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Sustainability certification gives small firms advantages

ESG/SDGs

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To advance a sustainable society in Japan and around the world, it is essential for large companies to cooperate with their supply-chain partners to go green together. The Japan Sustainable Business Organization, which supports smaller businesses in helping to achieve the U.N.'s sustainable development goals and certifies qualified companies for their sustainability efforts, held a forum on July 23 featuring the challenges these companies face and their efforts to address environmental and social issues. In his keynote speech, Norichika Kanie, a Keio University professor and JSBO chair, said global efforts to achieve the SDGs are shifting from "aspiration" to "accountability," with less than five years left to meet the goals. Against this backdrop, sustainability certification can give companies a business advantage. "People have gained a deeper understanding of the SDGs, but accountability remains insufficient. They have not yet fully put into practice what needs to be done, and we are now being asked how we will respond to the goals," Kanie said. "How we act and demonstrate progress toward the goals by 2030 is becoming increasingly important." He added that accountability is likely to remain a central issue even beyond 2030. The 2030 agenda for sustainable development was adopted by all U.N. member states in 2015. At its center are the 17 goals, which

include ending poverty, improving health and education, reducing inequality, easing climate change, preserving marine life and promoting sustainable economic growth. Global progress, however, has been slow so far. The United Nations' 2026 report said some gains have been achieved but progress remains uneven and insufficient. According to the report, only 36% of the SDGs' 139 targets are on track or making moderate progress, while nearly half are progressing too slowly and 15% have actually slipped below their 2015 baselines. The JSBO assesses applicant companies across 25 sustainability criteria for certification. Depending on their goals and progress — from complying with required rules and guidelines to achieving tangible business results or accelerating efforts to address specific issues — the organization awards gold, silver or bronze certification. Currently, 14 companies receive JSBO certification. Kanie said small businesses can benefit from JSBO certification as they face growing pressure to take sustainable action in order to join major companies' supply chains. Such moves are already beginning to emerge in Europe, he said. "I believe certification will become valuable as companies are increasingly expected to demonstrate transparency in their business practices," Kanie said. These certified companies are not simply pursuing the goals' targets through their businesses; they are also using the SDGs as a framework to address management issues they face, Kanie said. "Many of these companies have moved from setting targets to



Norichika Kanie, chair of JSBO JSBO

taking action, promoting the SDGs and conducting business as front-runners," he said. In the next part of the forum, a panel discussion, certified companies explained why they applied for JSBO certification. Some said a high evaluation from a third party helps build greater trust with stakeholders, while others sought certification to develop their human resources, expecting the SDGs to become increasingly important in business. Some companies also said that the application process itself, which requires submitting a large amount of their sustainability data, helped increase employee engagement. "Preparing the application helped employ-

ees clearly see which SDG targets aligned with our strengths and which areas still needed improvement," said Koichi Takahashi, president of the Japan Food Ecology Center Inc. He added that this approach strengthens employee engagement in a way that a vague desire to do something good for society alone does not. The center, based in Kanagawa Prefecture, has built a recycling model that turns food waste into pig feed that it supplies to contracted farmers, helping them raise branded pork; highly oily food waste is used to generate biogas for local energy use. Panelists said an added benefit of pursuing sustainable business is that the philosophy

attracts potential job applicants. "Small companies, in particular, are often not good at promoting themselves to others. But if they pursue sustainability and communicate what they are doing, it can certainly support recruitment," Takahashi said, adding that his company has spent nothing on job advertising yet still receives applications almost every month from people who visit its website. Saitama Prefecture-based Wakoshiki Co., which produces cardboard and plastic boxes as well as packing materials made from recycled plastic waste, said its bottom-up approach to the SDGs encourages employees to propose new sustainable products. These include cardboard beds and toilet stools that can be used at evacuation shelters during major natural disasters. Sharing such information on social media has helped attract more new employees interested in taking part in these activities, it said. Another panelist, Michael Hashimoto, general manager for Asuene Inc., pointed out the potential for small- and middle-scale companies to transform themselves through they ways in which they respond to sustainability issues. Asuene, one of JSBO's member companies, is a startup helping companies visualize their carbon emissions as well as those of their suppliers and providing support services to reduce emissions and improve carbon offsets. It also provides services to evaluate supply chains' environmental, social and governance steps and runs a platform for carbon credit and emissions trading. He said sustainable management is increasingly required in business partnerships at a time when more companies, mainly in Europe, have become sensitive to those issues. "Taking proactive steps on sustainability helps ensure business continuity. Some smaller firms can gain more business opportunities by properly disclosing their carbon emissions," he continued. "So that stance creates a positive impact both inside and outside the companies."

In the following session, some certified companies explained the background behind their application for JSBO certification and how it has affected their business. Hajime Kikuchi, president of Abecho Mermaid Foods Co. — part of the Abecho group engaged in seafood processing and hotel management, mainly in Miyagi and Iwate prefectures — said he had initially not been very much aware of the SDGs. But as the group struggled to recover from serious damage to its plants and facilities during the Great East Japan Earthquake and tsunamis in 2011, the company felt it should do something for society as a form of repayment for people's kind support following the disaster. "When we were hit by the earthquake and received various support from all over the country, we acknowledged our mission to contribute to society. That was when we started to act not only in our business but also in other fields," Kikuchi said. Once his group started to prepare for application for certification, however, he found out that it had already been good for the environment in a circular economy. Residue from marine products is processed as fish meal at one of their plants, which is provided to local rice farmers. Abecho then buys their branded rice to serve at one of its hotels as well as group restaurants. "Without realizing it, we had already been doing business in ways that support the SDGs," Kikuchi continued. "That made us realize there is more we can do, and that such efforts can help our company grow and expand into new business areas." Kikuchi also said obtaining JSBO certification can help the company meet various business partners' requirements for disclosure of nonfinancial data and strengthen its competitiveness within supply chains. The Sustainable Japan section highlights issues related to the environment and a sustainable society. To read more stories, scan the QR code.



"How we act and demonstrate progress toward the goals by 2030 is becoming increasingly important," Kanie said. JSBO

Hankyu Hanshin Holdings builds sustainable communities for life

Sustainable Japan Award: ESG Grand Prize

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Building on its railway operations, Hankyu Hanshin Holdings has grown into a diversified corporate group with operations spanning real estate, commercial facilities, entertainment and many other fields. Its entertainment businesses include the Hanshin Tigers professional baseball team and the Takarazuka Revue. The group, which generates annual revenue of approximately ¥1 trillion (\$6 billion), received the Grand Prize in the ESG category of the Sustainable Japan Award 2025 for its long-standing commitment to community development and sustainability. The group's approach to community-building is rooted in the vision of its founder, Ichizo Kobayashi. Rather than simply operating a railway, he pioneered an integrated model that combined rail transportation with housing, commercial and cultural developments to create communities where people would want to live. More than a century later, that philosophy remains at the heart of the group's business. "We built communities in places that were once sparsely populated," said Yukiko Sagara, general manager of the Corporate Sustainability Department at Hankyu Hanshin Holdings. "Our mission is to work alongside local governments and communities to create places where people genuinely want to live." Guided by its corporate philosophy — "By delivering 'Safety and Comfort' and 'Dreams and Excitement,' we create satisfaction among our customers and contribute to society" — the group has evolved its community-building philosophy into a broader sustainability strategy. Putting that philosophy into practice, the group launched the Hankyu Hanshin Mirai no Yume Machi Project in 2009. Aiming to create communities where people would choose to live for generations to come, the initiative carries out around 100 projects each year focused on conserving the natural and cultural environments along its railway lines and nurturing the

next generation. To mark the project's 10th anniversary, the group introduced the SDGs Train in 2019, featuring interiors and exteriors designed around the U.N.'s sustainable development goals. The following year, in partnership with Tokyu Corp., similar trains powered by virtually 100% renewable energy began operating in both the Kansai and Tokyo metropolitan areas. Building on these initiatives, the group adopted its Sustainability Declaration in 2020, positioning decarbonization and environmentally responsible urban development at the core of its management strategy. "Our goal is to create a society where everyone can enjoy fulfilling lives, now and in the future, and where making sustainable choices becomes second nature," Sagara said. The group became the first railway operator in the Kansai region to achieve carbon-neutral operations across its entire Hankyu and Hanshin rail networks in April 2025 as electricity used for train operations and station facilities was switched to virtually 100% renewable energy. The group also partnered with municipalities and other organizations to establish Kansai Machi We'll, a regional consortium dedicated to promoting decarbonization. The group is advancing initiatives to improve energy efficiency and accelerate decarbonization across the communities it serves. Corporate power purchase agreements (PPAs) have been introduced for major facilities, including Hanshin Koshien Stadium and the Takarazuka Grand Theater, expanding the use of renewable energy across its operations. Its Zero Carbon Baseball Park, home to the Hanshin Tigers' minor league team, became Japan's first baseball stadium to receive ZEB (net-zero-energy building) certification and was selected as one of the Ministry of the Environment's inaugural Decarbonization Leading Areas, highlighting the group's commitment to low-carbon urban development. The group has also integrated nature conservation into its urban development strategy. In Osaka's Umeda district, the group's largest development area, the group is advancing urban redevelopment alongside biodiversity conservation. At Osaka Umeda Twin Towers South, opened in



Umekita Park's South Park section, part of Grand Green Osaka HANKYU HANSHIN

2022, rooftop and vertical greenery planted with native tree species from the Rokko mountain range and the Yodo River basin has created habitats for birds, insects and other wildlife. The project has been certified by the Ministry of the Environment as a Nationally Certified Sustainably Managed Natural Site. The group's commitment to nature-positive development is also evident in its participation in Grand Green Osaka, where more than 1,600 trees have been planted across 45,000 square meters of green space. The project blends nature with urban life, promoting well-being through innovative area management. These long-standing initiatives have since been brought together under the group's long-term management strategy, which defines three environmental outcomes it aims to achieve: decarbonizing society beyond its own operations and supply chain, enhancing urban attractiveness and well-being through greening and nature conservation, and promoting a circular economy through waste reduction and recycling. Each outcome is supported by clearly defined key performance indicators (KPIs) to track progress. More than a century after it began, the group's vision for community-building continues to evolve. By bringing together a wide range of partners, Hankyu Hanshin Holdings helps create communities where making sustainable choices becomes second nature — demonstrating that environmental responsibility and vibrant urban living can go hand in hand.

Old Yamagata school is now a creative laboratory

Satoyama ~ Authentic Japan

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A former elementary school building located a 15-minute walk from Yamagata Station has been transformed into a commercial facility and a hub for the creative city of Yamagata. It is named Q1, pronounced "kyu-ichi," combining "kyu" (former) and "ichi" (one), drawing from "Kyu Issho," the familiar name by which the Yamagata City Daiichi Elementary School was known. This school had produced countless graduates since its establishment in 1927, holding a special place in the hearts of local residents. The name Q1 reflects a wish to preserve those cherished memories for the entire community. Since this building is designated as a Registered Tangible Cultural Property, its exterior had to be preserved in its original state. The interior renovation was carried out to retain as much of the original character of the walls, ceilings and staircases as possible while adapting the spaces for multiple purposes. Today, Q1 houses shops, cafes and restaurants, as well as artisan workshops, corporate offices and event spaces. Masataka Baba is the architect and renovation expert who spearheaded this project and continues to play a central role in the operation of Q1. Baba is widely recognized for his diverse renovation projects across Japan, including the Real Tokyo Estate project launched in 2003, which focused on renovating various

unique vacant properties and old buildings throughout Tokyo. Although he originally had no connection to Yamagata, he accepted an invitation from a professor he respected and began teaching at the Tohoku University of Art and Design (TUAD) in 2008. He had already launched Central East Tokyo, an initiative that involved collaborating with artists to use vacant properties and buildings as venues for art activities throughout the city. Baba sensed a strong enthusiasm among his students to attempt similar projects in Yamagata. The students began searching for vacant properties and found a former inn that had been left vacant. They came up with a plan to renovate it into a shared house for students and presented the idea at a meeting of the neighborhood shopping district association. The leader of the association introduced them to the property owner, allowing the project to move forward. "At universities in Tokyo, students learn design and architecture primarily within the campus. At TUAD, students have the entire city as a real-world field where they can put what they learn into practice. Yamagata is compact, and people here are open-minded, allowing us to nurture a close connection with the community," Baba said. Since then, Baba has continued to support his students as they set up shops and hosted events using vacant properties in the neighborhood, earning the understanding and trust of local residents along the way. As the connection between the university and the community deepened, the city of Yamagata approached TUAD about transforming the former Daiichi Elementary School, and the university agreed to take on the project. Around the same time, Yamagata was designated a member of the UNESCO Creative Cities Network under the film category. The evaluation process highlighted not only the prestigious Yamagata International Documentary Film Festival, Baba noted, but also the creativity woven throughout the city's multifaceted cultural assets, including music, literature, crafts and food culture. This led Baba and Sato to agree that the school building should serve as a hub for local creative activities. Baba emphasized



Masataka Baba, CEO of Q1 HARUKO MIURA

that Q1 aims to cultivate creative talents capable of helping form a sustainable regional economy. Current tenants range from a metalsmith and hairdresser to chefs crafting dishes and sweets with local ingredients. Throughout the year, Q1 also hosts the Marche Event Q-1chi series (in which the "1chi" means "Market"), featuring various themes such as wine, sake and vintage clothing. The next event will be held from Sept. 11 to 13. Baba noted that distinctive, creative shops and attractions are also scattered across the city outside Q1. "The great thing about a regional city like Yamagata is that you can make a living by doing what you are truly passionate about. Last year, we put together a book like a dictionary of professions, gathering people who are passionate about what they do. It features diverse professionals from designers and architects to farmers and ramen chefs." He expressed hope that many young people, especially junior high school and high school students, will read the book to explore new possibilities. "In the 19th century, people engaged in 'labor' to make a living. In the 20th century, what was once called 'labor' became 'work.' I believe that it will become 'play' in this century. We call people who passionately pursue something 'players.' I want Yamagata to be a city filled with people like that," Baba said.

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Yamagata city



Entire families enjoy the market. Q1