

Sustainability Strategy

Sustainability Strategy to overcome non-continuous changes and to sustain business growth



Mission Statement

The ENVIPRO Group espouses the mission statement, which is to “contribute to create a sustainable society.” The mission statement demonstrates how our group will contribute to society through our businesses, which is our purpose for existing. It indicates the general, unchanging direction for our group to follow, no matter how the times and social environment change. This is also a message to those people who feel empathy with this statement to “work together to this end.”

Sustainability Strategy

To ensure the achievement of the mission above, our group has developed the Five-year Sustainability Strategy (FY2018 - FY2022). By focusing on businesses that address unsustainable conditions in society, we will promote the sustainability of both society and our company.

Based on the corporate philosophy, we will restructure and establish a set of systematized mechanisms, ranging from the mission and the strategies to the implementation plans over years. Linking the Sustainability Strategy with the implementation plans developed by our group companies through the steady operation of the new mechanisms, we will enhance the implementation levels, thereby achieving our mission.

Sustainability Strategy

Verification of business segments to facilitate prompt management decision-making

In the past, our business reports described all activities under the single segment that was the “Resource Recycling Business.” However, in order to develop implementation strategies by segment and facilitate prompt management decision-making in response to the drastically changing economic environment, we have developed multiple segments since June 2019: “Resource Circulation Business,” “Global Resource Circulation Business,” “Used-cars-related Business,” and “Others” that includes “Environment Management Consulting Business” and “Welfare Service Business for Persons with Disabilities”.



Business segment	Description	Company
Resource Circulation	Reuse	Promoting the distribution of used products and maintenance parts without modifying their functionality or value.
	Recycling (Resource recovery)	Promoting recycling by developing highly advanced technologies that can shred metal scrap and waste, and physically sort them by material type based on their different properties.
	Remanufacturing	Manufacturing recycled raw materials and articles out of waste and scrap by taking the advancement of recycling technologies to the next level.
Global Resource Circulation	Promoting optimal global resource circulation through the import/export and trilateral trading of a wide range of resources including metals, plastic scrap, and biomass fuel.	Processing department, ECONECOL Inc. KURODA RECYCLE Co., Ltd. SYN ECO Inc.
Used-cars-related	Stocking high-quality Japanese used cars/heavy machinery and used car maintenance parts such as engines, and exporting them overseas as well as trilateral trading.	TOYO RUBBER CHIP Co., Ltd. PLA 2 PLA Inc. VOLTA Inc.
Others	Offering consulting services specialized in environmental management, including the provision of support for companies to develop their own environmental strategy and CO ₂ emission reduction plan. Further, undertaking the business to help persons with disabilities secure employment by offering on-the-job training to enhance their skills.	Equity method affiliates ARBIZ Corporation Fuji Eco Cycle Co., Ltd.
		Foreign trade department, ECONECOL Inc.
		3WM Co., Ltd. (Including the three overseas subsidiaries)
		Bright Innovation Co., Ltd. ASTOCO Inc.

Sustainability Strategy

Identifying material issues for the realization of sustainable development

In modern times, a wide variety of issues have surfaced which put the sustainability of society at risk, such as the impacts of climate change, anticipated shortages of material resources, the declining birthrate and the aging population. We believe that businesses can play a crucial role in addressing these issues, which will in turn provide them with larger markets and more business opportunities.

In view of our mission statement, which is to “contribute to create a sustainable society,” we examined the strengths of our group and the impact of these issues on business, in addition to requests from society to address such issues and our purpose for existing. We subsequently identified “material resources” and “energy resources” as two material issues to the company.

By explicitly designating the business strategy concerning these material issues as the Sustainability Strategy, we will firmly promote the implementation of any relevant activities.

Process to identify material issues

Step 1

Identifying business risks/opportunities in society

We verified the business and social environments of the company by identifying the issues and risks both inside and outside of Japan that create unsustainable conditions, the directions that society should follow to realize a sustainable society, and any associated business opportunities.

Step 2

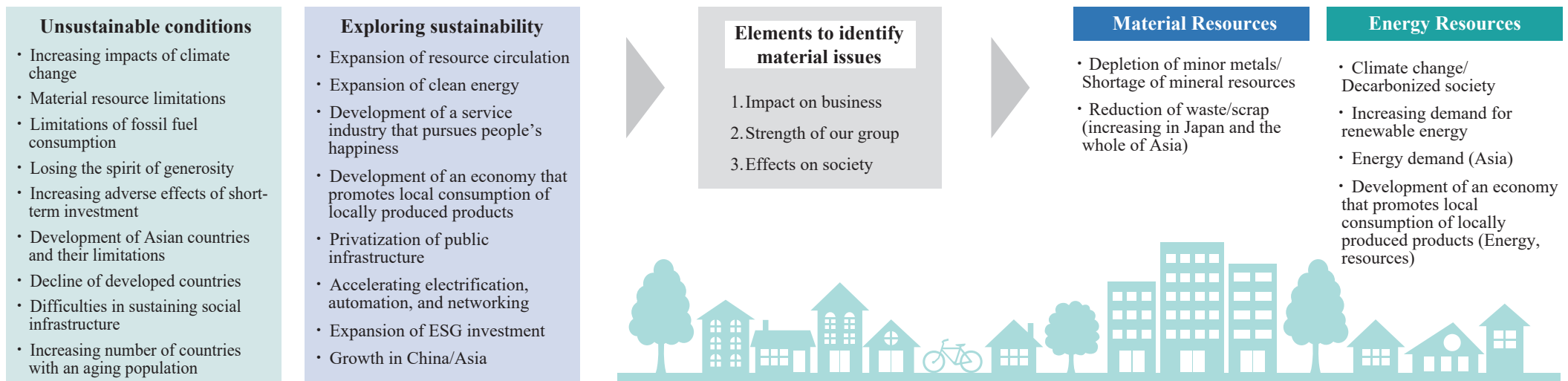
Examining issues from the three points of view

To identify material issues to our company, we examined the identified business risks and opportunities against the three elements that specify material issues: “impact on business,” “strength of our group,” and “effects on society.”

Step 3

Identifying material issues

After identifying “material resources” and “energy resources” as our two material issues, we used them to verify the direction of our company and developed the Sustainability Strategy by applying a backcasting approach.



Sustainability Strategy

Various activities for the achievement of Sustainable Development Goals (SDGs)

The ENVIPRO Group has specified some SDGs that are particularly relevant to the business and our mission statement, which is to “contribute to create a sustainable society,” and has been implementing various activities which contribute to the achievement of SDGs, particularly focusing on those specified above.

What are the Sustainable Development Goals (SDGs)?

The Sustainable Development Goals are a collection of international development goals to be achieved between 2016 and 2030, which was adopted by the UN Summit held in September 2015. They consist of 17 goals and 169 targets to realize a sustainable world and pledge to leave no one behind.



Goal 1: Poverty



- With the improvement of the efficiency and the profitability of our business, including those of the Resource Circulation Business, we will increase the income of the employees and improve their quality of life.

Goal 3: Health



- We prevent water and soil pollution and contamination by properly managing scrap materials at our plants which comply with safety and environmental standards.

Goals 4 and 10: Education/Equality



- Under government sponsored programs such as the pre-employment transition support program and the type B continuous employment support program, we provide an environment where persons with disabilities are able to acquire knowledge and skills, and support them to be continuously engaged in rewarding work.



Goals 5 and 8: Gender/Working Environment



- We have created an environment where employees can choose a working style that fits them best, by introducing various systems including those for permanent employees with shorter working hours and telecommuters in order to meet the different needs of employees including female employees with small children.



- We thoroughly implement measures to prevent work accidents in order to ensure the safety of employees.

Goal 7: Energy



- We joined “RE100*1” in July 2018, setting a goal to match 100% of the electricity consumed in our business activities with electricity generated from renewable sources by 2050. We have adopted renewable energy to power our factories, and promote the introduction of renewable-energy power systems such as the installation of solar panels on factory roofs.
- We promote international transactions of PKS (Palm Kernel Shell) by establishing container yards in South East Asia. We will contribute to increasing the supply of sustainable biomass fuel by expanding our involvement in the supply of wood pellets in the future.

*1: RE100: a global initiative which brings together companies committed to using 100% renewable energy for the electricity consumed in their businesses.

Goals 9 and 12: Technology Innovation/Consumption and Production



- We contribute to the circulation of limited resources and reducing waste by engaging in the recycling business to collect precious metals from metal scrap and waste, and the remanufacturing business to produce recycled raw materials. Moreover, we aim to establish a sustainable consumption and production mechanism by further developing the technologies and experience that we have nurtured over the years. To this end, in 2018 we established a new laboratory in ENVIPRO HOLDINGS Inc.



Goal 11: Community Development



- “Syn Eco Plaza Azumino” contributes to revitalizing the local community and the development of a sustainable community through recycling and creating employment: the collection and recycling of waste and items disposed by households, and the hiring of persons with disabilities at the factory.

Goal 13: Climate Change



- We contribute to the reduction of CO₂ emissions across supply chains through our engagement in the recycling and remanufacturing businesses, the mainstay of our company. Furthermore, we promote CO₂ emission reductions in the recycling and manufacturing processes by promoting the purchase of electricity generated from renewable sources and adopting a renewable-energy power system.
- We help companies reduce CO₂ emissions by providing consulting services for them to formulate their decarbonization strategies as well as solution services such as the adoption of renewable energy.
- We endorsed the “TCDF (Task Force on Climate-related Financial Disclosures) recommendations” in May 2019. We will analyze the risks and opportunities of climate change on our businesses and integrate them into our business strategies.

Goal 14: Marine Resources



- We contribute to preventing marine pollution caused by plastics by developing technologies which sort waste plastics and recycle them into pellets, and expanding the range of recycled raw material use.

Goal 17: Partnerships



- We contribute to promoting global resource circulation and the control of environmental pollution through the export of reusable products, including used cars from Japan and international transactions of resources.
- By joining the following initiatives, we acknowledge our engagement in environmental businesses and promote activities which will lead to the realization of a sustainable society.
 - Japan Climate Leaders’ Partnership (JCLP)
 - RE100
 - CDP² Scoring partner

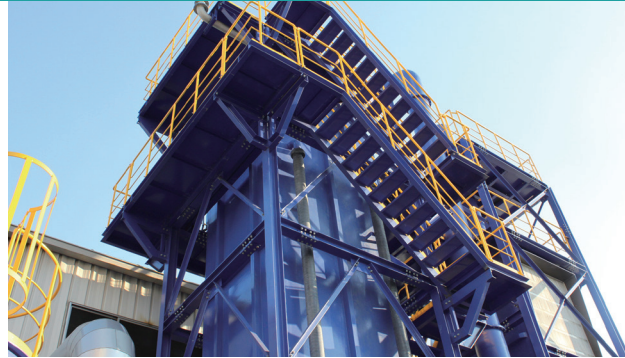
*2 CDP: Global initiative concerning the disclosure of climate change-related information.

Sustainability Strategy

Sustainability Strategy Highlights

Lithium-ion Battery Recycling Plant operations

Operations at a recycling plant for lithium-ion batteries started in September 2018. It promotes the collection of minor metals (cobalt, nickel, etc.) from batteries. →P.17



Launching of High-Filling High-Speed Melting Business

In June 2019, we introduced a new technology to mix and fuse materials together that an ordinary kneader finds difficult to mix. In collaboration with the manufacturers of basic materials and others, we are engaged in developing various uses for recycled materials. →P.21



Obtained a patent for a technology related to the collection of precious metals from waste incineration ash

In May 2019, we obtained a patent for a technology to collect precious metals from waste incineration ash discharged by general waste disposal facilities. As of June 2019, we concluded agreements with three municipalities for the purchase of riddling ash. In FY2018, 22.7 kg of gold and 162.5 kg of silver were collected from waste incineration ash. →P.16



TOYO RUBBER CHIP Co., Ltd. has become an "RE100 Factory"

In May 2019, TOYO RUBBER CHIP Co., Ltd. successfully achieved 100% of the electricity consumed by the factory with renewable energy, becoming an "RE100 factory." Priority will be given in receiving electricity from the Komiya Solar Power Plant owned by a group company. →P.22



RE 100

Opening of Syn Eco Plaza Azumino

Syn Eco Plaza Azumino, a recycling center for regional circular and ecological economy through recycling, was opened in April 2019 with the aim of helping to address social issues in the community through recycling and employment creation. →P.19



New laboratory established under ENVIPRO HOLDINGS, Inc.

The laboratory was established in order to develop core technologies through the assessment of recycling technologies, analysis of recycled raw materials, accumulation of data, and acquisition of technical know-how. →P.33



Mottainai BOX Approved by the "Regulatory Sandbox Framework"

Approved by the Regulatory Sandbox Framework, we installed the "Mottainai BOX" in 13 municipalities across the northern part of Nagano in April 2019. Using IoT to manage the collection boxes installed across a wide area, we promote the efficient collection of material resources and the improvement of recycling rates. →P.20



Procurement of the retired dedicated aircrafts of Japanese government

In May 2019, we concluded the purchase and sale agreement for two retired dedicated aircrafts of Japanese government (B747-400), after winning a tender invited by the Air Self-Defense Force. They were handed over at the end of June in the same year. We sold used parts to buyers as resources to be recycled. →P.25



Sustainability Strategy

Circular Economy and Our Group Businesses

What is the Circular Economy?

In recent years, the circular economy concept has been gaining considerable attention. This is an alternative economic system to the linear economy which is characterized by mass-production, mass-consumption, and mass-disposal, and the one-way flow of materials. The circular economy is aimed to reduce wastes and instead use them circularly as resources.

It is intended to address environmental issues while achieving economic growth by creating the maximum added value with the minimum investment. This concept is totally consistent with the goal of our Sustainability Strategy, “to achieve concurrent sustainability of society and our company.”

Risks and Opportunities

The circular economy is expected to change economic models from the simple selling of products to the sharing of products, and the selling of experiences and functions. Furthermore, the flow of wastes and resources will be potentially adjusted in accordance with whoever owns the products.

Moreover, if manufacturers start getting involved in the procurement of necessary resources or recycled raw materials, the boundary between arterial (product supplying) and venous (recycling) industries may disappear, potentially leading to new competition among industries. This could pose business risks for our group.

On the other hand, there are also various potential business opportunities such as the expansion of recycled raw material use and markets, and the emergence of new business models through the development of IoT in the venous industry. Our group needs to decide on our positions where we can take the maximum advantage of our strengths.

Circular Engine of the Circular Economy

The circular economy aims to provide another value for materials that were once discarded. Our group’s Resource Circulation Business offers social value to consumers by giving them the opportunity to choose eco-friendly products. It creates new resource value for disused primary materials. Therefore, our group believes that we can play a crucial role in the circular economy, performing the function of an engine for resource circulation.

Focusing on the reuse, recycling and remanufacturing of materials, we will promote the finest technologies for resource circulation across supply chains, and the development of arterial-venous collaboration systems through partnerships with manufacturers. Through these engagements, we will grow into a company that is truly appreciated in a society which is experiencing a transition to the circular economy.

Roles of Our Businesses in the Circular Economy

