

# Status of Initiatives on Such Matters as Parent-Subsidiary Listings

Listing Department  
Tokyo Stock Exchange, Inc.

January 14, 2026



## Issues

## Past Initiatives

## Future Measures

### Group Management

#### Enhancement of Information Disclosure on Protection of Minority Shareholders and Group Management (Dec. 2023)

- Requested companies to reconsider and disclose their policies regarding group management and the protection of minority shareholders while taking the investor's perspective into account

Continue to **encourage consideration of the best approach to parent-subsidary listings in terms of the parent company's group management and other factors** (case studies published at end of 2025)

### Management That Is Conscious of Minority Shareholders

#### Publication of "The Investor's Perspective on Such Matters as Parent-Subsidiary Listings" (Feb. 2025)

- Introduced the investor's perspective and examples of specific cases of misalignment with it

#### Measures Under the Listing Rules

1. Analysis and disclosure of the percentage of minority shareholders that voted for and against resolutions for directors' appointments

### The Functioning of Independent Directors

#### Revision of the Corporate Governance Code (Jun. 2021)

- Newly established a principle regarding the appointment of one-third or more (in the case of Prime-listed companies, a majority of) independent directors or the establishment of a special committee

#### Clarification of the Roles Expected of Independent Directors (Dec. 2023)

2. Revision of independence criteria

### Ensuring Fairness in the Privatization of Companies

#### Revision of the Code of Corporate Conduct (Jul. 2025)

- Revised the Code of Corporate Conduct (procedural regulations) regarding such matters as a controlling shareholder's conversion of a subsidiary into a wholly-owned subsidiary

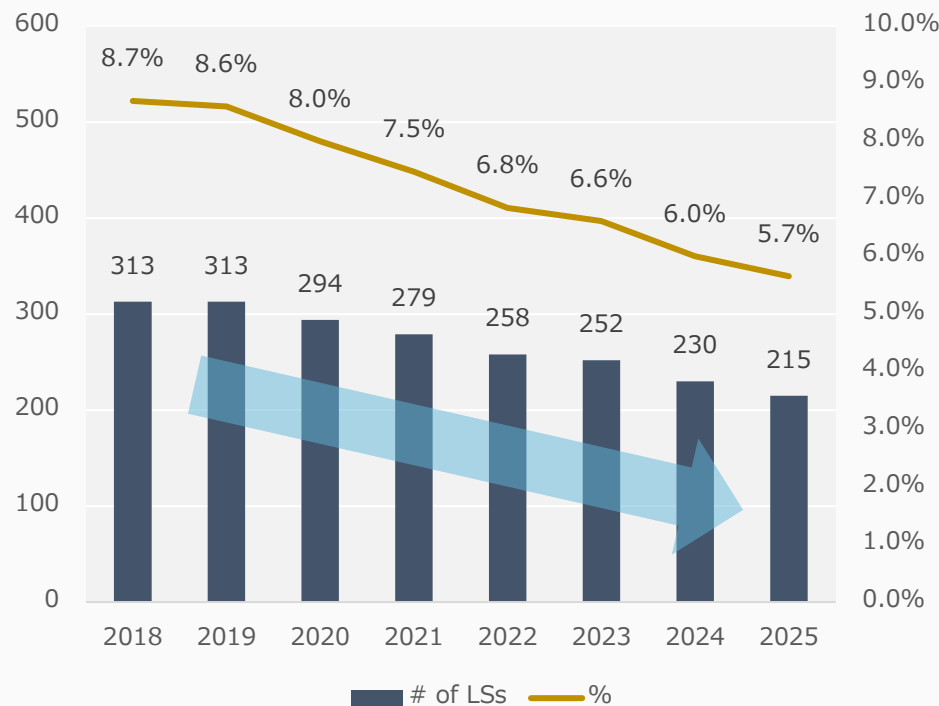
3. Other discussion points (e.g., post-revision follow-up)

# Recent State

# Number and Percentage of Listed Subsidiaries

- The number and percentage of listed subsidiaries has been slowly decreasing (215 companies as of July 2025).
  - Amid a growing trend at parent companies to restructure their corporate groups in order to appropriately allocate the group's management resources, many parent companies are converting their listed subsidiaries into wholly-owned subsidiaries or selling the subsidiaries' shares to other companies.

## Number and Percentage of Listed Subsidiaries (LSs)



## Factors in the Net Decrease of Listed Subsidiaries (LSs)

	End of FY2019	End of FY2020	End of FY2021	End of FY2022	End of FY2023	End of FY2024
<b># of LSs Added</b>	<b>19</b>	<b>18</b>	<b>13</b>	<b>11</b>	<b>9</b>	<b>17</b>
Shareholdings Increased	10	10	9	5	5	12
Newly Listed	9	8	3	5	4	4
Other (e.g., Parent Company Newly Listed)	0	0	1	1	0	1
<b># of LSs Subtracted</b>	<b>22</b>	<b>29</b>	<b>42</b>	<b>21</b>	<b>28</b>	<b>28</b>
Became Wholly-Owned	12	12	27	12	11	14
Shareholdings Decreased	6	10	8	8	13	11
Other (e.g., Business Integrated with Parent Company)	4	7	7	1	4	3
<b>Net Decrease</b>	<b>-3</b>	<b>-11</b>	<b>-29</b>	<b>-10</b>	<b>-19</b>	<b>-11</b>

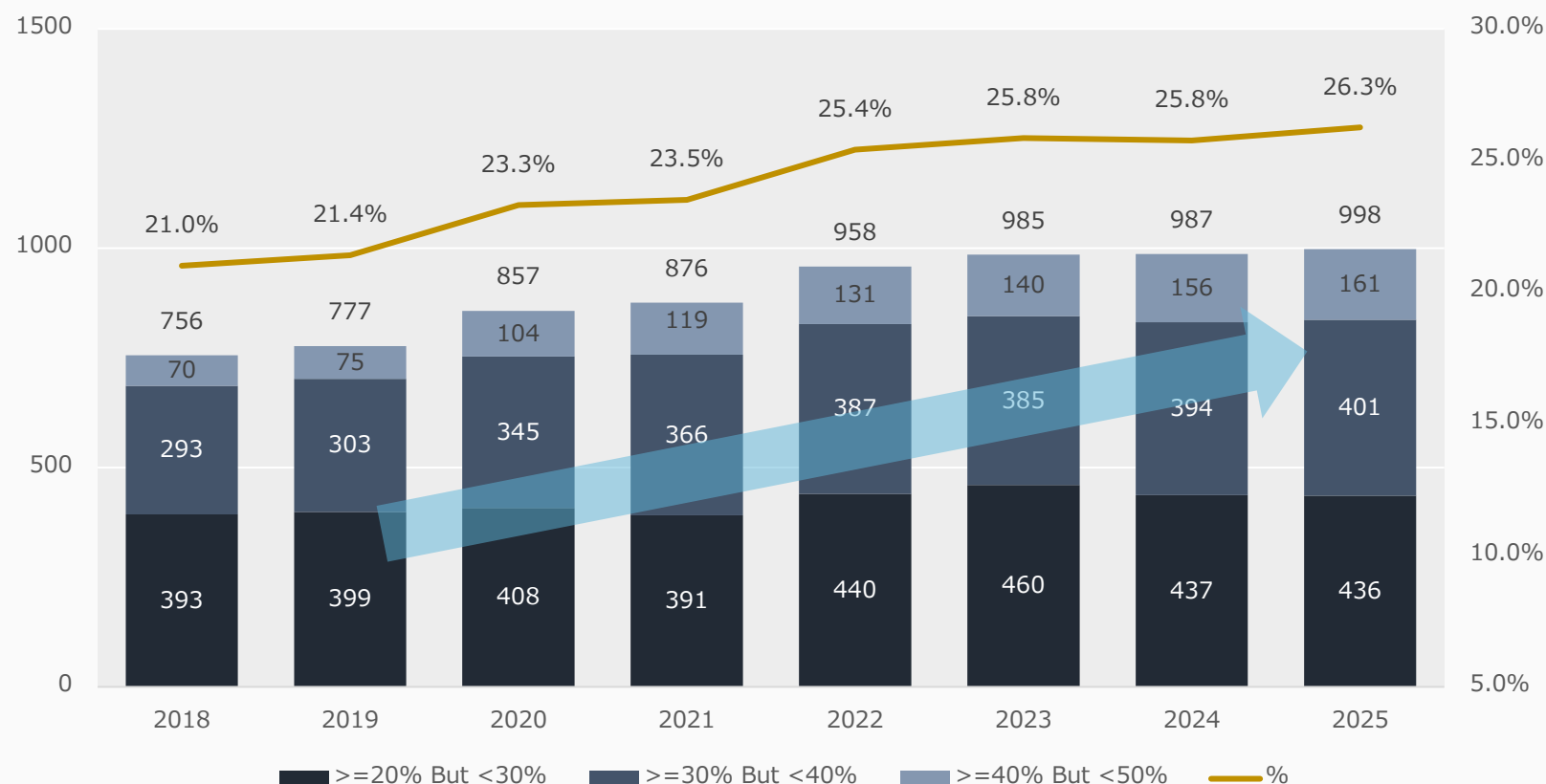
Source: Calculated the number and percentage of listed companies with a listed parent company based on each company's CG report.

- ✓ Study of listed companies with a listed parent company on a fiscal year basis  
Source: Nomura Institute of Capital Markets Research, "Nomura Sustainability Quarterly 2025 Summer"

# Number and Percentage of Listed Companies with a Quasi-Controlling Shareholder

- While the number and percentage of listed companies with a quasi-controlling shareholder (i.e., a major shareholder holding 20% or more but less than 50% of the listed company's shares) (excluding parent companies and individual shareholders) will vary depending on the capital ties that are formed between companies after listing, they are still increasing slightly (998 companies as of July 2025).

## Number and Percentage of Listed Companies with a Quasi-Controlling Shareholder



Source: Calculated based on each company's CG report. First, the total number of companies with a quasi-controlling shareholder was calculated. Then, from said total, the number of companies with a parent company and the number of companies whose largest shareholder was an individual were excluded.

# Status of Appointment of Independent Directors

- With respect to minority shareholder protection, companies with a controlling shareholder made some progress in appointing independent directors and establishing special committees in line with the 2021 Revisions to the Corporate Governance Code.

Principle	Overview	Compliance Rate	
		Prime	Standard
Supplementary Principle 4.8.3	Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.	91.3%	73.9%

(As of July 12, 2024)

(Note) The denominator of the compliance rate is the total number of companies that are listed on said market and that have a controlling shareholder.

## Appointment of Independent Directors (IDs) at Companies with a Controlling Shareholder

	# of Cos.	(Ref.) # That Refer to the Establishment of a Special Committee
<b>Cos. with a Controlling Shareholder</b>	<b>572 cos.</b>	<b>144 cos.</b>
Majority of Directors are IDs	105 cos. (18.4%)	26 cos. (P: 21, S: 3, G: 2)
1/3 to 1/2 of Directors are IDs	321 cos. (56.1%)	97 cos. (P: 57, S: 33, G: 7)
Less than 1/3 of Directors are IDs	146 cos. (25.5%)	21 cos. (P: -, S: 19, G: 2)

CG Code Majority

Prime	Standard	Growth
<b>122 cos.</b>	<b>267 cos.</b>	<b>183 cos.</b>
49 cos. (40.2%)	25 cos. (9.4%)	31 cos. (16.9%)
71 cos. (58.2%)	156 cos. (58.4%)	94 cos. (51.4%)
2 cos. (1.6%)	86 cos. (32.2%)	58 cos. (31.7%)

1/3 or More

## Ref.

Prime (All Cos.)
<b>1,622 cos.</b>
425 cos. (26.2%)
1,177 cos. (72.6%)
14 cos. (0.9%)

(As of July 14, 2025)

Source: Calculated by TSE based on each company's CG report.

# Disclosures on Minority Shareholder Protection and Group Management

- This publication introduces the investor's perspective on the best approach to parent-subsubsidiary listings and examples of specific cases where listed companies' initiatives are not aligned with it.

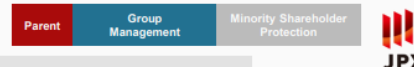
## The Investor's Perspective on Such Matters as Parent-Subsidiary Listings

Listing Department  
Tokyo Stock Exchange, Inc.

February 4, 2025

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### Cases of Misalignment with the Investor's Perspective (1)



#### 1. The parent only cites the advantages of listing its subsidiary

##### Investors' Comments



##### Example (based on an actual disclosure)

We have decided to keep the subsidiary listed because we believe that its credibility as a listed company will help expand our client base, secure human resources, and maintain and improve employee morale, and this will contribute to increasing our group's corporate value.

##### Example (based on an actual disclosure)

We believe that we have sufficient grounds for keeping the subsidiary listed because doing so helps it acquire talented human resources, maintain and improve employee morale, and receive flexible financing from the capital market.

- ✓ There are many cases where the parent company merely cites the advantages of listing its subsidiaries and does not consider or explain **whether this is optimal in terms of capital efficiency and improving the group's corporate value**.
- ⇒ In TSE's request to take "Action to Implement Management that Is Conscious of Cost of Capital and Stock Price," companies are expected to **appropriately allocate management resources by being conscious of the cost of and returns on capital** and doing such things as reviewing their business portfolios.
- ⇒ As the parent company **considers the balance sheet and cash allocation policy that it is hoping to achieve**, it should also discuss and explain **how it will position and utilize its listed subsidiaries**.
- ⇒ In addition to qualitative analysis, the parent company needs to perform **quantitative analysis** from the perspective of **capital returns** (e.g., ROE and ROIC) and **market valuation** (e.g., PER and PBR) to determine such things as **whether the subsidiary is achieving a return on capital that exceeds the cost of capital**.
- ⇒ It is also important for the parent company to consider **the best owner principle (whether it is the holding entity that maximizes its subsidiary's corporate value)**. As a result, it may choose to sell its subsidiary to a third party. Investors applauded companies like Hitachi and Fujitsu for **considering their business portfolio strategy and selling some of their subsidiaries**.

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# Status of Disclosures on Minority Shareholder Protection and Group Management (Parent Companies)

- Parent companies' disclosures primarily consisted of the advantages of keeping their subsidiaries listed and whether they were involved in their listed subsidiaries' decision-making processes (including whether any contracts regarding items for prior approval/consultation had been concluded).
- The number of disclosures that took into account "The Investor's Perspective on Such Matters as Parent-Subsidiary Listings" (published in Feb. 2025) was still rather limited

Outline of Specific Points for Disclosure	Disclosure Rate (% of change from last year)
<b>Basic approach to business portfolio strategy</b>	
Approach to/policy on ownership of listed subsidiaries	23% (+7%)
Approach to/policy on differentiation from other forms of group company ownership	6% (+0%)
Approach to/policy on the coordination and allocation of business opportunities and business areas within the group	11% (-3%)
Approach to/policy on reviewing/revising the business portfolio, and the status of said review/revision	26% (-4%)
<b>Rationale for holding the company as a subsidiary and for keeping it listed</b>	
Background to holding the company as a listed subsidiary	34% (+6%)
<b>Advantages and disadvantages of it being a listed subsidiary</b>	<b>84%</b> <b>(+8%)</b>
<b>Rationale compared to other forms of group company ownership</b>	<b>4%</b> <b>(+1%)</b>

## Divergence from the Investor's Perspective

There were few instances where the parent company explained its rationale for keeping its subsidiaries listed in terms of the group's capital efficiency and improving the group's corporate value.

Outline of Specific Points for Disclosure	Disclosure Rate (% of change from last year)
<b>Approach to/policy on the treatment of listed subsidiaries in the group management system</b>	
<b>Whether there is involvement in the decision-making process at listed subsidiaries, and if so, the nature of such involvement</b>	<b>61%</b> <b>(+5%)</b>
Treatment of listed subsidiaries with regards to the cash management system	7% (+3%)
<b>Approach to/policy on the exercise of voting rights in the appointment and dismissal of the listed subsidiary's executives</b>	<b>26%</b> <b>(+2%)</b>
<b>Approach to/policy on involvement in the nomination process for the listed subsidiary's executives</b>	<b>24%</b> <b>(+3%)</b>

## Divergence from the Investor's Perspective

There were few instances where the parent company gave a detailed explanation of how it ensures the effectiveness its subsidiaries' governance systems, including its approaches to and policies on the nomination process for the listed subsidiaries' executives and the exercise of voting rights in the appointment and removal of said executives.

(Note) Calculated based on each company's CG report as of July 14, 2025. The denominator of the disclosure rate is the total number of TSE-listed companies that have listed subsidiaries. The percentage of change is the difference between this year's disclosure rate and last year's disclosure rate (as of July 12, 2024). (The denominator of last year's disclosure rate was the number of listed companies that had listed subsidiaries and that had updated their CG reports between Dec. 27, 2023 and July 12, 2024 with content that had changed from the previous year. The denominator of this year's disclosure rate has a different value.)

# Case Studies on Such Matters as Parent-Subsidiary Listings (December 2025)

- To serve as a reference for listed companies' deliberations, TSE has published the Compilation of Cases Studies on Such Matters as Parent-Subsidiary Listings. This document is a compilation of **companies' disclosures that have received a certain level of positive feedback from investors, from the perspective of group management and minority shareholder protection.**

## Compilation of Case Studies on Such Matters as Parent-Subsidiary Listings

Listing Department  
Tokyo Stock Exchange, Inc.  
December 26, 2025



Note: The case studies in this document are included solely for informational purposes to serve as a reference for listed companies when considering approaches to group management and minority shareholder protection. They are not intended for any other purpose, including the solicitation of investment in specific issues.

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<https://www.jpx.co.jp/english/news/1020/20251226-03.html>

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### Roche (SIX Swiss Exchange) / Chugai Pharmaceutical (Prime: 4519) (2)

#### Information disclosed by Chugai Pharmaceutical

##### Significance of the Strategic Alliance

Win-Win Partnership through Network-based Management



The stable income base provided through the strategic alliance with the parent company, Roche, enables the subsidiary to concentrate management resources on drug discovery. The subsidiary explains in detail how significant this strategic alliance is and the reasons for prioritizing autonomous and independent management, linking it to its own business model.

#### A Business Model of Autonomous and Independent Management, and a Strategic Alliance with Roche



Note: The two slides on this page were translated into English by Chugai Pharmaceutical

Source: Pages 5 & 6 of report on roundtable meeting between Chugai Pharmaceutical Co., Ltd. and institutional investors on October 30, 2024 (in Japanese only)  
<https://www.chugai-pharm.co.jp/en/ir/roche-chugai-pharm/20241030.pdf>  
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# Discussion on Revising Listing Rules

(Excerpted from Materials of the Eighth Meeting of "Study Group to Review Minority Shareholder Protection and Other Framework of Quasi-Controlled Listed Companies" (Second Phase))

- TSE has received comments from domestic and overseas institutional investors who are calling for the enhancement of disclosures on such matters as group management as well as for further measures under the listing rules, particularly with regard to the following points.
  - **Encourage listed subsidiaries to implement management that is conscious of minority shareholders**
  - **Ensure the effectiveness and independence of independent directors**, who oversee management and play a central role in protecting minority shareholders
  - **Ensure greater fairness in the privatization of companies (e.g., when a parent company makes a subsidiary wholly-owned)**



- While in previous meetings, TSE has received various opinions from you regarding revisions to the listing rules, could you once again consider the following discussion points in detail while taking the above circumstances into account?
  - 1. Analysis and disclosure of such data as the percentage of minority shareholders that voted for and against resolutions for directors' appointments**
  - 2. Revision of independence criteria (i.e., independence from large shareholders)**
  - 3. Other discussion points (e.g., ensuring fairness in the privatization of companies)**

# **① Analysis and Disclosure of Such Data as the Percentage of Minority Shareholders That Voted For and Against a Director's Appointment**

- A certain percentage of resolutions for the appointment of an inside director, such as top management, at listed subsidiaries received a low approval rate from shareholders other than the parent company.

\* Please note that Supplementary Principle 1.1.1 of the Corporate Governance Code states that when a considerable number of votes have been cast against a proposal by the company, the board should analyze the reasons why and consider the need for shareholder dialogue and other measures.

## Distribution of Approval Rates at Listed Subsidiaries

Approval Rate of Shareholders Other Than the Parent Company (Estimated)	Resolutions for an Inside Director's Appointment		Subset That Are Resolutions for a Representative Director's Appointment	
	# of Resolutions	Percentage	# of Resolutions	Percentage
<30%	5	0.5%	2	0.7%
>=30% But <50%	17	1.7%	11	4.0%
>=50% But <70%	52	5.3%	41	15.1%
>=70% But <80%	44	4.4%	32	11.8%
>=80% But <90%	185	18.7%	58	21.3%
>=90%	686	69.4%	128	47.1%
Total	989	100.0%	272	100.0%

### Approval Rate Under 50%

Resolutions for an Inside Director's Appointment: **Approx. 2%**  
Resolutions for a Representative Director's Appointment: **Approx. 5%**

### Approval Rate Under 80%

Resolutions for an Inside Director's Appointment: **Approx. 12%**  
Resolutions for a Representative Director's Appointment: **Approx. 32%**

\* Under the UK Corporate Governance Code, an analysis of opposing votes is required when the approval rate is under 80%.

### Main Reasons for Opposition

- Board Composition (e.g., low percentage of independent directors)
- Performance Issues (e.g., low return on capital)
- Other (e.g., insufficient IR activities)

(Ref.) Cos. w/o a Controlling Shareholder

Resolutions for an Inside Director's Appointment	
# of Resolutions	Percentage
3	0.0%
5	0.0%
70	0.6%
286	2.5%
1044	9.0%
10255	87.9%
11663	100.0%

**Approx. 0%**

**Approx. 3%**

(Source) Created by TSE from data by ICJ, Inc. (Excludes companies whose data could not be acquired from ICJ.)

(Note) Data on resolutions for directors' appointments that companies proposed at their shareholders' meetings from Jul. 2024 to Jun. 2025.

- The listed subsidiaries are TSE-listed companies that have disclosed in their CG reports (as of Jul. 14, 2025) that they have a parent company. The approval rates of shareholders other than the parent company were estimated from the number of votes cast for and against each resolution that were disclosed in each company's Extraordinary Report, assuming that the parent company cast its votes for each resolution.
- The companies without a controlling shareholder are TSE-listed companies that disclosed in their CG reports (as of Jul. 14, 2025) that they did not have a parent company or a controlling shareholder. The approval rates are those that each company has disclosed in its Extraordinary Report.

- There were also some **resolutions for an outside director's appointment that received a low approval rate due to concerns over the candidate's independence and other reasons.**

## Distribution of Approval Rates for Resolutions for Outside Directors' Appointments

Approval Rate of Shareholders Other Than the Parent Company (Estimated)	Resolutions for an Outside Director's Appointment		Subset That Are Resolutions for an Independent Director's Appointment	
	# of Resolutions	Percentage	# of Resolutions	Percentage
<30%	3	0.5%	2	0.3%
>=30% But < 50%	7	1.1%	5	0.9%
>=50% But <70%	21	3.4%	20	3.5%
>=70% But <80%	15	2.5%	15	2.6%
>=80% But <90%	95	15.6%	88	15.3%
>=90%	469	76.9%	447	77.5%
Total	610	100.0%	577	100.0%

### Approval Rate Under 50%

Resolutions for an Outside Director's Appointment: **Approx. 2%**

Resolutions for an Independent Director's Appointment: **Approx. 1%**

### Approval Rate Under 80%

Resolutions for an Outside Director's Appointment: **Approx. 7%**

Resolutions for an Independent Director's Appointment: **Approx. 7%**

\* Under the UK Corporate Governance Code, an analysis of opposing votes is required when the approval rate is under 80%.

### Main Reasons for Opposition

- Concerns About Independence (e.g., violations of the company's independence criteria)
- Concerns About Effectiveness (e.g., attendance status, issues w/ no. of concurrent directorships)
- Other (e.g., performance issues)

(Ref.) Cos. w/o a Controlling Shareholder

Resolutions for an Outside Director's Appointment	
# of Resolutions	Percentage
40	0.5%
10	0.1%
43	0.5%
197	2.4%
668	8.3%
7101	88.1%
8059	100.0%

Approx. 1%

Approx. 4%

(Source) Created by TSE from data by ICJ, Inc. (Excludes companies whose data could not be acquired from ICJ.)

(Note) Data on resolutions for directors' appointments that companies proposed at their shareholders' meetings from Jul. 2024 to Jun. 2025.

- The listed subsidiaries are TSE-listed companies that have disclosed in their CG reports (as of Jul. 14, 2025) that they have a parent company. The approval rates of shareholders other than the parent company were estimated from the number of votes cast for and against each resolution that were disclosed in each company's Extraordinary Report, assuming that the parent company cast its votes for each resolution.
- The companies without a controlling shareholder are TSE-listed companies that disclosed in their CG reports (as of Jul. 14, 2025) that they did not have a parent company or a controlling shareholder. The approval rates are those that each company has disclosed in its Extraordinary Report.

- At listed subsidiaries, the parent company, which holds a majority of the voting rights, has the power to appoint and dismiss directors, including management.
- Meanwhile, because such companies are listed companies, their executives must also strive to manage with an awareness of the company's minority shareholders.
- Furthermore, it is crucial to ensure the effectiveness and independence of independent directors, who oversee management and play a central role in protecting minority shareholders.

- In terms of encouraging listed subsidiary executives to be more aware of the subsidiary's minority shareholders and enhancing the independence and effectiveness of independent directors, could TSE consider **requiring listed subsidiaries to analyze and disclose the percentage of minority shareholders that voted for and against resolutions for directors' appointments, their reasons for opposition, and the necessity of additional measures?**

## Anticipated Disclosure Content

- ✓ Definition of Minority Shareholders (presumably excluding the controlling shareholder and related companies\* (and their executives) from the definition of minority shareholders)
    - \* Meaning "associated company" as defined in Article 8, Paragraph 8 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (e.g., parent company, subsidiary company, affiliated company, other associated company).
  - ✓ The percentage of minority shareholders that voted for and against each resolution for a director's appointment
  - ✓ When a considerable number of votes have been cast against a proposal by the company, the reasons behind the opposing votes and why many shareholders opposed
  - ✓ The necessity for dialogue with shareholders and other additional measures and the implementation status of such measures\*
- \* The purpose is to get companies to use the reasons for opposition as a catalyst for dialogue with shareholders regarding such matters as group management, minority shareholder protection, the appointment process for candidates for directorships (e.g., policies on the appointment of management, measures to ensure the independence and effectiveness of independent directors).



# Items for Discussion (1) (continued)

- What do you think about **making companies with a large shareholder other than a parent company subject to the same regulations that listed subsidiaries are subject to?**
  - What do you think the **specific definition** of such companies should be?  
(e.g., could the definition of “company with a large shareholder” be “a company with a shareholder that holds 30% or more of the company’s shares”? This is because 30% or more, considering the average voting rate, is a level of voting rights that could significantly influence ordinary resolutions at shareholders’ meetings?)

% of Shares Held	50%~	40%~	30%~	25%~	20%~	10%~	5%~	~5%
Other Regulations/Ways of Thinking	<b>Parent Company</b> <ul style="list-style-type: none"> <li>Either a company that has a stock company as its subsidiary or any other entity prescribed by Ministry of Justice Order as a corporation that controls said stock company’s operations (Article 2, Item 4 of the Companies Act)</li> <li>A company, etc. that has control over the body that makes decisions on the financial and operational or business policies of another company, etc. (Article 8, Paragraph 3 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements)</li> </ul>	<b>Effectively Holds a Majority of the Voting Rights</b> (Assuming an exercise rate of 80%)	<b>The 30% Rule for Restrictions on Tender Offers</b> <small>(Article 27-2 of the Financial Instruments and Exchange Act)</small> <b>* Reduced from one-third to 30% (see p18)</b>	<b>Restrictions on the Voting Rights of Cross-Held Shares</b> <small>A shareholder prescribed by Ministry of Justice Order as an entity that is related to a stock company in a way that makes it possible for the stock company to substantially control the entity’s operations, due to the stock company’s holding one-fourth or more of all shareholders’ voting rights in the entity or to other reasons (Article 308 of the Companies Act)</small>	<b>Other Associated Companies (Affiliated Companies)</b> <small>Other companies, etc. that are not subsidiary companies but whose decisions on their financial and operational or business policies could be significantly influenced by a company, etc. or its subsidiary company, due to such company’s relationship with said other companies, etc. that are not subsidiary companies in terms of investment, personnel, funds, technology, transactions, etc. (Article 8, Paragraph 5 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements)</small>	<b>Major Shareholder</b> <small>A shareholder that holds voting rights, either in the shareholder’s own name or in another person’s name, that are equivalent to ten percent or more of the voting rights of all shareholders, etc. (Article 163, Paragraph 1 of the Financial Instruments and Exchange Act)</small>	<b>Large-Volume Holder</b> <small>A holder of share certificates, etc. who holds over five percent of said share certificates, etc. (Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act)</small>	
	<small>* Also includes any entity that holds between 40% and 50% of the company’s shares and falls under a parent company according to the controlling interest criteria</small>							

- \* Please note that under the UK Corporate Governance Code, when the approval rate for a resolution is under 80%, a company is required to publish what actions it will take in order to understand the reasons behind the opposing votes and an update on the views it received from shareholders and on the actions it has taken, regardless of whether the company has a parent company or large shareholder.

# Ref.: Percentage of Voting Rights Exercised at TSE-Listed Companies

- The **median** percentage of voting rights exercised at TSE-listed companies is **approximately 60%**.
- The number of companies **with 70% to 80% of voting rights exercised** and those with **80% to 90% of voting rights exercised** are **approximately the same** as well as the highest.

## Status and Distribution of % of Voting Rights Exercised

FY of GSM	FY 2022			FY 2021			FY 2020			FY 2019			FY 2018		
	N	Avg	Mdn	N	Avg	Mdn	N	Avg	Mdn	N	Avg	Mdn	N	Avg	Mdn
TSE-Listed Cos.	3,163	57.1%	61.3%	2,998	60.0%	65.2%	2,818	59.6%	65.1%	2,719	56.3%	60.4%	2,577	55.5%	59.2%

% Exercised	FY2022 GSM		FY2021 GSM		FY2020 GSM		FY2019 GSM		FY2018 GSM	
	# of Cos.	Cum. %	# of Cos.	Cum. %	# of Cos.	Cum. %	# of Cos.	Cum. %	# of Cos.	Cum. %
10%>	41	1.3%	43	1.4%	45	1.6%	58	2.1%	54	2.1%
~20%	165	6.5%	174	7.2%	154	7.1%	184	8.9%	166	8.5%
~30%	341	17.3%	229	14.9%	216	14.7%	249	18.1%	261	18.7%
~40%	374	29.1%	248	23.1%	245	23.4%	287	28.6%	271	29.2%
~50%	352	40.2%	281	32.5%	280	33.4%	280	38.9%	279	40.0%
~60%	266	48.7%	310	42.9%	277	43.2%	290	49.6%	287	51.1%
~70%	403	61.4%	404	56.3%	402	57.5%	386	63.8%	358	65.0%
~80%	557	79.0%	572	75.4%	541	76.7%	446	80.2%	431	81.8%
~90%	545	96.2%	599	95.4%	550	96.2%	448	96.7%	405	97.5%
≥90%	119	100%	138	100%	108	100%	91	100%	65	100%

(Source) Created by the FSA based on data from Trust Companies Association of Japan. The denominator is the number of TSE-listed companies (as of Apr. 4, 2022) that did not have a controlling shareholder (as of May 31, 2023) and that entrusted a transfer agent with the tabulation of the voting rights exercised at their general shareholders' meetings for FY2022 (i.e., the ordinary shareholders' meeting held sometime between Apr. 2022 and Mar. 2023). However, the portion of voting rights exercised on the day of each company's general shareholders' meeting was not included. For more detailed information, please refer to pages 8-10 of the reference materials.

Source: FSA. Excerpt from Document 1 of the 2nd Meeting of the FSC's Working Group on the Tender Offer Rules and Large Shareholding Reporting Rules ([https://www.fsa.go.jp/singi/singi\\_kinyu/tob\\_wg/shiryou/20230731/01.pdf](https://www.fsa.go.jp/singi/singi_kinyu/tob_wg/shiryou/20230731/01.pdf)). Translated at the Tokyo Stock Exchange.

## ② Revision of Independence Criteria

# Current Independence Criteria

- Under TSE's independence criteria, an individual who currently serves as an executive officer, non-executive director, or audit & supervisory board member (hereinafter collectively referred to as an "executive officer, etc.") at a parent company, subsidiary, or affiliate or has served in such a capacity within the past ten years is deemed to lack independence.
- On the other hand, if **the individual is an executive officer, etc. of a large shareholder other than the parent company (e.g., other associated company, major shareholder) or if the company in question is a large shareholder of another company and the individual is an executive officer, etc. of that company**, such individuals are not deemed to lack independence.

\* However, if the individual qualifies as an executive officer of a major shareholder, the company is required to disclose the applicable circumstances (e.g., the major shareholder's percentage of voting rights, the facts affecting management, and the individual's position at the major shareholder).

	Executive Officer, etc. at a Listed Company or One of Its Subsidiaries	Executive Officer, etc. at the Parent Company or One of Its Affiliates	Executive Officer at a Key Business Partner or an Entity (e.g., Consulting Firm) From Which the Company Receives a Substantial Amount of Money	Executive Officer at a Major Shareholder	Executive Officer at a Non-Key Business Partner	Executive Officer at a Company With Which Cross-Appointments or Contributions Are Made	Other
Current	×	×					
Past (Recent)	×	Not Independent			Disclosure Required		
Past (Within the Past 10 Years)	×						
Past (More Than 10 Years Ago)						Disclosure Not Required	

×: The Companies Act deems such individuals to lack outsideness.

Red boxes: TSE's independence criteria deems such individuals to lack independence.

Yellow boxes: The listed company must disclose an overview of its relationship with the company in its CG report and other documents. (Such individuals are not deemed to lack independence.)

- Currently, 71 companies have disclosed that they have appointed a major shareholder's executive officer as an independent director.
  - Of those, 53 companies have disclosed that they have business or personnel relationships with the major shareholder.

## Status of Designation of a Major Shareholder's Executive Officer as an Independent Director

	# of Cos.	Prime	Standard	Growth
<b>Currently/Recently</b>	<b>34 cos.</b> (40 ppl.)	7 cos. (7 ppl.)	23 cos. (29 ppl.)	4 cos. (4 ppl.)
<b>In the Past</b>	<b>39 cos.</b> (41 ppl.)	16 cos. (18 ppl.)	20 cos. (20 ppl.)	3 cos. (3 ppl.)

(Ref.) Companies That Have Appointed Independent Directors (limited to companies with a major shareholder)	<b>3,238 cos.</b> (10,564 ppl.)	<b>1,423 cos.</b> (6,106 ppl.)	<b>1,277 cos.</b> (3,241 ppl.)	<b>538 cos.</b> (1,217 ppl.)
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- \* If TSE were to deem that an executive officer of a major shareholder lacks independence, only one company would be in violation of its obligation to appoint independent directors under TSE's Code of Corporate Conduct.

(As of Sep. 30, 2025)

Source: Calculated by TSE based on each company's CG report.

(Note 1) Excludes cases where non-major shareholders (e.g., large shareholders, main banks) were listed as major shareholders

(Note 2) The figures for disclosures regarding business relationships (including business alliances) or personnel relationships (excluding appointments as an independent director) were compiled based on each company's CG report or its disclosures concerning controlling shareholders, etc.

## The Major Shareholder's Percentage of Voting Rights

	<b>&gt;=10% But &lt;20%</b>	<b>&gt;=20% But &lt;30%</b>	<b>&gt;=30%</b>
<b>Currently/ Recently</b>	20 cos. (22 ppl.)	10 cos. (11 ppl.)	4 cos. (7 ppl.)
<b>In the Past</b>	18 cos. (19 ppl.)	14 cos. (14 ppl.)	8 cos. (8 ppl.)

## Relationship with the Major Shareholder

	<b>Disclosed a Business Relationship</b>	<b>Disclosed a Personnel Relationship *Voluntary Disclosure</b>
<b>Currently/ Recently</b>	24 cos. (26 ppl.)	5 cos. (6 ppl.)
<b>In the Past</b>	30 cos. (31 ppl.)	12 cos. (12 ppl.)

- Even large shareholders other than the parent company possess a certain degree of influence over the listed company through such means as the exercise of voting rights.
  - \* Large shareholders and minority shareholders share common interests in terms of enjoying the benefits brought about by enhancements in medium- to long-term corporate value (i.e., the growth of shareholder's collective benefits). However, potential conflicts of interest may arise in certain situations.



- **Considering that the purpose of the independent director system is to require the appointment of outside directors and others who are unlikely to have conflicts of interest with general shareholders, what do you think about having the independence criteria require that independent directors be independent from large shareholders?**
  - How do you think TSE should **define what a large shareholder is** in such a case?
  - How do you think TSE should **handle individuals who currently qualify as an executive officer, etc. of a large shareholder as well as those who recently qualified and those who qualified in the past?**
- **What do you think about also having the independence criteria require that independent directors be independent from companies of which the listed company is a large shareholder?**

% of Shares Held	50%~	40%~	30%~	25%~	20%~	10%~	5%~	~5%
Other Regulations / Ways of Thinking	<b>Parent Company</b> <ul style="list-style-type: none"> <li>Either a company that has a stock company as its subsidiary or any other entity prescribed by Ministry of Justice Order as a corporation that controls said stock company's operations (Article 2, Item 4 of the Companies Act)</li> <li>A company, etc. that has control over the body that makes decisions on the financial and operational or business policies of another company, etc. (Article 8, Paragraph 3 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements)</li> </ul> <p>* Also includes any entity that holds between 40% and 50% of the company's shares and falls under a parent company according to the controlling interest criteria</p>	<b>Effectively Holds a Majority of the Voting Rights</b> (Assuming an exercise rate of 80%)	<b>The 30% Rule for Restrictions on Tender Offers</b> (Article 27-2 of the Financial Instruments and Exchange Act)	<b>Restrictions on the Voting Rights of Cross-Held Shares</b> A shareholder prescribed by Ministry of Justice Order as an entity that is related to a stock company in a way that makes it possible for the stock company to substantially control the entity's operations, due to the stock company's holding one-fourth or more of all shareholders' voting rights in the entity or to other reasons (Article 308 of the Companies Act)	<b>Other Associated Companies (Affiliated Companies)</b> Other companies, etc. that are not subsidiary companies but whose decisions on their financial and operational or business policies could be significantly influenced by a company, etc. or its subsidiary company, due to such company's relationship with said other companies, etc. that are not subsidiary companies in terms of investment, personnel, funds, technology, transactions, etc. (Article 8, Paragraph 5 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements)	<b>Major Shareholder</b> A shareholder that holds voting rights, either in the shareholder's own name or in another person's name, that are equivalent to ten percent or more of the voting rights of all shareholders, etc. (Article 163, Paragraph 1 of the Financial Instruments and Exchange Act)	<b>Large-Volume Holder</b> A holder of share certificates, etc. who holds over five percent of said share certificates, etc. (Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act)	

- Regardless of the percentage of shares that the other associated company holds in **the listed affiliate**, a **certain percentage of the agreements contain provisions that are important for the investment decisions of the listed affiliate's minority shareholders** (e.g., nomination of director candidates and senior management, prior approval or consultation).

15% <	10% - 15%	5% - 10%	0% - 5%
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## Existence of provisions by category

	All Listed Affiliates		< 20%		20% - 30%		30%- 40%		40% - 50%	
<b>(1) Nomination of director candidates and senior management, etc.</b>	90	15.5%	17	17.9%	40	16.7%	27	13.3%	6	14.3%
(Of which, obligations, prohibitions, and approvals)	(83)	(14.3%)	(16)	(16.8%)	(38)	(15.8%)	(23)	(11.3%)	(6)	(14.3%)
<b>(2) Maintenance of shareholding ratio and anti-dilution</b>	59	10.2%	8	8.4%	59	11.3%	18	8.9%	6	14.3%
(Of which, obligations, prohibitions, and approvals)	(53)	(9.1%)	(7)	(7.4%)	(24)	(10.0%)	(17)	(8.4%)	(5)	(11.9%)
<b>(3) Sale/further purchase of shares held by shareholders and other matters on handling of shares</b>	42	7.2%	8	8.4%	21	8.8%	9	4.4%	4	9.5%
(Of which, obligations, prohibitions, and approvals)	(34)	(5.9%)	(4)	(4.2%)	(18)	(7.5%)	(8)	(3.9%)	(4)	(9.5%)
<b>(4) Exercise of voting rights of shareholders</b>	5	0.9%	1	1.1%	1	0.4%	1	0.5%	2	4.8%
(Of which, obligations, prohibitions, and approvals)	(5)	(0.9%)	(1)	(1.1%)	(1)	(0.4%)	(1)	(0.5%)	(2)	(4.8%)
<b>(5) Prior approval or consultation</b>	58	10.0%	7	7.4%	29	12.1%	17	8.4%	5	11.9%
(Of which, obligations, prohibitions, and approvals)	(26)	(4.5%)	(2)	(2.1%)	(11)	(4.6%)	(11)	(5.4%)	(2)	(4.5%)
<b>(6) Business coordination and avoidance of business competition</b>	14	2.4%	2	2.1%	5	2.1%	6	3.0%	1	2.4%
(Of which, obligations, prohibitions, and approvals)	(8)	(1.4%)	(2)	(2.1%)	(2)	(0.8%)	(3)	(1.5%)	(1)	(2.4%)
<b>(7) Continued listing</b>	17	2.9%	3	3.2%	5	2.1%	7	3.4%	2	4.8%
<b>(8) Appointment and use of independent directors</b>	7	1.2%	2	2.1%	2	0.8%	2	1.0%	1	2.4%
<b>(9) Respect for independence and autonomy, etc.</b>	33	5.7%	5	5.3%	11	4.6%	11	5.4%	6	14.3%
<b>Number of companies</b>	580		95		240		203		42	

Notes: 1. "Number of companies" on the bottom row represents the number of responding companies by each shareholding percentage (including companies that responded "No agreement"). Percentages in the table are the proportions out of this number.

2. Shareholding percentages of the largest shareholder are based on each company's Corporate Governance Report. As a rule, the percentages are those of direct holdings and do not include indirect holdings.

3. "Obligations, prohibitions, and approvals" includes only agreements that stipulate obligations or prohibitions and items for which approvals must be obtained, and excludes agreements that only stipulate obligations to consult or make efforts and items only requiring consultation.



# Ref.: Institutional Investors' Criteria for the Exercise of Voting Rights

- Institutional investors that have declared their acceptance of the Stewardship Code have criteria for the exercise of voting rights as shown in the table below.
  - Many of them have set 5% or 10% of voting rights as the threshold for shareholders who can exert influence over a listed company through the exercise of voting rights (and have a potential conflict of interest).

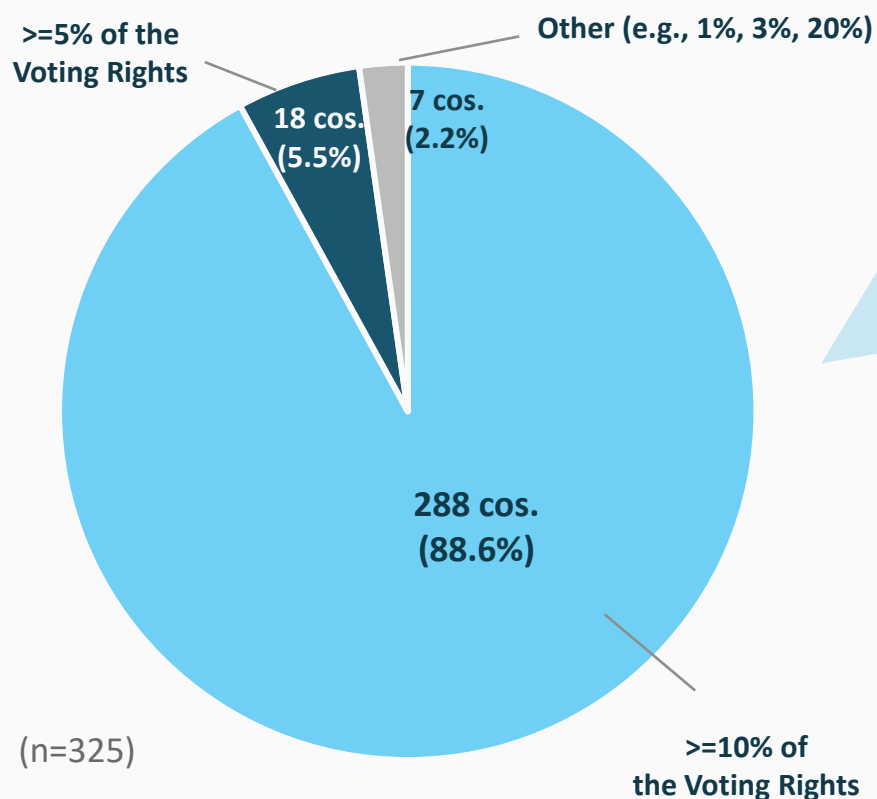
	Independence Criteria Regarding Relationships with Large Shareholders
Nomura Asset Management	At the time of the individual's initial appointment as an outside director, the individual <b><u>had not been employed by a company that was a large shareholder of said company within the preceding three years</u></b> . A "large shareholder" means <b><u>a shareholder that was listed in the "Top 10 Shareholders" table</u></b> included in said company's business report for the most recent fiscal year <b><u>and that had a shareholding ratio of 10% or more</u></b> .
Mitsubishi UFJ Asset Management	An individual from a <b><u>large shareholder</u></b> with a shareholding ratio of <b><u>10% or more</u></b> (i.e., an individual who had been employed by the large shareholder <b><u>within the past 10 years</u></b> )
Daiwa Asset Management	An officer (excluding non-executive directors and audit & supervisory officers) or employee (including former employees, <b><u>unless it has been five or more years since the employee's resignation</u></b> ) of a large shareholder ( <b><u>with a shareholding ratio of 5% or more</u></b> ) or its parent, subsidiary, or affiliated companies.
Nikko Asset Management	A large shareholder with a shareholding ratio of <b><u>over 5%</u></b> , or an individual who is currently employed by or has been employed <b><u>within the past five years</u></b> by an organization that is a large shareholder
Asset Management One	If you plan to file as an independent director/auditor with a financial instruments exchange, you must not have been employed by a large shareholder ( <b><u>with a shareholding ratio of 10% or more</u></b> ) of said company <b><u>within the past 10 years</u></b> . Furthermore, if you have been employed by a large shareholder (including its group companies), we will generally oppose your appointment regardless of the individual company's circumstances, such as being in the process of restructuring or scheduled for merger.
Sumitomo Mitsui DS Asset Management	In addition, even if an independent director filing has been made, we may oppose the director's appointment based on a comprehensive assessment if there are doubts about the director's independence, such as the director's period of posting or <b><u>the director's prior employment by a major shareholder</u></b> .
Sumitomo Mitsui Trust Asset Management	An individual from a major shareholder ( <b><u>i.e., a shareholder with a shareholder ratio of 10.0% or more</u></b> ) The cooling-off period (i.e., the period for certifying the individual's independence from the major shareholder) for an individual from a major shareholder shall be set at <b><u>three years after their resignation</u></b> .
Fidelity Investments	*Not specified
BlackRock Japan	In addition, the officers and employees of a <b><u>large shareholder</u></b> The qualifications of a former officer or employee of a large shareholder as a representative of general shareholder interests shall be determined based on the individual's background and the organization from which they belonged.
Alliance Bernstein	*Not specified

(Note) The top 10 companies by total net assets in the "Changes in the Assets of Contractual-Type Public Investment Trusts per Investment Trust Company (Actual Amounts)" (Investment Trusts Association, Japan (JITA), Aug. 2025).



- When listed companies establish their own independence criteria regarding major shareholders and large shareholders, **approximately 90% of such listed companies set the threshold for the percentage of voting rights held at 10% or more.**

## Criteria Regarding the Percentage of Voting Rights Held by Major Shareholders and Large Shareholders



- Ninety percent** of listed companies have established **criteria stating that shareholders** (or their executive officers if the shareholder is a corporation) **are deemed to lack independence if they hold 10% or more of the voting rights in the listed company.**
  - In some cases, the criteria only apply to **the current or most recent fiscal year**, while in others, major shareholders in **the past three or five fiscal years** are deemed to lack independence.
- In a certain number of cases, the executive officers of a company are deemed to lack independence **if the listed company holds 10% or more of the voting rights in said company.**

(Note) Calculated by TSE based on the number of companies whose CG reports (as of Jul. 12, 2024) included the keywords "voting rights" in their disclosures regarding Principle 4-9.

- Major overseas exchanges also establish independence criteria, requiring independence from large shareholders for categories that could exert influence over listed companies through the exercise of voting rights and other means.

	Independence Criteria Regarding Relationships with Large Shareholders
U.S.A. (NYSE Independence Tests)	- (No stipulation in the rules)
U.K. (UK Corporate Governance Code)	<p><b><u>Not acting as a representative of a significant shareholder</u></b></p> <p>* Comply-or-explain approach</p> <p>** There is no clear definition of a significant shareholder, but in practice in the U.K. (i.e., according to the guidelines of investors and voting rights advisory firms), <b><u>roughly 3% to 10% of the voting rights</u></b> is considered to be the level at which a shareholder has significant influence.</p>
Hong Kong (HKEX Mainboard Rule)	<p>If a director falls under one of the following cases, the director's independence is highly likely to be questioned.</p> <p>- <b><u>If a director holds more than 1% of the issued shares (excluding treasury shares)</u></b> of the listed company</p> <p>* When the listed company intends to appoint an individual holding more than a 1% stake as an independent non-executive director, it must demonstrate the candidate's independence prior to appointment. If the individual <b><u>holds 5% or more of the issued shares</u></b> of the listed company, the individual is generally deemed to lack independence.</p>
Singapore (SGX Mainboard Rule)	<p><b><u>A director who is or was directly related to a substantial shareholder</u></b> during the current or most recent fiscal year</p> <p>* A substantial shareholder refers to an individual or corporation that directly or indirectly holds <b><u>5% or more</u></b> of a company's issued shares.</p>

Date	Event
<b>December 2025</b>	<ul style="list-style-type: none"> <li>• <b>Publication of “Case Studies Regarding Such Matters as Parent-Subsidiary Listings”</b></li> <li>* This publication presents the following cases: cases where parent-subsubsidiary listings were resolved, cases of companies pursuing disclosure and dialogue regarding the significance of parent-subsubsidiary listings in terms of enhancing medium- to long-term corporate value while taking the perspectives of shareholders and investors into account, and cases of companies pursuing initiatives to protect minority shareholders.</li> </ul>
<b>January 2026 or later</b>	<ul style="list-style-type: none"> <li>• <b>Study Group to review Minority Shareholder Protection and other Framework of Quasi-Controlled Listed Companies plans to carry out the following:</b> <ul style="list-style-type: none"> <li>✓ <b>Discussion of proposed measures under the listing rules</b> -&gt; Once finalized, proceed to rule amendment procedures</li> <li>✓ <b>Follow-up on the status of ensuring fairness in cases of privatization following the revision of TSE’s Code of Corporate Conduct</b> -&gt; <u>Plans to report on discussion status at the next Council</u></li> </ul> </li> </ul>