

## Interim Report of Corporate Governance Survey 2016

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This report overviews the interim results of the 15th annual Corporate Governance Survey 2016 (JCGIndex Survey 2016) of the Japan Corporate Governance Research Institute (JCGR).

### 1. Overview 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 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. The meaning of the Four Categories

Category 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, Category III and IV are incorporated into JCGIndex, based on the belief that good management system is established under the good governance system.

## 3. Number of companies that responded to the survey

In October 2016, we surveyed all companies listed on the First Section of the Tokyo Stock Exchange (1,974, as of September 19, 2016), of which 149 have responded to the survey as of today. We are grateful to all companies that responded to this survey.

## 4. Preliminary results of JCGIndex and sub-scores

We calculated the JCGIndex and its sub-scores by category for the 94 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.

Category scores and achievement rates

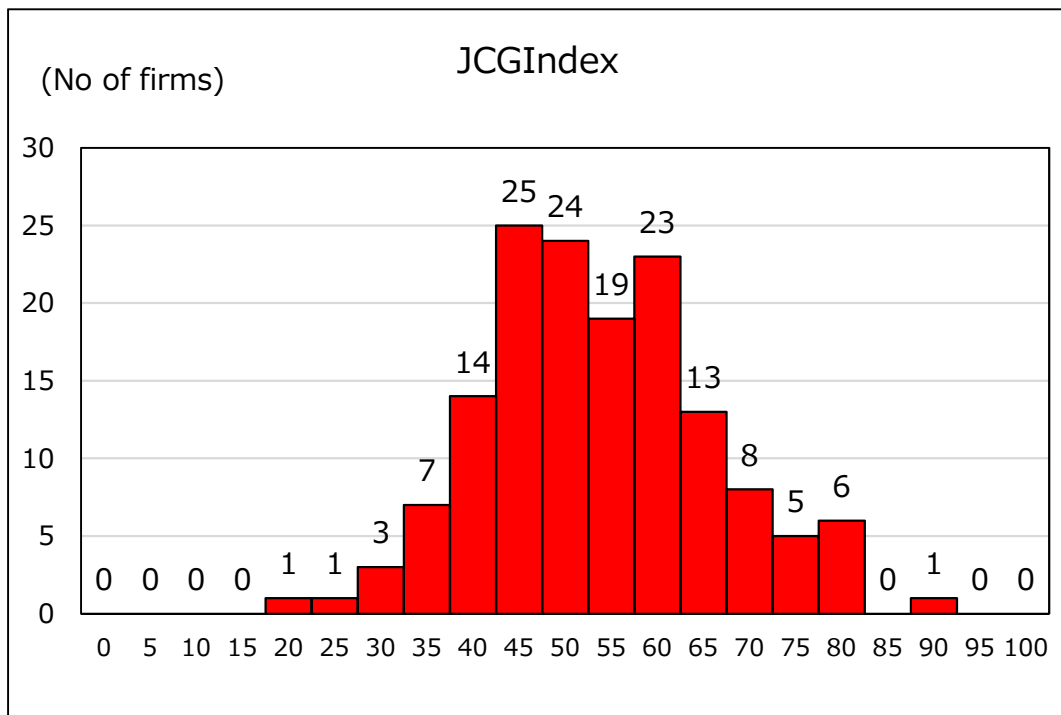
Category	Weight (A)	Mean (B)	Achievement rate (B) / (A)
I Corporate objectives and CEO responsibility	22 (22)	9.6 (9.2)	43.6% (41.8%)
II Structure and function of board of directors	42 (42)	18.6 (18.1)	44.3% (43.0%)
III Management system	28 (28)	18.0 (18.3)	64.3% (65.3%)
IV Transparency and communication to shareholders	8 (8)	5.2 (5.0)	65.0% (61.9%)
JCGIndex	100 (100)	51.4 (50.5)	51.4% (50.5%)

\*Results in 2015 are in parentheses.

**5. Distribution of JCGIndex and category scores**

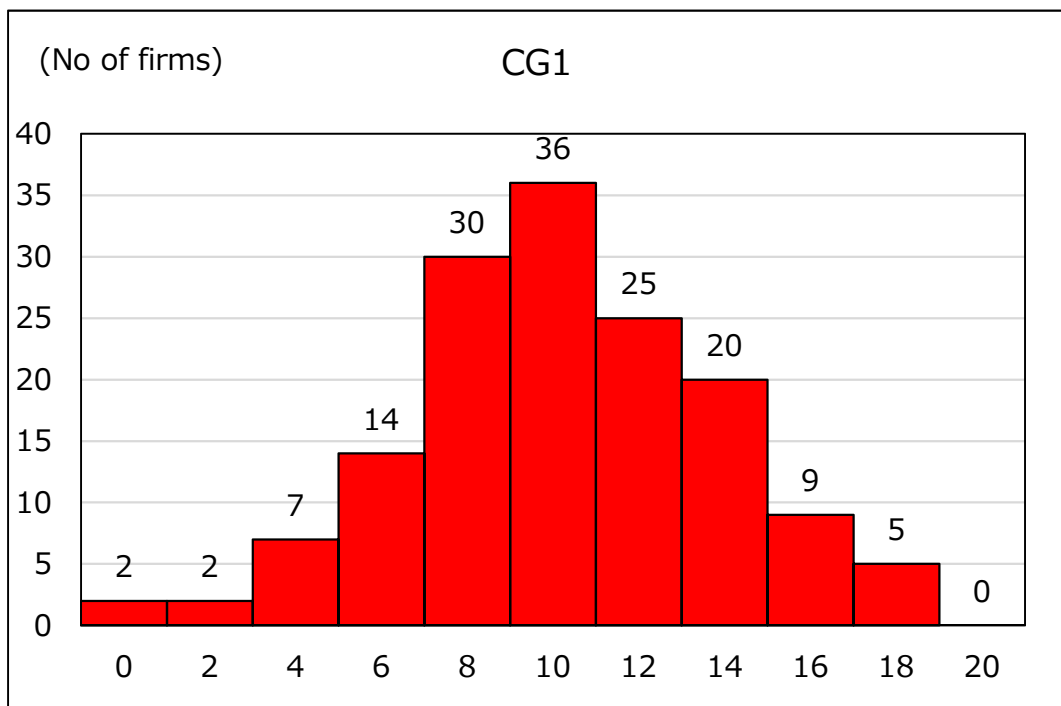
**(1) JCGIndex**

Corporate objectives and CEO responsibility



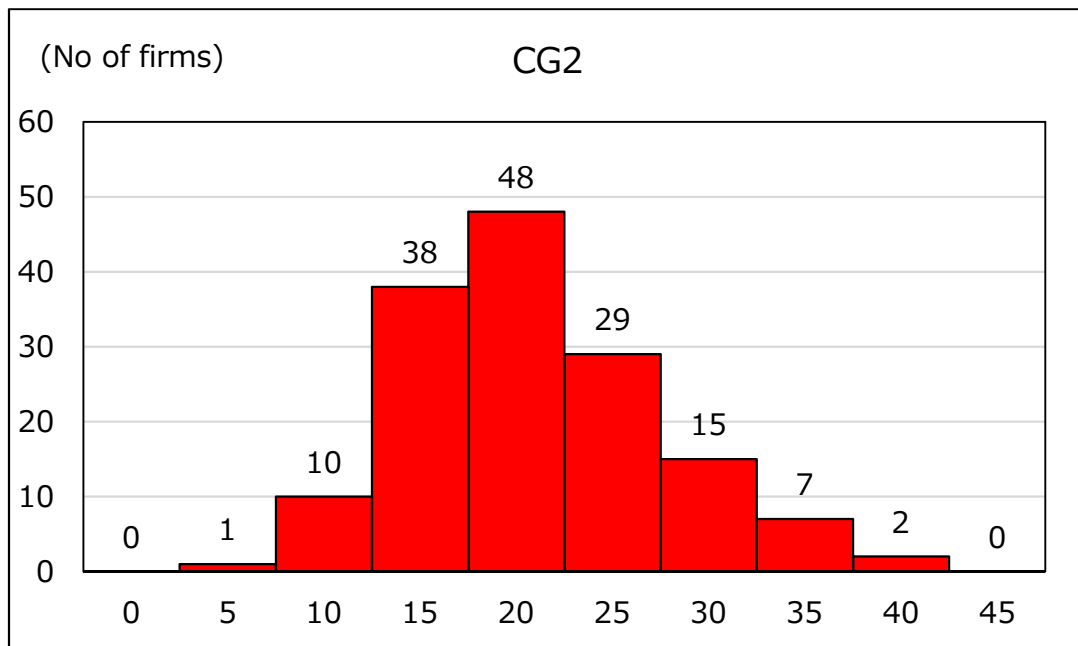
**(2) Category I (CG1)**

Structure and function of board of directors



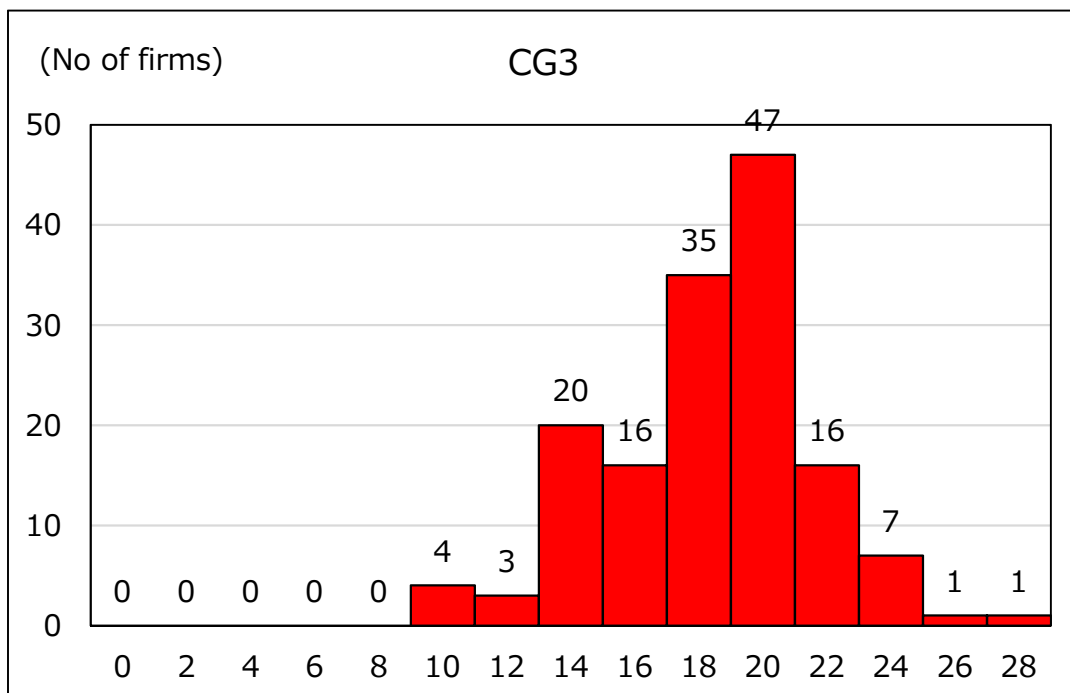
**(3) Category II (CG2)**

Management system

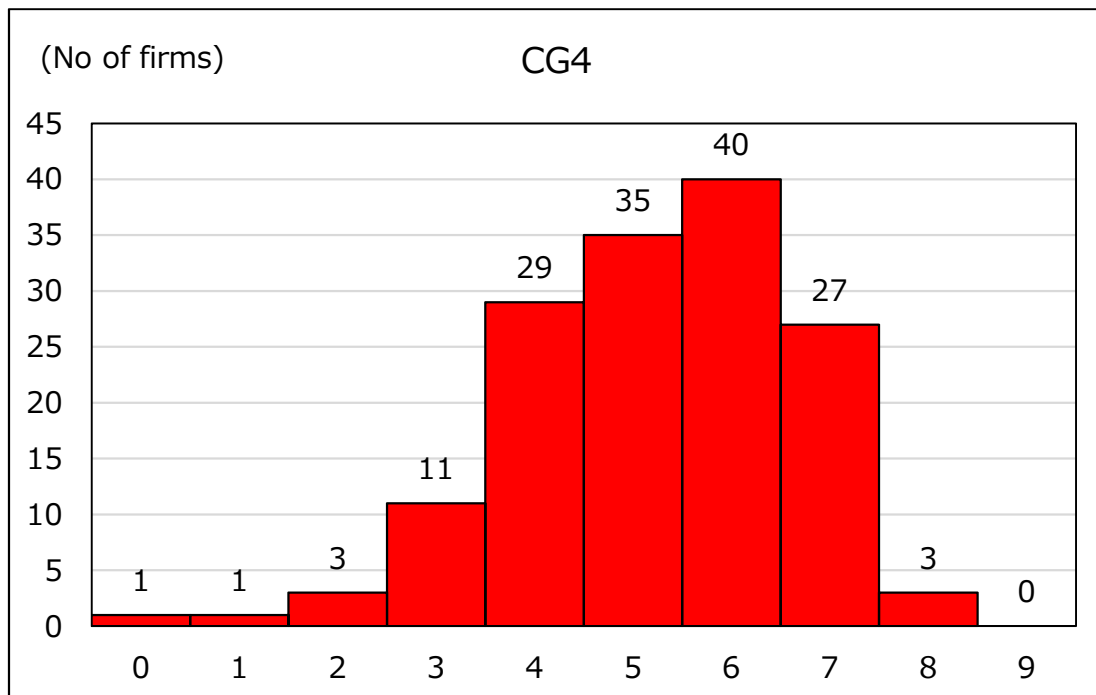


**(4) Category III (CG3)**

Transparency and communication to shareholders



**(5) Category IV (CG4)**



**6. Final report**

This report covers only 94 companies that had responded to the survey before the deadline. The final report is scheduled to be published in December 26 (Mon.) together with the list of companies that responded to the survey and the list of companies with high JCGIndex.

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