

From Stagnation to Stewardship

How Japan's Pension Giant Transformed Corporate Reporting Lessons and Opportunities for Australia

A board- and policy-facing paper on how Japan's stewardship model embraced integrated reporting, and why Japanese holdings across Australian government bonds, corporate credit and strategic equity make the lessons directly relevant to Australia.

Executive Summary

Japan has become the world's leading integrated reporting market, with 1,225 companies publishing integrated reports¹ and companies representing roughly 90% of the Tokyo Stock Exchange Prime market capitalisation now publishing integrated reports. That result was not accidental. It reflected a sustained interaction between governance reform, investor stewardship and stronger disclosure discipline.

At the centre of this story sits the US\$2 trillion Government Pension Investment Fund (GPIF), whose influence over external asset managers helped turn integrated reporting into a mainstream tool of stewardship of value creation from more integrated thinking, engagement and long-term value assessment. For Australia, the Japanese experience matters not only as a reform model, but also because Japanese capital is already materially present across Australian government bonds, corporate credit and strategic equity investment, including through the GPIF.

¹ This information has been sourced from the **KPMG Japan** 'Survey of Corporate Reports in Japan 2025', April 2026. Link in References. Other organisations adopt different measurement methodologies and arrive at different adoption statistics. We are not aware of any references to adoption statistics not being around 1,200 companies.

The case for more integrated reporting in Australia is no longer simply comparative. It is also a practical response to the kind of capital Australia already seeks to attract and retain.

At a glance

THEME	WHY IT MATTERS
Japan's integrated reporting success	Shows that stewardship code and corporate governance code-led reporting reform can become market practice at scale rather than remain a niche experiment.
GPIF's role	Demonstrates how an asset owner can elevate disclosure quality through the expectations it sets for external managers.
Japanese capital in Australia	Confirms that Japanese investors and creditors are already a meaningful audience for stronger Australian integrated reporting and sustainability disclosure.
Board relevance	Underlines the need to explain business resilience, capital allocation, governance quality and transition strategy, not merely short-term performance.
CEO-Owned, CFO-Driven and Board-Overseen Reporting Strategy	The best result in corporate reporting will be achieved by having a CEO-owned, CFO-implemented and board-overseen integrated reporting-based reporting strategy. Such a strategy will be anchored on achieving the benefits of integrated thinking.

1. Japan's quiet reporting revolution

Japan's integrated-reporting journey is striking because it unfolded without drama. In a corporate culture often associated with continuity and gradual change, integrated reporting moved from the margins of disclosure practice to the centre of how large companies explain strategy, governance, business models and long-term value creation.

This was not a matter of better design alone. It was part of a broader effort to improve capital efficiency, strengthen governance and restore a more disciplined conversation between companies and investors. The Ito Report published in 2014,² METI's reform agenda and the wider Abenomics program provided the policy context during the first half of the decade beginning in 2010, but stewardship³ supplied the operating mechanism that made support for Integrated Reporting increase over the years.

Core point: Japan treated integrated reporting as a market-shaping instrument, capable of driving business improvement, not merely as a communications format.

By the late 2000s, many Japanese companies had weak return on equity, low price-to-book ratios and governance structures that often insulated management from scrutiny. Integrated reporting offered a way to force clearer explanation of how value would be created, how capital would be allocated and why boards deserved investor confidence.

2. How and why GPIF changed the market

GPIF mattered because it combined scale, patience and legitimacy. As one of the world's largest pension funds and a universal owner, it had an interest in the quality of the market as a whole, not merely in the near-term performance of isolated companies.

Its approach was deceptively simple: ask external asset managers to identify excellent and most-improved integrated reports, publish the results and require asset managers to articulate what good reporting looks like. This rewarded companies, disciplined asset managers and created a visible signal to boards that disclosure quality had become part of stewardship expectations.

GPIF did not attempt to regulate every paragraph; it changed the incentives around what counted as a credible report.

² [Microsoft Word - 20140827 Ito Review Final Report.docx](#)

³ The International Corporate Governance Network's Global Stewardship Principles give the broadest cross-jurisdictional definition of 'stewardship': the responsible management of something to one's care." The UK Stewardship Code 2026 defines 'stewardship' as follows: "Stewardship' is the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.

By 2024, adoption had reached near-saturation among larger listed companies, with around 90% of TSE Prime market capitalisation covered by companies issuing integrated reports. The frontier challenge in Japan is now quality rather than quantity, including the specificity, coherence, evidence base and independent external assurance of reporting.

3. Australia's added reason to pay attention

The relevance of Japan to Australia is not merely illustrative. Japan is already present in Australian markets as an investor, lender and strategic partner. That means the case for stronger integrated reporting in Australia can be grounded in present capital market realities as well as comparative policy learning.

Australian Government Securities (AGS)

Australian Office of Financial Management (AOFM) analysis shows that non-resident investors held around 52% of Australian Commonwealth Treasury Bonds and Indexed Bonds outstanding as at December 2025, with foreign official institutions and reserve managers forming the largest offshore cohort. Even so, AOFM materials and investor engagement in Tokyo make clear that Japanese reserve managers, insurers and banks remain longstanding and influential participants in the AGS market.

This matters because sovereign debt markets are part of Australia's strategic financial architecture. Japanese participation supports market depth, assists the absorption of longer-dated issuance and can improve funding conditions when yield differentials and hedging economics are supportive. At the same time, Japanese demand is sensitive to Bank of Japan settings, yen volatility and currency-hedging costs, which means part of Australia's funding environment is shaped offshore.

Corporate credit

Public data do not establish Japan as the largest foreign holder of Australian corporate bonds overall, but they do suggest a strategically important Japanese role in sectors such as energy, resources, infrastructure, property and financials. This influence often takes the form of project finance, syndicated lending, bond investment and hybrid capital rather than highly visible market-share statistics.

Equities and strategic ownership

DFAT and ABS data show that the United States and the United Kingdom remain larger foreign investors in Australia overall and in portfolio terms, while Japan is significant but not dominant on those measures. Yet Japan's importance in stewardship terms is greater than those rankings imply because much of its presence is concentrated in long-term direct investment and strategic positions in resources, energy, infrastructure, food, housing and related sectors.

Strategic insight: Japanese capital matters in Australia not only because of its size, but because of its temperament - patient, long-dated, selective and attentive to governance quality.

4. What this means for Australian boards and policymakers

For Australian boards, the Japanese example reframes integrated reporting as an instrument of capital market credibility rather than a branding exercise. The central question is whether the board can explain, in a disciplined and decision-useful way, how the business creates value, where its fragilities lie and how strategy adapts under pressure.

For policymakers, Japan's experience suggests that progress does not depend solely on harder mandates. Stewardship norms, investor-led recognition, governance guidance and market signalling can work together to improve disclosure quality over time. Australia's large superannuation sector, deep capital markets and established reporting community create favourable conditions for such an approach, including:

- Use stewardship more deliberately by asking major Australian investors and managers to identify excellent and most-improved integrated reports and to explain the criteria applied.
- Engage GPIF directly as a possible ally by emulating the Japanese experience in raising disclosure expectations in the Australian market.
- Modernise reporting recognition by giving investors a more explicit role in awards and evaluation frameworks.

- Adopt AI-augmented quality review to make assessment more systematic, comparable and useful for engagement.
- Treat long-term creditors and strategic foreign investors as part of the intended audience for integrated reporting, not as an afterthought.

Reporting strategy to drive better corporate reporting and more efficient reporting processes

Having regard to the Japanese experience, the best result in Australian corporate reporting will be achieved by having a CEO-owned, CFO-implemented and board-overseen integrated reporting-based reporting strategy. Such a strategy will be anchored on achieving the benefits of integrated thinking.

The strategy will drive an aligned, effective and AI-augmented reporting process; and a reports suite, with an integrated report as the flagship Integrated Report, supported by other special purpose reports that can be accessed through AI-augmented navigation.

In summary, the integrated reporting and integrated thinking opportunity for Australia is:

From Stewardship to Promoting Growth and Avoiding Stagnation

5. Closing reflection

Japan's achievement is best understood not as a triumph of format, but as a triumph of institutional persistence. Economic reform, stewardship expectations, investor recognition and disclosure practice were gradually aligned until integrated reporting became part of how serious companies explained themselves.

Australia now has both a model to follow and a motive. The model is Japan's stewardship-led pathway to better reporting. The motive is that Japanese capital is already materially present across Australian government bonds, corporate credit and strategic equity holdings, making integrated reporting not merely a comparative aspiration but a practical response to the structure of capital in Australian markets.