Message to Institutional Investors Who Have Accepted the Stewardship Code 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 institutional investors who have accepted the Stewardship Code to note the following points when responding to the Code.

Points to Note

- The Code aims to encourage companies to implement substantive initiatives in a manner consistent with the aims and spirit of each Principle to increase corporate value over the mid- to long-term, instead of formalistically responding to each Principle.
- The Code and the Stewardship Code are like "the two wheels of a cart," and it is expected that they will work appropriately and together for achieving effective corporate governance. In light of this, **investors are expected to appropriately adhere to the principles of the Stewardship Code and fulfill their stewardship responsibilities**.
- While companies present their path for growth as a starting point, it is important for companies and investors to **engage in constructive dialogue based on a "trusting relationship with candid communication" to increase corporate value over the mid- to long-term**. It is necessary to note that an approach that undermines a trusting relationship will not support sustainable growth or increased corporate value over the mid- to long-term, ultimately benefiting neither companies nor investors. This applies to short-term, one-sided demands, and the dismissal of a company's mid-to long-term path for growth simply because it does not align with a specific investment strategy.
- Investors should understand **the Code's aim for the comply or explain approach** (either comply with a Principle or explain the reasons for not doing so) **and sufficiently consider the specific circumstances of companies. In particular, investors should constructively assess a company's carefully tailored explanation.**
- In addition, given that the Code adopts a **principles-based approach**, it is not appropriate to interpret the Code as rules and pressure company actions by simply citing or referring to the language or statements of the Code without considering a company's specific circumstances.
- The Financial Services Agency will **continue to follow up by monitoring whether dialogue between companies and investors is conducted in accordance with the Stewardship Code.**