

sustainable japan

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Marubeni develops the 'power of people and forests'

Unraveling Japanese companies

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A green strategy is one of the major pillars of Marubeni Corp.'s business. Working to reinforce green-related businesses and go green in all sectors, Marubeni aims to maximize its profitability and corporate value.

"Every part of our company is pursuing green strategy right now," said Tsuyoshi Teragaki, chief operating officer for Marubeni's Forest Products Division, "and our division intends to be at its center."

Marubeni, one of Japan's five largest trading companies, was founded as a linen trading business in 1858 and became Marubeni Corp. in 1949. During its long history, pulp and paper has been one of its major business pillars, along with food and power generation. In 2019, the pulp and paper division changed its name to the Forest Products Division, reflecting the wide range of products using forest-derived materials, and set as its purpose "Open the way to a sustainable future through the power of people and forests."

"I wanted people in my division to think about what we were fundamentally doing. We were confident that what we were doing was nature-friendly and ecological. So, I asked them to think about something that could be a compass if we got lost," Teragaki



Tsuyoshi Teragaki, chief operating officer for Marubeni's Forest Products Division
HIROMICHI MATONO

said in a recent interview, looking back to discussions on the purpose in early 2021. The interview was part of a monthly series featuring sustainable Japanese companies by Naonori Kimura, a partner specializing in corporate reform for the consulting firm Industrial Growth Platform Inc.

The division deals in materials and projects derived from forests. For example, at the upstream end of value chains, it has operated plantation projects in Indonesia and Australia covering a total of 130,000 hectares. A fully owned Indonesian unit, MHP, alone manages 120,000 hectares of eucalyptus forests, supplying raw material to integrated pulp mills that export across Asia. Marubeni also aims to develop new businesses utilizing forest resources such as biomass fuel and biochar, a form of charcoal, by cooperating with local communities, contributing to local economies and environmental conservation.

But beyond simply producing raw materials for wood chips, pulp and paper, Teragaki said it is not good enough to aim at carbon dioxide (CO2) absorption by forests without logging. "We pursue both types of benefits from forests — as economic value of using raw materials and environmental value — by utilizing forests," he added. The projects in Indonesia and Australia contained the equivalent of 11 million tons of CO2 in 2020, and Marubeni aims to make that 19 million tons by 2030.

Moreover, Marubeni eyes further expansion of the business to Southeast Asia and Africa, a continent that is experiencing the fastest deforestation rates in the world.

In the Philippines, about 70% of the land was covered by forests in the early 20th century, but that now has fallen to 20%. Due to this deforestation, the country suffers from serious floods and landslides when it rains. In February, Marubeni signed a memorandum of understanding with the Department of Environment and Natural Resources, the University of the Philippines and a local conglomerate to protect the environment through plantations and at the same time



HIROMICHI MATONO

launch a carbon credit program utilizing reforestation.

Marubeni also signed a memorandum with a local firm in Angola to examine the feasibility of plantations in the former Portuguese colony. In southern Angola, where civil war forced out a Portuguese pulp manufacturer and plantation trees were illegally cut down, Marubeni is considering utilizing forest resources as material and creating carbon credits through reforestation, Teragaki said. He added that it also is looking at setting up a similar business model in Ghana.

What makes the plantation business difficult, he said, is that beyond generating profits in the long term and benefiting the environment, it also has to help local people, such as by hiring them at the plantation site.

"If you just plant trees and let them grow to absorb CO2, it only generates money

for plantation owners by creating carbon credits. Local people complain about that and cut them down for fuel and their own exports. So, we need to communicate with the local communities and cooperate with them," he continued.

To do that, Teragaki said, plantation businesses need to form "land portfolios" — some for raw materials, some for local fuel, some for environmental conservation.

Marubeni also provides forest management services in Japan, where forest resources were largely consumed in many areas during World War II. Although reforestation has been conducted afterwards, it cannot be said that these resources are utilized effectively. Currently, the company cooperates with cities like Noshiro in Akita Prefecture and Shunan in Yamaguchi Prefecture to regenerate their forests to create carbon

credits for sale and manufacture wooden biomass fuels, which also lead to revitalization of the forestry industry.

In the downstream of its value chains, Marubeni is working on digital transformation for greener business. The company's research institute and digital innovation team cooperated to create a system that visualizes the carbon footprints of its containerboard supply chains transparently so that carton box users can choose among paper manufacturers and box converters in order to lower carbon emissions.

"In the past, end users decided to procure containerboard and carton boxes in terms of better quality, lower costs and quick delivery. But the more excellent the companies are, the higher their demands are. We received requests that they wanted to visualize how much greenhouse gas emissions each product has and how much they could be cut," Teragaki said.

In the future, buyers will take emissions into consideration when choosing from among paper manufacturers and carton box converters. The movement likely will spread to other kinds of packaging materials, such as plastic bottles and aluminum cans, and cooperation between manufacturers and converters will be essential, he said.

Teragaki also stressed that keeping green business profitable is important in making it sustainable. Although Marubeni's Forest Products Division posted a net loss of ¥9.4 billion (\$65 million) due to temporary reasons for the business year that ended in March, its forecast for the current year is a net profit of ¥6 billion.

"As long as companies engage in green strategy as a business, it is to their advantage to pursue scale and speed, and to do that, we have to run things economically. Through our green strategy, we would like to pursue a positive correlation between the environment, society and the economy," Teragaki said.

NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM INC.
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To the Marubeni Group, sustainability means practicing its management philosophy, which it describes as "In accordance with the spirit grounded

in 'Fairness, Innovation and Harmony,' the Marubeni Group is proudly committed to social and economic development and safeguarding the global environment."

The company has especially set a green strategy as one of the major pillars of its medium-term management plans and aims to improve its profitability and maximize its corporate value through its environmental contributions, further promoting its existing green businesses as well as making all of its operations green.

Starting in 2020, the Forest Products Division's leaders and members together set a new purpose: "Open the way to a sustainable future through the power of people and forests." Based on sustainability perspectives, the division develops various business across the world, aiming to broadly further a digital transformation together with a green transformation, from plantation projects upstream to sales and distribution downstream. Also, the company sees human resources as one of the most effective elements for realizing sustainability and has built the Marubeni HR Ecosystem and committed itself to cultivating human resources, the root source of value creation. Without being overly concerned by the word "sustainability" itself, the company understands that sustainability is a way of putting its philosophy into practice.



Tottori, home of premium wagyu, offers great diversity of delicacies

ESG/SDGs

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Western Japan's Tottori Prefecture, lying on the Sea of Japan and boasting the famous Mount Daisen and other peaks, has been a major beef-producing area since the Edo Period. Japan's least populous prefecture is blessed with rich nature and clean air, abundant groundwater and high-quality straw — everything needed for raising healthy cattle. Ketaka cattle, the origin of many of the renowned wagyu brands across the country, were bred in this area.

Tottori's Hakuho 85-3 cattle, which derive from the Ketaka bloodline, won first place in the 11th national contest organized by the Wagyu Registry Association in 2017, which led to the launch of the first Tottori Wagyu Fair at the Hotel New Otani Tokyo in 2018. The fair has been held at the hotel every year since then, offering gourmet delights with Tottori wagyu's sophisticated taste and the refined and creative techniques of the hotel's chefs.

In a recent interview with The Japan Times, Tottori Gov. Shinji Hirai and Shinsuke Nakajima, the executive managing director and executive chef of New Otani Co. Ltd., talked about the charm of Tottori wagyu and this year's Tottori Wagyu Fair, being held until Aug. 31. The interview took place at Seisen-tei, a *teppanyaki* grill restaurant in the hotel's Japanese Garden.

The hotel, which was opened in 1964 to accommodate foreign visitors to the first



Tottori wagyu COSUFI

Tokyo Olympic Games, has a history as a luxury hotel serving international guests in the center of the capital.

The fair is held at five restaurants in the hotel — the Rib Room steak house, the *teppanyaki* restaurant Sekishintei, the buffet and bar View & Dining the Sky, the Satsuki coffee shop and Kato's Dining & Bar, with Japanese cuisine — offering a variety of menus featuring different cuts of meat in combination with other premium ingredients from Tottori and elsewhere across the country.

Tottori wagyu is high in oleic acid, the main constituent of olive oil, and so is flavorful and tender, with no heaviness. Nakajima said he has witnessed even further improvement in quality over the last six years since the beginning of the fair. "Every year, we are ordering about 100 kilograms more than the previous year, serving about 1 ton of meat in the three months during the fair. The direct feedback from our guests that we receive at some of the restaurants where chefs cook in front of the guests tells us that they genuinely enjoy the meat's flavor and texture. We also noticed that many people come back again during the fair," he said.

In addition to popular cuts such as filet and sirloin, some menus feature others that offer a unique texture and perfectly match certain ingredients or sauces. For example, the Satsuki coffee shop offers round steak topped with sliced lemon and lemon sauce. Nakajima said even this humble cut is tender and goes well with the freshness of the lemon. "We appreciate the amount of work put into the meat by the producers, so we use bones, muscles and everything else in soup, bouillon and other things, wasting absolutely no part of the meat," he said.

Hirai appreciated the hotel's passion and the effort put into making the most of the wagyu beef that Tottori is proud of. "It is the power of the oleic acid that makes every part of the meat tender and flavorful. I am truly inspired by the creativity of the chefs, as well as the encounters and synergies that the fair brings to us," he said.



Tottori Gov. Shinji Hirai (left) with Shinsuke Nakajima, executive chef at the Hotel New Otani Tokyo COSUFI

In addition to premium wagyu, Tottori boasts a great diversity of foodstuffs. To promote the charms of Tottori's delicacies in collaboration with other tourism efforts, Tottori launched the Food Paradise Tottori Prefecture campaign this year. "The amount of crab caught in Tottori is the highest in the country. We are a major producer of *nashi* pears, which are also exported to Taiwan, Hong Kong and other countries," he said, listing many other types of produce such as watermelon, broccoli and mushrooms.

Under this new campaign, Tottori will enhance its efforts to develop the local economy and industries through food and nurture the food culture by opening up new sales channels, expanding exports, attracting visitors and supporting publicity activities by local people and business owners. "We have a great abundance of foodstuffs, including livestock products, agricultural crops and sea-food. We are committed to communicating the producers' efforts and achievements to consumers in Japan and abroad," Hirai said.

Tottori is a member of the Sustainable Japan Network, a group of companies 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.



Seaside Hayama gets businesses, citizens working for environment

Satoyama - Authentic Japan

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The town of Hayama in Kanagawa Prefecture won the Satoyama Excellence Award in the fourth Sustainable Japan Award organized by The Japan Times last year for its environmentally friendly activities engaging local residents and business operators.

Home to the Hayama imperial villa, a beachfront residence owned by the imperial family, the town of 32,400 is known for its picturesque townscape and natural setting. Located on the western coast of the Miura Peninsula, the seaside town is blessed with a mild climate, surrounded by mountains that block the southerly winds in summer and the northerly winds in winter.

Hayama Mayor Takahito Yamanashi said in a recent interview with The Japan Times that residents are proud of the town and its history, and younger generations grow up with a love for their hometown. They have always been passionate about contributing to it.

This civic pride and awareness have helped the town take environmental actions involving the entire population, most of which are more aggressive than what other municipalities do. One of the first was to ask all households to separate garbage into 27 types. Taking a step further, in September 2019 it launched the Hayama Clean Program, which included installing water stations in public facilities and promoting the use of personal water bottles as part of its efforts to achieve the United Nations' sustainable development goals.



Blue Marble members conduct a regular beach cleanup activity. HAYAMA

"At this point, I felt that the entire town was willing to work together to make a difference. That realization led to our announcement of a climate emergency declaration in March 2021," Yamanashi said. Starting with over 100 jurisdictions in Australia in 2016, declarations had been announced by 2,339 places across the world as of July. Hayama is one of the 135 municipalities in Japan that have done so.

In 2022, Hayama Ethical Action was launched to introduce businesses and organizations that contribute in various ways to the preservation of the natural environment of Hayama, the well-being of its people, and society. Publicist Julie Tamura in the town's Policy Division said the project shed light on people who had been contributing to the community and the environment without being noticed and it helped companies and organizations learn from each other and think about what more they could do. "When we visited business owners in our town to promote the project and asked for their participation, some of them said hesitantly that they were not doing anything special. But actually in their usual business practices, they had already been doing many things that contributed to making society more sustainable without fully realizing that their actions were benefiting the community," she said.

Yamanashi said the first step is to certify and promote companies, shops and restaurants that are making sustainability efforts, and the next step will be to build stronger partnerships between the town government and such business owners to collaborate on creating and expanding good practices.

This year, the town organized the first annual Hayama Ethical Award and Hayama Ethical Symposium to recognize companies and organizations in the town that are making outstanding efforts to improve the environment and society and to share insights and experiences from such efforts. Tamura said, "One of the greatest achievements of the symposium and the award was that participating companies started to communicate with each other and to work together to accelerate their efforts."

There are also collaborations beyond municipalities. Over 80 students in a volunteer club at Yokohama Hitorizawa High School, located about 20 kilometers



Mayor of Hayama, Takahito Yamanashi HAYAMA

north of Hayama, participated in beach cleanup activities in Hayama over the last two years. "Those students are feeling the impact of climate change and the need to act for their future. I feel sorry for them, as a member of the older generation that is responsible for the current state of the world, and the least we can do is to support their actions. But at the same time, their actions encourage and motivate us to do more," Yamanashi said.

There is also an organization called Blue Marble, consisting of town children 7 to 13 years old, which was invited to the symposium to give a presentation and participate in a panel discussion. The group conducts regular beach cleanup activities and research on environmental awareness among local residents. Yamanashi showed a picture of the Blue Marble members with big smiles that made the cover of the town's monthly newsletter and said: "They are truly enjoying what they are doing for the town and the environment. That's the beauty of it."

Hayama will celebrate the 130th anniversary of the establishment of the imperial villa next year, followed by the 100th anniversary of the founding of the town. "Ahead of these commemorative events, we are committed to accelerating our sustainability efforts with and for the next generations," Yamanashi said.

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