**Chapter 6 — Discussion Questions**

**Sustainability in Japan**

**A. Core Discussion Questions (Conceptual & Applied)**

**Q1**

How do Japan’s consensus-driven decision-making processes shape the pace and durability of sustainability reforms?

**Q2**

Why has corporate governance reform become a central entry point for sustainability progress in Japan?

**Q3**

How do demographic trends in Japan create sustainability risks that differ from those in other Asian markets?

**Q4**

What role do cross-shareholdings play in shaping capital efficiency and accountability in Japanese companies?

**Q5**

How does Japan’s approach to shareholder activism differ from the U.S. model, and what are the sustainability implications?

**Q6**

Why can physical climate risk be particularly material for Japanese companies despite strong infrastructure and planning?

**Q7**

How should long-term investors adapt their engagement strategies to Japan’s institutional and cultural context?

**Q8**

What opportunities arise from Japan’s sustainability transition despite structural and cultural constraints?

**B. Perspective-Based / Role-Specific Discussion Prompts**

**For global investors**

How can patience-based stewardship be reconciled with pressure for near-term performance in Japan?

**For Japanese corporates**

How can sustainability initiatives be advanced internally without disrupting consensus and trust?

**For board directors**

How should boards balance tradition with the need for governance and sustainability reform?

**For policymakers and regulators**

How can reforms accelerate sustainability outcomes without undermining institutional stability?

**Chapter 6 — Quiz Questions**

**Part A: Multiple-Choice Questions**

**Q1**

Which characteristic most strongly influences how sustainability reforms unfold in Japan?

A. Consensus-driven decision-making  
B. Short-term market pressure  
C. Heavy reliance on litigation  
D. Centralised political control

**Q2**

Why has corporate governance reform been a particularly effective lever for sustainability progress in Japan?

A. It bypasses cultural resistance entirely  
B. It aligns sustainability with capital efficiency and accountability  
C. It replaces environmental regulation  
D. It reduces the role of investors

**Q3**

Which demographic factor creates a uniquely Japanese sustainability challenge?

A. Rapid urbanisation  
B. Youth unemployment  
C. Aging population and labour shortages  
D. High population growth

**Q4**

What is a key sustainability implication of cross-shareholdings in Japan?

A. They strengthen short-term market discipline  
B. They increase disclosure quality automatically  
C. They reduce the relevance of stewardship  
D. They weaken accountability and capital efficiency

**Q5**

Which statement best describes shareholder activism in Japan today?

A. It remains largely confrontational and adversarial  
B. It is prohibited by regulation  
C. It is declining due to governance reform  
D. It is increasingly mainstream and constructive

**Q6**

Why can physical climate risk be material for Japanese companies?

A. Japan lacks disaster preparedness  
B. Climate risk is limited to agriculture  
C. Supply chains and infrastructure remain exposed despite planning  
D. Climate regulation is weak

**Part B: Short-Answer Questions**

**Q7**

Why does sustainability progress in Japan often appear slow in the short term but prove durable over time?

**Q8**

Identify two ways Japan’s institutional structure shapes how ESG engagement is conducted.