



[Reference] Appointment of Independent Directors / Establishment of Nomination and Remuneration Committees by TSE-Listed Companies

Exchange & beyond

Tokyo Stock Exchange, Inc.

July 31, 2023

[About the target of aggregation]

This document is based on Corporate Governance Report as of July 14, 2023.

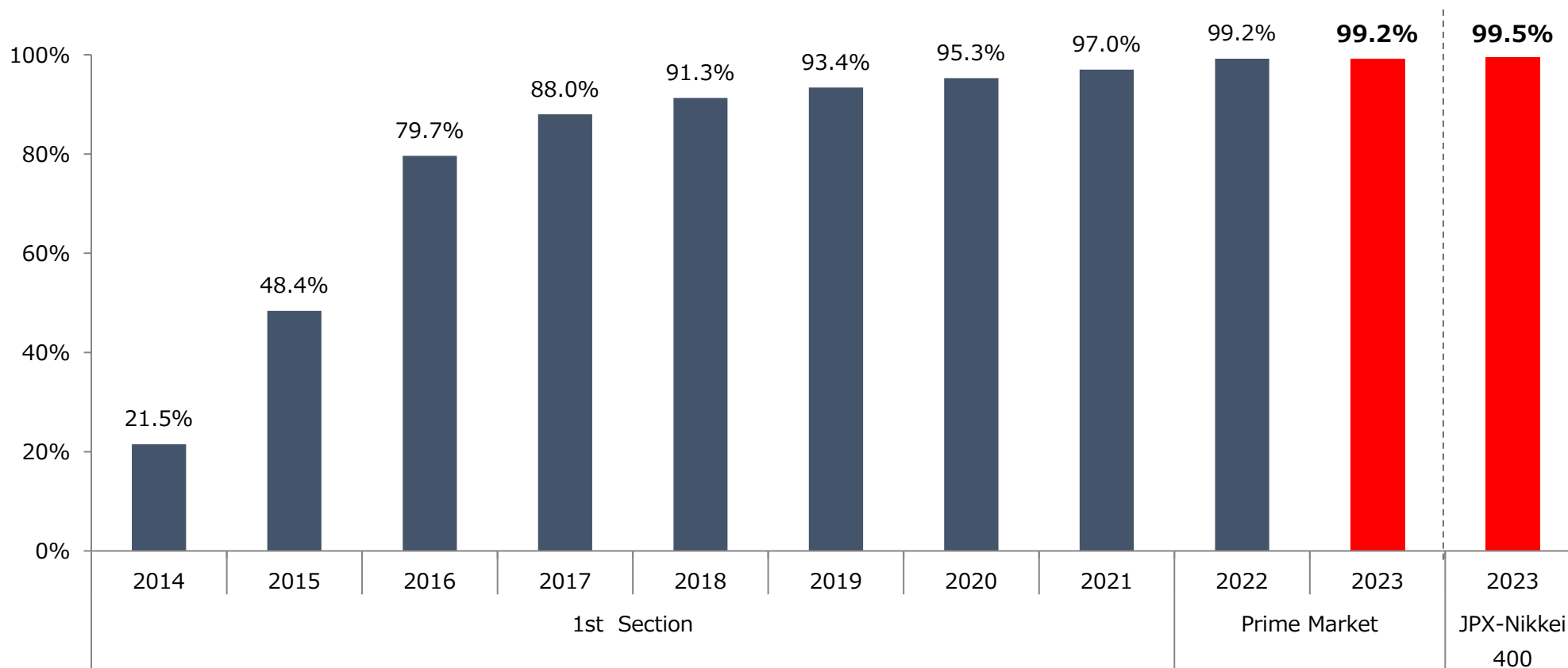
1. Appointment of Independent Directors



1-1. Companies with two or more Independent Directors

- **99.2%** of the Prime Market listed companies and **99.5%** of the JPX-Nikkei 400 companies appoint two or more independent directors.

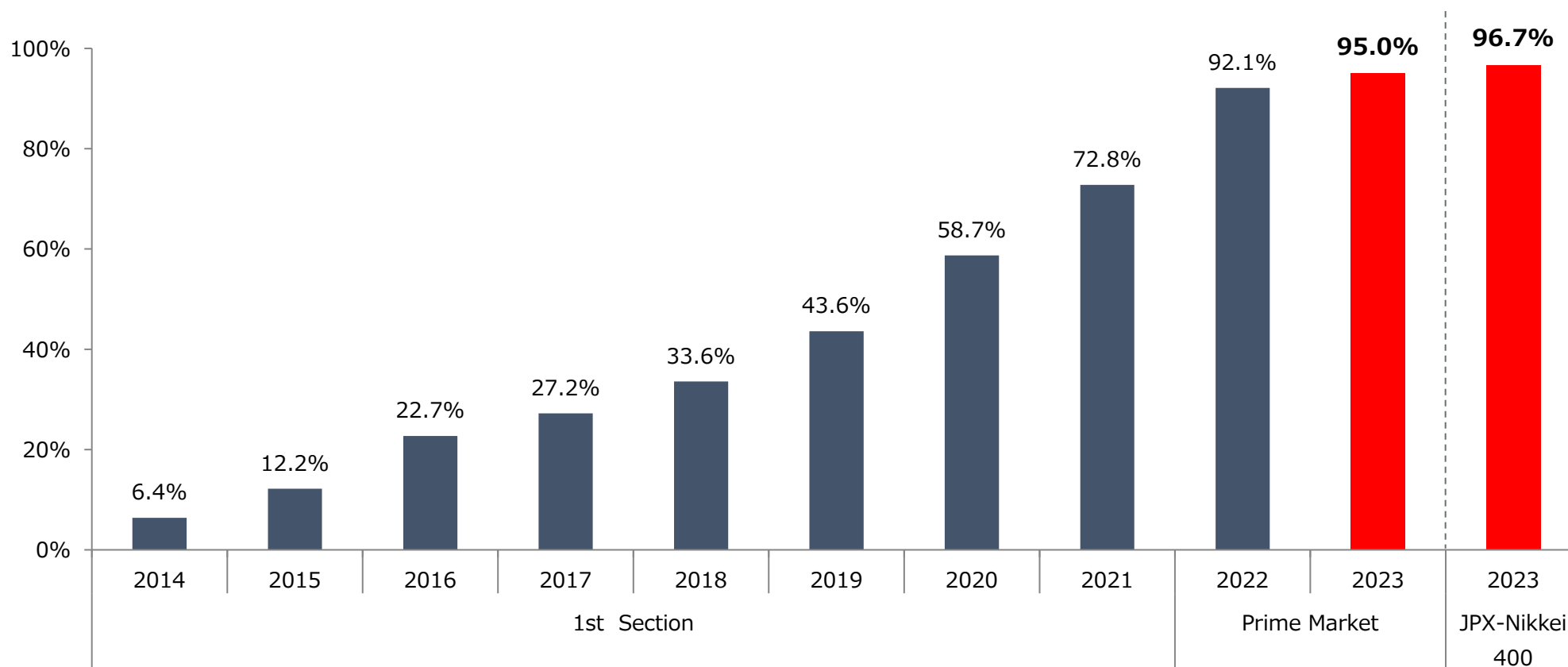
[Ratio of Prime Market Listed Companies with two or more Independent Directors]



1-2. Companies with 1/3 or more Independent Directors

- **95.0%** of the Prime Market listed companies and **96.7%** of the JPX-Nikkei 400 companies appoint 1/3 or more independent directors.

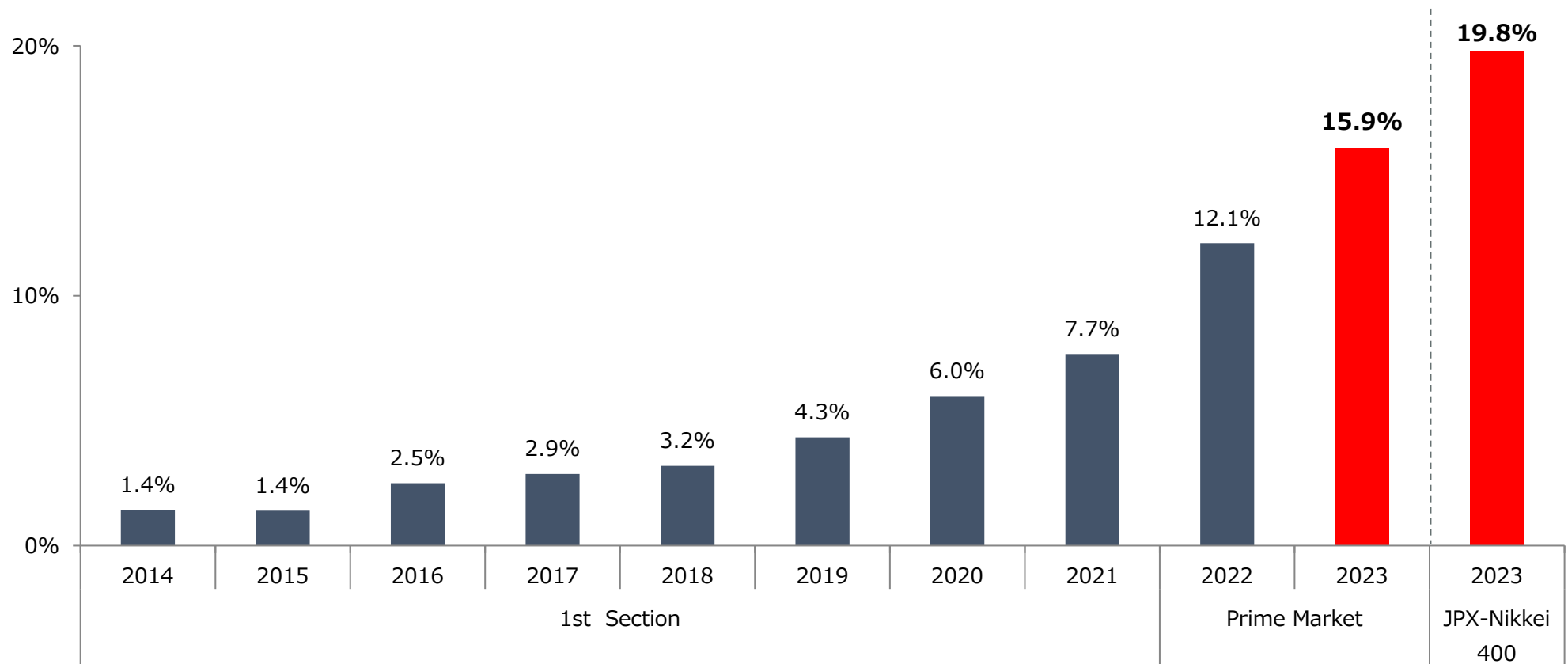
[Ratio of Prime Market Listed Companies with 1/3 or more Independent Directors]



1-3. Companies with Majority Independent Directors

- **15.9%** of the Prime Market listed companies and **19.8%** of the JPX-Nikkei 400 companies appoint majority independent directors.

[Ratio of Prime Market Listed Companies with Majority Independent Directors]



(Table) Appointment of Independent Directors

	No. of Companies	Companies with two or more Independent Directors		Companies with 1/3 or more Independent Directors		Companies with Majority Independent Directors	
		Number	Ratio	Number	Ratio	Number	Ratio
Prime Market	1,833	1,819 (-3)	99.2% (±0.0pt)	1,741 (+49)	95.0% (+2.9pt)	291 (+68)	15.9% (+3.8pt)
Standard Market	1,440	1,157 (+45)	80.3% (+3.9pt)	708 (+38)	49.2% (+3.2pt)	62 (-5)	4.3% (-0.3pt)
Growth Market	538	346 (+62)	64.3% (+4.8pt)	305 (+59)	56.7% (+5.1pt)	77 (+22)	14.3% (+2.8pt)
Total	3,811	3,322 (+104)	87.2% (+1.8pt)	2,754 (+146)	72.3% (+3.1pt)	430 (+85)	11.3% (+2.1pt)
JPX-Nikkei 400	398	396 (-1)	99.5% (±0.0pt)	385 (+6)	96.7% (+1.7pt)	79 (+11)	19.8% (+2.8pt)

* Change from 2022 indicated in parentheses.

(Table) Number of Independent Directors per Company

	No. of Companies	Directors	Number of Independent Directors					
		Average	Average	1	2	3	4	5 or more
Prime Market	1,833	9.1	3.8	13	183	657	512	467
				0.7%	10.0%	35.8%	27.9%	25.5%
Standard Market	1,440	7.5	2.3	249	655	337	125	40
				17.3%	45.5%	23.4%	8.7%	2.8%
Growth Market	538	6.1	2.2	181	165	102	56	23
				33.6%	30.7%	19.0%	10.4%	4.3%
Total	3,811	8.1	3.0	443	1,003	1,096	693	530
				11.6%	26.3%	28.8%	18.2%	13.9%
JPX-Nikkei 400	398	10.0	4.4	2	16	93	128	159
				0.5%	4.0%	23.4%	32.2%	39.9%

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

2. Establishment of Nomination and Remuneration Committees

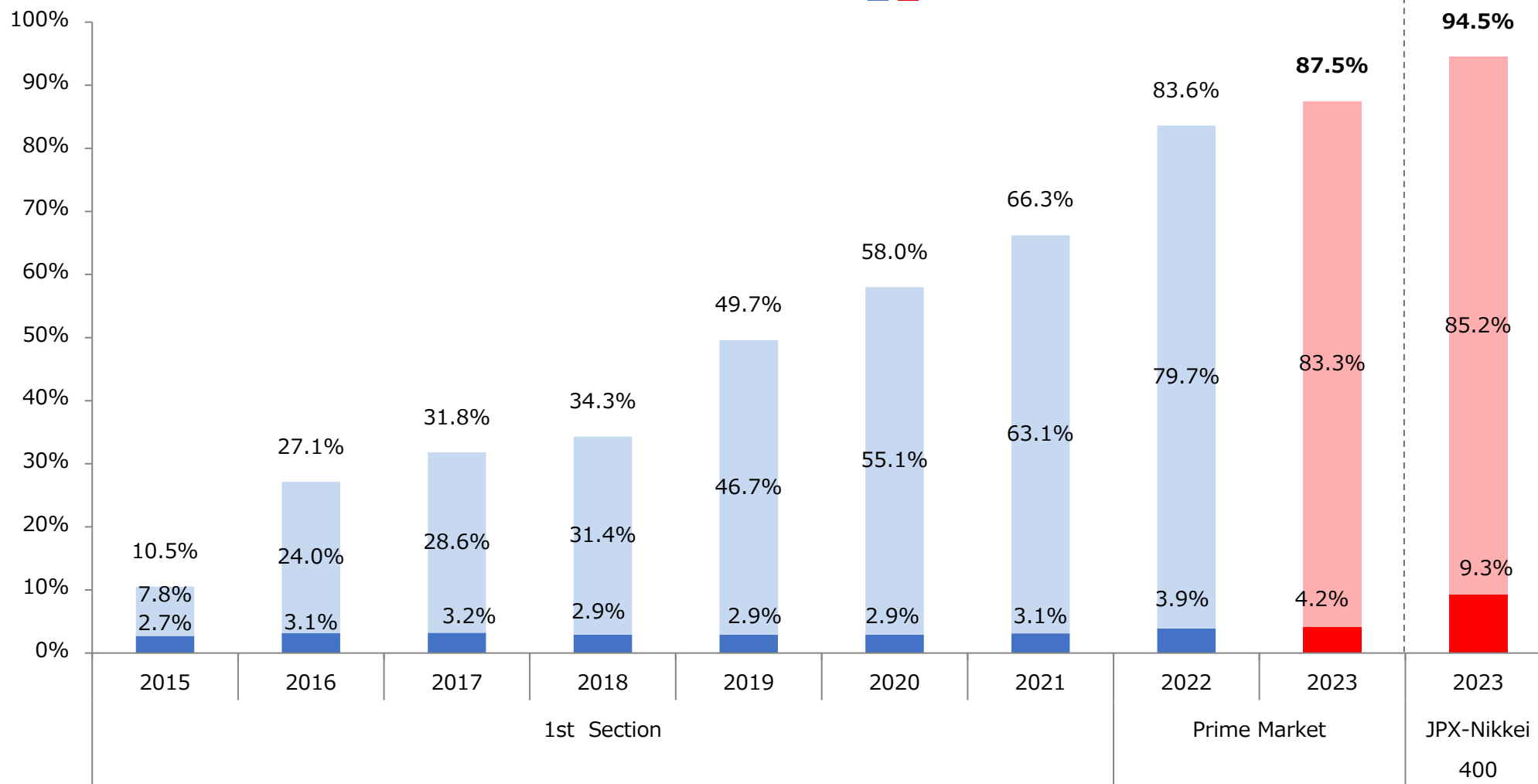


2-1. Establishment of Nomination Committees

- Among Prime Market listed companies, **4.2%** have Statutory Nominating Committees, and **83.3%** have Voluntary Nomination Committees.

[Ratio of Prime Market listed companies with Nomination Committee]

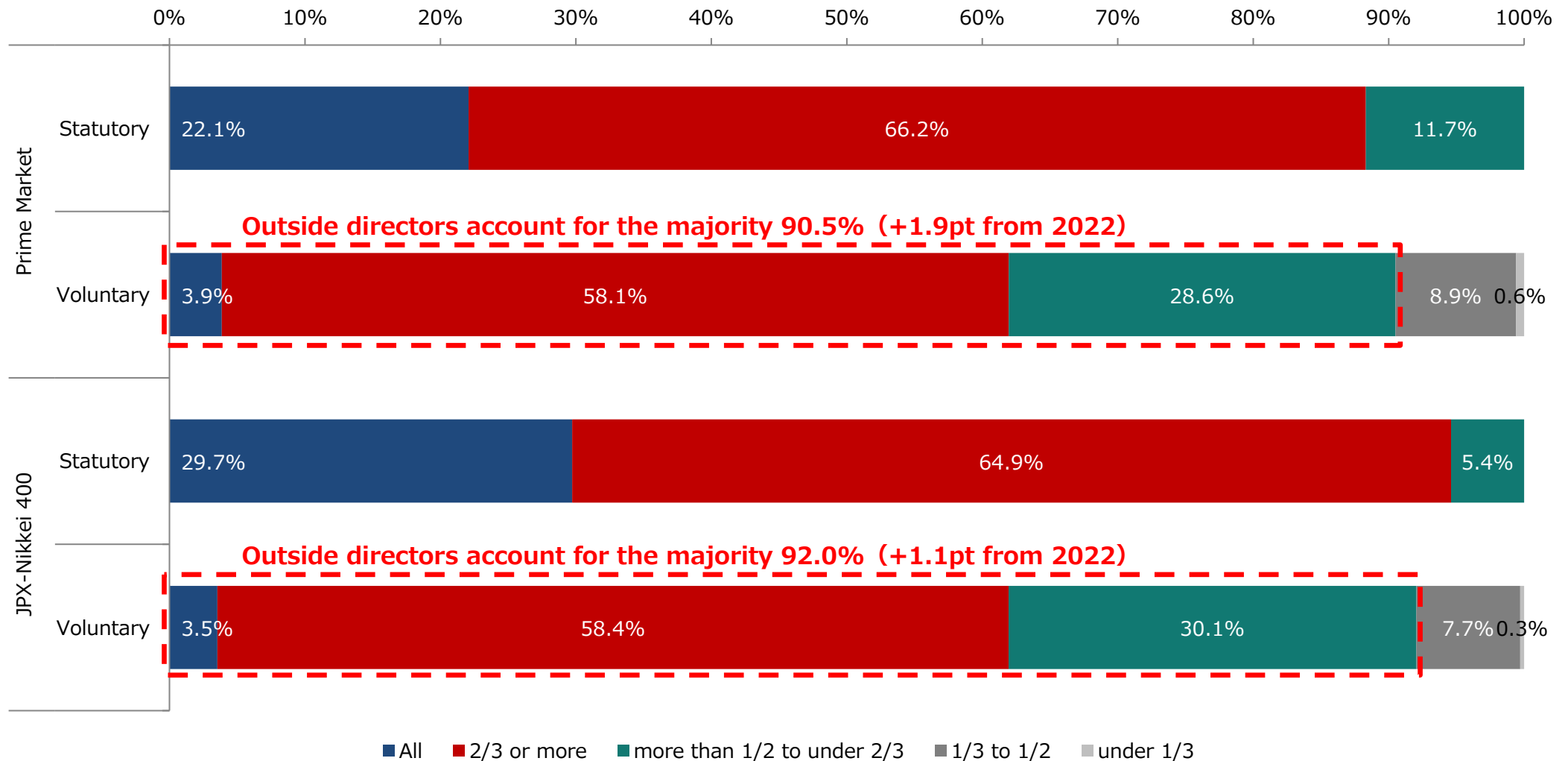
■ : Voluntary (*Kansayaku* Board or Supervisory Committee)
■ : Statutory (Three Committees)



2-2. Ratio of Outside Directors in Nomination Committees

- **90.5%** of Voluntary Nomination Committees established by the Prime Market listed companies and **92.0%** of Voluntary Nomination Committees established by the JPX-Nikkei 400 companies have majority outside directors.

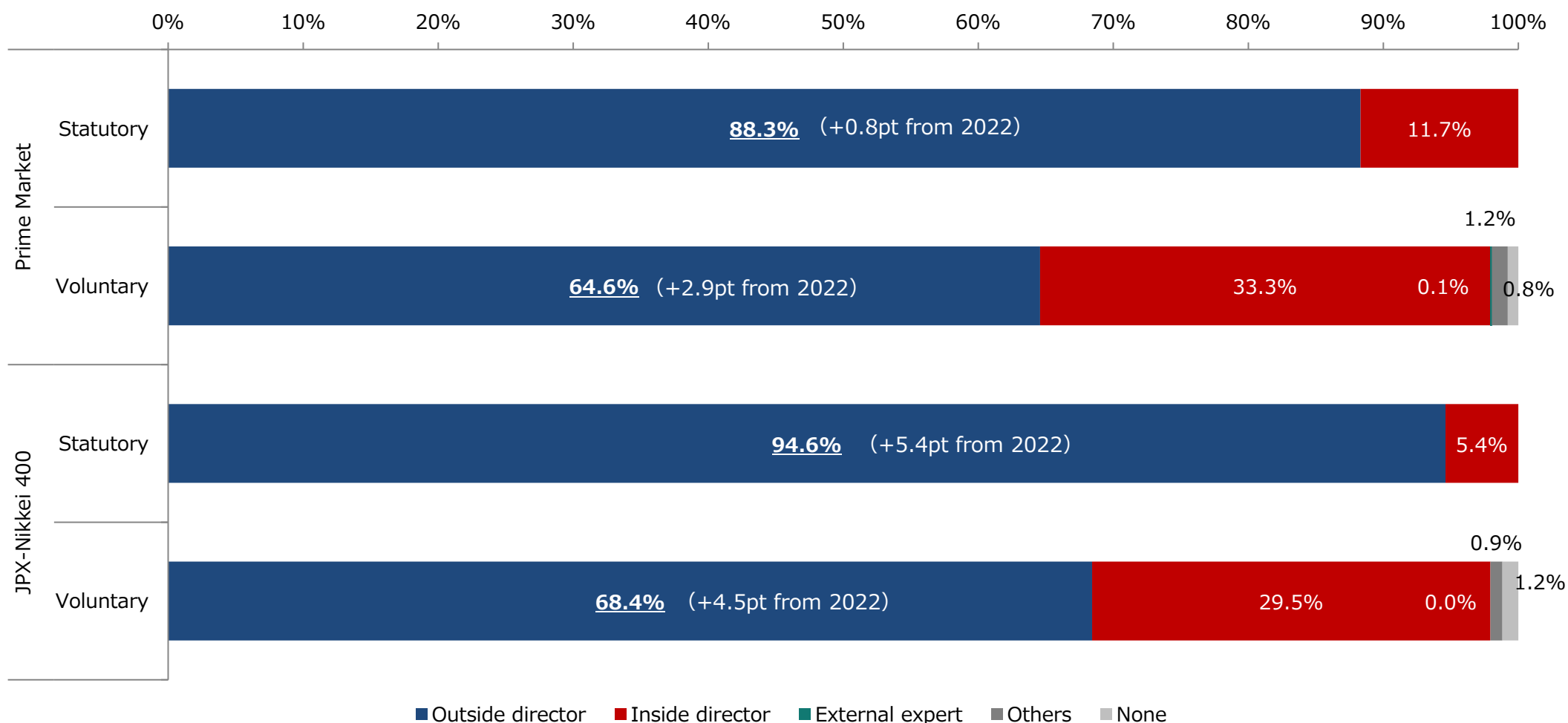
[Ratio of Outside Directors in Nomination Committees]



2-3. Attributes of Chairpersons of Nomination Committees

- The Statutory Nomination Committees of **88.3%** of the Prime Market listed companies and **94.6%** of the JPX-Nikkei 400 companies appointed outside directors as the chairpersons.
- The Voluntary Nomination Committees of **64.6%** of the Prime Market listed companies and **68.4%** of the JPX-Nikkei 400 companies appointed outside directors as the chairpersons.

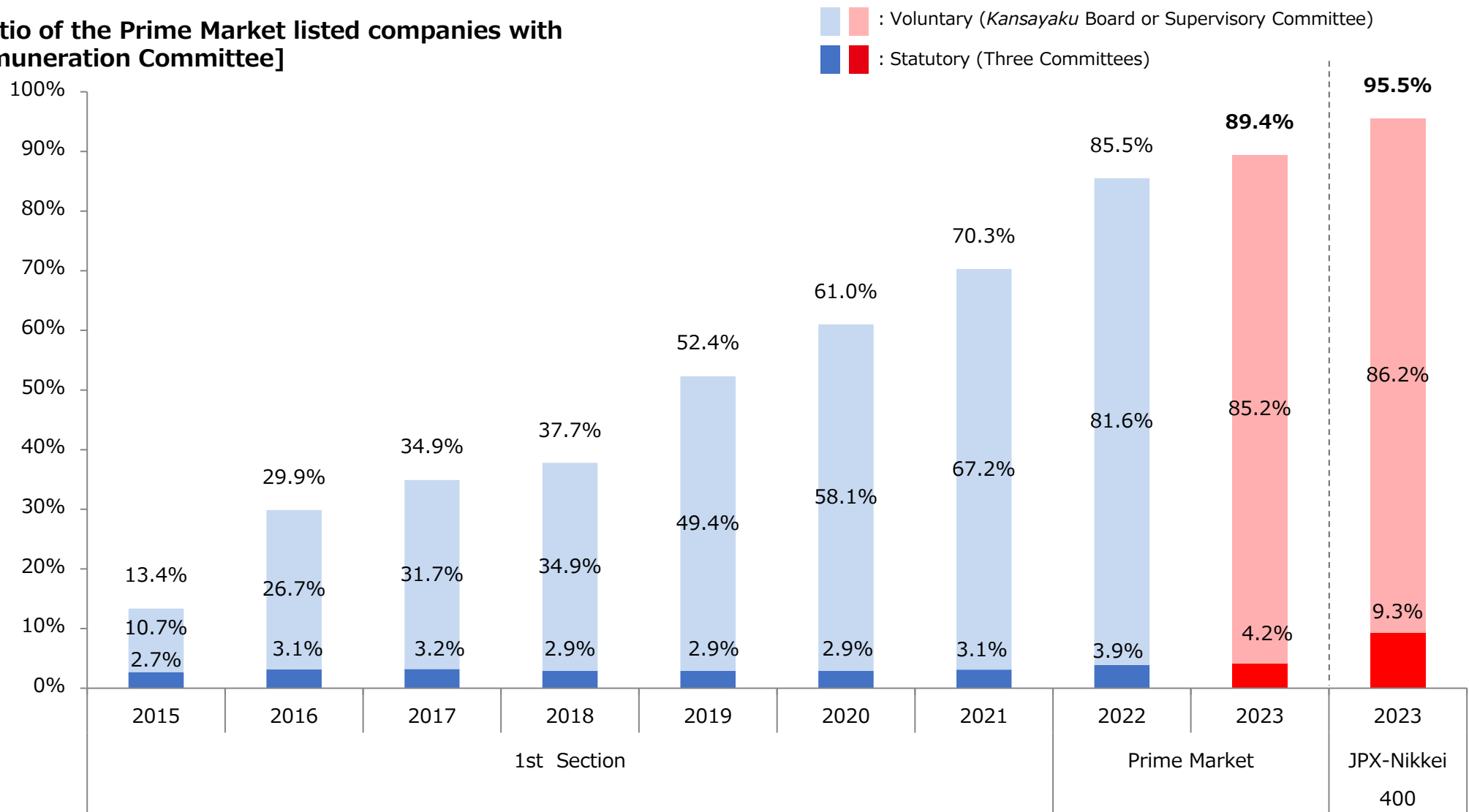
[Attributes of Chairpersons of Nomination Committees]



2-4. Establishment of Remuneration Committees

- Among Prime Market listed companies, **4.2%** have Statutory Remuneration Committees and **85.2%** have Voluntary Remuneration Committees.

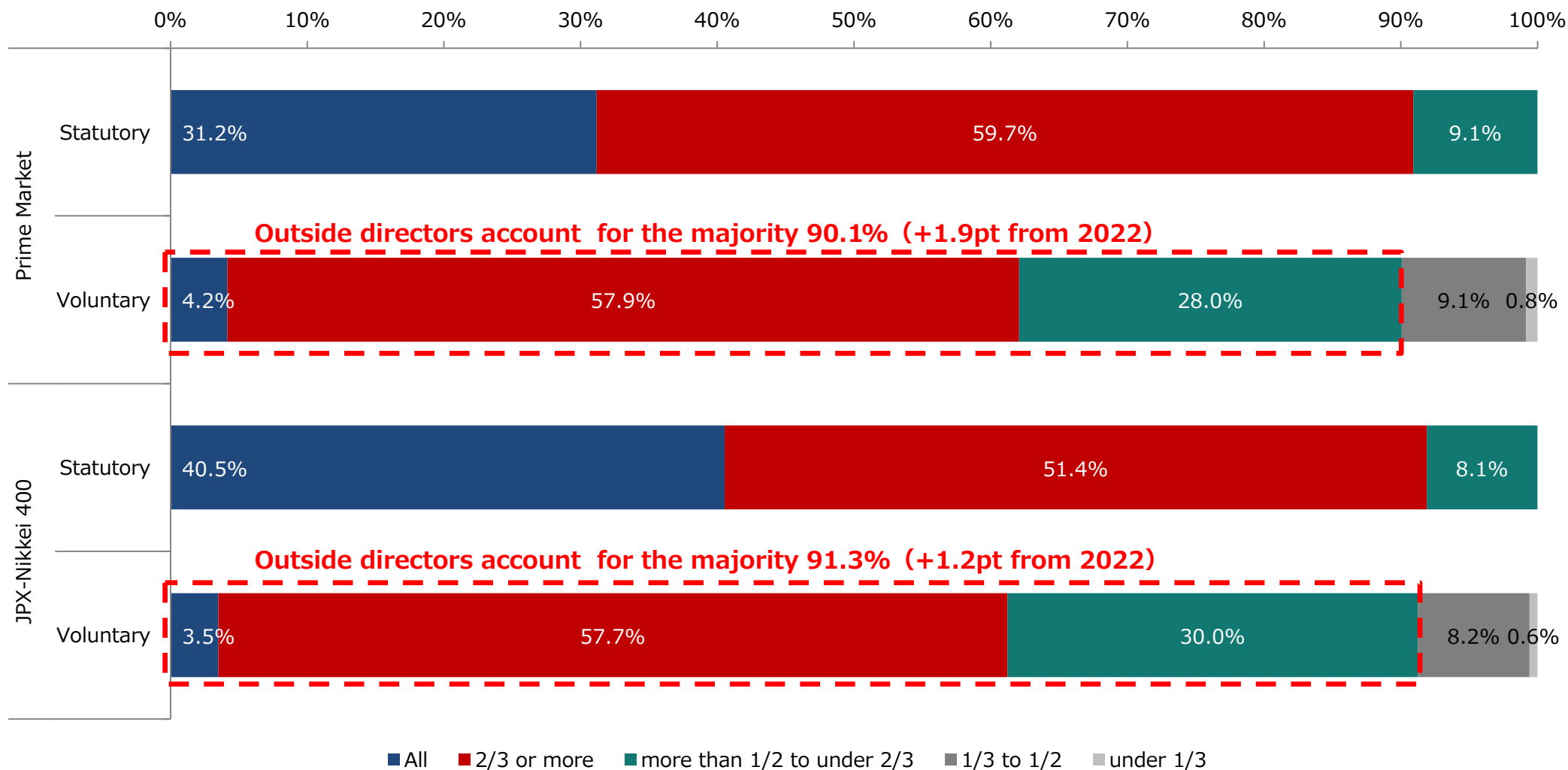
[Ratio of the Prime Market listed companies with Remuneration Committee]



2-5. Ratio of Outside Directors in Remuneration Committees

- **90.1%** of Voluntary Remuneration Committees established by the Prime Market listed companies and **91.3%** of Voluntary Remuneration Committees established by the JPX-Nikkei 400 companies have majority outside directors.

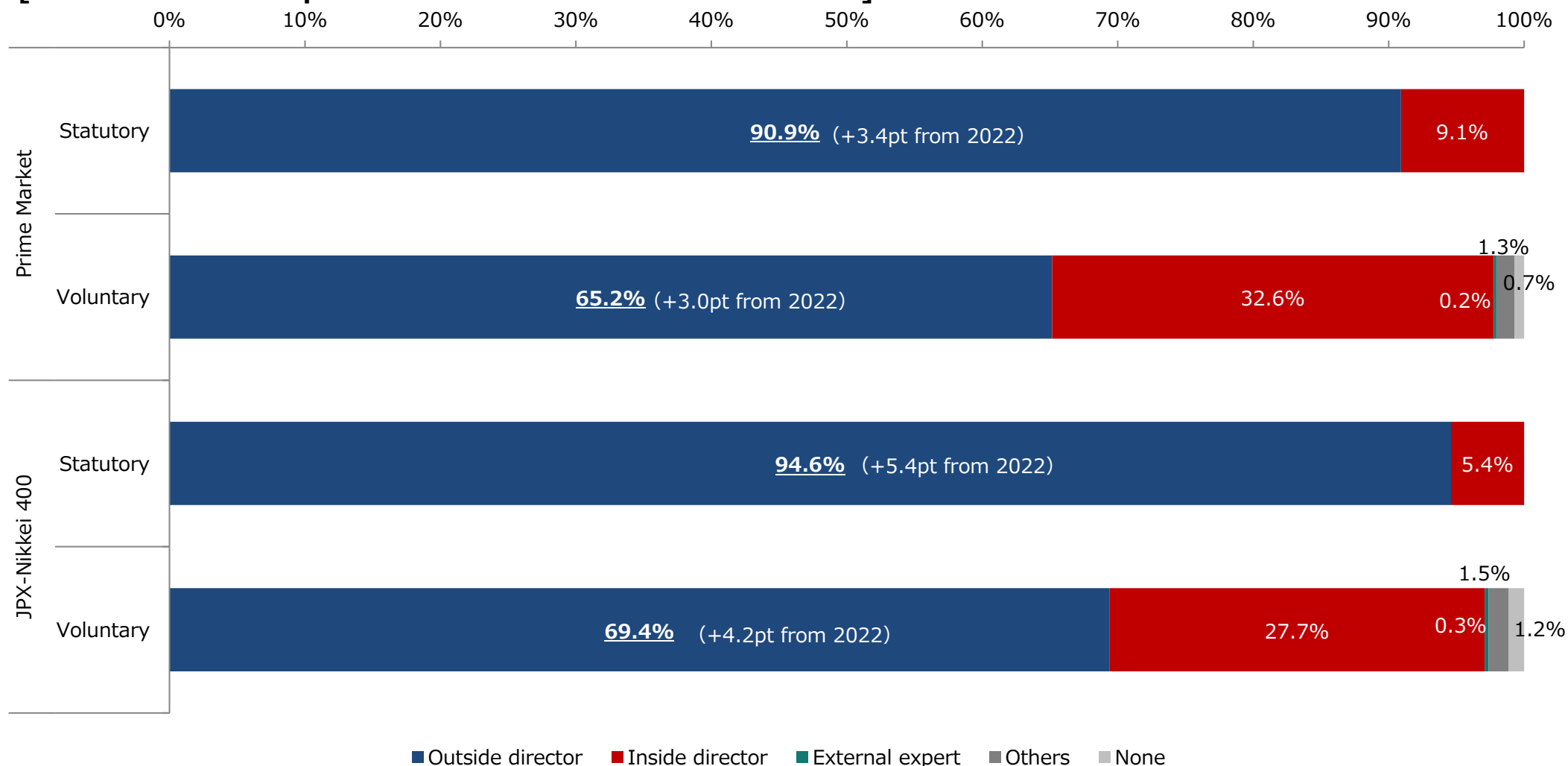
[Ratio of Outside Directors in Remuneration Committees]



2-6. Attributes of Chairpersons of Remuneration Committees

- The Statutory Remuneration Committees of **90.9%** of the Prime Market listed companies and **94.6%** of the JPX-Nikkei 400 companies appointed outside directors as the chairpersons.
- The Voluntary Remuneration Committees of **65.2%** of the Prime Market listed companies and **69.4%** of the JPX-Nikkei 400 companies appointed outside directors as the chairpersons.

[Attributes of Chairpersons of Remuneration Committees]



(Table) Status of Nomination/ Remuneration Committee Establishment

	No. of Companies	Companies with Three Committees		Companies with Supervisory Committee or Companies with <i>Kansayaku</i> Board			
		Statutory Nomination Committee / Remuneration Committee		Voluntary Nomination Committee		Voluntary Remuneration Committee	
		Number	Ratio	Number	Ratio	Number	Ratio
Prime Market	1,833	77 (+5)	4.2% (+0.3pt)	1,527 (+63)	83.3% (+3.6pt)	1,561 (+62)	85.2% (+3.6pt)
Standard Market	1,440	11 (±0)	0.8% (±0.0pt)	534 (+40)	37.1% (+3.2pt)	584 (+37)	40.6% (+3.0pt)
Growth Market	538	3 (-2)	0.6% (-0.4pt)	111 (+33)	20.6% (+4.2pt)	167 (+38)	31.0% (+4.0pt)
Total	3,811	91 (+3)	2.4% (+0.1pt)	2,172 (+136)	57.0% (+3.0pt)	2,312 (+137)	60.7% (+3.0pt)
JPX-Nikkei 400	398	37 (±0)	9.3% (±0.0pt)	339 (+9)	85.2% (+2.5pt)	343 (+10)	86.2% (+2.7pt)

* Change from 2022 indicated in parentheses.

3. Reference



(Table) Organizational Form based on Japanese Companies Act

	No. of Companies	Companies with Three Committees		Companies with Supervisory Committee		Companies with <i>Kansayaku</i> Board	
		Number	Ratio	Number	Ratio	Number	Ratio
Prime Market	1,833	77 (+5)	4.2% (+0.3pt)	770 (+67)	42.0% (+3.7pt)	986 (-76)	53.8% (-4.0pt)
Standard Market	1,440	11 (±0)	0.8% (±0.0pt)	564 (+20)	39.2% (+1.8pt)	865 (-36)	60.1% (-1.8pt)
Growth Market	538	3 (-2)	0.6% (-0.4pt)	176 (+31)	32.7% (+2.3pt)	359 (+32)	66.7% (-1.9pt)
Total	3,811	91 (+3)	2.4% (+0.2pt)	1,510 (+118)	39.6% (+2.7pt)	2,210 (-80)	58.0% (-2.7pt)
JPX-Nikkei 400	398	37 (±0)	9.3% (±0.0pt)	120 (+12)	30.2% (+3.1pt)	241 (-13)	60.6% (-3.1pt)

* Change from 2022 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 listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.

Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) 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 (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.

In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.