

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

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.