

Creating Value, The AMITA Way

Annual Report 2013



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This document is a report on, and a blueprint for the future of, The AMITA Group's performance and business activities. It explains how the Group is striving to fulfil its goal of identifying and addressing societal needs.

The AMITA Group is a publically traded company in Japan with a corporate mission to realize a sustainable society.

This annual report, *Creating Value, The AMITA Way*, describes:

- the kind of value we seek to create
- our business philosophy
- our medium- and long-term vision and goals
- how successfully we executed on our goals during the past fiscal year
- how our results impacted society
- how much natural and relational capital we created
- our financial performance

We present this information as objectively as possible.

Our metrics for measuring performance include both those typically used at other companies and others we developed on our own.

We are always asking ourselves, "What is value?"—we seek to improve our performance year by year, providing solutions to the challenges faced by society and the business world.

We welcome feedback from anyone reading this report.

Please do not hesitate to contact us.

The AMITA Group



Eisuke Kumano

Chairman and CEO
AMITA HOLDINGS Co., Ltd.

Doing Business with Empathy Capital

Since the founding of The AMITA Group, our company has sought to provide solutions to the challenges facing society. Our company motto is: “Nothing wasted”. We put that into practice by establishing cyclical systems, which turn neglected resources into useful and value-added products. We are continually working towards the goal of a sustainable society.

My quest to create a socially conscious business began with a single photograph. It was taken by W. Eugene Smith(1918-1978), and showed a mother embracing her daughter. The daughter was a victim of Minamata disease (mercury poisoning). I was 15 years old when I first saw this photograph in a bookstore, and it rooted me to the spot. Here I was, frittering away my life in self-centred idleness, comparing myself with others and regarding myself as unjustifiably victimized, while people like this mother and daughter were suffering such great hardship. I had an epiphany when looking at that sombre black-and-white photograph. I realized that I was failing to take responsibility for my life, and that I had become a bystander. I saw that pollution, wars and other tragedies, which I had simply blamed on politics and economics, were actually problems related to human nature. Who was responsible? A company? The nation? Society? Individuals? As I looked at that girl, who was just about my own age, I reached the conclusion that at the core of all civilization’s problems are the incentives that motivate people, including myself. Each era in history is defined by social phenomena, and these generate the incentives that motivate people. If you can change the incentives, you can bring

civilization into a new era. Ever since that day, I have been thinking about how to change the incentives of our era. And not just thinking, but taking action to change them. Now, 40 years have passed since I first saw that eye-opening photograph.

There are many signs that the Japanese economy is recovering. However, our country’s economic model is based on quantitative expansion, and we face a moment 10 to 20 years from now when weakening consumer demand and a shrinking population will contract the domestic market. For this reason, Japanese companies and politicians have set their sights on rapidly growing markets outside Japan, particularly in newly industrializing countries (NICs). Even as international trade negotiations like those for the TPP move forward, I fear that Japan outside the big cities will be left behind by globalization and remain dependent on tax-funded transfers. This will lead to extreme instability, both in Japan and internationally.

Moreover, in the NICs, rapid economic growth is accompanied by proliferating environmental challenges. These range from pollution of the air, water and soil and its impact on human health, to the need for improved legal frameworks and a stronger effort to conform to international environmental standards. The approach to solving these problems that is ultimately chosen will greatly influence the fate of the world’s economy and the global environment.

It goes without saying that the air, the oceans and the human condition all transcend international boundaries. We must act swiftly. We must embrace new values that go beyond the

material. If we cannot demonstrate that a thriving community where nature and human lives are woven together is superior to a nation based on material wealth, we will lose things that we should be preserving in perpetuity for our children.

I believe that a company exists to create value for society. Can I, as an entrepreneur, change the world and create value in a way that will preserve the dignity of the children of tomorrow? That has been my lifelong quest. Starting from a three-person company in a tiny office, over the past 37 years I have been fortunate to pursue that quest with the help of our many clients and colleagues. The motivation driving me forward has been to act in an altruistic way—to make our world a better place for all of us. I have heard that only one in every 5,000 companies lasts for 30 years or more, but here we are. That in itself is, I believe, evidence that by creating the right incentives for people, we can make history.

Since 2006, AMITA HOLDINGS has been listed on the stock market (on what is today JASDAQ). We chose to go public in order to exemplify a cyclical system linking economic returns and social returns: when investor decisions empower socially conscious business practices, investors make the society they live in a better place. It seems to me that since 1985, when the yen began to appreciate rapidly, Japanese companies have become increasingly disconnected from society. They have pursued the fulfilment of market needs through quantitative expansion rather than the fulfilment of social needs. As a result, addressing the challenges society faces has fallen more and more to governments and not-for-profit organizations.

There are companies that see contributing to society as something separate from their core mission, to be done only at the margins when surplus resources are available. This leads to corporate pursuit of primarily short-term profits, and a social structure that encourages people to trust only in money. These investment conditions make it difficult to focus on any factor other than economic return. I am not concerned solely with financial returns. I also want to share with our shareholders, employees, clients and partner companies the social rewards of business: hopes and dreams to strive for, a sense of accomplishment in the face of adversity, the satisfaction of becoming part of a team. Using empathy capital to solve the challenges society faces is my ideal for how a company should be run.

The AMITA Group focuses on neglected resources: waste material, untended forest, disused land and other resources that are not adequately mobilized by society. This includes neglected human assets in the form of cultures, traditions, landscapes and demographic groups (such as seniors and the disabled).

I hope this report will inspire you to share the excitement that runs through The AMITA Group. Please contact us about anything in the report that strikes a chord with you. As an entrepreneur, I would be delighted to see ever more people creating value together, making the most of each other's company and companies.

March 2014



Finding ways to recycle rubble from the 2011 Tohoku tsunami

Dedicated contact centre for customer environmental issues

Planning a community energy self-sufficiency through use of timber offcuts

The AMITA Group's Mission

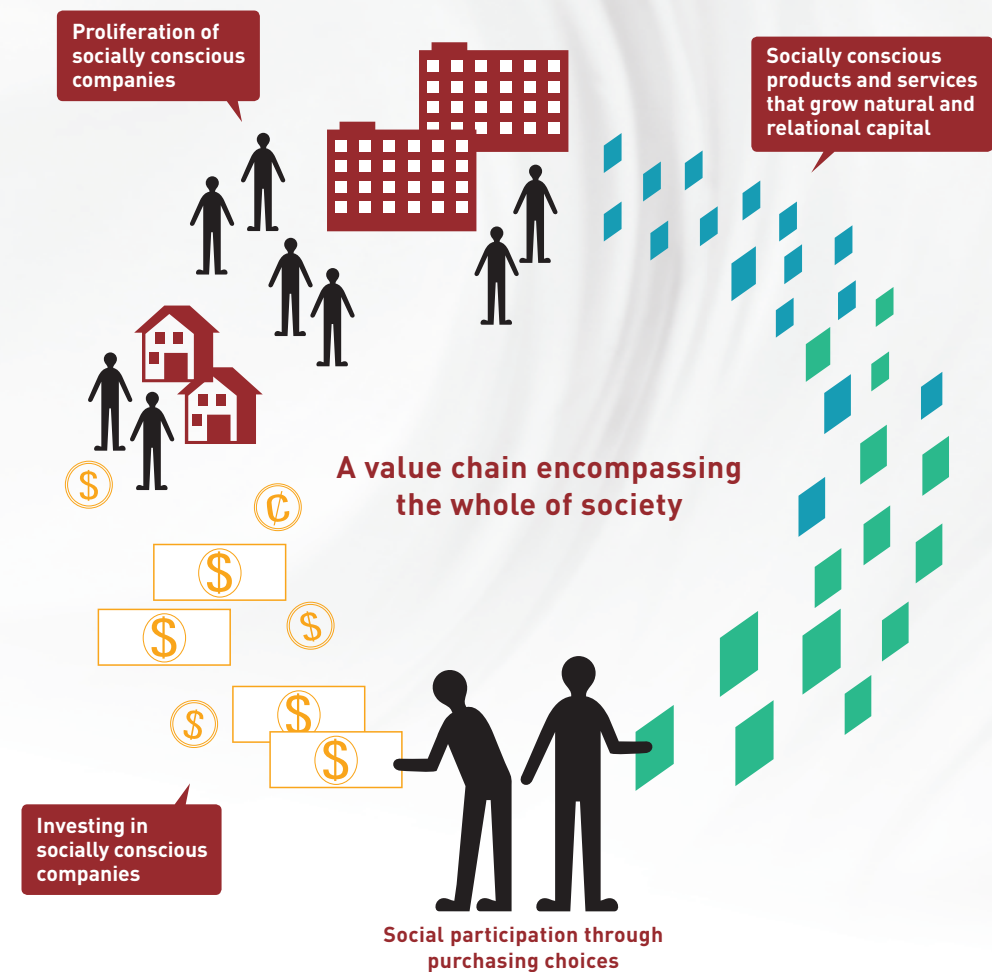
A sustainable society is one in which development generates both natural and relational capital. We are committed to realizing just such a sustainable society.

The AMITA Group's mission to bring about a sustainable society is carried forward by our business activities, which provide ever improving solutions to society's challenges. We develop and deliver services that fulfil both social needs (environmental protection, health, community bonds, a contribution to others.) and market needs (low prices, high efficiency, high product quality.). A business that pursues only one of these kinds of needs may prosper in the short term, but it cannot survive in the long term.

The more people make use of our services and the more our business expands, the more the environment will flourish, the more local communities will prosper, and the more people will be connected to each other.

As pioneers in socially oriented business, we share our model and our know-how with the companies and municipalities that we serve, in order to bring about a future for sustainable local communities and sustainable industries throughout in Japan.

By doing all of this, The AMITA Group aims to be the company that "Forges a Flourishing Future".



Shaping the Future: AMITA's Vision

The AMITA Group helps companies, municipalities and localities to forge value-creating systems within which human beings and the natural environment both flourish.



Fostering socially and environmentally conscious economies

We offer companies and municipalities security by lowering environmental costs, risks and impacts, as well as opportunity through added environmental value in products and services. In this way, we aim to forge value-creating systems in which industrial development is accompanied by the growth of social value.

Right now, we mainly provide services in the areas of waste recycling and compliance, process reengineering, and marketing support for environmental operations. In addition, we are developing our international certification assessment business, as well as our biodiversity conservation-related opportunities in environmental/CSR consulting. In the future, we plan to expand our services that build "environmental value" across multiple business domains. They will act as a driver for greater social and environmental consciousness among companies and industries.

Forging viable local economies under local control

The AMITA Group is aiming to harness neglected resources within communities, in order to build viable local economies. Each locality has its own distinct conditions: terrain, climate, culture, ecology, etc. We identify neglected resources in the target locality and create cyclical systems to harness them. In doing so, our aim is to stem the draining of resources, economic vitality and human population from non-metropolitan localities.

When local people develop, sell and use products and services that are based on a local, healthy coexistence between humans and nature, a new economic cycle is realized: local production for local consumption. For example, self-sufficient utility infrastructure, like using wood from forest thinning as a fuel, or using household waste as an input for biomass electric power generation. We are helping to develop these economic infrastructure platforms, and then leaving them under local control.

Corporate Philosophy

The bottom line for our business is: sustainable growth of company and society.

A company has many stakeholders, including clients, employees and shareholders. We believe in making business decisions based on values shared by our entire spectrum of stakeholders.

Normally, it's thought that the thing all stakeholders want is economic benefits. But for businesses which make profit, and only profit, this ultimate objective can create adversarial relationships over the distribution of the economic benefits—haggling over discounts with clients, with employees over wage increases, with shareholders over dividends, and so on. Of course, profit is important. But the most important shared interest of stakeholders is sustainable growth of the business. If the business does not continue to exist, and to grow, no one will reap any benefits. This may sound obvious, but the fact is that any number of companies, in the face of an economic downturn, pursue short-term profit maximization over long-term sustainable growth.

By emphasizing this shared interest in sustainable growth, it is only natural for a company to make the most of limited capital, to value its people, to be receptive to the voice of shareholders, who are inherent supporters of the company, and to develop services from a client-centric perspective.

For example, in our recycling business, we have a firm principle to achieve 100% recycling. We do not consider it a sustainable practice to pick out only the easily reusable material and dump the rest. We have set up a performance review system that encourages our people to focus more on value creation than on pure efficiency by the clock. By valuing human resources in this way, we believe that we are maximizing our company's growth potential in the long term.



**Sustainable growth of company and society:
a value shared by all stakeholders**



Management is about purpose. Our sense of purpose guides us to find the optimal balance between profit maximization and future investment.

The AMITA Group has a keen sense of purpose: to ensure that waste is not wasted. This is the basis of how we run the company. This is the common starting point for the actions and decisions of all our employees.

The foundation of The AMITA Group's business is the Terrestrial Resources Business, which recycles so-called "worthless" industrial waste material into valuable resources. And the core of the Terrestrial Resources Business is made up of the recycling services business and the environmental risk consulting business. In all, the Terrestrial Resources Business represents about 90% of The AMITA Group's earnings. We are also undertaking new business initiatives to harness neglected resources, such as untended forest and uncultivated farmland, as well as underemployed labour resources in society including the elderly and handicapped. Moreover, we are strategically collecting, compiling, analyzing and making use of information through our Information Resources Business. We believe that our role as a company is to build up profitability in the waste

recycling business so that we can fund entry into up-and-coming markets that have major potential, all with the aim of forging new cyclical systems that holistically harness neglected resources of forest, farm, ocean and city.

One of the most important decisions a company must make is how to balance short-term revenue maximization against investment in new businesses that will sustain its future earnings. We evaluate numerous factors—such as social trends, social needs, our company's resources, and our opportunities to partner with outside entities—in order to make a decision that reflects the big picture, and to determine the priority and timing of how we deploy our business resources: our people, physical assets, financial assets and networks.

The AMITA Group aims to maintain earnings in our core business while focusing on select emerging businesses to establish new primary sources of revenue aligned with the future.

Decision-making driven by a clear mission.

In one sense, it's easy to make management decisions about how to run a business if all you consider is whether you are profitable.

But we, the senior management and employees of The AMITA Group, are looking to accomplish more than simply making money. We want to run a business that enables all our stakeholders—ourselves, those we do business with, and our shareholders—to feel that we are making a contribution to society and helping to build a better future, in that our profits come from businesses that are providing products and services meeting societal needs. Here is the question members of the executive leadership at The AMITA Group ask each other when we make a decision: "Is this in accord with our mission?" We are committed to discussing an issue until we can come to a unanimous agreement.



Executive Director
Hitoshi Fujiwara

Organizational Structure for Achieving Value Creation

The AMITA Group aims to show that a company rich in relational capital can outperform those rich only in financial capital.

Policy

The word “company” can refer to a business enterprise, or to a group of people. In recent years, people flocked to work for monetarily wealthy companies. But when times changed and the companies’ fortunes dipped, people found their connections easily broken.

The most important factor in growing a company sustainably is not financial strength or technological strength. It is the strength of the relationships among colleagues, the people whose “company” you keep. When adversity comes, those colleagues are right alongside you, striving to overcome it. You want to dream big dreams with them, and then achieve those dreams. That is the biggest driving force in a company’s growth. If you assemble a group of colleagues linked by trust and confidence, working towards a shared vision, you can accomplish bold, exciting and socially conscious business.

The AMITA Group aims to show that a company which builds an organization that fosters rich relationships to create value can outcompete a company whose only wealth is financial. That is why we engage in dialogue with our stakeholders and actively solicit their feedback, and take it seriously in our business decisions.

The AMITA Group is composed of parent company AMITA HOLDINGS Co., Ltd. and four subsidiaries. Consolidated total employees number approximately 160. Important matters are discussed at meetings of the directors of each subsidiary and at AMITA HOLDINGS Co., Ltd. board meetings.

The AMITA Group

AMITA HOLDINGS Co., Ltd. (FY2013)

- **AMITA CORPORATION**— **Terrestrial Resources Business, Information Resources Business**
Handles waste recycling, environmental risk consulting, etc.
- **AMITA Institute for Sustainable Economies Co., Ltd.**— **Regional Resources Business**
Develops models of autonomous local social structures, etc.
- **AMITA Institute of Environmental Certification Co., Ltd.**— **Information Resources Business**
Undertakes assessments/audits for environmental certification, etc.
- **AMITA Properties Co., Ltd.**— Manages assets for The AMITA Group

[Amita Properties Co., Ltd. merged with The AMITA Co., Ltd. on January 1, 2014]

AMITA HOLDINGS Executive Leadership

Inside directors: 5 External directors: 1 Auditors: 3

Eisuke Kumano, Chairman and 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: relational capital. Serves jointly as CEO of AMITA CORPORATION and AMITA Institute for Sustainable Economies Co., Ltd.

Kenichi Sugimoto, Executive Director



Born 1960. Joined the company in 1983, handling mainly trade in valuables for the Terrestrial Resources Business. Now in charge of personnel, administration and labour relations for all of Terrestrial Resources Business. His motto is “Do right in the sight of God.”

Hitoshi Fujiwara, Executive Director



Born 1964. Joined in 2002 having worked previously at a major bank and an educational publisher. In charge of the group’s overall communications and business development. Motto: “Work to make your mark on the world.”

Taro Shimizu, Director



Born 1967. Joined in 2003 after working in finance for companies including 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.”

Takafumi Hasegawa, Director



Born 1962. Since joining AMITA in 1990, has been in charge of Terrestrial Resources Business production management and recruiting downstream users. Since joining the board in 2013, has been entrusted with disaster recovery and opening new markets. Motto: “If you stumble, get back up.”

Masao Takebayashi, External Director



Born 1941. Joined the board in 2010 having worked at a major industrial machinery manufacturer, and as a special lecturer at the University of Tokyo. Brings his long years of experience in building natural and social capital to bear on “building a bright future.” [Officially resigned March 25, 2014]

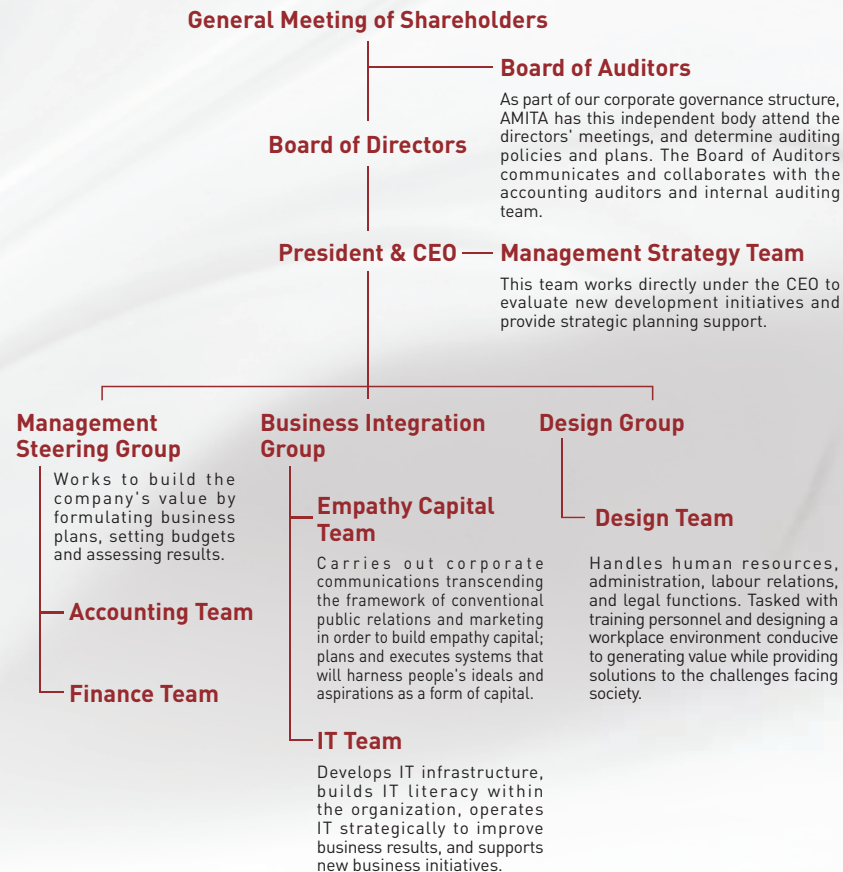
Our board members: All ages given, and all responsibilities listed, reflect the situation at the end of 2013

[For bios of auditors, please consult the company website at <http://www.amita-hd.co.jp/>].

Building an organization rich in relational capital through trust and confidence.

A value-creating organizationn (FY2013)

AMITA HOLDINGS manages all the personnel, administration, corporate communications, and accounting and finance functions in an organizational structure designed to maximize value creation and relational capital formation.



Working with stakeholders to build the future (FY2013)

The AMITA Group sees our stakeholders - employees, clients and shareholders who share our mission - as companions on our path to the future. In dialogue with our many companions, we are building a system that turns the dreams, hopes, knowledge, know-how, time and investment into the capital on which the company runs.

Employees ARE the company. Major initiatives for internal communications

- Company meetings:** employee representatives and management meet to exchange views (once in 2013).
- Internal SNS:** employees can directly submit business ideas or proposals for improving the organization.
- CRM system:** stores a complete history of client contacts, makes frontline observations available to management.
- Director town hall meetings:** directors visit each business location to have dialogue with staff (24 times in 2013).



▲Discussions at director "town hall" meetings are always lively, and address various issues

Initiatives for active engagement with clients and shareholders

- Results briefings /stakeholder meetings:** venue for airing opinions (twice each).
- Designing the Future newsletter:** mailed to shareholders and registered individuals (quarterly, circulation approx. 1,400)
- Client/shareholder surveys:** survey of satisfaction and opinions (once each; results on p.52-53)
- Client focus group:** 5-10 companies per region invited (8 times)



▲"Designing the Future" newsletter covers AMITA's present and future

Other collaborations with stakeholders

- Advocacy through collaboration with industry groups, media**
Planned (jointly with The Cement Shimbun Co., Ltd.) roundtable with Japan Cement Association, municipalities, and waste generators. Advocacy through multiple media for the future of cement recycling and reform of cement recycling laws.
- Transport company roundtable**
Safety classes for transport companies & on-site studies (once each)
- Local communications**
Environmental education classes for universities and high schools, student intern programme
- Partnerships with municipalities**
Offer plant tours, trainee opportunities for municipalities' international exchange programmes. Hosted 141 people from China and South Korea, as well Malaysia and other SEA countries, on 12 occasions.



▲High school environmental education classes help local communities

Developing People Who Create Value

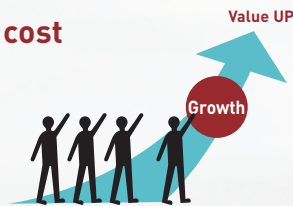
We nurture employees with a spirit of altruism and the character to always ask, “What is value?”

People are an asset, not a cost

People are what make up a company, but in corporate accounting, they are treated as personnel costs.

At The AMITA Group, people are our most important asset. It is people who generate innovation, growth and limitless value.

We are more interested in the value that our employees generate, and the extent they actively help others, than in how much work they can do per unit time. We expect them to be oriented toward creating and delivering value.



Team evaluation + character evaluation ⇒ value creation

From individual evaluations to team evaluations

- ◆ Since FY2012, we have adopted a team performance evaluation system in which a team's evaluation (success in achieving objectives) serves as the evaluation for the team's members. This evaluation is the basis for bonuses.
 - This promotes an attitude of responsibility and solidarity by instilling an awareness that all team members are accountable for the team's decisions and results.
 - Promotes atmosphere of mutual assistance where employees compensate for teammates' weaknesses with their own strengths.

Individual character evaluations

- ◆ Promotion decisions based on evaluation of individual character. Helpfulness, risk-taking/out-of-the-box thinking, degree of influence, and problem-solving ability are among the qualities looked for in character evaluation.
 - Under our philosophy that employees' personal growth will grow the value of the company, we nurture a spirit of altruism and an enterprising, can-do attitude.

Forming a “work family”

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 having made a difference to society that cannot be achieved as an isolated individual.

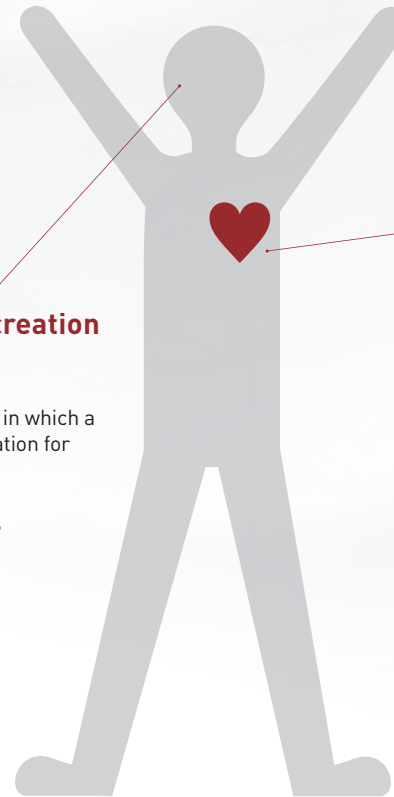
Together creating a workplace where people can enjoy a long, fruitful career

Abolition of mandatory retirement system

- ◆ AMITA plans to abolish its mandatory retirement system in 2014
 - By building a system in which employees 60 and over can continue to work and invest their ample experience and character, we intend to absorb their insights and stockpile their knowledge, know-how and networks for the company.
 - Employees who desire the sense of purpose that comes with a working life can continue at The AMITA Group with eased concerns about post-retirement livelihood.

Home-workplace proximity

- ◆ AMITA is pursuing employment practices that shorten the distance from home to workplace.
 - Reducing commute times gives workers more time to care for children or elders, and lets them respond more quickly to family emergencies. We want to offer careers that are compatible with the stages of life and a workplace that gives employees peace of mind.





Human resources development initiatives

Character-building & expertise study groups

Director “town hall” meetings, leadership academy

Directors make the rounds of all the company’s workplaces at a pace of about two circuits per year, engaging the staff in dialogue. This provides an opportunity both to reinforce the company’s business philosophy and policies company-wide, and to directly assess conditions in the workplace. Moreover once a month a leadership academy is held, with discussions touching on topics like how to approach work with an understanding of AMITA’s values, and how to encourage teamwork.

Study groups

Periodic study groups on areas of expertise and technology relevant to AMITA’s work, such as recycling technology, environmental laws, marketing techniques, bookkeeping, IT and so on. Many are organized through the initiative and efforts of employees themselves.

Venues for internal communications

Thinking Day

Every Wednesday is Thinking Day at AMITA. Employees gather for discussions launched by questions like, “Why does AMITA matter?” “What does it mean to be ‘in sync’ with others?” and “What is our most important priority?”

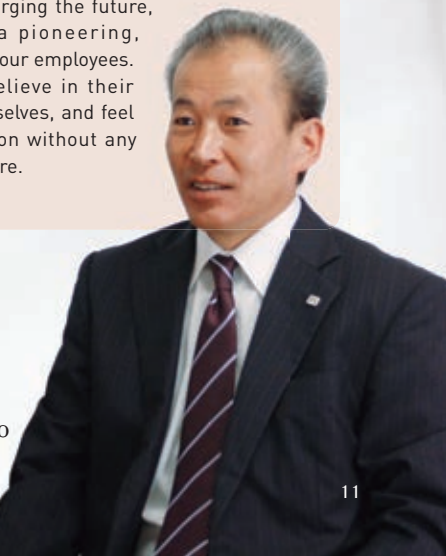
Internal SNS

We have rolled out an internal SNS that is also open to part-time workers. Business ideas, random observations, client feedback, book and article recommendations and many other kinds of information and communication are shared across this platform.

Developing people who add value to their context.

Responsive. Collegial. Everyone a teacher. Everyone client-centric. Keep expenses lean. Build relationships. And avoid three things: slacking, scheming, hypocrisy. These are the standards which all employees are expected to embrace and adhere to at all times. In this way AMITA is cultivating people who are asking and acting every day on the question, “How can I do more to create value, monetary and otherwise, in my role?”

When an employee takes a risk and the outcome is a failure, The AMITA Group will give that employee the opportunity to try again. What we do not tolerate is being static, failing to take risks in order to avoid failure, or criticizing the failures of other employees who have taken risks. As a company that is creating value and forging the future, we seek to instill a pioneering, revolutionary spirit in our employees. We want them to believe in their colleagues and themselves, and feel inspired to take action without any fear of change or failure.



Executive Director
Kenichi Sugimoto

Human resources development Success stories (FY2013)

Supporting initiatives by employees

Weekend farming and relief fundraising market

Employees came up with the idea of joining with non-employees once or twice a month to work at an organic farm. Over the past five years a cumulative total of 800 people have participated. There is also a weekly market of local products from areas affected by the Great East Japan Earthquake to help support the relief and reconstruction efforts there.

Community engagement leave

Community engagement leave was instituted in 2004 in order to support employees pursuing volunteering or NPO activities that engage with society and build character.

Employee surveys and their application to our management

Employee survey

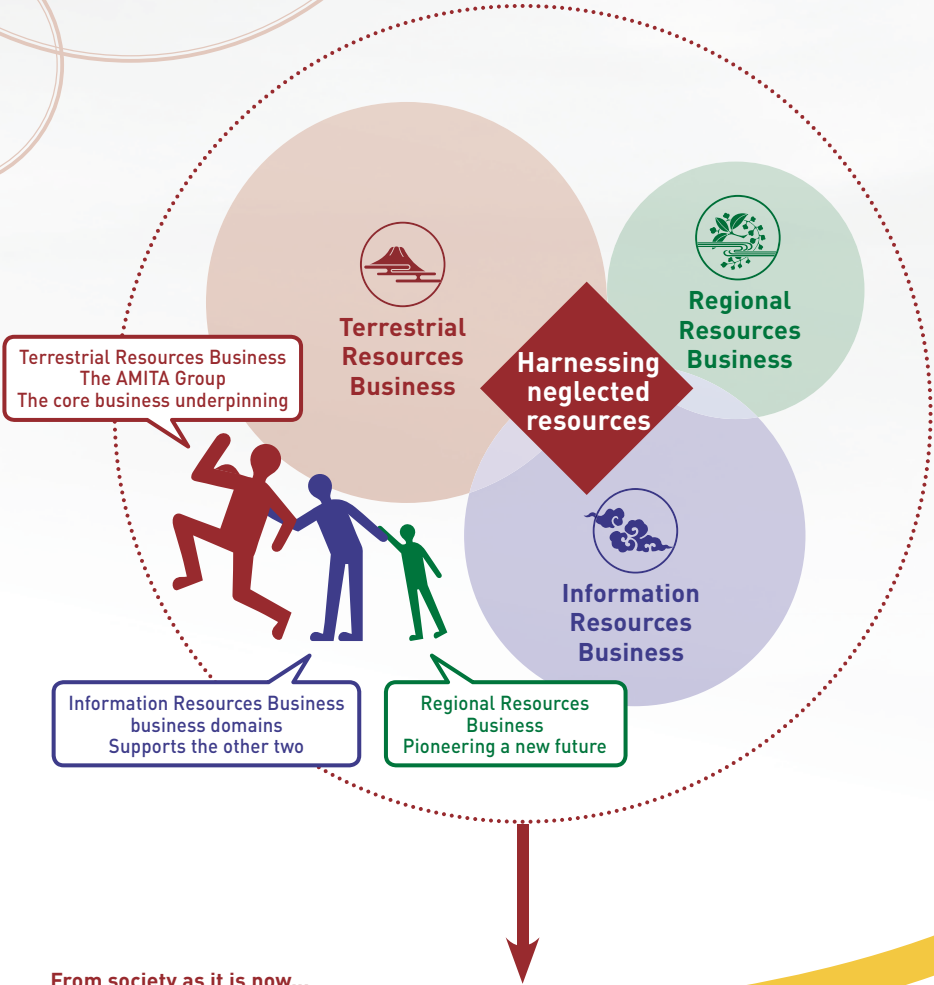
We surveyed employees, asking questions such as, “Is AMITA living up to the policy that people are assets?” “Is the job you do at The AMITA Group fulfilling?” “What atmosphere should AMITA cultivate?” “Do you feel that management and you are on the same page?”. There was a 54% response rate. The compiled results and executive response were made available to all employees, and discussed in management meetings and board meetings to implement action items.

→ Survey results on p.52



Business Domains

Our goal is to realize a sustainable society by operating in three business domains.



From society as it is now...



1977



Terrestrial Resources Business



Since the company's founding in 1977, this unit has been in the business of 100% recycling of waste. It also offers comprehensive consulting services that provide clients with solutions to complex waste management challenges. By solving companies' environmental problems, the Terrestrial Resources Business creates environmental value and makes a positive difference for society.

1992



Information Resources Business



Provides environmental certification, business process reengineering, and environmental marketing services. Using data compilation technologies, this unit sifts through information to identify the true value of materials, creating environmental value, and pushing regional economic development to a higher plane.

2002



Regional Resources Business



Aims to build a socioeconomic model in which the development of industry promotes the restoration of nature, and the enhancement of human relationships in communities. By orchestrating local development that harnesses the unique attributes of each locality, and providing services to match up urban and local human resources, this unit creates economically viable local communities.

Making it our business to solve ever-changing societal challenges

In the 70 years since the end of the Second World War, Japan has gone through a period of soaring economic growth, and achieved unprecedented material prosperity. But this was accompanied by a soaring amount of waste and increased pollution. Environmental destruction, population drain from localities outside major cities, and the decline of primary industries have put today's Japan at the forefront of developed-world structural problems.

This year is the 38th year that The AMITA Group has been in business. The company was set up to do 100% recycling of waste at a time when many people had never even heard the phrase "resource recycling". In subsequent years, as the world changed and new problems came to the fore, we launched new business ventures such as environmental information services, environmental risk management, biodiversity conservation, and local economy revitalization. Since the Great East Japan Earthquake of 2011, we have opened two bases in the Tohoku region to process rubble from the disaster zone and implement a model of local community that is independent and highly resilient against disaster.

We at The AMITA Group continue to pursue our vision of a truly flourishing society.



Director
Takafumi Hasegawa



Terrestrial Resources Business

AMITA is building “resource creation platforms”—using 100% of what would otherwise be unreliable, useless waste flows in order to create stable, consistent resource supplies.



Societal Problems

Societal and corporate barriers to creating a cyclical system of resource usage

Our mission as a company is to address the challenges that society and the business world currently face. Our Terrestrial Resources Business is addressing the following challenges.

Challenges facing society

Exhaustion of natural resources

By the year 2050, proven reserves of iron will be used up and demand for nickel will be twice proven reserves. Efficient use of limited resources will be needed.

Transition to a low-carbon society

Globally, civilization is under intense pressure to move from mass production/mass consumption to low-carbon societies with reduced environmental impacts.

Building an international cyclical system of resource usage

Requirements include an international legal framework and system for recycling, as well as an increased recycling ratio.

Illegal dumping and improper disposal

In Japan, about 60,000 tons of waste is illegally dumped each year. There has been little progress in reversing the damage from illegal dumping incidents, even ones that occurred 25 years ago, and fears remain of negative environmental impacts.

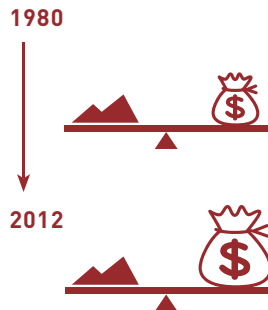
Legal environment

Since Japan enacted the Waste Management Act in 1970, it has frequently been revised and is currently extremely complex and difficult to understand.

Corporate issues

Soaring resource procurement costs

As demand for resources has risen, there has been a long-term rise in the price of such items as iron ore and copper. This has pushed up raw material procurement costs year after year, making it harder for businesses to remain profitable.



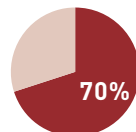
Initiatives for a low-carbon society

Corporations are under strong pressure to be more environmentally conscious through greater use of renewable energy and reductions of their CO₂ emissions.

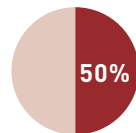


Establishing international management structures

As Japanese companies move their manufacturing bases offshore, their new obligations will include establishing transnational management systems to ensure compliance with the environmental laws of each country, and promoting "reduce, reuse, recycle" practices.



Companies reporting supply chain management issues 70%

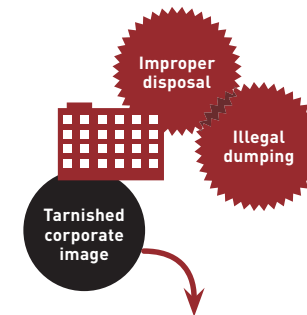


Companies reporting issues in establishing operations outside Japan 50%

(Nikkei Ecology, Sep. 2012)

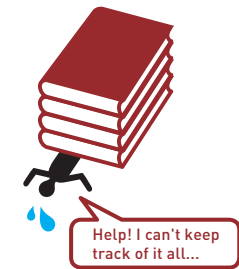
Risking the brand

Companies implicated in illegal dumping or improper disposal risk tarnishing the brands they have laboured to build. Illegal dumping is a murky problem, and companies must adopt suitable policies to combat it.



Strengthening compliance

Companies face pressure to strengthen their compliance with laws and regulations. But the interpretation and implementation of confusing environmental laws, and responding to frequent changes in these laws, is driving up management and training costs, and becoming a growing challenge for businesses.



AMITA's Vision for Our Terrestrial Resources Business

“Building systems to promote the recycling of resources and energy, which support the creation of both a sustainable society and a sustainable business”

Japan today has an established supply chain for planning, manufacture, sale and consumption of goods and services that is expanding year by year thanks to advances in IT and other technologies. Imagine this supply chain as a pipe: a large, sturdy pipe through which everything flows smoothly on a daily basis.

At present, however, there is no optimized recycling system for handling all the waste generated by manufacturing goods, by expired merchandise, and by consumers themselves. The “pipe” for recycling waste material is extremely narrow, and the amount of material that is recycled to create useful resources is still small.

This situation does not have a single root cause. There are in fact many causes: recycling technologies, legal aspects, cost, IT, logistics and waste generation processes are all factors.

In order to continue our drive to make business sustainable, and thereby make possible a sustainable society, AMITA believes that we must solve these issues by building systems to recycle resources and energy.

Starting with directly involved parties—such as waste generating companies, recycling companies, and companies that use recycled material, along with municipalities and logistics companies, academic institutions, and other stakeholders—we must embrace a shared mission to realize a sustainable society based on the recycling of resources.

The mission of AMITA's Terrestrial Resources Business is to build the systems that will make this recycling possible. Along with providing eco-solutions that reduce the environmental risks, costs, and burdens to companies and municipalities, we are working with government, universities, and research institutions to develop new technologies for the future and pioneer new markets.



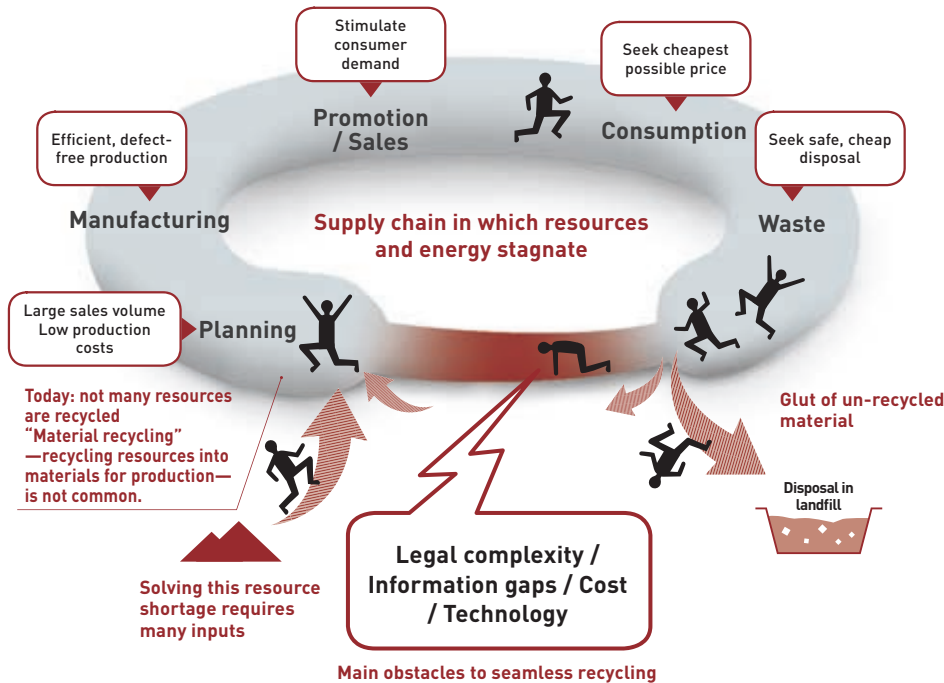
Think of the supply chain as a pipe...



Resources & Energy

[Society Today]

Social structure based on seeking individual best interest

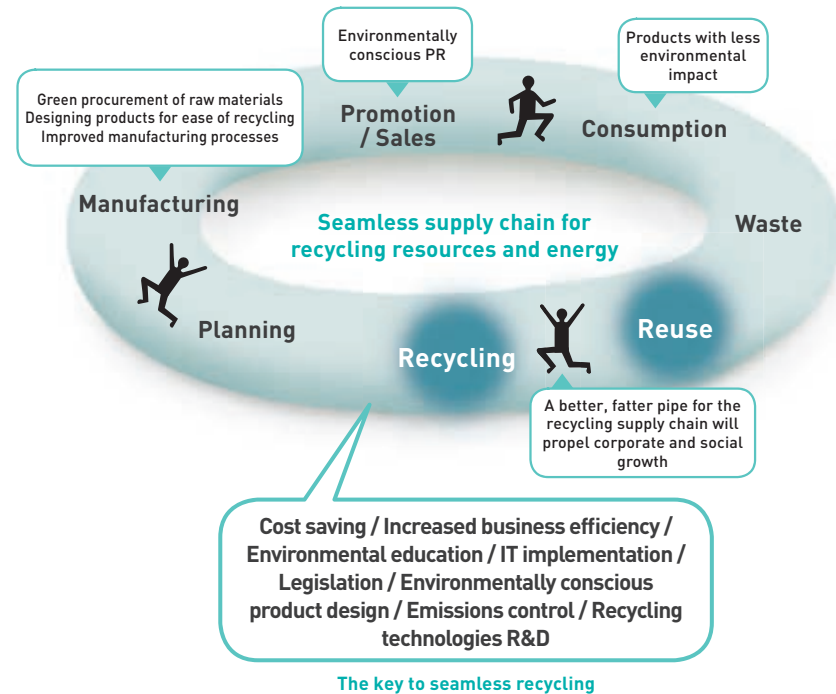


Main obstacles to seamless recycling

At present, the supply chain from manufacturing to consumption is robust, but the pipeline from **WASTE TO RESOURCES** remains largely **UNDEVELOPED**.
NO OPTIMAL CYCLICAL SYSTEM IS IN PLACE for resources and energy.

[Society Envisioned by AMITA]

A society with a shared mission and values for realizing sustainability across businesses, industries and positions in the marketplace



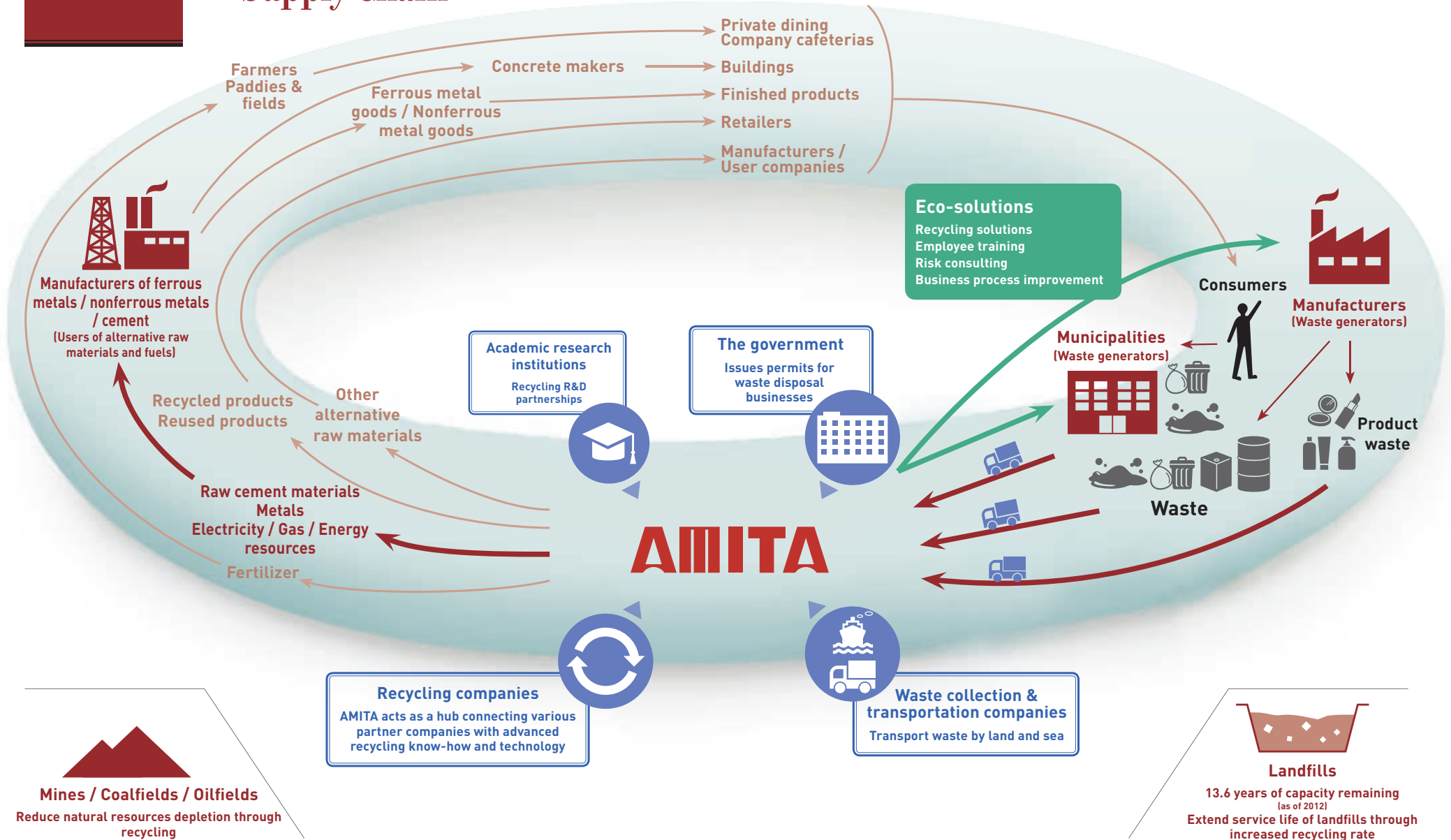
The key to seamless recycling

How can we "fatten the pipe" of **RESOURCE RECYCLING**? R&D, more efficient logistics, rollout of IT systems, and legislation is needed, along with retooling of manufacturing processes for ease of **RECYCLING**. We also need **DRASTIC RENOVATION OF PRODUCT DESIGN**, of methods of retrieving goods in circulation, and of the rest of **THE PIPELINE BETWEEN MANUFACTURING AND CONSUMPTION**.

Supply Chain

Terrestrial Resources Business Supply Chain

AMITA's Terrestrial Resources Business turns industrial and consumer waste into resources, and, in doing so, boosts the use of recycled resources.





Values

What AMITA has to offer

What is the value of consistency and stability?

The stream of materials or fuel for manufacturing processes must provide consistent quality and stable supply. For inherently inconsistent or unstable waste flows to become useful, they must meet these requirements.

Technology

Finding the optimal means to turn unharnessed, unstable waste streams into consistent resource streams.

Compared to virgin material, waste material offers less stability in terms of its supply quantities, properties, quality and production frequency. At AMITA's resource recycling plants, a wide range of materials is shipped in every day. AMITA, however, is able to turn 100% of most of these waste materials into raw materials with stabilized quality and quantity. The result is terrestrial resources that can substitute for extractive resources, and that can be supplied to user companies.

Various kinds of waste with unstable or unreliable quantity/properties/frequency



100% recycling without burning, water or chemicals

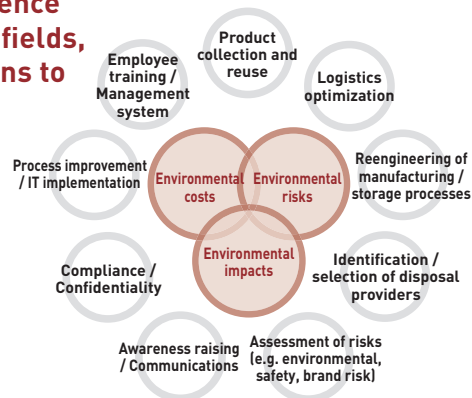
Stable supply of products with consistent quality

Metal materials / SturMix(R) / Cement materials (calorific) / Cement materials (non-calorific) / Liquid fertilizer / Specialty steel materials / Electricity

Knowledge

Using our expertise and experience across multiple environmental fields, AMITA provides optimal solutions to meet client needs.

There is no single universal answer to the spectrum of environmental issues companies face, of which waste recycling is one. Problems that appear superficially similar may have different solutions according to the size, beliefs, budget and other attributes of a client company. That is why all the specific factors on the right must be evaluated, and the best overall answer chosen. AMITA uses its broad expertise and long years of experience in environmental management to analyze needs from many angles and propose optimal solutions that lower risks, costs and environmental impacts all at the same time.



Optimal eco-solutions based on comprehensive multifactor assessment

AMITA possesses a unique set of technology and knowledge to provide companies with comprehensive eco-solutions.

To maximize the value we offer, we have established six pillars of business strategy, shown on the next page.

The six pillars of AMITA's Terrestrial Resources strategy

Partnering Capabilities

- ◆ **Build relationships with clients**
 - Assess client needs through a mix of personalized and automated approaches
 - Rapid turnaround on inquiries, estimates and other client requests
 - Increase client retention through observant, considerate and attentive attitude from all employees
- ◆ **Build relations with partner companies**
 - Support service improvements by partner companies, e.g. by offering safety instruction to transport companies

Solution Delivery

- ◆ **Issue recognition and analysis capability**
 - Deploy tools to share, collect and analyze client feedback
- ◆ **Gather and exploit domain knowledge/ industry information**
 - Environmental laws, regulations, and accident case studies
- ◆ **Offer products fine-tuned to client needs**
 - Reduce risks, costs and hassles
- ◆ **Energize environmental business market**
 - Marketing, market research, product development, etc.
- ◆ **Provide input and proposals to government**

Hardware & Technology

- ◆ **Develop and upgrade recycling technologies**
 - Link with external partners
 - Expand range of waste materials that can be recycled
- ◆ **Acquire recycling facilities**
 - Take advantage of general-purpose facilities
 - Improve utilization to speed return on investment
- ◆ **Generate and use renewable energy**
 - Develop renewable energy technologies and find users for them

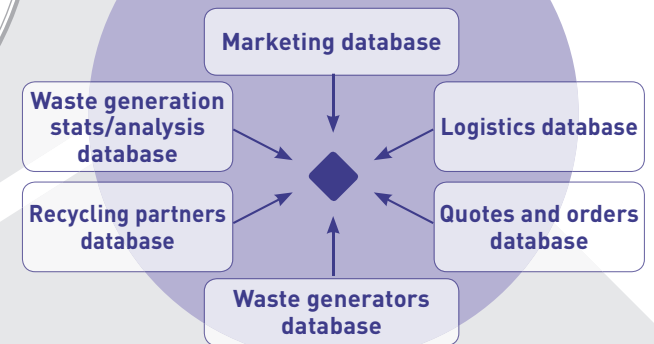
Provide Comprehensive Environmental Solutions

International Market Expansion

- ◆ **Expand overseas presence**
 - South Korea, Taiwan, China, Russia, Malaysia, Thailand, etc.
- ◆ **Speed up market research**
 - Take part in public-private partnership studies
- ◆ **Build international resource cycle networks**
 - Link with governments, municipalities, and domestic Japanese companies
- ◆ **Expand services offered**

Environmental Information Platform

Information Resources Business (p.28)



Basing and Logistics

- ◆ **Expand logistics bases**
 - Low-cost, efficient collection and transportation
- ◆ **Implement modal shift**
 - Strategic use of marine transportation
- ◆ **Build out roster of partner companies**
 - Establish nationwide logistics network
- ◆ **Find new users for recycled products**
 - Expand clients of alternative fuels



Case Studies & Solutions

AMITA's solutions for complex client challenges

CASE 01 | Raised compliance for a group of more than 40 companies by assisting in reengineering of waste management systems

Client problem

Saibugas Co., Ltd. manufactures, supplies and sells municipal gas, primarily in Fukuoka, Kumamoto and Nagasaki Prefectures. Previously each office and division of the company handled waste management in an uncoordinated, ad-hoc fashion. But this exposed the company to a growing waste management risks. Operating in the public utility sector, Saibugas Co. is held to a high standard of operational assurance. To achieve that, they needed to dramatically strengthen their waste management system. They needed to establish uniform group-wide operating rules and build a unified information management system, as well as implement a PDCA cycle.

AMITA's solution: proposal and implementation

The AMITA Group carried out a three-year consulting plan related to internal capacity building at Saibugas, in order to empower their waste management skills. The plan had three components: situational assessment, personnel development and system development.

In the first year AMITA provided risk assessment services, with experts from The AMITA Group dispatched to Saibugas sites to identify compliance issues. At the same time, Saibugas personnel were instilled with a knowledge base through training activities. In the second year, a custom waste management manual specific to Saibugas 's issues was created, with the purpose of bringing consistency to management methods and improving workflow. In the third year, seminars were held combining knowledge base development and implementation of PDCA cycle practices across Saibugas.

From risk identification to policy formulation and reengineering of workflow, to increasing the skill of personnel through seminars, The AMITA Group provided comprehensive services that empowered Saibugas to upgrade its waste management operations.

[Designing a governance structure consulting plan]

- Year One** Expert risk assessment to identify existing problems and implementation of seminars
- Year Two** Plan new workflow, establish specific policies
- Year Three** Implement company-wide PDCA cycle for operational improvement

CASE 02 | Assisted client in achieving 100% recycling of used wetsuits and surfboards that otherwise could only be disposed of through incineration. Rolled out this recycling plan to shops nationwide. Helped the client promote the 5 Rs.

Client problem

"Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis." That is the mission statement of major outdoor equipment company Patagonia. Patagonia pursues the 5 Rs (reduce, repair, reuse, recycle, reimagine), reflecting its philosophy to use only what can be returned to nature. However, they were not able to find a way to recycle used wetsuits and surfboards past the point of repair, since these products incorporate multiple materials.

AMITA's solution: proposal and implementation

AMITA assessed the materials embodied in these products—urethane, fiberglass, metal, wood, etc.—and proposed that they be pulverized, the metal extracted to be recycled in the metals business, and the rest used in AMITA's unique "blending" process to be 100% recycled into cement raw material. The pulverization process also offered the benefit of protecting the brand from the risk of diversion or dumping of goods destined for disposal. In June 2011, the Patagonia Chiba Surf Shop was the first to begin this recycling program. As of 2013, five AMITA resource recycling plants nationwide, along with our logistics network, are serving Patagonia stores across Japan, including surf shops in Tokyo, Fukuoka, Osaka, Kobe, and Kyoto. AMITA's ability to offer clients consistent recycling services all over Japan is one of its major strengths.



Presentation about recycling program in a Patagonia store

Terrestrial Resources Business: Scope and Services

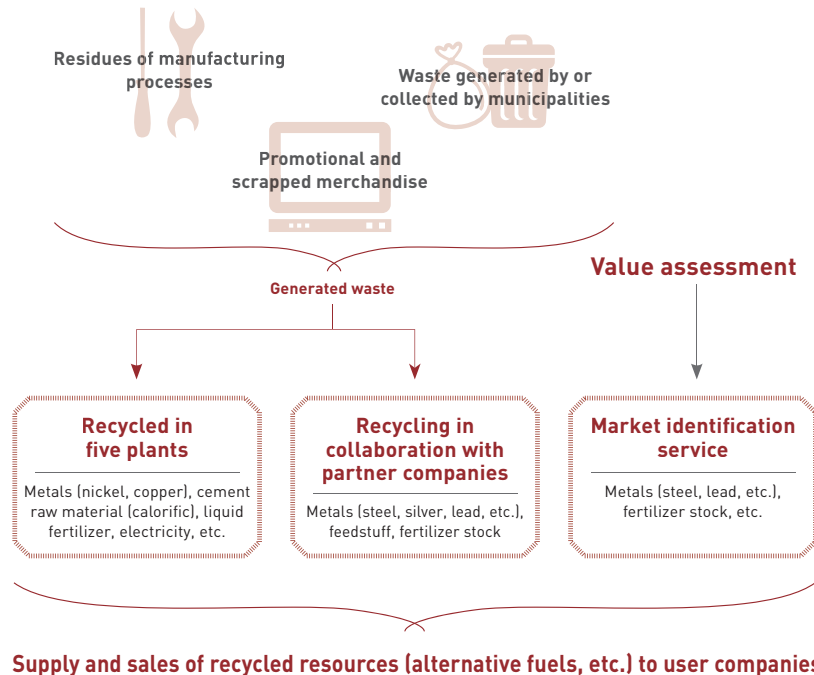
The "by-products and residues" concept

AMITA regards waste materials as terrestrial resources, and internally we refer to them as "by-products and residues." However, in this document we generally use the term "waste," which is shorter and perhaps easier to grasp.

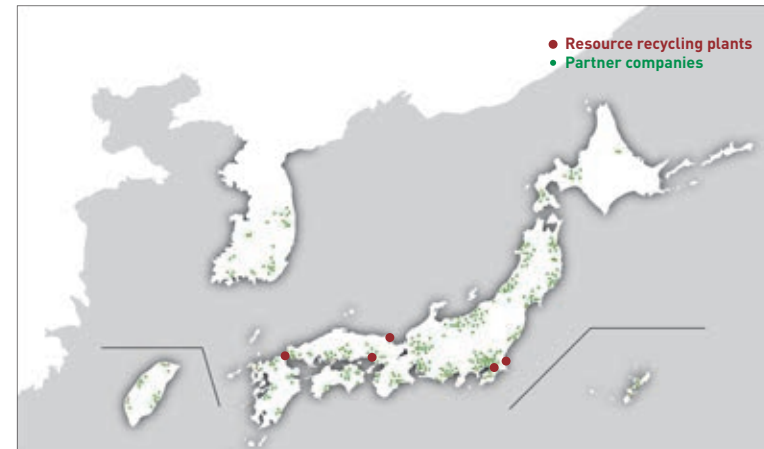
Waste recycling services

Since AMITA was founded in 1977, our main business has been the 100% recycling of waste (by-products and residues). Through recycling in our own plants and recycling by partner companies, we have provided alternatives to natural resources extracted from underground in the form of terrestrial resources recovered aboveground.

Our R&D efforts pursue methods of recycling waste that would otherwise have to be incinerated or buried into usable resources.



The AMITA Group's Recycling Network



AMITA's 5 resource recycling plants

AMITA has four facilities spaced across Japan's industrial heartland along the Pacific coast—in Ibaraki, Kawasaki, Himeji, and Kitakyushu—as well as a biogas power generation plant in Kyotango that handles organic waste material. These five plants handle the recycling needs of our clients.

Cyclical resource generation center, Terrestrial Resources partner network

Through The AMITA Group's network of more than 300 partner companies nationwide, including affiliated recycling plants that employ AMITA's processing technology and knowhow, all kinds of material are able to be recycled.



Making the best proposals for reducing environmental costs, risks and impacts



Environmental business consulting services

The optimal solution for the various environmental problems faced by companies and municipalities depends on budget, scale, personnel, and organizational structure. Over more than 35 years, AMITA has been offering comprehensive, multi-faceted environmental solutions that are tailored to the specific needs of clients.

Environmental risk management/consulting



Our experts do on-site risk assessments to identify risk factors and propose improvements. They also consult on the engineering of waste management systems, enabling clients to develop more efficient workflows and improve operational performance.

Waste management outsourcing



For clients looking to reduce the costs of employee training, solve labour shortages, and achieve breakthroughs in cost control, AMITA offers outsourcing services that take over specialized tasks such as administration and contractor searches.

Training support (seminars, education, training)



AMITA offers clients who are seeking to strengthen their environmental management practices high-quality seminars and on-demand training delivered by experienced instructors, as well as e-learning and corporate training services.



International business

Since the 1980s, AMITA has been operating outside Japan in the recycling business. It has focused on the East Asian market, developing effective international flows of resources primarily in Taiwan, South Korea, China and Russia.



(Countries where AMITA has operated)

Building international resource circulation routes

Taking advantage of the diversity of industry across various countries, we match up sources of waste from industrial processes with recipients who can put them to use. This rectifies imbalances in resource availability among countries and promotes recycling.

Research and outsourcing for international resource circulation

AMITA offers services to undertake search and identification of suitable recipient countries and possible recycling paths for waste that is difficult to recycle in-country. AMITA can also handle complex tasks involved in import/export on behalf of a company.



Environmental/CSR marketing support services

AMITA offers services to support eco-value creation through environmental market research and sales promotions for newly-launched eco-businesses and newly-developed environmental services, as well as in-house environmental/CSR activities.

Training/seminars

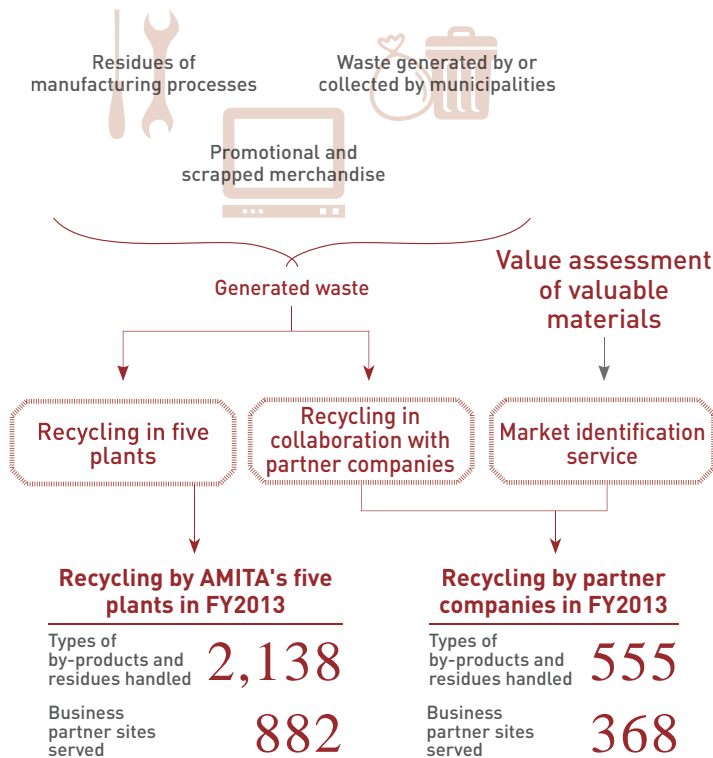
Communications & marketing support

Information Resources Business p.34

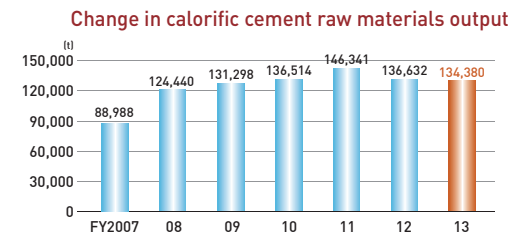
Terrestrial Resources Business Accomplishments FY2013

Waste recycling services

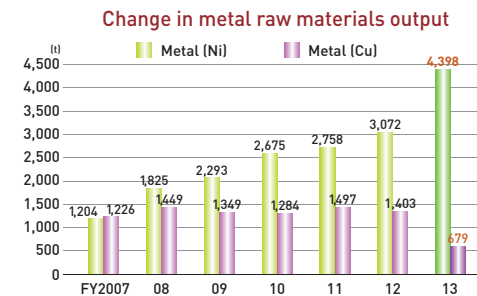
At AMITA's own five plants and through partner companies, we recycled more than 2,600 different types of by-products and residues into resources. These resources included calorific cement raw materials, metals, liquid fertilizer, and electric power, which all contributed to a cyclical system of resource and energy usage.



Recycled at AMITA plants



Calorific cement raw materials
134,380 t



Metal (Ni)
4,398 t
Metal (Cu)
679 t

Between AMITA's own plants and partner companies, more than 600,000 tons of waste is currently being recycled annually.

★If you're wondering how much virgin raw material we saved by substituting recycled material, please see p.55.

Liquid fertilizer
3,883 t
Power generated
426,382 kWh



Making the best proposals for reducing environmental costs, risks and impacts



Environmental business consulting services

Environmental risk management/consulting

Consulting engagements with **36** companies



Services provided:

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

Waste management outsourcing

Outsourcing engagements with **5** companies



Services provided:

- Compilation of information regarding waste
- Composition of reports
- Document management
- Patent application administration, etc.

Training support (seminars, education, training)

Seminars held: **60**

Seminar attendees: **1,541**



Example seminars:

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



Overseas business



▲AMITA's engagement in Yantai City, China

Total volume: **108,500** t

Countries:

Taiwan, Russia, South Korea, and more

Materials handled:

Raw cement materials, zinc materials, etc.



Provide comprehensive environmental solution services

The environmental issues faced by companies are growing ever more complex and diverse. The AMITA Group supplies integrated solution services tailored to these needs. Below is the number of customer sites served with several of AMITA's spectrum of recycling services, environmental risk management, waste management systems, environmental certification and other services.

Bundled service engagements with **66** companies

*All numbers are actual figures for 2013

*See p.35 for information regarding our plans for and implementation of Environmental/CSR Marketing Support Services.

Business Highlights

Highlight 01

Study on reduction of greenhouse gas emissions from cement recycling in Indonesia completed

In cooperation with the Institute for Global Environmental Strategies (IGES), AMITA conducted a feasibility study on reducing greenhouse gas emissions as part of a technical assistance project to design a "Low-Carbon City Plan" for Surabaya, Indonesia.



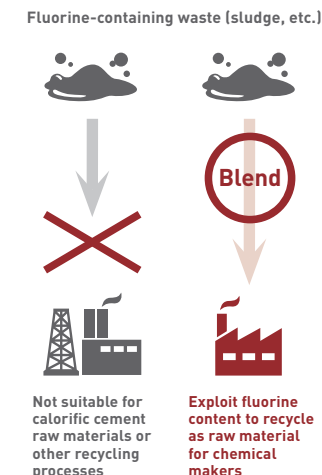
Specifically, the study investigated the use of Japanese recycling technologies in the waste disposal sector, enabling for example the intake of waste materials by cement makers, marketability of waste products and the construction of intermediate processing plants. The study calculated how much energy consumption would be saved and how great a reduction in CO₂ emission per unit of energy would be achieved through the introduction of waste recycling, and what the environmental impacts would be.

AMITA continues to deploy Japanese technology in the rapidly growing economies of the Asia-Pacific region to enhance their opportunities to become low-carbon societies.

Highlight 02

Achieved recycling of fluorine-containing waste that poses disposal problems

PTFE and other fluoropolymers, toothpaste, and other fluorine-containing wastes have a significant potential to damage cement kilns, making it difficult to recycle them as calorific cement raw materials. Since other recycling methods are also difficult, fluorine-containing waste has been a prominent problematic waste material. AMITA has succeeded in developing a recycling path for fluorine-containing waste that, instead of trying to remove the fluorine, blends it to create a raw material that can be used by chemical makers. AMITA continues to carry out research and development on recycling of materials that currently pose challenges for sustainable disposal.



Highlight 03

AICHI KAIUN CO., LTD. recycling plant goes into operation with AMITA knowhow to increase recycling capability in Japan's Chubu region

In April 2013, AICHI KAIUN CO., LTD. started up a recycling plant incorporating AMITA recycling technologies and expertise. The plant uses proprietary technologies for handling a wide range of waste types in small batches, container waste, and high-chlorine-content waste. This establishes infrastructure to increase recycling capability in Japan's manufacturing-intensive Chubu region.



In FY2014: Strengthening sales and product development



Provide Comprehensive Environmental Solutions

Partnering Capabilities

- ◆ Strengthen non-counter selling
 - Improve contact centre functions strengthen web sales, etc.
 - Raise customer satisfaction through robust customer support system non-counter selling
 - Raise efficiency by integrating sales offices
- ◆ Strengthen links with partners
 - Joint training and product development initiatives with partners

Solution Delivery

- ◆ Turn customer problem-solving into a product
 - Launch customer process visibility services
 - Launch waste management outsourcing services
 - Develop CSR-related services
- ◆ Nurture expert personnel
 - Boost sales personnel's knowledge of social issues, develop sustainability coordinators for corporate and municipal markets, train contact centre operators

Hardware & Technology

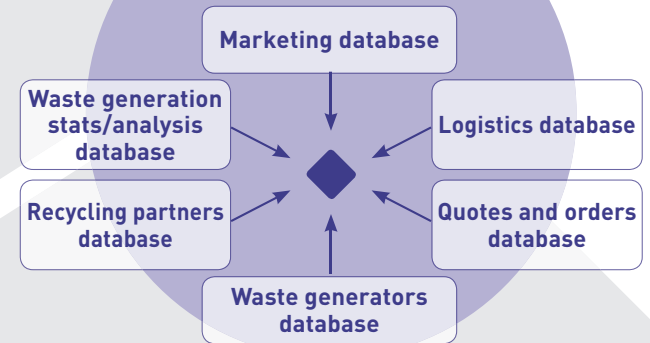
- ◆ Improve quality, safety and efficiency
 - Automate plants (hands-off production system)
 - Upgrade quality management systems
- ◆ Develop alternative fuels
 - Develop/produce/market new valuable materials
- ◆ Produce and use renewable energy
 - Act as representative for sales and purchases of green electric power

International Market Expansion

- ◆ Build out overseas bases
 - Prepare to build and operate recycling plants in Taiwan
 - Explore recycling business opportunities in Malaysia
- ◆ Promoting an international cyclical system of resource usage
 - Build network and gather information by actively contributing to public-private partnership studies

Environmental Information Platform

Information Resources Business (p.39)



Basing and Logistics

- ◆ Build out bases
 - Conduct studies on setting up new bases and markets in Japan's Joetsu and Tohoku regions
- ◆ Identify users for planned products
- ◆ Increase efficiency and cut costs in logistics
 - Explore contracting out logistics-related operations



Information Resources Business

When people shift their values and their viewpoints,
they uncover new challenges to be solved.

We are restructuring existing businesses to unlock value
and use resources effectively.

Turning information into value



Championing the idea that nothing is truly “worthless”.
Reorganizing information and applying new viewpoints to generate value.
Collecting, accumulating and sharing information to create new value.

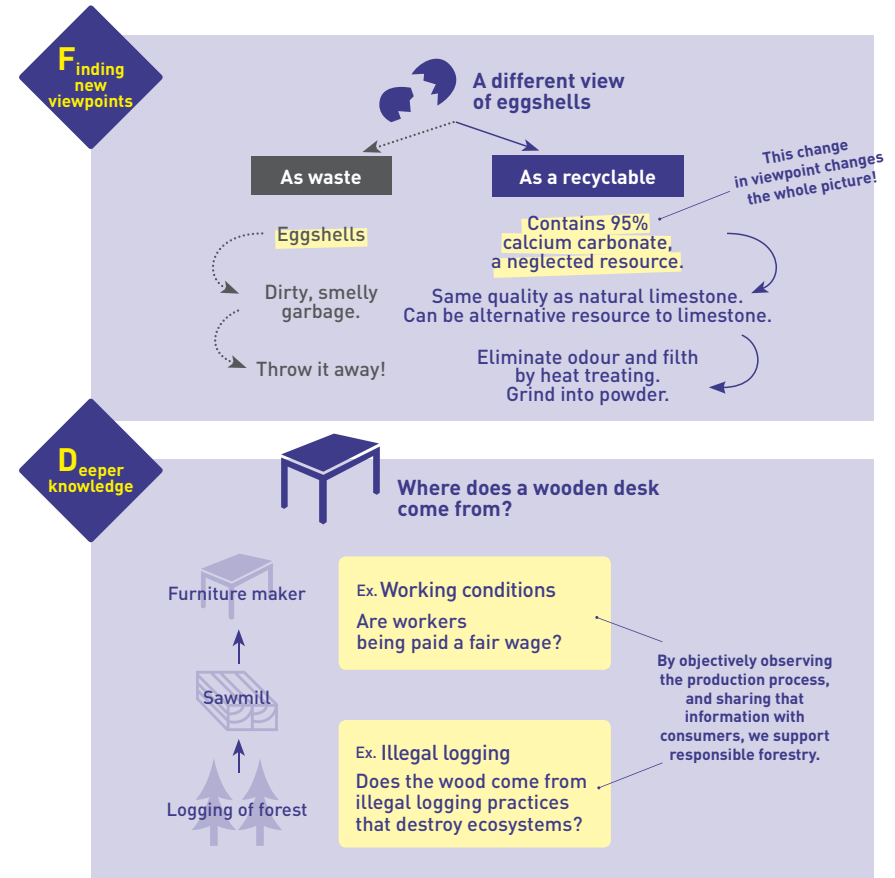
The AMITA Group is creating substantial value through the collection and compilation of information.

Essentially, information is any meaningful content conveyed between people through a medium. Information is affected by the perceptions of those who send and those who receive it. For example, imagine a large quantity of eggshells. One person might consider them trash, something to be thrown away: “Look at all this garbage. Just a bunch of eggshells.” But another person might say, “Eggshells are 95% calcium carbonate. This isn't garbage, it's a valuable raw material with industrial applications.” The information is transformed from “eggshells are trash” to “eggshells are a resource”.

The perception that something is worthless is what makes it worthless, and the perception that something has value is what makes it so. Information generates value when it is shared, recognized, managed, processed and evaluated by multiple people and/or companies that possess a

diversity of knowledge and expertise.

In the 1980s, The AMITA Group began to focus on the value of information in turning waste products into recycled resources, starting with the eggshell example (in fact the actual origin of today's Terrestrial Resources Business) just described. Drawing on this experience, in the 1990s we began publishing an environmental information magazine, which provided a venue for companies producing waste and companies needing resources to publicize that information and make matches. Later, we launched our environmental certification business, which makes information on traceability available to consumers so that they can make environmentally conscious choices about the way they consume goods. Since 2000, we have sought to further harness environment-related information by establishing an eco-marketing office and developing a cloud-based environmental operations support system. This section will cover these aspects of The AMITA Group's Information Resources Business.



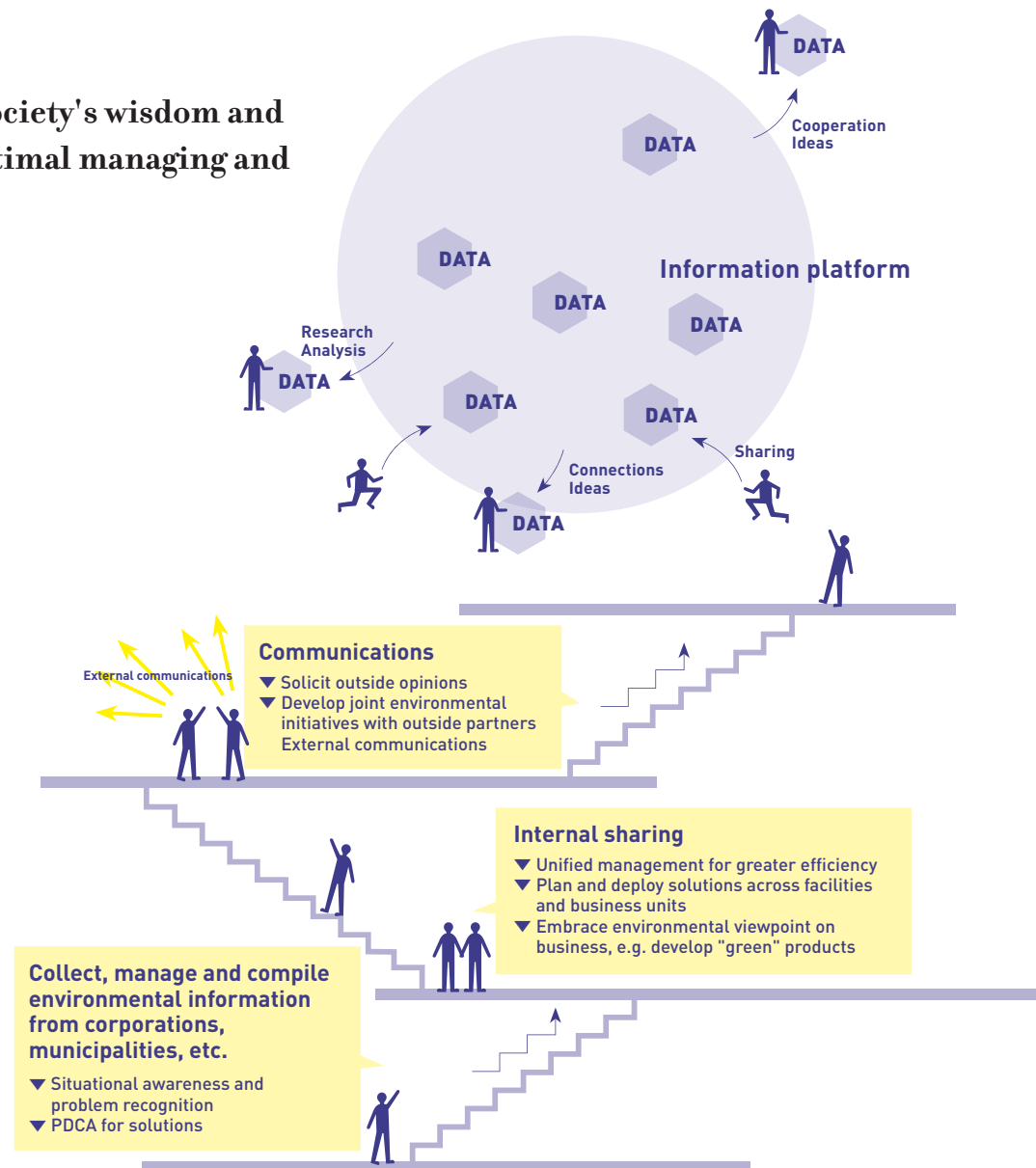
AMITA's Vision for our Information Resources Business

“To build an information platform, based on society's wisdom and capabilities, that creates new value through optimal managing and sharing of environmental information.”

In Japan more than 1,000 companies issue CSR reports and disclose environmental information, including about gas emissions, waste, water use and the chemicals they generate. National, prefectural and municipal governments also publish all kinds of statistical data on the environment. But is this huge amount of information actually put to good use?

Many companies, even large ones, have been slow to deploy IT systems for their waste management functions, hindering them from having a unified view of the situation at each of their facilities. Many instances of wasted resources and improper disposal slip through the cracks. Furthermore, few companies share with other companies or experts information about the waste they are generating, in order to develop solutions. Of the companies that do issue CSR reports, many complain that few people read them.

To put information to work in an effective way, data must be collected and compiled accurately, shared with the appropriate people and organizations, and acted on through concrete measures which produce value. The AMITA Group aims to build an information platform for environmental operations which facilitates optimal management and sharing of all environmental information (not just waste management), so that the wisdom and expertise of many stakeholders can be brought to bear on creating solutions that contribute to a sustainable society.

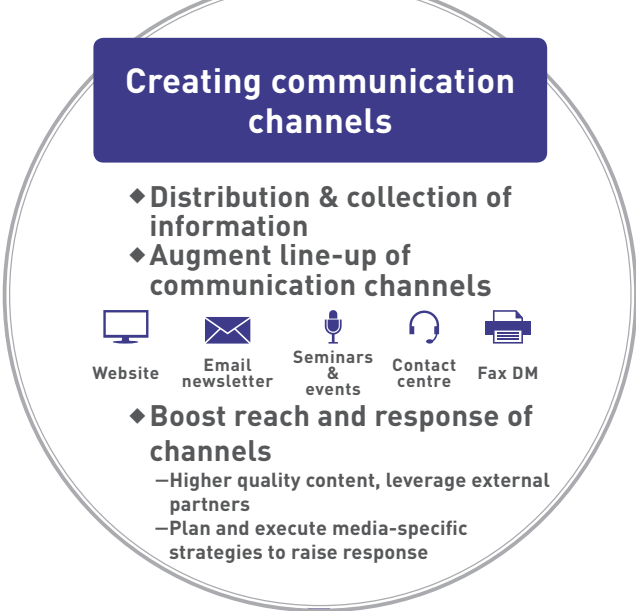




Business Strategy

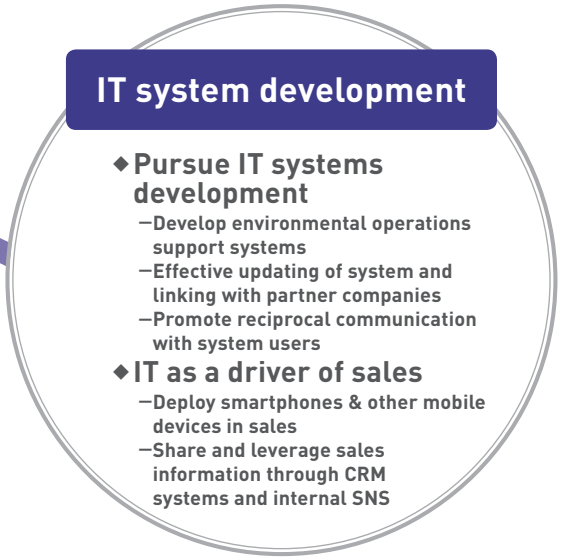
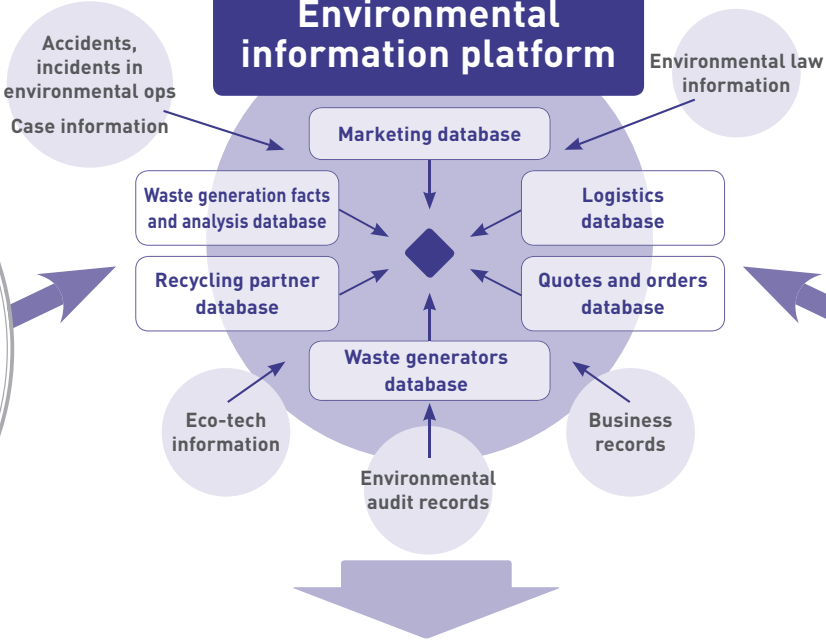
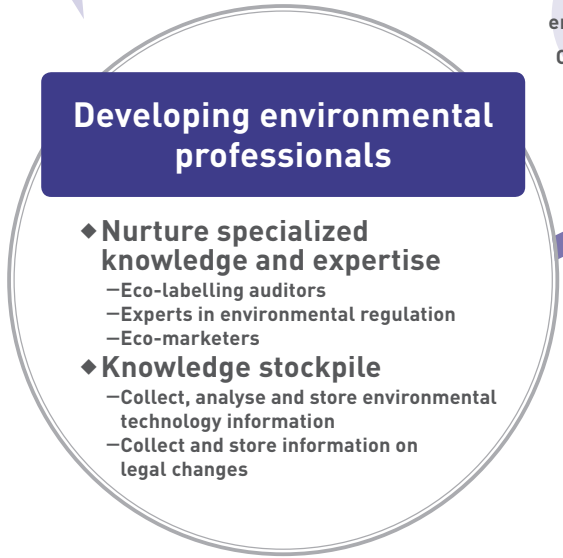
The four pillars of AMITA's Information Resources Business

The most important aspect of information-based businesses is information quality, which includes factors such as how reliable and up-to-date a piece of information is. We work with public entities and outside experts to develop personnel with the domain expertise and communications skills required to deliver our services. Within The AMITA Group, along with front-line business units, the legal, PR and marketing departments collect and share environmental information in their areas of expertise. [See Environmental/CSR Marketing Support Services, p.34-35; Environmental Certification Business, p.36-37.]



Since the 1990s, The AMITA Group has been developing multiple channels for distributing environmental information. Now we are implementing market surveys and promotional campaigns across these channels for other companies who want to communicate about their environmental initiatives, or launch an eco-business of their own. [See Environmental/CSR Marketing Support Services, p.34-35.]

The environmental operations sector has been slow to embrace IT. We develop and provide specialized cloud-based services for environmental operations management that enable optimized information management and real-time sharing among involved parties. Our combination of IT and human services, provided by domain experts, offers clients lowered costs and lowered risks. [See digital waste management system, p.32-33.]



We are leveraging our communications channels, knowledge and systems, as well as the environmental operations databases derived from them, to provide environmental management systems, environmental communications support, and environmental certification services. This information is also leveraged by the Terrestrial Resources Business to support the quality of services it provides.

Line of business: Digital waste management system

This service provides efficient internet-based execution of the spectrum of tasks associated with waste management, reducing management costs while ensuring greater compliance.

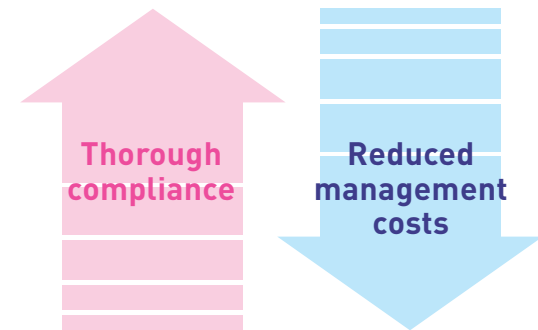


AMITA provides a service that unifies management of all information in the cloud, solving the cost challenges of generating the massive amount of paperwork involved in waste management, while cutting down on compliance problems like illegal dumping and paperwork errors and omissions. Reducing management costs and substantially improving compliance, often thought to be contradictory goals, can be accomplished simultaneously through our service, which enhances corporate environmental value.

AMITA's digital waste management system is the solution!



All necessary information is collected and managed on the cloud



Digital waste management system kills two birds with one stone!

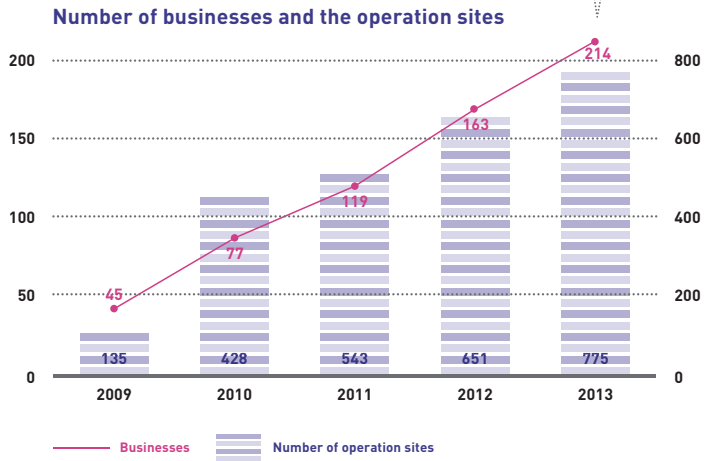
Digital waste management system: achievements and case study



Market penetration

Case study

Growth every year in the four years since launch!



The number of businesses and the operation sites using the service has grown continuously over the four years since launch. Customers desiring to strengthen compliance and move to e-billing have expressed high satisfaction. Pharmaceutical companies and food and beverage companies with multiple operation sites in Japan have been especially pleased with this tool's ability to reduce environmental risks.

Improved compliance through adoption of digital waste management system (IHI Corporation)

Client problem

Whenever knowledgeable employees transferred or retired, waste management operations were negatively impacted. In some locations, improper handling of contracts exposed the company to increased environmental risk.

The AMITA Group's solution

The digital waste management system was offered to achieve both improved compliance at facilities and reduced administrative work at headquarters. By running complex tasks like contracts and billing through the digital waste management system, improved compliance at all locations was achieved. The AMITA Group's information helped IHI to build a more robust management system, such as using risk assessment information about the contractors doing waste disposal to avoid risks associated with illegal dumping incidents.

Along with system delivery, The AMITA Group's Terrestrial Resources Business provided synergistic risk assessment and other consulting services to help IHI build a waste management system that leads their sector.

Environmental/CSR Marketing Support Services: achievements and case study

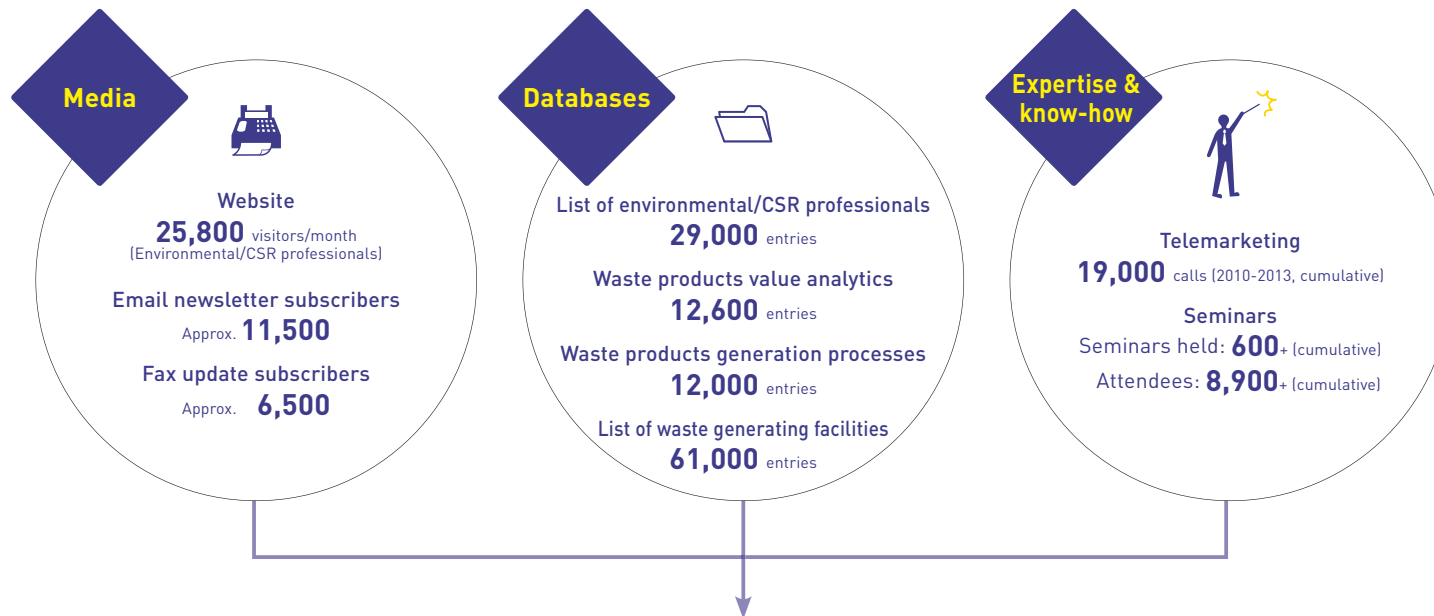
Assisting customers in developing eco-businesses and environmental services, and creating a more eco-conscious society.

Many companies that are launching eco-businesses or developing environmental services need lists of contacts, marketing media in the environmental/CSR field, and an appropriate strategy.

Over decades in the business, The AMITA Group has put together a huge proprietary database covering the environmental/CSR field. It also

has influential media outlets, and the capability to do market surveys and telemarketing. This experience and track record enable us to tailor our services to each company we work with.

By promoting environmental/CSR activities, a company can increase the “environmental value” of society as a whole.



Use marketing channels and know-how to help companies solve environmental issues

Market development

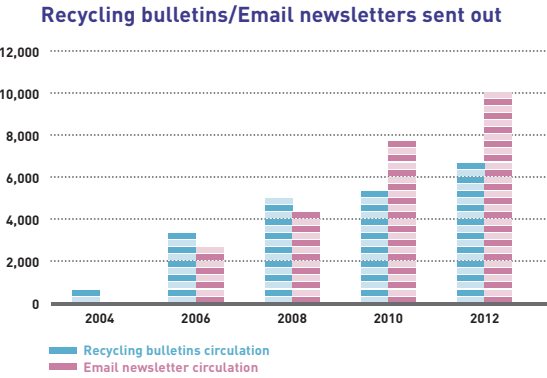
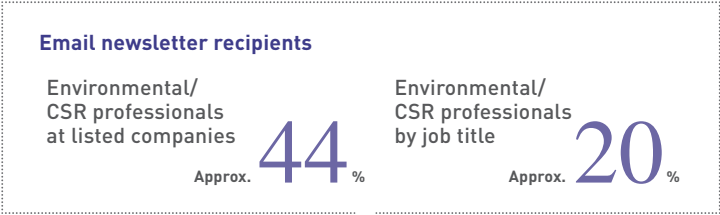
Promotion support

Sales representation

Environmental/CSR training

Capability & Examples of Services

Reach and influence of communications



The number of corporate environmental/CSR professionals reached directly by our email newsletter and Recycling bulletin directly is growing year by year, becoming one of the most influential media channels in the environmental/CSR field. In conjunction with that, The AMITA Group has a track record of providing support to awareness-building campaigns for soil pollution remediation, licensing examinations and more.

Case study

Achieving expansion of sales channels through eco-marketing support services (KIMITSU SYSTEM Co., Ltd.)

Client problem

The client had technology that differentiates it from competitors, but lacked manpower for sales activities. It was only able to market to a limited set of companies, and mainly filled orders from companies that initiated enquiries.

The AMITA Group's solution

KIMITSU SYSTEM Co., Ltd. is a company that specializes in detecting and remediating soil pollution. In order to actively market to potential customers that it had not been able to reach before, Kimitsu called on The AMITA Group's eco-marketing support services. A feature devoted to Kimitsu was placed both in AMITA's email newsletter (which reaches more than 10,000 subscribers, primarily people responsible for their company's environmental operations) and on the Daily AMITA website, which attracts 120,000 pageviews per month. Kimitsu's CEO held a free seminar, at which he explained his business to representatives of more than 60 large companies. This led to several sales negotiations, successfully opening new contacts for the company among environmental operations professionals. Despite Kimitsu's limited personnel resources, they were able to efficiently raise awareness of their company and increase their sales reach.

Environmental Certification Business: achievements and case study

We enable companies to demonstrate the traceability of their products, so they can offer consumers fresh choices and values.

We provide assessments for international eco-labelling that certify products as having been produced and processed in a sustainable, responsible way, without illegal logging or overfishing.



Forestry Certification Business FSC Certification

Forest Stewardship Council® (FSC) certification is a forestry products certification system. It issues FSC Forest Management (FM) certification to forests that are managed in an environmentally, socially and economically responsible way, and FSC Chain of Custody (COC) certification to lumber and paper products that come from certified forests, and are processed and distributed in ways that meet certain specifications. The AMITA Institute of Environmental Certification Co., Ltd. (AIEC) conducts assessments for both FSC FM and COC certification services.



FSC Forest Management (FM) Certification

For forest owners and managers

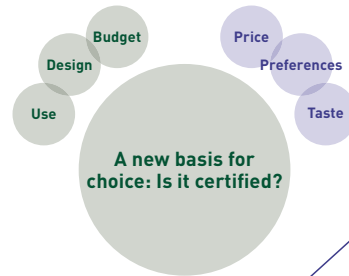
A system for certifying that a forest is managed in an environmentally, socially and economically responsible way, in accordance with FSC's "10 Principles."

FSC COC (Chain of Custody) Certification

For manufacturers of wood and wood-derived products and merchants who sell these products

A system for certifying that wood and paper products are made from FSC certified, managed timber* or recycled material that is identified or kept segregated from non-certified material.

* Timber that meets five criteria, including that it is not illegally logged, and that it is not logged from forest with high conservation value.



Choosing certified products
||
Protecting the environment, biodiversity, and local communities and economies



Fishery Certification Business MSC Certification

MSC certification comes in two parts. MSC Fishery Certification certifies whether fisheries (fishery managers) are in conformity with the MSC's "Principles and Criteria for Sustainable Fishing"—this involves a comprehensive evaluation covering resource, environmental and social aspects. MSC Chain of Custody (COC) Certification certifies a fishery's marine products through the stages of processing and distribution. The AMITA Institute of Environmental Certification Co., Ltd. (AIEC) conducts assessments for MSC COC certification.

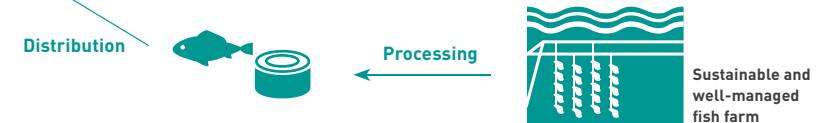


MSC COC Certification covers:

1. Distributors involved in the marine product distribution stage
2. Processors involved in production of processed marine products
3. Volume retailers that process (open cases of and repackage) marine products in the distribution stage
4. Restaurants that serve marine products

Fisheries Certification Business for Aquaculture ASC Certification

ASC Certification consists of ASC Aquaculture Certification, which certifies whether fish farms' environmental and social aspects comply with standards of sustainable management—basically, MSC certification applied to aquaculture—and ASC Chain of Custody (COC) Certification, which certifies traceability in the stages of processing and distribution. The AMITA Institute of Environmental Certification Co., Ltd. (AIEC) conducts assessments for ASC COC certification.



ASC COC Certifications covers:

1. Distributors involved in the farmed product distribution stage
2. Processors involved in production of processed farmed products
3. Volume retailers that process (open cases of and repackage) farmed products in the distribution stage
4. Restaurants that serve farmed products

Environmental Certification Assessment

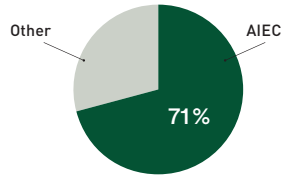


Forestry Certification Business

Area of FSC FM certified forest

In 1999 we undertook Japan's first assessment for FSC FM Certification, and have been involved in 24 certifications in all since then. We have certified approximately 280,000 hectares of forest, constituting 71% of Japan's FSC certified forest. We continue to promote the trend toward sustainable forest management.

Forest area under FSC certification (As of Dec. 2013)

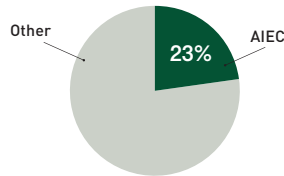


AIEC Certified 278,025 ha
Total Certified in Japan 392,990 ha

FSC COC Certifications

We have issued 259 COC certifications, constituting 23% of the total number in Japan. We perform assessments mainly in the paper, printing and forest products sectors. We are now planning to expand our service into Southeast Asia (where there is rapid economic growth) in conjunction with our Terrestrial Resources Business services. Our goal is to become active in the world of sustainable forestry beyond Japan.

Certified businesses (As of Dec. 2013)



AIEC 259 businesses
Total in Japan 1,112 businesses

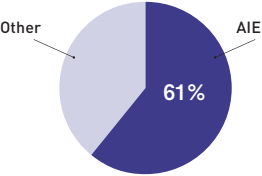


Fishery certification Business

MSC COC certified businesses

Since becoming Japan's first body offering MSC certification, we have issued 35 certifications, 61% of the total in Japan. In 2013, the Hokkaido Federation of Fisheries Cooperative Associations scallop fishery obtained MSC certification. Since this fishery accounts for about 90% of Japan's scallop fishery, it is likely that more processors and distributors will now seek certification also. The AMITA Group will continue to work toward making fisheries sustainable through certification assessments.

Certified businesses (Share of total Japan-wide certifications issued by AIEC as of 2013)



AIEC 35 businesses
Total in Japan 57 businesses

ASC COC certifications

In September 2012, The AMITA Group was authorized as the first ASC COC certifying body in Asia. Aquaculture is a fast-growing industry, and is expected to account for more than 40% of the world's marine products by the year 2020. And currently, 87% of aquaculture production comes from Asia.

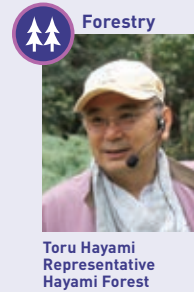
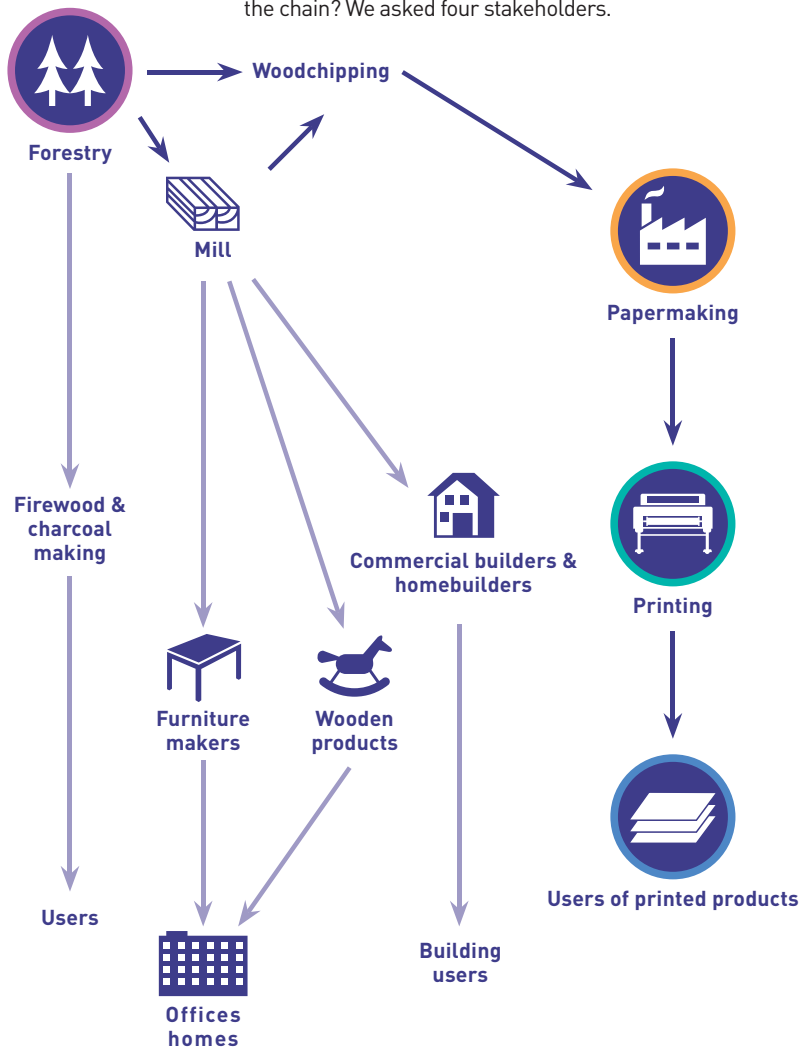
We are developing this service in order to reduce the negative environmental impacts of aquaculture, e.g. the destruction of coastal ecosystems in order to build fish farms; environmental pollution caused by fish farm drainage and waste; pathogens carried by fish and other creatures when they are introduced to fish farms; and damage to biodiversity.

Values

The value of forestry certification

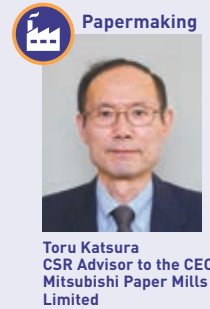
The diagram below shows the main features of the forest products supply chain.

How does forestry certification add value to each part of the chain? We asked four stakeholders.



We want to make a strong appeal to designers about the merits and value of choosing certified lumber.

In the latter half of the 1990s, the forestry industry saw a strong global trend toward embracing forestry certification systems, and, in Japan, WWF Japan worked to promote adoption of certification in the downstream supply chain. Still, few businesses chose to be certified. Fearing that Japan would be left behind by the rest of the world, in 2000 we managed to carry out Japan's first FSC FM certification. Thanks to coverage in the media, there were inquiries from other industries with which Hayami had not previously enjoyed strong connections. It is no exaggeration to say that forestry certification opened people's eyes to forestry as an environmental sector. Now we need to raise awareness of FSC further. We want to make a strong appeal to designers who select lumber about the advantages and value of choosing certified products.



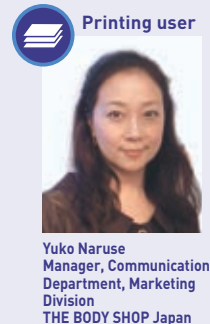
We don't just want to increase adoption of FSC products —we want to incorporate the FSC philosophy into our business.

In 1998 we were looking around for wood pulp that was environmentally friendly, and we discovered FSC COC certification. We asked AMITA (now AIEC) because they had the most knowledgeable and trustworthy people working on assessments, and we became the first paper company in Japan to achieve certification. In 2008, there was a problem with paper certified by a different certification body that forced many companies to cease production. We, however, were able to continue production uninterrupted, because AIEC had done all its audits properly, and then later did careful follow-up on the procurement. We want to create value not just with FSC products as physical goods, but by adopting the FSC way as a business ideal.



With growing scrutiny of corporate credibility, FSC certification is an important tool.

At the request of our sales department, we obtained FSC COC certification in 2007. We had previously had some difficult experiences when trying to obtain other certifications, so we were looking for a partner who would provide solid service. AIEC's people did a great job of explaining everything, and they were able to give convincing answers to all my questions. When I went to AIEC headquarters in Tokyo for a seminar, I was impressed by the professionalism of the entire staff there, and could tell that it was a well-run company. Orders for FSC certified products have risen year after year, and I believe that growth will continue to meet a real need in society. In the future, the credibility of companies and products in all respects, not just environmentally, will be important. FSC is an important tool in building that credibility day by day.



FSC certification was the best way to express our brand ideals.

Our company operates retailing for The Body Shop in Japan. To conform to the brand's values of environmental responsibility, in 2000 we adopted FSC certified packaging paper. When we learned about recycled paper production and the bleaching agents that are used in that process, and understood the whole cycle from production through disposal, we decided that FSC Forestry Certification was more sustainable and eco-conscious. We also carry products made from FSC-certified wood. Our customers are very conscientious about the environment, and many said that using FSC certified paper is what they would expect from us. We will continue working to minimize our environmental impact by making and consuming only what we really need, in accordance with The Body Shop brand's ideals.

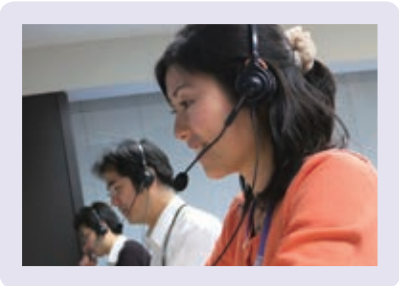
In FY2014, IT will transform AMITA.



Build communications channels

- ◆ **Strengthen contact centre capabilities**
 - Strengthen contact centre as key element of new businesses
 - Enhance existing customer support across phone, email and internet
- ◆ **Strengthen web marketing capabilities**
 - Enhance website content to promote enquiries

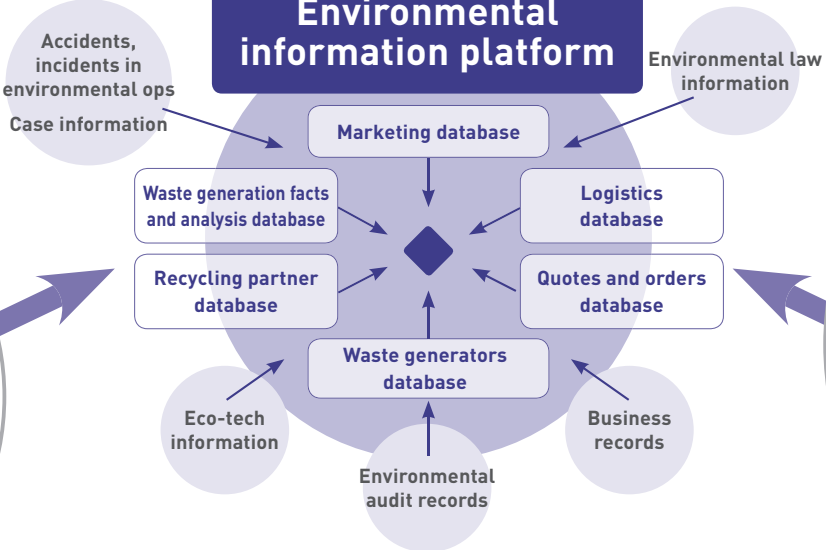
Website Email newsletter Seminars & events Contact centre Fax DM



Develop environmental business professionals

- ◆ **Strengthen links with external organizations**
 - Train external evaluators for eco-labeling
 - Create expert-led educational opportunities for staff
- ◆ **Encourage knowledge acquisition**
 - Analyse sales records and customer data to discern market trends
 - Rapidly adjust products in response to changes in the law

Environmental information platform



Next steps for information systems

- ◆ **Improve efficiency and quality of services through adoption of IT platforms**
 - Harness IT in planning, developing and supplying products
- ◆ **Raise sales capabilities through adoption of IT platforms**
 - Deploy IT devices in sales process
 - Refine sales strategy based on data mining

New Business

New business initiatives for the “environmental century”

Environmental Business Process Outsourcing (BPO)

Combining the experience and know-how developed in our Terrestrial Resources Business and Information Resources Business, in FY2014 we are launching full-scale into environmental operations support services.

Societal Needs

CSR pressure

Accountability for what the company is doing to help the environment

Business requirements

Expectations of increased stock price, dividends, etc.

Corporate Response

Increase environmental initiatives

- Expand environmental operations departments
- More expertise
- Improve environmental technologies
- Green business initiatives

Build core business

- Focus on core business
- Rationalization and outsourcing of non-core businesses
- Risk minimization

BPO: Business Process Outsourcing

BPO refers to companies turning over entire chunks of operations to specialized outside contractors. Unlike sales representation or consulting, everything from operations analysis to planning and implementation to process improvement is entrusted to the outside contractor. It is the form of outsourcing in which the outsourcing provider has the greatest latitude. For many companies, environmental operations are important, but they do not represent the company's main business. In cases like these, BPO with a separate, specialized company allows the company to focus its economic resources on its core business, boosting competitiveness.

BPO Market in Japan

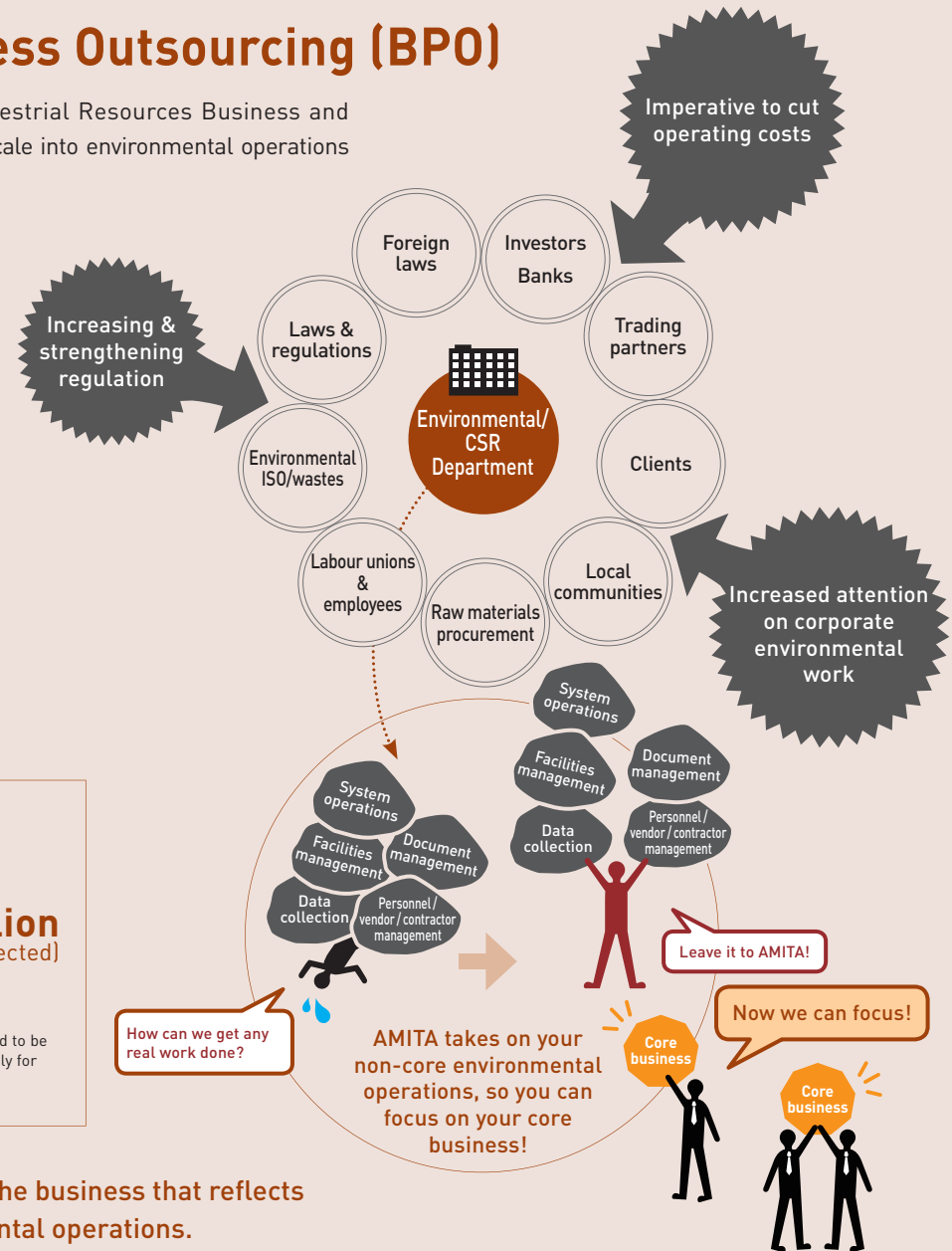
2016 **693.7 billion** yen (projected)

(Average annual growth rate: 4.2% per IDC)

Environmental operations expected to be an area of growth in BPO, especially for large companies

Value provided by AMITA

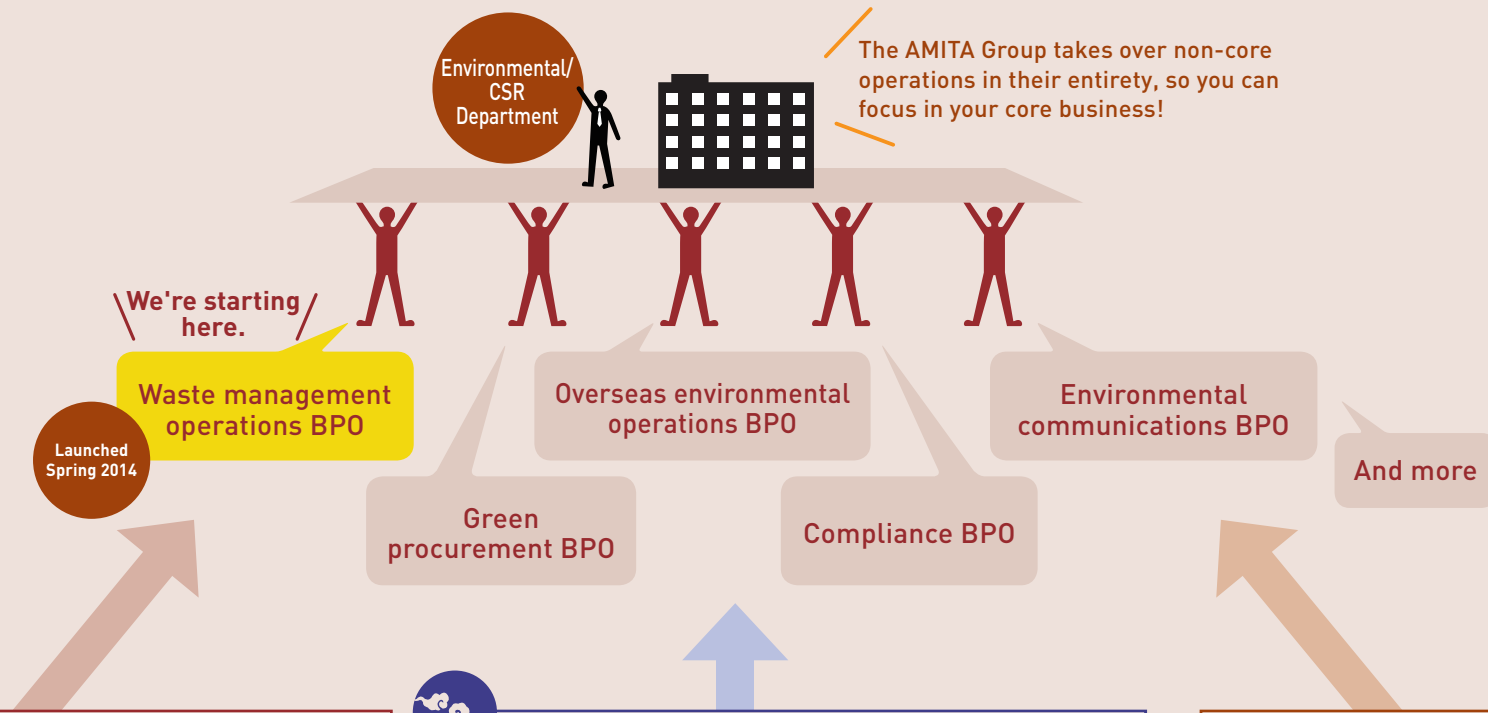
Now your company can focus management resources on the business that reflects its core competencies, without falling short on environmental operations. The AMITA Group's environmental BPO service makes this new way of doing business possible.





Let AMITA take over your entire environmental operation: it's a non-core activity for you, but it's our core business.

With 35+ years of experience in the environmental sector, we have the know-how to minimize the risks to you, and a track record of delivering solutions on the ground. A good environmental strategy is critical to any company expanding globally. We can execute the strategy you have now, or help you improve it.



Terrestrial Resources Business know-how

- Support recycling more than 600,000 tons per year
- Five recycling plants and one affiliated recycling plant Japan-wide
- Network of 300+ recycling partners Japan-wide
- Successfully recycled more than 4,000 kinds of waste to date
- Approximately 2,000 recycling consultations per year
- Environmental risk assessments and/or consulting engagements with more than 160 companies



Information Resources Business know-how

- Track record of deploying IT in environmental operations to improve operational efficiency and performance
- Success in consulting for entry into environmental businesses
- Development of environmental business models
- Marketing support for new environmental market development
- Support for formulation and implementation of communications plans for environmental/CSR activities
- Support for international eco-labelling and certification

Environmental operations back office

- Database of 29,000 environmental operations professionals
- Contact centre with 19,000 (2010-2013, cumulative)
- Experienced environmental management staff
- Staff with environmental law expertise



Regional Resources Business

Our aim is a sustainable society,
built on a new social system
that values quality time.

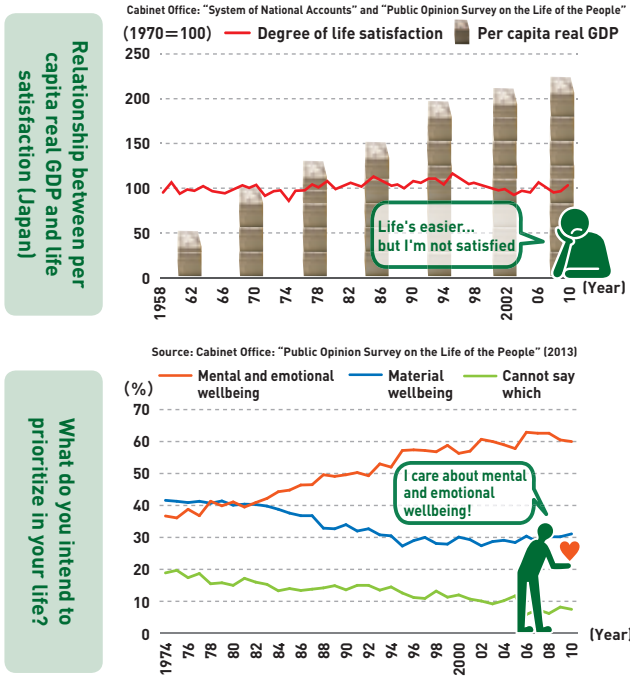


Social Problems

The challenges society faces in everyday life

With Japan's population decreasing, the Japanese market is expected to shrink as well. In a rapidly changing world, what should we value? What should we consider most important? Through our business practices, we in The AMITA Group are pursuing a genuinely thriving society.

The paradox of wellbeing: what a thriving society looks like



Despite a rising real GDP per capita in Japan, people are not becoming more satisfied with life, and this divergence continues to grow. However, little by little, a shift in priorities is occurring. People are valuing material prosperity less, and mental and emotional wellbeing more. We believe that society must make a transition from a model of material prosperity based on mass production and mass consumption to a new model, a social development that is based on qualitative wellbeing.

Note: The full "emotional wellbeing" prompt in the "Basic Survey on National Life" was: "Given a certain level of material prosperity, I want to focus on emotional wellbeing and reduced stress in my life". The full "material prosperity" prompt in the "Basic Survey on National Life" was: "Even given a certain level of material prosperity, I want to focus on increasing that level".

Regional neglected resources

Import-dependent resources

- Energy self-sufficiency: 4% *1
- Fossil fuel imports: 20 trillion yen per year
- Food imports: 58 million tons per year *2

Domestic neglected resources

- Cropland out of cultivation: 396,000 ha *2
- Discarded food: 20.86 million tons per year *2
- Total value of uneaten food: 11 trillion yen per year *2
- Plantation forest usable for timber: Three years from now, 6.88 million ha *3

*1 Ministry of Finance trade statistics
*2 Ministry of Agriculture, Forestry and Fisheries reports
*3 White paper on forestry

Japan is only 4% of the way to being energy self-sufficient. It imports 20 trillion yen of fossil fuels per year, along with 58 million tons of food. Meanwhile, over the last 30 years the amount of uncultivated cropland in Japan has tripled to 396,000 hectares, and in three years the amount of plantation forest that could be used for forestry will reach 6.8 million hectares, larger than the Japanese islands of Shikoku and Kyushu put together. With the deepening global problems of resource depletion and food shortages, it is extremely important to harness such neglected regional resources.

AMITA's Vision for Our Regional Resources Business

“Lifestyles nurture regional economies, and interpersonal exchange generates new industries and products. We are aiming to build a new social system that harnesses neglected resources and pursues qualitative, not quantitative, growth.”

As society pursued efficiency, there was a shift from using forest resources to petroleum resources, and different regions chose to “rationalize” and focus on particular livelihoods: agriculture, forestry, and so on. But the influx of even more efficiently produced products and services from outside these regions caused the decline and ruin of local industries.

AMITA is establishing a new social system that is founded on quality time, which arises from positive relationships among people and between people and nature. Linking together livelihoods of the forest and the fields, or of the fields and the seaside, to bring about a society that makes the most of everything and everything, our system empowers regions to fulfill their inherent potential.

In building a social system, “community-based industrialization” is one of AMITA's key terms. It refers to creating products and services in two ways: through community recognition of the relationships binding people with nature, and through information sharing within the community. These activities will reveal that everyday life itself can generate economic activity and markets leading to “industrialization”. Wood from forest thinning can be pelletized and used as a fuel source in towns, or waste food from these towns can be used as biomass for electricity generation. Those are just two examples of how regions can develop their own independent infrastructure.

AMITA plans to transition from quantitative to qualitative prosperity, building a model of a sustainable society starting with concrete regional solutions, accumulating evidence of results, and establishing a new way of life. We believe our business model will nurture thriving regions, and lay the foundations for a society that is truly rewarding.

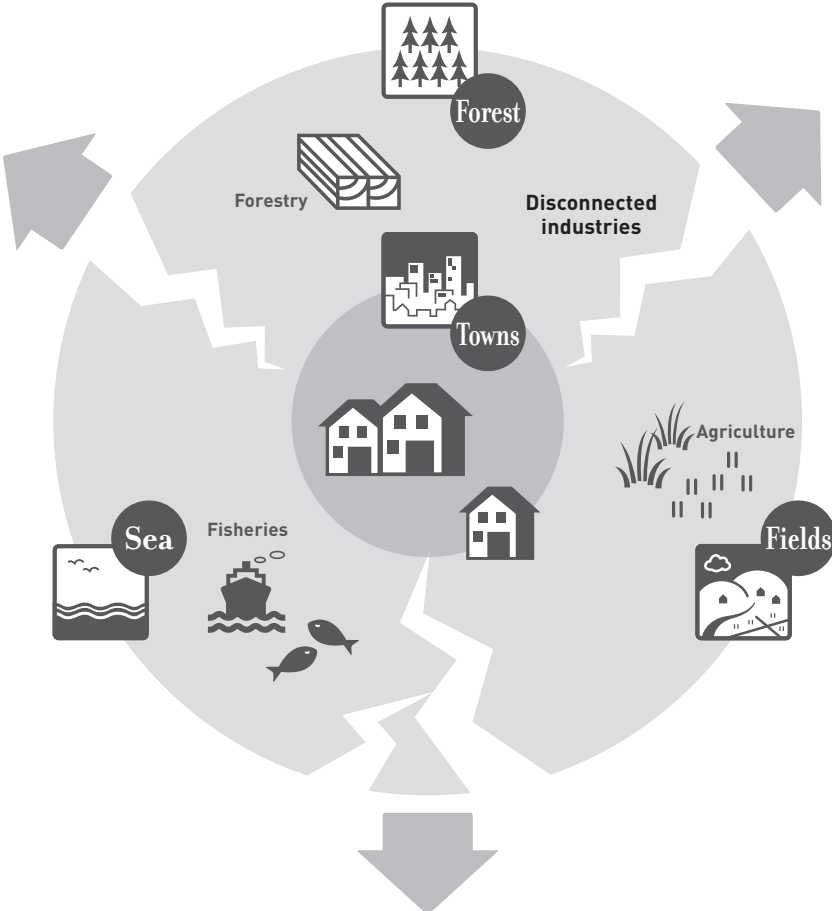


New System

Building a new social system

Conditions vary from region to region: terrain, climate, culture, ecosystem. AMITA identifies neglected resources in targeted regions, and seeks to put them to the best possible use. By doing so, we help to connect people, materials goods and money forming an autonomous cyclical system within the region. Our aim is to break the chain of negative links in the existing social system that drive the decline of local regions, and replace it with a chain of positive links established through the harnessing of neglected resources.

Existing system: negative spiral
Erosion of lifestyle foundations, industrial decline
Loss of employment/Loss of population



New social system: positive spiral
Job generation, population influx
Stable and secure lifestyles, entrepreneurship



Two pillars of the Regional Resources Business: toward a new social system

In order to build a new social system that harnesses the unique neglected resources of each region, we follow two strategies to transition from proof-of-concept to actual business activity.

Establishing a new social system

[Development of symbiotic farming]

Symbiotic farming is a method that limits agrochemical inputs and takes into consideration the health of the various organisms that inhabit rice paddies. Instead of regarding wildlife as an obstacle to farming that should be removed, our method carefully controls the water level of the paddies and the growth process of the rice sprouts, providing habitats for organisms. AMITA is undertaking development of this farming method to provide safer, healthier rice.



Harness neglected resources from the forests, fields and sea

- ◆ Develop technologies and know-how for:
 - Wood biomass exploitation (wood pelletization technologies, methods of extraction of timber offcuts)
 - Symbiotic farming methods
 - Medicinal plant cultivation techniques
- ◆ System set-up
 - Open sales channels for agricultural products, forge links with partner companies
 - Open sales channels for wood pellets

Harness neglected resources from towns

- ◆ Develop technologies and know-how for:
 - Household waste recycling (biogas production and exploitation technologies)
- ◆ System set-up
 - Build “nothing wasted” stations (Gather and analyze relevant market information, build expertise in product development)
 - Establish a collection system for household waste (e.g., food waste)

[Harnessing biogas and liquid fertilizer]

Collecting food waste from homes and processing it to produce methane biogas allows waste to be transformed into useful energy for electricity and heat. And the residue left over can be used in agriculture as a liquid fertilizer. We are creating systems like this that effectively turn waste into resources. We plan to build local facilities appropriately scaled to a given area, rather than large facilities. This will help to create a sustainable, cyclical system of resource use.



[Setting up a system to harness wood pellets]

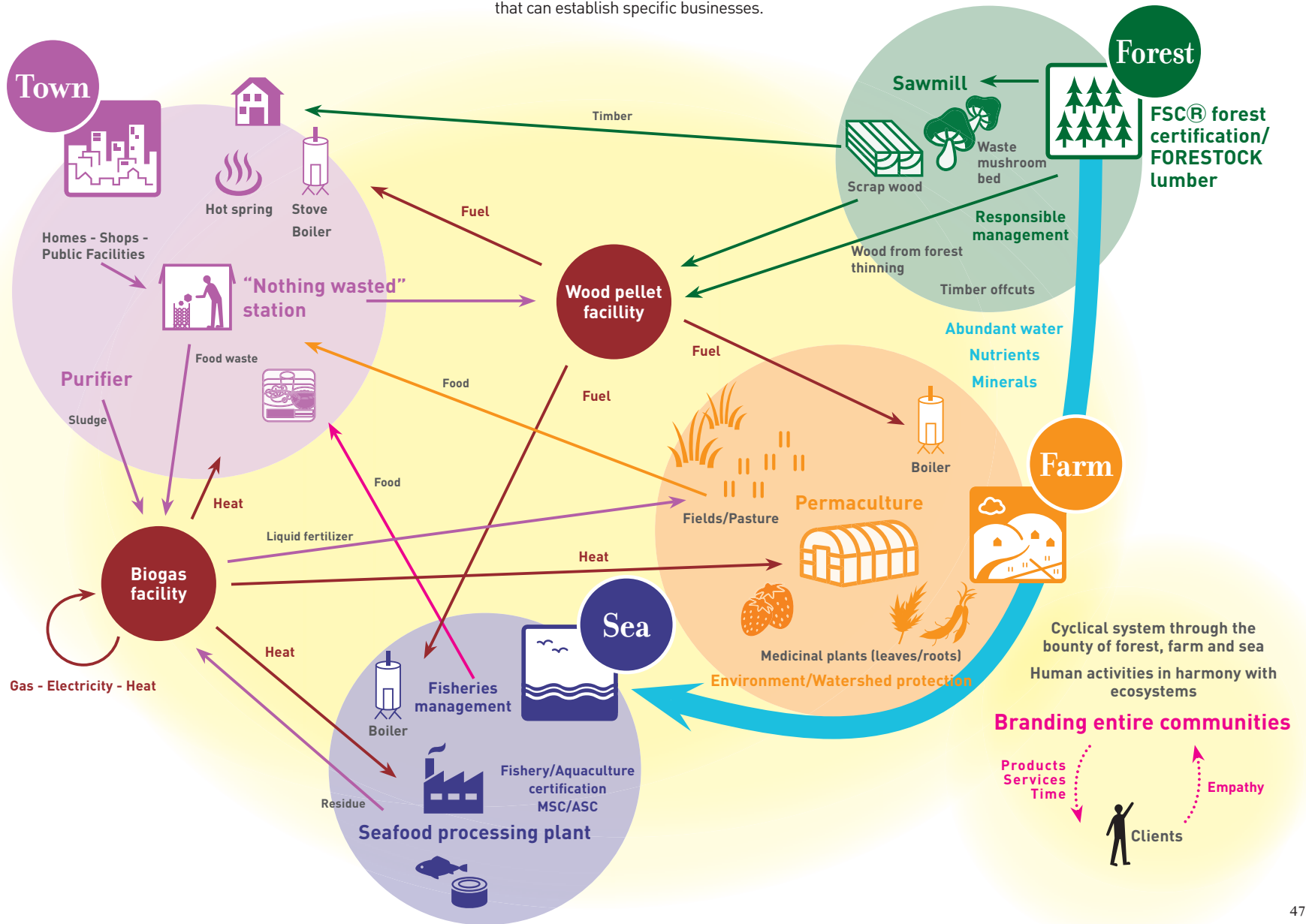
Wood pellets are a solid combustion fuel made by compressing timber offcuts (forestry waste) into compact pellets. Instead of using fossil fuels or other non-renewable resources brought in from outside the area, renewable material from local forests is tapped as a neglected resource, and processed into fuel that can be used to heat homes, offices or greenhouses. AMITA is setting up a system to turn a forest resource into a resource of value to farms and towns.



Development Cases

Model for local cyclical system

The town of Minami-Sanriku lost its economic base in the Great East Japan Earthquake. Since 2012, The AMITA Group has been building the prototype of a new sustainable society there. By synergistically linking neglected resources from forests, farms, the sea and in towns, investing in infrastructure on which people can base their livelihoods, and developing products that draw attention to person-to-person connections, The AMITA Group is testing and validating a system that can establish specific businesses.



Achievements and highlights of the Regional Resources Business (Achievements of business development initiative in Minami-Sanriku, Miyagi Pref.)



Cultivation of medicinal crops and associated R&D

In April 2009, through a donation by The AMITA Group, a research group studying functional plant production was established at Chiba University's Center for Environment, Health and Field Sciences. In FY2012, The AMITA Group began carrying out collaborative research with the centre. Angelica root, panax ginseng and other medicinal herbs that are threatened with extinction because of growing global demand are being explored as crops for growing in Minami-Sanriku. This project is advancing on the basis of new research-based knowledge, and through the incorporation of efficient horticultural cultivation methods.



Producing and Selling Products with Empathy

The town of Minami-Sanriku in Miyagi Prefecture was hit hard by the 2011 Great East Japan Earthquake. Last year, working together with local farmers, women whose jobs had disappeared in the wake of the disaster, and members of the town's community workshop, we began symbiotic farming of both the Sasanishiki variety of rice and the herb Chinese angelica (the latter was a trial cultivation). The Sasanishiki rice was branded "Minami-Sanriku: Forest, People, Ocean" and is currently on sale at some rice shops in the city of Sendai. We are continuing to work with Minami-Sanriku to develop new products and build market presence.



Developing applied technologies for biogas

Under an initiative by the Ministry of the Environment, The AMITA Group carried out a feasibility study on turning waste materials from Minami-Sanriku into resources. Beginning with studies of trash separation and collection methods used in homes and business, The AMITA Group ultimately did a trial run of a biogas demonstration plant and formulated a plan that included provisions for disposal of the town's ordinary waste; we are currently examining commercial applications for the technology.

〈 Major accomplishments 〉

◆ Studied trash separation and collection methods

Within the demonstration project zone of Minami-Sanriku, The AMITA Group recruited 86 households and 13 businesses to cooperate in a study of trash separation. The content of the separated trash was analyzed and its biomass quantity assessed.

◆ Pilot operation of biogas pilot plant

We set up a biogas demonstration plant that turned collected trash into biogas. Various ways of using the gas were evaluated (e.g., heat, electric power generation), as were uses for the liquid fertilizer that is a by-product of the process.

Based on the demonstration results, planning is underway to build out a full-scale business operation.





Development Plans

In FY2014: Visualizing future models of local societies

Establishing a new social system



Harnessing neglected resources from forest, farm and ocean

- ◆ **Studies of local potential**
—Keihoku area of northern Kyoto, etc.
- ◆ **Develop medicinal plant cultivation techniques and expand area of these plants' cultivation**
—Spread medicinal plant cultivation to multiple sites, introduce symbiotic farming
- ◆ **Develop mechanisms for commercializing and distributing products**
—Local residents working in the selling and distribution of farm products, etc.

Harnessing neglected resources from communities

- ◆ **Increase relational capital of communities**
—Job creation, linking local residents with new residents relocating from cities
- ◆ **Develop infrastructure for recycling household waste**
—Explore introduction of biogas generation facilities
- ◆ **Build resource collection systems**
—Establish household waste collection systems, etc.



Wood pellet applications

With sights set ultimately on engineering a cyclical system with distributed energy generation, The AMITA Group is piloting the processing of neglected wood resources such as forest thinnings into pellets for use as a heating fuel in local communities. Our efforts to commercialize this technology are ongoing.

〈 Major accomplishments 〉

In conjunction with our study of unique methods for recovering timber offcuts in Minami-Sanriku, The AMITA Group is doing trial wood pellet production with a pilot plant. With the cooperation of approximately 40 homes and businesses who have installed pellet stoves and monitoring systems, we are evaluating the chain of production, sales and use. We are gathering this information in the hope of turning this into a business.



Financial Report

These are The AMITA Group's financial results for FY2013 (Jan. 1, 2013 - Dec. 31, 2013).

FY2013 Accounts

(Consolidated, in millions of yen)

	FY2012	FY2013 (Forecast)	FY2013 (Actual)	Deviation from forecast (%)	Comment
Net sales	4,412	4,653	4,676	0.5%	Growth in sales of valuable materials, implementation of disaster debris disposal business
Gross profit	1,484	-	1,502	-	
Selling, general and administrative expenses	1,403	-	1,367	-	Reduced SG&A due to reduced staffing
Operating income	80	150	135	△9.9%	
Ordinary income	75	146	106	△27.0%	
Net income	18	113	115	2.3%	Received compensation from TEPCO in relation to damages from the Fukushima Daiichi nuclear plant accident

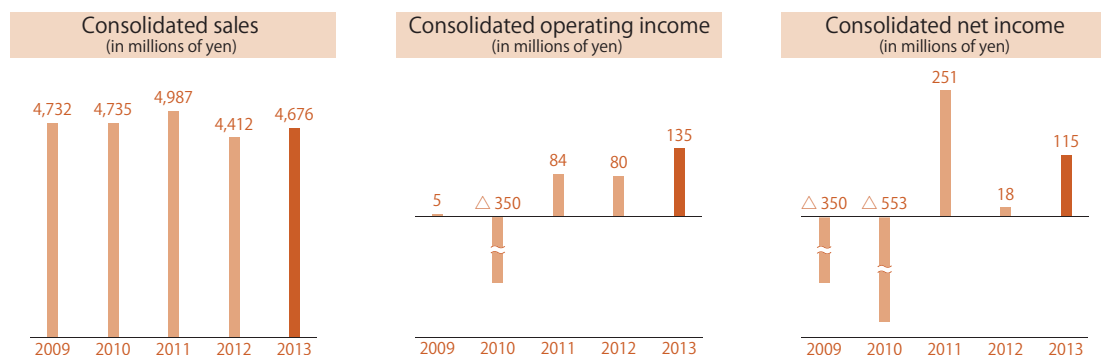
In 2013, growth in sales of valuable materials and implementation of our disaster debris disposal business contributed to the net sales of the Terrestrial Resources Business. Net income benefitted from compensation received from TEPCO in relation to damages from the Fukushima Daiichi nuclear plant accident. Both net income and net sales were up year on year.

AMITA CORPORATION opened a new recycling facility in Hamamatsu, Shizuoka Prefecture in January 2013, and in April, AICHI KAIUN CO., LTD. began operating Gamagori Recycle SC using AMITA CORPORATION recycling technology, opening up new markets for us in the Tokai region. Outside

Japan, the company continues to investigate new markets; for example, in May, in cooperation with the Institute for Global Environmental Strategies (IGES), AMITA conducted a study on turning industrial waste into calorific cement raw materials in Indonesia.

The AMITA Group also is developing a BPO (Business Process Outsourcing) product called Best Way to Manage Waste. This product will leverage our strengths to enable AMITA CORPORATION to entirely take over highly specialized and labour-intensive waste management operations for clients.

【Recent Business Results】



By business segment

Results by business segment given below.

(Ref.: chart of correspondence between business name given in the main body of the report and segment name for financial report)

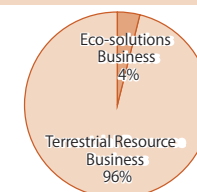
1) Terrestrial Resources Business

This business segment covers recycling operations and manufacture of terrestrial resources. Growth in sales of valuable materials and full implementation of debris disposal from the Tohoku disaster zone pushed net sales to 4.496 billion yen (up 8.3%/343.022 million yen year on year). Operating income was hurt by rising manufacturing costs and expenses related to sales and general administration, but thanks to growth in gross profit still reached 185.103 million yen (up 31.8%/44.607 million yen year on year).

2) Eco-solutions business

This business segment provides environmental consulting, surveys and research, and eco-certification services such as FSC and MSC. A decrease in consulting engagements caused net sales to fall to 182.096 million yen (down 32.3%/86.710 million yen year on year, while operating losses were 49.336 million (-/10.873 million yen) due to the effects of reduced expenses related to sales and general administration.

Ratio of Net Sales (FY2013)



*Ratio of net sales excluding adjustments.

【Ref.: chart of relationship between lines of business, business segments and services】

Business	Name of service	Company providing	Business segment in financial report
Terrestrial resources	Terrestrial resources manufacturing	AMITA CORPORATION	Terrestrial resources
	Recycling operations		
	Resource sales		
Information resources	Eco-consulting	AMITA Institute for Sustainable Economies Co., Ltd.	Eco-solutions
	Information management supporting environmental operations	AMITA CORPORATION	Terrestrial resources
Information systems functions			
Regional resources	Environmental Certification	AMITA Institute of Environmental Certification Co., Ltd.	Eco-solutions
	Survey research	AMITA Institute for Sustainable Economies Co., Ltd.	

Financial Statement

● Consolidated Balance Sheet

(in thousands of yen)

	Current period December 31, 2013	Previous period December 31, 2012
(Assets)		
Current assets	2,102,839	1,789,375
Fixed assets	2,142,791	2,099,186
Fixed assets: Property, plant and equipment	1,935,269	1,912,192
Intangible fixed assets	33,251	41,140
Investments and other assets	174,270	145,853
Total assets	4,245,630	3,888,561
(Liabilities)		
Current liabilities	1,913,638	1,603,494
Fixed liabilities	1,619,438	1,688,378
Total liabilities	3,533,076	3,291,873
(Net assets)		
Shareholder's equity	712,553	596,688
Capital stock	474,920	474,920
Capital surplus	408,499	408,499
Retained earnings	△170,731	△286,664
Treasury stock	△134	△66
Total net assets	712,553	596,688
Total liabilities and net assets	4,245,630	3,888,561

● Consolidated Statement of Income

(in thousands of yen)

	Current period January 1 - December 31, 2013	Previous period January 1 - December 31, 2012
Net sales	4,676,087	4,412,779
Cost of sales	3,173,127	2,928,604
Gross profit	1,502,960	1,484,175
Selling, general and administrative expenses	1,367,823	1,403,889
Operating income	135,137	80,285
Non-operating income	45,563	35,666
Non-operating expenses	73,925	40,252
Ordinary income	106,775	75,700
Extraordinary income	117,963	48,460
Extraordinary losses	3,038	-
Income before income taxes and minority interests	221,700	124,161
Income taxes - current	43,692	10,844
Income taxes - deferred	62,075	94,712
Income before minority interests	115,932	18,605
Net income	115,932	18,605

● Consolidated Statement of Cash Flows

(in thousands of yen)

	Current period January 1 - December 31, 2013	Previous period January 1 - December 31, 2012
Net cash provided by (used in) operating activities	440,085	181,275
Net cash provided by (used in) investing activities	△64,670	△87,951
Net cash provided by (used in) financing activities	△202,963	△99,311
Effect of exchange rate changes on cash and cash equivalents	13,889	11,713
Net increase in cash and cash equivalents	186,341	5,727
Cash and cash equivalents at beginning of period	866,610	860,883
Cash and cash equivalents at end of period	1,052,952	866,610

Three-year midterm forecast

(in millions of yen)

	December 2014 projected	December 2015 projected	December 2016 projected
Net sales	4,379	5,082	5,436
Operating income	▲76	110	350
Ordinary income	▲69	80	320
Net income	▲84	69	409

For FY2014, AMITA will be strengthening development efforts to achieve its midterm forecast, including new product development and major facilities investment. In FY2015 AMITA plans to increase income and profits through the opening of overseas bases, and in FY2016 increased production at the bases opened in 2015 and growth of the BPO business are expected to boost profits.

We expect this FY to be a pivotal one. The seeds of new business opportunities in the environmental services field that The AMITA Group has laid down so far will blossom into new products yielding business results. To this end, we aim to create a company-wide platform that can provide essential environmental services to private companies and public-sector entities.

The AMITA Group holds net sales, operating income and operating profit as important metrics of the company's growth and profitability, and ROE (return on equity) as an important metric of capital efficiency. In FY2103, net sales rose as a result of growth in disaster debris disposal work and sales of valuable materials. Operating income rose as well. And by launching new ventures like Gamagori Recycle S.C. that do not require large capital expenditures, we are improving our return on capital.

Profit sharing in 2013 took the form of a year-end dividend. Although this depletes capital surplus, it was decided on to mark a new start toward securing a dividend resource as well as a flexible and manoeuvrable future capitalization strategy. From FY2014, there will be annual development initiatives in support of the medium-term plan in order to raise competitiveness.



Director
Taro Shimizu

Stakeholder survey results

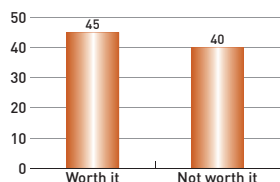
The AMITA Group conducts surveys of various stakeholder groups in order to monitor the company's position and identify issues that need to be addressed. The results are fed into our PDCA cycle for continuous improvement in executing our business activities.

Employee survey *Key findings highlighted below

[Survey parameters] Survey group: permanent employees and contract employees (the survey group did not include executives, dispatched workers or part-timers)
 Respondents: 85 (out of 158 who were sent the survey)
 Survey period: May 9-23, 2013
 Survey method: e-mailed instructions to fill out electronic form

1) Employee perceptions of their jobs

Q. Would you say that the job you do at The AMITA Group is fulfilling? Please tell us how you feel right now.
 (Respondents = 85)



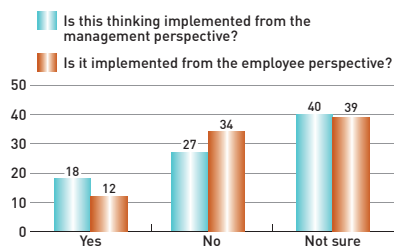
A job at The AMITA Group should offer employees more than just a paycheck—it should function as a vehicle for allowing them to make a difference in society. 53% of respondents (a total of 45 people) said that their current job was worth devoting their life to. Looking ahead, given that the place where we work is a context for living our lives together, we will strive to foster a workplace environment and corporate culture that offers employees a greater sense of fulfillment.

[Detailed responses] (Feedback on whether the job is fulfilling)

- This job fits what I would like to accomplish, and what I would like to see accomplished, in my lifetime.
- I can tell my kids I'm proud of the job I do.
- This job keeps me motivated and ready to take on new challenges year after year. I feel that is very worthwhile, and I never get tired of it.

2) Assessment of human resources development principle that people are not a cost but an asset

Q. One company principle is that people are to be considered an asset, not a cost.



In 2012 The AMITA Group adopted a human resources development plan based on the principle that employees are considered assets, not costs. The most common response to the question of whether this principle has been put into practice was, "Not sure." In the future, as this principle is worked out through concrete policies, we expect the ratio of positive responses to rise.

[Management response to survey results]

We see a lack of opportunities and mechanisms to make management's intentions apparent to employees. We will work to create clearly articulated systems for drawing out the motivation and potential of each employee, and increase opportunities for dialogue between management and employees that fosters understanding of management's intentions. In this way, we will win the recognition of our employees that they are indeed an asset to the company.

Shareholder survey

* Includes investors who are not shareholders but have requested information about AMITA Group.
 * Selected survey results are presented below.

[Survey parameters] Survey group: shareholders and investors
 Respondents: 32 (out of approximately 1,200 who were sent the survey)
 Survey period: July 1-14, 2013
 Survey method: included in mailing of fourth quarter Designing the Future newsletter sent to shareholders and investors

1) Comments on IR bulletins and other corporate communications

The AMITA Group always asks shareholders and other investors to rate our investor relations communications, namely earnings reports and shareholder/investor bulletins, out of 100. This survey was enclosed with the Designing the Future newsletter, which received an average score of 78. All the feedback received will be carefully taken into consideration to craft future investor communications that are more attuned to your needs.

[Detailed responses] (feedback about Designing the Future newsletter)

- The in-depth explanation of internal HR issues allowed me to appreciate the company's human resources development.
- The company's contributions to society were conveyed effectively.
- It would be better if it contained more information about risk management.

2) Expectations for The AMITA Group

The following are typical of the comments that were received regarding expectations for The AMITA Group. Along with desires for a rising stock price and dividends, many respondents expressed opinions about the company's business domains and development of new services. AMITA is committed to pursuing business activities that will fulfil investor expectations.

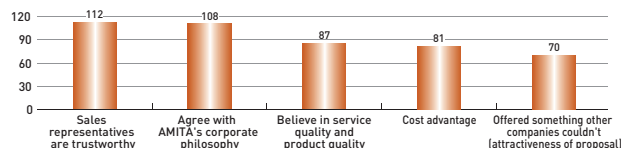
[Detailed responses]

- If Mr. Kumano's philosophy were to be embraced widely in Japan and around the world, it would boost economies and create more liveable societies.
- I hope the company will continue to take part in the recovery of Tohoku.
- I'd like to see the company aggressively develop environmentally conscious products and services that will bring about a sustainable society.
- I'd like to see a mutualistic capitalism of the future, which unites and delights nature, society, companies and people.
- I expect Asian countries experiencing rapid economic growth to have massive environmental needs in the years ahead.

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, waste collection companies)
 Respondents: 247 companies (out of 811 who were sent the survey)
 Survey period: July 8-26, 2013
 Survey method: Email and postal mail

1) Reasons for selecting AMITA as a vendor * Top five responses (respondents could list more than one reason)

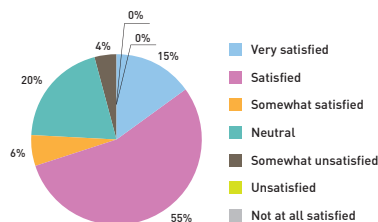


Many respondents mentioned that the assiduous efforts of our sales team and the seminars we offer were among the factors convincing them that AMITA would be a business partner they could count on. The quality of our products and services was also highly rated.

2) Satisfaction with AMITA's services

* Top five responses (respondents could list more than one reason)

76% of clients responded they were "very satisfied", "satisfied" or "somewhat satisfied". Our specialized expertise in waste disposal and flexible, detail-oriented responsiveness were highly praised. This supports the responses for the previous question ("Why did you choose AMITA as a vendor?")



[Detailed responses]

- AMITA salespeople really understand the business and the regulations within it, so we know we can rely on them. (Electrical equipment manufacturer)
- They put on a lot of seminars that are a helpful source of information. (Chemical company)
- When we had materials that other companies couldn't take, AMITA went out of their way to handle the logistics and disposal for us, even the negotiations and the contracts. (Chemical company)

3) Opinions and expectations about AMITA

Below are some important comments from our clients regarding what they hope and expect from AMITA. We will strive to respond to this feedback and further enhance the quality of our services.

[Detailed responses]

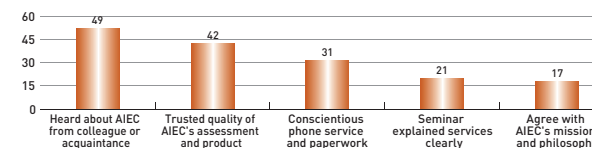
- We would like to see AMITA propose a material cycle and new approaches relating to it. And we would like to receive recommendations on things like reducing costs. (Electrical equipment manufacturer)
- I would like to see more thorough responses to inquiries about regulation. (Electrical equipment manufacturer)
- Please look into finding disposal paths for unrecyclable materials like brine. (Chemical company)
- I would like to see AMITA build an integrated system incorporating contracts, collection & transportation, disposal, and data management. (Petroleum products company)

Business partners survey (Environmental Certification Business) * Selected survey results are presented below.

[Survey parameters] Survey group: Certified businesses
 Respondents: 110 companies (out of 309 who were sent the survey)
 Survey period: July 8-26, 2013
 Survey method: Email and postal mail

1) Why clients chose AIEC (AMITA Institute of Environmental Certification Co., Ltd.) as their certifier

* Top five responses (respondents could give more than one reason)

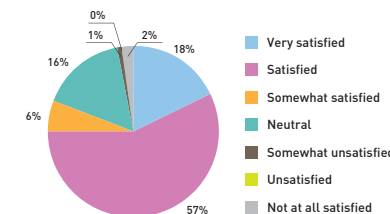


Many responses to the question of why clients chose AIEC mentioned referrals, quality and other indicators that suggest AIEC is seen as a trusted business partner. As a third-party company conducting certification assessments, AIEC strives both to handle all business paying careful attention to detail, and to clearly communicate information about the quality of our services through seminars and other means.

2) Satisfaction with AIEC

* Top five responses (respondents could give more than one reason)

81% of respondents were "very satisfied", "satisfied" or "somewhat satisfied". Only 3% chose "somewhat unsatisfied", "unsatisfied" or "not at all satisfied". The quality of service provided in regard to certification was lauded, and our speedy response to specific issues and helpfulness answering questions received particular praise.



[Detailed responses]

- Responsive, and auditors are good at explaining the procedures. (Fisheries industry)
- They respond to needs and give guidance from the perspective of someone within the industry. (Furniture industry)
- Employees have a high level of knowledge, and I have learned a lot through working with them. They are a source of inspiration and good suggestions. When I have questions, they are always happy to answer them. (Forestry)

3) Opinions and expectations for AIEC

Feedback indicated a perception that there is little progress in spreading awareness of FSC and MSC, and a desire for enhanced promotional efforts. We are working to provide a higher level of service that our clients find useful.

[Detailed responses]

- I would like to see you hold seminars for explaining important information, such as changes to the various forest products certification programmes. (Printing industry)
- Our company is pulling out all the stops to build awareness of FSC. We'd like to see AMITA doing more on that front. (Papermaking industry)
- You should look into making certification levels more readily understood by the average person. (Local public institution)

Fact Data

Summary of notable data about FY2013 (Jan. 1, 2013 - Dec. 31, 2013) not covered in operating results.

Creating a workplace where people can enjoy a long, fruitful career

Category	Initiatives/Performances	
Human resources development/training	Leadership academy	Held monthly to nurture leadership ability in employees who lead teams.
	Education/Training	Periodic study groups held to raise operational performance in plants and improve the workplace. In FY2013, a total of 54 sessions involving 373 employees were held.
Employment system/Evaluation system	Evaluation system	Employees are evaluated at the team unit level. Since individual ability and qualifications are considered to be observable only within the activity of a team, contribution to the team is the evaluation metric.
	Leave system	Sabbatical, social sabbatical leave, and anniversary leave introduced. Combined with paid leave, 11.3 days taken (FY2013 figures).
	AMITIME System	Under The AMITA Group's unique system, unused annual paid leave is banked by the Group, and the employees concerned can take the accumulated days off later. Through 2013, three employees have been in need of leaves.
Safety initiatives	Safety metrics	*Frequency rate: 9.12 (General & industrial waste management: 9.38 – 2012 Survey on Industrial Accidents) Severity rate: 0.02 (General & industrial waste management: 0.16 – 2012 Survey on Industrial Accidents)
	Safety improvements (risk assessments)	To reduce the number of accidents and near-accidents, and pre-empt complaints/claims, risk assessments are performed at the start of the fiscal year for each line of business, and high-risk operations are subjected to intensive risk reduction initiatives.
	Radiation measurement	All loads undergo radiation testing upon arrival.
Internal communications	Employee communications	In order to build a foundation for value creation, each AMITA workplace holds a "Thinking Day" every Wednesday. Employees discuss questions connected to social concerns: What is life? What is happiness? What is family? What is community?
	Communication between executives and employees	In order to achieve the company's mission, "town hall" meetings between executives and employees are held at locations around Japan.
	Harnessing internal information resources	The company introduced a groupware-based internal communications system called AMIHO. In the nine months after installation, there were more than 1,900 posts, more than 2,600 comments and more than 6,500 "likes". The system is fostering communication among staff in different AMITA locations.

*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).

Environment

Category	Initiatives/Performances	
Advocacy activities	Survey on environmental business	The AMITA Group conducts surveys covering environmental management to fill gaps in official surveys. In FY2013, AMITA carried out a survey on the current state of cement recycling. In cooperation with The Cement Shimbun Co., Ltd. AMITA held a roundtable discussion where government and industry figures could exchange views and explore how environmental management can reach a higher level of excellence.
	Lectures	In addition to lectures on recycling and environmental certification programs such as FSC and MSC, as a company committed to tackling the challenges society faces, The AMITA Group also holds various events and seminars. Lectures held: 39
	External public service communications	AMITA conducts communications to raise awareness among the public and promote greater excellence among environmental management professionals. It does this via magazines such as Nikkei Ecology, books and newspapers.
	Factory tours	AMITA offers factory tours at five of our plants around Japan. A total of 400 tours were held totaling 1,100 participants from both the general public and companies. We have welcomed observation tours from China, South Korea, and several countries in Southeast Asia.
Contribution to the Environment through our Core Business		The AMITA Group considers "environmental value" in all of our operations. For specifics, please consult the relevant pages for each line of business.

Notes!!

Natural resources saved by substituting recycled resources (FY2013) The AMITA Group is reducing consumption of the following natural resources by recycling waste.

Savings in cement materials		Savings in nickel materials		Savings in copper materials	
Cement materials (calorific) substitute	Amount of coal saved	Metal (nickel) substitute	Amount of nickel ore saved	Metal (copper) substitute	Amount of copper ore saved
110,757 t	→ 17,850 t	4,398 t	→ 7,913 t	679 t	→ 19,587 t

*These calculations assume a standard calorific value of 29MJ/l for coal, and ore grades of 2.49% for nickel and 0.52% for copper.

Fact Data

Community involvement

Category	Initiatives/Performances	
Contribution to the Communities	Environmental education initiatives	Lectures on environmental/CSR were held at 12 educational institutions including the University of Tokyo, Keio University, and Doshisha University. Student interns are also taken at AMITA's Kyoto headquarters.
	Local clean-up activities	Neighborhood clean-ups around the company's facilities are performed as part of AMITA's community service activities. AMITA also participates in public clean-up activities.
	Weekend farming and relief fundraising market	After the Great East Japan Earthquake, AMITA began to hold a weekly market for employees at Tokyo headquarters as part of our efforts to support the relief and reconstruction efforts. Produce and other products from disaster-affected areas are sold at cost to employees. In 2013, 45 markets were held, generating 478,090 yen.
Social Action	Grants and Philanthropy (Thank you Books)	As part of AMITA's "nothing wasted" philosophy, since February 2012 the company has worked with the Arigatobon campaign, through which used books are sold and the money given to charities. In FY2013 a total of 836 books were collected and donated from 15 AMITA locations across Japan.
	Support for anti-poverty efforts (STAND UP TAKE ACTION campaign)	AMITA contributes to the STAND UP TAKE ACTION campaign, which aims to support the UN's anti-poverty Millennium Development Goals. This campaign held 1,023 events drawing 32,600 participants nationwide, among which were 136 AMITA personnel from 16 locations around Japan. The AMITA Group began taking part in 2008, so 2013 marked the sixth year of participation. In 2012, The AMITA Group won the campaign's "unique photo" prize.



Fair operating practices

Category	Initiatives/Performances	
Fair operating practices	Dealing with social challenges	The AMITA Group is revising its screening procedures for establishing new commercial ties, in order to avoid any involvement with antisocial elements including organized crime.
	Improving compliance	All employees of The AMITA Group undergo annual testing on compliance regarding subcontracting laws, etc., to promote mastery of needed knowledge and strengthen compliance capabilities.

*The AMITA Group was, in 2002, the fourth Japanese company to sign on to the UN-led Global Compact (GC) initiative addressing environmental/CSR. AMITA actively embraces and promotes GC principles and issues an annual report to stakeholders on the status of these efforts.

Keeping up with The AMITA Group (Periodical communications)

For information on The AMITA Group's business activities, outlook and latest initiatives, please visit our website regularly:
(The categories below can be accessed at <http://www.amita-hd.co.jp>)

Designing the Future newsletter

This newsletter is issued quarterly by The AMITA Group and contains up-to-date information about company business. The newsletter covers a wide range of topics, including stories on our management philosophy, detailed reports from employees handling important business, and HR development. Why is AMITA in certain businesses? Why have we chosen to operate in certain ways? You'll find the answers in Designing the Future, must-read content for stakeholders wanting insights into the strategies and ideas that drive the company.



AMITA Books

The AMITA Group has published and edited various books and e-books, including Eisuke Kumano's book The Thinking Company and a book of first-person accounts and reflections relating to the company's efforts to help rebuild the town of Minami-Sanriku in Miyagi Prefecture after the 2011 Tohoku earthquake and tsunami.



Interactive Breakthrough



Every other month Eisuke Kumano, Chairman and CEO of AMITA HOLDINGS, posts a video or text update in which he discusses what the company is doing to bring about a sustainable society.

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AMITA Photojournal



Sometimes words alone can't convey everything, so every other month a two-minute slideshow of photos from the company is posted to give a glimpse of the company's activities. Scenes range from employees in the office to business on the front line.

AMITA Group websites



The AMITA Group operates websites related to the environment and CSR. Daily AMITA Update provides information about recycling, biodiversity and other environmental topics. A portal site allows visitors to read and compare CSR reports from a number of companies.

The AMITA philosophy is that
people and the environment should not have to pay the price
for disposal of society's waste.

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