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Maruhachi never sleeps in quest for better futons

Unraveling Japanese companies

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CONTRIBUTING WRITER

The Japanese tradition of sleeping on futons dates back long before their comfort became known in other parts of the world, and endures even after the influx of Western culture led many people to prefer sleeping on a bed.

The popularity of futons has contributed to the success of Maruhachi, one of the leading manufacturers in the industry.

Maruhachi got its start in 1962 as part of the bedding section of a textile manufacturer in Hamamatsu, Shizuoka Prefecture. The city and its surrounding districts were a hub for textile companies at the time, when the country had started to rise from wartime disruption and there were signs of an economic boom.

Maruhachi's mission has been to provide people with an environment that can help them sleep well, under the corporate credo of "pursuit of the real cotton," though modern bedding may also be filled with down and other materials.

"Futons used to be something that mothers and grandmothers sewed for family members," said Noriyuki Okamoto,

the CEO of Maruhachi Holdings Co., in a recent interview, part of a monthly series by Naonori Kimura, a partner for the consulting firm Industrial Growth Platform Inc.

"But when we started our business, at first selling from trucks or cars in rural areas, mothers or fathers were no longer able to make futons at home. That is how it became our business model."

Maruhachi gradually gained fame as a maker of down quilts in an era when both *shikibuton* mattresses and *kakebuton* quilts were usually made of cotton or artificial fibers such as polyester and many people had not even heard about down-filled futons yet.

"We define selling futons as cultivating 'potential consumer demand,'" Okamoto said, as opposed to devices like smartphones and PCs, which are "tangible-demand products."

"There is demand out there," Okamoto continued. He said that on average people use a futon for seven years and eight months, during which time the filling grows less sanitary due to sweat and the futon needs to be cleaned. "People don't know about this unless professionals explain to them," he said, adding that the brand may not be able to handle cleaning for some futons sold through online shopping malls depending on the materi-



Noriyuki Okamoto, the president of Maruhachi Holdings, surrounded by a lineup of the company's products. HIROMICHI MATONO

als, but does clean those that are compatible. "We explain to customers about all these things and help them realize the products' value. If you handle tangible-demand products, you have to face price competition."

Why are futons still widely favored in Japan, even when Western-style beds have become the norm? Due to the limited space available in their houses, people conventionally sleep on tatami mats or the floor, and after getting up fold the futons and put them away in a closet. Even the many people who prefer beds still use a kakebuton cover because of their comfort. According to Maruhachi, their high-class down-filled futons are especially popular through direct sales.

This steady popularity has supported the company's earnings, although the impact of the weaker yen as well as the rising costs of raw materials and transportation have weighed on its profits in

recent years. In the business year that ended in March, it logged a group net profit of ¥2.38 billion (\$16.7 million), up 2.4% from the previous year, on sales of ¥11.89 billion.

Maruhachi imports down from Hungary, Poland, China, the United States and Canada, and wool and sheepskin from France, Australia and New Zealand. Its main factory for sewing futon covers is currently in Laos, while quilted futons are filled with down and other materials at a factory in Shizuoka, where another two facilities conduct quality checks, cleaning and recycling.

Although its financial performance has been fairly stable, it has a risk factor: a shortage of labor for direct sales. Door-to-door sales account for half of Maruhachi's futon sales but it is now having trouble attracting enough candidates, Okamoto said.

Maruhachi has recently widened its

customer base to commercial customers such as hotels and *ryokan* inns, in order to not depend too much on individual customers. Ryokans in particular tend to value high-quality bedding. "One idea is to make it possible for guests to pay for down quilts if they want them," Okamoto said.

As part of its policies on sustainability, Maruhachi focuses on cleaning, renovating and recycling futons.

At its "Maruhachi futon clinic," the company annually deep-cleans about 160,000 futons, with the details depending on whether they contain down, cotton, wool or other materials.

As for renovations, workers check and wash the down inside the quilts and replace any deteriorating fillings with new ones.

In the recycling system, the company collects used cotton or synthetic futons and makes them into solid pellets to burn in boilers to keep greenhouses warm enough to grow melons, a specialty in the Shizuoka city of Fukuroi.

Referring to the Maruhachi group's strategies in the coming years, Okamoto pointed out the importance of online services, including a kind of web concierge for those who need information about products. "We will need to further focus on internet-related services. It will be more and more important to integrate them with what we have in our organization, the face-to-face sales staff," Okamoto said.

Another possible plan is to help with the sleeping experiences of guests at hotels and ryokans, creating something like a showcase for high-quality sleeping gear. Guests who like their Maruhachi futons may well then buy some for themselves.

"Once people get used to better sleeping gear, they may find the previous one less comfortable," Okamoto said. "In that way, the items you use for sleeping will improve in quality."

NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM
INC. (IGPI) PARTNER



Maruhachi has been in business for more than 60 years, during which time Japan's social structure has undergone significant changes and people's living environments have become more affluent. As a new force in the bedding industry, Maruhachi quickly adopted new trends such as down comforters and has contributed to improving the quality of Japanese sleep culture through its direct sales for many years. At the same time, it has contributed to the industrial development of other Asian countries through its production activities and has developed a business model that combines comfort in sleep with sustainability, such as cleaning and the recycling of down.

We spend one-third of our lives sleeping, and we cannot live without sleep. High-quality sleep is indispensable for addressing social issues such as promoting physical and mental health and improving productivity. As Okamoto says, "Bedding is apparel," and the bedding we use casually every day has a very significant impact on our health and daily performance.

For Japan, which is experiencing an aging and declining population, to continue to develop in the future, it is necessary to create a society where people are healthier and more vibrant. Maruhachi futons will continue to be a presence that accompanies our daily lives as part of social infrastructure.



Naonori Kimura interviews Okamoto at Maruhachi Holdings' office in Shin-Yokohama. HIROMICHI MATONO

Osaka Expo Times Gallery



On April 13, marking the beginning of six months of collaboration under the theme "Regeneration," the Canada Pavilion opened its doors to thousands of visitors. The opening ceremony included Ambassador Ian McKay, Commissioner General Laurie Peters and Jiro Masuko, president of the Tohoku Canada-Japan Society, symbolically "breaking the ice." THE EMBASSY OF CANADA



Ambassador Shorna-Kay Richards invites visitors to the Promotional Area, where they can sit in the "Cool Runnings" bobsleigh and sample Jamaican delights including Blue Mountain coffee. THE EMBASSY OF JAMAICA



Omer Bolat, the Turkish minister of trade (center), Koji Haneda, the commissioner general of Expo 2025 and others inaugurate Turkey's pavilion. THE EMBASSY OF THE REPUBLIC OF TURKEY

The opening of the Belgian pavilion on April 16 included Atsuko Hirooka, Acting Director General; Ambassador Koji Haneda, Commissioner General; Pieter De Crem, Commissioner General, BelExpo; Antoine Evrard, Ambassador of Belgium; Nobuhiko Yamaguchi, Osaka Prefecture's vice governor; and pavilion director Myriam Cops. BELGIAN PAVILION



Sumitomo Mitsui Trust, now 101, works toward 'a flourishing future'

Sustainable Japan Award: ESG Grand Prize winner

HIROKO NAKATA
CONTRIBUTING WRITER

Not many financial institutions survive for over a century. Yet Sumitomo Mitsui Trust Group celebrated its centennial last year. Its longevity is connected to how it upholds sustainability.

This comes from the way it develops financial products responsive to social issues, said Akiyo Inaba, executive manager for its sustainability management department.

"Rather than just seeking profit, the group has been willing to resolve concerns through its products," Inaba said in a recent interview after the group won the Grand Prize in the ESG (environmental, social and governance) section of the Sustainable Japan Award 2024, sponsored by The Japan Times.

The group's roots trace back to when the Mitsui Trust Co. was established as Japan's first trust company, licensed to act as a trustee during individual and corporate customers' asset transactions, in 1924 under the new Trust Business Law. Subsequently hundreds of financially unhealthy small-scale trust firms were born amid the post-World War I economic boom. Few of those survived. Mitsui Trust, along with two others — the Sumitomo Trust & Banking Co. and the Chuo Trust & Banking Co. — did, and in 2011 created Sumitomo Mitsui Trust Holdings (currently Sumitomo Mitsui Trust Group).

"If we look back at our history, we have created financial products and services that are linked to solutions for social issues," Inaba

said, citing loan trusts, pension trusts and land trusts as examples.

"The times are changing, but we always aspire to solve people's problems by developing new financial products," she said. "In that sense, I can say that our fundamental strength lies in our production capabilities."

Today, the group declares that its "purpose" — the reason for its existence — is "Trust for a flourishing future" and that it is determined to balance social and economic values in all management decisions.

Inaba said one of the products that encouraged Sumitomo Mitsui Trust to start fostering sustainable financing, which aims to support a sustainable society, was its 2019 agreement with Fuji Oil Co. Ltd. on "positive impact finance." That was based on the Principles for Positive Impact Finance, a framework launched by the United Nations Environment Programme Finance Initiative to help private financial institutions adopt comprehensive impact-based approaches to reach the U.N.'s sustainable development goals. Sumitomo Mitsui's agreement with Fuji Oil, the leading Japanese producer of edible oils and fats, was a pioneering approach of positive impact financing with unspecified use of funds.

Under such financing, financial institutions holistically analyze and evaluate the environmental, social and economic impacts of corporate activities, unlike "sustainability-linked loans," which help companies reach very specific goals. They need to analyze and monitor how companies can curb the negative impacts of their business while maximizing its positive impacts. Borrowers are thus required to commit themselves to disclosing relevant data and evaluation indexes.

Under the agreement with Fuji Oil, the group's Sumitomo Mitsui Trust Bank started financing to help the company integrate positive environmental impacts into its business operations.

"Running diagnostic checks, including analysis of impacts, takes time and energy, but the process helped us build a relationship of trust with the customer," Inaba said. "I think the case was the starting point for our sustainable finance."

The latest example of the trust group's sustainable finance products is an offering on "impact finance for nature." Sumitomo Mitsui Trust Bank struck the deal in March with Nissui Corp., a leading Japanese pro-



Akiyo Inaba, executive manager for the sustainability management department SUMITOMO MITSUI TRUST GROUP

cessor of marine products. Through the financing, the bank evaluates the company's impacts on nature and supports its commitment to biodiversity, a theme that has gained increasing attention from global institutional investors as the next big issue to work on. The bank also helps the company to raise its level of disclosures and monitor its progress toward the recovery of marine resources.

A potential risk for the global sustainable finance market is the recent exodus of some financial institutions from their international alliances, with the United States at the epicenter. Following Donald Trump's victory in the U.S. presidential election in November, six of the U.S. largest banks, as well as major Canadian and Japanese financial institutions other than Sumitomo Mitsui Trust Group, withdrew from the United Nations Net-Zero Banking Alliance even though concerns about record-high temperatures and extreme weather events are growing.

Sumitomo Mitsui Trust Group has not changed its commitment to the environment. "Nothing has changed as to what we should do about ongoing climate change," Inaba said. "What we all should be concerned about is whether we really can reach net zero. We should not loosen our grip on actions against climate change."

The Sustainable Japan Award commends individuals, companies and organizations who have made advances in sustainable efforts. To learn more, scan the QR code



Overview of "impact finance for nature" SUMITOMO MITSUI TRUST GROUP