

sustainable japan

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Fujitsu crafts sustainable innovation for itself, society

Unraveling Japanese companies

HIROKO NAKATA
CONTRIBUTING WRITER

It has been years since companies started creating and releasing purpose statements. But not all actually help their business, in part because leaders may not truly understand why they need one.

In Fujitsu Ltd.'s case, it plays the role of a compass out at sea. The information technology giant crafted its first purpose of why it is in business in 2020, when it was struggling to transform itself drastically.

"We determined to present externally and internally who we are, what kind of corporate values we have and what we are in business for," said Hidenori Furuta, the non-executive chairman and a member of the board for Fujitsu, in a recent interview, part of a monthly series by Naonori Kimura, a partner for the consulting firm Industrial Growth Platform Inc.

The purpose, to "make the world more sustainable by building trust in society through innovation," continues to be necessary for Fujitsu, a 90-year-old company with 120,000 employees worldwide that has gone through rises and falls, including a series of streamlining steps.

Based on this purpose, Takahito Tokita, who was appointed president in 2019, launched the Fujitsu Transformation, a project to reinforce digital competitiveness and reform the organization's old-guard corporate culture.

Under the leadership of Tokita and Yuzuru Fukuda, a former SAP Japan Co. president who became Fujitsu's chief information officer in April 2020, the company started to work on the project across various units and regions. By investing more than ¥100 billion (\$680 million), it is accelerating its own digital transformation and aiming to apply the know-how gained from this in order to help solve social issues as a digital partner to its customers.

Furuta said the company's need for transformation stemmed from a sense of crisis amid increasingly harsh global competition.

Established in 1935, Fujitsu grew during Japan's boom years in the late 1980s and early 1990s. It ran a wide range of businesses — personal computers, supercomputers, digital devices including semiconductors, liquid crystal displays and mobile phones, and solution services centering on system integration. Above all, Fujitsu was one of the world's top 10 chipmakers in the early 1990s, along with other Japanese electronics giants. But they gradually lost ground. Fujitsu withdrew



Hidenori Furuta, the non-executive chairman and a member of the board for Fujitsu
HIROMICHI MATONO

from the fiercely competitive display market in the 2000s and had divested all of its semiconductor stakes by 2019. It faced further problems, including a technical glitch in 2020 when the IT firm caused a suspension in trading at the Tokyo Stock Exchange.

The corporate purpose, called simply "Our Purpose," is the base of the Fujitsu Way, the company's revised corporate philosophy. The Fujitsu Way outlines "Our Values" — "Aspiration," "Trust" and "Empathy" — and a code of conduct.

To reinforce its efforts toward realizing the purpose, Fujitsu last year unveiled a new vision for 2030: "become a technology company that realizes net positive through digital services." It also released a medium-term management plan for the 2023 to 2025 business years to envisage what it will achieve by 2030 and beyond. The new vision reflects the technology company's

determination to have positive impacts on society and the environment.

"Business often creates negative financial or nonfinancial costs. But we can make it net positive by doing digital service business for society, for example by solving climate-change and carbon-emission issues," Furuta said.

To that end, Fujitsu needs to make further efforts, using data not only from itself but also from its business partners, Furuta said. The company is also studying how to correlate financial figures with nonfinancial data. "In that sense, what we aim to do is not only technological development, but creation of an ecosystem" driven by data, he said.

The company's main initiatives in its midterm plan include transforming its business model and portfolio, ensuring reliable support for customers' modernization and improving the profitability of its interna-

tional business — it has set an aggressive financial target of ¥500 billion in adjusted operating profit on ¥4.2 trillion of revenue for the 2025 business year, compared to a profit of ¥283.6 billion on ¥3.8 trillion in revenue in 2023.

There are two major steps for driving Fujitsu's business closer to its vision. One is to provide services with Fujitsu Uvance, a business model based on a digital platform with technologies such as generative artificial intelligence and blockchains. The other is to promote the modernization of customers' digital environments.

Fujitsu has also improved the management of its human capital. Furuta said the reform started by updating its traditional Japanese-style human resource management to the global standard, for instance by reviewing the seniority system, introducing internal job posting and hiring based on job description, and dropping a bad habit of never rehiring people who had quit the company.

"Each member of the company sets their own purpose, promotes self-development and forms their own career path and goals. The self-supporting way is what everyone does in other countries," Furuta said, adding that employees often tend to be too passive, waiting for the company to do something for them.

To drive all the reforms, the company has built up its corporate governance. Five out of the nine directors of the board are independent outside directors, chosen for a range of expertise. In January, the Japan Association of Corporate Directors gave Fujitsu its grand prize in the Corporate Governance of the Year 2024 awards.

For the future, what the company needs to do is to gain resilience amid growing global uncertainty. "It may be extremely hard to be sustainable in the future, considering what could happen geopolitically," Furuta said. "So we have to get ready to grow with digital services by becoming responsive to potential future changes."

NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM INC. (IGPI) PARTNER



Balancing economic and technological development with social sustainability requires data-driven analysis

and accurate decision-making from a multistakeholder perspective. Fujitsu, as one of the world's leading technology companies, plays a crucial role by delivering solution services. This commitment is clearly reflected in the 2020 revision of the Fujitsu Way.

In particular, Fujitsu identifies climate change and achieving carbon neutrality as the most important issue for both the company and its stakeholders. Companies face a dilemma in creating both short-term profits and long-term, sustainable contributions to the planet. Overcoming this challenge is a major issue for corporate activities in a capitalist economy. Fujitsu also continues to evolve into a resilient and competitive company under a global governance structure. Especially in its efforts to achieve the "net positive" vision set for 2030, its stance on achieving advanced integration of financial and nonfinancial aspects is impressive.

Strengthening trust from the market and society through transformation and forming an ecosystem centered on Fujitsu's solutions, represented by Fujitsu Uvance, will help create a world where sustainability-based management is the norm. We eagerly anticipate a future where Fujitsu's purpose of "making the world more sustainable" comes to fruition.



Naonori Kimura interviews Furuta at Fujitsu's Marunouchi office in Tokyo's Chiyoda Ward.
HIROMICHI MATONO

Ventinove

Toyama restaurant keeps traditions fresh



TAEIKO TERAO
CONTRIBUTING WRITER

Kawaba, home of the Italian restaurant-inn Ventinove, is a village of about 3,000 people in Gunma Prefecture's Tone district. The small number of residents may evoke the image of a depopulated village in decline, but with its location at the foot of Mount Hotaka, one of Japan's "100 famous mountains," Kawaba is actually a vibrant tourist destination.

Ventinove's chef-owner, Yusuke Takeuchi, was born in Tokyo but lived in Kawaba from the age of 10. "Every summer, my dad takes city kids camping for two weeks in an area deep in the mountains. I went along with the group every year until I was 18. Each day we'd make a wood fire and use it to cook rice and heat bath water," Takeuchi said.

In 2006, while training as a chef, Takeuchi went to Italy, where he spent three years honing his skills. After returning to Japan, he worked for a year in Aomori Prefecture, and in 2011 he opened Trattoria 29 in the Nishiogikubo area of Tokyo. Though the restaurant flourished, an eviction notice from the landlord came in 2019, followed by the COVID-19 pandemic in 2020. Takeuchi returned to his family home to take stock, and it was then that he became aware of the wealth of ingredients produced in Kawaba. He decided to



Address
Ventinove
2593-1 Yachi, Kawaba-mura,
Tone-gun, Gunma Prefecture
<https://www.29ventinove.com>

open Ventinove in 2022. "There are wild mountain vegetables, and also an abundance of mushrooms," said Takeuchi. "You can even forage for black truffles. I also go along on hunts, and as soon as I return, I butcher the hunted game in the meat-production facility." These mountain gifts and all the other

ICHITA YAMAMOTO
GOVERNOR OF GUNMA



I would like to extend my heartfelt congratulations to Ventinove on receiving The Japan Times' Destination Restaurants 2024 award. As the local governor, I am truly delighted by this recognition.

Gunma is blessed with stunning natural beauty, including hot springs, mountains and rivers. At Ventinove, guests can fully enjoy dishes crafted from the diverse and high-quality ingredients from this region. I sincerely hope that this recognition will encourage many visitors to come and experience all that Gunma has to offer.

KYOTARO TOYAMA
MAYOR OF KAWABA



I would like to extend my heartfelt congratulations to Ventinove being selected as a Destination Restaurant 2024.

The village of Kawaba, rich in natural beauty, is developing the community while promoting agriculture and tourism. Yuki Hotaka rice, nurtured by pristine waters from Mount Hotaka, has repeatedly won the Gold Prize in the Rice Taste Evaluation Contest. The roadside station Kawaba Denen Plaza is nationally recognized as a model destination. We invite you to experience Kawaba's tranquil charm and stunning scenery.

Famiee's partnership certificates support unconventional couples

Sustainable Japan Awards: ESG Special Award

MAIKO MURAOKA
CONTRIBUTING WRITER

Famiee is an organization that issues partnership certificates to couples who are not legally married, including same-sex couples, using blockchain technology. These certificates can be submitted to companies and local governments that accept the system, letting the couples receive services and benefits that conventionally are granted only to married couples.

Famiee received the Sustainable Japan ESG Special Award presented by The Japan Times for its contribution to human well-being through the acceptance of diverse family forms. In a recent online interview with The Japan Times, founder and CEO Koki Uchiyama said that what is behind Famiee's service is the hope to accelerate national legal reform to recognize diverse family forms and partnerships that are not based on conventional marriage.

Uchiyama said that although certificates issued by municipalities are symbolic rather than legally binding, many companies welcomed this movement and began to accept the certificates as official proof of partnership. "This inspired me to think that the private sector has the potential to be the driver of societal change," he said.

But certificates issued by municipalities are only valid locally. Uchiyama felt a sense of urgency to support people who face everyday concerns such as what hap-

pens if they are hospitalized or want to rent a house or apply for a mortgage. "I thought it would take a long time for the national government to change laws or for all municipalities to adopt a similar system. So I began to think about what we can do to offer immediate help to those people," he said.

That was when he came up with an idea to use blockchain technology to create a partnership certificate system. "I think the technology is suited for doing something for the social good," he said. The technology ensures privacy and prevents the falsification of documents, allowing certificates to transcend municipal boundaries.

A key challenge was the initial lack of widespread acceptance for a privately issued partnership certificate. "Benefits such as the right to become the beneficiary of life insurance or receive employee benefits were needed to attract certificate applicants, but companies' willingness to accept the certificates depends on the number of the certificate holders," Uchiyama said.

To overcome this chicken-and-egg issue, Uchiyama established a committee to review and improve the partnership certificate system, inviting major corporations without demanding immediate acceptance. By addressing their concerns, which centered around fraud and privacy, Famiee built trust and enhanced the system. This collaborative approach led to early adoption of the system by influential companies like Mizuho Financial Group and Istyle Inc., encouraging other companies to follow suit.

Currently, Famiee's certificates are accepted by over 100 companies, hospitals and municipalities nationwide, primarily for internal use including the provision of employee benefits, with some expansion into consumer products and services by companies such as Axa Life Insurance Co., which accepts Famiee's certificates as a proof in designating beneficiaries, and Japan Airlines, which uses Famiee's certificates in providing mileage services.

Uchiyama advocates for a decentralized approach to human rights issues, believing that change driven by collaborating private entities is more agile than relying on centralized governmental action. "It is similar to how cryptocurrency flourished. Trying to create a globally common currency in a centralized way would not



Koki Uchiyama FAMIEE

work, but the validity of someone's idea could increase at a monumental speed due to its widespread adoption by diverse stakeholders, leading to a social transformation," he said.

In May 2025, Famiee will release a certificate issuance service for de facto couples in Japan. "By making the needs of same-sex and de facto couples more visible through our organization's activities, we want to help accelerate legal changes," Uchiyama said.

At the same time, aiming to provide its solution abroad to address human rights issues on a global scale, Famiee is currently preparing for global expansion, starting with a new base in California.

Uchiyama said the number of people who form families that are not based on the legal marriage system, including older people who have lost their spouse and single mothers living together and helping each other, will increase. He believes that choices related to relationships and families have to do with human well-being.

"In a bid to change a society that only accepts marriage between a man and a woman in which one of them changes his or her surname, we want to begin with offering solutions that support individuals who live together and support each other in various forms of relationships to live securely while receiving social benefits," Uchiyama said.

The Sustainable Japan Award commends individuals, companies and organizations who have made advances in sustainable efforts. To learn more, scan the QR code or visit <https://sustainable-japan-times.com/sjaward2024>



Destination Restaurants 2024 AUTHENTIC JAPAN SELECTION



A new app service will start in May. FAMIEE