

Message to the Person in Charge at Listed Companies Regarding the Revised Corporate Governance Code

Provisional translation

Reference 2-2

Background

- ❑ The draft revisions to the Corporate Governance Code (the “Code”), published in April 2026, aims to encourage companies to prioritize substantive initiatives toward sustainable growth and value creation over the mid- to long-term.
- ❑ We ask the responsible persons at listed companies to note the following points when responding to the Code.

Points to Note

- The Code adopts a **“comply or explain” approach** (either comply with a Principle or explain the reasons for not doing so). In other words, the Code is not legally binding, so **one doesn't have to assume that compliance with all its Principles is required**. There are cases where a company should refrain from formalistically complying with a Principle; instead, **it should choose to explain and provide a carefully tailored explanation for why it does not comply**.
- When companies choose to explain for a Principle they do not comply with, **they should carefully tailor their explanation in light of the aims and spirit of the Principle** in a manner such that their explanation will be fully understood by shareholders and other stakeholders. Offering a superficial explanation using boiler-plate expressions is inconsistent with the concept of comply or explain.
- Regardless of whether a company complies or does not comply with a Principle, **providing a carefully tailored explanation is essential for fostering constructive dialogue with investors**.
- Companies are not necessarily required to implement all contents of the Interpretive Guidance. Rather, based on their specific circumstances, **companies should respond by interpreting the aims and spirit of each Principle, referring to its provisions and Interpretative Guidance, and choosing to comply or explain in a manner consistent with the aim and spirit of each Principle**.
- We ask the responsible persons at listed companies to fully understand these aims and proactively implement corporate governance reforms.