



LEGAL MEDIA GROUP

# LEGAL ERA

BY THE PEOPLE. FOR THE PEOPLE. OF THE PEOPLE

www.legaleraonline.com | June-July 2022 | Vol. XIII | Issue II | Pages 160

Lifetime Achievement Award  
**DUSHYANT DAVE**



Star Senior Counsel of the Decade  
**MUKUL ROHATGI**



Senior Counsel of the Year  
**GOURAB BANERJI**



Lifetime Achievement Award  
**JYOTI SAGAR**



Managing Partner of the Year  
**PALLAVI SHROFF**



Insolvency & Restructuring Lawyer of the Year  
**SHARDUL SHROFF**



Corporate & M&A Lawyer of the Year  
**HAIGREVE KHAITAN**



Intellectual Property Lawyer of the Year  
**PRAVIN ANAND**



Disputes Resolution Lawyer of the Year  
**ANAND DESAI**



Litigation Lawyer of the Year  
**AMEET NAIK**



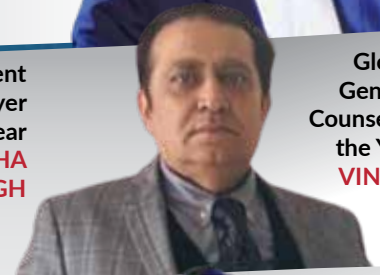
Private Client Lawyer of the Year  
**RAJESH NARAIN GUPTA**



Patent Lawyer of the Year  
**MANISHA SINGH**



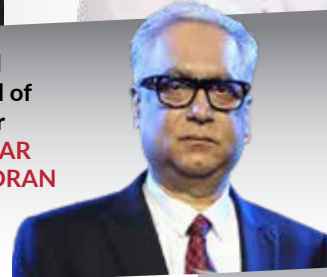
Global General Counsel of the Year  
**VINEET VIJ**



General Counsel of the Year South-East Asia  
**RAJEEV CHOPRA**



General Counsel of the Year  
**BHASKAR CHANDRAN**



General Counsel of the Year  
**SORMISTHA GHOSH**



## INDIAN LEGAL AWARDS 2022

CELEBRATING INDIVIDUAL EXCELLENCE AND EXCELLENCE OF EACH OTHER  
AT THE 11TH ANNUAL LEGAL ERA AWARDS 2021-2022

# Recent Developments And Trends In Diversity & Inclusion In Japan



When D&I training and awareness are insufficient, top-level personnel often fail to recognize their lack of sensitivity to D&I issues





**TAEKO SUZUKI**  
Partner



**NATSUKI HOSOYA**  
Associate Attorney

**NISHIMURA&ASAHI**

**I**n the 2020 Global Inclusiveness Rankings published by the Othering & Belonging Institute at UC Berkeley<sup>1</sup>, Japan is ranked 24th in the world. However, in recent years, there have been several cases in Japan in which members of the top management of companies and organizations have made statements that were inappropriate from the perspective of diversity and inclusion (D&I) and, as a result, both the speaker and his or her company suffered significant damage. For example, last year, the former Chairman of the Tokyo Organizing Committee for the Olympic and Paralympic Games resigned from his position after he made inappropriate remarks about women. His comment that meetings that included female board members would “take a lot of time” received severe domestic and international censure. Similar incidents triggered by senior officers of listed corporations in Japan also have drawn substantial, harsh criticism, and some of the impacted companies’ stock prices have fallen sharply as a result.

These incidents may have many root causes, but insufficient corporate governance from the perspective of D&I ranks high among them. When D&I training and awareness are insufficient, top-level personnel often fail to recognize their lack of sensitivity to D&I issues. Further, appropriate corporate disclosures concerning D&I, and placing companies under the watchful eye of third parties and the public at large, also should be effective to help maintain appropriate corporate governance and attention to vital D&I issues.

This article discusses recent developments and trends in D&I in Japan, mainly from the perspective of corporate governance and disclosure of information related to D&I.

### Revision of the Corporate Governance Code

Unlike India, where the Companies Act requires every listed and certain public companies to have at least one woman on the board of directors, Japan currently has no laws or regulations that impose any D&I duties on companies. However, an increasing number of Japanese companies are becoming aware of the importance of D&I, including diversity on the board, to ensure effective corporate governance.

On June 11, 2021, the Tokyo Stock Exchange, Inc., Japan’s largest stock exchange, published a revised Corporate Governance Code (“CGC”). The CGC is a principle-based guideline that outlines key principles for listed companies to achieve effective corporate governance. While the CGC does not impose any obligations on listed companies, the Tokyo Stock Exchange rolled out a major market segment restructuring in April 2022, and the revision of the CGC prior to that restructuring had a significant impact on many listed companies that wanted to stay in the top section of the Tokyo Stock Exchange.

<sup>1</sup> [https://belonging.berkeley.edu/sites/default/files/2020\\_inclusiveness\\_index.pdf](https://belonging.berkeley.edu/sites/default/files/2020_inclusiveness_index.pdf)



The CGC emphasizes the importance of ensuring diverse human resources, and also amended or established several principles relating to D&I.

One of the most important points in this revision is designed to ensure diversity in core human resources, and involves: (a) identifying ideas, and voluntary and measurable targets, for ensuring diversity in core human resources, such as the appointment of women, foreign nationals, and mid-career recruiters to managerial positions, and disclosing the status thereof; and (b) disclosing the company's human resource development policy and in-house environmental development policy for ensuring diversity, as well as the status of implementation thereof. This will provide a framework for promoting and nurturing diverse core human resources, which will lead to diversification of directors and management-level personnel in the future, resulting in more effective corporate governance. The revision requires companies to take and disclose effective measures to this end.

In addition, while the previous CGC did encourage listed companies to ensure their boards of directors included persons of diverse genders and nationalities, the revision established additional categories: diversity of careers and ages. In Japan, diversity issues have tended to focus primarily on gender, but this revision has made it clear that effective corporate governance requires ensuring various types of diversity on the board of directors.

The revisions above suggest that, for Japanese companies, D&I is seen not only as a remedy for inequality, but also is being positioned as a way for companies to respond to the changing market environment, improve sustainable growth and corporate value, and strengthen their competitiveness.

### **Disclosure of Information Relating to D&I**

In recent years, ESG investment has expanded in Japan, and the

*The revisions above suggest that, for Japanese companies, D&I is seen not only as a remedy for inequality, but also is being positioned as a way for companies to respond to the changing market environment, improve sustainable growth and corporate value, and strengthen their competitiveness*

