



“Diversity Management Selection 100” and “Nadeshiko Brand”

–What is “Diversity Management” to Enhance Corporate Competitiveness?

Do you know the term “diversity management?” “Diversity management” is “a management approach to enhance corporate performance by encouraging diverse human resources to fulfill their potential to the maximum extent.” This is regarded as an indispensable “management strategy” for global enterprises to establish their competitive advantages.

Significance and Effectiveness of Tackling “Diversity Management”

The significance and effectiveness for enterprises to take on “diversity management” are roughly divided into the following four points (→ 1).

The first point is responding to market needs that are becoming diversified amid globalization. In order to deploy product development and sales strategies meeting market needs that are becoming diversified, suppliers are

required to make their human resources as diversified as the market needs. The second point is improving corporate governance. In Europe, particularly, the diversity of the board of directors (in terms of gender, nationality and expertise) is recognized as an important factor for the board to fulfill governance functions. The diversification of the board is anticipated to widen corporate views and knowledge to enhance business decision-making and risk-management capabilities and adaptability to changes

(flexibility). The third point is stable fundraising. European and U.S. institutional investors (including pension funds) are positive toward social responsible investment, or SRI (investment with consideration given to environmental, social, governance and other non-financial information), and have been increasing SRI’s shares of their overall outstanding investment. Diversity-related efforts are subjected to assessment for SRI. The fourth point is securing “excellent human resources” in a wider population. Any failure to utilize women who are highly educated and as capable as men amounts to losing a chance to tap half of the domestic human capital.

Diversity Management Selection 100

The Ministry of Economy, Trade and Industry (METI) launched the Diversity Management Selection 100 Project (→ 2,8) in FY2012 to commend enterprises selected as excellent in diversity management. The projects

2 Diversity Management Selection 100



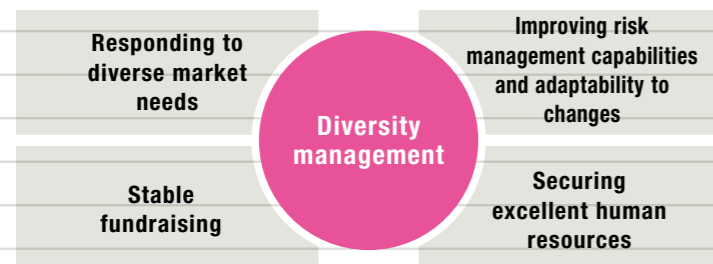
For the current fiscal year, METI will invite enterprises to apply for the Diversity Management Selection 100 around July!

3 Diversity Management Selection 100 Commendation Ceremony



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1 Background and Significance of Needs for Promoting Women’s Participation in Business Management



aims to back up diversity management efforts by collecting best practices by sector, corporate size and region, by disseminating them to create opportunities for finding diversity as a source of competitiveness and by introducing how to tackle diversity management. Subject to the commendation are enterprises that have achieved such results as the creation of innovation and the improvement of productivity by utilizing various human resources including women, elderly people, foreign people and people with disabilities (Diversity Management Selection 100), as well as those supporting other enterprises’ promotion of diversity (Diversity Promotion Project Commendation). They were selected by a panel of experts. In order to select various role models, the panel mainly assessed details of diversity management efforts (practicability, innovativeness, advanced performance and top managers’ leadership) and whether such efforts have led to

business achievements, rather than numerical indicators, such as ratios of female managers. The project aims to commend a total of about 100 enterprises over several years. In the initial year of FY2012, more than 160 enterprises applied for the selection. From these enterprises, the panel selected 43 enterprises (21 large and 22 small and medium-sized enterprises) for the Selection 100 and six enterprises for Diversity Promotion Project Commendation. A commendation ceremony for these selected enterprises took place on March 22 (→ 3). On the occasion of the ceremony, International Monetary Fund Managing Director Christine Lagarde gave a message supporting the project (→ 4). Practices and achievements of the commended enterprises include the following: – In a bid to reflect the car design needs of women, who account for 60% of car buying decision makers, a group for creating attractiveness for

women participated in the product development process and realized continuous product innovation. –An enterprise used the skills of female employees in charge of administrative support on launching a website for overseas sales, contributing to expanding overseas sales. – In a bid to explore markets for foreign visitors to Japan, an enterprise successfully entered a Muslim market by making use of foreign employees’ hospitality. – An enterprise divided the traditional lantern production process for easier operation by people with disabilities to improve productivity, achieving the largest production volume for vinyl lanterns in Japan. –A group of middle-aged and older people took advantage of quality control knowhow to dramatically improve workplace processes in different industries. METI has also compiled and published a collection of best practices and related booklet titled “Toward Value-



6 Nadeshiko Brand



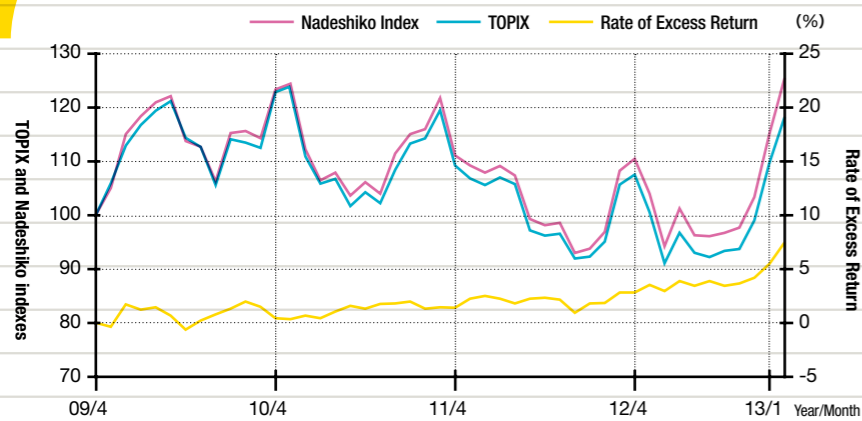
The logo mark is different from the Selection 100 logo mark in color. The Nadeshiko and Selection 100 brands are designed as sister brands to multiply effectiveness.

creative Diversity Management,” (→ 5) which extracted common elements of best practices of the 43 enterprises commended as the first group of the Diversity Management Selection 100 and summarized a basic concept of how to link diversity management to specific achievements. For the current fiscal year, METI will invite enterprises to apply for the Diversity Management Selection 100 around July. For details, see the METI Diversity Management Selection 100 website.

Selecting “Nadeshiko Brand” Enterprises

METI and the Tokyo Stock Exchange (TSE) have jointly selected enterprises that are outstanding for encouraging women’s empowerment and granted them the “Nadeshiko Brand” (→ 6,8) in a bid to lead this selection and the Diversity Management Selection 100

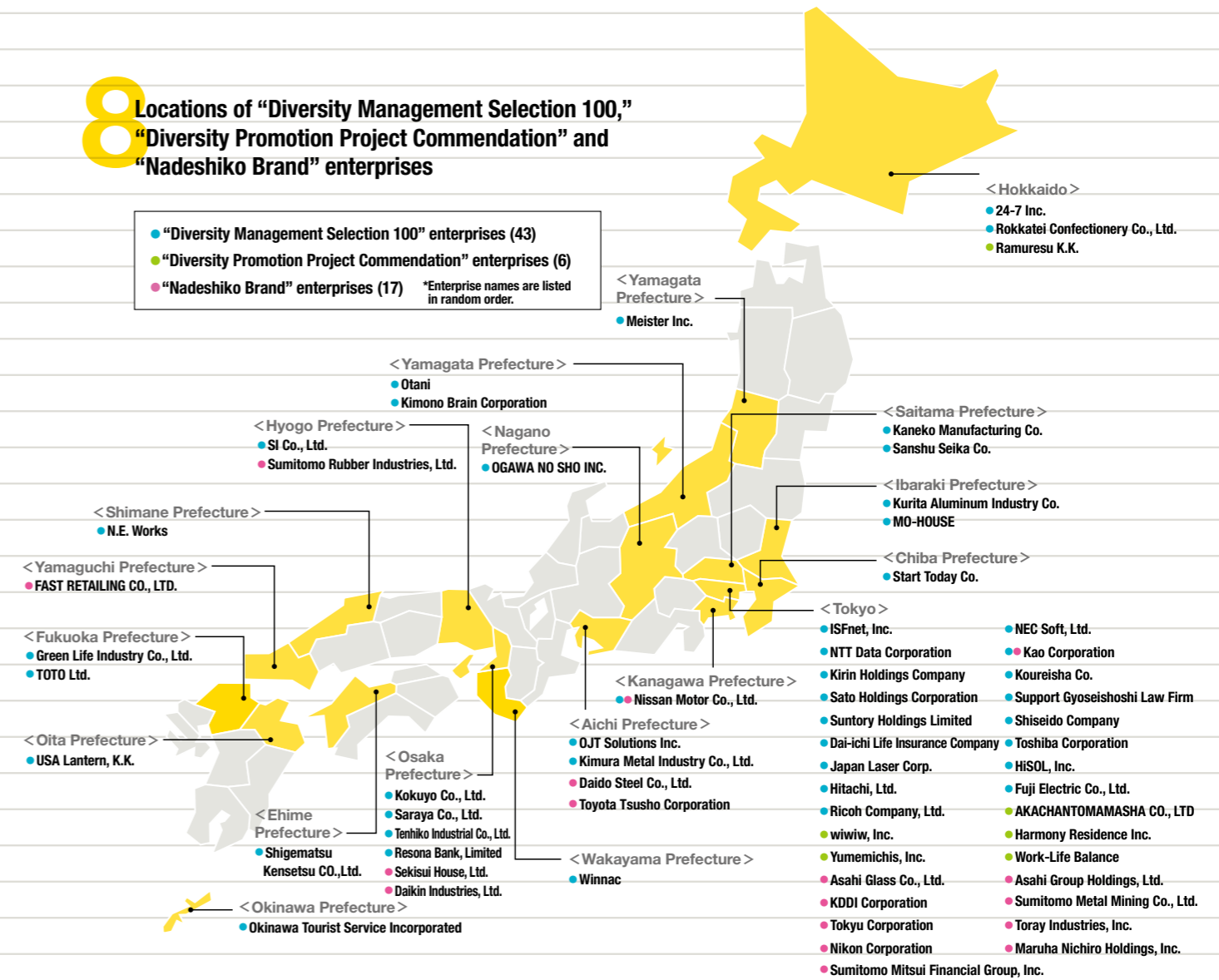
7 Comparison between Nadeshiko and TOPIX indexes



*The rate of excess return was calculated by subtracting the TOPIX rate of return in the same period from the rate of return of the 72 Nadeshiko Brand enterprises index with a base date of April 1, 2009. Differing from regular stock price indices, this index was calculated without considering factors such as changes in scores. As such, transitions may differ from those of regular indices.

Project to multiply effectiveness. Women’s share of managerial posts in Japan is very low as indicated by international comparison. One option to increase the share is a quota system for female directors as seen in some European countries. Such a regulatory measure, though bringing about immediate effects, may involve some sense of resistance. First, therefore, it is beneficial for us to visualize women’s performance at enterprises and take advantage of market assessment to enhance incentives for enterprises to utilize female human resources more positively. In an effort to promote the “visibility of women’s empowerment in the capital market,” METI and the Tokyo Stock Exchange have jointly launched the Nadeshiko Brand program to select and publicize “Nadeshiko Brand” enterprises that are excellent in promoting women’s empowerment. In the selection process, METI and TSE selected 72 enterprises from the entire first section of the TSE, after scoring them based on two factors according to published information, including corporate social responsibility reports: [i] conducting career support for women and [ii] supporting women in balancing work and family. METI and TSE then further picked and publicized on February 26, 2013, the top 17 that have superior financial performance (return on equity at or above sector-by-sector average levels). The TSE also calculated the Nadeshiko Index for the 72 enterprises with higher scores regarding women’s empowerment for comparison with the TOPIX index covering all TSE First Section issues. **The comparison**

8 Locations of “Diversity Management Selection 100,” “Diversity Promotion Project Commendation” and “Nadeshiko Brand” enterprises



indicated that the Nadeshiko Index consistently outperformed the TOPIX index with the return on the Nadeshiko Brand enterprises widening its excess over that of the TOPIX enterprises (→ 7). The estimates endorse the recommendation of enterprises excellent in promoting women’s performance as attractive investment

targets for investors who give priority to “medium to long-term corporate value improvements.” METI plans to continue to select the newest Nadeshiko Brand enterprises, starting again from the beginning in cooperation with the TSE in and after the current fiscal year. METI has also created the Nadeshiko

Brand logo mark that the selected Nadeshiko Brand enterprises can use. They use the logo mark on their websites, public information, business cards and the like to promote sales.