TransitionAsia
ACCELERATING EAST ASIAN CORPORATE CLIMATE ACTION

TAKING STOCK OF JAPAN'S DIGITAL CAMERA MANUFACTURERS' RE AMBITION AND ACTION

As Japan's global camera brands commit to reducing emissions and increase renewable electricity, Canon is holding back the pack

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CONTENTS

KEY TAKEAWAYS

- Canon lags behind its peers on renewable electricity (RE) commitments and implementation, while its own research centre, the Canon Institute of Global Studies, actively undermines RE progress in Japan;
- Canon is also going backwards on its climate ambition, recently lowering its emissions reduction target;
- Virtual power purchase agreements (PPAs) are critical to companies achieving RE100 and SBTi commitments in Japan, but regulatory hurdles continue to delay roll-out;
- All companies with RE commitments need to increase pressure on the government to remove regulatory barriers.

Japan has among the highest rate of Science Based Target initiative (SBTi) commitments globally, with technology and consumer discretionary companies representing a high proportion of the commitments,[1] despite competing with global companies that have easier access to RE.[2]

Yet Japan's electricity grid is still reliant on coal and has higher emissions intensity than many developed countries.[3] Their competitiveness is highly reliant on how quickly RE can be developed and accessed. Companies can improve their competitiveness through:

- The ambition and action they undertake within their operations and supply chains; and
- The policy engagement they undertake to accelerate government development of RE within the Japanese grid.

These technology and consumer discretionary companies' climate ambition and long-term competitiveness are contingent upon Japan's timely acceleration of renewable energy transition

This briefing assesses the Japanese technology companies that dominate the global digital camera/photography market and compares them against global corporate momentum and the IEA Net Zero Scenario.[4] [5]

Additionally, it highlights the critical regulatory and policy engagement hurdles, particularly power purchase agreement (PPA) deregulation,[6] that need to be addressed for corporate RE uptake to increase in Japan.

1 https://sciencebasedtargets.org/companies-taking-action
2 https://about.bnef.com/blog/corporate-clean-energy-buying-tops-30gw-mark-in-record-year/
3 https://www.iea.org/data-and-statistics/data-product/emissions-factors-2021
4 https://www.statista.com/statistics/1004962/global-leading-manufacturers-digital-cameras-market-share-sales-volume/
5 https://www.iea.org/reports/world-energy-model/net-zero-emissions-by-2050-scenario-nze
6 https://japan-clp.jp/archives/11481

Table 1: Assessment of global digital camera manufacturers' RE ambition and action

Company	100% RE target, 2030 milestone	RE procurement as % of total electricity use	Policy engagement as scored by Influence Map
Sony	100% by 2030	14.60%[7]	C+
Ricoh	100% 2050 *50% 2030*	25.80%[8]	N/A*
Fujifilm	100% 2050 *50% 2030*	10.36%[9]	C+
Nikon	100% 2050 *30% 2030*	7.80%[10]	B-
Panasonic	100% 2050 *No target for 2030*	6.70%[11]	C-
Canon	No 100% target, only target is 4.9% by 2023[12]	4.34%[13]	D*

* Notes:
1) The detailed scores by InfluenceMap are included in the appendix.
2) The policy engagement scoring for Ricoh was yet to be available at the time of publication.
3) In a separate assessment InfluenceMap placed the Canon Institute of Global Studies (CIGS) in band F. The assessment outlines climate misinformation and denial, and advocacy against renewable electricity development.

CANON, THE RENEWABLE ELECTRICITY LAGGARD

Only Sony is close to the average RE100 commitment and ahead of the IEA Net Zero analysis

Canon has the worst performance across all assessment points. While all its peers have committed to 100% RE, Canon has only committed to 4.85%.[14] It also has the lowest current procurement, with only 4.34% of its electricity coming from renewable sources. Canon and the Canon Global Institute of Studies receive the lowest policy engagement scores based on InfluenceMap assessments, with the latter having actively spoken out against RE development in Japan. Additionally, Canon recently lowered its 2030 emissions target ambition as outlined in the Transition Asia briefing on Canon's emissions target.[15]

7 https://www.sony.com/en/SonyInfo/csr/library/reports/SustainabilityReport2022_E.pdf pp.50
8 https://www.ricoh.com/-/Media/Ricoh/Sites/com/sustainability/databook/pdf/esg_databook_2021.pdf (p.21)
9 https://www.fujifilm.com/files-holdings/ja/sustainability/report/2022/sustainabilityreport2022.pdf pp 74, Japanese only
10 https://www.jp.nikon.com/company/sustainability/report/2022/sr2022_all.pdf pp. 64, Japanese only
11 https://holdings.panasonic/global/corporate/sustainability/pdf/sdb2022e.pdf pp.28
12 Canon's CDP response (2022)
13 https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf pp. 130
14 Canon's CDP response (2022)
15 https://transitionasia.org/wp-content/uploads/2022/11/TA-Canon-Climate-Report-291122_Final.pdf

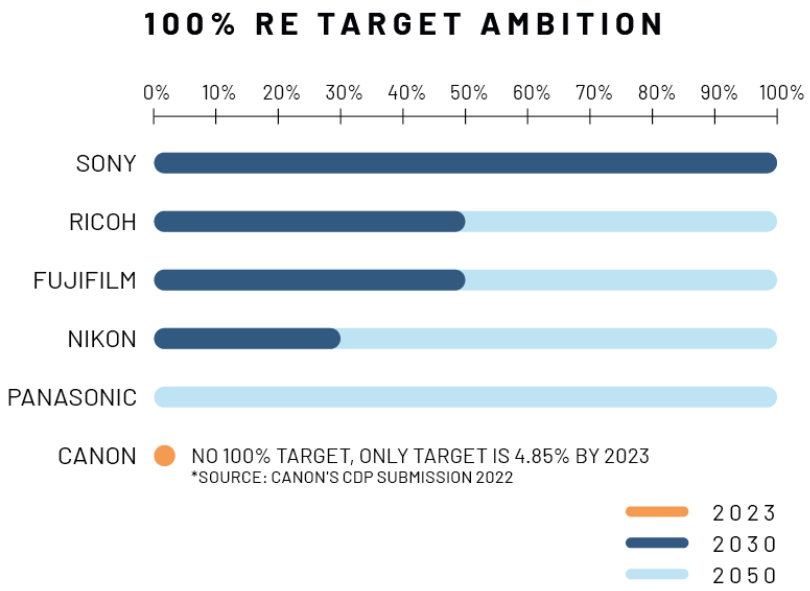

Figure 1. Renewable electricity target comparison

Canon needs to:

- Commit to a 100% RE commitment with at least 60% RE by 2030 and create additional renewable electricity development in Japan through renewable captive power and PPAs; and
- Commit to a 2030 absolute emissions reduction target that is at least equivalent to 45% from 2010 (excluding offsets).

INCREASING RE AMBITION AND IMPLEMENTATION IN JAPAN

The IEA Net Zero analysis recommends that G7 countries achieve 60% renewable electricity by 2030.[16] Many technology and consumer discretionary companies globally are moving faster as their business models allow faster transition than sectors that require more significant changes. The average target date for RE100 members to achieve 100% renewable electricity is 2030.[17] Amongst the companies assessed, only Sony is close to the average RE100 commitment and ahead of the IEA Net Zero analysis.

16 https://www.iea.org/reports/achieving-net-zero-electricity-sectors-in-g7-members/executive-summary
17 https://www.there100.org/sites/re100/files/2022-01/RE100%202021%20Annual%20Disclosure%20Report.pdf

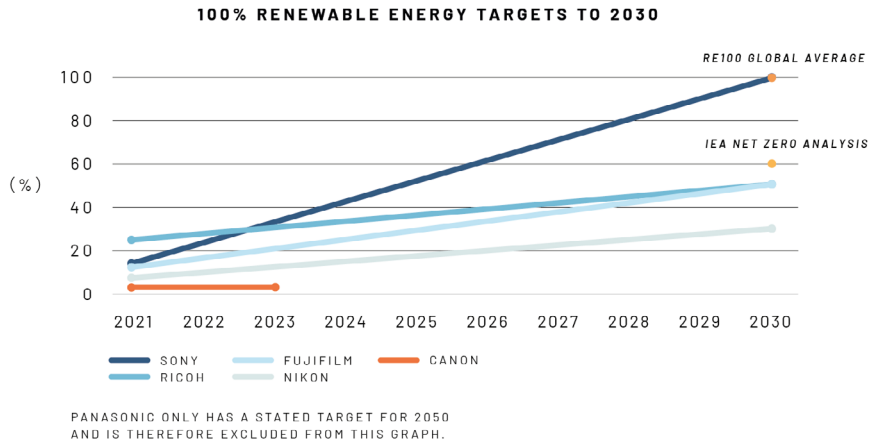

Figure 2. 2030 renewables electricity targets comparison against global benchmarks

Achieving the 2030 targets outlined by the IEA would require significant increases in companies' RE procurement growth rates for all companies assessed other than Sony and Ricoh. Canon would need to increase its annual RE growth rate 28 times to come in line with the IEA.

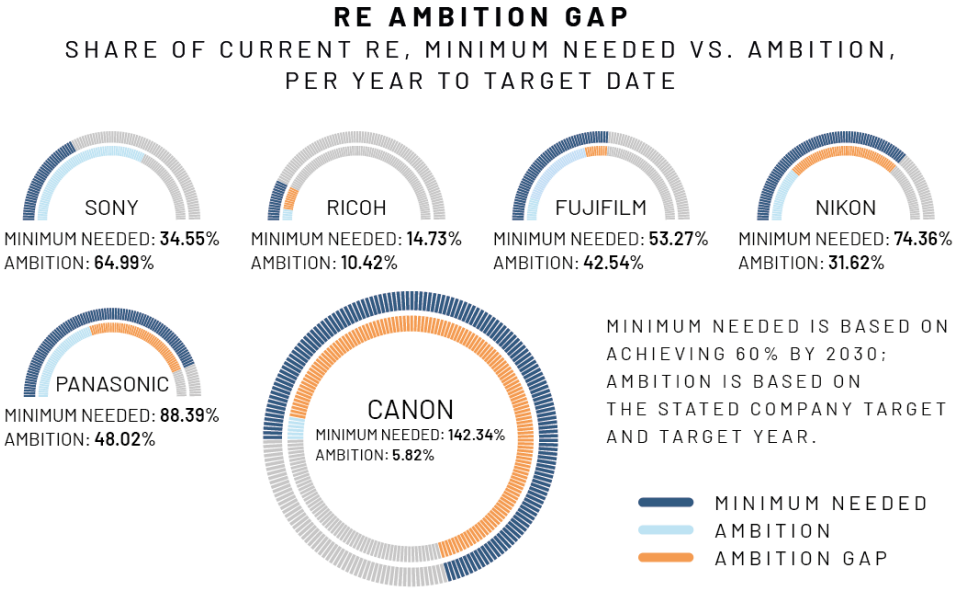

Figure 3. Renewable electricity ambition gap comparison

Achieving the necessary growth rate will require rapid RE development within the Japanese grid and PPAs to enable companies to drive additional RE. Yet virtual PPAs are currently difficult to procure in Japan due to regulatory and institutional challenges.[18] As outlined by the Japan Climate Leadership Partnership (JCLP), the Japanese Government needs to accelerate PPA deregulation to enable companies to generate additional RE more easily.

18 https://japan-clp.jp/archives/11481

Companies need to step up their efforts in advocating for PPA deregulation in Japan in order to accelerate renewable energy deployment

Globally, RE100 also requires companies to commit to using at least 60% RE by 2030; RE100's Japanese members are permitted to have a later target year for 100% RE use on the basis they carry out positive climate policy engagement to accelerate RE in Japan.[19]

While some positive engagement has taken place,[20] engagement on RE regulations such as PPAs is limited compared to the levels of engagement demonstrated by industry associations lobbying against climate action. Not only does slow RE development hinder emissions reduction, but also leaves Japanese companies even further behind their global peers.

All Japanese companies with RE and emissions reduction targets should:

- Urgently and proactively engage in PPA deregulation themselves and through their industry associations; and
- Develop Paris-aligned lobby expectations for their industry associations and a process for ensuring alignment.

19 https://www.there100.org/sites/re100/files/2022-10/RE100%20Joining%20Criteria%20Oct%202022.pdf
20 https://www.there100.org/sites/re100/files/2021-03/Japan%20Letter.pdf

APPENDIX - FULL POLICY ENGAGEMENT ASSESSMENT BY INFLUENCEMAP

InfluenceMap provided an overview of direct and indirect climate-related policy engagement by five Japanese digital camera companies: Sony, Fujifilm, Panasonic, Nikon and Canon. This assessment contains data from *InfluenceMap's online platform* which tracks, assesses and scores over 350 companies and 150 industry associations on their engagement with climate change policy. For details on the InfluenceMap scoring, please refer to their *guide*.

The Organisation Score measures whether a company's direct engagement with Paris-aligned policy is positive (above 75) or negative (below 50). Sony and Nikon demonstrate broadly positive direct engagement, Fujifilm and Panasonic have mixed engagement, and a score for Canon is not given due to limited evidence. The Performance Band (A+ to F) is a full measure of a company's climate policy engagement, accounting for both its own engagement and that of its industry associations. For companies, the 'Organisation Score' and 'Relationship Score' are combined to result in a total score that places the company in a Performance Band.

RANKING OF CLIMATE POLICY ENGAGEMENT BY JAPANESE DIGITAL CAMERA MANUFACTURERS

Company	Performance Band (A+ to F)	Organisation Score	Relationship Score	Engagement Intensity
Nikon	B-	79%	58%	8%
Sony	C+	75%	57%	15%
Fujifilm	C+	74%	62%	13%
Panasonic	C-	59%	61%	14%
Canon	D	n/a [1]	43%	3%

[1] InfluenceMap does not assign Organisation Scores for entities with Engagement Intensity lower than 5% as the available data may not be statistically valid to result in a meaningful score.

GLOSSARY

CDP	Formerly the Carbon Disclosure Project
IEA	International Energy Association
IPCC	Intergovernmental Panel on Climate Change
JCLP	Japan Climate Leaders Partnership, a business coalition in Japan
PPA	Power Purchase Agreement
RE	Renewable electricity
RE100	A climate initiative aiming at 100% renewable electricity use in business
SBTi	Science-Based Targets initiative

DATA AND DISCLAIMER

This analysis is for informational purposes only and does not constitute investment advice, and should not be relied upon to make any investment decision. The briefing represents the authors' views and interpretations of publicly available information that is self-reported by the companies assessed. References are provided for company reporting but the authors did not seek to validate the public self-reported information provided by those companies. Therefore, the authors cannot guarantee the factual accuracy of all information presented in this briefing. The authors and Transition Asia expressly assume no liability for information used or published by third parties with reference to this report.

OUR TEAM

Investor Lead

Lauren Huleatt — lauren@transitionasia.org

ESG Analysts

Kenta Kubokawa — kenta@transitionasia.org

Bonnie Zuo — bonnie@transitionasia.org

Communications Specialist

Crystal Chow — crystal@transitionasia.org

ABOUT TRANSITION ASIA

Founded in 2021, Transition Asia is a Hong Kong-based non-profit think tank that focuses on driving 1.5°C-aligned corporate climate action in East Asia through in-depth sectoral and policy analysis, investor insights, and strategic engagement. Transition Asia works with corporate, finance, and policy stakeholders across the globe to achieve transformative change for a net-zero, resilient future. Visit transitionasia.org or follow us @transitionasia to learn more.