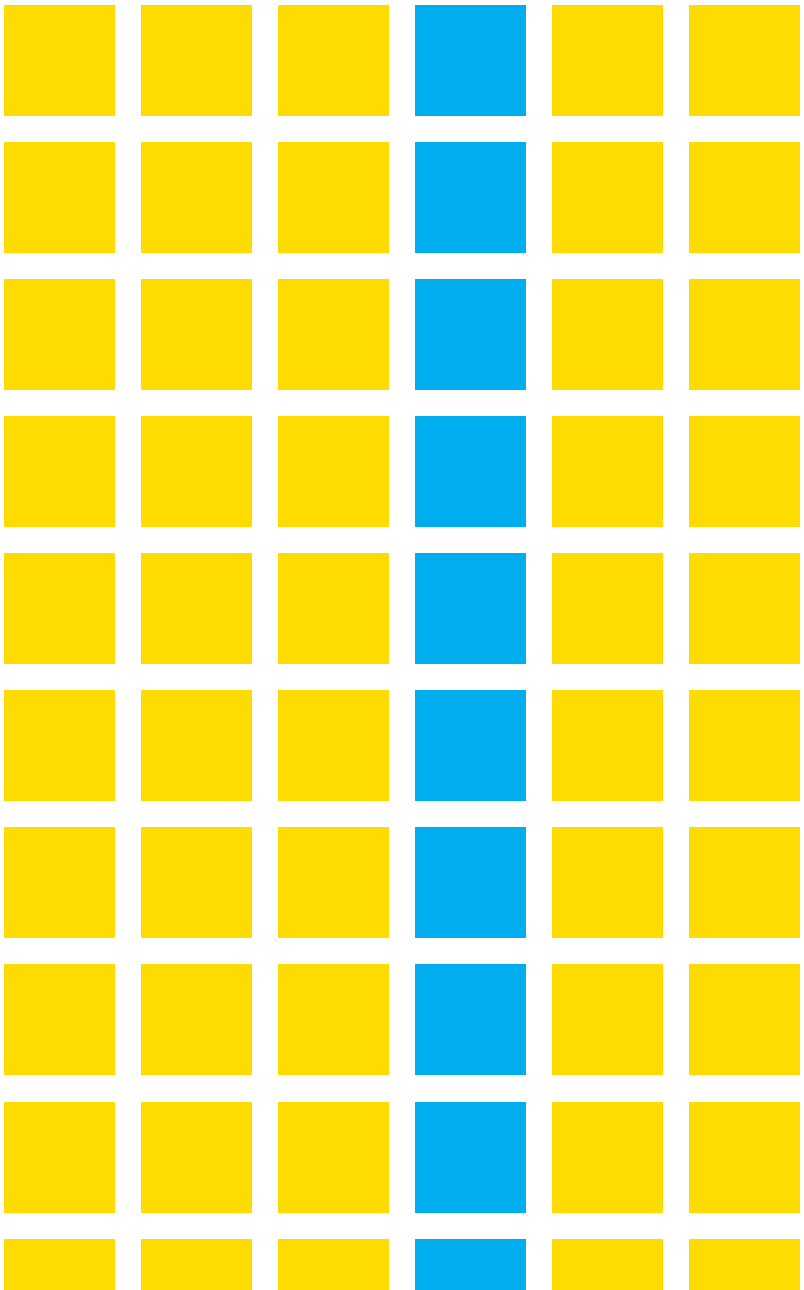
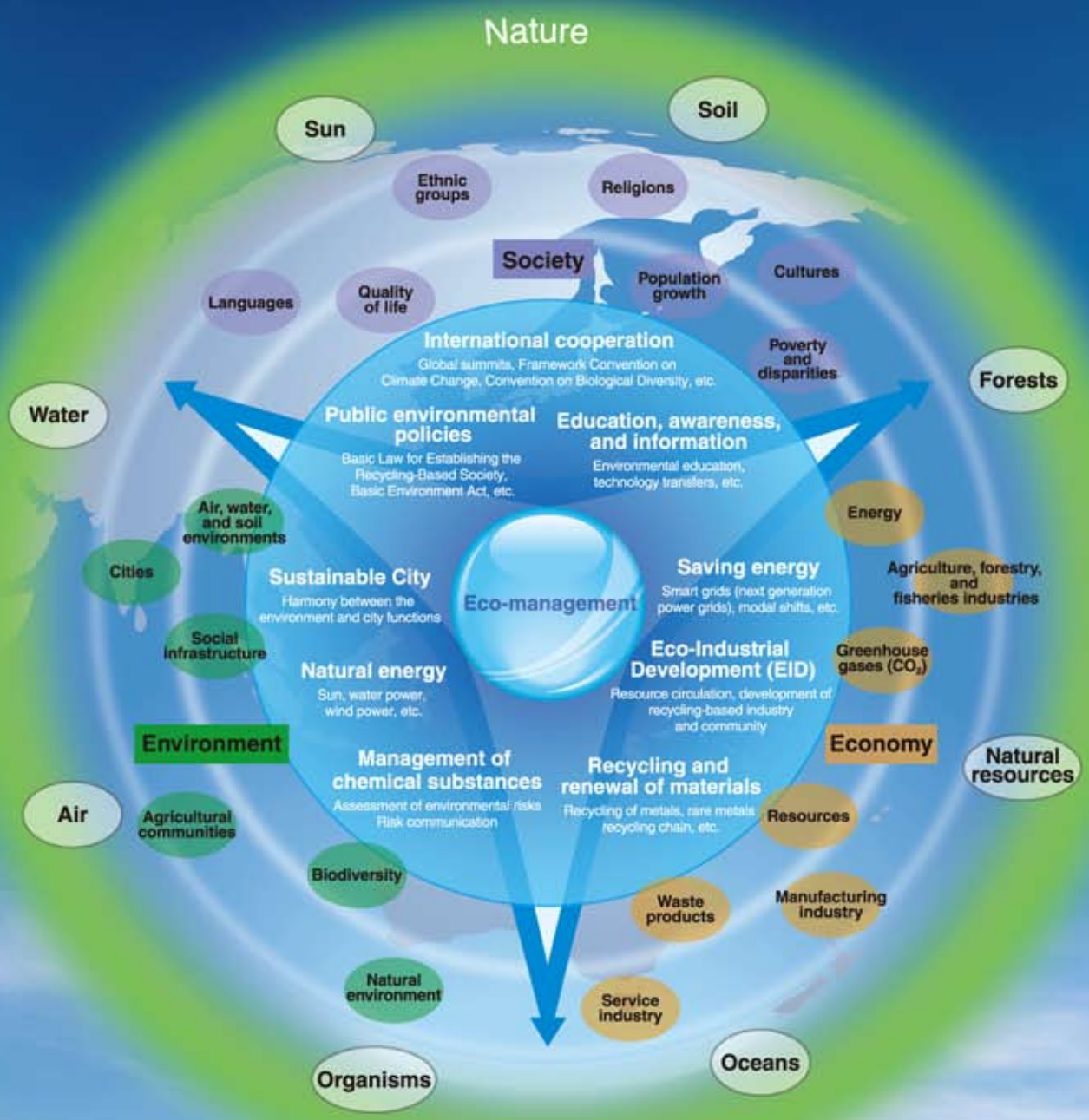
Re-Tem

CSR REPORT 2009

Clockwise into the future





Providing global environmental solutions in order to realize a sustainable society

— Re-Tem Philosophy

Currently, people all around the world are striving hard to realize societies that promote sustainability, thus balancing economic, environmental, and social considerations while ensuring sound development.

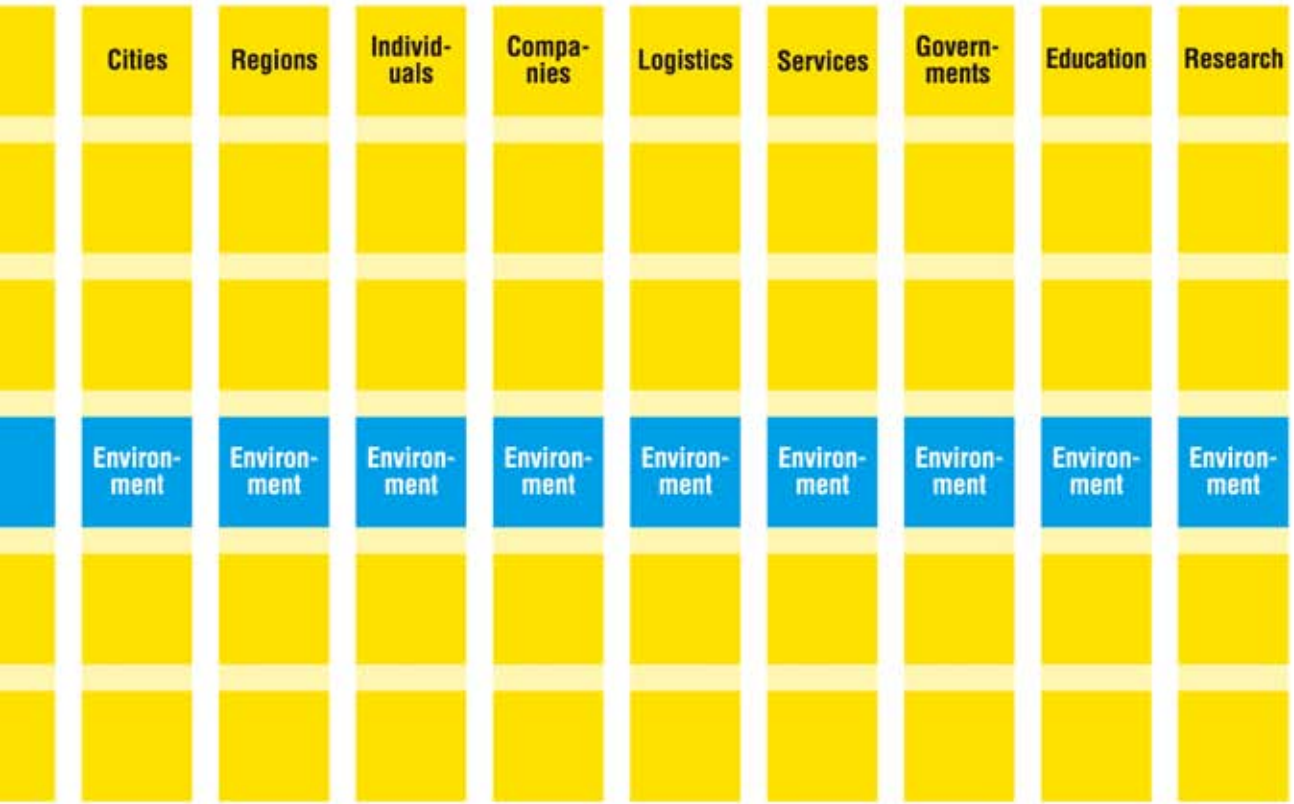
In doing so, it is important to spread the results in one area to other areas. For example, with regard to the economy, if the outstanding energy-saving, recycling, and renewal technologies employed by a company are also applied to improve cities as a whole, this will provide significant benefits to the environment. In societal terms, if the government is also involved, successes are possible at national and global levels.

Eco-management is the concept of taking a comprehensive look at these three areas from an environmental perspective, realizing sustainability while achieving a harmonious overall balance, and thus working to protect the abundance of our global natural environment. Re-Tem boasts a 101-year track record in resource recycling business, and as an expert in eco-management and a global environmental solutions company, we intend to fulfill CSR based on the managerial expertise that we have accumulated to date.

Overview of sustainability from the perspective of eco-management

The chart on the left represents the spillover effects of eco-management. Various concrete measures arise from the concept of eco-management, ranging from "international cooperation" and "education, awareness, and information," to "EID" and "sustainable cities." In terms of society, with governmental involvement, results can be seen on both national and global levels.

From vertical segmentation to horizontal collaboration



Although companies and governments implement environmental measures on an individual basis, little progress is made in resolving environmental problems for society as a whole. We, at Re-Tem, are convinced that this is because companies, governments, and the other constituents of society are not connected horizontally.

We believe that in order to achieve sustainability, it is essential to build resource-circulation frameworks based on collaboration between manufacturers and across industries, networks in industrial areas, and so forth.

Re-Tem proposes the concept of "from vertical segmentation to horizontal collaboration." If the environmental efforts that cities, regions, individuals, companies, etc. are currently conducting vertically were somehow linked horizontally, progress would be made in the sharing of information, knowledge, and technologies, and on the whole, environmental improvements could be achieved with greater efficiency.

Re-Tem has already proposed the concept of eco-centers, which horizontally connect the environmental activities that to date are carried out separately by companies, individuals, and governments in cities and across regions, and we are engaged in specific operations aimed at realizing these in China. We continue to develop and propose new environmental management methods in order to connect bases and industries across the country. The 2009 CSR Report provides an introduction to Re-Tem's unique initiatives.

Horizontally connecting environmental efforts can change the world

Eco-management for our times

Currently, various efforts to realize sustainability are being undertaken throughout the world. Sustainability implies a condition of maintaining sound economic activities while controlling their impact on the environment and aiming for harmony between the three areas of economy, environment, and society. In order to realize this, we believe that the concept of eco-management is essential. Eco-management is the concept of moving forward with overall improvements by applying successes in one area to other areas. This is done by taking a broad, panoramic view of the three areas of economy, environment, and society from the perspective of the environment with a focus on horizontal connections.

What can be seen from our core business?

How did we come up with the idea of eco-management? Eco-management can be considered one of the products of what we learned from the material recycling business, which we have long been engaged in. The company marked its 100th anniversary last year having been founded in Mito City in 1909. At our two bases, namely the Mito and Tokyo factories, we have primarily engaged in the recycling of ferrous compounds, OA devices, and electrical equipment, coupled with operations to reuse parts. Nevertheless, at the center of the hard aspects of the material recycling business, there are difficulties in the fundamental control of the overall volume of waste products generated, material recycling that traverses industrial and governmental barriers, the reduction of CO_2 for logistics overall, and so on. We strongly believe that in order to reduce the environmental impact of society as a whole, it is necessary to strengthen the soft aspects of "management strength."

Boosting eco-management strength

In 1998, we initiated the "Regional Recycling Management Service (Japan Recycle Improvement Committee (J•RIC))" as a launch point for the soft aspect. For the waste treatment services, which major manufacturers and service companies have had their bases and stores carry out individually, we proposed organizing recyclers nationwide with Re-Tem as the lead manager and carrying out the management and operation of waste treatment in defined areas and on a national level. Application of this method will realize the unification of previously separate operating procedures and audit standards, improved compliance, and more efficient logistics operations, etc. The "rare metals recycling chain," which went into operation in autumn 2009, is a service to facilitate the recycling of rare metals that lie dormant in cities as waste, based on manufacturers and suchlike forming networks with entities in other industries, such as logistics companies, Re-Tem, and smelting companies. We created for the first time a network that went beyond the framework of individual companies. Aside from this, Re-Tem has proposed a series of new services for society, including a "resource circulation system development service" and a "recycling management service."

Toward realizing sustainable cities

We consider environmental problems in terms of connections with society. Pursuing this basic approach reveals the future concepts of sustainable cities (environmentally-friendly cities) and eco-industrial development (EID). These are the concepts of making actual cities and regions resource circulation-based and low carbon and building sustaining cities and regions that balance the three areas of economy, environment, and society. Efforts toward realizing this are already underway in Europe, the United States, China, and other parts of the world. Re-Tem strongly supports these concepts and recommends them for society.

VISION

Building eco-centers in China

Eco-centers, which are bases that promote eco-management and the formation of environmental platforms, are one of the cornerstones in the operation of sustainable city and EID concepts. Management of eco-centers enables Re-Tem to fully demonstrate its strengths. Re-Tem has already agreed to advise on the overall construction and operation of an eco-center (Binhai Low Carbon Economy Promotion Center) scheduled for construction in the Tianjin Economic-Technological Development Area (TEDA) in China, and we fully intend to utilize the technological expertise and experience that we will have accumulated in this process for the next eco-center.

Re-Tem boldly undertakes the reform of its own business processes with the aim of achieving sustainability. We have changed the basis for our name from "**Re**cycle **Te**chnology & **M**anagement" to "**Re**sources **Te**chnology & **M**anagement" to emphasize our recognition of the increasing importance of effectively utilizing "resources" (various supply sources) in order to achieve sustainability. I hope that all of you, our stakeholders, will better understand our concepts and corporate stance, and will share with us your frank opinions.

Akira Nakajima
President & C.E.O.

Concept of Sustainable City

Objective: Making entire cities resource circulation-based and low-carbon in order to make them sustainable
Business: Supporting the building of sustainable cities

Concept of Eco-Industrial Development (EID)

Objective: Making entire regions resource circulation-based and low-carbon
Business: Supporting EID and operating eco-centers

Eco-Management

J•RIC, rare metals recycling chain management service, resource circulation system development service, recycling management service, others

Resource recovery

Business of disposing, recycling, and reusing waste products, based on the "urban mines" concept of resources lying dormant in cities

Core business

Special Topic 1

The dream of sustainable cities is on the brink of realization

In sustainable cities, a sound economy, good environment, and active society co-exist in harmony. Efforts are underway around the world to realize such cities, and Re-Tem is also strengthening its initiatives in this regard. The world can change for the better by shifting from vertical to horizontal thinking.

Concepts of sustainable cities and EID appearing around the world

The concepts of sustainable cities and eco-industrial development (EID) are now being realized in one place after another around the world. These concepts are a new idea for industrial ecology in which urban development takes thorough account of low carbon, resource circulation, and the environmental burden (for example, household waste is turned into fuel for factories, and industrial waste from factories is recycled into everyday commodities used in households), while resources and energy are circulated among manufacturers in the same region. Specific plans are already in place in the United States, Canada, Denmark, Germany, China, and Taiwan, amongst others, with names such as eco-cities and eco-industrial parks.

"Horizontal connections" are key

The key behind the concepts of sustainable cities and EID is "connecting horizontally." Environmental activities to date have been isolated vertically by either company or field. For example, certification under the environmental management system "ISO 14001" is given to individual companies, and while activities may be carried out strictly inside a company, those outside of the company are irrelevant. Furthermore, there are many cases where recycling technologies and potential applications for recycled materials are unknown, and as a result the materials are disposed of, despite the prevailing focus on the advantages of recycling. Connecting such "vertically-oriented" activities "horizontally" will dramatically advance low carbon and resource circulation efforts in cities and regions overall.

Re-Tem advocates evolved eco-centers

Eco-centers, which manage overall environmental activities for cities and regions, are essential for the operation of sustainable cities and the concepts of EID. Eco-centers are already located in areas of sustainable city and EID concepts in the United States, Canada, the Netherlands, Taiwan, and so forth, but their overall management functions appear somewhat weak. In this regard, Re-Tem advocates eco-centers that are more evolved. The functions of evolved eco-centers are "rendered visible," and there is a need to also develop management functions, such as information gathering, efficiently managing operations, and optimizing the recycling of resources. Re-Tem proposes a concept that is one step closer to realizing such sustainability.

SUSTAINABLE CITY

Concept of evolved eco-centers

Re-Tem advocates evolved eco-centers in order to more efficiently operate sustainable city and EID concepts. Evolved eco-centers are centers that aim to make functions visible and sufficiently carry out management functions.

Making functions visible

Management functions

1. Information gathering function
(All flow information on people, materials, money, energy, and other elements that affect the environment)

2. Efficient operation function
(Boosting management efficiency, reducing costs, and reducing environmental impact)

3. Resource recycling optimization function
(Control of the reuse and recycling of resources in cities and regions)

4. Management level improvement function
(Periodically checking and making improvements at the management level based on PDCA, etc.)

Major existing eco-centers in the world

Currently various eco-centers have been built in the world with names such as "eco-efficiency center" and "symbiosis center," but it appears that their overall management functions are somewhat weak.

United States

Devens Eco-Efficiency Center (Massachusetts)
This center was established as a management center to carry out environmental conservation activities together with the surrounding area when the former site of an army base was converted into an industrial base. With a green building as an information base, the center carries out programs such as information exchanges among companies, residents, and governments, energy saving measures, and resource recycling.

Green Institute / Philips Eco-Enterprise Center (PEEC) (Minnesota)
This institute / center was established as a reuse and product-recycling base in a building that combines offices and work spaces. It carries out surveys and development, incubation, and occupational training as well as the reuse and product-recycling of furniture. The area around the building has been given a green design and is used as a market.

Canada

Burnside Eco-Efficiency Center (Halifax)
This center was established inside Burnside Industrial Park with the objective of supporting sustainability of the economy, environment, and society. It is a non-profit organization and carries out the provision of information regarding environmental efficiency, pollution control, and the conservation of resources mainly for small and medium enterprises in collaboration with companies, governments, and universities.

Denmark

Symbiosis Center Kalundborg (Kalundborg)
This center was established as a research center in Kalundborg, a global environmental model city in which the local government and seven major companies, including a power plant, smelter company, and pharmaceutical company, exist in a symbiotic relationship with regard to the basic principle of "being friendly to the environment." It has a quarter century of history and is involved in over 20 projects.

Taiwan

Kaohsiung Environmental Science & Technology Park Center (Kaohsiung)
This center was established to provide a center function for the Kaohsiung Environmental Science & Technology Park (ESTP), which is promoted by Taiwan. It is equipped with facilities for surveys, conferences, environmental education, and training, a technology display space, a technology laboratory, and so forth for companies participating in ESTP.

Germany

Infraserv Hoechst (Frankfurt)
This company operates the Hoechst chemical industrial park in Frankfurt. In the industrial park, 90 domestic and overseas companies have manufacturing and research bases, and Infraserv Hoechst carries out resource, infrastructure, and distribution services for these companies.

Remondis Lippe Plant (Lunen)
This is a resource recycling park company of Remondis, which is a major company specializing in resource recycling. The resource recycling park has a power plant that uses biomass and waste products for energy, and the company carries out the manufacturing of recycled materials such as plaster products, electronic waste products, plastics, and building materials.

Establishment of "Binhai Low Carbon Economy Promotion Center" in China

Currently in Tianjin, Re-Tem is starting efforts for realization of the eco-center concept that we have advocated for many years. At the "Japan-China Energy Conservation Forum" held in Beijing in November 2009 hosted by the Japanese and Chinese national governments, the Binhai Low Carbon Economy Promotion Center concept, which will be carried out by Re-Tem and the Tianjin Economic-Technological Development Area (TEDA), was officially approved in a cooperation framework concerning energy-saving and the environment.

On October 15, 2009, a briefing was held concerning "measures to promote a low-carbon economy" hosted by TEDA, and many Japanese companies and media agencies attended.

The photo is of President & C.E.O. Akira Nakajima explaining the concept and functions of the "Low Carbon Economy Promotion Center."

Certificate showing that Re-Tem was selected as a member of the "TEDA Low-Carbon Economy International Cooperation Committee"in March 2010

TEDA aiming for a resource circulation-based, low-carbon economy

TEDA is a state-level economic and technological development area where numerous international companies, including the Toyota Group of Japan, the Samsung Group of South Korea, and Motorola of the United States, have production bases. This area is actively engaging in building a resource circulation-based and low-carbon economy, as a demonstration area for resource circulation-based economy and national eco-industry in China. In 2008, Re-Tem proposed to TEDA the eco-center concept for management of the environment in the entire development area. This was included in the "FY2009 3R Network Building in Asia Project" by the Ministry of Economy, Trade and Industry, and efforts to realize the concept got underway.

Concept design of the Binhai Low Carbon Economy Promotion Center proposed by Re-Tem

Advice on overall construction and operation of eco-center

The Binhai Low Carbon Economy Promotion Center carries out operations such as the international exchange of information, display of technologies, model projects, research and development, and training, and it is set to serve as a base for environmental conservation which will achieve energy saving and the reduction of CO_2 emissions in the region. Re-Tem is currently providing advice on the design, construction, and management of the building of Binhai Low Carbon Economy Promotion Center as a strategic partner of TEDA, and we plan to support the management of overall operations in the future.

Eight functions planned by the Binhai Low Carbon Economy Promotion Center

Binhai Low Carbon Economy Promotion Center

- Eco-Center Management
- Information & Service Center
- Consulting Services
- Environmental Technology Transfer
- Business Incubation
- Research & Development
- Training & Capacity Building
- Education & Awareness

Special Topic 2

Environmental management from a “connections” perspective

Re-Tem, which has engaged in numerous operations as a professional material recycler,
believes that there is a limit to how far we can make societies resource circulation-based and low carbon through individual efforts,
and thus proposes a systematic approach with a focus on connections.

■ Enhancing a company’s internal and external interconnectivity

Resource circulation system development service

This service facilitates the unified management of environmental operations that are conducted independently in vertical layers of the Group and other related companies. In the case of large-scale manufacturers, waste treatment methods often differ among factories and departments. Efficiency could be greatly improved if, for example, waste disposed of by Factory A were to be recycled and used as raw materials at Factory B, and if Departments C and D were to jointly procure and distribute recycled materials. Re-Tem proposes the building of a resource-recycling center (eco-center) to enable horizontal management, from an environmental viewpoint, of headquarters’ procurement department, factories, factory materials departments, resource-recycling companies, recycling companies, and so forth. The collective management of information will lead to increased efficiency for waste treatment and recycling operations, improved compliance and risk management, and a further reduction in costs.

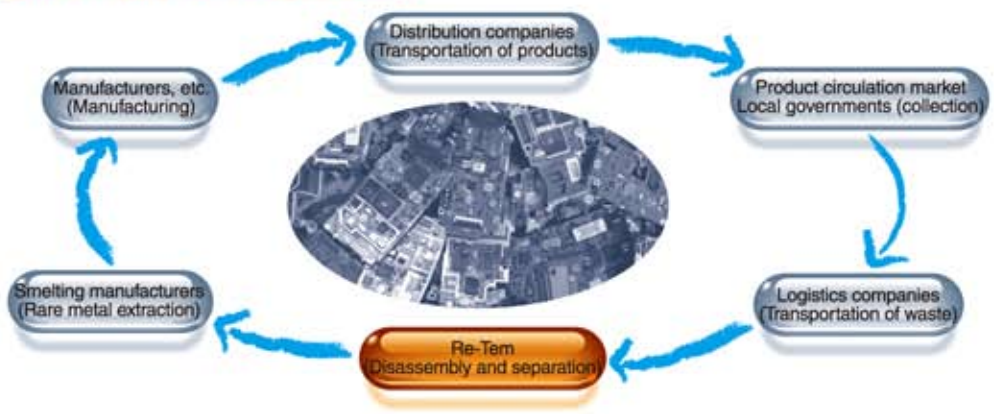
Resource circulation system development service

■ Connecting entities in different industries

Rare metals recycling chain management service

This is a recycling chain management service aimed at facilitating the steady supply of rare metals. The term rare metals refers to 31 types of metal whose global supplies are notably limited, such as titanium, nickel, and manganese. These materials are essential for modern high-tech devices and machinery, such as cellular phones, automobiles, and airplanes. Japan depends on imports from overseas for the majority of these metals, and their supply is considered unstable resulting in significant price fluctuations. Efforts to recover these metals from used devices and machinery buried in urban dumps are gaining pace, and a network among entities in different industries is necessary to realize this. Re-Tem has developed a network in which operations for the collection, transport, disassembly, separation, and smelting are integrated by building cooperative relationships with logistics companies and smelting companies, and proposes recycling business plans for manufacturers of office machinery and electronic devices. The recycling chain business for rare metals is underway.

Rare metals recycling chain management service

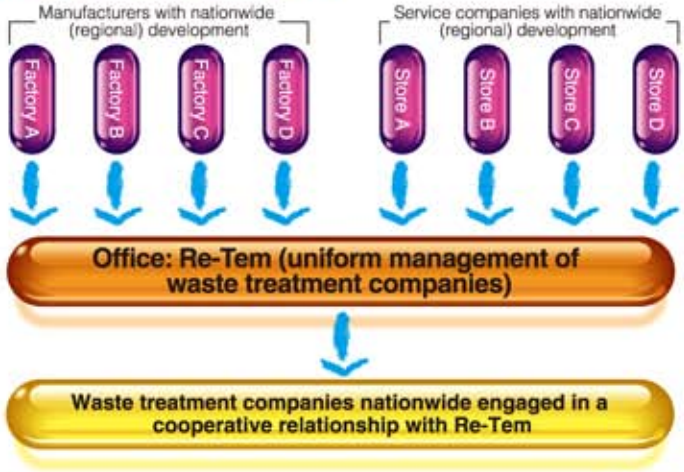


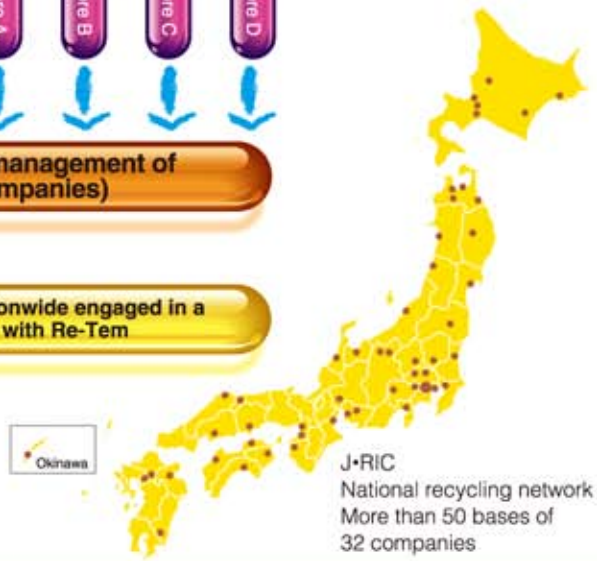
■ Connecting the country and regions

Regional recycling management service (J•RIC)

This is a service that unifies industrial waste treatment by manufacturers and franchises that has been developed for wide areas. Currently, there are many instances where large business corporations individually treat the waste from each production base and each chain store. Therefore, manifests and contracts are not integrated and wastes are entrusted to straggled recyclers, so it is difficult for waste generators to standardize auditing procedures. In order to resolve this issue, in 1998 we organized a nationwide network of industrial waste treatment companies called J•RIC, with Re-Tem as the lead manager. J•RIC carries out high-quality industrial waste treatment operations at a nationwide level, thus improving compliance and easing the burden on management. This service is already used by many customers, including electronics manufacturers and retail chains.

Regional recycling management service





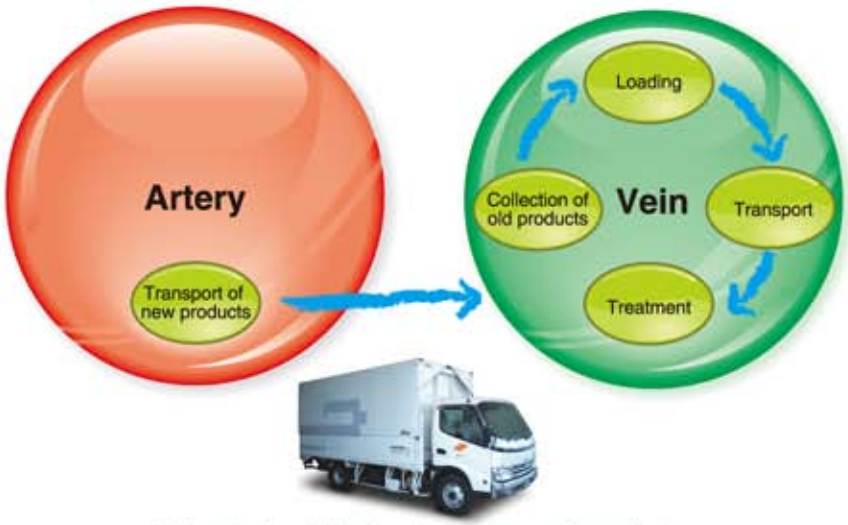
J•RIC
National recycling network
More than 50 bases of
32 companies

■ Connecting sales and disposal

Unified arterial-venous management service

This is a one-stop service that links the traditionally separate distribution cycles for the transportation of new products (arterial distribution) and the collection, transport, and treatment of waste products (venous distribution). The law mandates that the shipping of cargo and the collection and transport of waste require separate permissions, and it is illegal for transportation companies to transport waste in vehicles that are making return trips. Therefore, when switching fixtures in chain stores and so forth, it was necessary to rely on different companies to collect and discharge products, and this made the business cumbersome. Re-Tem, which has a track record in the venous field, has started distribution in the arterial field as well by collaborating with contract companies and preparing vehicles with dual permission in order to meet the latent need to unify the collection of waste products and discharge of new products. Since this enables transportation on the outward and return legs with the same vehicle, distribution costs and CO_2 emissions can be reduced, and the increased efficiency of operating procedures and improved compliance has been recognized. Currently, our track record is growing centered on the renovation and transfer of offices and stores of manufacturers and franchises that are developed across wide areas.

Arterial-venous uniform management service



Achieved with vehicles that have two types of permission:
for the shipping of cargo and the collection and transport of waste

CONNECT

■ Connecting waste and new products

Management service for the commercialization of waste products

It may be possible to turn what used to be thought of as waste into useful products. This service was started based on this simple concept. Examples include the large volume of slips that no longer need to be stored, and billboards that are disposed of every time a brand is changed. Using recycling technologies, such resources can be recycled into waste paper and plastic pallets, and the waste paper can be reused in environmentally friendly envelopes, while acrylic boards can be reused for interior goods, etc. With growing awareness of environmental issues, there has been a rapid increase in companies that use recycling to improve their product brands. Re-Tem proposes techniques that can lead to business opportunities.

■ Connecting recycling processes

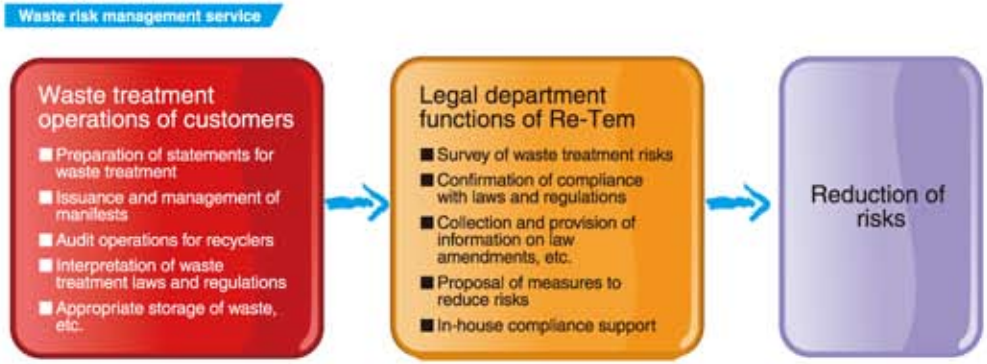
Recycling management service

This service provides advice on recycling operations regarding waste products collected from the market, from recycle design (interviews, analysis, and verification) to collection logistics, the structure of disassembly lines, the conversion of dismantled materials into optimal raw materials, the selection of recycling routes (raw material manufacturers), and delivery, or even to undertake the entire recycling operation on a contract base. Recycling and parts reuse operations are contracted at recycling factories designed to handle household appliances, cellular phones, and copy machines.

■ Connecting waste administration and legal affairs

Waste risk management service

This is a service to inspect the waste administration of customers in terms of compliance and strengthen risk management. The trend for legal systems concerning waste is moving toward boosting the responsibility of waste generators. Waste generators see operations concerning waste as risks and they need to be handled with increasing care. Re-Tem supports customers from a legal perspective based on specialized knowledge and abundant experience. Specifically, we carry out operations such as the preparation of rules and guidelines for waste treatment, a recyclers audit service, risk surveys concerning waste treatment, and in-house training.



Environmental aspects

Re-Tem commissioned to survey and implement a model project for the collection and appropriate treatment of rare metals in Japan

Re-Tem in December 2008 was commissioned to conduct the "Fiscal 2008 Model Project for the Collection of Used Electronic Devices (Business Operations in Ibaraki Prefecture)," which is a model collection project undertaken by the "Study Group on the Collection and Appropriate Treatment of Rare Metals from Small Used Household Appliances" jointly implemented by the Ministry of the Environment and Ministry of Economy, Trade and Industry. Small household appliances include many rare metals, such as nickel and indium, but their collection and recycling are not yet in full swing. This model collection project aims to collect redundant items from citizens, and surveys and researches the intermediate treatment of small household appliances that are collected. In fiscal 2008, model collection projects were trialed in Akita, Ibaraki, and Fukuoka prefectures, and in fiscal 2009, these trials were extended to Tokyo, Nagoya, Tsushima, Kyoto, and Minamata cities (seven local governments in total).

In fiscal 2008, the model collection project was carried out in Ibaraki Prefecture from December 2008 through February 2009, during which period, 3,402 small used household appliances were collected.

Various types of technical examinations were carried out on the collected small household appliances with the objective of recycling rare metals. Specifically, intermediate treatment tests were conducted on an experimental basis to simulate existing shredding and separation processes, and the collection of metal concentrates including rare metals was tested. We were able to obtain useful data through these tests, and we plan to continue to move forward with technological development in the future.

Poster and small household appliance collection box that Hitachi City in Ibaraki Prefecture has prepared to promote the collection of rare metals

Launch of resource recycling business by Re-Tem, Nippon Mining & Metals Co., Ltd., and Maruwn Co., Ltd.

In November 2009, Re-Tem, Nippon Mining & Metals Co., Ltd., and Maruwn Co., Ltd. entered into a basic agreement to collaborate on the construction of a resource recycling system for rare and precious metals (gold, etc.) targeting used and factory-generated electrical and electronic equipment scraps. We started this initiative in the Kanto area centered on Ibaraki Prefecture, and we aim to extend it nationwide in 2011.

Until now, electrical and electronic equipment, such as used personal computers and copy machines, that have become obsolete in offices and factories have generally been picked up by collection traders and been scrapped or exported overseas. In order to collect the many precious and rare metals included in the electronic substrates of these devices, we built a network of three companies: a transporter, an intermediate treatment trader, and a smelter. Re-Tem, the intermediate treatment trader, uses shredding and separation technologies to separate and consolidate (into a concentrate) precious and rare metals, etc. from the electrical and electronic equipment that Maruwn, the transporter, has collected, and 16 types of metals, including gold, silver, and copper, as well as some rare metals, such as nickel, are collected at the Hitachi Metal Recycling Complex of Nippon Mining & Metals, the smelter manufacturer.

We are building a recycling chain to reuse metals that have been extracted from used products in new products in which the precious and rare metals that have been collected are used as raw materials by electronic parts manufacturers, etc., and the parts processed in this manner are delivered to manufacturers of electrical and electronic equipment.

Plan for rare metals recycling chain by Re-Tem, Nippon Mining & Metals, and Maruwn (2010)

Certified as industrial waste recycling experts under the Tokyo Metropolitan Government's certification system

In February 2010, Re-Tem was certified as an "industrial waste recycling expert" under the "Third Party Evaluation System," which is designed to evaluate the quality of industrial waste treatment companies in Tokyo.

This certification system was launched in fiscal 2009 with the objective of increasing the reliability of the industrial waste treatment industry overall, increasing incentives to recyclers, and boosting reliability in the selection of waste treatment contractors by waste generators who entrust them with the treatment of their waste, based on waste treatment companies being evaluated and publicized by the Tokyo Metropolitan Government.

In this system, recyclers are divided into "industrial waste recycling experts" and "industrial waste recycling professionals" in accordance with their level of initiatives, and there is a comprehensive evaluation of their degree of compliance, stability, and advanced initiatives.

Re-Tem was evaluated in terms of its compliance with laws and regulations related to waste treatment and recycling, its financial soundness, the stability of its operational management system, its advanced initiatives such as technological developments that drive the industry forward, its acquisition of ISO certification, and LCA research, and as a result we received the higher level of certification as an "industrial waste recycling expert."

"Industrial waste recycling expert" certification logo mark

Development of awareness activities such as factory tours and lectures

In fiscal 2008 (from August 2008 to July 2009) a total of 80 tours were given of the Tokyo Factory and the Mito Factory. We also proactively carried out lecture activities at universities and various study groups and covered issues and technological topics with a view toward the realization of a sustainable society.

Elementary school students taking a tour of the Tokyo Factory (February 2009)

Chairman Kenichi Nakajima giving a lecture on the recycling of rare metals at the Department of Environmental Affairs, Fukuoka Prefectural Government (July 2009)

Prime Minister Yukio Hatoyama takes tour of Re-Tem Tokyo Factory

On March 6, 2010, Prime Minister Yukio Hatoyama took a tour of the Re-Tem Tokyo Factory. Prime Minister Hatoyama, who set forth an objective of reducing the volume of greenhouse gas emissions by 25% in 2020 (compared to 1990 levels), is actively engaged in efforts for the realization of a low carbon society, and on this day, he visited the advanced material recycling facilities of four companies operating in Tokyo Super Eco Town. The Prime Minister met with Re-Tem management team, and received an explanation by Chairman Kenichi Nakajima regarding the necessity of a national strategy for the collection of rare metals, the importance of the concept of environmental cities, and the building of the Binhai Low Carbon Economy Promotion Center in the Tianjin Economic-Technological Development Area in China, which Re-Tem is promoting. Following this, the Prime Minister observed manual operations for the dismantling of disposed computers and automated teller machines (ATM) and the process of shredding vending machines with a large shredder. After the tour, Prime Minister Hatoyama stated, "I reaffirmed the importance of recycling. I intend to put more effort into building a recycling system at the national level."

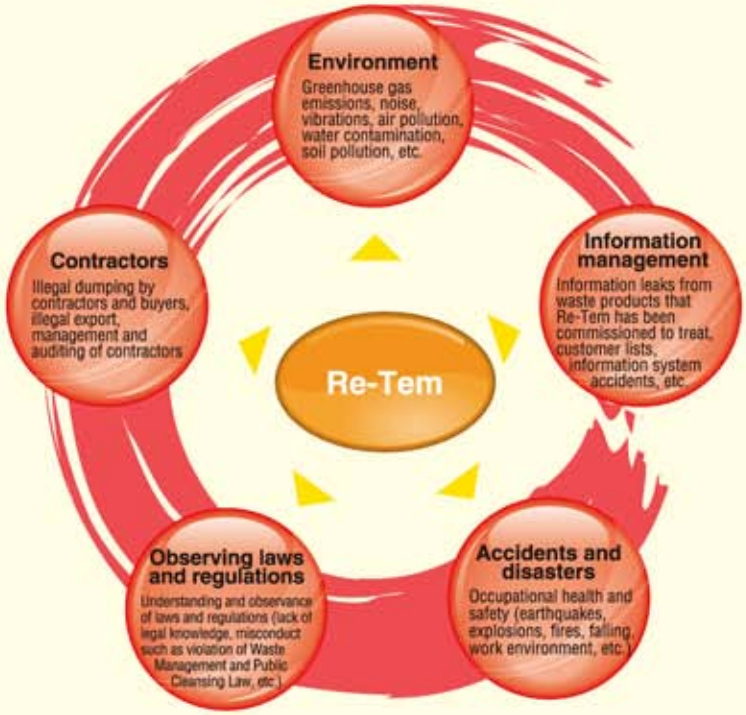
Commemorative photograph together with Prime Minister Yukio Hatoyama

Control of five risks with “RISM”

Re-Tem achieves compliance and responds to the five risks of “environment,” “information management,” “accidents and disasters,” “observing laws and regulations,” and “contractors” with its unique management system “RISM*.” * RISM: Re-Tem Integrated System of Management

■ Five risks surrounding Re-Tem

In order to avoid risks and thoroughly achieve compliance, Re-Tem investigates the details of envisioned risks, clarifies important risks in the following five areas, and communicates these inside and outside the company.



■ RISM – Integration of three standards and thorough management of risks

RISM stands for Re-Tem Integrated System of Management. Previously, the five important risks surrounding Re-Tem were handled individually, but since the procedures were cumbersome and there were many overlaps in operations, we have integrated them under one system and management procedure through a unique approach based on standards regarding the environment, information, and risks. RISM went into operation in April 2007.

Category	Three standards	Handling of major risks
Environment	Environmental management system (ISO14001)	**Depletion of resources and increase in waste** Appropriate disposal of waste and promotion of recycling (generate resources by sorting waste)
		Reduction of CO_2 emissions Reduction of CO_2 by decreasing the amount of electricity used by changing the operating efficiency of shredding machines, etc.
		Observing environmental laws and regulations Observance of laws and regulations affecting the environment related to treatment and appropriate treatment setting voluntary management targets
Information management	Information security management system (ISO27001)	**Management and classification of information** Thorough classification and handling methods based on the confidentiality of information. Application to personal computers and cellular phones.
		Handling of confidential information contained in waste Separate storage of CDs and other materials containing information that are contained in waste. Asking for instructions from customers regarding documents such as customer lists, etc.
		Precautions for visitors to offices Prohibiting entry into areas other than tour routes. Having employees accompany visitors. Use of helmets and visitor badges.
Risk	Risk management system (JISQ2001)	**Accidents and disasters** Collection of information on examples of risks in operations at factories and in office work using risk information sheets and risk questionnaires, and working to share information throughout the company
		Acquisition of knowledge about relevant laws and regulations such as the Waste Management and Public Cleansing Law Holding of necessary study sessions on the waste treatment business. Working to learn laws and regulations based on testing.
		Auditing of contractors and buyers Implementation of periodic on-site auditing of contractors. Thorough compliance setting selection criteria for buyers.

■ Implementing RISM based on PDCA

We carry out RISM based on PDCA. We carry out the assessment of environments, information, and risks by periodically implementing the system of "plan, do, check, and action," and we confirm the results by establishing response measures, objectives, and time limits.

<Status of achievement of objectives in FY2008 (extract)
April 2008 through July 2009>

	Policy	Objective	Main department	Measures to be achieved	Status of achievement
Environment	Promotion of awareness and dissemination activities	Increasing the number of general tours of factories and external exhibits and lectures (7% increase compared to April 2007 through March 2008)	Communications Group	• Development of factory tour communications activities on website, etc. • Cooperation with government-organized tours	• Achievement ratio of 113% in regard to target figure
	Measures for the environments surrounding factories	Preventing the scattering of foils from the exhaust of shredder equipment and wet scrubbers at the Mito Factory	Mito Factory	• Improvement of exhaust facilities • Reexamination of shredding methods and rules for the handling of shredded materials and implementation of improved operations	• Replacement of exhaust chimney and collection of scraps prior to scattering • Establishment and operation of shredding method that does not generate foils during shredding
Information management	Measures for information security during transport	Preventing the loss of waste containing information during transport by company vehicles	Mito Factory Tokyo Factory (in charge of vehicles)	• Examination and introduction of particular kind of vehicles and tools to protect transported materials and tote bins • Implementation of education for drivers	• Introduction of wing vehicles that can physically protect transported materials • Regular implementation of security education for drivers
	Measures for information security inside offices	Preventing the leakage of information to visitors to the offices of the Mito Factory	Mito Factory	• Reexamination of placement of measurement window and general office sections • Implementation of security education on the management of documents and how to handle telephone calls and the content of conversations when there are visitors	• Physical separation of measurement window and office area and construction of layout in which visitors cannot view information • Periodic implementation of education in order to improve security awareness
Risks	Prevention of the scattering of shredded materials from factory sites	Preventing the scattering of shredded materials from shredder slots at the Tokyo Factory	Tokyo Factory	• Placement of equipment to prevent the scattering of shredded materials such as chain curtains on slots	• Installation of rubber curtain and chain curtain at shredder slot • Examination of additional measures such as protective net
	Observation of laws and regulations	Prevention of activities related to disqualifying conditions, such as imprisonment, by executives of the company	Legal Affairs Group	• Confirmation of items related to disqualifying conditions • Implementation of education to increase the awareness of executives	• Holding of study group on disqualifying conditions • Periodic implementation of compliance education

Overview of environmental impact (FY2008)

Comparison with previous year is in parentheses.

INPUT

Valuable resources
19,759 t (+11.1%)

Amount of electricity used
1,680,576 kWh (+27.4%)
(including 170,000 kWh of green electricity)

Industrial waste
16,540 t (-6.5%)

Amount of gasoline used
27,027ℓ
(+38.6%)

Amount of light oil used
215,583ℓ
(+4.6%)

Tokyo Factory | Head office | Mito Factory

OUTPUT

Volume of materials recycled
36,023 t (+3.1%)

- Iron
- Aluminum
- Gold, argent, copper sediment
- Stainless steel
- Other materials

Volume of chlorofluorocarbon collected
2,907 kg
(+72.5%)

Volume of CO_2 emissions*
1,129 t – CO_2
(+15.8%)
(*The volume of CO_2 emissions based on the use of green electricity is converted to zero tons of CO_2.)

Landfill disposal
53 t (-35%)
276 t (-49.6%)*
*This figure includes the treatment volume of incidentals metals (dross, etc.) discharged by specified intermediary treatment contractors. Re-Tem's recycle ratio for the landfill disposal volume of 53 tons is 99.8%.

The figures are the totals for FY2008 (August 2008 through July 2009).
The totals for the previous fiscal year from April 2007 through July 2008 are converted to the totals of 12 months.

*The CO_2 emissions volume is calculated based on the Greenhouse Gas Emission Calculation and Reporting Manual <Ver. 2.3> (Ministry of the Environment and Ministry of Economy, Trade and Industry).

Two factories collaborate to efficiently recycle items ranging from small information devices to large machinery

TOKYO & MITO

Tokyo Factory

Advanced technology factory located in a model district in Tokyo

The Tokyo Factory is built in Tokyo Super Eco Town in Jonanjima, Ota Ward, and it went into operation in 2005. Tokyo Super Eco Town is a model district for material recycling by the Tokyo metropolitan government, and nine recyclers equipped with advanced technologies operate there.

The Tokyo Factory carries out the recycling of information devices such as personal computers and cellular phones, and large metallic devices such as vending machines and ATMs. Fluorescent tubes, batteries, and so forth are selected and collected through manual dismantling, and iron, items containing nonferrous metals, and items containing nonmetals are separated from metallic devices using a specialty shredder. Items containing nonferrous metals are shipped to the Mito Factory, shredded more finely, and then recycled.

<Factory information>

Location: 3-2-9, Jonanjima, Ota-ku, Tokyo
Site area: 5,923 m^2
Capacity: Shredding machine 864 t/day

Mito Factory

Zero emissions for metal-plastic composite materials

The Mito Factory is a recycling facility for iron and metal-plastic composite materials that was constructed in 1970, and its site area is about six times that of the Tokyo Factory. It carries out the recycling of information devices and large metallic devices. It has achieved zero emissions for metal-plastic composite materials in particular with an independently developed metal shredder and separator that was introduced in 1993, and it is a wide-area recycling certified and designated factory for many manufacturers of information devices. In the shredding and separation process, highly pure iron and nonferrous metals (copper, aluminum, stainless steel, etc.) are separated with magnetic separation, sieving separation, eddy current separation, and so forth. These are sold to smelter companies, aluminum secondary alloy manufacturers, specialty steel manufacturers, etc.

<Factory information>

Location: 3520, Nagaoka, Ibaraki-machi, Higashi Ibaraki-gun, Ibaraki
Site area: 29,287 m^2
Capacity: Shredding machine 37.8 t/day
Guillotine shear 80.0 t/day

Company Outline

Company name: Re-Tem Corporation

Representative: President & C.E.O. Akira Nakajima

Location:

■ Head Office
3-6-10, Soto Kanda, Chiyoda-ku, Tokyo, 101-0021
TEL: +81-3-3258-8586
FAX: +81-3-3251-5804

■ Mito Factory
3520, Nagaoka, Ibaraki-machi, Higashi Ibaraki-gun, Ibaraki, 311-3116
TEL: +81-29-292-1220
FAX: +81-29-292-1225

■ Tokyo Factory
3-2-9, Jonanjima, Ota-ku, Tokyo, 143-0002
TEL: +81-3-3790-2100
FAX: +81-3-3799-8500

Capital: 36 million yen

Foundation: 1909

Incorporation: 1951

Sales: 2,621 million yen (FY2008)

Number of employees: 148 (as of July 31, 2009)

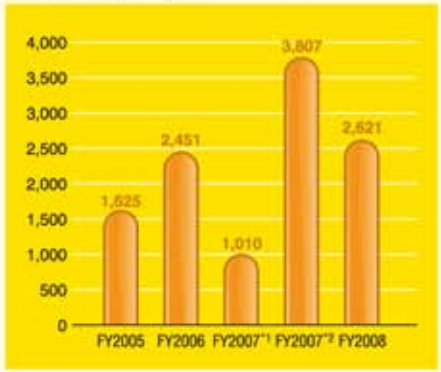
Content of business: Resource management and eco-center management in eco-industrial parks, etc. / consulting regarding resource circulation and recycling / recycling and reuse of resources / sale and purchase of materials for steel production and nonferrous precious metal materials / dismantling, moving, and collecting construction materials and work materials

Authorized for: Industrial waste management business, industrial waste collection and transport business, domestic waste management business, Class-1 Specified Fluorocarbons recovery business, general construction business, warehousing business, used product dealer, metal waste dealer

Environmental aspects

The sales of the company are sometimes affected by the market for metals. Thus, sales in FY2008 declined in spite of an increase in the volume of materials handled.

Sales (millions of yen)



Volume of materials handled (tons)

Regarding change to accounting term: In FY2007, the end of the accounting term was changed from March to July. The figures for FY2007*1 are from April 2007 through July 2007 and for FY2007*2 are from August 2007 through July 2008.

Editor's note

Thank you for reading this report.

This report introduced Re-Tem's overall CSR activities centering on the environment. The 2009 report includes special articles on the theme of "from vertical to horizontal connections" that Re-Tem has advocated in recent years. This is because we believe that in order to realize a sustainable society, it is important to shift from activities that companies, governments, etc. carry out in "vertical" affiliations to activities that are focused on "horizontal" connections. Many results will be produced if companies cooperate with each other in waste treatment and the procurement of raw materials and if companies and governments collaborate to make environmental improvements for entire cities and regions.

In order to do this, management ability will be important. Re-Tem, which has practical experience and know-how regarding material recycling, intends to contribute to the realization of a sustainable society based on the management ability that it has accumulated over many years.

We hope to receive your frank opinions regarding this report.

April 2010
General Affairs Dept.

■ Period covered
Fiscal 2008 (August 2008 to July 2009)
The situation through March 2010 is covered regarding significant developments.

■ Guidelines referred to
Environmental Reporting Guidelines (2007 Edition), Ministry of the Environment
GRI Guidelines 2006 (No. 3 Edition)

■ Issuance of this report
Once a year (next issue is scheduled for December 2010)

■ Responsible editor of this report / where to direct inquiries
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Re-Tem offsets 108 kg of CO_2 for the volume of CO_2 emitted accompanying the use of electricity in the process of printing this report.

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