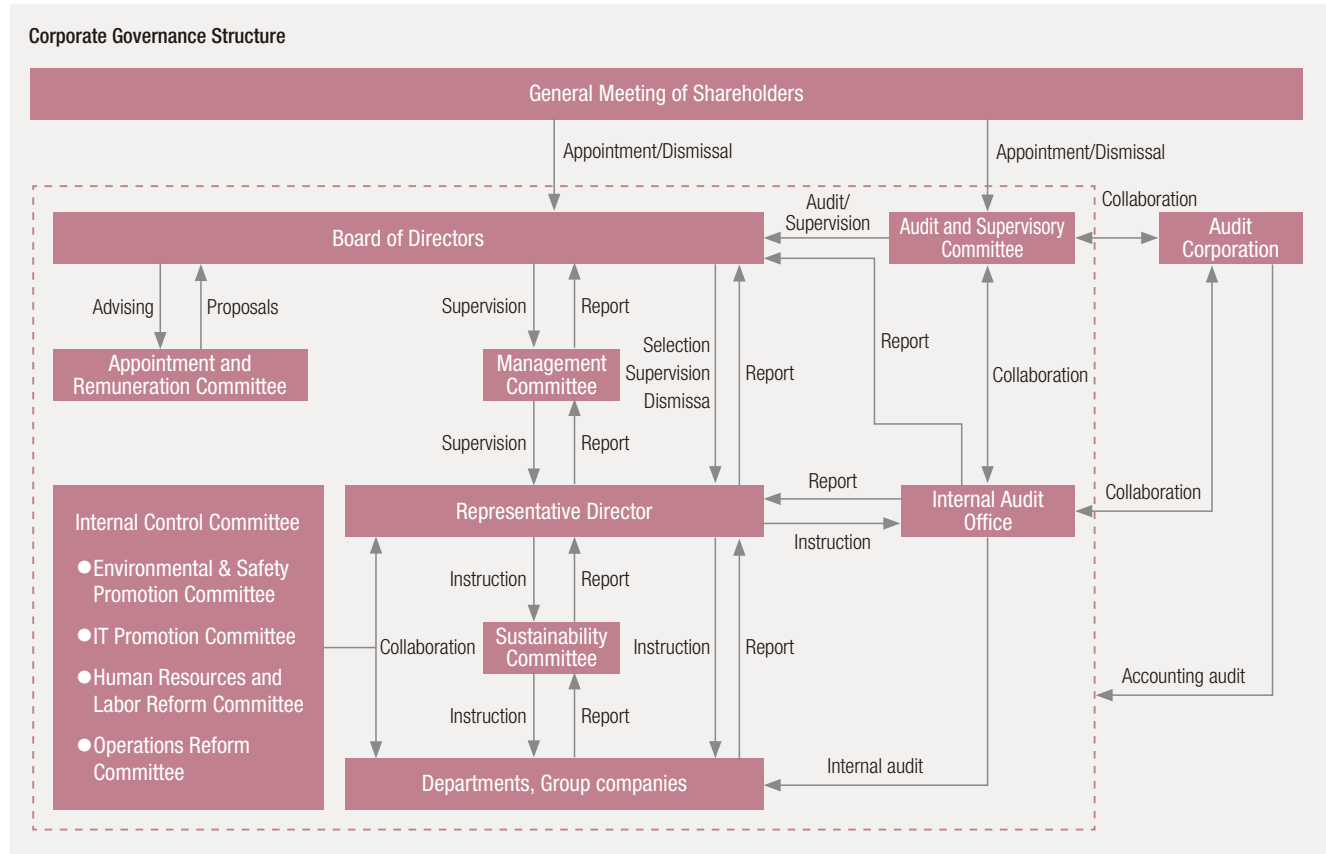


# Governance Supporting Sustainable Growth by Instilling Our Corporate Culture into Every Corner of the Organization

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>
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>
2022	<ul style="list-style-type: none"> <li>Formulated criteria for the selection of outside auditors</li> </ul>



## Board of Directors Met 15 Times in Fiscal 2022

The company's Board of Directors has 11 members, of whom six are outside directors (including three 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. 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.

## Audit and Supervisory Committee Met 14 Times in Fiscal 2022

The Audit and Supervisory Committee consists of three 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.

Governance

**Appointment and Remuneration Committee** Met Three Times in Fiscal 2022

The Appointment and Remuneration Committee is composed of five members: the representative director, one senior managing director, and three 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 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.

**Sustainability Committee** Met 11 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 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 12 Times in Fiscal 2022

The Group has an Internal Control Committee chaired by the company president. This committee consists of four subcommittees: the Environmental & 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 Internal Control Committee generally meets once a month and is composed of the company's full-time directors, executive officers, the chair of the Audit and Supervisory Committee, the presidents of affiliated companies (excluding affiliates accounted for under the equity method), and the chairs of subcommittees.

**Assessment of Board of Directors Effectiveness**

In order to analyze and evaluate the effectiveness of the Board of Directors as a whole, the company conducts a questionnaire survey of directors each June to inform future initiatives.

Questionnaire Content	Future Initiatives
<p><b>1 Operation of board meetings</b></p> <ul style="list-style-type: none"> <li>Are the materials, progress, explanations, etc. sufficient?</li> </ul>	<p>We will provide information to outside directors in particular in an early and smooth manner in order to secure time for prior deliberations.</p>
<p><b>2 Matters for discussion at Board of Directors meetings</b></p> <ul style="list-style-type: none"> <li>Are you able to participate appropriately in decisions on business strategies?</li> </ul>	<p>We will continue to review the scope of business execution by each organization with respect to matters to be deliberated by the Board of Directors.</p>
<p><b>3 Roles and responsibilities of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>Are you able to effectively monitor the execution of business strategies, etc.?</li> </ul>	

**Director Compensation System**

**Basic Policy**

- Remuneration should be commensurate with the responsibilities and roles of directors.
- In addition to compensation based on short-term performance, incentives should be provided that comprehensively take into account the improvement of corporate value over the medium to long term.
- Directors should share an awareness concerning profits with shareholders.
- Compensation levels should be effective in retaining excellent human resources.
- The system should be flexible at adapting to changes in the market and industry environment and to changes in strategic objectives.
- Directors should contribute to the development of a positive corporate climate and a strong corporate culture.

**Components of Remuneration**

- Basic remuneration
- Performance-linked remuneration
- Restricted share-based remuneration

**Future Policy on the Executive Remuneration System**

The Appointment and Remuneration Committee deliberates and makes decisions on the structure of executive compensation to enhance long-term corporate value. Looking forward, we have determined that emphasizing a medium- to long-term perspective is more important than pursuing short-term profits. Specifically, we plan to reduce short-term performance-based pay and instead focus on promoting a medium- to long-term strategy centered around the concept of "Lead a circular economy," as well as building organizational and personnel frameworks. Additionally, we recognize that fostering a strong corporate culture based on a positive corporate environment is crucial for sustainable corporate growth. We will continue to have ongoing discussions on the structure of executive compensation to further enhance corporate value.

**Dialogue with Shareholders and Investors**

The ENVIPRO Group places great importance on engaging in dialogue with shareholders and investors through investor relations. In addition to timely and fair disclosure of information, we regularly hold explanatory meetings where the president personally provides explanations, fostering a trusting relationship and facilitating exchanges of opinions. Through this dialogue with shareholders and investors, we strive to enhance corporate value for the benefit of all stakeholders.



Plant tour

**Details and Frequency of Dialogue with Shareholders and Investors** (Fiscal 2022)

Financial results briefings (explanations provided by the representative: Yes)	2 times	Individual IR meetings	62 times
Individual investor briefings (explanations provided by the representative: Yes)	1 time	Events for institutional investors	<ul style="list-style-type: none"> <li>■ Business briefings 1 time (35 participants)</li> <li>■ Plant tours 1 time (9 participants)</li> </ul>

Governance

Executives

Reasons for Appointment of Newly Appointed Outside Directors

Keiji Imajo

The ENVIPRO Group judges that Keiji Imajo is capable of providing valuable advice on the Group's management strategy by drawing on his knowledge and experience gained through serving as an executive manager and investment officer of listed companies.

Tomoya Shiraishi

The ENVIPRO Group judges that Tomoya Shiraishi is capable of providing valuable advice on the Group's management strategy by drawing on his knowledge and experience gained through serving as a director of listed companies and a representative of listed companies.

Executives

Number of Directors	Of Which, Outside Directors	Number of Independent Directors	Term of Director Appointment
11	6	6	1 year <small>(2 years for directors who are Audit and Supervisory Committee members)</small>

Executive Skill Matrix

Name	Position in the company	Years in Position	Corporate Culture	Management Strategy	Production Technology	Overseas	CN/CE	Finance/Accounting/Taxation	Legal/Compliance	Human Resources	IT	IR	Expert Knowledge
1 Tomikazu Sano	President, Representative Director	13	●	●	●		●						
2 Fumikatsu Sano	Vice President, Director	13	●	●	●	●	●						
3 Kozo Haruyama	Senior Managing Director	8	●	●	●	●	●						
4 Norihiro Nakasaku	Managing Director	Newly appointed	●	●		●	●				●	●	
5 Naoki Takekawa	Director	4	●	●			●	●	●	●		●	
6 Keiji Miyaki	Outside Director	5		●		●							
7 Hiroko Nomura	Outside Director	1								●		●	●
8 Keiji Imajo	Outside Director	Newly appointed		●	●	●		●				●	
9 Kiyoshi Shinohara	Outside Director (Audit and Supervisory Committee Member)	1		●		●			●				●
10 Hiroshi Kamiya	Outside Director (Audit and Supervisory Committee Member)	2						●					●
11 Tomoya Shiraishi	Outside Director (Audit and Supervisory Committee Member)	Newly appointed		●		●		●	●		●	●	
Akiko Ishii	Managing Executive Officer In Charge of Internal Audits	-	●						●				
Kenta Imai	Executive Officer Special Assignment to the President	-	●	●	●	●	●						
Yasushi Sugiyama	Executive Officer In Charge of General Affairs and Information Management	-	●					●			●		
Kazutaka Kitazume	Executive Officer In Charge of Overseas Strategy and R&D Laboratory	-		●	●	●	●						

Reasons for Selecting Skill Matrix Criteria

Corporate Culture	We have adopted this approach because we believe that the topmost priority for ensuring long-term profit and the highest level of governance is to ensure that our corporate philosophy permeates every corner of our organization.
Production Technology	We have adopted this criterion because knowledge of our areas of business and production technologies are necessary in order to expand our plants and introduce new technologies in line with our business investments.
Carbon Neutrality Circular Economy	We have adopted this criterion because this type of expertise is necessary in order to achieve carbon neutrality and expand our business related to the circular economy.