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Summary:

Upset with weak corporate governance in Japan, proxy advisor Glass Lewis & Co. will recommend that investors vote against the re-election of nearly 90% of Japanese CEOs. Glass Lewis is also calling on Japanese companies to elect at least 2 independent directors to their boards. Glass Lewis contends the better representation provided by independent directors will help reduce cross-shareholdings, poison pills and other defensive takeover strategies.

Japan has made some progress. In the five years since July 2003, the average number of independent directors on TSE-listed boards has risen from 0.6 to 0.9. In contrast, independent directors comprise roughly two-thirds of U.S. boards.

Glass Lewis is not alone in advocating better corporate governance. Last May, the Asian Corporate Governance Association, with over $5 trillion in assets managed by members, criticized Japan for weak corporate governance.

The Japanese government is addressing the issue. Both MEITI and the FSA have convened study groups devoted to improving corporate governance. The findings of the groups are expected to be released around June.

Link to Original:

http://online.wsj.com/article/SB123550543021462321.html

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Title:

Proxy Adviser Targets Japan Inc.