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**Master's Thesis of International Studies**

**Sustainability in the Coffee Value  
Chain: Case Studies of Japanese SMEs  
for Sustainable Development**

커피 가치사슬에 근거한 지속가능성: 일본계  
중소기업의 지속가능발전을 위한 이니셔티브 사례

**February 2025**

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# **Sustainability in the Coffee Value Chain: Case Studies of Japanese SMEs for Sustainable Development**

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# Abstract

The coffee industry faces environmental and socio-economic challenges from coffee producers to consumers, and companies are implementing sustainability practices in the coffee value chain. This study explores how sustainability initiatives are implemented in the coffee value chain, with a particular focus on the integration of Environmental, Social, and Governance (ESG) frameworks; alignment with the UN Sustainable Development Goals (SDGs); and the corporate purposes related to these initiatives, as emphasized by Small and Medium-sized Enterprises (SMEs). The primary objective of this study is to understand how SMEs in the coffee industry implement sustainability practices, particularly under the Relationship Coffee Model (RCM), and investigate their contribution to sustainable development. Semi-structured interviews were conducted with three Japanese SMEs in the coffee industry to examine how ESG frameworks are integrated into business operations and aligned with sustainability practices. The data were analyzed using triangulation, revealing key themes regarding the motivations and practices of SMEs in promoting sustainability. The findings indicate that sustainability practices are not isolated within ESG domains, but are interlinked with each domain specifically through cross-sector partnerships. Additionally, the research highlights how commitments to SDGs are relevant to corporate purposes under the RCM. These findings deepen our understanding of how SMEs integrate sustainability initiatives into their corporate strategies and align them with the 2030 agenda for sustainable development, offering valuable insights not only for coffee companies but also for SMEs more broadly. By examining corporate sustainability practices in the value chain, this study provides a multifaceted perspective, uncovering best practices in sustainability initiatives under

the RCM within Japanese SMEs in the Asian context. It also provides valuable insights into the potential to achieve both economic profits and positive environmental and social impacts in sustainable business spaces.

**Keyword : Sustainability, Specialty Coffee, ESG (Environmental, Social, and Governance), SDGs (Sustainable Development Goals), Japanese SME, Relationship Coffee Model (RCM)**

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# **Chapter I. Introduction**

## **1.1. Research Background**

Coffee is one of the most consumed beverages in the world, with retail value exceeding USD 200 billion, and its production sites span more than 30 countries (Cordes et al., 2021); However, coffee production is a crucial economic activity that supports the livelihoods of approximately 100 million people worldwide, with a significant portion being smallholder farmers (Guido et al., 2020). Despite its economic significance, the coffee sector is facing numerous sustainability challenges. Environmental issues, such as water pollution, deforestation, biodiversity loss, and soil erosion, in conjunction with social challenges, including labor exploitation and economic inequality, underscore the necessity for a more sustainable approach to coffee production (Sachs et al., 2019).

In response to these sustainability challenges across the globe, the United Nations initiated the Principles for Responsible Investment (PRI) in 2006, emphasizing the integration of Environmental, Social, and Governance (ESG) considerations into investment and business strategies. ESG investing has garnered substantial attention worldwide, with an increasing number of companies and investors recognizing its potential to facilitate sustainable growth. For investors, this entails incorporating ESG factors into the investment analysis and decision-making processes. For businesses, this involves identifying and assessing material sustainability issues and disclosing pertinent ESG implementation to the public (PRI



Principles 1 and 3).<sup>①</sup> This emphasis on ESG underscores its significance as a framework for promoting sustainability in business operations across sectors, including the agricultural commodity sector and food and beverage industries, such as the coffee industry.

According to the Global Sustainable Investment Review 2022<sup>②</sup>, published by the Global Sustainable Investment Alliance, global sustainable investment assets have reached USD 30.3 trillion, spanning multiple regions and countries, such as the United States, Canada, Europe, Australia, New Zealand, and Japan. Specifically, Japan experienced rapid growth in ESG investing, with a compound annual growth rate of 122% from 2014 to 2020. In contrast, the growth rates in the United States and Canada were slower, with sustainable investment assets representing only 4% of the total assets in the U.S. and 3% in Canada between 2020 and 2022.

In Japan, the Ministry of Economy, Trade, and Industry (METI) established the Sustainable Development Goals (SDGs) Management/ESG Investment Research Working Group from 2018 to 2019. This group facilitated discussions on ESG- and SDG-related issues among government officials, private enterprises, and academics. In May 2019, METI released the SDGs Management Guide, encouraging Japanese companies to contribute to the SDGs through their business operations.<sup>③</sup> The guide also emphasizes the connection between the philosophy of "corporate purpose-driven management" in Japanese companies and the SDGs and clarifies that both

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<sup>①</sup> Principles for Responsible Investment (PRI). (n.d.). What are the Principles for Responsible Investment. Retrieved from <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

<sup>②</sup> Global Sustainable Investment Alliance (GSIA). (2022). Global sustainable investment review 2022. Retrieved from <https://www.gsi-alliance.org/wp-content/uploads/2023/12/GSIA-Report-2022.pdf>

<sup>③</sup> Ministry of Economy, Trade and Industry (METI). (2023). *SDGs Management Guide*. Retrieved from <https://www1.logistics.or.jp/Portals/0/SDGsガイド.pdf>

large corporations and small- and medium-sized enterprises (SMEs) play an integral role in committing to the SDGs. Therefore, the relationship between ESG investing and private companies' commitment to the SDGs is interdependent in the Japanese context. The Government Pension Investment Fund of Japan (GPIF) further underscores that private companies' contributions to the SDGs can lead to value creation and sustained corporate growth, benefiting long-term returns for ESG-focused investors.<sup>④</sup>

Despite their limited resources, SMEs are crucial contributors to achieving the SDGs. Globally, SMEs account for nearly 90% of all businesses and employ more than 50% of their workforce.<sup>⑤</sup> In Japan, SMEs represent 99.7% of all businesses by 2021 and employ approximately 33 million people or 69.7% of the private sector workforce.<sup>⑥</sup> This large presence of SMEs in both the global and Japanese economies underscores their pivotal influence in advancing sustainability, especially through the integration of ESG, towards the SDGs. Although they often face challenges related to resource constraints, SMEs can enhance resilience and competitiveness by pursuing transformative approaches to sustainability that are more environmentally, socially, and economically sustainable and better able to withstand shocks such as the COVID-19 pandemic. (DiBella et al., 2022). The Organization for Small and Medium Enterprises and Regional Innovation of Japan (SMRJ) has also released guides to support SMEs in integrating the SDGs into their

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<sup>④</sup> Global Pension Investment Fund (GPIF). (n.d.). ESG investments. Retrieved from <https://www.gpif.go.jp/esg-stw/esginvestments/>

<sup>⑤</sup> World Bank. (2024). Small and medium enterprises (SMEs) finance. Retrieved from <https://www.worldbank.org/en/topic/sme/finance>

<sup>⑥</sup> Organization for Small & Medium Enterprises and Regional Innovation of Japan. (2021). Economic Census for 2021. Retrieved from <https://www.smrj.go.jp/recruit/environment.html>

practices.<sup>⑦</sup> A finding from the SMRJ survey shows that 34.6% of Japanese SMEs are currently engaged in or planning to implement initiatives aligned with the SDGs by 2024.<sup>⑧</sup>

In addition, Japan assumes a key position in advancing sustainable coffee practices, as it is the largest coffee-consuming country in Asia.<sup>⑨</sup> Research in 2023 by the International Coffee Organization (ICO) revealed that Japan's coffee market, valued at roughly USD10 billion, holds the third position globally, surpassed only by the United States and Brazil. Japan ranks as the world's fourth largest coffee importer, with an annual import volume of approximately 450,000 tons. In recent years, Japanese consumers have prioritized sustainability in their 2023 survey, stating that they consider sustainability when making purchase decisions.<sup>⑩</sup> This growing consumer interest has driven significant transformation in the coffee industry.

This transformation is known as the "coffee wave," and the "third wave," which emerged in the late 1990s, is particularly relevant to recent trends in the coffee industry. The movement has encouraged sustainable practices, with companies investing in sustainable coffee production and certifications, although these efforts are often limited by governance factors in the supply chain (Peixoto et al., 2022; Millard, 2017). In this regard, the Relationship Coffee Model (RCM) stands out

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<sup>⑦</sup> Organization for Small & Medium Enterprises and Regional Innovation of Japan. (n.d.). SDGs policy Retrieved from <https://www.smrj.go.jp/org/policy/sdgs/index.html>

<sup>⑧</sup> Organization for Small & Medium Enterprises and Regional Innovation of Japan. (2024). A Survey on the Actual Status of SDGs Enhancement in Small and Medium Enterprises Retrieved from [https://www.smrj.go.jp/research\\_case/questionnaire/fbrion0000002pjw-att/rvuad1000001oa2s.pdf](https://www.smrj.go.jp/research_case/questionnaire/fbrion0000002pjw-att/rvuad1000001oa2s.pdf)

<sup>⑨</sup> International Coffee Organization (ICO). (2023). Coffee Market Report. Retrieved from <https://ico.org/resources/coffee-market-report-statistics-section/>

<sup>⑩</sup> PricewaterhouseCoopers (PwC). (2023). Consumer survey on sustainability 2023. Retrieved from <https://www.pwc.com/jp/ja/knowledge/thoughtleadership/consumer-survey-on-sustainability2023.html>

among the models emerging from the third wave. The RCM is based on long-term equitable partnerships between producers and roasters to promote sustainable coffee production. The model emphasizes fair pricing, traceability, and attention to the environmental and social responsibility of coffee production along with high-quality coffee, making it closely aligned with ESG.

In the context of growing ESG investing, Japan has a critical opportunity to contribute to sustainability in the coffee industry. However, despite Japan being ranked 18th globally in the 2024 SDGs achievement report placed as the first in Asia<sup>⑪</sup>, concerns remain regarding the actual impact of sustainability initiatives, particularly in the coffee sector. The issues of SDG-washing and green washing continue to persist. Moreover, research on the actual integration of ESG into Japan's specialty coffee market remains limited, especially in the context of SMEs adopting the RCM approach, such as the third wave. Most existing studies have focused on large Western brands, such as Starbucks and Nestlé, or coffee roasters, including SMEs in the Western context, while research on Japanese coffee companies in the specialty coffee sector, particularly SMEs following the third-wave coffee movement, is scarce.

## 1.2. Purpose of Research

This study addresses significant issues pertaining to the implementation of sustainability practices in the coffee industry, with an emphasis on the environmental and socio-economic challenges encountered by the sector. This study examines the methods through which companies incorporate sustainable practices throughout their

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<sup>⑪</sup> Sustainable Development Solutions Network. (2024). Japan SDG Index Profile. SDG Index & Dashboards. Retrieved from <https://dashboards.sdgindex.org/profiles/japan>.

supply chains. Japan, as one of the world's largest coffee-consuming countries, faces the critical challenge of aligning its coffee industry's sustainability with global agenda such as the SDGs in response to increasing consumer demand for sustainable products. The primary objective of this study is to elucidate how Japanese SMEs in the coffee industry integrate ESG aspects into their business models and contribute to sustainable development. The study specifically examines the practices of companies under the RCM and investigates how these companies address environmental and social issues in the value chain. Additionally, it explores the linkages between sustainability initiatives within the ESG arena and the achievement of SDGs, as well as their reflection on companies' corporate purposes and business models. Furthermore, research focusing on Japanese SMEs in the coffee industry is limited, with existing studies primarily focusing on large Western companies, such as Starbucks and Nestlé, or on case studies from Europe and the Australian markets. Consequently, this study addresses this significant research gap and provides novel insights, particularly regarding how SMEs implement sustainability initiatives in the Asian context. This study aims to provide practical guidance for constructing sustainable business models and achieving the SDGs. It offers specific insights into the integration of ESG implementation into business operations to achieve both economic profits and social and environmental impacts. In the outline of this paper, the first chapter introduces research motivation, emphasizing its academic background and contextual framework. Chapter II provides a literature review encompassing key concepts related to sustainability governance in the coffee value chain, the relationship between sustainability and sustainable development, the characteristics of the RCM, and the alignment of corporate purposes with sustainability practices and the SDGs in the case of SMEs in Japan. Chapter III

presents a detailed case study that illustrates the practical application of these theories and frameworks, focusing on specific examples and analyses of the coffee industry. Chapter IV discusses the case findings, drawing connections between the literature review and the implications of actual sustainability initiatives in these cases. Chapter V concludes the paper by delineating the research contributions to existing studies and presenting recommendations and limitations for future research. The following section presents the literature.

## **Chapter II. Literature Review and Methodology**

### **2.1. Literature Review**

This section examines the extant literature on sustainability practices in the coffee industry with a focus on key concepts, including sustainability practices with relevance to ESG and the SDGs, and also reviews the RCM in the coffee industry. This literature review further encompasses the role of Japanese companies in advancing corporate sustainability. It specifically investigates how these sustainability frameworks are operationalized within the coffee industry and explores their relevance to sustainability in the Japanese context.

Previous research offers a multifaceted perspective on sustainability challenges in the coffee industry, focusing on corporate strategies to improve environmental and socioeconomic outcomes. Peixoto et al. (2022) identified environmental, social, and economic issues as sustainability challenges in coffee value chains. Environmentally, these include deforestation, water resource depletion, soil degradation, and biodiversity loss, all of which are often exacerbated by

unsustainable agricultural practices. Socially, the low wages of coffee farmers, poor working conditions, and a lack of access to education and healthcare are major concerns. Economically, price fluctuations and power imbalance foster inequality.

To address these challenges, the promotion of sustainable agricultural practices, such as agroforestry and diversified cultivation, the introduction of fair trade and organic certifications, improvements in water resource management during processing, and the implementation of circular economy models for waste utilization are suggested. The successful implementation of these strategies requires cooperation among stakeholders, increased transparency in supply chains, and consumer education to promote responsible consumption. Achieving sustainability in the coffee industry requires collaboration between farmers, businesses, consumers, and policymakers. Peixoto et al. (2022) also highlights the need for further analysis of how these strategies vary according to company size and approach.

Bager and Lambin (2020) analyzed the differences in sustainability strategies among 513 coffee companies based on company size and stakeholder influence. This study categorizes sustainability practices into environmental, socio-economic, and governance aspects, investigating how each company approaches these areas. The results show that approximately one-third of the companies reported vague commitments or no sustainability initiatives, while the remaining companies implemented specific and clear sustainability strategies.

Large corporations tend to prioritize internal governance and implement sustainability practices across their entire value chain, which is referred to as "hands-on" governance. In contrast, smaller enterprises are significantly reliant on external certifications, including fair trade and rainforest alliances, which is termed "hands-off" governance. Additionally, market differentiation through sustainability is

advancing, with sustainability strategies being adjusted according to company size and stakeholders. This study also emphasizes the need for consistent SDG-related sustainability metrics and transparent reporting frameworks for all value chain stakeholders.

In the coffee industry, the specialty market, which offers price premiums based on product quality, improves the economic situation of small-scale farmers and promotes sustainable business practices. A model of particular interest in this context is the RCM, which aims to build long-term partnerships based on the quality between coffee buyers and small-scale farmers.

Hernandez-Aguilera et al. (2018) demonstrate that the RCM has a significant impact on both business profitability and sustainability. Farmers participating in this model adopted more sustainable agricultural practices, had better access to financing, and experienced improved social and environmental outcomes. Thus, the RCM promotes sustainable business practices in the coffee value chain, potentially enhancing environmental and socio-economic sustainability.

However, uncertainty remains regarding whether the RCM improves the economic conditions of all farmers. Vicol et al. (2018) reported no significant differences in farm shipping prices between the RCM participants and non-participants in Indonesia. Their study revealed that the benefits of the RCM were concentrated among specific individuals within the farming community, thus strengthening their social status.

Furthermore, while the RCM primarily focuses on the connections between small-scale farmers and coffee roasters, it is not clear whether roasters or buyers / roasters are SMEs. Studies on the role of SMEs in supply chains have provided insights. Candelo et al. (2018) discuss value co-creation projects involving coffee



roasters and smallholder farmers aimed at empowering low-power stakeholders in complex global supply chains. This suggests that some coffee roasters, irrespective of their size, actively engage in initiatives to support smallholder farmers.

Malesios et al. (2018) highlight the critical role of sustainability in SME supply chains, recognizing that SMEs are major contributors to GDP across economies. While this study does not specifically mention coffee roasters, it underscores the need for sustainable supply chain performance measurement models for SMEs, which could be applicable to coffee roasters if they fall within the SMEs category.

Regarding the context of Japanese companies and sustainability for sustainable development, Sasaki et al. (2023) discuss the relationship between corporate purpose and the SDGs, highlighting the different approaches companies use to integrate sustainability strategies and its implementation into their business models. They emphasize the distinction between goal-based and duty-based perspectives of corporate purpose and suggest that companies with a dual approach to purpose are more likely to implement the SDGs across various organizational levels. Their study contributes to the understanding of corporate engagement with the SDGs by providing empirical evidence from large companies in Japan.

Conversely, the case study conducted by Gabriel Eweje (2020) demonstrates that SMEs can implement effective sustainability strategies despite resource limitations. Specifically, even with their size and constraints, a SME possesses the capacity to make substantial contributions to social and environmental sustainability. This perspective underscores the significance of research on the sustainability and corporate social responsibility strategies of a Japanese SME, and this may be applicable to the coffee industry in Japan.

These studies suggest ways in which Japanese SMEs can promote sustainability across supply chains and adopt strategies aligned with the ESG and SDGs. They are also useful for understanding how SMEs, such as coffee companies in Japan, utilize sustainability frameworks in both global and local contexts.

Previous research has highlighted various perspectives on sustainability challenges in the coffee industry (Peixoto et al., 2022; Bager & Lambin, 2020; Sachs et al., 2019). In particular, issues in the environmental, social, and economic domains, and the strategies employed by companies to address them, have been discussed. However, it has become clear that the following points have not been adequately addressed.

A comprehensive examination of the extant literature reveals a significant gap in research pertaining to the role of SMEs, particularly in the context of sustainability practices within Japanese SMEs. While scholars including Sasaki et al. (2023) and Gabriel Eweje (2020) have explored corporate sustainability strategies in Japanese companies, The academic literature exhibits a notable deficiency in research examining the integration of sustainability practices within ESG arena by SMEs, their contributions to the SDGs, and their different approaches and unique characteristics in an industry-specific context. This research gap is particularly evident within the Japanese coffee industry, highlighting a critical area that demands further academic exploration.

Besides the above, there are still issues surrounding the effectiveness of the RCM. Specifically, the implementation of the RCM approach may have different economic impacts, depending on the size of the participating companies and the markets in which they operate. As a result, there may be concerns about the unequal distribution of benefits and lack of alignment with the SDGs (Vicol et al., 2018).

Therefore, it is necessary to clarify how companies align with the SDGs under the RCM and how its effects differ according to each company when sustainability practices are implemented from seed to cup. Specifically, this study seeks to answer three key research questions.

- Research Questions

RQ1: How are sustainability initiatives implemented within ESG domains in the coffee value chain to ensure sustainability?

RQ2: How are sustainability initiatives undertaken under the RCM aligned with the SDGs?

RQ3: What corporate purposes do SMEs emphasize in alignment with sustainability initiatives?

These questions aim to clarify sustainability practices in the coffee industry with a particular focus on SMEs in Japan. This study seeks to fill these gaps and provide new insights that deepen the understanding of the actual sustainability practices related to ESG, their alignment with the SDGs, and their relationship with corporate purpose.

## **2.2 Research Methodology**

### **2.2.1 Case Study Approach**

This study employs a qualitative case study approach to investigate sustainability practices within Japan's specialty coffee sector, specifically focusing on Japanese SMEs under the RCM, and implementing sustainability practices within ESG domains in the coffee value chain. A case study methodology is particularly

appropriate for exploring complex, context-specific phenomena in real-world settings, allowing for an in-depth understanding of the processes and practices within individual organizations (Yin, 2018). By focusing on specific coffee companies, this approach yields comprehensive qualitative insights into the business practices of Japanese SMEs applicable under the RCM, facilitating a more thorough examination of how these enterprises incorporate sustainability into their operations. This iterative process enables research to uncover new distinctions and insights into the phenomenon being studied (Aspers, 2019).

The case study approach is particularly relevant for this research as it enables a nuanced understanding of how Japanese SMEs align their business models with sustainability following the third-wave coffee evolution. By examining the practices of these companies from seed to cup, this study aims to understand ESG integration within their operations and its environmental and social impacts in the coffee value chain.

To collect sufficient qualitative data, semi-structured and in-depth interviews were conducted with executives of the selected Japanese SMEs. Semi-structured interviews offer flexibility, enabling researchers to probe key themes while allowing the conversation to evolve based on emerging insights (Adams, 2015). This methodology ensured a comprehensive exploration of sustainability practices, and encouraged participants to discuss their perspectives on ESG implementation, strategies, and opportunities in the coffee sector.

In addition to the primary data collected through the interviews, secondary data sources were utilized to complement and triangulate the findings. These secondary data, such as company documents and newspaper reports, can provide valuable insights into business ethics research, reducing bias and improving

reliability and validity (Harris, 2001). These sources provided additional context and helped validate the insights gathered from the interviews.

By integrating both primary and secondary data, this research ensures greater credibility and reliability, resulting in a more comprehensive understanding of sustainability practices in Japan's specialty coffee sector.

### **2.2.2 Case Selection and Data Analysis Method**

The participants were selected based on specific criteria to ensure the relevance of the cases to the research objectives. The study focused on coffee enterprises in Tokyo, Japan, which met the following criteria: 1) run their own coffee shops in Tokyo, 2) provide specialty coffee or handle coffee beans of equivalent high quality, 3) sell to other coffee shops/consumers, 4) direct trade with farmers (ensuring traceability from seed to cup), and 5) engage in sustainability activities that can be seen in the public domain. These criteria were designed to ensure that the selected coffee enterprises represented a diverse range of sustainability practices, particularly those aligned with the RCM approach. The second criterion, "specialty coffee," is defined by its high quality and unique characteristics that distinguish it from conventional coffee. It is frequently associated with specific attributes such as origin, processing methods, and sensory characteristics (Raveendran & Murthy, 2021). The third criterion, "direct trade," refers to the RCM approach, in which roasters engage directly with coffee producers through personal interactions, mutual trust, and commitment to improving quality (Vicol et al., 2018). However, the term 'direct trade' does not necessarily exclude intermediary actors, such as trading firms (Vicol et al., 2018; Holland et al., 2016).

The sampling frame for this study was derived from 34 coffee shops known for their adherence to the concept of specialty-graded coffee, as listed in Korean-published books - “Tokyo's Delicious Coffee Shops” (도쿄의 맛있는 커피집) and “Tokyo Coffee” (동경커피).

After applying the five filtering criteria to 34 specialty coffee shops, only five were selected. These coffee shops met all of the required criteria related to high-quality coffee, direct trade with farmers, and sustainable practices. The final five coffee shops were identified through purposive sampling, ensuring that they represent a diverse range of sustainability practices in Japan's coffee industry.

On the basis of these criteria, five Japanese coffee enterprises were identified as suitable candidates for this study. Three of these enterprises—ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO—agreed to participate. One company declined participation, saying “no” to involve in an individual research for Master’s thesis, while another expressed interest but ultimately did not proceed with the interview due to scheduling conflicts during the data collection period.

The data collected from the interviews were analyzed thematically. This approach allowed for the identification of common practices and strategies across the ESG domains. Thematic analysis was used to explore how Japanese SMEs align their corporate purpose with sustainability efforts, and how these enterprises contribute to sustainable development goals in the coffee industry. By identifying the trends and patterns in the data, this study offers insights into the role of these companies in advancing sustainable business practices and their potential impact on coffee value chains.

### **2.2.3 Analytical Framework**

These three frameworks—sustainability governance within ESG domains, the SDGs commitments, and corporate purposes and sustainability—function synergistically to address the research questions. The integration of these frameworks facilitates a comprehensive understanding of how Japanese SMEs implement sustainability practices under the RCM, contribute to the SDGs, and align their corporate purposes with long-term sustainable value creation. This multifaceted approach ensures that their sustainability efforts are both efficacious and congruent with the environmental and socioeconomic sustainability impacts.

#### **a) ESG Framework for Coffee Sustainability**

The sustainability framework for the ESG aspects used in this study is based on the sustainability governance scheme proposed by Bager and Lambin (2020). This model provides a comprehensive approach for integrating environmental (E), social (S), and governance (G) aspects into corporate operations. The data for this framework were derived from the sustainability practices of 513 coffee companies worldwide, which were also applied to the Japanese companies interviewed in this study. Using this framework, companies can align their operations with the ESG factors and achieve sustainable management.

##### **Factor 1: Environmental Dimension (E)**

The environmental aspect includes practices aimed at minimizing the environmental impact of coffee production. These practices include reducing greenhouse gas

emissions, implementing renewable energy, reducing waste, managing water resources, and protecting biodiversity.

#### Factor 2: Social Dimension (S)

The social aspect focuses on the protection of workers' rights and development of local communities. Specific practices include the elimination of child labor, payment of fair wages, ensuring health and safety, providing education for employees and suppliers, and ensuring transparency within the supply chain.

#### Factor 3: Governance Dimension (G)

Governance ensures that companies operate with transparency, accountability and ethics. Key practices in governance include obtaining certifications such as fair trade and rainforest alliances, which verify companies' commitment to environmental protection and social responsibility.

#### Factor 4: Multifaceted Analysis Approach

In this study, we also examined whether sustainability efforts in one area were related to those in other areas. By conducting a multifaceted analysis, we can more comprehensively measure the impact of integrating environmental, social, and governance aspects into business operations, and assess the broader impact of sustainability initiatives.

#### Key ESG factors within the coffee sector (Table 1):

- Environmental Practices (21 practices): carbon footprint reduction, renewable energy use, biodiversity conservation, and water management.



- Social Practices (12 practices): These encompass fair labor practices, gender equality, health and safety, and transparency in the supply chain.
- Governance Practices (8 practices): Focuses on certifications such as fair trade, rainforest alliances, and other recognized standards that ensure compliance with sustainability goals.

Table 1. Sustainability Practices and Standards Analysis (Bager and Lambin, 2020)

Category	Practices
<b>Environment</b>	1. Carbon footprint/reduction in GHG emissions <sup>a</sup>
	2. Energy use target policy <sup>a</sup>
	3. Carbon offsets <sup>a</sup>
	4. Renewable energy <sup>a</sup>
	5. Climate mitigation programmes or policies <sup>b</sup>
	6. Climate adaptation programmes or policies <sup>b</sup>
	7. Life-cycle assessment <sup>a</sup>
	8. Biodiversity Conservation programmes or policies <sup>b</sup>
	9. Soil protection programmes or policies <sup>b</sup>
	10. Zero deforestation policy <sup>b</sup>
	11. Shade-tree programmes or policies <sup>b</sup>
	12. Tree planting programmes or policies <sup>b</sup>
	13. Food waste target or policy <sup>a</sup>
	14. Waste target or policy <sup>a</sup>
	15. Recycling target policy <sup>a</sup>
	16. Composting target policy <sup>a</sup>
	17. Water pollution target <sup>b</sup>
	18. Water consumption target and policy <sup>b</sup>
	19. Pesticide use target or policy <sup>b</sup>
	20. GMO target or policy <sup>b</sup>
	21. Building or facility certifications <sup>a</sup>

<b>Social</b>	1. No child labour programme or policy
	2. Gender equality programme or policy
	3. Health & safety policy
	4. Social employment programme or policy
	5. Education programme for employees
	6. Education for suppliers
	7. Minimum wage
	8. Donations
	9. CSR report
	10. Minimum price
	11. Supply chain transparency
	12. Price transparency
<b>Governance<sup>c</sup></b>	1. Organic <sup>d</sup>
	2. Fairtrade <sup>e</sup>
	3. Rainforest Alliance (RFA)
	4. Utz
	5. Biodynamic
	6. Demeter
	7. Smithsonian Bird Friendly
	8. 4C (Common Code for the Coffee Community)

<sup>a</sup> ‘In-house’ practices

<sup>b</sup> ‘Sustainable sourcing’ practices.

<sup>c</sup> Internal sustainability standard (incl. Starbucks C.A.F.E. Practices and Nepresso AAA) are not included here.

<sup>d</sup> All certification systems for organic farming were grouped as ‘organic’ (EU plus national standards, e.g., USDA organic [US], KRAV [SE] and Soil Association [UK]).

<sup>e</sup> Includes both Fair Trade USA and Fairtrade Labelling Organization, FLO.

Source: Bager and Lambin (2020). Sustainability strategies of companies in the global coffee sector. Business Strategy and the Environment.

## **b) Linking Corporate Sustainability Initiatives with the SDGs**

This study adopts a three-step analytical framework to examine the linkage between corporate sustainability initiatives in the coffee industry and the SDGs across the

environmental (E), social (S), and governance (G) domains. The framework serves as a methodological foundation for systematically understanding how sustainability efforts in the coffee industry contribute to the achievement of SDGs. The research approach is based on relevant literature and strategic frameworks, providing a structure for analyzing how corporate sustainability initiatives are connected to the SDGs (Figure 1).

### Step 1: Review of Project Scope

The first step involves a comprehensive review of the project scope of sustainability initiatives, with a focus on understanding the corporate sustainability goals and expected impacts. This step is essential to clarify how the environmental, social, and economic outcomes of sustainability efforts are defined in the coffee industry.

Specifically, sustainability initiatives are analyzed using data gathered from interviews with corporate sustainability officers as well as sustainability disclosure available on corporate websites and official reports. The research conducted by Bager and Lambin (2020) on global sustainability strategies in the coffee industry served as a benchmark for evaluating these initiatives. This methodological approach facilitates the identification of key challenges that companies are addressing and the scope of their projects, with particular emphasis on the specific domains of ESG they are targeting.

### Step 2: Alignment with the SDGs

The subsequent phase entails correlating the outcomes of sustainability initiatives at the project level to the specific SDGs. The aim is to clarify which the SDGs' corporate initiatives contribute and how the projects align with the SDGs. For

example, a coffee company's project focused on energy efficiency technology would be linked to SDG 7: Affordable and Clean Energy. On the other hand, initiatives related to fair labor practices and community development for coffee farmers would align with SDG 8: Decent Work and Economic Growth. Additionally, adopting sustainable sourcing practices could contribute to SDG 12, Responsible Consumption and Production.

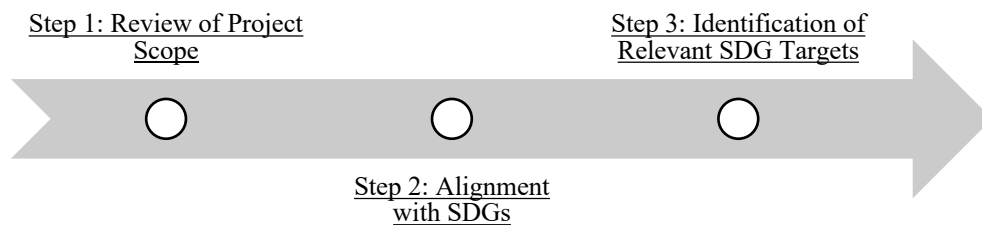
To evaluate this alignment, the SDG Industry Matrix – Food, Beverage, and Consumer Goods (UN Global Compact and KPMG) –is used to clarify the relationship between industry-specific sustainability initiatives and the SDGs. Furthermore, Sachs et al. (2019) provide insights into how sustainability practices in the coffee industry contribute to the SDGs, which can be leveraged to refine the linkages between specific initiatives and the SDGs. This approach allowed for a comprehensive understanding of the SDGs impacted by each project.

### Step 3: Identification of Relevant SDG Targets

The final step involves identifying the specific targets within each SDG that sustainability projects influence. This step ensures that the outcomes of the projects are measurable and allows for the evaluation of their contributions to global sustainability goals. For example, a project focused on waste management would contribute to SDG 12: Responsible Consumption and Production, particularly Target 12.5: Substantially reducing waste generation through prevention, reduction, recycling, and reuse. Similarly, educational programs or capacity-building initiatives aimed at improving the economic resilience of smallholder farmers would contribute to SDG 2: Zero Hunger, particularly Target 2.3: Doubling the agricultural productivity and income of small-scale food producers.

The identification of these targets is based on the SDG targets of the United Nations Department of Economic and Social Affairs (UNDESA), which provides targets to track progress towards each SDG. This approach allows for a quantitative assessment of how corporate sustainability initiatives contribute to the SDGs.

Figure 1: Framework Overview of Sustainability Initiatives and the SDGs



Source: Author

### **c) Analysis of Corporate Purpose and Sustainability**

An analytical framework for exploring the relationship between Corporate Purpose and Sustainability is employed to investigate how SMEs in the coffee industry align their corporate purpose with sustainability practices to foster long-term value creation. This framework integrates purpose-driven management with sustainability practices and ESG implementation while also considering contributions to the SDGs (Figure 2).

Step 1: Clarification of the Integration of Corporate Purpose and Sustainability

The first step involves clarifying how sustainability is integrated into the company's mission and vision. Specifically, it identifies how key sustainability elements such as environmental stewardship, social impact, and governance practices align with the company's core values and strategic objectives. Understanding how sustainability efforts relate to a company's overall purpose is crucial to exploring the relationship between corporate purposes and sustainability practices. This step will involve analyzing the company's mission statement, corporate reports, and conducting interviews with senior management to identify how sustainability goals are incorporated into the company's strategic direction. Additionally, it assesses how these sustainability initiatives relate to a company's long-term value creation goals.

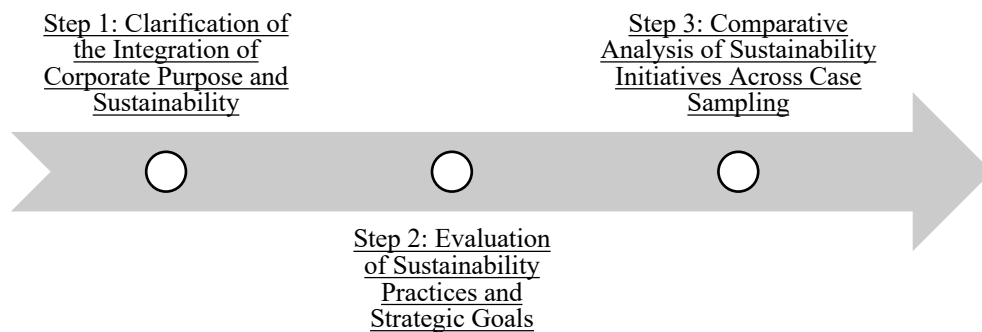
#### Step 2: Evaluation of Sustainability Practices and Strategic Goals

The second step focuses on evaluating how specific sustainability practices contribute to achieving a company's long-term strategic objectives. This includes examining initiatives such as carbon footprint reduction, community engagement, and supply chain transparency and analyzing how these sustainability practices reinforce the company's business strategy. This evaluation will help clarify how sustainability efforts align with a company's strategic goals and impact both short- and long-term business outcomes. To guide this process, company reports, industry benchmarks, and relevant academic literature on sustainability and corporate strategy were used to assess the alignment of sustainability practices with the company's mission and broader strategic vision.

#### Step 3: Comparative Analysis of Sustainability Initiatives Across Case Sampling

The final step involved conducting a comparative analysis of the sustainability initiatives across the three selected companies. The purpose of this analysis is to identify common themes and approaches for the integration of sustainability and corporate purposes. It also highlights differences arising from unique corporate values, industry-specific challenges, and strategic priorities. This analysis provides a comprehensive understanding of how each company aligns its sustainability practices with its mission, vision, and purpose will be developed. This comparative study provides insights into best practices, areas for improvement, and how SMEs in the coffee industry integrate sustainability initiatives with long-term business goals.

Figure 2: Framework Overview of Integration of Purpose and Sustainability



Source: Author

## Chapter III. Results and Analysis

In total, three 3 in-person interviews were conducted with senior management engaged in sustainability strategies at a firm level in Japan from September 2024 to October 2024 upon SNU IRB approval at the end of August 2024 (Table 2). The

interviews lasted from 90 to 120 minutes. All interviews were recorded with their agreement on SNU IRB consent forms and transcribed for further analysis and discussion in this research. The interview transcripts, along with the data obtained through the desktop research, were transcribed using Notta. To improve information accuracy, follow-up communication was conducted for all cases via email after the interview notes were summarized. In addition, rostering processing visits, its enterprise booklets/books, and its hearing sessions through seminar sessions are leveraged to gain a comprehensive understanding of its sustainability initiatives in the coffee industry and to analyze it from multiple perspectives. Each interviewee was asked to review the draft to increase the validity of the research data. The following section presents the interview results and analysis.

Table 2. Interview Participants

	Company	Participant	Month
1	ONIBUS COFFEE	<ul style="list-style-type: none"> <li>○ Chief Sustainability Officer since 2020 with the extensive work experience at a coffee sector for over 12 years.</li> </ul>	Sep 2024
2	Horiguchi Coffee	<ul style="list-style-type: none"> <li>○ Chief Financial Officer and Chief Sustainability Officer with over 22 years' work experience overseas and Japan in a coffee industry.</li> </ul>	Sep 2024
3	MI CAFETO	<ul style="list-style-type: none"> <li>○ Chief Executive Officer with work experience in both coffee production and consumer countries for over 50 years.</li> <li>○ Sustainable Management Advisor with 23 years' work experience of sustainability at NGO and private sectors</li> </ul>	Oct 2024

Source: Interviews by the Author



### **3.1 Theoretical and Hands-on Sustainability Practices**

Based on the interview results, ONIBUS COFFEE implemented ten environmental, eight social, and two governance practices. Horiguchi Coffee has eight environmental, seven social, and one governance practices. MI CAFETO has thirteen environmental practices, eleven social practices, and two governance practice (Table 3). However, the interview findings revealed additional sustainability practices that did not fully align with the conventional theoretical ESG framework. The findings from this study highlight several key insights into the interconnectedness of sustainability efforts within the coffee industry across ESG domains. Each coffee company examined employed distinct approaches to implementing sustainability practices. These practices, which are not explicitly captured by existing frameworks, are further explored and analyzed in the following section.

Table 3: Theoretical Sustainability Practice based on the Analytical Framework

	Practices	ONIBUS COFFEE	Horiguchi Coffee	MI CAFETO
<b>Environment</b>	1. Carbon footprint/reduction in GHG emissions	✓	✓	✓
	2. Energy use target policy	✓	✓	✓
	3. Carbon offsets		✓	
	4. Renewable energy	✓	✓	
	5. Climate mitigation programmes or policies			✓
	6. Climate adaptation programmes or policies			✓
	7. Life-cycle assessment			
	8. Biodiversity Conservation programmes or policies	✓		✓
	9. Soil protection programmes or policies	✓		✓
	10. Zero deforestation policy			✓
	11. Shade-tree programmes or policies		✓	✓
	12. Tree planting programmes or policies	✓		
	13. Food waste target or policy		✓	
	14. Waste target or policy	✓	✓	✓
	15. Recycling target policy	✓		
	16. Composting target policy	✓		✓
	17. Water pollution target			✓

	18. Water consumption target and policy			✓
	19. Pesticide use target or policy	✓		✓
	20. GMO target or policy			
	21. Building or facility certifications		✓	
<b>Social</b>	1. No child labour programme or policy	✓		✓
	2. Gender equality programme or policy		✓	✓
	3. Health & safety policy			✓
	4. Social employment programme or policy		✓	✓
	5. Education programme for employees	✓	✓	✓
	6. Education for suppliers	✓	✓	✓
	7. Minimum wage	✓		✓
	8. Donations	✓	✓	✓
	9. CSR report	✓	✓	✓
	10. Minimum price			✓
	11. Supply chain transparency	✓	✓	✓
	12. Price transparency	✓		
<b>Governance</b>	1. Organic			
	2. Fairtrade	✓	✓	✓
	3. Rainforest Alliance (RFA)	✓		✓

	4. Utz <sup>12</sup>			
	5. Biodynamic			
	6. Demeter			
	7. Smithsonian Bird Friendly			
	8. 4C (Common Code for the Coffee Community)			

Source: Results obtained from the interview analysis and Bager and Lambin (2020). Sustainability strategies by companies in the global coffee sector. Business Strategy and the Environment.

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<sup>12</sup>The UTZ organization merged with the Rainforest Alliance in 2018, and the UTZ Certificate has been incorporated into the Rainforest Alliance as of 2024. Retrieved from <https://www.rainforest-alliance.org/utz/>

## **3.2 Case Study Analysis: ESG Linkage and the SDGs**

### **3.2.1 ONIBUS COFFEE**

ONIBUS COFFEE's ESG implementation is intricately linked to its commitment to sustainability practices, ethical practices, and creation of long-term positive impacts throughout its value chain. These projects encompass various ESG aspects including pollution and waste management, climate change, resource efficiency, human capital development, and corporate governance. Each initiative addressed critical environmental and social challenges as outlined in the accompanying table (Table 4).

The Rwanda Soil Project (Soil Project) (Table 4.1) primarily focuses on soil restoration and the promotion of sustainable farming practices. The project was specifically designed to address soil degradation in coffee-producing regions by introducing composting techniques to reduce farmers' reliance on chemical fertilizers. In doing so, it seeks to improve soil health and ensure the long-term sustainability of agricultural practices by combating issues such as soil erosion and fertilizer shortages. From an environmental (E) perspective, this project contributes significantly to soil restoration and supports sustainable farming practices, which are expected to enhance long-term productivity and protect local ecosystems. By teaching farmers soil management techniques and promoting organic farming practices, the project empowers the local communities. On the social (S) side, it fosters the empowerment of smallholder farmers, provides agricultural training, and encourages economic self-sufficiency. Additionally, through partnerships with local roasters and crowdfunding initiatives in Japan, the project broadened community engagement and garnered support from both consumers and stakeholders. Regarding

governance (G), the project emphasizes the importance of supply chain traceability, ensuring transparency by monitoring coffee production from farms to cups. This practice builds trust among stakeholders, including farmers, consumers, and investors, and reinforces fair and ethical trade practices that contribute to a project's overall success and sustainability. In conclusion, the Rwanda Soil Project exemplifies how the interconnected dimensions of the environment, society, and governance collectively contribute to the realization of sustainable agriculture and community empowerment.

The Coffee Waste Composting Initiative (Table 4.2) focuses on waste reduction and promotion of a circular economy. This initiative seeks to address the environmental impact of coffee waste by composting for local agricultural use. By reusing coffee by-products, this project contributes to sustainable agricultural practices in the region. From an environmental (E) perspective, the project reduces waste by transforming coffee waste into valuable compost for local farmers, thus supporting resource efficiency and reducing environmental impact. This model of a circular economy not only promotes sustainable agriculture but also contributes to environmental protection. On the social (S) front, the project engages local communities by collaborating with farmers and NGOs to provide education on composting practices. This cooperative approach enhances environmental awareness within local communities and strengthens their involvement in sustainability. This initiative ensures transparency in waste-management practices, which it aligns with broader sustainability goals by adhering to ethical and transparent practices across the supply chain. The Coffee Waste Composting Initiative demonstrates how sustainability factors work together to promote sustainable business operations, while benefiting both local communities and the environment.

The next project, CO<sub>2</sub> (carbon dioxide) Emissions Measurement and Reduction (Table 4.3), focuses on reducing the company's environmental impact by measuring and lowering CO<sub>2</sub> emissions. The initiative involves tracking emissions across scopes 1, 2, and 3 with the aim of reducing greenhouse gas emissions through targeted actions and the adoption of greener business practices. For the environment impact, the project implements various measures to track and reduce CO<sub>2</sub> emissions, thereby contributing to climate-change mitigation. Notably, the company has introduced green energy solutions and promoted eco-friendly commuting options for employees, both of which help reduce carbon emissions in everyday operations. Additionally, the project increases transparency by publicly reporting CO<sub>2</sub> emissions data. By regularly updating stakeholders on emission reduction and environmental strategies, the company strengthens its commitment to sustainability and demonstrates accountability in its operations. Overall, the CO<sub>2</sub> Emissions Measurement and Reduction project serves as a model for addressing environmental challenges while ensuring transparency in the value chain by measuring scopes 1,2, and 3.

The stable coffee packaging project (Table 4.4) aims to reduce plastic waste and minimize environmental impact by utilizing sustainable packaging materials. The use of compostable coffee bags significantly reduces the environmental footprint of the product throughout its lifecycle, while encouraging sustainable consumption. Specifically, the adoption of compostable packaging reduces waste and promotes sustainable resource utilization. Through the substitution of plastic with environmentally sustainable alternatives such as PLA resin, the organization has made substantial progress in plastic reduction. Moreover, the utilization of PLA resin for packaging and PBS as a valve material demonstrates a robust adherence to

external sustainability standards and ethical sourcing practices. In addition, the project complies with external sustainability standards and follows responsible sourcing practices. The commitment to transparency in the supply chain enhance the ethical sourcing and consumption and contribute to the sustainability of the project. The composite coffee packaging project helps to promote sustainability, reduce waste, and ensure ethical business practices across the supply chain.

The traceability initiatives project (Table 4.5) focuses on strengthening corporate transparency and ethical governance, with particular attention paid to ensuring fair practices and monitoring labor conditions within the supply chain. The company has committed to addressing ethical issues in coffee production, such as child labor and excessive pesticide use, through transparency reports and on-site visits. From a social (S) perspective, the company fosters long-term partnerships with suppliers, ensures fair wages, and empowers the farmers. By promoting ethical trade and ensuring fair labor practices, the company improves the livelihoods of farmers and contributes to community development. Moreover, the initiative improved supply chain transparency by regularly publishing transparency reports and conducting onsite visits to ensure adherence to ethical standards. From an environmental (E) perspective, the project ensures that sustainable sourcing practices are implemented across the supply chain, reducing environmental impact, and supporting ethical procurement. By monitoring farming practices and ensuring compliance with environmental and labor standards, the company reduces its environmental footprint and promotes sustainability throughout its operations. Overall, Governance & Transparency Initiatives play pivotal roles in strengthening corporate governance, fulfilling social responsibilities, and enhancing environmental protection, thereby contributing to a sustainable and ethical supply chain.



Each of these projects exemplifies the integration of environmental, social, and governance factors in pursuit of sustainable practices. By addressing key sustainability challenges, these initiatives contribute to broader environmental goals, while promoting social and economic development within the communities they serve.

Table 4. ONIBUS COFFEE Sustainability Project: ESG Linkage and the SDG Target

Project <sup>⑬</sup>	Project Focus	E / S / G	ESG Linkage	SDG Target
1. Rwanda Soil Project (Soil Project)	Soil restoration and sustainable farming	E / S / G	- Soil health: Teaching composting to small farmers.	<ul style="list-style-type: none"> <li>• SDG 2 (Zero Hunger); Target 2.4</li> <li>• SDG 15 (Life on Land); Target 15.3</li> <li>• SDG 17 (Partnerships for the Goals); Target 17.16; Target 17.17</li> </ul>
			- Sustainable farming: Addressing soil erosion and fertilizer shortages.	
			- Farmer empowerment: Supporting local communities through agriculture.	
			- Partnership building and consumer education: Expanding the support from local roasters and consumers in Japan through the crowdfunding.	
			- Supply chain traceability: Monitoring coffee from farm	

<sup>⑬</sup> Projects are gained from the interview and ONIBUS COFFEE Brand Book (2024).

			to cup.	
2. Coffee Waste Composting Initiative	Waste reduction, circular economy	E / S	- Waste management: Composting coffee waste for local use.	<ul style="list-style-type: none"> <li>SDG 12 (Responsible Consumption and Production); Target 12.5</li> </ul>
			- Circular economy: Contributing to sustainable agriculture.	
			- Community engagement: Partnering with local farmers and NGOs for composting.	
3. CO <sub>2</sub> Emissions Measurement and Reduction	Reducing environmental impact through carbon management	E	- CO <sub>2</sub> (reduction: Tracking emissions across Scope 1, 2, and 3.	<ul style="list-style-type: none"> <li>SDG 7 (Affordable and Clean Energy); Target 7.2; Target 7.3</li> <li>SDG 13 (Climate Action); Target 13.2</li> </ul>
			- Sustainability: Switching to green power in stores and encouraging eco-friendly commuting.	
4. Compostable Coffee Packaging	Sustainable packaging solutions	E	- Sustainable packaging: Using compostable coffee bags.	<ul style="list-style-type: none"> <li>SDG 12 (Responsible Consumption and Production)</li> </ul>

			- Plastic reduction: There are ongoing efforts to replace plastic with eco-friendly alternatives, such as PLA resin for the main material and PBS for the valve, though further testing may be required in some applications.	mption and Production); Target 12.5
5. Traceability Initiatives	Strengthening transparency and ethical governance	E / S / G	- Transparency: Publishing regular transparency reports (e.g., The Pledge <sup>14</sup> ).	• SDG 8 (Decent Work and Economic Growth); Target 8.7
			- Ethical sourcing: Ensuring supply chains for fair practices.	• SDG 12 (Responsible Consumption and Production); Target 12.6
			- Onsite Visit: Ensuring no child labor or excessive pesticide use.	

<sup>14</sup> The Pledge is an initiative aimed at enhancing transparency in the coffee supply chain, particularly in the buying and sourcing of green coffee. By signing The Pledge, coffee companies publicly commit to improving and showcasing transparency in a sourcing practice. Retrieved from <https://www.transparency.coffee/pledge/>

			- Communication : Strengthening relationships with farmers and exporters.	
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Source: The author's analysis from the interview results, secondary sources, and literature reviews.

### 3.2.2 Horiguchi Coffee

Horiguchi Coffee is committed to consistently pursuing the highest quality coffee and delivering it to customers to enrich their lives, a purpose deeply embedded in the company's core mission. Key features of Horiguchi Coffee's approach include external governance initiative such as Y-SDGs<sup>⑮</sup>, the Foodbank, and fair-trade projects in Timor-Leste and Rwanda. (Table 5) Y-SDGs is a unique ESG certification program that incorporates an ESG+Local (Yokohama in Japan) framework, which cannot be fully explained using the theoretical ESG framework. Instead, it offers an inclusive approach that blends global and local contexts to drive sustainability. This certification also provides an important opportunity for the company to access funding from local financial institutions, particularly for SMEs. Additionally, Horiguchi Coffee effectively integrates these initiatives into its broader sustainability strategy. During the interview, the company explained that its sustainability strategy is aligned with the SDGs, using them not only as a framework to guide strategy and implementation but also to assess its current contributions and identify opportunities for further impact. Horiguchi Coffee ensures that these initiatives are aligned with the company's core purpose, seamlessly integrating sustainability into its operations and strengthening partnerships with local communities and various stakeholders, including the local government, NGOs, and governance bodies.

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<sup>⑮</sup> Y-SDGs is an initiative by Yokohama, Japan, combining ESG + Local. This system certifies businesses working towards the SDGs. It aims to promote sustainable management, expand customers and partners, and assist investors and financial institutions in making decisions for ESG investments and financing. Retrieved from <https://www.city.yokohama.lg.jp/kurashi/machizukuri-kankyo/ondanka/futurecity/y-sdgs/ysdgs1.html>

These initiatives span various dimensions of ESG, including environmental sustainability, social responsibility, and corporate governance. The projects address critical challenges, particularly in reducing environmental impact, promoting fair trade through collaboration with NGOs, and ensuring supply chain transparency through online and onsite communication with coffee plantations, cooperatives and traders. External standards like Y-SDGs and the SDGs matrix are also leveraged to implement sustainability governance.

The CO<sub>2</sub> Emissions Reduction project (Table 5.1) is a key part of the company's efforts to minimize its environmental footprint. This initiative focuses on carbon neutrality by transitioning from LP gas to carbon-neutral fuel in its roasting process. Additionally, Horiguchi Coffee has implemented the use of green energy across its Yokohama Roastery and retail locations. From an environmental (E) perspective, the switch to green energy significantly reduces CO<sub>2</sub> emissions from both direct operations and indirect sources, such as transportation. The company's commitment to minimizing its carbon footprint is also reflected in its carbon offset programs, ensuring that emissions are neutralized through external environmental efforts. Regarding governance (G), the project aligns with transparency principles by publicly reporting its carbon emissions data, thus ensuring accountability and building trust with its stakeholders. In conclusion, the CO<sub>2</sub> Emissions Reduction project exemplifies how Horiguchi Coffee integrates environmental sustainability with social responsibility and governance transparency.

The Waste Reduction in Roasting project (Table 5.2) addresses the issue of overproduction and waste in coffee roasting. By reselling subpar green beans that would otherwise be discarded, Horiguchi Coffee reduces waste sent to landfills while contributing to the circular economy. From an environmental (E) perspective, this

initiative maximizes resource efficiency by repurposing unused materials, reducing the overall environmental impact of coffee production. The company also uses a made-to-order roasting model, which ensures that only the necessary amount of beans are roasted, further minimizing waste.

Providing technical and financial support for coffee farmers (Timor-Leste, Rwanda) (Table 5.3) emphasizes Horiguchi Coffee's commitment to fair trade and sustainable farming practices. Through partnerships with Peace Winds Japan (PWJ), the company has been supporting coffee farmers in East Timor, helping them improve the quality of their beans and secure fair market prices. In Rwanda, the company works with local cooperatives, providing funds, training, farm equipment, shade tree seedlings and organic fertilizers to enhance coffee production and processing. From an environmental (E) perspective, this project supports sustainable coffee farming practices, ensuring that local farmers are equipped to produce high-quality coffee in an environmentally responsible manner. Socially (S), the initiative fosters economic empowerment by improving farmers' livelihoods and creating opportunities for community development. On the governance (G) side, Horiguchi Coffee ensures that all transactions are conducted transparently, with full traceability in the supply chain. The company's direct communication with farmers and exporters also strengthens its commitment to fair labor practices and sustainable sourcing. Ultimately, the Support for Coffee Producers project demonstrates how Horiguchi Coffee fosters long-term, mutually beneficial relationships with producers while promoting environmental sustainability and social justice.

Social Contributions via Coffee project (Table 5.4) reflects Horiguchi Coffee dedication to social inclusion and supporting vulnerable groups. The company provides employment opportunities for individuals with intellectual



disabilities, offering them meaningful roles within its operations. Additionally, surplus coffee beans that are unsellable to consumers are given to food banks for free, helping to address food insecurity. From a social (S) perspective, these initiatives promote inclusion, social equity, and community well-being. The company's efforts in supporting vulnerable groups align with its broader social responsibility goals and contribute positively to the community.

Traceability and Supply Chain Monitoring practice (Table 5.5) focuses on ensuring transparency and ethical sourcing across the company's coffee supply chain. Horiguchi Coffee utilizes traceability systems to track the journey of coffee from its origin to the final cup, ensuring that ethical sourcing practices are followed at every stage of the process. From a governance (G) perspective, Horiguchi Coffee's regular site visits and supply chain transparency efforts demonstrate the company's commitment to upholding ethical and sustainable practices throughout its supply chain. In conclusion, the project exemplifies how transparency and ethical governance can work together to ensure sustainability and fair practices in global supply chains.

Finally, the Y-SDGs (Superior) Certification project (Table 5.6) highlights Horiguchi Coffee's broader commitment to global and local sustainability goals. Through this certification, the company is evaluated on its contributions to greenhouse gas emission reduction, gender equity, diversity, and overall governance and community contributions. The company's efforts are assessed across multiple dimensions, ensuring that it not only meets environmental and social goals but also contributes to the achievement of the SDGs. From an environmental (E) perspective, this initiative addresses greenhouse gas emission reduction and sustainable sourcing. On the social (S) side, it emphasizes gender equity and diversity inclusion, providing

decent work conditions for employees. Governance (G) is demonstrated through Horiguchi Coffee's commitment to transparent and accountable business practices, which align with global sustainability standards. In conclusion, the Y-SDGs (Superior) Certification project illustrates the company's comprehensive approach to sustainability, focusing on continuous improvement and accountability in every aspect of its operations.

In summary, Horiguchi Coffee's sustainability practices showcase the company's multifaceted approach to sustainability, incorporating environmental stewardship, social responsibility, and strong governance practices. Through its commitment to reducing its environmental impact, supporting fair trade, ensuring ethical sourcing, and fostering social inclusion, Horiguchi Coffee is working to create a more sustainable and equitable coffee industry. These projects not only contribute to the company's success but also help to advance broader global sustainability goals, benefiting both local communities and the environment.

Table 5. Horiguchi Coffee Sustainability Project: ESG Linkage and the SDG Target

Project <sup>16)</sup>	Project Focus	E / S / G	ESG Linkage	SDG Target
1. CO <sub>2</sub> Emissions Reduction	Carbon neutral roasting, sustainable energy use	E / G	- Green energy: Using green power at the Yokohama roastery and stores.	<ul style="list-style-type: none"> <li>• SDG 7 (Affordable and Clean Energy); Target 7.2; Target 7.3</li> <li>• SDG 13 (Climate Action); Target 13.2</li> </ul>
			- Carbon neutrality: Switching from LP gas to carbon-neutral energy.	
			- Reduced CO <sub>2</sub> emissions: Using green electricity and minimizing transport emissions.	
			- Carbon Offset	
2. Waste Reduction in Roasting	Minimizing waste, sustainable	E	- Waste minimization: Reselling subpar green beans	<ul style="list-style-type: none"> <li>• SDG 12 (Responsible Consumption and Production)</li> </ul>

<sup>16)</sup> Projects are gained from the interview and Horiguchi Coffee corporate profile brochure (2024).

	ourcing		ans to other coffee businesses.	Production); Target 12.3; Target 12.5
			- Efficient production: Roasting to order to avoid waste from unsold beans.	
3. Support for Coffee Producers (Timor-Leste, Rwanda)	Fair trade and sustainable coffee farming	E / S / G	- Fair trade: Supporting Peace Winds Japan (PWJ) for fair trade in Timor-Leste.	<ul style="list-style-type: none"> <li>• SDG 8 (Decent Work and Economic Growth); Target 8.5; Target 8.7</li> <li>• SDG 10 (Reduced Inequalities); Target 10.1; Target 10.2, Target 10.b</li> <li>• SDG 17 (Partnerships for the Goals); Target 17.16; Target 17.17</li> </ul>
			- Capacity building: Partnering with farmers in Rwanda for training and equipment.	
			- Economic support: Funding farm equipment and fertilizer through project partnerships.	
4. Social Contributions via	Social inclusion	S	- Workplace inclusion:	

Coffee	and support for vulnerable groups		Supporting employment for people with intellectual disabilities.	<ul style="list-style-type: none"> <li>• SDG 8 (Decent Work and Economic Growth); Target 8.5</li> <li>• SDG 10 (Reduced Inequalities); Target 10.2</li> </ul>
			- Food bank support: Selling unsellable coffee beans to food banks for free.	
5. Traceability and Supply Chain Monitoring	Transparency and ethical sourcing	G	- Supply chain transparency: Using traceability to monitor coffee from origin to cup.	<ul style="list-style-type: none"> <li>• SDG 8 (Decent Work and Economic Growth); Target 8.7</li> <li>• SDG 12 (Responsible Consumption and Production); Target 12.6</li> </ul>
			- Direct communication: Maintaining relationships with exporters and farmer cooperatives through site visits and meetings.	
			- Sustainable sourcing: Ensuring responsible sourcing	

			rcing practices.	
6. Y-SDGs (Superior) Certification Project	social and environmental contributions to the local community	E	- Greenhouse Gas Emission Reduction	<ul style="list-style-type: none"> <li>• SDG 5 (Gender Equality); Target 5.5</li> <li>• SDG 8 (Decent Work and Economic Growth); Target 8.2</li> <li>• SDG 12 (Responsible Consumption and Production); Target 12.6</li> <li>• SDG 13 (Climate Action); Target 13.2.</li> </ul>
			- Supply chain monitoring: Continually assessing the supply chain to ensure it meets ethical and sustainable standards.	
		S	- Gender Equity	
			- Diversity Inclusion, and decent work for working employees	
		G	- Governance: Evaluating ESG impact across four areas (Global + Local contributions).	
			- Community contribution: Evaluating and supporting	

			ring contributions to local and global sustainability goals.	
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Source: The author’s analysis from the interview results, secondary sources, and literature reviews.

### **3.2.3 MI CAFETO**

MI CAFETO is committed to promoting sustainability in the coffee industry by addressing social and environmental issues at every stage of the coffee process, from cultivation to consumption. As part of its efforts, the company provides technical support to coffee farm workers and creates markets for the coffee, engaging in comprehensive sustainability activities (Table 6). MI CAFETO's approach not only focuses on enhancing quality but also promotes a sustainable business model that is mindful of environmental protection and human rights.

The CSV (Creating Shared Value) Projects by MI CAFETO focuses on improving coffee quality while addressing social and environmental issues through sustainable farming practices (Table 6.1). In collaboration with the Mae Fah Luang Foundation in Thailand, the CSV project helps convert opium-producing land into coffee farms, providing technical guidance on cultivation and processing to enhance coffee quality. The coffee is sold at institutions such as the University of Tokyo and Bell System 24. Additionally, in Colombia, MI CAFETO partners with the Fedar Foundation supporting individuals with intellectual disabilities, by advising them sustainable coffee farming techniques, promoting social inclusion and improving their livelihoods. The project integrates environmental sustainability, and social equity and inclusion, aiming to create a sustainable coffee industry that benefits both the environment and social equity for the society.

MI CAFETO also supports the partner farm most severely affected by climate change. The project, called Pink Bourbon project (Table 6.2), is exemplified in Los Nogales Farm in El Salvador, aiming to transitioning to the climate-resilient



agricultural practice. MI CAFETO contributes 10% of the proceeds from Pink Bourbon coffee sales to fund the research to find the best agricultural practice for the farm to adapt to climate change by applying scientific monitoring methods. The project is also registered as a commitment to the Sustainable Coffee Challenge a global initiative led by Conservation International aimed at promoting sustainable coffee production.<sup>⑰</sup> The project has a significant environmental impact by promoting sustainable farming practices, supporting the farm's effort to improve the production of a specific coffee variety, and optimizing farming methods to help the farm adapt to climate change. This contributes to environmental resilience and mitigates the adverse effects of climate change on coffee production. Socially, the project addresses the livelihoods of farmers impacted by climate change by providing them with knowledge and tools for adaptation, ensuring the economic stability of the farm. This approach fosters inclusive development, benefiting both the farm. Moreover, MI CAFETO ensures transparency by allocating 10% of the proceeds from Pink Bourbon coffee directly to the farm. MI CAFETO makes a commitment to the Sustainable Coffee Challenge. This action facilitates transparency in the supply chain, contributing to a strong governance framework.

MI CAFETO strengthens its partnerships with coffee producers through its unique “MI CAFETO’s Sustainability Goals” (Table 6.3). In this program, farmers set specific targets under three areas as in farm management, working conditions, and environment. Progress is monitored annually, and those who achieve their goals over a two- to three-year period become MI CAFETO Producer Partners. This

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<sup>⑰</sup>The Sustainable Coffee Challenge is a global initiative aimed at making coffee the world's first sustainable agricultural product. It is a global coalition united in this vision, launched in 2015 and led by Conservation International. Retrieved from <https://www.sustaincoffee.org/>

program contributes to the achievement of several SDGs, including SDG 1 (No Poverty) by ensuring compliance with minimum wage standards, SDG 3 (Good Health and Well-Being) and SDG 4 (Quality Education) by promoting education for workers and children, and SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities) by promoting inclusivity and equality. It also works toward SDG 8 (Decent Work and Economic Growth) by enhancing coffee quality and encouraging sustainable production practices. Additionally, the program supports SDG 6 (Clean Water), SDG 13 (Climate Action), and SDG 15 (Life on Land) by promoting environmentally conscious farming practices. The initiative also contributes to SDG 17 (Partnerships for the Goals) by fostering strong collaborations between MI CAFETO and its producers, thereby enhancing local economies and communities. From an environmental perspective, the initiative promotes sustainable agriculture by encouraging farmers to achieve targets related to water conservation and climate change adaptation. Socially, it supports farmers' livelihoods by providing better wages and working conditions, while promoting gender equality and inclusive development. In terms of governance, transparency is ensured through the goal-setting and annual monitoring process, fostering accountability in partnerships and practices.

MI CAFETO is also actively working to reduce its environmental impact. Domestically, the company is making efforts to reduce paper usage and packaging, as well as to cut down on plastic use in packaging (Table 6.4). Additionally, MI CAFETO is focused on reducing its indirect greenhouse gas (GHG) emissions (Scope 3) from logistics and setting energy reduction targets (Scope 1). The company is particularly aiming to reduce Scope 1 emissions by 50%, demonstrating a strong commitment to climate change mitigation. These efforts contribute to the reduction

of packaging waste and the improvement of resource efficiency, with plastic reduction playing a key role in environmental protection. Moreover, the reduction of GHG emissions from logistics (Scope 3) and the establishment of energy reduction targets show that the company is taking concrete steps toward lowering its overall carbon footprint. The interview confirmed that the organization has established objectives for mitigating its environmental impact. Should a mechanism be developed to publicly disclose the progress towards achieving these objectives, it would enhance accountability and transparency in governance, as well as contribute to the reduction of environmental impact. This approach aligns with best practices in stronger sustainability governance mechanisms, establishes ethical business practices, and enhances the company's credibility and reputation.

MI CAFETO is enhancing its governance and human rights practices by evaluating and monitoring its supply chain in line with the OECD Due Diligence Guidance, ensuring ethical practices throughout its operations (Table 6.5). The company has established a Gender Committee to promote gender equality and inclusivity, holding biannual meetings to discuss initiatives for a more equitable environment. Additionally, MI CAFETO is developing a grievance mechanism to ensure the process for receiving employee complaints has been clarified and communicated. These efforts reflect the company's commitment to ethical governance, transparency, and respect for human rights, reinforcing its credibility in the global marketplace. Overall, these initiatives support MI CAFETO's long-term sustainability, enhancing labor conditions, promoting equity, and ensuring responsible business practices, which contribute to the company's reputation as an ethical and socially responsible entity.

MI CAFETO also collaborates with other companies to promote sustainable coffee consumption. Through its partnership with Japan Airlines (JAL), MI CAFETO provides sustainable coffee on JAL flights and in airport lounges as part of the JAL CAFE LINES project. In Economy Class and airport lounges, Rainforest Alliance certified coffee is served, while in First Class and Business Class, high-quality coffee is offered with a rotating selection that pairs with seasonal meal menus. The story behind each coffee farm is shared with passengers, helping raise awareness for sustainable coffee choices. This project aligns with all aspects of ESG: it supports Environmental (E) sustainability through the use of Rainforest Alliance certified coffee, promotes Social (S) responsibility by sharing the stories of the coffee farms and their communities, and ensures Governance (G) through the transparency and ethical practices verified by the Rainforest Alliance certification.

Furthermore, MI CAFETO partners with schools and universities to raise awareness about sustainability and foster responsible coffee consumption habits among students. One such initiative is MI CAFETO's Coffee Project at Toyoeiwa Jogakuin University, which has inspired similar programs at Toyoeiwa Jogakuin High School and Junior High School, and has extended to include the Girl Scouts. Under MI CAFETO's guidance, students support the "Kotowa Farm" in Panama, which prioritizes the human rights of indigenous Ngöbe tribe workers and enhances educational opportunities for their children. The coffee used in this project is named "Alto Luna." This educational partnership helps instill sustainability values in younger generations. The project incorporates Social (S) aspects by supporting the Ngöbe community, addressing social responsibility and community development. Environmental (E) considerations are implied through the mention of sustainable

coffee, though more explicit details about eco-friendly farming practices at Kotowa Farm would strengthen this aspect.

Table 6. MI CAFETO Sustainability Project: ESG Linkage and the SDGs Target

Project <sup>18)</sup>	Project Focus	E / S / G	ESG Linkage	SDGs Target
1. Creating Shared Value (CSV) Project	Improving coffee quality while addressing social issues through technical support for coffee farm workers.	E / S	- Sustainable farming practices, Climate Change Adaptation.	<ul style="list-style-type: none"> <li>• SDG 1 (No Poverty); Target 1.1, Target 1.4</li> </ul>
			- Human Rights, Fair Trade, Labor Practices.	<ul style="list-style-type: none"> <li>• SDG 3 (Good Health and Well-being); Target 3.5</li> <li>• SDG 8 (Decent Work and Economic Growth); Target 8.5</li> <li>• SDG 10 (Reduced Inequalities); Target 10.2, Target 10.3</li> <li>• SDG 17 (Partnerships for the Goals); Target 17.16; Target 17.17</li> </ul>

<sup>18)</sup> Projects are gained from the interview, MI CAFETO. Corporate profile brochure (2024), Kawashima. Coffee encyclopedia for traveling the world (2023), Kawashima, Ikemoto & Yamashita. Understanding the SDGs through coffee (2023).

2. Pink Bourbon Project	Supporting climate change adaptation in coffee farming and improving sustainability of farming practices.	E / S	<ul style="list-style-type: none"> <li>- Climate Change Mitigation, Sustainable Agriculture, Resource Efficiency.</li> <li>- Economic Empowerment, Labor Rights.</li> </ul>	<ul style="list-style-type: none"> <li>• SDG 2 (Zero Hunger); Target 2.4</li> <li>• SDG 8 (Decent Work and Economic Growth); Target 8.2</li> <li>• SDG 13 (Climate Action); Target 13.1</li> <li>• SDG 15 (Life on Land); Target 15.1</li> </ul>
3. MI CAFETO Producer Partnership Initiatives	Partnering with coffee producers to achieve sustainability goals, improve working conditions, and enhance coffee quality.	E / S / G	<ul style="list-style-type: none"> <li>- Sustainable Farming, Environmental Conservation.</li> <li>- Labor Rights, Education and Training, Gender Equality, Community Engagement.</li> <li>- Ethical Business Practices, Accountability.</li> </ul>	<ul style="list-style-type: none"> <li>• SDG 1 (No Poverty); Target 1.4</li> <li>• SDG 3 (Good Health and Well-Being); Target 3.8</li> <li>• SDG 6 (Clean Water and Sanitation); Target 6.1; Target 6.3</li> <li>• SDG 5 (Gender Equality); Target 5.1</li> </ul>

				<ul style="list-style-type: none"> <li>• SDG 8 (Decent Work and Economic Growth); Target 8.2; Target 8.5</li> <li>• SDG 10 (Reduced Inequalities); Target 10.2</li> <li>• SDG 13 (Climate Action); Target 13.1</li> <li>• SDG 15 (Life on Land); Target 15.1; Target 15.2</li> <li>• SDG 17 (Partnerships for the Goals); Target 17.16; Target 17.17</li> </ul>
4. Environmental Impact Reduction Initiatives	Reducing environmental impact through waste reduction, plastic use reduction, energy savings, and GHG emission reductions.	E	- Waste Management, Climate Change Mitigation, Resource Efficiency.	<ul style="list-style-type: none"> <li>• SDG 7 (Affordable and Clean Energy); Target 7.3</li> <li>• SDG 13 (Climate Action); Target 13.2</li> </ul>



5. Human Rights and Governance Strengthening Initiatives	Improving governance by evaluating and monitoring the supply chain and strengthening gender equality and grievance mechanisms.	S / G	- Gender Equality, Labor Rights, Human Rights.	<ul style="list-style-type: none"> <li>• SDG 5 (Gender Equality); Target 5.1; Target 5.5</li> <li>• SDG 8 (Decent Work and Economic Growth); Target 8.8</li> <li>• SDG 10 (Reduced Inequalities); Target 10.2; Target 10.3</li> <li>• SDG 16 (peace, justice, and strong institutions); Target 16.b</li> </ul>
			- Governance, Transparency, Risk Management, Compliance, Accountability.	
6. MI CAFETO & JAL Partnership	Promoting sustainable coffee consumption on JAL flights and in airport lounges, including Rainforest Alliance certified coffee.	E / S / G	- Sustainable Farming, Eco-friendly Coffee Production, Biodiversity Conservation.	<ul style="list-style-type: none"> <li>• SDG 12 (Responsible Consumption and Production); Target 12.3; Target 12.6</li> <li>• SDG 13 (Climate Action); Target 13.1</li> <li>• SDG 17 (Partnerships for the Goals); Target 17.16; Target 17.17</li> </ul>
			- Awareness of Labor Rights, Community Impact, Education on Sustainability.	

			- Transparency in Supply Chain, Ethical Sourcing, Fair Trade Practices.	
7. MI CAFETO Coffee Project with Toyoeiwa Jogakuin	Educating students about sustainable coffee production, supporting indigenous communities, and promoting coffee.	E / S / G	- Sustainable Farming, Fair Trade, Environmental Education.	<ul style="list-style-type: none"> <li>• SDG 4 (Quality Education); Target 4.7</li> <li>• SDG 5 (Gender Equality); Target 5.1</li> <li>• SDG 10 (Reduced Inequalities); Target 10.2</li> <li>• SDG 12 (Responsible Consumption and Production); Target 12.2; Target 12.6</li> <li>• SDG 17 (Partnerships for the Goals); Target 17.16; Target 17.17</li> </ul>
			- Community Development, Indigenous Rights, Education, Social Impact.	
			- Transparency in Sourcing, Supporting Fairtrade Coffee Production.	

Source: The author's analysis from the interview results, secondary sources, and literature reviews.

### **3.3 SDGs Commitment through Sustainability Initiatives**

The interview results illustrate how ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO implement sustainability efforts within the coffee value chain. These initiatives can be analyzed from the perspective of ESG and further contribute to achieving the SDGs through sustainability practices. This section highlights the environmental sustainability, social responsibility, and governance efforts of each company and details their corresponding SDGs. By aligning these activities with the SDGs, valuable insights are gained into how each company integrates sustainability into its operations, and how these practices are related to the SDGs. These companies, including ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO, contribute to the SDGs through various sustainability initiatives focused on environmental protection, social impact, and robust governance.

Although their approaches and strategies differ, all three companies aim to integrate sustainability into their business models, creating long-term positive impacts on the value chain and communities.

For example, ONIBUS COFFEE has implemented sustainability efforts throughout the coffee value chain, focusing on both the environmental and social impacts. Specific initiatives include soil restoration in Rwanda, composting coffee waste, and compostable coffee packaging. ONIBUS COFFEE also emphasizes transparency in the supply chain and educates Japanese consumers on sustainability.

Meanwhile, Horiguchi Coffee took a comprehensive approach to ESG implementation, focusing on carbon emission reduction in the environmental sector, fair trade, and producer support in the social sector. Specific initiatives include introducing green power, transitioning to carbon-neutral energy, and actively

reducing CO<sub>2</sub> emissions from cafés and roasteries. Additionally, Horiguchi adopted a made-to-order production system to minimize waste and support fair trade through partnerships with NGOs and cooperatives in East Timor and Rwanda.

Furthermore, Horiguchi Coffee is also committed to Y-SDGs (Superior-graded SDGs certification project), which contribute to regional and international sustainability goals. By obtaining the Y-SDG certification, Horiguchi strengthened its sustainability efforts and enhanced its contribution to the overall ecosystem. This certification serves as a clear demonstration of Horiguchi's commitment to sustainability and fulfillment of ethical management and social responsibility. Moreover, obtaining Y-SDG certification project strengthens a company's governance framework, laying the foundation for sustainable growth.

MI CAFETO addresses a wide range of social, environmental, and governance challenges in the coffee industry, contributing to the SDGs through several key initiatives. Specifically, the company tackles issues such as poverty alleviation, climate change mitigation, gender equality, and responsible consumption. MI CAFETO's sustainability approach places a strong emphasis on collaboration with various stakeholders, including NGOs, businesses, and schools, to promote both environmental and social sustainability. The company's CSV project, which focuses on providing technical support to workers and improving coffee quality, as well as its participation in the Pink Bourbon Project, which addresses climate change, are key components of MI CAFETO's efforts. These initiatives aim to improve agricultural practices, empower local communities, and ensure ethical labor standards. Thus, MI CAFETO plays a crucial role in global sustainability. In addition, MI CAFETO's partnerships with coffee producers and other stakeholders highlight its commitment to promoting sustainable agriculture and improving the lives of

coffee-growing communities. Through initiatives focused on gender equality, education, and community development, MI CAFETO contributes to the broader goal of reducing inequalities, which aligns with several SDGs.

## **Chapter IV. Discussion**

### **4.1 ESG Integration, Corporate Purpose, and Transparency**

The preceding section elucidates a comprehensive, cross-sectoral approach to sustainability that transcends the mere adoption of practices from individual ESG domains in isolation. Instead, the intersection of these domains establishes a holistic framework for fostering sustainability in the specialty coffee sector. Several salient points warrant further consideration.

#### **4.1.1 Cross-Domain ESG Approach**

The sustainability initiatives of ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO illustrate how businesses can address sustainability challenges through an integrated, cross-sectional approach, rather than adopting practices from a single domain. These companies demonstrate that true sustainability requires synergy across all the three ESG domains: environmental, social, and governance. By working across these dimensions, companies can enhance the impact of their sustainability efforts, leading to more comprehensive and transformative changes in the coffee value chain.

One of ONIBUS COFFEE's sustainability initiatives is a soil project that features environmental and social impacts through soil restoration and knowledge-sharing. Sustainability initiatives focus on soil restoration and biodiversity, and directly address environmental concerns in the coffee industry. A key project focused on soil restoration helps improve the quality of coffee-producing land and contributes to the overall biodiversity of the area. Simultaneously, ONIBUS COFFEE is equipped with essential knowledge and techniques for sustainable

agriculture, ensuring long-term environmental benefits while also supporting the livelihoods of coffee-producing communities.

Horiguchi Coffee 's project can also be seen in the cross-sectional project, which empowers farmers through fair-trade and community collaboration. Horiguchi Coffee stands out for its commitment to improve coffee production through social and economic initiatives. In partnership with NGOs such as Peace Winds Japan (PWJ), Horiguchi Coffee has been supporting fair trade practices since 2003. Its projects in East Timor, Rwanda, and other regions focus on improving the quality of coffee produced, empowering farmers through education and training, and ensuring fair compensation. For example, in Rwanda, Horiguchi has been involved in the "Nyamirama Project" since 2017, collaborating with local farmer cooperatives to provide farming tools and fertilizers. In 2022, the company expanded its efforts with the "Matiyazo Project," which supports coffee cooperatives in the north of Rwanda by funding the improvement of processing facilities and ensuring better working conditions for farmers.

MI CAFETO's sustainability initiatives are similarly anchored in environmental impact and social responsibility underpinned by its CSV projects. The CSV projects ensures that the benefits of fair trade practices extend beyond individual farmers, thereby strengthening the social fabric of coffee-growing communities. MI CAFETO focuses on three key areas: economic empowerment, fair labor standards, and community development. By engaging directly with coffee producers and ensuring fair compensation, the company fosters long-term stability and prosperity for the farmers and their families, while also promoting sustainable agricultural practices that are essential for the future of coffee production.

A key distinguishing feature of ONIBUS COFFEE, Horiguchi, and MI CAFETO is their ability to integrate multiple ESG dimensions into their sustainability strategies, adopting a cross-sectional approach that simultaneously addresses environmental, social, and governance challenges. This holistic strategy enhances the effectiveness of initiatives and serves as a model for the broader coffee industry. These companies show that sustainability goes beyond environmental improvement or community empowerment, and also involves ensuring good governance and ethical practices throughout the supply chain. Their pioneering efforts highlighted the importance of a cross-sectional approach to sustainability and created a more comprehensive and transformative model for change. Their commitment to environmental, social, and transparent sustainable practices demonstrates how businesses can thrive, while contributing to a more sustainable and equitable world.

#### **4.1.2 Corporate Purpose and Sustainability**

The interview results demonstrate the sustainability initiatives of ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO, and analyze whether these companies share a common purpose-driven management strategy. Through a detailed examination of the aforementioned companies' founding years, the number of employees, corporate propose including mission and vision, and the products and services they provide, it is positioned that a common mission is shared by all three companies: namely, "to make people happy through high-quality coffee." The mission of the three companies is to improve people's lives through the entire process, from coffee production to the final cup, with an emphasis on delivering sustainable and high-quality coffee.



A detailed analysis of the sustainability initiatives of ONIBUS COFFEE, Horiguchi coffee, and MI CAFETO reveals a shared purpose-driven management strategy despite differences in founding years and the background of the corporate purpose. The common mission of "making people happy through high-quality coffee" unites these three companies, with a focus on enhancing people's lives throughout the coffee production process, and an emphasis on delivering sustainable and high-quality coffee.

The commitment to sustainability exhibited by these companies is not merely superficial, but rather deeply entrenched in their corporate ethos, manifesting in their active engagement with the sustainability issues facing the coffee industry. Their dedication to businesses and social responsibility is not a temporary phenomenon but rather a long-term commitment to have a positive impact on the coffee industry. In accordance with the "shared value" model propounded by Porter and Kramer<sup>19</sup>, enterprises possess the capacity to generate economic value while concurrently addressing societal needs and challenges (Dembek et al., 2015). This model posits that companies can create new value by addressing social issues, which finds an expression in the intentional integration of social impact into the business strategies of ONIBUS COFFEE, Horiguchi, and MI CAFETO. The incorporation of environmental (E), social (S), and governance (G) factors into business models signifies an endeavor to enhance coffee production and engender meaningful social impacts. This approach exemplifies a profound commitment to address social issues, reduce environmental impacts, and foster long-term value through sustainability.

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<sup>19</sup> The Creating Shared Value (CSV) paradigm, elucidated by Michael E. Porter and Mark R. Kramer in 2011, posits that corporations can concurrently generate economic value and tackle societal and environmental challenges, thereby aligning corporate success with broader social progress..

Moreover, implementing sustainability strategies can initially hinder short-term financial performance because of increased costs. However, Superior sustainable practices lead to higher financial performance in companies, including sales growth, return on assets, profit before taxation, and cash flow from operations (Ameer & Othman, 2012), validating the assertion that the incorporation of ESG factors into business strategies is a pivotal factor in achieving business success. ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO demonstrated that sustainability enhances environmental and social contributions, thereby strengthening business performance in the long run.

The United Nations Global Compact (2015)<sup>20</sup> further emphasizes the adoption of sustainable and socially responsible policies by companies, urging signatory companies to integrate the SDGs into their business strategies. The integration of social and environmental concerns into business strategies is a key factor in achieving both societal benefits and business success. The sustainability initiatives of ONIBUS COFFEE, Horiguchi coffee, and MI CAFETO align with this approach, as they incorporate the SDGs and social responsibility into their strategies, demonstrating that sustainable business practices can lead to both societal benefits and business success.

This commitment is not transient but rather a deliberate and sustainable endeavor to enhance the global environment. The sustainability initiatives of these companies exemplify that purpose-driven management can function as a potent catalyst for long-term value creation. By addressing substantial environmental and

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<sup>20</sup> The UN Global Compact is a voluntary initiative that encourages companies to adopt sustainable and socially responsible practices. In 2015, it called for businesses to integrate SDGs into their strategies, aiming to achieve both societal benefits and long-term business success.

social issues, these companies align with global goals such as the SDGs, and their efforts demonstrate that sustainability can serve as a primary catalyst for business success. Their commitment to environmental protection, social responsibility, and transparent governance provide a model for other companies to follow and underscore the value of sustainability in business.

Overall, the analysis indicates that the sustainability efforts of ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO are deeply rooted in their purpose-driven management strategies, and that by tackling key environmental and social issues, these companies demonstrate that sustainability is a driving force for long-term value creation, which aligns with the SDGs and is based on principles of environmental protection, social responsibility, and sound governance. These companies provide a model for other businesses by establishing new standards for sustainability and equity.

### **4.1.3 Transparency in Sustainable Supply Chains**

While Bager and Lambin (2020) provide a theory on how companies approach sustainability, in practice, these strategies are not always applied in a single form. Interview results show that many companies integrate both "hands-on" and "hands-off" approaches. Specifically, companies such as ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO combine both strategies and adopt more flexible and practical sustainability practices.

For example, ONIBUS COFFEE participates in The Pledge, and by publicly disclosing their free on-board) prices, they enable consumers to understand how fairly and sustainably the company engages in trade. This initiative is a "hands-

on" strategy, where the company itself enhances transparency. However, by adhering to The Pledge's external standards, it also includes a "hands-off" element. In other words, ONIBUS COFFEE is improving transparency on its own while also implementing practices based on external standards.

Similarly, Horiguchi Coffee actively uses the SDG certification for SMEs in Yokohama, fulfilling its social responsibility while advancing sustainability initiatives. This strategy combines a "hands-on" approach, where the company actively drives sustainability, with a "hands-off" element by adopting external SDG guidelines.

Furthermore, MI CAFETO sets the SDGs with coffee farms in producing countries and regularly reports on its sustainable activities through the SDG framework, transparently communicating progress and measuring its social impact. This is also a "hands-on" approach, with MI CAFETO actively driving sustainability, while also reporting to "Sustainable Coffee Challenge"—an external framework—demonstrating a "hands-off" approach.

The transparency and sustainability practices of these companies offer important insights for SMEs in Japan as well. ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO have successfully integrated both "hands-on" and "hands-off" approaches into their core business strategies, enhancing their brand reputation, building consumer trust, and contributing to sustainable business practices. For SMEs, integrating sustainability is not only a way to drive social and environmental progress but also a key factor in achieving long-term success in a competitive market.

In conclusion, the transparency, fair trade, and commitment to sustainable practices demonstrated by companies like ONIBUS COFFEE and MI CAFETO are strong examples of how businesses can grow while contributing to a more

sustainable and equitable world. These companies also ensure ethical sourcing through traceability from the farm to the consumer level, thereby stabilizing their sustainable supply chains.

## **4.2 Implications and Prospects in the Coffee Industry**

Although the sustainability efforts of the companies discussed above have achieved remarkable outcomes, several significant challenges have emerged. These sections discuss the challenges and opportunities of balancing profitability and sustainability, the limitations of current sustainability frameworks, and the need for industry-wide collaboration to achieve sustainable results across the coffee industry.

### **4.2.1 Balancing Profitability and Sustainability**

Balancing profitability and sustainability is a significant challenge for the coffee industry, particularly for SMEs. In a highly competitive market, SMEs tend to prioritize short-term profitability and often postpone investments aimed at long-term sustainability goals. This tendency is reinforced by the need to maintain price competitiveness, which limits ESG investing.

Cost efficiency is a major concern of SMEs. For many SMEs, implementing sustainability initiatives requires substantial investments and resources, and the benefits are not always immediate. Consequently, sustainability efforts are often postponed or reduced. For example, a few businesses that considered obtaining B-Corp certification cited high costs and resource demands as reasons for not pursuing B-Corp certification. Although B-Corp certification is an important credential for demonstrating commitment to social and environmental

responsibility, it requires significant investments in both time and resources, which can be a burden for SMEs. Nevertheless, obtaining B-Corp certification can boost a company's brand and enhance the trust between investors and consumers. As such, there is a growing need for support systems or more flexible frameworks to reduce SMEs' hurdles in obtaining such certifications.

Given these challenges, SMEs must recognize the long-term value generated by sustainability investment. Understanding this value and linking it to business growth and social impact are crucial for encouraging the adoption of sustainability practices.

#### **4.2.2 Limitations of Current Sustainability Frameworks**

As companies advance their sustainability efforts, the limitations of the current sustainability frameworks have emerged as a significant issue. Businesses today use a variety of frameworks to measure and report sustainability, including TCFD (Task Force on Climate-related Financial Disclosures), TISFD (Task Force on Inequality and Social-related Financial Disclosures), Global Reporting Initiative (GRI), and International Sustainability Standards Board (ISSB). In addition, mandatory regulations such as Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD), and EU Taxonomy have recently been introduced, adding further complexity for SMEs, particularly those based in Japan or seeking to enter the European market. However, these frameworks are largely designed with large corporations in mind, making their application to SMEs challenging.

Therefore, there is an increasing need to develop flexible and comprehensive frameworks tailored to the scale and resources of individual businesses. Therefore, while considering the balance between profitability and sustainability, improving governance transparency is crucial, as demonstrated by the examples in section 4.1.3. For this reason, companies are likely to adopt both hands-off and hands-on governance approaches through multistakeholder platforms and schemes.

However, current frameworks typically classify ESG areas separately by evaluating each individual domain. This creates challenges for businesses that adopt integrated approaches across multiple ESG areas as it becomes difficult to measure and report the combined impact of their efforts. As shown in the previous interview analysis, such initiatives span multiple ESG domains, making it challenging to consistently evaluate their effects under existing frameworks.

Transparency is a key tool in balancing sustainability and profitability. Demonstrating a genuine commitment to sustainability not only builds consumer trust but also enhances a company's brand value, helping to establish a long-term competitive advantage. Improving transparency in business operations offers strategic benefits by promoting sustainable practices while also fulfilling social responsibility.

### **4.2.3 Cross-Sector Partnerships for Sustainable Initiatives**

Although individual companies are making significant strides in sustainability, achieving lasting and industry-wide sustainability outcomes requires broader cooperation and collaboration. For example, the RCM approach works well for

smaller networks where producers, consumers, and stakeholders can collaborate effectively. However, as companies expand, maintaining these individual relationships becomes increasingly difficult, posing a challenge to scale sustainability efforts across the supply chain.

Large corporations such as Starbucks with its "C.A.F.E. Practices" and Nestlé's Nespresso with its "AAA Sustainable Quality Program" have made notable progress in implementing sustainability initiatives. However, as these companies scale, they face challenges in applying these practices across complex and rapidly expanding supply chains. Although these programs have proven successful in established supply chains, expanding them to new markets or diverse supply networks remains a challenging task.

A common issue arises when companies publicly commit to sustainability, yet their actual business practices often do not align with these commitments or the impacts are difficult to measure. For example, several companies contacted to send an interview request, despite clearly stating a commitment to sustainability on their corporate websites, did not respond to the request for multiple follow-ups, and indicated that providing detailed information about their practices was challenging. This gap between public declarations and actual practices highlights a key challenge to achieving genuine sustainability across industries.

Industry-wide collaboration platforms are essential to address these challenges. This is particularly important in industries, such as agriculture, food, and beverages, with the coffee industry being no exception. Sustainability of the coffee industry is especially critical because its success hinges on cooperation among stakeholders worldwide. Coffee value chains span many countries and regions, and achieving sustainability requires collaboration between producers and consumers



from all parties involved.<sup>21</sup> Therefore, addressing this challenge requires an approach that integrates environmental health, social equity, and economic viability in a balanced way.

Platforms that enable companies to share best practices and set joint sustainability goals can foster greater cooperation. Initiatives such as the "Cocoa Forests Initiative," "Roundtable on Sustainable Palm Oil," and "The Consumer Goods Forum" in other industries have demonstrated potential for cross-sector collaboration. The coffee industry has similar platforms, such as the Sustainable Coffee Challenge and the Global Coffee Platform<sup>22</sup>; however, many Japanese companies are not yet engaged. There is a growing need for Japanese companies to participate in such initiatives, where knowledge, experience, and sustainability goals can be shared, making it easier for SMEs to join and benefit.

Moreover, it is difficult to understand the complexity of coffee value chains and to elevate the coffee industry. Sustainability initiatives implemented by companies such as ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO are impressive, but may not be continuously applicable across the coffee industry in the long term. External factors such as climate change, fluctuations in global food security, market price changes such as the coronavirus crisis, and shifting consumer preferences could impact the long-term viability of these practices. Therefore, strong collaboration, strategic governance, and adaptability are crucial to ensure that these initiatives succeed in the face of these challenges. During the interviews, the

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<sup>21</sup> World Economic Forum. (2019). *The Global Competitiveness Report 2019*. Retrieved from [https://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf)

<sup>22</sup> Grabs & Carodenuto (2021) examined the role of traders in sustainability within the coffee, cocoa, and palm oil industries. Their study provided industry-specific platforms where all relevant stakeholders, not only traders, can participate in sustainability initiatives.

interview participants provided the nuance of the stakeholders in the coffee value chain, the history of the coffee industry, the linkage between sustainability and coffee businesses, and the question responses; hence, their sustainability initiatives can evolve along with the trends. Thus, industry-wide sustainability initiatives may be necessary in the coffee industry to facilitate broader collaboration and share sustainable best practices.

While working with farms dedicated to producing high-quality coffee and engaging with various types of coffee farms is important, a clear path to uplifting the entire industry is still lacking. Currently, specialty coffee's unique processing inside the animal digestive system leads to limited availability and low productivity (Raveendran & Murthy, 2021), with companies focusing on quality and sustainability leading the way.

From a mid- to long-term perspective, succession planning for SMEs is crucial, not only for business continuity but also for ensuring that sustainability efforts are maintained. In this context, a company's purpose must align with enhancing business value and creating social impact. Balancing sustainability goals with short-term profit maximization is a key challenge for SMEs. In situations where immediate profits take precedence, ESG goals are often side lined. Therefore, it is essential to assess how a company's purpose is reflected in its strategy and operations and to re-evaluate the balance between corporate purpose and sustainability goals to ensure that short-term economic success does not undermine long-term sustainability.

Appropriate support and coordination are essential for synergistic initiatives to yield sustainable results. Companies must continue their efforts from a strategic perspective, creating clear policies that balance profit seeking and social

contributions. Strong governance is necessary to execute these policies, and effective cooperation and coordination between companies and stakeholders are key to achieving lasting sustainability.

## **Chapter V. Conclusion**

This study examines the integration of ESG into sustainability initiatives by SMEs in the Japanese specialty coffee sector, with a particular focus on those adopting the RCM to drive sustainable change within the coffee value chain. The findings underscore the importance of a holistic and integrated approach to sustainability that aligns corporate purpose with the SDGs and fosters cross-sector collaboration. Companies such as ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO have demonstrated that sustainability in the coffee industry is best achieved through the synergy of extensive ESG domains, rather than focusing on just one pillar in isolation.

This study contributes to the academic field by filling a gap in the literature, specifically regarding the role of ESG in the sustainability efforts within the specialty coffee industry in Japan. This study highlights how corporate purpose, Japanese context, and ESG implementation can shape and strengthen sustainability initiatives. The research also provides valuable insights into the challenges SMEs face in balancing financial pressures with long-term sustainability goals, as well as the need for tailored sustainability reporting frameworks to better measure the impact of ESG implementation for SMEs.

Although these findings suggest promising pathways for advancing sustainability in the coffee industry, several challenges remain. The adoption of sustainability practices across industries may be hindered by short-term economic

concerns, particularly for SMEs, which may struggle to balance profitability and sustainability. This study recommends strengthening cross-sector partnerships, particularly among business entities, government agencies, and civil society organizations including NGOs and local communities, to amplify sustainability efforts. Furthermore, educating consumers about the environmental and social impacts of their coffee choices can help drive the demand for ethically sourced products and encourage companies to adopt sustainable practices.

Despite its contributions, this study had several limitations. The sample size was limited to a selected group of Japanese SMEs and the findings may not be fully generalizable to SMEs in other regions. Future research could expand the sample size to include a broader range of SMEs from different regions, and examine the long-term impacts of integrated ESG factors on environmental outcomes, social empowerment, and economic performance. Moreover, as the sustainability agenda continues to evolve globally, particularly with the conclusion of the SDGs in 2030, future studies could explore how the coffee industry stakeholders can align their sustainability practices with the post-SDG agenda.

In conclusion, this study highlights the significance of SMEs in shaping future sustainability of the coffee sector in the Japanese context. By integrating ESG factors into their core business strategies and adopting a proper model such as the RCM, SMEs can not only contribute to sustainability from seed to cup but also lead the way in environmental, social, and governance impacts in the coffee industry. For the coffee industry to become a model for sustainable and ethical business practices, collective effort is required from all stakeholders including producers, traders, roasters, consumers, and policymakers.

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**Conflict of Interest**

The author does not have any conflict of interest.

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# Annex I: Questionnaire

Version June 11, 2024

## <General Questions>

1. Could you briefly introduce yourself?
2. Could you kindly explain what makes you pursue your career in a coffee industry, and what brings you about “specialty coffee”?
3. Have you heard of with ethical sourcing as well as sustainable sourcing?

## <ESG-related Questions>

### 1. ESG

1.1 Does your company measure, assess, and monitor ESG issues in a coffee value chain? Or does your company work on traceability?

1.1.1 If yes, could you provide one of the examples at your company?

1.1.2 If not,

If not, do you plan to do so in the future?

1.2 Does your company work on any environmental and social sustainability activities or SDGs initiatives?

### 2. Environment:

2.1 Does your company work on any initiatives to environmental impact along the coffee value chain? (e.g. Net Zero Carbon Emission by 2050)

2.1.1 If yes, what are these initiatives? (For example, CO<sub>2</sub> emissions reduction in a supply chain, food loss from their products and coffee grounds recycling, plastic usage reduction, etc.)

2.1.2 If no, have you considered working on an environmental dimension? What would you like to work on first?

2.2 What do you think is the most important environmental impact to work on?

### 3.Social:

3.1 Do you interact with coffee farms/farmers directly?

3.1.1 If yes, what outcomes do you track to monitor progress on farmers' livelihoods?

If no,

have you thought about working with them?

3.2 Do you buy coffee from coffee traders? Do you ask them for information on coffee farmers' work environment?

4.Governance:

4.1 Does your company have any vision / initiatives of sustainability governance?

4.1.1 If yes, is this based on recent trends in Japan (e.g., the accountability of sustainability reports and the awareness increment of SDGs in Japan) or abroad?

4.2 Does your company establish sustainability policy and the code of conduct in the field of environments, human rights, or ethical sourcing / procurement?

4.3 Any certificate related to sustainability? (e.g. Fair Trade Certificate, Bird-friendly Certificate, SDGs Certificate, B-Corp Certificate, etc.)

## **Annex II: Abbreviation List**

1. 4C – Common Code for the Coffee Community
2. AAA Sustainable Quality Program – Nestlé's Nespresso sustainability program
3. CBI – Centre for the Promotion of Imports
4. CSV – Creating Shared Value
5. CSR – Corporate Social Responsibility
6. CSRD – Corporate Sustainability Reporting Directive
7. CSDDD – Corporate Sustainability Due Diligence Directive
8. ESG – Environmental, Social, and Governance
9. EU – European Union
10. FSC – Forest Stewardship Council
11. GHG – Greenhouse Gas
12. GMO – Genetically Modified Organism
13. GRI – Global Reporting Initiative
14. ICO – International Coffee Organization
15. ISSB – International Sustainability Standards Board
16. METI – Ministry of Economy, Trade, and Industry of Japan
17. NGO(s) – Non-Governmental Organization(s)
18. OECD – Organisation for Economic Co-operation and Development
19. PBS – Polybutylene Succinate
20. PLA – Polylactic Acid
21. PRI – Principles for Responsible Investment
22. RCM – Relationship Coffee Model
23. RFA – Rainforest Alliance
24. SDG(s) – Sustainable Development Goal(s)
25. SME(s) – Small and Medium-sized Enterprise(s)
26. TCFD – Task Force on Climate-related Financial Disclosures
27. TISFD – Task Force on Inequality and Social-related Financial Disclosures
28. UNGC – United Nations Global Compact
29. UNDESA – United Nations Department of Economic and Social Affairs
30. Y-SDGs – Yokohama-SDGs (Sustainable Development Goals)

## Acknowledgements

I would like to express my sincere gratitude to my thesis advisor Prof. Yeongseop Rhee. The successful completion of this thesis can be attributed to the comprehensive mentorship and expert guidance provided by Prof. Yeongseop Rhee, who served as thesis advisor throughout the Master's program. I would like to acknowledge Prof. Rhee's extensive support in imparting knowledge, directing research, and providing persistent guidance.

I also extend my appreciation to Prof. Taekyoon Kim and Prof. Semee Yoon for serving as thesis committee members and for offering invaluable feedback, insightful suggestions, and encouragement. I am reiterate gratitude for their time and input, which helped to polish my research until the final submission.

The successful completion of this research was significantly enhanced by the valuable contributions of ONIBUS COFFEE, Horiguchi Coffee, and MI CAFETO. Their participation in the interviews provided essential insights into the practical implementation of sustainability within the industry. Furthermore, the study benefited immensely from the time and experiences shared by all interviewees, whose input was priceless in achieving the research objectives. The realization of this investigation can also be attributed to the substantial contributions of these participants and organizations, whose involvement was crucial to research success.

Last but not the least, I want to express my profound appreciation to my family and friends for their support throughout this research. Their encouragement has been pivotal in propelling me forward, making this journey both achievable and profoundly meaningful.

## Abstract in Korean

커피산업은 커피 생산자부터 소비자에 이르기까지 환경 및 사회경제적 도전에 직면해 있으며, 기업은 커피 가치사슬에서 지속가능성 관행을 구현하고 있다. 본 연구는 ESG (Environmental, Social, and Governance) 프레임워크의 통합, UN SDGs (Sustainable Development Goals)와 일치, 중소기업(Small and Medium Enterprises)이 강조하는 이러한 이니셔티브와 관련된 기업 목적 등을 중심으로 커피 가치사슬에서 지속가능성 이니셔티브가 어떻게 구현되는지 살펴본다. 본 연구의 주요 목적은 커피 산업, 특히 RCM(Relationship Coffee Model)에 해당하는 중소기업이 지속가능성 관행을 어떻게 구현하는지 파악하고, 지속가능 발전에 대한 기여도를 조사하는 것이다. 커피산업에 종사하는 일본 중소기업 3 개사를 대상으로 반구조 인터뷰를 실시하여 ESG 프레임워크가 기업 운영에 어떻게 통합되고 지속가능성 관행에 부합하는지 살펴보았다. 자료는 지속가능성을 증진하는 중소기업의 동기와 관행에 대한 핵심 주제를 밝히면서 삼각검증을 사용하여 분석되었다. 연구 결과는 지속가능성 관행이 ESG 영역에서 격리되지 않고 특히 부문 간 파트너십을 통해 각 영역과 상호 연결되어 있음을 나타낸다. 또한, 이 연구는 SDGs 에 기여하는 맥락과 RCM 에 따른 기업 목적과 어떻게 관련성이 있는지 강조한다. 이러한 연구 결과는 중소기업이 지속가능성 이니셔티브를 기업 전략에 통합하고 유엔총회에서 공식 출범한 2030 어젠다 (2030 Agenda)일치시키는

방법에 대한 이해도를 심화 시켜 커피기업 뿐만 아니라 중소기업을 위한 가치 있는 통찰력을 보다 광범위하게 제공한다. 가치사슬에서 기업의 지속가능성 관행을 검토함으로써, 연구는 아시아 맥락에서 일본 중소기업의 RCM 에 따른 지속가능성 이니셔티브 모범 사례를 밝히는 다각적인 관점을 제공한다. 또한 지속가능한 비즈니스 공간에서 경제적 이익과 긍정적인 환경 및 사회적 영향을 모두 달성할 수 있는 잠재력에 대한 귀중한 통찰력을 제공한다.

키워드 : 지속 가능성, 스페셜티 커피, ESG(환경, 사회 및 거버넌스), SDGs(지속 가능한 개발 목표), 일본 SME, 관계 커피 모델(RCM)