


Corporate Trust

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With the creative accounting by Enron, and the discovery of the false beef labeling problem which followed on from the food poisoning incident in the Snow Brand Group, recently there has been a flurry of incidents that have seen trust in companies gone down the tube. Both Enron and Snow Brand were companies that represented industries in which high levels of trust had been obtained from consumers, trade connections, and investors.

What one comes to think about through this series of incidents is "corporate trust."

Having looked up the meaning of "trust" in Daijirin (a Japanese dictionary), the definition is: "Value or reputation of a person or thing which can be accepted as unmistakable." It is a vague intangible concept. Unless acts are illegal or in breach of public order and morals, there is no guarantee that you will not be let down. However, in business, this elusive concept may function as the source of brand power in business, or on the other hand as the trigger to bankruptcy.

Some time ago the terms "companies listed on the first section of a stock exchange," "industrial conglomerate-related" and "financial institutions" were synonymous with "trust," and nobody doubted their brand power. Today, however, we are no longer in an era in which a company can be trusted simply because it is a brand company. Consumers, trading partners, and investors must act based on their own assessments of companies.

A marked indication of this is the stock market. Investors have become wary of taking risks due to being hurt by the flurry of corporate bankruptcies which have occurred in recent years, and the assessment of individual companies has come to be reflected sensitively in stock prices.

Stock prices of companies that have lost trust from the market have tumbled, and due to the danger of falling into a vicious circle of selling breeding selling, companies are being called upon to make more efforts to acquire trust. Companies are being expected to undertake financial restructuring, and management that places emphasis on shareholder value, such as ROE and EVA, but also IR activities led by the President at the front, enhanced disclosure, and radical reform to improve corporate ethics.

Of course it goes without saying that being business, the first priority is to make a profit. But unless this is a profit acquired after making distributions to investors and satisfying customers, then it will be impossible to acquire "trust."

We are an asset management company entrusted with managing the equity capital of investors. Again, it goes without saying the trust of our investors is of the utmost importance to us. Basing our stance on "the interests of investors" also results in the development of our business.

Management performance, Policy & Procedure, governance, compliance, and investor relations, etc. Each of these points is ultimately linked by a thread of "trust," we intend to continue to work to ensuring that this thread is extended as strongly as possible.