“*ITO Review*” of Competitiveness and Incentives for Sustainable Growth

- Building Favorable Relationships between Companies and Investors -

Interim Report (Overview)

April 2014

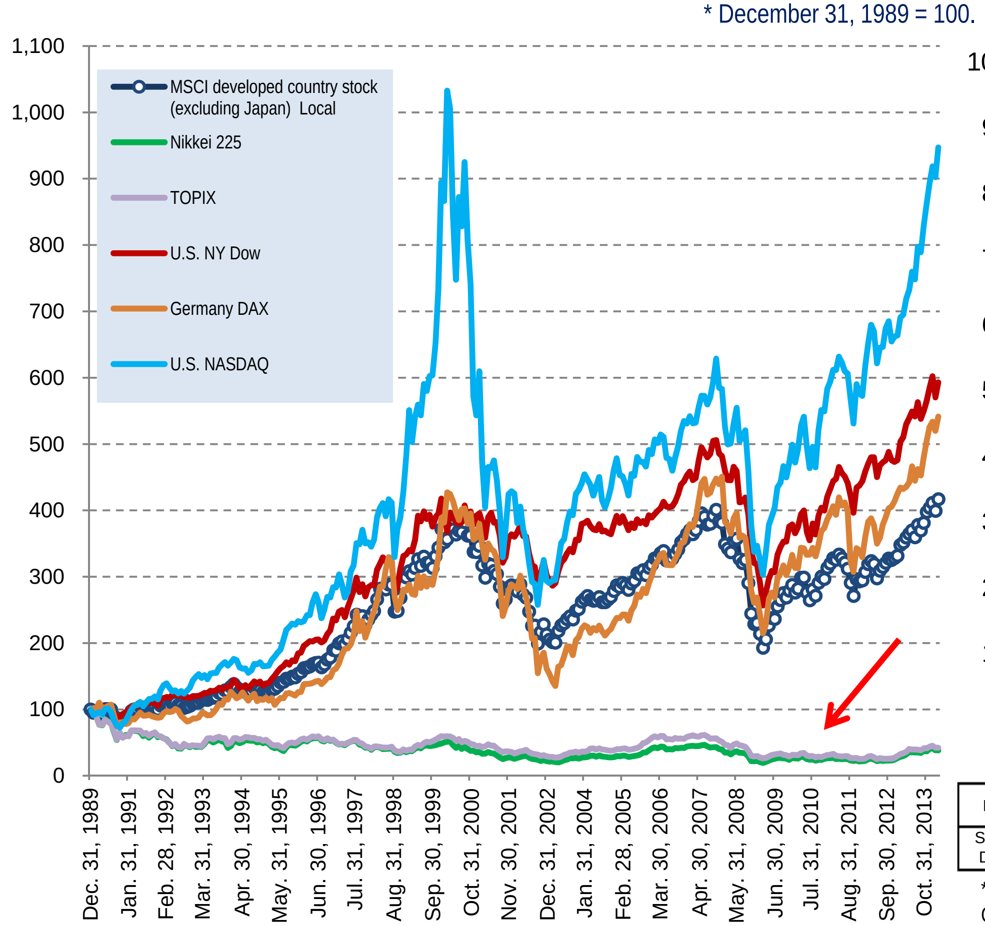
1. Fundamental Concerns (1) Paradox - A Country in which Innovation and "Continuously Low Profitability" Coexist

○ Despite its recent decline, Japan has been one of the strongest candidates for the country having the greatest capacity to innovate.

○ However, Japanese companies, which were believed to have high potential for driving innovation, have fallen into a long-term paradox of continuously low profitability.

Accumulated Returns of Major Equity Index

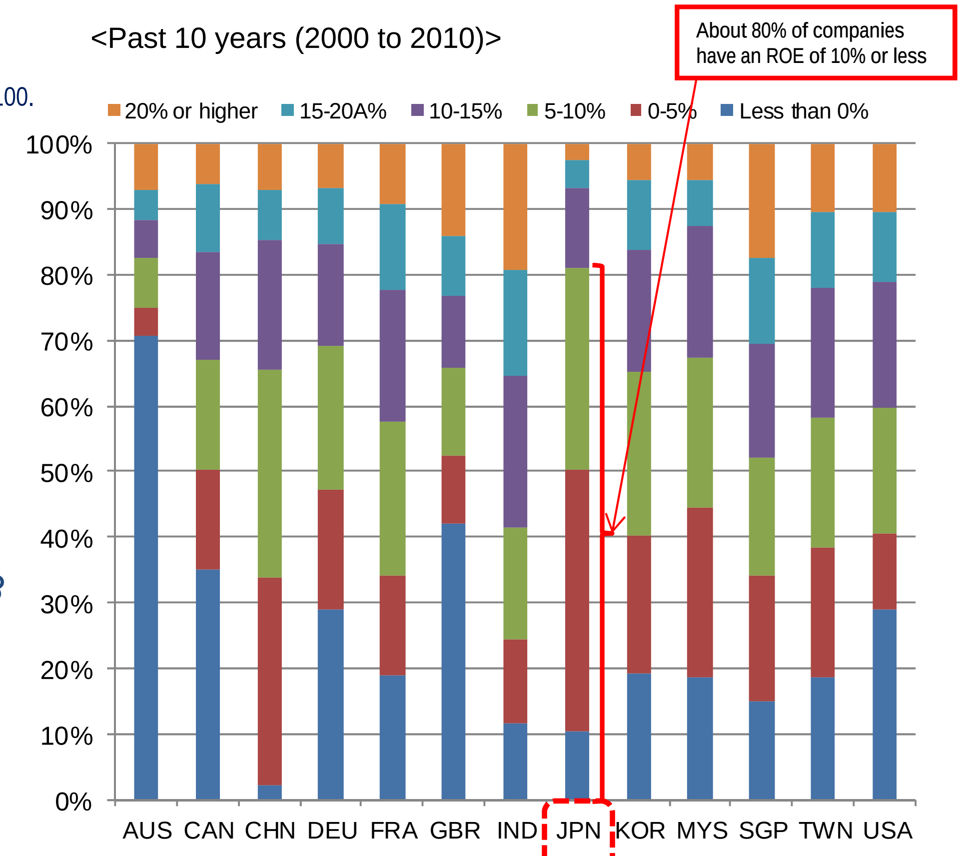
<Past 25 years (end of 1989 to end of Feb. 2014)>



Source: Prepared by Tokio Marine Asset Management based on Bloomberg data

International Comparison of ROE

<Past 10 years (2000 to 2010)>



	AUS	CAN	CHN	DEU	FRA	GBR	IND	JPN	KOR	MYS	SGP	TWN	USA
Median	-11.28	4.77	7.13	5.94	8.40	3.77	12.05	4.97	6.99	6.18	9.41	7.63	7.72
Standard Diviation	67.92	43.33	13.03	39.28	25.15	964.11	17.19	10.38	16.77	12.45	30.14	14.94	158.25

* Individual companies' median value for the past 10 years was calculated based on 2000-2010 data in Compustat Global. The chart shows the distribution of individual companies' median value.

Source: Tetsuyuki Kagaya, Hitotsubashi University.

1. Fundamental Concerns (2) - Limits of “Double Standard" Management ?

○ Until the 1980s, during which Japanese companies were performing well, a “double standard” management style was practiced in which management catered to expectations of profitability from short-term oriented capital market while using different metrics and practices internally. ("long-term management”).

○ However, ever since the 1990’s the growth and profitability of Japanese companies has dramatically declined, markets have started seeing through this "double standard".

Is “double standard" management reaching its limits?

(1) Discrepancy between capital markets and internal management metrics

While management of many Japanese companies started referring to ROE (return on equity) or EVA (economic value added)- metrics that the capital markets believe to be important in their communications, they do not use these measures internally and continue with existing management metrics.

(2) Low rate of achievement for med-term business plans, etc.

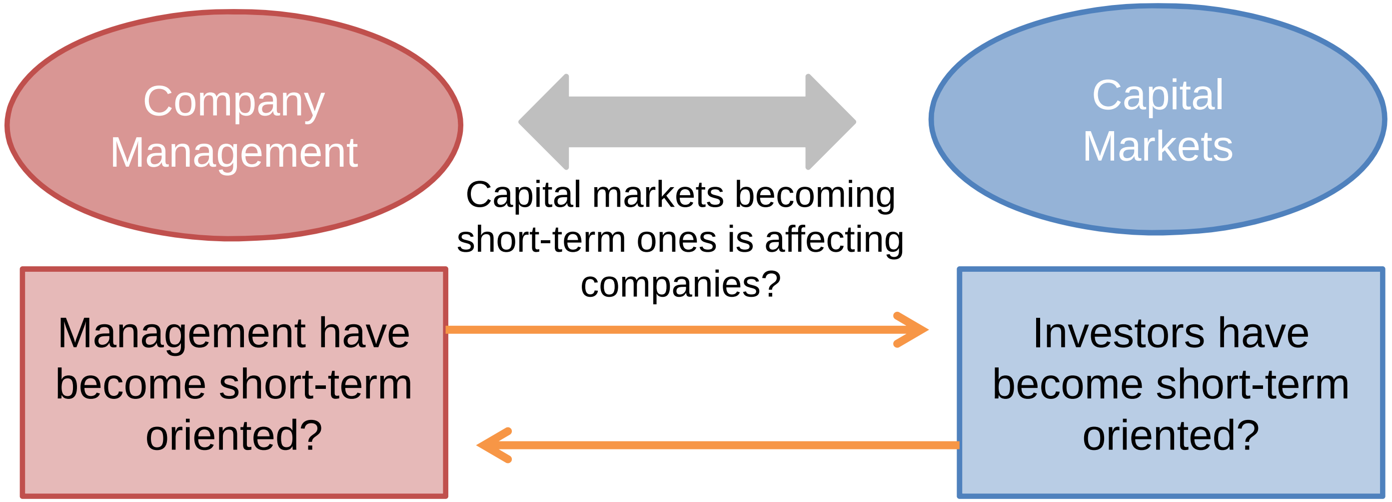
(difference between goals disclosed to the capital markets and actual management goals)

Empirical results show that Japanese companies have a very low level of achievement of the targets they show to investors in their med-term plans

Perception gap exists between companies and investors
Lack of dialogue is deepening, and this may be an obstacle to increasing corporate value over the medium to long term

1. Fundamental Concerns (3)

Are the capital markets in Japan and corporate management becoming short-term oriented?



- Are capital markets in Japan assessing organizations' corporate value over the med/long-term, and contributing to the formation of long-term financial assets?

- As is being discussed in Europe and the US, if capital markets are becoming short-term oriented, is that resulting short-term orientation of company management causing similar problems in Japan?

- Given that there have been no standards of capital discipline and long-term corporate value creation and the short tenures of management irrespective of performance, are long-term management decisions being made for sustainable growth?

- Is capital market short-termism induces short-term oriented company management, or short termed nature of company communication is causing the short-term behavior of investors?

2. Discussion & Evidence (1) Prime Cause of Low Japanese ROE is Low profitability, not Low Financial Leverage

○ Decomposition of ROE into "return on sales (ROS)", "asset turnover ratio", and "financial leverage" and comparison between Japan, the US, and Europe show that there is not much difference in turnover ratio and financial leverage, indicating that the low ROE of Japanese companies is largely caused by their low profitability.

○ While asset turnover ratio and financial leverage can vary by sector, Japanese companies consistently exhibit low ROE and profit margins across every sector when compared with the US and Europe.

Comparison of Capital Productivity (Japan, U.S., Europe)

		ROE	ROS	Turn Over Rate	Leverage
Japan	Manufacturing	4.6%	3.7%	0.92	2.32
	Non Manufacturing	6.3%	4.0%	1.01	2.80
	Total	5.3%	3.8%	0.96	2.51
U.S.	Manufacturing	28.9%	11.6%	0.86	2.47
	Non Manufacturing	17.6%	9.7%	1.03	2.88
	Total	22.6%	10.5%	0.96	2.69
Europe	Manufacturing	15.2%	9.2%	0.80	2.58
	Non Manufacturing	14.8%	8.6%	0.93	3.08
	Total	15.0%	8.9%	0.87	2.86

Note 1) Based on actual business results of 2012 calendar year. Financial and real estate industries are excluded.
Note 2) Companies included in this analysis were those included in TOPIX 500, S&P 500, and Bloomberg European 500 and whose data were available.
Source) Analysis by Misaki Capital Inc. (Bloomberg data was analyzed based on the initial analysis by Naoki Kamiyama of Merill Lynch)

Comparison of the average ROE in Japan, U.S. and Europe by sector

	Capital equipment	**Material**
Japan	6.8%	2.2%
U.S.	15%	12.1%
Europe	10.5%	5.1%

* Most recent data as of August 2013
* As a sector, in addition to capital equipment and material, it is classified into general consumer goods, consumer staples, energy, health care, information technology, telecommunications, and utilities.

Source) Compiled by Ichigo Asset Management from Bloomberg data

2. Discussion and Evidence (2)　Four common Characteristics of Companies Maintaining Profitability

- ○ During the past 20 years, when profitability and share price performance of Japanese companies was depressed, among there were about 200 companies (of 1,600 listed companies) which exhibited positive total returns. (inclusive of dividends)
- ○ Companies that displayed strong performance during this tough period had the shared characteristics.

4 common characteristics of companies exhibiting strong profitability and competitive advantage

(1) Ability to provide values to customers

They have pricing power through differentiation and providing value to customers.

(2) Selection and concentration to enable adequate positioning and business portfolio management

They thoroughly optimize the business portfolio and clarify positioning in the value chain.

(3) Continuous innovation

They continuously innovate, also with a view to collaborating with other companies in ways such as open innovation

(4) Ability to respond to changes and risks

Based on adequate risk management, they proactively and efficiently respond to change by evolving their business.

Management Capabilities that Strengthen Competitiveness

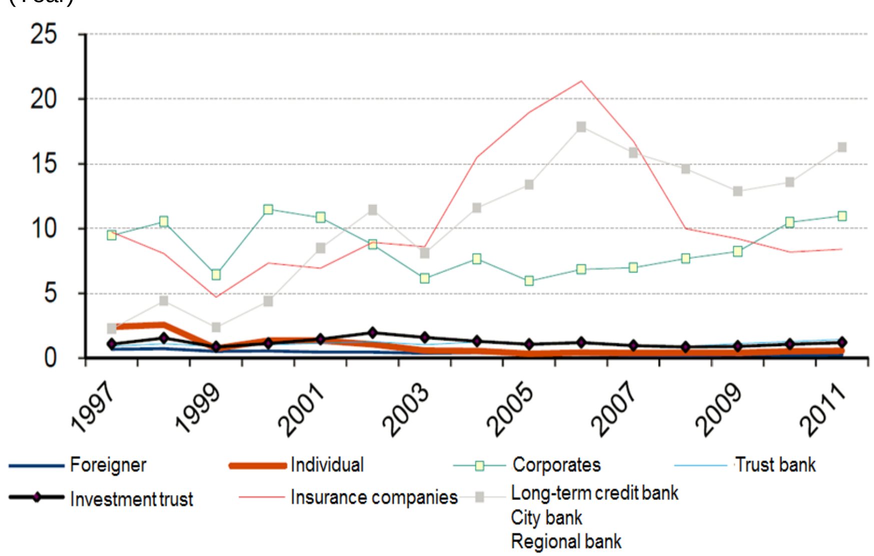
(1) Management Leadership

(2) Management System (Corporate Governance)

(3) Management Strategies and Plans that Consider Capital Efficiency

- Looking at the average holding period in the Japanese stock market, domestic banks, insurance companies, and industrial companies tend to hold stocks for a long period. The average holding period for institutional investors is less than one year, and it is even shorter for individual investors.
- On the other hand, investors and market participants view that the share holding period (high trade turnover ratio) is also related to diversity and liquidity of the market and should not be the sole factor to judge whether investors have become short-termism.

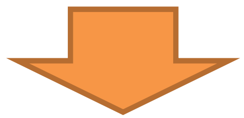
Average holding period of Japanese shares by shareholder type



Source) Nikkei Astra, Tokyo Stock Exchange, and BofA Merrill Lynch Global Research

Views of investors and market players about share holding period

"Long term investments" mean investments based on evaluation of corporate value from a long term perspective and that a short holding period does not necessarily mean short-termism.



Therefore in considering short-termism, one must examine the rationale behind investor behavior and not just focus on the holding period.

○ There exist differences in the reasons for short-termism when compared Japanese market to Europe and the US.

○ In particular, the Japanese market lacks investors that make independent stock selection decisions based on mid/long-term perspective.

Things pointed out as reasons for short-termism and insufficiency of long-term investment in Japanese market.

(1) Little expectation towards long-term price appreciation

→ An aspect that pursuing short-term investment opportunities is economically reasonable

(2) Incentives for short-termism in investment communities and problems with corporate value evaluation capabilities

→ 1. **Asset owners**: Insufficiency in investment personnel and specialization
2. **Asset managers**: Job rotations preventing long-term commitment, compensation schemes not linked to long-term performance and short-term evaluation by asset owners
3. **Sell-side analysts**: Increase in service for short-term investors who contribute a larger potion of commission revenue, overreacting to disclosure of quarterly earnings; and insufficiency in fundamental analysis and proper dialogues with companies

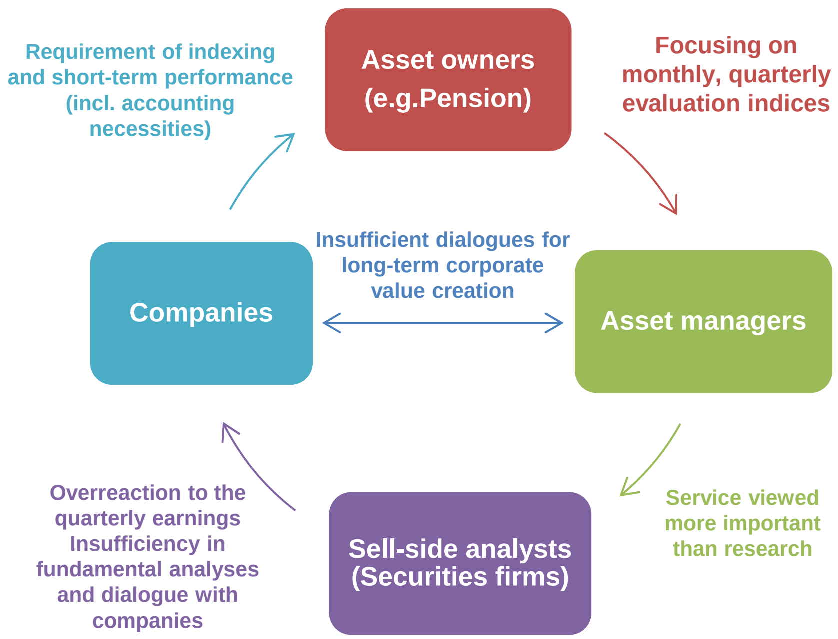
(3) Insufficient disclosure for long-term investment decisions

→ Focusing on providing short-term information, companies do not provide mid/long-term information effectively.

(4) Institutional frameworks which invites "unexpected consequence"

→ 1. Development of market infrastructure enabling high-frequency transactions encourage incentive to increase transaction volume
2. "Unexpected consequences" are observed, that is, the quarterly disclosure system triggers short-termistic actions of investors and analysts by being used beyond its objective of enabling them to confirm the progress of company performance and plans.

Possibility of chain reaction from short-termism in capital market



2. Discussion and Evidence (4) Different Perspectives on Corporate Value

- There appear to be divergent views on how “corporate value” is defined, and there is no uniformity of definition even amongst investors and analysts. This perception gap may hinder effective dialogue between companies and investors.
- In general, corporate value is measured by shareholder/economic values using metrics such as market capitalization or discounting future cash flows (DCF). On the other hand, there is a view that defines corporate value more broadly, i.e., the sum of value provided to each stakeholder.

<Ways to view corporate value>

Sustainable growth	Corporate value		Value Added
Sustainable growth: Continued increase of corporate value over the mid/long-term	Narrow	○ Shareholder value/Economic value • Market capitalization • Present value of future discounted cash flow (DCF) ○ Value creating companies = Companies generating returns above cost of capital	○ Residual profits after 1) distributing value to respective stakeholders other than shareholders 2) taking into account the cost of capital
	Broad	○ The sum of value provided to stakeholders including shareholders, customers, employees, business partners and communities	○ The aggregate of value distributed to respective stakeholders

A challenge for companies and investors is to engage in dialogue and share understanding on how increasing value for all stakeholders lead to an increase in corporate value.

Gap in Perceptions towards ROE and "Cost of Capital" (1)

○ Many investors regard ROE (return on equity) as one of the most important measures when evaluating companies, but companies do not recognize ROE as the most important even though they see it as an important one.

$$\text{ROE (Return on Equity) (\%)} = \frac{\text{Net profit}}{\text{Net assets (stockholders equity)}}$$

Investors

- ✓ ROE is a result but not a goal of management. It will naturally rise as a result of improving competitiveness for sustainable growth.
- ✓ Although investors do not believe in the supremacy of ROE, they do not consider companies with consistently low ROEs as value creating companies.
- ✓ Investors emphasize in reinvestment of retained earnings as a driver for growth. If companies cannot effectively use retained earnings, investors expect to see a clear business plan of how excess capital will be managed, including returning funds to shareholders.
- ✓ In particular, investors expect management to pay appropriate attention to ROE in the context of the cost of capital. Cost of capital is a critical junction point of value creating companies. There is some controversy over whether companies should aim to maximize ROE, but **there is a common understanding that companies should at least aim for ROE above their cost of capital.**

Companies

- ✓ ROE is hard to use as a management metrics because there are some practical difficulties in utilizing it at operational level, and the concept of financial leverage does not fit well with certain companies (given that they often prioritize management without debt)
- ✓ On the other hand, some companies adopt ROE or Return of Investment Capital (ROIC) when evaluating their investment and others break them down such metrics at operational level in a way that best fits themselves.

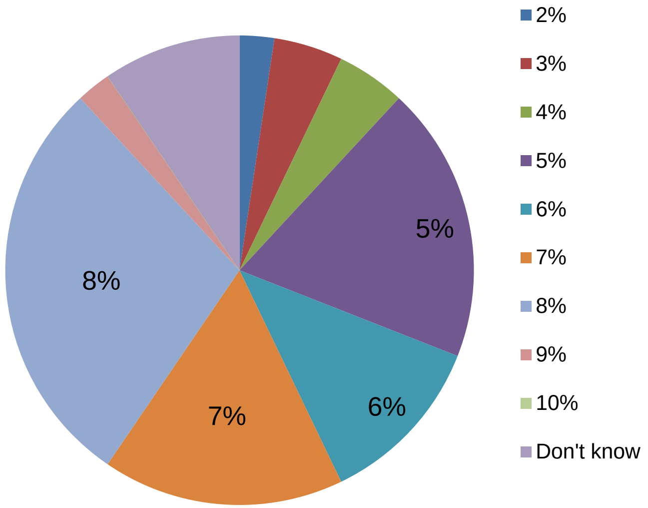
 Gap in Perceptions towards ROE and "Cost of Capital" (2)

○ Cost of capital refers to the expected rate of return by the market. However, there exist diverse views over the appropriate level.

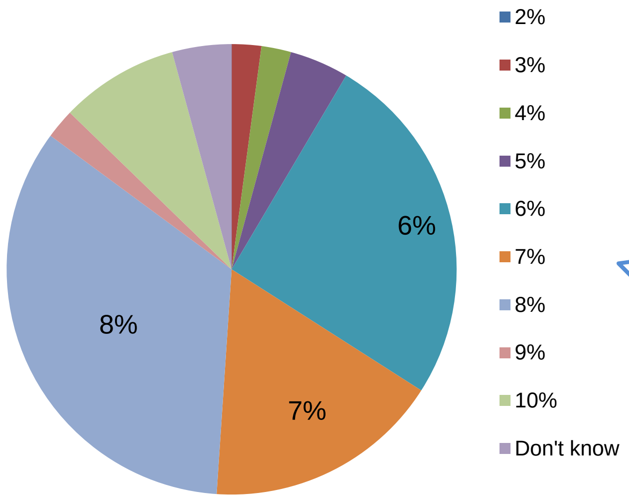
○ There are not so many Japanese companies conscious of their cost of capital. (One survey result shows that only 40% of listed companies were conscious of their cost of capital and less than 10% make any disclosure with respect to their cost of capital.)

Cost of capital expected for Japanese shares

[Domestic Institutional Investors (Average: 6.3%)]



[Overseas Institutional Investors (Average: 7.2%)]



A survey, which asked both domestic and overseas investors about cost of equity expected for Japanese shares, shows that investors;

(1) vary considerably
(2) expected 6-7% on average

Note) The survey was conducted targeting 200 major institutional investors of UBS. Answers were obtained from 52 domestic investors and 47 overseas investors. (April to June 2012)
Source) Ryohei Yanagi [2013]"Disclosure of equity spread and proposals for engagement" Accounting (Kigyo Kaikei) (in Japanese) 2013(1):86-93

Capital market often reflect qualitative information into overall evaluation of cost of capital. If companies engage with investors with such evaluation in mind and promote understanding, there may be room to lower their cost of capital.

Concerns about "Short-termism in Japanese Management (1)

- ○ In comparison to Europe and the US, there does not appear to be a strong recognition that management of Japanese companies is being influenced by short-termism in the capital market.
- ○ Some of the reasons are 1) relatively weak influence from shareholders (compared to that from customers) over company management and 2) Insufficient dialogue with shareholders ("double standard management").
- ○ On the other hand, investors have **a concern over possible damage to the long-term corporate values because they have doubt on companies' capital policies** described as follows.

Retained earnings

- ✓ Investors expect retained earnings to be effectively reinvested to drive future growth.
- ✓ Therefore, they stress the importance of retained earnings bringing about long-term future return (e.g. dividends) and leading to growth in profits sufficient to maintain the level of ROE. As a result, investors expect companies to maintain the appropriate level of retained earnings.

Cash holdings

- ✓ Investors understand that Japanese companies sometimes accumulate cash in order to cope with financial crises or large natural disasters.
- ✓ On the other hand, investors struggle to understand why companies without practical bankruptcy risk or those that can expect stable cash flow due to the nature of their industries hold excessive cash.
- ✓ While the appropriate level of cash holdings varies according to sectors or the specific state of companies, investors expect companies to clearly explain their thoughts with respect to their cash reserves.

Dividend policies

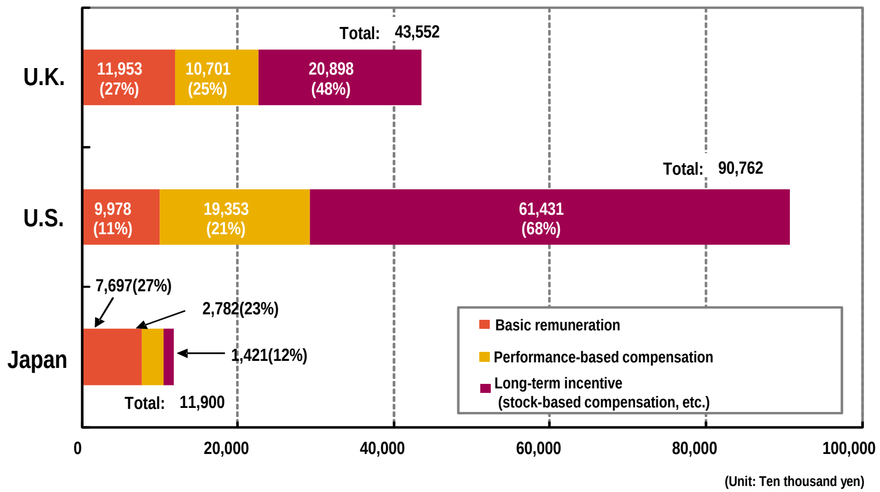
- ✓ Most Japanese companies' dividend payout ratio centered at the average 30%, reflective of the tendency to follow the crowd" and employ a "stable dividend" policy. In the US, with the same average ratio of 30%, there exists a large variance among companies and the largest group was non-dividend-paying companies. (2007-2009)
- ✓ Investors attach paramount importance towards "capital efficiency" among dividend policies, showing dissatisfaction with Japanese companies' disclosure of dividend policies and IR briefings.

2. Discussion and Evidence (6) Concerns about "Short-termism in Japanese Management (2)

- ○ Compensation of Japanese companies' managers' compensation is 1) relatively low and 2) smaller performance-based proportion compared to counterparts in Europe and the US.
- ○ Companies emphasize solidarity with employees, which may resulting in lower level of executive pay. Coupled with that, non-financial incentives including a sense of mission and social trust play a major role for Japanese management and contribute to stable business operations.
- ○ On the other hand, this tendency towards stable operations and short & fixed management's term of office, in combination with other factors, may serve as an impediment for management making long-term decisions, taking necessary risk and conducting dramatic business reforms.

(1) Lower level of compensation and smaller performance-based proportion

Japan, U.S. and U.K CEO compensation comparison (2012)



Notes)
US: The median value of 180 companies with sales revenue of 1 trillion JPY or more among Fortune 500.
UK: The median value of 43 companies with sales revenue of 1 trillion JPY or more among FT UK 500.
Japan: The total amount is the median value of consolidated compensation of 77 companies with sales revenue of 1 trillion JPY or more among the top 100 market capitalization companies. The breakdown was calculated using the average value of 45 companies which disclose consolidated compensation.
Source) Towers Watson

(2) Management replaced in a short and fixed cycle (4-6 years)

(3) Adjustment of profits and decline of long-term investment by focusing on short-term performance as seen in disclosure of quarterly earnings

(4) Focus on analysts' expectation of short-term performance

(5) Luck of competent CFOs

(6) Lack of management discipline, namely, capital efficiency, and principle of increasing corporate values in the long-run

✓ Impediment for management's long-term decisions for sustainable growth

⇩

✓ Difficult to make investments to support long-term innovation

○ While investors applaud the overall improvement in disclosure of Japanese companies, they continue to seek **better disclosure pertaining to mid/long-term management strategies and business models.**

○ There are controversies over the quarterly disclosure and earnings forecast systems. While their role and significance has been appropriately recognized, it is also seen as contributing to the adverse effects of company and investor short-termism.

○ Regarding disclosure necessary for evaluating mid/long-term corporate value, investors suggest the need for information on management strategies, risks and ESG (environment, social and governance issues).

○ While investors value Japanese companies' mid/long-term business plans as a basis for dialogue, they seek more linkage to financial measures such as ROE and capabilities to realize goals.

Desirable KPIs for Mid-term Management plans

	Investors are requested		Companies are conducted
ROE	92.0%	>	35.1%
Growth rate of earnings and profits	53.3%	<	65.2%
Growth rate of sales and sales	48.0%	<	62.6%
Dividend payout ratio	48.0%	>	19.4%
Profit margin on sales	38.7%	<	46.0%
Total return ratio	38.7%	>	2.5%
ROA	22.7%	>	17.4%
FCF	22.7%	>	6.3%
Debt Equity Reito	21.3%	>	17.7%
Capital adequacy ratio	20.0%	<	21.0%

*Order of item a lot of answers investors. The top 10. Multiple answers.

KPIs which investors request but not many companies provide include ROE, dividend payout ratio, and total return ratio.

Note) Questionnaire survey targeted at 1,129 listed companies (respondents: 571 companies) and 144 institutional investors (respondents: 75 companies)

Source) FY2012 Survey on Practices for Improvement of Stock Values by the Life Insurance Association of Japan

Poor capabilities to realize mid-term goals

✓ According to the survey conducted by Professor Nakajo at Yokohama City University (answers obtained from 375 TSE listed companies. The survey was conducted in March 2011), the average levels of mid-term management plan goals attained were 8% for the sales revenue, 11% for operating profit, and 14% for the net income for the year.

○ The establishment of "Japan's Stewardship Code" has clarified investor responsibility to conduct "purposeful dialogue (engagement)" with companies and strive to aid in the increase of corporate value and sustainable growth such that long-term investment returns are increased.

○ There are issues to address for both companies and investors to conduct high-quality dialogue.

Current Situation & Challenges

(1) Perception gaps on "corporate value", "cost of capital", etc.

(2) Challenge in corporate disclosure

(3) Need for investors to strengthen their ability to evaluate corporate values in the mid/long-term

(4) Many institutional investors tend towards passive index, which reduces incentives to sustain dialogues and engagement with individual companies.

Issues to Address for High-Quality Dialogue

[Basic stance]

✓ If conducting dialogues becomes a purpose itself, by paying attention not to quality of dialogue but number of meetings or if investors are not equipped with abilities to evaluate companies' sustainable growth, engagement can rather prevent improvement of corporate value by wasting time of the management.

[Content of dialogue]

✓ Investors should focus on topics which they can partake in constructive dialogue such as governance, strategies, performance, capital structure, risk management.

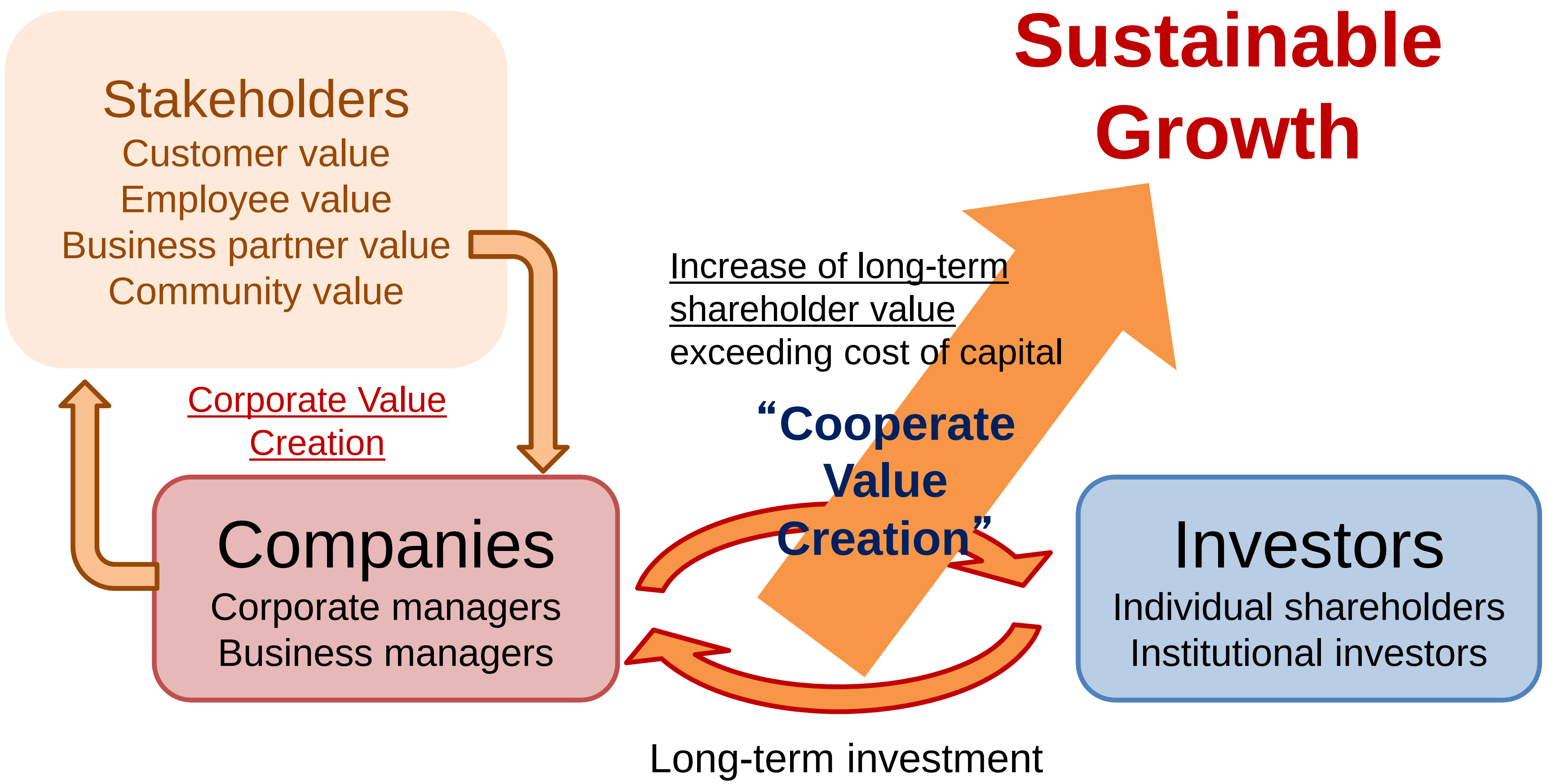
[Other issues]

✓ Best practices of dialogues with shareholders and accountability
✓ Building a network among investors
✓ Utilizing shareholders' meetings as a venue for dialogue

○ Sustainable corporate value creation should be viewed as the result of cooperation between companies and shareholders /investors.

○ Corporate management must recognize shareholders as a critical existence supporting such cooperation.

○ Investors should not evaluate shareholder value in isolation, but rather assess corporate value creation in the broader context of stakeholders' value, which lead to long-term increase in shareholder value.



3. Directions to be taken (2) Corporate Value Management Based on Capital Efficiency and not on "Short-Termism"

- ○ **Sustainable growth** of a company, as the result of cooperative value creation with long-term investors, **should be evaluated using capital efficiency measures** such as ROE and ROIC, taking into account the **cost of capital**.
- ○ Investors should work with companies to decompose ROE into subcomponents helping companies' understanding and decision making based on the metric.
- ○ Greater profitability, represented by ROE, and higher value added of companies through improving capital efficiency will contribute to a favorable economic cycle and sustainable growth of the Japanese economy as at large.

Challenge of Companies:
Corporate value management based on capital efficiency

- ✓ Adopt management metrics such as ROE/ROIC as performance indicators and commit to managing to such measures.
- ✓ Deepen understanding of their "**cost of capital**" and dialogue with investors. (reminding global investors' expectation of ROE exceeding expected cost of capital)
- ✓ Develop and strengthen **capable human resources for talented CFOs**

Challenge of Investors:
Understanding and strengthening of evaluation ability of corporate value management

- ✓ Promote dialogues to work with companies to decompose ROE into subcomponents that can aid specific decisions at the operational level, rather than simply imposing ROE.
- ✓ **Need to improve abilities to assess corporate values in the mid/long-term** without paying short-sighted attention to ROE and profits or focusing on quarterly results or short-term earnings forecasts.

3. Directions to be taken (3) Capital market reform to Transform Under-Used Financial Assets into National Wealth

○ Compared to other countries, household financial assets invested in equities, bonds, and investment trusts are small in Japan at 8–16% whereas savings and deposits dominate covering over 50% and amount to JPY 800 trillion yen. **This shows “uniqueness” and “tremendous potential” of Japan.**

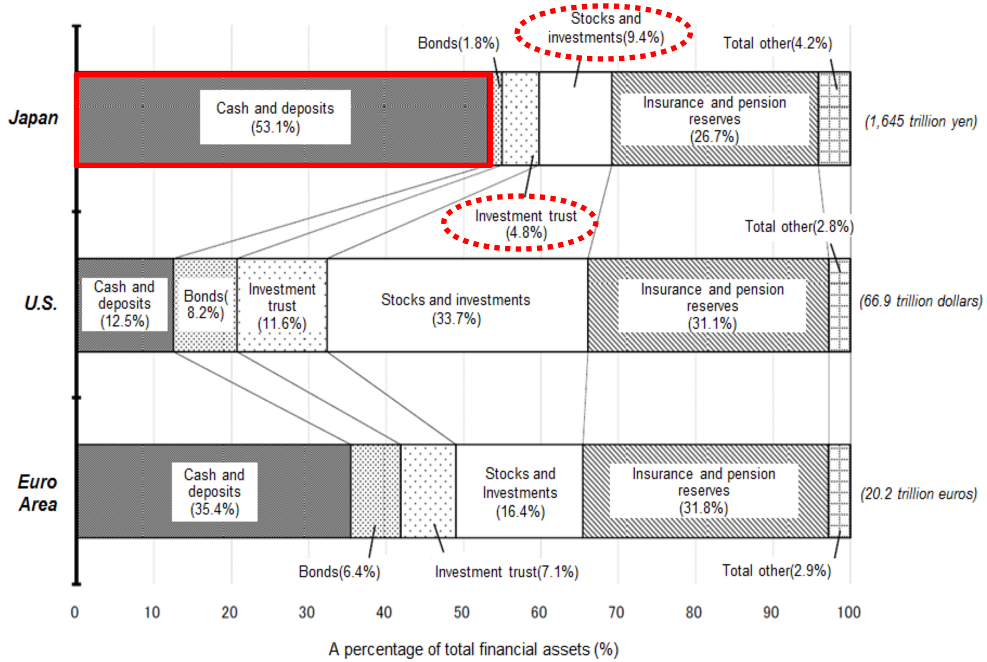
○ To promote long-term investments, it is important to

(1) Prepare environment where corporate values are properly evaluated through correcting short-termistic incentives in investment community. **Shift from passive investment to stock selection based on deep analysis** is needed. CSA (Commission Sharing Arrangement) should be considered.

(2) **Foster individual investors as supportive long-term shareholders** for companies. NISA (Nippon Individual Savings Account) will play a certain role.

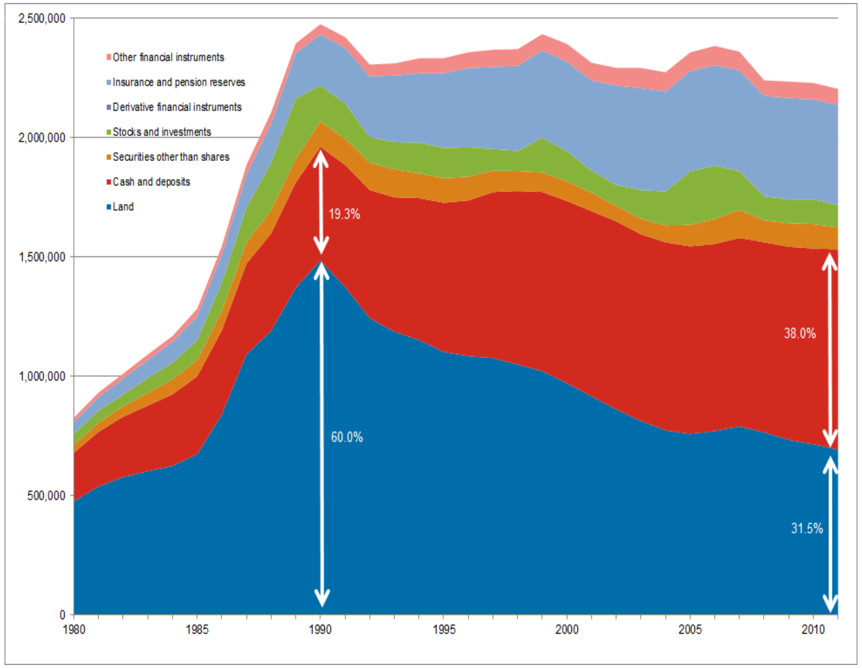
(3) Promote **change in** not only actions of institutional investors but also **views of individuals as beneficiaries** through , for example, defined contribution benefits and dialogues with companies.

Comparison of the Composition of Household Financial Assets in Japan, US and Europe



Source) Statistics Office of the Bank of Japan, “Statistics on Fund Flows as Compared between Japan, US, and Europe” (March 2014)

Transition of Individual (Household) Assets



Source) Prepared by FIL Investments (Japan) Limited based on “Annual Report on National Accounts” by the Cabinet Office”

3. Directions to be taken (4) Promoting True Dialogue between Companies & Investors through “Cooperation & Tension”

○ Dialogues and engagement between companies and investors should have aspects of both “cooperation and tension”.

Companies ⇄ Investors

Dialogues/ Engagement

Tensions

- Board members and management must communicate with investors their visions and strategies for corporate value creation and gain their support and understanding.
- Such dialogue is an opportunity for investors to evaluate and screen companies. Unfavorable results may result in termination of capital provision. This is a moment of “tension”.

Cooperation

- Sustainable growth is a result of cooperative value creation between companies and investors.
- High-quality dialogue and engagement promotes mutual understanding and helps to increase corporate value, which is mutually beneficial to companies and long-term oriented investors.

[Points]

- Sharing thoughts and emphasis on “bi-directional dialogue” are critical.
- Sell-side analysts should provide “in-depth analyses” from a long-term perspective.
- Changes in the consciousness of asset owners are needed so that dialogue for improvement of corporate value be highly evaluated.

3. Directions to be taken (5) Reviewing Corporate Disclosures to Promote Sustainable Corporate Value

○Corporate disclosures should be reformed to provide investors with information useful making appropriate assessments of mid/long-term corporate value creation.

○Integrated reporting is required to avoid an over-emphasis of short-term performance and to allow for assessment of future value creation, including non-financial information.

Need of corporate disclosure to assess corporate value creation in the long-term

Comprehensive review is essential from several perspectives, e.g. cost-effectiveness, promotion of dialogue, effects on market players and movements abroad.

(1) How short-term information disclosure should be
(e.g. Quarterly disclosure, Earnings forecast)

(2) Promotion of long-term strategic disclosure
(Connecting non-financial information including strategies, risks and governance with financial KPIs)

Investors

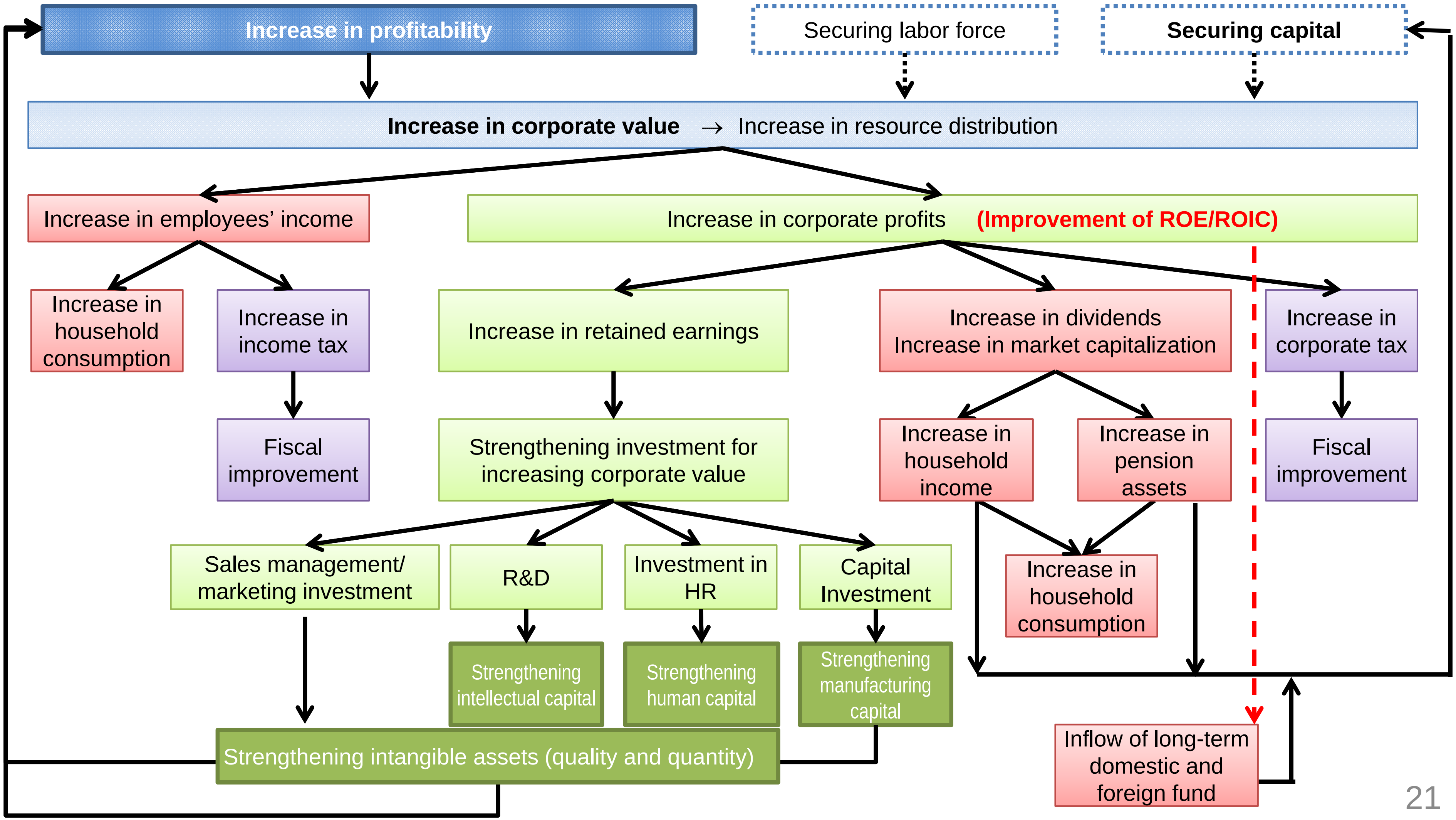
Dialogue and engagement for enhancing corporate value creation in the mid/long-term

Increase in return from mid/long-term investment by increasing corporate value and promoting sustainable growth through high-quality and bi-directional dialogue and engagement between companies and investors

Companies

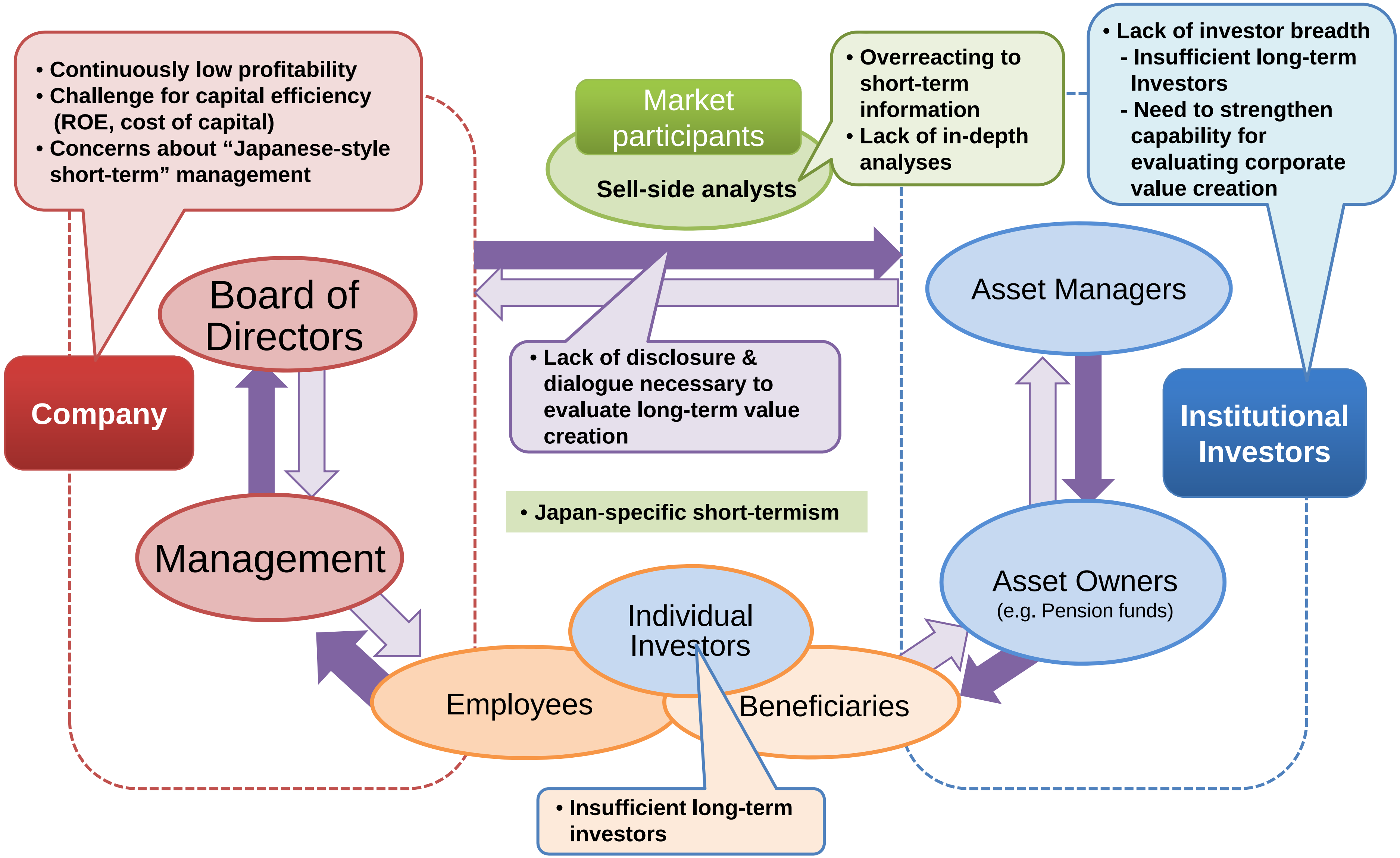
3. Directions to be taken (6) Capital Efficiency & Corporate Value Creation is Key to Building and Maintaining National Wealth

- ○ Improvement in company fundamentals, profitability and capital efficiency, is necessary for Japan to reach a sustainable growth trajectory.
- ○ Facing dramatically aging and declining population, A great challenge for Japan is to build and maintain long-term national wealth by increasing “**capital efficiency” in the broadest sense** (e.g. financial capital, human capital, intellectual capital, social/relationship capital).



“Ito Review of Competitiveness and Incentives for Sustainable Growth
- Building Favorable Relationships between Companies and Investors -”

Overview of issues (Discussions and Evidence)



About this interim report

This interim report is based on empirical data and examples provided by various company executives, long-term investors, and market participants who have been involved in the "*Ito Review* of Competitiveness and Incentives for Sustainable Growth – Building Favorable Relationships between Companies and Investors" Project. At the Project's General Committee and its various working groups , project members analyzed and discussed issues that were raised in the "Main Issues" published in October 2013. This interim report is a comprehensive compilation of discussions and evidence (i.e. facts such as data or examples, and the analysis thereof) provided from sources both within and outside of Japan.

In preparing this interim report, efforts were made to base discussions on objective evidence, and to avoid impressionistic and anecdotal debates. This interim report aims to clarify the most important topics, provide "discussion and evidence" on the current situation as well as a "recommended direction and issues for further investigation", and asks for additional evidence and information on these topics. This report is being globally disseminated to solicit further evidence and opinions in order to advance discussions and fine-tune proposals.

In carrying out further discussions and analysis, we welcome submissions of evidence and information on the various topics raised in this interim report, We humbly ask that such material be submitted to the Project secretariat by Tuesday May 20th, 2014. Please refer the box below as to how to make a submission.

The General Committee will carry out further discussions taking into account additional evidence and information provided.

<How to submit evidence and information>

■ Submission period: Friday April 25th, 2014 – Tuesday May 20th, 2014

■ Please send us your submissions by mail, fax or email to the followings:

The "Building Favorable Relationships between Companies and Investors" Project
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