

Business foundation / Growth foundation

Corporate governance

We believe that corporate governance is an important business foundation as well as a precondition to strongly promoting goal achievements. To promptly respond to changes in the economic environment, we strive to implement both prompt decision-making along with efficient and transparent management, and to continuously improve our corporate value. To this end, we will keep evolving to verify and operate the management and internal control systems, and enhance their effectiveness.

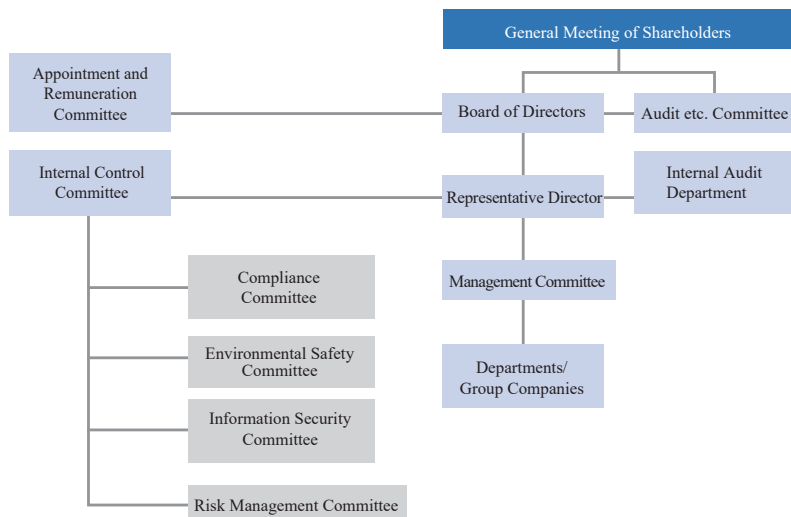
Sustainability Committee

In FY2018, we re-verified relations between our business activities and social issues, and, subsequently, developed a “Sustainability Strategy” as a strategy to realize the sustainable development of society and our group concurrently. At the same time, we started the operation of a sustainability committee on an exploratory basis in order to flexibly and actively discuss and examine the progress and future direction of the strategy from a long-term point of view. The sustainability committee is composed of the full-time directors and some executive officers of ENVIPRO HOLDINGS Inc. and is convened once a month. Based on the strategy, the committee discusses and examines the potential of new businesses, the establishment of business/growth foundation and synergies across the group. Once opinions about the direction and specific plans are consolidated, they are deliberated at the meeting of the Board of Directors, etc.

Introduction of segments and a scheme to make officers responsible for respective group companies

In the past, our business report described all activities under the singular segment of the “Resource Recycling Business.” However, in order to develop our implementation strategies by segment and to facilitate prompt management decision-making in response to drastically changing economic environment, we have introduced multiple segments since June 2019: “Resource Circulation Business,” “Global Resource Circulation Business,” and “Used-cars-related Business”; and “Environmental Management Consulting Business” and “Welfare Service Business for Persons with Disabilities” under other businesses (refer to page 9). Simultaneously, we introduced a new scheme whereby the officers of ENVIPRO HOLDINGS Inc. are made responsible for their respective consolidated subsidiaries in order to enhance the collaboration between ENVIPRO and subsidiaries, thereby strengthening the system to promote our businesses. In the future, we will strive to establish the foundations that allow us to grow continuously. To this end, we will promote the devolution of power, prompt decision-making, and transparent management with good governance.

Corporate governance system



● Internal Control Committee

The Committee is composed of four subcommittees (Compliance, Environmental Safety, Information Security, and Risk Management). It identifies risks, develops measures, and establishes and operates an internal control system across the group including the organization of awareness-raising activities.

● Management Committee

The Committee makes decisions on important matters in relation to the execution of our businesses and the timely disclosure of information.

● Appointment and Remuneration Committee

The Committee is composed of a total of five members: one representative director, three outside board members who are independent officers, and one advisor. It holds preliminary deliberations on any nomination of candidacy for director (except for members of the Audit etc. Committee), remunerations, etc. as an advisory body to the Board of Directors.

Nurturing corporate culture

We believe that firmly establishing business objectives and values as corporate culture, and making everyday business activities consistent with these objectives and values creates the most effective form of governance. They are also essential activities for sustainable enhancement of corporate value. We distribute a management plan to our employees that clearly describes the corporate philosophy, values, and code of conduct, aiming at nurturing corporate culture. Adopting the management plan in business activities, we will spread the corporate philosophy across our organizations and nurture a corporate culture, thereby establishing the foundations that enable long-term sustainable growth.

Human resource development

Self-reliant and well-disciplined organization, the type of person we want to be

Based on our corporate philosophy, we aim to create a self-reliant organization that allows every employee to be the manager of their own work. Although seemingly contradictory, the organization should also be well-disciplined. To this end, we have defined the “type of person we want to be” as one of the basic concepts that should be applied to human resource development. With our aim to develop human resources based on this concept, we have been working to reflect the concept during the recruitment process, internal training, employee evaluations, employee positioning, etc.

Type of person we want to be

1. Value

Person who feels empathy for the corporate philosophy (values), and is sincere and not arrogant

2. Proactive

Person who can think independently, judge on their own volition, and take action responsibly
 Person who can be proactively engaged in enhancing the expertise in their work

3. Change

Person who can willingly put aside their past experiences and values with the attitude of positively embracing change

4. Speed

Person who can promptly decide and act

5. Challenge

Person who can take up challenges, confronting difficult situations and new things.

6. Teamwork

Person who can produce a greater output by helping others, getting the best out of others, and lending a hand to others

7. Diversity

Person who can fully demonstrate their own uniqueness, while accepting the characters and ideas of different people

Recruitment of the first batch of new graduates (Scheduled to join in April 2021)

We have been primarily undertaking mid-career employment. However, we have decided to recruit not only career people but also new graduates because we consider it important to recruit a diverse range of people to enhance corporate value in the medium- and long-term. By recruiting new graduates, we will be able to pass on the corporate culture and invigorate the organization in addition to optimizing the age composition of our group. We believe that to train new employees to become leaders or key personnel in the future will contribute the most to creating the business foundations that enable us to grow in the medium- and long-term.

ENVIPRO business school

We operate the “ENVIPRO Business School” as a business school of the group. It’s aimed at improving the skills and expertise that employees need to carry out their work.

The school offers original training programs every year, targeting various personnel in senior management positions and job categories. In FY2018, it ran three courses, namely “Next-Generation Entrepreneurs,” “Managers,” and “Sales Representatives.” The “Next-Generation Entrepreneurs” and “Managers” courses offered a total of 9 classes and the “Sales Representatives” course a total of 4 classes. In total, 30 employees attended.

Training topics included the ability to persuade/express, marketing philosophy, finance/management accounting, and human resource development which corresponded to the requirements of respective job categories. Especially, in the “Next-Generation Entrepreneurs” course, lecturers who were specialized in their respective fields conducted training which reflected actual work, such as the development of next year’s business plan based on financial statements and the management policy of the company.

The training was attended by employees from different companies across our group, which helps to nurture a sense of togetherness and to promote collaboration throughout the group.

Interview

Shigeto Komatsu, Representative Director/President, SYN ECO Inc.

Attending the business school

I attended the “Managers” course in FY2016 and the “Next-Generation Entrepreneurs” course in FY2018.

I remember I felt a great sense of commitment and at the same time felt extremely tense because I was taking part in the training as the representative of my company with many other employees from different companies, even though we all belonged to the same group. I have developed good relationships with the trainees I met on the training, which has helped me a lot in my work. During the training I gained knowledge and a way of thinking that cannot be acquired in day-to-day work. It gave me an opportunity to revisit my attitude to work and to life.



Attending a lecture

Growth / Development strategy

Endorsement of the TCFD recommendations

Our group announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in May 2019.



The TCFD is a task force established under the Financial Stability Board (FSB) based on a request from the Ministers of Finance and the Governors of Central Banks of the G20. It is a private sector-led initiative, associated with the disclosure of climate-related financial information. It has announced recommendations (the TCFD recommendations) that are aimed at companies to understand and disclose their financial impacts of climate-related risks and opportunities.

According to the TCFD recommendations, we will analyze the risks and opportunities of climate change on our businesses to integrate them into our business strategies and promote information disclosure on governance, strategy, risk management, and metrics and targets.

Establishment of a laboratory

To promote resource circulation under the circular economy, we need to have advanced technologies to recycle waste and materials. The development of core technologies through the assessment of recycling technologies, analysis of recycled raw materials, accumulation of data, and acquisition of technical know-how is essential for the sustainable growth of our group in the future. Cognizant of this, the research department of ECONECOL Inc. was reorganized as an organization directly under ENVIPRO HOLDINGS last year. It now leads research and development as a laboratory.

Enhancement of work efficiency by introducing RPA*

In recent years, work-style reform programs have been promoted and the enhancement of work efficiency has been given a high priority. If simple tasks are automated, it will become possible for workers to be engaged in tasks that can be only done by humans, using the time saved.

Our group has launched the operation of RPA in a survey of new business partners. RPA is used to collect information needed to decide if a trade connection should be established with a concerned company. As a result, the workload involved in collecting information for a company survey has been reduced.

* RPA: Robotic Process Automation
A technology to automate simple tasks and routine tasks.

Interview Toshihiro Koyama, Director, Laboratory, ENVIPRO HOLDINGS Inc.



Q2. What are the challenges and prospects for the laboratory in the future?

We have seconded our researcher to the National Institute for Environmental Studies for joint research to develop methods to melt the metals contained in riddling ash, aiming to grow this field as a new core business of our group. It is becoming clear that the metal elements themselves determine the types of acid suitable to melt them and the treatment required after melting. After the secondment period is completed, we will further work on the commercialization of the research outcome in order to develop this into the next key business of our company.

Q1. Are there any research themes that are typical for ENVIPRO?

We are currently focusing on launching a business under VOLTA Inc. which will recover valuable metals, such as cobalt and nickel, from lithium-ion rechargeable batteries collected from mobile phones and automobiles. We are jointly engaged with VOLTA Inc. the establishment of efficient plant operating conditions to concentrate cobalt, through the introduction of facilities in a metal recovery plant, planning trial runs and assessments of prototypes. In addition, we have been continuously engaged in the analysis of materials such as gold and silver sediment sludge assisting ECONECOL Inc.



Business foundation / Growth foundation

Challenge to contribute to create a sustainable society

In FY2018, we, the ENVIPRO Group, re-verified relations between our business activities and social issues, and, subsequently, developed a “Sustainability Strategy” as a growth strategy to realize the sustainable development of society and our group concurrently.

Until we were listed on the Second Section of the Tokyo Stock Exchange in September 2013, we prioritized the establishment of our business foundations. After being listed, we planted a variety of seeds for future growth with the objective of promoting the diversification of our businesses. Later, we reviewed the business areas we had expanded, and decided which businesses to primarily apply our resources.

Based on this decision, we will further promote the new businesses that we have already launched and accelerate investments in new growth fields. We will engage ourselves in the development of a sustainable society as a company which is relied upon by our stakeholders.

Business strategy (expansion of existing businesses, strengthening of foundations, erecting new pillars)

We will strengthen our growth foundation through developing human resources, improving corporate governance, brand development and others, while enhancing our financial stability by continuously generating profits through expanding existing businesses, technological innovation, improving productivity, etc. Simultaneously, we will erect new pillars of growth by investing in growth fields and collaborating with other companies, thereby enhancing our corporate value.

Profit distribution

To realize the above-mentioned policies, we will principally distribute profits according to the following proportions: 30% for investment in growth fields, 10% for research and development, 20-30% for dividends to return to shareholders, 30-40% for internal reserves.

Profit distribution	
Investment in growth fields	30%
Research and development	10%
Return to shareholders	20~30%
Internal reserves	30~40%

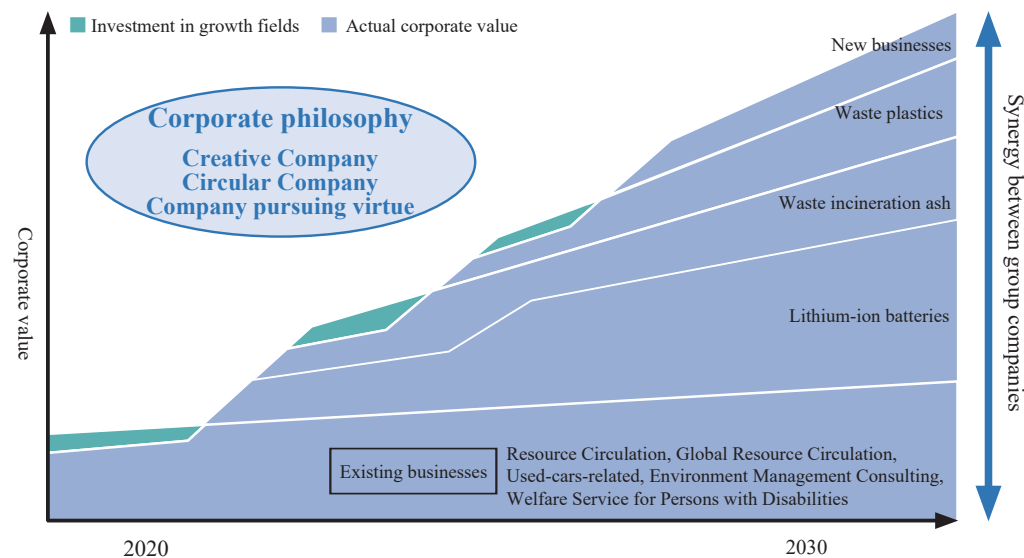
Synergy between group companies

Making the best use of the human resources, assets, funds, technologies, and information that the group owns, we will support the development of the whole group, thereby maximizing the synergy between our group companies, and expanding and strengthening new growth foundations across the group.

Stakeholders

We will strive to win the trust of our stakeholders through our business activities as well as our communication with them. To this end, we will regard any concerns expressed by the various stakeholders (customers, shareholders, business partners, employees, local communities, administrative offices/industry associations) as challenges that will lead us to strengthen the business foundation of our group necessary to promote business activities and sustainable growth.

Enhancing corporate value by expanding businesses



Until a business is stabilized, the increase in corporate value will slow down because it cannot match the initial investment. Green areas indicate a negative balance caused by this condition.