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Decarbonizing built environments: Who’s taking action?

Roundtable

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People once struggled through forests to reach home. Today, one may look desperately to find a line of trees among urban buildings, and even these “natural” features are often too artificial, their square boundaries like prison bars. Cities suffer from tree deficiency. Who is treating the malady?

Stuart Kay, the co-founder and managing director of GreenPlace Assets, joined Ross Rowbury at The Japan Times Sustainability Roundtable for its 22nd iteration to tell how his company is medicating cities and contributing to a greener world. GreenPlace Assets aims to decarbonize the built environment through its digital and advisory work by assessing infrastructure and real estate assets (like the mechanical, electrical and plumbing networks of a building), then improving their operations and efficiency.

Elite school of hard knocks

Fate pulled Kay into Japan in 2001 and then gave him something very familiar to most of us: a few massive and well-targeted punches as he began running large projects and learning at the school of hard knocks. In overcoming various obstacles, he attained diverse skills and became able to deal with worthy problems, which perhaps nature thanks him for today.

A few years later, he got intrigued by the concept of green buildings and began dipping his toes into various ways of implementing

energy-efficient processes in Asia, particularly in Japan. “There is nothing wrong with being an absolute niche specialist. However, it is not my nature. I want to understand everything that feeds in,” Kay said. His own broad knowledge and that of his partners, whom he had met along the way, indeed rendered a more graspable vision. “You’ve got to understand everything from the financial, technological and digital parts that we’re building our world into, right through to the detailed technical engineering and everything in between,” Kay clarified.

Kay got excited about green buildings not by design but by opportunity and the clear urgency of the matter. He marveled at the astonishing global reality that over 30% of emissions come from buildings. “Only a few buildings align with Paris climate targets, but the bulk isn’t, particularly in developing nations. Unfortunately, we need to deal with the massive stock already out there, along with the next coming flood that will only add to that,” Kay said.

Rowbury wondered if Kay, who has an educational background in landscape design, would have embarked on this trajectory had he not come to Japan. “Oh, the parallel universe,” Kay jokingly said. He noted the impossibility of anticipating how far from this trajectory he could have strayed — probably not far, “but one never knows.”

‘No room for trees’

From the captivating midair perspective to which birds and airplanes have access, the truth about large cities is revealed. A view from a height shows few green patches



Stuart Kay, Greenplace Assets co-founder and managing director YUICO TAIYA FOR PHOTOMATE

amid the gray rectangular blotches. Kay stressed that aside from Kyoto and scattered pockets of landscape here and there, green spaces in Japanese cities are absent. “A lot of Japanese people love to go to the mountains,” he said, “but for some reason, Japan doesn’t invite mountains into the city.”

There is a popular idea that sneaks into the ears of those who get familiar enough with Japan: Land is so scarce that every inch must be utilized for housing. There just isn’t enough room for trees. Rowbury asked if the lack of eco-friendly initiatives is the result of a gap in the educational system. Should

schools teach kids that having more trees contributes to resolving problems with landslides, heat and floods?

Kay said he has no fear that Japan will be unable to follow the feasible templates available and implement them well. “The good thing is that models and templates are becoming more available,” he said, “and if there’s one thing that Japan can do very well, it’s fulfilling a well-made plan from A to Z.”

Green: for money or trees?

The heated debate around balance-sheet-obsessed actions versus motivations to do

the right thing was brought up. Rowbury said that measuring and translating impacts into financial amounts is imperative for facilitating decisions and their execution. One can talk about the right thing to do and the purpose behind it, but to get real action, one needs to be able to show it is investable. Kay brought up his Australian hometown, Brisbane, and observed that when driving through its suburbs, one almost plays “spot the house in the trees” — a good sign of homes wedged within overflowing green spaces, rather than the other way around.

Rowbury recalled a recent interview with Azby Brown, who spoke of the sustainable practices of Japan’s Edo Period. People back then managed their environment more responsibly, even with limited resources. “They would raise rice in the paddies and mix rice straw with clay to build their houses. Also, Tokyo was full of canals, which have been lost.” It almost seems that our century’s attempts to develop a circular economy were already practiced in bygone days. It proves that in some ways, humanity can draw lessons from its past rather than strive to evolve away from it entirely. Rowbury further observed that what is needed is to go back to the manufacturing process: sourcing materials, measuring the carbon being used and factoring in disposal methods.

Encouraged by a few new initiatives on development, Kay is hopeful that the world is becoming more mindful of emissions from buildings. “There are many dedicated people worldwide trying to piece the jigsaw together. However, despite all the talk, there isn’t enough action,” Kay said. “More sustainable initiatives could save cities millions while reducing carbon emissions. Specific considerations like the fate of demolished buildings and whether they are being recycled should be weighed as well.” He highlighted that although Japan has a fantastic card up its sleeve — the technology for constructing decent buildings — its overly static management of facilities needs to change in order to advance.



Kay has two decades of experience in business leadership on real estate assets. YUICO TAIYA

Accelerating incentives

By and large, what limits people from taking action on the environment is, unsurprisingly, income. Most people’s salaries may not seem to allow them the luxury of caring about the environment. If only sustainability was Instagrammable like Gucci bags.

But that is where governments come into play: enforcing regulations against the public’s self-serving needs for the sake of the higher good. “If everybody contributed some value of X, then the whole environment may eventually benefit from an overall X factor,” Kay said. He enthusiastically underscored that the lag in action isn’t due to a lack of money. On the contrary, more than sufficient capital is lined up to be deployed in the ecological space. Nevertheless, governments should be more proactive in scaling up the process and consider further incentives for companies to invest in sustainable technologies. “Sustainable services would be facilitated in the market if capital couples with governmental legislations and incentives,” Kay said. He accentuated that governments are in danger of falling behind the private sector after 2030.

Action needs to start now.

GreenPlace

Roundtable is a monthly series of English-language events organized by The Japan Times Cube. For more information visit <https://sustainable.japantimes.com/roundtable>



Suntory preserves ‘lifeline’ of groundwater and forests

ESG/SDGs

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Giving back to society is what Suntory Holdings, a global leader in the beverage industry, has been committed to in many ways since its founding in 1899. One of them is its environmental efforts. Long before sustainability became a general concern of the overall international community, Suntory engaged in various activities to preserve nature in line with its corporate mission statement. “To create harmony with people and nature.”

Among many aspects of nature, the company owes and returns much to water. Water also comes first on the list of the company’s seven sustainability themes that it considers crucial to the survival of its business: water, CO₂, raw ingredients, containers and packaging, health, human rights and enriching lives. “Good-quality groundwater is our lifeline, which is why we have been making efforts to preserve forests with the aim to achieve net positive in water,” said Suntory Holdings Chief Sustainability Officer Makiko Ono in a recent online interview with The Japan Times.

What she meant by “preserve forests” is to maintain them in a healthy state through a certain amount of human intervention. She explained that forests that are too dense allow little sunlight to reach the ground, which makes it hard for smaller plants to grow and animals and microorganisms to live there, leaving the soil thin and hard. Such soil is incapable of absorbing rainwater and increases the risk of landslides.



A worker performs a regular water quality check at Suntory’s Okudaisen Natural Water Sanctuary. SUNTORY HOLDINGS

Suntory’s Natural Water Sanctuary Initiative, which started in 2003, aims to maintain forests rich enough to accommodate diverse ecosystems and serve as reliable water sources in Japan. As of April, there are 21 Suntory Natural Water Sanctuaries nationwide, totaling an area of approximately 12,000 hectares.

With support from over 40 researchers and experts in various fields, the initiative adopts scientific, fieldwork-based approaches. In addition to conducting land surveys and field research on animals and insects as well as soil and plants, “We use measurement systems consisting of technologies such as aerial laser surveys to gain a cross-sectional view of the entire forest,” Ono said, emphasizing that it is important to design a maintenance plan envisioning what the forests will be like in 100 years’ time.

Based on the research, the company carries out the kind of forest maintenance work needed for each location, such as thinning, pruning, planting seedlings and taking measures against animal damage. “Trees of the same species found in two different locations may have different DNAs. Therefore, we make sure that we check and plant trees of the local DNAs,” she said.

Whether raptorial birds live in a forest or not is a key barometer of its condition. If these carnivores at the top of the ecological pyramid exist in the forest, that means that the rest of the biomass is also intact. This is why Suntory has also been involved in bird conservation activities since 1973. “Birds like hawks and eagles make their nests high up in trees. Without adequate forest maintenance, trees that surround the birds’ nests grow too high and dense, blocking their entries to the nests and forcing them to give up the nests eventually,” Ono said.

Suntory’s efforts to preserve forests and biodiversity do not only ensure the supply of water for the company’s business but also contribute to achieving the global “30 by 30” target to conserve or protect 30% of both land and sea areas by 2030. In April, Suntory joined the 30 by 30 Alliance for Biodiversity, a public-private coalition established by the Japanese government in line with the global target.

To achieve this target, a key role will be played by what is known as “other effec-



One of the 21 Suntory Natural Water Sanctuaries located in Japan SUNTORY HOLDINGS

tive area-based conservation measures” (OECM), defined by the U.N. Convention on Biological Diversity as “A geographically defined area other than a Protected Area, which is governed and managed in ways that achieve positive and sustained long-term outcomes for the in situ conservation of biodiversity with associated ecosystem functions and services and where applicable, cultural, spiritual, socio-economic, and other locally relevant values.” Suntory aims to get one of its Natural Water Sanctuaries registered as an OECM this year, and hopefully others in the following years.

Suntory’s environmental efforts extend to areas far from Japan. It launched the Peatland Water Sanctuary initiative jointly with Beam Suntory in Scotland in October 2021. Ono explained that peatland plays an important role in retaining water and maintaining its quality, conserving biodiversity and storing carbon. But that is not the only reason why the company is trying to restore and preserve peatland in a country so far away. Peat is indispensable in making Scotch whisky, known for its smoky flavor. Suntory learned how to make its first whisky from Scotland more than a century ago. “We want to contribute to making this Scottish culture sustainable. You could say that it is our way of returning the favor,” Ono said.

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SUNTORY



Unraveling Japanese companies

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Sumitomo Corp., one of Japan’s top five general trading houses, seeks to take advantage of a wide range of expertise and business know-how gained over its long corporate history and create new business models to further develop competitiveness in the rapidly changing business world.

“What we aim to do is to become a company that can reinvent society as a disruptive innovator by creating new business models,” said Masaki Nakajima, general manager for the media and digital business unit. “We have transformed ourselves, responding to the changes in the business world. If we stop changing, we stop growing.”

Sumitomo Group originated as a metal mining company founded in 1590. Throughout its 430 years of history, Sumitomo has maintained the business spirit created by its founders. As global society increasingly focuses on the importance of sustainability, the trading firm places more emphasis on the group’s credos.

One of the credos states, “Benefit for self and others, private and public interests are one and the same.” This means that Sumitomo’s business activities should benefit not only Sumitomo but also society as a whole in order to achieve sustainable growth.

The credo affects Sumitomo’s business strategy. When company executives decide which projects to invest in, they first discuss if the business contributes to society. They do so because if it doesn’t, it will not

be sustainable, Nakajima said. Sumitomo’s corporate vision also has roots in the group’s credo, he said. The vision says, “We aim to be a global organization that constantly stays a step ahead in

dealing with change, creates new value and contributes broadly to society.”

In 2017, Sumitomo identified six material issues to address: “achieving harmony with the global environment,” “establishing a foundation for comfortable and enriching lifestyles,” “contributing to the development of local communities and industries,” “providing diverse ‘accessibility,’” “developing human resources and promoting diversity” and “enhancing governance.”

To accelerate addressing the first material issue, the environment, the company in 2021 set up the Energy Innovation Initiative, a decision-making body in the field of carbon-free energy development, new energy utilization and CO₂ absorption or usage.

As trading firms shift more of their business resources to diverse investment businesses from traditional export and import businesses, portfolio management becomes more important. In this situation, an important criterion for Sumitomo is whether a business has an environmental value. “Since how to respond to global warming is being highlighted in the world, we’re focusing more on business where environmental value can transform into economic value,

including business involving carbon credits and carbon pricing,” Nakajima said.

As to the last material issue, “enhancing governance,” Sumitomo is aware of the importance of stepping up diversity in human resources in terms



Masaki Nakajima, general manager for media and digital business THE JAPAN TIMES

of nationalities, genders and generations to be responsive to changing business trends, as Japan’s conventional seniority system persists at Sumitomo, as at many other Japanese companies.

In the fast-changing business world, Sumitomo expects the quantum transformation — the next social and business paradigm shift, beyond the digital transformation — to have big potential in the future.

Last year, Sumitomo launched quantum transformation projects, investing in an Israeli startup through one of its corporate venture capital arms, IN Venture, and tying up with Tohoku University for research in this area. Earlier this year, another venture capital arm invested in Nord Quantique, which is developing technology to correct errors in quantum computing.

“The future is so unpredictable in the rapidly changing society that we can’t see what the business world would be like in several years, or even one year. We wouldn’t be able to survive and succeed if we stayed a company with only one way of thinking,” Nakajima said.

Sumitomo Corporation

of postwar Japan,” and that is very understandable. To respond to social changes, it is not sustainable to have a one-things-at-a-time way of thinking and culture. That is why Sumitomo Corp. has encouraged diverse perspectives in important parts of its corporate culture. In particular, it is valuable that the company develops diverse human resources and has a strong belief that “the diversity of company members is a source of organizational resilience.” As societal changes in the future will be more unpredictable than

ever before, Sumitomo Corp. will run its business with the motto “creating the future with diverse human resources and technology,” have business dealings in the field of quantum transformation and be a front-runner in the society created over the next 10 to 20 years.

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