

# Environment

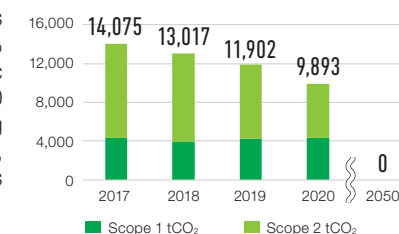
## Promotion of decarbonization and expansion of renewable energy

### ACTION 01

#### Efforts toward carbon neutrality by 2050

By reducing greenhouse gases emitted by all of its businesses, the ENVIPRO Group seeks to become carbon neutral by 2050. Fiscal 2020 CO<sub>2</sub> emissions were 9,893 tons, a 24% reduction compared with fiscal 2018. CO<sub>2</sub> emissions include those derived from electric power (Scope 2), accounting for about 70% of emissions at the time of joining the RE100 initiative. By working to switch to electric power from renewable sources, we are achieving continual reductions in emissions. By making all of our business activities carbon neutral, including the recycling of scrap and wastes, we will contribute to resolving social issues through decarbonization and to the achievement of a circular economy.

Scope 1+2 CO<sub>2</sub> emissions results and targets (tons)

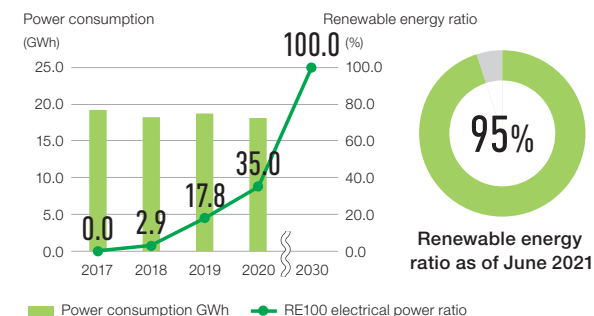


### ACTION 02

#### Achievements toward RE100 targets

Our group is a member of the RE100 global initiative to commit to 100% renewable energy for electricity used in business activities. In December 2020, we moved the year for achieving RE100 ahead 20 years to 2030. In fiscal 2020, renewable energy accounted for 35.0% of our electricity consumption. In April 2021, group member ECONECOL Inc. completed its switch to renewable energy for electricity used at its plants and offices, including its head office. With this achievement, about 95% of the electricity consumed by the group as a whole will be derived from renewable energy. We expect to cut CO<sub>2</sub> emissions from business activities in fiscal 2021 by about 60% (compared with fiscal 2018).

Actual and target power consumption and renewable energy ratio



### ACTION 03

#### New initiatives for a circular economy

Our group took part in a demonstration trial of a waste plastic resource recycling model in Tokyo's Marunouchi area, which began in June 2021. Post-consumer recycled (PCR) materials such as waste plastic products present difficulty in collection due to their wide variety of types and small quantities. In this project, we collaborated with companies in the PCR supply chain to carry out investigations and trials aimed at building a sequential supply chain system spanning collection and transport of PCR to remanufacturing into consumer products, through streamlining of logistics and the establishment of traceability. Our group is recycling the collected waste plastics into raw materials.

## Material balance

## Environment

### INPUT

Scrap, waste, raw materials **717,800 tons**<sup>\*1</sup>

Scrap/waste		Amount processed		
Scrap/waste	Metal scrap	156,100 tons		
	Mixed waste	42,700 tons		
	Waste plastics	1,100 tons		
	Scrapped cars	9,700 tons		
	Electronic waste	7,200 tons		
	Wood waste	3,600 tons		
	Waste paper	8,000 tons		
	Used clothes	0 tons		
	Waste batteries	1,300 tons		
	<b>Subtotal</b>	<b>229,800 tons</b>		
	Distribution volume	Ferrous scrap	446,800 tons	
		Nonferrous metals	7,300 tons	
		Waste plastics	600 tons	
Waste paper		8,800 tons		
Used clothes		2,600 tons		
Wood pellets/PKS		10,400 tons		
<b>Subtotal</b>		<b>476,500 tons</b>		
Reuse		Used cars/trucks	2,735	
Raw materials	Raw materials for rubber chips	11,500 tons		
<b>Total input<sup>*1</sup></b>		<b>717,800 tons</b>		

<sup>\*1</sup> Sum of scrap, waste, raw materials (excluding reuse)



### OUTPUT

Recycled raw materials / finished goods / processing outsourcing **691,800 tons**<sup>\*1</sup>

Recycled raw materials		Amount processed	
Recycled raw materials	Ferrous metals (scrap)	43,200 tons	
	Nonferrous metals	9,700 tons	
	Plastic raw materials	100 tons	
	Fuel raw materials	29,100 tons	
	Wood chip raw materials	2,800 tons	
	Raw materials for paper	8,100 tons	
	Raw materials from used clothes	0 tons	
	Black mass	600 tons	
	Other	2,600 tons	
	<b>Subtotal</b>	<b>96,200 tons</b>	
	Amount processed and distributed <sup>*2</sup>	Ferrous metals (scrap)	101,100 tons
Nonferrous metals		5,000 tons	
<b>Subtotal</b>		<b>106,100 tons</b>	
Distribution volume <sup>*3</sup>	Ferrous metals (scrap)	420,000 tons	
	Nonferrous metals	7,100 tons	
	Plastic raw materials	600 tons	
	Fuel raw materials	10,400 tons	
	Raw materials for paper	8,700 tons	
	Raw materials from used clothes	2,600 tons	
	<b>Subtotal</b>	<b>449,500 tons</b>	
	<b>Total</b>	<b>651,800 tons</b>	
Reuse	Used cars/trucks	2,698	
	Maintenance parts	280 containers	
Finished goods	Rubber chip-based products	10,700 tons	
	<b>Total</b>	<b>29,300 tons</b>	
Disposal outsourcing	Recycling	Material recycling	1,200 tons
		Thermal recycling	15,300 tons
	Waste disposal	Simple incineration	3,600 tons
		Landfilling	9,300 tons
	<b>Total</b>	<b>29,300 tons</b>	
<b>Total output<sup>*1</sup></b>		<b>691,800 tons</b>	

<sup>\*1</sup> Total of recycled raw materials, finished goods, and disposal outsourcing (excluding reuse)

<sup>\*2</sup> Amount of processed resources distributed overseas, etc.

<sup>\*3</sup> Amount of resources distributed through trading company functions

### Energy /water

Fuel	63.7 TJ
Electricity	18.1 GWh
Water	23,000 m <sup>3</sup>

CO<sub>2</sub> emissions (Scope 1+2) **9,900 tons**

Scope 1	4,307 tons
Scope 2	5,587 tons

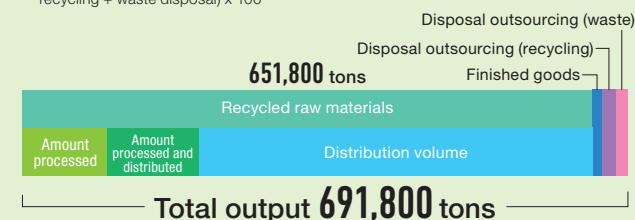
CO<sub>2</sub> emissions (Scope 3) **92,500 tons**

Category 1	Purchased products/services	15,402 tons
Category 2	Capital goods	1,564 tons
Category 3	Fuel and energy activities not included in Scope 1 and Scope 2	1,912 tons
Category 4	Transport/delivery (upstream)	69,577 tons
Category 5	Waste generated from business	3,779 tons
Category 6	Business travel	62 tons
Category 7	Employee commuting	217 tons

<sup>\*</sup> We will continue to assess emissions in other categories and elaborate on data from the next fiscal year.

Resource recovery rate\* **94.5%**

<sup>\*</sup> The recycling rate is calculated from Output: (amount processed + amount processed and distributed + recycling) ÷ (amount processed + amount processed and distributed + recycling + waste disposal) × 100



## Information Disclosure in line with TCFD Recommendations

### Basic concept

Under the Paris Agreement, an agreement was reached to limit average global temperature increase to less than 2°C compared to pre-industrial levels. Efforts to decarbonize are underway in many countries. Against this background, the Task Force on Climate-related Financial Disclosure (TCFD), established by the Financial Stability Board (FSB), delivered its final report in June 2017. Following further developments including the December 2018 publication of "Guidance on Climate-related Financial Disclosures (TCFD Guidance)" by Japan's Ministry of Economy, Trade and Industry, momentum to address the TCFD recommendations is growing.

In May 2019, the ENVIPRO Group announced its endorsement of the TCFD recommendations. In December 2020, the group made the decision to aim for effectively zero greenhouse gas emissions from our businesses, including the treatment and recycling of scrap and wastes that we handle, by 2050. Resource issues and climate change issues are not isolated issues but rather bear close relation to each other, and are global-scale societal issues. Endless resource mining and greenhouse gas emissions are detrimental to sustainability. These issues must be resolved to preserve our shared global resources and natural environment into the future. Our group, which engages in the Resource Circulation Business at the end of the supply chain, is characterized by the ability to tackle both of these key social issues through our business. We believe that these issues truly constitute social responsibilities that our group should address.

### Sustainability promotion system

To promote policies and measures related to climate change response and other sustainability strategy matters, the group's sustainability promotion system has a Sustainability Committee that consists of the President and Representative Director, full-time officers, executive officers, and heads of some related departments. The Committee seeks to promote the Medium-Term Management Plan, "Sustainability Strategy" that forms our strategy for achieving sustainable development for both the group and society. As an organization that assists decision-making by the Representative Director, it flexibly and actively discusses and examines the status of strategy promotion and future directions, including new business and M&A, from a long-term perspective. Matters discussed are further resolved or discussed by the Management Committee, a decision-making body for business execution, and are then reported to the Board of Directors. Under the supervision system of the Board of Directors, we work to maintain governance and promote sustainability strategies.

#### ▼ Sustainability promotion system diagram



#### ▼ Role of the conference body in the sustainability promotion system to address climate change

Conference body	Role
<b>01. Board of Directors</b>	Supervise the progress of initiatives related to environmental issues discussed and approved by the Management Committee. Convene every month.
<b>02. Management Committee</b>	Decide on important matters related to individual, specific instances of business execution, and make decisions on timely disclosure. Convene every month.
<b>03. Sustainability Committee</b>	Discuss organization and operation of the Committee and other important matters concerning sustainability in order to promote the Medium-Term Management Plan. Convene every month.

### Identifying and addressing risks and opportunities

Our group used two scenarios, one assuming a temperature rise held back to 2°C at the end of this century and one with a temperature rise of 4°C, to analyze the risks and opportunities brought about by climate change and their impact on our group. We then studied countermeasures.

#### ▼ Scenario analysis

Assumptions	Details
<b>Current scenario (4°C)</b>	A scenario in which the average temperature rises by about 4°C compared to pre-industrial levels as a result of failure to introduce stricter government policies and strengthen regulations, such as regulations to curb GHG emissions, and of failure by businesses to take effective action in response to climate change. Acute effects include more frequent extreme weather events and more intense heavy rainfall, while chronic effects include rising sea levels.
<b>Transitional scenario (2°C)</b>	The introduction of carbon taxes and policies to regulate emissions are being strengthened to address climate change and curb GHG emissions. In a world that places demands on companies to respond to climate change, a scenario in which the average temperature rise compared to pre-industrial levels is kept below 2°C by improving low-carbon technologies, expanding renewable energy, and promoting energy conservation.

#### ▼ Risks and opportunities facing our group

Category	Changes in society	Changes in the business environment	Risks/Opportunities	Affected Period
Transition	Increased cost of steelmaking processes due to the introduction of carbon taxes	<ul style="list-style-type: none"> <li>Increased demand for ferrous scrap due to an increase in electric furnaces</li> <li>Increased ferrous scrap blend ratio in converters</li> <li>Increased demand for high-grade types of ferrous scrap</li> <li>Rise in ferrous scrap prices due to increased demand</li> </ul>	<b>Opportunities</b> Expansion of existing Recycling Business	Short to long term
			Installation of large shredders	Medium to long term
	Rise in the usage rate of recycled plastics due to regulations concerning use of recycled plastic	<ul style="list-style-type: none"> <li>Acceleration of the transition to a circular economy throughout the plastic life cycle assessment (LCA)</li> <li>Expansion of waste plastic materials and chemical recycling</li> </ul>	<b>Risks</b> Changes in raw materials due to the development of decarbonization technologies for steelmaking processes	Long term
			<b>Opportunities</b> Development and commercialization of chemical recycling plants	Medium to long term
	Increase in capital investment related to renewable energy due to the promotion of its diffusion	<ul style="list-style-type: none"> <li>Manufacture of low-carbon raw materials and fuels (RPF)</li> </ul>	<b>Risks</b> Loss of business opportunities due to delays in technological developments and business entry	Medium to long term
			<b>Opportunities</b> Wide-area expansion of our dismantling business	Short to long term
Physics	Growing proliferation of EVs, ESS, etc. associated with carbon reduction and decarbonization	<ul style="list-style-type: none"> <li>Increase in dismantling work for energy-related facilities</li> </ul>	<b>Risks</b> Curtailment of waste plastic thermal recycling	Long term
			<b>Opportunities</b> Expansion of the Lithium-ion Battery Recycling Business	Medium to long term
	Requirement for reporting of CO <sub>2</sub> emissions with respect to emissions reduction targets	<ul style="list-style-type: none"> <li>Increase in demand for nonferrous metals and minor metals in line with electrification (depletion)</li> <li>Rise in nonferrous metal and minor metal prices due to increased demand</li> <li>Development and increased use of alternative materials to reduce automobile weight and counter resource depletion</li> </ul>	<b>Opportunities</b> Expansion of the Collection Business of Gold, Silver & Copper Sediment Sludge (recycling of riddling ash, etc.)	Short to long term
			Creation of new businesses	Medium to long term
	Increase in heat stress due to rise in average temperatures	<ul style="list-style-type: none"> <li>Assurance of CO<sub>2</sub> emissions traceability (DX)</li> </ul>	<b>Risks</b> Reduction in the use of nonferrous metals and minor metals in line with technological developments	Medium to long term
			<b>Opportunities</b> Expansion of the scrap and waste logistics business	Medium to long term
Increase in natural disasters due to intensification of abnormal weather	<ul style="list-style-type: none"> <li>Regulation of outdoor work during summer</li> </ul>	<b>Risks</b> Loss of business entry opportunities due to delays in business development	Medium term	
		<b>Opportunities</b> Labor-saving, automation, remote control	Short to long term	
		<b>Risks</b> Decreases in labor productivity due to restrictions on working hours, etc.	Short to long term	
Increase in damage to plants and other business sites	<ul style="list-style-type: none"> <li>Increase in damage to plants and other business sites</li> <li>Increase in transportation and construction delays</li> <li>Increase in logistics accidents</li> </ul>	<b>Opportunities</b> Strengthening of response to disaster waste	Short to long term	
		<b>Risks</b> Shutdowns due to damage to plants and decline in profits due to production declines	Short to long term	
		Decreases in profits due to lost sales and purchasing opportunities	Short to long term	
			Increases in insurance and repair/restoration cost.	Short to long term

# Social

## ➤ Toward safe and secure workplace environments

### ACTION 01

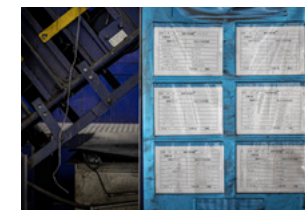
#### Cross-group “Environmental & Safety Promotion Committee”

ENVIPRO HOLDINGS Inc. makes the creation of safe and secure workplace environments its highest priority, and works to reduce industrial accident risks and ensure the safety of workers. The Environmental & Safety Promotion Committee develops cross-group activities led by the presidents of group companies. By sharing examples of companies' initiatives, verifying effects, sharing the progress of activities, and sending stronger messages to all employees, it is working to encourage all individuals to make changes in their awareness and to foster a corporate culture that creates safe workplace environments.

### ACTION 02

#### Risk prediction activities with participation by all

We are developing risk prediction activities across the group to report on points that workers find hazardous in work environments and on solutions to these. Every day, workers submit reports, which are posted on bulletin boards to be seen by all. While monitoring the effectiveness, we are expanding the risk prediction activities to sales departments, including transport teams, to instill the activities throughout the group. This is now showing effectiveness in reducing the number of industrial accidents and the scale of accidents.



Posting of risk prediction activity charts

### ACTION 03

#### Solidifying the corporate brand of being a safe and clean company

Understanding and analyzing the situation of industrial accidents is vital in improving the effectiveness of safety activities. In the past, group companies had individually carried out study meetings by review committees when industrial accidents occurred. As a new initiative to further speed up sharing within the group, we have begun to invite affiliated companies performing similar work or experiencing similar accidents to take part in the review committees. As accidents are frequent in the operation of vehicles, heavy machinery, forklifts, and so on, we are enacting measures that include equipping forklifts with drive recorders. Ultimately, however, it is people who operate equipment and systems. Steady activities that change the awareness of individuals and nurture that awareness as corporate culture form a cornerstone of efforts. We will continue making efforts and improvements under the slogan of “solidifying the corporate brand of being a safe and clean company”.



Drive recorder-equipped forklift

## To build a platform filled with good quality energy where employees can work energetically

Social

In achieving the ENVIPRO Group's mission of "Contribute to create a sustainable society," we believe it is important that all employees have the realization that their work is of use to society, and that this joy becomes a driving force for the growth of the company. Under the concept of "to build a platform filled with good quality energy," our group is working to create work environments where all employees can work energetically and make the most of their capabilities. The following is an introduction to the active involvement of a female employee who balances work with home life as a manager, along with the activities of an in-house project to enhance group cohesiveness.

### Creating work environments where women can play active roles

For the sustainable development of the ENVIPRO Group, we must create work environments where all employees can display their full potential and where people of different backgrounds can remain working together. The group particularly emphasizes the creation of friendly work environments for female employees, and has appointed women to management positions this fiscal year.

#### Women lead teams in management positions!

ENVIPRO HOLDINGS Inc.

Eriko Takeuchi Manager, General Affairs Section



**Q.** Tell us what makes you enthusiastic as a manager.

**A.** Since being appointed to my post in July 2021, I've been working hard to carry out my duties. Pooling my strength with three other women from the General Affairs Section, I want to make this a team that people can count on. Currently, we're making active use of web-based systems to standardize work and create an environment where we can follow up on each other.

**Q.** What do you see as friendly to women in the work environment?

**A.** We introduced a flextime system a year ago. This is very convenient in letting female employees with families go to work after their children go to kindergarten. Another great point of the company is a corporate culture that, with the understanding of superiors and the help of colleagues, can flexibly adapt to sudden needs to be away from work.

**Q.** What do you place value on at work?

**A.** The concept of thinking of the colleagues we deal with in work as customers within the company. We can't do our jobs alone. I keep this in mind especially when I hand off work to the next process.

**Q.** What are your future aspirations?

**A.** As the company and jobs have gone through major changes, I myself was able to grow by experiencing a number of jobs. Also, I see it as my responsibility to create opportunities for young employees to grow. I want to bring in others, concentrate my energy on positive things in the future, and grow together with the company!

#### Full power, at home and at work!

ASTOCO Inc. (Ecommit Azumino)

Chiemi Nomura Facility Manager



**Q.** What made you decide to join the company?

**A.** I left a job I had worked at for 15 years to care for my mother. The workplace had programs in place for cases like this, but the working environment made taking leave difficult. Some time after I left, I interviewed with ASTOCO. Right from the interview, they attentively asked about my mother's long-term care situation. I felt reassured with this company.

**Q.** Did you have any concerns about balancing work with home life?

**A.** My team has eight people, of which six are women. We rest assured that the president and superiors understand balancing work with family life, and that we can get help if something comes up. Employees express mutual aid and gratitude, and the words "thank you" can always be heard in the company. It's a place where I can feel fun and excitement on the job every day.

**Q.** At what times do you feel your job is rewarding?

**A.** Being entrusted with important work and expectations to deliver encourages me to do my best. Recently, I was happy to see the company adopt business planning materials that I created. I'm always able to put my experience with long-term family care and childcare to use in work. My hard work as a mother proves to be a great power on the job, too. I'll do my best to contribute to the company's growth, with a feeling of gratitude that keeps me going day by day!

### TOPIC

#### Formation of the Company Song Project Team

The COVID-19 pandemic has restricted physical communication within the group. In response, we decided to participate in the NIKKEI National Company Song Contest to boost solidarity within the company, and put together the Company Song Project Team. By creating a music video of the company song that plays every morning in offices and plants, we sought to revitalize communication throughout the group.

#### "Love All Over the World" is the title

We conducted a questionnaire survey of all employees and held discussions on the ENVIPRO Group's uniqueness and appeal, and what employees want to convey. The concept behind the production is to deliver energy to employees' family members, local residents, and everyone seeing the video, through the appearance and the smiles of employees who are serious about the environment and who remain committed to reducing wastefulness. The music video expresses an image of "love" being set on heart-shaped balloons and delivered to the world, to connect and spread.



Video now playing on YouTube

Music video: <https://youtu.be/A3eJwlF03zk>

Making of: <https://youtu.be/O5WirmE700k>

# Governance

## Corporate governance

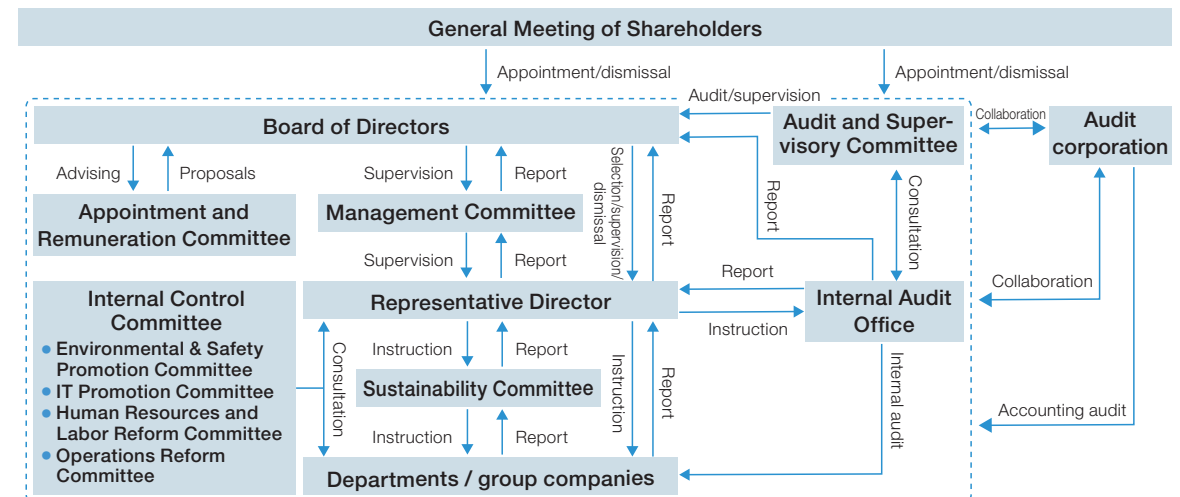
### Basic approach to corporate governance

The ENVIPRO Group recognizes that instilling our corporate philosophy throughout the organization is the most important aspect of governance, and that the strengthening of governance that brings discipline to organizations to sustain growth is a key issue in management. Responding to this issue, in addition to soundness, transparency, and efficiency of management we will always maintain awareness of corporate ethics and legal compliance in our corporate activities, and will work to strengthen and enhance our corporate governance.

#### History of corporate governance

2010	<ul style="list-style-type: none"> <li>Established current ENVIPRO HOLDINGS Inc.</li> <li>Introduced executive officer system</li> </ul>
2011	<ul style="list-style-type: none"> <li>Increased number of external directors from two to three</li> <li>Established Internal Control Committee</li> </ul>
2013	<ul style="list-style-type: none"> <li>Listed on the Second Section of the Tokyo Stock Exchange</li> </ul>
2015	<ul style="list-style-type: none"> <li>Revised the Internal Control Basic Policy</li> </ul>
2016	<ul style="list-style-type: none"> <li>Established the Appointment and Remuneration Committee</li> </ul>
2017	<ul style="list-style-type: none"> <li>Established the Audit and Supervisory Committee</li> <li>Increased the number of external directors from three to six</li> </ul>
2018	<ul style="list-style-type: none"> <li>Listed on the First Section of the Tokyo Stock Exchange</li> <li>Established the Sustainability Committee</li> </ul>
2019	<ul style="list-style-type: none"> <li>Performed early delivery of convocation notices (over three weeks in advance)</li> </ul>
2021	<ul style="list-style-type: none"> <li>Changed the Sustainability Committee to a key meeting body for promotion of the Medium-Term Management Plan</li> </ul>

#### Corporate governance structure diagram



Governance

## Board of Directors

The company's Board of Directors has 10 directors, of which six are external directors (including three members of the Audit and Supervisory Committee). It convenes once a month in principle. The Board of Directors makes decisions on matters important to the execution of the company's business, and oversees the execution of directors' duties. In fiscal 2020, the Board of Directors met 14 times, with a high attendance rate by all directors. At meetings of the Board of Directors, the President acts as chair to respectfully draw out the opinions of directors, not from the viewpoint of short-term benefits, but rather to discuss even seemingly irrelevant policies or measures and other matters from the perspective of medium- to long-term business growth.

### ▼ Senior executive skill matrix

Position in the company	Name	Corporate culture	Management strategy	Production technology	Overseas	CN · CE	Finance/ Accounting/ Taxation	Legal compliance	Human resources	IT	IR	Expert knowledge
President, Representative Director	Tomikazu Sano	●	●	●								
Senior Managing Director	Fumikatsu Sano	●	●	●	●							
Managing Director	Kozo Haruyama	●	●	●	●							
Director	Naoki Takekawa	●	●					●	●		●	
External Director	Miharu Murakami		●									
External Director	Kyuchan Hwang		●									Economics
External Director	Keiji Miyaki		●									
External Director (Audit and Supervisory Committee)	Shoji Ide		●						●	●	●	
External Director (Audit and Supervisory Committee)	Suguru Wada				●			●				Procurement
External Director (Audit and Supervisory Committee)	Hiroshi Kamiya						●					
Managing Executive Officer	Akiko Ishii	●										
Executive Officer	Norihiro Nakasaku	●	●			●					●	
Executive Officer	Kenta Imai	●		●								
Executive Officer	Yasushi Sugiyama	●					●			●		

\* CN: Carbon neutrality  
CE: Circular economy

## Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three external directors. In addition to attending General Meetings of Shareholders and Board of Directors meetings, directors who are Audit and Supervisory Committee members actively participate in internal meetings and work to understand the situation within the company, including the management system and the execution of business. The Audit and Supervisory Committee also meets regularly with the president and representative director to exchange views and maintain communication on issues that the company should address, the state of the environment for auditing by the Audit and Supervisory Committee, and other important matters pertaining to auditing. In order to maintain close collaboration with the Internal Audit Department and the Accounting Auditor, the Audit and Supervisory Committee holds regular liaison meetings with these and otherwise engages in exchanges of information to enhance auditing functions. In addition to the Internal Audit Office, the Committee also collects information from the internal control departments to conduct more thorough audits.

## Appointment and Remuneration Committee

The Appointment and Remuneration Committee is composed of five members: the representative director and four external directors who are independent senior executives. As an advisory body to the Board of Directors, it conducts preliminary deliberations on the nomination of director candidates (excluding those who serve as members of the Audit and Supervisory Committee), remuneration for directors, and other matters.

## Management Committee

The Management Committee consists of the full-time directors and the Chair of the Audit and Supervisory Committee. It may also include some executive officers, department managers, and members of Boards of Directors of group companies, as required for matters to be deliberated. The Management Committee generally meets once a month, to make decisions on specific matters important to the execution of the company's business and on the timely disclosure of information.

## Sustainability Committee

The Sustainability Committee consists of full-time directors, executive officers, and some related department managers, meeting once a month. The Sustainability Committee seeks to promote the Medium-Term Management Plan (Sustainability Strategy) that forms our strategy for achieving sustainable development for both the group and society. As an organization assisting decision-making by the representative director, it flexibly and actively discusses and examines the status of strategy promotion and future directions, including new business and M&A, from a long-term perspective.

## Internal Control Committee

Our group has established an Internal Control Committee chaired by the company president. This Committee consists of four subcommittees: the Environment and Safety Promotion Committee, IT Promotion Committee, Human Resources and Labor Reform Committee, and Business Operations Reform Committee. The Committee identifies risks, formulates countermeasures, and builds and operates internal controls across the group, including awareness-building activities. The Internal Control Committee generally convenes every quarter to allow presidents of group companies and members of subcommittees to set policies, make decisions, and report on important compliance matters, litigation and legal risk matters, and other matters that could have significant impacts on management.

# Creating a human resources strategy and a structure aimed at sustainable growth

## Human resources strategy linked to strategy

On July 1, the ENVIPRO Group established a new personnel department founded on a policy of actively advancing "human resources strategy linked to sustainability strategy". This sustainability strategy seeks to achieve our mission of "contribute to create a sustainable society," and is based on the idea that the growth of our group connects to contribution to society. Accordingly, holding the image that the growth of our group and the well-being of our employees are closely related, we set "build a platform filled with good quality energy where employees can work energetically" as the concept of our human resources strategy.

## Emergent capabilities, autonomy, and discipline

The concept of happiness is changing. It is undergoing a shift from the happiness of devoting one's self to the company for life, to demands for sustainable happiness through experiences including personal growth, a sense of fulfillment, and a sense of accomplishment. Happiness differs for every individual. Against that background, companies must prepare diverse working styles, conditions, and environments and must build a base that allows free choice through self-discipline. The organizational image that our group should strive for is that of "a disciplined group of autonomous individuals equipped with emergent capabilities". "Emergent" refers to human resources who can think, move, discuss, and collaborate on their own. "Autonomous individuals" are persons who act according to normative standards they themselves set. By collaborating with individuals from diverse backgrounds who are equipped with these two capabilities, we seek to become a "disciplined group" grounded in our corporate philosophy.

## Personnel strategy

As a sustainability strategy and a personnel strategy to achieve our image for the organization, we will promote the following five priority measures.

- Enhancement of the quality of relationships through dialog
- Respect for diversity
- Creation of comfortable workplaces
- Merit-based personnel system
- Fostering of corporate culture

## 2021 new graduate recruitment

Our group considers the securing of diverse human resources for the medium- to long-term enhancement of corporate value to be important. We make efforts to hire new graduates who will lead executive management in the future. In April 2021, eight new hires joined the group, including four who became ENVIPRO Inc.'s first directly-hired new graduates. Following a three-month training period, they were assigned to positions in July. Welcoming new employees, with existing employees taking positions of guidance, cultivates positive energy in the work environment and revitalizes the entire group. We will continue working to hire new graduates from the next fiscal year onward.



Group photo of fiscal 2020 new employees

TOPIC	A new structure for the promotion of sustainability strategy		
<p>Three new directors have been appointed at ECONECOL Inc. this fiscal year, with the aim of achieving further growth for the group and the promotion of sustainability strategy. For about 70 years since its founding, ECONECOL has shouldered metal resource processing, recycling, and other core businesses of the group. It plays a key role in promptly detecting changes in</p>	<p>social needs and actively undertaking technological evolution and new business initiatives to lead the group. The three directors, who have on-site experience in business development, plant design, sales, and other areas, will work across the group to strengthen alliances while actively engaging in business activities for the sustainable growth of the company and society.</p>		
 <p><b>Director Engineering Department Manager Masaki Hayakawa</b></p>	 <p><b>Director Production Department Manager Noritaka Akiyama</b></p>	 <p><b>Director of Sales and Business Development Department Manager Hirohito Endo</b></p>	
<p>"For society, for companies, and for one's own work, continuation is vital. We will press on, valuing further technological innovation and transmission to the next generation!"</p>	<p>"Our business is growing in importance as the world changes. We will tackle new businesses with cheerfulness, fun, and energy!"</p>	<p>"What's important is creating fans. Being a company, and people, who earn expectations and trust. We will stay on the lookout and continue to meet the needs of customers and society!"</p>	



Governance

# Our challenge: "Contribute to create a sustainable society"

## Approach to the Medium-Term Management Plan

In August 2021, ENVIPRO HOLDINGS Inc. reviewed the 5-year Medium-Term Management Plan (Sustainability Strategy) formulated in 2018 to achieve sustainable development of both the group and society. The Plan's management targets for the period ending July 2026 include net sales of 70 billion yen, ordinary profit of 4 billion yen, and ROE of 15.0%. The corporate value to which our group aspires is to enhance economic, environmental, and social value and to strengthen governance for maintaining these, to become a company that is strongly needed by the world to create a sustainable society. Toward that end, we want to build a "platform" filled with good quality energy where employees can work energetically. We will advance the construction of these foundations and will promote diverse businesses as opportunities for the resolution of issues, aiming to achieve a "decarbonized society", "circular economy society, distributed society".

<b>Corporate philosophy</b>	The key values of the ENVIPRO Group, and its corporate DNA (no timeline)
<b>Mission</b>	The ENVIPRO Group's significance in the world, and its purpose and aspirations on a defined timeline (the 30 years until 2050)
<b>Medium-Term Management Plan</b>	Strategy for achieving our long-term vision (July 2021 - June 2026)
<b>Fiscal year business plan</b>	Specific initiatives to achieve the Medium-Term Management Plan

## Fostering corporate culture and enhancing value through uniqueness

Our group believes that instilling our corporate philosophy throughout the organization and aligning it with our everyday business activities is the most important aspect of governance, and is an indispensable undertaking for the sustainable enhancement of corporate value. In order to do so, we equip employees with copies of our Management Plan that clearly sets out our corporate philosophy, values, and norm of conduct. By utilizing the our Management Plan in our business activities, instilling our corporate philosophy throughout the organization, and fostering our corporate culture, we will continue to sincerely hone the individual functions of competitive organizations that enhance economic, environmental, and social value.

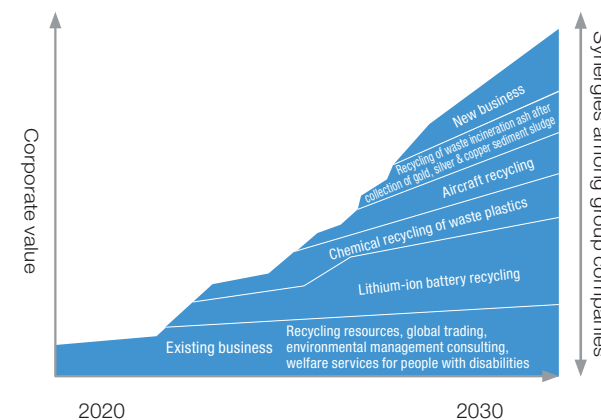
## Specific actions to achieve the strategy

In order to advance our business strategy, our group (1) will possess and constantly reform overwhelming technological advantages, (2) will strengthen and constantly hone organizational sales capabilities based on high technological capabilities, and (3) will possess and constantly enhance dynamic international distribution capabilities. Drawing on those premises, we will "deepen our existing businesses", "explore new businesses", and "optimize our business portfolio".

<b>Resource Circulation Business</b>	<ul style="list-style-type: none"> <li>Expansion of municipalities collecting riddling ash</li> <li>Strengthening wide-area cleaning and dismantling business with a nationwide perspective</li> <li>Construction of new plants</li> <li>Installation of large shredders</li> <li>Respond with the Act on Promotion of Resource Circulation for Plastics</li> <li>Promotion of M&amp;A</li> </ul>
<b>Global Trading Business</b>	<ul style="list-style-type: none"> <li>Expansion of import/export/trilateral trade and of domestic and international stockyards</li> <li>Promotion of scrap initiatives for ferrous metals, nonferrous metals, specialty, precious, and all other metals</li> <li>Development of new products</li> </ul>
<b>Lithium-ion Battery Recycling Business</b>	<ul style="list-style-type: none"> <li>Construction of new black mass plant</li> <li>Building alliances</li> <li>Establishment of hydrometallurgy plants</li> </ul>
<b>Other Business</b>	<ul style="list-style-type: none"> <li>Promotion of employment of people with disabilities through enhancement of employment support and growth of social farming</li> <li>Group synergies through expansion of consulting on TCFD and other circular economy-related and climate change-related issues</li> </ul>

## Long-term initiatives to create corporate value

Our group will optimize its business portfolio by deepening or withdrawing from existing businesses and by exploring new businesses.



## Profit distribution

The group's approach to profit distribution is to follow a general standard of 30% for investment in growth fields, 10% for research and development, 20% to 30% for dividends as a return to shareholders, and 30% to 40% for internal reserves.

Item	Ratio
Growth investments	30%
Research and development	10%
Return to shareholders	20%-30%
Internal reserves	30%-40%