

Achievements of Growth Strategy

A economic virtuous cycle in motion

Corporate tax rate reduction (the rate is to be cut to below 30% FY2016)

FY2014 34.62% → FY2015 32.11% → FY2016 **29.97%** → FY2018 29.74%

Capital investment (JPY 1 trillion yen scale tax reduction for capital investment etc.)

FY2012 64.9 tril. JPY → FY2013 68.2 tril. JPY → FY2014 69.3 tril. JPY (Increase **5 tril. JPY/ 7% in 2 years**)

Established "Public-Private Dialogue towards Investment for the Future" (Oct. 2015)

Mr. Sakakibara, chairman of the Japan Business Federation (Keidanren), said that he expected capital investment will increase to 80 trillion yen in FY2018 <3rd meeting of the dialogue (26 Nov., 2015)>

Corporate profits

2,158 Listed companies (TSE)/ total net profits Mar.2015 **21.3 tril. JPY (first time topping 20 tril. JPY)**

Employment

Number of employees has increased by **1 million** since the start of the Abe administration

Jobs-to-applicants rate: **1.28x (highest in 24 years)** / Unemployment rate: **3.3%**

Wage increase

Average wage increase/ Jul. 2015 **2.20%**

Large firms **2.52%** average amount of wage hike **8,235 JPY (highest in 17 years)**

Establishing “earning power”

Enhance Corporate Governance

- Number of institutional investors (life insurance, investment trust companies etc.), accepting **Japan’s Stewardship Code** : **206** (reinforcement of monitoring of corporate management)
- **Corporate Governance Code** (took effect in Jun. 2015), applied to more than **2,000** listed companies
- Proportion of listed companies with independent outside directors 2013 : 47%→2015 : **87%**
 - * Companies listed in the 1st section of the Tokyo Stock Exchange
- Average ROE of listed companies 4Q 2012 : 5.7%→4Q 2015 : **8.2% (50% increase)**

In order to further promote dialogue between companies and investors, the following points will be reviewed

- **Procedure for General Shareholder’s Meeting** (the digitization of documents that accompany shareholder meeting notices for expediting information provision to stockholders etc.)
- **Corporate disclosure rules set out individually by different acts and rules**
- Enhancement of financial institutions’ corporate governance, soundness, and risk management (monitoring their selection of independent directors and their **scaling down of their cross-shareholdings**, reduction of the risks of their shareholdings)

Realization of a virtuous cycle of innovation and of creation of ventures

- Reinforcement of 'bridging function' (technology transfer from universities to private companies or from basic research to application research) of public research institutions such as AIST :

Cross (dual) appointment already introduced in **28 universities and research institutions**

- **University Reform ("Strategy for enhancing managerial ability of national universities")**

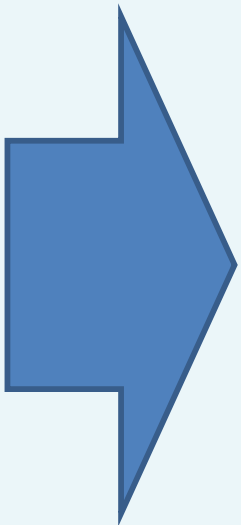
- Each national university, setting its vision and target, selects one of the 3 frameworks for support. , (framework for "Regional contribution", for "Specific field(s) with advantages and for "Globally competitive education and research")
- Stimulate competition between national universities (allocating more subsidies to those engaging in bolder self-reform and achieving higher performance)

- Establish "**Special Research Universities" (tentative name)**

- SRUs are allowed more flexibility for management through deregulation
- SRUs are expected to play a major role as an international hub for innovation/venture creation

- **Silicon Valley-Japan Bridge Project (the Kakehashi Project)**

- 20 entrepreneurs, intrapreneurs, venture capitalists etc. were sent to the West Coast of U.S. in Oct. 2015
- Around 200 of SMEs, mid-ranking companies or ventures to be sent to the West Coast of U.S. in 5 years



Realization of ICT based society

- Establish rules for utilization of processed personal information (to keep anonymity), establish the third party organization, in order to promote proper utilization of personal information (Revised the Act on the Protection of Personal Information)

- **Shift from the principle of written documents and face-to-face interaction to that of utilizing ICT in administrative procedures etc.**
Reinforcement of the function of monitoring and audit by NISC(National center of incident readiness and Strategy for cybersecurity)
- Introduce **the Social Security and Tax number system ('My Number system')** in Oct 2015
(simplify the procedures such as deduction of medical expenses or certification of tax payment)
- **Expand the scope of the utilization of 'My Number'** to deposit and saving accounts, medical examination, and after 2019, to census registration, passport, residence report, stock transaction
- Utilization of **the personal identification card ('My Number card')**
 - able to receive certificates such as resident card, seal impression, or family register, at convenience stores from FY2016
 - Able to **utilize as health insurance card**, early but not before Jul. 2017
- Provide **online monitoring system** on the utilization of personal information linked with 'My Number system'
 - provide **one-stop service on the procedures** such as change of residential information, notice of death etc. through **electronic post office box system**, after Jan. 2017
- Prepare new legal frameworks for **Sharing Economy, Drones, automatic travelling vehicles** (including analysis on possible transformation of social and industrial structure generated by new technologies such as IoT, big data or artificial intelligence)

International expansion/ Foreign direct investment to Japan

◇ Infrastructure system exports

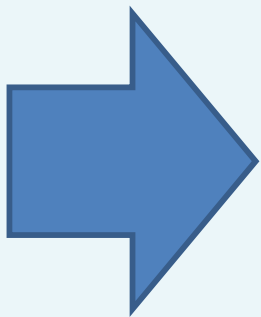
Project orders received in 2010 : about 10 tril. JPY → in 2013: **about 16 tril. JPY**
(targeting about 30 tril. JPY in 2020)

◇ PPP/PFI

Procedures for selection of the private sector operators for Sendai Airport started in Jul. 2014 , and these for Kansai International Airport and Osaka International Airport (Itami Airport) started in Nov.2014 as concession PFI Projects

◇ Inward foreign direct investment(FDI) in Japan

Net amount of inward FDI in 2013 increased by **more than 10 times** compared to that in 2012

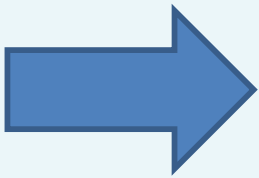


- Entry into force of the Japan-Australia EPA (Jan. 2015), agreement in principle on the **TPP** negotiations (Oct. 2015), to be followed by agreement in principle on the **Japan-EU EPA** at the earliest possible time
- Accelerate the initiatives on **National Strategic Special Zones including demonstration of near future technologies and on PPP/PFI**
- **Five Promises for Attracting Foreign Businesses to Japan (Mar. 2015)**
 - Establish an “Investment Advisor Assignment System” in which State Ministers etc. act as advisors for foreign businesses
 - Receive business jets in local airports

Development of individuals' potential

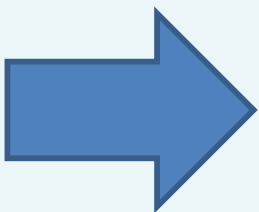
Promotion of participation of women and foreign human resources

- Number of female employees has increased by **more than 1 million** since the start of the Abe administration (from 4Q 2012; 26.68 million to 4Q 2015 27.73 million)
- Increase of childcare leave benefits (from 1/2 of base salary prior to leave , to 2/3)
- Number of companies making a plan to increase female executives and managerial positions, and make it public : About **440 companies** (30% of 1,300 Keidanren member companies)



- Secure additional childcare capacity for **0.5 million children** by the end of FY2017 (Childcare capacity has increased **for 0.22 million children** by the end of FY2014) (Approx. 3 million women hope to work)

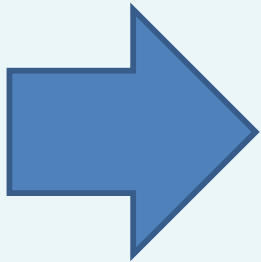
- Drastically review the current Technical Intern Training Systems (strengthen the management and supervisory systems, extension of maximum training period from 3 years to 5 years, consider the expansion of job categories to nursing care)
- Enable foreign housekeeping support workers to work and reside in National Strategic Special Zones
- Total of 3,675 foreign nationals were recognized as "highly skilled foreign professionals" between May 2012 and Jul. 2015. Established **a new status of residence "Highly Skilled Professional"** for research or management activities, etc. (grant of the 5 years period of stay. After 3 years of residence, grant of an indefinite period of stay)



- Implement "A plan for 300,000 exchange students", **double the number of IT foreign human resources in Japan from 30 thousand to 60 thousand**
- **Clarify the activities allowed for the status of residence, especially in the field of IT and tourism (e.g. front desk work at hotels or inns)**
- Consider mid-long term systems for utilizing foreign human resources.

Reforming working styles and Enhancing the capabilities of individuals

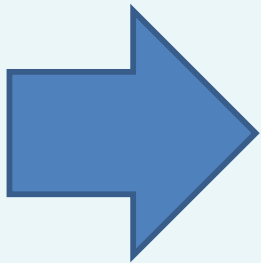
- Introduced various ways of working :
 - creation of a new working system "**High level professional working system**", which evaluates workers based on performance rather than working hours
 - enhancing measures to prevent overwork
 - revision of the flextime System and the discretionary work system



- Provide regular opportunities for each worker to confirm skills and career path(creation of "**Self-career doc system (tentative name)**")
- Institutionalize "**new higher education institutions**" providing practical vocational education
- **Create a highly foreseeable labor dispute resolution system**

Promotion of Local Abenomics

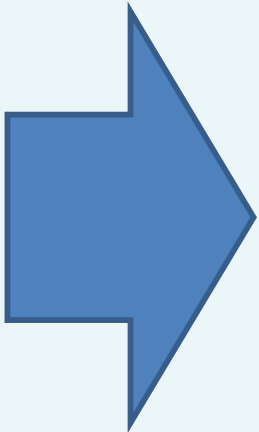
Productivity improvement of service industry



- Target of **labor productivity growth rate** from 0.8% in 2013 to **2.0%** in 2020
- Build business support system that **regional financial institutions** and Small and Medium Enterprise Organizations participate in.
- Enhance productivity of service industries through **introduction of on-site process improvement activities (Kaizen) of manufacturing industry or ICT utilization**, in 5 fields (retail, food service, accommodation, nursing care and cargo road transportation)
- Introduce human resource developing programs for service industries in **17 universities**

tourism

- The number of foreign visitors to Japan;
2014 : **13.41 million**
2015 : **+47.5%** increase as of November, compared to the same period of the previous year.
(If this trend continues, the number of total foreign visitors would be **more than 19 million.**)
- Total consumption by foreign visitors to Japan reaches **2.03 trillion yen** in 2014, exceeding 2 trillion yen for the first time (**+43.1%** increase from the previous year)
- **Relaxing visa requirements** for **14 countries**, primarily for visitors from ASEAN countries.
(from Jul. 2013 to Aug. 2015)
- **Adding 30,000 international landing slots par year** at Haneda Airport. (increased from 60,000 to 90,000 as of Mar 2014)
- Increasing the number of tax-free shops across Japan : **29 thousands** (6.6 thousand in Apr. 2015)
Introduction of **Tax-free Counters** in shopping malls and shopping districts from Apr. 2015
- Creation of a new program for **longer stay of foreign visitors in Japan** (permitting wealthy foreign visitors to stay for a maximum of one year for sightseeing purpose) (enacted in Jun. 2015)



- Aim for **4 trillion yen consumption by foreign visitors** and **the creation of 400 thousands new jobs**, in the year when foreign visitors exceed 20 million
- Establish Japanese version of DMOs (Destination Management/Marketing Organizations) and support its initiatives to promote tourism, and improve the tourism environment to accept foreign visitors including through securing capacities of airports and accommodation facilities, in order to **prepare for the "age of 20 million" foreign visitors and aim at its early realization**

Reforms bedrock regulations


Primary industry

- The value of export of agricultural, forestry and fishery products and foods;
2014; **611.7 billion yen** (+11.1% year-on- year rate)
2015; **745.2 billion yen** (+21.8% year-on- year rate, record high)

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- **To attain the target of "1 trillion yen" of export ahead of schedule (before 2020)**, focus on countries/products and foods with big growing potentials to be prioritized
 - **Fundamental reforms on agriculture sector for the first time in 60 years**
 - Integrated reforms of agricultural cooperative system, agricultural committees, agricultural production corporations (regional agricultural cooperatives expected to become more self-independent with an objective to enhance added value)
 - **Remove rice production adjustment which has lasted for more than 40 years** from rice produced in 2018.
 - Strengthen the function of farmland consolidation banks to accelerate the consolidation of scattered small-scale farmlands

Energy

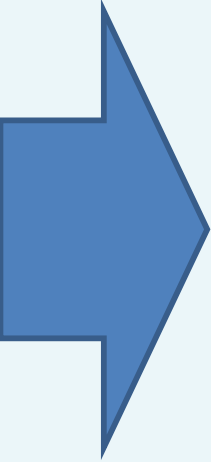
- Drastic and fundamental reform of electricity system and gas system for the first time in 60 years
- Establishment of the Organization for Cross-regional Coordination of Transmission Operators (OCCTO) in Apr. 2015

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- **Full retail competition of electricity sector** (in Apr. 2016), of gas sector (in 2017)
 - **Unbundling of electricity transmission/ distribution sectors of 10 big EPCOs by legal unbundling style in Apr. 2020. Unbundling of gas transmission/ distribution sectors of 3 major in metropolitan areas by legal unbundling style Apr. 2022**

Medical / Health care

- **Creation of a "Healthcare corporation system based on alliances in a region"** ; enable integrated management of multiple medical and social welfare corporations to provide efficient medical and nursing care.
- **Creation of a "Patient-requested cure system"** ; combining insured and uninsured medical services which allows the utilization of non-approved medicines (shortening assessment period from **current 6 months** to **6 weeks** in principle)
- **"A system for priority examination"** applied to innovative medicine
- Shortening assessment period for **the cutting-edge medical services (e.g. regenerative medicine and medical devices)**

(In addition, a special consultation system of medical device approval in the National Strategic Special Zones will be created to expedite development of innovative medical devices)

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- Accelerate ICT utilization in health care ;
 - to **eliminate the duplication of the medical check and prescription** , diffuse electronic clinical record in 90% of major hospitals (more than 400 beds) by 2020
 - Form nationwide **Regional Medical Information Cooperation Networks** by 2018 FY
 - Utilize 'My Number card' as **health insurance card** early but not before Jul. 2017, diffuse **Electronic Medicine Notebook** around 2018
 - Establish **a "dedicated institution"** collecting and managing personal information on medical and healthcare.
 - Provide information on hospital which accept foreign patients (**"Japan International Hospitals" (tentative name)**)
 - Certify agents which support foreign patients