27 July 2023

Dear ICGN Member,

**FSA Consultation with ICGN Members**

You may be aware that the Japan Financial Services Agency (FSA) published an *Action Program for Accelerating Corporate Governance Reform* in April this year. This will focus on specific actions that will contribute to substantive improvements in corporate governance practices, as already clarified in Japan’s Corporate Governance Code. The FSA plans a series of activities to help companies and investors demonstrate their commitment to high standards of corporate governance. In particular, the FSA is considering how to recognize companies that extol high governance standards in accordance with global investor expectations.

As such, the FSA is considering the development of criteria, relevant for Japan-based listed companies, to define what constitutes ‘good governance standards.’ Companies that meet this criterion will be recognized in a list, published on the FSA website which will be reviewed periodically. The aim is to showcase companies that practice high standards of governance which may then be emulated by others, ultimately contributing to systemic change across the market.

To support the Japan FSA in this endeavor, we are inviting ICGN members to recommend criteria for what may constitute the highest levels of good governance practice. For example, the FSA have suggested the following examples:

(a) Companies with majority of independent directors
(b) Companies with an independent Chair of the board
(c) Companies with sufficient number of female executives
(d) Companies with enhanced disclosure in English
(e) Companies with few or no cross-shareholdings.

Even though it may not be possible to compile lists immediately due to lack of necessary information, the FSA would like to continue to work on this issue, so your comments on the above, and any other criteria, would be appreciated.

Please send your views to ICGN’s Japan Advisor, Amane Fujimoto ([amane.fujimoto@icgn.org](mailto:amane.fujimoto@icgn.org)) by 11 August if you would like to make any suggestions. ICGN will submit a letter to FSA with recommendations, taking into account members' views.

Yours faithfully,

*Kerrie Waring*

*Chief Executive Officer, ICGN*