

JSS Newsletter International

(Vol.7 April 2017)

Comprehensive Summary of AGM* Held from Jan. to Mar. 2017 in Japan

(*: Annual General Meeting of Shareholders)

I. Status of general shareholder meetings

1. Date of general shareholder meetings and date of dispatching convening notice

The following results regarding the date of general shareholder meetings and the date of dispatching a convening notice were obtained from an analysis of 480 companies which published the convening notice among the listed companies which held general shareholder meetings in January to March this year.

(1) Status of date of general shareholder meetings by month [Supplementary Principle 1.2.(3) of the Code]

In January, general shareholder meetings were most intensely held on Friday, January 27, with the concentration ratio of 39.5%, down 12.7 points from the previous year. On the other hand, the concentration ratio of the first to third most concentrated meeting dates totaled 79.1%, up 6.3 points from the previous year.

AGM held in Jan. 2016				AGM held in Jan. 2017			
Date of meeting	Day of week	Number of companies	Ratio	Date of meeting	Day of week	Number of companies	Ratio
From Jan. 1 to Jan. 21	—	4	9.1%	From Jan. 1 to Jan. 16	—	1	2.3%
22	Fri	4	9.1%	17	Tue	2	4.7%
23	Sat	1	2.3%	20	Fri	1	2.3%
25	Mon	1	2.3%	24	Tue	3	7.0%
26	Tue	4	9.1%	25	Wed	1	2.3%
27	Wed	5	11.4%	26	Thu	10	23.3%
28	Thu	23	52.3%	27	Fri	17	39.5%
29	Fri	2	4.5%	28	Sat	1	2.3%
—	—	—	—	30	Mon	7	16.3%
Total	—	44	100.0%	Total	—	43	100.0%

In February, general shareholder meetings were most intensely held on Friday, February 24, with the concentration ratio of 47.3%, up 12.7 points from the previous year. The concentration ratio of the first to third most concentrated dates totaled 78.2%, down 10.3 points from the previous year.

While the overall trend indicates the date of general shareholder meetings is in a continuous state of diversification, the concentration ratio of the most concentrated meeting date was higher in February than that of the previous year due to the difference in the day of the week.

AGM held in Feb. 2016				AGM held in Feb. 2017			
Date of meeting	Day of week	Number of companies	Ratio	Date of meeting	Day of week	Number of companies	Ratio
From Feb. 1 to Feb. 22	—	4	7.7%	From Feb. 1 to Feb. 20	—	4	7.3%
23	Tue	2	3.8%	21	Tue	4	7.3%
24	Wed	12	23.1%	22	Wed	5	9.1%
25	Thu	16	30.8%	23	Thu	12	21.8%
26	Fri	18	34.6%	24	Fri	26	47.3%
—	—	—	—	27	Mon	4	7.3%
Total	—	52	100.0%	Total	—	55	100.0%

In March, the most concentrated meeting date was Thursday, March 30, with the concentration ratio of 29.6%, down 2.4 points from the previous year. The concentration ratio of the first to third most concentrated meeting dates totaled 68.8%, also down 6.2 points from the previous year.

AGM held in Mar. 2016				AGM held in Mar. 2017			
Date of meeting	Day of week	Number of companies	Ratio	Date of meeting	Day of week	Number of companies	Ratio
From Mar. 1 to Mar. 21	—	25	6.7%	From Mar. 1 to Mar. 22	—	26	6.8%
22	Tue	2	0.5%	23	Thu	21	5.5%
23	Wed	20	5.4%	24	Fri	70	18.3%
24	Thu	35	9.4%	25	Sat	7	1.8%
25	Fri	81	21.8%	26	Sun	1	0.3%
26	Sat	7	1.9%	27	Mon	4	1.0%
28	Mon	4	1.1%	28	Tue	60	15.7%
29	Tue	79	21.2%	29	Wed	80	20.9%
30	Wed	119	32.0%	30	Thu	113	29.6%
Total	—	372	100.0%	Total	—	382	100.0%

**(2) Number of days from the date of dispatch to the date of meeting
[Supplementary Principle 1.2.(2) of the Code]**

The number of companies which dispatched a convening notice before the statutory deadline, i.e., 14 days before the meeting date (14 days in between the date of dispatch and the date of meeting) reached 118 (24.6%), and the share of those companies decreased by 3.4 points from the previous year. On the other hand, the number of companies which dispatched a convening notice "15 to 20 days before" or "at least 21 days (3 weeks) before" reached 280 (58.3%) and 82 (17.1%), up 0.4 points and 3.0 points from the previous year, respectively.

The number of companies which dispatched a convening notice before the statutory deadline continuously increased this year, whereas the pace of such increase became moderate to some extent (compared with 8.6 points increase last year). While the early dispatch of a convening notice has become accepted as common practice considerably, the reaction to the Code itself seems to have slightly calmed down in the second year after the introduction of the Code.

	Number of days before meeting	AGM held in 2016		AGM held in 2017	
		Number of companies	Ratio	Number of companies	Ratio
Statutory deadline	14 days before	131	28.0%	118	24.6%
15 to 20 days before	15 days before	104	22.2%	96	20.0%
	16 days before	21	4.5%	41	8.5%
	17 days before	41	8.8%	47	9.8%
	18 days before	36	7.7%	25	5.2%
	19 days before	24	5.1%	31	6.5%
	20 days before	45	9.6%	40	8.3%
	Subtotal		271	57.9%	280
At least 21 days (3 weeks) before	21 days before	41	8.8%	56	11.7%
	22 days before	7	1.5%	10	2.1%
	23 days before	2	0.4%	3	0.6%
	24 days before	5	1.1%	4	0.8%
	25 days before	5	1.1%	1	0.2%
	26 days before	4	0.9%	2	0.4%
	27 days before	1	0.2%	1	0.2%
	28 days before	1	0.2%	5	1.0%
Subtotal		66	14.1%	82	17.1%
Total		468	100.0%	480	100.0%

(3) Website posting of convening notice before dispatch [Supplementary Principle 1.2.(2) of the Code]

The share of companies which posted contents of a convening notice on the website (TSE's website) before dispatching it reached 56.0%, up 11.6 points from the previous year.

This year, the share of companies which posted a convening notice before dispatch increased from the previous year consecutively, whereas the pace of such increase became somewhat slower compared with the increase of 34.4 points seen last year. While the website posting of a convening notice before dispatch has also been steadily performed as common practice, the pace of such increase was moderate compared with the last year when the Code was first introduced.

Date posted		AGM held in 2016		AGM held in 2017	
		Number of companies	Ratio	Number of companies	Ratio
Number of days before dispatch	More than 13 days before	1	0.2%	0	0.0%
	7-13 days before	35	7.5%	44	9.2%
	4-6 days before	49	10.5%	81	16.9%
	3 days before	27	5.8%	30	6.3%
	2 days before	26	5.6%	38	7.9%
	1 day before	70	15.0%	76	15.8%
	Subtotal	208	44.4%	269	56.0%
Same date		134	28.6%	109	22.7%
After date of dispatch		126	26.9%	102	21.3%
Total		468	100.0%	480	100.0%

II. Status of proposals approved

The following results were obtained from the research of companies which held general shareholder meetings in March (prepared by the Company based on the results of research performed by Japan Shareholder Services Ltd.).

(1) Proposals with an approval ratio of less than 80% (covering the Nikkei 225 constituent companies)

Companies with an approval ratio of less than 80% over their proposals and the details of such proposals are presented below.

The relatively lower approval ratio of proposals on the election of directors may be attributable to the fact of such directors falling under a related person of a major shareholder or the lower ROE.

Company	Proposal	Approval ratio (%)	ROE (%)		Share of non-Japanese shareholders	Supposed background of opposition voting
			Most recent	5-year average		
Company A	Election of director (top management: chairman)	67.00	1.0	1.7	33.1	ROE
Company A	Election of director (top management: president)	70.40	1.0	1.7	33.1	ROE
Company B	Election of director (external director)	73.90	12.3	11.3	35.8	Related person of major shareholder
Company C	Election of director (top management)	73.98	-6.8	0.0	18.9	ROE
Company D	Election of director (top management: chairman)	65.15	Extension of accounting settlement	Extension of accounting settlement	20.9	Audit by accounting auditor uncompleted (extension of accounting settlement)
Company D	Election of director (top management: president)	76.01	Extension of accounting settlement	Extension of accounting settlement	20.9	Audit by accounting auditor uncompleted (extension of accounting settlement)
Company E	Issuance of stock options to auditors of the company and of its subsidiaries and affiliated companies	71.85	5.7	11.4	41.6	Persons granted: auditors
Company E	Issuance of stock options to external directors of the company and of its subsidiaries and affiliated companies	77.07	5.7	11.4	41.6	Persons granted: external directors
Company F	Election of director (top management)	77.49	4.3	3.3	24.9	ROE
Company G	Election of director (external director)	78.70	5.5	12.5	17.1	Related person of major shareholder
Company H	Continuation/update of takeover defense measure	79.15	5.9	4.2	19.8	Takeover defense measure

(2) Approval ratio of top management* at companies with an ROE of less than 5% (covering the Nikkei 225 constituent companies)

Among companies which proposed the election of top management, there were 4 companies whose average ROE during the past 5 periods and the most recent ROE were both less than 5%. The approval ratio of proposals submitted by such companies varied from more than 90% to less than 70%. The shareholder composition, including the share of non-Japanese shareholders, is also likely to have affected such results.

Company	Approval ratio (%)	ROE (%)		Share of non-Japanese shareholders (%)
		Most recent	5-year average	
Company A	67.00	1.0	1.7	33.1
Company C	73.98	-6.8	0.0	18.9
Company F	77.49	4.3	3.3	24.9
Company I	90.69	3.1	4.1	13.0

(3) Approval ratio of proposals on the election of officers other than top management (covering the Nikkei 225 constituent companies and others)

The proposals on the election of officers other than top management are illustrated below. Severe decisions were given with respect to the independence of external officers.

Company	Proposal	Approval ratio (%)	Supposed background of opposition voting
Company J	Election of director (external director; audit & supervisory committee member)	57.28	Officer of affiliated company
Company J	Election of director (external director; audit & supervisory committee member)	57.87	Officer of affiliated company
Company K	Election of director (external director)	66.63	Related person of major shareholder, officer of affiliated company
Company L	Election of audit & supervisory member (external audit & supervisory member)	70.01	Related person of major shareholder, related person of major client
Company M	Election of audit & supervisory member (external audit & supervisory member)	70.65	Related person of major shareholder, related person of major creditor
Company J	Election of director (external director)	71.63	Related person of major shareholder
Company N	Election of director (external director)	73.90	Related person of major shareholder, officer of affiliated company

(4) Proposals other than the election of officers (covering the Nikkei 225 constituent companies and others)

The proposals other than the election of officers included takeover defense measures and the disposition of treasury stock, as shown below.

Company	Proposal	Approval ratio (%)	Note
Company O	Continuation of takeover defense measure	62.20	56.0% last time (+6.2pt)
Company P	Continuation of takeover defense measure	63.20	76.0% last time (-12.8pt)
Company Q	Disposal of treasury stock	67.02	Special resolution (at least 2/3 affirmative vote)
Company R	Retirement benefit	71.26	Payment to retiring audit & supervisory member; amount undisclosed
Company S	Appropriation of surplus	86.51	Dividend of JPY 80 per share; net loss for the FY