

**Opinion Statement for the 26th Council of Experts Concerning the Follow-up of
Japan's Stewardship Code and Japan's Corporate Governance Code**

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Please accept my apology for leaving today's meeting early due to an unavoidable reason. I'd like to express my opinions as follows:

First of all, I'd like to express my respect and gratitude to Chair Kanda and the Secretariat for preparing the draft of the second revision of the Corporate Governance Code in such a short period as 6 months.

KEIDANREN takes a basic stance that it is desirable for companies to improve governance in alignment with their objectives for healthy business growth. In the capacity of Capital Market Division Head of KEIDANREN, I have expressed various opinions in the previous meetings, and fully supported the reform to increase the competitiveness of Japanese companies and to contribute to increasing corporate value. In the meantime, I got an impression that there still remain some issues with respect to the verification of the effect which the reform has had on the competitiveness and the ability of value creation.

At the future stage of ensuring that the second revised version of the Code takes root in Japan after this draft is legislated, we'd like you to give full consideration to the following points:

1. From the perspective of improving the quality of business management, in order to enhance the number and roles of independent directors while ensuring diversity, it is necessary to secure a pool of a large number of candidates in the entire market. Accordingly, please promote a sufficient understanding of all market players including investors concerning the enhancement of the candidate pool, the timing of appointment, etc.
2. The basic approach of the Code is 'Comply or Explain.' As clearly stated in the Stewardship Code, institutional investors and proxy advisors, etc. are expected to engage with companies to increase corporate value instead of making uniform and merely formal judgments on them. We'd like to request the government and the financial authority to provide such guidance to them.
3. Please verify the governance reform's effect on an increase in corporate value
4. Please thoroughly follow up on the implementation of the revised Code, because various practical issues are considered to emerge.

KEIDANREN plans to send its comments in response to the call for public comments in the future,

make the revised Corporate Governance Code known to the public, and contribute to increasing corporate value of Japanese companies over mid- to long-terms by establishing sustainable capitalism.¹

END

¹ KEIDANREN, “. The NEW Growth Strategy” <https://www.keidanren.or.jp/en/policy/2020/108.html>