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# sustainable japan

## Sustainable Lab harnesses the power of data science

### Roundtable

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Yuki Kishi, the chief financial officer of Sustainable Lab, a financial technology startup that gathers companies' ESG data and provides it to investors and banks, was the guest at The Japan Times Sustainable Roundtable No. 27, hosted by Ross Rowbury, on Jan. 13.

The company wants to become a recognized platform in the quest for worldwide sustainability and contribute in a meaningful way to sustainability-based decision-making. In the coming years, they hope to expand their business operations outside their base of Japan to include Singapore, Europe and the United States. Kishi and Rowbury discussed a range of topics including diversity, Sustainable Lab's initiatives and issues facing the sustainability transition today.

### The power of diversity

ESG is a broad category covering diverse environmental, social and governance issues. The social part is what intrigued Kishi the most in joining the company.

Born in Osaka, he moved to multicultural London at the age of 12 and attended an international school surrounded by people of different nationalities. Entering the workforce with a background in finance, he spent eight years at Deutsche Bank and continued to be exposed to people from around the world. He learned that "diversity is what creates innovation," and passionately believes that workplaces that embrace diversity — like Sustainable Lab — are the places where

successful ideas are born.

### Data enabling sustainability

"The relationship between people who need the funding to carry on the transition and the people who are supplying that money is a critical one," Rowbury commented. But to make decisions on financing, having transparent data is key. Sustainable Lab wants to create a world in which every investment decision is based on data sets like the ones it procures, and thereby help lead the charge toward global sustainability.

Currently, it offers two services. The first is a "next-gen Bloomberg", called Terrast (from "terasu" to illuminate) which focuses on companies' ESG metrics. Many companies already produce annual sustainability reports that include data such as carbon dioxide emissions or board diversity. Sustainability Lab analyzes the data in these reports and organizes it visually for its customers, investors and even academics.

Another service, called Terrast for Enterprise, is a tool for enterprises to self-assess their strategies related to ESG and the U.N.'s SDGs. Though companies are increasingly focusing on ESG, in-house working groups often are at a loss as to just what they should be doing. Even if they have a strategy, they may not be able to tell if it is effective or not. Data is crucial for a coherent ESG corporate strategy. "Companies need to be able to see where they are and how they stack up against industry peers. We are helping them by providing an ESG toolkit that equips them with visualized data," he said.

There are companies today that try to "go green" without even knowing what their



Yuki Kishi, Chief Financial Officer at Sustainable Lab YUICHO TAIYA FOR PHOTOMATE

overall purpose is, which areas they actually need to improve in, or what the most financially appropriate strategies are. Terrast can help companies target the metrics that are most financially sound. Naturally, financial stability is important to any business, so Terrast attempts to highlight which ESG metrics are helping to improve their financial condition. In this way, businesses can become sustainable without endangering profitability.

While Kishi noted that his company's expertise is not in the specifics of solving ESG issues, the services it provides reveal the ESG issues that companies are facing. The data forms the basis for actionable insights, and is thereby the starting point for the conversation on sustainability. "We are a company

that functions like an annual health check. We meet with a company from year to year to let them know how they are doing and what they could be doing better," he explained. Ultimately, what corporations want to know is what actions they should take based on the numbers, and this requires interpretation and analysis.

### Overcoming hurdles

Rowbury illustrated what has become something of an ESG dilemma: the ever-evolving narrative. "Seven years ago, the narrative in Japan was about gender diversity. Later, the emphasis was more on LGBTQ issues, and now it is more about 'inclusion' and 'equity,'" Kishi agreed that the changing focus is

problematic, and added that "now environmental issues have taken precedence over social ones." The difficulty for companies faced with making long-term investments related to ESG issues lies in the time horizons involved. Companies that invest a large sum into a multiyear plan to improve one aspect of ESG may find that the impact of their investment is greatly reduced due to the public focus having shifted to something different in the interim.

To help companies navigate this dynamic landscape, data once again provides an answer. Sustainable Lab currently maintains the largest set of corporate ESG data in Japan, with nearly 4,000 public and nonpublic companies from around the world in its database. This allows it to notice shifting trends and spot correlations between specific ESG metrics and financial stability. In other words, its data can shed light on which metrics tend to have a positive long-term impact and are worth the capital risk.

While data is the prerequisite for Sustainable Lab's business model, acquiring it isn't always simple. Depending on the company and how much information is publicly available online, it can be difficult to get comprehensive data. To fill in the holes, Sustainable Lab goes beyond digital data mining and reaches out directly to companies to request more information, which is then added to the database. Not all companies are forthcoming, however, due to their corporate culture, the jurisdiction they are based in, or simply not wanting to report information that might cast a shadow over their business.

Another pain point is in making comparisons between companies. Not all companies report the same information or use the same metrics. "Fortunately, we have an enormous amount of data," Kishi said. That alone can help with identifying patterns and shifting trends, plus highlighting businesses that are performing vastly better than others, or perhaps are "too good to be true" through using overly generous reporting methodologies.

Greenwashing — issuing false or exagger-



YUICHO TAIYA

ated claims about a company's ESG status or the sustainability of its products — is an issue that could be particularly pernicious for a business that relies on data transparency, like Sustainable Lab. However, Kishi explained that greenwashing is more of a problem between companies and consumers, and less so in business-to-business dealings and investor relations — situations in which the fine print is read carefully.

Of course, Sustainable Lab wants consumers to be more conscious of their role in sustainability too. To this end, it is now collaborating on a project with a Japanese e-commerce company to create a new search category for online shopping. "People usually search for products online based on reviews and price, but what we want to do is create another metric: a 'sustainability score' for products," Kishi said. Consumers would be able to use this to make more informed purchase decisions by ranking search results based on sustainability. With eco-conscious consumers on the rise, moves like this should benefit companies with an eye toward sustainability initiatives, making the services Sustainable Lab provides all the more important.

**SusLab**

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

## Yoichi Sagra Italian restaurant in Hokkaido wine capital Yoichi



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Yoichi, home to this issue's featured restaurant, is a small town of 18,000 in northwestern Hokkaido, past Otaru from Sapporo. The drive from New Chitose Airport takes an hour and a half, or two hours with snow on the ground. The town's name has roots in the language of Hokkaido's Indigenous Ainu people, and according to various theories may mean either "place with a hot spring" after the springs in the upper reaches of the Yoichi River, or "place with snakes." From the middle of the Edo Period through the 1950s, the port town had a thriving herring fishery, but today the boats bring in mainly shrimp, squid and flounder. The town is known for its apples, cherries, pears and other fruits, and for being one of Japan's few centers of production for Western-style alcohol; its first whisky distillery was established in the 1930s and its first winery in the 1970s. Today Yoichi boasts the highest wine production in all of Hokkaido.

Yoichi Sagra is an Italian-style inn with three guestrooms, costing ¥38,500 (\$290) for one night and two meals. Chef-owner Hiroto Murai shapes his cuisine around wines from Yoichi and other parts of Hokkaido. The prix fixe dinner (¥15,000) includes about 10



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987-2 Nobori-cho,  
Yoichi-cho, Yoichi-gun,  
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<https://sagra.jp>

(Alpine leeks) or watching salmon swim upriver; I hope to share more widely what makes this place wonderful," Murai said.

He also plans to begin making take-home sweets using surplus fruit that local farmers currently struggle to sell. It seems there is still much he can contribute as a chef rooted in this community.

**KEISUKE SAITO**  
MAYOR OF YOICHI

We are very honored that Yoichi's restaurant Yoichi Sagra was selected to be part of The Japan Times' Destination Restaurants 2022.

The town of Yoichi is located in Hokkaido, with good access to the Sapporo and Niseko areas, and boasts abundant food resources thanks to Mother Nature's blessings in the mountains, sea and rivers.

We hope you will enjoy chef Murai's cuisine, which makes the most of Yoichi's rich ingredients, paired with world-class local wines.

## Aomori's Mutsu finds partners for the future through Singapore

### ESG/SDGs

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The city of Mutsu in Aomori Prefecture is one of the most ambitious and open rural municipalities in Japan. It not only works to revitalize its area in sustainable ways using existing geographic, natural, historic and cultural resources but also collaborates with international players to promote the city's charms globally.

"Many of the rural municipalities in Japan are facing such problems as depopulation and aging. I believe that solutions to such problems can be found not only in the connections within communities in Japan but also in building networks with foreign countries that are still expanding," said Mutsu Mayor Soichiro Miyashita in response to questions from The Japan Times.

One of the countries that the city has been building close relationships with is Singapore. In 2018, Mutsu and two other municipalities in the prefecture, along with local banks and companies, held the event "Umai! Aomori Food Fair 2018" in Singapore to promote and expand sales channels for Aomori products. To Japan, Singapore is an important gateway to the growing Southeast Asian market.

In 2019, while in Singapore for the second food fair, Miyashita and several other city leaders visited the National University of Singapore, where they met Centre for Language Studies Director Izumi Walker. NUS, established in 1905, is ranked first in Asia and 11th globally in the Quacquarelli Symonds World University Rankings 2023, and the center offers 13 language courses, including Japanese. In the meeting, Walker shared her

wish to give the center's students learning Japanese more opportunities to visit Japan and experience life there. Miyashita also saw a new opportunity for Mutsu in realizing her wish. "Deepening a direct relationship with the NUS would allow Mutsu and other municipalities in the prefecture to learn from the growth and dynamism of Singapore and neighboring Southeast Asian countries, which would contribute to nurturing the growth of the local earning power," Miyashita said.

Although the programs that came to be planned for NUS students to visit Mutsu and several other neighboring municipalities in 2020 had to be canceled because of the COVID-19 pandemic, the first subsequent annual event, Aomori Global Advance Project 2021, was held online, offering a virtual exchange program for students at NUS and Japanese universities, test-marketing local products, conducting online tours and promoting Mutsu on Instagram.

In 2022, Miyashita and a group of university students from the prefecture visited Singapore from Sept. 17 to 20 to sign a comprehensive partnership agreement with the Centre for Language Studies for further collaboration and to engage in various activities such as test-marketing and promoting Aomori products at Iroha Mart, a Japanese supermarket in Singapore, and interacting with NUS students as part of the Aomori Global Advance Project 2022.

The Aomori Global Advance Project 2023 will take local and NUS students deeper into collaboration. From May 10 to 30, about a dozen students from NUS will stay in Aomori to enrich their understanding of the regional culture and value through various hands-on activities and exchanges with local students. The participating students from both countries will also visit local producers to think about how to enhance local industries by improving local products' competitiveness and visibility. The activities will include experiences such as feeding and harvesting salmon and milking cows, as well as developing a strategy to promote food products made from local ingredients.



**Commemorative photo on the campus of NUS MUTSU CITY**

The NUS students who participated in the project can also participate in a longer-term internship program starting in June at Fifty One Media Pte. Ltd., a media firm in Singapore that connects Japan and Singapore. Fifty One Media, led by Aomori native Managing Director Kosuke Iida, has been supporting the projects between Aomori and Singapore since 2018.

In October, an event will be held in Singapore to report on the achievements of the trip to Aomori and to promote Aomori products based on the strategies discussed by students during the trip.

Miyashita believes these efforts will help promote Mutsu and Aomori in Singapore and the rest of Southeast Asia, which will lead to reevaluation of his area. "This will ultimately contribute to enhancing civic pride," he said. He also said it is good for NUS students to gain a deep understanding of Mutsu's values. "These students are expected to lead the Southeast Asian business sector in the future. I hope that they will become our powerful partners. It is exciting to imagine how Mutsu and Aomori will be recognized in Southeast Asia in several years' time," Miyashita said, expressing a renewed determination to give the fruits of these efforts back to the citizens and make the Aomori Global Advance Project a model for tackling regional challenges.

*Mutsu is a member of the Sustainable Japan Network, a group of entities that cooperate with this newspaper in spreading information about sustainability in Japan. You can also be part of the network; scan the QR code for more details.*

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