

## For the Society

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

### INDEX

- 25 Corporate Governance
- 27 With Our Customers
- 28 With Our Communities
- 30 With Our Employees
- 35 With Our Shareholders and Investors

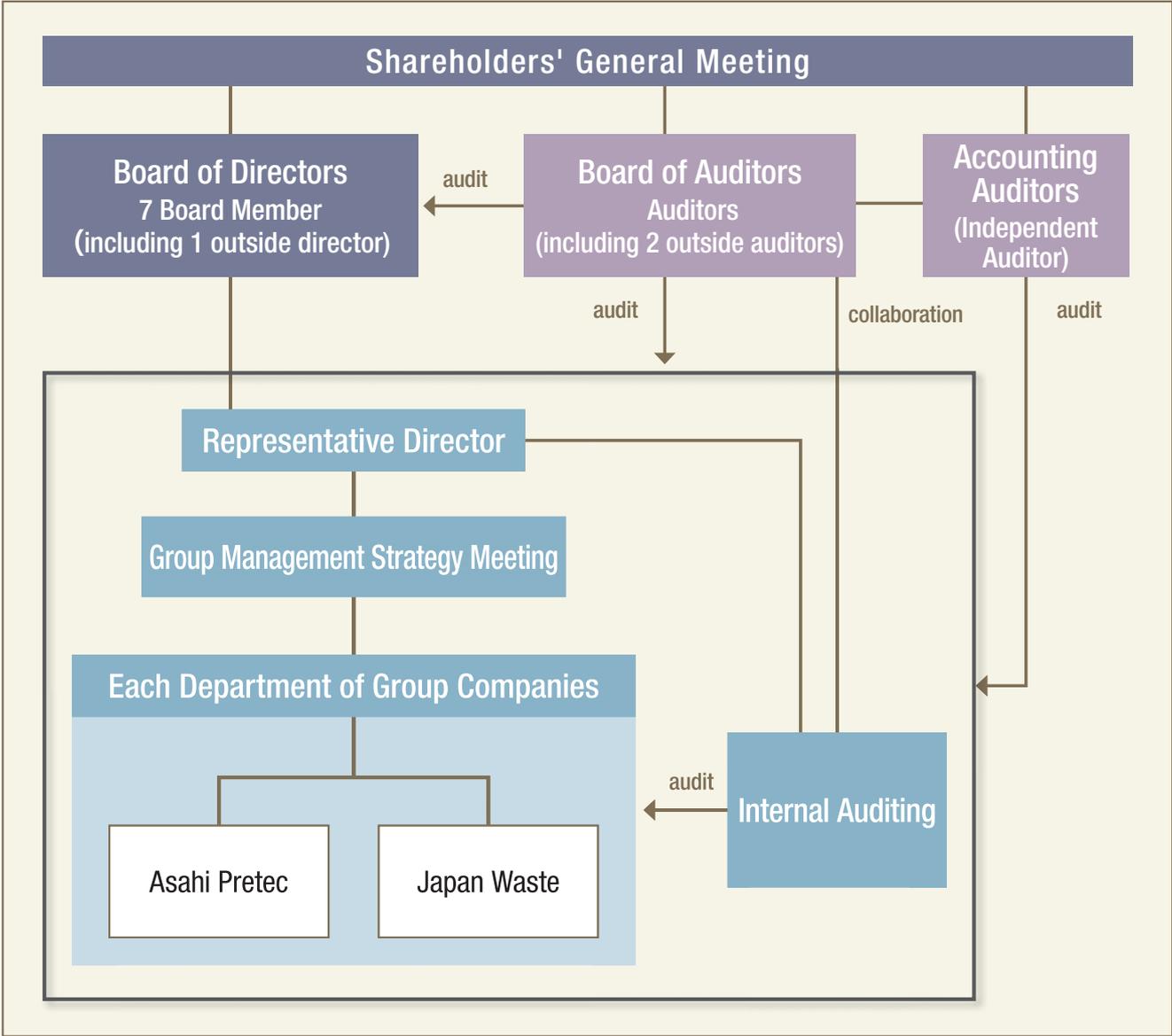
# CORPORATE GOVERNANCE

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 (43 sites)
- Maintaining a system for safety confirmation and updated emergency contact information

## Handling of Conflict Metals

Adhering to a strict rule on neither purchasing nor using any conflict minerals, we construct and operate our management system by setting our procurement and management policies. Receiving a designated third-party audit, in compliance with EICC Gold Conflict-free Smelter Program ([www.conflictreesmelter.org](http://www.conflictreesmelter.org)), we acquired the relevant "EICC Gold Conflict-Free Smelter Program Certification". Asahi Pretec Corp. will fulfill a level of responsibility commensurate with a recycler of precious metals and will make an effort in neither purchasing nor using any conflict minerals so that our customers around the world can make use of our precious metal products without anxiety.

\*Conflict metals can be defined by any conflict minerals derived from countries or regions, in which any inhuman acts such as conflicts, human trafficking, slavery, forced labor, child labor, abuse, war crimes, any terrorist activities, or any fraudulent activities such as money laundering, which can become a source of war chests.

# 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 [of companies] provides, in the Asahi Way (Page 3), “Prohibition of Acts That Compromise Fair Competition”, “Confidentiality of Supplier Information and Technology”, “Prohibition of Inappropriate Offering/Receiving of Benefits” 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.

## 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.



ISO9001 Certificate

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



Data deletion using an exclusive software

# WITH OUR COMMUNITIES

Understanding and support from people in local communities are indispensable for our company since we develop our business operation across the country. 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

### ● Effort for the Environment Beautification

Since 1999, at the time of Okinawa Office establishment, all the staff member at Okinawa Office have cleaned up beaches around Nishizaki area in Itoman City. It sometimes happens at the sea in the district that marine creatures eat the rubbish by mistake. We feel even more keenly the importance of the continuous environment cleaning activities and will make continued efforts for the community environment conservation activities.



### ● Kobe Association of Corporate Executive's Forest Project

We participate in "The Kobe Association of Corporate Executive's (KACE) Forest Project", a volunteer program organized by KACE. This program is intended to assist efforts to develop the forests over five years, and employees of participating companies work on forest conservation and engage in nature walks. The program includes volunteer activities (forest thinning and improvement cutting) on Mt. Futatabi-san in the Rokko Mountains, and will continue in the future.



### ● Patrol Activity for the Illegal Waste Dumping/ Clean-up Activity

Ecomax Co., Ltd., one of our group companies, conducts a regular environment patrol around Samukawa town in Chigasaki city cooperating with companies belonging to Industrial Wastes Association in the central district of Kanagawa Prefecture. We also engage in the clean-up and environment beautification activities around the Sagami River, which is one of the most precious water sources.



## 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/Medecins Du Monde  
Medical assistance by Medecins Du Monde

### <Major organizations that our company assists>

- The 8020 Promotion Foundation



- The Japan Cleft Palate Foundation, a Specified NPO

(Provides medical assistance to children with oral handicaps such as cleft lips and palates)



- Medecins Du Monde Japon, a Specified NPO

(Provides medical assistance to people suffering from wars and natural disasters)



### TOPICS

#### Participation in the TOOTH FAIRY Project



The social project "TOOTH FAIRY", promoted by the cooperation of Nippon Foundation and Japan Dental Association, recycles metals that have finished their functional role at dental clinics across Japan to support children and their families both domestically and abroad. As a partner company in metals recycling, we participate in supporting and operating this project. The project contributes establishing "The Ocean View Forest", a facility that supports children with incurable diseases and serious disabilities, and "Child Chemo House - Dream Hospital", a residential center for pediatric chemotherapy that allows children and their families to live together during their healing. As an overseas project, we have built schools in Myanmar to support the education of economically disadvantaged children.

### TOPICS

#### International Environmental Management Program

Asahi Pretec Corp. participated, as a cooperative company, in the Fukuoka International Environmental Management Program for young administrative officers assuming the role of environmental measures and policies in Asian countries. Trainees from overseas were invited to our Kita-Kyushu Plant and a lecture on the industrial waste and incineration disposal a plant tour were conducted. They gained better understanding about the industrial treatment technology through lively questions from the trainees.



# WITH OUR EMPLOYEES

By respecting individuality, we aim to create a positive and cohesive workplace in which employees develop their skills through work and find something to live for. Also, we are providing various support so that each and every employee can bring out the best in their work and engage and find their duties “rewarding” and “fulfilling”.

## Creating an Environment Where People Can Work Free from Anxiety

### Work-Life Balance

Living one’s life by utilizing the abilities to full extent while striking a balance between challenging, rewarding work and a fulfilling personal life is not only important to employees, but to the company as well. There are a wide variety of important values in one’s personal life, such as family, health, sports, and hobbies, which vary depending on each individuals. Our company offers support which allows employees to strike a balance in their personal and working lives.

### ● Holding General Meetings of Employees

We hold a general meeting of employees every year. At the general meeting of employees a number of different activities are held, including a message from CEO, presentations on the previous term’s performance and priority issues for the current term and discussions between top management and employees.



General Meeting of Employees

### ● 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.

### ● Mental Healthcare

It is said that stress from work or daily-living related anxieties or worries is spreading in our modern society.

At Asahi Holdings, we believe that mental health is a vital key to our employees’ productivity and the improvement of their vitality, and work with industrial medical professionals with expertise on mental healthcare to provide individual consultations and preventive seminars. In addition, efforts are made toward comprehensive health management and seminars concerning better health through medical viewpoints are given whenever necessary.



Individual Consultation



Mental Health Care Management Training

● **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 held 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 objectively measure employees' attitudes to and levels of satisfaction with their workplace, work, managers and the company, and their awareness of the corporate culture. The survey results are used to promote the further development of the organization and its employees.

● **Employment of Disabled Persons**

Employees with disabilities engage in the same types of work that physically unimpaired employees do at our workplaces.



Amagasaki Recycling Center

● **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**

This is a system whereby employees can take three to five days of continuous holiday time every year beginning in their second year. This makes it possible to take nine days of continuous vacation time if weekends are included, which can be used for travel with family or hobbies.



● **Supporting Company Club Activities**

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



# Fostering Human Resources

## HR development philosophy

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

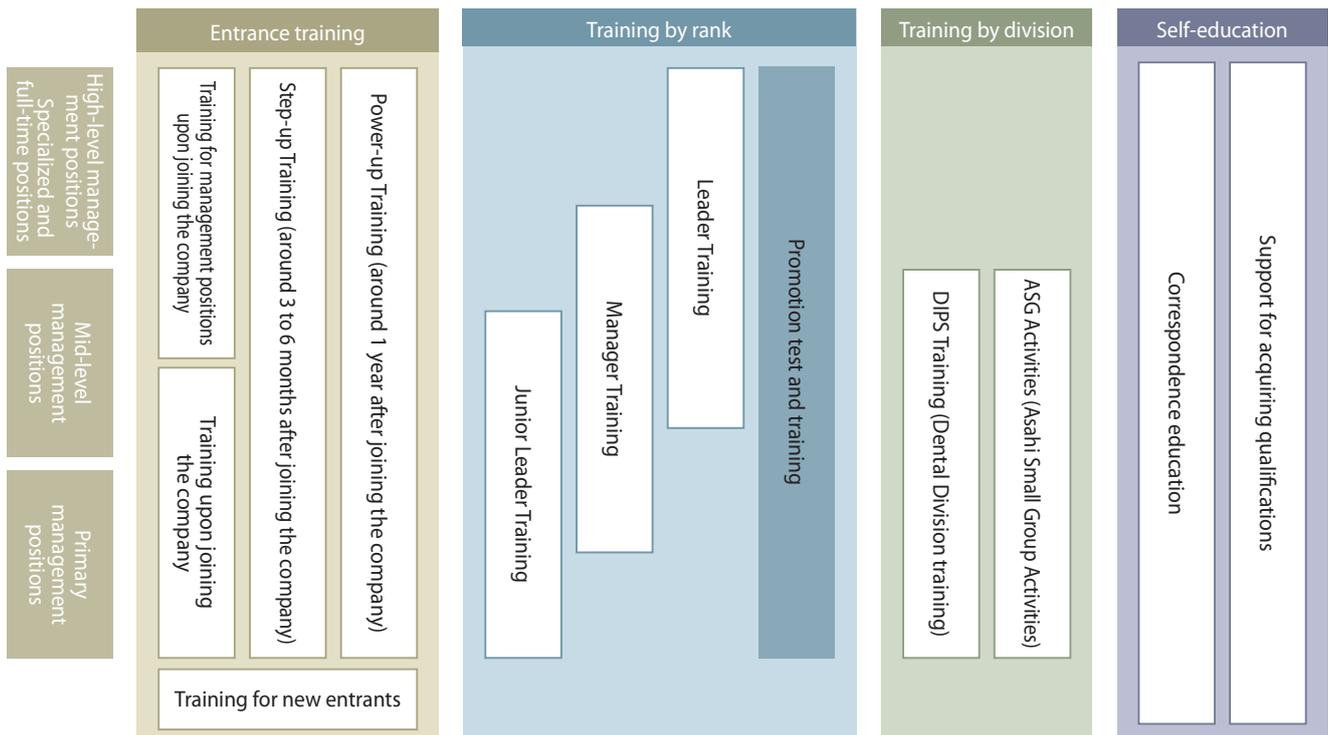
we also instill each individual with the practical knowledge needed by professional human resources through training by division and technical ability education. We have also established training programs which make it possible to nurture specialized capabilities.



Step-up Training



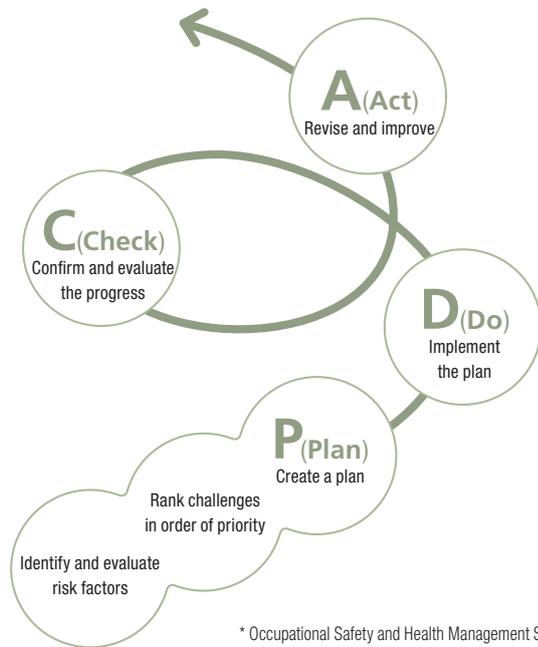
Power-up Training



# 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 reducing such risks in advance so as to reduce the number of disasters. 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).



## Environmental Safety Education

Environmental safety education is conducted as part of the Human Resource Fostering Program in the employee training system described above, and teaches things like a frame of mind for safely conducting work and basic knowledge of hazardous substances. Furthermore, we also incorporate into this role play-type education which holds group discussions by envisioning specific emergency situations, such as how you should react if a fire were to break out during working hours. We also contrive of 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 concerned with health and safety at our sales and plant sites. We strive to improve health and safety in workplace environments by means of safety instruction to workers and persons in charge.



Plant training

### TOPICS Approach to Safety Activity

We make an effort for a risk reduction by picking up and improving potential risks in the work place. In January 2012, a special project team for tightening security measures was set up in order to accept and study the information of the serious industrial accidents, the hazardous waste liquid spill incidents and the explosion accidents occurred in other companies. We made on-site visits with our revised strict safety standards and found 94 risk factor items, which can lead to serious accidents. In FY2012, we implemented a risk assessment of those risk factors extracted and 32 items were improved by prioritizing of the measures and actions. Continuous amelioration for the rest of the items will be executed accordingly.

## Responding to Emergencies

By way of safety measures at plants, our company seeks out risks regarding our business activities, decides on a "Safety Promotion Director" for each work site, and takes preventive measures. In addition, we have set in place a structure for promptly responding to any problems in the event that something should occur. Furthermore, as a means of responding within the company and outside the company when emergencies occur, we have completed the "Emergency Response and Management Manual." We have also distributed "Accident and Disaster Response Procedures," which contain essentials for responding to accidents and disasters when they initially occur, and have mandated that every employee must carry these with them at all times.

We set up the disaster headquarters led by our CEO of Asahi Holdings on the day of the Great Eastern Japan Earthquake in March, 2011. Then we confirmed all of the safety of our employees and their family members and offered support for our damaged production/sales sites to be restored.

### TOPICS Re-assessment of Height of Tsunami, Tidal Waves

We re-assessed the envisioned maximum height of Tsunami of each office in our group companies in preparation for Tokai Earthquake, Tonankai Earthquake, Nankai Earthquake, which are said they are well overdue and ready to happen at any moment. Cabinet Office released them re-assessed number of the maximum height of each earthquake. Based on the numbers reviewed, we re-investigate the height of Tsunami at each office in group companies and shared the information of the evacuation area, the route, etc. Each office conducts an emergency drill to prevent the expansion of the damage and to take measures so that we can act appropriately without any confusion in a state of emergency.



Firefighting training

### INTERVIEW Taking Part in AGS Activities

Kyushu Plant, where I work for, treats, disposes and manages the industrial wastes properly, which are collected from all customers across the nation. On-site inspections by our customers, who are the original waste producers, and factory tours by the overseas trainees are frequently made at our plant. Providing a thorough control, as a trusted and reliable factory offering a proper disposal for the industrial waste, we take a serious effort for the plant aesthetic maintenance and improve the work environment. Emphasizing on the self-maintenance and the management rule review, we have aimed for getting the state of "the always well-organized plant" entrenched, without just ending a simple cleaning activity, by creating the working atmosphere where everybody can work on one's own initiative. The activity brought us a lot of positive impacts on our daily work such as a smooth communication among the organization and the deep understanding of the facility derived from the enhancement of the self-maintenance consciousness.



Group Leader Koji Kodama  
Kita-Kyushu Plant

## Safety Commendation Activities

Every year, we strive to enhance awareness of safety by holding activities to commend business sites and employees who have made a contribution to safety management at general meetings of employees.



Safety commendation

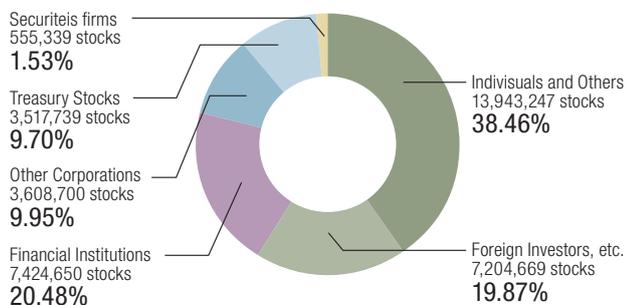
## Creating Vital Workplaces Through Small Group Activities

We implement what we call Asahi Small Group Activities (ASG Activities) with voluntary 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 employee general assembly.

# WITH OUR SHAREHOLDERS AND INVESTORS

We are proactively promoting growth strategy and striving to improve corporate value and provide stabilized returns to our shareholders through business development.

## ● Stock Distribution by Shareholders

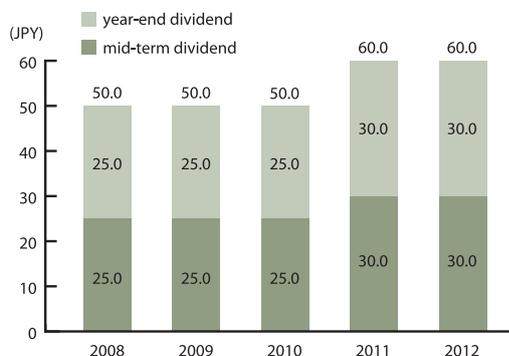


as of March 31, 2013

## 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

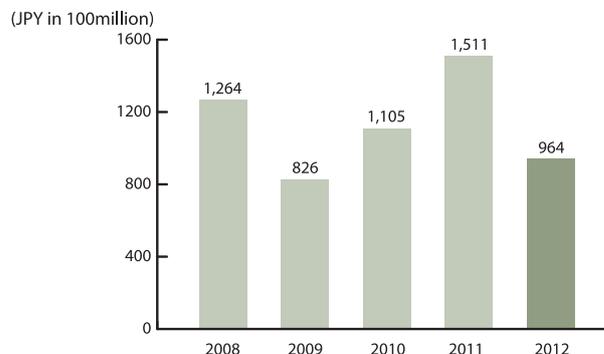


## TOPICS

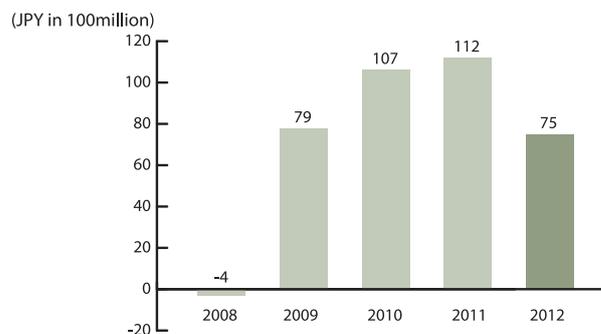
### Selected "ESG Theme Issues" by Tokyo Stock Exchange (TSE) Group, Inc.

ESG stands for "Environmental", "Social", and "Governance". It is expected that appropriate evaluation for companies' attitudes toward ESG issues and its incorporation into investment decision will contribute to solving and improving environmental problems and social issues, as well as developing a sound capital market. Fifteen companies were selected as a company with high evaluation of ESG activities and higher ROE compared to the industry average, and Asahi Holding was evaluated and selected as one of the companies among over 1,600 listing companies at TSE 1st section.

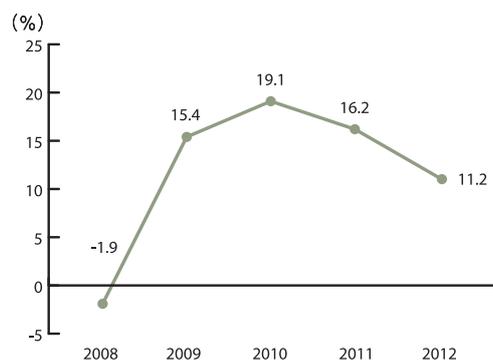
## ● Net Sales



## ● Operating Profit



## ● ROE (Return on Equity)



## ● Capital Equity Ratio

