

**ICGN**

International Corporate Governance Network

## ICGN Press Release

### ICGN Announces Policy Priorities For Japan And Releases Global Consultation On Anti-Corruption Guidance

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**Tokyo, Japan, 16 July 2019** – The International Corporate Governance Network (ICGN) with members responsible for assets under management in excess of US\$34 trillion published Policy Priorities for Japan today as it convenes in Tokyo for the ICGN Annual General Meeting and Conference. Hosted by the Tokyo Stock Exchange, the conference is endorsed by the Financial Services Agency, Ministry for Economic Trade and Industry, Ministry of Justice and Keidanren.

ICGN has committed to supporting corporate governance and investor stewardship reforms in Japan for over two decades. This is evidenced in multiple conferences since 2001 and dozens of letters sent to regulatory authorities in response to public consultation. Since 2017 ICGN's Chief Executive, Kerrie Waring has served as a Member of the influential Follow-Up Council of Experts for the Corporate Governance Code and the Stewardship Principles, convened by the Financial Services Authority and Tokyo Stock Exchange.

Kerrie Waring said: *“Much has evolved since ICGN last convened an annual conference in Japan in 2001: this was the Enron era when corporate governance principles – responsibility, accountability, fairness and transparency – were little understood, or simply ignored. Today, there is a greater appreciation of the vital role that good corporate governance and investor stewardship play in preserving and enhancing long-term corporate value, contributing to sustainable economies upon which social welfare relies. Our Policy Priorities aim to help build on this and continue to support the reform efforts in Japan.”*

A summary of some of the recommendations suggested by ICGN include:

1. **Corporate Reporting:** AGM Notices and Yuho (securities report) to be issued at least 30 days in advance of the meeting and published in English
2. **Board independence:** Boards should comprise one-third independent directors, and preferably a majority, particularly in subsidiary companies
3. **Board evaluation:** Boards should conduct periodic external board evaluation, disclosure should include the process for evaluation and any material issues arising, and a Nomination Committee led by an independent Chair and majority of independent directors should oversee the process.
4. **Executive Remuneration:** Boards should establish a Remuneration Committee comprised of independent chair and a majority of independent directors and annually disclose CEO and senior executive pay on an individual basis, including fixed pay, bonus and long-term incentives.
5. **Capital efficiency:** Disclosures relating to cross shareholding should be enhanced, specifically: a target to reduce their cross shareholdings over a specified period; and details on the nature of the cross-shareholding.

George Iguchi, ICGN Board Member in Japan, said *“Japanese corporate governance and investor stewardship have significantly improved over the past several years. I am grateful for the contribution ICGN has made. But this journey must continue in raising standards across the Japanese capital market for long-term value creation, benefiting society as a whole. The newly developed ICGN Policy Priorities will help us address these crucial issues and identify next steps for reform.”*

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ICGN also opened a public consultation for revisions to the ICGN Guidance on Anti-Corruption practices, first published in 2009. Since then the visibility of bribery and corruption has continued to rise as a matter of corporate governance, and this has been reflected in legislative developments in many key global jurisdictions. This updated version more clearly delineates between bribery and corruption, which are similar terms – but not identical—and it provides both investors and companies with a framework for investor engagement on anti-corruption practices.

George Dallas, ICGN Policy Director, said: *“ICGN policy priorities place increasing emphasis on systemic risks that face investors, particularly those with long-term time horizons. We regard corruption as a systematic risk in this context – and a matter that investors and companies should consider alongside other critical systemic risks, such as climate change or wealth inequality.”*

The public consultation extends to Monday 9 September 2019, and comments can be sent to Amara Akpan by email: [amara.akpan@icgn.org](mailto:amara.akpan@icgn.org) .

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## **EDITOR'S NOTES**

### About International Corporate Governance Network

Established in 1995, the International Corporate Governance Network (ICGN) is led by investors responsible for assets under management in excess of \$US 34 trillion, ICGN is a leading authority on global standards of corporate governance and investor stewardship. We promote high standards of professional practice among investors and companies alike in their mutual pursuit of long-term value creation contributing to sustainable economies worldwide. [www.icgn.org](http://www.icgn.org).

For enquiries, please contact:

Elle Thomas, Head of Communications and Events:

T: +44 (0)20 7612 7096

E: [elizabeth.thomas@icgn.org](mailto:elizabeth.thomas@icgn.org)

Milly Sheehan, Communications Manager

T: +44 (0)20 7612 7093

E: [milly.sheehan@icgn.org](mailto:milly.sheehan@icgn.org)