



SDGs Progress Report 2023



Survey Results on the Initiatives of
GCNJ Business and Non-Business Participants

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Abbreviations and Acronyms

Circular Economy	CE
Communication on Progress	CoP
Convention on Biological Diversity	CBD
Coronavirus disease 2019	COVID-19
Diversity, Equity & Inclusion	DEI
Due Diligence	DD
Green Transformation	GX
Intergovernmental Panel on Climate Change	IPCC
International Organization for Standardization	ISO
Japan Partnership for Circular Economy	J4CE
Key Performance Indicator	KPI
Organization for Economic Co-operation and Development	OECD
Science Based Targets Initiative	SBTi
Sustainable Consumption and Production	SCP
Sustainable Development Solutions Network	SDSN
Task Force on Climate-related Financial Disclosures	TCFD
Taskforce on Nature-related Financial Disclosures	TNFD
United Nations Department of Economic and Social Affairs	UNDESA
United Nations Framework Convention on Climate Change	UNFCCC
WEPs Transparency and Accountability Framework	TAF
Women's Empowerment Principles	WEPs
World Health Organization	WHO

Foreword

We are pleased to present to you the 2023 SDGs Progress Report. The United Nations Global Compact was called upon in a UN General Assembly resolution to play a "vital role" in the promotion of the SDGs. The Global Compact Network Japan (GCNJ) bears this responsibility in Japan. The SDGs Progress Report traces its roots to the autumn of 2016, when the SDGs entered into force. In collaboration with IGES, a study was launched targeting GCNJ business participants and non-business participants (local governments, associations, and academia). This year marks the seventh issue of the report.

When participants' level of awareness of the SDGs exceeded 90% in 2022, we shifted our focus to in-depth survey and analysis by experts, narrowing the scope to priority goals. Last year's survey indicated that Japanese companies were lagging behind in some areas, including gender equality and business models. The current report gives readers a view to the overall shifts that took place over the past year. This report is designed to serve as a benchmark for measuring progress on the SDGs in Japanese companies and organisations, providing a useful tool for all in developing management strategies. I would like to take this opportunity to thank all of our participants who took the time to respond to the detailed questions.

The year 2023 marks the "halfway point" between the launch of the SDGs and their final year of 2030. UN Secretary-General Guterres has stated that the SDGs will be difficult to achieve if we remain on our current course. In the meantime, the world's population surpassed the 8 billion mark last year. Increases were mainly in regions where CO2 emissions are expected to increase alongside economic growth, such as India and Africa. Japan, on the other hand, is faced with a myriad of challenges as its population continues to shrink. Not only must Japan respond to problems at home, our country is also called upon to take a leadership role in solving challenges faced around the world and issues plaguing our entire planet. In this regard, guiding principles and goals for actions on the part of all can be found in the Ten Principles of the UN Global Compact and the SDGs.

Last but not least, the release of this report coincides with a complete revision of the Communication on Progress (participant activity report to the UN Global Compact). Accordingly, we will also conduct a review of the SDGs fact-finding survey for 2023. Once a course of action has been decided, we will be sure to inform you.

GCNJ will continue to make every effort to be of service to you. We look forward to your continued support.

Toshio Arima
Chair of the Board
Global Compact Network Japan (GCNJ)

Foreword

At the end of last year, the Kunming-Montreal Global Biodiversity Framework was adopted at the second part of the UN Biodiversity Conference (CBD COP15) held in Montreal. The framework set the "30 by 30 target" that calls for conserving 30% or more of terrestrial and marine areas by 2030. Meanwhile in Japan, deliberations are underway on the next National Biodiversity Strategy that reflects the new framework. The strategy is expected to be approved by Cabinet Decision in March of this year. Moreover, in September of this year, the Task Force on Nature-related Financial Disclosures (TNFD) is expected to publish a framework for information disclosure targeted at the private sector.

The new biodiversity framework is closely connected to the 1.5 degree target for climate change and the SDGs. Therefore, promoting highly synergistic efforts to achieve all goals is essential. The United Nations has also become increasingly aware of this issue. In July last year, the Third Global Conference on Strengthening Synergies between the Paris Agreement and the 2030 Agenda for Sustainable Development (Synergies Conference) was held at the United Nations University Headquarters in Tokyo, co-convened by the United Nations Department of Economic and Social Affairs (UNDESA) and the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat, and hosted by the Ministry of the Environment of Japan. As synergies are also an important perspective when considering post-SDGs, further discussions are expected to develop in the future.

IGES, an official partner in the Synergies Conference, was closely involved in the conference's organisation. I myself had the opportunity to launch the English version of the SDGs Progress Report 2022 at the plenary along with GCNJ Board Member, Ms. Sandra Wu.¹ Through their various commitments and contributions, Japanese companies have an important role to play in the international community. Among them, GCNJ participants in particular are expected to play a leading role. As the launched report provides the latest summary of their progress on the SDGs, it was a great opportunity to disseminate valuable information to SDG stakeholders in Japan and abroad.

The SDGs approach the halfway mark and the remaining years to 2030 have been called the "decisive decade for the future" on building a sustainable society by the middle of this century. The challenges we face on a sustainable pathway simultaneously present golden opportunities to create a society that will bring about new prosperity. This report analyses the progress made by GCNJ business participants from a backcasting perspective, focusing on five of the SDGs. We sincerely hope that companies will extensively utilise this report to promote initiatives with a view to synergies, evaluate their progress, and further strengthen their efforts.

Kazuhiko Takeuchi
President

Institute for Global Environmental Strategies (IGES)

¹ See the Conference Report by the organisers for more information:
https://www.un.org/sites/un2.un.org/files/the_third_global_conference_report_11.08.2022.pdf

1

Introduction: The 2022 SDGs Survey

This section gives an overview of the SDGs Survey to date.

Background

This volume is the seventh issue in a series of reports based on SDGs fact-finding surveys that began in 2015. When the survey was launched in 2015, the SDGs were little known and largely had yet to penetrate companies. Accordingly, until 2020 the main objective of the survey was to assess awareness of the SDGs and penetration within companies. However, the 2020 survey found that awareness of the SDGs within companies had risen to approximately 90% among management and half among middle managers and employees. Moreover, results

showed that more than 70% of companies were disseminating information on the SDGs via internal newsletters and websites. Accordingly, we consider the objectives of this survey on awareness and penetration of the SDGs to have been achieved.

Therefore, in 2021, the focus of the survey shifted from awareness and penetration among business participants of GCNJ to measuring the quality of their initiatives on the SDGs.

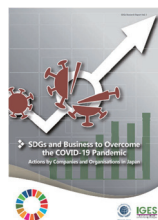
Specifically, in addition to questions on integrating the SDGs into management, priority goals, and challenges faced, the survey was revised to measure progress on

From the "SDGs and Business" series to the "SDGs Progress Report"

Measuring awareness and penetration of the SDGs + in-depth exploration on specific topics

Measuring the quality of initiatives on the SDGs

Launched in 2016



five goals, including the four goals (SDGs 5, 8, 13, and 16) that the UNGC announced it will lead in its 2021-2023 strategy. To these we added SDG 12, a goal that many Japanese companies, particularly in manufacturing, selected as a priority. In analysing and discussing these five goals, we focused on the topics of "gender equality", "decent work and human rights", "circular economy", "climate change", and "preventing corruption", which are important issues for the activities of companies and organisations. They are also closely linked to the four areas of the Ten Principles of the UN Global Compact (human rights, labour, environment, and anti-corruption).

The survey questions relating to these five goals cover initiatives that should be implemented by 2030, the goal year of the SDGs. We asked experts to design the survey so that business and non-business participants of GCNJ could use it as a checklist to monitor progress towards 2030. Please refer to the SDGs Progress Report 2022 for the previous survey's results on progress on the five goals.

FY2022 Survey

This issue reports on the second year of the survey designed to measure the quality of initiatives on the SDGs, continuing to focus on progress on the five goals. The survey content basically followed that of the previous survey to reveal progress from the previous year. The survey was updated somewhat to include questions that delve deeper into issues that emerged in the previous survey.

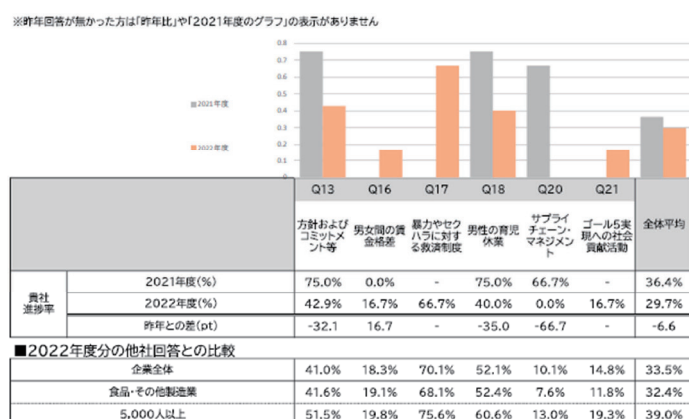
See p. 17 for an overview of the survey and p. 94 for a summary of the results of all survey questions.

Since last year, GCNJ participant companies that responded to the survey have been sent "response results" along with a "feedback sheet", which allows them to look back on their own responses. The feedback sheet not only shows the progress made on each of the five goals since the previous year, but also provides a visual comparison with companies in the same industry and companies of similar size (number of employees). It can therefore serve as a reference for companies when taking stock of their initiatives and promoting them in the future.

Sample Feedback Sheet

Example: Gender equality (overview)

1) Comparison with previous year and other companies' responses



2) Year-on-year comparison for individual survey question (Q13)

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Previously, the survey conducted for business and non-business participants of GCNJ was identical. Starting this year, separate survey content was used for companies and non-businesses.

Information on initiatives that non-business respondents gave us permission to disclose is presented in a supplementary volume (available only in Japanese).

Respondents to the FY2022 Survey

<Response rate>

Approximately 55% of GCNJ participants responded to the survey. The percentages of companies and non-business organisations are as follows.

<Survey respondents>

Over 90% of respondents were companies, and just under 10% were non-business organisations. These percentages roughly match the ratios among GCNJ participants overall.

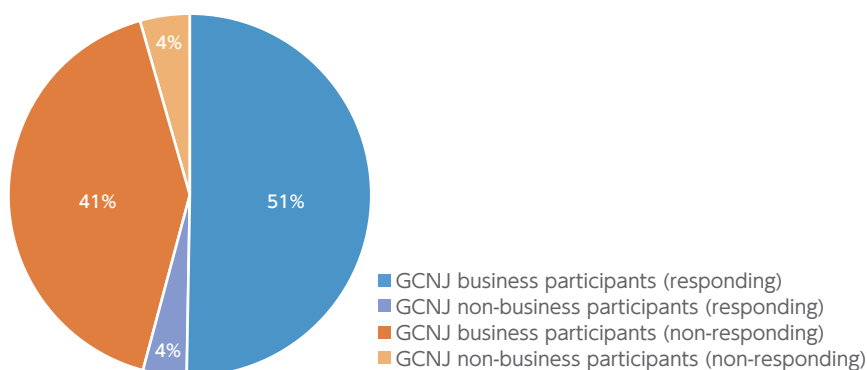
<Year-on-year comparison>

Compared to FY2021, GCNJ participants increased by approximately 20% over the period of one year, and the number of responding participants increased by 25%. For a detailed breakdown of responding companies, see p. 18.

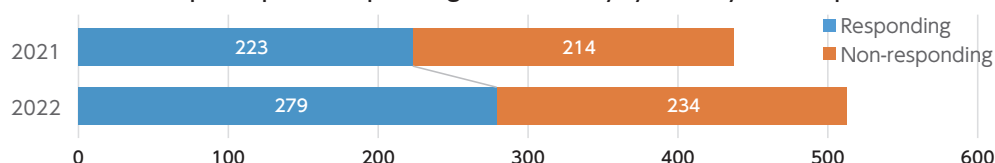


Cover of the "SDGs Progress Report Supplementary Volume"
URL: <https://www.ungcjin.org/activities/topics/detail.php?id=547>

Survey response rate



Ratio of GCNJ participants responding to the survey (year-on-year comparison)



2

International and National Trends on the SDGs

In this section, we will first look at the state of progress on achieving the SDGs at the international and national levels, and identify short- and long-term global risks that could impact the achievement of the SDGs, utilising three reports that are key to understanding trends related to the SDGs. Next, we introduce a highlight of recent developments related to the five goals that are the focus of this volume, the SDGs Progress Report 2023, based on input from the experts who wrote sections 3.2 to 3.6.

» Progress on the SDGs and risks that could impact achievement of the 17 goals

Progress at the international level

On 30 January 2020, the World Health Organisation (WHO) declared that the outbreak of the Coronavirus disease 2019 (COVID-19) constituted a Public Health Emergency of International Concern. Three years later, as of 30 January 2023, more than 670 million people worldwide have been infected and more than 6.8 million have died. Meanwhile, Russia's invasion of Ukraine has not only threatened world peace, but also brought food and energy crises and risks to people's livelihoods. The Sustainable Development Goals Report 2022, published by the UN in July 2022, reports that the climate crisis, the COVID-19 pandemic, and increasing conflict around the world are putting the achievement of the 17 SDGs at risk. A portion of these grim circumstances

are indicated below.

- Global "excess deaths", including those indirectly attributable to COVID-19, reached 15 million at the end of 2021.
- More than four years' worth of progress on eradicating poverty was cancelled out.
- Conflict, COVID-19, climate change, and rising inequality have undermined global food security, with about one in ten people worldwide suffering from hunger.
- In the two-year period from 2020-2021, 147 million children lost more than half of their face-to-face learning opportunities.
- Women suffered greater impacts of unemployment and faced increased care work at home. Some evidence points to the fact that violence against women was exacerbated by the pandemic.
- Immunisation rates fell for the first time in a decade, and deaths from tuberculosis and malaria increased.
- The COVID-19 pandemic amplified income inequality between countries for the first time in a generation.
- The number of refugees displaced from their country of origin increased by 44% between 2015 and 2021.
- Global dependence on natural resources increased by more than 65% from 2000 to 2019.
- An estimated 17 million tonnes of plastic flowed into the world's oceans in 2021, with a further two to threefold increase

projected by 2040.

- 10 million hectares of the world's forests are destroyed each year, 90% of which is due to the expansion of agricultural land.
- The debt to gross national income (GNI) ratio in sub-Saharan African countries rose from 23.4% in 2011 to 43.7% in 2020.

Progress at the national level

Countries' progress on the SDGs is scored and ranked in the Sustainable Development Report, published annually by the Sustainable Development Solutions Network (SDSN) and the Germany-based Bertelsmann Foundation. Looking first at the overall situation, the report points out that complex crises such as military conflicts like the war in Ukraine and health concerns are diverting policy attention and priorities away from medium- and long-term goals like the SDGs and the Paris Agreement, which could delay or stall the adoption of ambitious and credible national and international plans. Meanwhile, for the second year in a row, the world is no longer making progress on the SDGs, with the average score on the SDG Index falling slightly. In particular, performance on SDG 1 (no poverty) and SDG 8 (decent work and economic growth) in low-income and lower middle-income countries has fallen below pre-pandemic levels.

Japan's score for 2022 was 79.6, placing it 19th out of 163 countries (although this is -0.02 compared to last year's score, it is on a slightly increasing trend from 75 in 2016 and 78.9 in 2019). The Sustainable Development Report also publishes scores and rankings for spillover effects on other countries, as rich countries create negative international spillover effects, especially through unsustainable consumption. In this regard, Japan scored 67.3 and ranked 134th.

For the five goals that are the focus of this SDGs Progress Report 2023, "major

challenges" for Japan include: the number of women in parliament, the gender pay gap, the share of renewable energy in primary energy supply, electronic waste, exports of plastic waste, CO2 emissions from fossil fuel combustion and cement production, CO2 emissions from imports, and carbon pricing score. Aside from the five goals, "major challenges" include the poverty rate after taxes and transfers; marine, terrestrial, and freshwater biodiversity threats from imports; concessional public funding, including Official Development Assistance; and the financial secrecy score (ease of hiding income and criminal money laundering by the wealthy). The underlined items above correspond to "major challenges" involving spillover effects.

Moreover, like Japan, other developed countries that are actively addressing the SDGs, including Nordic countries, Germany, and Austria, also show a tendency to score low in terms of spillover effects. This trend implies that wealthy countries in particular need to consider how they should address environmental and social issues within their own countries, while also giving due consideration to impacts on other countries. In addition, the Sustainable Development Report calls upon countries to curb these negative spillovers by following measures: 1) increase the scale of international development and climate change finance; 2) utilise technical cooperation and SDGs diplomacy; 3) adopt national targets and measures to address the impacts of consumption on other countries; 4) strengthen monitoring and data systems covering entire supply chains at the international, national, industry, and corporate levels and include these in SDGs reporting.

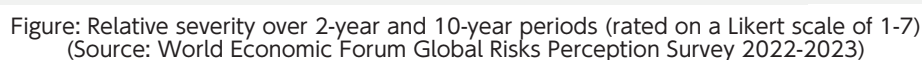
Short- and long-term risks

The Global Risks Report, published annually by the World Economic Forum (WEF),

unrest and political instability, with effects spreading beyond emerging markets.

The long-term risks over the next decade are "failure to mitigate climate change", "failure of climate change adaptation", and "natural disasters and extreme weather events", followed by "biodiversity loss and ecosystem collapse", which does not appear in the top ten short-term risks. The report points to the threat of widespread economic and social impacts from biodiversity loss and ecosystem collapse, which include increased zoonotic diseases; reduced crop yields and nutritional value; conflict escalation due to increased water stress; loss of livelihoods dependent on nature-based services such as food systems and pollination; and dramatic flooding and sea level rise due to degradation of water meadows and coastal mangroves.

The relationship between short- and long-



term risks is plotted in the diagram below. In addition, the report includes a map showing the interconnections of risk, which is a useful reference for companies and organisations when reviewing their risk perception.

» Highlights of trends for the five goals

Gender Equality (SDG 5)

International trends

- ▶ North American and European countries, and EU member states are increasingly adding gender equality provisions to their economic and trade agreements.
- ▶ Major Asian economies and regions (China, Republic of Korea, Hong Kong, Taiwan, Singapore, Indonesia, Philippines, Thailand, and Vietnam) are accelerating their efforts in closing the gender gaps, surpassing Japan's ranking in the Economic Participation and Opportunity sub-index of the Global Gender Gap scores. In these countries/regions, the stock exchanges are mandating the disclosure of the current percentage of women board members and targets, as well as action plans by revising their corporate governance codes. The number of companies signing the Women's Empowerment Principles (WEPs) has risen dramatically, as well.
- ▶ At the G7 Summit in June 2022, the commitment to gender equality was strengthened to add a new joint monitoring mechanism. Japan assumes the G7 Presidency in 2023.
- ▶ ISO (International Organization for Standardization) is developing "Guidelines for the promotion and implementation of gender equality" to be released in 2024.

Domestic trends

- ▶ The majority of responses for the ideal women's life course in the 16th Japanese National Fertility Survey, released by the National Institute of Population and Social

Security Research in 2021, was "balancing work and child-rearing," surpassing "re-entry into the workforce" (quit work after marriage or childbirth and return later at some point) that had been the most common response for unmarried women aged 18-34 for many years. There was also a sharp increase in women who viewed remaining unmarried and continuing to work as the ideal life course, with the number reaching an all-time high. Unmarried men of the same age group are also increasingly expecting their future partners to balance work and family life, rather than re-entering the workforce at a later stage of life.

- ▶ The government has launched policies from the perspective of promoting gender equality – moving beyond women's advancement – and has begun to work on reforms in households, workplaces, and the labour market, where gender division of labour is entrenched. After the provision on gender pay gap was included in the "Intensive Policy for Women's Advancement and Gender Equality 2022 (Basic Policies Related to Women)," the revised ministerial ordinance of the Act on Promotion of Women's Participation and Advancement in the Workplace in July 2022 mandated companies with 301 or more full-time employees to disclose their gender pay gap data. The government is also moving toward making data disclosure mandatory for gender pay gap, ratio of women in management, and parental leave uptake rate for men in the annual securities reports of listed companies. The promotion of parental leave for men is also a major measure that addresses the disproportionate responsibility for unpaid care work on women, which is one of the reasons for the gender pay gap.
- ▶ According to the revised Child Care and Family Care Leave Law, from April 2022,

companies are obliged to provide an enabling environment to take parental leave and individually inform and confirm the intentions of eligible employees. From October, a new system for taking parental leave at birth (as known as "papa kyuka") will be established, and from April 2023, companies are mandated to disclose the status of parental leave uptake.

- Reviews are underway in two areas set forth in the Intensive Policy for Women's Advancement and Gender Equality 2022: tax and social security systems that take women's perspectives into account (special exemption for spouses and the category three insured persons system) and public procurement (point system for companies with Eruboshi certification). As the G7 Presidency, Japan is in a position to lead discussions on the promotion of gender equality, and domestic policies are expected to increase in keeping with international commitments and trends.

Decent work and human rights (SDG 8)



International trends

- In February 2022, the EU released its proposal for a Directive on Corporate Sustainability Due Diligence. In September, it also released a proposal for a regulation banning products made using forced labour on the EU market.
- In June 2022 in the United States, Section 3 of the Uyghur Forced Labour Prevention Act (presumption of import prohibition) came into force.
- In the G7 Leaders' Communiqué of the 2022 Elmau Summit, G7 leaders called for accelerated national and international efforts to eliminate forced labour from global supply chains and action in line with the UN Guiding Principles on Business and Human Rights. Leaders also agreed to work towards an international consensus on business and human rights.

- The 11th UN Forum on Business and Human Rights was held from 28-30 November 2022. The theme was "Rights holders at the centre". From Japan, Gen Nakatani, Special Advisor to the Prime Minister on human rights, delivered a speech.

Domestic trends

- In 2020, the Government of Japan formulated the National Action Plan on Business and Human Rights, and in June 2022, published a government report reviewing the first year of the plan's implementation.
- In September 2022, the Japanese government published its first (and Asia's first) Guidelines on Respecting Human Rights in Responsible Supply Chains.
- Positive moves by companies and other stakeholders have been seen in parallel to the formulation of government guidelines. In July 2022, the Japan Textile Federation published the Guidelines for Responsible Business Conduct in the Textile and Clothing Industry of Japan. In September, the Japan Council of Metalworkers' Unions published a guide entitled, "Trade unions' role and responses to human rights due diligence".

Sustainable consumption and production (SDG 12)



International trends

- The Organisation for Economic Co-operation and Development (OECD) published the Global Plastic Outlook, its first report on plastic waste, in February 2022. The report calls attention to growing plastic pollution and delays in combating it.
- The EU released a draft regulation on eco-design in March 2022. It proposes requiring companies to promote product design with an awareness of circularity and to disclose information on the reparability of products

and other environmental information.

- ▶ The G7 Berlin Roadmap on Resource Efficiency and Circular Economy was adopted as an annex to the Communiqué at the G7 Climate, Energy and Environment Ministers' Meeting in May 2022.
- ▶ At the resumed fifth session of the United Nations Environment Assembly (UNEA-5.2) in March 2022, the assembly determined a shared urgency to address marine plastics and decided to launch negotiations on the development of an international protocol (convention). The First Session of the Intergovernmental Negotiating Committee (INC) was held from 28 November to 2 December 2022 to develop an international legally-binding instrument on plastic pollution.

Domestic trends

- ▶ The second examination of the 4th Fundamental Plan for Establishing a Sound Material-Cycle Society and the formulation of the Circular Economy Roadmap were conducted in April 2022. These set a course toward a sound material-cycle society by promoting the circular economy approach to realise a sustainable society with a view to 2050, and accordingly, decarbonisation efforts based on resource recycling throughout the life cycle are to be promoted.
- ▶ In October 2022, Study Group for Designing a Growth-Oriented, Resource-Autonomous Circular Economy is to be established. Stakeholders from the arterial and venous industries, experts, consumers, and the IT sector will engage in discussions to form a shared awareness and make recommendations toward realising the Circular Economy Vision 2020 announced by the Ministry of Economy, Trade and Industry in May 2020.
- ▶ The Japan Partnership for Circular Economy (J4CE), launched in March 2021 by the Ministry of the Environment, the

Ministry of Economy, Trade and Industry, and the Japan Business Federation (Keidanren), is now in its second year of activity. Based on periodic public-private dialogue, J4CE is advancing deliberations on the promotion of corporate initiatives and necessary policy responses.

Climate change (SDG 13)



International trends

- ▶ In May 2022, at the Japan-Australia-India-U.S. Leaders' Meeting (Quad), the four leaders announced the launch of the Quad Climate Change Adaptation and Mitigation Package (Q-CHAMP) to coordinate support for climate change measures in the four countries and the Indo-Pacific region.
- ▶ The G7 Summit Leaders' Communiqué in June 2022 announced the establishment of an international "Climate Club" by the end of 2022 and committed to achieving a fully or predominantly decarbonised power sector by 2035.
- ▶ The UN High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities, established by UN Secretary-General António Guterres in March 2022, released a report in November 2022 compiling principles and recommendations for non-state entities, such as businesses and local governments, to follow when making net zero declarations. The report criticises efforts that are merely superficial and amount to greenwashing.
- ▶ In the G20 Bali Leaders' Declaration of November 2022, G20 countries reaffirmed their commitment to pursuing the 1.5 degree target in line with the Glasgow Climate Pact. Japan agreed to a Joint Statement on Just Energy Transition Partnership (JETP) with Indonesia, the US, and other countries. The JETP will support Indonesia's efforts to transition from coal to renewable energy.
- ▶ The Sharm el-Sheikh Implementation Plan

was adopted at COP27 in November 2022. A historic agreement was reached on the establishment of a "loss and damage" fund, and discussion of operationalisation will take place at COP28. No agreement was reached on the enhancement of emissions reductions as negotiations failed to make progress on the Glasgow Climate Pact due to opposition from oil-producing countries.

Domestic trends

- In February 2022, the Ministry of Economy, Trade and Industry announced the GX (Green Transformation) League Basic Concept and its full-scale operation from 2023 based on the creation of three "places": "A place to discuss how society looks in the future", "A place to develop market rules", and "A place for voluntary emissions trading". Concerning voluntary emissions trading, in particular, design of the GX League Emissions Trading System (GX-ETS) is underway.
- In October 2022, the Japan Green Investment Corporation for Carbon Neutrality (JICN) was established. Based on the revised Act on Promotion of Global Warming Countermeasures, JICN will develop a fund business, financed by the government's fiscal investment and loan programme and private-sector investment. The aim is to bolster the necessary financing for decarbonisation by conducting investment and lending

for diversified projects that contribute to decarbonisation, such as renewable energy generation and reforestation, toward achieving net zero in 2050.

Preventing corruption (SDG 16)



International trends

- In September 2022, the US Department of Justice (DOJ) issued the Monaco Memo. The document continues the contents of the Yates Memo of 2015 by emphasizing the importance of conducting prompt internal investigations and providing information to the DOJ, as well as the proactive pursuit of individual accountability.

Domestic trends

- The bribery scandal surrounding the Tokyo Olympics and Paralympics attracted a lot of attention throughout 2022. A former executive of the Organising Committee and sponsor companies were charged with accepting and offering bribes respectively. The definition of "public official" is also a focus of the case. The Act on Special Measures concerning the Olympic and Paralympic Games in Tokyo in 2020 stipulates that the executives and employees of the Organising Committee are to be treated as public officials. For many other industries as well, law stipulates that employees and executives are considered to be public officials.

Column: "Earth for All: A Survival Guide for Humanity"

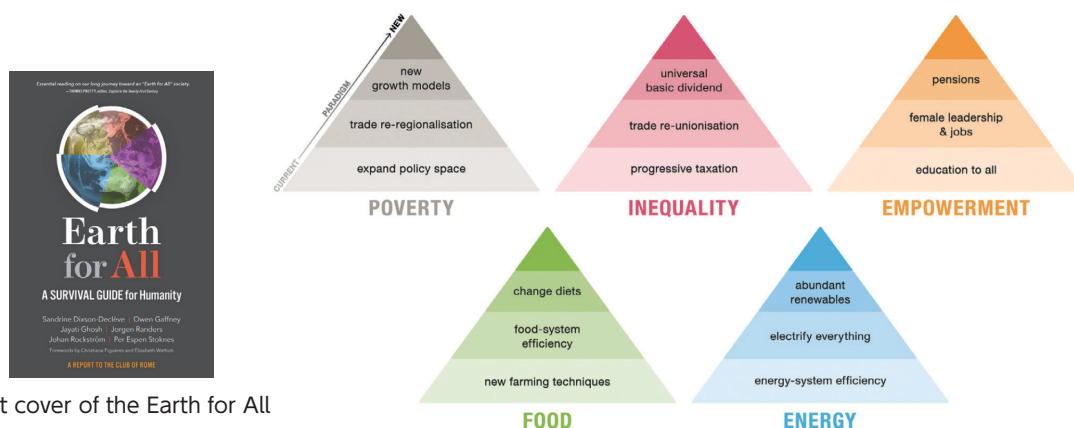
In the face of stalled progress on the SDGs and impending risks on a global scale, is it really possible for humanity to achieve a sustainable society? The Club of Rome, which published "The Limits to Growth" in 1972, considers human potential 50 years later in a new report published in 2022, "Earth for All: A Survival Guide for Humanity".

The report uses a new system dynamics model to present two scenarios: the "Too Little Too Late" business-as-usual (BAU) scenario, and the "Giant Leap", which aims to maximise human well-being within planetary boundaries.

The Giant Leap scenario proposes "extraordinary turnarounds" in five areas – poverty, inequality, empowerment, food, and energy – as shown in the diagram below. The report purports that if we act now, we can limit the global population to around 6 billion in 2100, end extreme poverty, significantly reduce pressure on natural resources, stem the rise in the Earth's temperature to around 1.5°C by the end of the century, relieve social tensions, and continuously improve well-being.

The report clearly illustrates the meaning of the two opposing scenarios, "Too Little Too Late" and "Giant Leap", for our future. It offers many insights for companies and organisations when considering their future activities.

*Japanese edition was released by Maruzen Publishing, translated by IGES.



Front cover of the Earth for All

Figure: The policy interventions needed to achieve the five extraordinary turnarounds
(Source: Earth for All: A Survival Guide for Humanity Executive Summary, p.14)

3

SDGs Survey Results and Interpretation

Survey overview

■ Survey objectives

- To help GCNJ participants measure their progress and promote activities on the SDGs.
- To analyse the state of progress and challenges faced by GCNJ participants in carrying out initiatives on the SDGs and to contribute to the achievement of the SDGs in Japan.

■ Schedule for survey responses

26 September to 14 November 2022

■ Survey target and number of responses

Target: GCNJ business and non-business participants 513 (as of 1 September 2022)

Number of respondents: 279 (54% response rate)

Companies (businesses) 259 (93% of respondents), non-business organisations 20 (7% of respondents)

※See p. 89-93 for a list of responding participants.

[Note] The SDGs Progress Report 2022 (previous issue) had 208 company respondents.

■ Survey method

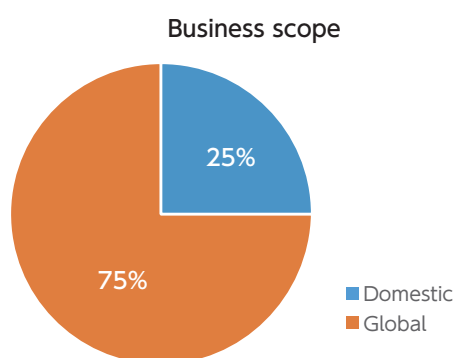
Online survey

■ Survey content (48 questions in total, with 7 separate questions for non-business participants)

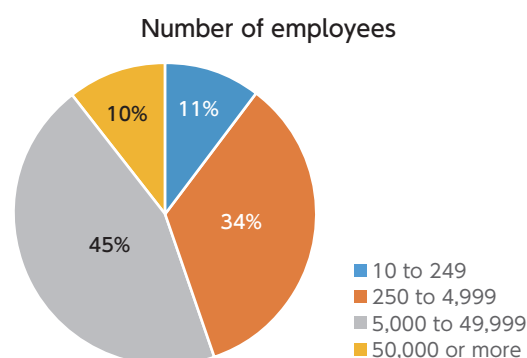
- 1) Participants' information, SDGs penetration (implementation)
- 2) Gender equality (SDG 5 )
- 3) Decent work and human rights (SDG 8 )
- 4) Sustainable consumption and production (SDG 12 )
- 5) Climate change (SDG 13 )
- 6) Anti-corruption (SDG 16 )
- 7) Post-survey questionnaire (e.g. opinions about the survey)

Responding Participants in the FY2022 SDGs Survey: Profile of the 259 business (company) respondents

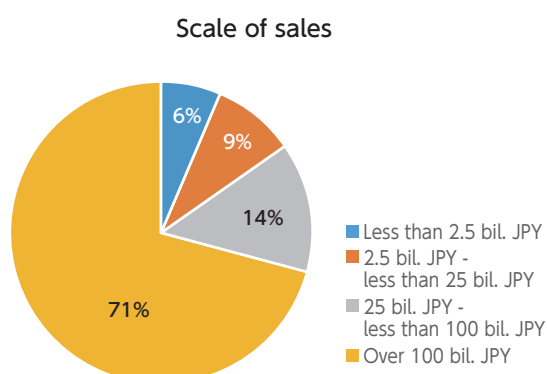
A profile of the 259 businesses (companies) out of the total 279 participants that responded to the FY2022 survey is shown below, including business scope, number of employees, scale of sales, market segment, and industry.



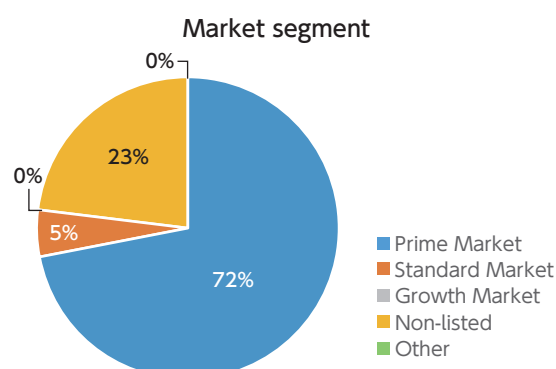
For business scope, 25% of companies operated domestically, compared to 75% with global operations.



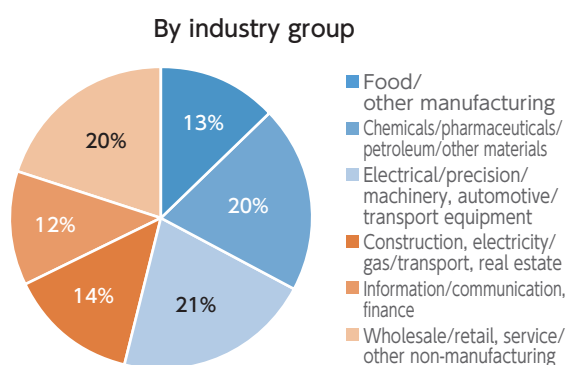
For number of employees, "5,000 to 49,999" received the largest number of responses, accounting for 45% of the total. The "250 to 4,999" response was next at 34%.



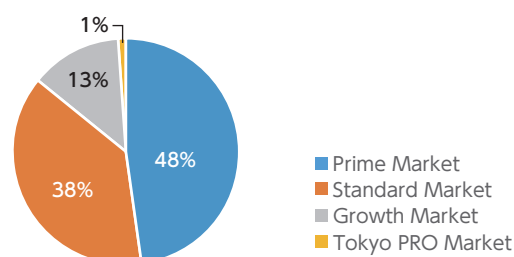
For scale of sales, the proportion of companies with sales exceeding 100 billion JPY was 71%.



[Reference] Number of listed companies (JPX), as of 6 December 2022



By industry group, the number of companies was divided roughly in half, with 54% in manufacturing (blues) and 46% in non-manufacturing (oranges) sectors.



A question on market segment (including unlisted companies) was added to the survey for the first time. The proportion of companies listed on the Prime Market at 70% is clearly higher than the proportion for JPX. Also notable is the number of unlisted companies, which came in second after the Prime Market.

3.1

Awareness and Penetration of the SDGs

- ✓ For most of the SDGs, the percentage selected as a "priority goal" has increased. In particular, responses for SDG 4 (quality education), SDG 10 (reduced inequalities), SDG 15 (life on land), and SDG 16 (peace, justice and strong institutions) increased by approximately 10% in comparison to the previous year.
- ✓ In terms of integrating the SDGs into corporate management, even when companies with 10 to 249 employees had presented policies or statements, they had yet to link them to concrete actions. Companies with 250 to 4,999 employees faced challenges in setting key performance indicators (KPIs), disclosing quantitative targets and performance, and linking performance to executive pay, all factors that increase the effectiveness of their efforts. Linking performance to executive pay was an issue even for companies with more than 5,000 employees.
- ✓ Engagement and collaboration with the supply chain wield major impacts on companies' activities on the SDGs. Even in the manufacturing sector, where progress has been made compared to the non-manufacturing sector, a PDCA cycle for supplier engagement is not fully implemented.

» Aim of questionnaire content

The results of the previous survey showed an increased overall level of awareness of the SDGs and progress on the steps of the SDG Compass, although there were disparities in terms of the scale of sales and number of employees. Accordingly, these questions were omitted from this survey, and questionnaire content focused on how the SDGs are integrated into corporate management.

Specifically, the following questions are continuously included: priority SDGs (Q8), integration of the SDGs into corporate management (Q9), and challenges faced in taking action on the SDGs (Q11). In addition, new questions were incorporated on: the

status of engagement with the supply chain (Q10) and signatory status for three initiatives promoted by the UN Global Compact/GCNJ (Q12). Results on signatory status for the initiatives are explained in section 3.7.

» Results and discussion

Priority goals (Q8)

First, let us look at the goals on which companies have chosen to focus. Compared to the previous year, a slight decrease was seen for SDG 3 (good health and well-being), perhaps due to acclimation to COVID-19. Responses for most other goals increased by more than 5%, especially SDGs 4, 10, 15, and 16, which showed increases of approximately 10%. In the backdrop of this overall upward

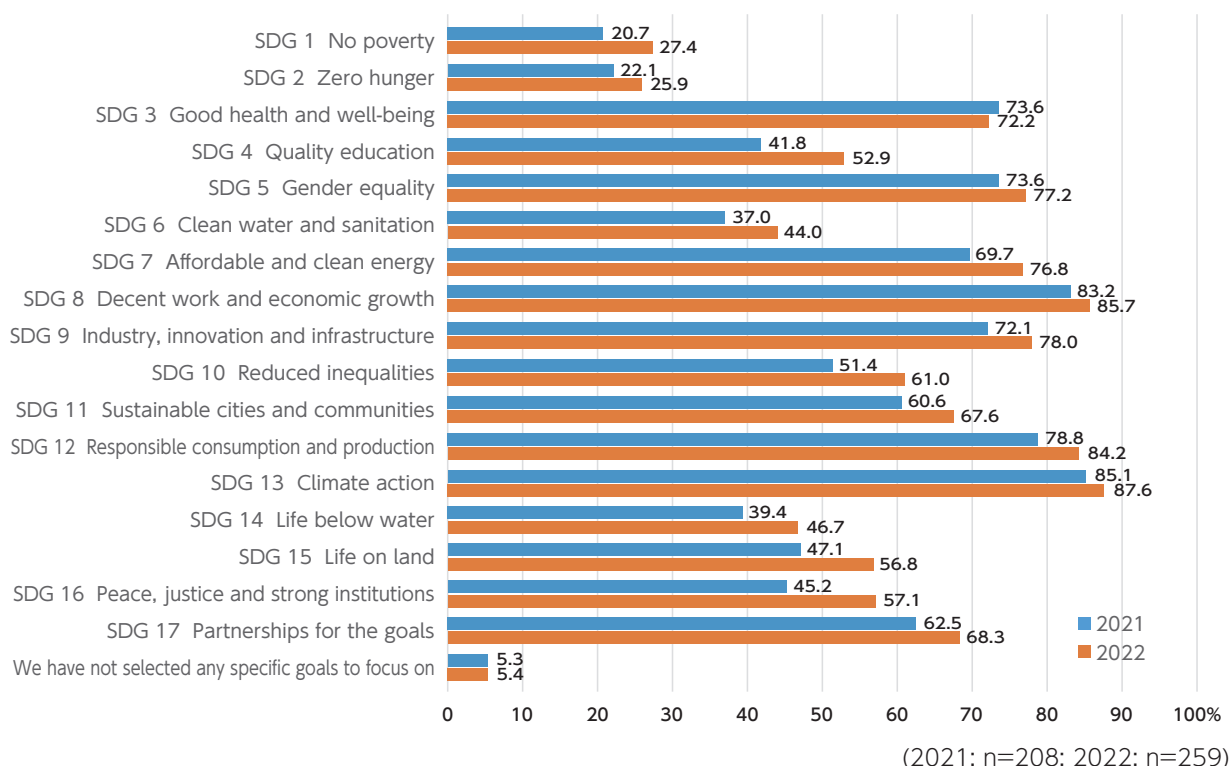
trend was the progressive depreciation of the yen in 2022 and severe circumstances surrounding Japan, such as inflation and the uncertain supply of resources and products following Russia's invasion of Ukraine. In addition, an increased focus on biodiversity issues was arguably impacted by the second part of the UN Biodiversity Conference (CBD COP15) held in December 2022 and further progress in discussions toward the establishment of the Task Force on Nature-related Financial Disclosures (TNFD).

Of the four goals that showed remarkable increases in responses, SDG 4 scored high in non-manufacturing industries, at 64.5% among companies in "information/communication, finance" and 64.0% in "wholesale/retail, service/other non-manufacturing", in contrast to its 52.9% overall score. This suggests potential progress in engagement with consumers and students. The increase for SDG 10 may have been

impacted by the ongoing weak yen, inflation, and momentum for wage hikes. The industry category showing a high value for SDG 15 was "food/other manufacturing", implying significant impacts due to the nature of business activities. For SDG 16, scores of ten percentage points higher than average were seen for the "electrical/precision/machinery, automotive/transport equipment", "construction, electricity/gas/transport, real estate" and "information/communication, finance" industries in particular. This trend could be attributed to the various impacts of the war in Ukraine, and the increasing attention paid to the relationship between war and violence and corporate activities.

From a different perspective, an increase was also seen in the number of priority goals selected per company. In the previous survey, an average of 9.7 goals were selected per company, while the figure was 10.7 for the current survey. The increase in the

Q8 Which SDGs goal(s) has your company chosen to focus on? (Select all that apply)



number of priority goals selected does not necessarily indicate that companies are objectively and comprehensively evaluating impacts on society alongside the business risks and opportunities related to those goals and dedicating resources to them. In other words, to avoid SDG washing, effectiveness in addressing priority goals is tested.

Integration of SDGs into corporate management (Q9)

In order to understand how the goals selected as priorities in Q8 are being integrated into corporate management, in Q9 the following options were posed.

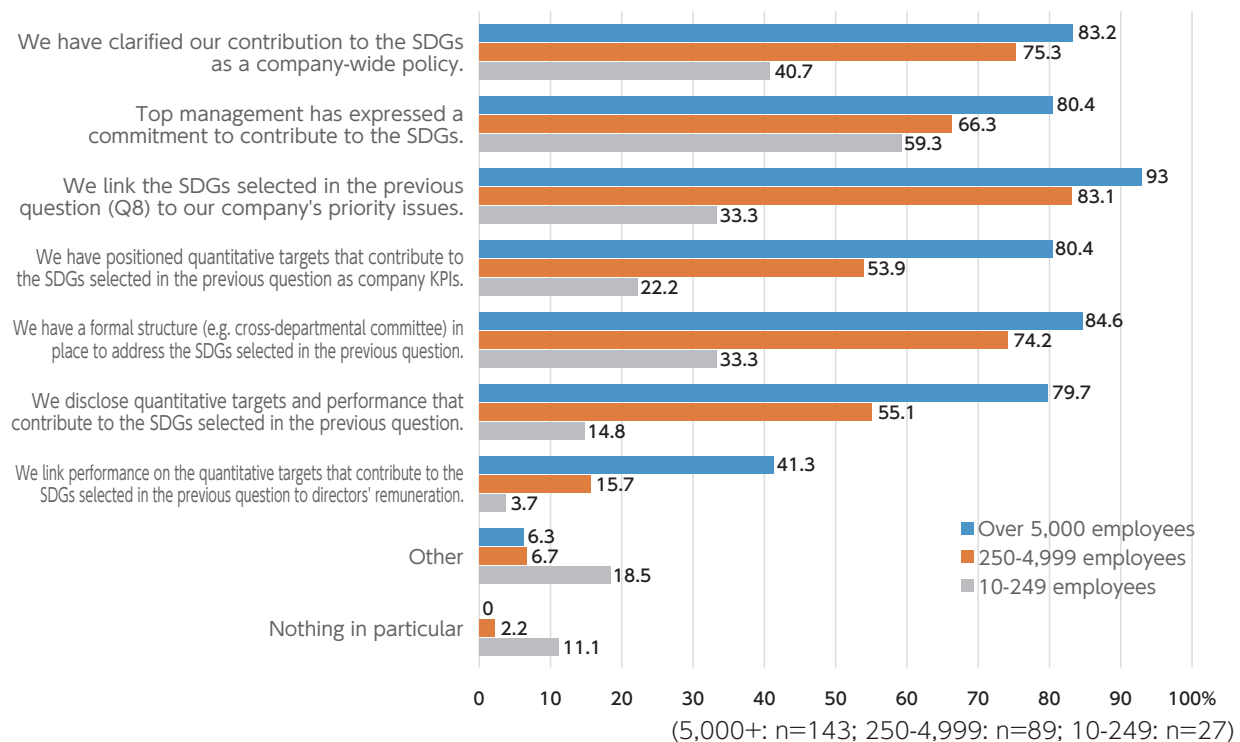
- We have clarified our contribution to the SDGs as a company-wide policy.
- Top management has expressed a commitment to contribute to the SDGs.
- We link the SDGs selected in the previous question (Q8) to our company's priority issues.
- We have positioned quantitative targets that contribute to the SDGs selected in

the previous question as company KPIs.

- We have a formal structure (e.g. cross-departmental committee) in place to address the SDGs selected in the previous question.
- We disclose quantitative targets and performance that contribute to the SDGs selected in the previous question.
- We link performance on the quantitative targets that contribute to the SDGs selected in the previous question to executive pay.

Here, let us examine the results by the number of employees. Companies with more than 5,000 employees showed higher values overall, confirming that integration of the SDGs into corporate management has progressed. On the other hand, only 41.3% linked performance on the SDGs to executive pay. The revised Corporate Governance Code of 2021 stipulates the importance of the board of directors in addressing sustainability issues from the perspective of

Q9 How does your company incorporate the SDGs into corporate management? (Select all that apply)



enhancing corporate value over the medium to long term. Moreover, the link between performance and executive pay is an item included in the new Communication on Progress (CoP) questionnaire, a requirement for all GC business participants. Even companies with fewer than 5,000 employees are expected to make progress in this area in the near future.

Companies with 250 to 4,999 employees showed progress on clarifying policies, linking the SDGs to company priority issues, and establishing formal structures. However, there was a gap of more than 20% compared to companies with more than 5,000 employees for setting KPIs, disclosing quantitative targets and performance, and linking performance to executive pay, elements that raise the effectiveness of efforts to address sustainability issues.

Approximately 60% of companies with 10 to 249 employees had expressed a commitment to contribute to the SDGs, while around 40% had clarified company-wide policies on contributing to the SDGs. However, scores for most of the other items were in the 30% range or lower, suggesting that commitments and policies are not linked to concrete actions. Although it has often been pointed out and some local governments and financial institutions are already working to do so, more tailored and detailed support is required for small and medium-sized enterprises.

Challenges in addressing the SDGs (Q11)

As far as challenges companies face in addressing the SDGs, percentages for items related to societal and internal awareness and understanding decreased compared to the results of the previous survey. On the other hand, an increase was seen in the proportion of respondents perceiving

"resources" and "balancing growth strategies and the SDGs" as challenges. Moreover, 57.5% of all respondents felt that the newly introduced response item of "ascertaining the overall picture of risks to people and the environment associated with the value chain" was a challenge. The overall trend is moving towards more concrete deliberations and practices on sustainability issues related to their own operation.

As pointed out in last year's report, the low percentage of responses on challenges overall from companies with 10 to 249 employees is assumed to be due to their small size. It is easier for smaller companies to promote understanding and penetration within the company. Likewise, they stand on the side of the value chain where they are requested to make efforts by their business partners, and presumably, they have not yet reached the point where they feel the need to engage in information disclosure or indicator setting and evaluation. The fact that companies with 250 to 4,999 employees are more likely than those with 5,000 or more employees to perceive the SDGs as a challenge in many respects is the reverse of the situation seen earlier with regard to incorporating the SDGs into corporate management. Differences in resources allocated internally and pressure from society have likely influenced these results.

Engagement with the supply chain (Q10)

The latest survey included a new question on the development and implementation of environmental, social, and governance (ESG) policies for suppliers. The reason for this addition is that engagement and collaboration with the supply chain have a major impact on companies' contributions to the SDGs. The results show a significant gap between the efforts of companies in manufacturing and non-manufacturing industries. Furthermore,

the level of progress differs when looking at the scope of business (whether global or domestic).

Specifically, for the manufacturing industry and companies targeting both domestic and overseas suppliers, 67.6% had developed ESG policies, 53.5% distributed and collected checklists, 28.9% conducted audits, 39.4% made requests for improvements, and 25.4%

quantified the improvements. When figures for companies targeting only domestic or only overseas suppliers are added together, the fact that most companies have developed policies (92.2%) and distributed/collected checklists (82.4%) is clear. On the other hand, even when added, figures for conducting audits and quantifying improvements are under 40%, pointing to the lack of fully-implemented PDCA cycles. In the non-

Q11 What challenges does your company face in taking action on the SDGs? (Select all that apply)

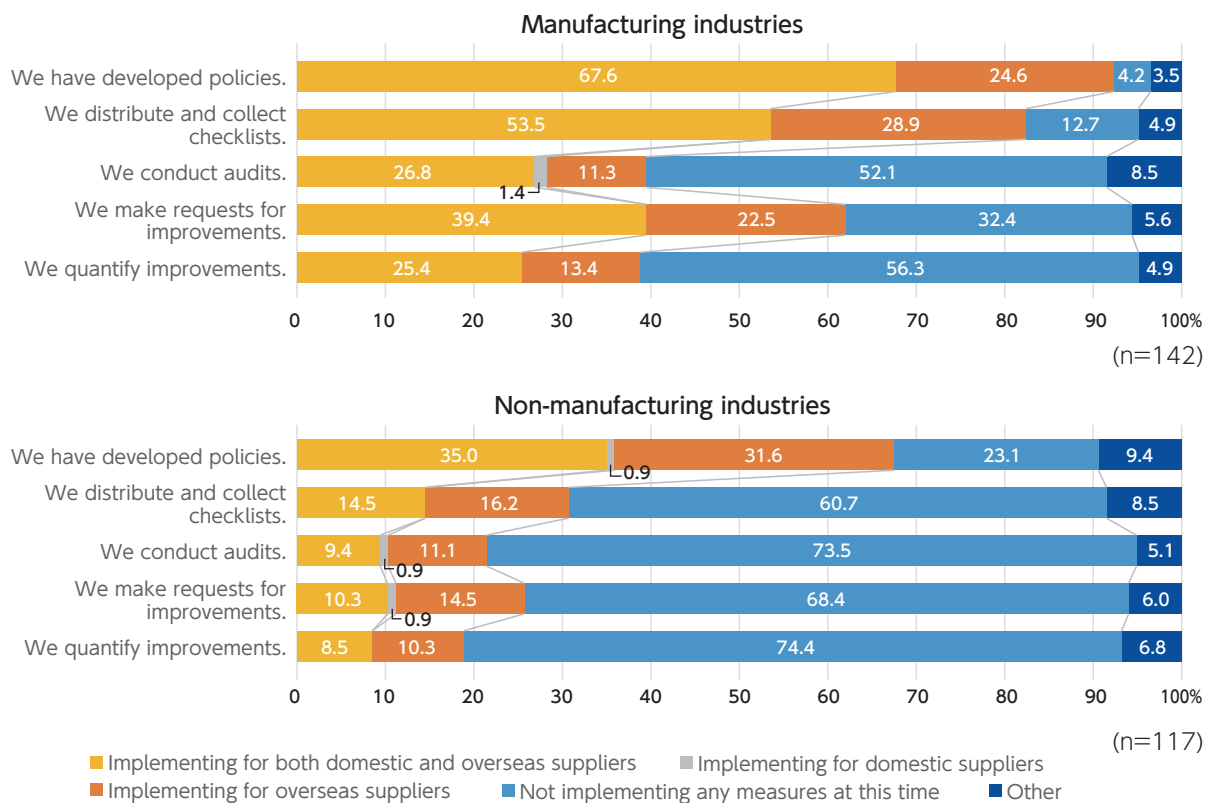
	2022				2021	% change
	10 to 249	250 to 4,999	Over 5,000	Overall	Overall	
Societal awareness of the SDGs	14.8	3.4	5.6	5.8	8.7	-2.9
Ways to expand actions within the company	33.3	56.2	46.2	48.3	52.4	-4.1
Top commitment	3.7	13.5	7	8.9	10.1	-1.2
Level of understanding and implementation by middle management	40.7	58.4	49.7	51.7	56.3	-4.6
Level of understanding and implementation among general employees	44.4	58.4	57.3	56.4	59.6	-3.2
Level of understanding and implementation by board directors and/or executive officers in charge	18.5	23.6	23.1	22.8	23.1	-0.3
Ascertaining the overall picture of risks to people and the environment associated with the value chain	18.5	64	60.8	57.5	-	New
Setting quantitative indicators and evaluation methods for impacts, etc.	55.6	77.5	74.1	73.4	76.4	-3.0
Resources (funds, staff, capacity, technology, etc.)	51.9	59.6	58	57.9	52.4	5.5
Political backing by national and local government	14.8	15.7	19.6	17.8	16.3	1.5
Effective methods for stakeholder engagement	14.8	34.8	35	32.8	31.3	1.5
Collective action for the SDGs (company/ gov't/organisation partnerships)	33.3	19.1	24.5	23.6	-	New
Appropriate information disclosure (including identifying risks related to SDG washing)	7.4	42.7	42	38.6	44.7	-6.1
Publicity and communication strategies for SDGs actions (disseminating information in Japan and overseas)	22.2	34.8	45.5	39.4	41.8	-2.4
Balancing growth strategies and the SDGs	29.6	58.4	42.7	46.7	38.5	8.2
Other	7.4	5.6	0.7	3.1	1.9	1.2
Nothing in particular	3.7	-	1.4	1.2	1.9	-0.7

(Responses (%), 10-249 employees: n=27; 250-4,999 employees: n=89; 5,000+ employees: n=143)

manufacturing sector, even when figures for companies targeting both domestic and overseas suppliers and only domestic suppliers are combined, measures by most companies are limited to developing policies. Companies implementing other measures are about 30% or less. Therefore, although there is room for improvement, efforts in the

manufacturing sector are more advanced than in the non-manufacturing sector. This can be explained by the greater impact of the global supply chain on business, and the need to identify issues and make quantitative improvements with regard to labour, safety, and environmental considerations when procuring raw materials and contracting

Q10 Please select one of the following that best describes your company's development and implementation of environmental, social, and governance policies for suppliers.



	Have developed policies	Distribute and collect checklists	Conduct audits	Make requests for improvements	Quantify improvements
Manufacturing industry with global business scope (127 companies)	94.5	86.6	40.2	66.1	40.2
Manufacturing industry with domestic business scope (15 companies)	73.3	46.7	33.3	26.7	26.7
Non-manufacturing industry with global business scope (66 companies)	77.3	34.8	25.8	27.3	21.2
Non-manufacturing industry with domestic business scope (51 companies)	54.9	25.5	15.7	23.5	15.7

Responses (%)

*Total value for respondents who reported implementing for either both domestic and

manufacturing overseas (especially in emerging countries).

What do we see if we divide manufacturing and non-manufacturing industries, respectively, into global or domestic scope of business? As there were only 15 respondent companies in manufacturing with a domestic scope of business, these figures are for reference only. For both manufacturing and non-manufacturing industries, companies with global operations scored higher on all types of engagement. The presumed

reason is that companies with a domestic scope of operations have less need and feel less pressured to engage in these types of activities in the supply chain.

Among companies that had not distributed or collected checklists from any of their suppliers, whether domestic or overseas, there were 45 companies in the Prime Market segment and 61 companies with sales exceeding 25 billion JPY. These companies may be required to take immediate action from the perspective of social responsibility.

COLUMN: What is the value chain?

A value chain is generally defined as "the quantitative and qualitative relationship of how the various activities of a company contribute to the final added value". It can also be described as the main active processes by which a company creates profit.

The SDG Compass describes the value chain as "raw materials, suppliers, inbound logistics, company operations, distribution, product use, and product end life", using the manufacturing industry as an example. The value chain differs for non-manufacturing companies in various financial and service industries. Moreover, the processes and priorities for generating profit will vary from one operating company to another, even within the same industry. At each link in the value chain, companies build a range of cooperative relationships with diverse stakeholders, typified as customers, suppliers, employees, and local communities, that make their business activities possible.

Incidentally, the value chain and supply chain sound similar, but they differ in content. A value chain is the value creation process of a company, whereas a supply chain describes a chain of procurement activities. For example, suppliers of raw materials and components, general sellers of items needed for office work, logistics service companies for removing and transporting goods, and temporary staffing service providers are all suppliers. The term "supply chain" includes the suppliers of suppliers and their suppliers, and so on, that are traced back to the mineral resources, agricultural produce, or other raw materials that are the origin of products (services).

3.2

Gender Equality

The urgent need to shift from "women's active participation" to "gender equality"



Asako Osaki

Director, Gender Action Platform

- ✓ Unlike the terms "Diversity, Equity & Inclusion (DEI)" and "women's active participation (*josei-katsuyaku*)", the international community has set common goals and targets for "gender equality" where progress can be measured using common global indicators. It is essential that companies go over and understand the concept first, and announce policies that explicitly include the term "gender equality". However, only a few companies (18.1%) reported having included the term "gender equality" in their policies.
- ✓ The percentage of respondents that are signatories to the Women's Empowerment Principles (WEPs), an international framework for private companies to achieve gender equality, is also low at 12%. Both signatory and non-signatory companies are encouraged to repeatedly refer to and apply the frameworks set forth in the WEPs, which are also used as assessment indicators in the ESG market. A set of indicators that are commonly applied can be found in the Transparency and Accountability Framework (TAF https://www.ungcjin.org/objective/gender/files/WEPs_TAF_jp.pdf). It is important for companies to utilise both the WEPs and TAF to enhance their corporate value.
- ✓ Notable progress is evident when compared to the 2021 survey results on certain survey questions (e.g. setting targets for the percentage of women board members, activities to encourage men to take parental leave). It is hoped through answering the questions in this survey, companies will gain an increased understanding of international standards and reassess the issues that they face and act to address them.
- ✓ It is important for companies to enhance their understanding of issues that have not yet been fully integrated into Japanese companies' practices. These include incorporating a gender perspective in supply chain management and contributing to the promotion of gender equality in communities and society beyond the company itself. Companies are encouraged to integrate these issues into their own initiatives.

» Significance and Rationale

The gender gap in the private sector is a barrier to the promotion of gender equality across countries and a hindrance to progress. Among the six targets of SDG 5, there are those that cannot be achieved without the commitment of the private sector. These include: "ending all forms of discrimination against all women and girls everywhere", "eliminating all forms of violence in the public and private spheres", "recognising and valuing unpaid care and domestic work (e.g. housework, childcare elderly care)", and "ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life". First, an understanding of the current state of affairs is required. Indicators used to measure the gender gap within companies are the ratio of men and women in executive and management positions, gender pay gap, and difference in parental leave uptake rates by men and women. These data are also used in ESG investment as indicators of human capital and other types of corporate value and governance risk.

As in the previous year, the WEPS framework was adopted for the design of the survey questions. The WEPS are linked to the Ten Principles of the UN Global Compact, the Principles for Responsible Investment (PRI), and the UN Guiding Principles on Business and Human Rights (UNGPs), and are the most comprehensive international standards. The criteria of Equileap (a global assessment organisation that collects and evaluates gender-related data on corporations) utilised by the Morningstar Gender Diversity Index, which the GPIF adopted as its ESG index for foreign stocks in 2020, are based on the WEPS. Globally, WEPS signatory companies increased from 923 on 20 March 2015 to

7,330 as of 22 December 2022. In contrast, growth in Japan has been slower, increasing from 210 to 298 companies.

For WEPS, the first step for a company is to visualise its current state of gender disparity and analyse the determining factors from a gender perspective. Based on these results, companies utilise the WEPS to develop action plans, carry out initiatives, and continue monitoring. This process is not limited to the elimination of gender discrimination. It is also a process for building and strengthening human capital and promoting diversity and transparency—namely, improving governance.

This year's survey followed the eight themes from the previous survey, with a few slightly revised questions. These are: (1) policies and commitments, (2) percentage of women board members, (3) pay gap, (4) sexual harassment, (5) parental leave, (6) supply chain management, (7) activities that contribute to achieving SDG 5, and (8) mechanisms for data collection. When developing each question, the relevant indicators of the TAF, a set of common global indicators released in 2021 for measuring progress on the WEPS, were taken into account.

» Results and Discussion

Policies and commitments (Q13)

(SDGs overall, WEPS 1)

The results of last year's survey showed that companies did not differentiate between policies on women's active participation and DEI and policies on gender equality. Accordingly, this year we asked whether top management had expressed its commitment using the term "gender equality". While more than half of respondents had expressed their commitment, only 18.1% reported using this terminology.

Due to the absence of well-established international standards or frameworks for "women's active participation" or "diversity," companies had the room to work under their own interpretation and convenience. On the contrary, "gender equality" has a commonly-accepted concept, goals, and action framework in the international community. Simply affixing the SDG 5 icon onto a policy, without including the words "gender equality", does not make it a policy on SDG 5. Likewise, companies must take into account that the government has shifted its approach to gender equality and has started to reform institutions and employment practices that were premised on a gender division of labour via legal reform and policies. It is important for companies to refer to the WEPs and the TAF to formulate and make public a "Gender Equality Policy and Commitment" suited to each respective company.

What is called for is the elimination of direct and indirect gender discrimination, which is the foundation of women's active participation and promotion of DEI.

Training on "women's human rights" (Q14)

(SDGs overall, WEPs 5-2, TAF 44 and 66)

For this year's survey, we included a new question regarding trainings on women's human rights, a core issue addressed in international human rights standards and human rights due diligence procedures, as they are essential for understanding the difference between the concepts of "equity" in DEI and "equality", and the significance and rationale of gender mainstreaming. The survey results revealed that companies have been facing challenges in how to integrate women's human rights issues in trainings. It should be noted that the term "women's empowerment" called for in SDG 5 refers to enabling women to gain their rights to make decision on their own throughout their lives and in their everyday activities, and giving them the power to exercise the right. In other words, SDG 5 is directly linked to women's human rights. Women's human rights are also a key element of the human rights due diligence. In trainings on human rights, companies are encouraged to include an overview of the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), an international human rights standard, as well

Q13 Which of the following apply to your company with regard to policies and commitments on gender equality? (Select all that apply)

We have not clearly positioned gender equality in our policies.	12.7
We understand that promoting gender equality is the foundation for "women's active participation" and "diversity and inclusion", and have clearly positioned this in our policies.	81.1
Top management has expressed commitment to implementing policies and measures.	57.5
Top management has expressed commitment to gender quality (using the term "gender equality").	18.1
When formulating and revising policies, we engage in dialogues with stakeholders and interview experts.	28.2
Our entire value chain is subject to our policies and commitments.	25.1
We link our policies, commitments, plans and performance and disclose information (URL where information is disclosed).	42.5
We monitor our progress in promoting gender quality and disclose information (URL where information is disclosed).	34.7

Responses (%)

as the recommendations that Japan, as a State Party to the Convention, has received in its periodic reviews by the Committee on the Elimination of Discrimination against Women.

Percentage of women board members (Q15)

(SDGs 5.5, WEPs 1 and 4, TAF 1a and 1b)

Nearly two-thirds of responding companies have not set a target for the percentage of women board members. Comparing all responding companies from last year's survey and this year's, the ratio of companies yet to set a target has fallen from 74.9% to 64.5% (or from 75.1% to 62.7% when limited to the 169 companies that responded for two consecutive years), so there has been some improvement. The proportion of respondents who had set a target and formulated an action plan (with currently less than 30% women) rose from 17.9% to 21.6% (or

from 20.1% to 25.4% for the same 169 companies). Meanwhile, respondents that had already achieved a rate of 30% women rose from 2.2% to 3.9% (or from 0.6% to 2.4% for the same 169 companies). These figures confirm that a certain amount of progress has been made.

This indicator is a mandatory reporting indicator for the WEPs and TAF and is a standard disclosure item in major Western and Asian economies. "Vertical segregation" (whereby men are concentrated in higher positions and women in lower positions) is one of the key factors contributing to the gender pay gap within companies. Gender diversity in the boardroom has also been found to contribute to better decision-making and reduction of management risk. Accordingly in some countries, companies

Q14 Does your company include "women's human rights" in trainings on human rights and provide opportunities for employees to learn about the role of women's human rights in the Convention on the Elimination of all Forms of Discrimination Against Women, the International Bill of Human Rights, and the ILO Core Labour Standards?

We do not conduct training on human rights.	15.4
We conduct training on human rights without specifically referring to "women's human rights".	35.5
We refer to "women's human rights" in trainings on human rights without mentioning the Convention on the Elimination of All Forms of Discrimination Against Women, the International Bill of Human Rights, and the ILO Core Labour Standards.	34.0
We include "women's human rights" in our trainings and provide opportunities for employees to learn about the Convention on the Elimination of All Forms of Discrimination Against Women, the International Bill of Human Rights, and the ILO Core Labour Standards.	12.4
Other	2.7

Responses (%)

Q15 Has your company set targets for the percentage of women board members (including directors and auditors) and formulated plans to achieve them?

We have not set specific targets for the percentage of women board members.	64.5
We have set targets, but have no action plan in place.	5.0
We have set targets and formulated action plans (currently, the percentage of women board members is less than 30%).	21.6
We have achieved a rate of 30% of women board members.	3.9
Other	5.0

Responses (%)

are abandoning a forecasting approach whereby they aim to achieve targets first at the management level before moving to the director level. Instead, they are adopting a backcasting approach, whereby targets are set at the board member level, and efforts are made to strengthen pipelines and create systems for evaluation and promotion in which unconscious bias does not come into play. First and foremost is the setting of targets.

Gender pay gap (Q16)

(SDGs 5.1, 8.5 and 10.3, WEPs 2)

In last year's survey, we asked companies about their situations prior to introduction of the requirements on gender pay gap disclosure. This year, we looked at changes in responses by companies following the introduction of the disclosure requirement. In 2023, many companies subject to the requirement will calculate and disclose information on the pay gap for the first time. The gender discrimination structured and internalised within companies will now become visible. Major factors contributing to the disparity include the aforementioned vertical segregation, as well as horizontal segregation, namely the concentration of

men in fields and occupations with high remuneration and women in fields and occupations with low remuneration (e.g. nursing care, childcare). Also, time spent on housework and childcare is significantly longer for women which is a barrier to their career development. Disclosure will be required in three categories: full-time employees, part-time and fixed-term employees, and all workers. When analysing the reasons behind the pay gap companies can refer to the WEPs, including Principle 1 on corporate strategies, Principle 2 on gender equality in the workplace (e.g. HR institutions and work practices), Principle 3 on employees' health, well-being, and safety, and Principle 4 on education and training to enable women's career advancement, as well as relevant indicators from the TAF, to gain a multifaceted perspective. Measures should not be ad hoc, but applied comprehensively.

Gender issues in laws, institutions, social norms, and practices also affect the gender pay gap. Companies should obtain expert advice, identify issues, formulate comprehensive strategies for elimination, and then implement these on a company-wide basis.

Q16 What measures has your company taken to eliminate the gender pay gap?

We have not conducted gender pay gap calculations nor disclosed information because it is not mandatory.	13.1
We have calculated and disclosed information on the gender pay gap in accordance with the law, or we have plans to disclose information, even though it is not mandatory.	8.9
We have not calculated and disclosed the gender pay gap, but are currently preparing because it is now mandatory.	64.9
We calculated and disclosed the gender pay gap before it became mandatory.	9.7
We have targets and action plans in place to close the gender pay gap.	5.4
We have carried out factor analysis of the gender pay gap on the basis of the calculated figures.	14.3
Other	6.6

Responses (%)

Effective systems for redress of sexual harassment (Q17)

(SDGs 5.2, 8.5, 8.8 and 10.3, WEPs 3, TAF 4, 41 and 43)

With regard to sexual harassment, the results of last year's survey showed that the majority of respondent companies and organisations had already introduced a reporting mechanism. This time, we went one step further to ask about the introduction of an effective system for redress. While responses were overall high, challenges remain in whether incidents are being handled properly and adequate prevention measures are in place.

Japan is the only G7 nation without a law that prohibits sexual harassment, which is recognised globally as a human rights risk in Japan. Information on measures to prevent sexual harassment and handle allegations is available in guidelines such as the "Human Rights Due Diligence Training Facilitation Guide"¹, developed by the United Nations Development Programme.

Parental leave for men (Q18, Q19)

(SDGs 5.4 and 8.5, WEPs 2, TAF 29)

To respond to the amendment to the Child Care and Family Care Leave Act, this year's survey added options to examine the status

Q17 Does your company have an effective system for redress pertaining to all forms of violence and sexual harassment at work? (Select all that apply)

We do not have a system.	0.8
We have a system that allows for anonymous consultation and filing of complaints (to ensure confidentiality).	94.2
Our system prohibits retaliation against the person filing the complaint and ensures that the person is not treated unfavourably.	90.0
We have a mechanism in place to not only listen to the opinions of persons filing complaints, but also to lead to resolution.	83.8
We have a system for reporting and resolution with an external third party as a contact point.	84.2
We regularly conduct review of past allegations and utilise this information for harassment prevention measures.	66.4
Other	1.9

Responses (%)

Q18 Does your company conduct activities to encourage male employees to take parental leave? (Select all that apply)

We do not carry out any specific activities.	7.3
We have established numerical targets for the male parental leave uptake rate.	45.6
We have guidelines and specific measures in place to encourage male employees to take parental leave.	67.6
We individually contact all employees who announce the pregnancy or childbirth of a spouse, including providing information on the parental leave system for men, confirming intention, and providing encouragement on uptake.	76.1
We disclose information on the status of parental leave taken by male employees based on data on the uptake rate and duration.	64.9
Other	6.6

Responses (%)

¹ <https://www.undp.org/publications/human-rights-due-diligence-training-facilitation-guide>

of informing male employees of parental leave on an individual basis, confirming intention, and encouragement of male parental leave. While the previous survey investigated provisions on the required period of leave, this time we asked about the actual duration of leave. We also added response options based on the need to clarify the reality of extremely short parental leave. In addition, the terminology was changed from "holiday" (*kyuuka*) to "leave" (*kyuugyo*) for the current survey.

Fewer than half of the companies had set numerical targets for the uptake rate of parental leave for men. The absence of efforts to promote the parental leave for men is striking, particularly in companies with a domestic scope of business and small-scale companies in terms of employee numbers and sales. It is likely that the Subsidy for Work-Life Balance Support "Course to support for Family Care Workers to Continue Their Job" (now called Subsidies for Fathers Raising Children, changed in 2022), designed to support businesses in creating workplace environments where employees can have a balanced work and family life, would be applied by more companies. Progress was seen where the numbers of companies that responded having no specific activities fell from 17.9% in the previous survey to 7.3% (or from 14.2% to 4.1% when limited to

the 169 companies that responded for two consecutive years).

For over one-third of respondents (35.6%), the duration of parental leave taken fell in the 0 days, 1-2 days, or less than a week categories. Male parental leave schemes are part of the government's policy for achieving the redistribution of responsibility for unpaid care work as stipulated in the SDGs. The burden of care work, which falls heavily on women, is one of the factors contributing to the gender pay gap and is considered a violation of men's right to proactively participate in childcare and family life. A duration of less than one week is insufficient in terms of the policy aim to build a system of joint responsibility for housework and childcare at an early stage. Companies should also look at the WEPs Principle 2 on flexible work styles, which includes promoting telecommuting and rethinking long working hours and relocation schemes.

Gender-responsive supply chain management (Q20)

(SDGs 5.2, 5.5, 8.3, 8.5, 8.8, 10.2, 10.3, WEPs 5, TAF 7, 8, 51, 52, 53 and 65)

This year, we added response options to examine whether companies ensure the participation of women in stakeholder engagement in the supply chain. The percentage of companies not implementing

Q19 This question refers to the duration of parental leave taken by male employees in the previous fiscal year. Please select one of the following.

No eligible employees	3.9
0 days	6.6
1 to 2 days	5.8
Less than 1 week	23.2
One week or more	30.1
One month or more	23.6
Other	6.9

Responses (%)

gender-responsive supply chain management fell from 61.4% in the previous survey to 55.2% (or from 57.4% to 52.7% for the 169 companies responding for two consecutive years). However, this is still a majority. Efforts to integrate and mainstream a gender equality perspective in human rights due diligence and to ensure women's participation in stakeholder engagement are not yet widespread. Furthermore, increased awareness is needed among companies on gender-responsive procurement. There is an urgent need to instill these practices if gender

equality is to be achieved in the private sector.

Corporate citizenship to achieve SDG 5 (Q21)

(SDGs 5, 10 and 17, WEPS 6, TAF 12, 62, 63 and 64)

This year, we prepared specific response options for corporate citizenship. We indicated efforts that contribute to achieving SDG 5 targets (measures to address violence and poverty, leadership) and initiatives that have direct benefits for companies (development of female talent in STEM

Q20 Is your company implementing gender-responsive supply chain management? (Select all that apply)

We are not implementing gender-responsive supply chain management.	55.2
We have integrated and mainstreamed a gender equality perspective into human rights due diligence and identified gender-driven risks.	26.3
We collect relevant information on gender and women's human rights from suppliers and clients in Japan and overseas.	18.9
We ensure women's participation so that the views and experiences of women are reflected in stakeholder engagement, including organisations and experts with knowledge and experience on gender.	11.6
We analyse and identify negative gender-driven risks and impacts from data collected, formulate measures to address them, and disclose such information.	5.0
We have policies and targets in place to prioritise procurement from companies with rates of 30% or more women board members. Or, our supplier code of conduct explicitly states support for prioritising these businesses.	1.5
We have policies and targets in place to promote procurement from women-owned businesses. Or, our supplier code of conduct explicitly states support for women-owned businesses.	1.2
Other	6.6

Responses (%)

Q21 Does your company implement activities aimed at achieving SDG 5 (promoting gender equality and empowering women and girls)? Please provide specific activities, including the type of organisations cooperating. (Select all that apply)

We do not implement any specific activities.	47.9
Eradication and response to all forms of violence against women.	10.4
Women's poverty (e.g. support for single mothers, young women, and single elderly women facing financial challenges).	20.5
Closing the gender gap in STEM (science, technology, engineering, mathematics) and digital fields.	16.2
Empowerment of women in rural areas and development of women leaders.	14.3
Promoting the empowerment and leadership of girls and young women.	17.4
Other	10.0

Responses (%)

fields and the digital sector, development of a pool of female talent in rural areas). For instance, the number of female professionals in engineering is extremely low, making it difficult to close the gender gap in recruitment and management/executive positions in the near future. Increasing the number of female secondary school students that pursue engineering majors will lead to an expansion of the female human resource pool. The reason behind the current low proportion of women can be explained when viewed from a gender lens. Similarly, medium- to long-term measures can be derived by addressing existing gender gaps.

In fact, nearly a third of respondent companies in the areas of electrical/precision machinery and automotive/transport equipment are working to close the gender gap in STEM and digital fields. However, participating companies promoting gender equality beyond the scope of their own companies remain in the minority. As mentioned above, a proactive corporate approach to gender equality is essential, and companies are expected to promote gender equality within the company as well as in the

community and society. There is a shared understanding in the overarching sectors of ESG, SDGs and sustainability management that the elimination of poverty and violence will lead to an increase in female consumers with purchasing power and healthy and skilled female human resources, bringing benefit to companies.

Collection and analysis of sex-disaggregated data (Q22)

(SDGs overall, WEPs 7, TAF 3a, 3b, 14, 20 and 29)

Of the five items, the number of companies that responded having no mechanism in place to regularly collect data on “parental leave” decreased by 5.4 percentage points from the previous survey, a slightly greater improvement compared to other questions. Results for other questions remained largely unchanged, although a slight improvement was seen in terms of the existence of a mechanism. In terms of “hiring”, the percentage fell from 9.0% to 7.3% (unchanged at 6.5% for the 169 companies that responded for two consecutive years). For “appointment and promotion”, there was a slight decrease from 18.4% to 16.6% (with

Q22 Does your company have mechanisms in place to collect male/female ratio and sex-disaggregated data in the following categories?

	Employees	Management	New/mid-career hires	Appointment and promotion	Uptake rate and duration of parental leave
No mechanisms in place.	2.7	4.6	7.3	16.6	7.3
Mechanisms in place (please do not select if measures are conducted on an irregular basis).	16.6	16.6	21.2	36.3	24.3
Data is regularly collected, factors analysed for issues identified, and efforts made to address issues.	5.8	5.8	14.7	26.6	14.7
Data disclosed in integrated reports, company website, and in the database of the Act on the Promotion of Female Participation and Career Advancement.	74.9	73.0	56.8	20.5	53.7

Responses (%)

a slight increase from 16% to 17.8% for the same 169 companies).

First and foremost, it is important for companies to establish a mechanism for collecting sex-disaggregated data as a starting point for closing the gender gap. They then should proceed to analyse this data, working towards solutions and information disclosure. Analysing the results of employee surveys, such as opinion polls, based on gender-disaggregated data is also a good idea.

» Messages for the Future

It is encouraging to see that GCNJ participants as a whole have made progress, albeit slight, in several areas of gender equality based on responses to common questions asked over the last two years. However, in order to achieve the Goal by 2030, it is essential for companies to further raise the bar throughout

their organisations. Moreover, companies that have already achieved a certain level of progress must continue to be ambitious in their efforts to reach even higher goals.

» Reference materials

Women's Empowerment Principles (WEPs)
Handbook for Japanese Companies
https://www.ungc.jn.org/objective/gender/files/WEEMPOWERJapan_GCNJ_WEPs_Handbook.pdf (Japanese only)

WEPs Transparency and Accountability
Framework
<https://asiapacific.unwomen.org/sites/default/files/Field%20Office%20ESEAsia/Docs/Publications/2021/03/210323WEPsMEGuidance2a.pdf> (English)
https://www.ungc.jn.org/objective/gender/files/WEPs_TAF_jp.pdf (Japanese)

Case study spotlight

For this survey, an expert and GCNJ determined that one criterion of a leading company would be to apply the phrase "gender equality" in top management's statements on corporate policies. Upon online searches of relevant companies, the following company was selected because it made clear reference to "gender equality" in corporate goals, as opposed to other companies that frequently used the term "women's active participation".

- COMANY INC. (Headquartered in Komatsu City, Ishikawa Prefecture. Established in 1961. Scope of business: domestic.) Number of employees: total for group 1,205; company only 1,059 (as of 31 March 2022).

Trial and error in the promotion of "women's active participation" lead to ongoing efforts in "gender equality"

COMANY INC., aims to create comfortable and functional spaces through partitioning. The company formed a Josei Katsuyaku Promotion Team in 2017. A current female department head recalls that the objectives and goals of the team's activities were vague and only short-term results were sought. The issue of gender inequality was seen as a "women's problem", so only women were invited to join the team, which lacked participation from men. Eventually, the team realised that in order to encourage women to leave work on time, men also had to reduce overtime work. They needed to foster a culture where it was easy to leave work at the end of official working hours.

In 2018, the company signed the UN Global Compact. The following year, a D&I Promotion Subcommittee was set up with the participation of general managers. The subcommittee, which placed respect for diversity and gender equality at the heart of the company's growth strategy, met five times a year. In 2020, the extremely low percentage of women among employees, supervisors, and conference participants was identified as an issue in communication from the company president to all employees ahead of International Women's Day. Noting that the rules, institutions, internal climate and culture reflected only the voices of men, creating a vicious cycle that made it difficult for women to speak up, the company declared that it would create a workplace where everyone can work comfortably.



Since then, improvements have been made to workplaces and the working environment for the production of partitions, the company's core product. Reflecting the views of women also made it easier for men to work.

In March 2022, a year after signing the WEPs, an event was organised for all employees on the topic of unconscious bias and psychological safety. The event was aimed at realising diverse working styles and gender equality. It included the introduction of specific D&I cases from within the company, group discussions, and lectures.

The following month, one month of parental leave was made mandatory for all eligible male employees. There is a growing awareness in the company that social issues such as solo parenting and postpartum depression should not be seen as someone else's problems. Voices have arisen from within the company on the utmost importance of childcare by men for the well-being of all employees. Although a system for support during the period of leave is an issue, good practices are shared, and each department is working to identify issues to

be addressed when promoting changes in working arrangements.

Moreover, COMANY calculated its gender pay gap and conducted factor analysis. The company plans to deliberate on measures to address issues, and carry out institutional design toward creating work arrangements and a wage system that motivate everyone.



Furthermore, as part of its corporate citizenship and employee engagement activities, COMANY cooperates with Globe Jungle, a non-profit organisation that supports facilities for children, builds schools, and provides employment assistance to poor families in Cambodia. Employees participate in various activities and some support Globe Jungle's "Papa Mama Campaign", becoming "foster parents" who donate a fixed amount of money every month to help girls who cannot afford school supplies not drop out of primary school.

3.3

Decent Work and Human Rights

Amid global crises, Japanese companies must accelerate and expand efforts in business and human rights



Emi Sugawara

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- ✓ In the face of global crises such as Russia's invasion of Ukraine and climate change, initiatives in business and human rights are gaining in speed and scope toward transcending divisions to achieve sustainable societies. Japanese companies are under pressure to bolster their efforts.
- ✓ While an overall trend of improvement is seen compared to the previous survey, numerical results show only a slight increase. Future challenges can be seen in the variation in progress on initiatives depending on the industry and company size.
- ✓ The average response rate for all "Respect (Principles)" items was 44.3%. As noted in the previous survey, implementation and review of response options classified as "Respect (Principles)" is a pressing issue.
- ✓ Not only targeting workers (including in the value chain), GCNJ business participants should address respect for the human rights of consumers and local communities, and insufficient awareness for them is an ongoing challenge.
- ✓ The importance of meaningful stakeholder engagement has been repeatedly confirmed by the international community. Good practices must go one step beyond the discussion of human rights issues in general. Companies should draw on specific business activities (especially those with high human rights risks), practise engagement with affected stakeholders, and disclose information on this engagement.

» Significance and Rationale

The severity of global crises has further heightened interest in decent work and human rights. Since Russia's invasion of Ukraine in February 2022, companies are increasingly asked about corporate responsibility for the impacts of their products and services on people's human rights through their business in/with Russia. There is also an ongoing trend to question companies' efforts to respect human rights in the value chain¹ as a responsibility under domestic law. An example is the EU's proposal for a Directive on Corporate Sustainability Due Diligence, which was announced in February 2022. In response to such developments in the international community, the Japanese Government announced the Guidelines on Respecting Human Rights in Responsible Supply Chains in September 2022. In line with the government's move, the Japan Textile Federation and the Japan Council of Metalworkers' Unions published their own guidelines. Japanese society has exhibited an increasing interest in corporate initiatives on human rights and labour indicated in SDG 8.

In the backdrop of these trends is the shared recognition that a sustainable society cannot be achieved without companies practising respect for human rights throughout their value chains. For instance, in September 2022, the ILO published the "Global Estimates

of Modern Slavery" (2021 version) report. The report concluded that the number of workers in a state of modern slavery had worsened since the previous Global Estimates (2016 version), rising from 1 in 200 workers worldwide, to one in 160.

The key to achieving respect for human rights in the value chain, including the realisation of the decent work described in SDG 8, is for companies to establish initiatives that align with the UN Guiding Principles on Business and Human Rights (UNGPs).

Aim of this year's survey questions

The 2022 survey again included questions on decent work and human rights, which consist of (1) questions on processes for respecting human rights as clarified by the UNGPs (Q23-25), and (2) questions focusing on the human rights of stakeholders such as workers, consumers, and community residents (Q27-29). In addition, examples of stakeholder engagement (dialogue) were collected based on the importance of engaging with stakeholders in realising respect for human rights, something many companies face challenges in implementing (Q26).

Furthermore, the response options for each question were classified as either "Respect (Principles)", "Respect (Operationalisation)", or "Promotion". The "Respect (Principles)" classification was assigned to items that

Respect (Principles)	Minimising negative impacts (respect)	Items specifically indicated in UNGPs
Respect Operationalisation)		Items incorporated into the business context of companies
Promotion	Increasing positive impacts (support)	Items including initiatives such as employment promotion and social contributions

¹ The term "value chain" is used in this chapter to refer to the overall business activities, including procurement of raw materials and resources, sales, distribution, consumption, disposal, and investment. The Japanese Government's Guidelines on Respecting Human Rights in Responsible Supply Chains uses "supply chain" in the same sense as the "value chain" in this chapter.

are specifically indicated in the UNGPs as respect for human rights. Meanwhile, the "Respect (Operationalisation)" classification asks whether companies are operationalising respect for human rights in line with their business activities. "Promotion" refers to initiatives that actively promote the guarantee of human rights, such as promoting employment and social contribution activities. The UN has repeatedly affirmed that respect for human rights is at the core of initiatives on the SDGs. Thus, it is important to note that no amount of work on "Promotion" exempts companies from efforts that embody respect for human rights, i.e. "Respect (Principles)" and "Respect (Operationalisation)".

The response options for each question were revised as required based on the results of the 2021 survey and feedback from GCNJ business participants. Their content incorporates options that take initiatives one step further. Details are provided in the

discussion of each question.

» Results and Discussion

Policies and commitments on human rights (Q23)

The percentage of companies that have clarified policies and commitments on respect for human rights, the first step in corporate responsibility on human rights, was 81.5%. According to the "Questionnaire Survey on the Status of Efforts on Human Rights in the Supply Chains of Japanese Companies" (below "2021 Government Survey") conducted by the Ministry of Economy, Trade and Industry and the Ministry of Foreign Affairs (released in November 2021, covering companies listed on the 1st and 2nd Sections of the Tokyo Stock Exchange as of the end of August 2021), 69% of companies had formulated human rights policies. Our survey results exceed this figure by 12.5%. (Moreover, our figure is 82.5% when limited to the 169 companies that responded in both

Q23 Which of the following describes your company in terms of policies and commitments on human rights? (Select all that apply)

	We have not clarified any policies.	6.2
Respect (Principles)	We have clarified specific policies.	81.5
Respect (Principles)	Top management has expressed commitment.	68.3
Respect (Principles)	Our policies and commitments cover the entire value chain.	60.6
Respect (Principles)	We engage in stakeholder dialogue and seek advice from experts when formulating/revising our policies.	43.6
Respect (Operationalisation)	We link our policies, commitments, plans, and performance and disclose information in list form.	25.9
Respect (Principles)	We have policies/commitments in place that reference international human rights standards.	60.6
Respect (Principles)	We have policies/commitments in place that cover issues for all stakeholders impacted in our value chain (e.g. consumers, residents of communities where business development is conducted).	49.0
Respect (Operationalisation)	We identify salient human rights issues for our company and include these in our policies/commitments.	38.6
	Other	6.2

(Responses %)

2021 and 2022, an additional 1%.) On the other hand, for companies in the wholesale, retail, service, and other non-manufacturing sectors, 14% reported having not clarified any policies, showing delayed efforts compared to other industries in the single-digit range.

Although response options are not completely consistent with the previous survey due to the revisions, implementation of "Respect (Principles)" items stood in the 40-60% range, an overall improvement. (For instance, referencing international human rights standards rose by 5.4%, commitment from top management was up 6.9%, and including issues other than labour-related ones in policies rose by 7.3%.) On the other hand, implementation of "Respect (Operationalisation)" was low, in the 20-30% range, and is an issue that needs to be

addressed going forward.

Human rights due diligence (Q24)

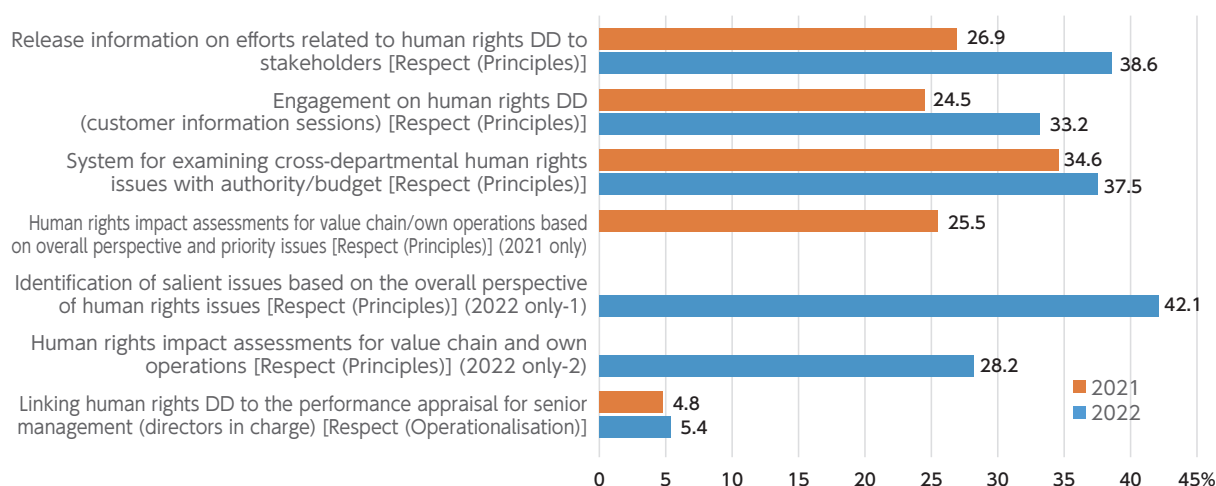
Human rights due diligence (DD) consists of processes such as human rights impact assessments, integration of findings into systems and procedures, follow-up assessment of initiatives, and disclosure of information to stakeholders. Overall, 25.9% of companies reported that they are not engaged in human rights DD (this figure was 70.4% for companies with less than 250 employees, and 40.0% for companies in the wholesale, retail, services, and other non-manufacturing sectors). In the 2021 Government Survey, 48% of companies chose the "do not conduct/do not know" response for human rights DD, a difference of 22.1% with the results of this survey. Meanwhile, respondents that selected "Respect (Principles)" items, which are the human

Q24 Which of the following describes your company in terms of human rights due diligence (human rights DD)? (Select all that apply)

	We are not currently conducting human rights DD (not considered necessary).	3.5
	We are not currently conducting human rights DD (considered necessary, but have yet to undertake).	22.4
Respect (Principles)	We offer training opportunities that address business and human rights for all directors/employees.	54.8
Respect (Operationalisation)	We have incorporated policies on human rights into specific action plans (e.g. target setting), and engage in monitoring/improvement based on a PDCA cycle.	35.5
Respect (Principles)	We disclose information on efforts related to respect for human rights, including our policies on human rights, human rights DD, and remedy actions, to stakeholders in an easily accessible and cohesive format.	38.6
Respect (Principles)	We engage with stakeholders on human rights DD in business operations (e.g. information sessions for customers, SAQ, meetings based on results).	33.2
Respect (Operationalisation)	We set incentives for respect for human rights, including making human rights DD one of the performance indicators for senior (directors in charge)/middle management.	5.4
Respect (Principles)	We identify salient issues based on the overall perspective of human rights issues in our company.	42.1
Respect (Principles)	We conduct human rights impact assessments on our value chain and our own operations (including management divisions) for human rights issues in our company.	28.2
Respect (Principles)	We have an internal division or system that examines cross-departmental human rights issues and we provide it with the necessary authority/budget for human rights activities.	37.5
	Other	9.3

(Responses %)

Human rights DD: Year-over-year comparison (%)



rights DD processes, remained low in the 20-50% range. The percentage of companies disclosing information on their human rights DD efforts to stakeholders was 38.6%, up nearly 12% from the previous survey. Respondents implementing stakeholder engagement stood at 33.2%, up nearly 10% from the previous survey, due in part to greater ease in answering the question based on provision of concrete examples. For the previous survey, 25.5% of companies reported conducting human rights impact assessments not only on their value chain but also on their own operations, based on the overall perspective and prioritisation of their own human rights agendas. For the current survey, response options were divided into two categories. Accordingly, 42.1% of companies reported identifying salient issues, and 28.2% reported conducting human rights impact assessments on their value chains and their own operations, indicating that many companies face challenges in implementing the latter.

Remediation and Remedy mechanisms (Q25)

This survey asked about the establishment of grievance mechanisms available for various stakeholders in Japan and overseas. The 2021 Government Survey showed that 49% of companies had laid down specific

guidelines and procedures for remedy and remediation, of which 92% of companies had set up a contact point within the company (1% had set up a contact point in conjunction with a nonprofit and 5% had set up a contact point within an industrial association). This survey assumed that an internal contact point had been set up for group workers, and also confirmed the existence of an external contact point. Whereas 79.9% offered services in Japanese, just 42.9% had multilingual support, a disparity of 37.0%. This gap in the establishment of overseas or multilingual consultation and grievance mechanisms tends to be the same for other stakeholder groups. For consumers and local residents, the disparity was 23.9%, and for workers of suppliers and customers, it was 19.3%. Human rights violations can occur even when human rights DD is thoroughly implemented. Consultation and grievance mechanisms made available to stakeholders who have suffered violations play an important role in complementing human rights DD and corporate responsibility to uphold human rights. Likewise, it is essential that companies disclose information on usage to gain stakeholders' trust in remediation and remedy procedures. However, only 28.6% of companies reported doing so.

Decent work for all workers (Q27)

Improvements have been seen in many initiatives on decent work for all workers since the previous survey. For "Respect (Principles)" items, there was no change in optimisation of working hours (92.8% in the previous survey, 91.9% in this survey), but there was a 7.6% increase in initiatives in equal pay for equal work, and a 5.2% increase in policies prohibiting modern slavery and discrimination and harassment of foreign nationals, including human rights abuses against technical interns. In response to two new items for this survey on companies' own workers, 42.1% of companies guarantee or provide a living wage, and 43.2% conduct and disclose results of engagement surveys. For "Respect (Operationalisation)" items, the review of QCD (quality, cost, and delivery) to

ensure decent work for workers at suppliers and customers was up by 4.5%. Meanwhile, responses on the "Promotion" item of lobbying the government rose by 1.0%. Although progress has been made since the previous survey, percentages are stagnant in the 40-60% range for "Respect (Principles)" and in the 20% range for "Respect (Operationalisation)". Efforts must be accelerated to realise decent work in the value chain, the goal of SDG 8.

Initiatives on consumer human rights (Q28)

In the previous survey, 35.4% of companies had yet to implement initiatives on consumer-related human rights as part of overall efforts to protect human rights. In this survey, the figure is 35.9%, indicating that over 30% of companies still do not fully recognise consumer rights as their own human rights

Q25 Which of the following describes your company in terms of remediation and remedy mechanisms? (Select all that apply)

	We do not have any specific mechanisms in place.	8.1
Respect (Principles)	We have external consultation/remedy contact points (e.g. lawyers or NGOs) that can be used by workers of our company and domestic group companies (Japanese only).	79.9
Respect (Principles)	We have external consultation/remedy contact points (e.g. lawyers or NGOs) that can be used by foreign workers of our company and overseas group companies (multilingual).	42.9
Respect (Principles)	We have a contact point (internal or external) that can be used by anyone outside the company, including domestic consumers and local residents (Japanese only).	41.3
Respect (Principles)	We have a contact point (internal or external) that can be used by anyone outside the company, including consumers and local residents in business development areas overseas (multilingual).	17.4
Respect (Operationalisation)	We disclose information on the usage of contact points, procedures, content of grievances, and response measures, including above four response options .	28.6
Respect (Principles)	We engage with stakeholders who may use these mechanisms in order to review consultation and grievance procedures.	12.7
Respect (Principles)	We have a consultation/grievance mechanism in place available to workers at domestic suppliers and customers (at the organisational level).	40.5
Respect (Principles)	We have a consultation/grievance mechanism in place available to workers at overseas suppliers and customers (at the organisational level).	21.2
Respect (Principles)	We work with victims (or the individuals/organisations representing them) and engage with suppliers, clients, and third parties (e.g. NGOs) to have remediation and remedy in place.	22.4
	Other	4.2

(Responses %)

issue. On the other hand, companies taking measures to address human rights violations against consumers and users of their products and services increased by 4.5% to reach 11.2%. However, the response rate on efforts to respect consumers' human rights was extremely sluggish, in the 10%-20% range. For instance, only 21.2% of companies reported having opportunities for consumer engagement in a new response option. It should be noted that even BtoB companies (companies that do not directly interact with consumers) have a corporate responsibility to uphold human rights when there are negative impacts on consumers' human rights due to their products and services.

Meanwhile, 38.6% of companies were working to contribute to the realisation of human rights through their products and services, up 7.7% from the previous year. The prerequisite for such efforts to promote

human rights is efforts to respect human rights in order to avoid negatively impacting human rights.

Initiatives on the human rights of local communities (Q29)

Results of last year's survey revealed that the rights of local communities were a human rights issue that companies needed to address, similar to the human rights of consumers. A drop of 3.7% was seen in companies not addressing the human rights of local communities, which stood at 31.7%. Also at 31.7% were companies that gather information and conduct human rights impact assessments in the countries and regions where they operate. Likewise, 42.5% of companies had set up opportunities to engage with local communities.

The negative impacts of business on human rights are magnified against the backdrop

Q27 Which of the following describes your company in terms of realising decent work for all workers? (Select all that apply)

	We are not taking any specific measures (not considered necessary).	0.8
	We are not taking any specific measures (considered necessary, but have yet to undertake).	4.6
Respect (Principles)	We monitor the working hours of workers (employees) in our group companies and make efforts to optimise working hours.	91.9
Respect (Principles)	We have developed or are considering developing a system for equal pay for equal work in our company.	61.0
Respect (Principles)	We have a policy to guarantee a living wage for our company's workers (employees), and have confirmed that we are providing wages that exceed a living wage.	42.1
Respect (Principles)	We have a policy in place prohibiting forced and compulsory labour, human trafficking, and long working hours, including by technical interns, in our company and for our customers, as well as a policy prohibiting discrimination/harassment of foreign nationals.	65.3
Respect (Operationalisation)	We take corrective actions to ensure decent work (e.g. living wage, working hours) at suppliers and customers, including review of our own QCD (quality, cost, delivery) requirements.	22.0
Respect (Principles)	We conduct and disclose results of engagement surveys to measure the level of decent work among our company's workers (employees).	43.2
Promotion	We lobby the government (either on our own or through affiliated organisations) to ratify treaties and legislation and solve problems to ensure decent work in countries/regions where we operate.	2.3
	Other	1.9

(Responses %)

of systemic challenges such as racism and gender discrimination that persist in a country or region. The resolution of systemic challenges is essential for the realisation of a sustainable society, making improvement of the current situation, where only 7.7% of companies have indicated corporate policy

on addressing these issues, an urgent task.

In terms of promotional initiatives, 26.6% of companies are working through their core business activities, and 36.7% engage in social contribution activities. In contrast, only 3.9% of companies make policy recommendations to

Q28 Which of the following describes your company in terms of human rights initiatives for consumers that come into contact with your products and services? (Select all that apply)

	We are not taking any specific measures (not considered necessary).	17.8
	We are not taking any specific measures (considered necessary, but have yet to undertake).	18.1
Respect (Principles)	We make active efforts to have opportunities for engagement (dialogue and collaboration) with consumers about our company (including business activities, products/services, social contributions, and environmental protection activities).	21.2
Respect (Principles)	We understand the human rights issues of consumers and users (end users) who are involved with our business.	26.6
Promotion	We offer products/services (e.g. universal design) that reflect the needs of minority consumers/customers.	36.3
Respect (Operationalisation)	We take measures to address human rights abuses (e.g. hate speech on social media platforms) of consumers/users of our products/services.	11.2
Respect (Principles)	We identify issues related to respect for human rights from consumer/customer grievances and put measures and processes in place to address them.	27.4
Promotion	We contribute to the greater realisation of human rights through our products/services.	38.6
	Other	6.9

(Responses %)

Q29 Which of the following describes your company in terms of efforts to address the human rights of local communities potentially impacted by your business? (Select all that apply)

	We are not taking any specific measures (not considered necessary).	9.3
	We are not taking any specific measures (considered necessary, but have yet to undertake).	22.4
Respect (Principles)	We make active efforts to have opportunities for engagement (dialogue and collaboration) with local communities about our company (including business activities, products/services, social contributions, and environmental protection activities).	42.5
Respect (Operationalisation)	We have corporate policies (either as a company or group) in place to address the structural problems of human rights abuses in the countries/regions where we operate.	7.7
Respect (Principles)	We conduct periodic information gathering and human rights impact assessments to understand the human rights issues that exist in the countries/regions where we operate.	31.7
Promotion	We engage in activities (either in-house or in collaboration with other parties) to resolve human rights issues in countries and regions through our core business.	26.6
Promotion	We engage in social contribution activities (either as a company or in collaboration with other parties) to resolve human rights issues in countries and regions.	36.7
Promotion	We make policy recommendations to national government (either as a company or group) to address national- or regional-level human rights issues.	3.9
	Other	4.6

(Responses %)

the government (although this is an increase of 2.6% compared to the previous survey). The government plays an essential role in resolving structural problems and other human rights issues, including through legal policy. While it may be difficult for companies to take action on their own, they are expected to expand their efforts through multistakeholder initiatives. However, it must be emphasised that the major premise of promotional efforts is the realisation of respect for the human rights of the local communities.

Management initiatives on decent work and human rights

Below, we consider the extent to which initiatives on decent work and human rights are integrated into corporate management based on two points from this survey: (1) the commitment of top management, and (2) incorporation of initiatives into corporate systems and business processes.

In terms of commitment by top management, 68.3% of companies reported having a commitment on human rights policy from top management in Q23. In the 2021 Government Survey, 460 out of 760 companies reported that human rights policy is endorsed at the highest level of the company, for a rate of 60.5%. This survey's figure is 7.8% higher than the Government Survey's results, and future challenges can be seen in differences by industry and company size. The highest rate of 78.6% was recorded for the electrical/precision/machinery and automotive/transport equipment industries, while the lowest rate of 54.0% was seen in the wholesale/retail, services, and other non-manufacturing industries, a gap of 24.6%. Moreover, 83.2% of companies with more than 5,000 employees have clarified human rights policies, compared to only 44.4% of companies with less than 250 employees.

Regarding incorporation into corporate systems and business processes, we can look to the average value of responses on "Respect (Principles)" in Q23-25. These questions are aligned with the UNGPs, which propose a process for management of initiatives on human rights. The average for six items on human rights policy (Q23) stood at 60.6%, while the five items on human rights DD (Q24) were at 39.1%. Likewise, the eight items for remediation and remedy (Q25) averaged at 34.8%. Although some options did have a response rate of around 80%, companies are expected to prioritise efforts on "Respect (Principles)", which are the most basic items for integrating respect for human rights into corporate management.

» Messages for the future

Global crises such as the Russian invasion of Ukraine and climate change have made the international community keenly aware of the impossibility of realising a sustainable society without achieving respect for human rights in the corporate value chain, an awareness that is now shared. Are Japanese companies keeping pace with this shared awareness?

Questions in this survey on the processes involved in respect for human rights (Q23-25) continually showed higher results than the 2021 Government Survey. While the more proactive efforts of GCNJ business participants are commendable, when viewing the progress for GCNJ overall, increases in numerical results are slight, despite the overall trend towards improvement.

For instance, the previous survey indicated implementation and review of "Respect (Principles)" items to be an urgent issue. For the current survey, the average response rate for all "Respect (Principles)" items was 44.3%, only a slight increase from 42.1% in the previous survey, and still less than half. The current

situation must be taken seriously. Likewise, insufficient awareness of the human rights of consumers and local communities is an issue that has persisted since the previous survey. As

the international community moves forward, Japanese companies are under pressure to further accelerate and expand their efforts to address business and human rights.

Case study spotlight on stakeholder engagement initiatives

Examining corporate efforts to respect human rights in light of the UNGPs, engagement with the stakeholders who are affected by corporate activities is imperative, not only in the formulation and revision of human rights policies, but also in the implementation of human rights due diligence and remediation and remedy. However, in reality, companies face difficulties in determining with whom to conduct engagement and how to go about doing so. Therefore, this survey focused on engagement with stakeholders and collected examples of relevant initiatives.

For example, the "human rights risk" raised in the UNGPs differs from management risk – it is the risk that corporate activities may have a negative impact on the human rights of stakeholders. In the absence of engagement with the parties involved, companies are unable to identify and, if necessary, prioritize these risks. Survey results reveal that "employees" was selected as a response at a rate of 78.4%, followed by "NGOs, experts, and investors" at 51.6%. Engagement with external experts (e.g. human rights NGOs and researchers) can greatly help companies promote respect for human rights, but cannot serve as a substitute for direct engagement with affected stakeholders such as workers, consumers, and local communities.

A variety of examples of engagement with stakeholders and external experts were submitted in this survey. Examples shared by respondents included: disclosure of a list of initiatives with stakeholder; explanation of the systems and processes of engagement conducted in the areas of labour, procurement, and customer service; and heightening awareness of the status quo of human rights issues in general through dialogue with external experts. Some companies have gone a step beyond addressing human rights issues in general and are engaging with stakeholders affected by their business activities (particularly those with high human rights risks) and disclosing information about such engagement. After identifying distribution channels for procurement items with high human rights risks (coffee bean cultivation in Ethiopia and Tanzania), Asahi Group Holdings conducted interviews with relevant stakeholders to identify potential human rights risks. The Sumitomo Corporation engages with local communities in resource development projects in Madagascar in coordination with its objectives to promote employment and improve technical skills and safety awareness.

The United Nations have repeatedly confirmed the importance of meaningful stakeholder engagement. Meaningful engagement implies dialogue with those who play an essential role as partners in monitoring corporate efforts to respect human rights, including the individuals and communities, labour unions, human rights and environmental activists, civil society, and others affected by corporate activities. As such, engagement provides a source of effectiveness and legitimacy to a company's initiatives on human rights. While the practice of engagement is truly "easier said than done", companies are expected to increasingly enhance the quality of engagement without making communication with institutional investors and NGOs their main objective.

Q26 Examples of initiatives in the formulation or revision of policies and those that reflect remediation and remedy mechanisms in which companies have conducted engagement with persons subject to company's respect for human rights.
(2) Please select the subject of engagement (dialogue). (Select all that apply)

Employees	78.4
Suppliers	49.0
Customers	38.6
Consumers	18.3
Local communities	22.2
NGOs, experts, investors	51.6
Other	6.5

(Responses %)

3.4

Sustainable Consumption and Production

Transitioning to a new economic system that goes beyond the 3Rs



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- ✓ A comparison of this year's results and last year's clearly shows that circular economy initiatives continue to grow toward realising SDG 12.
 - ✓ 78.9% of companies (24.8% increase from the previous survey) reported having clarified internal policies on sustainable consumption and production, indicating the high priority given to SDG 12 by a majority of participating companies.
 - ✓ Efforts have progressed in sustainable procurement of raw materials, circular product design, and conversion to recycled materials/resources, particularly in the manufacturing sector. Initiatives at the product use stage are also on the rise, including sharing businesses and Product-as-a-service (PaaS), for which reports were limited in the previous survey. Efforts geared toward establishing circular systems are underway across the entire life cycle of products and businesses.
 - ✓ Japanese companies are expected to continue their efforts to improve the circularity of their operations with a focus on international trends, and to develop their business to simultaneously contribute to other environmental issues such as biodiversity loss and pollution. Further consideration is expected to be given to the management of environmental and traceability information for consumers and suppliers, including those on circularity and material efficiency.

» Significance and Rationale

Sustainable consumption and production (SCP) is crucial to achieving the SDGs, and businesses have a critical role to play in its realisation. As a sequel to the previous year, this year's report examines SDG 12. It analyses the status of initiatives related to SCP, including the Circular Economy (CE) – a concept aimed at creating an economy in which the value of products and resources is conserved and maintained for as long as possible and waste generation is kept minimal. Cooperation throughout the supply chain, including with consumers, is indispensable for achieving SDG 12.

For this reason, the survey asked questions about information disclosure on circularity at the corporate level with regard to consumers and suppliers.

The first half of questions on SDG 12 ask companies about their efforts in consumption and production processes, while the second half contains questions on efforts targeting consumers and suppliers. In the previous

survey, only those in industries deemed to have a significant direct or indirect involvement with natural resources were asked to respond. However, seeing that SDG 12 is not limited to specific industries, companies in all industries were asked to respond to the current survey.

» Results and Discussion

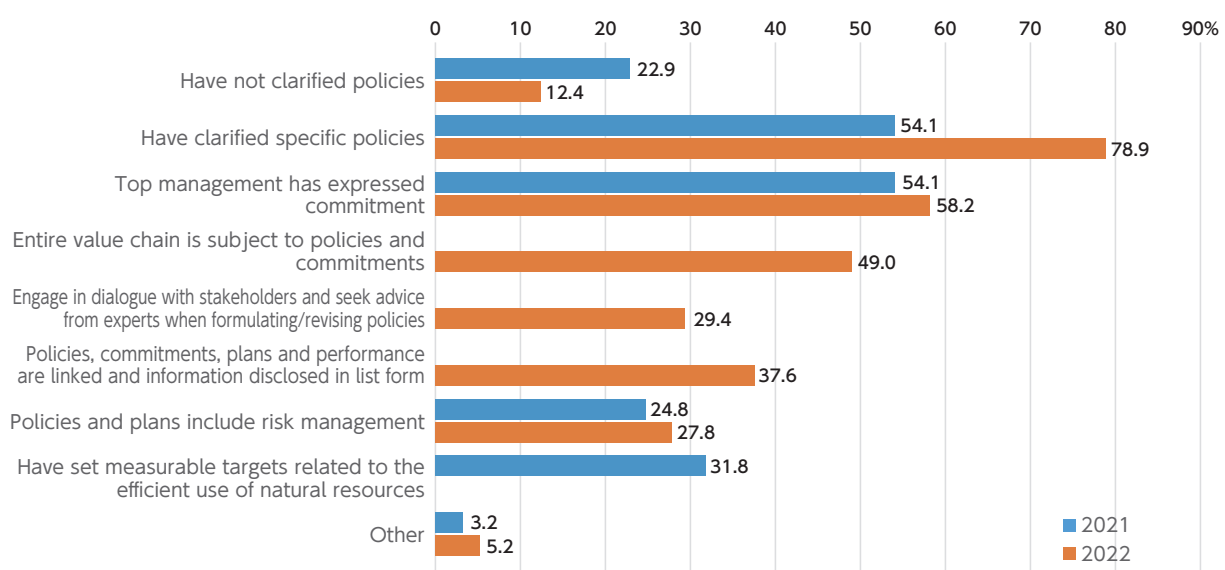
Status of circular economy (CE) initiatives: year-on-year comparison

First, a comparison of the current survey and the previous survey conducted in 2021 is presented. As the previous survey was limited to sectors closely related to natural resources (food/other manufacturing, chemicals/pharmaceuticals, construction/electricity/gas/transport, and machinery/equipment), the year-on-year comparison indicates results for these sectors only.

Status of policies and commitments (Q30)

With regard to internal policies on SCP, 78.9% of respondents reported having clarified policies, presenting an increase of 24.8% since the previous survey.

Status of policies and commitments on SCP (2021 comparison) (Q30)



Note 1: Respondents were instructed to select all that apply.

Note 2: Options for which results not shown were added or deleted for the 2022 survey.

Status of CE initiatives by business model (Q31)

An increase was observed for most initiatives compared to the previous survey. In particular, sustainable procurement of raw materials and the development of sharing services increased by more than 10%, indicating progress since the last survey. Conversion to recycled materials/resources, resource-saving on packaging materials, and extending product value also exhibited an increasing trend. Establishment of systems for collection, reuse, recycling, and resale can also be viewed as being on the rise when the newly added response option, "not directly engaged in, but participating in related projects and initiatives", is taken into account.

Status of collaboration with stakeholders (Q32)

Collaboration with stakeholders was also on the rise.

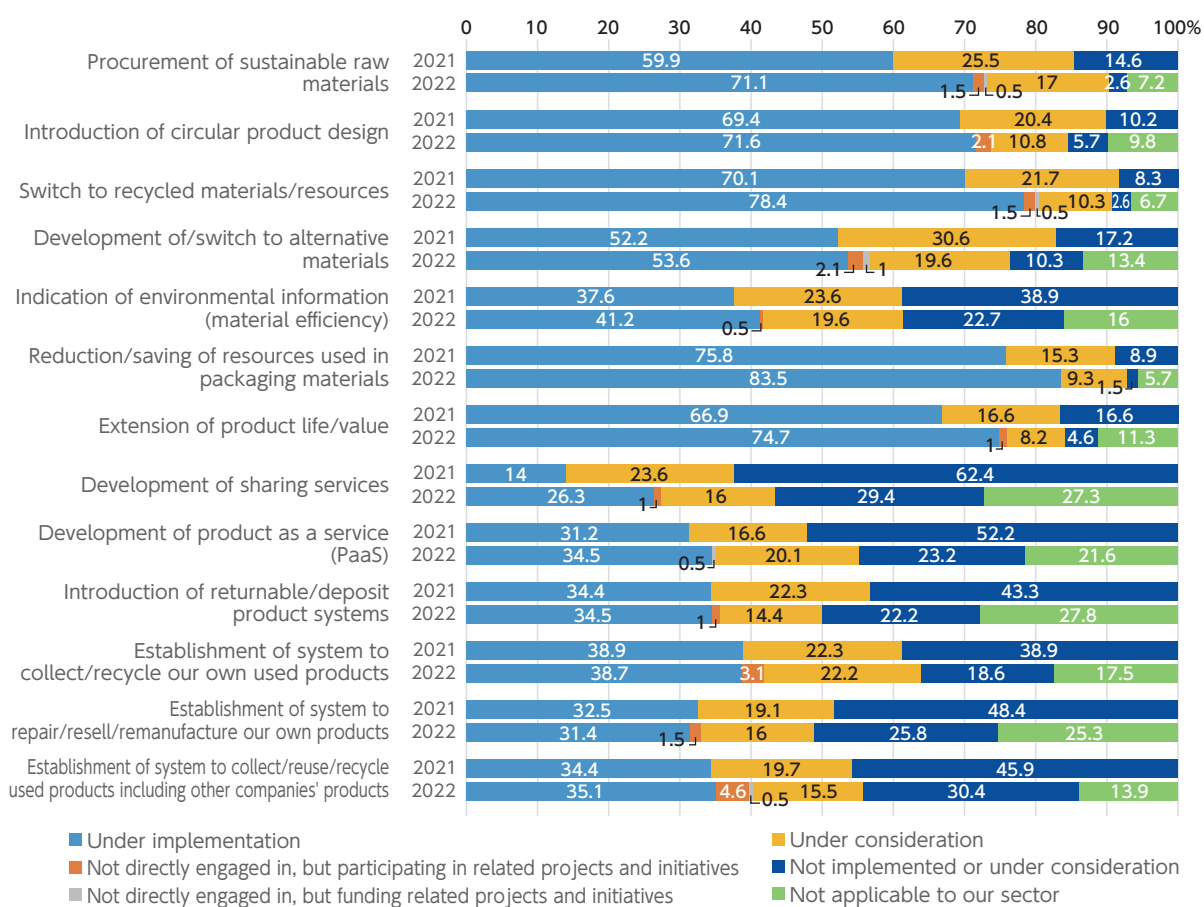
Status of CE initiatives: trends by sector (all sectors)

Next, let's take a closer look at trends by sector for all 259 participating companies.

Trends in companies focusing on SDG 12 by sector (Q8)

Looking at trends in companies focusing on SDG 12 among all 17 of the SDGs, over 90% of respondents in the "food and other manufacturing", "chemicals, pharmaceuticals,

Status of CE initiatives by business model (Q31) (2021 comparison) (Q31)



Note 1: "Not directly engaged in, but participating in related projects and initiatives", "Not directly engaged in, but funding related projects and initiatives", and "Not applicable to our sector" were added as response options starting with the survey.

Note 2: Comparisons are made only for industries closely related to natural resources that participated in the previous year's survey (food/other manufacturing, chemicals/pharmaceuticals, construction/electricity/gas/transport, and machinery/equipment related).

petroleum, and other materials", and "electrical/precision/machinery and automotive/transport equipment" sectors reported focusing on SDG 12. Percentages were in the 70-80% range for other industries, indicating that SDG 12 is a goal of focus for companies in all industries responding.

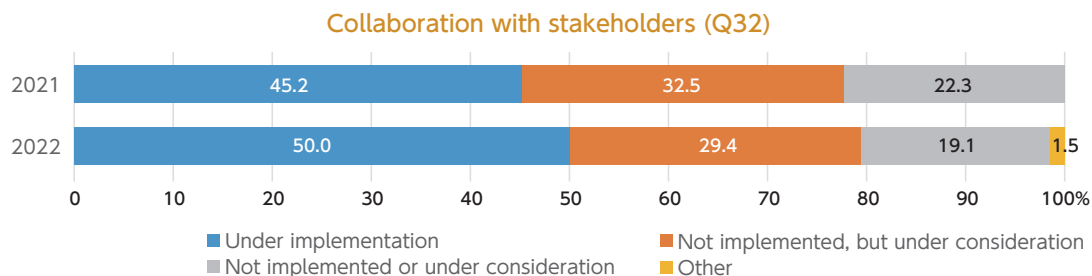
Status of CE initiatives by business model (Q31)

To understand the status of implementation for each response item, the table and graph on the next page summarise the percentage of respondents that answered "under implementation" for each item, shown by sector.

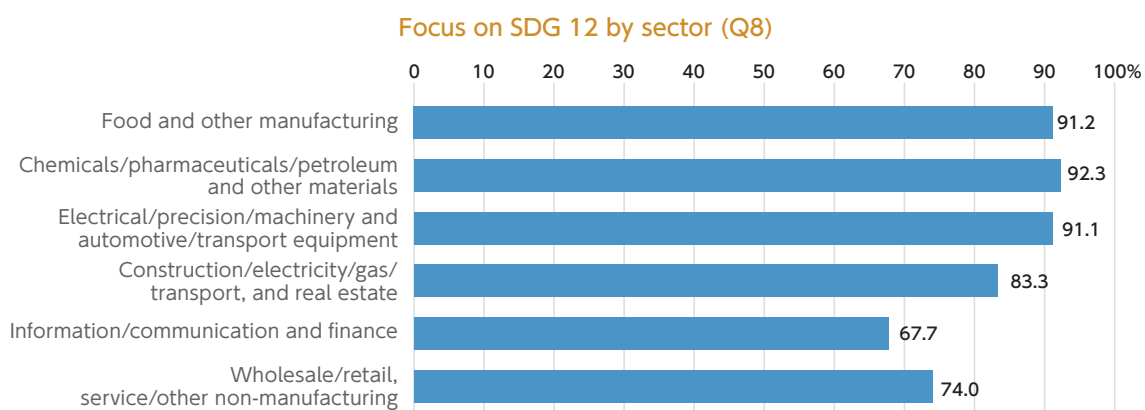
Firstly, for items related to the use of natural resources, results indicate that the "chemicals, pharmaceuticals, petroleum, and other materials" and "food and other

manufacturing" sectors are relatively proactive in sustainable procurement of raw materials and procurement that does not damage environment such as forests. Also, "utilisation of unutilised domestic biological resources" is a type of initiative expected to contribute to the "Regional Circular and Ecological Sphere"¹ promoted by the Ministry of the Environment, which aims to revitalise regions based on utilisation of local resources. Although implementation is limited compared to the above two items, more active efforts are expected in the future.

Next, looking at trends in the main CE initiatives, more than 50% of all responding companies reported implementing initiatives in "sustainable procurement of raw materials", "environmentally non-damaging procurement", "circular product design", "switching to recycled materials/



Note: Comparisons are made only for industries closely related to natural resources that participated in the previous year's survey (food/other manufacturing, chemicals/pharmaceuticals, construction/electricity/gas/transport, and machinery/equipment related).



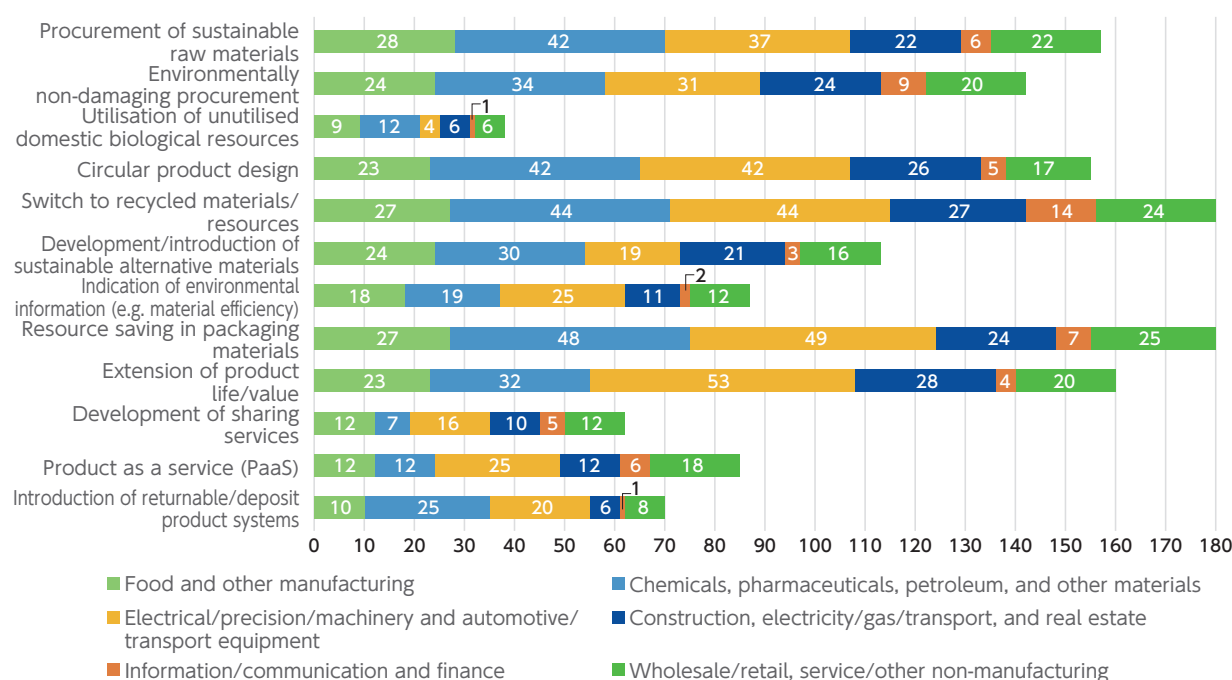
¹ <https://www.env.go.jp/seisaku/list/kyoseiken/index.html>

Status of CE initiatives by business model (ratio of implementation by sector (Q31))

	Food and other manufacturing	Chemicals/ pharmaceuticals/petroleum and other materials	Electrical/precision/ machinery and automotive/ transport equipment	Construction, electricity/ gas/transport, and real estate	Information/ communication and finance	Wholesale/retail, service/other non-manufacturing
Respondent companies	34	52	56	36	31	50
Procurement of sustainable raw materials	82.4	80.8	66.1	61.1	19.4	44.0
Environmentally non-damaging procurement	70.6	65.4	55.4	66.7	29.0	40.0
Utilisation of unutilised domestic biological resources	26.5	23.1	7.1	16.7	3.2	12.0
Circular product design	67.6	80.8	75.0	72.2	16.1	34.0
Switch to recycled resources	79.4	84.6	78.6	75.0	45.2	48.0
Development/introduction of sustainable alternative materials	70.6	57.7	33.9	58.3	9.7	32.0
Indication of environmental information (e.g. material efficiency)	52.9	36.5	44.6	30.6	6.5	24.0
Resource saving in packaging materials	79.4	92.3	87.5	66.7	22.6	50.0
Extension of product life/value	67.6	61.5	94.6	77.8	12.9	40.0
Development of sharing services	35.3	13.5	28.6	27.8	16.1	24.0
Product as a service (PaaS)	35.3	23.1	44.6	33.3	19.4	36.0
Introduction of returnable/deposit product systems	29.4	48.1	35.7	16.7	3.2	16.0

(Responses %)

Status of CE initiatives by business model (by sector, number of companies) (Q31)



Note: Figures in the graph represent the number of companies that responded "under implementation".

resources", "resource-saving packaging", and "extension of product life/value". These results indicate that initiatives related to raw materials, product design, and packaging are becoming increasingly dynamic. In particular, 70-80% of companies in the "chemicals, pharmaceuticals, petroleum, and other materials" and "electrical/precision/machinery and automotive/transport equipment" sectors reported reduced use of natural resources, introduction of circular product design compatible with the 3Rs and extension of product life, and using or switching to recycled materials/resources. Even in the "information/communication and finance" and "wholesale/retail, service/other non-manufacturing" sectors, which are less directly related to natural resources, companies switching to recycled materials/resources were in the 40-50% range.

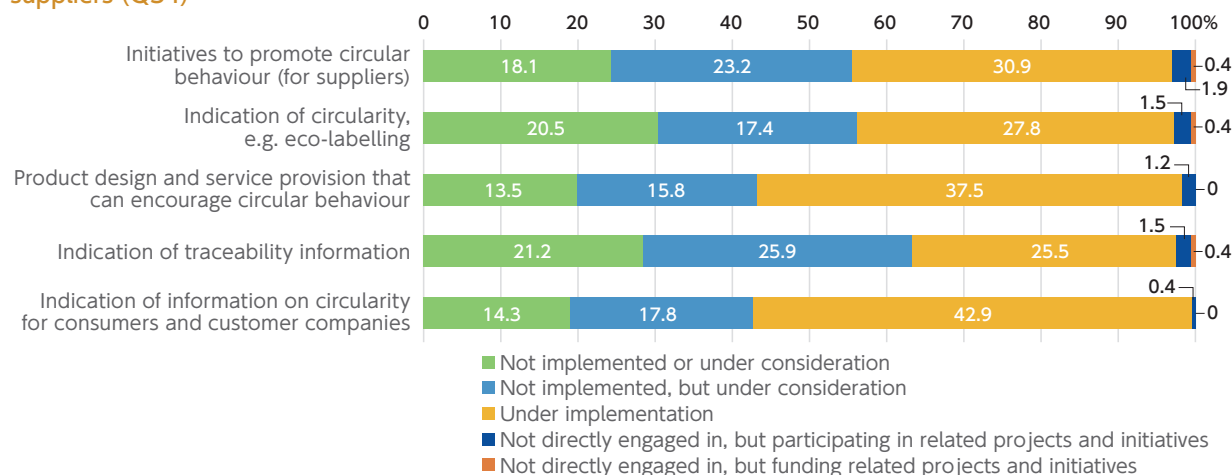
Moreover, perhaps alongside the rise of efforts to address plastic packaging materials, many industries have made progress in reducing packaging materials and resource-saving for containers and packaging, with close to 90% of companies in the "chemicals, pharmaceuticals, petroleum, and other materials" and "electrical/precision/machinery and automotive/transport equipment" sectors

reporting initiatives in these areas. Next, the extension of product life/value was the top response for companies in the "electrical/precision/machinery and automotive/transport equipment" sector, while introduction of deposit systems and inclusion of environmental information were in the 30-50% range, mainly among companies in the manufacturing sector. Although responses on sharing services and PaaS initiatives also increased since the last survey, they remain more limited than other items, with the highest figure of roughly 35% for food products. More initiatives at the product use stage, consumer-related efforts such as deposit systems, and efforts in product information are expected to lead to the establishment of circular systems that span the entire life cycle of products.

Status of initiatives for consumers and suppliers (Q34)

For efforts related to the circularity of products and services geared to encouraging circular behaviour by consumers and suppliers, the indication of information for consumers or customer companies on circularity (e.g. recyclability, repairability) was the most common initiative, implemented by roughly 43% of companies. Next was product

Status of provision of initiatives/products/services and product information labelling for consumers and suppliers (Q34)



design and provision of services that facilitate circular behaviour by consumers or customers (e.g. taking used products to collection points, using refills) and initiatives to facilitate circular behaviour by suppliers (e.g. improving product design and manufacturing processes, providing trainings). On the other hand, although the number of companies indicating appropriate traceability information for their products and services is not great at present, about one-quarter of companies reported it to be under consideration. Ascertainment and disclosure of product traceability information are expected to progress in the future. As for eco-labels adopted to indicate environmental information, the use of domestic and international labelling and certification systems was reported, including Japan's "Eco Mark" and various international eco-labels.

Example practices of CE

In this year's survey, companies reported on CE-related cooperation and initiatives. Specifically, CE was reported to be the impetus for collaboration within industries or in the value chain. Major examples included cooperation with recyclers in the collection and recycling of used containers, the development of technologies for resource recycling, and for this year's results, efforts in services that promote the circular use of products, such as Mobility as a Service (MaaS) and PaaS (Product as a Service). A selection of initiatives is highlighted on page 56-57.

» Messages for the Future

This survey revealed that most respondent companies continue to strengthen their CE efforts to realise SDG 12.

Continuing from the previous survey, initiatives advanced in sustainable raw material procurement, circular product design, and switching to recycled resources, mainly in the

manufacturing sector. Meanwhile, initiatives at the product use stage, such as sharing and PaaS business models, which were reported only to a limited extent in the previous survey, showed an increasing trend. In particular, many companies in the machinery and equipment sector reported to be currently considering this type of initiative, raising expectations for new business development.

More than 50% of companies are implementing or considering initiatives targeting consumers and suppliers, indicating that efforts are progressing throughout the life cycle of products toward the establishment of circular systems. Companies are expected to continue efforts to enhance circularity. These efforts may include rethinking product supply chains to reduce the burden of various responses to circularity, and taking into account a balance between circular economy business and other environmental issues such as climate change, biodiversity loss, and pollution, as well as business development that contributes to solving social issues.

As diverse stakeholders, both public and private, are involved in the promotion of CE, it will also be necessary going forward to define and communicate the challenges and expectations of companies in promoting CE business models.

In addition to internal awareness-raising and policy responses, clarifying the aims of CE initiatives for their own products (e.g. securing raw materials, environmental measures to address climate change, acquiring new customers, securing employment, and revitalising local communities) is another important point for companies.

Requirements for traceable environmental information on products, including circularity and material efficiency, are increasingly

prevalent, particularly in Europe. Management of this type of information is expected to become even more important in the future.

In managing such information, companies must keep abreast of international trends and take into account collaboration with relevant stakeholders in the supply chain and the use of internal systems and digital technology for information management. They should also take into consideration the costs of

information management.

In addition, although the use of a variety of certification and labelling systems was reported, improving communication with consumers will remain key for companies, including consideration of the assessment criteria of labels and selecting appropriate labels that are aligned with corporate philosophy and materialities.

Main type of cooperation	Related Initiatives
Collaboration with downstream industry, local governments, and consumers (collection, recycling, and revaluing)	<p>●Nippon Paper Industries In order to build a sound material cycle society and expand biomass products, Nippon Paper Industries is actively recycling unused waste paper that is difficult to recycle. Since April 2021, with support from Hamamatsu City, the company has been conducting a demonstration project on separation and collection of paper food containers such as yoghurt and ice cream containers and paper cups from households in the city. Together with Hamamatsu Green Wave Co., Ltd. and the nonprofit Ecolife Hamamatsu, collection boxes were placed at environmental education facilities in Hamamatsu City. The paper food containers collected are used as raw material for paper production at the company's plant. This recycling project contributes to raising consumer awareness of recycling, reducing the amount of incinerated waste, and fixing carbon through the long-term use of wood resources.</p> <p>●Mitsubishi Materials Waste, e-scrap and other materials are crushed and sorted at the company's valuable metals recycling facility. These are then processed into raw materials (slag and metal) for copper smelting, and recycled as copper, gold, silver and other base metals. Valuable resources are not wasted, but are restored and reborn into valuable metals through recycling. The heat generated at the valuable metals recycling facility and in the copper smelting process is also used to generate electricity. The Mitsubishi Materials Group will continue to efficiently operate and expand its recycling operations, which are number one in the world in processing capacity, and promote contributions to resources, the environment, and local communities for the development of a sustainable and prosperous society. The Mitsubishi Materials Group's annual processing capacity is approximately 160,000t, accounting for about 20% of the 800,000t generated worldwide. As the e-scrap market is expected to expand alongside the growing momentum for resource recycling, the Group aims to further increase its processing capacity to approximately 200,000 t/year by the end of FY2030.</p>
Intra-industry/value chain cooperation (reduction of resource use in transport, MaaS, etc.)	<p>●Anritsu Corporation For the domestic transport of its products (mainly measuring instruments), Anritsu, with the consent of its customers, promotes "packageless" delivery in cooperation with shipping companies aimed at reduction and reuse of packaging materials. Specifically, returnable boxes are used for delivery of new products and pick-up of products for repair, and packaging is reduced to only protective polyethylene bags, with cushioning materials reused. Compared to conventional transport, packaging waste is reduced by 94% per vehicle/track and is therefore actively proposed to customers.</p> <p>●Yamaha Motor Company The company established the Moto Business Service India Pvt. Ltd. (MBSI), a new mobility services company in India, and began renting motorcycles to Royal Brothers, a local mobility services provider that offers two-wheel vehicle rental services. MBSI conducts an asset management business by renting motorcycles to Mobility as a Service (MaaS) enterprises that offer sharing, taxi, and logistics services. The project also contributes to improving people's quality of life by creating work opportunities (SDG 1). The company aims to expand the mobility service business in India through collaboration with Indian MaaS operators.</p> <p>●Itoki Itoki formed a business alliance with CLAS Inc., which operates "CLAS", a circular PaaS for durable materials, to provide a subscription service for the company's furniture. The company is working to contribute to achieving SDG 12 on Responsible Consumption and Production via its efforts to realise a "society where nothing is thrown away".</p>

Main type of cooperation	Related Initiatives
Intra-industry/value chain cooperation (technology development with other companies)	<p>●Seiko Epson</p> <p>The company established the Pararesin Japan Consortium to develop and promote pararesin technologies, a type of biomass plastic. The company is engaged in the joint technological development of a pararesin using Paramylon, a storage polysaccharide of Euglena. The company aims to be able to supply 200,000 tonnes of this material annually by 2030 as promising biomass plastic.</p>

3.5

Climate Change

Progress on climate action towards 2030



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-
- ✓ **Approximately 70% of companies have clarified policies to achieve net zero emissions by 2050. In particular, large companies continue to intensify efforts to achieve net zero. Accountability and disclosure of policies and commitments are required of companies. As a next step, companies that expressed commitments should link policies, commitments, plans, and performance and disclose this information in list form.**
 - ✓ **Steady progress has been made in engaging the supply chains in response to the need to comply with the Task Force on Climate-related Financial Disclosures (TCFD) and Scope 3 emissions information disclosure. It is important to link these efforts to the development of policies that include the supply chain and the identification of Scope 3 emissions.**
 - ✓ **There is wide variation in the identification of Scope 3 emissions depending on categories. Designating categories that wield significant impact on corporate activities before identifying emissions will help companies ascertain the risks and opportunities that the transition to a decarbonised society presents to business operations.**
 - ✓ **Schemes that provide incentives for reducing emissions are imperative to encourage further efforts by companies. Expectations are high for the introduction and promotion of carbon pricing.**

» Significance and Rationale

The Working Group III Report of the IPCC 6th Assessment suggests that to limit temperature rise to 1.5°C, greenhouse gas emissions need to be reduced by 43% by 2030 compared to 2019 levels, with net zero carbon dioxide emissions achieved in the early 2050s and negative emissions thereafter. The Working Group II Report of the same Assessment asserts that any further delay in global action on adaptation and mitigation will result in a missed opportunity to secure a liveable and sustainable future. Urgent action is needed to limit temperature rise and minimise the impacts of climate change.

Currently, governments as well as many private companies and organisations have set net-zero targets and are working towards achieving them. As these initiatives progress, there is an ever-increasing demand for non-financial information disclosure by companies. Non-financial information is important not only as information provided to investors, but also for sustainable corporate management. The US Securities and Exchange Commission (SEC) plans to require disclosure of information on climate-related risks and emissions by scope. In Japan, companies listed on the Prime Market of the Tokyo Stock Exchange have been required since April 2022 to disclose information on par with TCFD requirements and report on their initiatives, including those in the supply chain and Scope 3 emissions.¹

For this second survey, four of the six questions on SDG 13 were the same as those in the previous survey, in order to allow for measurement of progress since 2021. For Q35 ("Which of the following best describes your company with regard to policies

and commitments to achieve net zero by 2050?"), some of the response options were standardised to match questions related to other SDGs. As such, it should be noted that comparisons cannot be made with the previous survey results. The question from the previous survey, "What barriers does your company/organisation face in achieving net zero (with or without set targets)?", was excluded from the current one, as net zero initiatives are expected to continue in the future. Instead, a new question, "Which categories are included in your company's Scope 3 emissions calculations?" (Q37), was added. In light of the growing trend towards disclosure of Scope 3 emissions, the question aims to ascertain the status of identification of Scope 3 emissions by category.

» Results and Discussion

Status of formulation of policies and commitments to achieve net zero by 2050 (Q35)

A ratio of 72.2% of companies responded on having clarified policies to achieve net zero by 2050. When examined by number of employees, companies with 5,000 or more employees stood at 86.7%, significantly higher than the overall figure. Meanwhile, 59.6% of companies with 250 to 4,999 employees and 37.0% of companies with 10 to 249 employees responded positively to this question. By sales volume, the figures stood at 83.6% for companies with sales exceeding 100 billion JPY, and 44.7% for those with sales under 100 billion JPY, showing significant gaps depending on the number of employees and sale volumes of companies. By industry, information/communication and finance had the highest percentage at 83.9%, followed by electrical/precision/machinery and automotive/transport equipment

¹ Following the terminology of the Ministry of the Environment, "supply chain" refers to flows such as raw material procurement, manufacturing, distribution, sales, and disposal, and the greenhouse gas emissions generated from the entire flow are referred to as "supply chain emissions". Supply chain emissions consist of (1) Scope 1: direct emissions, (2) Scope 2: indirect energy-related emissions, and (3) Scope 3: indirect emissions.

(80.4%), and construction, electricity/gas/transport, and real estate (77.8%), with most industries exceeding 70%. The lowest score was seen for wholesale/retail, service/other non-manufacturing (50.0%), which differed significantly from the other sectors.

When looking at ways that policies and commitments are integrated into corporate management, the most common response was that they are expressed as commitments by top management (68.0%). Meanwhile, 48.3% of companies reported linking policies, commitments, plans, and performance and disclosing information in list form. Specifically, although 70.6% of companies in the food and other manufacturing sector have clarified policies, only 38.2% of companies have linked their policies, plans, and performance and disclosed this information. Companies need to go beyond commitments and take action to achieve their goals, which requires accountability and information disclosure on policies and commitments. Moreover, only 42.5% of companies reported that their policies and commitments apply to the entire supply chain, indicating that companies, regardless of number of employees, sales volume, or industry, face challenges in formulating policies that include the supply chain.

Status of GHG emissions identification by scope (Q36)

A ratio of 90.3% of companies had identified Scope 1 emissions (up 2.8 percentage points compared to the previous year), while the figure for Scope 2 emissions was 89.6% (up 5.9 percentage points), and Scope 3 emissions stood at 75.7% (up 1.7 percentage points). By sector, the wholesale/retail, service/other non-manufacturing sector scored the lowest at Scope 1 (68.0%), Scope 2 (68.0%), and Scope 3 (46.0%), a significant difference from the overall figures. By market segment, 98.9% of companies listed on the Prime Market reported identifying Scope 1 emissions, while 97.9% had done the same for Scope 2 emissions and 89.8% for Scope 3 emissions. Since April 2022, companies listed on the Prime Market of the Tokyo Stock Exchange have been required to disclose information on par with TCFD. These companies are leading the way in progress on identifying emissions by scope.

Categories included in Scope 3 emissions calculations (Q37)

Companies that responded positively to Q36 on identifying Scope 3 emissions were asked about the categories included in their Scope 3 emissions calculations. Scope 3 emissions can be divided into upstream (related to

Q35 Which of the following best describes your company with regard to policies and commitments to achieve net zero by 2050? (Select all that apply)

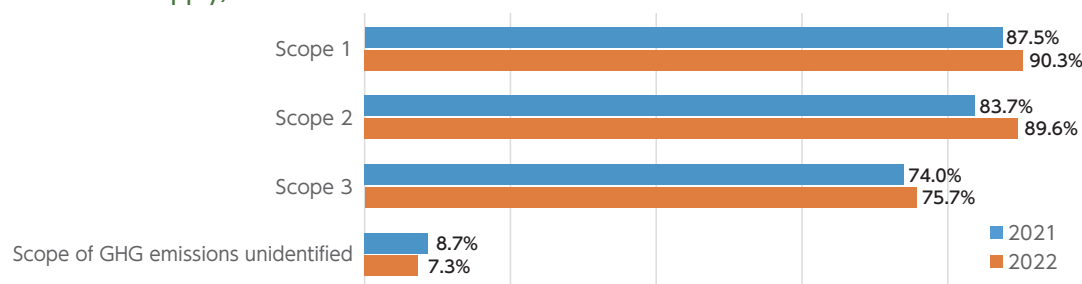
We have not clarified policies.	17.4
We have clarified policies.	72.2
Top management has expressed commitment.	68.0
Our policies and commitments apply to the entire supply chain.	42.5
We engage in stakeholder dialogue and seek advice from experts when formulating/revising our policies.	33.6
We link our policies, commitments, plans, and performance and disclose information in list form.	48.3
We aim to be carbon positive in addition to taking part in SBTi.	10.0
Other	4.2

(Responses %)

procurement) and downstream (related to post-sale/distribution) emissions. For categories considered upstream, over 80% of companies include all categories in their Scope 3 calculations, with the exception of "upstream leased assets". By industry, more than 90% of companies in manufacturing and

70-80% of companies in non-manufacturing industries included these categories in their Scope 3 calculations. In particular, identification of emissions for "business travel" (92.9%) and "employee commuting" (91.3%) were advanced, regardless of industry. Inclusion of "upstream leased assets"

Q36 Please select, by scope, the greenhouse gas (GHG) emissions that you identify at your company. (Select all that apply)



Scope 1: direct emissions from sources owned or controlled by the company/organisation

Scope 2: indirect emissions from the use of electricity, heat, and steam supplied by other companies

Scope 3: some or all of the indirect emissions from other companies that are related to our business operations

Q37 Which categories are included in your company's Scope 3 emissions calculations? (Select all that apply)

Scope 3 Category	Upstream/Downstream	Percentage (%)
Business travel	Upstream	92.9
Employee commuting	Upstream	91.3
Purchased goods and services	Upstream	89.8
Waste generated in operations	Upstream	88.8
Fuel- and energy-related activities	Upstream	87.8
Capital goods	Upstream	86.2
Transport and distribution (upstream)	Upstream	80.1
End-of-life treatment of sold products	Downstream	70.9
Use of sold products	Downstream	64.3
Transportation and distribution (downstream)	Downstream	52.6
Leased assets (downstream)	Downstream	33.7
Investments	Downstream	33.2
Leased assets (upstream)	Upstream	29.6
Processing of sold products	Downstream	28.6
Franchises	Downstream	15.3
Other (upstream)	Upstream	3.1
Other (downstream)	Downstream	2.6

(Responses %)

was limited to 46.9%, even in the highest-scoring electrical/precision/machinery and automotive/transport equipment sectors.

Looking downstream, gaps were evident among categories, such as scores for "processing of sold products" (70.9%), "use of sold products" (64.3%), "downstream leased assets" (33.7%), and "franchises" (15.3%). Industry-specific characteristics were also observed. For example, 73.9% of companies in information/communication and finance identified emissions related to "investments", while only around 30% of other sectors did the same. Meanwhile, 21.7% in the wholesale/retail, service/other non-manufacturing sector included emissions from "franchises" in Scope 3, compared to 8.0% in the food and other manufacturing sector. A ratio of 85.8% of the manufacturing sector overall identified emissions related to "processing of sold products", compared to 47.4% of the non-manufacturing sector.

Responses to this newly added question reveal that identification of emissions upstream is more advanced than identification of emissions downstream, and that the status of identifying emissions downstream varies among categories. Emissions related to business are wide-ranging. It is important for companies to first identify the categories that wield significant impacts on their business activities before identifying emissions. In so doing, they will also gain an understanding of the risks and opportunities that the transition to a decarbonised society presents to their business operations.

Activities to achieve net zero (Q38)

Compared to the previous survey, there was no change in the overall ranking of the activities that were prioritised, with "promotion of energy savings (e.g. energy-saving behaviour, installation of equipment,

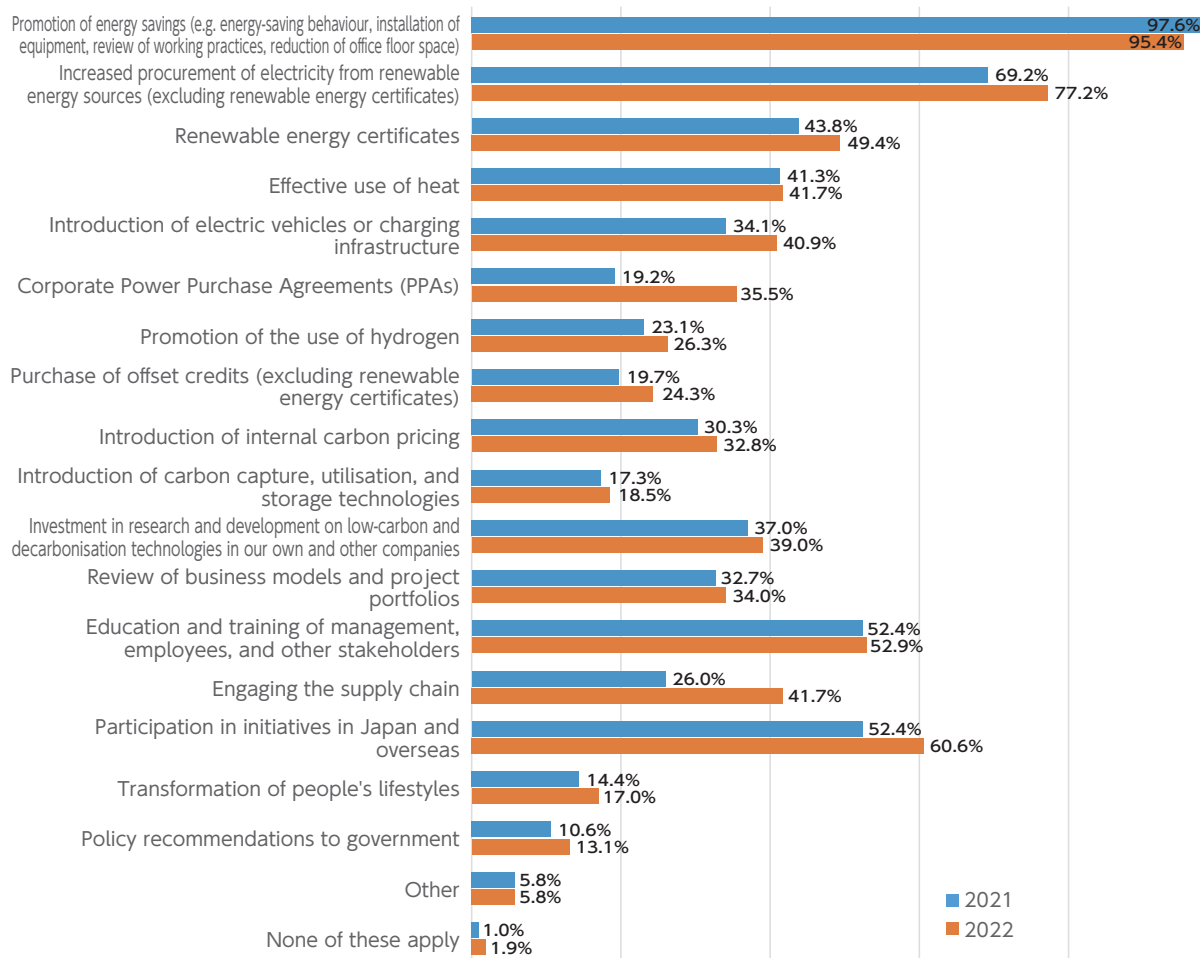
review of working practices, reduction of office floor space)" scoring the highest percentage at 95.4% (down 2.2 points from the previous year). On the other hand, the number of companies that reported prioritising multiple initiatives increased significantly. The importance of renewable energy use has shown a further increase, with "increased procurement of electricity from renewable energy sources (excluding renewable energy certificates)" at 77.2% (up 8.0 points from the previous year), "Corporate Power Purchase Agreements (PPAs)" at 35.5% (up 16.3 points), and "introduction of electric vehicles or charging infrastructure" at 40.9% (up 6.8 points). "Engaging the supply chain" increased 15.7 points from the previous year to reach 41.7%, showing that efforts to involve the supply chain are making steady progress.

Examples of activities that showed differences between the manufacturing and non-manufacturing sectors included "introduction of internal carbon pricing" (45.1% for manufacturing and 17.9% for non-manufacturing) and "effective use of heat" (59.2% for manufacturing and 20.5% for non-manufacturing). In the information/communication and finance sector, companies prioritised intangible activities such as "education and training of management, employees, and other stakeholders" (71.0%) and "participation in initiatives in Japan and overseas" (74.2%).

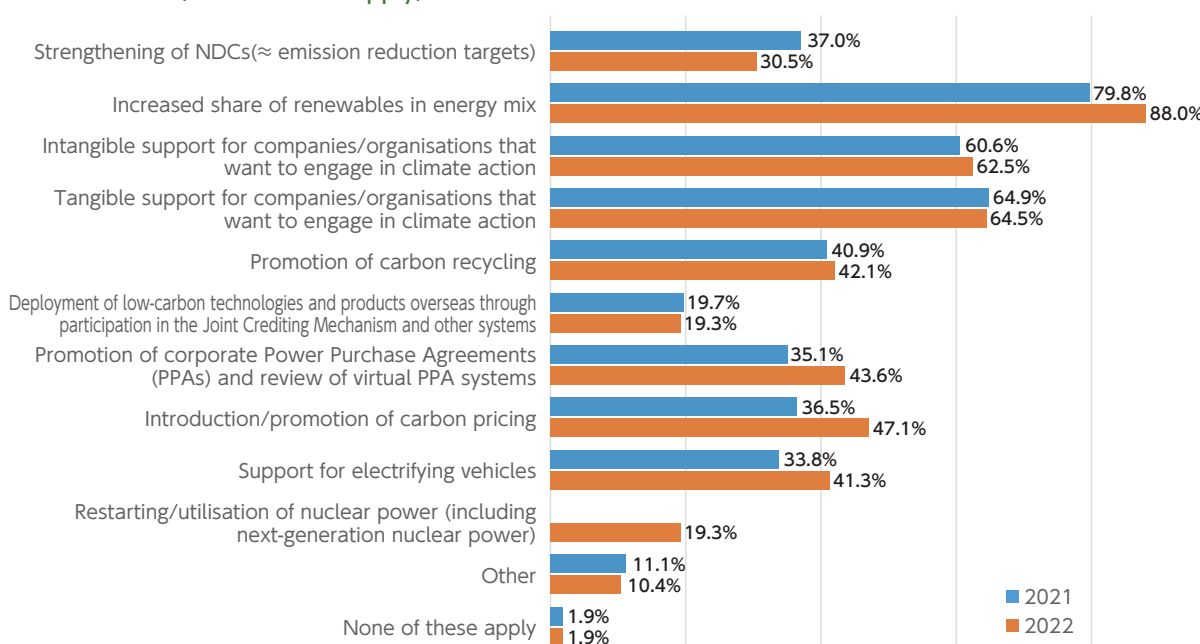
External environmental improvements to achieve net zero (Q39)

There was also no change compared to the previous survey in the overall ranking of responses on the external environmental improvements required to achieve net zero. "Increased share of renewables in energy mix" received the most responses (88.0%), followed by "tangible support for companies/

Q38 Which of the following activities does your company prioritise to achieve net zero GHG emissions? (Select all that apply)



Q39 What external environmental improvements do you think are needed to help your company achieve net zero? (Select all that apply)



organisations that want to engage in climate action" (64.5%) and "intangible support for companies/organisations that want to engage in climate action" (62.5%), which includes energy conservation audits, the Science Based Targets initiative (SBTi), and TCFD compliance.

Necessary external environmental improvements for which responses by companies increased compared to the previous survey include: "introduction/promotion of carbon pricing" (up 10.6 percentage points to 47.1%); "promotion of Corporate Power Purchase Agreements (PPAs) and review of virtual PPA systems" (up 8.5 percentage points to 43.6%); "increased share of renewables in energy mix" (up 8.2 percentage points to 88.0%); and "support for electrifying vehicles" (up 7.6 percentage points to 41.3%). On the other hand, responses for "enhancing of NDCs (≈ emission reduction targets)" fell to 30.5%, a decrease of 6.5 percentage points compared to last year. Only 19.3% of companies selected the newly introduced response option on the need for "restarting/utilisation of nuclear power (including next-generation nuclear power)". Results showed a growing expectation among companies regarding systems to encourage activities to achieve

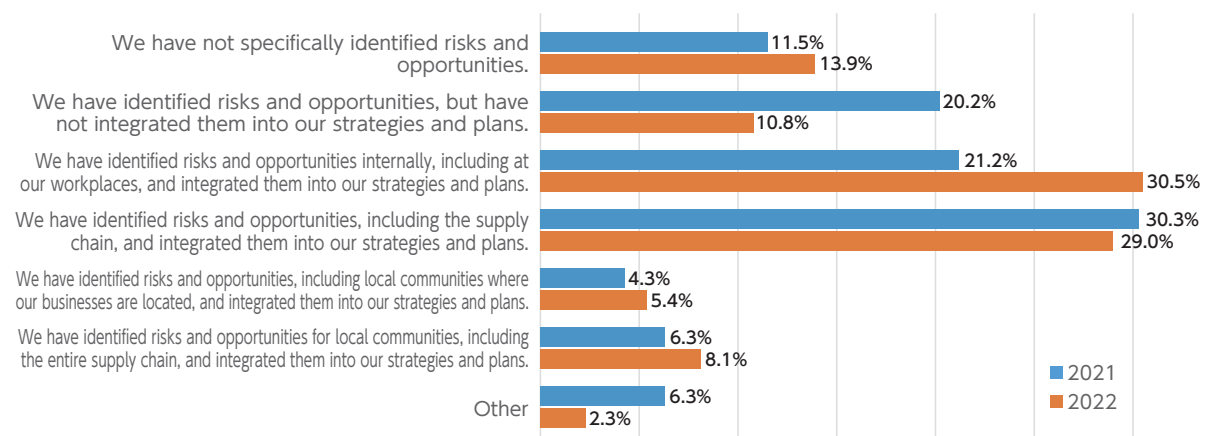
net zero. These include the introduction of carbon pricing to incentivise reductions and environmental improvements that facilitate utilisation of renewable energies.

Climate change risks and opportunities (Q40)

Companies that reported having identified climate change risks and opportunities without integrating them into strategies and plans stood at 10.8% (down 9.4 percentage points from the previous year). Meanwhile, 30.5% (up 9.3 percentage points) reported having identified them internally, including at their workplaces, and integrating them into strategies and plans. Progress is evident in the integration of identified risks and opportunities into strategies and plans.

On the other hand, 13.9% of respondents (up 2.4 percentage points from the previous year) did not identify any climate change risks and opportunities. Specifically, 59.3% of companies with 10 to 249 employees and 43.4% of small and medium-sized enterprises with sales of less than 100 billion JPY have not identified them. The risks posed by climate change are wide-ranging, from direct factors such as weather to the impact of policy changes and technological innovations. Risks also vary depending on the region and community where a company and its

Q40 Has your company identified climate change risks and opportunities and integrated them into your strategies and plans?



supply chain are located. Identifying risks and opportunities from a broader perspective, including local communities, and developing measures accordingly, is linked to the sustainability of corporate management.

» Messages for the Future

The 27th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 27), also known as the "Implementation COP", was held in Sharm El Sheikh, Egypt, in November 2022, and increasingly highlighted the importance of measures needed to achieve the targets of the Paris Agreement.

Moreover, since February 2022, responses to the energy crisis brought on by the state of affairs in Russia and Ukraine have been required, and various measures will need to be considered in the face of continuing uncertainty. At the same time, as we respond to the current crisis, we must not delay responses to climate change. Companies and organisations are increasingly called upon to ensure the transparency, accountability, and credibility of their climate actions.

To improve transparency on climate action

going forward, efforts to engage the supply chain on climate change will advance, including the identification of Scope 3 emissions. These trends are a first step towards boosting efforts across supply chains. As companies identify emissions, they must reflect them on their policies and commitments, and use them to also identify risks and opportunities. Going forward, climate action must involve not only setting targets and implementing measures. It is essential that the outcomes of measures put in place to achieve these targets are disclosed in order to show progress.

» Reference Materials

Information on international initiatives such as SBTi

https://www.env.go.jp/earth/ondanka/supply_chain/gvc/global_trends.html

Information on supply chain emissions

https://www.env.go.jp/earth/ondanka/supply_chain/gvc/en/

Recommendations for management strategy planning using TCFD

https://www.env.go.jp/earth/datsutansokeiei_mat01_20220418.pdf

3.6

Preventing Corruption

Moving toward the practice of an effective risk-based approach



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- ✓ While advances have been made on top commitment and the establishment of internal rules, issues remain in the implementation of risk assessments and responses to their results, with a gap emerging between the two.
- ✓ A similar gap was observed for third-party management. Although internal rules have been developed, risk assessment, education, and training initiatives have lagged behind.
- ✓ Despite a decline in companies clarifying top commitments, respondent companies have not necessarily lost ground in the practice of a risk-based approach.
- ✓ Further promotion of a risk-based approach, including thorough third-party management and record-keeping, is required based on GCNJ leadership and cooperation among companies.

» Significance and Rationale

Companies shoulder a major responsibility in anti-corruption efforts to achieve SDG target 16.5 – "substantially reduce corruption and bribery in all their forms". In recent years, bribery, collusion, and other corruption-related initiatives have attracted attention in Japan. Corrupt practices are still widespread in emerging and developing countries, major locations of overseas operations for Japanese companies. Society must come together to continue efforts to ameliorate this situation.

There are four main types of corruption. (1) Administrative corruption refers to small-scale embezzlement and acceptance of bribes. It

often takes the form of "facilitation payments", where public officials demand small unofficial payments in return for facilitating procedures. (2) Political corruption involves bribery on a relatively large scale and refers to corruption among high-level officials and politicians, such as embezzlement, misappropriation, and bribery involving public property. (3) Structural corruption refers to large-scale and long-term collusive relationships established between dictatorial regimes and monopoly capital in the name of national or public interest. (4) International corruption refers to the above three types of corruption when they occur at the international level.

International corruption is becoming a more

serious matter alongside the globalisation of business. In some emerging and developing countries, legal governance mechanisms are not functioning, and can render regulations on human rights, labour, environment, and other social issues ineffective. In the backdrop is the problem of corrupt practices that are deeply entrenched in the day-to-day workings of the administration and judiciary, distorting fair decisions.

Accordingly, the international community is working to formulate and implement comprehensive anti-corruption rules to clarify the responsibilities of companies coming from developed countries and make them more stringent. If companies fail to comply with the rules, they could be subject to huge sanctions imposed by national judicial authorities, suspension of bidding qualifications for public projects, or termination of business dealings and claims for damages from business partners and financial institutions. In the case of ESG investment, anti-corruption efforts are an important element of evaluation for issues related to G and S, and investors may take action against problematic companies. As such, companies must approach anti-corruption initiatives seriously for their own protection.

In an effort to encourage anti-corruption efforts by all companies, GCNJ, in cooperation with the Anti-Bribery Committee Japan (ABCJ), established the Tokyo Principles in 2017 to promote collective action on anti-corruption. The Anti-Bribery Assessment Tool based on the Tokyo Principles encourages companies to take effective measures from a "risk-based approach" (prudent risk management based on accurate assessment of corruption risks).

In addition to bribery and collusion, the cover-up of fraud through data falsification

and other means is considered an important issue in anti-corruption management. Specific initiatives to address these issues that are required as part of companies' risk-based approach are: top commitment, identification and assessment of corruption risks, development of internal rules, systems for implementation, and information disclosure. Third-party management is a key component of the risk-based approach. In this context, the following eight questions were included with regard to the prevention of corruption by companies.

- Q41 Top commitments and clarification of anti-corruption policies (e.g. on bribery and collusion).
- Q42 Assessment of corruption risks
- Q43 Establishment of internal rules for the implementation of anti-corruption initiatives
- Q44 Measures to enhance the effectiveness of internal rules
- Q45 System for third-party management
- Q46 Initiatives related to third parties (open-ended responses)
- Q47 Information disclosure on anti-corruption
- Q48 Measures to prevent cover-ups of fraud

Responses for these questions were categorised into three levels. "Foundational" refers to the initiatives required of top management to lay the foundation for an internal anti-corruption system. "Growth" refers to the practical initiatives required of legal/compliance and sustainability departments to operationalise the internal anti-corruption system. "Contribution" refers to initiatives that require collaboration with stakeholders to enhance the effectiveness of implementation. These three levels do not refer to the difficulty of the initiatives, but rather to where responsibility lies for each. (Note that the definition of these levels has changed since the previous survey. Thus,

the levels set for each question have also changed.)

» Results and Discussion

This is the second SDGs Progress Report survey, following the first conducted in 2021. Although some of the questions in the 2022 survey were modified, the majority remained the same so that progress can be tracked by comparing results over time. However, the respondent companies are not identical

for both years, and some of the companies included differ. Accordingly, in addition to examining the situation in 2022 alone, the following section will compare the two years to the extent possible to ascertain any changes in companies' efforts.

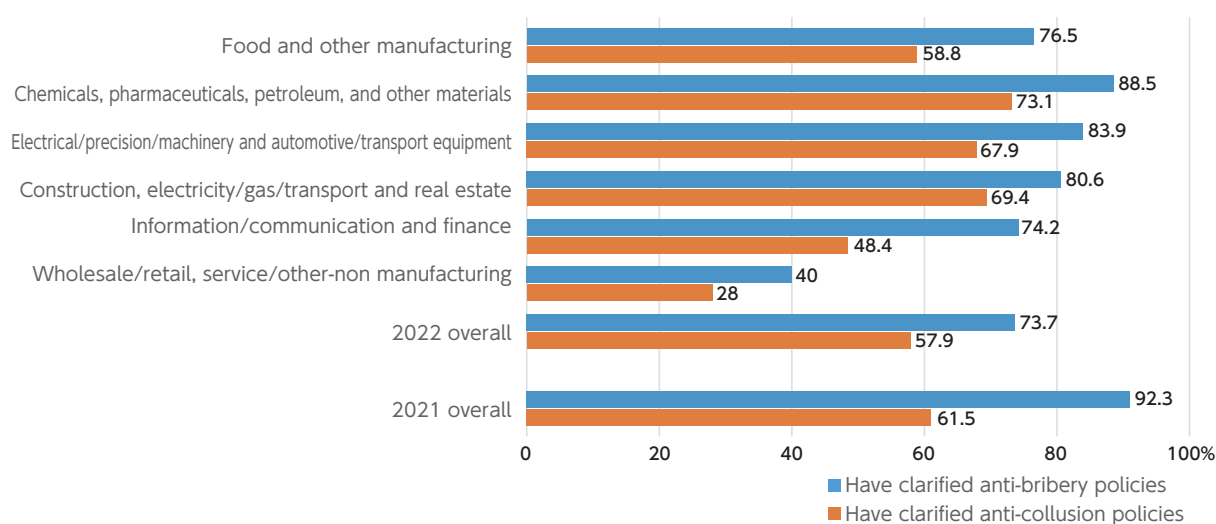
Policies and commitments (Q41)

A key prerequisite for an organisation's anti-corruption efforts is a top commitment, i.e. a clear statement of policy. This commitment is not a mere formal statement

Q41 Which of the following describes your company in terms of policies and commitments on preventing corruption (e.g. bribery, collusion)? (Select all that apply)

	We have not clarified any policies.	5.4
Foundational	We have clarified policies.	82.2
Foundational	Top management has expressed commitment.	56.4
Contribution	Our policies and commitments apply to the entire value chain.	39.8
Contribution	We engage in stakeholder dialogue and seek advice from experts when formulating/revising our policies.	24.7
Growth	We link our policies, commitments, plans, and performance and disclose information in list form.	15.8
Foundational	We have clarified anti-bribery policies.	73.7
Foundational	We have clarified anti-collusion policies.	57.9
	Other	6.2

Responses (%)



but involves management declaring that it will systematically tackle corruption, thereby clarifying the scope of its own social responsibility. In this survey, 88.5% of companies reported having clarified top commitments on anti-bribery policy and 73.1% with regard to anti-collusion policy. Efforts tended to be more advanced in industries generally regarded as high-risk, particularly for companies in the "chemicals, pharmaceuticals, petroleum, and other materials", and the "construction, electricity/gas/transport and real estate" industries. On the other hand, a comparison with the previous survey shows a drop of approximately 10 percentage points. This point requires careful interpretation, but as discussed below, should not necessarily be interpreted as a falloff in initiatives.

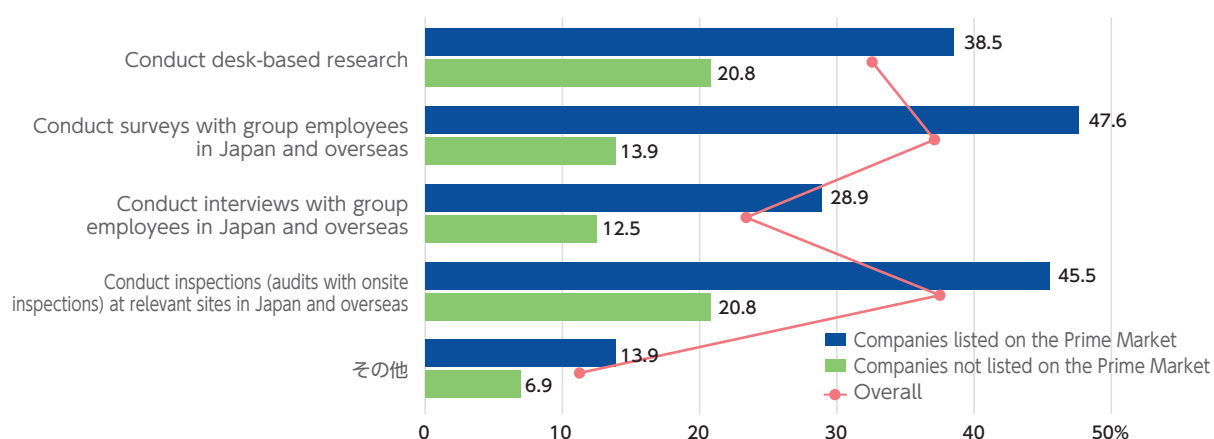
Method of assessing corruption risk (Q42)

The first step in initiatives at the organisational level based on the top commitment is risk assessment. There are stages in risk assessment, generally starting with a simple classification of risk as high, medium, or low, and moving on to detailed procedures when the risk is assessed as relatively high. The results for 2022 show that, as in the previous year, risk assessment (Q42) generally scored lower than top commitment (Q41), indicating that challenges exist in terms of concrete organisational initiatives. In particular, a marked lag was seen for companies not listed on the Prime Market and companies with fewer employees, suggesting that a lack of resources for compliance is one of the reasons for delays in initiatives. In light of this gap, it is necessary to seek realistic solutions,

Q42 What methods does your company use to assess corruption risk? (Select all that apply)

	We do not assess corruption risk (and we do not consider it necessary).	5.8
	We do not assess corruption risk (although we consider it necessary).	18.9
Growth	We conduct desk-based research.	33.6
Growth	We conduct surveys with group employees in Japan and overseas.	38.2
Growth	We conduct interviews with group employees in Japan and overseas.	24.3
Growth	We conduct inspections (audits with onsite inspections) at relevant sites in Japan and overseas.	38.6
	Other	12.0

Responses (%)



such as sharing risk information through collective action.

Compared to the previous survey, the number of companies conducting interviews with group employees in Japan and overseas increased, while the number of companies conducting inspections at relevant sites in Japan and overseas decreased. The increased use of online tools amid the ongoing COVID-19 pandemic may be making it easier for corporate groups to conduct interviews with operation bases, reducing opportunities for site visits. On-site audits also provide opportunities to gain important information on risks, such as local business practices and organisational culture. While effectively utilising online interviews, companies need to conduct regular site visits to practice a risk-based approach.

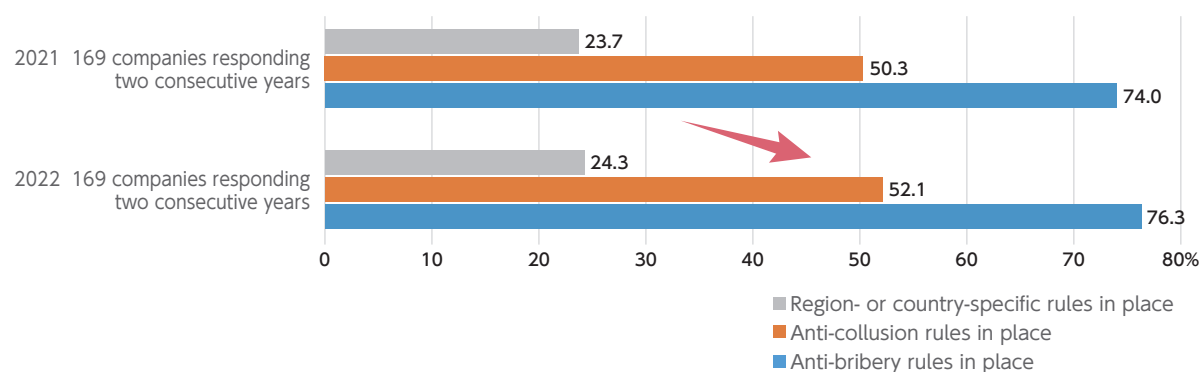
State of development of internal rules on anti-corruption (Q43)

In order to establish an effective system for preventing corruption, companies need to put practical internal rules in place based on the results of risk assessments. In this regard, 68.7% of respondents have internal rules on anti-bribery in place, and 47.1% have anti-collusion rules. This shows that foundational internal rules are largely in place, much the same as in the previous survey. However, only about 20.1% of all companies reported having region- or country-specific internal rules in place. Setting and operating uniform internal rules without aligning them with the actual situations in countries of operation runs the risk of tokenism, which could undermine the effectiveness of the rules. There is, therefore, an urgent need to develop internal rules in line with risk levels and local realities. In this respect, results show some setbacks

Q43 What internal rules does your company have in place for specific anti-corruption procedures? (Select all that apply)

	We have no specific internal rules in place (and we do not consider them necessary).	3.9
	We have no specific internal rules in place (although we consider them necessary).	13.1
Growth	We have anti-bribery rules in place.	68.7
Growth	We have anti-collusion rules in place.	47.1
Growth	We have region- or country-specific rules in place.	20.1
	Other	14.7

Responses (%)



compared to 2021, in both the overall development of internal rules on anti-bribery and the development of region- and country-specific internal rules. However, when limited to the 169 companies that responded to the survey for two consecutive years, a slight increase in percentage points was seen for all. As in the previous survey, we can see that many companies have internal rules on anti-corruption in place.

Measures to improve effectiveness (Q44)

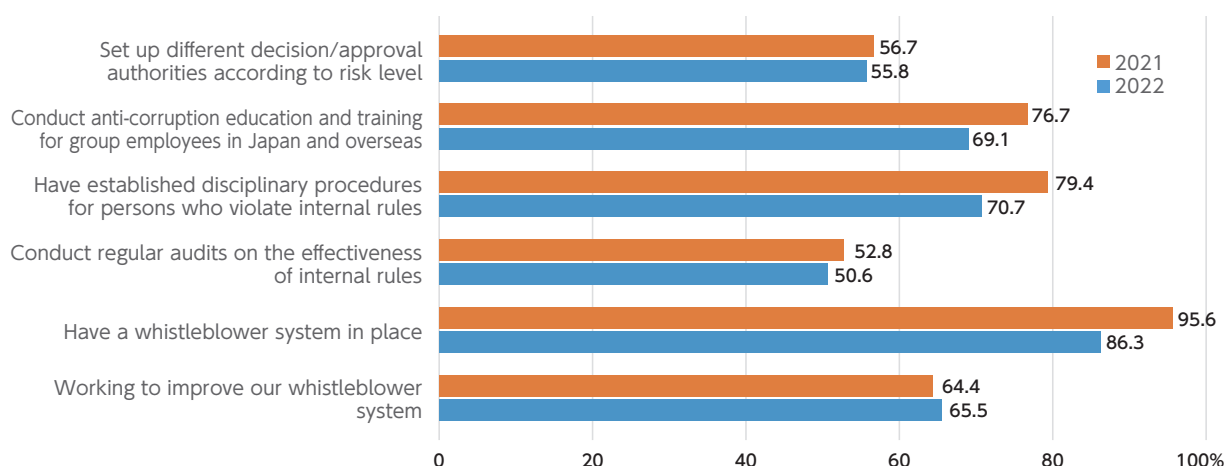
Once internal rules are in place, the next step is putting a system in place for their operation. On this point, we saw progress in developing an organisational structure

aimed at improving the effectiveness of internal rules, including the development and improvement of whistleblower systems, education and training for group employees, and establishment of disciplinary procedures for violators. In September 2022, the US Department of Justice published the "Monaco Memo", which emphasises the importance of the greater pursuit of individual accountability and prompt provision of information on illegal activities to authorities. While the impact on the organisation of pursuing individual accountability needs to be carefully assessed, maintenance of a high level of integrity by management will lead to a culture of compliance permeating the organisation.

Q44 What measures is your company taking to improve the effectiveness of rules? (Select all that apply)

	We are not taking any specific measures (and we do not consider them necessary).	1.6
	We are not taking any specific measures (although we consider them necessary).	5.6
Growth	We set up different decision/approval authorities according to risk level.	55.8
Growth	We conduct anti-corruption education and training for group employees in Japan and overseas.	69.1
Growth	We have established disciplinary procedures for persons who violate rules.	70.7
Growth	We conduct regular audits on the effectiveness of internal rules.	50.6
Growth	We have an internal reporting system (whistle-blower system) in place.	86.3
Growth	We are working to improve our internal whistle-blower system.	65.5
	Other	4.8

Responses (%)



In this regard, a comparison with 2021 results shows a decrease of approximately 8 percentage points for items related to the pursuit of individual accountability, such as disciplinary procedures for persons who violate internal rules, and establishment of whistleblower systems. As mentioned above, responses require careful judgment, and it is advisable that efforts are made alongside strides in responsibility borne by top management through clarification of commitments.

System for third-party management (Q45)

In view of the fact that in most past incidents of bribery, payments were made using third parties as intermediaries, third-party management is of particular importance in systems for preventing bribery. Accordingly, in the 2022 survey, a question on the status of third-party management was added. Firstly, 53.7% of respondents indicated that they have rules in place that third parties must observe. However, response items on risk assessments for third parties, control through contractual clauses and implementation of education and training, and monitoring all scored below 20%. It is obvious that challenges remain in the practice of so-called third-party due diligence. Particular attention should be paid to the fact that high

numbers were not seen for the construction, electricity/gas/transport, and real estate industries, which are considered high-risk. The good practices by Japanese companies presented at the end of this chapter may be helpful when considering the practice of third-party management.

Information disclosure on anti-corruption (Q47)

As in the previous survey, disclosure of information on anti-corruption efforts appears to be lagging behind overall. While certainly companies with a larger sales volume are more advanced in information disclosure, still approximately 60% of companies with a domestic scope of business and about 75% of companies with sales of under 100 billion JPY are not disclosing information on anti-corruption efforts. These companies can improve their reputation among stakeholders by engaging in basic information disclosure. Of course, information disclosure that is limited to one-way communication will not lead to sustainable improvements in compliance. Engaging in dialogue with stakeholders based on accurate information disclosure, and using the feedback obtained to make further improvements, is essential. On this point, a slight increase was evident compared to 2021 in companies that

Q45 What initiatives does your company have in place to prevent bribery by third parties? (Select all that apply)

	We have no particular initiatives in place.	33.2
Contribution	We have rules in place that third parties must observe.	53.7
Contribution	We conduct bribery risk assessments (investigations and analyses of offering/acceptance of bribes) on third parties and reflect these on our system of controls.	17.4
Contribution	We have controls in place for third parties through contractual clauses and offer education and training, such as workshops and e-learning.	12.4
Contribution	We regularly monitor the status of compliance with rules by third parties.	18.9
	Other	9.7

Responses (%)

reported providing opportunities for dialogue with stakeholders on preventing corruption. Creating opportunities for dialogue with stakeholders, including third parties, utilising online tools and other methods, also enables the effective collection of risk information. Successfully linking information disclosure and risk assessment can be expected to increase the effectiveness of the risk-based approach.

Measures to prevent cover-ups of fraud (Q48)

Proper book-keeping, record-keeping, and strong control systems for this purpose are essential for the practice of anti-corruption efforts. As in the previous survey, efforts are moving forward in high-risk industries. Of all responding companies, over 70% in the

"chemicals, pharmaceuticals, petroleum, and other materials" and the "construction, electricity/gas/transport and real estate" sectors reported having conducted inspections at relevant sites in Japan and overseas. Meanwhile, 67.3% in machinery/equipment related sectors reported having clarified policy on preventing accounting irregularities. On the other hand, companies whose business scope is mainly domestic and those with fewer employees and smaller sales volumes tended to lag behind in putting measures in place.

Insufficient or inappropriate book-keeping may lead to cover-ups of fraudulent activities. In some instances, internal

Q47 What measures is your company taking to gain the understanding of stakeholders on anti-corruption efforts? (Select all that apply)

	We are not taking any measures (and we do not consider them necessary).	10.4
	We are not taking any measures (although we consider them necessary).	24.7
Growth	We disclose information on the status of anti-corruption measures based on quantitative (numerical) data.	27.0
Growth	We disclose information on the status of anti-corruption measures based on qualitative (descriptive) data.	42.9
Contribution	We create opportunities for dialogue with stakeholders on preventing corruption.	15.8
	Other	11.6

Responses (%)

Q48 What measures does your company have in place to prevent cover-ups of fraud involving corrupt practices (e.g. falsifying data, accounting irregularities)? (Select all that apply)

	We have no specific measures in place.	8.9
Foundational	We have clarified policies on preventing data falsification.	45.9
Growth	We are enhancing security to prevent data falsification.	54.8
Foundational	We have clarified policies on preventing accounting irregularities.	56.8
Growth	We thoroughly ensure that payments are recorded, including small facilitation payments.	45.9
Growth	We conduct inspections at relevant sites in Japan and overseas (audits with onsite inspections).	58.3
	Other	8.9

Responses (%)

controls can be rendered ineffective as anti-corruption check systems do not function making it difficult to detect risks. In related responses, a slight decrease was observed in companies engaging in thorough record-keeping compared to 2021 results. Although administrative corruption is allegedly declining in some countries, such as China, this does not imply a decreased risk of political and structural corruption. Likewise, administrative corruption is still prevalent in many emerging and developing countries, especially in Asia. Companies must continue to conduct thorough record-keeping and strengthen internal controls.

Overall evaluation

While the overall trend showed progress on top commitments and the development of internal rules, issues remain in the implementation of risk assessments and specific measures based on the assessment results. This resulting gap is a carryover from the previous survey as well. Compared with the previous survey, decreases were seen in clear commitments from top management and thorough recording-keeping. For other items, companies have generally made progress in their efforts. In addition, companies that responded to the questionnaire survey for the first time in 2022 tended to lag behind in their efforts compared to companies that responded consecutively for both years.

» Messages for the Future

In global business, companies sometimes fall into the "institutional void" between the norms of the international community and the business practices of the country of operation. In some cases, accurate information on local operations cannot be communicated to the company's headquarters for fear of violating the rules. This may result in the concealment of fraudulent activities. The slight setbacks

seen in the thoroughness of record-keeping should be noted in this context.

In the background of fraud cover-ups, there is often excessive speculation by employees regarding the company and their superiors. Therefore, simply declaring a commitment by top management and setting up a system unsuited to the actual situation may send the wrong message to employees on the frontline. In some cases, this may in fact undermine the functioning of a company's controls on preventing corruption.

The results showed a decrease in the clarification of top commitments. Considering the existence of the gap mentioned above, these results may be a more accurate reflection of the actual situation. In this sense, results should not necessarily be assessed as implying a fallback in commitment.

Nevertheless, commitments expressed by management are critically important in addressing corruption. The essence of such efforts lies in management's awareness of its own social responsibility and communication of this awareness to employees and stakeholders in an easy-to-understand manner. The trusting relationship that is created then fosters a culture of outstanding compliance within the corporate entity, including both the company itself and third parties.

In some emerging and developing countries, corrupt practices are commonplace, making them difficult to eliminate overnight. Companies are therefore expected to cooperate with each other and make gradual steps forward. The continued leadership of GCNJ is also expected to increasingly facilitate collective actions among companies on anti-corruption.

Case study spotlight on third-party management

When it comes to third-party management, Marubeni Corporation practices an excellent risk-based approach based on risk assessment, education/training, and control systems/monitoring. Firstly, for risk assessment, Marubeni carries out anti-bribery due diligence for business partners (including agents, consultants, and subcontractors) and implements red flag checks and other strict measures according to the magnitude of risk. The company also conducts questionnaire surveys, surveys by external research companies, and interviews. For education and training, Marubeni provides e-learning and other training programmes at the request of business partners, requiring them to submit a written pledge stating that they understand and will comply with the content of the training material. They are also required to submit a questionnaire following trainings to confirm their understanding of the content. Furthermore, for control systems and monitoring, Marubeni has established rules with which its business partners must comply, and the results of bribery risk assessments are reflected on control systems. Specifically, supervision is strengthened by stipulating clauses on legal compliance, representations and warranties, and audit acceptance in contracts with business partners. The company also regularly monitors compliance and confirms any contact with public officials if the risk of bribery is deemed relatively high during the execution of a project. Through these measures, Marubeni can ascertain the actual status of business partners and detect changes in risk in a timely manner, applying this information to the management of business partners in the future.

The following examples are also excellent initiatives to enhance the effectiveness of the risk-based approach. Dai Nippon Printing Co., Ltd. has established CSR procurement guidelines. It conducts regular surveys to assess the status of implementation of the guidelines by third parties and holds individual consultations with third parties as necessary to identify issues and improvement measures. Within its "Speak Up System", Sumitomo Corporation clearly states its corporate rules. Employees are required to make an "Immediate Report" when they become aware of a problem or potential problem involving bribery, corruption, or other violations of laws and regulations or misconduct. They must report to the management level and mobilise all relevant departments to promptly take the most appropriate actions and countermeasures. (An internal "Speak Up System" for reporting has also been established in cases where it is difficult for employees to make "Immediate Report" along management lines for any reason.) These initiatives are considered highly effective for risk assessment, which is the most basic element of the risk-based approach. Survey results also revealed many other companies implementing exceptional risk-based approaches, including Nippon Paper Industries Co., Ltd., NEC Corporation, Hitachi, Ltd., NGK INSULATORS, LTD., ONO PHARMACEUTICAL CO., LTD., SECOM CO., LTD., and BROTHER INDUSTRIES, LTD.

3.7

Common Challenges for the Five Goals

Going beyond policies and commitments to signing initiatives is key to further progress

- ✓ A comparison of governance on the five goals using common response options showed that more than 80% of participants reported having "clarified policies" for all goals. However, disparities were observed in progress on other response options. A high level of progress was noted particularly on human rights and efforts to achieve net zero, including statements of commitment.
- ✓ A new question was added on the signatory status of companies for three initiatives promoted by the UN Global Compact/GCNJ. The rate of participation in initiatives was roughly proportional to the scale of number of employees. Among the three initiatives, the signature rate for SBTi was high, particularly in the manufacturing sector overall and the "construction, electricity/gas/transport, and real estate" sectors.
- ✓ The differences in signatory status for initiatives could have been influenced by the characteristics of respective industries and level of necessity of participating in initiatives (societal demand for GHG emissions reduction), the promotion of initiatives within companies based on signature by top management, and public relations advantages, such as improved ESG ratings.

» Governance for the five goals

This year's fact-finding survey on the SDGs took on the challenge of measuring progress on governance for the five goals. To do so, the following common response options were created for Q13 (gender equality), Q23 (human rights), Q30 (sustainable consumption and production: SCP), Q35 (net zero), and Q41 (anti-corruption).

- We have clarified specific policies.
- Top management has expressed commitment.
- Our policies and commitments cover the

entire value chain.

- We engage in stakeholder dialogue and seek advice from experts when formulating/ revising our policies.
- We link our policies, commitments, plans, and performance and disclose information in list form.

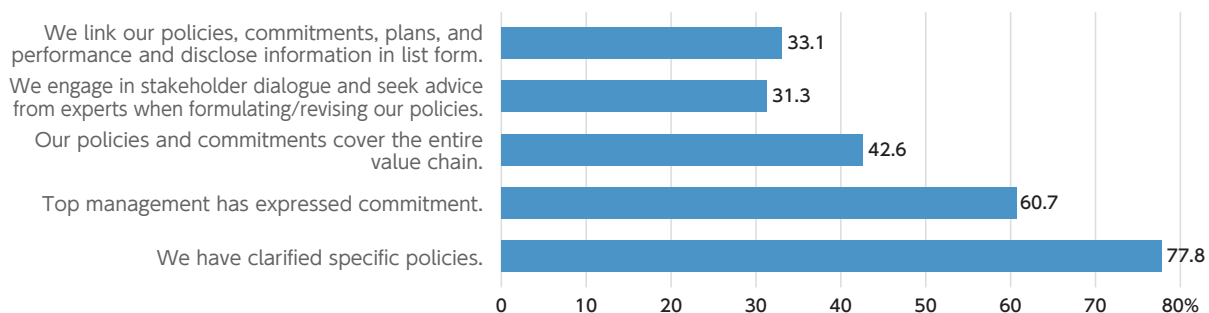
Looking at averages for the five options, nearly 80% of respondents reported having "clarified specific policies", and 60% answered having "expressed commitment". However, less than half of business participants could check boxes for the other three options, implying that they are not yet fully

implementing them.

Now let us look in more detail at the progress on each goal. The orange-shaded boxes in the table below show values for response options that scored 10% or more above average. Meanwhile, blue-shaded values indicate items that were 10% or more below average. Although human rights and net zero show several above-average scores compared to the other goals, the question on human rights scored a low percentage for the "We link our policies, commitments, plans, and performance and disclose information in list form" response option. Meanwhile, the

question on net zero had a low percentage of "We engage in stakeholder dialogue and seek advice from experts when formulating/revising our policies" responses. On the other hand, responses to the gender equality question were below average for three response options, and the question on anti-corruption had four items scoring below the average. Specifically, gender equality scored more than 10% below average on "Our policies and commitments cover the entire value chain", while anti-corruption scored more than 10% below average on "We link our policies, commitments, plans, and performance and disclose information in list form".

Governance progress on five goals (average %)



	Q13	Q23	Q30	Q35	Q41	Average
	Gender Equality	Human Rights	Sustainable Consumption and Production	Net zero	Anti-corruption	
We have clarified specific policies.	81.1 (96.8)	81.5	72.2	72.2 (89.7)	82.2	77.8
Top management has expressed commitment.	57.5 (87.1)	68.3	53.3	68.0 (91.0)	56.4	60.7
Our policies and commitments cover the entire value chain.	25.1 (38.7)	60.6	45.2	42.5 (69.2)	39.8	42.6
We engage in stakeholder dialogue and seek advice from experts when formulating/revising our policies.	28.2 (54.8)	43.6	26.6	33.6 (51.3)	24.7	31.3
We link our policies, commitments, plans, and performance and disclose information in list form.	42.5 (71.0)	25.9	32.8	48.3 (70.5)	15.8	33.1

(Responses %)

*Figures in parentheses () indicate companies that have already signed initiatives (WEPs: n=31, SBTi: n=78). The Tokyo Principles were not included as the number of signatory companies is only 2.

Ideally, these figures will improve year by year, reaching 100% by 2030. At the same time, we must again recognise how important it is for companies to respond to questions based on a certain degree of common understanding of the level and scope of efforts—for all response options, including the above five.

Evidence of this issue can be seen in the current survey results. For instance, in the question on commitments to gender equality, the following two response options were given: "Top management has expressed commitment to implementing policies and measures" (57.5%) and "Top management has expressed commitment to gender quality (using the term 'gender equality')" (18.1%). A significant gap is evident in the results. In order to authentically promote "gender equality", which is SDG 5 in its essence, improvement is needed in the response rate on commitments using the term "gender equality". (See Section 3.2 for more information)

Signatory status for the three initiatives promoted by the UN Global Compact/GCNJ (Q12)

Another newly established question asked about signatory status on the Women's Empowerment Principles (WEPs), the Science Based Targets Initiative (SBTi), and the Tokyo Principles, all of which are promoted by the UN Global Compact/GCNJ.

Looking at the signatory status of companies for each initiative by number of employees and by industry, we see a common feature for all three. Namely, many large companies in terms of employee numbers had signed on, while only a few companies with under 250 employees and non-listed companies had done so. Similar results were observed for other survey questions, with smaller

companies having less awareness of initiatives. Moreover, a certain number of participants selected "Other" and gave responses not listed as options. These included: "We have not yet considered signing the initiative" and "After consideration, we decided not to sign the initiative".

The status regarding the WEPs is summarised as follows.

Of all respondents, 12.0% had already signed the WEPs, 1.9% were preparing to sign, and 45.9% were considering signing. Only 9.7% were unaware of the initiative, implying that assiduously appealing to the significance of the WEPs will be key to increasing the number of signatory companies.

For companies that had signed the WEPs, the response rate for "Top management has expressed commitment to gender quality (using the term 'gender equality')" was more than double the overall average. Moreover, these companies' efforts to engage in dialogue and promote transparency were evident in response rates for "We engage in stakeholder dialogue and seek advice from experts when formulating/revising our policies" and "We link our policies, commitments, plans, and performance and disclose information in list form", which were also significantly higher than the overall average.

Going forward, GCNJ participants who have signed the WEPs are expected to engage in information exchange and collaborative initiatives among themselves to drive the overall trend, including in areas where they still do not differ significantly from the overall average, namely "percentage of women board members" and "closing the gender pay gap".

Of the three initiatives, SBTi had the highest number of signatory companies among survey

respondents, with the figure exceeding 40% when adding in companies preparing to sign. Unlike the other initiatives, a clear difference can be seen by industry, with positive responses from nearly 40% of respondents in the "manufacturing" and the "construction, electricity/gas/transport and real estate" sectors. Meanwhile, the proportion of companies in other industries that responded positively on participating in this initiative was small, including companies preparing to sign. The signatory status of business participants in the "information/communication and finance" industries was particularly low, at less than 10%.

As for the status of initiatives by signatory companies, the percentage of companies that have "clarified policy", "expressed commitment", and "linked policies, commitments, plans, and performance and disclosed information in list form" greatly exceeded the overall average. Moreover, the percentage of signatory companies that "aim to be carbon positive in addition to taking part in SBTi" was 30%, compared to 10% overall.

In response to the question, "Please select, by scope, the greenhouse gas (GHG) emissions that you identify at your company", 100% of signatory companies reported identifying Scope 1 and 2 in line with SBTi requirements, and 95% of them also identify Scope 3.

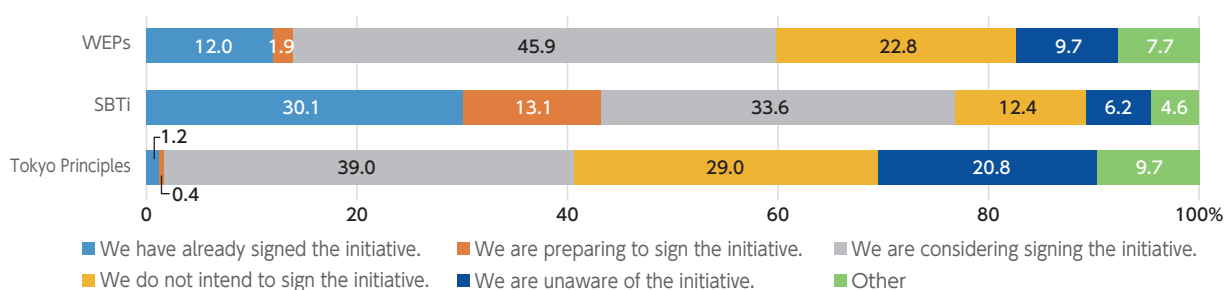
Likewise, significantly higher response

rates compared to averages were seen for signatory companies on activities prioritised to achieve net zero GHG emissions. These include not only "increased procurement of electricity from renewable energy sources (excluding renewable energy certificates)", but also "introduction of internal carbon pricing", "investment in research and development on low-carbon and decarbonisation technologies in our own and other companies", and "engaging the supply chain".

Results on the Tokyo Principles show that 1.2% have signed, 0.4% are preparing to sign, and 39.0% are considering signing, while 20.8% of respondents reported being "unaware of the initiative". These low figures may be due to the fact that the Tokyo Principles are a domestically-oriented initiative. Its visibility and the public relations benefits of signing are less compared to the other two initiatives.

The largest percentage of participants that indicated they "do not intend to sign the initiative" stood at 40% for the "electrical/precision/machinery and automotive/transport equipment" industries. Furthermore, 44% of companies with 10 to 249 employees and 31% of companies with sales of less than 100 billion JPY reported being unaware of the Tokyo Principles.

Groups unaware of the initiative were more than 10% less likely to have "clarified 'anti-bribery policies' and 'anti-collusion policies'"



than respondents overall. Furthermore, delays were also observed in the establishment of internal rules, whistleblower systems, and information disclosure on anti-corruption measures.

The differences in signatory status for the three initiatives could have been influenced by the characteristics of respective industries and the level of necessity of participating in initiatives (societal demand for GHG emissions reduction), promotion of the initiatives within companies based on signature by top management, and public relations advantages, such as improved ESG

ratings.

The obligations and burdens companies face after signing also differ from initiative to initiative. For SBTi, signatory companies are required to develop a vision and target for long-term GHG reduction and report on their progress. Meanwhile, for the WEPs and the Tokyo Principles, progress reports are recommended and expected, but not mandatory. Companies are expected to consider signing and exploiting these initiatives, while understanding their characteristics, which differ from one another.

3.8

SDGs Initiatives by Non-Business Participants

» Background on a separate survey for non-businesses

To achieve the SDGs by the target year of 2030, it is absolutely essential for companies, national governments, NGOs, local governments, academia, and others to accelerate collaborative efforts and bring about social transformation based on shared goals. GCNJ has various non-business participants, including NGOs, local governments, and academic institutions. By exploring a challenge together and exchanging opinions from diverse perspectives, we can gain insights that differ from our own and create opportunities for cooperation and partnerships to achieve our goal.

Survey content was identical for both business and non-business participants for the SDGs fact-finding surveys conducted up to 2021. However, as the organisational structures and operational approaches of non-businesses differ from companies, the survey focusing on progress on the five goals was not appropriate in some cases. Therefore, from 2022, the content of the survey for GCNJ non-business participants was altered to differ from the content of the survey for companies. The similar approach of the UN Global Compact, which has differing reporting requirements for businesses and non-business organisations in terms of content and frequency, served as a reference.

» Significance and Rationale

For non-business participants, questions were designed to address the two points described below, along with their respective aims.

1. Organisation's SDGs of focus

<Aim of question>

The first point was to look at differences in the priority goals of non-businesses and companies, and another was to compare looking at non-businesses alone and the last survey's results to find the differences.

(1) Which goals of the SDGs do non-business organisations and academic institutions, etc., focus their activities on? Are they different from businesses?

(2) Are any changes evident when comparing the survey results to last year?

2. Overview of main initiatives organisations are working on in partnership/collaboration with companies, local governments, academia, and non-profit organisations to achieve the above goals

<Aim of question>

In the course of their economic activities, companies are exposed to various environmental, social, and governance risks, making ESG initiatives imperative to gain a good reputation and trust in the market and among other stakeholders. Non-business participants have different objectives as they aim to achieve the SDGs. By sharing within GCNJ the specific objectives and content of

the activities of non-business participants, mutual understanding can be enhanced.

As of the end of September 2022, there were 43 non-business participants in GCNJ, making them an 8% minority within total participants. As a precondition for encouraging the emergence of collective action among businesses and non-businesses within GCNJ, we considered it important for participants as a whole to share specific details on the kinds of collaboration that are currently taking place.

» Results and Discussion

Response rate for non-businesses

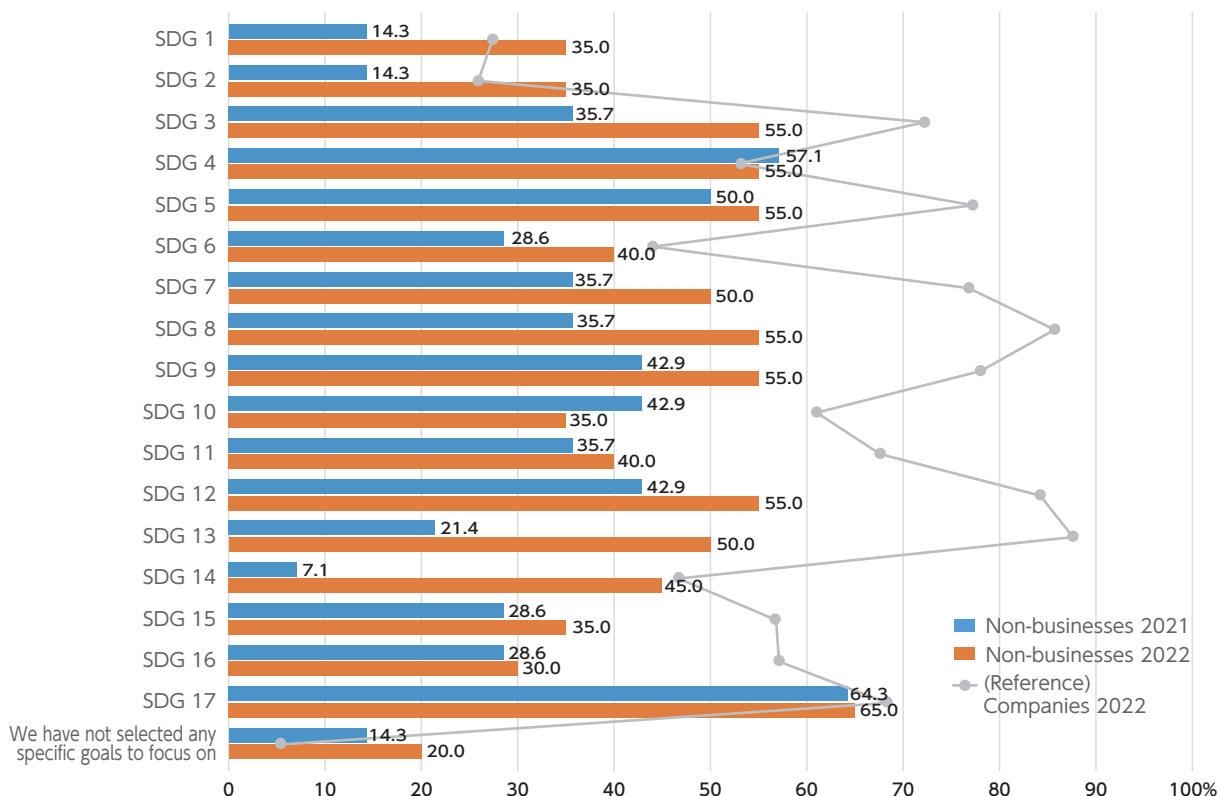
This response rate for non-businesses was low at 46.5%, compared to a rate of 54.4% for participants overall in 2022. Although the volume and content of the survey were significantly changed, this did not lead to improvement in the response

rate. A breakdown of the non-business participants who responded shows that 18 were "academic institutions, associations, and corporate bodies" and two were "local governments". Among the "academic institutions, associations, and corporate bodies" classification, eight were from academia, including universities and school corporations, eight were corporate bodies, and one was an association.

Goal 17 the most common priority goal, at 65%

As the total number of responses was small at only 20, these results serve only as a reference. Results are shown in the graph below.

Notably, SDG 17 scored the highest at 65%, similar to last year. In many cases, even participants who did not select this goal mentioned examples of partnerships and collaboration in responses to subsequent questions, suggesting that non-business



participants in general place more emphasis on partnership, the focus of SDG 17.

Eight other goals including SDG 3 received responses from 50% or more of respondents. While these scores are higher than last year, all goals scored in the 30-50% range with no significant differences between them. Non-businesses, whether academic institutions, corporate bodies, associations, or local governments, differ in terms of philosophy, course of action, and scale, and they do not have the same opportunities as companies to have their systems and initiatives evaluated by capital markets and society in ESG areas. Thus, it is not surprising that high scores were not seen for specific goals (such as SDG 13 on climate change and SDG 8 on decent work and human rights). Moreover, 20% of non-business respondents stated that they had not selected any specific goals of focus. This response was significantly higher than the 5.4% for business participants. For GCNJ as a whole to promote the achievement of the SDGs, it is important for each non-business participant to set priority goals with the intent to make a contribution, and to work systematically on them.

» Examples of partnerships and collaboration

A total of 17 responses were received from participants on the survey item: "Please share an overview of the main initiatives your organisation is working on in partnership/ collaboration with companies, local governments, academia, and non-profit organisations to achieve the above goals". The details of these responses are compiled in a supplementary volume. Only the main

points on the partnerships and collaboration of the 17 participants who responded are described here.

Examples of partnerships and collaboration by non-business participants were wide-ranging, and in some cases, further information on which specific goals and targets participants were working to contribute to had to be gathered. One common point that stood out was the use of keywords related to SDG 12 in many of the examples.

Phrases used included: "Responsible consumption and production", "Reduced consumption of plastic bottles on campus", "Reduce final disposal amount of industrial waste, increase recycling rate, reduce final disposal rate of waste plastic", "Marine plastic pollution", "Waste volume in schools", "Change in plastic bottle emissions", "Use recycled fibres from collected plastic bottles for T-shirts", and "Contribute to solving the global problem of microplastics".

In particular, multiple participants mentioned "plastic" and "plastic bottles" as keywords. We feel that this area could serve as a catalyst for partnerships and collaboration as a common challenge going forward.

The challenge for the future is for organisations like GCNJ to further deepen their understanding of non-businesses, to function as a hub connecting companies and non-businesses. We will continue to collaborate with others to consider how companies and non-businesses can work together and what value can be created to achieve the SDGs.

4

Conclusion

» The SDGs are at a critical juncture

In Japan, the SDGs have become so widespread in the last few years that rarely a day goes by without being reminded of them, whether when walking down the street, reading the newspaper, or watching television. This can arguably be attributed to the success of public and private sector measures to spread the word about the SDGs. Meanwhile, it has been pointed out that the SDGs were not on track to be achieved by the 2030 deadline, even before the COVID-19 pandemic and the Russian invasion of Ukraine. As described in Section 2 of this volume on "International and National Trends on the SDGs", the situation has become highly critical. For instance, in the Asia-Pacific region, including Japan, not only are countries not on track to achieve any of the SDG goals, but the gap is widening with each passing year (projected years for achieving the SDGs were 2052 as of 2017, 2057 as of 2019, and 2065 as of 2021).

The pandemic and war exposed the vulnerabilities of our societies and business models, and a looming sense of crisis and risk has been increasingly shared in everyday life. Taking this as an opportunity, is a green or digital transformation – a better recovery aimed at sustainability – even possible?

» Momentum is building

The year 2023 marks the halfway point in the implementation of the SDGs, and the UN SDG Summit 2023 will be held on 19-20 September. In a briefing on 13 February, UN Secretary-General Guterres called on states to participate in the Summit with a "clear commitment" to rescue the SDGs. He also called for an ambitious political declaration that recognises challenges, prioritises the core transitions needed to achieve the SDGs, and mobilises investment and action.

The Global Sustainable Development Report (GSDR) will be released to coincide with the summit. With four years having passed since its last issue, the GSDR will be drafted by an independent group of scientists appointed by the Secretary-General with input from experts from around the world in a wide range of academic fields (e.g. natural scientists, social scientists, policymakers, and practitioners). It will include evidence to support policymakers in accelerating progress on the SDGs.

In Japan, the second revision of the SDGs Implementation Guiding Principles, Japan's national strategy on the SDGs, is scheduled for the end of the year. The Partnership Meeting on the SDGs Implementation Guiding Principles was held twice in July and October 2022, led by the members of the

SDGs Promotion Roundtable. Based on the opinions of a wide range of stakeholders, recommendations for revision of the SDGs Implementation Guiding Principles, including the Basic Act on the SDGs and the establishment of national targets in Japan, are being compiled. As momentum builds on the SDGs, companies are called upon to keep up with the trend and make extensive improvements to their business activities and organisational management to contribute to achieving the goals.

» GCNJ participants are making progress

Sections 3.1 to 3.7 reviewed the level of awareness and penetration of the SDGs in GCNJ business participants and their efforts on the five goals, including comparisons with the previous 2021 survey. Progress towards the 2030 target year was confirmed in various aspects. Some of the initiatives on which progress was reported are as follows.

- **Awareness and penetration:** priority goals (Q8) (especially SDGs 4, 10, 15, and 16); challenges in addressing the SDGs (Q11) (level of recognition and understanding in society and within companies, appropriate information disclosure)
- **Gender equality:** percentage of women board members (Q15) (formulation of action plans, achieving 30% female board members); parental leave for men (Q18); gender-responsive supply chain management (Q20); mechanisms for collection of sex-disaggregated data (Q22) (% of companies with no initiatives/no mechanisms in place)
- **Decent work and human rights:** policies and commitments on human rights (Q23) (reference to international human rights standards, including issues other than labour issues); human rights due diligence (Q24) (information disclosure on initiatives,

stakeholder engagement); decent work for all workers (Q27) (equal pay for equal work, anti-harassment policy)

- **Sustainable consumption and production (SCP):** policies and commitments on SCP (Q30) (clarification of specific policies); status of circular economy initiatives by business model (Q31) (sustainable procurement of raw materials, switch to renewable resources, extension of product value, development of sharing services); collaboration with stakeholders (Q32)
- **Climate change:** identifying GHG emissions by scope (Q36) (increase for all scopes 1-3); activities to achieve net zero (Q38) (supply chain engagement, Corporate PPAs); climate change risks and opportunities (Q40) (identified and integrated into internal strategies and plans, including workplaces)
 - ※ Progress has also been made on net zero policies and commitments (companies that aim to be carbon positive in addition to participating in SBTi rose from 3.8 to 10.0%). Standardising questions on this topic and changes in response options (from single to multiple) had previously made comparisons impossible.
- **Preventing corruption:** establishment of internal rules on anti-corruption (Q43) (rules on anti-bribery and anti-collusion, region- or country-specific rules).

» It's still not enough – further acceleration of efforts is required

Notwithstanding the above, the progress made in more than a few of these areas was only marginal. Accordingly, the expert authors who wrote sections on the status of efforts on the five goals were unanimous in their assessment that the level of corporate action required to achieve the SDGs remains insufficient. The authors made a wide range of points on ways to accelerate efforts. These include raising awareness on the terminology

(e.g. using the term "gender equality"); better data and record-keeping; closing the gap between policies, commitments, or internal regulations and actual actions; improved information management, disclosure, and communication; and lobbying the government.

In particular, the common issue of addressing the five goals derived from last year's survey results – regard for stakeholders in the value chain/supply chain – continues to require significant improvement, which includes gender-responsive supply chain management, respect for the human rights of consumers and local communities, and inclusion of local communities in the identification of climate change risks and opportunities. Major improvements are still called for on this point. In the sense of bringing about a transformation, initiatives that work only on the easily-accessible parts of the value chain/supply chain, or those directly related to a company's own management, are insufficient. It is necessary for companies to look at the bigger picture and consider why efforts to improve society as a whole are necessary to improve the sustainability of the company and the lives and well-being of all people, including those in the company themselves.

» Taking advantage of existing initiatives

Participation in national and international initiatives could serve as one concrete method for accelerating efforts. It goes without saying that the UN Global Compact is the world's largest sustainability initiative. The results of this fact-finding survey related to GCNJ participants' processes for respecting human rights show that their efforts are currently more advanced than companies listed on the 1st and 2nd Sections of the Tokyo Stock Exchange, based on the results of a survey by the Japanese Government.

Therefore, for the first time, this survey asked about the status of participation in initiatives promoted by the UN Global Compact/GCNJ. As discussed in Section 3.7 on "Common Challenges for the Five Goals", significant differences were seen between signatory companies of the WEPs and SBTi and responding companies overall. For example, in the area of gender-responsive supply chain management (Q20), respondents reported that they "collect relevant information on gender and women's human rights from suppliers and clients in Japan and overseas" (overall: 18.9%, WEPs signatories: 48.4%), and have "integrated and mainstreamed a gender equality perspective into human rights due diligence and identified gender-driven risks" (overall: 26.3%, WEPs signatories: 45.2%). A similar gap was evident in activities that companies prioritise to achieve net zero GHG emissions: "increased procurement of electricity from renewable energy sources (excluding renewable energy certificates)" (overall: 77.2%, SBTi signatories: 92.0%), "introduction of internal carbon pricing" (overall: 32.8%, SBTi signatories: 52.6%), "investment in research and development on low-carbon and decarbonisation technologies in our own and other companies" (overall: 39.0%, SBTi signatories: 59.0%), and engaging the supply chain (overall: 41.7%, SBTi signatories: 67.9%). Scores on signatory companies' efforts were well above average overall across the survey questions on each goal.

Initiatives can be utilised not only to boost efforts at the level of one organisation, but also to provide opportunities for mutual learning and collaboration with other companies and organisations that share the same objectives. Furthermore, they can be utilised to collectively advocate for sought-after policies. While some initiatives have qualifications for participation, support from government or

financial institutions is provided for more than a few.

Various initiatives have been launched and activities are underway both in Japan and internationally. With reference to the initiatives shown on the GCNJ website (<https://www.ungcjin.org/global/grasp.html>), companies and organisations are increasingly expected to proactively participate in collaborative activities with other organisations that share the same goal of realising a sustainable society. In this sense, the increase in "participation in initiatives in Japan and overseas" responses (up from 52.4% in the previous survey to 60.6%) to the question on activities that are prioritised to achieve net zero GHG emissions is a positive trend.

» In conclusion

The SDGs are addressed by all kinds of stakeholders, not only companies, but also governments, civil society, consumers, and young people. However, external factors involving our lives and business activities are worsening. As a result, even when some progress is made, when all is said and

done society is not moving in a sustainable direction.

In discussions at the above-mentioned Partnership Meeting on the SDGs Implementation Guiding Principles, two perspectives were raised in response to the alleged inadequate efforts of companies: either they are not making enough effort or they are moving in the wrong direction. This report can trigger realisations on both points. In addition, the supplementary volume to this report presents examples of partnerships and collaboration with companies by non-business organisations. These kinds of collaborative efforts can also be an effective way for companies to broaden their horizons and enhance the effectiveness of their efforts. GCNJ participants and other companies are expected take the findings and discussions in this report back to their companies, talk directly with management, and reconfirm whether there is anything else they can do. It is our hope that this report, together with the supplementary volume, will help companies and organisations in their efforts to implement the SDGs in the second half of their implementation period.

5

Relevant Data on the SDGs Survey

5.1 List of Respondents

5.2 Summary of Survey Results

5.1

List of Respondents

Business (Companies)

» Manufacturing

Mining

Japan Petroleum Exploration Co., Ltd.

Food

Asahi Group Holdings, Ltd.

Ezaki Glico Co., Ltd.

FUJI OIL HOLDINGS INC.

J-OIL MILLS , INC.

Kikkoman Corporation

Kirin Holdings Company, Limited

MEGMILK SNOW BRAND Co.,Ltd.

Meiji Holdings Co., Ltd.

Morinaga & Co., Ltd.

MORINAGA MILK INDUSTRY CO., LTD.

Nichirei Corporation

San-Ei Gen F.F.I.,Inc

Taiyo Kagaku Co., Ltd.

The Nisshin OilliO Group, Ltd.

Textiles

GUNZE LIMITED

Pulp and paper

Asahi Printing Co., Ltd.

Daio Paper Corporation

Nippon Paper Industries Co., Ltd

SAKURA PAXX Co.,Ltd

Chemicals

Aica Kogyo Company, Limited

Daicel Corporation

FANCL CORPORATION

FineToday Co., Ltd.

FUTAMURA CHEMICAL CO.,LTD.

JSR Corporation

KANEKA CORPORATION

Kao Corporation

KOSÉ Corporation

Mandom Corporation

Mitsubishi Chemical Group Corporation

Mitsui Chemicals, Inc.

NIITAKA Co., Ltd.

Nippon Kayaku Co., Ltd.

Nippon Sanso Holdings Corporation

Sanyo Chemical Industries, Ltd.

Saraya Co., Ltd.

SEKISUI CHEMICAL CO., LTD.

Shin-Etsu Chemical Co., Ltd.

Showa Denko K.K.

T. HASEGAWA CO., LTD.

TAKASAGO INTERNATIONAL CORPORATION

TEIJIN LIMITED

Tokuyama Corporation

Tosoh Corporation

UBE Corporation

Unicharm Corporation

Zeon Corporation

Pharmaceuticals

ASKA Pharmaceutical Holdings Co., Ltd.

DAIICHI SANKYO COMPANY, LIMITED

Eisai Co., Ltd.

Nippon Shinyaku Co., Ltd.

ONO PHARMACEUTICAL CO., LTD.

Otsuka Holdings Co., Ltd.

SHIONOGI & CO., LTD.

Oil and coal

Idemitsu Kosan Co.,Ltd.

Rubber

Kinjo Rubber Co., Ltd."
 Nitta Corporation
 Sumitomo Riko Company Limited
 Sumitomo Rubber Industries, Ltd.
 The Yokohama Rubber Co., Ltd.

Glass and ceramics

NGK INSULATORS, LTD.
 NGK SPARK PLUG CO., LTD.
 TOTO LTD.

Iron and steel

Kobe Steel, Ltd.

Non-ferrous metals

Fujikura Ltd.
 Furukawa Electric Co., Ltd.
 Mitsubishi Materials Corporation
 Nakanishi Metal Works Co., Ltd.
 Toyo Aluminium K.K.
 UACJ Corporation
 YKK AP Inc.

Machinery

Daifuku Co., Ltd.
 DAIKIN INDUSTRIES, LTD.
 EBARA CORPORATION
 FREUND CORPORATION
 GLORY LTD.
 Hitachi Zosen Corporation
 KYC Machine Industry Co., Ltd.
 Mitsubishi Heavy Industries, Ltd.
 MIURA CO.,LTD.
 Nabtesco Corporation
 NTN Corporation
 OILES CORPORATION
 SATO HOLDINGS CORPORATION
 THK CO., LTD.
 Tsubakimoto Chain Co.

Electronics

ADVANTEST CORPORATION
 ANRITSU CORPORATION
 Azbil Corporation
 BROTHER INDUSTRIES, LTD.
 EIZO Corporation
 FUJI ELECTRIC CO., LTD.
 FUJITSU LIMITED
 Hitachi, Ltd.

HORIBA, Ltd.

Japan Display Inc.
 KOKUSAI ELECTRIC CORPORATION
 KONICA MINOLTA, INC.
 Mabuchi Motor Co., Ltd.
 MinebeaMitsumi Inc.
 NEC Corporation
 Oki Electric Industry Co., Ltd.
 OMRON Corporation
 Origin Co., Ltd.

Panasonic Holdings Corporation
 RICOH COMPANY,LTD.

ROHM Co., Ltd.
 SAKAGUCHI E.H VOC CORP.
 SEIKO EPSON CORPORATION
 Sharp Corporation
 SHIBAURA ELECTRONICS CO., LTD.
 SYSMEX CORPORATION
 TAIYO YUDEN CO.,LTD.
 TAMURA CORPORATION

Tokyo Electron Ltd.

TOSHIBA CORPORATION
 YASKAWA Electric Corporation
 Yokogawa Electric Corporation

Transport equipment

ISUZU MOTORS LIMITED
 KYOKUTO KAIHATSU KOGYO CO., LTD.
 NOK Corporation
 Yamaha Motor Co., Ltd.

Precision equipment

Citizen Watch Co., Ltd.
 FUJIFILM Holdings Corporation
 NIKON CORPORATION
 OLYMPUS CORPORATION
 Seiko Group Corporation

Other manufacturing

COMANY INC.
 Dai Nippon Printing Co., Ltd.
 ELECOM CO., LTD.
 Envision AESC Group Ltd.
 ITOKI CORPORATION
 LINTEC Corporation
 Mizuno Corporation
 Nissha Co., Ltd.
 OKAMURA CORPORATION

Pripress Center Co., Ltd.
 Rubycon Corporation
 Setouchi Steel Co., Ltd.
 Sun Messe Co., Ltd.
 Yamaha Corporation
 YOKOZEKI OIL & FAT INDUSTRIES CO.,LTD.

» Construction

ASAHI KOGYOSHA CO.,LTD.
 Chiyoda Corporation
 INFRONEER Holdings Inc.
 Obayashi Corporation
 SANKEN SETSUBI KOGYO CO., LTD.
 SHIMIZU CORPORATION
 Shin Nippon Air Technologies Co.,Ltd
 SHINRYO CORPORATION
 Sumitomo Forestry Co., Ltd.
 Sumitomo Mitsui Construction Co., Ltd.
 Takasago Thermal Engineering Co., Ltd.
 TECHNO RYOWA LTD.
 TESS Holdings Co., Ltd.
 TODA CORPORATION
 TOKYU CONSTRUCTION CO., LTD.
 Toyo Engineering Corporation

» Electricity and gas

Electric Power Development Co.,Ltd.
 Toho Gas Co., Ltd.
 Tohoku Electric Power Co., Inc.

» Information and communications

BIPROGY Inc.
 Fuji Media Holdings, Inc.
 ITOCHU Techno-Solutions Corporation (CTC)
 KidsStar Inc.
 Kokusai Kogyo Co., Ltd.
 Mitsubishi Research Institute, Inc.
 QUICK Corp.
 software agency system co., ltd.
 SYSTEM RESEARCH CO.,LTD.
 T-Gaia Corporation
 The Asahi Shimbun Company

» Land, sea and air transport

ANA HOLDINGS INC.

Hankyu Hanshin Holdings, Inc.
 Hitachi Transport System, Ltd.
 Japan Airlines Co., Ltd.
 Kawasaki Kisen Kaisha, Ltd.
 Nippon Yusen Kabushiki Kaisha
 SENKO Group Holdings Co.,Ltd.
 TOKYU CORPORATION
 YAMATO HOLDINGS CO., LTD.

» Warehousing and transport

ACHIHA CO., LTD
 Mitsubishi Logistics Corporation

» Wholesale and retail

Adastra Co., Ltd.
 Aeon Co., Ltd.
 Archivision Holdings co.,ltd
 ASKUL Corporation
 FamilyMart Co., Ltd.
 Fujisho Co.,Ltd.
 HAMAYA Corporation
 ITOCHU Corporation
 Iwase Cosfa Co., Ltd.
 J.Front Retailing Co., Ltd.
 JFE SHOJI Corporation
 Kuroda Group Co., Ltd.
 Lawson, Inc.
 Marubeni Corporation
 MARUI GROUP CO., LTD.
 OHTORI CORPORATION
 Sangetsu Corporation
 Seven & i Holdings Co., Ltd.
 Starzen Co., Ltd.
 Sumitomo Corporation
 UTSUMI CO.,LTD.

» Finance and insurance

Daiwa House Asset Management Co., Ltd.
 Fuyo General Lease Co., Ltd.
 Ichigo Asset Management, Ltd.
 JAPAN POST INSURANCE Co., Ltd.
 Mitsubishi UFJ Financial Group, Inc.
 Mizuho Financial Group, Inc.
 MS&AD Insurance Group Holdings, Inc.
 Nippon Life Insurance Company

Nomura Holdings, Inc.
 ORIX Corporation
 Resona Holdings, Inc.
 RICOH LEASING COMPANY, LTD.
 SBI Shinsei Bank, Limited
 Sompo Holdings, Inc.
 Sumitomo Mitsui Financial Group, Inc.
 Sumitomo Mitsui Trust Holdings, Inc.
 T&D Holdings, Inc.
 The Norinchukin Bank
 Tokyo Century Corporation

» Real estate

KJR Management
 Mitsui Fudosan Co., Ltd.
 Nomura Real Estate Holdings, Inc.
 Sumitomo Realty & Development Co., Ltd.
 Tokyo Tatemono Co., Ltd.
 Tokyu Fudosan Holdings Corporation

» Service

AGEHA Inc.
 AGS Consulting Co., Ltd.
 AMITA HOLDINGS CO., LTD.
 Business Consultants, Inc. (BCon)
 Central Nippon Expressway Company Limited

Cre-en Inc.
 Deloitte Tohmatsu LLC
 Dentsu Group Inc.
 EDGE INTERNATIONAL, INC.
 Fuluhashi EPO Corporation
 Hakuhodo DY Holdings Inc.
 Koyou Rentia Co., Ltd.
 Mitoko Kawachi Corporation
 Nippon Koei Co., Ltd.
 NISSEI EBLO INC.
 OXYGY Ltd.
 POSITIVE LTD.
 SAKURUG co.,ltd.
 SDG Partners, Inc.
 SECOM CO., LTD.
 TANABE CONSULTING CO., LTD.
 TechnoPro Holdings, Inc.
 Tenpo Ryutsu Net, Inc.
 Tesseland Co.,Ltd.
 TOBU TOP TOURS CO.,LTD.
 Woonerf Inc.
 Yachiyo Engineering Co., Ltd.

» Other

XELS JAPAN

Other (non-business)

» Academic institute, association, incorporated association/agency

Community Road Empowerment (CORE)
Doshisha University
Institute for Global Environmental Strategies
International Christian University
International Development Center of Japan
IWAI MEDICAL FOUNDATION
Japan Civil Society Network on SDGs
JAPAN ELECTRICAL SAFETY & ENVIRONMENT
TECHNOLOGY LABORATORIES.
JAPAN FEDERATION OF PRINTING INDUSTRIES
Japan Football Association (JFA)
KOKUSAI GAKUIN EDUCATIONAL FOUNDATION
Kwansei Gakuin University
Osaka Yuhigaoka Gakuen
Seigakuin University & Schools
Sophia University
The Building Center of Japan (BCJ)
University of Tsukuba

» Local government

Iki City
Kawasaki City

» Service

Japan Food Research Laboratories

5.2

Summary of Survey Results

Target: 513 GCNJ business and non-business participants (as of September 2022)

Responses: 279 (Response rate: 54%)

Survey period: 26 September to 14 November 2022

Respondents by industry

Fisheries and agriculture	-	-
Food	1	0.4%
Construction	16	5.7%
Mining	14	5.0%
Textiles	1	0.4%
Pulp and paper	4	1.4%
Chemicals	28	10.0%
Pharmaceuticals	7	2.5%
Oil and coal	1	0.4%
Rubber	5	1.8%
Glass and ceramics	3	1.1%
Iron and steel	1	0.4%
Non-ferrous metals	7	2.5%
Metals	-	-
Machinery	15	5.4%
Electronics	32	11.5%

Number of responses/%

Transport equipment	4	1.4%
Precision equipment	5	1.8%
Other manufacturing	15	5.4%
Electricity and gas	3	1.1%
Land, sea and air transport	9	3.2%
Warehousing and transport	2	0.7%
Information and communications	11	3.9%
Wholesale and retail	21	7.5%
Finance and insurance	20	7.2%
Real estate	6	2.2%
Service	28	10.0%
Academic institute, association, incorporated association/agency	17	6.1%
Local government	2	0.7%
Other	1	0.4%

279

Businesses and non-businesses

Number of responses

Companies (businesses)	259	92.8%
Other (non-businesses)	20	7.2%

279

Groupings utilised in this report

Food/other manufacturing
Chemicals/pharmaceuticals/petroleum, other materials (textiles, wood/wood products, paper/pulp, ceramics/stoneware, iron and steel, non-ferrous metals)
Electrical/precision/machinery, automotive/transport equipment
Manufacturing total
Construction, electricity/gas/transport, real estate
Information/communication, finance
Wholesale/retail, service/other non-manufacturing
Non-manufacturing total
Non-business: academic institutions/associations/corporate bodies, local governments, other

Basic information on business (company) respondents (259 participants)

Q1 Please provide the latest information (e.g. name) on your company. (Responses omitted)

Q2 Please select the scope of your business.

Number of responses/%

Domestic (Japan)	66	25.5%
Global (International)	193	74.5%

Q3 Please select the number of employees in your company.

Number of responses/%

10 to 249	27	10.4%
250 to 4,999	89	34.4%
5,000 to 49,999	116	44.8%
50,000 or more	27	10.4%

Q4 Please select the scale of sales of your company.

Number of responses/%

Less than 2.5 bil. JPY	17	6.6%
2.5 bil. JPY - less than 25 bil. JPY	23	8.9%
25 bil. JPY - less than 100 bil. JPY	36	13.9%
Over 100 bil. JPY	183	70.7%

Q5 Please select your company's market segment.

Number of responses/%

Non-listed	58	22.4%
Growth Market	1	0.4%
Standard Market	12	4.6%
Prime Market	187	72.2%
Other	1	0.4%

Q6 Please tell us about yourself (the person responding to this survey). (Responses omitted)

Q7 Which of the following best describes the location of your head office/headquarters? (For business and non-business participants)

Number of responses/%

Hokkaido or Tohoku	3	1.1%
Metropolitan area (Tokyo, Kanagawa, Saitama, Chiba)	187	67.0%
Kanto (Other than areas listed in "Metropolitan area" above), Koshinetsu	17	6.1%
Tokai	15	5.4%
Hokuriku	4	1.4%
Kinki	46	16.5%
Chugoku or Shikoku	3	1.1%
Kyushu or Okinawa	3	1.1%
Other	1	0.4%

» Penetration (implementation) of the SDGs

Q8 Which SDGs goal(s) has your company chosen to focus on? (Select all that apply)

Number of responses/%

SDG 1	71	27.4%	SDG 10	158	61.0%
SDG 2	67	25.9%	SDG 11	175	67.6%
SDG 3	187	72.2%	SDG 12	218	84.2%
SDG 4	137	52.9%	SDG 13	227	87.6%
SDG 5	200	77.2%	SDG 14	121	46.7%
SDG 6	114	44.0%	SDG 15	147	56.8%
SDG 7	199	76.8%	SDG 16	148	57.1%
SDG 8	222	85.7%	SDG 17	177	68.3%
SDG 9	202	78.0%	We have not selected any specific goals to focus on	14	5.4%

Q9 How does your company incorporate the SDGs into corporate management? (Select all that apply)

Number of responses/%

We have clarified our contribution to the SDGs as a corporate policy.	197	76.1%
Top management has expressed a commitment to contribute to the SDGs.	190	73.4%
We link the SDGs selected in the previous question to our company's priority issues.	216	83.4%
We have positioned quantitative targets that contribute to the SDGs selected in the previous question as company KPIs.	169	65.3%
We have an organisational structure (e.g. cross-departmental committee) in place to address the SDGs selected in the previous question.	196	75.7%
We disclose quantitative targets and performance that contribute to the SDGs selected in the previous question.	167	64.5%
We link performance on the quantitative targets that contribute to the SDGs selected in the previous question to directors' remuneration.	74	28.6%
Other	20	7.7%
Nothing in particular	5	1.9%

Q10 Please select one of the following that best describes your company's development and implementation of environmental, social, and governance policies for suppliers.

Number of responses/%

	Not implementing		Implementing for domestic suppliers		Implementing for overseas suppliers		Implementing for both domestic and overseas suppliers		Other	
We have developed policies.	33	12.7%	72	27.8%	1	0.4%	137	52.9%	16	6.2%
We distribute and collect checklists.	89	34.4%	60	23.2%	-	-	93	35.9%	17	6.6%
We conduct audits.	160	61.8%	29	11.2%	3	1.2%	49	18.9%	18	6.9%
We make requests for improvements.	126	48.6%	49	18.9%	1	0.4%	68	26.3%	15	5.8%
We quantify improvements.	167	64.5%	31	12.0%	-	-	46	17.8%	15	5.8%

Q11 What challenges does your company face in taking action on the SDGs? (Select all that apply)

Number of responses/%

Societal awareness of the SDGs	15	5.8%
Ways to expand actions within the company	125	48.3%
Commitment by top management	23	8.9%
Level of understanding and implementation by middle management	134	51.7%
Level of understanding and implementation among employees in general	146	56.4%
Level of understanding and implementation by board directors and/or executive officers in charge	59	22.8%
Ascertaining the overall picture of risks to people and the environment associated with the value chain	149	57.5%
Setting quantitative indicators and evaluation methods for impacts, etc.	190	73.4%
Resources (financial resources, human resources, knowledge, skillsets, etc.)	150	57.9%
Support by national and local government	46	17.8%
Effective ways to engage stakeholders	85	32.8%
Collective action for the SDGs (company/gov't/organisation partnerships)	61	23.6%
Appropriate information disclosure (including identifying risks related to SDG washing)	100	38.6%
Publicity and communication strategies for SDGs actions (disseminating information in Japan and overseas)	102	39.4%
Balancing growth strategies and the SDGs	121	46.7%
Other	8	3.1%
Nothing in particular	3	1.2%

Q12 What is your company's signatory (participation) status or intention regarding the initiatives below?

Number of responses/%

	Already signed		Preparing to sign		Considering signing		No intention to sign		Unaware of initiative		Other	
WEPs	31	12.0%	5	1.9%	119	45.9%	59	22.8%	25	9.7%	20	7.7%
SBTi	78	30.1%	34	13.1%	87	33.6%	32	12.4%	16	6.2%	12	4.6%
Tokyo Principles	3	1.2%	1	0.4%	101	39.0%	75	29.0%	54	20.8%	25	9.7%

» Gender Equality (SDG 5)

Q13 Which of the following apply to your company with regard to policies and commitments on gender equality? (SDGs overall, WEPs 1) (Select all that apply)

Number of responses/%

We have not clearly positioned gender equality in our policies.	33	12.7%
We understand that promoting gender equality is the foundation for "women's active participation" and "diversity and inclusion", and have clearly positioned this in our policies.	210	81.1%
Top management has expressed commitment to implementing policies and measures.	149	57.5%
Top management has expressed commitment to gender quality (using the term "gender equality").	47	18.1%
When formulating and revising policies, we engage in dialogues with stakeholders and interview experts.	73	28.2%
Our entire value chain is subject to our policies and commitments.	65	25.1%
We link our policies, commitments, plans and performance and disclose information (URL where information is disclosed:).	110	42.5%
We monitor our progress in promoting gender quality and disclose information (URL where information is disclosed:).	90	34.7%

Q14 Does your company include "women's human rights" in trainings on human rights and provide opportunities for employees to learn about the role of women's human rights in the Convention on the Elimination of all Forms of Discrimination Against Women, the International Bill of Human Rights, and the ILO Core Labour Standards?

Number of responses/%

We do not conduct training on human rights.	40	15.4%
We conduct training on human rights without specifically referring to "women's human rights".	92	35.5%
We refer to "women's human rights" in trainings on human rights without mentioning the Convention on the Elimination of All Forms of Discrimination Against Women, the International Bill of Human Rights, and the ILO Core Labour Standards.	88	34.0%
We include "women's human rights" in our trainings and provide opportunities for employees to learn about the Convention on the Elimination of All Forms of Discrimination Against Women, the International Bill of Human Rights, and the ILO Core Labour Standards.	32	12.4%
Other	7	2.7%

Q15 Has your company set targets for the percentage of women board members (including directors and auditors) and formulated plans to achieve them?

Number of responses/%

We have not set specific targets for the percentage of women board members.	167	64.5%
We have set targets, but have no action plan in place.	13	5.0%
We have set targets and formulated action plans (currently, the percentage of women board members is less than 30%).	56	21.6%
We have achieved a rate of 30% of women board members.	10	3.9%
Other	13	5.0%

Q16 What measures has your company taken to eliminate the gender pay gap? (Select all that apply)

Number of responses/%

We have not conducted gender pay gap calculations nor disclosed information because it is not mandatory.	34	13.1%
We have calculated and disclosed information on the gender pay gap in accordance with the law, or we have plans to disclose information, even though it is not mandatory.	23	8.9%
We have not calculated and disclosed the gender pay gap, but are currently preparing because it is now mandatory.	168	64.9%
We calculated and disclosed the gender pay gap before it became mandatory.	25	9.7%
We have targets and action plans in place to close the gender pay gap.	14	5.4%
We have carried out factor analysis of the gender pay gap on the basis of the calculated figures.	37	14.3%
Other	17	6.6%

Q17 Does your company have an effective system for redress pertaining to all forms of violence and sexual harassment at work? (Select all that apply)

Number of responses/%

We do not have a system.	2	0.8%
We have a system that allows for anonymous consultation and filing of complaints (to ensure confidentiality).	244	94.2%
Our system prohibits retaliation against the person filing the complaint and ensures that the person is not treated unfavourably.	233	90.0%
We have a mechanism in place to not only listen to the opinions of persons filing complaints, but also to lead to resolution.	217	83.8%
We have a system for reporting and resolution with an external third party as a contact point.	218	84.2%
We regularly conduct review of past allegations and utilise this information for harassment prevention measures.	172	66.4%
Other	5	1.9%

Q18 Does your company conduct activities to encourage male employees to take parental leave? (Select all that apply)

Number of responses/%

We do not carry out any specific activities.	19	7.3%
We have established numerical targets for the male parental leave uptake rate.	118	45.6%
We have guidelines and specific measures in place to encourage male employees to take parental leave.	175	67.6%
We individually contact all employees who announce the pregnancy or childbirth of a spouse, including providing information on the parental leave system for men, confirming intention, and providing encouragement on uptake.	197	76.1%
We disclose information on the status of parental leave taken by male employees based on data on the uptake rate and duration.	168	64.9%
Other	17	6.6%

Q19 This question refers to the duration of parental leave taken by male employees in the previous fiscal year. Please select one of the following.

Number of responses/%

No eligible employees	10	3.9%
0 days	17	6.6%
1 to 2 days	15	5.8%
Less than 1 week	60	23.2%
One week or more	78	30.1%
One month or more	61	23.6%
Other	18	6.9%

Q20 Is your company implementing gender-responsive supply chain management? (Select all that apply)

Number of responses/%

We are not implementing gender-responsive supply chain management.	143	55.2%
We have integrated and mainstreamed a gender equality perspective into human rights due diligence and identified gender-driven risks.	68	26.3%
We collect relevant information on gender and women's human rights from suppliers and clients in Japan and overseas.	49	18.9%
We ensure women's participation so that the views and experiences of women are reflected in stakeholder engagement, including organisations and experts with knowledge and experience on gender.	30	11.6%
We analyse and identify negative gender-driven risks and impacts from data collected, formulate measures to address them, and disclose such information.	13	5.0%
We have policies and targets in place to prioritise procurement from companies with rates of 30% or more women board members. Or, our supplier code of conduct explicitly states support for prioritising these businesses.	4	1.5%
We have policies and targets in place to promote procurement from women-owned businesses. Or, our supplier code of conduct explicitly states support for women-owned businesses.	3	1.2%
Other	17	6.6%

Q21 Does your company implement activities aimed at achieving SDG 5 (promoting gender equality and empowering women and girls)? (Select all that apply) (Responses on details of activities omitted)

Number of responses/%

We do not implement any specific activities.	124	47.9%
Initiatives and support related to eradication and response to all forms of violence against women. (Details of activities:)	27	10.4%
Initiatives and support related to women's poverty (e.g. support for single mothers, young women, and single elderly women facing financial challenges). (Details of activities:)	53	20.5%
Initiatives and support related to closing the gender gap in STEM (science, technology, engineering, mathematics) and digital fields. (Details of activities:)	42	16.2%
Initiatives and support related to empowerment of women in rural areas and development of women leaders. (Details of activities:)	37	14.3%
Initiatives and support related to promoting the empowerment and leadership of girls and young women. (Details of activities:)	45	17.4%
Other	26	10.0%

Q22 Does your company have mechanisms in place to collect data in the following categories?

Number of responses/%

	No mechanisms in place to regularly collect data		Mechanisms in place to regularly collect data		Data is regularly collected, factors analysed for issues identified, and efforts made to address issues.		Data disclosed in integrated reports, company website, and in the database of the Act on the Promotion of Female Participation and Career Advancement.	
Sex-disaggregated data on employees	7	2.7%	43	16.6%	15	5.8%	194	74.9%
Sex-disaggregated data on management	12	4.6%	43	16.6%	15	5.8%	189	73.0%
Sex-disaggregated data on new/mid-career hires	19	7.3%	55	21.2%	38	14.7%	147	56.8%
Sex-disaggregated data on appointments/promotions	43	16.6%	94	36.3%	69	26.6%	53	20.5%
Sex-disaggregated data on uptake rate and duration of parental leave	19	7.3%	63	24.3%	38	14.7%	139	53.7%

» Decent Work and Human Rights (SDG 8)

Q23 Which of the following describes your company in terms of policies and commitments on human rights? (Select all that apply)

Number of responses/%

We have not clarified any policies.	16	6.2%
We have clarified specific policies.	211	81.5%
Top management has expressed commitment.	177	68.3%
Our policies and commitments cover the entire value chain.	157	60.6%
We engage in stakeholder dialogue and seek advice from experts when formulating/ revising our policies.	113	43.6%
We link our policies, commitments, plans, and performance and disclose information in list form.	67	25.9%
We have policies/commitments in place that reference international human rights standards .	157	60.6%
We have policies/commitments in place that cover issues for all stakeholders impacted in our value chain (e.g. consumers, residents of communities where business development is conducted).	127	49.0%
We identify salient human rights issues for our company and include these in our policies/commitments.	100	38.6%
Other	16	6.2%

Q24 Which of the following describes your company in terms of human rights due diligence (human rights DD)?
(Select all that apply)

Number of responses/%

We are not currently conducting human rights DD (not considered necessary).	9	3.5%
We are not currently conducting human rights DD (considered necessary, but have yet to undertake).	58	22.4%
We offer training opportunities that address business and human rights for all directors/employees.	142	54.8%
We have incorporated policies on human rights into specific action plans (e.g. target setting), and engage in monitoring/improvement based on a PDCA cycle.	92	35.5%
We disclose information on efforts related to respect for human rights, including our policies on human rights, human rights DD, and remedy actions, to stakeholders in an easily accessible and cohesive format.	100	38.6%
We engage with stakeholders on human rights DD in business operations (e.g. information sessions for customers, SAQ, meetings based on results).	86	33.2%
We set incentives for respect for human rights, including making human rights DD one of the performance indicators for senior (directors in charge)/middle management.	14	5.4%
We identify salient issues based on the overall perspective of human rights issues in our company.	109	42.1%
We conduct human rights impact assessments on our value chain and our own operations (including management divisions) for human rights issues in our company.	73	28.2%
We have an internal division or system that examines cross-departmental human rights issues and we provide it with the necessary authority/budget for human rights activities.	97	37.5%
Other	24	9.3%

Q25 Which of the following statements describe your company in terms of remediation and remedy (grievance) mechanisms? (Select all that apply)

Number of responses/%

We do not have any specific mechanisms in place.	21	8.1%
We have external consultation/remedy contact points (e.g. lawyers or NGOs) that can be used by workers of our company and domestic group companies (Japanese only).	207	79.9%
We have external consultation/remedy contact points (e.g. lawyers or NGOs) that can be used by foreign workers of our company and overseas group companies (multilingual).	111	42.9%
We have a contact point (internal or external) that can be used by anyone outside the company, including domestic consumers and local residents (Japanese only).	107	41.3%
We have a contact point (internal or external) that can be used by anyone outside the company, including consumers and local residents in business development areas overseas (multilingual).	45	17.4%
We disclose information on the usage of contact points, procedures, content of grievances, and response measures, including above four response options .	74	28.6%
We engage with stakeholders who may use these mechanisms in order to review consultation and grievance procedures.	33	12.7%
We have a consultation/grievance mechanism in place available to workers at domestic suppliers and customers (at the organisational level).	105	40.5%
We have a consultation/grievance mechanism in place available to workers at overseas suppliers and customers (at the organisational level).	55	21.2%
We work with victims (or the individuals/organisations representing them) and engage with suppliers, clients, and third parties (e.g. NGOs) to have remediation and remedy in place.	58	22.4%
Other	11	4.2%

Q26 If your company has conducted engagement (dialogue) with persons subject to your company's respect for human rights, please share the purpose, subjects, and details of implementation, as well as the URL where information is disclosed, of examples of initiatives in the formulation or revision of policies and those that reflect remediation and remedy mechanisms. (Responses on URLs omitted)

(1) Purpose of engagement (dialogue)

Number of responses/%

We have not conducted engagement on human rights.	106	40.9%
To formulate/revise our policies	67	25.9%
To identify human rights risks from our business activities	73	28.2%
To review grievance mechanism	3	1.2%
Other	10	3.9%

(2) Please select the subject of engagement (dialogue). (Select all that apply)

Number of responses/%

Employees	120	78.4%
Suppliers	75	49.0%
Customers	59	38.6%
Consumers	28	18.3%
Local communities	34	22.2%
NGOs, experts, investors	79	51.6%
Other	10	6.5%

(3) Details of engagement (dialogue) implementation. (Please indicate URL where information is disclosed) (Responses omitted)

Q27 Which of the following describes your company in terms of realising decent work for all workers? (Select all that apply)

Number of responses/%

We are not taking any specific measures (not considered necessary).	2	0.8%
We are not taking any specific measures (considered necessary, but have yet to undertake).	12	4.6%
We monitor the working hours of workers (employees) in our group companies and make efforts to optimise working hours.	238	91.9%
We have developed or are considering developing a system for equal pay for equal work in our company.	158	61.0%
We have a policy to guarantee a living wage for our company's workers (employees), and have confirmed that we are providing wages that exceed a living wage.	109	42.1%
We have a policy in place prohibiting forced and compulsory labour, human trafficking, and long working hours, including by technical interns, in our company and for our customers, as well as a policy prohibiting discrimination/harassment of foreign nationals.	169	65.3%
We take corrective actions to ensure decent work (e.g. living wage, working hours) at suppliers and customers, including review of our own QCD (quality, cost, delivery) requirements.	57	22.0%
We conduct and disclose results of engagement surveys to measure the level of decent work among our company's workers (employees).	112	43.2%
We lobby the government (either on our own or through affiliated organisations) to ratify treaties and legislation and solve problems to ensure decent work in countries/regions where we operate.	6	2.3%
Other	5	1.9%

Q28 Which of the following describes your company in terms of human rights initiatives for consumers that come into contact with your products and services? (Select all that apply)

Number of responses/%

We are not taking any specific measures (not considered necessary).	46	17.8%
We are not taking any specific measures (considered necessary, but have yet to undertake).	47	18.1%
We make active efforts to have opportunities for engagement (dialogue and collaboration) with consumers about our company (including business activities, products/services, social contributions, and environmental protection activities).	55	21.2%
We understand the human rights issues of consumers and users (end users) who are involved with our business.	69	26.6%
We offer products/services (e.g. universal design) that reflect the needs of minority consumers/customers.	94	36.3%
We take measures to address human rights abuses (e.g. hate speech on social media platforms) of consumers/users of our products/services.	29	11.2%
We identify issues related to respect for human rights from consumer/customer grievances and put measures and processes in place to address them.	71	27.4%
We contribute to the greater realisation of human rights through our products/services.	100	38.6%
Other	18	6.9%

Q29 Which of the following describes your company in terms of efforts to address the human rights of local communities potentially impacted by your business? (Select all that apply)

Number of responses/%

We are not taking any specific measures (not considered necessary).	24	9.3%
We are not taking any specific measures (considered necessary, but have yet to undertake).	58	22.4%
We make active efforts to have opportunities for engagement (dialogue and collaboration) with local communities about our company (including business activities, products/services, social contributions, and environmental protection activities).	110	42.5%
We have corporate policies (either as a company or group) in place to address the structural problems of human rights abuses in the countries/regions where we operate.	20	7.7%
We conduct periodic information gathering and human rights impact assessments to understand the human rights issues that exist in the countries/regions where we operate.	82	31.7%
We engage in activities (either in-house or in collaboration with other parties) to resolve human rights issues in countries and regions through our core business.	69	26.6%
We engage in social contribution activities (either as a company or in collaboration with other parties) to resolve human rights issues in countries and regions.	95	36.7%
We make policy recommendations to national government (either as a company or group) to address national- or regional-level human rights issues.	10	3.9%
Other	12	4.6%

» Sustainable Consumption and Production (SDG 12)

Q30 Which of the following describes your company in terms of policies and commitments on sustainable consumption and production? (Select all that apply)

Number of responses/%

We have not clarified any policies.	47	18.1%
We have clarified specific policies.	187	72.2%
Top management has expressed commitment.	138	53.3%
Our policies and commitments cover the entire value chain.	117	45.2%
We engage in stakeholder dialogue and seek advice from experts when formulating/ revising our policies.	69	26.6%
We link our policies, commitments, plans, and performance and disclose information in list form.	85	32.8%
We have included Items related to the efficient use of natural resources in risk management.	55	21.2%
Other	12	4.6%

Q31 Please indicate the implementation status of each of the following typical circular economy-type initiatives.

Raw material procurement, product/service design, and production

Number of responses/%

	Not implemented or under consideration		Under consideration		Under implementation		Not directly engaged in, but participating in related projects and initiatives		Not directly engaged in, but funding related projects and initiatives		Not applicable to our sector	
Sustainable procurement of raw materials	11	4.2%	39	15.1%	157	60.6%	6	2%	2	0.8%	44	17.0%
Environmentally non-damaging procurement, including forests	18	6.9%	32	12.4%	142	54.8%	11	4.2%	1	0.4%	55	21.2%
Utilisation of unused domestic biological resources	71	27.4%	29	11.2%	38	14.7%	4	1.5%	1	0.4%	116	44.8%
Reduced use of natural resources and introduction of circular product design compatible with the 3Rs and extended product life	15	5.8%	27	10.4%	155	59.8%	6	2.3%	2	0.8%	54	20.8%
Switch to recycle materials/ resources	8	3.1%	25	9.7%	180	69.5%	7	2.7%	2	0.8%	37	14.3%
Development/ introduction of renewable alternative materials, such as those of biological origin	27	10.4%	43	16.6%	113	43.6%	7	2.7%	4	1.5%	65	25.1%
Inclusion of information on material efficiency (recyclability, repairability, upgradability) on products	52	20.1%	45	17.4%	87	33.6%	3	1.2%	1	0.4%	71	27.4%

Transport, sales, and consumption

Number of responses/%

	Not implemented or under consideration		Under consideration		Under implementation		Not directly engaged in, but participating in related projects and initiatives		Not directly engaged in, but funding related projects and initiatives		Not applicable to our sector	
Reduction in packaging materials used and conservation of resources in containers and packaging	6	2.3%	21	8.1%	180	69.5%	2	0.8%	2	0.8%	48	18.5%
Implementation of activities/business to extend the period of time a product is valuable by improving product durability, regular maintenance, repair, remanufacturing, and resale	14	5.4%	20	7.7%	160	61.8%	4	1.5%	2	0.8%	59	22.8%
Development of sharing services	62	23.9%	39	15.1%	62	23.9%	3	1.2%	2	0.8%	91	35.1%
Development of Products as a Service (PaaS) business models	50	19.3%	44	17.0%	85	32.8%	1	0.4%	3	1.2%	76	29.3%

Disposal, recovery, and resource circulation

Number of responses/%

	Not implemented or under consideration		Under consideration		Under implementation		Not directly engaged in, but participating in related projects and initiatives		Not directly engaged in, but funding related projects and initiatives		Not applicable to our sector	
Introduction of returnable/deposit product systems for containers and other items	52	20.1%	30	11.6%	70	27.0%	4	1.5%	1	0.4%	102	39.4%
Establishment of system to collect/recycle our own used products	41	15.8%	46	17.8%	86	33.2%	8	3.1%	3	1.2%	75	29.0%
Establishment of system to repair/resell/remanufacture our own products	56	21.6%	34	13.1%	70	27.0%	5	1.9%	2	0.8%	92	35.5%
Establishment of system to collect/reuse/ recycle used products including other companies' products	66	25.5%	33	12.7%	84	32.4%	13	5.0%	3	1.2%	60	23.2%

Q32 Which of the following statements best describes your company in terms of collaboration with other companies or stakeholders on projects for the circular economy?

Number of responses/%

We are not implementing or considering projects.	58	22.4%
We are not implementing projects, but they are currently under consideration.	74	28.6%
We are implementing projects.	120	46.3%
Other	7	2.7%

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Q33 This question is directed at those who responded affirmatively in the previous question regarding implementing projects in collaboration with other companies and stakeholders for the circular economy. Please provide specific examples, including partners, purpose of collaboration, content of project activities, goals, and targets. (Responses omitted)

Q34 Please indicate the implementation status of information provision and eco-design related to the circular economy.

Number of responses/%

	Not implemented or under consideration		Under consideration		Under implementation		Not directly engaged in, but participating in related projects and initiatives		Not directly engaged in, but funding related projects and initiatives		Not applicable to our sector	
Indication of information for consumers or customer companies on circularity (e.g. recyclability, repairability)	37	14.3%	46	17.8%	111	42.9%	1	0.4%	-	-	64	24.7%
Appropriate disclosure of in-house product/ service traceability information	55	21.2%	67	25.9%	66	25.5%	4	1.5%	1	0.4%	66	25.5%
Product design and provision of services that facilitate circular behaviour by consumers or customers (e.g. taking used products to collection points, using refills)	35	13.5%	41	15.8%	97	37.5%	3	1.2%	-	-	83	32.0%
Indication of circularity of in-house products/ services using third-party certification, such as eco-labels (names of eco-labels omitted)	53	20.5%	45	17.4%	72	27.8%	4	1.5%	1	0.4%	84	32.4%
Initiatives that facilitate the circular behaviour of suppliers (improved product design/ manufacturing processes, trainings)	47	18.1%	60	23.2%	80	30.9%	5	1.9%	1	0.4%	66	25.5%

» Climate Change (SDG 13)

Q35 Which of the following apply to your company with regard to policies and commitments to achieve net zero by 2050? (Select all that apply)

Number of responses/%

We have not clarified policies.	45	17.4%
We have clarified policies.	187	72.2%
Top management has expressed commitment.	176	68.0%
Our policies and commitments apply to the entire supply chain.	110	42.5%
We engage in stakeholder dialogue and seek advice from experts when formulating/revising our policies.	87	33.6%
We link our policies, commitments, plans, and performance and disclose information in list form.	125	48.3%
We aim to be carbon positive in addition to taking part in SBTi.	26	10.0%
Other	11	4.2%

Q36 Please select, by scope, the greenhouse gas (GHG) emissions that you identify at your company. (Select all that apply)

Number of responses/%

Scope of GHG emissions unidentified	19	7.3%
Scope 1 (direct GHG emissions from the company)	234	90.3%
Scope 2 (indirect emissions from the use of electricity, heat, and steam supplied by other companies)	232	89.6%
Scope 3 (some or all of the emissions from other companies that are related to business operations)	196	75.7%

Q37 This question is directed at those who responded affirmatively in the previous question regarding identifying Scope 3 emissions. Which categories are included in your company's Scope 3 emissions calculations? (Select all that apply)

Number of responses/%

Purchased goods and services	176	89.8%
Capital goods	169	86.2%
Fuel- and energy-related activities	172	87.8%
Transport and distribution (upstream)	157	80.1%
Waste generated in operations	174	88.8%
Business travel	182	92.9%
Employee commuting	179	91.3%
Leased assets (upstream)	58	29.6%
Transportation and distribution (downstream)	103	52.6%
Processing of sold products	56	28.6%
Use of sold products	126	64.3%
End-of-life treatment of sold products	139	70.9%
Leased assets (downstream)	66	33.7%
Franchises	30	15.3%
Investments	65	33.2%
Other (upstream)	6	3.1%
Other (downstream)	5	2.6%

Q38 Which of the following activities does your company prioritise to achieve net zero GHG emissions? (Select all that apply)

Number of responses/%

Promotion of energy savings (e.g. energy-saving behaviour, installation of equipment, review of working practices, reduction of office floor space)	247	95.4%
Increased procurement of electricity from renewable energy sources (excluding renewable energy certificates)	200	77.2%
Renewable energy certificates	128	49.4%
Effective use of heat	108	41.7%
Introduction of electric vehicles or charging infrastructure	106	40.9%
Corporate Power Purchase Agreements (PPAs)	92	35.5%
Promotion of the use of hydrogen	68	26.3%
Purchase of offset credits (excluding renewable energy certificates)	63	24.3%
Introduction of internal carbon pricing	85	32.8%
Introduction of carbon capture, utilisation, and storage technologies	48	18.5%
Investment in research and development on low-carbon and decarbonisation technologies in our own and other companies	101	39.0%
Review of business models and project portfolios	88	34.0%
Education and training of management, employees, and other stakeholders	137	52.9%
Engaging the supply chain	108	41.7%
Participation in initiatives in Japan and overseas	157	60.6%
Transformation of people's lifestyles	44	17.0%
Policy recommendations to government	34	13.1%
Other	15	5.8%
None of these apply	5	1.9%

Q39 What external environmental improvements do you think are needed to help your company achieve net zero? (Select all that apply)

Number of responses/%

Strengthening of NDCs (\approx emission reduction targets)	79	30.5%
Increased share of renewables in energy mix	228	88.0%
Intangible support for companies/organisations that want to engage in climate action (e.g. energy conservation audits, support for SBTi target setting and TCFD (Task Force on Climate-related Financial Disclosures) scenario analysis)	162	62.5%
Tangible support for companies/organisations that want to engage in climate action	167	64.5%
Promotion of carbon recycling	109	42.1%
Deployment of low-carbon technologies and products overseas through participation in the Joint Crediting Mechanism and other systems	50	19.3%
Promotion of Corporate Power Purchase Agreements (PPAs) and review of virtual PPA systems	113	43.6%
Introduction/promotion of carbon pricing	122	47.1%
Support for electrifying vehicles	107	41.3%
Restarting/utilisation of nuclear power (including next-generation nuclear power)	50	19.3%
Other	27	10.4%
None of these apply	5	1.9%

Q40 Has your company identified climate change risks and opportunities and integrated them into your strategies and plans?

Number of responses/%

We have not specifically identified risks and opportunities.	36	13.9%
We have identified risks and opportunities, but have not integrated them into our strategies and plans.	28	10.8%
We have identified risks and opportunities internally, including at our workplaces, and integrated them into our strategies and plans.	79	30.5%
We have identified risks and opportunities, including the supply chain, and integrated them into our strategies and plans.	75	29.0%
We have identified risks and opportunities, including local communities where our businesses are located, and integrated them into our strategies and plans.	14	5.4%
We have identified risks and opportunities for local communities, including the entire supply chain, and integrated them into our strategies and plans.	21	8.1%
Other	6	2.3%

» Preventing Corruption (SDG 16)

Q41 Which of the following describes your company in terms of policies and commitments on preventing corruption (e.g. bribery, collusion)? (Select all that apply)

Number of responses/%

We have not clarified any policies.	14	5.4%
We have clarified policies.	213	82.2%
Top management has expressed commitment.	146	56.4%
Our policies and commitments apply to the entire value chain.	103	39.8%
We engage in stakeholder dialogue and seek advice from experts when formulating/ revising our policies.	64	24.7%
We link our policies, commitments, plans, and performance and disclose information in list form.	41	15.8%
We have clarified anti-bribery policies.	191	73.7%
We have clarified anti-collusion policies.	150	57.9%
Other	16	6.2%

Q42 What methods does your company use to assess corruption risk? (Select all that apply)

Number of responses/%

We do not assess corruption risk (and we do not consider it necessary).	15	5.8%
We do not assess corruption risk (although we consider it necessary).	49	18.9%
We conduct desk-based research.	87	33.6%
We conduct surveys with group employees in Japan and overseas.	99	38.2%
We conduct interviews with group employees in Japan and overseas.	63	24.3%
We conduct inspections (audits with onsite inspections) at relevant sites in Japan and overseas.	100	38.6%
Other	31	12.0%

Q43 What internal rules does your company have in place for specific anti-corruption procedures? (Select all that apply)

Number of responses/%

We have no specific internal rules in place (and we do not consider them necessary).	10	3.9%
We have no specific internal rules in place (although we consider them necessary).	34	13.1%
We have anti-bribery rules in place.	178	68.7%
We have anti-collusion rules in place.	122	47.1%
We have region- or country-specific rules in place.	52	20.1%
Other	38	14.7%

Q44 What measures is your company taking to improve the effectiveness of rules? (Select all that apply)

Number of responses/%

We are not taking any specific measures (and we do not consider them necessary).	4	1.5%
We are not taking any specific measures (although we consider them necessary).	14	5.4%
We set up different decision/approval authorities according to risk level.	139	53.7%
We conduct anti-corruption education and training for group employees in Japan and overseas.	172	66.4%
We have established disciplinary procedures for persons who violate rules.	176	68.0%
We conduct regular audits on the effectiveness of internal rules.	126	48.6%
We have an internal reporting system (whistle-blower system) in place.	215	83.0%
We are working to improve our internal whistle-blower system.	163	62.9%
Other	12	4.6%

Q45 What initiatives does your company have in place to prevent bribery by third parties ? (Select all that apply)

Number of responses/%

We have no particular initiatives in place.	86	33.2%
We have rules in place that third parties must observe.	139	53.7%
We conduct bribery risk assessments (investigations and analyses of offering/acceptance of bribes) on third parties and reflect these on our system of controls.	45	17.4%
We have controls in place for third parties through contractual clauses and offer education and training, such as workshops and e-learning.	32	12.4%
We regularly monitor the status of compliance with rules by third parties.	49	18.9%
Other	25	9.7%

Q46 In so far as possible, please provide the specific details of initiatives. (Responses omitted)

Q47 What measures is your company taking to gain the understanding of stakeholders on anti-corruption efforts?
(Select all that apply)

Number of responses/%

We are not taking any measures (and we do not consider them necessary).	27	10.4%
We are not taking any measures (although we consider them necessary).	64	24.7%
We disclose information on the status of anti-corruption measures based on quantitative (numerical) data.	70	27.0%
We disclose information on the status of anti-corruption measures based on qualitative (descriptive) data.	111	42.9%
We create opportunities for dialogue with stakeholders on preventing corruption.	41	15.8%
Other	30	11.6%

Q48 What measures does your company have in place to prevent cover-ups of fraud involving corrupt practices (e.g. falsifying data, accounting irregularities)? (Select all that apply)

Number of responses/%

We have no specific measures in place.	23	8.9%
We have clarified policies on preventing data falsification.	119	45.9%
We are enhancing security to prevent data falsification.	142	54.8%
We have clarified policies on preventing accounting irregularities.	147	56.8%
We thoroughly ensure that payments are recorded, including small facilitation payments.	119	45.9%
We conduct inspections at relevant sites in Japan and overseas (audits with onsite inspections).	151	58.3%
Other	23	8.9%

» Efforts by non-business participants (20 responding participants)

Q1 Which SDGs goal(s) has your organisation chosen to focus on? (If you focus on all SDGs goals, please select all 17) (Select all that apply)

Number of responses/%

SDG 1	7	35%
SDG 2	7	35%
SDG 3	11	55%
SDG 4	11	55%
SDG 5	11	55%
SDG 6	8	40%
SDG 7	10	50%
SDG 8	11	55%
SDG 9	11	55%
SDG 10	7	35%
SDG 11	8	40%
SDG 12	11	55%
SDG 13	10	50%
SDG 14	9	45%
SDG 15	7	35%
SDG 16	6	30%
SDG 17	13	65%
We have not selected any specific goals to focus on	4	20%

Please see the supplementary volume for a summary of the following.

Please share an overview of the main initiatives that your organisation is working on in partnership/collaboration with companies, local governments, academia, and non-profit organisations to achieve the above goals.

Q2 If your organisation has identified specific SDGs goals (169 targets), please indicate their number.

Q3 Please share the objectives of the above initiatives.

Q4 Please provide details on the name and contact information for the above initiatives.

Q5 Please share specific details of the above initiatives within about 400 characters in Japanese.

Q6 Please share the specific outcomes of the above initiatives (e.g. number of participants, tonnes of emission reductions, etc.)

Q7 If your organisation has disclosed information on the above initiatives, please provide the location (URL)

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About the cover design

Global Compact Network Japan (GCNJ) has identified five SDG goals (5. Gender Equality, 8. Decent Work and Human Rights, 12. Circular Economy, 13. Climate Change, 16. Preventing Corruption) as priorities, based on the ten principles in four areas (Human Rights, Labour, Environment and Anti-Corruption) set out by the United Nations Global Compact (UNGC). The cover design reflects how efforts are being scaled up and developed through partnership and collaboration with the aim of achieving the Sustainable Development Goals (SDGs) by 2030.



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