

To achieve carbon neutral

Commit to become carbon neutral in our business by 2050

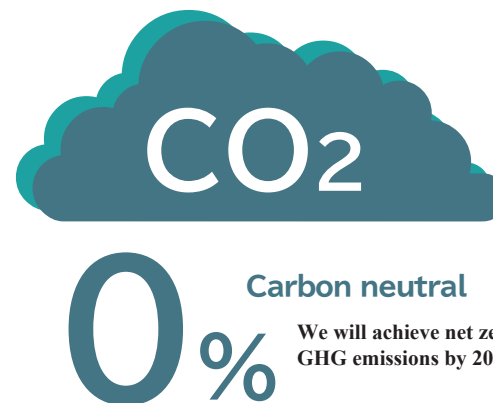
Carbon neutral by 2050

Through our Resource Circulation Business, we contribute to greenhouse gas (GHG) emissions reduction in the product lifecycle. Nonetheless, we declare that the GHG emitted from all of our businesses of our Group to be carbon neutral by 2050.

In this way, treatment and recycling operations of all the scrap and waste we handle, will be performed with net zero emissions.

Resource depletion and climate change are not just two separate issues; they are closely intertwined with each other as a global social issue. Our Group's business, which is located at the end of the supply chain and responsible for Resource Circulation Business, has the characteristics that enable it to tackle both of these critical social issues through its business process, and we believe that this is precisely the social responsibility that we should fulfill.

Endless resource exploitation and GHG emissions are detrimental to sustainability. Thus we should find the solution to preserve the Planet Earth's resources and its natural environment we share in the future. We will continue to play the role of supporting the social infrastructure by accelerating resource circulation through circular economy-related business activities and by making our entire business operations carbon neutral.



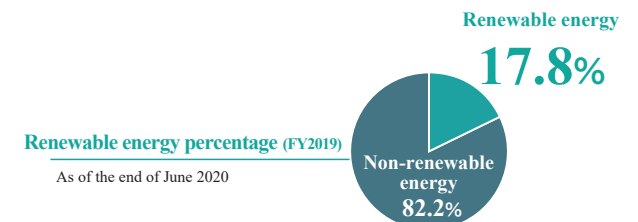
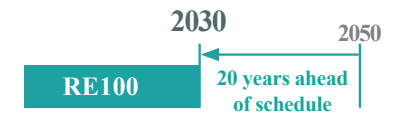
Renewable energy 100% in our business by 2030

RE100 by 2030

In July 2018, we joined "RE100", which aims to source 100% renewable energy in our business by 2050. Currently, renewable energy sources in our group accounts for 17.8%.

This time as we announced our commitment to be carbon neutral by 2050, we reset our target year of RE100 to 2030, which is 20 years ahead of schedule. This is because we recognize that expanding and accelerating renewable energy which is the most important measure against climate change is an important theme to tackle for our company, which has the mission of "contribute to create a sustainable society".

RE100
CLIMATE GROUP | CDP



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

(Five-year strategy for the period from FY2018 to FY2022)

Goal

To achieve concurrent sustainability of society and our company

Key policies

Greatly enhance the company’s credibility in society

Effectively demonstrate the HOLDINGS’ leadership within the group to improve corporate governance and promote the brand

Greatly enhance efficiency in the use of operational resources

Consolidate businesses in line with the Sustainability Strategy for the efficient use of operational resources

Greatly enhance productivity

Greatly enhance productivity by making use of new technologies and experience

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 Step 2 Examining issues from the three points of view Step 3 Identifying material issues

Unsustainable conditions

- Increasing impacts of climate change
- Material resource limitations
- Limitations of fossil fuel consumption
- Losing the spirit of generosity
- Development of Asian countries and their limitations
- Decline of developed countries
- Difficulties in sustaining social infrastructure
- Increasing number of countries with an aging population
- Increasing adverse effects of short-term investment

Exploring sustainability

- Expansion of resource circulation
- Expansion of clean energy
- Development of a service industry that pursues people’s happiness
- Development of an economy that promotes local consumption of locally produced products
- Privatization of public infrastructure
- Expansion of ESG investment
- Accelerating electrification, automation, and networking
- Growth in China/Asia

Elements to identify material issues

1. Impact on business
2. Strength of our group
3. Effects on society

Material Resources

- Depletion of minor metals/ Shortage of mineral resources
- Reduction of waste/scrap (increasing in Japan and the whole of Asia)

Energy Resources

- Climate change/Decarbonized society
- Increasing demand for renewable energy
- Energy demand (Asia)
- Development of an economy that promotes local consumption of locally produced products (Energy, resources)



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.

SUSTAINABLE DEVELOPMENT GOALS



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.
- We are promoting new ways of working, including telecommuting and the flex-time scheme, as part of measures to prevent the expansion of COVID-19 to employees and the general public.

Goal 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.
- We run various employee training programs to improve their skills, including a business school for employees.



Goal 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.
- Envipro Holdings Inc. began recruiting new graduates in fiscal 2019. To build upon the current practice of hiring persons with disabilities, we will be offering worthy job opportunities for people of different backgrounds.



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.

*1RE100:aglobalinitiativewhichbringstogethercompaniescommittedtousing 100%renewableenergyfortheelectricityconsumedintheirbusinesses.

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
 - CDP*2 Scoring partner
 - CLOMA (Clean Ocean Material Alliance)

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

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 forward (product supplying) and reverse (recycling) logistics in the supply chain 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 industries in the reverse logistics. 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 collaboration systems of forward and reverse logistics 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

