

Interim Report of Corporate Governance Survey 2015

Japan Corporate Governance Network
Japan Corporate Governance Research Institute
Takaaki Wakasugi (Professor Emeritus, University of Tokyo; Co-Director, Mitsui Life Financial
Research Center, University of Michigan)
Christina L. Ahmadjian (Professor, Graduate School of Commerce and Management, Hitotsubashi
University)
Shusai Nagai (Professor, Faculty of Business Administration, Toyo Gakuen University)
Mamoru Obayashi (Professor, School of Commerce, Senshu University)

This report overviews the preliminary results of the 14th annual Corporate Governance Survey 2015 (JCGIndex survey 2015) of the Japan Corporate Governance Research Institute (JCGR).

1. Outline of the survey—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 7 parts:

Part I	Performance targets, leadership of CEO	7 questions
Part II	Efforts on corporate governance	4 questions
Part III	Board of directors	34 questions
Part IV	Management system	10 questions
Part V	Evaluation of management, compensation system	3 questions
Part VI	Management of consolidated subsidiaries	2 questions
Part VII	Communication with shareholders	8 questions

These 68 questions in total are recategorized into 4 categories to calculate sub-scores (Cg1, Cg2, Cg3, Cg4)) for each category. Each category represents the following perspective:

- Category I Corporate objectives and CEO responsibility
Based on Part I and Part II
- Category II Structure and function of board of directors
Based on Part III

Category III Management system

Based on PartIV, PartV and PartVI

Category IV Transparency and communication to shareholders

Based on PartVII

2. Meaning of the Categories

Categories I and II are related to corporate governance system, and III and IV are about corporate management system. Although it is possible to value the corporate governance through Categories I and II alone, Categories III and IV are incorporated into JCGIndex, based on the belief that good management system is established under the good governance system.

3. The Number of companies that responded to the survey

From August 2015 to October 2015, we surveyed all companies listed on the First Section of the Tokyo Stock Exchange (1,888, as of August 4, 2015), of which 145 have responded to the survey as of today. We are grateful to all companies that responded to this survey.

4. Interim results of JCGIndex and category scores

We calculated the JCGIndex and its sub-scores by category for the 115 companies that had responded to the survey by the deadline. Below is the comparison of this year's sub-scores and the JCGIndex to those in the previous year.

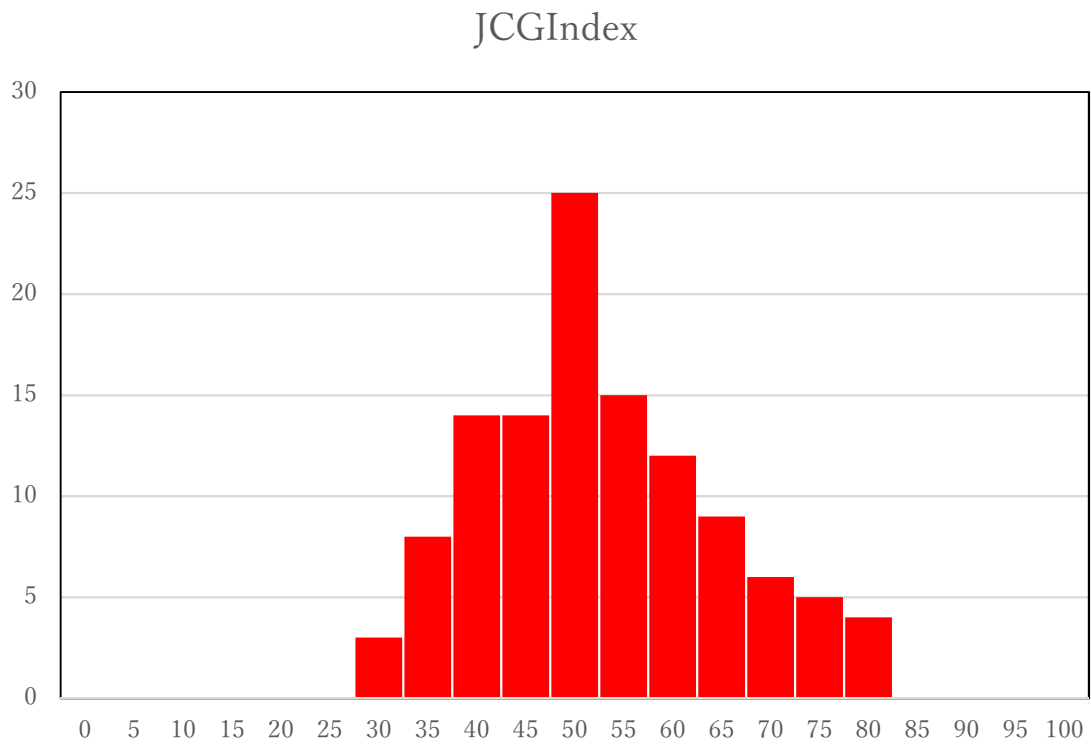
Table Sub-scores and achievement rates by category

Category	Weight (A)	Mean (B)	Achievement rate (B) / (A)
I Performance targets and structure of responsibilities of management	22 (22)	9.2 (10.00)	41.8% (45.5%)
II Functions and composition of board of directors	42 (46)	18.3 (20.2)	43.6% (43.9%)
III Executive management structure of top management	28 (24)	18.1 (14.6)	64.6% (60.8%)
IV Communication with shareholders and transparency	8 (8)	4.9 (4.9)	61.3% (61.3%)
JCGIndex	100 (100)	50.5 (49.7)	

*Results in 2014 are in parentheses.

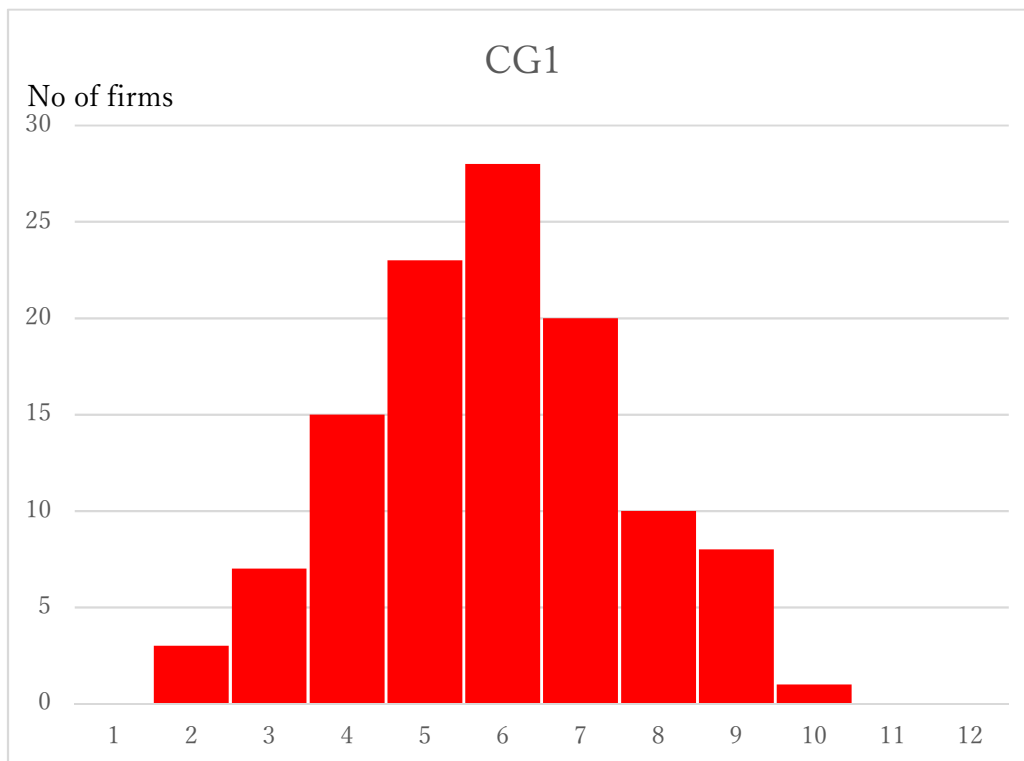
5. Distribution of JCGIndex and sub-scores

(1) JCGIndex



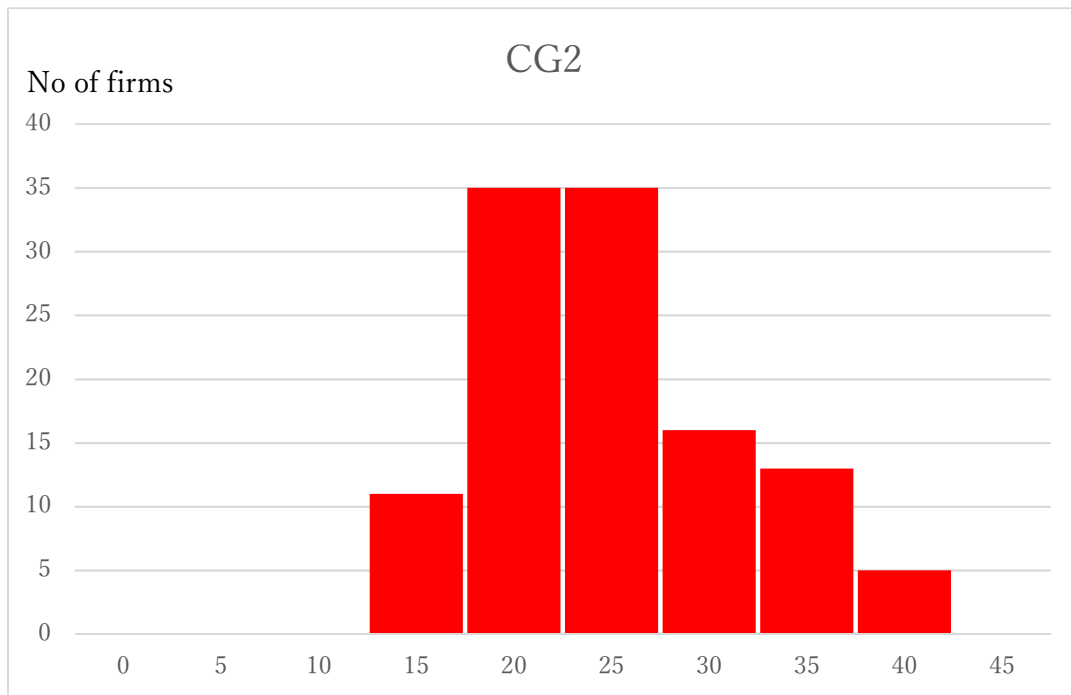
(2) Category I (CG1)

Corporate objectives and CEO responsibility



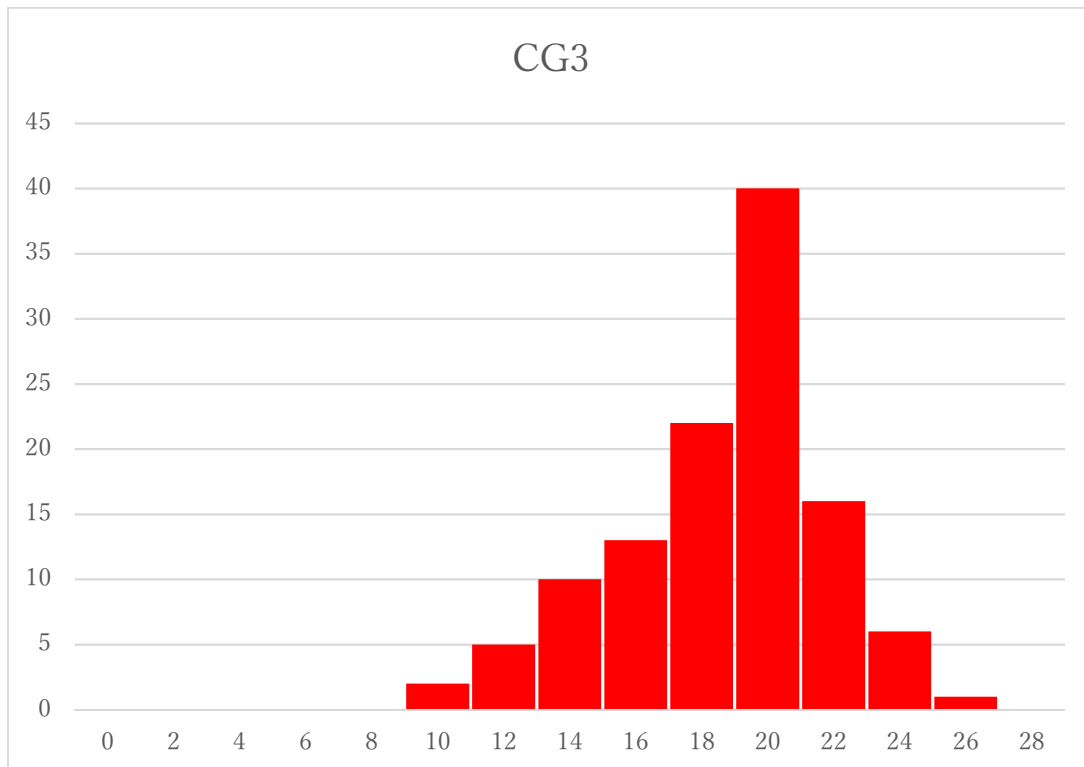
(3) Category II (CG2)

Functions and composition of board of directors



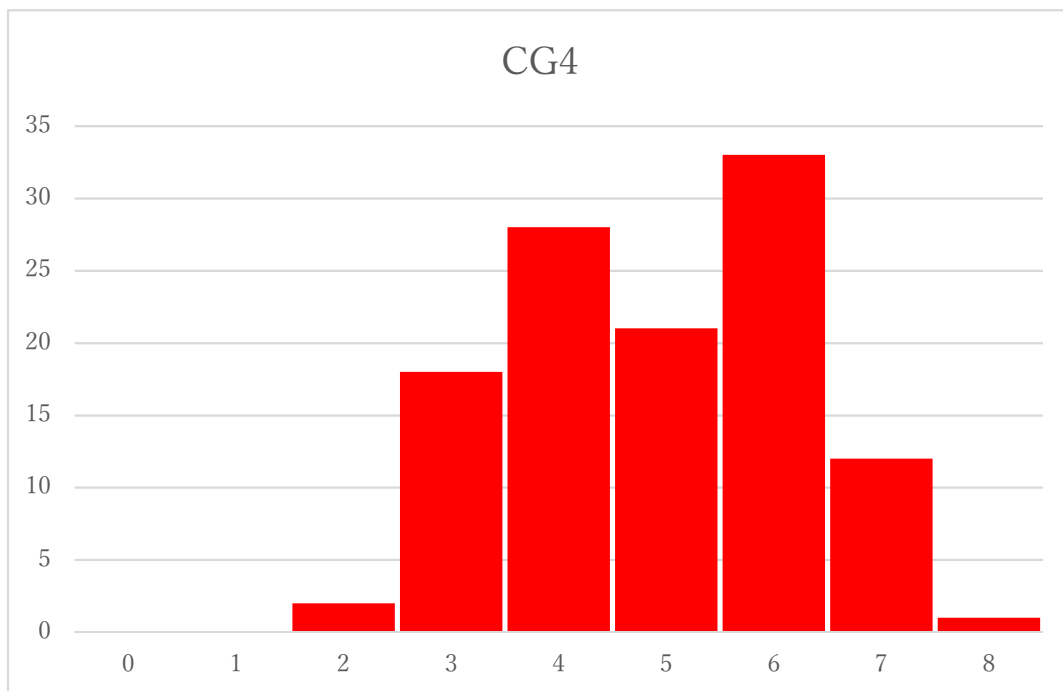
(4) Category III (CG3)

Executive management structure of top management



(5) Category IV (CG4)

Communication with shareholders and transparency



6. Final report

This report covers only 115 companies that had responded to the survey before the deadline. The final report is scheduled to be published in December 1 (Tue.) together with the list of companies that responded to the survey and the list of companies with high JCGIndex.

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