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Corporate Governance - Global Reports

Many directors and executives in Japanese companies are former employees of those companies. Most of them work for the same company for a long time. Majority of the board is inside directors and also holds post of executive. Some directors think they stand for the interest of employees, not shareholders. The Japanese Commercial Code was revised in 2003. Then companies may introduce a board committee system. The board committee system is composed of the audit committee, the nominating committee and the remuneration committee, and the majority of each committee is outside directors. 38 listed companies introduced this system in 2003. After scandals, a few companies introduced outside director, who is charge of business ethics and is a former member of consumer organizations. This is the result that some shareholders requested those companies. Many Japanese companies institutionalize business ethics. Since the Federation of Economic Organizations published the charter of business conduct in 1991, many large companies established ethics codes. Some companies adopt ECS2000, GRI, and UNGC. And they introduce ethics codes, ethics committees, ethics communication systems, the ethics officers, and ethics training programs. Still ethical issues are "KAROSHI", death from overwork, harassment at work, "DANGOH", illegal collusion, defrauding consumers and governments.

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