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Various social challenges 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 average global temperature in 2024 is expected to be more than 1.5° C higher than before the Industrial Revolution. The external environment around us is also undergoing major changes.

Social Trends Surrounding the ENVIPRO Group

Long-Term Trends



Medium- and Short-Term Trends

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

A Pressing Need to Respond to Climate Change

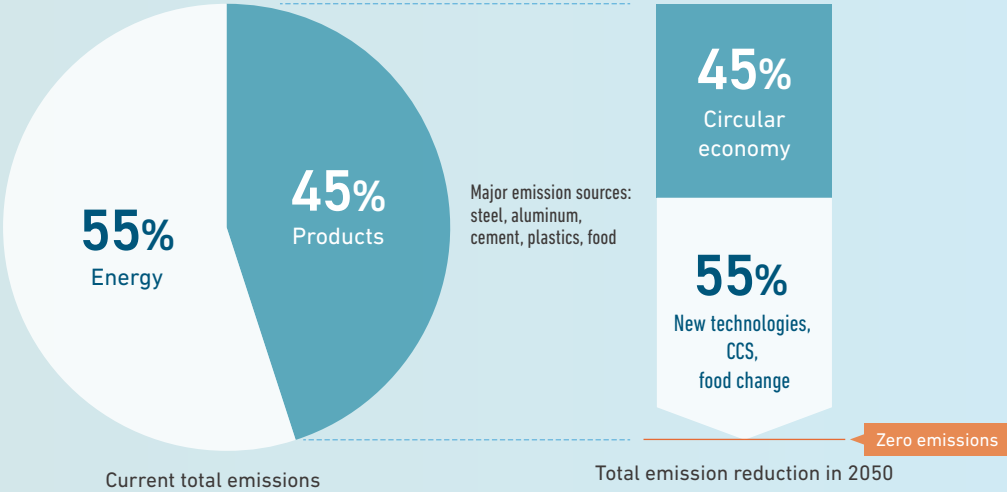
Materiality Items (Priority Issues) to Realize Our Mission

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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.

The Big Picture on Greenhouse Gas Emissions: Tackling Overlooked Emissions*1



According to the Ellen MacArthur Foundation*2, 55% of all greenhouse gas emissions can be reduced through renewable energy conversion, while the remaining 45% are attributed to the manufacturing and usage of products. Reducing this 45% can be addressed through a circular economy approach. In Japan, it has been estimated that the proportion of divisions with leeway to contribute to greenhouse gas reduction through resource circulation efforts accounts for approximately 36% of total greenhouse gas emissions.*3

*1 Source: "Completing the picture: How the circular economy tackles climate change," 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-raising activities 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

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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 material*4, including ferrous scrap and other non-ferrous metals and rare 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 yen by 2030 and 120 trillion yen by 2050.

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

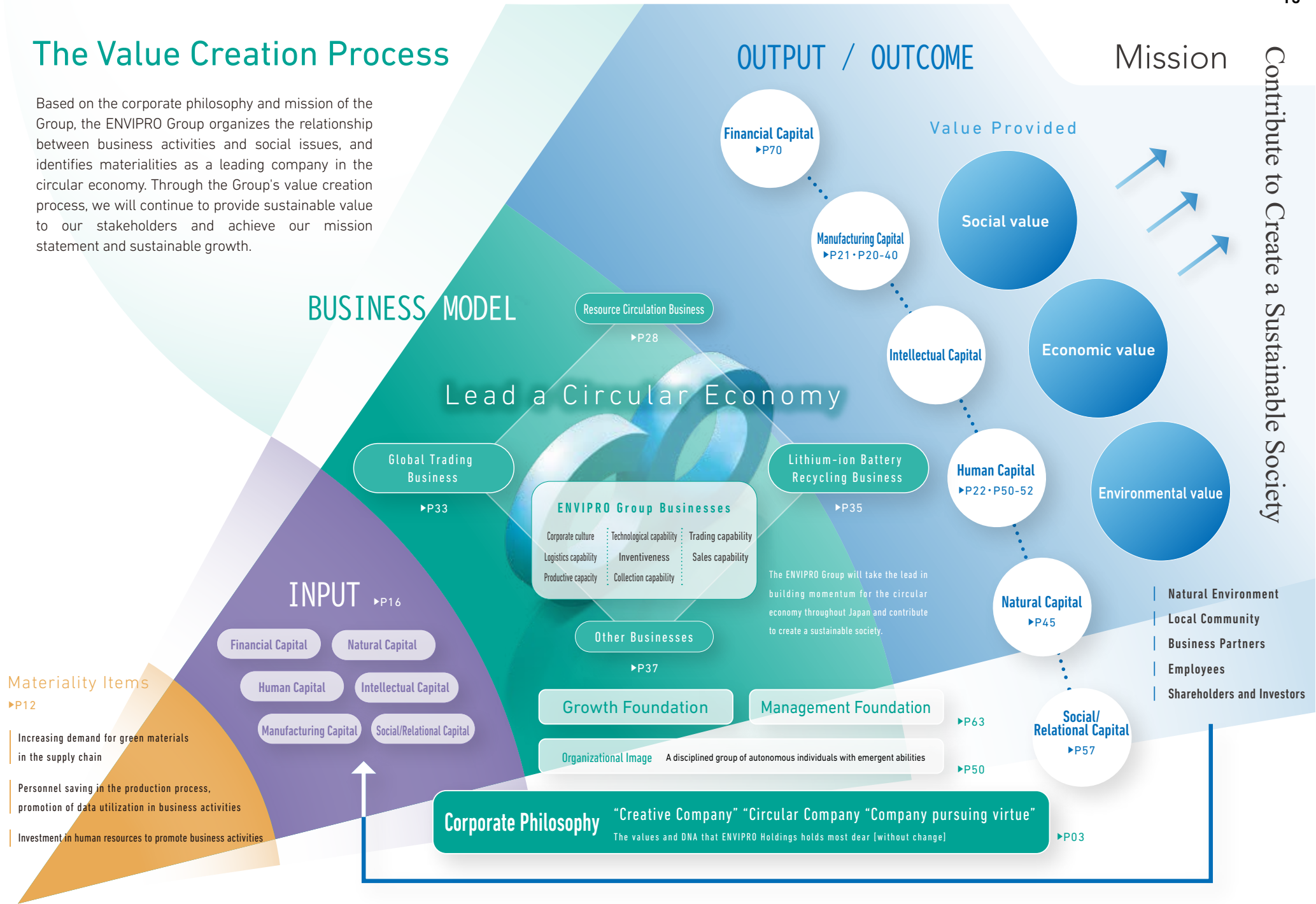
Themes	Materiality Items (Priority Issues)	Corresponding SDG Targets
Production of Green Materials	<p>Increasing demand for green materials in the supply chain</p> <ul style="list-style-type: none"> ① Increasing demand for ferrous scrap due to building of additional electric furnaces ② Increasing demand for non-ferrous metals and rare metals due to electrification ③ Promotion of advanced resource circulation of waste plastics 	
Productivity, DX	<p>Personnel saving in the production process Promotion of data utilization in business activities</p>	
Personnel development	<p>Investment in human resources to promote business activities</p>	

*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

Based on the corporate philosophy and mission of the Group, the ENVIPRO Group organizes the relationship between business activities and social issues, and identifies materialities as a leading company in the circular economy. Through the Group's value creation process, we will continue to provide sustainable value to our stakeholders and achieve our mission statement and sustainable growth.

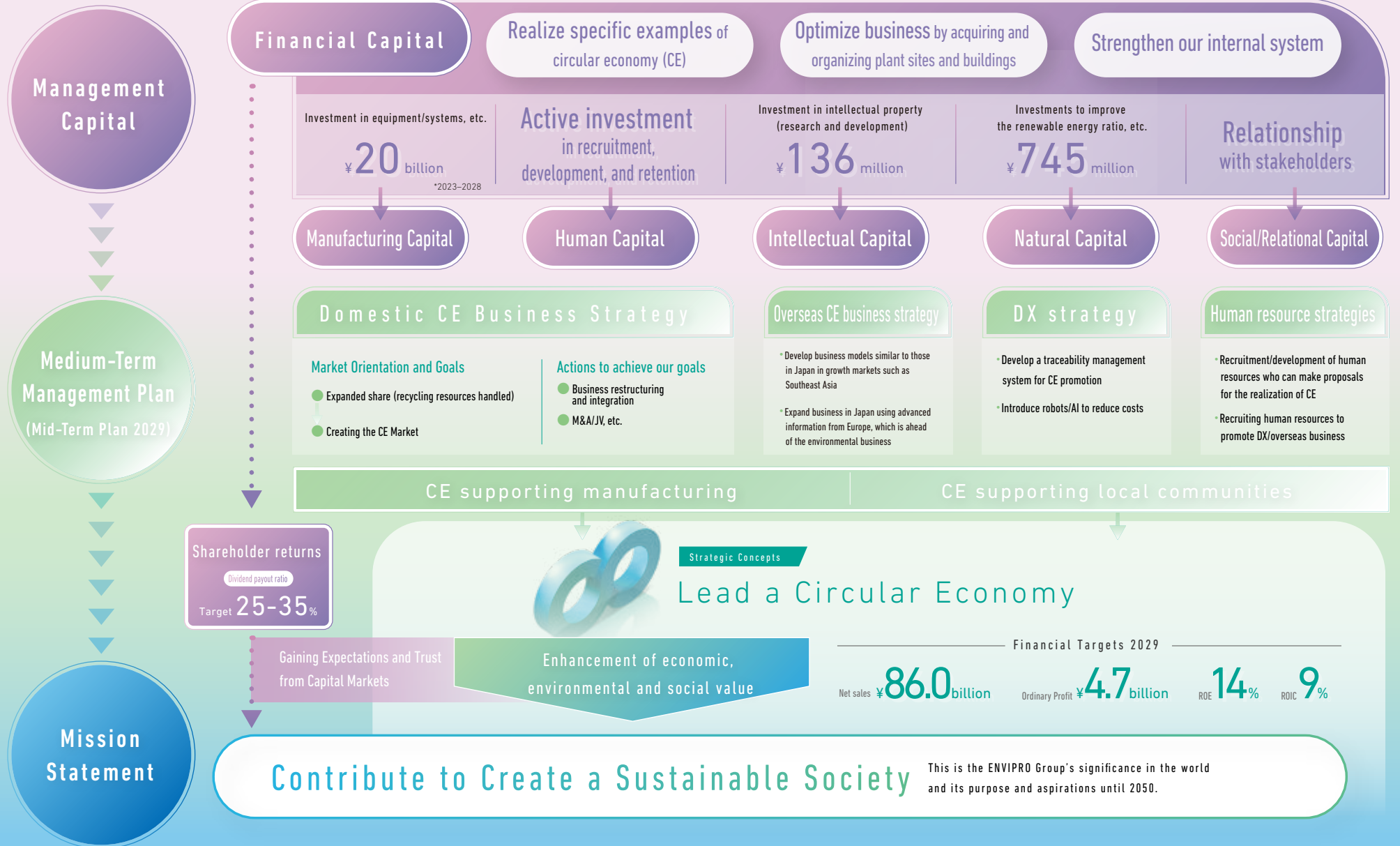
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The relationship between sustainability management and six management capitals

In order to achieve social and corporate sustainability at the same time, we need to improve our six management capitals without imbalance. In order to play a part in the realization of a sustainable society, the ENVIPRO Group is committed to both improving corporate value and solving social challenges through the practice of sustainability management.

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ENVIPRO GROUP SUSTAINABILITY REPORT 2024