

sustainable japan

ESG promotional content produced by The Japan Times Cube

Daiwa Securities reforms the workplace and beyond

Unraveling Japanese companies

HIROKO NAKATA
CONTRIBUTING WRITER

More than a decade ago, Daiwa Securities Group Inc. banned unlimited overtime work, a traditional workstyle that had prevailed in many Japanese workplaces, especially in the brokerage industry, for many years. The company made this decision before corporate sustainability gained the spotlight and before the government started to take steps toward better work-life balance in 2019.

"Daiwa started to ban working after 7 p.m. This was when people didn't even know about work-life balance," Deputy President Keiko Tashiro said in a recent interview. "But actually, it was not only for labor reform but also for equal footing among male and female workers."

The decision shows that the company, with a 121-year history, was one step ahead of the rest of the industry in terms of human capital investment.

Japan has become notorious for long hours of overtime that often led to *karoshi* — death from overwork. The securities industry is symbolic for heavy workloads, especially on salespeople. Moreover, the country has lagged behind other developed countries in terms of gender equality. According to the World Economic Forum's Gender Gap Report 2023, released on June 21, Japan ranked 125th among 146 countries, a record low.

tries, a record low.

In 2007, Daiwa Securities started to tell its workers not to work after 7 p.m. Otherwise, Tashiro explained, men would put in as much overtime as they could in order to move up the corporate ladder, while women, who are conventionally also required to do household chores and care for children and aging parents, had to leave earlier and suffered lower reputations at work.

The reforms were led by former President Shigeharu Suzuki. In 2005, he launched a team to promote women's empowerment, followed by the setting up of a new section to promote work-life balance. In 2009, four female executives, including Tashiro, were appointed to the board for the first time in the group's history. Women accounted for five of the 14 board members as of 2023, or 35.7%, more than double the level of three years earlier.

"We started what sounds obvious now by getting all the workers involved. I guess it triggered a big shift in our company's policy, and our spirit of kicking off something by getting everyone around involved has remained intact since then," Tashiro said in the interview, part of a monthly series focusing on sustainable Japanese companies by Naonori Kimura, a partner specializing in corporate reform for the consulting firm Industrial Growth Platform Inc.

In 2021, Daiwa Securities outlined its long-term goals in its "Vision 2030," whose core concept is "from savings to SDGs," aiming to realize the U.N.'s sustainable development goals by creating a sustainable capital cycle. The vision is based on its corporate principles: "building trust," "placing importance on personnel," "contributing to society" and "maintaining healthy earnings results."

If you look at Japanese history, you can see that the corporate culture of working long hours harmed workers' ability to devote time to their families and themselves. The old lifestyle of working long hours caused too much of a burden on working mothers and led to declining birthrates. The government finally started to take steps several years ago, and legislation for work reforms took effect in 2019.



HIROMICHI MATONO

But Tashiro acknowledged that workplace reforms alone cannot solve the problem. For example, she explained, company-supported babysitting services are popular among female workers with children — but not similar housekeeping services, due to a psychological barrier among Japanese women on resorting to such measures.

"Only laying out systems doesn't necessarily solve the whole problem," Tashiro said, adding that erasing such barriers is important as well.

The brokerage industry in Japan has seen roller-coaster rides in the last several decades, during which brokers and salespeople in particular have been under pressure. After the economy experienced a boom in stock and land prices and the benchmark Nikkei 225 average marked a peak of 38,915.87 in 1989, the Big Four brokerage houses, including Daiwa Securities, suffered harsh competition amid financial deregulation starting in the 1990s. Following the bursting of the bubble economy and the 1997 collapse of Yamaichi Securities Co., one of the Big Four, analysts say the economy has languished through "lost decades." In 2008, the global market was hit hard by the "Lehman shock," in which the U.S.-based global investment bank Lehman Brothers filed for bankruptcy due to problems with subprime mortgages in the U.S. loan market.

Asked what changed Daiwa securities, as the financial industry has long been prone to focus on short-term profits, Tashiro said the factors included the global trend of corporate social responsibility and the company's support for "vaccine bonds" funding the purchase of vaccines for children in poor countries.

In 2008, Daiwa Securities became an underwriter and sold vaccine bonds issued by the International Finance Facility for Immunisation, a global financial alliance, for individual investors. The bonds accelerate funding for health and immunization programs in 70 of the poorest countries in the world.

The bonds are supported by the World Bank and the GAVI Alliance, an international alliance created in 2000 to improve access to vaccines for children. Such vaccines were already made available through annual donations from developed countries, but funding through bond issuance makes quicker provision of vaccines possible.

Daiwa Securities is also proactive in helping address widening inequality among children. "Child poverty is something our president (Seiji Nakata) has been tackling for a long time," Tashiro said. "Our main business is based on capitalism, which tends to widen inequality. So we think it is quite natural to allocate part of our profits to addressing the issue."

According to government statistics, 1 in 7 children lives in poverty in Japan. The poverty rate, which was 10.9% in 1965, has been on the rise since the 1980s, which could undermine national economic power in the long term.

In addition to the group's financial support for poverty-related funds, Daiwa Securities supports several unique volunteer activities for its workers. One of them is the monthly "Jeans Day," when workers wear casual clothes and donate to nonprofit organizations, which vary — for example, in March 2022, the group offered a donation to UNICEF for children in Ukraine following the Russian invasion.

NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM INC.
(IGPI) PARTNER



Daiwa Securities Group Inc. addresses a number of social issues, and issued its "Vision 2030" goals in the 2021 business year. But not many people know that the group long ago started business activities to make society sustainable.

In 2008, Daiwa underwrote and sold "vaccine bonds" providing financial assistance for developing countries to vaccinate children. In recent years, the group has made efforts to improve living standards for children and prevent poverty from passing through generations. "Business should not play a role of widening inequality. It is also important that we give back to society," said Deputy President Keiko Tashiro.

A booklet on its SDG strategies based on "Vision 2030" also helps many workers to get involved and think by themselves, make it affect their business and proactively take action. As for human resources, the root for added value in business, Daiwa Securities started to tackle work reforms much earlier than its competitors and increased job liquidity inside the company by shifting its employment system from conventional membership-type work, with long-term employment and fluid duties, to job-type work. With these steps, the group aims for a corporate culture that helps employees work together smoothly without an overemphasis on seniority.

I believe the top managers have already started to see long-term progress and more sustainable management after implementing "Vision 2030."



Sustainable Japan Network, ESG study sessions — Morisawa: What is current in ESG investing

ESG/SDGs

HIROKO NAKATA
CONTRIBUTING WRITER

With environmental, social and governance topics gaining the spotlight, what is happening in the field of global ESG investment now, and what will happen in the coming year? The Japan Times hosted a study session on this theme on Feb. 16, focusing on what global ESG networks promote to investors and companies and on what corporate sustainability disclosure rules are.

"Investment has an impact on society, for better or worse. We are encouraging investors to think what they can do to have a positive impact on our society," Michiyo Morisawa, the senior lead for Principles for Responsible Investment and the Japan director for CDP Worldwide-Japan, told the session. PRI is a U.N.-backed independent group that encourages institutional investors around the world to take a long-term perspective with responsible investment. Established in 2006, PRI has supported an international network of signatories in incorporating ESG factors into their investments. CDP is an international nongovernmental organization that helps companies disclose climate-related data.

Morisawa pointed out that Japan has been slow to transform its energy strategy from fossil fuels to renewables. Since Japan is a net importer of fossil fuels, it could have promoted renewable energy more actively because it has little natural resources. Many Japanese companies have joined RE100 (Renewable Energy 100%), a global initiative bringing together global businesses to commit to a goal of 100% renewable electricity by 2050, but Japan is one of the most challenging markets for reaching that goal due to high prices for renewable energy, Morisawa said.

She also explained current corporate ESG-related sustainability reporting. The Task Force on Climate-related Financial Disclosures (TCFD), a global organization established in 2015 and led by the private sector, in 2017 issued a set of recommended disclosures for companies to better show their climate-related risks. The TCFD framework, updated in 2021, is formed around four themes — governance, strategy, risk management, and metrics and targets —



Study session held at The Japan Times' offices, led by Michiyo Morisawa. SHINOBU YAMADA

that became the base of new international disclosure standards issued at the end of June by the International Sustainability Standards Board (ISSB), established in 2021.

At the end of the session, Morisawa called on Japanese companies and investors to take a long-term perspective on sustainability-related issues and human rights. She said some Japanese companies have invested in thermal power plants in other parts of Asia that U.S. and European firms decided to stop financing due to their harmfulness to the environment. "In 2023, I hope Japanese companies and investors will invest in what they realize as promising business in the future."

NRI Hihara: 'Value co-creation,' growth

ESG/SDGs

HIROKO NAKATA
CONTRIBUTING WRITER

How companies can develop their human resources, including sharing their values and beliefs with employees to help drive growth, was discussed at the latest study session on ESG issues.

The Japan Times held the fifth study session on May 10, inviting a speaker from the Nomura Research Institute, the country's first private think tank, established in 1965. In the session, Takeshi Hihara, the senior corporate managing director in charge of sustainability issues, explained NRI's sustainability business management, in which its unique concept of "value co-creation" is the base of every part of its policies, ranging from its mid-term business plan to its corporate vision for the future. For example, its 2030 vision aims, through the "convergence of business and technology," to create new digital services that transform society.

Hihara said the company supports international activities to help the concept of value co-creation, creating values and addressing social issues with customers, to be spread down to workers. In the past several years, the company appointed 10 to 20 young leaders in their 30s every year to hold workshops to discuss its social values and contributions to the future society. NRI set up a committee to promote these activities and had dialogues with each part of the NRI group to share the new ideas for inclusion into their new strategies.

Asked by one of the participants about how to share NRI's philosophy with those who work for its overseas units, where the turnover rate is higher, Hihara said NRI is starting with an Australian unit that has a rather long history in the group and better understands its corporate culture.

Another participant asked about communication with stakeholders. Hihara said that in recent years, human capital issues have gained attention from institutional investors, who are interested in how a company manages its human resources and how it invests in them to respond to the digital society.



Study session held at The Japan Times' offices, led by Takeshi Hihara. SHINOBU YAMADA

Therefore, it is increasingly important for companies to disclose related data — not only financial but nonfinancial — so investors can easily understand it.

As for how to support human capital, especially through re-skilling, which has gained the spotlight in recent years, Hihara said it depends on which strategies a company focuses on — business management or technology development. Either way, it is wise to prepare early by training young workers in business management or appropriate staff reshuffling, rather than training them to learn new technologies that are subject to constant changes, he said.

Tech accessory titan Casetify opens first flagship store in Osaka

Sponsored article

CASETIFY

Casetify, a tech accessory brand known as a global powerhouse of creativity and product design, opened its first-ever flagship store, Casetify Osaka, on June 23.

The brand, which highly values the importance of creativity, selected Japan for its first flagship store because this country resonates well with its values. With a design that pays homage to Japan's heritage and craftsmanship, the store provides a unique shopping experience that empowers creativity.

"In the last 11 years, Casetify has worked with thousands of artists and creative professionals from around the world, not to mention global IPs, movies and celebrities. By now, our brand is fully embedded in global cultural movements," said Casetify CEO Wes Ng in a press release issued by the company. "We want to pay homage to the culture of many geographies around the world with a shopping experience that blends our global genes with the remarkable stories that major cities have to tell. For a place like Osaka, I could only trust the store design to Andre Fu, a dear friend of mine and one of the most accomplished architects in Japan and abroad."

Fu is Asia's most sought-after interior architect, celebrated for his global portfolio of captivating, original interiors. A trained architect, his projects span scales and typologies, continuously bridging the gaps between cultures and drawing as naturally on European principles of beauty as on Oriental qualities, traditions and modernity.

With Casetify Osaka being Fu's first retail store design experience in Japan, it is a special space that enables the incorporation of his elegant and sophisticated style while at the same time paying homage to Japan's heritage and craftsmanship. This collaboration also symbolizes the meaning of Casetify's DNA of co-creation. The store, inspired by the magical and vibrant atmosphere that paper lanterns provide in the city, uses bold geometric patterns to express the charm of the Osaka cityscape.

With an entrance that instantly draws you in, the curved walls made with a traditional *shoji* motif will provide a warm welcome for customers to immerse themselves in a space where colors, forms and graphics overlap with one another. "It is an engaging opportunity to re-imagine the spirit of Casetify in the context of contemporary Osaka with my personal aesthetics. It is a bold vision," Fu said.

To commemorate the opening of the flagship store, Japanese illustrator Shogo Sekine has created two exclusive smartphone case designs that are full of Osaka's vibrant flavor. They were inspired by the *shoji* motif of the store's interior design, with elements bursting forth of original artwork that represents different aspects of Osaka.



The store, designed by Andre Fu, merges traditional Japanese culture with Casetify's edgy style. CASETIFY

Like at currently existing Casetify Studio stores, Casetify Osaka will have a Re/CASETIFY box to collect used cases and will issue a 15% discount coupon for customers to use on purchases the same day. The store also has fixtures created with an upcycled material, Re/CASETIFY™ Pellets, allowing customers to have the full Casetify experience.

Tech accessories are considered a blank canvas, and custom variations to bring out one's individuality are endless. Customers can choose from a selection of font styles and layouts, as well as case types. While referring to the customization wall with an intuitive display, customers can create a one-of-a-kind smartphone case on the spot. Customers can also shop from a variety of tech accessories such as smartphone straps, AirPods cases and wireless chargers.

Casetify is a global tech accessory and lifestyle brand that is home to the first and largest platform for customized tech accessories. It gives brands and individuals the opportunity to share their unique visions with the world. Casetify Studio, with 27 retail shops and growing, provides a one-stop, visual retail experience where customers can customize their accessories on the spot.



Casetify's first-ever flagship store opened in Osaka on June 23. CASETIFY