

- Based on today's hearings, what approaches can be taken to encourage companies to take initiatives to improve their corporate value over the medium to long term?
 - In particular, what do you think of measures to further promote initiatives by companies other than those that are working on plans to comply with the continued listing criteria?

Note: The status of efforts to comply with the continued listing criteria and the future handling of transitional measures will be discussed at the next council and at subsequent meetings.

Reference: Previous Opinions

Management that Takes Capital Efficiency and Stock Price into Consideration

- ✓ A PBR lower than 1 is a situation in which **management is not bothered about stock price or capital efficiency.**
- ✓ **The most serious issue is that companies lack a sense of urgency.** Listed companies do not fully understand the basic concept that they are evaluated on the stock market.
- ✓ One idea would be to require companies to **publish a roadmap of their efforts and continue the PDCA cycle of dialogue and engagement with investors regarding the roadmap's contents.**
- ✓ However, we must be **careful not to fall into micromanagement**, and rather utilize the self-discipline of the market.

Constructive Dialogue with Investors

- ✓ In the Prime Market, regardless of market capitalization, **English disclosure practices should improve at the very least.**
- ✓ Even in the Standard Market, English disclosure is essential in order to be evaluated by domestic and foreign investors.
- ✓ In order to increase the effectiveness of the independent directors, we should create **more opportunities for them to meet with investors.** To start, an example of this might be to disclose the number of interviews in documents such as the Corporate Governance Reports.
- ✓ **Only a small number of investors are engaging in dialogue;** it is essential that **asset owners actively participate in such dialogue.**