Corporate Action in the Age of SDGs: Value Creation and Business Opportunities

Special Conference 2018

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Program

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Abstract

This document presents an overview of “Corporate Action in the Age of SDGs: Value Creation and Business Opportunities”, a special conference hosted by Fujitsu Research Institute on February 5, 2018. The main ideas discussed at this conference will be outlined below.

Two years passed since the United Nations established the Sustainable Development Goals (SDGs) in January 2016. The SDGs, which comprise 17 Goals and 169 Targets to be met by 2030, can be seen as a global “common language” when thinking about tackling social problems across a wide range of fields in all countries and areas party to the agreement. SDGs are not an obligation for corporations, but the international community’s expectations for companies as organizations with human resources, technology, and capital, are growing in terms of the effective implementation toward SDGs. Resolving the social issues laid out in the SDGs will lead to business opportunities—by 2030, it is anticipated that business opportunities will total 12 trillion USD worldwide and 5 trillion USD in Asia. On the other hand, corporate activities that adversely affect the achievement of SDGs are risk factors. In responding to ESG investment, as well as managing the supply chain, the importance of grasping impact on SDGs and disclosing information is increasing.

Interest in the roles corporations can play in achieving the SDGs is rising in Japan. The government also recognizes the importance of corporate contribution in SDG implementation guidelines, and support measures are under consideration. Also, in the Japan Business Federation’s (Keidanren) Charter of Corporate Behavior, which was revised in November 2017, business contribution to achieving SDGs was indicated. Domestic corporations, and in particular large ones, are beginning to take concrete action through trial and error, such as expressing awareness of the importance of SDGs, establishing policies and strategies, and linking with business initiatives. Questions remain as to whether it will be possible to maintain long-term corporate value creation and business opportunity acquisition through 2030, without ending as a transient “boom” in the intervening years.

At this conference, we will grasp the international trends of corporate management as related to SDGs, while seeking to clarify the current situation of efforts in Japan and identify potential issues, deepening discussion as to how Japanese companies will continuously utilize the perspective of SDGs to remain competitive, and specific methods and challenges for corporate management to maintain and strengthen capabilities.
As Chief Executive of Earth Security Group, I offer advice and assistance for investors, governments, and companies across the world to help them incorporate the Sustainable Development Goals (SDGs) and seize new opportunities as they develop their businesses and carry out their growth strategies. Today, I will talk about what opportunities the SDGs may offer companies in the Japanese and overseas markets.

The SDGs are a collection of 17 global goals approved by the United Nations that deal with issues material to society. Since policy efforts to achieve these goals inevitably shape the business environment, they have various impacts on businesses. For example, some European countries have announced plans to phase out diesel cars over the coming years. This means that automobile manufacturers will have to change their business models dramatically. At the same time, the change may be taken positively as a growth opportunity.

Business value brought by the SDGs
From our perspective, the SDGs present two major aspects that businesses must consider. One consists of material risks that may affect companies negatively, such as modern slavery in global supply chains or environmental pollution to name a few, which may be connected to companies’ activities anywhere in the world. The other consists of positive impacts that may be the result of business innovation and growth opportunities, for example in the form of new products and services that have benefits to society and to corporate evolution.

Companies must be clear on why they should work toward the SDGs. Is a company pursuing the achievement of the global goals for reputation and brand value? is it a means to retain young talent motivated with the company’s values? provide new customer experiences, or develop new products and service innovation that are aligned with societal needs? or, finally, is it to ensure the resilience of their supply chains knowing that issues that are important to local communities are being considered at the corporate level?

Understanding how the SDGs matter to the future of a business or sector is key. For example, many international consumer electronics companies are in the process of moving manufacturing operations to Southeast Asia and have made major investments in order to enhance their competitive edge, cost efficiency and performance. Such companies thinking globally about their production and markets must ask themselves the following important questions: Which SDG pressures in these regions and locations are likely to affect their business and how? Firstly, therefore, it is a matter of understanding which problems they should focus on? Secondly, companies should also ask what positive impact opportunities they should prioritize in these places as part of their growth strategies. This is to ensure that the growth of their businesses will come hand in hand with the development of the societies they are supposed to serve. Considering all this is essential to ensure that companies communicate the value they create to society in a credible and authentic way. Let’s be honest, sometimes corporate speak on the SDGs can seem superficial. Business must see in the SDGs not an opportunity for marketing, but an opportunity to create value for shareholders and stakeholders, to grow and earn their trust, and to ensure that government of the countries they are investing in regard them as partners of choice for the future.

Seeing the bigger picture
Different countries face different challenges. The risks and opportunities that companies face will differ between countries, regions, industries, and companies. We at Earth
Security Group have developed the analysis and tools to help companies visualize these priorities and to understand where to focus. This allows companies to clearly see which of the issues presented by the SDGs should be prioritized in specific country markets and in doing so to “visualize” and communicate risks and opportunities clearly across the business also to raise awareness with others inside a company of the importance of the SDGs to the business.

Referring back to the electronics manufacturing sector in Southeast Asian countries our analysis shows that pollution is spreading because the countries do not adequately regulate pollutants discharged by companies and clean water is essential to the manufacturing of high-grade microprocessors. Given that SDG 6 is “Clean Water and Sanitation,” companies must consider what to do to help achieve the SDG when they invest in these countries. They will need to consider all the options, from disclosing better information about their water discharge if investors require this and ensuring compliance with local regulations, to possibly investing more capital in improving wastewater re-use or supporting surrounding communities to improve water quality in the areas where they operate. Being proactive about solutions, and measuring progress, is important to the credibility of companies’ efforts.

To continue with the industry example, Southeast Asia has seen a 63% increase in electronic waste (“e-waste”) over the last five years. This is one of the downsides to technological revolution, and today, the local residents, municipalities, and NGOs in the region are keen to hold big consumer companies accountable for this increase. Who will take responsibility for the pollutants, contaminated water, and waste materials discharged during the product manufacturing process? The companies must consider developing programs to address the issue along with circular economy and supply models.

Given Southeast Asia’s labor policy environment, our analysis shows that decent employment is also most likely to become a material issue to consider in this sector. The laws to regulate illicit labor have not been enforced as fast as they should be. While the number of factories and plants is rapidly increasing, the frequency of inspections cannot keep up due to a lack of the resources. This issue is beyond the control of global companies that are required to bear product liability for the long term.

**Developing a solutions framework**

The SDGs require companies to adopt a solutions framework. Taking global actions that are focused on the local problems is key to make the SDGs work for business. To continue with the example of the electronics sector, Dutch phone manufacturer Fairphone is a company that gives priority to fair working conditions as part of its branding. The company believes that manufacturing its products in fair working conditions can help create value targeted to more conscious consumers.

Companies can also think in terms of supply chain management. For example, they can define a global value chain framework that explicitly provides for better working conditions, including by giving workers at their component factories the right to organize. Considering these questions is a condition for innovation in management.

Another area to consider is business diplomacy. It is in the interest of companies that government provide a stable, fair and sustainable business environment. Companies can, for example, work together on a pre-competitive industry level to facilitate the implementation of agreements with the International Labor Organization (ILO) by the governments across Asia.

As you see, when examining the SDGs in terms of business, focusing on risks and material issues and then applying an angle from the side of impact opportunities will lead companies to develop an approach that delivers many areas of business value.

**Exploring Japan’s SDG priorities**

Let us take a look at our analysis for some of the SDGs with high priority in Japan and what companies in different sectors can do to create business value by addressing them.

Our dashboard for Japan in 2017 (pictured) shows at least three big areas of priority of Japan in relation to the rest of the world:

Firstly, the issue of the sustainable use of marine and fishery resources. Half of all fish species caught for commercial purposes in Japan have been overfished, and thus reportedly more than 90 percent of fishery workers in Japan express concern about the depletion of fish stocks. This issue of the depletion stems from the fact that Japan has not managed fish stocks sustainably enough.

Secondly, while Japan has been doing a great job in recycling waste in general, in terms of responsible production and consumption, there is a major issue of electronic waste (e-waste). Japan has the third-largest amount of e-waste in the world, and only 25 percent of the waste was collected and processed in 2013.

Thirdly, Japan’s CO₂ emissions are ranked fifth in the world. While emissions from industry are stable, those from households are on the rise. This is partly because of increasing electricity consumption, which is one of the byproducts of the
current digital revolution. The Japanese government has set an ambitious goal of a 26-percent reduction in the country’s greenhouse gas emissions by 2030.

For companies to develop opportunities in their core areas of business, it is vital that they understand the issue and the potential for SDG-driven innovation in their market, and base their approaches on evidence. They should focus on what they can do themselves by way of business, but also on the opportunities to work together with other members of their industry.

**Referring back to the three challenges I mentioned:**

On fisheries, a Japanese food retailer launched Japan’s first Fishery Improvement Project (FIP) in 2016 to address the above material issue of sustainable management of fish stocks. The retailer test-marketed fish caught by sustainable means at four of its stores. The experiment received positive feedback from consumers on the product quality, reasonable prices, and sustainable techniques. Emerging projects of this type have potential for turning into various businesses that may lead to major opportunities.

On e-waste, a Japanese telecommunications company has launched an exciting project to address the issue of e-waste. In partnership with the 2020 Tokyo Organizing Committee of the Olympic and Paralympic Games, the company accepts mobile phones that consumers no longer use at its 2,400 stores across Japan to reclaim eight tons of gold, silver, and copper from used electronics to make 5,000 Olympic medals. This is a good example of a circular economy in practice meant to make a significant impact. Other industries should also take advantage of the Olympics and Paralympics as a business opportunity as the international event offers companies opportunities to achieve their creative potential.

On emissions, the energy industry can help reduce CO₂ emissions and energy consumption by offering means to improve energy efficiency. Smart meters are expected to grow into a one-trillion-yen market when they become widely used, and 10 million are already in use in Japan. Tokyo Electric Power (TEPCO) plans to connect 30 million devices to its network by 2020. This is not only a significant transition that generates major business opportunities but also an effort to help achieve the SDGs.

What is interesting about these projects is that these companies do not always emphasize they have launched the efforts to help achieve the SDGs. They find the work involved in the projects exciting as well as beneficial to their core businesses. The efforts help improve their relationships with consumers and enable them to invest more in infrastructure to develop distribution networks across Japan.

And the SDGs offer a framework that helps them achieve all this. The three business examples I mentioned are not the only ones in the position to use the framework that the SDGs offer. Such analysis and possibility is available to any company that is interested to make the SDGs a driver of business value, and in communicating corporate values in action to the world.

**Seizing the opportunity of the SDGs for business**

Finally, I would like to present three conclusions.

First, the SDGs help businesses to understand critical challenges that their industries are facing, and are bound to face in the future as our societies undergo deep processes of change. These challenges also offer great opportunities for quality growth. Hence, businesses need to find effective ways to respond to risks while at the same time thinking about opportunities, as difficult as that can sometimes be.

Second, the SDGs play an important role in attracting young talent. With its population aging, Japan is facing an issue of shortages of young talent in major fields such as automobiles and engineering. And younger people are putting a lot of focus on a company’s purpose. They increasingly gravitate toward companies working on projects for a greater cause as their ideal workplaces.

Third, many Japanese companies are already engaged in excellent innovations for society, but have not yet found a way to translate their strategies to the SDGs. When companies do this, they typically find that in some areas they are already doing amazing work, and which present an opportunity to better communicate their work, but they also find other areas that they hadn’t considered fully and therefore present an opportunity for innovation.

In Europe, institutional investors such as pension funds today ask fund managers and leading companies they invest in about the businesses’ efforts to help achieve the SDGs. This indicates that the SDGs are becoming part of the common language in the context of investor relations (IR). Moreover, the SDGs have also been agreed upon by national governments across the world. This testifies to the great significance of the SDGs.

The SDGs are not new issues, but the universality of this ‘lingua franca’, which I have learned today is also deeply aligned with Japanese values, offers a powerful new framework and language to bridge the interests of business with the interests of society. Companies should use this framework and language to build the confidence of their stakeholders and make clear their vision to achieve sustainable growth in the years to come.
Today, I will discuss the relationship between companies and society, or what society expects of companies, then talk about how companies can incorporate the Sustainable Development Goals (SDGs) into their business management. Let me also take this opportunity to present the revisions to the Charter of Corporate Behavior and Its Implementation Guidance published by Keidanren (Japan Business Federation) in late 2017. The task force, which I led, focused on incorporating the SDGs into the Charter through the revision.

How CSR should be understood

As the SDGs are frequently discussed these days, some say that corporate social responsibility (CSR) is a thing of the past. I heard people say something similar when I visited Germany in November 2017 to represent the Council for Better Corporate Citizenship (CBCC), which is Keidanren’s related organization for CSR promotion.

The SDGs are said to generate business opportunities worth 12 trillion yen. Moreover, environmental, social and governance (ESG) investing has been attracting much attention in Japan over the last few years. According to the survey of member companies of the World Business Council for Sustainable Development (WBCSD), businesses around the world have been publishing information titled “Sustainability Report” for many years, and the number of such businesses is on the rise. These movements do seem to have made the word CSR obsolete.

How should businesses interpret CSR in relation to the SDGs? The answer is that CSR is an approach to offer business solutions to local or global issues. For companies to fulfill their social responsibility, it is critical to act through their products and services as well as their business processes. I will continue my discussion today based on the assumption that these points are important in integrating the SDGs into business management.

Fundamental principles of the SDGs

The International Organization for Standardization (ISO) issued ISO 26000 for organizations’ social responsibility in 2010. This international standard identifies seven core social responsibility subjects, and emphasizes the importance of understanding the subjects from two different angles, that is, holistic approach and interdependence. This is also key to efforts to achieve the 17 SDGs. Companies should accurately understand the overall picture, and then pay attention to the interdependence of individual elements that comprise the whole as they work toward the goals.

The basic principles shared across all 17 SDGs are transformation and “Leaving no one behind.” It is imperative to correctly understand these two concepts.

Regarding transformation, the United Nations Global Compact, The Global Reporting Initiative (GRI), and the WBCSD jointly developed the guide titled The SDG Compass, which states that businesses should take an “outside-in” approach to goal setting. In other words, businesses should...
start by considering the external environments (e.g., the SDGs) that should be achieved, and then think about what they should do now to help reach the goals, rather than set goals as an extension of their own current goals. In doing so, their regular benchmarks will be the performance of their competitors who have adopted the same approach and are currently doing well, which urges them to catch up with and outstrip the achievers. In contrast, the “future-fit business benchmark” approach starts by identifying what will become norms, and then aligns courses of action with the expectations. This approach is also necessary for transformation.

The second principle “Leaving no one behind” should also be heeded. The 17 SDGs are meant for all people from all walks of life, and “inclusive” is used in their wording to represent the principle. Although it is not explicitly written in the descriptions of the 17 goals, what underlies the SDGs is the principle of honoring human rights. This year marks the 70th anniversary of the adoption of the Universal Declaration of Human Rights by the United Nations (UN) in 1948. Honoring human rights is not about encouraging token gestures but about eliminating constraints on the rights, such as social rules and systems, which all humans are born to have. More specifically, the UN Guiding Principles on Business and Human Rights developed and approved in 2011 serve as a baseline for CSR, and thus understanding and acting on the Guiding Principles is vital. In other words, the SDGs should be about protecting human dignity and honoring diversity, that is, guaranteeing human rights, which creates both opportunities and risks for companies.

In recent years, the world’s leading companies such as Unilever and Marks & Spencer have been publishing reports exclusively on their human rights policies. In Europe, countries have produced their national action plans, and some nations have policies that require businesses to disclose information about their human rights due diligence. For example, France has taken a leap into requiring companies to disclose their human rights due diligence. In contrast, Germany has adopted an interesting two-phase policy which has made the disclosure of the due diligence optional for businesses. The government will consider legislating for the disclosure if less than 50 percent of the companies that have been given the options have disclosed the information by 2020. In any case, the relationship between business and human rights is now treated as a very major issue. And it is vital that companies understand this issue is a critical part of the SDGs built upon the principle of honoring human rights.

Keidanren: Charter of Corporate Behavior and Its Implementation Guidance

Given the global trends I have discussed, Keidanren published the revised Charter of Corporate Behavior and Its Implementation Guidance on November 8, 2017. The Charter was originally developed in 1991 to serve as a set of precepts with which member companies were expected to comply, and so it was initially more like an ethics charter. In 2010, the original edition was modified to incorporate the ISO 26000 guidances, thereby urging businesses to launch their efforts toward sustainable development. The revisions made in 2017 were major ones to encourage more advanced efforts. The Charter has 10 clauses agreed upon by Keidanren member companies, which means that none of these clauses are optional, requiring the companies to focus on them all. Furthermore, the Implementation Guidance with some 170 pages illustrates basic approaches, gives tips on what specifically businesses should do to implement the principles, and describes action plans. The full versions of the Charter and Implementation Guidance are available for download from Keidanren’s website so that the companies can refer to both as they go along.

The purpose of the 2017 revision is to incorporate the frameworks of the SDGs and the Paris Agreement adopted in the same year (2015) along with the UN Guiding Principles on Business and Human Rights in order to urge member companies to act. The pillar of the revision is the aim to help achieve the SDGs through the creation of “Society 5.0” approved by the Cabinet in January 2016 as the vision of near-future society that Japan should work toward. The growth model of Society 5.0 depicts what Japan’s society should look like in the future, and it is also aligned with the SDGs.

The human race has built hunting, agricultural, industrial, and information societies. Today, we are heading toward a super-smart society designed to flexibly fulfill each person’s needs while optimizing the shape of society as a whole. This becomes feasible when IoT, AI, big data, and other innovative technologies are fully used to create an inclusive and sustainable smart society. The idea of Society 5.0 greatly helps implement the SDGs’ fundamental principles “transformation” and “Leaving no one behind,” and it also sets an enormous stage for contribution by industry. Therefore, it is incorporated as a pillar of the Charter of Corporate Behavior.

Now, let me talk about the content of the Charter related specifically to the SDGs. It first presents the angle “achieving the SDGs through the creation of Society 5.0,” and
then, in encouraging language, it urges companies that play a leading role in social change to act voluntarily. Moreover, all clauses are written to be relevant across the country and the globe, which made the wording in one of the clauses “In line with the globalization of business activities” in the former edition unnecessary. The removal of the phrase is one of the features of the 2017 revision.

The preamble preceding the 10 clauses symbolizes the encouraging language. In addition to the subtitle “For the Realization of a Sustainable Society” of the Charter, the preamble states, “The role of a corporation is to take the lead in the realization of a sustainable society,” actively defining the role of businesses expected to stay a few steps ahead as they act as leaders.

Clause 1 is a newly added statement that businesses should help to achieve sustainable economic growth and to resolve social issues. It incorporates the idea of helping achieve the SDGs through the creation of Society 5.0. The purport of this clause is that innovation should enable economic growth and the resolution of social issues to go hand in hand.

Clause 4 about respect for human rights has also been newly added considering the Guiding Principles on Business and Human Rights. The Implementation Guidance lists three items as specific actions companies can take for this clause. The first item is to understand internationally recognized human rights that have been shaped over time since the adoption of the Universal Declaration of Human Rights. The second item is to develop a framework of ensuring that human rights are honored at all times. More specifically, companies should incorporate human rights due diligence into management as an established framework to prevent human rights violations. The third item is to help create an inclusive society. Businesses should not only make sure they cause no negative impact such as human rights abuse, but make a positive impact on society, thereby promoting human rights. This is also closely connected to the SDGs.

Clause 10, the final clause, is about the “Role of top management and implementation of this Charter,” which is key to business management designed to help achieve the SDGs. It emphasizes that top management should keep in mind their role is “to realize the spirit of this Charter.” Then it states that top management should also encourage not only their companies but also their supply chains to remain aware of the spirit of the Charter and act accordingly. The Guidance illustrates how to achieve all this, quoting text from The SDG Compass and so on. Clause 10 also states toward the end that, if a company “loses the trust of society,” top management should play a role of proactively taking responsibility. This is a baseline for and the most important part of CSR, and has been included since the Charter was first developed. The revised Charter continues to emphasize this top management responsibility.

The SDGs as SBDGs (Sustainable Business Development Goals)

I have talked about different aspects of the SDGs so far. What I mean to say is that the SDGs are, in other words, “Sustainable Business Development Goals.” Companies should adopt these goals as purposes of their business activities. That is, they should see that the goals offer great opportunities to develop long-term strategies that integrate sustainable development into their businesses. They should also note that they will be able to get clues and inspiration when they not only plan their courses of action for the 17 major goals, but explore the possibilities suggested by the 169 targets that comprise the goals.

It is also vital to accurately understand the fundamental principles and whole picture of the SDGs to ensure that they “won’t miss the forest for the trees.” They must avoid cherry-picking, that is, picking up parts convenient for their companies without having a correct understanding. The SDGs certainly offer tremendous business opportunities, but, apart from those opportunities, companies must thoroughly understand what the SDGs are about as a whole set of goals, and act accordingly. Since honoring human rights underlies these goals, companies are, of course, expected to adopt the angles that they will have no part in human rights violations, and that they will actively promote human rights through their businesses. Furthermore, as part of their efforts to help achieve the SDGs, they will need to work with stakeholders more closely than ever at unprecedented levels.

The Charter of Corporate Behavior was revised to communicate that major change is needed to achieve the SDGs, that is, to accomplish inclusive and sustainable economic growth centering on humanity, and that corporations are expected to lead the change. It would be much appreciated if you could adopt the Charter and Implementation Guidance.
Now, I would like to review how companies should champion the causes of the SDGs through their business management, then discuss current situations surrounding Japanese companies, the status of the companies’ advanced efforts, and issues that lie ahead of them. This discussion serves also as an introduction to the ensuing panel discussion.

The SDGs and corporate management

The SDGs came into effect in January 2016. Governments around the world are committed to their efforts to help achieve these goals by 2030, while the SDGs are not obligatory for businesses. That said, one of the reasons that the SDGs attract so much attention is that these global goals serve as a common language that companies use to discuss how they can help resolve social issues. Companies anywhere in the world understand each other when they use the term “the SDGs” as they act to support the causes until 2030.

The Millennium Development Goals (MDGs) set to be achieved by 2015 focused on developing countries, while the SDGs ask all countries and regions around the world for their commitment. This means that the Japanese government and, by extension, companies in Japan need to act on their own initiatives. In addition, businesses are expected to play a more active role than ever. With the SDGs presenting both business risks and opportunities, companies must feel compelled to do something.

When we look at Fortune Global 500 companies’ sales and the rankings of government budgets (revenue), Walmart’s sales volume—the largest of the 500—sits between Canada’s and Spain’s budgets; and Toyota Motor’s, which is ranked fifth, between Mexico and Belgium. The sales of the American company ranked 500th are almost equal to the budget of Uzbekistan, which is ranked 67th. Directly comparing government budgets and companies’ sales may appear to be beside the point, but it was to give you an idea of the funds that could be spent on helping achieve the SDGs. The international community hopes to work with major global corporations so that the funds and technologies those businesses have will help resolve social issues across the world.

In recent years, many guidelines and tools related to the SDGs have been developed for businesses since the global goals came into effect in 2016. The SDG Compass, the SDG Industry Matrix, and the CEO Guide to the SDGs developed and published overseas have been translated into Japanese. Guidelines and reports on how to disclose the SDG-related information in integrated reporting and sustainability reporting have also been published.

In Japan, Keidanren (Japan Business Federation) revised the Charter of Corporate Behavior and its Implementation Guidance to urge Japanese corporations to help achieve the SDGs. The government has set up the SDG Promotion Headquarters and emphasized in the SDGs Implementation Guiding Principles published in December 2016 that “it is critical that...the private sector contributes to solutions for the public agenda.”

In the Action Plan 2018 published in December 2017, the government defines one of the pillars of the Plan as “the joint promotion of Society 5.0 by the public and private sectors, which is closely linked to the SDGs,” emphasizing that the government actively supports private businesses. The Ministry of the Environment has also expressed its intention to publish guidelines geared toward small and medium-sized companies. These movements indicate that the Japanese government means to support and work with companies more actively than ever.
Japanese companies’ efforts

Next, let us look at how much Japanese companies incorporate the SDGs into their business management. Toyo Keizai regularly surveys medium and large-sized companies to publish the “CSR Company Hand Book.” The survey began to include the question “Do you refer to the SDGs?” two years ago. According to the 2018 Hand Book published in November 2017, 23 percent of the 1,413 surveyed companies answered “Reference,” and 10 percent (141 companies) said “Considering.”

Manufacturers show higher percentages of “Reference” and “Considering” than non-manufacturers (Figure 1). When we compare the figures by major line of business, companies in the foods, electronics, transportation equipment (including automobiles), and chemical and pharmaceutical product businesses show particularly high percentages. These lines of business typically offer products for end-consumers and/or have global value chains. As for non-manufacturers, financial institutions and insurance companies show high percentages. This is probably connected to the emergence of ESG investing.

We collected published information from 225 Japanese companies ranked among the Forbes 2017 Global 2000 companies and compiled this chart to show the frequency of reference to the SDGs (Figure 2). We conducted the same survey in 2016. When we compare the 2016 and 2017 survey results, we see that about one-third of the companies published the SDGs-related information in 2016, and more than half of the companies did in 2017. Then we classified these companies into two groups for comparison. One is of those ranked among the top 1,000, and the other among the second half from 1,001 to 2,000. The results show that the companies in the first group made statements about the SDGs more often, and that manufacturers made statements about the SDGs more than non-manufacturers did, as expected.

![Figure 1 Status of reference to SDGs by key industry](image1)

![Figure 2 Status of reference to SDGs by Japanese companies by ranking and industry](image2)

![Figure 3 Details of statements about SDGs by Japanese companies ranked on the Forbes Global 2000](image3)
stage over the past year.

Examples of their efforts to tie their business management to the SDGs include the following: tying the SDGs to the CSR policy (Resona Holdings, etc.); to the CSR action principles and materiality (The Kansai Electric Power, etc.); to social issues for each value chain (Daiwa House Industry, etc.); presenting a whole picture connecting the 17 SDGs to existing businesses (Nippon Steel & Sumitomo Metal Corporation, etc.); and presenting each product’s adaptability to the SDGs (Shin-Etsu Chemical, etc.).

To create enterprise value and business opportunities

Where are Japanese companies headed, and what challenges are they bound to face? When we consider these questions using a timeline from 2016 to 2030, I think that 2016 saw numerous companies become aware of the importance of the SDGs and launch their committed efforts. In 2017, they actively tied the SDGs to their strategies and businesses. From 2018 onward, they are moving through the phase where they will develop and carry out new business strategies aligned with the SDGs. They will need to do more than just saying they act to help achieve the SDGs or the SDGs are relevant to their businesses. They will likely be expected to launch efforts designed to continue until 2030.

When looking at the development and implementation of business strategies in light of the SDGs, these companies contemplated what their existing efforts, some of which may have already been there before the SDGs were set, would look like when the 17 SDGs and their targets are incorporated, and re-labeled the efforts accordingly. However, these associations and re-labelings may end up being temporary actions. Efforts to achieve the SDGs will continue until 2030. Therefore, to ensure the continuity of the efforts, the companies must plan new courses of action built upon their commitment to the SDGs.

Some companies must be having difficulty planning their initiatives. The key to developing and carrying out the SDG-oriented new business strategies is presenting how their endeavors to help achieve the SDGs are connected to the creation of enterprise value and business opportunities when the strategies need internal approval. More specifically, companies should evaluate and prioritize their business activities and set their goals and KPIs in light of the SDGs, while reviewing their internal governance or management system for improvement if necessary. Then, based on these efforts, they will eventually plan specific approaches to help achieve the SDGs, such as efforts within their business offices, value chain management, exploring the possibilities of product development and/or new businesses, and communication with internal departments or stakeholders.

Then they will look at how these actions will be reflected in their corporate value (Figure 4). I think the needs for product development and new business development may be more easily understood internally than other areas. While, when asked what business opportunities will be available through the initiatives to help achieve the SDGs, companies will be required to give an explanation in terms of their contributions to the SDGs and business feasibility. Furthermore, integrated reporting requires companies to consider disclosing information about six types of capital. Companies will likely need to find their ways to present their approaches to help achieve the SDGs as their corporate value.

![Figure 4 Planning and implementation of business strategy from the viewpoint of SDGs](image)

That said, since these efforts have just been launched, businesses are not yet able to prove that their efforts have created corporate value. For example, take the 225 companies ranked among the Forbes Global 2000 I mentioned before. Some of them referred to the SDGs and others didn’t. When the annual average rates of their share price change are examined, those that mentioned the global goals would understandably hesitate to say that their share prices are higher than a year ago because they work toward the SDGs. The data in 2017 alone show that those which mentioned the SDGs enjoy higher share prices, and yet we could also say that these companies with high share prices can afford to support the SDGs. It will become clear how their efforts will contribute to their share prices and other corporate value as they move ahead with their specific
activities.

The SDGs with 169 targets are said to offer various clues to business opportunities. They are also said to create opportunities worth 5 trillion dollars in Asia and 12 trillion dollars across the world for all businesses regardless of their nationalities, intensifying competition.

Some companies seem to believe that the SDGs do not concern them because they do not operate globally. However, the SDGs offer a wide range of business opportunities in Japan alone. The Japanese government has developed its enforcement policy for the SDGs that focuses on eight priority issues and has been taking specific measures. The SDGs Action Plan 2018 also shows the government’s determination to work with companies to launch Japan’s full-scale efforts, coupled with measures intended for domestic or international markets. Considering all this, I believe that opportunities are available to all businesses, and that it is possible to take many different approaches in the context of the SDGs.

To sum up, in today’s world, businesses cannot avoid considering the SDGs. Although acting to help achieve these global goals is not mandatory, companies are expected and requested to play a leading role, and tested for their capability to ensure their commitment to the SDGs, the “common language” used across the globe until 2030. Here, how they will incorporate the SDGs into their main businesses is the key. It takes time, naturally, before their efforts are reflected in their corporate value, yet they will need to find out how to measure the effects of their endeavors. While the SDGs are said to offer potentially great business opportunities, whether companies can seize real opportunities is a different matter. If they do nothing beyond making their own efforts, they will be unable to expand the scale of their initiatives, failing to help resolve social issues.

Upcoming challenges

Companies are bound to face three major challenges. The first challenge is to make clear the purpose of their initiatives. It may be often the case that a company does what has been decided without an internal consensus about why it should help achieve the SDGs, or only some of its departments make the efforts. Relatively large corporations in particular might be prone to a situation in which many departments are driven by the keyword “the SDGs” to do what they can, but their efforts won’t develop into continuous company-wide action. This is related to the second challenge of realizing a cross-organizational discussion and structure.

To meet the first and second challenges, companies must make the SDGs a “genuinely common language,” that is, all their employees understand what is discussed in the context of the SDGs. At present, employees of a company may use the term “the SDGs” according to their own understanding. Hence, companies must clarify what the SDGs are about and why they act to help achieve these goals for the entire organization. Otherwise, employees might only engage in something that benefits the company. For example, they might associate “Clean Water and Sanitation” (SDG 6) with water-related issues the company has, not the international goal that should be achieved.

The third challenge is to evaluate their actual performance to keep improving their approaches. Companies should evaluate and examine how much they have contributed to what is specifically required to achieve the SDGs at the levels of the 169 targets, not the 17 goals, as well as the profitability of the contributions. In doing so, they will be able to further explore what they can do in the coming years.
Corporate value creation and business opportunity from the viewpoint of SDGs

Panelists

Julian Hill-Landolt
Director, Sustainable Lifestyles, World Business Council for Sustainable Development

Minako Takaba
MSCI ESG Research, Vice President

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General Manager, CSR Dept. Sumitomo Chemical Company, Limited

Sogo Fujisaki
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Senior Adviser on CSR, SOMPO JAPAN NIPPONKOA INSURANCE INC.
Associate Professor, School of Business Administration, Meiji University

Moderator
Takafumi Ikuta
Senior Research Fellow, Economic Research Center, Fujitsu Research Institute

Panelist Presentations

Julian Hill-Landolt
The World Business Council for Sustainable Development (WBCSD) was founded by business leaders after the Rio Summit in 1992. It is a CEO-led organization, working with 200 companies around the world in order to advance and lead the business response to sustainable development. WBCSD works on advancing business solutions to sustainability challenges within five key systems: “Cities and Mobility”, “Energy and Circular Economy”, “Food, Land and Water”, “People and Society” and “Redefining Value (the financial system)”.

The WBCSD played a role in the development of the SDGs at the United Nations. Currently it engages business in three focus areas: advancing the conversation around the SDGs, providing the business voice into international dialogues on the SDGs, and collaborating for impact—bringing companies together to progress their efforts to achieve the goals.

To promote understanding of the business case of engaging with the SDGs, WBCSD has published the CEO Guide to the SDGs. The guide provides senior executives with an overview of risks of not acting on the SDGs as well as the opportunities that can be captured, the way in which SDGs support better governance and transparency, and the need for collaboration to achieve the opportunities and the goals themselves. We have also created a website called “SDG Business Hub” (www.sdghub.com/) which pulls together a wide range of information to support business in integrating the SDGs including the SDG Compass, other tools, case studies, and insights.

As part of our activities to inject a forward-thinking business voice into inter-governmental discussions around the SDGs, we also participate and co-organize the annual SDG Business Forum. Last year, the Forum attracted about 1,500 attendees. We are also helping to develop a series of Sector Roadmaps for the SDGs that enable different industry sectors to come together to identify, articulate and realize the key opportunities for their sector to drive SDG impact.

How should companies decide where to focus in the processes toward the SDGs? Take SDG 12 “Responsible Consumption and Production,” for example. When society tries to accomplish this goal, it faces a dilemma. Specifically,
achieving the “leave no-one behind” aspect of the SDG will result in increased consumption and therefore increased impact on the environment. How, therefore, can we bring people out of poverty and also offer reduced environmental impacts and greater overall sustainability? How can we maintain a high quality of life with a fraction of the impacts?

In both developing and developed countries, local middle-class incomes drive consumption trends and have a great impact on the environment. However, it is currently difficult for the middle class to switch to a sustainable lifestyle, because the infrastructure, products and services required are not available, and where sustainable options exist, they are often unappealing. The challenge for business is therefore two-fold: it must make sustainable lifestyles possible (which is a question of innovation); and it must also make sustainable lifestyles desirable and aspirational (which is a challenge of marketing).

WBCSD believes that this transformation is possible, by offering people lifestyles that are better, without being bigger—lifestyles that are cleaner, healthier and smarter. The opportunity lies in this transformational change, not in incremental improvements to companies’ current product portfolios.

◆Minako Takaba

MSCI ESG Research has 170 analysts dedicated to research on environmental, social and governance (ESG) investing across the globe, and five of these analysts work in our Japan office. We have about 1,000 customers around the world, ranging from institutional investors to securities firms, and 47 of the world’s top 50 asset managers use our services.

When investors are presented the 17 SDGs set to resolve the issues of poverty and inequality, human rights violations, and climate change, their typical reaction is that they are interested and would like to know how to help achieve the global goals, or that they need to know how to invest to support the causes. To meet these requests, MSCI has classified the 17 SDGs into these five Actionable Impact Themes (basic needs, empowerment, climate change, natural capital, and governance), and subdivided them into the 11 areas. We calculate percentages of companies’ sales from these areas according to their disclosed information and link them to the companies’ stocks to sell our products such as Sustainable Metrics to institutional investors. We have strict criteria for products included in the calculation of the percentages of sales. For example, when calculating the sales of toiletries in the “basic needs” category, we include those of soap, oral hygiene products (toothbrushes and toothpaste), detergent, water purifiers, and toilet paper, while excluding hairstyling products, deodorants, perfumes, fabric softeners, skin care products, and cosmetics. This process entails a rigorous check to make sure the calculation is done according to the criteria.

Let us look at the status of the companies included in the stock index MSCI ACWI in terms of the percentages of sales that may help resolve the issues presented by the SDGs. When the figures are rigorously calculated, 987 of 2,453 companies score zero, 339 companies 20 percent, 123 companies 50 percent, and only 34 companies boast 90 percent or higher. We also offer indices of companies whose percentages of sales that contribute to the process toward the SDGs exceed 50 percent. These companies score higher than the market benchmarks in almost any periods. Investors have high hopes for performance like theirs.

Finally, when we asked investors if we should also count companies’ “intention” of supporting the SDGs and how much they mean to contribute, their answers varied. One of them was that, if a company only has intentions without making an impact (i.e., an outcome called “revenue”), it cannot be regarded as a business to invest in. This is the point I would like to leave with you for consideration. Thank you.

◆Kanako Fukuda

About 100 years ago, Sumitomo Chemical Company started business as a producer of fertilizers from sulfur dioxide gas emitted by copper smelters at the Besshi copper mine in Ehime Prefecture. This was the solution not only to solve the environmental problem but it would also contribute to local agriculture. Closing the mine was among the options for solving the problem. Instead, Sumitomo Chemical was founded to overcome the environmental problem and contribute to local farming by producing fertilizer as well as to secure employment for the local community in support of regional economic development. This integrated solution a century ago is in line with the concept of the SDGs, and serves as the basis of our approaches to the SDGs. The Sumimoto’s Spirit is represented by the words “harmony between the individual, the nation and society”. In other words, Sumitomo believes that it must seek to benefit not only its own business but also society. The idea is to achieve sustainability of the company and society at the same time, and it continues to be reflected in Sumitomo Chemical’s Business philosophy and mid-term business plan to this day.

The SDGs were bars set high for “Transforming the world.” With the SDGs as a catalyst for revising its plans, the
Sumitomo Chemical Group has a policy that all its employees participate in the efforts to help achieve the global goals through the business operations of Sumitomo Chemical Group under the strong leadership of top management.

To create solutions to the issues put forward by the global goals, models to follow are needed. On November 4, 2016, we launched a system called “Sumika Sustainable Solutions.” It selects and certifies products and technologies designed to help solve mainly environmental problems, thereby promoting the development and wide use of them. We also aim to double the sales of these products by 2020.

We launched another initiative called “Our Sustainable Tree” in 2016 to involve all 33,000 officers and employees of the Sumitomo Chemical Group in Japan and abroad. The participants log on to the dedicated website to choose their specific SDGs and post about their contributions to the SDGs. Labeling might be all they do in the beginning. That said, we have seen some participants emerge as leaders with a correct understanding of the SDGs. We hope to create group-wide momentum of the movement toward solutions with these leaders.

All these initiatives require strong leadership of top management. All executive officers of Sumitomo Chemical wear the SDGs badge and are ready to explain what the company does to help achieve the global goals. This serves as a powerful corporate message, and we hope that similar movements will spread across other companies.

◆Sogo Fujisaki

Fujitsu has a corporate philosophy called the “FUJITSU Way” that states the company aims to help build safe, secure, and sustainable society. The overall goal of the company’s basic policy for CSR drawn up in 2010 is also to contribute to society’s sustainable development. Our customers are governments, financial institutions, hospitals, and other entities that bring value to society. This means that we can view society as our customer, and thus the value we create for it contributes to the process toward the SDGs. Therefore, it is vital that our employees acknowledge that Fujitsu’s businesses ultimately aim to reach the SDGs, and that this aim is the company’s value creation model.

It is also necessary to change the way we think regarding value creation and enterprise value. If we just donate our resources to bring value to our customers, the value may keep draining off once it is delivered. Hence, we aim to achieve a cyclical value creation. That is, we create value for society, use the experience as a model for the whole company, and change the way business is done if necessary. To make this approach work, each employee should share the multi-step process spanning from his or her daily project to tasks done to help achieve the greater goals that are the SDGs, and sort the relationships between these processes in a logical way. Our employees are also required to contemplate how to apply the value created to business models and human resource management.

To give an example of Fujitsu’s initiatives to support the SDGs, we have an ongoing project in partnership with the United Nations Development Programme (UNDP) and Tohoku University. The UNDP and Tohoku University are working together on a program that aims to globally promote policies based on disaster statistics to reduce damage caused by disasters, and Fujitsu is creating a global database for them at no cost. Having this database used around the world through the United Nations will help ensure our business continuity and enable us to contribute to society’s sustainable development. We do not intend to make a big profit from this partnership. Rather, we hope to create a new business model in which we apply our abundant assets and invaluable experiences accumulated through our activities, coupled with existing data, to our efforts toward business development.

To have efforts to support the SDGs incorporated into companies’ business management, it is vital that business people consider the issues presented by the SDGs as their problems. Hence, we held a round-table discussion that included external experts. We also actively refer to the World Business Council for Sustainable Development (WBCSD) to make sure that we maintain international perspectives in addition to Japanese ones and our own. We hope to continue linking our support for the SDGs with our management policy in order to consistently advance our efforts to help resolve social issues.
Panel Discussion

◆ How the SDGs should be linked to enterprise value

Ikuta: Ms. Takaba, could you tell us about the status of metrics development, issues about it, and risk assessment pertaining to the SDGs from an investor’s perspective?

Takaba: Investments in shares traded on a stock market put great value on “visualized” information. No matter how hard a company works internally, investors cannot use its information if it remains undisclosed. A company’s integrated report may include what the company does for corporate philanthropy, while documents for analyst meetings and mid- and long-term business plans may not. The company’s policies, organization, the number of employees assigned to relevant tasks, quantitative goals, and investment plans indicate the company’s intention, and I believe that investors also look at them as key indicators of the business’s growth potential. During assessment using metrics, negative impacts and risks the SDGs present are discussed for governance, one of the five actionable subjects. We do not count companies that have records of misconduct related to human rights or environmental protection even if their sales from relevant businesses have increased.

Ikuta: Ms. Fukuda, as a business operator, what do you think about the movements such as the development of an assessment index related to the SDGs? We also know that Sumitomo Chemical received an award at the 1st Japan SDGs Award last year. What internal efforts did the company make, and how did they lead up to the award?

Fukuda: Many Japanese companies will agree with importance of solid efforts but rather inactive to disclosure. I think it is more than just a public relation but to fulfill their accountability. With this awareness in mind, we are currently making cross-departmental efforts.

We applied for the 1st Japan SDGs Award because we believed we need to win the award in order to promote the SDGs as a corporate group and wanted to see if what the Sumitomo Chemical Group does in support of the SDGs is appreciated. The award is a testament to the fact that the SDGs require everyone in a corporate group to act proactively because, unlike the Millennium Development Goals (MDGs) that focus on developing countries, the SDGs must be met for the benefit of all countries which means these global goals concern the corporate group. Therefore, the award will facilitate our efforts to promote the SDGs.

Ikuta: Mr. Fujisaki, from a perspective of a business evaluated by investors likewise, what do you think Fujitsu should do to demonstrate its corporate value and courses of action to help achieve the SDGs? How should the effort be incorporated into the company’s decision-making, system to implement decisions, and communication with stakeholders?

Fujisaki: I believe that the key is presenting to the public what we think and do in ways it can be compared with other company’s approaches. Moreover, to link the SDGs to internal value creation, it is vital to align our existing views and ideas with the concepts of the SDGs. The SDGs are “the future that is already here” with multiple stakeholders, and they were agreed upon by people around the world over many years. If we cannot accept the SDGs as something good for us, we have to ask why. Continuing to ask this type of question will lead to the moment when the direction of our business and that of the SDGs will merge. The role of back-office departments like ours is to set the stage for such a moment so that all our business units will perceive that the SDGs do concern them.

Ikuta: Mr. Seki, could you tell us what was discussed in connection with corporate value and assessment during the process of the revision of the Charter of Corporate Behavior and the creation of the Implementation Guidance by Keidanren? We also understand that insurance companies are businesses to be assessed while they are institutional investors. From that standpoint, how do you think enterprise value and the SDGs are connected?

Seki: The revised Charter of Corporate Behavior by Keidanren is the product of ideas suggested by the task force members who work on the ground and are aware of problems. While they worked on the revision, they spent considerable time discussing how to link real-life everyday business activities with the SDGs, born out of lofty visions. Furthermore, given that the member companies range from big corporations to small- and medium-sized firms, they also discussed which scale of business the revision should be aligned with and whether the Charter should set the bar at a level considered not too high.

They eventually concluded that, given what the SDGs are essentially for, the Charter should suggest visions and goals that industry as a whole should work toward, and that what courses of action to take to boost enterprise value should be up to each company’s creativity that considers realities surrounding the company’s business. That said,
Creating a completely new business or business model is no easy task. I think that reviewing an existing business through the lens of the SDGs will likely help find a new meaning or a clue to major improvements.

As an insurance company that takes on risks, we offer agriculture insurance to protect small-scale farmers in Southeast Asia against the loss of their crops due to drought. We also offer services designed to assist with efforts to decrease traffic accidents in developing countries. We launched these offerings before the SDGs were set in stone, and so they are not the consequence of the announcement of the global goals. Yet we do believe that they can work in synch with the concept of the SDGs, and develop and evolve much further.

As an institutional investor that offers insurance, we have been discussing how to incorporate the SDGs into our investment department’s business plans and goals. We are working on this as part of our company-wide efforts as a matter as important as developing insurance products, with each department approaching the subject from its own perspective.

Ikuta: Mr. Litovsky, could you tell us what overseas companies discuss regarding their efforts to help achieve the SDGs and the corporate value their action can create?

Litovsky: Their journeys have just begun. The SDGs are so huge a framework that they must still feel overwhelmed. Companies view their existing approaches through the glasses called the SDGs and tell us what they do to support the causes, rather than select some of the SDGs that will benefit their businesses. Yet their efforts do not seem to advance any further. I have the impression that more and more institutional investors doubt whether companies have seriously explored what they can do to champion the causes in ways that enhance their core value.

So, we have developed an online assessment tool as a solution to this issue. The tool systematically links their efforts to their core value in light of the 169 targets. Companies can use this framework for their analysis in order to identify their critical business challenges among the SDGs' various targets. It is vital to narrow further down the list of challenges by asking themselves which ones they can meet through their core innovation, their employees will feel motivated to take up, and they can leverage their enterprise value to meet. We do hope you will try this online tool.

Hill-Landolt: We should not underestimate the importance of having a common language as we advance our efforts toward the SDGs. The Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC) are currently preparing criteria for information disclosure regarding corporate efforts to support the SDGs. The United Nations Foundation (UNF) and Business & Sustainable Development Commission (BSDC) have partnered with insurance company Aviva to create the World Benchmarking Alliance (WBA) that will rank companies according to their achievements related to the SDGs. These rankings and criteria could be used to show investors the positive effects of companies’ efforts to solve social issues and reduce impacts on the environment, which creates a competitive environment for companies working to help achieve the SDGs. We believe that the SDGs are a lens that integrates fragments into a whole heading into one direction. So, we hope to effectively apply the lens to our internal discussions.

◆ Efforts related to the SDGs in the coming years

Ikuta: Could each of you make a final comment regarding your thoughts on business opportunities, collaboration, and partnership, please?

Fujisaki: What our company as part of industry must think about is how we should work with other companies to co-create value as a way to help achieve the SDGs. I assume joint efforts will face various obstacles, such as the need to protect each company’s interest. Nevertheless, if we could keep in mind the very significant and long-term impact of co-created value on society, we can join hands in planning value creation to build a better society. We believe that the SDGs are a lens that integrates fragments into a whole heading into one direction. So, we hope to effectively apply the lens to our internal discussions.

Fukuda: Sumitomo Chemical has actively worked to support the SDGs and provided information about its approaches, and all endeavors have led to a wide range of contacts. We believe that having these connections can be a starting point for co-creation or collaboration that produces something new.

Understanding the SDGs is the key to making this idea a reality. We might feel afraid to take the first step forward if we give it too much thought, so we can start from a simple task of labeling. Then we should view our everyday work from the angles of the SDGs, thereby gaining a higher and broader perspective.

Takaba: Today, I talked about what our customers had
shown and told us to provide an investors’ perspective. Investors are unsure as to whether companies’ efforts to help achieve the SDGs will lead to business opportunities or enhanced enterprise value, and so they are currently trying to see how things work out. Investors find information provided by companies useful when it suggests what the companies believe will boost their enterprise value. I hope more and more companies will publish such information.

Hill-Landolt: It is not easy to achieve transformation. Achieving the SDGs will bring significant change across whole systems. What one company or sector can do on its own in support of the goals is therefore limited. In the area of mobility, for example, one automobile manufacturer cannot do everything. Sustainable mobility systems will require infrastructure such as roads, public transportation, and energy supply systems. They will also need to incorporate technologies that show people the easiest and fastest route to a certain place, perhaps even encouraging people to walk or bike for certain journeys. These needs cannot be met unless multiple players come together to work in cooperation toward shared visions. I hope that companies will not only think in terms of their own products and services or business models, but have a creative conversation with their coworkers and partners to gain different perspectives, and work on innovation beyond their current activities to reveal new opportunities for sustainability and growth.

Seki: Insurance companies assess and quantify a variety of risks to offer insurance products as part of solutions. I believe that the functions of insurance are needed and play an important role when open innovation is launched across different lines of business or multiple companies work together to help achieve the SDGs.

The publication of the revised Charter of Corporate Behavior and Its Implementation Guidance was not the end of Keidanren’s work. The organization will continue to ensure that its member companies will follow the Charter and Guidance. In the next step, Keidanren intends to explore how to assess, quantify, and aggregate the impacts of its member companies’ efforts in order to compile a report that may be titled “The SDGs Report” or “Sustainability Report.”

Litovsky: When investors examine enterprise value, what they look for is not just revenues newly generated from companies’ initiatives to support the SDGs during the quarter. They also look for clear indications that the companies are capable of surviving while resources are depleted, society experiences a demographic shift, and markets undergo dramatic change over the next 10, 15, and 20 years. Hence, companies should take a longer-term look at their core value and brands as well as strategically considering their enterprise value and planning short-term courses of action.

Ikuta: I’m afraid it is time to wrap up the discussion. Companies’ efforts to help achieve the SDGs have just begun, so I believe we cannot reach a clear conclusion at this point, and that we will have many opportunities to discuss the subject down the road. The SDGs also give companies clues to how they could reshape their business management. I hope we will have an opportunity to share the outcomes of efforts to help achieve the SDGs and the issues the global goals pose next year or the year after next, if possible. Thank you very much for coming today.