

For the Society

We continue making our social contributions through various activities as a good corporate citizen that should coexist in harmony with society

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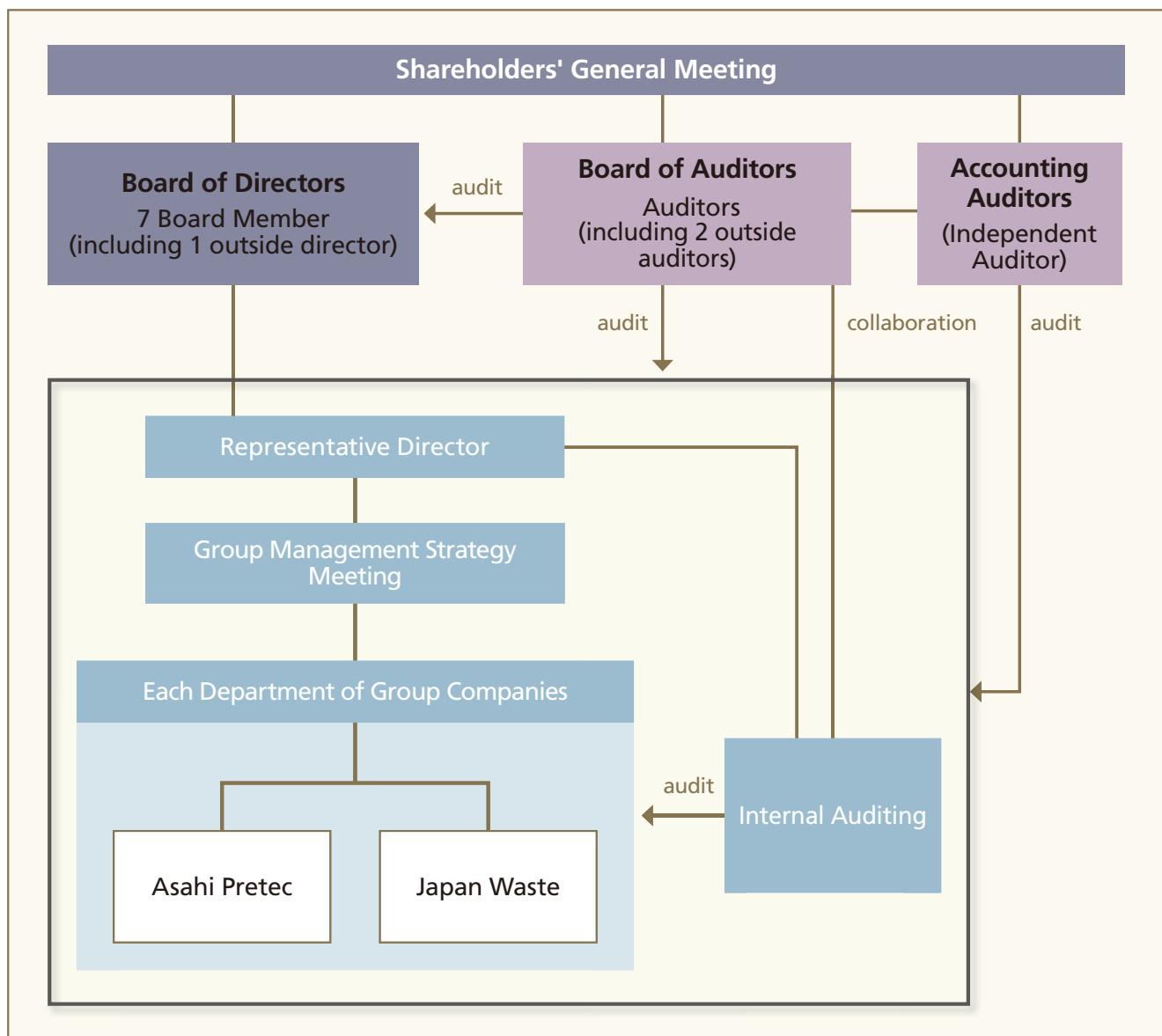
CORPORATE GOVERNANCE

Under the holding company structure, the Group is committed to building a stronger group governance and driving risk management

Corporate governance philosophy

In order to meet the expectations of stakeholders and to maximize the corporate value, we are committed to enhancing our corporate governance with Asahi Holdings taking the initiative as a holding company. Operating companies, Asahi Pretec and Japan Waste make timely decisions and develop operations in each specialty area in order to reinforce competitiveness and expand profitability. With each company carrying out its functions, we will strive to achieve lasting growth and development as a corporate group. Currently, one out of the seven directors and two out of the three statutory auditors are selected as external corporate executives, monitoring and supervising management from an independent perspective.

● Asahi Holdings Corporate Governance Structure



Maintaining an internal control system

We have enhanced our internal control system by establishing a structure in which the Board of Directors, Board of Corporate Auditors, Accounting Auditors, Internal Audit Department, and Internal Control Department each works effectively to develop regulations and implement company-wide initiatives regarding compliance, risk management, and information management. Additionally, Asahi Way provides codes of conduct the Group employees should adhere to in order to perform fair and sound business activities.

Compliance

We consider compliance a priority issue in delivering fair business activities and ensuring legal compliance and high ethical standards. Particularly, operations related to appropriate processing of wastes are based on environmental laws and regulations as well as governmental licenses, and each and every employee is required to always act with a highly compliant mindset. We are conducting activities to raise the legal compliance awareness of each and every employee through education and mutual communication, along with rules and manuals related to compliance.



IT Protection Education Program

Internal reporting system

To quickly identify and resolve problems such as unlawful and unjust behavior, we have set up "Asahi Hotline" (internal issue-reporting program). An external law firm acts as a contact point and responds to calls, including anonymous disclosures. We improve a system where disclosed matters are to be investigated and corrective actions taken without revealing the identity of the disclosing and disclosed parties.

Risk management

To properly manage apparent and potential risks in business activities, we study risks from a comprehensive standpoint, against which assessment is performed and actions taken. We are working hard to prevent risks from arising, and to minimize losses when risks develop into a crisis, through the promotion of risk management.

Business continuity plan (BCP)

Due to various factors such as large scale disasters, there is a risk that our Group's functions needed for business continuity may weaken. As an action plan to achieve quick restoration of mission-critical functions even after a disaster, we created a business continuity plan and have carried out the following initiatives:

- Installation of power generators in major plants to supply backup power
- Suppression of peak power [use] by adjusting running hours of plant equipment and by saving electricity in offices
- Strengthening of backup of information systems including servers
- Decentralization of some parts of production and processing (multiple locations supplementing each other)
- Enhancing of earthquake resistance in equipment and facilities
- Reinforcement of facilities to prevent leakage or diffusion of chemicals, etc.
- Storing of drinking water and food at all Group locations
- Maintaining a system for safety confirmation and updated emergency contact information



Stock-pile for Emergency

WITH OUR CUSTOMERS

We make efforts to provide detailed responses to the wide-ranging needs of each of our customers under our motto that "customers come first"

Initiatives to Improve Customer Service

● Customer Satisfaction Surveys

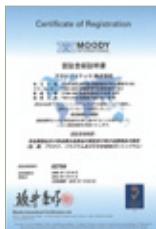
We periodically conduct Customer Satisfaction Surveys. We survey the level of satisfaction with our business activities as a whole, and then improve upon problem areas based on the results of the reports. Hereafter, we will continue conducting periodic surveys and working to improve customer satisfaction.

● Fair trade initiatives

Our group articulates "Prohibition of Acts That Compromise Fair Competition", "Confidentiality of Supplier Information and Technology", "Prohibition of Inappropriate Offering/Receiving of Benefits" in the Asahi Way (page 3) and other rules, to ensure fair trade practices and compliance with corporate ethics.

Quality Assurance System

We hold a Quality Assurance Meeting that is led by the Quality Assurance Division through an amalgamation of our Sales Division, Technology Development Division, and Product Manufacturing Division. Through this meeting we share information such as customer opinions and market trends in our efforts to improve customer satisfaction. In addition, in order to provide customers with products that earn greater reassurance and satisfaction from customers, we have acquired ISO9001 certification and strive to make continuous improvements to our quality management system and maintenance and enhancement of quality. In March 2010, we integrated the certifications of four bases which acquired ISO9001 certification and started operation of a company-wide uniform quality management system. Furthermore, Asahi Pretec also makes efforts to reduce the environmental burden while giving consideration to "green procurement" and the Restriction of Hazardous Substances (RoHS) Directive, which is a European regulations on chemical substances.



ISO9001 Certificate

Acquisition of ISO 9001 approval
Asahi Pretec Co., Ltd. Technical Research Center Fukuoka Plant Ehime Plant Saitama Plant

Risk Management System for Information Leakage

We employ the latest security measures on PCs and tablet-type devices used by sales persons. In case of the property loss or theft, we can reduce the possibility of information leakage close to as zero by means of deleting the information through remote operation, and etc. Recycling Centers located in Saitama and Amagasaki acquired ISO27001 certification in March 2011. We provide a data deletion and HDD destruction, etc. service as measures to prevent information leakage in connection with disposal of PCs and contribute to information protection through our business activities.



Data deletion using an exclusive software

WITH OUR COMMUNITIES

Understanding and support for our business from people of the local community is indispensable for us since we develop our business operation across the county. To be a company that coexists with society as a corporate citizen, we carry out activities that are rooted in communities in various ways

Our Initiative Activities

● Adopt Program in Koga City, Fukuoka Prefecture

Fukuoka office participates in a volunteer program, "Adopt Program in Koga City". This program is designed for being attentive to beautification and conservation activities aiming for beautiful cityscapes by Koga City, partnering with corporations and business offices. To enhance our awareness for environmental beautification of public spaces such as roads, etc., a variety of organizations like elementary schools, junior high schools and high schools in Koga City conduct the activities regularly. We will continuously make an active contribution for the environmental conservation of the community.



● Forest Project of Kobe Association of Corporate Executive

We participate in "Forest Project of Kobe Association of Corporate Executive (KACE)", a volunteer program hosted by KACE. Three years have been passed since we initially joined the program, whose objective is to assist efforts to foster the forests over five years. We develop the activities to deepen our understanding for nature and to nurture the forests for the next generation through forest improvement, such as tree thinning and cutting on Mt. Futatabisan in the Rokko Mountains, and nature observation.



● Registration as a Place for "Refuge for Children Dial 110"

Aomori office has registered and conducted a volunteer activity, called "Refuge for Children Dial 110", for the children's safety in the community. We offer drop-in emergency assistance and refuge for children as a temporary shelter when they suffer something dangerous or fear for their physical safety. At the same time, a report for the police, school, family, etc. are provided to protect their safety. A poster for "Refuge for the Children Dial 110" is posted at a place where children can easily recognize. We will make an effort to conduct community-based activities to foster a safety environment, in which children can live free from anxiety.



Social Contributions Through Business Activities

We agree with the purpose and support the activities of the 8020 Promotion Foundation for the 8020 Campaign (a campaign to still have over 20 of one's own teeth upon reaching the age of 80). We also recycle the removed teeth crowns collected by dental clinics that agree with the purpose of the cooperating organization for reproducing precious metals such as gold and palladium. The net profits obtained from sales of these precious metals are made available as funds to assist the activities of various cooperating organizations.



©V. Dupont/Médecins Du Monde
Medical assistance by Médecins Du Monde

<Major organizations that our company assists>

- The 8020 Promotion Foundation



- Nippon Foundation ("TOOTH FAIRY" Project)



- Médecins Du Monde Japon, a Specified NPO
(Provides medical assistance to people suffering from wars and natural disasters)



- The Japan Cleft Palate Foundation, a Specified NPO
(Provides medical assistance to children with oral handicaps such as cleft lips and palates)



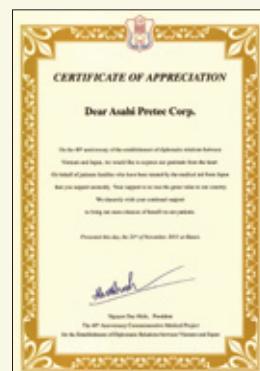
TOPICS 1

Medical Support by Free Operation for Patients with Cleft Lip and Palate in Vietnam "

Japan Cleft and Palate Foundation is engaged in support activities for children with congenital physical imperfections and provides free operations, relief work in developing countries, etc. The Foundation has been engaged in medical assistance activities over 20 years in Vietnam and provided free operations for about



Awards ceremony at the convention



3,000 people with cleft lip and palate. Asahi Pretec, as a cooperative company, has carried out support activities through our precious metal recycling business. Our assistance activities were highly appreciated and we received a letter of appreciation from Principal of Hanoi Medical University at an international convention, which was held in Hanoi to commemorate the 40th anniversary of diplomatic relations between Vietnam and Japan. We continuously serve social roles through our precious metal recycling business.

TOPICS 2

A visit of Hidaka High School for our Factory Tour

We perform a factory tour as part of CRS activities for high-school students. In October 2013, 80 students from Hidaka High School in Wakayama Prefecture were welcomed to Amagasaki and Kobe Factory for each site factory tour. We mainly introduced rare metal refining process at Amagasaki Factory and Treatment process of industrial wastes at Kobe Factory.



WITH OUR EMPLOYEES

We aim to create a livable and cohesive workplace through respect for the individuals and daily work. Also, we are providing various support so that each and every employee can bring out the best in their work and find their duties "rewarding" and "fulfilling"

Creating an Environment Where People Can Work Free from Anxiety

Work-Life Balance

It is very important not only for employees but also for the company to go through life with giving free scope to one's talent and striking a balance between challenging assignments and fulfilling personal life. The important things in one's personal life diversify according to individual values such as family, health, sports and hobbies. We support all employees, as a corporate, in order for them to have a balance between private and work life.

● Employee General Meeting

An employee general meeting is held every year. At the meeting, a message from CEO, the previous fiscal year's performance results and the priority issues of the current fiscal year are presented. Also a panel discussion between top management and employees are implemented.



General Meeting of Employees

● Mental Healthcare

We believe mental health care is vital for the employees' productivity and the improvement of vitality. We provide an individual consultation and a preventive seminar working with an industrial physician with expertise in mental health-care.



Individual Consultation



Mental Health Care Management Training

● Our Healthcare Administration

Regular physical examination programs (e.g. checkup for preventing lifestyle-related disease, checkup for people engaged in designated operations, and general medical checkup), which are required by law, are offered to all employees. For those aged 45 or above and all managers, a comprehensive medical checkup program is offered. We also support medical checkups for brain and PET scans for early detection of cancer upon requests from eligible employees.

100% of the employees go through these routine checkups, which shows that both the company and the employees are committed to improving health, preventing disease, and detecting early symptoms.

● Self-assessment system

Once a year, all employees are asked to carry out a written self assessment on topics including how effectively they are using their abilities, their suitability for their roles, their feelings of challenge and accomplishment, and the atmosphere in their workplace, and are invited to write about their desired career path. The report card also includes a checklist to self-diagnose the degree of fatigue accumulation. The completed self assessments are submitted directly to the HR department, which works together with employees' managers and supervising directors in order to adjust personnel assignments, improve the work atmosphere, and promote a feeling of rewarding and encouraging work.

● Interviews for all employees

Every three years, individual interviews are conducted for all employees. Employees are asked about their current work environment and their jobs in the interview. In order to improve the working environment by taking into account the work-life balance for each employee, employees are advised to maintain an appropriate workload as well as appropriate number of working hours.

● Employee Survey

Every three years, an "employee survey" is given to all company employees. This survey is carried out in order to grasp objectively employees' satisfaction, attitudes, values and recognition of corporate culture concerning workplace, assignment, supervisors and the company. The survey results are used to promote the further development of the organization and its employees.

● Employment of Disabled Persons

Employees with impairment engage in each job at the same workplace with healthy people.



● Childcare Leave

The Company supports the balance between birth, childcare and nursing care of family members and work. We support working patterns suited to the lifestyles of employees by shortening working hours specified in the childcare leave system.

● Holiday for Refreshment

We provide a welfare benefit plan, "holiday for refreshment", where employees can take 3 to 5-consecutive-day holiday every year from the 2nd year after joining the company. Added to the weekends, 9-consecutive-day vacation can be taken. Employees can enjoy spending time with family in traveling and doing hobbies.



● Supporting Company Club Activities

Communication between colleagues and clients is enhanced through club activities such as baseball and futsal.



Fostering Human Resources

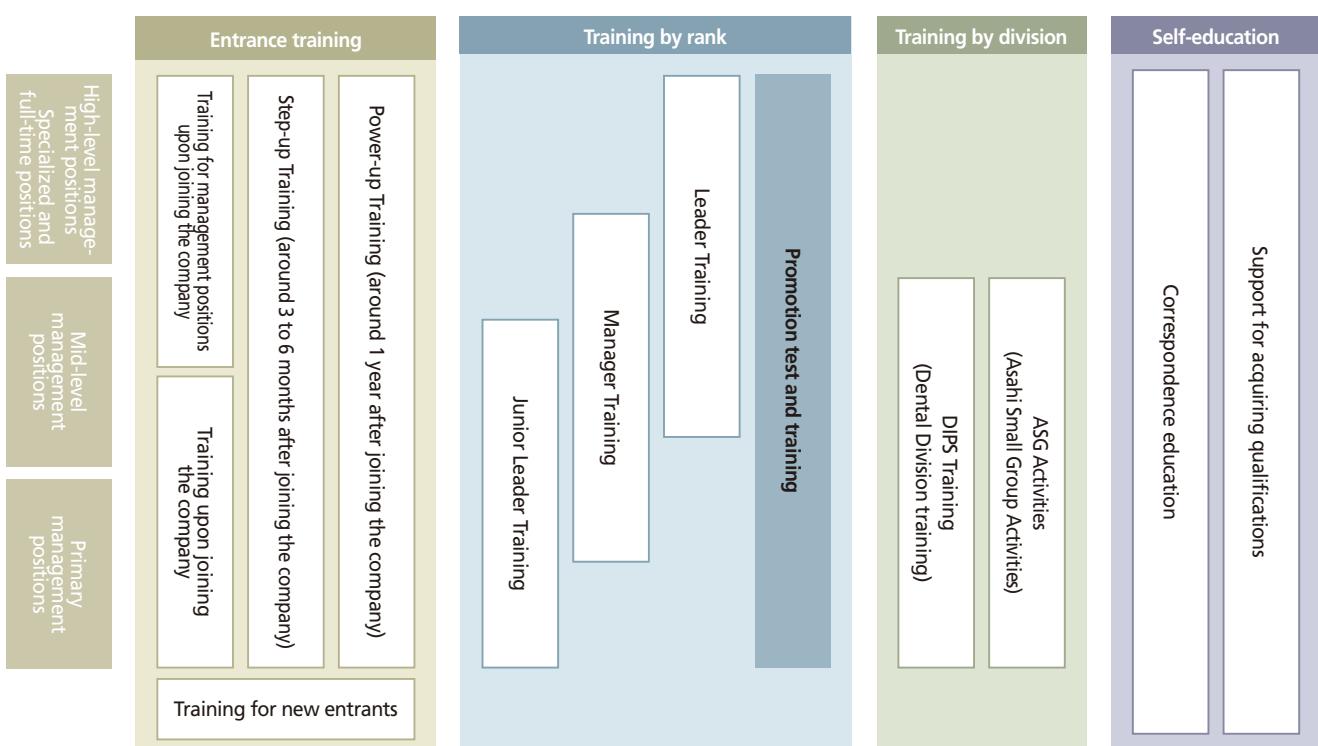
Human Resource Development

Employees at all levels/in all lines of work are encouraged to become professionals with an emphasis on expertise, and are offered original certification programs as well as internal educational curriculums. Additionally, so-called ASG Activities are carried out in small groups on a voluntary basis. Furthermore, we hope to cultivate ambition in employees through a performance-based personnel system which evaluates the performance and contributions of each employee in an impartial and fair manner.

Employee Training Program

Our company provides education suited to the employees' level of proficiency from the time they join the company (Entrance Training, Step-up Training, Power-up Training), as well as education and training for selective human resources by rank (Junior Leader Training, Manager Training, Leader Training). In addition to which we also instill each individual with the practical knowledge needed by professional

human resources through training by division and technical ability education. We have also established training programs which make it possible to nurture specialized capabilities.



Power-up Training



Junior Leader Training



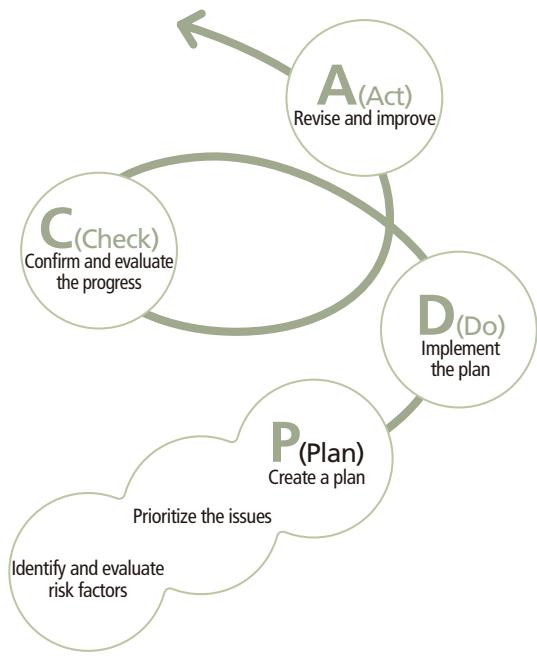
Manager Training

Promoting Safety and Health Activities

Initiatives for OSHMS

It is essential to nip disasters in the bud by focusing on the innumerable risks latent in the workplace and such risks in advance so as to reduce the number of industrial accidents. Our company aims to improve the safety and health standards of our workplaces by incorporating the reasoning behind the Occupational Safety and Health Management System (OSHMS*) and reducing risks.

Our OSHMS is based upon reducing workplace risks by repeatedly applying the PDCA Cycle. This is a sequential cycle which runs from "establishing a plan" based on assessments of factors contributing to risk and hazards (Plan) -> "implementing the plan" (Do) -> "evaluating the results of the plan" (Check) -> "revisions and improvements based on the evaluation" (Act).



* Occupational Safety and Health Management System

TOPICS

Project for Accident Eradication

Social demand for safety has steadily been increasing year by year while we have promoted proactively to extract, improve and reduce potential risks at the workplace. Therefore, we started "Accident Eradication Project" in October 2013. By assigning the top management as the project leader, we aim to construct a prompt and essential safety management system. We aim for providing a safe workplace so that employees can work free from anxiety by securing, maintaining and improving higher safety standards.

Environmental Safety Education

Environmental safety education is conducted as part of the Human Resource Fostering Program in the employee training system , in which attitudes toward conducting a safety work and basic knowledge of hazardous substances are educated. Furthermore, we also incorporate a role-play discussion into the education assuming a specific emergency situation such as fire breaking-out during working hours. We also devise means to enable individuals to correctly understand the actions that should be taken at the actual work site.



Environmental safety education

In terms of on-site support, on-the-job training (OJT) is provided by specialized staff of safety and health at the site of sales and plant. We strive to improve health and safety in workplace environments by means of safety guidance for workers and persons in charge.



Plant training

Responding to Emergencies

As safety measures, we examine risks in business activities closely and decide a "Safety Promotion Administrator" at each site in order to prevent accidents/problems. In addition, we organize a system properly for a prompt response in the event that something unexpected occurs.

As a means of internal and external response at the time of emergency, we have prepared "Management Manual for Emergency" and also distributed "Manual at the time of Accident and Disaster" to all employees, which stipulates guidelines at the initial stage of accident and disaster.



Emergency training

Safety Commendation Activities

We make an effort to enhance our awareness for safety and every year some business sites and employees are commended for their contribution to their outstanding achievement at the general meeting of employees.



commendation for safety activities

Creating Vital Workplaces Through Small Group Activities

We implement Asahi Small Group Activities (what we call "ASG Activities") with voluntary and independent-minded participation from employees within the same workplace. Through these activities, participants use their creativity to work toward solving issues and problems within their workplace. Groups with outstanding efforts are awarded at the general meeting of employees.

INTERVIEW Taking Part in ASG Activities

I work at Administration Group in Yokohama Office in charge of administrative task of Precious Metal Recycling and Environmental Preservation Business. Our FY2013 target of ASG(AsahiSmallGroup) activities is to enforce our organizational power by focusing on the following three - "Efficiency in Operation", "CS Improvement" and "Cost Reduction".

For operational efficiency, we reviewed all office work and offered effective alternatives for improvement and put them into practice. For CS improvement, we promoted to share information internally and to enforce communication for smooth and sophisticated telephone skills. For cost reduction, we reconstructed a system, in which each employee could address cost reduction proactively by raising each individual's awareness of responsibility for the cost reduction.

Implementation of this restructuring through ASG activities resulted in reform of the mindset of all members of Administration Group. This activity developed the willingness for one's task and enforced the communication among others that led to improve the strength of both organization and motivation as a group of "thinking". Furthermore, we will engage in organization management keeping in mind "Innovation and Challenge" stipulated in ASAHI WAY, our corporate credo without being satisfied of the situation in which we are now.

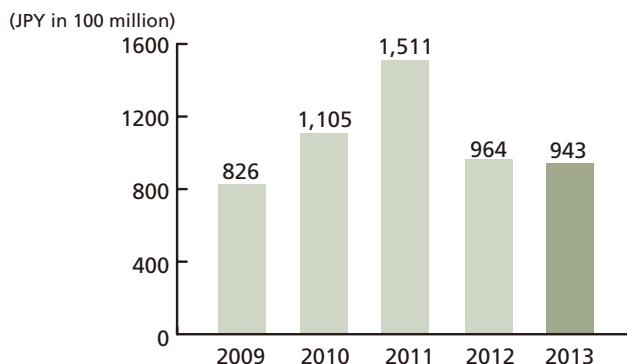


Group Leader Hirotaka Nagaoka
Yokohama Office

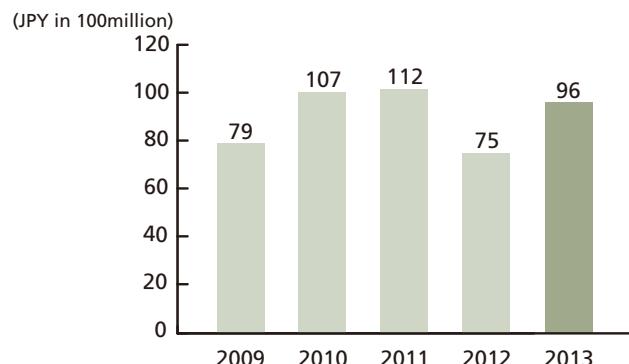
WITH OUR SHAREHOLDERS AND INVESTORS

We are proactively promoting strategic focus on growth and striving to improve corporate values through business development and provide stabilized returns to our shareholders

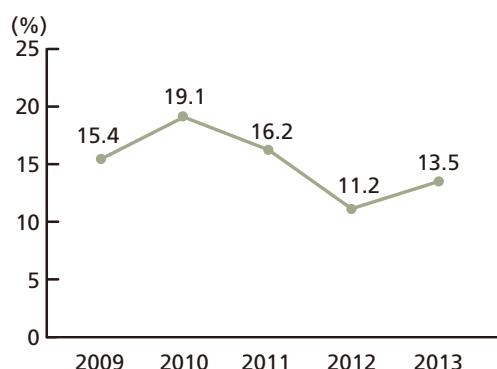
● Net Sales



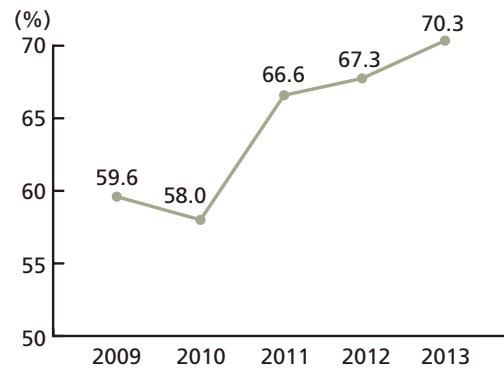
● Operating Profit



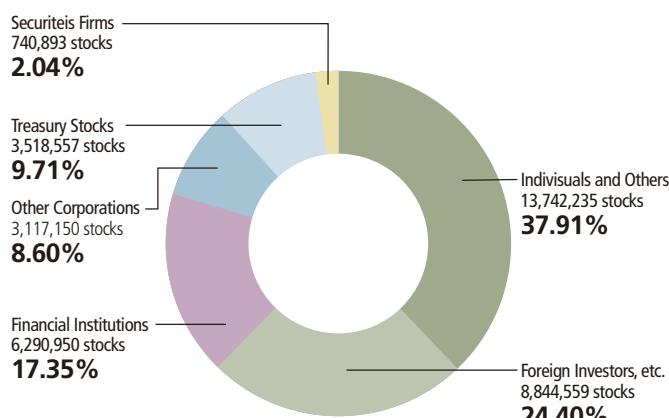
● ROE (Return on Equity)



● Capital Equity Ratio



● Stock Distribution by Shareholders



Basic Policy on Shareholder Returns

In order to continue to grow our corporate value, we carry out strategic investment for growth while working to enhance our revenue base. Our payout ratio is a key metric in the distribution of the proceeds of this, and we return profits to our shareholders through the provision of a stable dividend.

● Dividend Per Share

