

sustainable japan

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J. Front Retailing seeks both social and economic value

ESG Talk

TOMOKO KAICHI
CONTRIBUTING WRITER

J. Front Retailing Co., aiming to recover from the COVID-19 pandemic, launched a medium-term plan in fiscal 2021. It kept a defensive mode in the plan's first year, through this February, prioritizing restricted investment and operational reforms.

For this year, the company has pledged to go on the offensive. Applying "sustainability management," which seeks to resolve social issues while also achieving corporate growth, the company is working on "creating shared value" (CSV) initiatives, aiming to realize a mentally and physically rich "well-being life" for all stakeholders.

J. Front Retailing was born in 2007 to integrate the management of Daimaru and Matsuzakaya Holdings Co., two leading department store operators in Japan. The company now operates a total of 15 Daimaru and Matsuzakaya department stores plus 18 stores of Parco Co., which it made a wholly owned subsidiary in 2020. It also has nonretail operations, including general trading, design and construction work, real estate development, and finance and payment.

The histories of Daimaru and Matsuzakaya go back three and four centuries,

respectively. They have survived a number of testing events just over these several decades, including the collapse of the bubble economy, the 2011 earthquake and tsunami disaster and the COVID-19 pandemic. Tatsuya Yoshimoto, president and representative executive officer of the company, said he has confidence in the company because it "has consistently maintained a customer-first policy [as stated in the corporate credo] and worked to contribute to local communities while always being aware of the cutting edge of the current era." A track record of reliability and relationships of trust built over many years with consumers and business partners are the unwavering strengths of the group.

In 2018, J. Front Retailing set up a division for the promotion of environmental, social and corporate governance (ESG) issues. One of its aims is to enhance disclosure on the ESG activities the company has undertaken since its foundation, even before the term "ESG" became common and the U.N. set its 17 sustainable development goals. The decision to set up the division came in response to the emerging trend for overseas investors, especially those in Europe, to seek to invest in companies that actively engage in ESG activities.

In the area of the environment, J. Front Retailing has stepped up efforts for decarbonization. By 2030, it aims to reduce direct

Scope 1 emissions of carbon dioxide from the company, plus indirect Scope 2 emissions from production of the energy it has purchased, by 60% from the fiscal 2017 level, and also reduce indirect Scope 3 emissions in its supply chain by 40%. In terms of Scopes 1 and 2,



Tatsuya Yoshimoto, director, president and representative executive officer of J. Front Retailing Co.
HIROMICHI MATONO

the company is working to switch energy sources to renewables and use LED lighting at its stores. In addition, J. Front Retailing was early among Japan's retailers in making company vehicles electric.

As regards Scope 3, J. Front Retailing organized a meeting of representatives from about 250 business partners in April. It briefed them on the group's policy on emissions reduction, reported on current efforts and asked them to estimate and reduce their emissions. J. Front Retailing had judged

that cooperation from its partners would be necessary for it to achieve its reduction targets — Scope 3 emissions represent 95% of the carbon dioxide emissions from Daimaru Matsuzakaya Department Stores.

The participants expressed concerns mainly about the expected costs of estimating and reducing carbon emissions. Yoshimoto emphasized the importance of coordinating efforts with business partners, saying, "We plan to share the know-how and information [the group has] accumu-

lated and work out ideas together." Such an initiative to create a framework involving business partners is not commonly seen in any industry in Japan, but Yoshimoto said it is essential for promoting effective efforts. "It's very important as a way to encourage the business partners to shift their awareness," he added.

J. Front Retailing also has initiatives to help make the economy circular. Under the belief that "fashion is not disposable," it launched AnotherAddress, a subscription-style fashion rental service, in March 2021. The service allows subscribers to rent three items of clothing per month, selecting from among 100-odd brands, for a monthly fee of ¥11,880 (\$87). Featuring high-quality brands typical of department stores, the service commands strong popularity.

Investment in human resources is another area Yoshimoto places priority on. AnotherAddress, an unusual service for a department store operator in that it rents products rather than selling them, grew out of a proposal by a young employee. "We invest in efforts to give opportunities for young people to test their potential," Yoshimoto said. "We'll also help experienced workers acquire new skills amid a shift in work styles" caused by business conversion and digitalization.

Yoshimoto also regards as important missions the efforts to promote diversity and inclusion and create a work environment in which employees can feel secure even when their lives change due to childbirth and child care. The company supports the career formation of women, who represent over half of all employees, and aims to increase the percentage of female managers to 50% by 2030, reduce employee resignations due to child care or nursing care for family members to zero and increase the acquisition rate of child care leave to 100%, regardless of sex. The group is working to diversify its operations and increase mid-career hires, plus outside hiring to acquire expertise it does not possess.



The Parco and Daimaru stores in Shinsaibashi use 100% renewable energy.
J. FRONT RETAILING

The group revenue dropped ¥370 billion in the first year of the pandemic. This gave Yoshimoto the opportunity to ask fundamental questions about the reason for the group's existence and what it means to be needed in society. He said he thought about the "importance of bonding" with customers, employees, business partners and society, and realized afresh the importance of sustainability management. Although customer visits to the group's stores have been rebounding, consumer values and behavior have changed. Yet Yoshimoto strongly believes the group can take advantage of the relationship of trust with consumers and the sales know-how it has established through its physical stores to diversify sales channels and improve customer experience using digital technology.

Sustainability management does not work if it lacks either social value or economic value. The era of living with the new coronavirus has arrived, and J. Front Retailing's endeavors for new reforms have just begun.

J. FRONT RETAILING

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



Yoshimoto was appointed as president of Daimaru Matsuzakaya Department Stores Co. in 2015 before taking up his current position in 2020.

HIROMICHI MATONO

Looking for a few good women, now more than ever

ESG/SDGs

MAIKO MURAOKA
CONTRIBUTING WRITER

The Champion of Change Japan Award was established in 2017 by Atsuko Toko Fish, a Japanese philanthropist living in Boston, to recognize women leaders in Japan who engage in activities that address pressing social needs.

"There are so many women in Japan with a noble aim to bring about direct positive impact to society, but many remain unrecognized. I want to empower them by putting them on the center stage," Fish said in a recent interview with The Japan Times.

After working for many years as a U.S.-Japan cross-cultural consultant committed to building better and stronger relationships between the two countries, she was asked by one of her friends, who was running a Boston-based nonprofit dedicated to promoting public health in developing countries, to help with the work.

She was both shocked and impressed when a former pediatric cardiac surgeon at a Boston hospital said that the reason why he chose to work in Africa for the organization was because he could save a hundred lives a day, while he might only save a dozen in Boston. "What I learned there was the attitude of doing the maximum I could do to make changes. And at the same time, I learned the importance of supporting others to be self-sustaining by putting ourselves in their shoes rather than simply offering a helping hand," Fish said.

In 2000, she had a chance to visit Japan with the president of the organization,



Fish talked about the importance of recognizing women bringing positive impacts to society
MEGUMI MATSUDA

who had been invited to give a speech about the health and independence of Asian women. Among the hundreds of participants, one Japanese woman raised her hand in a Q&A session and said: "Japan is peaceful, rich, and clean. The level of education is high. But the status of women remains low. Why is that?" That was when Fish realized something must be wrong. "I had not lived in Japan for about two decades, but Japanese society did not seem to have changed much. I thought that something must be done," she said.

After she returned to Boston, she launched the Japanese Women's Leadership Initiative (JWLI) to provide leadership training to women in Japan to help them make positive changes in society. About 10 years after the JWLI was established, the Champion of Change Japan Award was founded to recognize and empower women leaders in Japan.

This year's CCJA will be the sixth since its launch, and Fish said social needs are growing in many aspects. "People used to say that Japanese society is made up of the middle class. But now it seems that many have dropped out of the middle class, and the income disparity is widening," she said. She also said society is not recognizing and appreciating the women who are helping others, even though that is what is most needed now. This is a setback for society as a whole in an era when diversity is viewed as one of the most important factors for growth.

Fish said the key to changing this situation is to recover the ability to learn. "During the postwar period, Japanese people were keen to learn from outside. But once they were happy about the outcome, they lost the power to learn," she said. "It is because they know they will feel inferior when they are exposed to differences. But only in differences can we find something new that may change society. That is why diversity is so important. The idea of how to include women in a circle of men is far too outdated. Diversity is about accepting and learning from differences and developing together with various people."

Among the CCJA winners are many women leaders who are committed to making society richer and more comfortable for everyone by promoting diversity. Kumiko Fujiwara, the winner of the grand



Atsuko Toko Fish established The Champion of Change Japan Award in 2017
MEGUMI MATSUDA

prize in 2019, is the president of the DPI Women's Network Japan, which addresses multiple forms of discrimination.

She herself is a victim of such discrimination, as a woman who is visually impaired, and Fish praised her courage and power to take action to not let anyone suffer from what she has experienced. Similarly Yukako Makino, the grand prize winner in 2021, runs a company called Defsapo, which provides counseling for parents of children with hearing impairments and seminars for schools and companies to enhance understanding and promote diversity.

Through this year's CCJA, Fish is looking forward to getting to know more women who are contributing to society. "We are eager to encourage and support regional leaders who can act for the benefit of society in this challenging period when we are faced with various kinds of crises," she said. The CCJA is calling for nominations for this year's awards until July 31.

For more information on this year's nominations and to register, please visit <https://jwliccja.org/>

The Sustainable Japan section highlights issues related to the environment and a sustainable society. For more information please visit <https://sustainable.japantimes.com>.



Villa Aida Pushing boundaries with cuisine rooted in place



TAEKO TERAO
SUSTAINABLE JAPAN MAGAZINE WRITER

Located in Wakayama Prefecture, Villa Aida isn't surrounded by great scenic beauty or near any famous sites. Instead, it is tucked among clothing shops and restaurants on the main drag of a residential neighborhood. Since there are no luxury hotels nearby, most diners finish their meal and head straight back to the airport or train station. But if they arrive an hour or so early, they can tour the gardens where chef and owner Kanji Kobayashi lovingly grows vegetables for the restaurant. The greenhouse is crowded with colorful edible flowers and herbs like thyme and rosemary. Here is where the meal begins.

Filled with anticipation, guests step inside the restaurant, a house decorated in the style of an Italian villa. In a setting that is neither rural nor urban, the restaurant is a world apart.

There is only one table, for six. On chef Kobayashi's ideal day, a pair of diners from the city will join a pair from the local area and a pair of farmers or artisans around the table, engaging in a conversation that leaves all of them inspired by the time they leave.

In the early years of his restaurant, Kobayashi used ingredients imported



from Italy and served dishes patterned after the cuisine at the starred restaurants in Italy where he had trained, but soon realized he couldn't keep going that way and started to grow his own produce and use products from Wakayama. After turning his attention to local ingredients, he realized that vegetables and herbs have

YOSHINOBU NISAKA
GOVERNOR OF WAKAYAMA PREFECTURE



We are delighted that Villa Aida in Wakayama Prefecture was chosen as the Destination Restaurant of the Year 2022 by the internationally renowned Japan Times.

Villa Aida is a restaurant that serves wonderful dishes with a focus on vegetables grown in their own garden. Similarly, there are other wonderful restaurants in the prefecture that use ingredients from the abundant nature of Wakayama in their cuisine.

We hope that this award will be an amazing opportunity for people from Japan and overseas to discover and visit Wakayama.



Address
Villa Aida
71-5 Kawajiri, Iwade-shi, Wakayama
<http://villa-aida.jp/eng-ish.html>

different aromas and flavors at every stage and incorporated this into his dishes. Now the only option for either lunch or dinner is a set *omakase* menu that includes eight or nine plates, two desserts and a sweet served with tea. While Kobayashi's process is simple, the rich flavors of his cuisine can truly be called nature's bounty.

MASAYUKI NAKASHIBA
MAYOR OF IWADE



We would like to sincerely congratulate Villa Aida and chef Kobayashi for receiving the grand prize.

Making the best of the natural features of the city of Iwade, Villa Aida's cuisine offers an original combination of fresh vegetables grown on their own farm and local ingredients, a combination that can only be experienced there and that enriches both mind and body.

In the future, we hope that chef Kobayashi's view of cooking will spread not only in Japan but throughout the whole world, and hope for his continued success in revitalizing the Wakayama region.

Destination Restaurants 2022 AUTHENTIC JAPAN SELECTION

