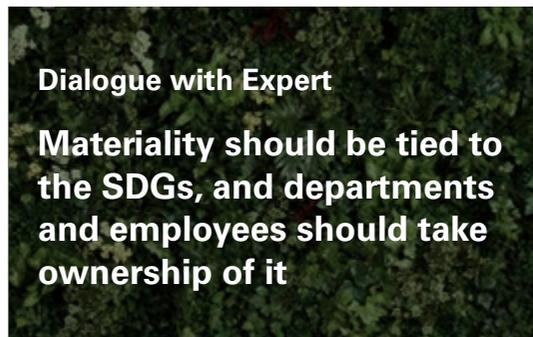


Promotion of Sustainability Management



Expert

Hidemitsu Sasaya

ESG/SDGs Consultant, Professor, Chiba University of Commerce

Attendees

Eiichi Yonekura

President and Representative Director

Koichi Matsutani

Sustainability Committee Chair
Director

Sasaya | In this year's review of materiality, the information is organized into an ESG/SDGs Matrix and the SDGs are linked to business activities at the target level. The matrix can appeal to investors and be a powerful tool for improving corporate value. For employees too, motivation increases as they become aware of the need to achieve the SDG targets. How is the situation at SKY Perfect JSAT?

Yonekura | I feel that we have created opportunities to report on our SDG targets on a regular basis and that we have been able to bring them down to the departmental level. However, they have not yet reached the level of the team, which is our lowest-level organization. We must think of a mechanism that can be executed as a basic action by each segment, and ultimately each team, without feeling like they are being forced to do it.

Sasaya | When the SDGs were first created, I learned from a UN official that "the SDGs are goals, but they are also tools." When you master the SDGs to the target level, the employees take ownership of them, allowing the SDGs to permeate the company. At many of the companies I've helped, the SDGs are tied to departments, making it easier for employees to take ownership of them.



Matsutani | In the Space Business, which is primarily a B-to-B business, our users who are focused on decarbonization have high expectations from the perspective of carbon neutrality, including the use of solar power generated by satellites, and we have responded by switching to virtual renewable energy sources at our ground sites. I feel that as customer awareness progresses, it will be easier to utilize the SDGs as a tool.

Sasaya | That is why it is important to synchronize the materiality KPIs with the main business. To what extent are they synchronized in this review?

Matsutani | Basically, we try to synchronize them. We've been updating the review to reflect the progress of the business.

Sasaya | That's important. I emphasize connectivity between financial and non-financial information. Companies are expected to show how non-financial information affects financial information in a synchronized manner.

Recently, I have also begun to hear the term "pre-financial." In contrast to "non-financial" information, "pre-financial" refers to information that will grow into or be developed into financial information in the future. Being aware of and promoting connectivity to pre-financial information leads to a competitive strategy.

At one company I'm familiar with, they had linked many of their KPIs to the core business itself, such as winning more contracts. As a result of linking the characteristics of their services with the SDGs, they highlighted the superior characteristics of their services and won more contracts. In this way, they were able to structure their business to contribute to the SDGs and also to realize the creation of common value for society through their core business. Thus, it is important to take

an approach that understands non-financial activities as a competitive strategy for creating common value and explains this both internally and externally.

Yonekura | Your mentioning competitive strategy reminds me that this is what our corporate initiatives must lead to the competitiveness of Japanese companies.

Sasaya | As you say, ESG and how we address each material issue is now intertwined with competitive strategy. We must address these issues with a sense of urgency. As standardization of disclosure rules progresses, stakeholders will be able to compare companies' initiatives, which will become competitive strategies themselves.

Yonekura | In our sustainability initiatives, I think it is very important to be conscious of how we can explain our work in terms of three keywords: social, environmental, and economic. We, the top management, must carefully explain it to new employees in our own words. Even during the hiring interview, when we talk about the Group's corporate values and corporate mission, we need to be able to include sustainability in our explanations. This is how we hold ourselves accountable.

Sasaya | It would be great if not only the top management but also the sections on the operational frontlines could effectively utilize your company's sustainability

system with one voice. That way you could relate it to your value creation story when explaining each person's assigned duties and give employees more confidence to market their products and services.

Yonekura | In the space business, the time horizon is five or ten years in the future. In fact, I would be happy if, instead of just looking at sales five years from now, we could focus properly on our "pre-financials."

Sasaya | The key to sustainability efforts is to take a medium- to long-term perspective, set ambitious goals for the future, and "backcast" from there. SKY Perfect JSAT's business, including its Space Business, is making progress in just that sort of arrangement, and that is one of your strong points.

The important thing in this case is the appropriate dissemination of information. I believe the time has come to increasingly communicate about SKY Perfect JSAT's SDGs management under the president's initiative.

Profile

Hidemitsu Sasaya

Graduated from the Faculty of Law at the University of Tokyo and joined the Ministry of Agriculture and Forestry in 1977. Retired in 2008, having held positions at the Ministry of the Environment (Councillor, Minister's Secretariat, 2005), the Ministry of Agriculture, Forestry and Fisheries (Councillor, Minister's Secretariat, 2006), and the Kanto Forestry Administration Bureau (Director-General, 2007). Joined Ito En, Ltd. in 2008 and served as Director and Managing Executive Officer before retiring in 2019. Became Professor at Chiba University of Commerce in 2020 and then Director of the university's Research Center for Sustainability in 2022. Ph.D. (Policy Studies)

Space Sustainability

Our Group takes space as its field of business, and consequently, we believe that the space environment is one of the environmental issues we should be engaging with.

When we exhibited at SATELLITE 2023, one of the largest shows in the satellite industry, we not only drew attention to our expanding business fields and to the optical data communications business we are undertaking through Space Compass Corporation, but we also underlined the initiatives we are undertaking in space sustainability—which seeks to conserve the space environment.

The show was an opportunity for us to promote interest in wide-ranging activities that go beyond our existing businesses, including active debris removal (ADR), a method of eliminating space debris using lasers; and space situational awareness (SSA) and geostationary orbit optical monitors (GSOM), which use optical cameras from satellites in geostationary orbits to understand localized conditions.

Going forward, we will continue to promote projects and partnerships aimed at improving the space environment.

