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CDP holds global online event on climate disclosures

Media partner

HIROKO NAKATA
CONTRIBUTING WRITER

CDP, a London-based nonprofit organization promoting disclosures crucial for assessing companies' environmental impacts, held a first-time online event on June 4 that highlighted the latest disclosure trends and marked the launch of its new disclosure platform.

As the world struggles to mitigate global warming, companies are under more pressure than ever to make further contributions to the transition to net-zero emissions.

CDP runs the world's largest environmental disclosure system for companies, cities, states and investors. Based on data obtained through its questionnaires, it scored a record 23,000 companies in 2023 to help them manage their environmental impacts. Out of these, about 2,000 are based in Japan. Established as the Carbon Disclosure Project in 2000, CDP has expanded its target areas from climate alone to biodiversity, plastics and the ocean, deforestation and water security.

The online event, "The Global Disclosure Dialogue," linked its branches in major cities from Tokyo and Shanghai to London and New York.

Last year was the first in which the limit of a 1.5-degree temperature increase was breached for the entire year. "So it is becoming really important for us to understand as a global society what actions we should be taking in order to be able to bring back climate crisis into sharp relief," CDP CEO Sherry Madera said in the opening speech, and "We believe at CDP, what you can measure, you can manage."

It is increasingly important for the private and public sectors to produce sustainable outcomes so they can attract more capital from institutional investors, who are keener on sustainability than ever before.

Madera stressed that this year is significant for CDP. When the nonprofit was founded,

it created the entire ecosystem for climate-related data disclosures. "That's a huge point of pride," she said in a recent interview with The Japan Times. "But it's also our history. So, what we need to invest in is our future going forward. And that's what this year is all about. I call it one of the most important years of CDP's life cycle."

Madera said efficiency in CDP's disclosure system is important for driving corporate action for a sustainable future. "We want to drive down the cost-of-reporting burden by creating efficiency, and that's why this new system (launched) this year is going to be able to allow us to do more."

Achieving efficiency is not only for the sake of companies' own internal use, but also for helping them to secure sales, as their ability to meet sustainability disclosure and compliance criteria makes it possible for institutional investors to invest in them and for buyers in their supply chains to make business decisions. Currently, CDP represents more than 340 of the owners of large companies in global supply chains, which together have a buying power of over \$64 trillion, she said.

Also, more than 23,000 companies worth a total of more than two-thirds of the world's market capitalization report to CDP. In Japan, almost two-thirds of the Tokyo Stock Exchange's Prime market members report to the organization, she added.

During the online event, Madera said CDP is making three major changes in its disclosure platform to enhance efficiency. The first is about the three areas on CDP questionnaires of climate, water security and forests. "This year, we're bringing them all together. I think it's a real symbol of the fact that nature and biodiversity are part of climate, and that one efficient disclosure mechanism is going to help us all."

The second update to CDP's disclosure platform is to align it with the latest global disclosure standards. The International Sustainability Standards Board (ISSB) issued its first two sustainability reporting standards in



From left: Sherry Madera, Hiroshi Ozeki and Satoshi Ikeda THE JAPAN TIMES

June last year. ISSB is an independent body whose standards are viewed as the benchmark in many countries.

"That means that as you are reporting to CDP, you will be aligned with ISSB—and that helps in terms of compliance going forward, and also checking where you're at today," she said. Based on the international standards, the Sustainability Standards Board of Japan (SSBJ), established in 2022, plans to finalize the Japanese version by the end of next March.

The last element is to improve practicality. "We're aware of the fact that reporting climate data is not easy. It's not free. It takes effort from both the corporate and the public-sector community," Madera continued. "At CDP, we're driving efficiency in order to be able to write it to us once and be able

to use it for all your different applications, including access to capital, including your own business efficiencies to be able to service your customer requests—and, finally, that element of compliance as it grows."

In the online event NTT Data explained the strategy and motivations for its sustainability data disclosure. The Japanese provider of IT services has received CDP's A score, the highest, for two years in a row.

NTT Data is increasingly required to be responsive to global standards on climate and other factors to protect the planet and nature, particularly since 2005, when it started to develop global business. "The CDP questionnaire is in line with global standards and provides us with an opportunity to review our own efforts," NTT Data's then-President and Chief Executive Officer

Yo Honma said in a dialogue with Madera. Honma became an adviser on June 18.

Honma said, for example, that the process of responding to CDP questionnaires helped the company to realize the significance of science-based data, which prompted it to decide to obtain validation from the Science Based Targets (SBT) initiative, established in 2015 by CDP, the World Wide Fund for Nature (WWF) and other organizations to help corporations set emission-reduction targets based on climate science. In 2020, NTT Data's targets received SBT approval as 1.5-degree targets, he said.

In a following dialogue with Madera, Satoshi Ikeda, the chief sustainable finance officer at Japan's Financial Services Agency, talked about the role of CDP in corporate sustainability disclosure. "The sustainability issue has become an integral part of enhancing the enterprise part. So, in that respect, many top-tier Japanese corporations have adopted CDP as a kind of the standard benchmark to assess how they have progressed in terms of disclosure around climate-related issues," Ikeda said, adding that the trend was enhanced by the advent of the Task Force on Climate-related Financial Disclosures (TCFD).

"I think CDP has become a yardstick" against which Japanese corporations measure their development on climate-related issues, Ikeda said.

Hiroshi Ozeki, the president and chief executive officer for Nissay Asset Management Corp., echoed this and said, "Sustainability was in the past a better-to-have item, but now is a must-have item." He said the world needs to tackle this problem for the next generation, especially as climate change has sped up. Ozeki also said the asset management firm uses corporate data disclosed through the CDP platform when it holds dialogues with companies in its portfolio. "When it comes to our engagement with our investee companies, we present strong emphasis on the long-term stance in our investment," he said.



CDP CEO Sherry Madera THE JAPAN TIMES

Nissay Asset invests in companies that recognize "megatrends" such as the aging of society, climate change, digital transformation, geopolitical risks and global fragmentation. "Among those, climate change is the most critical theme for our investment, especially for the long term," Ozeki said.

The asset manager encourages companies to disclose more environment-related data, make a commitment to a net-zero goal and draft a concrete plan that can be checked. In the process, both qualitative and quantitative data are used, Ozeki said.

FSA's Ikeda also emphasized the importance of the kind of megatrends that could affect sustainability because they influence enterprises' value in the medium and long terms. That is why the Japanese financial watchdog is currently working on the Japanese version of the global standard requirements for domestic companies and financial institutions, he said. The FSA is likely to start mandating in 2027 that the largest companies listed on the Prime market disclose data based on the standards. "I think corporate behavior is going to change for the better to achieve a business model that would be relevant and effective with a sustainable economic and social system," Ikeda said.



Times Gallery



Jamaican Ambassador Shorna-Kay Richards joins Ziggy Marley (left), the director of the movie "Bob Marley: One Love" and its lead actor, and Japanese celebrities at its Japanese premiere. EMBASSY OF JAMAICA



Ambassador Harold Burgos of Honduras and Jun Nakahara visit Rainbow Bridge with the Honduran Inter-oceanic Railway Commission, discussing strategic collaboration in global logistics. EMBASSY OF HONDURAS



Cuban Ambassador Gisela Garcia receives a delegation of Cubans who participated in the World Para Athletics Championships in Kobe. EMBASSY OF CUBA



The Serbian ministers of domestic and foreign trade, economy and science, technological development and innovation meet with Ken Saito, Japan's minister of economy, trade and industry. EMBASSY OF SERBIA



State Minister for Foreign Affairs Yoshifumi Tsuge attends a reception marking the visit to Japan of Mexican Tourism Minister Miguel Torruco, held at the residence of Mexican Ambassador Melba Pria. EMBASSY OF MEXICO



Panamanian Ambassador Carlos Pere visits the Wind Challenger ship, developed by Oshima Shipbuilding and ClassNK, showcasing Panama's commitment to sustainable maritime technology. EMBASSY OF PANAMA



The opening ceremony of the 35th annual Chubu Walkathon International Charity Festival was held on May 19 at Meijo Park in Nagoya by the American Chamber of Commerce in Japan's Chubu chapter and the Nagoya International School. ACCJ - CHUBU CHAPTER



Jorge Viana, president of the Brazilian Trade and Investment Promotion Agency, unveils the concept of the Brazilian Pavilion for the Osaka 2025 expo during a news conference at the Embassy of Brazil. EMBASSY OF BRAZIL

World's top homebuilder Sekisui acts on its responsibility

Mission: Sustainability

OSAMU INOUE
RENEWS

Having built 2.66 million houses by this January, Sekisui House Ltd. is the world's largest homebuilder. The company also leads the industry in efforts for sustainability. In 2008, Sekisui House became the first homebuilder to be certified as an "eco-first company" by the Japanese Ministry of the Environment.

In February 2024, CDP released its ratings for 2023. Sekisui received the highest rating in all three areas of climate change, forests and water security, making it a triple-A company. Of the 23,000 companies surveyed around the world, only 10 achieved triple A's—and of those, Sekisui was the only homebuilder. "It's not like we made a big change recently. Our perception is that the things we have worked on over the past 25 years have finally been recognized," Sekisui's executive officer in charge of environmental promotion, Toshiya Chikada, said.

The Carbon Neutral House

Sekisui's efforts to generate environmental value began in 1999 with the announcement of its Environmental Future Plan. After that, Sekisui took a series of actions. In 2001, it launched the Gohon no Ki ("five trees") project to protect native trees and biodiversity. In 2002, it achieved zero emissions at its factories. In 2003, it standardized a next-generation energy-saving specification for detached homes. In 2005, it announced a "Declaration of Sustainability," in which it pledged to make all new homes compliant with CO2 emissions reduction targets under the Kyoto Protocol. In 2007, it introduced guidelines to promote the sourcing of sustainable Fairwood products.

Chikada said these efforts had a lot to do with the company's ability to quickly take action to become certified as an eco-first company soon after the Environment Ministry launched the eco-first program in April 2008.

80,000 zero-energy homes

This April, Sekisui announced it had sold 83,541 homes compliant with the standard for net-zero-energy houses (ZEH) up to March 31. That makes Sekisui the company that has sold the largest number of them in

the world. Such houses have an energy balance of zero or lower.

In fiscal 2022, which ended in March 2023, zero-energy homes represented 93% of the new homes that the company built in all areas excluding Hokkaido, and the figure rose to 95% in fiscal 2023.

In recent years, rival homebuilders have grown aggressive in introducing ZEH, intensifying competition. But Sekisui remains the leader, and also leads in introducing ZEH techniques in apartments and rental properties, an area where the adoption of ZEH has not generally advanced.

No compromise in comfort

What has enabled Sekisui to lead in introducing ZEH? One major factor is the fact that it was already working on the development and sale of eco-friendly homes before the term "ZEH" was introduced. In addition, consumers like Sekisui's policy of not compromising on the design or comfort of homes, which has helped increase the acceptance of its products.

Sekisui's rooftop solar power system symbolizes this policy. In place of the ceramic tiles typically used for Japanese roofs, the system uses solar panels shaped like such tiles, generating power without compromising on building design. "You can place our tile-shaped panels on roofs of any shape. They don't jar with the existing townscape, and you can give homes a neat appearance with them. On top of that, they generate power and help cut power bills. That's why our customers are satisfied with them," Chikada said.

Sekisui also worked on the adoption of double-paned windows that have high insulating performance. By 2000, high-performance double-paned windows and insulated aluminum sliding window frames came standard with all of Sekisui's homes. "At the time, there was a belief that double panes were too expensive for general use, but after we introduced them as a standard feature, their mass production became viable and their costs dropped, leading to their greater use," Chikada said.

"The systems have proved popular with younger generations because they are economically beneficial even while contributing to conserving the environment and reducing CO2 emissions at the same time," Chikada added.



This roof uses Sekisui's unique solar panels that resemble classic roof tiles. SEKISUI HOUSE LTD.

True resource recycling

Increasing the use of electric vehicles as well is a natural part of Sekisui's future plans. Nearly all of its newly built detached homes already have chargers for electric vehicles. Last December, it announced that it had established a system for providing EV chargers for its Sha Maison rental housing across the nation.

"The International Energy Agency had this report that estimated that more than half of the sales of new vehicles around the world will be EVs by 2035. So if that's the case, a homebuilder like us needs to think more about ways to design homes that have features like using power generated by home solar panels to charge electric vehicles, for example," Chikada said.

Sekisui has also been working on improved recycling of waste from construction projects for more than two decades. After building a recycling center at a plant in the Kanto area in 2003, the company set up similar facilities in a total of 23 locations nationwide. These facilities collect all of the waste from construction sites across Japan and recycle it.

Not all waste is turned into new construction materials through recycling. There is also thermal recycling, which burns waste to generate energy. Chikada is not yet satisfied with Sekisui's endeavors in this area. "A true circular economy, for us, means leaving behind the system in which we take from nature, make things and discard them. To make our economy circular requires all industry players to work together," Chikada said. "It will take time, for sure, but we must do it."

