

Corporate Disclosure for Promoting Constructive Dialogue

Recommendations by Corporate Disclosure Working Group

More effective/efficient and timely disclosure

Promote constructive dialogue between companies and their shareholders/investors

Sustainable corporate growth and increased corporate value over the mid- to long-term

○ **Revise disclosure requirements across different mandatory disclosure (Earnings Release, Business Report and Annual Securities Report)**

(i) Revise disclosure requirements based on the role of respective disclosure documents, (ii) enable companies to unify the disclosure contents across different disclosure documents and (iii) eliminate duplicative disclosure requirements in the same document, and thus make it easier to disclose information in a more understandable way.

○ **Enhance disclosure of non-financial information to promote dialogue**

Improve the disclosure of business policies/strategies, and Management's Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows (MD&A). Encourage companies to make voluntary disclosure to meet the various information needs of investors.

1) Earnings Release (Stock Exchange Rule)

- Clarify that the verification of an auditor is not necessary before announcing Earnings Release and thus promote more timely disclosure
- Decrease the number of requested entries in order to enable companies to conduct disclosure more flexibly in accordance with each company's situation

2) Business Report (Companies Act)

- Clarify that companies can provide information in common with the contents disclosed in the Annual Securities Report and thus make it easier to unify the information in these two documents or release these two documents as a single set of documents

3) Annual Securities Report (Financial Instruments and Exchange Act)

- Unify disclosure requirements with the Business Report (calculation method for the ownership percentage of major shareholders)
- Eliminate duplicative disclosure (information on stock acquisition rights)
- Improve the disclosure of business policies/strategies and MD&A

○ **Increase options for the timing and procedure of disclosure and secure a sufficient period between the provision of information (e.g. proxy material, Business Report) and the annual general meeting (AGM)**

1) Revise disclosure requirements to facilitate extending the AGM season through a later voting record date

- Allow companies to disclose information on major shareholders as of the voting record date, and thus mitigate companies' burden associated with a later voting record date

2) Promote the electronic provision of Business Report

- Expand the scope of documents that can be provided electronically without the prior consent of shareholders in order to encourage companies to provide proxy material earlier

○ **Other recommendations**

- 1) Review of the voluntary application of IFRS in individual financial statements
- 2) Discuss the possibility of introducing Fair Disclosure Rules
- 3) Taking further steps, such as initiatives to improve the literacy of individual investors