

ESG promotional content
produced by The Japan Times Cube

sustainable japan

Dai-ichi Life Insurance supports corporate ESG activity

ESG Talk

TOMOKO KAICHI
CONTRIBUTING WRITER

The Dai-ichi Life Insurance group this year marked the 120th anniversary of its foundation. The group began as Dai-ichi Mutual Life Insurance Co., Japan's first mutual life insurance company, which is now the Dai-ichi Life Insurance Co., the core company. Today the Dai-ichi Life Insurance group, with assets totaling ¥63 trillion (\$550 billion), is one of Japan's leading institutional investors, and positions ESG (environmental, social and governance) investing as a key pillar of its asset management.

Asked what the key was for the group's survival for more than a century, Seiji Inagaki, who concurrently serves as president of Dai-ichi Life Holdings Inc. and the Dai-ichi Life Insurance Co., quoted the group's founder: "Consider whether people will be pleased with what we do or find it unnecessary. Business is what we do for the sake of people."

Dai-ichi Life Insurance "is a company the founder created to provide households with stability of living," Inagaki said. "Ways of asset management have changed in response to changing needs, but the company has kept asking if it is doing what it's expected to do as an asset owner and if it is making people happy."

There are wide-ranging social issues, but the group gives particular priority to mea-

sures to address climate change. In 2020, the Japanese government pledged to make Japan carbon neutral by 2050, which put the country on a path to decarbonization.

The Dai-ichi Life Insurance group is both an operating company and an institutional investor. As an operating company, it announced it will switch all power sources at the Dai-ichi Life Insurance Co.'s 1,300 offices in Japan to entirely renewable sources by the end of 2024. As an institutional investor, the group joined the Net-Zero Asset Owner Alliance, an international initiative in which members seek to make their portfolios carbon neutral by 2050, becoming the first Asian member of the alliance. The group is committed to an interim target of reducing by 2025 greenhouse gas emissions of its portfolios of listed stocks, publicly offered corporate bonds and real estate properties by 25% from the level at the end of March 2020. As cooperation of investee companies is essential for the achievement of this target, the group supports their initiatives and efforts to transform behaviors by stepping up dialogue to encourage their decarbonization efforts and offering transitional finance in which financial assistance is provided to encourage technological innovation and infrastructure investment.

"The biggest challenge for Japanese businesses is to find ways to change the existing business models," Inagaki said. "Japan has the level of technology that can enable adjustments necessary for achieving carbon neutral. I want companies to have the courage to



Seiji Inagaki, representative director and president of Dai-ichi Life Holdings Inc.
KOUTAROU WASHIZAKI

face the challenge. Financial institutions, including us, are here to cheer them and support them."

The Dai-ichi Life Insurance group was early to begin efforts to ensure diversity in workplaces. Soon after the war, it began to increase hiring of women, who currently represent over 90 percent of its employees. Women have come to represent over 30% of those targeted for positions at the level of section chief, but their representation remains far smaller at the levels of general manager or higher. The group thus aims to raise the ratios of women to 30% in posi-

tions of a department or section heads by April 2024 and 30% of the executive officers by 2030. "You need role models if you want to promote more women," Inagaki said. "We now have more female executives with excellent skills, so I think we can achieve the targets. As half our customers are women, we have some apprehensions about the risk that we may not be tolerated if we don't have diversity in our management team."

The The Dai-ichi Life Insurance Co.'s basic policy for ESG investing has three key goals. The first is to build asset portfolios that can both generate investment returns and help

solve social issues. This calls for taking ESG factors into account in policies and processes for managing all assets and ensuring that investment decisions take such factors as climate change risk into consideration. The second is to practice investing and lending that can help solve social issues. Improving quality of life, mitigating impacts of climate change and revitalizing regional economies and local communities are priority areas selected for this goal. ESG-themed investments totaled about ¥940 billion, including ¥360 billion in SDG bonds, by the end of August 2021, with the largest portion, about ¥390 billion, invested in solutions to problems related to climate change. The group aims to increase the cumulative total of investments to above ¥1.1 trillion by the end of March 2024.

The third is to carry out stewardship activity aimed at encouraging investees to engage in ESG efforts. For this goal, the group aims to provide information and offer solutions according to given ESG issues, encourage disclosure of information related to climate change and participate in collaborative engagement groups and initiatives in Japan and overseas. Inagaki said the environment for information disclosure has improved from a decade ago, thanks in part to the progress in efforts to create international rules.

A particular characteristic of a life insurer as an institutional investor is that it can make long-term investments. Life insurers tend to have long asset management periods, as the periods from the receipt of premium until the payment of insurance money average about two decades. They can, for example, think about and support returns from a long-term perspective without having to bother about short-term numbers, even for issues that are difficult for Japanese companies to tackle, such as energy transition, according to Inagaki.

Dai-ichi Life Holdings is a member of the Glasgow Financial Alliance for Net Zero, an initiative under which over 160 financial



Seiji Inagaki at the ESG Talk held at The Japan Times offices on Jan. 28
KOUTAROU WASHIZAKI

institutions from different countries aim to achieve net zero emissions for their investment portfolios, and Inagaki became the first Asian to be added to the 20 leaders comprising the Principals Group, which leads the overall management of GFANZ. He volunteered to serve as a principal because he has a sense of crisis about the current situation, in which the work to design climate change countermeasures and information disclosure rules is led by Europeans and Americans. "We Japanese have the responsibility to represent Asians and express views of Asians," Inagaki said. In order to smoothly shift business models that were effective during the period of rapid economic growth into ones suitable for a carbon neutral world, Inagaki believes, it is essential for each country to have a framework tailored to the situation specific to it so that such side effects as wealth gaps, energy price rises and job losses can be avoided. "It is important for Japan to show the flag. We will actively step onto the international stage" as a Japanese asset owner, Inagaki said.

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



Taking Japan's 'undiscovered gems' nationwide and beyond

ESG/SDGs

MAIKO MURAOKA
CONTRIBUTING WRITER

The competition for Undiscovered Gems of Japan 2020-2021 was held in Tokyo's Chiyoda Ward on Feb. 11 and 12 to recognize and promote innovative and creative products gathered from across Japan. The grand prize went to Karato Sweets Sake Monaka, a snack made of traditional Japanese pickles and pickled cream cheese sandwiched between colorful, crisp, light-as-air rice wafers, made by Imanari Tsukemonoten, a century-old pickle maker and store in the Niigata Prefecture city of Uonuma.

Yoko Imanari from Imanari Tsukemonoten explained in her presentation speech that rice, one of the major local products, is the key ingredient in Karato Sweets Sake Monaka. The type of pickles (*tsukemono*) they make is *yamagazuke*, a kind of *kasuzuke* — vegetables pickled in sake lees, whose main component is rice. "We thought that it should go very well with *monaka* shells, which are also made of rice," she said. To minimize waste, they use the sake lees that remain after vegetables are pickled, which normally are discarded, to also pickle cream cheese — something that would not have existed in Japan when a forebear of Imanari started making *yamagazuke* more than a hundred years ago.

"Imanari Tsukemonoten had been making only *yamagazuke* since it was established, so Karato Sweets Sake Monaka is our first new product in 100 years. I devoted myself to making it with all the support I received from our experienced workers, whose average age is over 60, because I wanted young people to know the taste of real *tsukemono*," Imanari said, revealing that she herself did not realize the richness of the food culture of her own hometown until she came back from Tokyo, where she had lived for 20 years.

Takuya Hane, executive producer of the event, who during the screening session tasted three types of *monaka* served with a glass of sparkling sake, commented: "The taste and smell of fermentation is so rich and deep. It goes perfectly with sake." One of the judges fancied the appearance of the bite-size, pastel-colored *monaka*, saying



Participants and nominees at the Undiscovered Gems of Japan 2020-2021 competition held on Feb. 11 and 12
UNDISCOVERED GEMS OF JAPAN

they look like macaroons.

The unique thing about Undiscovered Gems of Japan is that it is not just a competition but a platform that turns ideas into new products or services through learning and collaboration with business owners and companies from various areas. The "active learning" method devised by Hane, a former Harvard instructor specializing in human development who founded Active Learning Inc., is incorporated into the seminars. Imanari said: "We are only a small *tsukemono* maker, but I realized that we start to see a different view when we think out of the box and get the courage to take on new challenges without being defeated by the pandemic situation. This is something I learned through the seminars."

The process starts with regional seminars where participants discuss how to develop ideas into products or improve existing products, and what kinds of collaboration are possible in order to realize or accelerate their commercialization. Kyukyoku no Arita-yaki Purin (ultimate pudding in Arita ware cups), the runner-up in the 2020-2021 competition, is the fruit of collaboration between Arita Porcelain Lab and Ryokan Oomuraya, a hot spring inn in Saga Prefecture. Over 1,200 participants, representing 1,031 companies, attended the regional seminars held in eleven areas as well as online for this

round.

Then eight regional competitions were held, narrowing 95 entries down to 54 for the all-Japan competition. Entries are not limited to food products. Categories are determined by the regional competitions' organizers — local governments, chambers of commerce and financial institutions — based on keywords that best represent or promote their area, such as woodwork in Nara Prefecture, knives and metalware in Hyogo or tourism in Hiroshima.

The judges of the national competition consist of chefs and owners of renowned hotels and restaurants, media figures, influencers and so on. This can be helpful for participants in expanding their sales channels, according to the secretariat of Undiscovered Gems of Japan. Hane also has a broad network both in Japan and overseas, helping for example a Kochi Prefecture tea farm whose annual sales had been very small earn more than ¥100 million (\$850,000) a year by introducing it to an overseas cafe run by a famous entrepreneur whom Hane is acquainted with.

A world competition is planned to take place in Singapore this summer, inviting the top finalists of the Japan competition to collaborate with Singapore chefs and stores as the first step to venturing into the global market.

ESG/SDGs

TOMOKO KAICHI
CONTRIBUTING WRITER

Albion Co. was established with the ambition of becoming the world's best premium cosmetics manufacturer in the mid-20th century, when the idea of "luxury items" had yet to take root in Japan. The company is exclusively focused on making high quality products and has a solid fan base mainly in Japan. Incorporating the philosophy of coexistence and coprosperity with stakeholders, including employees, business partners, consumers and local communities, into the core of corporate activities, from materials sourcing, manufacturing and distribution to social contribution — that is the Albion way.

"We prefer not to set criteria for costs. We use materials, however expensive they may be, as long as customers can feel the effect (of our products) on their skin," said Albion President and Chief Executive Officer Shoichi Kobayashi, explaining what the company particularly cares about as "Japan's only cosmetics manufacturer exclusively specialized in premium products."

Albion began developing production materials in-house in an effort to enhance the competitiveness of its products. The company created a 120,000-sq-meter in-house farm where 50 to 60 types of plants are organically grown at the foot of the Shirakami Sanchi mountains, a World Heritage Site. It has since developed production materials from 10 types of plant grown on the farm. Albion has also succeeded in commercializing a unique technology to extract ingredients and has put effort into conducting plant biotechnology research.

Albion has systematically incorporated the interest in coexistence and coprosperity it has held since its foundation into



School building donated to Madagascar
ALBION CO.

efforts to help achieve the U.N. sustainable development goals. Examples of this are seen in its development of plastics derived from natural sources to reduce the use of petroleum-based plastics in containers for cosmetics, efforts to collect and recycle used containers

and endeavors to reduce carbon dioxide emissions at its plants. Albion also strives to maintain a working environment comfortable for employees. For example, it has nurseries under outsourced operation at offices in Tokyo's Ginza district and Fukuoka, aiming to allow parents the option of working while rearing children. The company evaluates staff members based on talent rather than gender, an effort Kobayashi says has brought a positive impact on the entire company. Women now represent 40% of positions at the levels of executive officer and higher, he said.

Albion operates an in-house research lab in Sri Lanka, where a wealth of native plants grow. There it works with a local university on a joint project to study plants and the beneficial ingredients they contain.



Shoichi Kobayashi, president and chief executive officer of Albion Co. at The Japan Times offices
YUIKO TAIYA FOR PHOTOMATE

build a plant in Madagascar to help increase local employment.

Kobayashi says he has "absolute confidence" in Albion's products, for which the company is involved in the entire process from growing plants and manufacturing products to their sales. The company's strategy of intentionally tolerating fixed costs pressures its margins, but Kobayashi believes it will lead to sustainability-minded management over the long term and, eventually, help increase its competitiveness. The "Albion way," to which Kobayashi attaches importance, supports a virtuous cycle in which the company generates reasonable profit by selling premium cosmetics and making investments for the future.

ALBION

NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM, INC.
(IGPI) PARTNER



Unity of inner knowledge and action: Coexistence with the environment and co-creation with suppliers and employees have been embedded in Albion's corporate philosophy since its foundation.

This is a company that has practiced sustainability-oriented management over many years, without itself realizing it. President Shoichi Kobayashi has said, "You wouldn't last long if your thinking is, 'It's

OK if we are OK,'" and many people might think this observation is obvious. However, you face clashes of different interests in operating a business, and it is not easy to find the best solution from the perspective of multiple stakeholders without prioritizing only your company.

I think the company is really wonderful in that its corporate DNA is to practice this.

This section highlights the environment and a sustainable society. For more information please visit www.sustainable.japantimes.com

