

Appointment of Independent Directors,
Establishment of Nomination and Remuneration Committees, and
Disclosure of *Sodanyaku, Komon* etc. (i.e. Former President•CEOs Holding Advisory Positions)
by TSE-Listed Companies

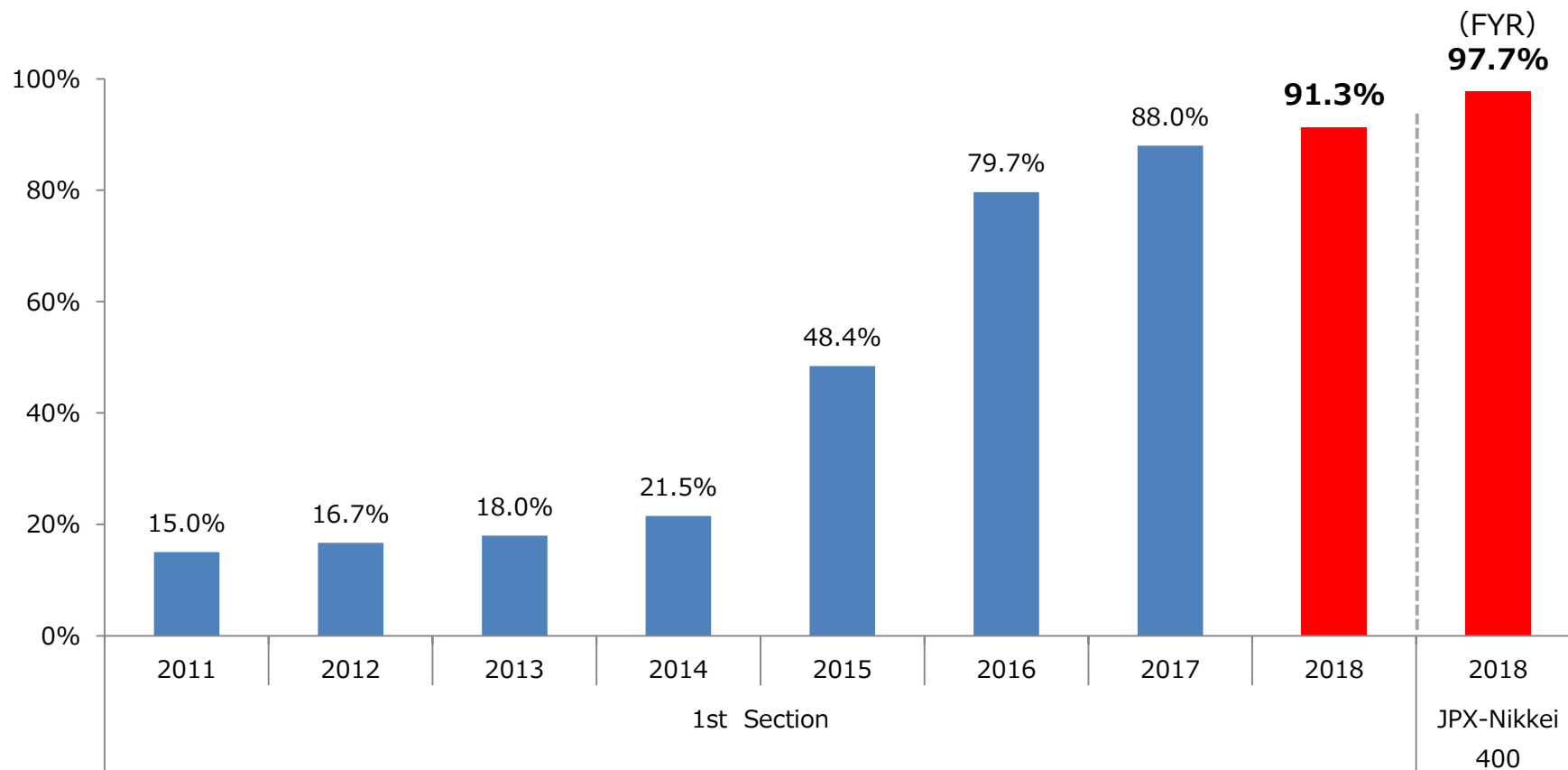


Tokyo Stock Exchange, Inc.
July 31, 2018

Companies with two or more Independent Directors

- 91.3% of the 1st Section Companies appoint two or more independent directors.
- 97.7% of the JPX-Nikkei 400 companies appoint two or more independent directors.

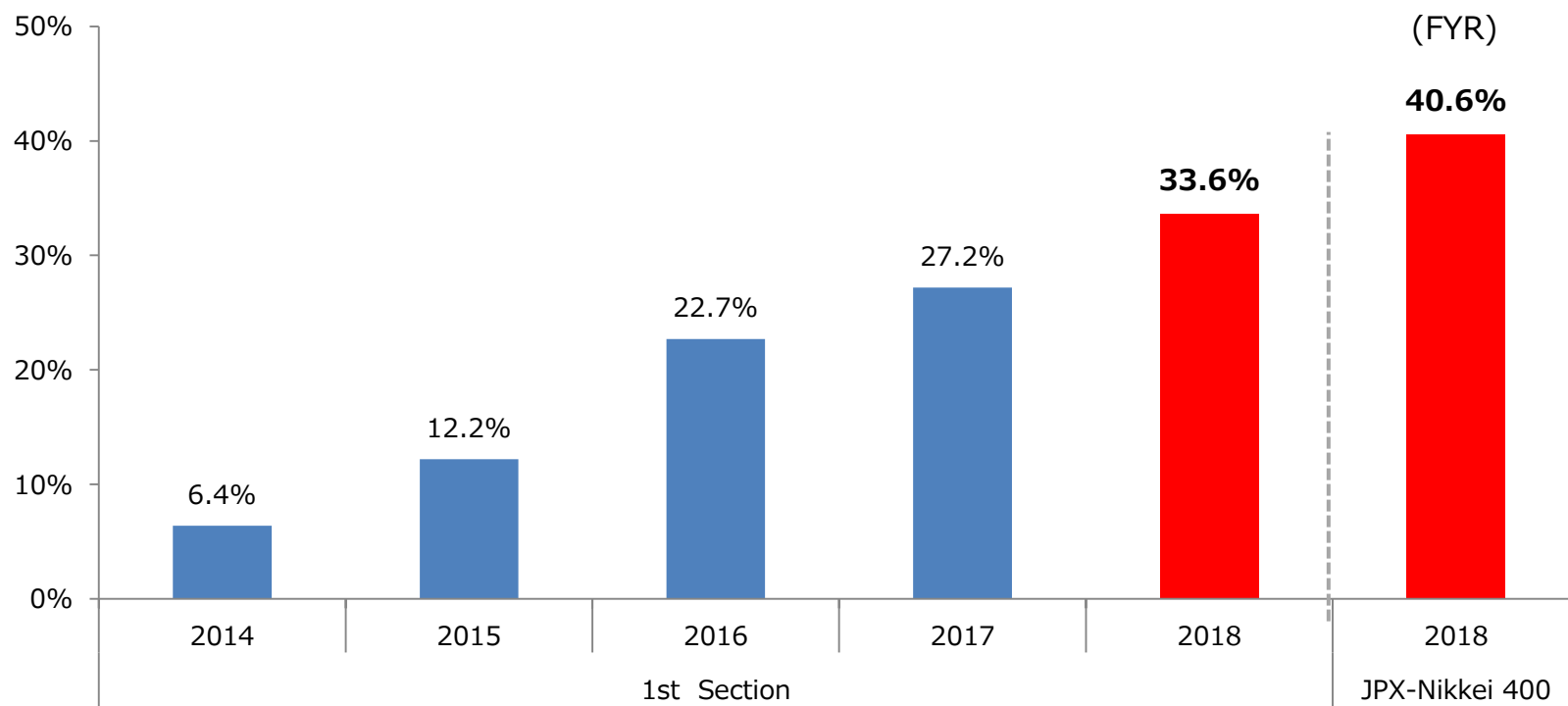
[Ratio of 1st Section Companies with two or more Independent Directors]



Companies with 1/3 or more Independent Directors

- 33.6% of the 1st Section Companies appoint 1/3 or more independent directors.
- 40.6% 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	2,099	1,916	91.3%	706	33.6%
		(+138)	(+3.3%)	(+157)	(+6.5%)
2 nd Section	511	340	66.5%	121	23.7%
		(+9)	(+3.2%)	(+23)	(+4.9%)
Mothers	259	106	40.9%	81	31.3%
		(+19)	(+4.8%)	(+12)	(+2.6%)
JASDAQ	729	221	30.3%	105	14.4%
		(+19)	(+3.4%)	(+13)	(+2.2%)
Total	3,598	2,583	71.8%	1,013	28.2%
		(+185)	(+4.0%)	(+205)	(+5.3%)
JPX-Nikkei 400	399	390	97.7%	162	40.6%
		(+8)	(+1.7%)	(+26)	(+6.4%)

* Change from previous year indicated in parentheses.

(Table) Number of Outside/ Independent Directors per Company

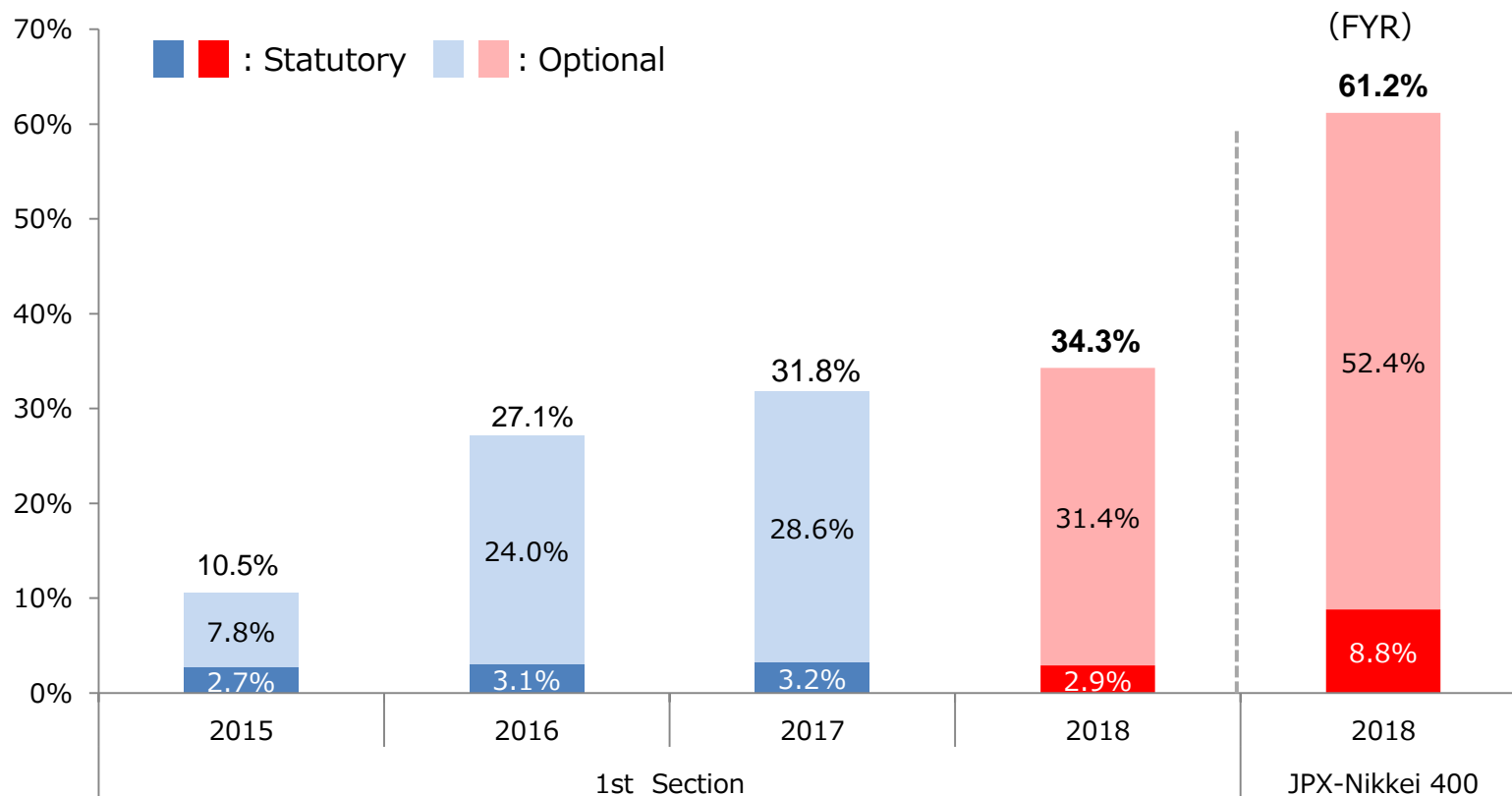
	Number of Companies	Directors	Number of Independent Directors							Number of Outside Directors						
		Average	Average	None	1	2	3 or more	1/3 or more	More than half	Average	None	1	2	3 or more	1/3 or more	More than half
1st Section	2,099	9.17	2.46	15	168	1,170	746	706	67	2.68	7	106	1,037	949	877	103
				0.7%	8.0%	55.7%	35.5%	33.6%	3.2%		0.3%	5.1%	49.4%	45.2%	41.8%	4.9%
2nd Section	511	7.77	1.82	22	149	261	79	121	11	2.16	5	107	254	145	181	22
				4.3%	29.2%	51.1%	15.5%	23.7%	2.2%		1.0%	20.9%	49.7%	28.4%	35.4%	4.3%
Mothers	259	6.08	1.52	30	123	58	48	81	12	1.94	11	99	75	74	124	28
				11.6%	47.5%	22.4%	18.5%	31.3%	4.6%		4.2%	38.2%	29.0%	28.6%	47.9%	10.8%
JASDAQ	729	6.88	1.19	164	344	158	63	105	7	1.63	59	330	213	127	190	26
				22.5%	47.2%	21.7%	8.6%	14.4%	1.0%		8.1%	45.3%	29.2%	17.4%	26.1%	3.6%
Total	3,598	8.28	2.04	231	784	1,647	936	1,013	97	2.34	82	642	1,579	1,295	1,372	179
				6.4%	21.8%	45.8%	26.0%	28.2%	2.7%		2.3%	17.8%	43.9%	36.0%	38.1%	5.0%
JPX-Nikkei 400	399	10.58	3.11	0	9	141	249	162	26	3.28	0	5	124	270	185	31
				–%	2.3%	35.3%	62.4%	40.6%	6.5%		–%	1.3%	31.1%	67.7%	46.4%	7.8%

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

Establishment of Nomination Committees

- 34.3% of the 1st Section Companies have established statutory or optional Nomination Committees.
- 61.2% of the JPX-Nikkei 400 companies have established statutory or optional Nomination Committees.

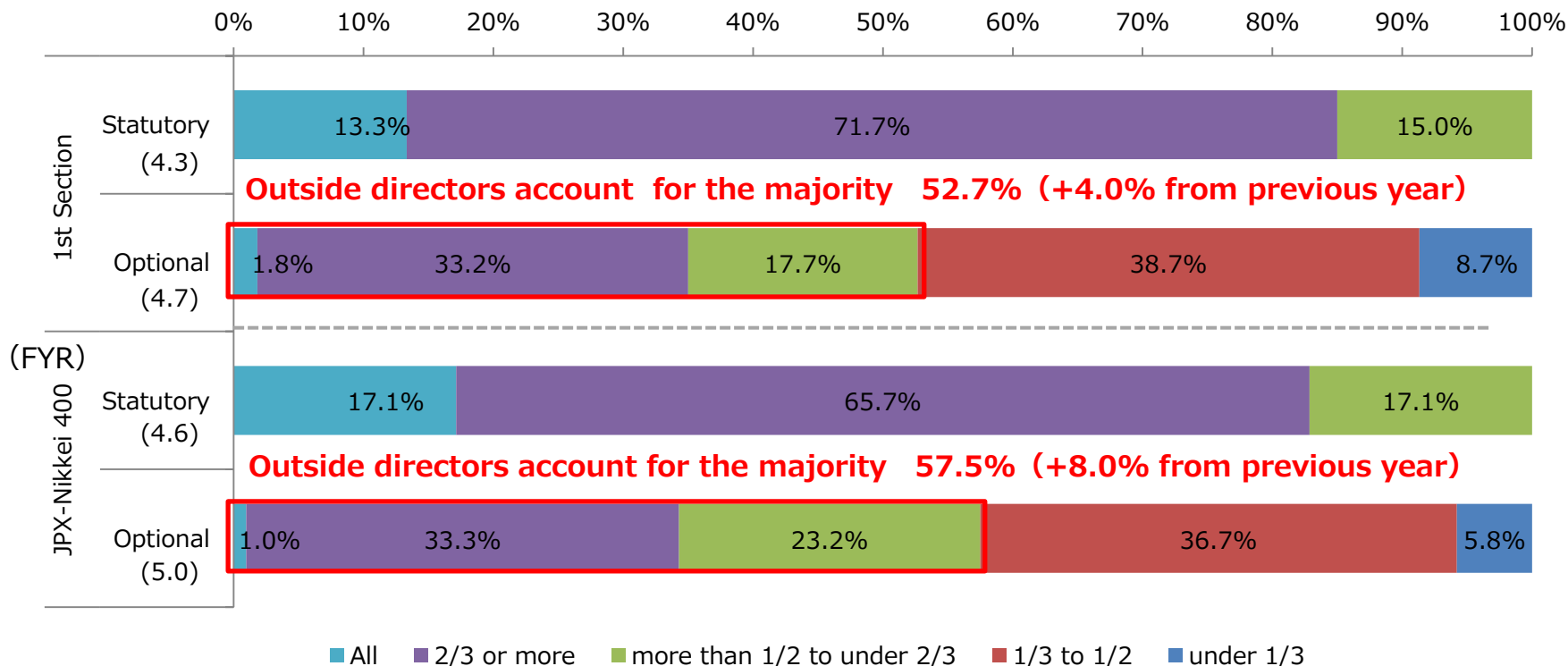
[Ratio of 1st Section Companies with Nomination Committee]



Ratio of Outside Directors in Nomination Committees

- 52.7% of optional Nomination Committees established by the 1st Section companies have majority outside directors.
- 57.5% of optional Nomination Committees established by the JPX-Nikkei 400 companies have majority outside directors.

[Ratio of Outside Directors in Nomination Committees]

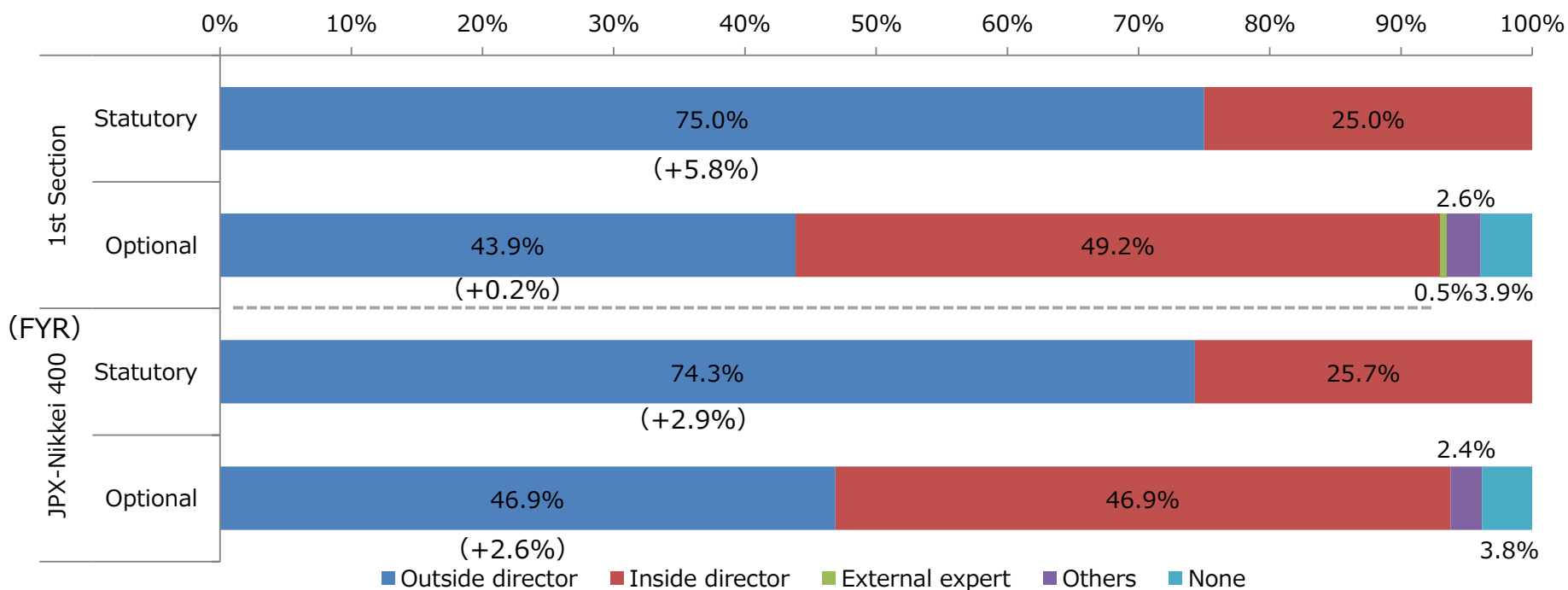


* Average number of members of Nomination Committees

Attributes of Chairpersons of Nomination Committees

- More than 70% of the statutory Nomination Committees established by the 1st Section companies and the JPX-Nikkei 400 companies appoint outside directors as the chairpersons.
- More than 40% 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]

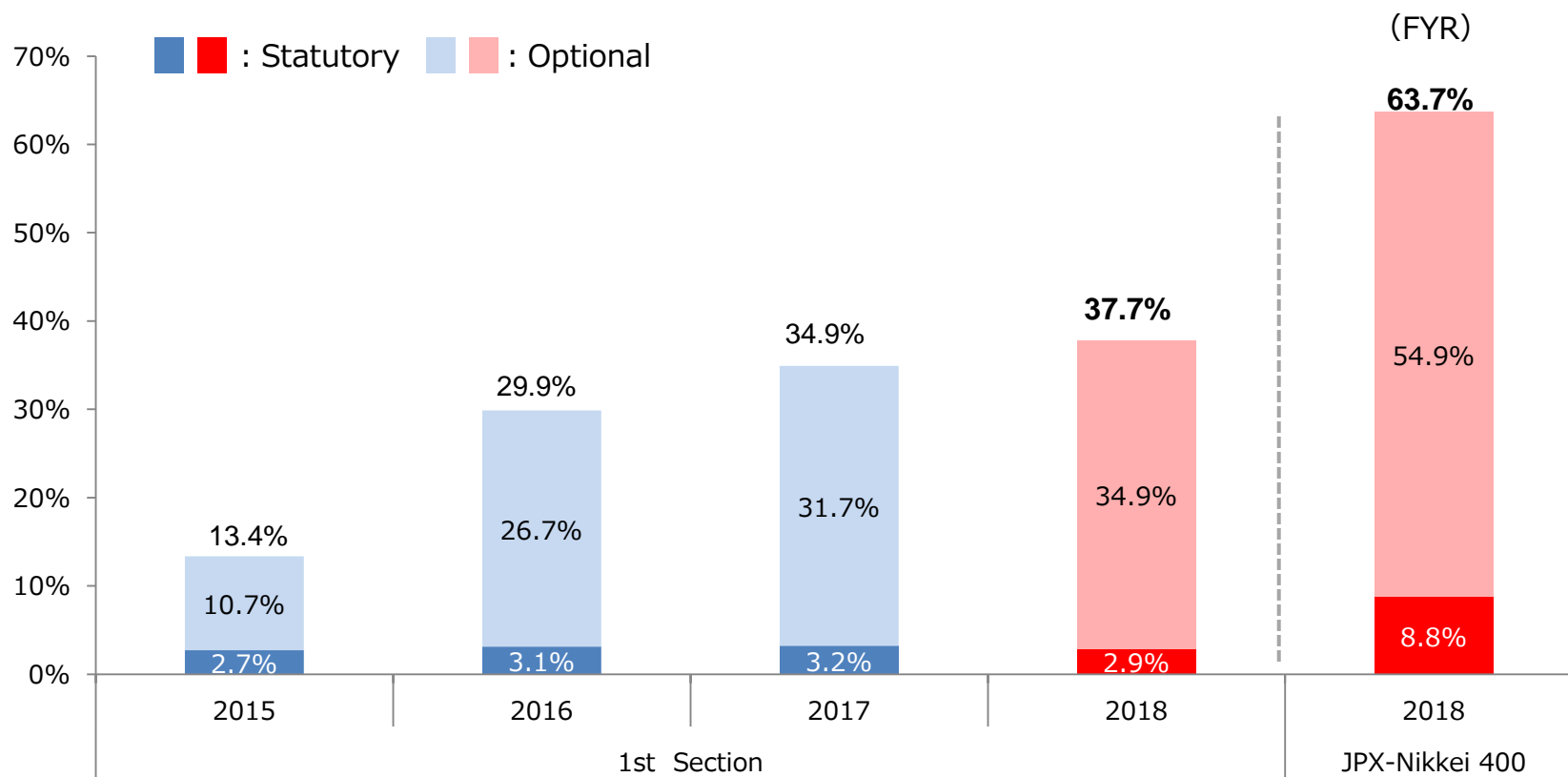


* Change from previous year indicated in parentheses.

Establishment of Remuneration Committees (1st Section)

- 37.7% of the 1st Section Companies have established statutory or optional Remuneration Committees.
- 63.7% of the JPX-Nikkei 400 companies have established statutory or optional Remuneration Committees.

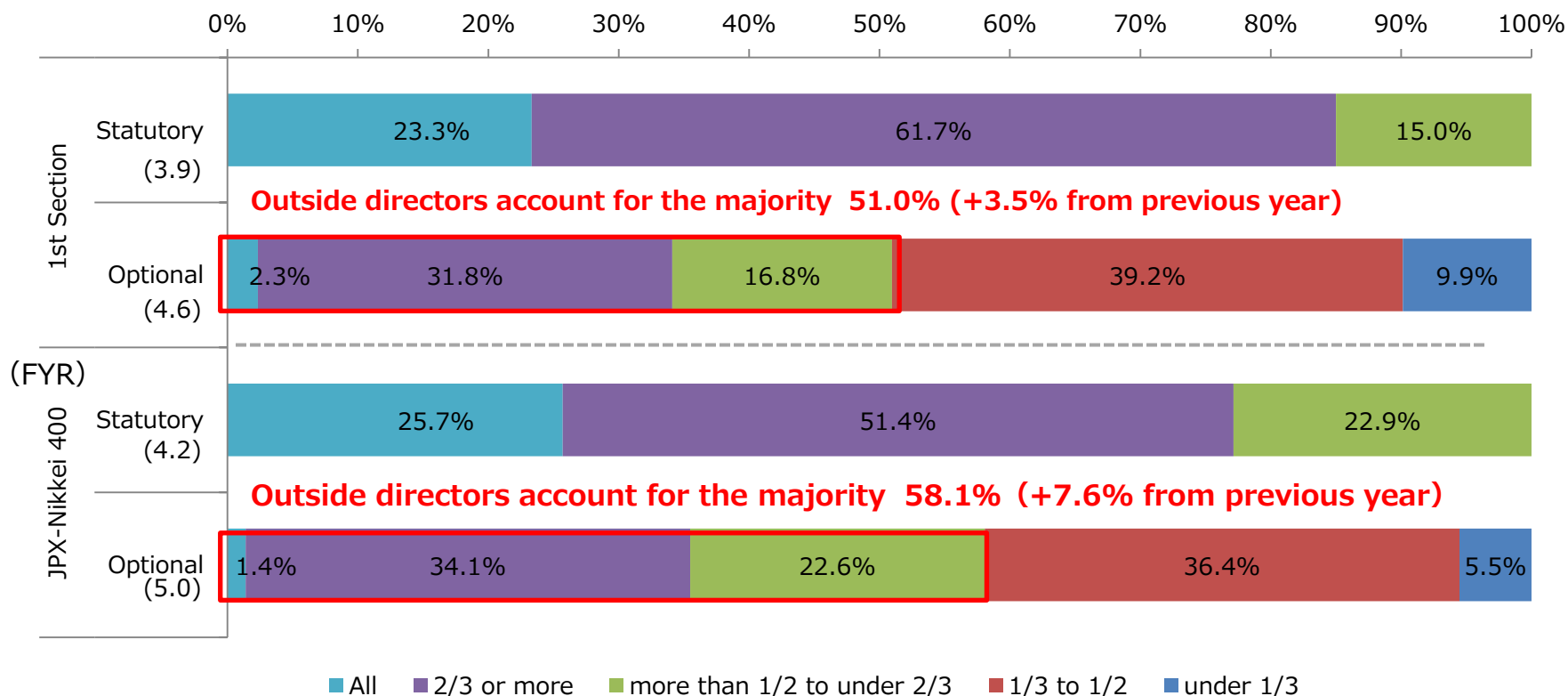
[Ratio of the 1st Section Companies with Remuneration Committee]



Ratio of Outside Directors in Remuneration Committees

- 51.0% of optional Remuneration Committees established by the 1st Section companies have majority outside directors.
- 58.1% of optional Remuneration Committees established by the JPX-Nikkei 400 companies have majority outside directors.

[Ratio of Outside Directors in Remuneration Committees]

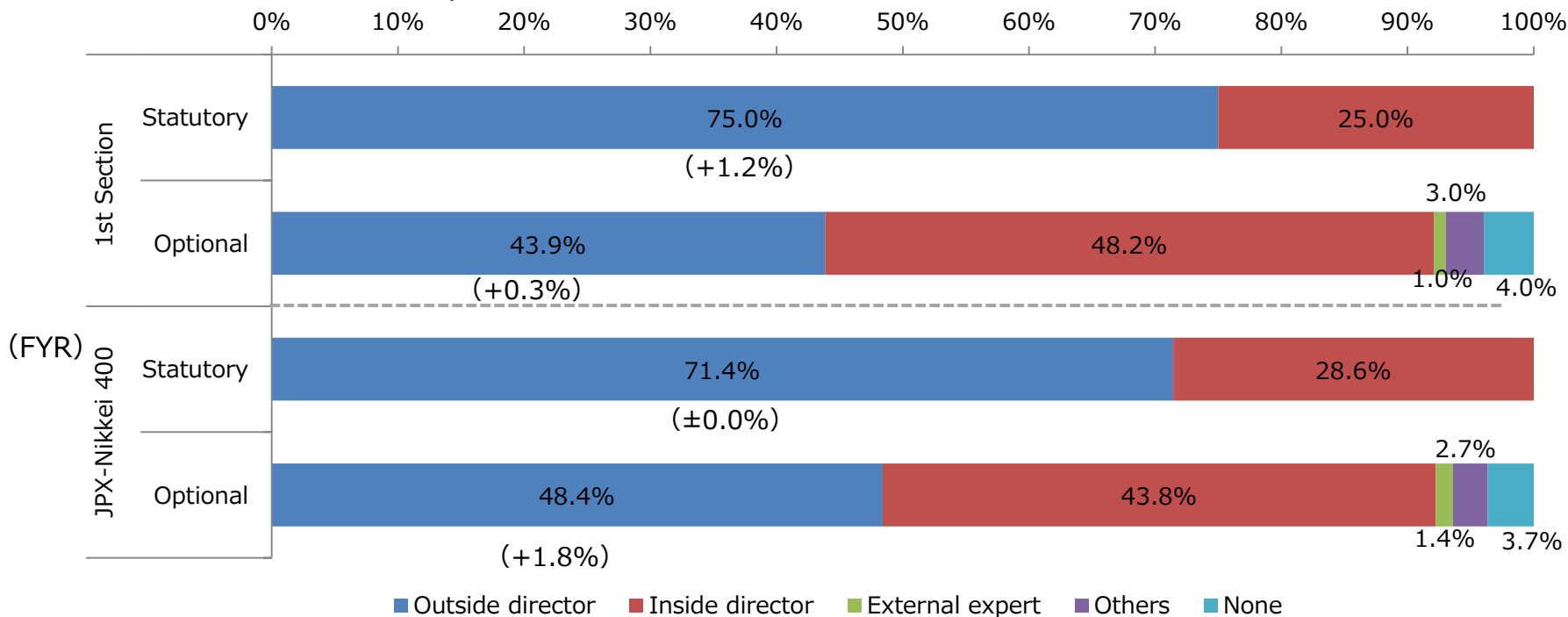


* Average number of committee members indicated in parentheses.

Attributes of Chairpersons of Remuneration Committees

- More than 70% of statutory Remuneration Committees established by the 1st Section companies and the JPX-Nikkei 400 companies appoint outside directors as the chairpersons.
- More than 40% of 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]



* Change from previous year indicated in parentheses.

(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	2,099	719	34.3%	792	37.7%
		(+77)	(+2.5%)	(+87)	(+2.9%)
2nd Section	511	49	9.6%	55	10.8%
		(+2)	(+0.6%)	(+1)	(+0.5%)
Mothers	259	9	3.5%	18	6.9%
		(+2)	(+0.5%)	(+6)	(+2.0%)
JASDAQ	729	20	2.7%	25	3.4%
		(+7)	(+1.0%)	(+8)	(+1.2%)
Total	3,598	797	22.2%	890	24.7%
		(+88)	(+2.1%)	(+102)	(+2.5%)
JPX-Nikkei 400	399	244	61.2%	254	63.7%
		(+17)	(+4.2%)	(+15)	(+3.6%)

* Change from previous year 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	2,099	60	2.9%	512	24.4%	1,527	72.7%
		(-5)	(-0.3%)	(+72)	(+2.6%)	(+11)	(-2.3%)
2nd Section	511	3	0.6%	161	31.5%	347	67.9%
		(+1)	(+0.2%)	(+5)	(+1.7%)	(-18)	(-1.9%)
Mothers	259	4	1.5%	48	18.5%	207	79.9%
		(+1)	(+0.3%)	(+9)	(+2.3%)	(+8)	(-2.7%)
JASDAQ	729	4	0.5%	169	23.2%	556	76.3%
		(±0)	(±0.0%)	(+6)	(+1.5%)	(-29)	(-1.5%)
Total	3,598	71	2.0%	890	24.7%	2,637	73.3%
		(-3)	(-0.1%)	(+92)	(+2.1%)	(-28)	(-2.0%)
JPX-Nikkei 400	399	35	8.8%	60	15.0%	304	76.2%
		(±0)	(±0.0%)	(+2)	(+0.4%)	(-1)	(-0.4%)

* Change from previous year indicated in parentheses.

Principle 4.8 Effective Use of Independent Directors

Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies should therefore appoint at least two independent directors that sufficiently have such qualities.

Irrespective of the above, if a company believes it needs to appoint at least one-third of directors as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

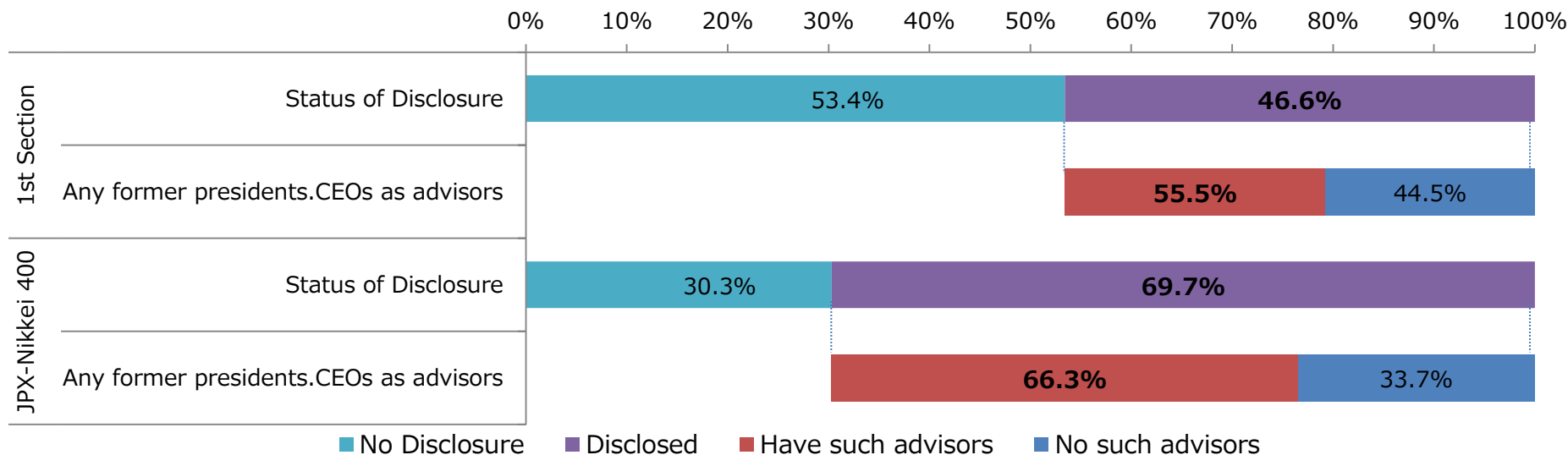
Supplementary Principle 4.10.1

If the organizational structure of a company is either Company with *Kansayaku* Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from independent directors in the examination of such important matters as nominations and remuneration by establishing independent advisory committees under the board, such as an optional* nomination committee and an optional remuneration committee, to which independent directors make significant contributions.

*10 If a company is either a Company with *Kansayaku* Board or Company with Supervisory Committee, the company is not required to establish a nomination committee or a remuneration committee by the Companies Act. However, the company may establish such committees on its own initiative.

- From January 2018, a new section has been added to the Corporate Governance Report for disclosing information about former presidents/CEOs holding advisory positions(Sodanyaku, Komon etc.). The new fields for the section include the name of such advisor(s), job titles(s)/position(s), responsibilities, etc.
- 46.6% of the 1st Section companies and 69.7% of the JPX-Nikkei 400 companies disclosed whether any former presidents, CEOs hold advisory positions.
- Of the companies that disclosed this information, 55.5% of the 1st Section companies and 66.3% for the JPY-Nikkei 400 companies have former presidents, CEOs holding advisory positions.

【Disclosure of former presidents, CEOs holding advisory positions】



※Ratio of the companies that updated their Corporate Governance Report after January 2018 (including those companies who submitted earlier in December 2017).

(Table) Disclosure of former presidents/CEOs holding advisory positions (per market segment etc.)

	Number of updates after January '18*	Companies that Disclosed whether there are such advisors		Companies with 1 or more of such advisors	
		Number	Ratio	Number	Ratio (Of those that disclosed)
1st Section	1,904	887	46.6%	492	55.5%
2nd Section	463	126	27.2%	57	45.2%
Mothers	200	5	2.5%	2	40.0%
JASDAQ	608	99	16.3%	50	50.5%
Total	3,175	1,117	35.2%	601	53.8%
JPX-Nikkei 400	379	264	69.7%	175	66.3%

※Including companies that submitted earlier in December.

Notes on Figures

- Figures for 2018 are based on the Corporate Governance Reports of listed companies as of July 13, 2018.
- Figures for years prior to 2017, used to indicate changes from the previous year, are based on the Corporate Governance Reports of listed companies as of each year.

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.”