

sustainable japan

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Monitoring corporate climate policy influence

Roundtable

WARREN MEEHAN
CONTRIBUTING WRITER

Among Monica Nagashima's many ambitions as the climate think tank InfluenceMap's Japan country manager, one is to eventually not have to explain what "policy influencing" actually is.

Founded in London in 2015, the independent climate think tank has quickly become a global organization for researching and scoring corporate lobbying on climate policy, with offices in the United States, South Korea and Japan. It runs a number of open-source data platforms that track how companies lobby on climate policy (LobbyMap) and assess financial institutions across a number of climate metrics (FinanceMap).

Nagashima took time out from her busy schedule to speak with Ross Rowbury for The Japan Times Roundtable's 39th incarnation about InfluenceMap's unique approach to the climate crisis. Rowbury began by asking what kind of initiatives InfluenceMap is instigating in Japan.

A new investing conversation

"In Japan, we are mostly looking at how companies are influencing policy, and we work very closely with the Climate Action 100+ investor network," began Nagashima, referring to the largest global investor-driven initiative engaging companies to improve their climate governance. "InfluenceMap is a technical adviser that

provides a number of metrics to investors, who then use them in their engagements, which range from conversations with companies to shareholder resolutions."

Nagashima is confident that shareholders are starting to take notice: "While in the climate space, policy engagement might seem like a new subject, investors are paying close attention, and conversations about how companies are engaging on climate policy are picking up here in Japan."

Nagashima believes that part of the genesis for InfluenceMap stemmed from an investor need for the type of information that InfluenceMap could provide. "Investors could see a company's stated CO2 emissions reduction goals, but without changing national policy, over which companies have enormous influence, it's hard to see how these companies plan to reach net zero, so InfluenceMap was probably the first organization that systematically started studying this issue and created the process of cataloging, scoring and ranking how companies are influencing climate policy."

Journey to climate work

Nagashima was born in Japan but grew up in what she describes as an idyllic environment in the suburbs of Kyiv, surrounded by apple and cherry trees and neighbors who kept goats. "I was always very interested in nature and preservation, but I guess I never really thought of specifically working in this field."

Initially majoring in biology and chem-



Monica Nagashima, InfluenceMap INFLUENCEMAP

istry, but in a course with a multidisciplinary approach, she found herself taking classes in a lot of other subjects and ended up in the United States on a State Department program through which she studied environmental leadership at a U.S. institute. "A group of students spent five weeks traveling through really beautiful natural areas such as Colorado and Hawaii," she said. "All the time we were trying to come up with business cases on how to preserve nature."

She realized that these landscapes were in danger, despite no one specifically trying

to destroy them. The challenge was to find a way to deal with the way the economy was run while still preserving nature. She remembers visiting a turtle habitat in Hawaii and realizing that while the beach could always be kept pristine, it wouldn't stop climate change from irreparably affecting the acidity of the ocean beyond: "Simply making sure we have a planet to live on was an idea that was planted in my mind during that trip, so when I got back to Japan I kept thinking about how I could retool my bachelor's degree — I really wanted to do something."

Industry and 'taboo' in Japan

One of the issues facing InfluenceMap's work in Asia and Japan is that corporate influence is often overlooked. "Lobbying in Japan and Asia can sometimes be a taboo subject," Nagashima said, adding that even if a company is not engaged in direct advocacy, if it belongs to an industry group it is in fact partaking in lobbying.

"Any company that belongs to a third-party or industry group has to be aware of what that industry group is advocating, especially if it's a group that has lots of different sectors, as they tend to take the lowest-common-denominator position on climate," she said. While individual companies and their investors may hold high objectives on climate targets, they are often burdened by the cross-sectional nature of the various players within the industry group, forcing companies to make sure that their own practices are consistent with those of the group.

Nagashima believes a carbon price is essential: "It's cheap to pollute and it's expensive to reduce your emissions, and so there needs to be a mechanism that would disincentivize pollution and encourage people to invest into clean technology. And while different countries will have carbon prices working in different ways, you need a minimum carbon price of around \$100 a ton of CO2 — and that's not really in place."

Time's up for voluntary action

While Nagashima is encouraged by the many voluntary ad hoc initiatives around the world, clear policy is still needed: "Last year we passed 1.5 degrees, and I think we've had enough time to see if companies could figure it out themselves — we see Japan's largely voluntary climate regulations being set by various industries. But global emissions keep going up." She also sees a lack of urgency among the public: "Japanese voters aren't demanding stronger climate action, which could be a huge catalyst to policy."

Although Nagashima anticipates positive



InfluenceMap team meeting at the office INFLUENCEMAP

ripple effects to catalyze green technology stemming from emerging global policies and initiatives, including Japan's green transformation policies, she stresses the importance of aligning them with climate science. While the Japanese government and industry groups often emphasize a target of net zero by 2050, in line with EU dogma, reductions in carbon still need to hit milestones set by the U.N.'s Intergovernmental Panel on Climate Change, with 2030 being a crucial set point by which Japan will have to reduce its emissions by half. "It's a very difficult target, so in order to do that, we can't be investing in new gas and extending thermal power generation — we need to be creating plans for how to end coal now."

The shimmering horizon

Nagashima hopes that five years from now, InfluenceMap won't be needed. "We're basically a watchdog trying to provide information on negative practices and teaching good companies how to amplify their lobbying to accelerate policies aligned with the 1.5-degree target. I do like to stay optimistic. I think that commonsense policies and practices will prevail."

Roundtable is a monthly series of English-language events organized by The Japan Times Cube. For more information or to assist a Roundtable, scan the QR code or visit <https://sustainable.japantimes.com/roundtable>



The InfluenceMap Japan and Korea teams gather for a strategy session in Tokyo. INFLUENCEMAP

Restaurant Naz

A young restaurant leads the way in Karuizawa



TAEIKO TERAO
CONTRIBUTING WRITER

Immediately after it opened in September 2020 during the COVID-19 pandemic, Restaurant Naz became the focus of attention. As of this March, this restaurant with only eight table seats was fully booked until the summer of 2025. It is located in Karuizawa, Nagano Prefecture, near the city of Saku, and situated on the grounds of Green Seed Karuizawa, a condominium-style resort hotel located 20 minutes by car from Karuizawa Station.

Owner-chef Natsuki Suzuki grew up in Saku. He used to catch *funa* (crucian carp) on his way home from school and simmer or grill the fish himself. After completing junior high school, he worked in a local pizzeria and went on to study pizza-making in Naples. At age 25, he traveled to Denmark and honed his skills at Noma and Kadeau, two of the era's iconic restaurants. When he returned to Japan in March 2020 due to pandemic lockdowns, he went around visiting producers in his hometown. With a renewed appreciation for the appeal of local ingredients, he resolved to open his own restaurant in Karuizawa.

The flavors and colors of local ingredients shine in Suzuki's creative and elabo-



rate dishes. These include an appetizer of fried *mochi* incorporating locally harvested organic *yomogi* (Japanese mugwort) and topped with caviar, Shinshu salmon aged for 10 days and smoked (the restaurant's signature dish) and Suzaka fresh *sōmen* noodles in a broth made from Saku carp raised in spring water. Neither Italian nor

SHUICHI ABE
GOVERNOR OF NAGANO PREFECTURE



I would like to congratulate Restaurant Naz for being selected for the Destination Restaurants 2023 list. Embracing 3,000-meter-high mountains, Nagano is blessed with fresh air and clean water that nurture a rich variety of food products. I would like to express my sincere respect to chef Natsuki Suzuki for his dedication to local ingredients and his excellent fermentation techniques that bring out the best in local ingredients. I hope that this award will be an opportunity for many people to visit Naz and our prefecture.



Address
Green Seed Karuizawa,
134-3 Oiwake, Kita-saku-gun Karuizawa-machi, Nagano Prefecture
<http://naz-karuizawa.jp>

Naz

Japanese, this course menu is a type of cuisine that is free of constraints and categories. A meal, including pairing with beverages, costs around ¥50,000 (\$340).

With visitors from all over the country, Restaurant Naz is contributing to the strengthening of Karuizawa's reputation as a town of gastronomy.

MICHIO TSUCHIYA
MAYOR OF KARUIZAWA



We are delighted that Restaurant Naz has been selected for the Destination Restaurants 2023 list. Karuizawa is located about one hour from Tokyo by shinkansen and is one of Japan's leading international resort areas, attracting 7.7 million visitors a year from Japan and overseas. The chef's original fermented cuisine using local ingredients is sure to attract visitors. We hope this award will encourage even more people to come and enjoy chef Natsuki Suzuki's cuisine and the town of Karuizawa.

Nippon Life engages to encourage green transition

ESG/SDGs

HIROKO NAKATA
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Engaging with high-emitting companies to spur transformation of their business rather than divesting from them is becoming increasingly important to combat climate change, said an executive officer of Japan's biggest insurance company. "Thinking about society as a whole, it is important that we asset owners also back up the global trend so that the world can make progress toward carbon reduction goals," said Shinichiro Kashima, the chief sustainability officer for Nippon Life Insurance Co. Its cumulative thematic investment that contributes to the U.N.'s sustainable development goals etc. totals ¥2.6 trillion (\$16.6 billion).

A growing number of European and U.S. institutional investors have pledged to divest from fossil-fuel assets. But although dumping such stocks and bonds may make portfolios look clean, this approach alone would not suffice to solve the root problem, especially in Japan, which currently depends on fossil fuels for about 70% of its power, he said.

"What's necessary is encouraging their transition away from fossil-fuel dependency, and to that end, how to cut their emissions is important," Kashima said, pointing to the importance of institutional investors actively engaging with investee companies that emit large amounts of greenhouse gases in order to prompt them to take steps toward greener processes.



Shinichiro Kashima COSUFI

To step up carbon reduction, Nippon Life has focused on engagement with its investee companies. It has identified about 70 that heavily emit carbon dioxide and is urging them to disclose emissions data and create road maps to net-zero emissions by 2050 while also monitoring their progress toward midterm reduction targets.

According to the Ministry of the Environment, about 60% of Japanese industrial carbon emissions come from sectors such as iron and steel, chemicals and machinery production.

Nippon Life's stance is also reflected in its latest guidelines for investment, released last year. In the new policy of negative screening, excluding certain types of companies that do not meet its investment criteria, the insurance company says it will exclude new financing for oil and gas projects if they do not take measures to reduce carbon emissions.

He said the new policy is based on guidelines by the Net-Zero Asset Owner Alliance, a global alliance of asset owners, including insurers and pension funds, that are committed to achieving net-zero greenhouse gas emissions in their portfolios by 2050. The alliance calls on consumers and suppliers of oil and natural gas to set targets for reducing emissions with established pathways toward limiting global warming to a maximum of 1.5 degrees Celsius.

Kashima was elected last year as a member of the alliance's steering group. Phasing out fossil fuels is an urgent issue amid the increasing destructive signs of climate change that are being seen in many parts of the world, including record-high temperatures, droughts, wildfires, torrential rains and devastating floods.

On April 30, environment and energy ministers from the Group of Seven agreed to phase out existing coal-fired power plants during the first half of the 2030s, or on a timeline consistent with the 1.5-degree goal.

In terms of ESG disclosures, Japanese firms are proactive, Kashima said. But one thing they could do better is to explain their strategy to investors and show how they intend



to maximize their value in the future. "What they could do more is to disclose a whole story of what they plan to do and what kinds of social impacts they would have in the future," he said.

Kashima said Nippon Life's investment in the Japanese GX (green transformation) economy transition bonds is another step to encourage the country's energy transition. The government plans to issue a total of ¥20 trillion in bonds over the next 10 years to support Japan's technological development in areas such as renewable energy, storage batteries, next-generation nuclear reactors, hydrogen-based steelmaking and carbon capture and storage.

Nippon Life is taking steps to promote sustainability management to solve social issues based on three areas: people, community and the environment.

For people, Nippon Life aims to provide security and safety, which is the essence of life insurance. For community, it is making contributions to a wide range of communities through its nationwide sales offices. For the environment, the several steps it is taking include reducing the use of plastic files, in order to avoid damaging marine life, and paper documents so as to protect forests. Salespeople formerly conventionally used these materials when they visited customers.

Also, Nippon Life set up a new section last year to promote its sustainability-related activities, and then upgraded it this year into a department. The reason for the reorganization "is, for one thing, to create sustainability-related efforts with a sense of unity inside the company," Kashima said. "For another, it is to convey more messages to society about each effort."

Destination Restaurants 2023 AUTHENTIC JAPAN SELECTION



Sustainable Japan Network

