

**JSS Newsletter International**  
**(Vol.9 July 2017)**

**Comprehensive Summary of June 2017 Annual General Meeting of Shareholders (AGM) in Japan**

**I . AGM**

**1 . Date of general shareholder meeting and delivery of notices of convocation**

**(1) Date of general shareholder meeting [Supplementary Principles of the Japan's Corporate Governance Code (here after "Code"): 1.2. (iii)]**

**(Peak days of AGM)**

The first peak day of AGM for this year was June 29 (Thursday). 696 companies held their AGM on said date, representing a **concentration ratio of 29.6%**, a decrease of 2.6 percentage points from the previous year.

The second and the third peak days were June 28 (Wednesday) and June 23 (Friday), respectively. A total of 63.9% (a decrease of 5.6 percentage points from the previous year) of companies held their meetings on one of the three peak days.

**(Concentration ratio)**

The statistics on the concentration ratio are as shown in the graph below.

Whereas meeting dates further diversified in recent years, the progress of this trend has somewhat been at a standstill (around 40%) since 2010.

Meanwhile, **the diversifying trend accelerated again after the Code came into effect, resulting in a drop of the concentration ratio to being below 30% for this year for the first time ever.**

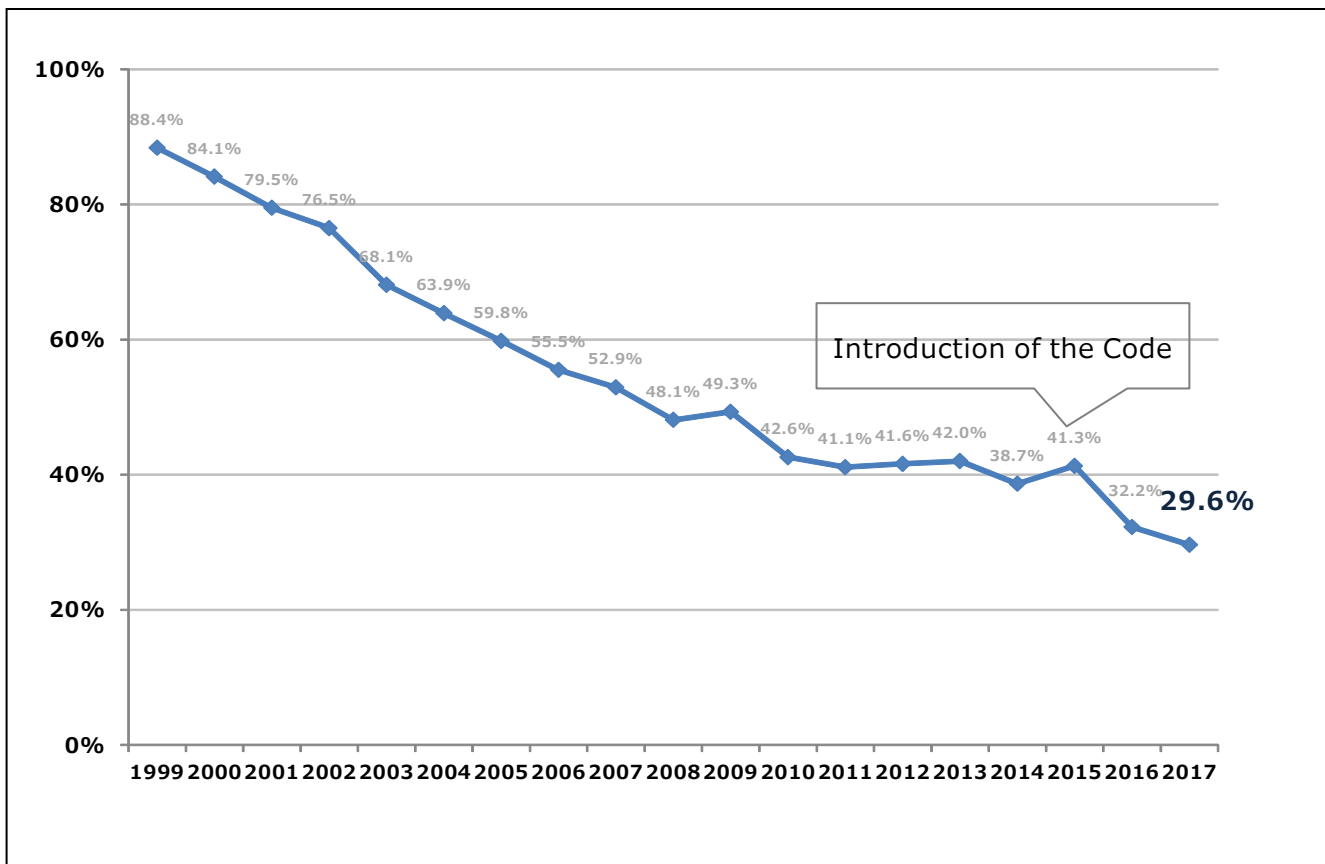
This trend is expected to continue moderately.

**【Date of AGM】**

June 2016				June 2017			
Date of AGM	Day of week	No. of AGM held	Ratio	Date of AGM	Day of week	No. of AGM held	Ratio
On or Before 12	-	15	0.6%	On or Before 12	-	10	0.4%
13	Mon	2	0.1%	13	Tue	9	0.4%
14	Tue	8	0.3%	14	Wed	10	0.4%
15	Wed	12	0.5%	15	Thu	26	1.1%
16	Thu	33	1.4%	16	Fri	50	2.1%
17	Fri	99	4.2%	17	Sat	10	0.4%
18	Sat	11	0.5%	18	Sun	2	0.1%
19	Sun	3	0.1%	19	Mon	10	0.4%
20	Mon	13	0.6%	20	Tue	56	2.4%
21	Tue	92	3.9%	21	Wed	101	4.3%
22	Wed	121	5.1%	22	Thu	162	6.9%
23	Thu	228	9.7%	23	Fri	384	16.4%
24	Fri	409	17.4%	24	Sat	20	0.9%
25	Sat	18	0.8%	25	Sun	5	0.2%
26	Sun	7	0.3%	26	Mon	43	1.8%
27	Mon	53	2.3%	27	Tue	330	14.1%
28	Tue	470	20.0%	28	Wed	421	17.9%
<b>29</b>	<b>Wed</b>	<b>759</b>	<b>32.2%</b>	<b>29</b>	<b>Thu</b>	<b>696</b>	<b>29.6%</b>
30	Thu	2	0.1%	30	Fri	3	0.1%
Total		2,355	100.0%	Total		2,348	100.0%

※Source: "Statistics on dates of annual general shareholders meetings of companies whose fiscal years ended in March 2017" by Japan Exchange Group. Processed by MUTB.

**【Concentration ratio】**



※Source: “Statistics on dates of annual general shareholders meetings of companies whose fiscal years ended in March 2017” by Japan Exchange Group. Processed by MUTB.

**(2) Number of days from the delivery date to the meeting date [Supplementary Principles: 1.2. (ii)]**

Mitsubishi UFJ Trust and Banking Corporation (“MUTB”) conducted a survey regarding 2,428 companies that held AGM in June (including 2 companies whose fiscal year ends in March and held AGM in May) and for which MUTB could confirm the details of notices of convocation. The results indicate that 365 companies (15.0%) delivered notices of convocation 14 days prior to the meeting date (14 days not including the delivery date and the meeting date), which is the statutory delivery time. This is a decrease of 2.1 percentage points from the previous year.

On the other hand, 1,488 companies (61.3%) and 575 companies (23.7%) delivered notices of convocation “15-20 days prior to the meeting” and “21 days or earlier prior to the meeting,” an increase of 0.5 percentage points and 1.6 percentage points from the previous year, respectively. Following the previous year, the trend of delivering notices of convocation earlier has been observed for this year.

Number of days before AGM date		June 2016		June 2017	
		Number of companies	Ratio	Number of companies	Ratio
Statutory limit	14 days	417	17.1%	365	15.0%
15 to 20 days	15 days	363	14.9%	347	14.3%
	16 days	121	5.0%	167	6.9%
	17 days	256	10.5%	190	7.8%
	18 days	217	8.9%	169	7.0%
	19 days	183	7.5%	254	10.5%
	20 days	346	14.2%	361	14.9%
	Subtotal	1,486	60.8%	1,488	61.3%
More than 21 days	21 days	378	15.5%	398	16.4%
	22 days	48	2.0%	53	2.2%
	23 days	17	0.7%	31	1.3%
	24 days	29	1.2%	18	0.7%
	25 days	35	1.4%	21	0.9%
	26 days	12	0.5%	28	1.2%
	27 days	9	0.4%	16	0.7%
	28 days	7	0.3%	5	0.2%
	29 days or longer	5	0.2%	5	0.2%
Subtotal	540	22.1%	575	23.7%	
Total		2,443	100.0%	2,428	100.0%

※Source: Data via Arrow Force presented by ICJ. Processed by MUTB.

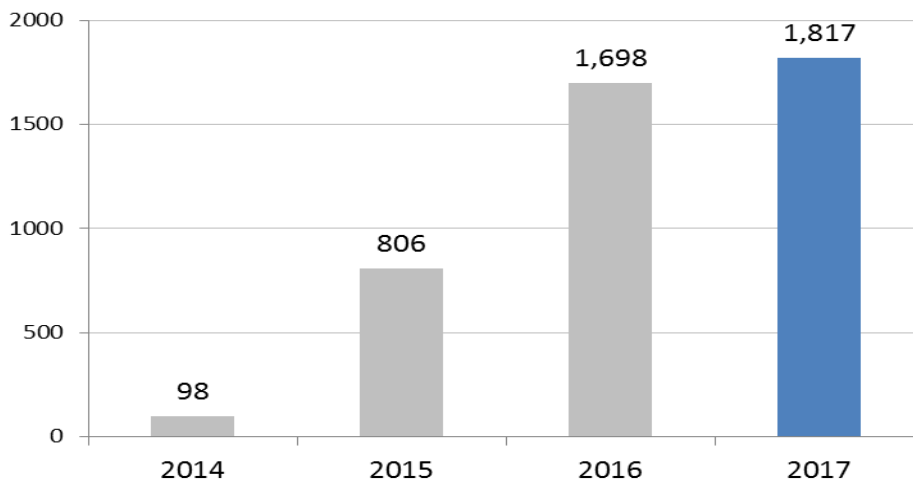
**(3) Posting of notices of convocation on websites prior to delivery [Supplementary Principles: 1.2. (ii)]**

1,817 companies (75.4%) disclosed the contents of notices of convocation on their websites prior to delivery, which was an increase of 5.3 percentage points from 1,698 companies (70.1%) for the previous year. Whereas the practice of web posting prior to delivery had rapidly increased after the Code took effect, this trend slowed down for this year.

Posting date		June 2016		June 2017	
		Number of companies	Ratio	Number of companies	Ratio
Before delivery date	More than 14 days	7	0.3%	7	0.3%
	7 to 13 days	315	13.0%	392	16.3%
	4 to 6 days	495	20.4%	545	22.6%
	1 to 3 days	881	36.4%	873	36.2%
	<b>Subtotal</b>	<b>1,698</b>	<b>70.1%</b>	<b>1,817</b>	<b>75.4%</b>
On delivery date		400	16.5%	346	14.4%
After delivery date		323	13.3%	246	10.2%
<b>Total</b>		<b>2,421</b>	<b>100.0%</b>	<b>2,409</b>	<b>100.0%</b>

※Source: Survey on companies with financial closing in March by ICJ

**[Company posting notices on website before delivery]**



※Source: Y 2014 by MUTB and other years by ICJ

## 2. Electronic Voting Platform and English translations of notices of convocation

### (1) Use of Electronic Voting Platform [Supplementary Principles: 1.2. (iv)]

682 companies currently use the Electronic Voting Platform (PF) operated by ICJ Inc., an increase of 8.8% from the previous year. The number of companies using PF is steadily increasing every year as shown in the table below (in particular, the increase is significant after the Code took effect); however, the increasing trend slowed down for this year.

AGM held in	No. of PF Users	Y/Y Change
June 2014	392	+ 8.0%
June 2015	471	+ 20.2%
June 2016	627	+ 33.1%
<b>June 2017</b>	<b>682</b>	<b>+ 8.8%</b>

※Source: Survey on companies whose fiscal years ended in March by ICJ. Estimated by MUTB. The PF users for the year 2017 are 873 companies

### (2) English translations of notices of convocation [Supplementary Principles: 1.2. (iv)]

739 companies (30.7%) prepared and disclosed English translations of the notices of convocation of a general shareholder meeting for this year, an increase of 4.5 percentage points from the previous year. The number of companies that prepare and disclose English translations is steadily increasing after the Code took effect.

AGM held in	No. of companies preparing English translation /No. of AGM	Ratio
June 2015	399 / 2,434	16.4%
June 2016	634 / 2,421	26.2%
<b>June 2017</b>	<b>739 / 2,409</b>	<b>30.7%</b>

※Source: Survey by ICJ

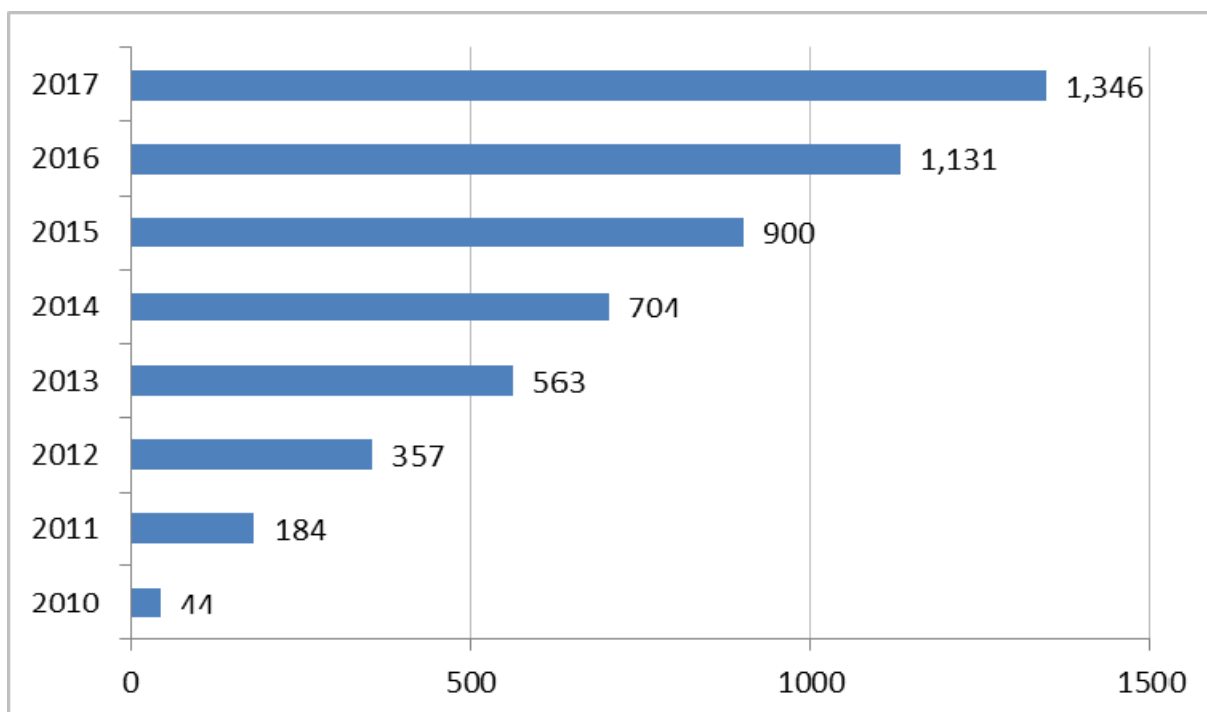
## II. Proxy Materials

This section shows the analysis results of notices of convocation of companies that held their AGM and whose fiscal year ends in March (2,428 listed companies).

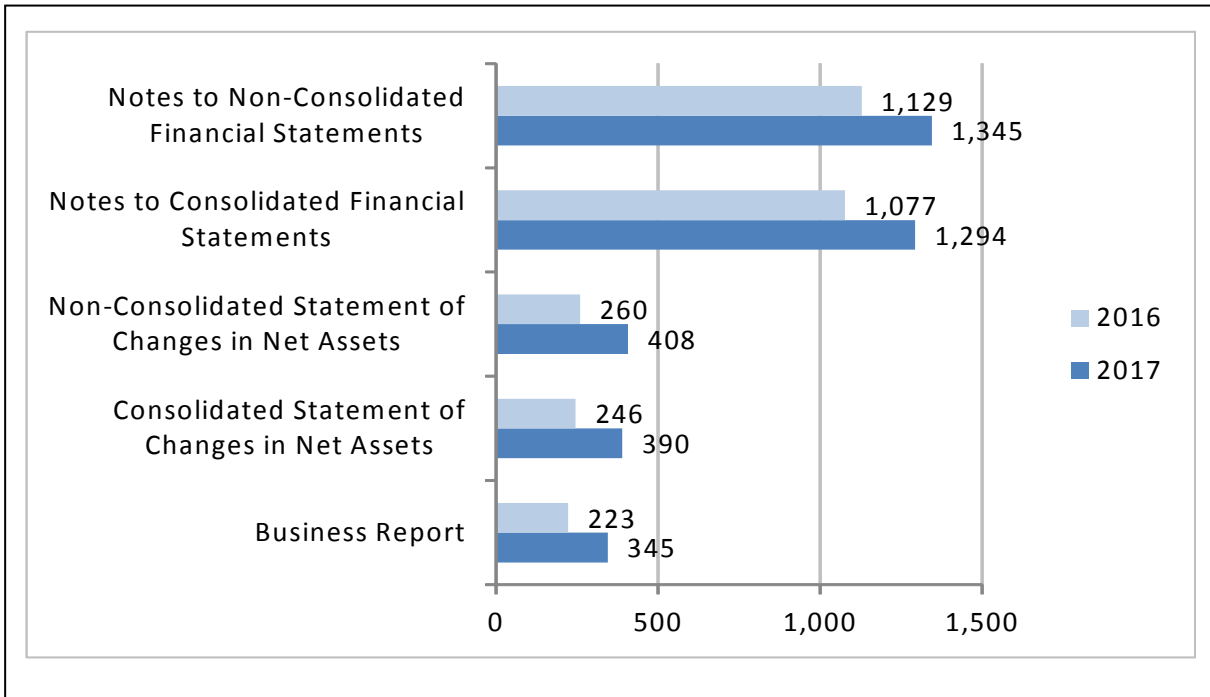
### 1. Disclosure on website

1,346 companies (55.4%. 1,131 companies for the previous year) disclosed the contents of notices of convocation. **The number of companies conducting web disclosure is steadily increasing.**

#### [Company disclosing on website]



**[Disclosing item on website]**





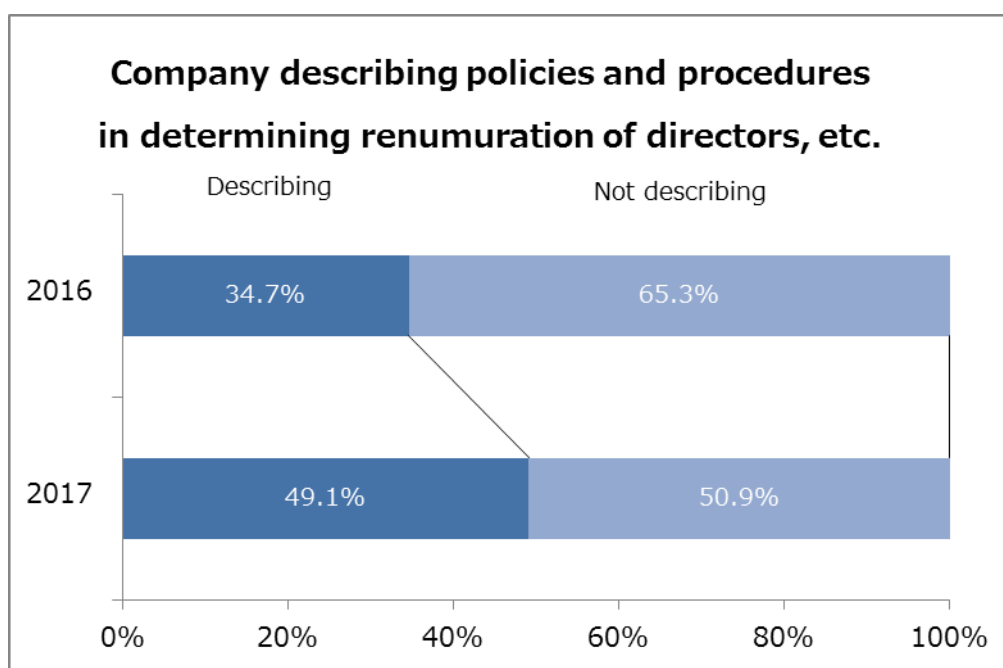
### III. Japan's Corporate Governance Code and AGM

This section presents the characteristics of companies' efforts to comply with the Code observed in connection with this year's AGM. **Two years have passed since the Code came into effect. During this period, companies are making further efforts to improve information disclosure.**

#### 1. Improvement of information disclosure

##### (1) Policies and procedures in determining the remuneration of directors, etc. [Principles: 3.1. (iii)]

Out of 173 companies that are listed on the Nikkei 225 and whose fiscal year ends in March, excluding companies with a nomination committee, etc., which are required to include a description regarding the policies and procedures in determining the remuneration of directors, etc., 85 companies (49.1%) have voluntarily included said description in their notices of convocation. Although the number of such companies once dropped for the previous year (61 companies for the previous year, 68 companies for the year before last), **it turned upward for this year.** As stated in Section (3) below, this is partly because the inclusion of a description regarding the reasons for the nomination of candidates for inside officers is further accepted as a general business practice, and the disclosure of said policies is conducted to further improve information disclosure.

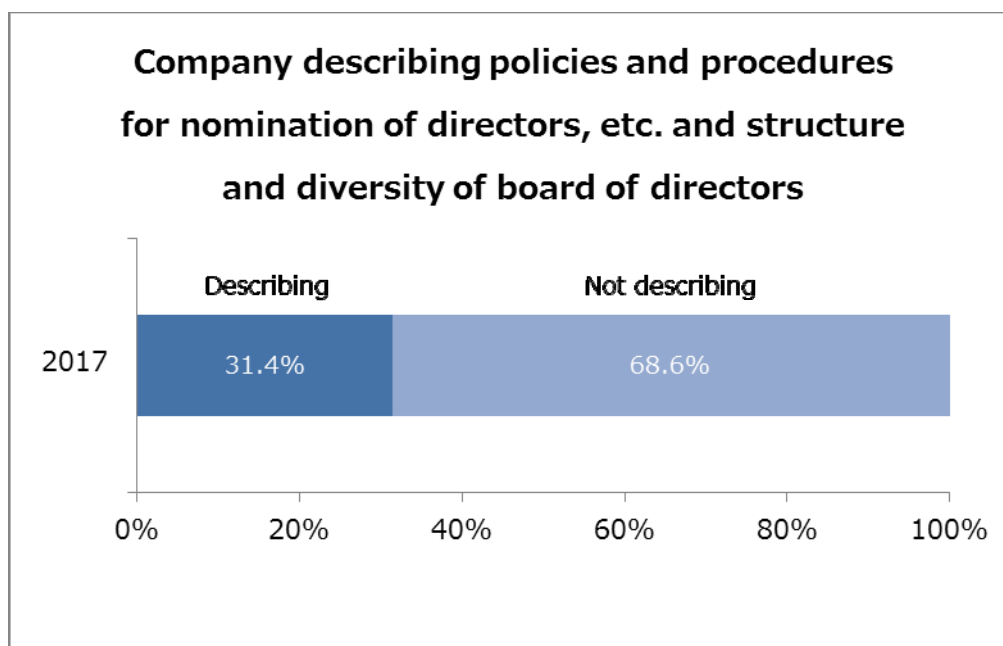


##### 【Example companies which made description】

JGC(1963), Asahi Kasei(3407), Ube Industries(4208), Shionogi(4507), Kobe Steel(5406), Mitsubishi Materials(5711), NEC(6701), Panasonic(6752), Sony Financial Holdings(8729), Tokyo Gas(9531)

**(2) Policies for the nomination of directors, etc. [Principles: 3.1(iv) and Supplementary Principles: 4.11 (i)]**

Out of 191 companies that are the Nikkei 225 composites and whose fiscal year ends in March, 60 companies (31.4%) have included a description regarding the policies and procedures for the nomination of directors, etc., as well as for the structure and diversity of the board of directors in their notices of convocation.



※No available data for Year 2016

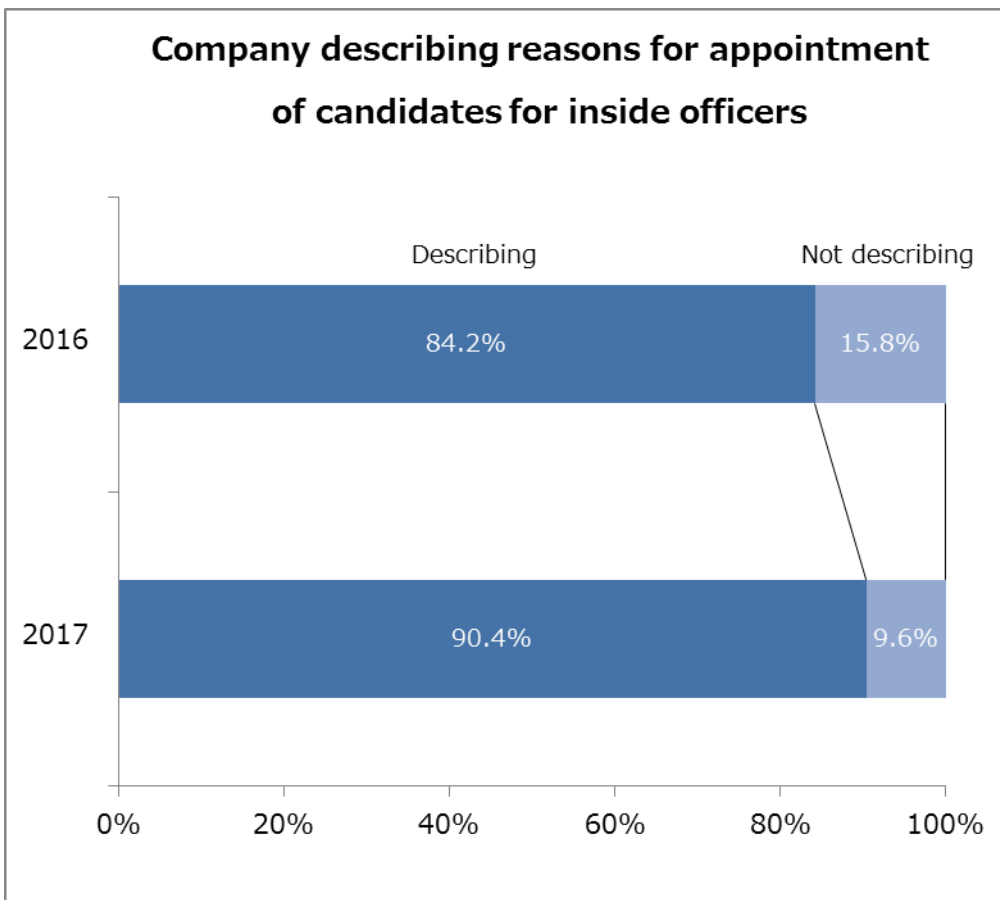
**【Example companies which made description】**

Tokyu Fudosan Holdings(3289), Konica Minolta(4902), JFE Holdings(5411)、  
Denso(6902), Mitsubishi Corp(8058), Sompo Holdings(8630), Nippon  
Yusen(9101), KDDI(9433)

**(3) Reasons for appointment of candidates for inside officers [Principles: 3.1. (v)]**

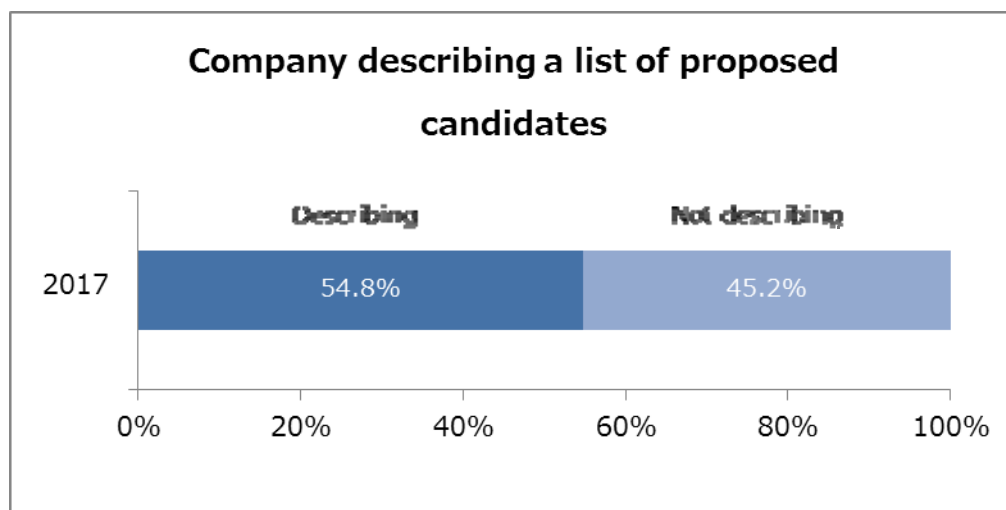
Out of 191 companies that are the Nikkei 225 composites and whose fiscal year ends in March, 170 (90.4%) among 188 companies that showed a proposal on the appointment of directors and audit & supervisory board members have included the reasons for the selection of candidates for not only outside officers, but also inside officers in AGM reference documents.

The number of companies continued to increase from 160 companies for the previous year, as shown in **the results indicating that over 90% of the respondent companies included said reasons.**



**(4) List of proposed candidates**

Out of 191 companies that are the Nikkei 225 composites and whose fiscal year ends in March, 103 (54.8%) among 188 companies that showed a proposal on the appointment of directors and audit & supervisory board members have included a list of candidates in the beginning of the proposal.



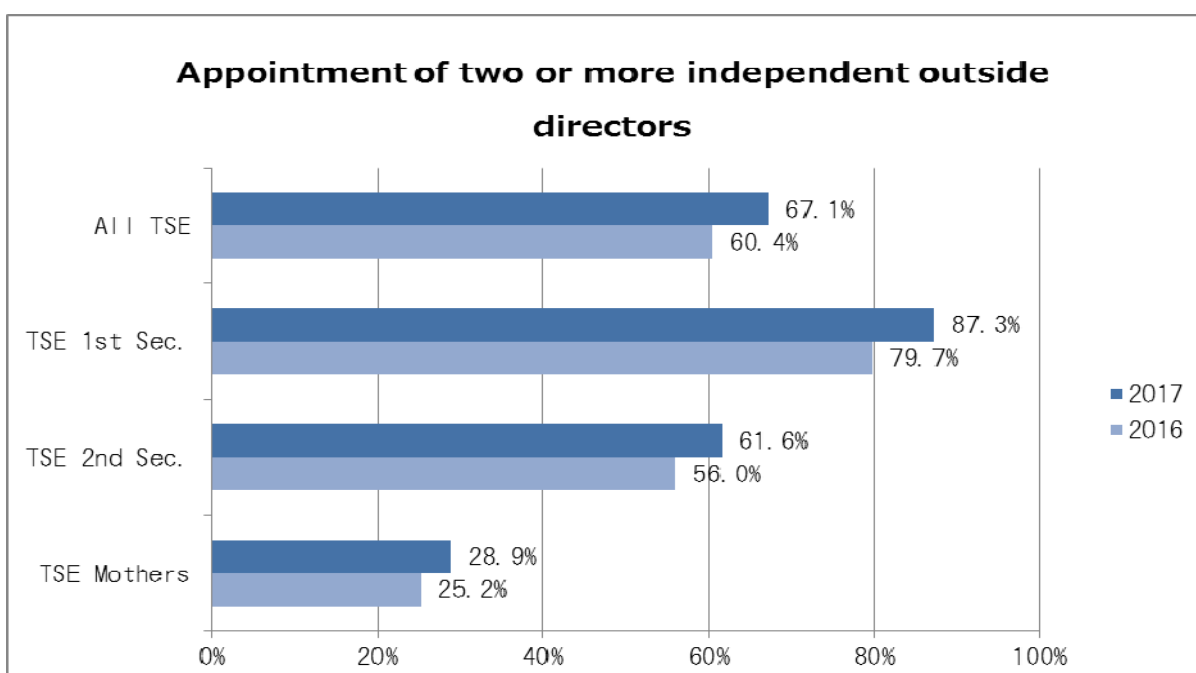
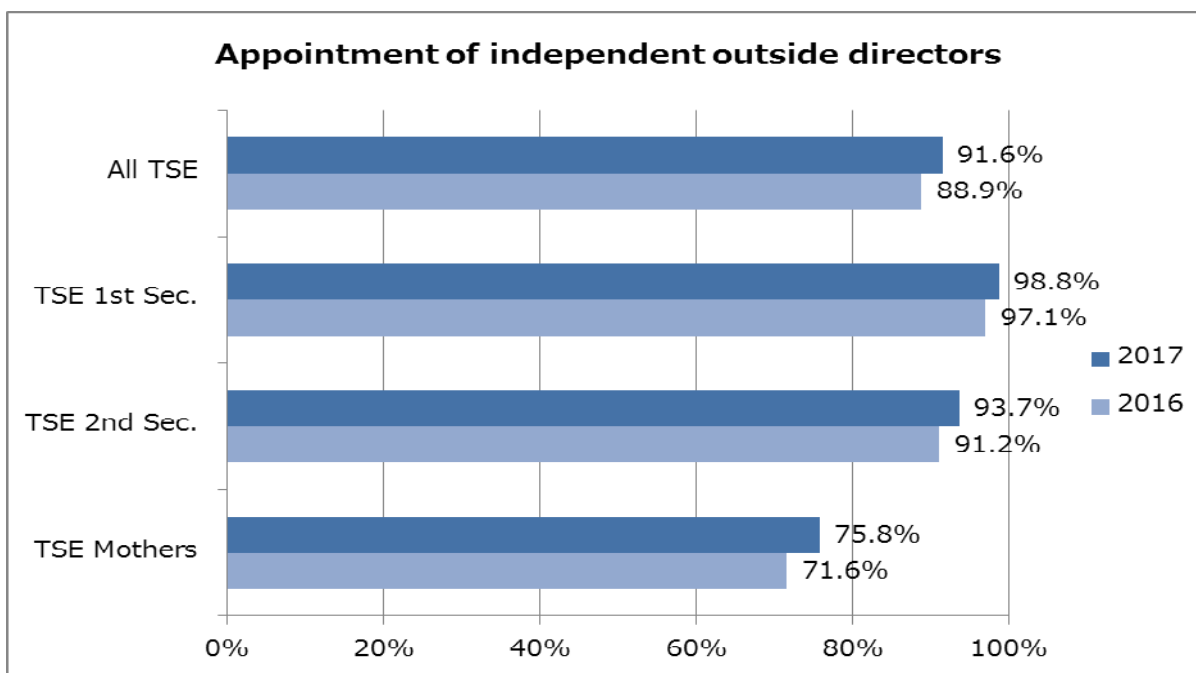
※No available data for Year 2016

## 2. Effective use of independent outside directors [Principles: 4.8]

### (1) Appointment of independent outside directors

The status of appointment of independent outside director(s) in TSE-listed companies is as follows (as of the time when this document was prepared).

**Over 90% of TSE-listed companies appointed one or more independent outside directors. The proportion of the number of companies that appointed two or more independent outside directors is also increasing in respective markets.**



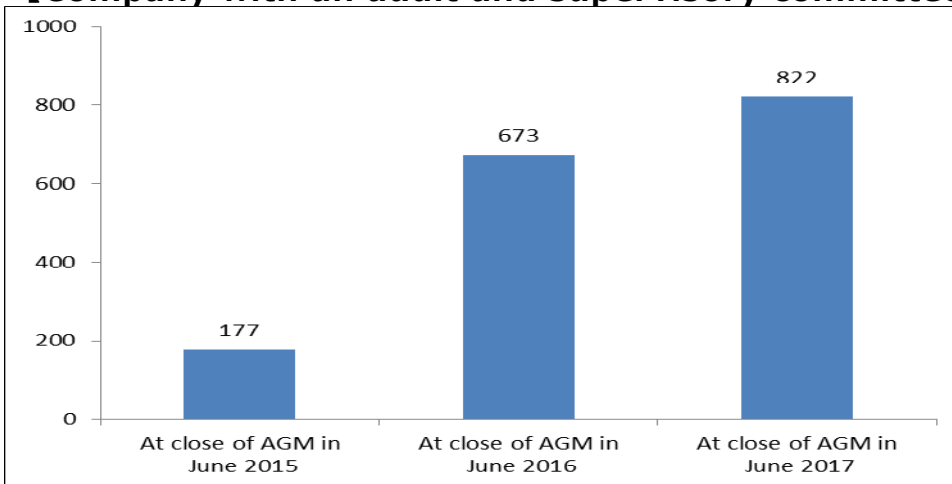
※Source: Surveys on the websites by Japan Exchange Group

**(2) Transition to companies with audit and supervisory committee**

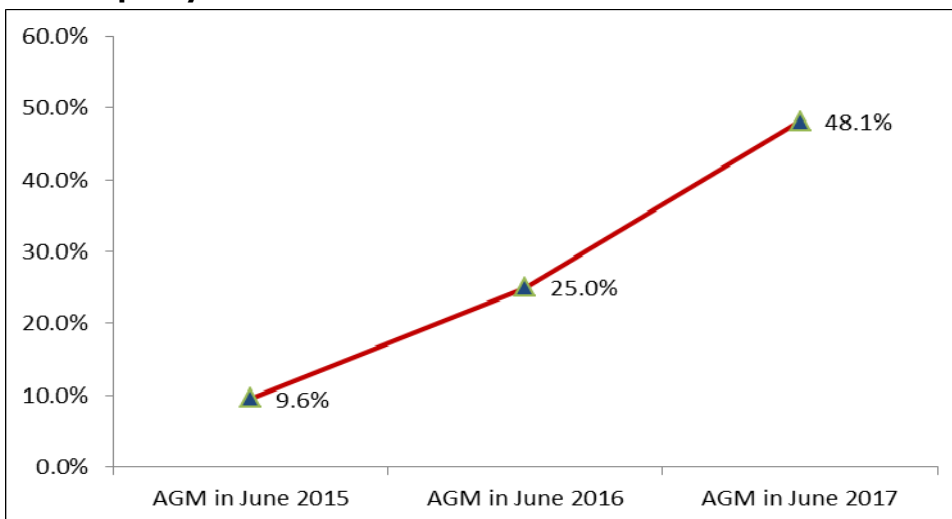
According to MUTB's survey, 79 listed companies have transitioned to companies with an audit and supervisory committee at AGM held in June 2017. In total, 822 companies have made said transition as of the time of closing of the AGM held in June. **This is equivalent to about 23% of the total listed companies.**

Looking at the number of outside directors before the transition to companies with audit and supervisory committee, of 79 companies that have made said shift in AGM held in June 2017, 9 companies (11.4%) did not have any outside directors. 32 companies (40.5%) had one outside director and 38 companies (48.1%) had two or more outside directors. For the AGM held in June 2016, over 70% of transition companies did not have two or more outside directors before the transition. Meanwhile, for the AGM held in June 2017, **the proportion of said companies rose to nearly 50%.**

**[Company with an audit and supervisory committee]**



**[Company with two or more outside directors before transition]**

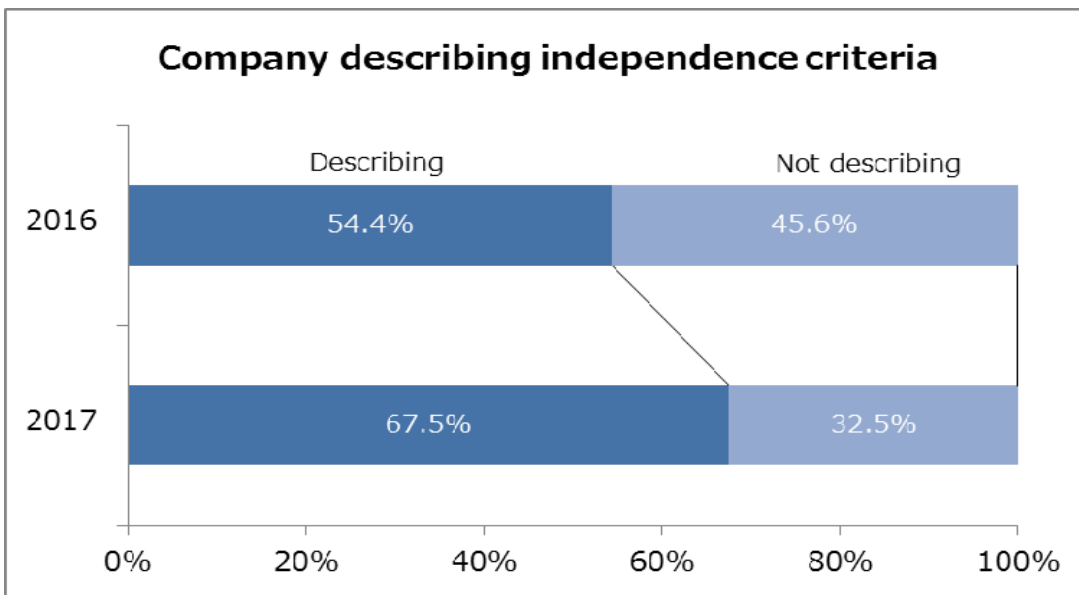


**(3) Inclusion of a description regarding independence criteria in notices of convocation**

**[Principles: 4.9]**

Out of 191 companies that are listed on the Nikkei 225 and whose fiscal year ends in March, 129 companies (67.5%) have included a description regarding independence criteria of officers in their notices of convocation.

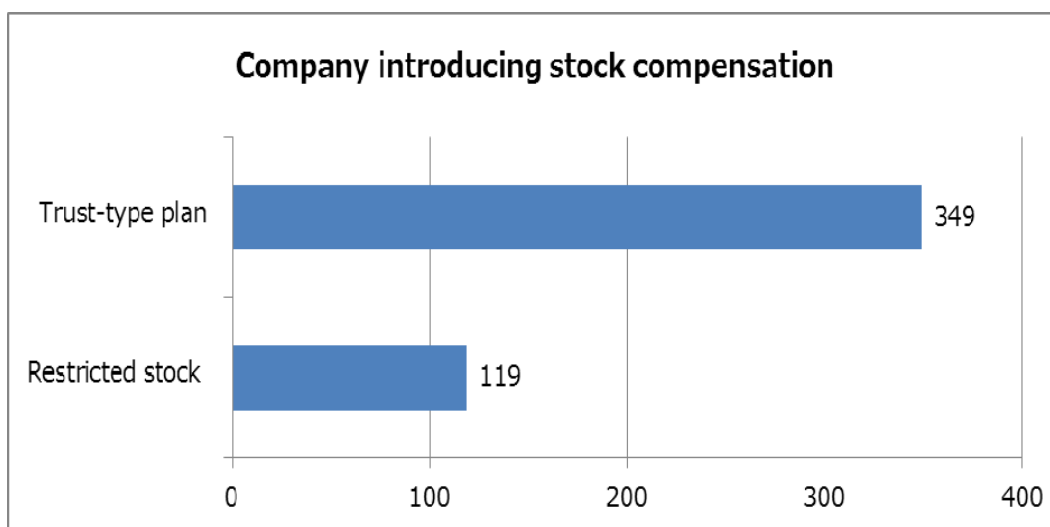
This is an increase of about 1.2 times as much as the 105 companies in the previous year.



**3. Performance-linked compensation and stock compensation plan [Supplementary Principles: 4.2. (i)]**

This section shows the status on the implementation of a stock compensation plan using a trust (trust-type plan) and stock compensation plan with restricted stocks (RS).

As of June 2017, the total number of companies that have implemented a plan or have determined said implementation is as follows

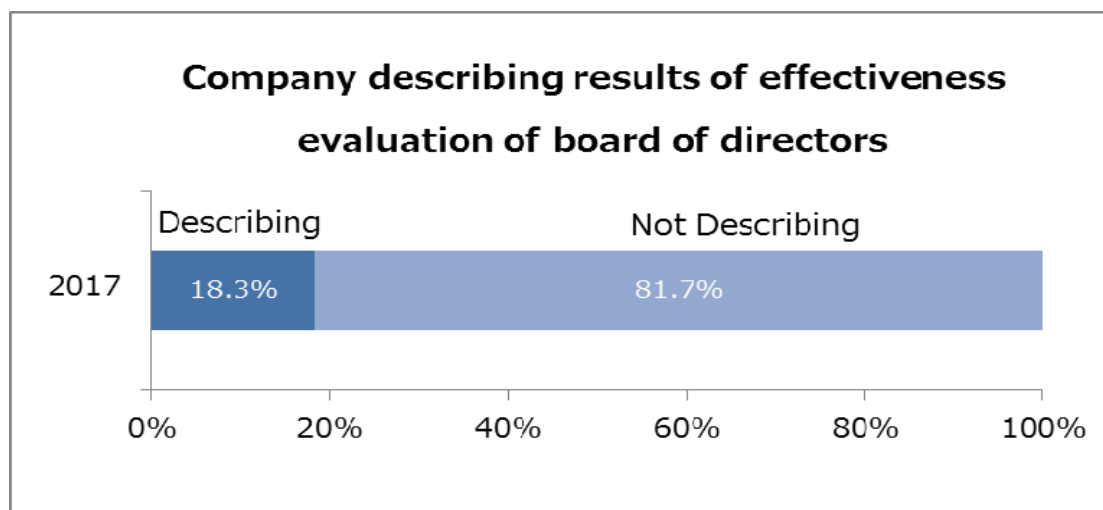


※Research by MUTB.

#### 4. Effectiveness evaluation of the board of directors [Supplementary Principles: 4.11. (iii)]

Out of 191 companies that are listed on the Nikkei 225 and whose fiscal year ends in March, 35 companies (18.3%) have included a summary regarding the results of the effectiveness evaluation of the board of directors.

Shareholders are increasingly concerned with the effectiveness of the board of directors as seen in their questions.



※No available data for Year 2016

##### 【Example companies which made description】

Daiwa House Industry(1925), Isetan Mitsukoshi Holdings(3099), Mitsui Chemicals(4183), Takeda Pharmaceutical(4502), Eisai(4523), Sony(6758), Ricoh(7752), Mitsubishi Corp(8058), Tokio Marine Holdings(8766), T&D Holdings(8795), Nippon Telegraph And Telephone(9432), KDDI(9433)

#### 5. Officer training [Principles: 4.14 and Supplementary Principles: 4.14. (ii)]

Some companies have included a description regarding the method and policies of officer training in their notices of convocation.

##### 【Example companies which made description】

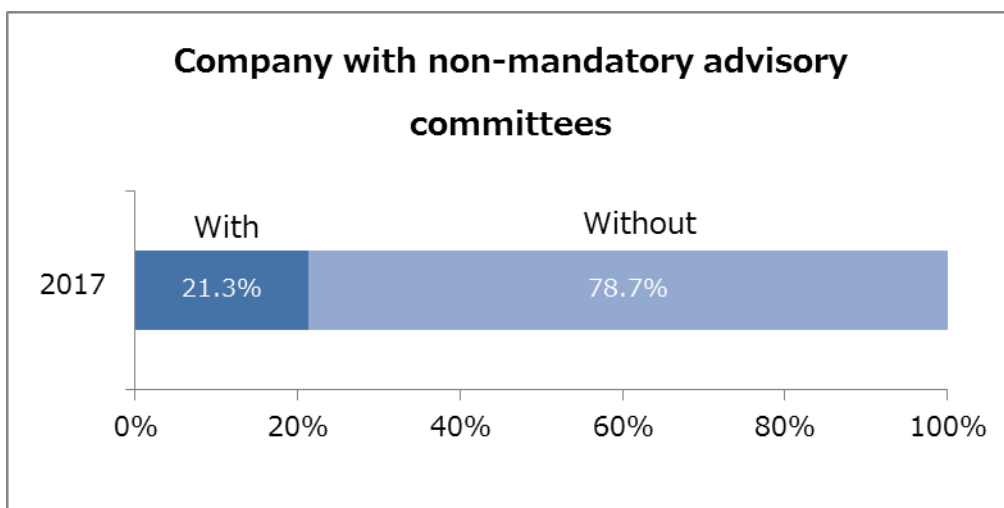
Sojitz(2768), Nippon Paper Industries(3863), Ebara(6361), Alps Electric(6770), Ricoh(7752)



**6. Non-mandatory advisory committees [Principles: 4.10 and Supplementary Principle: 4.10. (i)]**

739 TSE-listed companies had established non-mandatory nominating/compensation committee(s) as of the time when this document was prepared, as compared to 569 companies for the corresponding period of a year earlier.

This increase is about 1.3 times the previous year's number, which accounts for a little over 20% of the total number of TSE-listed companies.



※No available data for Year 2016

※Source: "Corporate Governance Information Research" by Japan Exchange Group. Research by MUTB.