Good afternoon. As Chief Executive of the International Corporate Governance Network (ICGN) – with members representing assets under management in excess of US$ 34 trillion – I am pleased to have this opportunity to address you today.

Japan is important to ICGN Members, being the world’s third largest capital market where over 30% of equity is held by overseas investors. Good corporate governance in Japan, means good corporate governance for the world. It reduces investment risk and enhances long-term value.

Today, the world faces unprecedented disruption from systemic risks arising from environmental damage, demographic change and technological progress. This is set within the context of geopolitical divergence around how to address such risks which both boards and investors must navigate. This requires purposeful engagement between both parties to mitigate risk on the one hand, while identifying opportunities to help improve long-term corporate performance on the other.

The UN’s Sustainable Development Goals, introduced in 2015, aim to ‘end poverty, protect the planet, and ensure prosperity for all.’ Last year, a UN report on climate change warned us that we are not doing enough – in fact instead of cutting carbon dioxide emissions, world consumption of oil, coal and natural gas is increasing. This year’s UN study on biodiversity has warned that around 25% of all species on earth face extinction within decades if we don’t expediate the pace of change for a greener, cleaner way of working.

The scale of meeting this challenge is enormous. Public money alone is insufficient – the European Commission estimates that 35.5 trillion YEN per year is needed just to achieve climate neutrality and it has set out a comprehensive action plan. And, the UK Government announced legislation last week (the first G7 nation to do so) for net-zero carbon emissions by 2050.

We must move towards more resource efficient business models which embrace renewable energy and smart technologies. We must mobilize private capital towards environmental and social infrastructure and optimize use of the world’s finite resources to fuel sustained economic growth. This can be supported by Keidanren’s Society 5.0 initiative and declaration to support the Task Force on Climate-related Financial Disclosures to incentivize companies to disclose their approach to managing climate change.

This effort requires purposeful engagement between companies and investors as promoted in initiatives by Japan’s regulatory authorities, materialized in the Corporate Governance Code and Investor Stewardship Code. I have the pleasure of serving as a Member of the Follow-up Council convened by the Japan FSA and TSE, looking at how companies and investors are adopting the principles set out in your respective Codes.

For corporate governance, recent discussions have focused on director independence, CEO appointment processes, the role of nomination committees, remuneration disclosure, oversight of internal audit, cross shareholdings and capital efficiency.
For investor stewardship, focus is on the quality of activities and disclosure on investee company monitoring, voting, engagement and conflicts of interest. There is also focus on the role of asset owners in holding their managers to account – GPIF is leading the world with innovative approaches to stewardship oversight.

Consider that the five largest asset owners from Japan, Norway, Netherlands, South Korea and the USA hold over $20 trillion in assets between them. They have significant influence and are driving systemic reform throughout the investment chain, ultimately ending with you as corporate leaders driving long-term company success and value creation.

Today, in an effort to support these initiatives, I am pleased to announce that ICGN and Keidanren has entered into a Memorandum of Understanding to signify a new era of dialogue between Japan’s corporate leadership and overseas investors around high standards of corporate governance and investor stewardship practices.

In April, Keidanren organized a delegation of Japan’s corporate leaders to the US to meet investors and hear their views on corporate governance priorities. Next month, we will reciprocate this engagement by holding ICGN’s Annual Conference, hosted by the Tokyo Stock Exchange, here in Japan. Please do join us – it is only by coming together, that we can have a mutual understanding around how good governance contributes to successful companies, thereby generating sustainable value upon which economic growth and social welfare relies.

Thank you.
1. Introduction
1.1 ICGN is a leading authority on global standards of corporate governance and investor stewardship with members responsible for assets under management in excess of US $34 trillion. ICGN promotes high standards of professional practice among companies and investors alike in their pursuit of long-term value creation contributing to sustainable economies world-wide.

1.2 Keidanren (Japan Business Federation) is a comprehensive economic organization with a membership comprised of more than 1,500 representative companies, nationwide industrial associations, and regional economic organizations of Japan.

2. Purpose
2.1 The purpose of this Memorandum of Understanding ("MoU") is to provide a framework for co-operation between ICGN and Keidanren (hereafter “the Parties”) to foster mutual understanding between Japan’s corporate leadership and overseas institutional investors around high standards of corporate governance and investor stewardship practices.

2.2 The outcome of the MoU is to help support companies and investors in their mutual pursuit in promoting long term successful companies, generating sustainable value creation upon which economic growth and social welfare relies, and in pursuit of realizing Society 5.0 for the UN Sustainable Development Goals.

3. Areas of Cooperation
3.1 To achieve the purpose of this MoU, the Parties shall cooperate in the following activities:
- Organisation of joint symposiums for knowledge building and promotion of constructive dialogue between Japanese corporate leadership and investors.
- Exchange of experts and delegations on corporate governance and investor stewardship (e.g. ICGN visits to Tokyo, or Keidanren visits at ICGN conferences) and follow up of such visits.
- Assistance to the other Party in organizing its own symposium or seminars, and other similar activities.
- Information dissemination to raise awareness of the importance of corporate governance and investor stewardship priorities to corporate and investment communities as well as wider stakeholders.
- Other best efforts for achieving the purpose of this MoU.
4. **Resources**
The ability of each Party to carry out the activities described in this MoU shall be subject to the availability of funds and human resources. Each activity described in this MoU is governed by its own project agreement which specifies the role of the Parties and any necessary resources required for successful implementation.

5. **Effective Date and Term**
This MoU shall come into effect upon signature by the Parties, and shall remain in effect until both, or either Party requests its termination upon written notice addressed to the other. The MoU may be terminated at any time after consultation among the Parties.

**IN WITNESS WHEREOF**, the parties have caused this MoU to be executed by their duly authorized representatives as of the date first written above.

Signed in Tokyo, on June 21st, 2019

For ICGN

Kerrie Waring
Chief Executive Officer, ICGN

For Keidanren

Takeshi Kunibe
Vice Chair / Chair, Committee on Financial and Capital Markets, Keidanren
Joint Press Release
Influential Business and Investor Groups Commit to Framework of Co-operation

Tokyo, Japan, 21 June 2019 – Two influential organisations signed a Memorandum of Understanding (“MoU”) today to foster mutual understanding between Japan’s corporate leadership and overseas institutional investors around high standards of corporate governance and investor stewardship practices.

Leaders of the International Corporate Governance Network (ICGN), a global investor body, and Keidanren, Japan’s business federation, committed to help support companies and investors in their mutual pursuit to promote long-term successful companies, generating sustainable value creation upon which economic growth and social welfare relies, and in pursuit of realizing Society 5.0, which is a vision of a future society which utilizes the leading technologies and innovations of Japanese companies to solve social issues, aligned with the UN Sustainable Development Goals.

The announcement comes along with Keidanren’s Symposium taking place on 21 June in Tokyo to share views on corporate governance practices of leading companies in Japan and major investor priorities. On signing the MoU on behalf of Keidanren, Mr Takeshi Kunibe, Vice Chair of Keidanren, Chair of Keidanren’s Committee on Financial and Capital Markets and Chairman of the Board of Sumitomo Mitsui Financial Group said:

“In Japan, the government has worked to develop the environment for companies to proceed with corporate governance reforms, with such measures as introduction of the Stewardship Code and Corporate Governance Code. Keidanren, however, has been encouraging each of its members not just to respond to the Codes but to build a higher level of governance according to its business, and aims to promote investment into Japan to accelerate the realization of Society 5.0 for SDGs. We wish this MoU with ICGN will further facilitate the dialogue with global investors, increase the value of Japanese businesses and contribute to Society 5.0 for SDGs.”

ICGN’s Chief Executive, Ms Kerrie Waring, will make Guest Remarks at Keidanren’s Symposium and said:

“Around 30% of shares in JPX listed companies are held by overseas investors, many of whom are ICGN Members who collectively represent assets under management in excess of US$ 34 trillion. This MoU signifies a new era for constructive engagement between companies and investors around corporate governance policies and practices. The aim of the MoU is to help build understanding and a common sense of purpose to preserve and enhance long term corporate value for sustained economic growth upon which society and future generations depend.”

Next month, the ICGN Annual General Meeting (AGM) and Conference will be hosted by the Japan Exchange Group / Tokyo Stock Exchange at the New Otani Hotel. The holding of ICGN’s AGM in Tokyo is symbolic of the great strides and leadership shown by authorities towards corporate governance,
investor stewardship and corporate reporting in the course of Japan's economic revitalisation strategy. This is evident in the increased number of independent non-executive directors on boards, revisions to the Japan Corporate Governance Code and public commitment from investors to the Japan Stewardship Code.

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Notes to Editors

Keidanren (Japan Business Federation)
Keidanren is a comprehensive economic organization with a membership comprised of more than 1,500 representative companies, nationwide industrial associations, and regional economic organizations of Japan. Keidanren’s mission is to draw upon the vitality of corporations, individuals and local communities to support corporate activities which contribute to the self-sustaining development of the Japanese economy and improvement in the quality of life for the Japanese people.

International Corporate Governance Network (ICGN)
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. ICGN promotes high standards of professional practice among companies and investors alike in their pursuit of long-term value creation contributing to sustainable economies worldwide communicated by the ICGN Global Governance Principles and ICGN Global Stewardship Principles.

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