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## Corporate Governance Report

Last Update: September 27, 2024

ENVIPRO HOLDINGS Inc.  
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Securities Code: 5698  
<https://www.envipro.jp/>

The corporate governance of ENVIPRO HOLDINGS Inc. (the “Company”) is described below.

### I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

#### 1. Basic Views

The ENVIPRO Group, as a company engaging in the resource recycling business using metal scrap and waste, will strive to strengthen and enhance its corporate governance, always respecting corporate ethics and legal compliance in its activities while also ensuring sound, transparent and efficient corporate management, in order to secure the trust of all stakeholders and achieve sustained improvement of its corporate value.

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Supplementary principle 1.2.4 Creation of an infrastructure allowing electronic voting]  
The Company sends the notice of the General Meeting of Shareholders well in advance as well as disclosing an English translation of the reference materials of the notice on its corporate website. The Company, however, has not yet introduced an electronic voting platform as the Company considers it not particularly necessary because the shareholding ratio of foreign investors is presently low in the Company. The Company will study the possibility of its introduction depending on the future state of the shareholding ratio of institutional investors and foreign investors and other factors.

#### [Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4 Strategic shareholdings]  
The Company strategically holds shares in a company which it considers will contribute to the improvement of the Group’s corporate value in the medium to long term, in order to maintain and expand business relationships and strengthening business alliances and ties in the medium to long term. A major acquisition of a company’s shares as strategic shareholdings is decided by the Board of Directors on a case-by-case basis, and the Board of Directors makes a decision by carrying out an overall assessment of the merits brought by strengthening the relations with the company, the amount of investment, and other factors, and judging whether the acquisition will be conducive to the improvement of the Company’s corporate value. After an investment is executed, the state of the strategic shareholdings is reported to the Management Committee as appropriate, while the results of the monitoring of the performance etc. of the company in which the Company holds strategic shareholdings are reported to the Board of Directors for assessment once a year. Going forward, the Company will reduce its strategic shareholdings in stages to the minimum necessary. While the Company will continue to hold those strategic shareholdings that are held for appropriate purposes and carry benefits and risks justifiable relative to the cost of capital, the Company will sell other strategic shareholdings after

determining details of how to divest. In fiscal 2024, the Company will continue to hold shares in one company which the Company engages in a business alliance as strategic shareholdings.

The Company will appropriately exercise its voting rights relating to strategic shareholdings by judging whether the proposal in question will be conducive to the maintenance and improvement of the Group's corporate value and the improvement of shareholder value based on dialogues between the department (or Group company) in charge of the strategic shareholdings and the company in which the Company holds strategic shareholdings, as well as assessments by the Company's finance department and other relevant departments. The Company will not exercise its voting rights to affirm any proposal, whether from the company or its shareholder, that might damage the Group's corporate value and shareholder value.

In addition, going forward the Company will reduce its strategic shareholdings and sell in stages those shares of which strategic shareholdings have diluted in value.

[Principle 1-7 Transactions with a related party]

If the Group engages in a transaction with a director or a major shareholder of the Group, the Board of Directors will deliberate the contents of the transaction and the appropriateness of its terms and conditions and decide whether the transaction should be executed, regardless of the value of the transaction, in order to protect the interests of minority shareholders. In addition, if the Group has engaged in a transaction with a director or a major shareholder of the Group, it will be assessed in audits by the Audit and Supervisory Committee whether the transaction was executed based on appropriate job authorities and decision, in order to ensure the appropriateness of the transaction.

[Supplementary principle 2.4.1 Ensuring diversity in the Company]

The Company has promoted female, foreign national, and mid-career employees to managerial positions to ensure diversity in its human resources. The Company works to actively promote mid-career employees including female and foreign national employees to managerial positions by assessing their skills, experiences, and other factors in a comprehensive manner. With respect to the promotion of female employees in particular, the Company has set the following targets with the aim of advancing the promotion of female employees to managerial and director positions:

By June 2026: Increase the number of female employees in managerial positions by 2.0 times, compared with that as of the end of June 2021

By June 2028: Percentage of female at managerial positions 20%

[Principle 2.6 Roles of the corporate pension fund as asset owner]

The Company does not have a corporate pension fund system.

[Principle 3.1 Enhancement of disclosure]

- (i) The Company's corporate philosophy and management strategy are disclosed on its corporate website and in briefing materials on financial results, business reports, etc.
- (ii) The Company's basic views on corporate governance are disclosed in the Corporate Governance Report.
- (iii) In determining the remuneration system etc., for management executives and Directors, the Company makes it a basic policy to appropriately link the Company's performance and each Director's duties and performance, with the aim of improving shareholder value and the Company's performance in the medium to long term. With regard to remuneration for Directors, the total amount is determined by a resolution of the General Meeting of Shareholders, and then the remuneration for each Director is reported to the Board of Directors after deliberation by the Appointment and Remuneration Committee, a voluntary advisory organization including Independent Outside Directors, in order to increase the objectivity and transparency of the procedures. The Board of Directors respects the report from the committee and delegates authority to determine remuneration, etc., to the Representative Director and President.
- (iv) In selecting management executives and appointing Director candidates, the Company appoints candidates who have a wealth of experience, deep insight, and a high level of expertise that are relevant to the positions of the Company's management executives or Directors. The appointment is determined by the Board of Directors after deliberation by the Appointment and Remuneration Committee, a voluntary advisory organization including Independent Outside Directors, in terms of appropriateness etc., in order to increase the objectivity and transparency of the appointment procedure. The appointment of a Director who is an Audit and Supervisory Committee member is subject to the consent of the Appointment and Remuneration Committee.

- (v) The Company discloses reasons for the appointment of each Outside Director and other Director candidates. If an Outside Director or other Director candidate is considered as not fulfilling his or her duties, the Appointment and Remuneration Committee may deliberate his or her dismissal.

[Supplementary principle 3.1.3 Sustainability initiatives]

The Company discloses its investment in human capital, its sustainability initiatives, the impact of climate change risks, and business opportunities in the Company, etc., in its annual securities report and sustainability report, which are published annually.

[Supplementary principle 4.1.1 Matters to be decided by the Board of Directors, the Management Committee, its *ringi* (collective authorization system), etc.]

The Company has set detailed and specified standards, based on the level of importance, for submission for deliberation and reporting regarding the matters to be decided by the Board of Directors, the Management Committee, its *ringi* (collective authorization system), etc. The decision on matters other than the matters to be determined by the Board of Directors is delegated to Representative Director and President, Directors, etc., based on its rules of job authorities.

[Principle 4.9 Independence standards and qualifications for Independent Outside Directors]

The Company has established and disclosed Criteria for Appointing Outside Directors. In accordance with said criteria, the Company appoints a person who satisfies the criteria for determining the independence of Independent Outside Directors as an Outside Director.

[Supplementary principle 4.10.1 Appointment and Remuneration Committee]

The determination of remuneration for Directors and the appointment of Directors are deliberated by the Appointment and Remuneration Committee, a voluntary advisory organization including independent Outside Directors, in terms of appropriateness etc., in order to increase the objectivity and transparency of the procedures.

[Supplementary principle 4.11.1 Ensuring the effectiveness of the Board of Directors and the Board of Auditors]

The Company appoints Director candidates in accordance with the following policy and procedure:

<Standards for the appointment of Directors>

1. Director candidates shall, regardless of gender, nationality, or other personal attributes, meet the following standards:
  - Be well versed in each of the Company's businesses
  - Possess knowledge on legal affairs
  - Possess knowledge in finance and accounting
  - Possess knowledge in other areas necessary for the management of the Company
  - Understand and practice the spirit of the Company's corporate philosophy and management principle and be able to contribute to achieving the Company's sustained growth and improving its corporate value in the medium to long term
  - Be able to contribute to strengthening the function of mutually checking and supervising Directors' activities and ensuring the effectiveness of the Board of Directors.
2. Two or more Outside Directors shall be appointed in order to ensure that the deliberation by the Board of Directors directly reflects the interests of general shareholders. The majority of Directors who are Audit and Supervisory Committee members shall be Outside Directors.
3. Outside Directors shall meet the requirements for Outside Directors stipulated under the Companies Act and the independence standards stipulated by financial instruments exchanges.

<Process of the determination of Director candidates>

1. Representative Director and President shall formulate a proposal of Director candidates based on the standards for the appointment of Directors and submit the proposal to the Appointment and Remuneration Committee.
2. The Appointment and Remuneration Committee shall deliberate the proposal of Director candidates and report the results to the Board of Directors.

3. The Board of Directors shall deliberate the proposal and determine Director candidates based on the report from the Appointment and Remuneration Committee, provided that the determination of the candidates for Directors who are Audit and Supervisory Committee members shall be subject to the consent of the Audit and Supervisory Committee.

The Company discloses specialties of Directors (skill matrix) in the reference documents for the General Meeting of Shareholders and its securities reports.

[Supplementary principle 4.11.2 Concurrent positions of Directors]

Outside Directors and Directors put time and effort in their work as Directors to the extent necessary to appropriately perform their roles and duties and limit the holding of concurrent positions to a reasonable level. The concurrent positions held by Directors are disclosed in the Company's securities reports and the notice of the General Meeting of Shareholders.

Securities report and the notice of the General Meeting of Shareholders: <https://www.envipro.jp/ir/>

[Supplementary principle 4.11.3 Analysis and assessment of the effectiveness of the Board of Directors]

The Board of Directors discusses the way it should be in the future on a regular basis at the Board of Directors meeting, analyzing and assessing its effectiveness and deliberating the results at the Board of Directors meeting. In the assessment, it has been confirmed that constructive discussions are held at the Board of Directors meeting, with Outside Directors expressing their opinions and asking questions, that the Board of Directors meeting is operated appropriately, and that the Board of Directors functions effectively.

In addition, the Board of Directors discusses the results of surveys and respondents' opinions. Based on these discussions, the Company will continue to work on the enhancement and continuous improvement of the effectiveness of the Board of Directors.

[Supplementary principle 4.14.2 Training policy for Directors and Corporate Auditors]

The Company provides Directors appointed from within the Company with an opportunity to fully learn about the roles and duties that Directors are expected of when they assume the position. The Company also bears Directors' expenses for training programs, seminars, etc., that are relevant to each Director and necessary to perform their work.

[Principle 5.1 Policy for constructive dialogue with shareholders]

Corporate Management Dept. takes charge of the Company's dialogues with shareholders, with overall responsibility assumed by the person in charge of information handling. Corporate Management Dept. and Human Resources Dept. meet regularly to discuss disclosure and presentation of the Company's financial results etc., based on their respective expert viewpoints and collaborate to appropriately address dialogues with shareholders. The Company takes measures to help shareholders deepen their understanding of the Company's management strategy and business environment, such as disclosure on its corporate website. Opinions from shareholders and analysts are shared at the Management Committee, reported to the Board of Directors as needed, and used extensively for the review of the Company's management strategy etc. The Company takes measures to prevent leakage of insider information as it engages in dialogues with shareholders, such as setting rules relating to insider trading.

In addition, the Company has established its disclosure policy, which is disclosed on its corporate website.

[Principle 5.2 Formulation and announcement of management strategies and management plans]

In formulating and announcing management strategies and management plans, we present our basic policies for profit planning and capital policy, present targets for profitability and capital efficiency, and clearly explain to shareholders in terms and logic that are easy to understand what we will specifically do with respect to the allocation of management resources in order to realize these targets.

In order to simultaneously achieve sustainable development of society and our group, we have announced action to implement management that is conscious of cost of capital and stock price in our medium-term management plan. For details, please refer to the following URL

<https://contents.xj-storage.jp/xcontents/56980/ba0822f5/f858/4f49/82f5/1be72a7e1c64/140120240829578070.pdf>

[Action to implement management that is conscious of cost of capital and stock price]

[English disclosure is available]

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
WINDELIGHT Inc.	10,840,000	35.88
Sano Maruka Co., Ltd.	2,000,000	6.62
The Master Trust Bank of Japan, Ltd. (trust account)	1,383,800	4.58
USS Co., Ltd.	715,200	2.37
Fumikatsu Sano	681,734	2.26
Norihiro Nakasaku	444,846	1.47
Akiko Ishii	375,790	1.24
Yutaka Ishii	367,540	1.22
SMBC Nikko Securities Inc.	313,500	1.04
Custody Bank of Japan, Ltd. (trust account)	164,800	0.55

Controlling Shareholder (except for Parent Company)	_____
Parent Company	None

Supplementary Explanation
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## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	June
Type of Business	Iron & Steel
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	From 500 to less than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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## 5. Other Special Circumstances which may have Material Impact on Corporate Governance

None
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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	11
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Outside Directors	6

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	H	i	j	k	
Keiji Miyaki	From another company												
Hiroko Nomura	From another company												
Keiji Imajo	From another company												
Toshiaki Murai	From another company												
Hiroshi Kamiya	Tax Accountant												
Tomoya Shiraishi	From another company												

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/auditor

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the director himself/herself only)

- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons of Appointment
Keiji Miyaki		○		<p>Mr. Keiji Miyaki has been appointed as Outside Director because he is capable of providing valuable advice on the Group's management strategy from a global perspective based on his broad knowledge and experience in management strategy gained through his service as the representative of foreign affiliated consulting companies.</p> <p>Mr. Miyaki has also been designated as Independent Director because the Company considers that a conflict of interest is unlikely to arise between Mr. Miyaki and the Company's general shareholders.</p>
Hiroko Nomura		○		<p>Ms. Hiroko Nomura has been appointed as Outside Director because she is capable of providing valuable advice on the Group's management strategy based on her extensive knowledge and experience regarding diversity in organizational management as a journalist and university professor.</p> <p>Ms. Nomura has also been designated as Independent Director because the Company considers that a conflict of interest is unlikely to arise between Ms. Nomura and the Company's general shareholders.</p>
Keiji Imajo		○		<p>Mr. Keiji Imajo has been appointed as Outside Director because he is capable of providing valuable advice on</p>

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons of Appointment
				<p>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.</p> <p>Mr. Imajo has also been designated as Independent Director because the Company considers that a conflict of interest is unlikely to arise between Mr. Imajo and the Company's general shareholders.</p>
Toshiaki Murai	○	○		<p>Mr. Toshiaki Murai has been appointed as Outside Director because he is capable of providing valuable advice on the Group's management strategy based on his wide-ranging experience in international trade and business investment in the mineral resources and energy sectors, and experience as an auditor.</p> <p>Mr. Murai has also been designated as Independent Director because the Company considers that a conflict of interest is unlikely to arise between Mr. Murai and the Company's general shareholders.</p>
Hiroshi Kamiya	○	○		<p>Mr. Hiroshi Kamiya has been appointed as Outside Director as the Company considers that he is capable of performing the duties as Outside Director appropriately because he is well versed in finance and accounting as a certified public tax accountant and has considerable insight and broad experience.</p> <p>Mr. Kamiya has also been designated as Independent Director because the Company considers that a conflict of interest is unlikely to arise between Mr. Kamiya and the</p>



Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons of Appointment
				Company's general shareholders.
Tomoya Shiraishi	○	○		Mr. Tomoya Shiraishi has been appointed as Outside Director because he 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 representative of investment companies. Mr. Shiraishi has also been designated as Independent Director because the Company considers that a conflict of interest is unlikely to arise between Mr. Shiraishi and the Company's general shareholders.

#### [Supervisory Committee]

##### Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Supervisory Committee	3	0	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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##### Matters Relating to the Independence of Such Directors and/or Staff from Executive Directors

The Company has appointed independent support employees.

##### Cooperation among Supervisory Committee, Accounting Auditors and Internal Audit Departments

The Audit and Supervisory Committee, the accounting auditors, and Internal Audit Office, which is the Company's internal audit department, meet regularly to exchange information and have discussions about the Company's audit system, audit plans, and progress of audits and collaborate to ensure proper implementation of audits and enhance its internal control.

#### [Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Appointment and Remuneration Committee	Appointment and Remuneration Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

Supplementary Explanation

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**[Independent Directors]**

Number of Independent Directors	6
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Matters relating to Independent Directors

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**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration and Share Options
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Supplementary Explanation

The Company has implemented these incentives in order to help boost Directors' drive and eagerness to improve the Company's performance.

Eligible Recipients of Share Options	Inside Directors, Outside Directors, employees, subsidiaries' directors, subsidiaries' employees, and others
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Supplementary Explanation

The Company grants share options to the Group's Directors, employees, advisors, etc., in order to boost their drive and eagerness to improve the Company's performance. The number of share options to be granted is determined in view of their position and contribution to the Company's performance in the past as well as the Company's expectations about their future contributions.

## [Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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### Supplementary Explanation

The Company does not disclose individual Director's remuneration because there is no Director who is paid remuneration, etc., of 100 million yen or more in total. Directors' remuneration is disclosed in aggregate amount.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

<Description of the policy on determining the amounts of and the calculation method for Directors' remuneration >

The Company has its policy on determining the contents of remuneration etc. for individual Directors, which was resolved at the Board of Directors meeting held on February 12, 2021. President and Representative Director Mr. Tomikazu Sano, by considering the assessment of Directors' individual duties, performance, etc., formulates an original proposal of the amounts of and the calculation method for remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) and for Directors who are Audit and Supervisory Committee members, respectively, subject to the upper limits of the total amounts of their respective remuneration that were resolved at the General Meeting of Shareholders. The proposal is then deliberated by the Appointment and Remuneration Committee, a voluntary advisory organization including Independent Outside Directors, in order to increase the objectivity and transparency of the procedure. Afterward, the proposal is deliberated by the Board of Directors with regard to the policy on Directors' remuneration etc., their determination process, and the results of the Committee's deliberation, and then delegated by the Board of Directors to President and Representative Director Mr. Tomikazu Sano for final determination. The details of the delegated authority are the determination of specific remuneration amounts for individual Directors, and the reason for delegating this authority is the assessment that delegating it to the President and Representative Director, who has a comprehensive understanding of the overall business, is reasonable.

Remuneration for Directors who are Audit and Supervisory Committee members is determined at an appropriate level based on the discussion by Directors who are Audit and Supervisory Committee members as Directors who are Audit and Supervisory Committee members are responsible for auditing Directors' performance of duties as an independent organization delegated by shareholders.

In determining the contents of remuneration etc., for individual Directors, the Appointment and Remuneration Committee reviews the original proposal from multiple perspectives, including consistency with the policy on determining the amounts of Directors' remuneration, and the Board of Directors basically respects the Committee's report and considers that the original proposal is consistent with the policy.

<Resolution of the General Meeting of Shareholders regarding Directors' remuneration etc.>

It was resolved at the 8th General Meeting of Shareholders held on September 28, 2017 that the amounts of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) should not be more than 500 million yen per year (of which not more than 30 million yen for Outside Directors, provided that these amounts do not include salaries paid to Directors concurrently serving as employees for their work as employees). The number of Directors at the time of the resolution was seven.

It was resolved at the 8th General Meeting of Shareholders held on September 28, 2017, that the amounts of remuneration for Directors who are Audit and Supervisory Committee members should not be more than 30 million yen per year. The number of Directors who were Audit and Supervisory Committee members at the time of the resolution was three.

Apart from the above-mentioned Directors' remuneration, the Company has introduced a restricted share-based remuneration system, which was resolved at the 9th General Meeting of Shareholders held on

September 27, 2018. It was resolved at the meeting that the amounts of restricted share-based remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) should not be more than 25 million yen per year (of which not more than 5 million yen for Outside Directors) and that the amounts of restricted share-based remuneration for Directors who are Audit and Supervisory Committee members should not be more than 5 million yen per year. The number of Directors (excluding Directors who are Audit and Supervisory Committee members) was seven and the number of Directors who were Audit and Supervisory Committee members was three at the time of the resolution.

<Basic policy>

The basic policy regarding Directors' remuneration, etc. is as follows:

- It should be commensurate with the Directors' duties and roles
- It should serve not only as remuneration based on short-term performance but also as an incentive that contributes to the overall improvement of corporate value in the medium to long term
- It should ensure sharing awareness concerning profits with shareholders
- It should be at an effective remuneration level to continually secure excellent human resources
- It should have the flexibility to adapt to changes in the market, industry environment, and strategic objectives
- It should contribute to fostering a good organizational culture and a strong corporate culture

<Composition of remuneration>

Directors' remuneration, etc. consists of basic remuneration, performance-linked remuneration, and restricted share-based remuneration.

a. Basic remuneration

The basic remuneration is calculated for each Director based on his or her past career and achievements, duties, and roles, and comprises capability-based pay, position-based pay, and role-based pay.

b. Performance-linked remuneration

The performance-linked remuneration is remuneration paid to Directors (excluding Directors who are Audit and Supervisory Committee members as well as Outside Directors). The total amount of the performance-linked remuneration is determined based on profit attributable to owners of parent for each short-term fiscal year and remuneration determined by qualitatively evaluating the progress of the strategy, in order to help boost their drive to improve the Company's performance and corporate value.

June 2023	Target: 2,030 million yen; Actual result: 1,236 million yen
June 2024	Target: 1,670 million yen; Actual result: 537 million yen

c. Restricted share-based remuneration

The restricted share-based remuneration is remuneration paid to Directors. The amount of the restricted share-based remuneration is determined to be within the range of approximately 5% to 10% of the sum of the basic remuneration and the performance-linked remuneration, in order to provide an incentive for Directors to contribute to improving the Company's corporate value as well as to share profits with shareholders.

<Remuneration level>

The remuneration level is determined based on an analysis that objectively compares the levels of remuneration and the linkages of remuneration to performance by using data from an outside research institution's surveys on directors' remuneration in order to ensure that the remuneration level will serve as an incentive for Directors to contribute to improving the Group's corporate value.

<Future policy for the Directors' remuneration system>

The Company's Appointment and Remuneration Committee engages in discussions and decision-making regarding the Directors' remuneration system with the goal of improving corporate value in the medium to long term.

As a future policy, the Committee has decided that it is important to prioritize a medium- to long-term perspective over pursuing short-term profits. Specifically, it is planned to reduce short-term performance-linked remuneration and focus on initiatives such as advancing a medium- to long-term strategy centered around the concept of "Lead a Circular Economy," as well as building an organizational and personnel structure. Additionally, it is recognized that the Company's most important management theme is to achieve sustained growth by fostering a strong corporate culture based on sound corporate practices.

The Committee will continue to engage in ongoing discussions regarding the Directors' remuneration system with the aim of improving corporate value.

#### **[Supporting System for Outside Directors]**

Corporate Management Dept. supports Outside Directors. The Company contacts Outside Directors via e-mail about once a week. Agenda items for the Board of Directors meeting are distributed and sufficient information is provided in advance to Outside Directors, while briefing is also provided as needed. The Company has appointed independent employees as staff dedicated to supporting Outside Directors who are Audit and Supervisory Committee members with their work. The Company provides sufficient information through such measures as exchanging opinions about important matters etc. and reporting the current state of the Company's operations.

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

### **1. Board of Directors and Directors**

The Company's Board of Directors consists of eight Directors (excluding Directors who are Audit and Supervisory Committee members) (of which three are Outside Directors) and three Directors who are Audit and Supervisory Committee members (of which three are Outside Directors) and holds the Board of Directors meeting once a month in principle. The Board of Directors decides important matters relating to the Company's execution of business and supervises Directors' performance of duties. The Company has appointed Outside Directors (excluding Directors who are Audit and Supervisory Committee members) comprising a person who has experience as the representative of foreign affiliated consulting companies, a university professor with expertise in promoting diversity, and an executive manager of a listed company in order to advance efforts to establish a system that will enable the Board of Directors to make management decisions based on broader perspectives and supervise the management of the Company from the outside. The Company has appointed three Outside Directors who are also Audit and Supervisory Committee members comprising a person who has experience as an auditor of a listed company, a certified public tax accountant, and a person who has experience as a director of a listed company expecting that they are capable of supervising the management of the Company from their respective expert viewpoints, and they are duly performing their roles.

### **2. Audit and Supervisory Committee**

The Company is a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee consists of three Outside Directors and assumes the role of auditing and supervision. The Audit and Supervisory Committee performs audits using the Company's internal control system, and the Company has put in place a system in which the Audit and Supervisory Committee can regularly receive reports from the Company's internal audit department about progress and results of internal audits and also can demand reports from Directors and operating departments of the Company and Group companies as needed. In addition, the Audit and Supervisory Committee holds regular meetings with President and Representative Director to exchange views and maintain communication on issues that the Company should address, progress of improvement of the environment for auditing by the Audit and Supervisory Committee, and other important matters relating to audit.

The Audit and Supervisory Committee actively exchanges information with Internal Audit Office and the Accounting Auditor to maintain close collaboration with them and enhance its audit function. The Audit and Supervisory Committee also collects information not only from Internal Audit Office but from internal control departments to ensure a more thorough audit.

### **3. Internal Control Committee**

The Group has established its Internal Control Committee, chaired by the Company's President. This Committee consist of three subcommittees: the Environment and Safety Promotion Committee, the Digitalize Promotion Committee, and the Human Resources and Labor Reform Committee. The Internal Control Committee identifies risks, formulates countermeasures, and builds and operates the internal control system across the Group, including awareness-building activities. The Internal Control Committee, which consists of full-time Directors, executive officers, and the Chair of the Audit and Supervisory Committee of the Company, as well as presidents of consolidated companies (excluding equity-method affiliates) and chairs of

subcommittees, convenes every month in principle to have the chair of each subcommittee report on important matters relating to compliance, matters relating to litigation and legal risks, and other matters that could have significant impacts on the management of the Group and to set policies and make decisions on these matters.

#### 4. Management Committee

The Management Committee consists of full-time Directors and Chair of the Audit and Supervisory Committee of the Company. It may also include executive officers and department managers as well as Group companies' directors, as required for matters to be deliberated. The Management Committee meets once a month in principle to make decisions on important matters relating to the Company's execution of business and on timely disclosure.

The Management Committee also examines the management of each Group company and reviews matters to be submitted to the Board of Directors of the Company and its subsidiaries as needed. In addition, the Company has had each subsidiary appoint a person in charge of timely disclosure who manages the communication of facts which occurred, disclosed information, and matters relating to insider trading.

#### 5. Sustainability Committee

The Sustainability Committee consists of the Company's full-time Directors and meet once a month. As an organization assisting decision making by Representative Director, it flexibly and actively discusses and examines the progress of efforts to promote the strategy and the Company's future directions, including new businesses and M&A, from a long-term perspective.

#### 6. Internal Audit Office

The Company has established Internal Audit Office as its internal audit department, which consists of one Executive Officer, one Office Manager, and one staff member. The Internal Audit Office is an organization that directly reports to the Representative Director and President and is separated from other operating lines and strives to perform effective internal audits from an independent and objective standpoint in order to contribute to ensuring sound and appropriate operations in the Company and each Group company. The Group's basic policy on internal audit is to study the actual state of operations and asset management of the Company and its subsidiaries based on the Company's "rules for internal audit," confirm compliance with laws and regulations, the articles of incorporation and internal rules, help prevent errors, omissions and misconducts, and contribute to more rational, more efficient corporate management. Internal Audit Office duly performs audits, receiving information etc. relating to internal control from internal control departments.

#### 7. Appointment and Remuneration Committee

The Appointment and Remuneration Committee consists of five members, comprising one Representative Director, one Senior Managing Director, and three Outside Directors who are Independent Directors, and deliberates the selection of candidates for Directors (excluding Directors who are Audit and Supervisory Committee members), remuneration and other matters as an advisory organization for the Board of Directors before those matters are submitted to the Board of Directors.

The Appointment and Remuneration Committee holds a committee meeting three times a year and an extraordinary committee meeting as needed.

The Company recognizes the succession plan for Representative Director as one of the Company's most important matters and will have the Board of Directors and the Appointment and Remuneration Committee carefully deliberate this issue.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company's Board of Directors consists of eight Directors (excluding Directors who are Audit and Supervisory Committee members) and three Directors who are Audit and Supervisory Committee members. Of the eight Directors (excluding Directors who are Audit and Supervisory Committee members), three are Outside Directors, who contribute to transparent decision making and supervision of the Board of Directors performance of duties. In addition, the Audit and Supervisory Committee, which consists of three Directors, three of whom are Outside Directors, supervises the Board of Directors from a fair and neutral standpoint to ensure that decisions are made in accordance with laws and regulations. The Company also has put in place the Management Committee as an organization to ensure speedy execution of business and implement a system for timely disclosure.

The Company has adopted the current corporate governance system in order to strengthen the management supervision function as stated above.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends the notice of the General Meeting of Shareholders by three weeks in advance.
Scheduling AGMs Avoiding the Peak Day	The Company will ensure that the General Meeting of Shareholders should be scheduled so that as many shareholders as possible will be able to attend the meeting. The Company can avoid the peak day in scheduling the meeting as its fiscal year closes in June.
Allowing Electronic Exercise of Voting Rights	Shareholders can exercise voting rights on the Internet voting website that has been designated by the shareholder registry administrator with whom the Company has entered in a securities agency contract.
Providing Convocation Notice in English	The notice of General Meeting of Shareholders (including reference documents) is available in English translation on the Company's corporate website.
Other	The notice of General Meeting of Shareholders etc., are available on the Company's corporate website. The President, Representative Director makes presentation on the Company's business report and future growth strategy at the General Meeting of Shareholders to help deepen shareholders' understanding of the Company.

#### 2. IR Activities

	Supplementary Explanations	Presentation by Representative
Preparation and Publication of Disclosure Policy	The disclosure policy is posted on the Company's corporate website.	
Regular Investor Briefings for Individual Investors	The Company holds a briefing for individual investors once a year and posts a video of the results briefing sessions on our website twice a year.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company provides regular briefings for analysts, and also meetings for institutional investors as needed.	Yes
Posting of IR Materials on Website	IR information such as financial results, earnings reports, and IR schedules are posted on the Company's corporate website: <a href="https://www.envipro.jp/ir/">https://www.envipro.jp/ir/</a>	
Establishment of Department and/or Manager in Charge of IR	Corporate Management Dept. is in charge of IR.	

#### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has stipulated its basic policy on disclosure in the disclosure policy. The basic policy includes endeavoring to promptly provide information for shareholders and investors based on the principle of

	transparency, fairness and continuity, making disclosure in compliance with the Financial Instruments and Exchange Act and the timely disclosure rules established by the Tokyo Stock Exchange, and promptly and fairly disclosing important corporate information that is expected to affect investors' investment decision, even if it is not required by laws and regulations or the timely disclosure rules.
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#### IV. Matters Relating to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development

With regard to the internal control system, the Company divides necessary operations and management functions and assigns designated department organizations to take charge of them and ensure compliance with various internal rules, in order to achieve the separation of authority and internal check in operations.

The Company also performs internal audits based on an annual internal audit schedule to monitor the effectiveness of the internal check organizations. The Company's basic views on the internal control system is described in the following Internal Control Basic Policy. This basic policy was revised at the Board of Directors meeting held on September 28, 2017, as required by the transition to a company with an Audit and Supervisory Committee.

###### “Internal Control Basic Policy”

ENVIPRO HOLDINGS Inc. has stipulated its internal basic policy as below to achieve four aims, “effectiveness and efficiency of business,” “reliability of financial reports,” “compliance with laws,” and “preservation of assets.” We shall endeavor to establish and operate its internal control systems more effectively, through continuous evaluation of the implementation of the internal control systems under this policy as well as taking measures necessary for its improvement, and conducting consistent reviews of this policy responding to changes in the business environment.

a. Systems for ensuring compliance with laws and articles of incorporation in the performance of duties by directors and employees.

i We shall ensure that directors and employees completely comply with laws, the article of incorporation, and social norms, by organizing the system of the compliance with laws, educating, and training. And also, to practice them, we shall set company principle and regulations, organize manuals.

ii We shall pursue internal audit of both ENVIPRO HOLDINGS Inc. and all consolidated subsidiaries (hereinafter referred to as “our group”) by the internal audit division which is independent from any other divisions and directly controlled by President/CEO. We verify and evaluate the appropriateness and effectiveness of each section's internal control system, and ensure legality of the employees' performance of duties by encouraging these remediation.

iii We shall interdict any and all relationship with anti-social forces which threaten the order and safety of the civil society, and respond to them in corporate-wide and uncompromising manner in close association with outside experts such as police.

b. Matters regarding the retention and management of information regarding the executions of operations of directors.

We shall record and retain information regarding the executions of operations of directors as documents or electric media following the rules of management of documents and other regulations. Directors and audits may peruse these documents anytime.

c. Regulations and other systems for risk management.

i As for risks about the perform operations of our group, we shall analyze and distinguish predicted risks at a subcommittee of the internal control committee, and manage all risks of our group by affiliating with each group companies comprehensively and inclusively.

ii In the case of management crisis which may influence the business of our group, we shall organize a counter measures headquarters whose manager is President/CEO in the internal control committee, minimize a loss of our group, and strive for restoration.

d. Systems for ensuring the efficient executions of operations of directors.



- i The ordinary meetings of the board of directors shall be held once a month and extraordinary meetings shall be held when necessary as basis of the system to assure efficient performance of directors. The procedure of the board of directors and its limit of authority shall be stipulated in rules of the board of directors.
- ii To assure effective business management by board of directors, we shall stipulate rules of organization and rules of allocation of business operations. And also we shall stipulate rules of job authorities for the purpose of effective management of organization by defining fundamental duties and the limit of authority of the board of directors.
- iii We shall assure the efficient executions of operations of directors by stipulating other internal rules.
- iv We shall stipulate rules of budget control to formulate and operate one-year budget and mid-term management plan properly. Following the rules, the board of directors shall decide one-year budget and mid-term management plan, and review and update the mid-term management plan generally once a year.
- v Directors shall execute business effectively based on one-year budget and mid-term management plan which are formulated by the board of directors, report the progress of the budget to the board of directors.
- vi At the board of directors, our group reports progress states of operations and important matter, and realize quick decision-making and perform operations.

e. Systems for ensuring the proper operation at the business group from our group.

- i Our group centering on the committee of the internal control shall organize the system of conference about internal control, information sharing, effective transmission of orders and requests.
- ii Directors possess authority and responsibility of establishment and operation of the internal control which assure justness of execution of business.
- iii Internal audit department shall inspect each departments, report the results to President/CEO and the director in charge, and if necessary lead improvement plans of internal control, aid and advise enforcement.
- iv To assure effectiveness of the internal audit, following requests of internal audit department, President/CEO may appoint internal auditors from each department except for the inspected department.
- v About the perform operations by the group companies, we consolidate the final decision rules and ask our advance approval and report about business important matters based on the final decision rules, and also the administration division confirms appropriateness the business by getting reports routinely about business plans by the group companies.

f. Matters regarding employees assisting “Audit and Supervisory Committee” (hereinafter referred to as “the Committee”), the independence of such employees from directors (excluding the member of the Committee), and ensuring the effectiveness of directions to such employees.

Employees who are taken orders or directions which are necessary for auditing operation by the Committee shall not be ordered by directors (excluding the member of the Committee) and other employees about those orders or directions for an assist term that the Committee orders, and do the operations as a priority.

g. Systems of reporting to the Committee by directors and employees of our group and other systems regarding reporting to the Committee, and systems to ensure directors and employees not having unfair treatment by reporting.

- i The member selected by the Committee shall be assembled to the board of directors or other important meetings, and shall be received the report important things about company management and operating business and the state of the business performance.
- ii The audit results by internal audit division shall be submitted to the Committee for their review.
- iii The directors and employees may report to the Committee directly when they find material facts about our group.
- iv The system ensures directors and employees not having unfair treatment by reporting.

h. Other systems for ensuring the effective audit by Audit and Supervisory Committee members.

i The Committee shall stipulate standard and basic matters of inspection by the Committee and provide rules of Audit and Supervisory Committee and rules of inspection by Audit and Supervisory Committee for the purpose of smooth and effective enforcement of inspection by the Committee.

The Committee shall inspect and audit following those rules.

- ii The Committee may execute hearing to directors and employees if necessary, and regular discussion sessions among the President/CEO, internal audit department and accounting auditors shall be arranged.
- iii When the member of the Committee requests advance payment or reimbursement of expenses (which is limited to the performance of duties by the Committee) arising from the performance of duties, ENVIPRO

HOLDINGS Inc. shall promptly settled the expenses unless it is determined that the expenses are not necessary for the performance of the duties by the members of the Committee.

## **2. Basic Views on Eliminating Anti-Social Forces and the Progress of System Development**

The Group has established the following “Basic Policy on Addressing Anti-Social Forces,” rejects any relation with anti-social forces, and takes action against any unjust demand from anti-social forces in a dauntless stance by collaborating with the police, corporate lawyers, and other outside expert institutions. The Company ensures that all Directors and employees are fully aware of and fulfill this commitment under the policy.

“Basic Policy on Addressing Anti-Social Forces”

The ENVIPRO Group will address anti-social forces based on the following basic policy:

### **1. Response as an organization**

The Group will take action against any unjust demand from anti-social forces as an organization as a whole, rather than leaving them only to a person or department in charge, while ensuring that its Directors and employees facing unjust demands from anti-social forces remain safe.

### **2. Collaboration with outside expert institutions**

The Group will establish close collaborative relations with the police, National Center for Removal of Criminal Organizations, lawyers, and other outside expert institutions to prepare for unjust demands from anti-social forces.

### **3. Rejection of any relation or transaction with anti-social forces**

The Group will reject any relation or transaction with anti-social forces and refuse any unjust demand from anti-social forces.

### **4. Legal action under civil and criminal laws against unjust demands from anti-social forces**

The Group will take legal action under both civil and criminal laws against unjust demands from anti-social forces.

### **5. Prohibition of backdoor deals and funding**

Even if the Company receives unjust demands from anti-social forces on the ground of a misconduct in the Group’s business activities or by a Group officer or employee, the Group will never engage in a backdoor deal to conceal the fact. The Group will never provide funds for anti-social forces.

## V. Other

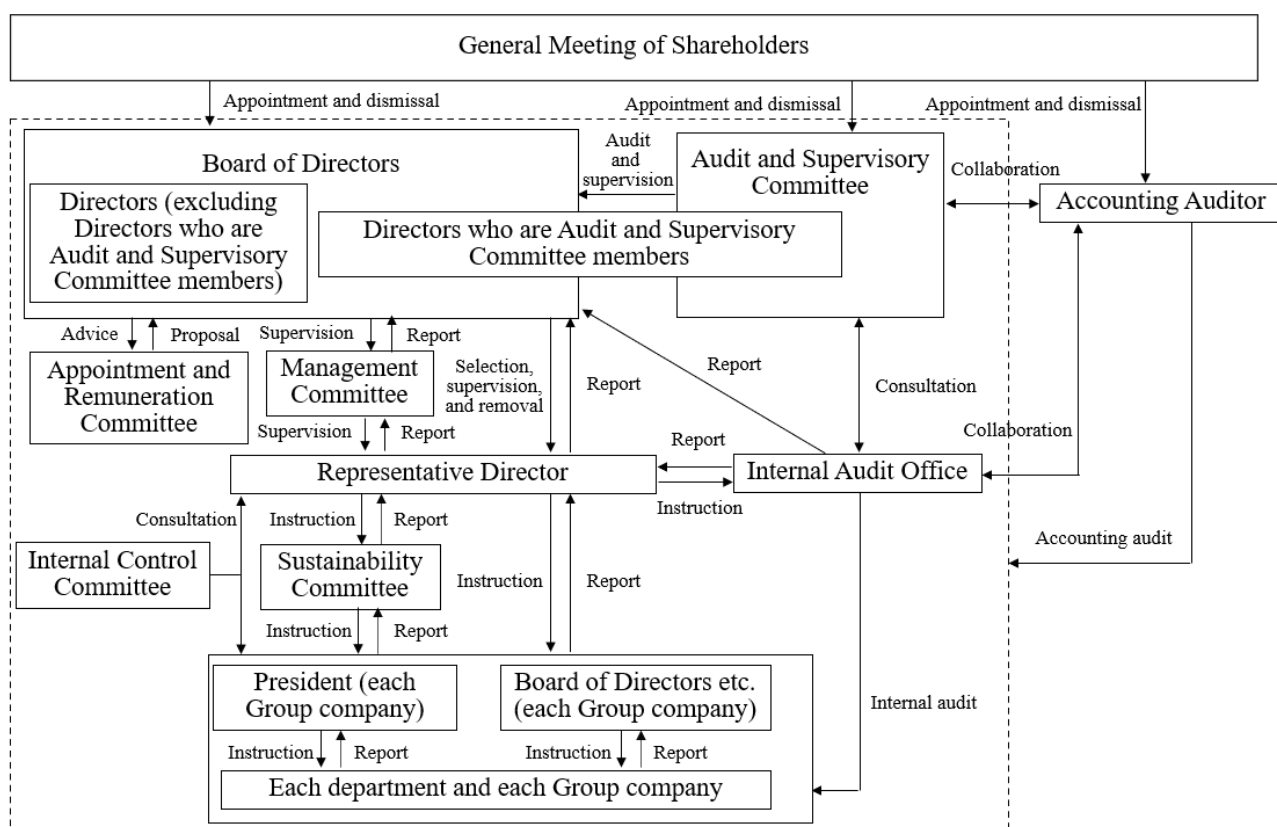
### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
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### 2. Other Matters Concerning to Corporate Governance System

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The following is a schematic diagram of the Company's corporate governance system.



[Outline of the Company's timely disclosure system (schematic diagram)]

