

sustainable japan

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produced by The Japan Times Cube

For NRI Group, ESG awareness starts with whole staff

ESG Talk

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In 2019, Nomura Research Institute Ltd. formulated a medium-term business plan through fiscal 2022, pledging to promote "sustainability management policy" to achieve growth for the group and at the same time help create a sustainable future society.

The company aims to become a "presence that is indispensable to our society" through its work by experts in wide-ranging fields, including science, technology and economics, to resolve issues that society faces. To achieve this, NRI Chairman and President Shingo Konomoto said, "It's important to raise the awareness of each employee about issues." NRI puts a lot of effort into communicating information on its environmental, social and governance (ESG) efforts both to its members and to the public.

NRI was established in 1965 as Japan's first private comprehensive think tank. Having merged with Nomura Computer Systems Co. Ltd. in 1988, NRI's strength lies in its ability to provide a one-stop service covering everything from consulting to IT solutions. Domestic deals make up about 90% of NRI's IT solution business, which generates 90% of its overall revenue. It plans to step up efforts to expand business overseas, which it began in earnest four to five years ago.

NRI's founding prospectus in 1960 states at the beginning its goal of "revitalization of

industry and the economy through study and research and contribution to society at large." Konomoto said: "Current trends such as ESG and SDGs (U.N. sustainable development goals) describe in different words the hopes we had at our foundation. We have passed on that hope for more than 50 years."

Konomoto said his assignment in Taiwan in the 1990s made him realize that stakeholder-centric thinking, which is gaining currency around the world, had already taken root among many Japanese companies, including NRI, many years ago. Being outside his home country and looking at it from the outside also made him realize some things. One was that Japan was behind in promoting diversity in workplaces, especially including female empowerment. The work environment has since improved for women, but he thinks the social infrastructure supporting women's employment remains inadequate. According to Konomoto, an internal survey NRI conducted on the impact of promoting women to managerial positions highlighted many cases indicating that female managers excelled at increasing staff engagement and motivation. "The company cannot maintain competitiveness unless staffers feel their work is rewarding," Konomoto said. He showed enthusiasm for building on track records of improving his company's work environment and promoting female empowerment.

The COVID-19 pandemic has brought many changes to society, including accel-



HIROMICHI MATONO



Shingo Konomoto, chairman, president, CEO and representative director, Nomura Research Institute Ltd. HIROMICHI MATONO

erated digitalization of work and services. Konomoto says the "consolidation of business and IT" is certain to happen. "The new coronavirus pandemic hit just as technologies, including artificial intelligence and algorithms, were advancing and expanding, and this abruptly accelerated digital transformation," he said. "We're going to continue to put efforts into offering ideas that take advantage of our knowledge in both business and IT. In the meantime, there is the need on the customers' side to train personnel who can think of both aspects at the same time." There are often conflicts of interest when business and corporate cultures are reformed, and in order to solve them, he said, it is essential for the top management to show their vision.

Konomoto said he has a strong sense of

crisis about environmental issues and that the key to resolving them is to "promote provision of services through digital platforms and shift to a sharing economy." If the use of online services increases and a sharing economy is adopted more widely, it will reduce energy usage and environmental load. "Unlike China and the United States, which can produce unlimited amounts of renewable energy, Japan has limitations — it has severely limited in terms of locations for installing solar panels, for example," Konomoto said. "We have to find ways to live a satisfying life without using (large amounts of) energy, by cleverly using digital technology."

NRI is leading the way in efforts to offer measures for this. For example, it recommends financial institutions use shared

services. Analysis by the company has suggested that securities brokerages using such services, rather than developing and operating their own trading systems, can reduce energy usage and cut carbon dioxide emissions by over 70%. The goal for the Nomura group as a whole is to achieve a cut in emissions of carbon dioxide of over 70% from the level in fiscal 2013 by the end of fiscal 2030. NRI has been working to install energy-conserving equipment and reduce the energy consumption of computer servers at the five data centers it owns. It has already successfully cut emissions by 49%. The company also set a target of raising the use of renewable energy to 70% at its data centers and expects to achieve that ahead of time, within several years.

NRI is also suggesting ideas to its cli-

ent companies. In the logistics field, it has worked to use technology to optimize customers' transportation routes and learned that they can, in theory, use just seven trucks to handle an amount of freight that previously required 10. Konomoto thinks Japan overall can improve efficiency of energy use if there is a structure in place to encourage the use of technology for the entire country, which he believes will allow new ideas to be gathered from wide-ranging areas.

NRI was relatively early to start efforts to disclose ESG information under international standards, participate in the Japan Climate Initiative and obtain certification from international frameworks, including the Task Force on Climate-Related Financial Disclosures. The message sent from such efforts reaches NRI's employees, totaling nearly 13,500. "I want each of our employees to be aware of how their daily work creates value for our society and contribute to solving issues," Konomoto said. "We will continue to put efforts into activities to ensure that."

NRI

The ESG Talk series are interviews with business leaders who are active proponents of ESG investing and practices in Japan.



Konomoto was appointed as representative director and senior executive managing director in 2015 and as president and CEO in 2016, before taking up his post as chairman. HIROMICHI MATONO

Kirirom Global Forum examines investment and social impacts

ESG/SDGs

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Kirirom Group, a network of companies in Singapore, Cambodia and Japan that focuses on startup studio business and regional development, conducted the Kirirom Global Forum 2021 Summer from Aug. 9 to 11. Until last year the event was held at the Kirirom Institute of Technology in Cambodia, which is also run by the group, but this time all 50 panel discussion sessions took place online.

Each session dealt with topics from one of six themes: global business, global investment, global education, working globally, social issues and world-changing technologies. More than 150 panelists from various industrial sectors, government organizations and academic institutions shared their insights to inspire and encourage the online audience to think about how one can play an active role on a global level and create the business opportunities and connections necessary to be internationally successful.

One of the sessions focused on movements in finance and industrial sectors toward the realization of carbon neutrality. Tsutomu Sato, director of the Japan Bank for International Cooperation's Global Environment Division and deputy director general of its New Energy and Power Finance Department II, said the private sector is quicker to adopt changes: "The public started to change following the trend in the financial sector. Why the financial sector instead of politics? It is

because conflicts of interest pertain to international politics, which makes it harder for all countries to make terms with each other."

Yoshiki Hiruma, of the Development Bank of Japan's 2050 Growth Strategy Headquarters and Industry Headquarters, said it is also important to steer national governance toward decarbonization, but "There are so many other issues that weigh heavily on society and the economy, too. We need to ensure that a solution for one of the problems will not work against the others."

Sumiko Takeuchi, a senior fellow and member of the board of directors at the International Environment and Economy Institute as well as a co-founder and president of U3 Innovations LLC, also pointed out that climate change is not the only issue that the world is facing, and making drastic changes in only this field could cause distortions in other areas. She stressed that a sense of balance and a pluralistic perspective are necessary. "Global issues are diverse — so are their solutions," she said, explaining that Japan, a country of *yao yorozu no kami* — "8 million gods" found in every part of nature and human life — should take the initiative in advocating to the world that our goals should not be "climate change and 16 others."



Speakers in the panel session "Global Business Opportunities for Achieving Carbon Neutrality in 2050" Yoshiki Hiruma (top right) and Junko Takeuchi (bottom) together with moderator Tsutomu Sato KIRIROM



Speakers in the panel session "Impactful Investing and Finance for the Future" Ken Shibusawa (top left) and Takayuki Sakakida (top right) and moderator Yukimasa Yasuda KIRIROM

population and a declining birthrate, should take the initiative in making the flow of money in both direct and indirect financing more impact-based." Japanese people have always had, he said, "the sentiment of changing their actions for the Earth."

On the other hand, he said, it is a pity that Japan's contributions to the world have been poorly recognized. "Japan's presence is not appreciated. We are good people but lack visibility. Human resources, ideas, originality — not much of anything is being sent out to the world from Japan." He expressed hope that more Japanese money will be invested into areas with greater social impacts and that the world will value Japan for that.

Ken Shibusawa, founder of Commons Asset Management Inc. and a descendant of the industrialist Shibusawa Eiichi — the "father of Japanese capitalism," who championed the principles of morality and business (*rongo* and *soroban*) — said Japanese capitalism has pursued the maximization of social value instead of profit since its beginning. "I think that the essence of impact investment already existed in modern Japan, where enterprises aimed to make profit not for its own sake but for making social impact," he said. To pass on this idea and make its impact more visible on a global level, he stressed that Japan should invest more in developing countries.

This section highlights the environment and a sustainable society. For more information on Satoyama, ESG and SDG issues, please visit www.sustainable-japan-times.com



Times Gallery



Serbian Ambassador Aleksandra Kovac poses with Tijana Kawashima Stojkovic, an Olympic volunteer of Serbian and Japanese parentage who helped a Jamaican gold-medal hurdler reach his venue on time, at the Serbian Embassy on Aug. 20. EMBASSY OF SERBIA



Kosovo judo Olympians Distria Krasniqi (third from right), who won the women's 48-kg weight class, and Nora Gjakova, winner in the women's 57-kg class, hold their gold medals with their teammates at the Tokyo 2020 Summer Olympics. KOSOVO OLYMPIC COMMITTEE



Cuban Ambassador Miguel A. Ramirez (left) gives a Cuban Olympic delegation cap to Keiji Furuya, president of the Parliamentary League of Friendship, on July 29. Cuba captured seven golds and took an outsized 14th position in the medal count. EMBASSY OF CUBA



The Italian Chamber of Commerce in Japan hosted on July 20 a special edition of Japan's biggest Italian festival — Italia, Amore Mio! — to support the Italian Olympic team. THE ITALIAN CHAMBER OF COMMERCE IN JAPAN



A shadow puppet show was held at the Indonesian ambassador's residence to commemorate the 76th Independence Day of Indonesia on Aug. 17. EMBASSY OF INDONESIA



Ecuadorian Ambassador Jaime Barberis meets Hiroshima Mayor Kazumi Matsui on the Mayors for Peace initiative, in which 18 Ecuadorian cities participate. EMBASSY OF ECUADOR



Portuguese Deputy Head of Mission Monica Moutinho (left) hands the EU flag to Slovenian Ambassador Ana Polak Petric at the event marking the handover of the EU presidency at the Europa House (Delegation of the European Union to Japan). EMBASSY OF SLOVENIA



From left: Mario Vielgrader, Eva Takamine, Belgian Ambassador Roxane de Bilderling, Slovenian Ambassador Ana Polak Petric, Irish Ambassador Paul Kavanagh at the Paralympics photo exhibition "Spirit in Motion" in Tosei Gallery Tokyo. EMBASSY OF IRELAND