

sustainable japan

ESG promotional content produced by The Japan Times Cube

Natural gas plays an integral role in the energy transition of Malaysia

Petronas' Japan chief Ezhar tells of net-zero path

Name: Ezhar Yazid Jaafar
Title: Petronas Chief Representative (Japan)
URL: www.petronas.com
Hometown: Kuala Kangsar, Perak, Malaysia
Years in Japan: 3

Leaders & Readers

KERRY FURUKAWA
 CONTRIBUTING WRITER

When Ezhar Yazid retires in two years, the chief representative of the Japan office of Petronas (Petroleum Nasional Berhad) wants to return to the banks of the river in the northern Malaysian state of Perak where he spent many days as a boy. Back then, he would splash around in its crystal-clear waters, his exhilarated shrieks shooting up to the mountains.

In Ezhar's current role, he is tasked with being the face of Petronas in Japan, managing the company's businesses in the country, ranging from liquefied natural gas



When Ezhar was young he had no TV, but magazines made him dream of traveling to other places in the world. COSUFI

(LNG), crude oil, petrochemicals and lubricants as well as in the clean energy space, such as hydrogen and renewable energy. "Japan is a very important market for Petronas where LNG makes up the largest portion of our business. In 2022, Petronas supplied 12 million metric tons of LNG to Japan, while for crude and petroleum products 1.7 million barrels, petrochemicals 345,000 tons, lubricants 3.5 million liters. "Through Petronas' LNG production facilities, Malaysia is the second-largest LNG exporter into Japan, supplying approximately 17% of Japan's total LNG imports in 2022."

Ezhar has had a 30-year career at Malaysia's state-owned multinational petroleum corporation, first as an engineer, then as an administrator. His work has solidified for him the importance of sustainable development.

"Even before going to school, I remember going swimming in clean, fresh water with a nice sandy beach, and in the river, too. Those are things that the future generation, probably my children, will not have the same experience as I did. The things that we take for granted today, if we don't look after them, one day they will be gone. And then, being an engineer, I remember even my first job to develop something, the environmental impact assessment was a very big thing that we had to do properly."

Ezhar's relationship with Petronas goes back to before he became an employee at the age of 25. In high school, he received a monthly educational grant from the company, and he studied engineering in Australia on a full Petronas scholarship. It is no wonder, then, that his ideals are closely

linked to the company's sustainability goals.

In 2020, Petronas joined several organizations and countries, including Japan, in pledging net-zero carbon emissions by 2050. Toward that goal, the company has established significant energy transition and security agreements with Japan's Ministry of Economy, Trade and Industry and the Japan Bank for International Cooperation.

"Petronas commended the position of the Japanese government on pragmatic and realistic energy transition. That means moving into cleaner energy, but in a realistic way — looking at each country in the world and where they are at, what kind of resources they have, the kind of standard of living that they have, and the economic level. We are very supportive of the Japanese government's active leadership on that."

Last year, the Japanese government set up the Asian Zero Energy Community, which Ezhar hailed as an important step toward energy transition and security, particularly as Japan has few natural resources. The memorandum of agreement signed between Petronas and the Japanese government will see the company and its partners working on clean energy initiatives, with the government's support.

"At the same time, we believe that LNG will continue to remain important in this transition to cleaner energy." Additionally, "we are also undertaking multiple studies with our partners in the space of clean energy such as hydrogen, as well as in carbon capture and storage. Our efforts in the hydrogen space with Eneco had also received partial funding from Japan's Green



COSUFI

Profile: Ezhar's career abroad

Born in 1965 in Malaysia, Ezhar Yazid Jaafar completed his final year of high school and an undergraduate degree in Australia. After working in Australia for two years, he returned to Malaysia in 1990 to join Petronas as a civil engineer.

A decade later, he was named senior executive (civil engineering) of the Marine Services Department. That was followed by a string of leadership positions, including manager of Human Resources Management, senior manager (Indochina), Gas & Power Business Development, and CEO of Petronas LNG Ltd.

He became chief representative of the Japan office in 2020, right around the start of the coronavirus pandemic, and waited two years for his family to join him. He hopes to spend part of his retirement helping to raise his three children.

remember when I grew up, there was no TV in my house, but there were plenty of magazines, things to read. So a lot of my time I spent on reading, and some of what I read were geography books, and that made me think, 'Wow, there's so many places in the world.' I always dreamed that one day maybe I would manage to travel to those parts of the world."

Ezhar speaks fondly of that time in his life when he was either buried in books or exploring the outdoors.

"It wasn't YouTube then, it wasn't TikTok during my days. Of course, I lost some opportunities like the kids today — maybe they are losing something too. But all in all, looking at the difference between my childhood and my kids now, maybe I prefer my path: swimming in the river, a real river, rather than just looking at Tik Tok. Swimming in the river — that was my joy."



Fuji Oil: Co-creating a sustainable future for plant-based food

Mission: Sustainability

OSAMU INOUE
 RENEWS

Last March, Fuji Oil Co. Ltd. received the Minister of Agriculture, Forestry and Fisheries Award, the highest award in the ministry's commendation program for Japanese food manufacturers recognized as excellent in practicing sustainable procurement. Fuji Oil Co. is the largest subsidiary of the Fuji Oil group, whose holding company, Fuji Oil Holdings Inc. (hereinafter "Fuji Oil") has 37 consolidated subsidiaries in 14 countries.

The company has the top share in the Japanese market of hard butters for chocolate, and is in the top three globally. Fuji Oil's industrial chocolate business holds the top share in Japan and Brazil. This dark horse of the food industry now is attracting attention for its sustainability initiatives. CDP selected Fuji Oil for the A List for its outstanding disclosure and performance in all three areas of climate change, water security and deforestation in 2020 and 2021. Furthermore, the company has been continuously included in major indexes for ESG performance, including the MSCI Japan ESG Select Leaders index.

Full palm oil traceability

In addition to vegetable oils, Fuji Oil manufactures and sells a wide range of food ingredients. Their key sources are palm oil — the largest by volume — plus cacao beans and soybeans. Palm oil is used in a wide range of products. About half of the products sold at supermarkets and convenience stores are said to contain palm oil, including chocolates, snacks and instant noodles, as well as detergents and cosmetics. But the problems of deforestation for palm oil plantations and human rights violations, including forced labor and child labor, have caused concern in palm oil-producing countries in Southeast Asia, particularly Indonesia and Malaysia. The biggest trouble with preventing them was that they were not readily visible from downstream in the supply chain.

Fuji Oil therefore formulated a "Responsible Palm Oil Sourcing Policy" in March 2016. It states the company's commitment to "no deforestation, no peatland development and no exploitation" — known as NDPE — and to procuring palm oil in a responsible manner throughout the supply chain.

The scope of responsibility that Fuji Oil assumes is vast, as the 11 Fuji Oil group companies process and refine palm oil, from major suppliers and group subsidiaries, mainly in Malaysia and Indonesia. Fuji Oil has pledged to achieve 100% traceability for all of them by 2030.

Working with local NPOs

"There are a vast number of points to check, and we are Japanese. There are also language barriers and gaps in culture and customs," Fuji Oil's ESG Division Head Yoshiaki Hiramatsu said. "But we wouldn't be qualified to talk about sustainable procurement until we fully confirmed that rules are followed along the upstream of the supply chain." It sounds like an endless endeavor, but Fuji Oil has already achieved full traceability to oil mills in 2019 and aims to achieve full traceability to plantations by 2030.

How does it grasp the situations at so many plantations and oil mills that change daily and on such a vast scale? "Collaboration with local nonprofit organizations" and "use of satellite images," Hiramatsu said.

Fuji Oil works with nonprofit organizations based in Malaysia and Indonesia, enlisting wide-ranging advice and support from them. For example, it has worked with them to design a "labor transformation program" and discussed ways to make the program accepted by people at plants and plantations, train personnel and operate the program with them. Needless to say, Fuji Oil cannot achieve 100% with only the assistance of nonprofits. It has been working to confirm situations by continuously communicating with all suppliers and visiting them. In addition, it uses a grievance mechanism, a rare practice for a Japanese company.

Fuji Oil had received 259 grievances that it confirmed as valid by the end of June 2022, and has since resolved about 80% of them. It updates reports on responses to grievances once every quarter to let its stakeholders know the situation.

Plant-based food

As a major company handling palm oil, Fuji Oil has steadily contributed to achieving sustainability of the environment and human rights. It has set key performance indicators regarding the sustainability of cacao beans and soybeans and strives to achieve full traceability.



A bunch of palm fruit before palm oil is extracted. FUJI OIL.

It is also putting effort into a new sustainability initiative for the future: the development of plant-based food using ingredients like plant proteins to replace animal meat and milk. "It's not our aim to deny animal-based food," Kadota said. "But if we rely on animal-based food alone, we won't be able to prevent environmental destruction, control greenhouse gas emissions and feed the global population, which is expected to continue to grow."

One such product is made from soybean protein that is treated to achieve a meat-like texture. Fuji Oil began working on the development of soy meat as early as the 1960s. It has spent decades on improving the product, working to give it a texture and taste as similar as possible to animal meat. In recent years, soy meat has been accepted in the general market as large restaurant chains and convenience stores have introduced it.

Fuji Oil also developed Mira-Dashi, a soup stock that has a taste as good as animal-based stock using only plant-based ingredients. The product has attracted wide interest after Ippudo, a ramen restaurant chain known for its tonkotsu (pork bone) broth, introduced a vegetable-based tonkotsu-like ramen using Mira-Dashi on the regular menu.

The sustainable sourcing of palm oil and the promotion of plant-based food reflect Fuji Oil's fundamental belief that it should work with as many companies and communities as possible. Sustainability cannot be achieved without co-creation. This belief is set to change the face of the world drastically.

Scan the QR code to read the full article about Fuji Oil's leading commitments and initiatives toward the environment.



COSUFI

Toiletries firm Lion creates health for its customers and the planet

ESG/SGDs

HIROKO NAKATA
 CONTRIBUTING WRITER

Contributing to the public good while maximizing corporate value is not always an easy thing to do for many firms. But what Lion Corp. has been doing may be a good example of achieving the two targets.

Since its foundation in 1891, the multinational toiletries maker, known for its Clinica toothpaste and Top detergent, has promoted the importance of cleaning one's mouth, which affects the health of the whole body. About 80% of Japanese now brush their teeth twice a day, up sharply from the 20% of 50 years ago. Over that time, the proportion of children from ages 10 to 14 who have cavities has declined from 80% to 20%, and the market for toothpaste has quadrupled.

"I don't think there is a trade-off in our business," Lion representative director, Chairman of the board and CEO Masazumi Kikukawa said in an interview with The Japan Times. "Expanding our business and contributing to people's health by supporting their daily habits is completely equal for us. It is not one or the other."

Under its long-term business vision to 2030 announced two years ago, the company aims to increase sales by 1.6 times to ¥600 billion (\$4.3 billion), with a target for core operating income of ¥50 billion. "The targets mean we will widen the range where we practice our corporate purpose. I don't see any contradiction in that," Kikukawa said.

The interview followed Lion's receiving an Excellence Award in the ESG category of the 2022 Sustainable Japan Award, sponsored by The Japan Times.



COSUFI

Lion's philosophy has roots in its founder, Tomijiro Kobayashi. With a mission of benefiting society through business activities, the Christian Kobayashi established T. Kobayashi & Co. in Tokyo's Kanda district to trade in soap and raw materials for matches. It later started selling laundry soap and tooth powder. At the end of the 19th century, life-threatening diseases such as cholera, dysentery and typhoid fever were creating fear and anxiety, and thus good hygiene was essential to everyone.

Lion handed down the founder's philosophy for more than a century and says its motto of "Fulfilling a Spirit of Love" is fundamental to its corporate DNA. It also says its corporate purpose is to "make a difference in everyday lives by redesigning habits."

Improving people's health by supporting good habits has always been Lion's aim. Since 1922, Lion has conducted educational projects, visiting elementary schools and teaching students how to brush their teeth and how to make it a habit. Today, these activities are conducted not only in Japan but also in other parts of Asia where Lion does business.

Meanwhile, it allies with *kodomo shokudo*, makeshift eateries for disadvantaged kids that aim to address the growth of poverty in Japan, and through games and dances helps such kids understand the importance of cleaning their teeth.

Lion is also well aware of climate change and other environmental issues. In particular, carbon dioxide emissions related to daily toiletry products have not changed in years, said Kikukawa. In 2019, Lion released a set of long-term environment targets, the "LION Eco Challenge 2050," in which it pledged to become carbon negative, reduce water usage, minimize the amount of plastic used, and optimize the use of recycled plastic.



Lion, representative director, Chairman of the board and CEO Masazumi Kikukawa. COSUFI

The toiletries maker focuses on the recycling of liquid detergent and other packages and toothbrushes by collaborating with other makers and local governments. For example, Lion announced on May 16 that it will jointly collect used packages together with Kao Corp. and recycle them into new ones. Both companies have reduced the amount of plastic in packaging since the 1990s by developing highly concentrated detergents and making packages more compact. They also promote the use of refills. But the recycling of packaging film has long been a problem because it has multiple components.

Lion also collaborates with municipalities such as the Tokyo wards of Sumida, Itabashi and Taito to collect used toothbrushes to recycle them into plastic rulers and pots.

Kikukawa said constructing a good recycling system for plastic packaging and containers is tough because it involves multiple processes — collecting, rinsing, sorting, creating something else — whose parts have yet to be established. "But," he added, "one thing I can say for sure is that we cannot avoid this issue to make our society sustainable as long as we produce plastic packaging and throw it away."

The Sustainable Japan Award commends individuals, companies and organizations who have made advances in sustainable efforts. To learn more, scan visit <https://sustainable-japan-times.com/sjaward2022>

