

# 2025 JCGIndex Survey Questionnaire

## Japan Corporate Governance Research Institute

Fill in the outline of your company.

1. Company name		
2. How does your company implement the Tokyo Stock Exchange's Corporate Governance Code?	<ol style="list-style-type: none"><li>1. Fully comply</li><li>2. Explain for not complying with some part of the code</li></ol>	
3. Which structure does your company's board of directors adopt? (Choose one.)	<ol style="list-style-type: none"><li>1. Company with nominating committee, etc.</li><li>2. Company with audit and supervisory committee</li><li>3. Company with board of corporate auditors</li></ol>	
4. The respondent (We report your company's JCGIndex to the respondent by e-mail.)	①Name	
	②Title and division	
	③Phone number	
	④E-mail address	

\*The personal information provided here is not used for other purposes than the JCGIndex Survey conducted this time and planned to be conducted in the future. Read and understand “Handling of personal information” on page v before filling in this form.

### Disclosure of your company's Corporate Governance Index

We would like to calculate your company's Corporate Governance Index (JCGIndex) based on your response and, if your company falls in the upper half of the JCGIndex ranking, disclose the company's name and the JCGIndex. If you do not permit the disclosure, please tick the box below.

**NO (If you do not tick this box, we will assume that you permit the disclosure.)**

### Feedback of the survey results

This year, we plan to start feeding back the report summarizing the survey responses. We will distribute the general version to each responding company for free, but we are also considering preparing and providing the paid version for each individual company. If you have an interest in the paid version, please tick the box below.

**Interested in the paid version (Accompanying explanation through an interview, it is scheduled to cost 100,000 yen.)**

## Part I Performance targets, leadership of CEO

【1】 Which of the following performance indicators does your company regard as the most important KPIs? Choose up to three from 1. to 15. below. (Choose the most similar ones if the corresponding items are not listed below.)

Most important performance indicators for your company: ①\_\_\_\_\_ ②\_\_\_\_\_ ③\_\_\_\_\_

1. Sales	2. Market share
3. Operating profit	4. Ordinary profit
5. Net profit	6. Profit after cost of capital
7. EPS (earnings per share)	8. Cash flow/EBITDA <sup>1</sup>
9. Return on sales	10. ROA (return on assets)
11. ROE (return on equity)	12. ROIC (return on invested capital)
13. TSR (total shareholder return)	14. Stock price
15. Other ( )	
16. The company does not set any performance indicator as KPIs	

【2】 Does your company use cost of capital<sup>2</sup> as a management indicator? Choose as many as are applicable.

1. Discounted cash flow analysis is applied in investment decisions.
2. Indicators calculated using cost of capital are used for performance evaluation.
3. Cost of capital is not used in the company.
4. Other ( )

【3】 Approximately what percentage of the CEO compensation is linked to the performance if the targets are achieved? If the CEO compensation is not linked to the performance at all, answer “0%.”

(       %) (enter a whole number)

【4】 Which of 1. to 15. in 【1】 serve as the main determinants of the performance-linked compensation? Choose up to three. For “15. Other,” specify the indicator.

Main determinants: ①\_\_\_\_\_ ②\_\_\_\_\_ ③\_\_\_\_\_

15. Other ( )
16. The company does not set any performance indicator as KPIs

<sup>1</sup> EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

<sup>2</sup> Cost of capital is the cost of procuring the capital for a company. In theory, it serves as the minimum rate of return the company expects from invested or otherwise managed funds to generate shareholder value. Hence, the use of cost of capital demonstrates the management's commitment to shareholder value. In practical terms, WACC (weighted average cost of capital), the average cost that a company must pay to its shareholders and creditors, is widely used as the expected rate of return.

【 5 】 Is your company's CEO committing themselves to planning and managing the CEO succession plan as part of their own responsibility? Choose one.

1. Yes
2. No
3. There is no CEO succession plan in the company

【 6 】 Are the CEO succession plan and its progress reported to the board of directors or other supervising body (such as the nominating committee) as necessary? Choose one.

1. Yes
2. No
3. There is no CEO succession plan in the company

【 7 】 The Companies Act prescribes that the board of directors shall select or dismiss the CEO. Which of the following has the de facto authority of deciding the candidate for CEO? Choose one.

1. The CEO
2. The chairperson of the board of directors
3. Senior advisors, ex-chairpersons, ex-CEOs, or the like
4. The board of directors
5. The nominating committee (whether statutory or not)
6. The division in charge of personnel affairs, corporate planning, etc.
7. Employees or labor union
8. The parent company or controlling shareholders
9. The "main bank," business partners, etc.
10. Other ( )

【 8 】 Suppose that your company has not reached the performance targets for a long time even though the environment surrounding your company is not so unfavorable. Which of the following most represents how your company's CEO bears the responsibility? Choose one.

1. Revise the plan and the target figures
2. Publicly explain reasons for failing to achieve the targets
3. Accept the compensation calculated through pre-determined formulas
4. Leave the decision to the board of directors on whether the CEO should resign
5. Decide by themselves on whether to resign
6. The CEO is not required to bear the responsibility
7. Other ( )

【 9 】 Is the CEO required to hold a certain amount of stock? Choose one.

1. Yes
2. No, but the CEO holds stock on a voluntary basis
3. No

【10】 Which of the following best represents your company's opinion on the statement below? Choose one.

"The Companies Act stipulates that shareholders entrust management to the board of directors, composed of directors selected by shareholders themselves, and hence do not directly manage the company. Nevertheless, the fact that shareholders select the company's directors means that shareholders effectively own the company and, consequently, control the company's management. That is the foundation of governance by shareholders. Since shareholders own stock to manage their assets, the primary objective of a joint-stock company should be to maximize the stock value, or in other words, shareholder value. Considering that long-term shareholders such as pensions and foundations have a large presence in today's capital market, stock value maximization should be based on a long-term perspective.<sup>3</sup>"

1. That is right.
2. That is right, but in reality, it does not fit Japanese companies.
3. Such kind of notion is wrong.
4. Other ( )

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<sup>3</sup> Even though the Companies Act does not stipulate that the purpose of companies is to pursue business profit, the Act assumes that those who contribute money to the company share the profit of the company. Besides, the Japanese law does stipulate "non-profit" organizations. Therefore, in the context of the Companies Act, it is interpreted that the purpose of companies is to pursue business profit.

## Part II Directors and board of directors

【11】 Which of the following does your company's board of directors aim to be? Choose one. For the definition of each model, refer to page iii.

1. Management board (Boards of directors with a majority of executive directors)
2. Advisory board (Boards of directors whose main function is to advise executive officers)
3. Monitoring board (Boards of directors with a majority of non-executive directors)
4. Other ( )

【12】 Does your company's board of directors formulate the code of corporate governance (corporate governance principles, corporate governance guideline, etc.) in writing? Choose one.

1. Yes
2. No

【13】 Does the code of corporate governance clearly state that corporate governance shall be for the benefit of the shareholders? Choose one.

1. Yes
2. No
3. There is no code of corporate governance in the company

【14】 Is the code of corporate governance disclosed, whether online or not? Choose one.

1. Yes
2. No
3. There is no code of corporate governance in the company

【15】 Does your company's board of directors formulate standards for selecting and dismissing inside directors in writing?<sup>4</sup> Choose one.

1. Yes
2. No

【16】 Does your company's board of directors formulate standards for selecting and dismissing outside directors in writing?<sup>5</sup> Choose one.

1. Yes
2. No

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<sup>4</sup> “1. Yes” includes cases where the said standards are formulated by the nominating committee but the ultimate responsibility belongs to the board of directors (the board approves the standards formulated by the nominating committee, the board explicitly delegates the authority, through the nominating committee rules or other means, to the nominating committee, or otherwise).

<sup>5</sup> Same as footnote 4 above.

【17】 If independence is required of your company's outside directors, which of the following best represents the most important criteria for defining the independence? Choose one.

1. The company's own definition
2. The Tokyo Stock Exchange's criteria on independent directors
3. The New York Stock Exchange's criteria on independent directors
4. Voting policies of institutional investors or proxy firms
5. Other criteria ( )
6. The company does not define the independence of outside directors
7. Independence is not required of the company's outside directors

【18】 Which of the following diversity factors or skills are taken into account when selecting directors? Choose as many as are applicable.

1. Areas of management experience
2. Expertise and skills in management oversight
3. Expertise and skills in management advice
4. Diversity of gender or race
5. Perspectives of diverse stakeholders
6. Other ( )

【19】 Which of the following best represents the most important role/function your company expects the outside directors to play? Choose one.

1. To exercise governance over the management from the viewpoint of shareholders
2. To ensure disciplined management through their presence
3. To give advice on management
4. To check each discussion topic objectively
5. Other ( )

【20】 When selecting the candidates for inside and outside directors, are roles that the board of directors expects the directors to play explained to each candidate? Choose one.

1. Yes
2. No

【21】 Which of the following best represents the purpose for which your company's board of directors prepares a skill matrix for directors<sup>6</sup>? Choose one.

1. To disclose the current state of diversity of the company's directors
2. To set requirements for selecting directors in the future
3. Other ( )
4. The board does not prepare a skill matrix for directors

【22】 Is the said skill matrix published on your company's website? Choose one.

1. Yes
2. No
3. The board does not prepare a skill matrix for directors

【23】 Does the board of directors evaluate each of the inside and outside directors based on the standards for selecting and dismissing directors mentioned in 【15】 and 【16】 and in light of the expected roles mentioned in 【17】 every year?<sup>7</sup> Choose one.

1. Yes
2. No

【24】 Are newly appointed directors required to attend lectures on the following themes? Choose as many as are applicable.

1. Corporate governance
2. Corporate finance
3. Risk management
4. Business portfolio strategies
5. Sustainability/ESG/the SDGs
6. Newly appointed directors are not required to attend lectures

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<sup>6</sup> “Yes” includes cases where the nominating committee takes charge of the preparation but the ultimate responsibility belongs to the board of directors (the board approves the skill matrix prepared by the nominating committee, the board explicitly delegates the authority, through the nominating committee rules or other means, to the nominating committee, or otherwise).

<sup>7</sup> “1. Yes” includes cases where the nominating committee actually evaluates each of the inside and outside directors but the ultimate responsibility belongs to the board of directors (the board approves the nominating committee’s evaluation, the board explicitly delegates the authority, through the nominating committee rules or other means, to the nominating committee, or otherwise).

### **Part III Board oversight –Nomination, compensation and audit–**

**【25】** Does the nominating committee (whether statutory or not) stipulate rules on the objectives, missions and administration? Choose one.

1. Yes
2. No
3. There is no nominating committee in the company

**【26】** Does the board of directors delegate the formulation of plans on the following items to the nominating committee (whether statutory or not)? Choose as many as are applicable.

1. Determination of the contents of proposals regarding the selection and dismissal of directors to be submitted to the company's shareholders meetings<sup>8</sup>
2. Stipulation of the qualification and selection criteria for inside and outside directors
3. Establishment, reorganization and abolition of board of directors committees
4. Selection of the members and chairperson of board of directors committees
5. Preparation of a skill matrix
6. Formulation of succession plans for outside directors
7. Selection of major executive officers
8. Other ( )
9. There are no nominating committee rules in the company
10. There is no nominating committee in the company

**【27】** Do the nominating committee rules stipulate on the qualification and selection criteria for its members? Choose one.

1. Yes
2. No
3. There are no nominating committee rules in the company
4. There is no nominating committee in the company

**【28】** Do the nominating committee rules stipulate that the nominating committee conduct self-evaluation in accordance with the nominating committee rules and report the self-evaluation results to the board of directors every year? Choose one.

1. Yes
2. No
3. There are no nominating committee rules in the company
4. There is no nominating committee in the company

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<sup>8</sup> If your company is a company with nominating committee, etc., choose this item, because in this case the nominating committee is given the authority to determine “the contents of proposals regarding the election and dismissal of directors” by the Companies Act. If the nominating committee was established on a non-statutory basis, choose this item only if it actually determines the contents of the said proposals.

【29】 Does the compensation committee (whether statutory or not) stipulate rules on the objectives, missions and administration? Choose one.

1. Yes
2. No
3. There is no compensation committee in the company

【30】 Do the compensation committee rules allocate responsibility for the following items to the compensation committee? Choose as many as are applicable.

1. Formulation of the officers' compensation plan
2. Determination of KPIs for calculating officers' compensation
3. Evaluation of officers' performance based on KPIs
4. Calculation of the amount of compensation paid to each officer<sup>9</sup>
5. Other ( )
6. There is no compensation committee in the company

【31】 Do the compensation committee rules prescribe pay for performance, performance-linked compensation, or any other incentive plan? Choose one.

1. Yes
2. No
3. There are no compensation committee rules in the company
4. There is no compensation committee in the company

【32】 Does the compensation committee conduct self-evaluation in accordance with the compensation committee rules and report the self-evaluation results to the board of directors every year? Choose one.

1. Yes
2. No
3. There are no compensation committee rules in the company
4. There is no compensation committee in the company

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<sup>9</sup> If your company is a company with nominating committee, etc., choose this item, because in this case the compensation committee is given the authority to determine "the content of remunerations of individual" officers by the Companies Act. If the compensation committee was established on a non-statutory basis, choose this item only if it actually calculates the said amount.

【33】 Are there written rules for the audit committee, audit and supervisory committee or board of corporate auditors? Choose one.

1. Yes
2. No

【34】 Which of the following are subject to audit as stipulated by the above mentioned rules? Choose as many as are applicable.

1. Appropriateness of internal audit
2. Impartiality of internal auditors
3. Financial audit
4. Business audit
5. Appropriateness of external audit
6. Impartiality of external auditors
7. Effectiveness of the internal control system
8. Other ( )
9. There are no such written rules

【35】 Does the audit committee, audit and supervisory committee or board of corporate auditors conduct self-evaluation and report the self-evaluation results to the board of directors every year? Choose one.

1. Yes
2. No

## Part IV Administration of the board of directors meetings

【36】 Which director chairs<sup>10</sup> the board of directors meetings<sup>11</sup>? Choose one.

1. An independent outside director
2. The non-executive chairperson of the company who is an inside director
3. The CEO (including the case where the CEO concurrently serves as chairperson of the company)
4. Other director ( )

【37】 If your company's board of directors designates the leading independent outside director, which of the following best represents the definition of the leading independent outside director? Choose one.

1. An independent outside director who is the chairperson of the board of directors
2. An independent outside director who is not the chairperson of the board of directors
3. Other director ( )
4. The board does not define the leading independent outside director

【38】 Are the agendas to be discussed at the meetings of your company's board of directors explained to the outside directors in advance? Choose one.

1. All of the agendas are explained to the outside directors in advance  
→1. More than five days before the meeting 2. Two to five days before the meeting  
3. On the day before the meeting 4. On the day of the meeting
2. Only important agendas are explained to the outside directors in advance  
→1. More than five days before the meeting 2. Two to five days before the meeting  
3. On the day before the meeting 4. On the day of the meeting
3. In general, there is no advance explanation to the outside directors

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<sup>10</sup> To “chair” the board of directors meetings means to lead the meetings by determining the agenda, proceeding with the meetings, and facilitating the discussions. In some Japanese companies, their “chairpersons” chair such meetings. While the global consensus is that the board of directors meetings should be chaired by outside directors, “chairpersons” of Japanese companies are usually inside directors (ex-CEOs, etc.).

<sup>11</sup> The “board of directors meetings” refer to regular or extraordinary meetings of the board of directors that are organized in accordance with statutory procedures to discuss matters to be resolved and matters to report as stipulated by law. They do not include exchange of views, information sharing, or meetings attended only by outside directors.

【39】 Which of the following agendas does your company's board of directors discuss at least once in a year? Choose as many as are applicable.

1. Management strategies/strategic directions
2. Financial strategies/capital policy
3. Risk management/internal control
4. Business portfolio strategies
5. M&A strategies

【40】 For which of the following items does your company's board of directors confirm the basic policies every year? Choose as many as are applicable.

1. Corporate pension
2. Information technology, digital transformation, cybersecurity
3. Compliance
4. Corporate governance
5. Code of conduct/code of ethics for officers and employees
6. Sustainability overall
7. Human capital
8. Intellectual property
9. Climate change
10. Human rights
11. Diversity

【41】 Which of the following best describes the basic policy on your company's sustainability adopted by the board of directors? Choose one.

1. Emphasizes the creation and securing of the company's financial value (single materiality)
2. Emphasizes the company's social value for stakeholders (double materiality)
3. Emphasizes the company's social value that will lead to the company's future financial value (dynamic materiality)
4. Other ( )
5. The board does not adopt such a policy

【42】 Are board meetings that are attended only by outside directors/auditors or independent directors/auditors (as defined by the Tokyo Stock Exchange) regularly held? Choose one.

1. Yes
2. No
3. There are no such board meetings at the company

【43】 Does the leading independent outside director (or the equivalent outside director) exchange views with the top management as necessary? Choose one.

1. Yes
2. No
3. There is no leading independent outside director (or the equivalent outside director) at the company

【44】 Does your company's board of directors set a rule concerning non-CEO executive directors' holding of the company's stock? Choose one.

1. Yes, they must hold a certain amount of stock
2. Yes, they are encouraged to hold a certain amount of stock
3. Yes, they are allowed to hold a certain amount of stock on a voluntary basis
4. No

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

【45】 Does your company assess the effectiveness of the board of directors meetings? Choose one.

1. Yes, regularly
2. Yes, but not necessarily regularly
3. No (at least, not recently)

【46】 Which of the following best represents the frequency of assessment of the effectiveness of the board of directors meetings at your company? Choose one.

【47】Who is responsible<sup>12</sup> for assessment of the effectiveness of the board of directors meetings?

Choose one.

1. The board of directors (responsible as a body)
2. The chairperson of the board of directors
3. The CEO
4. The leading independent director
5. The chairperson of the nominating committee or the corporate governance committee
6. An outside expert
7. Other ( )
8. The assessment is not conducted

<sup>12</sup> Being “responsible” means leading the said assessment, signing the assessment report, or the like.

【48】 An assessment requires criteria. What are the criteria used to assess the effectiveness of the board of directors meetings? Choose as many as are applicable.

1. The company's own corporate governance policy
2. The Tokyo Stock Exchange's Corporate Governance Code
3. The CGS Guidelines of the Ministry of Economy, Trade and Industry
4. Voting policies of institutional investors or proxy firms
5. Criteria used by professional experts<sup>13</sup>
6. Other ( )
7. No particular criteria are used to assess the effectiveness
8. The assessment is not conducted

【49】 How does your company conduct the assessment? Choose as many as are applicable.

1. An ad hoc committee centered on outside directors is set up.
2. The opinions of institutional investors are heard in advance to better reflect the voice of the stock market.
3. The overview of the questionnaire survey or the interview survey is notified in advance.
4. A questionnaire survey or an interview survey is conducted for all directors.
5. The decision on how to conduct the assessment and the analysis of the results are entrusted to an objective outsider.
6. The board of directors deliberates on the analysis results of the assessment, and decides on measures.
7. Other ( )
8. The assessment is not conducted

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<sup>13</sup> "Professional experts" refer to financial institutions, lawyers, consultants, etc., that support or conduct the said assessment for fee.

【50】 If the assessment revealed issues on corporate governance and proposals for improving corporate governance, how does your company explain to investors? Choose as many as are applicable.

1. In the corporate governance report
2. As part of the disclosure required by the Financial Instruments and Exchange Act or timely disclosure as stipulated in the regulations of the stock exchange  
(Specify the means: )
3. By means voluntarily selected by the company (Specify the means: )
4. At the shareholders meeting, IR meeting, or other occasions for direct communication with investors
5. The company does not explain these issues and measures to investors
6. Other ( )
7. The assessment is not conducted

【51】 Does your company's board of directors regularly monitor the status of corporate governance?

Choose one.

1. Yes
2. No

Deadline: November 1, 2024 (Friday)

Please attach this questionnaire to email and send it to [survey2024@jcgr.org](mailto:survey2024@jcgr.org)

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We plan to continue the JCGIndex Survey in 2025 and onward. We will contact you by e-mail when we conduct the next JCGIndex Survey. Fill in the information about the contact person below.

Division	
Name	
E-mail address	

Thank you very much for your participation in the JCGIndex Survey.