

Comments for the Third Follow-up Council Meeting of the Stewardship Code and
Corporate Governance Code

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- Unfortunately I cannot attend the meeting in addition to the past two times. Based on the discussions so far, I would like to convey my thoughts as shown below.
- Since the Corporate Governance Code started in June this year, from the perspective of achieving sustainable corporate growth and increasing corporate value over the mid- to long-term, companies have been exploring ways of responding to the Code while carrying out dialogue with shareholders and investors to ensure their corporate governance not with a mere formality but with substance.
- In the midst of such circumstances, generally speaking, there is a trend of evaluating the response of companies by focusing on the formal aspects such as the rate of “comply”, the number of independent outside directors, the form of corporate organization, and so on. The important thing is, however, not the formal aspects but whether companies and investors are conducting constructive dialogue so as to increase corporate value over mid- to long-term, including cases where companies “explain”. I hope that discussion at this council will be carried out from this kind of perspective.
- With regard to today’s topic on cross-shareholdings, Principle 1.4 is incorporated into the Corporate Governance Code after going through various discussions at the Council of Experts Concerning the Corporate Governance Code, and currently, companies are making progress in their response based on that. Therefore, I strongly hope that discussions in this meeting will be carried out considering how companies will make disclosures and explain based on their examination of the necessity for cross-

shareholdings, as well as how shareholders and investors will respond and carry out dialogue with companies. I also hope that the discussion will be carried out from the perspective of how to achieve the mid- to long-term growth of Japanese companies through those efforts.