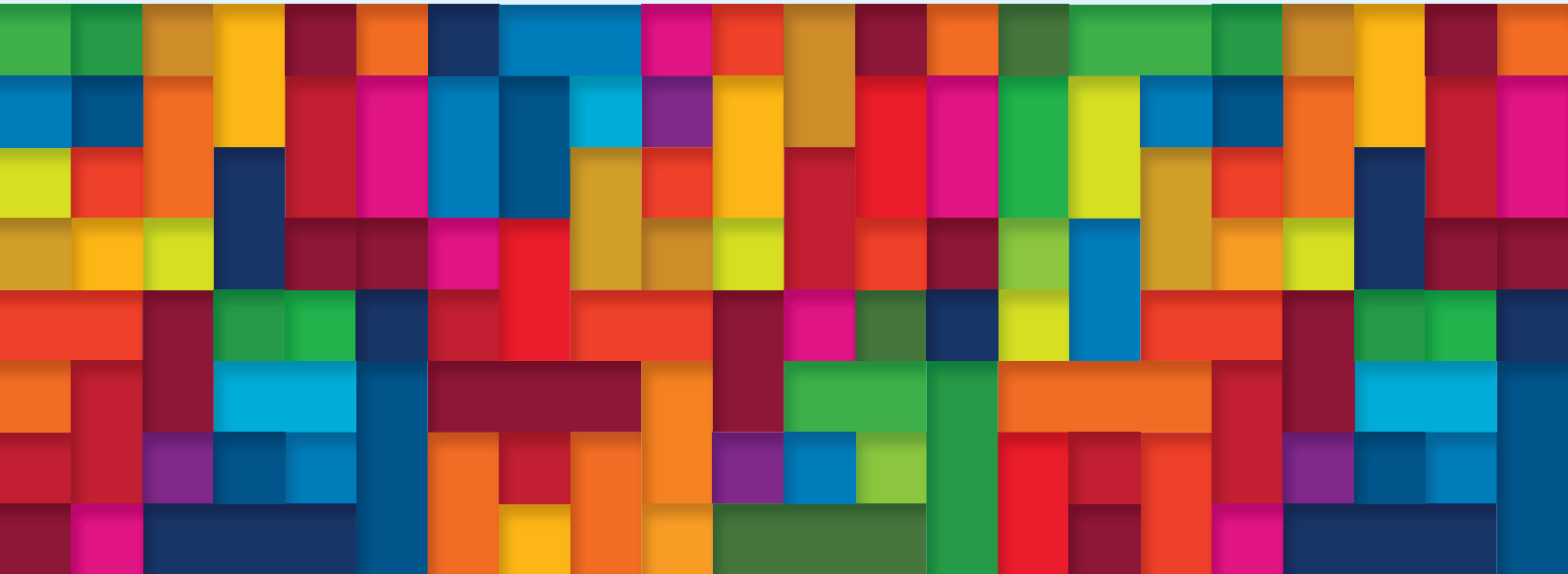


Keidanren



ANNUAL
REPORT

2020

Keidanren
Japan Business Federation

About KEIDANREN

KEIDANREN (Japan Business Federation) is a comprehensive economic organization with a membership comprised of 1,444 representative companies of Japan, 109 nationwide industrial associations and the regional economic organizations for all 47 prefectures (as of April 1, 2020).

Its 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 sustainable 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, it communicates with a wide range of stakeholders including political leaders, administrators, labor unions and citizens. It encourages its members to adhere to the Charter of Corporate Behavior in an effort to establish and maintain public confidence in the business community. It also strives for the resolution of international issues and the development of closer economic relations with various countries through policy dialogue with the governments and economic associations of each country as well as international organizations.

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Message from the Chairman

The novel coronavirus (COVID-19) pandemic has dealt a heavy blow to the entire world, and the priority for fiscal 2020 will be bringing it under control. In collaboration with all our member companies, Keidanren will make every effort to encourage teleworking and staggered work hours, and swiftly curb the spread of infection. At the same time, we will fulfill our social mission to protect people's lives and livelihoods by supplying medical goods and equipment and cooperating in the manufacture of such items. Keidanren will also do our utmost to maintain supply chains and employment. Moreover, we will make timely efforts to urge the government and ruling coalition to swiftly take necessary measures, while monitoring the effects of government responses.

The pandemic has been a sharp lesson in just how quickly the spread of infection can cause a serious situation, and now is the time to build a resilient economy and society that can withstand such emergencies. First of all, Keidanren needs to promote thorough regulatory reform, digitalization, and data-sharing across all fields — including healthcare, education, public administration, finance, and industry — in the aim of using digital technology to strengthen growth strategy. Speeding up digital transformation will help us to realize Society 5.0, a goal that has been shared by Keidanren and the government, and feed into achievement of the United Nations Sustainable Development Goals (SDGs). Given the frequent occurrence of large-scale natural disasters in recent years, climate change is another pressing issue to be addressed in parallel with infection control. In the aim of achieving decarbonized society, Keidanren will work to create an environment that encourages investment in facilities and R&D, and encourage the building of advanced and resilient electricity and energy systems developed with a focus on digitalization. At the same time, Keidanren will try to pursue work style reforms and human resource development initiatives and strive to invigorate regional economies.

On the global stage, as the COVID-19 pandemic sweeps the world, there are fears of divisions in the global community, such as increasing hostility between the US and China. Since restoration of a free and open international economic order is essential to global economic development, Japan needs to display firm leadership in this regard. Keidanren will proactively engage in private-sector diplomacy through close cooperation with the Japanese government and overseas business organizations. At the same time, we will call upon the government to create an environment conducive to maintenance, diversification, and greater resilience of corporate supply chains, taking account of economic security.

With our sights set on returning to normality as quickly as possible and building a resilient economy and society while also preparing to live with COVID-19 for a prolonged period, I look forward to continuing support and cooperation from all our member companies.



Chairman

中西宏明
NAKANISHI Hiroaki

Main Activities in Fiscal 2019

2019

- April 3 • Joint statement in support of the trilateral trade ministers initiative: Business Roundtable – European Round Table of Industrialists – Keidanren
- April 16 • Rebuilding Japan's electricity system: electricity policy to realize Society 5.0
 - Transformation towards strategy and emergence aimed at realizing Society 5.0: proposal on government investment in R&D
 - Assuring social security for 2040
- April 22 • Keidanren-Academia Council for Future of Higher Education and Recruitment: Interim Report and Joint Policy Proposals
- May 30 • Opening up a new era with "Society 5.0 for SDGs"
- July 6 • B7 Aix-en-Provence Summit 2019 Joint Statement: Inclusive, Sustainable Economic Growth and Governance for the 21st Century
- July 16 • Devolutionary reforms contributing to revitalization of local economies
- August 5 • Stock markets promoting start-up growth
- August 29 • Innovation for SDGs: road to African development
- September 3 • Joint international business groups no-deal statement
- September 4 • Recognition of issues surrounding trends in sustainable finance
- September 11 • Keidanren's requests for the new administration
- September 17 • Tokyo in the Society 5.0 era: strengthening international competitiveness through digital transformation
 - Proposal for revision of the unemployment insurance system
 - Proposal for fiscal 2020 tax reform
- September 30 • Views on "Draft Guidelines Concerning Abuse of a Superior Bargaining Position under the Antimonopoly Act in Transactions between Digital Platform Operators and Consumers that Provide Personal Information, etc."
- October 2 • Towards the building of an ecosystem to attract global investors and entrepreneurs: comments on strengthening FDI controls under the Foreign Exchange and Foreign Trade Control Act
- October 9 • U. S.-Japan Internet Economy Private Working Group joint statement
- October 15 • Ideal protection and utilization of personal data toward Society 5.0
 - Views on promoting partnership between business and politics
 - Evaluation of major political parties' policies(2019)
 - Policy proposals on investment treaties
- October 17 • The 10th Asian Business Summit joint statement: Asia super connect for sustainable development
- October 30 • View on criminalization of downloading content that infringes copyright
 - Call for further enhancement of the intellectual property high court: enhancing the appeal of the intellectual property judiciary
- October 31 • Cyber Risk Handbook for Japanese Corporate Directors



Handed policy proposal on infrastructure development to Chief Cabinet Secretary Yoshihide Suga (April 2019)



Japan-China CEO and Former Senior Officials Dialogue (July 2019)



Summer Forum 2019



Joint delegation of Keidanren, Japan-China Economic Association, and Japan Chamber of Commerce and Industry to China met with Li Keqiang, Premier of the State Council of China (September 2019)

- November 5 • Views on draft revisions to Guidelines to Application of the Antimonopoly Act Concerning Review of Business Combination and policies relating to procedures for business combination investigations
- November 8 • Opinion of five organizations on employees' insurance with a view to reform of the health insurance system
- November 11 • Keidanren's Initiative on Business and Human Rights and Proposal on Japan's National Action Plan
- November 12 • Urgent proposal calling for thorough application of ICT to compulsory education with a view to developing human resources for the Society 5.0 era
 - Comments on the public consultation document secretariat proposal for a "unified approach" under pillar one
- November 19 • Proposal on economic structural reform: toward ensuring security through unified reform of economic growth, public finances, and social security
- November 27 • Request concerning 2020 review of medical service fees
- December 2 • Comments on the public consultation document Global Anti-Base Erosion Proposal ("GLOBE") – pillar two
- December 9 • Challenge Zero: innovation challenges towards decarbonized society
- December 17 • Proactive strategic space development & utilization: for economic growth and security & safety

2020

- January 14 • Opinion on framework for reforming the system of triennial review of the Act on the Protection of Personal Information
 - Joint statement: The trilateral discussions between the European Union, Japan and the United States need to deliver concrete proposals that restore the global level playing field with regards to market distortive practices
- January 20 • Opinion on "direction for the bill on improving transparency of digital platformer transactions (provisional title)"
- January 21 • 2020 report of the Special Committee on Management and Labor Policy: enhancement of engagement and value creation capabilities to forge a path to the Society 5.0 era
- February 3–4 • B7 Washington D.C. Summit
- February 18 • Opinion on The Basic Plan for Food, Agriculture and Rural Areas: toward structural reforms in agriculture for the Society 5.0 era
- March 17 • Proposal on regulatory reforms realizing Society 5.0
 - Developing human resources to forge a path to the Society 5.0 era: towards growth for enterprises and workers
- March 26 • Promoting ESG investment, realizing Society 5.0, and delivering on SDGs (joint research report by Keidanren, the University of Tokyo, and the Government Pension Investment Fund)
- March 30 • Keidanren's urgent proposal to counter coronavirus disease (COVID-19) pandemic
- March 31 • Approaches and action plans to reform higher education and recruitment toward Society 5.0 (report of the Keidanren-Academia Council for Future of Higher Education and Recruitment)



Asian Business Summit (October 2019)



Chair Koga (center) and Chair Asano (right) presenting devolutionary reforms proposal to Minister Sanae Takaichi (October 2019)



Handed policy proposal on economic structural reform to Liberal Democratic Party Policy Research Council Chairperson Fumio Kishida (November 2019)



B7 Washington D.C. Summit (February 2020)



Keidanren Policy for Fiscal 2020

Overcoming COVID-19 and Generating New Growth

The novel coronavirus (COVID-19) pandemic is sweeping the world, striking an unprecedented blow to the global economy. Japan's economy, which has enjoyed stable growth under a free and open international order, has also come to a crucial turning point.

The top priority is to win the battle against COVID-19. Keidanren will take the lead in heeding requests from government and other quarters, call on our member companies to do the same, and fulfill our social mission to protect people's lives and livelihoods. We will pool the strengths of all our committees, including the Council on COVID-19, to urge the government and the ruling coalition to swiftly take measures needed to overcome the crisis, while simultaneously devoting every effort to maintaining supply chains and employment.

This experience has highlighted vulnerabilities in Japan's economic and social systems. Japanese companies urgently need to accelerate digitalization in various fields. In the aim of realizing Society 5.0 through digital transformation (DX), we must accomplish major social and economic reforms at a single stroke and link these reforms to achievement of

United Nations Sustainable Development Goals. This will open a path to building a resilient economy and society, including emergency responsiveness.

It is essential to contain the pandemic, and moreover to strengthen international collaboration in resolving this global challenge. The government and the public and private sectors need to work energetically together to generate knowledge with a view to asserting a stronger voice for Japan in the international community.

At the same time, we must be prepared to live with COVID-19 for a long period, which will require agile and flexible responses to arising circumstances.

The post-COVID-19 world will be very different to today. The situation calls for new ideas and bold policies, and Keidanren has positioned the points set out below as its priorities. We will act with speed and resolve while communicating the views of the business community both domestically and internationally.

1. Responding to the Spread of COVID-19 Infections

Companies continue to take the initiative in reducing opportunities for contact through measures such as teleworking, and firstly devote every effort to quickly controlling the spread of infection. Keidanren asks member companies to supply medical goods and equipment and cooperate in their manufacture. We also make fund-raising appeals and bolsters ties with overseas business organizations. Until the pandemic is over, Keidanren will prioritize the maintenance of employment and business

continuity, closely monitor the effects of the government's emergency economic measures, and call for additional support and regulatory easing as required in the areas of taxation and fiscal policy. In addressing these matters, we will maintain close ties with the government and other relevant bodies in Japan and abroad, and the Keidanren Council on COVID-19 will play a central role in domestic and international information-sharing and disseminating the views of the business community.

2. Building a Resilient Economy and Society

(1) Utilization of digital technology to reinforce growth strategy

Keidanren will promote thorough regulatory reform, digitalization, and sharing of digitalized data in fields including healthcare, education, public administration, finance, and industry, and build economic and social resilience.

Keidanren will simultaneously strive to restore the economy, which has deteriorated sharply due to the effects of COVID-19, by accelerating investment in DX. Over the medium to long term, we will aim to utilize digital infrastructure as a basis for resolving a range of social issues through DX and propose a happier, more human-centric society, in other words, set out a concrete vision for Society 5.0.

Keidanren will deepen discussion of DX to reform industrial structures and organizations in ways that will contribute to achievement of the above aims, and implement a cross-sector project to this end. We will prioritize initiatives relating to governance innovation and global rule-making. Keidanren will also support businesses to attract stable medium- to long-term funding, promote start-ups, and reinforce cooperation with them.

(2) Promotion of energy and environmental policies aimed at decarbonized society

Looking ahead to decarbonized society, Keidanren will seek to create an environment that encourages investment in facilities and R&D, and focus on digitalization in the aim of constructing advanced and resilient electricity and energy systems. As part of this process, Keidanren will urge acceleration of efforts to develop next-generation electricity grids, expansion of renewable energy into major power source, restart of nuclear power stations once safety is assured, and research and development for next-generation nuclear power technologies.

Keidanren will energetically promote Challenge Zero and similar industry-driven initiatives.

(3) Work style reform and human resource development

As well as establishing teleworking to enable a diverse range of people to actively exercise their creativity in the digital era, Keidanren will aim to implement deeper work style reforms contributing to enhanced worker engagement, including deployment and expansion of systems for discretionary working hours and flex-time, and remuneration systems focused on employees' jobs, performance and abilities.

Keidanren will steadily implement the 10-point action plan agreed in the report of the Industry-Academia Council on the Future of Recruitment and University Education, and through industry-academia cooperation promote human resource development to support the realization of Society 5.0, which will be more important than ever in the post-COVID-19 era.

(4) Revitalization of regional economies

To bolster socioeconomic resilience, Keidanren will promote ties with regional business organizations and local public bodies, and collaborate with them to boost regional competitiveness. At the same time, we will work to rectify excessive concentration of core functions in Tokyo and other major cities to ensure that the nation's core functionality is not lost when large-scale natural disasters, pandemics, or other unforeseen events strike. To this end, Keidanren will urge the transfer of authority and revenue sources to local public bodies and decentralization reforms achieved through cooperation between municipalities. Keidanren will also try to encourage production, distribution, and consumption that utilizes local resources through open innovation with local enterprises, start-ups, and research institutes, as well as enhanced cooperation with local governments and operators in key industries such as agriculture and tourism.

3. Restoring a Free and Open International Economic Order

Restoration of a free and open international economic order is essential to global economic development. We need to face up to the accelerating wave of digitalization, and aim for realization of new international rules, including those ensuring free flow of data. Japan must show leadership in resolving these issues. In addition to working closely with the Japanese government and other countries' business organizations, Keidanren will actively engage in private-sector diplomacy through forums including the B7, the B20, Business at OECD, and the World Economic Forum.

Taking account of economic security at the same time, Keidanren will work to create an environment that helps to maintain and diversify supply chains and bolster their resilience. Keidanren will also support the establishment and improvement of medical systems and public health environments abroad, especially in developing countries.



Toward Realization of Society 5.0

Bringing Society 5.0 to Fruition

A wave of rapid change is sweeping the world. Grasping such change as an opportunity, Keidanren is working to materialize Society 5.0, a concept developed in Japan and disseminated both at home and abroad. Keidanren sees Society 5.0 as a place where issues are resolved and value is created by diverse people utilizing digital technologies and data to exercise their imagination and creativity.

Efforts to realize Society 5.0 will contribute to achievement of the SDGs adopted by the United Nations. In this sense, Society 5.0 is a new social model that should be built through global cooperation, and Japan has a key role to fulfill as the originator of the concept. Keidanren will accelerate its efforts to promote cooperation among a diverse range of domestic and international players and strive to make Society 5.0 a reality.

In November 2018 Keidanren published a proposal titled “Society 5.0: Co-creating the future,” which set out the concept for a bright future society and Japan’s action plan for realizing it. Society 5.0 will not simply come; it must be created. As a flag-bearer for materializing Society 5.0, Keidanren will lead the transformation of Japan’s economy and society.

Reforming Industrial Structure (Digital Transformation)

Realization of Society 5.0 requires a range of reforms to enterprises and society as a whole.

A key priority of the action plan set out in our proposal is drastic change to industrial structure. In forging ahead with digital transformation (DX), major changes must occur in industry. Keidanren has established a new Council on Digital Transformation (DX Council) for the purpose of discussing new directions for industrial structure and cross-sector issues. In May 2020 we published the outcomes of DX Council deliberations in a report titled “Digital Transformation – Opening Up the Future through Co-creation of Values –.”

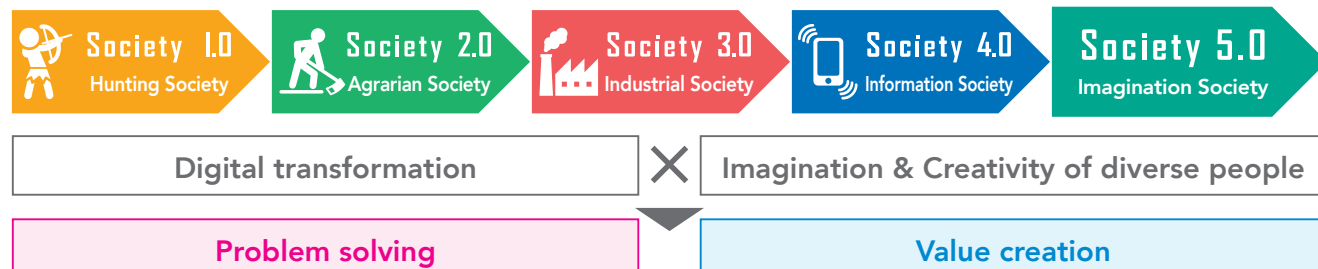


The 1st meeting of DX Council (November 2019)



The 1st event of KIX (October 2019)

Society 5.0 : The Imagination Society



Expanding Open Innovation

Keidanren has high hopes that start-ups will be key players in realizing Society 5.0, as they take up the challenge of finding vision-driven approaches to resolving social issues and creating new value. We have established a new Committee on Startups and are rolling out activities aimed at expanding open innovation by major companies and start-ups.

In October 2019 we launched Keidanren Innovation Crossing (KIX), a high-level networking event with participation from major company executives at director level or above, and this network meets monthly.

In the aim of encouraging cooperation between domestic companies and overseas start-ups, in October last year Keidanren also concluded a partnership agreement with the Japan External Trade Organization, Tokyo Metropolitan Government, and Project Nippon. Based on this agreement, in March 2021 we plan to hold “Tokyo Challenge 100,” a matching program promoting collaboration between 100 major Japanese companies and several hundred promising overseas start-ups.



Launch of the partnership agreement for “Tokyo Challenge 100” (October 2019)

Contributing to Achievement of SDGs

This is the fifth year of actions to achieve SDGs since the United Nations adopted the 2030 Agenda. Based on the Keidanren Charter of Corporate Behavior, which was revised in 2017 to position “Society 5.0 for SDGs” as a key pillar, we have promoted corporate initiatives aimed at creating a sustainable and inclusive society where no one is left behind. Keidanren will strengthen ties with international organizations including the United Nations Development Programme, the United Nations Children’s Fund (UNICEF), and the World Bank, as well as the Japan Network for Public Interest Activities (JANPIA)* and private groups promoting the SDGs. We will also promote creation of solution businesses that aim to resolve SDG issues through facilitating dialogues among companies, entrepreneurs, and NGOs.

Furthermore, Keidanren will conduct surveys on companies’ innovation mechanisms to accelerate “Society 5.0 for SDGs” as well as evaluation attempts of social impact of their initiatives and the activities to enhance corporate value, and share good practices to encourage further efforts.

* JANPIA is the Designated Utilization Organization under the Act on Utilization of Funds Related to Dormant Deposits to Promote Public Interest Activities by the Private Sector, established with support from Keidanren.



Keidanren SDGs Mission at the World Bank Group (July 2019)

Aiming to resolve social issues and coexist with the environment, Society 5.0 will contribute to delivering on the United Nations SDGs. The two reforms share a common direction.

Society 5.0

Nine fields

- 1 Cities and Regions
- 2 Energy
- 3 Disaster Prevention and Mitigation
- 4 Healthcare
- 5 Agriculture and Food
- 6 Logistics
- 7 Manufacturing and Services
- 8 Finance
- 9 Public Services

SUSTAINABLE DEVELOPMENT GOALS



Keidanren supports the Sustainable Development Goals.
Source: United Nations Information Centre
<https://www.un.org/sustainabledevelopment/news/communications-material/>

Human Resource Development

To contribute to the development of personnel capable of playing active roles in Society 5.0, Keidanren compiles and publishes proposals from a business standpoint on education at all levels, from elementary to secondary, tertiary, and recurrent. We concentrate especially on issues including the future role of universities and tertiary education, corporate recruitment, internships, and employment, and have established a Keidanren-academia council as a forum for direct dialogue between leaders of universities and corporations. In this council, businesspeople and educators will collaborate to propose and implement specific action plans.

Keidanren also operates scholarship programs for high school, university, and graduate school students studying abroad, with a focus on developing global leaders.



Symposium hosted by Keidanren-Academia Council (June 2019)



The 2nd Keidanren-Academia Council meeting (April 2019)



Economic Structural Reform

Fiscal Consolidation and Reform of Social Security Systems Oriented to All Generations

In conjunction with implementing growth strategy, Japan must engage in fiscal consolidation and build social security systems oriented to all generations in order to create a bright future where people of all ages can feel at ease. Keidanren has established a new Council on Economic Structural Reforms to facilitate cooperation among all relevant committees on these matters. This council compiles proposals and actively urges the government and the ruling coalition to take appropriate steps.

Revenue and expenditure reforms are essential to fiscal consolidation, and Keidanren has emphasized the importance of expenditure that fuels economic growth as well as the need to secure stable revenue sources.

Spending on social security benefits is projected to rise as Japan's population ages, and it will be essential to ensure the sustainability of social security systems while striking a



Planning Meeting on a Social Security System Oriented to All Generations (February 2020) *From the Prime Minister's Office official website

balance with economic growth. On occasions such as the government's Planning Meeting on a Social Security System Oriented to All Generations, in which Keidanren chairman Hiroaki Nakanishi participates, Keidanren has called for the government to implement reforms to rectify the lack of balance between senior citizens and the working generation in the benefits received and burdens shouldered and to minimize increases in social insurance premiums borne by the working generation and companies.

Building a New International Tax Framework

As economies become increasingly digitalized, pressure grows for radical reform of the international tax framework. Discussions aimed at resolving this issue are under way at the OECD and the G20, and a final report is due to be compiled by the end of 2020.

As well as attending international meetings including OECD public consultations, Keidanren has been actively engaged in an effort to build a new tax framework by co-hosting

large conferences with the OECD and the BIAC, etc. In such forums, Keidanren communicates the views of the Japanese business community, especially from a practical business perspective, to ensure that a new framework will be workable and efficient.



Conference jointly hosted with the OECD and the BIAC (October 2019)



Public consultation on digital tax at the OECD (November 2019)

Energy and Environmental Policy for Sustainable Growth

Energy is fundamental to everyday life and business activities, and Japan must strike a balance of stable supply, economic efficiency, and environmental responsibility while assuring safety as a prerequisite. In April Keidanren published a proposal titled "Rebuilding Japan's Electricity System," which encourages electricity investment to make renewable energy a mainstream energy source, continue utilization of nuclear power, and construct next-generation grids.

Keidanren regards environmental issues such as climate change, resource circulation, biodiversity, and environmental risk management as key business challenges, and promotes voluntary initiatives including Keidanren's Commitment to a Low Carbon Society as well as "Integrated Environmental Corporate Management." Our climate change initiatives have included sending a delegation to the 2019 United Nations Climate Change Conference (COP25) and launching "Challenge Zero" in December 2019. To address the issue of plastics, Keidanren established new industry-specific plastic-related targets, and is working towards their fulfilment.



Sending a Keidanren delegation to COP25 (December 2019)

Economic Diplomacy

Keidanren compiles policy proposals on trade and related matters, including reforms to maintain and enhance World Trade Organization functions, in the aim of maintaining and strengthening a rules-based, free, and open international economic order. We also dispatch overseas business delegations, hold joint meetings, and utilize international forums including the B20 and the B7 to work towards achievement of policy goals. In fiscal 2019 particular emphasis was placed on dialogue with a diverse range of stakeholders related to the G20 Osaka Summit, based on outcomes from the B20 Tokyo Summit held in March 2019. From the viewpoint of further strengthening cooperative relations with the United States, Keidanren conveyed its opinions on the U.S. critical technologies control policies while engaging in closer exchange with federal and state governments and assemblies. We also broadened and deepened cooperative relations with Europe through initiatives including business missions and urged the U. K. and the EU to avoid a no-deal Brexit.

As well as dispatching a business delegation to China and pursuing in-depth discussion of challenges and opportunities the two countries face, Keidanren exchanged views with the South Korean business community on promoting cooperation

aimed at sustainable growth in Japan and Korea. Moreover, we held joint conferences and met with foreign leaders and ministers visiting Japan to further expand bilateral economic exchange.

Keidanren also organized the Asian Business Summit and the China-Korea-Japan Business Summit, which discussed issues including free trade and the digital economy and adopted joint statements. In addition, we urged African leaders to improve business environments at the seventh Tokyo International Conference on African Development (TICAD7) in Yokohama.

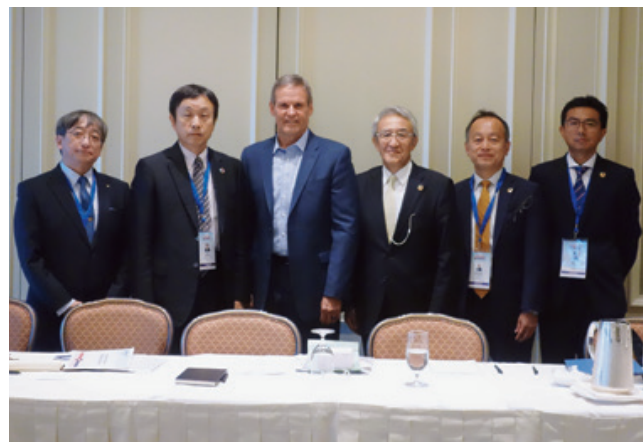
Through such activities, Keidanren worked to realize international agreements including a 16-country Regional Comprehensive Economic Partnership and a Japan-China-Korea Free Trade Agreement, and to promote high-quality infrastructure development. We also joined Latin American business groups in proposing an economic partnership agreement between Japan and Mercosur (a four-country Latin American trade bloc including Brazil) as a new trade strategy, and continue discussions aimed at realizing this goal.



With French President Emmanuel Macron (July 2019)



China-Korea-Japan Business Summit (December 2019)



With Tennessee Governor Bill Lee (July 2019)



TICAD7 (August 2019)

Constructive Dialogue with Investors

To energize innovation in the aim of realizing Society 5.0, Japan must make its companies even more attractive to investors and draw domestic and overseas funding into its financial and capital markets. The key to making investors want to invest in a company lies in further enhancing core efforts in areas such as corporate governance and deepening constructive dialogue with investors. To that end, Keidanren encourages corporate efforts through various seminars, dispatching missions to the U.S. and other initiatives and promotes engagement with stakeholders including domestic and international institutional investors.



Mission to the US for Constructive Dialogue with Investors (April 2019)

Work Style Reform and Enhancement of Engagement, and Promotion of Diversity

So far, companies have engaged in "Phase I" work style reforms, which focus on efficiency of inputs (work volumes) through measures including reduction of working hours and encouraging employees to take leave.



Chairman Nakanishi speaking at Labor-Management Forum (January 2020)

While continuing such input improvement efforts, companies will now move more deeply into "Phase II" work style reforms to maximize outputs (added value) by enhancing worker engagement. This will be achieved by diversity management and technology utilization that enable a wide range of personnel to play active roles regardless of age, gender, nationality, or disability.

At the same time, Keidanren companies will widely share positive examples of work styles for Society 5.0 and human resource development initiatives, and urge the government to expand the scope of work subject to discretionary working hour systems.

Keidanren member companies will also devote energy to promoting diversity through actions such as Keidanren's recent signing of a memorandum of understanding on cooperation with the 30% Club, a campaign that originated in the U. K. and encourages corporate chairs and CEOs to take the lead in improving diversity.



Committee on Diversity & Inclusion (December 2019)

Partnership between Business and Politics

The international situation is becoming increasingly unpredictable and uncertain, due to factors including the global economic downturn, growing geopolitical risks, and the spread of COVID-19 infection. For Japan, too, which has accomplished gradual but steady economic recovery based on stable political foundations, the current situation presents a major test. Politics has a large role in maintaining and developing a free and open international economic order while reinforcing steps towards recovery and further growth

in the Japanese economy. Japan's role on the international stage is expanding, and it is vital for the business to join forces with politics and engage with domestic and international policy implementation. Keidanren continue to (1) propose policies, (2) communicate with political parties and politicians, and (3) engage in collaborative public-private economic diplomacy efforts by strengthening our partnership with politics.



Meeting with Minister of State for Economic and Fiscal Policy Yasutoshi Nishimura (October 2019)



High Level Meeting with the Liberal Democratic Party (LDP) (left) Member of House of Representatives Akira Amari (right) Chairperson, Policy Research Council, Fumio Kishida (June 2019)



Roundtable with Minister of the Environment Shinjiro Koizumi (November 2019)

Successful National Events

The Tokyo Olympic and Paralympic Games have been rescheduled for 2021. On top of ensuring the success of this international sporting event, Japan needs to use it as an ideal opportunity to grab the world's attention and showcase all that our country has to offer.

To energize Japan's athletes and teams Keidanren is backing sportspeople and their support networks nationwide and encouraging the employment of athletes. With a view to generating excitement about the Tokyo Games and forming a lasting post-Olympic legacy, the All Japan Business Committee for the Tokyo Olympics and Paralympics, which is made up of representatives of Keidanren and other business groups, is active throughout the country in popularizing sport, supporting para-sports, promoting a barrier-free society, and publicizing Japan's attractions and technological prowess.

For the Rugby World Cup in 2019 held in Japan, Keidanren cooperated in beautifying and establishing barrier-free access to stadiums. Keidanren member companies will similarly contribute to the smooth operation and success of the Tokyo Olympics and Paralympics, for example by collaborating in efforts to create comfortable spectator environments and barrier-free facilities and dispatching corporate volunteers.



Olympic Games Tokyo 2020, One-Year-To-Go Ceremony (July 2019)



“Keep the Stadium Clean” for the Rugby World Cup (September – November 2019)



Symposium on effective corporate governance (January 2020)

Boosting Local Economies

Revitalizing local economies is essential to sustainable economic growth for Japan, and bolstering the competitiveness of core local industries lies at the heart of such efforts. Keidanren is strengthening ties with local business groups, promoting business matching between our member companies and local enterprises and universities, setting up collaborative projects between agriculture and business, using national events as opportunities to promote tourism, and working to revive and rebuild industries in disaster-affected areas.

Specific examples include hosting business networking events with local business groups, collaborating with the Hokuriku Economic Federation, the Shikoku Economic Federation, and the Hokkaido Economic Federation to organize matching workshops, and holding the Festival in Support of Tohoku Reconstruction as a one-stop forum to promote Tohoku events. At the same time, Keidanren compiles proposals on devolutionary reforms that would enable the local governments to take the lead in their own management.



Chair Koga (right) and Minister Kazunori Tanaka at the Festival in Support of Tohoku Reconstruction (October 2019)



Business networking workshop organized by Keidanren, the Hokuriku Economic Federation, the Shikoku Economic Federation and the Hokkaido Economic Federation (October 2019)



“Sansa-Odori” dance performance from Iwate at the Festival in Support of Tohoku Reconstruction (October 2019)

Officers (As of July 1, 2020)

Chairman



NAKANISHI Hiroaki
Executive Chairman
Hitachi, Ltd.

Vice Chairs

YAMAUCHI Takashi
Chairman, Member of the Board
Taisei Corporation

HIRANO Nobuyuki
Chairman of the Board of Directors
Mitsubishi UFJ Financial Group, Inc.

SHINDO Kosei
Representative Director and Chairman
NIPPON STEEL CORPORATION

OCHI Hitoshi
President and CEO
Mitsubishi Chemical Holdings Corporation

YAMANISHI Kenichiro
Executive Corporate Adviser
Mitsubishi Electric Corporation

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

HAYAKAWA Shigeru
Vice Chairman
Toyota Motor Corporation

SHINOHARA Hiromichi
Chairman of the Board
Nippon Telegraph and Telephone Corporation

SUMI Shuzo
Senior Executive Advisor
Tokio Marine & Nichido Fire Insurance Co., Ltd.

OHASHI Tetsuji
Chairman of the Board
Komatsu Ltd.

TOMITA Tetsuro
Chairman and Director
East Japan Railway Company

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

KATANOZAKA Shinya
President and CEO
ANA HOLDINGS INC.

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

SUGIMORI Tsutomu
Representative Director, Chairman of the board, Group CEO
ENEOS Holdings, Inc.

OHTA Jun
President and Group CEO
Sumitomo Mitsui Financial Group, Inc.

NAKAMURA Kuniharu
Chairman of the Board of Directors
SUMITOMO CORPORATION

YASUNAGA Tatsuo
Representative Director, President and CEO
Mitsui & Co., Ltd.

Director General

KUBOTA Masakazu

Chairman of the Board of Councillors



KOGA Nobuyuki
Special Senior Advisor
Nomura Holdings, Inc.

Vice Chairs of the Board of Councillors

MIYANAGA Shunichi
Chairman of the Board
Mitsubishi Heavy Industries, Ltd.

KOKUBU Fumiya
Chairman of the Board
Marubeni Corporation

TOKURA Masakazu
Chairman of the Board
Sumitomo Chemical Co., Ltd.

TSUTSUI Yoshinobu
Chairman
Nippon Life Insurance Company

KOBAYASHI Ken
Chairman of the Board
Mitsubishi Corporation

HIBINO Takashi
Chairman of the Board
Daewa Securities Group Inc.

ENDO Nobuhiro
Chairman of the Board
NEC Corporation

ICHIKAWA Hideo
Director, Chairman of the Board
Showa Denko K.K.

KOBORI Hideki
President & Representative Director,
Presidential Executive Officer
Asahi Kasei Corp.

SUZUKI Yoshihisa
President & COO
ITOCHU Corporation

NEGISHI Naofumi
Executive Advisor
SEKISUI CHEMICAL CO., LTD.

TSUGA Kazuhiro
President, Member of the Board, CEO
Panasonic Corporation

SAITO Tamotsu
Senior Counselor
IHI Corporation

YOSHIDA Kenichiro
Chairman, President and CEO,
Representative Corporate Executive Officer
Sony Corporation

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

NODA Yumiko
Chairman & Representative Director
Veolia Japan K.K.

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

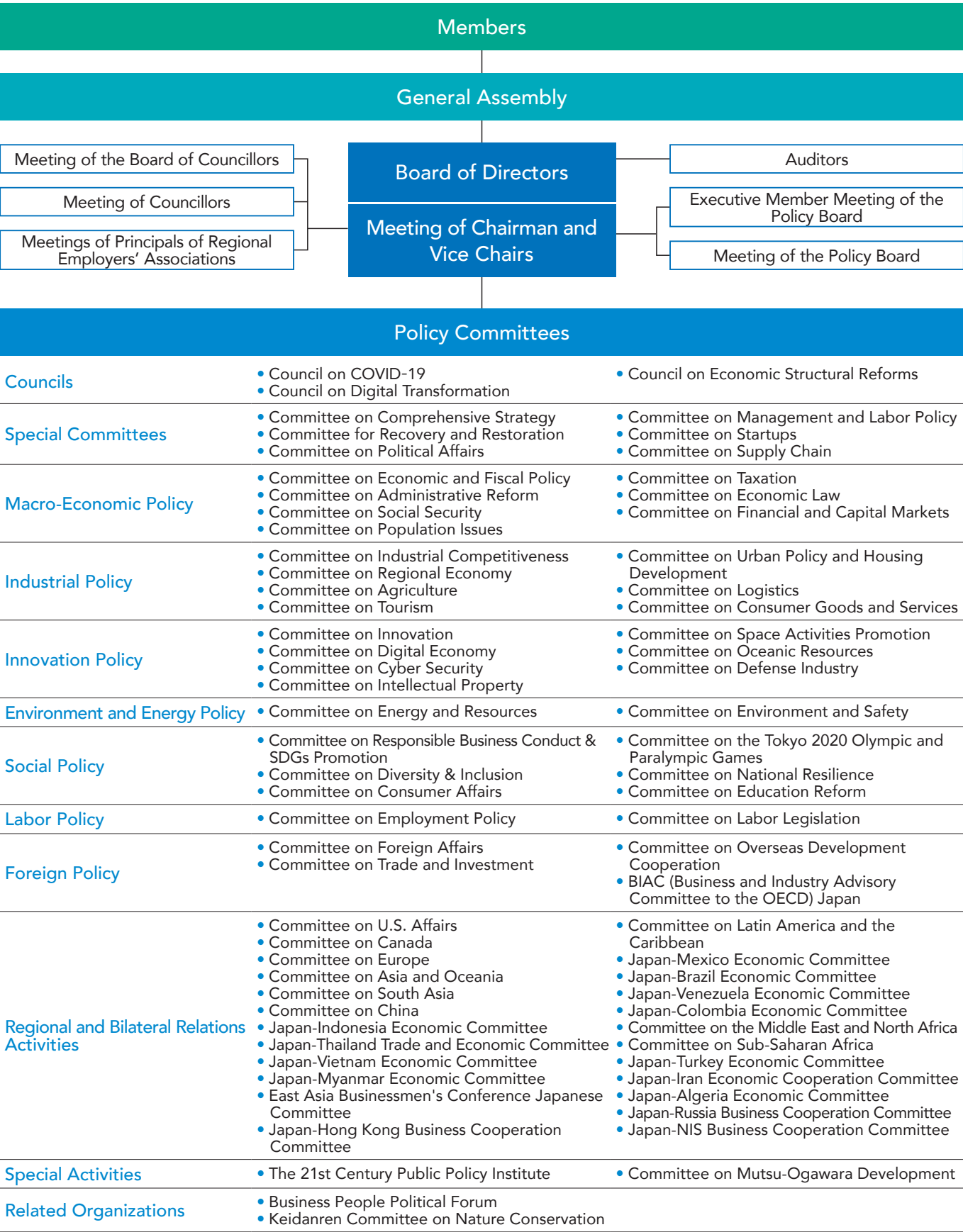
TAKEUCHI Noriko
President
Congrés Inc.

NIINAMI Takeshi
President & CEO
SUNTORY HOLDINGS LIMITED

IZUMO Mitsuru
CEO
euglena Co., Ltd.

KARASAWA Yasuyoshi
Chairman of the Board
Mitsui Sumitomo Insurance Co., Ltd.

Organization Chart



Financial Report and KEIDANREN's History

Condensed Balance Sheets

(As of March 31, 2020)

(Millions of yen)

Items	Current fiscal year
I Assets	
1 Current assets	
Total of current assets	2,934
2 Non-current assets	
(1) Specific assets	
Accumulated assets for replacement of office facilities	10,810
Accumulated assets for replacement of conference room facilities	6,579
Other accumulated assets	1,806
Total of specific assets	19,197
(2) Other non-current assets	
Buildings	5,881
Land	3,503
Other	5,825
Total of other non-current assets	15,210
Total of non-current assets	34,407
Total of assets	37,342
II Liabilities	
1 Current liabilities	
Total of current liabilities	748
2 Non-current liabilities	
Total of non-current liabilities	687
Total of liabilities	1,436
III Net assets	
General net assets	35,906
(of which the amount appropriated to specific assets)	(19,197)
Total of net assets	35,906
Total of liabilities and net assets	37,342

Statement of Changes in Net Assets

(From April 1, 2019 to March 31, 2020)

In FY 2019, Keidanren's ordinary income was 6,894 million yen. Ordinary expenses were 5,734 million yen, the breakdown of which was 3,974 million yen for project expenses and 1,759 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 1,124 million yen. The ordinary accounts balance is appropriated to the accumulation of specific assets for the maintenance/replacement of facilities, etc.

History of KEIDANREN

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, 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 free and open economic model and taking on internal and external challenges that the business community faced, such as liberalization of trade, promotion of free competition, promoting 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 liberalization of capital.

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 factory production 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 fiscal reforms have become a common knowledge amongst Japanese public.

Japan, although having achieved economic growth, era of trade friction arrived. In order to overcome, succeeding Keidanren introduced concepts such as "Philosophy of Endurance" by Keidanren Chairman Yoshihiro Inayama (1980-86); "Need of Co-existence" by Keidanren Chairman Gaishi Hiraiwa (1990-94); and "Attractive Japan" by Keidanren Chairman Shoichiro Toyoda (1994-98); so that Japanese companies accepted as good corporate citizens in the international society.

Amid the trend toward a declining birthrate and an aging population as well as diversification in Japanese peoples' mind sets and values sets, structural reforms of the social security system, labor market, and educational system have become indispensable for enhancing business competitiveness. Therefore, in 2002, Keidanren and Nikkeiren merged to form the Japan Business Federation as a new comprehensive economic organization to address the crosscutting issues. The first Chairman of new Keidanren was Hiroshi Okuda (2002-06).

In 2009, the new Keidanren Kaikan building was completed. On March 30, 2012, to comply with changes in legal framework around non-profit organizations, Keidanren changed its legal status from an incorporated association to a general incorporated association.

Keidanren has not only worked on the Japanese government to implement its policy proposals 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 business-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 government meetings to participate in government policy discussions in a wide range of fields, including economy, government finance, industry, and science and technology. Contributions made by Chairman Sadayuki 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, 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 domestic to the global 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: 26

(Chairman: 1, Vice Chairs: 18, Director General: 1,
Senior Managing Directors: 2, Managing Directors: 4)

Auditors: 2

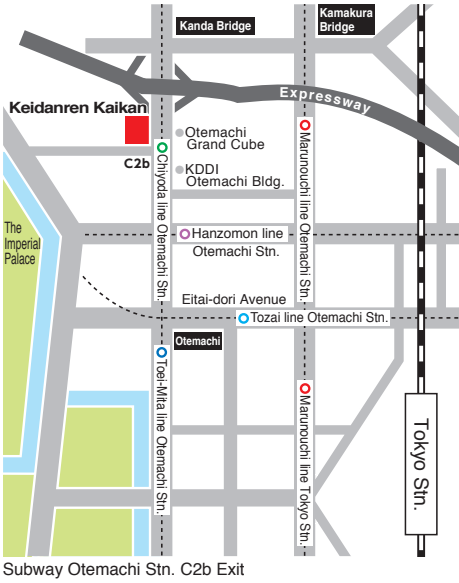
KEIDANREN is a corporation with an Accounting Auditor

Membership:

Corporate members: 1444, Group members: 156, Special members: 31,
Total: 1631 members (as of April 1, 2020)

Secretariat:

Staff members: 234 (including temporary staff, as of April 1, 2020)



Ippan Shadan Hojin Nippon Keizai Dantai Rengokai KEIDANREN or Japan Business Federation

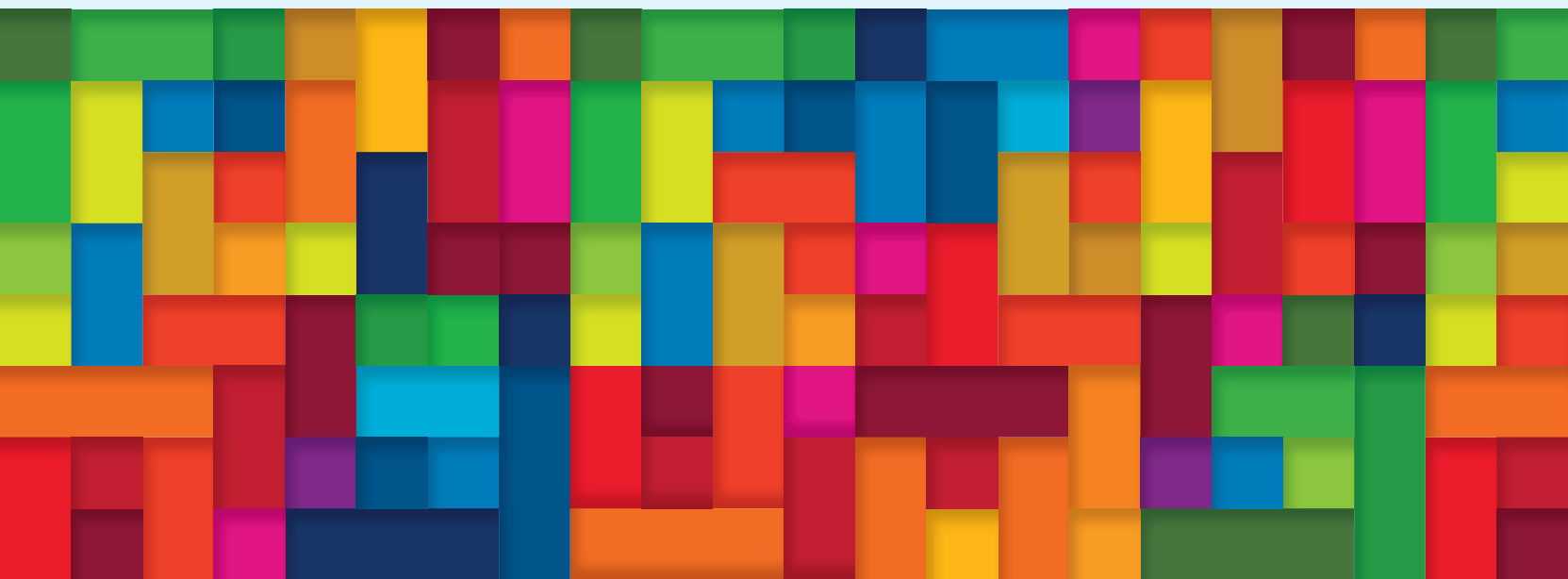
Keidanren Kaikan, 1-3-2, Otemachi, Chiyoda-ku,
Tokyo
100-8188
<https://www.keidanren.or.jp/>

Kansai Office:

Nakanoshima Dai Building, 3-3-23 Nakanoshima,
Kita-ku, Osaka 530-6108

Keidanren U.S.A.:

1200 17th Street, NW, Suite 201, Washington DC
20036 U.S.A.
<https://keidanren.us/>



Keidanren

Policy & Action