Provisional translation

Overview of 2026 revisions of Corporate Governance Code

- Aiming to **encourage companies to prioritize substantive initiatives toward value creation over the medium- to long-term**, the revised Code refined the content of the Principles subject to the “comply or explain” approach to capture their core essence. A new “Interpretive Guidance” has been introduced to provide a specific context and aim, supporting substantive implementation of each Principle.
- The revied Code has a new Preamble section, which include:
  - ✓ Code’s expected role of **promoting medium- to long-term investment**;
  - ✓ Importance of a **carefully tailored explanation** to foster constructive dialogue with investors, regardless of whether a company complies or does not comply with a Principle.
- Key revisions in the Principles and Interpretive Guidance are as follows:

Appropriate allocation of business resources	➢ Emphasizes the importance of **board’s responsibilities for growth investment**, including: ✓ Setting a path for growth toward corporate goals; ✓ Explaining measures to be taken to achieve growth related to **allocation of business resources such as growth investment** (including capital expenditure, R&D, **human capital**, and intangible assets, including intellectual properties) and **review of their business portfolio**, and; ✓ Persistently **reviewing whether the allocation of the company’s business resources**, such as financial assets like cash and real assets, **is appropriate**.
Enhancing board effectiveness	➢ Emphasizes effective **monitoring functions of independent directors, particularly their roles and responsibilities, quality and ratio, and independence.** ➢ Highlights the importance of enhancing **board secretariat function (e.g., corporate secretary)** that plays an important role for supporting the chair and board members to achieve active board discussions. ➢ Emphasizes **board’s responsibilities for risk management**, including responses to cybersecurity risks, as well as to supply chain disruption risks and risks of leakage of technological and other information arising from geopolitical factors such as changes in the international environment surrounding economic security.
Yuho disclosure before AGMs	➢ Clarifies the importance of **the annual securities report (Yuho) disclosure prior to the AGM, ideally three weeks in advance**, to ensure the exercise of shareholder rights.
Appropriate cooperation with stakeholders	➢ Refers to investment in human capital, appropriate distribution as well as fair and reasonable transaction with suppliers, as examples of appropriate cooperation with stakeholders.