



# ❖ Mainstreaming the SDGs in Business:

## Actions by Companies and Organisations in Japan



## Supporting Companies and Organisations

### [Companies and Groups]

- ANA Holdings Inc.
- Ohtori Corporation
- Seigakuin University & Schools
- Asahi Shimbun Company
- Koei Research & Consulting, Inc.
- Business Consultants, Inc.
- Kokusai Kogyo Co., Ltd.
- University of Tsukuba
- Konica Minolta, Inc.
- Sumitomo Chemical Co., Ltd.
- Seiko Epson Corporation
- Nabtesco Corporation
- Japan Asia Group Limited
- Nippon Life Insurance Company

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## SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



Source: United Nations Information Centre

# 1. Introduction

We have entered the fourth year of implementing the Sustainable Development Goals (SDGs), which came into force on 1 January 2016. In 2019, the first meeting at the level of Heads of State and Government will take place raising expectations for the further penetration of the SDGs into various aspects of our societies. The SDGs lay out a globally agreed upon vision for the future intended to build better lives for all people. Proactive contributions are expected not only from governments, but all stakeholder groups, including companies, civil society organisations and academia.

Since 2015, the Global Compact Network Japan (GCNJ) and the Institute for Global Environmental Strategies (IGES) have conducted questionnaire surveys on SDGs-related initiatives targeting GCNJ member companies and organisations<sup>1</sup>. From 2016, results have been compiled into reports and disseminated widely. This report is the third in this series.

Past reports presented the results of a survey on the views held by GCNJ member companies and organisations. The first in this series "SDGs and Business in Practice - Early Actions by Japanese Private Companies"<sup>2</sup> published in 2017 presented the state of SDGs-related initiatives one year after the SDGs had been adopted in September 2015, along with leading example initiatives. At the time, only those employees responsible for CSR and managers cognizant of international trends were familiar with the SDGs. In fact, there was merely a handful of companies that had begun actions contributing to the SDGs via their core business, rather than exclusively in social contribution activities. Low levels of awareness in society and understanding within companies were major challenges to engaging in SDGs-related initiatives.

Last year's "SDGs and Business for the Future"<sup>3</sup> continued the surveys of GCNJ members, reporting on advances made over a one-year period. The report revealed that while many companies had a stronger intention to engage in the SDGs, they remained at the stage of searching for ways to do so. The report examined concrete approaches for engaging SDGs through core businesses from two dimensions: "organisations" that look at establishment of sustainability within management organisations and "corporate activities" that aim to address social issues.

These two reports garnered considerable attention. For instance, they were introduced and mentioned in a variety of contexts, such as the UN Global Compact's (UNGC) International Yearbook and a government environmental white paper. Furthermore, many requests to further explain how to go about implementing example initiatives and SDGs as core business were received. Based on feedback received on the usefulness of these reports in understanding awareness on SDGs among companies and organisations, as well as changes in initiatives over time, we have continued the surveys based on the cooperation of GCNJ member companies and organisations, and compiled results into this report.

In this report, we have placed our focus on the implementation of SDGs in the areas of employment and labour, and on the commitment of leaders and management. It is common knowledge that the SDGs cover a wide range of areas, and companies are increasingly expected to provide solutions to societal challenges. For this reason, the previous report examined contributions via core business activities. However, initiatives targeting workers and people involved in companies and organisations are also required to address Goal 5 (Gender Equality and Women's Empowerment), Goal 8 (Decent Work and Economic Growth) and Goal 10 (Reduced Inequalities).

The management method most strongly related to these goals is diversity management. Diversity management refers to "management that utilises diverse human resources in a way that provides opportunities for maximum demonstration of abilities to generate innovations and create value"<sup>4</sup>. The promotion of diversity management requires the provision of environments in which diverse workers can choose from diverse ways of working according to their respective situations. As such, along with the acquisition of human resources, work-style reform is also essential. In Japan, promoting women's advancement is an important key to implementing diversity management and work-style reform. Accordingly, this report will examine the current state and issues of diversity management and work-style reform in companies from the perspective of promoting gender equality, an area in which Japan lags strikingly behind when considered in an international context.

<sup>1</sup> Organisations include local governments, universities, general incorporated associations, public interest incorporated foundations and non-profit organisations.

<sup>2</sup> GCNJ/IGES (2017), "SDGs and Business in Practice—Early Actions by Japanese Private Companies", [http://ungcjin.org/sdgs/pdf/elements\\_file\\_2966.pdf](http://ungcjin.org/sdgs/pdf/elements_file_2966.pdf).

The English edition was released in June 2017 and is available at the following URL: [http://ungcjin.org/sdgs/pdf/elements\\_file\\_3032.pdf](http://ungcjin.org/sdgs/pdf/elements_file_3032.pdf).

<sup>3</sup> GCNJ/IGES (2018), "SDGs and Business for the Future", [http://ungcjin.org/sdgs/pdf/elements\\_file\\_4001.pdf](http://ungcjin.org/sdgs/pdf/elements_file_4001.pdf). The English edition was released in June 2018 and is available at the following URL: [http://ungcjin.org/sdgs/pdf/elements\\_file\\_4001\\_en.pdf](http://ungcjin.org/sdgs/pdf/elements_file_4001_en.pdf).

<sup>4</sup> Ministry of Economy, Trade and Industry (2015) "Diversity Management Strategy. II. Towards Diversity Management for value creation", <http://www.meti.go.jp/policy/economy/jinzai/diversity/kigyos100sen/entry/pdf/h27betten.pdf>

Are challenges addressed in the context of women's advancement, diversity and work-style reform consistent with the ideals of the SDGs? Are there any inconsistencies? How far have Japanese companies and organisations come, and what challenges remain? Precisely how aware are management and human resources staff of these issues and their relation to the SDGs? Unraveling these questions is the first step in contributing to achievement of the SDGs in the areas of employment and labour.

Concerning the commitment of company leaders and management, the SDG Compass states, "Active leadership by the CEO and senior managers is key to the success of any type of significant organisational change".<sup>5</sup> Moreover, our 2017 report points out that "It is also important for top management not to simply limit their scope of activities to mere mentions in CSR reports (including

integrated reports), but rather look at the issue from a mid- and long-term perspective and exhibit the leadership to launch major directions. These must be communicated to employees in their own words, illustrating a sense of purpose and recognition of important issues."

Based on the above recognition, this year we conducted interviews targeting top and senior management, which are compiled into a series of articles. Additionally, the full text of the "2030 Transform through SDGs - interview with 10 top executives of companies -", a series of interviews of ten top executives in GCNJ member companies conducted by the Asahi Shimbun newspaper, is also included.<sup>6</sup> We hope you take this opportunity to see for yourself what the top and senior management in companies and organisations actively engaged in initiatives on the SDGs have to say.

### <Column 1: Three components of SDGs-based management>

In the practice of SDGs-based management, companies and organisations are required to engage in three main components: compliance, organisational management and corporate activities. The first component, compliance, includes adherence to rules and regulations on competition, environment, employment, labour, manufacturing and taxation etc. In recent years, inspection fraud and long working hours have become problems in Japanese society. Further, payment of tax provides funds for provision of vital safety nets and infrastructure in society, as well as the redistribution of wealth, which cannot be provided by individual companies or organisations. Thus, paying taxes is an important act that contributes indirectly to the SDGs. Regardless of how much effort is put into contributing to the achievement of the SDGs through core business, companies and organisations that violate rules in the area of compliance are not fulfilling the social responsibility expected of them.

The second component, organisational management, includes the aspects of employment/labour and environment. Acquisition of diverse human resources, promotion of gender equality and flexible work styles fall under the aspect of employment and labour. Likewise, pollution prevention, environmental management, green procurement, energy conservation and CO<sub>2</sub> emissions control fall under the aspect of environment, an area in which Japanese companies and organisations have focused their efforts to date.

The third component, corporate activities, includes contributions based on integrating the SDGs into core business, as well as social contributions such as donations and volunteer work that contribute to the SDGs. The former, integration of SDGs into core business, was examined in last year's report, "SDGs and Business for the Future". Whenever possible, an "outside-in" perspective should be adopted when deliberating on goals and initiatives using the social issues laid out in the SDGs as starting points. The latter, social contributions, involve a wide variety of activities such as support for disaster recovery and collaboration with civil society organisations. In addition to creating sustainable communities and supporting the socially-disadvantaged, these activities are also linked to company branding, stronger networks and human resource development. Hence, such activities are important both from the perspective of the SDGs and for their role in the strategy of each company or organisation. Chapter 5 of this report examines the aspects of employment and labour, mainly within the contexts of organisational management and compliance.

#### Organisational management

##### <Employment & labour>

Acquiring diverse human resources, flexible work styles, promotion of gender equality, etc.

##### <Environment>

Pollution prevention, environmental management, green procurement, energy conservation, CO<sub>2</sub> emissions control, etc.

#### Corporate activities

##### <Core business>

Refer to "SDGs and Business for the Future"

##### <Social contribution>

Donations, volunteer work, collaboration with non-profit organisations, etc.

#### Compliance

Competition, environment, employment, labour, manufacturing, taxation, etc.

<sup>5</sup> The SDG Compass is a guide for corporate action on the SDGs, prepared by GRI (Global Reporting Initiative), UNGC and WBCSD, and is used as a reference by many companies engaged in addressing the SDGs. The Japanese version was released in March 2016 by GCNJ and IGES, and is available at the following URL: [https://sdgcompass.org/wp-content/uploads/2016/04/SDG\\_Compass\\_Japanese.pdf](https://sdgcompass.org/wp-content/uploads/2016/04/SDG_Compass_Japanese.pdf).

<sup>6</sup> These articles were printed in the newspaper from August to September 2018. Subsequently, they were published in English on "The Asahi Shimbun Asia & Japan Watch" English website. In September, both the Japanese and English versions were published together as a booklet entitled, "2030 Transform through SDGs - interview with 10 top executives of companies -".

## 2. Overview of Research

This report is based on a literature review of major reports put out by the United Nations and business networks, as well as two types of questionnaire surveys and two types of interview-based surveys.

While the literature review served as a basis for the entire report, it was particularly utilised for Chapter 3's summary of the latest trends in implementation of the SDGs, both in Japan and internationally. This chapter mainly discusses activities of UNGC and the High-level Political Forum (HLPF) which were designed to raise momentum through announcements on progress in SDG implementation around the world and sharing of good practices. It also discusses trends in related ministries and agencies of national governments, including the Japanese government, industrial sectors and local governments.

The first type of questionnaire involved fact-finding research that has been continued yearly since 2015 on the implementation status of SDGs-related initiatives using on-line questionnaires for GCNJ members. This report covers the fourth survey targeting GCNJ members, comprised of 287 companies and organisations (as of 1 September 2018), with questions concerning awareness of the SDGs, the state of actions, challenges faced by SDGs-related initiatives and future directions. The survey

was conducted between 1 September and 22 October 2018 and garnered responses from 180 companies and organisations (62.7% response rate). In order to follow changes over time, surveys were designed whenever possible to contain identical questions. Further, new question items were added on the state of initiatives on the SDGs-related topics of CSR procurement, human rights due diligence, diversity and work-style reform. Chapter 4 contains a discussion of the principal results of this questionnaire survey.

In addition, between November 2018 and January 2019, seven interviews were conducted with top and senior management that indicated a willingness to be interviewed. Whenever possible, consideration was given to the size of companies/organisations and industry type in order to avoid any imbalance.

Approximately 80% of GCNJ members that responded to the survey are classified as large corporations, with 67% posting gross sales of over JPY 100 billion (Figure 1), and 75% engaging in global or regional markets (Figure 2). Accordingly, it is necessary to bear in mind when reviewing survey results that the proportion of small and medium-sized enterprises is low.

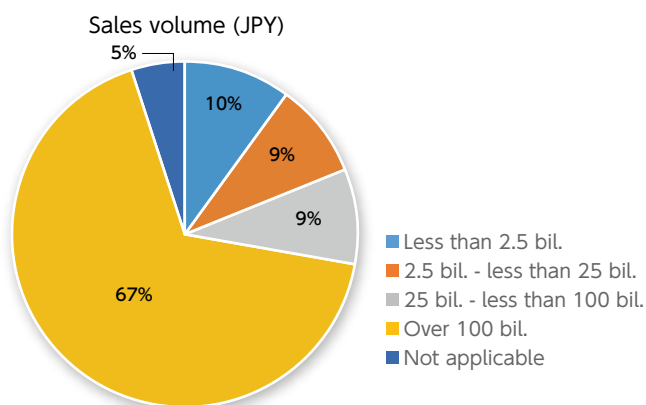


Figure 1: Sales of respondent companies/organisations (n=180)

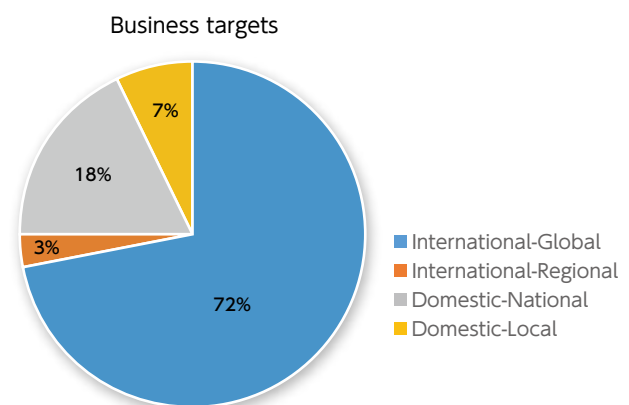


Figure 2: Markets of respondent companies/organisations (n=180)

The other type of questionnaire and the interviews were conducted with the aim of examining actions on the SDGs in the areas of employment and labour, as laid out in Chapter 5. The questionnaire survey asked questions about work-style reform, and gender equality — the greatest challenge in diversity management. In regards to gender equality in companies, UNGC and UNIFEM (now UN Women) formulated the Women’s Empowerment Principles (WEPs)<sup>7</sup> in 2013 to indicate seven fundamental rules for actively engaging in the economic empowerment of women (Table 1). The WEPs Gender Gap Analysis Tool (WEPs tool) provides a method of examining the state of actions by companies in accordance with these principles.<sup>8</sup> This tool is useful in raising awareness in companies on the ideals set forth in the principles, as well as increasing awareness on current conditions in companies and challenges faced. Accordingly, our survey utilised the question items of the WEPs tool to study the state of engagement of Japanese companies and organisations in promoting gender equality. Subjects were 50 companies/organisations that participated in the GCNJ sub-committee on WEPs. The survey was conducted between 1 October and 2 November 2018, with responses received from 15 companies and one organisation (of these, two companies/organisations had under 300 employees).

Interviews were conducted with representatives of seven companies/organisations that responded to the WEPs tool survey, focused on those that indicated a willingness to be interviewed. Interviews covered not only the topics of gender equality, diversity management and work-style reform, but also any realisations that companies/organisations arrived at when responding to the WEPs tool and any sense of incompatibility in the Japanese context. The cooperation of UN Women, which hosts the WEPs Secretariat, was integral to the implementation of these two types of surveys.

Because the targets of the questionnaire survey utilising the WEPs tool were companies/organisations

participating in the WEPs sub-committee, their interest in and awareness of the issue of gender equality was high. Likewise, for the most part, the initiatives of companies and organisations that cooperated with interviews were advanced. As such, the results of this research do not broadly reflect the state of initiatives on gender equality in Japanese companies and organisations. Rather, they highlight the present conditions and initiatives of a portion of companies and organisations participating in the WEPs sub-committee, which are comparatively advanced in Japan.

In addition, the WEPs tool is used by companies all over the world, not limited to Japanese companies and organisations. Thus, the companies and organisations that responded to our survey had to interpret question items in the Japanese context. Due to differences in interpretation, in some cases responses differed even when similar initiatives were being carried out. In these instances, data was corrected. Further, the WEPs tool encompasses initiatives related to women’s empowerment and reveals related challenges. However, the tool also includes many useful questions relevant to improving the work styles of other human resources (persons with disabilities and foreign workers) and promoting diversity.

The term “empowerment” used in this report refers to “processes designed to expand opportunities in people’s lives and to instill in people the power to lead their lives making choices based on their own will”.<sup>9</sup> Empowerment is indispensable to achieving gender equality, and is a term used often around the world. Meanwhile, the term “women’s advancement” has become a widely-used term in Japan. It differs from “empowerment” as it is used more broadly to include “women’s empowerment” and “initiatives to promote gender equality in companies”. Strictly speaking, the term “women’s advancement” is only one outcome of women’s economic empowerment, and therefore it should be noted that this term differs in meaning from “empowerment” and “gender equality”.

Table 1: Women’s Empowerment Principles (WEPs)

Principle 1: Establish high-level corporate leadership for gender equality
Principle 2: Treat all women and men fairly at work — respect and support human rights and non-discrimination
Principle 3: Ensure health, safety and well-being of all women and men workers
Principle 4: Promote education, training and professional development for women
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women
Principle 6: Promote equality through community initiatives and advocacy
Principle 7: Measure and publicly report on progress to achieve gender equality

<sup>7</sup> WEPs Secretariat website, <https://www.empowerwomen.org/en/weps/about>; UN Women Field Office Japan website Women’s Empowerment Principles (WEPs), <http://japan.unwomen.org/ja/news-and-events/in-focus/weps>

<sup>8</sup> The WEPs tool can be used for free on-line (<https://weps-gapanalysis.org/>). Responses to questions are calculated into a score on the level of awareness and progress on WEPs in a company/organisation, ranging from 0 to 100. This completely confidential tool can be used over and over again to confirm progress. A Japanese translation of question items was created by Prof. Sachiyo Onishi of the Global Compact Research Center of Ritsumeikan University’s School of Law. <http://www.ungcjin.org/gc/initiative/detail.php?id=230>

<sup>9</sup> Otekomachi website (2018), in remarks by Asako Osaki in an article entitled, “What we must do to break the ‘spell’ that binds women,” <https://otekomachi.yomiuri.co.jp/news/20180726-OKT8T91483/>.

### <Column 2: The benefits for companies in promoting women's advancement><sup>10</sup>

In companies where women are successful, the perspective of women, who are often more sensitive to the needs of consumers, is reflected on product development and sales strategies, allowing companies to appropriately respond to market needs. The ratio of women in charge of purchasing decisions for household expenditures is quite high. Some studies have shown this rate to be as high as 70% in Japan and 60% globally. Moreover, studies have revealed a 20% reduced risk of business failure in companies with successful women executives. According to a US study, management indicators such as ROS (return on sales), ROIC (return on invested capital) and ROE (return on equity) tend to be better in companies with over three women executives, compared to companies without any women executives. When differing viewpoints, not only those of men, are involved in decision-making, risk management for the company overall is enhanced and adaptability to change increases. In this manner, the promotion of women's advancement can bring about considerable benefits for companies.

<sup>10</sup> Based on remarks by Riwa Sakamoto of the Ministry of Economy, Trade and Industry's Economic and Social Policy Office in "Foundational Course on Analytics for Women" (Accenture, "What merits would promotion of women's advancement bring to corporate management? Learning from research and case studies"), <https://www.accenture.com/jp-ja/data-scientist-training-for-women-part4>.



## 3. SDGs-related Business Trends in Japan and Internationally

### 3.1 International Trends

A variety of developments were seen in SDGs-related activities around the world in 2018. Here we will provide an overview of international trends involving actions to achieve the SDGs by companies, focusing on activities in the High-level Political Forum (HLPF), a forum for follow-up and review of SDG implementation, and the UNGC.

Just prior to the HLPF held in July each year, the Germany-based Bertelsmann Foundation and the Sustainable Development Solutions Network (SDSN) released the “SDG Index and Dashboards Report”, which analyses countries’ performance on the SDGs.<sup>11</sup> In the 2018 edition, Japan fell from 11th to 15th in country rankings. Japan was criticised in particular for its poor progress in the areas of Goal 5 (Gender Equality and Women’s Empowerment), Goal 13 (Climate Action), Goal 14 (Oceans and Marine Resources) and Goal 15 (Life on Land). The report concludes that even the three top-ranked nations of Sweden, Denmark and Finland will not achieve all the goals by the year 2030, particularly Goal 12 (Sustainable Consumption and Production) and Goal 13. Companies cannot prosper in a world of increasing poverty, inequality, squalid working conditions and environmental pollution. Companies must also make the initiatives of all countries to achieve the 2030 Agenda and 17 SDGs a matter of utmost concern.

One special event held during the HLPF was the 3rd SDGs Business Forum, co-organised by UNGC, the International Chamber of Commerce (ICC) and the United Nations Department of Economic and Social Affairs (UNDESA). This forum aims to provide a multi-stakeholder platform to support partnerships in corporate activities designed to realise the SDGs, and has been held annually since 2016. Participants at the most recent forum repeatedly brought up the following points: the need for concrete reports and checks on progress by businesses as implementation of the SDGs has entered its third year, the recognition that although progress has been made, it is insufficient to achieve the SDGs by 2030, and the need to determine how to promote implementation of the SDGs in large corporations, as well as small- and medium-sized enterprises.<sup>12</sup>

Furthermore, the first SDG Roadmap for the chemical sector was introduced at the forum.<sup>13</sup> It specifies opportunities for transformative impacts in the five areas of food, water, people and health, energy and infrastructure, and cities, and is expected to promote collaboration, including that with other sectors. This roadmap was prepared using the guidelines for SDG Sector Roadmaps released by the World Business Council for Sustainable Development (WBCSD) in April 2018.

In 2018, multiple guidances and case examples were released from UNGC on topics including human rights, peace and prosperity, decent work, and reporting.<sup>14</sup> Some of these tools were written based on discussions in UNGC-sponsored action platforms in which diverse stakeholders participate.<sup>15</sup> Trends such as these foreshadow further advancements in business collaboration in various sectors around the world and progress in partnerships on specified topics.

### 3.2 Trends in Japan

Next, trends in Japan related to the SDGs are examined, beginning with the activities of the Japanese government. In its December 2018 meeting, the SDGs Promotion Headquarters, led by the Prime Minister, made decisions on an “SDGs Action Plan 2019” and the recipients of the “2nd Japan SDGs Award”. The update of the action plan was the second since its original formulation in December 2017. One of the three pillars of the plan, “Promotion of Society 5.0 that corresponds to SDGs”, is specified to strengthen SDGs-related initiatives not only in large corporations and business organisations, but also in small- and medium-sized enterprises. The Japan Food Ecology Center was chosen for the Chief’s (Prime Minister’s) Award of the 2nd Japan SDGs Awards.<sup>16</sup> Founded upon the corporate philosophy, “adding new value to food loss”, this company developed a liquid fermented feed (liquid eco-feed) that effectively utilises food waste, based on cooperation among industry, academia and government. The company was recognised for achieving a new business model that unites the two industries of waste management and feed manufacture.<sup>17</sup>

<sup>11</sup> Sustainable Development Solutions Network & Bertelsmann Stiftung (2018) “2018 SDG Index and Dashboards” <http://sdgindex.org/reports/2018/>.

<sup>12</sup> Based on memos written by one of the authors, IGES Senior Researcher Yoshida, who participated in the said forum.

<sup>13</sup> WBCSD (2018) “Chemical Sector SDG Roadmap” [https://docs.wbcsd.org/2018/07/Chemical\\_Sector\\_SDG\\_Roadmap.pdf](https://docs.wbcsd.org/2018/07/Chemical_Sector_SDG_Roadmap.pdf).

<sup>14</sup> Refer to “Explore our library” on the UNGC website for details. <https://www.unglobalcompact.org/library>

<sup>15</sup> Refer to “Action Platforms” on the UNGC website for details. <https://www.unglobalcompact.org/sdgs/action-platforms>

<sup>16</sup> The Japan Food Ecology Center was introduced in last year’s report, “SDGs and Business for the Future” and in the GCNJ/IGES Interview Series. See the following for the interview series article: [http://www.ungcjin.org/sdgs/archive/1802\\_fec.html](http://www.ungcjin.org/sdgs/archive/1802_fec.html)

<sup>17</sup> Ministry of Foreign Affairs website, “Japan SDGs Awards” <https://www.mofa.go.jp/mofaj/gaiko/oda/sdgs/award/index.html>

Due to the importance of Science, Technology and Innovation (STI) in the implementation of the SDGs Action Plan and the Japan Business Federation's Society 5.0, the Cabinet Office established the "STI for SDGs Task Force" in January 2018, comprised of officials from relevant government ministries and agencies. The task force's present objectives include, 1) formulation of the "STI for SDGs Roadmap", 2) formation of a platform to facilitate the creation of Japan's "Society 5.0" model and its international dissemination, and 3) formulation of the "Integrated Innovation Strategy" (SDGs-related areas). Deliberations are underway on these objectives.<sup>18</sup> Likewise, in June 2018, the Cabinet Office selected 29 cities that proposed outstanding local government-led initiatives to achieve the SDGs as "SDGs Future Cities". Additionally, ten particularly pioneering projects were selected from the initiatives of the 29 cities to serve as "SDGs Models of Local Governments", with a maximum of JPY 40 million in subsidies to be granted to these model projects.<sup>19</sup>

At the Ministry of the Environment, the "Sustainable Development Goals (SDGs) Utilization Guide" was released in June 2018 targeting all companies, including small- and medium-sized enterprises.<sup>20</sup> Furthermore, stakeholders' meetings for information-sharing on leading SDGs-related initiatives from diverse standpoints have been continually held since 2016 to promote implementation of the environmental aspects of the SDGs. Additionally, the Fifth Basic Environment Plan approved by the Cabinet in April 2018, proposed the concept of a "circulating and ecological economy" to promote implementation of the SDGs in regional areas of Japan.<sup>21</sup> In order to promote implementation of the SDGs in various regions, the government's draft budget for fiscal year 2019 includes the formation of a platform to support the creation of a circulating and ecological economy and funds for projects to create a circulating and ecological economy.

Correspondingly, the Ministry of Economy, Trade and Industry established the SDG Management/ESG Investment Study Group in November 2018 aimed at further backing companies that continually enhance their corporate value and promoting a cycle by which investments in these companies generate mid- and long-

term profits.<sup>22</sup> In December, the Ministry of Agriculture, Forestry and Fisheries that regulates the food industry set up a special page on its website that shows the links between the SDGs and the food industry.<sup>23</sup>

The year 2018 brought about remarkable developments related to the SDGs in finance, an area key to implementing the SDGs. In June, the Financial Services Agency organised its positions on the SDGs and financial administration, clarifying its stance on promoting the SDGs.<sup>24</sup> The Government Pension Investment Fund (GPIF), called the "world's largest institutional investor", adopted two global environment stock indices in September, and announced the start of prioritised investments in companies engaged in reducing greenhouse gases.<sup>25</sup> In March, the Japanese Bankers Association (JBA) decreed its SDGs promotion framework and major initiatives, incorporating SDGs-related issues into its Code of Conduct. Further, JBA expressed its intent to endorse the Task Force on Climate-related Financial Disclosures (TCFD) in November. In addition, initiatives related to the SDGs progressed at the organisational level in the Japan Securities Dealers Association, the Life Insurance Association of Japan, and the General Insurance Association of Japan, as well as at the corporate level in Resona Holdings and the Shiga Bank.

Trends in local government worthy of special mention include the "SDGs All Japan Meeting 2019", where 93 participating local governments adopted a declaration on the "SDGs Japan Model".

As evident in the "Interview with 10 top executives of companies" series of the Asahi Shimbun newspaper reprinted in the annex to this report, the leaders of major corporations have begun to discuss the importance of the SDGs in mainstream media, a major development. Likewise, Dentsu created an "SDGs Communication Guide", compiling points to be understood and observed in advertising and promotional activities related to the SDGs. Furthermore, "FRaU" was the first major women's magazine in Japan to feature the SDGs in an entire issue.<sup>26</sup> As matters now stand, the level of awareness of the general public on the SDGs is not high.<sup>27</sup> However, expectations are on the rise for the SDGs to be further integrated into society due to increasing coverage of SDGs

<sup>18</sup> Reference: Ministry of Education, Culture, Sports, Science and Technology (2018), "2018 Science and Technology White Paper" [http://www.mext.go.jp/b\\_menu/hakusho/html/hpaa201801/detail/1405921.htm](http://www.mext.go.jp/b_menu/hakusho/html/hpaa201801/detail/1405921.htm)

<sup>19</sup> Cabinet Office website, "Selection of SDGs Model Cities and SDGs Models of Local Governments" [http://www.mext.go.jp/b\\_menu/hakusho/html/hpaa201801/detail/1405921.htm](http://www.mext.go.jp/b_menu/hakusho/html/hpaa201801/detail/1405921.htm). Selection of SDGs Model Cities and SDGs Models of Local Governments will also take place in 2019.

<sup>20</sup> Ministry of the Environment website, "Sustainable Development Goals (SDGs) Utilization Guide" <http://www.env.go.jp/policy/sdgs/index.html>

<sup>21</sup> The Fifth Basic Environment Plan establishes the image of a sustainable society aimed at a circulating and ecological economy (environment and life-based civilisation). The "circulating and ecological society" is designated as an approach to realising this ideal. Regions are to make maximum use of their regional resources according to their respective characteristics to form self-reliant decentralised societies, where neighboring regions mutually complement and support each other in relation to resources.

<sup>22</sup> Ministry of Economy, Trade and Industry website, "SDG Management/ESG Investment Study Group" [http://www.meti.go.jp/shingikai/economy/sdgs\\_esg/index.html](http://www.meti.go.jp/shingikai/economy/sdgs_esg/index.html)

<sup>23</sup> Ministry of Agriculture, Forestry and Fisheries website, "SDGs x Food Industry" <http://www.maff.go.jp/j/shokusan/sdgs/>.

<sup>24</sup> The Financial Affairs agency published materials reflecting the latest trends on its website in December 2018, [https://www.fsa.go.jp/policy/sdgs/FSAStrategyforSDGs\\_2018.html](https://www.fsa.go.jp/policy/sdgs/FSAStrategyforSDGs_2018.html)

<sup>25</sup> Government Pension Investment Fund (GPIF) (2018), "Selected global environment stock indices," <https://www.gpif.go.jp/topics/グローバル環境株式指数を選定しました.pdf>. Moreover, GPIF adopted ESG indices in 2017, two comprehensive and one on women's advancement, and has put them into use.

<sup>26</sup> Kondansha "FRaU" official site [https://frau.tokyo/\\_ct/17235973](https://frau.tokyo/_ct/17235973)

<sup>27</sup> For instance, awareness surveys targeting the general public performed by the Asahi Shimbun and Dentsu showed that the level of recognition of the SDGs remained around 15%. [https://miraimedia.asahi.com/sdgs2030/sdgs\\_survey03/](https://miraimedia.asahi.com/sdgs2030/sdgs_survey03/) <http://www.dentsu.co.jp/news/release/2018/0404-009518.html>

in the media, combined with school education aimed at nurturing the future creators of sustainable societies.

Meanwhile, other issues arose in 2018 related to the SDGs. It was discovered that ministries, agencies and local governments had inflated figures for the employment rate of persons with disabilities. This development is incompatible with SDGs Target 8.5, to “by 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value”. The “most vulnerable”, not to be left behind according to the 2030 Agenda, includes persons with disabilities, as well as foreign nationals such as immigrants and refugees. They require special consideration, particularly in the areas of capacity development and employment. Likewise, Japan ranked 110th out of 149 countries surveyed in the

Global Gender Gap Index for 2018, released every year by the World Economic Forum (WEF), the lowest ranking among G7 nations. It is imperative that Japan create working environments where all people, including the most vulnerable and women, can engage in fulfilling work.

Based on the above explanations, while new developments such as the formulation of sector roadmaps in the SDGs are evident around the world, initiatives in Japan are targeting areas of society hitherto unfamiliar with the SDGs, including local governments, small- and medium-sized enterprises, and the general public. Further progress in the building of sustainable societies from the ground up, involving diverse stakeholder groups, is eagerly anticipated. In order to “leave no one behind” in this endeavour, efforts in the inclusion of vulnerable groups are also essential.

## 4. Awareness on SDGs and Changes in the State of Initiatives as Seen in Yearly Comparisons

This chapter will take a look at yearly comparisons of awareness on the SDGs, the state of initiatives and other issues, based on the questionnaire survey targeting GCNJ member companies and organisations. For new response options in question items, distinctions are made by the number of asterisks (\*) placed next to the response (\*one asterisk for 2016 new response options, \*\*two asterisks for 2017 new response options, and \*\*\*three asterisks for 2018 new response options).

**Table 2: Number of responses and response rate for questionnaire survey**

	2015	2016	2017	2018
Number of responses	134	147	163	180
Response rate	64.1%	63.1%	64.2%	62.7%

### 4.1 Awareness on SDGs

Firstly, let us take a look at awareness on the SDGs. The most striking development over the past year is the increase in awareness among top management — rising from 36% the previous year to 59% in the current study. Meanwhile, although awareness among middle management and employees remains under 20%, it has approximately doubled compared to the previous year (Table 3). One major reason behind this increase is the stance taken by the business sector, including the Japan Business Federation’s revision of its Charter of Corporate Behavior in November 2017 and creation of a website designed to disseminate information on initiatives related to the SDGs. In fact, a CSR officer from one company reported that the company leader’s executive position in the Japan Business Federation was a strong motivator for initiatives on the SDGs. Additionally, as mentioned in Chapter 3, awareness on the SDGs has increasingly infiltrated society, a major factor in the overall rising level of awareness.

Of course, efforts to raise awareness within organisations are also paramount. Initiatives are increasing on the whole at all levels of organisations via “newsletters”, “messages from the top”, “orientation for new hires”, “management training” and “management policy explanatory meetings” that target middle management and employees whose awareness is still lagging. Free responses to the “other” option of related questions included comments on utilising employee study and training sessions, distribution of SDG badges, CSR/sustainability reports and integrated reports (Table 4).

The questionnaire also asked about the SDGs-related initiatives of other Japanese or international companies that served as references. Sumitomo Chemical’s Sustainable Tree programme received many responses as an initiative that raised awareness among employees.<sup>28</sup>

The rising awareness within organisations overall and the upswing in initiatives is related to the increasing trend to view the SDGs through the lens of business. The ratio of companies/organisations responding that the SDGs are viewed as ways to “increase corporate value on sustainability”, “new business opportunities” and “increase company’s value to society”, all increased. Meanwhile, 0% responded that SDGs are “not important”, with the number of respondents that selected “still seeking clear objective” dropping to 9%. Although the ways in which the SDGs are being utilised by companies and organisations might differ, almost all companies/organisations that responded to the questionnaire survey view the SDGs as important (Table 5).

Awareness on the SDGs is also evident in questions concerning the sectors that wield influence on the SDGs. In contrast to 60% of responses that viewed the influence of “government” as great in 2015, the year the SDGs were adopted, only 24% felt the same in 2018. On the other hand, respondents increasingly selected “companies”, “stockholders”, “clients/consumers” and “all sectors” in response to this question, revealing a rising awareness that companies and organisations are also important actors in addressing the SDGs, not just government (Table 6).

**Table 3: Level of awareness in organisations**

Q. Please select the applicable status of SDGs awareness in your company/organisation (multiple responses).

	2015	2016	2017	2018
Well known by CSR staff	61%	84%	86%	84%
Well known by top management	20%	28%	36%	59%
Well known by middle management	4%	5%	9%	18%
Well known among employees**	—	—	8%	17%
Well known across affiliated companies and other stakeholders*	—	3%	2%	4%
Do not know	15%	12%	7%	3%

<sup>28</sup> Sumitomo Chemical website, “Our Efforts to Help All Officers and Employees Achieve Their Goals - Our Sustainable Tree”, <https://www.sumitomo-chem.co.jp/sustainability/sdgs/sustainabletree/>

Table 4: Activities to raise awareness on SDGs

Q. What activities are in place to raise awareness on the SDGs in your company/organisation? (multiple responses)

	2016	2017	2018
Training (including e-learning)	24%	31%	39%
Communication on website	24%	31%	44%
Communication in company newsletters (print medium)	28%	40%	52%
Message from the top	27%	40%	56%
Launch of a specific organisation	1%	2%	8%
Orientation for new hires**	—	23%	36%
Management training**	—	15%	24%
Linked to performance reviews**	—	1%	2%
Inclusion in corporate charter/code of conduct**	—	4%	5%
Mentions at management policy explanatory meetings **	—	17%	32%
Distribution of promotional items, like SDG badges, to employees***	—	—	27%
Promotional posters, etc.***	—	—	10%
Other	20%	21%	24%
Nothing in particular	31%	15%	4%

Table 5: Awareness on SDGs

Q. How are the SDGs viewed in your company/organisation? (multiple responses)

	2016	2017	2018
Increase corporate value on sustainability	79%	77%	82%
Strengthen multi-stakeholder partnerships	61%	55%	59%
New business opportunities	60%	58%	69%
Stabilise society and markets	57%	52%	58%
Increase company's value to society**	—	74%	80%
Recognise its importance, but still seeking clear objective**	—	20%	9%
Respond to investors**	—	29%	27%
Not important	5%	1%	0%
Other	5%	4%	5%

Table 6: Sectors with the greatest impact on SDGs

Q. What sector(s) have the greatest impact on promotion of the SDGs?

	2015	2016	2017	2018
Companies	10%	12%	13%	19%
Stockholders and investors	0%	7%	12%	12%
Clients and consumers	4%	16%	17%	16%
Government and governmental groups (including JICA) Note: Included local governments through 2016	58%	41%	35%	24%
(Domestic) Local governments**	—	—	1%	1%
NGOs/non-profits	5%	3%	1%	1%
Academia	1%	0%	0%	1%
UN and international organisations***	—	—	—	3%
All sectors have equal influence	16%	15%	15%	21%
Other (please specify)	0%	1%	1%	2%
Not sure	5%	5%	4%	1%

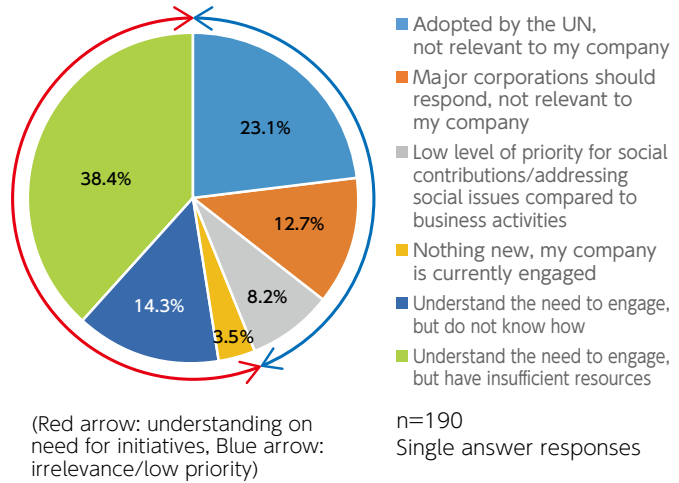
<Column 3: Awareness on SDGs among owners of small- and medium-sized enterprises>

In December 2018, the Kanto Bureau of Economy, Trade and Industry and the Japan Industrial Location Center released a survey on the level of awareness and present situation surrounding the SDGs in small- and medium-sized enterprises (SMEs).<sup>29</sup> This was the first survey conducted in Japan targeting the presidents of SMEs. To a question on awareness of the SDGs, 84.2% responded “1) I do not know about the SDGs at all”, and 8.0% responded, “2) I’ve heard of the SDGs, but do not know the details”. That is, less than 10% of owners of SMEs possess an understanding of the SDGs. Furthermore, in a question asking about “impressions of the SDGs” posed to the 490 respondents who selected 1), 2) or “3) I know the details of the SDGs, but am not considering any response”, 43.9% of companies responded, “(Adopted by the UN/Major corporations should respond) not relevant to my company”, and “low level of priority”, while 52.7% responded, “understand the need to engage, but do not know how/have insufficient resources”. Only a mere 3.5% responded, “currently engaged in initiatives”. These results show that to most owners of SMEs, the SDGs remain a distant issue with a low priority level.

However, when examined regardless of awareness on SDGs, companies already engaged in initiatives listed by the Kanto Bureau of Economy, Trade and Industry and the Japan Industrial Location Center as those that contribute to social issues related to the SDGs, numbered just under 50%. This figure points to the need to make companies aware of the relationship between their existing initiatives and the SDGs (social issues). On this point, it is essential to inform SMEs, which are firmly rooted in their communities, that getting involved in the goals and strategies of the national and local governments on the SDGs could serve as their own contributions.

Level of awareness and response to the SDGs among owners of small- and medium-sized enterprises

	n=500
1) I do not know about the SDGs at all	84.2% (421)
2) I've heard of the SDGs, but do not know the details	8.0% (40)
3) I know the details of the SDGs, but am not considering any response	5.8% (29)
4) Currently considering response/action on the SDGs	0.8% (4)
5) Currently engaged in response/action on the SDGs	1.2% (6)



## 4.2 State of SDGs-related initiatives: organisation perspective

Next, let us take a look at the actual state of initiatives. In the question concerning progress on the SDG Compass, the percentage of respondents choosing Step 1, “Understanding the SDGs” that stood at 54% in 2016 dropped to 31% in 2018, with respondents on Step 2 or beyond totaling 69%. Most companies/organisations have entered the implementation stage of the SDGs (Table 7).

For Step 2, “Defining priorities”, companies are required to define opportunities and risks throughout their entire value chains. In free responses on a question concerning discovering initiatives linked to the next step after utilising the SDG Compass to evaluate business

opportunities and challenges related to the SDGs, many positive responses were given. For example, responses included, “incorporated into mid-term management plan,” “recognised the need to formulate a human rights policy”, “established stance on viewing business from the starting point of SDGs and social issues”, “established KPI (key performance indicator) and began to measure progress”, and “increased development of CSV (creating shared value) products”. Hence, it is important to note that defining priorities is a crucial step in the process of engaging in the SDGs that cannot be avoided.

Accordingly, among tools of interest utilised to advance initiatives on the SDGs, the “SDG Compass” was selected in nearly 70% of responses in 2018. Meanwhile, responses selecting “materials provided by GCNJ” dropped and a certain number of companies chose “the guide on the

<sup>29</sup> Kanto Bureau of Economy, Trade and Industry & Japan Industrial Location Center (2018), “Survey on the level of awareness and present situation surrounding the SDGs in small- and medium-sized enterprises (online questionnaire)”, [http://www.kanto.meti.go.jp/seisaku/seichou/data/20181213sdgs\\_chosa\\_houkoku\\_syosai.pdf](http://www.kanto.meti.go.jp/seisaku/seichou/data/20181213sdgs_chosa_houkoku_syosai.pdf)

Japan Business Federation's Charter of Corporate Behavior" and their "special website on SDGs". As Japan Business Federation members total over 1,500 Japanese companies that are representative of Japan, the increasing number of actors providing information to promote initiatives on the SDGs in the business sector is a welcome trend. Additionally, in free responses to "other" in this category, multiple responses were received on utilisation of websites and materials of the United Nations Information Centre and the government (in particular the SDGs Promotion Headquarters and the Ministry of Foreign Affairs) (Table 8).

In a question asking companies/organisations about the main actors promoting the SDGs, CSR divisions remained stably high, but the proportion of responses for "CEO",

"management and planning divisions", "new business development" and "business division" is on the rise (Table 9). Further, in the question on frequency of discussion and evaluation of policies and strategies on CSR/SDGs in top-level committees such as boards of directors, the total of responses for "discusses as necessary" and "discussed as part of normal agenda" was 48% for 2017, but rose to 70% for 2018 (Table 10). Additionally, in a question on future initiatives, growing responses for "launch new project to contribute to the SDGs", "reflect on strategy and management plan", and "strengthen external collaboration and partnerships", reveal that for the most part, progress has been made on initiatives contributing to the SDGs through core business activities (namely "Integrating SDGs into Core Business"<sup>30</sup>)(Table 11).

Table 7: State of progress on SDG Compass

Q: Which step indicates current progress on the "SDG Compass"? (In 2016, this question on the state of progress was asked only to 99 companies/organisations that responded they had read the SDG Compass and were utilising it as a resource. Accordingly, in 2016, n=99 for this question only.)

	2016	2017	2018
Step 1 Understanding the SDGs	54%	43%	31%
Step 2 Defining priorities	22%	28%	28%
Step 3 Setting goals	11%	13%	17%
Step 4 Integrating	9%	8%	12%
Step 5 Reporting and communicating	4%	8%	12%

Table 8: Tools utilised

Q: What tools is your company/organisation utilising related to the SDGs (multiple responses)?

	2016	2017	2018
SDG Compass	78%	63%	67%
SDGs Industry Matrix	42%	31%	29%
Poverty Footprint	7%	1%	1%
GRI Guidelines**	—	47%	52%
PwC Navigating the SDGs**	—	6%	4%
Materials provided by GCNJ (including online materials)**	—	53%	36%
Guide on the Japan Business Federation's Charter of Corporate Behavior (7 <sup>th</sup> Edition)***	—	—	32%
Japan Business Federation special website on SDGs***	—	—	22%
Other	3%	13%	18%

Table 9: Main actors in SDGs promotional activities

Q: Who are the main actors in SDGs promotional activities within your company/organisation (multiple responses)

	2016	2017	2018
CEO**	—	8%	14%
Board of directors	2%	5%	6%
Management executive committee	4%	8%	6%
Management and planning division**	—	17%	25%
CSR division	68%	77%	71%
IR division**	—	7%	5%
New business development**	—	2%	6%
Business division	7%	6%	12%
Cross-cutting projects**	—	7%	9%
Nothing in particular	12%	7%	15%
Others	7%	12%	3%

Table 10: Frequency of discussion of CSR/SDGs in top-level committees

Q: How often does your company/organisation discuss and evaluate policies and strategies related to CSR/SDGs at meetings of your Board of Directors (or corresponding committee)? (multiple responses)

	2017	2018
Discussed as necessary	40%	54%
Discussed as part of normal agenda	8%	16%
Not included in Board of Directors meeting agendas	12%	13%
Discussed in subordinate committees (option removed in 2018)	17%	—
Do not know	5%	6%
Other	18%	12%

<sup>30</sup> In the "SDGs and Business for the Future: Actions by Private Companies in Japan" report released by GCNJ/IGES last year, "Integrating SDGs into core business" is defined as integrating sustainability and the SDGs into corporate management strategies (incorporating in strategies and plans and implementing as core business), in addition to the concept of "CSV (Creating Shared Value)". The report examined methods of integrating the SDGs into core business from the two perspectives of "organisations" and "corporate activities". [http://www.ungcjin.org/sdgs/pdf/elements\\_file\\_4001.pdf](http://www.ungcjin.org/sdgs/pdf/elements_file_4001.pdf)

Table 11: Future initiatives on the SDGs

Q. What are your plans for future initiatives on the SDGs? (multiple responses)

	2017	2018
No particular plans to make changes to current situation	9%	7%
Launch of a specific organisation	1%	3%
Launch new project to contribute to the SDGs	10%	18%
Philanthropic activities related to the SDGs (donations, etc.)	4%	9%
Reflect on company's priority CSR issues	63%	58%
Reflect on company's strategy and management plan	48%	59%
Strengthen external collaboration and partnerships	34%	46%
Enhanced internal promotional activities	63%	69%
Discuss system/indicator for evaluation	18%	25%
Other	3%	3%
Do not know	3%	3%

### 4.3 State of SDGs-related initiatives: corporate activities perspective

This year's questionnaire survey included questions on the state of initiatives over the past year pertaining to hot topics for Japanese companies and organisations that are closely related to the SDGs, and on the topics of diversity management and work-style reform, covered in Chapter 5. Of the hot topics, areas with the most positive responses (1 and 2) were "diversity/women's advancement" (154), "CSR procurement" (137), "SDGs-related initiatives in reporting" (134) and "corruption prevention" (132). Further, areas with the most negative responses concerning engagement (3 and 4) were the "domestic poverty issue" (140), and "labour issues for foreign workers and technical interns" (112). Moreover, for "other initiatives of focus", initiatives on climate change and energy were the most prominent, with many mentions of initiatives related to companies' and organisations' core business activities (Table 12).

One reason for the small number of companies and organisations engaged in the issue of domestic poverty is the belief that companies have little to contribute to solving this problem. However, half of single-parent (mainly single-mother) families are in a state of poverty in Japan, with the difficulty of balancing full-time work and child-rearing reputed to be a major factor. The promotion of diverse work styles is indispensable to "diversity/women's advancement", the most common areas of engagement. In this context, companies need to actively consider responses to human rights and poverty issues, including labour issues for foreign workers and technical interns.

"CSR procurement", the next hot topic after "diversity/women's advancement", and the fourth-ranking "corruption prevention" are both strongly connected to the perspective of responding to risk in procurement and trade, mainly overseas.

Many companies and organisations are engaged in "SDGs-related initiatives in reporting". Responses to a related question on "inclusion of SDGs in information released/disclosed over the past year" reveal that inclusion has increased across the board for all response options. In particular, 16-25% increases are evident in the areas of "expression of issue recognition by leaders", "reflection on priority issues and policies", "mapping of CSR activities" and "connections to business", showing that information release and disclosure involving the SDGs is intensifying (Table 13).

Responses to a question on specific initiatives related to diversity management and work-style reform revealed that initiatives are actively being carried out on almost all topics. However, when initiatives moved away from the workplace, such as the response option "promotion of gender equality and diversity among suppliers", companies selecting this option (1 and 2) were limited to just under half. In response to the "other initiatives of focus, specifically" option, initiatives listed by multiple companies were related to employment of persons with disabilities and support for the LGBT community. Discussion on these points is included in the next chapter (Table 14).

Table 12: Hot topics related to the SDGs

Q. Of the following areas related to the SDGs, please respond on state of initiatives over the past year from the 4 options. (1. Actively engaged, 2. Somewhat engaged, 3. Not very engaged, 4. Not engaged, n=180)

	1	2	3	4
CSR procurement	55	82	24	19
Human rights due diligence	37	69	46	28
TCFD compliance	23	52	41	64
Plastics issue	30	43	56	51
Domestic poverty issue	12	28	64	76
Labour issues for foreign workers and technical interns	24	44	51	61
Diversity/women's advancement	91	63	14	12
Corruption prevention	81	51	27	21
Regional revitalisation and link to local government SDGs	39	54	53	34
Technology (e.g. AI, IoT)	48	46	52	34
SDGs-related initiatives in reporting	62	72	31	15
Other initiatives of focus (specifically)	52	23	11	50



Table 13: Inclusion of SDGs in information disclosure

Q. Of information released/disclosed over the past year by your company/organisation (including reports and online sources), how was SDGs-related information included? (multiple responses)

	2017	2018
Expression of issue recognition by leaders	44%	62%
Reflection on priority issues and policies	35%	51%
Mapping of CSR activities	33%	57%
Declaration of SDGs goal of focus	18%	27%
Connections to business	28%	53%
Announcement of launch of new project	5%	8%
Other (specifically)	9%	6%
No information included	28%	11%

Table 14: Initiatives in diversity management and work-style reform

Q. Of the following areas related to diversity management and work-style reform, please respond on state of initiatives from the 4 options. (1. Actively engaged, 2. Somewhat engaged, 3. Not very engaged, 4. Not engaged, n=180)

	1	2	3	4
Demonstration by leadership	101	50	23	6
Appointment of women to upper managerial positions	78	68	23	11
Support for obtaining paid maternity leave	114	52	7	7
Support for obtaining child-care leave available to men	95	55	19	11
Support for caring/nursing parents	98	65	12	5
Promotion of telecommuting and remote working	77	47	35	21
Promotion of employees' work-life balance	104	62	13	1
Working environments free from violence and harassment (power harassment, sexual harassment)	116	53	8	3
Initiatives in the health, safety and hygiene specific for women at work and during commutes	47	75	43	15
Promotion of gender equality and diversity among suppliers	24	53	64	39
Other initiatives of focus (specifically)	41	30	11	54

## 4.4 Issues in implementing SDGs-related initiatives

When examining the positive side of yearly comparisons, it should be noted that in 2017, “low social recognition” was pointed out to be a major challenge faced when implementing the SDGs. In this year’s survey, that figure fell to 28% (Table 15). Further, the ratio of respondents selecting “unclear government policy, lack of government involvement” as a challenge also fell to 9%. Over the last two years, the environment surrounding companies and organisations has changed, and the assumption that external challenges are responsible for lack of progress in promoting the SDGs has abated. Moreover, responses to all options have steadily dropped since 2016.

Meanwhile, the low level of understanding among middle management and general employees, pointed out in 2017, is something that remains a challenge for companies despite the rising level of awareness. The challenges of “undefined method for internal deployment” and “unclear evaluation methods such as quantitative indicators” have also been ongoing since 2015. In particular, indicators and assessment methods to measure the level of companies’ contributions to SDGs are addressed in Chapter 3, and are recognised as a major challenge internationally as well.

In a question on the state of plans for SDGs-related initiatives in the future, just 15% of respondents had implementation plans for the long-term (5-10 years) or leading up to 2030 (Table 16).

These figures are related to the steps defined in the SDG Compass, namely, Step 3’s “select KPIs (key performance indicators)” and “outside-in approach to goal-setting” and Step 4’s “business integration” (incorporation of goals and strategies on sustainability across all departments), as well as Step 5’s “reporting and communicating”. The level of progress to Steps 3 to 5 (Table 7) is rising, standing at 24% in 2016, 29% in 2017 and 41% in 2018. If the challenges mentioned above can be eliminated, even more progress can be expected. Overcoming these challenges is key to supporting companies and organisations that understand the SDGs and have begun to engage in easy-to-approach areas, helping them make strides in the incorporation of the SDGs into management and implementation.

Table 15: Challenges in promoting SDGs

Q: What are the main challenges in working on SDGs? (multiple responses)

	2015	2016	2017	2018
Low social recognition	70%	63%	47%	28%
Low understanding inside company (note: option eliminated from 2017)	62%	66%	—	—
Undefined method for internal deployment	46%	66%	52%	44%
Limited commitment by top management	26%	31%	31%	19%
Low understanding among middle management**	—	—	47%	48%
Low understanding among general employees**	—	—	40%	47%
Low understanding of directors**	—	—	20%	18%
Unclear evaluation methods such as quantitative indicators	49%	52%	47%	43%
Lack of resources (finance, capability, technology, etc.)*	—	33%	25%	27%
Unclear government policy, lack of government involvement*	—	30%	18%	9%
Appropriate partners cannot be found	10%	10%	4%	3%
Other (specifically)	7%	5%	6%	4%

Table 16: State of initiatives in medium to long-term plans

Q: Please indicate the status of business planning related to the SDGs.

	2016	2017	2018
There are business plans/activities until 2030	5%	8%	10%
There are long-term initiatives (5-10 years)	9%	5%	5%
There are mid-term initiatives (3-5 years)	29%	41%	37%
There are short-term initiatives (annual, 1-2 years)	23%	17%	21%
Do not know	23%	29%	27%

**<Column 4: Business Reporting on the SDGs>**

The UNGC has developed a variety of tools and guides to boost the SDGs-related initiatives of companies and organisations. One of these is the “Business Reporting on the SDGs” series, created jointly with GRI. “Integrating the SDGs into Corporate Reporting: A Practical Guide”,<sup>31</sup> released in August 2018, is based on the SDG Compass. It provides hints to companies that have gone beyond the stage of matching up the SDGs with existing business, but are stagnating in the area of creating further initiatives.

This guide does not propose a new framework, rather reveals three steps for incorporating the elements of SDGs into existing reporting frameworks, such as GRI standards and integrated reporting. Step 1 involves a method of defining priority SDG targets on which companies will report. Step 2 involves setting business objectives and selecting information to be disclosed, as well as methods for analysing performance. Step 3 contains hints and guidance on reporting on and making improvements to SDGs performance.

For the selection of appropriate disclosures in Step 2, “An Analysis of the Goals and Targets”<sup>32</sup> (released July 2017) of the same series provides useful information. The 232 indicators determined by the UN are designed to measure progress at the global level and are not appropriate for measuring contributions by companies. Thus, this report takes indicators already in use by companies, such as those of the GRI, and adjusts them to SDG targets. It also provides business actions for each target that can serve as hints for activities.

Japanese versions of the “Practical Guide” and the “Analysis of the Goals and Targets” have been created by IGES and the International Development Center of Japan (IDCJ), respectively. Likewise, in the first half of 2019, IGES plans to release a translation of “In Focus: Addressing Investor Needs in Business Reporting on the SDGs”,<sup>33</sup> another report in this series focused on communication with investors.

As the results of our survey show, many companies and organisations are struggling with methods of evaluating and reporting on progress in addressing the SDGs. Use of these reports to bring reporting on SDGs-related initiatives one step further ahead is highly recommended.



<sup>31</sup> This “Practical Guide” is available for download at: [https://www.globalreporting.org/resourcelibrary/GRI\\_UNGC\\_Reporting-on-SDGs\\_Practical\\_Guide.pdf](https://www.globalreporting.org/resourcelibrary/GRI_UNGC_Reporting-on-SDGs_Practical_Guide.pdf). Japanese version: [https://pub.iges.or.jp/system/files/publication\\_documents/pub/policyreport/6705/PracticalGuide%28JP%29.pdf](https://pub.iges.or.jp/system/files/publication_documents/pub/policyreport/6705/PracticalGuide%28JP%29.pdf)

<sup>32</sup> “An Analysis of Goals and Targets” is available for download at: [https://www.globalreporting.org/resourcelibrary/GRI\\_UNGC\\_Business-Reporting-on-SDGs\\_Analysis-of-Goals-and-Targets.pdf](https://www.globalreporting.org/resourcelibrary/GRI_UNGC_Business-Reporting-on-SDGs_Analysis-of-Goals-and-Targets.pdf). Japanese version: <https://www.idcj.jp/sdgs/download/>

<sup>33</sup> “In Focus” is available for download at: <https://www.globalreporting.org/resourcelibrary/addressing-investor-needs-SDGs-reporting.pdf>.

# 5. SDGs-related Initiatives by Companies and Organisations from the Perspectives of Employment and Labour:

## Spotlight on Promotion of Gender Equality as a Focus of Diversity Management

The discussion of hot topics related to the SDGs based on survey results in the previous chapter revealed that diversity and women's advancement are the topics most often being addressed. In this chapter, we will examine diversity management linked to implementation of the SDGs in the areas of employment and labour. Particular focus is placed on the promotion of gender equality, a major issue in Japan.

### 5.1 The SDGs and diversity management

The 2030 Agenda, with the SDGs at its core, heralds the principle, "leave no one behind". This principle holds in mind certain groups of people that have been excluded from enjoying the benefits of development and at times have had their human rights violated, including women, children, persons with disabilities, elderly, sexual minorities, ethnic minorities and immigrants. At the foundation of the SDGs is the idea that the inherent human rights of these diverse groups of people must be protected. For many goals and targets, there are existing treaties on human rights that provide the grounds for this protection. For example, the Convention on the Elimination of All Forms of Discrimination Against Women is seen as the foundation for Goal 5, and the Universal Declaration of Human Rights for Goal 8.

Diversity management is not often discussed in the context of the SDGs. However, diversity management is an approach aimed at the inclusion of diverse human resources based on finding value in diversity, encompassing sex, age, nationality, religion and sense of values, previously considered causes of discrimination and discord. Diversity management embodies the "leave no one behind" principle for employees in the

workplace. Inclusion of diverse human resources requires proper understanding and practices on human rights in order to eliminate discrimination and prejudice. Compliance with laws on human rights and voluntary initiatives on human rights (for example observance of the Guiding Principles on Business and Human Rights) lay the foundation for each and every employee to maximise his or her own potential. With a foundation based on respect for and protection of human rights, the diverse capacities of individuals are drawn out and maximised to generate innovation. Diversity management creates a competitive edge, and is an important approach that can contribute via core business activities to Goal 9 (Industry, Innovation and Infrastructure) and the achievement of other goals. Diversity management itself is not a programme but a process that serves as a problem-solving method with a long-term perspective. Accordingly, diversity management is highly compatible with the SDGs, which aim to "leave no one behind" and achieve "sustainable development" from a long-term perspective. The practice of diversity management internalises the value of the SDGs.

Work-style reform that enables diverse workers to choose ways of working according to their respective situations is a key element of diversity management. Particularly in Japan, changes in prevailing work styles, such as long working hours, are required to realise diverse and flexible work styles and to ensure fair treatment regardless of employment type. Measures that enable both companies to enhance productivity and employees to enjoy productive employment are the ideal for work-style reform. The relationship between the SDGs and diversity management (Figure 3) and the SDG targets closely related to diversity management (Table 17) are shown below.

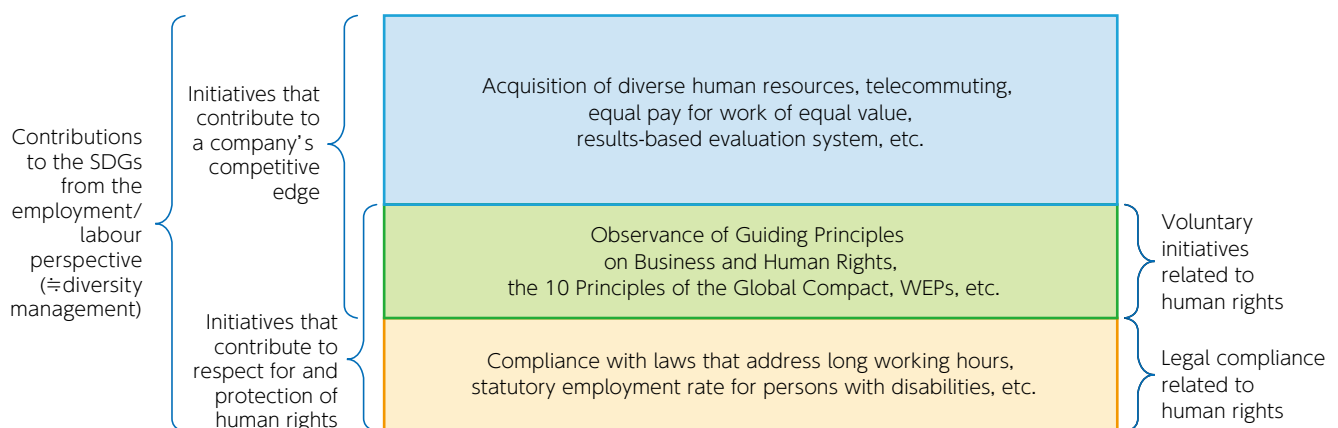


Figure 3: Relationship diagram on the SDGs and diversity management

Table 17: SDG targets closely related to the promotion of diversity management

**Goal 5 Gender Equality and Women's Empowerment**

5.1 End all forms of discrimination against all women and girls everywhere

5.4 Recognise and value unpaid care and domestic work

5.5 Ensure women's equal opportunities for leadership at all levels of decision-making in political, economic and public life

**Goal 8 Full and Productive Employment and Decent Work**

8.5 Full and productive employment and decent work for all and equal pay for work of equal value

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

**Goal 10 Reduced Inequalities**

10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

\* Some targets are presented in shortened forms due to space constraints.

## 5.2 Priority areas for diversity management in Japan: work-style reform and women's advancement

Gender equality is an issue of special concern in Japan, both in the promotion of diversity management and in the promotion of work-style reform. In line with its definition, "the state of equal rights, responsibilities and opportunities regardless of gender", gender equality is a human rights issue and a precondition for sustainable development.

Japan has grappled with the promotion of gender equality in working life, including the enactment of the Equal Employment Opportunity Law in 1985. The "Act on Promotion of Women's Participation and Advancement in the Workplace" was approved in 2015, and has entered into force for a limited period of 10 years. The law aims to realise opportunities for all women who wish to advance in their places of work to fully demonstrate their individualities and abilities. Nevertheless, due to the present existence of discriminatory practices and systems that are disadvantageous to women, it is said that gender equality cannot be achieved by merely treating men and women equally.<sup>34</sup> Positive action is required, and the government has announced a 30% ratio of women in managerial positions target to be achieved by 2020. However, the present situation in most companies and groups is still far off from this aim.

## 5.3 Results of survey utilising WEPs tool

How are Japanese companies and organisations promoting gender equality? What is the ideal they aim to achieve? As explained in Chapter 2, a questionnaire survey using the question items of the WEPs tool was conducted. Interviews were conducted with seven companies/organisations that agreed to undergo a questionnaire survey and were willing to be interviewed. The questionnaire based on the WEPs tool had 18 main questions. Of these, one question asked about leadership and strategy, 11 questions asked about workplaces, four questions asked about markets, and two questions asked about the state of initiatives to promote gender equality in local communities. If initiatives were being conducted, respondents were asked to provide details related to "commitment", "implementation", "measurement" and "transparency".

Below is an analysis based on survey results (Table 18). Responses to the questionnaire showed that initiatives in the promotion of gender equality in the workplace were the most active overall, while initiatives in markets and local communities were not very active. In the area of leadership and strategy, over two-thirds of responding companies and organisations responded positively on a commitment to gender equality.

Moreover, although the tool's questions are targeted at initiatives related to women's empowerment and elucidation of related challenges, many questions are also relevant to the promotion of diversity based on improved work styles of other groups (such as persons with disabilities and foreign nationals). Accordingly, this chapter will examine the current state of work-style reforms and diversity management, and in light of responses to the tool, not only from the perspective of women's advancement, but including other groups as well.

<sup>34</sup> Specialist Committee on Basic Issues and Gender Impact Assessment and Evaluation (2012), "Summary of discussions on issues related to action plan on "Economic vitalisation based on promotion of women's active participation"—deliberations on administration, employment, subsidies and promotion of positive action in public procurement areas", [http://www.gender.go.jp/kaigi/senmon/kihon/kihon\\_eikyuu/pdf/jyosei\\_koudou\\_02.pdf](http://www.gender.go.jp/kaigi/senmon/kihon/kihon_eikyuu/pdf/jyosei_koudou_02.pdf)

Table 18: Overview and number of responses to WEPs tool questions

<b>Leadership and Strategy (Corresponding mainly to WEPs Principle: 1)</b>	
11	1) Leadership commitment and support (WEPs Principle 1)
<b>Workplace (Corresponding mainly to WEPs Principles: 2, 3, 4)</b>	
14	2) Non-discrimination and equal opportunity policy (WEPs Principle 2)
16	3) Approach to ensure non-discrimination and equal opportunity in recruitment processes (WEPs Principle 2)
13	4) Approach to ensure non-discrimination and equal opportunity in professional development and promotion processes (WEPs Principle 4)
14	5) Approach to ensure women and men are compensated equally (WEPs Principle 2)
16	6) System of paid maternity leave (WEPs Principle 2)
16	7) System of paid child-care leave than can be used by fathers (WEPs Principle 2)
16	8) Approach to support employees as parents and caregivers (WEPs Principle 2)
16	9) Approach to accommodate the work-life balance of employees (WEPs Principle 2)
16	10) Approach to ensure an environment free of violence, harassment and sexual exploitation (WEPs Principle 3)
16	11) Approach to address the specific health, safety and hygiene needs of women (WEPs Principle 3)
13	12) Access to quality health services that meet the specific health needs of women employees (WEPs Principle 3)
<b>Market (Corresponding mainly to WEPs Principle: 5)</b>	
0	13) Proactive procurement steps to expand relationships with women-owned businesses (WEPs Principle 5)
5	14) Encourage suppliers and vendors to advance performance on gender equality (WEPs Principle 5)
5	15) Responsible marketing that considers the portrayal of gender stereotypes (WEPs Principle 5)
7	16) Approach to assess differential impacts on women and men when developing products and/or services (WEPs Principle 5)
<b>Communities (Corresponding mainly to WEPs Principle: 6)</b>	
3	17) Policies and processes to ensure responsibility to respect rights of women and girls in local communities in which operating (WEPs Principle 6)
10	18) Approach to embed gender in corporate CSR activities, public advocacy and partnerships (WEPs Principle 6)

### (1) Approaches in leadership and strategy (corresponding to question 1)

In order for companies and organisations to implement initiatives to promote gender equality, it is important for leaders to show their commitment and support. For question 1, approximately two-thirds of companies/organisations responded positively on engagement. Among companies/organisations that responded “no”, in one case the following explanation was given, “Gender equality is a given, and because we have achieved it, our leaders have not again expressed their commitment and support for promoting gender equality, nor do we have a strategy.”

### (2) Approaches in the workplace (corresponding to questions 2 to 12)

Questions asking about initiatives in the workplace account for 11 out of the total 18, reflecting the importance of this area all around the world. Almost all responding companies and organisations were engaged in addressing items in all questions. For instance, all respondents responded positively to 6) provision of paid maternity leave system and support for acquisition, and 7) system of paid child-care leave that can be used by fathers and support for acquisition. All responding companies/organisations also answered “yes” to engaging in initiatives on 3) approach to ensure non-discrimination and equal opportunity in recruitment processes.

Further, all responding companies/organisations answered positively on having approaches to 8) support employees as parents and caregivers, and to 9) accommodate the work-life balance of employees. Approaches for most respondents involved the adoption of telecommuting and flexible working hours. Meanwhile, differences were evident in operating policies and targeted employees.

One company reported having a flexible system of telecommuting whereby employees could work anywhere as long as security was upheld and results produced. In contrast, another company required reporting on rooms used for telecommuting and start and stop times for work, as well as restrictions on caregiving or childcare pickups during telecommuting hours. There were also companies and organisations that despite not having full systems in place worked to create environments where employees could speak up and to respond flexibly to employees’ needs. However, these companies had begun to feel a need for responses based on systematised approaches due to changing and diversifying needs related to work styles and the values of individuals. On the other hand, concerns were voiced over the burden of managing programmes once they were put in place, as well as the loss of flexibility in systematised approaches that could result in the suffering of employees themselves.

In response to 10) approach to ensure an environment free of violence, harassment and sexual exploitation, all responding companies/organisations answered “yes”. This question concerns WEPs Principle 3 “Ensure the health, safety and well-being of all women and men workers”, with main approaches by companies/organisations differing. Some companies released information on harassment within the company and punished offenders, and other companies adopted preventative measures based on educating employees in regular trainings. Likewise, some companies extended their approaches to violence and harassment outside the company by supporting victims of domestic violence and maintaining confidentiality.

A question broadly related to WEPs Principle 4 “Promote education, training and professional development for women”

concerned 4) approach to ensure non-discrimination and equal opportunity in professional development and promotion processes. Responses to this question differed considerably according to the scale of companies. Companies and organisations with under 300 employees were not engaged in relevant initiatives, and all other companies reported on carrying out initiatives of some kind. The most often implemented measures included setting targets for percentage of women in managerial positions, holding trainings to support the professional development of women, and reporting numbers of women in managerial positions to stakeholders.

In response to question 5) approach to ensure women and men are compensated equally, almost all responding companies/organisations answered “yes”. The most active companies were engaged at all levels—commitment, implementation, measurement and transparency. One company eliminated a seniority system and separate career tracks for men and women, changing to a system of equal pay for work of equal value. When comparing the salaries of men and women, this company did not do a simple comparison, rather compared men and women doing roughly the same job content to ascertain and analyse the current state of affairs.<sup>35</sup> After determining that the gap in salaries between men and women was due mainly to differences in position, this company is working to raise the ratio of women in managerial positions. Furthermore, family allowances paid to the heads of households are being converted to child allowances, as systems are adjusted to ensure allowances do not differ between men and women or according to other attributes.

### **(3) Approaches in the market (corresponding to questions 13 to 16)**

Initiatives to promote gender equality via the market are not as common as those in the workplace. Notably, there were no companies/organisations that answered “yes” to question 13 on “proactive procurement steps to expand relationships with women-owned businesses”. Otherwise, the most commonly mentioned approach to promote gender equality via the market was “marketing strategy tailored to women as a customer segment” (question related to “implementation” under question 15). The least common were initiatives involving “measurement” and “transparency”. For instance, no companies/organisations were implementing approaches involving “encouraging suppliers to set and measure targets and benchmarks on gender equality” (question related to “measurement” under question 14), “tracking the number of marketing complaints that relate to gender stereotyping or negative portrayals of women” (question related to “measurement” under question 15), and “including gender-specific questions in supplier self-assessments” (question related to “transparency” under question 14).

In order to boost initiatives of suppliers in women’s advancement, the government established the “Eruboshi” certification system,<sup>36</sup> an evaluation point system for public procurement. There is also the “Kurumin” certification system<sup>37</sup> for certifying companies that support a balance between work and childcare, with a tax break provided. Multiple companies had utilised these systems to obtain certifications. Further, in some cases companies reported being at a disadvantage in vendor selection in Europe if not engaged in initiatives to promote gender equality. This was a major factor boosting initiatives in companies conducting business overseas.

Lastly, several companies/organisations responded that although they did not currently have any approach, they were interested in learning more about question 15’s “responsible marketing that considers the portrayal of gender stereotypes”, revealing an interest in this area.

### **(4) Approaches in local communities (corresponding to questions 17 and 18)**

Initiatives in this area were not as common as those in the workplace. Among initiatives in place, the most popular involved promoting gender equality through partnerships with other organisations and companies, including NGOs. For example, one company participates in a programme sponsored by a group working in science research, education and policy on fostering the study of science among girls, carrying out mentoring to students.

Meanwhile, initiatives in the areas of “advocating for the removal of legal barriers that restrict women’s economic empowerment” and “providing financial support and investment to women entrepreneurs” were few. Although almost all respondents replied “no” to question 17 on “policies and processes to ensure the responsibility to respect the rights of women and girls in the local communities in which operating”, about half of these had interest in learning more.

## **5.4 Discussion on promoting gender equality, work-style reform and diversity management**

In conducting the survey on initiatives related to gender equality, several key points and issues arose related to making progress on work-style reform and diversity management. Below is a discussion on these.

**(1) Women’s advancement as part of promoting diversity**  
When companies and organisations were asked in interviews about their reasons for promoting women’s advancement, they replied that it was “one part of promoting

<sup>35</sup> The wage gap between men and women in Japan is extremely large compared to other developed nations. When men’s wages are 100, women’s wages are 73 (Ministry of Health, Labour and Welfare, Summary of Survey on Basic Statistics on Wage Structure, 2016).

<sup>36</sup> A certification system for companies with excellent conditions for the advancement of women. Awarded to companies that have fulfilled the standards set in the “Act of Promotion of Women’s Participation and Advancement in the Workplace” and are among the most excellent.

<sup>37</sup> System of certification by the Minister of Health, Labour and Welfare based on the Act on Raising the Next Generation, for companies engaged in supporting work and childcare balance.

diversity to bring about innovation". Initiatives to promote gender equality should precisely intend to equally take into consideration and recognise the diverse and differing behaviors, aspirations and needs of men and women. Thus, designating them as a part of diversity promotion reveals an understanding of the true nature of gender equality and is aligned with international trends. Many of these companies are also actively engaged in initiatives on employment of persons with disabilities and foreign nationals, working to understand and recognise the respective needs and strengths of each group and to provide better working environments. In many cases the acquisition of diverse human resources was found to have positive impacts on business. For example, persons with disabilities have brought their own perspective to the formulation of earthquake disaster evacuation plans, bringing value to core business. Further, foreign national personnel were found to bring an enterprising spirit to the workplace. Although the ratio of diverse personnel, including women, in managerial positions in these companies is still low when looked at in a global context, achieving goals will take time, and steps are being taken in the right direction.

### (2) Promoting gender equality: fostering genuine understanding

Due to an insufficient understanding of gender equality, in some cases the perception of current conditions differed from the actual state of affairs. One company felt that equality between men and women was "common practice", and regarded itself as having achieved gender equality due to a lack of explicit gender discrimination. However in actuality, prevailing views on the differing skills of men and women had led to almost all employees in support positions being women, with a low ratio of women in management positions, resulting in a wage gap between men and women. When such biases exist, companies may not realise they are behind in implementing initiatives, even if their WEPs tool scores are low. Accordingly, companies must first become aware of any unconscious biases related to gender (e.g. "women are good at this type of work", "men should do this type of work"). Further, gender inequalities in life outside of work can wield influence on women's advancement in their working lives. For example, in Japan women spend 3-5 times more time than men on unpaid caregiving in the home (housework, childcare, caring for elderly).<sup>38</sup> Hence, in order to address women's advancement in the workplace, it is necessary to raise awareness at the individual level and work to eliminate gender inequality in life outside the workplace. Companies have a great role to play in eliminating unconscious biases and raising awareness through question 15's "responsible marketing that considers the portrayal of gender stereotypes".

In order to foster a genuine understanding of gender equality, it is essential for all employees, not only managers and staff in charge of human resources and diversity inclusion, to have an understanding of the issue. Interviews revealed significant differences in the notion of "women's advancement" by different employees within companies. A portion of both men and women employees were against the idea of "women's advancement", viewing it as a policy of the Japanese government to achieve gender equality, but misinterpreting it as policy that gives favourable treatment only to women. However, gender equality specifies equality in rights, responsibilities and opportunities, and is not a policy that gives favourable treatment only to women. For diversity management to be successful, a genuine understanding in the workplace is indispensable. Accordingly, it is important for companies to clearly stipulate their ideas on promoting gender equality, as well as what outcomes will be regarded as having realised gender equality, and to share information on objectives and goals both within and outside the company.

### (3) Companies' compliance with laws and systems

Compliance by companies with Japan's laws and systems constitutes the context of survey results and the profusion of initiatives in workplaces. For example, in Japan, paid maternity leave is made possible due to childbirth and childcare subsidies and maternity allowances paid from health insurance. Further, childcare allowances paid from employment insurance enable both men and women to take paid childcare leave. These systems are linked to the provision of paid maternity leave and paid paternity leave for fathers by all companies and organisations that responded to the survey. Again, "nondiscrimination in recruitment processes" is attributable to the prohibition of indirect discrimination in employment of the 2006 and 2013 revisions of the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment.<sup>39</sup> Additionally, most companies set targets for the ratio of women in managerial positions and kept stakeholders informed of the numbers of women managers. In the background of this is the obligation to incorporate the state of women's advancement, issue analysis and numerical targets in the formulation of plans and carry out information disclosure under the Act on Promotion of Women's Participation and Advancement in the Workplace.<sup>40</sup> Many companies were actively utilising point systems in public procurement, such as the "Eruboshi" and "Kurumin" certification systems set up by the government. In short, most of the good examples of initiatives in the workplace mentioned hereto are those sustained by companies' compliance with Japan's legal institutions.

<sup>38</sup> Gender Equality Bureau Cabinet Office, 2018 White paper on gender equality, Figure 1-3-8, "Time spent on housework and childcare of married couples with children under the age of 6 (daily, international comparison)". [http://www.gender.go.jp/about\\_danjo/whitepaper/h30/zentai/html/zuhyo/zuhyo01-03-08.html](http://www.gender.go.jp/about_danjo/whitepaper/h30/zentai/html/zuhyo/zuhyo01-03-08.html)

<sup>39</sup> Prohibits employment requirements on height, weight and strength and the provision of transfer requirements at times of recruitment, employment, promotion and change in job type of workers, even with no rational reason.

<sup>40</sup> Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, national government, local governments and large companies with over 301 employees must (1) ascertain and conduct issue analysis on the state of women's advancement, (2) formulate action plans incorporating numerical targets and initiatives to appropriately address issues and report on, disseminate information and make public on these, (3) disclose information on women's advancement in the organisation (small- and medium-sized enterprises of less than 300 employees have the obligation to make effort).

**(4) Efforts to further the operation of systems**

Meanwhile, issues have arisen in the operation of the above systems. For instance, although mothers and fathers can take childcare leave, there is a huge gap in the actual rate of taking leave, which stands at 83.2% for women and 5.14% for men.<sup>41</sup> One factor in the low rate for men is said to be a workplace atmosphere that is not conducive to taking childcare leave. A company that achieved a 100% rate of taking childcare leave by male employees reported on its efforts to create an environment conducive to making use of the system, including communicating messages from top management and setting the goal for all eligible employees to take childcare leave, even if only short-term. Efforts like these to create conducive environments are necessary for operation of such systems.

**(5) Linking work-style reforms, promotion of gender equality and diversity management**

Another reason companies are advancing initiatives in the workplace is the great need for initiatives from the perspective of work-style reform. In an aging society with fewer children, systems of telecommuting and flexible working hours are in high demand as they allow employees to continue working while caring for children and the elderly. Moreover, it can be surmised that many companies/organisations are actively engaged in related initiatives because these types of systems are easy to operate and are easily translated into employee satisfaction.

On the other hand, objectives for introducing telecommuting differed among companies and organisations, perhaps explaining differences in objectives. Companies operating comparatively flexible systems were aiming to bring about innovation through work-style reform, while companies with more regulations aimed to get points for public procurement and prepare for telecommuting during the Tokyo Olympics. While work-style reforms such as telecommuting produce various results,<sup>42</sup> from saving time on commutes to improved work efficiency, flexible operation is ideal from the perspective of diversity management aimed at making the most of diverse human resources. Work-style reforms, such as reducing long working hours, eliminating seniority systems and equal pay for equal work are important in the advancement of diversity management. Creating comfortable work environments for a diverse range of people and thereby enhancing productivity leads to the growth of companies. If initiatives like telecommuting are to be continued, companies must always keep in mind their reasons for implementing measures to ensure that their objectives and means are not confused.

Companies and organisations were also asked about goals for ratio of women in managerial positions and progress on these goals. Some companies reported that neither men nor women particularly wanted managerial positions. A wide range of reasons were given, including lack of overtime pay for managers, increased responsibilities and the need to make sacrifices, but most concerned the work-style of managers. In order to increase the number of women managers, initiatives in work-style reform are required targeting both men and women from the perspective of diversity management.

**(6) Other impetus for initiatives**

The following are other reasons that initiatives in the workplace have advanced.

- Labour unions are involved in promoting initiatives aimed at improvements in working environments.
- Personnel systems and allowances were reviewed when companies consolidated.
- Both negative information and commonplace information is released based on experience in responding to ESG investment.
- To ensure competitiveness in bidding for companies doing business in countries and regions where initiatives are advanced, such as Europe.

While these represent opportunities for initiatives to promote gender equality to be advanced, they can also serve as points of reference for the advancement of diverse human resources other than women.

**(7) Going above and beyond initiatives in the workplace**

The questions in the WEPs tool purport that initiatives to promote of gender equality are important not only in the workplace, but also in the market and local communities. The same can be said for initiatives targeted at persons with disabilities, foreign workers and LGBT community members.

The concept of companies promoting gender equality in the market and local communities is still new to Japanese companies, likely accounting for this type of initiative being less common than initiatives in the workplace. Another factor might be the difficulty in seeing the outcomes and benefits of such initiatives. However, even though they are not implementing initiatives, multiple companies/organisations expressed interest. It is essential to spread the word on the necessity and benefits of such initiatives. In particular, efforts to proactively adopt procurement methods aimed at expanding the business of women-owned companies are new, even from an international perspective. In the background of such efforts is the less-than 1% share in procurement of women-operated

<sup>41</sup> Ministry of Health, Labour and Welfare 2017 data

<sup>42</sup> Research in the environmental field has shown telecommuting and reduced working hours to be linked to CO<sub>2</sub> reduction (Institute for Global Environmental Strategies, Aalto University, and D-mat Ltd. 2019. 1.5-Degree Lifestyles: Targets and Options for Reducing Lifestyle Carbon Footprints. Technical Report. Institute for Global Environmental Strategies, Hayama, Japan). However, research on the rebound effect (for instance, CO<sub>2</sub> emitted if work hours are decreased and time is used for recreation instead) is still required.



businesses in the over one trillion USD annual purchases of 80 of the world's multinational corporations. One reason often given for this figure is the fact that women executives do not have the connections and know-how to secure sales with major corporations. However, it is said that procuring from women-operated businesses has the benefit of increasing value-added proposals and promoting competitiveness among suppliers.<sup>43</sup> Moreover, women business owners tend to employ women, translating into the stable employment of women. In this context, "supplier diversity" based on increasing procurement from women-owned businesses is important for companies. This issue is extremely relevant to Japan, where women entrepreneurs are beginning to increase, and particularly relevant for major corporations that wield strong influence on supply chains.

**(8) Need for initiatives by stakeholders other than companies, such as national and local governments**

The survey revealed some areas that require focused efforts by other stakeholders, such as government, above and beyond the initiatives of companies and organisations. Multiple companies reported attempts to hire women university graduates only to find low numbers of women students in the sciences and difficulty in increasing the numbers of newly-graduated women who studied science. While companies are called upon to make efforts to create working environments that women find more accommodating through work-style reforms, efforts are also needed at home and in educational settings to eliminate rigid divisions of gender roles (IT is men's work, admin is women's work). Further, efforts are required

to increase the numbers of people and places that provide reliable care for children, as well as the quality and convenience of these services, to allow parents to continue working.

The survey revealed some major corporations that have established in-house childcare facilities. However, small- and medium-sized enterprises with limited funds and human resources would have difficulty engaging in similar initiatives. In order to facilitate initiatives in women's advancement on the part of SMEs, efforts are required to inform people of the need for such initiatives and to expand support systems in society as a whole. Moreover, in order to reduce the number of persons taking time off work or leaving their jobs arising from increasing problems finding care for the elderly, development of human resources and the creation of better working environments for those working in this field also require urgent responses.

Utilising diversity management to change prevailing evaluation methods based on working time to evaluation methods that place more emphasis on results would create fertile ground for workers involved in caregiving of the elderly and children to play a more active role. However, results-oriented approaches when taken too far lead to the increased risk of "leaving behind" some people in an economically disadvantaged conditions. Government must strengthen support and welfare systems that support the disadvantaged to continue to rise to meet challenges.

**<Column 5: Issues with childcare systems and balancing childcare and work>**

Most of the issues surrounding balancing work and childcare that came up in interviews were related to childcare systems. For instance, most problems involved not being able to leave children at childcare centres when taking days off work, the disadvantage of changing jobs when pregnant (the dilemma involving companies assuming a woman cannot work because the child has not got a place at a childcare centre, and not being able to get a place at a childcare centre without having work), and the lack of a system for improvements when dissatisfied with the quality of childcare. There are many issues behind this situation, such as insufficient childcare centres and childcare workers, generally low salaries for childcare workers and limited persons and places where one can reliably entrust children other than childcare centres. However, preschool education is more highly cost effective compared to education from primary school to university, and research has shown that supporting economically disadvantaged children is particularly effective in reducing disparities.<sup>44</sup> Japan must learn ideas and systems of childcare from other countries to develop its own domestic systems, and engage in work-style reforms that include improved working conditions for persons involved in childcare.

<sup>43</sup> Asahi Shimbun, 20 December 2018, "Breaking down barriers to women business owners"

<sup>44</sup> Heckman, J. J., & Krueger, A. B. (2005). Inequality in America: What role for human capital policies? <https://www.irp.wisc.edu/publications/focus/pdfs/foc233a.pdf>



**<SDG5 and WEPs: Gender equality as the basis for investment decisions>  
Contributed by Asako Osaki, National Coordinator, WE EMPOWER JAPAN**

Efforts to promote gender equality have long been seen as a “human rights” issue, and addressed in the context of international cooperation led by the United Nations and partners. After the World Economic Forum released the Global Gender Gap Index (GGGI) rankings in 2006, gender equality, which is also the foundation for diversity, is now recognised as a driver for sustainable and competitive corporate growth, as well as enhanced corporate governance.

Moreover, advancing gender equality is rapidly gaining force in the world of finance and investment. In line with ESG investment trends, global institutional investors are now analysing mid- to long-term expected future growth and risks of companies from a “gender perspective” (e.g. negative company reputation and increased personnel management costs caused by sexual harassment, cover-up of corruption due to insular and rigid governance structures, are seen as corporate risks) . Applying a “gender lens” to investment decision-making has drawn increased attention, and major investment companies have created funds with indexes based on the ratio of women in management and director positions, gender wage gap and assessments on gender issues in the supply chain, etc.. In Japan, the Government Pension Investment Fund (GPIF) adopted the MSCI Japan Empowering Women Index (WIN) in 2017 as a social-themed index for ESG investment.

The Japanese government has also taken some major steps forward. Through the enforcement of the Act on Promotion of Women’s Participation and Advancement in the Workplace, frameworks to “assess current corporate status and develop action plans” and “disclose corporate information” have been systematically put in place. Likewise, the government established a number of incentive (certification) systems for companies with strong track records; certified companies receive bonus points during public procurement processes (comprehensive evaluation bidding and planned competitive bidding).

More and more companies are working to promote gender equality and eliminate gender discrimination, a prerequisite for “women’s advancement”. Initiatives include increased rates of men taking childcare leave, setting up structures for flexible working arrangements utilising IT, stronger awareness and responses to unconscious biases that affect decision-making on recruitment, performance evaluation and promotion, and non-tolerance of sexual harassment in the workplace. From here on, companies that are actively engaged in promoting gender equality from a mid- to long-term perspective and understand that such process is not a “cost” but an “investment” to creating environments where men and women can equally demonstrate their abilities, as well as enhance corporate governance, will acquire talented human resources while receiving higher evaluation in the global investment markets, leading to continued corporate growth.

The Women’s Empowerment Principles (WEPs) are a tool for private sector companies to achieve gender equality. Signing the WEPs shows a company’s commitment and provides ways for the company to analyse its current status under each principle, form action plans, measure progress and engage in reporting. Continued corporate efforts building on the WEPs can lead to concrete initiatives for SDG5, and this is directly linked to enhanced evaluation in ESG investment and gender lens investment. For instance, Bloomberg’s Gender-Equality Index includes a question item, “signing/participating in the WEPs”. WE EMPOWER is a programme designed to support private sector companies in G7 nations to advance gender equality.<sup>45</sup> We plan to create more incentives to sign the WEPs in Japan and develop and disseminate easy-to-use tools going forward.



<sup>45</sup> WE EMPOWER website: <https://www.empowerwomen.org/en>

## 6. Conclusion

Chapter 3 contained an examination of SDGs-related business trends in Japan and internationally, and Chapter 4 highlighted awareness on the SDGs among GCNJ-member Japanese companies and organisations and the state of their initiatives. Likewise, Chapter 5 looked at the state of initiatives in diversity management from the point of view of promoting gender quality, specifically concerning companies that participated in GCNJ's WEPS sub-committee. This final chapter concludes with an examination of the information presented thus far.

### **International trends on the SDGs**

The release of a roadmap for the chemical sector represented an unprecedented new development in international trends on the SDGs. While a variety of sectors in Japan have declared support for the SDGs, none have clarified pathways for initiatives as a sector nor serve as examples for advancing international cooperation.

The following three issues were pointed out at the SDGs Business Forum: 1) need for reports and checks on concrete progress by businesses; 2) progress is insufficient to achieve the SDGs by 2030; and 3) the need to promote implementation by small- and medium-sized enterprises.

A look at the global state of progress on the SDGs shows that at the present rate, achieving the SDGs will be problematic even for the three Northern European nations reputed to have the most advanced initiatives (Sweden, Denmark and Finland). For this reason, transformation is required to achieve the SDGs, and awareness on this point must be raised.

### **Becoming apparent of two types of mainstreaming in Japan**

Two types of mainstreaming in Japan have become apparent in domestic trends and the results of the questionnaire survey of GCNJ members and interviews with business leaders.

The first is the mainstreaming of the SDGs in the management of companies and organisations, mainly in large corporations. Looking back at the state of progress on SDGs of GCNJ member companies and organisations, the most striking progress is the 23% improvement in level of awareness on SDGs of top management over a one-year period. As shown in the Annex to this report, business leaders have begun to speak in earnest about addressing social issues through the SDGs and business. Companies and organisations are communicating more on the SDGs in their reporting. Furthermore, developments are slowly evident in discussions and structures to move SDGs-related initiatives into implementation within organisations.

The revision of the Japan Business Federation's Charter of Corporate Behavior and developments in ESG investment and lending form the backdrop of this progress.

The challenge at present is that over 40% of companies/organisations have yet to decide on how to roll out initiatives internally and lack methods to evaluate initiatives. Many of these companies have sensed barriers to their next steps after linking the SDGs to existing business. These challenges have much in common with issues 1) and 2) above that came out of the SDGs Business Forum, and are not exclusive to Japanese companies and organisations.

The questionnaire survey revealed a significant number of companies that had positive responses to initiatives on the SDGs based on identification of business opportunities and risks throughout entire value chains. For companies that have yet to begin this process, there is value in doing so. Further, the "Practical Guide" and the "An Analysis of the Goals and Targets" introduced in the column in Chapter 4 are designed to reinforce the SDG Compass. They contain information on ways to identify priority targets within the SDGs, indicators for evaluating progress and matters to incorporate into reporting. These resources should certainly be utilised.

The other type of mainstreaming concerns the SDGs within Japanese society. Over the past year, many ministries and agencies have become involved in the SDGs. In addition to the initiatives of the SDGs Promotion Headquarters, the Ministry of Foreign Affairs and the Ministry of the Environment, deliberations on the STI Roadmap within the Cabinet Office and selection of SDGs Future Cities have also taken place. Additionally, deliberations on the SDGs, information provision and sorting out relationship between policies and SDGs has taken place in the Ministry of Economy, Trade and Industry, the Ministry of Agriculture, Forestry and Fisheries, and the Financial Services Agency. As such, actions on the SDGs steadily spreads at the national level. However, there are still many challenges that the government must overcome related to initiatives on the SDGs. The content of the SDGs Action Plan is fundamentally limited to a rearrangement of government policies, and it is unclear as to whether synergies and trade-offs between the policies of various ministries and agencies have been examined. Moreover, there is still a long way to go in the integration of the necessary environmental, social and economic perspectives required to implement the SDGs.

Some of these issues are being addressed at the local

government level. In particular, local governments applying to be SDGs Future Cities are required to give proposals on visions for 2030 and ways to engage in the SDGs, as well as the feasibility and promotion systems of initiatives. Some local governments are engaged in initiatives more advanced than those of the national government. An environment conducive to the SDGs-related initiatives of local governments is being created as new recruitment of SDGs Future Cities and SDGs Models of Local Governments is to take place in 2019, and a budget is under consideration within the circulating and ecological economy promoted by the Ministry of the Environment.

Next, expectations regarding initiatives on the SDGs in SMEs have also begun to arise. At present, most SMEs have only a modest familiarity with the SDGs. However, if frameworks can be created to garner the participation of SMEs in the SDGs-related activities of local governments, there is potential for initiatives to spread amongst SMEs.<sup>46</sup> The Japan Food Ecology Center, recipient of the Chief's Award of the SDGs Awards, is a representative example of an SME contributing to sustainability in a local community. Because many companies and organisations refer to best practices when advancing their own initiatives, many SMEs could better familiarise themselves with the SDGs if a collection of case studies were created. Moreover, implementing initiatives on the SDGs in SMEs was the third point made at the SDGs Business Forum.

Although awareness among the general republic remains low, it is expected to rise due to coverage in the media, such as special feature articles in women's magazines, and programmes at schools.

Nevertheless, even in Northern European countries, the outlook on achieving the SDGs is gloomy. Likewise, many obstacles must be overcome before the SDGs become a truly mainstream idea in Japanese society. Domestic issues are piling up, including an aging population with fewer children, disappearing municipalities, deteriorating infrastructure and budget deficits. Under these conditions, what sort of society should Japan aim for in 2030, and what changes must be made to build a sustainable society? In order to create a strategy on the SDGs for Japan, national debate in which everyone contributes their insights is required.

#### **Promoting gender equality in a genuine sense and the need for initiatives to address diversity**

One of the keys to making changes in Japanese society and companies/organisations is the promotion of diversity. Gender inequality is a primary factor holding down Japan's progress score on the SDGs, and also a factor in other problems like poverty in single-mother households. Furthermore, Japanese society also faces issues related to the employment of persons with

disabilities, institutional and cultural acceptance of the LGBT community, and foreign workers and technical interns. Environments in which diverse human resources can engage enthusiastically in their work and are provided with opportunities to maximise their talents, not only in companies but in all workplaces, will lead to the creation of innovations and competitiveness linked to solving social problems.

How should we go about creating such working environments? The examples of leading initiatives by companies and organisations targeted in the research for this report show that initiatives to promote gender equality involved work-style reforms that targeted not only women, but men as well. Further, gender equality initiatives were implemented as part of diversity management, including persons with disabilities and foreign workers. These initiatives were also supported by internal developments in organisations (demands from employees and labour unions, promotion of genuine understanding) and responses to the external environments surrounding companies (ESG investment, evaluation of gender equality engagement in bidding in Europe).

From the WEPs tool used in this report, it was clear that the promotion of gender equality ideally includes initiatives in business, markets and local communities, aside from those in work environments. The same can be said for inclusion of persons with disabilities, LGBT persons, and foreign workers/technical interns. The SDGs contain many goals and targets related to these groups of people. Companies can do a lot to contribute to building sustainable societies that "leave no one behind", in workplaces as well as in markets and local communities. The WEPs tool and other tools related to the SDGs should be used to determine what initiatives are needed and what can be done.

Heading into the future, continued initiatives with a view of diversity in its genuine sense are expected in all workplaces and communities, not only in companies and organisations, but also in areas that have fallen behind, such as government councils and public administration.

#### **In conclusion**

In 2019, High-level Political Forum will be held twice to engage in a follow-up review of initiatives on the SDGs around the world. The first is a ministerial-level meeting under the auspices of the United Nations Economic and Social Council (ECOSOC) to be held from 9-18 July, and the other is a meeting of Heads of State and Government under the auspices of the UN General Assembly from 24-25 September. The topic of July's meeting is "Empowering people and ensuring inclusiveness and equality", which is closely related to the topic of diversity management addressed in this report. The September meeting is being

<sup>46</sup> On this point, the Kanto Bureau of Economy, Trade and Industry released "New Frameworks (support models) for backing local small- and medium-sized enterprises engaged in the SDGs" on 8 February 2019, which can serve as a reference for many local governments. Details are available at the following URL: [http://www.kanto.meti.go.jp/seisaku/seichou/sdgs\\_shien\\_model.html](http://www.kanto.meti.go.jp/seisaku/seichou/sdgs_shien_model.html)

called the “SDGs Summit”, and will be held together with a summit on climate change and high-level dialogues on development finance. With the G20 to be held in Japan, focus on the SDGs is expected to mount throughout 2019.

At the beginning of this report, it was noted that the SDGs are entering their fourth year of implementation. In other words, there are only 11 years and a few months remaining in the implementation period of the SDGs. If we are to work in earnest to achieve the extremely ambitious

goals of no poverty, no starvation, and health and welfare for all people, companies and organisations must begin to work to achieve the SDGs without delay. They must adopt the value of the SDGs, and incorporate the SDGs into all three areas of activities to address social issues through core business and social contribution, employment/labour and environmentally sound organisational management. In other words, the practice of “SDGs management” is required.

# Annex: SDGs Interviews & Initiatives by Companies



Network Japan



## Annex 1. GCNJ/IGES Interview Series: Featuring Top Management and Management-Level Positions

- Sandra Wu, Wen-Hsiu, Director, Japan Asia Group Limited; Chairperson and CEO, Kokusai Kogyo Co., Ltd.; Member, UN Global Compact; Board member, Global Compact Network Japan
- Hiroshi Okamoto, President, Ohtori Corporation
- Masayuki Shimizu, Chair, Seigakuin University & Schools
- Masayuki Kawana, Director, Executive Officer, General Administrative Manager of Human Resources Division and CSR Management Office, Seiko Epson Corporation
- Jun Ikeda, Executive Officer, President's Office Chief of Staff, The University of Tsukuba
- Chizuru Yamauchi, Executive Officer, General Manager of CSR Promotion Office, Nippon Life Insurance Company
- Tetsuji Yokozeki, President and CEO, Business Consultants, Inc.

## Annex 2. 2030 Transform through SDGs - interview with 10 top executives of companies -

Interviews conducted in cooperation with the Asahi Shimbun Publishing Co. featuring 10 top executives of GCNJ member companies

Interviews were published in the Asahi Shimbun newspaper (English versions in the Asahi Shimbun Asia & Japan Watch).

- Hiroaki Nakanishi, Chairman of Keidanren (Japan Business Federation), Chairman of the Board and Executive Officer, Hitachi, Ltd.
- Koji Fujiwara, Chairman, Japanese Bankers Association, President and CEO, Mizuho Bank
- Hiroshi Shimizu, President and CEO, Fuji Oil Holdings Inc.
- Yoshihiro Hidaka, President, CEO and Representative Director, Yamaha Motor Co., Ltd.
- Ayako Sonoda, President, Cre-en Inc.
- Michitaka Sawada, President and CEO, Kao Corp.
- Kohzoh Takaoka, President and CEO, Nestlé Japan Ltd.
- Shinya Katanozaka, President and CEO, ANA Holdings Inc.
- Kengo Sakurada, President and CEO, Sampo Holdings Inc.
- Yoshimitsu Kobayashi, Chairman, Keizai Doyukai (Japan Association of Corporate Executives), Director of the Board, Chairperson, MCHC

## Annex 3. Example initiatives by businesses on the SDGs, "Promotion of Gender Equality as a Focus of Diversity Management"

- ANA Holdings Inc.
- Koei Research & Consulting, Inc.
- Konica Minolta, Inc.
- Sumitomo Chemical Co., Ltd.
- Nabtesco Corporation

\* The SDGs-related initiatives described herein introduce merely a part of each company's activities. Please refer to the respective websites of companies for more comprehensive explanations on initiatives.

# Why businesses should tackle the SDGs heads on

**Sandra Wu, Wen-Hsiu,**  
**Director, Japan Asia Group Limited;**  
**Chairperson and CEO, Kokusai Kogyo Co., Ltd.;**  
**Member, UN Global Compact Board;**  
**Board Member, Global Compact Network Japan**



## A bridge between Japan and the world, working towards the SDGs

In 2018 I was appointed board member to two organizations, United Nations Global Compact and Global Compact Network Japan (GCNJ). When I accepted the appointment, I was asked to fulfil three roles by the Secretary-General of the United Nations António Guterres, who also serves as Chair of the Global Compact Board. The first role is to advise the Chair of the Global Compact Board and propose activities for Global Compact from the Asian perspective. The second is to contribute towards the Global Compact mandate, which is to promote the SDGs, both at the global and local level. The third role is to serve as a bridge between the Global Compact and its local network, GCNJ. So for example, I bring back, and share, information on global high-level discussions and global initiatives addressing the SDGs to my colleagues in Japan. Going the other way, GCNJ is a well-known local network at Global Compact, seen as a role model for other local networks around the world, and it is my role to convey the ideas and experiences of GCNJ member companies and organisations to the Global Compact Board. I will do my best to follow the footsteps of Mr. Arima, Representative Director of the GCNJ, who served in a similar dual role for ten years before me.

What I hope to achieve through my work with Global Compact and GCNJ, is first of all, enhanced awareness of the SDGs for both myself and for everyone in our group company. A lot of people in our group company are already quite aware of



Global Compact Board meeting (September 2018, New York)  
 ©UN Global Compact

the SDGs, being regularly faced with the need to discuss our SDGs-related activities with those outside the company when I introduce myself as a Global Compact board member. I have recently noticed an increase in SDGs-related topics being discussed in our regular in-house meetings as well.

## Disaster risk reduction as a starting point of action towards the SDGs

Our group company, the Japan Asia Group, strives to “Save the Earth, Make Communities Green”. Among the SDGs-related fields, we are particularly strong in providing solutions towards climate action, disaster risk reduction and environment, and disaster risk reduction was, in fact, the starting point of our journey. In 2011, I was invited by the United Nations Office for Disaster Risk Reduction (UNDRR, then UNISDR) to join their Private Sector Advisory Group to raise awareness of how private companies contribute towards disaster risk reduction around the world.

The Great East Japan Earthquake occurred the day after UNDRR’s invitation and Kokusai Kogyo suffered extensive damages, but despite that, based on a pre-emergency cooperation agreement with the Geospatial Information Authority of Japan, we took part in an emergency aerial survey of the disaster-stricken areas the following morning. Later our teams helped estimate the amount of disaster debris and waste, using GIS technology, aiding post-disaster planning. In short, I saw our company’s core technologies play an important role in response, recovery and reconstruction, and came to realize the importance of businesses contributing to disaster risk reduction through their core business strengths. I realized that it was my mission to communicate this to the world, and began my work with UN organizations. I served as Chair of UNISDR’s Private Sector Advisory Group during the Third UN World Conference on Disaster Risk Reduction held in Sendai, Japan in 2015, and saw the new global framework, the “Sendai Framework for Disaster Risk Reduction 2015-2030,” adopted, with the private sector mentioned in no less than 33 places and the importance of the role of businesses in promoting disaster risk reduction deeply incorporated into the framework itself.

My work with UN organizations made me aware of their two major agendas, climate change and the SDGs. Climate change directly relates to disaster, and climate change adaptation and disaster risk reduction are closely connected issues. Sustainable development does not stand apart either: we can work on

reducing poverty and improving lives and livelihoods in pursuit of sustainable development, but a single large-scale disaster can wipe out progress overnight. In other words, disaster risk reduction, climate change, and sustainable development are all closely interrelated.

Since 2015, I've talked about such interrelationships from the perspective of the private sector, and worked to enhance awareness. The SDGs encompass the issues of poverty, peace, human rights, environment and social inequality. These are crucial issues for humanity to which everyone should contribute, regardless of whether they work for the public or private sector.



Speaking as private sector representative at the plenary session "Invest Today for a Safer Tomorrow – Increased Investment in Local Action," Global Platform for Disaster Risk Reduction 2011 (May 2011, Geneva) ©UNISDR

## SDGs as guiding principle as well as business opportunities

Businesses do need to make a profit, and I believe that, when doing business, it is useful to ask the question: what issues are we facing in today's society? Because issues translate into needs, which translates into business opportunities. There are many opinions and interpretations surrounding each of the 17 goals of the SDGs, but each goal marks, without fail, issues and needs that must be addressed. In that sense, for businesses, the SDGs serve as guidelines for comprehending where globally important issues lie. Businesses should think about how they can address the issues raised by the SDGs, and make the world a better place, specifically through their core business activities.

Japan Asia Group is an entity that strives to achieve growth by integrating technological innovation with financial expertise. Both "green" and "smart" innovations are essential to save the Earth and make communities green. Both technology and the power of finance serve as anchor to business activities necessary for the future of society. I've been able to guide our group's business activities with confidence by considering the issues of climate change, disaster risk reduction and environment, and other factors, not separately, but as a set of interrelated landmarks guiding us towards growth.

## Promoting diversity is necessary and desirable

SDGs are also important from a corporate management perspective. The SDGs also talk about human rights, social inequalities, and employment, and asks us to create a better working environment. I think there are some things that are necessary, and others that are desirable, in corporate settings. Today's society is evolving rapidly and in many directions. Diversity and gender diversity are now accepted societal norms, and thus it is necessary to promote diversity in the workplace.

At the same time, promoting diversity is also desirable for companies that wish to grow. For instance, Kokusai Kogyo has been working with local governments for decades in disaster management planning. In the past, work meetings and briefings were all men, from both the local government side and our company's side. More recently, the need to reflect the views of women on evacuation shelter planning and reconstruction planning is now well understood, and planners from both sides include a number of women.

Another example: Kokusai Kogyo has actively employed persons with disabilities for 33 years through TDS, Co., Ltd., a specialized subsidiary company. Employees with disabilities at TDS had originally chiefly worked on computer programming and data entry, but over the years, began to contribute to inclusive planning for persons with disabilities, which has greatly benefited our business bottom line. We've been able to propose ideas that take into account the perspectives of persons with disabilities when developing services and solutions for local governments.

In terms of the workplace, as Japanese society embraces women's full participation in society, we face issues involving the unavailability of daycare and men's roles in childcare and care of aged family members. We're working on solving such issues and, at the same time, further increasing the number of female executives and foreign nationals within the group company in the interest of promoting diversity.

## Mainstreaming the SDGs into corporate philosophy to boost both business growth and sustainable development

The original founding philosophies of both Kokusai Kogyo and its parent group, the Japan Asia Group, were to become businesses that provide a multitude of solutions to societal problems and contribute to sustainable development. We've discovered the hard way, however, that it is not enough for different parts to strive independently; organizations need to take coordinated action under a common ambition. With the SDGs, the issues that we need to focus on have been organized into 17 goals, and we've been able to demonstrate, through the SDGs, that various entities within our group are indeed working towards common goals. With the SDGs as a common language, I will work to grow the collaboration between companies and divisions within our group, as well as the sense of unity among group employees, so that together we become a business sensitive to societal needs as well as business opportunities.



# The age of SDGs initiatives for SMEs

## Raising momentum for social contribution with the SDGs



Ohtori Corporation  
**Hiroshi Okamoto,**  
President

### Being a responsible supplier

I first came into contact with the United Nations in 2010 when I heard from a client with its headquarters in France that they were going to give priority in transactions to companies engaging in initiatives on sustainability, and that joining the UN Global Compact was a condition of business dealings. Although our corporate philosophy and management policy to “contribute to social and public welfare through commercial activity” was determined in the days of the previous president, it is highly compatible to the 10 principles of the Global Compact and we didn’t have to make any new changes to join. But it did serve as a good opportunity to build momentum within our company to work toward sustainability. We had gotten ISO14001 and ISO9001 certifications and joined the UN Global Compact in February 2011. Then we began participating in the Kansai sub-committee of the Global Compact Network Japan in 2012. I myself had felt that business is not just about making money and was finding it increasingly important to protect the natural environment and contribute to society. Just when I was thinking we’d better introduce some measures or we couldn’t survive as a company, initiatives started to quickly fall into place.

- Contribute to social and public welfare through commercial activity
- Move steadily forward and anticipate robust growth based on sound management practices
- Strive to be trustworthy with honesty, effort and fairness

Ohtori’s management policy

### Spreading the word in the company carefully, over time

#### From the Ten Principles of the Global Compact to the SDGs

Small- and medium-size enterprises are distanced from international trends and even more so from United Nations’ initiatives. In fact, it took about two to three years to get the message across in my company on the ten principles of the Global Compact. Even now the process remains ongoing. My instructions have always been to go directly to workplaces and explain things face-to-face with employees. Although video

conferencing was possible, we opted to have our section chief in charge of CSR visit our 25 domestic locations to give accounts on joining the UN Global Compact and its ten principles. I wanted our employees, when asked related questions by customers, to be able to give a proper response, not an “I don’t know”. Also, I wanted our employees to feel pride and a sense of belonging in our company, which had joined the UN Global Compact, with its noble objectives. Thus, we focused not on memorising information as if studying for a test, rather on raising awareness. We did the same for the SDGs, spending two and a half years explaining them to every department. I believe in workplaces where employees believe in their work and have job satisfaction. Our company uses the SDGs, which are easily understood by employees, as an effective tool to enhance motivation.

### Dedication at the top is key for SMEs

Although we haven’t set specific targets for the SDGs, I’m confident that if we continue to do what we’ve been doing up to now and what we should, we will contribute to achieving the SDGs. At present, we are deliberating on how to use the SDGs as an opportunity to contribute to society as a trading company in electronic components, and what we can do in CSV. In my experience, without dedication at the top, merely saying “we will do what’s good for society and implement the SDGs” is not enough. In order to have dedication at the top, collection of the latest information on the SDGs and ongoing input is essential. Efforts to collect information from external sources such as the Global Compact Network Japan and IGES is part of this process. If a good match is found for our company, we will steadily incorporate it into our policies and activities following due consideration. Based on this resolution, we will continue to remain engaged.

# Fostering people to contribute to Japan and the international community in the future

Seigakuin University & Schools  
**Masayuki Shimizu,**  
Chair



## Linking the SDGs and our school motto

Seigakuin will soon celebrate 120 years since the founding of its predecessor, the Seigakuin School, in 1903. Our school has developed throughout its long history, and we now have nine schools, ranging from preschool to primary school, girls' and boys' junior high and high schools, as well as a university and graduate school and a general research institute. Seigakuin's school motto is, "Love God and Serve His People", and we practice a "leave no one behind" policy in all our educational settings. The SDGs give concrete shape to the ideals for which we should strive when applying Christian principles to real-life situations.

## Initiatives with the SDGs to promote students' growth

One of our main initiatives with the SDGs is our "Boys' School x Girls' School Project" in which junior high and high school student volunteers work to tell the world about the excitement of para-sports. The "1<sup>st</sup> Stage" of this project involved inviting wheelchair basketball players and visually-impaired judo athletes to our school to give students the chance to experience playing para-sports with them. The athletes were also interviewed to create a video to promote para-sports.

Able-bodied students have few opportunities in their daily lives to interact with disabled persons. At first, students felt pity for the athletes. Through interacting with disabled athletes, however, our students came to realize that the athletes were full of light and positivity, and that the pity they had fixed upon the disabled persons was a disability within their own hearts. Our students call this the "barrier of the heart". Moreover, because boys and girls are ordinarily separated in their studies, working together made them aware of their fixed ideas on gender stereotypes. Our students learned so much from these activities, things they could not have learned from a textbook. The project is currently in its "3<sup>rd</sup> Stage",

where members are creating projects of their own, working out plans from the ground up to implementation.

In another of our initiatives, students from our boys' junior high and high schools have been visiting an orphanage in Chiang Rai in Northern Thailand for the last 30 years for training on volunteer activities. Most of the children in the facility cannot live with their parents and some of them have never even met



"Boys' School x Girls' School Project"

their parents. They are members of hill tribes who came to Northern Thailand from Myanmar and Laos. Without protection, they would be sold or forced to work in factories.

In 2018, 40 participants attended this training. They spent about 10 days with the children in the facility and saw the smiling faces of these carefree children who live in a very severe environment. It was a good opportunity for the students to think seriously about the true nature of abundance and the roles they have to play.

Seigakuin engages in a wide variety of other activities, including volunteer activities in cooperation with our university's local community, earthquake disaster volunteer activities by university, junior high and high school students, as well as hands-on agricultural study by the junior high school students of our boys' school. These experiences have considerable influence on the students' future paths as well as their views on society.

## Creating a robust middle class

The middle class is falling apart in today's society and divisions are forming. Social disparity is dangerous for human beings. Finding ways to utilize the SDGs to create meaningful and sustainable societies is a work in progress, and education is most certainly decisive in shaping our societies. Above and beyond theory and knowledge, what is good for people and good for society must be embodied in education, which will bear great impact on the future of Japan and international society. By fostering the development of people with a capacity for understanding and dialogue, we hope to contribute to the creation of a robust middle class.

# Becoming an “indispensable company” Reconciling solutions to social issues and business with technological innovation

Seiko Epson Corporation

**Masayuki Kawana,**

**Director, Executive Officer, General Administrative Manager of Human Resources Division and CSR Management Office**



## A management philosophy that led us to the SDGs

At Seiko Epson, we aim to be an “indispensable company”. Adding these words to our management philosophy in 2017 was the impetus for our full-fledged engagement with the SDGs. In order to become an “indispensable company”, we provide value that only Seiko Epson can provide. We view employing our unique technologies to reconcile business and solutions to social issues as our mission. Our goals are the same as those of the SDGs.

We began fundamental training for employees in 2018 aimed at instilling the concept of the SDGs into our company. We held lectures for 1,800 managers including the company president, and conducted an online training for all domestic group employees. The effort to promote initiatives that contribute to the SDGs is led by the CSR Management Office, an organization under the direct control of our company president that is headed by myself.

One of our products that symbolizes our initiatives in the SDGs is the PaperLab A-8000, a dry-process in-office papermaking machine that makes recycled paper from used paper in offices. Ordinarily, one cup of water is required for each piece of A4 paper made. However, the PaperLab uses almost no water, a precious resource, to recycle paper.<sup>1</sup> This product decreases the amount of paper purchased. Further, the environmental load due to transport of used paper when paper recycling is consigned externally is also reduced. Likewise, when used paper in offices is defibrated, information is erased, thus ensuring confidentiality. Additionally, new employment is created to collect used paper and carry out pretreatment. Workplaces for elderly and disabled employees to thrive are expanding at our company. We currently plan to expand sales of the PaperLab overseas. Reception in Europe and North America has been positive, so we are looking at the possibility of expanding to both markets all at once.



PaperLab A-8000

We were able to offer the PaperLab on the market due to the technologies that our company has accumulated over many years and our manufacturing

infrastructure. I believe that our company’s vertically integrated business model, by which we carry out everything from research and development on core devices to manufacturing and sales, is what made this all possible. By performing all stages within our own company, we can provide products with high added value that can fully manifest the performance of our original core devices while improving our cost competitiveness.

## An “indispensable company” to our employees

As Japan increasingly becomes an aging society with fewer children and business activities globalize, we must secure human resources on a global scale with strengths in connections to cyberspace, our company’s area of focus. Our initiatives in diversity management and human resource development and employment are important SDGs-related initiatives.

In recent years, we have been hiring technicians from China, Philippines and Indonesia. While the turnover rate of overseas human resources is high, in many cases they are more capable and ambitious than new university graduates in Japan. Technicians hired locally have become active and are filling managerial positions in local subsidiaries.

A major issue in Japan is women’s advancement. In order to reach our goal of a 5% rate of women in managerial positions by 2022, we have the option of bringing in women executives from external organizations, but if possible I’d like them to come from within the company. To do so, we are aiming to increase women employees with the goal of 25% of new graduate hires being women. However, there are few women in the field of technology to begin with, making it an uphill battle that will take time. We’ve launched a project in the company and established seven themes based on the opinions and needs of women employees, and we will respond to each, one by one. We are also working to develop the next generation of leaders. The appointment of women to executive positions is often approached with hesitation on both the side of persons being appointed and those doing the appointing. However, I feel we must do more to provide work that enables substantial growth for women.

We must become an “indispensable company” not only in society, but for our employees as well. To do so, we must contribute to society and make a profit. I believe we must steadfastly share these profits with our employees.

<sup>1</sup> A small amount of water is used to maintain a certain level of humidity inside the system.

# Looking beyond SDGs as a transborder university



The University of Tsukuba

**Jun Ikeda,**

**Executive Officer, President's Office Chief of Staff**

## Developing global human resources through the SDGs

The University of Tsukuba was established in 1973 as a new concept university based on the philosophy of being transborder and transdisciplinary. We have designated our institution as a frontrunner that envisions the future and seeks to materialise our vision. We create the knowledge that will help overcome global challenges and shape a future global society, and foster the development of the global human resources that will lead in these endeavors.

We got involved in the SDGs quite naturally. We established the Graduate School of Environmental Sciences in 1977 when pollution was a major problem in society. It was the first graduate school in Japan dedicated in name to environmental studies. Then in 1983, we established the College of International Relations to address challenges related to the global society, development and politics. When the “Trans-ASEAN Global Agenda Education Programme” was adopted by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) as a Re-Inventing Japan Project in 2013, we had already taken a firm stand on developing human resources to contribute to overcoming challenges related to the SDGs.

In 2014, we were selected by the MEXT as one of thirteen “Top Global Universities” (Type A). As a part of this project, we set up the “Bachelor’s Programme in Global Issues”, which organises the challenges of the SDGs into four issues: earth environment, social diversity and inclusiveness, risk and security, and human health and well-being. Ordinarily research is seed-based, but this degree programme starts with the needs of the SDGs and involves faculty members from a variety of disciplines, aiming to integrate the arts and sciences.

One symbolic outcome of these initiatives is the signing of the Global Compact (GC) in 2017. Actually, it was inspired by our graduates. There are United Nations staff members among our graduates of the College of International Relations, mentioned above. A few of them came to meet our university president and suggested joining the GC, and the president welcomed the idea. This is to say that our joining GC was a bottom-up initiative as a result of our efforts to foster human resources over the years. We as educators were extremely happy to see this development.

## Diversity and cross-border cooperation

We have committed to promoting diversity. Our number one

accomplishment is the establishment of the Center for Diversity, Accessibility and Career Development (DAC Center). The DAC Center not only promotes diversity, but also supports the career development of students with disabilities and international students. Our university also has the Division of Disability Sciences that specialises in mental and physical impairments. Since its establishment, the division has advanced research on disabilities and support for disabled persons and has actively promoted the admission of students with disabilities. The DAC Center is engaged in supporting diversity, in terms of not only gender and nationality, but also concerning disability and sexual orientation (LGBT).

For instance, if we enlarge the fonts of print-outs and notices and add furigana (showing the pronunciation of Kanji, i.e. Chinese characters) for those with weak vision, this would also facilitate ease in reading for international students and the elderly. If we adjust the time for leaving work to make it easier for disabled persons to work, this would also make work easier for foreigners who are not used to working overtime. Because different issues are interrelated in various ways, it is important for us to think laterally across various issues.

We believe that diversity has the power to enhance the quality of research and education. People who cannot see and hear can come up with new ideas that cannot be thought of otherwise. Women have ideas that men do not, and foreigners have ideas that Japanese people do not. People with differences working together not only improves work environment and satisfaction, but is also a path to innovations and breakthroughs.

## Beyond the SDGs

In September 2019, the University of Tsukuba will hold the “Tsukuba Conference”. University President Nagata will serve as chair of the conference, and committee members will include the President of the University of Tokyo, the Chairman of the Japan Business Federation and Chairman of the Board of the National Institute of Advanced Industrial Science and Technology, with relevant government ministries participating as observers. One of the objectives of the conference is to have young people play leading parts, as they will indeed take on leading roles 20 or 30 years into the future. If Japan can take leadership in this process, many chances will arise in the future. I hope this event provides the opportunity for many people to think about what will come after the SDGs through transborder cooperation.

# Contributing to sustainability through management itself



Nippon Life Insurance Company

**Chizuru Yamauchi,**

**Executive Officer, General Manager of CSR Promotion Office**

## Sustainable initiatives via a steady process

Our company was established in 1889 and celebrates 130<sup>th</sup> anniversary this year. We have run our company based on our philosophy on “co-existence, co-prosperity” and “mutualism”. We view contributing to sustainability as part of management itself, and see it as our mission to contribute to society through our life insurance business, aiming to contribute stability and enhancement to people’s lives.

Eliminating poverty is the first of the 17 goals of the SDGs. Arranging life insurance to support surviving family is tied to not creating new poverty. I believe that the life insurance business which eliminates poverty and disparity based on a system of mutual aid, is consistent with the aims of the SDGs.

To date, although we have developed and provided life insurance products and services related to the SDGs, our full-fledged initiatives only started when the members of our management committee were invited to a study session by the president at the time in November 2017. We are now following the SDG Compass and have designated ten goals closely related to our business in Step 2, “Defining priorities”. In defining these goals, we focused on the four perspectives of “consistency with business strategy”, “contributions characteristic of Nippon Life”, “relevancy to key priorities in sustainability” and “impact”. Among the 169 targets and 232 indicators of the SDGs, there were some that were a difficult fit with our business, whereas some items proved useful. For instance, our goal to halve the poverty of children in Japan, which stands at 13.9%, was assimilated from the target to reduce poverty in all its dimensions by half. We also used The SDGs Implementation Guiding Principles established by the Japanese government. Although it was a difficult process at times, I believe that after going through this process we will not waver off course going forward.

Following the enforcement of the Paris Agreement, the adoption of the SDGs and the revision of the Japan Business Federation’s Charter of Corporate Behavior, we added two items to our 16 “key priorities in sustainability”: “management that respects the human rights of all people” and “addressing climate change”. We will continue to engage in addressing these 18 key priorities in sustainability.



“Understanding the SDGs” training materials for employees

## Contributing to the SDGs through supporting the independence of seniors and the next generation

In April 2019, we launched our “GranAgeStar” service targeted at senior customers. In order to respond to the worries and needs of each and every person in our aging society, this service provides support for daily life such as guarantor services and accompaniment on doctor visits and hospital discharges. This service was born out of discussions on how to help the elderly lead healthy lives that they choose for themselves, and I believe it responds to issues of health and aging societies of the SDGs. In addition to protecting against illness in the body, this system adds the perspective of promoting a healthy spirit. Also, because the service is provided in conjunction with specialists, it is also related to Goal 17 on embodying partnerships.

Particular issues related to poverty include single-mother households and children in poverty. We face with Population decline issue in our domestic business, and measures to support the independence of the next generation are linked to addressing the declining birthrate. We’ve begun to do what we can in this area.

Because our company’s aims are compatible with the SDGs, we must be careful not to merely continue doing the same things. I believe it is important for us to actively engage in change, incorporating outside-in and backcasting approaches to bring about innovation, not just carry out extensions of the same business we’ve engaged in to date.

# Creating Purposeful and Fulfilling Workplaces”



Business Consultants, Inc.  
**Tetsuji Yokozeki,**  
 President and CEO

## Our Encounter with Sustainability Management

We have been engaged in sustainable business management through human resource and organisational development since the start of the company. Our company was established in 1964, the year of the first Tokyo Olympics, and has just celebrated our 55th anniversary. Throughout the years, we have been consistent with the three basic principles which are; “do no evil”, “be profitable” and “live long”. We call the last one the “Spirit of the Turtle”. Turtles have no excess flesh that prevents them from living long lives. In organisations, this excess flesh is what we call management or administration specialists. Thus, our company has no one working as specialists in management or administration, and even the senior managers are expected to “play the game” as individual contributors. We have a lean organisational structure of 400 employees, where each and every employee is a “player-manager”, including myself as the President of the company.

It takes time to build a foundation for human resources and corporate culture, and while working on this, companies need to sustain themselves by being profitable. Work is the best place for people to obtain the sense of being useful to others. I really want to create places where people find joy and satisfaction in life through their work. This idea led us to encounter Dr. Karl-Henrik Robèrt, his “4 Principles of Sustainability”<sup>2</sup> and his overall concept of “sustainable management”.<sup>3</sup> If we can manage our companies contributing to environmental and societal sustainability, that would foster pride and joy of being useful to others. This supports my ideal that organizations should provide their people the joy of having the purpose and meaning in the work they do, and this work being the means (way to earn enough income) for happy and fulfilled lives.



Corporate symbol with turtle and earth motif

## Applying the Concept of Sustainable Management to Corporate Lives

Both forecasting and backcasting are regular practices used when companies develop their strategies. Forecasting is a more traditional practice that focuses on a short to mid-term management plan that predicts where a company is heading to, based on analysis of past trends and solutions to present challenges and problems over a three to five-year period. As this process is important for effectively addressing current challenges and problems, it is not my intention to underestimate its power. On the other hand, backcasting allows a company to look ahead to 2050 and form a vision for its business and its role in the well-being of our planet, as well as the safety and security of our society. The 4 Principles of Sustainability are absolute requirements in this depiction of a future vision. I believe that both forecasting and backcasting are necessary for managing our paths toward a truly sustainable future.

Although the SDGs are important, they do not tell us how to create a vision. On my company’s website, we introduce a tool called the “Future-Fit Business Benchmark”,<sup>4</sup> which provides detailed information on ways to get started. We’re currently creating the Japanese translation of this tool, which contains 23 benchmarks in five areas for business activities that lead to creating organisations with no negative impacts on environment. When the requirements of 23 items are met, environmental impacts are zero and companies have also met the requirements of the 4 Principles of Sustainability.

One of the biggest challenges we face today is the lack of leaders who accurately understand the importance of sustainability. At BCon, we are aiming to help companies to educate their employees and leaders, so that we have more companies that correctly understand and strive to realise sustainable management. We help them by offering programmes for creating business visions, with the aim of fostering leaders with coherent convictions that lead organisations using the 4 Principles of Sustainability and the Future-Fit Business Benchmark.

<sup>2</sup> <https://www.bcon.jp/keywords/4rule/>

<sup>3</sup> [https://www.bcon.jp/trend\\_themes/sustainability-2/](https://www.bcon.jp/trend_themes/sustainability-2/)

<sup>4</sup> [https://goodbusiness.jp/future-fit\\_1/](https://goodbusiness.jp/future-fit_1/), <http://futurefitbusiness.org/about-the-benchmark/>

## Hiroaki Nakanishi

Chairman of Keidanren (Japan Business Federation),  
Chairman of the Board and Executive Officer, Hitachi, Ltd.



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# Businesses thrive when they benefit society

Keidanren (Japan Business Federation) made the sustainable development goals (SDGs) the guiding principles of its Charter of Corporate Behavior when it was revised in November. It was the first revision of the charter in seven years. Keidanren urges member companies to comply with the charter.

The charter states that through innovation, member companies will strive to achieve sustainable economic growth and to resolve social issues. It also includes Keidanren's commitment to "conduct business that respects the human rights of all persons." Business activity ignoring human rights is not sustainable. That is why we laid out the guiding principles for action by placing importance on paying full respect to the human rights of people as the starting point.

Corporate Japan used to put business ahead of everything else. As a result, its approach to social contribution, donations, environmental protection and other social programs derived from the notion that companies should undertake such endeavors as they impose a burden on society because of their business activities. But that is no longer the case. Companies must be a beneficial presence in society. Otherwise, they cannot sell their products by receiving orders from the public. This realization led us in economic circles to embrace SDGs, which were adopted as internationally shared goals at the United Nations in 2015, as the common aims we should strive to achieve together.

In the age of increasing uncertainty that we live in, the need is growing to contemplate mid- and long-term objectives, rather than short-term sales and earnings. Incorporating SDGs specifically in business planning in the longer term will be effective.

Keidanren has proposed Society 5.0, a vision for a new society utilizing artificial intelligence and big data, in a quest similar to SDGs. Society 5.0 means that humanity will experience the arrival of a fifth age after developing from the hunter-gatherer society, agrarian society, industrial society and information society. We are witnessing a sweeping transformation of society due to the spread of digital technology. It is important for businesses to contribute to efforts to create a wealthy and lively Society 5.0 centered on SDGs, all the more because it is becoming hard to predict where we are heading to with these changes in society.

I am aware of a shift in investors' approach to businesses. They place a high priority on the environment, social agenda and governance. It demonstrates their willingness to share with top business managers a long-term goal of addressing environmental and social issues. Their thinking is that companies endeavoring to achieve such a goal will be stable and give them bigger returns, allowing them to recoup their investments.

In the field of manufacturing, the conventional thinking that products will sell as long as their quality is excellent will no

longer suffice. At Hitachi Ltd., where I also serve as chairman, it has been our policy to dispatch extremely talented personnel to our factories and research and development centers because Hitachi considers technological excellence the core of our business. We used to embrace the idea that as long as we manufacture high-quality products, they will certainly sell. But our stance now is to create new values through a dialogue between our customers and our employees placed on the front line of businesses guided by the philosophy represented by SDGs.

Hitachi has implemented this "social innovation" program over the past 10 years or so. It was an uphill struggle. Hitachi is also striving to spread renewables by undertaking projects to desalinate seawater and to generate wind power. In our railway project, we are not only endeavoring to ease the emission of carbon dioxides and traffic congestion, but also presenting Hitachi's "smart city" solutions that are friendly to the environment and the elderly while collaborating with other public transportation systems. Of Hitachi's overall sales of 9 trillion yen (\$81.8 billion), 1 trillion yen or so is generated by the social innovation program. But the figure is expected to surge in the coming years.

We find it difficult to carry out such a social business program on our own and need to work with other companies. That often involves discussions on how company or business operations should work. It is important to share the same goal if businesses aim to collaborate successfully. SDGs serve as the guiding principles in that respect, too.

But we should be fully aware that some conditions must be met before SDGs can be translated into reality. Society needs to be healthy and peaceful. The security and financial health of the nation are also imperative. So is the stable supply of relatively cheap energy. Making efforts to meet those conditions will amount to contributing to the fulfillment of SDGs.

(This article is based on an interview by Asahi Shimbun Staff Writer Hironori Kato.)

## INTRODUCING ACTIVITIES IN PUBLICATIONS

Keidanren published a 186-page booklet in July featuring efforts by its member companies endeavoring to achieve SDGs. It discusses 165 examples, including the construction of schools in the developing world by construction companies and generation of power utilizing alternative energy. They are also carried on Keidanren's website dedicated to SDGs programs.

Hitachi published its first "SDGs Report" this spring, describing the connection between the company's businesses, including health-care equipment and financial systems, and 17 SDGs.

(Published on 22 August, 2018)

## Koji Fujiwara

Chairman of Japanese Bankers Association,  
President and CEO, Mizuho Bank



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# Banks seeking to help resolve social issues

Japanese managers are growing increasingly aware of the importance of achieving the sustainable development goals. I meet top executives of our business partners almost daily, and the topic of the SDGs has come up regularly at our meetings for the past six months or so.

The role that banks are expected to play in today's society is to help resolve social issues, including environmental issues and human rights issues, through their core operations: making investments and providing loans.

In March, the Japanese Bankers Association, the banking industry group, revised the Code of Conduct to reflect the philosophy of the SDGs. The revision is intended to spur bank employees to reform their consciousness and actions so that the banking industry will contribute to efforts to achieve a sustainable society.

In the past, banks tended to pay attention to environmental or social issues only when they were directly linked to their businesses. But we are living in an age where banks will be held accountable for problems that our business partners or recipients of our loans might cause.

One example is that the question has been raised about how the banking industry should approach investment in and loans to coal-fired power generation facilities, which emit a large amount of carbon dioxide.

Leading financial institutions in Europe set their guidelines for investing in and lending to coal-fired thermal power facilities. The guidelines spell out how much they will invest in and lend to renewable energy projects in the future, declaring their commitment to steer discussions in renewables. Their approach can be described as a pioneering endeavor.

In Japan, the three mega-banks--Sumitomo Mitsui Financial Group, Mitsubishi UFJ Financial Group and Mizuho Financial Group--announced their own policies toward coal-fired power generation facilities during the current fiscal year. That amounts to a testimony to increasing momentum for and interest in the SDGs, exceeding the level it was initially anticipated, as calls are

growing for specific steps to cope with climate change.

In Japan, however, we face a challenge of how to protect the environment and contribute to conservation efforts while ensuring a stable energy supply. There has been persistent opposition to the restart of nuclear reactors.

Mizuho Bank is set to review its investment and loan policy annually.

Trying to raise earnings and contribute to the solution of social issues at the same time will not be an either-or situation. If a business can build trust in society as a company heeding human rights and environmental issues, that will lead to its successful branding and open the door to future business opportunities.

This positive cycle will prove essential for businesses to achieve sustainable growth. In the current network society where information is disseminated instantly and globally, businesses are expected to demonstrate a high degree of transparency in their management. That has prompted businesses to operate while giving consideration to human rights and environmental issues. The SDGs are a trend that cannot be reversed and are becoming a new business rule.

(This article is based on an interview by Asahi Shimbun Staff Writer Ken Sakakibara.)

## TASK FORCE SET UP AT JBA TO PROMOTE SDGs

The Japanese Bankers Association (JBA), a group of about 190 banks in Japan, specified the role they are expected to play in creating a sustainable society and resolving social issues under the Code of Conduct revised in March.

It also set up a task force inside the JBA to promote the SDGs. The task force will study financial institutions in Japan and overseas to collect examples illustrating excellent investment and loan policies with respect to environmental and human rights issues and share the findings among member banks.

(Published on 23 August, 2018)



**Hiroshi Shimizu**  
President and CEO, Fuji Oil Holdings Inc.



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## How palm oil can be ethical and sustainable

My company was founded in Osaka in 1950, soon after the end of World War II. As many of the plant-based oil makers were founded in the Meiji Era (1868-1912) or the Taisho Era (1912-1926), my firm was one of the latest starters. It didn't have particular companies from which it could buy raw materials. At the time of its founding, raw materials were placed under quota systems, so I hear that the company had difficulties in securing them.

Our senior colleagues sought raw materials overseas. They had no other way except to use raw materials other companies were not using, such as coconut oil and palm oil. As a result, my company established technologies other firms didn't have, and was able to develop its own goods.

After I assumed the role of president, my company worked out the "Fuji Oil Group Management Philosophy." It reads, "The Fuji Oil Group seeks to develop the potential of food ingredients. We will contribute to the happiness and well-being of the people by offering delicious and healthy food." It also reads, "We work for people." These are ideas that lead to SDGs. My company's own technologies and goods are also playing important roles to realize what are described in the management philosophy.

For example, soybeans. The soybean business was in the red for many years, but the second company president, Masataro Nishimura, said, "We won't know the value of this business until our grandchildren's generation." I don't know whether there was a basis for that prediction. But my company has a corporate culture that thinks about businesses from a long-term perspective. Therefore, we didn't withdraw from the soybean business.

Of the soybean, oil accounts for about 20 percent. The remaining is strained lees, which was disposed of as industrial waste in old times. In fact, protein accounts for as much as 30 percent of "okara," or strained lees produced when tofu (soybean curd) is made from soybeans. My company focused on the protein, and developed a functional agent that made it possible to produce cooking noodles and rice that do not stick together and are easily raveled. The agent is used widely in processed food products sold in convenience stores and other outlets.

Soybeans may be able to contribute to the population issues of the future. It is predicted that the world's population of around 2050 will be 2.5 billion larger than that of today. How will they secure food or water? In order to produce one kilogram of soybeans, 2.5 tons of water are necessary. In the case of beef, however, 20.6 tons of water is said to be necessary. The energy efficiency of soybeans is higher, and they are attracting attention as a precious protein source.

Oil palm trees grow in tropical regions, such as Southeast Asia. As the raw material is easily processed, palm is widely used from food to chemical products. The production volume of palm has become the largest among raw materials for oils and fats in the world.

However, palm production is associated with environmental problems, resulting from plantation development, as well as child labor. In 2016, my company stipulated a "Responsible Palm Oil Sourcing Policy" in which we promised that we will procure only palm oil that was produced with consideration for nature and the working environment.

Also in 2016, we started a project with a nongovernmental organization (NGO) to support local oil mills and small-scale farmers. We're supporting them to heighten productivity and improve labor conditions. Palm oil has been referred to as "invisible oil" because its production process is opaque. Clarifying that process leads to us making my company's management philosophy of "We work for people" a reality.

(This article is based on an interview by Asahi Shimbun Senior Staff Writer Katsuhiko Tagaya.)

### SUPPORTING AFRICA WITH SOYBEANS

Fuji Oil Holdings is aiming to develop and manufacture soybean food, such as soybean "meat," in Burkina Faso, West Africa. The project is intended to improve the nutritional conditions of local people and increase the incomes of soybean farming families, in which many women are working. In that country, the production volume of soybeans for chicken feed is increasing sharply. As the processing technologies are immature, however, the soybeans are exported to neighboring countries with low added value. The project was adopted by the Japan International Cooperation Agency (JICA) as a business for SDGs in July. As a result, its research costs are funded by the agency.

(Published on 24 August, 2018)

## Yoshihiro Hidaka

President, CEO and Representative Director,  
Yamaha Motor Co., Ltd.



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# Helping new markets through fishery support

Yamaha Motor Co. is selling outboard engines throughout the world. It is also making efforts in developing countries, such as those in Africa, to exploit new markets.

We developed highly durable outboard engines for fishermen who were rowing their boats by hand to go to the offing. As the engines do not easily break down even with poor-quality fuel, fishermen's fishing areas expand. Therefore, the engines contribute to heightening the economic levels of fishing villages.

However, our business does not end with the sale of the engines. Our company's employees remain in the villages for the time being for maintenance. In addition, we have introduced fishing methods, such as longline fishing and dragnet fishing, to fisherman. During the period from 1977 to 1995, we published a newspaper-style "Fishery Journal," which introduced Japanese fishing methods and fish storage methods with illustrations.

The next step is boats. My company is also manufacturing boats made of fiber-reinforced plastics (FRP). If fishermen use wooden boats, the quality of fish they caught may deteriorate by the time they return to port. If boats are equipped with facilities to store fish in cold conditions, they can keep the fish fresh. As a result, fishermen can sell high-quality fish in distant places. The productivity of fishermen drastically improves.

By manufacturing boats in those countries and raising engineers, we can also generate new employment. As these fishery-support activities have gained high praise in developing countries, we're also going to spread these activities positively from now on.

What I'm feeling now is that young employees' awareness toward social contribution is heightening. I think that if society is filled with goods and education is sufficiently implemented there, a desire to make the entire society better will spread. Making it clear that what they're doing is leading to solutions for social problems is useful to maximizing the motivation of young employees.

Activities for social contributions will not continue for a long period if they are conducted on a voluntary basis. The activities must come into existence as a business while solving social problems. The coexistence of the two factors is a condition to be able to continue the activities.

Motivation and a sense of mission are important for young people. In addition to these, corporate managers are required to judge whether the activities can come into existence as business opportunities. If they can make the judgment, they can tackle projects while predicting circumstances of five years or 10 years later.

I think that activities for SDGs will also contribute to companies' brand strategies.

My company is also engaged in installing small water purification systems for providing safe water in countries, mainly those in Africa. It installed a total of 24 systems in 12 countries by the end of 2017. The business has produced few profits. But we're continuing to do the installations, thinking that we want people in those countries to have good impressions of the Yamaha brand in places close to their daily lives and become familiar with it.

(This article is based on an interview by Asahi Shimbun Staff Writer Satoshi Kimura.)

## ENGAGED IN ENVIRONMENTAL PROTECTION ACTIVITIES

Yamaha Motor is Japan's largest company in the marine business, such as the production of outboard engines and boats. It is also manufacturing motorbikes and helicopters for agricultural purposes. The company is advocating a "Kando-creating company" as its corporate purpose. (Kando means simultaneous feeling of deep satisfaction and intense excitement that people experience when they encounter something of exceptional value.) In December 2017, the firm expressed its participation in the United Nations Global Compact as part of its efforts for SDGs.

In Japan, Yamaha Motor is engaged in activities to protect loggerhead sea turtles, an endangered species, along the Enshunada sea area's coast in Shizuoka Prefecture, where its head office is located. It is also tackling activities to clean Hamanako lake in the prefecture and to conserve coral reefs in Okinawa Prefecture.

(Published on 25 August, 2018)

**Ayako Sonoda**  
President, Cre-en Inc.



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## Women in the workplace help companies grow

It is well known that when people do their shopping, women hold the right to decide in many instances. That's why it is indispensable for companies to be aware of women in the development of products. Existence of women who play active roles in this field is not special anymore.

I'm also feeling that companies are placing growing importance on perspectives for gender equality in various divisions. When I founded a marketing company centering on women 30 years ago, I was looked at curiously only on the grounds that its operator was a woman. But now the circumstances have greatly changed.

However, the reality that the overwhelming majority of people in the decision-making positions of big companies are men is unchanged. It's like a bedrock. Scene where men, who are "elite," can't express objections to top executives who set exorbitant goals and take the executives' intentions into account excessively are not rare. Such a trend was especially strong in a company that was hit by a series of scandals. I couldn't bear to see scenes where employees who had rich personalities were not able to display their abilities and were crushed under heavy pressure.

For companies to continue to grow, it is necessary to review systems that are not suitable for the times. To reset wrong customs, the existence of women who have had little involvement in them is indispensable. There will be firms that revive themselves by promoting several women to management positions.

The Law on Promotion of Women's Participation and Advancement in the Workplace, which took effect in 2016, made it a duty for companies to work out action plans for the promotion of women. Mainly because of that, the creation of systems for that purpose has made progress. In an IT service company that I'm working for as an outside director, three of the 14 directors and auditors are women. The number of companies that have female directors will also increase in the future.

What we must not forget is innovative changes in awareness.

In Japan, the ratio of women in managerial positions is low. In addition, the ratio of women who say that they want to aim for those positions is also low. It is partly attributable to the fact that many mothers are facing difficulties in enrolling their children in nursery centers due to the shortage of those facilities. However, we can't ignore the existence of unconscious bias concerning training and evaluation methods.

A preconceived notion that it is difficult to assign important jobs to women whose working hours are shortened due to child-rearing is strong. Though I'm engaged in SDGs, I was thinking, "I feel guilty if I have women who have just married go to a graduate school to obtain an MBA." When I realized that, I was startled. Do I have the same way of thinking toward men? I realize the difficulties and importance of awareness reform.

Investors are also looking at efforts for gender equality. The Government Pension Investment Fund (GPIF), which is a public pension fund investor, is selecting companies in which women are playing active roles and making investments in them. The investment shows the fund's assessment that organizations that have women's participation and diversity can produce innovations and achieve good business results.

(This article is based on an interview by Asahi Shimbun Staff Writer Hiroyuki Komuro.)

### FEMALE DIRECTORS' RATIO AT 3.7 PERCENT

The Fourth Basic Plan for Gender Equality, compiled by the government in 2015, set a goal of raising the ratio of female directors at listed companies to 10 percent by 2020. The ratio is rising year by year but still stood at only 3.7 percent as of 2017. In June this year, the Tokyo Stock Exchange and the Financial Services Agency revised the Corporate Governance Code for listed companies. As for the makeup of directors, they added a description that they are seeking diversity, including the fields of gender and internationality. They also urged listed companies to tackle the issue on their own initiatives.

(Published on 29 August, 2018)

**Michitaka Sawada**  
President and CEO, Kao Corp.



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## Beauty care firm focuses along supply line to meet SDGs

At Kao Corp., we are involved in 11 of the 17 sustainable development goals set out by the United Nations, including measures to deal with climate change and conserve and sustainably use the oceans, seas and marine resources.

In 2009, Kao became the first Japanese company to join the supply chain program established by the British nonprofit organization CDP, which was once known as the Carbon Disclosure Project. One aim of the program is to seek information disclosure from suppliers about the environmental effects of their corporate activities. At the root of our thinking in joining the program was the feeling that unless we know how raw materials used in our products were procured, we will never be able to take action that leads to cutting carbon dioxide emissions in a true sense.

Since last year, we have also begun an assessment of the carbon dioxide emission reduction measures provided by our suppliers through their information disclosure. Along with the assessment, we are also thinking together with our suppliers about how to reduce the burden on the environment by, for example, deciding on the most appropriate volume and shipping frequency of raw materials as well as thinking about how to reduce such emissions during transport of the materials.

Another step we have taken in promoting recycling of resources with local communities is what we have called "recycreation," which is a combination of the words recycle and creation.

In Kamakura, Kanagawa Prefecture, we have produced recycled plastic by processing used containers for detergents, shampoos and other products we have collected from local residents. The plastic was used to create with those residents models of the train cars used by Enoshima Electric Railway, a local rail line. While returning resources into new products might be a good idea, we also feel that children will become more interested in the environment if they are involved more enthusiastically in reusing projects.

We have emphasized various activities to contribute to a sustainable society because we feel that becoming a company

that is supported by consumers and local residents will lead to long-term growth as well. There has been an increase in the number of consumers who choose products that are eco-friendly. Institutional investors have also begun focusing on "non-financial" factors that may not pop out of financial statements to determine the long-term potential growth of a company.

To further strengthen our efforts in such non-financial areas, we established a new in-house section in July that we call ESG. The three letters are the first ones in the words environment, social and governance. We feel this new section will closely tie in with our SDG efforts. We have placed an American to head the section in the hope that its activities can be expanded around the world.

Kao is a manufacturer of daily consumer goods, such as shampoos, beauty care products, detergents and cosmetics. As a company that manufactures products that are among the closest to consumers, we feel there are many messages that we can pass on to them. I intend to play a leading role in an aggressive management style to establish Kao as one of the top companies in SDGs.

(This article is based on an interview by Asahi Shimbun Staff Writer Shinji Hakotani.)

### 'ECO TOGETHER' MARK ON CERTAIN PRODUCTS

In 2009, Kao released its Environmental Statement to demonstrate its intent to reduce the burden on the environment at every stage, from procurement of raw materials, manufacturing and delivery of those products to the consumer.

It has created an index to determine the environmental effect when it comes up with a new product to assess and analyze the process of introducing a new item. It has also included an "eco together" mark on labeling for products that have met certain criteria established by the company.

(Published on 30 August, 2018)

**Kohzo Takaoka**  
President and CEO, Nestlé Japan Ltd.



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## Cafe coffee pots keep elderly connected

The 17 sectors covered by the SDGs are all major issues facing society. There has been a rapid spread in recognition among companies that they had to think about how to engage in those issues.

What are the reasons that make it necessary for companies to become involved in such issues? One is because such social issues will never be resolved unless there is long-term engagement, while another is that no project can be maintained for long unless there is some profitability in it. Continuing with charitable activities will not be possible if corporate performance worsens and that would limit the number of people who benefit from such activities.

Even before the SDGs were adopted by the U.N., the thinking of "creating shared value" (CSV) spread among companies in the West from about 2011.

We have made the concept of resolving social issues through business activities as our corporate mission and responsibility. But it also provides us with business opportunity. Responding to social issues can lead to the development of groundbreaking products and services. The concept is also quite compatible with the thinking on the part of companies of including SDGs within their own company management.

One proponent of CSV was Peter Brabeck-Letmathe, chairman emeritus of Nestle. It became more widely known after the noted business management scholar Michael Porter wrote an article about the concept. The concept is often confused with CSR (corporate social responsibility), but the two concepts are totally different.

Among the CSV themes that Nestle has focused on globally are nutrition, protecting water resources and improving life in farming villages. In Japan, which boasts the top longevity rates in the world, the CSV theme we are emphasizing is the health of senior citizens.

For example, in 2013, Nestle Japan cooperated with the city government of Kobe, where our company headquarters are located, to begin a project involving cafes designed to prevent the need for elderly care. We now have 76 such cafes in various locations around Japan. We have donated Nescafe Barista coffee machines so that senior citizens can gather together periodically for a cup of coffee. Having them walk to the cafes

and converse with others there can prevent the need for elderly care and will also lead to a reduction in medical costs. This is in line with the SDGs that calls for ensuring healthy lives and promoting the well-being for all at all ages.

We have also marketed a barista coffee machine that has a communication function installed. Whenever a cup of coffee is consumed, that information is transmitted to friends and children who may reside at a distance. That helps friends and family know the senior citizen is well. Some families have purchased two such machines and in the first two months after the machine went on sale, we were able to sell about 100,000 units. By also connecting a specialized tablet computer, messages can also be sent by talking to the machine.

There are many companies that have become interested in SDGs. But simply staring at the 17 themes will not lead to any sense of what each individual company should do. The Japanese have been educated to solve problems they are presented with, but they are less skilled at discovering what the problem is or where problems may exist. I believe they should first start by trying to find specific problems that need to be resolved.

(This article is based on an interview by Asahi Shimbun Senior Staff Writer Katsuhiko Tagaya)

### NESTLE FOUNDER DEVELOPED POWDERED MILK

With its global headquarters in Switzerland, the Nestle group is the world's largest food products company. Since its founding in the 19th century, the company has always dealt with issues facing society. At that time, Switzerland had a high infant mortality rate due to malnutrition. Henri Nestle, one of the company founders, developed powdered milk as a substitute for mother's milk. Even today, Nestle continues to provide technical instruction as well as saplings to farmers of cacao used to produce chocolate. As one way to protect water resources, Nestle has reduced the amount of water used for every ton of its manufactured products by about 40 percent in comparison to fiscal 2007 levels. In terms of nutrition, the company is working on cutting down on the sugar and salt content of its products.

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**Shinya Katanozaka**  
President and CEO, ANA Holdings Inc.



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## Airlines can help thwart human trafficking

A big challenge we are faced with at ANA Holdings Inc. is how to improve fuel economy and cut the emissions of carbon dioxide as an airline group. The perspective of sustainable development goals (SDGs) is integral to the airline industry, given the diversity of customers whose backgrounds vary.

We stated the need for having the viewpoint of SDGs in our business operations when we released our group's annual report in 2016. In the 2017 annual report, we sorted out challenges that could affect our management in the areas of the environment, human rights and local revitalization and showed those challenges' relevance to 17 SDGs on a chart. In the 2018 annual report, we carry a discussion with a university professor who has an expertise in SDGs.

Since ANA Holdings' businesses are globally operated, our tasks includes a response to human trafficking. Many aircraft have been used to transport victims of child labor, forced labor, sexually oriented businesses and other forms of human trafficking. Our cabin crews can thwart human trafficking attempts if they detect something suspicious among passengers and alert authorities to it. In the United States, there was a case in which flight attendants trained in the field saved passengers from falling victim to human trafficking. Such training was given by private groups well versed in the issue.

In our human rights issue policy released in April 2016, ANA Holdings pledged to fulfill its corporate responsibility by paying respects to human rights issues in our business activities. Some of our directors were initially cautious about making the commitment, but they subsequently agreed on it after a series of discussions held within the company to take a clear position on the human rights issue. This year, we published an annual report on the human rights issue in which we discussed our approach to the question. Part of the report is dedicated to the subject of foreign workers.

Around 2004, when I assumed the post as chief of the company's human resources department, the concept of corporate social responsibility was spreading among Japanese businesses. In the new post, I began attending gatherings organized by the Japanese arm of the U.N. Global Compact, which advocates the protection of the environment and human rights, to learn about biodiversity and child labor. ANA Holdings is still involved in the effort by having senior officials from our

company attend those meetings. As SDGs encompass 17 goals spanning to broader areas, we should look at them not in a narrow framing just as part of a contribution to society, but as questions on a global scale that businesses are expected to find a solution to.

What is indispensable to businesses are sustainability and growth, which are exactly what SDGs are calling for. We need to make profits in order to contribute to achieving the SDGs. In other words, striving to achieve SDGs is managing our company itself.

Another area we have been endeavoring is revitalizing local regions. It is because we cannot maintain local lines unless a regional economy is robust. The Onsen & Gastronomy Tourism Association, set up two years ago with its secretariat established within the ANA Strategic Research Institute, an affiliate, is part of the efforts in this direction. The purpose of the association is to offer chances to vacationers to enjoy local cuisines and culture while visiting onsen hot spring resorts in various regions. Walking and other events are offered in each region so that visitors can help the cause of SDGs while having fun.

(This article is based on an interview by Asahi Shimbun Staff Writer Hironori Kato.)

### STEPPING UP FIGHT AGAINST NATURAL DISASTERS

After western Japan was hit hard by torrential rains in July, ANA Holdings offered free seats on its flights to volunteers heading to affected areas to help victims. A similar effort was made last year in the aftermath of a series of strong earthquakes that had shaken Kumamoto Prefecture. The airline offered free tickets to people who led efforts to rebuild local regions devastated by the 2011 Great East Japan Earthquake and tsunami as well as the 2004 Niigata Chuetsu Earthquake so that they will also be of service to the affected people in Kumamoto. The company is still involved in efforts to rebuild the Tohoku region stricken by the Great East Japan Earthquake. For example, ANA Holdings sends some of its employees to Minami-Sanriku, Miyagi Prefecture, every year to have them join the operation to thin forests there.

(Published on 1 September, 2018)

## Kengo Sakurada

President and CEO, Sompo Holdings, Inc.



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# Farm insurance cuts risks in drought regions

We are now in the process of moving away from being a company involved only in insurance. For a long time, insurance companies have been selling policies with the basic question of "What would you do if something should happen?" That covered everything from becoming ill or being involved in an accident. However, we began thinking if the company should continue with just that mindset.

Moreover, the market will shrink with the declining population in Japan. While there are some who feel the trend can be dealt with by developing new products that cover new risks, I truly feel such a path will be filled with difficulties.

With that as background, we changed the way our company was structured. We moved to a thinking of creating a "theme park" that could provide services for the security, health and well-being of our customers by working to resolve social issues through our business operations.

That is nothing less than the sustainable development goals (SDGs) that call for eradicating poverty, eliminating disparity and protecting the environment.

Within the framework of an insurance company, we have, for example, been selling a "climate index insurance" in developing nations. Developing nations, where agriculture is the main industry, quickly feel the effects of climate change. In Southeast Asia and India, the damage to rice farmers from drought is very severe. To deal with the issue, we have begun selling a product in Thailand that pays out insurance benefits when the amount of rainfall is low.

There were some regions in Thailand that suffered from drought for two straight years so there has been a growing recognition of the need for such insurance. We want to continue expanding insurance products related to farm products in various regions by also combining the farm insurance that had been handled by the U.S. insurance company that we acquired in 2017.

In Japan, we are placing greater emphasis on care services targeting senior citizens. When we entered the field five years ago, there were some within our company opposed to the plan, but I made the decision to proceed because I felt that unless something was done about elderly care, Japan would face a difficult future.

Before we entered the field, I never imagined there was such a serious shortage of personnel for elderly care services. Japan's elderly care service will not be sustainable unless we also

promote a reduction of the burden on workers and increasing efficiency while at the same time also upgrading the quality of the service that we provide.

As one way to deal with that issue, we have mobilized every aspect of digital technology that we could find. For example, at some of our facilities, we have installed sensors to help determine if a resident wants to urinate. That leads to a reduction in the burden on facility workers. Another project covers the compilation of care plans. We are seeking to establish a system using artificial intelligence that would provide effective advice from the data that has been accumulated. Another important element will be the introduction of robots to reduce some of the heavy labor tasks involved at care facilities.

While investment for such projects will extend from several billions of yen to several tens of billions of yen, we feel it is possible for a company with a certain capital level. We want to create a standard for the industry in Japan so that we can resolve the various issues now found in the elderly care sector.

While there are many specific programs that we are undertaking, the important factor will be to incorporate such projects into the company's organizational culture. A key point will be whether we can conduct management oriented toward the providing of security. I believe we can make progress in the SDGs if we conduct our operations as a result of such efforts.

(This article is based on an interview by Asahi Shimbun Staff Writer Shuhei Shibata.)

## OTHER PROJECTS DESIGNED TO REDUCE RISKS

The property and casualty insurance industry has long been involved in efforts to deal with climate change and disaster prevention as well as activities to reduce accidents because the frequency of natural disasters and accidents has a direct impact on its profits. In recent years, property and casualty insurance companies have moved beyond selling only insurance policies and started various projects designed to reduce risks, such as the cybersecurity of companies. From 2018, the General Insurance Association of Japan has named as an important issue contributing to the achievement of the SDGs. It plans to consider what issues are involved in relation to the SDGs and release the results of that study after revising the association's code of conduct to reflect those results.

(Published on 5 September, 2018)

## Yoshimitsu Kobayashi

Chairman, Keizai Doyukai (Japan Association of Corporate Executives),  
Director of the Board, Chairperson, MCHC



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# Strong possibility exists for SDGs, profits

I have always said there are three core factors needed in business management—heart, technique and physical condition.

Physical condition refers to the soundness of company management as displayed by various financial indices. Technique refers to technological innovation that allows a company to move into new frontiers.

Heart refers to social aspects, meaning corporate executives must think about people, society as well as the global environment. That is nothing less than what is involved in the sustainable development goals (SDGs).

There was a period in the past when company management could only be concerned with making a profit. In the 1960s and 1970s, chemical manufacturers were one of the main sources of pollution. I joined Mitsubishi Chemical Industries Ltd. (now part of Mitsubishi Chemical Holdings Corp.) in 1974 and I remember thinking, "Why did I ever join this company?" when I saw the bright yellow waters of Dokai Bay (in Kita-Kyushu) where the company had a plant.

In 2005, when I became the managing corporate executive officer in charge of research and development, I thought about where the company should be in 10 years' time. At that time, I decided to use "sustainability" in terms of resources and the environment as well as "health" and "comfort" as the standards for choosing research themes.

After becoming president of Mitsubishi Chemical Holdings, I placed an index for sustainability as a core element of company management.

We are now in the process of developing lightweight parts for automobiles as one way to contribute to energy conservation. We are also engaged in developing materials for the batteries that are indispensable for electric cars as well as biodegradable plastics derived from plants. We believe these efforts are related to seven of the 17 SDGs, including goal three about ensuring healthy lives and promoting the well-being of all as well as goal 12, which calls for responsible production and consumption.

At Keizai Doyukai, where I serve as chairman, we have also placed in the forefront the concept of "Japan 2.0" to deal with globalization, digitalization and socialization. We named it 2.0 with the intention of breaking out of the mold of "1.0," which can be considered the economic and social system created

through the successful experience in the postwar era, because we feel there is no future by simply following the same course as the past.

In autumn 2017, we established a committee within Keizai Doyukai to think about how we should deal with the SDGs. We are also operating a number of other committees while seeking out compatibility with the 17 SDGs.

One issue we have to deal with is profitability. That involves trying to think about how to turn a profit in the various projects related to promoting the SDGs. Even if a technology is revolutionary, no company can continue with it as long as it only produces losses. We have accumulated data for close to 10 years after pushing sustainability to the front of our management principles and we have reached the conclusion that there is a positive correlative relationship between properly dealing with the SDGs and increasing profitability.

One poem I remember reading as a college student was by the French writer Arthur Rimbaud. One passage from his "A Season in Hell" raised a question about whether the times could truly be considered modern since so many toxic products were being manufactured. We do not currently have the luxury of stopping what we are doing. The industrial sector as a whole must come together and push forward the SDGs.

(This article is based on an interview by Asahi Shimbun Staff Writer Hironori Kato)

## PURSuing SUSTAINABILITY AT HIS MAIN JOB

Kobayashi also serves as chairman of Mitsubishi Chemical Holdings, Japan's largest chemicals manufacturer. It has raised the Japanese term "kaiteki," which means comfortable or pleasant, as the banner for management. Behind the slogan is the desire to maintain a situation that is comfortable to people, society and the globe. It has pursued sustainability in society by manufacturing lightweight, durable materials as well as water purifying technology. One company under the group, Mitsubishi Tanabe Pharma Corp., is actively engaged in regenerative medicine.

At a July Keizai Doyukai seminar, an appeal was approved that includes wording urging members to resolve global social issues symbolized in the SDGs through their individual company operations.

(Published on 6 September, 2018)



## ANA Holdings Inc.

ANA promotes diversity, inclusion and work-style reform based on the idea that its people are both its greatest asset and the key differentiator to succeed in the global environment. Women account for more than half of our employees. The following initiatives in both corporate culture and environment combine to serve as a boost to women's advancement.

**[Diverse career paths]** ANA has set up the "manager track challenge system" in which employees can work to become managers. In addition to the submission of an application form, applicants are evaluated by a written test, interviews and presentations. It has in-house certified career consultants that are always available to counsel employees on career paths.

**[Flexible work styles]** Employees can utilise the systems for shorter working hours and fewer working days until the end of the fiscal year in which the employee's child turns nine years of age. Based on the belief that shorter working hours do not imply any difference in ability, even employees with short working hours can obtain managerial positions, and duties are premised on this way of thinking. Employees with fewer working days can choose to work at a 50% or 70% rate. Since adopting these systems, the number of flight attendants with children has increased and the turnover rate for flight attendants has dropped to the 5% range.

**[Fostering women managers]** Since 2014, ANA has held the ANA Women's Innovative Network for Diversity (ANA-WINDS) to support networking among management-level women across companies and divisions. It encourages employees that

managers would like to see aim for management positions in the future to participate together with current managerial staff. When employees get a chance to hear first-hand from managers, it instills in them the awareness and ambition to take satisfaction in their work and aim for managerial positions.

**[Employee proposal system]** ANA has a system whereby employees can volunteer proposals. This system creates new value, contributes to developing human resources that make the most of diversity among employees, and boosts job satisfaction. The in-house childcare centres it established at Haneda Airport and Okinawa Airport, which are open 365 days a year, were born out of this proposal system. The ability to easily entrust their children any day of the week, every day of the year, has made it easier for its employees to do their jobs.



ANA WINDS group photo

## Koei Research & Consulting, Inc.

Koei Research & Consulting (KRC) is a development consultancy firm that contributes to Japan's international cooperation. It is involved in numerous projects in developing countries in the areas of economic and human development. It employs enthusiastic and highly-motivated specialists with expertise and experience related to education, health, medical care, and peace-building, regardless of gender. Currently, 70 of its 149 employees (47%) are women, with some departments comprising almost all women. KRC has a free and open corporate culture in which it is easy to voice opinions. It has put in place shorter working hours and a telecommuting system based on views expressed by women employees.

Based on the philosophy of Japan's foreign aid hinged on concern for the environment and societies within international cooperation, the gender perspective is incorporated into many JICA projects. Each and every one of the employees has gained a wealth of experience and insight on gender and development through JICA's projects, and these have fostered their awareness on gender equality. KRC sees the SDGs as an opportunity to share these values within the company.

KRC has concrete initiatives in eight areas of the SDGs Action Plan of the Japanese government, outlined in its mid-term management plan. Balancing home and work life is an unavoidable topic of concern for its development consultants with frequent overseas business trips. At first glance, one might think that field development consulting in developing countries is a job dominated by men, but as the needs of

developing countries diversify, more and more areas require the participation of women. KRC will continue to engage in work-style reforms, both within the company and in the entire industry, in order to secure high-performing human resources and promote the advancement of all people throughout the company.



KRC employees with its "Eruboshi" certification

## Konica Minolta, Inc.

Konica Minolta believes that in order to stimulate innovation, it must create work environments where diverse employees can fully manifest their potential and creativity regardless of nationality, gender or age. To this end, it is reforming its organisational culture and practices to promote diversity, work-style reform and support for career development. Its main initiatives are as follows.

**[Leadership and enhancing genuine understanding]** Konica Minolta promotes diversity and inclusion based on the view that diverse human resources generate new and innovative ideas and contribute to solving the problems of customers and society at large. Women's advancement is an aspect of diversity. It has worked to promote genuine understanding among employees, sending out a message from its leaders encouraging each employee to "shine their own light". It holds workshops for employees at the department chief rank and above focused on encouraging employees to view diversity as a personal issue of importance and to make the necessary changes to their daily behaviors.

**[Changing to systems that emphasise ability and outcomes]** The basis of Konica Minolta's evaluation system is "manifestation of ability through results and processes". Along these lines, age is not a factor in its salary determination schemes. Based on requirements made available to all employees, it has adopted a system to fairly evaluate the abilities employees exhibit through their work and the results they achieve. In fact, employees can be promoted even prior to or immediately following childcare

leave or periods of shorter work hours. In 2011, it eliminated housing allowances and switched only to family allowances especially focused on fostering the next generation. It has made improvements to work environments to promote innovation and provide diverse options for work styles, including remote working irrespective of working hours and location.

**[Collection, analysis and disclosure of gender disaggregated data]** Since 2004 Konica Minolta has disclosed information corresponding to ESG surveys. It has been successively selected as an index component of the MSCI Japan Empowering Women Index (WIN) since its establishment in 2017. At present, aside from the gender-specific data it is obligated to release, it also collects and analyses data on the salaries of men and women doing jobs of a similar nature and utilise results to promote diversity in the company.

The know-how on business solutions that it has accumulated within the company through these initiatives is linked to proposals to its customers on work styles.



Workshop for upper management

## Sumitomo Chemical Co., Ltd.

Sumitomo Chemical believes in "the need to create work environments where all employees can maximise their potential while in differing situations". Toward this end, it has focused on promoting women's advancement and made enhancements to its environment to facilitate the advancement of women. In 2013, it signed the WEPs based on leadership from the top. Likewise, it has utilised the WEPs gender gap analysis tool to identify challenges within the company and has worked to make improvements.

One area where Sumitomo Chemical has taken a lead over other companies is the establishment of in-house childcare centres. Between 2008 and 2014, it opened a total of six childcare centres at different locations. At present, approximately 170 people are using these facilities. In addition, it has set up various programmes to support work-life balance, such as childcare leave, elderly-care leave of absences and time off, maternity support leave and special leave when a spouse is transferred overseas. More and more employees use these programmes every year. Moreover, it has continued to implement "Women's Leadership Development Academy" aimed at raising awareness among women employees at the sub-section chief rank, and trainings for managers aimed at raising awareness and promoting understanding on women's advancement.

Sumitomo Chemical has used grass-roots information sharing to boost use of these programmes. For instance, at one of its locations, a few women employees who have experience utilising the programmes have shared easy-to-understand information on the programmes via its intranet. At another location, working mothers periodically lead luncheons. Open information and

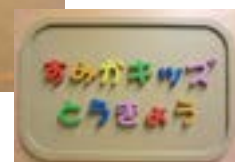
opinion exchange takes place at these gatherings, regardless of gender, whether one has a family, job title or job description. Anyone can participate and even executives attend.

Sumitomo Chemical also engages in activities to contribute to women's advancement outside the company, including participation in programmes that foster the development of women human resources in science, technology, engineering and mathematics targeted at female students. It actively communicates information on these initiatives both inside and outside the company to enhance the value of the company and boost the motivation of its employees.

It aims to continue to implement measures to promote diversity and inclusion to accelerate innovation and link it to the continued growth of its group and contributions to the SDGs.



An in-house childcare centre continues to operate at Tokyo headquarters.



## Nabtesco Corporation

Nabtesco is a BtoB machinery component manufacturer that operates a wide range of businesses centred on "motion control technology", which moves and stops objects in a precise manner. It is promoting initiatives in diversity based on the belief that it needs to incorporate differing skills and viewpoints in order to expand its business and products more globally and in new areas. It is focusing particular effort in the acquisition of new human resources, with a goal of including 30% non-Japanese nationals and 20% women in its hiring of new university graduates. To this end, it has traveled to Hong Kong, Korea and Viet Nam to secure high-performing human resources. It has learned that human resources from a variety of backgrounds have positive impacts on the company.

Due to the nature of its business, the number of women employees in Nabtesco has been few to date. However, that number has increased in recent years and changes are evident in ways of working. From the start, it has a supportive corporate culture and programmes to respond to the needs of employees regarding personnel transfer and other areas of concern. For instance, with the leadership of its human resources department, it realised equal pay for work of equal value in 1998. Moreover, based on appeals from its labour union, programmes for both shorter working hours and flexible working hours were made possible in 2011. A system for telecommuting was launched in June 2018, and payment of a limited-time smart work bonus began at the timing of

2018 year-end lump-sum bonuses. This system calculates and pays bonuses and lump sums to those in departments that have improved productivity and also raised the rate of taking paid annual leave, with the amounts depending on levels of improvement. Nabtesco expects that its corporate culture that attaches greater weight to results as opposed to the length of working hours will contribute to improved work-life balance. Additionally, from January 2019, it adopted a system of in-house recruitment. Departments that are recruiting and job descriptions are posted within the company. Employees can apply at will, and decisions on job transfers are made based on interviews. It expects this system to promote the self-directed career development of employees and also prevent women employees from falling into the "mommy track"<sup>5</sup> due to childbirth and childcare.



Four types of reform for work-style reforms

<sup>5</sup> A style of working mothers: while a balance between work and childcare is achieved, careers are far-removed from salary increases and promotions.



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