



Medium-Term Management Plan Sustainability Strategy

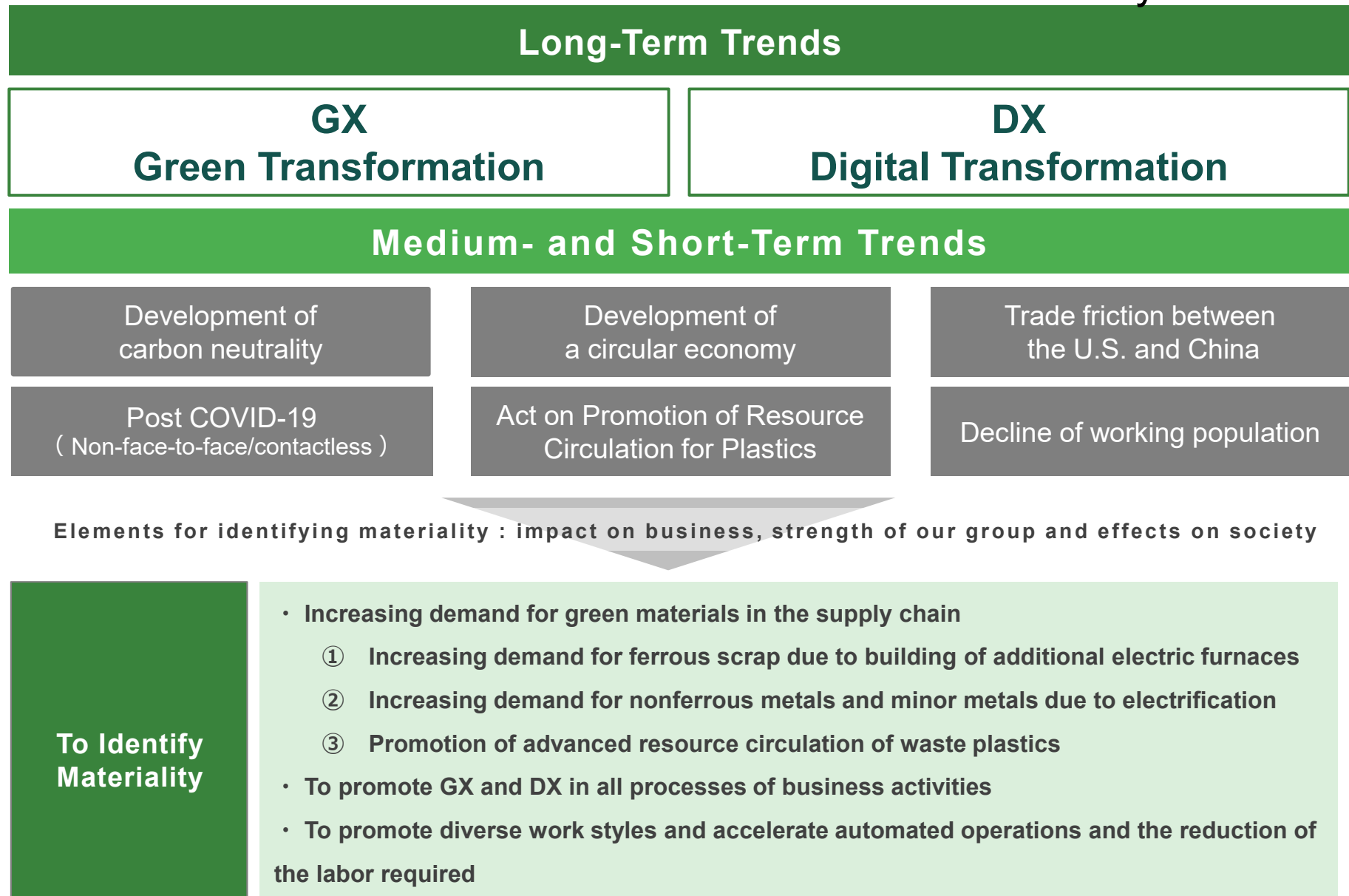
Enviro Holdings Inc.
August 27, 2021



Table of Contents

1 .	Environmental Analysis and Materiality	P 3 – 6
2 .	Our Vision	P 7 – 13
3 .	Medium-Term Management Plan Overview of Sustainability Strategy	P14 – 15

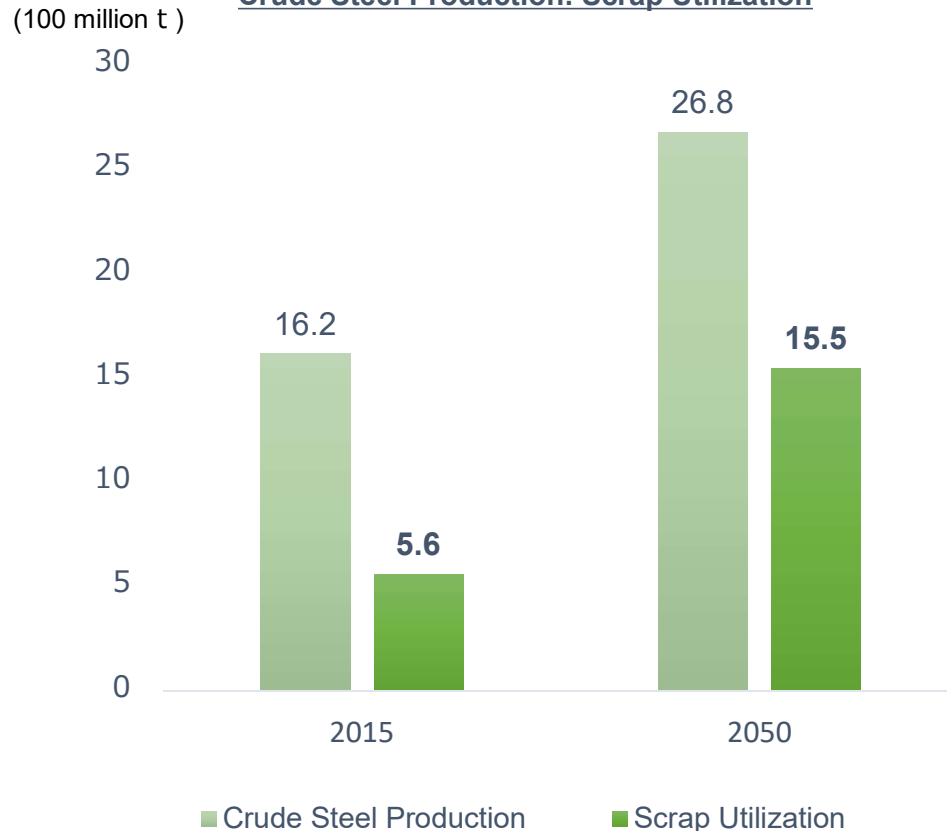
Identifying Materiality to Contribute to Create a Sustainable Society



Decarbonized Society/Increasing Demand for Ferrous Scrap



Global Steel Production Forecast
Crude Steel Production: Scrap Utilization



■ Electricity, the energy source of electric furnaces which in the manufacturing process emit only a quarter of the CO₂ of blast furnaces, enables carbon neutrality to be achieved when the electricity supply is from renewable resources.

Source: Ministry of the Environment website "Minutes of the Fifth Meeting of the Subcommittee on Mid- to Long-term Roadmap"



■ New installation of large electric furnace facilities by blast furnace manufacturers, increase in steel scrap mixing rate in converters

Source: Excerpted from The Japan Iron and Steel Federation's "Long-term vision for climate change mitigation (Forecasts of steel stock accumulation and steel production)" published on November 19, 2018 (graph created based on excerpted figures)

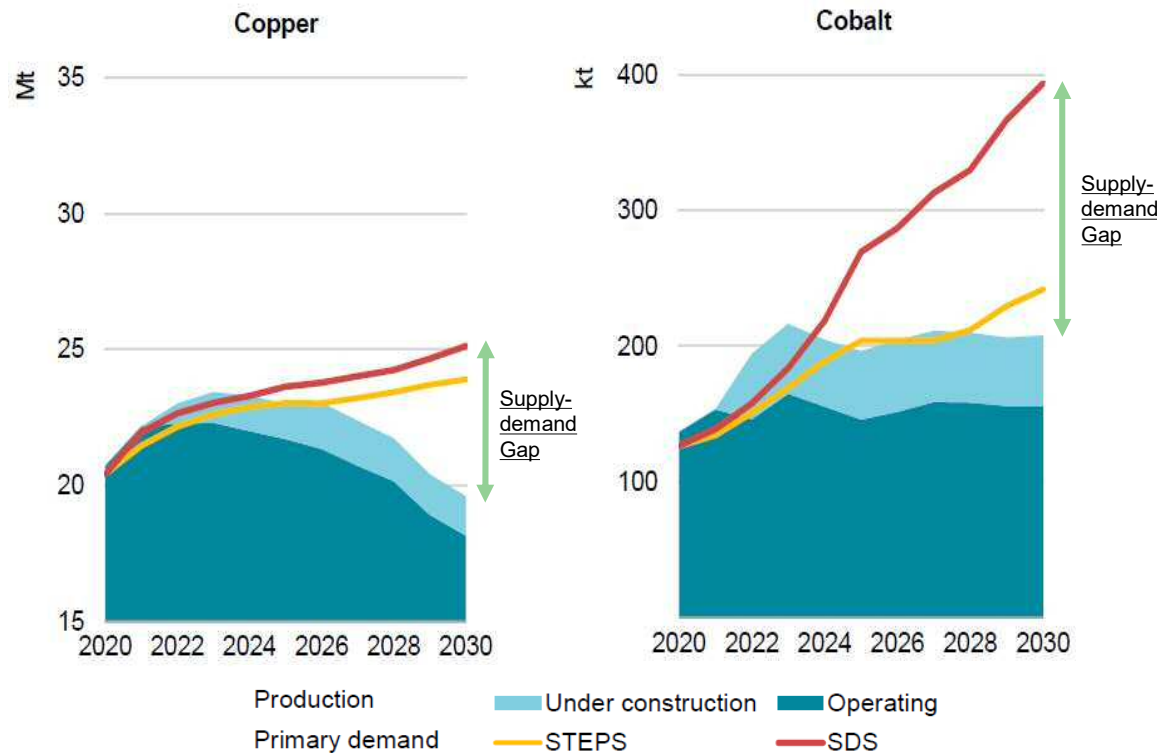


In a decarbonized society, demand for ferrous scrap (green materials) is expected to increase.

Decarbonized Society/Increasing Demand for Nonferrous Metals and Minor Metals



■ Supply-demand gap for nonferrous metals and minor metals due to diffusion of clean energy technologies



■ Supply is expected to be insufficient for demand, and the value of these nonferrous metals and minor metals is likely to remain high and stable.

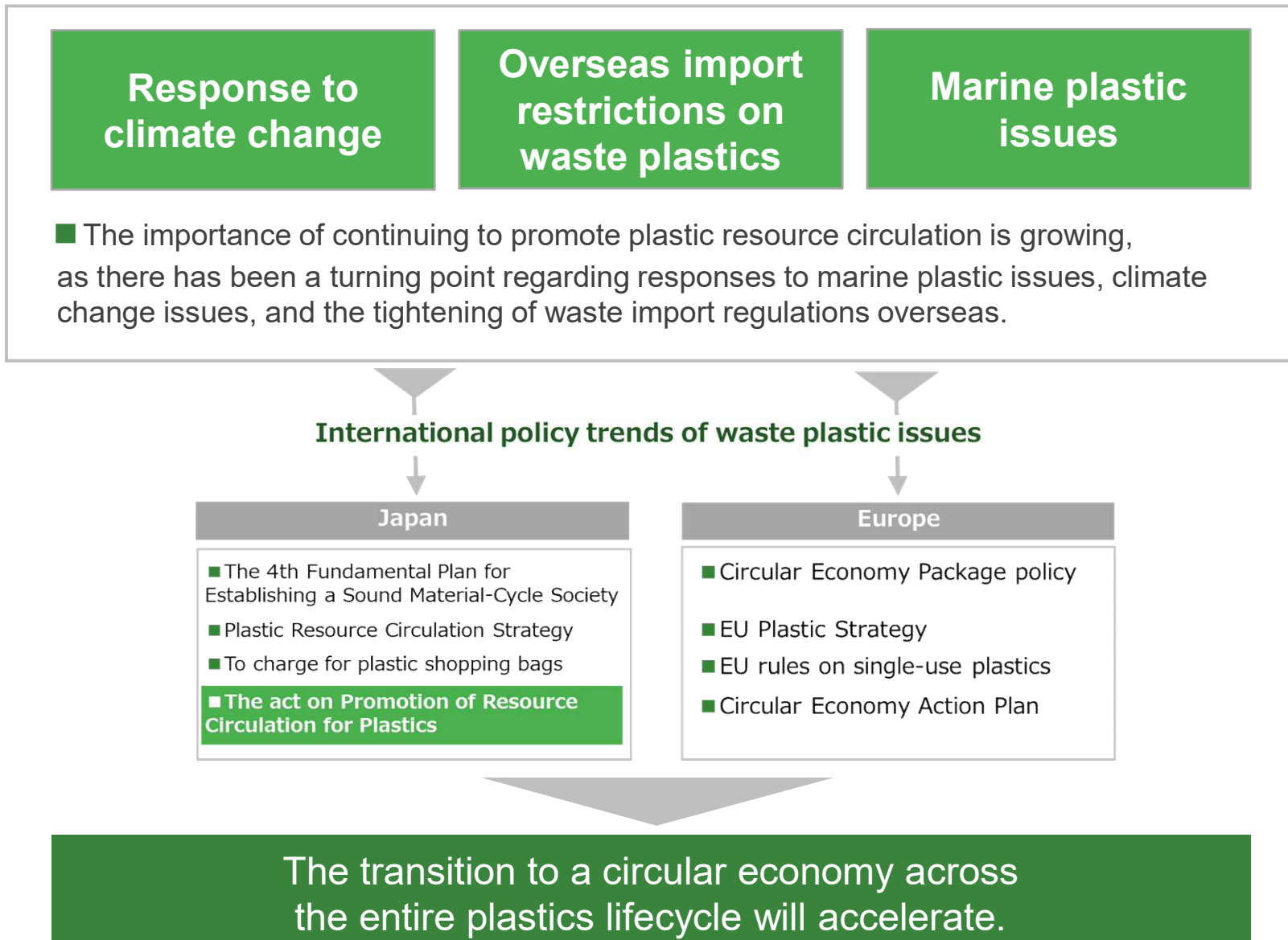
Source: IEA World Energy Outlook Special Report, The Role of Critical Minerals in Clean Energy Transitions

The acceleration of decarbonization will further increase demand for secondary raw materials (green materials) for nonferrous metals and minor metals, from aboveground resources (urban mines).

Decarbonized Society/Resource Circulation of Plastics



■ Global Policy Trends in Response to Waste Plastic Issues



Corporate Philosophy

The key values of the Envipro group, and its corporate DNA
(no timeline)

Creative Company — Circular Company — Company Pursuing Virtue

Mission

The Envipro group's significance in the world,
and its purpose and aspirations on a defined timeline
(the 30 years until 2050)

Contribute to create a sustainable society



Strategy Concept

To take on the challenge of solving problems to realize a decarbonized society, a circular economy, and a distributed society as business opportunities.



Business Concept

Realization of specific cases to
achieve a circular economy

Organizational Image

A disciplined group of autonomous
individuals with emergent abilities

Realization of Decarbonized Society by 2050

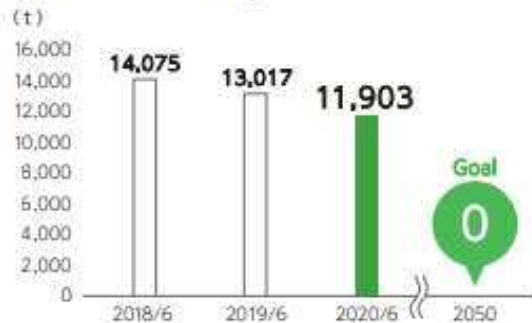


Transformation into a manufacturer of materials obtained from aboveground resources through low-carbon processes (QCDC)

2018: Declaration that 100% of energy used will be renewable by 2050 (Participation in the RE100)

2020: Declaration that carbon neutrality will be achieved by 2050
20 years ahead of the target year of the RE100 by 2050 ➔ by 2030

CO2 emission results & goals



Specific initiatives for reducing CO2 emissions

Approximately 65% of the Envipro group's CO2 emissions are from the use of electricity

To date, the percentage of energy from renewable sources has reached 95%.

➔ CO2 emissions are expected to be reduced by 60% (FY2022.6)

Promoted RE100 and steadily reduced CO2 emissions at plants (Scope 1,2)

Production through low-carbon processes
➔ Supply of lower-carbon raw materials and fuels

To achieve levels of Q (quality), C (cost), and D (delivery time) that are comparable to a first-class manufacturing company.

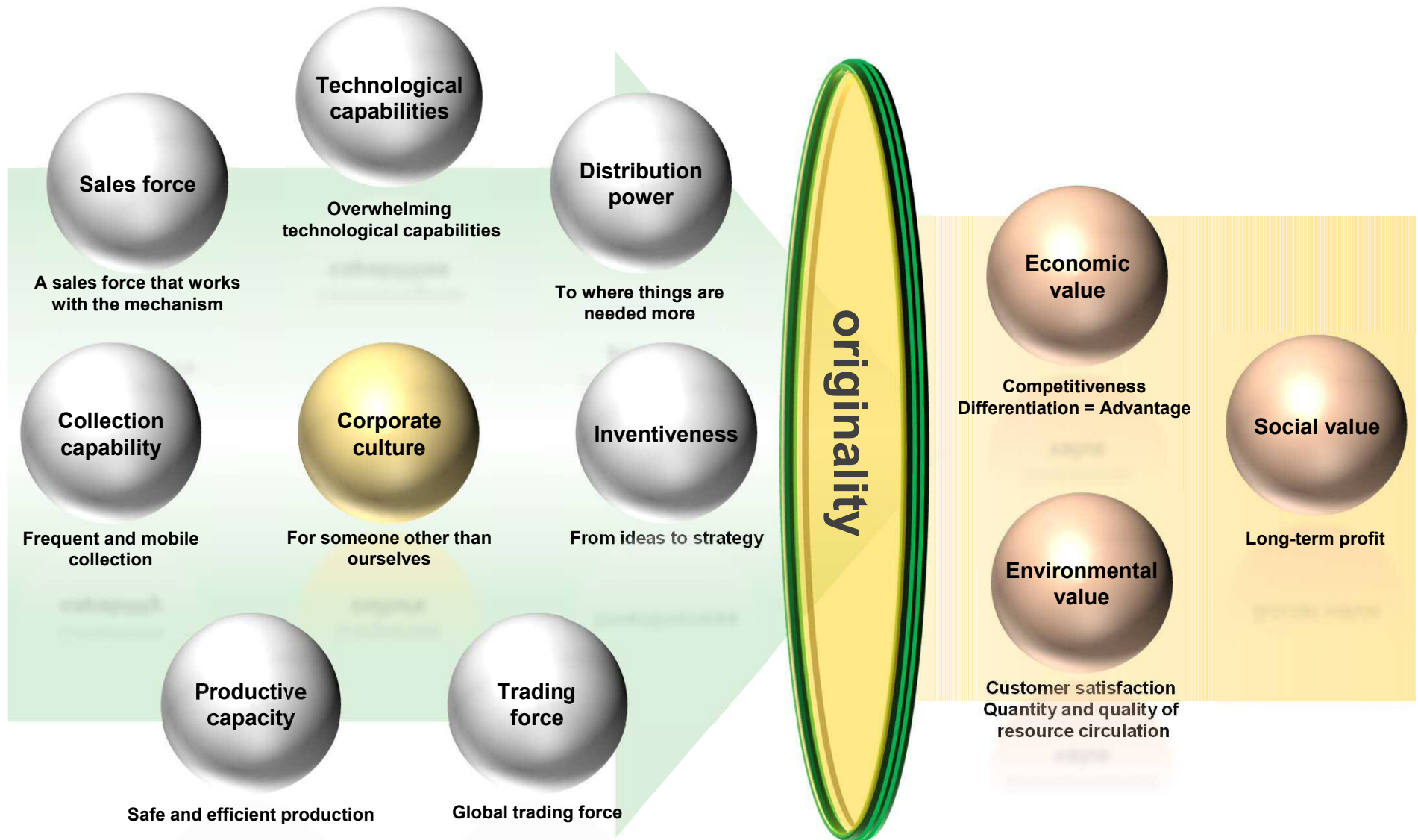
Moreover, to create a manufacturing process featuring an added a factor, C (carbon neutrality).

What is the corporate value that Envipro group seeks?

To become a company that has a valued role in society by increasing economic value, environmental value, and social value and strengthening governance to sustain them.

In addition, to build a platform filled with good quality energy where all employees work energetically toward this goal.

To increase economic value, environmental value, and social value, to continue refining the individual functions of the competitive organization wholeheartedly based on a good corporate culture.



Specific Initiatives to Achieve Our Strategy



For the promotion of the business strategy

Posses overwhelming technological superiority and constantly innovate it

Strengthen our sales force as an organization based on our high technology and know-how, and will continue to strengthen our sales force

Possess a dynamic international distribution power and constantly improve it

■ Deepening of existing business — Search for new businesses — Optimize business portfolio

Resource Circulation Business	<ul style="list-style-type: none"> • Expansion of municipalities collecting riddling ash • Strengthen wide-area cleaning and dismantling business with a nationwide perspective • Construction of new plants • Installation of a large shredder • Respond to the Act on Promotion of Resource Circulation for Plastics • Promote M&A
Global Trading Business	<ul style="list-style-type: none"> • Expansion of export, import, trilateral trade and domestic and overseas stockyards • Promotion of all metal scrap initiatives for ferrous and nonferrous metals, special metals, and precious metals • Develop new commercial products
Lithium-ion Batteries Recycling Business	<ul style="list-style-type: none"> • Construction of a new black mass plant • Build alliances • Installation of hydrometallurgical plant
Others Welfare Service Business for People with Disabilities Environment Management Consulting Business	<ul style="list-style-type: none"> • Promotion of employment of people with disabilities through enhancement of employment support and growth of farms and welfare cooperation • Group synergies from the expansion of climate change-related and circular economy consulting services such as those related to TCFD

To sustain growth and to strengthen governance which increases the discipline of the organization



The best governance is when the corporate philosophy has permeated every part of the organization.

Supervision

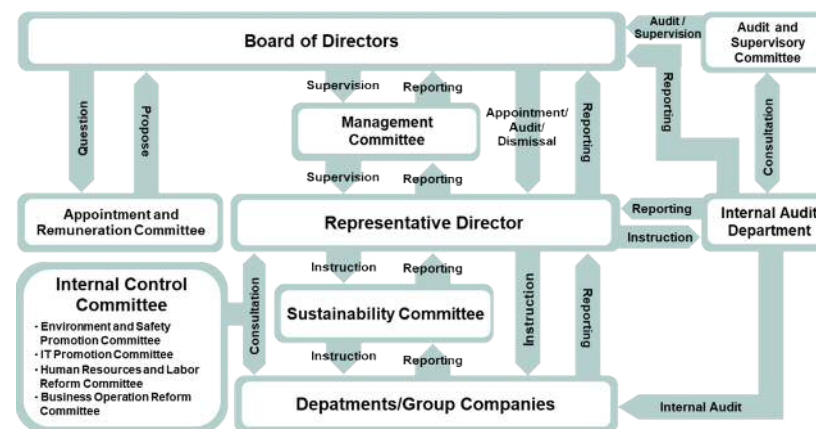
- Continue to ensure independence by having at least a majority of outside directors on the Board of Directors
- Improve the effectiveness of the Board of Directors through the transfer of authority
- Supervision by the Appointment and Remuneration Committee and Audit and Supervisory Committee

Compliance

- Strengthen the management system through the four subcommittees of the Internal Control Committee
- Strengthen reporting by the Internal Audit Department to the Board of Directors
- Strengthen the Group management functions of the Legal Department

Sustainability

- Promotion of the medium-term management plan by the Sustainability Committee
- Establish a good corporate culture
- Build a platform filled with good quality energy



[Diagram:Corporate governance system]

To realize strategy and to grow sustainably, to build a platform filled with good quality energy



Prerequisites

For the continued increase of the Envipro group's social contributions.

Necessary conditions

- The creation of a corporate culture of independence and creativity based on the corporate philosophy.
- Becoming one of the top 30% of Japanese companies in terms of compensation packages.
- Improvement of the work environment. Workplaces that are difficult to improve will be targets for the reduction of required labor, automation, and remote control, using ICT or robots.

Sufficient conditions

- Employees being able to derive personal growth from their work
- Being able to feel that the company's growth and contribution to society are in synch
- Being able to feel that diverse people and working styles are accepted and each person is respected



Organizational Image

A disciplined group of autonomous individuals with emergent abilities

Medium-Term Business Plan

— Overview of Sustainability Strategy (2021/July-2026/June)



Net sales		Ordinary profit		R O E	
¥70billion		¥4billion		15.0%	
(2026/June)		(2026/June)		(2026/June)	
¥29.1billion	¥40.9billion	¥0.8billion	¥2.5billion	8.0%	12.1%
(2016/June)	(2021/June)	(2016/June)	(2021/June)	(2016/June)	(2021/June)

Corporate Philosophy
The key values of the Envipro group, and its corporate DNA (no timeline)

Mission
To contribute to create a sustainable society
The significance of the Envipro group's existence and its purpose and aspirations on a defined timeline (the 30 years until 2050)

Medium-Term Management Plan
(2021/July-2026/June)
Strategies for realizing the long-term vision

Single-Year Business Plan
Specific initiatives to achieve the medium-term management plan

To take on the challenge of solving problems toward the realization of a decarbonized society, a circular economy, and a distributed society as business opportunities.

To increase the discipline the organization has to execute the individual functions of the organization that are necessary to increase corporate value.
To strengthen governance.
To build a platform filled with good quality energy.

Business Concept
Realization of specific cases to achieve a circular economy

Business direction and main methods for achieving it
Transformation into a manufacturer of materials obtained from aboveground resources (QCDC)
Establishment of a nationwide collection network
To promote GX and DX in all business activities

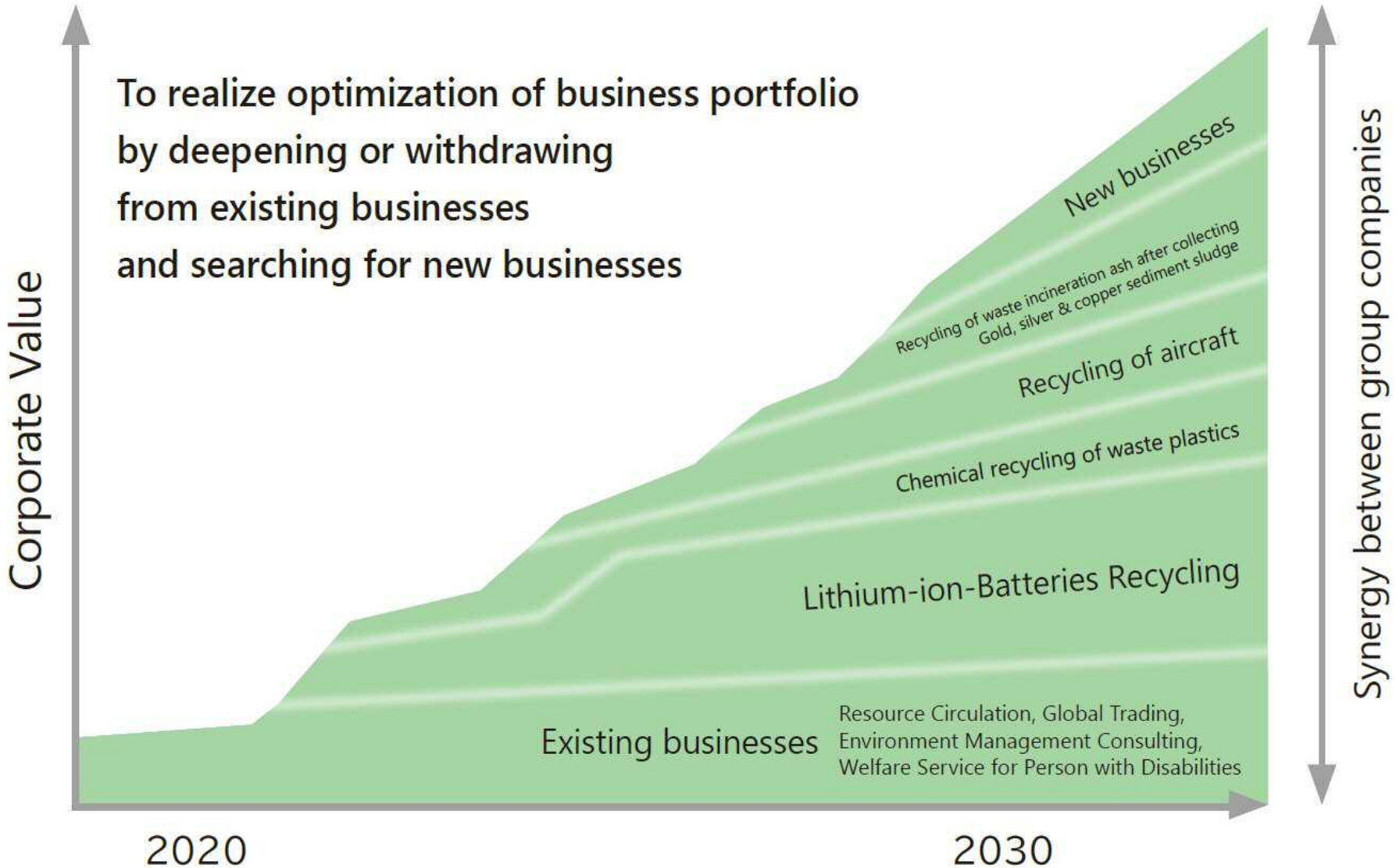
Our Vision
To grow into a recycling industry as a part of social infrastructure

Organizational Image
A disciplined group of autonomous individuals with emergent abilities

Prerequisites (After July 2022)

Ferrous scrap price	Electrolytic copper price	Gold price	Silver price	Nickel price	Cobalt price	Exchange rate (¥/US\$)
¥42,000/ t	¥1,000,000/t	¥6,000/g	¥85,000/kg	¥1,800/kg	¥4,650/kg	¥105/US\$

Long-Term Initiatives of Corporate Value Creation (Image diagram)



- This material is intended to provide investors with information to understand the current status of ENVIPRO HOLDINGS Inc.
- Although the contents in this material are described based on generally recognized socio-economic situations etc., and certain assumptions that our company regarded as reasonable, they may change without prior notice of any kind because of the change in the business environment.

【Inquiry desk about this material and IR】

Corporate Planning Department, ENVIPRO HOLDINGS Inc.

TEL +81-544-21-3160

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