Overview of the result of public consultation for the draft revisions to the Corporate Governance Code

- The public consultation was conducted from April 10 to May 15, 2026. 147 individuals and organizations submitted their comments.
- Most comments **supported the direction of the revisions, including streamlining the Code and promoting growth investments**.
- The revisions **refined the content of the Principles, which are subject to the "comply or explain" approach, to capture their core essence** and **introduced a new "Interpretive Guidance"** to provide specific context and aim to support the substantive implementation of each Principle. There were comments noting that **these revisions are positive for encouraging companies to prioritize substantive initiatives**, while others noted that **the FSA and TSE should promote an understanding of the revisions' intent to prevent the misconception that corporate governance reform is weakening.**
- Many comments pointed out that it is important for companies **to provide tailored explanations for their initiatives regardless of whether they comply or do not comply with a Principle,** rather than merely offering superficial explanations using boiler-plate expressions, and that **the FSA and TSE should follow-up on companies' implementation**.
- The main comments received on each topic were as follows:

Appropriate allocation of business resources	➢ Regarding the clarification that the board should **persistently review whether the allocation of the company's business resources, such as financial assets like cash and real assets, is appropriate**, ✓ Some comments stated that such matters should **be left to companies' discretion, including maintaining a certain level of cash**, while; ✓ Others stated that companies should **provide detailed explanations and disclosures regarding their optimal level of cash.**
Yuho disclosure before AGMs	➢ Some supported the revisions, as **it would contribute to enhancing information disclosure for the exercise of shareholders' voting rights and dialogue with shareholders**. ➢ **Others stated that developing the legal framework** including the consolidation of annual securities reports and business reports, should be prioritized.
Enhancing board effectiveness	There were comments stating that the Code should require companies: ➢ to ensure that **the majority independence at the board** particularly for companies listed on the Prime Market. ➢ **to appoint the Lead Independent Director** and **an independent director as the chair**. ➢ to **tighten the independence standards** for independent directors.