



SUSTAINABILITY REPORT

GOOD HOLDINGS GROUP SUSTAINABILITY REPORT

2017



Fiscal Year 2016 Topics

20th Environmental Communication Awards

GOOD HOLDINGS Group CSR Report 2016 received an excellence award in the environmental report section of the 20th Environmental Communication Awards hosted by the Ministry of the Environment and the Global Environmental Forum.



Kankyo Hitozukuri Kigyo Awards excellence award

Received excellence award in the large company category of the Kankyo Hitozukuri Kigyo Awards hosted by the Ministry of the Environment and EcoLeaD.



Senior Business Contest 2016 excellence award

Received excellence award in the Senior Business Contest 2016 hosted by Senior Navi and sponsored by the Ministry of Health, Labour and Welfare.



Reception of JICA Induction Course

Japan International Cooperation Agency Kansai International Center (JICA Kansai) gives induction courses for municipal employees on waste issues in Asian countries. We accepted trainees in August, November and February in fiscal 2016.



FY 2016 Kodomo Nogyo Juku (Children's Agricultural School)

- 1st event: June 4th (Saturday)
Opening ceremony / planted corn seedlings / rice planting / onion harvesting
- 2nd event: July 30th (Saturday)
Paddy field discovering / green pepper harvesting / corn harvesting / river animal spotting
- 3rd event: September 10th (Saturday)
Rice harvesting / vegetable harvesting / teamwork
- 4th event: October 29th (Saturday)
Sweet potato harvesting / outdoor cooking
- 5th event: November 26th (Saturday)
Japanese white radish harvesting / craftwork / shimenawa handcrafting / closing ceremony



January: Tokyo office opened

Opened Tokyo branch office in Chiyoda-ku, Tokyo



Sailing team participated in Sailing World Championship

June 17th to 25th, 2016, our sailing team (Hirata/Tanabe) participated in the Snipe Class Western Hemisphere & Orient Championship held in Cabo Frio, Brazil.

Outstanding Player Award

In February 2017, our sailing team (Hirata/Tanabe) in the Snipe Class Western Hemisphere & Orient Championship received the Outstanding Player Award from the Hyogo Sports Association.



Open the recruitment section on the homepage



TV Program Kirari Keizai (Economy Program) released an interview with Group President Akazawa.



History of Award winning

- | | |
|---------|--|
| FY 2015 | 19th Environmental Communication Awards
Environmental Report Section, excellence award
2015 Award for Companies Promoting Experience-based Learning Activities for Youth
SME section, encouragement prize |
| FY 2014 | Kankyo Hitozukuri Kigyo Awards, encouragement prize
18th Environmental Communication Awards environmental report section, excellence award |
| FY 2013 | 17th Environmental Communication Awards environmental report section, encouragement prize |
| FY 2012 | Nishinomiya Chamber of Commerce and Industry 70th Anniversary: Special Award for Environmental Management
CSR2 Project, compliance section, Ministry of the Environment Industrial Waste Section, chief prize
16th Environmental Communication Awards environmental report section, encouragement prize |
| FY 2011 | Nishinomiya Applied Prize
15th Environmental Report and Sustainability Report Awards sustainability report section, excellence award |
| FY 2010 | CO ₂ Minus Project daily life section, special award |
| FY 2009 | 6th Eco-Products Awards eco-service section, Judging Committee Chairman's Special Award (encouragement prize)
13th Environmental Report and Sustainability Report Awards sustainability report section, excellence award
13th Environmental Report and Sustainability Report Awards environmental report section, excellence award |



Grasp, Respond, Surpass

Creating GOOD every day.
Creating GOOD little by little.

No matter what job it is.
No matter where it is. Beginning or ending.

We would like to believe,
Even a little,
It advances people, the community and society.

Grasp the issues from our unique point of view.
Respond in our own unique way.
Surpass where we are now.

Good for the seller
The business grows sustainably.

Good for the customer
The business provides customers with
fair and profitable services.

Management Concept/Mission
“Goho-Yoshi”
(good for all five sides)

Good for society
The business solves some of
society's problems.

Good for the employee
The business backs up the workers'
well-being and growth.

Good for future generations
The business passes on better values to
future generations.

Action guidelines

1

We work with pride and a sense of responsibility.

We take the job seriously with the awareness that we are paid for our services and proud that we repay customers with satisfactory results.

2

We balance self-initiative with cooperation.

Self-initiative means an individual's attitude to think about what has to be done now and to put that into practice. Cooperation means to think about others and work with them. We should balance both of these.

3

We tackle the work.

As we seriously tackle the work, we will keep on challenging new themes from the perspective that the work is interesting.

4

We adapt to any circumstance. Survival of the fittest is not the same as the law of the jungle.

We should be sensitive to change, free from the successes, failures and conventions of the past, continuing our efforts to cope with difficult conditions.

5

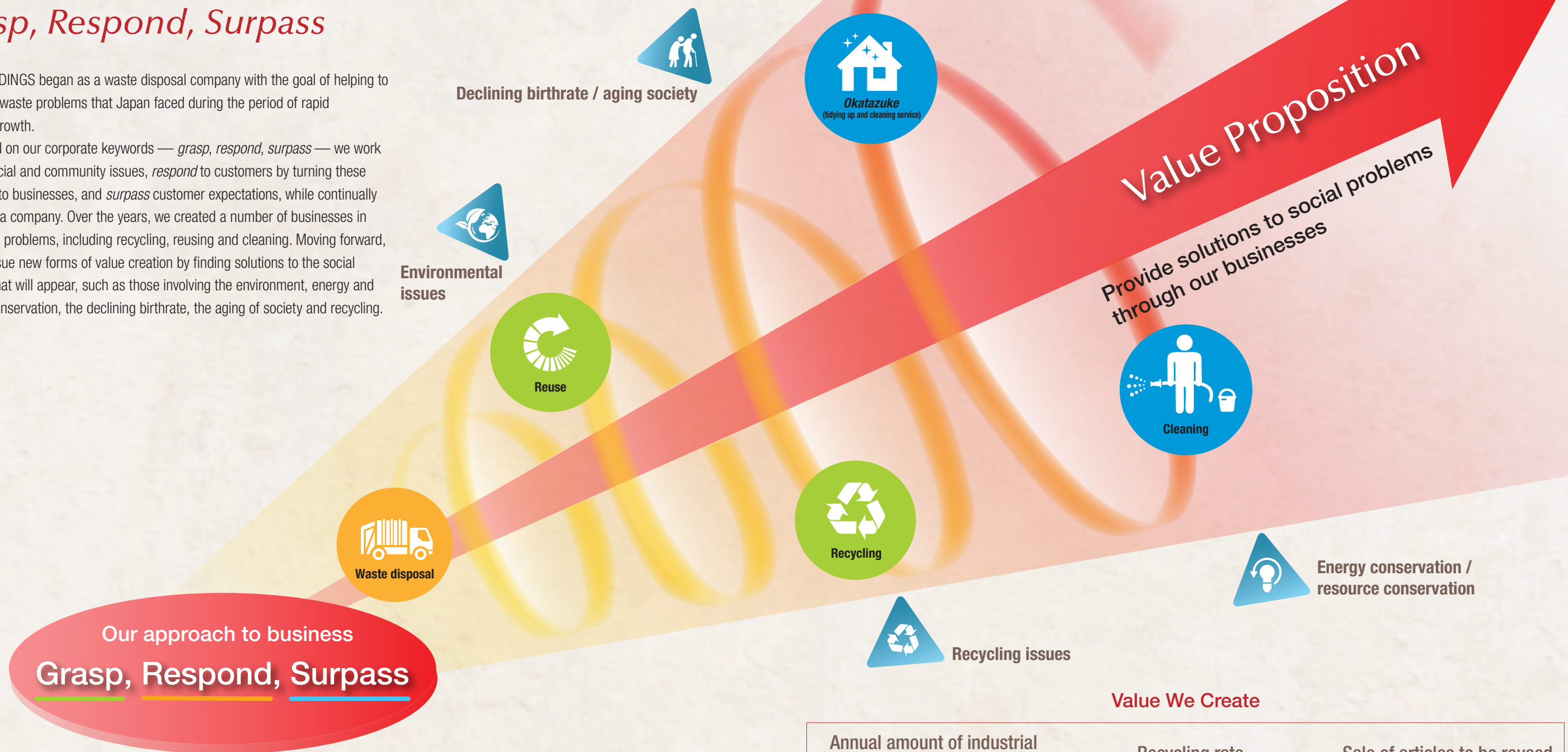
We secure appropriate profits.

We realize that generating appropriate profits is indispensable for meeting the expectations of those for whom we are responsible and to build a solid business base for future prosperity.

An Ongoing Evolution of Our Business Tackling Social Problems Using the Keywords *Grasp, Respond, Surpass*

GOOD HOLDINGS began as a waste disposal company with the goal of helping to resolve the waste problems that Japan faced during the period of rapid economic growth.

Based on our corporate keywords — *grasp, respond, surpass* — we work to *grasp* social and community issues, *respond* to customers by turning these solutions into businesses, and *surpass* customer expectations, while continually growing as a company. Over the years, we created a number of businesses in response to problems, including recycling, reusing and cleaning. Moving forward, we will pursue new forms of value creation by finding solutions to the social problems that will appear, such as those involving the environment, energy and resource conservation, the declining birthrate, the aging of society and recycling.



Grasp	Be the first in the field to <i>grasp</i> social problems and community issues
Respond	Building trust and reliance by <i>responding</i> to customers' issues, then commercializing the solution
Surpass	Always <i>surpass</i> customer expectations by validating theories and by using Group company synergies

Value We Create

Annual amount of industrial waste handled

71,343 t

In fiscal 2016, we handled 71,343 tonnes of industrial waste, ranging from sludge and plant and animal residue to acid, alkali and beverage products as well as plastic waste.

Recycling rate

More than **94.5%**

We have maintained a 90%+ recycling rate for the industrial waste that we collect thanks to our drying, separating, and shredding processes, as well as recycling at our affiliates.

Sale of articles to be reused

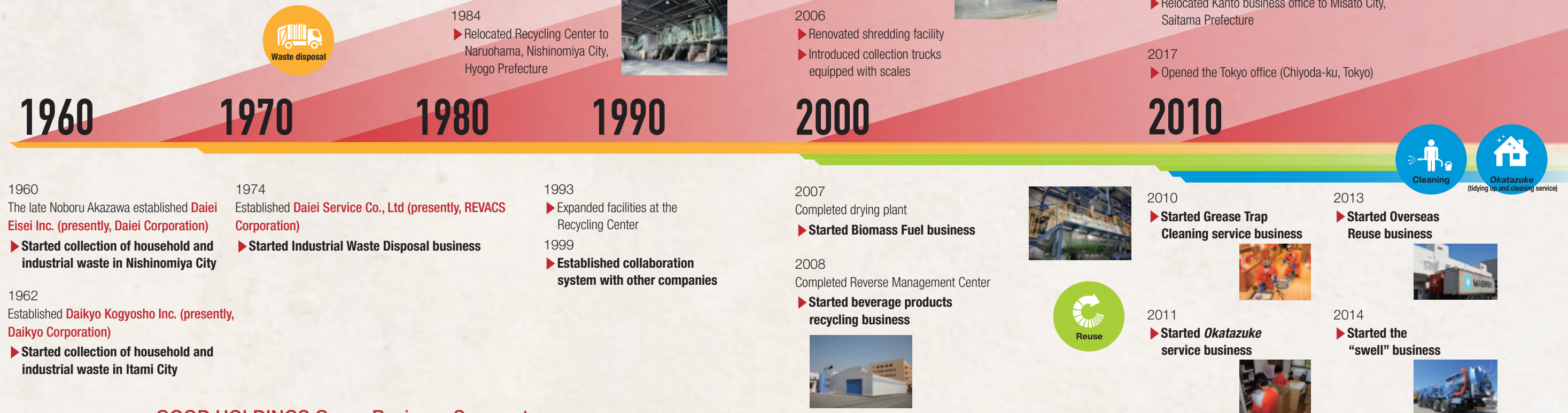
190 containers

In fiscal 2016, we exported 190 container loads filled with lightly used articles to overseas destinations from Japan. In turn, these articles fulfill the local need for reusable goods, mainly in Southeast Asia.



History of our diversified businesses

Since beginning in the business of collecting household and industrial waste in 1960, GOOD HOLDINGS developed businesses focused on industrial waste disposal, including starting up an industrial waste disposal business in 1974. Since 2000, we have expanded our business portfolio to include solutions to social problems beyond the field of industrial waste disposal, including biomass fuel and the sale of lightly used articles overseas.



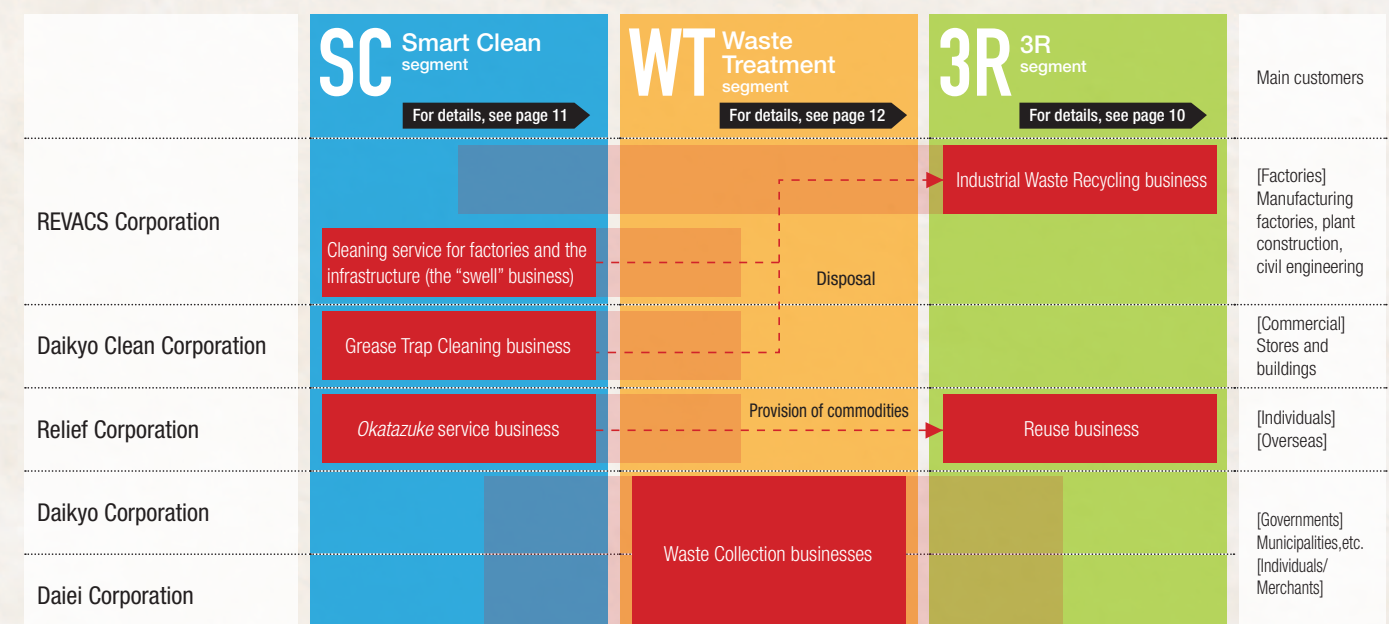
GOOD HOLDINGS Group Business Segments

The GOOD HOLDINGS Group comprises five operating companies engaged in industrial waste recycling, reuse of lightly used articles, tidying up homes, cleaning a range of buildings and businesses, and collecting household and industrial waste.

We manage the entire Group by dividing the six businesses into three segments.



* "swell" is a coined word for *safe* and *well*, and refers to cleaning services specifically for factories and the infrastructure.



* Business domains shaded in a lighter color indicate partial coverage.

Realizing the commitment to good management and reaching a new growth stage, while working closely with society

Two years have passed since we transitioned to a holding company system. Where is the GOOD HOLDINGS Group today and where will we be in the future? Below, President and Chief Executive Officer Kenichi Akazawa, looks back on fiscal 2016 (ended March 31, 2017) and discusses the relationship between our businesses and CSR. As well, he explains our growth strategy.



K. Akazawa

President and Chief Executive Officer
GOOD Holdings Corporation



Review of FY 2016

Earnings results remain firm mainly in the 3R segment, and the overall targets of the Group have been achieved

The fiscal year under review was the first year under our eighth medium-term management plan, and we were able to achieve the targets laid out for the entire Group. Although several businesses underperformed slightly compared with their forecasts, the existing businesses saw solid results, while Group-wide net sales totaled 3,852 million yen, down slightly (0.05%) from the previous fiscal year's total of 3,854 million yen. Ordinary income fell 87.7% year on year from 253 million yen to 31 million yen, which was attributed to impairment losses and reserves set aside due to changes in our accounting policy.

Next, I would like to look back on the earnings of individual segments. First, the 3R segment saw net sales of 1,849 million yen, down 1,864 million, or 0.8%, from the previous fiscal year, which was better than the initial forecast. The Industrial Waste Recycling business continued to see steady results. While the Reuse business faced some difficulties in the first half, it recovered in the second half, establishing a solid foothold for growth in the next fiscal year.

In the Waste Treatment (WT) segment, which includes the collection of household and industrial waste, we were able to increase contracts with private-sector companies despite a drop in orders from the public sector. Nevertheless, net sales totaled 1,364 million yen, down 3.1% from the previous fiscal

year's total of 1,408 million.

In the Smart Clean (SC) segment, net sales reached 631 million yen, up 9.2% over the previous fiscal year total of 578 million yen. While net sales were strong, there were structural areas of improvement from absorbing demand from the growing market for the *Okatazuke* service (tidying up and cleaning service). This resulted in additional servicing costs, which dampened earnings. Currently, we are building a business foundation and making further changes to our operations aimed at the next stage.

The Grease Trap Cleaning service business has entered a solid growth trajectory providing a service that can generate profits together with contract renewals. In the Kanto region, where we set up our business office last year, customers have been extremely happy with our total support solutions, not only for grease trap cleaning, but for the sanitation management of entire buildings and other services as well. Currently, we are committing additional management resources to respond to growing demand in an effort to further build up this business.

For the time being, as the next step, we plan to grow the *Okatazuke* service business, while focusing on the Grease Trap Cleaning service business and the "swell" business, one of our new Group businesses.

Business and CSR

Committed to good management by creating business solutions for social problems and by socializing businesses

Companies must aspire to grow their business operations, but at the same time they cannot ignore the social aspects of their businesses. A company can grow as long as management can involve all stakeholders and convince them that the company does not differentiate between these two aspects of business. For this reason, CSR is considered an integral part of corporate strategy. Management is all about commitment. It requires a proactive, hands-on approach rather than a passive one. In this regard, I believe that CSR represents a commitment to good management.

The initial starting point of any business is meeting customer needs or addressing social problems. The commercial activities that resolve these needs or problems form the heart of the business. This is why companies that can turn solutions for social problems into businesses will be accepted by society and will grow as an integral part of society. In addition, new businesses will be born offering solutions to social problems that emerge with the changing times. This represents the process of creating business solutions for social problems and for socializing businesses, which has been an integral part of our history and where the GOOD HOLDINGS Group excels.

During the 1960s, Japan saw rising amounts of garbage caused by population increases associated with a period of rapid economic growth. The GOOD HOLDINGS Group began by collecting waste with the hope of resolving this issue. Later, in

the 1970s, pollution became the next major social issue, so we decided to create a business for disposing of industrial waste, one cause of this pollution. In recent years, we have grasped business ideas based on latent, pre-existing needs and current social issues with solutions ranging from the *Okatazuke* service business to the Grease Trap Cleaning business. Our corporate keywords — *grasp, respond, surpass* — perfectly embody the GOOD HOLDINGS Group's corporate stance of firmly *grasping* social problems, *responding* to these problems with business solutions, and continually *surpassing* expectations by commercializing solutions with the hope of improving the present situation, if even by one percent.

Management scholar Philip Kotler talked about how good businesses cannot be created without a good society, and another management scholar, the late Peter Drucker, famously said, "The enterprise exists on sufferance and exists only as long as society and economy believe that it does a job and a necessary, a useful, and a productive one." These words demonstrate that a company has a responsibility to make society a better place, and that society and business are indivisible and cannot be separated.

REVACS Corporation



Delivering new value for the goods and systems underpinning the world today

Eiji Yamamoto President and Representative Director

The main business lines of REVACS include recycling industrial waste and cleaning services focused on factories and the infrastructure. Each of these businesses is indispensable to the world we live in, but to further satisfy stakeholders, I believe REVACS must deliver new unique value that sets us apart from competitors. We are now making capital investments, developing new human resources and making improvements to our work environment to become a group of professionals known for unrivaled technologies.

We are also firmly committed to legal compliance and information disclosure to deliver peace of mind and earn the trust of all our stakeholders.

Relief Corporation



Providing services that address customers' needs

Masato Akazawa President and Representative Director

Relief Corporation's *Okatazuke* service business collects disused articles from customers, either by tidying up homes or from estates, and the Overseas Reuse business resells the lightly used household articles overseas that are collected by the *Okatazuke* service.

Recognizing the growth potential of this service in Japan's aging society, we plan to increase the number of franchise outlets for the *Okatazuke* service business.

Also, the Overseas Reuse business is expanding from estate and disused articles to accepting other articles not being used or trade-in goods from merchandisers.

All of us at Relief Corporation understand that our businesses provide important services that address the needs of customers, and every one of us is committed to providing trustworthy services that give customers peace of mind.

Daikyo Clean Corporation



Aspiring to be a company essential to society that underpins community and regional businesses

Kazuhisa Morishita President and Representative Director

Daikyo Clean Corporation mainly provides cleaning services for grease traps and drain pipes at restaurants, hospitals and mixed-use facilities. We focus on responsible disposal that emphasizes thorough hygiene management and compliance. At the same time, we also provide customized services tailored to the needs of individual customers.

Our Kanto branch office, opened in fiscal 2015, has shown steady growth after winning over new customers.

Looking ahead, all of our employees will tackle new challenges with a sense of responsibility and ambition to meet and surpass the needs and expectations of many more customers.

Daikyo Corporation



Satisfying customer expectations and contributing to the community provide a sense of fulfillment to our employees

Kazuhisa Morishita President and Representative Director

Daikyo Corporation has been collecting household and industrial waste, mainly in Itami City, since 1962. From that time, we have dedicated ourselves to making the environment more comfortable for local residents, disposing of waste responsibly and helping to reduce waste and use it more efficiently. In fiscal 2016, all our businesses performed strongly, and net sales increased compared with the previous fiscal year. We plan to launch a new business in the second half of fiscal 2017 (ending March 31, 2018) with the hope of achieving even greater growth.

Going forward, with integrity and cleanliness as our guiding principles, we will work together with customers and communities as a company that is always trusted.

Daiei Corporation



Contributing to the building of a recycling-oriented society and preserving the environment of communities through our business activities

Haruaki Terasaki President and Representative Director

Daiei Corporation has been collecting household and industrial waste, mainly in Nishinomiya City, for more than half a century.

Until now, our workforce mostly consisted of highly experienced long-time employees, but recently we have seen an influx of young people who are now broadly involved in our operations. I hope to make Daiei even stronger in the future by developing a workplace that fully capitalizes on the individuality of every employee.

Through our waste collection business, we aim to become a company truly trusted and needed by the community, one that helps to make the town cleaner and that helps provide a better living environment.



An Industrial Waste Disposal service that is essential for society
Expanding the Overseas Reuse Service to meet the new needs of today's society.

3R is from the initial letters of three environmental keywords: *reduce* (waste reduction), *reuse* (reuse of waste) and *recycle* (waste recycling). Companies in our Group have the performance and improvements needed for an effective infrastructure, such as REVACS (industrial waste recycling) and Relief (Overseas Reuse service), to create a recycling-oriented society to benefit the earth.

Industrial waste recycling

waste beverage product recycling at **100%**

Overseas Reuse service

exporting to **over 10 countries**

Japan's best track record for waste beverage product disposal



- We reached a 100% recycling rate for containers and liquids by transshipment as well as storage, shredding and drying.
- Conforms with the Food Recycling Law
- Service regions: Kanto, Chubu, Kansai and Shikoku

Realized one-stop service from recycling to selling



- We provide all kinds of good because of our worldwide sales regions.
- Doing everything from recycling to selling makes us more efficient. That is how we can ship 1 to 1.5 container loads every day.
- Not only domestically, we also provide individualized consultation services for overseas buyers. Our main export area has expanded to 11 countries. From the beginning year (2013), the volume of container shipments has increased by eight times.



Cleaning service, which comes from the viewpoint of, “It would be great if you could provide this kind of service.”

—Provides a wide range of cleaning services, such as increasing efficiency of factories, managing hygiene in kitchens and a memento disposal service—

Cleaning and tidying up are essential to make our daily life clean and comfortable. Our Group supports citizens for a comfortable living and working environment in every aspect of life through our long experience and professional skills. REVACS Corporation provides the “swell” service. Daikyo Clean Corporation provides Grease Trap Cleaning service. Relief Corporation provides the *Okatazuke* service. These services help to keep restaurants and factories clean and environmentally sustainable.

“swell” service

Suction power **3.5** times more than normal

Grease trap cleaning service

Annual service performance **8,000** cases

Okatazuke service

Customer satisfaction rate **95%+**

“swell” service



The truck has an air flow of 160 m³/minute, one of the highest in Japan. By using this truck, we made suction more efficient, reaching the target of high speed with low cost.

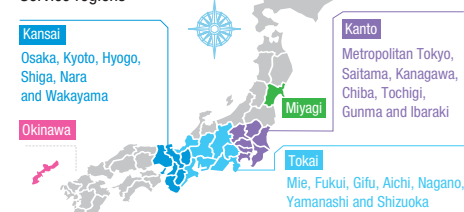
Grease Trap Cleaning service



Recovered sludge is recycled in the treatment facility at REVACS or our affiliates. We have a truck with a dedicated high-pressure washer to provide a regular drain pipe and plumbing cleaning service.

Okatazuke service

Service regions



Customer satisfaction for Relief Corporation has been over 95%. To handle more domestic customers, we expanded our service area and started a franchise business from 2015. We now have eight locations around Kansai and Kanto, and are welcoming more franchisees to join us.

The original spirit of the GOOD HOLDINGS Group has never changed Grasping what local residents demand from services.

We began business as a household waste collection company in Nishinomiya from 1960. As we grew, we also developed waste measurement systems and outflow prevention systems and promoted them along with household and general business waste collection. Collection services are operated by Daiei (Nishinomiya City) and Daikyo (Itami City). As well, we collect and transport industrial waste in the Kansai area. Our services reach a range of families, governments and corporates. We always hope to contribute to a higher quality of life for our customers.

Quantity of waste disposal

Nishinomiya about **40,000** t

Itami about **20,000** t



		Daiei Corporation – Nishinomiya	Daikyo Corporation – Itami
Quantity of waste handled	Households	22,540 t	13,790 t
	General businesses	16,320 t	5,190 t
	Industrial waste	1,170 t	2,000 t
Number of trucks		43	23
Household waste collection and transportation			
Number of consignment contracts (households)		53,000	34,000
General business waste collection and transportation			
Number of consignment contracts (companies)		2,000	1,100

Figures for March 2017