



# SDGs Progress Report 2022

Survey Results on the Efforts of  
GCNJ Companies and Organisations



# Contents

1. Introduction .....	6
2. Global and National Trends on the SDGs .....	8
3. SDGs Survey Result and Interpretation .....	14
3.1 Awareness and Penetration of the SDGs .....	15
3.2 Gender Equality .....	20
~Shifting gears from “female participation and advancement” to the “promotion of gender equality”: the time is now~	
3.3 Decent Work and Human Rights .....	28
~Respect for human rights is at the core of corporate initiatives on the SDGs~	
3.4 Circular Economy .....	36
~Shifting to a new economic system that goes beyond the 3Rs~	
3.5 Climate Change .....	42
~Tips for turning pledges into actions~	
3.6 Preventing Corruption .....	50
~Significantly reducing corruption and bribery in all its forms~	
3.7 Status of Actions on Materiality .....	57
~Accelerating efforts on SDGs other than SDGs 5, 8, 12, 13, and 16~	
4. Conclusion .....	62
5. Annex .....	67
5.1 List of Respondents .....	68
5.2 Summary of Survey Results .....	72

## Abbreviations and Acronyms

Business Conduct Guidelines	BCG
Circular Economy	CE
Climate Disclosure Standards Board	CDSB
Corporate Governance Code	CGC
Corporate Sustainability Reporting Directive	CSRD
Diversity and Inclusion	D&I
Global Gender Gap Index	GGGI
Government Pension Investment Fund	GPIF
Greenhouse Gas	GHG
International Financial Reporting Standards	IFRS
International Integrated Reporting Council	IIRC
International Integrated Reporting Framework	International <IR> Framework
International Resource Panel	IRP
International Sustainability Standards Board	ISSB
Japan Clean Ocean Material Alliance	CLOMA
Japan Partnership for Circular Economy	J4CE
Key Performance Indicator	KPI
Morningstar Gender Diversity Index	Gen Di
Science Based Targets for Nature	SBTs for Nature
Science Based Targets Initiative	SBTi
Science Based Targets Network	SBTN
Sustainability Transformation	SX
Sustainable Consumption and Production	SCP
Task Force on Climate-related Financial Disclosures	TCFD
Taskforce on Climate-related Financial Disclosures	TNFD
The 26th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change	COP26
UN Guiding Principles on Business and Human Rights	UNGPs
United Nations Global Compact	UNGC
Value Reporting Foundation	VRF
WEPs Transparency and Accountability Framework	TAF
Women's Empowerment Principles	WEPs
World Benchmark Alliance	WBA
World Business Council for Sustainable Development	WBCSD

# Foreword

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Six years have come and gone since the Sustainable Development Goals (SDGs) were adopted at the UN Summit in September 2015. In that time, the world has been hard hit by COVID-19, an infectious disease that first appeared in 2020, and is just one of many events that should be taken seriously as illustrating the impacts of excessive human activity. We should use this bitter experience as a wake-up call and a turning point for taking a more proactive approach to achieving the SDGs.

The full commitment of the community as a whole will be needed to achieve the SDGs, with businesses shouldering a particularly large share of responsibility. But, are companies setting the truly ambitious targets required to achieve the SDGs? Are they rising to the challenge of “transforming the world”? The UN General Assembly resolution of 19 November 2021 (A/C.2/76/L.13/Rev.1) reaffirmed the role of the UN Global Compact and local networks in promoting the activities of the private sector in implementing the SDGs. In order to fulfil this immense responsibility, GCNJ, along with all its members as key players, is striving to accelerate the SDGs commitments of the private sector in Japan in the less than nine years remaining until 2030.

To achieve this, GCNJ is revamping and relaunching the “SDGs Survey Report” as the “SDGs Progress Report” as a means to present ambitious targets it wants all its members to aim toward, and encourage members to accelerate actions to achieve the SDGs by learning about their own progress and that of other companies. We will all work together to give, as advocated by Kofi Annan, a “human face to the global market”.

Lastly, I would like to take this opportunity to thank all GCNJ member companies and organisations, as well as non-members and IGES for their collaboration in producing this report.

**Toshio Arima**  
Chairman of the Board  
Global Compact Network Japan (GCNJ)



# Foreword

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Soon after the SDGs were adopted at the UN Summit in 2015, IGES started to work in collaboration with GCNJ in developing a diverse range of activities, including the joint translation of the SDG Compass, fact-finding surveys on the SDGs for GCNJ member companies and organisations, the preparation of reports based on these surveys, and presentations at events hosted by both IGES and GCNJ. As an environmental think tank that conducts practical and innovative policy research and aims to reflect these outcomes in actual policies and actions, this collaborative partnership has been tremendously beneficial for IGES in extending the scope of research into the SDGs business domain and positioning itself as an agent for change. IGES would like to take this opportunity to express our deepest gratitude to those involved in the GCNJ and to the companies and organisations that have extended their cooperation for this initiative.

Human society faces a broad spectrum of problems at the global scale, such as the COVID-19 pandemic, climate change, biodiversity loss, inequality, and human rights violations. These problems are not mutually exclusive; they are strongly interconnected, with solutions that require a “transformative change” in social systems. The values and value systems in our current material civilisation, economy and society have created a crisis for the global environment and human survival. We must fundamentally question them and create a new approach to human activity and a new paradigm for civilisation. Economic and social systems must be restructured so that they are sustainable and in line with these new paradigms to realise global sustainability. From this perspective, only when human society unites and takes bold steps to spark social change will the achievements of the SDGs become visible.

Now in its sixth issue, the content of this joint report by GCNJ and IGES has been updated to encourage “transformative change” with a focus on the actions that companies and organisations need to take to achieve the SDGs. We hope that this report will provide GCNJ members and other companies and organisations with a strong impetus for innovative actions to realise the SDGs in this decisive decade from 2021 to 2030, which will determine the fate of the global environment in years to come.

**Kazuhiko Takeuchi**  
President  
Institute for Global Environmental Strategies (IGES)



# 1

## Introduction

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We are quickly approaching 2023, the half-way point in the implementation period of the SDGs, officially launched in 2016. Since this time, the significance and importance of the SDGs have become widely accepted throughout society. Not only governments, but also companies, investors, consumers, and citizens from a variety of perspectives are engaged in efforts to achieve them. The annual survey on the SDGs conducted by the Global Compact Network Japan (GCNJ) and the Institute for Global Environmental Strategies (IGES), with the cooperation of GCNJ member companies and organisations, has shown the level of awareness and initiatives on the SDGs to be progressing year by year.

Nevertheless, even prior to the COVID-19 pandemic, the achievement of the SDGs, a set of aspirations for the world, was in jeopardy. Moreover, the impact of the COVID-19 pandemic has unavoidably led to significant setbacks in areas such as poverty, hunger, and education. In a message in the Sustainable Development Goals Report 2021, UN Secretary-General Antonio Guterres stated, “Had the paradigm shift envisioned by the 2030 Agenda for Sustainable Development been fully embraced over the past six years, the world would have been better prepared to face this crisis – with stronger health systems, expanded social protection coverage, the resilience that comes

from more equal societies, and a healthier natural environment. Regrettably, the SDGs were already off track even before COVID-19 emerged.” He continued, “the challenges are immense, but there are also reasons for hope …we must use the crisis to transform our world, deliver on the 2030 Agenda.”

The question is then, what challenges can companies and organisations undertake to truly contribute to delivering the necessary transformations? GCNJ and IGES redesigned the content of our annual questionnaire survey to shed light on this question. Specifically, while retaining some previous questions on SDGs awareness, we considered what companies and organisations should achieve and/or implement by 2030 with regard to SDG 5 (gender equality), 8 (decent work and economic growth), 13 (climate action), 16 (peace, justice and strong institutions), which the United Nations Global Compact (UNGC) has stated it will lead and shape in its strategy for 2021-2023, and SDG 12 (responsible consumption and production), which many GCNJ members are focusing on, and put these into questions and answer choices. By doing so, we intended that the companies and organisations that responded to the questionnaire would be able to gain clues as to where they stand in their efforts to achieve the SDGs and what they need to do to accelerate them. The five goals covered in the questionnaire are also closely related



to the UNGC's Ten Principles in four areas (human rights, labour, environment, and anti-corruption). The questionnaire was designed with the cooperation of experts in each of these areas as well as the GCNJ SDGs Task Force. These experts were also asked to write the analyses and discussion of findings on the five goals contained in this report.

In this report, we first review ever-developing global and domestic trends related to the SDGs, including the above five goals. Next, the chapter on survey results reports on the level of awareness and penetration of the SDGs in general, analysis and discussion of efforts related to the five goals, and examples of initiatives on material issues that fall outside of the realm of these five goals. Finally, we provide a summary of the overall report.

Questionnaire content and totalled results are included in the Annex. These can be used as a guideline and/or checklist to promote the SDGs, not only by GCNJ members, but also by various other companies and organisations. The issues and messages presented in this report will also serve as a reference to policymakers, investors and civil society in considering how they can work with companies and organisations and promote their efforts through policy and finance.

GCNJ and IGES have renamed this report, which contains analysis and discussion by experts on each of the five goals, the "SDGs Progress Report". We will continue to work collaboratively and carry out fact-finding surveys on the SDGs going forward.



# 2

## Global and National Trends on the SDGs

### » Progress on the SDGs and strategies of companies and organisations

#### State of progress on the SDGs

COVID-19 continues to threaten countries around the world, including Japan. As of 16 February 2022, over 400 million people have been infected worldwide, and the number of deaths had risen to more than 5.8 million, resulting in significant implications for progress on the SDGs.

According to the UN SDGs Report 2021 (published in July 2021), between 119 and 124 million people were pushed back into poverty in 2020, with 255 million full-time jobs lost, and 83 to 132 million more people suffering from hunger. The report also states that crises in the areas of climate, ecosystems, and environmental pollution continued under the pandemic, citing increased concentrations of major greenhouse gases (GHGs), reduced biodiversity and degradation of terrestrial ecosystems, and the disposal of up to five trillion plastic bags every year. It further points out the inequalities within and between countries exposed by the pandemic, including the fact that 68 doses of vaccine were available per 100 people in Europe and North America as of 17 June 2021, compared to less than two doses per 100 people in Sub-Saharan Africa.

Similarly, the Asia and the Pacific SDG Progress Report 2021 (published in March 2021) reported serious delays in the SDGs and impacts of the pandemic. It contends that at the current pace, only nine of the 104 measurable SDG targets can be achieved in the Asia-Pacific region.

To address the challenges of today and the future, UN Secretary-General António Guterres launched his vision entitled “Our Common Agenda” on 10 September 2021. Developed at the request of member states on the occasion of the UN’s 75th anniversary, the vision proposes a range of actions under 12 themes, including “leave no one behind” and “protect our planet”. In the report, Guterres acknowledges that humanity is at a turning point in history, stating, “the choices we make — or fail to make — today could result in further breakdown...or a breakthrough to a better, more sustainable, peaceful future...”

#### Trends in management and strategy

A similar sense of crisis is shared by companies and organisations that are highly attuned to sustainability, as well as by the relevant institutions that promote their initiatives. Various developments have been seen.

In March 2021, the World Business Council for Sustainable Development (WBCSD), a



coalition of about 200 CEOs of companies committed to sustainable development, published the “Vision 2050: Time to Transform”, developed together with 40 member companies. The Vision explores approaches and methods for businesses to lead in nine areas related to system-wide transformation—including energy, transportation and mobility, living spaces, finance, and food—so that “9+ billion people can live well, within planetary boundaries, by 2050”. The main contents of the report include descriptions of the vision for 2050 in the nine areas, specific fields that require corporate action by 2030, and the mindset shift needed in corporate activities. A Japanese translation has also been published based on collaboration between IGES and three companies involved in the Vision 2050 project: Sompo Japan, Toyota Motor Corporation, and Fujitsu.

In Japan, the Corporate Governance Code (CG Code) was revised in June 2021. This code compiles key principles that help companies implement mechanisms for transparent, fair, prompt, and resolute decision-making, taking into account the standpoint of shareholders, customers, employees, local communities, and other stakeholders. This latest revision established approaches, targets, human resources development policy, and internal environmental improvement policy for ensuring diversity in the assignment of core human resources, including the appointment of women, foreign nationals and mid-career hires to management positions. In addition, companies listed on the Prime Market after the reorganisation of the Tokyo Stock Exchange in April 2022 will be required to have higher standards of governance, including obligation of information disclosure equivalent to the TCFD recommendations (\*companies listed on the Standard and

Growth Markets are encouraged to disclose information equivalent to those in the TCFD recommendations).

Developments in government ministries and agencies include establishment by the Ministry of Economy, Trade and Industry (METI) of the “Study Group on Dialogues that Contribute to Long-Term Corporate Management and Investment for Creation of Sustainable Corporate Value (SX Study Group)” in May 2021. This group aims to clarify issues and modalities for long-term corporate management and investment and the specific dialogues that contribute to them, based on the concept of “sustainability transformation” (SX) which involves the idea of synchronisation of corporate and social sustainability. After meeting six times, the SX Study Group set up a working group on revision of the Guidance for Collaborative Value Creation in October 2021.

Innovative benchmarks to compare corporate performance on the SDGs are also being developed. Leading this effort is an organisation called the World Benchmark Alliance (WBA), which includes a range of non-corporate organisations from around the globe. WBA has placed focus on seven systems transformations that are required to achieve the SDGs: social, decarbonisation and energy, food and agriculture, nature and biodiversity, digital, urban, and financial system. It also identified 2,000 companies (Keystone Companies) with particular industry-wide influence, with 162 companies and organisations from Japan included in the latest 2022 edition. WBA has already formulated benchmarks on topics related to the seven systems (e.g. gender, human rights, seafood stewardship, food and agriculture, access to seeds, just transition, digital inclusion) and reports company ratings and rankings based on these. According to WBA,

these benchmarks show what society expects from industry and businesses and can help companies identify gaps, learn, and engage in dialogue with stakeholders.

#### **Other: nature-related and information disclosure-related trends**

In developments related to the SDGs and the planetary boundaries concept, the Science Based Targets Network (SBTN), which comprises more than 45 organisations, is promoting the development of methods and guidance for setting Science Based Targets (SBTs) for Nature related to water, land, biodiversity, and ocean. An Initial Guidance for Business was published in September 2020, and plans are in place to develop a methodology for setting targets for earth's systems, targeting companies and cities, by the end of 2022. The CDP has also stated that from 2022, companies will be sent a single integrated questionnaire that adds biodiversity to the three existing questionnaires on climate change, water security, and forests. It will include questions connected to the SBTs for Nature.

In terms of nature-related information disclosure, the Taskforce on Nature-related Financial Disclosures (TNFD) was officially launched in June 2021 and is attracting increasing attention globally. Coinciding with the launch, a report entitled "Proposed Technical Scope" was published, setting out the components of disclosure frameworks, the concept of nature-related risks and opportunities, and a work programme for the future. According to the Ministry of the Environment (MOE), the TNFD framework will not only address how nature can impact organisations, but also how organisations can impact nature. The TNFD framework is scheduled for launch in 2023, following beta testing.

Recent years have seen the revision of frameworks and standards for disclosure of non-financial information and the publication of new guidances. Major developments include the revision of IIRC's International Integrated Reporting Framework (International <IR> Framework) in January 2021, as well as the revision of GRI Universal Standards and the announcement of a new TCFD guidance in October 2021. For example, the International <IR> Framework will require clearer definitions of outputs and outcomes and reporting that includes both positive and negative impacts. Therefore, companies utilising these frameworks and standards will need to be particularly careful.

In a further notable development, at the 26th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 26) in November 2021, the International Financial Reporting Standards (IFRS) Foundation announced the establishment of the International Sustainability Standards Board (ISSB), aimed at developing internationally consistent and comparable sustainability disclosure standards, and the publication of two prototype disclosure standards focused on climate and sustainability in general. Additionally, expectations for the integration of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF was established in the merger of IIRC and SASB) into the ISSB by the end of June 2022 were also announced (CDSB was integrated on 31 January 2022). In response to this development, on 16 November 2021, the Japan Business Federation (Keidanren) published a proposal calling for the establishment of a Sustainability Standards Council (provisional name) within Japan's Financial Accounting Standards Foundation (FASF), which has an established relationship with the IFRS Foundation. The aims of the

Council would be to make contributions to IFRS Foundation from Japan, to voice opinions, and to promote the development of domestic sustainability standards.

In light of these trends, in September 2021, the Financial Services Agency (FSA) in Japan established the “Working Group on Corporate Disclosure of the Financial System Council” to discuss how sustainability factors (e.g. climate change compliance, ensuring diversity, human capital) should be included in securities reports. In addition, METI’s “Study Group on Disclosure Policies for Non-financial Information” published an interim report in November 2021, presenting international trends in non-financial information disclosure standards and four recommendations for high-quality sustainability-related information disclosure. Furthermore, the Cabinet Office established the “Study Group on Visualisation of Non-financial Information” in February 2022 and has begun discussion on compilation of guidelines that will serve as a reference for corporate management, including methods to assess the value of non-financial information such as human capital.

## » Highlights of trends related to the five goals

Below is a summary of major trends related to topics covered in the sections on the five SDGs that are the focus of this report.

### Gender equality (SDG 5)

- ▶ Number of signatories to the Women’s Empowerment Principles (WEPs), a set of guidelines for companies and organisations to promote gender equality, exceeded 5,000 companies worldwide (from 1 January to 31 December 2021: signatories at global level rose from 4,510 to 5,847; from 265 to 278 in Japan; and from 636 to 1,168 in Asia).

- ▶ International Organisation for Standardisation (ISO) implemented the Gender Action Plan for 2019-2021 as a first step towards gender mainstreaming in international standardisation activities. The plan addresses the gender ratio in decision-making structures and various committees, and the analysis of various standards from a gender perspective.
- ▶ European Commission released a proposed directive on equal pay and pay transparency in March 2021, including a gender pay gap mandatory reporting.
- ▶ Government Pension Investment Fund (GPIF) adopted the Morningstar Gender Diversity Index (GenDi) in December 2020 as its ESG Index for foreign stocks. GenDi builds on the WEPs.
- ▶ Government of Japan approved the Fifth Basic Plan for Gender Equality in December 2020 by Cabinet Decision. The plan aims to bring the percentage of women in leadership positions to around 30% as early as possible in the 2020s.
- ▶ Child Care and Family Care Leave Act amended in June 2021. In order to encourage men to take parental leave, the law establishes an obligation to inform and confirm the intention of fathers regarding parental leave, and establishes a new system that allows fathers to take up to four weeks of “paternity leave” (which can be divided into two periods) until eight weeks after the birth of a child. Companies with more than 1,000 employees are required to publicly announce the uptake rate of parental leave.

### Decent work and human rights (SDG 8)

- ▶ US released a revised version of the Xinjiang Supply Chain Business Advisory in July 2021. It urges industry to be wary of whether supply chains include entities involved in human rights abuses such

as forced and compulsory labour in the autonomous region, and recommends that human rights due diligence (human rights DD) be conducted to the extent possible.

- ▶ UN Human Rights Council adopted a resolution on 8 October 2021 stipulating the right to a safe, clean, healthy and sustainable environment as a human right. Japan, China, India, and Russia abstained from voting.
- ▶ COP26: The Just Transition Declaration confirmed agreement on achieving sustainable, green and inclusive economies, also in relation to recovery from the COVID-19 pandemic, and on strengthening respect for human rights in supply chains (realising decent work and eradicating modern slavery, forced labour and child labour).
- ▶ The 10th UN Forum on Business and Human Rights was held from 29 November to 1 December 2021 and revealed an assessment of the first decade of the UN Guiding Principles on Business and Human Rights (UNGPs) and the UNGPs 10+ Roadmap for the next decade of business and human rights.
- ▶ European Commission issued a proposal on 23 February 2022 on a directive that would mandate human rights and environmental due diligence.
- ▶ METI and the Ministry of Foreign Affairs (MOFA) released questionnaire survey results in November 2021 on the status of human rights initiatives in the supply chains of Japanese companies. Of the 760 companies that responded, approximately 70% had formulated policy commitments on human rights, and more than 50% had conducted human rights DD, but only 30% had involved external stakeholders.
- ▶ Keidanren revised Chapter 4, “Respect for Human Rights”, in its Implementation Guidance on the Charter of Corporate Behaviour, and also formulated a handbook

on management that respects human rights in December 2021.

### Circular economy (SDG 12)



- ▶ International Resource Panel (IRP) published “Resource Efficiency and Climate Change: Material Efficiency Strategies for a Low-Carbon Future” in November 2020. It analyses the climate change mitigation potential offered by improving material efficiency in the production and use of residential buildings and lightweight vehicles, and examines concrete policy approaches. A Japanese translation of the Summary for Policy Makers was published by IGES.
- ▶ Organisation for Economic Co-operation and Development (OECD) published “A Chemicals Perspective on Designing with Sustainable Plastics” in December 2021, a report aimed at enabling the creation of sustainable plastic products by incorporating sustainable chemistry thinking into design processes.
- ▶ Plastic Resource Circulation Act passed in the 204th Ordinary Session of the Diet in Japan. The act aims to promote efforts in resource circulation for plastics by all actors throughout the lifecycle of plastic products, from design to disposal. The law entered into force on 1 April 2022.
- ▶ MOE, METI and Keidanren launched the Japan Partnership for Circular Economy (J4CE) in March 2021. On 2 September, a ceremony was held online to announce the publication of a collection of noteworthy case studies and the website launch.
- ▶ Launch of the Japan Circular Economy Partnership (J-CEP) was announced on 1 November 2021. Its stated mission is to work on creating businesses in Japan that will optimise resource circulation and realise a sustainable society, and to bring about optimal solutions for society that balance environment and economy.

## Climate change (SDG 13)

- ▶ US President Biden hosted the Leaders' Summit on Climate in April 2021. Japan announced an increase in its 2030 GHG reduction target to 46% of 2013 levels.
- ▶ An amendment to the Act on Promotion of Global Warming Countermeasures was enacted in May 2021 in Japan, including specification that carbon neutrality will be achieved by 2050 and the promotion of open data on corporate GHG emissions.
- ▶ Commitment to net zero by 2050 at the latest in the 2021 G7 Summit Communiqué. Commitment to end new international direct support by governments for unabated coal power generation by 2021.
- ▶ Working Group I Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change published in August 2021. It concluded, "it is unequivocal that human influence has warmed the atmosphere, ocean and land".
- ▶ Glasgow Climate Pact adopted at COP26. Addresses the determination to pursue the 1.5°C target; doubling funding for adaptation by 2025; the first mention of phasedown of

unabated coal power; and agreement on the Article 6 rule under the Paris Agreement (relating to trading of carbon credits). Many alliances and net zero announcements were made at events led by the chair country.

## Anti-corruption (SDG 16)

- ▶ Decrease in US Foreign Corrupt Practices Act (FCPA) enforcement activity between 2019 and 2020. The US Department of Justice (DOJ) issued a statement in June 2021 on resumption and strengthening of FCPA enforcement following recovery from the COVID-19 pandemic.
- ▶ OECD Working Group on Bribery adopted a new OECD Anti-Bribery Recommendation in November 2021. The new recommendation looks at issues such as the "demand side" and "non-trial resolutions (NTRs)".
- ▶ METI's Guidelines for the Prevention of Bribery of Foreign Public Officials were revised in May 2021. They include general prohibition of small facilitation payments and clarification that economic damage to a company does not justify bribery.





# 3

## SDGs Survey Results and Interpretation

### Survey overview

#### ■ Survey objectives

- To help GCNJ member companies and organisations measure their progress and promote activities on the SDGs.
- To analyse progress, as well as challenges faced, on current SDGs initiatives and penetration of the SDGs by member companies and organisations, to enable them to contribute to the achievement of the SDGs in Japan.

#### ■ Schedule for survey responses

4 October to 18 November 2021

#### ■ Survey target and number of responses






Target: GCNJ member companies and organisations  
437 members (as of 30 September 2021)

Responses: **223 members** (51% of target) \*See p. 68 for a list of responding members.

#### ■ Survey method

Online

#### ■ Survey content (50 questions total)

- 1) Company/organisation information, awareness/progress on SDGs (overall)
- 2) Gender equality (SDG 5 )
- 3) Decent work and human rights (SDG 8 )
- 4) Circular economy (SDG 12 )  
\* Industries excluded from responses: information and communications; finance and insurance; real estate; service; academic institutes, associations, incorporated associations/agencies; other
- 5) Climate change (SDG 13 )
- 6) Anti-corruption (SDG 16 )
- 7) Post-survey questionnaire (Satisfaction with GCNJ, requests)



# 3.1

## Awareness and Penetration of the SDGs

- ✓ While a low level of awareness of the SDGs among both middle management and employees has long been an issue for the SDG initiatives of companies and organisations, both of these figures increased by nearly 40% to reach roughly 80%. Finally, the SDGs have come to be recognised and understood internally at companies and organisations.
- ✓ Companies and organisations with 10 to 249 employees need assistance in promoting a deeper understanding of the SDGs, while those with 250 to 4,999 employees need support in integrating management and the SDGs, such as by setting KPIs and medium- and long-term targets. Likewise, those with 5,000 or more employees call for measurement and assessment methods for SDGs initiatives, and initiatives in information disclosure and value chains. Namely, the support that companies and organisations require differs according to size and level of progress.
- ✓ Activities related to “advocacy and public policy”, such as making recommendations and voicing support for policies, should be strengthened to ensure that companies contributing to sustainability survive.

### » Aim of questionnaire content

This chapter reports on trends among GCNJ members in terms of awareness of the SDGs, actions contributing to the SDGs, and challenges currently faced. Survey questions on these items have been included since 2015, with last year’s report detailing progress over the five-year period from 2016 to 2020. Answer options for some of the questions have changed in this year’s survey. Thus, it is not possible to report changes over time for all items, but wherever possible, comparisons with past data have been made.

### » Results and discussion

#### **Awareness of the SDGs, progress on the SDG Compass, and priority goals (Q7, Q8, Q13)**

First, let us compare awareness of the SDGs, progress on the SDG Compass, and priority goals to last year. The issue of awareness of the SDGs (Q7), in particular a low level of awareness among both middle management and employees, has long posed a challenge. This year’s survey showed an increase of nearly 40% for both of these figures, bringing them to about 80%. Six years after the SDGs were formulated in 2015, recognition and understanding of the SDGs has finally made headway into companies and organisations.

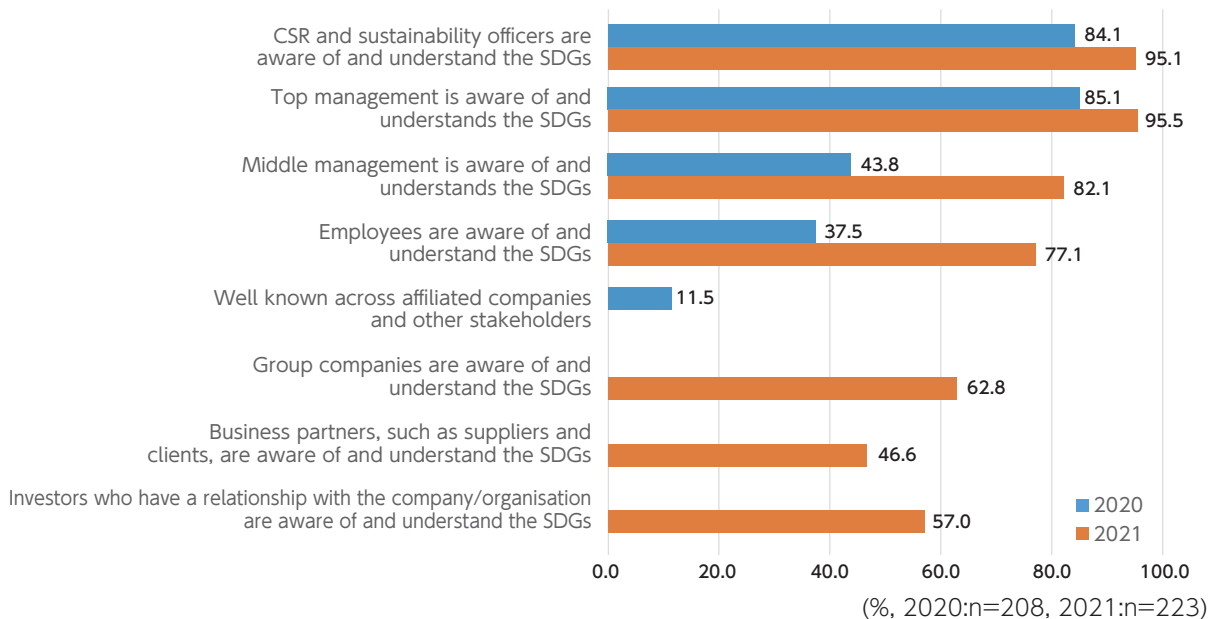
The option “affiliated companies and other stakeholders”, which had an awareness level of 11.5% last year, was divided this year into “group companies” and “business partners, such as suppliers and clients”, with results of 62.8% and 46.6%, respectively. In addition, the awareness level of the newly added option “investors” was 57.0%. When looking at respondents with over 5,000 employees, figures were 76.8% for “group companies”, 56.0% for “business partners, such as suppliers and clients”, and 77.6% for “investors”. The awareness level of suppliers and other business partners is an important factor in promoting initiatives related to the five goals discussed in subsequent sections. Raising awareness in this area represents a major challenge for large companies.

Progress was also evident on the steps of the SDG Compass (Q8). Responses for Steps 1 to 4 all decreased, while responses for Step 5 increased to 37.2%. Looking at this question by number of employees, Step 1 was selected most often at 35% for respondents with 10 to 249 employees, while responses were

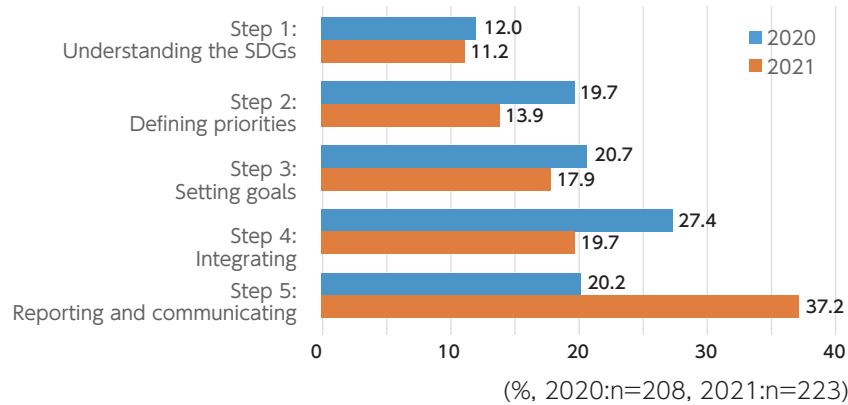
dispersed across Steps 2 to 4 for members with 250 to 4,999 employees, and Step 5 accounted for 50% of responses from those with over 5,000 employees. These results show a wide variation according to the size of a company or organisation’s workforce. In the SDG Compass, Steps 2 to 5 comprise a cycle, and the cycle is repeated as efforts are intensified. Therefore, it should be noted that responses of Step 5 do not necessarily imply that sufficient actions are being taken.

With regard to SDGs of focus (Q13), over 80% of companies and organisations selected SDGs 8 and 13, while more than 70% selected SDGs 3, 5, 9 and 12. Meanwhile, responses increased by more than 5% from last year for SDGs 5, 7, 8, 10, 13 and 15. Selection of SDGs 5 and 8 suggest changes in working practices during the COVID-19 pandemic, and responses for SDGs 7 and 13 suggest stronger responses to climate change issues. Likewise, responses for SDG 10 suggest increased attention on growing disparities and inequalities during the pandemic, and for SDG 15 on biodiversity issues.

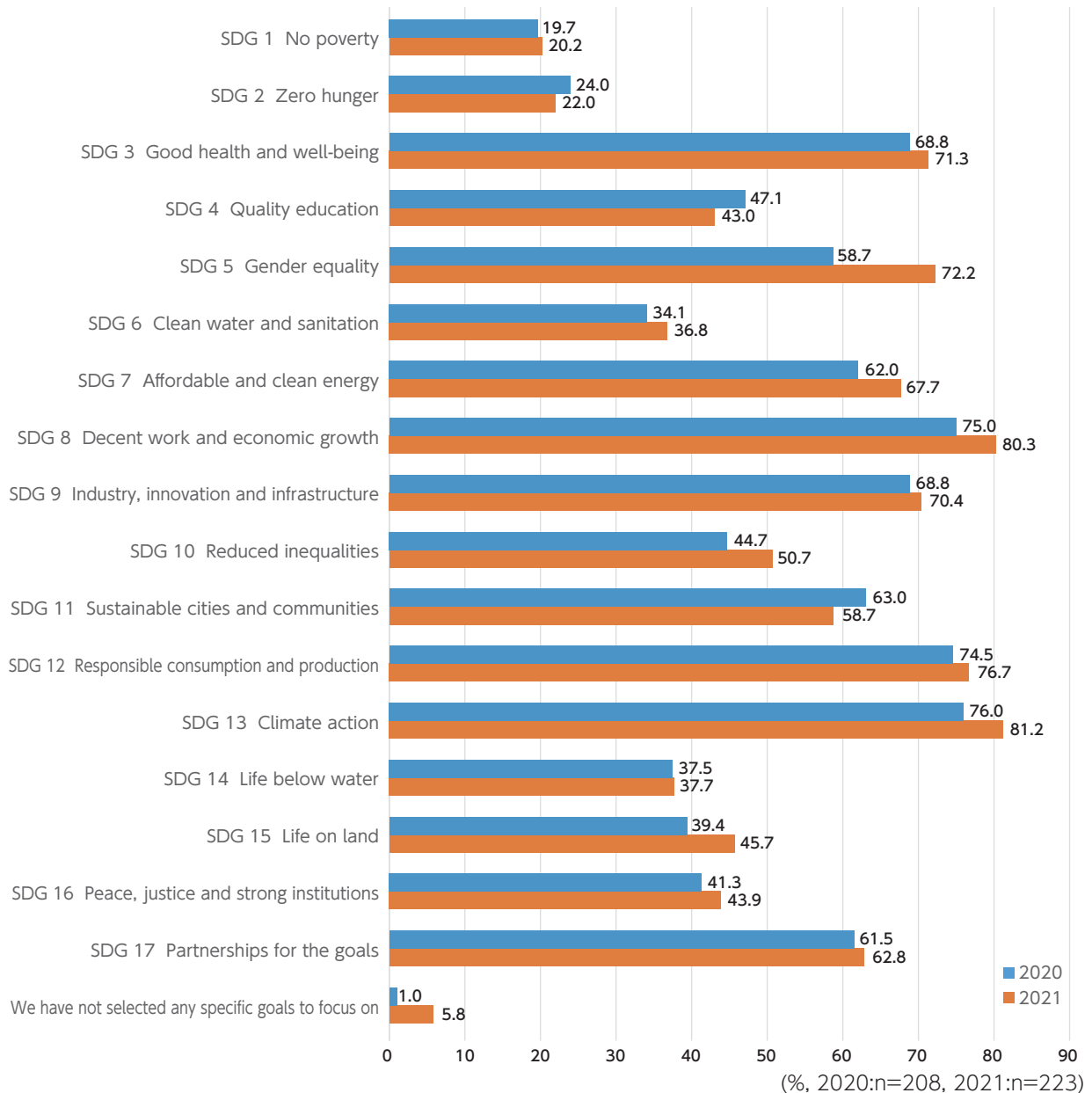
**Q7 Please select the situation(s) that applies to the degree of awareness of the SDGs within your company/organisation. (Select all that apply)**



Q8 Which step of the SDG Compass has your company/organisation reached?



Q13 Which SDGs goal(s) has your company/organisation chosen to focus on (taking impacts from COVID-19 into account)? (Select all that apply)



### **Actions contributing to the SDGs and inclusion of SDGs in information disclosure (Q9, Q10)**

The most common response on actions GCNJ members are taking to contribute to the SDGs was “compliance with the 10 Global Compact principles” at 92.4%. This result was anticipated, as each company/organisation promises this compliance when becoming a GCNJ member. However, a rate of 75.9% for respondents with 10 to 249 employees suggests that support is needed to ensure compliance with the ten principles.

The next most common actions taken by GCNJ members were “integrate the SDGs into management strategies” and “develop products and services that contribute to the SDGs”, both at 81.2%. Regarding the former, the degree of integration into management strategies is important and is expected to vary from company to company and organisation to organisation. For this reason, we will review the situation in the conclusion chapter, looking back at initiatives on the five goals.

The three biggest differences evident in responses by number of employees were “create business models that contribute to the SDGs” (60.5% overall), “voluntarily fund charitable foundations and non-profits” (47.1% overall), and “collaboration and partnerships” (48.9% overall). These figures were to 72.8%, 61.6%, and 67.2%, respectively for respondents with over 5,000 employees, while they stood at 44.9%, 31.9%, and 31.9% for respondents with 250 to 4,999 employees, and 44.8%, 20.7%, and 10.3% for those with 10 to 249 employees.

Few members, regardless of the number of employees, selected the “advocacy and public policy: We publicly advocate for the importance of action in relation to the SDGs” option, with only 19.3% overall. It is hoped that “advocacy and public policy” will be strengthened, as it is an important action for creating a

market environment in which companies that contribute to sustainability can survive.

In fact, the United Nations Global Compact (UNGC) conducted a similar survey of its member companies, although the data is from 2020. Results showed that 73% of respondents complied with the 10 Global Compact principles, 46% integrated the SDGs into management strategies, 61% developed products and services that contribute to the SDGs, 37% created business models that contribute to the SDGs, 55% voluntarily funded charitable foundations and non-profits, 35% engaged in advocacy and public policy, and 43% engaged in collaboration and partnerships. Although there is some disparity in the time period of the survey, it is evident that GCNJ members on the whole are engaging in actions on the SDGs at the same level or higher than international levels, except in the realm of advocacy and public policy.

With regard to putting information on the SDGs in reports and websites, more than 70% of companies and organisations reportedly include the SDGs in “top messages”, “reflections on priority issues and policies”, “priority SDGs”, “linkages to core business areas”, and “development of products and services”, making references to the SDGs the norm. On the other hand, only 24.7% of companies/organisations publish information on “specific impacts resulting from activities related to the SDGs”, indicating that companies and organisations are struggling regardless of their size.

The biggest differences by number of employees were seen in responses on “creation of business models that contribute to the SDGs” (49.8% overall) and “indicators and progress related to the SDGs” (52.5% overall). These figures were 63.2% and 66.8%, respectively for respondents with over 5,000 employees, compared to 34.8% for both for

those with 250 to 4,999 employees, and 27.6% and 24.1%, respectively for those with 10 to 249 employees.

#### **Challenges faced addressing the SDGs and required information and solutions (Q11, Q12)**

Approximately 75% of companies and organisations cited “setting quantitative indicators and evaluation methods for impacts, etc.” as a challenge faced in addressing the SDGs, with only a slight difference in figures by size of company/organisation.

Interestingly, companies and organisations with 10 to 249 employees showed lower values (i.e. items not viewed as challenges) than companies and organisations of other sizes for most options (level of understanding of middle management, general employees, directors, and the entire value chain; evaluation methods; resources; political backing; stakeholder engagement; initiating collective action; information disclosure; publicity and communication strategies; and balancing with growth strategies). Meanwhile, companies and organisations with 250 to 4,999 employees exhibited higher scores (i.e. items viewed as challenges) than companies and organisations of other sizes for most options (societal awareness of the SDGs; level of understanding of middle management, general employees, and directors; stakeholder engagement; initiating collective action and partners; information disclosure; publicity and communication strategies; and balancing with growth strategies). Moreover, respondents with more than 5,000 employees showed higher values than companies and organisations of other sizes for “level of understanding and awareness in the entire value chain”, “setting quantitative indicators and evaluation methods for impacts, etc.”, and “resources”.

The most sought-after information and solutions were “methods for measuring and

evaluating SDGs activities” at 71.7%, and the closely-related “methods for information disclosure and reporting”, also scoring highly at 62.3%. The need for provision of information on “good practices by companies in Japan on the SDGs” was also high at 68.2%, while 64.8% of respondents with over 5,000 employees called for information on case studies of overseas companies.

Around 55% of both respondents with 10 to 249 employees and 250 to 4,999 employees expressed the need for information and solutions on “approaches to developing organisational structures”. Companies and organisations with 250 to 4,999 employees were also found to have greater needs than companies and organisations of other sizes for “methods for integrating the SDGs into management principles and visions”, “methods for setting KPIs”, “methods for setting medium- and long-term targets”, and “approaches to publicising and encouraging communication” (43.5%, 63.8% and 47.5%, and 52.2%, respectively).

From the above figures and the state of progress on the SDG Compass by number of employees, it can be concluded that companies and organisations with 10 to 249 employees in particular require support for promoting a deeper understanding of the SDGs, while those with 250 to 4,999 employees need support for integration of management and the SDGs. Meanwhile, companies and organisations with more than 5,000 employees require support for information disclosure and initiatives in the value chain. These differences in recognition of challenges and need for information and solutions are related to the progress made on the steps of the SDG Compass discussed earlier. Going forward, it will be necessary to consider how to provide support to companies and organisations according to their size and level of progress.

# 3.2

## Gender Equality

Shifting gears from “female participation and advancement” to the “promotion of gender equality”: the time is now



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- ✓ Companies have been stepping up in putting systems in place and disclosing information to ensure compliance with national laws and regulations, e.g. the Act on the Promotion of Female Participation and Career Advancement.
- ✓ On the other hand, initiatives to achieve gender equality called for by the SDGs involve the elimination of gender discrimination structured in the society and economy, and transformation of mechanisms and awareness grounded on gender roles. It is important to understand that this approach differs from what Japan refers to as “female participation and advancement”.
- ✓ Companies are recommended to consult both the Women’s Empowerment Principles (WEPs), a set of action guidelines that correspond to the SDGs/ESG, and the WEPs Transparency and Accountability Framework (TAF), a set of indicators to measure WEPs implementation, in order to align their ongoing initiatives.
- ✓ Shifting gears to the “promotion of gender equality” will enable steady implementation of highly effective and globally accepted initiatives. Such a shift would also be effective in laying the groundwork for both “female participation and advancement” and “diversity & inclusion (D&I)”.

### » Significance and rationale

The promotion of gender equality is not only a stand-alone goal as SDG 5, but also a pre-condition and a means to realising all goals, as set forth in the outcome document, “Transforming our world: the 2030 Agenda for Sustainable Development”. The SDGs aim to transform social and economic structures grounded on gender roles and eliminate

gender discrimination. Companies and organisations are particularly called upon to:

- eliminate not only direct gender discrimination, but also indirect discrimination caused by unconscious bias and attitudes on gender roles that are deeply rooted in systems and practices;
- enable men, not only women, to take on unpaid care and domestic work such as housework and childcare; and



- improve the gender balance in decision-making positions.

While the “female participation and advancement” approach that puts emphasis on women is mainstream in Japan, the global standard is to “promote gender equality”, which aims to eliminate gender gaps and structural inequalities between men and women. In addition to the SDGs, Principles 1, 2 and 6 of the Global Compact’s 10 Principles are directly connected to the elimination of gender discrimination, and the World Economic Forum’s Global Gender Gap Index (GGGI) focuses on the gap between men and women. It is quite clear that the international community calls for the promotion of gender equality.

The Women’s Empowerment Principles (WEPs) are a set of guiding principles for companies and organisations to promote gender equality. They were jointly developed by the UN Global Compact and UN Women in 2010 and have become globally recognised as a holistic framework. The WEPs consist of seven principles under the following five areas.

- Commitment from top management and integration into corporate policies and strategies (Principle 1)
- Workplace initiatives (e.g. development and implementation of policies) (Principles 2, 3 and 4)
- Development of gender-responsive supply/value chain management (Principle 5)
- Engaging with communities and contributing to society (Principle 6)
- Accountability and transparency (Principle 7)

WEPs prioritise inclusion: companies are expected to promote gender equality in partnership and collaboration with stakeholders such as business partners, investors, local communities, NGOs, and governments.

WEPs are not only implemented by companies, but also referred to by investors. Gender equality is one of the key components of both the ‘S’ (social) and ‘G’ (governance) of ESG investment. The level of progress on gender equality is important from the perspectives of diversity and human rights under ‘S’, and from the perspective of board diversity under ‘G’. The Gender Equality Scoreboard of Equileap (a global evaluation organisation based in the Netherlands that collects and evaluates gender-related data on companies), was developed based on the WEPs. Likewise, the Morningstar Gender Diversity Indexes, adopted by GPIF in 2020 as its ESG indexes for foreign stocks (300 billion JPY under management), have adopted Equileap’s criteria and Gender Equality Scoreboard.

While Japan has shown progress in legal measures, such as the adoption of the Act on the Promotion of Female Participation and Career Advancement and the revision of the Child Care and Family Care Leave Law, it has failed to achieve the target set by the national government in 2003 on increasing the percentage of women in leadership positions to at least 30% by 2020. It also continues to fall in the GGGI rankings. Instead of the approach geared only to “women” that Japan has adopted to date, we must shift to the approach that promotes “gender equality” in order to change systems and attitudes in workplaces and society that are grounded on gender roles. This will allow women to play more active roles in their own right.

### **About the survey questions**

Survey questions were formulated in reference to SDG 5 and the WEPs, as well as other indices (GGGI, Equileap Gender Equality Indices, Bloomberg Gender Equality Index, MSCI Women’s Leadership Index, and reporting indicators of the Act on the Promotion of Female Participation

and Career Advancement). The levels of importance were established in line with the WEPs Transparency and Accountability Framework (TAF), a set of indicators that measure progress on WEPs implementation. The types of indicators and their levels of importance are shown below. The first step for companies is to put the essential reporting indicators (Level 1) into practice.

## » Results and discussion

The levels and percentages of responses are shown in the tables.

### Commitment from top management and integration into corporate strategies (Q16)

Out of all respondents, 83% stated that the promotion of gender equality was positioned as a management issue and reflected in policies and measures. This percentage is proportional to workforce size, with over

90% of companies of 5,000 employees or more selecting this option. Just under 14% of all respondents, or 33% when referring specifically to companies with more than 50,000 employees, reported having signed the WEPs as part of their commitment. Given WEPs' global recognition, there are also examples of multinational companies based in Japan and/or overseas that promote gender equality vis-a-vis the WEPs.

Meanwhile, some companies that selected the response, "we integrate the SDGs into corporate strategies" for Q9, "What actions are being implemented by your company/organisation to help achieve the SDGs?", chose the "not specifically positioned as a management issue" for Q16. Promoting gender equality is an overarching goal of the SDGs: companies are expected to mainstream gender perspectives into corporate strategies and initiatives on the SDGs.

Level 1	Essential Reporting Indicators
Level 2	Complementary Reporting Indicators
	Input and Support Measure Indicators
Level 3	Other Indicators

### Q16 Has top management expressed commitment to promoting gender equality and clearly positioned it as a management issue, for example by integrating gender equality into corporate guidelines and strategies? (Select all that apply)

	Top management has not committed to promoting gender equality or specifically positioned it as a management issue.	16.1
Level 1	We understand that promoting gender equality is a foundation for "women's active participation in society" and "diversity and inclusion", and reflect this in our policies and measures.	83.0
Level 2	Top management has signed the WEPs and is committed to implementing policies and measures.	13.5
Level 2	When formulating corporate guidelines and strategies, we include organisations and experts with knowledge on gender issues in our stakeholder dialogues and interviews.	13.9
Level 3	We release and actively communicate our commitments, policies, and progress in promoting gender equality to external stakeholders through integrated reports and other means.	56.5

Responses (%)

### Setting targets and implementing measures on the percentage of women board members (Q17)

The response, “we have not set specific targets” was selected by 75% of all respondents and by 71% of companies and organisations with a global business scope. The percentage of women on boards is one of the key assessment criteria under “governance” in ESG investment. Ensuring board diversity is a necessary measure for improving the transparency and effectiveness of the company’s highest decision-making body: the first step is the appointment of women. Companies often claim that targets could not be set due to lack of candidates, but there are a wide range of measures that can be taken to increase the candidate pool, such as reinforcing recruitment policies, collaborating with local communities and educational institutions, and promoting gender equality in the workplace. Setting

targets for the percentage of women board members based on a medium- to long-term vision is indeed part of a holistic approach that incorporates the promotion of gender equality into corporate strategies.

### Gender pay gap (Q18)

64% of all respondents, and 60% when restricted to companies and organisations with a global scope of business, reported not disclosing data. While the gender pay gap in Japan for identical job levels and titles is minimal, it has been pointed out internationally that an overall pay gap exists especially when taking into account non-regular and fixed-term employees. The most significant factors are the higher share of women in low paying jobs (non-regular and fixed-term) and the low share of women in senior management positions. The COVID-19 pandemic also revealed that the concentration of women in non-

#### Q17 Has your company/organization set targets for the percentage of women board members and formulated plans to achieve these targets? (SDG 5.5, WEPs 1 and 4)

	We have not set specific targets for the percentage of women board members.	74.9
Level 1	We have set targets, but have no action plan in place.	4.9
Level 2	We have set targets and formulated action plans (currently, the percentage of women board members is less than 30%).	17.9
Level 3	We have achieved a rate of 30% of women board members.	2.2

Responses (%)

#### Q18 Is your company/organisation taking measures to address the gender pay gap? (SDGs 5.1, 8.5, and 10.3, WEPs 2) Select all that apply.

	We have not conducted gender pay gap calculations.	63.7
	We have conducted gender pay gap calculations, but the data exclude figures on non-regular and fixed-term employees.	16.1
Level 1	Gender pay gap data covers all employees, including non-regular and fixed-term employees.	14.8
Level 2	Based on the data, we analyse the underlying factors that caused the gender pay gap.	12.1
Level 2	We have targets and action plans in place to close the gender pay gap.	3.1
Level 2	We disclose data on the gender pay gap.	4.9

Responses (%)

regular employment is the root cause of poverty among women and single mothers. Meanwhile, global trends are moving towards eliminating the overall gender pay gap, and the number of legislations that obligate information disclosure is on the rise, particularly in European and North American countries. In addition, the US Securities and Exchange Commission (SEC), NASDAQ and other markets have begun to require disclosure to avoid litigation risks. The first step towards closing the pay gap is to conduct gender pay gap calculations and analysis to ascertain the current state of affairs and disclose such information. In Japan, the government has announced that it will review its rules on corporate disclosure.

#### Measures to eradicate all forms of violence and sexual harassment (Q19)

Gender-based violence and violence against women and girls at home and public spaces is a global challenge that is strongly addressed by the SDGs. Workplaces where supervisors and decision-makers are dominantly male are public spaces with unbalanced power relations, an environment that may have induced sexual harassment. The issue of sexual harassment has therefore been positioned as a priority that companies must responsibly address, also within the G7 and G20 frameworks. Furthermore, sexual

harassment could pose risks specific to women when conducting human rights due diligence (human rights DD). Japan's Fifth Basic Plan for Gender Equality also calls on companies to eradicate "sexual harassment toward job-seekers". Survey results show that companies are putting in place mechanisms for safe reporting backed by the need to comply with national policies. As Japan is the only G7 country without a law that specifically prohibits sexual harassment, it is essential that companies go beyond "compliance" and take the lead to identify risks and establish targets and action plans.

#### Parental leave for men (Q20)

There is a globally shared recognition that attitudes towards gender roles, such as those that consider women responsible for unpaid care and domestic work (e.g. housework, childcare, nursing care) and the gender imbalance in time spent on unpaid care work, are the biggest barriers to women's empowerment via education, economic activities, and political participation. For Japan in particular, the gender gap in the amount of time spent on unpaid care work is remarkably large. Promoting parental leave for men is positioned as one concrete measure to "redistribute the responsibility for unpaid care work" that governments and the private sector are currently working together

#### Q19 Has your company/organisation taken measures to eradicate all forms of violence and sexual harassment at work? (Select all that apply)

	We have not taken any specific measures.	1.8
Level 1	We have set targets and put action plans in place to prevent and address violence and sexual harassment both inside and outside of the workplace.	46.6
Level 1	We have mechanisms in place for people to safely report incidences of violence and sexual harassment (e.g. internal and third-party points of contact for reporting, etc..)	95.5
Level 2	We conduct trainings for all employees on violence and sexual harassment on a regular basis.	81.2
Level 2	Disciplinary measures against perpetrators are clearly stipulated and disclosed.	65.9

Responses (%)

to implement in various countries. While Japan established a system early on and has been praised in the international community, a low uptake rate remains a major challenge that will require active efforts by the private sector. A large majority responded to the survey as having specific measures in place and disclosing data. However, by industry, only 46% of service-related and non-profit organisations responded having specific measures in place. In order to be able to take the leave, an additional boost at the workplace is necessary. The revised Child Care and Family Care Leave Law, which will enter into force in phases from April 2022, will make it mandatory for companies to inform male employees individually of the

availability of parental leave, and confirm their will to take it.

### Gender responsive supply chain management (Q22)

Even at Level 1, the response rate was at a low 34% for global companies and 45% for those in machinery and equipment, which scored the highest rate by industry. Legislation on supply chain management is gaining momentum within the larger framework of business and human rights, particularly in Europe and North America. Implementation of human rights DD that integrates a gender perspective across the entire supply chain is expected to be required in the near future.

#### Q20 Does your company/organisation conduct activities to encourage male employees to take parental leave? (SDGs 5.4 and 8.5, WEPs 2)? (Select all that apply)

	We do not carry out any specific activities.	17.9
Level 1	We have guidelines and specific measures in place to encourage male employees to take parental leave.	67.3
Level 2	Male employees are required to take parental leave.	3.6
Level 3	We disclose information on the status of parental leave taken by male employees based on data on the uptake rate and duration.	59.6

Responses (%)

#### Q22 Is your company/organisation implementing gender responsive supply chain management? (Select all that apply)

	We are not implementing gender responsive supply chain management.	61.4
Level 1	We include supply chain management in the scope of policies to promote gender equality.	30.5
Level 3	We collect relevant gender data from suppliers and clients in Japan and overseas.	19.7
Level 3	We have systems in place to check/analyse collected data.	13.0
Level 2	We analyse and identify negative gender-driven risks and impacts from the data, formulate measures to address them and disclose such information.	4.5
Level 2	We have policies and targets in place to procure from companies with commitments to gender equality, e.g. companies that have a rate of 30% or more women on the board. Or, we have a supplier code of conduct that explicitly states support for gender equality.	0.9
Level 2	We have policies and targets in place to promote procurement from women-owned businesses in view of diversifying our supplier base and developing and supporting women entrepreneurs. Or, we have a supplier code of conduct that explicitly states support for women-owned businesses.	0.4

Responses (%)

### Disclosure on gender gaps (Q24)

Commitment from top management and accountability through monitoring of progress and disclosure should be carried out as a set. The same applies to the WEPs, where Principle 1 and 7 are a set. Similarly for the SDGs, governments are required to monitor and publicise progress vis-a-vis the commitment made by the heads of states. For the WEPs, progress is evaluated against the baseline data taken when companies become signatories.

The overall survey results showed that the response rate for “data disclosed” at Level 2 exceeded Level 1’s “mechanisms in place to collect data on a regular basis”. The higher rate of response on disclosure may be attributed to the implementation of the Act on the Promotion of Female Participation and Career Advancement, which calls for mandatory disclosure of company data. However, in order to put the data into use

and achieve gender equality, it is important to collect and analyse data on a regular basis, as well as integrate them in action plans (create and run a PDCA cycle).

### » Messages for the future

The survey findings showed that companies are putting systems in place and disclosing company information as part of ensuring compliance with laws and regulations such as the Act on the Promotion of Female Participation and Career Advancement. It also revealed that the SDGs' emphasis on promoting gender equality has yet to influence domestic laws and regulations, let alone corporate initiatives. Systems that have internalised gender roles and gender discrimination must be reformed to create a climate in which anyone can play an active role regardless of gender. Findings also showed that gender gap is not viewed as a governance issue. The aim of board

#### Q24 Does your company/organisation have mechanisms in place to collect the following data? (All SDGs, WEPs 7)

		Percentage of male/female employees	Percentage of women and men in management	Percentage of women and men in new/mid-career hires	Comparison of the percentage of women and men in terms of promotion and advancement	Uptake rate and duration of parental leave by women and men
	No mechanisms in place to collect data on a regular basis (ad hoc collection is regarded as "no mechanism in place")	4.9	5.8	9.0	18.4	13.9
Level 1	Mechanisms in place to collect data on a regular basis	17.9	17.0	24.7	37.2	21.1
Level 2	Data is regularly collected, factors analysed for issues identified, and efforts made to address issues	2.7	4.0	9.4	24.7	9.9
Level 2	Data disclosed in integrated reports, company website, and in the database of the Act on the Promotion of Female Participation and Career Advancement	74.4	73.1	57.0	19.7	55.2

Responses (%)



diversification is to improve the transparency and effectiveness of decision-making bodies. Work needs to be done to set numerical targets to promote women and strengthen the pipelines. Finally, “commitment” (top management’s declaration of intent and corporate policies and measures) and “accountability” (setting targets and PDCA cycles, monitoring, proactive corporate reporting, etc.) go hand in hand. Integration of gender perspectives into corporate policies and disclosure of more gender data are important.

It is time to shift from the conventional “female participation and advancement” to the “promotion of gender equality” approach,

launching initiatives that are in keeping with international SDGs and ESG standards. As a first step, we recommend utilising the WEPs to ascertain your company’s current situation and challenges. From there, you can begin to formulate actions that generate impact by starting with initiatives corresponding to Level 1.

### » Reference materials

Women’s Empowerment Principles (WEPs)  
<https://www.ungcjin.org/global/gender.html>

Tools to implement promotion of gender equality  
<https://www.ungcjin.org/objective/gender/index.html>

#### Case study spotlight

This section introduces good practices from a governance perspective. These companies have set key performance indicators (KPIs), achieved zero pay gap, and are practising information disclosure.

● (US) General Motors (Ranked 5<sup>th</sup> in Equileap’s Gender Equality Global Ranking 2021)

A Senior Leadership Team headed by the company Chair and CEO presides over the Board of Directors and company executives to regularly review internal D&I measures and address issues. Following the signing of the Whitehouse Equal Pay Pledge in 2016, the company conducts an annual company-wide gender pay analysis and introduced three KPIs on gender ratios and pay equity of board members and employees. As a result, the company has achieved a 45% share of women on its Board of Directors and zero gender pay gap. The company is also active in disclosing information through its sustainability and D&I reports, including its efforts to develop female leaders via trainings, mentoring programmes, and pipeline development, and to develop women engineers.

● (France) Sodexo (Ranked 13<sup>th</sup> in Equileap’s Gender Equality Global Ranking 2021)

With 38% of the Board of Directors and 43% of company executives being women, Sodexo is known as the company with the most gender-balanced decision-making bodies in France. In 2009, the percentage of women in management positions was only 17%. Alarmed by this lack of diversity, the CEO at the time set up a Gender Advisory Board to carry out various initiatives, including those aimed at changing the attitudes of employees and managers, setting KPIs, and trainings. In 2016, the company set a target to increase the percentage of women in its top 200 positions to 40% by 2025, expediting its efforts by tying 10% of company executives’ annual pay to achieving this target. Since then, the company has continued to achieve results by setting and conducting comprehensive reviews of its KPIs.

# 3.3

## Decent Work and Human Rights

Respect for human rights is at the core of corporate initiatives on the SDGs



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- ✓ Roughly 90% of companies and organisations have measures in place related to policy commitments (Q25), remediation and remedy mechanisms (Q27), and workers (Q29), but the level of implementation does not measure up to the content of the UNGPs. Furthermore, an increasing number of companies and organisations have yet to carry out measures pertaining to human rights due diligence (Q26), consumers (Q30), and local communities (Q31). Although some response options exceed 80% for companies with more than 50,000 employees, further efforts are need across the board.
- ✓ Recognition that respect for human rights is an issue affecting not only workers, but also consumers and local communities, remains weak overall. Human rights risks, including those for consumers and local communities, must be identified and included in concrete initiatives such as policy commitments, human rights due diligence, and remediation and remedy mechanisms.
- ✓ The average response rate for all “Respect (Principles)” items was 42.1%. The most urgent challenge towards achieving the SDGs by 2030 is the implementation and review of items classified as “Respect (Principles)”. In parallel, efforts must be expanded taking into account items classified as “Respect (Operationalisation)”.

### » Significance and rationale

SDG 8 aims to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. In other words, this goal affirms that unless employment opportunities for all people are ensured, and unless the human rights of all working people are guaranteed in the global activities of companies and organisations, including their suppliers, a

sustainable society cannot be achieved. This corresponds to the UN Global Compact’s aim to realise globalisation based on giving “a human face” to the global market by ensuring that companies and organisations respect (i.e. minimising negative impact) and support (i.e. increasing positive impact) human rights in their global business activities. Of these, respect for human rights is paramount, the details of which are clarified in the UN Guiding Principles on Business and Human Rights (UNGPs), formulated in 2011. They stipulate

that: (1) companies have a responsibility to respect internationally recognised human rights; (2) this responsibility covers the entire value chain, including companies' own business activities and relationships; and (3) specific initiatives include policy commitments on human rights, human rights due diligence, and remediation and remedy mechanisms.

### About the survey questions

In light of the above, the survey section on “decent work and human rights” consisted of (1) questions on processes related to responsibility to respect human rights as clarified by the UNGPs (Q25-27), and (2) questions focusing on the human rights of specific stakeholders, namely workers, consumers, and local communities (Q29-31).

Furthermore, response options for each question were classified as either “Respect (Principles)”, “Respect (Operationalisation)”, or “Promotion”. The “Respect (Principles)” category was assigned to items that are specifically indicated as ways to respect human rights in the UNGPs, while items that question whether companies and organisations have operationalised respect for human rights in accordance with their own business activities were categorised as “Respect (Operationalisation)”. “Promotion” refers to initiatives that actively promote human rights protection, such as employment promotion and social contributions.

The UN has repeatedly affirmed that respect for human rights is at the core of engagement with the SDGs. Thus, it is important to note that no amount of effort made on “Promotion” exempts companies and organisations from working on items that embody respect for human rights, i.e. the “Respect (Principles)” and “Respect (Operationalisation)” items. For this first survey, we focused on the extent to which the “Respect (Principles)” items are

covered, based on the fact that the UNGPs call on all companies and organisations to engage in initiatives on respecting human rights.

## » Results and discussion

The first step in respecting human rights for a company or organisation is to express a policy commitment. Implementation of “Respect (Principles)” items varies from around 20 to 60%, and progress is proportional to number of employees, with companies of 50,000 employees or more scoring over 80% on some items. In particular, there was a 40 percentage point difference between companies with over 50,000 employees and respondents overall for the “we include respect for the human rights of stakeholders unrelated to labour issues in our policy commitment that covers the entire value chain” response. Recognition of that fact that respect for human rights is an issue not only for workers, but also for consumers and local communities, was seen to be weak overall (also evident in Q27, Q30, and Q31). Furthermore, the percentage of respondents that “reflect human rights issues identified through stakeholder engagement in the formulation and revision of our human rights policy commitment” is low at 21.1%. As issues cannot be identified without stakeholder engagement, this process must be positioned as a prerequisite for the formulation and revision of human rights policy commitments. While more than 90% of companies and organisations have released some form of policy commitment, the challenge remains to align their content with the UNGPs.

### Human rights due diligence (Q26)

Due diligence (DD) is a process to ensure that sufficient care is taken not to violate human rights. Companies and organisations that

<b>Respect (Principles)</b>	minimising negative impact (respect)	Items specifically indicated in UNGPs
<b>Respect (Operationalisation)</b>		Items incorporated into the business context of companies/organisations
<b>Promotion</b>	Increasing positive impact (support)	Items including initiatives such as employment promotion and social contributions

have not conducted human rights DD amount to 23.8% overall (65.5% of companies with under 250 employees and 54.5% of service-based companies). Moreover, items on human rights impact assessments, internal systems and institutionalisation, and information disclosure, which constitute human rights DD, are also weak at around the 20-30% level.

One of the foundations of human rights DD is employees' understanding of the "business and human rights" concept. Training opportunities on business and human rights targeting all employees were provided by around 60% of companies and organisations, including 88.9% of companies with over 50,000 employees,

with some disparities revealed by number of employees and sectors. A secondary foundation is the measurement of human rights risks. Human rights risks refer to (potential) negative impacts on human rights that are differentiated from management risks. Accordingly, these risks cannot be ascertained without stakeholder engagement. Currently, a limited 23.8% of all respondents (44.4% of companies with over 50,000 employees) are engaging with stakeholders.

#### **Remediation and remedy mechanisms (Q27)**

Even when companies and organisations devote themselves to human rights DD, human rights violations can still occur. Therefore, apart from human rights DD, a

#### **Q25 Which of the following describe your company/organisation in terms of a policy commitment on respect for human rights? (Select all that apply)**

	We do not have any specific policy commitments in place.	9.4
<b>Respect (Principles)</b>	Top management (of entire group) has expressed their commitment.	61.4
<b>Respect (Principles)</b>	We have a policy commitment in place on respect for human rights that references internationally recognised human rights and has been made available publicly.	55.2
<b>Respect (Principles)</b>	We include respect for workers' human rights in a company-/organisation-wide (or group-wide) policy commitment that covers the entire value chain.	62.3
<b>Respect (Principles)</b>	We include respect for the human rights of stakeholders unrelated to labour issues in our policy commitment that covers the entire value chain (e.g. human rights issues related to consumers and local communities involved in our business).	41.7
<b>Respect (Principles)</b>	We reflect human rights issues identified through stakeholder engagement in the formulation and revision of human rights policy commitment.	21.1
<b>Respect (Operationalisation)</b>	We identify high-priority human rights issues that are related to our business and clarify these in our policy commitment.	31.4
	Other	9.9

Responses (%)

**Q26 Which of the following describe your company/organisation in terms of human rights due diligence? (Select all that apply)**

	We are not taking any specific measures or are not currently addressing this issue.	23.8
<b>Respect (Principles)</b>	We offer training opportunities that address business and human rights to all employees.	58.3
<b>Respect (Operationalisation)</b>	We set incentives for respect for human rights, including making respect for human rights one of the performance indicators for senior/middle management.	4.9
<b>Respect (Operationalisation)</b>	We incorporate our human rights policy commitment into specific action plans (set targets, track and evaluate performance and results).	26.0
<b>Respect (Principles)</b>	We release information on activities related to respect for human rights, including our human rights policy commitment, human rights due diligence, and remediation and remedy actions, in a cohesive format that is easily accessible to stakeholders.	34.5
<b>Respect (Principles)</b>	We engage with stakeholders on human rights due diligence in business operations.	23.8
<b>Respect (Principles)</b>	We conduct human rights impact assessments of our own operations, as well as for the value chain, based on the overall perspective and priorities of our own human rights agenda.	24.2
<b>Respect (Principles)</b>	We have an internal division or system that examines cross-departmental human rights issues and grants the necessary authority and budgets for human rights activities.	33.2
	Other	8.5

Responses (%)

process by which stakeholders can report violations is needed. Companies and organisations indicating that they have external processes available to their own workers stood at 82.5%. On the other hand, stakeholders affected by business activities extend along the entire value chain, including consumers and local communities. Implementation of mechanisms going beyond companies' own workers stood only in the 30% range.

Additionally, it is essential that stakeholders can trust and use these processes. Disclosure of information on usage and responses stood at 20.2%, while engagement-based initiatives came in at just over 10%, showing that very little progress has been made on initiatives in this area. While nearly 90% of companies and organisations have mechanisms in place, challenges remain on expanding the

range of stakeholders targeted and ensuring effectiveness through transparency and engagement.

**Decent work for all workers (Q29)**

When it comes to workers as a stakeholder group, 92.8% of companies and organisations are working to manage and optimise the working hours of employees within their groups. On the other hand, although companies and organisations are required to respect internationally-recognised human rights, efforts aimed at equal pay for equal work, forced labour and human trafficking scored low, in the 50-60% range.

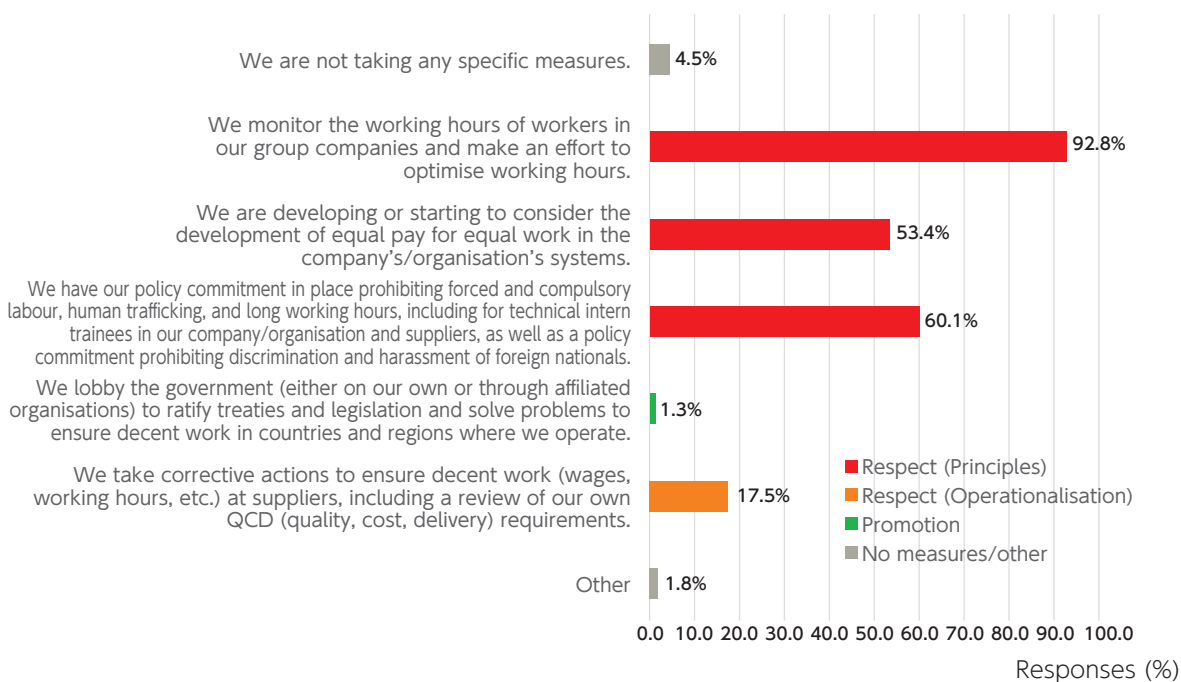
To realise SDG 8, it is essential to ensure decent work in the value chain. To this end, companies must confirm whether their business activities have any negative impacts on the human rights of the workers of

**Q27 Which of the following statements describe your company/organisation in terms of remediation and remedy (grievance) mechanisms? (Select all that apply)**

	We do not have any specific mechanisms in place.	12.6
Respect (Principles)	We have external consultation and remedy mechanisms (lawyers or NGOs, etc.) for company/organisation and group workers.	82.5
Respect (Principles)	We have consultation mechanisms (either internally or externally) that can be used by anyone outside the company/organisation, including consumers and local residents.	37.2
Respect (Principles)	We disclose information on the usage of consultation mechanisms and procedures, grievances contents and response measures, including the above two options.	20.2
Respect (Operationalisation)	We engage with stakeholders who may use these mechanisms, in order to review consultation and grievance mechanisms.	10.3
Respect (Principles)	We have mechanisms in place for consultations and grievances available to workers in the value chain.	31.4
Respect (Principles)	We work with victims (or individuals and organisations representing them) and engage with suppliers, clients, and third parties (NGOs, etc.) to have remediation and remedy in place.	13.5
	Other	4.0

Responses (%)

**Q29 Decent work for all workers (Select all that apply)**





business partners, and if so, correct their QCD (quality, cost and delivery) requirements. Currently, only 17.5% of respondents have implemented such measures, showing that efforts have not progressed.

### Consumer-related human rights initiatives (Q30)

The respect for human rights expected of companies and organisations also extends to consumer rights. Nevertheless, 35.4% of companies and organisations have yet to implement any measures, indicating that the human rights of consumers are not fully recognised. Of course, some businesses do not directly target consumers, but when the value chain is included, impacts may reach consumers.

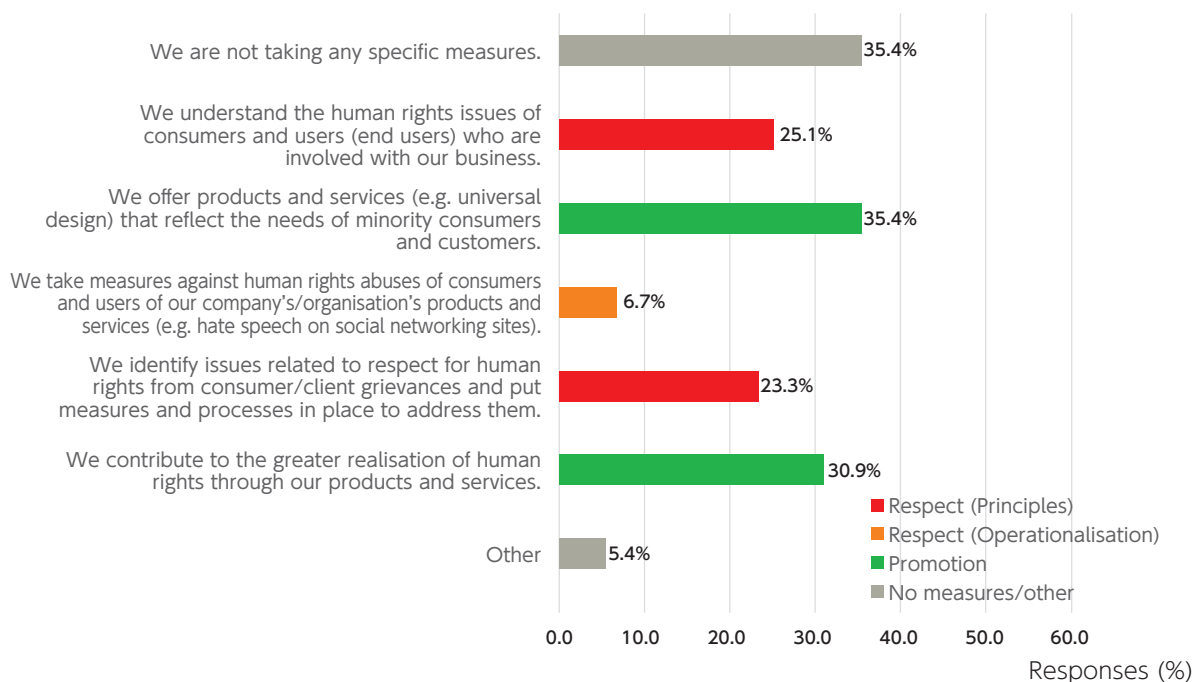
Meanwhile, initiatives to further promote the protection of consumer rights, such as universal design and social contributions, are implemented by around 30% of all respondents, and 66.7% of companies with more than 50,000 employees implement

initiatives to provide products and services that reflect consumers' needs. A prerequisite for these promotional initiatives is respect for human rights, and to this end, there is a pressing need to identify human rights issues relevant to consumers.

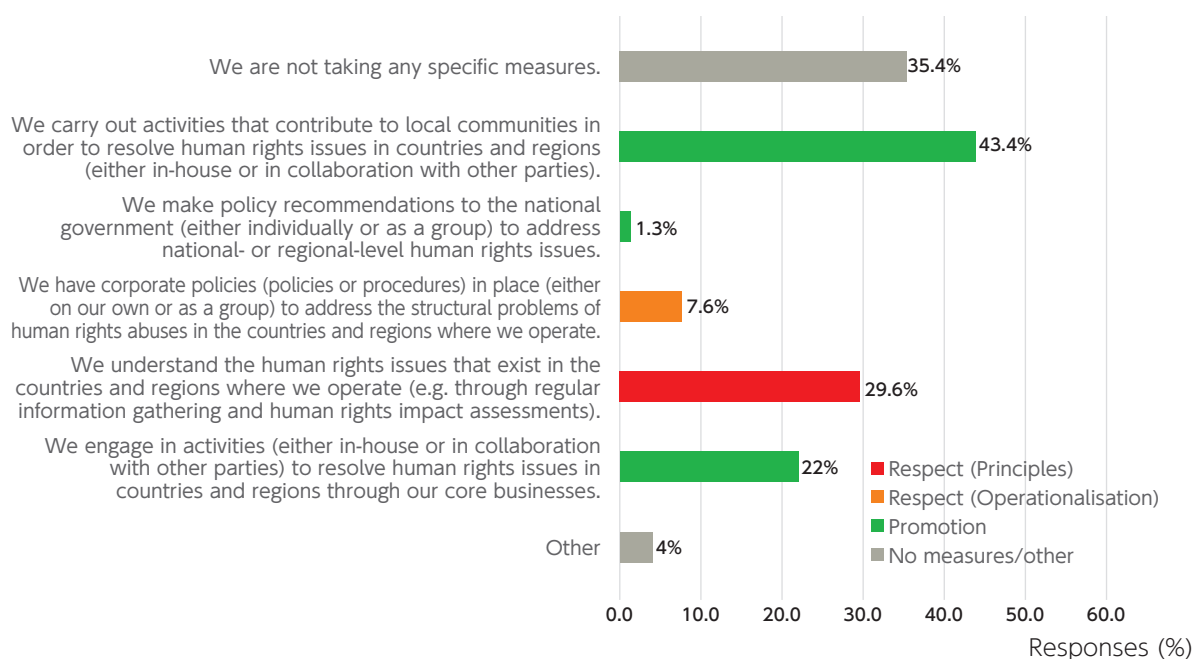
### Initiatives addressing the human rights of local communities (Q31)

Like consumers, local communities are affected by business activities and are included in the scope of initiatives on respect for human rights. With 35.4% of companies and organisations having yet to implement measures, reaffirming the human rights of local communities is an urgent issue. Specifically, amidst growing concern and protests over deep-rooted problems in society (structural injustices) such as forced and compulsory labour, child labour, and racial and gender-based discrimination and violence, companies doing business in society are being asked to take a stance against and address these human rights issues. Currently, a mere 29.6% of companies and

Q30 Consumer-related human rights initiatives (Select all that apply)



### Q31 Initiatives on the human rights of local communities (Select all that apply)



organisations are implementing initiatives to ascertain human rights issues that exist in the countries and regions where they operate. Even for companies with more than 50,000 employees, this figure is only 51.9%.

Meanwhile, 43.9% of companies and organisations are engaged in social contribution activities, and this figure exceeds 70% for companies with more than 50,000 employees. While initiatives that go one step further, for example, “policy recommendations to the national government (either individually or as a group) to address national- or regional-level human rights issues”, are expected, ensuring that the human rights of local communities are not violated must be the starting point.

### » Message for the future

The international community has affirmed that companies must respect the human rights of all stakeholders in the entirety of their business activities, including their value chains,

as part of corporate social responsibility. Going one step further, there is a movement to incorporate corporate responsibility to respect human rights in national laws (making it mandatory) in European and North American countries and at the EU level. The UN Global Compact supports this trend. The expectation that companies will take more proactive measures to promote human rights is also included in the SDGs, but the major premise is that they fulfil their responsibility to respect human rights.

However, the average response rate for all items classified as “Respect (Principles)” in this survey was under half, at 42.1%. To achieve the SDGs by 2030, implementation and review of “Respect (Principles)” items is the recommended first step. In parallel, initiatives based on the “Respect (Operationalisation)” items should be expanded. For example, CSR procurement constitutes human rights DD targeting the supply chain, but it is only one part of the human rights DD required for the entire value chain, including, for instance, investment and distribution processes, as

well as impacts on consumers and local communities. Moreover, the impacts of corporate operations extend beyond the human rights of workers to the human rights of consumers and local communities. Companies and organisations should begin by identifying the human rights risks involved in their activities, including the human rights of consumers and local communities, and incorporate these into concrete initiatives, such as policy commitments, human rights DD, and remediation and remedy mechanisms.

## » Reference materials

UN Human Rights Council (2011) “Guiding Principles on Business and Human Rights:

Implementing the United Nations “Protect, Respect and Remedy” Framework” (A/HRC/17/31)

(UNIC Japanese translation)

[http://www.unic.or.jp/texts\\_audiovisual/resolutions\\_reports/hr\\_council/ga\\_regular\\_session/3404/](http://www.unic.or.jp/texts_audiovisual/resolutions_reports/hr_council/ga_regular_session/3404/)

Office of the United Nations High Commissioner for Human Rights

Publications and resources: OHCHR and business and human rights

<https://www.ohchr.org/en/business-and-human-rights/publications-and-resources>

MOFA “Business and Human Rights Portal Site”

<https://www.mofa.go.jp/mofaj/gaiko/bhr/index.html>

### Case study spotlight

Respect for human rights is at the core of realising the SDGs, and companies and organisations are being called upon to take concrete measures to respect the human rights of stakeholders involved in their business activities, including those in the value chain. Of these, discussion on the effectiveness of grievance and consultation mechanisms is ongoing.

Although a handful of efforts to expand existing mechanisms (e.g. consultation mechanisms on whistle-blowing, harassment, and compliance) and broaden the scope of grievance procedures were reported in this survey, mechanisms that remain limited in scope were also reported, such as only covering violations committed by internal company executives and employees. Mechanisms that are accessible to victims in the value chain, such as those that broadly accept reports of human rights infringements that violate company policy commitments (e.g. those based on open information such as those at Aeon, NEC, JSR, Sharp, Yamaha, Shionogi, Hitachi Transport System, Azbil, etc.) are expected.

In addition to expanding access, disclosing information on the use of and responses to grievance procedures is essential to enable stakeholders to trust and use the system. The Fuji Oil Group updates the status of each report of grievances for its procedures targeting the palm oil supply chain that were established by in 2018, and information is disclosed to stakeholders on a quarterly basis (228 incidents as of the end of March 2021).

Principle 31 of the UNGPs sets out eight requirements for ensuring the effectiveness of grievance mechanisms, including the aforementioned accessibility and transparency. In essence, mechanisms should be available to those who need to use them when they need to do so. It is important to reiterate that grievance mechanisms are one aspect of stakeholder engagement (dialogue/collaboration).

# 3.4

## Circular Economy

Shifting to a new economic system that goes beyond the 3Rs



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- ✓ For SDG 12, we examined and analysed the status of initiatives on circular economy. The many initiatives reported included several on recovery of used containers and products based on cooperation between manufacturers and retailers, as well as those involving recycling and switching to recycled materials and/or recycled resources for containers and packaging, in cooperation with recyclers.
- ✓ On the other hand, results showed that initiatives in sharing services and Product-as-a-Service (PaaS), as well as the establishment of systems for recycling, repair, resale, and remanufacturing, need to be further expanded.
- ✓ Japanese companies are being called upon to utilise their wealth of knowledge, experience, and networks in the 3Rs, an area in which they have many skills, to work to establish further circulation loops and new business models that go beyond the 3Rs, including changing consumption patterns by employing sharing services and PaaS.

### » Significance and rationale

Sustainable consumption and production (SCP) is crucial to achieving the SDGs, and businesses have a very significant role to play. In recent years, the circular economy has been attracting attention both in Japan and around the world as a concrete vision. The circular economy aims to replace the conventional one-way economy of mass production, mass consumption, and mass

disposal with an economy that preserves and maintains the value of products and resources for as long as possible and minimises the generation of waste. The EU announced its New Circular Economy Action Plan in March 2020, while in February of the same year in Japan, METI announced its Circular Economy Vision 2020, which aims to contribute to global environmental protection and strengthen the medium- to long-term competitiveness of Japanese industry by shifting to circular economic activities.

Increasing measures on the circulation of plastic resources, which has become a major social issue of late, are expected, such as the new Plastic Resource Circulation Act that was approved by Cabinet Decision in 2021 (came into force in April 2022).

Furthermore, the circular economy has been highlighted as a response to climate change. According to a report by the UNEP International Resource Panel (IRP), resource extraction and processing account for roughly half of the emissions driving climate change, making the issue of resource circulation highly relevant to the SDGs on climate change and biodiversity.

Additionally, encouraging behavioural change in citizens is essential for the realisation of both the circular economy and SCP. Accordingly, the questionnaire for this survey was written based on two categories: (1) status of implementation of circular economy business activities and (2) status of initiatives on sustainable lifestyles and education. To facilitate responses on questionnaire items on circular economy, question content was based on the five typical business models introduced in the CEO Guide to Circular Economy by the World Business Council for Sustainable Development (WBCSD): “circular supplies”, “product life-extension”, “sharing platform”, “resource recovery”, and “Products as a Service (PaaS)”.

Only companies in industries considered to have a significant direct or indirect involvement with natural resources were asked to respond. Companies in the production/food, chemicals/pharmaceuticals, manufacturing/transport and the machinery/equipment industries were asked to respond, and responses from 158 companies were received. Specifically, reporting from companies by industry was: production/

food (40), chemicals/pharmaceuticals (34), manufacturing/transport (35), and machinery/equipment (49). The scope of business of the responding companies was as follows: 130 operate overseas; 102 of the 158 companies have more than 5,000 employees; and 125 had sales exceeding 100 billion JPY.

## » Results and discussion

### Implementation of circular economy initiatives by business model (Q32, Q33)

The status of implementation of Circular Economy (CE) initiatives by business model is summarised below and serves as a review of initiatives related to SDG 12.

As shown in the graph below, more than 95 companies, or approximately 60% of the 158 respondents, reported already having initiatives in place in “reduction in packaging materials used and conservation of resources in containers and packaging”, “extension of period a product is valuable”, “use of and switch to recycled materials and resources”, and “introduction of circular product design”. In contrast, items selected by fewer than 63 companies, or approximately 40% of total respondents, were: “inclusion of environmental information related to material efficiency”, “development of sharing services”, “development of business models to offer products as a service”, “introduction of returnable systems and product deposit systems”, “development of systems to collect and recycle used products”, and “development of systems to collect, repair, resell, and remanufacture used products”. Other initiatives such as “clarification of specific policies”, “procurement of sustainable raw materials”, and “development and introduction of recyclable alternative materials” were implemented by around 50% of respondents.

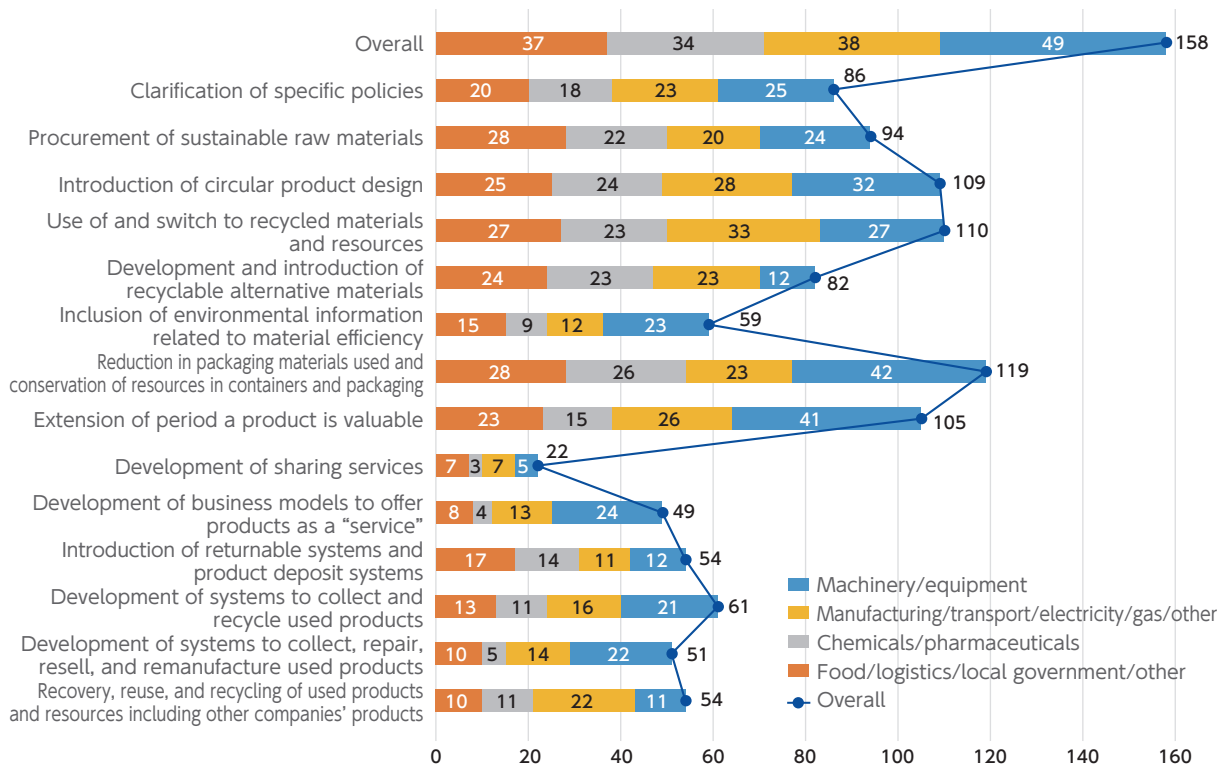
By industry, the machinery and equipment sector is involved in many CE initiatives, which may be a result of the importance placed on CE, particularly in the manufacturing sector, which has a deep-rooted and direct connection to natural resources. Meanwhile, among items with an overall implementation rate of less than 40%, PaaS and sharing businesses are items showing the least amount of progress, with less than 50 companies implementing them. Although numbers are low, with 22 of 158 companies implementing sharing initiatives, and 49 companies for PaaS, implementation of initiatives was reported. In industries other than manufacturing, some responses were received from companies looking to expand their share of the sharing, subscription, and upcycling markets by 2030, revealing a trend to view CE initiatives, such as sharing services and PaaS, as business opportunities. On the other hand, activities by companies to

establish systems to collect, recycle, repair, resell, and remanufacture their used products are limited, suggesting that companies have yet to establish systems throughout their value chains to realise a circulation loop.

**Lifestyles and education (Q37)**

For questions on lifestyles and consumer education, both linked to the sustainable management and use of natural resources, fewer than 100 out of 158 companies reported implementing initiatives for all question items, a lower figure compared to questions on CE initiatives. However, over 40% of companies reported taking action on “product design and use of environmental labels” and “awareness-raising activities to encourage lifestyle shift”. Although no major characteristics were evident by industry, 24 companies in both the food/logistics/local government/other and machinery/equipment sectors reported initiatives on product

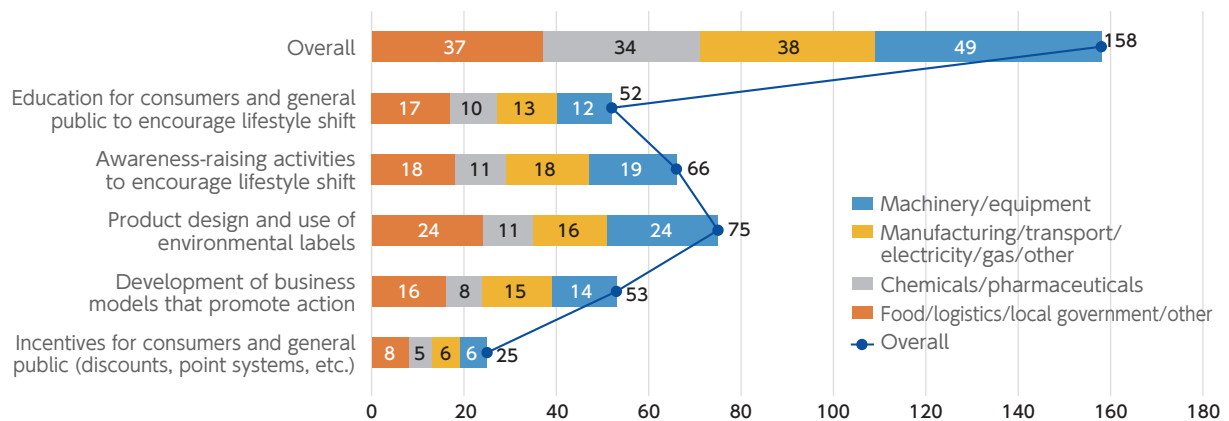
**Typical circular economy initiatives: rate of implementation (Q32, Q33 S1-13)**



Total responses: 158 companies (above figures are total of respondents stating they have implemented each item).



Lifecycles and education initiatives: rate of implementation (Q37 S1-5)



Total responses: 158 companies (above figures are total of respondents stating they have implemented each item).

design and the use of environmental labels, showing that companies are working to utilise environmental labeling as a first step towards realising sustainable lifestyles.

### Examples of CE in practice

Several cooperation-based initiatives on CE were reported in this survey. The following table summarises the main forms of collaboration related to CE and lists some reported examples of initiatives. Only the names of GCNJ member companies are listed in the table.

As indicated above, opportunities for collaboration within industries, or in value chains, have arisen around the issue of CE. Numerous examples were reported, many of which were initiatives by recyclers in the collection and recycling of used containers, the development of technologies for resource circulation, and the creation of collection and recycling loops that encourage voluntary collection by consumers. Aside from these initiatives, concrete examples of sharing services and PaaS were also

reported, although somewhat limited in scope. These include J. Front Retailing's development of a fashion subscription business, as well as Nissha's development and demonstration of a take-out container sharing service with NEC Solution Innovators. In other examples, Marubeni is working with Netherlands-based Circularise on a traceability management platform initiative. They are running trials designed to contribute to supply chain transparency by selectively disclosing traceability-related information such as product design and specifications, processing conditions, and recycling history, as well as data on resource efficiency such as carbon footprint and recycling ratios, and environmental response indicators. The effort is attracting attention as an initiative utilising digital technology for CE. Additionally, participation in domestic and international public-private partnership platforms on CE was reported, indicating a growing awareness among companies on CE. Creation of further opportunities for collaboration through these various forums can be expected.

Type of collaboration	Initiative reported
Intra-industry collaboration between material manufacturers (waste plastic oilification, chemical recycling, etc.)	<ul style="list-style-type: none"> <li>●ENEOS, Mitsubishi Chemical Launched joint venture in plastic oilification. A chemical recycling facility will be constructed and commercial operation of waste plastic oilification will commence in FY2023. The project aims to ensure stable procurement of waste plastic raw material, add value to products by acquiring circular economy-related certification, and acquire further technical knowledge as a next-generation business.</li> </ul>
Intra-industry collaboration with local gov't., distributors and consumers (recovery/recycling of refill packs)	<ul style="list-style-type: none"> <li>●Earth Corporation, Kosé, Milbon, Lion, others. A collaboration between Kobe City, retailers, manufacturers, recyclers, and 16 manufacturers of daily commodities/cosmetics. Boxes have been installed in 75 shops in Kobe to collect used refill packs, with the aim of horizontal recycling.</li> <li>●Aeon, Lotte, other As part of the "LOOP retail model", xylitol bottled gum are sold in reusable stainless steel containers instead of plastic containers, with a deposit collected from consumers for the cost of the containers. Empty containers are collected, cleaned, and refilled with gum, in an aim to reduce the amount of plastic waste in the industry as a whole.</li> </ul>
Value chain collaboration (recovery and recycling of PET bottles)	<ul style="list-style-type: none"> <li>●Kirin Holdings, other Demonstration project utilising the infrastructure of Lawson and Kirin Holdings in the collection of used PET bottles. Aimed at increasing the 'bottle-to-bottle' ratio by enhancing customer convenience for putting used PET bottles in the collection route, and also reducing CO2 emissions and other environmental impacts by improving the efficiency of the container collection route.</li> </ul>
Intra-industry, value chain collaboration (technology development with other companies)	<ul style="list-style-type: none"> <li>●Suntory, Asahi Group, other Established joint venture company called R Plus Japan. Capital participation by Nisshin Oillio Group, Morinaga Milk Industry and others. Aimed at developing an efficient recycling technology for used plastics with a low environmental impact to be commercialised in 2027.</li> </ul>
Intra-industry, value chain collaboration (Reduction and circulation of food waste)	<ul style="list-style-type: none"> <li>●Kikkoman, Aeon, others Participates in the World Resources Institute's 10x20x30 Food Loss and Waste Initiative. Ten of the world's leading retailers, together with 20 of their suppliers, aim to halve food waste across their supply chains by 2030.</li> </ul>
Other (Public-private partnership platforms and private sector/civil society partnerships)	<ul style="list-style-type: none"> <li>●Domestic platforms (number of members out of 93 responding companies) 17 companies in J4CE (Japan Partnership for Circular Economy), 16 companies in CLOMA (Japan Clean Ocean Material Alliance)</li> <li>●International initiatives 4 companies in AEPW (Alliance To End Plastic Waste), 4 companies in WBCSD (World Business Council for Sustainable Development), 2 companies in Ellen MacArthur Foundation</li> </ul>

## » Messages for the future

The survey showed that CE initiatives are widely implemented, mainly through resource conservation and the use of or switch to recycled materials and recycled resources for containers and packaging. Many reports were received on partnership initiatives involving manufacturers and retailers, as well as recyclers and consumers. However, further expansion of initiatives in sharing and PaaS, as well as the creation of systems for recycling, repair, resale, and remanufacturing, are needed. CE tends to be viewed as a limited concept, an extension of the 3Rs with little relevance outside the manufacturing industry. However, new business opportunities are anticipated in the sharing and PaaS markets, even for industries not directly involved in manufacturing processes.

CE is also closely linked to decarbonisation and demands a perspective that encompasses the entire lifecycle. There are various approaches to establishing a circulation loop, including not only recovery and recycling, but also factoring recyclability into product design, as well as reduce/reuse approaches based on sharing services and PaaS. With these in mind, and utilising the wealth of knowledge, experience, and networks of Japanese companies in the 3Rs, we must work going forward towards the realisation of

more circulation loops and business models that go a step beyond the 3Rs. Numerous partnerships and cross-industry collaborations aimed at realising a circular economy are already underway and continue to grow. Further development and implementation of business initiatives in CE will be required to transition to a new economic system towards the 2030 target.

## » Reference materials

UNEP International Resource Panel (IRP) (2021) “Resource Efficiency and Climate Change: Material Efficiency Strategies for a Low-carbon Future, Summary for Policy Makers” (Japanese translation)  
<https://www.iges.or.jp/jp/pub/resource-efficiency-and-climate-change-spm/ja>

UNEP International Resource Panel (IRP) (2019) “Global Resources Outlook 2019 (GRO2019): Natural Resources for the Future We Want, Summary for Policy Makers (SPM)” (Japanese translation)  
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World Business Council for Sustainable Development (WBCSD) (2017) “CEO Guide to the Circular Economy”  
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# 3.5

## Climate Change

### Tips for turning pledges into actions



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- ✔ Approximately 70% of GCNJ member companies and organisations have set net-zero targets for 2050.
- ✔ Around 80% have identified Scope 1 and Scope 2 GHG emissions. More than half have identified climate change risks and opportunities and integrated them into strategies and plans. They are also working on responses to the growing trend towards climate-related information disclosure.
- ✔ Energy saving and renewable energy are being steadily promoted towards achieving net zero. Preparations for the future have begun, including examining the introduction of an internal carbon pricing and other approaches.
- ✔ To encourage further efforts by companies, support is needed to reduce the costs of decarbonisation and address technical challenges.

#### » Significance and rationale

Efforts are ramping up in the international community to address climate change toward achieving the goals of the Paris Agreement. On 26 October 2020, then Prime Minister Yoshihide Suga announced in a general policy speech that Japan will aim to achieve net-zero greenhouse gas (GHG) emissions by 2050. Since then, many non-state actors, including companies and organisations in Japan, have announced GHG emission

reduction targets for 2050.

With increasing net-zero announcements by non-state actors, there is a growing demand for non-financial information disclosure, especially that made publicly available by companies. In this context, the number of companies and institutions declaring support for the Task Force on Climate-Related Financial Disclosures (TCFD), established in 2015 under the leadership of the private sector, is increasing every year, with 2,897 companies and institutions globally and 660

companies and institutions in Japan having expressed their support. The TCFD calls for disclosure in the four climate-related areas of “governance”, “strategy”, “risk management”, and “metrics and targets”, with information on GHG emissions as one of the key indicators for companies and organisations to assess climate-related risks and opportunities in the future. Furthermore, companies are called upon to prepare for these climate risks and take action to achieve net zero.

In this fast-changing environment, the role of non-state actors in achieving a decarbonised society is attracting increasing attention. The questions in this survey were designed to clarify challenges faced in achieving net zero and to suggest advisable paths and initiatives that GCNJ member companies and organisations should take going forward.

## » Results and discussion

### Status of net-zero targets for 2050 (Q38)

The table below shows the status of 2050 targets by GCNJ member companies and organisations. Firstly, 70.4% of respondents overall have set a target to achieve net zero by 2050. In terms of specific targets established, the highest percentage of 33.6% of respondents selected, “top management has expressed commitment to achieving net zero (not taking part in SBTi)”, followed by “we are taking part in SBTi to achieve net zero”, at 22.9%. Next were “we have set internal targets to achieve net zero” at 10.3%, and “we aim to be carbon positive in addition to taking part in SBTi to achieve net zero” at 3.6%.

The SBTi requires the setting of GHG emission reduction targets with target years between

### Q38 Has your company/organisation set targets to achieve net zero by 2050?

	Overall	【By Industry】					
		1. Food, logistics, local government, etc.	2. Chemicals and pharmaceuticals	3. Manufacturing, transport, electricity, gas, etc.	4. Machinery and equipment	5. Service, non-profit, etc.	6. Information, finance, real estate, etc.
Overall	223	37	34	38	49	33	32
We have not set targets to achieve net zero.	29.6	24.3	20.6	13.2	22.4	72.7	31.3
We have set internal targets to achieve net zero.	10.3	8.1	23.5	7.9	8.2	12.1	3.1
Top management has expressed commitment to achieving net zero (not taking part in SBTi)	33.6	37.8	32.4	52.6	30.6	6.1	40.6
We are taking part in SBTi to achieve net zero.	22.9	24.3	20.6	26.3	32.7	6.1	21.9
We aim to be carbon positive in addition to taking part in SBTi to achieve net zero.	3.6	5.4	2.9	0.0	6.1	3.0	3.1

(Overall: Number of companies/organisations; Other: %)

5 and 15 years ahead, consistent with the levels required by the Paris Agreement. As of January 2022, a total of 173 Japanese companies participate in the SBTi (including certified and committed companies). Of these, 59 companies, or approximately 30%, are member companies or organisations that responded to this survey. This likely contributed to the large number of companies in this survey that reported having set net zero targets for 2050.

Survey results by industry found that 86.8% of member companies and organisations classified as manufacturing, transport, electricity, and gas, which are large emitters compared to other industries, have set targets. Meanwhile, 29.6% of respondents selected, “we have not set targets to achieve net zero”, a striking number of which were member companies and organisations classified as the service industry and non-

profit sector. The survey revealed that 72.7% of those classified in this industry type have not set any targets.

#### Status of measures on climate-related information disclosure (Q39, Q43)

The table below shows the status of identification of GHG emissions by scope for the GCNJ member companies and organisations that responded to this survey. Firstly, the number of member companies and organisations responding that they had identified Scope 1 and Scope 2 GHG emissions both exceeded 80%. The number that had identified Scope 3 GHG emissions was slightly lower than those having identified Scope 1 and 2 emissions, at 69.1%.

When compared by industry, the member companies and organisations classified as (1) food, logistics, local government, etc., (2) chemicals and pharmaceuticals, (3)

#### Q39 Please select, by scope, the greenhouse gas (GHG) emissions that you identify at your company/organisation. (Select all that apply)

	Overall	【By Industry】					
		1. Food, logistics, local government, etc.	2. Chemicals and pharmaceuticals	3. Manufacturing, transport, electricity, gas, etc.	4. Machinery and equipment	5. Service, non-profit, etc.	6. Information, finance, real estate, etc.
Overall	223	37	34	38	49	33	32
We do not identify the scope of our GHG emissions.	11.2	5.4	0.0	5.3	4.1	51.5	6.3
Scope 1 (direct emissions occur from sources owned or controlled by the company/organisation)	83.9	91.9	97.1	92.1	93.9	36.4	84.4
Scope 2 (indirect emissions from the use of electricity, heat, and steam supplied by other companies)	80.3	86.5	88.2	86.8	93.9	36.4	81.3
Scope 3 (some or all of the indirect emissions from other companies that are related to our business operations)	69.1	70.3	85.3	84.2	83.7	18.2	62.5

(Overall: Number of companies/organisations; Other: %)



manufacturing, transport, electricity, gas, etc., (4) machinery and equipment, and (6) information, finance, real estate, etc., that had identified Scope 1 and 2 emissions accounted for roughly 80 to 90 percent. This means that they have identified both their own direct GHG emissions and emissions from the use of heat and electricity supplied by other companies. On the other hand, 51.5% of member companies and organisations classified as the service industry or non-profit organisations reported not having identified their emissions by scope. Potential reasons may include a lack of human resources, knowledge, or experience. We can surmise that the large number of service industry and non-profit organisations having not set a 2050 net-zero target, as indicated by the results for Q38, is due to the fact that they have yet to fully identify their emissions by scope.

From April 2022 in Japan, companies listed on the prime market, the highest level of the Tokyo Stock Exchange, will be required to disclose information on par to that required by the TCFD. Going forward, this increased information disclosure will make it important not only to identify GHG emissions throughout the supply chain, but also to work toward reducing these emissions. The Scope 1 and Scope 2 emissions of the small and medium-sized enterprises that serve as business partners become Scope 3 emissions for large corporations. Thus, support is urgently needed to identify their emissions by scope and to establish systems.

In relation to the TCFD's disclosure recommendations on climate change risk management and strategies, when asked about the status of identifying risks and opportunities and integrating these into strategies and plans, 20.2% of all respondents selected the "we have identified risks and opportunities, but have not integrated these

into our strategies and plans" response. Meanwhile, 58.3% answered, "we have identified risks and opportunities and integrated these into our strategies and plans". Above and beyond information on GHG emissions, information related to climate on the whole, including risk management and related strategies, must also be disclosed.

#### **Initiatives focused on achieving net-zero targets (Q40)**

The following table shows the initiatives of focus for responding GCNJ member companies and organisations in their efforts to achieve net zero. Results showed that 97.3% of respondents are engaged in "promotion of energy savings (energy-saving behaviour, installation of equipment, review of working practices, reduction of office floor space, etc.)", and 66.4% are working on "increased procurement of electricity from renewable energy sources (excluding renewable energy certificates)". These results imply that utilisation of renewable energy is becoming increasingly important both domestically and internationally as a measure for reducing emissions that can be implemented immediately.

The next most often implemented activities were "education and training of management, employees, and other stakeholders" and "participation in initiatives in Japan and overseas", each selected by 49.8% of member companies and organisations. Education and training, particularly for management, employees, and other stakeholders, are important from a medium- to long-term perspective for expanding business in decarbonisation. Amongst these, there are growing expectations overseas for climate change initiatives by boards of directors and management. The "Investment Stewardship" asset management principles released in 2021 by BlackRock, one of the world's largest

**Q40 Which of the following activities does your company/organisation prioritise to achieve net zero?**  
(Select all that apply)

	Overall	【By Industry】					
		1. Food, logistics, local government, etc.	2. Chemicals and pharmaceuticals	3. Manufacturing, transport, electricity, gas, etc.	4. Machinery and equipment	5. Service, non-profit, etc.	6. Information, finance, real estate, etc.
Overall	223	37	34	38	49	33	32
Promotion of energy savings (energy-saving behaviour, installation of equipment, review of working practices, reduction of office floor space, etc.)	97.3	97.3	100.0	97.4	98.0	93.9	96.9
Increased procurement of electricity from renewable energy sources (excluding renewable energy certificates)	66.4	83.8	67.6	55.3	91.8	21.2	65.6
Renewable energy certificates	40.8	51.4	41.2	39.5	51.0	6.1	50.0
Effective use of heat	39.5	45.9	61.8	44.7	49.0	12.1	15.6
Introduction of electric vehicles or charging infrastructure	33.2	35.1	32.4	36.8	42.9	15.2	31.3
Corporate PPAs (Power Purchase Agreements)	17.9	21.6	11.8	26.3	24.5	3.0	15.6
Promotion of the use of hydrogen	22.0	24.3	20.6	50.0	20.4	0.0	12.5
Purchase of offset credits (excluding renewable energy certificates)	18.4	27.0	14.7	28.9	18.4	6.1	12.5
Introduction of internal carbon pricing	28.3	37.8	41.2	39.5	32.7	0.0	12.5
Introduction of carbon dioxide capture, utilisation, and storage technologies	16.1	16.2	26.5	44.7	6.1	0.0	3.1
Investment in research and development on low-carbon and decarbonisation technologies in our own and other companies	34.5	27.0	44.1	60.5	40.8	0.0	28.1
Review of business models and project portfolios	30.5	27.0	41.2	44.7	34.7	3.0	28.1
Education and training of management, employees, and other stakeholders	49.8	62.2	44.1	60.5	49.0	15.2	65.6
Lobbying related companies and organisations (e.g. value chains)	24.7	24.3	26.5	31.6	28.6	0.0	34.4
Participation in initiatives in Japan and overseas	49.8	48.6	41.2	68.4	53.1	15.2	68.8
Transformation of people's lifestyles	13.9	18.9	8.8	18.4	8.2	6.1	25.0
Policy recommendations to the government	10.8	10.8	8.8	15.8	10.2	6.1	12.5
Other	5.4	5.4	2.9	2.6	4.1	6.1	12.5
None of these statements apply	1.3	2.7	0.0	0.0	0.0	6.1	0.0

(Overall: Number of companies/organisations; Other: %)

asset managers, assert that boards and management must have expert knowledge on climate suited to the company's business model in order for climate change risks and opportunities to be fully factored into strategies and operations. The responsibilities of boards of directors are likely to become increasingly important going forward.

One interesting result was that 28.3% of member companies/organisations are prioritising the "introduction of internal carbon pricing", compared to 18.4% engaged in "purchase of offset credits". Internal carbon pricing is a mechanism for companies and other organisations to put a price on their CO<sub>2</sub> emissions for internal use, such as for investment decisions. A survey by CDP of over 5,900 companies in 2021, revealed that 2,012 companies worldwide had introduced internal carbon pricing or planned to introduce it within two years. To prepare for the upcoming tightening of controls on emissions

by governments both in Japan and overseas such as emissions trading schemes and carbon taxes, companies and organisations are promoting internal behavioural change to promote their own emissions reductions.

### Challenges in achieving net zero and necessary support (Q41, Q42)

What types of challenges are faced in achieving net zero? The table below shows the responses of GCNJ member companies and organisations. Out of all respondents, 61.4% stated that it would be "too costly", 50.7% reported a "lack of technical prospects", while 30% mentioned "difficulty in achieving due to the nature of our business". These results clearly show that concerns over cost and technical aspects are challenges to promoting decarbonisation.

So what type of support would help to dispel such concerns and accelerate efforts to achieve net zero? The following table

#### Q41 What barriers do your company/organisation face in achieving net zero (with or without set targets)? (Select all that apply)

	Overall	【By Industry】					
		1. Food, logistics, local government, etc.	2. Chemicals and pharmaceuticals	3. Manufacturing, transport, electricity, gas, etc.	4. Machinery and equipment	5. Service, non-profit, etc.	6. Information, finance, real estate, etc.
Overall	223	37	34	38	49	33	32
Lack of understanding by top management	1.3	0.0	2.9	2.6	0.0	3.0	0.0
Difficulty in achieving net zero due to the nature of our business	30.0	21.6	41.2	31.6	18.4	45.5	28.1
Too costly	61.4	73.0	76.5	76.3	69.4	27.3	37.5
Lack of technical prospects	50.7	62.2	79.4	71.1	44.9	6.1	37.5
Unsure how to acquire renewable energy	4.9	8.1	2.9	2.6	2.0	6.1	9.4
Other	18.8	13.5	11.8	13.2	20.4	18.2	37.5
No barriers	8.5	8.1	0.0	2.6	12.2	21.2	6.3

(Overall: Number of companies/organisations; Other: %)

indicates the external environment needed to achieve net zero, based on the responses of member companies/organisations. Of all respondents, 77.1% said that a review of the energy mix (e.g. increased share of renewable energy) is necessary, followed by 63.2% calling for “tangible support for companies and organisations that want to engage in

climate change action”, and 59.2% needing “intangible support for companies and organisations that want to engage in climate change action (e.g. energy efficiency audits, support for setting SBTi targets and TCFD scenarios)”.

The Sixth Strategic Energy Plan, approved

**Q42 What external environmental improvements do you think are needed to help your company/organisation achieve net zero? (Select all that apply)**

	Overall	【By Industry】					
		1. Food, logistics, local government, etc.	2. Chemicals and pharmaceuticals	3. Manufacturing, transport, electricity, gas, etc.	4. Machinery and equipment	5. Service, non-profit, etc.	6. Information, finance, real estate, etc.
Overall	223	37	34	38	49	33	32
Strengthening of NDCs (≠emission reduction targets)	35.4	37.8	41.2	31.6	32.7	27.3	43.8
Review of energy mix (increase share of renewable energy, etc.)	77.1	83.8	91.2	73.7	83.7	42.4	84.4
Intangible support for companies and organisations that want to engage in climate change action (e.g. energy efficiency audits, support for setting SBTi targets and TCFD scenarios)	59.2	64.9	58.8	71.1	65.3	30.3	59.4
Tangible support for companies and organisations that want to engage in climate change action	63.2	67.6	61.8	78.9	63.3	42.4	62.5
Promotion of carbon recycling	39.5	48.6	47.1	55.3	30.6	15.2	40.6
Deployment of low-carbon technologies and products overseas through participation in the Joint Crediting Mechanism and other systems	18.4	16.2	14.7	26.3	22.4	6.1	21.9
Promotion of corporate PPAs (Power Purchase Agreements) and review of virtual PPA systems	33.2	40.5	14.7	28.9	42.9	3.0	65.6
Introduction and promotion of carbon pricing	34.5	37.8	35.3	44.7	32.7	12.1	43.8
Support for electrifying vehicles	32.3	43.2	20.6	28.9	34.7	12.1	53.1
Other	11.2	8.1	11.8	15.8	12.2	9.1	9.4
None of these statements apply	3.6	2.7	0.0	0.0	2.0	18.2	0.0

(Overall: Number of companies/organisations; Other: %)

by Cabinet Decision in October 2021, indicates that renewable energy will account for 36-38% of the energy mix in 2030, and that “maximum introduction of renewable energy as major power sources on the top priority” will be addressed. In early January 2022, Prime Minister Kishida ordered the development of a next-generation power grid for the diffusion of renewable energy. This will provide backing for the efforts of member companies and organisations working to expand the procurement of renewable energy power in their aim to achieve net zero. Furthermore, international initiatives and trends such as SBTi and TCFD are expected to become the global standard in the future. Companies will need support, such as that provided by the Ministry of the Environment for setting medium- and long-term reduction targets, or guidebooks that can be utilised to provide easy-to-understand explanations of domestic and international trends.

### » Messages for the future

The 26th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 26), held in Glasgow, UK, in November 2021, designated the decade leading up to 2030 as the “decisive decade” for promoting climate action. The international community is now standing at the starting line for decarbonisation. The countries and non-state actors that have announced net-zero targets

must now move to take action to fulfill these pledges. From this starting point, the key will be how fast and in what strategic and feasible ways these reduction targets can be achieved going forward.

This survey showed that GCNJ member companies and organisations are deliberating on ways to tackle climate change in accordance with international frameworks, and are playing their part in decarbonisation by implementing pragmatic and steady initiatives. To build further on this foundation, member companies and organisations need to work together to address challenges and needs. Furthermore, active recommendations to government and proactive participation in policy debate will be important going forward.

### » Reference materials

Information on SBT and other international initiatives

[https://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/intr\\_trends.html](https://www.env.go.jp/earth/ondanka/supply_chain/gvc/intr_trends.html)

Information on supply chain emissions

[https://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/supply\\_chain.html](https://www.env.go.jp/earth/ondanka/supply_chain/gvc/supply_chain.html)

Recommendations for management strategy formulation using TCFD.

[https://www.env.go.jp/policy/policy/tcfd/TCFDguide\\_ver3\\_0\\_J\\_2.pdf](https://www.env.go.jp/policy/policy/tcfd/TCFDguide_ver3_0_J_2.pdf)



# 3.6

## Preventing Corruption

Significantly reducing corruption and bribery in all its forms



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- ✓ Progress made on anti-corruption compliance by respondent companies is evident in the fact that measures have gone beyond the paperwork, such as clarification of policies and formulation of internal regulations, to extend to organisational measures such as whistle-blowing systems and disciplinary procedures for offenders.
- ✓ Efforts to conduct interviews with domestic and overseas group employees and to conduct due diligence and training for suppliers and third parties have been slow.
- ✓ Future challenges include risk assessment of third parties and strengthening of management systems. As most bribery overseas goes through third parties, companies are advised to carry out risk assessments in the adoption and continuation of relationships with third parties, and to strengthen supervision at the head office.

### » Significant and rationale

Companies have a responsibility to prevent corruption towards achieving SDG 16. Furthermore, Principle 10 of the UNGC 10 Principles states that, “businesses should work against corruption in all its forms, including extortion and bribery”. In Japanese society as well, the problem of corruption, from bribery and bid-rigging to money laundering and embezzlement, remains deep-rooted, and we need to continue efforts on the part of society as a whole to make improvements.

Moreover, corruption in international trade is becoming an ever more serious issue. In some emerging and developing countries, governance mechanisms based on law are not

working, resulting in regulations on the issues of human rights, labour, and environment not functioning adequately. Behind this lies the structural problem that bribery and other forms of corruption are deeply entrenched in the day-to-day operations of the administration and judiciary, distorting fair decisions and undermining the state’s ability to clean up corruption. In particular, it is not rare for companies from developed countries to be frequently involved in corrupt practices in their overseas operations. Faced with this situation, the international community is formulating and implementing comprehensive rules on anti-corruption to clarify and more strictly define the responsibilities of companies from developed countries.

Failure to obey rules introduced by the



international community can result in companies being subject to huge fines from judicial authorities, suspension from bidding for public works projects, termination of business transactions with suppliers and financial institutions, and compensation for damages. In particular, over the past decade or so, sanctions against corrupt activities in other countries have become more severe, with countries stepping up investigations and detection, thereby making risks to management considerably greater. Accordingly, anti-corruption is considered an important evaluation item for both 'G' and 'S' issues in ESG investment, and investors may take measures such as employing voting rights, divestment, or shareholder lawsuits against companies with problems. Hence, companies need to work against corruption at the organisational level in order to protect themselves.

Therefore, in order facilitate measures at the organisational level by companies on anti-corruption, GCNJ, in cooperation with the Anti-Bribery Committee Japan, established the "Tokyo Principles" as a collective action on anti-corruption in 2017, and continues to promote these principles. The Tokyo Principles divide companies' efforts into four steps and recommend measures using a risk-based approach.

**STEP 1: Identification of the company's inherent risk class**

**STEP 2: Determination of the achievement status of compliance items**

**STEP 3: Overall assessment of the status of bribery risk management**

**STEP 4: Corporate disclosure and dialogues with stakeholders**

By following the above four steps, companies are expected not only to objectively evaluate anti-corruption efforts, but also to share these results and engage in dialogue with stakeholders, thereby making continuous improvements and enhancing stakeholder commitment. From this same perspective, the results of this survey should be shared not only with a limited number of internal members of companies, but with a wide range of stakeholders to serve as a basis for dialogue.

#### Question content and options

1. Question content gave options of initiatives needed to be carried out by companies. These were commitment by top management (Q44), identification and assessment of corruption risks (Q45), establishment of internal rules and regulations (Q46), systems of implementation (Q47), and information disclosure (Q48). In addition, as data falsification is an important issue in Japan, an item on cover-ups of fraud (Q49), was added.
2. Responses to questions were classified into three levels.

## » Results and discussion

An important prerequisite for an organisation's anti-corruption efforts is commitment from the top, i.e. clarification of policy. More than 90% of companies have clarified policies on prevention of bribery, and over 60% have done so for policy on collusion. By industry, clarification of policy has progressed in the

Foundational	Measures that serve as foundations for taking action
Growth	Measures that enhance the effectiveness of actions
Contribution	Measures that contribute to collaboratively building a corruption-free society

chemical/pharmaceutical, manufacturing/transport/electricity/gas/etc., and machinery/equipment sectors. Many of the companies that selected the “we have not clarified internal policies” response were companies operating mainly domestically or small and medium-sized enterprises, implying that companies generally considered to be high-risk have by and large made progress in this area.

The first step in policy-based measures at the organisational level is “risk assessment”. Risk assessment is first conducted as a simplified procedure whereby risks are classified as high, medium, or low. If a risk is assessed as relatively high, more detailed procedures are then initiated. Survey results show that risk assessment (Q45) scored lower than commitment from top management (Q44), indicating issues in terms of tangible measures at the organisational level. In particular, due diligence for suppliers and third parties is

lagging behind. However, some companies have put in place the necessary structures to carry out assessments, as shown in the open-ended responses below.

- Compliance monitoring is conducted for foreign subsidiaries
- Due diligence is conducted based on comprehensive assessment of countries of operation and business content
- Checking for accuracy in operation using pre-application workflow data for hospitality gifts

When examined by scale of company, results showed that the larger the size of the company, the more advanced the initiatives. A lack of resources is considered to be one factor for the delay in action. In light of these results, it is necessary for companies to seek realistic solutions, such as sharing risk information through collective action.

**Q44 Has your company/organisation clarified internal policies to prevent corruption (e.g. bribery and collusion), such as with commitments expressed by top management? (Select all that apply)**

	We have not clarified internal policies to prevent corruption.	7.0
Foundational	We have clarified internal policies to prevent bribery.	91.0
Foundational	We have clarified internal policies to prevent collusive bidding.	61.0

Responses (%)

**Q45 What methods does your company/organisation use to assess corruption risk? (Select all that apply)**

	We do not assess corruption risk.	17.5
Foundational	We conduct desk-based research.	36.3
Foundational	We conduct surveys for group employees in Japan and overseas.	35.4
Growth	We conduct interviews with group employees in Japan and overseas.	24.7
Growth	We conduct inspections (audits with onsite inspections) at relevant sites in Japan and overseas.	37.7
Contribution	We conduct due diligence on suppliers (e.g. partners, distributors, consultants that provide business support, etc.), and third parties.	19.7
	Other	7.2

Responses (%)

In order to establish effective systems to prevent corruption, putting effective internal rules and regulations in place based on the results of the risk assessment is essential. Responses to Q46 show that basic regulations are in place, with approximately 68% of respondents having regulations on anti-bribery, and 45% having regulations in place to prevent collusion. Some companies also focus on risk-based initiatives, as seen in the following free responses: “in addition to globally-shared regulations, we have detailed rules in place for each country or region” and “our basic policy includes regional and country-specific responses, procedures, and criteria for the amount of money used on gifts”.

Nevertheless, only about 20% of companies selected the “we have country- or region-specific regulations in place” option. If internal rules are set and operated in a uniform manner without being aligned to the actual situations in countries of operation, formalism may set in, thereby undermining the effectiveness of the rules. Accordingly, there is an urgent need to establish rules and regulations that correspond to risk levels and local realities.

After rules and regulations are put in place, an operational system is also required. Responses to Q47 show that progress has been made in developing organisational

structures to improve the effectiveness of internal regulations, such as setting up internal reporting (whistle-blower) systems, providing education and training for group employees, and establishing disciplinary procedures for violators. On the other hand, some delay is evident when it comes to strengthening risk-based initiatives, such as having multilingual whistle-blower systems and establishing different settlement and approval authorities according to risk level.

Open-ended responses were received from companies that “obtain written pledges not to engage in bribery when appointing service providers” and “ask suppliers and third parties for their understanding of our group’s anti-bribery guidelines”, as well as companies that “specifically refer to and disclose corruption prevention in our sustainable procurement policy and procurement standards and ask suppliers for their understanding and cooperation”. Likewise, some companies “monitor operation of detailed regulations for third-party transactions”, showing that there are companies are engaged in thorough supplier and third-party management.

However, overall, only about 30% of respondents have regulations or conduct training programmes that target suppliers and third parties, indicating that a major challenge remains in this area.

**Q46 What internal regulations does your company/organisation have in place for anti-corruption procedures? (Select all that apply)**

	We have no specific regulations in place for anti-corruption procedures.	15.2
Foundational	We have regulations in place to prevent bribery.	68.2
Foundational	We have regulations in place to prevent collusion.	44.8
Growth	We have country- or region-specific regulations in place.	20.2
	Other	12.6

Responses (%)

**Q47 What measures is your company/organisation taking to improve the effectiveness of internal regulations? (Select all that apply)**

	We are not taking any specific measures to improve the effectiveness of regulations.	1.1
Foundational	We set up different decision/approval authorities according to the risk level.	57.1
Foundational	We conduct anti-corruption education and training for group employees in Japan and overseas.	74.1
Foundational	We have established disciplinary procedures for violators.	78.3
Growth	We have regulations for suppliers and third parties in place (e.g. codes of conduct for suppliers), and provide education and training.	29.1
Growth	We conduct regular audits on the effectiveness of regulations.	51.9
Foundational	We have an internal reporting system (whistle-blower system) in place.	94.2
Growth	We make improvements to our internal reporting system (whistle-blower system) (e.g. multilingual support services, awareness raising, review of operations).	61.4
	Other	3.2

Responses (%)

Disclosure of anti-corruption information is lagging behind overall. While companies with large sales volumes have made progress on information disclosure, approximately 60% of companies with mainly domestic operations, and 65% of companies with sales under 100 billion JPY have not disclosed information on prevention of corruption. These companies could improve their reputation among stakeholders by promoting basic information disclosure, including the following measures mentioned in open-ended responses: “disclosing initiatives in integrated reports”, “listing bribery risks in integrated reports with other business risks”, and “disclosing basic policies and initiatives on prevention of bribery on websites”.

As a matter of course, engaging in dialogue with stakeholders based on accurate information and using feedback obtained to make further improvements is an essential aspect of information disclosure. To this end, companies should be encouraged to disclose quantitative information, for

example, by disclosing the status of e-learning programmes that serve as employee training on bribery prevention (number of participants and uptake rate) in integrated reports.

To prevent corruption, proper bookkeeping and record-keeping and strong management systems are essential. More than 70% of companies and organisations classified in the food, logistics, local government, etc. industry and in chemicals and pharmaceuticals industry selected the “we conduct inspections (audits with onsite inspections) at relevant sites in Japan and overseas” response. Meanwhile roughly 65% of those in the machinery and equipment industry responded positively to the “we have clear policies on preventing accounting irregularities” option. On the other hand, companies with mainly domestic operations and those with smaller sales volume tend to lag behind.

When fraud is concealed, check systems are rendered inoperable, making risks difficult to detect. Therefore, as stated in open-

**Q48 What measures is your company/organisation taking to gain the understanding of stakeholders on anti-corruption efforts? (Select all that apply)**

	We are not taking any measures to gain stakeholder understanding.	30.9
Growth	We disclose information on the status of anti-corruption measures based on quantitative (numerical) data.	24.7
Foundational	We disclose information on the status of anti-corruption measures based on qualitative (descriptive) data.	42.6
Contribution	We create opportunities for dialogue with stakeholders on preventing corruption.	14.3
Contribution	We have signed and take part in the Tokyo Principles (collective action on anti-corruption).	1.8
	Other	11.7

Responses (%)

**Q49 What measures does your company/organisation have in place to prevent cover-ups of fraud around corrupt practices (e.g. falsifying data, accounting irregularities)? (Select all that apply)**

	We have no particular measures in place.	9.9
Foundational	We have clear policies on preventing data falsification.	43.5
Growth	We are increasing security to prevent data falsification.	54.3
Foundational	We have clear policies on preventing accounting irregularities.	53.4
Growth	We thoroughly ensure that payments are recorded, including small facilitation payments.	43.0
Growth	We conduct inspections at relevant sites in Japan and overseas (audits with onsite inspections).	57.4
	Other	7.2

Responses (%)

ended responses, key measures include “leaving records (documented evidence) of all payments processed” and “introducing internal reporting system and accounting hotlines”, as well as “conducting awareness-raising on the use of the internal reporting systems” and “accounting compliance trainings” in order to promote their use.

#### Overall evaluation

Many companies have made progress in formulating rules and regulations, and efforts to establish training programmes and procedural systems for disciplining offenders are highly commendable. When information on the progress of such initiatives is actively disclosed, companies and organisations receive befitting evaluations from stakeholders

and reflect results onto their management, leading to further improvements. On the other hand, challenges remain in conducting risk assessments and implementing risk-based responses to assessment results.

#### » Messages for the future

As corruption is less prevalent in Japan compared to other Asian countries, it is easy for companies to fall into “institutional void” when dealing with overseas counterparts. When doing business in countries with different institutional practices, setting and operating uniform rules and regulations runs the risk of these rules and regulations being rendered inoperative. In other words, attempting to do business according to

local business practices may often violate head office rules. This can prevent accurate information on local operations from being communicated to the head office, leading to the concealment of fraudulent activities.

In the backdrop of fraud cover-ups, there is often excessive speculation by employees regarding the ideas of companies and their superiors. This may be rooted in a double standard between “societal norms” and “internal company practices”. It is therefore essential for management to foster an exceptional culture of compliance by clearly expressing commitment and conducting effective training.

As a next step, having an established risk-based approach, including third-party due diligence, is important. Of course, there

are considerable costs associated with risk assessment. Costs are expected to be reduced by extending the framework of collective action and jointly formulating rules and regulations and sharing information on third parties.

However, the sharing of information between companies can in itself increase the risk of collusion and requires fair management by a third-party organisation. Further leadership from the GNCJ is expected in this respect.

### » Reference materials

Tokyo Principles for Strengthening Anti-Corruption Practices

<https://www.ungcjin.org/objective/anticorruption/index.html>



#### Case study spotlight

In 2008, Germany-based Siemens AG entered into a plea bargain with the US judicial authorities and undertook a major reform of its compliance system. The company first announced its “Tone from the Top”, a company-wide policy outlining management’s intention to shut down corruption, and established anti-corruption principles with its “Business Conduct Guidelines (BCG)”. Furthermore, based on the BCG, the company established individual principles for dealing with corruption on the ground and created a risk management system based on these principles to prevent corruption before it happens. Particularly notable is the company’s rigorous risk-based compliance system that was established by adopting an IT-based risk assessment and due diligence system related to donations and contracts with business partners and suppliers. When breaches of the principles are detected, the prevention system is partially or structurally improved, and cases of misconduct are recorded in a database to facilitate continuous review of the system.



# 3.7

## Status of Actions on Materiality

Accelerating efforts on SDGs other than SDGs 5, 8, 12, 13, and 16

- ✔ About 60% of member companies and organisations are working on goals other than the five SDGs discussed earlier. They have positioned these goals as materiality and set specific numerical targets. Examples of initiatives included many for SDG 3 (good health and well-being), SDG 7 (affordable and clean energy), SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities).
- ✔ In response to the question on why chosen SDGs are positioned as materiality, responses revealed that the stories of companies and organisations are key. Several members mentioned SDGs that were linked to their philosophy and purpose, or were closely related to their business risks and opportunities. They reported that engaging with these SDGs enabled them to improve the sustainability of their company/organisation or to fulfil their social responsibility.

### » Aim of questionnaire content

For this survey, we focused mainly on the five SDGs emphasised by the UN Global Compact for which initiatives were anticipated, particularly in Japan. We asked experts in these areas to examine and discuss the collected results. Yet, the survey also asked members about how they were tackling the other 12 SDGs (1, 2, 3, 4, 6, 7, 9, 10, 11, 14, 15, and 17) through their business activities and the progress they were making. Some examples of responses that could prove useful for others are presented below.

### » Results and discussion

We asked respondents if they had positioned any of the SDGs they selected as a priority in Q14 as materiality and engaged in initiatives with specific numerical targets for the purpose of contributing to the achievement of the SDGs, specifically referring to the 12 SDGs other than the five described in previous sections. Positive responses were received from 60% of members.

Overall	223	100.0
Yes	134	60.1
No	89	39.3

(Left row: number of companies/organisations; right row: %)

For Q15, respondents that answered “Yes” in Q14, and those who selected “we develop products and/or services that contribute to the SDGs”, and “we launch new projects to contribute to the SDGs” in Q9, were asked about the details of their initiatives on the following five points. A total of 335 responses were received.

- (1) SDG identified as materiality
- (2) Why the SDG was positioned as materiality
- (3) Overview of actions
- (4) Medium- and long-term target values and state of progress, target year of goals
- (5) Progress as of 2020

Responses to (1) above regarding priority SDGs were relatively numerous for SDG 3, SDG 4, SDG 7, SDG 9, SDG 11 and SDG 10, aside from the five goals discussed in earlier sections. Moreover, since responses were not limited to a single goal, over 50 responses were received in which multiple SDGs were selected.

Overall, the largest number of initiatives were on SDG 13 (climate change response), and 20 companies reported combining their climate response with SDG 7 (renewable energy).

We can surmise that many companies place a high importance on renewable energy as a mitigation measure for SDG 13, due to growing societal demand for decarbonisation efforts and as a response to ESG rating agencies such as CDP.

Responses to the second point (2) on why goals are positioned as materiality showed that many respondents were motivated by the fact that an SDG was linked to their corporate philosophy, purpose or vision, or that it was closely related to business risks and opportunities. By engaging with these

(Up to 2 SDGs are selected per member company/organisation)

Goal selected	Number of companies/organisations
SDG 1	1
SDG 2	3
SDG 3	35
SDG 4	14
SDG 5	11
SDG 6	7
SDG 7	37
SDG 8	14
SDG 9	25
SDG 10	3
SDG 11	21
SDG 12	20
SDG 13	61
SDG 14	6
SDG 15	10
SDG 16	1
SDG 17	9
All SDGs	3
Multiple SDGs	53
Total	335

SDGs, companies and organisations are working to improve their sustainability and fulfil their social responsibility. In some cases, a combination of the two was mentioned.

In order for companies to continuously work towards achieving specific SDGs and to gain the understanding and empathy of internal and external stakeholders, it is important for them to create and communicate their story. This story should tell why they chose a certain SDG, bringing together the issues (social issues) related to that SDG and the sustainability of their business.

Responses on the remaining three points ((3) overview of initiatives; (4) medium- and long-term target values and state of progress, target year of goals; and (5) progress in 2020) showed that many members have disclosed information on the content of initiatives and their progress in both quantitative and qualitative terms. However, when it comes to medium- and long-term targets, many targets were set for either a single year or 2-3 years, perhaps due to the pandemic and changes in the business environment that make it difficult to adopt a long-term outlook. Only 65 respondents reported having set targets aimed at 2030 (or beyond), the target year for the achievement of the SDGs.

In this manner, activities were confirmed on the other 12 SDGs (1, 2, 3, 4, 6, 7, 9, 10, 11, 14, 15, 17), excluding the five SDGs discussed in previous sections. Clarifying ways in which SDGs are positioned as materiality is expected to increase internal penetration, help companies and organisations gain the

understanding of stakeholders, and accelerate the promotion of initiatives. Examination of the list of overviews and targets of initiatives and their progress showed the following requirements to be essential for promoting understanding.

- A company or organisation's philosophy and purpose, as well as the sustainability of the business itself, and the social issues that must be addressed through its business, should be indicated when discussing why a certain SDG was chosen.
- A company or organisation's vision and targets should be set for 2030, the target year for achieving the SDGs, or later.
- Companies and organisations should have short-term action plans backcasted from the achievement of the above-mentioned vision and long-term targets, and should set specific quantitative (and qualitative) targets and disclose their progress on these.


### Case study spotlight

In order to achieve the SDGs, it is important to clearly describe a vision in parallel to setting short-term targets as milestones towards that realising that vision. Along these lines, two case studies on companies are presented below for reference.

- Yamaha Motor Co., Ltd.: SDG 3 (Education to reduce traffic accidents)  
Yamaha Motor Co., Ltd. has indicated its vision for 2030, the target year for achieving the SDGs, and has set specific targets.  
The company has disclosed a list of its goals for 2030 and medium-term targets for 2019-2021, as well as progress in 2020 and SDG themes for each of the four categories it has positioned as "Addressing Materiality (Material Social Issues)": "Environment & Resources", "Transportation, Education & Industry", "Innovation", and "Human Capital Management". The progress in materiality KPIs (medium-term targets) disclosed in this list form a part of the evaluation that determines the remuneration of the executives in charge of the respective themes.  
The following are some of the materialities of the company's core business, "Transportation, Education & Industry".

Initiatives based on the unique style of Yamaha



Organize educational programs to reduce traffic accidents

Goal (2030)	Medium-term targets (2019–2021)	Progress (2020)	SDGs themes (targets)		
Reduce traffic accident fatalities	<ul style="list-style-type: none"> <li>Conduct a total of 2,000 Yamaha Riding Academy safe riding courses for 180,000 participants (2021)</li> <li>Number of countries with trainers: 20</li> </ul>	<ul style="list-style-type: none"> <li>Safe riding courses: 3,353 courses held with 67,000 participants</li> <li>Number of countries with trainers: 15</li> <li>* Although various restrictions were placed in each country due to the COVID-19 pandemic, the number of times that the courses were held increased due to the holding of safety education at dealers or through the adoption of online classes</li> </ul>		3.6	By 2020, halve the number of global deaths and injuries from road traffic accidents.

<https://global.yamaha-motor.com/about/csr/materiality-kpi/>

● FUJI OIL HOLDINGS INC.: “Sustainable procurement of palm oil” SDG 15 (SDGs 8, 12, 13)  
 FUJI OIL HOLDINGS INC. has identified 10 priority areas as ESG materialities and discloses a list. In the priority area of “Sustainable procurement”, the procurement of palm oil aims to achieve “No Deforestation, No Peatland Development, No Exploitation (NDPE)” throughout the supply chain, and to achieve traceability to palm oil plantations in the supply chain over the medium- and long-term.

The company’s policy on responsible palm oil procurement is disclosed externally, with medium- and long-term targets for 2025 and 2030 set as KPIs. Information on yearly goals, performance, and self-assessments are also disclosed.

Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Sustainable procurement of palm oil	<ul style="list-style-type: none"> <li>Achieve “No Deforestation, No Peatland Development, No Exploitation (NDPE)” throughout the supply chain</li> <li>Achieve 100% traceability to plantation (TTP) by 2030</li> <li>Implement the Labour Transformation Programme (LTP) at all suppliers of Palmaju Edible Oil by 2025</li> </ul>	   	<ul style="list-style-type: none"> <li>Traceability to mill (TTM): 100%</li> <li>Traceability to plantation (TTP): 73%</li> <li>Conduct regular monitoring using satellite images to prevent deforestation; use results to improve the supply chain and respond to grievance list</li> <li>Implement the Labour Transformation Programme (LTP) at Palmaju Edible Oil (Malaysia)</li> </ul>	CSO	 Sustainable procurement of palm oil

<https://www.fujioilholdings.com/en/sustainability/materiality/>

### Column

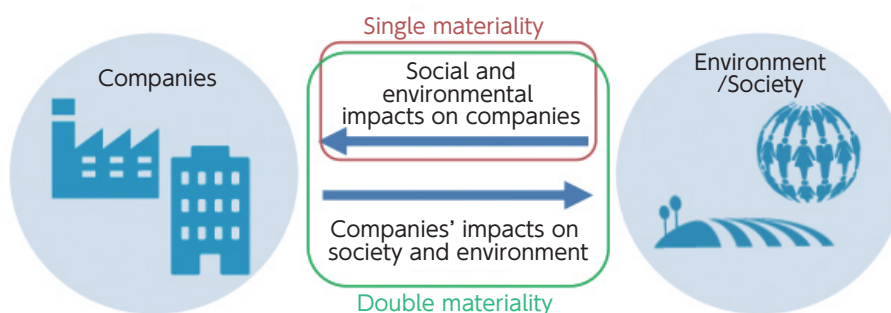
The term “materiality” has been popularised mainly by non-financial information disclosure frameworks and standards such as the GRI, IIRC and SASB (IIRC and SASB merged in June 2021, and are now the Value Reporting Foundation (VRF)). Requirements for disclosure to investors and NGOs have led companies to rapidly incorporate materiality into their sustainability strategies over the past decade, and to disclose information in integrated reports using matrices and other methods. Since the formulation of the SDGs in 2015, many companies have linked materiality to corresponding SDGs. Some approaches to materiality, which have been outlined both in Japan and overseas, are introduced below.

In April 2021, the European Commission released a proposal for the Corporate Sustainability Reporting Directive (CSRD), which would amend existing requirements on non-financial reporting. These revisions aim to improve the usefulness, comparability, and reliability of non-financial information reporting.

Materiality is also mentioned. Materiality is recognised as having two types: financial materiality, which encompasses the sustainability-related risks (including climate-related risks) that affect the performance of companies, traditionally viewed as important by investors; and environmental and social materiality, which encompasses the impacts of a company’s business activities on society and the environment. The investor-oriented view that materiality should be limited to impacts on a company’s finances is referred to as single materiality. However, the CSRD proposal focuses on both financial materiality and environmental and social materiality, which is referred to as double materiality.

Moreover, the idea of “dynamic materiality”, i.e. that materiality is dynamic and changes with the times, is also presented in a joint statement by five disclosure guidelines. Rather than referring to the scope of materiality as either “single” or “double”, this statement presents the idea that social and environmental changes can make topics that were not previously considered become important or financially significant, and that the level of importance varies according to the financial and social/environmental impacts at any given time, as exhibited by the pandemic becoming a global priority issue year before last.

As the importance of disclosing and reporting non-financial information continues to increase, so will the need to continue to monitor changes in the way materiality is viewed.



(Source) Created by METI based on European Commission, “Guidelines on reporting climate-related information”, June 2019 (“Towards a virtuous circle of sustainability-related information disclosure and corporate value creation - Interim report of the Study Group on Disclosure Policies for Non-financial Information”, November 2021, METI Study Group on Disclosure Policies for Non-financial Information)

# 4

## Conclusion

Thus far, we have reported on domestic and international trends related to the SDGs and the results of our survey on the status of initiatives among GCNJ member companies and organisations, focusing on five SDGs. In this chapter, we discuss the issues that emerge when survey results are examined from a cross-cutting perspective. Finally, we will once again consider the reasons why companies and organisations should engage with the SDGs and demonstrate the importance of aligning organisational sustainability with the sustainability of society.

### » Cross-cutting observations on survey results

#### **Actions to achieve the SDGs are still not enough**

Significant progress has been seen since last year in terms of awareness of the SDGs and actions that contribute to achieving them. However, a look at the efforts made for each individual goal reveals that actions to achieve the SDGs remain insufficient.

Specifically, although more than 80% of companies and organisations selected “integrate the SDGs into management strategies” as an action contributing to the SDGs, 8.3% of these companies and organisations, for instance, do not position the promotion of gender equality as a management issue and 25.4% have

not integrated climate change risks and opportunities into their strategies and plans. There are many more companies and organisations that have not engaged in initiatives classified as Level 1 for SDG 5, Respect (Principles) actions for SDG 8, or Foundational measures for SDG 16. For example, 53.4% of companies and organisations that reported having integrated the SDGs into their management strategies have not set targets or put action plans in place to eradicate violence and sexual harassment in the workplace. Likewise, 37% have not offered training opportunities that address business and human rights to all employees, and 28.7% do not have internal regulations in place to prevent bribery.

It is easy to claim to be contributing to the SDGs regardless of how or what actions are being taken, and a lack of understanding on the actions required to achieve the SDGs has been a problem. Moreover, to date only the fact that actions are being taken is disclosed, making it difficult for the outside world to recognise what has yet to be done.

#### **Engaging with the SDGs based on an understanding of what needs to be done above and beyond existing policies, laws, and regulations**

A look at initiatives implemented for the five SDGs of focus make it clear that companies and organisations have been strongly



influenced by government policies, laws, and regulations to date. For example, laws and regulations such as the Act on the Promotion of Female Participation and Career Advancement were the basis for actions on SDG 5, aimed at gender equality. Likewise, policy on the 3Rs formed the basis for actions on SDG 12, for which the establishment of circulation loops and circular business models is key. For SDG 16, a lag in the disclosure of information on prevention of corruption was pointed out. The fact that information disclosure is not required under the Unfair Competition Prevention Act and the Guidelines for the Prevention of Bribery of Foreign Public Officials is considered to be an influencing factor.

Although the scope of domestic laws, regulations, and policies must be domestically focused to a certain extent, it is essential for companies and organisations to understand what they should do above and beyond existing policies, laws, and regulations as they engage with the SDGs. In this regard, the questions and options in this fact-finding survey can serve as a reference. Efforts lacking in substance may be deemed SDG-washing, so caution is required, especially in information disclosure. Moreover, there is an urgent need for government to establish policies and laws that are compatible with the standards and scope of the SDGs. It is also important for companies and organisations to be proactive in making recommendations to government.

#### **Consideration of stakeholders in the value chain/supply chain is key**

A common issue was observed for all of the five goals related to initiatives that take stakeholders in the value chain/supply chain into account. Specifically, these include: gender-responsive supply chain management; ensuring the decent work of

business partners and respect for the human rights of local communities and consumers; lifestyle and consumer education for sustainable management of natural resources; identification and reduction of Scope 3 GHG emissions; and regulations on bribery and training for suppliers and third parties.

Whether addressing gender equality, decent work and human rights, the environment, or anti-corruption, the key going forward for companies operating globally, in particular, will be to listen to stakeholders in the value chain/supply chain, gather data, and strengthen strategies and approaches, while putting in place the necessary structures to do so. Moreover, when companies and organisations find themselves in the position of stakeholders in relation to their business partners, the requirements placed on them with regard to human rights and the environment are likely to be heightened even more.

Many may think they should tackle human rights and environmental issues because business activities that neglect stakeholders in the value chain/supply chain have repercussions for management risks. At the same time, in order to achieve the SDGs, it is important for companies and organisations to promote business and activities that give full consideration to human rights and the environment in all regions, and to operate with the mindset that by building on these activities we can all work together to create a sustainable society.

#### **Need for utilisation of support and collaboration oriented to the environment and level of progress of each company/organisation**

Survey results revealed that large companies with global operations have made progress overall in their efforts, while the initiatives

of small and medium-sized companies and organisations have generally lagged behind. This outcome is not unexpected as differences were seen in the level of progress in terms of awareness of the SDGs and steps in the SDG Compass.

To achieve the SDGs, companies are expected to set the same level of targets and implement initiatives, regardless of their size. The key to promoting such efforts lies in companies and organisations utilising their respective strengths and making appropriate use of support from governments and NGOs that is suited to their environment and level of progress on their initiatives, and in companies cooperating and collaborating with each other. It is time to once again recognise that partnership is proposed in SDG 17, and that we are called upon to work in cooperation with partners to create a sustainable society.

### » It is time to revisit our reasons for working on the SDGs

In order to address the above challenges and move closer to becoming truly sustainable, companies and organisations need to rethink their reasons for engaging with the SDGs.

The SDG Compass identifies the following five advantages for companies in addressing the SDGs: (i) the ability to seek out future business opportunities; (ii) enhancement of the value of the company in relation to (its own) sustainability; (iii) the ability to strengthen (trusting) relationships with diverse stakeholders, including customers, employees, and communities, and to be tuned in to legal risks and new policy developments; (iv) link to stabilisation of society and markets, which is essential for companies; and (v) the ability to have shared goals with stakeholders and the wider world using the SDGs as a common language. Of these, (i) and (iii) are

closely related to opportunities for market development via the products and services offered by the company or organisation and the avoidance of legal and reputational risks. Also, because these contribute to increased sales and brand power, talent acquisition, and enhanced employee motivation, the result is an increase in (ii) the enhanced value of the company's sustainability. In contrast, (iv) implies that effective implementation of the SDGs will result in securing sustainable natural resources and provide relief to the poor, leading to the enhanced stability and sustainability of society, a prerequisite for corporate activities. Moreover, (v) indicates that the SDGs help to strengthen cooperation among diverse actors, including other companies and organisations, which is beneficial to both the sustainability of organisations and the stability and sustainability of society.

Accordingly, when engaging with the SDGs, should companies and organisations focus more on organisational sustainability or the stability and sustainability of society? This is the very question now being asked.

Looking back at the chapter on "Global and National Trends on the SDGs", in the area of climate change, the 1.5 degree target was effectively made the aim at COP26, and the SBTi has also called upon companies to commit to the 1.5 degree target. This is because it has become clear that limiting temperature increase below 1.5 degree will significantly reduce climate change impacts, such as extreme heat waves and heavy rainfall, compared to a 2 degree increase. The SBTs for Nature are also under development in the natural environment field, and the day will soon come when companies are asked to set targets to ensure that they do not exceed planetary boundaries related to water, land, biodiversity, and oceans. Human rights and

gender equality are prerequisites for the well-being of each and every person, and the UN Guiding Principles on Business and Human Rights and the Women's Empowerment Principles have indicated actions for companies to take. The World Benchmarking Alliance (WBA), as an organisation that evaluates and ranks 2,000 companies worldwide from a third-party perspective on whether they are taking action in line with these goal-setting and management frameworks, has attracted the attention of investors.

These are trends in clarifying the profile of a sustainable company or organisation at the standard required by the SDGs. We are approaching an era in which it is no longer sufficient to simply claim to be contributing to the SDGs based on one's own criteria. In such an era, companies and organisations will be required to have a mindset that asks how they can use their resources and activities to generate income that ensures the stability and sustainability of society. In other words, aligning the organisational sustainability with the sustainability of society is an important step towards becoming a company or organisation that truly contributes to the achievement of the SDGs.

## » In conclusion

As mentioned at the beginning of this report, the SDGs are approaching the half-way point. We need to shift gears to move closer to achieving the SDGs, which have met with significant setbacks due to the COVID-19 pandemic. The fact-finding survey on the SDGs which forms the core of this report was developed by examining what companies and organisations should achieve and implement by 2030 with regard to SDGs 5, 8, 12, 13, and 16, and converting these into questions and response options. This content aligns with global trends to determine an ideal vision for companies and organisations based on a backcasting perspective. Nevertheless, in terms of the actions required of companies and organisations to achieve the SDGs, the items in this fact-finding survey are on some points insufficient. Likewise, it would make it easier for companies and organisations to clarify their actions if aims for 2030 in relation to the other 12 goals were also indicated. GCNJ and IGES will use the knowledge gained through the preparation of this report to improve our fact-finding surveys and strengthen our activities and research related to the SDGs. We will strive to support initiatives on the SDGs of GCNJ members and other companies and organisations, governments, consumers, and civil society.

### GCNJ & Collective Action on the SDGs

The responsibility of the United Nations Global Compact (UNGC) for promoting SDG activities in the private sector has been explicitly stated in UN General Assembly resolutions on more than one occasion. The 10 Principles in the four areas set out by the UNGC are all universal values that have been adopted and agreed upon internationally, and form the basis for expectations placed upon companies related to the SDGs. In other words, promoting these 10 Principles will contribute to achieving the SDGs.

The SDGs serve as a common language and a communication tool. Over the past six years, they have become increasingly recognised by the public and have spread throughout the private sector. However, there are less than eight years remaining to achieve the SDGs. To do so, it will be necessary to take advantage of the communication function of the SDGs to broaden the range of companies working on them and at the same time encourage each company to set specific goals and engage in more strategic efforts. To this end, we have strived to improve our ongoing surveys of companies by identifying the SDGs that require new and strategic approaches and developing survey questions on promising initiatives that can be utilised as a checklist by company representatives when setting concrete goals. We want to spur collective action to increase the number of companies that understand and promote these strategic SDGs and aim to engage in business that truly contributes to the creation of a sustainable society. To this end, we will collect, examine, and work to implement the proactive ideas of many companies to achieve the 2030 goal.

Masahiro Kawatei  
SDGs Taskforce Leader



# 5

## Annex

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- 5.1 List of respondents
- 5.2 Summary of survey results

# 5.1

## List of Respondents

### » Manufacturing

#### Mining

Japan Petroleum Exploration Co., Ltd.,

#### Food

Asahi Group Holdings, Ltd.

Ezaki Glico Co., Ltd.

FUJI OIL HOLDINGS INC.

J-OIL MILLS , INC.

Kikkoman Corporation

Kirin Holdings Company, Limited

LOTTE CO., LTD.

MEGMILK SNOW BRAND Co.,Ltd.

Meiji Holdings Co., Ltd.

MORINAGA MILK INDUSTRY CO., LTD.

The Nisshin OilliO Group, Ltd.

San-Ei Gen F.F.I.,Inc

Sapporo Holdings Limited

Yakult Honsha Co.,Ltd.

#### Pulp and paper

Asahi Printing Co., Ltd.

Daio Paper Corporation

Nippon Paper Industries Co., Ltd

SAKURA PAXX Co.,Ltd

#### Chemicals

Aica Kogyo Company, Limited

Daicel Corporation

Dainichiseika Color & Chemicals Mfg. Co., Ltd.

Earth Corporation

Ecolab G.K.

FANCL CORPORATION

FUTAMURA CHEMICAL CO.,LTD.

JSR Corporation

KANEKA CORPORATION

Kao Corporation

KOSÉ Corporation

Kuraray Co., Ltd.

Lion Corporation

Mandom Corporation

Milbon Co., Ltd.

Mitsubishi Chemical Holdings Corporation

Mitsui Chemicals, Inc.

Nippon Kayaku Co., Ltd.

NIPPON SHOKUBAI CO., LTD.

Sanyo Chemical Industries, Ltd.

SEKISUI CHEMICAL CO., LTD.

Shin-Etsu Chemical Co., Ltd.

Showa Denko K.K.

T. HASEGAWA CO., LTD.

TAKASAGO INTERNATIONAL CORPORATION

TEIJIN LIMITED

Tokuyama Corporation

Tosoh Corporation

UBE Corporation

Zeon Corporation

#### Pharmaceuticals

DAIICHI SANKYO COMPANY, LIMITED

Nippon Shinyaku Co., Ltd.

ONO PHARMACEUTICAL CO., LTD.

ROHTO Pharmaceutical Co., Ltd.

SHIONOGI & CO., LTD.

#### Oil and coal

ENEOS Holdings, Inc.

Idemitsu Kosan Co.,Ltd.

#### Rubber

Kinjo Rubber Co., Ltd.

Sumitomo Riko Company Limited



## Glass and ceramics

NGK INSULATORS, LTD.  
 NGK SPARK PLUG CO., LTD.  
 TOTO LTD.

## Iron and steel

Kobe Steel, Ltd.

## Nonferrous metals

Fujikura Ltd.  
 Furukawa Electric Co., Ltd.  
 Toyo Aluminium K.K.  
 YKK AP Inc.

## Machinery

Daifuku Co., Ltd.  
 DAIKIN INDUSTRIES, LTD.  
 EBARA CORPORATION  
 Fujiwara Techno-Art Co., Ltd.  
 GLORY LTD.  
 KITZ Corporation  
 Mitsubishi Heavy Industries, Ltd.  
 MIURA CO.,LTD.  
 Nabtesco Corporation  
 NTN Corporation  
 OILES CORPORATION  
 SATO HOLDINGS CORPORATION  
 SEGA SAMMY HOLDINGS INC.  
 TSUGAMI CORPORATION

## Electronics

ADVANTEST CORPORATION  
 ANRITSU CORPORATION  
 Azbil Corporation  
 BROTHER INDUSTRIES, LTD.  
 FUJI ELECTRIC CO., LTD.  
 FUJITSU LIMITED  
 Hitachi, Ltd.  
 HORIBA, Ltd.  
 Japan Display Inc.  
 Mabuchi Motor Co., Ltd.  
 MinebeaMitsumi Inc.  
 Mitsubishi Electric Corporation  
 NEC Corporation  
 OMRON Corporation  
 Renesas Electronics Corporation  
 RICOH COMPANY,LTD.  
 ROHM Co., Ltd.  
 SAKAGUCHI E.H VOC CORP.

## SEIKO EPSON CORPORATION

Sharp Corporation  
 TAIYO YUDEN CO.,LTD.  
 TAMURA CORPORATION  
 Tokyo Electron Ltd.  
 TOSHIBA CORPORATION  
 Yokogawa Electric Corporation

## Transport equipment

ISUZU MOTORS LIMITED  
 KYOKUTO KAIHATSU KOGYO CO., LTD.  
 Mazda Motor Corporation  
 NOK Corporation  
 Yamaha Motor Co., Ltd.

## Precision equipment

Citizen Watch Co., Ltd.  
 FUJIFILM Holdings Corporation  
 Nikon Corporation  
 OLYMPUS CORPORATION  
 Tamron Co.,Ltd.

## Other products

Aderans Company Limited  
 COMANY INC.  
 Fuluhashi EPO Corporation  
 LINTEC Corporation  
 Mizuno Corporation  
 Nissha Co., Ltd.  
 Rubycon Corporation  
 Setouchi Steel Co., Ltd.  
 TOMY COMPANY,LTD.  
 Yamaha Corporation

## » Construction

ASAHI KOGYOSHA CO.,LTD.  
 Chiyoda Corporation  
 MAEDA CORPORATION  
 Obayashi Corporation  
 SANKEN SETSUBI KOGYO CO., LTD.  
 SHIMIZU CORPORATION  
 Shin Nippon Air Technologies Co.,Ltd  
 Sumitomo Forestry Co., Ltd.  
 TAISEI CORPORATION

## » Electricity and gas

Electric Power Development Co.,Ltd.  
Toho Gas Co., Ltd.

## » Information and communications

AVANT CORPORATION  
BIPROGY Inc.  
Fuji Media Holdings, Inc.  
ITOCHU Techno-Solutions Corporation (CTC)  
Kokusai Kogyo Co., Ltd.  
Mitsubishi Research Institute, Inc.  
Nomura Research Institute, Ltd.  
QUICK Corp.  
SCSK Corporation  
software agency system co., ltd.  
TEC INFORMATION CORP.  
TIS Inc.

## » Land, sea, and air transport

ACHIHA CO., LTD  
ANA HOLDINGS INC.  
Hitachi Transport System, Ltd.  
Hankyu Hanshin Holdings, Inc.  
Japan Airlines Co., Ltd.  
Kawasaki Kisen Kaisha, Ltd.  
Nippon Yusen Kabushiki Kaisha  
SENKO Group Holdings Co.,Ltd.  
TOKYU CORPORATION  
YAMATO HOLDINGS CO., LTD.

## » Wholesale and retail

Aeon Co., Ltd.  
Archivision Holdings co.,ltd  
ASKUL Corporation  
EcoRing Japan Co., Ltd.  
Iwase Cosfa Co., Ltd.  
J.Front Retailing Co., Ltd.  
JFE SHOJI Corporation  
Marubeni Corporation  
Starzen Co., Ltd.  
Sumitomo Corporation

Techno Associe Co., Ltd.

## » Finance and insurance

Mitsubishi UFJ Financial Group, Inc.  
Mizuho Financial Group, Inc.  
MS&AD Insurance Group Holdings, Inc.  
Nippon Life Insurance Company  
ORIX Corporation  
Resona Holdings, Inc.  
Sompo Holdings, Inc.  
Sumitomo Mitsui Financial Group, Inc.  
Sumitomo Mitsui Trust Holdings, Inc.  
T&D Holdings, Inc.  
The Norinchukin Bank  
Tokyo Century Corporation

## » Real estate

KJR Management  
Nomura Real Estate Holdings, Inc.  
Sumitomo Realty & Development Co., Ltd.  
Tokyo Tatemono Co., Ltd.  
Tokyu Fudosan Holdings Corporation

## » Service

AMITA HOLDINGS CO.,LTD.  
Business Consultants, Inc. (BCon)  
Central Nippon Expressway Company Limited  
CIRCULATION INC.  
Cre-en Inc.  
Daily Advertising Co.,Ltd.  
Deloitte Tohmatsu LLC  
Dentsu Group Inc.  
Ecology Path Inc.  
EDGE INTERNATIONAL, INC.  
H.U. Group Holdings, Inc.  
Hakuhodo DY Holdings Inc.  
Interactive Communication Innovator, Ltd.  
Japan Food Research Laboratories  
Jibannet Holdings Co., Ltd.  
Kaihatsu Management Consulting, Inc.  
LbE Japan Co., Ltd.  
SAKURUG co.,ltd.

TANABE CONSULTING CO., LTD.  
Yachiyo Engineering Co., Ltd.

» **Local government, Academic  
institute, association,  
incorporated association/agency**

Local government

Kawasaki City

Academic institute, association, incorporated  
association/agency

Doshisha University

Gakkouhoujin Osaka Yuhigaoka Gakuen

Institute for Global Environmental Strategies (IGES)

International Christian University

International Development Center of Japan

JAPAN ELECTRICAL SAFETY & ENVIRONMENT TECHNOLOGY LABORATORIES.

Japan Football Association (JFA)

Japan Management Association

KOKUSAI GAKUIN EDUCATIONAL FOUNDATION

Kwansei Gakuin University

Seigakuin University & Schools

The Building Center of Japan (BCJ)

The Juridical Foundation for International Personnel Management

» **Other**

Kuroda Group Co., Ltd.

TORIDOLL Holdings Corporation

UTSUMI CO.,LTD.

# 5.2

## Summary of Survey Results

**Target: 437 GCNJ member companies and organisations**  
(as of 30 September 2021)

**Responses: 223 members (Response rate: 51%)**

**Survey period: 4 October to 18 November 2021**

### » Basic Information on Respondents

Q1 Please select the industry that your company/organisation falls under.

		Number of companies and organisations	
Fisheries and agriculture ①	1	Transport equipment ④	5
Mining ③	1	Precision equipment ④	5
Construction ③	9	Other products ①	10
Food ①	14	Electricity and gas ③	2
Textiles ③	0	Land, sea, and air transport ③	9
Pulp and paper ③	4	Warehousing and transport ③	1
Chemicals ②	29	Information and communications ⑥	12
Pharmaceuticals ②	5	Wholesale and retail ①	11
Oil and coal ③	2	Finance and insurance ⑥	12
Rubber ③	2	Real estate ⑥	5
Glass and ceramics ③	3	Service ⑤	20
Iron and steel ③	1	Academic institute, association, incorporated association/agency ⑤	13
Nonferrous metals ③	4	Local government ①	1
Metals ③	0	Other ⑥	3
Machinery ④	14		
Electronics ④	25		223

Industries have been grouped into the following categories for this report (see table to the left for details on categories 1 to 6).

		Number of companies and organisations	
① Food, logistics, local government, etc.	37	④ Machinery and equipment	49
② Chemicals and pharmaceuticals	34	⑤ Service, non-profit, etc.	33
③ Manufacturing, transport, electricity, gas, etc.	38	⑥ Information, finance, real estate, etc.	32
			223

Q2 Please select the scope of your business.

%

Japan (National)	26.9
Global (International)	73.1

Q3 Please select the number of employees in your company/organisation.

%

10 to 249	13.0
250 to 4,999	30.9
5,000 to 49,999	43.9
50,000 or more	12.1

Q4 Please select the scale of sales of your company/organisation.

%

Less than 2.5 bil. JPY	4.9
2.5 bil. JPY - less than 25 bil. JPY	10.8
25 bil. JPY - less than 100 bil. JPY	11.2
Over 100 bil. JPY	68.6
Non-profit organisation	4.5

Q5 Please tell us about yourself (the person responding to this survey). (Responses omitted)

Q6 Where is your head office/headquarters located?

%

Hokkaido or Tohoku	0.4
Metropolitan area (Tokyo, Kanagawa, Saitama, Chiba)	69.5
Kanto (Other than areas listed in "Metropolitan area" above), Koshinetsu	4.5
Tokai	4.9
Hokuriku	1.3
Kinki	15.2
Chugoku or Shikoku	2.7
Kyushu or Okinawa	0.9
Other	0.4

## » Degree of Awareness and Level of Penetration of the SDGs

Q7 Please select the situation(s) that applies to the degree of awareness of the SDGs within your company/organisation. (Select all that apply)

%

CSR and sustainability officers are aware of and understand the SDGs.	95.1
Top management is aware of and understands the SDGs.	95.5
Middle management is aware of and understands the SDGs.	82.1
Employees are aware of and understand the SDGs.	77.1
Group companies are aware of and understand the SDGs.	62.8
Business partners, such as suppliers and clients, are aware of and understand the SDGs.	46.6
Investors who have a relationship with the company/organisation are aware of and understand the SDGs.	57
Do not know.	0
Other	3.1

Q8 Which step of the SDG Compass has your company/organisation reached?

%

Step 1: Understanding the SDGs	11.2
Step 2: Defining priorities	13.9
Step 3: Setting goals	17.9
Step 4: Integrating	19.7
Step 5: Reporting and communicating	37.2

**Q9 What actions are being implemented by your company/organisation to help achieve the SDGs?**  
(Select all that apply) %

We uphold the Ten Principles of the UNGC.	92.4
We integrate the SDGs into management strategies.	81.2
We develop products and/or services that contribute to the SDGs.	81.2
We design business models that contribute to the SDGs.	60.5
We provide voluntary financial contributions to charitable organisations and/or non-profits that contribute to the SDGs.	47.1
Advocacy and public policy: We publicly advocate for the importance of action in relation to the SDGs (making recommendations and/or advocating for policies).	19.3
Collaboration and partnerships: We participate in collaboration to advance the SDGs.	48.9
We launch new projects to contribute to the SDGs.	37.2
Other	4.5
Nothing in particular	0.4

**Q10 What information has your company/organisation released or disclosed in the past year (e.g. reports, on websites, etc.) related to the SDGs?**  
(Select all that apply) %

Top messages and other statements expressing our commitment to the SDGs	86.1
Reflections on priority issues and policies	84.3
Priority SDGs	73.1
Linkages to core business areas	72.6
Development of products and/or services that contribute to the SDGs	75.8
Creation of business models that contribute to the SDGs	49.8
Launch of new projects to contribute to the SDGs	38.6
Indicators and progress related to the SDGs	52.5
Specific impacts resulting from activities related to the SDGs	24.7
Other	3.1
We have not published anything specifically related to the SDGs.	2.2

**Q11 What challenges does your company/organisation face in relation to taking action on the SDGs? (Select all that apply)**  
%

Societal awareness of the SDGs	8.5
Ways to expand actions within the company/organisation	52.9
Commitment from top management	10.8
Level of understanding and implementation by middle management	56.5
Level of understanding and implementation among general employees	58.7
Level of understanding and implementation by board directors and/or executive officers in charge	23.3
Level of understanding and awareness in the entire value chain	48.9
Setting quantitative indicators and evaluation methods for impacts, etc.	74.9
Resources (funds, staff, capacity, technology, etc.)	52.0
Political backing by national and local government	15.7
Effective methods for stakeholder engagement	30.9
Methods for initiating collective action	18.4
Appropriate partners for collective action	15.7
Appropriate information disclosure (including identifying risks related to "SDG-washing", etc.)	43.0
Publicity and communication strategies for SDGs actions (disseminating information in Japan and overseas)	40.8
Balancing growth strategies and the SDGs	38.1
Other (Please specify. This section can also be used to expand on any items selected above.)	1.8
Nothing in particular	2.2



**Q12 What information and solutions would help your company/organisation advance SDGs activities in the future? (Select all that apply)** %

International trends related to the SDGs, such as the High-Level Political Forum, UN General Assembly, World Economic Forum, etc.	26.5
National trends related to the SDGs, such as the SDGs Promotion Headquarters, SDGs Future Cities, etc.	30.5
Good practices by overseas companies on the SDGs	52.0
Good practices by companies in Japan on the SDGs	68.2
Methods to bring top leadership on board	21.1
Methods to increase the level of penetration of the SDGs within the company/organisation	58.7
Organisational structures to engage in the SDGs	46.6
Methods for integrating the SDGs into management principles and visions	31.8
Methods for setting KPIs	57.0
Methods for setting medium- and long-term targets	41.3
Methods for measuring and evaluating SDGs activities	71.7
Methods for information disclosure and reporting (including risk management for SDG-washing)	62.3
Public relations and communication on the SDGs in Japan and globally	47.1
Stakeholder engagement	39.0
Other	2.2
Nothing in particular	1.8

**Q13 Which SDGs goal(s) has your company/organisation chosen to focus on (taking impacts from COVID-19 into account)? (Select all that apply)** %

SDG 1 No poverty	20.2
SDG 2 Zero hunger	22.0
SDG 3 Good health and well-being	71.3
SDG 4 Quality education	43.0
SDG 5 Gender equality	72.2
SDG 6 Clean water and sanitation	36.8
SDG 7 Affordable and clean energy	67.7
SDG 8 Decent work and economic growth	80.3
SDG 9 Industry, innovation and infrastructure	70.4
SDG 10 Reduced inequalities	50.7
SDG 11 Sustainable cities and communities	58.7
SDG 12 Responsible consumption and production	76.7
SDG 13 Climate action	81.2
SDG 14 Life below water	37.7
SDG 15 Life on land	45.7
SDG 16 Peace, justice and strong institutions	43.9
SDG 17 Partnerships for the goals	62.8
We have not selected any specific goals to focus on.	5.8

**Q14 Other than the five goals covered in this survey, has your company/organisation positioned any initiatives with specific numerical targets as materiality for the purpose of contributing to the achievement of the SDGs?** %

Yes	60.1
No	39.9

**Q15 Please indicate: the number(s) of the SDG corresponding to the goal(s) deemed particularly important to your company/organisation for which specific actions are being developed; why that goal(s) is positioned as materiality; an overview of actions; state of progress; and sources of publicly available information (e.g. URLs, etc.). (Responses omitted)**

## » Gender Equality (SDG 5)

**Q16 Has top management expressed commitment to promoting gender equality and clearly positioned it as a management issue, for example by integrating gender equality into corporate guidelines and strategies? (Select all that apply)**

%

Top management has not committed to promoting gender equality or specifically positioned it as a management issue.	16.1
We understand that promoting gender equality is a foundation for “women’s active participation in society” and “diversity and inclusion”, and reflect this in our policies and measures.	83.0
Top management has signed the Women’s Empowerment Principles (WEPs) and is committed to implementing policies and measures.	13.5
When formulating corporate guidelines and strategies, we include organisations and experts with knowledge on gender issues in our stakeholder dialogues and interviews.	13.9
We release and actively communicate our commitments, policies, and progress in promoting gender equality to external stakeholders through integrated reports and other means.	56.5

**Q17 Has your company/organisation set targets for the percentage of women board members and formulated plans to achieve these targets? (SDGs 5.5, WEPs 1 and 4)**

%

We have not set specific targets for the percentage of women board members.	74.9
We have set targets, but have no action plan in place.	4.9
We have set targets and formulated action plans (currently, the percentage of women board members is less than 30%).	17.9
We have achieved a rate of 30% women board members.	2.2

**Q18 Is your company/organisation taking measures to address the gender pay gap? (SDGs 5.1, 8.5, and 10.3, WEPs 2) (Select all that apply)**

%

We have not conducted gender pay gap calculations.	63.7
We have conducted gender pay gap calculations, but the data exclude figures on non-regular and fixed-term employees.	16.1
The gender pay gap data covers all employees, including non-regular and fixed term employees.	14.8
Based on the data, we analyse the underlying factors that caused the gender pay gap.	12.1
We have targets and action plans in place to close the gender pay gap.	3.1
We disclose data on the gender pay gap.	4.9

**Q19 Has your company/organisation taken measures to eradicate all forms of violence and sexual harassment at work? (Select all that apply)**

%

We have not taken any specific measures.	1.8
We have set targets and put action plans in place to prevent and address violence and sexual harassment both inside and outside of the workplace.	46.6
We have mechanisms in place for people to safely report incidences of violence and sexual harassment (e.g. internal and third-party points of contact for reporting, etc.).	95.5
We conduct trainings for all employees on violence and sexual harassment on a regular basis.	81.2
Disciplinary measures against persons who perpetrate violence and sexual harassment are clearly stipulated and disclosed.	65.9

**Q20 Does your company/organisation conduct activities to encourage male employees to take parental leave? (SDGs 5.4 and 8.5, WEPs 2)? (Select all that apply)** %

We do not carry out any specific activities.	17.9
We have guidelines and specific measures in place to encourage male employees to take parental leave.	67.3
Male employees are required to take parental leave.	3.6
We disclose information on the status of parental leave taken by male employees based on data on the uptake rate and duration.	59.6

**Q21 This question is directed to those who responded that "Male employees are required to take parental leave" in the previous question. Please select one of the following statements that best describes the duration.** %

Less than one week	25.0
One week or more	12.5
One month or more	25.0
No specific number of days.	37.5

**Q22 Is your company/organisation implementing gender responsive supply chain management? (Select all that apply)** %

We are not implementing gender responsive supply chain management.	61.4
We include supply chain management in the scope of policies to promote gender equality.	30.5
We collect relevant gender data from suppliers and clients in Japan and overseas.	19.7
We have systems in place to check/analyse the collected data.	13.0
We analyse and identify negative gender-driven risks and impacts from the data, formulate measures to address them, and disclose such information.	4.5
We have policies and targets in place to procure from companies with commitments to gender equality, e.g. companies that have a rate of 30% or more women on the board. Or, we have a supplier code of conduct that explicitly states support for gender equality.	0.9
We have policies and targets in place to promote procurement from women-owned businesses in view of diversifying our supplier base and supporting women entrepreneurs. Or, we have a supplier code of conduct that explicitly states support for women-owned businesses.	0.4

**Q23 Does your company/organisation implement activities aimed at realising SDG 5 (promoting gender equality and empowering women and girls)? (Select all that apply)** %

We do not implement any specific activities.	33.2
Please provide details on the activities of your business programme(s) implemented in the aim to contribute to the achievement of SDG 5.	64.1
Please provide details on financial support or investments provided to organisations that are implementing activities to achieve SDG 5 (NPOs, government agencies, etc.).	12.6
Please provide details on activities on pro-bono support provided to organisations that are implementing activities to achieve SDG 5 (NPOs, government agencies, etc.).	4.5

Q24 Does your company/organisation have mechanisms in place to collect the following data? (All SDGs, WEPs 7) %

	No mechanisms in place to collect data on a regular basis (ad hoc collection is regarded as "no mechanism in place")	Mechanisms in place to collect data on a regular basis	Data is regularly collected, factors analysed for issues identified, and efforts made to address issues	Data disclosed in integrated reports, company websites, and in the database of the Act on the Promotion of Female Participation and Career Advancement.
Percentage of male/female employees	4.9	17.9	2.7	74.4
Percentage of women and men in management	5.8	17.0	4.0	73.1
Percentage of women and men in new hires/mid-career hires	9.0	24.7	9.4	57.0
Comparison of the percentage of women and men in terms of promotion and advancement	18.4	37.2	24.7	19.7
Uptake rate and duration of parental leave by women and men	13.9	21.1	9.9	55.2

## » Decent work and human rights (SDG 8)

Q25 Which of the following statements describe your company/organisation in terms of a policy commitment on respect for human rights? (Select all that apply) %

We do not have any specific policy commitments in place.	9.4
Top management (of entire group) has expressed their commitment.	61.4
We have a policy commitment in place on respect for human rights that references internationally recognised human rights and has been made available publicly.	55.2
We include respect for workers' human rights in a company-/organisation-wide (or group-wide) policy commitment that covers the entire value chain.	62.3
We include respect for the human rights of stakeholders unrelated to labour issues in our policy commitment that covers the entire value chain (e.g. human rights issues related to consumers and local communities involved in our business).	41.7
We reflect human rights issues identified through stakeholder engagement in the formulation and revision of our human rights policy commitment.	21.1
We identify high-priority human rights issues that are related to our business and clarify these in our policy commitment.	31.4
Other	9.9

**Q26 Which of the following statements describe your company/organisation in terms of human rights due diligence? (Select all that apply)** %

We are not taking any specific measures or are not currently addressing this issue.	23.8
We offer training opportunities that address business and human rights to all employees.	58.3
We set incentives for respect for human rights, including making respect for human rights one of the performance indicators for senior/middle management.	4.9
We incorporate our human rights policy commitment into specific action plans (set targets, track and evaluate performance and results).	26.0
We release information on activities related to respect for human rights, including our human rights policy commitment, human rights due diligence, and remediation and remedy actions, in a cohesive format that is easily accessible to stakeholders.	34.5
We engage with stakeholders on human rights due diligence in business operations.	23.8
We conduct human rights impact assessments of our own operations, as well as for the value chain, based on the overall perspective and priorities of our own human rights agenda.	24.2
We have an internal division or system that examines cross-departmental human rights issues and grants the necessary authority and budgets for human rights activities.	33.2
Other	8.5

**Q27 Which of the following statements describe your company/organisation in terms of remediation and remedy (grievance) mechanisms? (Select all that apply)** %

We do not have any specific mechanisms in place.	12.6
We have external consultation and remedy mechanisms (lawyers or NGOs, etc.) for company/organisation and group workers.	82.5
We have consultation mechanisms (either internally or externally) that can be used by anyone outside the company/organisation, including consumers and local residents.	37.2
We disclose information on the usage of consultation mechanisms and procedures, grievances contents and response measures, including the above two options.	20.2
We engage with stakeholders who may use these mechanisms, in order to review consultation and grievance mechanisms.	10.3
We have mechanisms in place for consultations and grievances available to workers in the value chain.	31.4
We work with victims (or individuals and organisations representing them) and engage with suppliers, clients, and third parties (NGOs, etc.) to have remediation and remedy in place.	13.5
Other	4.0

**Q28 Please provide details on remediation and remedy (grievance) mechanisms if they have been implemented for stakeholders other than employees working in Japan. (Responses omitted)**

**Q29 Which of the following statements describe your company/organisation in terms of realising decent work for all workers? (Select all that apply)** %

We are not taking any specific measures.	4.5
We monitor the working hours of workers in our group companies and make an effort to optimise working hours.	92.8
We are developing or starting to consider the development of equal pay for equal work in the company's/organisation's systems.	53.4
We have our policy commitment in place prohibiting forced and compulsory labour, human trafficking, and long working hours, including for technical intern trainees in our company/organisation and suppliers, as well as a policy commitment prohibiting discrimination and harassment of foreign nationals.	60.1
We lobby the government (either on our own or through affiliated organisations) to ratify treaties and legislation and solve problems to ensure decent work in countries and regions where we operate.	1.3
We take corrective actions to ensure decent work (wages, working hours, etc.) at suppliers, including a review of our own QCD (quality, cost, delivery) requirements.	17.5
Other	1.8

**Q30 Which of the following statements describe your company/organisation in terms of consumer-related human rights initiatives? (Select all that apply)** %

We are not taking any specific measures.	35.4
We understand the human rights issues of consumers and users (end users) who are involved with our business.	25.1
We offer products and services (e.g. universal design) that reflect the needs of minority consumers and customers.	35.4
We take measures against human rights abuses of consumers and users of our company's/organisation's products and services (e.g. hate speech on social networking sites).	6.7
We identify issues related to respect for human rights from consumer/client grievances and put measures and processes in place to address them.	23.3
We contribute to the greater realisation of human rights through our products and services.	30.9
Other	5.4

**Q31 Which of the following statements describe your company/organisation in terms of efforts to address the human rights of local communities? (Select all that apply)** %

We are not taking any specific measures.	35.4
We carry out activities that contribute to local communities in order to resolve human rights issues in countries and regions (either in-house or in collaboration with other parties).	43.9
We make policy recommendations to the national government (either individually or as a group) to address national- or regional-level human rights issues.	1.3
We have corporate policies (policies or procedures) in place (either on our own or as a group) to address the structural problems of human rights abuses in the countries and regions where we operate.	7.6
We understand the human rights issues that exist in the countries and regions where we operate (e.g. through regular information gathering and human rights impact assessments).	29.6
We engage in activities (either in-house or in collaboration with other parties) to resolve human rights issues in countries and regions through our core businesses.	22.0
Other	4.0

## » Responsible consumption and production (SDG 12)

The following industry sectors (at the time of GCNJ registration) are not covered in this section. Responses were received from 158 members.

Information and communications; finance and insurance; real estate; service; academic institutes, associations, incorporated associations/agencies, other

**Q32 Has top management at your company/organisation expressed commitment or clarified in-house policies to achieve the sustainable management and efficient use of natural resources by 2050? (Select all that apply) %**

We have not clarified policies.	22.8
We have clarified specific policies.	54.4
We have clarified specific policies, and top management has expressed commitment.	53.8
We have included items related to the efficient use of natural resources in risk management.	24.7
We have set measurable targets related to the efficient use of natural resources.	31.6
Other	3.2

The circular economy is recognised as one specific approach to achieving the sustainable management and efficient use of natural resources by 2050.

**Q33 Please indicate the implementation status of each of the following typical circular economy-type initiatives.**

	Not implemented or under consideration	Not implemented, but under consideration	Under implementation	%
<b>Procurement of raw materials, product and service design, production</b>				
Procurement of sustainable raw materials	15.2	25.3	59.5	
Introduction of circular product design suitable for reducing the use of natural resources, the 3Rs, and extended product life	10.8	20.3	69.0	
Use of and switch to recycled materials and resources	8.9	21.5	69.6	
Development and introduction of recyclable alternative materials, such as those of biological origin	17.7	30.4	51.9	
Inclusion of environmental information related to material efficiency on products (e.g. potential to recycle, repair and upgrade)	39.2	23.4	37.3	

				%
<b>Transport, sales, and consumption</b>				
Reduction in packaging materials used and conservation of resources in containers and packaging	9.5	15.2	75.3	
Implementation of activities/business to extend the period of time a product is valuable by improving product durability, regular maintenance, repair, remanufacturing, and resale	17.1	16.5	66.5	
Development of sharing services: Development of sharing business for underutilised products through technology-based platforms/Lending/borrowing and exchange of assets owned by companies and/or consumers	62.7	23.4	13.9	
Development of business models to offer Products as a Service (PaaS): Instead of conventional selling of products, products are provided as a "service" according to customer usage patterns with payments according to usage amount	52.5	16.5	31.0	



**Disposal, recovery, and resource circulation**

%

Introduction of returnable systems and product deposit systems for containers and other items	43.7	22.2	34.2
Development of systems to collect and recycle used company/organisation products from the market	39.2	22.2	38.6
Development of systems to collect, repair, resell, and remanufacture used company/organisation products from the market	48.7	19.0	32.3
Recovery, reuse, and recycling of used products and resources from the market, not limited to company's/organisation's own products	46.2	19.6	34.2

**Q34** Which of the following statements best describes your company/organisation in terms of the status of projects implemented in collaboration with other companies or stakeholders for the circular economy? %

We are not implementing or considering projects.	22.2
We are not implementing projects, but they are currently under consideration.	32.3
We are implementing projects.	44.9
Other	0.6

**Q35** This question is directed at those who responded affirmatively in the previous question regarding implementing projects in collaboration with other companies and stakeholders for the circular economy. Please provide specific examples, including partners, purpose of collaboration, content of project activities, goals, and targets. (Responses omitted)

**Q36** If your company/organisation takes part in initiatives related to the circular economy, such as the Ellen MacArthur Foundation Business Network (previously the CE100 Network), the World Business Council for Sustainable Development (WBCSD), or the Japan Partnership for Circular Economy (J4CE), please indicate the name(s). \*including those in Japan and overseas (Responses omitted)

The importance of changing our lifestyles as consumers and producers, including the sustainable management and use of natural resources, has also been identified as a solution to the critical environmental problems we face. Recent developments in social technologies, such as decarbonised lifestyles, reduced food loss, proper separation and collection of waste, sharing and reuse/recycling of clothing and consumer goods, and the use of next-generation mobility services, have also encouraged and increased opportunities for shifts to more sustainable lifestyles.

**Q37** Please indicate the status of activities by your company/organisation in each of the following areas related to life style and education.

	Not considered necessary	Considered necessary, but not implemented or under consideration	Not implemented, but under consideration	Under implementation	%
Education for consumers and the general public to encourage shift to sustainable lifestyles	10.8	43.7	12.7	32.9	
Awareness-raising activities to encourage shift to sustainable lifestyles	7.0	34.8	16.5	41.8	
Product design and use of environmental labels to encourage consumers and the general public to act sustainably	8.2	29.7	14.6	47.5	
Development of business models that promote sustainable behaviour by consumers and the general public	10.8	38.6	17.1	33.5	
Incentives to encourage consumers and the general public to act sustainably (e.g. discounts and point systems)	25.3	42.4	16.5	15.8	
Actions other than the five above to encourage consumers and the general public to act sustainably (FA)	86.7	—	1.9	11.4	

## » Responses to climate change (SDG 13)

**Q38 Has your company/organisation set targets to achieve net zero by 2050?** %

We have not set targets to achieve net zero.	29.6
We have set internal targets to achieve net zero.	10.3
Top management has expressed commitment to achieving net zero (not taking part in the Science Based Targets initiative (SBTi))	33.6
We are taking part in SBTi to achieve net zero.	22.9
We aim to be carbon positive in addition to taking part in SBTi to achieve net zero.	3.6

**Q39 Please select, by scope, the greenhouse gas (GHG) reduction emissions that you identify at your company/organisation. (Select all that apply)** %

We do not identify the scope of our GHG emissions.	11.2
Scope 1 (direct emissions occurring from sources owned or controlled by the company/organisation)	83.9
Scope 2 (indirect emissions from the use of electricity, heat, and steam supplied by other companies)	80.3
Scope 3 (some or all of the indirect emissions from other companies that are related to our business operations)	69.1

**Q40 Which of the following activities does your company/organisation prioritise to achieve net zero? (Select all that apply)** %

Promotion of energy savings (energy-saving behaviour, installation of equipment, review of working practices, reduction of office floor space, etc.)	97.3
Increased procurement of electricity from renewable energy sources (excluding renewable energy certificates)	66.4
Renewable energy certificates	40.8
Effective use of heat	39.5
Introduction of electric vehicles or charging infrastructure	33.2
Corporate PPAs (Power Purchase Agreements)	17.9
Promotion of the use of hydrogen	22.0
Purchase of offset credits (excluding renewable energy certificates)	18.4
Introduction of internal carbon pricing	28.3
Introduction of carbon dioxide capture, utilisation, and storage technologies	16.1
Investment in research and development on low-carbon and decarbonisation technologies in our own and other companies	34.5
Review of business models and project portfolios	30.5
Education and training of management, employees, and other stakeholders	49.8
Lobbying related companies and organisations (e.g. value chains)	24.7
Participation in initiatives in Japan and overseas	49.8
Transformation of people's lifestyles	13.9
Policy recommendations to the government	10.8
Other	5.4
None of these statements apply	1.3

**Q41 What barriers do your company/organisation face in achieving net zero (with or without set targets)?**  
(Select all that apply) %

Lack of understanding by top management	1.3
Difficulty in achieving net zero due to the nature of our business	30.0
Too costly	61.4
Lack of technical prospects	50.7
Unsure how to acquire renewable energy	4.9
Other	18.8
No barriers	8.5

**Q42 What external environmental improvements do you think are needed to help your company/organisation achieve net zero? (Select all that apply)** %

Strengthening of NDCs (≠emission reduction targets)	35.4
Review of energy mix (increase share of renewable energy, etc.)	77.1
Intangible support for companies and organisations that want to engage in climate change action (e.g. energy efficiency audits, support for setting SBTi targets and TCFD scenarios)	59.2
Tangible support for companies and organisations that want to engage in climate change action	63.2
Promotion of carbon recycling	39.5
Deployment of low-carbon technologies and products overseas through participation in the Joint Crediting Mechanism and other systems	18.4
Promotion of corporate PPAs (Power Purchase Agreements) and review of virtual PPA systems	33.2
Introduction and promotion of carbon pricing	34.5
Support for electrifying vehicles	32.3
Other	11.2
None of these statements apply	3.6

**Q43 Has your company/organisation identified and integrated climate change risks and opportunities into your strategies and plans?** %

We have not specifically identified risks and opportunities.	14.8
We have identified risks and opportunities, but have not integrated these into our strategies and plans.	20.2
We have identified risks and opportunities at our workplaces and integrated these into our strategies and plans.	19.7
We have identified risks and opportunities, including for companies and organisations (e.g. value chains).	28.3
We have identified and integrated risks and opportunities into our strategies, including local communities where our businesses are located.	4.5
We have identified and integrated risks and opportunities into our strategies, including supply chain partners and/or local communities where small-scale businesses are located.	5.8
Other (Please specify)	6.7

## 》 Preventing corruption (SDG 16)

**Q44** Has your company/organisation clarified internal policies to prevent corruption (e.g. bribery and collusion), such as with commitments expressed by top management? (Select all that apply) %

We have not clarified internal policies to prevent corruption.	6.7
We have clarified internal policies to prevent bribery.	91.0
We have clarified internal policies to prevent collusive bidding.	61.0

**Q45** What methods does your company/organisation use to assess corruption risk? (Select all that apply) %

We do not assess corruption risk.	17.5
We conduct desk-based research.	36.3
We conduct surveys for group employees in Japan and overseas.	35.4
We conduct interviews with group employees in Japan and overseas.	24.7
We conduct inspections (audits with onsite inspections) at relevant sites in Japan and overseas.	37.7
We conduct due diligence on suppliers (e.g. partners, distributors, consultants that provide business support, etc.), and third parties.	19.7
Other	7.2

**Q46** What internal regulations do your company/organisation have in place for anti-corruption procedures? (Select all that apply) %

We have no specific regulations in place for anti-corruption procedures.	15.2
We have regulations in place to prevent bribery.	68.2
We have regulations in place to prevent collusion.	44.8
We have country- or region-specific regulations in place.	20.2
Other	12.6

**Q47** What measures is your company/organisation taking to improve the effectiveness of internal regulations? (Select all that apply) %

We are not taking any specific measures to improve the effectiveness of regulations.	1.1
We set up different decision/approval authorities according to the risk level.	57.1
We conduct anti-corruption education and training for group employees in Japan and overseas.	74.1
We have established disciplinary procedures for violators.	78.3
We have regulations for suppliers and third parties in place (e.g. codes of conduct for suppliers), and provide education and training.	29.1
We conduct regular audits on the effectiveness of regulations.	51.9
We have an internal reporting system (whistle-blower system) in place.	94.2
We make improvements to our internal reporting system (whistle-blower system) (e.g. multilingual support services, awareness raising, review of operations).	61.4
Other	3.2

**Q48 What measures is your company/organisation taking to gain the understanding of stakeholders on anti-corruption efforts? (Select all that apply)**

%

We are not taking any measures to gain stakeholder understanding.	30.9
We disclose information on the status of anti-corruption measures based on quantitative (numerical) data.	24.7
We disclose information on the status of anti-corruption measures based on qualitative (descriptive) data.	42.6
We create opportunities for dialogue with stakeholders on preventing corruption.	14.3
We have signed and take part in the Tokyo Principles (collective action on anti-corruption).	1.8
Other	11.7

**Q49 What measures does your company/organisation have in place to prevent cover-ups of fraud around corrupt practices (e.g. falsifying data, accounting irregularities)? (Select all that apply)**

%

We have no particular measures in place.	9.9
We have clear policies on preventing data falsification.	43.5
We are increasing security to prevent data falsification.	54.3
We have clear policies on preventing accounting irregularities.	53.4
S	43.0
We conduct inspections at relevant sites in Japan and overseas (audits with onsite inspections).	57.4
Other	7.2

## July 2022, Japan

This is the English translated version of the Japanese report published in February 2022.

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### Acknowledgement

Sincere appreciations are expressed to external stakeholders and colleagues, including members of the GCNJ SDG Task Force, who reviewed and provided valuable comments in the preparation of this report.

### About the cover design

The dynamic design shows the progress towards achieving the Sustainable Development Goals (SDGs) by 2030, together with the expansion as well as development of the efforts under each of the SDG goals, and further encourage collaboration and cooperation.

This report reviews the progress of the five goals that UNGC/GCNJ has positioned as priority (5. Gender Equality, 8. Decent Work and Economic Growth, 12. Responsible Consumption and Production, 13. Climate Action, 16. Peace and Justice and Strong Institutions) from experts' perspective, and the cover design also highlights the five goals.



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