



'Perspectives Towards a Sustainable Future' Podcast Series

Unlocking the Value of 'Intangibles' Such as ESG

Jason Mitchell speaks to Dr Ryohei Yanagi

November 2018

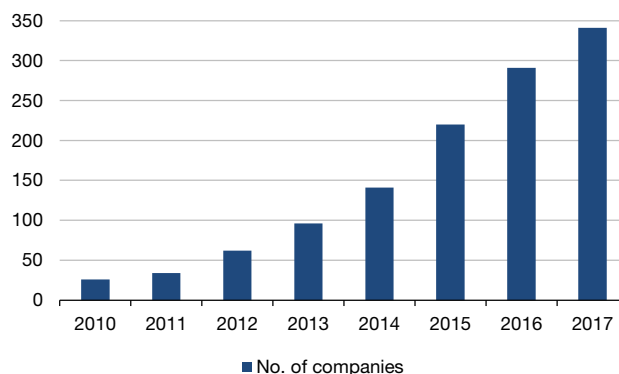
Three hundred and forty-one Japanese companies adopted integrated reporting in 2017¹, higher than in previous years and stronger than the likes of the US or Europe. Yet, Japanese corporate governance practices are still seen as lagging that of Europe and the US.

This is being reflected in the price-to-book ('P/B') ratios – with Japan's P/B ratio at about 1 time, compared with UK on 2 times and US on 3 times – according to Dr Ryohei Yanagi, CFO of pharmaceutical company Eisai, Visiting Professor at Toyo University, Visiting Lecturer at Waseda University Graduate School of Accountancy and author of 'Corporate Governance and Value Creation in Japan'.

In a podcast hosted by Jason Mitchell, Head of Responsible Investment at Man Group, Dr Yanagi-san said he believed there were four steps to unlocking value in intangibles such as environmental, social and governance ('ESG') factors:

1. Clarify/disclose models connecting intangibles with actual value creation;
2. Show comparing dividends to that model;
3. Disclose concrete examples connecting ESG to value creation;
4. Use engagement to gain the trust of long-term shareholders.

Figure 1. Number of Japanese Companies That Issue Integrated Reports



Source: KPMG Survey of Integrated Reports in Japan 2017¹.

To listen to the full podcast go to:

man.com/ri-podcast

Find out more about Responsible Investment at Man Group: man.com/responsible-investment

¹ <https://assets.kpmg.com/content/dam/kpmg/jp/pdf/jp-en-integrated-reporting-20180323.pdf>

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