

E nvironment

■ Environmental Policy

We have established the following environmental policy and will act accordingly, placing importance on harmony with the natural environment and coexistence with the local community, with the mission of “Contribute to create a sustainable society,” and under the concept of “Lead a circular economy.”

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■ CO₂ Reduction Targets

	Base Year	Target year: 2027	Target year: 2050
Scope1	2017	63%	100% Net zero
Scope2	2017		
Scope3	2022	12.5%	—

■ Target for Ratio of Renewable Energy in Electricity Use

100% by 2030



S ocial

■ Human Rights Policy

The ENVIPRO Group places importance on respecting and promoting human rights, and complies with and promotes the human rights policy set forth herein in accordance with international human rights frameworks such as the “United Nations Guiding Principles on Business and Human Rights.”

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■ Active Employment of Women

Targeting a ratio of 20% of women in management positions by June 2028



G overnance

■ Percentage of Female Directors

9.1% (September 30, 2023)

■ Outside Directors

We have established and disclosed criteria for the appointment of outside directors. Based on these criteria, we appoint individuals who meet the requirements for the determining the independence of independent outside directors.



Environment **Initiatives to Achieve the SDGs**

The ENVIPRO Group's Approach to the SDGs

The ENVIPRO Group has identified SDGs that are consistent with the nature of our business and our mission statement of "Contribute to create a sustainable society," around which we engage in activities to achieve the SDGs.

Making Every Effort with Every Partner

As actions aimed at achieving the SDGs, we will advance collaboration within the Group, with companies in the supply chain, and with administrative agencies, local communities, and citizens.

Partnerships

Through participation in corporate groups and international initiatives, we are expanding partnerships aimed at achieving a sustainable society.

- Japan Climate Leaders' Partnership (JCLP)
- RE100^{*1}
- CDP^{*2} Scoring Partner
- Clean Ocean Material Alliance (CLOMA)
- Japan Climate Initiative (JCI)

*1 RE100: Means "100% Renewable Electricity." An international initiative for companies that aim to procure 100% of the electricity required for their business operations from renewable energy sources.
*2 CDP: An international initiative for the disclosure of information on climate change response



Contribution to the Economy

ECONOMY

- No poverty
- Technological innovation



The ENVIPRO Group helps to reduce environmental impact and contributes to the economic development of countries in need by distributing high-quality used cars and other products to where they are needed in the world.



At the laboratories of ENVIPRO HOLDINGS Inc., we are working on the development of technology to collect the minor metals cobalt, nickel, and lithium with high purity from waste lithium-ion batteries through hydrometallurgy, and the enhancement of analysis accuracy, to contribute to the development of technology that will form the basis of a circular economy and a decarbonized society.

Contribution to Society

SOCIETY

- Health
- Education
- Gender
- Working environment
- Equality
- Community development



We prevent water and soil pollution and contamination by properly managing scrap materials at our plants, which comply with safety and environmental standards. In addition, to prevent infectious diseases, the entire Group has established guidelines such as a vaccination assistance system and the provision of thermometers and sterile alcohol solution.



The ENVIPRO Group offers worthy job opportunities for people of different backgrounds, such as recruiting new graduates and providing employment to people with physical challenges. We thoroughly implement measures to prevent work accidents at our plants to ensure the safety of our employees.



ASTOCO Inc. provides high-quality educational opportunities for people with disabilities so that they can participate in society with confidence and a sense of purpose.



Under programs such as the pre-employment transition support program and the type B continuous employment support program, we provide support that enables people with disabilities to remain engaged in rewarding work.



We have introduced systems for telecommuting and shortened working hours for permanent employees, and provide an environment that lets employees, including those raising children or performing family care, choose a working style that fits them best.




We contribute to community revitalization and the development of a sustainable cities and communities through recycling and the creation of employment, by collecting and recycling waste and discarded household items and by hiring local people with disabilities at our plants.


Contribution to the Environment

BIOSPHERE


- Energy
- Consumption and production
- Climate change
- Life below water




We joined the RE100 initiative in July 2018 and set a goal of shifting to 100% renewable energy by 2030 for the energy consumed in our business activities. In addition to switching to renewable energy for the electricity used in our plants, we are installing solar panels on plant roofs and otherwise introducing renewable energy power generation equipment.



Under the goal we have set of achieving carbon neutrality by 2050, we will work to reduce GHG emissions from our business activities. We also contribute to the reduction of emissions across the supply chain through our circular economy initiatives. In May 2019, we publicly endorsed the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will identify and evaluate opportunities and risks placed on our businesses by climate change, integrate these into our business strategies, and engage in appropriate information disclosure.



The ENVIPRO Group is committed to promoting a circular economy, aiming to maximize product utilization throughout the value chain and minimize resource value leakage. Through maintenance, reuse, refurbishment, recycling, and remanufacturing, we contribute to the circulation of limited resources and the reduction of waste.



We contribute to the prevention of marine pollution stemming from plastics by developing technologies to sort waste plastics for recycling into pellets and by promoting the development of applications for recycled materials.

Environment **Becoming Carbon Neutral by 2050**

Information Disclosure in Line with TCFD Recommendations

Basic Approach

In May 2019, the ENVIPRO Group announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), established by the Financial Stability Board (FSB). The TCFD recommends disclosure based on four categories: governance, risk management, strategy, and metrics and targets. The Group discloses information on climate-related issues according to these four categories.

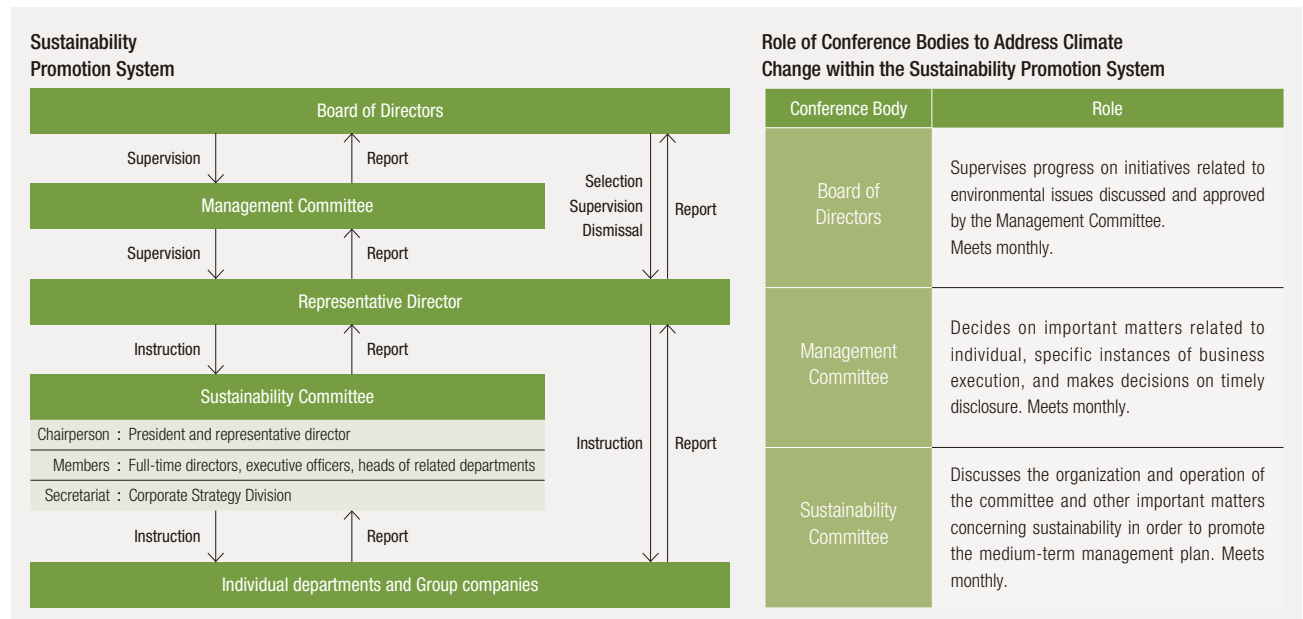
In December 2020, the Group decided to achieve effectively zero GHG emissions from all its business by 2050, including the processing and recycling of scrap and waste handled by the Group. As countries work toward decarbonization, resources and climate change are issues that—far from being separate—are closely interrelated and global in scope. Unrestricted resource extraction and GHG emissions undermine sustainability and must be addressed if we are to preserve the Earth’s resources and natural environment we share into the future. As its resource circulation business is located at the end of the supply chain, the Group has the characteristics to address both of these important social issues through its business. This is precisely the social responsibility we believe the Group should fulfill.

Governance

Sustainability Promotion System

To promote policies and measures related to climate change response and other sustainability matters, the Group’s sustainability promotion system has a Sustainability Committee that consists of the president and representative

director, full-time directors, executive officers, and heads of some related departments. The committee seeks to promote the medium-term management plan 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 submitted to the Board of Directors. Under the supervision system of the Board of Directors, we work to maintain governance and promote sustainability.



Environment

Risk Management

At the Group, the Internal Control Committee evaluates and reviews business risks, which are integrated into the company-wide risk management process. The Sustainability Committee evaluates and reviews climate change-related risks. Relevant departments identify opportunities, consider specific measures, and make recommendations as necessary. The Sustainability Committee evaluates the recommendations and promotes measures to address them. For both risks and opportunities, particularly important matters are reported to or submitted to the attention of the Board of Directors.

Strategy Identifying and Addressing Risks and Opportunities

The Group conducts scenario analyses to examine the risks and opportunities posed by climate change and its impact on the Group.

We analyzed the Group’s business activities using the Representative Concentration Pathways (RCP8.5) published by the Intergovernmental Panel on Climate Change (IPCC) and the Net Zero Emissions by 2050 Scenario (NZE) published by the International Energy Agency (IEA). We examined the impact on the Group’s business activities based on the assumption of a temperature increase limited to 1.5°C by the end of this century and the assumption of a 4°C increase.

Climate-Related Risks/Opportunities and Potential Financial Impacts and Responses

Type	Category	Hypothetical examples	Potential Financial Impact			
			Risks	Period	Opportunities	Period
Transitional	Policy and regulation	Taxes on various types of energy, introduction of carbon taxes	<ul style="list-style-type: none"> Increased costs of using renewable energy Easing of the supply-demand balance and price decline of ferrous scrap due to the development of new technologies such as hydrogen-reduction steelmaking 	Short to long term	<ul style="list-style-type: none"> Expansion of existing recycling business Increased demand for ferrous scrap due to shift to electric furnaces, price increase Installation of large shredder to produce electric furnace materials 	Short to long term
		Regulations on the use of recycled plastics	<ul style="list-style-type: none"> Reduction in the thermal recycling of waste plastics 	Long term	<ul style="list-style-type: none"> Growth in demand for low-carbon raw materials and fuels (RPF) Expansion of material and chemical recycling of waste plastics Development and commercialization of chemical recycling plants 	Medium to long term
		Traceability of CO2 emissions (DX) mandated	<ul style="list-style-type: none"> Lost market entry opportunities due to delays in business development 	Medium term	<ul style="list-style-type: none"> Expansion logistics businesses of scrap, waste Visualization of GHG emissions Support for the procurement of carbon credits 	Medium to long term
	Technology	Expansion of the chemical recycling of waste plastics	<ul style="list-style-type: none"> Lost business entry opportunities due to delays in technology development 	Medium to long term	<ul style="list-style-type: none"> Creation and expansion of new markets for the chemical recycling of waste plastics 	Medium to long term
	Market	Increased adoption of EVs, ESSs	<ul style="list-style-type: none"> Increased demand for nonferrous metals and minor metals due to electrification (depletion) 	Short to long term	<ul style="list-style-type: none"> Expansion of the Lithium-ion Battery Recycling Business Expansion of the business of collection gold, silver, and copper sediment sludge 	Short to long term
	Reputation	Social responsibility as an environment-related company	<ul style="list-style-type: none"> Failure to consider the environment, damage to credibility among stakeholders 	Short to long term	<ul style="list-style-type: none"> Scoring by CDP and other international rating agencies Disclosure of information in line with the TCFD recommendations Disclosure of various approaches through the Sustainability Report 	Short to long term
Physical	Acute	Increase in natural disasters due to increasing severity of extreme weather events	<ul style="list-style-type: none"> Decrease in earnings due to such factors as shutdowns and production reductions caused by damage to plants, difficulties in vessel dispatch, or transportation delays Decrease in revenue due to lost sales and purchasing opportunities Increase in insurance premiums and repair/restoration costs 	Short to long term	<ul style="list-style-type: none"> Enhanced response to issue of waste created in disasters 	Short to long term
	Chronic	Increased heat stress due to higher average temperatures	<ul style="list-style-type: none"> Decrease in productivity due to restrictions on working hours Increased cost of investing in environmental improvement 	Short to long term	<ul style="list-style-type: none"> Personnel savings, unmanned operation, remote control 	Short to long term

Environment

Metrics and Targets

The Group has identified GHG emissions and the percentage of electricity generated from renewable energy sources as indicators to be used in assessing and managing climate change-related risks and opportunities, and has publicized target values for each.

GHG Emissions

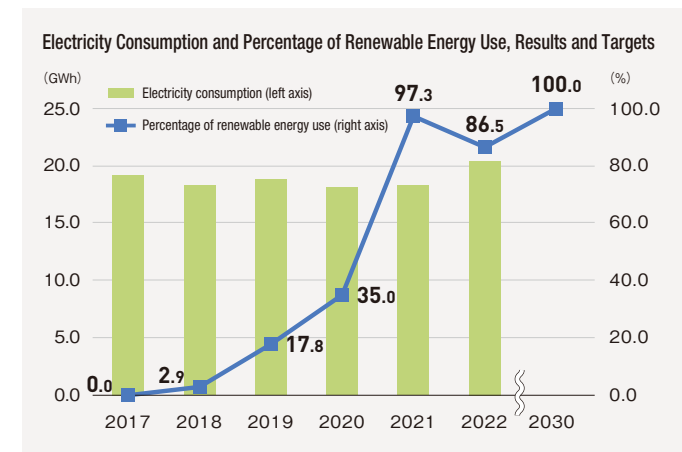
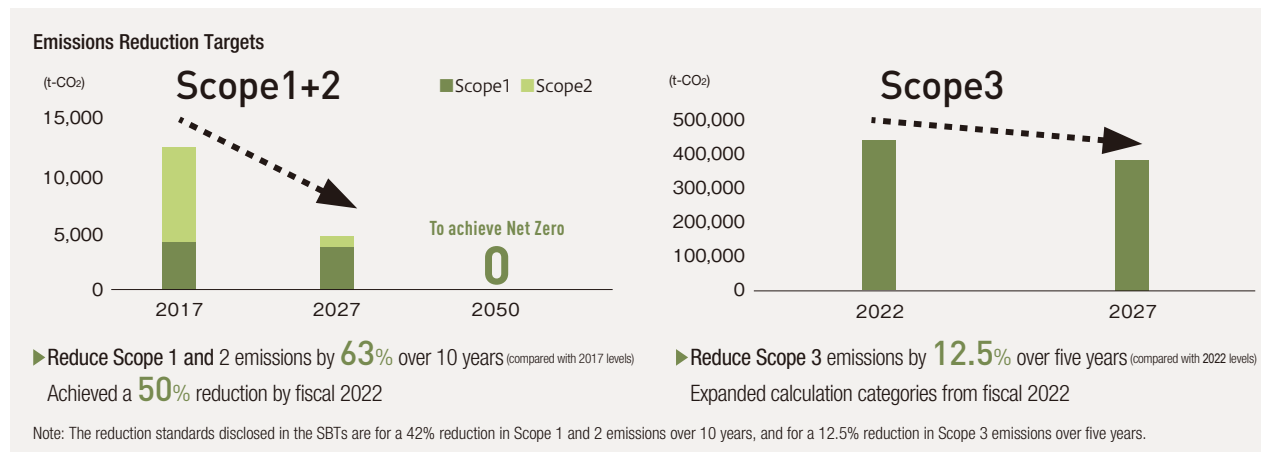
By 2050, the Group aims to achieve effectively zero GHG emissions from all its operations, including the processing and recycling of scrap and waste.

In fiscal 2022, CO₂ emissions (Scope1 and 2) amounted to 6,356 tons, down 50% from fiscal 2017 levels.

Percentage of Electricity Generated from Renewable Energy Sources

In July 2018, we became the first company in the global recycling industry to join the RE100 initiative, which sets the goal of reaching 100% renewable energy for electricity consumed in business activities by 2050. The target date for RE100 has since moved forward by 20 years, to 2030, to coincide with the government commitments to go carbon neutral.

In fiscal 2022, renewable sources accounted for approximately 87% of electric power used throughout the Group.



Initiatives for Reducing CO₂ Emissions

Initiatives for Reducing CO₂ Emissions Impact of Using Ferrous Scrap: Emissions Reduced by **711,680 t-CO₂**

The ENVIPRO Group produces recycled materials by shredding and sorting waste. In fiscal 2022, the Group shipped 512,000 tons of ferrous scrap to steel mills and other customers. Steelmaking in an electric arc furnace from steel scrap reduces CO₂ emissions by 1.39 t-CO₂ per ton compared to manufacturing in a blast furnace converter from natural resources such as iron ore (according to materials from the Japan Iron and Steel Recycling Institute). The same amount of iron produced from natural resources such as iron ore would generate 1,024,000 t-CO₂, but the steel production process generated only 312,320 t-CO₂, reducing emissions by 711,680 t-CO₂.

Production of Low-Carbon Fuel: Emissions Reduced by **22,040 t-CO₂**

In fiscal 2022, the ENVIPRO Group sold 29,000 tons of RPF to paper manufacturers and other companies. CO₂ emissions per ton (calorific value conversion factor) are 2.33 t-CO₂ for imported thermal coal and 1.57 t-CO₂ for RPF. Comparing the CO₂ emissions when the same amount of coal (29,000 tons) and RPF are used, emissions from the use of coal would be 67,570 t-CO₂ and emissions from RPF emissions would be 45,530 t-CO₂, resulting in an annual reduction in CO₂ emissions of 22,040 t-CO₂.

Environment

Participation in Initiatives

ENVIPRO HOLDINGS Inc. was established in 2009 with the understanding that the industrial sector should feel a strong sense of urgency and work proactively to realize a decarbonized society. Since its inception, the company has been a member of the Japan Climate Leaders' Partnership (JCLP), an industry alliance that currently has 237 member companies (as of April 2023). We actively engage in communication with policymakers, industry parties, and stakeholders.

We participate in monthly regular meetings and various working groups related to renewable energy utilization to express our opinions, exchange ideas with other companies, and collaborate on forming a consensus regarding the direction and targets for JCLP's efforts towards a decarbonized society, as well as policy recommendations and other communication initiatives. The Sustainability Committee collaborates to ensure

alignment with the ENVIPRO Group strategy and obtain approval before endorsing important proposals and actions undertaken by JCLP.

JCLP serves as the regional partner for RE100, an initiative led by The Climate Group, an international non-profit organization. We have also joined RE100 and are working together to promote renewable energy.

Assessment of Environmental Initiatives Climate Change: B

The Group received a "B" rating, the third highest out of nine, in a 2022 study on climate change conducted by CDP, an international non-profit organization. We continued to cooperate with the survey in 2023, and the responses are available on the CDP website. (Evaluation results are scheduled for release in 2024.)



RE100 Plants^{*1}

RE100 Plants			
ECONECOL Inc.	① Head office plant	Fujinomiya, Shizuoka	
	② Fuji plant	Fuji, Shizuoka	
	③ Wood Recycling Center	Fuji, Shizuoka	
	④ Hamamatsu plant	Hamamatsu, Shizuoka	
	⑤ Shimizu plant	Shimizu, Shizuoka	
Kuroda Recycle Co., Ltd.	⑥ Head office plant	Hakodate, Hokkaido	
SYN ECO Inc.	⑦ Head office plant	Matsumoto, Nagano	
	⑧ Plaza Azumino	Azumino, Nagano	
Toyo Rubber Chip Co., Ltd.	⑨ Head office plant	Maebashi, Gunma	
VOLTA Inc.	⑩ Head office plant	Fuji, Shizuoka	
	⑪ Fujinomiya plant	Fujinomiya, Shizuoka	
RE100 (Except plants)			
ENVIPRO HOLDINGS Inc.	Head office	Fujinomiya, Shizuoka	

*1 Plants and facilities that operate on electric power 100% from renewable sources

Environment

Material Balance

Inputs		
Input resources		649,900 tons ^{*1 *2}
Amount processed	Scrap, waste	222,300 tons
Distributed resources ^{*3}	Scrap, waste	414,200 tons
Reuse	Used vehicles	1,404
Raw materials	Raw materials for polymers, etc.	13,300 tons
Energy		42,367 MWh
Fuel		21,937 MWh
	Renewable energy	17,569 MWh
Electricity	Non-Renewable energy	2,760 MWh
	On-site PPA	100 MWh
Water		33,790 m ³



Outputs		
Recycled Raw Materials, Finished Goods, and Processing Outsourcing		650,600 tons ^{*1 *2}
	Ferrous metals	512,900 tons
	Non-ferrous metals	22,400 tons
	Plastic raw materials	40,600 tons
Recycled raw materials (including distributed resources)	Raw materials for paper	13,200 tons
	Wood chip raw materials, etc.	11,100 tons
	Black mass, etc.	1,100 tons
	Other	3,800 tons
	Subtotal	605,400 tons
Reuse	Used vehicles	1,547
Finished goods	Polymer products	13,900 tons
Disposal outsourcing	Recycling (including circulated resources)	Material recycling 700 tons Thermal recycling 12,200 tons
	Waste disposal (including circulated resources)	Simple incineration 1,900 tons Landfilling 16,200 tons
	Total output 650,600 tons	
CO2 Emissions (Scope1+2)		6,356 t-CO ₂
Scope1		5,136 t-CO ₂
Scope2	(market-based standards)	1,219 t-CO ₂
Scope2	(location-based standards)	8,823 t-CO ₂
CO2 Emissions (Scope3)		443,808 t-CO ₂
Category 1	Purchased products/services	10,667 t-CO ₂
Category 2	Capital goods	11,109 t-CO ₂
Category 3	Fuel and energy activities not included in Scope 1 and Scope 2	1,946 t-CO ₂
Category 4	Transport/delivery (upstream)	30,700 t-CO ₂
Category 5	Waste generated from business	28,673 t-CO ₂
Category 6	Business travel	82 t-CO ₂
Category 7	Employee commuting	245 t-CO ₂
Category 9	Transport/delivery (downstream)	337 t-CO ₂
Category 10	Processing of products sold	312,320 t-CO ₂
Category 11	Use of products sold	45,530 t-CO ₂
Category 15	Investment	2,199 t-CO ₂
Recycling rate^{*4}		94.3%

*1 Excluding Nitto Kako Co., Ltd. *2 Excluding reuse *3 Amount of resources distributed through trading company functions

*4 The recycling rate is calculated from outputs in the Resource Circulation Business and the Lithium-ion Battery Recycling Business: (amount processed + amount processed and distributed + recycling) ÷ (amount processed + amount processed and distributed + recycling + waste disposal) × 100