

Sustainability Report 2021

Make a circle of joy



Contribute to Create a Sustainable Society

The ENVIPRO Group has set "contribute to create a sustainable society" as its mission statement.

This mission statement expresses how the group will contribute to society through business, and the group's reason for being.

It delivers a message of "Let's achieve this together" to colleagues who share this mission.

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Editorial Policy

This sustainability report is issued by ENVIPRO HOLDINGS Inc.

The report describes the corporate philosophy of the ENVIPRO Group and our overall activities in non-financial areas including business strategies, environmental performance, and corporate governance. Some business prospects, including future plans, are also presented here.

Scope of report

The report presents the activities of ENVIPRO HOLDINGS Inc. and the following nine subsidiary companies: ECONECOL Inc., NEWSCON Inc., 3WM Co., Ltd., Kuroda Recycle Co., Ltd., SYN ECO Inc., ASTOCO Inc., Toyo Rubber Chip Co., Ltd., Bright Innovation Co., Ltd., and VOLTA Inc.

Reporting period

July 2020 - June 2021 (The report covers some activities and plans outside this period.)

Make a circle of joy

Contribute to create a sustainable society as a leading company of the resource recycling business

We collect and recycle unneeded items to be reborn as resources, which circulate to support someone's social life and lead to joy.

This is our joy as well, and the force that drives us toward the future.

Our mission lies in continuing to fulfill our responsibilities and in continually pursuing the resource recycling business, which we have undertaken as our core business since our founding.

As a group of leading companies in resource recycling, the ENVIPRO Group is a needed presence. We are convinced that our continued growth will lead to the achievement of a sustainable society.

"Make a circle of joy"

Together with all our stakeholders, we will continue to make a loop of joy.

That is the hope of the ENVIPRO Group, and our promise to the future.

Corporate philosophy

Creative Company

Engage in the ongoing creation of businesses that society needs

Engage in everyday work in the spirit with which the company was established

Create new businesses in the spirit of the founder for generations to come

Every employee to exert efforts to become the leading player of a business that suits them

Circular Company

Help others, get the best out of others, and share with others to make a constant loop of joy

Help each other and lend a hand to others to make your work more pleasant

Use every material repeatedly, preserving their value for as long as possible

Share the profit and joy with the people you live with

Company pursuing virtue

Pursue the virtue of companies and people, in perpetuity

Don't choose the easy path but choose the path which serves others

Do what others don't do by taking advantage of your distinctive qualities

Be grateful for your life and don't be arrogant

* Supervised by Yoshiharu Shimizu, Mirai Design Institute, Enishiya

Established on March 20, 2004



Message from the President

Working as one, our group will

"contribute to create a sustainable society".



The world has begun rapidly moving in chorus toward the achievement of a decarbonized society by 2050. In response to this movement, many large companies have launched concrete initiatives toward decarbonized management. These efforts are beginning to go beyond the companies concerned to reach throughout the supply chain, from suppliers to the final destinations of wastes. This, together with movements toward the circular economy, is placing demands on the recycling industry to transform into a manufacturing industry with decarbonized production processes.

Our company joined RE100 in 2018, and in 2020 declared a commitment to be carbon neutral by 2050. We quickly undertook concrete initiatives toward those goals. At present, we cover about 95% of the electricity used in our plants (Scope1, 2) through renewable energy sources. As our CO₂ emissions from electricity account for about 65% of total emissions, we expect to reduce CO₂ emissions by about 60% this year.

At the same time, the circular economy movement is pushing the industry to shift from the domain of proper treatment of wastes, to become an industry versed in manufacturing. This means acquiring capabilities on par with first-rate manufacturers, through Quality, Cost, and Delivery date. Through the concept of QCDC, which further adds Carbon neutral, our company will seek a new form of recycling industry suited to a decarbonized society. We will transform into a manufacturer of materials derived from above ground resources (urban mines), and will achieve our mission of "contribute to create a sustainable society".

Naturally, as we do so, we will thoroughly enjoy the challenge together all of our employees.

Always smile and work for keeps
(The words of Professor Ko Hirasawa)

Forward, MYWAY forward.

Tomikazu Sano

President, Representative Director

The forerunner of the next generation.

Tracing a path of enterprise, innovation, and challenge.

Our company was founded shortly after the war, shortly before Japan entered its period of high economic growth. We were convinced of the importance of resource recycling and environmental business at a time when the terms "circular society" and "sustainable society" were not yet well-known.

We grew quickly through aggressive business development that was ahead of the times, and expanded our fields of activity around the nation and into the world. As a group of leading companies driving the achievement of the circular economy, the ENVIPRO Group will continue to tackle our future-oriented mission of "contribute to create a sustainable society".

1950 - 1999

A great leap forward. A foundation for business expansion.

1950 Mar. Katsuyoshi Sano (father of Tomikazu Sano, President/CEO of ENVIPRO HOLDINGS Inc.) established SANO MARUKA SHOTEN.



1978 Jul. Reorganized into SANO MARUKA SHOTEN Co., Ltd. with capital of 20 million yen.

1989 Jul. Began management based on our Management Plan.

1992 Aug. Launched trading business.

1997 Jun. Installed large shredder at the head office plant.



2000 - 2009

Toward Japan and toward the world. A succession of group developments.

2000 Apr. Established Fuji Eco Cycle Co., Ltd. as a joint venture with Fujitsu General Limited.

2000 Jul. Renamed SANO MARUKA SHOTEN Co., Ltd. to SANO MARUKA Co., Ltd.

2001 Jul. Launched plastic recycling business.

2001 Aug. Established refuse paper and plastic fuel (RPF) plant.

2003 Dec. Established ARBIZ CORPORATION as a joint venture with USS Co., Ltd.

2004 Nov. Established corporate philosophy. Received Ministerial authorization as a resource recovery facility for automobile shredder residue (ASR) pursuant to the Act on Recycling, etc. of End-of-Life Vehicles.

2006 Jul. Established 3WM Co., Ltd. to engage in the used car and maintenance parts export business.

2007 Jul. Renamed SANO MARUKA Co., Ltd. to ECONECOL Inc.

2008 Feb. 3WM Co., Ltd. established JAPAN COAST USED CARS AND SPARE PARTS TRADING (UAE).

2008 Jun. Acquired a 100% stake in Kuroda Recycle Co., Ltd., which engages in the resource recycling business, making it a subsidiary. 3WM Co., Ltd. established 3WM CHILE IMPORT EXPORT LIMITADA (Chile).

2010 - 2015

Establishment of ENVIPRO HOLDINGS Inc.

2010 May Established ECONECOL HOLDINGS Inc. (current ENVIPRO HOLDINGS Inc.) to effect a transition to a pure holding company.

2010 Jul. Renamed ECONECOL HOLDINGS Inc. to ENVIPRO HOLDINGS Inc.

2011 Apr. Acquired a 100% stake in Recycle Support Service LLC (present SYN ECO Inc.), making it a subsidiary.

2012 May 3WM Co., Ltd. established 3WM UGANDA LIMITED (Uganda) (withdrawal via business reorganization in September 2021).

2013 Sep. Listed on the Second Section of the Tokyo Stock Exchange.

2013 Dec. Established ECOMMIT Inc. (present ASTOCO Inc.) to provide welfare services for people with disabilities.

2015 Feb. ECONECOL Inc. established Ho Chi Minh Representative Office (Vietnam).

2015 Dec. Acquired a 100% stake in Toyo Rubber Chip Co., Ltd., which engages in waste rubber recycling and manufacturing/marketing of rubber products, making it a subsidiary.

2016 - 2021

Boldly tackling the battery business.

2016 Apr. Established Bright Innovation Co., Ltd. to develop the environmental management consulting business.

2016 Oct. Renamed ECOMMIT Inc. to ASTOCO Inc.

2017 Apr. Invested in MINE BIOMASS SYNERGIES PTE. LIMITED (Singapore) to achieve stable procurement of wood biomass fuel.

2017 Sep. Transitioned to a company with an audit and supervisory committee.

2018 Jan. Established VOLTA Inc. to engage in the Lithium-ion Battery Recycling Business.

2018 Jun. Listed on the First Section of the Tokyo Stock Exchange.



**Listed on the Tokyo
Stock Exchange,
an industry first**

* 2013 Second Section
2018 First Section

2018 Jul. Joined the RE100 initiative.

2019 May Endorsed the TCFD Declaration.

2019 Oct. ECONECOL Inc. established European Representative Office (U.K.).

2020 Apr. Succeeded the trading business of ECONECOL Inc. and established NEWSCON Inc.

2022 - 2050

**Our vision looking 30 years ahead. Toward the
establishment of a fully decarbonized society.**

Sustainability Strategy 01 | The value creation process

Societal trends surrounding the ENVIPRO Group

Long-term trends

GX

Green Transformation

Through advanced initiatives such as the transition to renewable energy that does not release greenhouse gases, green transformation will transform industrial structure and the socio-economy, realize a decarbonized society without stagnation of economic activities, and connect these to the further growth of companies and of society.

DX

Digital Transformation

Digital Transformation responds to drastic changes in society, makes use of data and digital technologies, and transforms products, services, and business models on the basis of the needs of customers and society, while also transforming organizations, processes, corporate culture, and business itself to establish competitive advantage.

Medium- and short-term trends

Environmental issues

Development of carbon neutrality + development of circular economy + Act on Promotion of Resource Circulation for Plastics
Rapid expansion of demand for green materials and rapid acceleration of the circular economy

01 Increased demand for ferrous scrap due to expansion of electric furnaces

Amid demands for decarbonization of the steel manufacturing process, expansion of electric furnaces that release 1/4 the CO₂ emissions of blast furnaces is planned, and demand for ferrous scrap is expected to increase.

02 Increased demand for nonferrous metals and minor metals in line with electrification

With the promotion of renewable energy and electrification, the recycling of mineral resources used in storage batteries and electrical appliances will become necessary.

03 Promotion of advanced resource recycling for waste plastics

Waste plastics, which are produced, consumed, and discarded in large quantities and have become a major social issue, face demands for reduction in use and for resource recycling.

Social issues

Post-COVID era (lifestyle & business style without face-to-face and personal contact) + US-China trade friction + shrinking working population

Identification of materiality

- 01 Production and supply of green materials in the supply chain
- 02 To promote GX and DX in all processes of business activities
- 03 To promote diverse work styles and accelerate automated operations and the reduction of the labor required

Sustainability Strategy 01 | The value creation process

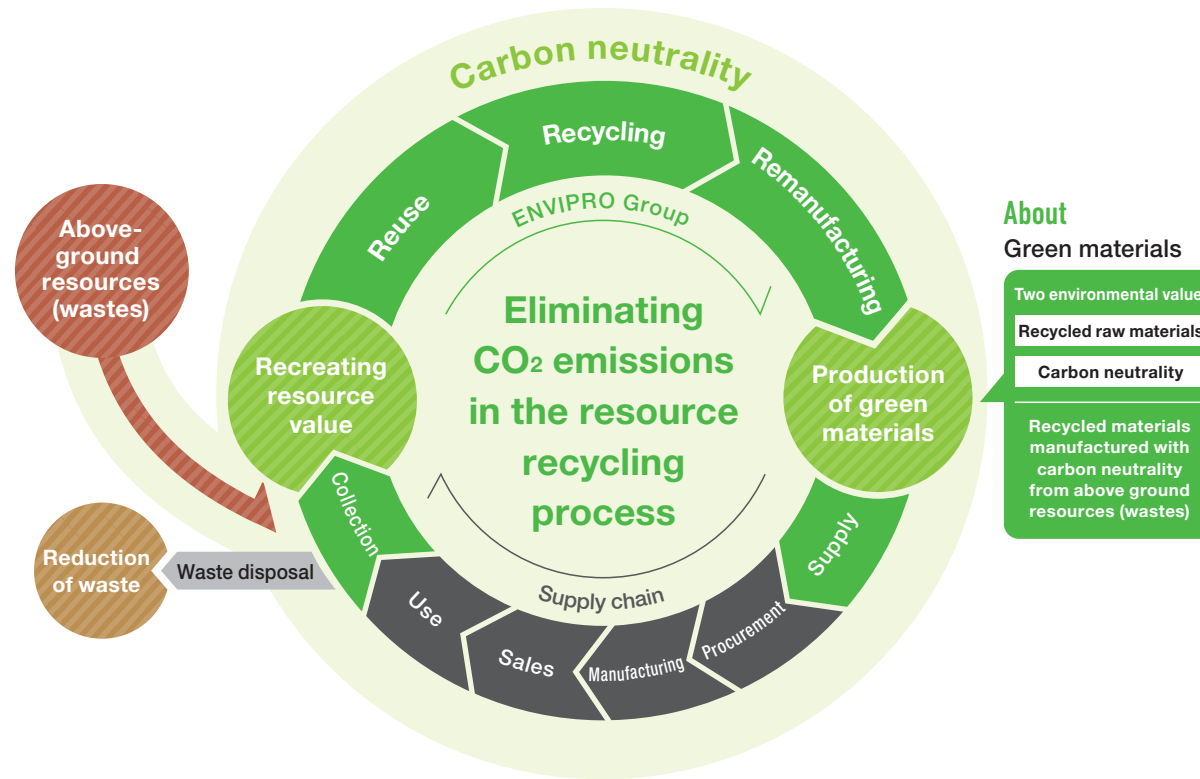
By building a circular economy model based on carbon neutrality, we seek to enhance economic, environmental, and social value.

The ENVIPRO Group circular economy model

The ENVIPRO Group Medium-Term Management Plan

Transformation into a manufacturer of materials derived from above ground resources through low-carbon processes (QCDC)

We aim to establish high-level manufacturing processes that reflect the elements of Quality, Cost, and Delivery date, along with Carbon neutrality.



The Foundation of the ENVIPRO Group

Corporate philosophy

- Technological capability
- Sales capability
- Distribution power
- Collection capability
- Inventiveness
- Productive capacity
- Trading force

Vision to be achieved through business activities

01 Economic value 02 Environmental value 03 Social value

Mission statement

Contribute to create a sustainable society

Sustainability Strategy 02 | 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 ■ CDP^{*1} Scoring Partner
- Clean Ocean Material Alliance (CLOMA)

^{*1} CDP: An international initiative for the disclosure of information on climate change response

Contribution to the economy

- No Poverty
- Technological Innovation



1. By enhancing the efficiency and the profitability of business activities, including in the Resource Circulation Business, we aim to increase employees' income and improve their quality of life.



9. At the laboratories of ENVIPRO HOLDINGS Inc., we are working on the development of technology to recover the minor metals cobalt and nickel 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

- Health
- Education
- Gender
- Working Environment
- Equality
- Community Development



3. 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 also promoting new ways of working, including telecommuting and flextime, as measures to prevent the spread of COVID-19 and infection among employees.



4. We have set up a variety of training programs for improving employees' skills, including a business school for employees.



5. 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.



8. ENVIPRO HOLDINGS Inc. began recruiting new graduates in fiscal 2019. To build upon our ongoing practice of employment of the physically challenged we will offer worthy job opportunities for people of different backgrounds. We thoroughly implement measures to prevent work accidents at our plants to ensure the safety of our employees.



10. 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.



11. Syn Eco Plaza Azumino contributes 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 people with disabilities at its plant.

Contribution to the environment

- Climate Change
- Life below Water
- Energy
- Consumption and Production



7. We joined the RE100² 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 factory roofs and otherwise introducing renewable energy power generation equipment. We are also setting up palm kernel shell (PKS) stockyards in Southeast Asia and are engaging in international distribution. We will contribute to the supply of sustainable biomass fuel by expanding our involvement in products such as wood pellets.

² RE100: A name for 100% renewable electricity. This global initiative brings together companies committed to procuring 100% renewable energy for use in business.



12. We contribute to the circulation of limited resources and the reduction of waste by engaging in the recycling business to extract precious metals from metal scrap and waste, and the remanufacturing business to produce recycled raw materials.



13. Under the goal we have set of achieving carbon neutrality by 2050, we will work to reduce CO₂ emissions from our business activities. We also contribute to the reduction of emissions across the supply chain through our mainstay recycling and remanufacturing businesses. 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.



14. 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.

Overall view of our businesses Achievement of the circular economy that our group seeks

Resource Circulation Business

By promoting the reuse, recycling, and remanufacturing of waste and resources, we tackle the effective use of limited resources and the reduction of waste, while also manufacturing recycled materials from waste to offer new value to the world.

Global Trading Business

Along with the international distribution of metal scrap and other resources generated in Japan and elsewhere, we bring used items such as used cars and maintenance parts from Japan into global markets.

- NEWSCON Inc.
- 3WM Co., Ltd.

Other Business

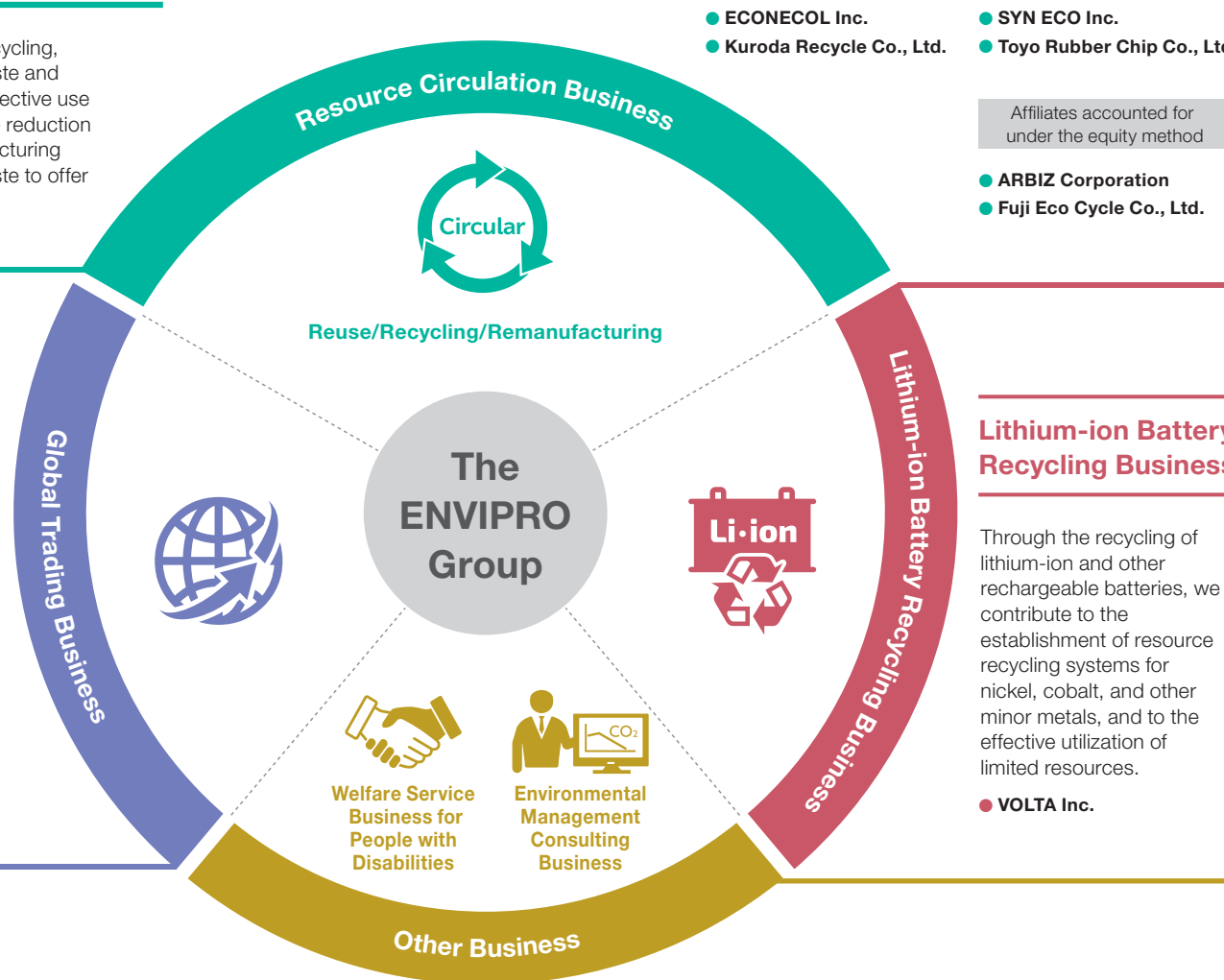
We are developing a welfare service business that supports the independence of people with disabilities in finding employment and in community life, as well as an environmental management consulting business that provides support for companies' environmental strategies and CO₂ reduction plans.

Welfare Service Business for People with Disabilities

- ASTOCO Inc.

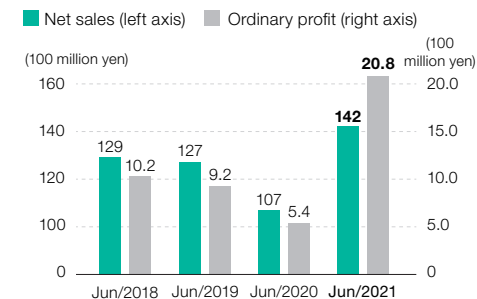
Environmental Management Consulting Business

- Bright Innovation Co., Ltd.

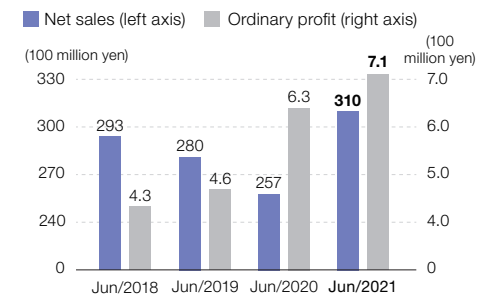


Business results highlights

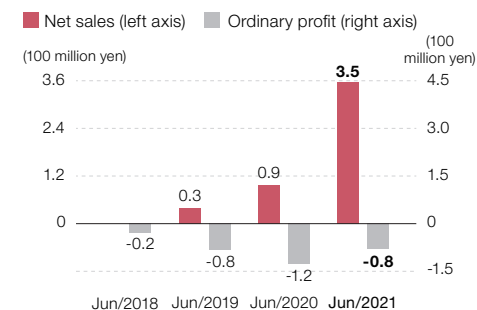
Resource Circulation Business



Global Trading Business



Lithium-ion Battery Recycling Business



Changes in business segment categories

- By integrating the Global Resource Circulation Business and the Used Car-Related Business, which are overseas businesses, into the Global Trading Business, we have strengthened synergies.
- We made the Lithium-ion Battery Recycling Business independent from the Resource Circulation Business as a strategic business of the group, out of consideration for the content and scale of business, including hydrometallurgy, and the alliances planned for the future.

ACTION PLAN

Battery to Battery

The dawn of a new era for lithium-ion batteries

The near-future depletion of cobalt, nickel, and other mineral materials used in lithium-ion batteries (LIBs) is cause for concern. For that reason, we are acting to strategically secure resources. "Battery to battery".

This is a circular system for LIBs, premised on recycling. The ENVIPRO Group has taken a major step in the direction of building a new circular economy model that integrates LIBs production and mineral resource recycling.



Becoming an indispensable presence in the battery industry and supporting the next generation.

Today, the world is undergoing a major transformation aimed at securing mineral resources. The recycling of LIBs is an important key to protecting the resources of Japan and the planet. This recycling is also expected to grow further as a new pillar of business for the ENVIPRO Group. Our repositioning of the Lithium-ion Battery Recycling Business from one of our resource recycling businesses to an independent business segment from this fiscal year also indicates the importance of this business. Underlying this is the rapid proliferation of electric vehicles (EVs). As demand for LIBs takes off, the depletion of cobalt, nickel, and other raw materials in the near future is cause for concern. Minor metals are produced in a limited number of countries, creating a need to strategically secure domestic resources. The recycling of LIBs in Japan is currently at the point of collecting the concentrated cobalt and nickel sludge called black mass, which is exported overseas. The outflow of this valuable resource to destinations overseas will be a great loss for Japan. Preventing this calls for smelting black mass in Japan and supplying the remanufactured resources directly to domestic manufacturers. However, this entails considerable investment and determination. In addition to the cost of plant construction cost, the long time frame for realization of profit and the need to secure more material for smelting are among the difficult barriers that confront commercialization at the present stage. At this rate, many companies in Japan, including in the domestic battery industry and automobile industry, will lose competitiveness. While advancing constant research to achieve advanced smelting, our company is making steady preparations that include the planning of plant equipment and siting and alliances with battery manufacturers. We aim to complete a hydrometallurgical plant and begin full-scale operation in 2025, creating a new major pillar of business for the ENVIPRO Group. With this, our group will tackle the challenge of becoming an indispensable presence in the battery industry.

Black mass

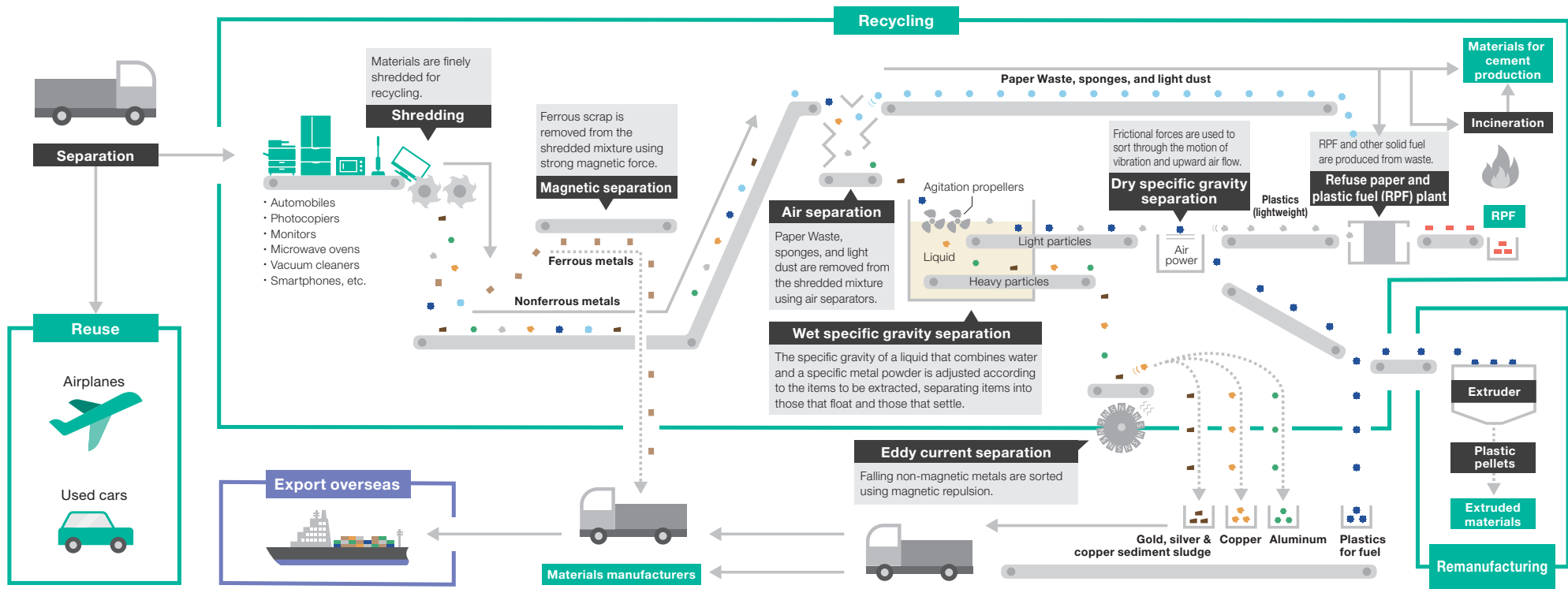
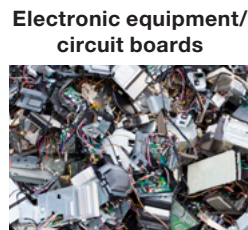
A mixture of cobalt, nickel, and other substances produced from the baking of lithium-ion batteries. Through smelting, recycled cobalt and nickel can be produced.



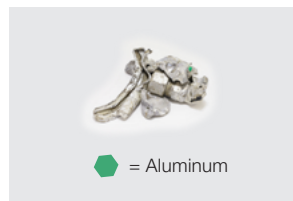
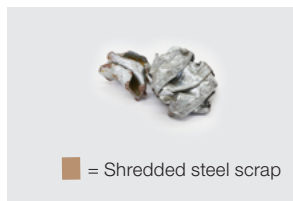
Resource Circulation Business

Treatment/processing flow in the Resource Circulation Business

Input
Above ground resources (wastes)



Output
Recreating resource value



Resource Circulation Business



Promoting the recycling of diverse wastes

Engaging in the reproduction, processing, and sales of materials derived from above ground resources, particularly recycling of metal resources



02 Collection of gold, silver & copper sediment sludge from waste incineration ash

eCONeCOL has engaged in years of research into technology and plant design for utilizing differences in the material properties of wastes, etc. to perform physical sorting into ferrous and nonferrous metals, gold, silver & copper sediment sludge, plastics, and other materials. Through the accumulation of these technologies and knowledge, the company has further evolved its sorting technology and has established technologies to concentrate and recover fine gold, silver & copper sediment sludge even from waste incineration ash seemingly free of precious metals, obtaining a patent in January 2019. Many local governments have disposed of waste incineration ash in landfills, but an increasing number are working to recover gold, silver & copper sediment sludge from the ash, for the purpose of recycling as well as reducing the volume of landfill. The company is actively developing business with local governments, aiming to expand its business to a 30% share among local governments nationwide by 2028.



Main business activities of eCONeCOL Inc.

01 Resource recovery from urban mines

02 Collection of gold, silver & copper sediment sludge from waste incineration ash

03 RPF production

04 Reuse and recycling of aircraft

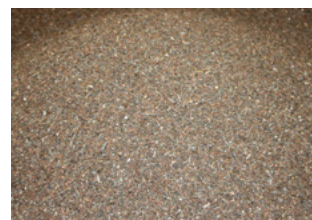
05 Shredding and a recycling of mattresses

Value & Vision

Reproduction of materials derived from above ground resources through low-carbon processes. Contribution to the achievement of a sustainable decarbonized society by circulating high-quality, low-carbon raw materials and fuels through society.

01 Resource recovery from urban mines

The precious metals and other metals contained in scrapped automobiles and household appliances, known as "urban mines," provide many useful resources. However, advanced and complex technologies for shredding and sorting are required to recycle such composite materials. eCONeCOL Inc. shreds these "urban mine" materials and applies combinations of magnetic force, air power, wet specific gravity, dry specific gravity, color, and other separation technologies to separate and concentrate individual materials and achieve higher levels of resource recovery. In recycling, the company also engages in production using low-carbon processes that significantly reduce CO₂ emissions, and supplies high-quality raw materials and fuels derived from above ground resources.



Gold, silver & copper sediment sludge





Evolution of technology and expansion into new business domains

03

RPF production

Refuse paper and plastic fuel (RPF) is a solid fuel created by compressing waste plastics and paper waste materials that are difficult to recycle, into a primary raw material. This environmentally friendly fuel features stable quality and can significantly reduce CO₂ emissions compared with fuels such as coal. ECONECOL Inc. produces about 25,000 tons of RPF annually, continuously supplying this material primarily to paper manufacturers as boiler fuel. The plant currently runs at full capacity 24 hours a day, with plans to expand the number of purchasing companies and to further expand the production system in the future.

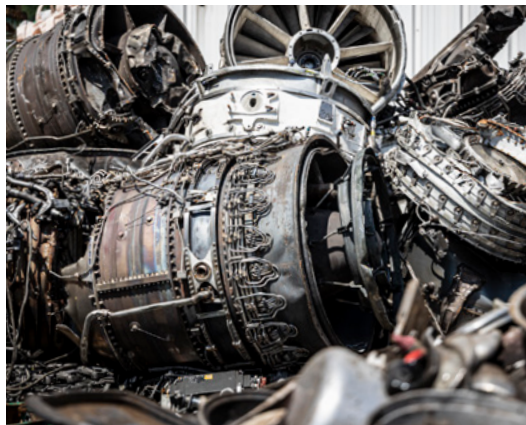


RPF (solid fuel)

04

Reuse and recycling of aircraft

In May 2019, ECONECOL won a tender for two sold-off government aircraft, and sold the craft as reuse and recycling resources to a buyer in the U.S. for parts supply. From this start, the company made a full-scale launch of the only aircraft reuse and recycling business in Japan. The reuse and recycling market for aircraft currently exists primarily in Europe and the U.S. However, reuse and recycling are generally separated overseas as well, and transactions for used aircraft, and recycling from waste materials, are normally handled by different companies. Unlike the matter of simply selling the planes as used aircraft, know-how is required to determine the proper resource value of craft and their parts. The know-how that the company cultivated through years of evaluating and appraising metals and other composite materials has enabled one-stop support that spans asset evaluation and appraisal to recycling of unneeded waste materials. The company currently aims to expand its business as a pioneer in aircraft reuse and recycling, through actions such as launching the Aircraft Recycling Park Concept in alliance with airlines, leasing companies, and other partners in Japan.

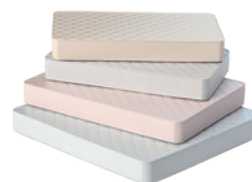


Aircraft reuse and recycling resources

05

Shredding and recycling of mattresses

From August 2021, ECONECOL began the breakdown and recycling of mattresses, which are designated as items difficult to dispose of properly. Its high-performance shredders enable processing with minimum human workload. The company also plans to develop dedicated shredders in collaboration with a shredder manufacturer. In this way, the company is working to create means of working in a new business domain, including fully accepting work spanning the collection and disposal of waste associated with hotel relocation and closure, to building demolition.



Mattresses

06

Wide-ranging one-stop services

The company offers one-stop services that range from collection, transport, and disposal of waste to dismantling of buildings. Normally, each process requires separate outsourcing to multiple contractors capable of performing the work. ECONECOL is able to offer one-stop services that span waste removal and disposal, dismantling of structures, and remediation of contaminated soil after dismantling. This not only contributes to increasing the recycling rate but also reduces burden and costs on the customer.

▼ One-stop service



07

Collaboration with shredder businesses nationwide

To meet customers' demands for metal scrap purchase, waste disposal, and construction demolition projects, ECONECOL works through nearby shredder businesses that possess the same level of management and processing capacity as our company, and serves as a contact desk that lets customers engage in proper disposal with peace of mind even in geographically distant areas. Collaborating and gaining mutual trust also leads to approaches to new business partners.

08

Promoting responsible recycling

ECONECOL has obtained certification under the "R2 Standard", a program managed by the U.S. Environmental Protection Agency. It assesses responsible behavior by electrical and electronic equipment recyclers, and mandates strict security measures. The company sets up booths at barricades to perform strict inspection of entry and exit by related parties. As foreign-affiliated companies preferentially deal with businesses that have obtained this certification, we will continue to tackle proper recycling and its promotion in accordance with R2 certification.



Certificate of R2 Standard certification



Aiming for local revitalization through recycling

Developing a community-based recycling business focused on Hakodate City in southern Hokkaido



Main business activities of Kuroda Recycle Co., Ltd.

01 Comfortable Life Support Business

02 Wood scrap recycling

03 Acceptance of dismantled wind power generation equipment

04 ASR Recycling Business



Value & Vision

One-stop handling of removal, treatment, and recycling of unneeded goods. Contributing to the promoting of regional resource recycling and revitalization of the local economy.

01 Expanding the Comfortable Life Support Business

Kuroda Recycle Co., Ltd. launched its Comfortable Life Support Business in 2017, serving the area of Hakodate City and its environs in southern Hokkaido, to make contributions to the community. In the first year, the main focus was on issues in people's personal environments, such as clean-up work targeting general individuals. From the following year, the company has been expanding the work by offering one-stop support for dismantling fishing boats, buildings, and other structures for business establishments, local governments, hospitals, property receiver cases, and so on.



Before clean-up



After clean-up

02 Contributing to the global environment by recycling wood scrap

Wooden houses are commonly built in Hokkaido, and a large amount of wood scrap is generated from demolition. Kuroda Recycle installed shredding facilities in 2020 to reuse this wood scrap. The shredded wood scrap is mainly reused as cement raw fuel and a boiler fuel, helping to extend life of limited resources.

03 Acceptance of dismantled wind power generation equipment

Hokkaido has many locations suited to wind power generation. The service life of wind power generators is generally about 20 years, meaning that removal of aging equipment built around the year 2000 is gradually increasing. Kuroda Recycle is able to shred and dismantle large wind power generators using equipment that includes a 1,250-ton scrap shear. As the number of wind power generators that have reached the end of their service life continues its upward trend, the company will broaden its horizons and accept equipment throughout Hokkaido.

04 ASR Recycling Business

Kuroda Recycle engages in the business of recycling the automobile shredder residue (ASR) that remains after used automobiles are shredded. ASR contains metals that cannot be fully recovered in the shredding and sorting processes. Fine metal scrap is recovered through sorting equipment using specific gravity differences and air power (sorting by air table), among other equipment. The company will continue its focus on research into advanced sorting technology and process efficiency to contribute to improved recycling rates for scrapped vehicles.

▼ Separation using an air table

Nonferrous metals and plastics are sorted by specific gravity through the actions of vibration and upward air flow.



Resource Circulation Business



Regional circular and ecological economy through recycling

Developing a regional circular and ecological economy-oriented recycling business centered on Matsumoto City and Azumino City in Nagano Prefecture



Main business activities of SYN ECO Inc.

01 Collecting and recycling of local resources

02 Intermediate treatment of waste

03 Recycling of specified home appliances

04 Local club team collaborative projects



Value & Vision

Promoting the effective use of regional resources while promoting advanced efforts for the local production and consumption of resources, through activities aimed at creating "a regional circular and ecological economic zone".

01 Collection of local resources with Mottainai BOX

SYN ECO Inc. has set up Mottainai BOX Stations as resource collection sites at 21 locations in the Chushin district of Nagano Prefecture. This includes four new locations added from the previous year, bringing the amount of resources collected in fiscal 2020 to 5,300 tons. Each station collects local resources (metals, waste paper, aluminum cans, and used clothes) to create an environment that makes use by locals and collection of containers easy. Collected resources undergo sorting, processing, and shipment at plants, to be reused as resources. Another feature of the company is that people with disabilities and general employees work together at plants. The company also donates a portion of profits to the local J2 League Matsumoto Yamaga Football Club and Nagano Children's Hospital, as it tackles local production and local consumption by returning locally generated resource value and profits to the region.



02 Achieving high-quality intermediate treatment through large shredders

The head office plant, which has been operating on an RE100 basis since April 2021, performs shredding and separation of metals and waste plastics using the only large shredder in Nagano Prefecture. The company carried out a major renewal project to expand its business partners and to process composite materials. Metals shredded and recycled by the company are sent directly to manufacturers to be reborn as new products, while mixed metals and nonferrous metals generated by the shredding process are recycled by group companies through re-sorting and other means, maximizing synergies and economies of scale in the group. From the perspective of regional resource recycling and decarbonization, the company will bear a role in "contributing to the region".

03 Launching a specified home appliance recycling business

In January 2021, SYN ECO began accepting specified home appliances (general waste) generated in Nagano City. This had its start in the acceptance and recycling of specified home appliances damaged by a natural disaster in the Hokushin area of Nagano Prefecture in 2019. The activity has been praised as an effective initiative for regional resource recycling. In FY2020, acceptance reached 6,500 units (including those from disaster damage in Nagano City).

04 From PET bottles to uniforms

In January 2022, SYN ECO will begin a project to create uniforms for match volunteers from PET bottles collected at home games of the Matsumoto Yamaga Football Club. This multi-year initiative marks an evolution of the YELL Project launched in 2013 to eliminate disposal costs for wastes from the stadium, and will form a part of projects to recycle local resources. Looking ahead, the company will collaborate with materials manufacturers, final goods manufacturers, and other partners as it works toward the construction of "a regional circular and ecological economy zone" that recycles wastes generated in the prefecture and returns these to local communities.

Resource Circulation Business

株式会社東洋ゴムチップ
Toyo Rubber Chip Co., Ltd.

From waste materials to high-quality recycled materials

Manufacturing rubber chips from recycled materials and developing wide-ranging of products used in public facilities



Main business activities of Toyo Rubber Chip Co., Ltd.

- 01** Manufacturing black rubber mulch from waste rubber
- 02** Manufacturing color rubber chips from synthetic rubber
- 03** Making rubber finished goods used at public facilities, etc.



Value & Vision

Achieving a circular economy that converts rubber offcuts into products through low-carbon processes at RE100 plants.

01

Toward the achievement of a safe society

Toyo Rubber Chip Co., Ltd. manufactures color rubber chips from synthetic rubber, offering a wide range of colors that accommodate buildings and structures of diverse design. At the parks, school grounds, kindergartens, and other places where children play, color rubber chips serve as cushioning material that reduces the risks of fatal injuries from falls. The company's Omni Pedestrian Rubber Panels, used as a material at railroad crossings, feature outstanding elasticity and durability, prevent slips, and resist corrosion, assisting safety at pedestrian passageways. The Vehicular Clearing Posts launched this year use color rubber chip molded products to indicate clearances between railway cars. They ensure good visibility over a long period with little weathering-related fading, contributing to safety in railway operation.



Omni Pedestrian Rubber Panels

02

Contribution to a circular society

Toyo Rubber Chip has been active in the development of rubber recycling for about 80 years. Rubber chips, made from waste tires and products generated from rubber manufacturing processes in plants, are used as cushioning material for filling artificial turf at sports grounds, as well as paving material for parks and sidewalks. Rubber powder, made from finely shredded waste tires, is used in industrial finished goods such as a tire filler and automobile brake linings. In this way, recycled rubber processed by our company is used in many fields. Utilizing technologies that we have built up over many years, our company will continue to actively develop recycling-related finished goods. In collaboration with suppliers, we are currently advancing initiatives to establish a circular model that collects and remanufactures rubber waste material in a closed loop.

▼ Rubber recycling process



TOPIC

Low-carbon products manufactured at RE100 plants

From May 2019, Toyo Rubber Chip has operated an RE100 plant, switching to 100% renewable energy sources for electricity supplied to the plant. This has enabled the reduction of CO₂ emissions from manufacturing processes and the manufacturing of products with low environmental impact.

NEWSCON The creation of new business on a global scale

Globally distributing and selling resources including ferrous scrap, nonferrous metals, biomass fuel, waste paper and used clothes

NEWSCON Inc. was established in April 2020, succeeding the Global Resource Circulation Business of ECONECOL Inc. To play a role in the circular economy, the company supports the expansion of the Global Trading Business of the ENVIPRO Group. The NEWSCON name incorporates the idea of "the creation of new business on a global scale". The company will create unique value to become "a company that brings the world closer to us".

▼ FY2020 export volume

| | | | |
|---------------|--------------|-------------------|-------------|
| Ferrous scrap | 511,000 tons | Nonferrous metals | 27,000 tons |
| Waste paper | 9,000 tons | Used clothes | 2,000 tons |
| Biomass | 10,000 tons | | |

Main business activities of NEWSCON Inc.

01 Domestic and overseas sales of ferrous raw materials

02 Processing and supply of nonferrous raw materials

03 Domestic sales of biomass fuels

04 International distribution of waste paper, used clothes, waste plastics, etc.

Value & Vision

Under a philosophy of "The creation of new business on a global scale," the company will play a role in expanding the overseas business of the group, and will contribute to achieving a global circular economy society.

01 Domestic and overseas sales of ferrous raw materials

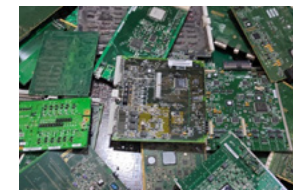
NEWSCON Inc. collects ferrous scrap at ports around Japan, controls quality according to customer requirements, and sells the scrap to steel mills (blast furnaces and electric furnaces) in Japan and overseas. With the expansion of steel demand in Vietnam and elsewhere in Southeast and Southwest Asia, the company is increasing the amount collected by establishing and expanding stockyards in Japan. As logistics methods for transport diversify, the company will make active use of large and small bulk ships and container transport, will build a sales structure covering Japan, neighboring Asia, and distant regions, and will engage in the sale of steel resources around the world.



Steelmaking raw materials (ferrous scrap, etc.)

02 Processing and supply of nonferrous raw materials

Nonferrous metals contained in scrap materials are shredded and sorted at the recycling plants of ENVIPRO Group companies, and are processed and supplied as nonferrous scrap of quality that meets the needs of major domestic and overseas nonferrous smelters and secondary alloy manufacturers. NEWSCON also makes use of its stockyard functions and overseas network to collect nonferrous scrap such as aluminum and stainless steel. To supply copper, aluminum, and precious metals, in recent years the company has engaged in import and trilateral trading of electronic scrap (circuit boards, etc.) from Europe and other locations, and is undertaking expansion into the European market.



Nonferrous raw materials (aluminum; stainless steel; gold, silver & copper sediment sludge; mixed metals; etc.)

03 Domestic sales of fuels

NEWSCON sells palm kernel shell (PKS) to Japan as a fuel for biomass power plants. This fuel is attracting attention as a renewable fuel. Demand is expected to grow, particularly in Japan. The company has PKS collection bases in Malaysia. By thoroughly removing foreign matter and controlling moisture, it maintains the quality demanded by consumers and offers a stable supply. The company plans to expand its handling of PKS along with wood pellets, new fuels, and other product types.



PKS

Wood pellets

04 International distribution of waste paper, used clothes, waste plastics, etc.

NEWSCON exports waste paper as a raw material for paper mills and used clothes as a reuse product. It also sells miscellaneous goods including apparel from Japan and hygiene products aimed at growing cross-border e-commerce markets. The company also sells waste plastics, which have come under attention in recent years, to partners in Japan and Asia in order to establish optimal recycling flows. These are mainly plastics from home appliances.



Waste paper

Used clothes

Waste plastics



Promoting collaboration with regions, companies, and people around the world

Workplace introduction

Vietnam Representative Office

Most ferrous scrap, an important recycled resource, is consumed as a raw material by Vietnamese steel makers to be reborn as new steel finished goods. Not only ferrous scrap but also nonferrous metals, waste paper, plastics, and other recycled resources from Japan find their way overseas. In 2015, NEWSCON set up a representative office in Ho Chi Minh in Vietnam, and is steadily increasing the amount of materials it handles. It plans to export to Vietnam from Japan as well as from Europe, North America, and many other regions. It views Vietnam not as the end point of Japan's resource recycling but as the starting point of the recycling business, and plans to establish a local corporation and collaborate with local companies to further develop a business with roots in Vietnam.



Europe Representative Office

This office mainly collects mixed metals, including nonferrous metals and precious metals. It currently ships to Asian countries and Japan, and is developing activities to perform collection and sales in Europe in the future. It sends out information on a daily basis, including on incidents in Europe related to the businesses of NEWSCON Inc. and the ENVIPRO Group, leading European environmental policies, and the latest recycling business models.



Interview with overseas human resources

Nguyen Pham Dieu Linh



Ho Chi Minh Representative Office
Joined: 2017

I've been working at the Vietnam HCMC Representative Office since 2017, focusing on daily administrative work and engaging in communication with Vietnamese customers and Japanese staff. I had no experience in the field of scrap until I joined the company; my only strength was practical experience in document creation and office work. In the workplace, managers and the office head in particular have created a great working environment for honing skills. I'm learning a lot about the scrap business and the field of trading. I consider it an honor to contribute to the prosperity of the company. I'm focusing on improving my Japanese skills to improve support and communication with Japanese staff. I'm now working from home due to the COVID-19 pandemic, but am making efforts to improve means of communication and work efficiently.

Le Van Hai



Ho Chi Minh Representative Office
Joined: 2020

I began my career as a domestic-market salesman at a Korean company. That's where I first learned about the steel market and improved my foreign language skills. Demand for steel is very high in Vietnam, so I decided to take this job as an opportunity to continue down a path in the steel business. Although I had no experience in international trade, I was put in charge of import/export work and gained a lot of knowledge in that field. This gave me a multifaceted understanding of the steel industry and its giant companies. I joined the company in 2020. Working with products such as iron, plastics, paper waste, and aluminum, I've been able to gain more knowledge of international business along with opportunities to work with enthusiastic and energetic colleagues. I am confident that by working hard and always learning, I can make further contributions to the development of the company.

Liku Kouketsu



Tokyo head office
Joined: 2019

My main work is arranging bulk carriers for exporting ferrous scrap overseas. I work with shipping companies to find ships that meet shipping date, quantity, and other conditions for our ferrous scrap, negotiate charges, and deal with troubles that crop up after the ship sails. This is my first time to be involved in the ferrous scrap trading business, but I feel that a lot of senior employees are giving me kind support and are watching over my growth. I'm also in charge of exporting miscellaneous goods to China by air, inspecting clothes, sneakers, toys, and other exported items collected from all over Japan, accompanying loading work, and managing deposits and withdrawals. In the future, I hope to utilize my Chinese language skills to develop marketing in China and create new businesses.



Cross-border circulation of resources through the reuse of used cars

Distributing used cars and maintenance parts internationally to promote reuse on a global scale



01 International distribution of used cars and maintenance parts

3WM Co., Ltd. engages globally in the reuse of used cars and other used products, contributing to the effective use of resources through its business. The company exports used cars, trucks, heavy machinery, and other vehicles, as well as select high-quality engine and other parts, from Japan to Central and South America, the Middle East, and Southeast Asia. With distribution and sales bases in Chile and the UAE, the company has earned the trust of local customers through sales and service rooted in local communities. In addition to acting as an agent for logistics work such as shipping arrangements and export customs declarations, the company is developing a truck purchase site and a camper rental business aimed at general consumers in Japan.

02 Promoting global-scale reuse through trilateral trade

As used cars and used automobile parts decline domestically in recent years, 3WM is strengthening its handling of products from overseas and is developing a global-scale reuse business through trilateral trade. By promoting the efficient use of limited physical and energy resources, it will contribute to the achievement of a sustainable society while aiding economic development and improvement of livelihoods in importing countries.

Main business activities of 3WM Co., Ltd.

01 Export of and trilateral trade in used cars, trucks, heavy machinery, and maintenance parts

02 Used car maintenance business (overseas)

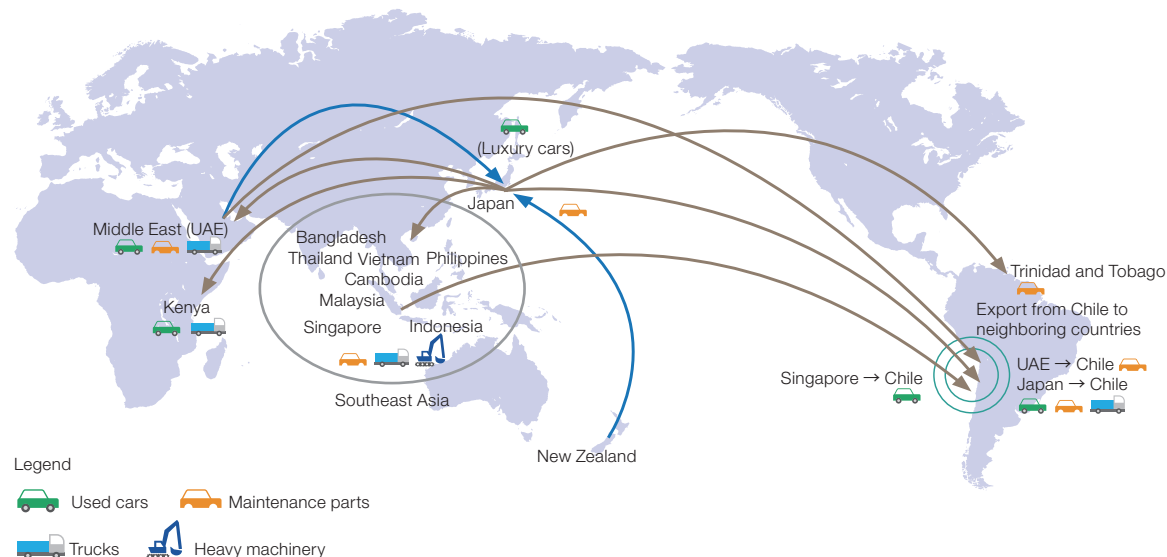
03 Logistics agency business

04 Camper rental business (domestic)

Value & Vision

Promoting the efficient use of material and energy resources and contributing to a sustainable society and to the improvement of local economies worldwide.

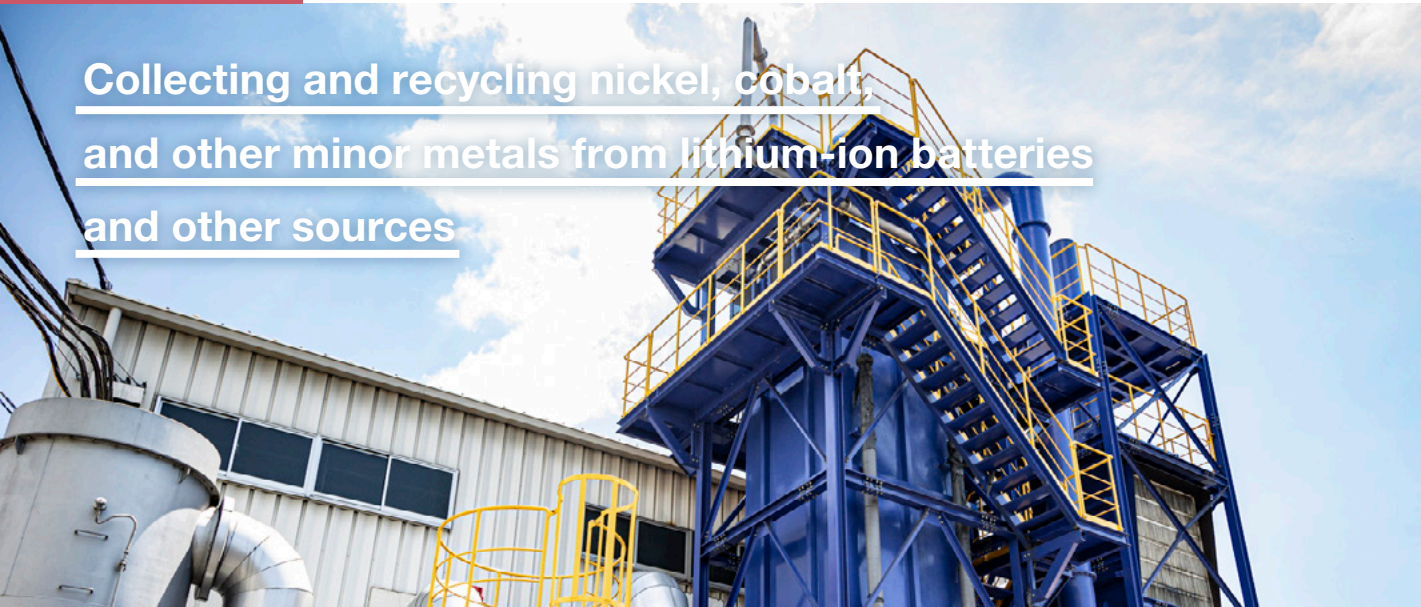
International distribution of used cars and maintenance parts



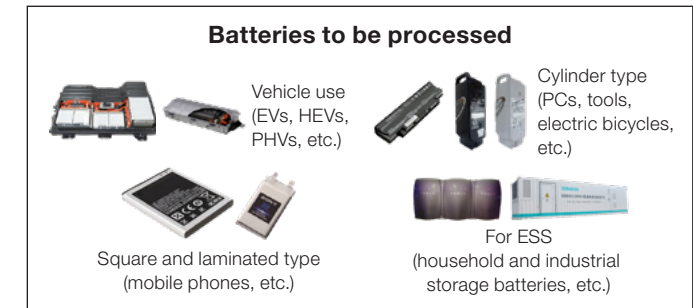
Lithium-ion Battery Recycling Business

VOLTA Establishment of a resource recycling flow for minor metals

Collecting and recycling nickel, cobalt, and other minor metals from lithium-ion batteries and other sources



▼ The lithium-ion battery recycling process



The recycling process in the plant

Battery recycling process

Heating treatment

Electrolyte is volatilized through heat treatment



Shredding/sorting

Sorting with sieves after shredding
* By evaporating electrolytic solution through heating treatment, shredding and sorting are handled in a continuous line



LIB material recycling supply chain

Black mass:

Hydrometallurgy manufacturers

Iron: Steel manufacturers

Copper: Copper smelters and manufacturers

Electrode plate recycling process

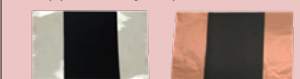
Shredding/sorting

Continuous shredding by multiple shredders and sorting with sieves



Anode sheet/ Cathode sheet

Active materials applied to copper foil or aluminum foil are efficiently stripped off by a special shredder



LIB material recycling supply chain

Active materials:

Hydrometallurgy manufacturers

Carbon: Steel manufacturers

Copper: Copper smelters and manufacturers

Aluminum: Reducing agent applications

Main business activities of VOLTA Inc.

01

Collecting and recycling of minor metals from rechargeable batteries

02

Recycling of used casings (other than batteries)



Value & Vision

Demand for minor metals will grow as electric vehicles (EVs) become widespread. We are working toward recycling these at our RE100 plant to promote recycling of resources in Japan. We will become an indispensable presence in the battery industry and future society.

01

Strategic securing of minor metals

As demand for rechargeable batteries in electric vehicles grows, the demand for and the value of cobalt, nickel, and other mineral resources are expected to increase. VOLTA Inc. seeks to establish a domestic resource recycling flow and to strategically secure mineral resources.

02

Decarbonization process at RE100 plant

As we aim to achieve carbon neutrality by 2050, decarbonized processes are also needed in battery recycling and reproduction of resources. In April 2021, VOLTA achieved the use of 100% renewable energy sources in all processes except for transport vehicles.

03

Acquisition of certifications and permits to broaden business domains

In July 2020, VOLTA obtained a permit to "engage in the industrial waste disposal business", enabling the collection of more types of batteries. In February 2021, the company acquired certification under the "R2 Standard", a U.S. regulation that aims for responsible recycling processes. The company seeks to expand business opportunities by gaining an advantage in transactions with foreign-affiliated companies.

Other Business



Support for social participation



Supporting people with disabilities in interacting with society, acquiring knowledge and skills, and securing employment

Main business activities of ASTOCO Inc.

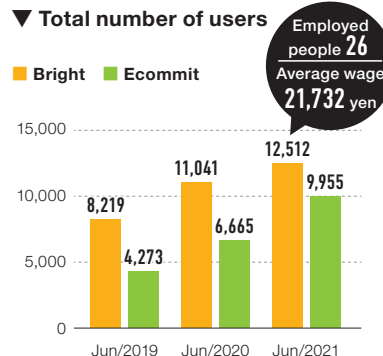
- 01 Pre-employment transition support program
- 02 Type B continuous employment support program
- 03 Satellite Work Business
- 04 Support Manager for people with developmental disabilities

Value & Vision

Support employment for people with disabilities and participation in social activities, and contribute to solving social issues amid a declining labor force.

01 Creating opportunities for people with disabilities to play active roles

The shrinking working population caused by a declining birthrate and aging population is becoming a social issue. In March 2021, the statutory employment rate of people with disabilities was raised to 2.3%, further increasing the need for the employment of people with disabilities. ASTOCO Inc. promotes beneficial matching between people with disabilities and companies, including cooperation with Japan Agricultural Cooperatives (JA) and farmers to address the shortage of human resources on farms. The company is receiving an increasing number of requests every year, such as for agricultural work support during busy seasons, and is expanding its ties with the community. The company will continue helping people with disabilities find opportunities to play active roles with greater peace of mind.



02 Pre-employment transition support program (Bright)

ASTOCO provides support for job hunting activities such as resume preparation for people with disabilities seeking work. The company also engages in support activities for employment retention in the workplace so people can remain working for a long time.



03 Type B continuous employment support program (Ecommit)

ASTOCO works in collaboration with group companies, local companies, agriculture, etc., and pays wages commensurate with work, to give people who face difficulties at general companies opportunities to work with confidence and purpose as active members of society.



04 Satellite Work Business

ASTOCO supports the creation of comfortable working environments and jobs for people with disabilities in order to resolve issues that companies face, such as difficulties in appropriately accommodating the specifics of disabilities.

05 Support Manager for people with developmental disabilities

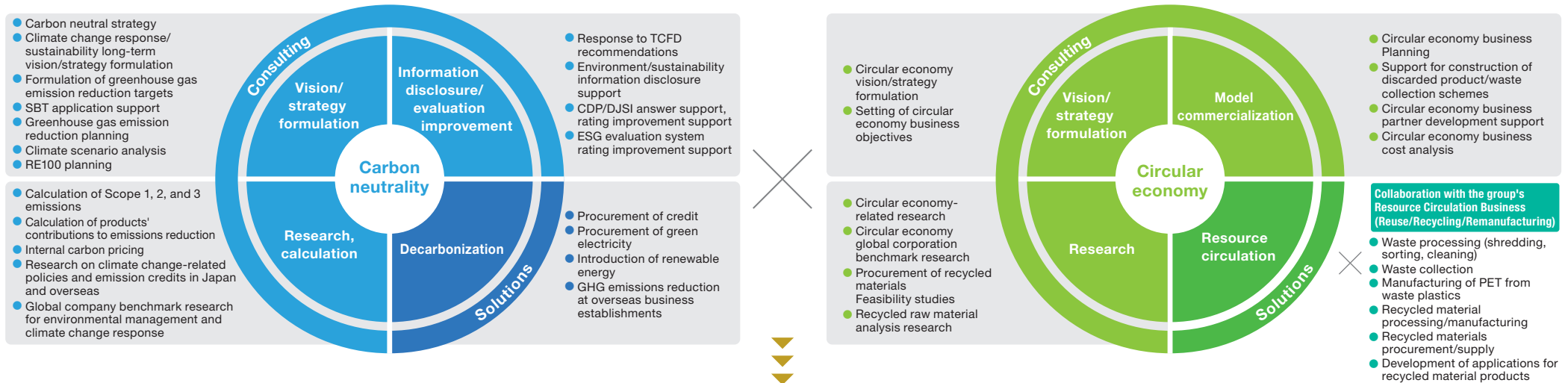
ASTOCO has been commissioned by Nagano Prefecture to provide consultation for people with disabilities living in the region and to coordinate cooperation with related organizations.

▼ ASTOCO Inc. offices



Providing environmental consulting services through consulting & solutions

An environmental specialist consulting firm engaged in carbon neutrality-related consulting (carbon neutral strategy, GHG reduction, etc.) and circular economy-related consulting (construction of resource recycling schemes, etc.)



01 Promotion of decarbonization and response to climate change

As movements toward decarbonization pick up speed in Japan, it is increasingly important for companies to take the impacts of climate change into consideration in their management, and to adapt to related risks and opportunities as a part of management strategy. Bright Innovation Co., Ltd. supports companies in tackling response to climate change. The company is developing consulting services that address carbon neutral strategy, SBT and other goal setting, drafting of CO₂ reduction plans, improvement of CDP and other third party evaluations, and support for response to TCFD recommendations and other information disclosure. The company also provides comprehensive services that include the introduction of renewable energy and other planning of company strategies for emissions reduction.

Main business activities of Bright Innovation Co., Ltd.

01 Carbon neutral consulting and solutions

02 Circular economy consulting & solutions

Value & Vision

Supporting companies' sustainable management as a professional in the environmental field.
Promoting clients' environmental management through practical consulting and solutions linked to companies' business strategies.

02 Promoting a circular economy

Amid the emergence of issues such as the depletion of material resources, the concept of the circular economy and its importance are becoming widely known. Bright Innovation offers consulting services related to the construction of circular economy models for products and the construction of closed-loop circular models through the conversion of plastic containers into recycled materials and the use of recycled materials in containers. By collaborating with group companies engaged in the Resource Circulation Business and by proposing solutions that include recycling and remanufacturing, the company provides integrated services that contribute to establishing circular models for companies.

Environment

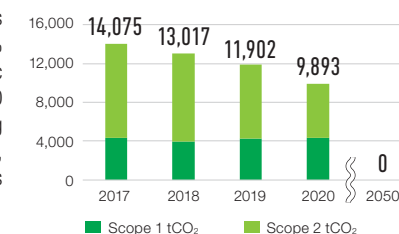
Promotion of decarbonization and expansion of renewable energy

ACTION 01

Efforts toward carbon neutrality by 2050

By reducing greenhouse gases emitted by all of its businesses, the ENVIPRO Group seeks to become carbon neutral by 2050. Fiscal 2020 CO₂ emissions were 9,893 tons, a 24% reduction compared with fiscal 2018. CO₂ emissions include those derived from electric power (Scope 2), accounting for about 70% of emissions at the time of joining the RE100 initiative. By working to switch to electric power from renewable sources, we are achieving continual reductions in emissions. By making all of our business activities carbon neutral, including the recycling of scrap and wastes, we will contribute to resolving social issues through decarbonization and to the achievement of a circular economy.

Scope 1+2 CO₂ emissions results and targets (tons)

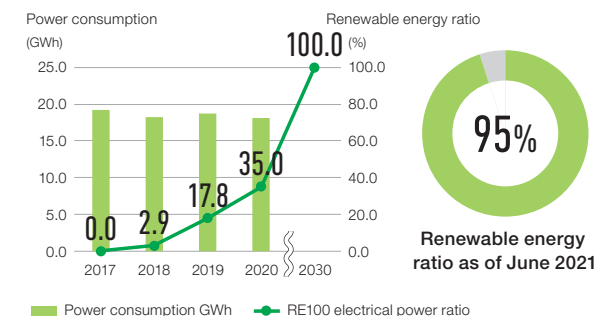


ACTION 02

Achievements toward RE100 targets

Our group is a member of the RE100 global initiative to commit to 100% renewable energy for electricity used in business activities. In December 2020, we moved the year for achieving RE100 ahead 20 years to 2030. In fiscal 2020, renewable energy accounted for 35.0% of our electricity consumption. In April 2021, group member ECONECOL Inc. completed its switch to renewable energy for electricity used at its plants and offices, including its head office. With this achievement, about 95% of the electricity consumed by the group as a whole will be derived from renewable energy. We expect to cut CO₂ emissions from business activities in fiscal 2021 by about 60% (compared with fiscal 2018).

Actual and target power consumption and renewable energy ratio



ACTION 03

New initiatives for a circular economy

Our group took part in a demonstration trial of a waste plastic resource recycling model in Tokyo's Marunouchi area, which began in June 2021. Post-consumer recycled (PCR) materials such as waste plastic products present difficulty in collection due to their wide variety of types and small quantities. In this project, we collaborated with companies in the PCR supply chain to carry out investigations and trials aimed at building a sequential supply chain system spanning collection and transport of PCR to remanufacturing into consumer products, through streamlining of logistics and the establishment of traceability. Our group is recycling the collected waste plastics into raw materials.

Material balance

Environment

INPUT

Scrap, waste, raw materials **717,800 tons**^{*1}

| Scrap/waste | | Amount processed | | |
|---------------------------------|--------------------------------|---------------------|--------------|--|
| | | | | |
| Scrap/waste | Metal scrap | 156,100 tons | | |
| | Mixed waste | 42,700 tons | | |
| | Waste plastics | 1,100 tons | | |
| | Scrapped cars | 9,700 tons | | |
| | Electronic waste | 7,200 tons | | |
| | Wood waste | 3,600 tons | | |
| | Waste paper | 8,000 tons | | |
| | Used clothes | 0 tons | | |
| | Waste batteries | 1,300 tons | | |
| | Subtotal | 229,800 tons | | |
| | Distribution volume | Ferrous scrap | 446,800 tons | |
| | | Nonferrous metals | 7,300 tons | |
| | | Waste plastics | 600 tons | |
| Waste paper | | 8,800 tons | | |
| Used clothes | | 2,600 tons | | |
| Wood pellets/PKS | | 10,400 tons | | |
| Subtotal | | 476,500 tons | | |
| Reuse | | Used cars/trucks | 2,735 | |
| Raw materials | Raw materials for rubber chips | 11,500 tons | | |
| Total input^{*1} | | 717,800 tons | | |

*1 Sum of scrap, waste, raw materials (excluding reuse)



OUTPUT

Recycled raw materials / finished goods / processing outsourcing **691,800 tons**^{*1}

| Recycled raw materials | | Amount processed | |
|-----------------------------------|--|------------------------|--------------|
| | | | |
| Recycled raw materials | Ferrous metals (scrap) | 43,200 tons | |
| | Nonferrous metals | 9,700 tons | |
| | Plastic raw materials | 100 tons | |
| | Fuel raw materials | 29,100 tons | |
| | Wood chip raw materials | 2,800 tons | |
| | Raw materials for paper | 8,100 tons | |
| | Raw materials from used clothes | 0 tons | |
| | Black mass | 600 tons | |
| | Other | 2,600 tons | |
| | Subtotal | 96,200 tons | |
| | Amount processed and distributed ^{*2} | Ferrous metals (scrap) | 101,100 tons |
| Nonferrous metals | | 5,000 tons | |
| Subtotal | | 106,100 tons | |
| Distribution volume ^{*3} | Ferrous metals (scrap) | 420,000 tons | |
| | Nonferrous metals | 7,100 tons | |
| | Plastic raw materials | 600 tons | |
| | Fuel raw materials | 10,400 tons | |
| | Raw materials for paper | 8,700 tons | |
| | Raw materials from used clothes | 2,600 tons | |
| | Subtotal | 449,500 tons | |
| | Total | 651,800 tons | |
| Reuse | Used cars/trucks | 2,698 | |
| | Maintenance parts | 280 containers | |
| Finished goods | Rubber chip-based products | 10,700 tons | |
| | Total | 29,300 tons | |
| Disposal outsourcing | Recycling | Material recycling | 1,200 tons |
| | | Thermal recycling | 15,300 tons |
| | Waste disposal | Simple incineration | 3,600 tons |
| | | Landfilling | 9,300 tons |
| | Total | 29,300 tons | |
| Total output^{*1} | | 691,800 tons | |

*1 Total of recycled raw materials, finished goods, and disposal outsourcing (excluding reuse)

*2 Amount of processed resources distributed overseas, etc.

*3 Amount of resources distributed through trading company functions

Energy /water

| | |
|-------------|-----------------------|
| Fuel | 63.7 TJ |
| Electricity | 18.1 GWh |
| Water | 23,000 m ³ |

CO₂ emissions (Scope 1+2) **9,900 tons**

| | |
|---------|------------|
| Scope 1 | 4,307 tons |
| Scope 2 | 5,587 tons |

CO₂ emissions (Scope 3) **92,500 tons**

| | | |
|------------|--|-------------|
| Category 1 | Purchased products/services | 15,402 tons |
| Category 2 | Capital goods | 1,564 tons |
| Category 3 | Fuel and energy activities not included in Scope 1 and Scope 2 | 1,912 tons |
| Category 4 | Transport/delivery (upstream) | 69,577 tons |
| Category 5 | Waste generated from business | 3,779 tons |
| Category 6 | Business travel | 62 tons |
| Category 7 | Employee commuting | 217 tons |

* We will continue to assess emissions in other categories and elaborate on data from the next fiscal year.

Resource recovery rate* **94.5%**

* The recycling rate is calculated from Output: (amount processed + amount processed and distributed + recycling) ÷ (amount processed + amount processed and distributed + recycling + waste disposal) × 100



Information Disclosure in line with TCFD Recommendations

Environment

Basic concept

Under the Paris Agreement, an agreement was reached to limit average global temperature increase to less than 2°C compared to pre-industrial levels. Efforts to decarbonize are underway in many countries. Against this background, the Task Force on Climate-related Financial Disclosure (TCFD), established by the Financial Stability Board (FSB), delivered its final report in June 2017. Following further developments including the December 2018 publication of "Guidance on Climate-related Financial Disclosures (TCFD Guidance)" by Japan's Ministry of Economy, Trade and Industry, momentum to address the TCFD recommendations is growing.

In May 2019, the ENVIPRO Group announced its endorsement of the TCFD recommendations. In December 2020, the group made the decision to aim for effectively zero greenhouse gas emissions from our businesses, including the treatment and recycling of scrap and wastes that we handle, by 2050. Resource issues and climate change issues are not isolated issues but rather bear close relation to each other, and are global-scale societal issues. Endless resource mining and greenhouse gas emissions are detrimental to sustainability. These issues must be resolved to preserve our shared global resources and natural environment into the future. Our group, which engages in the Resource Circulation Business at the end of the supply chain, is characterized by the ability to tackle both of these key social issues through our business. We believe that these issues truly constitute social responsibilities that our group should address.

Sustainability promotion system

To promote policies and measures related to climate change response and other sustainability strategy matters, the group's sustainability promotion system has a Sustainability Committee that consists of the President and Representative Director, full-time officers, executive officers, and heads of some related departments. The Committee seeks to promote the Medium-Term Management Plan, "Sustainability Strategy" 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 reported to the Board of Directors. Under the supervision system of the Board of Directors, we work to maintain governance and promote sustainability strategies.

▼ Sustainability promotion system diagram



▼ Role of the conference body in the sustainability promotion system to address climate change

| Conference body | Role |
|-------------------------------------|---|
| 01. Board of Directors | Supervise the progress of initiatives related to environmental issues discussed and approved by the Management Committee. Convene every month. |
| 02. Management Committee | Decide on important matters related to individual, specific instances of business execution, and make decisions on timely disclosure. Convene every month. |
| 03. Sustainability Committee | Discuss organization and operation of the Committee and other important matters concerning sustainability in order to promote the Medium-Term Management Plan. Convene every month. |

Identifying and addressing risks and opportunities

Our group used two scenarios, one assuming a temperature rise held back to 2°C at the end of this century and one with a temperature rise of 4°C, to analyze the risks and opportunities brought about by climate change and their impact on our group. We then studied countermeasures.

▼ Scenario analysis

| Assumptions | Details |
|------------------------------------|--|
| Current scenario (4°C) | A scenario in which the average temperature rises by about 4°C compared to pre-industrial levels as a result of failure to introduce stricter government policies and strengthen regulations, such as regulations to curb GHG emissions, and of failure by businesses to take effective action in response to climate change. Acute effects include more frequent extreme weather events and more intense heavy rainfall, while chronic effects include rising sea levels. |
| Transitional scenario (2°C) | The introduction of carbon taxes and policies to regulate emissions are being strengthened to address climate change and curb GHG emissions. In a world that places demands on companies to respond to climate change, a scenario in which the average temperature rise compared to pre-industrial levels is kept below 2°C by improving low-carbon technologies, expanding renewable energy, and promoting energy conservation. |

▼ Risks and opportunities facing our group

| Category | Changes in society | Changes in the business environment | Risks/Opportunities | Affected Period |
|--|--|--|--|---------------------|
| Transition | Increased cost of steelmaking processes due to the introduction of carbon taxes | <ul style="list-style-type: none"> Increased demand for ferrous scrap due to an increase in electric furnaces Increased ferrous scrap blend ratio in converters Increased demand for high-grade types of ferrous scrap Rise in ferrous scrap prices due to increased demand | Opportunities Expansion of existing Recycling Business | Short to long term |
| | | | Installation of large shredders | Medium to long term |
| | Rise in the usage rate of recycled plastics due to regulations concerning use of recycled plastic | <ul style="list-style-type: none"> Acceleration of the transition to a circular economy throughout the plastic life cycle assessment (LCA) Expansion of waste plastic materials and chemical recycling | Risks Changes in raw materials due to the development of decarbonization technologies for steelmaking processes | Long term |
| | | | Opportunities Development and commercialization of chemical recycling plants | Medium to long term |
| | Increase in capital investment related to renewable energy due to the promotion of its diffusion | <ul style="list-style-type: none"> Increase in dismantling work for energy-related facilities | Risks Loss of business opportunities due to delays in technological developments and business entry | Medium to long term |
| | | | Opportunities Wide-area expansion of our dismantling business | Short to long term |
| Physics | Growing proliferation of EVs, ESS, etc. associated with carbon reduction and decarbonization | <ul style="list-style-type: none"> Increase in demand for nonferrous metals and minor metals in line with electrification (depletion) Rise in nonferrous metal and minor metal prices due to increased demand Development and increased use of alternative materials to reduce automobile weight and counter resource depletion | Risks Curtailment of waste plastic thermal recycling | Long term |
| | | | Opportunities Expansion of the Lithium-ion Battery Recycling Business | Medium to long term |
| | Requirement for reporting of CO ₂ emissions with respect to emissions reduction targets | <ul style="list-style-type: none"> Assurance of CO₂ emissions traceability (DX) | Opportunities Expansion of the Collection Business of Gold, Silver & Copper Sediment Sludge (recycling of riddling ash, etc.) | Short to long term |
| | | | Creation of new businesses | Medium to long term |
| | Increase in heat stress due to rise in average temperatures | <ul style="list-style-type: none"> Regulation of outdoor work during summer | Risks Reduction in the use of nonferrous metals and minor metals in line with technological developments | Medium to long term |
| | | | Opportunities Expansion of the scrap and waste logistics business | Medium to long term |
| Increase in natural disasters due to intensification of abnormal weather | <ul style="list-style-type: none"> Increase in damage to plants and other business sites Increase in transportation and construction delays Increase in logistics accidents | Risks Loss of business entry opportunities due to delays in business development | Medium term | |
| | | Opportunities Labor-saving, automation, remote control | Short to long term | |
| | | Risks Decreases in labor productivity due to restrictions on working hours, etc. | Short to long term | |
| | | Opportunities Strengthening of response to disaster waste | Short to long term | |
| | | Risks Shutdowns due to damage to plants and decline in profits due to production declines | Short to long term | |
| | | Risks Decreases in profits due to lost sales and purchasing opportunities | Short to long term | |
| | | Risks Increases in insurance and repair/restoration cost. | Short to long term | |

Social

➤ Toward safe and secure workplace environments

ACTION 01

Cross-group “Environmental & Safety Promotion Committee”

ENVIPRO HOLDINGS Inc. makes the creation of safe and secure workplace environments its highest priority, and works to reduce industrial accident risks and ensure the safety of workers. The Environmental & Safety Promotion Committee develops cross-group activities led by the presidents of group companies. By sharing examples of companies' initiatives, verifying effects, sharing the progress of activities, and sending stronger messages to all employees, it is working to encourage all individuals to make changes in their awareness and to foster a corporate culture that creates safe workplace environments.

ACTION 02

Risk prediction activities with participation by all

We are developing risk prediction activities across the group to report on points that workers find hazardous in work environments and on solutions to these. Every day, workers submit reports, which are posted on bulletin boards to be seen by all. While monitoring the effectiveness, we are expanding the risk prediction activities to sales departments, including transport teams, to instill the activities throughout the group. This is now showing effectiveness in reducing the number of industrial accidents and the scale of accidents.



Posting of risk prediction activity charts

ACTION 03

Solidifying the corporate brand of being a safe and clean company

Understanding and analyzing the situation of industrial accidents is vital in improving the effectiveness of safety activities. In the past, group companies had individually carried out study meetings by review committees when industrial accidents occurred. As a new initiative to further speed up sharing within the group, we have begun to invite affiliated companies performing similar work or experiencing similar accidents to take part in the review committees. As accidents are frequent in the operation of vehicles, heavy machinery, forklifts, and so on, we are enacting measures that include equipping forklifts with drive recorders. Ultimately, however, it is people who operate equipment and systems. Steady activities that change the awareness of individuals and nurture that awareness as corporate culture form a cornerstone of efforts. We will continue making efforts and improvements under the slogan of “solidifying the corporate brand of being a safe and clean company”.



Drive recorder-equipped forklift

To build a platform filled with good quality energy where employees can work energetically

Social

In achieving the ENVIPRO Group's mission of "Contribute to create a sustainable society," we believe it is important that all employees have the realization that their work is of use to society, and that this joy becomes a driving force for the growth of the company. Under the concept of "to build a platform filled with good quality energy," our group is working to create work environments where all employees can work energetically and make the most of their capabilities. The following is an introduction to the active involvement of a female employee who balances work with home life as a manager, along with the activities of an in-house project to enhance group cohesiveness.

Creating work environments where women can play active roles

For the sustainable development of the ENVIPRO Group, we must create work environments where all employees can display their full potential and where people of different backgrounds can remain working together. The group particularly emphasizes the creation of friendly work environments for female employees, and has appointed women to management positions this fiscal year.

Women lead teams in management positions!

ENVIPRO HOLDINGS Inc.

Eriko Takeuchi Manager, General Affairs Section



Q. Tell us what makes you enthusiastic as a manager.

A. Since being appointed to my post in July 2021, I've been working hard to carry out my duties. Pooling my strength with three other women from the General Affairs Section, I want to make this a team that people can count on. Currently, we're making active use of web-based systems to standardize work and create an environment where we can follow up on each other.

Q. What do you see as friendly to women in the work environment?

A. We introduced a flextime system a year ago. This is very convenient in letting female employees with families go to work after their children go to kindergarten. Another great point of the company is a corporate culture that, with the understanding of superiors and the help of colleagues, can flexibly adapt to sudden needs to be away from work.

Q. What do you place value on at work?

A. The concept of thinking of the colleagues we deal with in work as customers within the company. We can't do our jobs alone. I keep this in mind especially when I hand off work to the next process.

Q. What are your future aspirations?

A. As the company and jobs have gone through major changes, I myself was able to grow by experiencing a number of jobs. Also, I see it as my responsibility to create opportunities for young employees to grow. I want to bring in others, concentrate my energy on positive things in the future, and grow together with the company!

Full power, at home and at work!

ASTOCO Inc. (Ecommit Azumino)

Chiemi Nomura Facility Manager



Q. What made you decide to join the company?

A. I left a job I had worked at for 15 years to care for my mother. The workplace had programs in place for cases like this, but the working environment made taking leave difficult. Some time after I left, I interviewed with ASTOCO. Right from the interview, they attentively asked about my mother's long-term care situation. I felt reassured with this company.

Q. Did you have any concerns about balancing work with home life?

A. My team has eight people, of which six are women. We rest assured that the president and superiors understand balancing work with family life, and that we can get help if something comes up. Employees express mutual aid and gratitude, and the words "thank you" can always be heard in the company. It's a place where I can feel fun and excitement on the job every day.

Q. At what times do you feel your job is rewarding?

A. Being entrusted with important work and expectations to deliver encourages me to do my best. Recently, I was happy to see the company adopt business planning materials that I created. I'm always able to put my experience with long-term family care and childcare to use in work. My hard work as a mother proves to be a great power on the job, too. I'll do my best to contribute to the company's growth, with a feeling of gratitude that keeps me going day by day!

TOPIC

Formation of the Company Song Project Team

The COVID-19 pandemic has restricted physical communication within the group. In response, we decided to participate in the NIKKEI National Company Song Contest to boost solidarity within the company, and put together the Company Song Project Team. By creating a music video of the company song that plays every morning in offices and plants, we sought to revitalize communication throughout the group.

"Love All Over the World" is the title

We conducted a questionnaire survey of all employees and held discussions on the ENVIPRO Group's uniqueness and appeal, and what employees want to convey. The concept behind the production is to deliver energy to employees' family members, local residents, and everyone seeing the video, through the appearance and the smiles of employees who are serious about the environment and who remain committed to reducing wastefulness. The music video expresses an image of "love" being set on heart-shaped balloons and delivered to the world, to connect and spread.



Video now playing on YouTube

Music video: <https://youtu.be/A3eJwlF03zk>

Making of: <https://youtu.be/O5WirmE700k>

Governance

Corporate governance

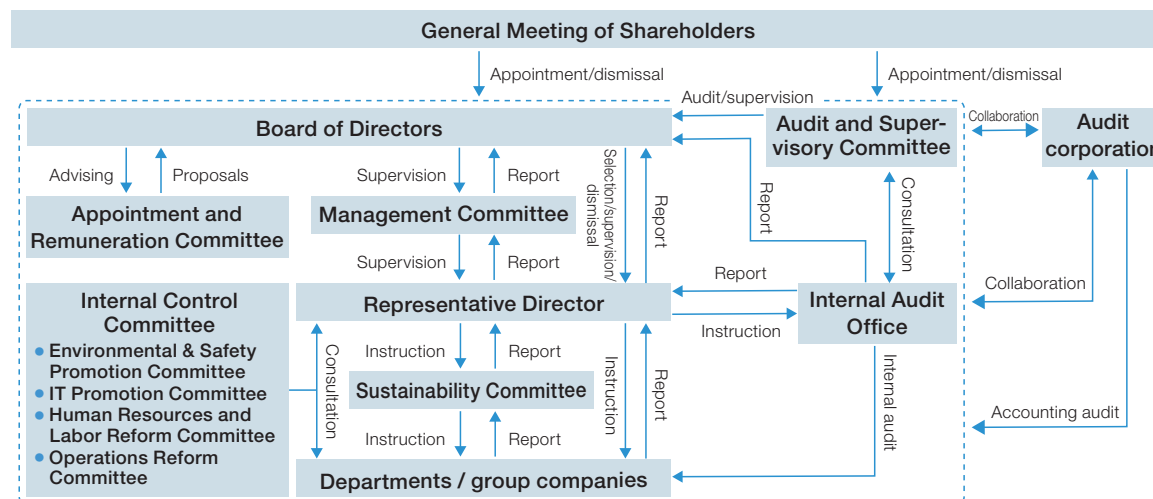
Basic approach to corporate governance

The ENVIPRO Group recognizes that instilling our corporate philosophy throughout the organization is the most important aspect of governance, and that the strengthening of governance that brings discipline to organizations to sustain growth is a key issue in management. Responding to this issue, in addition to soundness, transparency, and efficiency of management we will always maintain awareness of corporate ethics and legal compliance in our corporate activities, and will work to strengthen and enhance our corporate governance.

History of corporate governance

| | |
|------|---|
| 2010 | <ul style="list-style-type: none"> Established current ENVIPRO HOLDINGS Inc. Introduced executive officer system |
| 2011 | <ul style="list-style-type: none"> Increased number of external directors from two to three Established Internal Control Committee |
| 2013 | <ul style="list-style-type: none"> Listed on the Second Section of the Tokyo Stock Exchange |
| 2015 | <ul style="list-style-type: none"> Revised the Internal Control Basic Policy |
| 2016 | <ul style="list-style-type: none"> Established the Appointment and Remuneration Committee |
| 2017 | <ul style="list-style-type: none"> Established the Audit and Supervisory Committee Increased the number of external directors from three to six |
| 2018 | <ul style="list-style-type: none"> Listed on the First Section of the Tokyo Stock Exchange Established the Sustainability Committee |
| 2019 | <ul style="list-style-type: none"> Performed early delivery of convocation notices (over three weeks in advance) |
| 2021 | <ul style="list-style-type: none"> Changed the Sustainability Committee to a key meeting body for promotion of the Medium-Term Management Plan |

Corporate governance structure diagram



Board of Directors

The company's Board of Directors has 10 directors, of which six are external directors (including three members of the Audit and Supervisory Committee). It convenes once a month in principle. The Board of Directors makes decisions on matters important to the execution of the company's business, and oversees the execution of directors' duties. In fiscal 2020, the Board of Directors met 14 times, with a high attendance rate by all directors. 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.

▼ Senior executive skill matrix

| Position in the company | Name | Corporate culture | Management strategy | Production technology | Overseas | CN · CE | Finance/ Accounting/ Taxation | Legal compliance | Human resources | IT | IR | Expert knowledge |
|--|-------------------|-------------------|---------------------|-----------------------|----------|---------------|-------------------------------------|------------------|-----------------|----|----|------------------|
| President, Representative Director | Tomikazu Sano | ● | ● | ● | | | | | | | | |
| Senior Managing Director | Fumikatsu Sano | ● | ● | ● | ● | | | | | | | |
| Managing Director | Kozo Haruyama | ● | ● | ● | ● | | | | | | | |
| Director | Naoki Takekawa | ● | ● | | | | | ● | ● | | ● | |
| External Director | Miharu Murakami | | ● | | | | | | | | | |
| External Director | Kyuchan Hwang | | ● | | | | | | | | | Economics |
| External Director | Keiji Miyaki | | ● | | | | | | | | | |
| External Director (Audit and Supervisory Committee) | Shoji Ide | | ● | | | | | | ● | ● | ● | |
| External Director (Audit and Supervisory Committee) | Suguru Wada | | | | ● | | | ● | | | | Procurement |
| External Director (Audit and Supervisory Committee) | Hiroshi Kamiya | | | | | | ● | | | | | |
| Managing Executive Officer | Akiko Ishii | ● | | | | | | | | | | |
| Executive Officer | Norihiro Nakasaku | ● | ● | | | ● | | | | | ● | |
| Executive Officer | Kenta Imai | ● | | ● | | | | | | | | |
| Executive Officer | Yasushi Sugiyama | ● | | | | | ● | | | ● | | |

* CN: Carbon neutrality
CE: Circular economy

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three external 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.

Appointment and Remuneration Committee

The Appointment and Remuneration Committee is composed of five members: the representative director and four external 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

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, to make decisions on specific matters important to the execution of the company's business and on the timely disclosure of information.

Sustainability Committee

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 (Sustainability Strategy) 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

Our group has established an Internal Control Committee chaired by the company president. This Committee consists of four subcommittees: the Environment and 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 convenes every quarter to allow presidents of group companies and members of subcommittees to set policies, make decisions, and report on important compliance matters, litigation and legal risk matters, and other matters that could have significant impacts on management.

Creating a human resources strategy and a structure aimed at sustainable growth

Human resources strategy linked to strategy

On July 1, the ENVIPRO Group established a new personnel department founded on a policy of actively advancing "human resources strategy linked to sustainability strategy". This sustainability strategy seeks to achieve our mission of "contribute to create a sustainable society," and is based on the idea that the growth of our group connects to contribution to society. Accordingly, holding the image that the growth of our group and the well-being of our employees are closely related, we set "build a platform filled with good quality energy where employees can work energetically" as the concept of our human resources strategy.

Emergent capabilities, autonomy, and discipline

The concept of happiness is changing. It is undergoing a shift from the happiness of devoting one's self to the company for life, to demands for sustainable happiness through experiences including personal growth, a sense of fulfillment, and a sense of accomplishment. Happiness differs for every individual. Against that background, companies must prepare diverse working styles, conditions, and environments and must build a base that allows free choice through self-discipline. The organizational image that our group should strive for is that of "a disciplined group of autonomous individuals equipped with emergent capabilities". "Emergent" refers to human resources who can think, move, discuss, and collaborate on their own. "Autonomous individuals" are persons who act according to normative standards they themselves set. By collaborating with individuals from diverse backgrounds who are equipped with these two capabilities, we seek to become a "disciplined group" grounded in our corporate philosophy.

Personnel strategy

As a sustainability strategy and a personnel strategy to achieve our image for the organization, we will promote the following five priority measures.

- Enhancement of the quality of relationships through dialog
- Respect for diversity
- Creation of comfortable workplaces
- Merit-based personnel system
- Fostering of corporate culture

2021 new graduate recruitment

Our group considers the securing of diverse human resources for the medium- to long-term enhancement of corporate value to be important. We make efforts to hire new graduates who will lead executive management in the future. In April 2021, eight new hires joined the group, including four who became ENVIPRO Inc.'s first directly-hired new graduates. Following a three-month training period, they were assigned to positions in July. Welcoming new employees, with existing employees taking positions of guidance, cultivates positive energy in the work environment and revitalizes the entire group. We will continue working to hire new graduates from the next fiscal year onward.



Group photo of fiscal 2020 new employees

| TOPIC | A new structure for the promotion of sustainability strategy | | |
|--|---|--|--|
| <p>Three new directors have been appointed at ECONECOL Inc. this fiscal year, with the aim of achieving further growth for the group and the promotion of sustainability strategy. For about 70 years since its founding, ECONECOL has shouldered metal resource processing, recycling, and other core businesses of the group. It plays a key role in promptly detecting changes in</p> | <p>social needs and actively undertaking technological evolution and new business initiatives to lead the group. The three directors, who have on-site experience in business development, plant design, sales, and other areas, will work across the group to strengthen alliances while actively engaging in business activities for the sustainable growth of the company and society.</p> | | |
|  <p>Director Engineering Department Manager Masaki Hayakawa</p> |  <p>Director Production Department Manager Noritaka Akiyama</p> |  <p>Director of Sales and Business Development Department Manager Hirohito Endo</p> | |
| <p>"For society, for companies, and for one's own work, continuation is vital. We will press on, valuing further technological innovation and transmission to the next generation!"</p> | <p>"Our business is growing in importance as the world changes. We will tackle new businesses with cheerfulness, fun, and energy!"</p> | <p>"What's important is creating fans. Being a company, and people, who earn expectations and trust. We will stay on the lookout and continue to meet the needs of customers and society!"</p> | |

Governance

Our challenge: "Contribute to create a sustainable society"

Approach to the Medium-Term Management Plan

In August 2021, ENVIPRO HOLDINGS Inc. reviewed the 5-year Medium-Term Management Plan (Sustainability Strategy) formulated in 2018 to achieve sustainable development of both the group and society. The Plan's management targets for the period ending July 2026 include net sales of 70 billion yen, ordinary profit of 4 billion yen, and ROE of 15.0%. The corporate value to which our group aspires is to enhance economic, environmental, and social value and to strengthen governance for maintaining these, to become a company that is strongly needed by the world to create a sustainable society. Toward that end, we want to build a "platform" filled with good quality energy where employees can work energetically. We will advance the construction of these foundations and will promote diverse businesses as opportunities for the resolution of issues, aiming to achieve a "decarbonized society", "circular economy society, distributed society".

| | |
|------------------------------------|--|
| Corporate philosophy | The key values of the ENVIPRO Group, and its corporate DNA (no timeline) |
| Mission | The ENVIPRO Group's significance in the world, and its purpose and aspirations on a defined timeline (the 30 years until 2050) |
| Medium-Term Management Plan | Strategy for achieving our long-term vision (July 2021 - June 2026) |
| Fiscal year business plan | Specific initiatives to achieve the Medium-Term Management Plan |

Fostering corporate culture and enhancing value through uniqueness

Our group believes that instilling our corporate philosophy throughout the organization and aligning it with our everyday business activities is the most important aspect of governance, and is an indispensable undertaking for the sustainable enhancement of corporate value. In order to do so, we equip employees with copies of our Management Plan that clearly sets out our corporate philosophy, values, and norm of conduct. By utilizing the our Management Plan in our business activities, instilling our corporate philosophy throughout the organization, and fostering our corporate culture, we will continue to sincerely hone the individual functions of competitive organizations that enhance economic, environmental, and social value.

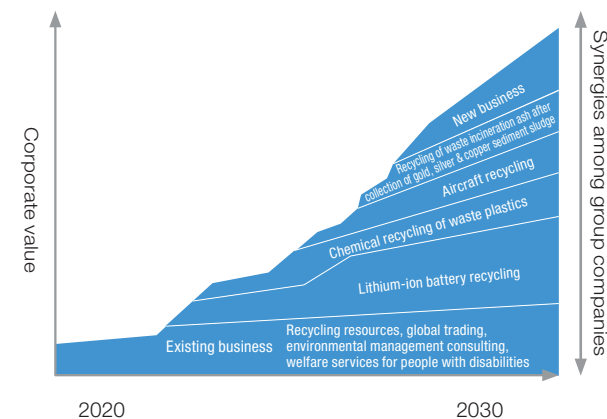
Specific actions to achieve the strategy

In order to advance our business strategy, our group (1) will possess and constantly reform overwhelming technological advantages, (2) will strengthen and constantly hone organizational sales capabilities based on high technological capabilities, and (3) will possess and constantly enhance dynamic international distribution capabilities. Drawing on those premises, we will "deepen our existing businesses", "explore new businesses", and "optimize our business portfolio".

| | |
|---|---|
| Resource Circulation Business | <ul style="list-style-type: none"> Expansion of municipalities collecting riddling ash Strengthening wide-area cleaning and dismantling business with a nationwide perspective Construction of new plants Installation of large shredders Respond with the Act on Promotion of Resource Circulation for Plastics Promotion of M&A |
| Global Trading Business | <ul style="list-style-type: none"> Expansion of import/export/trilateral trade and of domestic and international stockyards Promotion of scrap initiatives for ferrous metals, nonferrous metals, specialty, precious, and all other metals Development of new products |
| Lithium-ion Battery Recycling Business | <ul style="list-style-type: none"> Construction of new black mass plant Building alliances Establishment of hydrometallurgy plants |
| Other Business | <ul style="list-style-type: none"> Promotion of employment of people with disabilities through enhancement of employment support and growth of social farming Group synergies through expansion of consulting on TCFD and other circular economy-related and climate change-related issues |

Long-term initiatives to create corporate value

Our group will optimize its business portfolio by deepening or withdrawing from existing businesses and by exploring new businesses.



Profit distribution

The group's approach to profit distribution is to follow a general standard of 30% for investment in growth fields, 10% for research and development, 20% to 30% for dividends as a return to shareholders, and 30% to 40% for internal reserves.

| Item | Ratio |
|--------------------------|---------|
| Growth investments | 30% |
| Research and development | 10% |
| Return to shareholders | 20%-30% |
| Internal reserves | 30%-40% |

Company Profile



Company name ENVIPRO HOLDINGS Inc.
Representative Tomikazu Sano President, Representative Director
Established May 21, 2010
Capital 1,524,830,656 yen
Business Management and operation of affiliated subsidiary companies and associated work
Group companies Twelve consolidated subsidiaries (including second-generation subsidiaries), two equity method affiliates

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 87-1 Tanakacho, Fujinomiya-shi, Shizuoka
 418-0075 JAPAN
 TEL: +81-544-21-3160 FAX: +81-544-21-3163
Tokyo Office
 SHINKAWA EAST 2F, 1-23-5 Shinkawa, Chuo-ku,
 Tokyo 104-0033, JAPAN
 TEL: +81-3-6280-3938 FAX: +81-3-6280-3937



Introduction to group companies

Recycling Innovator
eCONeCOL
ECONECOL Inc.
 ECONECOL Inc. engages in the resource recycling business, centered on recycling of metals, plastics, and waste.
 3507-19 Yamamiya, Fujinomiya-shi, Shizuoka,
 418-0111
 TEL: +81-544-58-5800
 FAX: +81-544-58-5807

Kuroda
 Recycling Together
Kuroda Recycle Co., Ltd.
 Kuroda Recycle Co., Ltd. is developing a community-based recycling business that pursues the founder's philosophy of "value anything at hand".
 246-27 Nishikikyo-cho, Hakodate-shi, Hokkaido,
 041-0824
 TEL: +81-138-49-8880
 FAX: +81-138-49-8960

SYN ECO
 Good Recycling
SYN ECO Inc.
 SYN ECO Inc. is developing community-based recycling businesses that include Mottainai BOX and KatazukeTAI. It has also received commendation as a distinguished company in the employment of the physically challenged.
 2346 Shimadachi, Matsumoto-shi, Nagano,
 390-0852
 TEL: +81-263-47-3211 FAX: +81-263-47-3213

株式会社東洋ゴムチップ
Toyo Rubber Chip Co., Ltd.
 A recycled rubber pioneer that has made effective use of rubber industry resources for half a century, Toyo Rubber Chip Co., Ltd. develops a wide range of applications and contributes to the safety and security of facilities.
 1573 Fukazu, Kasukawa-machi, Maebashi-shi,
 Gunma, 371-0215
 TEL: +81-27-285-3131
 FAX: +81-27-230-6008

NEWSCON
NEWSCON Inc.
 With a view to becoming "a company that brings the world closer to us," NEWSCON Inc. contributes to international resource circulation through global distribution and sale of ferrous scrap, nonferrous metals, and biomass fuels.
 Tokyo Daiichi Toyo Kaiji Building 4F
 1-16-3 Nishishimbashi, Minato-ku, 105-0003
 TEL: +81-3-3502-1022 FAX: +81-3-3502-1024

3WM
3WM Co., Ltd.
 3WM Co., Ltd. supplies high-quality Japanese used cars and maintenance parts globally. It also promotes global-scale reuse of used cars and maintenance parts through international distribution of used maintenance parts.
 Aichi Chikko Bldg. 2F
 2-3-5 Hama, Minato-ku, Nagoya-shi, 455-0036
 TEL: +81-52-659-5200 FAX: +81-52-659-5208

VOLTA
VOLTA Inc.
 VOLTA Inc. performs collection and recycling of nickel, cobalt, and other minor metals from lithium-ion batteries and nickel-metal hydride batteries, as well as recycling of used casings.
 3507-19 Yamamiya, Fujinomiya-shi, Shizuoka
 (c/o ECONECOL Inc.), 418-0111
 TEL: +81-544-66-3132
 FAX: +81-544-66-3133

As toco
 明日が"かがやく"ところをつくる
ASTOCO Inc.
 ASTOCO Inc. engages in business that supports people with disabilities in acquiring knowledge and skills, gaining lifestyle stability, and interacting with society, to aid in finding suitable work and becoming self-supporting.
 2932-15 Niimura, Matsumoto-shi, Nagano,
 390-1241
 TEL / FAX: +81-263-31-6098

Bi Bright Innovation
Bright Innovation Co., Ltd.
 Bright Innovation Co., Ltd. engages in consulting services that support the planning of environmental strategies and CO₂ reduction strategies, along with business that proposes solutions including the introduction of renewable energy.
 SHINKAWA EAST 2F, 1-23-5 Shinkawa,
 Chuo-ku, Tokyo, 104-0033
 TEL: +81-3-6280-3936 FAX: +81-3-6280-3937

ARBIZ
ARBIZ Corporation
 A joint venture with USS Co., Ltd., ARBIZ Corporation engages in a recycling business that adopts a unique system for shredding and sorting scrap cars and other wastes, turning them back into resources.
 14-24 Showa-cho, Minato-ku, Nagoya-shi, Aichi,
 455-0026
 TEL: +81-52-619-6600
 FAX: +81-52-619-6601

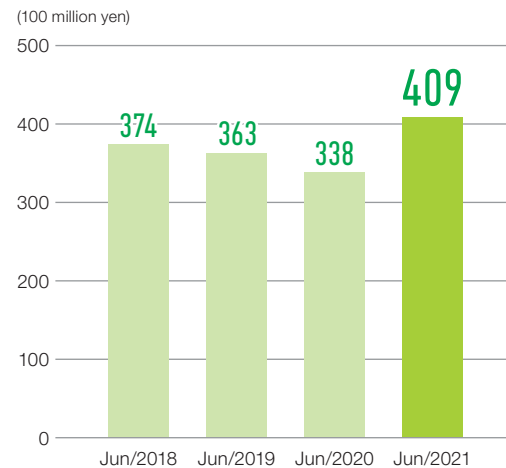
株式会社
富士エコサイクル
Fuji Eco Cycle Co., Ltd.
 A joint venture with five household appliance companies, including FUJITSU GENERAL LIMITED, Fuji Eco Cycle Co., Ltd. engages in a home appliance recycling business to create a sound material-cycle society that balances the environment and the economy.
 1930-4 Nakagawa, Hosoe-cho, Kita-ku,
 Hamamatsu-shi, Shizuoka, 431-1304
 TEL:+81-53-523-1152 FAX:+81-53-523-1153

Resource Circulation Business
 Global Trading Business
 Lithium-ion-Battery Recycling Business
 Welfare Service Business for People with Disabilities
 Environmental Management Consulting Business
 Consolidated subsidiaries
 Affiliates accounted for under the equity method

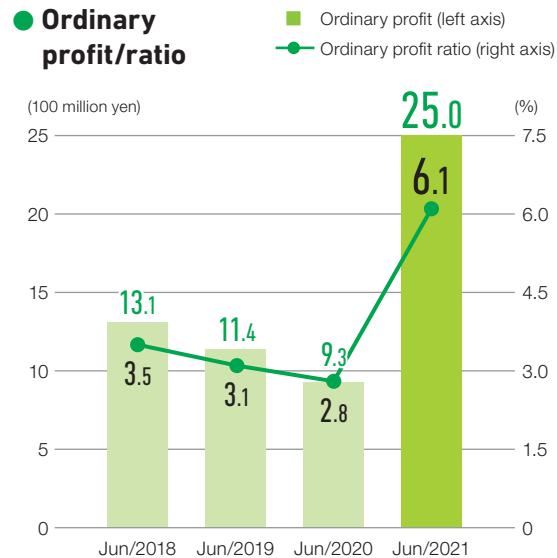
Financial and non-financial highlights

Financial

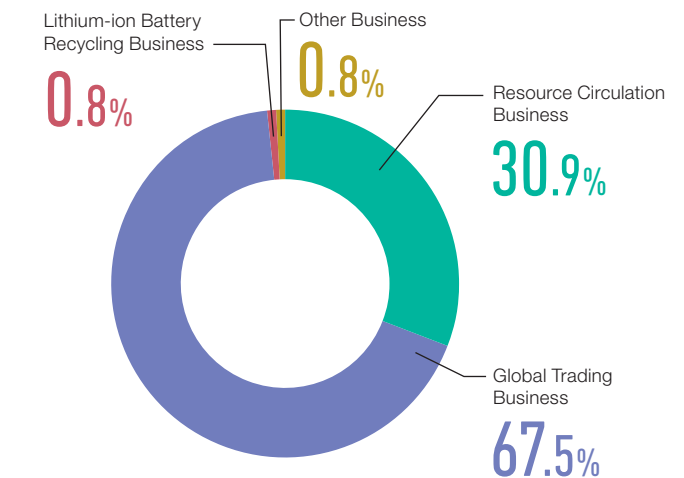
Net sales



Ordinary profit/ratio

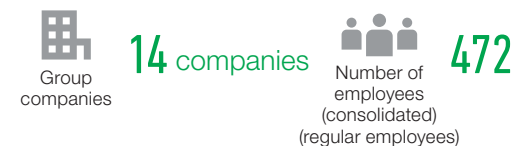


Sales composition by segment

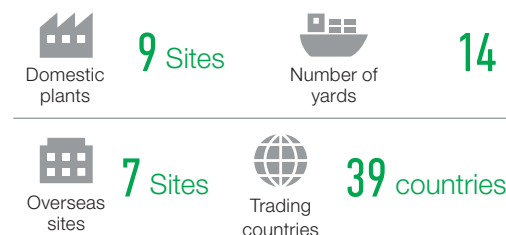


Non-financial

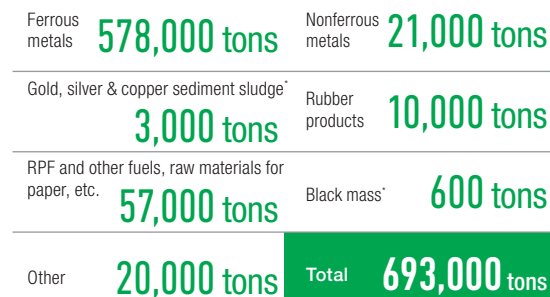
Subsidiaries



Number of sites



Amount handled by type (OUTPUT)



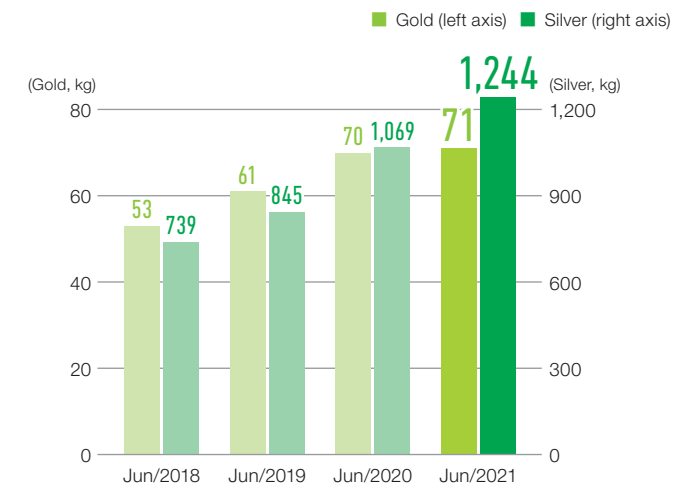
* Gold, silver & copper sediment sludge: A mixture of gold, silver, copper, platinum, and palladium

* Black mass: A concentrated sludge of cobalt and nickel, containing carbon

Resource recovery rate

94.5%

Precious metals collected



Locations (Domestic)

 Group companies

14 companies

 Domestic plants

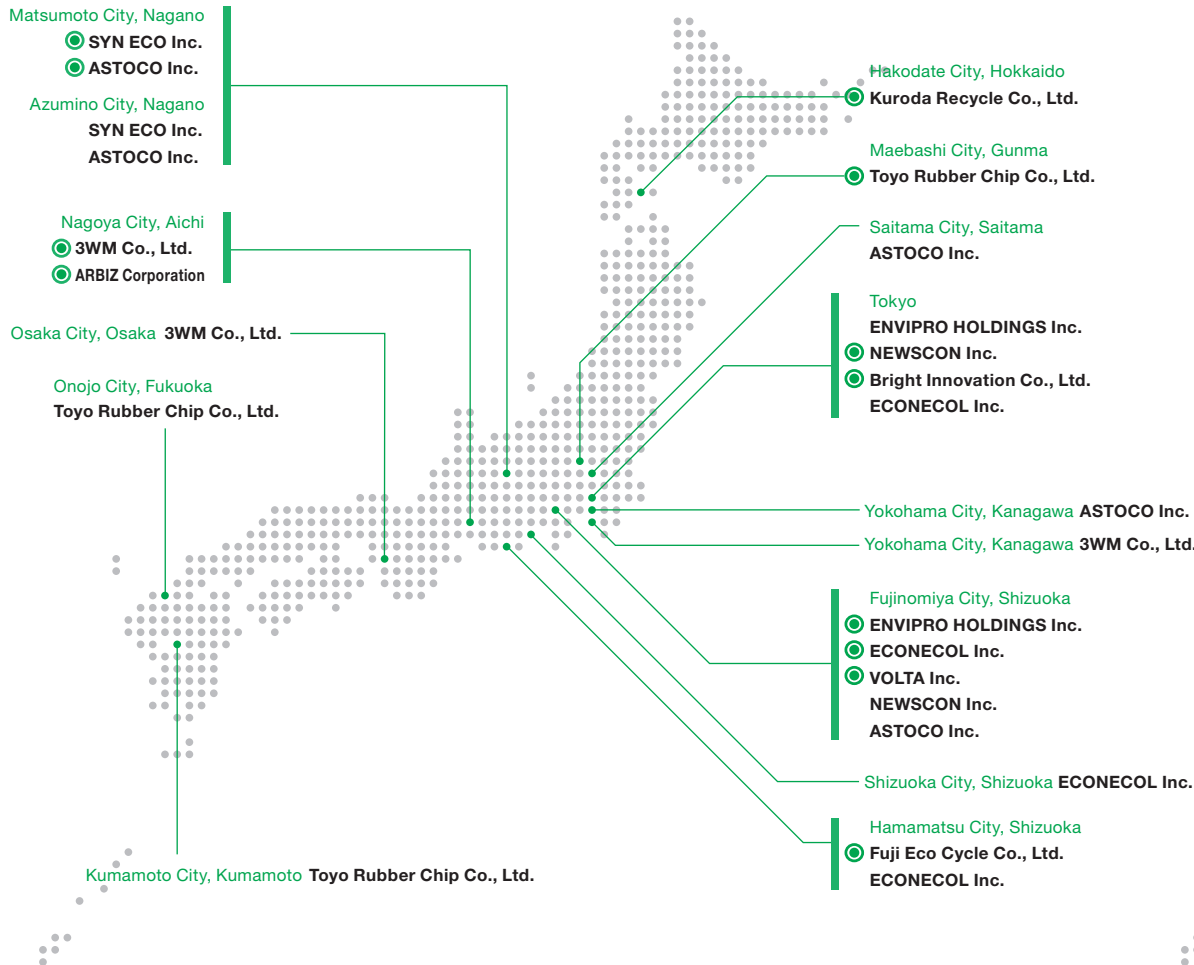
9 Sites

 Number of yards

14

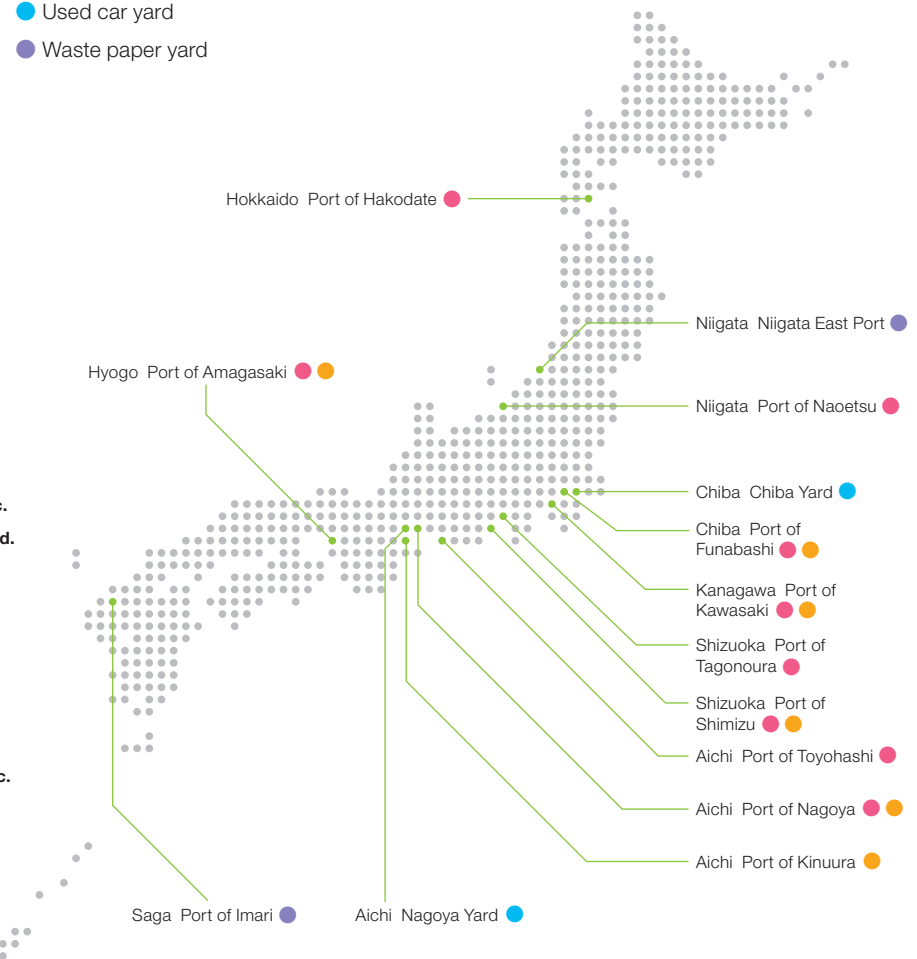
Domestic sites

Head office = ●



Shipping ports

- Ferrous scrapyard
- Nonferrous scrapyard
- Used car yard
- Waste paper yard



Locations (Overseas)

Overseas sites **7 Sites**

Trading countries **39 countries**

- Sales sites for recycled resources
- Business sites for used cars
- Business sites for biomass fuel

UK
NEWSCON Europe Representative Office



UAE
Japan Coast Used Cars and Spare Parts Trading



Kuantan, Malaysia
Mine Biomass Synergies PKS stockyard



Vietnam
NEWSCON Vietnam Representative Office

Indonesia
Mine Biomass Synergies PKS stockyard



Singapore
Mine Biomass Synergies Pte. Ltd



Chile
3WM Chile Import Export Limitada





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