

# The GR Scores 2019

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## Abstract

Nikko Research Center, Inc. developed the Governance Research Scores (GR Scores) in 2016 to evaluate corporate governance in Japanese companies. The GR scores evaluate the corporate governance practices of the top 108 Japanese companies by benchmarking their practices against two standards: Japan's Corporate Governance Code as the domestic standard, and the ICGN Global Governance Principles as the global one. This paper provides an overview of the GR Scores 2019 as they were at the end of 2018.

The average overall domestic score is 50.9%, 0.5 points lower than in the previous year. In comparison with previous years, the scores against the remuneration theme have improved. In particular, the introduction of performance-based pay for CEO and other executives and the establishment of the profit benchmark for their performance-based pay may increase higher scores.

By contrast, the average global score is 23.7%. The score is low in absolute terms, having increased only 1.6 points on average and 3.5 points at the median compared to the previous year. The bottom quantile has also scarcely improved. These scores will likely be polarized between the improvers and the laggards in terms of the global standard. Similar to the case of the domestic scores, the remuneration theme score improved from the previous year with the introduction of the long-term incentives policy, which includes restricted stock, the withhold clause, and the claw-back clause.

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## 1. Introduction

Nikko Research center, Inc. developed the Governance Research Scores (GR Scores) in 2016, and has, since then, evaluated the corporate governance in Japanese companies annually. In line with the GR Scores 2017 (Terayama and Sugiura (2018a)), and the GR Scores 2018 (Terayama and Sugiura (2018b)), the GR Scores 2019 were published for the top 108 Japanese companies—by market capitalization—as of the end of 2018.

Reflecting certain revisions to Japan’s Corporate Governance Code in 2018, we added new criteria as well as modified some existing ones, in the calculation of the GR Scores 2019 in terms of the domestic standard.

This article describes, first, the modification and addition of evaluation criteria for the GR Scores 2019 (Chapter 2). It then reports the overall scores, changes over the past 3 years, score breakdowns by theme, and overall scores by sector (Chapter 3). Finally, Chapter 4 concludes the report.

## 2. Outline of the GR Scores 2019

### 2.1 Evaluation method

The GR scores reflect the corporate governance practices of the top 108 Japanese companies<sup>1</sup> in terms of market capitalization, by benchmarking their practices against certain corporate governance standards. We use Japan’s Corporate Governance Code as the domestic standard and the ICGN Global Governance Principles as the global one.

All evaluation items in both domestic and global standards are categorized into nine themes: “Board role and responsibilities,” “Leadership and independence,” “Composition and appointment,” “Corporate culture,” “Risk oversight,” “Remuneration,” “Reporting and audit,” “Shareholder meetings,” and “Shareholder rights.”

Each evaluation item has either two or three scales associated with its attainment level, that is, Level 1, Level 2, and Level 3. We allocate 0 points for Level 1, 0.5 points for Level 2, and 1 full point for Level 3. Then, all points are added together and translated into percentages to arrive at the GR score. The information disclosed at the end of December 2018 is used for the GR Scores 2019.

### 2.2 Revision of evaluation items from the GR Scores 2018

Revisions to Japan’s Corporate Governance Code in June 2018 are reflected in the GR Scores

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<sup>1</sup> The top 100 companies by market cap in 2016 and eight companies ranked by the market cap since then.

2019. All the changes are shown in Figure 1.

First, Principle 4.11 of Japan's Corporate Governance Code regarding board diversity was revised as follows:

"The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender and international experience, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as *kansayaku*. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as *kansayaku*."

According to this revised principle, both a description of the status of diversity—including gender and international experience—and a publication of the definite policy on board diversity are required. This is reflected in the evaluation items. We adopt, as a revised evaluation point, whether the diversity policy and the current diversity status of the board have been disclosed.

Further, Principle 4.11 includes mention of knowledge on finance, accounting, and the law of the statutory auditors (*kansayaku*) – or the audit committee members; we therefore incorporate this into our evaluation items.

Second, the supplementary principle 4.10.1 of the code addresses the independence of the nomination and remuneration committees as well as of the advisory committees, as follows:

"If the organizational structure of a company is either Company with Kansayaku Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from independent directors in the examination of such important matters as nominations and remuneration by establishing independent advisory committees under the board, such as an optional nomination committee and an optional remuneration committee, to which independent directors make significant contribution."

In light of this, the GR Scores also change to a Level 3 rating if the nomination (advisory) committee and a remuneration (advisory) committee in a company consists of independent directors as a majority.

Figure 1: Changed evaluation items

Themes	Evaluation items	Changed content
Composition and appointment	Board diversity	<ul style="list-style-type: none"> <li>Rate as Level 3 if a company sets a policy of board diversity in terms of appropriate experience and skills as well as necessary knowledge.</li> <li>Rate as Level 3 if board diversity, including gender and international experience, can be explicitly demonstrated.</li> </ul>
Composition and appointment	Nomination committee	<ul style="list-style-type: none"> <li>Rate as Level 3 if a nomination committee comprises a majority of independent directors.</li> </ul>
Composition and appointment	Monitoring of CEO succession planning	<ul style="list-style-type: none"> <li>Rate as Level 3 if the board or an independent committee is involved or oversees establishing or planning of CEO's succession.</li> <li>Rate as Level 3 if the details of a CEO leadership program are disclosed.</li> </ul>
Reporting and Audit	Audit committee	<ul style="list-style-type: none"> <li>Rate as Level 3 if the majority of the kansayaku or the audit committee comprises independent directors.</li> <li>Rate as Level 3 if at least one person who has sufficient expertise on finance and accounting is appointed as kansayaku or an audit committee member.</li> </ul>
Remuneration	Performance	<ul style="list-style-type: none"> <li>Rate as Level 3 if CEO's compensation includes the incentive of performance-based pay.</li> </ul>
Remuneration	Remuneration committee	<ul style="list-style-type: none"> <li>Rate as Level 3 if a remuneration committee comprises a majority of independent directors.</li> </ul>

Source: Nikko Research Center

Moreover, the evaluation item of CEO leadership program has also changed. The supplementary principle 4.1.3 of the code is as the follows:

"Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and the other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources."

Considering this, the GR scores now reflect whether the board or the independent committee is involved in or oversees the establishment or planning of the CEO's succession, and whether shareholders ensure there is an active CEO leadership program.

Finally, the evaluation point on remuneration has also changed. Till GR Scores 2018, we

considered in our rating whether the risk perspective was included in the remuneration policy. In the GR Scores 2019, we have expanded our rating to evaluate whether the incentive of performance-based pay is included in the remuneration policy for executive directors.

In addition, the GR Scores 2019 add two new evaluation items. First, the supplementary principle 4.3.2 of the code regarding the transparency in the CEO's dismissal is as follows:

"Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources."

We grant a Level 3 rating if the policy regarding a CEO's dismissal is clearly set out and is properly disclosed.

Further, the supplementary principle 1.4.1 of the code is set out below:

"When cross-shareholders (i.e., shareholders who hold a company's share for the purpose of cross-shareholding) indicate their intention to sell their shares, companies should not hinder the cross-held shares by, for instance, implying a possible reduction of business transaction."

The evaluation item is rated at Level 3 if a company claims that they never hinder cross-held companies from selling their stocks.

Figure 2: New evaluation items

Themes	Evaluation items	New Contents
Composition and appointment	The policy of CEO's dismissal	• Rate as Level 3 if the policy of CEO's dismissal is set out and clearly disclosed.
Shareholder rights	Hindering sale of cross-held stocks	• Rate as Level 3 if a company claims that it never hinders cross-held companies from selling their stocks.

Source: Nikko Research Center

With the changes and additions of the evaluation items mentioned above, the GR Scores 2019 consist of 35 evaluation items for the domestic scores and 36 items for the global ones (see Figure 3)<sup>2</sup>. Appendix (B) shows all evaluation items.

<sup>2</sup> GR Scores 2018 had 32 items for domestic scores and 36 items for the global scores.

Figure 3: The number of evaluation items under the nine themes in the GR Scores 2019

Themes	Definitions	# of evaluation items	
		Domesitc (35)	Global (36)
Board role and responsibilities	The policies governing the roles and responsibilities of the board, directorships and shareholder engagements.	6	2
Leadership and independence	The effectiveness of monitoring the performance of the CEO by the board.	7	5
Composition and appointment	The policies governing the board structure and the process of nominating the board of directors.	7	6
Corporate culture	The approach to corporate culture, including ethical perspectives and compliances for directors, managers, and employees	2	3
Risk oversight	The approach of the board of directors to risk oversight.	0	3
Remuneration	Policies and processes concerning remuneration.	3	6
Reporting and audit	Reporting and auditing policies, financial statements, internal control reports and CSR reports.	2	4
Shareholder meetings	Policies concerning shareholder meetings and voting agenda.	2	2
Shareholder rights	Policies concerning shareholders rights and protection of minority shareholders.	6	5

Source: Nikko Research Center

### 3. GR Scores 2019

#### 3.1 Overall scores

We present the overall scores in this section. First, the average domestic score is 50.9%, the maximum score is 76% and the minimum is 20%. By contrast, the average global score is 23.7%. The maximum score is 40% and the minimum is 4% (Figure 4).

Figure 4: Descriptive statistics of the GR Scores 2019

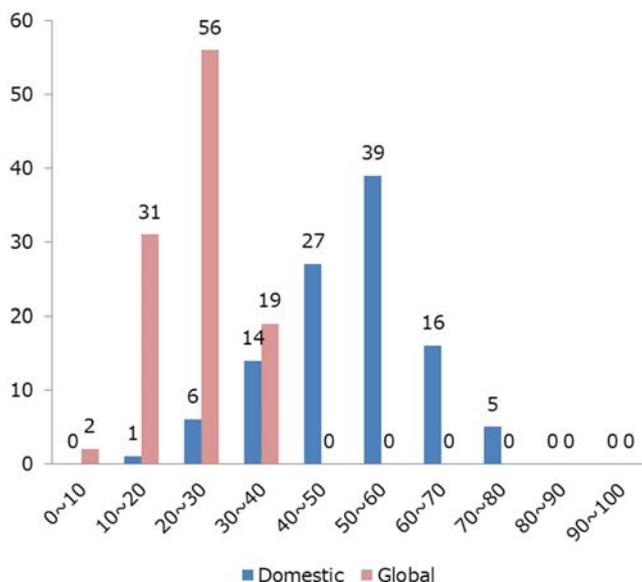
Domestic	# of Sample	mean	median	standard error	min	max
GRscore2017	100	48.5	50.0	12.7	20	77
GRscore2018	100	51.4	53.0	12.7	20	77
GRscore2019	108	50.9	53.5	12.3	20	76
Global	# of Sample	mean	median	standard error	min	max
GRscore2017	100	20.9	20.0	7.2	5	42
GRscore2018	100	22.1	21.0	7.2	6	50
GRscore2019	108	23.7	24.5	7.2	4	40

The GR Scores 2018 used here are partly revised from the ones in Terayama and Sugiura(2018a) and Terayama and Sugiura(2017b).

Source: Nikko Research Center

Figure 5 shows the distribution of the domestic and global scores. The top distribution range of the domestic scores is 50-60% and the second-highest range is 40-50%. On the other hand, more than half of the samples in the global scores are concentrated within the range of 20-30%.

Figure 5: The distribution of the GR Scores 2019



Source: Nikko Research Center

Figure 6 shows the top 10 companies in terms of both domestic and global scores; six of those companies are listed here:

- Eisai (domestic: 76%, global: 40%)
- Mitsubishi Heavy Industries (domestic: 74%, global: 36%)
- Sumitomo Mitsui Trust Holdings (domestic: 73%, global: 39%)
- Sony (domestic: 71%, global: 38%)
- Mitsubishi UFJ Financial (domestic: 69%, global: 39%)
- Toshiba (domestic: 67%, global: 33%)

Figure 6: Top 10 companies based on the overall GR Scores 2019

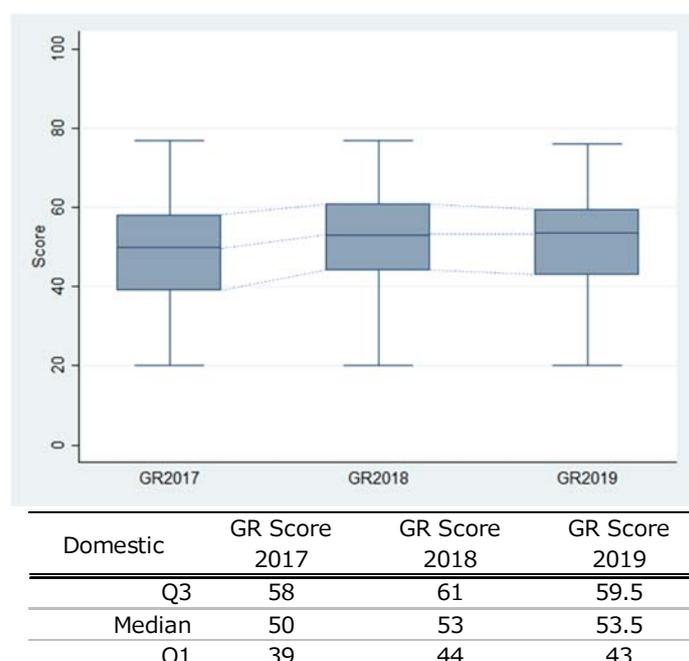
Securities Code	Company Name	Domestic Score		Securities Code	Company Name	Global Score	
		Score	Ranking			Score	Ranking
4523	EISAI	78	1	4523	EISAI	40	1
7011	MITSUBISHI HEAVY INDUSTRIES	76	2	8411	MIZUHO FINANCIAL GROUP	40	1
8309	SUMITOMO MITSUI TRUST HOLDINGS	75	3	8306	MITSUBISHI UFJ FINANCIAL	39	3
4543	TERUMO	74	4	8309	SUMITOMO MITSUI TRUST HOLDINGS	39	3
6758	SONY	72	5	6758	SONY	38	5
8306	MITSUBISHI UFJ FINANCIAL	71	6	7011	MITSUBISHI HEAVY INDUSTRIES	36	6
6502	TOSHIBA	69	7	7181	JAPAN POST INSURANCE	36	6
2503	KIRIN HOLDINGS	68	8	8604	NOMURA HOLDINGS	36	6
8725	MS&AD INSURANCE GROUP HOLDINGS	68	8	4452	KAO	35	9
5411	JFE HOLDINGS	66	10	5108	BRIDGESTONE	33	10
9843	NITORI HOLDINGS	66	10	6501	HITACHI	33	10
				6502	TOSHIBA	33	10
				7733	OLYMPUS	33	10

Source: Nikko Research Center

### 3.2 Change in overall scores over the past three years

Here, we investigate at the overall score change from GR Scores 2017 to the GR Scores 2019. Figure 7 shows the box plot of the overall domestic scores and each of their percentiles. The median has risen three points from the GR Scores 2017 to the GR Scores 2018 and the bottom quantile has risen five points in the same term. However, the overall domestic score has seen almost no change from the GR Scores 2018 to the GR Scores 2019.

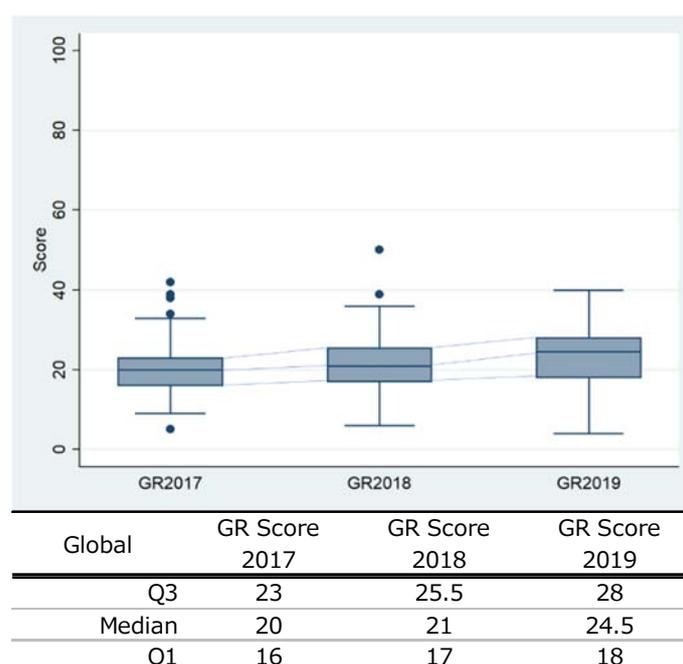
Figure 7: The change of the domestic score distribution



Source: Nikko Research Center

By contrast, the overall global score has risen. As Figure 8 shows, the median of the global overall score rose one point from the GR Scores 2017 to the GR Scores 2018, and it rose 3.5 points from the GR Scores 2018 to the GR Scores 2019. However, the bottom quantile has risen only two points. Therefore, it will likely be polarized between the improvers and the laggards in terms of the global standard.

Figure 8: The change of the global score distribution



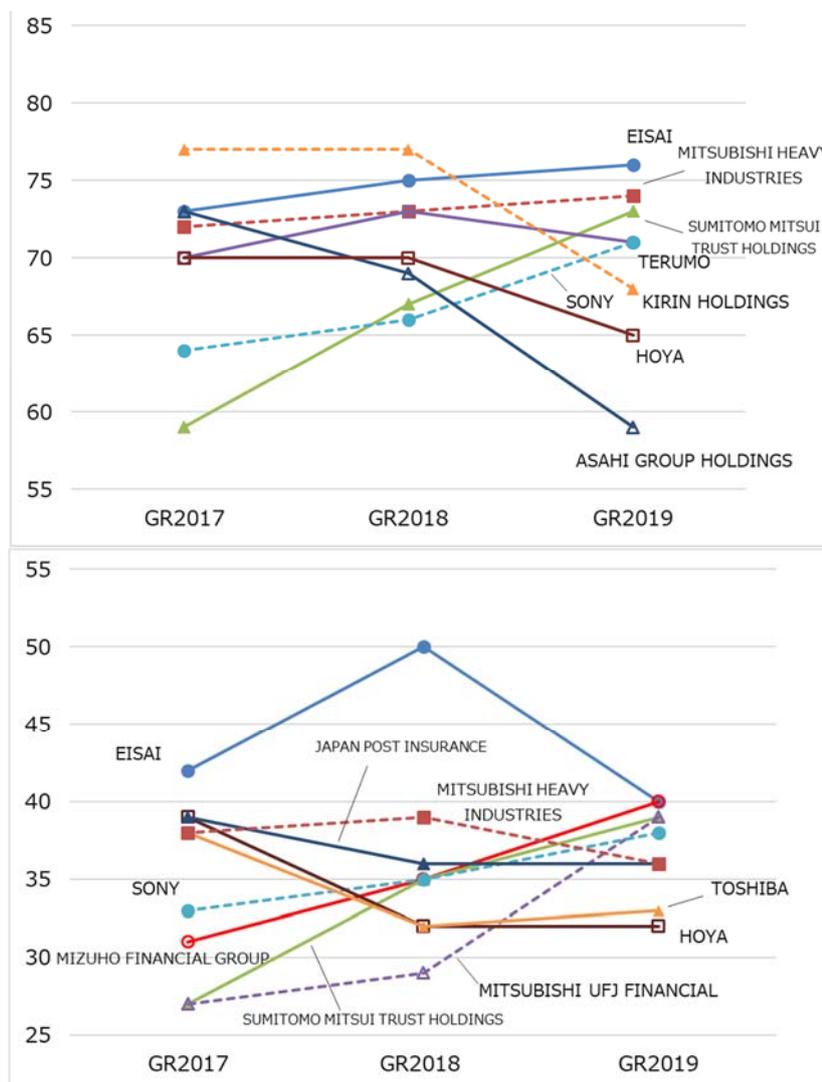
Source: Nikko Research Center

We next look at the changes in the top rank companies. Figure 9 shows the changes in both domestic and global overall scores of those companies that rank among the top 5 in the GR Scores 2017 and the GR Scores 2019.

In the GR Scores 2017, Kirin Holdings, HOYA, and Asahi Group Holdings ranked in the top 5. But in the GR Scores 2019, Mitsui Sumitomo Trust Holdings and Sony entered the top 5 through an improvement in their corporate governance. In addition, Eisai, Mitsubishi Heavy Industry, and Terumo were ranked among the top 5 in both 2017 and 2019.

In terms of the global score, all the companies except for Eisai in the top 5 have been replaced. In the GR Scores 2017, HOYA, Japan post insurance, Toshiba and Mitsubishi Heavy Industries were ranked in the top 5. In the GR Scores 2019, the top 5 was dominated by the banking sector, and included companies such as Mizuho Financial Group, Mitsui Sumitomo Trust Holdings, Mitsubishi UFJ Financial Group, as well as Sony from the non-banking sector.

Figure 9: Change of high overall scores (upper row: domestic scores, lower row: global scores)



Source: Nikko Research Center

### 3.3 The GR Scores 2019 by theme

Next, Figure 10 shows the domestic sub-scores by theme and the degree to which each sub-score contributes to the overall scores. In terms of the domestic scores, “Shareholder meetings” (84.5%), “Remuneration” (67.7%), and “Reporting and audit” (66.4%) receive relatively high scores, while “Leadership and independence” (36.2%) and “Board role and responsibility” (44.3%) obtain relatively low scores.

With regard to the contributions of the sub-scores to the overall GR Scores<sup>3</sup>, “Composition

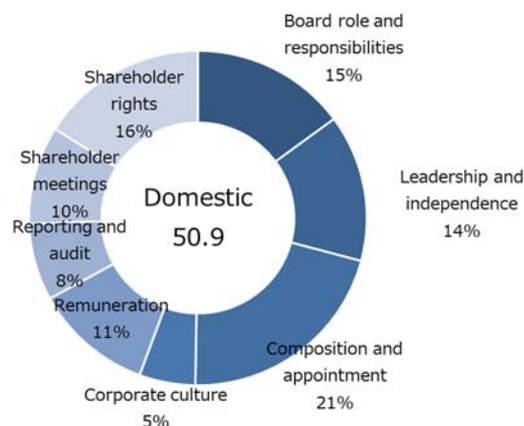
<sup>3</sup> The degree of contribution of a theme  $k$ ,  $\lambda_{k,i}$  is defined by the following:  $N_k$  is the number of evaluation items in a theme  $k$ .  $N_{total}$  is the aggregate number of evaluation items.  $P_{k,i}$  is the sub-score that is granted by a theme  $k$  of a company  $i$ .  $\lambda_k = \frac{N_k}{N_{total}} * \left( \frac{\sum_{i=1}^{108} P_{k,i}}{\sum_{i=1}^{108} P_{total,i}} \right)$

and appointment” (21%), “Shareholder rights” (16%), “Board role and responsibilities” (15%), and “Leadership and independence” (14%) are the main contributors to the overall score. In comparison to the GR Scores 2018, “Remuneration” (+31.2%) has the highest increase among all the sub-scores. Revising the evaluation items of performance-based pay for the executive directors, or setting out the profit benchmark for performance-based pay, may increase this score.

Figure 10: Descriptive statistics of the domestic overall scores and sub-scores

Domestic	# of Sample	mean	median	standard error	min	max	Year on Year
Overall	108	50.9	53.5	12.3	20	76	-0.8
Board role and responsibilities	108	44.3	42	17.9	17	83	-0.9
Leadership and independence	108	36.2	36	14.9	0	64	-3.0
Composition and appointment	108	53.8	57	18.1	7	79	-7.7
Corporate culture	108	47.9	50	26.7	0	100	-1.8
Risk oversight							
Remuneration	108	67.7	67	24.3	0	100	31.2
Reporting and audit	108	66.4	75	27.6	0	100	-3.5
Shareholder meetings	108	84.5	100	20.1	0	100	-3.0
Shareholder rights	108	47.7	50	12.8	17	83	-9.1

Contribution by the domestic sub-scores to the GR Scores 2019



Source: Nikko Research Center

Figure 11 shows the global sub-scores by theme and the degree to which each sub-score contributes to the overall scores. While “Shareholder meetings” (79.9%) receives high scores, “Risk oversight” (2%), “Leadership and independence” (14.1%), and “Remuneration” (18.6%) receive lower scores. Among them, “Reporting and audit” and “Shareholder rights” have small standard deviations, which means there is little difference among the companies.

With regard to the breakdown of sub-core themes as they relate to the degree of contribution, “Shareholder meetings” (19%), “Shareholder rights” (16%), and “Composition and

appointment” (16%) receive relatively high scores and contribute significantly to the overall global scores.

The introduction of long-term incentive which includes restricted stock, a withhold clause, and a claw-back clause, may increase this score.

Figure 11: Descriptive statistics of the global overall scores and sub-scores

Global	# of Sample	mean	median	standard error	min	max	Year on Year
Overall	108	23.7	24.5	7.2	4	40	1.6
Board role and responsibilities	108	25.7	25	26.1	0	75	2.0
Leadership and independence	108	14.1	10	15.2	0	50	-0.1
Composition and appointment	108	22.5	17	12.8	0	58	2.8
Corporate culture	108	22.6	17	17.5	0	67	0.6
Risk oversight	108	6.3	0	16.7	0	83	-1.2
Remuneration	108	18.6	17	13.2	0	58	8.0
Reporting and audit	108	25.2	25	8.2	13	50	-0.7
Shareholder meetings	108	79.9	75	12.5	25	100	0.0
Shareholder rights	108	27.8	30	8.9	0	70	-0.8

Contribution by the domestic sub-scores to the GR Scores 2019



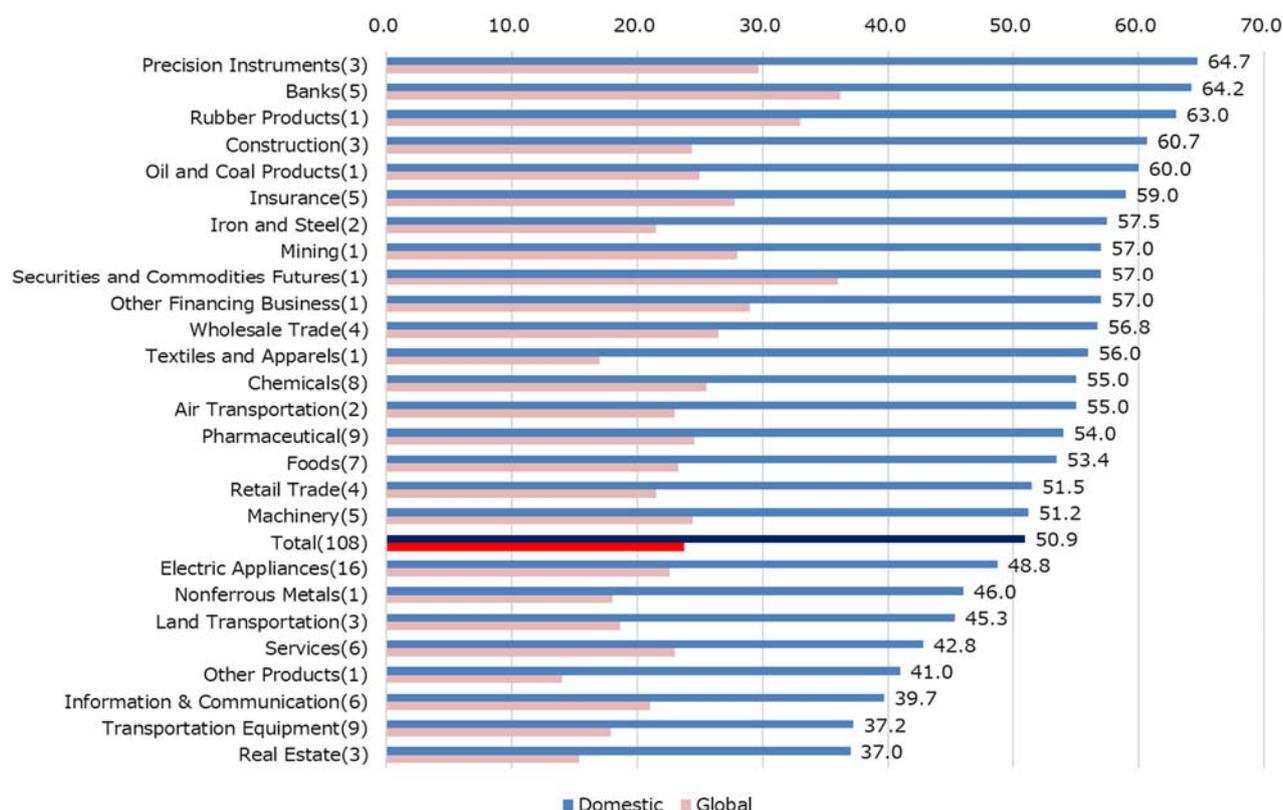
Source: Nikko Research Center

### 3.4 GR Score 2019 by sector

Figure 12 shows the average scores of the TSE 33 industrial sectors. The domestic scores vary significantly by sector. While “Precision Instruments,” “Air Transportation,” and “Banks” are ranked high, “Real Estate,” “Transportation Equipment,” and “Information & Communication” are ranked low.

By contrast, the global scores by sector are not so different from each other.

Figure 12: Average score by sector, sorted by the domestic score



Source: Nikko Research Center

#### 4. Conclusion

The GR Scores 2019 reveal the status of corporate governance for 108 listed companies in Japan. The overall domestic scores have changed little from the GR Scores 2018. However, the scores against the Remuneration theme have significantly increased from the previous year. It could be caused by the introduction of the performance-based pay for the CEO and other executives and the establishment of profit benchmark for their performance-based pay.

By contrast, while the overall global scores have experienced some improvement since the previous year, they remain fairly low. Although the median of the global scores rose, the bottom quantile has scarcely improved. Polarization between the improvers and the laggards in terms of the global standard is a possibility. Like in the case of the domestic scores, remuneration theme scores under the global standard improved from the previous year through the introduction of the long-term incentive policy, which includes restricted stock, the withhold clause, and the claw-back clause.

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## Appendix (A) Japan's 108 companies

Securities code	Company Name	Securities code	Company Name
1605	INPEX	6861	KEYENCE
1878	DAITO TRUST CONSTRUCTION	6869	SYSMEX
1925	DAIWA HOUSE INDUSTRY	6902	DENSO
1928	SEKISUI HOUSE	6954	FANUC
2267	YAKULT HONSHA	6971	KYOCERA
2269	MEIJI HOLDINGS	6981	MURATA MFG.
2502	ASAHI GROUP HOLDINGS	6988	NITTO DENKO
2503	KIRIN HOLDINGS	7011	mitsubishi heavy industries
2587	SUNTORY BEVERAGE & FOOD	7181	JAPAN POST INSURANCE
2802	AJINOMOTO	7182	JAPAN POST BANK
2914	JAPAN TABACCO	7201	NISSAN MOTOR
3382	SEVEN & I HOLDINGS	7203	TOYOTA MOTOR
3402	TORAY INDUSTRIES	7259	AISIN SEIKI
3407	ASAHI KASEI	7267	HONDA MOTOR
4063	SHIN-ETSU CHEMICAL	7269	SUZUKI MOTOR
4188	MITSUBISHI CHEMICAL HOLDINGS	7270	SUBARU
4324	DENTSU	7309	SHIMANO
4452	KAO	7733	OLYMPUS
4502	TAKEDA PHARMACEUTICAL	7741	HOYA
4503	ASTELLAS PHARMA	7751	CANON
4507	SHIONOGI	7974	NINTENDO
4508	MITSUBISHI TANABE PHARMA	8001	ITOCHU
4519	CHUGAI PHARMACEUTICAL	8031	MITSUI
4523	EISAI	8035	TOKYO ELECTRON
4528	ONO PHARMACEUTICAL	8053	SUMITOMO
4543	TERUMO	8058	MITSUBISHI
4568	DAIICHI SANKYO	8113	UNI.CHARM
4578	OTSUKA HOLDINGS	8267	AEON
4661	ORIENTAL LAND	8306	MITSUBISHI UFJ FINANCIAL
4689	YAHOO JAPAN	8309	SUMITOMO MITSUI TRUST HOLDINGS
4755	RAKUTEN	8316	SUMITOMO MITSUI FINANCIAL GROUP
4901	FUJIFILM HOLDINGS	8411	MIZUHO FINANCIAL GROUP
4911	SHISEIDO	8591	ORIX
5020	JXTG HOLDINGS	8604	NOMURA HOLDINGS
5108	BRIDGESTONE	8630	SOMPO HOLDINGS
5401	NIPPON STEEL & SUMITOMO METAL	8725	MS&AD INSURANCE GROUP HOLDINGS
5411	JFE HOLDINGS	8750	DAI-ICHI LIFE HOLDINGS
5802	SUMITOMO ELECTRIC INDUSTRIES	8766	TOKIO MARINE HOLDINGS
6098	RECRUIT HOLDINGS	8801	MITSUI FUDOSAN
6178	JAPAN POST HOLDINGS	8802	MITSUBISHI ESTATE
6201	TOYOTA INDUSTRIES	8830	SUMITOMO REALTY & DEVELOPMENT
6273	SMC	9020	EAST JAPAN RAILWAY
6301	KOMATSU	9021	WEST JAPAN RAILWAY
6326	KUBOTA	9022	CENTRAL JAPAN RAILWAY
6367	DAIKIN INDUSTRIES	9201	JAPAN AIRLINES
6501	HITACHI	9202	ANA HOLDINGS INC
6502	TOSHIBA	9432	NIPPON TELEGRAPH & TELEPHONE
6503	MITSUBISHI ELECTRIC	9433	KDDI
6594	NIDEC CORPORATION	9437	NTT DOCOMO
6702	FUJITSU	9613	NTT DATA
6723	RENEAS ELECTRONICS	9735	SECOM
6752	PANASONIC	9843	NITORI HOLDINGS
6753	SHARP	9983	FAST RETAILING
6758	SONY	9984	SOFTBANK GROUP CORP.

Source: Nikko Research Center

## Appendix (B) The evaluation items of the GR Scores 2019

No	Themes	Evaluation items	Domestic	Global
1	Board role and responsibilities	The role and responsibilities of the board	○	○
2		Multiple directorships	○	○
3		Voting results	○	-
4	Shareholder engagement	Shareholder engagement: opponents	○	-
5		Shareholder engagement: policies	○	-
6		Shareholder engagement: agendas	○	-
7	Leadership and independence	Board independence	○	○
8		Lead independent director	○	○
9		Effectiveness of the board	○	○
10		Criteria for independence	○	○
11		Regular meetings consisting solely of independent directors	○	○
12		The role and responsibilities of independent directors	○	-
13	Composition and appointment	Committees or advisory committees	○	-
14		Board composition	○	○
15		Board diversity	○	○
16		Director tenure	-	○
17		Directors nomination process	○	○
18		Board evaluations	○	○
19	Corporate culture	Nomination committee	○	○
20		CEO succession planning	○	-
21		Bribery and corruption	-	○
22	Risk oversight	Whistleblowing	○	○
23		Code of conduct	○	○
24		Proactive oversight	-	○
25	Remuneration	Risk culture	-	○
26		Risk committee	-	○
27	Reporting and audit	Alignment with performance	○	○
28		Executive directors' long-term incentive plan		○
29		Remuneration reporting		○
30		Business results and potential risks	○	○
31		Remuneration of NEDs	-	○
32		Remuneration committee	○	○
33	Shareholder meetings	Non-financial information	○	○
34		Audit committee	-	○
35		Audit location	-	○
36	Shareholder rights	Shareholder approval of auditor appointment	-	○
37		Proxy statement	○	○
38		Voting procedures	○	○
39	Composition and appointment	Equality and redress	○	○
40		Anti-takeover defense	○	○
41		Equity capital	○	○
42		Conflict of interests	-	○
43	Cross-shareholdings	Related party transactions	○	○
44		Cross-shareholdings: disclosure of the cross-shareholdings policies	○	-
45		Cross-shareholdings: Preventing from selling cross-shares	○	-
46	Composition and appointment	CEO dismissal	○	-

Source: Nikko Research Center