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

Provisional translation

Background

- The revised Corporate Governance Code (the "Code"), finalized in July 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.