

【Reference】

**Status of Response to Revision of the Corporate Governance Code
and Disclosure Status of Activities of Boards of Directors,
Nomination Committees and Remuneration Committees**

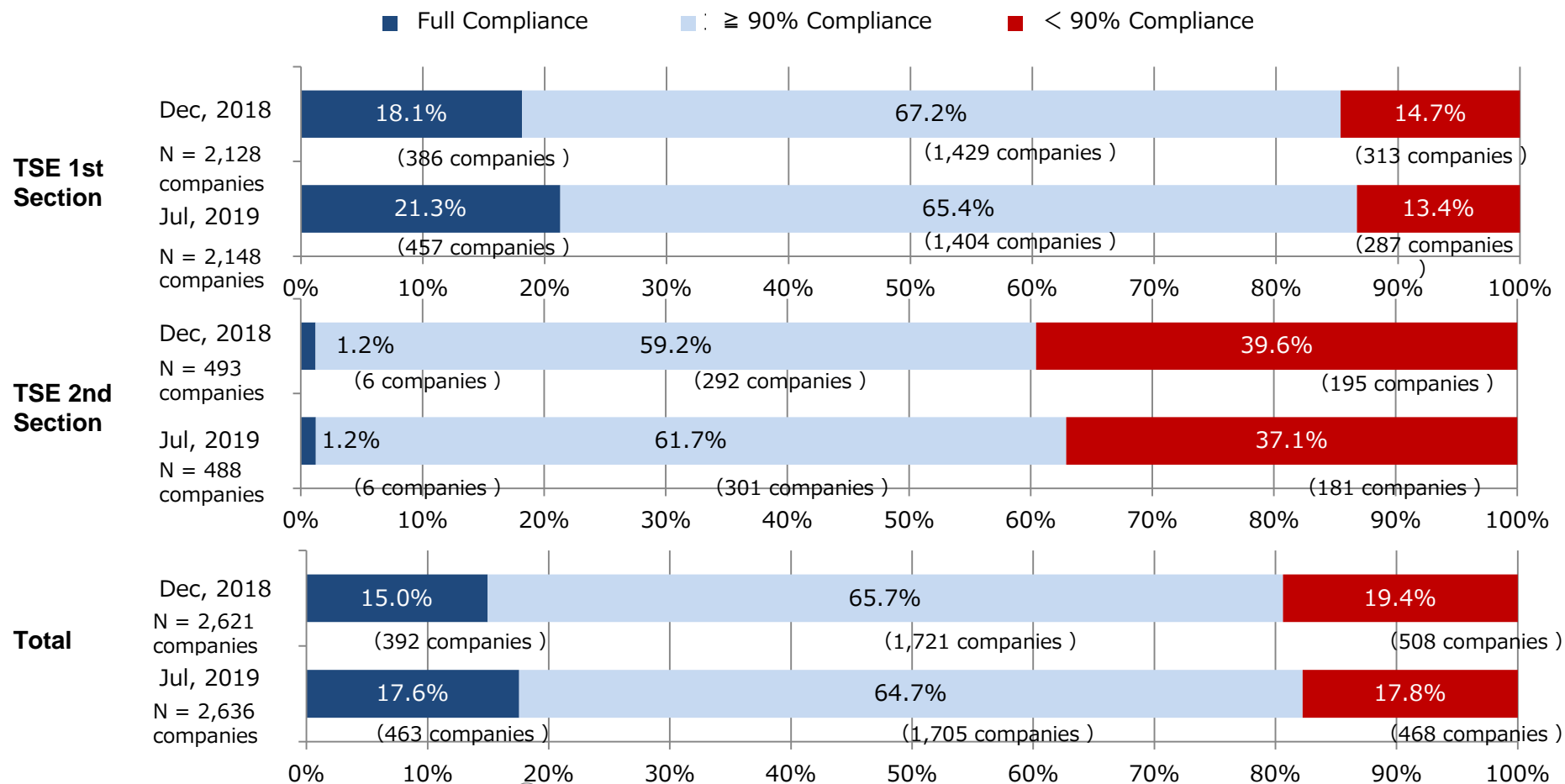


Tokyo Stock Exchange, Inc.
December 2, 2019

I . Status of Response to Revision of the Corporate Governance Code

Status of compliance or explanation

- In the First Section (2,148 companies), (Compared to Dec, 2018)
- Companies that are in compliance with all 78 principles: 21.3% (457 companies) +3.1pt
 - Companies which explained reasons for non-compliance with some principles: 78.7% (1,691 companies) -3.1pt
- | | | | |
|--|----------------|--------------------------------|--------|
| Number of principles companies complied with | 90% or more | <u>65.4%</u> (1,404 companies) | -1.8pt |
| | Less than 90%: | <u>13.4%</u> (287 companies) | -1.3pt |



Status of compliance with newly established and revised principles

| Principle | Summary of newly established and revised principles | Compliance rate (compared to Dec, 2018) | | |
|--------------------------------|---|---|-------------------|-------------------|
| | | 1st Section | 2nd Section | Total |
| Principle 1-4 | Disclosure of policies and approaches regarding the reduction of cross-shareholdings, assessment of whether or not to hold individual cross-shareholdings and disclosure of this assessment, establishment and disclosure of specific standards on voting rights | 89.5% (+3.0pt) | 84.2% (+1.5pt) | 88.5% (+2.7pt) |
| Supplementary Principles 1.4.1 | Prohibition of hindering with sales of cross-shareholdings through means such as implying a possible reduction of business transactions | 99.5% (+0.1pt) | 99.8% (-0.0pt) | 99.5% (+0.0pt) |
| Supplementary Principles 1.4.2 | Ensuring the economic rationale of transactions with cross-shareholders | 99.7% (-0.0pt) | 99.8% (+0.2pt) | 99.7% (+0.0pt) |
| Principle 2.6 | Support as sponsor companies to ensure that corporate pension funds perform their roles as asset owners and management of conflicts of interest | 95.7% (+0.2pt) | 94.3% (+0.8pt) | 95.4% (+0.3pt) |
| Principle 3.1 | Disclosure of the policies and procedures for the dismissal of the senior management and explanations with respect to the individual dismissals | 93.6% (+0.9pt) | 88.5% (+2.5pt) | 92.6% (+1.2pt) |
| Supplementary Principle 3.1.1 | Documentation including disclosures in compliance with relevant laws and regulations | 99.6% (+0.0pt) | 99.8% (+0.4pt) | 99.6% (+0.1pt) |
| Supplementary Principle 4.1.3 | Involvement in the establishment and implementation of a succession plan for the CEO and other top executives and oversight on the systematic development of succession candidates | 71.4% (+0.9pt) | 59.0% (-1.6pt) | 69.1% (+0.5pt) |
| Supplementary Principle 4.2.1 | Design of remuneration system in accordance with objective and transparent procedures for the remuneration of management and determining actual remuneration amounts | 73.1% (+3.2pt) | 50.4% (+1.5pt) | 68.9% (+2.9pt) |
| Supplementary Principle 4.3.2 | Appointment of the CEO in accordance with objective, timely, and transparent procedures | 85.5% (+1.3pt) | 78.7% (-0.0pt) | 84.3% (+1.1pt) |
| Supplementary Principle 4.3.3 | Establishment of objective, timely, and transparent procedures for the dismissal of the CEO when it is determined that the CEO is not adequately fulfilling the CEO's responsibilities | 84.4% (-2.0pt) | 78.5% (-5.1pt) | 83.3% (-2.5pt) |
| Principle 4.8 | Appointment of a sufficient number of independent directors at companies that believe they need to appoint at least one-third of directors as independent directors | 93.3% (+2.0pt) | 74.2% (+4.8pt) | 89.8% (+2.6pt) |
| Supplementary Principle 4.10.1 | Establishment of independent advisory committees such as an optional nomination committee or remuneration committee to which independent directors make significant contributions | 56.1% (+4.1pt) | 32.6% (+0.7pt) | 51.8% (+3.5pt) |
| Principle 4.11 | Constitution of board that achieves both diversity, including gender and international experience, and appropriate size, and the appointment of persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law as <i>kansayaku</i> | 72.7% (+2.7pt) | 65.6% (+1.1pt) | 71.4% (+2.5pt) |
| Principle 5.2 | Articulation of cost of capital and review of business portfolio | 83.6% (+0.9pt) | 69.9% (+2.7pt) | 81.1% (+1.3pt) |

Status of compliance with all principles (TSE 1st Section)

| Principle | Compliance rate | Compared to Dec, 2018 | Principle | Compliance rate | Compared to Dec, 2018 | Principle | Compliance rate | Compared to Dec, 2018 | Principle | Compliance rate | Compared to Dec, 2018 |
|-------------------------------|-----------------|-----------------------|-------------------------------|-----------------|-----------------------|---------------------------------------|-----------------|-----------------------|--------------------------------|-----------------|-----------------------|
| General Principle 1 | 99.95% | 0.0% | Principle 2.3 | 99.7% | 0.0% | Supplementary Principle 4.3.1 | 98.3% | 0.3% | Principle 4.13 | 99.95% | 0.5% |
| Principle 1.1 | 99.95% | -0.0% | Supplementary Principle 2.3.1 | 99.7% | -0.0% | 4.3.2 | 85.5% | 1.3% | Supplementary Principle 4.13.1 | 100.0% | 0.0% |
| Supplementary Principle 1.1.1 | 99.5% | 0.2% | Principle 2.4 | 99.6% | -0.0% | 4.3.3 | 84.4% | -2.0% | 4.13.2 | 100.0% | 0.0% |
| 1.1.2 | 99.9% | 0.0% | Principle 2.5 | 99.9% | 0.0% | 4.3.4 | 99.9% | -0.0% | 4.13.3 | 100.0% | 0.0% |
| 1.1.3 | 100.0% | 0.0% | Supplementary Principle 2.5.1 | 97.8% | 0.1% | Principle 4.4 | 99.9% | 0.0% | Principle 4.14 | 99.4% | 0.1% |
| Principle 1.2 | 99.7% | 0.0% | Principle 2.6 | 95.7% | 0.2% | Supplementary Principle 4.4.1 | 99.6% | 0.1% | Supplementary Principle 4.14.1 | 99.6% | 0.0% |
| Supplementary Principle 1.2.1 | 99.95% | 0.1% | General Principle 3 | 99.9% | -0.0% | Principle 4.5 | 99.95% | 0.0% | 4.14.2 | 98.6% | -0.0% |
| 1.2.2 | 97.9% | -0.1% | Principle 3.1 | 93.6% | 0.9% | Principle 4.6 | 99.6% | 0.1% | General Principle 5 | 99.9% | 0.0% |
| 1.2.3 | 99.3% | 0.3% | Supplementary Principle 3.1.1 | 99.6% | 0.0% | Principle 4.7 | 99.6% | 0.1% | Principle 5.1 | 99.4% | 0.0% |
| 1.2.4 | 54.4% | 1.7% | 3.1.2 | 78.8% | -0.1% | Supplementary Principle 4.8.1 | 93.6% | 0.1% | Supplementary Principle 5.1.1 | 99.9% | 0.0% |
| 1.2.5 | 95.8% | 0.0% | Principle 3.2 | 100.0% | 0.0% | 4.8.2 | 92.1% | 0.3% | 5.1.2 | 99.4% | 0.0% |
| Principle 1.3 | 98.3% | 0.1% | Supplementary Principle 3.2.1 | 98.3% | 0.1% | Principle 4.9 | 97.9% | -0.1% | 5.1.3 | 99.7% | 0.0% |
| Principle 1.4 | 89.5% | 3.0% | 3.2.2 | 99.6% | -0.0% | Principle 4.10 | 93.5% | 0.6% | Principle 5.2 | 83.6% | 0.9% |
| Supplementary Principle 1.4.1 | 99.5% | 0.1% | General Principle 4 | 99.95% | 0.1% | Supplementary Principle 4.10.1 | 56.1% | 4.1% | | | |
| 1.4.2 | 99.7% | -0.0% | Principle 4.1 | 99.9% | 0.7% | Principle 4.11 | 72.7% | 2.7% | | | |
| Principle 1.5 | 100.0% | 0.2% | Supplementary Principle 4.1.1 | 99.7% | 0.1% | Supplementary Principle 4.11.1 | 96.2% | 0.2% | | | |
| Supplementary Principle 1.5.1 | 100.0% | 0.0% | 4.1.2 | 88.4% | -0.4% | 4.11.2 | 99.9% | -0.0% | | | |
| Principle 1.6 | 100.0% | 0.0% | 4.1.3 | 71.4% | 0.9% | 4.11.3 | 83.6% | 1.1% | | | |
| Principle 1.7 | 99.9% | 0.0% | Principle 4.2 | 92.7% | 1.1% | Principle 4.12 | 99.95% | 0.1% | | | |
| General Principle 2 | 99.95% | 0.0% | Supplementary Principle 4.2.1 | 73.1% | 3.2% | Supplementary Principle 4.12.1 | 99.3% | 0.1% | | | |
| Principle 2.1 | 99.95% | 0.0% | Principle 4.3 | 99.6% | 0.1% | | | | | | |
| Principle 2.2 | 99.9% | 0.0% | | | | | | | | | |
| Supplementary Principle 2.2.1 | 99.4% | 0.1% | | | | | | | | | |

Compliance rate of 100%

Compliance rate of 90% or more

Compliance rate of under 90%

Target of aggregation

- The figures for July 2019 have been aggregated based on disclosures on the status of response to the code in corporate governance reports submitted by companies listed on the first and second sections (2,636 companies) of the TSE by July 12, 2019.
- The figures for December 2018 have been aggregated based on disclosures on the status of response to the code in corporate governance reports submitted by companies listed on the first and second sections (2,621 companies) of the TSE by December 31, 2018.

[Status of disclosure on status of response to the code by market segment]

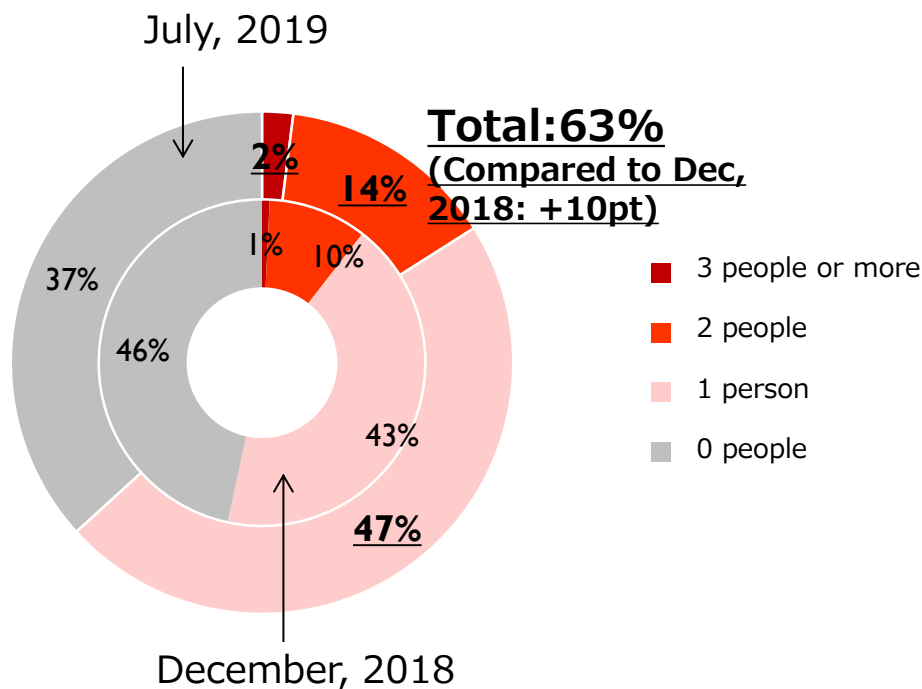
| Market segment | Number of disclosing companies | | Scope of compliance or explanation |
|-----------------|--------------------------------|---------------|---|
| | July 2019 | December 2018 | |
| TSE 1st Section | 2,148 | 2,128 | All 78 principles { General Principles: 5 Principles: 31 principles Supplementary Principles: 42 principles |
| TSE 2nd Section | 488 | 493 | |
| Mothers | 291 | 275 | General Principles: 5 principles |
| JASDAQ | 712 | 725 | |
| Total | 3,639 | 3,621 | |

Ensuring diversity in the board of directors

Among JPX Nikkei 400 component companies,

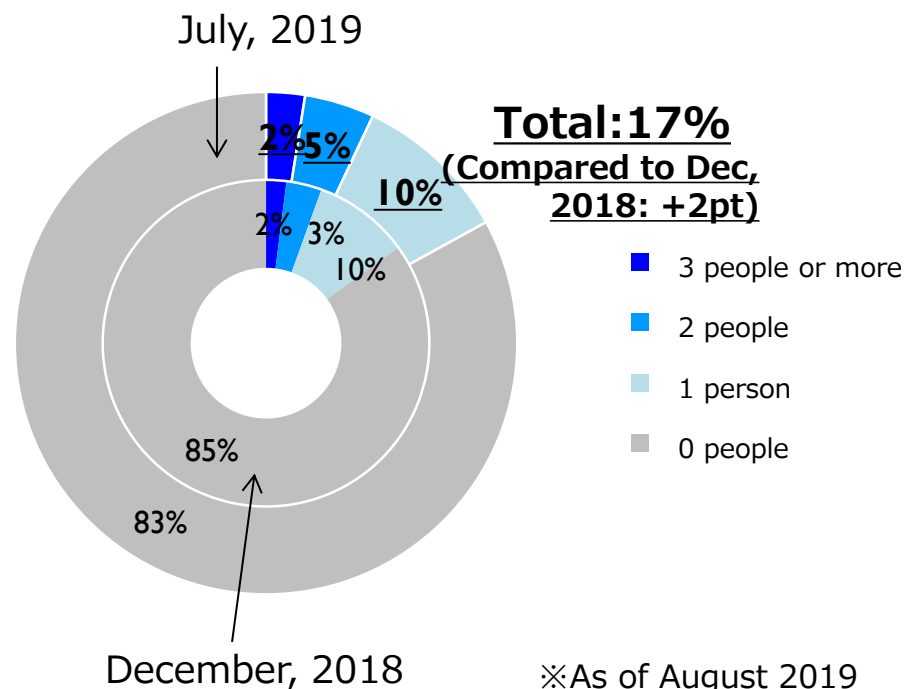
- **63%** of companies have appointed female directors (Compared to Dec, 2018: +10pt)
- **17%** of companies have appointed directors with a foreign nationality (Compared to Dec, 2018: +2pt)

**Number of female directors
(JPX Nikkei 400)**



**Number of directors with a foreign nationality*
(JPX Nikkei 400)**

*Limited to people who can be determined to have a foreign nationality from the name notation



※As of August 2019

II . Disclosure Status of Activities of Boards of Directors, Nomination Committees and Remuneration Committees

Disclosure status of activities of boards of directors, nomination committees and remuneration committees

- The figures have been aggregated based on disclosures on activities of boards of directors, nomination committees and remuneration committees in corporate governance reports submitted by TOPIX 100 component companies (101 companies) by July 12, 2019 according to the revision of the preparation guidelines for corporate governance reports in February.

| | Activities of boards of directors | Activities of nomination committees | Activities of remuneration committees |
|--|-----------------------------------|-------------------------------------|---------------------------------------|
| Companies describing <u>frequency of meetings</u> | 47 Companies (46.5%) | 46 Companies (52.9%) | 45 Companies (51.1%) |
| Companies describing <u>overall attendance</u> | 39 Companies (38.6%) | 26 Companies (29.9%) | 26 Companies (29.5%) |
| Companies describing <u>attendance of each member</u> | 27 Companies (26.7%) | 22 Companies (25.3%) | 21 Companies (23.9社) |
| Companies describing <u>roles and responsibility of board or committee</u> | 88 Companies (87.1%) | 78 Companies (89.7%) | 79 Companies (89.8%) |
| Companies describing <u>what was discussed in the previous fiscal year</u> | 11 Companies (10.9%) | 25 Companies (28.7%) | 24 Companies (27.3%) |

(Note) Figures in parentheses represent the ratio of companies describing the status of each item to companies that have board of directors (101 companies), nomination committees (87 companies) and compensation committees (88 companies), respectively.