

Appointment of Independent Directors and
Establishment of Nomination and Remuneration Committees
by TSE-Listed Companies



Tokyo Stock Exchange, Inc.
September 7, 2020



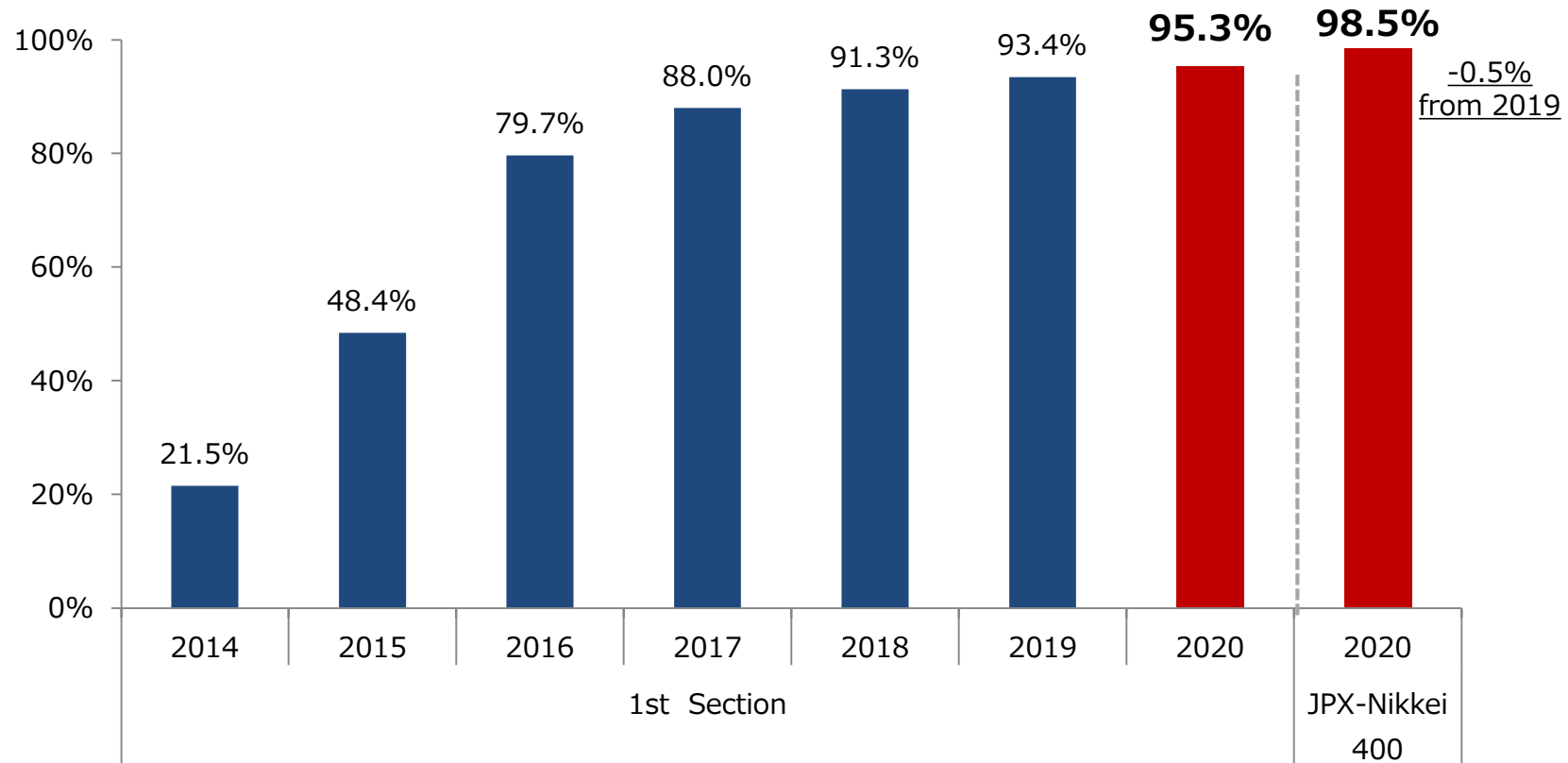
1 . Appointment of Independent Directors



Companies with two or more Independent Directors

- **95.3%** of the 1st Section and **98.5%** of the JPX-Nikkei 400 companies appoint two or more independent directors.

[Ratio of 1st Section Companies with two or more Independent Directors]

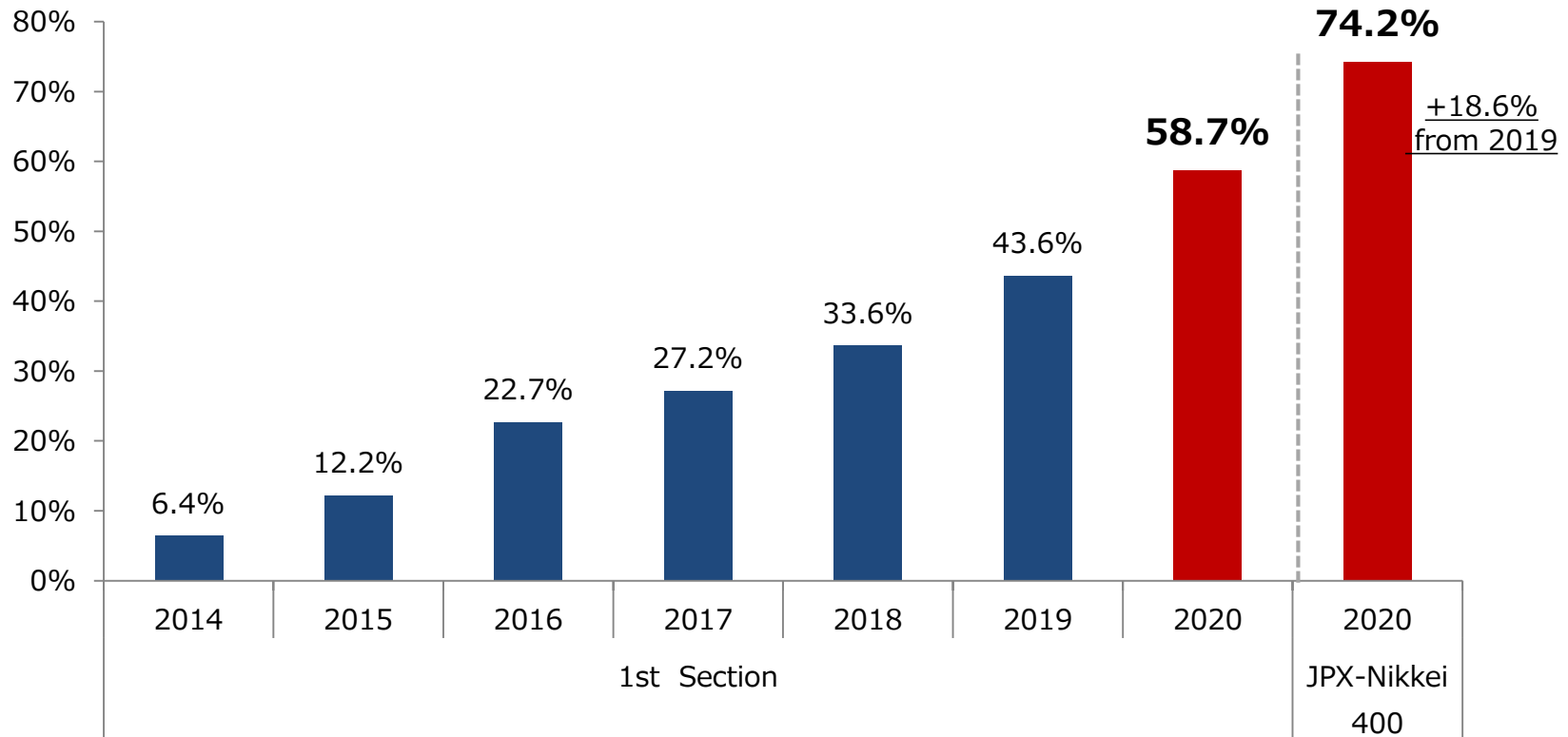




Companies with 1/3 or more Independent Directors

- **58.7%** of the 1st Section Companies and **74.2%** of the JPX-Nikkei 400 companies appoint 1/3 or more independent directors.

[Ratio of 1st Section Companies with 1/3 or more Independent Directors]



(Table) Appointment of Independent Directors

	Number of Companies	Companies with two or more Independent Directors		Companies with 1/3 or more Independent Directors	
		Number	Ratio	Number	Ratio
1 st Section	2,172	2,070	95.3%	1,276	58.7%
		(+63)	(+1.9%)	(+339)	(+15.1%)
2 nd Section	480	357	74.4%	170	35.4%
		(+3)	(+1.9%)	(+29)	(+6.5%)
Mothers	326	183	56.1%	149	45.7%
		(+34)	(+4.9%)	(+38)	(+7.6%)
JASDAQ	699	276	39.5%	156	22.3%
		(+22)	(+3.8%)	(+47)	(+7.0%)
Total	3,677	2,886	78.5%	1,751	47.6%
		(+122)	(+2.5%)	(+453)	(+12.0%)
JPX-Nikkei 400	396	390	98.5%	294	74.2%
		(-3)	(-0.5%)	(+73)	(+18.6%)

* Change from 2019 indicated in parentheses.



(Table) Number of Outside/
Independent Directors per Company

	Number of Companies	Director s	Number of Independent Directors							Number of Outside Directors						
		Average	Average	None	1	2	3 or more	1/3 or more	More than half	Average	None	1	2	3 or more	1/3 or more	More than half
1 st Section	2,172	8.9	2.9	6	96	866	1,204	1,276	130	3.1	3	49	753	1,367	1,424	179
				0.3%	4.4%	39.9%	55.4%	58.7%	6.0%		0.1%	2.3%	34.7%	62.9%	65.6%	8.2%
2 nd Section	480	7.7	2.0	14	109	248	109	170	11	2.4	4	74	219	183	242	30
				2.9%	22.7%	51.7%	22.7%	35.4%	2.3%		0.8%	15.4%	45.6%	38.1%	50.4%	6.3%
Mothers	326	6.2	1.8	15	128	105	78	149	24	2.2	4	98	111	113	188	42
				4.6%	39.3%	32.2%	23.9%	45.7%	7.4%		1.2%	30.1%	34.0%	34.7%	57.7%	12.9%
JASDAQ	699	6.9	1.4	125	298	176	100	156	15	1.9	31	289	213	166	241	35
				17.9%	42.6%	25.2%	14.3%	22.3%	2.1%		4.4%	41.3%	30.5%	23.7%	34.5%	5.0%
Total	3,677	8.1	2.4	160	631	1,395	1,491	1,751	180	2.7	42	510	1,296	1,829	2,095	286
				4.4%	17.2%	37.9%	40.5%	47.6%	4.9%		1.1%	13.9%	35.2%	49.7%	57.0%	7.8%
JPX-Nikkei 400	396	10.2	3.7	1	5	65	325	294	38	3.8	1	1	59	335	311	42
				0.3%	1.3%	16.4%	82.1%	74.2%	9.6%		0.3%	0.3%	14.9%	84.6%	78.5%	10.6%

* Percentages in lower rows are the ratios to the number of companies in each section.

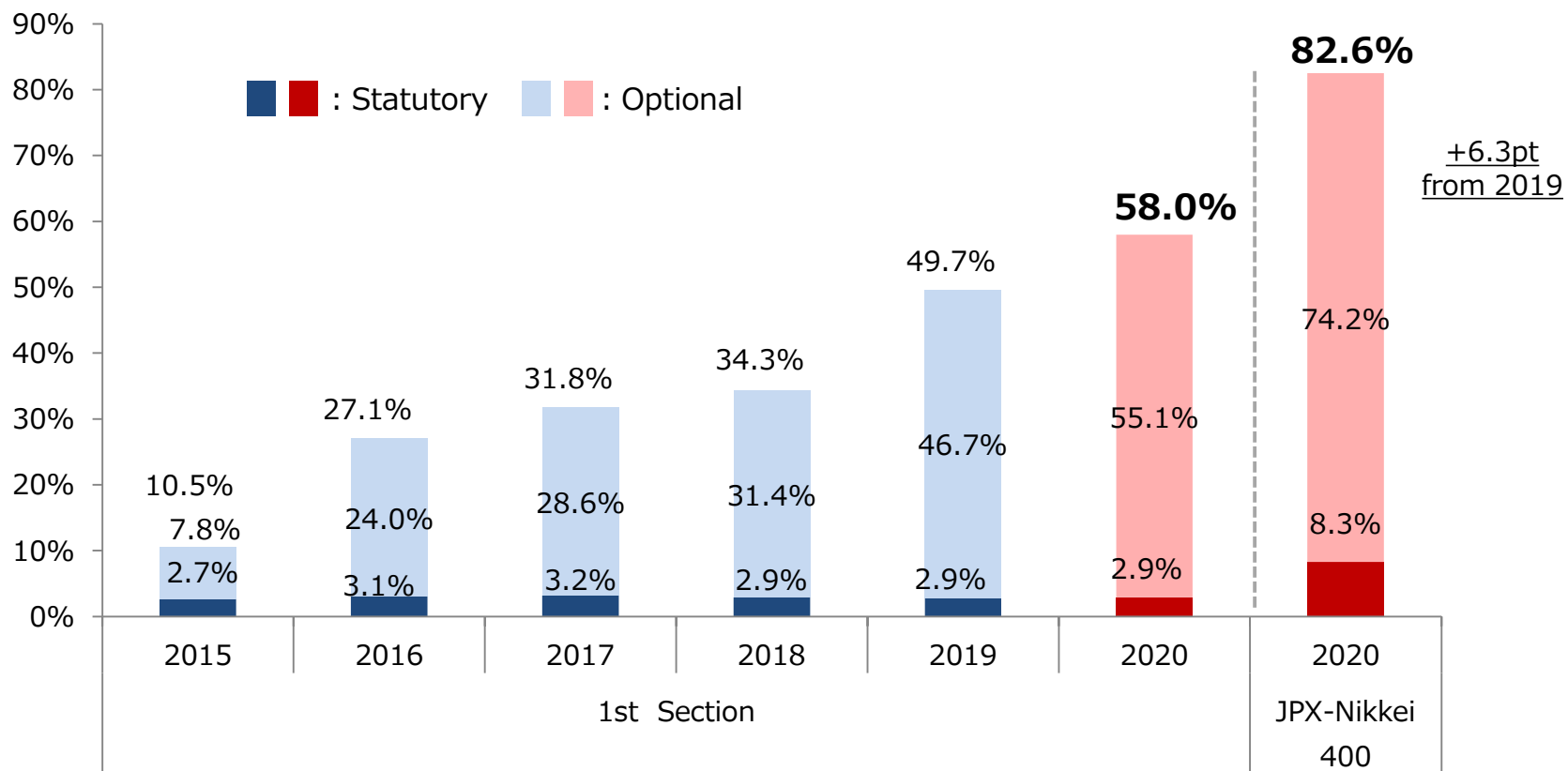


2. Establishment of Nomination and Remuneration Committees

Establishment of Nomination Committees

- **58.0%** of the 1st Section Companies and **82.6%** of the JPX-Nikkei 400 companies have established statutory or optional Nomination Committees.

[Ratio of 1st Section Companies with Nomination Committee]

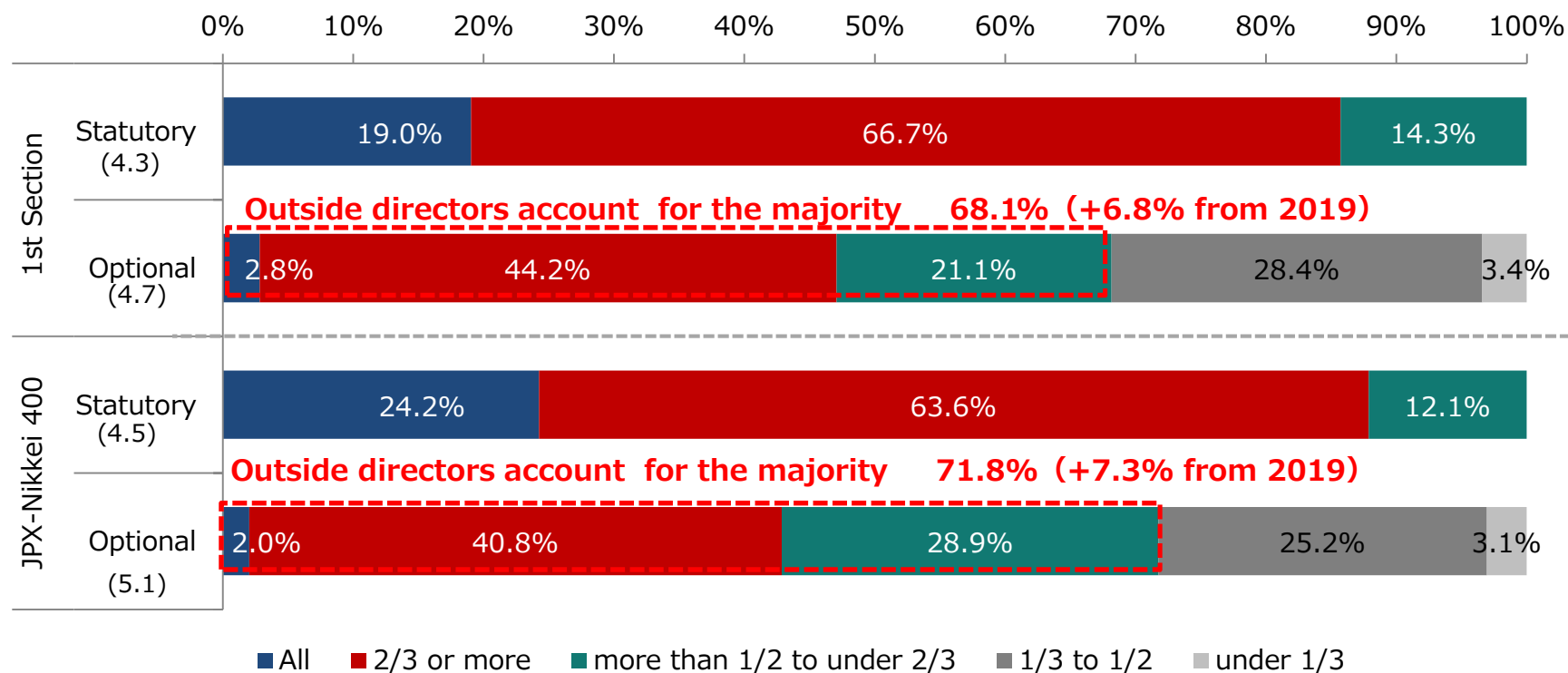




Ratio of Outside Directors in Nomination Committees

- **68.1%** of optional Nomination Committees established by the 1st Section companies and **71.8%** of optional Nomination Committees established by the JPX-Nikkei 400 companies have majority outside directors.

[Ratio of Outside Directors in Nomination Committees]



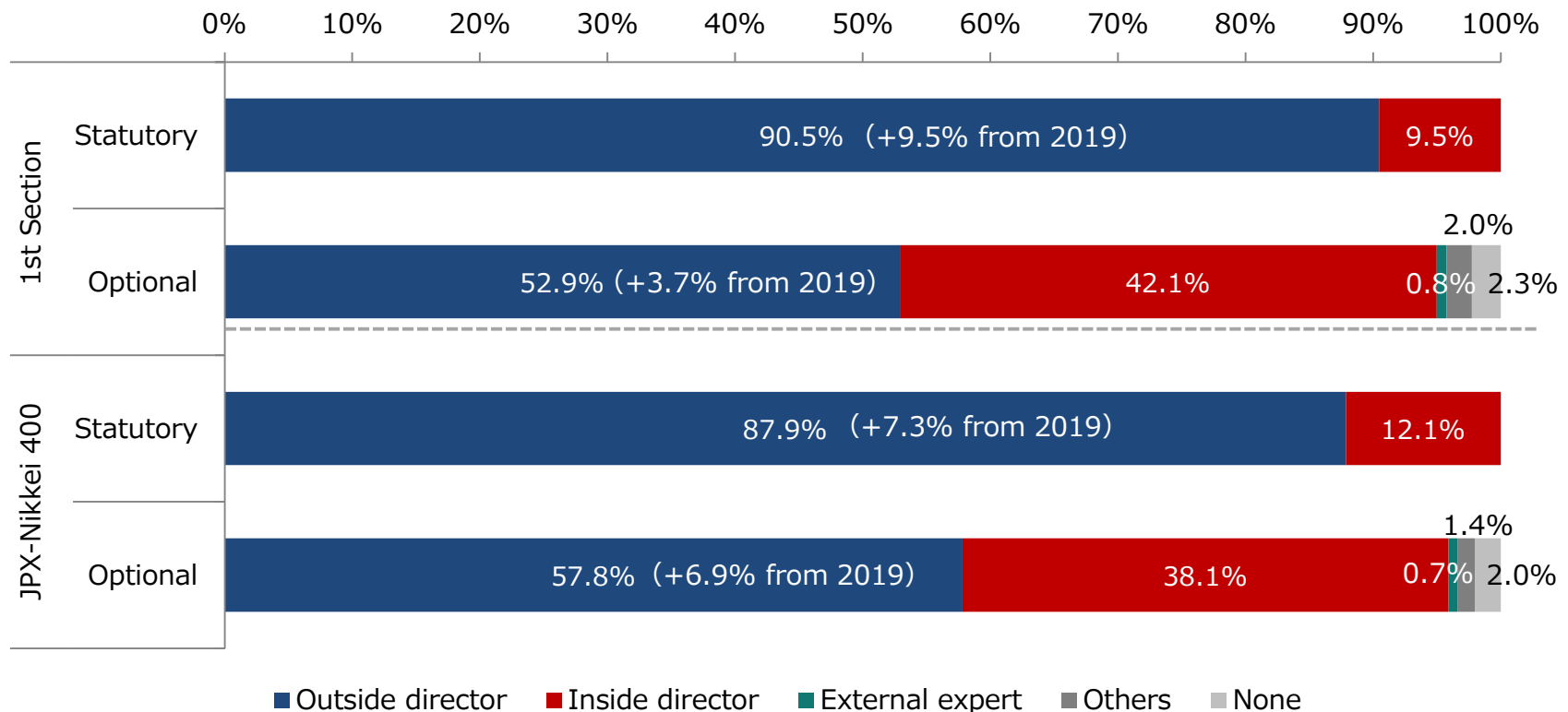
* Average number of members of Nomination Committees indicated in parentheses



Attributes of Chairpersons of Nomination Committees

- **Approximately 90%** of the statutory Nomination Committees and **approximately 50%** of the optional Nomination Committees established by the 1st Section companies and the JPX-Nikkei 400 companies appoint outside directors as the chairpersons.

[Attributes of Chairpersons of Nomination Committees]

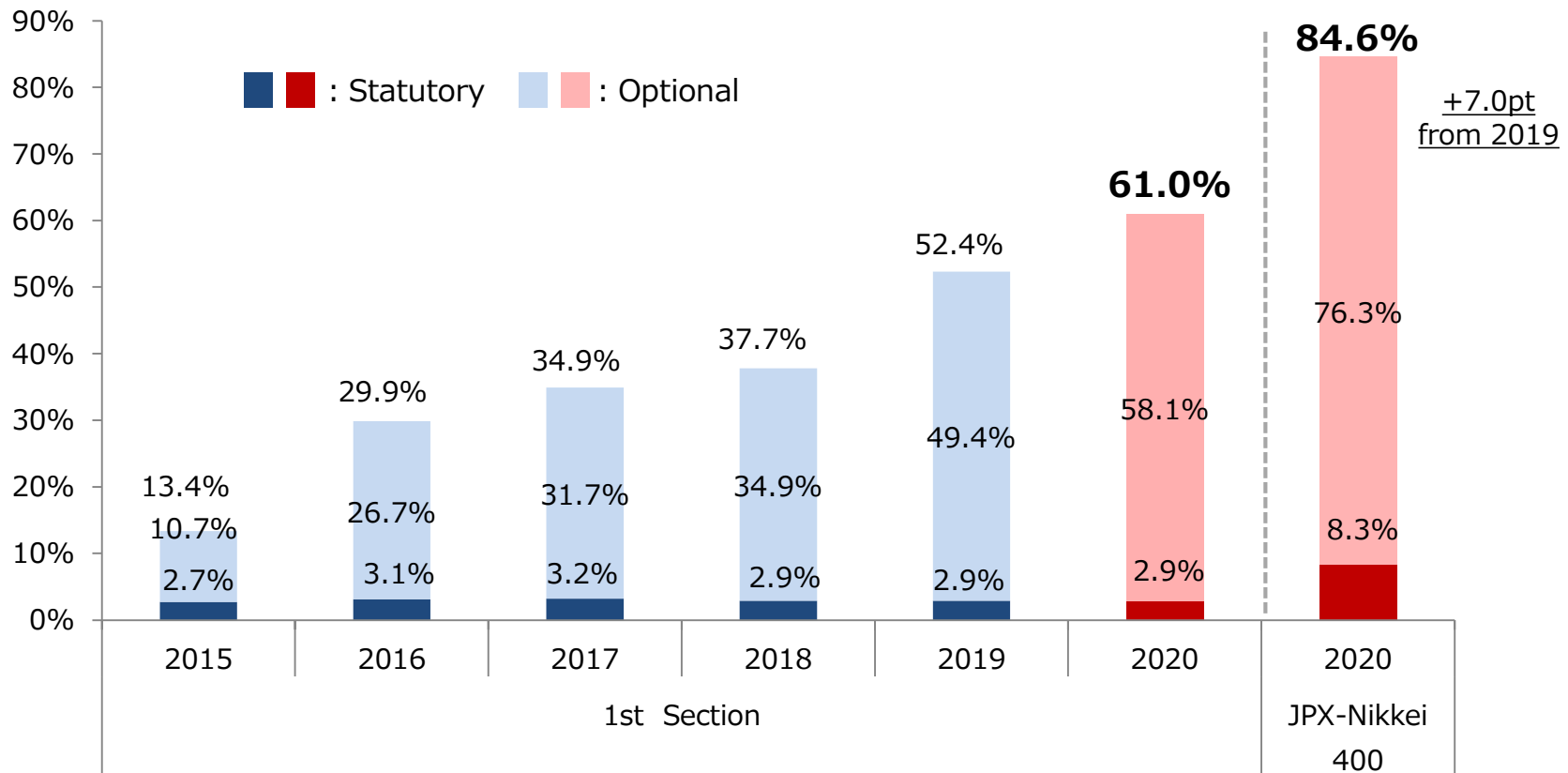




Establishment of Remuneration Committees (1st Section)

- **61.0%** of the 1st Section Companies and **84.6%** of the JPX-Nikkei 400 companies have established statutory or optional Remuneration Committees.

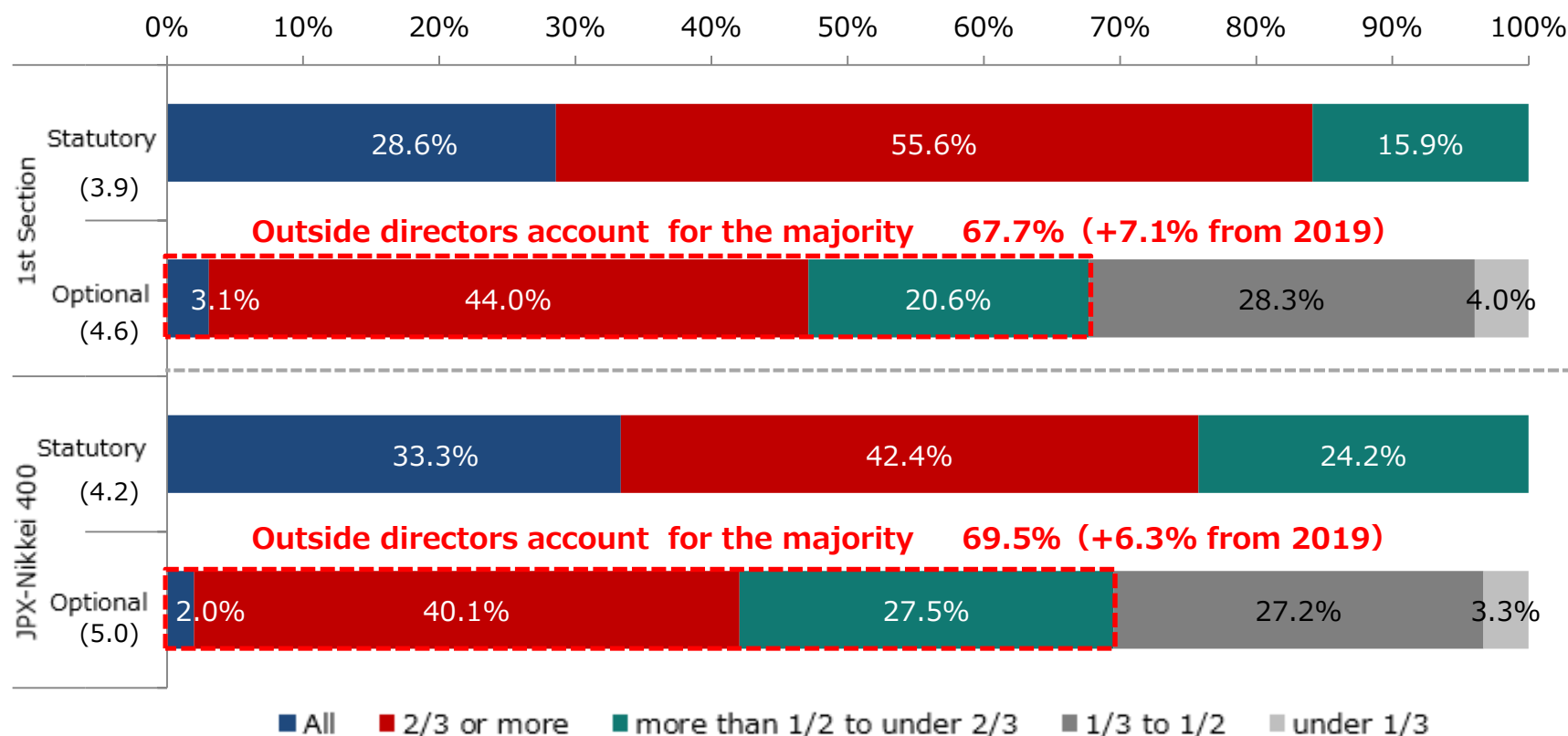
[Ratio of the 1st Section Companies with Remuneration Committee]



Ratio of Outside Directors in Remuneration Committees

- **67.7%** of optional Remuneration Committees established by the 1st Section companies and **69.5%** of optional Remuneration Committees established by the JPX-Nikkei 400 companies have majority outside directors.

[Ratio of Outside Directors in Remuneration Committees]

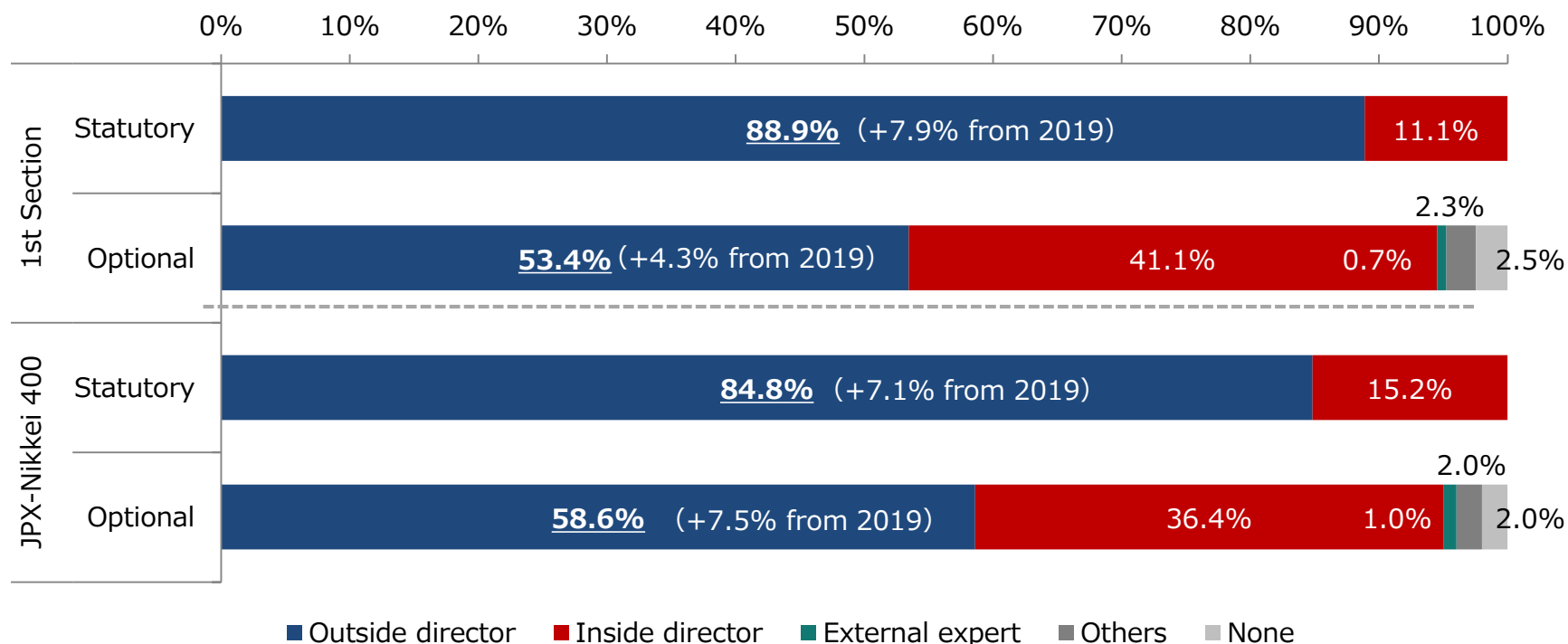


* Average number of members of Remuneration Committees indicated in parentheses

Attributes of Chairpersons of Remuneration Committees

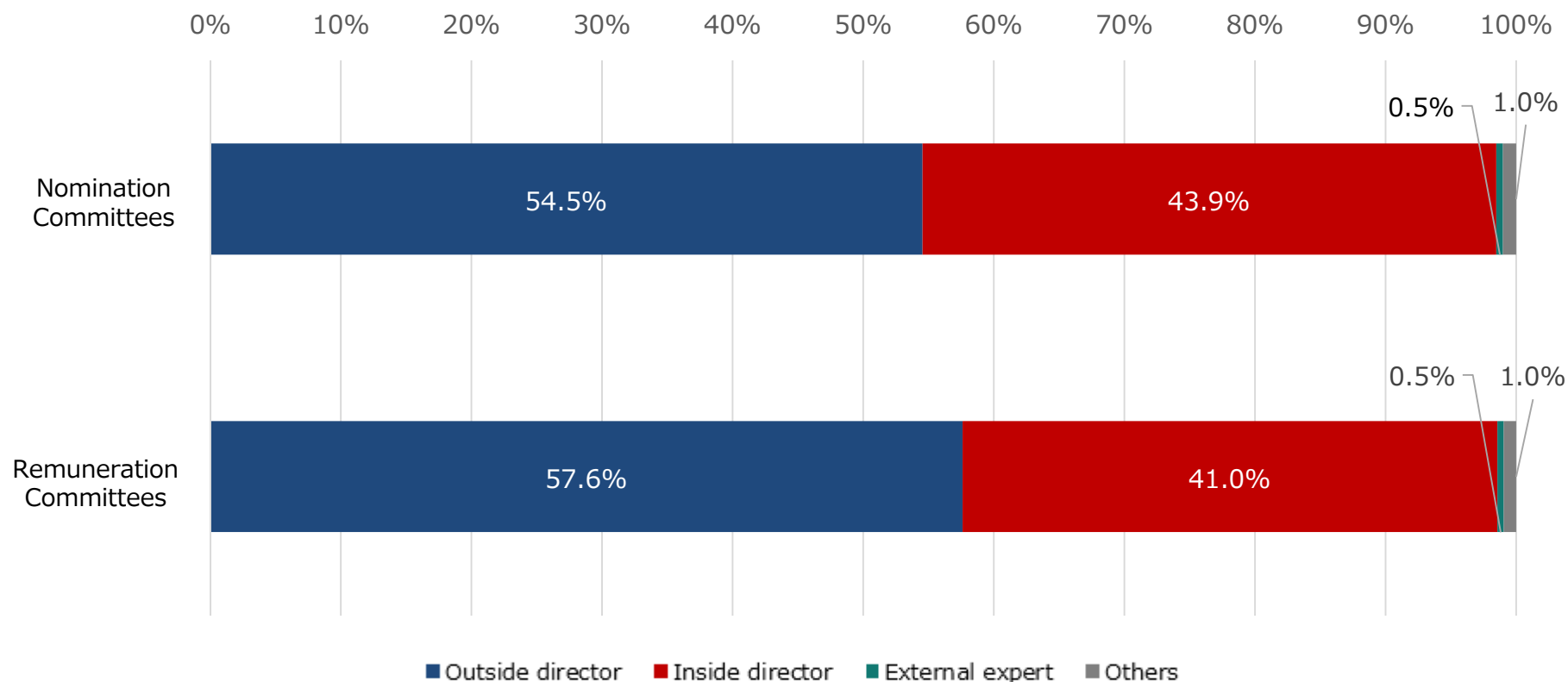
- **Approximately 85%** of the statutory Remuneration Committees and **approximately 55%** of the optional Remuneration Committees established by the 1st Section companies and the JPX-Nikkei 400 companies appoint outside directors as the chairpersons.

[Attributes of Chairpersons of Remuneration Committees]



- **54.5%** of the Nomination Committees and **57.6%** of the Remuneration Committees newly established by the 1st Section companies , appoint outside directors as the chairpersons.

【Attributes of chairpersons of newly established Nomination and Compensation Committee (the 1st Section)】





(Table) Status of Nomination/Remuneration Committee Establishment

	Number of Companies	Companies with Nomination Committee (Statutory and Optional combined)		Companies with Remuneration Committee (Statutory and Optional combined)	
		Number	Ratio	Number	Ratio
1st Section	2,172	1,259	58.0%	1,326	61.0%
		(+192)	(+8.4%)	(+201)	(+8.7%)
2nd Section	480	124	25.8%	133	27.7%
		(+25)	(+5.5%)	(+27)	(+6.0%)
Mothers	326	28	8.6%	45	13.8%
		(+13)	(+3.5%)	(+19)	(+4.9%)
JASDAQ	699	43	6.2%	59	8.4%
		(+14)	(+2.1%)	(+19)	(+2.8%)
Total	3,677	1,454	39.5%	1,563	42.5%
		(+244)	(+6.3%)	(+266)	(+6.8%)
JPX-Nikkei 400	396	327	82.6%	335	84.6%
		(+24)	(+6.1%)	(+27)	(+7.0%)

* Change from 2019 indicated in parentheses.



(Table) Organizational Form based on Japanese Companies Act

	Number of Companies	Companies with Three Committees		Companies with Supervisory Committee		Companies with <i>Kansayaku</i> Board	
		Number	Ratio	Number	Ratio	Number	Ratio
1st Section	2,172	63	2.9%	662	30.5%	1,447	66.6%
		(±0)	(±0.0%)	(+86)	(+3.7%)	(-62)	(-3.6%)
2nd Section	480	4	0.8%	171	35.6%	305	63.5%
		(±0)	(±0.0%)	(+8)	(+2.2%)	(-16)	(-2.2%)
Mothers	326	5	1.5%	85	26.1%	236	72.4%
		(±0)	(-0.2%)	(+10)	(+0.3%)	(+25)	(-0.1%)
JASDAQ	699	4	0.6%	188	26.9%	507	72.5%
		(±0)	(±0.0%)	(+1)	(+0.6%)	(-14)	(-0.6%)
Total	3,677	76	2.1%	1,106	30.1%	2,495	67.9%
		(±0)	(±0.0%)	(+105)	(+2.6%)	(-67)	(-2.5%)
JPX-Nikkei 400	396	33	8.3%	79	19.9%	284	71.7%
		(-3)	(-0.7%)	(+12)	(+3.1%)	(-10)	(-2.3%)

* Change from 2019 indicated in parentheses.

Notes on Figures

- Figures are based on the Corporate Governance Reports of listed companies as of August 14, 2020.

What is an “Independent Director”?

- An outside director that is designated by each listed company as an independent director under the TSE listing rules.
- To protect the interests of general shareholders, TSE requires listed companies to designate highly independent outside directors/ auditors as “independent directors”/“auditors.”



3. Ensuring diversity in the board of directors

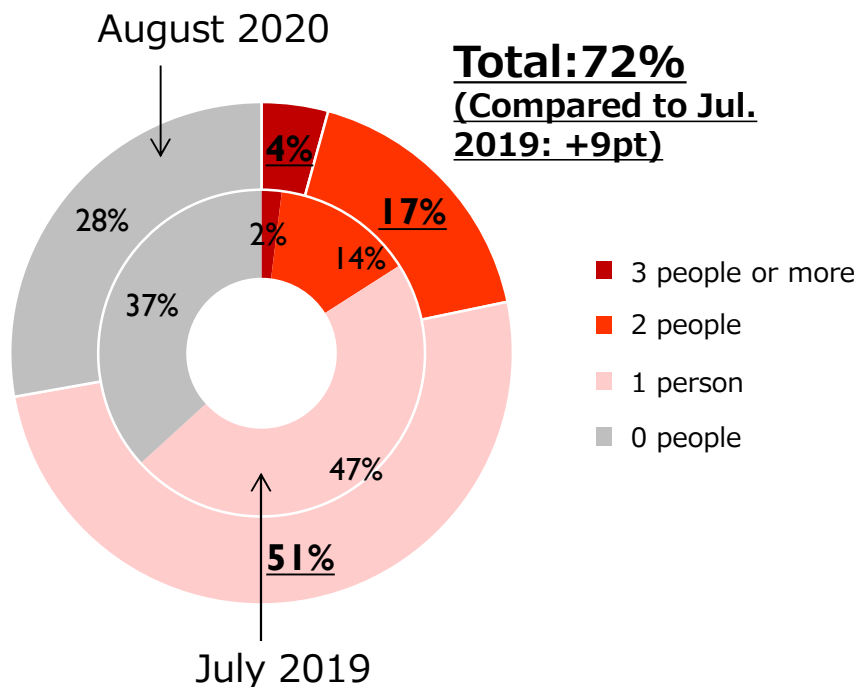


Ensuring diversity in the board of directors

Among JPX Nikkei 400 component companies,

- 72% of companies have appointed female directors (Compared to Jul. 2019: +9pt)
- 20% of companies have appointed directors with a foreign nationality (Compared to Jul. 2019: +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

