

## ESG Initiatives Governance

The ENVIPRO Group operates a corporate governance system based on its corporate philosophy. The system aims to foster sustainable corporate growth and enhance corporate value over the medium to long term.



Governance

## Governance

# Promoting Corporate Governance Based on the Corporate Philosophy

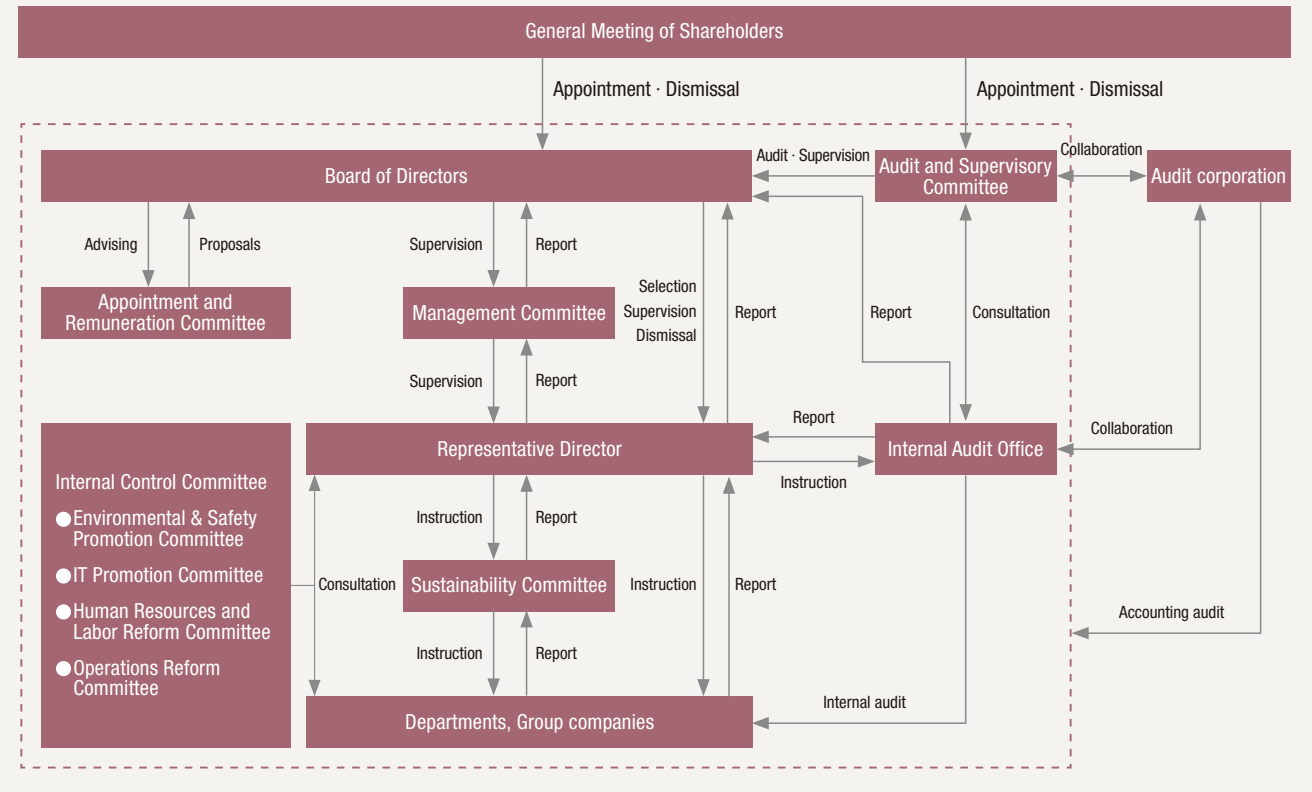
## Basic Approach to Corporate Governance

The ENVIPRO Group recognizes that instilling its 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. Aiming for sustainable growth and the enhancement of corporate value over the medium to long term, in 2021 the Group disclosed a medium-term management plan (Sustainability Strategy), which will serve as the basis for

## 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>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>Established 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> </ul>
2018	<ul style="list-style-type: none"> <li>Listed on the First Section of the Tokyo Stock Exchange</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>Disclosed a medium-term management plan (Sustainability Strategy)</li> <li>Changed the Sustainability Committee to a key meeting body for promotion of the medium-term management plan</li> </ul>

## Corporate Governance Structure



management decision-making. We will continue to promote our medium-term management plan (Sustainability Strategy) to enhance our economic, environmental, and social value, and strengthen our governance to sustain these values.

## Board of Directors Met 15 Times in Fiscal 2022

The company's Board of Directors has 12 members, of whom eight are outside directors (including four members of the Audit and Supervisory

Committee). In principle, the board meets monthly. 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 2021, the Board of Directors met 15 times and had a director attendance rate of 100%. 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.

## Reasons for Selection of Skill Matrix Items

- Under our corporate culture, we have selected the item in line with our belief that the most important issue for long-term profits and governance is to ensure that our corporate philosophy permeates every corner of our organization.
- In the area of production technology, we have adopted the item that reflect our need for knowledge of our business areas and production technology to expand our plants and introduce new technology in line with our business investments.
- With respect to business execution related to our CN (carbon neutral) and CE (circular economy) efforts, we had selected items reflecting our need for knowledge of CN realization and CE business development.

## Audit and Supervisory Committee

Met 14 Times in Fiscal 2022

The Audit and Supervisory Committee consists of four outside 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

Met 3 Times in Fiscal 2022

The Appointment and Remuneration Committee is composed of five members: the representative director and four outside 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

Met 12 Times in Fiscal 2022

The Management Committee consists of the full-time directors and the Chair

## Senior Executive Skill Matrix

Position in the company	Name	Years in position	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	12	●	●	●								
Senior Managing Director	Fumikatsu Sano	12	●	●	●	●							
Managing Director	Kozo Haruyama	7	●	●	●	●							
Director	Naoki Takekawa	3	●	●			●	●	●			●	
Outside Director	Yoshiharu Murakami	12		●									
Outside Director	Kyuchan Hwang	12		●									Economics
Outside Director	Keiji Miyaki	4		●									
Outside Director	Hiroko Nomura	Newly appointed								●		●	Diversity promotion
Outside Director (Audit and Supervisory Committee)	Shoji Ide	11		●						●	●	●	
Outside Director (Audit and Supervisory Committee)	Takashi Wada	8				●			●				Procurement operations
Outside Director (Audit and Supervisory Committee)	Hiroshi Kamiya	1					●						
Outside Director (Audit and Supervisory Committee)	Kiyoshi Shinohara	Newly appointed		●		●			●				Policy
Managing Executive Officer	Akiko Ishii	–	●										
Executive Officer	Norihiro Nakasaku	–	●	●			●					●	
Executive Officer	Kenta Imai	–	●		●								
Executive Officer	Yasushi Sugiyama	–	●					●			●		

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

Met 12 Times in Fiscal 2022

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

Met 13 Times in Fiscal 2022

The Group has 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 committee enables 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.