



ICGN

International Corporate Governance Network

Inspiring good governance & stewardship

Ms. Keiko Okada
Director-General
Gender Equality Bureau
Cabinet Office

Mr. Katumi Ao
Senior Executive Officer
Tokyo Stock Exchange

10 October 2023

Dear Ms. Okada and Mr. Ao,

Subject: Gender diversity in company boards and executive positions

Following our meetings in Tokyo, I would like to share some further comments on behalf of the International Corporate Governance Network (ICGN) around gender diversity in company boards and senior executive positions in Japan. We appreciate your attention to this matter.

Led by investors responsible for assets under management of US\$77 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries - largely in Europe and North America, with growing representation in Asia. The ICGN Global Governance Principles and Global Stewardship Principles, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.¹

ICGN recognises the efforts undertaken by regulatory authorities in Japan, but we note that women remain significantly under-represented at board level and in senior management positions in Japan, comparative to other markets. A board or senior management team that comprises a genuinely diverse group of individuals, with a broad range of perspectives, is likely to make better business decisions. It is also more likely to enjoy greater legitimacy among the company's stakeholders - including its workforce and customers. Investors consider this to be key for the long-term success of a company.

We welcome the objective of the new policy released by the Japanese government in June 2023, which requires that prime listed companies have at least one female executive by 2025 and have 30% (or more) women in executive roles by 2030.² However, we believe that the timeline should be accelerated, to align with other markets in Asia to the extent possible. We encourage companies to take diversity targets seriously and report to investors, stakeholders, and the authorities on progress.

In the policy released in June, the definition of "directors" is clear, but it would be helpful to provide a definition of "executive officers" as this is unclear to investors and is open for considerable interpretation by companies. Furthermore, we welcome the decision by the Tokyo Stock Exchange to transpose this policy into its listing standard. In this regard, we would welcome clarity around whether companies will receive some type of penalty - such as delisting - if they do not achieve the targets. Such enforcement would help improve the effectiveness and oversight of the rule.

¹ [ICGN Global Governance Principles \(2021\)](#), [ICGN Global Stewardship Principles \(2020\)](#)

Thank you again for the opportunity to share our perspective. If you would like to follow up with questions or comments, please contact ICGN's Global Policy Director, Séverine Neervoort (severine.neervoort@icgn.org) or ICGN's Japan Advisor Amane Fujimoto (amane.fujimoto@icgn.org)

Yours faithfully,



Kerrie Waring
Chief Executive Officer, ICGN