

Corporate Governance Reform

November 27, 2018

Policy and Markets Bureau, Financial Services Agency

Content

- I. Corporate Governance Reform Initiatives P2
- II. Initiatives under the Corporate Governance Code P4
 - 1. Managing business in consideration of cost of capital P4
 - 2. Fulfilling the Board’s responsibilities P7
 - 3. Cross-shareholdings P10
 - 4. Ensuring confidence on audit P13
 - 5. Improving information disclosure P17
- III. Initiatives under the Stewardship Code P22
 - 1. Investors’ initiatives P22
 - 2. Stewardship Activities by Corporate Pensions P26

I. Corporate Governance Reform Initiatives

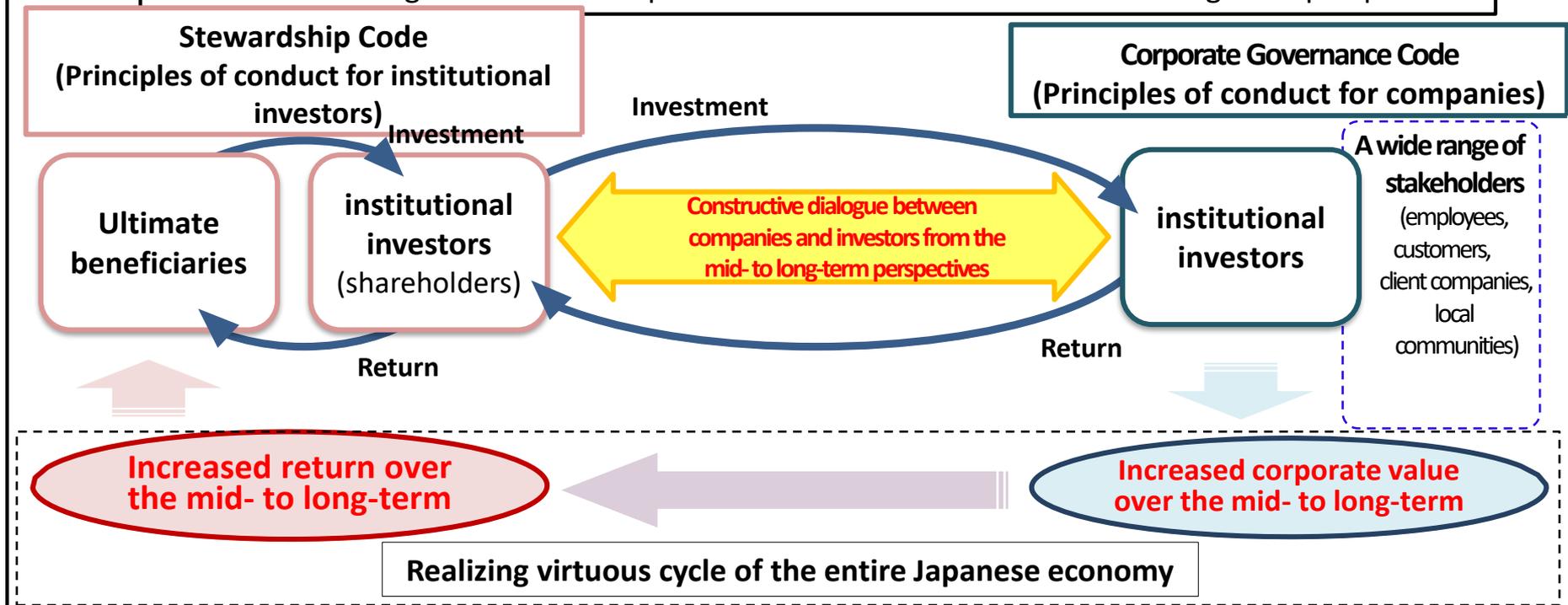
I. Initiatives for deepening Corporate Governance Reform

Progress in Corporate Governance Reform

■ Achievements as a part of the Growth Strategy since the inauguration of the Abe Cabinet:

- Established **“The Stewardship Code”** (issued in Feb, 2014; amended in May 2017)
 - ⇒ Principles of conduct to urge **institutional investors (including corporate pension funds and their asset managers, etc.)** to have dialogue with companies and **facilitate sustainable growth of investee companies from the mid- to long-term perspectives**
- Established **“Corporate Governance Code”** (implemented in June 2015; amended in June 2018)
 - ⇒ Principles of conduct to urge **listed companies to appropriately work with a wide range of stakeholders (shareholders, employees, customers, client companies, local communities, etc.)** and **improve mid- to long-term earnings power** under effective management strategies

Constructive dialogue between companies and investors from the mid- to long-term perspectives

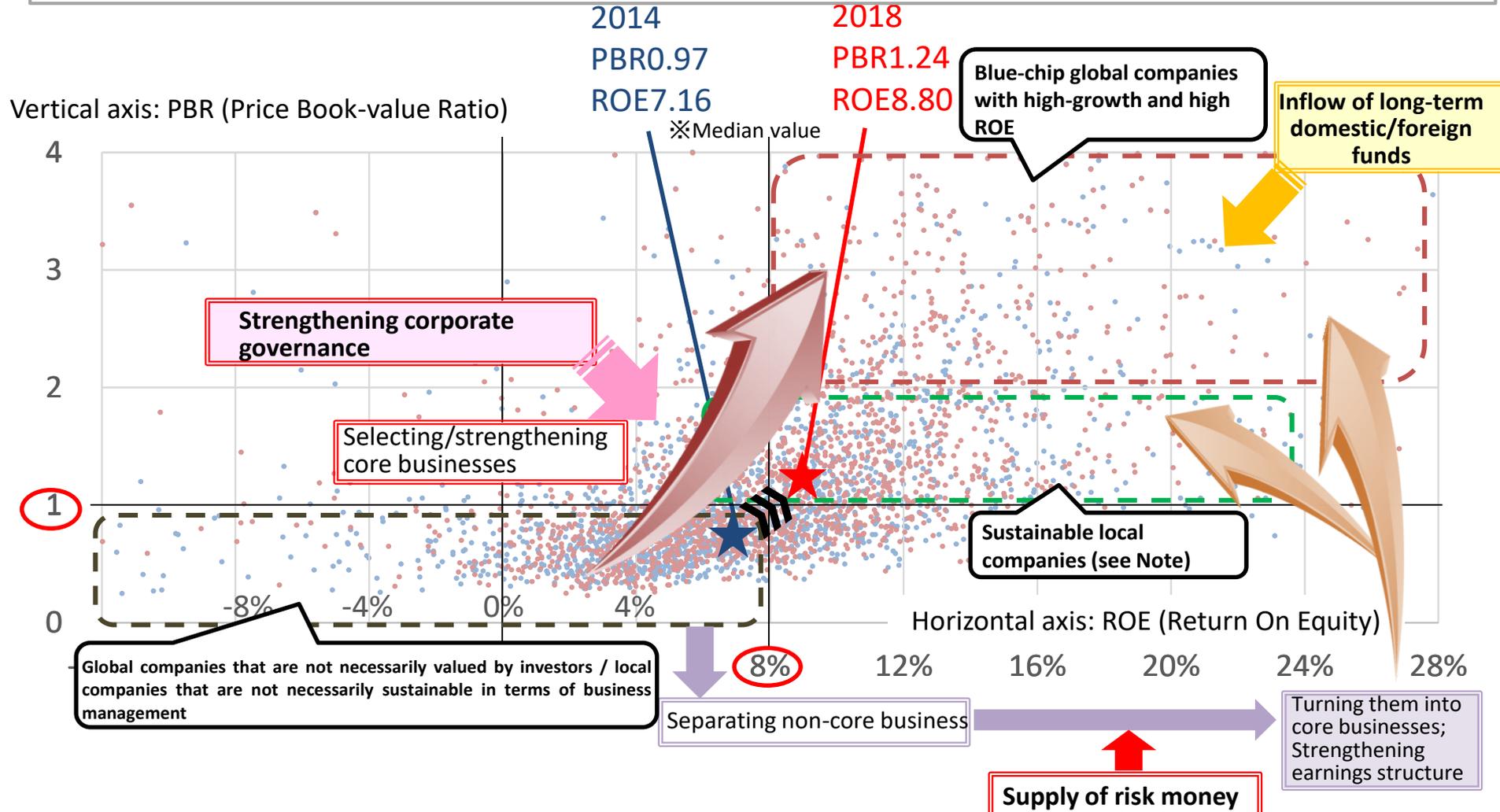


II. Initiatives under the Corporate Governance Code

1. Managing business in consideration of cost of capital

II.1. Managing business in consideration of cost of capital: (1) Virtuous cycle of increased corporate value/high business growth

- ❑ To ensure sustainable growth of companies, it is important to **increase their productivity and profitability** by strengthening corporate governance, etc.
- ❑ With the progress of the Corporate Governance Reform, companies achieved an **overall increase in ROE and PBR**.

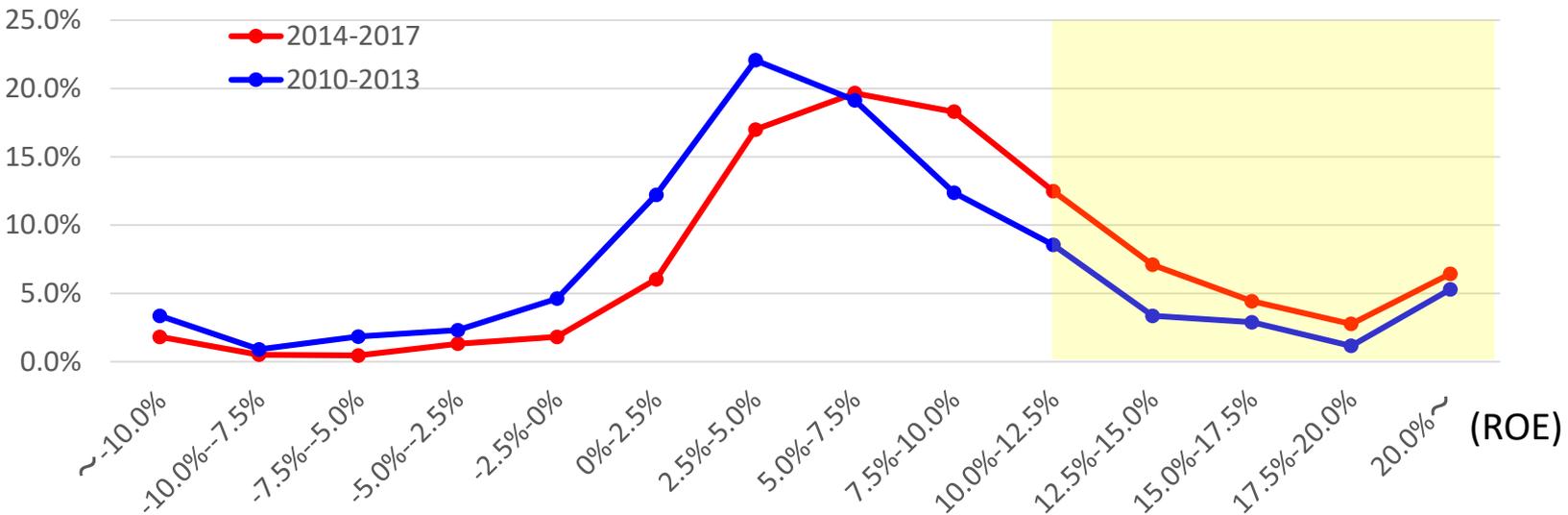


Source: Prepared by FSA based on Bloomberg's data; plotted companies listed on TSE First Section as of end-March 2014 (in blue) & end-march 2018 (in red) on the graph 5
(Note) Companies (mainly medium-sized non-manufacturers) operating in the local economy, separated from perfect global competition mainly among large manufacturers

II.1. Managing business in consideration of cost of capital: (2) Awareness among investors and companies

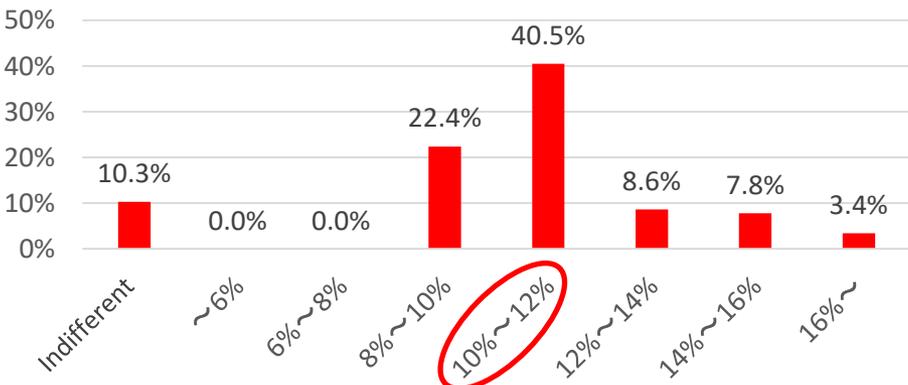
While the overall distribution of ROE shifted to the right-hand side on the graph (i.e. ROE increased), **not many companies achieved the level expected by investors.** It is pointed out that many companies are **not sufficiently aware of cost of capital.**

(% among all companies)



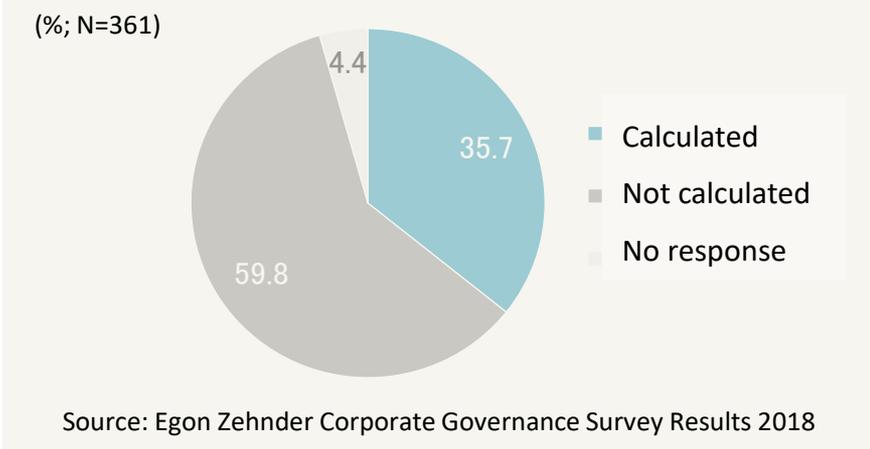
Source: Prepared by FSA based on Nikkei QUICK data (compiled financial data of companies listed on TSE First Section for 8 years from 2010 and 2017, and compared the first 4 years with the second 4 years.)

<Desirable level of ROE over the mid- to long-term (investors)>



Source: The Life Insurance Association of Japan 2017 Survey "Approaches toward Enhancing Equity Value"
 * Conducted from Oct. 4 to Nov. 6, 2017; respondents comprising 581 listed companies and 16 institutional investors.

<Calculation of capital of cost (companies)>



Source: Egon Zehnder Corporate Governance Survey Results 2018

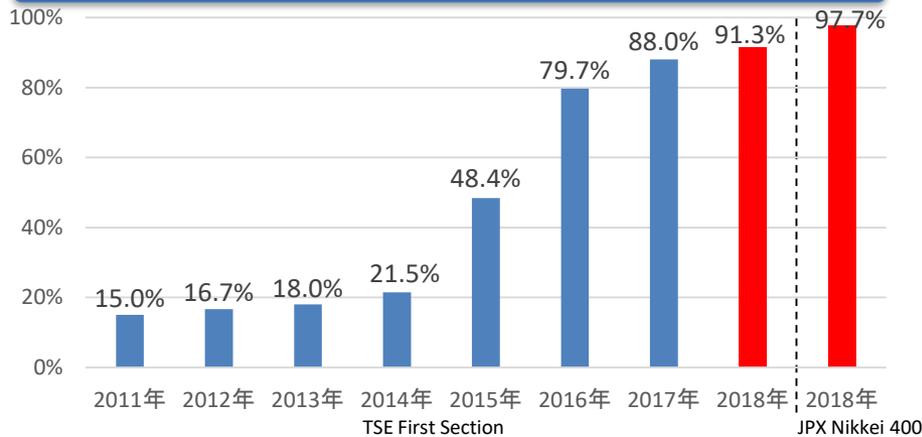
II. Initiatives under the Corporate Governance Code

2. Fulfilling the Board's responsibilities

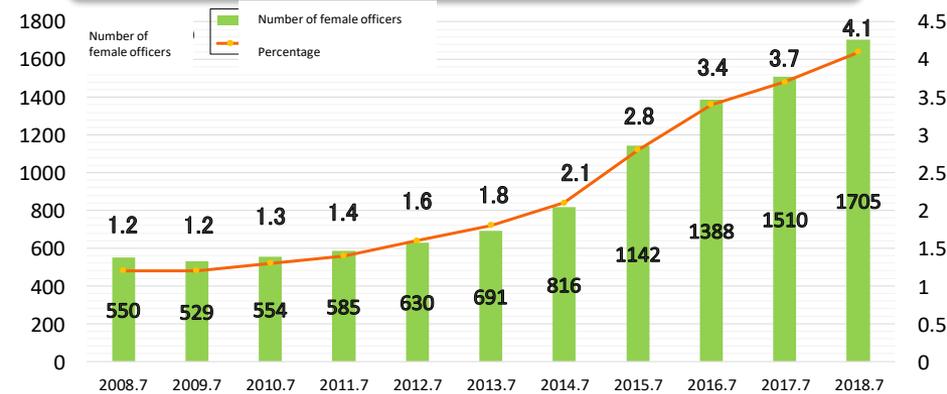
II.2. Fulfilling the Board's responsibilities: (1) Outside directors/female directors

- ❑ The percentage of companies which appointed at least 2 independent directors has significantly increased to 91% of companies listed on TSE First Section, and 97% of JPX Nikkei 400 companies.
- ❑ While **the number of female officers** of listed companies **exceeded 1,700**, currently, the percentage of **female officers** of listed companies **accounts for only 4.1%**.

Companies with at least 2 independent directors



Number of female officers of listed companies

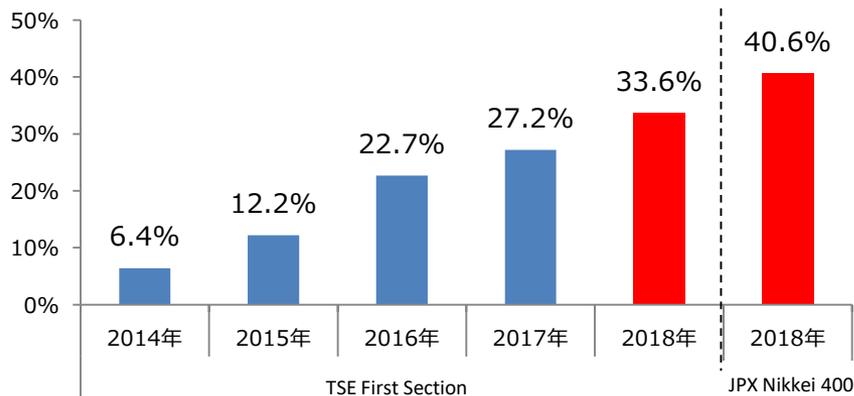


Source: Toyo Keizai Inc. "Yakuin Shikiho (Japan Company Handbook)"

(Note): Survey of all listed companies (including JASDAQ-listed companies) as of July 31 every year.

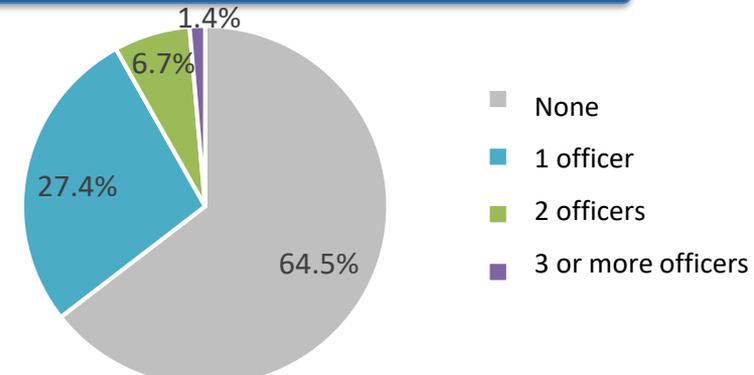
"Officers" includes directors, accounting advisors, kansayaku, and shikkoyaku of Company with Nomination Committee.

Companies with one-third independent directors



Source: Tokyo Stock Exchange

% of listed companies with female officers



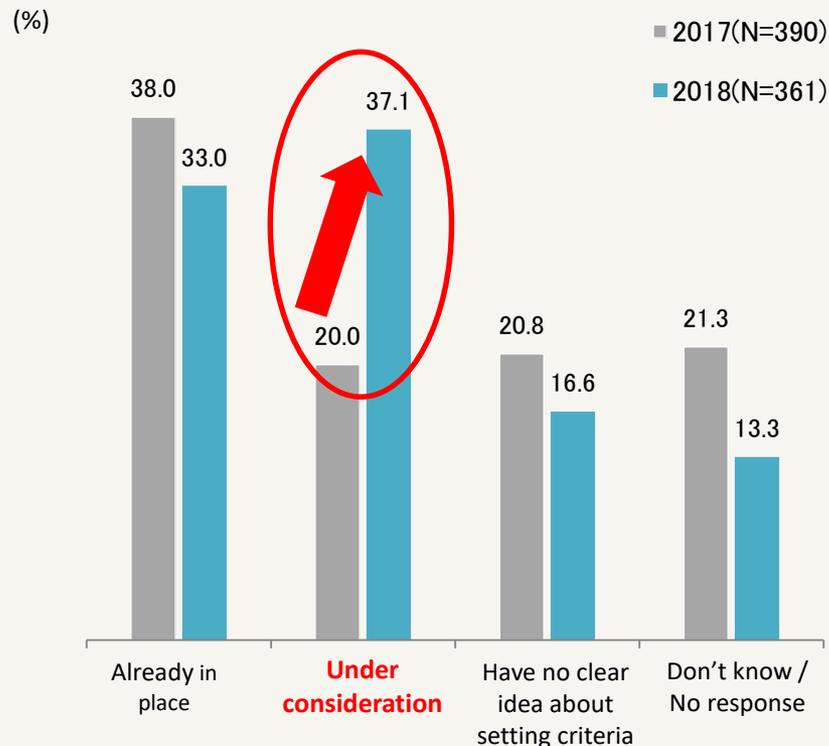
Source: prepared by FSA from Cabinet Office's material based on EDINET data as of July 5, 2018

"Officers" includes directors, accounting advisors, kansayaku, and shikkoyaku of Company with Nomination Committee.

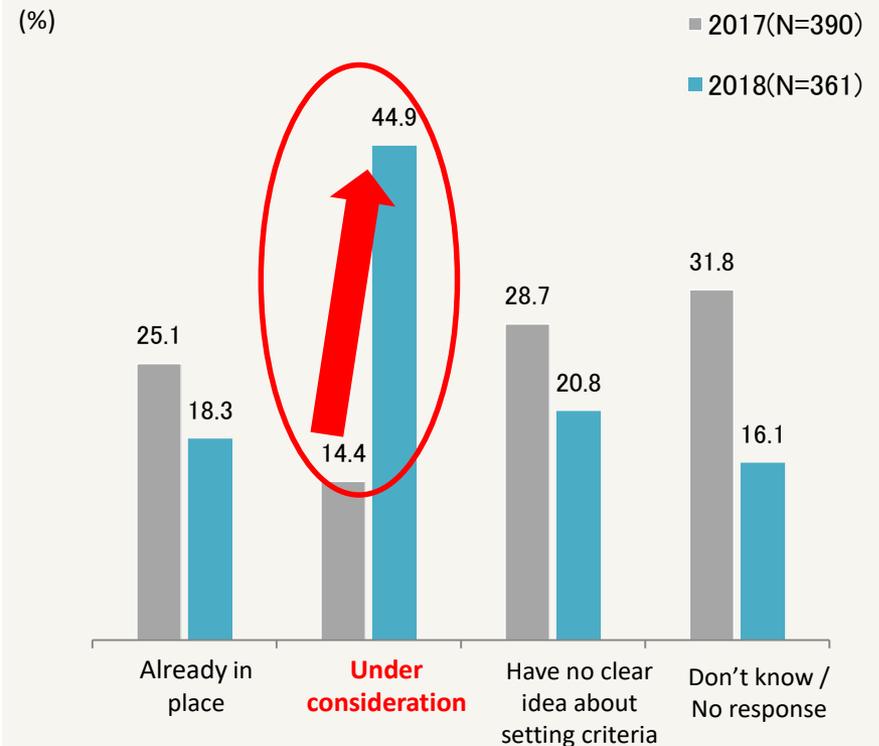
II.2. Fulfilling the Board's responsibilities: (2) CEO appointment/dismissal criteria

- A **significantly increasing** number of companies are currently “considering criteria-setting” for **appointing** and **dismissing** CEO. On the other hand, there is a major decrease in the number of companies which “have no clear idea” or “don't know” about such criteria-setting, or did not respond to the question.

Appointment Criteria



Dismissal Criteria



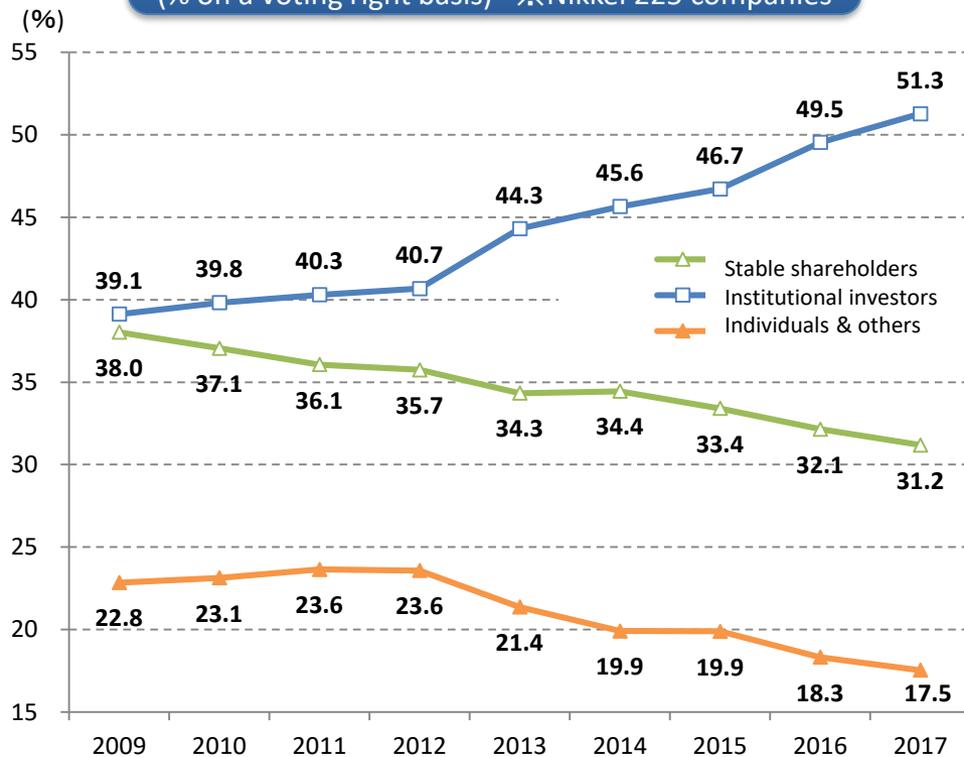
II. Initiatives under the Corporate Governance Code

3. Cross-shareholdings

II.3. Cross-shareholdings: (1) Current status

Although the percentage of **cross-shareholdings** among all voting rights has been decreasing, it is pointed out that not much progress was made in reducing cross-shareholdings between business corporations and it **still remain at a high level**.

Shareholding structure: % of stable shareholders and institutional investors
(% on a voting right basis) ※Nikkei 225 companies



Source: Japan Investor Relations and Investor Support, Inc.

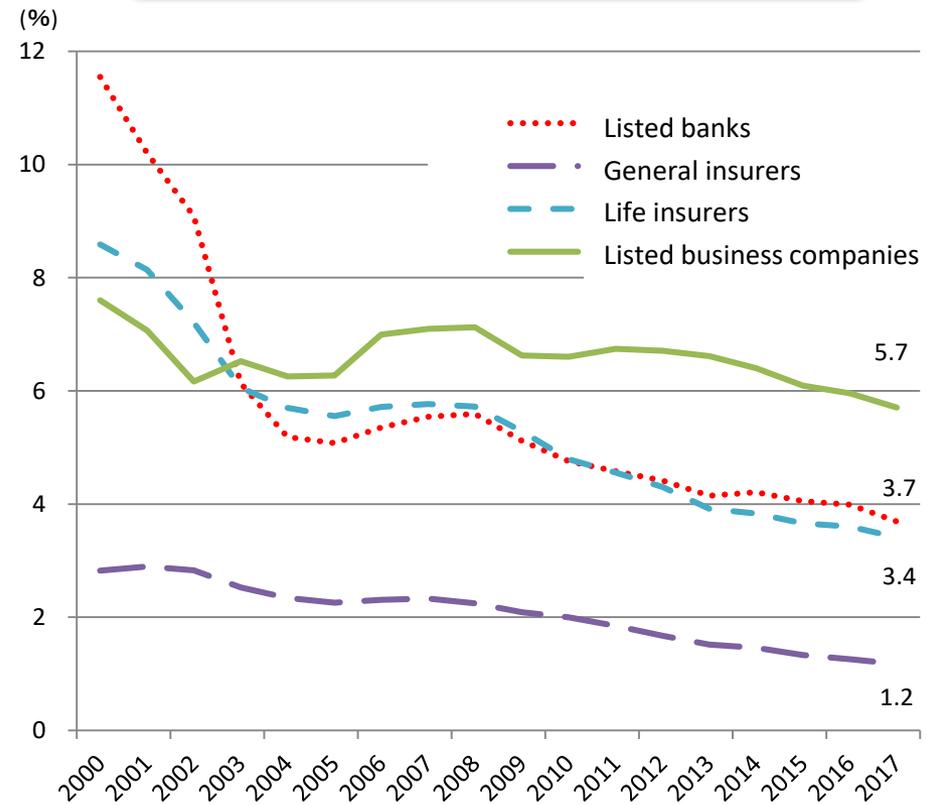
(Note 1) **Stable shareholders**: government & local governments, banks, insurers, and business corporations

Institutional investors: Japanese pension funds & mutual funds, and foreign entities (except for alliance partners)

Individuals & others: individual investors and others

(Note 2) Calculated by excluding companies with a controlling shareholder.

Cross-shareholding ratios by shareholder category
(at market price)



Source: Nomura Securities

(FY)

(Note) The percentage of share value (at market price) of listed companies held by other listed companies & insurers against the total market value of the entire market (excluding shares of subsidiaries and affiliates).

II.3. Cross-shareholdings: (2) Proposed disclosure

- ❑ To facilitate **improved disclosures** concerning cross-shareholding in **Securities Reports**, the FSA is currently accepting public comments on the draft amendment to the Cabinet Office Ordinance (to be applied from the fiscal year ending March 2019).
- ❑ As a recent trend, some proxy advisors consider that **outside directors and outside kansayaku from cross-shareholding counterparties do not satisfy independence criteria.**

Disclosure under the current Ordinance

- Cross-shareholdings: number of different stocks, and total amount reported on B/S (not separating listed and unlisted shares)
- Individual names of cross-held stocks (excluding unlisted shares)

(Previous fiscal year)

	Stock name	Number of shares	Amount reported on B/S	Purpose of shareholding
30 stocks	A	xxx,xxx	xxx,xxx
	B	xxx,xxx	xxx,xxx
	⋮			

(Current fiscal year)

	Stock name	Number of shares	Amount reported on B/S	Purpose of shareholding
30 stocks	A	xxx,xxx	xxx,xxx
	B	xxx,xxx	xxx,xxx
	⋮			

- For pure investment purpose: each total of amounts reported on B/S, dividends earned, profit/loss on sale, and profit/loss from valuation; number of different stocks where the purpose of holding changed and amount reported on B/S

Proposed disclosure under the revised Ordinance (Red fonts: changes)

- **Criteria and approach to distinguish** shareholdings for pure investment purposes and shareholdings for other purposes (cross-shareholdings)
- **Method for validating shareholding policy and reasonableness** of cross-shareholdings
- **Content of validation by the board** as to **whether specific cross-shareholdings are appropriate or not**
- # of different cross-held stocks, and total amount reported on B/S (**Separate reporting by classifying into unlisted and other shares**)
- **Number of increased stocks, total amount of acquisition values, reasons for increase / number of decreased stocks, total amount of sale values**
- Individual issue of shareholdings (except for unlisted shares)

	Stock name	(Current FY) # of shares Amount reported on B/S	(Previous FY) # of shares Amount reported on B/S	Purposes/effect of shareholdings* Whether counterparties hold our shares Reason for increase
60 stocks	A	xxx,xxx	xxx,xxx
		xxx,xxx	xxx,xxx
	B	xxx,xxx	xxx,xxx
xxx,xxx		xxx,xxx	
	⋮			

* More specific descriptions, including strategies, details of business, linkage with segment, and quantitative effect, are required (if a company cannot provide such descriptions, describe such a fact and method for verifying the reasonableness of shareholdings)

- **Number of different stocks** held for pure investment purpose; each total of amounts reported on B/S, dividends earned, profit/loss on sale, and profit/loss from valuation; number of different stocks where the purpose of holding changed and amount reported on B/S

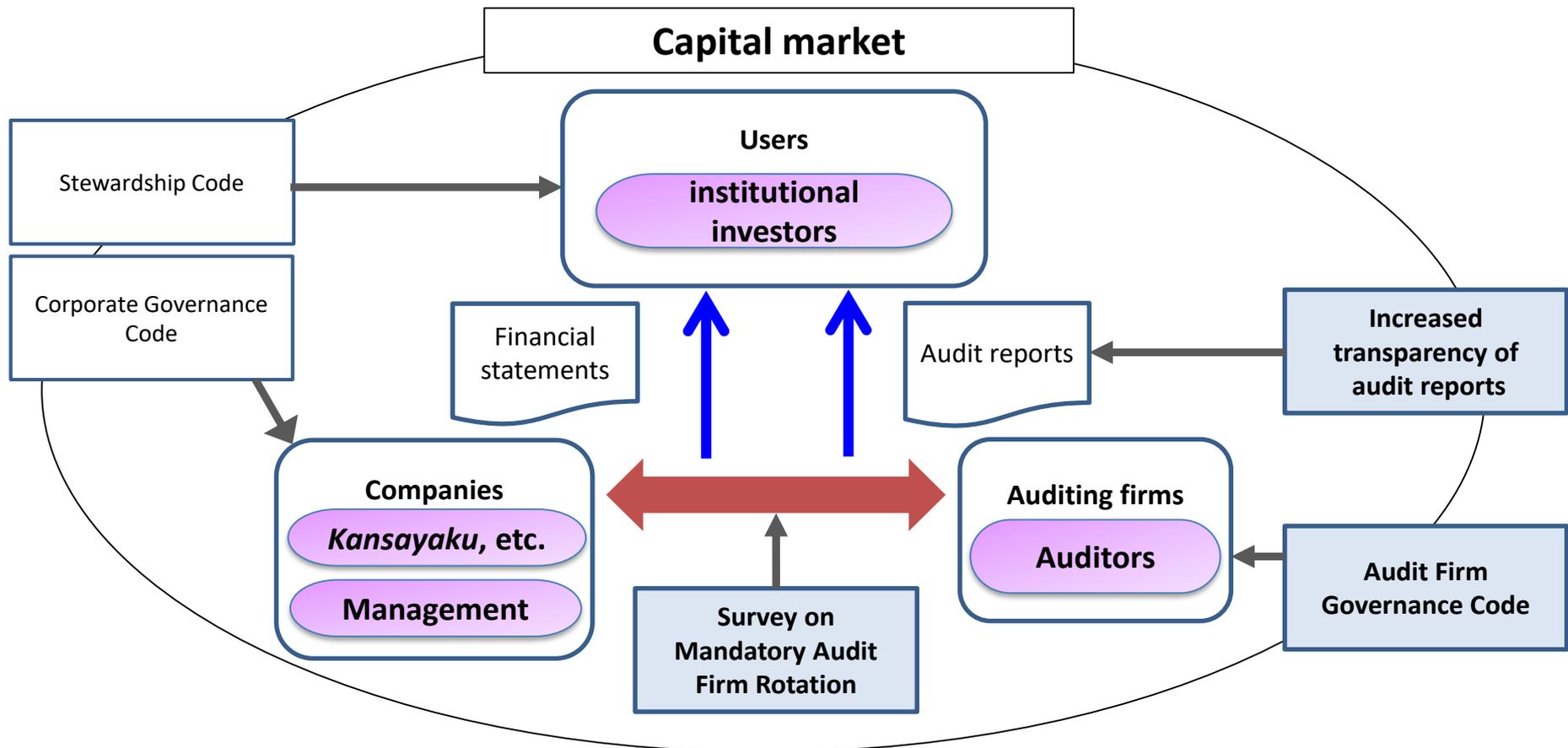
II. Initiatives under the Corporate Governance Code

4. Ensuring confidence on audit

II.4. Ensuring confidence on audit:

(1) Measures for “ensuring confidence on accounting audit”

- In response to recent accounting frauds, the following measures were taken for **ensuring confidence on accounting audit**:
 - Established “**The Audit Firm Governance Code**” (published in March 2017)
 - “**Transparency of Audit Reports**” (revised audit standards in July 2018)
 - Survey on **Mandatory Audit Firm Rotation** (published the 1st Survey Report in July 2017)



II.4. Ensuring confidence on audit: (2) Increase transparency of audit reports

- ❑ In the current Auditor's Reports, except for the representation of whether financial statements are fairly stated (audit opinion), **descriptions of auditor's opinion is limited.**
- ❑ An increasing number of countries have introduced the regime where **auditors describe possible misstatement and other risks, which they took note of,** in Auditor's Reports.

⇒ In response to the recommendation from the Advisory Council on the Systems of Accounting and Auditing, which suggested that Japan should also consider the above-mentioned regime, the Business Accounting Council had deliberations, and **the Auditing Standards are to be revised.**

To be applied from the fiscal year ending March 2021
(**Early adoption is possible from the fiscal year ending March 2020**)

【Reference】 Sample Format of Audit Report after the revision

Independent Auditor's Report

To. The board of directors of XX Company

○○ Audit Firm
Designated Partner CPA ○○ Seal
Engagement Partner

Auditor's Opinion (omitted)

Basis for the Opinion (omitted)

Key Audit Considerations

【Example 1】 Impairment of property and equipment

【Example 2】 Valuation of goodwill

Responsibilities of Auditors, Kansayaku, and Kansayaku Board
(omitted)

Auditor's Responsibility (omitted)

Interests (omitted)

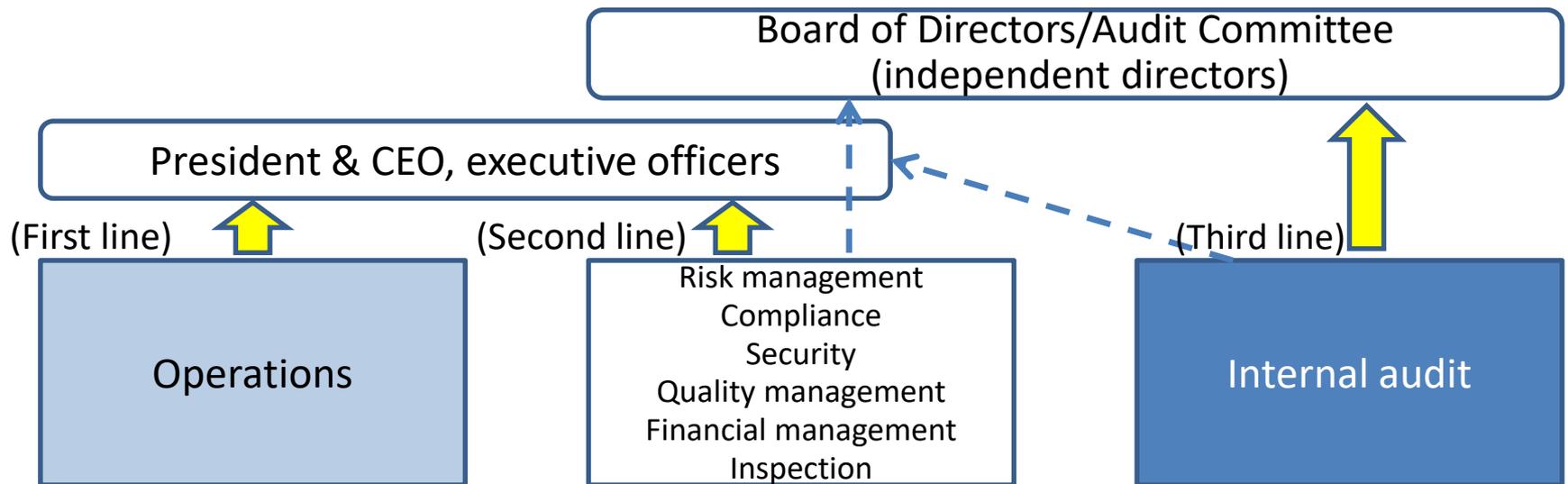
END

< Situations in other countries >

- UK: Adopted in response to the Financial Crisis (effective from 2012)
- EU: Introduced in EU member states, as a measure under a series of statutory audit reform proposals (including mandatory audit firm rotation, etc.) (effective from 2016)
- US: The Public Company Accounting Oversight Board (PCAOB) announced new Auditing Standards, which were approved by the Securities and Exchange Commission (SEC) (phased implementation effective from June 2019)

II.4. Ensuring confidence on audit: (3) Internal audit

- ❑ For internal audits, three lines of defense - namely operation divisions as the first line, administrative divisions as the second line, and internal audit division as the third line - need to work effectively and independently from other lines.
- ❑ There are only few companies whose **internal audit division has a direct reporting line to their oversight body (monitoring board)** which is independent from the management.



Source: Bank of Japan, Center for Advanced Financial Technology, Follow-up seminar material "Governance Reform of Financial Institutions" (Feb. 2016)

<Addressees of internal audit reports> (n=967, multiple choices permitted)

	CEO (including Chairman, etc.)	Board of Managing Directors/ Executive Board	Officers in charge of internal audit	Officers not in charge of internal audit	Board of Directors	Audit committee	<i>Kansayaku</i> (board)	Officers in charge of/ Head of auditee divisions	Other
# of applicable companies	779	70	151	84	104	88	245	432	31
Ratio (%)	80.6	7.2	15.6	8.7	10.8	9.1	25.3	44.7	3.2

Source: The 19th Comprehensive Survey on Auditing (The Institute of Internal Auditors-Japan)

II. Initiatives under the Corporate Governance Code

5. Improving information disclosure

II.5. Improving information disclosure: (1) Report by the “Working Group on Corporate Disclosure” of the Financial System Council (summary)

Overview of the Report

I. Improving financial and narrative information

To enhance financial information, as well as narrative information which helps understand financial information more properly (e.g. business strategy, management’s analysis of operating results (i.e. MD&A: Management Discussion and Analysis), risk factors, etc.)

II. Disclosing corporate governance information to facilitate constructive dialogue

To provide necessary information on governance from the perspective of facilitating dialogue between companies and investors (e.g. method to calculate management’s remuneration, cross-shareholdings, etc.)

III. Efforts for ensuring reliability and timeliness of information

To enhance information which helps investors to judge reliability of [financial] information, and provide information in a timely manner (e.g. auditor tenure, etc.)

IV. Other issue

To make EDINET more convenient, and to encourage disclosure of Securities Report in English

Future initiatives

(1) Formulating principle-based guidance

To develop guidance upon discussion with companies and investors on principles for companies to identify and disclose their business strategies, MD&A, and risks from the standpoint of the management

(2) Collecting and publishing best practices of disclosures

(3) Establishing disclosure rules (revision of Cabinet Office Ordinance)

- Management’s remuneration (remuneration program, actual remuneration amounts)
- Cross-shareholdings
- Auditor tenure, etc.

II.5. Improving information disclosure: (2) Draft revision of Ordinance on Disclosure based on Report by the “Working Group on Corporate Disclosure” of the Financial System Council (Public comments being accepted from Nov. 2)

Key points of the revision

I. Improving financial and narrative information

- Concerning business policies and strategies, it is required to explain a company’s management-level views of market conditions, competitive advantages, key products/services, customer base, etc.
- Concerning business-related risks, it is required to explain the probability and possible timing of risk realization, impact of such risks on business, and risk countermeasures
- Concerning accounting estimates and underlying assumptions, it is required to describe the management-level view of uncertainties, and possible impact on business results due to changes in such uncertainties

II. Disclosing corporate governance information to facilitate constructive dialogue

- Concerning management’s remuneration, it is required to explain its remuneration program (information on performance-based compensation, policy for each management position, etc.), and provide information on actual remuneration paid under the program
- Concerning cross-shareholdings, it is required to disclose methods to verify the reasonableness of such holdings, and the number of stock names subject to individual disclosure is to be expanded from 30 to 60, and so on

III. Efforts for ensuring reliability and timeliness of information

- It is required to disclose activities of *kansayaku* board or equivalents (frequency of *kansayaku* board meetings, key considerations, attendance of individual *kansayaku*, etc.), auditor tenure, etc.

Effective date

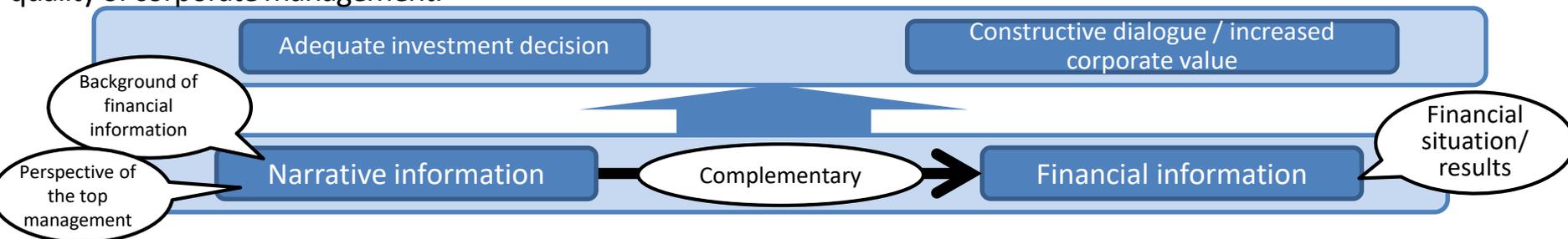
(1) To be applied from fiscal year ending March 2019 (items described in the above “II. Disclosing corporate governance information to facilitate constructive dialogue”, etc.)

(2) To be applied from fiscal year ending March 2020 (items other than (1))

II.5. Improving information disclosure: (3) Corporate disclosure of narrative information

Implication of narrative information in corporate disclosure

Narrative information, including business strategies, management's discussion and analysis of operating results, etc. (MD&A), and risk factors, complements financial information, and enables investors to make adequate investment decisions. Furthermore, narrative information is also important from the perspective of increasing corporate value sustainably by promoting corporate governance through constructive dialogue between investors and companies, as well as increasing the quality of corporate management.



Comments on disclosure of management's discussion & analysis of operating results, etc. (MD&A) by Japanese companies

- Explanation/disclosure of operating results in connection with business strategies and business environment is essential for evaluating/judging corporate value.
- Some Japanese companies do not sufficiently explain their management-level view of business environment or provide segment information.

Rolls-Royce: Business review by segment (passenger aircraft segment)

Market analysis (Market review)

- Market trends
- Business risks
- Competitors
- Business opportunities

Analysis on operations (Operational Review)

YoY comparison of sub-segment performance, reasons for changes in operating results, background, sales mix (graph), cash flow, explanation on assets, etc., development of investment/business, outlook of business, etc.

Example of disclosure by a Japanese company (FY2017/03)

(Sales)

In the current consolidated fiscal year, sales decreased to XX yen (YoY decrease by XX yen, down X%) due to negative impact from the yen's appreciation. As for the breakdown by destination, domestic sales recorded XX yen (YoY decrease by XX yen, down X%) and overseas sales recorded XX yen (YoY decrease by XX yen, down X%). As for sales by product, sales of XX decreased to XX yen (YoY decrease by XX yen, down X%) due to a decline in shipment volume and the yen's appreciation.

(Operating Income)

Operating income recorded XX yen (YoY decrease by XX yen, down X%). This is because the effect of cost improvement was more than offset by negative impact of the yen's appreciation and an increase in R&D costs.

II.5. Improving information disclosure: (4) Key issues on principle-based guidance

- ❑ In response to the Report from the “Working Group on Corporate Disclosure” under the Financial System Council in June 2018, the formulation of **principle-based guidance** is under consideration.

Appropriately reflecting discussion from the management’s perspectives

- Discussions at the board of directors and/or management board with respect to business policies, performance evaluation, and business risks, should be appropriately reflected in disclosures
- The top management should present the company’s basic policy on disclosures

Materiality

- With respect to judging materiality of information, disclosures should appropriately reflect consideration of the degree of possible impact on business results and the probability of incidents, and the materiality

Reflecting discussion on cost of capital

- Disclosures should appropriately reflect discussions at the board of directors and/or management board with respect to the ideal balance of growth investment, cash reserves and shareholder returns, and cost of capital, as well as future business directions based on such discussions

Segment information

- While the management is required to consider an ideal business portfolio, in-depth segment information from the management’s perspectives should be disclosed

Easy to understand

- It is encouraged to actively use tables, graphs, photographs, etc. toward easier-to-understand disclosures

(Note) In case companies prepare materials for financial results briefing and annual reports, it would be a possible option to use tables, graphs and photographs in such documents for statutory disclosure documents. In doing so, it is necessary to ensure necessary and sufficient disclosure of material information

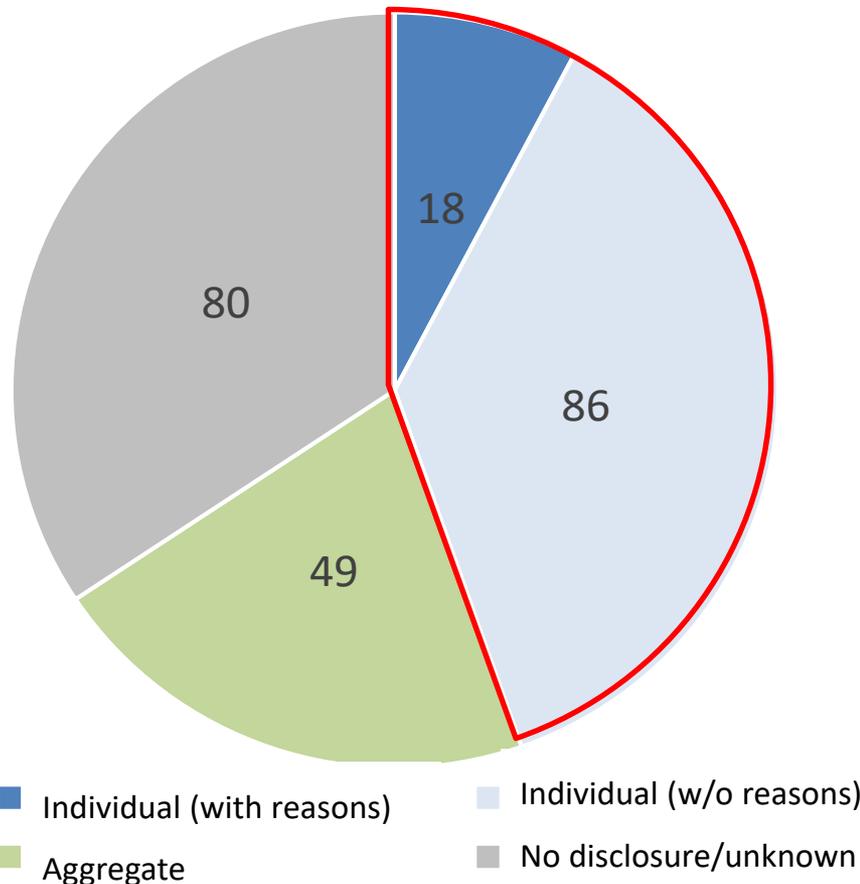
III. Initiatives under the Stewardship Code

1. Investors' initiatives

III.1. Investor's initiatives: (1) Disclosure of voting records for each investee company on an individual agenda basis

More than 100 institutional investors, including nearly all Japanese large asset managers, disclosed their voting records for each investee company on an individual agenda basis. Some institutional investors disclosed reasons for casting “against” votes.

Disclosure of voting records



Asset Manager X

Company	Agenda Item	Vote	Reason
Company A	7 取締役の選解任	反対	独立性基準
	8 取締役の選解任	反対	独立性基準
	9 取締役の選解任	賛成	
	10 取締役の選解任	賛成	
Company B	1 監査役の選解任	反対	独立性基準
	役員報酬	反対	対象者基準
	剰余金の処分	賛成	
	定款に関する議案	賛成	
Company C	1 取締役の選解任	反対	社外取締役人数基準
	2 取締役の選解任	反対	社外取締役人数基準
	3 取締役の選解任	反対	社外取締役人数基準
	4 取締役の選解任	反対	社外取締役人数基準
	5 取締役の選解任	反対	社外取締役人数基準
	6 取締役の選解任	反対	社外取締役人数基準
Company D	1 監査役の選解任	賛成	
	1 取締役の選解任	反対	業績基準
	2 取締役の選解任	反対	業績基準
	3 取締役の選解任	反対	業績基準

Reasons for judgment

Asset manager Y

Company	Agenda Item	Vote	Reason
Company E	3.10 取締役の選解任	反対	相互選任の関係に該当し、ガバナンス機能の低下を招くリスクを有すると判断したため
	3.11 取締役の選解任	賛成	
	3.12 取締役の選解任	賛成	
	3.13 取締役の選解任	賛成	
	3.14 取締役の選解任	賛成	
	4 監査役の選解任	賛成	
Company F	5 株式報酬（役員報酬）	賛成	
	1 剰余金の処分	賛成	
	2 定款に関する議案	賛成	
	3.1 取締役の選解任	反対	支配株主が存在する中、高い独立性を有する社外取締役が不在の取締役会構成となっており、ガバナンス機能の改善余地が大きいと判断したため
	3.2 取締役の選解任	賛成	
	3.3 取締役の選解任	賛成	
	3.4 取締役の選解任	賛成	
	3.5 取締役の選解任	賛成	
	3.6 取締役の選解任	反対	取締役会出席率が低く、十分な機能発揮が難しいと判断したため
	3.7 取締役の選解任	賛成	
3.8 取締役の選解任	賛成		
	4 監査役の選解任	反対	社外監査役候補者の独立性に懸念ありと判断したため

Specific description

Source: Prepared by FSA based on information on websites etc. on 233 institutional investors which accepted the Stewardship Code by end-Aug. 2018

(aggregated data on Oct. 31, 2018)

III.1. Investor's initiatives: (2) Disclosure of stewardship activities by institutional investors

□ The degree of disclosure of stewardship activities significantly varies among institutional investors. While some institutions provide **detailed descriptions on examples of dialogue, including topics and results**, there are many institutions which do **not** necessarily provide **specific descriptions** or do **not at all disclose** their stewardship activities.

Company A (foreign asset manager)

Eng for i

Ongoing engagement

83 companies since 2013

193 interviews

**# of engaged companies/
of opportunities for dialogue**

Topics of dialogue

Name of engaged company

Example of exercising voting rights based on dialogue

Company	ISS	Company Size	Date	Business model/Strategy	Business and energy use	Water	Waste/recycling/Incineration/Reuse	Adverse-impact/Engagement practices	Supply Chain/procurement	Product responsibility	Customer/Supplier/Community/Management & Human Rights	Independent/Associated	Stewardship rights	ESG Strategy
Abn-Amro	FR	Large	2017.07.27	Banking	•	•	•	•	•	•	•	•	•	•
Amundi	FR	Large	2017.07.27	Asset Management	•	•	•	•	•	•	•	•	•	•
BlackRock	US	Large	2017.07.27	Asset Management	•	•	•	•	•	•	•	•	•	•
BNP Paribas	FR	Large	2017.07.27	Banking	•	•	•	•	•	•	•	•	•	•
Commerzbank	DE	Large	2017.07.27	Banking	•	•	•	•	•	•	•	•	•	•
Deutsche Bank	DE	Large	2017.07.27	Banking	•	•	•	•	•	•	•	•	•	•
HSBC	UK	Large	2017.07.27	Banking	•	•	•	•	•	•	•	•	•	•
JP Morgan Chase	US	Large	2017.07.27	Banking	•	•	•	•	•	•	•	•	•	•
Legg Mason	US	Large	2017.07.27	Asset Management	•	•	•	•	•	•	•	•	•	•
Nordea	SE	Large	2017.07.27	Banking	•	•	•	•	•	•	•	•	•	•
Paragon	US	Large	2017.07.27	Asset Management	•	•	•	•	•	•	•	•	•	•
State Street	US	Large	2017.07.27	Asset Management	•	•	•	•	•	•	•	•	•	•
UBS	CH	Large	2017.07.27	Banking	•	•	•	•	•	•	•	•	•	•
Wells Fargo	US	Large	2017.07.27	Banking	•	•	•	•	•	•	•	•	•	•

Company	Country	Resolutions	Vote	Text
Softbank	Japan	<ul style="list-style-type: none"> Independence Auditors' compensation 	<ul style="list-style-type: none"> then then then 	<p>We dialogued with the Chairman on many sensitive governance issues, notably their independence criteria for Directors and external auditors, but also the requirements of their compensation policy.</p> <p>The company's willingness to move towards meeting our main voting policy criteria led us to vote for all of the resolutions.</p>
Credit Suisse	Switzerland	<ul style="list-style-type: none"> Binding approval of compensation elements Compensation policy (advisory) 	<ul style="list-style-type: none"> then then then 	<p>After having dialogued with the company on our questions in terms of transparency and standards for fixed and variable remuneration, a public statement by the Chairman responding in part to our wishes led us to vote for the "binding" resolutions.</p> <p>On the other hand, we maintained our opposition to the resolution (merely advisory) on the overall compensation policy.</p>
Continental AG	Germany	<ul style="list-style-type: none"> Compensation policy 	<ul style="list-style-type: none"> then 	<p>After having accepted the compensation policy in 2016 following dialogue with the company, an amendment in 2017 increased the remuneration potential without any explanation, notwithstanding our previous comments. Despite further dialogue, we finally rejected this change, along with around 20% of the shareholders who spoke at the General Meeting.</p>
Mitsubishi Heavy Industries Group	Japan	<ul style="list-style-type: none"> Independence Directors' attendance rate Remuneration report 	<ul style="list-style-type: none"> then then then 	<p>Our dialogue addressed an improvement in the Board's rate of independence, but also greater transparency in terms of director attendance and variable compensation components.</p> <p>After sharing our views, we approved all the proposals tabled at the General Meeting.</p>

Company B (Japanese asset manager)

4

Framework of dialogue

Analysis of dialogue

Examples of dialogue (industry, topics, results)

Self-evaluation

Company C (Japanese asset manager)

ステュワードシップ活動に関する当社の体制・取組の評価について

当社は、受託者責任を果たすため、議決権(当社が裁量権を有する場合、以下同様)を保有している企業に対し、当社の「議決権行使の考え方」に基づき適切に議決権を行使することにより、当該企業の企業価値の向上や持続的成長への寄与を図っております。

今回、ステュワードシップ活動を行うにあたり当社の体制や自らの取組の評価を実施し、現時点において、当社対応方針に従いステュワードシップ活動を行っており、当社の体制、取組については適切なものと考えております。

当社は引き続き、議決権行使を中心としたステュワードシップ活動に取組んでまいります。

以上

III.1. Investor's initiatives: (3) Enhancing disclosure items on “the list of institutional investors which accepted the Stewardship Code”

❑ To visualize the status of asset manager’s **disclosures of stewardship activities**, how about adding the following items to the “List of institutional investors which have signed up to the Stewardship Code” posted on the FSA’s website?

Name of institution	Enterprise ID number	Website (URL) where the announcement of the acceptance of the Code has been disclosed	Website (URL) where the disclosure items described in the Code have been disclosed	(Note 1) Updates	(Note 2)		(Note 3) Report on stewardship activities	
					Voting record	Reasons	Website address (URL)	
(e.g.) FSA Asset Management	6000012010023	https://www.fsa.go.jp	https://www.fsa.go.jp	○	△		○	https://www.fsa.go.jp

Current disclosure items

✂ In case of pension funds, disclosure items are limited to the current items.

(Note 1) The mark “○” means that the institution informed the FSA of its updates in response to the revision of the Code (including institutions which did not update their disclosure items, because their practices prior to the revision already satisfied the revised Code)

(Note 2) The mark “○” means that the asset manager has disclosed its voting records for each investee company on an individual agenda basis; △ means that the asset manager has disclosed only the aggregate result. Furthermore, in case of the former, if the asset manager has disclosed reasons for each vote against a company’s proposal, the mark “○” is indicated in the column titled “Reasons”.

(Note 3) The mark “○” means that the institution has disclosed its stewardship activity report, self-evaluation, etc.

III. Initiatives under the Stewardship Code

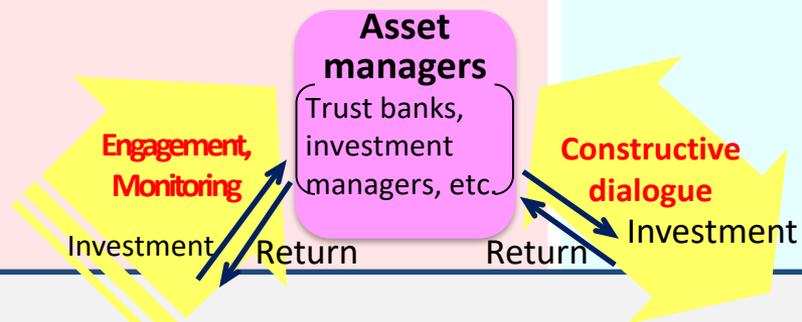
2. Stewardship Activities by Corporate Pensions

III. 2. Stewardship Activities by Corporate Pensions: (1) Fulfilling asset owners' responsibilities

❑ To facilitate the performance of the investment chain, it is extremely important for **asset owners, which are the closest to ultimate beneficiaries, to perform their roles in engaging with and monitoring asset managers**, which are direct counterparties of dialogues with companies.



(Reference) Amount of funds for domestic stock investment by pension funds (in trillions of yen)



Total Funds in Public Pension	54.2
GPIF	40.7
Pension Fund Association for Local Government Officials	6.3
National Federation of Mutual Aid Associations for Municipal Personnel	2.9
Federation of National Public Service Personnel Mutual Aid Association	1.5
Japan Mutual Aid Association of Public School Teachers	1.1
Promotion & Mutual Aid Corporation for Private Schools of Japan	0.9
Japan Police Personnel Mutual Aid Association	0.3
Tokyo Metropolitan Government Personnel Mutual Aid Association	0.1
Pension Fund Association	1.7
Total Funds in Corporate Pension	8.0
Employees' Pension Fund (110 funds)	2.1
Defined-Benefit Corporate Pension (Fund-type: 705, Entrepreneur-type: 12,873)	5.9

All of them accepted the Code
Only 14 funds accepted the Code

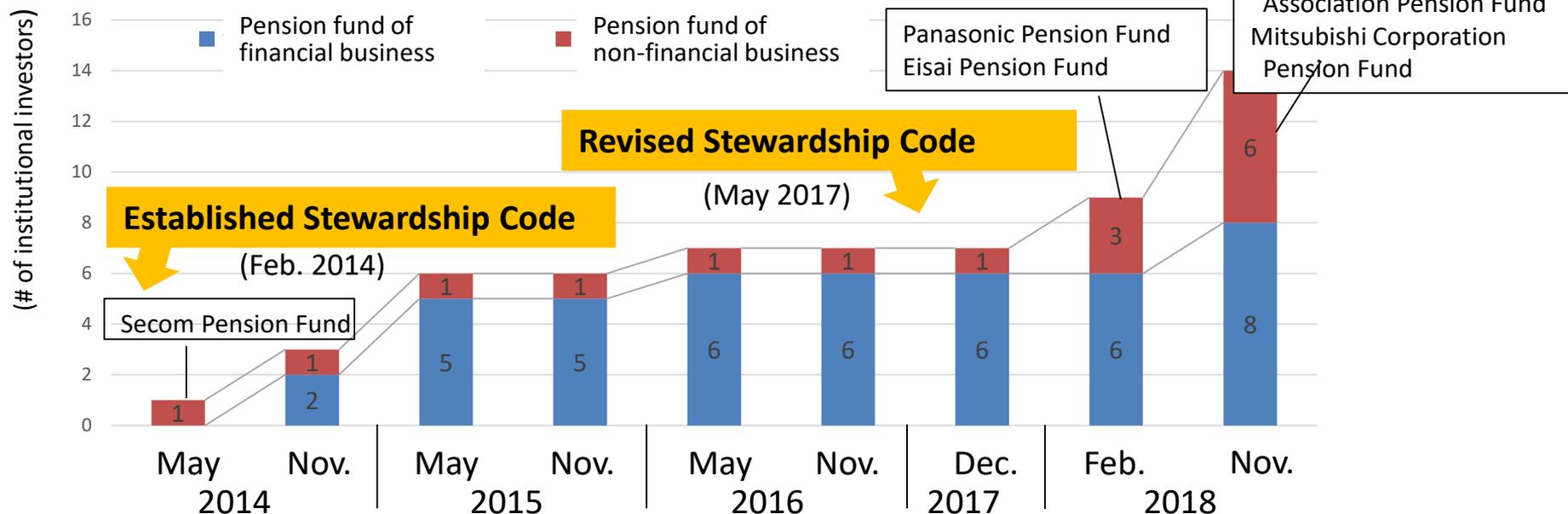
Principle 2.6 of the revised Corporate Governance Code
Sponsoring companies should work on the recruitment and assignment of qualified persons to increase the investment management expertise of corporate pension funds

Source: AUM of public pension funds: Rating and Investment Information, Inc. "Pension Information" "as of end-March 2018)
AUM of Pension Fund Association and corporate pension funds: MHLW/Pension Fund Association "Agenda for Working Group on Stewardship" (as of end-March 2016)

III.2. Stewardship Activities by Corporate Pensions: (2) Acceptance of the Stewardship Code

Out of 237 institutional investors which accepted the Stewardship Code, the number of **Corporate pension funds** is **14** (Additional 7 funds signed up to the Code this year)

<Acceptance of the Code by corporate pension funds>



「責任ある機関投資家」の諸原則《日本版スチュワードシップ・コード》の受入れ

エーザイ企業年金基金

当基金は、「資産保有者としての機関投資家」（以下「アセットオーナー」という）として、「日本版スチュワードシップ・コード」の受入れを表明します。
当基金は、資金の運用を委託する運用機関（以下「運用受託機関」という）に対して、投資先企業との「目的を持った対話（エンゲージメント）」を通じて、当該企業の企業価値の向上や持続的な成長を促すことによって、当基金の中長期的な投資リターンの拡大を図ることを求めます。

パナソニック企業年金基金

マイナンバーの取扱いについて 個人情報の取扱いについて

連絡先 〒571-0055 大阪府門真市町1-19
TEL 06-6907-4816 FAX 06-6907-4818
TEL 06-6907-1160(旧三洋電機企業年金基金直通)

TOP > スチュワードシップ・コードの受入について

パナソニック企業年金基金
トップページ

- ▶ 企業年金基金の沿革
- ▶ 企業年金制度の説明
- ▶ 企業年金の受給について
- ▶ 拠出中の年金について
- ▶ 海外居住者について
- ▶ 企業年金の税金について
- ▶ 各種のお手続きについて
- ▶ 年金受給権者のご家族様へ

スチュワードシップ・コードの受入について

I. スチュワードシップ・コードの受入について

当基金は、責任ある機関投資家として適切にスチュワードシップ責任を果たすため、「責任ある機関投資家」の諸原則《日本版スチュワードシップ・コード》（以下、「本コード」という。）の内容を踏まえ、2018年2月、その趣旨に賛同しこれを受け入れることを表明しました。

当基金はパナソニックグループの一員として、「企業は社会の公器」との理念のもと、その社会的責任を自覚し職務の遂行を行なっています。また「お客様第一」に徹し、受給者の皆様からの信任に応えるよう、責任ある機関投資家としてスチュワードシップ責任を果たしてまいります。

当基金は、自ら直接には日本株式の運用を行わず運用機関を通じて株式の保有を行なっていることから、アセットオーナーとして、当該日本株式を運用する運用機関に対しスチュワードシップ活動を求めるとともに、委託先運用機関が実施するスチュワードシップ活動に対する評価やモニタリングを行うことにより、スチュワードシップ活動が効果的なものになるよう取り組んでまいります。