

Materiality Items (Priority Issues) to Realize Our Mission

01 A Pressing Need to Respond to Climate Change

Various social issues in Japan and overseas are leading to unsustainable conditions. In 2023, average global temperatures are expected to reach all-time highs, sparking discussions about the onset of an era of the global boiling—clearly more severe than global warming. The external environment around us is also undergoing major changes.

02 Looking to Achieve Carbon Neutrality by 2050

Society is likely to press more firmly for carbon neutrality as climate change advances. Achieving carbon neutrality requires not only the electrification of economic activity and the transition to renewable energy for power consumption but also the reassessment and intentional redesign of product lifecycles. This means taking a circular economy approach to manufacturing, usage, and disposal.

03 Working to Expand the Circular Economy

The ENVIPRO Group’s goal is to achieve a sustainable society by “using every material repeatedly, preserving their value for as long as possible.” We promote RE100 and produce green materials*, including ferrous scrap and other non-ferrous metals and minor metals that are necessary to support the electrification of economic activities. By integrating the production of these green materials into arterial procurement and manufacturing processes, we aim to realize a circular economy and establish a supply chain that allows products and materials to continue circulating while maintaining their value. The market related to the circular economy is expected to expand significantly both in Japan and overseas. In Japan, the market is projected to reach a value of ¥80 trillion by 2030 and ¥120 trillion by 2050.

Societal Trends Surrounding the ENVIPRO Group

Long-Term Trends

GX

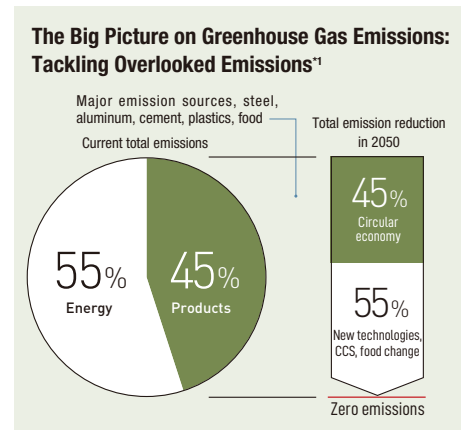
GREEN TRANSFORMATION

DX

DIGITAL TRANSFORMATION

Medium- and Short-Term Trends

- Demand for the establishment of a green value chain
- Growing international competition for resources
- Surfacing social issues related to waste plastics
- Data utilization in non-IT businesses
- Increase in utilization of IoT, AI, robotics
- Increasing competition for human resources



According to the Ellen MacArthur Foundation², 55% of all greenhouse gas emissions can be reduced through renewable energy conversion, while the remaining 45% are attributed to the manufacturing and use of products. Reducing this 45% can be addressed through a circular economy approach. In Japan, it is also estimated that in some sectors resource circulation has the potential to reduce as much as 36% of emissions that contribute to greenhouse gases³.

Identifying Materiality Items (Priority Issues) as a Company That Leads the Circular Economy

Themes	Materiality Items (Priority Issues)	Corresponding SDG Targets
Production of Green Materials	Increasing demand for green materials in the supply chain <ol style="list-style-type: none"> Increasing demand for ferrous scrap due to building of additional electric furnaces Increasing demand for nonferrous metals and minor metals due to electrification Promotion of advanced resource circulation of waste plastics 	
Productivity, DX	Reducing labor required in the production process, promotion of data utilization in business activities	
Personnel development	Investment in human resources to promote business activities	

¹ Source: “Completing the picture: How the circular economy tackles climate change,” the Ellen MacArthur Foundation
² Ellen MacArthur Foundation: This organization was established in the United Kingdom in 2010 with the vision of accelerating the transition to a circular economy. Since its establishment, the foundation has engaged in various activities, including awareness campaigns through information dissemination and the establishment of a global network transcending national boundaries.
³ Source: “Reference Materials on the Second Progress Check of the Fourth Basic Plan for Establishing a Sound Material-Cycle Society and the Circular Economy Process Chart,” Ministry of the Environment
⁴ Green materials: Materials made from terrestrial resources (waste) in ways that do not produce greenhouse gases or produce very little greenhouse gases (recycled raw materials and recycled materials)

The Value Creation Process

Mission Statement

“Contribute to Create a Sustainable Society”

This is the ENVIPRO Group's significance in the world and its purpose and aspirations until 2050.

Materiality Items (Priority Issues)

- Increasing demand for green materials in the supply chain ▷P8
- Reducing labor required in the production process, promotion of data utilization in business activities
- Investment in human resources to promote business activities

Inputs

(Year ended June 2023)

Financial Capital

- Total assets **¥33.6billion**
- Equity ratio **48.6%**

Manufacturing Capital

- Group companies **14**
- Domestic plants **12**
- Shipping ports **13**
- Overseas locations **4**
- Capital investment **¥4.6billion**

Intellectual Capital

- Patents held **19**
- Laboratory expansion

Human Capital

- Employees (consolidated) **632**

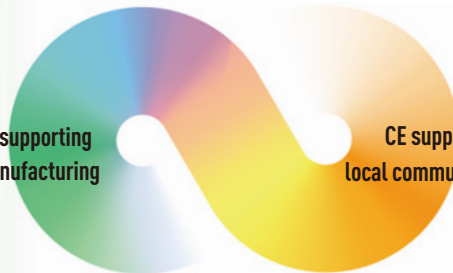
Natural Capital

- Resource recovery rate **94.3%**
- Electric power from renewable sources **86.5%**
- Reduction in CO₂ emissions **50.1%**

Business Model

Strategy Concept

Lead a circular economy



The ENVIPRO Group will take the lead in building momentum for the circular economy throughout Japan and contribute to create a sustainable society.

Strengths of the ENVIPRO Group

- Corporate culture
- Technological capabilities
- Trading capabilities
- Logistics capabilities
- Inventiveness
- Sales capability
- Productive capacity
- Collection capability



Growth Platform

Management Platform ▷P42

Image for the organization:

A disciplined group of autonomous individuals with emergent abilities ▷P38

Corporate Philosophy:

The key values of the ENVIPRO Group, and its corporate DNA (no timeline) ▷P3

Targets of the Medium-Term Management Plan (Mid-Term Plan 2028)

Financial Capital ▷P10

- Net sales **¥80.0billion**
- Ordinary profit **¥5.0billion**
- ROE **13.0%**
- ROIC **9.0%**
(Targets for the year ending June 2028)

Manufacturing Capital

- Investment **¥20.0billion**
- LIB recycling business
- Introduction of new technology
- Promotion of DX
- Environmental improvement ▷P39
- M&A Etc.

Intellectual Capital

- New technology development
- Laboratory expansion

Human Capital

- Development of **100** business promoters ▷P37
- Promotion of diversity ▷P38

Natural Capital

- RE100 by 2030 ▷P31
- Carbon neutrality by 2050

Value Provided

- Economic value
- Social value
- Environmental value

Natural environment

- Helping to create a decarbonized society



Local Community

- Development of local resource recycling facilities
- Employment and solutions to employment issues



Business Partners

- Safe and secure response to various needs in a decarbonized society



Employees

- Providing an environment where diverse human resources can work with vigor and enthusiasm



Shareholders and Investors

- Enhancing shareholder returns through sustainable growth

