

ASIAN LAW INSTITUTE DISTINGUISHED LECTURE

ESG AND DIRECTORS' DUTY: EXTERNALITIES AND THE LIMITS OF THE BUSINESS JUDGMENT RULE

Professor Gen Goto
University of Tokyo

Chairperson: Professor Ernest Lim, NUS Law

WEDNESDAY, 28 FEBRUARY 2024
5.30 PM to 7.00 PM

NUS LAW (BUKIT TIMAH CAMPUS), SEMINAR ROOM 4-4

SYNOPSIS

The recent focus on ESG, sustainability, and corporate purpose has led to extensive discussions about whether directors of stock corporations are permitted to take stakeholders interests into consideration when making business decisions. A related question, namely whether such directors should take stakeholders' interests into consideration and should be held liable against their corporations for failure to do so, however, has been understudied to date.

To answer this question, which is of great importance when an action by a corporation entails large externalities and leads to losses on the side of the corporation through legal sanctions or loss of its reputation, one must take the business judgment rule seriously. While shareholders may request directors to take stakeholders interests into consideration for various reasons, the business judgment rule declares that directors of a corporation have wide discretion on how to promote the value of the corporation.

With insights from a recent decision by the Tokyo District Court in a shareholder derivative suit that held former directors of Tokyo Electric Power Company liable for the losses suffered by the company due to the meltdown at the Fukushima 1st Nuclear Power Plant, this paper seeks to analyze the limits of the business judgment rule and to discuss whether, when, and why should directors be held liable for failing to respond to externalities caused by their corporations.

ABOUT THE SPEAKER



Gen Goto is Professor of Law at the University of Tokyo, Graduate Schools for Law and Politics, in Japan. His main field of research is comparative corporate governance, with recent focus on the role of shareholders in Japanese context.

He has visited Harvard Law School as Visiting Scholar at East Asian Legal Studies (2013-2015, 2018), and has taught at National University of Singapore, Faculty of Law (2017, 2019, 2021) and at Radzyner Law School of IDC Herzliya in Israel (2019).

PROGRAMME

5.00PM: Registration
5.30PM: Lecture by Professor Gen Goto
6.30PM: Q&A Session
7.00PM: Dinner Reception

REGISTRATION

There is no registration fee for this lecture. Please click [HERE](#) or scan the QR Code below to register by 21 February 2024 (Wednesday) 5.00 PM.



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Practice Area: Corporate/Commercial
Training Level: Foundation

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