2025 23rd
JCGR Corporate Governance Survey
(JCGIndex Survey)
Report

December 8, 2025

Japan Corporate Governance Research Institute

JCGR Corporate Governance Survey Report 2025

Japan Corporate Governance Research Institute
Takaaki Wakasugi (Co-Director, The University of Michigan Mitsui Life Financial Research Center; Professor Emeritus, University of Tokyo)
Mamoru Obayashi (Auditor, International Christian University; Professor Emeritus, Senshu University)
Yuzo Fujishima (Representative Director and Chief Researcher, Listed Company Board Members' Governance Forum)
https://www.jcgr.org/

Introduction

In the wake of a changing environment surrounding corporate management, discussions on companies' management structures, transparency, and accountability are becoming more active in the past few years, and the role of boards of directors in corporate governance has been expanding worldwide.

The first new issue is the expansion of ESG investment and other sustainability initiatives. Now that companies are required to prepare sustainability reports, they need to aim for sustainable growth from a long-term perspective, instead of pursuing short-term profit. The board of directors is responsible for deciding actions to take in this regard. The second is the active shareholder engagement. Institutional investors such as pension funds and asset management companies get involved in corporate management proactively, and call for more transparency and accountability. When engaging in dialogue with shareholders, the board of directors must especially gain the trust of active management investors. The third is the social demand to ensure the diversity of employees in addition to the effective use of human capital. Companies are taking on DE&I (Diversity, Equity and Inclusion) initiatives in response, and their boards of directors are required to reflect D&I (Diversity and Inclusion) for effective DE&I efforts. Since even more importance is attached to the diversity and inclusiveness of a company's human resources, its board of directors must decide on the basic policy for that. Fourth, with the advance of information technologies, digitalization and technology adoption are progressing, and it is now necessary for companies to leverage data analysis and reinforce cybersecurity. And the fifth is that companies are required of more stringent financial reporting, with financial regulations becoming stricter and accounting standards being harmonized across the world. The board also must make decisions on how to deal with the fourth and fifth issues. In line with such changes, governance by board of directors is undergoing transformation, in addition to corporate management.

Even before we see these changes, the Japan Corporate Governance Research Institute (JCGR) started to conduct the JCGIndex Survey in 2002 to investigate corporate governance of Japanese companies listed on the First Section of the Tokyo Stock Exchange. In 2022, we changed the targets to companies listed on the newly established Prime Market Segment of the Tokyo Stock Exchange. This report

outlines the results of the fourth Corporate Governance Survey (JCGIndex Survey) since the establishment of the Prime Market Segment. Last time, we changed the survey format and asked the respondents to download the questionnaire from the JCGR website and email the filled-out questionnaire to us. While it is still not clear if that is the reason, the number of companies that responded to the survey dropped from the previous survey. We are grateful to all companies that responded to this survey all the way.

1. Background and results of this survey

Within a short period, corporate governance reforms have been implemented in an unprecedent scale under the second Abe administration's new Growth Strategy. The Financial Services Agency formulated Japan's Stewardship Code in 2014 (revised in 2017, 2020 and 2025); the amendment of the Companies Act in 2015 introduced company with audit and supervisory committee; and the Tokyo Stock Exchange made the Corporate Governance Code part of its Securities Listing Regulations in 2015 (revised in 2018 and 2021). The reforms expect institutional investors to enhance the investee companies' corporate value and sustainable growth through "purposeful dialog" as shareholders for the sake of mid- to long-term investment return for the clients and beneficiaries. For companies, five principles are proposed based on OECD's Principles of Corporate Governance, in expectation of rational and fair corporate governance under independent directors and internationally competitive management: Securing the Rights and Equal Treatment of Shareholders, Appropriate Cooperation with Stakeholders Other Than Shareholders, Ensuring Appropriate Information Disclosure and Transparency, Responsibilities of the Board, and Dialogue with Shareholders. Even after the Abe administration, the Japanese government is pursuing the corporate governance reforms by regularly revising the Stewardship Code and the Corporate Governance Code.

These reforms apply in fact a soft-law approach of "Comply or Explain", assuming an Anglo-Saxon rational stock market. It is questionable that the Japanese stock market is rational enough, but at any rate, corporate governance reforms are indispensable to regain Japan's international competitiveness, and worth public interests.

Looking into the JCGIndex Survey results for 2025 from this perspective, the results presented in this paper give us the impression that the corporate governance reforms still have a long way to go. We hope that governance reforms will bring about management reforms, but it is hard to achieve the change in a short period since both governance and management are deeply tied to the society and history. Yet we have no other choice but to speedily address the drastic change the world is experiencing. The fact that hasty actions are undesirable cannot justify slowing down the reform. Investors, executives and all members of the public need to make a commitment to corporate governance.

2. Scope/period of this survey, and number of companies that responded

From September 2025 to November 2025, we surveyed all companies listed on the Prime Market Segment of the Tokyo Stock Exchange, of which 102 responded to the survey.

In Phase I (2002 to 2017), we received responses from 986 distinct companies (and a cumulative total of 3,260) throughout the surveys. The numbers of companies that responded to our survey for each year are as follows: 159 (2002), 201 (2003), 341 (2004), 405 (2005), 312 (2006), 311 (2007), 252 (2008), 215 (2009), 127 (2010), 120 (2011), 131 (2012), 120 (2013), 118 (2014), 147 (2015), 150 (2016) and 151 (2017). In Phase II (from 2019) after the overhaul of the survey, 165 companies responded to the survey in 2019, 175 in 2020, 120 in 2021, 135 in 2022, 137 in 2023, 94 in 2024 and 102 in 2025.

3. Overview of questions

3.1 Governance model for current companies

Companies have social responsibility of serving for the benefits of all stakeholders—employees, managers, customers, suppliers, creditors, shareholders, governments, and local communities to name some—because the support from these stakeholders are necessary for the companies' existence. In the framework of joint-stock company, however, companies are in reality (i.e., in terms of finance, not by law) treated as private property of shareholders, who contribute money to the company and in turn exercise the control over the company as owners. Moreover, they take responsibility for the consequences of the business by sharing retained earnings. Retained earnings is equal to the sales minus various expenses, and therefore risky (i.e., not predetermined at all). It is shareholders who bear this risk of business.

Joint-stock companies that operate large-scale business with money contribution from a large number of shareholders assume separation of ownership and management. Although shareholders do not directly participate in management, they instead elect directors at the shareholders' meeting and entrust the management to the board of directors. In the form of electing directors who realize business execution (in another word, management) in line with shareholders' interests, shareholders control companies. That is what governance by shareholders means. In most countries under such a system, the board of directors makes important decisions on business, and selects CEO and other executive officers (as for Japan, executive directors are selected in companies with board of corporate auditors and companies with audit and supervisory committee, and executive officers in companies with nominating committee, etc.) to entrust business execution. In doing so, directors steer executive officers to the management in line with shareholders' interests. That is governance by board of directors, a substitution for governance by shareholders.

To ensure the effective governance by board of directors, those who are independent from executive officers and other stakeholders are selected as outside directors, who are the sole constituent of nominating committee, compensation committee and audit

and supervisory committee. The nominating committee determines candidates of directors to submit to the shareholders' meeting. It plays an important role of choosing the competent directors, who as members of board of directors select (and dismiss) the CEO and executive officers. The compensation committee sets up performance-linked incentives to provide an incentive for good management to the CEO and other executive officers selected by the board. The audit and supervisory committee checks the independence of internal and external auditors to ensure impartial and effective management and appropriate disclosure.

This best practice of separating governance and management by promoting good use of independent directors has spread to the world in the last quarter century. Although directors, whose duty is to monitor executive officers, used to simultaneously serve as executive officers all over the world, it is now the global understanding that directors should be separate from executive officers in order to survive fierce competitive environments of globalization and innovation. Under this monitoring model, the board of directors should be centered on independent directors and focus on governance to bring about good management from executive officers, who are selected by the board of directors and entrusted with management. Executives establish the management system under the governance by board of directors to pursue profit through business operations and then distribute the profit to shareholders.

3.2 Contents and categorization of questions

The current best practice in corporate governance can be characterized by (1) board of directors where outsiders play a vital role as independent directors, (2) separation of directors and executive officers, (3) nomination, compensation, and audit functions exercised by the board of directors to supervise executive officers, and (4) transparency in management.

Based on such a model, JCGIndex Survey’s questions are comprised of the following five parts. For Parts II and III, sub-scores partially reflect quantitative data (companies’ executive officer composition, etc.), in addition to the questionnaire.

Part I Performance targets, leadership of CEO 10 questions
Part II Directors and board of directors 14 questions
Part III Board oversight －Nomination, compensation and audit－ 11 questions
Part IV Administration of the board of directors meetings 9 questions
Part V Assessment of the effectiveness of the board of directors meetings 7 questions

By organizing these 51 questions into Parts I through V, summing the scores for each part that is allocated a different weight as the part sub-score, and totaling these sub-scores, we calculated the JCGIndex. In 2023, we overhauled the entire questionnaire to better reflect the reality of Japanese companies. As a result, the number of questions was reduced from 75 in the preceding survey to 51. Consequently, it is impossible to compare the results since 2023 to previous results. Nevertheless, many companies that ranked among the top 30 highest JCGIndex companies in the

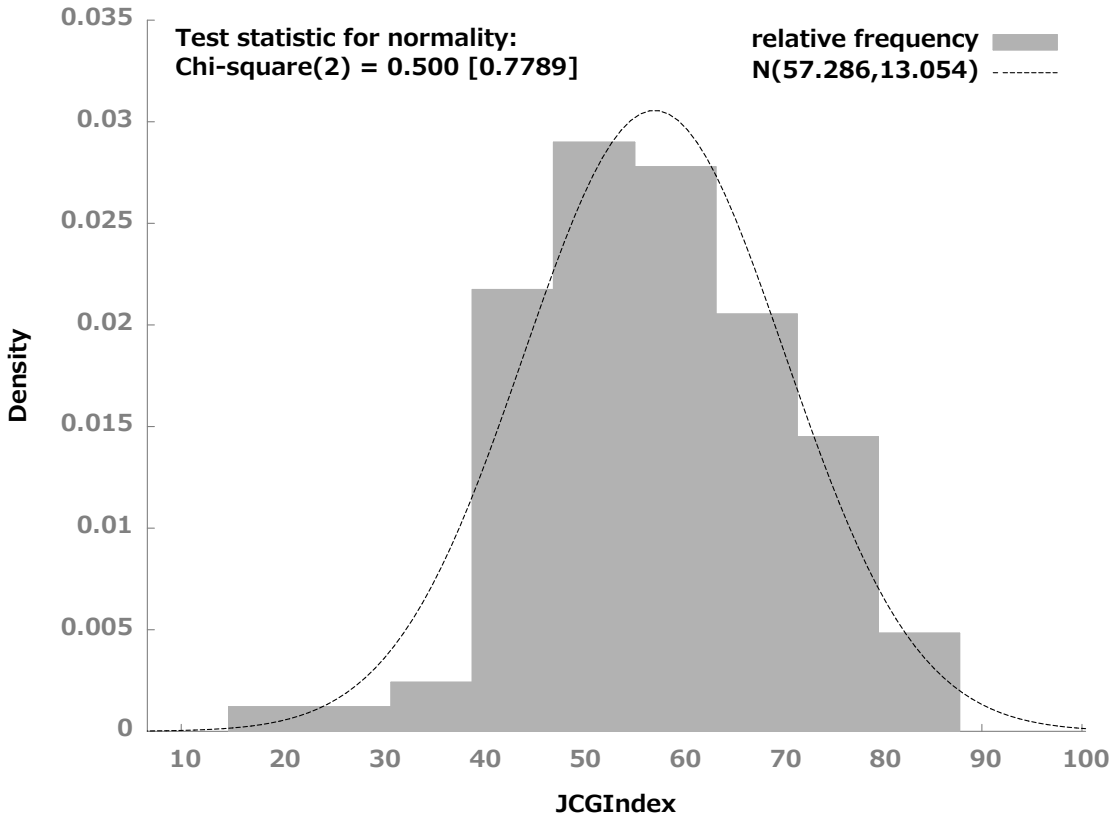
past surveys for several times appear again in this year's list in the appendix, which attests that the consistency of the JCGIndex is maintained despite the overhaul of the questionnaire.

4. Distribution of JCGIndex

The distribution of JCGIndex for the 102 companies that responded to our survey in 2025 is as the graph in the below shows. The mean JCGIndex was 57.3, and the standard deviation was 13.1. In the test of normality, the χ2 value was 0.50 and the p-value was 0.78. Since the p-value exceeds 0.05 (5%), the null hypothesis of a normal distribution cannot be rejected. With the help of the Q-Q plot (see Addendum), we judged that the JCGIndex is assumed to be normally distributed.

Although it is a normal distribution, it can be seen from the table that the curve is slightly left-skewed (negatively skewed).

Table Distribution of JCGIndex



(Note) left: χ2 value (p-value in the parentheses); right: N (mean and standard deviation)

5. Sub-scores and achievement rates by part

To clarify the companies' performance for each part having different weight, the table below converts the mean figure into achievement rate in percentage. The achievement rates for Parts I and IV are low. In particular, the figure for Part I (Performance targets, leadership of CEO) is the lowest, indicating that Japanese companies are yet to solidify corporate governance. On the other hand, the relatively high achievement rates for Part II (Directors and board of directors) and Part III (Board oversight －Nomination, compensation and audit－) imply that Japanese companies comply with the formality requirements. Nonetheless, with the low achievement rates for Part IV (Administration of the board of directors meetings) and Part V (Assessment of the effectiveness of the board of directors meetings), their corporate governance efforts can be best described as superficial.

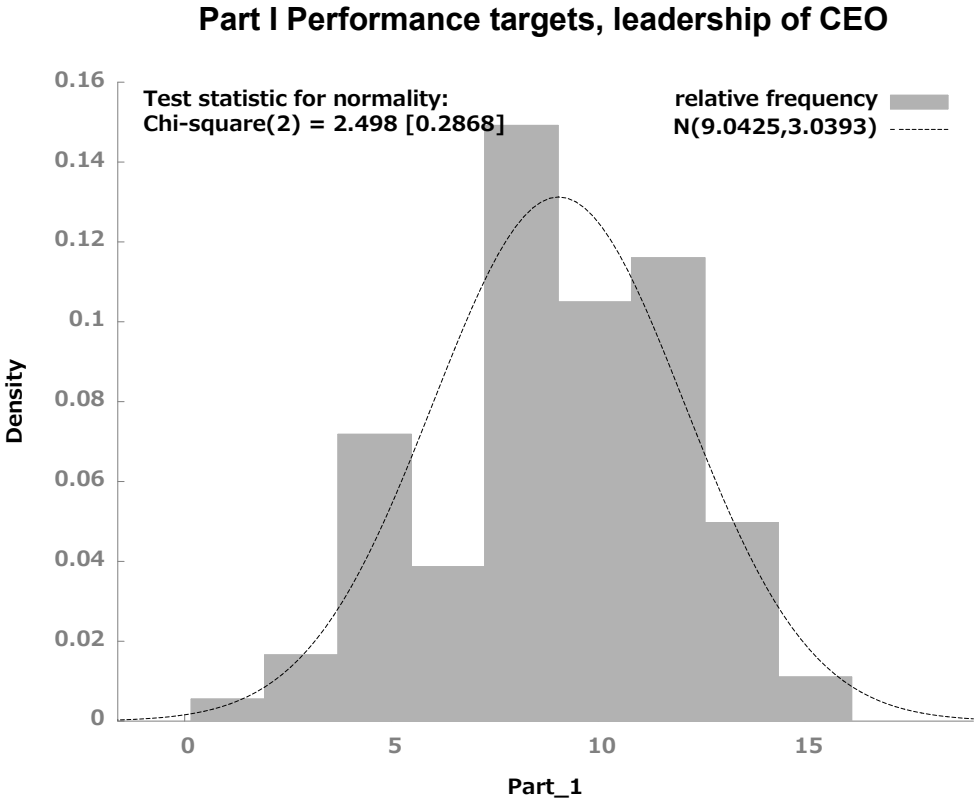
Compared to the previous survey, the sub-scores improved overall and JCGIndex increased from 56.27 to 57.29. Looking at each Part's mean, the growth contribution of Part I is the largest, followed by Part V and Part IV. On the other hand, the negative contribution of Part II is the largest, followed by Part III. Even while the achievement rate of Part I is low, its growth contribution is the largest, reflecting Japanese companies' enhanced corporate governance. In response to the improvement in Parts I, IV and V, Parts II and III saw their growth contribution decrease year on year.

Table Sub-scores and achievement rates by Part

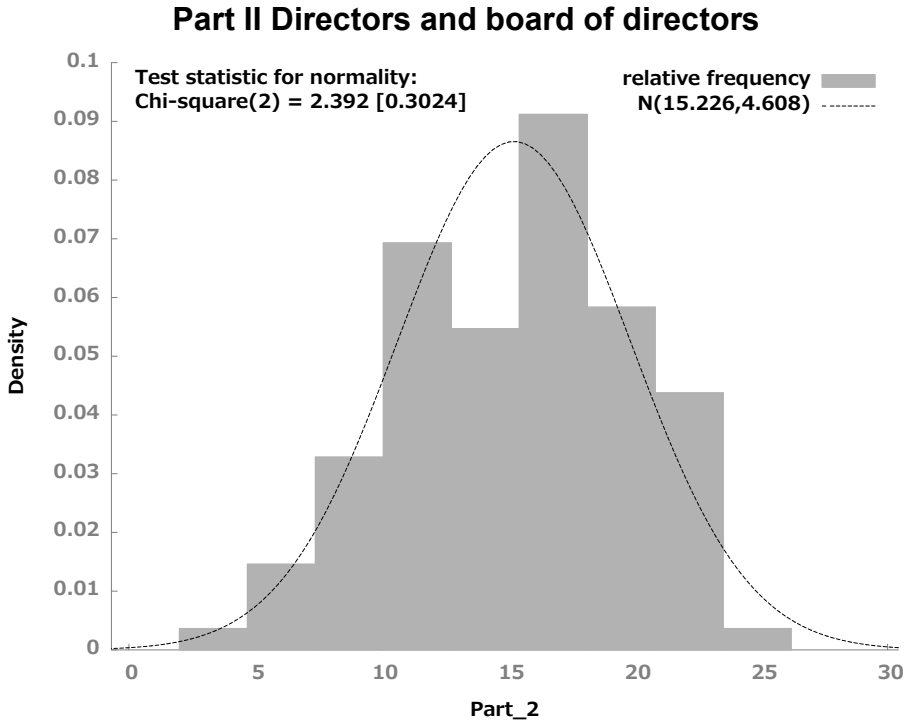
	Weight (A)	Mean (B)	Achievement rate (B) / (A)	Growth contribution vs. last year
I Performance targets, leadership of CEO	18.8	9.00	47.9%	81.4%
II Directors and board of directors	24.8	15.23	61.4%	-72.3%
III Board oversight －Nomination, compensation and audit－	23.6	16.41	69.5%	-18.5%
IV Administration of the board of directors meetings	20.5	10.22	49.9%	52.3%
V Assessment of the effectiveness of the board of directors meetings	12.3	6.39	51.9%	57.1%
JCGIndex	100.0	57.29	57.3%	100.0%

6. Distribution of sub-scores by part

Below are tables for distribution of sub-scores for Parts I through V. These five sub-scores constitute the JCGIndex. For the Parts other than Part IV, the null hypothesis of a normal distribution cannot be rejected and, with the help of the Q-Q plot (see Addendum), we judged that the sub-scores are normally distributed. For Part IV, since the null hypothesis can be rejected and the alternative hypothesis that the data is not normally distributed can be accepted, we judged that the sub-scores are not normally distributed.

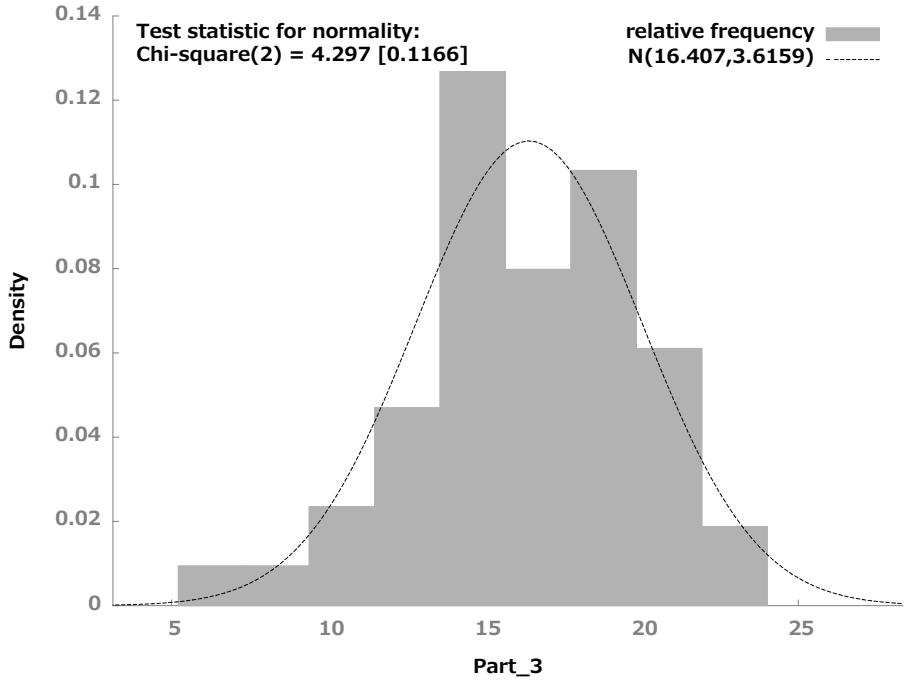


(Note) left: χ2 value (p-value in the parentheses); right: N (mean and standard deviation)



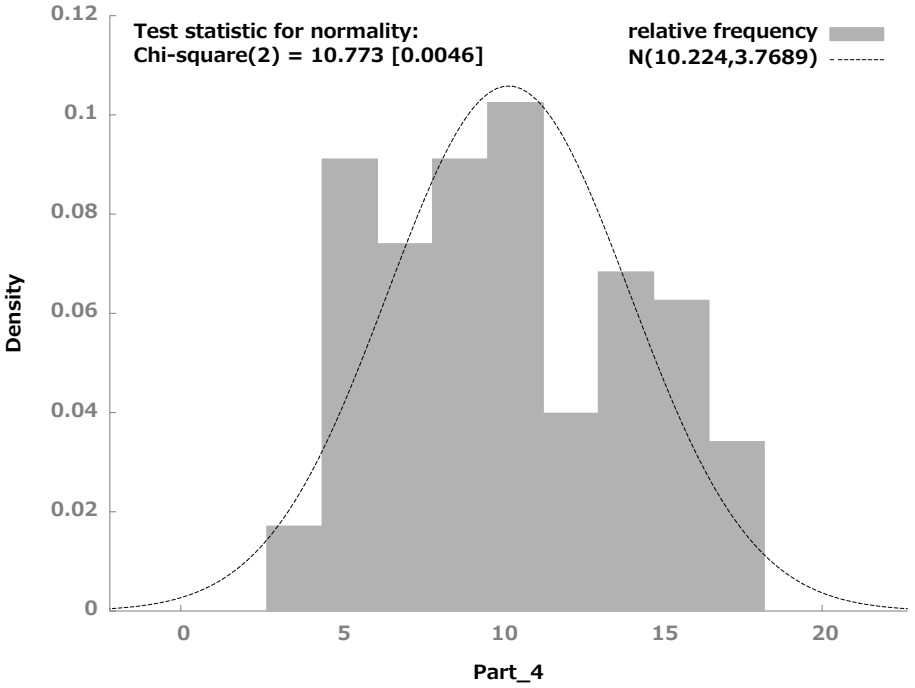
(Note) left: χ2 value (p-value in the parentheses); right: N (mean and standard deviation)

Part III Board oversight －Nomination, compensation and audit－



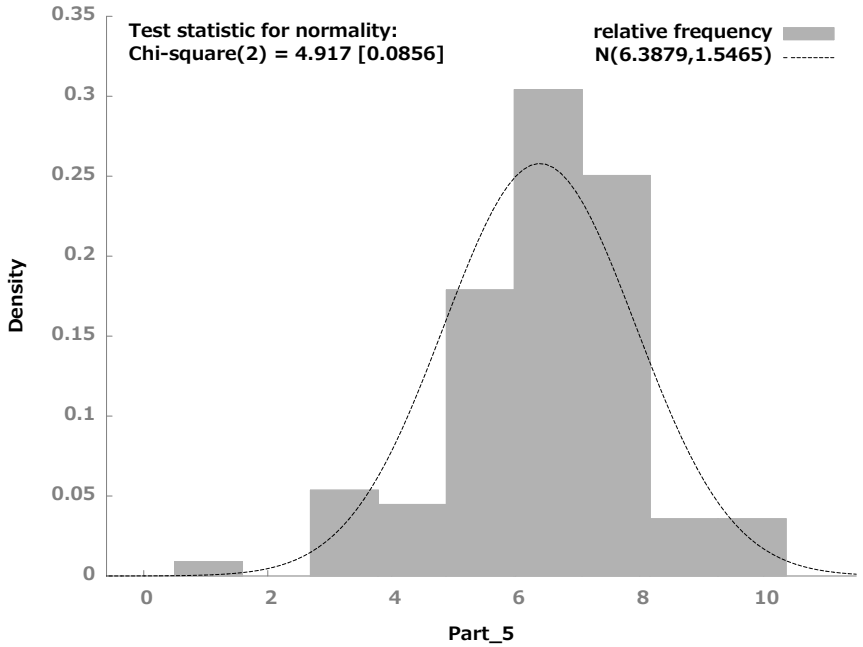
(Note) left: χ2 value (p-value in the parentheses); right: N (mean and standard deviation)

Part IV Administration of the board of directors meetings



(Note) left: χ2 value (p-value in the parentheses); right: N (mean and standard deviation)

Part V Assessment of the effectiveness of the board of directors meetings



(Note) left: χ2 value (p-value in the parentheses); right: N (mean and standard deviation)

7. Descriptive statistics values of JCGIndex and sub-scores

Descriptive statistics values of sub-scores by part and JCGIndex are as follows.

Table Descriptive statistics values of sub-scores by part and JCGIndex

	JCGindex	Part I	Part II	Part III	Part IV	Part V
mean	57.30	9.04	15.23	16.41	10.22	6.39
standard error	1.29	0.30	0.46	0.36	0.37	0.15
median	57.41	9.19	15.97	16.39	10.02	6.05
mode	62.63	9.39	17.54	21.71	8.35	6.05
standard deviation	13.05	3.04	4.61	3.62	3.77	1.55
variance	170.41	9.24	21.23	13.07	14.20	2.39
kurtosis	-0.27	-0.30	-0.54	0.13	-1.09	0.93
skewness	-0.14	-0.30	-0.21	-0.48	0.22	-0.35
range	64.93	14.20	21.50	16.70	13.78	8.77
minimum	18.79	1.04	3.34	6.26	3.55	1.04
maximum	83.72	15.24	24.84	22.96	17.33	9.81

number of samples	102.00	102.00	102.00	102.00	102.00	102.00

The table below shows the coefficients of variation (=standard deviation/mean) for each sub-score by part and JCGIndex.

Table Coefficients of variation of sub-scores by part and JCGIndex

	JCGIndex	Part I	Part II	Part III	Part IV	Part V
Coefficient of variation	0.23	0.34	0.30	0.22	0.37	0.24

The sub-scores of the Parts other than Part IV have been judged to be normally distributed based on the chi-squared test. Generally, if the kurtosis is positive, the distribution is more peaked and has heavier tails than a normal distribution, and if the kurtosis is negative, the distribution is flatter and has lighter tails than a normal distribution. If the skewness is negative, the tail is on the left.

It seems that sub-score for Part IV is not unimodally distributed, as the graph rather depicts a bimodal distribution. In addition, taking into account that overlapping normal distributions with different means produce negative kurtosis, the distribution of this sub-score may be composed of overlapping normal distributions with different means. Furthermore, judging from skewness, it is also possible that the distribution is composed of overlapping normal distributions with different variances.

8. Correlations among sub-scores and JCGIndex

The table below shows correlation coefficients between parts and between a part and JCGIndex. While the correlations between Part I and Part IV, between Part I and Part V, between Part III and Part IV, between Part III and Part V, and between Part IV and Part V are below 0.5, every part shows higher correlation with JCGIndex than with any other part, which means that each part does not overlap with others greatly and rather covers distinctive factors.

Table Correlations among sub-scores and JCGIndex

Correlation coefficients	Part I	Part II	Part III	Part IV	Part V	JCGindex
Part I	1.0000					
Part II	0.5778	1.0000				
Part III	0.5374	0.5383	1.0000			
Part IV	0.4077	0.6281	0.4811	1.0000		
Part V	0.3501	0.5266	0.3196	0.4881	1.0000	
JCGindex	0.7448	0.8804	0.7689	0.7964	0.6153	1.0000

Part II has the highest figure for correlation among the five parts, which may be because the part occupies the most weight. (JCGIndex is merely the sum of the sub-scores for the five parts.) Still, since the correlations among parts are low as the table above shows, every part represents distinctive factors of corporate governance.

9. High JCGIndex companies and low JCGIndex companies

The mean of JCGIndex is 57.3, and the standard deviation of JCGIndex is 13.1 for 2025. Mean plus a standard deviation equals to 70.1 and mean minus a standard deviation equals to 44.3. From these calculations, we define JCGIndex of 70.1 or more to be high JCGIndex, and JCGIndex of 44.3 or less to be low JCGIndex. With the actual number of high JCGIndex companies being 20 (19.6% of the total) and low JCGIndex companies 20 (19.6% of the total), the distribution of JCGIndex is skewed to the left (has a tail on the left), as the graph shows (in a normal distribution, companies above/below a standard deviation would constitute approximately 16.0% for each).

The table below exhibits the sub-scores by part and JCGIndex of the high and low JCGIndex companies. To clarify the difference of sub-scores by part and JCGIndex between high and low JCGIndex companies, the ratios of high JCGIndex companies' scores to those of low JCGIndex companies are presented at the bottom of the table. High JCGIndex companies achieve 1.51 to 2.39 times as much JCGIndex as low JCGIndex companies. The ratio of difference is especially large for Part IV "Administration of the board of directors meetings" (2.39) and Part I "Performance targets and leadership of management" (2.15).

Table High JCGIndex companies and low JCGIndex companies

	Part I	Part II	Part III	Part IV	Part V	JCGindex
High JCGIndex companies (20)	11.76	20.88	19.83	15.35	7.77	75.59
Intermediate JCGIndex companies (62)	9.31	15.07	16.73	9.79	6.35	57.25
Low JCGIndex companies (20)	5.48	10.06	11.98	6.43	5.14	39.09
Ratio of difference between high and low JCGIndex companies	2.15	2.07	1.66	2.39	1.51	1.93

10. Conclusion

This report reorganized the questionnaire results of the 23rd Corporate Governance Survey (the seventh Phase II Survey) relevant to JCGIndex into the basic statistics and statistical distribution analysis.

Appendix：List of the top 30 highest JCGIndex companies

Although it is ideal that each company's JCGIndex is shared by society, the JCGR only discloses JCGIndex of the companies that have approved the disclosure of their JCGIndex, conceding that it might be inconvenient for some companies to disclose their JCGIndex. (An asterisk represents a company that declined to disclose its name.)

Securities Code	Rank	JCGIndex	Company
5938	1	83.7	LIXIL
6758	2	82.5	Sony Group
6361	3	81.4	Ebara Corp.
5202	4	80.4	Nippon Sheet Glass
1878	5	79.3	Daito Trust Construction
2802	6	77.9	Ajinomoto
7741	7	76.8	HOYA
6632	8	76.6	JVCKENWOOD
4523	9	75.4	Eisai
2269	10	74.3	Meiji Holdings
4612	11	74.1	Nippon Paint Holdings
8098	11	74.1	Inabata & Co.
6645	13	73.5	Omron
2337	14	73.3	Ichigo
4902	15	73.1	Konica Minolta
3382	16	71.6	Seven & i Holdings
4540	17	71.2	Tsumura
6503	17	71.2	Mitsubishi Electric
1860	19	70.8	Toda Corp.
8624	19	70.8	Ichiyoshi Securities
*	21	69.3	*
*	22	68.1	*
6501	23	67.6	Hitachi
6857	23	67.6	Advantest
*	23	67.6	*
6925	26	67.4	Ushio Inc.
4507	27	66.6	Shionogi & Co.
6817	27	66.6	Sumida Corp.
*	29	65.6	*
1969	30	65.3	Takasago Thermal Engineering

Addendum: Normality test adopted in this survey

In this survey, normality was tested to determine whether the null hypothesis that the data is normally distributed can be rejected. If the p-value is 0.05 (5%) or less, we reject the null hypothesis and conclude that the data is not normally distributed. If the p-value is more than 0.05 and the null hypothesis cannot be rejected, we cannot determine whether the distribution is normal or not, but here we suppose that it is not possible to deny that the data is normally distributed.

The distribution tables in this report feature p-values for the Doornik Hansen test (chi-squared test), which shows strong statistical power when the number of samples is small, but we will also show p-values for other tests of normality. As a result of the test, the null hypothesis cannot be rejected for the Parts other than Part IV. However, for Part IV, the null hypothesis of a normal distribution can be rejected and, therefore, non-normality is significant.

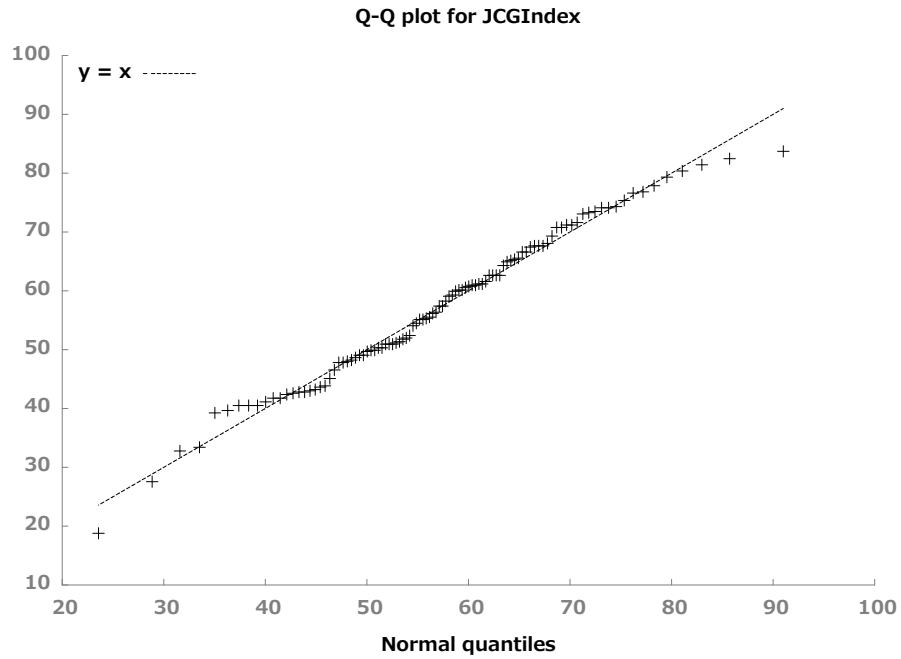
Table p-values for different tests of normality

p-values	Dornik-Hansen	Shapiro-Wilk W	Jarque-Bera
Part I	0.2868	0.2579	0.3589
Part II	0.3024	0.2215	0.3456
Part III	0.1166	0.0463	0.1493
Part IV	0.0046	0.0014	0.0517
Part V	0.0856	0.0174	0.0517
JCGIndex	0.7789	0.3882	0.6870

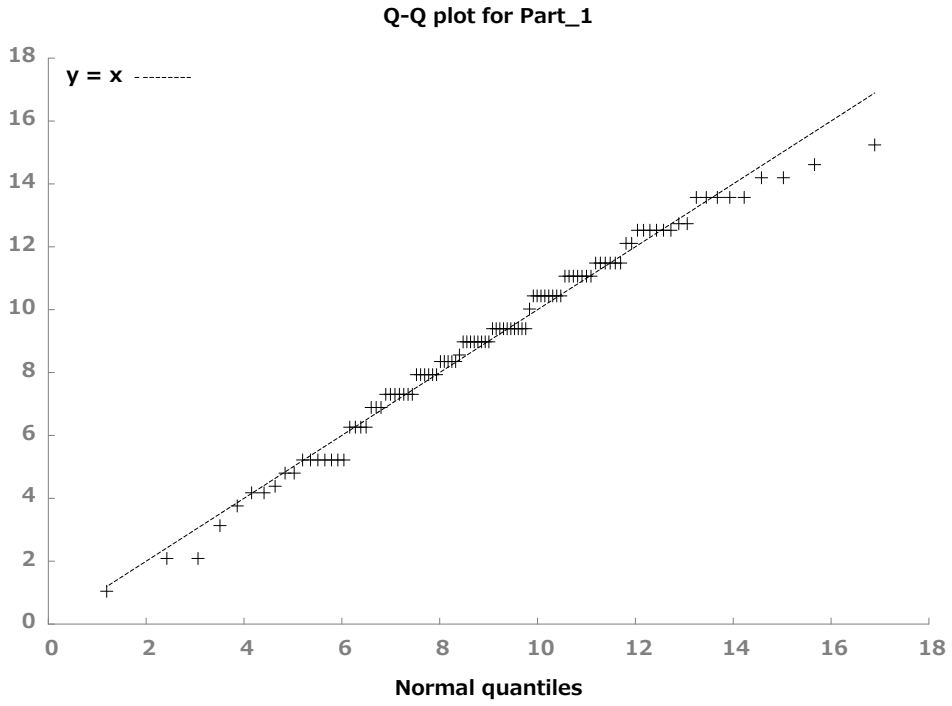
Q-Q plot

A Q-Q plot is a graph that visualizes whether data is normally distributed. Its vertical axis represents the data values and its horizontal axis shows the theoretical values of the normal distribution. If the dots line up in a straight line, the data is considered to be normally distributed. Data points deviating from the straight line indicate the presence of outliers.

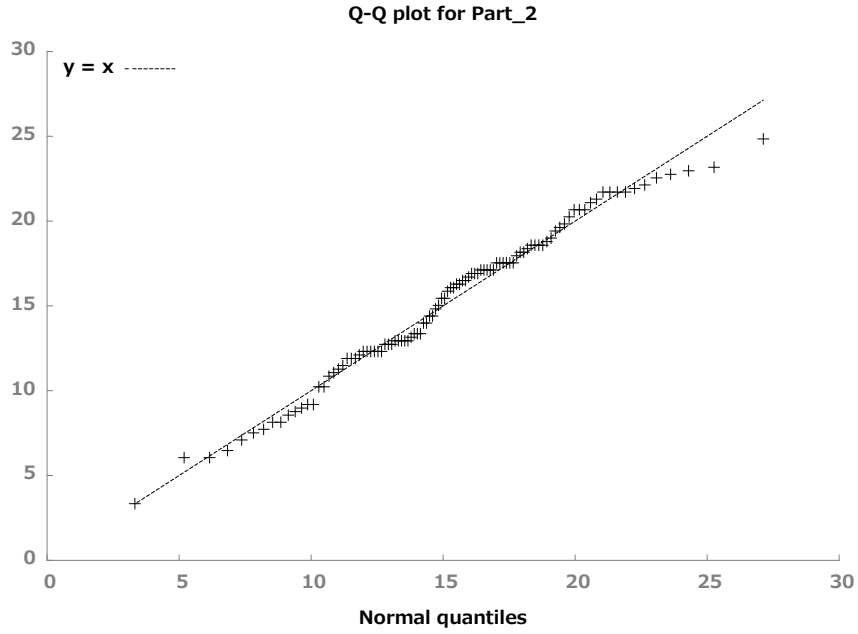
JCGIndex



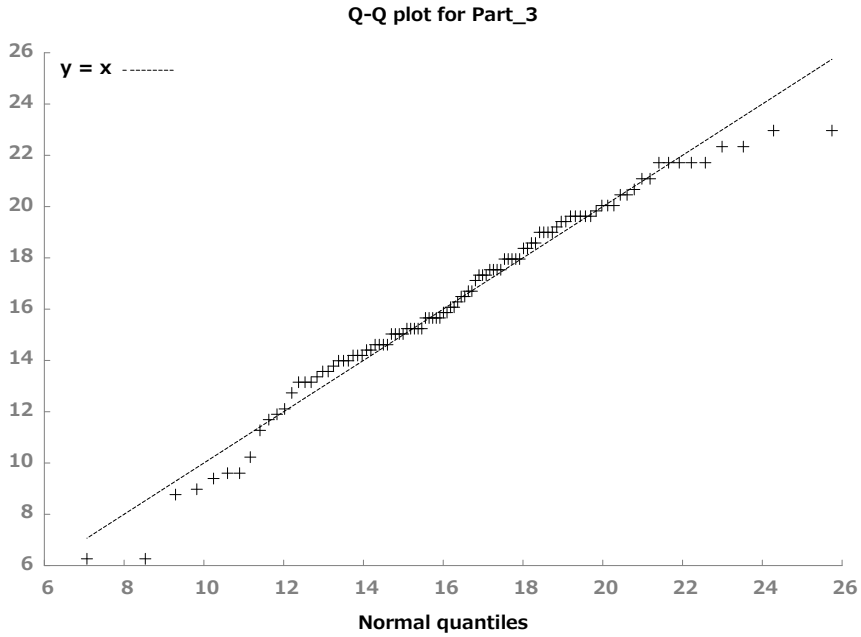
Part I



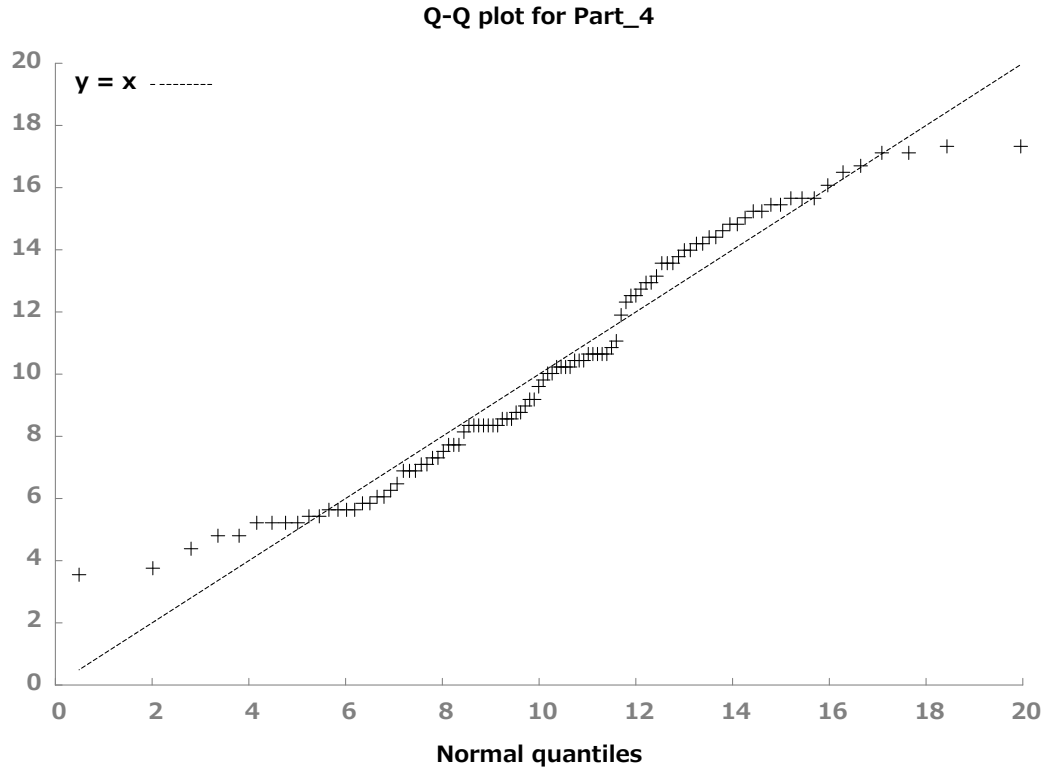
Part II



Part III



Part IV



Part V