Income/loss before income taxes and minority interests	-8,219	221,700
Income taxes, current	33,854	43,692
Income taxes, deferred	-44,419	62,075
<b>Net income</b>	<b>2,345</b>	<b>115,932</b>

### ● Consolidated Statement of Cash Flows (in thousands of yen)

	Current period January 1 through December 31, 2014	Previous period January 1 through December 31, 2013
Net cash used in operating activities	78,197	440,085
Net cash used in investing activities	-75,017	-64,670
Net cash used in financing activities	-317,396	-202,963
Effect of exchange rate changes on cash and cash equivalents	-959	13,889
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-315,176</b>	<b>186,341</b>
Cash and cash equivalents at beginning of period	1,052,952	866,610
<b>Cash and cash equivalents at end of period</b>	<b>737,775</b>	<b>1,052,952</b>

# Financial Position and Performance

## Integration of financial position and performance

We refer to a maxim: "FY2014 is the launch pad for progress beyond the next fiscal year." AMITA's plans for the three-year period between 2014 and 2016 are a revolution in the company's business activities, starting from a position of budget deficit.

The group's consolidated sales for FY2014 stood at 4.36 billion yen — 6.7% down from the previous year. But despite this relative decline in both operating and ordinary income — under the influence of diminished consolidated sales and gross profit margins as the waste disposal effort that followed the March 2011 Great East Japan Earthquake and Tsunami came to an end—receipt of damages due to the disaster at the Fukushima Daiichi Nuclear Power Plant kept net profits for the year at 2,345,000 yen.

## Points relating to Profit and Loss Statement

### Net sales

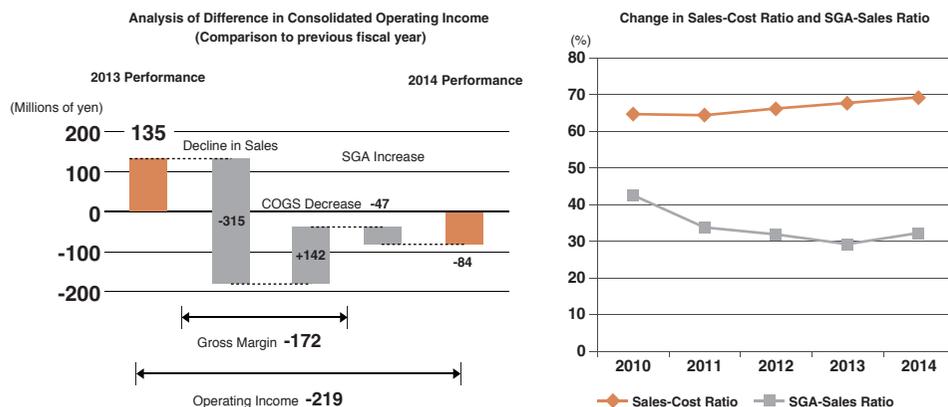
When it came to sales for the terrestrial resources business, although handling volume at the Kitakyushu Resource Recycling Plant saw favourable developments, the conclusion in FY2013 of waste disposal operations stemming from the March 2011 Earthquake and Tsunami meant that consolidated sales stood at 4,360,599,000 yen—down 315,488,000 yen, or 6.7% from the previous term.

### Cost of Goods Sold (COGS) and Selling, General and Administrative Expenses (SGA)

The decline in net sales relative to the previous year saw COGS fall by 142,782,000 yen. Sales-cost ratio rose by 1.6% over the same period due to the decline in post-disaster waste-disposal operations, which have high profit margins.

Although factors including increased value of goods laid in meant that the first half of fiscal 2014 saw a corresponding increase in production costs, revised production cost estimates for selected production plants meant that figures over the full year returned approximately to initial expectations.

Factors including increased equipment costs produced an SGA increase of 47,068,000 yen relative to the previous fiscal year. In 2010, SGA-to-sales ratio stood at 42.5%, but cutbacks implemented from 2011 onwards saw a transition in this figure to around 33%. The company aims to maintain this trend of reduction in SGA.



## Ordinary Profit/Net Income/Profit Distribution

With a fall in interest and insurance dividends received relative to the previous term, pre-tax losses stood at 101,702,000 yen — a change of 208,477,000 yen. This was counteracted partially by receipts including compensation following relocation of headquarters (+29,382,000 yen) and damages due to the disaster at the Fukushima Daiichi Nuclear Power Plant (+81,222,000 yen), leaving net profits for the year at 2,345,000 yen—down 98%, or 113,587,000 yen, from the previous year.

Taking into account this poor financial performance, it is with great regret that we announce the non-payment of dividends this year.

## Points relating to the balance sheet

### Assets

Although the development of outsourcing services for the waste management business represented an increase in intangible fixed assets, decreases in notes and accounts-receivable trade resulting from the repayment of long-term loans, along with the end of post-disaster waste disposal activities resulted in a decrease of 508,399,000 yen in the value of the company's assets compared to the settlement of accounts for the previous fiscal year to a consolidated sum of 3,737,231,000 yen.

### Liabilities and Capital

Decreases, including to advances received due to reductions in long-term loans repayable and reduction of inventory, produced a 498,888,000 yen reduction in liabilities to 3,034,187,000 yen. Although capital declined by 9,510,000 yen relative to the previous year's consolidated accounts, the decrease in total capital produced a net equity ratio of 18.8% an increase of 2% over the previous fiscal year.

## Cash-Flow Situation

Decreases in cash flow due to investment activities including expenditure on the acquisition of tangible fixed assets, as well as financing activities including the repayment of long-term loans left cash flow standing at 737,775,000 yen — an overall decrease of 315,176,000 yen compared to the previous year.

### Cash Flow Resulting from Business Activities

Although there were reductions in cash flow for reasons including uncollected damages, outgoing payments including corporation tax, decreases including to accounts receivable-trade saw the result of business activities improve by 78,197,000 yen.

### Cash Flow from Investment Activities

Despite gains including the recovery of lease receivables, expenditure, including on the acquisition of fixed tangible assets (83,522,000 yen) and fixed intangible assets (50,407,000 yen), meant an overall decrease in capital from investment activities to 75,017,000 yen.

### Cash Flow from Financing Activities

Although 400,000,000 yen was brought in through borrowing on long-term loans, repayments of 659,142,000 yen on existing long-term loans resulted in an overall decrease in capital from financing activities to 317,396,000 yen.

## Plans for FY2015

Reassessing Past Activities, to Improve Earnings and Ensure Steady Progress of New Business Initiatives

### Plans for FY2015

(Unit: millions of yen)

	Net Sales	Operating Profit	Ordinary Profit	Net Income
FY2015	4,757	110	80	69

### Activities in FY2015

At present, there is a trend of decreasing profitability in our Terrestrial Resources Business, particularly the domestic Recycling Business that has until now provided the bulk of our Japan earnings.

#### 1. Expansion of the "Best Way to Manage Waste" Service

We aim to boost sales of Best Way to Manage Waste (our waste management outsourcing service launched in 2014) and related services by 25 million yen (For more details, see P8)

#### 2. Commence Operations at Taiwan Resource Recycling Plant Utilizing Our Unique Technology

We will commence operations at our resource recycling plant in Taiwan, AMITA's first recycling base outside Japan, aiming to achieve net sales of 230 million yen by the third year of operation. With demand for recycling in Southeast Asia expected to increase, we aim to speed up consideration of our recycling business in Malaysia, and prepare to advance activities across the region, setting a 2016 sales target of 1 billion yen for our businesses in other countries. (For further information, see P12)

#### 3. Boosting Production Efficiency at Resource Recycling Plants, and Development of New Alternative Resources

As well as aiming for improvements in production efficiency at our recycling plants, we will conduct development of recycled products aimed at producers of both ferrous and nonferrous metals, along with the development and production of new recycled products aimed at specific business operators. (For more details, see P26)

#### 4. Client Development through Expansion of Franchises in Collaboration with Recycling Partner Businesses

In addition to cultivating the market in the Shinetsu-Tohoku South regions through support offered to facilities run by partner businesses using AMITA's recycling technology, we will promote partnerships with a number of companies. (For more details, see P27)

#### 5. Reform of Business Management Systems

At the same time as introducing product management tools, we must be meticulous in enacting our PDCA cycle. We intend to approach budget and schedule with even greater rigor, and increase the speed and quality of our business development.

Additionally, in order to advance development with the Regional Resources Business as the mainstay of future income, as well as the investment in the biogas business in Minamisanriku we will continue to initiate new businesses on the basis of extensive feasibility studies.

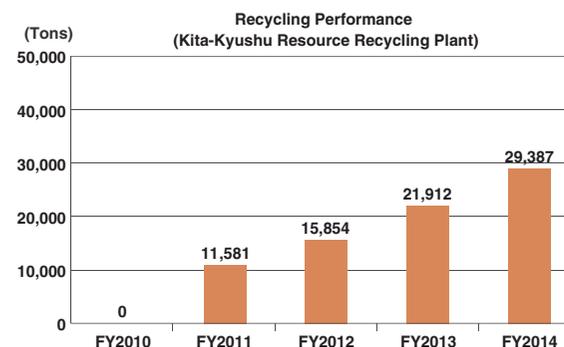
## Recycling Activities in Japan

Besides progress in recycling performance at our Kita-Kyushu Resource Recycling Plant, FY2014 saw activity to reduce cost of sales at our Ibaraki Resource Recycling Plant and a weakening of the trend of an increase in cost of sales. In FY2015, alongside a review of production costs at all production facilities and measures to bring down cost of sales, we are aiming for progress in recycling performance, starting with our Kita-Kyushu plant.

### Areas of Progress in FY2014

#### 1. Activities at Our Kita-Kyushu Resource Recycling Plant

Progress in client development saw performance double relative to 2012.



#### 2. Activities to Reduce Cost of Sales at Our Ibaraki Resource Recycling Plant

Gross profit margins at our Ibaraki Resource Recycling Plant saw an increase of almost 10% due to: improvements in methods of removing foreign matter from received waste and development of new customers due to improvements in product quality; regulation of the amount of waste accepted in order to stabilize the operating efficiency of production plants; and measures to ensure optimal product mix and streamline distribution.

## Shareholder Return Policy

The basis of AMITA Group's dividend policy is return of profit to investors at a level commensurate with performance, while aiming to strengthen our finances and management base, and taking steps to secure the necessary investor reserves. The target is to pay a generous dividend of 30% of consolidated net income at the end of each term. Although it was with great regret that no dividends were paid for FY2014, based on the above principles we forecast a payment of 17.7 yen per share in FY2015.

# Activities and Policies of Three-Year Midterm Plan

## Three-Year Midterm Plan (2015–2017)

(Unit: millions of yen)

	Term ending December 2015	Term ending December 2016	Term ending December 2017
Sales	4,757 (-324)	5,588 (152)	6,309
Operating Income	110	289 (-61)	512
Ordinary Income	80	278 (-42)	503
Net Income	69	346 (-63)	343

- ▶ Amendments to the three-year midterm forecast as described in last year's report shown in red. Revised figures given in brackets.
- ▶ Comparison of three-year midterm plan as described in last year's report (2014–2016) with earlier three-year midterm plan, and the three-year midterm plan announced this year (2015–2017).

### Changes from earlier three-year midterm forecast and rationale for the changes

#### Term Ending December 2015

- In the new three-year midterm plan 2015 sales figures of 4,757,000,000 yen are used (down 324,000,000 yen from earlier versions). There are no changes in operating income, ordinary income, and net income.

The 324,000,000 yen decrease between the new forecast and earlier versions is principally due to changes to existing facilities, along with delays in operations due to administrative requirements as part of the expansion outside Japan of resource recycling facilities. At present, executives are stationed at the facilities of our business groups in other countries and are moving to ensure timely commencement of operations. In addition, after achieving consistent results in 2014 through action to reduce COGS at our Ibaraki Resource Recycling Plant, a horizontal expansion to other resource recycling facilities is planned for 2015, as part of an overall strategy to secure profits.

#### Term Ending December 2016

- In the new three-year midterm forecast, net sales estimates have been revised to 5,588,000,000 yen (up 152,000,000 yen from earlier versions), while operating income has been amended to 289,000,000 yen (down 61,000,000 yen), ordinary income to 278,000,000 yen (down 42,000,000 yen) and net income to 346,000,000 yen (down 63,000,000 yen).

Although joint ventures with collaborative partners are being considered for a number of our businesses outside Japan, due to the enactment of a temporary change of plan to reduce investment in joint ventures, taking into account business risks and the views of collaborative partners, targets in net sales, operating income, ordinary income, and net income have been adjusted accordingly for the ventures concerned.

- On the other hand, our Terrestrial Resources Business has seen advances in the development of new recycling methods, including recycled products aimed at specific proponents, meaning that overall sales forecasts have been upwardly revised from earlier versions of the three-year midterm forecast.
- ▶ For term ending December 2017, due to development of new recycled products, along with sales of environmental best practice outsourcing, and development of recycling business in Taiwan and SE Asia scheduled for 2016, sales are estimated at 6,309,000,000 yen, and net income at 343,000,000 yen.

### AMITA Group Financial Approach

Under the AMITA Group mission of realizing a sustainable society, our goal is to ensure administrative efficiency, health, and transparency, while maximizing business capital and securing the trust of shareholders and customers alike.

Net sales, operating income and operating profit margins are key indicators of growth and profitability, while return on equity serves as a key indicator of capital efficiency. We aim to maintain a trend of increases and improvements in these indicators.

Though FY2014 was viewed as a key year in which to lay the groundwork for future growth, in which operating losses were planned for while focusing on development, in the years ahead we are aiming for steady improvements in sales, operating income, and operating profit margins. In the period 2015–2017 we are planning for a 32.6% improvement in sales, along with a 365.5% increase in operating income. The resulting increase in profit margins is expected to bring improvement in capital efficiency.

Investment projects for FY2015 onwards include a comprehensive cyclical resource system in Minamisanriku and development of recycling in other countries. With interest rates low at present, indirect finance forms a key pillar of our financial plan with a view to steady business growth. Nonetheless, while continuing to consider the enactment of measures aimed at ensuring the financial health and stability of the company, we will continue to place great importance on shareholders' interests, while implementing a well-balanced financial plan and capital allocation policies to prevent decline in asset turnover.

Main quantitative criteria for investment in business include key indicators such as investment payback period and return on invested capital. Use of such concrete indicators, calibrated for business segment and conditions, allows consideration of acceptable risk when seeking to implement investment projects. Even after implementation of such projects, a distinction must be drawn between plan and performance, checks enacted, and strategies for improvement implemented where necessary. If, however, improvements fail to materialize, the decision to withdraw from a given project must be made according to consistent standards.

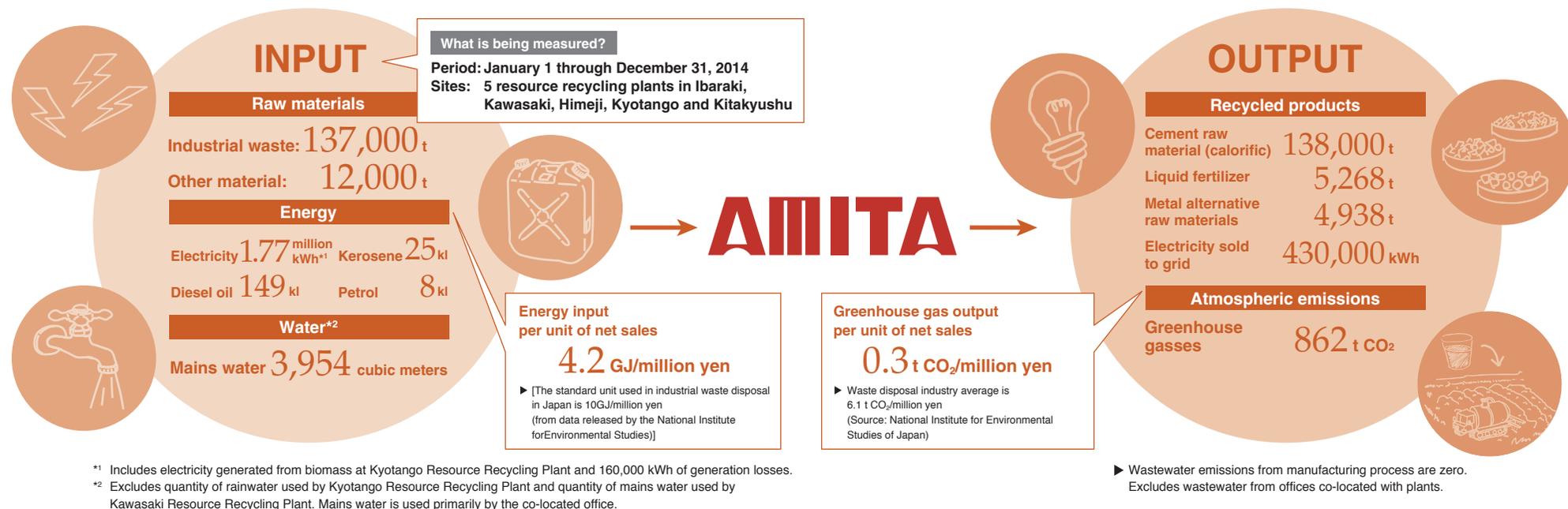
From here on in, in my role as chief financial officer, I intend to propose business improvements arrived at through multifaceted financial analysis, and to take an active role in business operations, including participating in projects aimed at improving profits. I also intend to ensure that operating risks are considered in minute detail, in order to create a stable management base.



Taro Shimizu, CFO

## Material balance

The Terrestrial Resources Business, the core of the AMITA Group, seeks to achieve 100% recycling, with no material sent to incinerators or landfill disposal. AMITA is also striving to reduce the use of combustion and water in manufacturing activities in order to minimize environmental burdens. Here we offer an overall picture of the AMITA Group's environmental footprint and the environmental value it creates.

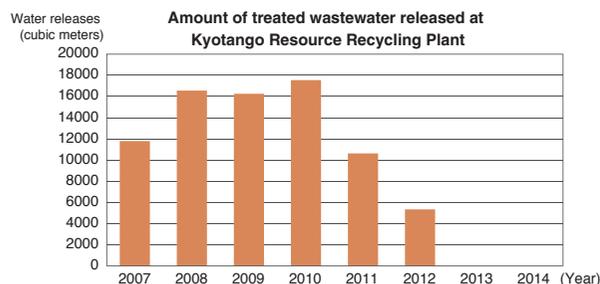


\*1 Includes electricity generated from biomass at Kyotango Resource Recycling Plant and 160,000 kWh of generation losses.  
 \*2 Excludes quantity of rainwater used by Kyotango Resource Recycling Plant and quantity of mains water used by Kawasaki Resource Recycling Plant. Mains water is used primarily by the co-located office.

## Initiatives to reduce environmental footprint

### Initiatives to cut emissions of treated wastewater to zero

At our Kyotango Resource Recycling Plant, where methane generated from digesting organic waste is used to generate electricity, release of treated water from methane digestion into the watershed has ceased, and this treated water is now being developed as a liquid fertilizer resource. Zero wastewater release was achieved in 2013.



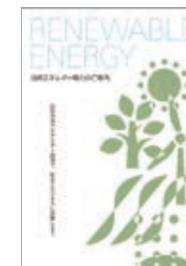
### Green energy usage

#### Embracing use of renewable energy

In October 2014, AMITA launched a line of business acting as a representative for sales and purchases of green electric power\*. From 2015 onward, renewable energy will be adopted at AMITA plants, and the proportion of renewable energy in our resource inputs will grow.

\* Electric power generated from solar, wind, biomass and other natural sources

Green energy was introduced starting January 2015 at our Ibaraki, Kyotango and Kitakyushu plants.



# Reducing natural resource consumption

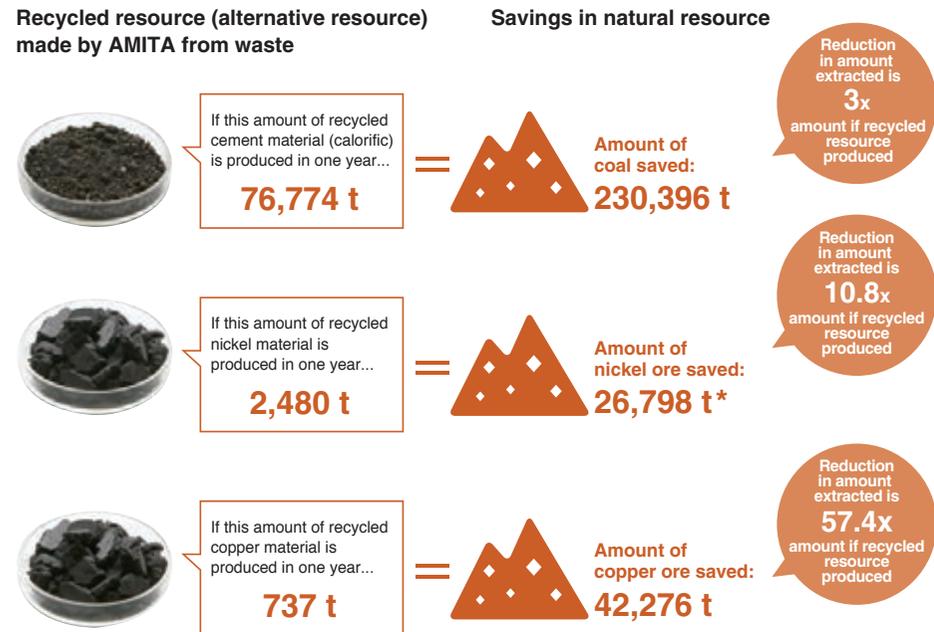
By 2050, annual global consumption of nickel is projected to be roughly triple what it is today; copper, quadruple. The fear of resource depletion is real. At the AMITA Group, by manufacturing recycled resources, we are contributing to reduced consumption of extractive natural resources. We have made it our business to tackle the serious problems of resource depletion and environmental destruction that society faces. Below, the contributions to reduced use of extractive resources made indirectly by AMITA through provision of recycled resources to society are tabulated.

► For coal mining, calculated to include the overall equivalent volume of environmental destruction including stripping of surrounding soil and rock that is saved by reduced natural resource consumption.



## Extractive resources saved by substituting recycled resources (FY2014)

The AMITA Group is reducing consumption of the following extractive resources by recycling waste.

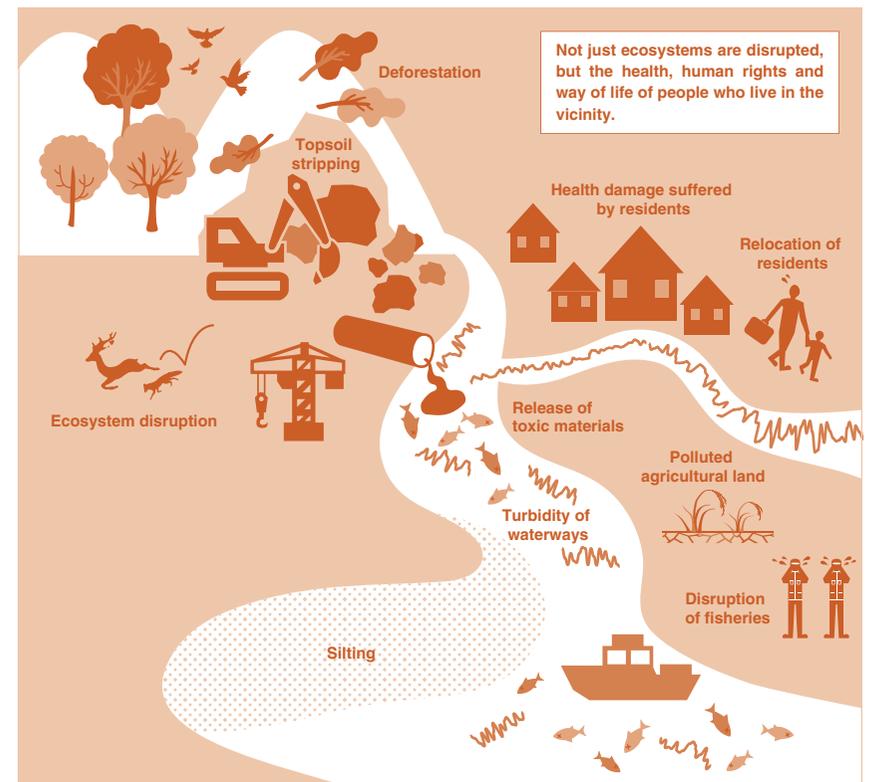


► Calculated from portion of specialty metals making up nickel alternative resources. For details on AMITA's overall resource manufacturing results, see P22.

## Negative effects on the environment of reckless exploitation of extractive resources

Extractive resources—in short, ores that are mined—have benefits for the countries and regions where they are extracted, in the form of employment creation and economic development. However, there are many cases in which reckless extraction leads to negative environmental effects: the stripping of topsoil and rock that accompanies mining and deforestation; water pollution; and alterations to ecosystems of surrounding communities.

The AMITA Group believes that each individual human being enjoying prosperity and happiness is the highest value of all. In grasping the effects of natural resource extraction, it is not quantitative measures—the area deforested or the number of people in a community suffering damaged health—that matter most. It is the impact on individual lives. Below are some actual reported examples of changes wrought by reckless mining development.



## Risks and Mitigation Measures

By identifying risks and establishing mitigation measures, a company can minimize various kinds of risk, including financial or reputational damage that might arise in an extraordinary situation.

At the AMITA Group, individual measures to mitigate material risks are implemented with consideration to two major factors:

1) The degree of importance of risks with respect to trust in our company, business goals, and stakeholders, and 2) the frequency at which various risks become reality.

### Material Business Risks and Mitigation Measures

Category	Material Business Risks	Mitigation Measures
<b>Natural Disasters</b>	Risks resulting from delays to business projects caused by suspension of function or operations at headquarters, other major bases, and production plants due to natural disasters	<ul style="list-style-type: none"> <li>The functions of our head office are divided between Tokyo and Kyoto to enable maintenance of function even during an emergency.</li> <li>We are in the process of implementing backup infrastructure to support the production plants and partner-company-run facilities involved in our core business area of recycling nationwide.</li> </ul>
<b>Legal Violations</b>	Violations by AMITA CORPORATION of laws including the Waste Management and Public Cleansing Act may lead to the revocation of business licences, resulting in suspension of operations at all production plants.	<ul style="list-style-type: none"> <li>Screening for association with antisocial elements is conducted at the sealing of contracts and opening of accounts with all contractors, suppliers and clients as part of strenuous attempts to eliminate such influences.</li> <li>All employees are provided with compliance and other training.</li> <li>A legal advice hotline is available to employees, as part of a system to respond to questions and offer advice on such matters whenever necessary.</li> <li>Changes in the law are accounted for in the extension of existing contracts and the conclusion of new contracts.</li> <li>Contracting a legal team with expertise on the Waste Management and Public Cleansing Act serves to prevent violations as well as address retrospective legal action. (See P53 for further information on compliance systems)</li> <li>We have established a database of the contracts held with recycling partner companies, and conduct frequent inspections of facilities and collection of inspection reports to ascertain conditions.</li> </ul>
	Associating with antisocial elements can lead to a loss of trust and custom, and possibly to being barred from trading on the stock market.	
<b>Preventing Data Leaks</b>	Illegal dumping or other legal violations on the part of third-party waste collectors, transport companies recommended to our customers, or partner waste disposal companies, also place AMITA at risk of loss of trust.	(See P53 for further explanation of information security measures)
	Leaks of customer and other personal information carry the risk of lawsuits and loss of trust	
<b>Accidents</b>	Fires and accidents at production plants carry the risk of suspensions to operations (due to handling of various flammable materials)	<ul style="list-style-type: none"> <li>A manual on measures to be taken in the case of a fire or other serious accident is available and is updated regularly.</li> <li>Fire prevention and extinguishing apparatus and measures are featured throughout our premises, including fire break construction and sprinklers.</li> <li>Drills based on an official manual and aimed at preparing employees for earthquakes, fires, leaks, sudden changes in temperature, flammable gas leaks and other emergencies are conducted twice a year at all production plants.</li> <li>All losses to facilities in case of fire are fully covered by fire insurance.</li> <li>We are in the process of implementing backup infrastructure to support the production plants and partner-company-run facilities involved in our core business area of recycling nationwide.</li> </ul>
	Risk of damage from pollution to areas near production plants, and the accompanying risk of liability for damages	
<b>Fluctuations in Exchange Rates and Interest Rates</b>	Changes in economic climate can lead to increases in interest rates that can drastically increase the burden of payments owed, and create a negative influence on the economic performance of AMITA Group.	<ul style="list-style-type: none"> <li>Fixed-interest long-term loans form the basis of AMITA's borrowing strategy, thereby keeping the risk from sudden fluctuations in interest rates to a minimum. New long-term loans are susceptible to the influence of changes in interest rates, which may result in longer investment payback periods for new enterprises.</li> <li>Although short-term loans are subject to variable interest, such loans did not feature in our consolidated financial results for fiscal 2014.</li> </ul>
	Risk due to fluctuations in exchange rates of the yen and the US dollar (NOTE: Transactions with businesses outside Japan, including those in Taiwan and South Korea, are conducted in US dollars.)	
<b>Other Risks</b>	Risk of suspension of function at production plants due to cancellation of land leases	<ul style="list-style-type: none"> <li>Although we cannot guarantee the actions of landowners, a portion of production plants are secured on contracts with conditions including business-use lease agreements that do guarantee continuous use rights for the duration of the contract.</li> </ul>

### Safety Policy and Performance Measures at Recycling and Production Plants

Because of the strong ties of the recycling service that forms the mainstay of the Group's business activities to both waste generators and users of recycled products, temporary or partial suspension in the operations of our Resource Recycling Plants can have a significant influence on the business activities of customer companies. For this reason, the activities in our production plants are conducted with the utmost emphasis placed on matters of safety.

#### Enhancing the Environmental and Safety Management Systems (Implementation of Risk Assessment)

All production plants conduct operations in accordance with the environmental management system ISO14001. Additionally, to curb the number or accidents, near misses, and complaints, all business operations undergo a risk assessment at the beginning of each fiscal year, with intensive efforts undertaken in high-risk areas to reduce the identified risks.

#### Key Performance Indicators

Frequency Rate: 9.34 (Industry Average: 9.07)      Severity Rate: 0.01 (Industry Average: 0.53)  
 Serious Accidents: 0      Product User Complaints: 4

- Frequency rate: The number of injuries or deaths per 1,000,000 working hours (frequency of accidents)
- Severity rate: The number of working days lost per 1,000 working hours (severity of accidents)
- Serious Accident: a legal violation, incident, or accident on a scale requiring a public announcement
- Industry average figures for frequency rate and severity rate in domestic and industrial waste disposal sector taken from 2013 Japanese Ministry of Labour, Health and Welfare report "Survey on Industrial Accidents".

# Measures for Compliance and Information Security

The business activities of AMITA group are subject to a wide variety of laws and regulations. Any infringement of recycling regulations could lead to our business permit being revoked, so compliance is a matter of utmost importance to our business.

As a “business operator handling personal information,” responsible for gathering large quantities of customer data, we have in recent years introduced a range of initiatives to strengthen our information security.

## Principal Laws Affecting the Activities of This Group



Of all the laws relevant to the activities of the AMITA Group, the Waste Management and Public Cleansing Act is of particular significance, governing as it does the collection, transport, and disposal of industrial waste conducted as part of our Recycling Business. Infringements of this law may lead to compulsory suspension of activities or the revoking of business permits, and the gravity of such potential consequences makes the Waste Management and Public Cleansing Act extremely important for us. Although AMITA faces no risk of legal censure for infringements on the part of third-parties—including but not limited to waste collectors, transport companies recommended to our customers, or partner waste disposal companies—loss of trust would be unavoidable. For this reason, we conduct rigorous inspections of all partner companies.

### Principal laws affecting the activities of this Group



## Strengthening Compliance through Employee Education and Training



To ensure further progress and stability in matters of compliance, *all employees* take part in compliance training, testing, seminars, discussions, etc. relating to the Waste Management and Public Cleansing Act.

### 1 Voluntary Seminars on the Waste Management and Public Cleansing Act

Trainer: Masazumi Horiguchi, Chief Consultant, AMITA CORPORATION  
Number of Sessions: 6  
Seminars on a variety of topics—including the Home Appliances Recycling Law, mercury waste, and how to address vehicular pollution—help to boost the level of specialist knowledge among employees.

### 2 Training in Compliance at Manufacturing Facilities

Monthly safety drills are conducted at our various manufacturing facilities. Classes on topics including the Waste Management and Public Cleansing Act and handling of pressurized gas cylinders aim to boost safety and compliance.

### 3 Compliance testing unique to The AMITA Group

165 examinees are tested through 47 questions on issues ranging from AMITA’s business activities and management, along with civil, commercial, and corporate law, to the Waste Management and Public Cleansing Act.

Boosting Awareness of and Practical Skills in Compliance.

### 4 Spreading awareness of compliance through company social networking sites

Example topics: awareness of contract durations, stamping out antisocial influences on society  
Total number of posts and comments: 114

### 5 Preventing Sexual Harassment and Power Harassment

E-learning courses on prevention of sexual and power harassment are promoted to all employees.

## Compliance



In order to ensure compliance with laws including the Waste Management and Public Cleansing Act, we have implemented the following systems:

### Established norms of behaviour

The foundations of the AMITA Group’s compliance systems are the AMITA code of conduct, compliance guidelines and compliance regulations established to ensure adherence to both national laws and company regulations, while promoting conduct based on high moral and ethical standards.

### Compliance Hotline

Our compliance hotline was established to deal with cases in which employees have doubts concerning compliance or possible contravention of laws. Specialist operators are available to provide callers with the information they require, thereby ensuring employee safety and the correct response to each individual case.

### Risk Management Systems and Monitoring Systems

A range of supervisory departments is in place to address specific business, disaster, and information security-related risks. Through the establishment of official regulations and guidelines, and the provision of training, the department in charge of legal affairs provides cross-sectional management of risk management systems.

In addition, we have established a monitoring system, under which the Internal Audit Department conducts periodical assessments of compliance with laws, statutes, and regulations. (In 2014 we handled 14 cases through this system; 10 were resolved with the problem addressed, 4 are in the process of resolution.)

## Information Security Measures



Because the AMITA Group is responsible for handling the personal details of some 30,000 customers, under the Act on the Protection of Personal Information we are regarded as a “business operator handling personal information”. The management and security of this personal information is, therefore, an issue of great importance. We therefore maintain a Security Policy, and strive year on year to strengthen the necessary measures.

► Information in red details measures implemented in 2014

### Establishing Systems for the Management of Information Security

Laying out a course of action for exceptional circumstances resulting in accident or injury

### Realizing a system to guarantee information security

- Secrecy and security of a server’s physical location
- Security software and systems protecting against viruses, spam, and unauthorized access
- Encryption of the telecommunication network
- **Measures against the erroneous sending of emails, and encryption of file attachments**
- User certification according to a directory service, and control of access
- Access privileges limited in accordance with the maxim “No Need No Access”
- Other measures

### Strengthening of Internal Information Security Regulations

Five internal regulations on the management of information have been established.

These are applied as an operational standard.

### Provision of Education on Information Security

- IT training for employees joining the company
- **Promotion of e-learning courses on the protection of personal information**

► In line with the various changes to our IT environment, 2015 will see strengthening of information security measures at our websites, and an update to our content management system.

# Initiatives Key to the Realization of Our Mission

In line with our mission of realizing a sustainable society, we are constantly striving to conduct our business so as to ensure that as industry and society continue to develop, we see ever-greater abundance of relational and natural capital.

And this relies on indicators relating both to the building of an organization in which the employees charged with realizing value creation can enjoy long careers with peace of mind, and to the forming of connections between The AMITA Group and local areas and communities.

## Building a Company that Offers a Long Career with Peace of Mind

We intend that The AMITA Group employees not only earn their living from the company, but also feel that they are part of a "work family" that complements their home and community life. By forming a community of shared purpose with valued colleagues, and connections with clients, partner companies and shareholders who endorse the AMITA mission, we create a working environment that enriches the lives of employees not just monetarily, but with a sense of accomplishment and of having made a difference to society that cannot be achieved as an isolated individual. We want employees to join us in fashioning a working environment in which they can enjoy long careers with peace of mind. We engage in constant contemplation of measures, such as abolition of the mandatory retirement system, which will improve our HR. Here we present details of working conditions and recruitment at the AMITA Group for fiscal 2014 (Note: Information given in red covers the period January 11, 2014–January 10, 2015).

Categories	Initiatives	Performance
Employment conditions	Departure rate of full employees	13% (Note: average for the service sector: 23.7%) Note: Compiled using figures from 2013 Survey on Employment by Japan's Ministry of Labour, Health and Welfare
	Average age of employees	38.18 years (average for male employees = 37.86 years; average for female employees = 38.49 years)
	Ratio of male to female employees	Male: 75% Female: 25% Proportion of male and female employees over the past 2 years 2013 Male: 71% Female: 29% 2014 Male: 77% Female: 23%
	Number of employees with disabilities (AMITA CORPORATION)	2% Note: Companies with over 50 employees are legally obliged to have employees with disabilities comprise at least 2% of their workforce. Within the AMITA Group, this applies to AMITA CORPORATION.
	Proportion of management positions occupied by female staff	8% (Note: figure comprises Group Leaders and Team Leaders)
	Average period of employment	7.81 years (2013 figure: 8.42 years)
Employment system	Number of employees on short-hours contracts	Short-hours contracts are principally used by employees caring for children. Male: 0 Female: 5 (0 managerial; 5 non-managerial)
	Number of employees working from home	Male: 0 Female: 1
Leave system	Proportion of discretionary leave taken	39% Note: average amount of paid leave taken per employee: 7 days/year
	Total leave taken to care for sick children	19 days (Male staff: 4 days, Female staff: 15 days)
	Number of employees taking time off to care for relatives	Male: 0 Female: 1
	Number of employees using AMITIME System	In 2014: 3 (all female) Total to the end of 2014: 5 (all female) Note: Under the system operated by the AMITA Group, discretionary leave not taken within two years of its conferral is lost to the individual, but stored up by the company to be used by employees.
Working Environment	Average overtime worked per employee	Yearly average: 183 hours Monthly average: 16 hours
Human resources development/training	Management Training (Leadership Academy)	Monthly training is conducted on ways to build connections between management and on-site workers.
	E-learning Figures	Total courses attended: 578 (62 individual users)

## Connections with Local Areas and Communities

In order to build good relationships with local communities, The AMITA Group offers sponsorship, assistance, and cooperation for local events. Key activities in this category are listed below.

Name/Details of Lectures or Event	Overview
Social Cinema @ Kantele	Event organized by the Kansai Telecasting Corporation (Kantele), at which residents gather to watch and discuss movies addressing pertinent social themes. The AMITA Group has contributed to the planning and running of the last three events.
The Gion Matsuri Gomi Zero Daisakusen	Seven members of staff from our Kyoto headquarters took part as volunteers in this event to reduce littering at Kyoto's traditional Gion Festival.
TEDx Kyoto 2014 "ONKOCHISHIN" (Learning the lessons of history)	At this presentation event, devoted to the theme of "Ideas Worth Spreading", AMITA took charge of the making the event more environmentally friendly, through fundraising and the issuance of green energy certificates.
Meets Green Minamisanriku	Took part in the planning of this fieldwork camp in Minamisanriku, Miyagi Prefecture, aimed at middle- and high-school students from Minamisanriku and the nearby city of Sendai. Also contributed instructors and attendants.

## Lectures and Events to Build Brand Awareness and Understanding

In order to realize a sustainable society, The AMITA Group engages in activities including hosting lectures and making policy suggestions. Details of major external lectures and events are listed below.

Name of Lecture or Event	Month Held	Outline
Taking Cyclical Systems to a New Level. Thinking beyond coordination and cooperation to a new method	2	We participated in this event, organized by the Ministry of the Environment, as the secretariat. It was aimed at promoting the certification system for businesses detoxifying waste, along with the "3Rs" (Reduce, Reuse, Recycle) initiative.
The Third Low Carbon Business Model Study Group	3	At this industry seminar organized by the Japan Gas Association, one AMITA employee spoke as an instructor on the example of our Regional Resources Business in Minamisanriku.
The Fourth Cool Japan Movement Promotion Conference	7	The AMITA Group Chairman and CEO Eisuke Kumano took part in this conference, organized by the Cabinet Secretariat, that aimed at promoting measures and strengthening communication concerning the commercialization and global promotion of Japanese culture and traditions.
JICA Themed Training	10	This course—aimed at regional promotion through the full range of activities relating to the use of forest resources, including certification schemes and branding—brought together eight research students from five countries, for our lectures on the Forestry Stewardship Council's certification programmes.
General Incorporated Association Japan Business Initiative for Biodiversity (JBIB) Training Workshops	11	Representatives of the AMITA Institute for Sustainable Economies attended this event alongside participating companies. In training, information was provided on Ministry of Agriculture Forests and Fisheries initiatives based on consideration of sustainability in Minamisanriku.
The 3rd International Conference for Enhancing the Biodiversity in Agriculture (2014)	12	At this international conference organized by the local government of Osaka, Miyagi Prefecture, one AMITA employee give a lecture entitled "Supporting Communities with Agriculture that Creates Biodiversity"
The 20th United Nations Framework Convention on Climate Change	12	At the Conference of the Parties (COP20) that formed part of the 20th United Nations Framework Convention on Climate Change, the Japan Pavilion featured an introduction to activities surrounding a resource cyclical system for the Republic of Palau.

TOPIC

## Former Kyoto Headquarters Redecorated and Reopened as Fudenkan Museum

The former AMITA Group headquarters in Kyoto was redecorated and, in July 2014, reopened as the Fudenkan museum. As well as exhibits explaining the AMITA Group's activities and philosophy, the facility also features a community space that is used for learning about the environment and for social activities. In 2014, we welcomed official observers from outside Japan and high school students for environmental study classes, life study courses with members of regional communities organized by Kyoto University Kokoro Research Centre, and other activities. We have so far welcomed some 600 visitors.



High-school environmental study classes



Foreign observation teams



Regional life study courses

# Joining the UN Global Compact

The Global Compact (GC) is a United Nations initiative established in 2000 at the proposal of then UN Secretary General Kofi Annan. Finding ourselves in agreement with the GC principles, in June 2002 the AMITA Group became the fourth Japanese organization to join the initiative, and along with other initial signees from Japan put our efforts into establishing Japanese local network GC-JN (Dec. 2003). As a GC member, the AMITA Group is proceeding to step up business activities and internal and external communications in line with GC principles, and reporting on these activities to GC head office as part of the GC Stakeholder Communication on Progress (COPs) scheme.



For more information on the UN Global Compact, please visit the United Nations website.  
<http://www.unglobalcompact.org/>

## Message from the CEO

Since our founding in 1977, the main purpose of the AMITA Group has been finding solutions to environmental issues. Because the principles of GC10 are so consistent with the ideals laid out in our own Group Mission, we are one of the few companies able to advance the ideals of GC through our own core business activities. Aside from environmental issues, in order to promote activities relating to issues including human rights, labour, and anticorruption, in 2010 we established the website CSR JAPAN, to spread awareness of corporate social responsibility. We will continue to further the principles of GC10 in future, by pressing on with the provision of corporate environmental strategies to our customers, and the building of comprehensive regional resource cyclical systems.



AMITA HOLDINGS Co., Ltd.  
 Founder & CEO  
 Eisuke Kumano

熊野 英介

## COPs (Communication on Progress)

UN Global Compact 10 Principles		Details and Aims of Activities in FY 2014	Assessment	FY 2014 Performance	Related Pages
Human Rights	1. Support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> <li>Improving employee working environments and maintaining safety Reassess the dangers of the items we handle.</li> <li>Maintaining employee health Cover the costs of follow-up health checks for employees, and strengthen efforts to support employees in need of further treatment.</li> <li>Establish proposals to maximize employee welfare                             <ul style="list-style-type: none"> <li>Continue to take out casualty insurance in readiness for employee deaths or injuries in the course of their duties or during their commute.</li> <li>Aim to maximize employee welfare.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○</li> <li>◎</li> <li>△</li> </ul>	<ul style="list-style-type: none"> <li>Improving employee working environments and maintaining safety In the reassessment of the dangers of handled items, risk is reduced due to increased accuracy of such reassessments.</li> <li>Maintaining employee health We conducted strenuous efforts to make employees aware that we will cover the partial cost of follow-up health checks (up to 10,000 yen), and covered the cost of the nine such applications received.</li> <li>Establish proposals to maximize employee welfare                             <ul style="list-style-type: none"> <li>These proposals are applied to injuries sustained at work or while commuting.</li> <li>We were unable to establish new measures for welfare.</li> </ul> </li> </ul>	P52
	2. Make sure that we are not complicit in human rights abuses	<ul style="list-style-type: none"> <li>Declare our involvement and offer support                             <ul style="list-style-type: none"> <li>Take part in the Stand Up and Take Action initiative aimed at the alleviation of poverty.                                     <ul style="list-style-type: none"> <li>In order to build understanding within the company, hold a campaign explaining the aims.</li> <li>Organize photo-shoots at all action sites.</li> </ul> </li> <li>Give backing to the Kurashi no Manabi initiative, which works to develop programmes that strengthen mutual assistance and self-assistance with the aim of preventing social isolation.</li> <li>Cooperate in movie screenings and discussions on the themes of social issues of peace and poverty.</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Declare our involvement and offer support                             <ul style="list-style-type: none"> <li>We conducted reports on the various Stand Up and Take Action activities, which between them saw the involvement of some 142 people.</li> <li>Gave backing to the Kurashi no Manabi initiative organized by Kyoto University for the citizens of Kyoto to learn about topics including health, ageing, and care, and made Fudenkan museum, an AMITA Group facility, available for the event.</li> <li>Cooperate in the planning and running of the Social Cinema movie screening and discussion events on such themes as poverty and economic inequality, peace, human rights, and culture organized by Kansai Telecasting Corporation. Events so far: 3. Total participants: 431.</li> </ul> </li> </ul>	P54
Labour	3. Uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> <li>Labour negotiations                             <ul style="list-style-type: none"> <li>Improve our system for inviting the suggestions of workers for the improvement of the work environment and make the switch from unilateral decision-making to an open exchange of ideas.</li> <li>Operate initiatives aiming for qualitative improvements that encourage employees to independently exchange ideas for improvements to the work environment.</li> </ul> </li> </ul>	◎	<ul style="list-style-type: none"> <li>Labour discussions                             <ul style="list-style-type: none"> <li>To facilitate discussions on both maintenance of the work environment and action in a style befitting this company, established an internal social networking site through which representatives of workers from various locations can freely offer their ideas.</li> <li>Organized company meetings at which management and workers can discuss improvements to the work environment.</li> </ul> </li> </ul>	P57
	4. Eliminate all forms of forced and compulsory labour				
	5. Support the effective abolition of child labour				
	6. Support the elimination of discrimination in respect of employment and occupation				
Environment	7. Support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> <li>Build a model society based on environmental technology                             <ul style="list-style-type: none"> <li>Conduct empirical research into symbiotic farming and biomass energy technologies and build a system for practical application.</li> <li>Build cooperation with local municipalities for the implementation of regional resource cyclical models.</li> </ul> </li> <li>Development of Technologies Develop new services that reduce the risks faced by partner companies, while simultaneously boosting their efficiency and enabling them to transmit know-how.</li> <li>Promotion of Technologies We consistently and actively welcome trainees and observers from SE Asian economies, promoting recycling technologies for the realization of a sustainable society.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Building a model for society based on environmental technologies.                             <ul style="list-style-type: none"> <li>We have conducted surveys and empirical research both in Japan (in Miyagi and Kyoto Prefectures) and abroad (in countries including Vietnam and Palau).</li> <li>In July we signed an agreement for the implementation of biogas technology in Minamisanriku, Miyagi Prefecture.</li> </ul> </li> <li>Development of Technologies In February, we launched Best Way to Manage Waste, the first step in our BPO services line, receiving two orders to date.</li> <li>Promotion of Technologies Our Kitakyushu Resource Recycling Plant introduces the Group's technologies to 323 observers including those from outside Japan, with 71 such visitors from 32 countries received to date.</li> </ul>	P38~45
	8. Undertake initiatives to promote greater environmental responsibility				
	9. Encourage the development and diffusion of environmentally friendly technologies				
Prevention of Corruption	10. Work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> <li>Policies Make clear our policy for the elimination of any antisocial elements.</li> <li>Preventive Measures                             <ul style="list-style-type: none"> <li>Continue to conduct surveys and screening in aimed at eliminating transactions with antisocial influences.</li> <li>Conduct compliance training and tests to increase consciousness of compliance issues among employees.</li> </ul> </li> </ul>	◎	<ul style="list-style-type: none"> <li>Policies These policies are stated on the websites of the Group's various enterprises.</li> <li>Preventive Measures                             <ul style="list-style-type: none"> <li>Thorough screening was conducted at the opening of all business transactions as part of our measures to eliminate antisocial influences.</li> <li>Screening was also applied to all employees, in conjunction with the consideration of high-risk areas of our business.</li> </ul> </li> </ul>	P52 · P53

# A framework for harnessing feedback from stakeholders

At the AMITA Group, we are establishing a system that consolidates the various kinds of feedback received in our communications with customers, shareholders, partner companies and local citizens. We then make this trove of information available as an input for daily managerial decision-making, business improvement and product development, systems reengineering and more.

### Routine response

In order to minimize any loss of valuable information, a CRM system logs a complete history of client contacts, stores observations about customer issues and needs, and makes them available to all employees, including directors. These are critical materials for planning and launching businesses.

Also, crucial information gathered by frontline staff is conveyed to superiors through reports flowing up the chain of command and through various meeting structures to support executive decision-making.

### Urgent response

Complaints or requests from citizens living in the vicinity of client or AMITA plants are regarded as high-priority information, and the recipient of that information relays it to superiors, while also reporting to a group email address for directors and related personnel for an immediate response. In addition, in order to ensure every piece of shareholder feedback is paid due attention, all shareholder opinions are immediately forwarded to the directors irrespective of content.

### Other systems

#### AMITA Holdings Co., Ltd. executive meetings

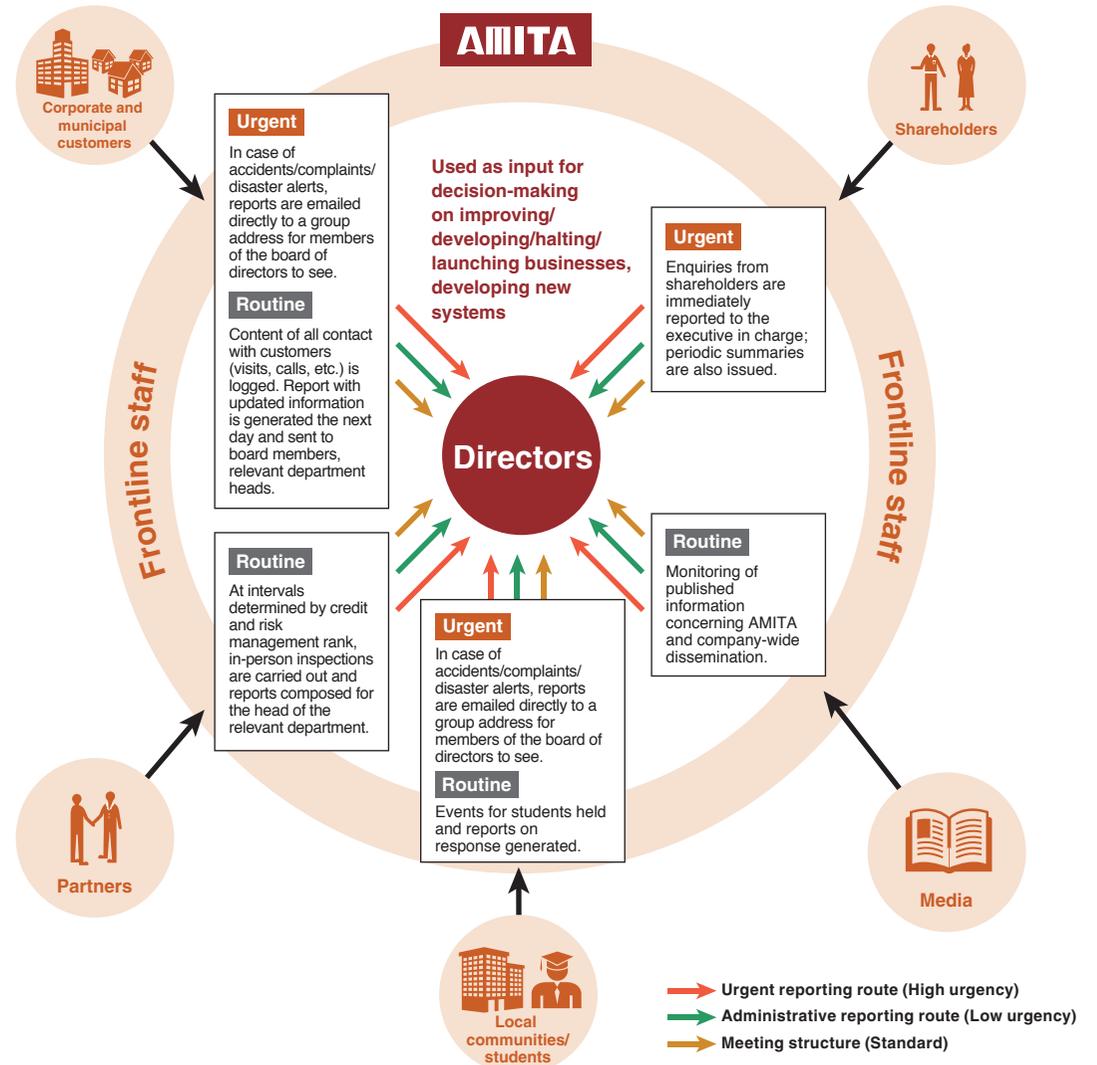
Separate from the monthly board of directors meetings, the directors of AMITA HOLDINGS Co., Ltd. gather once a week and hear reports, requests and discussion items from department heads and evaluate them, providing a flexible decision-making venue for measures to take on issues, set or adjust business policies, etc.

#### Internal Social Network

In 2011, the company introduced an internal social network system to foster information sharing between management and employees. Separate from the reporting systems for urgent matters and for routine follow-up, the social network facilitates the company-wide dissemination of frontline staff thoughts and observations, and provides a forum for sharing opinions and ideas.

[FY2014: 985 posts, 1,418 comments]

## ■ Framework for routing stakeholder feedback and intelligence from employees to senior executives

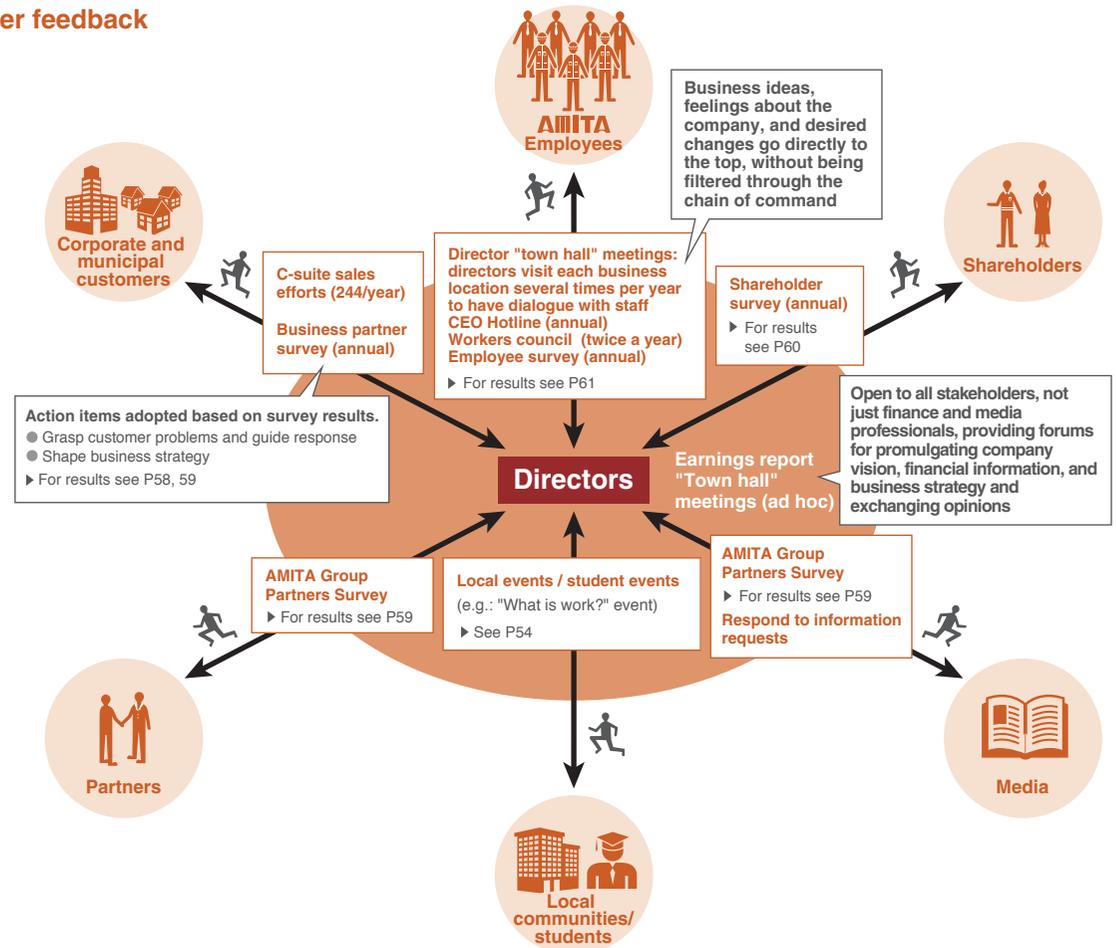


## ■ Initiatives to give senior executives unfiltered access to stakeholder feedback

Since 2012, the AMITA Group has implemented various policies to enable executives to receive unfiltered feedback from stakeholders in addition to the usual information gathering by employees.

From in-person sales calls by executives, to surveys tailored to each type of stakeholder, to holding earnings reports, "town hall" meetings and various other events oriented towards all stakeholders, etc., the company has sought multiple avenues to opinion-gathering.

Making a raw feed of the thoughts and expectations of stakeholders available to senior management through these channels is intended to improve the accuracy and speed of decision-making.



Stakeholder communications

## ■ New initiatives for 2015

In FY2015, AMITA is implementing a new "Management Strategy Roundtable". This group will be composed mainly of middle managers that will take the raw information obtained by frontline employees in the course of everyday interactions with stakeholders. The roundtable will then convey that information to management

**1) more systematically, 2) on a more timely basis, and 3) so that it can be used to the full in our management strategy PDCA process.**

This roundtable, headed by the CEO, will have section-manager level employees from each department (sales, manufacturing, R&D, PR, marketing, pre-sales, HR, IT, legal, etc.) who will share information and data from their frontline activities. Based on this information, we will work through a cycle of "hypothesis → devise management strategy (plan) → implement (do) → evaluate (check) → adjust".

This approach aims to proactively align management strategy with stakeholder feedback and other information from the frontlines while cultivating a strategic management mentality in middle managers.

# Stakeholder Survey Results

## Business partner survey (Terrestrial Resources Business)

▶ Selected survey results are presented below.

### Survey parameters

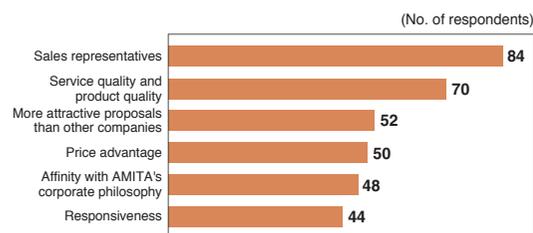
**Survey group** : Business partners (waste generators; steel, nonferrous metal and cement makers)  
**Respondents** : 189 companies (out of 532 who were sent the survey)  
**Survey period** : August 26 – September 12, 2014  
**Survey method** : E-mail and postal mail

### 1 Reasons for selecting AMITA as a vendor

As with last year, many respondents mentioned that the "people" factor (that is, the assiduous efforts of our sales team), as well as the quality of our products and services, were among the reasons they chose AMITA.

Also, a certain number of customers noted the price advantages for certain types of production residues, packaging, and transportation.

Moving forward, we intend to improve the quality of our operations with quicker and more agile responsiveness at our resource recycling plants, in order to offer even greater value and differentiation to customers.

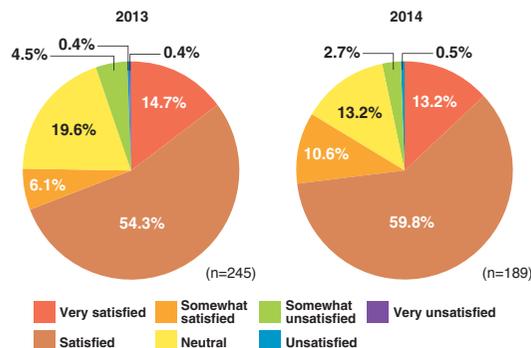


(Top six responses, multiple responses allowed, n=189)

### 2 Satisfaction with AMITA's services

Satisfaction improved from the previous year. 83.6% of customers responded they were "very satisfied", "satisfied" or "somewhat satisfied". Our specialized expertise in waste disposal and flexible, detail-oriented responsiveness were highly praised.

Also, respondents expressed praise for improvements made related to points of dissatisfaction raised during last year's survey. For example, delays at some AMITA plants in receiving of waste were addressed by finding new users for recycled materials and adding new equipment.



(In both cases, single-response questions)

### Management comment on survey results

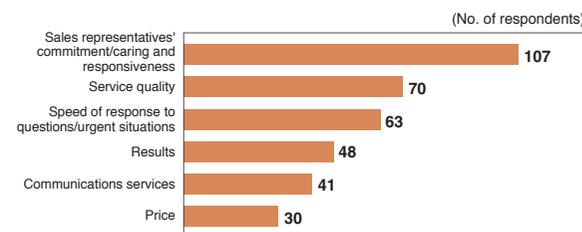
This year's survey generated much valuable feedback from 189 customers. While customers praised the commitment and responsiveness of our employees, only about 10% indicated that they found our proposals uniquely attractive. AMITA's senior management takes this very seriously.

In 2015, we are undergoing a corporate restructuring, to position ourselves as an environmental partner that consults with customers on their environmental problems to provide total solutions beyond the framework of compartmentalized

### 3 Opinions and expectations for AMITA

We received the highest praise for how our sales representatives and other personnel continue to bring as much commitment and conscientiousness to their work as at the time of signing the contract. Also receiving high marks were our responsiveness to urgent situations, our high level of service quality for compliance, and our various communications services.

In order to strengthen AMITA's support for customer environmental strategies, we will continue to cultivate employees with the capabilities to craft appealing proposals and implement them.



(Top six responses, multiple responses allowed, n=189)

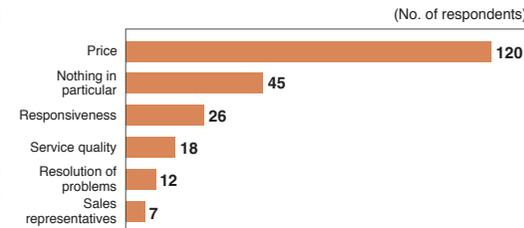
### 4 Desired improvements and points of concern for AMITA

Overall, we received a lot of feedback desiring improvement on pricing, and much of this feedback specifically concerned our services that turn industrial waste into valuable materials, and also our transport costs.

In 2015, AMITA will expand into Japan's Shinetsu-Tohoku South region and open a recycling plant in Taiwan to expand the area we can serve. This should have the effect of reducing transport costs in those areas. We are also making further corporate communications efforts to raise awareness of our valuable materials.

(<http://www.amita-oshiete.jp/> (Japanese only))

After price, the most desired improvement was in speed of response. Primarily, wishes were expressed for faster response to requests for taking in industrial waste, assessment of receiving new types of waste, and system



(Top six responses, multiple responses allowed, n=189)

registration. In 2015 we plan to revise workflow at our plants to improve operating efficiency and shrink response times.

Additionally, in 2015 we will develop and offer new recycled (alternative) resources for nonferrous metal and steel makers, expanding the range of production residue and properties that we are able to receive for recycling.

services. Not only will we offer ways to optimize the cost and risk of problems that customers bring to us, we will be able to advise them on creating and implementing a future-oriented overall environmental policy. In addition, through measures including the systematization of our sales and recycling operation businesses, and investment in equipment and facilities at our production plants, we are striving to meet demand for improved speed of collection and decision making regarding handling as swiftly as possible.

## Business partner survey (Environmental Certification Business)

▶ Selected survey results are presented below.

<b>Survey parameters</b>	<b>Survey group</b> : Certified businesses
	<b>Respondents</b> : 153 companies (out of 314 who received survey)
	<b>Survey period</b> : August 26 – September 12, 2014
	<b>Survey method</b> : E-mail and postal mail

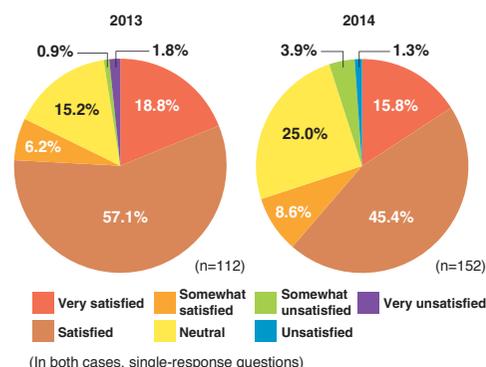
### 1 Opinions on the services of AMITA Institute of Environmental Certification Co., Ltd. (below, AIEC)

Satisfaction dropped somewhat from the previous year. 69.8% of respondents were "very satisfied", "satisfied" or "somewhat satisfied" while 5.2% chose "somewhat unsatisfied" or "unsatisfied".

One point on which respondents continued to be satisfied was the speedy response and quality of results most often cited with respect to responsiveness of auditors and staff. There was praise for quick response to enquiries and easy-to-follow explanations provided by evaluators, seminars and in cases of certifications standard revisions. At the same time, respondents who were unsatisfied or somewhat unsatisfied often pointed to price as their concern.

The ranking of most commonly cited points of concern and desired improvements was as follows: 1) Price (68 respondents); 2) Communications services (13); 3) Responsiveness (9); 4) Staff handling administration and enquiries (8); 5) Auditors (7). This shows that along with strong desire for better pricing, customers want to see more awareness-building and market development for certification, and speedier issuance of AIEC reports.

Reasons for more feedback about price than the previous year include the increase in the consumption tax enacted in 2014, and a rise in the annual management fee charged by FSC itself for FSC certification. The FSC management



fee is allotted to its branches in various countries for awareness-building efforts. In Japan, PR activities were ramped up last year via FSC JAPAN, focusing on mid-term market development in the run-up to the 2020 Olympics. In the case of AIEC, various sites belonging to the AMITA Group are used to publicize it, and seminars on project certification for corporations hoping to win Olympics-related business are being used to build that market, as AMITA works to stimulate demand within Japan for environmental certification products and add value to these offerings.

Concerning improvements in response speed and enquiries, AMITA takes the feedback seriously and is planning to upgrade the service infrastructure through retooled workflow and further training of employees.

#### Management response to survey results

The decline in satisfaction from the previous year is taken very seriously by the senior management of the AMITA Group. We acknowledge that there was a situation in which an overall value proposition that made customers feel that certification was cost-effective was lacking due to an unbalanced allocation of human resources and an insufficiently robust service system. We intend that the merger with AMITA CORPORATION effective in 2015 will allow organizational adjustments within the Group that will improve service quality.

## AMITA Group Partners survey

▶ Selected survey results are presented below.

<b>Survey parameters</b>	<b>Survey group</b> : Partners (collaborating companies, logistics companies, environmental certification auditors, operating partners)
	<b>Respondents</b> : 48 companies (out of 107 who were sent the survey)
	<b>Survey period</b> : August 26 – September 12, 2014
	<b>Survey method</b> : E-mail and postal mail

### Associations with survey recipients

AMITA HOLDINGS Co., Ltd. (below, AMITA HD) deals mainly with companies that provide services related to web sites, publications, IT systems, etc.

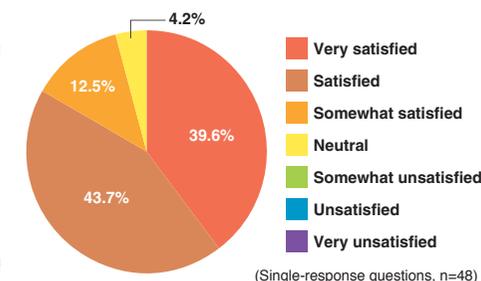
AMITA CORPORATION has a larger roster of partners, such as outside speakers, vendors (web designers, report writers, equipment suppliers, collection and transport companies, etc. AIEC's main partners are external auditors, and for AMITA Institute for Sustainable Economies Co., Ltd. (below, AISE) the main respondents are municipalities and regional contacts.

### 1 Thoughts on working with the AMITA Group

95.9% of respondents among all types of partners were "very satisfied", "satisfied" or "somewhat satisfied".

In addition to feedback that our employees are proactive, conscientious and make customers feel that they are working together to build value, there was a high degree of trust in the expertise of AMITA's various companies.

Desires expressed by customers included tie-ups across more businesses and improved quality of collaborative activities, and expanded recognition of their businesses.



### 2 Please tell us what undertakings you would like to pursue with AMITA in the future

Our partner companies responded with many proposals for new business and technology ventures with the AMITA Group. We will continue building our business capabilities to meet these expressed needs.

Company Name	Main areas of interest
AMITA HD	Develop new systems and services, coordinate operations, build networks, etc.
AMITA	Expand volume of business, conduct research on uses for recycled products, mutually beneficial recycling arrangements, etc.
AISE	Develop new ways of using regional resources, etc.
AIEC	Develop new certification businesses, expand and raise awareness of existing certifications, etc.

#### Management response to survey results

We consider all our partner companies to be part of the AMITA "family", working with us to create the environmental value that the AMITA Group provides. We hope that in pursuit of our aim to meet a critical social need of our time by bringing about a sustainable society, our partners will stand by us in tackling difficulties that come along, and in celebrating the solutions, as we continuously build our collaborative relationships.

# Stakeholder Survey Results

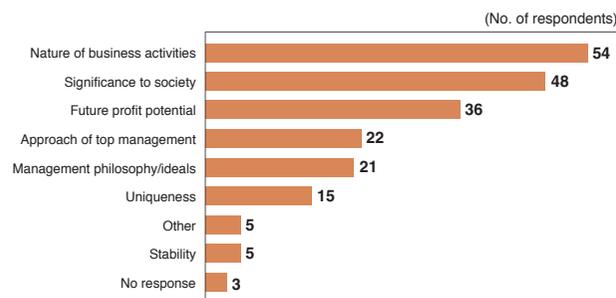
## Shareholder survey

▶ Selected survey results are presented below.

**Survey parameters**  
**Survey group** : Shareholders  
**Respondents** : 104 shareholders (out of 781 who received the survey)  
**Survey period** : October 15 – November 30, 2014  
**Survey method** : Enclosed with Designing the Future newsletter sent to shareholders and investors

### 1 Reason for investing in the AMITA Group

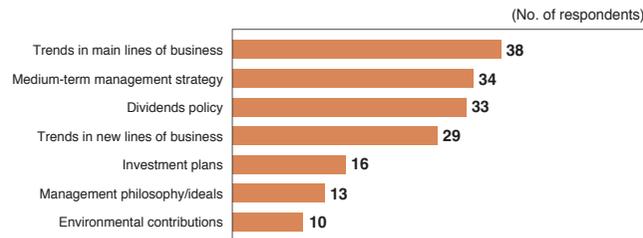
The most common response, from 54 respondents, was "nature of business activities", followed by "significance to society" from 48 respondents. This indicates that many are investing in AMITA because our socially conscious and public-spirited approach to business resonates with them. The 36 respondents citing "future profit potential" reveal expectations for the potential of the environmental business field.



(Multiple responses allowed, n=98)

### 2 What aspect of the AMITA Group would you like to know about in more detail?

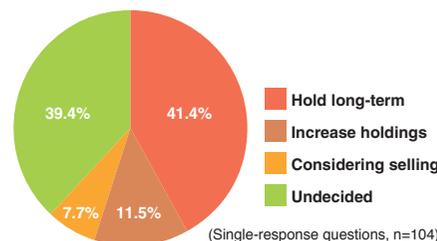
The most common response, from 38 respondents, was "trends in main lines of business", followed by "medium-term management strategy" from 34 respondents and "dividends policy" from 33 respondents. We interpret these results as a desire for more explanation about how we return profits to shareholders alongside results and future business strategy.



(Top seven responses, multiple responses allowed, n=99)

### 3 What is your policy toward investing in the AMITA Group?

Although "hold long-term" and "increase holdings" made up 53% of responses (55 respondents), close to 10% of respondents chose "considering selling". We interpret this to mean that although sympathetic to the "significance to society" aspect of the AMITA Group's work, and the desirability of building a sustainable society, these respondents may not foresee the stock reaching their desired price level.



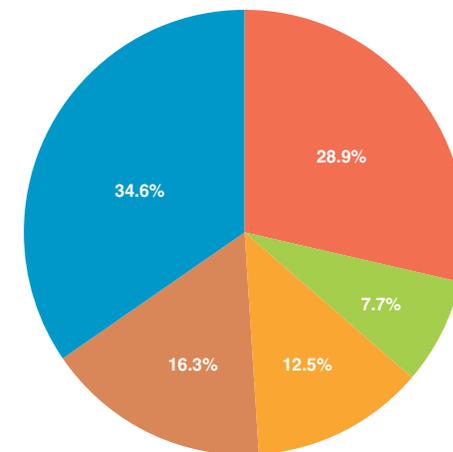
(Single-response questions, n=104)

### 4 What are your opinions and expectations when it comes to how the AMITA Group can improve its business?

The most common opinions expressed in the survey were: agreement and encouragement for AMITA's business at 29% (30 respondents); expectation for improved financial performance and solid profitability at 16% (17 respondents); and expectation for a higher stock price and dividend at 12% (13 respondents). In addition, 8% of surveys expressed opinions desiring better promulgation of IR information.

In FY2014, AMITA generated expectations associated with new businesses, including business outside Japan, but earned criticism over its results in recent years and the dividend situation, and respondents also said they expected both more transparency about business strategy and a higher stock price.

Concerning the nature and direction of AMITA's business, respondents expressed much agreement, but also rising expectations that AMITA deliver satisfactory profits.



(Write-in response, n=68)

### Management response to survey results:

AMITA offers its sincere gratitude to all the shareholders who took the time to respond and share their valuable feedback in 2014. AMITA's leadership is acutely aware that since listing on the stock market, the company has continued to fall short of satisfactory profitability and dividend distribution. The top priority in running this company is the sustainable growth of company and society. Today, across the globe we are seeing resource depletion, rising population, climate change, and, in Japan, an unprecedented ageing of the population and decline of the birth rate, which are increasingly destabilizing society as a whole. AMITA is offering a new vision for a way of life and a way of doing business that embraces an environmental perspective, in the firm belief that the businesses we are bringing into existence will be absolutely essential to Japan in the near future. That is the basis on which we will execute our plans in FY2015.

Along with our annual report issued each spring, we also publish a Designing the Future newsletter in the autumn. It relates market conditions and strategies for important business initiatives, and the financial situation for the second quarter.

<http://amita-hd.co.jp/ir/future.html> (Japanese only)

## Employee survey

► Selected survey results are presented below.

### Survey parameters

**Survey group** : permanent employees and contract employees (141 individuals)  
 ► The survey group did not include executives, dispatched workers or part-timers  
**Respondents** : 111  
**Survey period** : September 29 – October 10, 2014  
**Survey method** : E-mail and postal mail

**This year's response rate among employees was 79%, a large improvement over last year's 54% (85/158 individuals)**

### 1 Employee perceptions of their jobs

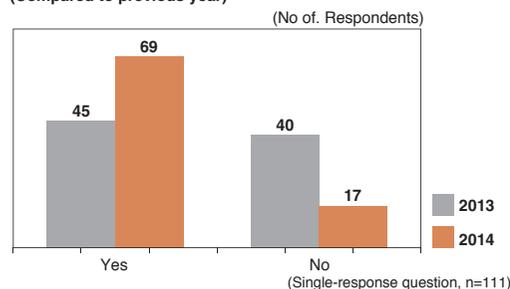
In response to the question, "Is your current job worth devoting your life to?" 62% (69 respondents) said yes, up from 53% (45) the previous year. The number responding "not sure" fell dramatically from the previous year's 47% (40 respondents) to 15% (17). These results indicate that the number of employees with an overall positive view of their job has increased.

Among those who answered yes to the above question, about 60% gave as their reason "empathy with AMITA's ideals and business activities" while 10% said "AMITA's uniqueness". Also cited in the responses were the feeling of making a contribution to society and the enjoyment of working with colleagues and customers. On the other hand, among respondents who answered no, reasons given included "pay and benefits", "company's direction/future", and "gap between ideals and reality".

In response to a separate question about how much employees empathize with the company's mission and ideals, 84% of employees (93 respondents) indicated that they did empathize. However only 62% (69 respondents) answered yes to the question, "Is your current job worth devoting your life to?" That is a divergence of about 20 percentage points.

In 2014, along with the survey, AMITA's human resources department conducted face-to-face interviews with all employees. It came out in these interviews that one factor behind the

**"Is your current job worth devoting your life to?" (Compared to previous year)**



perception of a "gap between ideals and reality" is that AMITA's corporate philosophy, and the intentions behind management's decisions, are not being effectively transmitted to front-line employees. To address that, employee training in 2014 emphasized how middle managers can connect executives with front-line employees, giving managers a better understanding of our corporate philosophy, so that they can better convey it in their own words in the workplace.

If employees with a negative view of the AMITA Group's values and corporate philosophy join AMITA just because of the company's work conditions (rather than its values/philosophy), it's fair to say they'll be working in a job that they do not feel is worth devoting their life to. It is difficult to build truly good relationships with such employees. Beginning in 2015, AMITA's recruiting activities will shift toward hiring individuals who are more aligned with the values and ideals of the company. Specifically, we will no longer use large recruiting sites, instead relying more on our own recruiting events and web presence.

### Management response to survey results

Although some components of the survey results indicated improvement, when factoring in town-hall meetings with employees, we perceive a trend of waning self-confidence and pride among employees, and recognize this as a very serious problem. Since AMITA went public in 2006, we have endured prolonged difficult business conditions, and heard many voices of impatience and anxiety about the future from employees who feel that their efforts and commitment are not being reflected in the company's results. AMITA's leadership is making 2015 a year to follow up on important businesses and to

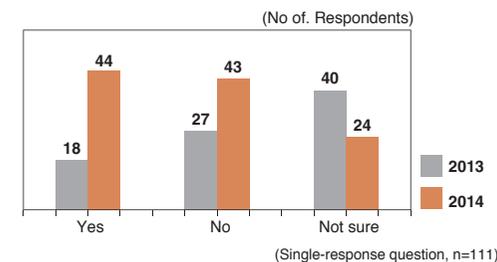
### 2 Assessment by management of whether the human resources development principle that "people are an asset, not a cost" is being followed.

Responses were roughly split down the middle between "yes" at 40% (44 respondents) and "no" at 39% (43 respondents). In FY2013, "no" responses (31%) outnumbered "yes" responses (21%), so the 2014 results show improvement.

The major reasons given by "yes" respondents were "expanded educational opportunities" and "improved HR systems". Reasons given by respondents answering "no" included "how personnel planning/training planning is done", "high turnover of employees" and "divergence of particular decisions from ideals and philosophy".

The need to make changes to personnel planning/training planning led us in 2014 to adjust requirements for qualification grades. In 2015 the changes to the personnel system will be explained company-wide, and processes for evaluation and promotion will be brought into line with the key values of

**One company principle is that people are to be considered an asset, not a cost. Is this thinking implemented from the management's perspective? (Compared to previous year)**



the AMITA Group. Concerning the high turnover of employees, HR interviews pointed to inadequate communication with superiors, so we are focusing on raising the level of people management skills through manager training.

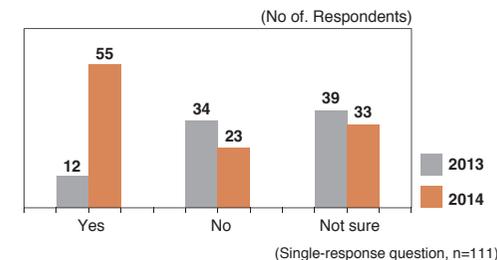
### 3 Assessment by employees of whether the human resources development principle that "people are an asset, not a cost" is being followed.

50% of responses (55 respondents) said "yes" and 21% (23) said "no", reversing the results from the previous year. This suggests that our human resources development philosophy is sinking in.

Many responses showed recognition that even though there is greater consciousness of needing to seek improvement in day-to-day operations, it has not yet led to concrete results.

Since our employees are a great asset, what is needed is to create an environment and mindset enabling them to contribute to creation, enhancement and augmentation of value commensurate with their grade. In 2014, we aimed to increase attention to internal training, especially among managers, and introduced e-learning company-wide to enhance practical business skills. In 2015, we intend to strengthen training support

**Q: One company principle is that people are to be considered an asset, not a cost. Is this thinking implemented from the employee's perspective? (Compared to previous year)**



measures by grade, and by attending external training and issuing recommended book lists, in order to promote a change of mindset and skill enhancement among employees.

build systems that can quickly and effectively implement strategic imperatives. We intend for this to be a year in which employees can experience the joy of achieving their individual goals. Also, on the issue of improving the working environment at our resource recycling plants, we continue to assess measures for heightening safety in the workplace and making operations more efficient. In addition, we will promote more interaction between subsidiaries and among employees by making internal information more visible and accessible.

# 2015 New Project

## 2015 Corporate Reengineering Project: Remaking AMITA into an Era-defining Company

Up to this point, AMITA has unfortunately not come close to achieving the scale, profitability or pace of growth to achieve our mission of generating both enough natural and empathy capital to create a sustainable society.

In order to better bring about the thriving society of tomorrow that we envision, beginning in 2015 the AMITA Group will carry out a corporate restructuring in stages over the next three years.

### The AMITA Group Corporate Reengineering Plan

FY	2015	2016	2017
Stage	Lay groundwork/build systems	Strengthen key organizational functions/ Increase quality of value propositions	Launch new ventures/Offer new value propositions
Main initiatives	<ul style="list-style-type: none"> <li>Restructure businesses to improve value propositions</li> <li>Restructure organization to improve value propositions and efficiency of operations</li> <li>Implement and operate systems for collaborating with outside partners</li> <li>Make internal preparations for establishing management planning and management strategy functions</li> </ul>	<ul style="list-style-type: none"> <li>Business planning and strategy functions</li> <li>Establish marketing function</li> <li>Build up and utilize network of business development partners</li> <li>Automate recycling plants</li> </ul>	<ul style="list-style-type: none"> <li>Reengineer all departments, planning and development, sales, production and administration</li> <li>Implementation planned for in 2016</li> </ul>

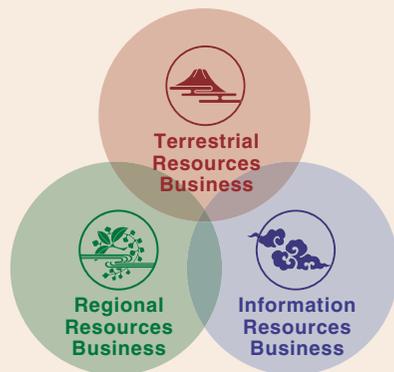
### Major initiatives in 2015

#### 1 | Restructure businesses to improve value propositions

On January 1, 2015, the AMITA Group officially restructured our three business domains into two.

We did this in order to focus on fostering greater social and environmental consciousness in industry and forging self-sufficient cyclical systems at a regional level.

Individual services such as recycling, outsourcing and environmental certification will be bundled into a single environmental strategy support programme for customers, bringing forth greater synergies and contributing to the growth of environmental value for our clients.



► For an overview of the three business domains prior to 2015 see P7.  
For details on the Terrestrial Resources Business see P16,  
Information Resources Business P32, Regional Resources Business P38.

#### Services for companies Environmental Strategy Design Business

The AMITA Group is committed to solving problems facing society by supporting the environmental strategies of companies. This includes reducing environmental risks, costs and burdens, while at the same time increasing environmental value through the entire supply chain of a company's products and services. By working along these two axes, AMITA is building a value-creating system that leads to industrial growth accompanied by growing social value.



#### Services for local municipalities Regional Systems Design Business

The AMITA Group supports the building of compact, self-sufficient regional systems that harness neglected resources within a given region. By designing a Regional Comprehensive Cyclical System of Resource Usage—which employs social technologies like biogas plants, symbiotic farming, fuel production from neglected material resources and waste, and distributed energy generation—we create the resources, economic vitality, employment and positive relationships among people that lead to a stable and viable community within the region.



## 2 | Restructure organization to improve value propositions and efficiency of operations

As of April 1, 2015, the AMITA Institute of Environmental Certification Co., Ltd. has been merged into AMITA CORPORATION. The purpose of carrying out this merger was to implement a shift from offering separate specialized services to offering a more comprehensive service supporting growth of corporate value. This is in line with our clients' wishes to strengthen their competitiveness in global markets by generating more value. We anticipate the following effects from the merger:

- 1) The ability to offer corporate clients more comprehensive solutions to their environmental challenges;
- 2) Strengthened frameworks for providing each service, due to optimized allocation of personnel;
- 3) Improved efficiency of sales;
- 4) Reduced SG&A.

## 3 | Implement and operate systems for collaborating with outside partners

In order to simultaneously improve the profitability of existing businesses and accelerate the growth of new businesses, optimal distribution of resources within AMITA is needed, as is creating mechanisms for actively establishing tie-ups with outside partners. To this end, in 2015 the AMITA Group will do the following:

- 1) Establish and operate, on a trial basis, a system for engaging individuals as business partners  
 Individuals such as retired people, or those unable to work full-time due to childcare obligations, have skills and networks that the AMITA Group can benefit from and make the most of. We will build a system that enables us to partner with such people in working to create a better future. Our plan is for the system to be launched on a trial basis in 2015 and to go into full-scale operation in 2016.
- 2) Foster collaboration with outside organizations and public-private partnership measures  
 Continuing from 2014:
  - Work with the Institute for Global Environmental Strategies (IGES) and the Kitakyushu Asian Center for Low Carbon Society to create cyclical resource systems for SE Asia
  - Expand recycling services domestically through tie-ups with AMITA Terrestrial Resources Partners
  - Collaborate with Shinrai Zaidan in forming network of "social entrepreneurs"; accelerate collaboration with the Japanese Ministry of the Environment, Ministry of Foreign Affairs, etc.; actively pursue joint research with universities; accelerate pace of business development and market entry; and acquire wide-ranging information and knowhow.

### Real Re-engineering: A More Sustainable Business for a More Sustainable Society

Our management decisions are guided by our philosophy of creating sustainable growth for company and society. We prioritize measures that bring growth leading to genuine prosperity—long-term growth for our business and society, rather than short-term or temporary profits. For this reason, we have on occasion made investment decisions which we knew entailed risk, and which aimed to bring market solutions to latent social needs that are still inchoate.

Beginning in 2015, in order to break out of the stagnant results of the past few years, and fulfill our goal of sustainable growth for company and society, we will carry out restructuring of our organization and business domains. We will strive to create a company more open to outside partnerships and create a business platform that is not bound by the limits of our individual organization.

Kenichi Sugimoto, COO

Merger contract date	January 30, 2015
Merger effective date	April 1, 2015
Merging corporation:	AMITA CORPORATION
Defunct corporation:	AMITA Institute of Environmental Certification Co., Ltd.

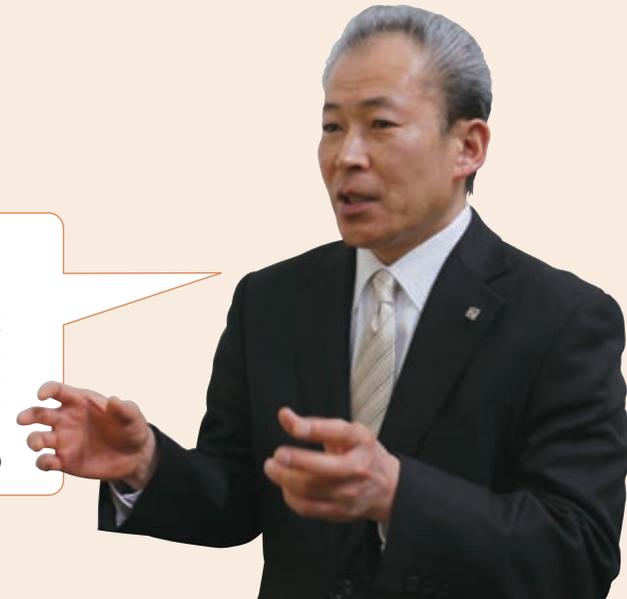
► For details on environmental certification services see P36



Held public interest event jointly with Shinrai Zaidan and Kansai Telecasting Corporation (2014)



Conducted joint survey of Palau and Vietnam with IGES, etc. (2014)



# 2015 AMITA's Organization

## A Value-creating Organization

The AMITA Group, as a company that provides solutions to the challenges faced by society, is aiming to build an organization optimized for creating both the value that society needs and also positive relationships among people.

### The AMITA Group Organizational Structure

The AMITA Group consists of parent company AMITA HOLDINGS Co., Ltd. and two subsidiaries. Consolidated total employees number approximately 150. Important matters are discussed at the board meetings of each subsidiary and at AMITA HOLDINGS Co., Ltd. board meetings. The subsidiary AMITA CORPORATION mainly operates the Environmental Strategy Design Business targeting corporate clients. AMITA Institute for Sustainable Economies Co., Ltd., our other subsidiary, conducts research and studies on technologies and new systems necessary for a sustainable society; it is focused on the Regional Systems Design Business.

#### AMITA HOLDINGS Co., Ltd.

##### AMITA CORPORATION

###### Environmental Strategy Design Business

100% recycling of waste / Stable supply of alternative raw materials / Consulting on environmental CSR efforts / Outsourcing of environmental operations / Green energy services / Consulting on environmental operations IT implementation / Environmental certification, auditing / etc.

###### Regional Systems Design Business

Biogas electricity production, etc.

▶ AMITA Institute of Environmental Certification Co., Ltd. was merged into AMITA CORPORATION as of April 1, 2015. The purpose of carrying out this merger was to strengthen our services, through the ability to offer more comprehensive solutions to corporate clients' environmental challenges and through the optimized allocation of personnel.

##### AMITA Institute for Sustainable Economies Co., Ltd.

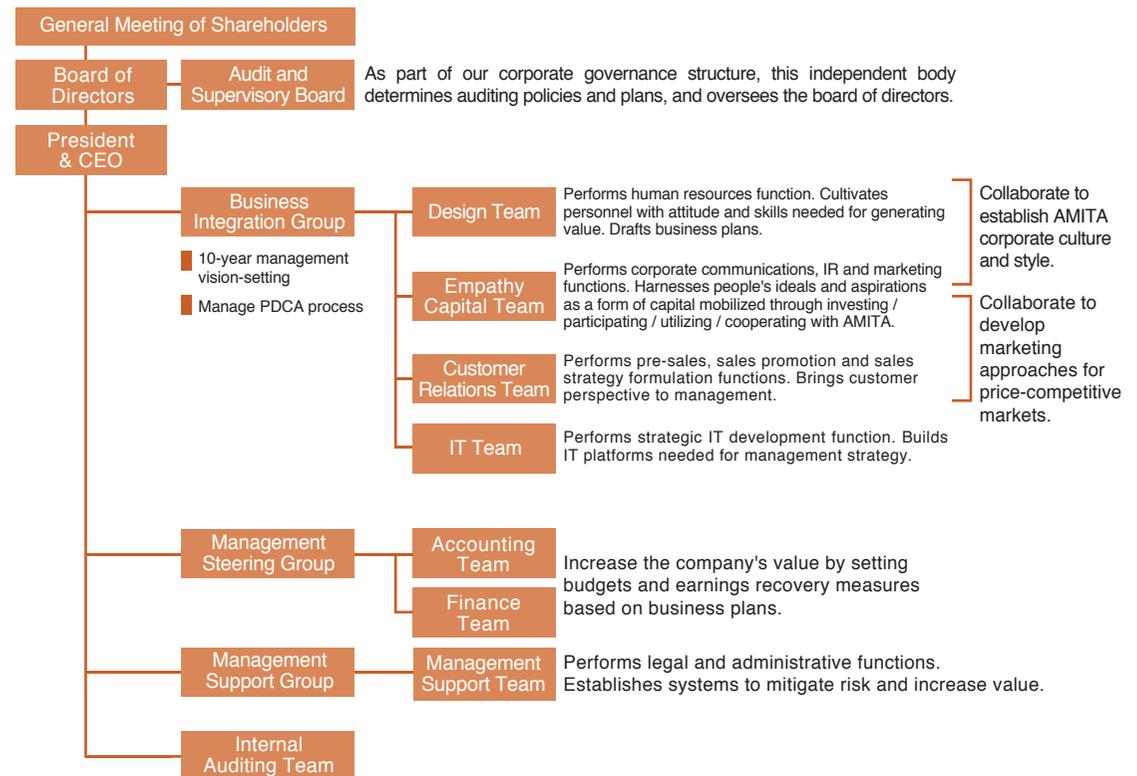
###### Regional Systems Design Business

Design Comprehensive Cyclical System of Resource Usage model/ Harness neglected regional resources / Build up and develop recycling technologies / Support symbiotic farming etc.

### AMITA HOLDINGS Organizational Structure for FY2015

AMITA HOLDINGS Co., Ltd. serves as the wayfinder for the entire AMITA Group, setting strategic direction and management strategy. It consists of the Business Integration Group, within which are HR, public relations, sales

promotion & marketing and IT; the Management Steering Group, which handles finance and accounting; and the Management Support Group, which handles overall administration, legal work and auditing.



# AMITA HOLDINGS Executive Leadership

Executive Directors: 4 / Non-executive Directors: 1 /  
Audit & Supervisory Board members: 3

All ages given, and all responsibilities listed, are accurate as of 2015  
For bios of auditors, please consult the company website at:  
<http://www.amita-hd.co.jp/ir/management.html>

## Eisuke Kumano, Founder & CEO



Born 1956. Joined the company at age 23. Became CEO in 1993. Following his motto— "Ordinary people, working together, can achieve the extraordinary"—he has dedicated his life to building a society with a new measure of value: empathy capital. Serves jointly as CEO of AMITA CORPORATION and AMITA Institute for Sustainable Economies Co., Ltd.

## Kenichi Sugimoto, COO



Born 1960. Joined the company in 1983, handling mainly trade in valuables for the Terrestrial Resources Business. In 2015, assumed responsibility for all environmental strategy design and legal/administrative, Group-wide. His motto is, "Do right in the sight of God."

## Takafumi Hasegawa, CSO



Born 1962. Since joining AMITA in 1990, has been in charge of production management and recruiting downstream users for the recycling business. Since joining the board in 2013, has been entrusted with disaster recovery initiatives and opening new markets. In 2015, assumed responsibility for AMITA's sales and product development. Motto: "If you fall, get back up."

## Taro Shimizu, CFO



Born 1967. Joined in 2003 after working in financial management, including at a major retailer. Overall responsibility for financial accounting of the group. Committed to responsive and efficient accounting operations and robust finances. Motto: "I know that I do not know."

## Emile H. Ishida, PhD, Non-executive Director



Born 1953. Worked as an executive at a major building and home mechanical systems company, and served as a professor at Tohoku University (now an emeritus professor). Joined the board in 2014. Advocate of management based on "backcasting": defining a desirable future and then working backwards to make decisions for the present. Holds to no motto because, as he puts it, he is always evolving.

# Strategy for Appointing Non-executive Director

## Interview #1

### Eisuke Kumano on the Strategy for Appointing Non-executive Director

#### Q1: Why was Prof. Ishida appointed a Non-executive Director in April 2014?

A1: Our company previously employed a management approach that emphasized the creation of terrestrial resources through recycling and the development of environmental business consulting services. But since the 2011 Tohoku earthquake and tsunami, the AMITA Group has changed course fundamentally. It has become a company that strives to "forge a flourishing future" by envisioning a better way of life for tomorrow. AMITA is transforming itself to be integral to the future. What is needed now is to visualize what that future should look like, and to share that vision with all our stakeholders. In order to accomplish this, we have called on Prof. Ishida, who has deep knowledge of the root causes of global environmental problems and their social impacts, as well as extensive executive management experience, to aid in our management planning. The backcasting approach that Prof. Ishida advocates, along with his philosophy of "natural

technology" (which incorporates the wisdom and capacities of nature's living systems into human civilization) will have a major impact on the AMITA Group's product development in the years ahead.

#### Q2: Currently AMITA has one Non-executive Director. Are there plans to add more in the future?

A2: We have no firm plans at the moment to add more. But we do intend to incorporate knowledge from the social welfare and education sectors, and we will actively seek to increase the voices of women in guiding the company. We will take advantage of our Non-executive Director's outside perspective and network of contacts in order to enhance the company's capacity to develop solutions for issues facing society.

## Interview #2

### Emile H. Ishida on the Role of a Non-executive Director

#### Q1: Why did you agree to become a Non-executive Director of AMITA HOLDINGS?

A1: The AMITA Group is rethinking waste from the ground up. It wants to bring about a sustainable society by creating unique resources, and it is one of the rare companies that is revolutionizing how we look at the supply chain (that is, the entire set of processes from raw materials through delivery of products and services to the consumer. A supply chain that erases the boundary between waste processing and manufacturing is what the coming era demands. At the same time, however, the company has struggled for growth over the past few years, and I believe that my expertise and professional network can be valuable to AMITA in making a breakthrough.

bottom would be pulled up at the same pace as the top. For that to happen, however, a few things must change. The business-transformation plans of company leaders must be communicated more clearly and shared more effectively. Leaders who can translate the company's mission into business strategy and tactics must be cultivated. The way all employees see the nature of their work must be transformed. Because AMITA is so serious about its ambitious mission, it is all the more important not to leap before looking, but to proceed step by step as it implements the plans of each business unit. This will foster the entire company's ability to execute its mission.

The management structure should delegate more authority from the executive suite to group leaders and team leaders, to create a system in which managers closest to the front-line business can formulate nuts-and-bolts strategies.

#### Q2: From your perspective as a Non-executive Director, what are the challenges facing the AMITA Group, and how can they be surmounted?

A2: I feel that the foremost challenge is that the ideals and mission of the company are not being fully translated into concrete strategy. Today the AMITA Group is like an overstretched spring. The leadership is reaching for the future, expanding the company's business ambitions, but operations on the ground have not kept pace. Ideally, the

#### Q3: And how do you see your role?

A3: The most important thing I can do is bring an outsider's perspective into the boardroom. I don't have any baggage from experiences of past successes or failures here, and so I can offer a different way of thinking about things to the executive leadership. Primarily, I can help them define their mission, and ensure that value-creation (which is what it all comes down to) is instantiated in tangible products and services that contribute to business growth.

## Our Mission II

Wisdom and Life are infinite.

Through changes in our surroundings and the evolution of sympathy,

The formation of external and internal relationships create us.

There are no stable phenomena; the universe is in flux.

Because we are who we are,

We need to have a good relationship with infinite life.

Our hearts hold everything that humanity seeks.

What humanity seeks is to protect the dignity of our future children.

We have the passion to give this goal a form and offer it.

## We declare.

To attest that life is capital to create value,

To give priority to building cyclical relationships for realizing a sustainable society,

To conduct only business that contributes to increasing natural capital and human relation capital, and

To protect the dignity of living systems.

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Published by: AMITA HOLDINGS CO., LTD.

Publisher: Eisuke Kumano

General Editor: Eisuke Kumano

Written and edited by

Akari Fujimoto, Junpei Yoshida, Yuichiro Ebina, Motoki Maeda

Designed and printed by Daishinsha Inc.

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