

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



Tokyo Stock Exchange, Inc.
August 1, 2019

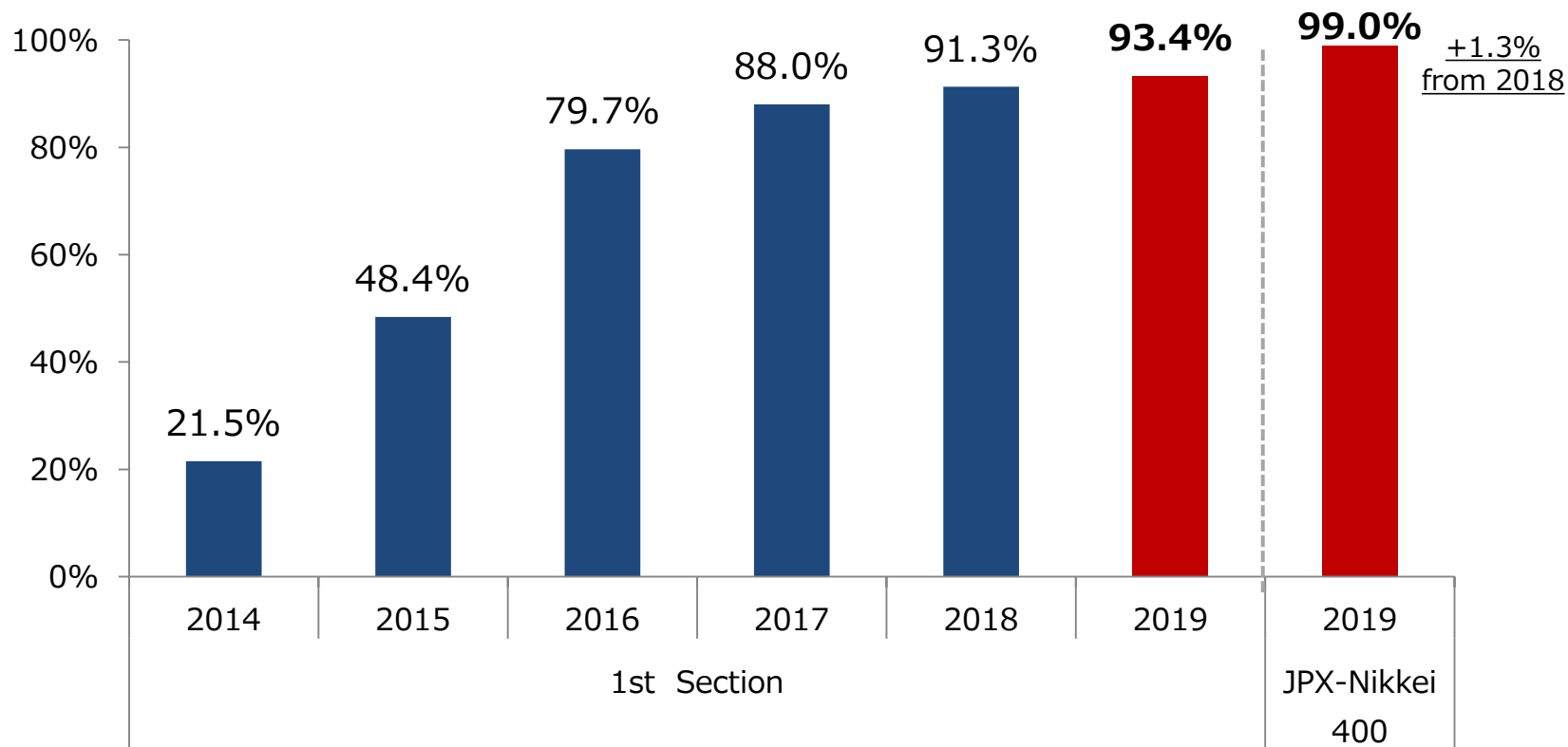


1 . Appointment of Independent Directors

Companies with two or more Independent Directors

- **93.4%** of the 1st Section and **99.0%** of the JPX-Nikkei 400 companies appoint two or more independent directors.

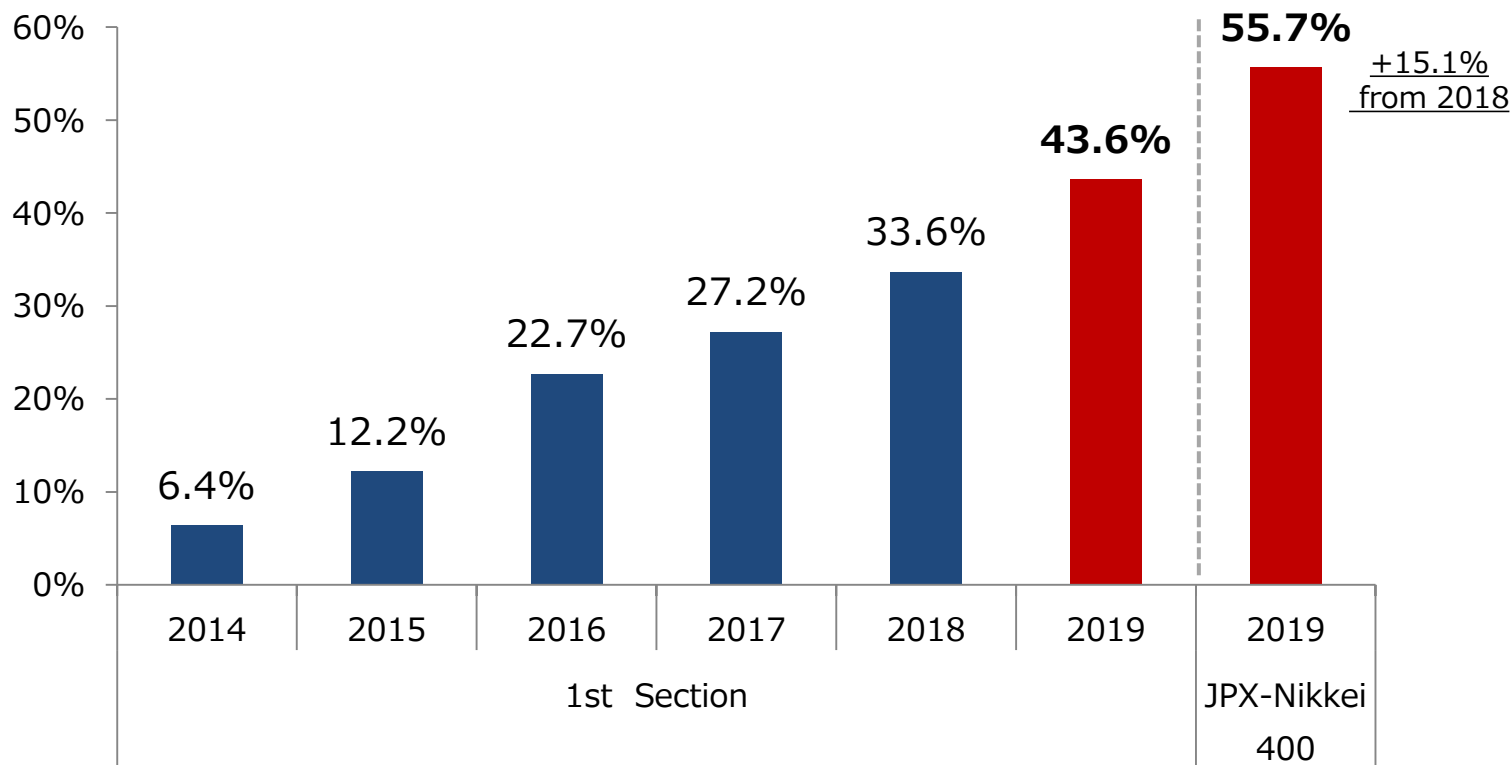
[Ratio of 1st Section Companies with two or more Independent Directors]



Companies with 1/3 or more Independent Directors

- **43.6%** of the 1st Section Companies and **55.7%** 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	2,148	2,007	93.4%	937	43.6%
		(+91)	(+2.1%)	(+231)	(+10.0%)
2 nd Section	488	354	72.5%	141	28.9%
		(+14)	(+6.0%)	(+20)	(+5.2%)
Mothers	291	149	51.2%	111	38.1%
		(+43)	(+10.3%)	(+30)	(+6.9%)
JASDAQ	712	254	35.7%	109	15.3%
		(+33)	(+5.4%)	(+4)	(+0.9%)
Total	3,639	2,764	76.0%	1,298	35.7%
		(+181)	(+4.2%)	(+285)	(+7.5%)
JPX-Nikkei 400	397	393	99.0%	221	55.7%
		(+3)	(+1.3%)	(+59)	(+15.1%)

* Change from 2018 indicated in parentheses.

(Table) Number of Outside/ Independent Directors per Company

	Number of Companies	Director's Average	Number of Independent Directors							Number of Outside Directors						
			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	2,148	9.1	2.7	7	134	1,050	957	937	93	2.9	2	88	922	1,136	1,098	136
				0.3%	6.2%	48.9%	44.6%	43.6%	4.3%		0.1%	4.1%	42.9%	52.9%	51.1%	6.3%
2 nd Section	488	7.8	1.9	16	118	263	91	141	11	2.3	5	80	235	168	210	27
				3.3%	24.2%	53.9%	18.6%	28.9%	2.3%		1.0%	16.4%	48.2%	34.4%	43.0%	5.5%
Mothers	291	6.2	1.7	25	117	83	66	111	18	2.1	7	98	83	103	148	33
				8.6%	40.2%	28.5%	22.7%	38.1%	6.2%		2.4%	33.7%	28.5%	35.4%	50.9%	11.3%
JASDAQ	712	7.0	1.3	143	315	184	70	109	6	1.7	43	302	225	142	202	26
				20.1%	44.2%	25.8%	9.8%	15.3%	0.8%		6.0%	42.4%	31.6%	19.9%	28.4%	3.7%
Total	3,639	8.3	2.2	191	684	1,580	1,184	1,298	128	2.5	57	568	1,465	1,549	1,658	222
				5.2%	18.8%	43.4%	32.5%	35.7%	3.5%		1.6%	15.6%	40.3%	42.6%	45.6%	6.1%
JPX-Nikkei 400	397	10.5	3.4	0	4	99	294	221	28	3.5	0	2	91	304	239	36
				0.0%	1.0%	24.9%	74.1%	55.7%	7.1%		0.0%	0.5%	22.9%	76.6%	60.2%	9.1%

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

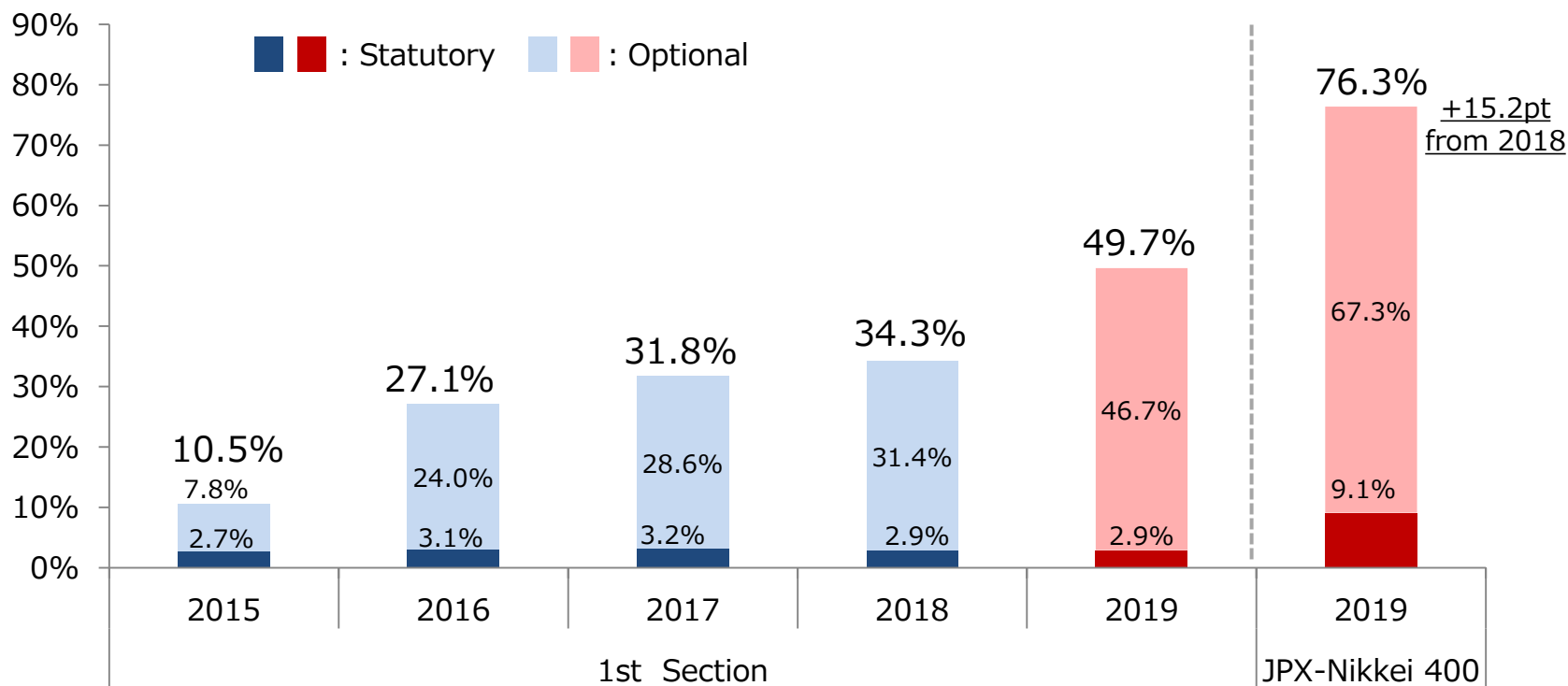


2. Establishment of Nomination and Remuneration Committees

Establishment of Nomination Committees

- **49.7%** of the 1st Section Companies and **76.3%** of the JPX-Nikkei 400 companies have established statutory or optional Nomination Committees.

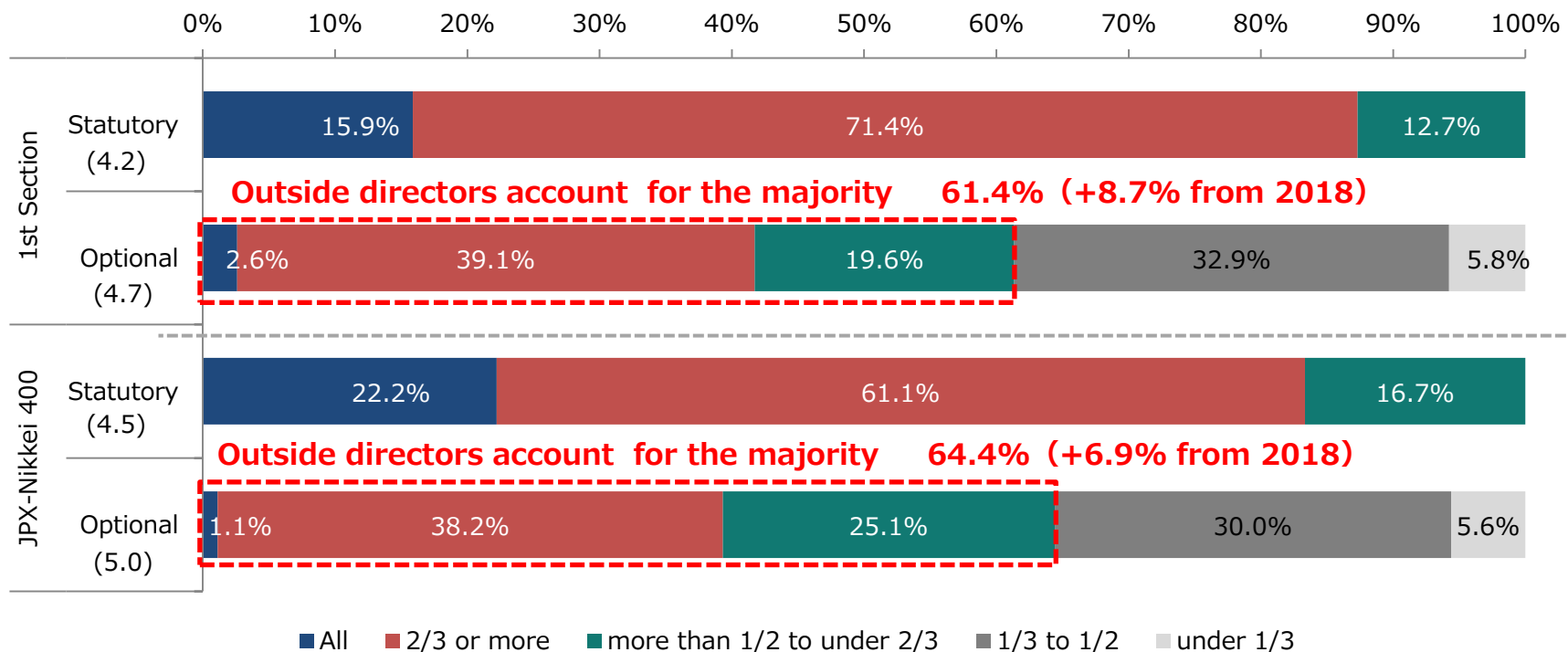
[Ratio of 1st Section Companies with Nomination Committee]



Ratio of Outside Directors in Nomination Committees

- **61.4%** of optional Nomination Committees established by the 1st Section companies and **64.4%** of optional Nomination Committees established by the JPX-Nikkei 400 companies have majority outside directors.

[Ratio of Outside Directors in Nomination Committees]

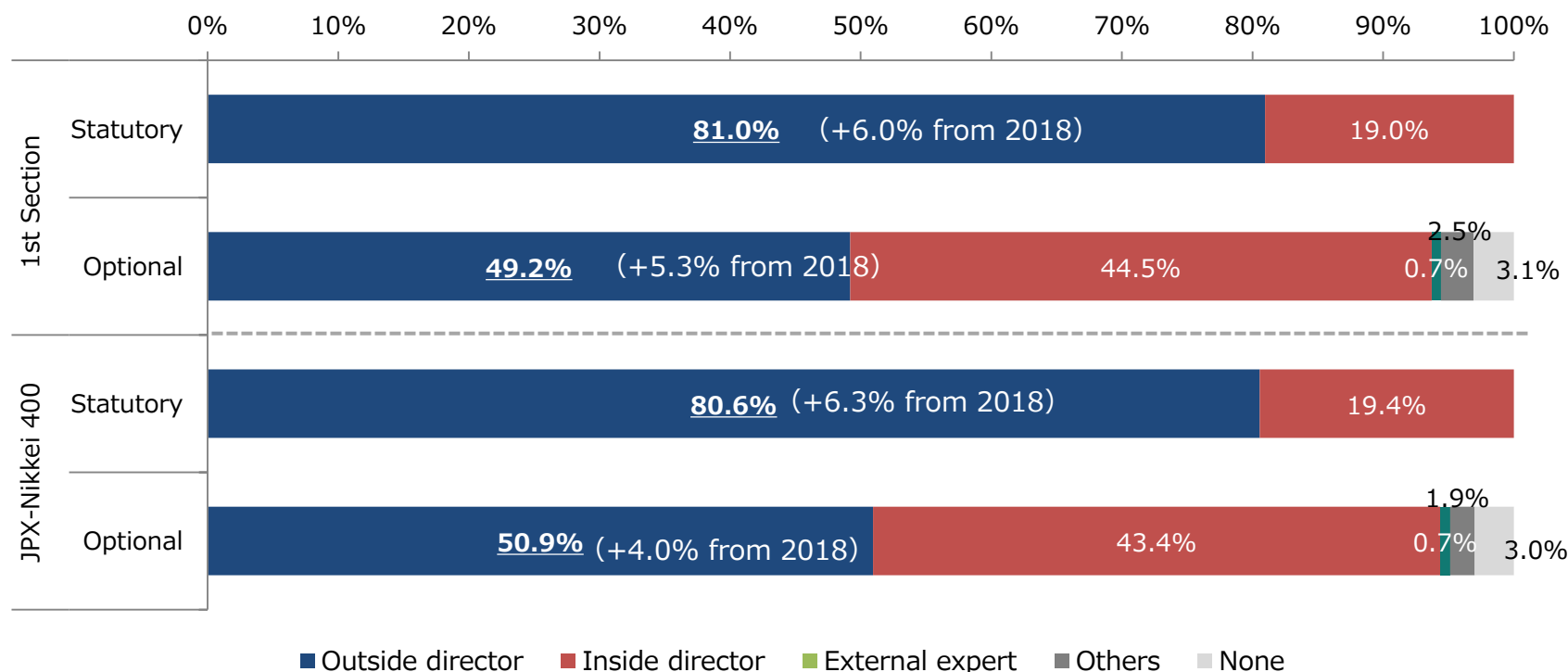


* Average number of members of Nomination Committees indicated in parentheses

Attributes of Chairpersons of Nomination Committees

- **Approximately 80%** 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.

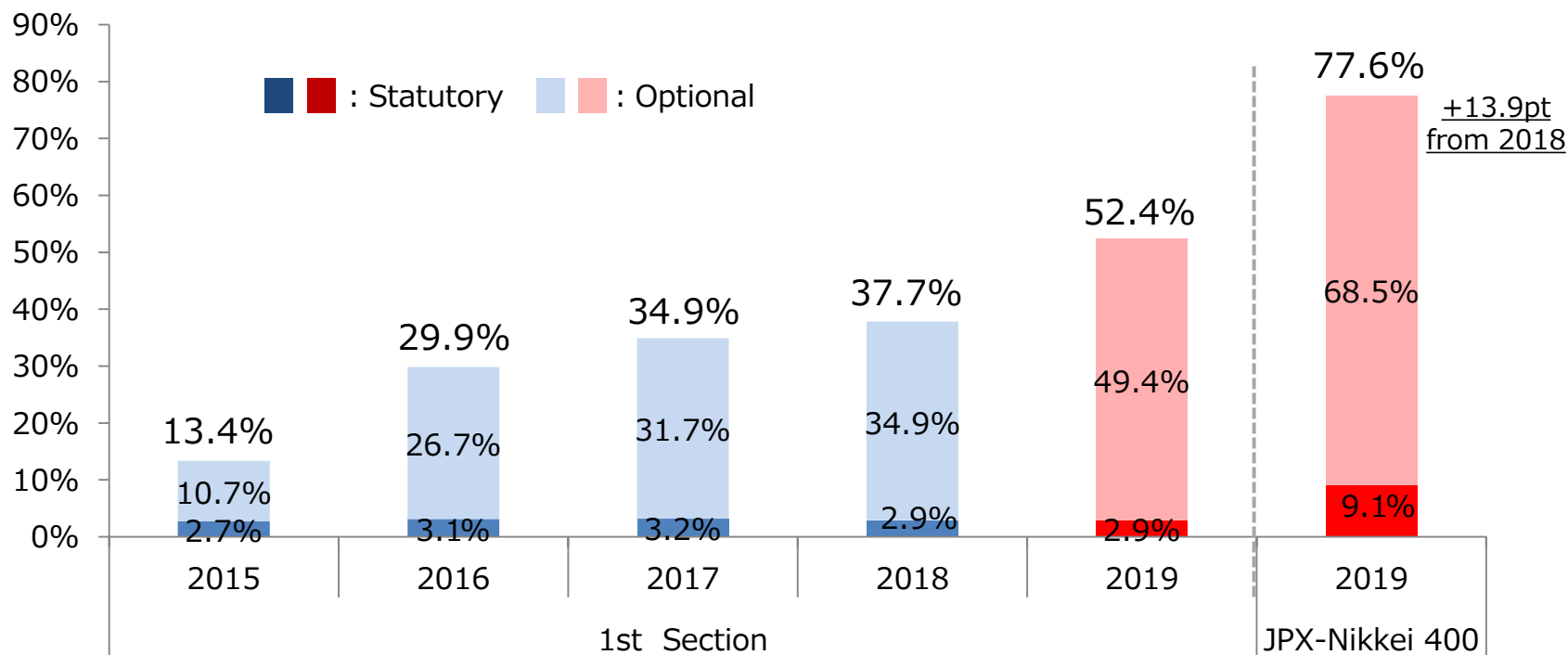
[Attributes of Chairpersons of Nomination Committees]



Establishment of Remuneration Committees (1st Section)

- **52.4%** of the 1st Section Companies and **77.6%** of the JPX-Nikkei 400 companies have established statutory or optional Remuneration Committees.

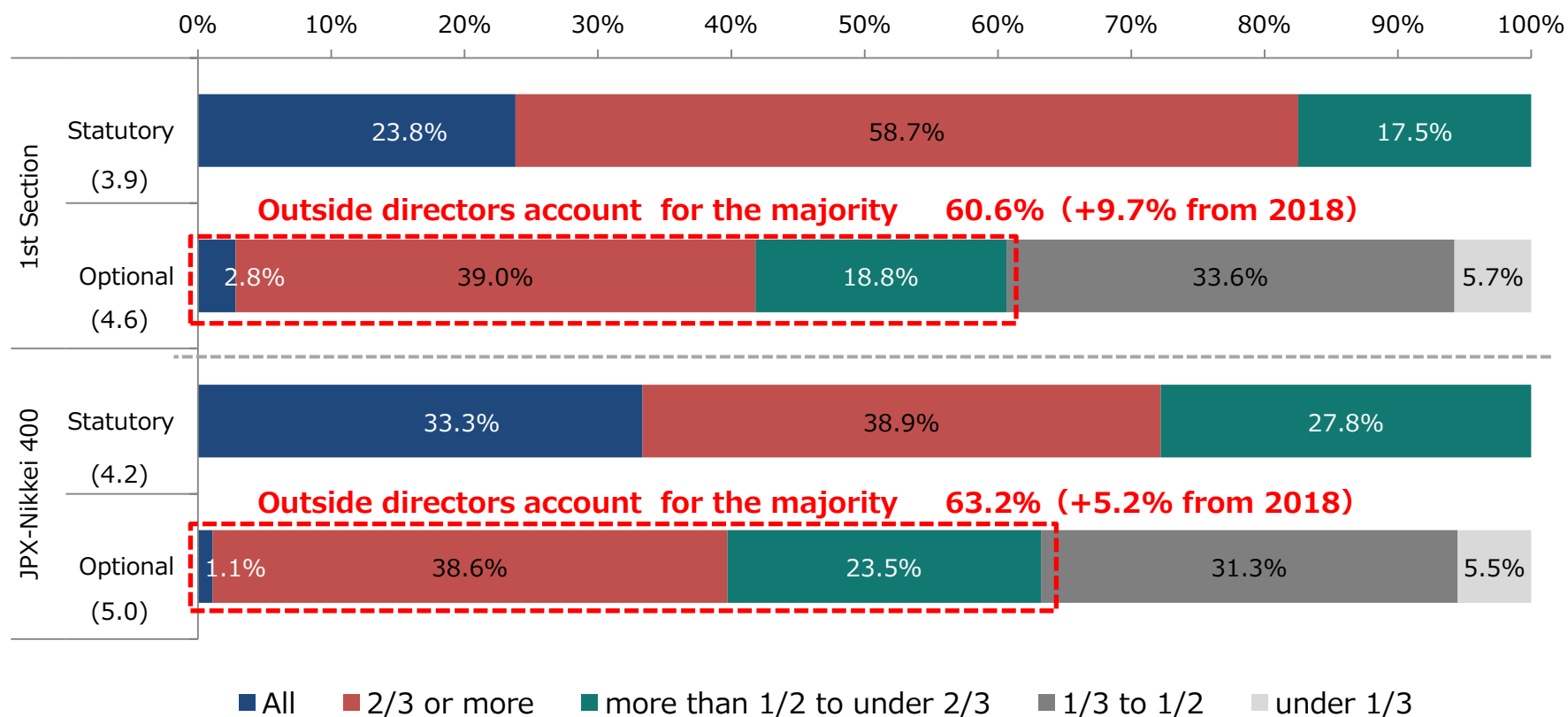
[Ratio of the 1st Section Companies with Remuneration Committee]



Ratio of Outside Directors in Remuneration Committees

- **60.6%** of optional Remuneration Committees established by the 1st Section companies and **63.2%** of optional Remuneration Committees established by the JPX-Nikkei 400 companies have majority outside directors.

[Ratio of Outside Directors in Remuneration Committees]

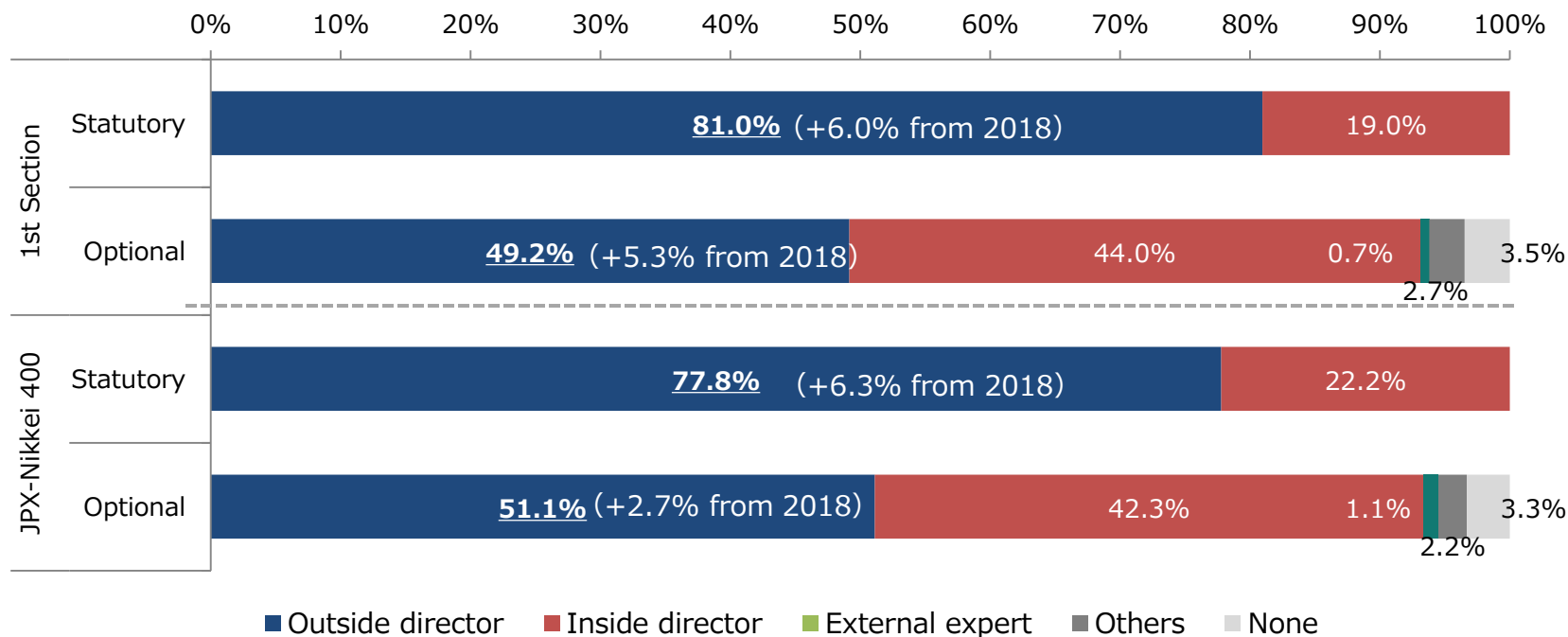


* Average number of members of Remuneration Committees indicated in parentheses

Attributes of Chairpersons of Remuneration Committees

- **Approximately 80%** of the statutory Remuneration Committees and **approximately 50%** 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]



(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	2,148	1,067	49.7%	1,125	52.4%
		(+348)	(+15.3%)	(+333)	(+14.5%)
2nd Section	488	99	20.3%	106	21.7%
		(+50)	(+10.7%)	(+51)	(+10.9%)
Mothers	291	15	5.2%	26	8.9%
		(+6)	(+1.7%)	(+8)	(+2.0%)
JASDAQ	712	29	4.1%	40	5.6%
		(+9)	(+1.4%)	(+15)	(+2.3%)
Total	3,639	1,210	33.3%	1,297	35.6%
		(+413)	(+11.1%)	(+407)	(+10.9%)
JPX-Nikkei 400	397	303	76.3%	308	77.6%
		(+59)	(+15.2%)	(+54)	(+13.9%)

* Change from 2018 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	2,148	63	2.9%	576	26.8%	1,509	70.3%
		(+3)	(+0.1%)	(+64)	(+2.4%)	(-18)	(-2.5%)
2nd Section	488	4	0.8%	163	33.4%	321	65.8%
		(+1)	(+0.2%)	(+2)	(+1.9%)	(-26)	(-2.1%)
Mothers	291	5	1.7%	75	25.8%	211	72.5%
		(+1)	(+0.2%)	(+27)	(+7.2%)	(+4)	(-7.4%)
JASDAQ	712	4	0.6%	187	26.3%	521	73.2%
		(±0)	(±0.0%)	(+18)	(+3.1%)	(-35)	(-3.1%)
Total	3,639	76	2.1%	1,001	27.5%	2,562	70.4%
		(+5)	(+0.1%)	(+111)	(+2.8%)	(-75)	(-2.9%)
JPX-Nikkei 400	397	36	9.0%	67	16.9%	294	74.1%
		(+1)	(+0.3%)	(+7)	(+1.8%)	(-10)	(-2.1%)

* Change from 2018 indicated in parentheses.

Notes on Figures

- Figures for each year are based on the Corporate Governance Reports of listed companies as of the following days.
 - 2014 : July 14, 2014
 - 2015 : July 14, 2015
 - 2016 : July 14, 2016
 - 2017 : July 14, 2017
 - 2018 : July 13, 2014
 - 2019 : July 12, 2014

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.”