

CENTRAL JAPAN RAILWAY CORP

MEETING DATE	Fri, 21 Jun 2019 10:00 am	TYPE	AGM	ISSUE DATE	Mon, 17 Jun 2019
MEETING LOCATION	Towers Ballroom (16F) Nagoya Marriott Associa Hotel 1-4, Meieki 1-chome, Nakamura-ku, Nagoya, Aichi Prefecture, Japan				
CURRENT INDICES	PIRC Japan				
SECTOR	Railroads, line-haul operating				

PROPOSALS		ADVICE
1	Appropriation of Surplus Japanese companies seek specific authority for the appropriation of any surplus in earnings and this authority includes any distribution of a dividend. The approach to such resolutions rests on the degree to which the dividend payout ratio is in line with the level of distribution which investors could reasonably expect. A dividend of 75 yen per share is proposed, and the dividend payout ratio is approximately 6.5%, which at less than 15%, is below what shareholders could reasonably expect.	Oppose
2.1	Elect Niwa Shunsuke Newly appointed Executive Director. After this meeting, there will be no female directors on the Board. Regardless of the level of independence, it is considered that the election of new executives should not be supported until gender diversity is introduced on the Board. Although there are no specific legal requirements or recommendations in this market, it is considered that companies should not rely on minimum standards, but aim to best practice, including in gender diversity. Opposition is recommended.	Oppose
3.1	Elect Fujii Hidenori Outside Corporate Auditor. Not considered to be independent. The corporate auditor board is less than 50% independent. Opposition is therefore recommended.	Oppose
3.2	Elect Ishizu Hajime Outside Corporate Auditor. Not considered to be independent. The corporate auditor board is less than 50% independent. Opposition is therefore recommended.	Oppose
3.3	Elect Yamashita Fumio Independent Corporate Auditor. Support is recommended.	For
3.4	Elect Kifuji Shigeo Outside Corporate Auditor. Not considered to be independent. The corporate auditor board is less than 50% independent. Opposition is therefore recommended.	Oppose
3.5	Elect Nasu Kunihiko Independent Corporate Auditor. Support is recommended.	For

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3.1 - Elect Fujii Hidenori

The traditional governance structure for Japanese companies (Kansayaku) involves the appointment of corporate auditors. Large Japanese companies are required to form a board of corporate auditors with powers to examine board activities and oversee financial reports. Such companies are required by law to appoint at least three statutory auditors to the corporate audit board. At least half the corporate auditors must qualify as 'outsiders'. Beyond this legal minimum, it is considered to be best practice that boards of corporate auditors should be composed wholly of outsiders. New appointments are therefore considered in the context of their effect on the balance of independence.

Note: It is considered that the corporate auditor board will be 40% independent following the Annual Meeting.

For Private Circulation only

©Copyright 2019 PIRC Ltd

Researcher: Francesco Navarrini
Email: pircresearch@pirc.co.uk

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

Regulated by the Financial Conduct Authority