

sustainable japan

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CEO Petra Fare speaks of sustainability and scrappy thoughtfulness

How Ikea Japan is creating happier homes

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Leaders & Readers

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Everyone's image of a happy home is of a warm, safe place — a refuge from the outside world whose interior signals rest and comfort to the mind and body. In a sit-down with the CEO and chief sustainability officer of Ikea Japan, Petra Fare, we learned the many layers that comprise the word "home" to the iconic Swedish furniture brand and to Fare herself. Her commitment to building happy homes, her thoughtful cultural insights and her clear sense of leadership set a positive example of what is possible when a business and its leaders are determined to integrate sustainability into the foundation of their practices.

Scarcity leads to innovation

Fare grew up in a small town in Sweden just 45 minutes away from Ikea's birthplace. When asked about cultural differences between living and working in Sweden versus Japan, she remarked on how Sweden and Japan share more similarities than may meet the eye. For example, Swedes have a "waste not, want not" value very similar to mottainai. As both

nations are small, their natural resources are limited. This geographical reality creates a certain scrappy thoughtfulness in using every single resource in a way that maximizes utility and minimizes waste as much as possible.

As of 2019, all of Ikea's global CEOs are also chief sustainability officers, striving to advance environmental impact initiatives and lead by example. Combining product development with an ingrained cultural mindset of mottainai, Fare believes in doing "things a little bit smarter, a little bit better, making do with what you have."

We can see the fruition of this commitment to waste reduction in several tangible ways. On the e-commerce side, Ikea Japan has committed to zero-emission home deliveries. Currently, an impressive 40% of home deliveries are zero-emission, with the latest reports released the morning following the interview (Jan. 30) stating the aim of this figure to reach more than 90% by 2028. On the product-development side, waste is recovered and used to create new products, and their teams constantly ask themselves how they can reuse and upcycle materials in new ways. Retail stores also have buyback programs for used furniture that is then resold at lower rates. Ikea's iconic meatballs now have a 100% plant-based alternative, and within a few years 50% of its food will be plant-based, which overall is healthier and more sustainable.

The mottainai mindset is a triumphant example of shared cultural values leading to positive business practices with wide-scale impact. However, Fare did point out that one of the biggest differences between the Swedish and Japanese markets that she

has observed is lower consumer awareness of sustainability in Japan. Rather than viewing this as an obstacle, she sees it as an opportunity. "I truly believe Japan can be one of the leading countries in the world in sustainability," she said. She remarked how the Swedish government and media very publicly push forward calls to action, and sustainability is generally a much more prominent topic. She believes similar support in Japan would catapult the nation into the forefront of climate responsibility.

Accessible sustainability

Fare outlined three problems that Ikea's sustainability initiatives aim to address: "climate, nature loss and circularity," fairness and equality, and supporting healthy and sustainable lives. Addressing these begins, of course, with product development. Ikea furniture is democratically designed to be "beautiful, functional, of quality, sustainable and at a low price." Fare made it clear that people don't need to spend a mint in order to bring environmentally conscious items into their homes: "To enable people to lead healthy and sustainable lives, sustainability and sustainable products need to be affordable." Since November 2023, they have lowered the prices of 1,120 items.

"We have a clear vision, we have clear values in how we do business," she said. "Caring for people and planet is one of our key values. Our founder said from the beginning that Ikea is going to be for the many people, and to be for the many people we need to be affordable." Sustainable products are intrinsically tied to being inexpensive and accessible, as they need to be available on a wide scale for there to be any effective impact.



HARUO MOTOHASHI

Pricing furniture beyond the means of the average consumer defeats the purpose of producing it sustainably.

Fare is keenly aware of this, and showed great passion in Ikea's process of designing furniture that is not only beautiful and functional, but also cost-effective and creates as little waste as possible. She mentioned details such as how every single truck is packed as full as possible to make the most of each delivery, how retail stores provide free parts to reduce consumer burden and how Ikea saves paint by only painting the visible sides. "It's embedded in our culture,

in our company, in everything we do. Every action speaks, every action matters, from the biggest corporation to every individual." Ingka Group, the largest Ikea retailer, has also put this commitment into action in a massive way by committing to invest €7.5 billion (\$7.8 billion) in renewable energy by 2030, with €4 billion already invested.

'Happy homes, equal homes'

Fare's commitment to building happy homes goes beyond the physical to the more symbolic with Life at Home 2050, an initiative by Ikea Japan aimed at creating

Passion for outside, protecting planet

Petra Fare grew up in a small Swedish town about 45 minutes from Ikea's birthplace, and enjoyed many outdoor activities that sparked her passion for protecting the planet. Coming from a close family of entrepreneurs and a resource-scarce country contributed greatly to her perspectives on business practices as well as everyday life.

She rose through the ranks at Ikea in Sweden on the global product development side before becoming CEO and chief sustainability officer of Ikea Japan in August 2021. She was beyond thrilled to have the opportunity to move her family to Japan, and remarked on how much her children love living here. She also serves as the chairwoman of the Swedish Chamber of Commerce and Industry in Japan.

equality in the home by 2050. She spoke of "happy homes and equal homes" and has collaborated with government and academic institutions to host workshops to discuss how both businesses and individuals can work toward gender equality in the home. With the declining birth rate in Japan being a pressing social issue, Ikea Japan's interpretation of supporting women at home is an insightful and refreshing take on creating happier homes and a happier society.

Fare's examples of viewing obstacles as opportunities, understanding "home" as a layered concept, strongly committing to sustainability in ways big and small, and keeping products affordable demonstrate an outstanding example of a business leader not only taking responsibility for waste reduction and eco-friendliness, but doing so with a passion and empathy that consumers are starved for. "The planet is the one home we all share," she said with a smile.



Unicharm recycles diapers back into diapers

Mission: Sustainability

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Many companies claim to contribute to a circular economy, but only a few have actually realized horizontal recycling of discarded products into the same items. Unicharm Corp., a Japanese maker of daily necessities, is one of them.

The company tops the Japanese markets for disposable diapers and feminine sanitary products and is aggressively expanding in more than 80 other countries and regions in Asia, Oceania, the Middle East, North Africa and more. Unicharm's annual sales are approaching ¥1 trillion (\$6.6 billion), with overseas sales accounting for 67% of the total.

Unicharm is renowned as a progressive company active in efforts to help achieve sustainability. It was the first to achieve the feat of the horizontal recycling of diapers.

Use of ozone

"We are the only company in the world working on the horizontal recycling of diapers, and we actually incorporated it into our business operations this year," Unicharm President Takahisa Takahara said. "You can say we are at the cutting edge in this endeavor." Takahara, appointed in 2001, is a member of the second generation of the founding family. He has been the driving force behind Unicharm strengthening efforts for overseas expansion and stepping up sustainability initiatives.

Unicharm's flagship disposable diapers come in a broad range for infants, adults and pets. In Japan's aging society, demand for such products for adults is growing. Those for infants are increasingly finding users in emerging economies where the population is growing.



This Unicharm chart illustrates the horizontal recycling of paper diapers. UNICHARM

Paper diapers have mainly been regarded as disposable rather than recyclable. They are made of complex layers of nonwoven fabrics, waterproof film, paper pulp and superabsorbent polymers, and so are difficult to break down and recycle. But Unicharm dared to take up the challenge.

Two engineers began a project around 2010 to develop a way to recycle disposable diapers horizontally. After repeated trial and error, the company came up with a unique sterilization technology that involved bleaching and deodorizing with ozone.

The strong oxidizing power of ozone leaves the paper with the same quality as the original pulp, and when used at the appropriate concentration it all turns into oxygen during processing, making this a truly sustainable technology.

Social implementation

In 2015, a cross-divisional project called Recycle for the Future — RefF for short, pronounced riifu and symbolized by a leaf — was launched to commercialize horizontal recycling. The RefF lineup now includes products for children and toilet sheets for cats, and are sold at all 68 Aeon Kyushu stores and on Unicharm's own online store.

Their prices are a bit higher than regular products, but sales have proven brisk. The RefF brand represents about 11% of the sales of the Mamypoko Pants diaper products for children.

In October 2024, in partnership with Yokohama, Unicharm began providing Mamypoko Pants RefF to all 56 publicly run day care facilities in the city that use the Tebura Toen service of Baby Job Inc. Literally meaning "empty-handed attendance," it supplies disposable diapers to day care facilities, saving parents from having to bring diapers with their children's names written on them and day care facilities from having to manage diapers for each child. This combination of horizontal recycling and subscription service has the potential to make Unicharm's RefF initiative grow dramatically.

In order to manufacture enough recycled products, Unicharm must first collect enough properly disposed diapers. Cooperation from municipalities is essential, but so far they are limited to the two in Kagoshima Prefecture. The company aims to expand diaper collection partnerships to more municipalities, with a target of 10 by 2030. Takahara said



Takahisa Takahara, president and CEO UNICHARM

many municipalities have shown interest in RefF but have difficulty with the cost of collection and disposal, and with convincing residents. Still, given the current trend toward realizing sustainability and a cohesive society, if even a single large city joins Unicharm's initiative, it may prompt many others to follow suit.

"We think it's possible to horizontally recycle feminine sanitary products as well," Takahara said. "My vision for RefF is to grow it into a brand whose concept allows it to be attached to not only absorbent products such as disposable diapers and sanitary products, but also products such as pet food as well as all kinds of services. RefF is short for Recycle for the Future. My wish is to make it a symbol of a circular economy in our company's style." In fact, RefF has even leaped beyond Unicharm itself.

In October, for example, Oji Nepia Co., a major sanitary paper company, introduced a new toilet paper bearing the RefF brand. Oji decided to put the RefF logo on the packaging because the product is manufactured using power generated from a fuel known as RPF, short for refuse-derived paper and plastics densified fuel, made from disposable diapers collected by Unicharm.

This is an indication that the new circular economy that Unicharm is creating — products, services, businesses and everything else involved in the value chain that contributes to realizing the U.N.'s sustainable development goals — can be labeled RefF. The day when RefF evolves into a brand that symbolizes Unicharm itself may not be that far off.

Scan the QR code to read the full version of Unicharm's article. This story was published on Dec. 21 at the Sustainable Japan Magazine.



NRI helps Noto town of Anamizu grow back better following quake

ESG/SDGs

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The major earthquake that jolted Ishikawa Prefecture's Noto Peninsula on Jan. 1, 2024, drew attention to the area's severe issue of an aging and shrinking population, but efforts to revive the Anamizu Town, which is in the center of the Noto Peninsula, will aid the overall recovery, according to an expert researcher at the Nomura Research Institute (NRI).

In April, NRI reached an agreement with Anamizu as Mayor Koki Yoshimura looked for an ally to compile and carry out a recovery plan after the magnitude-7.6 earthquake took 38 lives, destroyed half of the 4,115 residences and cut off water and power supplies, forcing nearly 4,000 people to evacuate.

In creating the plan, the local government and residents had to address the region's population problem, since the evacuation could further exacerbate it. "The plan is not just to reconstruct the town. We needed to develop something new and more forward-looking to revitalize the place amid a declining population," said Tsuyoshi Sakaguchi, an expert researcher for NRI who spends half of each week in Noto to help realize the plan.

Anamizu is often called "the gateway to Oku-Noto," the far part of the peninsula, because it is the center of land and air trans-



The Noto Kashima station, a famous cherry blossom viewing spot NRI

portation networks, including a local rail terminal, a highway and an airport with two flights to Tokyo every day. "Since the town has geographical potential, its revival should have a positive impact on the whole Noto Peninsula," Sakaguchi said.

On Dec. 27, Anamizu released its recovery plan, which involves four major projects working toward disaster resilience, community and industrial recovery, better child-rearing and education, and the revival of Oku-Noto as a gateway, with the hope that residents can envision a positive future for the region.

NRI's mission was to help Anamizu compile the plan based on surveys it designed and analyzed, as well as on opinions presented by members of the reconstruction conference, who are mostly young residents. It also set out strategies on how to move forward with specific projects — including revitalizing the commercial area around the station — by helping to generate ideas and, when necessary, selecting outside organizations and companies as partners.

As part of the mission to help the town start new business activities, NRI provides know-how and networks for technologies that Anamizu might need, such as self-driving services and decentralized autonomous infrastructure. If the town expresses interest in something, NRI checks the feasibility and connects it to relevant companies and ministries. Introducing things like solar and water power generation, water circulation system, power storage and telecommunications in small local areas will help them avoid suffering from blackouts or water cutoffs in severe disasters, Sakaguchi said.

The peninsula's unique geography made it hard to support residents in the aftermath of the earthquake. A national highway runs along a coastline with steep mountain slopes that were hit by tsunamis and landslides. In addition, some seaports found that the quake had altered the seabed, preventing vessels from reaching port. Rebuilding the area's infrastructure will take time, but that will be handled by the central and local governments.



Discussion that took place at the the reconstruction and future creation conference NRI

What NRI could do was to utilize its know-how on compiling recovery plans, drawn partly from its experience with the Great East Japan Earthquake in 2011 and the 2016 Kumamoto Earthquake. But that did not mean the recovery plans for those two disasters would automatically be applied to Noto's case because society has changed significantly since then, Sakaguchi said.

"More than the past recovery plans themselves, it was helpful to know how important it is to listen to local residents," he continued. "Things have changed dramatically since the pandemic," he added. Digital transformation has rapidly permeated people's lives, and one effect of this has been to make them more open to diversity, affecting how evacuation spaces should be set up after a big earthquake, he said.

His colleagues who had worked on NRI's support for Kumamoto advised gathering opinions from residents of all ages and reflecting them in the plan. Sakaguchi said they reviewed all of the survey responses for this purpose.

Some community leaders helped senior citizens fill out the surveys, and others put up posters promoting them at convenience stores and supermarkets. "The way in which to reflect their voices was different from before, but we learned from past cases that it is essential to value what they hope to do," Sakaguchi said.

Sustainable Japan Network

