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sustainable japan

Japan agency aims for both decarbonization, growth

Unraveling Japanese companies

HIROKO NAKATA
CONTRIBUTING WRITER

Japan's efforts to go forward with carbon reduction together with economic rationality are drawing attention in the global investment world, even as a series of companies and financial institutions have seemed to backpedal on their climate targets in the past year.

In particular, the return of U.S. President Donald Trump to office and the United States' withdrawal from the 2015 Paris climate agreement prompted fossil fuel companies to intensify their efforts against environmental, social and corporate governance initiatives.

"Achieving decarbonization as well as economic growth and industrial competitiveness at the same time is the core part of the green transformation policy that Japan is carrying forward right now, and this approach is gaining global understanding," Hideki Takada, the finance and stability director of the GX Acceleration Agency (GXA), said in a recent interview, part of a monthly series by Naonori Kimura, a partner for the consulting firm Industrial Growth Platform Inc.

The GXA was set up in July last year to

help carry out the government's green transformation (GX) policy of investing in projects to reduce companies' carbon emissions and boost renewable energy production and usage. The government's ¥20 trillion (\$130 billion) budget for green transformation includes about ¥200 billion for the agency, which aims to promote ¥130 trillion in investments from the private sector over the next decade.

The agency's mission is to support green projects by providing debt guarantees and equity investments, operate the national carbon pricing mechanism starting in fiscal year 2026 — creating a market for trading corporate emissions — and promote research and information toward a carbon-free society.

In February, the government approved a long-term policy guideline, "GX2040 Vision," under which Japan — currently the world's fifth-biggest carbon emitter, dependent on imports for most of its energy — will realize stable energy supplies, economic growth and decarbonization all at the same time.

The green transformation policy started against a backdrop of global agreement on achieving carbon neutrality by 2050. During a policy speech at the Diet in 2020, then-Prime Minister Yoshihide Suga pledged that Japan would achieve net-zero carbon emissions by 2050, and the government later formed the policy on investing a



Hideki Takada, GX Acceleration Agency HIROMICHI MATONO

total of ¥150 trillion in green transformation efforts.

Compared to its Western counterparts, Takada said, Japan got a rather slow start on green finance after almost 200 countries adopted the landmark Paris accord, which requires countries to set their own emissions targets. But things have changed since then.

While some global entities have retreated from their climate targets due to increased political pressure over the past year, Japan's commitment to advancing transition finance — including establishing an organization to support energy companies and heavy industries in shifting from fossil fuels to greener energy sources — is winning the regard of the world, Takada said, after Japan's transition finance policy once was criticized as "greenwashing" by some global investors who said it would prolong fossil fuel companies' ability to carry on business as usual.

Yet the prospects for solving global warming are still uncertain.

The recent withdrawal of several major financial institutions from international

alliances poses a potential risk to global sustainable finance. For example, following Trump's election victory last November, six of the largest U.S. banks, as well as major Canadian and Japanese financial institutions, withdrew from the U.N.-backed Net-Zero Banking Alliance despite growing concerns about record-high temperatures and an increasing number of extreme weather events. Takada said, however, that media reports on financial institutions leaving the alliances were overblown, and that the trend of their targets for carbon neutrality has remained intact.

Also, the potential economic effects of Japan's carbon pricing market remain uncertain, and it is yet to be seen how the GXA will support the private sector's transition finance. Takada said the agency has received more than 70 inquiries about green transformation projects from financial institutions and potential investee companies in the past year. Last July, the agency announced that it had decided to invest in TeraWatt Technology Inc., a California-based startup founded in Japan that provides rechargeable lithium-ion battery cells

with high energy density. The amount of the finance has not been disclosed.

The agency expects most of the demand for debt guarantees to come from large projects such as hydrogen production and offshore wind farms, Takada said. It also plans to provide funds for smaller projects by startups, aiming to contribute to developing technological innovations for a greener society.

"Our mission is to assume financial risks that the private sector is unable to bear independently. By doing so, we aim to advance projects that might otherwise remain stagnant," Takada said.

Asked by Kimura about the financial risks of government-backed funds, many of which have logged losses in recent years, Takada said the agency will thoroughly assess each project's feasibility and verify whether or not projects could realistically be undertaken by the private sector alone.

The agency expects potential projects to be supported by strategic green transformation areas, designated locations where the government will relax regulations that could hinder transition initiatives and will provide financial assistance, Takada said.

One of Japan's issues in transition finance is the rather conservative stance of public pension funds, Takada said. "Asset owners, particularly public pension funds, are not active investors (in sustainable projects) in Japan compared to those in the United States and Europe," he said, adding that such funds in those countries tend to take the initiative on investing in green infrastructure.

Takada said the government has promoted the greater involvement of public pension funds in impact investments, which are designed to effect societal change, noting that such investments also provide financial returns in the medium to long term and so align with fiduciary duty. "We want them to change their mindset and take a more active stance on those investments," he said.

NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM
INC. (IGPI) PARTNER



Japan's green transformation (GX) approach, which aims to balance decarbonization and economic growth rather than viewing them as trade-offs, is attracting international attention. However, given Japan's geographical constraints, the reality is that decarbonization efforts come with cost challenges and uncertainties in the short term. This requires business leaders to have a long-term perspective while also building a sustainable foundation for promoting green transformation as a national strategy.

The GX Acceleration Agency (GXA) was established to lead this strategic promotion with three main focuses: financial support, emissions trading and serving as a GX strategy hub. The investment needed to promote the green transformation is expected to reach ¥150 trillion (\$1 trillion), with ¥130 trillion coming from private funds. Leveraging the remaining ¥20 trillion in government support, the GXA aims to finance ambitious projects that the private sector alone cannot fully undertake, thereby creating more breakthroughs. To achieve this virtuous cycle, it is essential to consistently demonstrate the strategic functions of the GX hub, as emphasized by Takada, in addition to financial support and emissions trading.

Achieving the green transformation is a global imperative, and failure is not an option. We have high expectations for the GXA to act as a catalyst, integrating the strengths of Japan's financial and industrial sectors to build a sustainable and prosperous future for Japan and the world.



Naonori Kimura interviews Takada in the Yurakucho area of Tokyo. HIROMICHI MATONO

Nonprofit helping immigrant women wins CCJA prize

Media partner

MAIKO MURAOKA
CONTRIBUTING WRITER

The Champion of Change Japan Award (CCJA) honors women who act to create a society in which everyone can live safely and equally. This year's grand prize went to Mardonía Nishimoto, who runs Kalakasan, a Kawasaki-based nonprofit supporting immigrant women and their children. Bold and compassionate leadership like hers continues to elevate the award's visibility nationwide.

An award ceremony and reception were held on Oct. 30 at Dow Chemical Japan's Tokyo headquarters to celebrate Nishimoto and four other awardees as well as to provide a networking opportunity. The lively atmosphere reflected the



Kalakasan's Mardonía Nishimoto (center) receives her cash prize. CCJA

growing momentum behind women's empowerment efforts across Japan.

Atsuko Toko Fish, a Japanese philanthropist based in Boston, founded the CCJA in 2017. Fish is a founding trustee of the private Fish Family Foundation, established in Boston in 1999, and the founder of the Japanese Women's Leadership Initiative (JWLI). In 2013, she was selected for then-President Barack Obama's Champion of Change Award in recognition of her efforts to empower women in the U.S. and Japan. Inspired by this honor, Fish founded the CCJA as part of the JWLI's program to highlight emerging women leaders in Japan.

The CCJA's selection committee evaluated criteria such as leadership, innovative thinking, perseverance and achievements in helping to build a better society. As a result, five award recipients were selected from 243 nominations, and the grand prize winner was announced from among the five on the day of the award ceremony.

Eleven sponsors and partners supported the CCJA by providing the venue for the ceremony and additional prizes for the winners. The Japan Times has been supporting the initiative as a media partner since 2021. Nishimoto received a cash prize of ¥1 million (\$6,400). The other four winners each received ¥250,000.



CCJA's 2025 winners CCJA

Grand prize winner Nishimoto is from the Philippines and has lived in Japan as a single mother and a survivor of domestic violence. Wanting to support immigrant women and children facing similar circumstances, she founded Kalakasan in 2002. While Kalakasan's core activity is counseling, it provides a wide range of support, including accompanying clients

to places like immigration offices and government agencies, offering interpretation services and hosting seminars and events. "We want to continue our activities so that even if problems arise, these women can feel reassured knowing there's a place they can come back to and rely on," Nishimoto said.

"Kalakasan" is the Tagalog word for

'strength.' My hope is that we join our forces to change Japanese society for the better for everyone," said Nishimoto. Her children and grandchildren also live in Japan, and she takes pride in seeing the children of women she has supported thriving in Japan.

The women Kalakasan has been supporting over the years are aging, Nishimoto pointed out. The kinds of support they require are therefore changing, so she believes supporters must adapt accordingly.

As the number of foreigners living in Japan increases, Kalakasan also aims to operate shared housing where residents can support each other with a sense of security. Expressing gratitude for receiving the CCJA grand prize, she called for further support from many people to achieve this goal. At the same time, noting that the people providing support are also aging, she expressed hope that more people will join their activities as volunteers.

Larry Fish, Fish's husband and a co-founder of the Fish Family Foundation, celebrated the award winners, saying, "The Fish Family Foundation has invested over the last 20 years over ¥1 billion in women empowerment in Japan, and it has been an excellent investment."

Fish said in her speech to the award recipients and attendees, "I am delighted



Atsuko Fish CCJA

to be able to come to Japan for this awards ceremony at this momentous time when Japan's first female prime minister has been born. Japan was ahead of America in having a female head of state." Based in the United States since the 1980s, Fish has consistently observed Japan from the outside.

Feeling that many Japanese women were "educated bystanders" who had skills and knowledge that they didn't use to change society, she launched the Japanese Women's Leadership Initiative in 2003.

More than 20 years later, she remarked, "Japan finally has an outstanding woman leader who serves as a role model." She offered strong encouragement to all women with a passion to make a difference, saying, "Now there are no more excuses. Please strive even harder!"



Four other winners:

MAIKO ISHIKAWA
KIDS CODE CLUB



today's children, such as truancy and poverty.

Children possess the innate ability to learn from each other. Believing in this power, we deliberately created an environment for peer-to-peer learning rather than adult-led instruction. Both the participating children and the supporting adults come from all over Japan and even from overseas. Our future goal is to make this a place where children can access, learn and interact 24 hours a day, 365 days a year.

Kids Code Club is a nonprofit established in 2016 with a mission to provide opportunities to learn programming and develop IT skills for elementary and middle school students, especially those who are facing financial or social challenges. I myself have personal experience of rising from poverty by learning IT skills. Also, the birth of my daughter, who is now in her third year of junior high school, sparked my awareness of issues surrounding

NORIKO TANAKA
THE SOCIETY CONCERNED ABOUT GAMBLING ADDICTION



seeking help. However, there is a lack of understanding about gambling addiction being a treatable illness and how those around the patients can offer support.

Since gambling addiction is a global issue, we want to expand our activities by connecting with organizations worldwide to share evidence on what kinds of support are effective and to establish international standards for support.

The Society Concerned about Gambling Addiction was established in 2014 to spread knowledge about gambling addiction and its prevention, support individuals and families affected, connect support providers and advocate related policies.

I have personally experienced and recovered from gambling addiction. My strength as a person with lived experience lies in the empathy shared between myself and those

KIKUNO YAMAZAKI
WOMEN'S SPACE ON



Act on the Prevention of Spousal Violence and the Protection of Victims was enacted in 2001.

However, I continued to feel my life was in danger. I realized the need to establish laws, and actively engaged in the organization's activities. I hope for laws that strengthen punishment for perpetrators and the establishment of a system where society as a whole protects victims so they won't be the ones to hide or suffer disadvantages.

Women's Space ON provides consultation on women's human rights issues, emergency temporary protection and self-reliance support for women who have been victims of violence, policy advocacy to national and local governments, and awareness-raising campaigns.

I myself fled domestic violence in 1997 and was protected at the organization's shelter with my three children. This was before the

YOKO MIYAMOTO
KOCHI DARC



independent.

People struggling with drug issues visit us from all over the country. Moving forward, we aim to continue operating as a place where drug addiction patients can realize their own worth, find acceptance and prepare themselves physically and mentally to re-enter society. We also want to make sure that we continue to serve as a home to come back to for those who spent some time at our facilities.

Kochi DARC (Drug Addiction Rehabilitation Center) will celebrate its 29th anniversary next year. Having personally experienced drug addiction, I sought to create a supportive community for women, which led to the opening of a group home specifically for female drug addicts. The center also offers programs for training in life skills along with various therapies and activities for our users to gain the abilities necessary to become