

A Case Study on Aligning Corporate Practices with Sustainable Development Goals (SDGs)

Abstract

This case study explores the journey of a company towards aligning its corporate practices with the Sustainable Development Goals (SDGs) established by the United Nations. We investigate the initiatives and strategies implemented to address environmental, social, and governance (ESG) aspects within its operations. The case study analyzes the challenges faced in integrating sustainability principles and the solutions adopted to overcome them. We aim to provide valuable insights for other businesses seeking to align their practices with the SDGs and contribute to a more sustainable future.

Learning objectives

- Understanding how a Japanese enterprise manages its organization toward the Sustainable Development Goals
- Observing Challenges in adopting the Sustainable Development targets.

Introduction

The world is facing unprecedented challenges in terms of sustainability. Companies are increasingly being called upon to operate in a way that is environmentally and socially responsible. This case study will explore the journey of a company that has made a conscious effort to align its corporate practices with the Sustainable Development Goals (SDGs) established by the United Nations.

The SDGs are a set of 17 interconnected goals that address global challenges such as poverty, inequality, climate change, and environmental degradation. By aligning their practices with the SDGs, companies can demonstrate their commitment to creating a more sustainable future.

For this study, we look at a company that shared its environmental accounting results in accordance with guidelines published by the Ministry of the Environment. It calculates the environmental conservation costs (capital investment, expenses), economic benefits, and cost effectiveness for its operations and group companies in Japan and manages information on the environmental efficiency of CO₂ and discarded materials as indicators.

According to Figure 1, the company's environmental capital investment in Japan fluctuated over the years, with remarkable increases and decreases. Starting at 14.8 billion yen in FY2018, it peaked at 26.8 billion yen in FY2020 but declined to 9.4 billion yen in FY2021. However, there was a recovery to 19.4 billion yen in FY2022. These investments highlight their dedication to environmental sustainability and regulatory compliance.

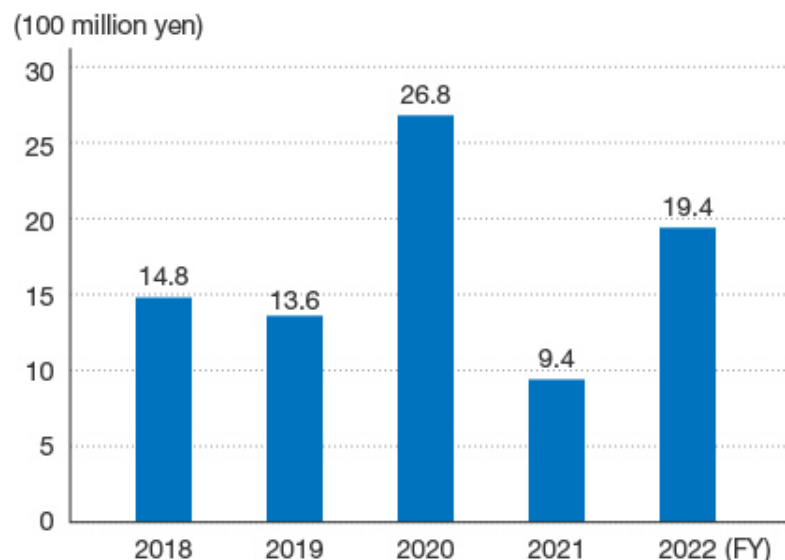


Figure 1: Capital Investment and Group Companies in Japan Fiscal Year 2022
Source: Company. Environmental Accounting

The company and its group companies in Japan have increased environmental expenditures over the years, reaching 41.4 billion yen in 2021. However, there was a significant decrease to 31.8 billion yen in fiscal year 2022, as shown in Figure 2. These investments highlight their dedication to environmental initiatives and sustainability.

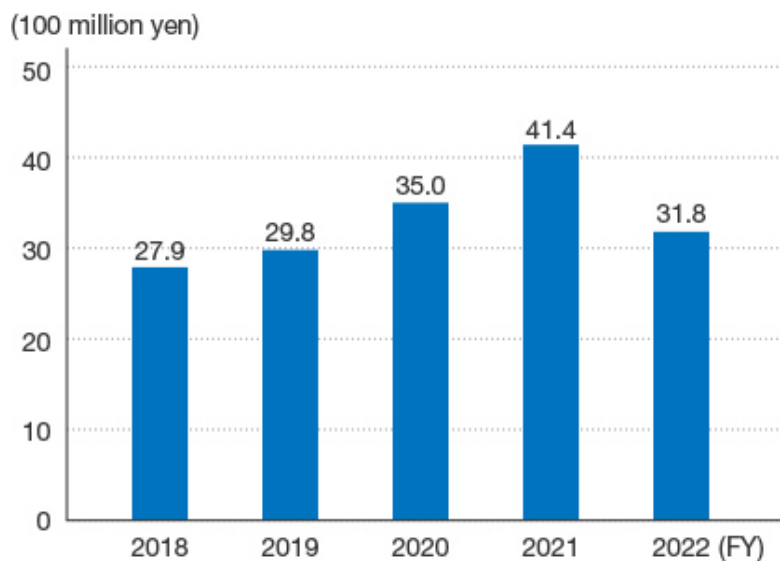


Figure 2: Expenditures of Company in Japan Fiscal Year 2022

Source: Company. Environmental Accounting

In FY2022, the company and its group companies in Japan saw environmental economic benefits rise to 7.7 billion yen from 4.3 billion yen in 2018, indicating a positive trend. This shows the impact of the company's environmental efforts on economic sustainability.

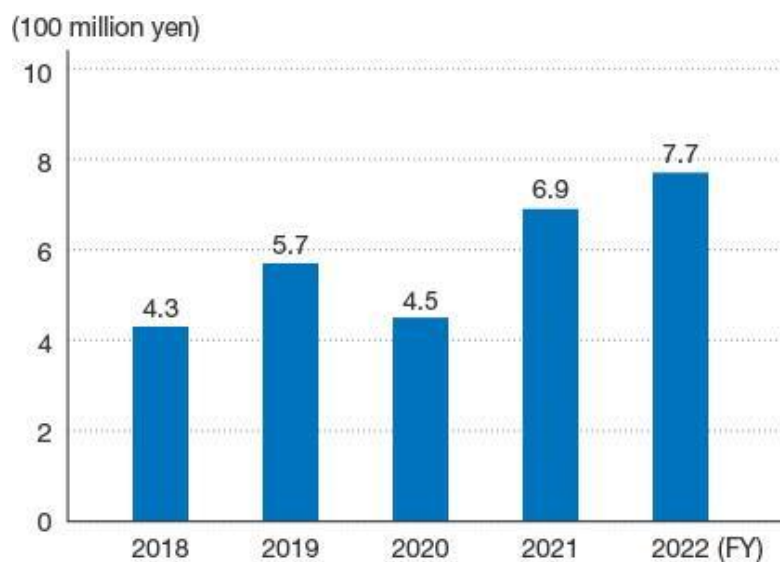


Figure 3: Economic Benefits of Company in Japan Fiscal Year 2022

Source: Company. Environmental Accounting

In FY2022, the company and its group companies in Japan achieved an environmental cost-effectiveness of 24.1%, showing an upward trend from previous years. This suggests that the company's environmental efforts are increasingly efficient in delivering benefits relative to their costs.

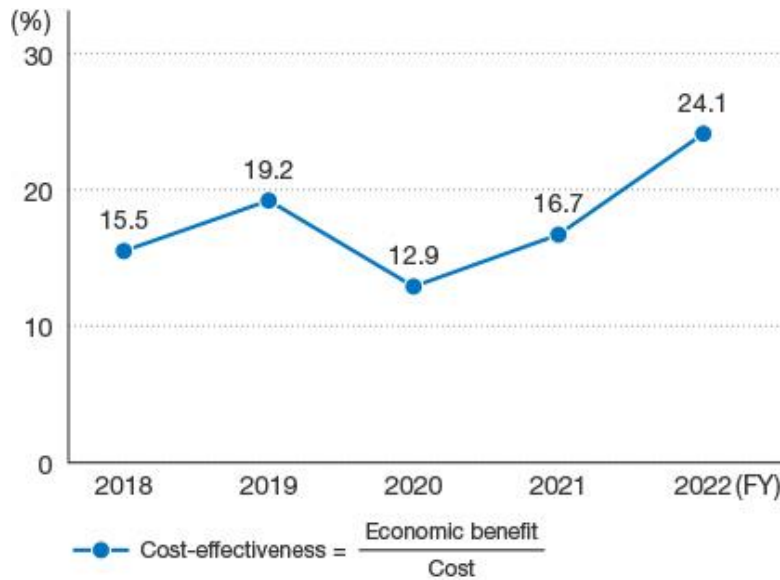


Figure 4: Cost-Effectiveness of Company in Japan Fiscal Year 2022
Source: Company. Environmental Accounting

Figure 5 shows that in FY2022, the company and its group companies in Japan reached an environmental eco-efficiency indicator of 226, showing a consistent rise from 100 in 2013. These indicators demonstrate their continuous efforts to enhance environmental performance and operational efficiency.

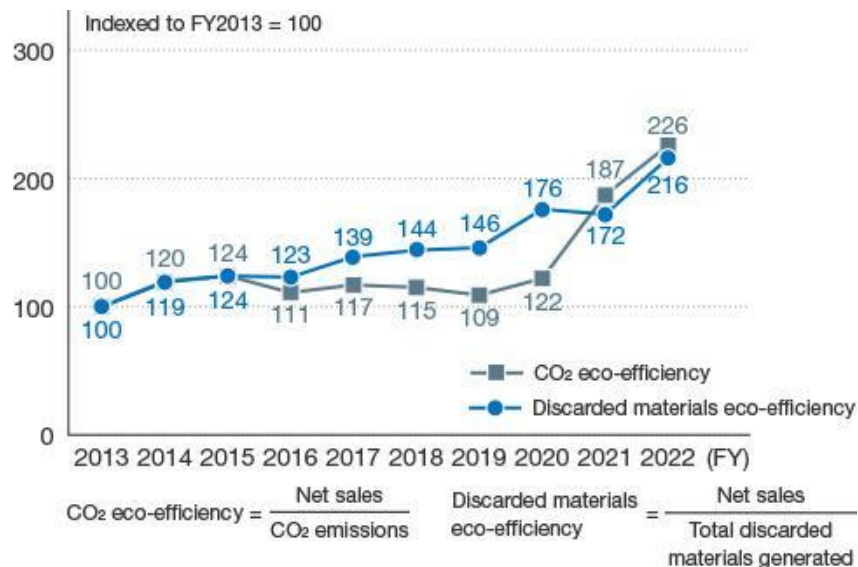


Figure 5: Eco-efficiency Indicators of Company in Japan Fiscal Year 2022
Source: Company. Environmental Accounting

This case study will examine how a company has integrated the SDGs into its business strategy. We will explore the specific initiatives undertaken to address each of the relevant SDGs. We will also discuss the challenges faced in this process and the lessons that can be learned from their experience. This case study will be of interest to businesses of all sizes looking to align their

corporate practices with the SDGs, providing valuable insights into the benefits and challenges of this approach.

Corporate Practices and Alignment with SDGs

The company aims to contribute meaningfully to sustainable development across various sectors, from environmental conservation to social equity. Its efforts are in line with numerous Sustainable Development Goals (SDGs), with a particular emphasis on Goals 9 and 13.

The company is responsive to Goal 9, which focuses on building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation. This is achieved by developing high-quality, dependable, sustainable, and robust infrastructure, including both regional and transboundary infrastructure, to bolster economic growth and enhance human welfare, prioritizing accessible and fair access for everyone.

For example, the next generation of IoT is powered by thin lithium-ion rechargeable batteries. The use of ceramics in electronics enables the accessibility and extensive availability of ICT. Machinery in semiconductor manufacturing, enhanced by ceramics, establishes the semiconductor industry as a pivotal component of modern daily life. Metallic components are widely utilized in essential aspects of modern life, including mobile phones, automobiles, industrial equipment, and various other devices.

The company's products leading the path to SDGs achievement include:

- EnerCera, which is leading the path towards accomplishing SDG 11.
- Wafer products for electronic devices, contributing to the advancement of SDGs 3, 11, and 13.
- Micro-lenses designed for ultraviolet LEDs, contributing to the advancement of SDGs 3 and 6.

The demand to energize over 40 billion IoT devices globally presents urgent challenges. The Internet of Things (IoT) is positioned to have a pivotal role in the infrastructure of both developed and developing nations. With roughly 40 billion IoT devices deployed and functional in 2020, this number is expected to increase substantially in the years ahead. The company plays a crucial role in energizing IoT devices, thus contributing to the essential elements of worldwide economic growth.

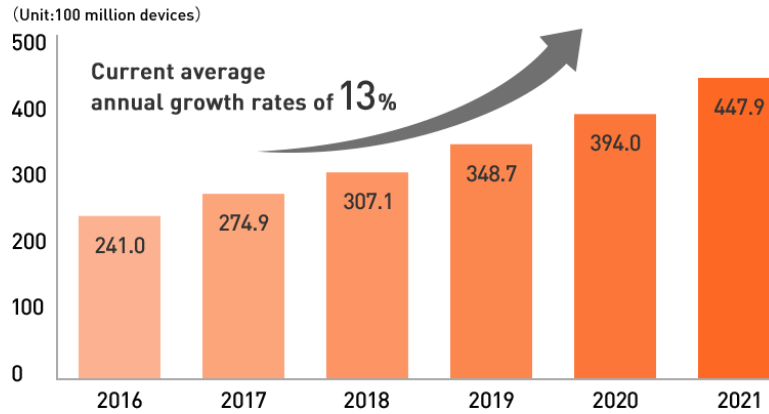


Figure 6: Trends in numbers of IoT devices worldwide

Source: Ministry of Internal Affairs and Communication, White Paper: Information and Communications in Japan (FY2019)

To align with SDG Goal 13, which focuses on taking urgent action to combat climate change and its impacts,¹ the company actively addresses climate change by providing NAS batteries for renewable energy, DCB and AMB substrates for reliable power supply in renewable energy applications, and ceramic membrane filters to purify wastewater, consequently preventing marine contamination. The company is mitigating greenhouse gas emissions through the deployment of cutting-edge technology.

Sustainable energy is gaining prominence as an eco-friendly energy source owing to its minimal CO₂ emissions. NAS battery systems, vital for guaranteeing a consistent provision of renewable energy, have been deployed at more than 200 sites worldwide, handling approximately 580 MW/4,000 MWh of electricity (as of January 2020). The company's technologies play a crucial role in addressing the challenges of climate change, aiding in the advancement of sustainable societies.

¹ UNITED NATIONS, Department of Economic and Social Affairs Sustainable Development: <https://sdgs.un.org/goals/goal13>

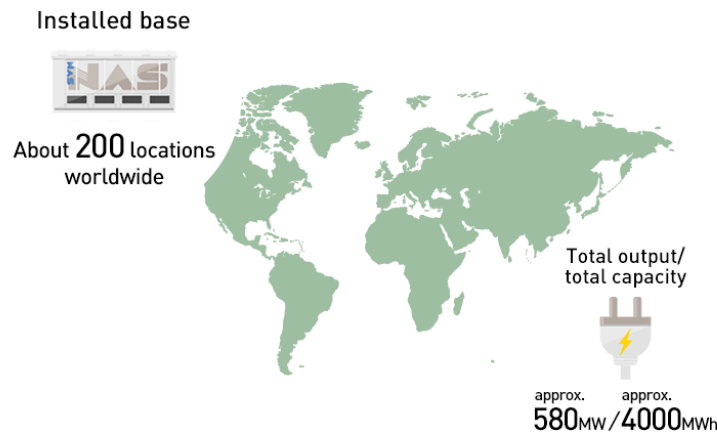


Figure 7: Implementing the world's pioneering technology to decrease greenhouse gas emissions.

Challenges and Opportunities

The company's corporate practices and alignment with SDGs reflect a commendable effort towards addressing various sustainable development goals (SDGs). As the company endeavors to align its corporate practices with these goals, it encounters both challenges and opportunities.

One of the challenges faced is the complexity of integrating its operations with multiple SDGs. While its products and practices contribute positively to several goals, such as ending poverty (Goal 1) through job creation and ensuring access to clean water (Goal 6) through ceramic membrane filters, aligning with all 17 SDGs requires comprehensive strategies and resources. Furthermore, the company must navigate the intricate balance between economic growth (Goal 8) and environmental sustainability (Goal 12). While its products support economic development, ensuring sustainable consumption and production patterns remains a challenge, necessitating efficient utilization of natural resources.

However, aligning with SDGs presents significant opportunities. For instance, efforts to promote renewable energy through NAS batteries (Goals 7 and 13) and facilitate innovation in urban energy management (Goal 11) position the company as a key player in addressing climate change and advancing sustainable development. Moreover, the company's commitment to gender equality (Goal 5) and inclusive societies (Goal 16) by providing equal opportunities for women and complying with international regulations strengthens its corporate social responsibility and enhances its reputation globally.

Suggestions

The company's commitment to aligning its corporate practices with the United Nations' Sustainable Development Goals (SDGs) provides valuable insights for businesses of all sizes. Through an examination of the company's efforts across various SDGs, a comprehensive understanding arises of how sustainability can seamlessly blend into core business strategies.

This case study demonstrates the numerous advantages that pursuing the SDGs can provide. Environmental improvements are evident through initiatives such as reducing mercury usage and advocating for clean energy sources. In terms of social aspects, the company promotes diversity and inclusivity within its workforce while also contributing to infrastructure enhancements that improve access to education and healthcare. Economically, the company benefits from enhancing its brand reputation, fostering innovation, and addressing risks linked to resource scarcity and climate change.

However, the case study acknowledges the intrinsic challenges faced when integrating sustainability principles. Establishing ambitious yet feasible goals and navigating internal resistance to change are obstacles the company has effectively surmounted.

Drawing from this experience, other businesses can develop a practical framework for aligning themselves with the SDGs. This framework should involve identifying relevant SDGs that align with the company's core operations, setting measurable and feasible goals, and executing efficient strategies to achieve those aims. Collaboration among governments, corporations, and civil society is vital, as emphasized by the company's dedication to SDG 17.

In conclusion, the company's progress towards sustainability provides a clear roadmap for businesses to contribute to a more sustainable future. By embracing the SDGs and overcoming related obstacles, companies can create lasting value for stakeholders, the environment, and society.

Conclusions

The company's commitment to aligning its corporate practices with the UN's Sustainable Development Goals (SDGs) serves as a valuable case study for businesses of all sizes. By examining the company's initiatives across various SDGs, we gain a clear understanding of how sustainability can be effectively integrated into core business strategies.

The case study demonstrates that pursuing the SDGs can lead to a multitude of benefits for the company. Environmental improvements are evident through initiatives like reducing mercury usage and promoting clean energy sources. Socially, the company fosters diversity and inclusion within its workforce while contributing to infrastructure that improves access to education and healthcare. Economically, the company experiences advantages through increased brand reputation, fostering innovation, and mitigating risks associated with resource scarcity and climate change.

However, the case study also acknowledges the inherent challenges companies face when integrating sustainability principles. Setting ambitious yet achievable goals and navigating internal resistance to change are hurdles that the company has had to overcome.

By drawing on this experience, other businesses can develop a practical framework for aligning themselves with the SDGs. This framework should involve identifying relevant SDGs that complement the company's core operations, setting measurable and achievable goals, and implementing effective strategies to achieve those goals. Crucially, fostering collaboration between governments, corporations, and civil society is essential, as highlighted by the company's commitment to SDG 17.

In conclusion, the company's journey toward sustainability demonstrates a clear path for businesses to contribute to a more sustainable future. By embracing the SDGs and overcoming the associated challenges, companies can create long-term value for stakeholders, the environment, and society.