Taking GSR to a Deeper Level

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About two years have passed since the Japan Center for Economic Research (JCER) launched the Global Social Responsibility (GSR) Research Group. GSR is an attempt to find a way for international companies to respond to urgent global challenges, including environmental issues, poverty, and dwindling natural resources. At the same time, it is a kind of social movement, calling on companies to make the best possible use of the human, material, financial, and technological resources at their disposal and to direct these strengths toward solving global issues.

Naturally companies cannot handle issues of global proportions on their own. Even just to propose prescriptions for dealing with them, companies must collaborate with the United Nations, the World Bank, and other international institutions; the governments of all concerned countries; and various other actors including nongovernmental organizations (NGOs) and nonprofit organizations (NPOs). However, Of all the organizations involved in meeting the challenge of these global issues, it is perhaps corporations that have the greatest potential for finding solutions. We believe that it is quite possible for companies to make vital contributions to solving these issues while they continue to work to increase their profits. At the same time, it is a fact that as a result of various trial-and-error experiences, national governments and international institutions including the UN have come to recognize that cooperation with the corporate world is indispensable for resolving global-scale issues.

The concept of GSR is an extension of the notion of corporate social responsibility (CSR). It is a version of CSR focused on the world economy’s globalization, and it may also be seen as a statement about how global corporate management should be conducted. As Japanese corporations globalized, moving beyond the framework of a single country, they came into contact with foreign cultures, and they found that practices and ways of thinking peculiar to Japan did not pass muster in some cases. They also encountered obvious variation among countries and regions in what was expected of corporate actors. It is vital for a company hoping to thrive in the global economy to carry out business operations smoothly based on a thorough understanding of such differences. The objective of the GSR Research is to promote research into this subject and convey the results from Japan to the world.

I am happy to note that the GSR concept and terminology is now being used in a wide variety of settings. I am particularly encouraged by the positive response shown to the GSR concept by university students and the other young people who will build the future. Among this generation, the GSR concept is rapidly becoming a new standard by which to evaluate corporate conduct. The GSR Research Group will continue to do everything possible to publicize the GSR concept through seminars and research report meetings.
GSR Research Group 2010

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1. Introduction

The Global Social Responsibility (GSR) Project was launched in fiscal 2009 (April 1 2008–March 31 2009), with a view to uncovering ways for corporations to fulfill their social responsibilities from a global perspective. Over the course of the past two years, 16 of Japan’s leading Japanese companies have taken part in the program. During the first twelve months, wide-ranging discussions laid the groundwork for the fundamental GSR concept. During the second year of the project in fiscal 2010, reports and reviews of corporate GSR activities have provided participating corporations with an opportunity to learn about “best practice” from each other’s experiences. During this time, three GSR Project seminars have been held to present our results to the public, as well as other events involving the younger generation (represented by university students). Building on these results, the project now needs to work toward the next stage, which will involve visible social actions that deserve to be described as movements or initiatives.

2. Two Keywords

Two key points need to be emphasized with regard to GSR. The first is the undeniable existence of a set of major problems requiring solutions on a global scale. Together, these constitute what can be called the “global agenda.” Global warming is perhaps the most obvious of these issues, but there are many other serious problems that require a global effort if they are to be resolved, including worldwide poverty, infectious diseases, and the global financial crisis. It goes without saying that how we collectively deal with this global agenda is the biggest issue of all.

The second point to be made is that addressing the global agenda requires multiple stakeholders. In the years to come, international bodies such as the World Bank, the International Monetary Fund, and the United Nations will clearly have a more important role to play than ever before. National governments will also need to demonstrate stronger leadership. But it is equally clear that this alone will not be enough to solve the problems of today’s global agenda. The participation of corporations and non-governmental organizations is absolutely indispensable; individuals too need to be aware of the problems and contribute to solving them. The reality is that
these problems can only be solved through multiple stakeholders working together.

Corporations, which possess the necessary managerial resources to achieve solutions to these problems, will have a particularly crucial role to play. Corporations have overwhelming strengths in terms of human, material, and financial resources. Past experience has shown that addressing the global agenda will impossible without the proactive participation of corporations.

Historically, corporations developed into what they are today when corporate status was granted to collections of management resources for the purpose of solving problems in society. Corporations have played an important role by contributing to people’s economic wellbeing by providing them with goods that meet their needs and increasing profits in the process. Nevertheless, the original starting point was that corporations were entities for solving the problems that exist in society.

It was based on this understanding that we established a series of study meetings under the newly coined GSR name to discuss the issues further. The response from the community has been tremendous. As mentioned above, during the first fiscal year of the project we offered our own ideas on the GSR concept and began the process of exploring the issues and difficulties that needed to be addressed. During the project’s second fiscal year, we ran case studies to learn more about the various types of GSR activities underway on the frontlines. Naturally these included both successes and failures. The important thing was to learn from these experiences about “best practice.”

In the next stage, we hope to turn these efforts into activities that contribute in some tangible way to finding solutions to the global agenda, in the form of what might be described as Japan-driven initiatives. As we move the discussion forward, people need to consider what they can contribute as individuals, what their companies can contribute, and what Japan can contribute as a whole.

3. The Lessons of the Hashimoto Initiative

Talk of initiatives brings to mind the global initiative to eradicate parasitic diseases that was launched by then Prime Minister Ryutaro Hashimoto at the Denver G8 Summit in 1997. In the period immediately after the end of World War II, around 80% of people in Japan carried parasites of some kind. Within a decade, parasitic diseases had been virtually eradicated from Japan. The Hashimoto Initiative was based on the idea that Japan might be able to pass on to the rest of the world the experience and knowhow it had gained from this success. Although the initiative was headed by the Japanese government, corporations were also naturally involved. As a result of the initiative, a parasite control center was established in Thailand and two more in Africa, making a major contribution to solving the problem of parasite-borne diseases around the world.
At the time, attempts to address problems relating to medical treatment, health, and sanitation in the developing world focused primarily on infectious diseases with a high mortality rate, such as AIDS, malaria, and cholera. Less attention was paid to parasitic diseases. However, infection with parasites can affect the physical and mental development of children, in turn hindering long-term economic development. In the case of Japan, too, the eradication of parasites coincided with the beginning of healthy economic growth. It was this perspective that prompted Hashimoto to raise the problem of parasite control at the Denver Summit. But by all accounts many of the other world leaders at the forum did not fully appreciate the significance of the proposal. Returning to their home countries, the leaders brought back the issue as one to be addressed in the future and began examining it at the working level. As a result, the Hashimoto Initiative was incorporated into an agreement reached by the G8 leaders at the Birmingham Summit the following year. Today the initiative has become a famous success story in the field of medicine, health, and sanitation in the developing world.

It hardly needs to be pointed out that this initiative was made possible by the earlier example of success in Japan. Building on this perspective, individuals and companies today need to consider from their respective positions what they can do and what kind of initiatives they can undertake for the benefit of the wider world.

4. Another Japan-Led Initiative

Another well-known global initiative that originated in Japan is the Table For Two program. The name comes from the expression often heard in restaurants: “Do you have a table for two?”

Under the program, company cafeterias offer special healthy meal options. A portion of the cost of these meals is automatically donated to a fund for school lunch programs in developing countries. The program is based on an awareness of two problems: While many of us in industrialized countries struggle to control our weight, hunger and poverty continue to be serious problems for many people in developing countries, particularly children. The aim is to create a win-win situation by offering employees healthy meal options at work and donating a portion of the proceeds to developing countries—thus helping people to maintain a healthy weight and fighting hunger at the same time. The image the program hopes to convey to participants in industrial countries is that every time they sit down for a meal they are sharing it with a child in the developing world. At one trading company, the donations collected in course of a one-week trial were enough to fund school lunches at one African elementary school for an entire year. Such efforts are now spreading beyond Japanese companies to become a worldwide effort.
In fact, the original idea for the undertaking was put forward by a group of young Japanese who were selected to attend the annual World Economic Forum (WEF) in Davos as Young Global Leaders (YGL). With the backing of the WEF, the program has developed to become firmly established as a private-sector initiative. The Table For Two program is expected to expand further in the future.

5. Conclusion

Finally, I would like to touch on two points that I believe we need to consider in the upcoming fiscal year and beyond in order to ensure that the discussions we have at GSR study meetings lead to concrete initiatives.

First, we need a proper awareness of what each individual and corporation is capable of accomplishing. Participants in the program often tend to underestimate their own strengths. For people in Japan, for example, the elimination of parasitic diseases is something that is taken for granted—something out of history. But the fact is that the knowledge and knowhow we sometimes take for granted now can still bring tremendous benefits at different times in different parts of the world. The Table For Two program is a prime example of this: what might be an insignificant bit of thrift for us can provide a valuable source of funds in another part of the world, leading to major social benefits. The experience of regional development in Japan provides similar examples. Often things that local residents take for granted produce great value for tourists. This is why outsiders have often contributed to successful initiatives by arriving in a place and helping to bring out the unique aspects that make the area special.

The second point is this. As individuals and corporations contribute to finding solutions to global agenda issues, they need develop an awareness of themselves as parties directly concerned in the problems they are working to solve. During GSR Project discussions over the two years of the project so far, people working on the frontlines of GSR activities have repeatedly stressed the need for people to travel to developing countries to see things for themselves. In terms of poverty and environmental issues, it cannot be stressed enough how important it is to actually visit an area to get a firsthand understanding of the problems involved—this is something that I need to do more of myself. The term “initiative” means “taking the first step,” and “blazing a trail.” Making as many people as possible aware of the true nature of the situation may well prove to be the starting point for everything.

As the GSR project enters its third year, I hope that the perspectives outlined above will provide a starting point for further discussion as we look for ways to ensure that our activities bear real fruit in the years ahead.
Part 1 Theoretical Approaches
Chapter 1
From company-led social contributions to society-led creation of shared values

Hirotaka Takeuchi
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【Summary】
Contributing to society is an important business challenge for corporations. Social contributions have often featured in companies’ corporate philosophies, but in many cases these efforts have gone no further than hopeful pronouncements or philanthropic activities. Balancing the twin goals of contributing to society and pursuing profits is not easy, and requires careful consideration of questions about a company’s mission, values, and vision for the future. What should a company’s business philosophy be, and what concrete steps can it take to turn this philosophy into a reality in the future? At the moment we lack an adequate framework for answering these questions.

In my contribution to this report, I adopt a “knowledge school” stance in order to consider perspectives for approaching corporate engagements with social problems, examining these efforts within the framework of business management theories, such as positioning and the resource-based view, and the framework of knowledge creation theory. What is required of companies today is not a further generalization of the idea of the individual as homo economicus, a rational being devoted solely to the maximization of personal profit. This approach denies the subjectivity and ideas of the individual and excludes the values and traditions of the community or society. A new approach is needed that experiences the reality of social problems with the people who confront these problems in their everyday lives—an approach based on shared values and traditions and on the idea of fulfilling one’s responsibility as a “person-in-community.” As an example, I introduce the social contribution efforts being made by Fast Retailing in Bangladesh.

Finally, I provide a brief discussion of the “phronetic” (practical wisdom-based) leadership required when a company tries to consider social issues. It is important to ensure that this phronetic leadership permeates every level of the company in order to allow the values required by society and the the company, respectively, to combine creatively together.

We can no longer meet our global HR requirements simply by training Japanese employees to become global managers. In order to develop the core human resources for tomorrow we must move now to recruit top-flight local talents and train locals and Japanese alongside in a “global village” in the headquarters so that they learn from each other the corporate and local cultures. The transformation from centralized to transnational model will not be easy. However the fruit from the expansion into the fast-growing emerging and BOP markets appears to be too great to pass up for the Japanese companies.
Chapter 2

Business Approaches to the Global Social Issues

Hideaki Takahashi
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【Summary】

The days of debating the “why” of corporate social responsibility (CSR) are long over; in recent years, corporations have been comparing notes on the question of “how” instead. What comes next, we think, is Global Social Responsibility (GSR). In this paper GSR is defined as CSR that goes beyond a standard menu of compliance, philanthropy, donations etc. What do we mean by beyond? Basically GSR involves business approaches to help solve global social issues while producing enough profits to make businesses sustainable. In other words, GSR benefits both society and corporations. It sounds wonderful, but is it possible? This paper discusses the few but solid examples of GSR practiced by Japanese and European companies in various industries which has solved different global social issues.

The first example is the well-known Olyset Net business of Sumitomo Chemical Company. The business has contributed significantly to reducing morbidity rate of malaria and the infant mortality rate. It started in Tanzania in 2003 with the annual production of three million insecticide treated nets. In 2010 the production is said to have reached 60 million nets, for an amazing twenty-fold increase. Even though the Olyset Net business is still just a small part of the multibillion-dollar company, it offers a good example of leveraging differentiating technology to realize GSR in a previously under-served market.

The second good example of GSR is the weather index insurance offered in Northeastern Thailand by Sompo Japan Insurance, a leading Japanese property and casualty insurance company. After three years of research and development it began offering the insurance in 2010 to rice farmers to hedge against natural disaster such as drought. This is a good example of Public Private Partnership (PPP).

The third example is Project Shakti of Hindustan Lever, a Unilever subsidiary in India. The project started in 2000 to develop the previously unaddressed market of small villages in India, while at the same time reducing poverty in the area. The total population of these villages is over 250 million people. The project covers a vast area and population by a network of women called Shakti who act as individual entrepreneurs. In 2009, there are 45,000 Shakti serving three million people. The project is estimated to have earned over 200 million dollars annually in revenue. Project Shakti, with its inclusive business model, is a great example of GSR, and a precursor to the now famous blue ocean strategy.

Although still few in number, it is encouraging to see such solid examples of GSR in existence for almost 10 years. From these examples we can identify the following key factors for success: (1) Vast unaddressed or under-served market can be a blue ocean, (2) Utilization (as in Project Shakti) of existing human networks (of women) is critical to fast expansion and increasing scale, (3) Use of PPP is critical and effective for entering an infrastructural business in emerging markets, as in the case of Sompo Japan, (4) Capacity development is a must in both developed and emerging countries, (5) Measurement of business results and social impact is critical and a prerequisite for improvement and advances.

In conclusion, GSR makes it possible to turn social responsibility into social opportunity!
GSR: Redefining Concepts

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【Summary】

Global Social Responsibility (GSR) literally means taking responsibility for the problems confronting our societies on a global scale. It is something that involves actors and participants on every level: from governments and international organizations to NGOs and NPOs, community groups, and individual citizens. This is a natural outcome of the globalization process.

The significance of GSR for us today relates particularly to corporations. It stems from an awareness of the need for companies to better use their strengths to help overcome problems that cannot be resolved by the world's leading countries or international organizations alone. Corporations have unique strengths in technology, development, and marketing. Society looks to them to synthesize these various strengths in order to address global problems in a realistic and sustainable manner. As globalization progresses, Corporate Social Responsibility (CSR) evolves naturally into Global Social Responsibility (GSR).

GSR can be defined as a corporate-based effort to mobilize the strengths of all actors in order to achieve solutions to global problems. Naturally, corporate GSR comprises a wide variety of activities. GSR can also take the form of efforts organized by community groups or individuals. In the case of a company, it is important for the sake of sustainability that GSR activities take place through the company's main, regular business. Such efforts are likely to continue to be the main focus of GSR activities, but this does not mean that other sorts of activities that contribute to society should be excluded from the concept of GSR.

Like CSR, GSR ought to be something that companies are involved in as a matter of course. No company can fail to see the need for social responsibility. In this sense, the project can be seen both as a call for reconfirmation of the importance of social responsibility and as a kind of social movement. As was the case with CSR, GSR can be described as an attempt to awaken companies to the role required of them as members of wider society.
Chapter 4

Business’s Responsibility to the Environment

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Summary

Environmental responsibility is widely viewed as an aspect of corporate social responsibility. But the idea that business has a responsibility toward the environment is treated almost as a self-evident proposition, and the theoretical basis for such an assumption is rarely discussed. Whether the objects of environmental ethics—wildlife, the natural environment, and so forth—qualify as stakeholders is among the key questions that need to be reexamined.

The modern concept of responsibility has generally been limited to other human beings living in the same era. In fact, the notion of responsibility was traditionally predicated on face-to-face relationships among human beings bound by an explicit contractual relationship of some sort. Even where regional problems were at issue, questions of responsibility were treated as issues between parties that were capable of dealing with one another in person.

However, when it comes to responsibility toward nature or the global environment, the objects of responsibility are non-human entities—the atmosphere, soil, water, wildlife, and so forth—that are not covered by traditional ethics. The concept of responsibility toward the natural world as a whole has arisen only in recent years, as human activities that interfere with natural cycles have been carried out on such a scale as to upset the balance of nature and the environment. Business is widely regarded as the chief culprit, with primary responsibility for the mass-production, mass-marketing, mass-consumption, and mass-disposal that underlie much of this environmental degradation.

That said, experts in business ethics are divided as to the responsibility of business toward the environment. On the one hand are those, such as Norman Bowie, who maintain that corporations have no ethical responsibility toward the environment beyond the requirements of the law. Under this traditional homocentric approach, business has a responsibility to protect the environment only insofar as doing so contributes to the welfare of humanity. At the other end of the spectrum is the position adopted by W. Michael Hoffman, who espouses a deeper environmentalism based on the notion that nature itself has inherent worth, independent of its value to humanity. This premise leads to the concept of business constrained by the demands of environmental conservation, and even to the notion that companies should judge their own activities in this light, restricting or abandoning them if necessary. Through an analysis of corporate responsibility toward the environment, I explore the ethical crossroads where business finds itself today.
Chapter 5

Social Entrepreneurship in Japan, China, and the Republic of Korea: A Comparison

Katsuhiro Harada
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[Summary]

I recently had the opportunity to travel to China and the Republic of Korea to study the state of social entrepreneurship in those countries. With the Social Business Network launched in Japan, Asia is undergoing a boom in social business and social entrepreneurship.

An analysis of recent developments in social entrepreneurship in China and the context behind them makes clear that rapid economic growth has led to growing distortions in society, raising many social issues that need to be addressed, including poverty, care for the disabled, youth employment, and control of information. Such factors are contributing to the expansion of the civil society sector, made up of NPOs, NGOs, and social entrepreneurs. Just as the Great Hanshin-Awaji Earthquake of 1995 marked Year One of a new age for volunteering in Japan, and led to the promulgation of the Law to Promote Specified Nonprofit Activities (the NPO Law), so has the Sichuan earthquake spurred the growth of the civil society sector in China.

In the Republic of Korea, the Social Enterprise Promotion Act was drawn up and enacted in 2007. The law is designed to assist organizations that employ the socially disadvantaged or that provide services to them, whether corporate entities, non-profit organizations, or unions, by providing management assistance, tax breaks, priority consideration in bidding for public sector contracts, and financial support. Thanks to these measures, the law can be said to have contributed to the easing of pressing issues such as elderly care, youth employment, and the working poor. Since the law was passed, increasing numbers of young people are aiming to becoming social entrepreneurs. At the recent summit, which followed the inaugural one held two years earlier, there was an impressive level of passion and commitment, including considerable input from national and local government.

What is the position of Japan within these Asia-wide developments? A systematic framework is indispensable in order to impart energy and vitality to social entrepreneurship. In the United Kingdom, the Community Interest Companies regulator was set up in 2003 to accredit and oversee companies serving the community and the public interest. In the Republic of Korea, Social Enterprise Promotion Act gives support to social entrepreneurs. In Japan, social entrepreneurship support is carried out in the form of support for NPOs and small and medium enterprises, but there are limits to what this can achieve. There are growing calls for a policy that specifies the sort of “social-interest company” that combines business and social concerns. Coming up with a suitable policy for Japan, possibly including a local version of Britain’s CIC system or Korea’s Social Enterprise law, will be a major task for Japan in the years to come.
Chapter 6

Reitaku University’s Attempts to Implement the ISO 26000

Iwao Taka
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【Summary】

In my contribution, I look at ways to effectively implement the ISO 26000 standard, published on November 1, 2010, drawing on examples for illustration. I begin by discussing the reasons why Reitaku University decided proactively to implement ISO 26000.

Second, I outline the three main characteristics of the new standard. The first characteristic is ISO 26000’s provision of seven criteria that an organization can consult when uncertain of what direction to take in terms of decision-making or conduct. The second characteristic is its listing of seven core subjects in which an organization can be expected to adhere to standards. These are organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues, and community involvement and development. The third characteristic is ISO 26000’s provision of guidance on how to integrate social responsibility efforts into the overall activities of an organization. These guidelines are contained in Clause 7 of the standard.

Third, I illustrate ways in which an organization can narrow its focus and decide on which issues it will concentrate on as an organization. Using the Reitaku University case as my example, I offer an “issues matrix” showing a bird’s eye view of the overall efforts of the project. ISO 26000 requires organizations to prioritize among a wide range of issues. I give an account of how we carried out the winnowing process and settled on the list of priority issues to work on.

As a result of this process, at present Reitaku University is working to address three main issues and two subsidiary issues. The three main issues are (1) promoting student-first education and helping our students to grow; (2) providing comprehensive student-first coordination and support; and (3) working to reduce our greenhouse gas emissions. As subsidiary issues, we are also working to address (4) working to preserve and beautify the natural environment; and (5) making an ongoing contribution to the community.

Fourth, I give an account of how Reitaku University has followed the recommendations contained in the ISO 26000 standard by designating a supervisory department to be the center of its social responsibility efforts, establishing a set of criteria for evaluating the progress being made, introducing measures to ensure the reliability and dependability of these criteria, and creating a cycle for continual, ongoing improvements. It is worth noting that educational performance at the university has been improving steadily since the introduction of ISO 26000. I hope the data provided will prove a useful reference for other users of the standard.
Part 2 Practical Approaches
Chapter 1

Asahi Kasei Co. – Contributing to Human Life and Human Livelihood

Tadashi Takamizawa
General Manager, CSR Office

【Summary】
As part of its corporate credo, the Asahi Kasei Group is committed to “contribute to human life and human livelihood” through “constant innovation and advances based in science and the human intellect.” “Human life” here implies a society in which each individual can live in health and comfort, while “human livelihood” implies a society that develops in harmony with the natural environment. We believe that helping to build a society with both attributes, through diverse business operations geared to the environment and to human health and comfort, is the proper path for the Asahi Kasei Group and sums up our corporate responsibility.

The Asahi Kasei Group’s business operations range across such diverse fields as chemicals, homes, pharmaceuticals and health care, fibers, electronics, and construction materials. In each field our companies are engaged in a variety of operations designed to contribute to the environment and to human health and comfort. In this report we focus on two examples of our China operations to illustrate how our business activities are benefiting the environment and human health overseas: in the environmental field, our water treatment business; in the health care segment, a blood-cleansing technology called apheresis.

Asahi Kasei’s water treatment business is involved in the purification and treatment of water in both the supply and sewage systems. In China today, the MicrozaTM hollow-fiber membrane filter developed by the Asahi Kasei Group is used not only for treatment of drinking water and wastewater but also for emergency water supply in times of disaster. In this way we are playing an important role in improving water quality in China.

Apheresis, a technology for cleansing the blood outside the body and then returning it to circulation, is believed to hold great promise for the treatment of intractable diseases. In China, we are working to promote widespread use of apheresis in emergency care. Thus far our apheresis technology has been successfully used in the emergency treatment of crush syndrome in victims of the 2008 Sichuan earthquake and other disasters and has played an important role in improving patients’ quality of life.

Keeping in mind our corporate credo, “contributing to human health and human livelihood,” the Asahi Kasei Group will continue to address global social problems through active pursuit of these and other business activities, making use of our unique products, technologies, and services to build a society that develops in harmony with the environment, where people can live in health and comfort.
Chapter 2

Asahi Breweries, Ltd. – Working to Prevent Harmful Use of Alcohol

Katsutoshi Konuma
General Manager, Social & Environmental Management Department

[Summary]

Given that alcoholic beverages account for 66% of the Asahi Breweries Group’s consolidated net sales (2009 results), the group’s CSR program places high priority on addressing problems stemming from inappropriate consumption of alcohol. In this report we outline the initiatives that the Asahi Breweries Group, along with others in the industry, has embarked on in order to put into practice the World Health Organization’s Strategies to Reduce the Harmful Use of Alcohol, adopted by the World Health Assembly in May 2010.

Globally, corporations in the alcoholic beverage industry have launched a joint CSR program called Global Actions on Harmful Drinking, which sets various targets to be met by 2012. Focusing on developing countries and emerging economies, the program promotes action in the three areas of industry self-regulation, drinking and driving, and noncommercial alcohol. Asahi Breweries is actively involved as a member of Japan’s liquor industry trade associations.

On the domestic front, the Brewers Association of Japan, of which Asahi Breweries is a member, launched the Stop Underage Drinking project in 2005. Since 2002 it has sponsored an underage-drinking-prevention poster and slogan contest among Japanese schools. These programs can claim a measure of success.

While placing primary emphasis on participation in industry-wide efforts in Japan and overseas, Asahi Breweries has also been pursuing its own efforts to address alcohol-related problems through its Fund for the Prevention of Underage Drinking, established in 2005. In this way we are striving to fulfill our social responsibility as a brewing company at both the global and local levels.
Chapter 3

AEON Co., Ltd. – Happy Yellow Receipt Campaign

Motoo Tomomura
Secretary General, AEON 1% CLUB

【Summary】

Japan has numerous local volunteer organizations in need of financial support. We also have many consumers who would like to assist such organizations in their activities. Unfortunately, the avenues for obtaining and providing such support are limited. Since 2001, Aeon has been joining with consumers to support volunteer groups through our Aeon Happy Yellow Receipt Campaign, part of our efforts to expand the company’s role as a responsible member of the community. On the 11th of each month—designated “Aeon Day”—our stores issue yellow sales receipts to our customers, who can then drop them in any of several boxes labeled with the names and activities of various local volunteer groups. After adding up the total sales value of the receipts in each box, Aeon donates goods equivalent to 1% of that amount to the corresponding local volunteer organization. In this way volunteer groups can make their activities more widely known to local residents, and shoppers can support local groups that they consider worthwhile.

The Happy Yellow Receipt campaign works toward the common goal of local revitalization in a manner uniquely suited to the retail industry, which maintains strong community ties through its local stores. In addition, by supporting local development in cooperation with people who can appreciate Aeon’s efforts, Aeon provides added value in the form of a contribution to the local community. This type of campaign can be carried out not merely by retailers but also by movie theaters, beauty salons, and all other businesses in which customers pay for services or goods provided on the premises, and is suitable for implementation overseas as well as in Japan.
Itochu Co. – Supply Chain Management

Akemi Sakuramoto
Deputy General Manager, CSR Promotion Department, General Affairs Division

【Summary】

At Itochu, we believe that CSR means keeping alive the spirit of sampo yoshi (good for the buyer, the seller, and the public) practiced by our founder, Itoh Chubei, by coexisting harmoniously with the community as a good corporate citizen and meeting society’s expectations through our business operations.

To ensure that all our business operations adhere to CSR ideals, each of Itochu’s business divisions draws up and pursues its own workable CSR action plan independently.

Supply chain management is assuming increasing importance as one means of addressing environmental problems and social concerns regarding human rights and labor practices. As a corporation that does business all over the globe, Itochu regards management of our supply chains as a critical task from the standpoint of CSR. For this reason we have responsible personnel in each business unit who carry out supplier surveys to keep up to date with suppliers’ policies and practices. If a problem comes to light, they will work to resolve it through dialogue with the supplier. We have also issued Itochu Corporation’s CSR Action Guidelines for Supply Chains to promote better understanding of our policies among suppliers.

Another aspect of our efforts in this area is the ongoing Documentary Report Project on Supply Chains, in which we are tracing, documenting, and disclosing the complete supply chain for the products we handle.

Because of the nature of our business, society has high expectations of Itochu with respect to supply chain management. At Itochu we believe we are practicing GSR by sustaining and further developing our unique approach to supply chain management as one way of contributing to the development of a sustainable society and the resolution of social problems around the world.
OMRON Co. – CSR Grounded in Our Corporate Principles

Takeshi Miyamoto
Corporate Strategic Planning Headquarters, CSR Management Department

【Summary】

At Omron our business practices are firmly grounded in our corporate motto and corporate principles, which govern our operations around the world. Omron’s motto and principles are also at the heart of our CSR, linking the sustainable development of our business to the sustainable development of society as a whole.

Ever since Omron’s beginnings, management has been oriented to solving social problems and contributing to society through our business activities. In fiscal 2004, cognizant of recent trends in corporate social responsibility, the company decided to go a step further by explicitly adopting a CSR program aligned to three basic policies and implementing it globally.

In recent years the climate surrounding CSR has changed dramatically, and corporations are being called on to play an ever greater role in solving global social problems. Under these circumstances, we believe that it is no longer sufficient for corporations to pursue their own CSR initiatives in isolation. In today’s world, businesses need to collaborate with a variety of stakeholders and play an active leadership role within larger frameworks and organizations committed to solving global problems.

Omron is currently drafting its long-term vision for the next 10 years. Under this new long-term vision, we will call for renewed efforts, predicated on developments to date and recent changes in the CSR environment, to ensure that Omron and global society develop together in a sustainable manner.
Chapter 6
Kaneka Co. – Fulfilling the Company's GSR Potential

Yasuharu Horiuchi
General Manager, Public Relations Office

【Summary】

In March 2009 Kaneka established the CSR Committee, the company’s first organizational unit devoted exclusively to CSR. In the September 2009 Declaration of Kaneka United, outlining our long-range vision for the next 10 years, we identify four strategic domains for priority investment of business resources: environment and energy, health care, information and communications, and food production support. Of these, at least two—environment and energy and food production support—overlap with global issues that have been highlighted as critical challenges facing humankind. As we see it, GSR means striving for the global expansion of business operations that can play a role, however small, in resolving these problems. In this report we focus on our business undertakings in solar cells, biopolymers, and agricultural and livestock-feed supplements, discussing their possibilities and challenges.

At the same time, we realize that we cannot expect our businesses to make a truly meaningful contribution to the solution of global problems merely through conventional business activities undertaken out of the profit motive. For this reason, we also acknowledge the need to go beyond our current local activities with initiatives conceived from the unique perspective of each country or region where our businesses operate.
Chapter 7

Kikkoman Co. – The Long View of Corporate Responsibility

Katsuto Umezaki
Assistant Manager, Research & External Relations, Corporate Planning Division

[Summary]

At Kikkoman, we believe that CSR and good business practices are one and the same. In the process of providing quality goods and services and receiving what they are worth in return, we fulfill many responsibilities to a variety of stakeholders. Moreover, fulfilling these responsibilities is a minimum condition for our survival as a business. At the same time, we are aware that a company bears responsibilities not merely to the stakeholders with whom it interacts directly in its business activities but to a wide range of entities, including the local community and the global environment. In addition to conducting our routine business operations in a conscientious manner, we at Kikkoman do our best to contribute to society through our own distinctive community outreach program and other voluntary initiatives.

Kikkoman’s commitment to CSR is clearly set forth in our Business Principles, and that commitment is also a key element of our Global Vision 2020, which outlines our goals and strategy for the future.

Global Vision 2020 calls for accelerated global growth of our core soy sauce business through expansion into Asian markets in particular. The expansion of our business will bring with it greater responsibilities, and as the makeup of our stakeholders changes, so will the nature of our responsibilities. Each time Kikkoman expands into a new country or region, we will need to carefully consider how best to apply the principles of the UN Global Compact and our own code of conduct. Meanwhile, we remain deeply concerned about global issues and committed to do whatever we can to address them.

In short, at Kikkoman we are deeply aware of our corporate responsibility, and while we see the fulfillment of that responsibility as a major challenge, we also see it as the key to our value as a corporation.
Chapter 8

Shiseido Co. Ltd. – This Moment. This Life. Beautifully

Mari Kataoka
Deputy General Manager, CSR Department

【Summary】

Shiseido is currently drafting its next three-year CSR plan (2011–13), which clarifies the company’s basic thinking on GSR by (1) specifying priority areas and outcomes for CSR activity uniquely suited to Shiseido and (2) introducing the concept of “business benefits” to social initiatives.

Firstly, the plan designates three areas of CSR in which Shiseido can put to use the unique strengths the company has developed over the years: women and cosmetics (beauty), the environment, and culture. Within these areas, we intend to work globally, with a focus on Asia, to (1) offer women physical and emotional care, lift their spirits, and support an active role for them in society; (2) work for a sustainable society in which humanity and the earth can live together in harmony and beauty; and (3) continue to create beauty rooted in a deep sensibility and understanding. We believe it is important to move toward these goals patiently and steadily, one step at a time, through cumulative collaboration with our stakeholders.

In terms of “business benefits,” we have established key performance indicators for the four basic goals of creating new markets, expanding existing markets, boosting employee competence and motivation, and strengthening the corporate brand. A committee reporting directly to the Board of Directors will periodically evaluate the company’s progress with respect to these KPIs.

To illustrate this approach, let us take as an example the Shiseido Life Quality Beauty Program, introduced in the GSR White Paper 2009. Under this initiative, we are working on a global level to improve the quality of life of elderly and infirm persons by using cosmetics and beauty to help them look and feel better. Through this activity, we are finding ways not only to benefit society but to strengthen our core business as well. As a result, we win the approval of shareholders, investors, and other stakeholders, which in turn allows the initiative to evolve into a sustainable program. In the same way, we believe it is important to extend our support for young artists, a program that has been going on for more than a century now, to the next generation and throughout the world, while clearly communicating the fundamental value and significance of the initiative.
Chapter 9

Sumitomo Chemical Co., Ltd. – Toward Global Sustainable Development

Yutaka Ohira
Deputy General Manager, CSR Department

【Summary】

The idea of benefiting society as well as the company through our business activities is one of the most cherished principles of management at Sumitomo Chemical. The notion that our company has a responsibility to contribute to the sustainable development of society through our business activities is deeply rooted in our corporate culture. In the 2010 Corporate Vision, Sumitomo Chemical’s long-term business policy, we pledge to marshal the full potential of chemistry to “help meet pressing global challenges, such as energy and food security, and contribute to sustainable development of the global community.”

The central pillar of CSR at Sumitomo Chemical is “responsible care”—our commitment to safety, environmental protection, and quality throughout the lifecycle of our products, from development, manufacture, and sales to use and disposal. To address the growing global crises affecting the world’s natural resources, energy, and environment—the problem of climate change in particular—Sumitomo Chemical has been working tirelessly to achieve a level of energy efficiency surpassed by few companies in the world, while developing processes and products that help reduce carbon dioxide emissions.

As part of a larger effort to meet the Millennium Development Goals adopted by the United Nations in response to the crises facing human society, Sumitomo Chemical is helping to fight malaria in Africa with our revolutionary Olyset®Net mosquito netting. We are also creating local jobs by manufacturing the netting in Africa, while providing support for education and pursuing a variety of other initiatives closely connected to the Millennium Development Goals.

In 2005, Sumitomo Chemical announced its participation in the UN Global Compact Summit, and since 2008 we have participated in the preparation of various guidelines as the first Japanese company represented on a Global Compact working group. We intend to continue participating actively in CSR activities as a member of the international community in partnership with a wide range of stakeholders.

At Sumitomo Chemical, we want our business to play a proactive role in the mitigation of global problems and contribute to the sustainable development of global society by improving the lives of people in countries and regions around the world and by helping to resolve the world’s energy issues and environmental problems.
Chapter 10

Sumitomo Trust & Banking Co., Ltd. – Creating a Green Real Estate Market

Tsukasa Kanai
Head Office Executive, CSR Office, Corporate Planning Department

【Summary】

In recent years the real estate sector has come under increasing pressure to reduce its impact on the environment. In an economic sector that accounts for about one-third of Japan’s total CO2 emissions, reducing energy consumption is a matter of particular urgency. It is true that Japan has developed an index called CASBEE (Comprehensive Assessment System for Built Environment Efficiency) to evaluate the environmental performance of buildings, and the environmental awareness of the construction industry in Japan is by no means low. Still, in comparison with the United States, which is moving ahead systematically by developing an environmental real estate market, Japan is being left by the wayside.

Meanwhile, responsible property investment—that is, real estate investment driven in part by environmental, social, and governance considerations—is a rapidly spreading phenomenon. In an industry where the habit of repeatedly “passing the environmental buck” from one stakeholder group to the next has made substantial progress impossible, there is a growing need for multiple stakeholders to work together for environmental (sustainable) real estate development.

Sumitomo Trust & Banking has been active in this area for some time. We have advocated the concept of environmental value added in real estate, set up a cross-sector sustainable real estate research group, and taken part in RPI-promoting efforts as a core member of the Property Working Group under the United Nations Environment Program Finance Initiative. We believe these activities have allowed us to act as a bridge between Japan and other countries and play a pivotal role in the development of an environmental real estate market in Japan. Looking ahead, we will recommend linking CASBEE with the market mechanism and aligning it with comparable systems elsewhere in the world, while investing aggressively in the growth and expansion of our own environmental real estate business.
Sompo Japan Insurance Inc. – Practicing CSR in Partnership with Nonprofits

Miyuki Nihei
Senior Deputy Manager, CSR Officer, Corporate Communications Department

[Summary]

To solve the complex global social problems facing humanity, all stakeholders—including government, business, and private citizens—need to act on their own initiative yet cooperatively, as partners. At a time when nongovernment sectors are being called on to perform public functions, nonprofit organizations in particular are assuming an increasingly important role. In Japan the number of NPOs has risen sharply since the enactment of the Law to Promote Specified Nonprofit Activities (NPO Law) in 1998, and they have become valued partners for businesses committed to working toward the solution of social problems.

At Sompo Japan, we have been working for social causes in partnership with NPOs since the beginning of the 1990s. Our first efforts were an open “citizens’ environmental workshop” and the CSO Learning System, both aimed at developing human resources in the environmental field. Since then, we have stepped up our cooperation with NPOs in connection with the development of financial and insurance products (our core business), as well as our CSR communication program. We are also exploring partnerships with local NPOs to develop various community programs, including training for employees and insurance agents.

Sompo Japan has long practiced CSR, emphasizing and actively promoting stakeholder engagement through dialogue and other means. Although the mission and orientation of our business naturally differs from those of other sectors, dialogue and partnership with sectors driven by different values can inject a company with new vitality and encourage the development of a creative corporate culture with respect for diverse values.

With the release of ISO 26000 in November 2010, business leaders have become more conscious than ever of the need for a multi-stakeholder approach. Sompo Japan will continue to forge partnerships with NPOs and other stakeholders to help build a sustainable society.
Chapter 12

Daiichi Sankyo Co., Ltd. – Toward a Corporate Culture of Social Responsibility

Shigemochi Dobashi
Senior Manager, CSR Staff

【Summary】

In 2005, Sankyo Co., a pharmaceutical firm with a long history of innovation, joined forces with Daiichi Pharmaceutical Co. to create a joint holding company, Daiichi Sankyo Co. The two companies’ business operations were subsequently integrated, and on April 1, 2007 all operations were subsumed under a new business entity, Daiichi Sankyo Group, whose mission is “to contribute to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals, and through the provision of pharmaceuticals addressing diverse medical needs.” With the rigorous sense of ethics and social conscience befitting a business devoted to human life and health, Daiichi Sankyo seeks a balanced growth that emphasizes social and human value alongside economic value to contribute to the development of a sustainable society and, through this orientation, to thrive as a business trusted and supported by the public. For us, this is the meaning of corporate social responsibility.

During the three years (fiscal 2007–9) covered by our first medium-term business plan following the merger, Daiichi Sankyo focused on maximizing the synergy from the two businesses’ integration to build a broader foundation for growth in order to realize our vision of becoming a “global pharma innovator” by 2015. Under the subsequent medium-term plan (2010–12), we are working to expand our presence in emerging markets with high-quality, reasonably priced pharmaceuticals and to “sustain a hybrid business” responsive to today’s diverse markets, customers, and medical needs, including such areas as preventive medicine and self-medication. At the same time, we are working to maximize growth from the synergy of the group’s acquisition of Ranbaxy Laboratories in 2008. With the addition of Ranbaxy, Daiichi Sankyo became a global corporate group with approximately 30,000 employees in more than 50 countries worldwide. Moreover, with the percentage of overseas employees climbing to 70%, the group’s culture, customs, and values diversified overnight.

To achieve our vision of becoming a global pharma innovator by 2015, we must build a new and coherent corporate culture to unify a group that was formed from the merger of two companies with long histories of their own and that has since diversified overnight. This is but just one more reason for continuing to practice CSR, seeking the balanced and harmonious growth of economic, social, and human value.
Chapter 13

Takeda Pharmaceutical Co., Ltd. – Initiative and Advocacy

Koichi Kaneda
Senior Manager, CSR & Corporate Branding, Corporate Communications Department

【Summary】

The driving force behind CSR at Takeda Pharmaceutical Co. is our corporate mission: to strive towards better health for patients worldwide by leading innovation in medicine. Benefiting patients and medical practitioners through our core business is Takeda’s most important responsibility to society. But we are also aware that the sustainability of our business depends on a sound and sustainable society. For this reason, we believe that corporate citizenship and CSR are no less important than our core business operations, and we are determined to make optimum use of all our business resources—people, goods, money, information—to benefit society.

In March 2010, one year after signing the UN Global Compact, the company launched the Takeda Initiative, a concrete GSR program designed with the UN Millennium Development Goals in mind. One of the biggest problems in the area of global health is the threat of infectious disease, particularly the “big three” of HIV/AIDS, tuberculosis, and malaria. The Takeda Initiative will provide ongoing financial support over a period of 10 years to the Global Fund to Fight AIDS, Tuberculosis, and Malaria in order to nurture and improve the skills of health-care personnel (doctors, nurses, pharmaceutical chemists, laboratory technicians, and others) in three African countries (Tanzania, Nigeria, and Senegal).

Takeda Pharmaceutical is also actively involved in advocacy in the global health arena. This commitment was evident at the G20 Business Summit in Seoul in November 2010, when Takeda took part in the release of the report “Increasing Access to Healthcare in Developing Economies” and the submission of a set of proposals to the G20 government delegations.
Established in January 1948 under the slogan “contributing to society through technology,” Chiyoda Corp. has continued to grow as a key player in plant construction in Japan and around the world. Throughout this time we have espoused the ideal of “harmony between energy and the environment” and have made active efforts—including the development of cutting-edge technology—to achieve this ideal, which informs the Chiyoda Group’s Corporate Philosophy and CSR Vision.

Over the years, Chiyoda has kept the welfare of all our stakeholders in mind as we work to achieve “harmony between energy and the environment.” Responding to the needs of each generation, we have contributed to global society in our own way through such business activities as construction of liquid natural gas plants, expanded use of flue-gas desulfurization technology, construction of heavy- and light-oil desulfurization systems, and the design and construction of energy-efficient industrial complexes. Our current midterm business plan, “Engineering Excellence, Value Creation 2012,” clearly defines Chiyoda’s business domains as energy, resource development, and the environment. It calls for innovation and excellence in engineering and the creation of added value to benefit our customers and society as a whole, and includes business activities “for a low-carbon society” among the corporation’s medium-term goals.

In this white paper we focus on Chiyoda’s blueprint for a hydrogen supply chain. Hydrogen holds great promise as a means of reducing CO₂ emissions—one of the most urgent technical challenges facing humanity—while averting a future energy crisis arising from the depletion of fossil fuel reserves. Based on our proven track record in plant engineering together with promising new proprietary technologies, Chiyoda’s hydrogen supply chain concept promises to play a key role in addressing the problems of global warming and energy supply by offering a model for moving forward from short-term measures to reduce CO₂ emissions to the use of renewable energy for a sustainable low-carbon-society energy system.

To maintain this emphasis on GSR in the years ahead, Chiyoda’s basic challenge will be to adhere to and embody the corporate mission that is the starting point for all our business operations: earning the trust and understanding of all stakeholders by maintaining sustainable growth while contributing to global society as a whole.
Chapter 15

Toshiba Co. – We aim to contribute to the creation of a sustainable society in order to become one of the world’s foremost eco-companies

Makoto Shirai
General Manager, CSR Implementation Office, Corporate Social Responsibility Division

【Summary】

As a corporate citizen of planet Earth, Toshiba Group is striving to be one of the world’s foremost eco-companies through its efforts to create a world where people enjoy more affluent lifestyles in harmony with the Earth. We aim to minimize the environmental impact of our business activities and contribute to reducing global environmental impact to a sustainable level through our products and services. We are also contributing to improving quality of life by providing comprehensive support for activities in a wide range of areas, spanning everything from individuals’ lives to the construction of social systems.

In order to become one of the world’s foremost eco-companies, Toshiba Group is seeking to develop three Green initiatives under its new “Toshiba eco style” global brand: Greening of Process, Greening of Products, and Greening by Technology.

Working to Become One of the World’s Foremost Eco-companies

*1 CO₂ emissions per unit production (per production, per number of units manufactured, per sales, etc.) by business segment

*2 Calculated by adding together annual reductions in CO₂ emissions achieved by all Toshiba products in operation, including those that were shipped in the past; annual reductions in CO₂ emissions are calculated in comparison with the level of conventional products and average technologies.
Chapter 16

Fuji Xerox Co., Ltd. – GSR as an Integral Element of Management

Kouichi Nomura
Group Manager, Planning and Promotion Group, Corporate Social Responsibility Department

【Summary】

In April 2010, Fuji Xerox responded to the rapidly developing international trend toward a “fusion of CSR and business management” by reviving its CSR Committee as a framework for the group’s top executives to discuss their vision for the company from a medium- and long-term perspective and marshal the creative powers of corporate units inside and outside Japan, across national borders. In this report we review the CSR activities of Fuji Xerox to date and discuss our approach to CSR in the years ahead.

As the globalization of our business activities progresses, we have become increasingly aware of the need to clearly articulate the role that actions to solve social problems play within our business management system, in accordance with the concept of the triple bottom line, the 10 principles of the Global Compact, and ISO 26000. In keeping with these standards, we are providing each group of stakeholders with information on our various activities since 2007, as well as the challenges and prospects for our CSR efforts in the future.

The key tasks for Fuji Xerox’s CSR program going forward are (1) creating a mechanism for integrating CSR initiatives of all types into our company functions on an ongoing basis (strengthening CSR governance); (2) heightening the CSR awareness of the employees who carry out these initiatives and creating a culture in which each employee practices CSR of his or her own volition (internalizing CSR management); (3) strengthening the partnerships needed to carry out these initiatives (improving cooperation with other companies and individuals); and (4) making our CSR activity visible and publicizing it consistently (improving CSR communication).

Fuji Xerox's CSR Department has drawn up a Medium-Term CSR Plan, under which we are tackling the challenge of systemically incorporating CSR into the heart of our business management apparatus. With all our employees working together as one, we are striving to become the a company that scrupulously practices stakeholder-driven management, not caught up in internal corporate concerns but consistently oriented to the customer, the consumer, and the community.
Efforts to foster a sustainable society spreading among corporations

Nikkei Inc. and the Japan Center for Economic Research (JCER) recently held the third Nikkei GSR Symposium. The GSR (Global Social Responsibility) Project was launched in April 2009 as an attempt to further develop the incipient efforts on the part of global corporations to use their management resources and abundant know-how to tackle the issues facing humanity on a global scale, including global warming and poverty. So far, the project has included case study meetings and contests calling for innovative ideas. The recent symposium featured lively discussion from a wide range of perspectives on subjects including the nature of problems to be addressed, projects currently in progress, and social businesses.

Opening speech

Using corporate know-how to solve problems

JCER senior research fellow and Keio University professor
Heizo Takenaka

Global-scale problems such as climate change and poverty require global solutions. Certainly, the leadership of international organizations and national governments is important, but the problems will remain unresolved unless corporations, non-governmental organizations (NGOs), and individuals also recognize the need for action and get involved. The role of corporations in particular is crucial because of the overwhelming human, material, and monetary resources at their disposal.

At a global summit in the late 1990s, Japan proposed an initiative to help rid the world of parasites, and played the leading role in the effort to resolve the problem. This initiative succeeded because of the know-how Japan had gained from its own experience in successfully eradicating within the space of just a few decades a situation in which virtually the entire population was infected with parasites. Corporations and individuals need to think about how they can take the initiative to put their own individual know-how to use to solve global problems.
Keynote presentation Learning from the Bhutan: The Land of the Thunder Dragon

Japan fortunate to have executives with passion and beliefs

Former Vice President, World Bank Group
Currently senior partner at the SophiaBank think tank
Mieko Nishimizu

The mission of the World Bank is to create a world without poverty. In that sense, its "clients" are poor people in the developing world. During my time at the World Bank, I moved to a small town and lived in a mountain village in northern Pakistan in order to gain a better understanding of the reality of poverty. Three times a day, the children of the village walked to school at the top of the mountain to fetch water—the journey took an hour each way. At mealtimes, their priority was to make sure that their children had food to eat, and when there wasn’t enough food to go around, the mothers would eat by on water alone. All of the mothers cherished their child's education and not have to live the same life they or their families had lived before they started school. They expected their children to be successful in their studies so that they could have a better life than the one they had lived.

Poverty does not happen naturally as part of the process of economic development. It is an artificial phenomenon brought on by bad governance. This is something I realized thirteen years ago, when I visited Bhutan for the first time. Deep in a remote part of the country, I came across a clinic with a doctor and medicines. This was something I had never seen in other developing countries. It was hard to work in such a remote area. I still remember the doctor's reply: "The king says we need a healthy population to build the country. I became a doctor to contribute to that effort." When I went, I heard expressions of appreciation for the king's warm-hearted concern for his people.

At the time, the fourth Dragon King of Bhutan, Jigme Singye Wangchuck, was gaining worldwide attention as the architect of a philosophy aimed at enhancing the common good, which he dubbed Gross National Happiness. The king believed that the job of politics is to make it possible for every citizen to pursue his or her own happiness, and that government policies are a means of removing any public obstacles that stand in the way. The happiness of the people should be central to the government of a country. Based on this belief, the king put Bhutan on a path toward democracy, viewing it as the system likely to produce political leaders who would serve the needs of the country and its people. He worked to decentralize political power to the regions, and to protect the country's natural environment and its cultural and historical heritage. This made Bhutan a pioneer for the sustainable growth that is now being pursued throughout the world. Although the Kingdom of Bhutan remains a poor country, in the 2005 national census, 97% of the population responded that they were satisfied with their lives.
A country will prosper when its leaders seek to maximize the happiness of the people. The same is true of corporate management. In this sense, Japan is fortunate to have a resource that is not available in Bhutan. This valuable resource was explained in Kōji Sakamoto’s book Nihon de ichiban tosetsu ni shitai kaisha [The Companies Japan Should Value Most]. Sakamoto argued that Japan is blessed with executives who have achieved ongoing growth for their companies by adopting a far-sighted perspective and valuing their employees. Everything starts to click when executives bring passion and beliefs to their work and dedicate their hearts and minds to what they are doing. They strike a chord emotionally—this is what enables them to satisfy employees and clients alike and to achieve sustainable growth.

My hope is that not only executives but all company employees will show leadership in what they do. I want people not merely what to ask themselves they need to do at home, in the workplace, and the local community, but also to think about the underlying significance of these actions. This approach has the power to bring change to the regions, the nation, and the world. I hope that everyone will demonstrate great leadership in the years to come.

**Talk Session**

**Mieko Nishimizu and Heizo Takenaka**

**Takenaka**: What do you want to see from corporations in Japan?

**Nishimizu**: Meaningful, fulfilling jobs lead to a thriving, purposeful society and country. Corporate management and political governance both need to be centered on human beings. My hope is that more effort will be made to value people.

**Takenaka**: What do we need to do to bring together hearts and minds and actions?

**Nishimizu**: Every human being has the potential to make this happen. In order to exploit this potential, we need a kind of “shock therapy” to trigger a shift in awareness. I know from my own experience how important it is to learn to look at things in a new way. I am convinced that Japan has the potential to be a wonderful place, as a society and as a country, if only people can fundamentally overturn in various ways the way they look at their jobs and lives.
Sasaki: Climate change is a particularly severe example of an issue confronting us on a global scale. Since the industrial revolution, the concentration of atmospheric CO2 has risen by 100 parts per million, resulting in an increase of around one degree Celsius in the median global temperature. If current trends continue, the temperature will rise by six degrees by the year 2050. And it is thought that any increase over two degrees will have disastrous results for the environment. In order to avert environmental destruction, it is necessary to reduce annual global CO2 emissions to 14 billion tons, roughly half the current level. However, the situations in developing and developed countries differ. This means that it is necessary to devise goals for energy supply and a low-carbon society that suit their respective situations.

The Toshiba Group Environmental Vision 2050 is the course of action we have outlined for addressing the issue of global warming, based on the following three green initiatives. First, there is what we call Greening of Process, aimed at enhancing the environmental efficiency of our manufacturing and corporate activities. The second initiative is Greening of Products, whereby we are striving to be number one in terms of environmental capabilities for all the products we develop.

Dealing with environmental issues in ways suitable to the different situations in developing and developed countries

Representative Executive Officer, President, and CEO of Toshiba Corporation
Norio Sasaki

Third is our Greening by Technology initiative to develop environmentally-friendly technologies, centering on nuclear power generation as well as carbon dioxide capture and storage (CCS) systems, "smart communities," photovoltaic power generation, and high-performance rechargeable batteries. In nuclear power in particular, we offer an integrated system of energy security covering everything from provision of nuclear fuels to plant services. Our aim is to curb CO2 emissions by 750 million tons worldwide by FY2020 (as compared to the 1990 level).
From a GSR perspective, it is important to convey the principles underlying these activities as broadly as possible. We aim for our 200,000 employees worldwide to thoroughly familiarize themselves with the Toshiba Group’s corporate philosophy, which emphasizes respect for people, creation of new value, and making a contribution to society. Currently, we have over 80,000 overseas employees. And we are promoting synergy and innovation by bringing together the regional cultural and human diversity that exists within the Toshiba Group.

The Toshiba Group is also helping to bring about a sustainable society by deploying our imagination, innovation, and integrity—which we call the three Fs for short. This involves first having the sense of imagination to grasp the potential we are living in and conceptualize new ideas. This provides the basis for innovation, underpinned by the pursuit of unshakeable integrity. The foundation of Toshiba’s corporate social responsibility (CSR) activities is this earnest engagement with society and proactive approach to fulfilling our responsibilities.

Takahashi: My impression is that Toshiba has a strong commitment to GSR. What are your views on the subject, Professor Taka?

GSR points to future management style
of using core strengths to
aid sustainable development

Head of the department of economics at Reitaku University
Visiting professor at Kyoto University Graduate School
Iwao Taka

Taka: President Sasaki has spoken of how the term “integrity” encompasses both Toshiba’s sincere engagement with social issues and the priority it gives to people’s lives, safety, and local compliance. His firm resolution, reflected in this declaration, has been positively evaluated. I am interested in learning more about how Toshiba is working to foster an understanding of this aim among its 200,000 employees worldwide.

Sasaki: We send out messages and video images to all Toshiba employees on seven occasions each year, and are also using our website to assist this effort. I make a point of visiting work sites, including those overseas, dozens of times a year to discuss these efforts directly with younger employees.

Takahashi: I believe President Sasaki alluded to the importance of integrating one’s mind and body, heart and behavior, and words and actions. I have been impressed by Toshiba’s innovative approach to formulating environmental policies based on its three green initiatives.

Taka: A 750 million ton reduction in CO2 emissions from 1990 levels by FY 2020 is an extremely ambitious target, considering that Japan’s total emissions for 1990 were 1.26 billion tons. Even considering that the Toshiba goal is for worldwide emissions, it is still an extremely bold undertaking. One question I have concerns problems that Toshiba encounters in its global operations, such as differences in laws and customs. What would Toshiba’s response be, for example, if a request for COS facilities came from a country in which racial prejudice remains?
Sasaki: I think it would depend on the nature of the support requested. It would not be a good situation, from our perspective, to engage in business—however profitable—in a situation where a discriminatory system remains in place. At the same time, however, it might be necessary to act from a global perspective from the interest of preventing such a country from continuing to emit large amounts of CO2. At any case, adopting a humanitarian outlook is essential.

Moderator
Professor at Keio University Graduate School
of Media and Governance
Hideaki Takahashi

Takahashi: In a sense, Toshiba’s initiatives exemplify the GSR concept, if we define that concept as using core corporate strengths to contribute to sustainable development.

Takahashi: I have seen that there are Japanese corporations employing a method of management in which extensive use of environmental technology has led to improvements in the social infrastructure. GSR is easy to understand if you think of it as the idea that innovation and an appropriate level of profitability are ways of guaranteeing sustainability. In this sense, GSR points to the way to the future of management. Again, I think this gives us a sense of the importance of integrity and a sense of commitment on the part of senior management.

Panel discussion Social business: A trump card for solving social problems?
its potential and limitations

Moderator: What social business initiatives are your companies involved in?

Kumano: Anita got its start as a primary wholesaler of nonferrous metals. The second of the “oil shocks” to hit Japan provided an opportunity for us to launch a recycling business. Today we are a company with a proactive CSR stance that is striving to help bring about a sustainable society. More specifically, our corporate activities include our terrestrial resource business, which views waste products as useful resources; our environmental solutions business, which aims to reduce environmental risks; and our natural industry creation business, which is an attempt to use natural resources effectively. We are also developing initiatives that reduce environmental impact in each of our business categories based on our corporate philosophy of providing comprehensive (rather than partial) optimization. As part of these efforts, we also provide certification services for forestry and fishery certifications.

NIKKEI GSR Project Report 2010
Aiming for an Environment-oriented Society as a Company with a Proactive CSR Stance

Chairman and President, Amita Holdings
Eisuke Kumano

Hall: Ever since its establishment, Danone has viewed its mission as helping to improve the health of as many people as possible through food. To assist this effort, the company has formed an investment fund in collaboration with a French bank. And 10% of the company’s funds have been channelled to Danone’s social business. Currently, the business is engaged in five different projects, including the Grameen Danone project in Bangladesh to assist local people in improving their health. The project uses local raw materials to produce yoghurt and seeks to improve local people’s lives by offering them a chance to participate in the business and earn a daily wage. What is important is not profit but raising the average income of the local people, and having as many of them as possible play a part in this business model.

Actively Pursuing Collaboration Between Governments and NGOs

President and Representative Director,
Danon Waters of Japan, Co., Ltd.
Richard Hall

Nitta: Uniglo is now in the preparation stage for establishing a joint-venture company in Bangladesh called Grameen Uniglo. The business model is centered on manufacturing and selling clothes locally, with the aim of solving problems like poverty and lack of sanitation by boosting employment opportunities and promoting people’s independence. More specifically, the business will involve living among people in rural villages and elsewhere to uncover what the needs are and devise a plan for products, and having local people involved in everything from the sourcing of materials and sewing of clothes to the sale of finished items. We will strive to price clothing at a level that is affordable for local people by entering into tie-ups with local plants to procure inexpensive surplus fabric. Our target is to sell 100,000 items of clothing in the first year and to increase that figure to a million by the end of the third year. But the main point of the business is to improve the lives of local people.
Yamaguchi: Motherhouse was launched in 2006, based on the goal encompassed in our slogan: “Creating a worldwide brand from developing countries.” While studying abroad at a graduate school in Bangladesh, I became acutely aware that international aid was not reaching the people who needed it. My motivation for founding Motherhouse was the idea that sending something positive from developing countries would help enhance the images of those countries abroad. Currently, the company has plants in Bangladesh and Nepal, as well as six stores under direct management in Japan selling mostly bags. We have been developing local talent gradually over time, by involving local employees in the planning, design, and production processes. You can’t create good products without skilled personnel and a good working environment. For this reason, the wages we pay are at least double the standard level, and we give full consideration to the welfare of our employees.

Balancing social returns with profitability

Moderator: How are your companies balancing profitability with social returns?

Kumano: The social issues facing developing countries are different from the ones we confront in the developed world. In particular, a sort of spiritual poverty has become widespread in developed countries. GSR is the idea that the potential of corporations can be used to solve global problems of this sort. There is no contradiction between principles and profits: companies can attract customers by responding to the needs of society in a tangible way.

Key to Profitability is Creation of Competitive Products

CEO and Chief Designer, Motherhouse
Eriko Yamaguchi

Hall: This question of balance is one that concerns all executives. A corporation needs to secure adequate earnings for the shareholders who have invested their precious funds. If a corporation manages to generate earnings, it makes it possible to speed up the pace of business development through reinvestment. If a social business results in problems being solved more quickly, it should be regarded as a success.

Nitta: Business and the creation of social value are integral to each other. Business activities result in the creation of good products and more efficient production systems. And if such improvements are then used in other regions it means that business can be useful in creating synergy that creates social value.

Yamaguchi: Economic profits are absolutely essential in terms of securing social returns. Sustainable orders are vital. And this requires steady consumer purchasing power. Corporations need to put a supply system in place that allows them to plan and produce products that consumers will want, and create internationally competitive products on that basis.
Japan requires CSR evaluation standards

Moderator: What challenges do your companies face in carrying forward your social businesses, and how are you overcoming those problems?

Yamaguchi: Many people have doubts about whether social principles and economic success are really compatible. This reflects the fact that there are still relatively few players in the field of social business. Improving this situation will require credible model cases. This is something we have to work hard to address ourselves.

Conveying Information to Foster Expanded Production

CSR Director, Fast Retailing and CEO of Uniqlo Social Business Bangladesh
Yukihiro Nitta

Nitta: Frankly, I think that we still need to do more to create good products of the sort that customers really want. We also need to do a better job of conveying information to the world. Expanded reproduction is essential to business. I want to build a framework that allows us to involve as many people as possible from around the world.

Hall: At Danone we are doing our best to put together a structure for improving the lives of people in local areas, but there is a limit to what a single private-sector company can do. Ten years ago it would have been unthinkable for a company like Danone to enter a partnership with UNICEF [United Nations Children’s Fund]. We will need to consider further collaborations with governments and NGOs in the future.

Kumano: The most important element for carrying out a social business is people. From the accounting perspective, however, things and money are viewed as assets, whereas people are viewed as a cost. Many government bodies, including the European Union, have made it mandatory for companies to announce their CSR activities using nonfinancial indices. Japan likewise needs standards for assessing CSR as part of the value of a corporation. My hope is that social businesses can create a new business model, refining and reshaping investment to create markets that are centered on a more cooperative-style sense of empathy between people.
The world faces a mountain of problems requiring solutions on a global scale, including environmental issues and poverty. The Nikkei GSR Project considers what corporations can do to help solve these problems. The Third GSR Symposium shed light on links between GSR and social businesses. I was pleased by the in-depth discussions that took place at the symposium. We will continue to examine GSR—from a variety of perspectives—as a standard for corporate behavior in the years to come.

Chairman of the Japan Center for Economic Research
Junichi Arai