

# sustainable japan

(presented by The Japan Times Cube)

## Firms need sustainability for survival in long term

### ESG / SDGs

MAIKO MURAOKA  
CONTRIBUTING WRITER

Environmental, social and governance (ESG) factors are attracting ever more attention from all stakeholders, from investors to consumers, as some of the most important keys for assessing corporate values, especially in the wake of the coronavirus outbreak.

It's not just that companies increasingly are realizing they have a better chance of surviving tough times if they manage long-term risk with strategies for sustainability. "Consumers' awareness is changing in these difficult times, when what was once normal is not normal anymore. They are starting to think about what they most value, which will make companies need to do more," said Suntory Holdings Ltd. Chief Operating Officer of the Corporate Sustainability Division Tomomi Fukumoto in an online talk session organized by the Japan Times ESG Consortium on Oct. 1.

Suntory, a Japan-based global beverage producer, won the Excellence Award in the ESG category of the Japan Times Satoyama and ESG Awards 2020. The Grand Prize winner was Fuji Oil Holdings Inc., which develops and makes food products such as vegetable oils, industrial chocolates and soy-based ingredients. The chief ESG officer of the company, Takashi Kadota, also joined the talk session, which was moderated by Michio Morisawa, the Japan head of the Principles for Responsible Investment network and director of CDP (formerly the Carbon Disclosure Project) Japan.

Both companies have always regarded contributing to society as an indispensable part of business. Fuji Oil upholds "work for people" as one of its values, and Suntory "giving back to society." This is exactly the kind of mentality necessary for a deep commitment — not mere show — to ESG principles and is what makes these companies exemplars of a corporate philosophy that incorpo-

rates successful ESG policies.

The companies' ESG-aware strategies are designed to address a wide range of challenges in their value chains, from emissions reduction and responsible procurement to the environment and human rights. These are also in line with the United Nations' Sustainable Development Goals.

### Reducing climate change

Fuji Oil, established in 1950, places sustainability at the core of its business. "Business that lacks social value is not sustainable," Kadota said. Among the 17 U.N. goals, Kadota explained, Fuji Oil considers climate change as one of the most urgent issues. "An integrated system of reducing emissions and capturing emitted carbon dioxide is necessary," he said, mentioning that the company engages not only in emissions-reducing activities such as developing renewable energy but also in the prevention of deforestation.

Suntory is also taking on a big challenge to launch its first zero-emissions factory in Nagano Prefecture in 2021. "The factory will be using renewable energy sources in the region such as biomass," Fukumoto said.

Morisawa, who also serves as chair-



Suntory's Natural Water Sanctuary Okudaisen located in Tottori  
SUNTORY HOLDINGS LTD.

woman of the Japan Times ESG Consortium, commented that the creation of small electric power plants that use local renewable energy sources is technologically possible these days. "I hope that there will be more collaborations between companies and municipalities in this field," she said.

### Water sustainability

Water sustainability, part of the Sustainable Development Goals, is the most important element for Suntory from the perspective of its sustainable growth. "Out of the Suntory Group's seven sustainability themes we stipulated last year, water comes first," said Fukumoto, saying the resource needs to be preserved and husbanded for future generations. Suntory has been engaging in Natural Water Sanctuary cultivation activities since 2003 to create and maintain forests that produce mineral-rich water. It has also been providing water education programs to children since 2004.

Another of the seven themes, Containers and packaging, also overlaps with some of the Sustainable Development Goals, such as Life Below Water and Responsible Consumption and Production. Fukumoto said, "We aim to replacing all virgin materi-



Children learn about the environment in Indonesia through Suntory Mizuiku — Education Program for Nature and Water.  
SUNTORY HOLDINGS LTD.

als used in our PET bottles with recycled or plant-derived materials by 2030."

Fuji Oil is also highly aware of how the raw materials it procures, such as palm oil, cacao beans and soybeans, are grown. Kadota acknowledged that areas producing these materials in Southeast Asia, Africa and other regions have had environmental and social problems. "But palm oil, for example, is inexpensive compared to other vegetable oils. It is an important food ingredient, especially in poor nations, and we feel responsible for its stable supply," he said.

### Raising workers' awareness

Fuji Oil tries to continue procuring these materials while solving the problems faced during the production process. "Some of our efforts include making palm tree plantation owners return passports to more than 200 migrant workers, to not allow forced labor, and suspending business with suppliers whose production processes are causing deforestation," Kadota said. The company is also committed to putting an end to child labor and to improving the living conditions of workers throughout its supply chain.

To accelerate efforts to achieve Sustainable Development Goals through the companies' ESG management, Fuji Oil and Suntory are striving to raise workers' awareness about why such efforts are needed and how they will contribute to the businesses' own sustainability and are enhancing communications with various stakeholders.

More than half of the workers in the Fuji Oil group are non-Japanese. As a company that considers diversity to be important for both itself and society, Fuji Oil appoints local workers to managerial positions in many of its overseas entities. "Each country has its own culture, trends, business methods, social issues and special needs for food. It makes more sense to entrust speedy decision-making to local employees,"



Fuji Oil established a joint venture with United Plantation in 2017. UNIFUJISDN.BHD.

Kadota said. He himself talks directly to locally hired workers to listen to their ideas and worries, and to explain the need for a collective ESG effort by the entire group.

Suntory, in addition to various programs to develop human resources, offers an internal award program to recognize employees who take on new business challenges using fresh ideas and creating new values. "Last year, about 450 teams, consisting of about 4,500 workers from around the world, applied for the award. Sustainability is an important factor in evaluation," Fukumoto said. She also explained that roughly 7,000 workers in Japan have had hands-on experience in forest development as part of the company's Natural Water Sanctuary activities designed to nurture forests.

In order to closely communicate with stakeholders, both companies publish financial and nonfinancial information such as integrated reports and sustainability reports, make their websites available in multiple languages, offer environmental education programs to children and take various other measures.



A class on nutrition, part of a project Fuji Oil has been conducting since 2014 in cooperation with the nonprofit Houkago's After School program. FUJI OIL CO., LTD.

Fukumoto pointed out that Japanese enterprises tend to be too modest about their efforts and achievements. "Even if we have done something good, if we don't try to propagate it widely, it is the same as having done nothing at all," she said. She also stressed the importance of not only reaching out to various stakeholders but also involving them in the company's sustainability efforts.

Morisawa commented that from investors' point of view, accurate corporate evaluations that lead to long-term profit are based on both financial and ESG information about companies.

This section "sustainability," features issues related to the environment and sustainable society. It highlights the ESG (environmental, social and governance) activities of companies and other organizations and also introduces municipalities and local companies promoting the beauty and excellence of the real Japan. For more information, see <https://sustainable.japantimes.com/> and <https://sustainable.japantimes.com/eng>

## Roundtable: Sustainability with Ross Rowbury

English-language talk events organized in Japan



Date and time:  
**Wednesday, Nov. 11, 2020**

10:30 a.m. to 11:30 a.m. (Tokyo Time)

12:30 p.m. to 1:30 p.m. (Melbourne Time)

Location: Livestreaming

Livestreaming participants: You will receive a URL after registration.

To join use the QR code or visit:

<https://peatix.com/event/1680417>

The contents of Roundtable by The Japan Times will be published as an archive at a later date and will be introduced in the main paper of The Japan Times and the website of Sustainable Japan by The Japan Times.



### Guest Melanie Brock

Melanie Brock is one of Japan's best-known APAC specialists. She uniquely combines language skills, high-level political, media and business networks, and practical commercial business leadership. She consistently delivers on business, regulatory and partnership outcomes for Japanese and Australian corporations in both a global and domestic context. Highlights of Melanie's 20-plus years of experience include leading nationwide marketing campaigns and a successful bilateral free trade agreement and as architect of regional Japanese activities for corporate social responsibility. Melanie has a media profile, regularly featuring in Nikkei, the Australian Financial Review and the ABC, giving her an unparalleled media network.



### Host Ross Rowbury

Ross Rowbury has observed Japan while living and working here for four decades. Commencing his career in finance in Tokyo in the early 1980s, he later moved into public relations and communications, holding senior positions at Gavin Anderson & Co. (now Kreab) and PRAP Japan. Most recently, he headed the Edelman business in Japan for 10 years until July 2020. Ross is also visiting professor of Asian marketing at Doshisha University in Kyoto.

### What is Roundtable by The Japan Times?

The English-language events will invite readers of The Japan Times to be guest speakers. Ross Rowbury (former representative of Edelman Japan), who has a deep knowledge of Japan and boasts a wide network both here and abroad, will sit down in the role of host with Japanese and non-Japanese to discuss their lives in Japan. Held once a month, the format of the roundtable will include time for panel discussions with the participation of the audience.

For our special guest speaker, Rowbury will invite Melanie Brock from Melanie Brock Advisory, which works across a wide range of industry sectors and issues to support cross-cultural businesses and public relations.

Contact: [jtc-csinfo@japantimes.co.jp](mailto:jtc-csinfo@japantimes.co.jp)

Roundtable by **thejapantimes**

## Japan climate summit draws participants from around globe

### ESG / SDGs

CARL STIMSON  
CONTRIBUTING WRITER

The Japan Climate Action Summit 2020 brought together leaders in the public and private sectors from around the country, as well as climate activists from Japan and overseas.

This year's event, which was hosted by the Japan Climate Initiative on Oct. 14, was streamed via Zoom due to the coronavirus pandemic, drawing about 1,500 people from around the world. Some speakers and most panel participants were able to gather in person.

Indeed, the coronavirus pandemic was a constant presence at the summit, primarily due to the effects it has had on the global economy, and how this in turn relates to issues and trends in pollution and carbon dioxide emissions.

In his keynote address, Seita Emori, deputy director of the Center for Global Environmental Research at the National Institute for Environmental Studies, cited research estimating that at the peak of the lockdowns in April, global carbon dioxide emissions were down 17 percent compared to last year's average.

However, he noted that emissions have crept back up as lockdowns are loosened and some nations get a handle on the virus, which suggests any "new normal" will not be much different from the old normal in terms of carbon emissions.

The next keynote speaker, JCI Representative Takejiro Sueyoshi, painted a long-term picture of global business trends as they

relate to fossil fuels and emissions.

Sueyoshi noted that General Electric and Exxon Mobil, two corporate giants that have made billions from fossil fuels, were dropped from the Dow Jones Industrial Average in recent years, which he called an important symbol of the slow but steady retreat of fossil fuels from our lives.

Nevertheless, after going through a lengthy list of companies and sectors that have moved toward decarbonization, he criticized the response of the Japanese government as tepid and called for bold leadership on climate issues.

Despite these criticisms, the government had a strong presence at the summit. Senior officials from the Foreign Ministry and the Economy, Trade and Industry Ministry gave congratulatory remarks, as did Environment Minister Shinjiro Koizumi, and all of them pledged support for decarbonization efforts.

Nevertheless, as noted by Nigel Topping, Britain's high-level climate action champion for the 2021 United Nations Climate Change Conference, the government representatives did not announce any new emissions targets.

In his special keynote speech, Topping declared that a "zero-carbon economy is inevitable" and praised the Race to Zero Campaign, in which businesses, universities, municipalities and other organizations pledge to achieve net zero carbon emissions by 2050.

Topping said that at the moment, "Japan is not leading in its policy and thinking on climate change" and encouraged the setting of a "very clear end date on net zero."

Just days after the conference, Prime Minister Yoshihide Suga announced to the Diet a goal of achieving net zero carbon emissions



From left: Hiroko Kuniya, moderator of the Japan Climate Action Summit 2020; Suichi Abe, governor of Nagano Prefecture; Yuriko Koike, governor of Tokyo; Kamon Iizumi, governor of Tokushima Prefecture and president of the National Governors' Association; Hiroshi Ozeki, president and chief executive officer of Nissay Asset Management Corp.; and Minalo Sumatsu, chairperson, publisher and president of The Japan Times JAPAN CLIMATE ACTION SUMMIT



Shinjiro Koizumi, Minister of the Environment JAPAN CLIMATE ACTION SUMMIT.

for Japan by 2050 through a "green society" strategy creating a virtuous cycle between the economy and the environment.

The summit also featured two panel discussions: one bringing together leading actors on climate action from government, business and civil society, and another featuring top leaders in the private and public sectors who are driving current environmental policy.

Kazuhiro Inoda, the supervising director of global environment and policy at the Kyoto city government, described how his city is leading from the ground up by setting emissions targets that are more ambitious than those of the central government.

By 2030, Kyoto seeks to reduce emissions by at least 45 percent compared to 1990 levels, which is considerably higher than the central government's goal of a 26 percent cut.

While individual and smaller actors can provide inspiration and serve as important test cases, Nissay Asset Management Corp. CEO Hiroshi Ozeki noted in the Top Leaders Session that support from the very top is crucial. He said that while "Japanese companies often invest in renewable energy sources overseas thanks to the existence of green bonds, there are fewer opportunities in Japan." These bonds are used to finance projects intended to fight climate change and provide investors with an added layer of security.

Other well-known participants in the summit included Michael Bloomberg, the philanthropist, businessman and former New York mayor, and Tokyo Gov. Yuriko Koike. Their presence, along with those of other prefectural governors and a Cabinet member, signaled that climate change is receiving attention from the highest levels.

For more information, see <https://japanclimate.org/english/>