

Environmental Commitments in Global Business

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//by Masamitsu Sakurai

Masamitsu Sakurai, Chairman of Ricoh, Chairman of Keizai Doyukai, and listed on Ethisphere's 2008 100 Most Influential People in Business Ethics, says Companies are going to have to respond to a "Post-Kyoto" world. The expectations of this new world will now be far more demanding in terms of emission reduction targets and the need for total participation, feasibility and fairness. In addition to these new global demands, corporate executives will still be expected to manage the continuous growth of their business.

The pressing concern of the world right now is how to minimize the effects of global warming. To achieve this goal, the emission reduction targets for each country should be much higher than Kyoto levels. Such targets cannot be reached through regular efforts, something extraordinary is required. This is where innovation comes in.

In this context, the role of business is growing fast. First, each corporation must set its own targets with an aim to contribute sufficiently to the global reduction tally. It's the only way. Every business must take on these challenges through technological process innovation. Eventually, low carbon products and services will result from ever lower low-carbon production processes. By building product recycling systems, there is no reason why we shouldn't be able to reduce green house gases on the one hand while growing the economy on the other.

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I became president of Ricoh in 1996. At that time the situation in the industry was one of cautious steps toward conservation, with prevalent concerns about costs and the effects on the bottom line. This kind of mentality, even within our company, risked driving the costs ever higher. I strongly believed, even then, that on the contrary, environmental conservation would result in decreased operational costs. This is the message I kept repeating to our directors, employees and shareholders. Little by little I proved this to be the case by taking actions even on a small scale.

At Ricoh, environmental conservation went through three stages: The first stage, the Passive Stage, consisted of following regulations and reacting to outside pressure like "green procurement." The next stage was the Proactive Stage where, as volunteers, we became imbued with a sense of mission regarding our planet. Through stage two, our efforts were not yet profitable. Finally, at the third stage, the Responsible Stage, we were able to simultaneously achieve environmental conservation and profit creation. This advanced stage is where Ricoh is now. The results of our activities during the Responsible Stage are published annually in our Sustainability Report and are very well received by our stakeholders.

For example, we created a financial advantage by implementing environmental conservation through the following initiatives:

- We shifted to a flexible, cell-based production system as opposed to a line system, thus reducing CO2 emissions and increasing productivity.
- We recognized that CO2 emission and waste reduction were the same as the cost savings and reduction of parts, materials and wasteful operations in which we were previously engaged. I am firmly convinced that these ideas resulted in increased production, reduced costs and improvements in the quality of our products.
- We realized that it has become essential to visualize CO2 emissions not only in the production process but in all other operations. Once you can identify where emissions are the highest, that is your starting point for reduction and new ideas emerge out of this process. When cost is added in as a factor, you ought to be able to see real improvements in production as well as cost reduction. When the results become apparent, everyone is motivated.

In fact, by setting high goals for slowing global warming, we at Ricoh have been able to motivate everyone to promote process innovation not only in production, but also in all other operations. Taking the production process as an example, with OPCs (Organic Photo Conductors), the heart of copiers and laser printers, we managed to reduce CO2 emissions by more than 85 percent and cut OPC production costs by half. This was achieved through selective placement of clean ventilation points along the production line rather than needlessly covering the entire line.

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I acknowledge accomplishing ambitious goals is no easy task. There are many obstacles that may be in your way. For instance, as a large, multinational company, it's not always easy to convince different regional offices to operate in the same, environmentally-friendly way. To be honest, there have been some cultural differences in both understanding and commitment between regions in the past.

One example of how regional problems may come into play is that a geographically large country might not have a problem with dumping waste in open spaces, or absorbing CO2 through its abundant nature—and in those countries it was quite a challenge to promote emission reduction programs. However, gradually, through company-wide global conferences, our senior executives and managers were able to achieve international cooperation through everyone's common understanding of four main points: 1) the importance of conservation; 2) our responsibility as global citizens; 3) the significance of the Ricoh Group's commitment to environmental management; and 4) the need to educate and encourage all group members to participate. Nowadays all regions, be it the Americas, Europe, China or Asia Pacific, pursue similar actions in their own way, and with great enthusiasm.

We have no time to waste when it comes to environmental protection. The role and influence of corporations is becoming greater. No matter how hard the task, I believe we have no choice but to tackle global warming now. We simply cannot leave these problems for the next generation to solve. If you ask me as Chairman of Keizai Doyukai which I prioritize more—stopping global

warming or economic growth—my answer is to take global warming seriously while promoting management innovation toward building a low carbon society.

Business management of the future must be able to generate profits based on achieving high emission reduction targets. I firmly believe, and would like everyone to believe, that environmental conservation and sustainable profits are mutually compatible. If, as a corporate executive, your commitment to the environment is deep, you will achieve both business and environmental sustainability as well as enjoy greater success as a business.

Keizai Doyukai, chaired by Masamitsu Sakurai, is the Japanese Association of Corporate Executives, a powerful industry government advisory body

Under Sakurai, Ricoh was the first company in Japan to commit to the Kyoto Protocol

Ricoh has made the Global 100 list at Davos for the 5th year running.

Sakurai-san became president and eventually CEO of Ricoh in 1996, jumping over 8 senior executives in the process. He already had behind him 9 years of overseas experience in Europe where he opened a major production plant and then served as European Chairman.