

A comprehensive environmental enterprise, committed to contribution for the progress of a Sound Material-Cycle Society



The TAKEEI Group supports a sustainable environment and society by engaging in waste treatment, material recycling, and renewable energy amongst other business. From the beginning of the fiscal year 2020 (the year of commencement), the company has embarked on a new medium-term management plan. In this featured interview, Tomoya Asakura (President and Representative Officer of Morningstar Japan) asks Mitsuo Abe (Chief Operating Officer of TAKEEI CORPORATION) about the Group's management policy and the new medium-term management plan.

Renewable energy business drives the medium-term management plan

Asakura :

Let me begin this interview by asking about your company's management policy. I heard that, back in April, you reviewed management vision to align your operations with the promotion of SDGs. Could you tell us its aim?

Abe :

As for the management philosophy, our foundation 'to contribute to a sound material cycling society' has remained the same and we are always aware of it. However, after 53 years in business, the social environment has changed while the Group has increased the number of subsidiaries through M&A deals. During this time, we have developed from our founding status as a construction industry-derived waste treatment firm to today's comprehensive

environmental enterprise. In consideration of these changes, we have added the wording 'as a comprehensive environmental enterprise' to 'contribute to a sound material cycling society'.

Similarly, the core of our management vision has remained the same, but as our 'renewable energy business' has become increasingly important, we decided to highlight 'expansion in renewable energy' in our management vision.

We have also reiterated to 'highly value all stakeholders', and the wording 'social contribution' has also been newly added in our management vision.

data1:TAKEEII Group Management Philosophy and Vision

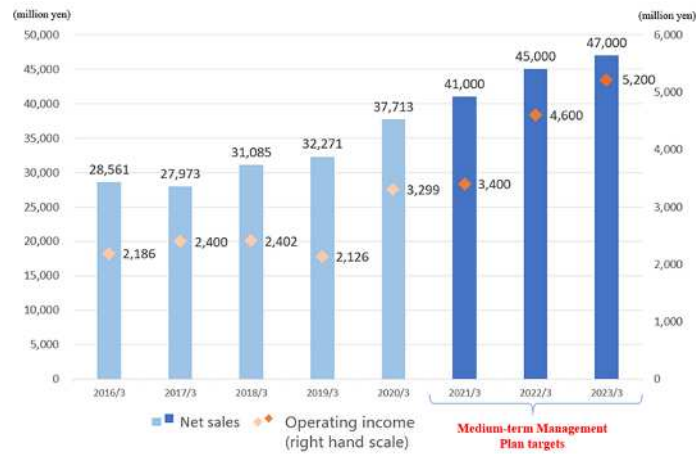


**Asa
kura :**

The new management vision specifies the policies of a company with 53 years of history. I see that the status of your company as 'a comprehensive environmental enterprise' is an apposite description of your corporate image.

When you briefed financial results for the year ended March 2020, you announced the medium-term management plan titled '2023 to the FUTURE'. Fiscal 2020 marked strong earnings with a drastic double-digit increase both in sales and income, despite the negative impact of the new corona virus pandemic. The new med-term plan sees that your earnings are expected to be driven by energy-related businesses. Could you explain about this?

data2:TAKEEII Group Performance(Consolidated Results and Targets)



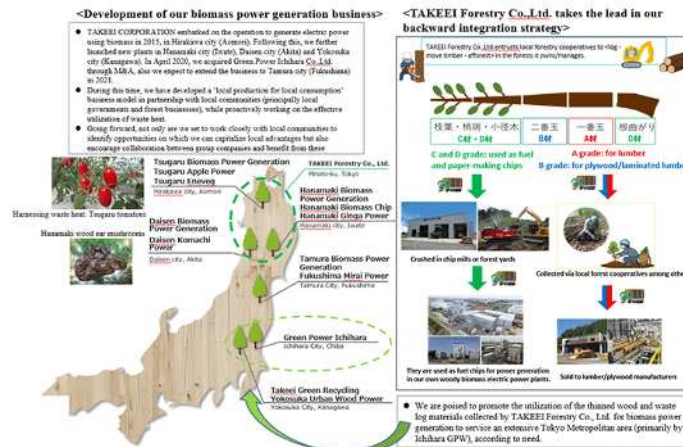
Abe :

In fiscal 2020, we reached a breakpoint in the previous medium-term plan covering the last five years. Although goals, including numerical targets, vary between the five-year med-term plan and this three-year management plan, the direction that the TAKEEII Group should take as specified in the last five-year plan will be maintained. The new plan has been formulated with a focused intention to complete the unachieved programs set out in the five-year plan in the coming three years.

The new three-year med-term plan places particular emphasis on the ‘renewable energy business’ which is expected to become the principal engine for our growth. We engage in woody biomass power generation primarily using thinned wood materials. We commenced the power generation operation five years ago, when we established ‘Tsugaru Biomass Power Generation Co., Ltd.’ in Hirakawa (Aomori-ken). Subsequently, we opened another three plants in the Tohoku area - Hanamaki (Iwate-ken) and Daisen (Akita-ken). In November 2019, we established a power plant operation in Yokosuka (Kanagawa-ken).

Then, this April, we acquired ‘Green Power Ichihara Co., Ltd.’ in Ichihara (Chiba-ken). Further, the construction of ‘Tamura Biomass Power Generation Co., Ltd.’ in Tamura (Fukushima-ken) is schedule to be completed by the end of 2020. This will make a total of six woody biomass generating plants that we own. Net sales for the most recent year was roughly Yen 7.0 billion; but we project them to increase to approximately Yen 16.0 billion by the end of the current three-year period. Similarly, operating income for fiscal 2020 was around Yen 0.3 billion; but this is likely to grow to reach around Yen 1.6 billion in three years. We are set to develop the business by positioning it as the central pillar of the new med-term plan.

data3:Expansion in the renewable energy business



We commended the renewable energy business five years ago. Renewable energy business are a stable business backed by the government's FIT (feed-in tariff) scheme, but we are engaging in the business to support the revitalization of local forestry as well. Many forests and woodlands in Japan are poorly managed, or not at all. Some of them do not have an owner. This has restricted the development of forest businesses, so our entry in the market to purchase thinned wood as fuel for power generation has been helping to promote the forestry industry. As this undertaking is consistent with our management philosophy to contribute to the development of a zero-waste society, we are pressing ahead with the expansion of this business.

**Asa
kura :**

Renewable energy generation is one of the segments of a comprehensive environmental enterprises. What other businesses are you engaging in?

Abe :

Our foundation business, treating waste from the construction industry, has traditionally been the core segment. Alongside this, we are operating the renewable energy business. As for other businesses, one our Group companies is an environmental consulting firm, offering water quality analysis and soil investigation services. Another Group company is an environmental engineer that builds environmental facilities. Some of the others manage permanent waste landfill sites. All of those 27 Group companies compose a comprehensive environmental enterprise.

7th, 14th and 15th goals of 17 SDGs

**Asa
kura :**

Recently, the world has been paying increasingly attention to two buzz expressions - SDGs (Sustainable Development Goals) and ESG (Environmental, Social and Governance). Especially in Europe, the factors for SDGs have been more strongly recognized in the investment domain. Organizations are under scrutiny for their commitment to reducing carbon-dioxide emissions and adopting renewable energy. Of the 17 SDGs, is there any goal on which your company places particular importance?

Abe :

All the 17 SDGs are relevant to TAKEEII in various ways. Among them, I think the 7th goal 'AFFODABLE AND CLEAN ENERGY: Ensure access to affordable, reliable, sustainable and modern energy' best matches our renewable energy business pursuits.

Also, the ethos of the 14th goal 'LIFE BELOW WATER: Conserve and sustainably use the oceans, seas and marine resources' and the 15th 'LIFE ON LAND: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss' holds true of the mission that TAKEEII's recycling business addresses. In addition, our biomass power generation, fueled by thinned wood and waste timber logs from forests and woodlands, operated by the renewable energy business is serving conservation of life on land.

**Asa
kura :**

I do not think we have many companies that can be of much practical help through their operations with the conservation of life under water and life on land.

Abe :

Recently, we face a global challenge concerning marine pollution through the dumping of waste plastics. And this has been compounded further by Chinese restrictions on waste plastic imports. In light of this, TAKEEII stresses the recycling of waste plastics. I believe that it is our business that protects the environment by raising recycling rates.

Asa kura :

It appears that your company has been recognized as highly beneficial to society for the 50 years. And I see now that you demonstrate how you are contributing to society through more visible activities. In May 2020, you established the 'TAKEEII Foundation for SDGs Promotion'. What was the purpose of its establishment?

data4: [Reference] TAKEEII Foundation for SDGs Promotion

TAKEEII is determined to support the accomplishment of SDGs (the 'Sustainable Development Goals'). In light of this, with the purpose of stressing on company-wide efforts and elevating group employees' awareness of this initiative, on May 1, 2020, we established a general incorporate foundation the "TAKEEII Foundation for SDGs Promotion". In the run-up to its establishment, we donated a total of 25,000 surgical masks to Soma city in Fukushima (Soma to TAKEEII CORPORATION; Soma Office), Wajima city, Shikamachi and neighboring towns in Ishikawa (Soma to Mousen Clean Park Co., Ltd.).

Overview of TAKEEII Foundation

Energy Formation (e.g. tree-planting)
 Recycling Waste reduction
 Other efforts to accomplish SDGs

Subsidies / Aid · Support
 Partnerships

Overview of TAKEEII Foundation (income and expenditure)

The Foundation is financed with profits generated from environmentally beneficial work, conducted by TAKEEII CORPORATION and TAKEEII Group-wide businesses. (For example, a paperless office initiative, part of saved expenses by web-conferencing among others)

Expenditures	Energy formation (tree-planting, etc.)	Recycling, waste reduction	Other activities to support the accomplishment of SDGs
Income	Shareholdings	Dividends	Other income
Example	Tree-planting activities	Clean-up activities	Participative activities, environmental education, etc.
Major activities	Participation in planting and tree-planting programs Implementation of activities to protect community forests	Participation in local community clean-up programs Support for waste separation jobs in the street cleaning field	Participation in environmental education programs Implementation of environmental education programs, such as school visits for facilities

Picture: Mr. Hidekiyo Tachiya (right), the Mayor of Soma city

Locations of Wajima (city) and Shikamachi

Abe :

TAKEEII management does not pursue narrow interests. We are working to benefit all the 'four parties'; I mean we want to benefit not only 'three parties' - 'sellers', 'buyers' and 'the society' but a fourth party, 'the environment' as well. Based on this fundamental view, we are aware that it is our mission to strive further to contribute to society. The Foundation is the symbol of this view.

Another purpose concerns both management and our employees. We will not be able to achieve further growth unless management and employees hold high ideals and robust ambitions. The Foundation is expected to act as a vehicle to help provide various activities designed as social contributions in order foster these high ideals and robust ambitions.

Asa kura :

Your company has remained in competition and achieved growth over the last 50 years. I think factors for this success are the spirit and high ideals of

employees. I can now perceive a picture of the TAKEEI Group, as a comprehensive environmental enterprise rendering a great deal of benefits to society.

Abe :

The TAKEEI Group may not be well known to the general public, but we are committed, at all times, to contributing to society within the circular economy. I would like to take this opportunity to allow many people in society to understand who we, the TAKEEI Group, are. I would be grateful if more people appreciate and offer support for our activities. I would also like to ask our investors to remain supportive of the TAKEEI Group going forward.



Takeei Co.,Ltd.

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