



SUSTAINABILITY REPORT 2023



Introduction

Make a Circle of Joy

As we strive to “make a circle of joy,” our times call for initiatives that transcend industry boundaries and roles.

As a leader in the resource recycling business, the ENVIPRO Group aims to contribute to create a sustainable society. In doing so, we strive to evolve beyond conventional boundaries. The collection and recycling of waste materials go beyond just reducing environmental impact. By circulating recycled resources, we aim to generate new manufacturing and revitalize local communities, ultimately bringing joy to all stakeholders.

The ENVIPRO Group is committed to being a driving force that drives this cycle of joy in the circular economy, looking into the future as we take on new challenges.

In the interest of “Make a circle of joy,” we aim to bring smiles to the faces of all as we work together toward a society of sustainability and abundance.



Circular

Resource Circulation Business



Lithium-ion Battery Recycling Business



Environment Management Consulting Business



Global Trading Business



Welfare Service Business for People with Disabilities

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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 and ESG aspects. 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 11 subsidiary companies: ECONECOL Inc., NEWSCON Inc., 3WM Co., Ltd., Cyterrace Co., Ltd., Kuroda Recycle Co., Ltd., SYN ECO Inc., ASTOCO Inc., Toyo Rubber Chip Co., Ltd., Nitto Kako Co., Ltd., Bright Innovation Co., Ltd., and VOLTA Inc.

Reporting Period

July 2022 to June 2023 (The report covers some activities and plans outside this period.)



Our Concept

Mission Statement

Contribute to Create a Sustainable Society

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

The Key Values of the ENVIPRO Group, and Its Corporate DNA

Around 2000, the business environment began to undergo major changes. A growing awareness of a circular economy society and environmental issues spurred an understanding about the need for recycling and the establishment of various laws and regulations. The ENVIPRO Group is growing at an increasing rate. We are changing rapidly, and our employees are growing and beginning to expand across regions.

Around that time, I began to feel a vague sense of anxiety. Even though the company was beginning to develop well, I rediscovered what I had been searching for so long—that something that had been missing. The tree grows, and the trunk grows, and the roots that support it need to grow bigger.

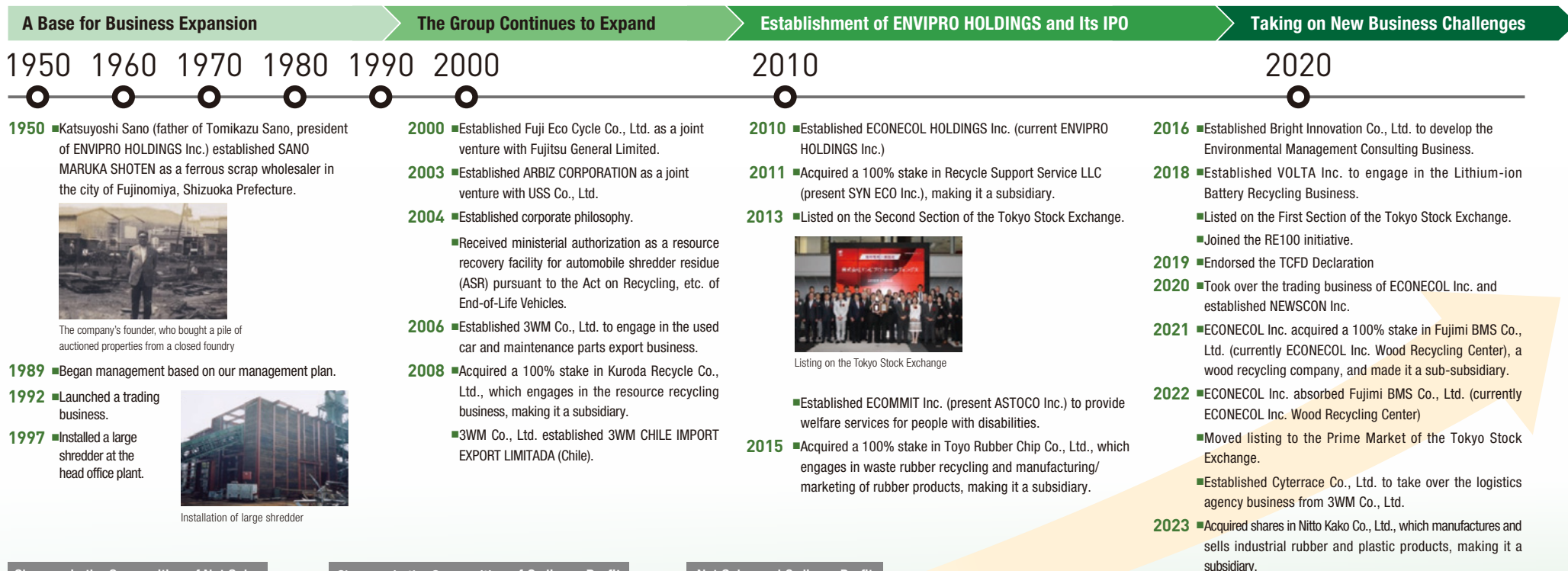
In 2004, we established our corporate philosophy, rooted in a strong sense that we lacked a solid philosophy and principles that would remain unshaken by surface changes.

We spent about a year weaving together the founder's life philosophy, principles, and the habit of saying, the life philosophy and thoughts of the executives, and other ideas inherent in the company and making them all explicit.

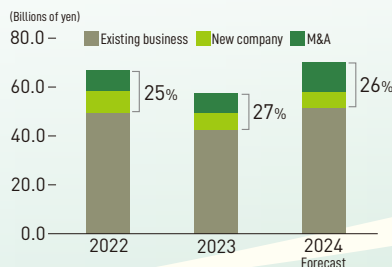
This is how we have developed our corporate philosophy, our "most valuable idea." It serves as our code of conduct and will remain intact no matter how much the environment around us changes. We anticipate a permanence that will last for the next 2,000 years.

History of the ENVIPRO Group

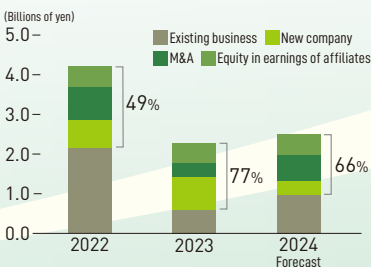
SANO MARUKA SHOTEN, the predecessor to the ENVIPRO Group, was founded in March 1950 by Katsuyoshi Sano (the father of Tomikazu Sano, the current president) in the city of Fujinomiya, Shizuoka Prefecture. Established as a ferrous scrap wholesaler, the Group has leveraged its strength in metal recycling to expand its operations. In recent years, the Group has taken on a host of new business challenges to make the circular economy a reality.



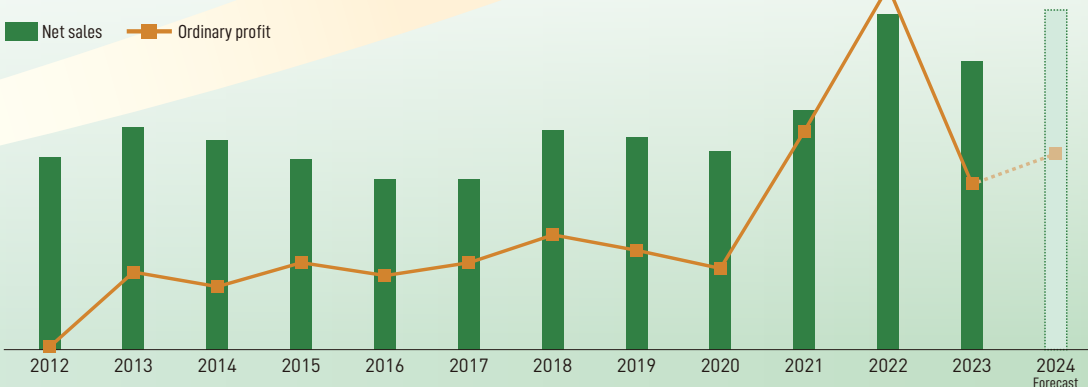
Changes in the Composition of Net Sales



Changes in the Composition of Ordinary Profit



Net Sales and Ordinary Profit



The company entered the trading business in 1992 and installed a large shredder in 1997. These two events prompted mergers and acquisitions (M&A) and led to the establishment of new companies and joint ventures. The ENVIPRO Group has seen promising businesses emerge from ventures into successful new companies. Our M&A activities have focused on expanding into recycling sectors such as rubber and wood, as well as revitalizing businesses by leveraging the ENVIPRO Group's expertise. We will continue to actively pursue such initiatives to drive the Group's growth.

Lead a Circular Economy

The drive to achieve carbon neutrality by 2050 has begun prompting a dramatic shift in the concept of “manufacturing.”

In addition to making good products, the recycling of used products after sale is becoming an integral part of manufacturing. This is because reusing the materials contained in products can greatly reduce greenhouse gas emissions.

In line with this trend, we have set “Lead a circular economy” as our strategic concept and will concentrate our efforts on two areas: “CE(circular economy) supporting manufacturing” and “CE supporting local communities.”

Under the first category, “CE supporting manufacturing,” we will collect and store used products across a wide region, conduct sophisticated recycling activities, make environmental data visible, and take the lead over our competitors in bringing specific examples to market.

In the category of “CE supporting local communities,” we are essentially focusing on creating a circular economy from urban waste. We aim to engage closely with local government waste management programs to achieve operations that are efficient and highly environmentally impactful. Although these efforts will require a slightly longer timeframe, we will actively pursue this area and make it part of our business domain, as we believe this area has significant social importance.

The company’s main focus is on resolving challenges toward achieving a circular society, so our purpose and business growth are aligned with contributing to society. As social contribution is an extension of our business aims, I feel no hesitation in devoting myself wholeheartedly to the growth of the ENVIPRO Group.

Naturally, I will do my utmost to share the joy of this challenge among our employees.

“Let us live and be happy today.” (Dr. Koh Hirasawa)

Forward, MYWAY forward.

President, Representative Director

Tomikazu Sano



TOP INTERVIEW

*From the bottom of my heart,
I was convinced that our business growth would contribute to society.*

Thoughts on Our Strategic Concept

First, I would like to talk about the strategic concept of “Lead a circular economy,” which we set forth in our medium-term management plan. Although we already support society through our presence in the recycling industry, we intentionally chose the word “leading” because we firmly believe that the company’s growth is in sync with social contribution. This conviction has eliminated any hesitation we might have had about driving the growth of our business.

Viewing this strategic concept as a coin, one side is “CE supporting manufacturing” and the other is “CE supporting local communities.”

CE Supporting Manufacturing

In a carbon-neutral world, manufacturing companies will be expected to take responsibility for the entire supply chain, including sourcing, production, and the collection and recycling of products after use. In the future, we anticipate that global manufacturers worth trillions of yen will internalize the concept of a circular economy. However, many companies still rely on outsourcing their recycling to entities like the ENVIPRO Group. This presents a new role that ENVIPRO Group should play.

The key lies in establishing a recycling system. While Japan has made some progress in constructing what might be termed logistics “arteries,” the “veins” of logistics remain far from being well-developed. Creating a system for recycling is an urgent task, and we aspire to take the lead by establishing industry precedents. At the same time, in order to “Lead a circular economy,” we need to go beyond the traditional concepts of recycling and waste management and transform ourselves into a producer of raw materials.

If we can pave the way to build momentum in the industry as a whole, the Japanese economy will surely change as a result.



CE Supporting Local Communities

It would be no overstatement to say that our efforts to create “CE supporting local communities” have the ultimate goal of building circular economy for urban waste. Currently, urban waste in Japan is sorted according to various laws, such as the Act on the Promotion of Sorted Collection and Recycling of Containers and the Packaging and the Plastic Resource Circulation Act.

However, waste treatment is largely limited to simple incineration or the utilization of waste in power generation.

To address this situation, we are collaborating with incinerator manufacturers and engaging in demonstration projects to chemically convert plastic waste into oil. Our ultimate goal is to create an urban oil field and produce oil from municipal waste. Achieving this goal will take some time—maybe as much as 10 years.

Additionally, there are some things that ENVIPRO Group cannot accomplish on its own. That being said, I think the role of the private sector will be crucial, and I sense that momentum is already building.

As an immediate action, we have launched an initiative to accept general waste throughout the year at SYN ECO Plaza Azumino in the city of Azumino, Nagano Prefecture. We aim to gradually increase our role, beginning with minor involvement in local waste management policies.



Making Nitto Kako a Subsidiary and Entering the Polymer Business

A key element of our effort to lead a circular economy is our newly launched polymer business, which was made possible through the acquisition of Nitto Kako Co., Ltd. This company manufactures products from natural and synthetic rubber. Nitto Kako has robust quality assurance standards and solid capabilities as a pure manufacturer. Meanwhile, Group company Toyo Rubber Chip Co., Ltd., produces artificial turf infills and mats by grinding rubber derived from waste materials. We believe that the synergy between these two companies will be vital to achieving a circular economy in the rubber industry. The tire industry already has a collection system in place; the challenge lies in creating an outlet for the recycled materials. We are committed to rubber-to-rubber material recycling using cryogenic crushing technology, with the ultimate goal of achieving tire-to-tire recycling. We aim to demonstrate the availability of raw materials that meet the quality standards for regeneration as tires and further develop applications to create a profitable business. We have high expectations for Nitto Kako being the driving force in achieving these goals.

Financial Collaboration Opens Up Possibilities for the Dismantling Industry

Dismantling is one area of business we are currently focusing on that is relatively impervious to market fluctuations. By undertaking dismantling projects, we can generate profits nationwide from the early stages of waste collection. Furthermore, due to collaboration with the financial industry, the very nature of the dismantling industry is changing significantly. As background, Japan's Banking Act is being revised, and an expanded scope of financial services is encouraging the exploration of various businesses within the context of the circular economy. The dismantling

TOP INTERVIEW

industry is one such example. The financial industry is becoming involved from the planning stages of new plants, allowing them to obtain early-stage information about the dismantling of old plants. This is a significant departure from the traditional style of waiting to purchase scrap until dismantling starts. Collaboration allows operators to capture dismantling-related information from several years ago. The financial industry is currently exploring potentially favorable mechanisms, and our Group companies responsible for this business have already shown remarkable growth.

Business Withdrawal Spawns the Logistics Agency Business

In the midst of rapid changes, we decided to withdraw from certain business areas. One area—the sale of used cars and parts—had been handled by 3WM Co., Ltd. Although our presence in the United Arab Emirates was a significant strength, the entry of competitors from other countries reduced this advantage, and profitability became an issue. However, just as one tree decays, new sprouts also emerge, such as Cyterrace Co., Ltd., a logistics agent. We are accumulating achievements by having employees who were in charge of logistics at 3WM demonstrate their skills in a new field. The words of Yelü Chucui, who was once an adviser to Kublai Khan, come to mind: “Preventing one harm is better than creating one benefit” We are once again realizing the importance of scrap and build.

Build a Platform Filled with Good-Quality Energy

Lastly, I would like to talk about the most important asset for the Group, which is our human capital. In our medium-term management plan, we have set the goal of “creating 100 business promoters” and we aim to “build a platform filled with good-quality energy where employees can work energetically.” The revitalization of our business requires an organization that is autonomous and filled with creativity. To achieve this, we want to foster a culture where individuals proactively seek out various opportunities and challenges while accepting and encouraging a spirit of taking on new challenges. Furthermore, our expansion into new fields such as lithium-ion batteries has brought us opportunities to meet diverse experts and has had a positive impact on our operations. I hope that each of us will be motivated to grow, stimulated by changes in the environment and new interactions. As a foundation for nurturing our employees, we will strive to create an organization that is more conducive to work and provides a fulfilling work experience. While the term “human capital investment” may sound nice, we need to go beyond the terminology and ensure employees are rewarded properly for their efforts. Furthermore, to create a workplace environment where diverse individuals can thrive, we need to consider the introduction of new technologies and facilities. I recognize the need to manage the company to ensure it has the right attitude to undertake these initiatives and aim for our solid growth as a group.

Materiality Items (Priority Issues) to Realize Our Mission

01 A Pressing Need to Respond to Climate Change

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

The external environment around us is also undergoing major changes.

02 Looking to Achieve Carbon Neutrality by 2050

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

03 Working to Expand the Circular Economy

The ENVIPRO Group's goal is to achieve a sustainable society by "using every material repeatedly, preserving their value for as long as possible." We promote RE100 and produce green materials⁴, including ferrous scrap and other non-ferrous metals and minor metals that are necessary to support the electrification of economic activities. By integrating the production of these green materials into arterial procurement and manufacturing processes, we aim to realize a circular economy and establish a supply chain that allows products and materials to continue circulating while maintaining their value.

The market related to the circular economy is expected to expand significantly both in Japan and overseas. In Japan, the market is projected to reach a value of ¥80 trillion by 2030 and ¥120 trillion by 2050.

Societal Trends Surrounding the ENVIPRO Group

Long-Term Trends

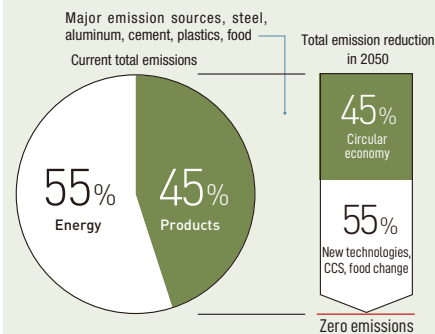
GX GREEN TRANSFORMATION

DX DIGITAL TRANSFORMATION

Medium- and Short-Term Trends

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

The Big Picture on Greenhouse Gas Emissions: Tackling Overlooked Emissions¹



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

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

Themes	Materiality Items (Priority Issues)	Corresponding SDG Targets
Production of Green Materials	Increasing demand for green materials in the supply chain - Increasing demand for ferrous scrap due to building of additional electric furnaces - Increasing demand for nonferrous metals and minor metals due to electrification - Promotion of advanced resource circulation of waste plastics	
Productivity, DX	Reducing labor required in the production process, promotion of data utilization in business activities	
Personnel development	Investment in human resources to promote business activities	

¹ Source: "Completing the picture: How the circular economy tackles climate change," the Ellen MacArthur Foundation

² Ellen MacArthur Foundation: This organization was established in the United Kingdom in 2010 with the vision of accelerating the transition to a circular economy. Since its establishment, the foundation has engaged in various activities, including awareness campaigns through information dissemination and the establishment of a global network transcending national boundaries.

³ Source: "Reference Materials on the Second Progress Check of the Fourth Basic Plan for Establishing a Sound Material-Cycle Society and the Circular Economy Process Chart," Ministry of the Environment

⁴ Green materials: Materials made from terrestrial resources (waste) in ways that do not produce greenhouse gases or produce very little greenhouse gases (recycled raw materials and recycled materials)

The Value Creation Process

Mission Statement

“Contribute to Create a Sustainable Society”

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

Materiality Items (Priority Issues)

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

Inputs

(Year ended June 2023)

Financial Capital

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

Manufacturing Capital

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

Intellectual Capital

- Patents held **19**
- Laboratory expansion

Human Capital

- Employees (consolidated) **632**

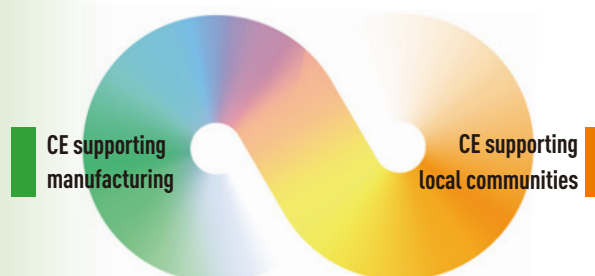
Natural Capital

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

Business Model

Strategy Concept

Lead a circular economy



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

Strengths of the ENVIPRO Group

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



Growth Platform

Management Platform ▷P42

Image for the organization:

A disciplined group of autonomous individuals with emergent abilities ▷P38

Corporate Philosophy:

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

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

Financial Capital ▷P10

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

Manufacturing Capital

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

Intellectual Capital

- New technology development
- Laboratory expansion

Human Capital

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

Natural Capital

- RE100 by 2030 ▷P31
- Carbon neutrality by 2050

Value Provided

Economic value Social value Environmental value

Natural environment

- Helping to create a decarbonized society



Local Community

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



Business Partners

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



Employees

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



Shareholders and Investors

- Enhancing shareholder returns through sustainable growth



Formulation of a Medium-Term Management Plan (Mid-Term Plan 2028)

Financial Targets of Mid-Term Plan 2028

- Targets for the previous plan, Mid-Term Plan 2027, were net sales of ¥75.0 billion and ordinary profit of ¥5.0 billion.
- Mid-Term Plan 2028 targets net sales of ¥80.0 billion and ordinary profit of ¥5.0 billion
- The ordinary profit under Mid-Term Plan 2027 was postponed by one year, due to investment in human capital and soaring energy prices.
- In addition to ROE, Mid-Term Plan 2028 sets ROIC as a new target, placing greater emphasis on return on investment than ever before.

Notes: ROIC = (Ordinary profit x (1 - effective tax rate)) / (equity + interest-bearing liabilities)
Equity and interest-bearing liabilities are averages of the beginning and end of the period.

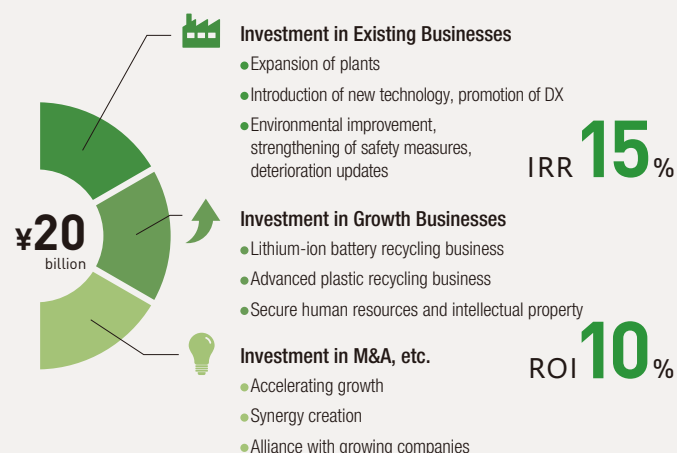
	Net Sales	Ordinary profit	ROE	ROIC
Year ending June 2028	¥80.0 billion CAGR (2023→2028) 10%	¥5.0 billion CAGR (2023→2028) 21%	13%	9%
Year ending June 2026	¥68.0 billion	¥3.3 billion	11%	-%
Year ending June 2024	¥58.0 billion	¥2.2 billion	10%	-%
Year ended June 2023	¥49.1 billion	¥1.9 billion	8%	6%

Assumptions (From July 2023)

Ferrous scrap price	Electrolytic copper price	Gold price	Silver price	Nickel price	Cobalt price	Exchange rate
¥50,000/t	¥1,200/kg	¥7,500/g	¥85,000/kg	¥2,800/kg	¥4,000/kg	¥130/USD

Investment Portfolio

- We aim to invest ¥20 billion over the next five years.
- Our investment criteria are an internal rate of return (IRR) of 15% and return on investment (ROI) of 10%.

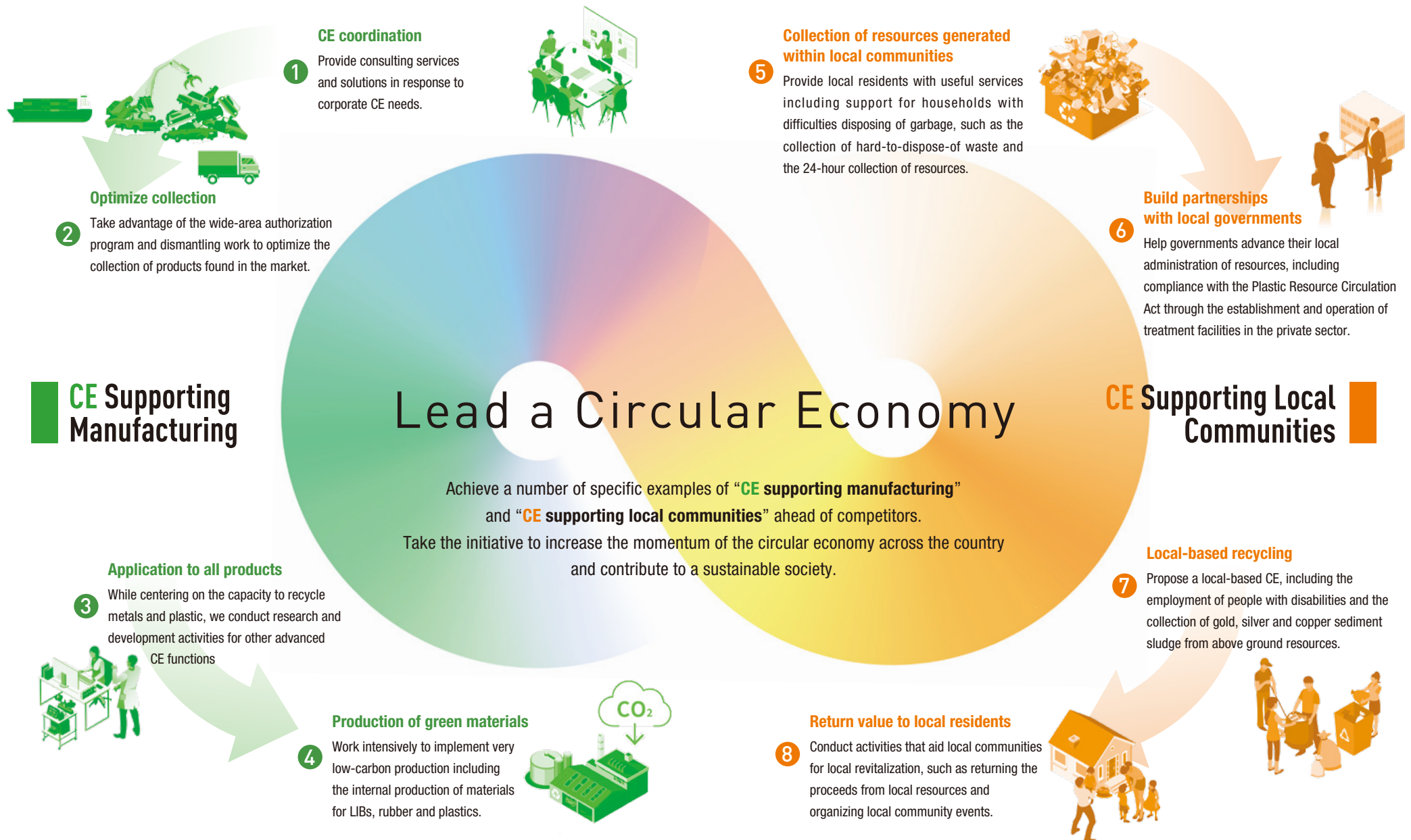


Investment in Human Capital

- We utilize a variety of recruitment methods, including new graduate and referral recruitment.
- We use “joy of development” as a KPI and are expanding our education program.
- In the previous fiscal year, we raised salaries by 6.44%, including regular salary increases and rises in base salary. We will continue to raise salaries at a stable and high level this fiscal year and beyond, and steadily return profits to employees.
- We focus on the active participation of women and foreigners. We have also set the number of women in management positions as a KPI.

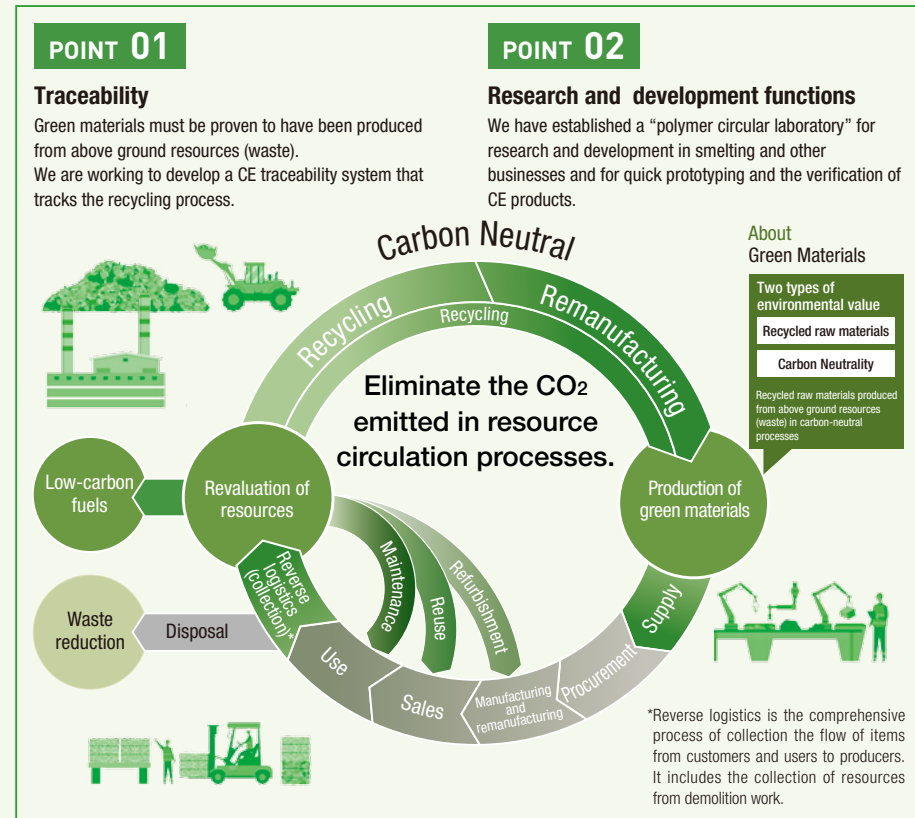
		KPIs	Progress (June 2023)	Targets (June 2028)
Recruitment	Mid-career employment and new graduate recruitment	Recruitment of business promoters	13 people	30 people
		New graduate recruitment	4 people (joined in April 2024)	40 people
	Diversification of recruitment methods	Recruitment of referred and retired personnel	11.2% of all employees	20% of all employees
Development	Personnel development	Development business promoters	9 people	40 people
	Sharing of knowledge within the Group	Level of satisfaction with business schools	94.9%	100%
		Joy of development	69.8% (June 2022)	90%
Retention	Employee satisfaction	Retention rate	89.7%	95%
		Annual wage increase and increase of base pay	6.44%	Over 3%/year
		Welfare facilities and systems	Satisfaction with the way of working -%	Satisfaction with the way of working 80%
	Active roles for diverse human resources	Ratio of females in managerial positions	8.4%	20%
		Ratio of non-Japanese nationals	4.0%	10%

Strategic Concept: Lead a Circular Economy



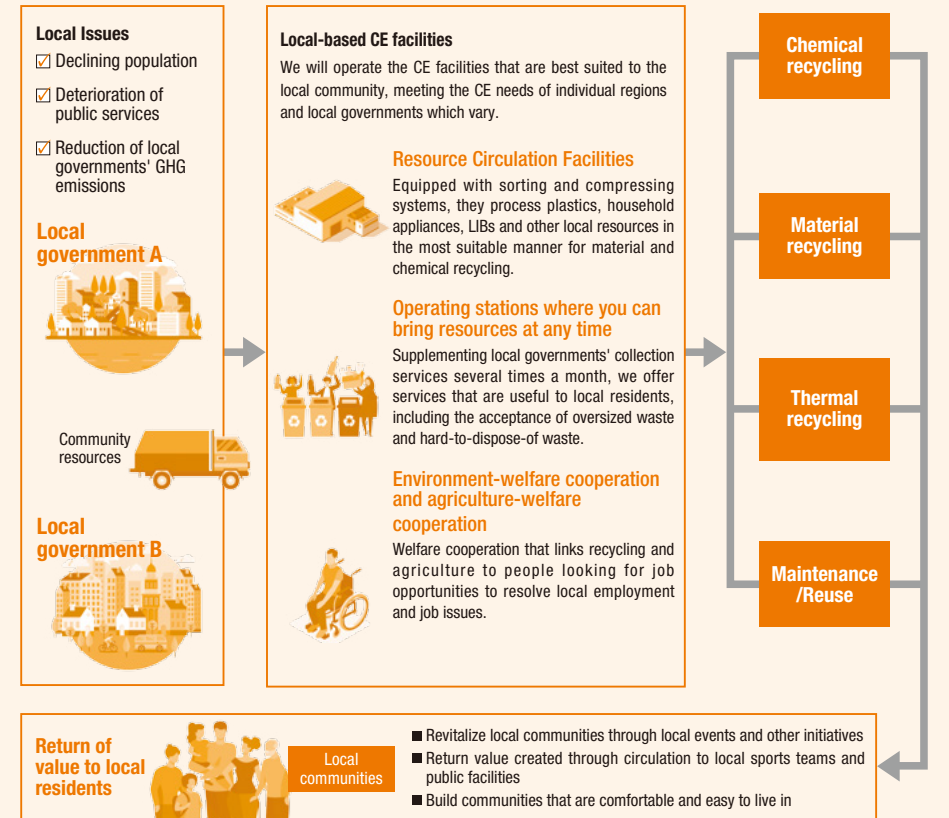
Two Categories of Activities for the ENVIPRO Group to Lead a Circular Economy

CE Supporting Manufacturing



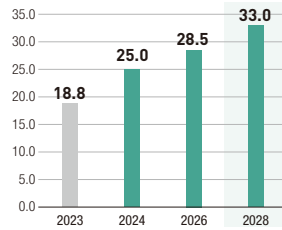
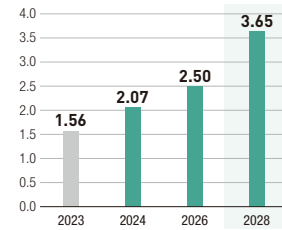
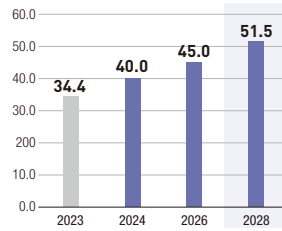
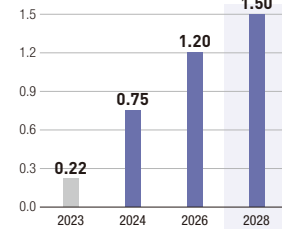
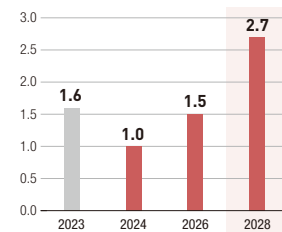
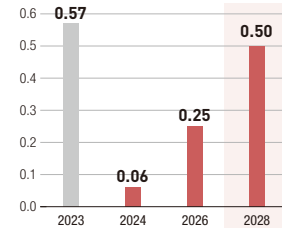
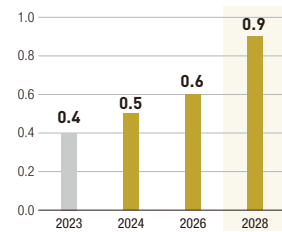
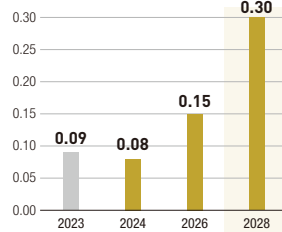
- Collect resources and waste from customers in the manufacturing industry, maximize their value as products, and return them to the market
- Establish a recycling-oriented business model by connecting the value chain of arterial and venous industries
- Secure a stable supply of used products by strengthening partnerships with major companies and establishing a nationwide circular economy scheme
- Maximize product utilization and minimize leaks in resource value through various methods, including maintenance, refurbishing, reuse, remanufacturing, and recycling

CE Supporting Local Communities



- Our resource circulation center in the city of Azumino, Nagano Prefecture, provides a 24-hour collection service, collects resources from citizens, and realizes resource circulation.
- We achieve community-based resource recycling, such as by employing people with disabilities to conduct manual dismantling, and we work with local governments to revitalize the community through the circular economy.
- In the short term, the company will play a complementary role to municipal waste administration, and in the medium to long term, it will contribute to the establishment of a circular economy for urban waste through deep involvement in local governments' waste management efforts.

Business Goals

Segments	Targets of Mid-Term Plan 2028	Promoting Key Businesses (Years ending June 2024 to 2028)	Sales (Billions of yen)	Segment Profit (Billions of yen)
 Resource Circulation Business	Transition to a business model aimed at realizing a circular economy	- Respond to trends for decarbonization-related dismantling, and research the circular economy for dismantling - Realize examples of the circular economy in the manufacture of tires and other polymer products - Promote the collection of gold, silver, and copper sediment sludge from incineration ash		
 Global Trading Business	Reorganize the overseas portfolio and take on new business challenges	- Promote new initiatives to reach 1 million tons handled - Strengthen relationships with domestic electric furnace makers - Withdraw from unprofitable businesses, and establish new business locations and commercial distribution channels		
 Lithium-ion Battery Recycling Business	Expand plants and take up the challenge of hydrometallurgy to realize battery-to-battery recycling	- Commence operations at Ibaraki plant - Look for Kansai and overseas plant locations and commence operations - Commercialize hydrometallurgy		
 Welfare Service Business for People with Disabilities  Environment Management Consulting Business Other Businesses	Expand circular economy functions	- Develop agriculture-welfare cooperation business and expand business bases - Develop and expand environment-welfare - Provide consulting service for circular economy - Develop environmental DX system		

Resource
Circulation
Business



Global Trading
Business



ENVIPRO Group Businesses

Lithium-ion
Battery
Recycling
Business



Other Business

Welfare Service
Business for People
with Disabilities



Other Business

Environment
Management
Consulting
Business

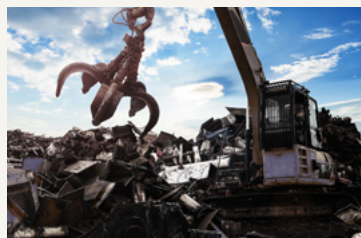


Overall View of Our Businesses



Resource Circulation Business

We work to use limited resources effectively and reduce waste by promoting the reuse, recycling, and remanufacturing of waste and resources. We also offer new value to the world by using waste to manufacture recycled materials.



ECONECOL Inc.



Nitto Kako Co., Ltd.



Kuroda Recycle Co., Ltd.



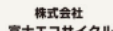
ARBIZ Corporation*



SYN ECO Inc.



Fuji Eco Cycle Co., Ltd.*



Toyo Rubber Chip Co., Ltd.



*Affiliates accounted for under the equity method



Global Trading Business

In this business, we distribute internationally the metal scrap and other resources generated in Japan and other countries. We provide export agency services for used cars and other items to meet customer needs.



NEWSCON Inc.



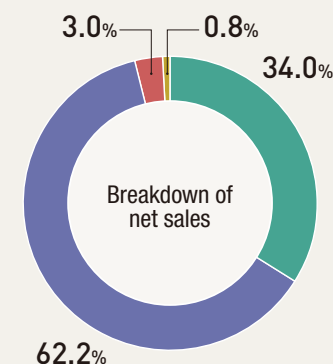
Cyterrace Co., Ltd.



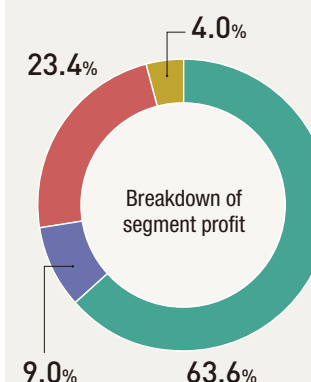
Breakdowns by Business

(Year ended June 2023)

Net sales: ¥49.1 billion



Segment profit: ¥1.9 billion



Lithium-ion Battery Recycling Business

By recycling lithium-ion and other rechargeable batteries, we help to collect and make use of limited resources, such as cobalt, nickel, and lithium. We aim to achieve a closed loop, LIB-to-LIB.



VOLTA Inc.



Other Business



Welfare Service Business for People with Disabilities

Environment Management Consulting Business

In this segment, we are developing the Welfare Service Business for People with Disabilities. This business supports the independence of people with disabilities, helping them to find work and in community life. In addition, our Environment Management Consulting Business helps companies develop environmental strategies and plans for reducing greenhouse gas emissions.



Welfare Service Business for People with Disabilities

ASTOCO Inc.



Environment Management Consulting Business

Bright Innovation Co., Ltd.



Highlights

Unveiling of the Medium-Term Management Plan

In August 2022, we transitioned the consolidated numerical targets of our medium-term management plan to a rolling basis. To adapt flexibly to rapidly changing market conditions, we have formulated a five-year medium-term management plan (Mid-Term Plan 2028), which we introduced in August 2023.

▷P10



Establishing Cyterrace, Which Handles the Logistics Agency Business

In September 2022, we established Cyterrace Co., Ltd., as a wholly owned subsidiary. In January 2023, Cyterrace took over operations of the logistics agency business from 3WM Co., Ltd.

▷P22



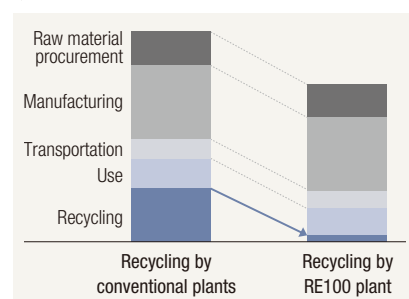
Engaging in Joint Research with the University of Tokyo's Shinsuke Murakami Laboratory to Visualize Efforts toward Decarbonization

The ENVIPRO Group has initiated a collaborative research project aimed at measuring the GHG emissions generated by each recycling process and obtaining primary data that can be provided to trading partners. We have quantitatively evaluated the difference in GHG emissions between the recycling processes carried out at the current RE100 plant*1 and conventional recycling processes that use electricity derived from fossil fuels.

*1 Plant where 100% of the electricity used is derived from renewable energy sources

*2 Taken from a notice dated August 26, 2022 on joint research with the University of Tokyo's Shinsuke Murakami Laboratory

Quantitative Evaluation of GHG Emissions*2

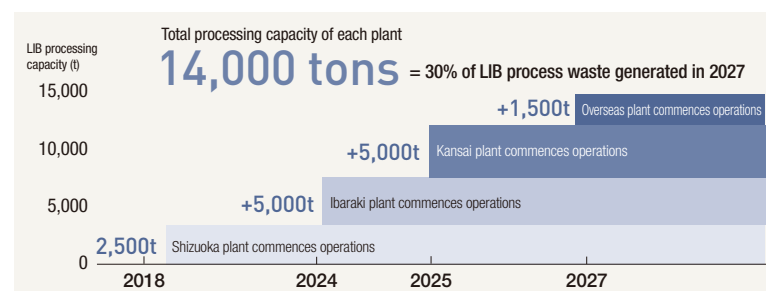


Acquisition of Land and Building for a Lithium-Ion Battery (LIB) Recycling Plant in Ibaraki Prefecture, Aimed at Tripling Our Processing Capacity

In March 2023, we acquired land and buildings in the city of Hitachinaka, Ibaraki Prefecture, to establish a base for a new LIB recycling plant. We will be constructing a black mass* manufacturing facility with a processing capacity of 5,000 tons. When combined with the existing facility, which has a processing capacity of 2,500 tons, the total processing capacity will increase to 7,500 tons, triple the current level.

▷P24

Aggressive Growth Investments to Increase LIB Recycling Capacity



* Black mass:
A cobalt/nickel/lithium concentrate sludge

Nitto Kako Co., Ltd. Joins the ENVIPRO Group

In April 2023, the company acquired shares in Nitto Kako Co., Ltd. which manufactures and sells industrial rubber and resin products, and made it a consolidated subsidiary.

▷P19



Launching Resource Collection Stations in the City of Akita in Collaboration with the Akita Northern Happinets

We established a new Mottainai BOX resource collection station in the city of Akita, Akita Prefecture, in collaboration with the Akita Northern Happinets, a B.League professional basketball team.

▷P18

Publication of an Original Picture Book, *Boku no Te wa Maho no Te* ("My Hands are Magic Hands")

In June 2023, SYN ECO Inc. and ASTOCO Inc. published a picture book called *Boku no Te wa Maho no Te* ("My Hands are Magic Hands").

▷P41

Developing Add-ons to Facilitate Reporting under Energy Conservation and Global Warming Prevention Legislation

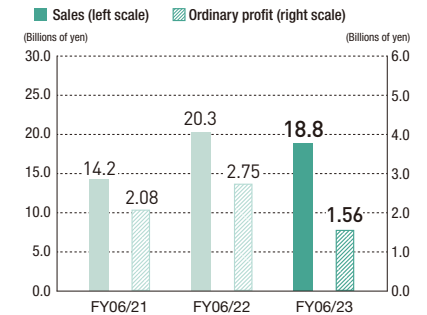
Bright Innovation Co., Ltd. has developed an add-on application in collaboration with Uhuru Corporation that enables the management of energy usage data through Salesforce Net Zero Cloud and facilitates compliance with the reporting requirements of the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. This application will help reduce the administrative burden of regular reporting.



Resource Circulation Business

Global resource consumption is on the rise, highlighting numerous environmental issues, including resource scarcity and excessive waste generation.

The ENVIPRO Group aims to promote a circular economy by producing and incorporating green materials into the supply chain.



Recycling of Metals and Waste

Amid growing concerns over carbon neutrality and resource depletion, the concept of a circular economy is gaining attention worldwide, particularly in Europe. This has led to a renewed recognition of the importance of metal recycling, which has been a longstanding focus of the ENVIPRO Group.

The ENVIPRO Group entered the business of recycling composite materials with the introduction of a large shredder. At ECONECOL Inc., we crush and process up to 5,000 tons of raw materials per month, including automobiles, copiers, vending machines, and small household appliances. Through magnetic separation, we collect ferrous scrap, while non-ferrous metals and plastics undergo repeated physical sorting in subsequent processes to recycle each resource as green materials.

New Recycling Plant Begins Operation

ECONECOL Inc. has commenced operations of its state-of-the-art recycling plant in the city of Fuji, Shizuoka Prefecture. The RE100 plant is designed to consider both the internal environment, such as working conditions, and the external environment, including landscape. Through processes such as wet and dry density separation, size separation, and sensor-based sorting, the RE100 plant efficiently and accurately sorts non-ferrous metals, precious metals, and plastics.



Collecting Gold, Silver, and Copper Sediment Sludge*1 from Incinerator Ash

Municipal waste incineration ash contains trace amounts of precious metals. Of these, riddling ash*2, which falls from the grates of stoker-type incinerators, contains concentrated precious metals. The ENVIPRO Group collects gold, silver, and copper sediment sludge from this riddling ash and other sources.

*1 Gold, silver, and copper sediment sludge is a mixture of gold, silver, copper, platinum.

*2 Riddling ash is ash that falls through the grate of a stoker furnace when waste is incinerated.

Flow of Collection for Gold, Silver, and Copper Sediment Sludge



In December 2022, Kuroda Recycle Co., Ltd. commenced operations of the Group's third plant for the collection of gold, silver, and copper sediment sludge. This plant enables the collection and resource utilization of gold, silver, and copper sediment sludge, which had previously been difficult to collect and had been disposed of as waste, including from riddling ash and residual waste from local government's incinerators, as well as from residual waste from automobile shredding.



Cleaning and Dismantling Work at Buildings and Plant Facilities Across Japan

The ENVIPRO Group provides a one-stop service for dismantling work and ancillary services, including the cleanup of debris from buildings and grounds, preliminary investigation of asbestos-containing building materials, CFC collection, and building dismantling work. In fiscal 2022, we increased the number of projects and expanded the area in which we engage in the dismantling business through collaboration with financial institutions.

Circulating collected resources through the circular economy helps reduce costs and environmental impact.



Resource Circulation Business

Expanding Our Recycling of Wind Power Generation Facilities

Japan's northern island of Hokkaido already has a large number of wind power generation facilities, and the construction of offshore wind power generation facilities is also underway. The removal of facilities that have been in operation for over 20 years due to aging is increasing year by year. Kuroda Recycle Co., Ltd. possesses advanced processing facilities and is actively engaged in the recycling of wind power generation equipment. In particular, we actively recycle turbine blades from across the country, including from outside Hokkaido. We recycle the metals and special alloys used in this equipment, as well as waste plastics and hard-to-process materials.



A Platform for Collecting Community Resources Mottainai BOX and Community-Based Initiatives

SYN ECO Inc., headquartered in Matsumoto, Nagano Prefecture, is actively engaged in local community initiatives through its Mottainai BOX and other regionally integrated efforts. Across the Chushin district of Nagano Prefecture, the company has set up 23 Mottainai BOX Stations, which serve as collection points for community resources. SYN ECO also operates a resource recycling facility in the city of Azumino, called SYN ECO Plaza Azumino. The convenience of these stations and the plaza has led to an annual increase in the volume of resources collected, and a portion of the earnings from the collected resources are returned to the local community. We aim to become a trusted entity in the region by providing attentive support and prompt responses to the concerns and needs of local residents. Moving forward, we will actively engage in regional collaboration and contribute to the circular economy that supports the local community.



Mottainai BOX

ENVIPRO HOLDINGS Inc. and NEWSCON Inc. have collaborated with the Akita Northern Happinets, a professional B.League basketball team, to set up a Mottainai BOX to collect resources in the city of Akita. The station aims to collect cardboard, magazines, newspapers, and metal for recycling, with a portion of the proceeds from recycling being returned to support the activities of the Akita Northern Happinets.



Production of Low-Carbon Raw Fuel from Waste Plastic (RPF)

RPF* is a solid fuel produced by compressing difficult-to-recycle waste plastics and paper waste. This environmentally conscious fuel offers substantially lower CO₂ emissions than fuels such as coal, while providing stable quality. ECONECOL Inc. produces approximately 23,400 tons of RPF annually and continuously supplies it primarily to paper companies as boiler fuel. The factory is currently in production 24 hours. ECONECOL is looking to expand the customer base and establish a system to increase production further.



RPF

* RPF, which stands for "Refuse derived paper and plastics densified Fuel," is a high-grade solid fuel made mainly from collected paper and plastics (mainly from industrial waste) that are difficult to recycle as materials.

Expanding Reused Items, Such as PC Components

Instead of disposing of used electronic equipment as waste, we strive to make effective use of its resources through reuse and recycling, thereby reducing waste.

In fiscal 2022, we began extending our efforts beyond the recycling of personal computers to include the dismantling and extraction of CPUs and memory for component reuse. Moving forward, we will focus on refurbishing collected laptops and undertake various initiatives to maximize the resource value of electronic devices. We are committed to promoting a CE supporting manufacturing, and we plan to further expand our initiatives to other products, in addition to PCs.



*Refurbishing is the process of collecting defective products and bringing them back to life. We refurbish a wide range of PCs, from those that are no longer usable to those that are nearly new, thereby helping to reduce waste.

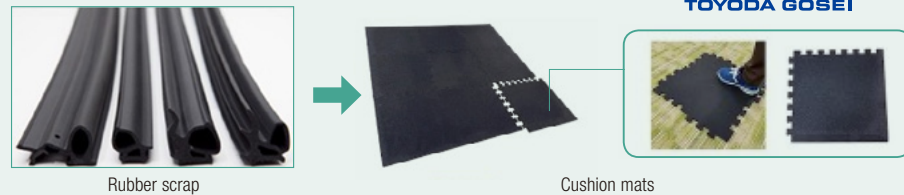


Resource Circulation Business Manufacturing Polymer Products

Working with Toyoda Gosei Co., Ltd., to Realize a Circular Economy Model for Rubber

Due to its nature, rubber is known to be difficult to recycle, and the mainstream methods of disposal include thermal recovery and landfill. To promote the circular economy of rubber products, Toyo Rubber Chip Co., Ltd. is collaborating with other members in its supply chain to work towards the realization of a circular economy for rubber products. The company's headquarters factory operates on 100% renewable energy. In line with the vision of becoming carbon-neutral by 2050, Toyo Rubber Chip Co., Ltd. manufactures low-carbon products using low-carbon processes.

In fiscal 2022, Toyo Rubber Chip started manufacturing cushion mats using recycled rubber scraps Toyoda Gosei Co., Ltd. generated in the process of producing automotive components.

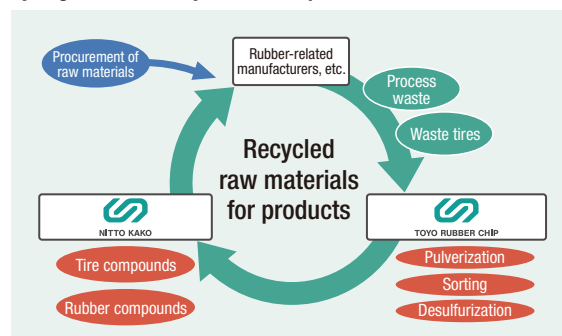


Toyo Rubber Chip Co., Ltd., and Nitto Kako Co., Ltd., Cooperate in the Rubber Product Supply Chain

In April 2023, Nitto Kako Co., Ltd. became a part of the ENVIPRO Group. A pioneer in recycled rubber, Nitto Kako will collaborate with Toyo Rubber Chip Co., Ltd. to enhance polymer product manufacturing. Recycled rubber is not widely used in tire manufacturing at present, as braking performance and other requirements demand high-quality rubber.

However, we are leveraging Group synergies and taking on the challenge of

Synergies between Toyo Rubber Chip and Nitto Kako



1

Increase in-house production of the rubber product supply chain

2

Expand circular economy products and sales channels

3

Grow the tire business, which represents the largest rubber market

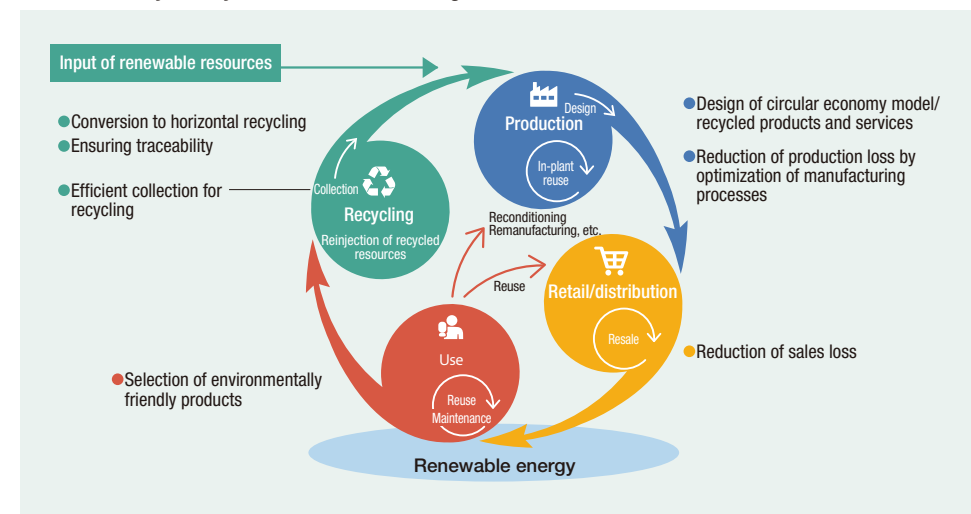
realizing a circular economy model that achieves tire-to-tire recycling.

Leveraging the Polymer Circular Laboratory to Achieve a Circular Economy in the Manufacture of Polymer Products

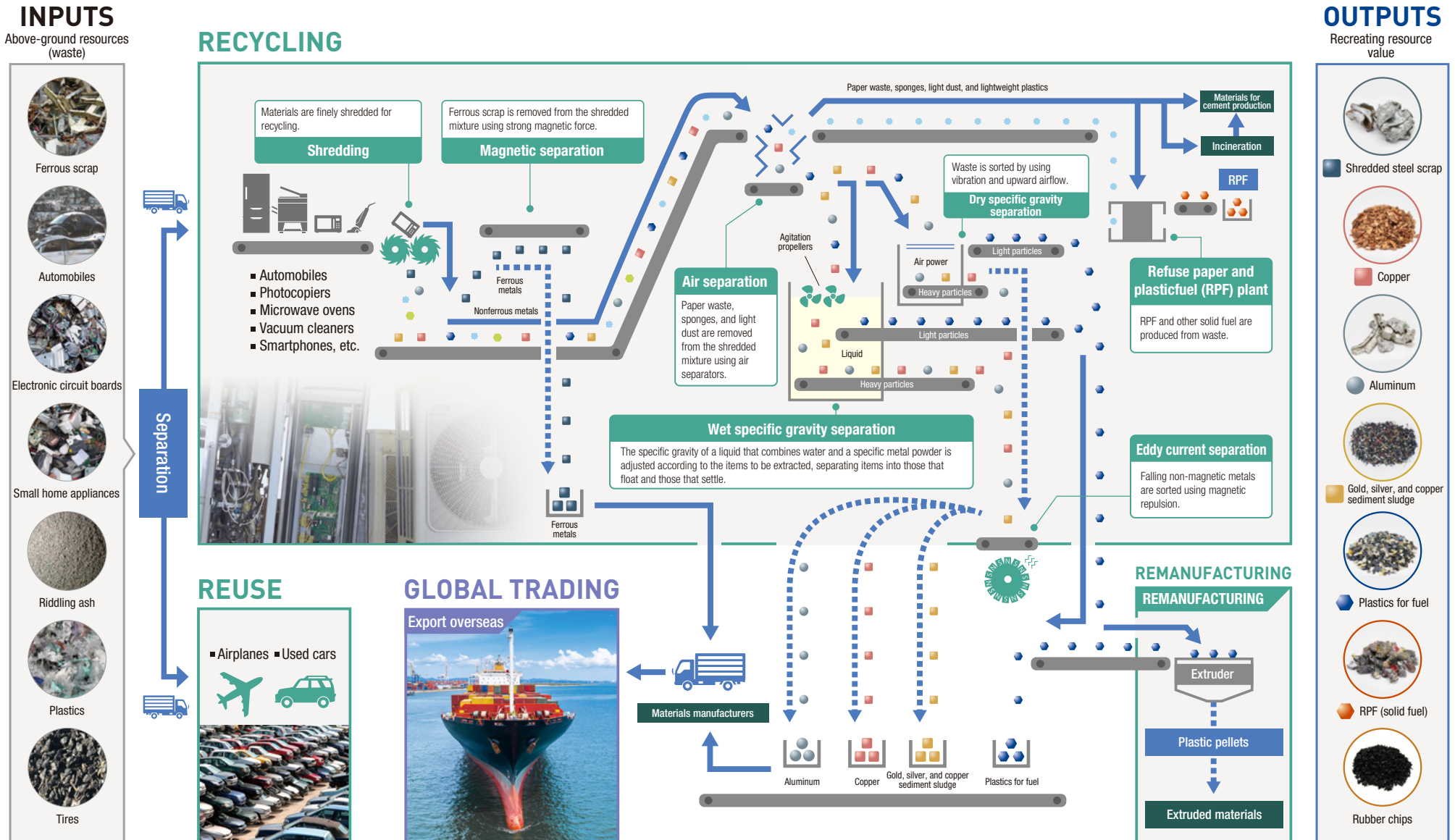
By utilizing its expertise in the regeneration of rubber and resin products, the Polymer Circular Laboratory provides a one-stop service for a series of processes involving the development of recycled products that in the past were conducted separately.

We are accelerating the flow to molded prototypes while reducing time and effort by centralizing the contact point for coordination with vendors for each process, technology selection, pre-processing, and prototype production. We can quickly share our vision for recycled products within the company, which allows us to accelerate the product development cycle. Furthermore, having a concrete vision also helps promote sustainability within the organization.

Circular Economy for Polymer Product Manufacturing



Flow of Treatment/Processing in the Resource Circulation Business

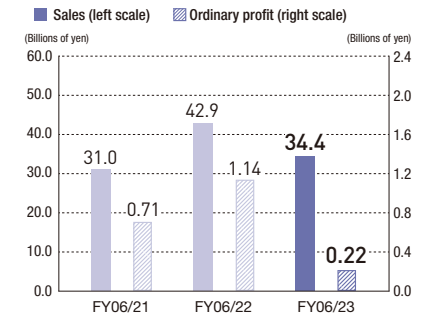




Global Trading Business

The push for carbon neutrality has been gaining momentum, both in Japan and overseas.

The ENVIPRO Group aims to deliver recycled resources in the most optimal manner to the countries that need them. Going forward, we will increase our handling volume of ferrous and non-ferrous metals and explore new products, thereby expanding the circular economy worldwide.



Domestic and Overseas Sales of Ferrous Scrap, Which Is Used in Steelmaking

Ferrous scrap is an important recycled resource in Japan, which is poor in natural resources. The global trend toward decarbonization is leading to plans to expand electric furnaces that melt ferrous scrap. This approach is said to generate less CO₂ than blast furnaces that use iron ore and coke. Demand for ferrous scrap is thus slated to increase. NEWSCON Inc. conducts quality control in accordance with customer needs and sells ferrous scrap to (blast furnace and electric furnace) steelmakers in Japan and overseas. In response to the growing demand for steel in Vietnam and other countries in Southeast and Southwest Asia, we have established new and expanded collection bases in Japan to increase the amount of steel we can collect. The company has earned plaudits for its quality control and delivery system, which have helped it to sustain long-term contracts. In addition, as transportation logistics grow more diverse, we have been making active use of bulk shipping (small and large vessels) and container transportation to sell ferrous scrap on a global scale.



Ferrous scrap

Processing and Supply of Nonferrous Metal Scrap

NEWSCON processes and supplies a variety of nonferrous scrap that has been shredded and sorted by the ENVIPRO Group and domestic waste disposal companies to meet the needs of domestic and international customers. In August 2023, we commenced operations at a branch in the Netherlands, using it as a base for export-import and trilateral trade between Europe and Asia. Through



Aluminum shredder scrap

these activities, we aim to expand our overseas network and promote the global circulation of recycled resources, actively contributing to global efforts towards a low-carbon society.

International Flow of Waste Paper, Used Clothes, Rubber, and Other Recycled Goods

The company exports waste paper (as a raw material for papermaking) and used clothes (reused commercial materials). We have dedicated warehouses for waste paper in the city of Niigata and in Imari, Saga Prefecture. Since fiscal 2022, in addition to waste plastics, we have also begun handling recycled rubber raw materials, importing and selling rubber tubes and selling non-vulcanized rubber in Japan and overseas.



Waste paper



Used clothes



Rubber tubes



PET flakes

Promotion of New Business and the Discovery of New Commercial Products

We are actively engaged in discovering new products with a focus on the keyword "recycling" and developing new businesses with partners nationwide. In addition to having expertise in handling palm kernel shells (PKS) and wood pellets, which fuel biomass power plants, we handle difficult-to-process scrap and other materials.

Interviews at Overseas Bases

NEWSCON Inc., which creates new business opportunities on the global stage, commenced operations at a new branch in the Netherlands in August 2023.

Below are messages from the representatives of our three overseas locations, including existing offices in Vietnam and the United Kingdom.



Branch in the Netherlands

Interview 01 Branch in the Netherlands

NEWSCON Inc. is expanding its recycling activities worldwide. Recently, we have been collaborating with recyclers in Europe, and we continue to maintain those partnerships. August 2023 marked the establishment of NEWSCON Netherlands in Rotterdam, bringing us closer to our recycling partners in Europe. Leveraging our over 73 years of expertise in recycling and strong customer relationships throughout Asia, we aim to be a reliable partner for sustainable raw materials in Europe.

We are prepared to address the increasing demand for the recycling of e-waste, batteries, and metals, driven by the digital transformation and the widespread adoption of electric vehicles.

Our mission is to expand the circularity of reusable materials in Europe through collaborative partnerships, supported by specialized knowledge in recycling and innovative solutions. We invite you to join us on this journey towards a carbon-neutral society.



George Harris
Deputy General Manager,
Recycling Raw Materials
Division
General Manager, Global
Business Development Division
General Manager, NEWSCON
Netherlands

Interview 02 Vietnam Representative Office

I feel that the recycling expertise and technologies developed in Japan are now needed in Vietnam, as the country has been rapidly establishing environmental laws and systems, including the implementation of a new environmental law starting in 2022. Companies are beginning to work earnestly toward achieving these goals.

Amid a changing environment, we are no longer seeing Vietnam merely as the endpoint for Japan's resource circulation but also as a starting point to establish environmental businesses. Going forward, we aim to become more deeply involved in Vietnam by actively collaborating with local companies.



Shinji Imabayashi
Branch Manager, Vietnam
Representative Office

Interview 03 UK Representative Office

The UK Representative Office supports the collection and sales of mixed metals, including non-ferrous and precious metals, as well as electronic substrates handled by NEWSCON. In addition to the trading business, the office also collects, analyzes, and disseminates various information related to European environmental policies, recycling technologies, recycling business models, and decarbonization. The office is working to collaborate with recycling companies and environment-related businesses in Europe and implementing medium- to long-term business strategies.



Shinobu Tachibana
Branch Manager, UK
Representative Office

The New Cyterrace Commences Operation

September 2022 marked the establishment of Cyterrace Co., Ltd. The new company took over the logistics agency business from 3WM Co., Ltd., which spearheads the reuse of used automobiles and parts. Below is a message from Kenro Suzuki, the new company's president.



We were spun off from ENVIPRO Group company 3WM in September 2022 and established as a specialized logistics company. We began operations in January 2023. We handle a wide range of import and export cargoes across various industries, with a particular focus on logistics arrangements for the export of reusable products such as used cars and used parts. We deliver cargoes to destinations worldwide, including Dubai in the Middle East and various countries in Africa.



In this regard, our company embraces the "one-stop logistics service" approach. We offer comprehensive services spanning customs clearance and export procedures to container booking, land transportation arrangements, vehicle management at the receiving yard, and container bundling. For the export of vehicles and parts, we leverage our extensive experience to arrange the best transportation methods and deliver items to the desired port quickly and cost-effectively. With our unique network service that covers every corner of Japan and the world, we prioritize the desires and sensibilities of our customers, ensuring reliable delivery to our customers across the seas.

We have earned plaudits from numerous customers for the dedicated plans we offer in such reuse industry categories as used cars and parts, and for the provision of services tailored to their specific needs and circumstances.

In addition, we have obtained a customs clearance license from Yokohama Customs starting from July 2023 and have begun in-house customs clearance operations. This allows us to not only broaden our range of services but also to directly reflect customer feedback in our business, enabling us to further improve our services.

Looking ahead, we plan to establish a branch in Dubai, United Arab Emirates, in 2024. Dubai serves as a hub port connecting Asia, Africa, and Europe, and our goal is to handle not only import procedures for cargo from Japan and re-export procedures to third countries but also to handle the arrangement of cargoes from around the world.



Kenro Suzuki
President, Cyterrace Co., Ltd.

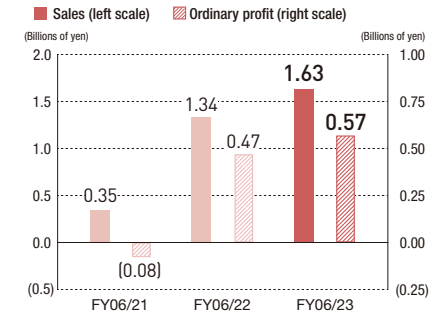


Lithium-ion Battery Recycling Business

Lithium-ion Battery Recycling Business

As various economic activities are being electrified with a view toward achieving carbon neutrality, demand for lithium-ion batteries (LIBs) is expanding rapidly. However, concerns exist about the shortage of rare metals, which are used in LIB production. The ENVIPRO Group is contributing to progress of electrification by recycling rechargeable batteries, including LIBs.

We aim to achieve a closed-loop system of LIB-to-LIB and envision a circular economy for batteries.



Recycling LIBs to Produce Black Mass and Collect Valuables

LIB cathode materials contain minor metals, such as cobalt, nickel, and lithium. After LIBs are heated, they are crushed and sorted to collect black mass*1, a mixture of minor metals. The company also collects copper contained in the anode material. VOLTA Inc. leverages its accumulated expertise to sell high-quality collected metals to various refining manufacturers. In 2023, we have expanded our LIB recycling line and significantly increased our production capacity. We also conduct production equipment adjustments for each type LIB to ensure optimal recycling.



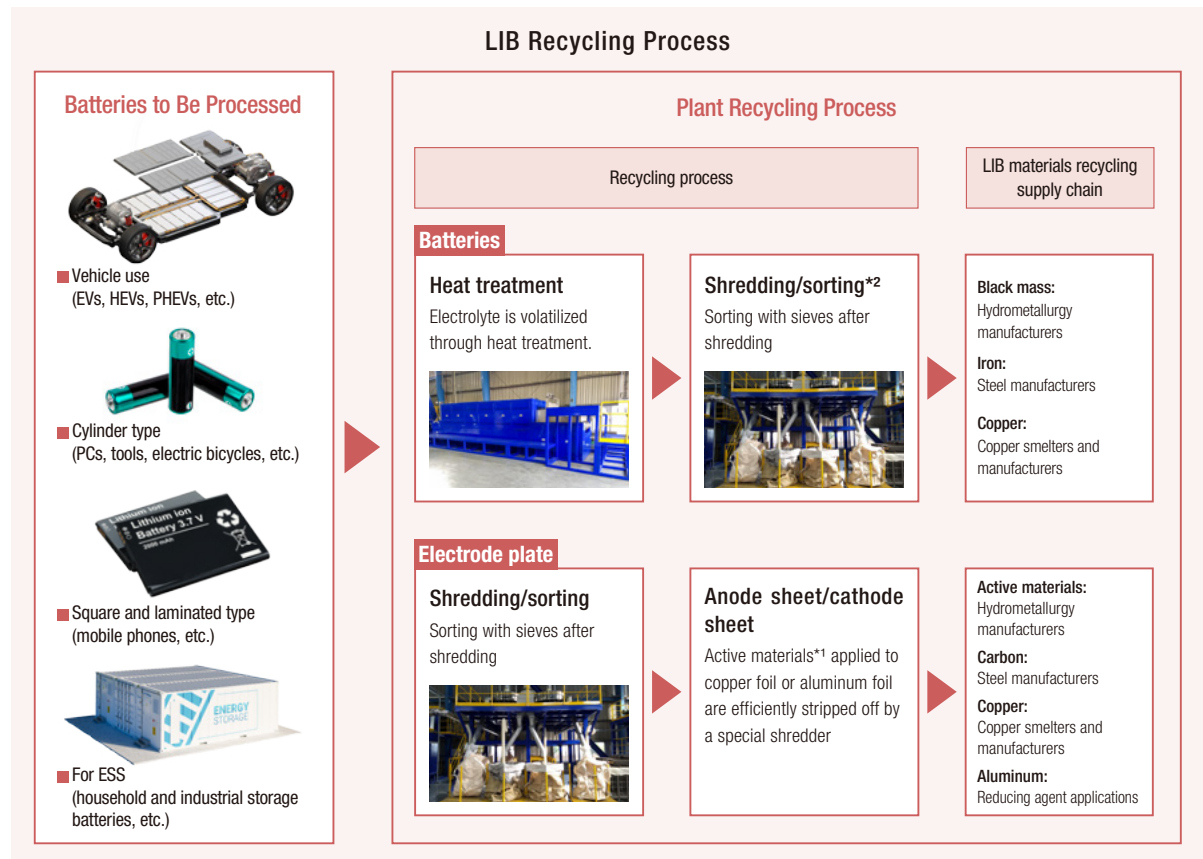
Black mass

Production Using a Decarbonization Process at RE100 Plants

To achieve carbon neutrality by 2050, decarbonization processes will be required in battery recycling, as well. With the exception of the trucks we use for haulage, VOLTA is transitioning to 100% renewable energy in all its processes. We will help to build a low-carbon society by working toward RE100 at new sites we will establish in the future.



LIB Recycling Process



*1 Black mass/active materials: A concentrated sludge of cobalt, nickel, and lithium

*2 By evaporating electrolytic solution through heating treatment, shredding and sorting are handled in a continuous line



Lithium-ion Battery Recycling Business

Low-Environmental-Impact LIB Recycling

In the heating process during LIB recycling, toxic gases are generated, mainly consisting of fluorine compounds. VOLTA Inc. has installed environmental facilities to remove these harmful substances and reduce environmental impact.



Environmental facilities at the Fujinomiya plant

Recycling of Used Rechargeable Batteries Through Contracted Industrial Waste Disposal

The rate of use is increasing for lithium iron phosphate batteries, which are used in industrial and portable power applications. As these batteries do not contain nickel or cobalt, they are typically circulated as waste materials. VOLTA will respond to this trend by utilizing permits for intermediate disposal of industrial waste and establishing a system for accepting materials from valuable items to industrial waste. This will allow us to provide customers with a one-stop service for LIB recycling, ensuring competitiveness and diversifying revenue sources.

Obtaining Certification under the R2 Standard for Sustainable Recycling

VOLTA has obtained certification under the R2 Standard for responsible reuse and recycling of battery equipment, a widely adopted standard in the United States. The standard attests to VOLTA's use of a recycling management system for appropriate recycling.

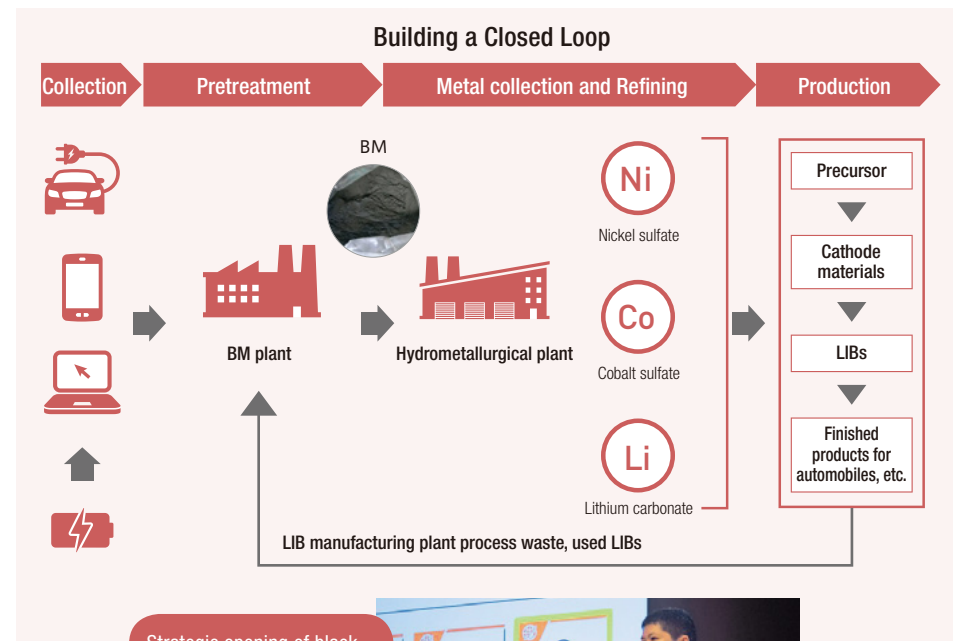
Promotion of DX in Closed-Loop LIB Recycling

The ENVIPRO Group is working to establish an information management system that complies with the battery passport mechanism mandated by European battery regulations, which will be enforced in the EU in 2026. Our goal is to eventually incorporate the operational results of the information management system for LIB closed-loop recycling in the downstream area of resource circulation, which has been demonstrated by VOLTA, into a nationally led information management system.

Expanding Our Base of Operations and Taking up Challenges in the Hydrometallurgy Business

In 2023, we acquired an LIB recycling plant in the city of Hitachinaka, Ibaraki Prefecture, with a processing capacity of 5,000 tons. We are preparing for the plant to commence operation in 2024. In addition to collecting process waste from LIB production factories, at the Ibaraki plant we also expect to collect used LIBs from the densely populated Kanto area.

As no commercial-scale black mass refining facility is currently operational in Japan, significant resources are flowing overseas. The ENVIPRO Group is taking the lead to establish a hydrometallurgy business to promote a circular economy for LIBs in Japan, and we continue with research aimed at achieving closed-loop recycling.



Strategic opening of black mass production sites to achieve closed-loop hydrometallurgy



Conducting numerous lectures to raise awareness of LIB recycling



Welfare Service Business for People with Disabilities

Welfare Service Business for People with Disabilities

As Japan's population ages, issues such as regional employment and a decline in the working-age population are emerging as significant social challenges. The ENVIPRO Group supports the independence of people with disabilities in terms of employment and community living. We promote welfare collaboration that connects recycling, agriculture, and people seeking employment opportunities, aiming to achieve a balance between resolving regional employment and labor issues.

Ecommit (Type B Continuous Employment Support Program)



In cooperation with the ENVIPRO Group, local businesses, and farms, this program provides work and wages according to the work performed. In this way, we create a place where people who have difficulty working in general companies can participate in society with confidence and gain a sense of fulfillment as members of society.

Bright (Pre-Employment Transition Support Program)



We provide people with disabilities who are seeking employment with a curriculum that helps them find employment and assist them in their jobhunting activities. We also support workers retention, enabling people to remain in work for a long period once they find employment.

Satellite Work

Through this business, we counsel companies and support the efforts of companies seeking to employ people with disabilities.

Fiscal 2022 Results

Average wages (type B continuous employment support program)

Location	Average wage
Ecommit Akashina	¥34,000
Ecommit Toyoshina	¥19,000
Ecommit Fujinomiya	¥16,000

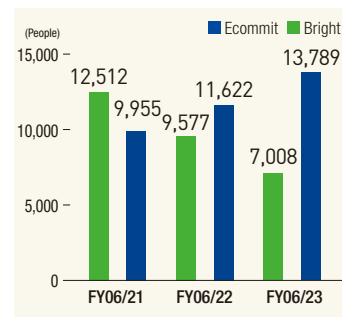
Number of workers (pre-employment transition support program)

Location	Number of workers
Bright Matsumoto	10
Bright Saitama	7

ASTOCO Locations



People Employed to Date



Environment-Welfare Cooperation

A model to address environmental issues by collecting resources from dismantled PCs

Ecommit Toyoshina and Ecommit Fujinomiya, which are operated by ASTOCO Inc., conduct recycling operations in cooperation with Group companies.

At these locations, we use tools to separate and sort office automation equipment. Their circuit boards contain rare metals, and by sorting them appropriately, we allow these materials to be reused in the production of future products. Additionally, we strip the coating off copper wires and manually collect rare metals and other valuable materials from items that have been crushed, playing an effective role in the recycling process. In addition, we conduct cleaning patrols to ensure that the Mottainai BOXes provided by SYN ECO Inc. for use by the local community are pleasant and clean.

These tasks provide fulfilling work for individuals with disabilities who use our facilities, and also fill a meaningful role in contributing to the environment.



Agriculture-Welfare Cooperation

A model for addressing various agricultural issues by encouraging social participation through engagement in agriculture

ASTOCO Inc. helps individuals with disabilities to find confidence and fulfillment in work in the agriculture sector, including vegetable cultivation in local farms and by tending their own fields. These initiatives also help to address the serious shortage of agricultural workers. Through Ecommit Akashina, they cultivate crops such as cucumbers, spinach, and potatoes, promoting local production and consumption by supplying them to local retail stores. They also engage actively in community interaction by selling their products at municipal offices, branch offices, and children's centers.



*Wage amounts of ¥100 or less have been truncated.



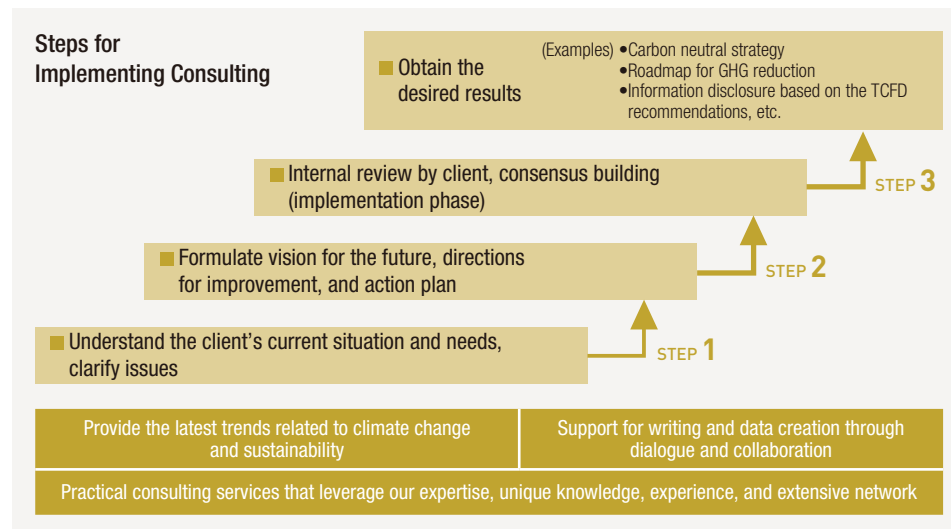
Environment Management Consulting Business

Environment Management Consulting Business

Promoting carbon neutrality and the circular economy has become increasingly important for corporate management. The ENVIPRO Group provides consulting services to support carbon neutrality strategies and the development of circular economy models. Additionally, we offer solutions involving the introduction of renewable energy and the production of green materials through recycling and regeneration processes.

Total Support for Corporate Decarbonization

As the movement toward decarbonization accelerates both in Japan and overseas, it is becoming increasingly important for companies to consider the impact of climate change on their business operations and to respond to the risks and opportunities as part of their management strategies. Bright Innovation Co., Ltd. provides consulting services to help companies manage their decarbonization management. These services include help with information disclosure in response to the TCFD recommendations, assistance in improving evaluations from third-party institutions such as CDP, as well as solution services such as supporting the introduction of renewable energy. Bright Innovation also plays a role in advancing the ENVIPRO Group's environmental management efforts by providing support for achieving RE100 and facilitating the disclosure of sustainability information.

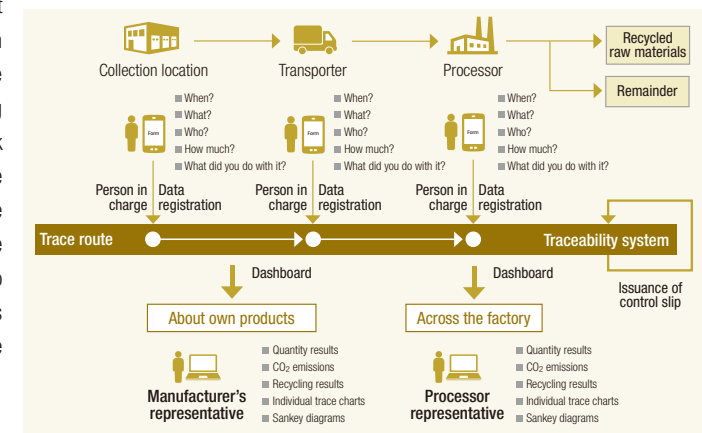


Supporting a Transition to the Circular Economy

Social demands for the transition to a circular economy are growing, including efforts in Europe to step up producer responsibility and moves to formulate economic strategies for domestic resource autonomy. We offer services such as wide-area collection and circular economy schemes for used products, as well as supporting the collection of plastic collection for the chemical recycling business. Additionally, through collaboration between the ENVIPRO Group's Resource Circulation Business and partners, we offer optimal solution proposals for circulating products and resources.

Environmental DX (Digital Transformation)

Society's demands for data management and collaboration across the supply chain in the environmental sector have increased rapidly in recent years. By integrating digital tools, Bright Innovation is enhancing its consulting services to support companies' decarbonization efforts. Additionally, we have developed and are managing a traceability system to track the flow of resources in the circular economy (see the center of the figure on the right). Our efforts aim to visualize the ENVIPRO Group's contributions to corporate circular economy models.





E nvironment

■ Environmental Policy

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

envipro.jp/en/company/compliance/

■ CO₂ Reduction Targets

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

■ Target for Ratio of Renewable Energy in Electricity Use

100% by 2030



S ocial

■ Human Rights Policy

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

envipro.jp/en/company/compliance/

■ Active Employment of Women

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



G overnance

■ Percentage of Female Directors

9.1% (September 30, 2023)

■ Outside Directors

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



Environment

Initiatives to Achieve the SDGs

The ENVIPRO Group's Approach to the SDGs

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

Making Every Effort with Every Partner

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

Partnerships

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

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

^{*1} RE100: Means "100% Renewable Electricity." An international initiative for companies that aim to procure 100% of the electricity required for their business operations from renewable energy sources.

^{*2} CDP: An international initiative for the disclosure of information on climate change response

Contribution to the Economy
ECONOMY

■ No poverty ■ Technological innovation



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



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

Contribution to Society
SOCIETY

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



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



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



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.



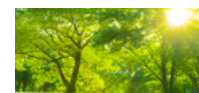
The ENVIPRO Group offers worthy job opportunities for people of different backgrounds, such as recruiting new graduates and providing employment to people with physical challenges. We thoroughly implement measures to prevent work accidents at our plants to ensure the safety of our employees.



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



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

Contribution to the Environment
BIOSPHERE

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



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



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



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



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

Environment

Becoming Carbon Neutral by 2050

Information Disclosure in Line with TCFD Recommendations

Basic Approach

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

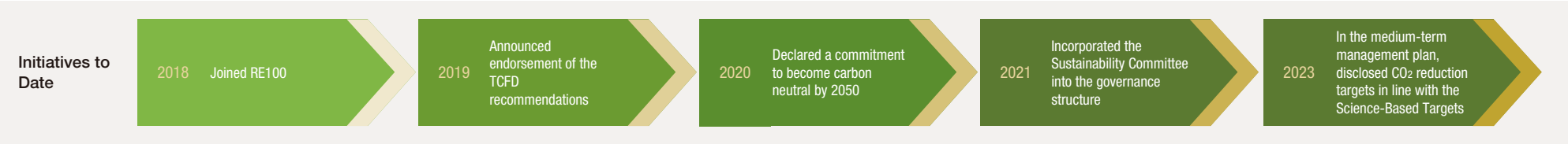
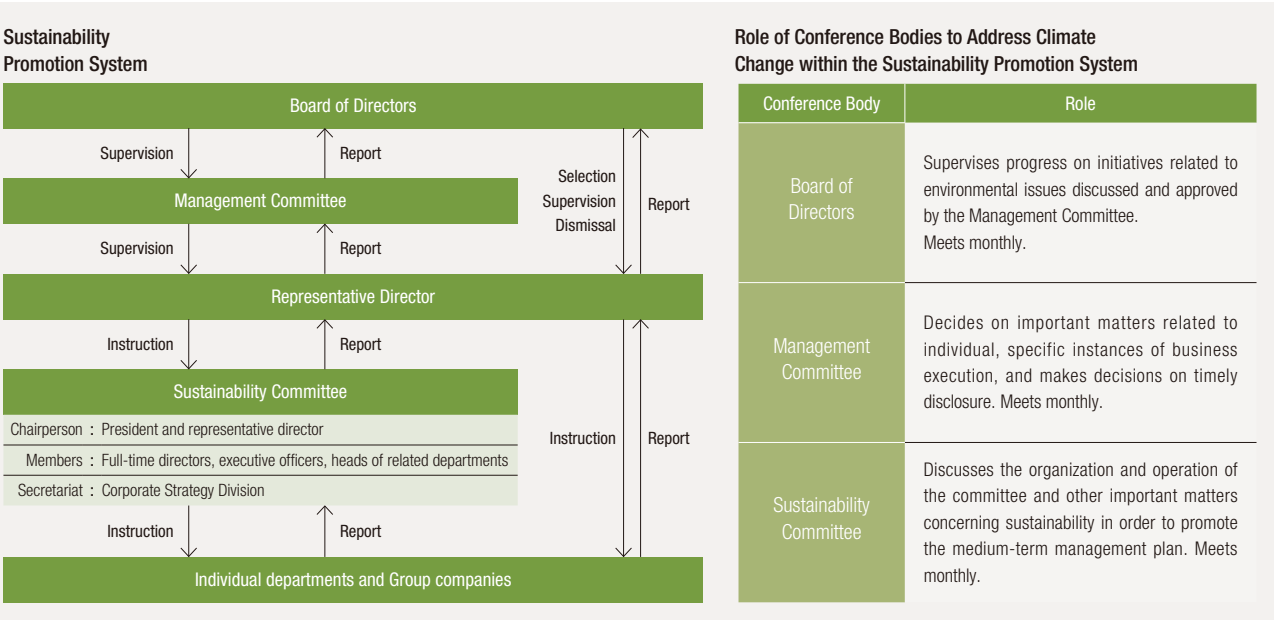
In December 2020, the Group decided to achieve effectively zero GHG emissions from all its business by 2050, including the processing and recycling of scrap and waste handled by the Group. As countries work toward decarbonization, resources and climate change are issues that—far from being separate—are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

Governance

Sustainability Promotion System

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

director, full-time directors, executive officers, and heads of some related departments. The committee seeks to promote the medium-term management plan that forms our strategy for achieving sustainable development for both the Group and society. As an organization that assists decision-making by the representative director, it flexibly and actively discusses and examines the status of strategy promotion and future directions, including new business and M&A, from a long-term perspective. Matters discussed are further resolved or discussed by the Management Committee, a decision-making body for business execution, and are then submitted to the Board of Directors. Under the supervision system of the Board of Directors, we work to maintain governance and promote sustainability.



Environment

Risk Management

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

Strategy Identifying and Addressing Risks and Opportunities

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

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

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

Type	Category	Hypothetical examples	Potential Financial Impact			
			Risks	Period	Opportunities	Period
Transitional	Policy and regulation	Taxes on various types of energy, introduction of carbon taxes	- Increased costs of using renewable energy - Easing of the supply-demand balance and price decline of ferrous scrap due to the development of new technologies such as hydrogen-reduction steelmaking	Short to long term	- Expansion of existing recycling business - Increased demand for ferrous scrap due to shift to electric furnaces, price increase - Installation of large shredder to produce electric furnace materials	Short to long term
		Regulations on the use of recycled plastics	Reduction in the thermal recycling of waste plastics	Long term	- Growth in demand for low-carbon raw materials and fuels (RPF) - Expansion of material and chemical recycling of waste plastics - Development and commercialization of chemical recycling plants	Medium to long term
		Traceability of CO ₂ emissions (DX) mandated	Lost market entry opportunities due to delays in business development	Medium term	- Expansion logistics businesses of scrap, waste - Visualization of GHG emissions - Support for the procurement of carbon credits	Medium to long term
	Technology	Expansion of the chemical recycling of waste plastics	Lost business entry opportunities due to delays in technology development	Medium to long term	Creation and expansion of new markets for the chemical recycling of waste plastics	Medium to long term
	Market	Increased adoption of EVs, ESSs	Increased demand for nonferrous metals and minor metals due to electrification (depletion)	Short to long term	- Expansion of the Lithium-ion Battery Recycling Business - Expansion of the business of collection gold, silver, and copper sediment sludge	Short to long term
	Reputation	Social responsibility as an environment-related company	Failure to consider the environment, damage to credibility among stakeholders	Short to long term	- Scoring by CDP and other international rating agencies - Disclosure of information in line with the TCFD recommendations - Disclosure of various approaches through the Sustainability Report	Short to long term
Physical	Acute	Increase in natural disasters due to increasing severity of extreme weather events	- Decrease in earnings due to such factors as shutdowns and production reductions caused by damage to plants, difficulties in vessel dispatch, or transportation delays - Decrease in revenue due to lost sales and purchasing opportunities - Increase in insurance premiums and repair/restoration costs	Short to long term	Enhanced response to issue of waste created in disasters	Short to long term
	Chronic	Increased heat stress due to higher average temperatures	- Decrease in productivity due to restrictions on working hours - Increased cost of investing in environmental improvement	Short to long term	Personnel savings, unmanned operation, remote control	Short to long term

Environment

Metrics and Targets

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

GHG Emissions

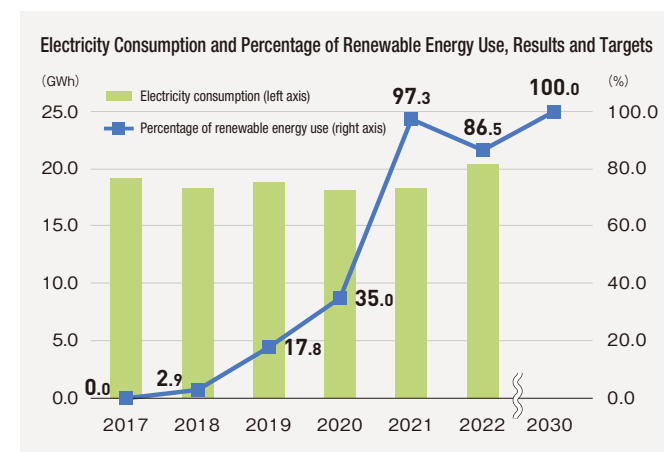
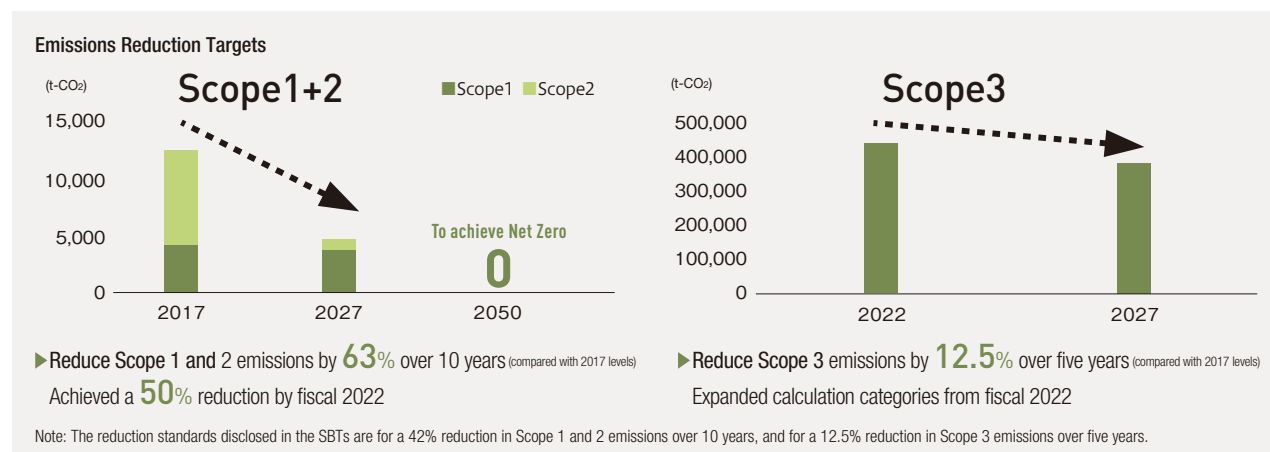
By 2050, the Group aims to achieve effectively zero GHG emissions from all its operations, including the processing and recycling of scrap and waste.

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

Percentage of Electricity Generated from Renewable Energy Sources

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

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

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

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

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

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

Environment

Participation in Initiatives

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

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

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

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

Assessment of Environmental Initiatives Climate Change: B

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

RE100 Plants^{*1}

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



① ECONECOL Inc.
Head office plant



② ECONECOL Inc.
Fuji plant



③ ECONECOL Inc.
Wood Recycling Center



④ ECONECOL Inc.
Hamamatsu plant



⑤ ECONECOL Inc.
Shimizu plant



⑥ Kuroda Recycle Co., Ltd.
Head office plant



⑦ SYN ECO Inc.
Head office plant



⑧ SYN ECO Inc.
Plaza Azumino



⑨ Toyo Rubber Chip Co., Ltd.
Head office plant



⑩ VOLTA Inc.
Head office plant



⑪ VOLTA Inc.
Fujinomiya plant

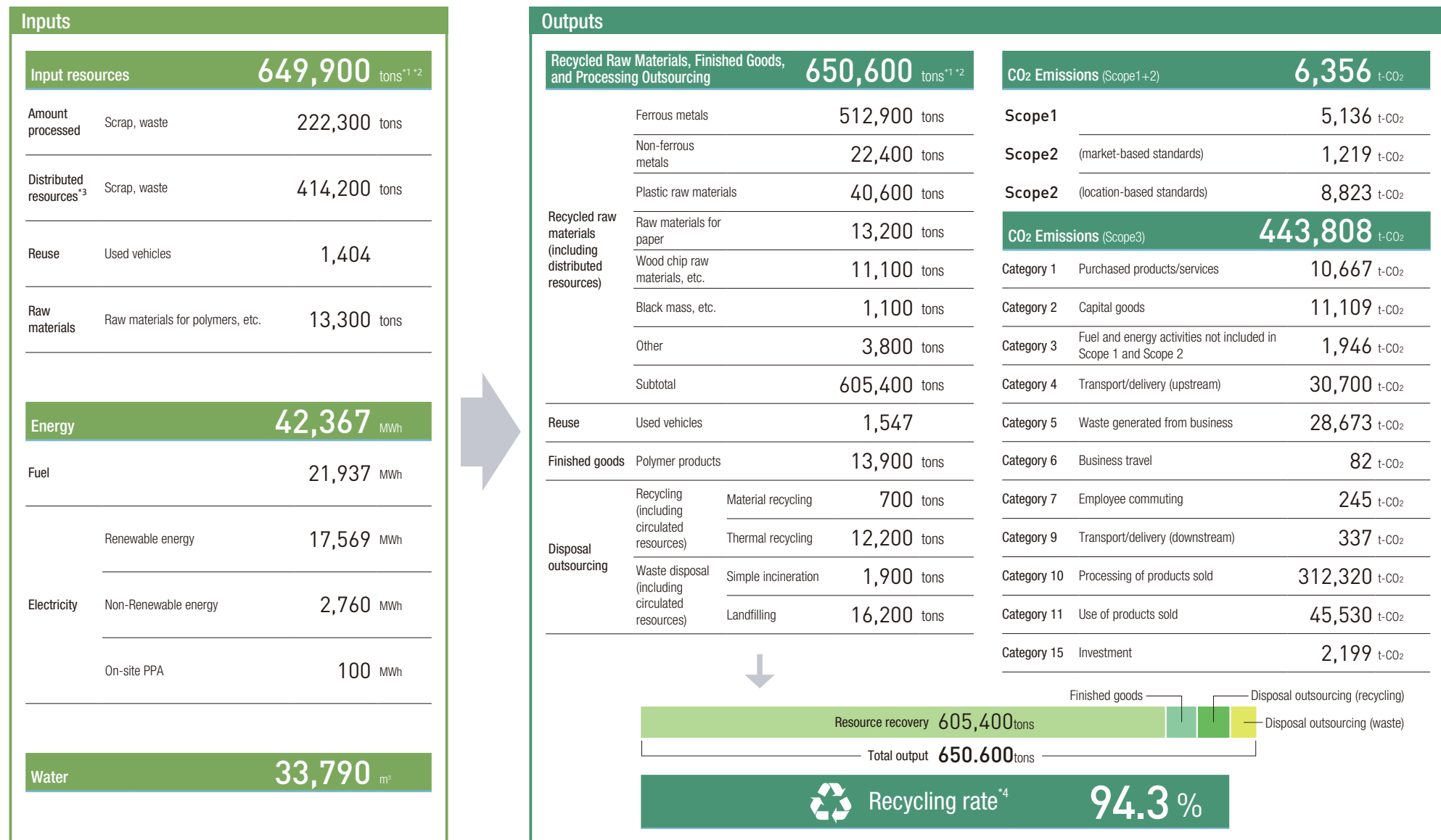


ENVIPRO HOLDINGS Inc.
Head office

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

Environment

Material Balance



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

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



Outside director, ENVIPRO HOLDINGS

Hiroko Nomura

Formerly editor in chief of Nikkei WOMAN

President and representative director,
ENVIPRO HOLDINGS

Tomikazu Sano

President and representative director, ASTOCO

Chiemi Nomura

From contract employee to president

Special Feature Discussion

About ENVIPRO's Commitment to Diversity in Order to Create the Next Generation of Leaders

ASTOCO, a company that provides welfare service business for people with disabilities announced on July 1, 2023, that Chiemi Nomura would become its first female president. Ms. Nomura has been involved in disability welfare work since entering the workforce, and she has always had a desire to contribute to others. Upon encountering ASTOCO, she initially joined the company as a contract employee due to personal circumstances, but later became a full-time employee.

How did you feel when you were approached about taking the position of president?

Chiemi Nomura (below, "Chiemi"): There was no way I could decline the offer to become president. I was delighted to be recognized for my efforts so far, so I responded without hesitation in saying "Thank you!" and "I'll do it!" I am able to be president at the company today because even as a contract employee initially, I was given the chance to plan

and propose solutions that addressed the needs and challenges of our users and the company. I am grateful that my ideas were listened to and recognized, and that I was given the opportunity to implement them.

Hiroko Nomura (below, "Hiroko"): My career has some similarities. At the age of 26, I joined Nikkei Home Publishing (now Nikkei BP) as a contract employee. I worked there for seven years, as my annual contract was renewed each year. In my mid-30s, I became a regular employee and eventually had the opportunity to become the first female editor-in-chief. During this time, I received rigorous training, without experiencing any discrimination based on gender or employment status. There were times when I would work through the night only to have my manuscript thrown in the trash, with comments like "Our customers pay for this magazine; we can't publish an article like this" (laughs).

Sano: Regardless of employment status or gender, in order to sustain a successful business, it is essential to have a professional mindset that responds to the needs and demands of society and customers, a drive and the animal spirits to accomplish goals, and a sense of rigor towards work. We strive to create an environment where

Special Feature Discussion



individuals with such a mindset can grow. However, that alone is not enough. In the past, when I found myself in difficult situations and working with a furrowed brow, employees said, “The president’s face looks gloomy, it brings down the mood, and that’s why I want to resign.” I then realized that in addition to rigor, I needed to maintain a sense of positivity and softness to ensure a balanced approach.

Several months have passed since Chiemi Nomura took office as the president. As many ASTOCO employees are women balancing work and family life, they are beginning to see her as role model. Hiroko Nomura’s appointment as outside director led initially to a shift in

awareness within the Group. The employee satisfaction survey conducted in August 2023 showed that the number of female employees aspiring to become managers was equivalent to their male counterparts.

Chiemi: I have started hearing the women around me say things like “I want to aim for a managerial position.” Maybe this is because people who used to feel distant, such as the president and managers, have become more approachable, making it easier to envision career advancement and the subsequent impact on their personal life. Another noticeable change is the increase in participation and contributions in internal meetings, especially from male employees.

Hiroko: In homogeneous decision-making groups, such as those of the same gender and age group, sometimes people have an unspoken and shared understanding, so there is less need to express thoughts explicitly.

Chiemi: During the companywide meetings, we strive to maintain a friendly and approachable atmosphere. However, there are times when we have to be firm in responding to non-negotiable situations, such as addressing challenges or making important decisions. While conveying the purpose of our work and teamwork, we also ensure that we don’t forget about femininity and kindness, being mindful of the fact that we are women.

Hiroko: Women face a double bind. If they lead with strength, they’re told they’re not feminine enough, but if they are kind and feminine, they’re told they’re not leading effectively. It can be difficult to strike a balance between being feminine and being a leader, can’t it.

Sano: In a society where many people express a desire not to pursue career advancement, I believe it is

necessary for the ENVIPRO Group to foster a culture where both men and women aspire to leadership and managerial positions. This requires creating an environment supported by care and affection, as well as providing opportunities for personal growth. It is my role to facilitate the cultivation of such an atmosphere and coordinate the steps toward these goals.

The Essence of Diversity

The ENVIPRO Group has set the goal of creating 100 business promoters. In this context, what are some of the challenges to the advancement of women? (Currently 20% of employees are women, and the company aims for women to occupy 20% of management positions by June 2028.)

Hiroko: For example, let’s consider a hypothetical scenario. In one case, the head coach of the Japanese national soccer team would select players only from Eastern Japan and not from Western Japan. The other approach is to select talented players from all over Japan. It is clear which approach would be more likely to build a team worthy of competing on the world stage. In Japan, as the working-age population decreases, companies need to select talented individuals regardless of gender in order to be competitive. In that sense, I believe that the ENVIPRO Group still has room for growth.

Sano: For instance, we need to change the entrenched notion that women do not belong in the production department.

Hiroko: Often, kindness is intended when men say such things as “Women shouldn’t work in production or on rotating shifts.” However, this actually creates a glass ceiling that limits career opportunities for women. Whether it’s in production or any other workplace, when a workplace is made more accommodating for women, it creates an environment that is also more suitable for men and the senior workforce. It becomes a workplace that aligns with the values of younger generations.

Sano: People who have experience in on-site roles such as in production and sales should be the ones to become managers. It is essential to provide and create an environment where individuals can gain such experience. We need to think about how to



Special Feature Discussion



create a work environment where both men and women can work without gender disparities.

Aiming to Become an Organization That Embodies “A Disciplined Group of Autonomous Individuals with Emergent Abilities.”

What is the background for encouraging employees to register with recruiting firms and saying they should increase their own market value?

Sano: Employees who have specialized experience in M&A and post-merger integration processes, as well as in other areas, bring rare value to the company. It

is worth their while to consider registering with a recruitment agency to get a sense of their true market value. I also believe that individuals should actively strive to increase their market value. As president, I need to maintain a certain level of tension within the company to ensure that employees do not grow complacent. For this reason, I believe we need to promote diversity in compensation. Rather than adhering to the usual wage system, we need to provide challenges and opportunities to a select group of individuals who drive business initiatives. At the same time, we need to raise the overall level of compensation, too. I believe that it ultimately comes down to everyone working together to earn a solid income.

Hiroko: Given the growing labor market mobility of highly specialized personnel, we need to feature diversity in our compensation packages.

Sano: It is great to see an increase in return hires as liquidity improves. We are seeing more people returning to us even after having once left for a variety of reasons. The experience they gain in other organizations that might not have been possible within the ENVIPRO Group is invaluable, as it often means they can make valuable contributions in their current roles.

Hiroko: Experiencing different organizations and having diverse experiences expands individual diversity. As a result, individuals grow and become more adaptable to change, which in turn contributes to the growth of the organization.

Sano: As is expressed by the company’s core organizational philosophy, to be “a disciplined group of autonomous individuals with emergent abilities” we recognize the market value of autonomous individuals. However, within the organization, a certain level of discipline is necessary, so it is important to create an environment where individuals can leverage their strengths through mutual understanding.

Company Growth Contributes Directly to Society

Sano: Japan is facing a pivotal time amid the challenges created by the country’s three lost decades. We face a projected decline in the workforce and a changing landscape among service industries in such areas as manufacturing and finance, as well as evolving perspectives on diversity. This situation calls for change, as well as offering new opportunities for growth. Companies play an increasingly crucial role in this transformation. Organizations that embrace diversity contribute to a company’s sustainable growth, and this collective effort ultimately leads to the growth of the nation. Simply accepting the status quo might mean not having to struggle or face hardship, but in order to become an enduring company, we need to challenge ourselves with ambitious goals. ASTOCO and other members of the ENVIPRO Group have the potential and the wherewithal to contribute to society. We must move unhesitatingly forward to ensure that the company growth aligns with its contribution to society.



Profile

Hiroko Nomura

Graduated from Ochanomizu University in 1984. In 1999, launched the Woman of the Year by the editorial department of Nikkei WOMAN, published by Nikkei Home Publishing, Inc. (now Nikkei Business Publications, Inc.). In 2003, became editor-in-chief of that publication, was later appointed as senior staff writer of Nikkei Inc., and became a professor at Shukutoku University. In April 2020, was named distinguished visiting professor of Tokyo Kasei Gakuin University

Tomikazu Sano

Joined SANO MARUKA SHOTEN (currently EONECOL) in April 1974. After serving as secretary of Mr. Masumi Ezaki, a member of the House of Representatives and holding executive positions at Group companies, was named president and representative director of ENVIPRO HOLDINGS in May 2010.

Chiemi Nomura

After graduating from the School of Allied Medical Sciences, Shinshu University, in 2003, worked as an occupational therapist in the field of disability welfare. Joined ASTOCO in 2019 and became a manager at the company in 2022. In July 2023, assumed the position of representative director. Currently also dedicated to raising her elementary- and middle school-aged children.

Social Building a “Platform” Filled with Good-Quality Energy Where All Employees Work Energetically

The ENVIPRO Group aims to achieve employee satisfaction by creating a workplace environment based on its corporate philosophy, where leadership fosters a “platform filled with good-quality energy where all employees work energetically.” This environment promotes challenges and a sense of fulfillment, allowing each employee to maximize their abilities. By meeting the demands of society and customers, ENVIPRO Group strives for sustainable growth.

A Deep Attachment to Instilling the Corporate Philosophy

We consider our corporate philosophy to be the company’s most important core value and essential to its DNA. Our corporate philosophy was developed over the course of approximately one year by weaving together the founder’s worldview, beliefs, sayings, and thoughts of the executives, and other ideas inherent in the company. To create a positive corporate culture and a strong corporate atmosphere, we will continue to work with unwavering determination to ensure the widespread adoption of our corporate philosophy.

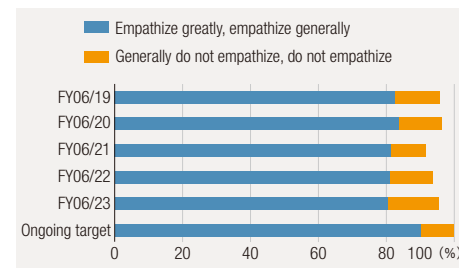


Briefing session

Attendees of Corporate Philosophy Briefing Sessions

Date	Attendees	Directly hired employees	Percentage attending
FY06/21	48	583	8%
FY06/22	235	617	38%
FY06/23	130 (413 to date)	781	17% (52%)

Empathy with Corporate Philosophy Expressed in the Employee Satisfaction Questionnaire



Creating 100 Business Promoters

The ENVIPRO Group’s growth trajectory is largely attributable to its development of new technologies, services, and products that society demands, as well as the expansion of operations into various regions through M&A activities. To lead the growing demand for a circular economy, the Group prioritizes the creation of human resources to drive business strategy. By reinvesting the profits generated from these growth factors into the next phase of growth, the Group aims to create 100 personnel for business promotion over the next five years and thereby establish a sustainable foundation for long-term growth.

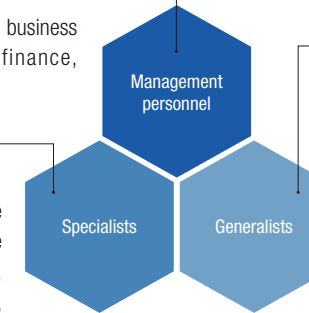
About Human Resources for Business Promotion

Candidates for the Position of President of ENVIPRO HOLDINGS and Group Companies

Human resources with experience in business start-ups, group development, finance, business investment decisions, etc.

Leaders in the Deployment of Leading-Edge Technology

Human resources who promote business by utilizing in-depth expertise in identify fields such as DX, intellectual property management, R&D, etc.



Project Promotion Leaders

Human resources who have broad knowledge and multifaceted vision in target areas, and who can bring together people in charge of various fields

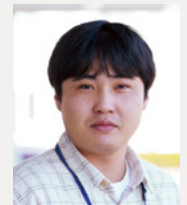
Recruiting

Interview with a New Employee

Growing with the company in an Environment That Enables Young People to Take on Challenges

Joined April 1, 2023
ENVIPRO HOLDINGS Inc.

Gooyoung Heo, Corporate Planning Department, Corporate Planning Division



During my university days, I conducted research during a seminar about “The Impact of Climate Change Risks on Shareholders’ Equity Cost.” As I learned about the global movement addressing climate change, I became interested in the growth potential of the environmental business, which ultimately led me to join the company. Currently, I am involved in creating key performance indicators for the entire Group to achieve our medium- to long-term goals. It is rewarding to be entrusted with autonomous tasks and to have the opportunity to collaborate with executives at the department manager level and above for meetings and discussions. Also, as the company has a large number of Korean customers, I find fulfillment in handling tasks I am uniquely able to do, such as serving as an interpreter during visits. Going forward, my goal is to disseminate and implement the KPIs I have created within the Group and work together with business companies to refine these KPIs, taking into account any issues that may arise. In addition to supporting each company, I hope to contribute to the growth of an organization where I can help improve and optimize operations, and think about the direction of business strategies. I hope to gain various experiences and eventually become involved in management.

Social

Realizing the Corporate Image of “A Disciplined Group of Autonomous Individuals with Emergent Abilities”*

Growth Business School

In addition to deepening understanding of the business operations, improving management abilities is also an important educational theme in terms of cultivating personnel for business promotion. We are in the process of implementing a goal management system and providing training for evaluators to ensure consistent goal setting across each company and department, aiming to enhance corporate value.

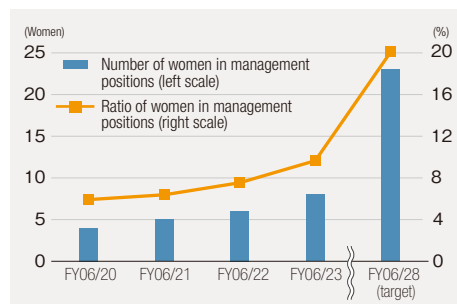
Overview of Business School Themes in FY06/23

Training Content	Participants	Satisfaction	Training Content	Participants	Satisfaction
Waste disposal law and various recycling laws	32	97%	Management accounting, cost accounting and budgeting	47	94%
Business flow and business models	43	97%	The need for team meetings	66	100%
Psychological safety Note: Held three times	201 to date	97%	Mental health Note: Held twice	120 to date	95%
Remuneration system and evaluation Note: Held twice	82 to date	88%	Organizational development, vision and case studies	56	90%
Management authority and responsibility, agenda items	35	96%	Importance of recruitment	17	100%
CDP/TCFD climate change initiatives and disclosure	22	89%	Role and importance of contracts	66	100%

Entrenchment Promoting Diversity

One aspect of the ENVIPRO Group's corporate philosophy is a call for every employee to exert efforts to become the leading player of a business that suits them. In order to align the ratio of women in management positions with the ratio of female employees, we have set a medium-term goal of having 20% of management positions be held by women. We have also implemented mentorship programs and other initiatives to support the recruitment and development of female employees, aiming to establish achievable goals that encompass the entire process.

Number and Percentage of Women in Management Positions



Percentage of Women Returning to Work after and Men Taking Childcare Leave

	Percentage of women returning to work after childcare leave	Percentage of men taking childcare leave
FY06/20	100%	0%
FY06/21	100%	6%
FY06/22	80%	17%
FY06/23	100%	8%
FY06/28 (target)	100%	90%

Interview with a Business Promotion Leader

Becoming a Leading Company through Industry Restructuring

Joined February 1, 2022
ENVIPRO HOLDINGS Inc.



Yutaro Hashimoto, Manager, Corporate Strategy Section, Corporate Strategy Office

I encountered the company while struggling with the dilemma of balancing social contribution and business profitability after starting my own business during university. Currently, I am involved in developing and promoting overall Group strategy, M&A and investment collaboration strategies, various research activities, and consulting for each company within the Group. With one project after another emerging, I find joy in treating each event as my own and considering how to address them. I enjoy working in this dynamic environment. One significant project I was involved in after joining the company was the acquisition of Nitto Kako Co., Ltd. It was a valuable experience to be involved in the acquisition of a listed company through a public tender offer. My personal goal is to transform the Group into an entity that can generate consistent profits regardless of market conditions. I constantly think about what decisions I would make if I were the top executive of the company and strive to enhance business activities and improve ROIC by adding value. I aspire to build my career without being bound by my affiliation or position to take a lead in restructuring the industry and promoting more efficient mechanisms for resource circulation.

Interview with a Working Mother

Balancing Family and Work in an Environment Where You Can Choose Where and When you Work

Joined April 2, 2007
NEWSCON Inc.



Yukina Mochizuki, Business Support Section

I joined the Trading Department of ECONECOL Inc. as a new graduate in 2007, and I have taken maternity and childcare leave three times. Currently, I am engaged in trade operations in the Business Support Department of NEWSCON Inc. Upon returning to work, I faced challenges such as being unable to work overtime frequently due to the need to pick up my child at the nursery, as well as having to make sudden changes to my work schedule due to a child's ill health. However, I am grateful to be working in a supportive work environment where they understand my family situation and provide mutual support. While I want to prioritize my work, I also realize that my oldest son is now in the fifth grade, and I may have only a little time left to spend quality time with him. Utilizing shortened working hours allows me to switch to remote work or adjust my schedule through flextime arrangements during times when a child is unwell or when there are school events to attend. Having the ability to choose where and when I work creates a very flexible and accommodating environment. Lately, I have been handling a lot of trilateral trade, and the variety of commercial flows I deal with has grown more diverse. Although I can handle these activities by drawing on my past experience and knowledge, I feel a need to further enhance my expertise in trade practices. Once I have a bit more flexibility in childcare, I would like to take on the challenge of obtaining a customs broker license, as I aspire to gain more specialized knowledge in trade operations.

* **Emergent abilities:** The ability to make decisions, take action, and drive results in the field **Autonomous individuals:** A person who is full of initiative, creativity, and lives independently **Disciplined group:** A group of people who can keep time, maintain cleanliness, and uphold correct decorum

Social

Establishing a Brand as a Safe and Clean Company

I. The ENVIPRO Group's Environmental and Safety Activities

To realize a sustainable society, it is essential to have good environmental impact and employee safety management. We work to prevent environmental pollution by introducing measures to prevent potential noise, vibration, dust, and wastewater, mainly at manufacturing plants. In addition to employee safety education, risk prediction activities, and other awareness-raising activities, we regularly patrol our offices and conduct other activities on an ongoing basis to ensure thorough safety management.

Accidents—particularly serious accidents or those at plants or offices involving machinery and plant or heavy equipment—have the potential to affect many stakeholders, including employees and their families, nearby residents, business partners, and investors.

To avoid such impacts, we give topmost priority to managing the surrounding environment, maintaining and improving the work environment, and ensuring the safety of our employees. In this way, we endeavor to ensure stable business activities in accordance with our policies. The ENVIPRO Group is committed to preventing harm to people and the external environment.

II. Positioning the Environmental & Safety Promotion Committee

1. Activities and Role

We have established the Environmental & Safety Promotion Committee, which is responsible for initiatives across the Group companies. The committee's objective is "to establish a brand as a safe and clean company." The committee has established the following three policies, which it is working to fulfill.

Policy 1 Create a Safe and Comfortable Workplace

We conduct hazard protection initiatives before commencing tasks, offer regularly scheduled education and training, run safety competitions, and establish risk management and other safety activities. We take regular measurements of the working environment, measuring vibration and noise, analyzing water quality, and implementing ongoing improvement activities to create a comfortable workplace.

Policy 2 Share Information

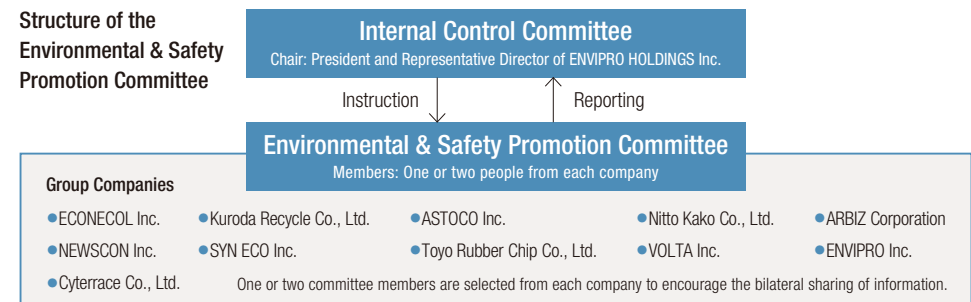
The Environmental & Safety Promotion Committee emphasizes information sharing and empathy. We strive to invigorate committee activities, reporting on individual companies' efforts to roll out their activities horizontally within the Group. The committee also examines causes and shares corrective measures in the event of industrial accidents, other accidents or damage, and environmental abnormalities. We work to prevent recurrence and promote activities in a uniform direction.

Policy 3 Raise the Management Level

The Group's operating companies have acquired certifications under ISO 14001 (environment) and ISO 45001 (occupational health and safety). In addition, each company promotes activities to ensure the safety and health of its employees and to protect the environment through the operation of its management system.

Activities of the Environmental & Safety Promotion Committee are reported to full-time directors of ENVIPRO HOLDINGS and the presidents of Group companies at monthly meetings of the Internal Control Committee (chaired by the president of ENVIPRO HOLDINGS). Policies and developments are communicated through the Environmental & Safety Promotion Committee to individual workplaces of each Group company. The Environmental & Safety Promotion Committee consists of members appointed from each Group company, who together with the president actively promote the companies' environmental improvement and safety assurance initiatives.

Structure of the Environmental & Safety Promotion Committee



2. Activities to Date

By sharing the details of individual Group companies' discussions and initiatives via documents, images, and video, the committee helps each of them efficiently and effectively incorporate the items they need. The Environmental & Safety Promotion Committee has rolled out a number of items horizontally across Group companies. These involve risk prediction activities (operational methods), methods for operating prediction activities, maintenance of flower beds at workplaces, installation of drive recorders on forklifts, the introduction of fire extinguishers for lithium-ion and other rechargeable batteries, the introduction of misting equipment for dust control and conducting special training across the Group.

1. Environmental Activities at Group Companies

- Employee measurement of the working environment
- Implementation of vibration countermeasures at existing facilities
- Implementation of dust control measures in factories
- In-plant pigeon control and extermination
- Addition of in-plant lighting, switch to LEDs
- Fire drills (evacuation and rescue drills)
- Maintenance of flowerbeds



Conducting first aid training



Maintaining flower beds



In-plant measures to control dust

Social

2. Safety Activities at Group Companies

- Installation of security cameras in plants
- Introduction of forklifts with safety devices
- Installation of safety devices, safety barriers, and emergency stops at existing facilities
- On-site inspections in the event of industrial accidents
- Holding of safety competition
- Implementation of special training by people who have completed the instructor training course
- Introduction of emergency communication devices for factory workers



Firefighting drill



Introduction of emergency communication devices for factory workers

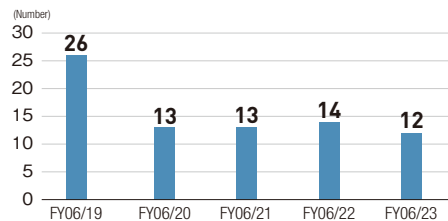


Implementation of special training by people who have completed the instructor training course

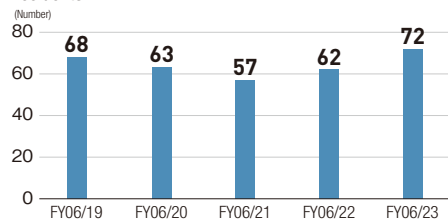
3. Results in the Fiscal Year Ended June 2023

The number of accidents at the ENVIPRO Group has been trending downward since the fiscal year ended June 2020, owing to the strengthening of environmental and safety activities and the establishment of the Environmental & Safety Promotion Committee. In the fiscal year ended June 2023, the Group experienced 12 occupational accidents, two fewer than in the previous year; 72 accidents, up 10 year on year; and seven environmental

Industrial Accidents

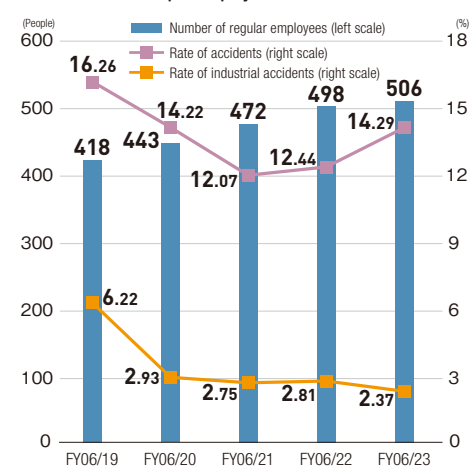


Accidents



*Excluding Nitto Kako Co., Ltd.

Number of Regular Employees and Rate of Accidents and Industrial Accidents per Employee

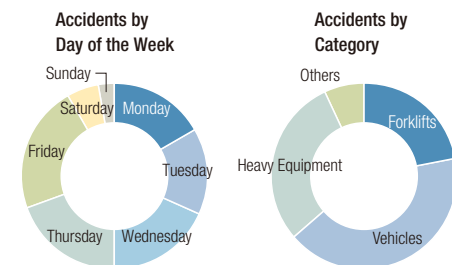


*Rates are calculated as (number of cases ÷ number of employees) × 100.

abnormalities, down two. The number of regular employees at the ENVIPRO Group has grown by 88 over the past five years, from 418 at the end of June 2019 to 506 at the end of June 2023. While the number of industrial accidents per employee* have decreased, the absolute number of accidents has trended upward.

Although the number of industrial accidents decreased, the majority of victims were employees with less than one year of experience, accounting for six out of 12 cases. There were two cases involving employees with less than three years of experience, and four cases involving employees with three or more years of experience, indicating that less experienced workers were more accident-prone.

We have investigated the days of the week on which accidents occurred and identified the trends for the increased number of accidents. We also conducted an analysis of incidents by category and presented the details to the Environmental & Safety Promotion Committee.



4. Plans for Future Initiatives (Year Ending June 2024) and KPIs

The Group has established an annual activity plan for each company based on the three policies mentioned above and with the objective of “establishing a brand as a safe and clean company.” While the ultimate goal is to achieve zero accidents, as medium-term KPIs, we aim to halve the number of industrial accidents (with zero cases of work-related accidents resulting in leave of absence), the number of accidents, and the number of environmental abnormalities. We will conduct planned activities and continue to lower the number of incidents year on year, promoting these efforts across the ENVIPRO Group to reach our medium-term KPIs as soon as possible.

DX for Conservation

We are striving to automate our plants, in the aims of improving productivity, including through energy conservation, reducing over-dependence on specific individuals for plant operation, and ensuring stable operation despite Japan's decreasing population. Furthermore, by quickly identifying the condition of facilities, we will promote proactive maintenance activities to prevent unforeseen breakdowns and strive for stable supply and cost reduction.

We will install various sensors and cameras for to acquire data for to facilitate AI technology and system deployment. We will also establish a network environment for centralized data management. In the implementation process, we will engage with stakeholders and manufacturers in trial and error to create a system operation environment that matches our plants and facilities. We will start by promoting these efforts at ECONECOL Inc., and then expand horizontally, focusing on companies in the Resource Circulation Business.

Social

Engaging in a Variety of Activities That Contribute to the Local Community

Publication of an Original Picture Book, *Boku no Te ha Maho no Te* ("My Hands are Magic Hands")

SYN ECO Inc. and ASTOCO Inc. published a picture book called *Boku no Te ha Maho no Te* ("My Hands are Magic Hands"). Based on the true stories of two companies based in Nagano Prefecture, the film depicts the main character, a male employee with a disability, finding fulfillment in being able to perform dismantling work on computer equipment with greater precision than machines, even if he cannot perform actions considered "normal" by society. The story conveys the message that there is always a place in society where both resources and individuals can shine, through the statement that "There is nothing in the world that is unnecessary. There are no unnecessary people." We have donated books to local governments in response to their requests to utilize it for welfare and educational purposes.



Books Donated in 2023

Matsumoto city, Nagano	444
Azumino city, Nagano	44
Fujinomiya city, Shizuoka	176
Fuji city, Shizuoka	200
Kibune Elementary School, Fujinomiya, Shizuoka	4



Production Episodes

We were introduced to Junko Terashima of Furai-sha by Yoshiharu Shimizu, who supervised our corporate philosophy. Ms. Terashima's visit to SYN ECO Inc. and ASTOCO Inc. became the inspiration for creating picture books. We have carefully captured the essence of our daily work and transformed it into a storybook, paying close attention to every word and fine-tuning the illustrations.

The illustrator who created the artwork is a talented artist with a hearing impairment. The illustrator visited the factory, experienced the dismantled objects firsthand, and we communicated through written conversations to collaborate in creating the picture book together.

We hope that people of all ages will pick up the book and understand not only the importance of resources but also the option of working and earning a living independently, even for people with disabilities.

Holding Tours for Elementary School Students

SYN ECO Inc. welcomes approximately 400 elementary school students for factory tours each year at both its head office plant and Plaza Azumino. We strive to make each tour a valuable learning experience by incorporating various interactive activities. During classroom sessions, the students actively participate and provide answers, while inside

the plant, they are able to engage enthusiastically with heavy machinery and equipment. With global interest in recycling growing, elementary school students are also showing a high level of interest in recycling, asking many questions and actively participating in the tours. We will continue our efforts to inspire the next generation and contribute to a sustainable future.



Participating in a Coastal Cleanup Event

Microplastics have become a significant social issue in recent years, affecting the natural environment and ecosystem. Even small pieces of plastic waste can turn into thousands or tens of thousands of



microplastics once they flow into the ocean. To help address this situation, ECONECOL Inc. participated in the "6R Citizen Movement" beach cleanup event held at Fujinokuni Tagonoura Minato Park.

(Organized by Shizuoka Prefecture and the Seven-Eleven Foundation, in cooperation with Yamanashi Prefecture, Fuji City, and Fujisan Club (a certified NPO); and in collaboration with Fukuoka Prefecture)

Computer Dismantling Course at the Seibu Cleaning Plant in the city of Hamamatsu

October is "Reduce, Reuse, Recycle (3R) Promotion Month." As part of our efforts to promote the 3R initiative in October 2022, ECONECOL Inc. conducted the fifth computer dismantling workshop at its Seibu Cleaning Plant in the city of Hamamatsu. In the workshop, participants received explanations about precious metal recycling and had the opportunity to experience the actual dismantling of computers. Participants of all ages, from children to adults, joined the workshop.



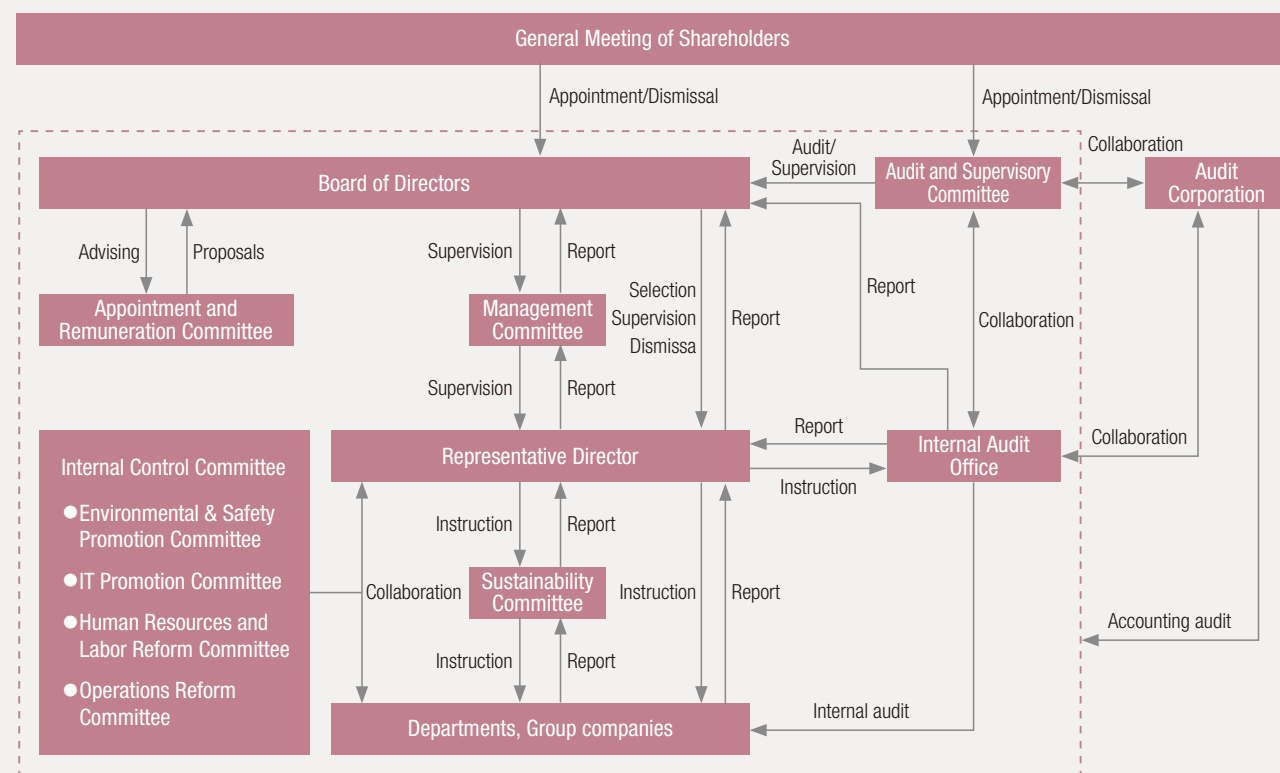
Governance

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

History of Corporate Governance

2010	- Established current ENVIPRO HOLDINGS Inc. - Introduced executive officer system
2011	Established Internal Control Committee
2013	Listed on the Second Section of the Tokyo Stock Exchange
2015	Established the Internal Control Basic Policy
2016	Established the Appointment and Remuneration Committee
2017	Established the Audit and Supervisory Committee
2018	Listed on the First Section of the Tokyo Stock Exchange
2021	- Disclosed a medium-term management plan (Sustainability Strategy) - Changed the Sustainability Committee to a key meeting body for promotion of the medium-term management plan
2022	Formulated criteria for the selection of outside auditors

Corporate Governance Structure

Board of Directors Met 15 Times in Fiscal 2022

The company's Board of Directors has 11 members, of whom six are outside directors (including three members of the Audit and Supervisory Committee). In principle, the board meets monthly. The Board of Directors makes decisions on matters important to the execution of the company's business, and oversees the execution of directors' duties. At meetings of the Board of Directors, the president acts as chair to respectfully draw out the opinions of directors, not from the viewpoint of short-term benefits, but rather to discuss even seemingly irrelevant policies or measures and other matters from the perspective of medium- to long-term business growth.

Audit and Supervisory Committee Met 14 Times in Fiscal 2022

The Audit and Supervisory Committee consists of three outside directors. In addition to attending General Meetings of Shareholders and Board of Directors meetings, directors who are Audit and Supervisory Committee members actively participate in internal meetings and work to understand the situation within the company, including the management system and the execution of business. The Audit and Supervisory Committee also meets regularly with the president and representative director to exchange views and maintain communication on issues that the company should address, the state of the environment for auditing by the Audit and Supervisory Committee, and other important matters pertaining to auditing. In order to maintain close collaboration with the Internal Audit Department and the accounting auditor, the Audit and Supervisory Committee holds regular liaison meetings with these and otherwise engages in exchanges of information to enhance auditing functions. In addition to the Internal Audit Office, the committee also collects information from the internal control departments to conduct more thorough audits.

Governance

Appointment and Remuneration Committee Met Three Times in Fiscal 2022

The Appointment and Remuneration Committee is composed of five members: the representative director, one senior managing director, and three outside directors who are independent senior executives. As an advisory body to the Board of Directors, it conducts preliminary deliberations on the nomination of director candidates (excluding those who serve as members of the Audit and Supervisory Committee), remuneration for directors, and other matters.

Management Committee Met 12 Times in Fiscal 2022

The Management Committee consists of the full-time directors and the chair of the Audit and Supervisory Committee. It may also include some executive officers, department managers, and members of Boards of Directors of Group companies, as required for matters to be deliberated. The Management Committee generally meets once a month.

Sustainability Committee Met 11 Times in Fiscal 2022

The Sustainability Committee consists of full-time directors, executive officers, and some related department managers, meeting once a month. The Sustainability Committee seeks to promote the medium-term management plan that forms our strategy for achieving sustainable development for both the group and society. As an organization assisting decision-making by the representative director, it flexibly and actively discusses and examines the status of strategy promotion and future directions, including new business and M&A, from a long-term perspective.

Internal Control Committee Met 12 Times in Fiscal 2022

The Group has an Internal Control Committee chaired by the company president. This committee consists of four subcommittees: the Environmental & Safety Promotion Committee, IT Promotion Committee, Human Resources and Labor Reform Committee, and Business Operations Reform Committee. The committee identifies risks, formulates countermeasures, and builds and operates internal controls across the Group, including awareness-building activities. The Internal Control Committee generally meets once a month and is composed of the company's full-time directors, executive officers, the chair of the Audit and Supervisory Committee, the presidents of affiliated companies (excluding affiliates accounted for under the equity method), and the chairs of subcommittees.

Assessment of Board of Directors Effectiveness

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

Questionnaire Content	Future Initiatives
① Operation of board meetings ● Are the materials, progress, explanations, etc. sufficient?	We will provide information to outside directors in particular in an early and smooth manner in order to secure time for prior deliberations.
② Matters for discussion at Board of Directors meetings ● Are you able to participate appropriately in decisions on business strategies?	We will continue to review the scope of business execution by each organization with respect to matters to be deliberated by the Board of Directors.
③ Roles and responsibilities of the Board of Directors ● Are you able to effectively monitor the execution of business strategies, etc.?	

Director Compensation System**Basic Policy**

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

Components of Remuneration

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

Future Policy on the Executive Remuneration System

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

Dialogue with Shareholders and Investors

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



Plant tour

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

Financial results briefings (explanations provided by the representative: Yes)	2 times	Individual IR meetings	62 times
Individual investor briefings (explanations provided by the representative: Yes)	1 time	Events for institutional investors	■ Business briefings 1 time (35 participants) ■ Plant tours 1 time (9 participants)

Governance

Executives

			
1 President, Representative Director Tomikazu Sano	2 Vice President, Director Fumikatsu Sano	6 Outside Director [Independent Director] Keiji Miyaki	7 Outside Director [Independent Director] Hiroko Nomura
	 Newly appointed	 Newly appointed	
3 Senior Managing Director Kozo Haruyama	4 Managing Director Norihiro Nakasaku	8 Outside Director [Independent Director] Keiji Imajo	9 Outside Director(Audit and Supervisory Committee member) [Independent Director] Kiyoshi Shinohara
			 Newly appointed
5 Director Naoki Takekawa		10 Outside Director(Audit and Supervisory Committee member) [Independent Director] Hiroshi Kamiya	11 Outside Director(Audit and Supervisory Committee member) [Independent Director] Tomoya Shiraishi

Reasons for Appointment of Newly Appointed Outside Directors

Keiji Imajo

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

Tomoya Shiraishi

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

Executives

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

Executive Skill Matrix

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

Reasons for Selecting Skill Matrix Criteria

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

Company Profile



Company Name ENVIPRO HOLDINGS Inc.
Representative Tomikazu Sano, President and Representative Director
Established May 21, 2010
Capital* 1,524,830,656 yen
Business Management and operation of affiliated subsidiary companies and associated work

*As of June 30, 2023

Group Companies* Twelve consolidated subsidiaries (including sub-subsidiaries), two equity-method affiliates
Employees * 65 on a non-consolidated basis (632 on a consolidated basis)
Listing Tokyo Stock Exchange, Prime Market (Securities Code: 5698)
Address **Head Office** 87-1 Tanakacho, Fujinomiya-shi, Shizuoka, 418-0075 JAPAN
 TEL: +81-544-21-3160 FAX: +81-544-21-3163
Tokyo Office Kyobashi RK Building 9F, 2-5-15 Kyobashi, Chuo-ku, Tokyo, 104-0031, Japan
 TEL: +81-3-6280-3938 FAX: +81-3-6264-4361



Group Companies



Resource Circulation Business



Global Trading Business



Lithium-ion Battery Recycling Business

Other Business



Welfare Service Business
for People with Disabilities



Environment Management
Consulting Business



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 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 Nishikiko-cho, Hakodate-shi, Hokkaido, 041-0824
 TEL: +81-138-49-8880 FAX: +81-138-49-8960



SYN ECO Inc.

SYN ECO Inc. is developing community-based recycling businesses that include Mottainai BOX and Katazuke TAI. 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



TOYO RUBBER CHIP

Toyo Rubber Chip Co., Ltd.

A recycled rubber pioneer that has made effective use of rubber industry resources for over 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, Maebashishi, Gunma, 371-0215
 TEL: +81-27-285-3131 FAX: +81-27-230-6008



Nitto Kako Co., Ltd.

Nitto Kako Co., Ltd. contributes to the development of various industries through the polymer business, which includes the manufacture and sale of industrial rubber products such as rubber compounds and resin products.

6-1-3 Ichinomiya, Samukawa Town, Koza Gun, Kanagawa, 253-0111
 TEL: +81-467-74-3111 FAX: +81-467-74-4755



NEWSCON Inc.

Aiming to be "a company that brings the world closer together," NEWSCON contributes to international resource circulation through the global distribution and sale of resources such as ferrous scrap, nonferrous metals, and biomass fuels.

Kyobashi RK Building 8F, 2-5-15 Kyobashi, Chuo-ku, Tokyo, 104-0031
 TEL: +81-3-3528-6223 FAX: +81-3-3528-6224



Cyterrace Co., Ltd.

Cyterrace Co., Ltd. handles customs clearance, export procedures, container booking, and management at the loading yard on behalf of customers, serving as a one-stop service for worldwide cargo delivery.

Yokohama Aioi-cho Building 10F, 6-104 Aioi-cho, Naka-ku, Yokohama-shi, Kanagawa, 231-0012
 TEL: +81-45-319-6125 FAX: +81-45-319-6126



VOLTA Inc.

VOLTA Inc. is engaged in the collection and recycling of minor metals, such as nickel and cobalt, from lithium-ion batteries and nickel hydrogen batteries. It also undertakes the recycling of used casing of batteries.

55-1 Ohno, Fuji-shi, Shizuoka, 417-0848
 TEL: +81-544-67-2522 FAX: +81-544-67-2523



ASTOCO Inc.

ASTOCO Inc. provides support services to help people with disabilities acquire knowledge and skills, stabilize their lives, and learn how to interact with society so that they can find a suitable job and become self-reliant.

2346 Shimadachi, Matsumoto-shi, Nagano, 390-0852
 TEL/FAX: +81-263-31-6098



Bright Innovation Co., Ltd.

Bright Innovation Co., Ltd. provides consulting services to support the development of environmental strategies and GHG emissions reduction strategies, as well as proposing solutions such as 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

Equity-Method Affiliate

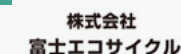


ARBIZ Corporation

A joint venture with USS Co., Ltd., operating in and around the Chukyo region. It is engaged in a recycling business that crushes and sorts various types of waste including scrap cars, adopting a unique system for turning waste into resources.

14-24, Showacho, Minato-ku, Nagoya-shi, Aichi, 455-0026
 TEL: +81-52-619-6600 FAX: +81-52-619-6601

Equity-Method Affiliate



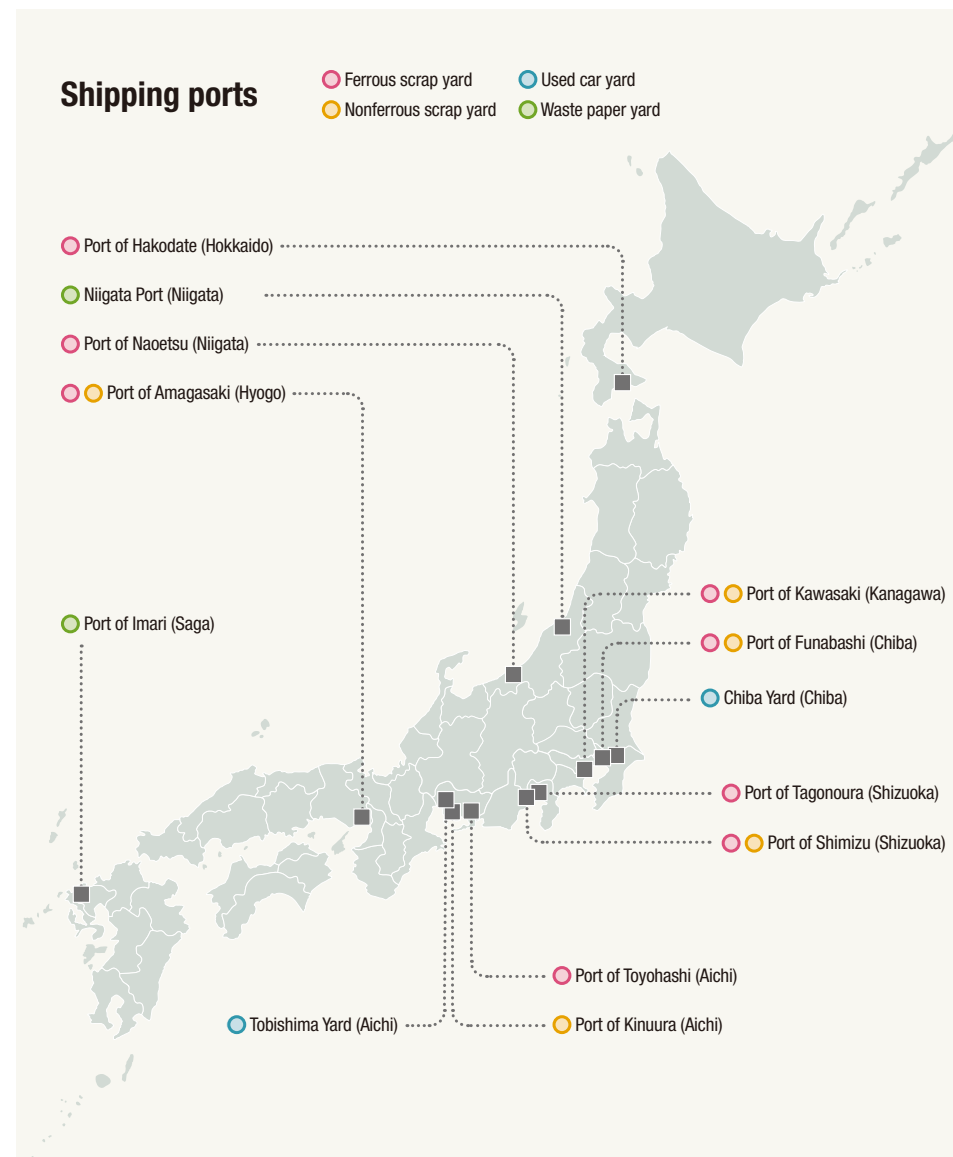
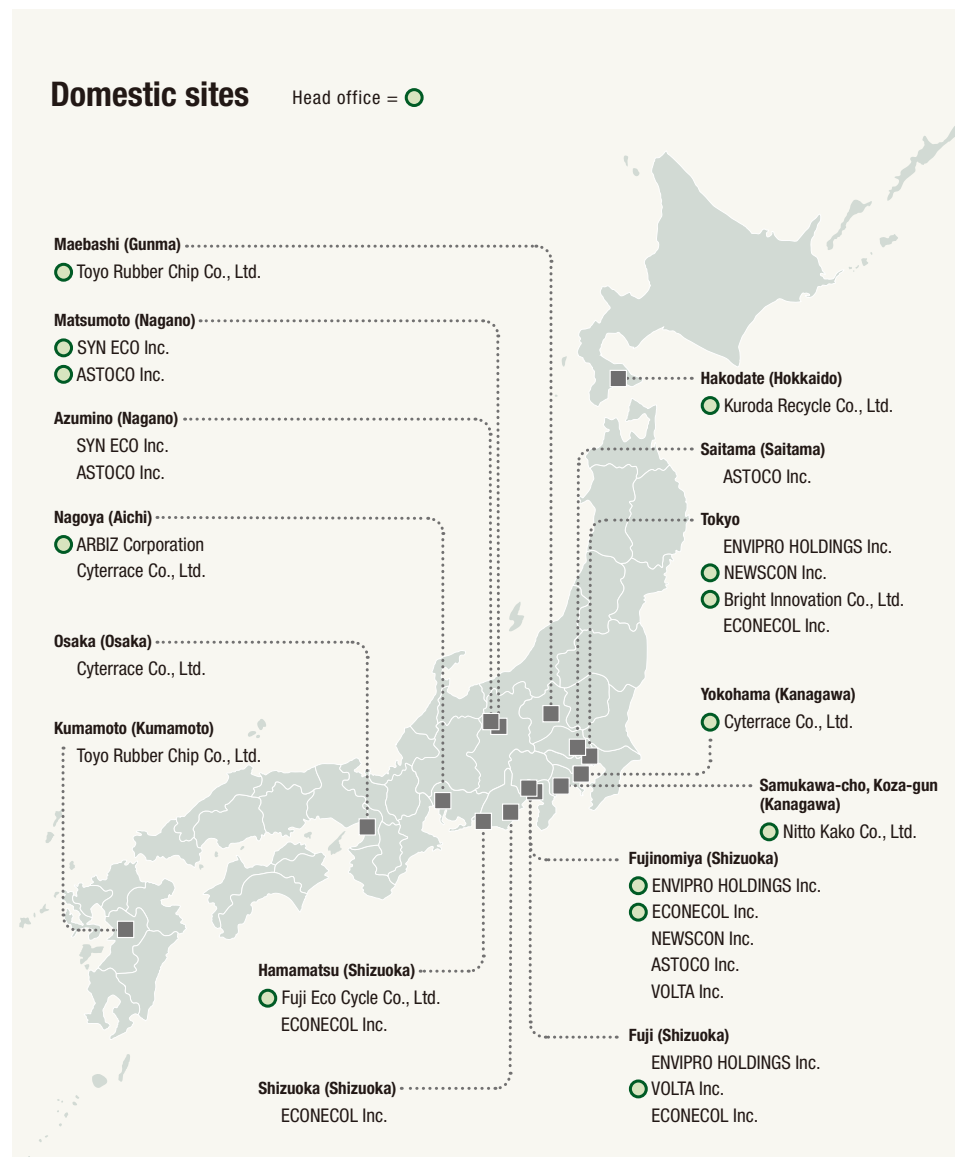
Fuji Eco Cycle Co., Ltd.

A joint venture with five household appliance companies including FUJITSU GENERAL LIMITED, the company develops a home appliance recycling business to create a recycling-oriented society where the environment and economy are compatible.

1930-4 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka, 431-1304
 TEL: +81-53-523-1152 FAX: +81-53-523-1153

Locations (Domestic)

Group companies 14 Domestic plants 12 Yards 13



Locations (Overseas)

● Sales sites for recycled resources ● Business sites for used cars

Overseas locations 4

Trading countries 66



Financial and Non-Financial Data

Key Financial Data

For the Fiscal Year	Units	FY06/19	FY06/20	FY06/21	FY06/22	FY06/23
Net sales	Millions of yen	36,336	33,879	40,933	57,319	49,189
Ordinary profit	Millions of yen	1,141	934	2,508	4,166	1,901
Profit attributable to owners of parent	Millions of yen	787	602	1,491	3,111	1,236
Marginal profit	Millions of yen	6,681	6,632	8,023	9,968	8,744
Net fixed costs*1	Millions of yen	5,786	5,821	5,895	6,325	7,364
EBITDA*2	Millions of yen	14,827	13,893	28,686	40,429	24,757
Capital investment	Millions of yen	1,416	1,519	650	1,610	4,648
Cash flows from operating activities	Millions of yen	(87)	2,632	(252)	3,873	2,332
Cash flows from investing activities	Millions of yen	(601)	(1,001)	(15)	(1,404)	(3,838)
Cash flows from financing activities	Millions of yen	(1,440)	5,897	(2,866)	(765)	(92)
As of Year-End						
Total assets	Millions of yen	19,759	25,913	26,548	28,963	33,686
Net assets	Millions of yen	11,562	12,012	13,333	16,219	16,825
Per-Share Information*3						
Profit (EPS)	Yen	26.5	20.5	50.6	105.2	41.7
Net assets (BPS)	Yen	382.4	395.8	428.9	533.0	551.7
Dividends	Yen	8.0	5.0	12.5	25.0	14.0
Dividend payout ratio	%	30.2	24.4	24.7	23.8	33.6

Financial Indicators	Units	FY06/19	FY06/20	FY06/21	FY06/22	FY06/23
Return on invested capital (ROIC)	%	4.6	3.2	8.8	13.9	5.5
Return on equity (ROE)	%	7.1	5.3	12.1	21.6	7.7
Net profit margin	%	2.2	1.8	3.6	5.4	2.5
Total asset turnover	Times	1.8	1.5	1.6	2.1	1.6
Financial leverage	Times	1.9	2.0	2.1	1.9	1.9
Equity ratio	%	56.7	45.0	48.8	54.6	48.6
D/E ratio	Times	0.6	1.5	0.8	0.6	0.6
Overseas sales ratio	%	64.8	65.3	51.8	47.6	45.8
Other						
Price-earnings ratio (PER)	Times	11.3	14.2	12.1	7.5	13.3
Price-book ratio (PBR)	Times	0.8	0.7	1.4	1.5	1.0

*1 Net fixed costs = fixed costs + Share of profit of entities accounted for using equity method

*2 EBITDA = operating profit + depreciation + amortization of goodwill

*3 The company conducted a two-for-one split of common stock with April 20, 2022 as the effective date. Per-share information is calculated as if the stock split had occurred at the start of the fiscal year ended June 2019.

Non-Financial Data

Human Resources and Occupational Safety Data	Units	FY06/19		FY06/20		FY06/21		FY06/22		FY06/23	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Regular employees	People	344	74	356	88	377	93	393	105	509	123
Number of managerial posts	People	53	4	62	4	71	5	73	6	74	8
Percentage of female managers	%	7.0		6.1		6.6		7.6		9.8	
Average age	Years	38.0	35.9	38.6	36.0	38.9	37.1	39.1	37.0	42.4	38.8
Average number of years of continuous service	-	7 years, 1 month 4 years, 3 months		7 years, 4 months 5 years, 0 months		7 years, 2 months 5 years, 2 months		7 years, 3 months 5 years, 2 months		8 years, 2 months 6 years, 4 months	
Retention rate	%	89.6		89.7		91.4		88.3		89.7	
Number of new recruits	People	3	3	4	2	7	0	11	6	3	1
Number of people taking childcare leave	People	0	5	0	6	1	7	2	3	1	1
Rate of people taking childcare leave	%	0	100	0	100	6	100	17	100	8	100
Number of people working shorter hours due to childcare	People	0	4	0	2	0	4	0	3	0	1
Employment rate of people with disabilities	%	3.6		4.1		4.3		3.8		4.1	
Number of accidents	Instances	68		63		57		62		72	
Number of industrial accidents	Instances	26		13		13		14		12	



Inquiries:

ENVIPRO HOLDINGS Inc.

Corporate Planning Department

87-1 Tanakacho, Fujinomiya-shi, Shizuoka 418-0075, JAPAN

TEL: +81-544-21-3161

URL: <https://www.envipro.jp/en/>

UD FONT

Text is designed to be easy to read, based on the concept of Universal Design (UD).