

Leading the pack on ESG in Japan

By Elizabeth Dooley

Over the past 25 years the Japanese asset management industry has witnessed numerous changes, both positive and negative: “While interest rates have fallen, consequently leading to the lowering of expected returns, there have also been major positive aspects such as policy support from savings to investments, and the increased spread of customer-oriented product provision systems,” observes Japan’s Asset Management One’s President and CEO, Akira Sugano.

Since its inception in 2016 AMOne has recognised the importance of ESG activities. The firm was one of the first in the country to establish a dedicated department to address ESG issues through its Responsible Investment Group. This was followed last year with the formation of the Corporate Sustainability Office, which works to incorporate sustainability into all aspects of the business. AMOne was also the first Japanese manager to join the Net Zero Asset Managers Initiative (NZAM) in December 2020, a move that Sugano says illustrates his belief that asset managers have a significant role to play in accelerating the global transition to net zero.

“We aim to fulfill our fiduciary duty by promoting the transition to net zero emissions as an asset management company, through closer collaboration with clients and related organisations,” he explains. “And as a responsible institutional investor, we have been encouraging the transition to a business model that is aligned with a decarbonised society in our investee companies through engagement activities,” he adds.

For Sugano, this allows AMOne to share its mission as a responsible long-term investor with all stakeholders, including its employees, and to establish an effective corporate message to express its purpose, whilst promoting activities that instill sustainability as part of the firm’s corporate culture.

“We have unraveled global issues facing society and have formulated our own unique materiality map, which we believe will enforce and instill our ESG initiatives further. Going forward, we will continue to build on this system that can quantitatively and qualitatively grasp the activities of our investee companies,” he adds.

Our corporate message: “Creating a sustainable future through the power of investment also lies at the forefront of the company’s thinking when developing new products. In addition, the introduction of ESG macro research this year will see the firm utilise its thematic research from the perspective of back-casting, as well as providing the opportunity to be at the forefront of the consideration of prospects for policy changes that may take place in ten to 20 years time.”

“This will allow us to seize the opportunities to improve corporate value over the medium- to long-term,” observes Sugano. To date, AMOne has established 30 trillion yen (US\$0.26 trillion) worth of net zero assets under management, representing 53% of its AUM as of end of March 2021, as its 2030 interim goal of NZAM, putting it well on the path to achieving net zero greenhouse gas or GHG emissions by 2050 or earlier.

“Climate change is an urgent global issue and is a major challenge interconnected with various other issues. It is essential for all stakeholders, including governments, companies and consumers, to work together to resolve it. We believe that all members and groups of society need to play their respective roles, with varying initiatives leveraging their respective strengths. Looking ahead to the next 25 years, we believe that asset managers and asset owners around the world will set such goals and solve this problem through increased collaborative engagement,” he adds.

And as the only Asian asset manager representative of the NZAM Advisory Group, he hopes the firm’s attendance at COP26 will provide the opportunity to assess future challenges and opportunities for the Asian and Japanese asset management industry, and to improve its global network and knowledge through dialogues with sustainable leaders across government, business, finance and civil society to discuss and collaborate on policies, innovations and investments.

“As an asset manager, we are involved in all aspects of the investment chain. Therefore we want to support progress towards solving the issues being confronted by the entire industry. Government authorities and market participants as well as the civil sectors such as NGOs are also important participants. We are determined to continue our dialogues with all stakeholders and implement initiatives to increase salience of the issues, and believe that building up individual relationships one by one will help us to cumulatively move mountains, create a significant force and eventually start to direct the world – including the Japanese, Asian and global asset management industry – in a direction that promotes sustainability.”



Akira Sugano
President and CEO
Asset Management One

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