



The USS Group is fulfilling its social obligations by using its leading position in Japan's auto auction industry to provide services that accurately meet customers' needs while reducing its environmental impact and helping protect the global environment. Activities include a recycling business that processes end-of-use vehicles and sorts and recycles parts and materials. We remain dedicated to using business activities to protect the environment and to conducting many environmental programs based on the following five-point policy.

### Five-point Environmental Policy

1

**Conduct environmental management and comply with laws and regulations**

2

**Establish and accomplish energy use reduction targets**

3

**Recycle used vehicles and lower the environmental impact of these vehicles**

4

**Disclose information about targets for environmental impact reductions**

5

**Provide environmental education for all employees and conduct environmental impact reduction programs**

## Environmental management

The USS Group has many activities for minimizing the environmental impact of its business operations. Energy conserving equipment at auto auction sites and measures to lower electricity use in offices are two examples. USS Group member ARBIZ Co., Ltd., which operates a recycling business for vehicles and other items, has established its own Integrated Policy for the Environment and Workplace Safety. This company has received ISO 14001 certification for its environmental management system, which is operated under the oversight of its Environment and Safety Secretariat. One aspect of this system is maintaining close ties with government agencies in order to comply with the frequent revisions to laws and regulations in Japan concerning recycling.

### Compliance with environmental laws and regulations

The USS Group has a firm commitment to the strict compliance with all laws, regulations, ordinances and other guidelines involving the environment. In the fiscal year that ended in March 2021, there were no violations or other infractions concerning any laws or other environmental regulations and requirements.

### Significant environmental incidents

In the fiscal year that ended in March 2021, there were no significant incidents involving the environment. There were also no complaints or consultations concerning environmental issues.

### Activities to combat climate change

The USS Group is committed to slowing global warming, reducing the group's exposure to risk associated with climate change and playing a role in creating a sustainable low carbon society that preserves a healthy environment for people and all other living things. We strongly believe that one of our most important social missions is to accomplish these goals by using less energy and lowering greenhouse gas emissions associated with the operation of auctions.

### Policy for environmental activities

To contribute to establishing a low carbon society, we are building and operating auction sites with lower energy requirements and greenhouse gas emissions. In addition, we encourage group companies, business partners and auction members to engage in energy conservation and other activities for combating global warming.

### Targets

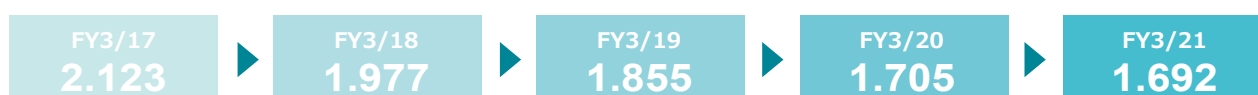
**Average annual reduction of 1% in energy consumption (energy intensity)**

\*Carbon dioxide associated with the consumption of energy is the primary greenhouse gas produced by the USS Group's business operations. Although we have no target for the reduction of greenhouse gas emissions, we have established a target for lowering energy consumption and many initiatives are under way to accomplish this goal.

\*Formula used for calculating the energy intensity of USS business operations:  
Energy intensity = Energy consumption (converted to kl of crude oil) / Number of vehicles consigned at auto auctions (thousand vehicles)

\* Does not include group companies

### Annual Energy Intensity



### Evaluation by the METI of energy reduction activities

For the third consecutive year, starting in 2018, USS was classified as an outstanding energy conservation company (class S) under the business classification system for energy conservation measures. The Japanese Ministry of Economy, Trade and Industry (METI) assigns one of four ratings (S, A, B, C) to all companies that submit periodic reports prescribed by the Energy Conservation Act. We will continue to use a broad range of energy conservation activities in order to retain our S rating.

### Energy Consumption and CO<sub>2</sub> Emissions

Category	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Energy consumption (kl of crude oil)	5,265	4,773	4,661	4,396	4,210
Kerosene (kl)	-	2	2	3	2
A Heavy oil (kl)	13	-	-	-	-
LPG (t)	24	53	179	159	184
City gas (thousand m3)	57	144	81	71	93
Electricity (thousand kWh)	20,039	17,967	17,170	16,217	15,317
CO <sub>2</sub> emissions (tons)	9,181	9,349	8,196	7,365	7,204

\* Does not include group companies

## Initiatives for reducing environmental load



### Reduction of Energy Consumption

#### ●Energy conservation at auto auction sites

We use LED lights throughout the main building of the Nagoya auction site as well as in the customer parking facility and other locations. We are switching to LED lights at other auction sites, too. There are also investments to install more efficient air conditioning systems and make other improvements to cut energy requirements. For the convenience of our members, we have added recharging facilities at some auction sites to serve the increasing number of electric and plug-in hybrid vehicles. We plan to install these recharging stations at more of our locations.

All of our auction sites use suppliers of electricity other than traditional utilities. Selections of electricity providers place priority on companies with a low reliance on fossil fuels. In addition, auction sites have numerous measures for the efficient use of energy.

#### ●A lower environmental impact for logistics

USS Group member US Butsuryu Co., Ltd. transports vehicles and provides other logistics services. The company has a desk at all auction sites where customers can arrange land and sea transportation. Providing this service is another way to offer customers greater convenience as well as to lower our environmental impact by using efficient logistics for reducing truck and other emissions associated with transporting vehicles.



### Recycling

The vehicle recycling operations of ARBIZ use a highly accurate sorting and reuse system for steel, aluminum, copper, rare earths and other metals as well as for plastics and other materials that are recovered from end-of-life vehicles. ARBIZ processes about 15,000 of these vehicles every year and recycles 97% of these vehicles based on their weight. ARBIZ started using a vertical shredder designed solely for miscellaneous scrap in the fiscal year ended in March 2020. This shredder adds 1,000 tons of recycling capacity. ARBIZ will continue to consider other investments in equipment in order to meet the growing demand in Japan for processing waste materials, which results in part from China's decision to stop importing waste plastics.

#### Example of recycling: Effective reuse of dust from an automobile shredder

When a vehicle is recycled, airbags, tires, batteries and other parts are first removed for separate processing or reuse. The remainder of the vehicle becomes automotive shredder residue. A sorting process is then used to separate and recycle the metals, glass, ceramics, synthetic rubber, hard plastics, light dust (foamed plastics, nonwoven textiles, etc.) and other materials in this residue.

In the past, light dust was difficult to reuse as fuel because it contains chlorine and lead. To solve this problem, ARBIZ mixes this dust with iron powder to create a substance that suppresses the formation of slag in blast furnaces.

We have developed a thermo-reactor for producing a material incorporating aluminum smelting slag for raising the temperature of electric arc furnaces used for steelmaking. The development of this process makes it possible to reuse about 7,000 tons of light dust every year. Furthermore, this new process lowers the cost of steelmaking, the volume of waste materials sent to landfills and CO<sub>2</sub> emissions.



### Water conservation

The USS Group has a variety of programs for lowering the amount of water used. Although our business operations do not require large volumes of water, we have these programs because of our awareness of the importance of using water responsibly.

One example is measures to prevent the wasteful use of water for vehicle washing and other activities that require water. For the proper handling and control of wastewater at auction sites, we use oil separation tanks and purification tanks in accordance with laws and regulations.



### Waste materials

We sort all waste materials produced at USS Group business sites as required by local regulations and other guidelines. In some cases, we outsource waste material processing. All companies we use to handle these materials must first pass a rigorous examination and then we check the manifests from these companies to verify that waste materials are handled properly.



Metals are recovered from the final remaining automotive shredder residue. Gold, silver, copper and palladium are recovered in the form of concentrated precious metal residue.



Thermo-reactor is a material used in the steel industry that is patented by ARBIZ.