

# Reference Materials on Constructive Dialogue between Companies and Institutional Investors

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Tokyo Stock Exchange, Inc.

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# Japan's Corporate Governance Code

Section 1: Securing the Rights and Equal Treatment of Shareholders

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

Section 3: Ensuring Appropriate Information Disclosure and Transparency

Section 4: Responsibilities of the Board

Section 5: Dialogue with Shareholders

Principle 5.1 Policy for Constructive Dialogue with Shareholders

Principle 5.2 Establishing and Disclosing Business Strategy and Business Plan

# Disclosures based on Principle 5.1

## Principle 5.1

Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and **disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.**

### Supplementary Principle 5.1.2

At minimum, policies for promoting constructive dialogue with shareholders **should include the following:**

- i) **Appointing a member of the management or a director who is responsible for** overseeing and ensuring that **constructive dialogue** takes place, including the matters stated in items ii) to v) below;
- ii) **Measures to ensure positive cooperation between internal departments** such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;
- iii) **Measures to promote opportunities for dialogue aside from individual meetings** (e.g., general investor meetings and other IR activities);
- iv) **Measures to appropriately and effectively relay shareholder views and concerns** learned through dialogue to the senior management and the board; and
- v) **Measures to control insider information** when engaging in dialogue.

# Disclosures based on Principle 5.1 (continued)

## 1. Members of the management or directors responsible for overseeing constructive dialogue

- Examples of companies where a director/officer in charge of IR, finance/accounting (CFO), general administration, corporate planning, etc. was appointed to oversee such dialogue

Company A

**The corporate executive officer in charge of investor relations is the person responsible for all dialogue with shareholders.** The general managers of the Corporate Planning Dept., Public Communications Dept., Legal Dept., and Finance Dept. as well as the head of the IR Group within the Finance Dept. serve as assistants to this person.

Company B

**We assign the Finance and Accounting Director and General Affairs Director** as management to oversee dialogue with shareholders.

Company C

**Dialogue** with the Company's shareholders and investors **is led by the Business Planning Headquarters Division General Manager**, operated mainly by the IR team, and relevant divisions work together organically to communicate effectively.

- Examples of companies where the top management (President, CEO, etc.) oversees such dialogue

Company D

**The CEO supervises the dialogue** with shareholders and investors, and the chief financial officer (CFO) is placed in charge of the disclosure of information.

Company E

**The president oversees dialogues with shareholders in general** and strives to conduct constructive dialogue with shareholders.

# Disclosures based on Principle 5.1 (continued)

## 2. Measures to ensure positive cooperation between internal departments

- Examples of declaring positive cooperation between the department in charge and other related departments by specifying the names of such departments

Company F

**The Corporate Business Management Division**, which is responsible for investor relations, **plays the primary role** in encouraging dialogues with shareholders and other investors. **The accounting, finance and legal affairs departments and all business units work together** to support this division. In addition, the Corporate Business Management Division works seamlessly with the management council meetings and other major councils as well as the Corporate Information Disclosure Committee for the purpose of ensuring that dialogues are timely and appropriate.

Company G

In promoting constructive dialogue with shareholders, **organic cooperation is formed between the internal sections** such as those responsible for **corporate planning, accounting and finance** and **legal** affairs.

- Examples of describing specific measures for cooperation

Company H

... strive for ensuring positive cooperation with related departments, namely IR, Corporate Planning, Legal and General Administration, and Finance departments, through **cross-departmental staffing** and **regular information sharing**, etc.

Company I

The Company appoints an Executive Officer responsible for investor relations and overseeing dialogue with shareholders overall and **establishes** an investor relations department as well as **the Corporate Disclosure Committee composed of members from various departments**, in order to promote the timely and appropriate disclosure of corporate information as well as dialogue with shareholders

# Disclosures based on Principle 5.1 (continued)

## 3. Measures to promote opportunities for dialogue aside from individual meetings

### Company J

The Company **provides operation update reports at its general shareholder meetings**, which include recent operation conditions and financial information, as well as mid-to-long-term strategies for growth, using slides and other means to provide a detailed explanation with the goal of helping individual investors deepen their understanding of the company's operations. Furthermore, for investors who are not able to attend these meetings in person, the presentations are streamed live and even **archived as video files** for viewing at a later date. In addition to the above, the Company holds individual investor meetings and publishes "Quarterly Business Reports" on the company website to keep investors and the public well informed. For analysts and institutional investors, the Company also **holds Investors Meetings at the end of each quarter**, in which details of settled accounts and business activities are explained. **These presentations, too, are streamed live** and are available as on-demand videos starting on the day of the meeting itself, in order to proactively share information about our business with even more people. Finally, individual interviews and teleconferences are held approximately 500 times per year for analysts and fund managers, in which the CEO or other management staff speak passionately about the strategies for growth and share operational information about the Company. For IR targeting foreign investors, in addition to **creating the majority of the above disclosure publications in English** as well, the Company also **publishes a yearly, annual report in English**. In addition, we visit our overseas investors where they live, hosting "Overseas Roadshows", primarily in North America, the UK, and Asia, in which we gain the opportunity to directly engage in dialogues with our foreign investors. In regards to IR publications, from immediately after our initial public offering in 1997, we have continued to publish a quarterly financial report to ensure timely disclosure and provide a detailed overview of our financial and business operations. In addition, along with these quarterly reports, we provide risk information describing items which may pose potential risks to our business whenever such a conceivable risk has emerged. Current publications, as well as an archive of all past ones, are published on the company website.

### Company K

In addition to meetings with individuals, analysts and institutional investors, meetings regarding quarterly financial disclosure are held 4 times a year, and an information meeting led by the CEO is held once a year. In addition, **the Integrated Report was issued** in FY2015 as a tool for engagement between shareholders and investors and the Company.

### Company L

Specifically, for shareholders, in addition to striving to actively provide information to the shareholders and sincerely responding to their questions and comments in the General Meeting of Shareholders, the Company seeks to promote understanding of its management situation, and enhance dialogue through **holding management business briefings and plant tours**, regularly in various locations, and **issuing information booklets**. On the other hand, for institutional investors, the Company not only explains its management strategies, business lineups, business performance and other related matters, by means of **briefings on financial results in each quarter, briefings on the mid-term management plan, steelworks/research laboratory tours**, and other opportunities, but also seeks to enhance dialogue by means of, among others, **small meetings for investors, various conferences, and visit to overseas institutional investors**.

# Disclosures based on Principle 5.1 (continued)

## 4. Measures to relay shareholder views and concerns

- Examples of reporting to the board, management, related departments, etc. as needed or regularly

Company M

**Feedback** regarding the content of dialogues with shareholders and investors **is provided as necessary** through the accounting officer **to the Board of Directors and executives' meetings**.

Company N

Investor Relations Department compiles the opinions received from shareholders and other investors through dialogue and **regularly report** them to the management.

Company O

Information obtained through dialogue with shareholders and investors, as well as opinions and requests and other information are **shared with the appropriate executive officers and departments** and **reported periodically to the Board of Directors**.

- Examples of reporting to outside directors/officers as well, or sharing information throughout the company

Company P

Shareholders' and investors' views identified through dialogue with them are shared with CEO & President and other key executives on a weekly/monthly basis, and are **also reported to outside directors**.

Company Q

Evaluations and requests from shareholders and investors are **shared across the Company** and are used as a source of information to ensure improvements in management.

- Examples of reporting the analysis on voting results to the board

Company R

The results of the dialogue with shareholders and investors are reported to the Board of Directors by the President & Representative Director, the responsible director, or other executive officers as timely, and they will be appropriately reflected in the management of the Company, leading to the Group's sustainable growth and enhancing enterprise value over the medium-to-longer term. Additionally, **the voting is analyzed** for each resolution at the Ordinary General Shareholders' Meetings, and this is **reported to the Board of Directors**.

# Disclosures based on Principle 5.1 (continued)

## 5. Measures to control insider information

- Examples of describing specific measures to control insider information  
Company S

When engaging in communication with shareholders, the Company **appropriately manages insider information in compliance with internal rules**. In advance of earnings announcements, the Company **implements a "silent period"**, during which no communication with shareholders regarding earnings information is permitted.

### Company T

The Company established rules on information disclosure and the prevention of insider trading, conducts information disclosures fairly without selective disclosure to specified persons, clarified the obligation to maintain confidentiality of insider information, as well as **regularly conducts education** for their thorough implementation.

### Company U

- The Company carries out thorough control to prevent leakage of insider information to outsiders.
- The Company has a 'silent period' of approx. 1 month prior to the announcement of financial results, and restricts dialogue with shareholders concerning information on financial results.
- To have dialogue with shareholders, etc., **in general, multiple persons deal with the shareholders for the purpose of mutual monitoring.**

- Examples of clearly referring to non-provision of insider information during dialogue

### Company V

**The Company never communicates insider information in dialogues with shareholders.** The Company has a "silent period" from 14 days prior to the announcement of quarterly financial results, during which it refrains from dialogues regarding financial results.

- Examples of referring to conclusion of non-disclosure agreement

### Company W

The period from the end of each fiscal year or quarter to the announcement of relevant financial results is the silent period (i.e., the period during which no individual interviews are held with shareholders and investors, excluding the interviews on basic matters such as the Company's business operations). The Company can hardly assume that there are cases where insider information needs to be disclosed during dialogues with shareholders and investors. However, **in case it needs to be disclosed, the Company will take appropriate measures such as conclusion of a non-disclosure agreement.**



# Disclosures based on Principle 5.1 (continued)

## 6. Other

- Examples of companies where different departments are in charge depending on shareholders' attributes

### Company X

The Company considers its shareholders and investors to be important stakeholders. It emphasizes constructive dialogue to raise corporate value, and considers it important to deepen mutual understanding of stances and standpoints and to adopt proper responses based on such understanding.

To contribute to realizing constructive dialogue with shareholders and investors to raise corporate value, the Company proactively discloses socially useful information about X Group in addition to disclosures required by law. The Company established rules on information disclosure and the prevention of insider trading, conducts information disclosures fairly without selective disclosure to specified persons, clarified the obligation to maintain confidentiality of insider information, as well as regularly conducts education for their thorough implementation.

An **investor relations division is in charge of** measures for dialogue with **institutional investors**, and in addition to routine meetings with institutional investors inside and outside Japan, it conducts briefings and other presentations on summaries and the progress of the Business Strategies, the status of operating results and businesses, shareholder returns and other matters. **The President and Chief Executive Officer and Management participate to the extent possible** in order to have opportunities for direct conversations with institutional investors that enable dialogue for increasing corporate value from a long-term perspective, and to make it easier to reflect the results of the dialogues in management.

The content of questions and opinions received from institutional investors and other matters from the abovementioned briefings and other presentations are reported as required at meetings of the Board of Directors and of the Executive Officers for utilization in the future management of the Company.

A **shareholder relations division is primarily in charge of** measures for dialogue with **individual shareholders**, and conducts tours of factories and facilities that introduce details of the Company's businesses so that individual investors understand such details and hold the Company's stock with a longer-term perspective. Moreover, when conducting these initiatives, **the members of Management participate to the extent possible** in order to have opportunities for dialogue with shareholders. In addition, the Company regards the operation of the General Meeting of Shareholders as an opportunity for dialogue with its valued and important shareholders, and secures sufficient time for questions, among other measures.

In the future, in addition to explaining financial information, the Company intends to further enhance its explanation of non-financial information including its stance on corporate governance. To promote constructive dialogue with shareholders, relevant divisions including the investor relations division, accounting and finance division, legal and compliance division, and corporate strategy division will cooperate to consider and implement methods for explaining non-financial information such as publication on the Company's website and holding presentations, an organizational structure for dealing with dialogue with shareholders and other matters. Managers in charge of the investor relations division, the shareholder relations division and the corporate communications division, which integrates public relations, sustainability and other areas, will work together to integrate and promote these activities.

# Disclosures related to Principle 5.2

## Principle 5.2

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and **capital policy**, and present **targets for profitability and capital efficiency**. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources and specific measures that will be taken in order to achieve their plans and targets.

(Reference)

## Principle 1.3

Because capital policy may have a significant effect on shareholder returns, companies should explain their **basic strategy with respect to their capital policy**.

## Principle 3.1(i)

In addition to making information disclosure in compliance with relevant laws and regulations, companies **should disclose** and proactively provide **the information listed below** (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:

- i) Company objectives (e.g., business principles), **business strategies and business plans**;

## 1. Basic strategy with respect to the capital policy

Company Y

The Company has adopted **ROE** (Return on Equity) **as management performance indicators**. Looking ahead, the Company shall strive to continue to **secure ROE of 10% or more** by aiming to further **expand profits** through execution of strategies under the Mid-term Plan, as well as by **effectively utilizing stockholders' equity**.

Also, the Company will provide a return to shareholders as **a policy for the return of profits to shareholders** that targets **a consolidated payout ratio of 30%**, based on **stable annual dividend payments** of 24 yen per share. Its fundamental policy is to **consider using part of any profit, after deduction of dividends, to acquire treasury stock, after taking into account the amount of funds on hand, performance trends, recent share price trends, the existence or nonexistence of major investment proposals and other factors**.

# Disclosures related to Principle 5.2 (continued)

## Company Z

1. **To maintain and improve shareholder value**, the OMRON Group will implement **management practices by taking into consideration the adequate target levels for** return on invested capital (ROIC), return on equity (ROE), and earnings per share (EPS). **To prepare for rapid fluctuations in economic conditions**, we will also **set the equity ratio target at a level sufficient for maintaining a corporate credit rating** that enables raising of funds without regard to monetary market conditions.
2. With respect to **capital policy that results in a change of control or in significant dilution**, the Board of Directors will **make a rational decision by fully taking into consideration the effects** it would have on the aforementioned ROIC, ROE, and EPS.
3. If the OMRON Group implements **a fund raising program that will result in significant dilution, the use of the fund and its collection plan will be fully examined and deliberated** at a meeting of the Board of Directors before making a resolution, and **sufficient explanation will be given to investors and shareholders**.

## Company AA

The Company has established “endeavoring to develop a good relationship with patients, customers, shareholders and employees, and to enhance their value” as its **corporate philosophy** in its Articles of Incorporation. **The capital policy of the Company is also implemented in accordance with this philosophy.**

In daily operations, the capital policy is conducted with a focus on “**medium-to-long-term Return on Equity (ROE) management**,” “**sustainable and stable shareholder returns**,” and “**value-creative investment criteria**” that contribute to improving shareholder value.

The Company believes that ROE is an important indicator of the sustainable creation of value for shareholders. In terms of **ROE management**, the Company aims to attain a high ROE (creation of a positive equity spread[\*1]) level by **improving profit margins, financial leverage and asset turnover** in the medium- to long-term.

In terms of **shareholder returns**, profits are returned to all shareholders **in a stable and sustainable way** based on factors such as **a healthy balance sheet** and **comprehensive consideration of the consolidated financial results, Dividends on Equity (DOE) and free cash flow**, as well as **taking into consideration signaling effect**. Because DOE indicates the ratio of dividends to consolidated net assets, the Company has positioned it as an indicator that reflects balance sheet management, and, consequently, capital policy. Acquisition of treasury stock will be carried out appropriately after factors such as the market environment and capital efficiency are taken into account. The Company uses the capital adequacy ratio and net debt ratio as indicators to measure a healthy balance sheet.

In the case of “**investment criteria**,” in order **to ensure value creation through growth investment**, the Company **invests selectively** using the Value-Creative Investment Criteria (VCIC) for strategic investment and sets hurdles for the **Net Present Value (NPV)** and **Internal Rate of Return (IRR) spread** by using a risk-adjusted hurdle rate.

Through this type of capital policy, the Company **strives to maintain both growth investment and stable shareholder returns**, and **to improve shareholder value in a sustained manner**.

[\*1] (Equity spread) = (ROE) – (shareholder capital cost)

# Disclosures related to Principle 5.2 (continued)

## 2. Targets for profitability and capital efficiency

### Company BB

The Company formulated “●●●●●●●●”, aiming at achieving **consolidated sales of 150 billion yen** and **consolidated ordinary income of 17 billion yen**, maintaining **ROE of at least 9.5%**, and increasing **overseas sales ratio up to 30%** by the fiscal year ending March 2017.

### Company CC

As a medium-term management target, the Company is working to “**enhance corporate value through sustainable growth and increased shareholder returns**” from the fiscal year ended March 31, 2014, through the fiscal year ending March 31, 2016. The Company has set “**double-digit annual growth in consolidated operating income**” as its target for profit growth. With regard to shareholder returns, The Company’s aim is a “**dividend payout ratio of more than 30%.**”

### Company DD

Among management indices, the Company considers that **profit margin on sales is the most important index**. ... Specifically, as one of its mid-to long-term targets, we aim at achieving **net profit margin of approx. 3%** (operating profit margin of approx. 5%), and pursue the following management strategy toward sustainable growth.

## (Reference) Example where targets for profitability and capital efficiency are not provided

### Company EE

The Company’s basic policy is to maintain a sound financial status while both investing aggressively to ensure sustained growth and returning profits to shareholders. However, **the Company does not disclose specific targets with regard to indexes such as profitability and capital efficiency**. This is because in the communications and Internet **industries in which the Company operates**, business models, technologies, and customer needs **change rapidly**, and **the Company may make significant transformations in its business structure in line with the trends of the times**.

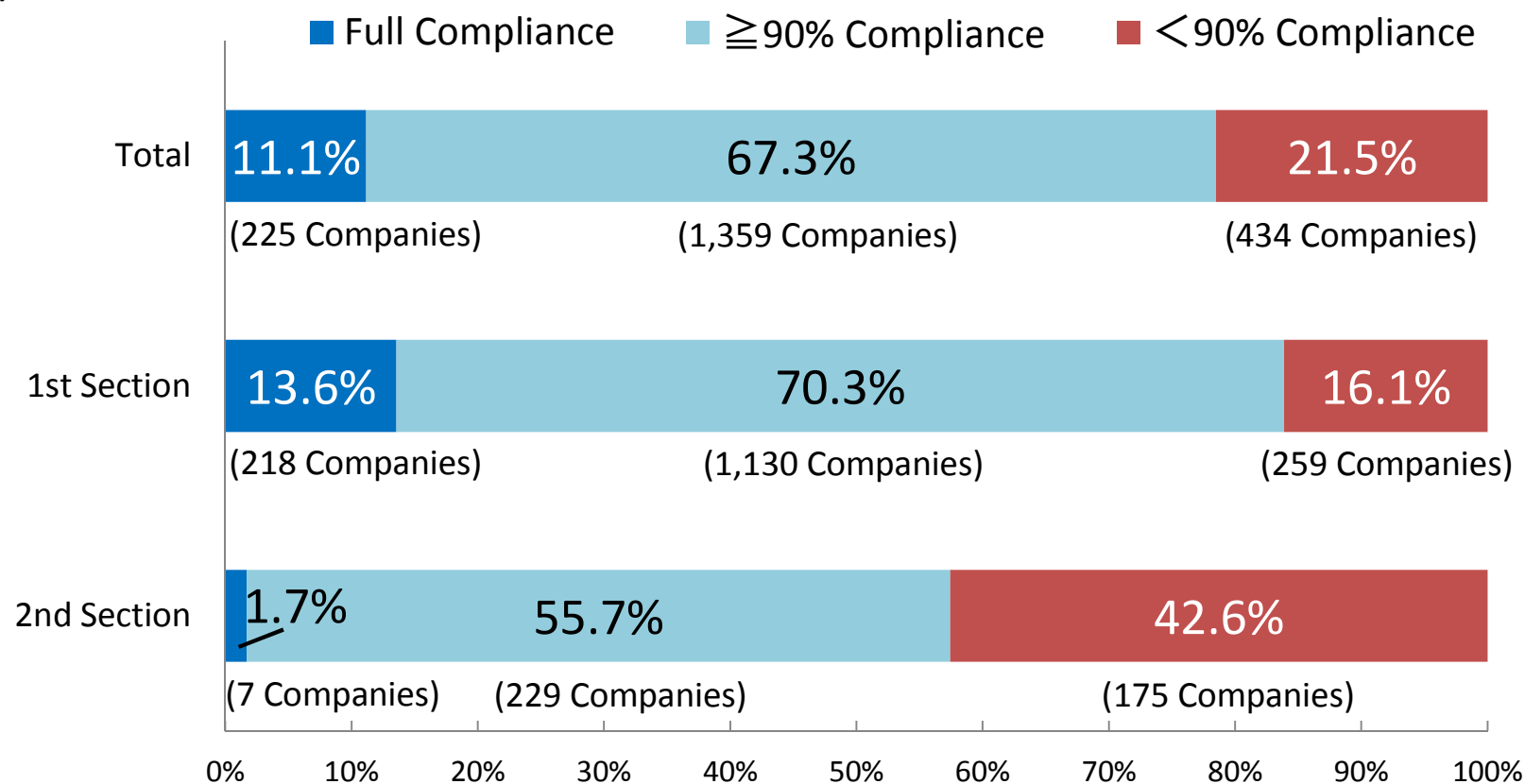
# Reference

# 1. Companies in Full Compliance

**From January to March 2016, additional 160 companies have disclosed the status of compliance with the Code. The overall trend of compliance status, including the ratio of companies which have complied with all 73 principles, remained unchanged.**

- As of end-March 2016, 2,018 companies listed on the TSE First & Second Sections have disclosed their responses to the Code (+160 companies from end-Dec. 2015)
- Compliance/Explanation ratios are as follows: (Change from end-Dec 2015)
  - Companies which have complied with all 73 principles 11.1 % (225 companies)    -0.5pt
  - Companies which explained reasons for non-compliance with some principles 88.9 % (1,793 companies)    +0.5pt
  - Number of principles companies complied with 90% or more 67.3 % (1,359 companies)    +0.9pt
  - Less than 90% 21.5 % (434 companies)    -0.5pt

## Compliance by Market Division



# How Listed Companies Have Addressed Japan's Corporate Governance Code (Status as of the end of March 2016)

## 2. Compliance / Explanation by Principles of the Code

### No major change in compliance/explanation by principle

➤ Among 73 principles,

- Principles with which all companies have complied
- Principled with which some companies provided explanations for non-compliance

(Change from end-Dec 2015)

5 principles -1 principle  
 68 principles +1 principle  
 54 principles +2 principles  
 14 principles -1 principle

Compliance rate 90% or more  
 Less than 90%

Principles all companies have complied with

Principles ≥90% of companies have complied with

Principles <90% of companies have complied with

No.	Principles	Compliance	Explanation	Compliance Rate
<b>Chapter 1</b>				
1	GP1	2018	0	100.00%
2	P1-1	2015	3	99.85%
3	SP1-1-1	1985	33	98.36%
4	SP1-1-2	2017	1	99.95%
5	SP1-1-3	2016	2	99.90%
6	P1-2	2009	9	99.55%
7	SP1-2-1	2007	11	99.45%
8	SP1-2-2	1617	401	80.13%
9	SP1-2-3	1947	71	96.48%
10	SP1-2-4	866	1152	42.91%
11	SP1-2-5	1858	160	92.07%
12	P1-3	1950	68	96.63%
13	P1-4	1860	158	92.17%
14	P1-5	1998	20	99.01%
15	SP1-5-1	2015	3	99.85%
16	P1-6	2017	1	99.95%
17	P1-7	2003	15	99.26%
<b>Chapter 2</b>				
18	GP2	2018	0	100.00%
19	P2-1	2017	1	99.95%
20	P2-2	2011	7	99.65%
21	SP2-2-1	1968	50	97.52%
22	P2-3	2013	5	99.75%
23	SP2-3-1	2011	7	99.65%
24	P2-4	2007	11	99.45%
25	P2-5	1999	19	99.06%
26	SP2-5-1	1904	114	94.35%

No.	Principles	Compliance	Explanation	Compliance Rate
<b>Chapter 3</b>				
27	GP3	2016	2	99.90%
28	P3-1	1448	570	71.75%
29	SP3-1-1	2008	10	99.50%
30	SP3-1-2	1487	531	73.69%
31	P3-2	2018	0	100.00%
32	SP3-2-1	1823	195	90.34%
33	SP3-2-2	1980	38	98.12%
<b>Chapter 4</b>				
34	GP4	2014	4	99.80%
35	P4-1	2014	4	99.80%
36	SP4-1-1	2008	10	99.50%
37	SP4-1-2	1717	301	85.08%
38	SP4-1-3	1733	285	85.88%
39	P4-2	1798	220	89.10%
40	SP4-2-1	1395	623	69.13%
41	P4-3	1987	31	98.46%
42	SP4-3-1	1948	70	96.53%
43	SP4-3-2	2010	8	99.60%
44	P4-4	2017	1	99.95%
45	SP4-4-1	1967	51	97.47%
46	P4-5	2018	0	100.00%
47	P4-6	1980	38	98.12%
48	P4-7	1906	112	94.45%
49	P4-8	1189	829	58.92%
50	SP4-8-1	1671	347	82.80%
51	SP4-8-2	1632	386	80.87%
52	P4-9	1875	143	92.91%

No.	Principles	Compliance	Explanation	Compliance Rate
53	P4-10	1899	119	94.10%
54	SP4-10-1	1423	595	70.52%
55	P4-11	1909	109	94.60%
56	SP4-11-1	1976	42	97.92%
57	SP4-11-2	2004	14	99.31%
58	SP4-11-3	724	1294	35.88%
59	P4-12	2010	8	99.60%
60	SP4-12-1	1980	38	98.12%
61	P4-13	2008	10	99.50%
62	SP4-13-1	2018	0	100.00%
63	SP4-13-2	2017	1	99.95%
64	SP4-13-3	2017	1	99.95%
65	P4-14	1977	41	97.97%
66	SP4-14-1	1997	21	98.96%
67	SP4-14-2	1967	51	97.47%
<b>Chapter 5</b>				
68	GP5	2015	3	99.85%
69	P5-1	1991	27	98.66%
70	SP5-1-1	2014	4	99.80%
71	SP5-1-2	1987	31	98.46%
72	SP5-1-3	2010	8	99.60%
73	P5-2	1796	222	89.00%

### 3. Principles with Higher Explanation Rates

**The ranking of principles with higher explanation rates also remained unchanged**

Principle	Content	No. of Companies Complying	No. of Companies Explaining	Explanation Rate	Change from Dec. 2015
SP 4-11-3	Board evaluation and disclosure of summary	724	1,294	64.1%	+0.5pt
SP 1-2-4	Electronic voting / English AGM notices	866	1,152	57.1%	+1.2pt
P 4-8	Two or more independent directors	1,189	829	41.1%	-1.4pt
SP 4-2-1	Remuneration reflecting mid-to-long term growth	1,395	623	30.9%	+0.2pt
SP 4-10-1	Involvement and advice from independent directors on remuneration / nomination	1,423	595	29.5%	+0.1pt
P 3-1	Disclosure on corporate governance i) Company objectives, business strategies, and business plans; ii) Basic views and guidelines on corporate governance based on each of the principles of the Code; iii) Board policies and procedures in determining the remuneration of senior management and directors; iv) Board policies and procedures in the appointment of senior management and nomination of directors and <i>kansayaku</i> candidates; v) Explanations with respect to individual appointments and nominations based on iv).	1,448	570	28.2%	+0.1pt
SP 3-1-2	Provision of English language disclosures	1,487	531	26.3%	+0.5pt

\* The above table takes into account Principles that more than 20% of all companies chose to supply "explanations" for.



# Explanations for Non-Compliance with Supplementary Principle 3.1.2

Concerning English language disclosures, many companies stated “under consideration” or “no plan for compliance in the immediate future” on the grounds of low ratio of foreign shareholders.

## Supplementary Principle 3.1.2

Bearing in mind the number of foreign shareholders, companies **should**, to the extent reasonable, **take steps for providing English language disclosures**.

### 1. Example where compliance is planned

#### Company FF

The Company has provided English language disclosures of Annual Report, earnings summary, reference materials for results briefing, etc.; and will **translate into English and disclose** the Corporate Governance Report **in the future**.

### 2. Example where compliance is still under review

#### Company GG

The Company has disclosed non-financial information, including product information, on its website. As for financial information, the Company will **consider disclosure in the English language depending on the ratio of foreign shareholders in the future**.

### 3. Examples where no compliance is planned at the moment

#### Company HH

The Company does not currently provide English language disclosure in consideration of **shareholder composition**, **line of businesses**, and **costs incurred**.

#### Company II

The Company decided to provide English language disclosure if the ratio of foreign shareholders exceeds 20%. Since **the ratio of foreign shareholders is less than 20% at the moment**, the Company does not disclose information in English (except for disclosures of quarterly financial results on its website). *(omitting the rest)*