

March 20, 2019

JSDA Establishes the “Shareholders Incentives Endowment Fund for the SDGs”

At present, the Japanese securities industry is endeavoring to proactively contribute to the achievement of the Sustainable Development Goals (SDGs), the set of global goals outlined by the United Nations (UN), and do its part to work toward the resolution of social issues. As a measure in line with this objective that utilizes the shareholders incentive scheme, on April 1, 2019, the Japan Securities Dealers Association (JSDA) will establish the “Shareholders Incentives Endowment Fund for the SDGs” (hereinafter, “Endowment Fund”). The details of said Endowment Fund are outlined below.

The Japanese securities industry will continue to further its contributions toward the achievement of the SDGs by undertaking various measures, and request for the kind cooperation and understanding of all related parties in this regard.

1. Background to the Establishment of the Endowment Fund

The number of companies introducing so-called “social contribution-type” shareholder incentives, in which shareholders may choose to donate to such programs as social welfare or environmental funds, is increasing in recent years. It is said that there are as many as 150¹ of such companies, some of which are member firms of the JSDA, as well as their controlling companies (hereinafter, “Association Members, etc.”), that are listed. Given such a situation, the Japanese securities industry has decided to establish the “Shareholders Incentives Endowment Fund for the SDGs” within the JSDA to serve as a destination for the funds raised by the “social contribution-type” shareholder incentives implemented by Association Members, etc.

2. Overview of the Endowment Fund (See Figure 1 for the conceptual diagram)

(a) Purpose

The Endowment Fund aims to contribute to the SDGs by making use of shareholders incentives to support those entities that are working to tackle social issues in line with the UN goals.

¹ According to Nomura Investor Relations “Net-IR” (as of March 20, 2019)

(b) Source of Funds

The funds will originate from the following sources from the JSDA's Association Members, etc.

- Cash donated to the Endowment Fund as part of Association Members, etc. implementation of “social contribution-type” shareholder incentives under which the Endowment Fund is explicated as a destination of donation
- In the case where Association Members, etc. are shareholders of listed companies, after converting the shareholder incentives of said listed company into cash, the cash which is donated to the Endowment Fund*.

*Note that there may be instances where Association Members, etc. obtain shareholder incentives (as goods) from shares held on their own accounts. The JSDA plans within this year to establish an Online Platform (see Figure 2 for a conceptual diagram) between NPOs and Association Members, etc., and through it, leverage the diverse range of shareholder incentives to promote donations to SDG-related bodies. The Endowment Fund is set to be a point of destination for cases in which Association Members, etc. find it difficult to directly donate shareholder incentives as goods using the Online Platform—that is, where all or a portion of the shareholder incentives is converted into cash and donated accordingly.

3. Use of Proceeds

The Endowment Fund's proceeds will be donated to the entities selected from among the organizations recognized to contribute to the achievement of the SDGs, after consultation with the relevant parties. The body to receive the Endowment Fund's proceeds for FY2019 is scheduled to be decided in April this year, after consultation with the relevant parties. The actual donation is expected to take place within FY2019.

Figure 1. Conceptual Diagram of the Shareholders Incentives Endowment Fund for the SDGs

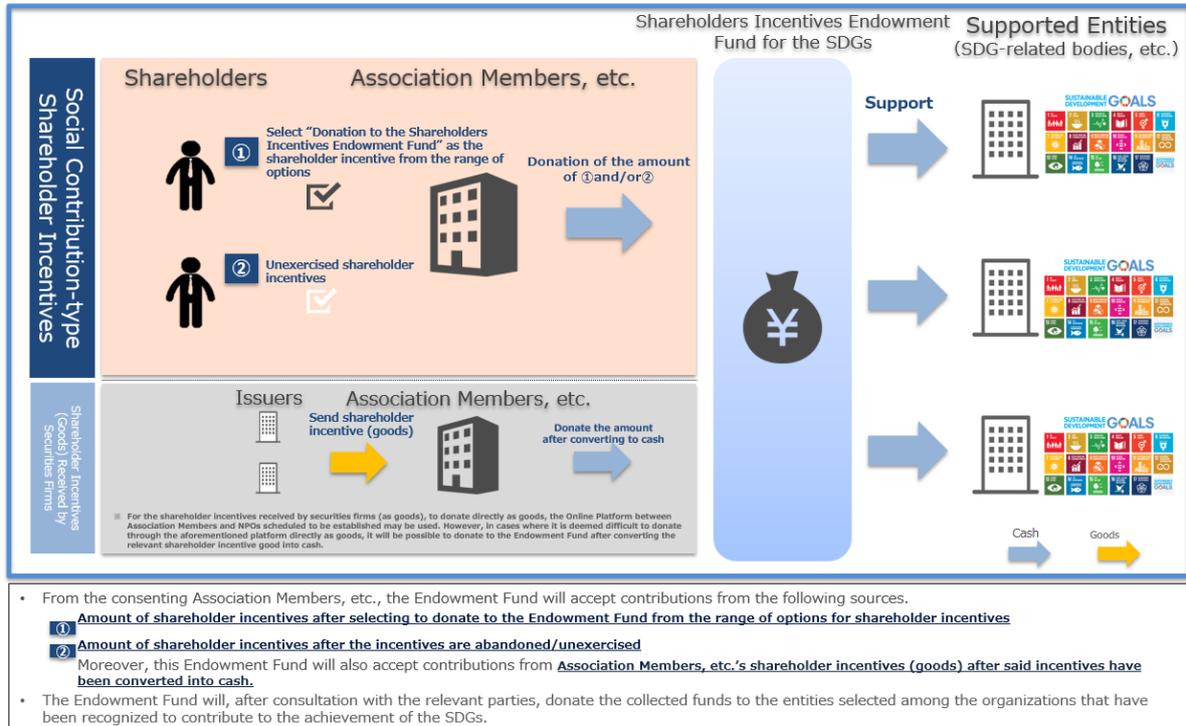


Figure 2. Conceptual Diagram of the Online Platform between Association Members and NPOs

