

Keidanren



ANNUAL REPORT 2018

Keidanren  
Japan Business Federation

## About KEIDANREN

KEIDANREN (Japan Business Federation) is a comprehensive economic organization with a membership comprised of 1,370 representative companies of Japan, 109 nationwide industrial associations and 47 regional economic organizations (as of April 1, 2018).

Our mission as a comprehensive economic organization is to draw upon the vitality of corporations, individuals and local communities to support corporate activities which contribute to the self-sustaining development of the Japanese economy and improvement in the quality of life for the Japanese people.

For this purpose, KEIDANREN establishes consensus in the business community on a variety of important domestic and international issues for their steady and prompt resolution. At the same time, we communicate with a wide range of stakeholders including political leaders, administrators, labor unions and citizens. We encourage our members to adhere to the Charter of Corporate Behavior in an effort to establish and maintain public confidence in the business community. We also strive for the resolution of international issues and the development of closer economic relations with various countries through policy dialogue with the governments, economic associations of each country as well as international organizations.

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### Keidanren Report 2018 Message from the Chairman



Improvements in the employment and income environment continue to drive a gradual recovery in the Japanese economy. Keidanren is seizing this opportunity to press ahead with policy recommendations aimed at ending deflation and revitalizing the economy in the aim of harnessing innovation and globalization to create a more affluent and vibrant Japan.

The first focus of our efforts is to strengthen the growth strategy centered on Society 5.0. The trend towards digitization, which includes IoT, AI, big data, and robots, has begun to bring revolutionary change—a paradigm shift—to many industries. To strengthen the Japanese economy in such times, the public and private sectors need to cooperate in taking bold steps while keeping an eye on dramatic changes in industrial structure.

While delivering economic growth through the use of innovative technology, Society 5.0 aims to resolve increasingly complex social issues and pave the way to achieving the UN Sustainable Development Goals (SDGs). We are creating a road map toward a fully functioning Society 5.0, which we aim to share internationally.

At the same time, we are promoting energy and environmental measures compatible with economic growth, creating a business environment in which a diverse workforce can actively participate, and breathing new life into dynamic regional economies.

Our second focus is structural reform. We must upgrade economic and social platforms to make them appropriate for Society 5.0. We are squarely addressing reforms to update regulations, revise taxation, and amend social security systems to dispel people's concerns about the future, as well as fiscal consolidation.

Keidanren's third focus is engagement in multifaceted private-sector economic diplomacy and enhancement of our capabilities as a global influencer. We have consistently promoted free trade. By urging an international rule-based response to protectionist trends, from the perspective of the business community we will continue to make a positive contribution to maintaining and reinforcing free and open international economic order that is based on rules.

While maintaining and strengthening ties with a range of stakeholders, Keidanren will resolutely address critical policy issues contributing to the stable and sustained development of the domestic and global economies. We appreciate your continued support.

Chairman **中西宏明**  
NAKANISHI Hiroaki

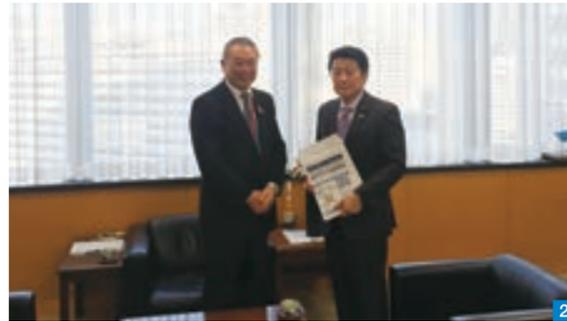
Policy

Main Proposals and Reports

- 2017 April Principal position on the US-Japan relationship  
- Toward a stronger and more resilient US-Japan relationship  
Principal position on funding source for childrearing support
- May Toward the realization of a diverse and inclusive society
- June Opinions regarding the formulation of the Third Basic Plan for the promotion of education
- July Recommendations for developing a new Basic Plan on Ocean Policy  
- Ocean Policy for Society 5.0
- August Expectations from the new cabinet  
Urgent proposal on the UK's withdrawal from the EU
- September Recommendations on tax reform for Fiscal 2018  
Joint declaration on rectifying business practices that lead to long working hours  
Compilation of good practices on work style reform  
- PROMOTE WORK STYLE REFORM
- October Proposal for future global warming countermeasures  
Evaluation of major parties' policies 2017  
Views on promoting partnership between business and politics  
Seeking the swift conclusion of the TPP11 (Photo 1)
- November Charter of Corporate Behavior  
- For the realization of a sustainable society  
A proposal for future energy policy  
- Toward the realization of an affluent and vibrant economic society
- December Data utilization strategy for realizing Society 5.0  
A call for reinforcement of cybersecurity to realize Society 5.0 (Photo 2)  
"Full-swing" Womenomics (Women×Economics)  
Successful Business Impacts by Women's Economic Empowerment (Photo 3)
- 2018 January Summary of the 2018 report of the committee on management and labor policy  
- Work style reform creating job satisfaction, improved productivity, and innovation
- February Building innovation ecosystems to realize Society 5.0  
Calls for reform into a user-oriented individual number system
- March Keidanren Declaration of Cybersecurity Management (Photo 4)  
Towards strategic promotion of the infrastructure export  
Healthcare in Society 5.0  
Keidanren FY2017 regulatory reform requests



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Meeting of Chairman and Vice Chairs

Action

Main Activities

- 2017 April Briefing on Asunavi, an employment support program for top athletes
- May Keidanren Annual General Assembly/ 70th anniversary celebrations
- June Delegation dispatched to the 106th Session of the International Labour Conference (Geneva)  
Japan-China Green Expo 2017 (Beijing) (Photo 5)  
Sixth EU-Japan sector-to-sector meeting (Brussels)  
Committee on U.S. Affairs Mission to the United States (Illinois, Wisconsin, Kentucky, Washington, D.C.)
- July Committee on Europe Mission (Madrid, Barcelona, Oslo)  
Joint briefing on employment for those who studied abroad  
- Keidanren Global Career Meeting  
Meeting with the Kansai membership (Osaka)  
Summer Forum 2017 (Photo 6)  
Eighth Asian Business Summit (Seoul) (Photo 7)
- September Thailand Economic Mission (Bangkok)  
The Tohoku Region Economic Council (Sendai)  
India-Japan Business Leaders Forum 2017 (Gandhinagar, Gujarat)  
- Joint Report delivered to Prime Minister Shinzo Abe and Prime Minister Narendra Modi  
Meeting with executives of the Liberal Democratic Party  
Labor-Management Symposium on Work Style Reform  
- Enhancing work-life synergy through the ingenuity of labor and management
- October Meeting with the Komeito leadership  
Hokkaido Economic Council (Sapporo)  
- Entered partnership agreement with the Hokkaido Economic Federation to revitalize the regional economy  
27th business summit between Keidanren and Federation of Korean Industries  
Mission to the United States (Ohio, Washington, D.C.) (Photo 8)
- November Delegation dispatched to COP23 (Bonn)  
Hokuriku Region Economic Council (Kanazawa)  
Representatives of the delegation to China met with Premier Li Keqiang (Beijing) (Photo 9)  
Tohoku Premium Marché as a main event of "Festival in support of Tohoku reconstruction"
- December Third Japan-China CEO and Former Senior Government Officials' Dialogue  
Shikoku Region Economic Council (Matsuyama)  
Kickoff to attract participants to EXPO 2025 (Photo 10)  
Mission to Vietnam (Hanoi, Ha Nam Province)  
Charter of Corporate Behavior Symposium
- 2018 January Meeting with the Kansai membership (Osaka)  
Meeting with RENGO (Japanese Trade Union Confederation)
- February Joint press conference by Chairman Sakakibara and Chairman-elect Nakanishi (Photo 11)  
Tokai Region Economic Council (Nagoya)  
Premium Friday Summit  
Charter of Corporate Behavior Symposium (Osaka)
- March Kyushu Economic Council (Fukuoka)  
Chugoku Region Economic Council (Ube)  
Mission to Myanmar (Naypyidaw, Yangon)



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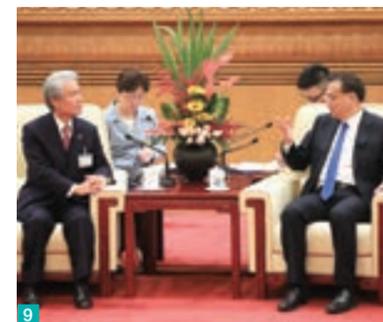
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# Society 5.0 for SDGs

- Achieving the Sustainable Development Goals by realizing Society 5.0

Keidanren aims to realize Society 5.0, a future society in which IoT, AI, robots, big data and other innovative technologies will be fully implemented to optimize individual lives and society as a whole. Society 5.0 is the super-smart society—the fifth society in the history of human social development following on from the hunter-gatherer society, agrarian society, industrial society, and information society. Society 5.0 as advocated by Keidanren is positioned as the pillar of Japan's growth strategy with social

implementation expected to gather pace through the practical application of technology in the future.

Further, in 2015, the United Nations adopted the Sustainable Development Goals (SDGs) as internationally agreed goals for realizing a sustainable society, calling on the private sector to exercise creativity and innovation to deliver on those goals. Starting now, Keidanren is taking action to achieve the SDGs by realizing Society 5.0.

# Toward an economy with GDP of 600 trillion yen

- Promoting Society 5.0 -

With the continuing stable growth of the Japanese economy, now approaching the level of a nominal GDP of 550 trillion yen, significant progress has been made to ensure recovery from deflation and to reach an economy with GDP of 600 trillion yen. Therefore, it is essential to further promote growth strategies and particularly crucial to realize Society 5.0.

Today, IoT, AI, big data, robots, and other technology developments have started to bring revolutionary changes—a paradigm shift—to many industries. Under this new paradigm, Society 5.0 is the trump card that will maintain the international competitiveness of Japanese corporations, improve productivity through the application of innovative technologies and, consequently, optimize individual lives and society as a whole while bringing about economic growth. The realization of Society 5.0 will also contribute substantially to achieving the Sustainable Development Goals (SDGs) adopted by the United Nations. It is the aim of Keidanren to place Japan as a global front-runner in achieving SDGs through the realization of Society 5.0. To this end, we are formulating a road map for specific fields leading to the social implementation of Society 5.0.

To achieve growth when the population is in decline, it is vital to improve labor productivity through work style reforms that contribute to the work-life balance. A corporate society is called for where diverse people can make a contribution to the workforce. Another important issue—revitalizing local economies—is based on the understanding that dynamic local economies are essential for Japan's economic development.

Since the issue of energy is the bedrock for the lives of the citizenry and business activities, it is important to formulate energy and environmental policies that are compatible with economic growth.

At the same time, it is vital to promote structural reform from the perspective of strengthening the economic and social foundations. We must promote fiscal consolidation and secure a sustainable social security system to remove people's concerns about the future. We need to aim to re-energize corporate activities through regulatory, administrative and fiscal reforms.

It is also essential to promote economic diplomacy from the perspective of strengthening international collaboration and creating global rules-based systems. Although a moderate growth is expected for the world economy, there is growing uncertainty—especially recently—due to protectionist measures that distort markets, and the spread of anti-globalism. We will actively communicate the importance of a free and open international economic order based on rules, and contribute to maintaining and strengthening such an order from the standpoint of the business community.



Keidanren Annual General Assembly

In addition to rebuilding Tohoku through the steady implementation of reconstruction projects in the wake of the earthquake disaster, we will continue to find ways to bring the country together toward the success of national events such as the Tokyo Olympic and Paralympic Games, and the World Expo 2025 Osaka, Kansai.

On this understanding, we will resolutely engage with the following important policy issues.

## 1. Promote growth strategy

- (1) Realize Society 5.0
  - [1] Advance cross-sectoral policies
    - a. Promote innovation
    - b. Build ecosystem for innovation
    - c. Promote digital technologies and data utilization
    - d. Strengthen cybersecurity
  - [2] Examine important areas
    - a. e-government; b. Logistics; c. Disaster prevention; d. Healthcare; e. Tourism; f. Agriculture
- (2) Advance corporate measures aimed at SDGs
- (3) Work style reform and empowering diverse talent
  - [1] Work style reform; [2] Promote women's participation in the workforce and diversity; [3] Promote dynamic engagement among young and senior employees and initiatives to prevent resignation due to nursing care; [4] Accept foreign talents; [5] Promote human resource development
- (4) Regional revitalization
- (5) Enrich urban functions
- (6) Energy and environmental policy
- (7) Stimulate consumption

## 2. Promote structural reform

- (1) Promote fiscal consolidation
- (2) Reform the social security system
- (3) Regulatory reform
- (4) Corporate tax reform
- (5) Prepare an environment to realize a society that supports childrearing
- (6) Corporate governance reform, corporate law reform

## 3. Promote economic diplomacy

- (1) Maintain and strengthen a rules-based, free and open international economic order
- (2) Promote infrastructure exports
- (3) Strengthen relations with Japan's principal economic partners

## 4. Successful national events

- (1) Tokyo Olympic and Paralympic Games
- (2) World Expo

## 5. Promote earthquake recovery and rebuild Tohoku

(Note) Society 5.0 is the super-smart society—the fifth society in the history of human social development following on from the hunter-gatherer society, agrarian society, industrial society, and information society. As a national vision, the super-smart society balances Japan's economic development with solutions to social issues in Japan and abroad, and aims for a human-centric society that allows people to live comfortable and fulfilling lives.

Society 5.0 offers a new growth model with a view of “solving social issues” as well as “creating a better future”, which contributes to the achievement of SDGs



Keidanren supports the SDGs

For more details, see the following Keidanren website. → <http://www.keidanren.or.jp/en/policy/index01.html>

## Accelerate economic revitalization and recovery from deflation - Creating an affluent and vibrant society

Recovery from deflation, a revitalized economy, and achieving an economy with GDP of 600 trillion yen are issues of the highest priority for Japan.

Together with the government, Keidanren is putting the social implementation of Society 5.0 into practice as a pillar of the growth strategy. We are also lobbying to prepare for an environment that enhances measures to promote capital investment with a view to expanding private-sector investment.

As a result, the historical economic expansion is continuing. Corporate activity has been invigorated, corporate incomes are at a high level, and there is a continuous undertone of expanding capital investment and production. Even consumption, which has been struggling for a long time, is now at last turning upward.

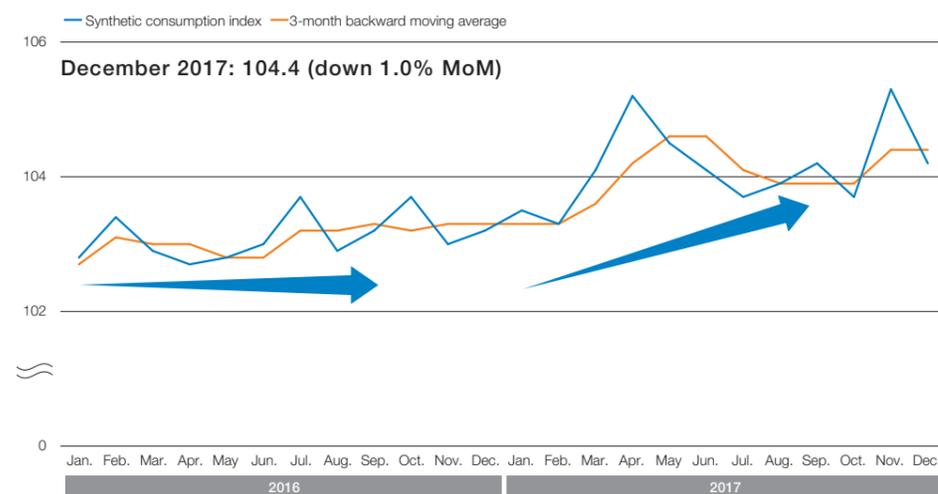
With a view to creating new growth opportunities based on investment expansion in the private sector,

Keidanren conducts surveys with member companies and organizations every year to put together requests for regulatory reform. By March, we had submitted 146 calls (13 areas) for regulatory reform to the government's Regulatory Reform Promotion Council, and we will continue to lobby the government to meet these demands.

The comprehensive improvement in wages and other employment compensation is one important key to accelerate the economic boom. In 2018, monthly wages rose by 2.53% or 8,539 yen amid rising social expectations for wage increases, and the momentum for wage increases is continuing this year.

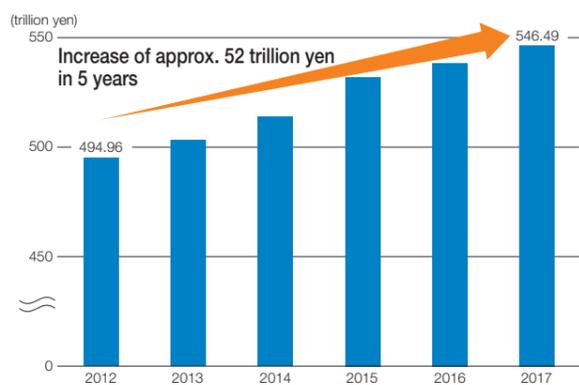
Keidanren is resolved that corporations are the main protagonists of economic revitalization, and we continue to strive toward the realization of an economy with GDP of 600 trillion yen.

### Change in synthetic consumption index (real, seasonally adjusted, 2011=100)



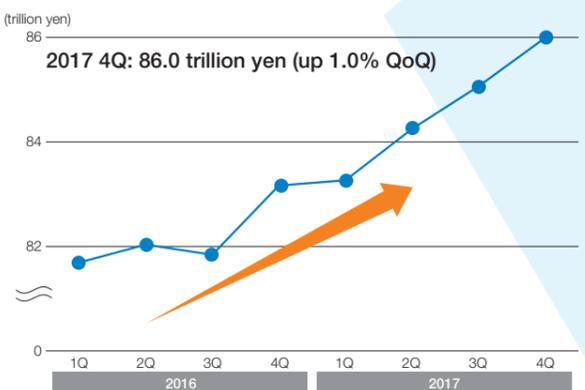
Source: Synthetic Consumption Index, Cabinet Office

### Change in nominal GDP fluctuations (calendar year)



Source: National Accounts of Japan, Cabinet Office

### Change in private sector capital investment (real, seasonally adjusted)



Source: National Accounts of Japan, Cabinet Office (Data as of April 2018)

## Toward the realization of Society 5.0

Keidanren aims to realize Society 5.0, the super-smart society of the future in which IoT, AI, robots, and other innovative technologies will be fully utilized to optimize individual lives and society as a whole. This concept hit the ground running in 2017 when it was positioned as a pillar of Japan's Growth Strategy 2017.

The key to realizing Society 5.0 is to build an ecosystem for innovation. As well as participating in discussions with the government's Council on Investments for the Future, Keidanren is also making recommendations and lobbying hard for reform at universities or research and development agencies.

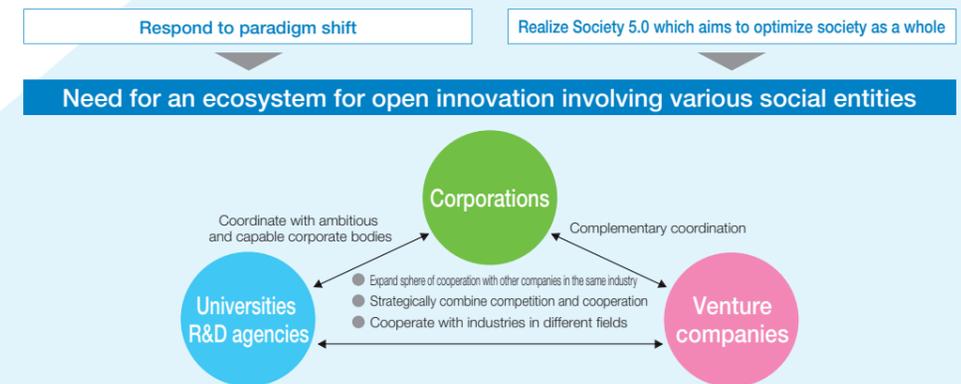
Data utilization is the other key to realizing Society 5.0. Keidanren is fostering the environment for the utilization of data by proposing blueprints of a society based on

data utilization and strategies to realize them. The premise for data utilization is to build a safe and secure cyberspace. With this in mind, Keidanren is working on the enhancement of cyber security according to its own action plans including the announcement of the Keidanren Declaration of Cybersecurity Management.

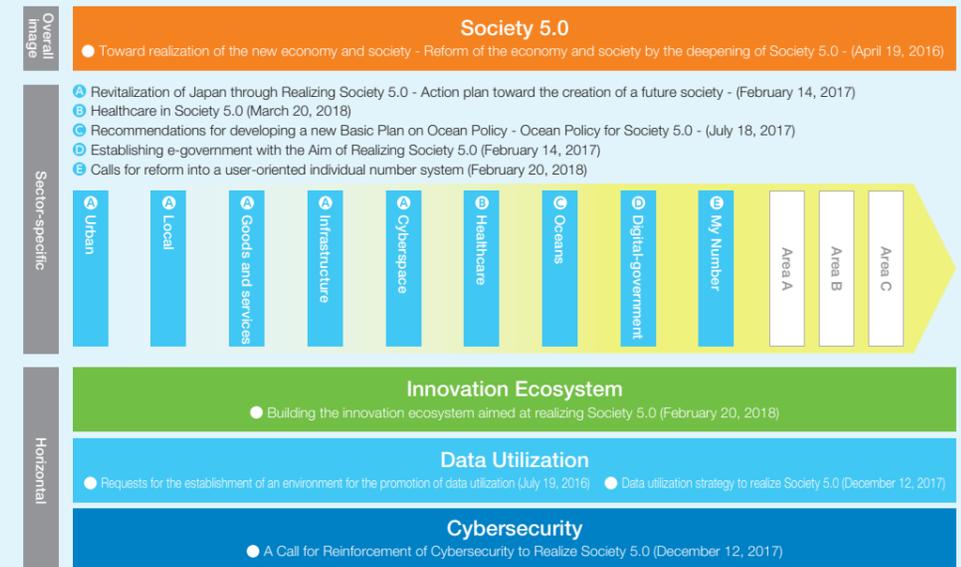
Following on from the five areas (urban areas, rural areas, goods and services, infrastructure, cyberspace) indicated in the fiscal 2016 action plan, we have also made proposals for healthcare in Society 5.0.

The future society envisioned in Society 5.0 is along the same lines as the Sustainable Development Goals (SDGs) adopted by the United Nations. Keidanren will continue to work toward the realization of Society 5.0.

### Building the innovation ecosystem



### Proposals aimed at realizing Society 5.0



Promote work style reform  
- Improve job satisfaction and productivity, create innovation



Labor-Management Symposium on Work Style Reform (September 2017)

**Joint Declaration on Rectifying Business Practices That Lead to Long Working Hours** September 22, 2017

- 1 In addition to complying with relevant laws, regulations, and rules, we will ensure that our business partners do not contravene laws or regulations related to labor standards.
- 2 In order to avoid entering into contracts that are ambiguous regarding the details of the work ordered, we will ensure that contract terms (related to works ordered, delivery dates, prices, etc.) are always specified.
- 3 In addition to setting reasonable delivery dates when agreeing on contracts, we will appropriately change delivery dates by business partners when making specification changes or additional orders.
- 4 Unless essential or urgent, we will refrain from specifying particular delivery times or days that would require a business partner's employees to work on holidays or late at night.
- 5 We will avoid, as far as possible, meetings and phone calls outside business hours.
- 6 We will agree on contracts and conduct business at appropriate prices that commensurate with the value of services provided, such as delivery at short notice, taking on additional work, or offering high quality.

To achieve sustainable economic growth in the face of the decrease in the working-age population, Japan needs to enhance productivity of each employee while establishing an environment where diverse talents could actively participate in the labor market according to their will and ability. To this end, workstyle reform is the key. Therefore, Keidanren is proactively expanding its activities with a view to supporting initiatives by each company.

In fiscal 2017, Keidanren initiated "the Work Style Reform 2017", a campaign aiming at information sharing through series of seminars and publication of "PROMOTE WORK STYLE REFORM", a brochure of compilation of good practices by Member companies. Also Keidanren led the following activities including (1) "Action Plan for the Realization of Work Style Reform" aiming at expanding continuous initiatives based on PDCA; (2) adoption of "the Joint Declaration on Rectifying Business Practices that Lead to Long Working Hours" by 112 business organizations; (3) continued implementation of "the Annual Leave 3! 4! 5! Campaign"\*1 led by senior executives; and (4) symposiums in Hiroshima and Osaka co-hosted with RENGO for the first time.

Corporate initiatives and national policies go hand in hand in realizing the work style reform. On the occasion of drafting the bill on work style reform, Keidanren took the initiative in reflecting the voices of the business sector from the following perspectives, namely, to prevent excessive workloads by measures such as setting upper limits on overtime work, and to diversify options for flexible work style including the introduction of so called "high-level professional workers system" and the expansion of areas where the "discretionary work system" is applied.

\*1: The Campaign aims at encouraging workers to take three extra days of annual paid leave per year; to have four consecutive days off by combining weekends, holidays and annual leaves; and to ensure no employee takes less than five days of annual leave per year.



PROMOTE WORK STYLE REFORM  
(Published September 2017)

Revision of the Charter of Corporate Behavior  
- The role of corporations towards the realization of a sustainable society

In November 2017, Keidanren revised its Charter of Corporate Behavior for the first time in seven years. The Charter of Corporate Behavior represents guidelines our members are expected to adhere to in their corporate behavior, and since it was first established in 1991, it has been revised to reflect changes in economies and societies.

With a priority on achieving SDGs through the realization of Society 5.0, the latest revisions demonstrate that companies will play a leading role in resolving the issues faced by the international community and creating a sustainable society.

Keidanren will make efforts to ensure that the Charter

of Corporate Behavior further takes root among members by holding symposiums and other events. We will also run questionnaires on the status of initiatives required by the Charter, ascertain actual circumstances and issues, and develop promotional measures and tools to aid in promotion.

Keidanren will also compile and actively disseminate actual examples that contribute to the achievement of SDGs, and work with international organizations, the Japanese government, local governments, NPOs and other organizations to promote the forging of domestic and overseas partnerships related to SDGs.

The Charter of Corporate Behavior

- 1 Sustainable economic growth and the resolution of social issues
- 2 Fair business practices
- 3 Fair disclosure of information and constructive dialogue with stakeholders
- 4 Respect for human rights
- 5 Relationships of trust with consumers and customers
- 6 Reform of work practices and enhancement of workplace environments
- 7 Engagement in environmental issues
- 8 Involvement in community and contribution to its development
- 9 Thorough crisis management
- 10 Role of top management and implementation of this Charter



Discussion with Ms. Amina Mohammed, Deputy Secretary-General of the United Nations on SDG promotion (October 2017)



Charter of Corporate Behavior Symposium (December 2017)

**Keidanren**  
Policy & Action

**Philosophy (Mission) of the Keidanren Secretariat**

We endeavor to formulate and implement policy based on an impartial view of the business community (Policy & Action), and contribute to the self-sustained development of the Japanese economy and the improvement of the lives of citizens.

**The Keidanren Secretariat's Guidelines for Action**

- 1 Respond to the needs of and maintain close communication with members while striving to be a policy-oriented group that takes action.
- 2 Look ahead of the changing times, recommend policies furthering the development of a vibrant economy led by the private sector, and champion their realization.
- 3 Seek understanding and cooperation through exchange and dialogue not only with the business community but a wide range of people and organizations.
- 4 Strive to be an open and constantly evolving organization that develops and maximizes human potential.
- 5 Ensure thorough compliance, fulfill appropriate accountability and work to maintain trust both inside and outside the organization.

### Tax revisions to invigorate corporate activities and initiatives to build a social security system for all generations

Keidanren has been advocating lowering the effective corporate tax rate to bring Japan to an equal footing with international peers, and the rate is now placed below 30%. Looking ahead and also taking into account the tax reform in the United States, we will aim for around 25% in the future, which is the average among OECD's main members and major Asian nations, and continue to urge the government to substantially reduce tax burden on corporate activities. For example, we will recommend maintaining and expanding tax measures that encourage corporate R&D and capital investments.

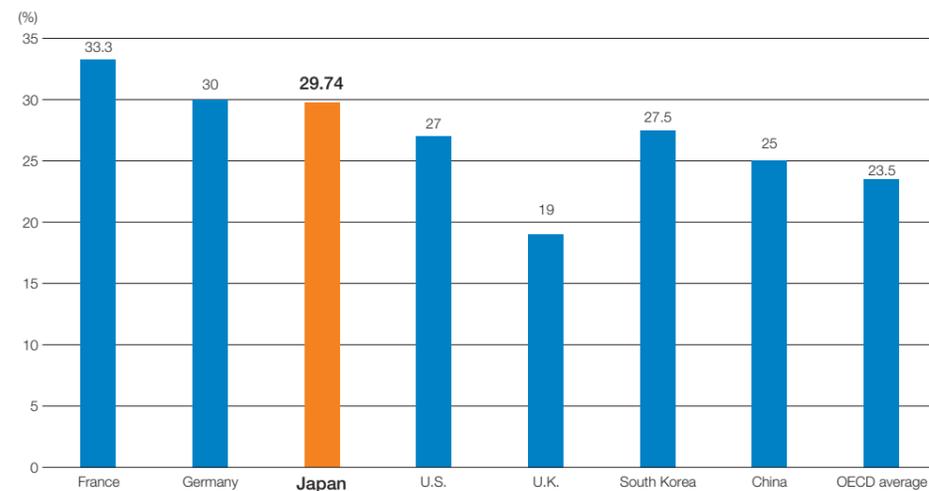
Regarding the social security system, Keidanren advocates reviewing the generous schemes currently in place for the elderly with the aim of building social security that equally benefits all cohorts of the population that are friendly to households raising children.

With pension, healthcare and Long-term care systems

expected to produce increasing benefit expenses due to the aging population in the future, Keidanren calls on the government to pursue the thorough rationalization and streamlining of benefits in the interests of ensuring system continuity and curbing excessive increases in insurance premiums paid by corporations and the working generation that support the systems.

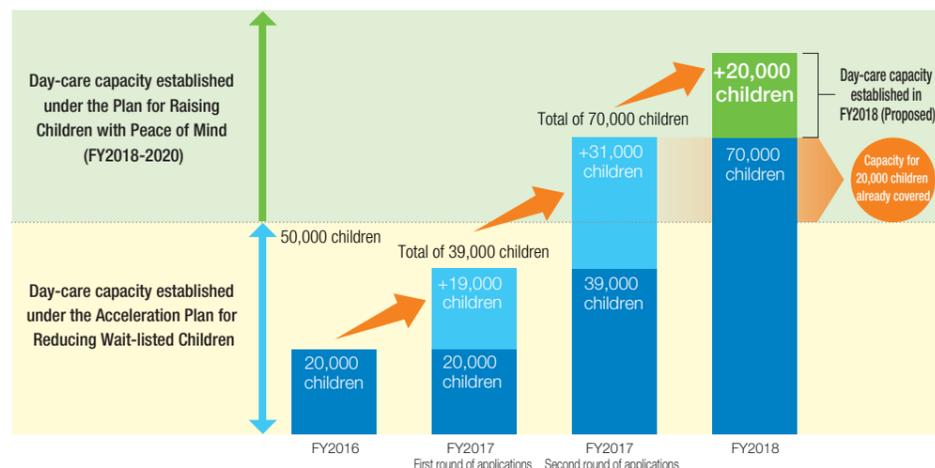
From the perspective of promoting initiatives on the part of corporations themselves, the business community has made strides in developing facilities to receive children for day-care services through corporate-led day-care projects. Various dissemination efforts are also underway to expand the foundations of "health and productivity management" initiatives promoted by the top management at companies to extend the healthy life expectancy of employees.

#### Comparison of effective corporate tax rates (2018)



Source: KPMG figures except Japan

#### Change in day-care capacity established through company-led day-care projects



### Proactively tackling global warming and energy issues - Achieving a balance between the environment and economy

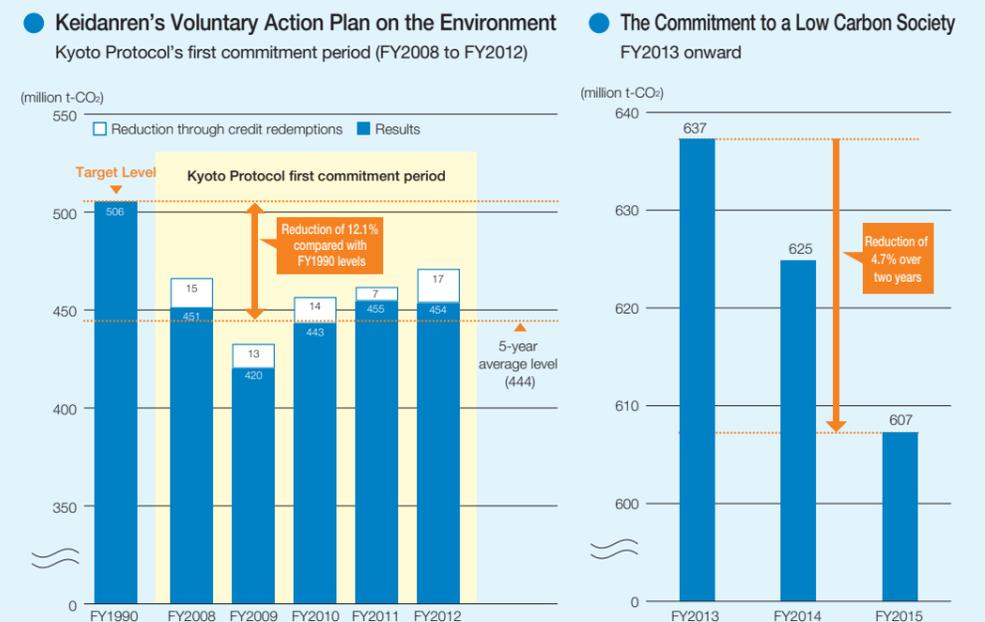
As voluntary initiatives of the business community, Keidanren has promoted the "Keidanren's Voluntary Action Plan on the Environment" since 1997 and "The Commitment to a Low Carbon Society" since 2013. Each fiscal year, we iterate the PDCA cycle while taking proactive measures such as the reduction of greenhouse gas emissions on a global scale. Every year we also send a delegation to the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP). At the COP23 held in November 2017, we publicized global warming countermeasures being taken by the Japanese business community through exchanges of views with the officials of major countries and the holding of sideline events.

Since global warming countermeasures have a significant impact on the structure of industry, business activities and the lives of citizens, striking a balance between the environment and the economy is of the utmost importance. As carbon dioxide from energy sources accounts for roughly 90% of greenhouse gases in Japan, energy policies consistent with the basic principles of safety combined with energy security, economic efficiency, and environmental conservation ("S+3E") need to be achieved. From this perspective, Keidanren considers various issues such as the best energy mix and infrastructure investment in this field, while seeking to supply energy in a stable manner and at prices that compare favorably from an international perspective. As part of this, we are striving to reflect the views of the business community through efforts such as compiling recommendations and other feedback concerning medium-to-long-term energy policy during the discussions to revise Japan's Strategic Energy Plan, which started in August 2017, as well as stating opinions at the Advisory Committee for Natural Resources and Energy. We are also urging that the restart of nuclear power plants be conducted in a steady manner after confirming safety and gaining the understanding of local residents.



Introducing initiatives being pursued by the Japanese business community to realize a low carbon society at COP23 (November 2017)

#### Results of CO<sub>2</sub> emissions reductions through voluntary industry initiatives



\*1: Results from FY2008 onward are figures after the credit redemption

\*2: The five-year average prior to the credit redemption (covering FY2008 to FY2012) was 9.5% lower than FY1990 levels

## Revitalization of regional economy - Acceleration of promotion and recovery of core industries



Meeting with the Kansai membership (January 2018)

Vibrant regional economies realized through the enhanced competitiveness of core and key regional industries are essential for the revitalization of the Japanese economy. Keidanren is promoting business matching between member companies and regional companies and the setting-up of projects through partnerships with the agricultural and economic sector, as well as developed initiatives to raise the growth potential of the regional economy by revitalizing and promoting industries in Tohoku.

Specifically, in October 2017, the business matching activity under the partnership agreement with Hokkaido Economic Federation was launched, in addition to Hokuriku Economic Federation and Shikoku Economic Federation. In November, we jointly conducted the publicity campaign for around 30 relevant events entitled



Tohoku Premium Marché (November 2017)

“Festival in support of Tohoku reconstruction”, aiming to eradicate negative images as well as expand consumption of Tohoku products and demand for tourism in Tohoku region.

## Fostering human resources required by industry and reform of universities

In the future we will need human resources who can think and act independently, respond to the rapid change in technology and globalization, and initiate innovation on the global stage. In order to foster the human resources that will be required by industry, we need to improve the quality of seamless education ranging from early childhood education to higher education. Alongside the formulation of the Third Basic Plan for the Promotion of Education scheduled to take effect in fiscal 2018, Keidanren has also made recommendations on education at every stage of the process. We are also contributing to the development of global human resources through various scholarship programs.

Universities play an essential role in both research and education when it comes to establishing an ecosystem that will continually produce the innovation needed to realize Society 5.0. To counter the strong concern with regard to the decline of international competitiveness and research capabilities of Japanese universities, Keidanren has recommended reforms such as the promotion of reorganization and integration of universities to optimize their number and scale, strengthening of the fiscal base of national universities, promotion of management reform, improvement in the quality of university education and reform of the graduate school system.



Overseas scholarship student orientation (May 2017)



Discussion with President Matsuo of Nagoya University on university reform (March 2018)

## Initiatives towards Diversity & Inclusion

It is essential to boost the productivity of the entire economy and society, and to that end, the realization of a diverse and inclusive society that taps the skills and talents of a diverse range of human resources is a pressing issue.

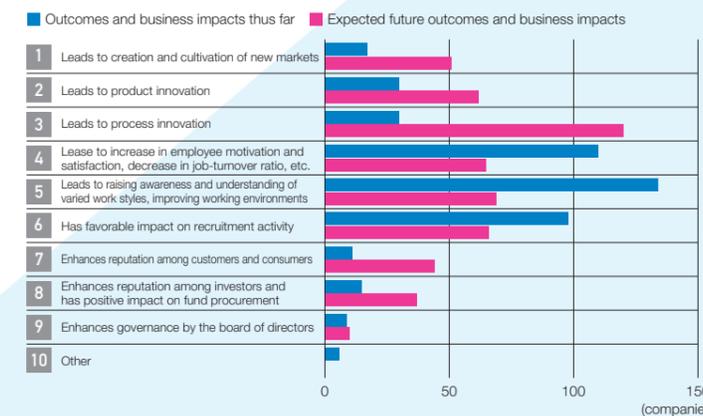
In particular, Keidanren views the advancement of women in the workplace as a corporate strategy matter, and has encouraged companies to voluntarily formulate initiatives to that end, including the voluntary formulation of action plans for promoting women to executive and managerial positions. As a result, women's participation and activity in the work force has taken a positive turn, and in business settings also, results are taking shape in

\* Lesbian, Gay, Bisexual and Transgender

various forms, for example, innovation based on a female perspective, and creating new markets focused on women as consumers. We will attempt to further increase this momentum by sharing such successful cases and promoting economic diplomacy through the exchange among female executives from around the world.

In May 2017, Keidanren announced proposals on the inclusion of LGBT\* people, which is now an important issue for companies also, the first in the business community, promoting initiatives for the sharing of appropriate understanding and knowledge and the recognition and acceptance of LGBT people.

### Outcomes and business impacts of promoting women's active participation in the workforce



Source: Keidanren questionnaire entitled “Survey of Outcomes and Business Impacts of Promoting Women’s Active Participation in the Workforce” (September 2017)



Successful Business Impacts by Women's Economic Empowerment (published December 2017)

## Promoting partnership between business and politics

Last year, the Japanese economy grew gradually but steadily and managed to come closer to recovery from deflation and economic revitalization. Japan has now reached a critical point if it is to set a path towards an economy with GDP of 600 trillion yen. Anti-globalism and

protectionism is emerging in international politics, and geopolitical risks are increasing in East Asia, the Middle East and elsewhere. While strengthening the steps towards economic revitalization, we have a vital need for vigorous political leadership in both domestic affairs and diplomacy in order to maintain and develop a free and open economic order in the international community, and it is important that the business community works in tandem with the government to implement policies.

Keidanren has strengthened its cooperation with political leaders, and in fiscal 2017 promoted (1) policy recommendations, (2) communication with political parties and politicians, (3) promotion of economic diplomacy under public-private collaboration, and had 11 policy dialogues with political party executives and top ministers. We are also active in motivating business people to engage in politics through seminars featuring politicians at an associated organization, the Business People Political Forum.



Meeting with executives of the Liberal Democratic Party (September 2017)

### Making the Tokyo Olympic Game and Paralympic Games a success

The Tokyo Olympic and Paralympic Games in 2020 will be the perfect opportunity for Japan to gain attention from all over the world. We have to not only make the world's largest sporting event a success, but also present Japan's technology and attractions and globally demonstrate how Japan has recovered from the Great East Japan Earthquake.

To that end, Keidanren is committed to supporting athletes and people associated with sport throughout Japan, and also assisting athletes with employment. Meanwhile, the All Japan Business Committee for the 2020 Olympics and Paralympics, made up of Keidanren and other economic organizations, is rolling out activities across Japan as a way of increasing momentum for the Games and to build the post-2020 legacy, by promoting the inculcation of sports, support of sports for people with disabilities, making society barrier-free, regional revitalization, and publicizing Japan as a technology-based nation.



Activity with Rio de Janeiro Paralympics silver medalist Misato Michishita (October 2017)



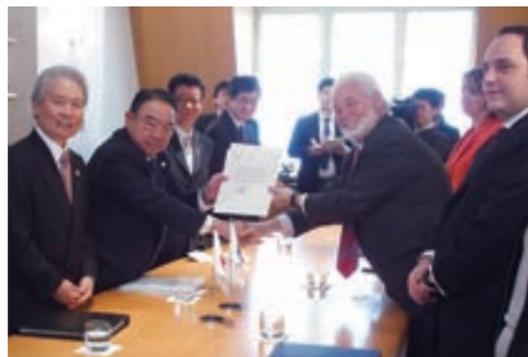
Held a company competition in Boccia (July 2017)

### Bringing the World Expo to Osaka, Kansai

Osaka, Kansai, ideal venues for an international expo, are candidates to stage the 2025 World Expo, and Keidanren is focusing on ways to help make that happen. This Expo will not only attract 28 million people and produce an economic ripple effect of 2 trillion yen, but will also help usher in a "future society" where SDGs are achieved through Society 5.0 in the site at Yumeshima, and show it to the world.

Towards the vote for the host country set to take place in November 2018, Chairman Sakakibara of the 2025

Japan World Expo Committee, the business community, the government, the Diet caucus, Osaka Prefecture, Osaka City and others have united to launch initiatives to build momentum within Japan and to obtain support from overseas. In particular, we are actively promoting Japan's concept for the expo and its attractions at the general meetings of the BIE (Bureau International des Expositions) in June and November as well as at meetings with member countries.



Bidding to the BIE (April 2017)



Image of venue (Yumeshima)  
Source: Bid dossier  
(Prepared by the Ministry of Economy, Trade and Industry)

### Promotion of economic diplomacy 1: Enhancing trade policies and bolstering Japan-U.S. and Japan-Europe relations



The Hon. John Kasich, Governor of Ohio, and the delegation members of Chairman Sakakibara's Mission to the U.S. (November 2017)

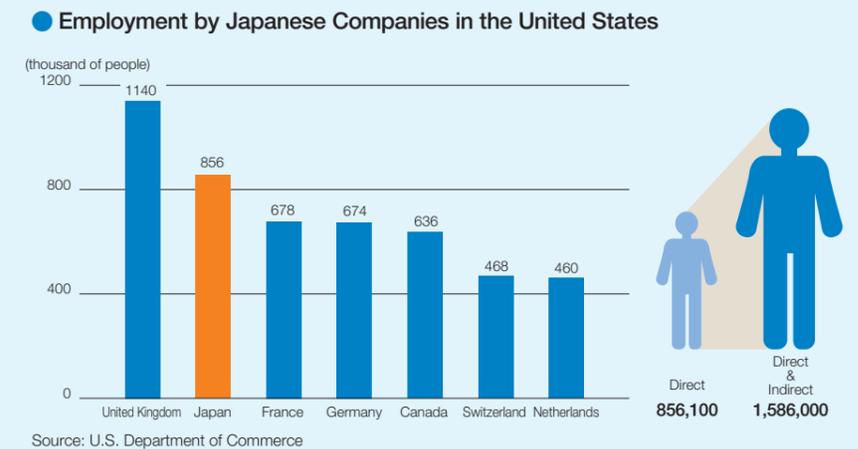
Amid growing concerns over the recent spread of anti-globalization and protectionist movements worldwide, Japan-EU negotiations on an EPA were concluded in December 2017 soon after the general agreement on the TPP 11 in November of the same year. Both are agreements that Keidanren has tirelessly advocated for many years. The economic partnership strategies of Japan, which have lagged behind those of other countries, are beginning to bear fruit. These mega FTAs are expected to serve as the strong driving force behind efforts to realize an economy with a GDP of 600 trillion yen.

Keidanren is also working vigorously to enhance Japan-U.S. relations, which are the most important bilateral relations for Japan. Keidanren has sent seven missions of various sizes to the U.S. over the last three years, in addition to reopening its office there in 2014. The missions have visited 14 states across the U.S. In

fiscal 2017, Keidanren sent three missions to the U.S. to exchange opinions with federal government officials, congressional members, state governors and members of the U.S. business community, including Secretary of Transportation Elaine Chao, Senator Ted Cruz and the Democratic Leader of the House of Representatives, Rep. Nancy Pelosi. The missions succeeded in facilitating the understanding about Japanese companies' contributions to the American economy and society, attracting attention to such matters as (1) Japanese companies' track record of contributions to the U.S. economy and society (such as the cumulative total of 420 billion U.S. dollars directly invested by Japanese companies and employment of approximately 1,600,000 persons by Japanese companies, including the indirect effect), (2) the importance of free trade and investment systems and (3) the further establishment and improvement of business conditions.



With Senator Ted Cruz (November 2017)



Promotion of economic diplomacy 2: Strengthening ties with Asian countries and establishing business conditions



India-Japan Business Leaders Forum (September 2017)

Strengthening close and mutually beneficial economic relations with Asian countries geographically close by is also important as Japan's growth strategy. In fiscal 2017, Keidanren sent economic missions to countries in Asia, such as China, India, Vietnam, Thailand and Myanmar. In addition, the Asian Business Summit was held in South Korea with business leaders from 12 major countries and regions in Asia. Following those initiatives, we urged political leaders in those respective Asian countries to establish business conditions that expand economic relations and attempted to bolster partnerships and cooperative ties with the members of the private sector.

Particularly with China, a country improving its relations with Japan, Keidanren held the Japan-China Green Expo 2017 in Beijing in June 2017 to promote cooperation in environmental and energy conservation. In addition, Keidanren dispatched a delegation to the country jointly with the Japan-China Economic Association and the Japan Chamber of Commerce and Industry in November of the same year. At a conference with Li Keqiang, the Premier of the State Council of the People's Republic of China, delegation members appealed to him of the

importance of Japanese-China relations as members of the business community. Keidanren is engaging in active exchanges to strengthen Japan-China relations, as demonstrated by events, such as the Japan-China CEO and Former Senior Government Officials' Dialogue held in Tokyo in December 2017. Moreover, we are arranging meetings for top business leaders in Japan and India, which has enjoyed remarkable economic growth, to coincide with reciprocal visits made by the leaders of the two countries, assembling joint reports on matters including the establishment of business conditions, and submitted them directly to the head of government of the two nations.

Thus, the economic diplomacy promoted by Keidanren serves as an important platform for enhancing economic relations with respective countries. Keidanren will continue to proactively encourage economic diplomacy, maintaining its cooperation with the Japanese government and advancing the establishment of business conditions in areas including the promotion of economic partnerships, infrastructure and human resource development.



Asian Business Summit held in Seoul (July 2017)



Third Japan-China CEO and Former Senior Government Officials' Dialogue (December 2017)

Chairman



**NAKANISHI Hiroaki**  
Executive Chairman  
Hitachi, Ltd.

Chairman of the Board of Councillors



**KOGA Nobuyuki**  
Chairman of the Board of Directors  
Nomura Holdings, Inc.

Vice Chairs

**OKAMOTO Kunie**  
Senior Advisor  
Nippon Life Insurance Company

**NAGAYASU Katsunori**  
Senior Advisor  
MUFG Bank, Ltd.

**MIYANAGA Shunichi**  
President & CEO  
Mitsubishi Heavy Industries, Ltd.

**TOKURA Masakazu**  
President  
Sumitomo Chemical Co., Ltd.

**IJIMA Masami**  
Chairman of the Board of Directors  
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**KUDO Yasumi**  
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Nippon Yusen Kabushiki Kaisha (NYK LINE)

**OKAMOTO Tsuyoshi**  
Senior Corporate Adviser  
Tokyo Gas Co., Ltd.

**KOBAYASHI Ken**  
Chairman of the Board  
Mitsubishi Corporation

**ISHIZUKA Kunio**  
Senior Advisor  
Isetan Mitsukoshi Holdings Ltd.

**KUNIBE Takeshi**  
President & Group CEO  
Sumitomo Mitsui Financial Group, Inc.

**YAMAUCHI Takashi**  
Chairman, Member of the Board  
Taisei Corporation

**SHINDO Kosei**  
Representative Director and President  
NIPPON STEEL & SUMITOMO METAL CORPORATION

**YAMANISHI Kenichiro**  
Executive Corporate Adviser  
Mitsubishi Electric Corporation

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Vice Chairman  
Toyota Motor Corporation

**SUMI Shuzo**  
Chairman of the Board  
Tokio Marine Holdings, Inc.

**TOMITA Tetsuro**  
Chairman and Director  
East Japan Railway Company

**KATANOZAKA Shinya**  
President and CEO  
ANA HOLDINGS INC.

**SUGIMORI Tsutomu**  
Representative Director, President  
JXTG Holdings, Inc.

Vice Chairs of the Board of Councillors

**TAKAHASHI Kyohei**  
Executive Advisor  
Showa Denko K.K.

**SUZUKI Shigeharu**  
Adviser  
Daiwa Securities Group Inc.

**EGASHIRA Toshiaki**  
Senior Advisor to the Board  
Mitsui Sumitomo Insurance Co., Ltd.

**OKAFUJI Masahiro**  
Chairman & CEO  
ITOCHU Corporation

**WATANABE Koichiro**  
Representative Director, Chairman of the Board  
Dai-ichi Life Holdings, Inc.

**YOSHIDA Haruno**  
Chairperson  
BT Japan Corporation

**ASANO Kuniko**  
Chairman  
HAKUICHI CO., LTD.

**IZUMIYA Naoki**  
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Chairman of the Board  
Panasonic Corporation

**NAKAMURA Kuniharu**  
Chairman of the Board of Directors  
SUMITOMO CORPORATION

**SATO Yasuhiro**  
Chairman of the Board  
Mizuho Financial Group, Inc.

**ENDO Nobuhiro**  
Chairman of the Board  
NEC Corporation

**KOBORI Hideki**  
President & Representative Director  
Asahi Kasei Corp.

**NEGISHI Naofumi**  
Executive Advisor  
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**SAITO Tamotsu**  
Chairman of the Board  
IHI Corporation

**SHINOHARA Hiromichi**  
Chairman of the Board  
Nippon Telegraph and Telephone Corporation

**KOMODA Masanobu**  
President and CEO  
Mitsui Fudosan Co., Ltd.

**HATANAKA Yoshihiko**  
Representative Director, Chairman of the Board  
Astellas Pharma Inc.

**ISAKA Ryuichi**  
President & Representative Director  
Seven & i Holdings Co., Ltd.

**NIINAMI Takeshi**  
President & CEO  
SUNTORY HOLDINGS LIMITED

Director General

**KUBOTA Masakazu**

## Organization Chart



## Financial Report

### Condensed Balance Sheets (As of March 31, 2018)

(Millions of yen)

Items	Current fiscal year
<b>I Assets</b>	
1 Current assets	
Total of current assets	2,100
2 Non-current assets	
(1) Specific assets	
Accumulated assets for replacement of office facilities	8,847
Accumulated assets for replacement of conference room facilities	6,415
Other accumulated assets	2,014
Total of specific assets	17,277
(2) Other non-current assets	
Buildings	6,254
Land	3,503
Other	5,756
Total of other non-current assets	15,514
Total of non-current assets	32,792
Total of assets	34,892
<b>II Liabilities</b>	
1 Current liabilities	
Total of current liabilities	644
2 Non-current liabilities	
Total of non-current liabilities	696
Total of liabilities	1,341
<b>III Net assets</b>	
General net assets	33,551
(of which the amount appropriated to specific assets)	(17,277)
Total of net assets	33,551
Total of liabilities and net assets	34,892

### Statement of Changes in Net Assets (From April 1, 2017 to March 31, 2018)

In Fiscal 2017, Keidanren's ordinary income was 6,620 million yen. Ordinary expenses were 5,069 million yen, the breakdown of which was 3,523 million yen for project expenses and 1,545 million yen for administration expenses. The amount of the ordinary accounts balance calculated by taking into account the gain/loss on valuation of assets and others was 1,571 million yen. The ordinary accounts balance is appropriated to the accumulation of specific assets, etc. for the future replacement of facilities, etc.

History of KEIDANREN

# Keidanren 1946 >>> 2018

The Japan Federation of Economic Organizations (Keidanren) was established in August 1946, immediately after the end of World War II, with the aim of reconstruction and recovery of the Japanese economy. Keidanren's first Chairman was Ichiro Ishikawa (1946-56). In April 1948, the Japan Federation of Employers' Associations (Nikkeiren) was launched with the objective of establishing appropriate relations between labor and management, with the motto "Employers, Be Righteous and Strong". Nikkeiren's first Representative Executive Director was Kanichi Moroi (1948-68).

Since then, the two organizations have contributed to the development of the Japanese and global economies through maintaining and stimulating a liberal economic model and taking on internal and external challenges that the business community faced, such as trade liberalization, promotion of free competition, measures for addressing energy and environmental issues, promotion of private sector economic diplomacy, wage negotiations, and establishment of stable labor-management relations. Keidanren's Chairman Taizo Ishizaka (1956-68) emphasized that the business community must take the high road of liberalization, and helped achieve capital liberalization.

In 1966, the original Keidanren Kaikan building was completed, and the organization continued its further development.

Keidanren Chairman Toshio Doko (1974-80) used his experience gained through work on the streamlining of production sites to streamline government (administrative reform). Since the tenures of Keidanren Chairman Doko, Nikkeiren Chairman Bunpei Otsuki (1979-87), and Nikkeiren Chairman Eiji Suzuki (1987-91), the major roles of Keidanren and Nikkeiren in contributing to administrative and financial reforms have been recognized by the Japanese people.

Japan, although having achieved the vigorous economic growth, then entered a period of trade friction. In order to overcome this situation, various concepts, such as "Philosophy of Endurance" by Keidanren Chairman Yoshihiro Inayama (1980-86); "Co-existence" by Keidanren Chairman Gaishi Hiraiwa (1990-94); and "Attractive Japan" by Keidanren Chairman Shoichiro Toyoda (1994-98); were established in an attempt for Japanese companies to be accepted by the international community as good corporate citizens.

Amid the trend toward a declining birthrate and an aging population as well as diversification in the mentality and values

of the Japanese people, the structural reforms of the social security system, labor market, and educational system have become indispensable for enhancing the competitiveness. Therefore, in 2002, Keidanren and Nikkeiren merged to form the Japan Business Federation (Keidanren) as a new comprehensive economic organization to address the cross-cutting issues. The first Chairman of Keidanren after the merger was Hiroshi Okuda (2002-06).

In 2009, the new Keidanren Kaikan building was completed. On March 30, 2012, Keidanren changed its juridical status from an incorporated association to a general incorporated association in accordance with the reform of the public interest corporation system.

Keidanren has not only worked on the Japanese government to carry out policy measures with its opinion papers on various key issues, but also has released comprehensive and long-term development strategies for Japan at home and abroad. The chairman vision statements broadly presented the future image of the Japanese economy and the society as well: "Envisioning a Vibrant and Attractive Japan" (Chairman Okuda, 2003), "Land of Hope, Japan" (Chairman Mitarai, 2007), and "Toward the Creation of a More Affluent and Vibrant Japan" (Chairman Sakakibara, 2015). The "Sunrise Report" (Chairman Yonekura, 2010) declared the setting-up and promotion of private sector-led projects to enhance industrial strength.

Ever since Chairman Okuda became a private-sector member of the Council on Economic and Fiscal Policy (chaired by Prime Minister Koizumi at the time), Keidanren's Chairmen have been private-sector members at important meetings hosted by the government, and have been participating in government policy discussions in a wide range of fields, including economy, finance, industry, and science and technology. As exemplified by the contributions made by Chairman Sakakibara (2014-2018) at meetings such as the Council on Economic and Fiscal Policy, the Council on Investments for the Future, and the Council for Designing 100-Year Life Society, many recommendations made by Keidanren have been reflected in the Japan Revitalization Strategy and other initiatives of the Abe Cabinet.

As Japanese companies engage in business activities on a global scale, Keidanren's activities are also expanding from within Japan to the world stage.

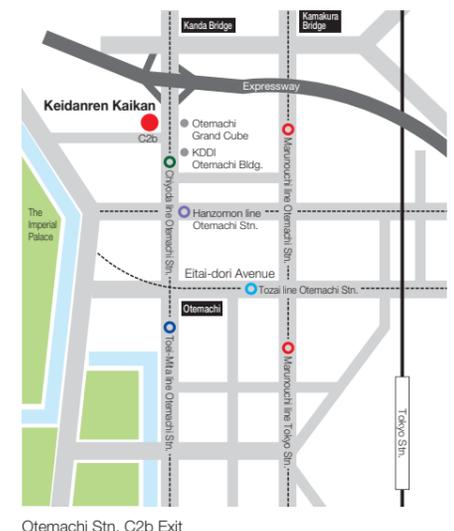
## Overview of KEIDANREN

Name:	Ippan Shadan Hojin Nippon Keizai Dantai Rengokai KEIDANREN (Japan Business Federation)
Objectives (Article 3 of the Articles of Incorporation):	The objectives of Keidanren as a comprehensive economic organization are to contribute to the self-sustained development of the Japanese economy and the improvement of the lives of citizens, by drawing out the dynamism of corporations as well as that of the individuals and communities that support them
Established:	August 16, 1946
Authorized as an incorporated association:	June 29, 1961
Transition to a general incorporated association:	March 30, 2012
Representative Directors:	NAKANISHI Hiroaki, Chairman KUBOTA Masakazu, Director General
Directors:	24 (Chairman: 1, Vice Chairs: 18, Director General: 1, Senior Managing Directors: 2, Managing Directors: 2)
Auditors:	2
KEIDANREN is a corporation with an Accounting Auditor.	
Membership:	Corporate members: 1370, Group members: 156, Special members: 31, Total: 1557 members (as of March 31, 2018)
Secretariat:	Staff members: 229 (including temporary staff, as of April 1, 2018)

Ippan Shadan Hojin Nippon Keizai Dantai Rengokai  
KEIDANREN or Japan Business Federation  
Keidanren Kaikan, 1-3-2, Otemachi, Chiyoda-ku, Tokyo 100-8188  
Phone +81-3-6741-0111  
<http://www.keidanren.or.jp/>

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**Keidanren**  
Policy & Action