

The society the Daiei Kankyo Group aspires to

Shaping the future of regions through Local Circular Ecological Spheres

Due to financial difficulties caused by population decline, an increasing number of municipalities are unable to proceed with updates to their waste treatment facilities. The Group aims to build self-sustaining, decentralized societies known as Local Circular Ecological Spheres. These are centered on local energy centers that integrate the treatment of general waste and industrial waste through PPPs, while utilizing regional resources to address local challenges. In addition to conventional waste management methods, we aim to create multifaceted value by supplying energy generated from waste management to local communities, serving as disaster response hubs, supporting local businesses, and creating jobs, while promoting coexistence and shared growth with the local community.

Expanding to 12 locations nationwide by FY2031/3

Aiming to form PPP agreements with 12 municipalities nationwide, we had concluded agreements for the development of local energy centers with three regions as of July 2025: Kumamoto, Hyogo, and Osaka prefectures. In the five towns of Kamimashiki-gun, Kumamoto Prefecture, we are proceeding step by step with environmental assessments and on-site surveys toward starting operations in 2030. Aioi Eco Service Co., Ltd. was established in October 2024 in Aioi City, Hyogo Prefecture. A PPP agreement was signed in March 2025 for the development and operation of the Aioi Local Energy Center. A general waste relay facility started operation in April 2024 in Tadaoka Town, Senboku-gun, Osaka Prefecture.

Creating multifaceted value centered on local energy centers

Revitalizing and creating local communities through coordination with projects and support led by municipalities, local communities, and organizations

Revitalization and creation



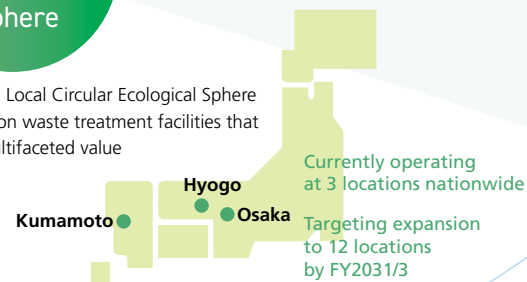
Local power supply

Supplying electricity generated from waste energy as local power

Three types of value

Local Circular Ecological Sphere

Building a Local Circular Ecological Sphere centered on waste treatment facilities that create multifaceted value



Five targets



Safety

Facilities ensuring safe and secure management and operation



Energy

Facilities enabling stable power generation through utilization of waste energy



Natural disasters

Facilities contributing to recovery and reconstruction through rapid disaster waste management



Fiscal revenue

Facilities creating new sources of fiscal revenue



Carbon dioxide

Facilities achieving reduction of CO₂ emissions

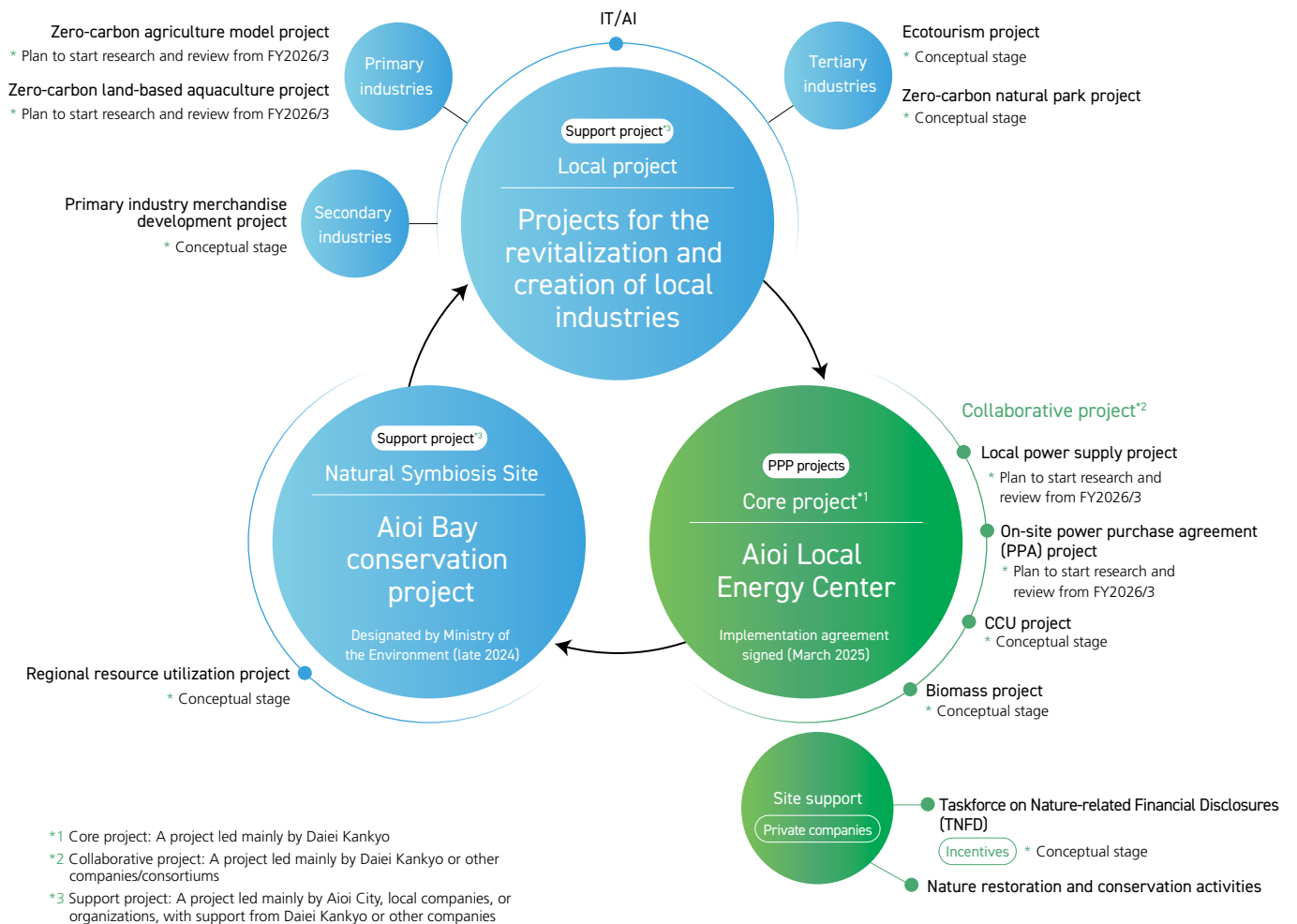
No single model for Local Circular Ecological Spheres—Realizing the optimal solutions tailored to local challenges

Local Circular Ecological Spheres are aimed at addressing the unique challenges and future goals of each community and finding the optimal form to build and sustain them. To support this, we have established three basic policies.

The core policy is entering the local power supply business. At local energy centers, electricity generated from waste incineration heat is used to operate the facilities, with surplus power supplied to the community. The second policy involves supporting municipalities and local organizations engaged in nature restoration and conservation. By providing support that includes human resources and financial backing, we aim to enhance the appeal of each region. The third policy focuses on supporting local projects led by local businesses and community groups. While primarily promoting the revitalization and creation of primary industries, we also consider support for sixth sector and tertiary industries based on the characteristics of each region.

A leading example is Aioi City in Hyogo Prefecture. In March 2025, we signed an implementation agreement for the Aioi Local Energy Center and are currently exploring the local power supply business. Additionally, we are considering providing personnel and financial support for a conservation project in Aioi Bay, designated as a Natural Symbiosis Site by the Ministry of the Environment in 2024. Furthermore, we plan to supply energy to local companies working on decarbonizing agriculture and land-based aquaculture, and have begun supporting these efforts by proposing solutions leveraging the Group's expertise.

Case study Building Local Circular Ecological Spheres by creating multifaceted value centered on the Aioi Local Energy Center



Community-centered collaboration

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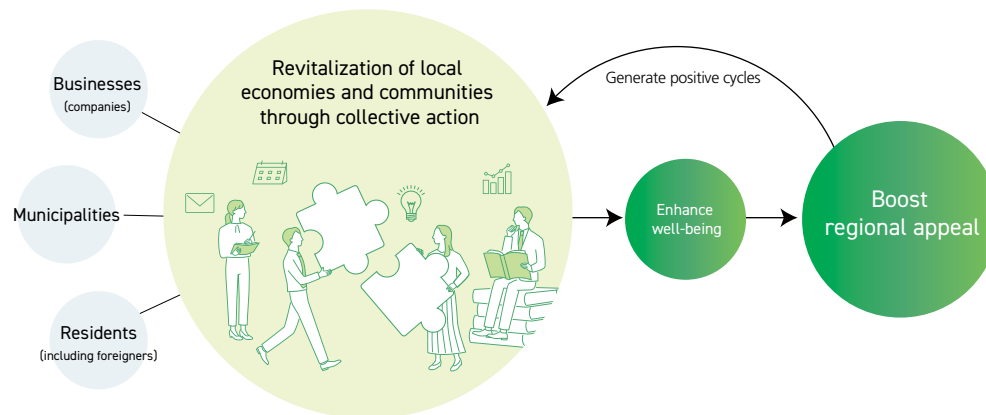


My vision of a Local Circular Ecological Sphere is a vibrant region that revitalizes its local economy and community, where both residents and workers actively contribute in meaningful roles and share a strong sense of purpose. I believe this will enhance well-being and create a virtuous cycle that increases the region's appeal, ultimately contributing to a self-reliant, decentralized society.

As part of my regular work supporting municipalities in developing waste management plans, I visit various areas with local staff to understand the situation firsthand. Through these visits, I encounter challenges such as declining participation in residents' associations and weakened community ties due to linguistic and cultural differences with foreign residents. These experiences continually prompt me to consider how municipalities, local residents, and business operators can collaborate to build a Local Circular Ecological Sphere, and what role the Group can play in supporting that process.

Each region has its own unique strengths, challenges, and ways of addressing them. My first step is always to understand the local context deeply. From there, I draw on my experience in the waste management field and my network of partners to identify the most suitable circular system for each community.

Fostering collaborative environments to realize Local Circular Ecological Spheres



Complete regional energy circulation

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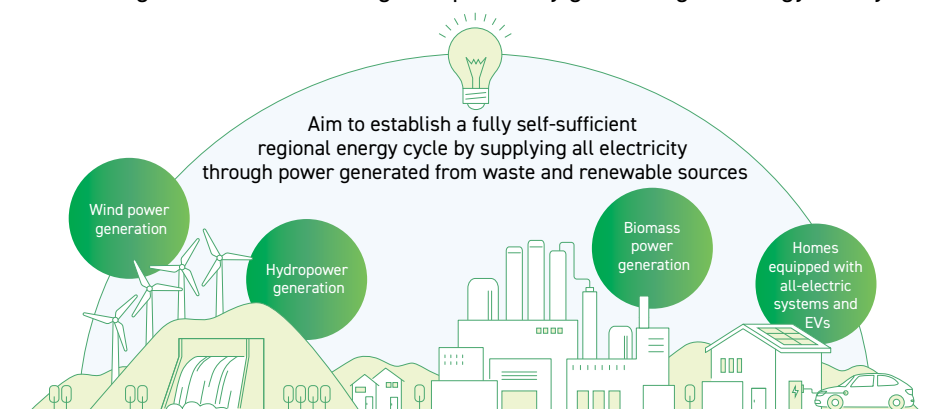


My vision of a Local Circular Ecological Sphere is what I call an "Innovative Energy Circular Ecological Sphere." This concept envisions a region meeting all its energy needs through locally generated power, where homes are fully electric, vehicles run on electricity, and the community collaborates during emergencies by implementing demand response to reduce electricity use when supply is limited. If realized, this model could foster a new form of community culture.

In many existing examples of Local Circular Ecological Spheres, energy use tends to be limited to public facilities or low-voltage applications, which I found to be a somewhat narrow approach. However, witnessing a small, forested country overseas confidently claim carbon neutrality inspired me to believe that complete energy circulation is possible by integrating waste-to-energy systems with renewable energy sources.

Of course, there are many challenges to address, such as managing power generation, balancing supply and demand, building transmission infrastructure, and preparing for disasters. However, in a country like Japan, which depends heavily on imported energy, I hope to see this innovative form of energy circulation take root, even if initially only in select regions. I would be honored to contribute to making this vision a reality.

Realizing Local Circular Ecological Spheres by generating all energy locally



Revitalizing primary industry in harmony with nature

Yuji Katakura

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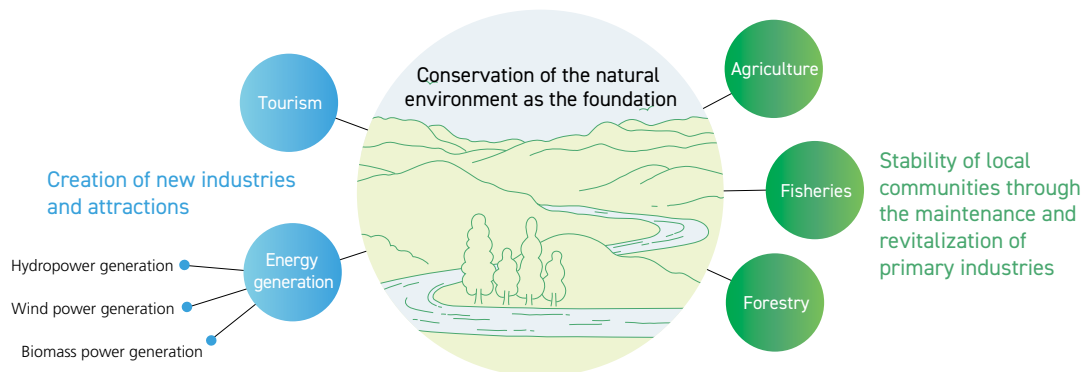


The Company aims to build communities where both local residents and businesses alike protect, nurture, and live in harmony with nature, while also making effective use of its resources. In regions where primary industries form the backbone of the economy, it is vital for everyone to recognize nature as the foundation of both society and the economy, treating it as a shared asset to be preserved.

My hometown is among many municipalities at risk of disappearing, which gives me a deep understanding of the importance of sustaining and revitalizing primary industries and retaining the people who support them. At the same time, many visitors come from outside the region attracted by its natural beauty and local products. This points to growing opportunities in tourism, renewable energy, and other sectors, all rooted in the richness of the local environment.

By protecting and utilizing natural resources wisely, communities can unlock new potential through initiatives such as hydroelectric and wind power, biomass energy from thinned timber, eco-tourism, and the revitalization of agriculture, forestry, and fisheries. Building regional appeal in harmony with nature is key to realizing a sustainable Local Circular Ecological Sphere.

Realizing Local Circular Ecological Spheres through harmony with the abundant natural environment



Supporting community-led revitalization

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One way to build a Local Circular Ecological Sphere is for businesses such as ours to make concrete proposals. Ultimately, however, it is essential that local residents take the initiative to generate and implement ideas themselves. While business operators may construct the core infrastructure, we serve as supporters who create opportunities, because the true driving force comes from the community itself. When local residents take ownership of their community's challenges and lead the search for solutions, their efforts become more sustainable and deeply connected to the community's unique character.

Our role is to share ideas, connect with people on the ground, and offer support tailored to each region's specific circumstances, driven by a genuine desire to contribute. Through this collaboration, we aim to exchange skills and expertise and build relationships that accelerate regional revitalization. Moreover, when a Local Circular Ecological Sphere is built around a core waste management facility that genuinely benefits the local community, the bond between our Group and the community strengthens, fostering an unprecedented level of harmony and mutual trust.

Realization of Local Circular Ecological Spheres through voluntary community engagement

