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7 February 2014

Dear Sirs

Comments on: Principles for Responsible Investors: Japan Stewardship Code

Standard Life Investments, which is a subsidiary of Standard Life plc, is a major global investor, based in Edinburgh, with assets under management of £179.6 billion as at 30 September 2013. In 2010 we formed a strategic alliance with Chuo Mitsui Asset Trust and Banking (now Sumitomo Mitsui Trust Bank Ltd.) giving our combined clients access to recognized global expertise in the management of global and Japanese equity funds and other products. Our clients are generally long term asset owners and savers who seek returns that will enable them to meet their liabilities or other investment objectives.

As a major UK asset manager, we are strong supporters of the UK Stewardship Code which provides us with a useful point of reference when undertaking company engagement and has had a positive impact on the overall quality of engagement between investors and companies. Hence we welcome the draft Stewardship Code for Japan which has been published by the Council of Experts. As we stated in our response to the METI consultation on 'Building Favourable Relationships Between Companies and Investors', from the perspective of foreign investors, there is scope to improve confidence in corporate governance and stewardship in Japan. We believe the draft Stewardship Code is a notable improvement in the governance framework and has the potential to deliver significant improvements in the stewardship dialogue between investors and companies.

However, we would observe that responsibility for stewardship does not just lie with investors and asset owners, who hold company boards to account, but also with the company boards themselves, who are responsible for overseeing management. It is worth noting that the UK Stewardship Code makes this clear in its introduction. Indeed, we would suggest that the UK Code goes hand in hand with the UK Corporate Governance Code which sets out the principles that underlie an effective board.

While the draft Japanese Stewardship Code references the Tokyo Stock Exchange's 'Principles of Corporate Governance for Listed Companies' in relation to the need for equal treatment of shareholders, the draft does not specifically mention that company boards also have responsibility for stewardship. We would suggest that it would be helpful to make this clear. This would strengthen the position of investors in instances where they wish to engage with a board that is perhaps reluctant to have a meaningful dialogue.

We hope these brief comments will assist the Expert Group in finalising its proposals.

Yours faithfully

Alison Kennedy
Governance & Stewardship Director
Standard Life Investments