

# AIMA

ALTERNATIVE INVESTMENT MANAGEMENT ASSOCIATION

*Healthy Corporate Governance Growing Pains in Japan:  
It's Not a Sprint, it's a Marathon*

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**President and CEO**

8 June 2016  
Tokyo



**CFA Institute**



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**To lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.**

# JAPAN'S REVITALIZATION STRATEGY: THE THIRD ARROW





# CORPORATE GOVERNANCE MARKET SCORES

Countries	2007	2010	2012	2014	Δ
Hong Kong	67	65	66	65	↓
Singapore	65	67	69	64	↓
Japan	52	57	55	60	↑
Thailand	47	55	58	58	—
Malaysia	49	52	55	58	↑
Taiwan	54	55	53	56	↑
India	56	48	51	54	↑
Korea	49	45	49	49	—
China	45	49	45	45	—
Philippines	41	37	41	40	↓
Indonesia	37	40	37	39	↑

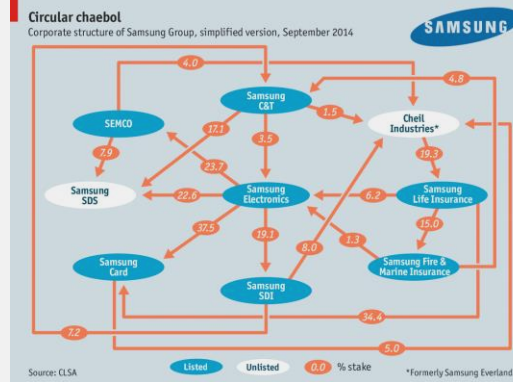
Source: ACGA CG Watch 2015



$$P = F/A$$

Pressure = Force / Area

# ASIAN OWNERSHIP MODELS



**A**CTION  
**C**HANGES  
**T**HINGS



# FORMS OF STEWARDSHIP

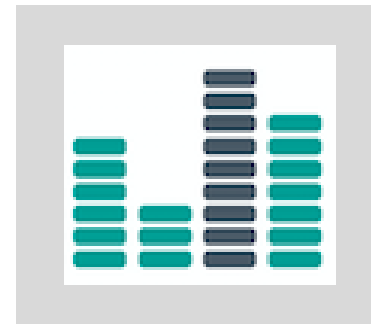
Passive



Autopilot



Informed



Light Touch



Active



Activist





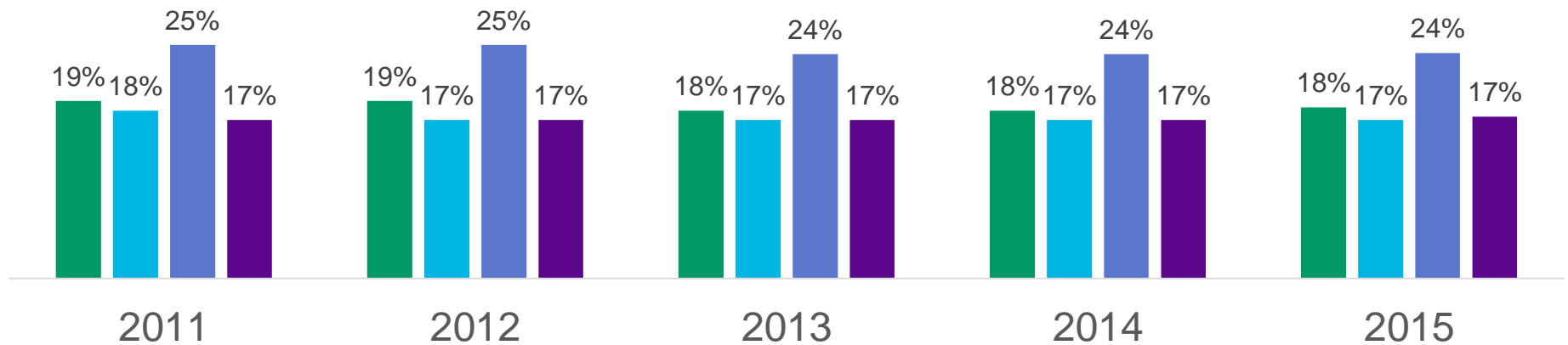
# A ROADMAP FOR FURTHER REFORM

## For Corporates

- Checkpoints and report cards
- Set the tone, walk the talk
- Board training
- English-language disclosures
- Diversity

# WOMEN AS PERCENTAGE OF CFA MEMBERS

■ GLOBAL ■ AMER ■ APAC ■ EMEA



# INVESTOR OUTCOMES

## Homogeneity is counter to investment performance

*Companies with the highest share of women outperform* companies with no women – the top-quartile group has a 41% higher ROE than the group with no women<sup>1</sup>

*Mixed gender teams bring much needed diversity of thinking* to the investment process and improve investment outcomes. Once a critical mass is reached – about one-third women – team outcomes improve<sup>2</sup>

Research indicates that *investors aren't aware of the value mixed gender teams bring to performance.*

Only 25% of surveyed individual and institutional investors indicated gender diverse teams would positively impact performance results



<sup>1</sup>McKinsey 2015; <sup>2</sup>Catalyst 2007; <sup>3</sup>Edelman Trust Survey, 2015

# A ROADMAP FOR FURTHER REFORM

## For Investors

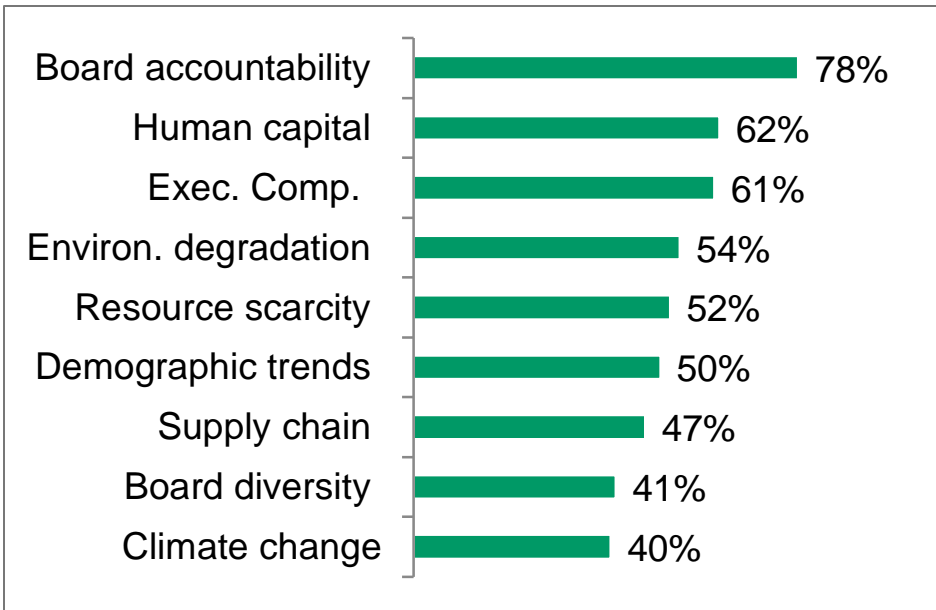
- Whistle-blowing protection
- ESG factors incorporated into investment decision-making

## For Corporates

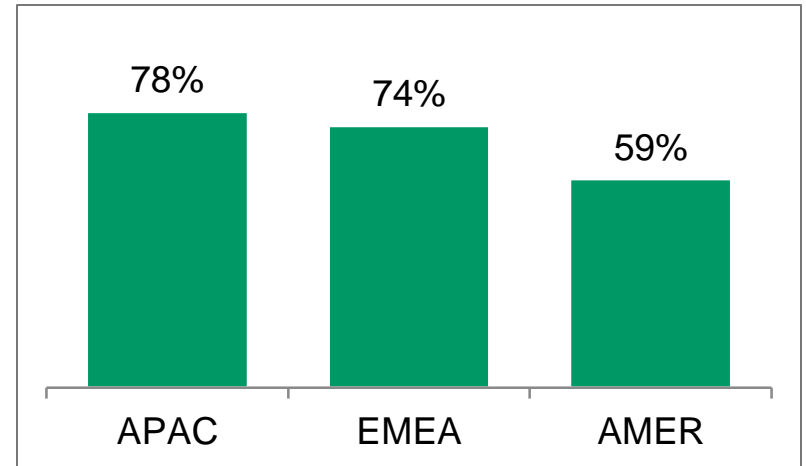
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# ESG INVESTING

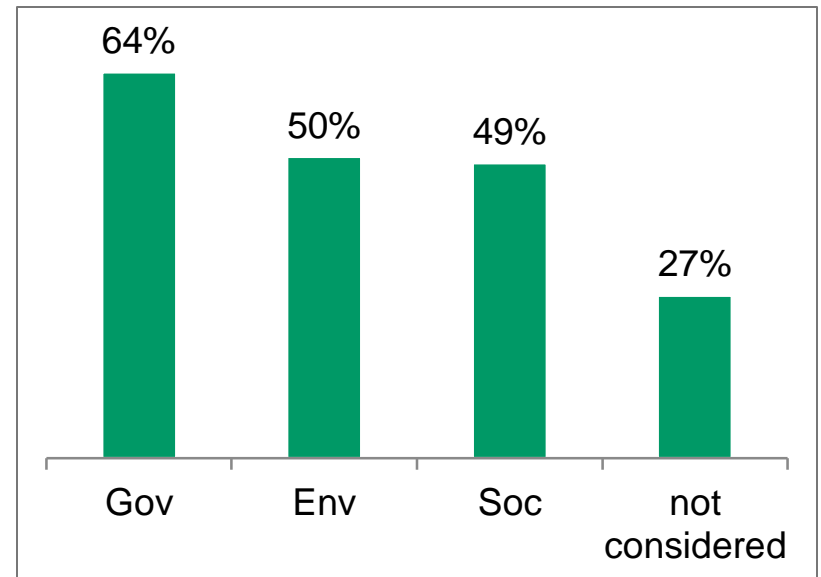
## ESG Issues Important to Investment Analysis



## Willingness to Consider ESG Issues



## ESG Issues Considered





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