TSE-Listed Companies

# White Paper on Corporate Governance

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2025

Tokyo Stock Exchange, Inc.

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**April 2025**
**Tokyo Stock Exchange, Inc.**

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# Introduction

Tokyo Stock Exchange (hereinafter, “TSE”) conducts a comprehensive analysis using data from reports on corporate governance disclosed by listed companies (hereinafter, “CG Reports”), and issues a White Paper on Corporate Governance every two years, since 2007, to provide a multifaceted picture of the status and progress of corporate governance efforts by listed companies. This White Paper on Corporate Governance 2025 (hereinafter, “this White Paper”) is the tenth publication in the series.

Starting by requesting listed companies to enhance corporate governance in 1999, TSE has pushed forward with various initiatives, such as formulating the Principles of Corporate Governance for Listed Companies in 2004, institutionalizing CG Reports in 2006, and introducing the independent director/auditor (ID/A) system in 2009, and formulated Japan’s Corporate Governance Code (hereinafter, the “Code”) in 2015, which outlines key principles that contribute to the realization of effective governance of listed companies.

TSE revised the Code twice in June 2018 and June 2021 with the aim of deepening corporate governance reform to be more substantial and encouraging more listed companies to achieve further sustainable growth and increase corporate value over the medium to long term, and in April 2022, TSE began a new market segment that clarified the concept and listing criteria for each market; namely, Prime Market, Standard Market and Growth Market. The company has continued to implement measures aimed at enhancing corporate value for listed companies; in particular, since March 2023, it has been requesting all companies listed on the Prime Market and Standard Market to promote “management that is conscious of capital costs and stock prices,” and many listed companies have recognized this as a critical issue and have been making efforts or conducting reviews accordingly. In this way, as ten years have passed since the establishment of the Code, listed companies’ awareness and initiatives regarding corporate governance have steadily progressed. Furthermore, a confluence of factors, including the shift from deflation to inflation, geopolitical developments, and the launch of the new NISA, has contributed to the Nikkei Stock Average reaching a record high last year for the first time in 34 years, and expectations and interest in the transformation of Japanese companies among both domestic and international investors are extremely high.

On the other hand, it has been pointed out that at many listed companies, responses remain largely superficial, failing to lead to substantive improvements in governance or enhanced “earning power”, and the business environment of listed companies has been changing constantly in recent years due to changes in the social situation and instability in the international situation, which makes it more necessary to proceed with substantive governance reform in order to respond to such changes.

With this background in mind, the White Paper has collected and analyzed case studies focusing on issues of relatively high interest to the market and investors, and compiled useful information to help listed companies assess their own positions and further enhance the sophistication of their initiatives. In addition, guidance, etc. that are useful to refer to when considering and implementing specific responses to the Code have been published by relevant government agencies and organizations in recent years, so some of these resources have been featured in columns to provide an overview of them. We hope that this will serve as a useful reference for relevant parties in gaining an overview of the evolving state of corporate governance initiatives among listed companies in our country, and ultimately contribute to enhancing the effectiveness of corporate governance at both individual listed companies and across the market as a whole.

Finally, we would like to acknowledge the invaluable assistance provided by Daiwa Institute of Research Ltd. in the preparation of this White Paper. We would like to take this opportunity to express our deepest gratitude.

April 2025
Tokyo Stock Exchange, Inc.

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# Introduction: General Outline

## 1. Introduction

From the perspective of improving the effectiveness of corporate governance at TSE-listed companies, this White Paper presents the actual conditions (facts) of listed companies based on the descriptions in CG Reports submitted by listed companies, and listed companies are expected to utilize this White Paper as a tool to assess their current standing. It also aims to provide investors with an overview of the recent state of corporate governance at listed companies as a starting point for constructive dialogue with listed companies, and to assist practitioners and researchers, etc., involved in this field in investigating and analyzing the state of such efforts.

In this White Paper, "Introduction: General Outline" first introduces the corporate attributes and capital structure, etc., of TSE-listed companies analyzed in the CG Reports, and then gives an overview of TSE's approach to corporate governance, particularly the Code formulated in 2015. After that, as specific issues, this White Paper analyzes the state of efforts of listed companies based on the descriptions in CG Reports in order of the themes of "1. Fulfilling the functions of the board of directors and ensuring diversity," "2. Review of business portfolio and cost of capital," "3. Addressing sustainability issues," "4. Dialogue with shareholders" and "5. Securing the rights and equal treatment of shareholders - protecting the interests of general shareholders and minority shareholders."

Finally, as an "appendix," a summary table is attached that shows the status of comply or explain for all 83 principles of the Code on the horizontal axis and information on attributes of listed companies on the vertical axis. Charts compiled from the contents of the CG Reports, including those that could not be included in this White Paper due to space limitations, will be posted on the JPX website.

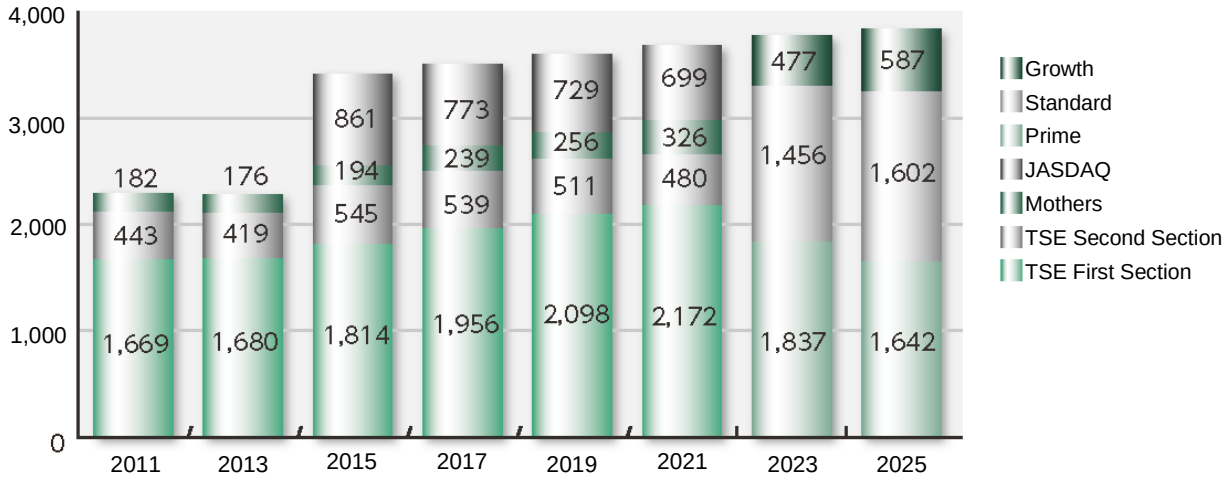
## 2. Objects and methods of analysis

This analysis covers CG Report data submitted prior to July 12, 2024[1] by all 3,831 Japanese companies whose shares were listed on the Prime Market, Standard Market, or Growth Market of the TSE as of such date (Chart 1). Furthermore, we also looked at data from the previous surveys, and referred to changes in numbers, where appropriate[2].

1 Unless otherwise noted in the text, it shows the figures as of July 12, 2024.

2 In the Charts contained in this White Paper, "changes from the previous survey" refer to the comparison with data that are covered in the previously issued White Paper (2023 version) (current as of July 14, 2022). Some charts also include time-series comparisons with earlier data. In the time-series comparison with 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020 and 2022, the data used was current as of October 31, 2006, August 21, 2008, September 10, 2010, September 10, 2012, July 14, 2014, July 14, 2016, July 13, 2018, August 14, 2020 and July 14, 2022, respectively. We use "points" (percentage points) for comparisons between percentages.

**Chart 1 Changes in the Number of Companies Subject to Analysis in the "White Paper on Corporate Governance"**




| White Paper version (as of) | 2011 2010/9/10 | 2013 2012/9/10 | 2015 2014/7/14 | 2017 2016/7/14 | 2019 2018/7/13 | 2021 2020/8/14 |
|---|---|---|---|---|---|---|
| TSE First Section | 1,669 | 1,680 | 1,814 | 1,956 | 2,098 | 2,172 |
| TSE Second Section | 443 | 419 | 545 | 539 | 511 | 480 |
| Mothers | 182 | 176 | 194 | 239 | 256 | 326 |
| JASDAQ | | | 861 | 773 | 729 | 699 |
| TOTAL | 2,294 | 2,275 | 3,414 | 3,507 | 3,594 | 3,677 |

| White Paper version (as of) | 2023 2022/7/14 | 2025 2024/7/12 |
|---|---|---|
| Prime | 1,837 | 1,642 |
| Standard | 1,456 | 1,602 |
| Growth | 477 | 587 |
| TOTAL | 3,770 | 3,831 |

Since July 7, 2008, XBRL files have been automatically generated upon submission of the CG Reports to TSE. TSE has used data in XBRL files for numerical data classification and aggregation in the analysis presented in this document as well[3]. In order to analyze the overall trends of topics in free text entry sections, TSE has defined specific keywords, as appropriate, and subsequently aggregated the number of responses that include those keywords in the descriptions. In addition, the actual examples of disclosure in CG Reports by listed companies are presented according to each theme. Examples of disclosure are excerpted and anonymized by TSE in part, and key descriptions are underlined by TSE.

3 As numerical data is rounded, aggregate percentages in some charts may not amount to 100%, and aggregate figures in charts may not match the figures in the text.

# 3. Corporate attributes

## 3 - 1. Market segment

The number of companies listed on the Tokyo Stock Exchange by market segment is as follows: 1,642 companies on the Prime Market, 1,602 on the Standard Market, and 587 on the Growth Market (see Chart 2). Note that there are 347 companies (9.1%) that are cross-listed on other exchanges in Japan.

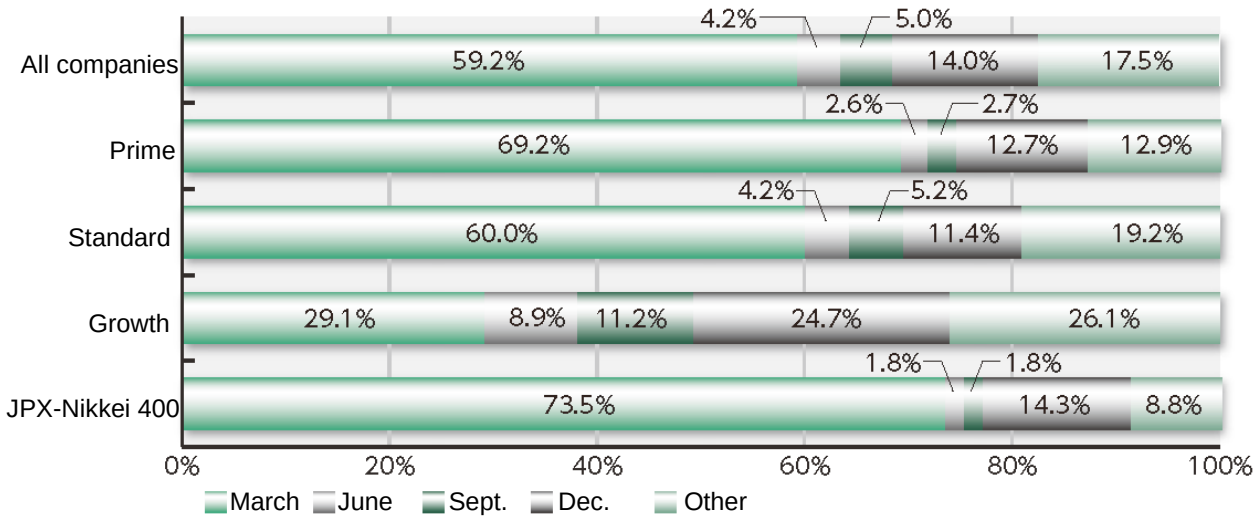
### Chart 2 Number of Listed Companies (by Market Segment)

| Market segment | Number of companies | | Ratio |
|---|---|---|---|
| | | Change from previous survey | |
| All companies | 3,831 | 61 | 100.0% |
| Prime | 1,642 | -195 | 42.9% |
| Standard | 1,602 | 146 | 41.8% |
| Growth | 587 | 110 | 15.3% |
| JPX-Nikkei 400[4] | 400 | 1 | 10.4% |

## 3 - 2. Fiscal year-end

The end of the fiscal year at TSE-listed companies is as shown in Chart 3. The majority of companies (59.2%) use a fiscal year ending in March. The percentage of companies with fiscal years ending on March 31 has decreased by 17.2 percentage points over the past 18 years, from 76.4% in 2006. If we look at each market segment in terms of the percentage share occupied by companies with a fiscal year ending in March, the share is large in the Prime Market (69.2%) and the Standard Market (60.0%), while in the Growth Market it is only 29.1%, and some companies end their fiscal year in December, while others opt for September as their fiscal year-end.

### Chart 3 Fiscal Year End (by Market Segment)

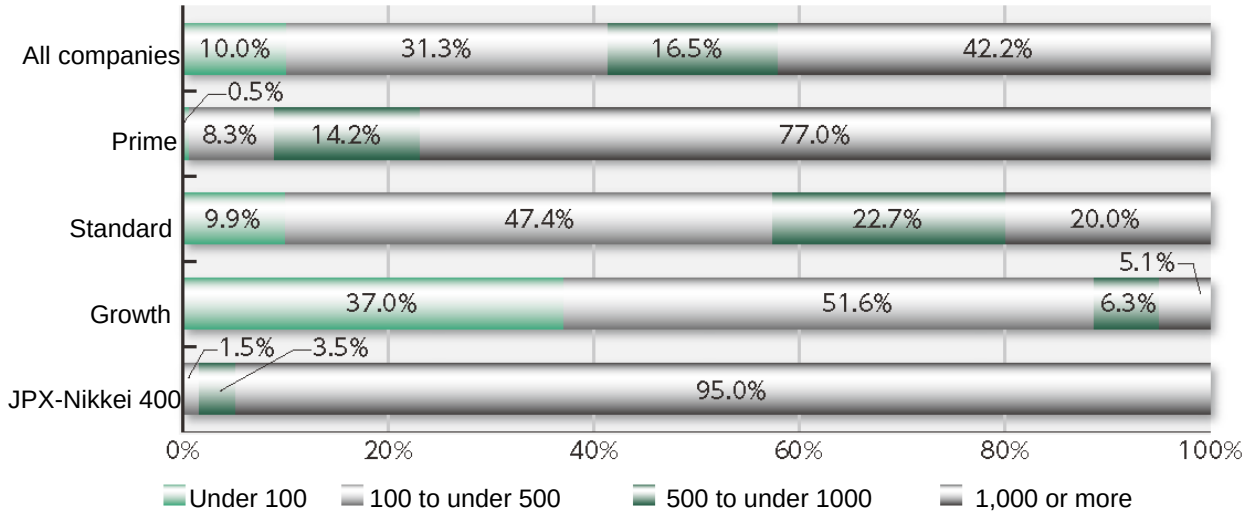



4 The abbreviation for the "JPX-Nikkei Index 400" (hereinafter the same applies).

### 3 - 3. Number of employees (consolidated)

The consolidated number of employees [5]among TSE-listed companies is as shown in Chart 4. Companies with 1,000 or more employees accounted for 42.2% of the total. By market segment, companies with 1,000 or more employees account for the largest share at 77.0% of the total in the Prime Market, while companies with 100 or more to less than 500 employees account for 47.4% and 51.6% of the total in the Standard and Growth Markets, respectively.

**Chart 4 Number of Employees (Consolidated) (by Market Segment)**

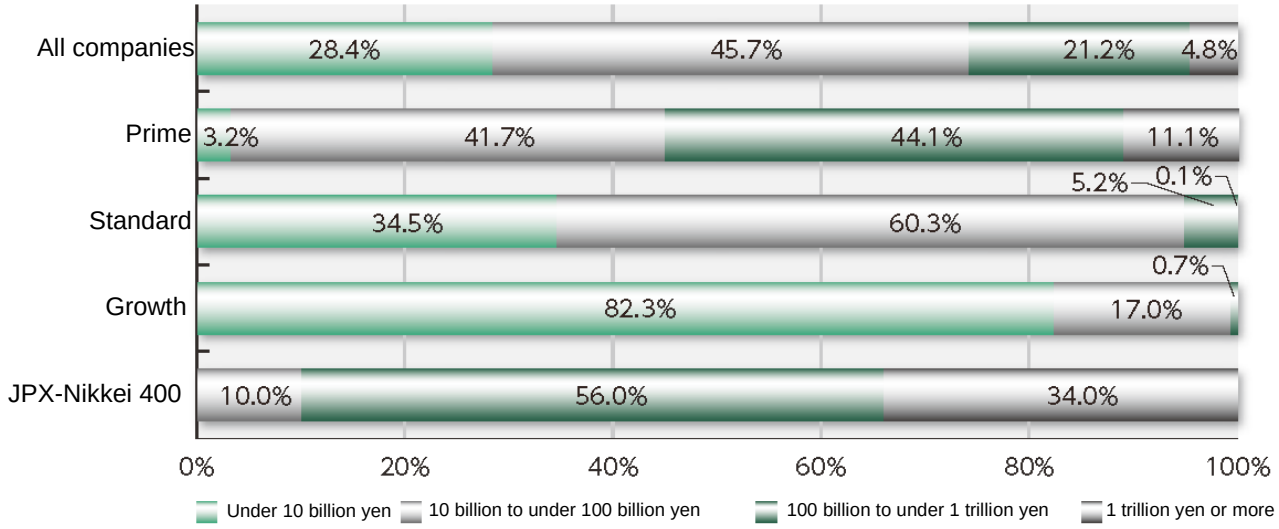



### 3 - 4. Consolidated Sales

Consolidated sales among companies listed on TSE are shown in Chart 5. Companies with 10 billion yen to less than 100 billion yen in consolidated sales accounted for the largest share at 45.7%. By market segment, the proportion of companies with large sales tends to be higher in the order of the Prime, Standard and Growth Markets. Among JPX-Nikkei 400 constituents, companies with 100 billion yen or more accounted for 90%, including those with 1 trillion or more, which accounted for 34.0%.

[5] Non-consolidated numbers of employees were used for companies that do not prepare consolidated financial statements.

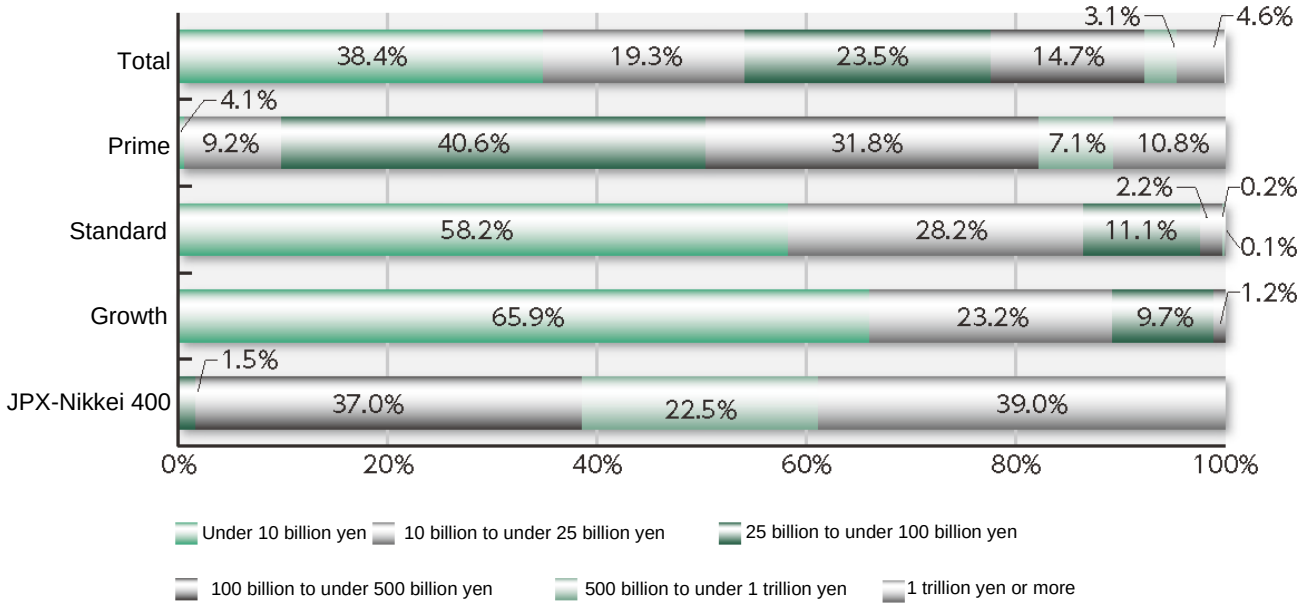
## Chart 5 Consolidated Sales (by Market Segment)




### 3 - 5. Market capitalization

The market capitalization among TSE-listed companies is as shown in Chart 6. By market segment, the Prime Market has a high proportion of companies with relatively large market capitalizations. On the other hand, in the Standard and Growth Markets, 58.2% and 65.9% of companies respectively have market capitalizations less than 10 billion yen, and there is a tendency that many companies with relatively small market capitalizations are listed. Among JPX-Nikkei 400 constituents, companies with a market capitalization of 100 billion yen or more made up the majority at 98.5%, including those with 1 trillion yen or more, which accounted for 39.0%.

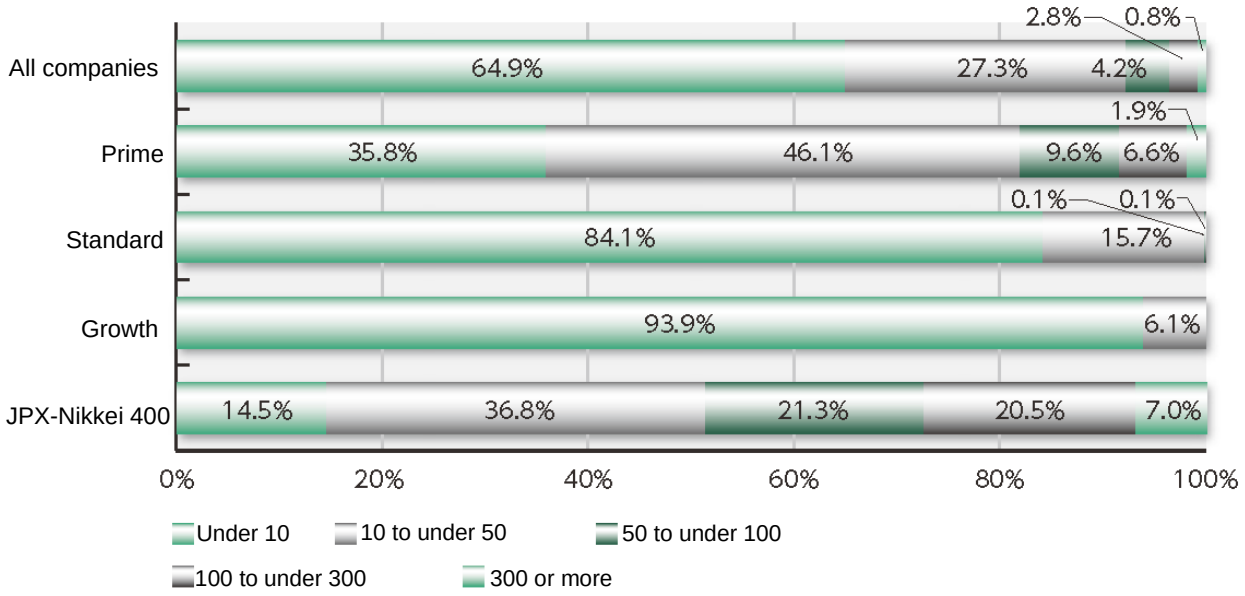
## Chart 6 Market Capitalization (by Market Segment)



### 3 - 6. Number of consolidated subsidiaries

The numbers of consolidated subsidiaries among TSE-listed companies are as shown in Chart 7. Companies with less than 10 consolidated subsidiaries were the majority at 64.9%. By market segment, the proportion of companies with 10 or more consolidated subsidiaries is highest in the Prime Market (64.2%), followed by the Standard Market (15.9%) and the Growth Market (6.1%). As for JPX-Nikkei 400 constituents, companies with 10 or more consolidated subsidiaries made up 85.5%.

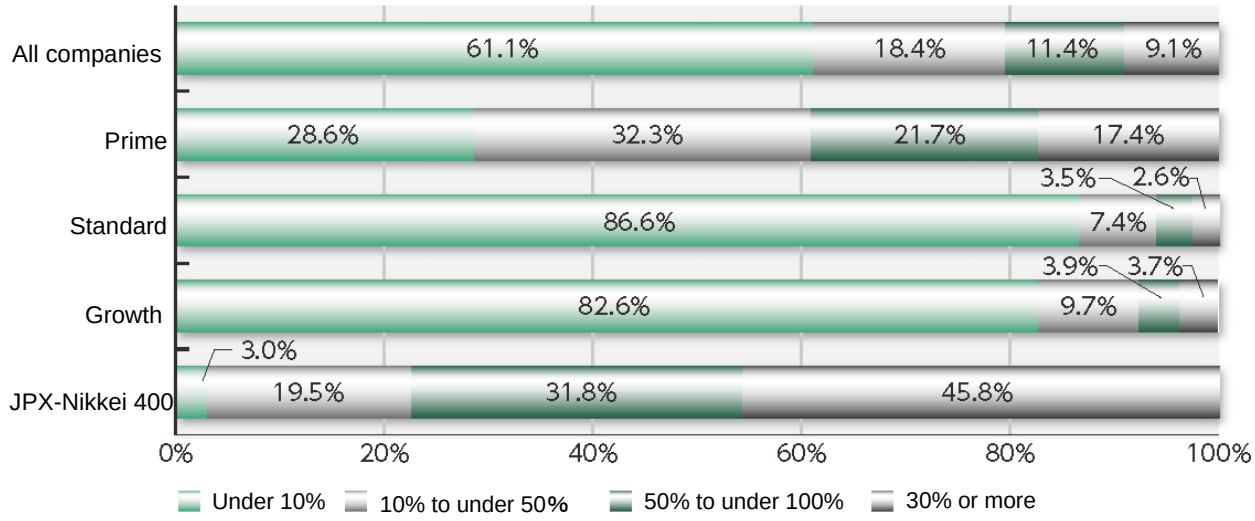
**Chart 7 Number of Consolidated Subsidiaries (by Market Segment)**




### 3 - 7. Foreign shareholding ratio

Chart 8 shows foreign shareholding ratios among TSE-listed companies. By market segment, the Prime Market exhibits a higher percentage of companies with a greater foreign shareholding ratio compared to other segments. Specifically, 17.4% of Prime Market-listed companies have a foreign shareholding ratio of 30% or more, higher than 2.6% in the Standard Market and 3.7% in the Growth Market. Among JPX-Nikkei 400 constituents, companies with a foreign shareholding ratio of 30% or more account for 45.8%, which is notably high, while companies with a foreign shareholding ratio of less than 10% account for only 3.0%.

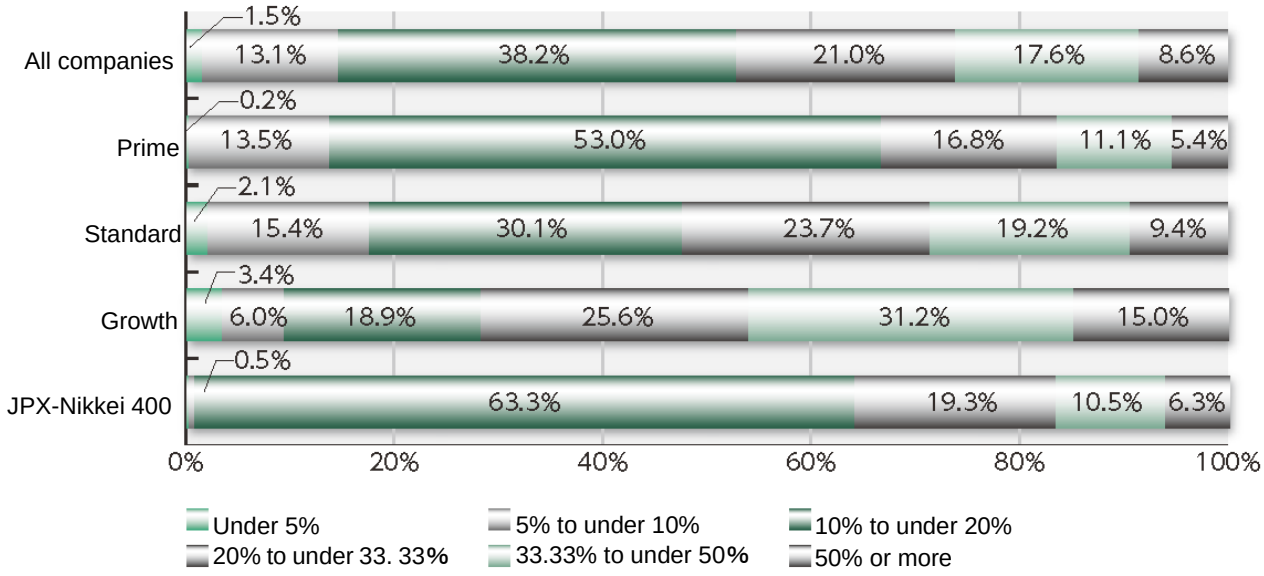
**Chart 8 Foreign Shareholding Ratio (by Market Segment)**




## 3 - 8. Major shareholders[6]

As for information on major shareholders, in the CG Report companies are required to provide the names of their top ten shareholders along with the number of shares held and the shareholding ratio. Of these, the ownership ratios of the largest shareholders by market segment are shown in Chart 9. The proportion of companies in which 20% or more of shares are held by the largest shareholder tends to be the highest in the Growth Market (71.8%), followed by the Standard Market (52.3%) and the Prime Market (33.3%).

**Chart 9 Shareholding Ratio of the Largest Shareholder (by Market Segment)**




6 In the CG Report, companies are required to provide this information based on the entries in the shareholders' register, similarly to the "Major Shareholders" section in the Annual Securities Report.

### 3 - 9. Presence of Controlling Shareholder/Parent Company

Companies are required to state whether they have a controlling shareholder [7]and whether they have a parent company[8] in their CG Reports. The concept of controlling shareholder encompasses (1) parent companies and (2) major shareholders[9] who hold the majority of voting rights of a listed company after combining the voting rights held on their own account and the voting rights held by their close relatives or companies in which they hold a majority of voting rights. Among TSE-listed companies, 577 companies have controlling shareholders, accounting for 15.1% of all listed companies. Out of these, 303 (7.9% of all listed companies) have parent companies, and 274 (7.2% of all) have controlling shareholders[10] other than a parent company. 216 companies (71.3%) among the companies with parent companies (5.6% of all listed companies) have listed parent companies (Chart 10). The percentage of listed companies with a controlling shareholder increased slightly when JASDAQ market was added upon the merger between TSE and the former Osaka Securities Exchange in 2013. Since then, the number of companies with a parent company has decreased, and the number of companies with a controlling shareholder other than a parent company tended to increase until 2020. After that, in 2022, as a result of the revision of the definition of tradable shares in accordance with the review of market segments, the establishment of the tradable share ratio standard as a criterion for maintaining listing and a request for the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” in 2023, there were moves to conduct secondary offerings to improve liquidity, review business portfolios, and dissolve parent-child listings, resulting in a decrease in the ratio for both listed companies with a parent company and companies with a controlling shareholder other than a parent company. By market segment, companies with a listed parent company have a high level in the Standard Market (6.7%). The proportion of companies with controlling shareholders other than a parent company is as high as 21.6% in the Growth Market (Chart 11). This is likely due to the fact that owners and other individuals are often the controlling shareholders of companies listed on the Growth Market.

On the other hand, the number and percentage of listed companies with a major shareholder (excluding parent companies and individual shareholders) who holds 20% to less than 50% of the shares but does not fall under the category of a controlling shareholder has been increasing year by year, and the importance of information related to minority shareholder protection and group management is increasing for investors as well (see Chart 12 and “[Column 25] Investors’ perspectives on parent-subsidiary listings, etc.”).

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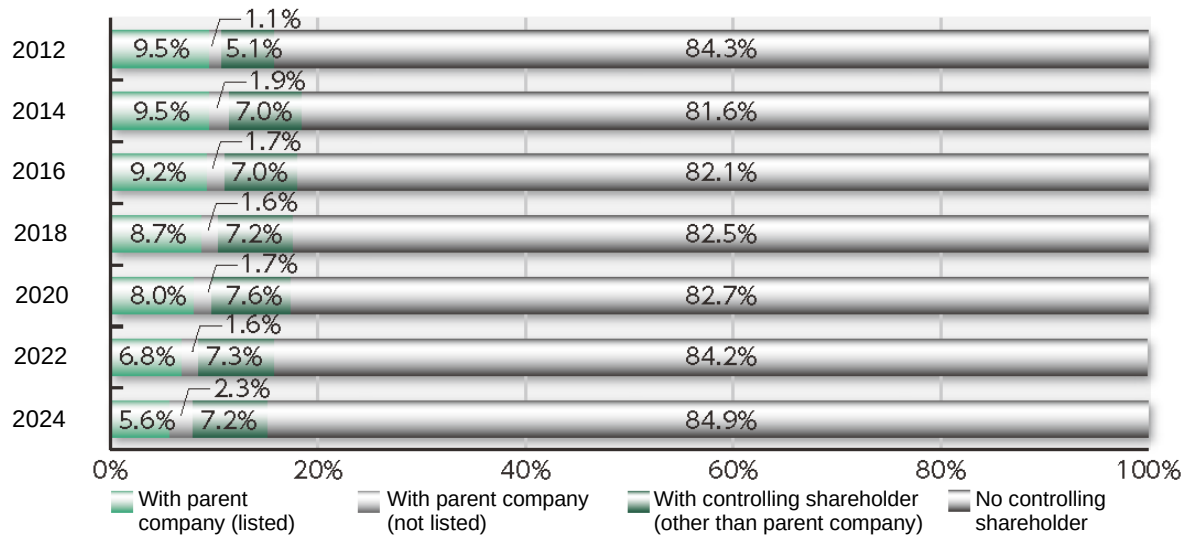
7 Article 2, Item 42-2 of the Securities Listing Regulations and Article 3-2 of the Enforcement Rules for Securities Listing Regulations

8 Refers to a parent company as defined in Article 8, Paragraph 3 of the Regulation for Terminology, Forms and Preparation of Financial Statements.

9 Article 163, Paragraph 1 of the Financial Instruments and Exchange Act

10 Controlling shareholders other than parent companies are generally owners or other individuals.

## Chart 10 Presence of Controlling Shareholder/Parent Company




## Chart 11 Presence of Controlling Shareholder/Parent Company (by Market Segment)

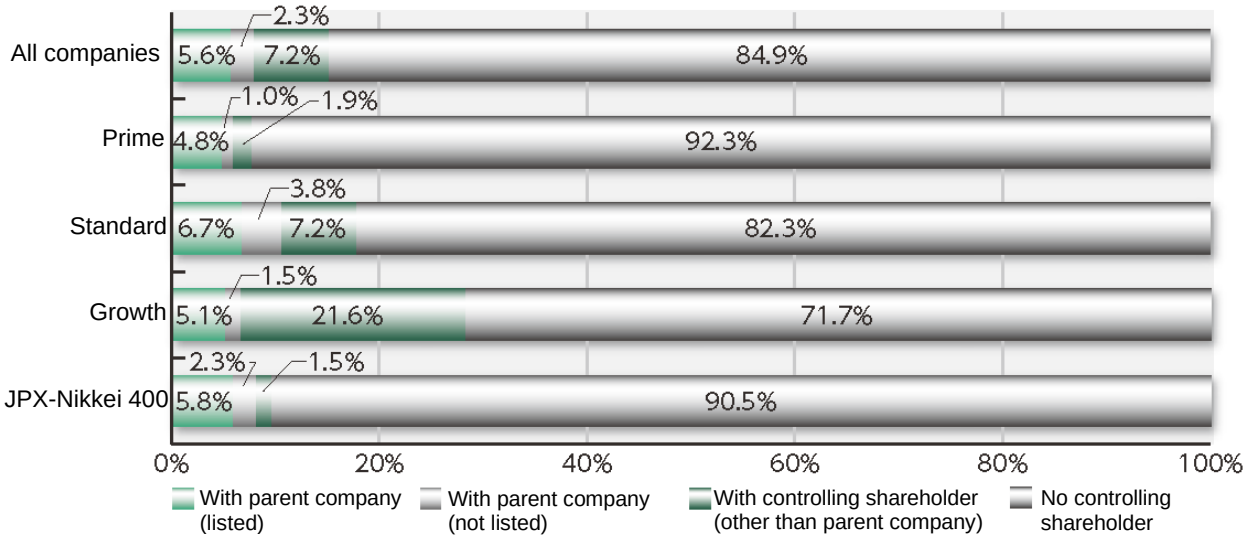
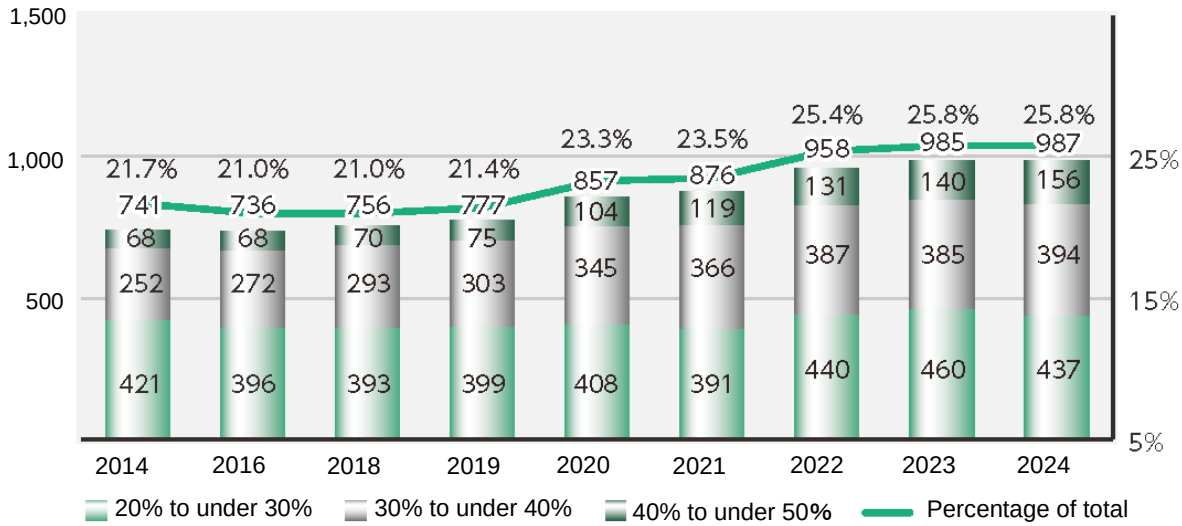


**Chart 12 Transition in the number and proportion of listed companies with a major shareholder who holds 20% to less than 50% of the shares**




*Companies in which the largest shareholder holds between 20% and 50% of the shares are aggregated after excluding companies with a parent company and those whose largest shareholder is an individual.

(Source) Study Group to review Minority Shareholder Protection and other Framework of Quasi-Controlled Listed Companies, Phase 2, 6th Meeting, “Material 3: Tokyo Stock Exchange Presentation Materials,” p.6

# 4. TSE's initiatives toward corporate governance

## 4 - 1. Changes in TSE's initiatives toward corporate governance

Chart 13 illustrates the changes in TSE's initiatives toward corporate governance to date. TSE has gradually worked to strengthen the governance of listed companies, starting with a request to listed companies to enhance corporate governance in 1999.

In 2004, as part of developing the environment to enhance governance at listed companies, TSE formulated and published the "Principles of Corporate Governance for Listed Companies," to outline the functions expected for governance, such as the protection of shareholder rights.

In 2006, with the aim of providing investors with a clearer picture of each company's governance initiatives, the submission of "Report on Corporate Governance" became mandatory. From this period, in the preparation of the "TSE-Listed Companies White Paper on Corporate Governance," TSE started to compile and analyze in detail the disclosures in Governance Reports submitted by listed companies. This has been published biennially, and this is the 10th time it has been issued.

In 2007, TSE established the "Code of Corporate Conduct" in its Securities Listing Regulations to protect shareholders and investors and to ensure fair and sound market operations. In that Code of Corporate Conduct, even for listed companies in emerging markets in particular, the rules require to establish a suitable system for basic governance matters. This includes the establishment of a board of company auditors and the appointment of an accounting auditor, demonstrating an equal demand for such systems across all listed companies.

In 2009, the independent director/auditor system (ID/A system) was introduced with the aim of appropriately protecting the interests of "general shareholders" who have become essential stakeholders in listed companies, and it required listed companies to retain at least 1 outside director or outside company auditor as an ID/A with no risk of conflict of interest with general shareholders in order to protect general shareholders.

After that, Japan's Corporate Governance Code was formulated in 2015 and revised twice, in 2018 and 2021, for the purpose of sustainable growth and medium- to long-term enhancement of corporate value of listed companies against the backdrop of the fact that strengthening corporate governance became a part of the growth strategy in the Japan revitalization strategy of the government. An overview of the Code is explained later.

From April 2022, TSE reorganized its existing market segments comprised of the Market First Section, Market Second Section, Mothers and JASDAQ (Standard/Growth), and began operating three markets: Prime, Standard, and Growth Markets. The Prime Market, in particular, is conceptualized as a market for companies that focus on constructive dialogue with global investors. Based on this concept of the Prime Market, the revisions to the Code in 2021 include provisions for the Prime Market that aim at a higher level of governance, such as the appointment of 1/3 or more of Independent Directors, enhancement of the quality and quantity of climate change disclosure based on TCFD, etc., enhancement of English disclosure, and use of a voting platform for institutional investors.

The ongoing efforts spanning long years have significantly contributed to raising awareness and improving the standards of corporate governance in Japan. Since the formulation of the Code in 2015,

there has been a notable acceleration in corporate governance initiatives by listed companies, driven by increased attention and focus on corporate governance matters.

**Chart 13 Changes in TSE's initiatives toward corporate governance**

| Year of implementation | Summary |
|---|---|
| 1999 | TSE requested listed companies to enhance corporate governance |
| 2004 | "Principles of Corporate Governance for Listed Companies" were published<br>◎As part of development of an environment to improve the governance of listed companies, it was formulated with the objective of providing a foundation for a common understanding of governance in Japan. Functions expected of governance, such as protecting shareholder rights, were organized |
| 2006 | Submission of "Report on Corporate Governance" became mandatory<br>◎It was implemented with the aim of providing investors with a clearer picture of the state of governance initiatives<br>◎Comparison of governance among listed companies became easier, enabling them to understand their positions in the overall picture<br>◎Comprehensive analysis is made and the "White Paper on Corporate Governance" is published every two years |
| 2007 | The "Code of Corporate Conduct" was introduced<br>◎The adoption of minimum required governance systems for listed companies became mandatory, such as the establishment of a board of directors and a board of company auditors |
| 2009 | An ID/A system was introduced<br>◎Appointment of at least one ID/A became mandatory for all listed companies |
| 2014 | "Japan's Stewardship Code" was formulated (by the Financial Services Agency)<br>◎It requires institutional investors to encourage sustainable growth to their investee companies<br>*Revised in 2017 and 2020 |
| 2015 | "Japan's Corporate Governance Code" was formulated<br>◎It requires listed companies to achieve effective governance through their autonomous responses |
| 2018 | "Japan's Corporate Governance Code" was revised<br>◎Policy stockholdings, asset owners, etc. |
| 2021 | "Japan's Corporate Governance Code" was revised again<br>◎Effective functioning of the board of directors, ensuring diversity of core human resources, sustainability, etc. |
| 2022 | Operation of new market segment (Prime, Standard and Growth Markets) started<br>◎Higher levels of governance are required for Prime Market-listed companies |

### 4 - 2. Establishment of Corporate Governance Code

The Code was developed in 2015 as part of our country's growth strategy. In the "Revision of 'Japan Revitalization Strategy' 2014 – Challenges for the Future," which was approved by the Cabinet in June 2014, strengthening corporate governance was mentioned as one of the key measures, and as a specific measure, it was stated that "a panel of experts, with the Tokyo Stock Exchange and the Financial Services Agency as joint secretariats, will finalize the basic principles by around autumn, and the Tokyo Stock Exchange will formulate a new 'Corporate Governance Code' before the general shareholders' meeting season of the next year (Note by the author: 2015)."[11]

In response, TSE and the Financial Services Agency set up "The Council of Experts Concerning the Corporate Governance Code," consisting of investors, corporate executives, academics and other experts, which met to hold discussions repeatedly and established "Japan's Corporate Governance Code [Final Proposal] -Seeking Sustainable Corporate Growth and Increased Corporate Value over the Mid- to Long-term-" in March 2015 (hereinafter, the "Final Proposal of the Code"). In the listing

11 Headquarters for Japan's Economic Revitalization, "'Japan Revitalization Strategy' Revised in 2014 – Challenge toward the Future", pp. 30–31.

system, the "Corporate Governance Code" was established as an attachment to the Securities Listing Regulations as a formal document of TSE without any changes from the content of the Final Proposal of the Code, and has been in effect since June 2015.

On the other hand, prior to the formulation of the Code, the Financial Services Agency established and published the "Principles of 'Responsible Institutional Investors' (Japan's Stewardship Code)" (hereinafter, the "Stewardship Code") in 2014. The Stewardship Code is a document that establishes principles that are considered useful for institutional investors to promote the enhancement of corporate value and sustainable growth through constructive dialogue (engagement) with investee companies. The Code requires companies to consider their own governance challenges and to respond autonomously in light of the intent and spirit of the Code, and in the sense that such corporate initiatives can be further enhanced through constructive dialogue between institutional investors and companies based on the Stewardship Code, the two Codes are, so to speak, "two wheels of a car," and it is expected that they will together achieve effective corporate governance[12][13]. Against this backdrop, the "The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code" (hereafter, the "Follow-up Meeting"), for which the Financial Services Agency and TSE serve as joint secretariats, follows up on the prevalence and adoption of the Stewardship Code and the Corporate Governance Code, and discusses and recommends necessary measures for the further enhancement of corporate governance at listed companies as a whole. In response to the recommendations of the meeting, the Stewardship Code was revised in 2017 and 2020, and the Corporate Governance Code was revised in 2018 and 2021[14].

In addition, at the Follow-up Meeting, the "Action Program for Accelerating Corporate Governance Reform" [15] (hereinafter referred to as the "Action Program") was announced in April 2023, summarizing the underlying approach and specific measures for future initiatives, with a focus not on the formal establishment of frameworks, but rather on promoting constructive dialogue between companies and investors and encouraging voluntary changes in awareness on the part of both companies and investors, in order to further advance substantive efforts in line with the aims of corporate governance reform[16]. Furthermore, in June 2024, the "Action Program for Corporate Governance Reform 2024: Principles into Practice" [17](hereinafter referred to as "Action Program 2024") was announced, which reaffirms the objectives of sustainable corporate growth and the enhancement of corporate value over the medium to long term, and sets forth a policy of advancing the "implementation" of corporate governance reform, based on autonomous changes in awareness among both companies and investors through verification and sharing specific initiatives [18].

12 Final Proposal of the Code, section 8 of the preamble.
13 As an annex to both Codes, the Financial Services Agency developed the "Guidelines for Investor and Company Engagement" in June 2018, which outline issues that are expected to be intensively discussed in the dialogue between institutional investors and companies with the aim of enhancing corporate value over the medium- to long-term.
14 Commentary on the contents of the revisions is omitted from this White Paper.
15 https://www.fsa.go.jp/en/news/2023/20230426.html
16 The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code, "Overview of Action Program," p. 2, https://www.fsa.go.jp/en/news/2023/20230426-2/01.pdf
17 https://www.fsa.go.jp/en/news/2024/20240607-2.html
18 The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code, "Overview of the Action Program 2024," p. 1, https://www.fsa.go.jp/en/refer/councils/follow-up/statements_7_overview.pdf

Discussions are currently underway toward the third revision of the Stewardship Code[19], and a public comment process was launched in March 2025[20].

### 4 - 3. Outline of the Corporate Governance Code

The Code consists of five Sections of "Securing the Rights and Equal Treatment of Shareholders," "Appropriate Cooperation with Stakeholders Other than Shareholders," "Ensuring Appropriate Information Disclosure and Transparency," "Responsibilities of the Board" and "Dialogue with Shareholders." There are 5 "General Principles" that set forth universal principles and goals to be realized through enhanced governance corresponding to each Section, 31 "Principles," which are matters to be generally kept in mind and examined in order to realize the General Principles, and 47 "Supplementary Principles," which are best practices to be considered for adoption by listed companies, and it has the three-tier structure consisting of 83 principles in total.

In the Code, "corporate governance" refers to "a structure for transparent, fair, timely and decisive decision-making by companies, with due attention to the needs and perspectives of shareholders as well as customers, employees and local communities". In other words, the purpose of the Code is to achieve not only "protection," such as prevention of corporate scandals, which have often been emphasized, but also "aggressive governance," which frees management from constraints that make them risk averse and encourages healthy entrepreneurship by enhancing governance and exercising appropriate discipline. As mentioned above, the Code organizes key principles that contribute to the realization of effective corporate governance, and it is expected to contribute to the development of companies, investors, and the economy as a whole through autonomous responses for sustainable growth and medium- to long-term enhancement of corporate value in each company through appropriate implementation of the Code.

Since what kind of governance system is optimal in terms of the sustainable growth of a company and the increase of corporate value over the medium- to long-term varies depending on the situation of each listed company, the actual situation may be disregarded or undermined when certain governance systems and actions are uniformly mandated. For instance, companies may be compelled to prioritize mere formal compliance. Considering this, the Code embraces two approaches: "principles-based approach" and "comply or explain" approach. The former is based on the idea that the actions to be taken by listed companies can be broadly interpreted through abstract expressions and content, rather than a rules-based approach that prescribes details. It is expected that listed companies will act autonomously by interpreting and applying principles that appear to be abstract and broad at first glance based on their own circumstances, without being bound by formal wording or statements, after sharing the purpose and spirit of each such principle. The latter is a method whereby each listed company autonomously chooses whether to "implement" each principle of the Code or to "explain why it does not implement (or is not implementing)" it. Under this method, it is assumed that some principles will not be implemented by fully explaining (explain) the reasons for not implementing (comply), but the evaluation of the explanation of such reasons will be done by stakeholders, including shareholders and investors, and if there is anything to be improved in the

19 https://www.fsa.go.jp/en/refer/councils/stewardship/index.html (Accessed: February 7, 2025)
20 https://www.fsa.go.jp/en/news/2025/20250321-2.html (Accessed: March 25, 2025)

company's efforts or explanations, it is expected to be modified autonomously through dialogue with these stakeholders. TSE has institutionalized a system of comply or explain in its Securities Listing Regulations. Specifically, it provides that each principle of the Code shall be implemented or, if not implemented, the reasons therefor shall be explained in the CG Report (comply or explain), and companies listed on the Prime Market and the Standard Market are subject to comply or explain for all principles of the Code (General Principles, Principles and Supplementary Principles), [21]while companies listed on the Growth Market are subject to comply or explain for the General Principles only. In addition, listed companies are required to strive to enhance their governance by respecting the spirit and purpose of the Code, regardless of market segment[22]. These provisions do not necessarily mean that it is desirable that all principles are implemented (complied with). If it is deemed inappropriate to implement the principle in light of the individual circumstances of each company, based on the perspective of sustainable growth and medium- to long-term enhancement of corporate value of listed companies under the comply or explain approach, it may be preferable to fully explain the reason for not implementing the principle or the method the company implements alternatively, rather than complying with the principle[23]. However, there have been indications that the "comply or explain" approach is becoming a mere formality, as evidenced by cases in which companies have continued to provide "under consideration" as their explanation for several years without taking further action. In response, in March 2023, the Tokyo Stock Exchange published "Key Points and Examples of 'Explanations' that Facilitate Constructive Dialogue", [24]which outlines key considerations when providing explanations and illustrates, through examples, common types of explanations that are deemed insufficient. In addition, the aforementioned "Action Program 2024" states that "It is necessary to return to the original intent of the Code, which is to be principle-based and adopt a comply-or-explain approach, and to carefully consider the necessary actions not only common to all companies and investors but also tailored to the scale and circumstances of each party. From this perspective, rather than simply complying with each Code in a formalistic manner, it is equally important to provide thorough explanations. Based on this understanding, it is essential for both companies and investors to engage in two-way dialogue, with due consideration given to the status of each party's actions, including their explanations."[25] Thereby, the underlying principles and rationale for adopting a principle-based approach and the comply-or-explain framework have once again come to be emphasized.

21 Rule 436-3 of the Securities Listing Regulations. However, the portion of the Code that says "companies listed on the Prime Market should" applies only to Prime Market-listed companies.
22 Rule 445-3 of the Securities Listing Regulations.
23 As a matter of course, when explaining the "reasons for not implementing," efforts should be made to ensure that stakeholders such as shareholders fully understand the company's response to the principle not implemented, and merely a superficial explanation by using "model" type expressions is contrary to the purpose of "comply or explain" (Section 12 of the Preface to the Final Proposal of the Code).
24 https://www.jpx.co.jp/english/equities/follow-up/uorii50000004s73-att/uorii50000004srn.pdf
25 The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code "Action Program for Corporate Governance Reform 2024: Principles into Practice" p. 2, https://www.fsa.go.jp/en/refer/councils/follow-up/statements_7.pdf

# 1. Fulfilling the functions of the board of directors and ensuring diversity



The board of directors is the most important organization for the sustainable growth and medium- to long-term enhancement of the corporate value of a company, and it plays a major role in the corporate governance of listed companies. It is also one of the most important themes in corporate governance reform in Japan.

In the Code, the items related to the board of directors are mainly set forth in Section 4 as "Responsibilities of the Board" and among the Sections in the Code, the number of principles in section 4 is 38, the largest. General principle 4, which is presented at the beginning, describes the responsibilities of the board of directors as follows.

> [General Principle 4]
> Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid- to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:
> (1) Setting the broad direction of corporate strategy;
> (2) Establishing an environment where appropriate risk-taking by the senior management is supported; and
> (3) Carrying out effective oversight of directors and the management (including shikkoyaku [statutory executive officer] and so-called shikkoyakuin [non-statutory executive officer]) from an independent and objective standpoint.
> Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization – i.e., Company with Kansayaku Board [Board of Company Auditors] (where a part of these roles and responsibilities are performed by kansayaku and the Kansayaku Board), Company with Three Committees (Nomination, Audit and Remuneration), or Company with Audit and Supervisory Committee.

Such General Principle clearly states the major roles and responsibilities expected of the board of directors, and it is essential for effective corporate governance that the board of directors understands the roles and responsibilities expected of it and performs them appropriately.

It is necessary to describe in the CG Report matters such as the reasons for selecting the organizational form and current structure, the composition of the board and the appointment status of Independent Directors, and frameworks of committees, etc., related to nomination and remuneration and audit system, and the aggregate results thereof are stated in this chapter by theme. Of course, the desirable form of a board of directors can vary from company to company, but it is important to discuss how the board of directors should be and to select and practice a form that is desirable for the company based on dialogue with investors.

## 1 - 1. How the board of directors should be

### 1 - 1 - 1. Corporate governance system

**(1) Company objectives (e.g., business principles), business strategies and business plans**

The business principle or management philosophy expresses the goals and values to be achieved in conducting corporate activities and is the basis for formulating specific business strategies and plans and for making management decisions. Business strategies and business plans are the path for companies to achieve sustainable growth and medium- to long-term enhancement of corporate value. The Code stipulates that one of the responsibilities of the board of directors, etc., is to indicate a broad direction for business strategy, etc., and this should be equally and appropriately fulfilled regardless of the institutional design under the Companies Act adopted. Principle 3.1 (i) requires disclosure of "company objectives (e.g., business principles), business strategies and business plans" in light of the importance of such information.

Many companies already have disclosures on company objectives (e.g., business principles), business strategies and business plans in other forms of media, and accordingly references to media other than the CG Report are often made, such as the website or mid-term management plan of the company. While such a method of disclosure is permitted in order to reduce the disclosure burden for listed companies, it has also been pointed out from the perspective of users of information that "if references are used excessively, it may impair the convenience of the report. On the other hand, there are cases such as displayed in Example 1, in which an overview is described in the CG Report, and the details are stated on the website.

<Example 1: Summary is provided, and specific details are disclosed in the Annual Securities Report>

■CSV management of a food products group

As an "●●●" that constantly creates new food cultures, we will achieve sustainable growth as a company while solving environmental and social issues.

- Mission: Founder's spirit (●●●)
- Vision：●●●
- Value: Four important ideals (Creative Unique Happy Global)

■Medium- to long-term growth strategy of food products group

We formulated the management plan, "Food Products Group Medium- to Long-Term Growth Strategy," which sets out the medium- to long-term growth strategy after 2021, as well as the growth targets for 10 years from now, and will pursue the CSV management of the group through the execution of this strategy.

(1) Strengthening cash generation in existing businesses
We aim for sustainable growth while significantly shifting the profit portfolio through aggressive growth in overseas business and non-instant noodle businesses

(2) ●●● CHALLENGE 2030
We aim to extend significantly the life cycle of existing businesses by effectively utilizing limited resources and taking on the challenge of reducing the impact of climate change

(3) Promotion of new businesses
Through co-creation with food science, we aim to create the "food of the future" and become a food and health solutions company with technology.

The specific details of our medium- to long-term growth strategy are provided in the following document.

- Annual Securities Report (Part II [Business Overview] 1 [Management Policy, Business Environment, and Issues to Be Addressed, etc.])

(Foods)

### (2) Basic views and guidelines on corporate governance

In responding to each principle of the Code, it is considered that the first step should be for the board of directors to fully discuss and determine the basic approach to corporate governance and the policy for responding to the Code, taking into account the current approach, etc., and the relationship with the corporate philosophy and management philosophy of the company. In order to clarify the company's approach and policies, as well as to fulfill accountability to investors, it may be possible to compile and publish the basic approach, etc., in the form of "●●Company Corporate Governance Guidelines" or "●●Company Basic Policy on Corporate Governance," etc.

The CG Report requires listed companies to describe basic policies on efforts (including the background of such policies) and objectives of corporate governance in a specific and easy-to-understand manner as their basic views on corporate governance, and there is a column for this purpose. In addition, Principle 3.1 ii requires disclosure of "basic views and guidelines on corporate governance based on each of the principles of the Code." Therefore, this column may be used to make the disclosure of ii above. As specific disclosures, the Reporting Guidelines suggest that companies describe their views on shareholders and other stakeholders, views on the management monitoring function, and the group-wide perceptions, for instance.

There are many cases where statements in CG Reports refer to sources other than CG Reports, such as the websites of the company and their annual securities report, for the basic approach to governance. However, even in such a case, in view of the fact that this information plainly represents management's attitude toward corporate governance and can serve as an entry point for many shareholders to understand the governance of each company, it is desirable that the descriptions in this column be easy for users to understand, for example, by presenting an outline thereof in the CG Report while referring to a different disclosure medium for details.

According to the Code, the achievement of effective corporate governance contributes to the sustainable growth of the company and an increase in corporate value over the medium- to long-term, and looking at the statements of each company, mention is made of "medium- to long-term," "sustainable," and "growth" by 24.4%, 36.2%, and 37.3% of listed companies, respectively, as shown in Chart 13. A high percentage of listed companies (71.2%, 73.9%, 64.7%, respectively) mentioned "corporate value," "transparency," and "stakeholders," which are the keywords for research in this section, and this suggests that ensuring transparency in the decision-making process, establishing and maintaining positive relationships with not only shareholders but also with all stakeholders including employees, customers, business partners and local communities, and enhancing the corporate value through appropriate business activities have been broadly instilled as elements of basic views towards corporate governance. Looking at specific disclosures, many companies had descriptions such as "our basic principles of corporate governance are to enhance the soundness and transparency of corporate management, and to improve the corporate value" and "establish good relationships with stakeholders."

Regarding the management monitoring function, the ratio of companies that referred to "monitoring" or "supervision" was 36.6% of TSE-listed companies. Looking at results by the form of organization, while the ratio was 34.8% in Companies with Kansayaku Board and the ratio was 37.4% in Companies with Audit and Supervisory Committee, the ratio in Companies with Three Committees was quite high

at 63.2%, and Companies with Three Committees are characterized by the focus on the oversight function of the board of directors. In addition, 32.2% of all TSE-listed companies mention “execution.” By organizational structure, the ratio was 31.3% for Companies with a Board of Company Auditors and 31.8% for Companies with Audit and Supervisory Committee, while the ratio was as high as 60.0% for Companies with Three Committees. The figures reflect the fact that Companies with Three Committees often describe the clear separation of business execution and supervision, which is one of their main characteristics.

Because corporate governance has traditionally been discussed in terms of preventing scandals, a certain percentage of companies mentioned “compliance with laws and regulations” (33.9%) and “internal control” (16.1%) from the perspective of sound management.

**Chart 14 Basic Views on Corporate Governance**

| | | Mid- to long- term | Sustainable | Growth | Corporate value | Shareholder value | Shareholders |
|---|---|---|---|---|---|---|---|
| | | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage |
| All companies | | 24.4% | 36.2% | 37.3% | 71.2% | 5.2% | 69.0% |
| Organizational form | Companies with Board of Company Auditors | 22.8% | 35.7% | 37.4% | 70.5% | 5.4% | 68.4% |
| | Company with Supervisory Committee | 25.5% | 36.2% | 36.8% | 72.0% | 4.8% | 70.0% |
| | Company with Three Committees | 38.9% | 48.4% | 44.2% | 71.6% | 6.3% | 65.3% |

| | | Investors | Monitoring/ supervision | Execution | Decision making | Internal control | Stakeholders |
|---|---|---|---|---|---|---|---|
| | | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage |
| All companies | | 10.5% | 36.6% | 32.2% | 41.6% | 16.1% | 64.7% |
| Organizational form | Companies with Board of Company Auditors | 9.9% | 34.8% | 31.3% | 40.9% | 17.0% | 64.4% |
| | Company with Supervisory Committee | 11.1% | 37.4% | 31.8% | 42.4% | 15.4% | 64.8% |
| | Company with Three Committees | 11.6% | 63.2% | 60.0% | 43.2% | 9.5% | 69.5% |

| | | Social responsibility | Legal compliance | Transparency | Efficiency | Soundness |
|---|---|---|---|---|---|---|
| | | Percentage | Percentage | Percentage | Percentage | Percentage |
| All companies | | 14.1% | 33.9% | 73.9% | 19.1% | 28.6% |
| Organizational form | Companies with Board of Company Auditors | 13.6% | 35.8% | 73.0% | 18.9% | 28.6% |
| | Company with Supervisory Committee | 14.5% | 32.4% | 75.3% | 19.5% | 29.1% |
| | Company with Three Committees | 18.9% | 15.8% | 72.6% | 17.9% | 20.0% |

(3) Organizational form

Looking at the organizational forms of companies, 55.2% (2,115 companies) of TSE-listed companies are Companies with Board of Company Auditors, followed by Companies with Audit and Supervisory Committee, an organizational form introduced with the revision of the Companies Act in 2014 (1,621 companies, 42.3%) and Companies with Three Committees (95 companies, 2.5%) (Chart 15). In terms of market division, Companies with Kansayaku Board accounted for the highest percentage in each market division, followed by Companies with Audit and Supervisory Committee

and Companies with Three Committees. However, for JPX- Nikkei 400 constituents, the percentage of Companies with Three Committees is high at 9.8%.

**Chart 15 Organizational Form (by Market Segment)**

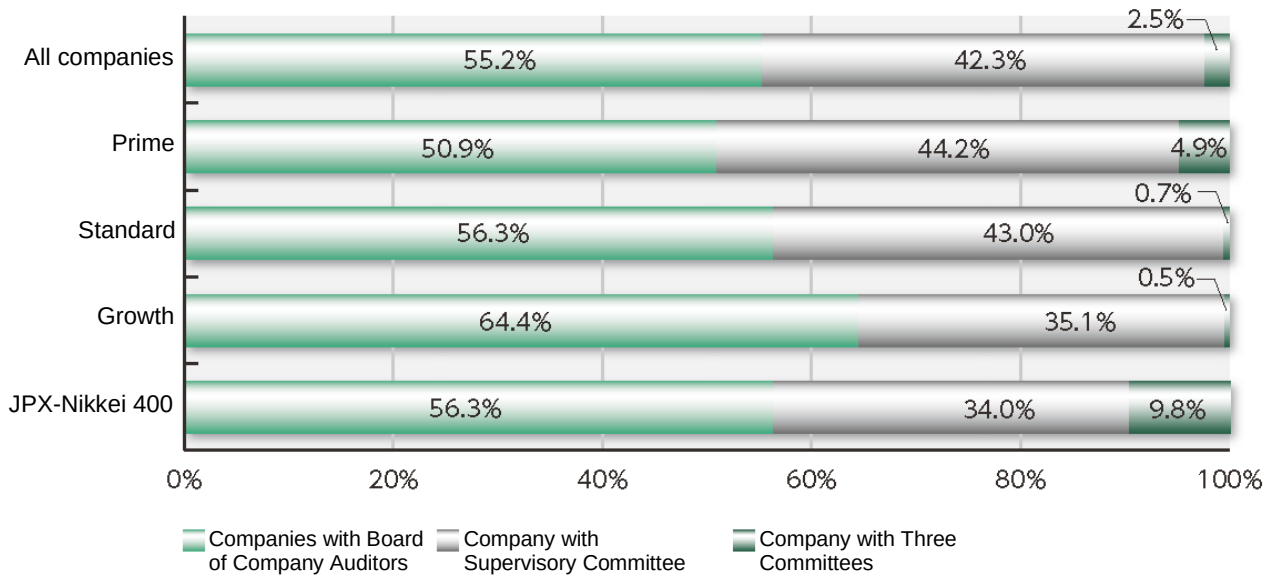
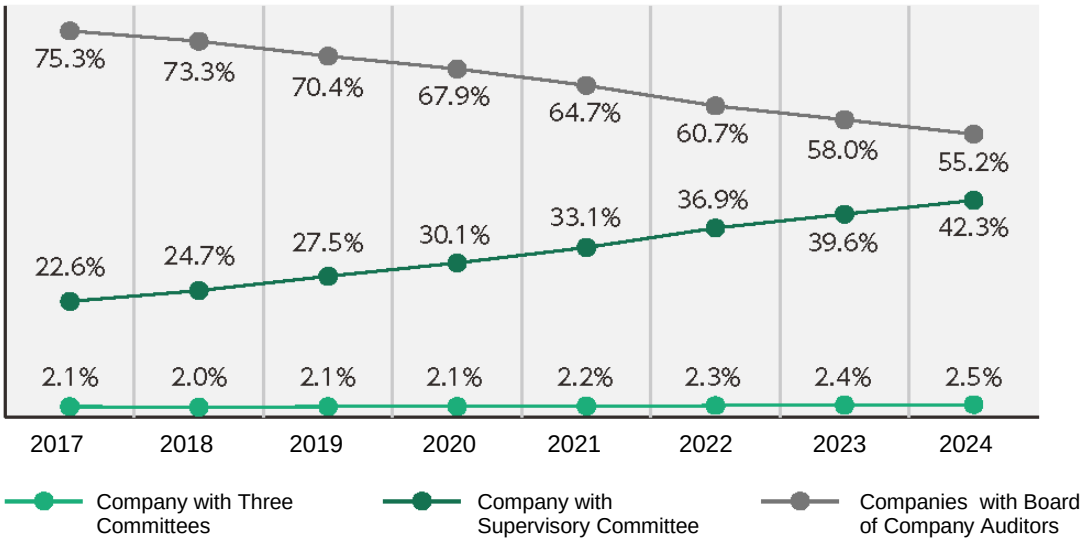



Chart 16 shows changes in the percentage of companies listed on the TSE that have adopted each organizational form. The overall trend is that the percentage of companies adopting Companies with Board of Company Auditors has been decreasing year by year, while the percentage adopting Companies with Audit and Supervisory Committee has been increasing year by year. In particular, from 2021 to 2024, the ratio of companies adopting Companies with Board of Company Auditors decreased by 9.5 points, while the ratio of companies adopting Companies with Audit and Supervisory Committee increased by 9.2 points. One of the factors for the increase in the number of Companies with Audit and Supervisory Committee is considered to be the revision of the Code in 2021. Specifically, while Principle 4.8 previously required listed companies to appoint two or more Independent Directors, the 2021 Code revision raised the level of appointment to 1/3 or more for Prime Market-listed companies, and all principles of the Code became applicable to listed companies on the former JASDAQ Standard, which until then had been subject to only the General Principles upon the transition to the Standard Market in April 2022, and such companies are required to appoint two or more Independent Directors. Following this increase in the level of appointment of Independent Directors, it is possible that the listed companies, which were Companies with Board of Company Auditors, changed their organizational structure to Companies with Audit and Supervisory Committee and appointed persons who had previously been independent outside company auditors as the members of the Audit and Supervisory Committee, which are Independent Directors, in order to respond to the requirements of the Code. However, according to the "Practical Guidelines for Corporate Governance System (CGS Guidelines)"[26] published by the Ministry of Economy, Trade and Industry, when appointing an outside company auditor as a director who is a member of the Audit and Supervisory Committee for the purpose of securing the number of outside directors, it is desirable to

26 For an overview of the CGS Guidelines, please refer to "[Column 2] Practical guidelines for corporate governance systems."

fully consider and explain whether they can fulfill the roles expected of an outside director in line with the skills and diversity that a board of directors should possess, in addition to their auditing role[27]. The former "company with committees" that was renamed in the 2014 revision of the Companies Act to "Company with Three Committees" has not become widely used, and only about 2% of listed companies have adopted this organizational structure since 2017, and the trend has been almost flat.

**Chart 16 Changes in Ratio of Adoption of Organizational Forms (TSE-listed companies)**




### (4) Overview of current corporate governance system

In the "overview of the current corporate governance system" section of the CG Report, listed companies are required to provide a comprehensive overview of their existing governance system including the board composition, method of business execution, audit and oversight process, as well as the details of any additional measures implemented to strengthen these functions.

Among Companies with Board of Company Auditors (2,115 companies), 50.9% (1,077 companies) mentioned "management meetings" and 3.8% (81 companies) mentioned the "board of executive officers" as swift decision-making structures other than the board. In many cases the management meetings and board of executive officers are established as the deliberative body prior to submission to the board of directors. In addition, 58.6% (1,239 companies) stated that they introduced a non-statutory executive officer system ["shikkoyakuin" system] in order to promote the separation of the supervision and executive functions. 28.7% (607 companies) mentioned the establishment of an internal control-related committee[28] such as a "compliance committee" or "risk management committee."

In the case of Companies with Audit and Supervisory Committee (1,621 companies), 50.3% (815 companies) mentioned "management meeting," 4.4% (71 companies) mentioned "board of executive officers," and 58.4% (947 companies) mentioned "non-statutory executive officer system." The ratio for the establishment of an internal control-related committee such as a "compliance committee" or

27 See Exhibit 2, "Perspectives on the Transition to a Company with Audit and Supervisory Committee" of the CGS Guidelines.
28 Companies describing a "compliance committee," "risk management committee," "internal control committee" or "governance committee" are aggregated. The same applies hereinafter.

“risk management committee” was 30.9% (501 companies), which is nearly the same percentage as for Companies with Board of Company Auditors.

Looking at Companies with Three Committees (95 companies), 41.1% (39 companies) mentioned “management meetings” and none of them mentioned “board of executive officers.” Companies with Three Committees have a statutory executive officer system ["shikkoyaku” system], but only 40.0% (38 companies) mentioned the “non-statutory executive officer system.” The ratio for establishment of an internal control-related committee such as a “compliance committee” or “risk management committee” was 26.3% (25 companies).

With regard to auditing by company auditor at Companies with Board of Company Auditors, 11.8% (250 companies) mentioned “audit system,” and matters such as the numbers of inside and outside directors, and full-time and part-time company auditors were stated. In addition, 20.6% (435 companies) mentioned “audit policy”, and 7.0% (147 companies) mentioned “audit standards”, and there were many companies that mentioned that audits were conducted based on corporate audit standards. In addition, some companies mentioned the frequency of Board of Company Auditors meetings and the activities of individual company auditor such as attendance at important meetings, document review, and visits to subsidiaries for auditing. In addition, there were companies that mentioned the establishment of a company auditor’s office in an effort to improve the completeness and effectiveness of company auditors’ operations, and companies that mentioned that audits were conducted based on audit policies and audit standards.

In relation to audits by the Audit and Supervisory Committee at Companies with Audit and Supervisory Committee, 9.9% (161 companies) mentioned “audit system,” 17.8% (289 companies) mentioned “audit policy,” and 3.3% (54 companies) mentioned “audit standards.”

In relation to audits by the Audit Committee at Companies with Three Committees, 24.2% (23 companies) mentioned “audit system”, 23.2% (22 companies) mentioned “audit policy”, and 6.3% (6 companies) mentioned “audit standards”.

As to the audit structure of Companies with Audit and Supervisory Committee and Companies with Three Committees, many companies stated the composition such as the number of internal directors and external directors on the Audit and Supervisory Committee/Audit Committee, and there were descriptions such as that each member of Audit and Supervisory Committee/Audit Committee attends important meetings, including the board of directors, and audits the status of the execution of business by directors, based on the audit policy and standards established by the Audit and Supervisory Committee/Audit Committee. In addition, many companies mentioned the assignment of full-time staff in a secretariat office of the Audit and Supervisory Committee/Audit Committee in order to strengthen the audit function.

### (5) Reasons for adoption of current corporate governance system

The CG Report requires that the reasons for adopting the current system are described with regard to the composition of the board of directors and other governance organizations, depending on the type of organizational form currently adopted.

As the specific description of reasons why Companies with Board of Company Auditors adopted this organizational form, there are many cases in which they state that the governance system is

functioning sufficiently even under the current organizational form from the perspective of management supervision and efficiency of business execution. A keyword analysis of the reasons provided by companies that have adopted this system (2,115 companies) shows that, in terms of supervisory functions over management, many companies cite the appointment of outside directors (75.5%, 1,596 companies) and outside company auditors (75.0%, 1,587 companies). In addition, a certain number of companies stated the introduction of the non-statutory executive officer system (30.9%, 654 companies) for efficiency in business execution. Some companies mentioned the "independent system" in which each company auditor can individually exercise authorities (0.7%, 14 companies).

As to specific statements of reasons why Companies with Audit and Supervisory Committee adopted such organizational form, the Reporting Guidelines of CG Reports suggest, as examples, to state a comparison and evaluation against the period when the company took the form of a Company with Board of Company Auditors in terms of speeding up the decision-making process, enhancement of the transparency of management and support rate from foreign investors, etc., the overview of measures currently being considered for adoption in order to enhance such functions, and the roles and functions of outside directors. As a result of a keyword analysis on the reasons that companies adopt said system (1,621 companies), there are many references to the strengthening of the supervisory function by outside directors (84.3% (1,367 companies) mentioned "outside"). On the other hand, there were fewer references to matters such as faster decision making (52.0% of companies mentioned "decision" (843 companies)), speedy business execution through delegation of authority (22.3% of companies mentioned "authority" (362 companies)), clarification of separation between supervision and execution (14.6% of companies mentioned "separation" (237 companies)), and enhancement of execution functions (12.0% of companies mentioned "execution functions" (195 companies)) compared to the figures for Company with Three Committees.

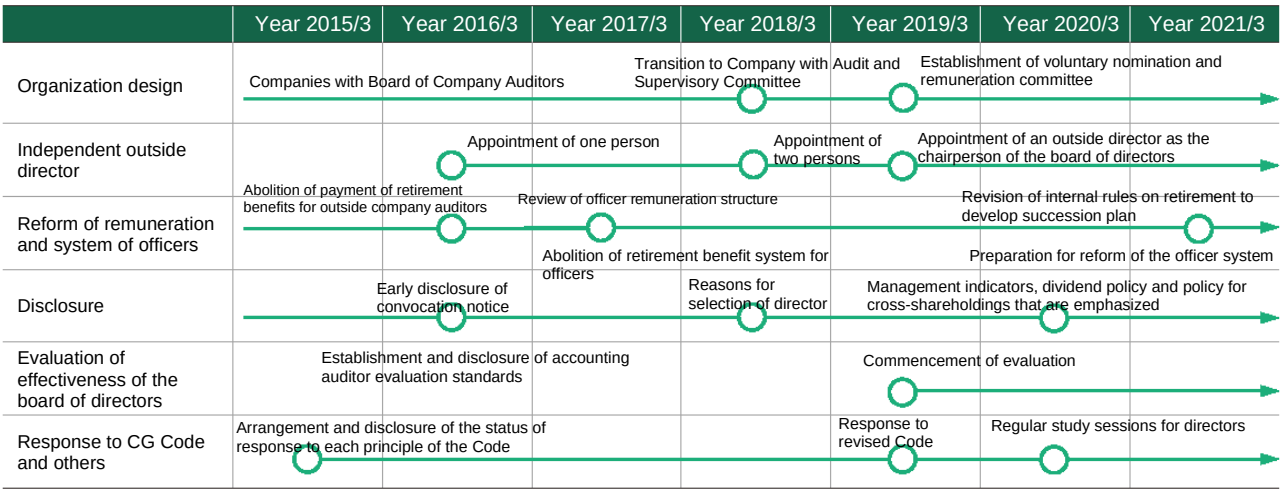
With regard to the specific descriptions of the reasons why Companies with Three Committees adopt that organizational form, the Reporting Guidelines for CG Report provide examples of the same specific descriptions as those for Companies with Audit and Supervisory Committee mentioned above, and a keyword analysis of the reasons for the companies adopting this system (95 companies) shows that the ratio of descriptions regarding the separation of supervision and execution is higher than that for the Companies with Audit and Supervisory Committee mentioned above. Specifically, there were many references to matters such as speedy decision making (57.9% of companies mentioned "decision" (55 companies)), strengthening supervision function by outside directors (95.8% of companies mentioned "outside" (91 companies)), clarification of separation between supervision and execution (32.6% of companies mentioned "separation" (31 companies)), faster business execution through delegation of authority (60.0% of companies mentioned "authority" (57 companies)), and enhancement of execution functions (22.1% of companies mentioned "execution function" (21 companies)).

**[Column 1] Initiating a governance system suitable for the company (example of Ahjikan Co., Ltd.)**

According to a commissioned survey conducted by TSE "Research on initiatives and effectiveness of corporate governance of listed companies (commissioned to: Human Resources Governance Leaders Co., Ltd.)," Ahjikan Co., Ltd. (2907, Standard Market, Company with Audit and Supervisory Committee), has spent a lot of time considering what form of governance is appropriate for the company. The company is steadily implementing reforms, such as the election of an independent director as the chairperson of the board of directors and the shift from Company with Board of Company Auditors to Company with Audit and Supervisory Committee. The company, which still has a strong traditional Japanese corporate culture, has tried to understand the spirit and purpose of the Code while cherishing its corporate culture, and has gradually considered and implemented measures suitable for the company. It is presented as a case in which the reform was carried out smoothly by involving top management and other management layers from the examination stage to gain their understanding, and the subsequent operation was established in a short period of time without confusion.

**Chart 17 Initiatives of Ahjikan Co., Ltd.**

Strengthen governance structure: Aimed at strengthening supervisory functions and establishing a flexible and speedy business execution system




(Source) Tokyo Stock Exchange "Research on initiatives and effectiveness of corporate governance of listed companies (Human Resources Governance Leaders commissioned survey)" (November 2021), p.107

### (6) Basic views on internal control system and the progress of system development

In large companies[29], Companies with Audit and Supervisory Committee[30] and Companies with Three Committees[31] under the Companies Act, the board of directors is required to develop a system necessary to ensure the properness of operations of the company and operations of the group of enterprises consisting of said company and its subsidiaries (so-called internal control system) and it is required that statements on basic approach and the status of establishment thereof are stated in CG Reports. Specifically, companies are required to describe their approach and basic policies from

29 Article 362, Paragraph 4, Item 6 and Paragraph 5 of the Companies Act.
30 Article 399, Paragraph 13, Item 1(c) and Paragraph 2 of the Companies Act.
31 Article 416, Paragraph 1, Item 1(e) and Paragraph 2 of the Companies Act.

the perspective of ensuring the appropriate fulfillment of operations, including how a company can manage organizations to achieve management strategies or business objectives, and how a company can comply with laws, regulations, and the articles of incorporation[32].

With respect to the basic views on internal control systems and the development of the systems themselves described in the CG Report, many companies provided descriptions according to the items prescribed in the Companies Act and the Regulations for Enforcement of the Companies Act[33].

Keyword analysis of the descriptions showed that 40.2% of all companies (1,539 companies) referred to the term "the Companies Act."[34] 86.9% of the companies (3,329 companies) referred to "risk management" and more companies, reaching 96.5% (3,697 companies), referred to "legal compliance"[35] (Chart 18). Refer to Chart 18 for the trends by market segment.

As for "systems related to the retention and management of information pertaining to the execution of the duties of a director/statutory executive officer",[36] many companies stated to the effect that appropriate storage and management is made in accordance with their documents management rules.

Concerning "rules and other systems related to management of the risk of loss"[37], many companies reported that rules on risk management have been adopted. Specific descriptions include establishment of individual rules addressing each specific risk, and the establishment of an organization to supervise risk information and respond to risk, including the establishment of a risk management committee.

Companies provide a wide variety of descriptions regarding "systems to ensure that the execution of the duties of a director/statutory executive officer is performed efficiently",[38] and generally, such descriptions focused on management systems taking corporate governance into account, and management procedures with management cycle in mind.

Regarding "systems to ensure that the execution of the duties of an employee complies with laws and regulations and the articles of incorporation",[39] many companies mentioned the formulation of guidelines including the corporate code of conduct and compliance rules. To enhance effectiveness of such rules, some companies further referred to the establishment of responsible committees and implementation of related training, as well as consultation services for employees and whistleblowing programs. Furthermore, in order to judge whether the system is actually functioning, some described that the internal audit office or the like conducts internal audits to judge the effectiveness of the system and provide feedback to management. In that connection, some made reference to the roles of company auditors and outside directors, and checks of legal compliance, as well as compliance with the articles of incorporation by outside lawyers.

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32 In addition, the CG Report requires companies to describe the state of compliance system, risk management system, and information management system.

33 Article 100, Article 110-4, and Article 112 of the Regulation for Enforcement of the Companies Act.

34 Although not directly referring to the Companies Act, the large majority of companies described their basic views in accordance with the provisions of the Companies Act.

35 Reference to "legal compliance" covers companies which mentioned one of the following keywords: "legal compliance", "compliance with laws/regulations" or "compliance".

36 Article 100, Paragraph 1, Item 1; Article 110-4, Paragraph 2, Item 1 and Article 112, Paragraph 2, Item 1 of the Regulation for Enforcement of the Companies Act.

37 Article 100, Paragraph 1, Item 2; Article 110-4, Paragraph 2, Item 2 and Article 112, Paragraph 2, Item 2 of the Regulation for Enforcement of the Companies Act.

38 Article 100, Paragraph 1, Item 3; Article 110-4, Paragraph 2, Item 3 and Article 112, Paragraph 2, Item 3 of the Regulation for Enforcement of the Companies Act.

39 Article 100, Paragraph 1, Item 4; Article 110-4, Paragraph 2, Item 4 and Article 112, Paragraph 2, Item 4 of the Regulation for Enforcement of the Companies Act.

Regarding the descriptions concerning "systems to ensure the appropriateness of business activities in a group of enterprises comprised of the relevant stock company and any parent company or subsidiaries thereof",[40] while being generally the same as descriptions concerning the headquarters, the descriptions include the establishment of affiliated company management or compliance departments responsible for managing affiliated companies, internal control systems overseeing subsidiaries and overseas business and consultative meetings of company auditors across the group. There were divergent views on control over subsidiaries, and some explained the need to strengthen control over subsidiaries, while others emphasized the independence between parent and subsidiary companies.

As for "matters related to the employee if a company auditor has requested that an employee be appointed to assist with the duties of company auditors" [41]and "matters related to the independence of the employee from the directors",[42] descriptions were generally in line with the Companies Act. Many companies made due consideration of their independence in terms of appointment and discharge, performance evaluation and personnel transfer. Similar explanations were made concerning members of the Audit (and Supervisory) Committee of Company with Audit Supervisory Committee and Company with Three Committees[43].

In relation to "system for reporting to company auditors/members of the Audit and Supervisory Committee/Audit Committee" [44]and "other systems to ensure that audits by the company auditors/Audit and Supervisory Committee/Audit Committee are performed effectively",[45] companies referred to rules concerning authorities of company auditors, Audit and Supervisory Committee members and Audit Committee members to participate in certain significant meetings, and authorities to review material documents. In addition, there was a case in which employees were allowed to report directly to company auditors, Audit and Supervisory Committee members and Audit Committee members.

**Chart 18 Basic Views on and State of Internal Control System**

| | | Companies Act | Risk Management | Legal compliance | Information management | Ethics | Decision making |
|---|---|---|---|---|---|---|---|
| | | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage |
| All data | | 40.2% | 86.9% | 96.5% | 24.8% | 52.2% | 71.4% |
| Organizational form | Companies with Board of Company Auditors | 40.1% | 87.6% | 96.5% | 24.8% | 51.0% | 71.8% |
| | Company with Supervisory Committee | 52.4% | 86.1% | 96.7% | 24.9% | 53.6% | 71.6% |
| | Company with Three Committees | 49.5% | 85.3% | 94.7% | 24.2% | 56.8% | 61.1% |
| Market segment | Prime | 44.2% | 86.6% | 96.7% | 28.4% | 56.9% | 72.8% |
| | Standard | 37.3% | 86.5% | 96.4% | 22.1% | 51.3% | 69.3% |
| | Growth | 36.6% | 88.8% | 96.1% | 22.3% | 41.6% | 73.4% |
| | JPX-Nikkei 400 | 48.3% | 85.8% | 95.0% | 30.8% | 57.0% | 71.8% |

40 Article 100, Paragraph 1, Item 5; Article 110-4, Paragraph 2, Item 5 and Article 112, Paragraph 2, Item 5 of the Regulation for Enforcement of the Companies Act.
41 Article 100, Paragraph 3, Item 1 of the Regulation for Enforcement of the Companies Act.
42 Article 100, Paragraph 3, Item 2 of the Regulation for Enforcement of the Companies Act.
43 Article 110-4, Paragraph 1, Item 1 and Item 2 and Article 112, Paragraph 1, Item 1 and Item 2 of the Regulation for Enforcement of the Companies Act.
44 Article 100, Paragraph 3, Item 4; Article 110-4, Paragraph 1, Item 4 and Article 112, Paragraph 1, Item 4 of the Regulation for Enforcement of the Companies Act.
45 Article 100, Paragraph 3, Item 7; Article 110-4, Paragraph 1, Item 7 and Article 112, Paragraph 1, Item 7 of the Regulation for Enforcement of the Companies Act.

### (7) Matters concerning development of systems for excluding anti-social forces

The CG Report requires statements on basic approaches (basic policies) to prevent involvement of anti-social forces in business activities or damages caused by such forces, and status of establishment of a code of ethics, code of conduct, internal regulations, etc., and a corporate structure which enables a company-wide response.

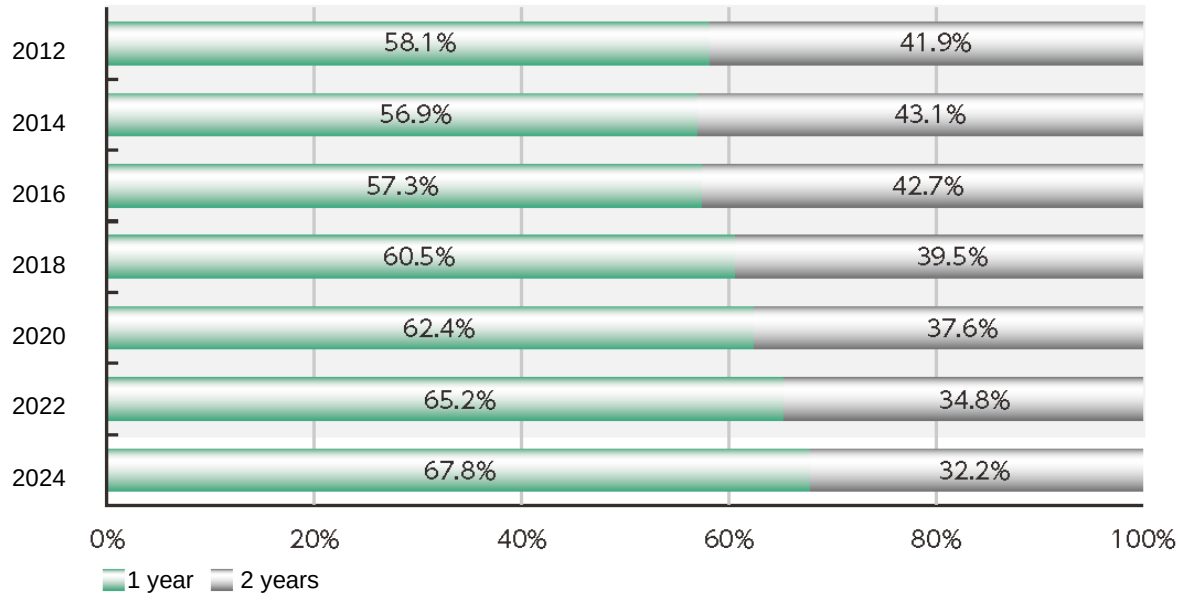
Concerning approaches to exclude anti-social forces, companies generally described that they have no relationship with such anti-social forces as corporate extortionists or organized crime syndicates, and stand firmly against them, and 69.8% (2,675 companies) mentioned cooperation with police agencies and lawyers, etc. concerning systems for excluding anti-social forces. In addition to police agencies, a number of companies referred to the exchange of information with organizations against such special crimes (i.e. crimes against corporations) and consultation with corporate lawyers. Furthermore, there were descriptions of development of manuals for basic policies, implementation of employee training, and names of responsible persons.

## 1 - 1 - 2. Directors and the board

### (1) Term of office of directors

Article 332, Paragraph 1 of the Companies Act stipulates that the term of directorships shall, in principle, continue within two years from the time of their election. However, it also provides for shortening the term of directorships by the articles of incorporation or by a resolution of a general shareholders' meeting. In the case of a Company with Audit and Supervisory Committee, it is provided that the term of office of a director who is a member of Audit and Supervisory Committee is two years (which may not be shortened), while the term of office of other directors is one year (which may be shortened by the articles of incorporation or resolution of the shareholders' meeting) (Paragraph 3 and Paragraph 4 of Article 332, of the Companies Act). In the case of a Company with Three Committees, it is provided that the term of directorships is one year after appointment (which may be shortened by the articles of incorporation or resolution of a general shareholders' meeting) (Article 332, Paragraph 6 of the Companies Act). Recently, in order to respond flexibly to changes in the management environment and to strengthen the corporate governance structure by clarifying management responsibility and gaining the trust of shareholders every year, there has been an increase in Companies with Board of Company Auditors that specify a one year term of office for directors (Chart 19).

**Chart 19 Term of Directorships in the Articles of Incorporation (Companies with Board of Company Auditors)**




### (2) Attributes of chairperson of the board

Concerning chairperson of the board, the CG Report requires each company to inform whether or not a chairperson exists, and an attribute of the chairperson, if any, by choosing one of the following: (1) president (shacho), (2) company chairperson[46], (3) representative director other than company chairperson/president, (4) outside director, (5) other director, or (6) not applicable.

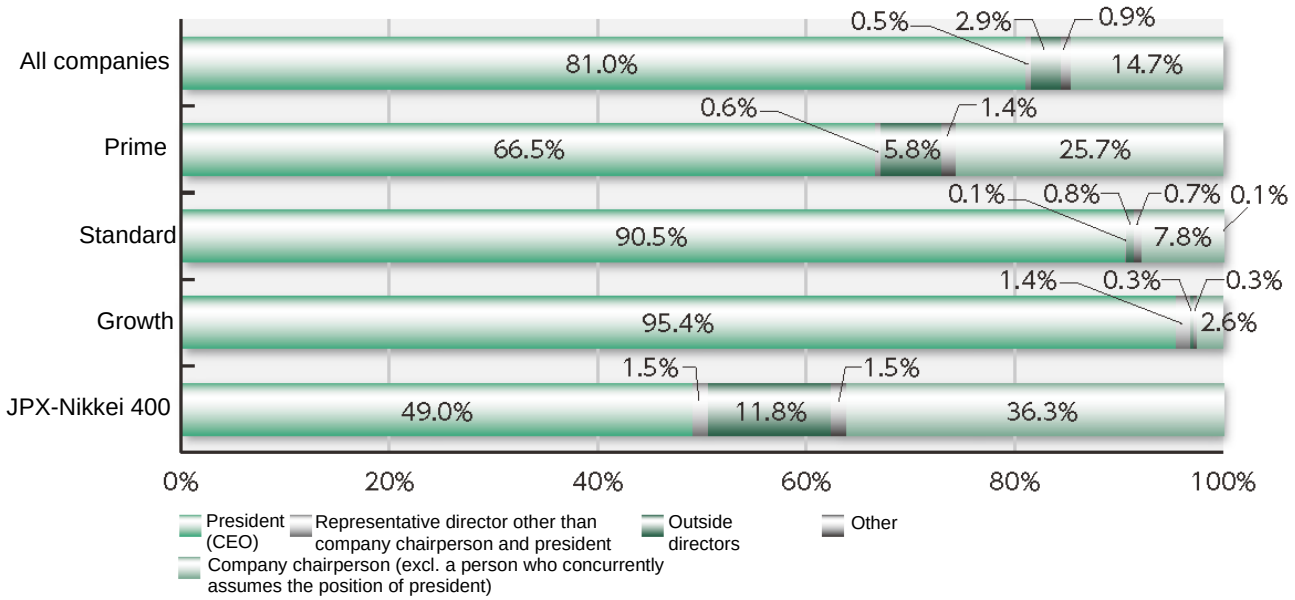
All TSE-listed companies have a chairperson of the board, and as for attributes of the chairperson of the board, the board is chaired by president (CEO) in 81.0% (3,102 companies) of TSE-listed companies, which is the highest percentage (Chart 20). In addition, the company chairperson accounts for 14.7% (562 companies), meaning that either the president (CEO) or the company chairperson chairs the board in 95.7% of companies (3,664 companies), almost all of the listed companies. The proportion of the board of directors chaired by the company chairperson is 25.7% (422 companies) in the Prime Market and 36.3% (145 companies) in the JPX-Nikkei 400 constituents, indicating that the larger the company, the greater the proportion of the board chaired by the company chairperson.

Although some investors have increasingly called for the board to be chaired by an outside director in order to stimulate discussions by the board and strengthen the oversight function of the board through the separation of oversight and business execution, the percentage of companies with a board chaired by an outside director in this survey was 2.9% (110 companies). In this regard, the June 2021 revision of the Guidelines for Investor and Company Engagement mentions that an independent director is appointed as the chairperson of the board of directors if necessary in order to ensure effective oversight of management by the board of directors. Out of JPX-Nikkei 400 constituents, the percentage of companies in which an outside director acts as a chairperson is 11.8% (47 companies), which is higher than the listed companies overall, and has increased by 3.3

46 Excluding a person who concurrently assumes the position of president (CEO).

percentage points compared to the previous time. Additionally, in feedback from companies, they have commented that “appointing an outside director as the chairperson (omitted) has improved the objectivity and transparency of discussions,”[47] suggesting that there is potential for further efforts in this area.

**Chart 20 Attributes of Board Chair (by Market Segment)**

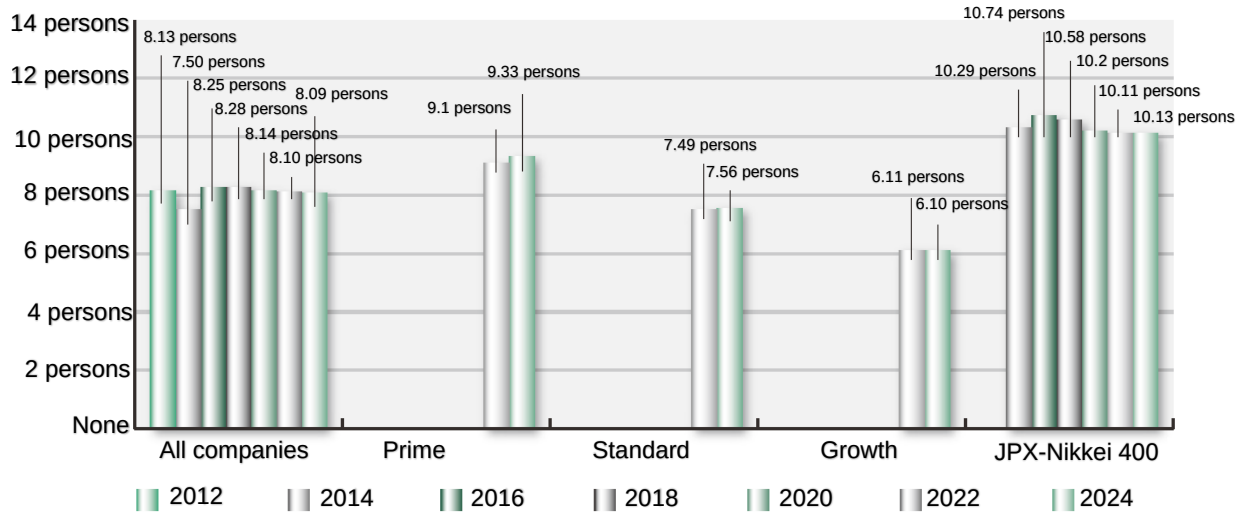



### (3) Average number of directors

In this survey, the overall average number of directors per TSE-listed company was 8.09 persons (Chart 21). Meanwhile, the average number of Independent Directors increased from 1.75 in 2016 to 3.12 in 2024. For overall TSE-listed companies, there has been progress in appointing Independent Directors since the formulation of the Code, but the number of directors as the whole board of directors has not changed significantly. In addition, the average number of directors in JPX-Nikkei 400 constituents has been on a declining trend since 2016, and was 10.13 in 2024.

47 The Council of Experts Concerning the Follow-up of Japan’s Stewardship Code and Japan’s Corporate Governance Code (29th meeting), “Document 3: Secretariat Breifing Pack,” p. 27, “Document 5: Reference Materials,” p. 47

## Chart 21 Number of Directors (by Market Segment)




### [Column 2] Practical Guidelines for Corporate Governance Systems

The Practical Guidelines for Corporate Governance Systems (CGS Guidelines) are developed and published by the Ministry of Economy, Trade and Industry as a compilation of discussions held at the CGS Study Group (Corporate Governance System Study Group). The Guidelines supplement the Code by describing what companies should consider in implementing the principles of corporate governance while remaining consistent with the Code, and outline specific actions that are considered meaningful to strengthen “earning power.” The Guidelines consist of six Chapters: “1. Introduction,” “2. Roles and Functions of Board of Directors,” “3. How to Utilize Outside Directors,” “4. Nomination and Remuneration of Management,” “5. Creating an Environment for Strengthening Management Leadership” and “6. Conclusion.”

In 2022, the Guidelines were revised in light of the fact that, in order for companies to survive global competition and achieve medium- to long-term enhancement of corporate value, it is desirable that an environment is realized in which management’s entrepreneurship and animal spirit can be exercised in a healthy manner, better management strategies can be devised, and risk taking can be done with speed, and that the management of listed companies has a strong awareness of the enhancement of corporate value[48], and in such revision, the points of attention, ideas, and best practices, etc., on matters such as the improvement of the roles and functions of the board of directors, the quality and evaluation of outside directors, and the development of an environment to strengthen the leadership of the management are organized and introduced.

48 Archived by WARP, National Diet Library, Japan: https://warp.da.ndl.go.jp/info:ndljp/pid/13724848/www.meti.go.jp/english/press/2022/0719_002.html

### 1 - 1 - 3. Scope of matters delegated to the management (Supplementary Principle 4.1.1)

Principle 4.1 stipulates that "The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans." In addition, Supplementary Principle 4.1.1 requires the board to specify and disclose its own decisions as well as both the scope and content of the matters delegated to the management. The compliance rate with such Supplementary Principle is 99.9% (1,640 companies) in the Prime Market and 99.6% (1,596 companies) in the Standard Market. For most companies, the board stipulates its resolutions in the internal regulations such as rules of the board of directors, and approval authority regulations, and only a very small number of companies do not comply with this supplementary principle.

However, it has been pointed out that matters regarding basic business strategies and business plans have not been sufficiently discussed at the board of companies in Japan. This Supplementary Principle requires clarification of the roles and responsibilities of the board of directors in a company's decision-making system, and while many companies are in the process of appointing more than one independent director, it is increasingly important to clarify and carry out the role that the board of directors should play in strengthening its supervisory function over management more than ever before.

A common type of disclosure by companies regarding this Supplementary Principle is that "the Company has established the Rules of the Board of Directors, and matters prescribed in laws and regulations and the articles of incorporation, as well as important matters related to business execution, are determined through a resolution by the board." In fact, in a keyword analysis of the companies listed on the Prime Market and Standard Market that are complying with this Supplemental Principle (3,236 companies), 85.3% (2,760 companies) stated "rules" and "regulations," 71.1% (2,301 companies) stated "laws and regulations," etc., 56.2% (1,818 companies) stated "articles of incorporation." In addition, 38.5% (1,245 companies) mentioned "duty authority," 21.2% (687 companies) mentioned "approval (approval authority/approval standards)," and 5.4% (176 companies) mentioned "agenda standards." This suggests that many companies have clarified the roles and responsibilities of the board of directors based on laws and regulations, the articles of incorporation, various internal rules, approval authority, etc.

In addition, there were some companies that clearly stated a separation of roles between the board and the management team, such as the introduction of a non-statutory executive officer system or establishment of management meeting. 31.8% (1,028 companies) included the keyword "non-statutory executive officer," while 25.5% (825 companies) included the keyword "meeting (management meeting/non-statutory executive officers meeting, etc.)."

The number of companies including keywords such as "business plans" and "business strategies," which are items that should be decided on and determined by the board according to the Code, was 17.3% (559 companies) for "plan (management plan, business plan)" and 11.9% (384 companies) for "strategy (management strategy, etc.)." This is low in comparison to the number of companies that included keywords such as laws and regulations, the articles of incorporation, and various internal rules, which suggests that only some companies disclose the specific matters decided on by the board.

Looking at individual cases, in Example 2, the duties of the board are set forth in the guidelines, and the details are reflected in the decision-making standards and disclosed. This company clearly states in its guidelines and rules on decision-making standards that the board of directors is involved in matters such as the long-term vision, management policies, and management strategies. Additionally, the company takes the position that oversight functions should be exercised in relation to the progress of the business plan, etc. Example 3 refers to the responsibilities of the board of directors stipulated by the company, and while specifically mentioning activities, such as the frequency of board and management meetings, the details of discussions, and attendance status, it outlines the scope of delegation to the management team. Example 4 is a case where specific internal regulations are clearly stated. The company has disclosed the detailed standards including monetary standards for matters for a resolution by the board and matters delegated to the representative director, etc. It can be said that by clarifying the specific numerical standards, this clearly indicates the division of roles for the board and the management team to shareholders and investors, etc.

Example 5 specifically describes the company's business execution structure, referring to the fact that the board of directors supervises business execution.

<Example 2: Matters to be resolved by the board of directors are expressly specified>

The Company shall stipulate in the guidelines the following duties, such that are to be carried out by the Board of Directors which is to consist of a diverse range of directors who are to be accordingly appointed based on the aforementioned policy for nomination.

(i) Set strategic direction by examining and deciding upon matters relating to the Company's business policy and strategy including business principles, corporate vision and medium-term management plan;

(ii) Conduct multifaceted and close examinations of those matters which are prescribed to be decided upon by the board of directors, from an independent and objective standpoint in light of the Company's business policy and business strategy, and receive reports on those matters which are required to be reported to the board of directors;

(iii) Conduct multifaceted and close examinations of proposals from the non-statutory executive officer based on healthy entrepreneurship, from an independent and objective standpoint, in order to establish an environment that supports appropriate risk taking by the directors and the non-statutory executive officers, and support the timely and bold decision-making by the directors and the non-statutory executive officers when approved plans are implemented;

(iv) Supervise the execution of duties by directors and non-statutory executive officers from an independent and objective standpoint. In addition, monitor the progress of the management plan to assess the achievement status. If the management plan fails to be achieved, analyze the causes and reflect them in future plans and disclose them to shareholders.

(v) Develop and improve the risk management system and the corporate governance structure including the internal control system in order to ensure the rationale of the Company's decision-making process;

(vi) Secure its fiduciary accountability to the shareholders on the Company's management, and oversee the directors in order to ensure that information will be disclosed in a timely and accurate manner.

As such, the Regulations on Decision-Making Standards shall limit matters to be determined by the board of directors to those listed under items 'i.' to 'vi.' as follows, and decisions on matters of business execution otherwise shall be entrusted to the non-statutory executive officers.

(i) Matters to be decided upon by the board of directors under laws and regulations;

(ii) Matters relating to the Company's business policy and strategy including business principles, corporate vision and medium-term management plan, strategic direction of the Company, and a single-year budget;

(iii) Important internal rules including Regulations on Decision-Making Standards;

(iv) Response guidelines to deal with any serious law violation committed by the Company;

(v) Matters relating to significant lawsuits;

(vi) Significant matters with equivalent importance to any of the matters set forth above.

(Shipping)

<Example 3: The actual results of activities of the board of directors and the management meetings are disclosed>

The Company has established a board of directors consisting of eight directors (three of whom are Independent Directors) to deliberate and make decisions on important management matters and to supervise the execution of duties by directors. The Company stipulates that the board of directors shall properly perform the following responsibilities.

1. Setting the broad direction of corporate strategy;
2. Consider and implement measures that contribute to the enhancement of corporate value based on sound entrepreneurship
3. Exercise effective supervision over directors or executive officers

The following is a summary of the board of directors' activities for the fiscal year ended June 2024.
The Company holds a regular board meeting monthly and extraordinary board meetings as needed, which were held 22 times during the fiscal year under review.
Directors and company auditors attended all 22 board meetings. As a result that we introduced the non-statutory executive officer system on September 25, 2020, to monitor management and clarify responsibility for business execution, and that information related to proposals was explained and shared in advance at the management meeting, the board of directors had efficient and sufficient opportunities for discussion.
At the board of directors meeting for the fiscal year ending June 2024, 73 resolutions were made on important management matters, including the review and approval of the medium-term management plan, the review and approval of market selection, proposals related to employee personnel and welfare systems, and proposals related to sustainability. The proposals related to research and development were considered and voted on as projects deemed of high importance due to their size exceeding a certain level or their contents. As for financial matters, proposals related to approval of account settlement and budgets were resolved.
In addition, the board oversaw the execution of duties by directors and non-statutory executive officers by reviewing and discussing 73 reporting matters individually, including business results forecasts and business progress, matters reported by committees, related-party transactions, and the status of requests for approvals.
Detailed explanations were requested from the directors in charge in relation to both resolution matters and reporting matters, and opinions were exchanged actively on the proceedings.
Based on the frequency of meetings of the board of directors and the high attendance rate, as well as the content of actual discussions, etc., our Company evaluates that the board of directors is appropriately making management decisions and supervising the execution of duties by the directors, and that the board is functioning effectively from a corporate governance perspective. In addition, the board of directors of the Company regularly conducts a questionnaire survey on the effectiveness of the board of directors, targeting all officers, through outsourcing to an outside organization and receives reports on the results.
The board of directors makes important management decisions and supervises the execution of business by non-statutory executive officers, thereby striving to strengthen corporate governance.
The Company has established and administers the management meeting in accordance with the "management meeting regulations." At the management meeting, in the presence of all directors, non-statutory executive officers and company auditors, non-statutory executive officers, heads of each department, business managers and other relevant persons in the Company explain mainly supplementary information such as background on the proposals to be submitted to the board of directors as well as information needed to understand the issues. In addition, status of progress and related risks concerning ongoing research and development projects and individual development projects are reported and technical knowledge or expert information on the Company's products and services is explained to enhance the understanding of directors and company auditors. The purpose of both measures is to share information in order to improve the quality of discussions at the board of directors and to improve the effectiveness of the board of directors, so the management meeting does not have decision-making authority and does not make decisions. For the fiscal year ended June 2024, a total of 11 meetings were held, with 28 agenda items. The largest number of items were related to development investment for large-scale projects in the cloud services business, and discussions were held on research and development projects, such as new businesses and the development of next-generation versions of our products, as well as initiatives related to BCP and health management, etc. Some of the agenda items of the management meeting were presented as proposals at subsequent meetings of the board of directors and were resolved as a result of sufficient and efficient discussion. We recognize that the establishment and operation of the management meeting has enhanced corporate governance in the Company, especially discussions at the meetings of the board of directors, and contributed to appropriate decision-making processes.
(Information and communication)

<Example 4: Matters to be resolved by the board of directors are specifically stated based on the amount of money>

The regulations on board of directors stipulate that matters stipulated by laws and regulations, matters stipulated in the articles of incorporation and matters related to important business shall be the resolution matters of the board of directors. Matters related to important business include concurrent office of directors as officers of other companies, execution of important contracts, matters relating to litigation, establishment of subsidiaries, etc., and other matters relating to affiliated companies. In addition, the regulations provide that resolution matters of the board of directors may be transferred or delegated to another organization, unless it is stipulated by law that such matters may not be resolved other than by the board of directors.

In the internal regulations (approval regulations), for example, matters such as alterations to building equipment, the purchase of fixtures, vehicles, etc., the purchase or disposal of important or large quantities of operating assets, compensation and damages, debt guarantees, and collateral deposits, etc. of 30 million yen or more are subject to board of directors' resolutions, while matters of the same type below 30 million yen are subject to decisions by the representative director or other bodies, depending on the amount. Regarding the write-off and settlement of non-performing loans, debt forgiveness, etc., amounts exceeding 10 million yen are subject to board of directors' resolutions, while those below 10 million yen are decided by the representative director or other bodies, depending on the amount. Additionally, for matters related to the business activities of group subsidiaries, criteria are established for each case; for example, acquisitions of ●● business rights are subject to resolution by our board of directors if the amount exceeds 100 million yen, while for those below 100 million yen, the decision is made by the management meeting of each subsidiary.

(Wholesale trade)

<Example 5: Business execution structure is explained>

1. Structure of the Business Execution Division

Our company has adopted a non-statutory executive officer system to separate management supervision functions from executive functions and clarify the responsibility for executive functions. As part of the business execution structure, the Headquarters Management Committee (hereinafter referred to as “HMC”) has been established; as a supporting body to the Representative Director, President and CEO, the HMC discusses basic management policies and important business execution decisions of our group. Important business execution decisions delegated by the Board of Directors to the Representative Director, President and CEO are made by the Representative Director, President and CEO subject to an affirmative resolution of the HMC.

Based on the principle that the members of the HMC should be selected from among those who, as members of the management team of our group, assume an oversight role in making important business execution decisions and executing business delegated by the Board of Directors, in principle, the Representative Director, President and CEO prepares a personnel proposal from among the non-statutory executive officers, which is then deliberated by the Nomination and Remuneration Committee and approved by the Board of Directors. The responsibility and authority for business execution of the HMC, the Representative Director, President and CEO, and the relevant non-statutory executive officers are clearly defined through the establishment of approval authority regulations.

2. Responsibilities of the Representative Director, President and CEO

The Representative Director, President and CEO is the highest executive officer and has authority over business execution, including decision-making on business execution matters delegated by the Board of Directors, and must make the best decisions on business execution for the realization of the group's management philosophy, the enhancement of corporate value, and the long-term increase of the shared interests of stakeholders, including shareholders, while demonstrating appropriate leadership.

(Service industry)

## 1 - 2. Appointment of Independent Directors

### 1 - 2 - 1. Roles expected of Independent Directors (Principle 4.7)

Principle 4.7 sets out the roles and responsibilities of Independent Directors as follows.

> [Principle 4.7 Roles and Responsibilities of Independent Directors]
> Companies should make effective use of independent directors, taking into consideration the expectations listed below with respect to their roles and responsibilities:
> (i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term;
> (ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management;
> (iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and
> (iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

The roles expected of Independent Directors are addressed in Principle 4.7 from two main perspectives. The first perspective is their role as advisors. In (i), it is mentioned that they provide advice on management policies and management improvements based on their own knowledge. Although it is called advice, of course, it is not required to act critically or as a third-party. They are expected to contribute to the discussion of the board of directors by proactively expressing their opinions according to their own knowledge and common sense as directors who are, as a party to corporate management, heavily responsible for the operation of the company.

The second perspective is their role as supervisors, which is broken down into three parts. The first is to supervise management through important decisions at the board of directors, such as the appointment and dismissal of senior management (ii), the second is to supervise conflicts of interest between the company and the management and controlling shareholders, etc. (iii), and the third is to appropriately reflect the views of various stakeholders, including minority shareholders, in the board of directors from a position independent of the management and controlling shareholders (iv).

**[Column 3] Practical Guidelines for Independent Directors**

In July 2020, the Ministry of Economy, Trade and Industry formulated and published the “Practical Guidelines for Independent Directors,” which outlines the roles and initiatives of outside directors from a practical perspective in light of the intent of the Companies Act and the Code, clarifies the basic roles expected of outside directors, and provides best practices for specific initiatives that will help fulfill such roles[49].

This Guidelines consist of three Chapters. Chapter 1 summarizes the provisions and interpretations of the Companies Act regarding the duties and powers of the board of directors and the duties and roles of directors, and summarizes the particularly important aspects of the roles and attitudes of outside directors as a best practice in light of the positioning in the Companies Act. Specifically, [Mindset 1], [Mindset 2], and [Mindset 5] are primarily about the basic roles of outside directors, while

49 Archived by WARP, National Diet Library, Japan:
https://warp.da.ndl.go.jp/info:ndljp/pid/12323307/www.meti.go.jp/english/press/2020/0731_003.html

[Mindset 3] and [Mindset 4] are about the mindset in order to fulfill such roles (Chart 22). Chapter 2 describes the relationship with the board of directors and related parties and specific actions to enable outside directors to fulfill their roles, and Chapter 3 outlines the support structure that the company should build for outside directors to fulfill their roles.

**Chart 22 Five Mindsets of Independent Directors**

| | |
|---|---|
| [Mindset 1] | The most important role of independent directors is supervising business management. The role's core lies in assessment of the management members, in particular, the president and/or CEO, who are responsible for business management, and decision-making on nominating and renominating and compensation of such members based on assessment results, including, if necessary, exercising initiatives in replacing the president and/or CEO. |
| [Mindset 2] | Independent directors should endeavor to: keep their positions free from conventional, stereotypical ideas which the given companies have; hold a wide variety of mid- to long-term perspectives; place eyes on the futures of the companies from such perspectives while taking into consideration expected changes in markets and industrial structures; and deliberate management strategies for sustainable growth of the companies. |
| [Mindset 3] | Independent directors should endeavor to: keep their positions independent of business execution of the given companies; and, based on such positions, deliver statements and take actions towards management members, in particular, the president and/or CEO, of the companies without hesitation. |
| [Mindset 4] | Independent directors should endeavor to keep an appropriate level of distance from management members, including the president and CEO, of the given companies while communicating and building trusting relationships with such members. |
| [Mindset 5] | Supervising conflicts of interest between the given companies and management members and/or controlling shareholders, etc. is an important duty outside directors. |

(Source) Compiled from the Ministry of Economy, Trade and Industry "Outline of Practical Guidelines on the Role of Outside Directors" (July 2020)

**[Column 4] Introduction to Outside Directors**

The purpose of corporate governance reform is to ensure the sustainable growth of the company and enhance its medium- to long-term corporate value. As members of the board of directors, outside directors are expected to identify excellent managers who can achieve these goals and, through providing advice and oversight, etc. to management at the board and other meetings, etc., encourage management to operate with a strong focus on sustainable growth and the enhancement of medium- to long-term corporate value. It is considered essential to have a system in place that ensures and enhances the quality of outside directors who assume such important roles and responsibilities. Therefore, the Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Tokyo Stock Exchange drafted and published "Introduction to Outside Directors" [50]in January 2024, to provide newly appointed or less experienced outside directors with "key information they should know first", and also to make various guidelines, etc. more accessible. It is hoped that it will be widely utilized by many outside directors.

50 https://www.jpx.co.jp/news/1020/20240125-01.html (in Japanese)

### 1 - 2 - 2. Independence criteria and qualification for Independent Directors (Principle 4.9)

TSE provides in the "Guidelines Concerning Listing Company Compliance, etc." in relation to so-called "independence criteria" the cases where there is typically a risk of a conflict of interest arising with general shareholders as a factor for determining the independence[51]. However, in order to properly judge the independence of outside directors, it is desirable that listed companies make a substantive judgment on each outside director individually, including whether it is sufficient that these independence criteria are not violated. Accordingly, Principle 4.9 stipulates that the board should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by financial instruments exchange. While the contents of independence standards that contribute to effective judgments are primarily up to the listed company's own discretion, listed companies are expected to disclose such standards in order to find reasonable judgment standards through dialogues between listed companies and the market.

The compliance rate with Principle 4.9 was 99.2% (1,629 companies) for companies listed on the Prime Market and 95.1% (1,524 companies) for companies listed on the Standard Market. In some cases, the content of the description includes the qualities required of Independent Directors in addition to the provisions of Companies Act and the independence criteria stipulated by TSE, etc.

Chart 23 shows the results of keyword analysis based on disclosure on the said principle. Of the 3,153 companies listed on the Prime Market and Standard Market that complied with Principle 4.9, 33.1% (1,045 companies) included "Companies Act" in their descriptions, and 70.9% (2,237 companies) included the keyword of "Exchange (Tokyo Stock Exchange, Financial Instruments Exchange, etc.)." This suggests that many companies firstly make disclosures in consideration of requirements for externality under the Companies Act[52] and independence criteria stipulated by TSE or other exchanges. Some companies clearly stated that they established their independence standards by referring to the voting standards of proxy advisors and institutional investors.

Meanwhile, some companies also established their own quantitative independence standards for relationships with business partners, large shareholders and other parties. In terms of keywords for quantitative criteria, 14.3% (451 companies) mentioned "yen" which expresses a monetary amount or "%" which expresses the percent.

Of the companies (451 companies) that stated the keywords of quantitative criteria, 90.5% (408 companies) mentioned "business partners." Of these, many companies (306 companies) have used "2% of consolidated sales, etc." as a threshold, for example, defining a "business partner for which the annual transaction amount accounts for over 2% of the consolidated sales of the Group or the business partner (including its parent company or major subsidiaries)" as "major business partner". In addition, in relation to business relationship criteria, some companies take both the amount of payments made by their company to a business partner and the amount of payments paid by a business partner to their company into consideration.

51 III.5 (3) -2 of the Guidelines Concerning Listing Company Compliance, etc.
52 Article 2, Item 15 of the Companies Act.

In addition, 53.0% of companies (239 companies) mentioned “lenders, etc.”[53] “More than half of the companies (127 companies) set the threshold for such lenders at “2% of consolidated total assets.” In addition, in the banking industry, there were also companies that took into consideration loan transactions, establishing criteria such as “cases in which the Company (bank) is the top lender for the party and in which changes to the Company’s credit policy could have a tremendous impact on the party”.

88.9% (401 companies) mentioned specialists, such as “lawyers” and “consultants,” and companies that used 10 million yen as the level of remuneration for these specialists were most common (296 companies). There were also cases using 10 million yen in the case of an individual who received remuneration, while using 2% of consolidated sales in the case of a corporation, organization or other legal entities. 61.0% (275 companies) mentioned “donations” from listed companies. Companies that used 10 million yen as the criterion for the donation amount were most common (214 companies). 82.3% (371 companies) mentioned “shareholders (major shareholders/large shareholders,” many of which used “10%” as a threshold.

In addition, there were cases of companies incorporating elements such as the tenure of Independent Directors and lead managing broker in their independence standards. “Tenure” was mentioned by 29 companies, 2/3 (19 companies) of which used “8 years” as the standard. Some companies also mentioned "6 years" (2 companies), "10 years" (3 companies) or "12 years" (2 companies). In addition, of the companies (451 companies) that mentioned quantitative standards, 86.3% (389 companies) mentioned cooling-off periods, meaning that if a fact occurred prior to a certain period, such fact does not conflict with the independence, such as “past ● years” or “previous ● years.”

Among the 3,153 companies listed on the Prime Market and Standard Market that complied with Principle 4.9, 27.0% (852 companies) mentioned “expertise (professional/specialized),” 26.4% (832 companies) mentioned “experience,”11.6% (367 companies) mentioned “forthright (opinions)” and 3.6% (115 companies) mentioned “personality”, as keywords concerning the quality required of Independent Directors. Of those mentioning “experience”, 11.0% (346 companies) mentioned experience related to management (management experience, company management, corporate management, etc.). This suggests that many companies prioritize past experience. In terms of keywords related to expected roles, 10.4% (329 companies) mentioned “advice”, while 14.6% (461 companies) mentioned "oversight", indicating that many companies place more importance on "oversight" than "advice."

53 Including creditors, funding, financial institutions and main banks

## Chart 23 Keywords regarding disclosure of independence standards and qualifications of Independent Directors (Principle 4.9)

| Item | Number of companies | Percentage |
|---|---|---|
| Companies that complied with Principle 4.9 | 3,153 | 100.0% |
| | | |
| ■ Keywords related to the independence criteria | | |
| Exchange (Tokyo Stock Exchange, financial instruments exchanges, etc.) | 2,237 | 70.9% |
| Companies Act | 1,045 | 33.1% |
| Yen (10,000 yen, 100 million yen) | 451 | 14.3% |
| | | |
| ■ Percentage of companies that established quantitative standard | 451 companies = 100% | |
| Companies mentioning standard related to “business partners” | 408 | 90.5% |
| Companies mentioning criteria standard to "lenders", etc. | 239 | 53.0% |
| Companies mentioning criteria standard to “experts” | 401 | 88.9% |
| Companies mentioning criteria standard to "donations” | 275 | 61.0% |
| Companies mentioning standard related to "shareholders” | 371 | 82.3% |
| | | |
| ■ Keywords related to qualifications required of Independent Directors | | |
| Expertise (professional/specialized) | 852 | 27.0% |
| Experience | 832 | 26.4% |
| Forthright (opinions) | 367 | 11.6% |
| Experience related to management (management experience, company management, corporate management, etc.) | 346 | 11.0% |
| Character | 115 | 3.6% |
| | | |
| ■ Keywords related to the expected role of Independent Directors | | |
| Oversight | 461 | 14.6% |
| Advice | 329 | 10.4% |

Looking at individual examples, in addition to the externality requirements prescribed by the Companies Act and the independence requirements specified by the Tokyo Stock Exchange, there are examples that include descriptions regarding personal qualities; in Example 6, the company presents its policy for selecting Independent Directors. Namely, it selects individuals who possess “mental independence” and can frankly raise questions and engage in discussions while considering the interests of general shareholders at the board meeting.

As for examples with quantitative descriptions, Example 7 establishes specific quantitative criteria regarding the independence of its Independent Directors and presents them to shareholders and investors. There are cases, such as Example 8, where stricter standards than the typical level are applied, such as “5% of voting rights” and “1% of transaction amount, etc.” Example 9 is a case where the company has set the criterion that any person who has served for more than 12 years[54] is considered to lack sufficient independence. Example 10 is a case where internal guidelines specify that the maximum tenure for ID/A is 6 years in total and that a director can hold concurrent directorships at a maximum of 5 other listed companies as a general rule.

54 Proxy advisors have also added “12-year tenure” to their 2025 voting standards. ISS will apply the independence criterion of “a tenure of 12 or more years” starting from February 1, 2026 (https://www.issgovernance.com/file/policy/active/asiapacific/Japan-Voting-Guidelines.pdf?v=2025.1), and, from 2025, Glass Lewis will issue a recommendation to vote against if “the tenure of all outside directors or all outside company auditors exceeds 12 consecutive years” (https://resources.glasslewis.com/hubfs/2025%20Guidelines/2025%20Japan%20Benchmark%20Policy%20Guidelines.pdf).

<Example 6: “Mental independence” is referred to>

As our standards for determining independence, our company adopts the independence criteria set forth by the Companies Act and the Tokyo Stock Exchange, and in addition to meeting these criteria, we select individuals who possess “mental independence” - the ability to raise questions and engage in discussions candidly while considering the interests of general shareholders at the board of directors meetings, which are also attended by executives and executive directors - as Independent Directors.
(Service industry)

<Example 7: Specific independence standards are specified>

The Board of Directors has established our company's own “Independence Criteria for Outside Directors” as follows. Furthermore, the Board of Directors selects, as candidates for outside director, individuals who meet the independence criteria set by the Tokyo Stock Exchange and our company, and who possess extensive experience, insight, etc. primarily cultivated as corporate executives, with the expectation that they will contribute to candid, active, and constructive discussions at meetings of the Board of Directors.

Independence standards for outside directors and outside company auditors

In addition to the independence criteria established by listed financial instruments exchanges, the board will judge any director who falls under any of the following items to lack independence.

1. The outside officer currently serves or within the past three years has served as a director (excluding outside director), company auditor (excluding outside company auditor), statutory executive officer or employee of a company in which the Company currently holds 10% or more of the voting rights
2. The outside officer currently serves or within the past three years has served as a director (excluding outside director), company auditor (excluding outside company auditor), statutory executive officer or employee of a company which currently holds 10% or more of the voting rights of the Company.
3. The outside officer currently serves or within the past three years has served as a director (excluding outside director), company auditor (excluding outside company auditor), statutory executive officer or employee of a company whose transactions with the Company in any of the past three fiscal years exceeded 2% of the consolidated net sales of that company or the Company.
4 The outside officer currently is or within the past three years has been a director (excluding outside director), company auditor (excluding outside company auditor), statutory executive officer or employee of a financial institution from which the Company currently borrows funds equal to 2% or more of its total assets.
5. The outside officer received compensation in excess of 10 million yen from the Company as a legal, accounting or tax specialist or consultant in addition to their officer’s remuneration in any of the past 3 fiscal years. In addition, the organization to which the outside director belongs received compensation in excess of 2% of its annual income from the Company as a legal, accounting or tax specialist or consultant in any of the past 3 fiscal years.
6. In any of the past three fiscal years, the Company has made donations exceeding 10 million yen to the outside officer or to the legal entity for which the outside director/company auditor currently serves or within the past three years has served as an executive officer or as an employee.
7. The outside officer currently serves or within the past three years has served as a director (excluding outside director), company auditor (excluding outside company auditor), statutory executive officer or employee of a company whose outside directors/company auditors currently include any persons with experience as an executive officer of the Company.
8. The outside director/company auditor currently is or within the past three years has been a representative partner, partner, or employee of the current accounting auditor of the Company within the past five fiscal years.

Note: Outside directors and outside company auditor are collectively referred to as “outside officers.”
(Electrical appliances)

<Example 8: Standards such as 1% of net sales are adopted>

The Company believes that it is important to monitor the management of the Company from a position independent from the Company where there are no conflicts of interest with general shareholders, and has established the following independence standards for the appointment of the board of directors, which has a function of decision-

making regarding management, so that supervision by outside directors and auditing by outside company auditors function effectively. Specifically, the Company observes the following independence standards:

(i) A person who has never served as an executive director, a non-statutory executive officer, or an employee of the Company;

(ii) A person who is not an executive of a customer, supplier or other counterparties of the Company whose annual transactions with the Company exceed 1% of the Company's net sales or the other party's consolidated net sales;

(iii) A person who is not a major shareholder holding a stake of 5% or more of the voting rights of the Company or an executive thereof at the end of the fiscal year of the Company;

(iv) A person who is not an executive of any company in which the Company holds a stake of 5% or more of the voting rights at the end of the fiscal year of the Company;

(v) A person who is not an executive of a financial institution from which the Company has borrowed with a balance of loans payable exceeding 3% of the Company's total assets or the financial institution's consolidated total assets, as of the end of the fiscal year of the Company;

(vi) A person other than entities to whom the Company made donations of 10 million yen or more in the past ten years or executives thereof;

(vii) A person who is not a consultant, accounting professional, legal professional, an accounting auditor, or advisor who has received cash or other financial gains of 10 million yen or more per year from the Company other than their remuneration for directors or company auditors, etc.

(Retail Trade)

<Example 9: A 12-year tenure standard is disclosed>

We select, as candidates for outside director, individuals who meet the independence requirements set forth by the Companies Act, the independence criteria established by the Tokyo Stock Exchange, and the independence criteria established by our company, who possess specialized knowledge and extensive experience in areas such as corporate management, law, and accounting, and who, with their high level of insight, are capable of offering constructive proposals and opinions on our company's management issues.

Starting from the general shareholders' meeting for the fiscal year ended December 2023, we have added the criterion "individual who has served as our outside director for a total term exceeding 12 years" as a basis for determining insufficient independence.

(Machinery)

<Example 10: Standards for the number of concurrent positions and tenure are adopted>

The Company has established the "Policy for Nominating Candidates for Outside Directors" and "Independence Standards" as follows, and nominates candidates for outside directors who meet these policies and standards.

[Policy for Nominating Candidates for Outside Directors]

In addition to the "Independence standards" established by the Company, candidates for outside directors who satisfy the following requirements are nominated. In addition, the nomination of candidates for outside directors is determined by a resolution of the board of directors, which includes several outside directors, taking into consideration the balance of knowledge, experience, abilities, diversity, etc., of the board as a whole.

(1) The candidate can gain an overview of the entire management of the Company group, understand essential issues and risks, and proactively express opinions and precisely provide explanations to directors and management.

(2) The candidate has significant insight and extensive experience in areas such as corporate management, business reform, customer service, logistics, legal compliance, risk management and internal control.

(3) In addition to attending important meetings such as the board of directors and group executive meetings, the number of concurrent positions as officers at listed companies is, in principle, not more than five excluding the Company, from the perspective of ensuring that the time and effort required to appropriately fulfill the responsibilities are adequately secured.

(4) The tenure as an outside director of the Company does not exceed six years in principle.

(Chemicals)

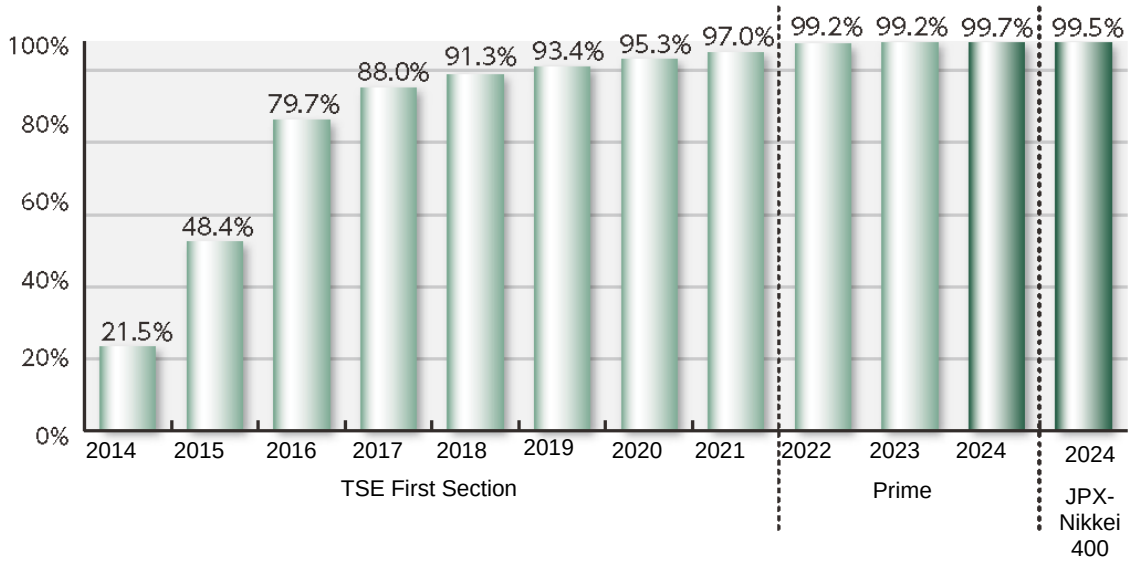
### 1 - 2 - 3. Appointment of Independent Directors

#### (1) Effective use of Independent Directors (Principle 4.8)

The Code establishes principles concerning the appointment of Independent Directors[55] under the comply or explain approach. Principle 4.8 goes a step further from the level required under the listing rules and specifies that at least 1/3 or more in the case of companies listed on the Price Market, and at least 2 persons or more in the case of companies listed on the Standard Market, should be appointed as Independent Directors.

First, looking at companies listed on the Prime Market, as shown in Chart 24, 99.7% (1,637 companies) have appointed two or more Independent Directors, and 98.1% (1,611 companies) of the companies listed on the Prime Market have appointed Independent Directors to at least one-third of the board positions (Chart 25), meaning that nearly all Prime Market-listed companies have appointed Independent Directors to more than one-third of the board positions. It is conceivable that the move to securing 1/3 or more of Independent Directors is spreading particularly among companies listed on the Prime Market, in part due to the increased demand from institutional investors and proxy agencies, etc. following the 2021 revision of the Code. Additionally, the percentage of Prime Market-listed companies appointing a majority of Independent Directors has increased by 8.2 percentage points, from 12.1% in the previous survey to 20.3% (Chart 26).

**Chart 24 Changes in listed companies (Prime Market) with two or more Independent Directors**




55 "Independent outside director" in this White Paper means an "outside director notified as an ID/A."

**Chart 25 Changes in listed companies (Prime Market) whose Independent Directors consist of 1/3 or more of the board**

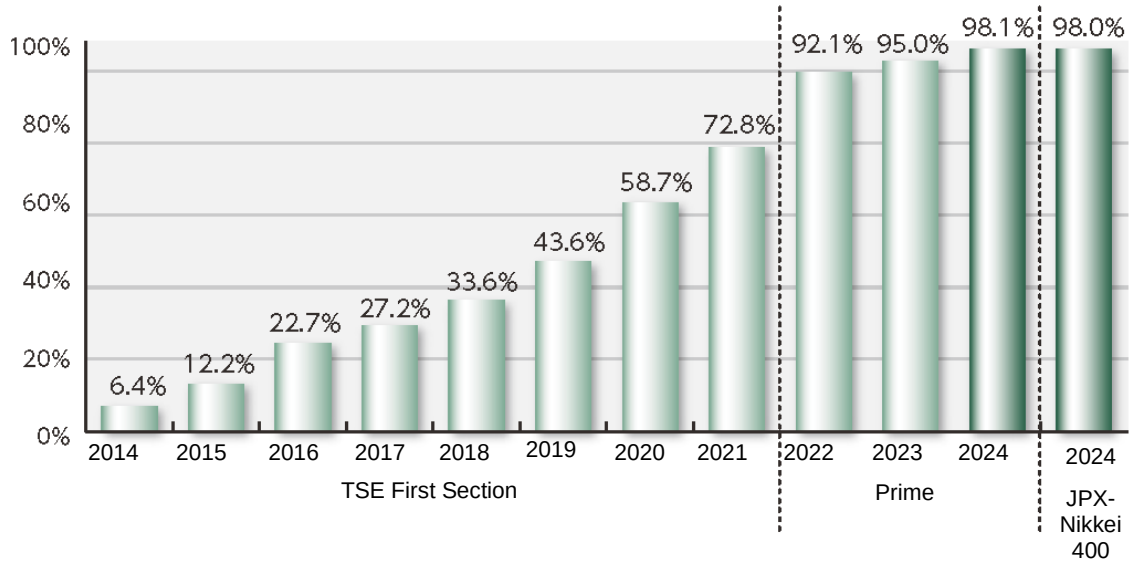
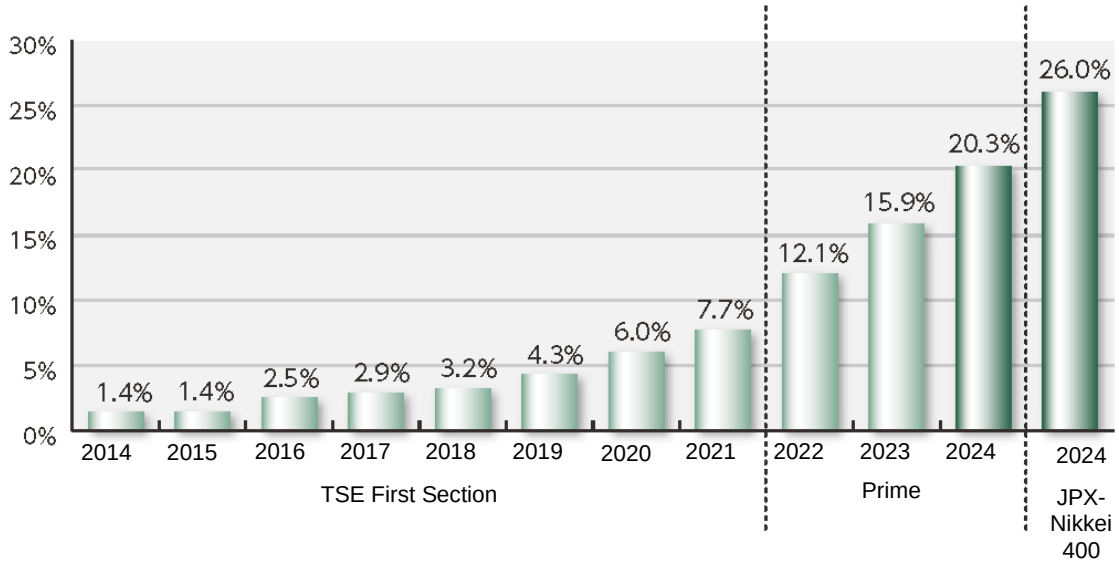



**Chart 26 Changes in listed companies (Prime Market) whose Independent Directors consist of a majority of the board**

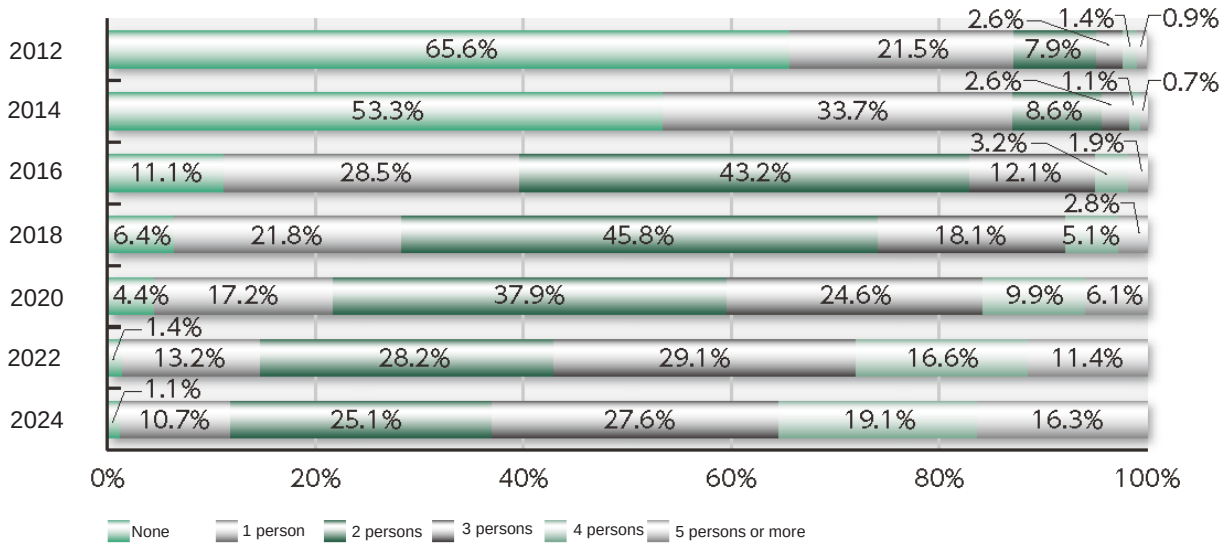



### (2) Number of Independent Directors

Overall, 98.9% (3,787 companies) of Tokyo Stock Exchange-listed companies have appointed Independent Directors, 88.2% (3,378 companies) have appointed two or more Independent Directors, and 63.1% (2,416 companies) have appointed three or more Independent Directors (Chart 27). In particular, the percentage of companies appointing three or more Independent Directors has increased by 6.0 percentage points, from 57.1% in the previous survey. The reasons for this include the fact that an increasing number of companies are seeking to appoint outside directors with diverse knowledge, experience, and abilities in order to ensure diversity among directors and enhance

discussion on the board of directors, and the fact that the Code revision in 2021 requires Prime Market-listed companies to appoint Independent Directors to at least one-third of the board positions.

**Chart 27　Number of Independent Directors Appointed (All Companies)**



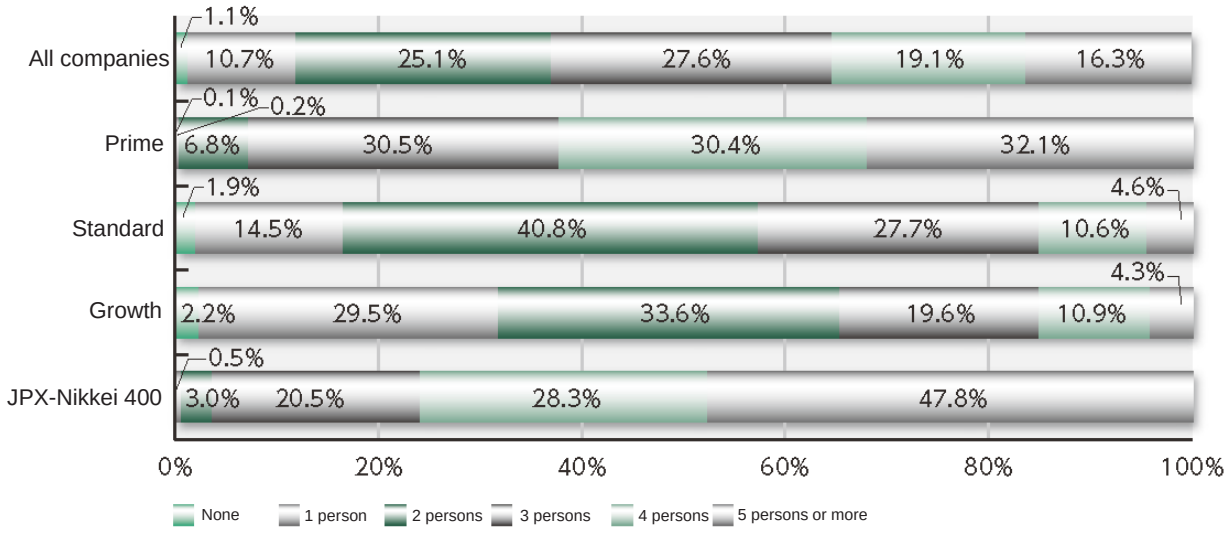

By market segment, the percentage of companies with independent director(s) is 99.9% (1,641 companies) in the Prime Market, 98.1% (1,572 companies) in the Standard Market, and 97.8% (574 companies) in the Growth Market. The ratio of the companies in the JPX-Nikkei 400 constituents that have appointed an independent director is 100% (400 companies) (Chart 28).

The average number of independent directors per company is 3.12. By market segment, the number is 4.10 in the Prime Market, 2.46 in the Standard Market, and 2.21 in the Growth Market. The number is 4.65 for JPX-Nikkei 400 constituents, which is higher than these segments (Chart 29).

Chart 30 shows the percentage of companies by market segment in which the number of Independent Directors accounts for 1/3 or more on the board of directors. The percentage of companies for which the ratio is 1/3 or more increased significantly in each market, to 75.2% (2,880 companies) for all TSE-listed companies (69.2% in the previous survey), while in the Prime Market, it has increased to 98.1% (1,611 companies) from 92.1% in the previous survey. In addition, the percentage of companies in which they consisted of a majority also increased in each market, with 13.4% in all TSE-listed companies (9.2% in the previous survey).

As for JPX-Nikkei 400 constituents, the percentage reached 26.0% (17.0% in the previous survey), which is 5.7 points higher than that of the Prime Market (20.3%) (12.1% in the previous survey).

## Chart 28 Number of Independent Directors Appointed (by Market Segment)




## Chart 29 Average Number of Independent Directors (by Market Segment)

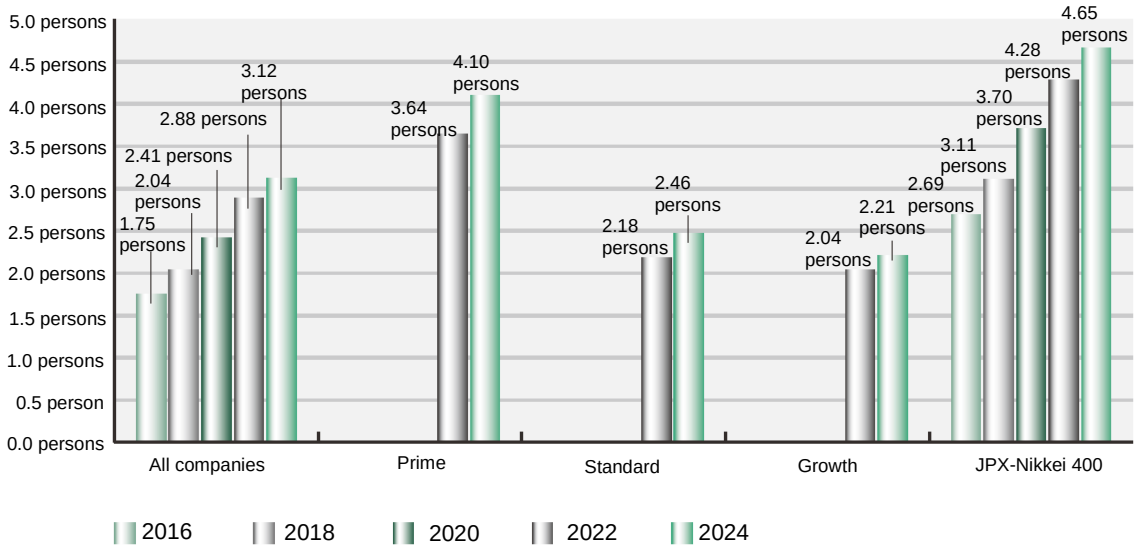
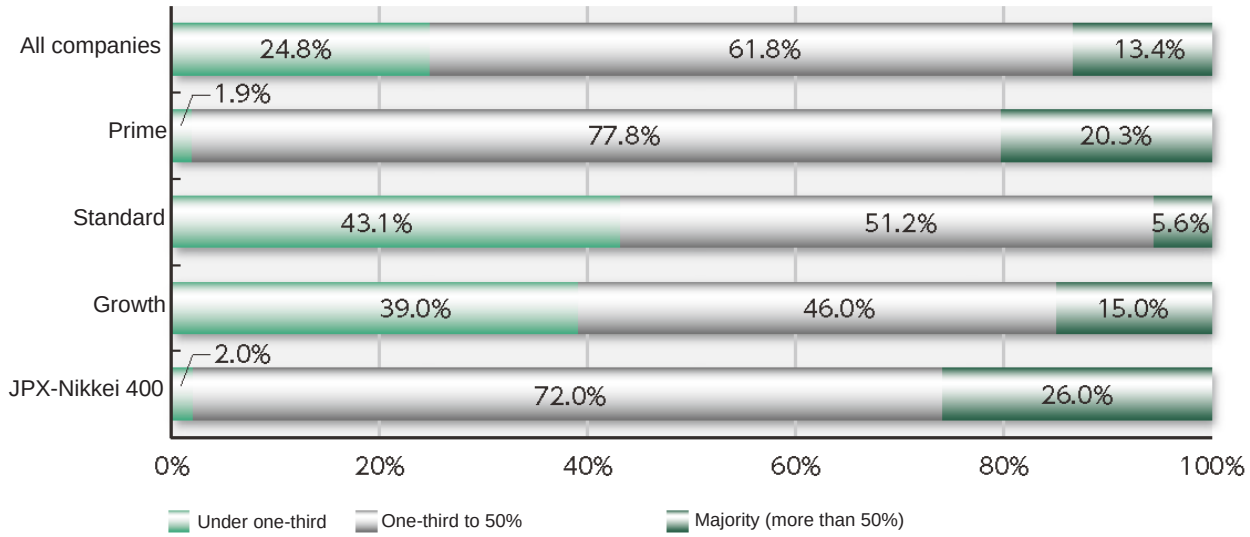


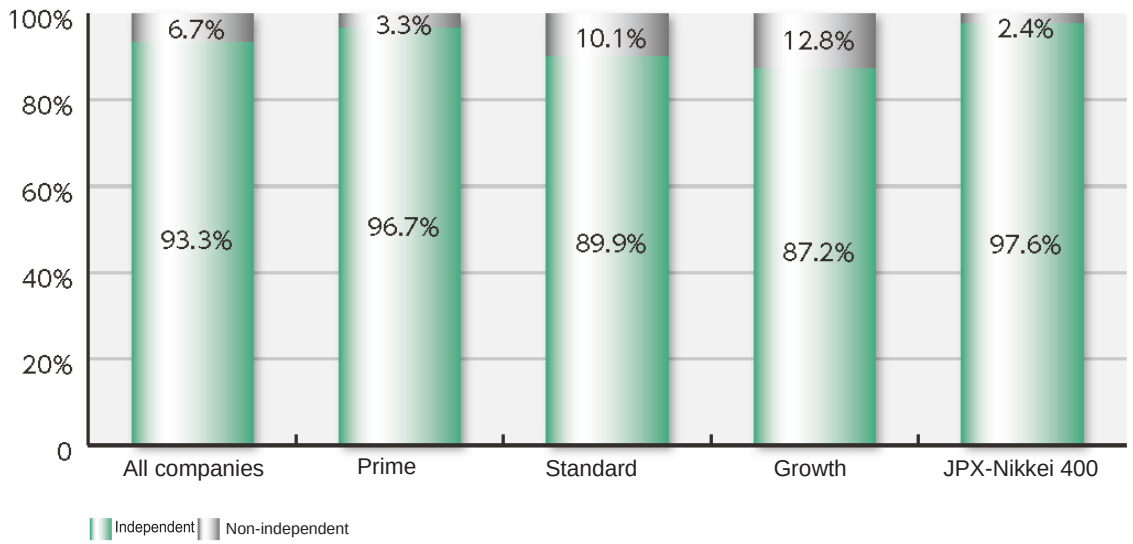
**Chart 30 Ratio of Independent Directors on the Board (by Market Segment)**




### (3) Ratio of independent directors among outside directors

The CG Report requires companies to provide information on the number of outside directors designated as independent officers. By market segment, the percentage of Independent Directors among outside directors is 96.7% in the Prime Market (95.9% in the previous survey), 89.9% in the Standard Market (88.0% in the previous survey) and 87.2% in the Growth Market (86.0% in the previous survey), (Chart 31). Additionally, among JPX Nikkei 400 constituents, the percentage is 97.6% (97.4% in the previous survey). Among the total 12,829 outside directors appointed by 3,831 TSE-listed companies, 93.3% of the directors (11,964 persons) were notified as ID/A.

**Chart 31 Percentage of Independent Directors among Outside Directors (by Market Segment)**



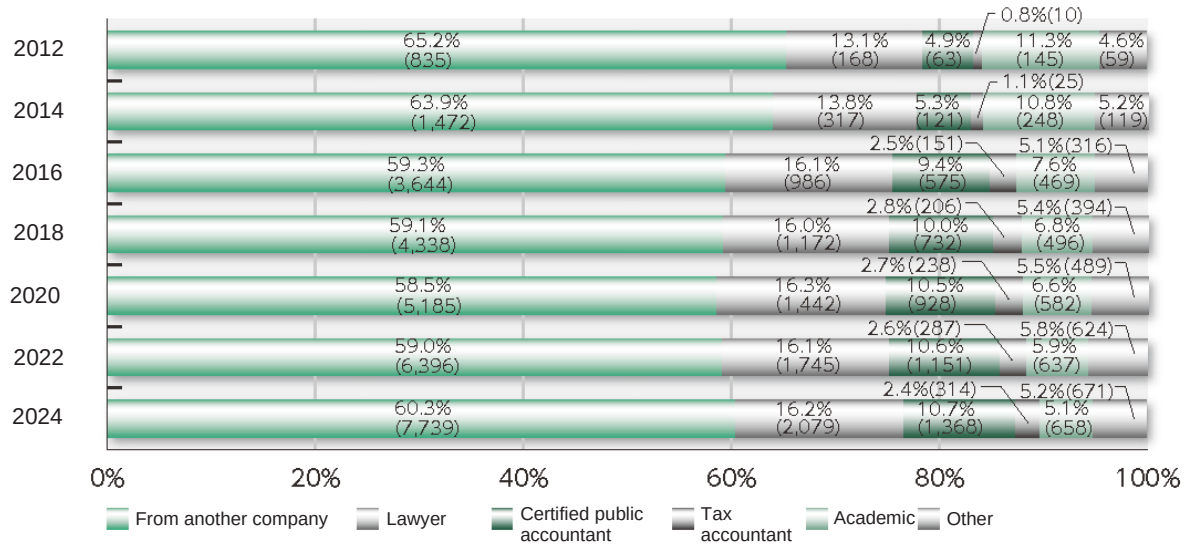

(Note) The total number of outside directors in each segment is 6,960 (Prime Market), 4,382 (Standard Market), 1,487 (Growth Market) and 1,906 (JPX Nikkei 400 constituents), and directors notified as ID/A are regarded as “independent” and others are regarded as “non-independent” and the ratio in each segment is calculated.

### (4) Attributes of outside directors

The CG Report requires listed companies to specify each outside director's attribute by choosing one of the following: "from another company[56]," "lawyer," "certified public accountant," "tax accountant," "academic" or "other."

For TSE-listed companies overall, the percentage is high for "from another company." The ratio has remained unchanged at around 60% since the Code was formulated, but the number has increased significantly as follows: 65.2% (835) in 2012, 63.9% (1,472) in 2014, 59.3% (3,644) in 2016, 59.1%(4,338) in 2018, 58.5% (5,185) in 2020, 59.0% (6,396) in 2022 and 60.3% (7,739) in 2024 (Chart 32).

**Chart 32 Attributes of Independent Directors (TSE-listed companies)**




56 "From another company" refers to a person who works or has experience in working for another company.

### 1 - 2 - 4. Independent directors/auditors

#### (1) Appointment of independent directors/auditors

The independent directors/auditors (ID/A) system was introduced with the aim of appropriately protecting the interests of "general shareholders," who are essential stakeholders for listed companies as they play an important role in providing liquidity to the stock market and providing a price discovery function. An ID/A refers to an outside director or outside company auditor who is unlikely to have conflicts of interest with general investors. TSE stipulates these as "matters to be observed" that are subject to measures to ensure effectiveness in the Code of Corporate Conduct of the Securities Listing Regulations[57], and requires listed companies to have at least one ID/A to protect general shareholders.[58]

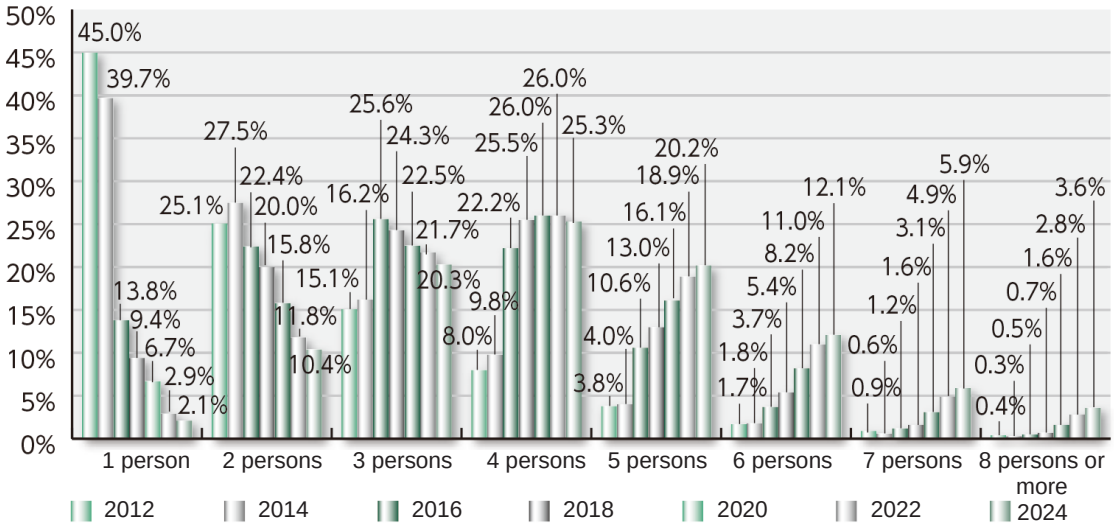
Listed companies have an obligation to designate at least one person from among outside directors or outside company auditor as an ID/A, and submit an "ID/A notification" as stipulated by TSE that describes the information of ID/A, and the number of ID/A(s) is also required to be stated in the CG Report.

Chart 33 shows the distribution of the number of ID/As. Only 80 companies (2.1%) have secured only 1 ID/A, and 3,749 companies (97.9%) have at least 2 ID/As. The aggregate number of persons notified as ID/A is 16,490 persons, and the average number of ID/A secured per listed company is 4.30 persons. In terms of the trend over time, the number of companies with 3 or fewer ID/As is decreasing, while the number of companies with 4 or more ID/As tends to be increasing.

Chart 34 shows the number of ID/As by market segment. The number is highest in the Prime Market with an average of 5.28 persons. This is followed by 3.81 in the Growth Market and 3.48 in the Standard Market. In the JPX-Nikkei 400 constituents, the average number of ID/As is 6.07, 0.79 above the average in the Prime Market.

Of the ID/A, 11,964 in total are outside directors (72.6% of all ID/A) and 4,526 are outside company auditors (27.4% of all ID/A) (Chart 35).

**Chart 33 Number of ID/As (all companies)**




57 Rule 436-2 of the Securities Listing Regulations.
58 Paragraph 1 of the same Article.

**Chart 34 Average Number of ID/As (by Market Segment)**

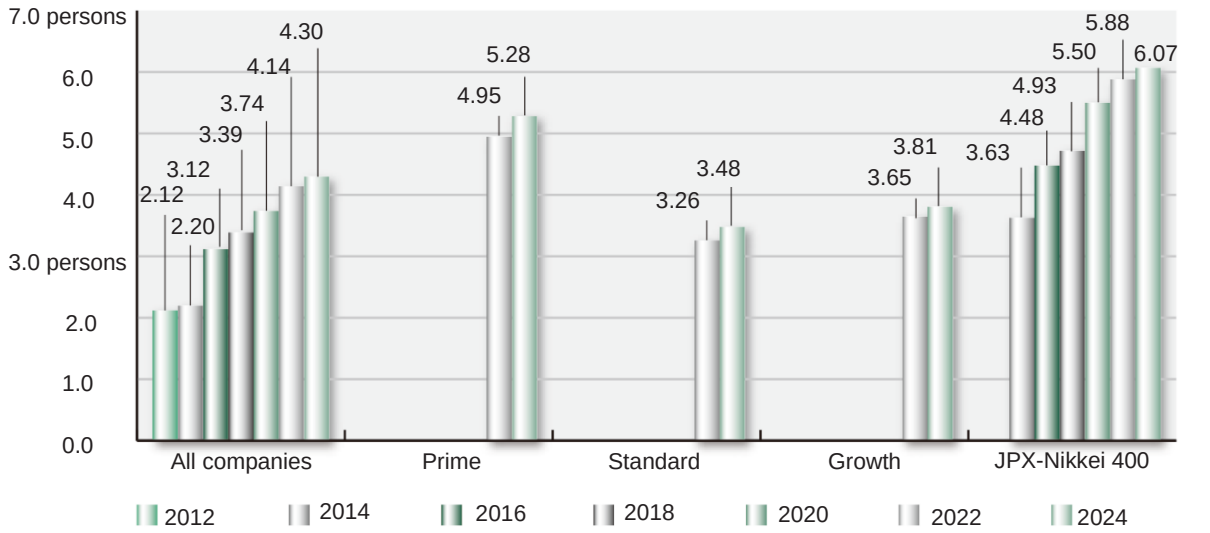
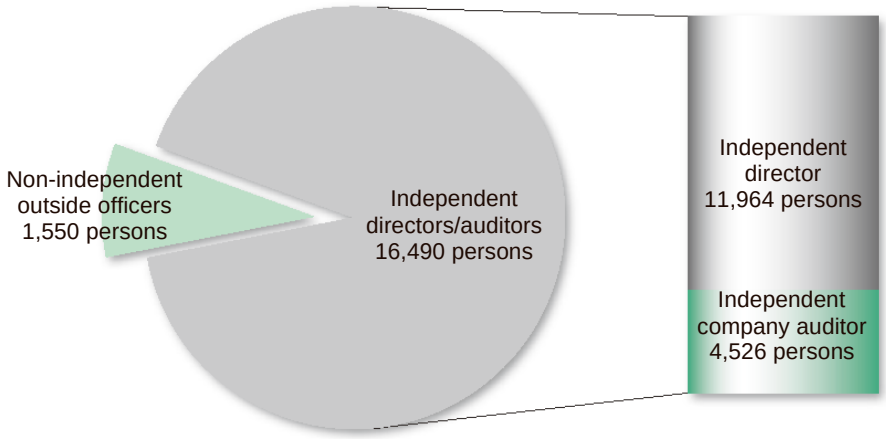



**Chart 35 Attributes of ID/As**

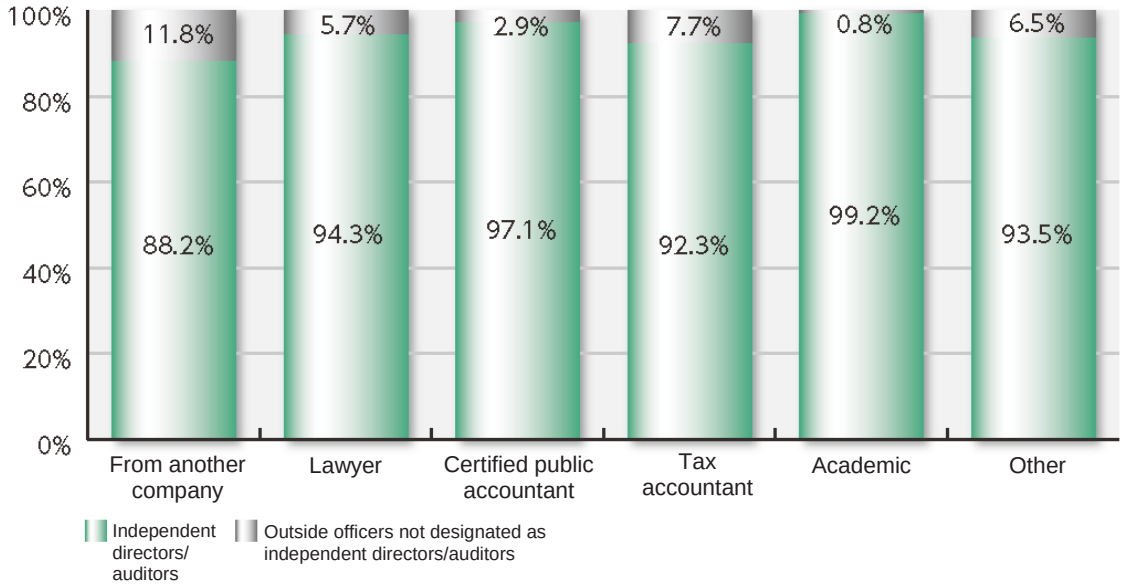



### (2) Attributes of ID/As

Chart 36 shows the percentage of ID/As among outside officers who fall under the relevant attribute, by each attribute of all outside officers[59]. The ratio of ID/As was lowest for “persons from other companies” (88.2%), followed by “tax accountant” (92.3%). This is believed to be the effect of the presence of parties who are in conflict or could be in conflict with independence standards among outside officers, such as business-executing employees of major business partner or tax professionals, etc., that acquire a high amount of financial compensation other than officer remuneration from listed companies.

59 Refers to outside directors and outside company auditor.

**Chart 36 Ratio of ID/As to All Outside Officers by Attribute**




### (3) Relationship Between Independent Officers and Company, etc.

Listed companies are required to designate persons who are “unlikely to have conflicts of interest with general shareholders” as ID/As from among outside officers. Although independence needs to be primarily judged by listed companies substantively, TSE provides in its “Guidelines Concerning Listed Company Compliance, etc.” as the factors for determining the independence the cases where there is typically a risk of a conflict of interest with general shareholders (so-called “independence criteria”). In light of this, listed companies are required to state in their CG Reports the status of applicability of the independence criteria to ID/As and outside officers not designated as ID/As, and other factual circumstances that could be determined to pose a conflict of interest with general shareholders (attribute information). Specifically, if an officer or their close relative has currently or has had in the past a relationship with the company, etc., as shown in Chart 37, disclosure to that effect is required.

**Chart 37 Relationships with Companies that Need to be Disclosed in the CG Report**

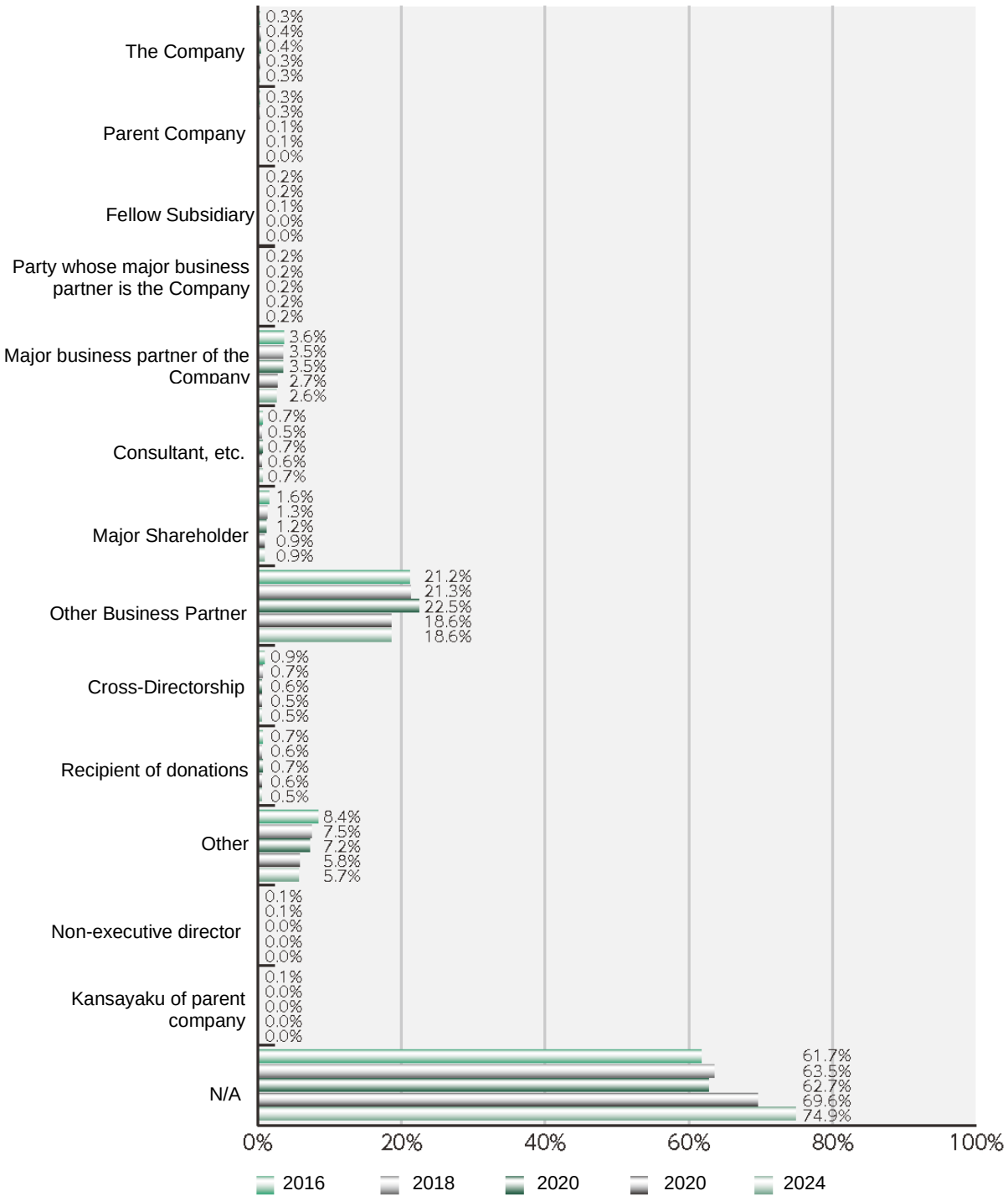
| # | Graph item | Item description |
|---|---|---|
| a | The Company | Person who executes business for the company or its subsidiary |
| b | Parent Company | Person who executes business for or a non-executive director of the company's parent company |
| c | Fellow Subsidiary | Person who executes business for a fellow subsidiary |
| d | Party whose major business partner is the Company | Person/entity for which the company is a major client or a person who executes business for said person/entity |
| e | Major business partner of the Company | Major client of the company or a person who executes business for said client |
| f | Consultant, etc. | Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the company in addition to remuneration as a director/company auditor |
| g | Major Shareholder | Major shareholder of the company (in cases where the shareholder is a corporation, a person who executes business for the corporation) |
| h | Other Business Partner | Person who executes business for a client of the company (excluding persons categorized as any of d, e, or f above) (applies to the director him/herself only) |
| i | Cross-Directorship | Person who executes business for another company that holds cross-directorships/cross auditorships with the company (applies to the director him/herself only) |
| j | Recipient of donations | Person who executes business for an entity receiving donationsfrom the company (applies to the director him/herself only) |
| k | Other | |
| L | Non-executive director (Items unique to outside company auditor) | A non-executive director or an accounting advisor of the company or its subsidiaries |
| m | Kansayaku of parent company (Items unique to outside company auditor) | A company auditor of a parent company of the company |

Chart 38 shows the relationship between ID/As and company. The most common selection was “not applicable” (74.9%) as none of the selections applied. “Other business partners” accounted for 18.6% of the applicable category, which is by far the highest in comparison with other categories. Other items with high ratios include “others” (5.7%) and “major business partners of listed companies” (2.6%), but their ratios are considerably lower than “other business partners.”

In addition, among the relevant items in Chart 38, Chart 39 shows the category under which the relationship with the company falls among “officer himself/herself (currently/recently),” “officer himself/herself (past),” “close relative (currently/recently),” or “close relative (past).”

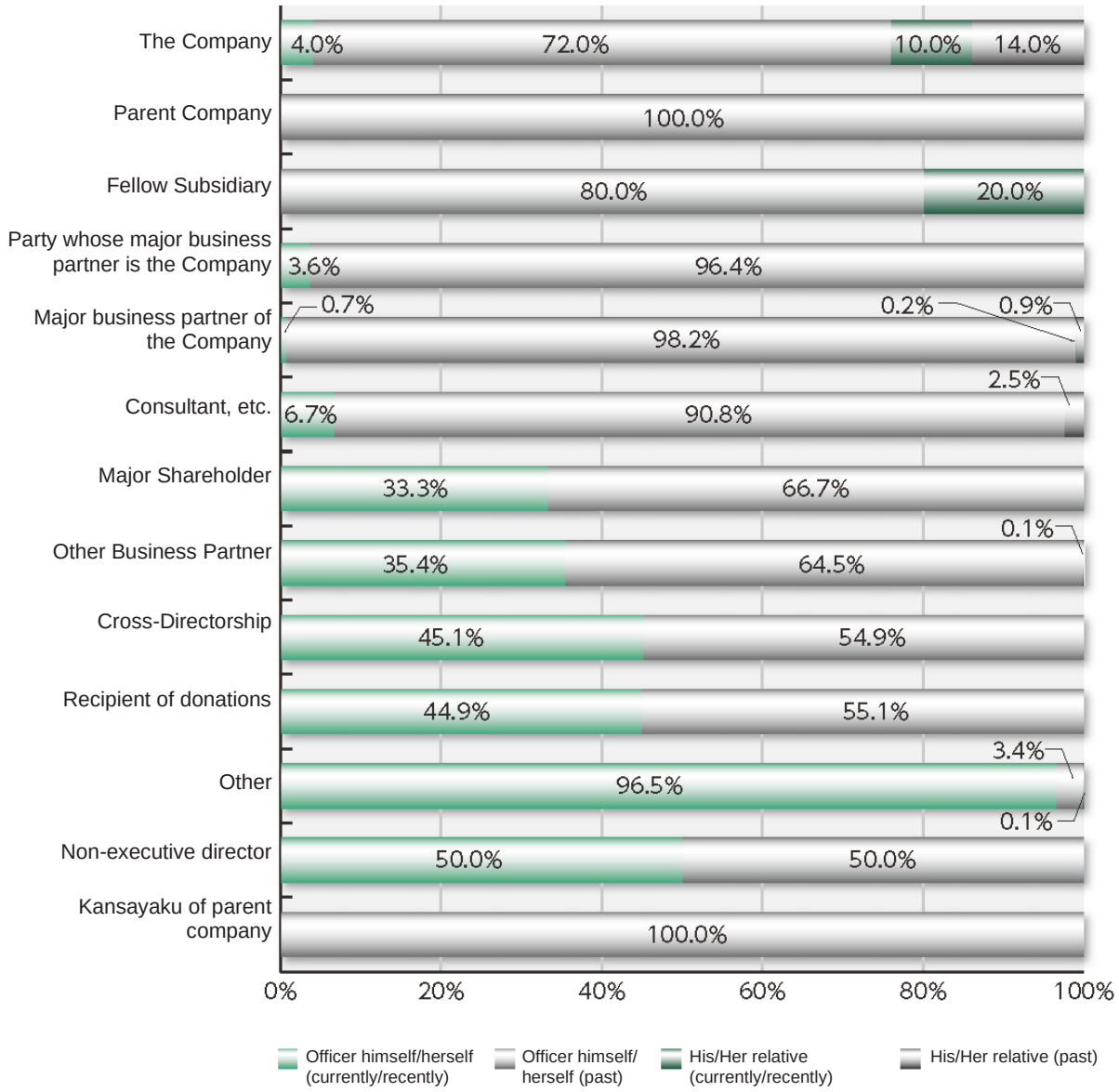
If we look at “other business partners” whose ratio stood out in Chart 38, “officer himself/herself (past)” accounts for 64.5%, a majority.

## Chart 38 Relationship Between Independent Officers and Company




(Note) The number of times when items a through m shown in Chart 37 are selected and the number of "not applicable" are summed, and the percentage occupied by each item is calculated for each year.

**Chart 39 Relationship Between Independent Officers and Company (Officers/Close Relative)**



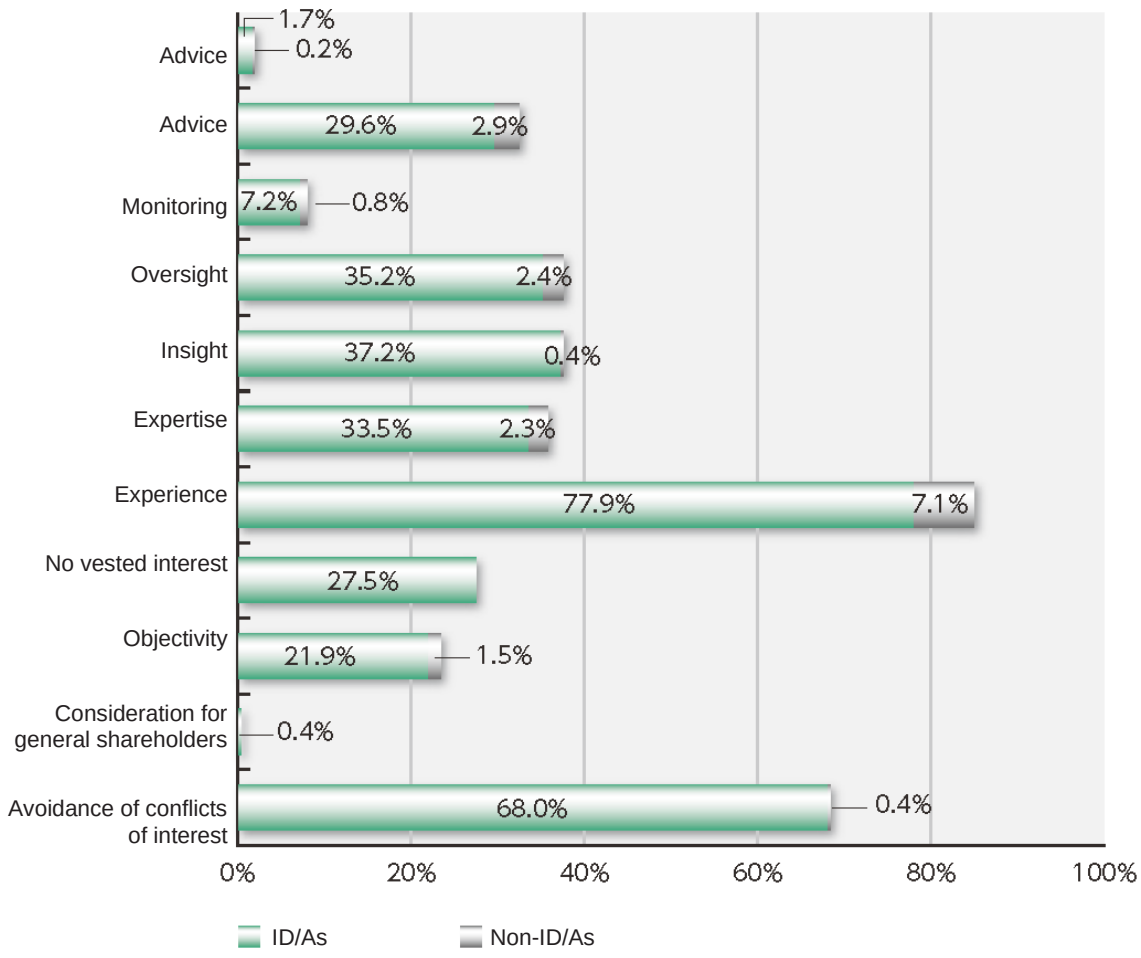

(Note) The denominator is the number of times when each item is selected, and the breakdown is shown for “officer himself/herself (currently/recently),” “officer himself/herself (past),” “close relative (currently/recently),” and “close relative (past).” The number of times when “Company auditor of parent company” is selected (denominator) is 1.

### (4) Description of reason for designation of ID/As

In the CG Report, individual reasons for appointing outside officers are required to be stated, and if the outside officer is designated as an ID/A, the reasons therefor are also required to be stated. First, looking at the descriptions of all outside officers (18,040 in total), the frequently appearing keywords were the person’s experience (85.0%), insight (37.6%) and expertise (35.8%) and there were many descriptions with respect to the experience, abilities and qualities of the individual. In addition, there were many explanations for ensuring neutrality, such as avoidance of conflicts of interest (68.4%), no conflicts of interest (27.5%), and objectivity (23.4%). On the other hand, as to functions expected of outside officers, keywords indicating monitoring functions, such as supervision (37.6%) and monitoring (8.0%), as well as descriptions indicating advisory functions, such as advice (32.5%), were fairly common (Chart 40).

Keyword analysis based on whether or not they are ID/As reveals more pronounced differences between ID/As and non-ID/As on reasons related to neutrality, such as avoidance of conflicts of interest (ID/As 68.0%, non-ID/As 0.4%), no conflicts of interest (ID/As 27.5%, non-ID/As 0%), and objectivity (ID/As 21.9%, non-ID/As 1.5%), suggesting that ensuring neutrality is an intended reason for designating an ID/A.

**Chart 40 Analysis of Reasons for Appointment of Outside Officers and Designation of ID/As**




### 1 - 2 - 5. Concurrent positions by directors and company auditors (Supplementary Principle 4.11.2)

Supplementary Principle 4.11.2 stipulates that “directors and kansayaku should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and kansayaku also serve as directors, kansayaku or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.” In terms of concurrent positions by directors and company auditor, because “significant concurrent positions” have been required to be stated in the business reports, the compliance rate with this Supplemental Principle by companies listed on the Prime Market and Standard Market is 99.9% (3,242 companies). In addition, many disclosures in CG Reports refer to other disclosure media, such as “please refer to the notice of convocation of the general meeting of shareholders for information

on the status of concurrent positions held by officers." Keyword analysis also showed that of the 3,242 companies listed on the Prime and Standard Markets complying with such Supplemental Principle, 75.2% (2,439 companies) included the keyword "general meeting of shareholders" and 70.1% (2,272 companies) included the keyword "convocation (convocation notice, notice of convocation, etc.)." In addition, 16.7% (540 companies) clearly stated a website URL.

Furthermore, 30.2% (979 companies) mentioned "reasonable (reasonable scope, etc.)." 5.1% (164 companies) disclosed specific numbers regarding the actual number of concurrent positions held, as well as the upper limit or guideline for the number of concurrent positions. In addition, there were also companies that stated that another company's offer shall be notified to the board or be approved by the board in advance for appointment of an officer. In terms of attendance, some companies clearly stated that "an attendance rate of at least 75% should be ensured."

Chart 41 displays the current state of concurrent positions held by ID/As at all 3,831 listed companies (as of July 12, 2024). The total number of ID/As holding concurrent positions at one or more companies is 13,236, with the largest group being 10,774 individuals (81.4%) who hold one concurrent position as an ID/A. Next, 1,819 ID/As (13.7%) hold concurrent positions at two companies, 517 individuals (3.9%) hold concurrent positions at three companies, 108 individuals (0.8%) hold concurrent positions at four companies, 14 individuals (0.1%) hold concurrent positions at five companies, and 4 individuals hold concurrent positions at six companies.

**Chart 41　Concurrent Positions by ID/As**

| | As of July 2024 | | As of December 2022 | |
|---|---|---|---|---|
| Number of concurrent positions | Number of persons | Composition ratio | Number of persons | Composition ratio |
| 6 companies | 4 persons | 0.0% | 3 persons | 0.0% |
| 5 companies | 14 persons | 0.1% | 19 persons | 0.1% |
| 4 companies | 108 persons | 0.8% | 98 persons | 0.7% |
| 3 companies | 517 persons | 3.9% | 495 persons | 3.5% |
| 2 companies | 1,819 persons | 13.7% | 1,789 persons | 12.5% |
| 1 company | 10,774 persons | 81.4% | 11,873 persons | 83.2% |
| TOTAL | 13,236 persons | 100.0% | 14,277 persons | 100.0% |

(Source) Compiled by Daiwa Institute of Research

Looking at individual examples, Example 11 discloses that, as part of the appointment criteria, sufficient time must be secured to perform the duties of a director, with a required attendance rate of at least 80%, and an upper limit of three concurrent positions is set as a guideline. Example 12 refers to the potential for expanding knowledge and positively influencing management decisions by holding concurrent positions at other listed companies. Example 13 specifies the requirement for at least a 75% attendance rate at board meetings and an attendance rate of 100% at voluntary nomination and remuneration committee meetings. In addition, as in Example 14, there is also an example of a company that stated that the current state of concurrent positions was within a reasonable scope in consideration of the actual attendance rate for the board.

<Example 11: Specific status of concurrent positions is disclosed and the attendance rate of 80% or higher and a limit on the number of concurrent positions are referred to>

For the selection standards for Outside Directors, the Company's Nomination Committee stipulates that individuals must "be able to spend sufficient time to perform their duties", and carefully reviews the status of concurrent positions when selecting candidates. The status of concurrent positions held by directors appointed at the ●●●th General Meeting of Shareholders is as follows.

Furthermore, the Company requires all Directors to have an attendance rate of at least 80%, and in order to realize this, as a general rule Directors should aim to hold concurrent positions (positions as Officers as stipulated in the Companies Act) at no more than three companies (listed companies) other than the Company.

Major concurrent positions (as of July 1, 2024)

・● ●● (Outside Director)
Real estate industry (representative director), service industry (outside director), chemicals (outside director), other financial services (outside director), banking (outside director)
Concurrent positions at listed companies (officers under the Companies Act): 2 companies

・●●● ●●● (Outside Director)
Information and communication industry (advisor), non-ferrous metals (outside director)"
Concurrent positions at listed companies (officers under the Companies Act): None

・●● ● (Outside Director)
Construction (representative director and chairperson), chemicals (outside director)
Concurrent positions at listed companies (officers under the Companies Act): 2 companies

・●● ●● (Outside Director)
Service industry (representative director, chairperson and chairperson of the board of directors), air transport industry (outside director)
Concurrent positions at listed companies (officers under the Companies Act): 2 companies

・●● ●● (Outside Director)
Pharmaceutical industry (director and vice chairperson), service industry (outside director)
Concurrent positions at listed companies (officers under the Companies Act): 1 company

(Electrical appliances)

<Example 12: The possibility that serving concurrently as an officer of another listed company can have a positive impact on business decisions is referred to>

With respect to internal officers, currently there are only concurrent positions as officers of our group companies. The Company believes that it is desirable for directors and kansayaku of the Company to focus their efforts on the Company, but does not exclude the concurrent position as long as it is not excessive because serving as an officer of another listed company can broaden their knowledge and have a positive impact on management decisions in the Company.

Outside Director ●●● concurrently serves as Representative Director of a company in the service industry, Outside Director of a company in the information and communications industry, and Outside Company Auditor of a company in the food industry; ●●●●● serves as Outside Director of a company in the construction industry; ●●●● serves as Outside Director of a company in the metal products industry; ●●●● serves as Outside Director of a company in the food industry; and Outside Company Auditor ●●●● serves as Outside Director of companies in the banking and real estate industries, and there are no particular business relationships between the Company and any of these entities.

(Wholesale trade)

<Example 13: 75% or more attendance at the board of directors meetings and 100% attendance at the nomination and remuneration committee are expressly stated>

The status of significant concurrent positions held by directors and kansayaku is disclosed annually in the notice of convocation and the annual securities report, etc. In addition, when selecting candidates for outside directors and outside company auditor, we make decisions from the perspective of whether they can appropriately fulfill their roles and responsibilities as directors and kansayaku of the Company, including attending meetings of the board of directors and the board of company auditors.

For this reason, the Company especially confirms with the candidates for part-time Outside Directors/Outside Audit & Supervisory Board Members whether they are able to attend at least 75% of the meetings of the Board of Directors and the meetings of the Audit & Supervisory Board (in the case of Outside Audit & Supervisory Board Members) before their appointment. Furthermore, Outside Directors (candidates) must, in principle, be able to maintain 100% attendance as members for the Executive Appointment Meeting and the Executive Compensation Meeting. Taking into account the time required to be devoted to duties as the Company's Member of the Board of Directors or Audit & Supervisory Board Member, the Company sets a limit on the number of companies, in principle, for which Members of the Board of Directors and Audit & Supervisory Board Members are allowed to concurrently serve, either as officers or in some other capacity (appointment as officers of listed companies, etc.), of up to four companies not including the Company.

(Pharmaceuticals)

<Example 14: It is expressly stated that the attendance rate is 100%>
The status of significant concurrent positions held by directors and kansayaku is disclosed annually in the notice of convocation and the annual securities report. The Company especially confirms with the candidates for part-time Outside Directors/Outside Audit & Supervisory Board Members whether, in principle, they are able to attend 100% of the meetings of the Board of Directors and the meetings of the Audit & Supervisory Board (in the case of Outside Audit & Supervisory Board Members). With respect to concurrent positions held by outside officers, etc. at companies other than the Company (appointments as officers of listed companies), given their 100% attendance rate at meetings of the Board of Directors of the Company, we believe that they are able to secure sufficient time to devote themselves to their duties as officers, and that the number of positions they concurrently hold as officers of other companies is within a reasonable range.
(Chemicals)

### 1 - 2 - 6. Status of concurrent positions by directors and statutory executive officer

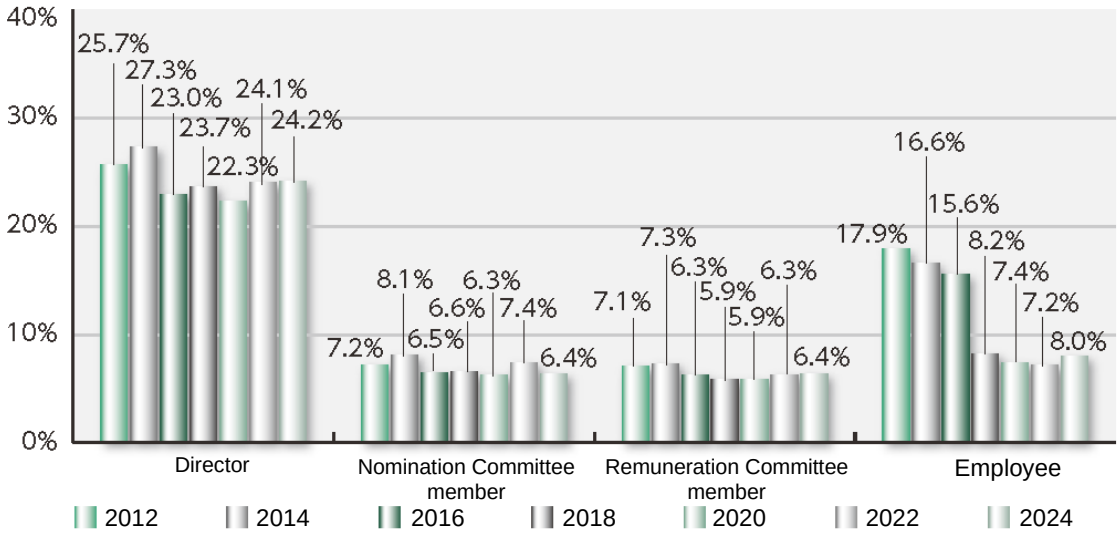
Among TSE-listed companies that are Companies with Three Committees, the average number of statutory executive officers per company was 10.1 persons. The average number of statutory executive officers with representative authority was 1.9 persons per company, accounting for 19.0% of all statutory executive officers. Statutory executive officers can concurrently serve as directors60, and 24.2% of statutory executive officers serve concurrently as directors. Furthermore, 6.4% of statutory executive officers concurrently serve as directors on the nomination committee and 6.4% as directors on the remuneration committee (Chart 42). As for audit committees, statutory executive officers are prohibited to concurrently assume a position as committee members61.

Regarding the status of concurrent positions held by statutory executive officers and employees, 7.2% of statutory executive officers also hold positions as employees, but the figure is declining year by year. From the perspective of strengthening governance, there has been an increase in the number of non-statutory executive officers working on delegation contracts rather than employment contracts. From the same perspective, with respect to statutory executive officers, one factor may be the recent increase in the number of companies that have removed the requirement to hold concurrent positions as employees.

Regarding the status of concurrent positions held by statutory executive officers and employees, 8.0% of statutory executive officers also hold positions as employees, but the figure is declining year by year. This trend is thought to be due in part to an increase, from a governance perspective, in companies appointing executive officers (including non-statutory executive officers) based on delegation contracts rather than employment contracts, and to an increasing number of companies that, from the same perspective, have recently stopped having statutory executive officers also hold concurrent positions as employees.

60 Article 402, Paragraph 6 of the Companies Act.
61 Article 400, Paragraph 4 of the Companies Act.

**Chart 42 Positions Held Concurrently by statutory executive officers**




### 1 - 2 - 7. Support system for outside officers

The CG Report requires listed companies to describe sections and personnel responsible for supporting outside directors and outside kansayaku (and whether there are dedicated personnel) and the details of this support if applicable, as well as an overview of the information communication system for outside directors and outside kansayaku.

Looking at details of descriptions, many companies stated that the Secretariat of the Board is responsible for supporting outside directors while the Secretariat of the Board of Company Auditors is responsible for supporting outside kansayaku, that materials related to agendas of the board are sent in advance, and that supplementary explanations are conducted by the secretariat as necessary.

Descriptions regarding outside directors included providing the opportunities to understand the situation through visits to business sites, as well as contact with site managers, etc. Furthermore, some companies stated that outside directors are entitled to seek opinions of external experts, such as lawyers, certified public accountant, consultants, etc., at the expense of the company when needed. There were also statements that outside kansayaku attended meetings, etc., where the status of business, etc., was reviewed, and that information was provided through meetings with full-time kansayaku who were familiar with internal affairs.

Moreover, there were descriptions of the establishment of liaison meetings consisting of outside officers only, such as an “outside officers liaison meeting” as a forum for advance explanations of board agendas, information provision, and information exchange. Furthermore, because outside directors also include foreign nationals, some companies also described responses such as preparing English versions of board materials that are distributed to the applicable directors in advance, and making sure to offer simultaneous interpreting when applicable directors attend the board, the general shareholders’ meeting, etc.

### 1 - 2 - 8. Training policy for directors and kansayaku (Supplementary Principle 4.14.2)

Principle 4.14 states that “directors and kansayaku should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills” and that listed companies “should provide and arrange training opportunities suitable to each director and kansayaku along with financial support for associated expenses”. Furthermore, Principle 4.14.2 states that “companies should disclose their training policy for directors and kansayaku”.

Although there had been no provisions on training for officers in exchange regulations, etc., and disclosures in the CG Report, etc. were not required until the formulation of the Code, the compliance rate for Supplementary Principle 4.14.2 is high at 96.5% (3,129 companies) in the Prime Market and the Standard Market, with a backdrop that practices such as the provision of various forms of training including compliance training for newly-appointed officers and opportunities for company briefings for outside officers had already been instilled at many companies.

Many of the disclosures based on this Supplemental Principle state that “our policy is that directors and kansayaku utilize external seminars, etc., to obtain and appropriately update necessary knowledge and strive to improve their skills.” Of the 3,129 companies listed on the Prime Market and Standard Market that complied with the said Supplemental Principle, 75.6% (2,365 companies) specified “external seminars and training, etc.” as a training method, and some specified a specific organization to host the seminars. In addition, some companies also mentioned the provision of books, e-learning, etc. Moreover, there are many companies stating that the company covers expenses, and 38.0% (1,189 companies) mention expenses.

In addition, there were also companies that change the contents of training depending on the attributes of officers (inside, outside, etc.). Such companies have disclosures stating that opportunities were provided to newly appointed inside officers to learn basic knowledge as directors and to newly appointed outside officers to deepen their understanding of the company through on-site visits including factory tours.

34.6% (1,082 companies) stated “laws (laws and regulations, Companies Act, legal responsibility, etc.)” as the keyword for the content of training. 32.2% (1,007 companies) mentioned “finance and accounting,” 19.8% (621 companies) mentioned “corporate governance,” and 12.8% (402 companies) mentioned “compliance.” Other keywords include “economy”, “leadership”, “internal control”, “risk management” and “sustainability (ESG)”. In relation to outside officers, some companies stated that they provided explanation on the company’s “organization” and “industry trends” along with observation, etc. of plants and offices.

## Chart 43 Keywords Related to Officer Training

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Supplementary Principle 4.14.2 | 3,129 companies | 100.0% |
| External seminars and training, etc. | 2,365 companies | 75.6% |
| Expenses | 1,189 companies | 38.0% |
| Law (laws and regulations, Companies Act, legal responsibility, etc.) | 1,082 companies | 34.6% |
| Finance and accounting | 1,007 companies | 32.2% |
| Corporate governance | 621 companies | 19.8% |
| Compliance | 402 | 12.8% |

Looking at individual cases, Example 15 is a case where not only the training policy but also the specific content and results, etc. of the training are disclosed in detail. Example 16 is a case where it is disclosed that a "Director Training Map" has been prepared and training opportunities are provided so that directors can effectively and efficiently select and participate in training. Example 17 is a case where the training policy is described separately for each target group: "Directors (excluding Outside Directors)," "Outside Directors," and "Company Auditors." Directors other than outside directors are offered opportunities for training on the topics of corporate value and shareholder value after their appointment, in addition to basic training on the duties and responsibilities of directors. Explanations regarding industry trends and the company's situation are provided to Outside Directors and Company Auditors, and after their appointment, training opportunities hosted by external organizations are also offered as necessary. Example 18 is a case where, based on the results of a self-evaluation questionnaire on the effectiveness of the Board of Directors, e-learning programs on human capital, biodiversity, business and human rights, and corporate IR, as well as group training sessions on management that is conscious of capital cost and stock price, and on the prevention of corporate scandals, are provided.

<Example 15: Contents of training for officers are disclosed in detail>
<Training Policy for Directors>
(Omitted)

1. Providing Outside Directors with Opportunities to Acquire Knowledge of Business Operations, etc.
   - Each year, in accordance with the appointment status of new Outside Directors, business briefings are held by each department in charge of corporate management and by major business planning departments to explain matters such as business operations and issues.
   - In addition, business briefings are held by inviting external lecturers, etc. to cover highly specialized topics and topics of high interest to Outside Directors. The specific topics are as follows.
     Main topics
     - ○ Guidelines for directors based on the principles for dealing with corporate takeovers
     - ○ Cyber security
     - ○ Trends in the global asset management industry
     - ○ Best interests of the customers
     - ○ Latest trends in sustainability disclosure standards
     - ○ Domestic and overseas financial and economic trends, etc.
   - Provision of prior explanations regarding the details of Board of Directors meeting agenda items.
   - Attendance at the Group Management Strategy Meeting held at the beginning of the fiscal year.
   - Holding compliance training (jointly with internal officers): Attendance at U.S. legal training and officers compliance training.

・Attendance at the “Officer Hearings,” “Overseas Base Manager Hearings,” and “Group Company President Hearings” held as part of the Audit Committee Member and Audit and Supervisory Committee Member hearings.

2. Various training programs primarily intended for internal officers

・Study sessions on highly specialized topics held jointly with Outside Directors (for the main topics, etc., please refer to 1. above).
・Holding compliance training: Holding U.S. legal training and officers compliance training.
・Holding training for newly appointed Managing Executive Officers: For newly appointed Managing Executive Officers, lectures by external instructors with expertise in governance and management are provided to help them acquire the necessary knowledge and skills, and in the final session, each participant provides a PR (public relations) presentation assuming a scenario where they have become the president.
・Holding training for newly appointed non-statutory executive officers: This training is provided with the aim of transforming store/general managers into members of management (non-statutory executive officers) who can promote overall optimization, future creation, and innovation. It is designed to foster a deep understanding of the expectations placed on the Company’s officers and to encourage a significant shift in mindset.
・Participation in overseas business school programs: Participants join with aims of building networks with global executives, gaining an understanding of the capabilities of top-tier global companies, developing the ability to communicate effectively both domestically and internationally, demonstrating personal charisma, and acquiring knowledge and culture.
・Holding human rights training: The topics are as follows:
  ○ “History of our Company’s human rights awareness initiatives”
  ○ “Anticipated LGBTQ-related risks in the context of business and human rights issues”
  ○ “Human rights due diligence for external stakeholders”

(Banking)

<Example 16: “Director Training MAP” is prepared>

(Training Policy for Directors)

As to director training of the Company, in principle directors voluntarily choose and take the necessary training to improve their own skills, and improve knowledge and abilities according to their expected roles, and the Company supports directors by creating a “Director Training MAP” so that they can choose and take training effectively and efficiently, and guarantees training opportunities by providing specific training menus.

In accordance with this policy, training for directors is, in principle, taken based on the selection by individual directors, but training on common issues, such as training on information security and sustainability and regular information exchange meetings with external organizations to catch up on industry trends, is provided for all directors. For outside directors, the Company encourages them to participate in case study presentations and One Day Sessions (sales seminars) held internally and provides them with opportunities to understand the business of the Company.

(Information and communication)

<Example 17: Training policies for each of directors (excluding outside directors), outside directors and kansayaku are disclosed>

■ Directors (excluding outside directors)
As part of its training for directors (excluding outside directors), the Company provides basic training on the duties and responsibilities of directors from the relevant departments prior to assuming office. It also provides opportunities for training hosted by external organizations on the topics of creating corporate value and enhancing shareholder value after they assume office.
Other training opportunities are provided as required in accordance with company strategy.

■ Outside directors
As part of training for outside directors, before they assume office, the Company will explain the status of the drugstore industry, the status of the Company’s management, and the status of corporate governance. After they assume office, the Company provides outside directors with opportunities for training organized by external organizations as necessary, taking into consideration the roles and responsibilities required of outside directors by the Company and society in general as well as the results of the evaluation of the effectiveness of the Board of Directors.

■ Kansayaku
As part of our training for kansayaku, before they assume office, the Company will explain the status of the drugstore industry, the status of the Company's management, and the status of corporate governance. After they assume office, the Company provides kansayaku with opportunities for training organized by external organizations as necessary, taking into consideration the roles and responsibilities required of kansayaku by the Company and society in general.

(Retail Trade)

<Example 18: Training is provided based on the results of the self-evaluation questionnaire on the effectiveness of the board of directors>

Based on the results of the “Self-Evaluation Questionnaire on Board of Directors’ Effectiveness,” e-learning programs were provided on topics such as human capital, biodiversity, business and human rights, and corporate IR, in order to ensure that directors can appropriately fulfill their roles and responsibilities. In addition, group training sessions were conducted on management that is conscious of capital cost and stock price, as well as on the prevention of corporate scandals.

For the training policy, please refer to Article 14 of the Basic Policy.

(Pharmaceuticals)

## 1 - 3. Nomination and compensation of senior management and directors, etc.

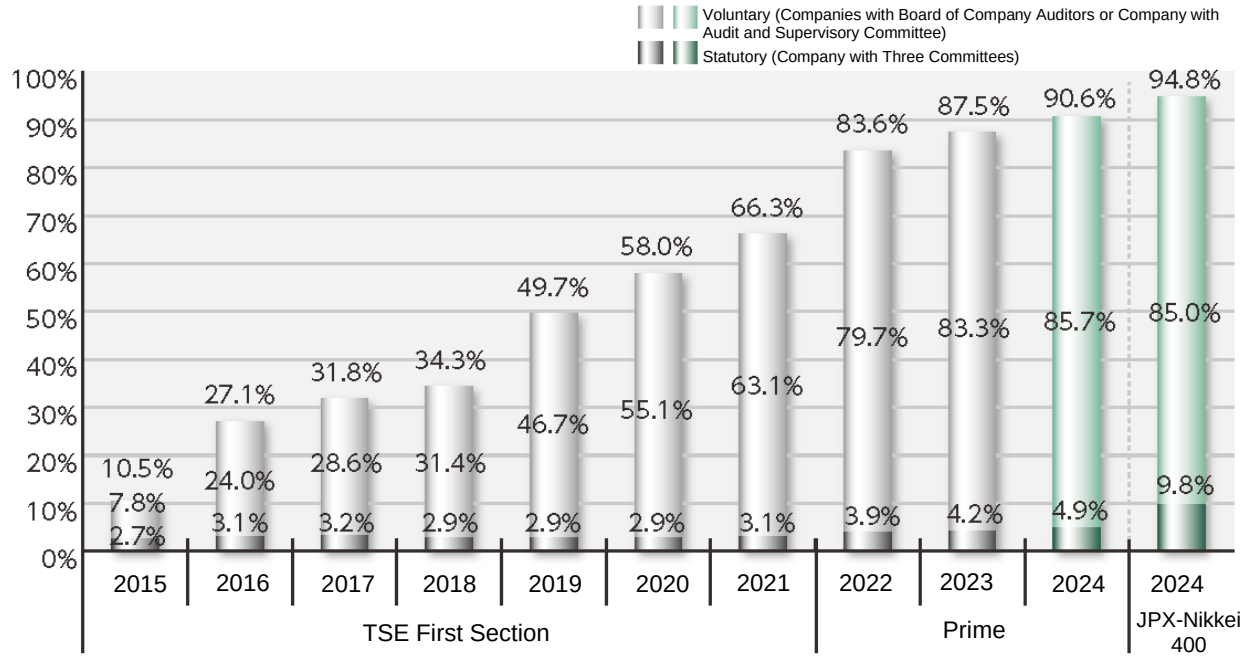
### 1 - 3 - 1. Overview of status of establishment of nomination committee and remuneration committee

A Company with Three Committees is required by the Companies Act to establish a Nomination Committee, Remuneration Committee, and Audit Committee. [62]Each of these committees must be composed of at least three directors, the majority of whom are outside directors[63].

On the other hand, the Companies Act does not require Companies with Supervisory Committee or Companies with Kansayaku Board to establish a nomination committee or a remuneration committee. Therefore, Principle 4.10 stipulates the further enhancement of the governance mechanism by utilizing an optional approach as necessary, and Supplementary Principle 4.10.1 stipulates that companies should establish an voluntary nomination committee and an voluntary remuneration committee with independent directors as principal members, to strengthen independence, objectivity and accountability of board functions related to nomination or remuneration of management executives and directors.

As shown in Charts 44 and 45, the number of companies listed on the Prime Market that have established statutory and voluntary nomination and remuneration committees has been increasing year by year, with 90.6% (1,488 companies) having established a nomination committee and 92.2% (1,514 companies) having established a remuneration committee, and the ratio of establishment exceeds 90% for both committees.

**Chart 44 Changes in Listed Companies that have Established Nomination Committees (Prime Market)**




62 Article 2, Item 12 of the Companies Act.
63 Article 400, Paragraphs 1 and 3 of the Companies Act.

## Chart 45 Changes in Listed Companies that have Established Remuneration Committees (Prime Market)

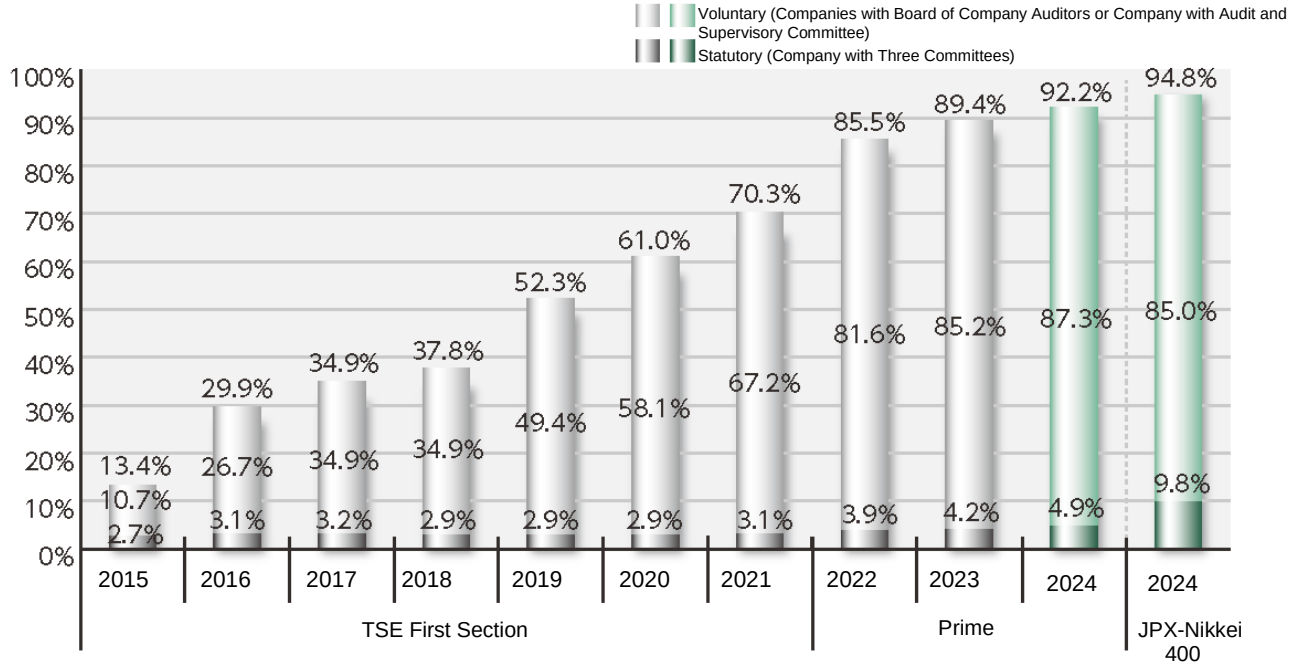



Chart 46 shows the status of establishment by market segment. The percentage of companies listed on the Standard Market that have voluntarily established a nomination committee and a remuneration committee is 44.3% (33.9% in the previous survey) and 47.4% (37.6% in the previous survey), respectively, indicating an increasing trend. Given the concept of the Standard Market, which is a market for companies with sufficient governance in the open market, further consideration of the use of a voluntary framework is expected for companies listed on the Standard Market.

## Chart 46 Status of Establishment of Nomination Committee and Remuneration Committee (by Market Segment)

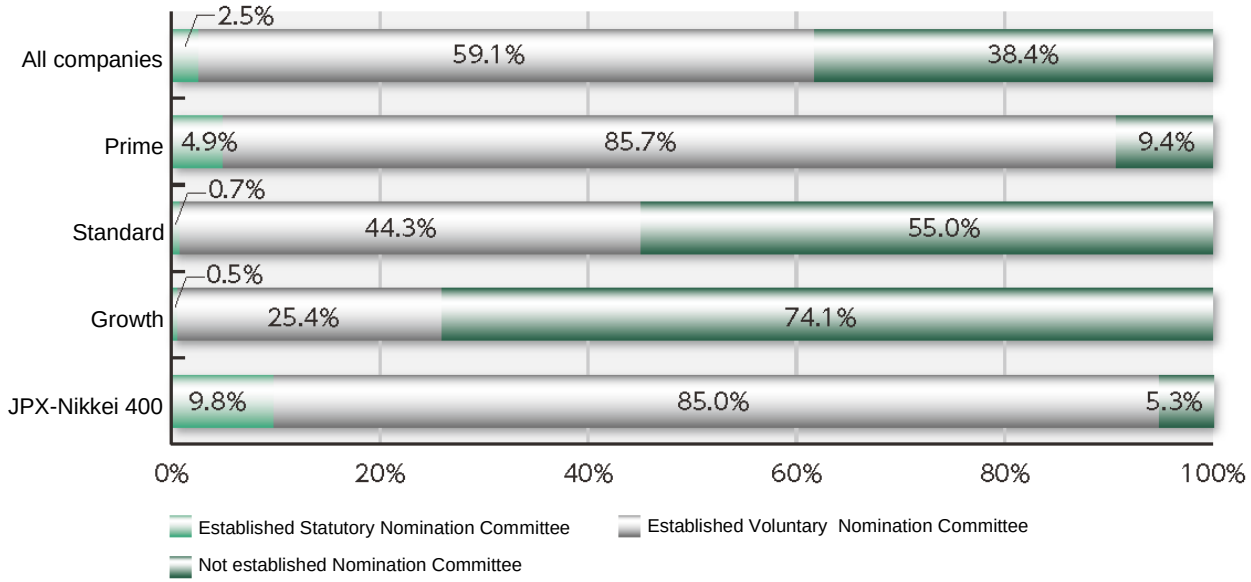
| Scope of data aggregation | Number of companies | Company with Three Committees | | Company with Audit and Supervisory Committee or Companies with Board of Company Auditors | | | |
|---|---|---|---|---|---|---|---|
| | | Statutory nomination committee and remuneration committees | | Voluntary nomination committee | | Voluntary remuneration committee | |
| | | Number of companies | Ratio | Number of companies | Ratio | Number of companies | Ratio |
| All companies | 3,831 | 95 | 2.5% | 2,266 | 59.1% | 2,404 | 62.8% |
| Prime Market | 1,642 | 81 | 4.9% | 1,407 | 85.7% | 1,433 | 87.3% |
| Standard Market | 1,602 | 11 | 0.7% | 710 | 44.3% | 759 | 47.4% |
| Growth Market | 587 | 3 | 0.5% | 149 | 25.4% | 212 | 36.1% |
| JPX-Nikkei 400 | 400 | 39 | 9.8% | 340 | 85.0% | 344 | 86.0% |

### 1 - 3 - 2. Nomination committee

#### (1) Status of nomination committee establishment

While the establishment of a nomination committee is mandatory for Companies with Three Committees, establishment of a nomination committee is at the discretion of management for Companies with Audit and Supervisory Committee and Companies with Board of Company Auditors. The status of establishment of a statutory or voluntary nomination committee by market segment is displayed in Chart 47. On the Prime Market, the number of companies with a statutory nomination committee is 4.9% (81 companies), and the number of companies with an voluntary nomination committee is 85.7% (1,407 companies), which is higher than other market segments. For JPX-Nikkei 400 constituents, 9.8% (39 companies) have established a statutory nomination committee, 85.0% (340 companies) have established an voluntary nomination committee, and the percentage of companies with a statutory nomination committee is higher than that for the Prime Market.

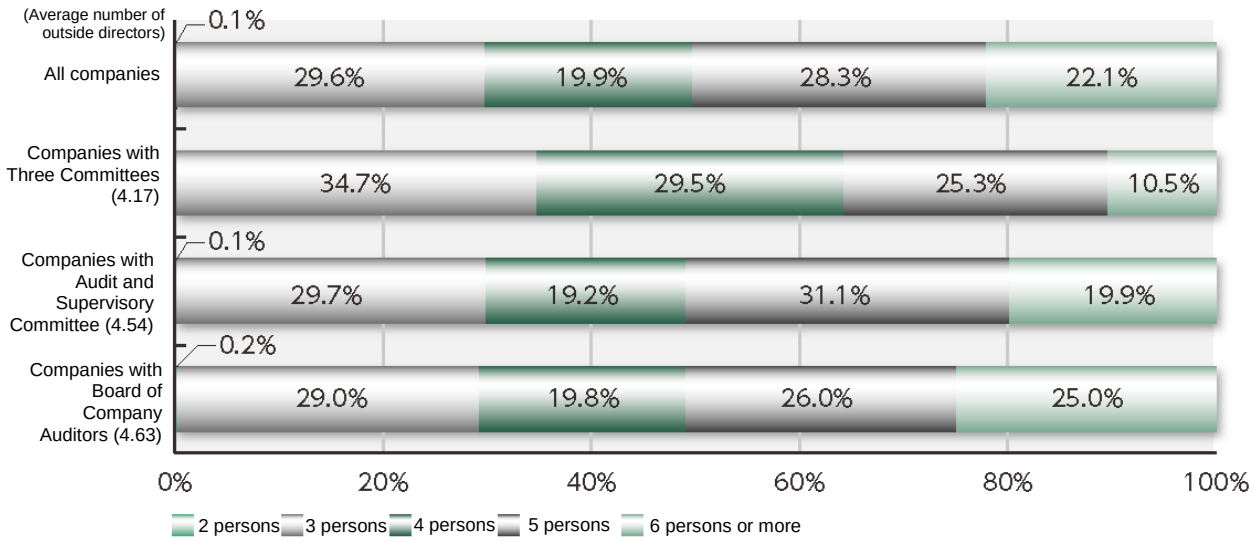
**Chart 47 Status of Establishment of Nomination Committee (by Market Segment)**




#### (2) Number of nomination committee members

Chart 48 displays the number of nomination committee members by organizational form. The average number of members of a statutory nomination committee at Companies with Three Committees is 4.17, and companies with three committee members account for the highest proportion (34.7%). The average number of members of an voluntary nomination committee established by Companies with Audit and Supervisory Committee is 4.54, and companies with five committee members account for the highest proportion (31.1%). The average number of members of an voluntary nomination committee established by Companies with Board of Company Auditors is 4.63, and companies with three committee members account for the highest proportion in this case too (29.0%).

## Chart 48 Number of nomination committee members




### (3) Ratio and number of inside directors and outside directors on nomination committees

Chart 49 displays the ratio and number of inside directors and outside directors, etc., on nomination committees by organizational form. In terms of the total number of persons in the group of companies adopting each organizational form, the nomination committee of a Company with Three Committees consists of 23.2% internal directors and 76.8% outside directors. For voluntary nomination committees at Companies with Audit and Supervisory Committee, 30.9% of members are inside directors, 68.4% are outside directors, 0.5% are external experts, and 0.2% are other. For voluntary nomination committees at Companies with Board of Company Auditors, 30.0% of members are inside directors, 60.2% are outside directors, 1.5% are external experts, and 8.2% are others, and “others” include kansayaku. It can be seen that Companies with Board of Company Auditors have adopted a system in which outside kansayaku participate in the voluntary nomination committee in order to enhance the independence of the committee.

## Chart 49 Ratio of Inside Directors and Outside Directors on Nomination Committees

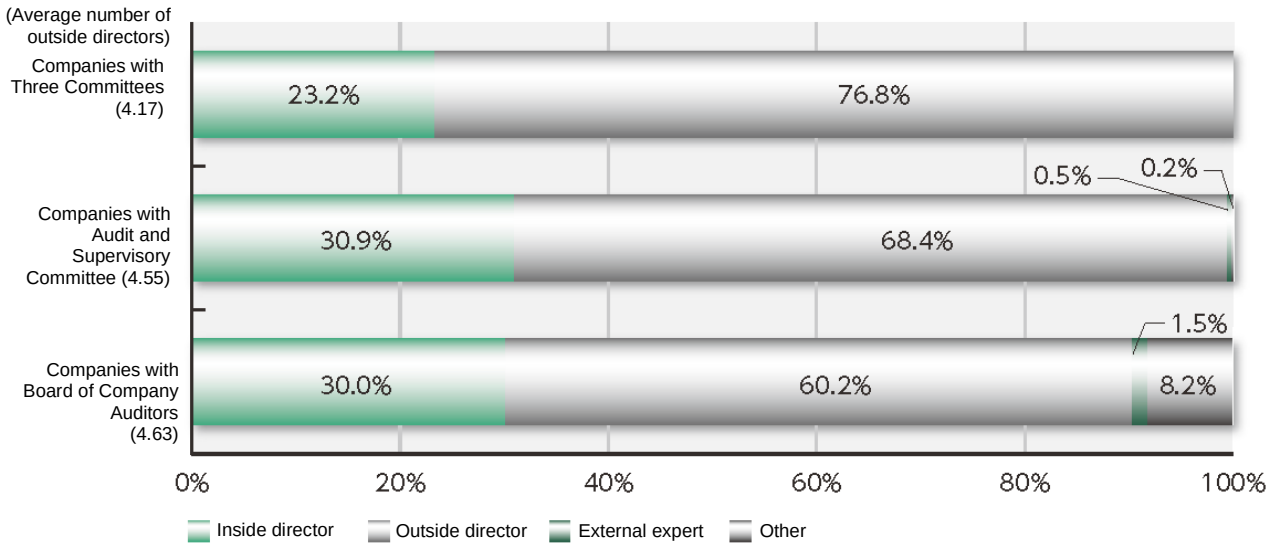


Chart 50 shows the breakdown of the number of internal directors on the nomination committee by organizational form. For voluntary nomination committees at Companies with Board of Company Auditors and Companies with Audit and Supervisory Committee, the number of inside directors tends to be higher compared to nomination committees at Companies with Three Committees. In all organizational forms, the largest number of companies had only one internal director, and the percentage of such companies was 61.1% for the nomination committee of Companies with Three Committees, 53.3% for the voluntary nomination committee of Companies with Audit and Supervisory Committee, and 55.4% for the voluntary nomination committee of Companies with Board of Company Auditors.

**Chart 50 Number of Inside Directors on Nomination Committees**

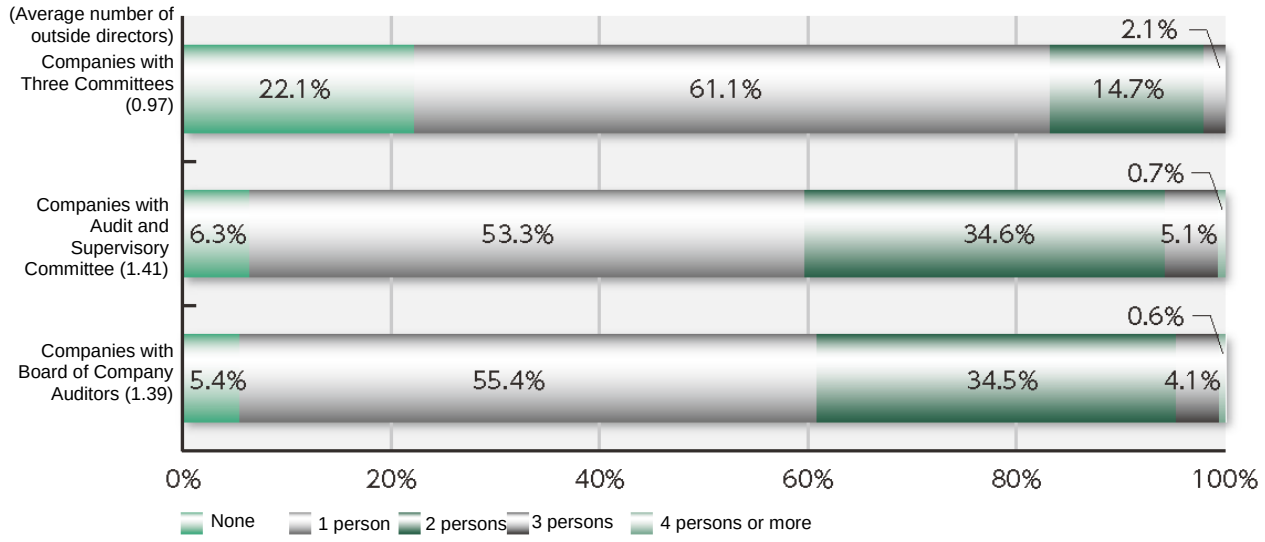
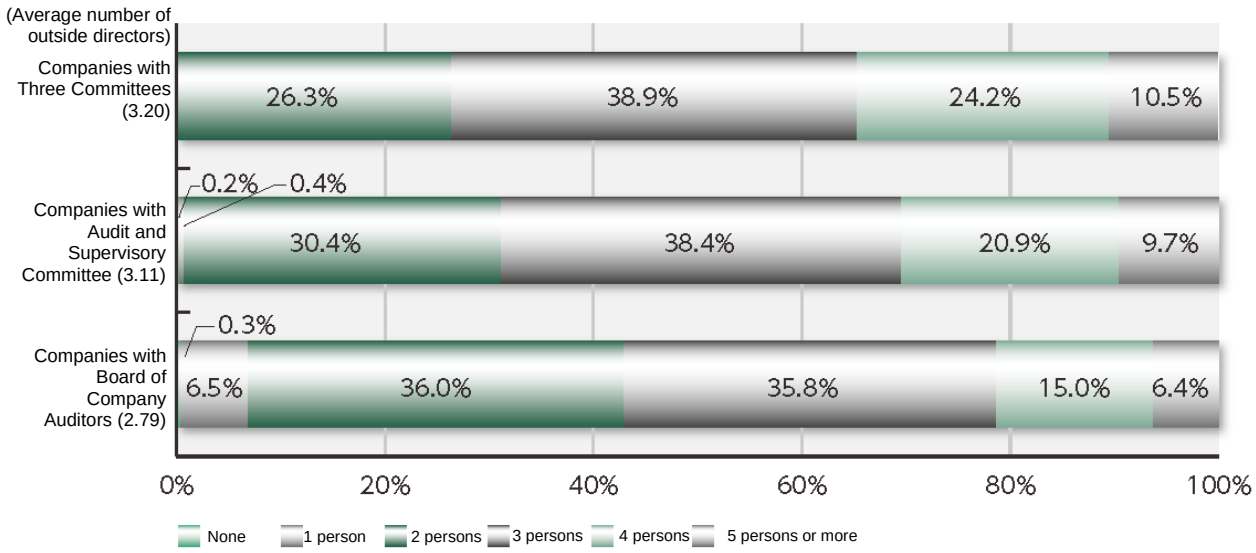



Chart 51 shows the breakdown of the number of outside directors on the nomination committee by organizational form. Because the majority of directors that form a nomination committee at a Company with Three Committees must be outside directors under the law, at the very least such committees must be composed of two outside directors. For voluntary nomination committees at Companies with Audit and Supervisory Committee and Companies with Board of Company Auditors, while there are at least two outside directors on the majority of committees, there are also some companies without any outside directors.

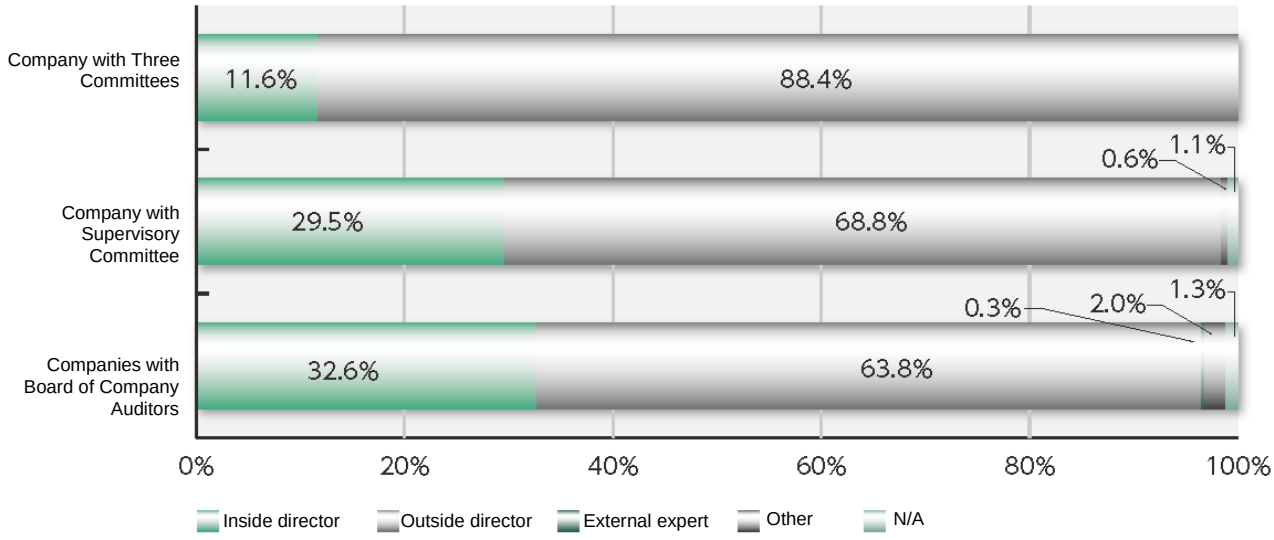
## Chart 51 Number of Outside Directors on Nomination Committees




### (4) Attributes of chairpersons of nomination committees

Chart 52 displays the attributes of nomination committee chairpersons by organizational form. In all organizational forms, the majority of companies had a chairperson who was an outside director: 88.4% in the case of Company with Three Committees, 68.8% in the case of Company with Audit and Supervisory Committee, and 63.8% in the case of Companies with Board of Company Auditors.

## Chart 52 Attributes of chairpersons of nomination committees

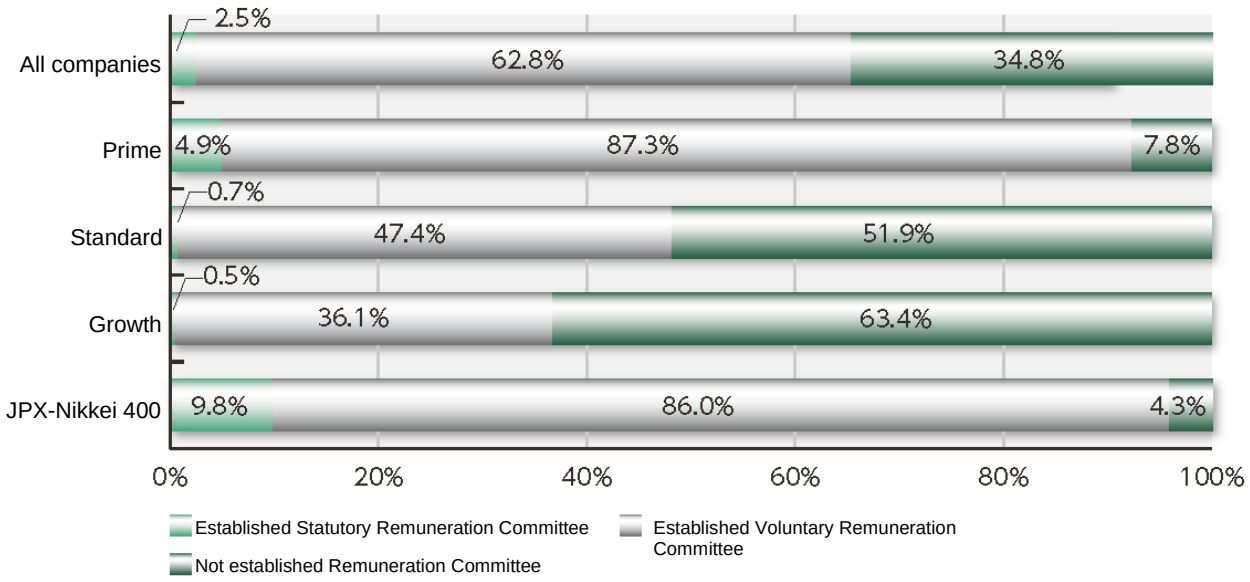


### 1 - 3 - 3. Remuneration committee

#### (1) Status of remuneration committee establishment

While the establishment of a remuneration committee is mandatory at Companies with Three Committees, such establishment is up to the discretion of companies for Companies with Supervisory Committee and Companies with Board of Company Auditors. The status of establishment of statutory or voluntary remuneration committee by market segment is displayed in Chart 53. On the Prime Market, the number of companies with a statutory remuneration committee is 4.9% (81 companies), and the number of companies with an voluntary remuneration committee is 87.3% (1,433 companies), which is higher than other market segments. For JPX-Nikkei 400 constituents, 9.8% (39 companies) have established a statutory remuneration committee, 86.0% (344 companies) have established an voluntary remuneration committee, and the level of establishment is higher than that for the Prime Market.

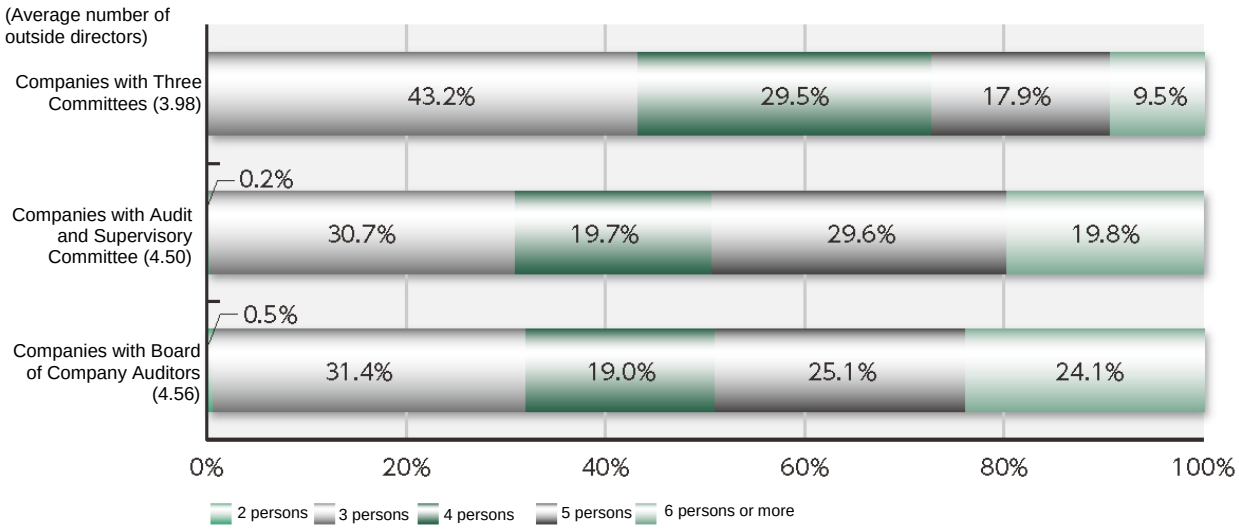
**Chart 53 Status of Establishment of Remuneration Committee (by Market Segment)**




#### (2) Number of Remuneration Committee Members

Chart 54 displays the number of remuneration committee members by organizational form. The average number of members of a statutory remuneration committee at Companies with Three Committees is 3.98, and companies having three committee members account for the highest proportion (43.2%). Voluntary remuneration committees established by Company with Audit and Supervisory Committee have an average of 4.50 members, and companies with 3 members account for a high percentage at 30.7%, but companies with 5 members also have a similar ratio of 29.6%. The average number of members of an voluntary remuneration committee established by Companies with Board of Company Auditors is 4.56, and companies with three committee members account for the highest proportion (31.4%).

## Chart 54 Number of Remuneration Committee Members




### (3) Ratio and number of inside directors and outside directors on remuneration committees

Chart 55 shows the ratio of internal directors to external directors on the remuneration committee by organizational form. In terms of the total number of persons in the group of companies adopting each organizational form, the remuneration committee of Companies with Three Committees consists of 22.8% internal directors and 77.2% outside directors. For voluntary remuneration committees at Companies with Audit and Supervisory Committee, 31.0% of members are inside directors, 68.3% are outside directors, 0.5% are external experts, and 0.2% are other. For voluntary remuneration committees at Companies with Board of Company Auditors, 30.1% of members are inside directors, 59.2% are outside directors, 1.6% are external experts, and 9.1% are other. “Other” includes kansayaku.

## Chart 55 Ratio and number of inside directors and outside directors on remuneration committees

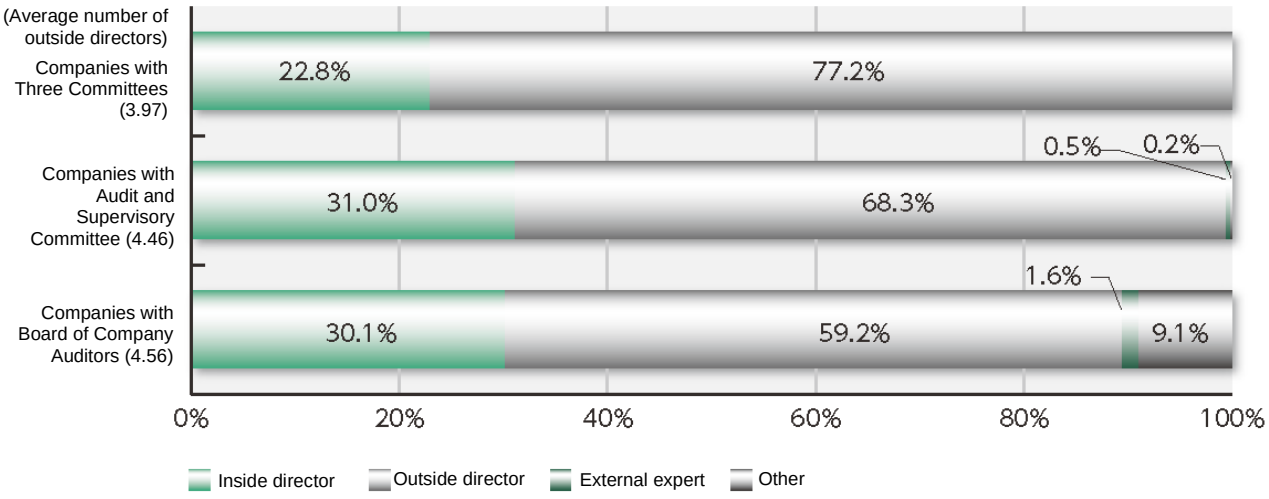


Chart 56 shows the breakdown of the number of internal directors on the remuneration committee by organizational form. For voluntary remuneration committees at Companies with Board of Company Auditors and Companies with Audit and Supervisory Committee, the number of inside directors tends to be higher compared to remuneration committees at Companies with Three Committees. In all organizational forms, the largest number of companies had only one internal director: 54.7% for the remuneration committee of Company with Three Committees, 53.0% for the voluntary remuneration committee of Company with Audit and Supervisory Committee, and 55.9% for the voluntary remuneration committee of Company with Board of Company Auditors.

**Chart 56 Number of Inside Directors on Remuneration Committees**

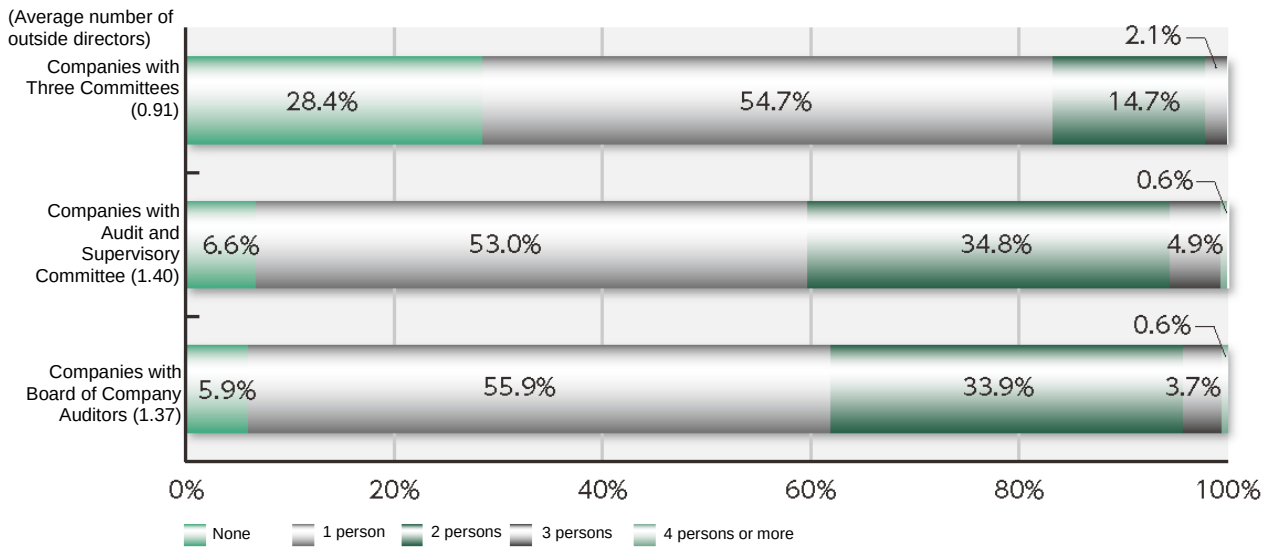
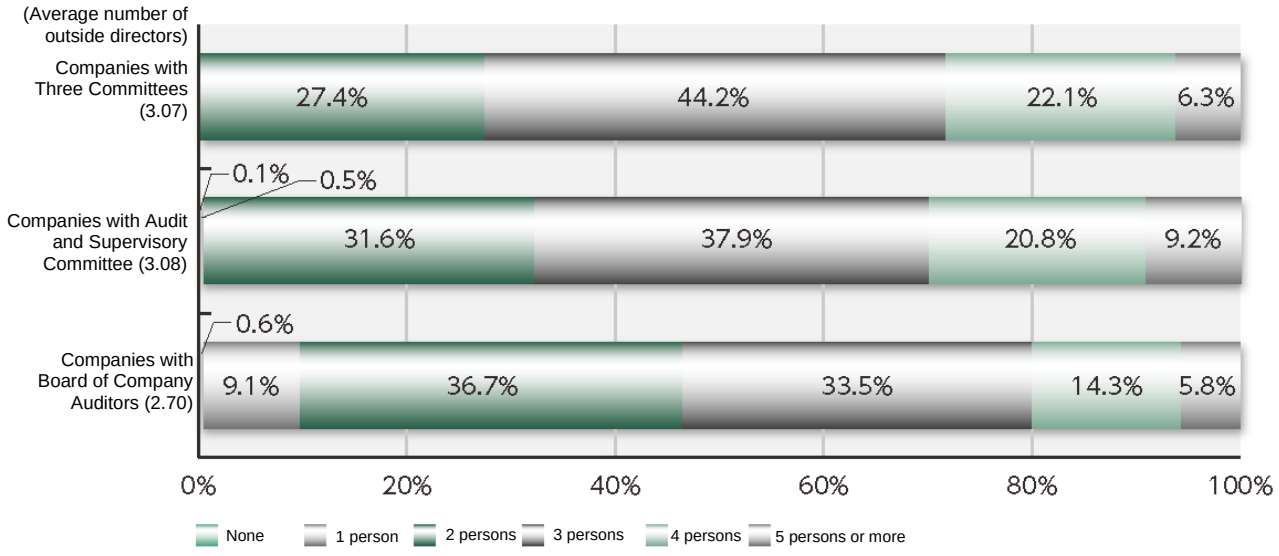



Chart 57 shows the breakdown of the number of outside directors on the remuneration committee by organizational form. Because the majority of directors that form a remuneration committee at a Company with Three Committees must be outside directors under the law, at the very least such committees must be composed of two outside directors. For voluntary remuneration committees at Companies with Audit Supervisory Committee and Companies with Board of Company Auditors, while there are at least two outside directors on the majority of committees, there are also some companies without any outside directors.

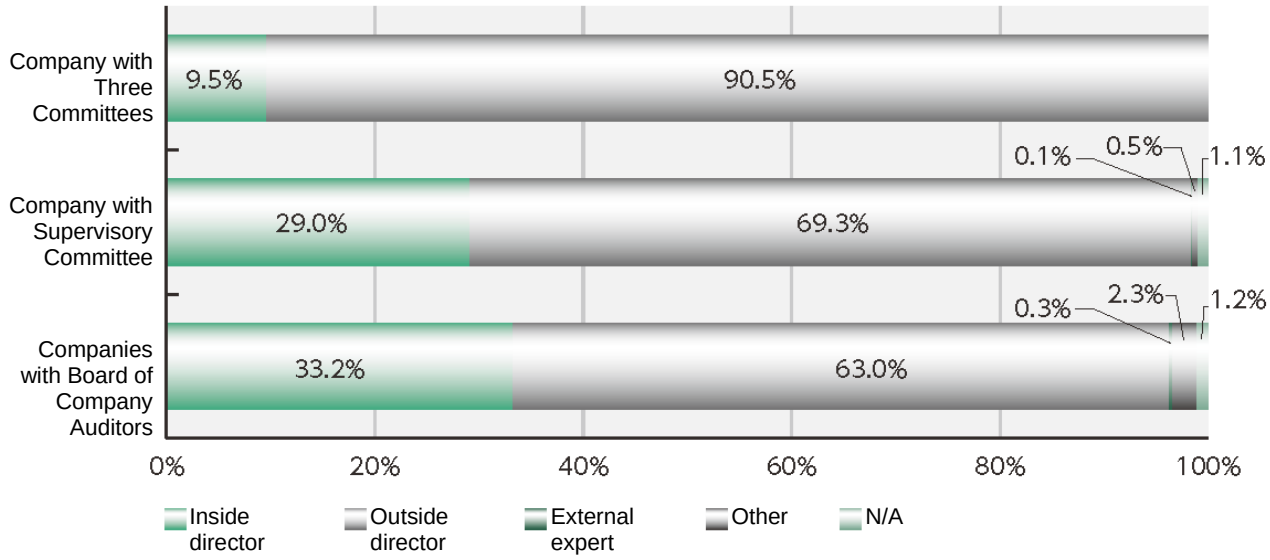
## Chart 57 Number of Outside Directors on Remuneration Committees




### (4) Attributes of Chairpersons of Remuneration Committees

Chart 58 displays the attributes of remuneration committee chairpersons by organizational form. In all organizational forms, the majority of companies had a chairperson who was an outside director: 90.5% in the case of Company with Three Committees, 69.3% in the case of Company with Audit and Supervisory Committee, and 63.0% in the case of Companies with Board of Company Auditors.

## Chart 58 Attributes of Chairpersons of Remuneration Committees




### 1 - 3 - 4. Concept of independence, authority and roles of voluntary nomination committee and remuneration committee (Supplementary Principle 4.10.1)

Supplementary Principle 4.10.1 states that for companies listed on the Prime Market, voluntary nomination and remuneration committees should basically consist of a majority of Independent Directors and should disclose their views on the independence of committee composition and the

authorities and roles of the committees, and in response, progress has been made in ensuring and disclosing the independence of voluntary committees.

### (1) Independence of committee

Chart 59 and Chart 60 show the ratio of outside directors on the nomination committee and remuneration committee. More than 90% (nomination: 92.1%, remuneration: 92.0%) of the voluntary nomination and remuneration committees established by companies listed on the Prime Market consist of a majority of outside directors[64]. As shown in Chart 61 and Chart 62, with respect to attributes of the chairperson, about 2/3 of the voluntary committees (nomination: 67.0%, remuneration: 67.5%) of the companies listed on the Prime Market appoint an outside director as their chairperson.

**Chart 59 Ratio of Outside Directors on Nomination Committees (Prime Market)**

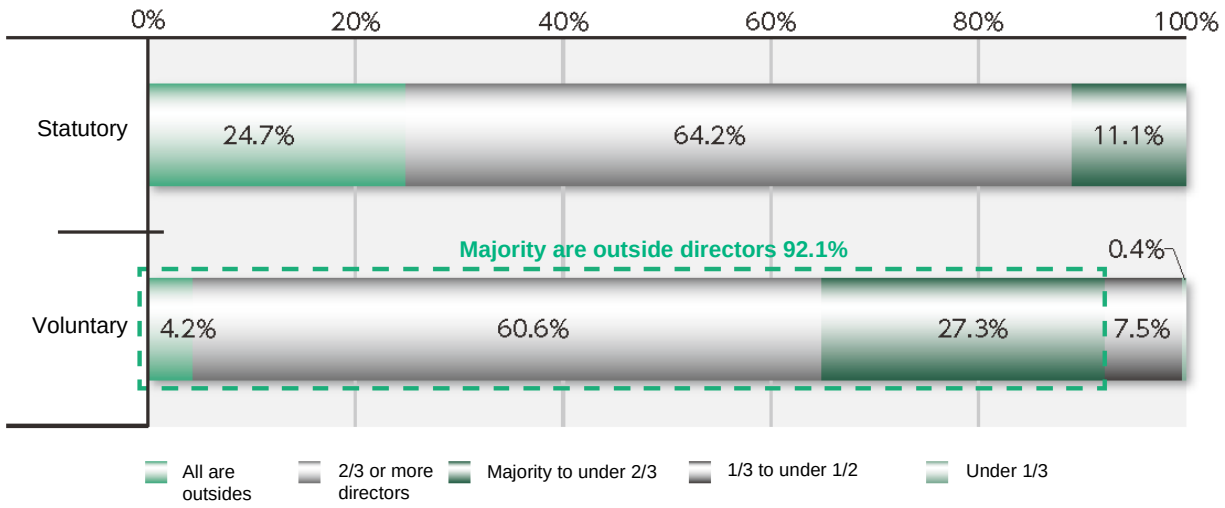
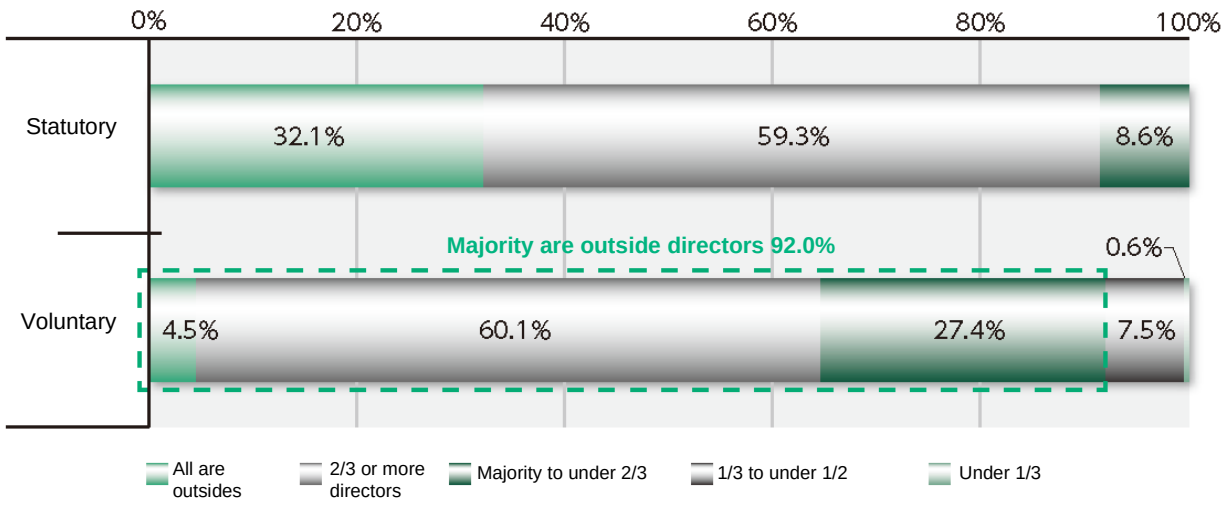



**Chart 60 Ratio of Outside Directors on Remuneration Committees (Prime Market)**




64 Supplementary Principle 4.10.1 states that independent outside directors should consist of a majority, but here, because of constraints for aggregation, companies in which outside directors constitute a majority are aggregated.

**Chart 61 Attributes of Chairperson of Nomination Committee (Prime Market)**

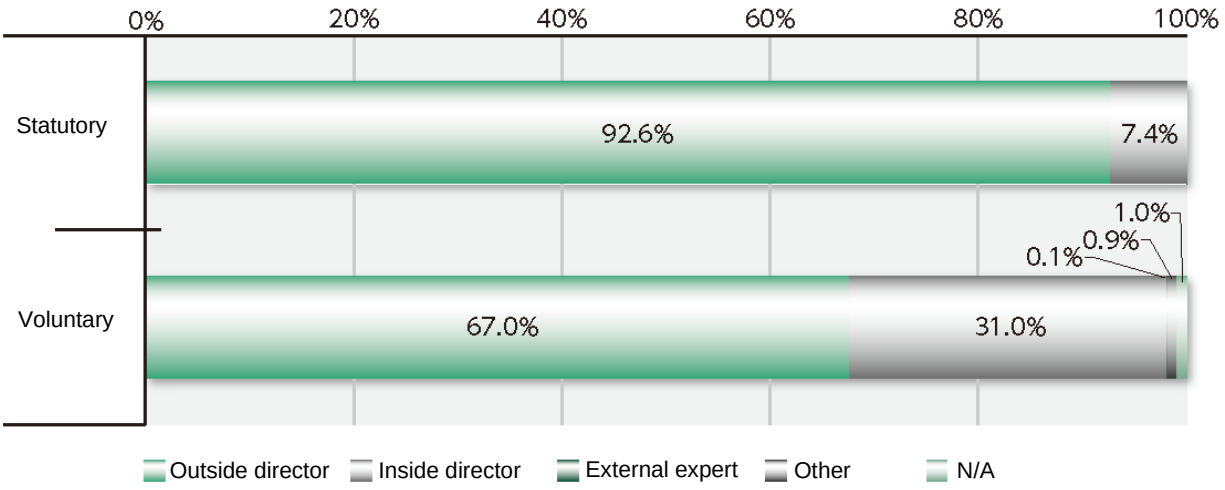
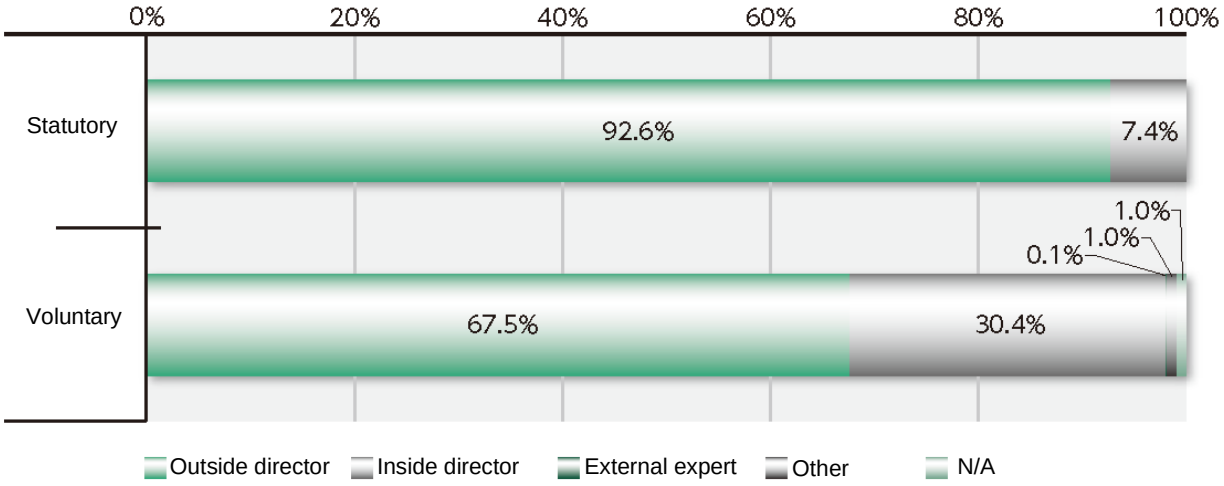



**Chart 62 Attributes of Chairperson of Remuneration Committee (Prime Market)**




The said Supplementary Principle requires that a majority of the members of each committee be Independent Directors "in principle." Therefore, the means to ensure the independence of the committee is not necessarily limited to a majority consisting of Independent Directors, and there is room for the purpose thereof to be satisfied if the independence considered necessary is secured by other means (for example, when half of the members are Independent Directors and the chairperson is an independent director). In light of this, it is important to disclose in an easy-to-understand manner how the company ensures the independence of its committees.

### (2) Authority of committees

With regard to the authority of both committees, it is often stated for many voluntary nomination and remuneration committees that "it receives consultation from the board of directors and provides opinions (advice and recommendations)." On the other hand, there have been cases in which the committees have more functions and authority than a mere advisory body, such as the statement that the decision of a voluntary committee is respected to the fullest extent and that the remuneration committee determines the amount of remuneration for individual directors (Chart 63).

**Chart 63 Authority of Voluntary Nomination Committee and Remuneration Committee**

| Authority | Examples of disclosure |
|---|---|
| Opinions are provided to the board of directors | The committee provides opinions to the board of directors on matters such as personnel and compensation systems, and the board of directors makes a resolution based on the opinions. |
| Opinions are respected | In light of the purpose of establishing the committee, the board of directors respect the opinions of the committee in principle. |
| Some decisions are delegated | Individual remuneration amount for directors is determined by this committee, to which the decision is delegated by the board of directors. |

(Source) Tokyo Stock Exchange, "[Reference] Response of Listed Companies regarding Revised Corporate Governance Code(As of July 14, 2022)," p.14

### (3) Roles and activities of committees

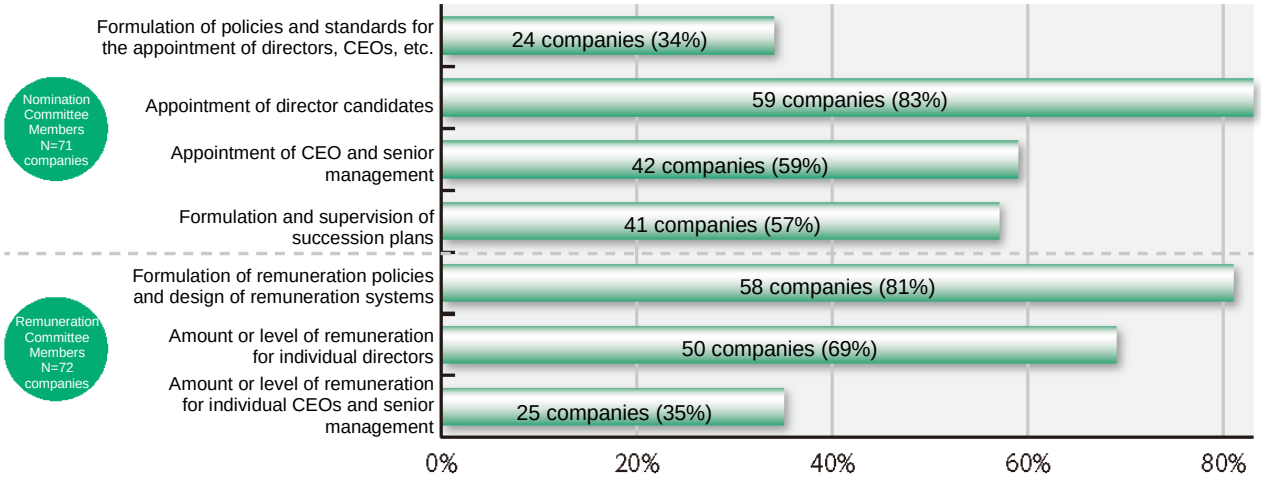
Chart 64 shows the results of a review conducted after the 2021 revision of the Code, targeting companies included in the TOPIX 100, regarding the roles of the two committees. Of the 71 companies that established voluntary nomination committees, many companies listed individual candidates for directors (59 companies, 83%), the appointment of CEOs and other senior management (42 companies, 59%) and the development of policies and standards for the appointment of directors and CEOs (24 companies, 34%) as matters to be considered. Although the 2021 Code revision made it clear that succession plans may be included in the matters to be considered at the nomination committee, 41 companies (57%) actually listed it as a matter to be considered. In addition, there are examples in which not only the formulation of succession plans, but also the supervision of the operation of succession plans was stated as a role of the nomination committee.

Of the 72 companies that established voluntary remuneration committees, 50 (69%) stated the amount or level of remuneration for individual directors as a matter to be considered (decided), and 25 (35%) stated the amount or level of remuneration for individual CEOs or senior management as a matter to be considered. In addition, 58 companies (81%) listed the formulation of remuneration policies and the design of remuneration systems, including performance-linked remuneration, as matters to be considered. The role (scope of consideration) varies depending on each company's situation.

Following the amendment of the "Cabinet Office Order on Disclosure of Corporate Affairs, etc." and related regulations in January 2023, companies have been required to disclose, in the "Overview of Corporate Governance" section of the Annual Securities Reports for the fiscal year ended March 2023 and beyond, information on the activities of the nomination committees and remuneration committees (the frequency of meetings, specific matters discussed, and attendance status); however, according to the "FY2023 Results of Annual Securities Report Review and Key Points to Note Based on the Review Results, etc." published by the Financial Services Agency in March 2024, it was pointed out that "information on the frequency of meetings, specific matters discussed, and attendance status, etc. of voluntarily established nomination and remuneration committees, boards of company auditors, etc. has not been disclosed", [65]and thus further progress in disclosure is expected going forward.

65 Financial Services Agency, "FY2023 Results of Annual Securities Report Review and Key Points to Note Based on the Review Results, etc.," p. 34, https://www.fsa.go.jp/news/r5/sonota/20240329-9/01.pdf (in Japanese)

## Chart 64 Role of Voluntary Nomination Committee and Remuneration Committee (TOPIX100)




(Source) Tokyo Stock Exchange, "[Reference] Response of Listed Companies regarding Revised Corporate Governance Code(As of July 14, 2022)," p.14

In addition, Chart 65 presents aggregated data on the activities of the two committees, based on a review of companies included in the TOPIX 100 following the 2021 revision of the Code. Among companies that establish voluntary nomination or remuneration committees, more than half mention the titles and names of committee members (52 companies, 72%) and the frequency of committee meetings (47 companies, 65%). In addition, there were a few cases in which the attendance status of committee members (26 companies, 36%) and the agenda of each meeting (8 companies, 11%) were also listed.

## Chart 65 Activities of Voluntary Nomination Committee and Remuneration Committee (TOPIX100)

(N = 72)

| Item | Number of companies | Ratio |
|---|---|---|
| **Names and titles** of committee members are stated | 52 | 72% |
| **Frequency of meetings** is stated | 47 | 65% |
| **Status of attendance of committee members** is stated | 26 | 36% |
| **Each meeting's agenda** is stated | 8 | 11% |

(Source) Tokyo Stock Exchange, "[Reference] Response of Listed Companies regarding Revised Corporate Governance Code(As of July 14, 2022)," p.14

### (4) Examples of disclosure

In reviewing disclosures based on Supplementary Principle 4.10.1, Example 19 shows a case where the specific matters the board of directors consulted the nomination and remuneration committee on are clearly stated, and it is noted that, in addition to matters requiring resolutions at the general shareholders' meeting, such as the appointment and dismissal of directors and company auditors and the maximum amount of remuneration for directors, the nomination and remuneration

committee was also consulted on the appointment and dismissal of non-statutory executive officers, the appointment and dismissal of representative directors and directors with specific titles, as well as the remuneration of each director.

Example 20 is a case where the names of the members of the nomination committee and remuneration committee, the attributes of the committee chairperson, and the number of meetings held are disclosed, along with the matters the nomination committee and remuneration committee were consulted on and a summary of the main topics discussed during the fiscal year.

In Example 21, it is stated that the “Officer Nomination and Remuneration Committee,” as an independent body, has an independent director as its chairperson and a majority of its members are Independent Directors in order to enhance fairness and transparency based on an objective perspective when making decisions on important matters related to the nomination and remuneration of officers, and the names of the members of the committee are disclosed. It further states that the committee's role is to confirm and approve that the annual personnel proposals and compensation proposals for officers are in accordance with the basic policy, standards and decision process. As to the authority, it states that the committee can make a final decision on individual remuneration under delegation by the board of directors. As for the contents of the activities, the results of holding the meetings (frequency of meetings), the attendance rate of members, and the contents of deliberation of each meeting (agenda) are described.

Example 22 is a case where the dates of the meetings of the nomination and remuneration advisory committee and the matters discussed are disclosed.

Example 23 is a case where it is noted that discussions were held on the succession plan and that recommendations were made for new candidates for Outside Director and Outside Company Auditor positions.

<Example 19: Specific matters the nomination and remuneration committee was consulted on are clearly stated>

The Company has established a “Nomination and Remuneration Committee” as an advisory body to the board of directors, the board of directors seeks opinions and advice on the following decisions, and it aims at strengthening fairness and objectivity and enhancing corporate governance.

(1) Matters relating to the appointment and dismissal of directors and kansayaku (matters to be resolved at the general meeting of shareholders) and the appointment and dismissal of non-statutory executive officers
(2) Matters related to appointment and dismissal of representative directors and directors with titles
(3) Matters related to succession plans (including development)
(4) Matters related to the maximum amount of remuneration for directors (matters to be resolved at the general meeting of shareholders)
(5) Matters related to remuneration for directors, etc. (including individual amounts)
(6) Other important management matters related to appointment and remuneration that all members of the committee recognize as requiring deliberation.

Nomination of candidates for directors and kansayaku and the appointment of senior management are determined by the board of directors after deliberations by the Nomination and Remuneration Committee in accordance with the selection criteria established by the board of directors. In determining the candidates for directors, to ensure the appropriate and prompt decision making and supervision on the business activities of the Company group in light of the management strategy, it is the basic policy that the composition of the board of directors as a whole is well balanced by appointing directors from within the Company who possess knowledge, experience and abilities in each business area, finance and accounting, technology development and research, sales and marketing, legal affairs and human resources, etc., as well as multiple outside directors who can actively advise and make recommendations from a fair and objective standpoint with their management experience in other companies and outside professional knowledge and experience, while taking into consideration diversity including gender and internationality. In addition, with respect to candidates for kansayaku, the basic policy is that the board of company auditors consists of persons who possess excellent character, insight, ability and extensive experience as well as high ethical standards, and at

least one kansayaku who can express their opinions fairly from a professional perspective and from an independent standpoint, including those with appropriate knowledge of finance and accounting. As to the senior management consisting of executive directors, such as representative directors and executive officers, the business performance, etc. are periodically reviewed annually by the Nomination and Remuneration Committee, and if the results of the review indicate that they meet the criteria for dismissal set by the board of directors, dismissal is recommended to the board of directors, and if the board of directors reviews the results of the review and concludes that they meet the criteria, they will not be nominated as candidates for directors and will be dismissed from their positions as representative directors, executive directors and executive officers. The amount of compensation, etc., for directors is prescribed by the Nomination and Remuneration Committee after deliberation and determined by the board of directors, while the amount of remuneration, etc. for individual directors and senior management is determined by the board of directors based on the remuneration system determined by the board of directors after deliberation by the Nomination and Remuneration Committee. In addition, the board of directors recognizes that the development of a successor to the president is one of the important management matters and a succession plan that sets forth the requirements for the president's qualifications and development policy is formulated through deliberations by the Nomination and Remuneration Committee and determined by the board of directors, and the board of directors shares the succession plan, periodically checks the development status of management executives who could be candidates for the president based on reports by the Nomination and Remuneration Committee, and determines the candidate who should be the president's successor based on the succession plan when the president retires. The “Nomination and Remuneration Committee” consists of representative directors and outside directors with the majority being outside directors, and the Company determines that independence and monitoring functions are sufficiently strengthened through an outside director acting as the chairperson.
(Textile products)

<Example 20: Summaries of specific deliberations of the nomination and remuneration committee are clearly stated>

The Company has established a Nomination Committee and a Remuneration Committee as voluntary advisory bodies to the Board of Directors in order to enhance the appropriateness and transparency of the nomination and remuneration of Directors. The composition, etc. of the Nomination Committee and the Remuneration Committee for the fiscal year ended March 2024 are as follows.

[Nomination Committee]
The chairperson is an Outside Director, and a majority of the committee members are also Outside Directors.

Chairperson: ●● ●● (Outside Director)
Committee Members: ●● ●● (Outside Director), ●● ●● (Outside Director), ●● ● (President and Representative Director)
Number of meetings held: 3

The Nomination Committee is composed of a majority of Outside Directors, and its chairperson is an Outside Director. The committee aims to enhance the independence, objectivity, and accountability of the Board of Directors' functions regarding the nomination of Representative Directors, Directors, Non-Statutory Executive Officers, etc., and it deliberates on matters such as candidates for the successor to the President and Representative Director, plans for their development, and the appointment of Directors and Non-Statutory Executive Officers, and submits the results to the Board of Directors.
The main subjects of discussion during the current fiscal year included deliberations on the role and direction of the Board of Directors and the composition of the Board in light of such role and direction, as well as confirmation of the requirements for candidates for successor to the President. In addition, the committee deliberated on the appropriateness of the development plan which utilizes the skill matrix.

[Remuneration Committee]
The chairperson is an Outside Director, and a majority of the committee members are also Outside Directors.

Chairperson: ●● ●● (Outside Director)
Committee Members: ●● ●● (Outside Director), ●● ●● (Outside Director),
●● ● (President and Representative Director),
●● ●● (Director and General Manager of Corporate Design Department)
Number of meetings held: 4

The Remuneration Committee is also composed of a majority of Outside Directors, and its chairperson is an Outside Director. The committee aims to enhance the independence, objectivity, and accountability of the Board of Directors' functions with respect to the remuneration of Directors, etc., and it deliberates on matters such as the compensation system for Directors and Non-Statutory Executive Officers and individual remuneration, etc., and submits the results of discussions on matters concerning Directors (who are not Audit and Supervisory Committee Members) and Non-Statutory Executive Officers to the Board of Directors.
The main topics of discussion during the current fiscal year included a review of performance-linked compensation,

deliberations on the revision of indicators, and an exchange of opinions on issues and matters for consideration in relation to officer remuneration aimed at enhancing corporate value, and the committee determined the content of its recommendations to the Board of Directors concerning the amount of officer remuneration.
(Electrical appliances)

### <Example 21: Committee composition, content of deliberations, and status of activities, etc. are stated>

In order to enhance fairness and transparency from an objective point of view when making decisions on important matters related to the nomination and remuneration of officers, the Company has established an "Officer Nomination and Remuneration Committee," which is chaired by an independent director and a majority of the members of which are independent directors.

<Composition>
- ●●●●, Independent Director
- ●●●●, Representative Director
- ●●●●, Representative Director
- ●●●●, Independent Director
- ●●●●, Independent Director

<Contents of deliberations>
[Basic policies, standards and decision processes]
- Nomination: Number and composition of the board of directors
- Nomination: Policy on appointment of internal officers
- Nomination: Policy on appointment and term of office, etc., of outside officers
- Remuneration: Policy and approach to the remuneration system
- Remuneration: Structure (fixed remuneration, performance-linked remuneration, etc.)
- Remuneration: Factors reflected in remuneration (financial and non-financial indicators), etc.

[Annual nomination and remuneration proposals]
- It is confirmed and approved that annual personnel proposals and remuneration proposals for officers are in accordance with basic policies, standards and decision processes
- From April 21, the board of directors delegates to the committee the final decision on individual remuneration amounts

<Status of activities>
A total of 7 meetings were held in fiscal 2023, and the participation rate of committee members was 100%.
The main topics of discussion at the meetings were as follows.
- Officer personnel changes in January 2024
- Officer personnel changes as of the date of the June 2024 General Shareholders' Meeting
- President succession plan
- Succession plan for outside officers・Individual evaluations and remuneration amounts for officers in FY2022
- Revision of the officer remuneration system
- Officer remuneration level
- Review of the maximum amount of stock-based remuneration

(Transportation equipment)

### <Example 22: The dates of the meetings of the nomination and remuneration advisory committee and the matters discussed are disclosed>

The majority of our company's Board of Directors consists of Independent Directors. In addition, in order to enhance fairness, transparency, and objectivity in the examination of important matters related to the nomination, remuneration, etc. of officers, and to strengthen corporate governance, the Company has established the "Nomination and Remuneration Advisory Committee" as an advisory body to the Board of Directors. The committee fulfills the functions of both the Nomination Committee and the Remuneration Committee, and its members are appointed by resolution of the Board of Directors. The committee is composed of three Independent Directors and the Representative Director (President and Director), and its chairperson is selected from among the Independent Directors, thereby ensuring the independence of the Nomination and Remuneration Advisory Committee.
The Nomination and Remuneration Advisory Committee deliberates mainly on the following matters concerning the nomination, remuneration, etc. of Directors, Company Auditors, and Non-Statutory Executive Officers, based on inquiries from the Board of Directors, and submits recommendations and reports to the Board of Directors.
(i) Details of proposals concerning the appointment and dismissal of Directors and Company Auditors to be submitted to the General Shareholders' Meeting
(ii) Matters concerning the appointment and dismissal of the Representative Director and Directors with specific titles

(iii) Matters concerning the appointment and dismissal of Non-Statutory Executive Officers
(iv) Remuneration structure and remuneration determination policy for Directors
(v) Details of proposals concerning the remuneration, etc. of Directors and Company Auditors to be submitted to the General Shareholders' Meeting
(vi) Details of individual remuneration amounts for Directors, Company Auditors and Non-Statutory Executive Officers
(vii) Other matters deemed necessary by the Board of Directors

Our Company has held two meetings of the Nomination and Remuneration Advisory Committee and mainly discussed the following matters.

| | |
|---|---|
| 1st meeting: March 11, 2024 | Appointment of Non-Statutory Executive Officers and delegation of duties to employees<br>Remuneration for Non-Statutory Executive Officers |
| 2nd meeting: May 14, 2024 | Appointment of Directors and Company Auditors in connection with proposals to be submitted to the Ordinary General Meeting of Shareholders, and delegation of duties to employees by Directors<br>Details of individual remuneration, etc. for Officers<br>Performance-linked remuneration for Non-Statutory Executive Officers |

(Land transportation)

<Example 23: The main activities of the Nomination and Remuneration Advisory Committee are disclosed in detail, including reference to the succession plan>

Our Company has established the "Nomination and Remuneration Advisory Committee," and its outline and main activities are as follows.

1. Outline (as of the submission date of this report)
   - Committee Composition: Three members — ●●●● (Representative Director), ●●● (Outside Director), and ●●●● (Outside Director)
   - Chairperson: ●●●● (Outside Director)
   - The Board of Directors consults the Committee regarding the nomination and remuneration of Directors, Company Auditors, Non-Statutory Executive Officers, and Corporate Officers, and the Committee deliberates on and determines the draft proposals to be submitted to the Board as its recommendations. The Board of Directors shall give utmost respect to the recommendations of the Committee when adopting resolutions. (As stipulated in the Company's Board of Directors Regulations)

2. Main activities (from April 1, 2023 to the submission date of this report)
   - April 2023: The Committee deliberated on and determined the draft proposals for the base remuneration amounts of Directors and Non-Statutory Executive Officers for the fiscal year ending March 2024, as well as the total amount of officer bonuses for the fiscal year ended March 2023 (applicable to Executive Directors and Non-Statutory Executive Officers). The Committee also discussed the succession plan.
   - June 2023: At the committee meeting consisting of three reappointed members of the Nomination and Remuneration Advisory Committee, who were selected at the Board of Directors meeting held after the 85th Ordinary General Shareholders' Meeting, ●● was elected as Chairperson of the Committee.
   - August 2023: The Committee deliberated on and determined the draft proposal regarding the changes to the Non-Statutory Executive Officer structure effective from October 2023. In addition, the second round of deliberations on the succession plan was conducted.
   - December 2023: The Committee deliberated on and determined the draft proposal concerning the officer structure, etc. for the fiscal year ending March 2024.
   - March 2024: The Committee decided to recommend Mr./Ms. ●●●● as a candidate for Outside Director and Mr./Ms. ●●●●● as a candidate for Outside Company Auditor. In addition, with regard to the officer bonuses for the fiscal year ended March 2023 (for which only the total amount was resolved at the Board of Directors meeting held in May 2023), the Committee deliberated on and determined the draft proposal for the individual payment amounts. Furthermore, the Committee deliberated on and determined the draft proposal for the base remuneration amounts of Directors and Non-Statutory Executive Officers for the fiscal year ending March 2025.

(Electrical appliances)

### 1 - 3 - 5. Policies and procedures for appointment and dismissal of the senior management and the nomination of director and kansayaku candidates (Principle 3.1)

Principle 3.1 iv requires disclosure of policies for the appointment and dismissal of senior management and the nomination of candidates for directors and kansayaku.

Keywords related to qualities of individuals are prominent in the “policies” for appointment. Keyword analysis revealed that of the 3,092 companies listed on the Prime Market and Standard Market that complied with Principle 3.1, 56.9% (1,760 companies) included “experience” in their descriptions, followed by “ability” at 43.0% (1,329 companies), “knowledge” at 36.9% (1,142 companies), “insight” at 33.3% (1,030 companies) and “personality” at 27.8% (860 companies). Keywords related to the expertise of candidates were also seen, such as “finance and accounting,” “law,” “corporate management (corporate manager, etc.),” and “crisis management” (Chart 66).

Meanwhile, in terms of policies on the dismissal of officers, many policies stated that dismissal would be imposed in cases of major violations of laws and regulations or the articles of incorporation. Keyword analysis revealed that 52.1% of companies (1,611 companies) included “dismissal” (excluding “appointment and dismissal”) and 5.1% (157 companies) included “removal.” With regard to reasons for dismissal or removal, “violation (including violation of laws and articles of incorporation)” accounted for 24.6% (761 companies) and “fraudulence” accounted for 11.4% (353 companies) (Chart 67). There were also some companies that stated poor business performance as grounds for dismissal.

Analysis of keywords related to “procedures” for appointment and dismissal revealed that many companies stated that decisions were made by the board of directors in order to be resolved at the general meeting of shareholders. 34.7% (1,072 companies) of the companies included “general meeting of shareholders” as a keyword and 85.6% (2,648 companies) included “board of directors.” In some cases it was clearly stated that the opinions and advice of outside directors, etc. were respected in order to ensure the transparency, etc. of the appointment and dismissal process. In addition, some companies specified the involvement of voluntary nomination committees, etc., and 48.6% (1,504 companies) included the keyword “nomination committee, etc.” This is considered to be due to the fact that the number of cases has increased where voluntary advisory bodies for nominations are newly established following the revision of the Code in 2018, which indicated the establishment of a voluntary advisory committee related to nomination and remuneration.

75.9 % (2,347 companies) mentioned “kansayaku” or “supervisory committee members,” and many companies clearly specified the qualities required and process for appointment with respect to kansayaku and supervisory committee members separately from directors (Chart 68).

## Chart 66 Keywords Related to Policies for Appointment of Officers

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Principle 3.1 | 3,092 | 100.0% |
| Experience | 1,760 | 56.9% |
| Ability | 1,329 | 43.0% |
| Knowledge | 1,142 | 36.9% |
| Insight | 1,030 | 33.3% |
| Character | 860 | 27.8% |
| Finance and accounting | 719 | 23.3% |
| Corporate management, corporate manager, etc. | 1,900 | 61.4% |
| Balance | 502 | 16.2% |
| Comprehensive consideration/judgments | 1,272 | 41.1% |
| Laws, legal, etc. | 418 | 13.5% |
| Diversity | 552 | 17.9% |
| Risk | 163 | 5.3% |

## Chart 67 Keywords Related to Policies for Dismissal of Officers

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Principle 3.1 | 3,092 | 100.0% |
| Dismissal (excluding appointment and dismissal) | 1,611 | 52.1% |
| Discharge | 157 | 5.1% |
| Wrongdoing | 353 | 11.4% |
| Violations (violations of laws and regulation or violations of the articles of incorporation, etc.) | 761 | 24.6% |

## Chart 68 Keywords Related to Procedures for Appointment and Dismissal of Officers

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Principle 3.1 | 3,092 | 100.0% |
| Board | 2,648 | 85.6% |
| Kansayaku, supervisory committee members, etc. | 2,347 | 75.9% |
| Outside directors | 1,431 | 46.3% |
| General shareholders' meeting | 1,072 | 34.7% |
| Nomination committee, etc. | 1,504 | 48.6% |

Looking at individual cases, in Example 24, four main items are listed as main criteria for evaluating the CEO: execution of management oversight, financial perspective, shareholder and capital market perspective, and future financial perspective, with specific indicators provided for each item. In Example 25, for both Directors and Company Auditors, specific descriptions are provided for "Qualifications and Appointment/Dismissal Procedures for Directors," "Selection Criteria," "Dismissal Criteria," and "Approach to Composition." In Example 26, more specific criteria have been formulated and disclosed regarding the selection of Director candidates. Particularly with regard to Outside Directors, it is disclosed that importance is placed on their "mental independence." In Example 27, it

is noted that a “Board of Directors Skill Matrix,” which clarifies the requirements for officers derived from the management strategy, is utilized to nominate individuals suitable to serve as Directors.

<Example 24: CEO assessment items are disclosed, including shareholder and capital market perspectives>
<Policy>
(Omitted)
<Procedure>
[Process of appointment]
To secure objectivity, transparency, and timeliness for procedures to appoint, dismiss, and evaluate directors, the CEO, and other members of the management team, the Company has in place the Nomination Committee, which is an advisory body to the board of directors. The majority of members of the Nomination Committee are Independent Directors and the chairperson is an independent director.
In fiscal 2024, it comprises four Independent Directors and one internal director who does not concurrently serve as a non-statutory executive officer. In the selection and nomination of the CEO and director candidates, multiple rounds of deliberation are conducted by the Nomination Committee to ensure a rigorous screening process, and recommendations are submitted to the Board of Directors with clearly stated grounds for the selection and nomination. The Board of Directors engages in deliberation from a shareholder perspective based on a report from the Nomination Committee and resolves upon the selection of the CEO and the nomination of candidates for Directors. Prior to the nomination of director candidates, the Nomination Committee continuously deliberates on the composition of the board of directors and the required expertise and background of directors (skill matrix) in order to maintain a system that enables the board of directors to appropriately and effectively make management decisions and supervise execution.
In the appointment of executive officers, the Nomination Committee assesses the reasonableness of the reasons for appointments made by the CEO. In addition, in the executive structure, the CEO reports to the Nomination Committee on the selection and development policies of candidates for management positions, utilizing a skill and career matrix that shows an overview of human resources, roles, skills and careers, with the aim of establishing a system that enables the Group Management Committee to make accurate and prompt decisions and promoting and developing appropriate management personnel in succession plans.
In selecting candidates for company auditors, to ensure the independence of company auditors, a process is adopted in which the Board of Company Auditors takes the initiative in “recommending candidates” and “nominating and proposing candidates”.
The Board of Company Auditors lists candidates for Company Auditor based on the selection criteria for candidates for Company Auditors, and, as necessary, recommends candidates through consultation with the CEO, and after confirmation by the Nomination Committee, nominates and proposes candidates. The Board of Directors, respecting the judgment of the Board of Company Auditors, adopts resolutions on proposals for the election of Company Auditors to be submitted to the General Shareholders’ Meeting.

- Officer structure and skill matrix (Notice of Convocation of the 124th Ordinary General Shareholders’ Meeting, pp. 37–38)
https:// ●●●

[Evaluation process]
The Nomination Committee assesses executive directors, including the current CEO, in two stages each year. In the first evaluation, careful and appropriate deliberations are made on the soundness of Directors to continue in their duties, ensuring timeliness of appointment and dismissal. In the second evaluation, Directors' achievements are evaluated with a multifaceted approach, and their issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of Directors are reported to the Board of Directors to thoroughly oversee the CEO, senior management and directors.

<Main items of CEO evaluation>
(i) Execution of management supervision
- Actions aimed at maximizing shareholder and corporate value, oversight of execution, a stance of mutual checks and balances among Directors, risk management, insight necessary for corporate management, etc.

(ii) Financial perspective
- Trends in consolidated business performance, status of the annual business plan, and performance against the medium-term management plan, etc.

(iii) Shareholder and capital market perspectives
- Stock price index trends, TSR and shareholder returns, rating, etc.

(iv) Future financial perspective (environment) ・Environmental performance results, etc.
(Employees) • Talent development and utilization, global employee engagement surveys, etc.
(Customers) • Major customer incidents and customer satisfaction surveys
(Governance) • Governance optimization and enhancement, and compliance

*Executive Directors, excluding the CEO, are evaluated based on items (i) to (iii) above.
(Electrical appliances)

## <Example 25: Specific criteria for appointment and criteria for dismissal are clearly stated>

(4) Policies and procedures for appointment

[Qualifications of directors and appointment and dismissal procedures]

The appointment of candidates for directors will be decided on by the board, in consideration of the appointment criteria and stance towards the composition of the board, after discussion by the Nomination Advisory Committee.

(Selection standards)

1. The person has an excellent sense of management and familiarity with various management issues
2. Have a companywide perspective and excellent objective analysis and judgment abilities
3. Have excellent foresight and insight
4. Have the ability to accurately understand the trends of the times, management environment, and market changes
5. Have a strong desire to work towards self-improvement
6. Has the ability to actively voice their opinion from a companywide perspective
7. The person has character and insight appropriate for a director
8. Does not fall under any of the grounds for disqualification as a director set forth in Article 331, Paragraph 1 of the Companies Act.

When dismissal of directors is proposed, the Board of Directors makes a decision based on the dismissal criteria.

(Dismissal criteria)

1. Has acted in violation of public order and morals
2. It has become difficult to continue their duties due to health reasons
3. Has caused significant damage to corporate value as a result of negligence of duties
4. When a director falls under any of the grounds for disqualification as a director set forth in Article 331, Paragraph 1 of the Companies Act
5. Is deemed not to fulfill the qualities prescribed in the appointment standards

(Views on the composition of the board)

1. The board is composed of directors with diverse backgrounds including specialized expertise and experience.
2. The board will be composed of no more than 20 members as an appropriate number enabling the board to perform its functions in the most efficient and effective manner. At least one-third (1/3) of the board shall be composed of Outside Directors.
3. Internal directors shall be structured so that thorough supervision on management is made, centered on the chief executive officer (CEO), chief financial officer (CFO) and general managers of business units.
4. The board will be composed so that the various experience and knowledge of each director can complement the functions of the board overall so that the fiduciary duties of the board overall can be fulfilled.

(Construction industry)

## <Example 26: More specific criteria for qualifications of candidates for directors are stated>

<Election policy for directors and kansayaku>

In order to enhance objectivity and transparency in the nomination of candidates for directors and kansayaku, a voluntary Nomination Committee (the committee is chaired by the representative director and chairperson and consists of two representative directors (including the chairperson of the committee) and two outside directors) provides opinions in response to a request from the board of directors regarding the process of appointment and dismissal, qualifications, and reasons for the appointment and dismissal of candidates for director and kansayaku in accordance with the “Nomination Committee Rules” and the “Rules on Policies and Procedures of Nomination.”

■ Basic Policy on the Selection of Candidates for Directors

Selection standards

1. Has outstanding character, insight, high ethical standards, an excellent sense of management, and familiarity with various management issues
2. Has a companywide perspective and excellent objective analysis and judgment abilities.
3. Has excellent foresight and insight, special skills and knowledge, and a wealth of experience.
4. Has the ability to accurately understand the trends of the times, management environment and market changes.
5. Has a strong desire to work towards self-improvement
6. Has the ability to actively voice their opinion from a companywide perspective
7. Does not fall under any of the grounds for disqualification as a director set forth in Article 331, Paragraph 1 of the Companies Act.
8. In the case of outside directors, meets the requirements for independent officers as stipulated by the Tokyo Stock Exchange.
   In addition, the following criteria, (1) to (2), must be satisfied.

(1) Eligibility
Possess the following qualities necessary to comprehensively monitor and provide advice on management based on general knowledge regarding corporate management and a fundamental understanding of the principles to be adhered to by directors and the board, with the aim of achieving sustainable growth and improving the medium- to long-term corporate value of the Group in order to fulfill the responsibilities entrusted by the shareholders.
- Ability to discern facts from materials and reports
- Ability to identify problems and risks and apply knowledge to resolve these
- Capacity to appropriately monitor business strategy and provide advice
- Mental independence to openly question, debate, re-examine, continuously deliberate, and propose ideas in opposition to a resolution

(2) Expertise
Must have knowledge in a specialized field such as management, accounting, finance, law, administration, or social/cultural affairs, and have a record of achievement in that field.

(Omitted)
(Service industry)

<Example 27: The skill matrix is used to select the right person as a director>

(4) The board of directors selects candidates for director and kansayaku, as well as the CEO and other senior management, who contribute to sustainable growth of the Company and enhancement of corporate value over the medium- to long-term through effective corporate governance.

Nomination of candidates for directors and kansayaku and the appointment and dismissal of the CEO and other senior management are deliberated by the Nomination Committee and determined by resolution of the board of directors. Policy on the nomination of candidates for directors and kansayaku and the appointment and dismissal of the CEO and other senior management is as follows.

- We nominate a person with appropriate and extensive experience, deep insight and a high level of expertise to serve as a director, kansayaku, CEO or other senior management of the Company while ensuring diversity, including internationality and gender.
- To ensure the balance and diversity of knowledge, experience and capabilities of the board of directors as a whole that are necessary for the sustainable growth of the Company and the enhancement of corporate value over the medium- to long-term, we nominate candidates for directors who are appropriate for directors of the Company and possess a wealth of experience, deep insight and high level of expertise that the Company requires in light of "●●," the Company's group philosophy, the code of conduct of ●● group and the "Skill Matrix of the Board of Directors," which clarifies the requirements for officers derived from management strategies.
- After prior deliberation by the Nomination Committee and obtaining an evaluation that the persons are appropriate, we obtain the consent of the board of company auditors with respect to kansayaku, and nominate candidates for directors, candidates for kansayaku, and CEO and other senior management.
- As to the executive directors such as representative directors (CEO and other seminar management), their business performance, etc., are periodically reviewed annually by the Nomination Committee, and, with respect to CEO, if the result of the review is that the CEO meets the criteria for dismissal set by the board of directors, such result of review is verified at the board of directors, and if it is confirmed that the criteria are satisfied, such person will not be nominated as a candidate for director or will be dismissed from the position as CEO.

(Foods)

### 1 - 3 - 6. Explanations with respect to individual appointments and dismissals and nominations (Principle 3.1)

Principle 3.1 v requires explanation of individual reasons for appointment, dismissal and nomination. While the Companies Act requires the reasons for the appointment of outside directors to be stated in the convening notice, this item also requires the reasons for the appointment of internal officers and the reasons for individual dismissals to be explained.

Many companies include such statements in the reference documents for the general meeting of shareholders, and common statements include "when nominating candidates for directors and kansayaku, the reasons for the nomination are disclosed in the notice of convocation of the general meeting of shareholders, etc." Currently, if an officer is dismissed, the reason for dismissal is not usually stated because the majority of officers are shown as being "not reappointed" when their term

of office expires. There are few cases where a resolution for dismissal is taken at the general shareholders' meeting, other than for proposals by shareholders themselves.

Among the 3,092 companies listed on the Prime Market and Standard Market that complied with Principle 3.1, 90.3% (2,793 companies) cited "general meeting of shareholders," 76.8% (2,375 companies) cited "convocation (notice of convocation, convocation notice, etc.)" and 30.1% (931 companies) cited "reference documents (reference documents for general meeting of shareholders, etc.)" as keywords. In addition, some companies directly stated the reasons for appointment of directors and kansayaku in the CG Report as in Example 28.

<Example 28: Reasons for selection are disclosed for each candidate>

(v) Reasons for the appointment and dismissal of senior management, and the appointment, dismissal, and nomination of Director and Company Auditor candidates

○ Director candidate (appointed as Director at the ●●th Ordinary General Shareholders' Meeting held on June 26, 2024)

• ●● ● (Reappointment)

Since June 2017, he has served as Director, and since June 2021, as Director and President. He possesses the knowledge and experience to accurately, fairly, and efficiently manage the Bank's operations, and has appropriately fulfilled his role as a Director of the Bank. Accordingly, he has been nominated as a candidate for Director.

• ●● ●● (Reappointment)

He has held various positions, including General Manager of the Sales Support Department, General Manager of the Chuo Branch, and General Manager of the Head Office Sales Department, and has served as Director since June 2021. As he possesses the knowledge and experience to accurately, fairly, and efficiently manage the Bank's operations, he has been nominated as a candidate for Director.

(Omitted)

• ●● ●● (Reappointment)

He has served as Head of the Customer Service Division and CSR Division at a chemical company, and has also served as a full-time Company Auditor. In addition, he has experience as an outside officer at other operating companies. We believe that by applying his knowledge and experience to the management of the Bank, the decision-making and supervisory functions of the Board of Directors can be further strengthened, thereby contributing to the enhancement of the Bank's medium- to long-term corporate value. In addition, he has been nominated as a candidate for Outside Director based on the expectation that he will provide supervision, advice, etc. from a professional perspective on the execution of duties by Directors, particularly in relation to corporate governance. He will have served as an Outside Director of the Bank for nine years as of the conclusion of this General Shareholders' Meeting.

• ●● ●● (Reappointment)

He has built a career as an economist both in Japan and overseas in the information and communications industry and ●●, and possesses a high level of expertise. We believe that by applying his knowledge and experience to the management of the Bank, the decision-making and supervisory functions of the Board of Directors can be further strengthened, thereby contributing to the enhancement of the Bank's medium- to long-term corporate value. In addition, he has experience serving as a deliberation committee member of the Policy Board, the highest decision-making body in the banking sector, where he was involved in discussions on monetary policy. He has been nominated as a candidate for Outside Director based on the expectation that he will provide supervision, advice, etc. from a professional perspective on the execution of duties by Directors.

Although he has not been involved in company management in the past, for the reasons stated above, it has been determined that he is capable of appropriately fulfilling the duties of an Outside Director; therefore, he has been nominated as a candidate for Outside Director.

He will have served as an Outside Director of the Bank for four years as of the conclusion of this General Shareholders' Meeting.

• ●● ●● (New appointment)

As Managing Director of the Financial Institutions Ratings Department at ●●, he was engaged in credit analysis of financial institutions, and he possesses a high level of expertise, having served as a member of the firm's highest internal review body for analysis, where he oversaw rating standards and analytical methodologies for banks worldwide. We believe that by applying his knowledge and experience to the management of the Bank, the decision-making and supervisory functions of the Board of Directors can be further strengthened, thereby contributing to the enhancement of the Bank's medium- to long-term corporate value.

In addition, he has been nominated as a candidate for Outside Director based on the expectation that, in light of his many years of experience in comparative analysis of financial institutions, he will provide supervision advice, etc., from a professional perspective on the execution of duties by Directors.
Although he has not been involved in company management in the past, for the reasons stated above, it has been determined that he is capable of appropriately fulfilling the duties of an Outside Director; therefore, he has been nominated as a candidate for Outside Director.
(Banking)



**[Column 5] Counselors (*Sodanyaku*), advisors (*komon*), etc.**

In light of the practice in listed companies in Japan of having retired presidents, etc. serving as counselors (*sodanyaku*) and advisors (*komon*), from the perspective of improving transparency in governance, a section for "status of persons who retired as representative director and president, etc." is established in the CG Report. Specifically, in cases where a person who retired from the position of representative director, etc., continues to serve as a counselor or adviser, etc., the name, title/position, business content, etc. of such person can be voluntarily stated.

By market segment, the proportion of listed companies that made disclosures regarding counselors/advisors, etc., is 42.0% in the Prime Market (40.5% in the previous survey), 20.9% in the Standard Market (18.7% in the previous survey) and 3.7% in the Growth Market (2.9% in the previous survey), and of these, the proportion of listed companies that had at least one counselor/advisor, etc., is 58.7% in the Prime Market (64.5% in the previous survey), 56.1% in the Standard Market (56.3% in the previous survey) and 68.2% in the Growth Market (85.7% in the previous survey) (Chart 69).

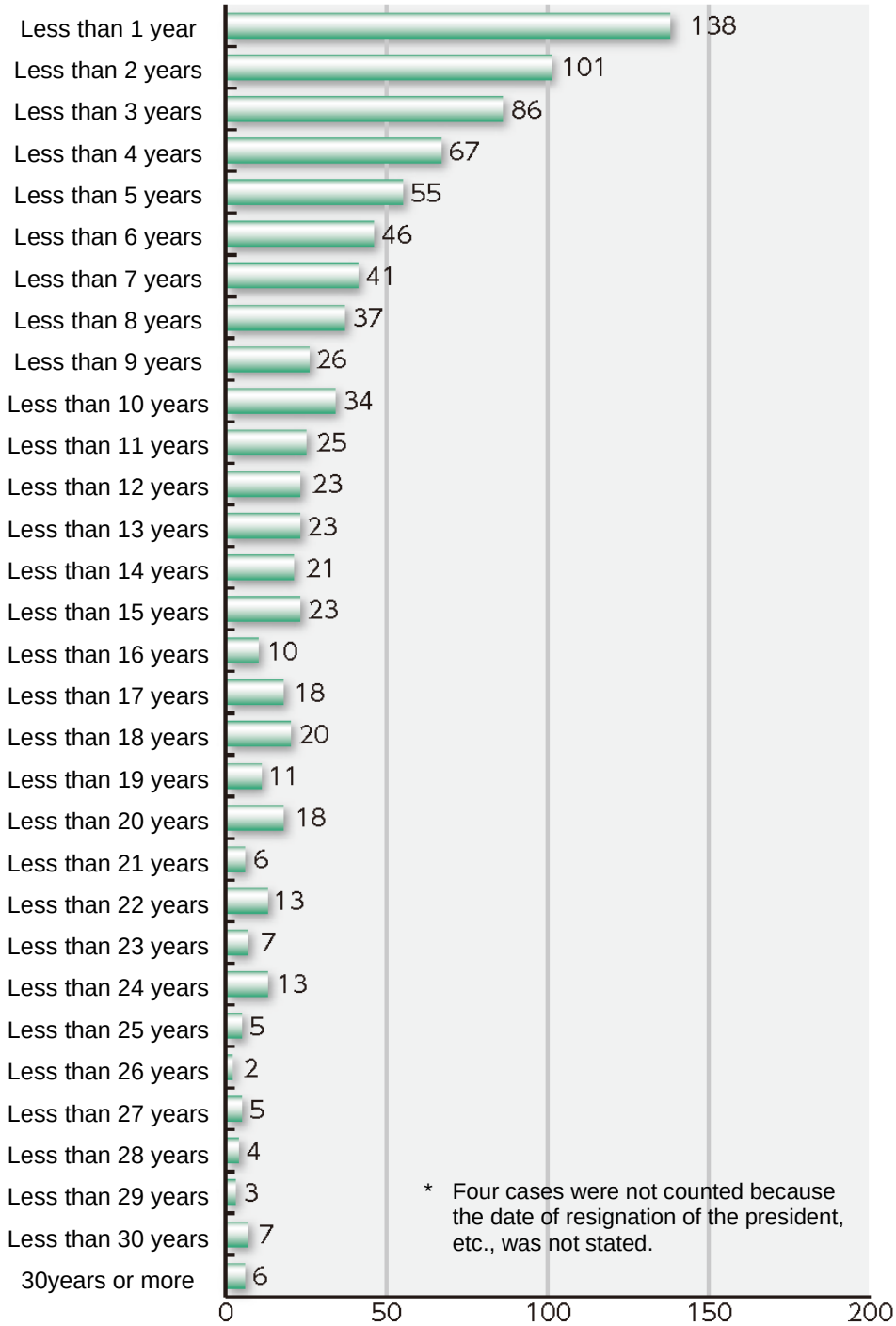
**Chart 69 Status of Disclosure of Counselors/Advisors, etc., by Market Segment**

| Scope of data aggregation | Number of companies | Disclosure on counselors/advisors, etc., is not made | | Disclosure on counselors/advisors, etc., is made | | At least 1 person in advisory position | |
|---|---|---|---|---|---|---|---|
| | | Number of companies | Ratio | Number of companies | Ratio | Number of companies | Ratio |
| All companies | 3,831 | 2,784 | 72.7% | 1,047 | 27.3% | 608 | 58.1% |
| Prime | 1,642 | 952 | 58.0% | 690 | 42.0% | 405 | 58.7% |
| Standard | 1,602 | 1,267 | 79.1% | 335 | 20.9% | 188 | 56.1% |
| Growth | 587 | 565 | 96.3% | 22 | 3.7% | 15 | 68.2% |
| JPX-Nikkei 400 | 400 | 171 | 42.8% | 229 | 57.3% | 142 | 62.0% |

In the 608 companies with one or more counselors/advisers, etc., the total number of counselors/advisers, etc., is 898. Chart 70 shows how many years have passed since the date of retirement as president, etc., and less than one year is the most common (138 persons), followed by less than two years (101 persons) and less than three years (86 persons). There are also some people for whom 20 years or more, or even 30 years or more, have elapsed after resigning as president. The term of these positions is generally one year, but some companies set a two-year term, a maximum number of years, a mandatory retirement age, etc., or no term at all.

Further, looking at the relationship between full-time/part-time work and payment of remuneration, 220 persons were full-time, 633 persons were part-time, 634 persons were paid, and 222 persons were not paid. Looking at each relationship, part-time with pay is the most common (421 persons), followed by full-time with pay (202 persons), part-time with no pay (197 persons), and full-time with no pay (2 persons) (Chart 71).

## Chart 70 Distribution of Number of People by Years from Date of Resignation




## Chart 71 Status of Employment and Remuneration for Counselors/Advisors, etc.

| Category | With remuneration | Without remuneration | Not stated (remuneration) | Total |
|---|---|---|---|---|
| Full-time | 202 | 2 | 16 | 220 |
| Part-time | 421 | 197 | 15 | 633 |
| No work | 3 | 18 | 0 | 21 |
| Not stated (work) | 8 | 5 | 11 | 24 |
| Total | 634 | 222 | 42 | 898 |

### 1 - 3 - 7. Policies and procedures for determining the remuneration

#### (1) Disclosure in accordance with Principle 3.1 (iii)

Principle 3.1 (iii) requires disclosure of the policy and procedures for the Board of Directors' determination of the remuneration of senior management and Directors, and many companies have already disclosed their basic policies on officer remuneration, etc., in their CG Reports or Annual Securities Reports.

Among the 3,092 companies listed on the Prime Market and Standard Market that comply with Principle 3.1, 38.4% (1,188 companies) refer to "performance," suggesting that many companies determine officer remuneration in consideration of business performance. Further, 30.2% (934 companies) mention "outside directors" (Chart 72).

With regard to the remuneration determination process, there are cases in which the opinions of outside directors are taken into account, and cases in which the content of remuneration of outside directors is stated separately from that of internal officers. In addition, 39.0% (1,206 companies) included "general meeting of shareholders," and there were some cases in which the total amount of remuneration to be resolved at the general meeting of shareholders was stated (Chart 73).

In many cases, the "policy" for determining officer remuneration is stated by categorizing into fixed remuneration (basic remuneration), bonus and performance-linked remuneration, and many companies clearly state that fixed remuneration (basic remuneration) is set based on responsibilities and roles. As factors related to fixed remuneration (basic remuneration), 22.6% (698 companies) include the keyword "responsibilities/duties" and 20.9% (647 companies) include the keyword "role/title" (Chart 72). In terms of factors related to performance-linked remuneration, "performance" as described above was more frequently mentioned, and there were also companies that mentioned "sales," "profit (operating profit, ordinary profit and net income)," "ROE/ROA/ROIC" and "dividends." Specifically, 5.2% (162 companies) mention "sales," 11.8% (366 companies) mention "profit (operating profit, ordinary profit and current net income)," 4.7% (144 companies) mention "efficiency indicators of capital, etc. (ROE, ROA and ROIC)," and 3.1% (97 companies) mention "dividends." While the overall trend suggests that a large number of companies emphasize profit in their business performance, the number of companies that mention capital efficiency is still small. In addition, there were also companies that mentioned they referred to "standard levels" and "data provided from external institutions". 21.2% (656 companies) used the keyword "performance-linked," 18.3% (566 companies) referred to "stock-based compensation" including "stock options," and 484 companies (15.7%) mentioned "incentives." 10.1% (311 companies) state that multiple factors are "considered/judged comprehensively."

As to the "procedures" for determining officer remuneration, 39.0% (1,206 companies) mentioned the "general meeting of shareholders" as stated above (Chart 73), and 33.6% (1,040 companies) mentioned the "remuneration committee, etc." In the wake of the Code revisions in 2018 and 2021, many companies have established voluntary advisory bodies on nomination and remuneration to ensure transparency in the officer remuneration determination process, and descriptions of the involvement of remuneration committees, etc., in the remuneration determination process are increasing.

## Chart 72 Keywords Related to Policies for Determining the Remuneration of Officers

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Principle 3.1 | 3,092 | 100.0% |
| Performance | 1,188 | 38.4% |
| Basic/fixed | 1,058 | 34.2% |
| Outside directors | 934 | 30.2% |
| Consultation | 545 | 17.6% |
| Responsibilities/duties | 698 | 22.6% |
| Role/position | 647 | 20.9% |
| Performance-linked | 656 | 21.2% |
| Bonus | 422 | 13.6% |
| Stock-based remuneration (stock options) | 566 | 18.3% |
| Incentive | 484 | 15.7% |
| Profits | 366 | 11.8% |
| Comprehensive consideration or judgments | 311 | 10.1% |

## Chart 73 Keywords Related to Procedures for Determining the Remuneration of Officers

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Principle 3.1 | 3,092 | 100.0% |
| General shareholders' meeting | 1,206 | 39.0% |
| Remuneration committee, etc. | 1,040 | 33.6% |

Example 29 is an individual example of a detailed description of the policy and procedure for determining remuneration. A remuneration policy has been established, and in addition to the disclosure of remuneration levels, the remuneration structure, and the decision-making process, reference is made to clawback and malus clauses as well as stock ownership policies. Example 30 describes the specific approach to calculating bonuses and performance-linked stock remuneration, and in particular, for medium- to long-term performance-linked stock remuneration, KPIs (TSR indicator, ROE indicator, and ESG indicators) and their respective weights are mentioned. Example 31 refers to determining remuneration levels based on data from external research institutions, as well as the KPIs (ROE, TSR, ESG evaluation, and employee engagement) and weights used for stock compensation.

<Example 29: The Company's remuneration policies and remuneration structures are explained in detail, with reference to shareholding guidelines and the introduction of malus and clawback clauses>

Currently, under our long-term vision "●●●2030," the Company is working to shift toward business operations that place ESG at the core of management, and is aiming to further strengthen the supervisory function of the Board of Directors. In light of these circumstances, considering the expansion in the responsibilities and expected roles of Directors going forward, the Company is reviewing the remuneration system for Directors. As of the submission date of the Corporate Governance Report, the policies, etc. for determining the calculation method of the remuneration amounts for officers are as follows.

1) Policy for determining remuneration for directors, etc.

(1) The purpose of remuneration for directors other than outside directors is to encourage directors other than outside directors to lead sustainable growth while fulfilling their social responsibilities as a company that aims to become a ●●●.

- Quantitative and objective evaluation by financial performance indicators is reflected in remuneration to motivate them to achieve performance targets.
- The evaluation with respect to the promotion of ●● group's ESG measures (hereinafter referred to as "●●●ESG") is reflected in remuneration, accelerating ●●●ESG management initiatives.

- While establishing a remuneration system that is strongly linked to shareholder value, continued shareholding during the term of office is encouraged to create a strong awareness of sustainable improvement in corporate value.
- Remuneration levels and performance linkages are established to ensure that remuneration is equal to or greater than the standard level for ●●● companies set by the Company in line with the achievement of the performance targets and ●●●ESG and enhancement of corporate value.

(2) Transparency and objectivity shall be ensured in the operation of the remuneration system in meeting the objectives of the remuneration.
- Decisions regarding the formulation and operation of remuneration policies shall be made by a resolution of the board of directors after deliberations by the remuneration advisory committee, a majority of which are outside directors.
- In order to accurately fulfill accountability to shareholders, we shall make disclosures that go beyond the scope required by laws and regulations and promote shareholders' understanding and dialogue with shareholders

(Omitted)

(3) Remuneration level

In order to ensure an appropriate level of competitiveness in terms of remuneration commensurate with GMB companies, as to the remuneration level of directors other than outside directors, we benchmark companies similar to our Company in size, profitability, industry, overseas expansion, etc., as a group of companies for comparison, using objective survey data on officer compensation, etc., operated by an external professional organization, and set levels according to position and responsibility.

(4) Shareholding guidelines

In order to deepen the level of value sharing with shareholders, the Company encourages that directors other than outside directors hold shares of the Company as follows in principle.

President and Representative Director: Shares equivalent to 3.0 times the base remuneration within five years of appointment.

Other Directors: Shares equivalent to 2.4 to 2.7 times the base remuneration within five years of appointment.

(5) Return of remuneration, etc. (malus, clawback clauses)

The Company has provisions on return of remuneration (malus, clawback clauses) with respect to share units with transfer restriction and performance share units granted to directors. In the event that wrongful acts have occurred with respect to the directors of the Company (including those who have retired), or the fact of such acts has been found out, a claim may be made for the return of some or all of the points prior to the share delivery, the shares with transfer restriction already delivered and the shares after the lifting of the transfer restriction. The decision on the claim for return and the details thereof shall be made by a resolution of the board of directors after deliberation by the remuneration advisory committee.

(6) Remuneration determination process

The policies on determining the content of remuneration, etc., for directors of the Company and the content of remuneration, etc., for individual directors are determined by a resolution of the board of directors after objective deliberations by the remuneration advisory committee, a majority of which consists of outside directors, based on the contents of such deliberations.

In the deliberations of the remuneration advisory committee, remuneration advisors from external professional organizations are present as needed to provide objective perspectives and expert knowledge and information on the remuneration system.

(7) Total amount, etc. of remuneration, etc. by officer category in fiscal 2022

Please refer to the Annual Securities Report.

Annual Securities Report:
https://www.●●●
(Machinery)

<Example 30: Specific approach to the calculation of bonuses and performance-linked remuneration, KPIs and weights are clearly stated>

13) [Principle 3-1(iii) Policies and procedures when the board of directors determines the remuneration of the senior management and directors] and 14) [Supplementary Principle 4.2.1 Remuneration as an incentive for sustainable growth]

The Guidelines provide for the Board of Directors' policies for determining the remuneration for senior management and Directors as follows:

(Omitted)

• Medium- to long-term performance-linked remuneration (shares)
Medium- to long-term performance-linked remuneration (shares) is designed to be linked to indicators such as Total Shareholders Return (hereinafter "TSR"), in order to promote greater value sharing with shareholders and effectively serve as an incentive for officers to enhance corporate value over the medium to long term.
(Note) The Company's TSR = Stock price growth rate over a certain period + Dividend yield over a certain period (total dividends ÷ initial stock price). The indicators based on TSR consist of a combination of the ratio of the Company's TSR to the TOPIX growth rate (hereinafter referred to as the "TSR Ratio") and the ranking of the Company's TSR relative to those of peer companies, and these indicators are used to determine the coefficient to be applied to the standard amount for each position.
The coefficient applied to the standard amount for each position is set as follows: if the TSR Ratio is 50% or less, the coefficient is 0 (minimum value); if the TSR Ratio is 100%, the coefficient is 1 (at target achievement); if the TSR Ratio is 150% or more, the coefficient is 1.62 (maximum value); and if the TSR Ratio exceeds 50% but is less than 150%, the coefficient is calculated using a predetermined formula. In addition to the indicators based on TSR, a coefficient based on the achievement level of the targets set in the medium-term management plan and the Company's ranking relative to other companies is adopted as an ROE indicator, while a coefficient evaluating improvements in $CO_2$ emission efficiency is adopted as an ESG indicator.
The extent to which performance is linked to remuneration is designed to increase with the level of managerial responsibility. The composition ratio of the TSR indicator, ROE indicator, and ESG indicator ($CO_2$) is set at 90:5:5.
The total of the coefficients calculated based on the above indicators (with a minimum value of 0 and a maximum value of 1.8) is multiplied by the standard amount for each position to determine the amount of medium- to long-term performance-linked remuneration, and this amount is then converted into points, which are granted to officers each fiscal year. In principle, upon retirement, the officers receive shares, etc. of the Company based on the cumulative number of points granted.
(Shipping)

<Example 31: Remuneration levels are determined based on data from external research institutions, with TSR and ESG indicators adopted as KPIs for stock-based remuneration, and clear disclosures are made, including the remuneration structure>

■ Overview of the content of the policy for determining individual remuneration, etc. for officers and the method of determination

An overview of the content of the Company's policy for determining individual remuneration, etc. for officers is as follows. The policy is determined by resolution of the Board of Directors based on the recommendations of the Nomination, Remuneration, and Governance Committee.

1. The basic concept and basic policy of the Company's officer remuneration system

The Company regards officer remuneration as a key driving force for realizing its purpose and vision, and adopts the following as its basic policy.

(1) Remuneration should contribute to securing and retaining talented management personnel, while also encouraging the management team to take on appropriate challenges and pursue self-transformation.
(2) Remuneration should have a strong linkage with the Company's performance and increase awareness of contributing to the enhancement of corporate value over the medium to long term.
(3) Remuneration should align awareness and interests with those of all stakeholders, including shareholders.
(4) Remuneration should be highly transparent and objective, enabling the Company to fulfill its accountability to all stakeholders.

2. Remuneration level

The level of officer remuneration is determined by position, targeting the median level by utilizing data provided by external research institutions and setting a peer group consisting of companies in similar industries and of comparable size.

3. Composition of remuneration

The remuneration for the Company's Directors (excluding part-time Directors) and Non-Statutory Executive Officers consists of base remuneration, bonuses, and stock-based remuneration. Within total remuneration, each component is weighted as follows: 67.0% for base remuneration, 16.5% for bonuses, and 16.5% for stock-based remuneration. An outline of each component of remuneration is as follows. Part-time Directors and Company Auditors receive their remuneration entirely in the form of fixed compensation.

(1) Base remuneration

This is fixed monetary remuneration determined in accordance with standards established for each position, with one-twelfth of the total amount paid monthly as monthly remuneration.

(2) Bonus

Bonuses constitute monetary compensation, with standard amounts set for each position, and vary between 0% and 200% based on the Company's overall performance and individual contribution for each fiscal year. They are paid in June each year. The Company's overall performance is assessed using consolidated ordinary income, which

is one of the indicators the Company emphasizes and which strongly reflects business execution during the relevant period. The bonus amount is determined based on a formula linked to the achievement rate against the target value announced at the beginning of the fiscal year. The individual contribution of each Director is evaluated on a five-point scale by the Nomination, Remuneration, and Governance Committee, which is chaired by an Outside Director and composed of a majority of Independent Officers, and the amount is determined based on the result of this evaluation. Within the bonus, overall Company performance and individual contribution are each weighted at 50%.
(3) Stock-based remuneration
Stock-based remuneration is non-monetary compensation that varies between 0% and 200% based on financial and non-financial indicators, and is granted through a trust-based scheme. At a fixed time each year, points are granted based on the standard amount set for each position, and after the completion of the Company's medium-term management plan, shares equivalent in value to the performance-linked points are granted. In addition, 50% of the shares to be delivered will be converted into cash and paid in monetary form to cover tax obligations.
The financial and non-financial indicators are selected from key indicators for achieving the Company's medium- to long-term vision, and consist of ROE (Return on Equity), TSR (Total Shareholders Return), external ESG evaluations, and employee engagement. ROE, external ESG evaluations, and employee engagement are evaluated based on the level of achievement against target values, while TSR is evaluated through a relative comparison with the TOPIX (Tokyo Stock Price Index). Within stock-based remuneration, ROE is weighted at 40%, TSR at 40%, external ESG evaluations at 10%, and employee engagement at 10%.
(Wholesale trade)

### (2) Disclosure of individual director remuneration

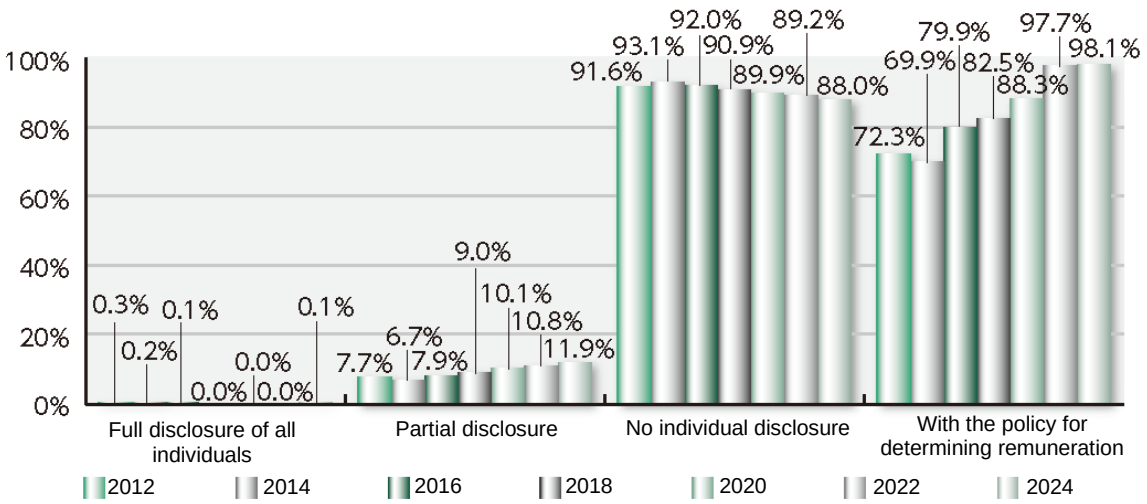
The officer remuneration required to be disclosed in Principle 3.1 (iii) is also required to be disclosed in the existing disclosure documents as mentioned above. Listed companies are required to disclose, in their annual securities reports, the total amount of remuneration, etc., for each category of officers, the total amount of each type of remuneration, etc., the total amount of remuneration, etc., of officers who receive 100 million yen or more, and the policy for determining officer remuneration. Regarding disclosure of the remuneration of individual Directors/statutory executive officers, the CG Report requires listed companies to select one of the following: "full disclosure of all individuals," "partial disclosure" or "no individual disclosure on remuneration."

The percentage of Companies with Board of Company Auditors and Companies with Audit Supervisory Committee that do not disclose individual remuneration in the CG Reports is 88.0% and 91.2% respectively, while the percentage of companies that disclose individual remuneration for all relevant officers remains at 0.1% for both categories (see Chart 74 and Chart 75). The percentage of companies that disclose individual information on only some of their executives is 11.9% and 8.7% respectively, but it can be said that the majority of these companies disclose remuneration of individual executives who receive 100 million yen or more, which is required to be disclosed in the Annual Securities Reports.

Among Companies with Three Committees, the ratio of companies that do not disclose individual compensation is 56.8% for directors and 50.5% for statutory executive officers, and the ratio of companies that disclose individual compensation for all officers is 2.1% for directors and 6.3% for statutory executive officers, which is higher than the above two organizational forms. In comparison with the previous survey, the proportion of companies that do not disclose individual remuneration has decreased, while the number of companies that disclose individual remuneration for all or some officers has increased (Chart 76).

99.2% of all companies listed on the Tokyo Stock Exchange (3,799 companies) provide supplementary information related to the remuneration of directors/statutory executive officers. With respect to officer remuneration, many companies include similar information because it is required to be included in the annual securities report.

## Chart 74 Disclosure of Director Remuneration (Companies with Board of Company Auditors)




## Chart 75 Disclosure of Director Remuneration (Companies with Audit and Supervisory Committee)

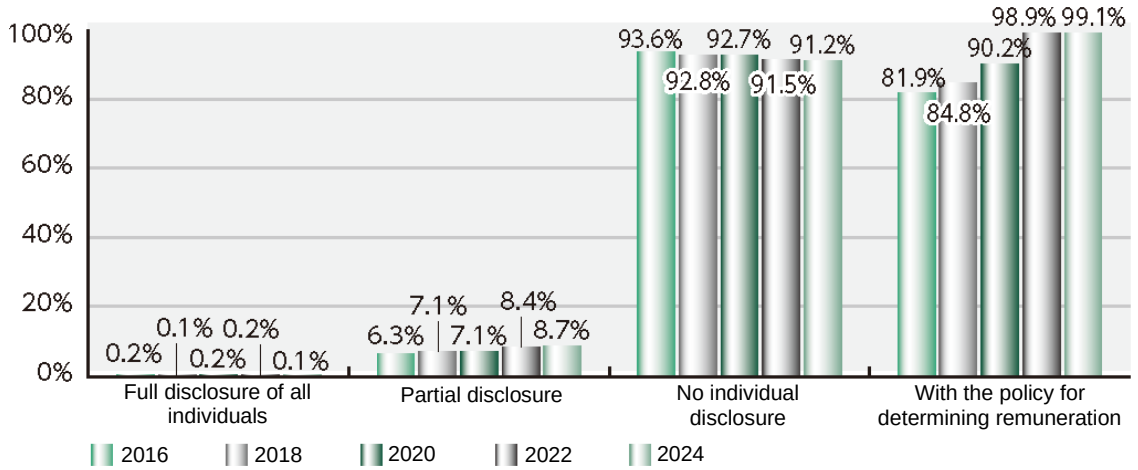
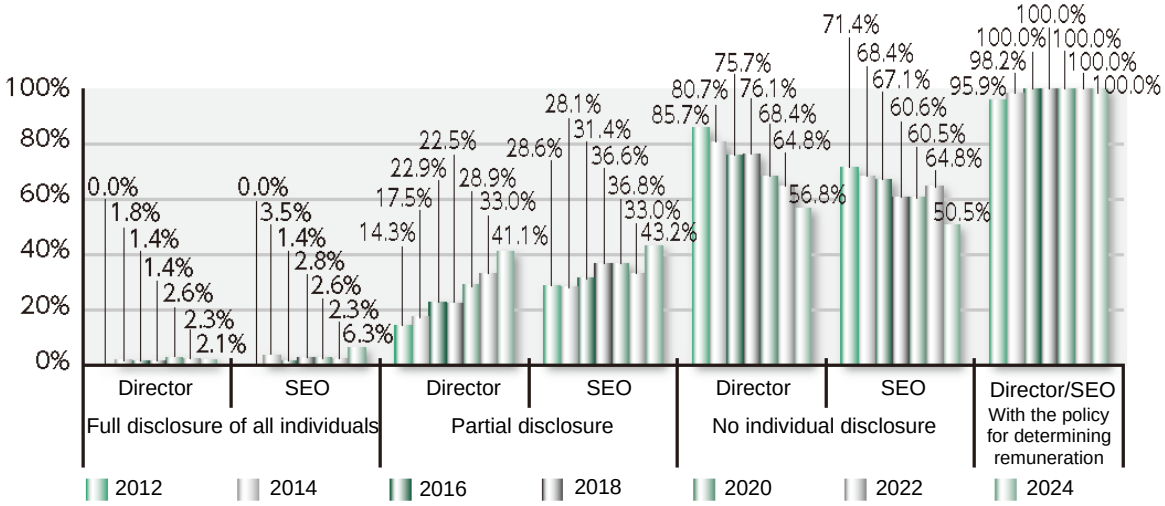


**Chart 76 Disclosure of Director/Statutory Executive Officer (SEO) Remuneration (Companies with three committees)**




### (3) Policy for determining remuneration amounts and calculation method

In terms of the policy for deciding on officer remuneration, if a company has a policy for determining the amount of remuneration and its method of calculation, it is required to disclose this in the CG Report[66].

In the CG Report, the percentage of companies which reported that a decision policy on director remuneration amounts, etc., and their calculation method are in place accounted for 98.1% of Companies with Board of Company Auditors, 99.1% of Companies with Audit and Supervisory Committee, and 100% of Companies with Three Committees (Chart 74 to Chart 76). The percentage is considered to have increased in 2022 because of a background that not only Companies with Three Committees, which were originally required by the Companies Act to have their compensation determined by the Remuneration Committee, but also Companies with Board of Company Auditors (limited to large companies) and listed Companies with Audit and Supervisory Committee were required by the Revised Companies Act of 2019, which came into effect on March 1, 2021, to have their board of directors decide on policies for determining individual compensation for directors (except for cases provided in the articles of incorporation or the general meeting of shareholders).

An analysis of the descriptions of companies that have a decision-making policy in this section shows that 80.8% (3,051 companies) of the 3,776 companies that have a decision-making policy refer to “performance,” suggesting that, as with the description based on (iii) in Principle 3-1, many companies take performance into account when determining executive compensation. 48.8% (1,843

66 In terms of the policy for deciding on the amount of officer remuneration, etc. or the calculation method thereof, a company is required to disclose in the annual securities report: (i) The details of the policy as of the date of submission, the method of determination, or if there is no policy in place, a statement to that effect; (ii) If a policy is in place for each position, the details thereof; (iii) The name or title of the person who has authority for determining said policy, the details of that authority, and the scope of discretion; (iv) A description of the procedures of the committee involved in the determination of the policy, if any. In addition, if performance-linked remuneration is included in the remuneration, the following information is required: (i) If a policy for determining the ratio of performance-linked remuneration to other remuneration is in place, the details of said policy; (ii) The index upon which determination of performance-linked remuneration is based; (iii) The reason for selecting this index; (iv) The method of determining the amount of performance-linked remuneration; and (v) Targets and actual performance of the index upon which performance-linked remuneration is based for the most recent business year.

companies) referred to “performance-based compensation,” 47.2% (1,783 companies) to “stock compensation,” and 9.6% (363 companies) to “stock options.” In terms of the decision process, 75.6% (2,855 companies) mentioned “general shareholders’ meeting,” 64.5% (2,434 companies) mentioned “outside directors,” and 37.3% (1,407 companies) mentioned “remuneration committee, etc.”

### 1 - 3 - 8. Implementation of Initiatives to Offer Incentives

The CG Report requires disclosure of the “state of implementation of initiatives to offer incentives to directors.” This is because it is believed that providing directors with incentives linked to the improvement of mid to long-term corporate value and aligning the interests of directors, etc. and general shareholders enables the development of an environment in which the board supports appropriate risk taking by directors, etc.

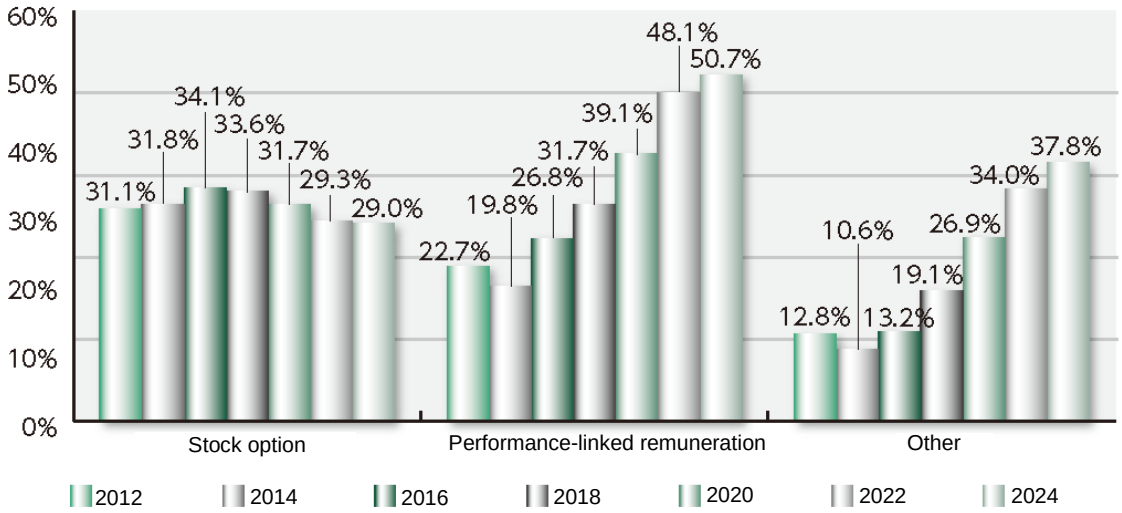
Specifically, for companies that introduced a performance-linked remuneration system, it has become preferable to provide supplementary explanations on the indicators related to the performance-linked remuneration, the reason for the selection of the indicators, and the method for deciding on the amount of performance-linked remuneration. In addition, when a policy related to deciding on the payment ratio of performance-linked remuneration and remuneration, etc. other than performance-linked remuneration has been prescribed, it is preferable to provide supplementary explanations on the details of such policy. In addition, if a stock option plan has been introduced, it is preferable to provide supplementary explanations on the total amount and the approach toward the individual payment levels.

#### (1) Overview of initiatives related to incentives

Companies which implemented certain initiatives to offer incentives accounted for 84.5% of TSE-listed companies. Regarding each category of initiatives to offer incentives, stock option plans are introduced in 29.0% of TSE-listed companies, while performance-linked remuneration systems and other initiatives are introduced in 50.7% and 37.8% respectively (Chart 77).

As an overall trend, the percentage of companies that have introduced stock option plans has been on the decline since 2016, while the percentage of companies that have introduced performance-based compensation plans or other plans has been on the rise.

## Chart 77 Implementation of Initiatives to Offer Incentives




### (2) Introduction of stock option plans

Chart 78 shows the implementation status of measures related to incentives by market segment. For companies with stock option plans, the growth market tends to be remarkably high at 80.1%.

In the supplementary explanations regarding stock options, there were 186 companies that mentioned the connection with “mid to long-term” corporate value as also indicated in the Code. Many companies stated that stock options were granted in order to increase the motivation to increase corporate value over the mid- to long-term and to promote the sharing of interests with shareholders.

183 companies stated that they provided stock options as “incentives,” and many companies stated that they use stock options for the purpose of clarifying incentives for performance.

In addition, 71.0% of the companies have not adopted such stock option plans, and reasons for not adopting stock option plans include the following: a plan will not be introduced because the company aims to increase value stably over the mid to long term rather than aiming for short-term increases in profits or the stock price; stock options will be considered in the future if it is deemed that acquiring human resources and improving incentives for directors would improve corporate value; and while stock options are believed to be an effective system, no stock options have been currently issued.

## Chart 78 Implementation of Initiatives to Offer Incentives (by Market Segment)

| | Stock option | Performance-linked remuneration | Other |
|---|---|---|---|
| All companies | 29.0% | 50.7% | 37.8% |
| Prime | 18.8% | 72.7% | 44.8% |
| Standard | 20.8% | 38.8% | 34.5% |
| Growth | 80.1% | 22.0% | 27.6% |
| JPX-Nikkei 400 | 15.0% | 83.8% | 45.3% |

### (3) Implementation of performance-linked remuneration system

With regard to performance-linked remuneration, the Prime Market shows a high proportion compared to other markets, at 72.7% (66.1% in the previous survey). In addition, the JPX Nikkei 400 is at 83.8% (81.0% in the previous survey), 11.1 percentage points above the prime market average. As examples, some companies have introduced Board Benefit Trust (BBT) remuneration and stock remuneration-type stock options in accordance with the degree of attainment of performance targets in the medium-term management plan. There were also companies that only provide performance-linked remuneration and stock remuneration-type stock options to executive directors, and that do not grant such remuneration and stock options to outside directors in order to ensure independence. Moreover, since the Ministry of Economy, Trade and Industry released a guide on the introduction of restricted stock[67] as a new form of stock remuneration for officers in April 2016, an increasing number of companies have introduced this. Restricted stock is provided to officers as remuneration in the form of actual stock with transfer restrictions for a fixed period of time. 1,188 companies mentioned this. In addition, in 2017, the Ministry of Economy, Trade and Industry published "Officer Remuneration to Promote 'Proactive Business Management' — A Guide for Introducing Incentive Plans for Sustainable Corporate Growth" to encourage the adoption of officer remuneration plans that support medium- to long-term corporate value enhancement, and revised the guide in March 2023[68].

There were also companies that evaluate KPIs and pay performance-linked remuneration based on the degree of attainment. As for KPIs, many companies indicated indicators such as sales and operating margin, but a certain number of companies indicated indicators related to capital efficiency such as ROE, ROA and ROIC. In particular, in recent years, the adoption of non-financial indicators as KPIs for compensation payments in corporate sustainability initiatives, particularly among major corporations, has developed, with GHG emissions reductions, evaluations by ESG rating agencies, and employee engagement as factors.

### (4) Persons eligible for stock options

The CG Report requires companies implementing stock option plans to specify eligible persons by selecting applicable categories from "inside directors", "outside directors", "inside kansayaku", "outside kansayaku", "statutory executive officer", "employees", "officers of the parent company", "employees of the parent company", "officers of subsidiaries", "employees of subsidiaries" or "other" (multiple answers allowed).

Chart 79, Chart 80, and Chart 81 show the composition of eligible persons, when the sample is limited to TSE-listed companies with stock option plans. Excluding Companies with Three Committees, it is found that the percentage of the companies that offer their stock option plans to inside directors was highest (98.0% of Companies with Board of Company Auditors, and 97.1% of Companies with Audit and Supervisory Committee). Among Companies with Three Committees, the percentage of companies that offer their stock option plans to statutory executive officers was highest (92.0%). This was followed by employees, with a high provision rate (82.9% of Companies with Board of Company Auditors and 82.5% of Companies with Audit and Supervisory Committee and 68.0% for Companies with Three Committees).

67 Guidebook for Introducing New Stock-based Remuneration ("Restricted Stock") as Board Members' Compensation to Encourage Companies to Promote Proactive Business Management

68 https://www.meti.go.jp/press/2022/03/20230331008/20230331008.html (in Japanese)

**Chart 79 Eligible Persons for Stock Options (Companies with Board of Company Auditors; with Stock Option Plans)**

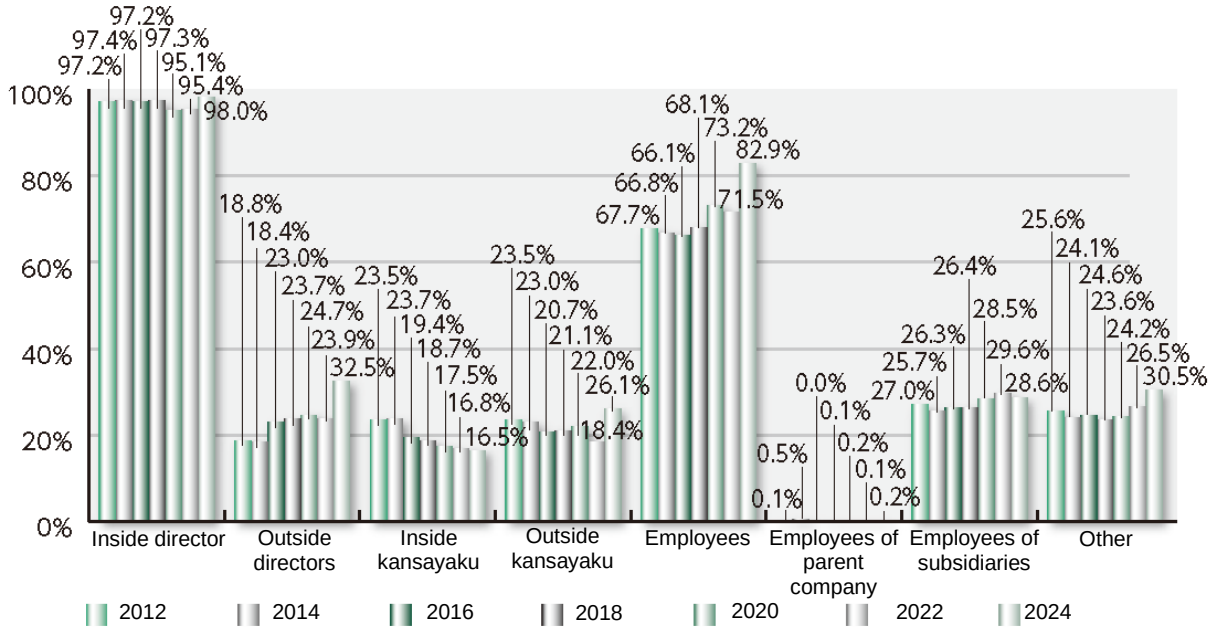
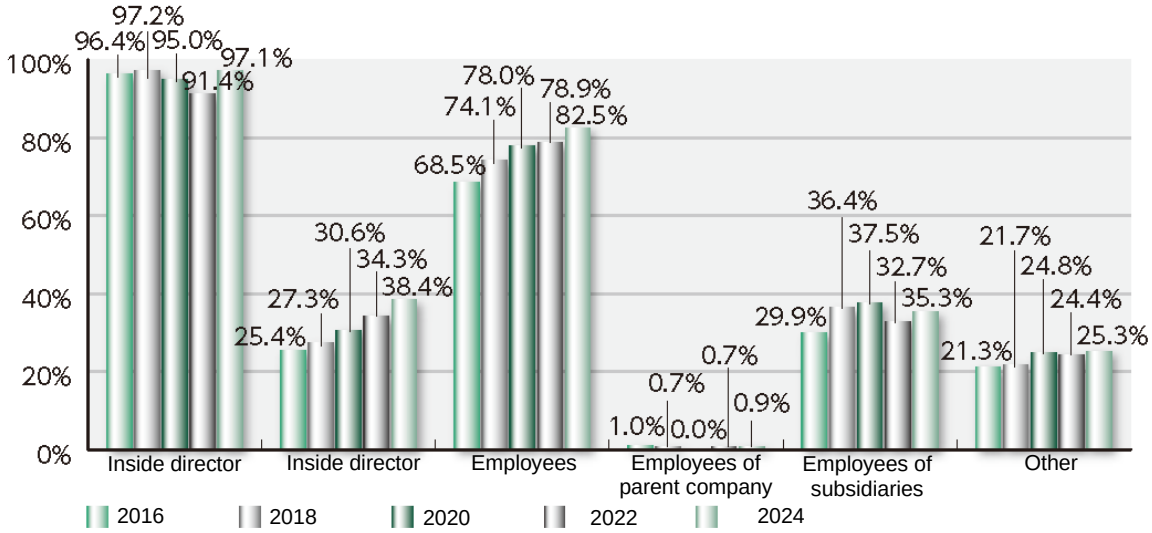
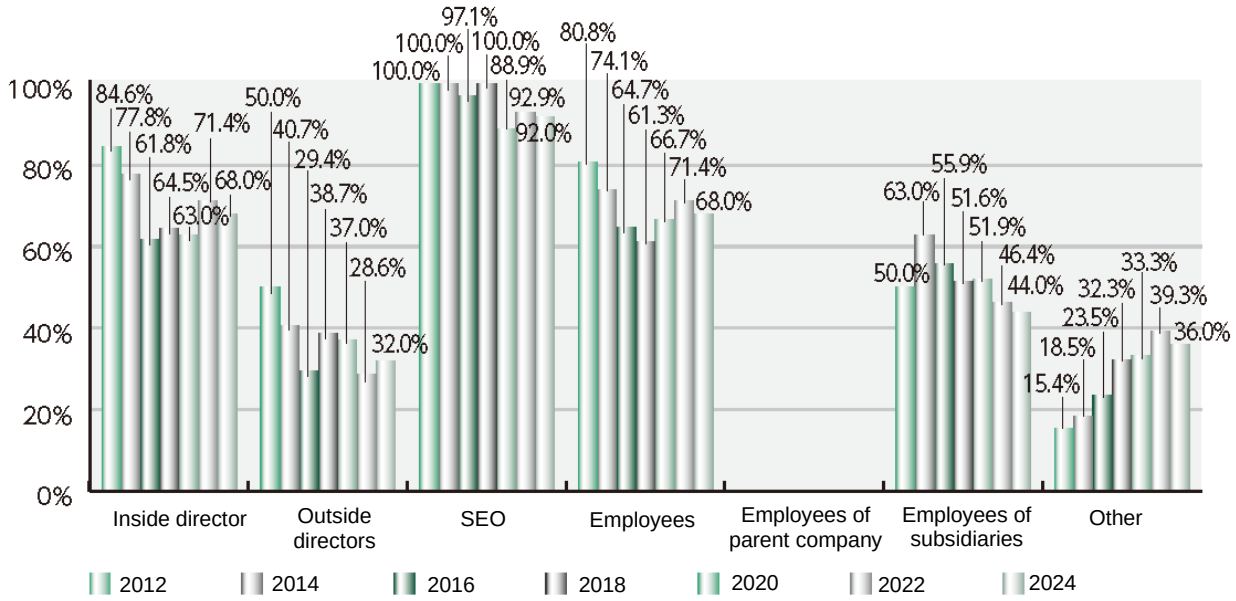



**Chart 80 Eligible Persons for Stock Options (Companies with Audit and Supervisory Committee; with Stock Option Plans)**



## Chart 81 Eligible Persons for Stock Options (Companies with Three Committees; with Stock Option Plans)



## 1 - 4. Ensuring diversity on the Board and in Core Human Resources

### 1 - 4 - 1. Preconditions for Ensuring Board Effectiveness (Principle 4.11, Supplementary Principle 4.11.1)

Principle 4 -11 states that as a prerequisite to ensuring the effectiveness of the Board, the following should be required of listed companies: “The Board should consist of a well-balanced overall body of knowledge, experience and ability to fulfill its roles and responsibilities, and should be made up in a way that balances diversity, including gender, internationality, work experience and age, with an appropriate size. Furthermore, the Follow-up Meeting's Opinion (5) (December 18, 2020) stated that “the Board is required to support management's prompt and decisive risk-taking, make important decisions, and conduct highly effective supervision, and it is essential to ensure an appropriate combination of the knowledge, experience, and abilities of directors, as well as the number of years they have been in office.” It also stated that ensuring the necessary skills as a whole in light of medium- and long-term management directions and business strategies is a prerequisite for the Board to effectively fulfill its roles and responsibilities. In light of the points raised in this opinion, Supplementary Principle 4.11.1, which was revised in June 2021, states: “The Board, after identifying the skills, etc., that the Board should possess in light of the management strategy, should set forth its view on the balance of knowledge, experience, and abilities, diversity, and size of the Board as a whole, and disclose the combination of skills, etc., possessed by Directors in an appropriate manner according to the management environment, business characteristics, etc., together with policies and procedures for the appointment of Directors, including the so-called skills matrix that lists the knowledge, experience, and abilities, etc., of each Director. At that time, individuals with management experience at other companies should be included among the Independent Directors.”

96.2% (1,579 companies) of companies listed on the Prime Market are in compliance with Supplementary Principle 4.11.1. In addition, as the Supplementary Principle is positioned as a principle that certain matters should be disclosed in the Code, the CG Report has made progress in disclosing views on diversity, etc. of the Boards of listed companies. For example, Example 32 refers to the appointment of female Directors and non-Japanese Directors, based on the view that diversity is also necessary for the enhancement of corporate value. In Example 33, reference is made to the Board of Directors’ skill set based on the Company’s business model. In Example 34, it is stated that the necessary skills are identified based on the long-term vision and medium-term management plan. Example 35 shows a case where, instead of using a conventional table format, the skills are listed for each Director when disclosing the combination of skills possessed by each Director. In Example 36, the functions of the Board of Directors are categorized into three groups, and the necessary skills for each function are identified. In Example 37, up to three identified key skills are marked with a circle to indicate those for which the company particularly expects each Director to demonstrate expertise. The inclusion of such precautions is considered to be a practical measure for clarifying the purpose of disclosure when disclosing skill combinations, etc.

<Example 32: An example referring to the current status of diversity>

1. The Company has set the maximum number of Directors at 15, including up to 5 Directors who are Audit and Supervisory Committee Members, in accordance with the scale of its business. In selecting internal Director candidates, the Company selects individuals with differing areas of expertise, experience, etc., who have a deep understanding of the business environment, management issues, etc. surrounding the Company, focusing on those responsible for business execution. With regard to Outside Directors, the Company selects individuals with backgrounds different from the Company's, whose experience and knowledge are deemed to contribute to the supervision of management from an objective and neutral standpoint. With respect to candidates for Directors who will serve as Audit and Supervisory Committee Members, the Company's selection policy is to appoint individuals who possess the necessary abilities and insight required for Audit and Supervisory Committee Members, and after confirming and reviewing the selection details, etc. through the Nomination and Remuneration Advisory Committee and obtaining the consent of the Audit and Supervisory Committee, the candidates are deliberated and decided upon by the Board of Directors. With regard to candidates for Outside Directors who will serve as Audit and Supervisory Committee Members, from the perspective of enhancing the effectiveness of the committee, the Company selects individuals with a high level of expertise in areas such as finance, accounting, and legal affairs, who are capable of conducting appropriate audits. Based on the above, the Company has established a structure in which the Board of Directors as a whole is capable of comprehensively supervising management.

2. Currently, the Company's Board of Directors includes three female Directors (all Outside Directors), and while there are no non-Japanese Directors, the Board includes one Director who is a former Chinese national and one Director who has lived and been educated overseas for an extended period. The Company believes that diversity, including in terms of gender and nationality, is essential for the enhancement of corporate value, and will continue to place emphasis on diversity going forward.

3. In managing the Group, the Company has compiled the experience and expertise of its Directors into a skill matrix.
The purpose of this is to serve as a reference for ensuring that the Board of Directors possesses the skills (knowledge, experience, and capabilities, etc.) necessary to fulfill its functions required for the realization of the management strategy.
Specifically, the Company examines the skills required to address the following management challenges.

(1) Deepening of core businesses (in-depth exploration)
Expansion of global business, improvement of productivity and capital efficiency in the semiconductor business, and enhancement and expansion of the network and security business
(2) Reinforcement of the service and solution business
Service model development for existing and new businesses, integration of core businesses and new businesses, enhancement of DX co-creation activities through hands-on consulting, and exploration of the next core technologies and creation of new business models
(3) Strengthening of the management foundation and enhancement of corporate value
Promotion of ESG management (including SDGs), strengthening of corporate divisions and related functions, establishment of a new personnel and organizational structure, and development of a branding strategy
As a result, the following 14 key items have been identified.
"Corporate management, corporate governance, long-term strategy, risk management, human resources and corporate culture, capital markets and finance, global business operations, innovation, business investment and M&A, industry knowledge, DX and technology, branding, compliance and legal affairs, sustainability"
From the perspective of the skill matrix, the Board of Directors currently considers that the skills necessary to address management challenges are generally well covered.
Going forward, the Company will continue to identify, as necessary, the skills required to realize its management strategy, and will utilize this information in the Director appointment policy and succession planning, thereby enhancing the function of the Board of Directors.
The skill matrix is provided on the final page of this report.
(Wholesale trade)

<Example 33: The skill set of the Board of Directors is referred to based on the Company's business>

The Board of Directors shall be structured in a manner that ensures both diversity and an appropriate size in order to secure its effectiveness. The term of office for Directors shall be one year, and they may be re-appointed.
In the selection of Company Auditors , as with Directors, the Company aims to maintain a well-balanced composition.
The Company's views on the skills of Directors and Company Auditors are as follows.
[Our perspective on the skills of directors and company auditors]
(i) ●● Group operates globally as an insurance group. As the insurance holding company overseeing the Group, we are committed to establishing sound and highly transparent corporate governance and internal control systems, and to appropriately governing the Group companies.
(ii) As a Company with Board of Company Auditors, the Company's Board of Directors makes important operational

decisions and oversees the execution of duties by directors. In order for the Board to fulfill its role appropriately, the Board as a whole must have the necessary skills based on ●● Group's business, business development and governance structure. The required skills also change as the business environment changes.
(iii) In order to properly determine and supervise the execution of important business matters in our company, a person must first have a deep understanding of the business, i.e., thorough knowledge of the "insurance business". In addition, skills in "financial and economic affairs," "financial accounting and finance," "legal affairs and compliance," "human capital strategy," and "governance and risk management" serve as the foundation for all decision-making. Furthermore, given that addressing global environmental issues and technological innovation has become a challenge faced by society as a whole, the importance of skills in "environment" and "technology" is increasing more than ever. In addition, we particularly expect Outside Directors to possess a "global perspective" and skills in "corporate management." This is because a global environmental perspective and expertise in corporate management are highly valuable for the ●● Group, which operates its business globally.
(iv) With respect to Company Auditors as well, we believe that, in order to appropriately audit the execution of duties by Directors, the Board of Company Auditors should have a composition that ensures its members possess skills similar to those that are required of the Board of Directors mentioned above. Among these, skills in "financial accounting and finance" are regarded as particularly important.
(v) The table below provides a list of the Directors and Company Auditors as of the submission date of this report, along with the respective skills they possess, and as a whole, we believe that the necessary skills are sufficiently covered.

Based on this policy, we have appointed four Outside Directors with experience in corporate management (including one with extensive experience as a corporate management consultant), one academic, one economist, and one attorney. In addition, we have appointed attorneys, analysts, and academics as Outside Company Auditors. Furthermore, many of our outside officers possess extensive international experience. In this way, the Board of Directors and the Board of Company Auditors are composed of members with diverse skills. Outside officers provide advice on the Company's management at meetings, including the Board of Directors, based on their respective skills. In terms of gender, the Company has appointed three female Directors and two female Company Auditors, and women account for 25% of all Directors and Company Auditors. In addition, the Company has appointed one foreign national as a Director.
(Insurance)

### <Example 34: Disclosing the approach to identifying skills in the Skill Matrix based on the long-term vision and medium-term management plan>

There are currently 12 directors, of which 7 are Independent Directors. Four Independent Directors have management experience in other companies.
Our company selects directors with a view to ensuring that their knowledge, experience and abilities are balanced as a whole, as well as diversity and appropriate size. When selecting new candidates for directors, the Board considers the knowledge, experience and insight of the candidates and makes a decision after deliberation by the Nomination and Remuneration Committee.
The expertise and experience (Skill Matrix) required of our Directors are described on page 24 of the Notice of Convocation for the ●●●th Annual General Shareholders' Meeting.
(https://www.●●●)

Our company's view on the skill matrix
Our company's corporate philosophy is "Respect people and contribute to the development of society in the spirit of '●●●'" and the company strives to be "Continuing to evolve as a valuable presence by developing our business globally to meet the changing needs of customers and society." With 2030 in mind, we have also established a long-term vision for the future, "●●● Vision 2030," and positioned our new medium-term management plan, "●●● 2026," as a step toward that long-term vision.
In identifying the skills that we expect from our directors, we take into account these management principles, our vision, our long-term vision, "●●● Vision 2030" and our new medium-term management plan, "●●● 2026," and determine what skills are required to build a structure that enables us to fulfill the supervisory functions related to decision- making and business execution of the Board of Directors of our globally expanding company. From this perspective, we have identified the following specific skills and developed a skill matrix.

(Global management)
As our company operates its business globally, particularly under the long-term vision of "●●● Vision 2030," it is envisioned that overseas operations will comprise at least 70% of total operations. From this perspective, we believe that it is extremely useful to appoint persons with knowledge of global corporate management to the Board for the future growth of the Company. For this reason, when inviting outside directors in particular, we ensure that managers of companies with global operations, especially top executives or those with similar experience, are included.
The category of "global management" in the skill matrix is based on the presence or absence of top management or equivalent experience at a company operating globally.

Based on this criterion, we consider that ●●●●●, ●●●, and ●●●● possess skills in "Global Business Management," as all of them have extensive experience as top executives of companies operating globally.

(Business and industry knowledge)
First and foremost, deep expertise and experience in each business area are essential to running a specialist trading company like our company. In particular, with regard to executive directors, it is practically extremely important for a trading company like our company to have broad knowledge, experience and connections in our company's business areas, and when appointing executive directors, a balance of persons with knowledge in our company's business areas is considered. ●●● has many years of work experience, particularly in the Company's Synthetic Resins Segment, while ●●● has been engaged primarily in the Company's Information and Electronic Materials Segment for many years and, since assuming office as a Director, has also been responsible for the Chemicals and Consumer Lifestyle Products Segment; therefore, they each possess knowledge and experience in different areas of the Company's business. In appointing Outside Directors, we take into consideration the inclusion of individuals who possess a broad range of knowledge and experience in each business field and are capable of supervising and providing advice on business strategies from an objective perspective. With respect to each candidate for Outside Director, we consider that they possess the relevant industry-specific skills based on their previous experience at other companies and the characteristics of the industries in which they previously worked.
(The rest omitted)
(Wholesale trade)

## <Example 35: List skills by officer >

The Company believes that the appropriate number of directors is approximately 3 to 10, because the Board conducts substantive and vigorous deliberations while making accurate and prompt decisions.
Of the Company's 10 directors, 6 are outside directors, and all 6 have been registered as Independent Directors with the Tokyo Stock Exchange. The Company has increased the independence of the Board and strengthened its supervisory function by appointing a majority of outside directors. For the procedures for the appointment and removal of officers, please refer to "Enhancing Disclosure (4)."

(Reference: Professionalism of Directors)
The Company expects its directors to have a high level of knowledge and experience, especially in corporate management, global business and sustainability. In addition, we believe that advice and recommendations based on our knowledge and experience in specialized fields such as IT and digital, store openings, logistics, finance, accounting and financial affairs will be useful for our company's business management. In relation to the above items, the expertise that the Company expects from each Director is as follows. This item does not represent all expertise possessed by the Directors.

| | |
|---|---|
| ●● | ●: Corporate Management, Global Business, Sustainability, IT/Digital, Store Opening, Logistics, Finance, Accounting and Finance |
| ●● | ●●: Corporate Management, Global Business, Sustainability, Finance, Accounting and Finance |
| ●● | ●●: Corporate Management, Global Business, Sustainability, IT & Digital |
| ●● | ●●: Corporate Management, Global Business, Sustainability, Store Openings, Logistics |
| ●●● | ●●● ●●● (●●● ●●): Corporate Management, Global Business, Sustainability, Finance, Accounting and Finance |
| ●● | ●●: Corporate Management, Global Business, Sustainability, Store Openings |
| ●● | ●●: Corporate Management, Global Business, Sustainability, Logistics |
| ●● | ●: Corporate Management, Global Business, Sustainability, IT & Digital, Finance, Accounting & Finance |
| ●● | ●●: Corporate Management, Global Business, Sustainability |
| ●● | ●●: Corporate Management, Global Business, Sustainability |

(Retail Trade)

## <Example 36: Detailed disclosure regarding the Board of Directors Functionality Matrix>

We believe it is necessary to carefully select the individuals to be nominated as Director candidates.
The functions required of the Board of Directors as a whole are organized into a "Board of Directors Functionality Matrix," in which the functions are broadly categorized into three types.
Function Category 1: Qualifications for fulfilling supervisory functions (e.g., skills, experience, etc.)
Function Category 2: Functions contributing to the enhancement of corporate value (e.g., skills, experience, etc.)
Function Category 3: Functions contributing to the enhancement of corporate value (e.g., skills, experience, etc.)
Based on this classification, the Company adopts the approach of positioning "Function Category 1" and "Function Category 2" as essential requirements for the appointment of Independent Directors.
Internal Executive Directors are required to meet "Function Category 3," and the abilities and experience, etc. of each Director are assessed in accordance with this matrix, with the aim of establishing a structure in which all of the functions are fulfilled by the Board of Directors as a whole.
Although, given the Company's current stage of development, it is considered natural that Internal Executive Directors share certain common elements in terms of background, experience, and knowledge, in order to enhance

the Board's diversity and supervisory function, we believe it is important to ensure that Independent Directors complement the skills and experience of the Internal Executive Directors and that the knowledge and experience of the Independent Directors themselves are not concentrated in any single area and the overall functionality of the Board of Directors is well-balanced.
The Company's Board of Directors Functionality Matrix (Skill Matrix) is utilized as an important reference material in the selection of new candidates for Director.

<Outline of Board of Directors Functionality Matrix>
Function Category 1 (Requirements for appointment of Outside Director): Qualifications for fulfilling supervisory functions (e.g., skills, experience, etc.)
(1) Items related to corporate governance and risk management (6 items)
(2) Items related to compliance (6 items)

Function Category 2 (Requirements for appointment of Outside Director): Functions contributing to the enhancement of corporate value (e.g., skills, experience, etc.)
(1) Items related to experience and expertise in corporate management (4 items)
(2) Items related to experience and expertise in investment in companies and businesses (4 items)
*Board3.0 Items
(3) Items related to experience and expertise in human resource policies and fundraising (3 items)

Function Category 3 (Requirements for appointment of Director, including business execution): Functions contributing to the enhancement of corporate value (e.g., skills, experience, etc.)
Insight into corporate sustainability, SDGs, investment in human capital and intellectual property, TCFD, etc.
Knowledge of DX strategies, AI, etc.
Knowledge of marketing strategies, including digital marketing
Track record, experience, and knowledge in the real estate business
Track record, experience, and knowledge in the high-net-worth individual business
Track record, experience, and knowledge in other businesses
Track record, experience, and knowledge in organizational management
Global business network
(Real Estate)

## <Example 37: Skill Matrix Considerations>

The Company's Board of Directors is composed of six members, including four outside directors, each of whom possesses knowledge, experience and skills in general management, accounting and finance, tax and legal affairs, and we believe that the balance and diversity of the Board are maintained, and that the size of the members is appropriate.

Thoughts on Director Skills
1. As a company with Supervisory Committee, the Company's Board of Directors makes important operational decisions and oversees the execution of duties by directors. In order for the Board to fulfill its role appropriately, the Board as a whole must have the necessary skills based on our company's business description, business development and governance structure. The required skills also change as the business environment changes.
2. In order to properly determine and supervise the execution of important business matters in our company, a person must first have a deep understanding of the business, i.e., thorough knowledge of the telecommunications business ("industry experience"). In addition, "financial accounting" and "legal affairs" are required as the basic skills generally required to engage in stock business, which is a characteristic of the Company's business. Furthermore, these skills have become increasingly important in recent years, when remarkable technological innovation requires the construction and operation of communications infrastructure and knowledge of communications technology ("technology") for business transformation. In addition, in these times when it is necessary to make optimal decisions and discern trends in competitors and the world in an environment that we have never experienced before, it is extremely important to have knowledge of diverse "corporate management" from a high perspective and a broad perspective.
3. We have included a skills matrix in our notice of annual general meeting of shareholders. The skill matrix does not represent all the experience or skills possessed by each individual, but marks a maximum of three items on which the company expects each individual to demonstrate particular expertise based on their experience, knowledge, etc.
(Information and communication)

**[Column 6] Relationship between attributes and skills of directors, etc.**

Since Supplementary Principle 4.11.1 of the Code requires listed companies to disclose a combination of skills, etc., that lists the knowledge, experience and abilities of each director, it is possible to investigate the relationship between the attributes and skills of directors, by combining attribute information on each director with information on the skills possessed (or expected) by the director. In the previous white paper, a survey was conducted on the relationship between the skills held by directors and their external/internal status, gender, and nationality, targeting a total of 1,039 directors from 94 companies within the TOPIX 100 that disclosed a skill matrix, but in the current white paper, an attempt was made to expand the scope of the survey by utilizing generative AI. Specifically, based on the skills described in the skill matrices and reasons for nomination, etc. included in the notices of convocation of general shareholders' meetings, etc. of all companies listed on the Prime Market, the skills were classified into eight categories, and mapping was then conducted by skill category and by director attribute (external/internal status and gender) (Chart 82). While a certain level of accuracy has been confirmed, the aggregation performed using generative AI may vary in precision, and there is a possibility that some information may be inaccurate; accordingly, we would appreciate it if the relationships between director attributes and skills are viewed merely as general trends for reference purposes.

First, we focus attention on the gender and external/internal status of directors. Among the 18,088 internal directors, the proportion of women remains at only 3.4%, and while progress has been made in the appointment of female directors, those internally promoted to director have predominantly been male. An analysis of the proportion of each skill category within the populations of male and female internal directors shows that male internal directors have greater representation in the areas of "Management," "Global/International Experience," "Sales/Marketing," and "IT/Digital/DX," whereas female internal directors have greater representation in "Sustainability/ESG" and "Human Resources/Labor/HR Development," indicating a tendency for companies to appoint female internal directors with skills in "Sustainability/ESG" and "Human Resources/Labor/HR Development". In addition, for the skill categories of "Finance/Accounting/Corporate Management" and "Legal/Risk Management/Compliance," the difference in proportions by gender was relatively minimal.

Looking at outside directors, among the 17,726 individuals serving as outside directors, 77.1% were male and 22.9% were female, indicating further progress in the appointment of women compared to internal directors. The relationship between gender and skills among outside directors shows a somewhat different trend compared to internal directors. In addition to "Sustainability/ESG" and "Human Resources/Labor/HR Development," female outside directors also had a higher representation than male outside directors in the areas of "Legal/Risk Management/Compliance" and "Global/International Experience."

Furthermore, although the Supplementary Principle calls for the disclosure of the combination of skills, etc. held by each director, it was observed that information on the skills possessed (or expected to be possessed) by company auditors was also included in skill matrices and reasons for nomination provided in notices of convocation of general shareholders' meetings, as well as in business reports, and a similar aggregation was conducted for company auditors as that carried out for directors.[69] With

[69] It should be noted that, under the Companies Act, the term of office for company auditors is four years, and not all auditors are necessarily subject to election proposals at the same time. As a result, the available information on their skills is more limited compared to directors, whose term of office is one year.

regard to the appointment of company auditors, Principle 4.11 of the Code states that "Persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed, and in particular at least one person who has sufficient expertise on finance and accounting should be appointed." In response to requests from the code, the percentages of company auditors possessing skills related to “Finance/Accounting/Corporate Management” are as follows: 48.0% of male internal company auditors, 49.1% of female internal company auditors, 60.2% of male outside company auditors, and 45.7% of female outside company auditors. In addition, the percentages of company auditors possessing skills related to “Legal/Risk Management/Compliance” are as follows: 46.2% of male internal company auditors, 40.6% of female internal company auditors, 49.7% of male outside company auditors, and 63.2% of female outside company auditors.

**Chart 82 Relationship between attributes and skills of directors, etc. (Companies listed on the Prime Market)**

| | Inside director 18,088 persons | | Outside directors 17,726 persons | | Inside kansayaku 2,693 persons | | Outside kansayaku 9,596 persons | |
|---|---|---|---|---|---|---|---|---|
| Skills | Male 17,465 persons 96.6% | Women 623 persons 3.4% | Male 13,675 persons 77.1% | Women 4,051 persons 22.9% | Male 2,587 persons 96.1% | Women 106 persons 3.9% | Male 7,749 persons 80.8% | Women 1,847 persons 19.2% |
| Finance/Accounting/ Business administration | 8,383 persons 48.0% | 284 persons 45.6% | 7,354 persons 53.8% | 1,495 persons 36.9% | 1,242 persons 48.0% | 52 persons 49.1% | 4,666 persons 60.2% | 844 persons 45.7% |
| Corporate Management | 11,116 persons 63.6% | 287 persons 46.1% | 7,251 persons 53.0% | 1,434 persons 35.4% | 646 persons 25.0% | 16 persons 15.1% | 2,782 persons 35.9% | 374 persons 20.2% |
| Law/Risk Management/Compliance | 5,036 persons 28.8% | 174 persons 27.9% | 5,952 persons 43.5% | 2,086 persons 51.5% | 1,196 persons 46.2% | 43 persons 40.6% | 3,854 persons 49.7% | 1,168 persons 63.2% |
| Global/International | 4,685 persons 26.8% | 108 persons 17.3% | 3,141 persons 23.0% | 1,064 persons 26.3% | 384 persons 14.8% | 11 persons 10.4% | 1,038 persons 13.4% | 313 persons 16.9% |
| Sales/Marketing | 7,804 persons 44.7% | 227 persons 36.4% | 2,050 persons 15.0% | 608 persons 15.0% | 492 persons 19.0% | 9 persons 8.5% | 607 persons 7.8% | 108 persons 5.8% |
| Sustainability/ESG | 3,034 persons 17.4% | 125 persons 20.1% | 1,785 persons 13.1% | 1,132 persons 27.9% | 248 persons 9.6% | 12 persons 11.3% | 736 persons 9.5% | 355 persons 19.2% |
| IT/Digital/DX | 4,261 persons 24.4% | 90 persons 14.4% | 1,926 persons 14.1% | 489 persons 12.1% | 269 persons 10.4% | 4 persons 3.8% | 521 persons 6.7% | 93 persons 5.0% |
| Human Resources/Labor/Human Resources Development | 3,545 persons 20.3% | 187 persons 30.0% | 1,641 persons 12.0% | 1,052 persons 26.0% | 380 persons 14.7% | 12 persons 11.3% | 685 persons 8.8% | 93 persons 5.0% |

(Source) Prepared by the Tokyo Stock Exchange using generative AI, based on notices of convocation of general shareholders’ meetings, business reports, and annual securities reports of each company.

### 1 - 4 - 2. Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires, others) (Supplementary Principle 2.4.1)

In the opinion paper of the Follow-up Meeting (5) (December 18, 2020), it was proposed that “in order for companies to lead discontinuous changes in the economic, social and industrial structures and realize new growth in recent years, it is extremely important to have not only the Board but also the management team possess diverse perspectives and values, to be fully aware of the circumstances surrounding the company, to ensure diversity in terms of gender, internationality, work experience and age in the management that supports the Board and the management team, and to establish a system in which core human resources are promoted to the Board and the management team while gaining experience”.

In light of this opinion, in the revision of the Code in June 2021, Supplementary Principle 2.4.1 was newly established to disclose the policies, goals, and status of ensuring diversity in the promotion of women, foreign nationals, and mid-career hires to middle managerial positions, as well as the human resources development policies for ensuring diversity and the status of their implementation. This revision was introduced out of a sense of crisis that medium- to long-term growth and increased corporate value could not be achieved without ensuring diversity in core human resources, and it is presumed that this is still a serious issue for many listed companies. However, in considering how to deal with the code, it is important to consider and discuss the fundamental aspects of what the company will value and then lead to increased corporate value through constructive dialogue between listed companies and investors.

As for the status of implementation of Supplementary Principle 2.4.1, 81.2% (1,333 companies) of the companies listed on the Prime Market are complying. The following is an overview of the state of implementation of the Supplementary Principles.

First of all, with the establishment of the Supplementary Principles, disclosure of listed companies' views on diversity is progressing. While each company's approach to promoting core human resources, such as women, foreigners, and mid-career hires, varies, some companies indicated their approach to ensuring diversity among women as "There are many products and services for which women are customers, and it is necessary to incorporate more women's perspectives and ideas than ever before." With regard to foreign nationals, examples were found explaining the importance of ensuring diversity from the perspective of "Aggressively engage in the acquisition of outstanding professional human resources from outside the company, whether domestic or foreign, such as digital human resources, and secure core human resources rich in diversity" or "Increase recruitment of foreign and local hires to key positions in overseas offices to support overseas business development in line with growing overseas sales ratio." With regard to mid-career hires, some respondents mentioned "Amid the rapidly changing business environment, it is important to respect a high level of expertise and diverse perspectives and values in order to respond to increasingly sophisticated issues and continue to enhance corporate value and contribute to society." and "In order to transform our business portfolio and subsequently strengthen our business, it is essential not only to make effective use of internal human resources, but also to hire mid-career personnel who are needed in areas of

our business that need to be strengthened." In addition, as seen in Example 38, some companies disclosed not only the three attributes specified in the Code but also targets and actual results concerning the promotion of younger managerial personnel and the proportion of male employees taking spousal childbirth leave or childcare leave.



<Example 38: Setting goals for the recruitment of junior managers>

For our Company, which is evolving into a ●● company that broadly contributes to society, from patients to the general public, and aims to realize even greater social good, the promotion of Diversity, Equity & Inclusion (DE&I) is one of the most important themes. Since the Representative Executive Officer and CEO issued the "●● Diversity Declaration" in 2012, we have been striving to foster a corporate culture in which diverse talent with a wide range of values can thrive regardless of their nationality, gender, or age. In 2023, the Representative Executive Officer and CEO delivered a new DE&I message both internally and externally and formulated the slogan, "We see difference, we see potential," reflecting ●●'s ●● philosophy and its stance on DE&I, together with a subsequent statement. Since fiscal year 2024, we have been strengthening globally unified initiatives in order to instill this slogan and statement as a core value shared by all employees globally and to translate this into concrete actions and outcomes, while also focusing on enhancing organizational management capabilities to ensure that our initiatives are reflected in the daily actions of each employee and to generate synergies. In our Group, we appointed a non-Japanese Director in 2002, a non-Japanese Executive Officer in 2006, a female Director in 2009, and a female Executive Officer in 2013. As of March 31, 2024, out of a total of 31 officers, 4 are non-Japanese and 5 are women. As a global company, we are promoting the appointment of local talent to management positions at our overseas subsidiaries, and Executive Officers of the Company, consisting of local personnel, have been assigned to management roles in the United States, EMEA, and China regions. In addition, at the headquarters, in each global region, and within each department, we continue to promote initiatives aimed at ensuring employee diversity, including the establishment of committees through a bottom-up approach and the implementation of projects tailored to addressing challenges specific to each workplace. As a result, the proportion of female managers globally stands at approximately 35%. On the other hand, compared to other countries, Japan still faces challenges in ensuring diversity, especially in terms of gender, and there is an urgent need for multipronged measures. Since the issuance of the "●● Diversity Declaration" in 2012, we have undertaken and continue to advance initiatives such as reform of the personnel system through abolishing clerical-track positions and integrating them into a single career-track system, expanding the recruitment of international students and mid-career professionals, establishing a domestic DE&I promotion framework aimed at early cultural development, as well as various training programs, mentorship systems, and career consultation functions. Among these efforts, in order to increase the proportion of female managers, as an important indicator of employee impact, we are positioning the development of women's career awareness and the cultivation of future managerial candidates as top priorities, and based on the keywords "early," "regular," and "specific", we are focusing on creating opportunities for women to envision themselves as leaders at an early stage and implementing career support measures that enable both men and women to actively participate in child-rearing. As a result, the percentage of female managers in Japan stood at 12.8% as of March 31, 2024, maintaining an upward trend. In addition, with regard to the appointment of non-Japanese talent at our Company, we began hiring international students in fiscal year 2013 and have set a goal of continuously securing such talent. Since the start of recruitment, we have successfully hired candidates in all fiscal years except FY2014 and FY2017. We are promoting the recruitment of external talent by appointing mid-career hires to managerial positions and introducing a referral-based hiring system. Regarding the hiring of persons with disabilities in Japan, we have been continuously engaged in recruitment activities, using the legal requirements as a guideline. Leveraging our strength as a global company committed to realizing the ●● philosophy, our Group is promoting DE&I through a globally integrated approach that combines the knowledge of regions and functions outside Japan.

| Indicator | Target | Results (FY 2023) |
|---|---|---|
| Percentage of female employees | FY 2030: 30% or more | 27.9% |
| Percentage of female managers | FY 2030: 30% or more | 12.8% |
| Percentage of organizational leaders aged 30 or younger | FY 2030: 20% or more | 8.0% |
| Percentage of eligible male employees who took spousal childbirth leave or childcare leave | FY 2030: 100% (30 days or more) | 88.2% (5 days or more) |

(Pharmaceuticals)

Each company has its own way of ensuring diversity, and if it is difficult to describe "voluntary and measurable objectives" by attribute in accordance with the circumstances of each company, we request that a statement to that effect and the reason for this be included in the "Disclosure Based on Each Principle of the Code" column. The form in which targets are indicated in relation to "voluntary and measurable targets" in the Supplementary Principles depends on the circumstances of each company, but generally, to be "measurable," the state of achievement of the targets must be measurable in some way after the fact. For example, in addition to using a specific number to indicate a goal, there are other ways to indicate a goal, such as using the expression "degree" or range, or indicating a goal such as "maintain current status" or "increase from current status" after indicating the current status. In light of this, if no target is set for all three items, an express is required, but some companies are complying with the Supplemental Principle 2.4.1 by indicating that they will not set a target for some items and the reason (philosophy) for not disclosing the target for some items.

A review of actual cases shows that Examples 39 through 42 disclose their approach to ensuring diversity, as well as targets and actual results related to women, non-Japanese nationals, and mid-career hires. Notably, Examples 40 and 42 include disclosures based on their medium-term management plans, while Example 41 also refers to an action plan for the target proportion of female managers. Furthermore, in Example 43, the company sets targets for women and non-Japanese nationals, while stating that no target is set for mid-career hires and providing the reason for this decision, thereby complying with the requirement. In Example 44, the company explains that it does not set targets for any of the three categories, stating that “it is currently difficult to present measurable targets,” making it an example of the “explain” approach.

<Example 39: Disclosure of the approach to diversity, and targets and results regarding women, non-Japanese nationals, and mid-career hires (1)>

<Approach to ensuring diversity and the current status of diversity initiatives>

Our Group is committed to "making the world a more baby-friendly place" by valuing individuals with autonomy, encouraging their growth and success, and continuously working to create an environment that enables their development.

Under this long-term vision, more than ever before, we are placing greater importance on our human resource strategy, which is essential for executing business strategies that enable sustainable growth amid significant changes in the social environment. We welcome individuals with motivation and ability, regardless of nationality, race, gender, age, disability status, gender identity, or sexual orientation, and ensure a workplace environment where all employees can fully demonstrate their capabilities, even when facing challenges such as childcare, nursing care, or illness. As previously mentioned, we believe that the ideal approach is one in which each business unit is able to maximize the value of its human capital while maintaining a sense of unity across the Group, by formulating and implementing human resource strategies that contribute to the growth of our businesses around the world at the business unit or country level, taking into account the culture, labor practices, etc. specific to each country, and guided by the Group's shared long-term vision for human resources.

(1) Appointment of women to management positions

In order for our Group's products to continue receiving the support of our customers, it is essential to incorporate female perspectives into product planning and marketing, and as such, the hiring and promotion of female employees has been a natural and well-established practice within our Group. As of the end of December 2023, women accounted for 60.7% of all employees across the Group, and 40.2% of management positions were held by women.

(2) Appointment of foreign nationals to management positions

With the growth of our overseas operations in recent years, the number of employees in our Group working outside Japan has surpassed that of employees working in Japan, accounting for 67.1% of the Group's total number of employees as of the end of December 2023. Under such circumstances, our Group appoints managers based on the specific circumstances of each company and region, regardless of nationality. Given that the sales growth potential of our three overseas businesses exceeds that of our Japan-based operations, we expect to expand the hiring and appointment of non-Japanese personnel in line with the growth of our overseas businesses.

(3) Appointment of mid-career hires to managerial positions

To support business expansion, respond to changes in the management environment, and accelerate efforts to enhance management quality, our Group employs a certain number of mid-career hires each year with the aim of bringing in individuals who have developed strong expertise and practical skills at other companies and can contribute immediately. No distinction is made between new graduates and mid-career hires in terms of promotions, and both are appointed equally to core positions within the organization. As of the end of December 2023, mid-career hires accounted for 52.1% of management positions at our Company. Going forward, due to ongoing changes in the business environment, we anticipate a continued need to secure work-ready personnel with expertise not currently available among our current employees, and we remain committed to positioning mid-career hiring as one of the key strategies for strengthening our human resource portfolio.

<Voluntary and measurable targets for ensuring diversity>

As noted above, in light of various factors, including the nature of our business, which necessitates the active appointment of women; the expansion of overseas operations; responses to changes in the business environment; and the acceleration of efforts to enhance management quality, our Group has been actively promoting the recruitment and appointment of women, non-Japanese nationals, and mid-career hires to managerial positions. Our fundamental policy is to "align the proportions of women, non-Japanese nationals, and mid-career hires in management positions with the proportions of women, non-Japanese nationals, and mid-career hires within the overall employee population," and we have established, as voluntary and measurable targets aimed at ensuring diversity within our Company, the target proportions for managers as follows (as of the end of December 2023): women – "40.7%," non-Japanese nationals – "2.1%," and mid-career hires – "45.8%."

Based on this recognition, as of the end of December 2023, the proportions of women, non-Japanese nationals, and mid-career hires in managerial positions stood at "26.8%," "1.4%," and "52.1%," respectively, and we recognize that the appointment of women to managerial positions remains a challenge for our Company, particularly in light of the significant gap between the current proportion and the target; accordingly, under our "Fourth Action Plan of Employer based on the Act on the Promotion of Women's Active Engagement in Professional Life," we have set a target to increase the proportion of female managers to "30%" by the end of December 2025 and will continue to strengthen our initiatives in human resource development, etc.

(Other products)

<Example 40: Disclosure of the approach to diversity, and targets and results regarding women, non-Japanese nationals, and mid-career hires (2)>

(Approach to ensuring diversity)

To realize our 2030 vision, "a company that meets the expectations of society and the aspirations of its employees,"

we believe it is essential for each and every member of the ●● Group to fully demonstrate their diverse capabilities. Under the second phase of our medium-term management plan "●●●," we are committed to strengthening our management foundation by actively and continuously promoting the recruitment, development, placement, and appointment of diverse talent, including women, non-Japanese nationals, and career/mid-career hires, based on the advancement of DI&B (Diversity, Inclusion & Belonging) and enhanced employee engagement, and creating a "stage" where each individual can fully demonstrate their strengths.

(Status and targets regarding the appointment of women to managerial positions)

- We are working to support the advancement of women as part of our efforts to become a company where diverse talent can demonstrate their individual strengths and thrive. We are also focusing on the development of female employees for department manager and section manager positions, with the goal of raising the proportion of female managers to 12% by 2026.
- In recent years, we have actively promoted the hiring of women, setting the target for the proportion of women among new graduate hires with a university degree or higher at 50% for administrative positions and 30% for technical positions., As a result, the number of female employees has increased 2.2 times compared to ten years ago, and the proportion of women has risen from 9.6% to 13.8%. However, as of the end of March 2024, the percentage of women in management positions remains at 6.0%.
- Following the overhaul of the executive personnel system in July 2023, the responsibilities and qualifications required for managerial positions have been clarified. Going forward, we will assess the requirements for appointment and identify any gaps, while working to develop a pipeline of prospective hires, and consider the introduction of a sponsorship system, etc. to support female managerial candidates.

(Status and targets regarding the appointment of foreign nationals to managerial positions)

- We have continuously promoted the hiring of multinational foreign nationals regardless of nationality, including through overseas recruitment, and as of the end of March 2024, 33 foreign nationals were employed by the Company, of whom 5 are serving in managerial positions.
- Under the second phase of our medium-term management plan "●●●," we are committed to increasing the number of non-Japanese employees who will serve as core personnel involved in future management decision-making, and by 2030, our goal is to further increase the number of managers compared to the five individuals serving in such roles as of the end of March 2024.

(Status and targets regarding the appointment of career and mid-career hires to managerial positions)

- For many years, we have continued to hire not only new graduates but also career and mid-career professionals with diverse backgrounds and experience, and as of the end of March 2024, career and mid-career hires accounted for 33.2% of all employees, while 35.8% of managerial positions were held by them.
- Going forward, we will continue to secure diverse professionals with specialized expertise in areas such as research and development, production, digital transformation (DX), business operations, and corporate human resources, and our goal is to increase the proportion in managerial positions by 2030 compared to the 35.8% level as of the end of March 2024.

(Omitted)
(Chemicals)

## <Example 41: Disclosure of the approach to diversity, and targets and results regarding women, non-Japanese nationals, and mid-career hires (3)>

<Approach to ensuring diversity>
We believe that, in order to drive innovation, enhance corporate value, and achieve sustainable growth, it is essential for each employee's individuality to be respected and for people with diverse experience, knowledge, and insight to be able to freely express their ideas and thrive, regardless of their gender, nationality, or age, and fully demonstrate their capabilities through support that takes into account individual differences and circumstances and through the provision of fair opportunities. We will work to foster an organizational culture and strengthen our organizational structure to make these goals a reality. In fiscal year 2023, we established a DE&I Promotion Team with the aim of advancing DE&I (diversity, equity, and inclusion).

<Current status of diversity and voluntary, measurable target setting>
Our Group has positioned the "promotion of diversity" as one of the key priorities in its medium-term management plan, and is advancing initiatives related to the utilization of female employees, non-Japanese nationals, and mid-career hires by setting KPIs.

1) Appointment of female employees to managerial positions
Women accounted for 40% of all employees in our Group (41% in the previous year), and 13% of managerial positions were held by women (13% in the previous year). In addition, women accounted for 15% of all employees at our Company (14% in the previous year), while women held 2.2% of managerial positions (2.4% in the previous year). To increase the proportion of women in managerial positions, we have formulated the following targets and action plan, and will strive for their achievement.

(Target proportion of women in managerial positions)
- Fiscal Year 2025: 15% or more for the Group, and 5% or more for the Company
- Fiscal Year 2030: 20% or more for the Group, and 10% or more for the Company

(Action Plan)
-We will work to increase the number of female managers and managerial candidates by raising the proportion of female employees among new hires, maintaining a level of 30% or more in Japan, and by actively promoting the mid-career recruitment of experienced women.
- We will strive to further enhance work-life balance by encouraging the use and improvement of existing systems such as maternity and childcare leave, nursing care leave, and shorter working hours, as well as by promoting childcare leave among male employees.
- In fiscal year 2022, we introduced the "Job Return Program," which allows former employees who previously left the Company to return and continue their careers with us. We aim to enhance career support for female employees, including by rehiring those who left the Company due to unavoidable circumstances such as marriage, childcare, or nursing care.

2) Appointment of non-Japanese employees to managerial positions
Our Group has 12 overseas affiliates, and we promote diversity by appointing non-Japanese nationals as key personnel at each company. Non-Japanese nationals accounted for 33% of all managerial positions in our Group (34% in the previous year). We will continue our efforts to maintain and further improve this level.

3) Appointment of mid-career hires to managerial positions
Mid-career hires accounted for 48% of managerial positions in our Group (46% in the previous year). In addition, mid-career hires accounted for 26% of managerial positions at our Company (24% in the previous year). We are currently actively appointing mid-career hires to key positions, and will continue our efforts to maintain and further increase the proportion of mid-career hires in managerial roles by strengthening mid-career recruitment going forward.
(Omitted)
(Chemicals)

## <Example 42: Disclosure of the approach to diversity, and targets and results regarding women, non-Japanese nationals, and mid-career hires (4)>

Under our Group's ideal vision, "●●● VISION 2030," we have identified "Expanding Opportunities for Human Capital to Thrive" as one of our key sustainability priorities, and we are committed to achieving sustainable growth and enhancing our corporate value over the medium to long term by leveraging the perspectives and values of diverse individuals. Based on the belief that securing and strengthening diversity in human capital helps build a flexible and resilient management foundation capable of adapting to environmental changes, and leads to the sustainable growth of our Group, we are working to create a workplace environment where each individual can fully demonstrate their abilities by leveraging their unique qualities, regardless of gender, age, nationality, etc. We actively promote the recruitment of diverse talent, including women, non-Japanese nationals, mid-career hires, older personnel, and persons with disabilities.
For more details on our Group's ideal vision, please refer to our website: "●●● VISION 2030 and Medium-Term Management Plan" (https://www.●●●).

<Promotion of female employees>
With the aim of creating an environment where female employees can fully demonstrate their abilities and a workplace where they can balance work with childcare, we are expanding our childcare leave system and promoting work-life balance, actively advancing initiatives such as enhancing the special accumulated leave system for childcare and preparing informational pamphlets to raise awareness about childcare and nursing care programs. The task team established in April 2021 to promote women's advancement was reorganized into the D&I Project Team in June 2022 (later renamed the DE&I Project Team in November 2023), through which we are implementing initiatives aimed at fostering a corporate culture where women can thrive further. Currently, female employees make up approximately 16% of our workforce, and the proportion of women in managerial positions is 5.4%. We have set a target of raising the proportion of women in managerial positions to at least 10% by fiscal year 2030. For detailed information on the current status and targets related to the promotion of women's participation, please refer to our website "Next Generation Development Support / Action Plan for the Promotion of Women's Participation" (https://www.●●●).

<Appointment of foreign nationals>
Our Company has hired seven foreign nationals over the five-year period from fiscal year 2019 to fiscal year 2023. Our Group has expanded its global operations, with overseas sales accounting for over 50% in fiscal year 2020. Foreign nationals account for over 40% of our Group's workforce, and with numerous overseas locations, the proportion of foreign nationals at these overseas sites (including subsidiaries) exceeds 90%. At our overseas

locations, we promote localization, resulting in the active engagement of many foreign executives and foreign managers (as of the end of March 2024, foreign nationals account for 24.2% of all officers at our overseas sites and 84.8% of all managers at our overseas sites), and by advancing the implementation of the talent management system described below, we aim to accelerate the appropriate placement and appointment of global talent, including foreign nationals, across our entire Group. Of the 12 foreign employees currently employed by our Company, one is presently appointed to a managerial position (currently on secondment). The proportion of foreign employees is approximately 0.6%. We will continue to actively promote recruitment. Furthermore, we will promote the appointment of foreign nationals to managerial positions with the goal of raising their proportion in management positions to a level comparable to their proportion among our overall employees by 2030.

<Appointment of experienced hires>
We believe that appointing individuals with experience in upstream and downstream industries within the value chain, as well as those with advanced expertise, is indispensable for driving new innovation and business transformation and actively engage in the recruitment of experienced professionals.
Currently, experienced hires account for 16% of our employees; however, the proportion of experienced hires has been increasing in recent years, and in the three years from fiscal year 2021 to fiscal year 2023, we hired 56 experienced professionals, resulting in an average experienced professionals hiring rate of 30% over the three-year period. Currently, experienced hires account for 11% of our managerial positions; however, by 2030, we aim to increase the proportion in managerial positions to a level comparable to their proportion among our overall employees by promoting and developing experienced hires for managerial roles.
(Chemicals)

## < Example 43: Statement that mid-career hires are not targeted and the reason for this >

Our company's Group Code of Conduct includes respect and promotion of diversity and the prohibition of discrimination. We aim to become a strong organization that can create new value and contribute to the creation of a prosperous society by respecting, accepting and stimulating each other's personalities and individuality, while also prohibiting discrimination based on the assumption of diversity among people. In addition, based on the belief that opportunities in recruitment, promotion and advancement, treatment, and educational opportunities should be equal regardless of nationality, age, gender, sexual orientation or gender identity, race, ethnicity, religion, political beliefs, ideology, origin, or disability, the Company establishes and operates internal systems and rules. Ensuring diversity in the appointment of key personnel such as managers is based on the same philosophy.
< Appointment of women to management positions >
With a target of 25% women in management positions in our group in fiscal 2030 (compared with 17% achieved in fiscal 2023), we are promoting talented women to management positions and strengthening the recruitment of women who could be future management candidates.
< Appointment of foreigners to management positions >
We have promoted the recruitment of talented foreign employees and are targeting 35% in fiscal 2030 (29% in fiscal 2023) for the ratio of foreign nationals in key positions in our group.
< Appointment of career hires to management positions >
Career hires accounted for 19% of the total number of employees and 15% of managers in our group, Japan. Overseas, based on the recognition that career recruitment is a common form of entry into a company, our group as a whole is aware of a considerable degree of recruitment.
In addition, our company does not set specific targets for the ratio of career hires to management positions because there is no difference between career hires and new graduates and appointments are made based on a comprehensive judgment of experience, ability and other factors.
< Creating new value through our group's diversity >
Regardless of the attributes of women, foreigners or career hires, our company fairly promotes employees to positions based on their abilities. In addition, through M&A to date, the Group has realized new value creation through diversity and synergy of human resources beyond the attributes of women, foreigners and career hires by adding new companies with different geography, degree of global expansion, corporate philosophy, culture and business fields to the Group.
In addition, we are working to create a structure that enables diverse employees to play an active role, with the goal of maintaining employment of people with disabilities above the legal level and achieving zero childcare and nursing care turnover. Please refer to our Integrated Report and Sustainability Report for our human resources development policy and internal environment development policy.
(Chemicals)

## <Example 44: Indicate not to set a target and express>

The Company has always hired talented people regardless of gender, nationality, race, etc., and the placement of such people is judged by the right people. We have also made efforts to enhance and diversify our human resources for women, foreign nationals and mid-career hires. Although it is difficult to present measurable goals at this time, we will continue to strive to further develop our human resources and improve our internal environment in order to increase the number of our company’s core employees.
(Electrical appliances)

Chart 83 shows the results of keyword analysis for disclosure based on the Supplementary Principles 2.4.1. Among the 2,075 companies listed on the Prime Market and Standard Market that have complied with the Supplemental Principles 2.4.1, 89.8% (1,864 companies) mentioned "women" as a keyword related to diversity. In addition, 85.0% (1,764 companies), 81.9% (1,700 companies), 52.8% (1,095 companies), 30.2% (626 companies), and 20.3% (421 companies) were "foreign/overseas/nationality," "mid-career/career," "gender," "age," and "disability/impairment," respectively. 85.4% (1,773 companies) mentioned "managers/executives" and 21.7% (451 companies) mentioned "officers/directors/Kansayaku" as keywords related to core human resources.

In terms of keywords related to human resource development policies and policies to improve the internal environment, 44.9% (932 companies) mentioned "training/education", including internal training and support for attending training courses outside the company. In addition, 30.4% (630 companies) mentioned "Childcare" such as the enhancement of the parental leave system and smooth return to work after parental leave. In addition, "work style (work style reform, flexible work style)" was selected by 13.4% (279 companies), "caregiving" was mentioned by 14.5% (301 companies), "home/remote/telework" was mentioned by 14.1% (293 companies), and "support for work-life balance" was mentioned by 16.9% (351 companies).

< Example 45 > is an example of a specific description of human resource development policies and internal environment development policies for ensuring diversity based on the Supplementary Principles 2.4.1. In addition to developing its human resource development policy, the company notes that it provides opportunities to gain diverse work styles and perspectives through diverse training menus, an outside presence system, volunteering, and internal recruitment. Furthermore, it is stated that “having each employee shine in their own way is an indispensable element,” and that efforts are made to establish systems capable of flexibly responding to various life events in employees’ lives, along with continuing operational management and communication with employees to make these systems effective to promote employee understanding.

**Chart 83 Keywords for ensuring diversity**

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Principle 2.4.1 | 2,075 | 100.0% |
| ■Things about diversity | | |
| Women | 1,864 | 89.8% |
| Foreign/Foreign country/Nationality | 1,764 | 85.0% |
| Mid-career/Career | 1,700 | 81.9% |
| Gender | 1,095 | 52.8% |
| Age | 626 | 30.2% |
| Disability/Impairment | 421 | 20.3% |
| ■Those related to core human resource | | |
| Managers/executives | 1,773 | 85.4% |
| Officers/directors/company auditors | 451 | 21.7% |
| ■Matters relating to internal environment development | | |
| Training/Education | 932 | 44.9% |
| Childcare | 630 | 30.4% |
| Work Style (work style reform, flexible work style, etc.) | 279 | 13.4% |
| Caregiving | 301 | 14.5% |
| Home/Remote/Telework | 293 | 14.1% |
| Support for work-life balance | 351 | 16.9% |

<Example 45: Specific description of human resource development policy and internal environment development policy for ensuring diversity>

<Human resource development policy for ensuring diversity, internal environment development policy and its status>

In accordance with the ●●, the Company not only accepts and respects diversity but also creates an equal-opportunity environment in which all employees can maximize their individual potential, thereby celebrating diversity, equity & inclusion and fostering a motivating and supportive organizational culture. By linking together the rich creativity of each of its employees, the Company creates new value, thereby contributing to customers and society. Moreover, we will continue to implement various measures from multiple viewpoints with such keywords as "understanding and respecting diversity," "acquiring and using knowledge," and "environments and systems where employees can be themselves," including promoting the active participation of women and intrapersonal diversity*.

*Diversity of viewpoints and roles within each person

(1) Personnel development policy

The Group aims to be a diverse corps of professionals, staffing its entire value chain with knowledgeable, experienced and professional employees who closely examine changes in society and actively update their skills with a view to the future.

To enable every employee to shine as an individual, the Group sponsors training to improve business skills, in which employees can participate on a voluntary basis striving to develop human resources that emphasize individuality and expertise in addition to employee autonomy. With an emphasis on the following initiatives: "Business skills and business stance development that transcends the boundaries between specific roles;" "professional development allowing employees to bring highly specialized skills and knowledge to bear on specific domains;" "development of personnel who can contribute in a global environment;" "fostering business cultures and providing opportunities with respect for diverse viewpoints and value systems;" and "fostering a mindset of individual career visualization and proactive pursuit of career opportunities," we are implementing education and training tailored to the role of each employee. In addition, we are offering opportunities to acquire diverse work styles and perspectives through training menus that include personnel development for next-generation management, global personnel development, and diversity training. Also, through the Accelerate My Career (AMC) program we offer

company.

In addition, the Company introduced a new human resource system in 2021 as a mechanism for evaluation and promotion based on individual abilities and performance, regardless of attributes such as age or gender. We are aiming to create an environment where "each employee can work as a professional," and to that end, while accepting diverse working styles and career development, we ensure the fair evaluation of employee ability and performance based on the following perspectives: 1) Increasing human resource value by developing expertise, 2) clarification of the role of each employee, 3) fair evaluation not dependent on years of service, 4) remuneration according to job grade not dependent on age, and 5) flexible response to employees' life stage.

(2) Internal environment development policy

The Company's Workplace Environment Policy enjoins it to "furnish an environment that empowers diverse personnel to tackle challenges and play dynamic roles in ways that are true to themselves" and the Company continuously implements measures to fulfill this policy on multiple fronts.

To achieve its vision of a baby-friendly future, the Company believes it is essential for each employee to be able to shine as an individual. For that reason, it is vital for the Company to foster an environment in which diverse personnel can leverage their uniqueness and specialized knowledge in good mental and physical health to become everything they can be by tackling ambitious targets, accepting failures as learning opportunities. The Company further believes in the importance of cultivating employee understanding by furnishing programs that enable flexible handling of life events, offering compassionate and responsive management and maintaining clear communication with employees.

• LGBTQ+-related initiatives

We regard common-law partners (of any gender) as spouses with an eye to building environments and systems where the diversity of sexuality is accepted, and anyone can work as they are regardless of whether or not they have formally come out. Specifically, we have introduced the Familyship System to apply the inhouse systems and benefits designed for employees with spouses also to employees with these partners.

• Promotion of occupational health management

We formulated and disclosed our Occupational Health Management Declaration in 2021 and have been working to be a corporate Group whose employees can work actively in good health. The Company has been certified under the Certified Health and Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category) for three consecutive years since 2022.

• ●● Frontier Awards

The Company launched the ●● Frontier Awards (●FA) in 2021 to "Increase the enjoyable time at work" and to "Encourage employees to take on challenges without fear of failure" and commend those who actually did so.

Through the ●FA held based on these concepts, the Company aims to support employees in proposing and implementing business ideas toward the launch of new businesses. A total of 19 ideas have been selected for implementation in projects under the direct control of the president, and some of the ideas have been materialized in recent years. The ●FA thus encourages employees to embrace challenges without being afraid of the risk of failure as part of our corporate culture. By participating in the projects, employees are also provided with a precious opportunity to collaborate with members of other departments, experience development activities on-site, and demonstrate leadership to unite the project team members, which in turn helps them achieve further growth as individuals.
・Promotion of work-life balance
The Company set forth a workstyle reform slogan "Smart & Smile! Work" in 2022, and is implementing measures from various aspects, such as setting the "Dash Day" to leave office without working late, encouraging employees to work efficiently by using the flextime system and the telework system, and prohibiting e-mail communication and meetings after regular work hours. A working environment is being developed at the Company where all employees can take childcare leave or family-care leave as a given, and through developing employees who have knowledge and experience of childcare, we are promoting initiatives to utilize this childcare experience in work such as product development. Please refer to our website for details:
For employees:
https://www.●●●
Occupational Health Management:
https://www.●●●
Action Plan for Promoting the Active Participation of Women:
https://www.●●●
(Other products)

**[Column 7] Promotion of Women's Career Advancement**

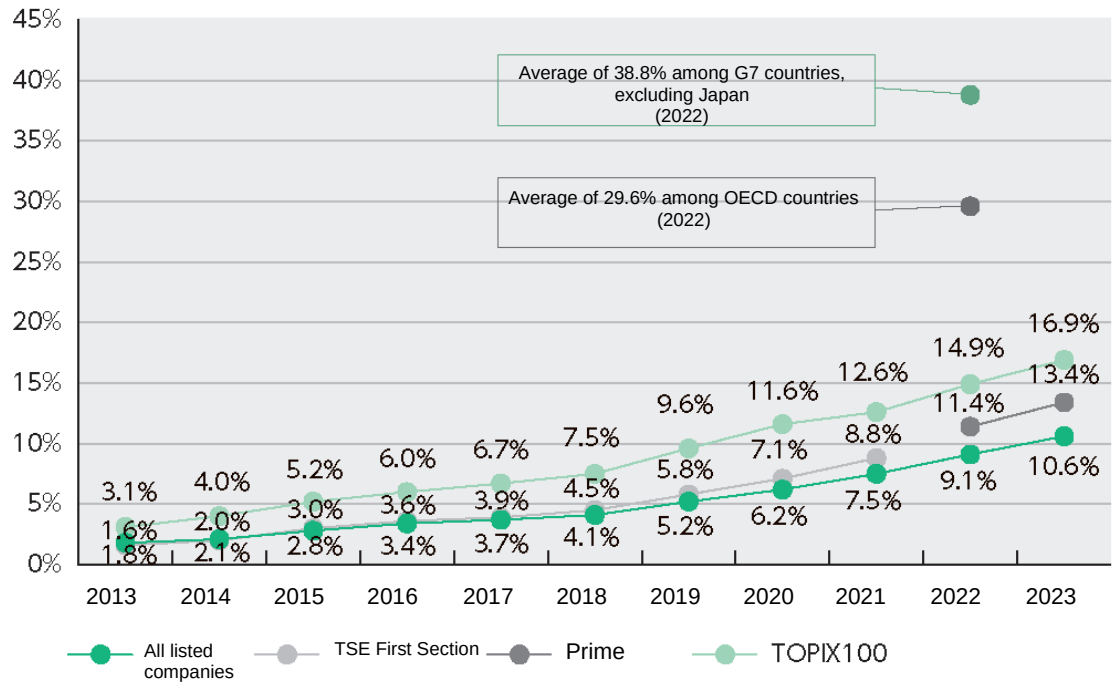
The promotion of women's participation and advancement in the workplace is essential for the sustainable growth of Japan, and is one of the most important policy issues. This is because women's involvement in corporate decision-making is expected to reflect diverse values in corporate management and, at the same time, to promote innovation at organizations that welcome diverse values, thereby improving business competitiveness, social reputation and enhancing corporate value.

In April 2013, then Prime Minister ABE Shinzo requested the business community to appoint a woman to one of its board members. As a result, the percentage of female executives in all listed companies in Japan increased from 1.8% in 2013 to 10.6% in 2023, showing a steady improvement. For example, in November 2020, KEIDANREN (Japan Business Federation) formulated and announced[70] its "New Growth Strategy" with the specific goal of increasing the percentage of women on its board of directors to 30% or more by 2030, and in March 2021 announced its "Challenge to 30% in 2030 #Here We Go 203030."[71] Furthermore, in line with the Intensive Policy for Gender Equality and Empowerment of Women 2023, TSE revised its Securities Listing Regulations[72] in October 2023, adding to the Corporate Code of Conduct a target percentage for female executives as a matter to be addressed. In response to these and other initiatives, the movement to appoint female executives has accelerated.

Despite these trends, the percentage of female directors among all directors still remains just under 10%, which is lower than the percentage of female directors in other countries (Chart 84). As of the end of July 2023, there were 199 companies (10.9%) listed on the Prime Market without female directors (Chart 85).

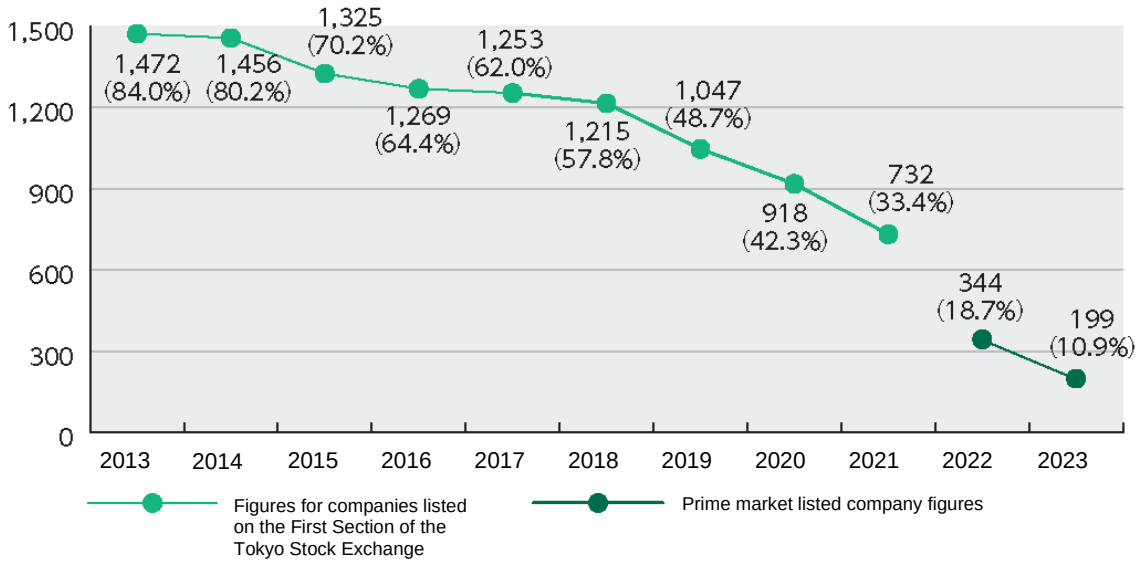
70 http://www.keidanren.or.jp/en/policy/2020/108.html
71 http://www.keidanren.or.jp/policy/2021/030.html (in Japanese)
72 https://www.jpx.co.jp/english/rules-participants/rules/revise/o4sio70000001hzj-att/Outline.pdf

## Chart 84 Number of Female Officers at Listed Companies




Source: Compiled by TSE based on "Trends in percentage of female directors in Japan," [73]Gender Equality Bureau, Cabinet Office

## Chart 89 Number of prime market-listed companies with no female directors




Source: Compiled by TSE based on "Number of prime market-listed companies with no female directors,"[74] Gender Equality Bureau, Cabinet Office

[73] https://www.gender.go.jp/policy/mieruka/company/pdf/yakuin_01.pdf (Accessed: February 14, 2025) (in Japanese)
[74] https://www.gender.go.jp/policy/mieruka/company/pdf/yakuin_02.pdf (Accessed: February 14, 2025) (in Japanese)

As a government initiative, the Act on Women's Participation and Advancement in the Workplace came into effect in April 2016, imposing an obligation on private companies to disclose information on one or more of the following items (ratio of female managers, ratio of female officers, etc.). In addition, the revised the Act on Promotion of Women's Participation and Advancement came into full effect on April 1, 2022, making it mandatory for companies that employ more than 101 but not more than 300 workers on a regular basis to formulate and submit general employer action plans and disclose information. In addition, on July 8, 2022, institutional changes were made to the Act on Promotion of Women's Participation and Advancement, requiring companies with more than 301 full- time employees to disclose information on "gender wage differences" as well. The Ministry of Health, Labour and Welfare operates a database of companies that promote the advancement of women [75]as a tool for publicizing general employers' action plans based on the Act on Promotion of Women's Participation and Advancement and information about the advancement of women in their companies.

According to the MHLW's statistics for 2023[76], 54.2% of companies have female managers (including executives) in positions equivalent to section chief or higher, and 62.7% have female managers (including executives) in positions equivalent to assistant manager or higher. By size, the larger the company, the higher the percentage of companies with female managers in each position. In companies with 1,000 to 4,999 employees, 51.7% of companies have female managers in the position of general manager or equivalent, and 82.3% have female managers in the position of section chief or equivalent. By contrast, at companies with 5,000 or more employees, 80.8% have female employees in the position of general manager or equivalent, and 97.3% have female managers in the position of section chief or equivalent.

In addition, the Ministry of Economy, Trade and Industry and the TSE have selected listed companies that excel in promoting the advancement of women and introduced Nadeshiko brands[77] since fiscal 2012 that are attractive to investors who value mid- to long-term enhancement of corporate value.

Furthermore, the Cabinet Office has conducted and published a survey of the evaluation of women's advancement in the capital market. This trend reflects the expansion of so-called ESG (Environmental, Social and Governance) investing, which aims to improve long-term investment returns by incorporating non-financial ESG information into investment decisions, as a global trend. According to the Survey Research on Gender Investment[78] conducted by the Cabinet Office in 2022, two-thirds of the respondents to the survey who were institutional investors used information on women's empowerment in their investment decisions (Chart 86), and nearly 80% of them said that institutional investors believe that information on women's empowerment has a long-term impact on corporate performance (Chart 87). In addition, approximately 40% of institutional investors stated that women's empowerment would lead to securing talented human resources and/or innovation (Chart 87). In addition, the ratio of female directors to executive officers and the ratio of female managers are frequently cited as information on women's advancement that institutional investors use in their

75 https://positive-ryouritsu.mhlw.go.jp/positivedb/en_index.html

76 The Ministry of Health, Labour and Welfare, "Summary of Corporate Survey Results, 2023 Basic Survey of Equal Employment, https://www.mhlw.go.jp/toukei/list/dl/71-r05/02.pdf (in Japanese)

77 https://www.meti.go.jp/english/policy/economy/human_resources/index.html#nadeshiko

78 Cabinet Office, Gender Equality Bureau, "Report on Survey Research on Gender Lens Investing 2022," https://www.gender.go.jp/policy/mieruka/company/pdf/r4 gender_lens_investing_research_02.pdf (in Japanese)

investments and operations. In particular, emphasis is placed on the seriousness of the company's initiatives and future strategies, such as the ratio of female executives, the commitment of top management to promoting the advancement of women, and management strategies (Chart 88). Incidentally, institutional investors were most likely to request disclosure of information on the active participation of women in companies by "specifying future goals," followed by "disclosing past information so that changes over time can be seen," "increasing the number of items of quantitative information to be disclosed," and "disclosing within narratives that improve corporate value" (Chart 89).

A questionnaire survey conducted by the Cabinet Office in 2024[79] revealed that large proportions of respondents chose the following as challenges facing them in promoting the appointment of more women to executive positions -- "the limited number of female executive candidates (department managers, etc.)," "the limited number of females in managerial positions (section managers, etc.)," and "the limited number of female managerial position candidates (section chiefs, etc.)." Further, large proportions of respondents chose the following as initiatives taken by them to appoint more women to executive positions -- "expansion and improvement of work-life balance support programs and creation of an environment that encourages employees to use these programs," "efforts to increase the promotion rate of women by incorporating these efforts into management strategies," and "provision of training programs for female managerial position candidates (section chiefs, etc.)." In addition, an analysis of the status of efforts by companies whose respondents chose options that suggested direct economic benefits as a positive effect of their efforts to appoint more women to executive positions and that of efforts by other enterprises revealed wide differences in the status of efforts for "commitment by top management," "expansion of opportunities for female employees to gain experience (such as assignment to core operations and secondment to subsidiaries), and "efforts to increase the promotion rate of women by incorporating these efforts in management strategies."

Major voting advisory companies also include information on gender diversity on the Board in their voting advisory standards. For example, Glass Lewis states that it will advise against the appointment of a chairperson of the board of directors or chairperson of the nominating committee to a prime market listed company if the gender diversity ratio on the board is less than 10%,[80] and to a non-prime market listed company if there is no gender diversity director. In addition, ISS states that it will recommend against the appointment of top management at shareholder meetings held in and after February 2023 when there are no female directors on the board. ISS has also pointed out that some investors consider it problematic that while the number of female outside directors has increased, the number of women appointed as inside directors has remained almost unchanged, resulting in an extremely small number of female senior management members at Japanese companies.[81] As these voting advisory firms and many institutional investors seek to strengthen their voting standards on gender diversity, the diversity of their boards of directors is attracting increasing attention.

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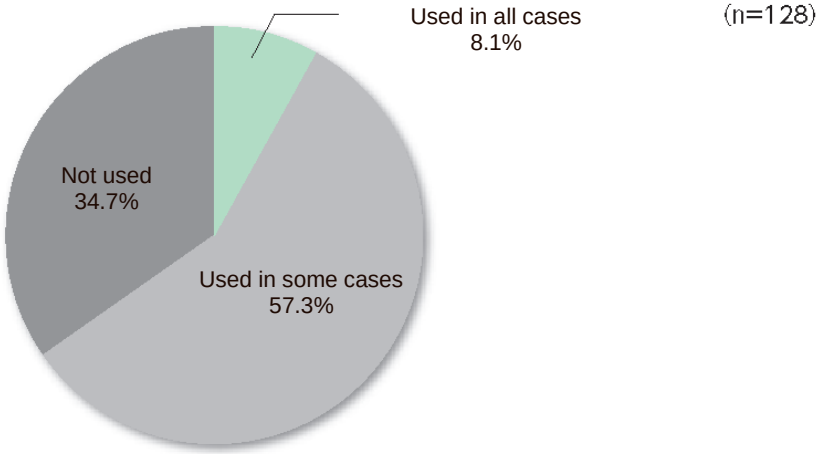
79 Cabinet Office, Gender Equality Bureau, "Collection of Examples of Initiatives to Accelerate the Appointment of Women to Executive Positions," p. 3 - 6, https://www.gender.go.jp/policy/mieruka/company/pdf/yakuin_r05.pdf (in Japanese)

80 Glass Lewis has announced that this ratio will be raised to 20% for shareholder meetings held in and after 2026.

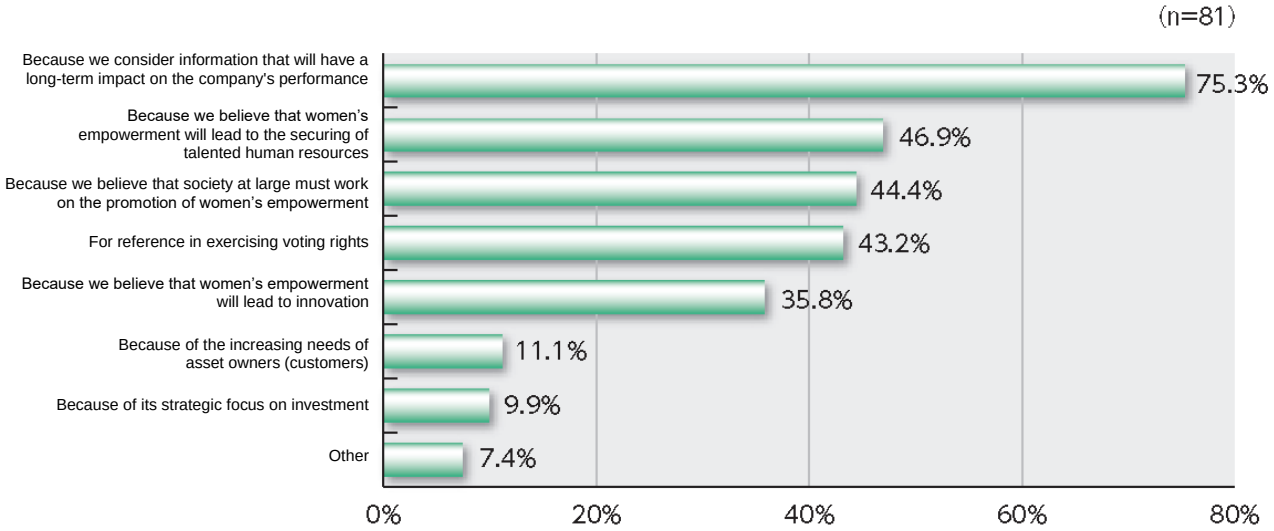
81 ISS, "JAPAN Proxy Voting Guidelines Benchmark Policy Recommendations 2025," p. 12

## Chart 86 Utilization in investment decisions of information on the active participation of women



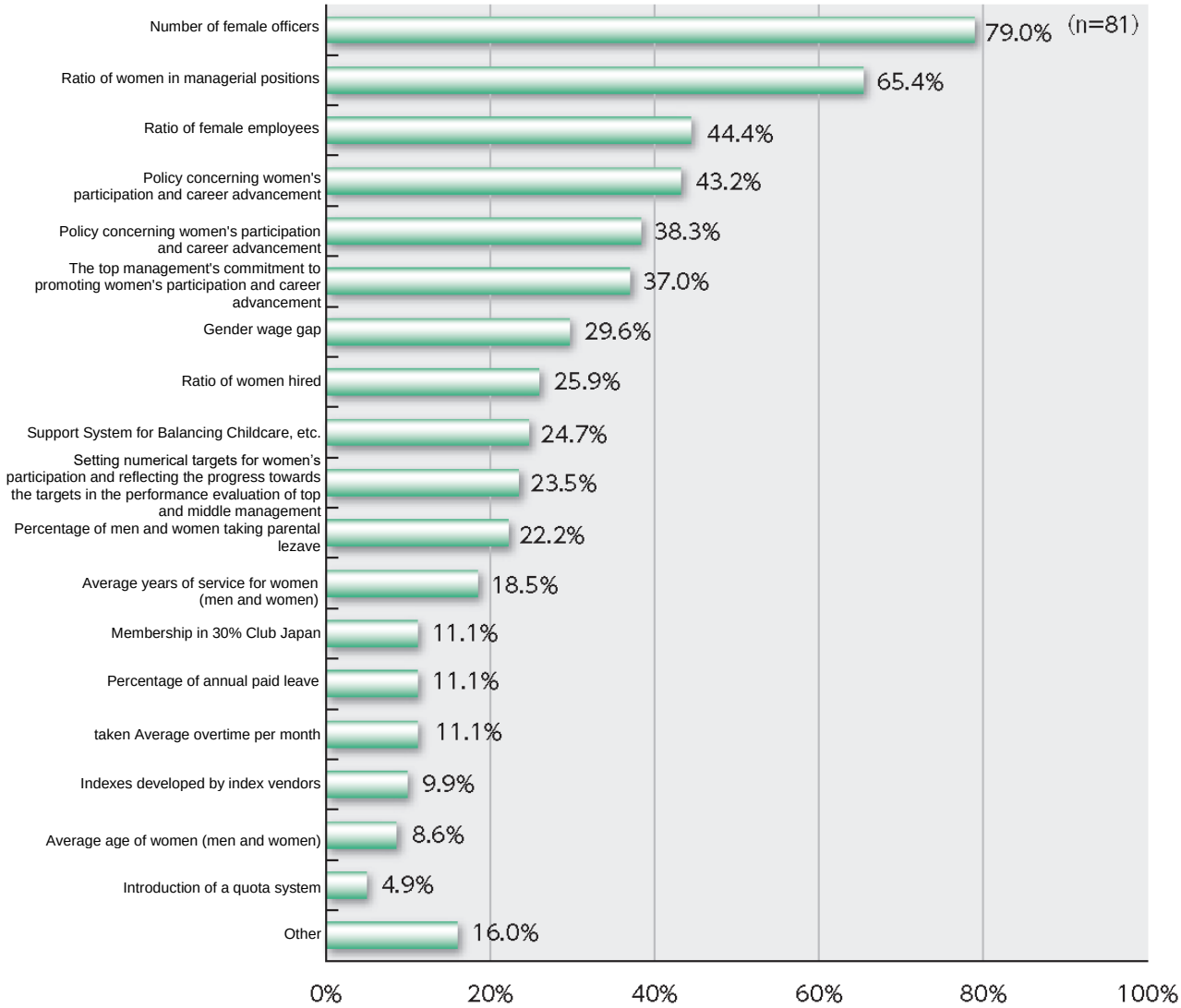

Source: Compiled by TSE based on page 13 of "Report of Survey Research on Gender Lens Investing 2022," Gender Equality Bureau, Cabinet Office

## Chart 87 Reasons for using information on the active participation of women in investment decisions and operations



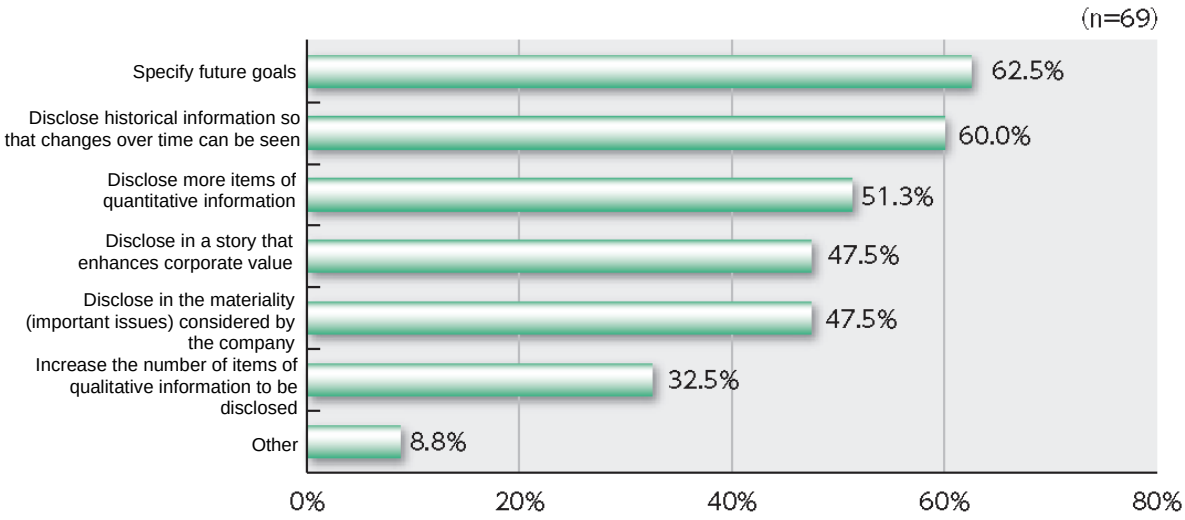

Source: Compiled by TSE based on page 14 of "Report of Survey Research on Gender Lens Investing 2022," Gender Equality Bureau, Cabinet Office

## Chart 88 Information on women used in investments and operations




Source: Compiled by TSE based on page 16 of "Report of Survey Research on Gender Lens Investing 2022," Gender Equality Bureau, Cabinet Office

## Chart 89 What to look for in the disclosure of corporate information on women's participation




Source: Compiled by TSE based on page 24 of "Report of Survey Research on Gender Lens Investing 2022," Gender Equality Bureau, Cabinet Office

## 1 - 5. Evaluation of the Effectiveness of the Board (Supplementary Principle 4.11.3)

Supplementary Principle 4.11.3 requires the board to analyze and evaluate its effectiveness as a whole, and to disclose a summary of the results. The evaluation of the effectiveness of the board assumes an ongoing process of regularly verifying not only the execution of duties by individual directors, but also whether the board is functioning properly as a whole, and taking appropriate measures based on the results such as improvements to problems and augmenting strengths to ensure that the roles and responsibilities of the board are effectively fulfilled.

Evaluation of the effectiveness of the Board is already common in the United Kingdom, the United States, and other countries, and the implementation and disclosure of such evaluations are required by codes, exchange rules, etc. Since the establishment of the Code, an increasing number of listed companies in Japan have also conducted evaluations of the effectiveness of their boards. As 95.2% (1,564 companies) of companies listed on the Prime Market and 64.9% (1,039 companies) of companies listed on the Standard Market complied with the Supplemental Principle 4.11.3, it seems to have become a practice at least for companies listed on the Prime Market.

Disclosure based on the Supplemental Principles can be broadly divided into "evaluation process" and "summary of evaluation results." The typical evaluation process consists of the distribution of questionnaires, etc. to directors and company auditors, and deliberations on effectiveness evaluation and future improvement measures, etc. based on the aggregated results. Keyword analysis also revealed that the most common keyword related to the evaluation process was “questionnaires surveys, etc.,” cited by 77.2% (2,009 companies), while “interviews, hearings, etc.” was cited by 11.2% (291 companies).

In addition, 36.1% (940 companies) said they would conduct a “Self-evaluation,” while 27.1% (706 companies) mentioned “Use of external assessments (third-party organizations, external evaluation organizations, lawyers, etc.), including future consideration.” Specifically, in addition to cases of the creation, gathering, totaling and analysis of questionnaires, etc. and conducting of hearings by external evaluation organizations, there have been examples where third-party organizations participate in the board to directly observe the state of deliberation and conduct an evaluation of effectiveness. An increasing number of companies that have traditionally conducted in-house evaluations of the effectiveness of their boards of directors are now using external evaluations in order to utilize external knowledge.

Many companies also list the composition and role of the Board, operational status, deliberation status, and support systems for directors (training, information provision, etc.) as evaluation items. In a keyword analysis of the 2,603 companies listed on the Prime and Standard Markets that complied with the Supplemental Principle, 67.5% (1,758 companies) mentioned "operation and management," 56.8% (1,478 companies) mentioned "composition," and 40.3% (1,049 companies) mentioned "deliberation" (Chart 90). In addition, some companies mentioned certain terms that have recently attracted attention, namely, “Human capital (human capital, human assets, human resources),” “DX

(DX, digital)," "Stock price or cost of capital (stock price, cost of capital, PBR)," and "Business portfolio," in relation to the effectiveness of their boards.

Other companies included "dialogue with shareholders such as IR and SR," "participation of individual directors in the Board," "risk management compliance," and "ESG/sustainability" in the evaluation items. There were also companies that included "group governance" and "board culture" in the evaluation items. In addition, with 10 years having passed since the introduction of the practice of evaluating the effectiveness of the board of directors in the Code, some companies have adopted "review of the handling of issues identified in the previous year's evaluation" as an evaluation item, indicating that they continue to consider the handling of issues identified each year.

In their overview of evaluation results, many companies state that "the effectiveness of the board is ensured." However, some companies clearly stated challenges and the response policy for ensuring an even more effective board, which will lead to future initiatives as follows. The main challenges that were pointed out include succession planning, risk management and compliance, and having deeper deliberations on mid to long-term strategies, and there were also many companies that viewed the quantity and quality of materials as a continued challenge from the previous year. In addition, as a recent trend, more and more companies are referring to sustainability and ESG as issues.

**Chart 90 Keywords Related to Evaluations on the Effectiveness of the Board**

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Supplementary Principle 4.11.3 | 2,603 | 100.0% |
| ■Keywords related to the evaluation process | | |
| Questionnaires, etc. (surveys, etc.) | 2,009 | 77.2% |
| Self-assessment | 940 | 36.1% |
| Hearings, etc. (interviews, hearings, etc.) | 291 | 11.2% |
| External evaluation, etc. (third party institutions, lawyers, etc.) | 706 | 27.1% |
| ■ Keywords Related to the Effectiveness of the Board | | |
| Operation (management) | 1,758 | 67.5% |
| Composition | 1,478 | 56.8% |
| Deliberation | 1,049 | 40.3% |
| Strategy (management strategy, business strategy, etc.) | 807 | 31.0% |
| Roles, duties, etc. (responsibilities) | 682 | 26.2% |
| Risk (risk management, etc.) | 492 | 18.9% |
| Remuneration | 491 | 18.9% |
| Shareholders, investors | 577 | 22.2% |
| Nomination | 413 | 15.9% |
| Succession Planning | 270 | 10.4% |
| Dialogue (with shareholders) | 672 | 25.8% |
| ESG, SDGs, sustainability | 411 | 15.8% |
| Human capital (human capital, human assets, human resources) | 330 | 12.7% |
| DX (DX, digital) | 100 | 3.8% |
| Stock price and cost of capital (stock price, cost of capital, PBR) | 149 | 5.7% |
| Business portfolios | 136 | 5.2% |

Looking at individual cases, in < Example 46 >, the effectiveness of the Board of Directors is self-evaluated and verified, and a summary of the evaluation is provided. The summary mentions that the effectiveness of the Board of Directors was insufficient, despite the Nomination Committee's discussions on changes in the status of Directors, namely, their promotion, demotion, resignation, and retirement, and reporting to the Board of Directors, and the Board of Directors' discussions on such indicators as stock price and PBR in formulating the management plan.Similarly, in < Example 47 >, the company mentioned how its Board of Directors addressed the issues identified in the previous year's evaluation in the current fiscal year. As a listed parent company with listed subsidiaries, the company is distinctive in that its Board of Directors discussed, from the perspective of group management, matters such as the company's business portfolio and the reasonableness of the parent-subsidiary listing.< Example 48 > is a case where the company includes its non-mandatory Nominating and Compensation Committees in the evaluation scope of the effectiveness of its Board of Directors conducted by utilizing an external consultant.In < Example 49 >, the company mentions that all of its Directors and Audit & Supervisory Board members were individually interviewed by a third-party organization for the first time in three years, and that a mutual evaluation (peer review) was conducted among Inside Directors, Outside Directors, and Audit & Supervisory Board members. The company provides a summary of the results of the analysis and evaluation, and mentions future measures to be taken.Similarly, in < Example 50 >, the company mentions that a mutual evaluation (peer review) was conducted based on individual interviews conducted by a third-party organization.< Example 51 > is a case in which the name of a third-party evaluation organization is disclosed with reference to its involvement.In < Example 52 >, the company evaluates the effectiveness of the Board of Directors by including facilitation at Board of Directors meetings in the evaluation items. The company also mentions that its future efforts will include regular peer reviews and exchanges of feedback between its directors.In < Example 53 >, the company mentions that the evaluation of the effectiveness of the Board of Directors revealed comments noting that there had been insufficient discussion by the Board on the medium- and long-term management policies and portfolio reforms, insufficient deliberation time, and overly detailed discussions on the subjects, and that remedying these shortcomings might require revising the way in which the Board of Directors is managed, detailing the current challenges.In < Example 54 >, the company states that the evaluation of the effectiveness of its Board of Directors revealed that there was room for improvement in the creation of a system for tangibly advancing long-term strategic management plans for improving PBR, and in the development and fostering of the ability to implement those plans.In < Example 55 >, the company includes agendas for Board of Directors meetings in the items for evaluation of the effectiveness of the Board of Directors, and mentions its efforts made during the current year and future challenges.

<Example 46: A summary of the evaluation of the Board of Directors is provided, mentioning the status of discussions on changes in the status of Directors, as well as the Board of Directors' failure to conduct sufficient discussions on the formulation of the management plan >

At the end of a fiscal year, our Board of Directors conducts self-evaluation and verification of the system for ensuring that Directors perform their duties appropriately. Where necessary, the results are reflected in our efforts to ensure the effectiveness of the Board of Directors for the next year.

Pursuant to the Board of Directors' regulations, our Board of Directors meets monthly, in principle, and whenever necessary. Our management policies and other important matters are required to be deliberated on by the Management Committee before they are deliberated on by the Board of Directors. In addition, Outside Directors attend the Management Committee meetings and actively express their opinions from the perspective of laws and regulations, our Articles of Incorporation, risk management, etc. Their opinions are then reflected in resolutions of the Board of Directors and in the performance of duties by Directors and Executive Officers. A summary of the evaluation of the Board of Directors for the fiscal year ended March 2024 is provided below.

- Consider raising the ratio of outside directors to at least 1/3. The Board of Directors consists of a well-balanced group of members, including those with experience in overseas business, sales, manufacturing, engineering, and management. However, its diversity must be improved in terms of nationality, gender, age, etc. Therefore, we should pursue a human resource development system that facilitates employees' career development regardless of their gender, age, or nationality.
- Our Outside Directors have provided useful commentary and raised incisive questions on international affairs, industry trends, etc., suggesting that the Board of Directors is highly transparent with an environment that encourages members to speak up.
- Outside Directors are provided with information not only at the Board of Directors' meetings but also at the Management Committee's meetings. Outside Directors are also allowed to participate in projects at their request. Allowing Outside Directors to actually attend meetings besides those of the Board of Directors helps them gain a deeper understanding of the Company and its business.
- Even though Executive Directors of the Board of Directors explain technical terms in an easy-to-understand manner, materials are often not distributed until the meeting date, which prevents attendees from reviewing the materials in advance. We should pursue a system that enables materials to be distributed on the previous day. Alternatively, we should consider creating a summary version that summarizes the key points.
- The items for deliberation by the Board of Directors are narrowed down, with no issues in terms of the number or quality of the agenda items. The agenda items submitted and discussed include those related to corporate strategies, such as overseas investment projects and development projects.
- Outside Directors are informed of current issues and action plans before management plans, etc. are discussed.
- Successor development is discussed by the Nomination Committee, and the outcome is reported at the Board of Directors meetings. In the future, more specific discussions must be held at the Board of Directors meetings.
- Changes in the status of Directors are discussed by the Nomination Committee, and the outcome is reported at the Board of Directors meetings. Discussions were actually held on their promotion, demotion, resignation, and retirement.
- Compensation matters are discussed by the Compensation Committee and the outcome of the proceedings is reported at a meeting of the Board of Directors. High transparency is ensured in relation to share-based remuneration, such as stock options.
- Our sustainability initiatives have made significant headway due to the publication of the integrated report. These initiatives are being discussed in internal projects as well as at the Board of Directors' meetings and are being managed from medium- and long-term perspectives.
- Although discussions on stock price, PBR, and other indicators do take place during the formulation of management plans, they are insufficient. It is necessary to discuss and set targets for improvement based on an understanding of the current cost of capital and capital profitability.
- Additional materials required by outside directors are provided upon request. The four Outside Directors also have opportunities to hold meetings to exchange opinions. They thus maintain a high degree of independence.

(Machinery)

<Example 47: The status of measures taken to address issues in the previous year's assessment and the fact that issues such as the business portfolio and parent-child listing are to be addressed>

2) Status of response to issues recognized in or before FY2023

(a) Discussions on business portfolio

At the Board of Directors meetings held in FY2023, through discussions on the newly announced mid-term management plan in May 2024, we confirmed our commitment to thorough business portfolio management and a review of existing businesses. Additionally, we aim for growth centered around key industrial sectors. In the medium to long term, we plan to transform our business approach from traditional material-centric to value-driven business development leveraging service foundations cultivated in functional materials, processing and solution-oriented businesses, and home healthcare. To address increasingly complex customer needs, we will hone our ability to combine different technologies and functions and align with customer requirements. We also reaffirmed our commitment to ongoing discussions and progress monitoring related to the new mid-term management plan.

(b) Discussion on the allocation of management resources to human capital, etc. based on a) above
At the Board of Directors meetings held in FY2023, the course of direction and initiatives related to human capital investments were reported. Furthermore, in discussions on the new medium-term management plan, it was decided to develop a human resource strategy built on the main pillars of "establishing 'right positions' and securing 'right people' to implement strategies" and "measures to enable employees to thrive," and to implement specific action plans based on this strategy. We confirmed that discussions will continue in line with the new medium-term management plan.

(c) Discussions on the status of usage of data and digital technology and policies on initiatives therefore based on a) above
At the Board of Directors meetings held in FY2023, a report was made on the development of DX human resources through discussions on the new medium-term management plan. It was confirmed that, as a priority measure to create innovation, the Company will actively implement DX promotion activities using digital and IT technologies, and that discussions on this topic will continue.

(d) Discussion on BCP including supply chain
In the fiscal year 2023 Board of Directors meeting, the TRM Committee chaired by the CEO provided regular reports to the board of directors regarding 'strategic risks' and 'operational risks.' These reports highlighted the implementation of business-specific and customer-centric BCP/BCM measures. Furthermore, to enhance BCP readiness, ongoing discussions are planned to continue.

(e) Discussion on rationality of parent-subsidiary listing
At the Board of Directors meetings held in FY2023, the rationality of maintaining the listing of ▲▲ and ■■, which are listed subsidiaries of the Company, was discussed as part of the discussion on the new medium-term management plan. From the standpoint of optimizing the corporate value of ■■, and not just the Group itself, we decided it was rational to maintain their listing.

With regard to ▲▲, the Company has been exploring all options and attempting to identify further group synergies. However, we have determined that, according to the best owner principle, to enhance the corporate value of the Company and ▲▲ as well as promote the common interests of shareholders, the optimal course will be to transfer our ▲▲ shares. We therefore made a decision to sell off all ▲▲ shares owned by the Company at the Board of Directors meeting that took place on June 18, 2024. Although ▲▲ will be excluded from the scope of consolidated subsidiaries of the Company after the completion of the related procedures, the Company will continue its IT-related business relationship with ▲▲ in order to maintain its IT-related governance systems. Detailed information can be accessed from the following link.
https://www.●●●
(Textile products)

## <Example 48: A case in which an evaluation is conducted of the effectiveness of the non-mandatory Nominating and Compensation Committees>

- As a part of establishing a further sound and transparent corporate governance system, ●●● annually analyzes and evaluates the effectiveness of the Board of Directors meeting to ensure the decision-making by the Board of Directors meeting. An overview of the effectiveness of the Board of Directors for FY2024.3 is as follows.

< Evaluation Process >

- In addition to the operational agenda which relates to the effectiveness of the decision-making by the Board of Directors meeting, to achieve continuous growth under the complex and discontinuously changing business environment, the questionnaires were provided and interviews were performed with all of the Board of Directors so that the agenda related to corporate governance, which should be considered to enhance the governance system further, can be confirmed and the discussion was held upon the Board of Directors meeting based on the results of the questionnaires and interviews.
- The recent evaluation was conducted with the support of an outside consulting firm as in the previous year so that the recognition of the Board of Directors regarding the composition of the Board of Directors meeting and other committees, operation, and discussion items of the Board of Directors meeting can be ensured objectively. Based on the analysis and evaluation of the outside consulting firm, the action plan for this fiscal year for enhancing the effectiveness of the Board of Directors meeting was discussed at the Board of Directors meeting.

Schedule
February 2024: The policy of analyzing and evaluating the effectiveness of the Board of Directors meeting was agreed upon at the Board of Directors meeting.
February to April 2024: The questionnaires were provided and an interview was conducted based on the results of the questionnaire.
May 2024: Reported the result of the analysis and evaluation to the Board of Directors meeting and held discussion about the subject to formulate the action planQuestionnaire Contents

- Composition and operation of the Board of Directors

・ Corporate strategy and business strategy
・ Corporate ethics and risk management
・ Dialogue and collaboration with stakeholders
・ Measurement of the effectiveness of last year's action plan
・ Effectiveness of the Nominating Committee, the Compensation Committee, and the Audit Committee

< Overview of the Evaluation Results >
Based on the fact that more than 80% of the respondents answered "effective or appropriate" or "relatively effective or appropriate" in the questionnaire and the fact that action plan in the previous year was confirmed to have led to an improvement in effectiveness, it is evaluated that the Board of Directors meeting of ●●● is effectively functioning.

< Action Plan >
Based on this results of the questionnaire, we have formulated the following future policies recognizing that deepening the discussion regarding mid-to-long-term strategies and future direction will lead to further improvements in effectiveness.

- Sharing the process of formulating a new mid-term business plan
  Sharing the process of formulating a new mid-term plan for the fiscal year ending March 31, 2026 and beyond with directors on a regular basis to enhance the effectiveness of monitoring related to management strategy. Sharing important matters with outside directors to assist fulfillment of their role as a monitoring board, such as the roadmap for planning, awareness of the environment and recognition of issues, overall strategy and corresponding divisional strategies, and targets to be monitored by the Board.
- Timely information sharing on important initiatives
  Reporting the status of particularly critical matters in a timely manner in view of the size of the investment or lending and its financial impact. Striving to share information that is material from the perspective of monitoring by the management side without limiting the purpose of information sharing to resolutions.
- Providing investors' perspectives and having dialogues with investors by outside directors
  Expanding opportunities to share the content of dialogues with investors as well as investors' evaluation of ●●● with outside directors through reports at Board of Directors meetings. Setting up opportunities for outside directors to engage in direct dialogue with investors in order to understand their interests and take appropriate actions based on such understandings.

(Other financing business)

## <Example 49: Reference is made to the fact that individual interviews were conducted by a third-party organization for the first time in three years and that a mutual evaluation (peer review) by category was conducted>

The Board of Directors analyzes and evaluates the effectiveness of its performance from the perspective of appropriate decision-making for business execution and enhancing monitoring functions. Regarding "what the Board of Directors should ideally be," which is the basis of the analysis and evaluation of the effectiveness of its performance, this is described below in II.3 "Reasons for selection of present corporate governance system."

In fiscal 2023, the Board of Directors analyzed and evaluated the effectiveness of the Board of Directors, with the following results:

1. Process of analysis and evaluation

The Company engaged a third-party organization, ●●, to assist in the analysis and evaluation. A questionnaire to Directors and Audit & Supervisory Board members was prepared based on data for Board meetings, meeting minutes, and prior discussion among the third party, the Chairman of the Board of Directors, who assumes the chairmanship of the Board, and the President and Representative Director, who is the officer with ultimate responsibility for business execution. In addition, individual interviews with all respondents by the third party were conducted for the first time in three years, and a new mutual evaluation within the categories of Inside Director, Outside Director and Audit & Supervisory Board member was conducted in the interviews.
The questionnaire consisted of 79 questions in total, with the following evaluation items: (1) role, function, size, composition, and operation of the Board of Directors; (2) role, composition, and operation of the Governance Committee; (3) support for Outside Directors; (4) role and function of Audit & Supervisory Board members; (5) relationship with investors and shareholders; and (6) self-evaluation.
The Board of Directors deliberated on the effectiveness of the Board of Directors at the ordinary meeting held in February 2024, based on the report from the third party and the "what the Board of Directors should ideally be (aiming for a Board of Directors that emphasizes decision-making functions)" confirmed in fiscal 2016, and confirmed its evaluation and future actions.

2. Overview of the analysis and evaluation results

1) Questionnaire responses and interview results

Major items related to the roles and composition of the Board of Directors were rated highly and specifically as follows.

(1) With regard to the "role and function of the Board of Directors," it was shared that the Board of Directors aims to be a "Board of Directors that emphasizes decision-making and supervises through decision-making." A shared understanding of the roles and functions of the chairman, outside directors, and inside directors, and Audit & Supervisory Board members was well established. The idea that changes are necessary towards the future was also indicated.

(2) The decision-making process was appropriate and allowed for lively and essential discussion, as decisions were made following discussion at Management Committee meetings, etc. and then submitted to the Board of Directors for approval.

(3) The size and composition of the Board of Directors were appropriate from the perspective of active discussion, decision-making, knowledge, and experience. There was also an opinion that it was necessary to further ensure diversity in terms of gender and expertise.

(4) Issues identified in the last year as those to be continuously addressed (securing appropriate human resources, etc.) were appropriately addressed.

(5) Important management issues and sustainability were adequately deliberated by the Board of Directors through open and active discussions. Implementation of proposals and its results were also appropriately followed up. On the other hand, there was an opinion that medium- to long-term competitive advantages needed to be further discussed for the future.

(6) The composition of the Governance Committee was appropriate, and its role was clearly defined.

(7) The system to support Outside directors was adequate. Their cooperation and communication with Audit & Supervisory Board members were also sufficient.

2) Issues seen from the responses to the questionnaire and the results of the interviews (proposals for improvement by the third-party organization)

(1) Medium- to long-term business direction and strategies, including sustainability, should be further discussed for strengthening supervisory function through decision-making.

(2) The operation of the Board of Directors should be further improved, such as planned setting of discussion themes.

3) Response to the above issues (deliberations at Board of Directors meetings)

(1) Among the medium- to long-term business direction and strategies, important themes will be handled as discussion themes in a planned way. The holding of off-site meetings for this purpose will also be considered.

(2) Data for Board meetings will be enriched to improve the quality of discussion.

3. Future actions

The Board of Directors of the Company confirmed that it will further enhance the effectiveness of the Board of Directors by continuing to address the above issues.

(Nonferrous metal)

## <Example 50: A case in which a mutual evaluation (peer review) was conducted based on individual interviews conducted by a third-party organization>

In the Basic Corporate Governance Policy, the Company stipulates that it analyzes the validity and the effectiveness of the Board of Directors each year through measures such as self-evaluation and discloses a summary of the analysis results on its website.

For the FY2023 evaluation, a third-party organization conducted a one-hour interview with all Directors individually, after conducting an anonymous survey of all Directors in advance. The advance survey consists of a total of 26 questions in 8 categories, which include "Overall Evaluation," "Structure," "Discussion," "Operation," "Culture," "Committees," "Self-evaluation," and "Others." After receiving from the third-party organization an evaluation based on the responses to the advance questionnaire survey and the individual interviews, as well as suggestions for future issues and actions, we consider and implement remedial measures. In addition, for fiscal 2023, the third-party organization conducted a 30-minute individual interview with each Director as part of the mutual evaluation (peer review) of Directors. This is intended to provide an opportunity for each Director to arrive at some awareness that leads him or her to further contribute to enhancing the effectiveness of the Board of Directors.

The Audit and Supervisory Committee also conducted an evaluation of its effectiveness. The Audit and Supervisory Committee discussed and evaluated its activities, which revealed a shared view that the effectiveness of the Audit and Supervisory Committee is secured.

< Basic Corporate Governance Policy (excerpts) >

○ Assessment of effectiveness of the Board of Directors

To ensure the validity and the effectiveness of decision-making, the Board of Directors shall analyze the efficiency of the meeting process and the validity and the effectiveness of decision-making through self-assessment and other methods every year and disclose a summary of the results.

< Result of the Assessment of Effectiveness >
https://www.●●●
(Insurance)

## <Example 51: A case involving a third-party evaluation organization and disclosure of its name>

We recognize that it is crucial to strengthen governance through the Board of Directors adequately fulfilling its function in order to increase our corporate value continuously. We have implemented self-evaluation since the fiscal year 2015 in order to improve the effectiveness of the Board of Directors.

Towards the achievement of the new Management Policies that take effect from fiscal year 2024, and from the perspective of further strengthening the functions of the Board of Directors, in fiscal year 2023, we conducted an evaluation of the effectiveness of the Board of Directors with support from an outside consultant (Note).
Note: ●● (hereafter, "●") was hired as the outside consultant.

1. Evaluation Method
●● distributed a questionnaire containing the following contents to all directors and auditors who are members of the Board of Directors, and analyzed the responses. Based on the responses to this questionnaire, it also conducted an interview with each individual director and auditor, and summarized the results in a report. Based on this report, the Board of Directors grasped and evaluated the current situation, deliberated on how the Board of Directors should be in the future, and decided on Actions for the Fiscal Year 2024.
(1) Questionnaire
Respondents: all directors (8) and all auditors (5)
Response method: Anonymous (71 questions in total)
Evaluation items:
a. Management issues and roles/functions of the Board of Directors
b. Progress of actions for the fiscal year 2023
c. Size and composition of the Board of Directors
d. Operation of the Board of Directors
e. Composition and role of the Nomination & Remuneration Committee
f. Operation of the Nomination & Remuneration Committee
g. Directors/auditors training
h. Support system for outside directors
i. Roles of auditors and expectations for auditors from the perspective of directors
j. Roles of auditors
k. Relationships with investors and shareholders
l. The overall effectiveness of our corporate governance system and the Board of Directors
m. Self-assessment
(2) Interviews
Respondents: all directors (8) and all auditors (5)
Response method: Individual interviews by ●

2. Evaluation Results (excepting "Actions for Fiscal Year 2023")
(Omitted)
3. Actions Taken in the Fiscal Year 2023 and Evaluation Results
(Omitted)
4. Actions for the Fiscal Year 2024
(Omitted)
(Information and communication)

## <Example 52: A case where facilitation at Board of Directors meetings is included in the evaluation items and peer review is clearly stated as a future initiative>

The Company evaluated the effectiveness of the Board of Directors for FY2023, to further enhance the Board of Directors' effectiveness as follows:

< Evaluation Methods >
(Omitted)
< Key Evaluation Items >
The key items for verification and evaluation in this process are as follows:
(1) Overall evaluation of the effectiveness of the Board of Directors as a whole
(2) Composition of the Board
(3) Preparation and support system for Board of Directors meetings
(4) Discussion and facilitation at Board of Directors meetings
(5) Matters related to contribution by each director
(6) Activities of the Nomination Committee and the Compensation Committee

(7) Board's monitoring of the management team's activities
(8) Succession planning (Board of Directors and management team)
(9) Fulfilment of other Board of Directors' responsibilities
(10) Other related matters

< Results >
・It was confirmed by the FY2023 Board Effectiveness Evaluation that the Board of Directors has been effectively functioning.
・In particular, further improvement from the FY2022 Board Effectiveness Evaluation was found for the following evaluation items, which were confirmed as strengths of the Company's Board of Directors:
(1) The agendas of Board of Directors meetings are well structured and address an appropriate and sufficient range of issues for consideration.
(2) The Board of Directors is provided with information with appropriate content and in appropriate volumes and forms and is managed adequately and effectively in a timely manner.
(3) Discussions at Board of Directors meetings are appropriately facilitated by the chairperson.

< Status of actions taken during FY2023 with respect to the issues identified during the FY2022 Board Effectiveness Evaluation >
• Of the items for which issues were found during the FY2022 Board Effectiveness Evaluation, improvement was confirmed for the following items during the FY2023 Board Effectiveness Evaluation:
(1) Improving the quality of discussions at, and appropriately structuring agendas for, Board of Directors meetings.
(2) Building a framework for considering succession planning for the CEO and management team
• On the other hand, of the items for which issues were found during the FY2022 Board Effectiveness Evaluation, issues were confirmed to remain for the following items:
(3) Realizing a more effective composition of the Board of Directors.

< Future Initiatives >
• Based on the results of the above evaluation, the Board of Directors confirmed that it would focus on the following issues in order to further enhance the effectiveness of the Board of Directors.
(1) Regularly conducting a peer review and exchanging feedback between Directors, with a view to further contributing to discussions at Board of Directors meetings and facilitating Directors' mutual understanding of their roles.
(2) Continuing consideration of Director candidates to achieve an optimum composition of the Board of Directors.
• The Company will continue to work on improving the effectiveness of the Board of Directors and corporate governance based on the results of the FY2023 Board Effectiveness Evaluation in order to further enhance corporate value.
(Electrical appliances)

## <Example 53: A case mentioning enhancement of the Board of Directors' supervisory function and the Board of Directors' discussions on portfolio reforms>

III. Summary of the Analysis and Evaluation Results for the Fiscal Year Ended December 31, 2023
(i) Conclusion
(Omitted)
(ii) Evaluation
• A majority of the respondents were of the opinion that the desirable direction for the Board of Directors was to focus on its supervisory function among its two functions, i.e., the business execution function and supervisory function.
• The effectiveness evaluation questionnaire survey of Directors and Corporate Auditors found that a high proportion of respondents responded "True" or "Generally true" for many of the questions regarding their evaluation of the current situation.
• Among the issues identified in the previous fiscal year, many of the respondents were of the opinion that some improvement had been made with respect to "discussions on long-term strategies and the business portfolio composition" and "deliberation that takes into account the cost of capital." Regarding the issues of "strengthening the supervisory function of the Board of Directors" and "discussions on strengthening and appropriate allocation of investment in human capital and intellectual property," many of the respondents called for further strengthening.
• Respondents made suggestions and recommendations and identified issues with respect to all questions in the questionnaire, which confirmed the fact that each of the Directors and Corporate Auditors performed an appropriate analysis of the effectiveness of the Board of Directors based on their roles and responsibilities. In particular, respondents had strong awareness of issues concerning topics such as: strengthening the supervisory function of the Board of Directors; deliberation on medium- to long-term management policies and the business portfolio; and supervision of the allocation of human capital, intellectual property and other management resources. It was also confirmed that the Board of Directors should continue to supervise the progress of efforts to address sustainability issues such as climate change.

The following are key areas requiring continuous improvement identified through the evaluation.

1. Deepening discussions on the ideal state of the Board of Directors

Our Board of Directors has been viewing itself as a hybrid board that has incorporated a mechanism to strengthen its supervisory function, based on a management-based board that focuses on its decision-making function relating to the execution of individual business operations. However, in recent evaluations of the effectiveness of the Board of Directors, a majority of the respondents have stated their opinion that the board's supervisory function should be further strengthened. In response, our Board of Directors has taken actions such as increasing the number of Outside Directors, including female directors; establishing a committee to discuss long-term strategies; and revising the criteria for submitting matters to the Board of Directors. In addition, the Board of Directors has made efforts to improve the administration of its proceedings, such as better informing outside officers prior to meetings and extending the time for deliberation on important matters. These efforts have been considerably appreciated by members of the Board of Directors.

This fiscal year's evaluation of the effectiveness of the Board of Directors revealed comments noting that there had been insufficient discussion on the medium- and long-term management policies and portfolio reforms, insufficient deliberation time, and overly detailed proposals. Remedying these shortcomings might require revising the existing hybrid-type operational structure. In the effectiveness evaluation of the Board of Directors, while individual members of the Board of Directors actively expressed their opinions, some were merely personal opinions. It is necessary to consolidate these opinions into the Board of Directors' view.

In light of the above situation, our Board of Directors intends to increase our corporate value by declaring "discussions on the ideal state of the Board of Directors" an issue to be addressed by the Board of Directors during fiscal 2024, and by determining and realizing the ideal state of the Board of Directors.

The following are specific key items for discussion when discussing the ideal state of the Board of Directors.

(i) Ideal ways to deliberate medium- to long-term management policies and the business portfolioThe Board of Directors should consider methods and approaches for effectively deliberating medium- to long-term management policies and the business portfolio.

[Representative opinions expressed in the survey and interviews]

・The Board of Directors should focus on its function of overseeing discussions on, and the execution of, overall strategies.

・The Board of Directors should enrich its discussions on selecting and focusing on businesses.

(Machinery)

## <Example 54: A case in which it is recognized that there is room for future improvement in the efforts to improve PBR>

In order to contribute to improving the functions of the Board of Directors as a whole, our Board of Directors, led by Independent Directors and independent outside auditors, conducted an evaluation of the effectiveness of the Board of Directors as a whole. On June 25, 2024, the Board of Directors released a summary of the evaluation in an announcement titled, "Summary of Results of Evaluation of the Effectiveness of the Board of Directors as a Whole," on our website and by utilizing TSE's voluntary disclosure system. The following is a summary of the released information.

・Overview of Analysis and Evaluation Results

As in the previous year, the evaluation reported by the Board of Independent Outside Officers to the Board of Directors was "generally good." The Board of Directors evaluated that the effectiveness of the Board of Directors as a whole is ensured in relation to approving important managerial matters and executing business operations.

For the following items, however, it was evaluated that there was room for improvement.

• Creating a system for tangibly advancing our entire construction group's long-term strategic management plan for improving PBR, and fostering and developing the group's ability and workforce to operate the system.

• Creating a follow-up system for steadily promoting DX and investing in human resource development, including actions to be taken with respect to the regulations limiting overtime work under the revised Labor Standards Act and measures to address labor shortages.

・Further clarifying the division of roles between the management council, our highest decision-making body, and the Board of Directors; further expediting the management council's execution of operations; and strengthening the Board of Directors' functions of setting the broad strategic directions for, and supervising the execution of, our management activities.

・Strengthening the system for preparing future corporate financial statements and improving, as well as strengthening the management of, the framework of the mechanisms for ensuring appropriate performance of duties within the internal control system, by taking seriously the disclaimer of opinion in the audit report issued by the independent auditor for our consolidated and non-consolidated financial statements.

(Construction industry)

<Example 55: A case in which agenda setting by the Board of Directors is an evaluation item>

To maintain and enhance the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members engage in analysis and evaluation of the Board's effectiveness through evaluation and several discussions. This is followed by the disclosure of overviews of the results. The effectiveness evaluation for fiscal 2023 and the overview of the results is as follows.

1. Evaluation method

(1) Target: All members of the Board of Directors (11) and all Audit & Supervisory Board members (5)
(2) Implementation method: (Omitted)
(3) Evaluation Items:
(i) Functions and roles of the Board of Directors
(ii) Composition of the Board of Directors
(iii) Agenda items
(iv) Content and Quality of discussions
(v) Provision of support and information
(vi) Advisory body to the Board of Directors
(vii) Fulfillment of roles of the Board chair
(viii) Fulfillment of roles of internal Directors
(ix) Fulfillment of roles of Outside Directors
(x) Self-evaluation
(xi) Expectations in Audit & Supervisory Board members
(xii) Comprehensive evaluation
(4) Third-party Assistance: We received advice and assistance from a third party (external consultant) mainly to determine the questions used in this questionnaire.

2. Overview of Analysis and Evaluation Results

Based on the results of the questionnaire, discussions were held by all Directors and Audit & Supervisory Board Members. We evaluated that the Board of Directors was functioning effectively overall, with the level of operations and performance of functions improving year by year through consistent efforts. The main topics of discussions and comments were as follows.

●Functions and roles that should be fulfilled by the Board of Directors

[Evaluation results] The current format that combines monitoring and management functions was evaluated as generally functioning effectively.

[Issues and future actions] The members exchanged opinions on the roles of the Company's Board of Directors, as well as on the anticipated roles of Outside Directors and those of Internal Directors who concurrently serve as executive officers. As a result of the discussions, the members decided to reconfirm the Board of Directors' functions and roles, which form the foundation for considering the ideal structure of the Board of Directors, through documentation and other means, and to further strengthen the supervisory function of the Board of Directors.

● Composition of the Board

[Evaluation results] The members evaluated that the current system had no major issues at present.

[Issues and future actions] With respect to the direction going forward, various opinions were expressed regarding the diversity and skills of Outside Directors, the composition of Outside/Internal Directors, and institutional design. The members decided to continue to consider the future ideal structure of the Board of Directors based on a review of the structure of the Management Council and the organization in April 2024, in addition to the ongoing discussions on the composition and structure of the Board of Directors.

● Setting the agenda for the Board of Directors

[Evaluation results] The members evaluated that the Board of Directors systematically discussed the agenda and that the agenda was being set properly.

[Issues and future actions] The members discussed a proposal for narrowing down the agenda items to those appropriate for discussion by the Board of Directors (i.e., expanding the scope of delegation to executive officers). Regarding the setting of the agenda for fiscal 2024 onwards, the following opinions were also expressed: (i) the focus should be shifted to company-wide strategies as opposed to individual business strategies; and (ii) taking into account the Company's current situation and the opinions of investors, the focus of discussion should be narrowed down to issues that should be particularly addressed in the medium-term management plan for the 3-year period starting from fiscal 2024, such as the company-wide growth strategy, reshuffling the business portfolio, and human resources training/education. The members decided to set agendas that would facilitate more effective discussions while taking into account these opinions in fiscal 2024.

● Results of initiatives implemented in fiscal 2023 to address issues identified in the effectiveness evaluation conducted in fiscal 2022

• With respect to the issue of deepening discussions on medium- to long-term management strategies by allocating more time to them, a total of four rounds of discussion on the next medium-term management plan took place during the Board of Directors' off-site meetings, starting with an initial plan formulation phase.

• In order to strengthen the supervisory function of the Board of Directors, changes were made to the management of projects, such as accelerating the timing of submitting proposals for the execution or disposal of an investment/loan

project to the Board of Directors from the time before consummation of the transaction to the time of commencement of full-scale review, depending on the nature of the project.

• With regard to sophistication of the support and information provided to Directors, a dedicated organization newly established in fiscal 2023 to support communication between the Board of Directors and executive officers has commenced operation. It was evaluated that improvements were seen in organizing issues on the agenda and in fine-tuning materials for discussion.

(Omitted)

(Wholesale trade)

## 1 - 6. Ensuring the credibility of audits

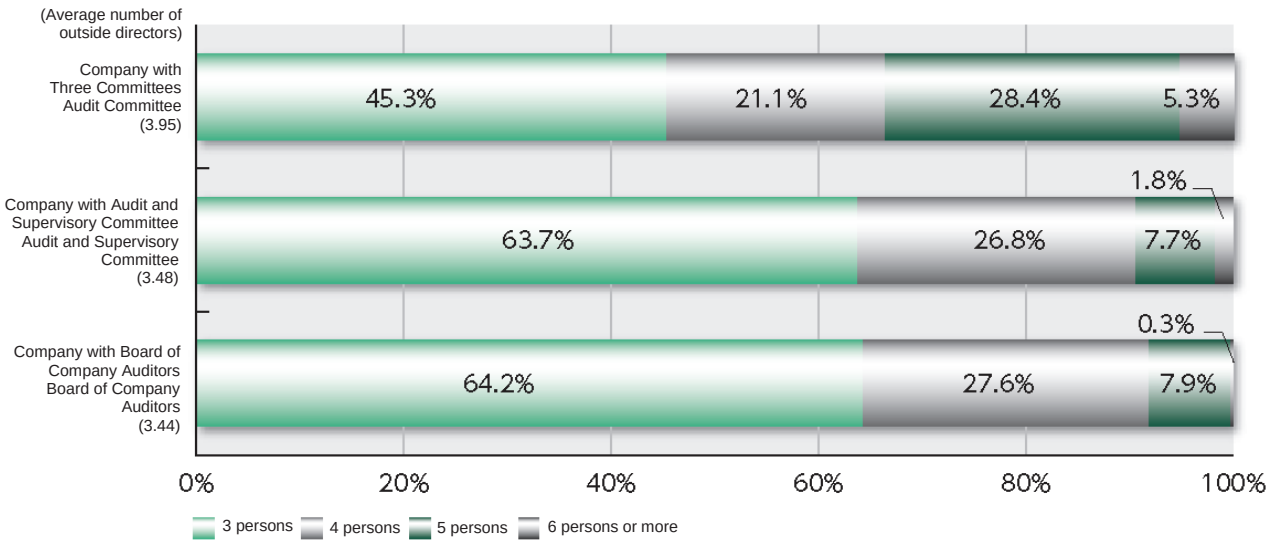
### 1 - 6 - 1. Structure of Audit Committee, Audit and Supervisory Committee, and Board of Company Auditors

"Chart 15 Organizational Form (by Market Segment)" and "Chart 16 Changes in Ratio of Adoption of Organizational Forms (TSE-listed companies)" show the status of Companies with Board of Company Auditors, Companies with Audit and Supervisory Committee, and Companies with Three Committees. In recent years many companies have shifted from Companies with Board of Company Auditors to a Company with Audit and Supervisory Committee.

#### (1) Number of Members of Audit Committee, Audit and Supervisory Committee, and Company Auditors Board

Chart 91 displays the number of members of Audit Committee, Audit and Supervisory Committee and Company Auditors Board. The average number of members of each committee is 3.95 for the Audit Committee, 3.48 for the Audit and Supervisory Committee, and 3.44 for the Board of Company Auditors. In all organizational forms, companies with 3 members account for the highest proportion.

**Chart 91 Number of Members of Audit Committee, Audit and Supervisory Committee, and Company Auditors Board**




#### (2) Ratio and number of inside officers and outside officers on Audit Committees, Audit and Supervisory Committees and Boards of Company Auditors

Chart 92 displays the ratio of inside officers and outside officers on Audit Committees, Audit and Supervisory Committees and Boards of Company Auditors.

Note that the inside officers displayed on the graph are inside directors on Audit Committees and Audit and Supervisory committees, and inside company auditors on Boards of Company Auditors. In the same manner, the outside officers are outside directors on Audit Committees and Audit and Supervisory Committees, and outside company auditors on Boards of Company Auditors.

About 80% of outside directors are from Companies with Three Committees and Companies with Audit and Supervisory Committee and about 70% of outside company auditors are from Companies with Board of Company Auditors.



**Chart 92 Ratio of Inside Officers and Outside Officers on Audit Committees, Audit and Supervisory Committees, and Boards of Company Auditors**

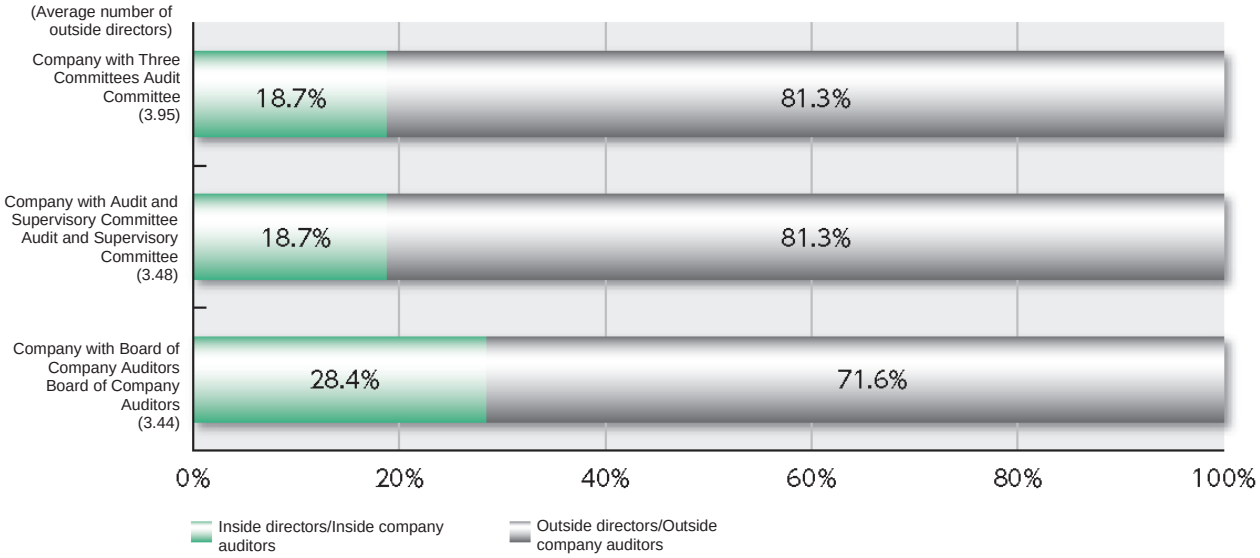



Chart 93 displays the number of inside officers (inside directors and inside company auditors) on Audit Committees, Audit and Supervisory Committees, and Boards of Company Auditors. For Audit Committees and Audit and Supervisory Committees, 37.9% of the companies have no internal directors, which is higher than for Boards of Company Auditors. For Audit and Supervisory Committees, committees with one inside director are most common (59.2%). As for Boards of Company Auditors, 74.8% of the companies have at least one inside company auditor.

**Chart 93 Number of Inside Officers on Audit Committees, Audit and Supervisory Committees and Boards of Company Auditors**

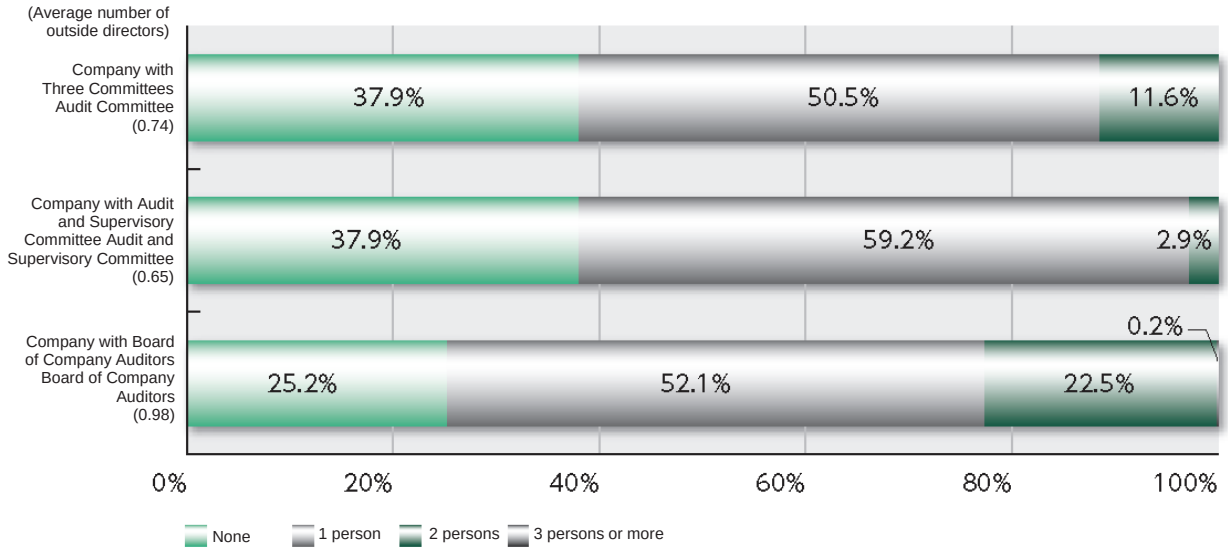
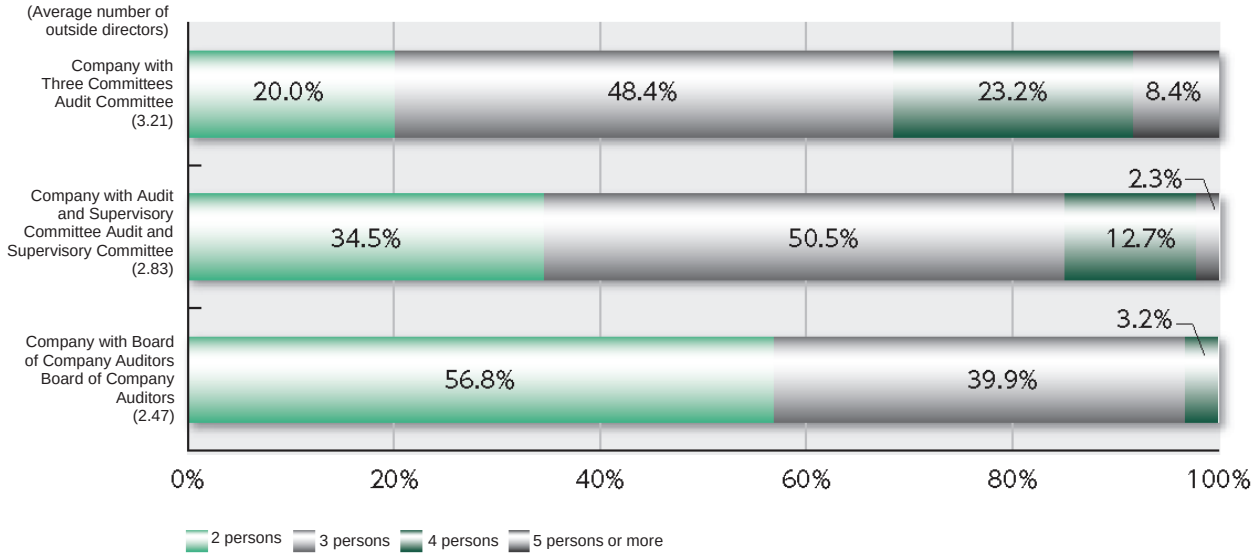


Chart 94 displays the number of outside officers (outside directors and outside company auditors) on Audit Committees, Audit and Supervisory Committees and Boards of Company Auditors. In either case, while the requirement is for there to be at least two outside officers, for Audit Committees of Companies with Three Committees, the majority of companies have at least three outside directors.

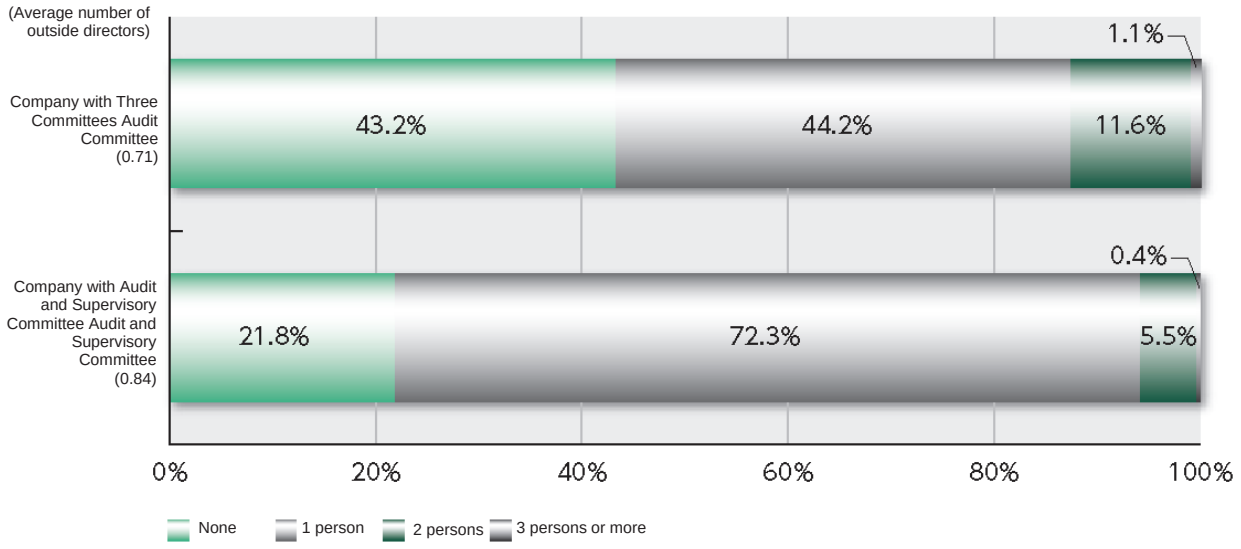
**Chart 94 Number of Outside Officers on Audit Committees, Audit and Supervisory Committees and Boards of Company Auditors**




### (3) Number of Full-time Members on Audit Committees, Supervisory Committees and Boards of Company Auditors

Chart 95 displays the number of full-time members on Audit Committees, Audit and Supervisory Committees and Boards of Company Auditors. The average number of full-time members on the Audit Committee was 0.71, 44.2% for companies with 1 employee and 43.2% for companies with 0 employees. The average number of full-time members on the Audit and Supervisory Committee was 0.84, and companies with one full-time member accounted for the highest portion at 72.3%. The Board of Company Auditors is required by law to have a full-time member, and this figure is not included here.

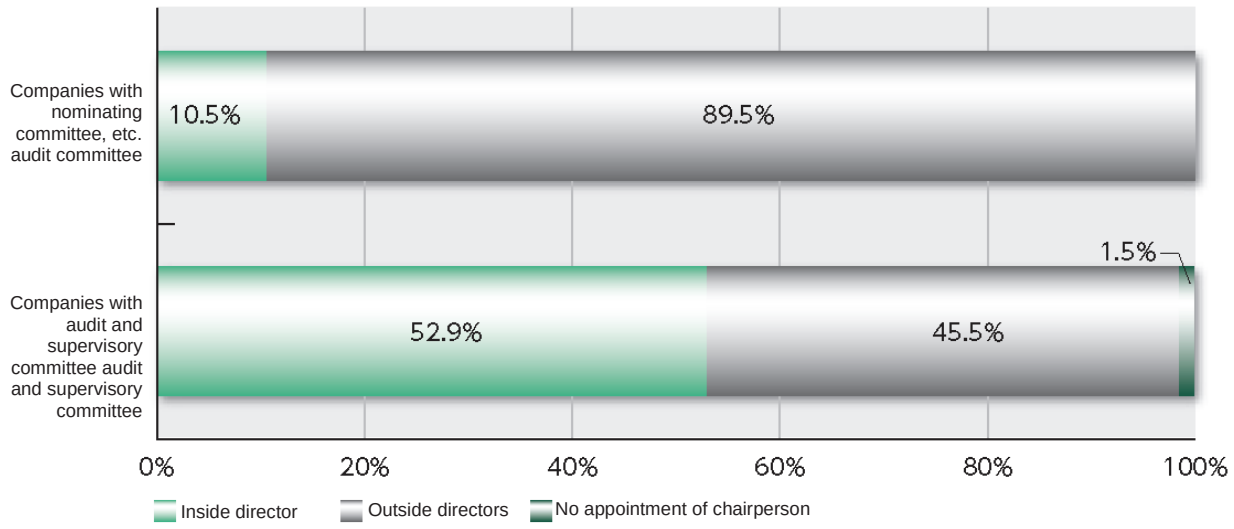
**Chart 95 Number of Full-time Members on Audit Committees and Audit and Supervisory Committees**




### (4) Attributes of chairpersons of Audit Committees and Audit and Supervisory Committees

Chart 96 displays the attributes of chairpersons of Audit Committees and Audit and Supervisory Committees. While many chairpersons are outside directors on Audit Committees (approximately 90%), for Audit and Supervisory Committees 52.9% of chairpersons are inside directors. In addition, for Audit and Supervisory Committees, 1.5% of companies do not designate a chairperson.

**Chart 96 Attributes of chairpersons of Audit Committees and Audit and Supervisory Committees**



### 1 - 6 - 2. Attributes of outside company auditors

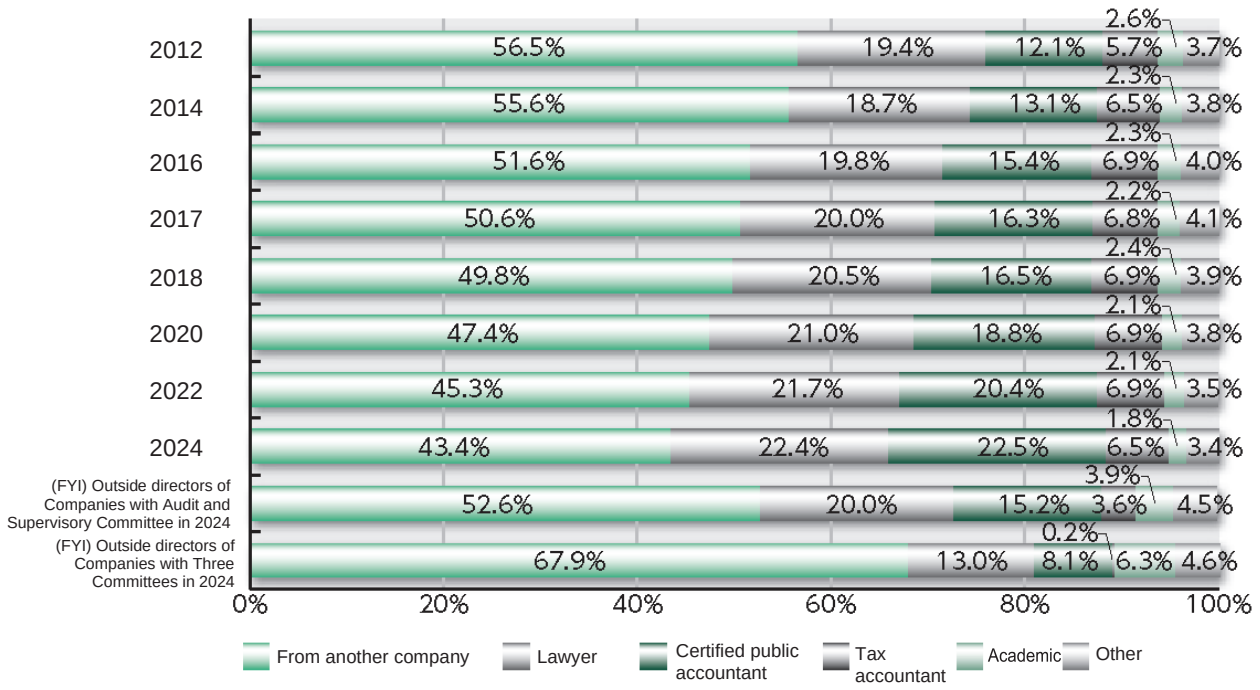
The CG Report requires companies to provide information on the number of outside company auditors appointed as ID/As. Among the total 5,211 outside company auditors appointed by 2,115 TSE-listed Companies with Board of Company Auditors, 4,526 (86.9%) company auditors were notified as ID/As.

In the same manner as the attributes of outside directors, the CG report requires listed companies to specify each outside company auditor's attribute by choosing one of the following: "from another company," "lawyer," "tax accountant," "academic," or "other."

In this regard, among all company auditors of TSE-listed companies with Board of Company Auditors, those "from another company" accounted for 43.4%, followed by "certified public accountants" (22.5%), "lawyers" (22.4%), "tax accountants" (6.5%), and "academics" (1.8%). (Chart 97).

Comparing the attributes of outside company auditors at Companies with Board of Company Auditors and outside directors at Companies with Audit and Supervisory Committee and Companies with Three Committees, the breakdowns by the attribute figures of outside directors at Companies with Audit and Supervisory Committee are close to those for Companies with Board of Company Auditors. This can be due in part to the fact that many outside company auditors are changed to outside directors when companies shift from a Company with Board of Company Auditor structure to a Company with Audit and Supervisory Committee structure.

**Chart 97 Attributes of outside company auditors**



### 1 - 6 - 3. Appropriate cooperation between company auditors, etc., accounting auditors, and internal audits (Supplementary Principle 4.13.3)

The CG Report requires companies to describe existing cooperation between their Audit Committee, Audit and Supervisory Committee or Board of Company Auditors and accounting auditors as well as the internal audit department. Chart 98 shows the ratio of companies that mentioned the keywords "audit planning,"[82] "cooperation/meeting,"[83] and "report."[84] The ratio of companies that mentioned "audit planning" is higher for Audit Committees than for Boards of Company Auditors or Audit and Supervisory Committees.

Looking at details of descriptions, the majority of companies stated that they held regular gatherings for exchanging opinions and information. Specific descriptions include attendance at site audits by accounting auditors and audit reviews, and receiving reports on audit plans, the focus of audits, progress of audits, internal control systems, risk management, etc. Some companies mentioned the number of meetings to exchange views with accounting auditors, and other companies mentioned discussions held on key audit matters (KAMs).

The June 2021 Code revision added the following to Supplementary Principle 4.13.3: "establishing a system in which the internal audit department appropriately reports directly to the board and the kansayaku [company auditor] board in order for them to fulfill their functions." However, disclosure on this point was limited in CG reports. Among companies that make disclosures on this point, there were some, for example the company in Example 56, where audit plans and audit results of the internal audit department are directly reported to the board of directors, as well as the company in Example 57, where a system is in place for reporting the results of the internal audit department directly to not only the president and representative director but also the Board of Directors, the Audit and Supervisory Committee and its members, and the company in Example 58, which states that the internal audit department reports to the Board of Directors and also cooperates and exchanges opinions with independent External Directors and Auditors. In this regard, the revision of the Cabinet Office Order on Disclosure of Corporate Affairs requires the disclosure of "efforts to ensure the effectiveness of internal audits" starting from securities reports for FYE March 2023, However, it has been pointed out that securities reports do not contain any statements about whether the companies have a system for the internal audit department to report directly to the board of directors.[85] Companies are expected to continue to take measures as appropriate according to their situation.

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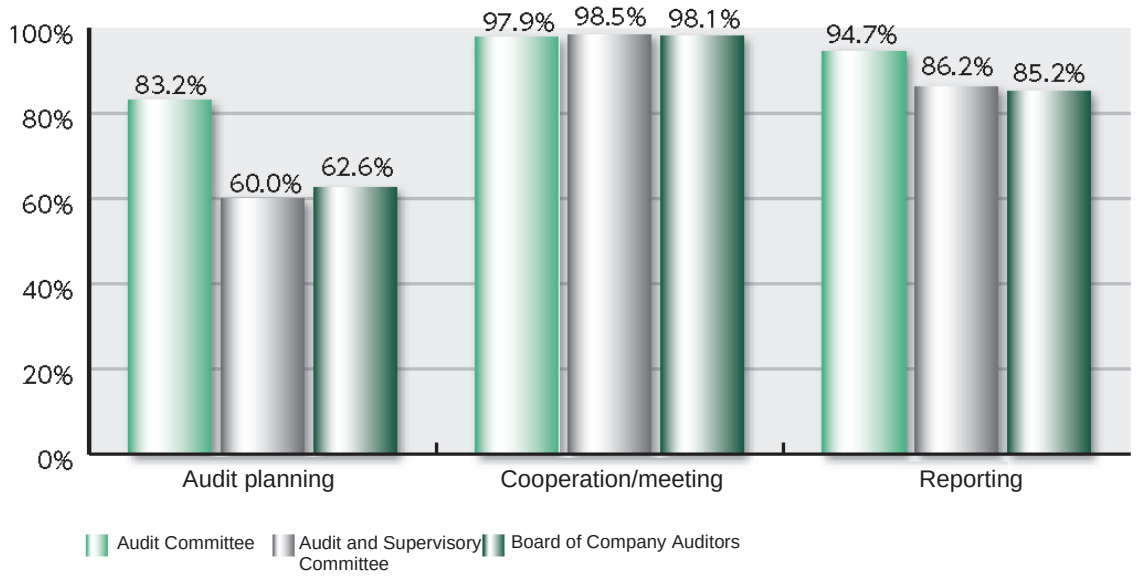
82 Reference to "audit planning" covers companies that mentioned one of the following keywords: "plan," "policy," or "regulation."

83 Reference to "cooperation" covers companies which mentioned one of the following keywords: "cooperation", "gathering", "regular", "exchange", "consultation" or "meeting."

84 Reference to "report" covers companies which mentioned one of the following keywords: "report", "result", "explanation", "verification" or "control".

85 Financial Services Agency, "FY2023 Results of Annual Securities Report Review and Key Points to Note Based on the Review Results, etc.," p. 35, https://www.fsa.go.jp/news/r5/sonota/20240329-9/01.pdf (in Japanese)

**Chart 98 Cooperation between Company Auditors, Accounting Auditors, and Internal Audit Department**




< Example 56: A clear statement that the internal audit department reports directly to the Board of Directors >

Since fiscal 2022, the internal audit plan for the current fiscal year and the internal audit results from the previous fiscal year have been reported at a meeting of the Board of Directors, in order to ensure cooperation between the internal audit department and Directors and Auditors. The Corporate Planning Department acts as a liaison between External Directors and External Auditors.

(Machinery)

<Example 57: Building a system for reporting internal audit results directly to the board and the Audit and Supervisory Committee>

The members of the Audit and Supervisory Committee receive explanations on accounting audit plans, systems, etc., from the accounting auditors to discuss. They also receive periodic reports on audits and exchange opinions, etc., to execute their audit duties in close cooperation. The Audit Department, which is the Company's internal audit unit, has a system in place for conducting audits completely independent of other administrative or operational departments, as a direct report to the President and Representative Director, and reporting directly to the President and Representative Director, the Board of Directors, Audit and Supervisory Committee, and the members of the Audit and Supervisory Committee on the status of audits and corrective measures. The full-time members of the Audit and Supervisory Committee meet the Audit Department once a month, in principle, and also hold a three-way audit information exchange meeting, including the Accounting Auditor, on a quarterly basis to share the details of audits and issues identified with one another, and report the content to the Audit and Supervisory Committee. In addition, the General Manager of the Audit Department holds a close exchange of information on a quarterly basis at the Audit and Supervisory Committee meeting, where they report on the status of internal audits and their results/findings.

(Service industry)

< Example 58: Clear statements that the Internal Audit Department reports to the Board of Directors and cooperates with Independent Directors and Audit & Supervisory Board Members >

■Ensuring Cooperation with the Internal Audit Department

In order for directors to fulfill their roles and responsibilities effectively, the Internal Auditing Division is independent of the business execution divisions of the Company and maintains two reporting channels: the Representative Director and CEO, and the Board of Directors. The Internal Auditing Division consists of 13 members and operates with a total of 20 persons, including 7 internal auditors from major Group companies.

The Internal Auditing Division makes regular reports to the Board of Directors four times a year and issues an annual summary report to the Board of Directors. In addition, an annual audit plan is formulated on a risk-based basis and is reported to the Board of Directors. Furthermore, through the Liaison Committee of Independent Directors and Audit & Supervisory Board Members, views on priority management issues are exchanged with Outside Directors and Audit & Supervisory Board Members.

(Foods)

# 2. Management that is conscious of cost of capital and stock price

Corporate governance reforms in our country are intended to promote sustainable corporate growth and corporate value enhancement in the medium to long term through encouraging decisive business decisions by management. However, it seems that many companies still do not make decisive decisions in response to changes in their business environment, while some companies are committed to governance reforms to improve their corporate value. As some have noted, for instance, Japanese companies do not necessarily review their business portfolios enough, but as others have noted, this is because management still is not fully aware of the cost of capital.

In light of these observations and in order to clarify that making decisive business decisions on business portfolio reviews, etc., is important, and that to make such decisions, own cost of capital should be captured properly, we added the description of the "cost of capital" in Principles 1.4 and 5.2 at the 2018 Code revision. Furthermore, based on discussions on the market restructuring that were held at follow-up meetings, TSE made a request in March 2023 for promotion of "management that is conscious of cost of capital and stock price."

This chapter provides an overview of efforts by listed companies on capital cost- and stock price-conscious management, business portfolio strategies, and cross-shareholdings.

## 2 - 1. Management awareness of cost of capital and stock price

The objective of corporate governance reform is to achieve sustainable corporate growth and medium- and long-term corporate value. However, in order to realize this objective, it is necessary to be decisive in making management decisions, including reviews of the business portfolio and allocation of management resources (for example, capital spending, R&D and human resource investment), based on a clear understanding of the company's capital costs.

Management based on the cost of capital and stock price is also a key area of interest for institutional investors. The Life Insurance Association of Japan, an industry group of life insurance companies that is a leading long-term investor in Japan, calls on listed companies to "set ROE targets based on analysis and evaluation of cost of capital and capital profitability and target higher ROE levels"[86] in its report on initiatives to reinvigorate the equity market and achieve a sustainable society.

One of the reasons why the management of listed companies are now more conscious of capital efficiency indicators, such as ROE, is that ISS, a major proxy advisory company, has had a policy of voting against proposed appointments for top management positions in companies with low ROE (5-year average and most recent ROE of less than 5%) at general shareholder meetings since February 2015.[87] Since then, major institutional investors in Japan have regularly laid down ROE criteria for proposed directors' appointments, and listed companies in Japan have become more conscious of the importance of improving capital efficiency by setting ROE-based management objectives, for example in their medium-term management plans.

In the 2018 Code revision, the concept of "cost of capital" was specified because of concern that many Japanese companies did not make decisive business decisions in response to changes in the business environment, and that business portfolio reviews and management's awareness of the cost of capital were inadequate, while there was a perception gap between investors and companies about whether companies produced returns greater than their cost of capital. Specifically, Principle 1.4 calls for in-depth review on whether benefits and risks associated with cross-shareholdings match the cost of capital. Principle 5.2 requires the following four points: (1) capturing own cost of capital accurately; (2) presenting basic policies on earnings plans and capital policy; (3) presenting targets for profitability, capital efficiency, etc.; and (4) presenting clear explanations to shareholders in easy-to-understand language and logic about specific actions the company will perform on its business portfolio reviews, management resource allocation including capital investments, R&D investments, and human capital investments, to achieve its goals. Furthermore, at the time of the 2021 Code revision, when the environment surrounding companies changed even faster due to the COVID-19 pandemic amid growing uncertainty, Supplementary Principle 5.2.1 was created, which requires companies to disclose basic policies on their business portfolios and the status of their reviews in an easy-to-understand manner, with an eye on increasing needs for management resource allocation including business portfolio reviews based on the cost of capital by business segment.

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86 The Life Insurance Association of Japan "Initiatives by Life Insurers to Reinvigorate the Equity Market and Achieve a Sustainable Society through Asset Management," p. 4, April 2024

87 In view of the COVID-19 impact, ISS suspended the application of the ROE standard from June 2020, and then resumed it from February 2024.

In addition, in March 2023, TSE requested all companies listed on the Prime Market and Standard Market to promote “management that is conscious of cost of capital and stock price.”[88] This request was triggered by the market restructuring implemented in April 2022. The market restructuring was implemented with the aim of achieving the sustainable growth of listed companies and increasing their medium- to long-term corporate value, and thereby increasing the attractiveness of the Japanese market to a wide variety of investors in Japan and abroad. Discussions towards increasing the effectiveness of the market restructuring have continued mainly at meetings of the Council of Experts Concerning the Follow-up of Market Restructuring. In the course of these discussions, TSE focused on the fact that currently PBRs and ROEs are at lower levels in the Japanese market than in the U.S. and European markets. The request was made based on the recognition that, in the Corporate Governance Code, the aforementioned principles related to cost of capital have been introduced, and, with more than 90% of companies listed on the Prime Market complying with those principles, it is important to ensure the effectiveness of such efforts. This request is intended to encourage listed companies to understand the perspectives of shareholders and investors who focus on medium- to long-term corporate value and to engage in corporate management with such perspectives in mind. It requests these companies to undergo the following process every year: (1) analyzing the current situation (determining and evaluating their cost of capital, capital profitability, and market valuation); (2) formulating and disclosing plans (considering and formulating policies and specific actions for improvement, and disclosing them to investors together with the evaluation of the current situation); and (3) taking the actions (promoting management that is conscious of cost of capital and stock price and engaging in active dialogue with investors). This process focuses not only on actions to be taken by finance, IR, and other departments but also on discussions and consideration by the board of directors and management.

Chart 99 shows changes in the number of companies that have made disclosures in response to the request for promoting “management that is conscious of cost of capital and share price,” as a result of TSE’s actions described above. As of the end of December 2024, 90% of companies in the Prime Market and 48% of companies in the Standard Market had made disclosures (when companies considering disclosures are excluded, 84% of companies in the Prime Market and 36% of companies in the Standard Market). Many listed companies, mainly those in the Prime Market, are considering and disclosing their initiatives. On the other hand, market participants, including institutional investors, have pointed out that these companies’ responses are bipolar or tripolar, with differences in responses between companies that actively make disclosures and those that do not, or even between companies that do make disclosure. In August 2024, TSE announced its future policies and specific measures to further promote and support the initiatives of listed companies.[89] Based on the feedback from a wide variety of market participants who exchanged opinions at the time, these companies can be broadly divided into three groups in terms of their response, as shown in Chart 100. Specifically, the three groups of companies are (1) "Companies that autonomously pursue initiatives," which establish effective initiatives, actively engage in dialogue with investors, and fine-tune their initiatives; (2) "Companies that are expected to improve in the future," even though they have disclosed their

88 https://www.jpx.co.jp/english/equities/follow-up/uorii50000004sse-att/uorii50000004tcv.pdf
89 https://www.jpx.co.jp/english/news/1020/20240830-01.html

initiatives; and (3) "Companies that have not disclosed their initiatives" yet, in spite of approximately two years having passed since the request. Among these groups of companies, companies in group (2) are likely to have some issues, such as their initiatives are out of step with investors' perspectives or they fail to engage in sufficient communication with investors. However, in the Prime Market, companies in group (2) are expected to constitute the majority. In order to increase the value of the Japanese market as a whole, we believe it is important to take measures to promote and support the initiatives of companies in group (2), from which investors expect improvement.

**Chart 99 Status of Disclosure as of the End of December 2024**

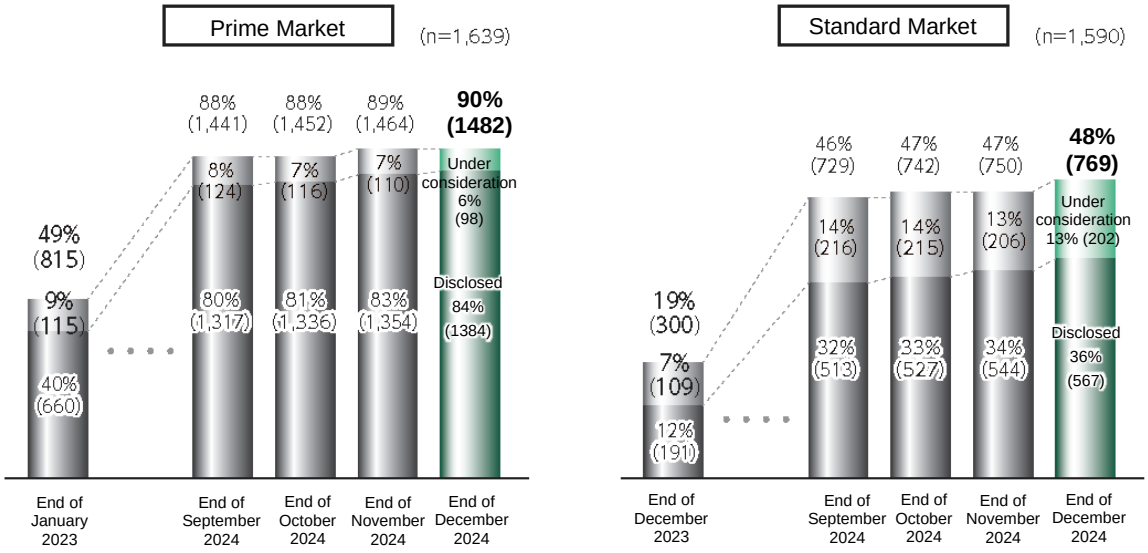
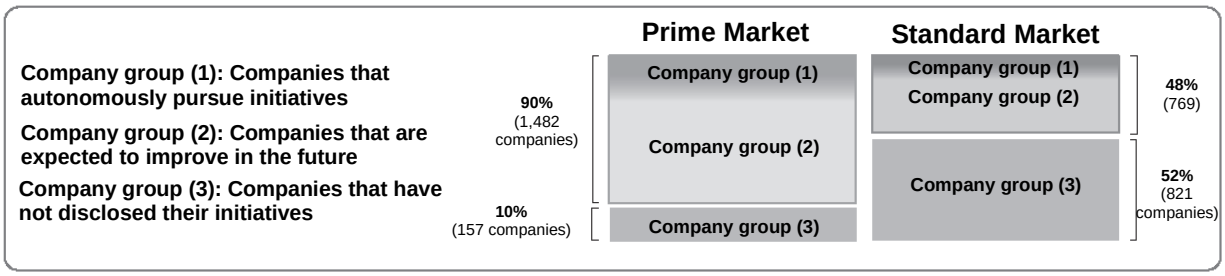



**Chart 100 Schematic Image of the Status of Initiatives by Companies (number of companies as of the end of December 2024)**



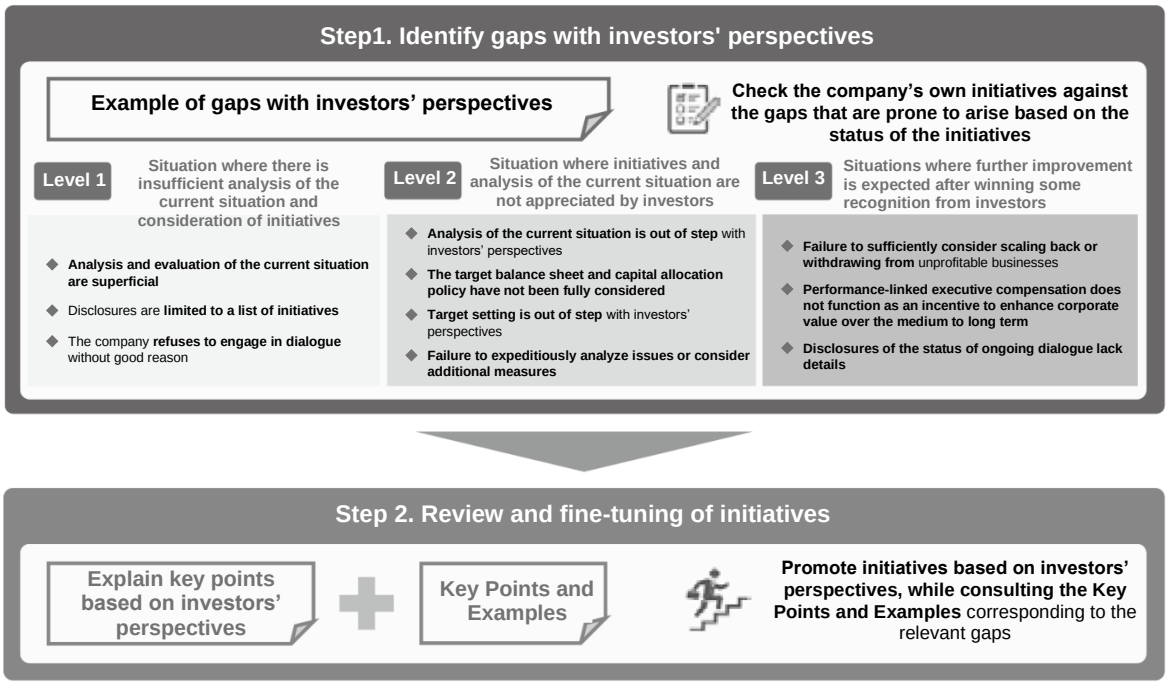

Under the circumstances, in February 2024, TSE published "Key Points and Examples of Actions Based on Investors' Perspectives" ("Key Points and Examples") to serve as a reference for consideration by listed companies. The published document is based on interviews with approximately 100 investor companies in Japan and abroad, consisting mainly of active funds that focus on medium- to long-term enhancement of corporate value. The document summarizes the key points of actions expected by investors and examples of actions that are in accordance with these key points and considered satisfactory to investors. In addition, in November 2024, TSE published

“Examples of Gaps with Investors’ Perspective”[90] (“Gap Examples”) as a material to be considered in resolving the gap with investors’ perspectives. The Gap Examples summarizes 10 points that institutional investors often mention to Japanese companies, such as the specific aspects that lead to gaps with investors' perspectives, and how to bridge such gaps. Chart 101 shows how to use the Key Points and Examples. This document is intended to be used as follows. First, the user company should check its initiatives against the gaps that are prone to arise based on the status of its initiatives. If there are any gaps, the Key Points and Examples corresponding to the gaps should be referred to for examples of initiatives and disclosures that are highly rated by institutional investors, to help the company to review and fine-tune its initiatives.

Approximately two years have passed since the request for actions was made in March 2023. A remarkable trend is seen in Chart 102, which shows changes in the stock price according to the status of company response. This graph compares changes in the stock price of companies listed on the Prime Market by classifying them into 4 groups, with a value of 100 assigned to the stock price as of the end of March 2023. The first group from the top consists of companies that are highly rated by investors and are listed in the Key Points and Examples. The second group consists of companies that have already disclosed their initiatives. Companies in the third group are considering disclosure. The fourth group consists of companies that have not disclosed their initiatives. A company’s stock price fluctuates due to various factors, and does not rise simply as a result of disclosing its initiatives. However, stock prices of companies that have disclosed their initiatives are relatively higher than those of companies that have not. In particular, stock prices of companies whose initiatives are highly rated by investors have hovered at record levels. It can be interpreted that disclosures that would bridge the information asymmetry between companies and investors lead to a reduction in cost of capital, and that companies whose initiatives for future growth are evaluated to be in agreement with investors' perspectives are characterized by strong expectations for future growth, which is reflected in their stock prices. As an environment is being constructed where the market and investors thoroughly evaluate the promotion of initiatives aligned with investors’ perspectives, we hope that the gap examples document and the key points and examples document will be utilized by listed companies and other market participants to help bridge the gaps between the perspectives of companies and those of investors.

[90] https://www.jpx.co.jp/english/news/1020/20241121-01.html

## Chart 101 How to Use the Key Points and Examples




(Source) Tokyo Stock Exchange, "TSE Has Published "Cases Where Companies Are Not Aligned With Investors' Perspectives" etc. in Regard to Management that is Conscious of Cost of Capital and Stock Price" Document 1: How to use Points and Case Studies, November 2024

## Chart 102 Changes in Stock Price (Prime Market)

* Changes in stock price were estimated for each group by assigning a value of 100 to the stock price as of March 31, 2023 (with equal weight)
* The status of disclosure is as of September 30, 2024.

(Source) Tokyo Stock Exchange, "TSE Has Published "Cases Where Companies Are Not Aligned With Investors' Perspectives" etc. in Regard to Management that is Conscious of Cost of Capital and Stock Price" Document 6: Reference material (Stock Prices After the Request), November 2024

**[Column 8] Practical Guidelines for Business Transformations**

Amid dramatic changes in management environments, if Japanese companies intend to achieve sustainable growth they must concentrate their management resources in efforts to enhance core businesses or to invest in growth businesses. In this respect, Japanese companies should urgently review their business portfolios and practice business transformations accordingly. Nevertheless, most Japanese companies, while having a raised awareness of the need to review business portfolios, have been less active in divestments compared with mergers and acquisitions (M&A). This indicates a situation where Japanese companies are not always assessing their business portfolios in a sufficient manner. In light of these situations, the Interim Report on the Formulation of the New Action Plan of the Growth Strategy, compiled by the Future Investment Council on December 19, 2019, showed future directions where “Japan should compile guidelines concerning ideal approaches to enhancing the supervisory role of boards of directors as an effort in encouraging Japanese companies to carry out their business transformations, including spin-off businesses, to improve corporate value.” In response to this, the Business Restructuring Study Group established at the Ministry of Economy, Trade and Industry formulated and published the "Practical Guidelines for Business Restructuring: Toward Business Portfolio and Organizational Change" in July 2020, based on discussions at the meeting.[91]

Based on the assumption of discussions on business portfolio management as set forth in the "Practical Guidelines for Group Governance Systems" (published on June 28, 2019; See Column 24, Practical Guidelines for Group Governance Systems (Group Guidelines)), the foregoing Guidelines, with a particular focus on business restructuring, set out appropriate incentives for management, supervisory functions to be performed by the board, addressing engagement with investors, and the building and disclosure of business assessment mechanisms, while showing practical devices for the smooth execution of business segmentation, as best practices. The Guidelines are expected to be for “companies seeking sustainable growth in global competitions,” which are intended users, to practice appropriate business portfolio management, as well as to be referenced and used in engagement activities or the exercise of voting rights on proposed election of directors, etc., by institutional investors.

**[Column 9] Ito Review/Ito Review 2.0**

Reflecting on the past financial crises, there have been international discussions, particularly in Europe and the United States, on the correction of short-termism of investors and companies, the strengthening of corporate governance, as well as dialogue (or engagement) between companies and investors, revisiting the practice of corporate disclosure and reporting, and such. Meanwhile, in Japan, based on the recognition that the challenge for future growth is to create a virtuous cycle, in which companies can firmly establish their medium to long-term profit structures and also earn sustainable profits in the capital market through such investments in them, the results of discussions held in the "Competitiveness and Incentives for Sustainable Growth: Building Desirable Relationships between Companies and Investors" project, which was set up by the Ministry of Economy, Trade and Industry,

[91] https://www.meti.go.jp/policy/economy/keiei_innovation/keizaihousei/corporategovernance/guideline.html (in Japanese)

were compiled and published as the “Final Report (Ito Review)”[92] in August 2014. The Review suggests: "In dialogue with global investors, the minimum line should be ROE at above 8%, and a higher level should be pursued," which seems to lead to a certain degree of awareness among listed companies in Japan of the 8% threshold as one of the indicators for ROE.

After the Review was published, the volume zone of ROE among companies listed on the former TSE First Section rose from 2.5% ~ 5% in 2014 to 5% ~ 7.5% in 2016. The challenge was to redirect this trend steadily into sustainable corporate growth and establish a cycle of long-term investments generating profits. On the other hand, some noted that increased attention on profitability through corporate governance reforms might make it harder for companies to make medium to long-term strategic investments, which could weigh on profits in the short term. In addition, global institutional investors that take a long-term stance began to emphasize non-financial information on "ESG (environment, society and governance)" as an indicator for evaluating companies; such moves include the Government Pension Investment Fund (GPIF) signing the United Nations Principles for Responsible Investment (PRI).

Given a chain of these developments, the Ministry of Economy, Trade and Industry set up the “study group on long-term investment for sustainable growth (investments in ESG/intangible assets),” which published, after new discussions, the "Guidance on Integrated Disclosure and Dialogue for Collaborative Value Creation: ESG/Non-Financial Information and Investments in Intangible Assets (Guidance for Collaborative Value Creation)" in May 2017 and the "Ito Review 2.0 ("Study Group on Long-Term Investment for Sustainable Growth (investments in ESG/intangible assets" Report)"[93] in October 2017.

Subsequently in August 2022, the Ministry of Economy, Trade and Industry issued the Ito Review 3.0 (Ito Review SX Edition) and the Guidance on Value Creation 2.0, which will be discussed later in Column (12), Ito Review 3.0 (Ito Review SX Edition) and Guidance on Value Creation 2.0, in "3.2 Disclosure of sustainability initiatives."



92 https://www.meti.go.jp/policy/economy/keiei_innovation/kigyoukaikei/ito_review__released_august2014_en.pdf
93 https://www.meti.go.jp/policy/economy/keiei_innovation/kigyoukaikei/itoreport2.0.pdf (in Japanese)

## 2 - 2. Business portfolio strategy (Supplementary Principles 4.2.2 and 5.2.1)

In addition to Principle 5.2 and Supplementary Principle 5.2.1 described above in 2-1, Supplementary Principle 4.2.2 was created when the Code was revised in 2021, stating: " in light of the importance of investments in human capital and intellectual property, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company." These Principles specify that the role of the board is to conduct periodic reviews and effective supervision of business portfolios.

Supplementary Principle 5.2.1 is not positioned as a principle to be disclosed, but some companies proactively and voluntarily disclose their efforts. For example, in < Example 59 >, the company discloses that it has reviewed its business portfolio due to a decline in profitability. In < Example 60 >, the company defines strengthening its business portfolio strategy as a pillar of its medium-term management plan, and discloses in detail how the company has been addressing the matter. Furthermore, in < Example 61 >, the company states that it manages its business portfolio from the perspective of balance sheet control.In < Example 62 >, the company reviews and evaluates its business portfolios with the two axes of "ROIC-based profitability" and "growth potential measured by sales growth rate," which are KPIs under the medium-term management plan, as well as takes account of ROIC and internal carbon prices when making capital investment decisions.

< Example 59: A clear statement that the business portfolio was reviewed >

We have two main businesses, a pump business and an electronic component business. Our business portfolio policy is determined comprehensively by the Board of Directors from both a quantitative perspective, such as whether the capital efficiency of the business exceeds the cost of capital, and a qualitative perspective, such as the growth potential, profitability, and social significance of the business.

Based on these considerations, we have decided to suspend the electronic component business at the end of December 2024, due to its declining profitability in recent years and its limited synergies with our mainstay pump business.

(Machinery)

< Example 60: Detailed descriptions about the company's portfolio management practices >

The Company's Directors and Executive Officers set specific medium-term management targets (our financial targets for fiscal 2025 are consolidated revenue of 5 trillion yen +, an operating profit margin of 8% +, ROE of 9%, and cash generation of 3.3 trillion yen over a five-year period) under the ●● Group's Basic Policies on Management, taking into account the relationship between calculated and identified capital costs and the results of the analysis of current situation.

In its Medium-Term Management Plan for fiscal 2025, the Group has listed strengthening its business portfolio strategy as one of the primary focuses. The Group will focus more than ever on the profitability and asset efficiency (including ROIC) with a constant focus on generating profits that exceed the cost of capital. Specifically, the Company has classified its businesses according to their characteristics into Key Growth Businesses (high profitability & asset efficiency and high growth potential), Resilient Businesses (high profitability & asset efficiency but low growth potential), Potential Businesses/New Businesses (low profitability & asset efficiency but high growth potential), and Value Recapturing Businesses (low profitability & asset efficiency and low growth potential). If any Value Recapturing Businesses can add new value, the Company will aim to convert them into Resilient Businesses. As for businesses that are deemed to have issues and whose profitability and other factors fall below a certain level, the Company will consider withdrawing from or selling them and shifting resources to the Key Growth Businesses. The Company has also strategically allocated resources to the Potential Businesses/New Businesses in order to transform them into the next Key Growth Business. Also, the Company aims to strengthen our business portfolio and achieve our management targets by allocating investment appropriately to areas such as capital investment, research and development, human resources, and intellectual property.

In addition, to enhance shareholder values, the Company will monitor Total Shareholder Return (TSR), which includes dividends and share price fluctuations, and strive for company management with an awareness of share price.

Purpose, Corporate Strategy, Management Plan, and specific management targets, etc., through Integrated Reports, various presentations including IR Day, and the Company's website.
Integrated Report: https://www.●●●
"IR DAY": https://www.●●●
(Electrical appliances)

### < Example 61: A case in which the company describes its business portfolio management from the perspective of balance sheet control >

Now that the Group's corporate structure going forward has been determined through the group reorganization, the Company has embarked on the implementation of a three-year growth plan from the fiscal year ended March 31, 2024, to the fiscal year ending March 31, 2026. This plan emphasizes not only profit growth through business expansion but also initiatives to enhance corporate value through active balance sheet management. Specifically, as in the past, the Company aims to increase ROIC from 9% in the fiscal year ended March 31, 2023, to 13% in the fiscal year ending March 31, 2026, by accumulating high profit generating assets, such as LP gas and IT-related assets, without significantly increasing the overall asset size. Concurrently, the Company will review the optimal capital structure on the capital procurement side, reducing the capital-to-asset ratio from 48% in the fiscal year ended March 31, 2023, to 40% in the fiscal year ending March 31, 2026, aiming for an ROE of 22% in the fiscal year ending March 31, 2026.
Regarding the allocation of acquired cash flows, the Company places equal importance on returning high levels of value to all its shareholders and investing in high profit generating assets, striving to balance both aspects. Over the three-year period from the fiscal year ended March 2024 to the fiscal year ending March 2026, the Company anticipates cash inflow of 86 billion yen through cash-in (acquired cash from operating cash flows and increased borrowings). From this cash, the Company plans to allocate 38.5 billion yen to growth investments and 47.5 billion yen for shareholder returns. In the first year, the fiscal year ended March 31, 2024, the Company made progress generally in line with its plan. Cash inflows were 30 billion yen, cash outflows were 24.5 billion yen (including 11.4 billion yen for investments and 13.1 billion yen for shareholder returns), and the Company increased its cash on hand by 5.5 billion yen to prepare for investments in and after the fiscal year ending March 31, 2025.
The Board of Directors is responsible for overseeing the allocation of management resources and the implementation of strategies related to the business portfolio (*The details are disclosed in the Integrated Report and other documents). At least every results announcement (quarterly), the Board of Directors discusses the allocation of management resources and the status of business investments and portfolios, and the Company discloses the details of these discussions in its Earnings Summary Supplemental Disclosure.
・Earnings Summary Supplemental Disclosure https://www.●●●
・Integrated Report 2023, p. 23 - 26 https://www.●●●
(Retail Trade)

### <Example 62: A case of a company implementing ROIC management and an evaluation using the ESG perspective, in addition to disclosing the status of business portfolio reviews>

(Basic policy on business portfolios)
We desire to be a company that offers new value to society using its unique ceramic technology. To review business portfolios, we conduct a careful examination based on the two axes of profitability (ROIC ●● version) and growth potential (sales growth rate) through a semi-annual budgeting process for each product's single year plans and mid-term management plans.By applying business assets (accounts receivable, inventories, and fixed assets) instead of invested capital, and operating income instead of profit after tax, the ●● version of ROIC is intended to be directly linked to a business unit's performance and enable the business unit to manage its own targets. To create new products and businesses, we place a high priority on being highly competitive in the global market, where no other companies could easily catch up with us because of our unique materials and production technologies, and thus it takes a relatively long time to develop and launch a new product and contribute to earnings. Our businesses also belong to a highly capital intensive-process industry, which means they are highly profitable but tend to have low asset turnover. Aside from considering the allocation of management resources to core businesses and business groups that are expected to grow in the future, the Board of Directors supervises businesses classified into low-growth/low-profit businesses as key managerial matters, by assessing their future business continuity in terms of numbers based on the single-year and medium-term management plans and discussing their growth potential and profitability from a long-term perspective at individual strategy meetings. We will make decisions on R&D focus areas and development investments in individual items in line with the ●● Group Vision. We will also decide capital investments by making value assessments from an ESG point of view using the ROIC ●● version and Internal Carbon Pricing (ICP), which was introduced in FY2022, as well as the payback period for individual investments.

< Status of business portfolio reviews >
The Board of Directors receives a report on biaxial assessments of profitability (ROIC ●● version) and growth potential (sales growth rate), on a regular basis. For low-growth/low-profit-classified businesses, their growth potential, profitability, etc., from a long-term perspective are discussed at a strategy meeting and other meetings.
(Glass, earth and stone products)

## 2 - 3. Cross-shareholdings (Principle 1.4)

In the past, there have been concerns that the presence of stable shareholders (who are expected to support company management) could lead to a lack of management discipline, and that cross-shareholdings are risk assets on company balance sheets that are not proactively used and therefore inefficient in terms of capital management. In light of these concerns, Principle 1.4 requires (1) companies to disclose their policies on cross-shareholdings, including policies and approaches to reducing these; and (2) the Board to examine whether the purpose of each individual cross-shareholding is appropriate and whether the benefits of the holding are commensurate with the risks and cost of capital, and disclose its findings. Furthermore, the Principle requires companies to (3) formulate/disclose specific criteria concerning the exercise of voting rights in relation to cross-shareholdings, and to take steps in accordance with these criteria.

In addition, the June 2018 "Report by the Working Group on Corporate Disclosure of the Financial System Council - Realizing a Virtuous Circle in the Capital Markets"[94] pointed out that the disclosure of the purpose of cross-shareholdings is limited to a standardized and abstract description, and that this does not allow verifying the rationality and effectiveness of the holding, expressing the opinion that detailed disclosure of the purpose, effectiveness and rationality of the holding would be required. Accordingly, disclosure related to cross-shareholdings in securities reports is being expanded in securities reports for FYE March 2019 and beyond. Specifically, the new rules require disclosure of (1) criteria and approach employed to determine pure investment and cross-shareholding categories; (2) policy for cross-shareholdings and method for verifying their rationality; (3) details of verification by the board, etc. of the appropriateness of the holdings; (4) the reasons for any increase in the number of shares held; and (5) the purpose and effect of holding individual stocks (specific descriptions, including quantitative holding effects). Furthermore, (6) the scope of disclosure of individual stocks has been expanded from 30 stocks to 60 stocks. In addition, in November 2019 and March 2021, the opinions of investors and analysts were compiled, and examples of key points for good disclosure expected by investors regarding cross-shareholdings were published[95] [96] Chart 103).

In addition, the “Report of the Working Group on Corporate Disclosure - Toward the Creation of a Capital Market That Will Contribute to Medium- and Long-Term Enhancement in Corporate Value”[97] published by the Financial System Council in June 2022 recommended, based on the 2018 revision of the Code, that it was desirable for companies to provide information that would enable them to have constructive dialogue with investors on the legitimacy of cross-shareholdings, and that listed companies should disclose in their annual securities reports any business alliance or similar relationships with the issuers of cross-shareholdings held by them. It has also been noted that some listed companies categorize their cross-shareholdings as shares for "pure investment purposes" and do not disclose them as cross-shareholdings. In light of this situation, listed companies are newly

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94 https://www.fsa.go.jp/en/refer/councils/singie_kinyu/20180927.html

95 https://www.fsa.go.jp/news/r2/singi/20210322/03.pdf (in Japanese)

96 In view of the opinion that there is a wide gap between good disclosure from the perspective of investors and actual disclosures made, the key points for good disclosure were published in November 2019. While we found some cases that were in line with the key points for good disclosure, we received the opinion that there still was a wide gap between investors' expectations and the actual disclosures made in annual securities reports for FYE March 2020. In response, the key points for good disclosure were updated in March 2021.

97 https://www.fsa.go.jp/singi/singi_kinyu/tosin/20220613.html (in Japanese)

required to disclose, in their annual securities reports for FYE March 2023 and beyond, any business transactions or business alliance relationships with the issuers of cross-shareholdings held by them.

### Chart 103 Key points for good disclosure as expected by investors (FSA)

| Large category | Item | Key points |
|---|---|---|
| Overall cross-shareholdings | Cross-shareholding policy | • Specifically describe how the company takes advantage of holdings in light of its management strategy, e.g., to use know-how/license of the investee company (it is not sufficient to merely describe "considered benefits of holdings in light of the management strategy")<br>• Set and disclose the maximum limit of cross-shareholdings (it is important to take a viewpoint of how shareholders' equity is utilized, and it is, therefore, desirable to assess the size of shareholdings compared to shareholders' equity instead of total assets)<br>• Describe the policy for selling cross-shareholdings, if any<br>• Provide indicators for judgments on selling such shares, if any |
| | Method of verifying rationality of cross-shareholdings | Not limited to the verification in terms of the market value (unrealized gain) and dividends, specifically describe the degree of contribution to earning business revenue, in a similar manner to business investments<br>e.g., The size of business transactions increased by more than x% compared to the average in x years; ROE or RORA increased by x%<br>(*) While a verification only in terms of the market value (unrealized gain) and dividends is the similar approach to assess pure investments, it should be noted that a verification of cross-shareholdings requires a different approach |
| | Details of verification by the board etc. | • Specifically describe the results of the verification in line with the cross-shareholding policy (it is too abstract to merely describe "The board verified the appropriateness of shareholdings in light of the purpose of the shareholdings")<br>• Include the dates of meetings and agendas when describing discussions at board meetings |
| Individual shareholdings | Purpose of cross-shareholdings | • Specifically describe how the company takes advantage of holdings by referring to relevant business and transactions, in line with the shareholding policy and in light of the management strategy (it is too abstract and not sufficient to provide the following explanations: benefits for a broader segment that is a unit used in financial reporting, such broad explanations as "business transactions" and "financial transactions," as well as "to maintain/strengthen the B2B transactions" or "to contribute to regional development")<br>• In case of mutual shareholdings, describe specific reasons for such shareholdings |
| | Quantitative benefits of cross-shareholdings | Describe actual results of indicators specified in "Method of verifying rationality of cross-shareholdings" and their assessment<br>(*) While a verification only in terms of the market value (unrealized gain) and dividends is the similar approach to assess pure investments, it should be noted that a verification of cross-shareholdings requires a different approach<br>(If it is difficult to describe quantitative benefits of the shareholdings)<br>• Specifically explain what made quantitative measurement difficult<br>• Specifically describe how the company takes advantage of the holdings in light of its management strategy<br>(*) Even if it is associated with trade secrets, describe in what way it falls under trade secret |
| | Reasons for increase | Not limited to descriptions of such acquisition processes as "reinvested the dividend" or "acquired through the client share ownership plan," specifically describe how the company takes advantage of holdings in light of its management strategy, e.g., to use know-how/license of the investee company (it is not sufficient to merely describe "to strengthen the business relationship") |
| | Whether the issuer holds the company's shares (Mutual shareholdings) | In case of strategically holding shares of a listed holding company, even if the company's shares are held by an affiliate of the holding company, it is virtually regarded as mutual shareholding relationship, so describe whether or not there are such shareholdings in footnote as reference information |

Source: compiled by TSE based on "Cross-Shareholdings: Key Points of Good Disclosure Expected by Investors (Example)," FSA

In the past, many financial institutions in the banking and insurance industries were required to reduce their cross-shareholdings, which are risk assets, in order to comply with capital controls, and many of these companies were fully committed to the reduction of cross-shareholdings as their basic policies. In response to these moves by exchanges and the government, however, recent years have also seen cases of business companies actively selling their cross-shareholdings and disclosing their implementation policies and progress. In addition, Glass Lewis and ISS, both major proxy advisors with influence over institutional investors including overseas investors, have announced that they will recommend against proposals for the appointment of top management at companies that hold over a certain ratio of their net assets in the form of cross-shareholdings (10% or more in the case of Glass Lewis and 20% or more in the case of ISS).[98] Furthermore, major domestic institutional investors, such as Asset Management One, Resona Asset Management, Nomura Asset Management, Daiwa Asset Management, Sumitomo Mitsui Trust Asset Management, and Mitsubishi UFJ Trust and Banking, are proceeding to incorporate quantitative standards for cross-shareholdings into their voting standards. It can be said that the requirements of the capital market on listed companies with cross-shareholdings are shifting from "strengthening accountability" to "implementing specific reductions."

The compliance rate with Principle 1.4[99] is 95.8% (1,573 companies) in the Prime Market and 91.9% (1,473 companies) in the Standard Market. The keyword analysis, described below, of the disclosures of companies listed on the Prime Market and Standard Market that comply with the Principle revealed that 70.4% (2,143 companies) and 64.5% (1,965 companies) clearly mentioned “transactions” and “reduction,” respectively. Some companies indicated a policy for reduction, and clearly stated that, as a general rule, they would not acquire any new cross-shareholdings. This suggests that listed companies are becoming increasingly aware of the need to reduce their cross-shareholdings.

Next, in regard to the board’s verification of the appropriateness of cross-shareholdings, 36.3% (1,106 companies) used keywords such as “the cost of capital” and “capital efficiency.” Some companies described their verification process in detail. For example, some clearly stated that they verify the appropriateness of cross-shareholdings based on the cost of capital, which takes into account factors such as whether the economic benefits of transaction-related earnings and dividends are commensurate with the WACC (weighted average cost of capital). Others mentioned they verify the appropriateness of cross-shareholdings in consideration of target and actual ROE, ROA and ROIC.

Some companies also discussed progress made with such verifications and the results of the actual sale of cross-shareholdings, with 2.2% of companies (67 companies) mentioning the results of actual sale. As the demands of capital markets toward the reduction of cross-shareholding increase, it appears that boards are trying to draw the attention of investors and shareholders to their efforts to reduce their companies’ cross- shareholdings by specifically indicating verification results and actual sales of cross-shareholdings.

Finally, analysis of the disclosure of specific voting criteria on cross-shareholdings in CG reports shows that while the 2018 Code revision requires the formulation and disclosure of specific voting criteria, most companies are limited to abstract statements such as “with respect to the exercise of voting rights, we verify each agenda item and exercise voting rights with an eye to improving the

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98 Glass Lewis and ISS will apply such policies to shareholder meetings effective from 2021 and 2022, respectively.

99 Companies stating that they do not hold any cross-shareholdings are counted as those that “comply” with Principle 1.4.

Company's corporate value over the medium to long term." On the other hand, some companies have presented examples of specific proposals (e.g. policies for dealing with takeovers, retirement benefits and proposals for the appropriation of dividends and other surplus) and have formulated their stance on those proposals. In the keyword analysis, 58 companies (1.9%) mentioned "anti-takeover (measures)," 80 (2.6%) mentioned the "appointment (of directors)," 59 (1.9%) mentioned "surplus (proposed appropriation)," and 34 (1.1%) mentioned "retirement benefits." Other than the above, some companies explained that they exercise voting rights with reference to the policies of institutional investors and proxy advisors.



**Chart 104 Keywords for Policies on Cross-shareholdings and on the Exercise of Voting Rights**

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Principle 1.4 | 3,046 | 100.0% |
| ■Keywords related to policies | | |
| Keywords related to transactions (transactions, sales, etc.) | 2,143 | 70.4% |
| Keywords related to reduction (reduction, sale, etc.) | 1,965 | 64.5% |
| Risk | 1,061 | 34.8% |
| Cost of capital (capital efficiency, etc.) | 1,106 | 36.3% |
| Keywords related to strategy (business strategy, etc.) | 811 | 26.6% |
| Sales record | 67 | 2.2% |
| ■Keywords related to the exercise of voting rights | | |
| Corporate value | 2,302 | 75.6% |
| Shareholder value | 492 | 16.2% |
| Appointments (of officers) | 80 | 2.6% |
| Anti-takeover measures | 58 | 1.9% |
| Treatment of retained earnings | 59 | 1.9% |
| Retirement benefits | 34 | 1.1% |
| Damage (corporate value, shareholder value, etc.) | 495 | 16.3% |
| Cautious/opposed | 338 | 11.1% |
| ■Keywords related to plans, targets or scales of reduction | | |
| Target | 163 | 5.4% |
| Plans | 137 | 4.5% |
| Net assets | 140 | 4.6% |
| % | 243 | 8.0% |
| Specific goals | 82 | 2.7% |

In terms of specific examples of disclosure, we will start with Examples 63 to 65, which are examples of disclosure of policies and approaches to the reduction of cross-shareholdings.< Example 63> is a case where the company clearly stated its target of reducing cross-shareholdings on a total market value basis to less than 10% of consolidated net assets over the course of the three-year medium-term management plan, and the company disclosed the number of stocks held under cross-shareholding arrangements and the ratio of cross-shareholdings to consolidated net assets as of the end of the fiscal year.In < Example 64 >, the company declares that, in principle, it does not engage

in cross-shareholdings, and clearly states that in exceptional cases where a cross-shareholding arrangement is rational, the company conducts qualitative and quantitative evaluations on an annual basis. The company also specifies a policy that its cross-shareholdings, including those that have been deemed rational, should be gradually reduced to less than 10% of net assets after discussion with business partners, to allocate the funds to investments for growth.< Example 65 > is a case where the company mentions that it has transitioned to a policy under which the company does not engage in cross-shareholdings, in principle, and explains the results of reducing cross-shareholdings by providing specific numerical figures.

< Example 63: Specifying the company's target for reduction of cross-shareholdings (i.e., less than 10% of consolidated net assets) and the current status >

In order to achieve sustainable enhancement of our corporate value, we engage in cross-shareholdings when we believe that it will contribute to our business development through the maintenance and enhancement of stable business relationships with the issuers of the cross-shareholdings. However, our basic policy is to avoid cross-shareholdings, in principle, and to systematically reduce the existing cross-shareholdings, except where the cross-shareholding is considered rational. Therefore, we plan to sell our cross-shareholdings that we do not find rational, after obtaining the full understanding of the companies whose shares we hold. Our aim is to reduce our existing cross-shareholdings on a total market value basis to less than 10% of consolidated net assets by 2024, which is the final year of the third medium-term management plan. As of the end of December 2023, we held 27 stocks under cross-shareholding arrangements. The balance of the cross-shareholdings in terms of market value at the end of FY2023 accounted for 13.0% of the consolidated net assets as of the end of December 2023. The Board of Directors examines each cross-shareholding arrangement by comprehensively taking into account, among other factors, the appropriateness of the purpose of holding the stock; the status of the business with the issuer; and the economic rationality of the arrangement in light of the cost of capital relative to the actual returns. At the meeting of the Board of Directors held on December 25, 2023, the Board of Directors examined, on a stock-by-stock basis, the rationality of the cross-shareholding arrangements by comprehensively taking into account the following factors, among others: economic rationality, such as the degree to which the arrangement contributes to our business profits and whether or not the actual returns exceed our earnings target based on the cost of capital; the purpose of holding the stock; and the status of the business with the issuer. As a result of the examination, the holding of certain stocks was determined not to be necessarily rational. We plan to sell these stocks after obtaining the full understanding of the companies whose shares we hold. When we exercise voting rights associated with cross-shareholdings, we closely examine each proposal before determining whether to approve or disapprove the proposal from the perspective of enhancing the medium- to long-term corporate value and shareholder value of the company in which we invest.

(Other products)

< Example 64: Specifying the company's target for reduction of cross-shareholdings and criteria for economic rationality (ROE) >

1. Policy on cross-shareholdings

The Company does not hold shares in affiliates or partners unless such strategic holdings are deemed rational for the purpose of strengthening the Company's businesses or functions. The rationality of holdings is assessed comprehensively by the Board of Directors once a year, after the review of relevant business conditions (reasons for acquisition, stable supply of raw materials, utilization of distribution channels, transaction plans such as joint development, etc.) as a qualitative evaluation and acquisition effects (to verify economic rationality) as a quantitative evaluation, for each individual stock. To verify economic rationality, we make evaluations by comparing business earnings from issuers (of the holdings) and increases in BPS and dividends from issuers with the target values based on our target ROE (8%).

The Company will gradually reduce cross-shareholdings to less than 10% of net assets after discussion with business partners and will use the funds to invest in growth, as decided in the Group Medium-term Management Plan 2025, even in the case of shares which have been deemed to meet the economic rationale standard as determined above.

2. Examination of cross-shareholdings

At the Board of Directors meeting held on November 28, 2023, the Company's Board of Directors examined the stocks owned for the purpose of cross-shareholding and decided on a plan to sell 12 stocks for which rationality is recognized (including stocks deemed to be held) and partially sell seven stocks (including stocks deemed to be held). All stocks the Company continues to hold were confirmed as being held for the purpose of increasing economic profit from the medium to long term perspective of the Group, based on the verification discussed above. Sale of the 19 stocks mentioned above has already been completed.

As of the end of FY2023, the Company holds 34 listed stocks, including 2 stocks deemed to be held.

3. Criteria for exercising the voting rights of cross-shareholdings

The Company exercises the voting rights of cross-shareholdings following a comprehensive judgement based on confirmation of the following two points, regarding proposals presented. The Company engages in dialogue with the respective companies in case further confirmation is necessary, such as checking the details of a proposal, etc.

(1) Does it contribute to the medium- to long-term enhancement of the company's corporate value?

(2) Does it go against the purpose of the Company's cross-shareholding?

(Foods)

### < Example 65: Specifying the company's target for reduction of cross-shareholdings (i.e., a policy of not engaging in cross-shareholdings, in principle) and results of reduction >

< Policies Regarding Strategic Shareholdings >

- Our Group sets out "creating a virtuous circle from increased enterprise value leading to increase in household savings, assets and capital" as one of its Visions.
- In order to achieve this goal, the Group, recognizing its special role as a trust group that is both an investor and a provider of solutions to increase corporate value, has transitioned to a policy under which, in principle, we shall not hold any conventional "Strategic Shareholdings" (that is, shares of business partners held as a stable shareholder without the purpose of forming a capital or business alliance, etc.).
- In accordance with this policy, we will engage in dialogue with our business partners with the aim of increasing their sustainable corporate value and solving their issues based on the environment in which they operate and stakeholder trends, and through such dialogue, we will accelerate the reduction of our Strategic Shareholdings. As a current medium term target, we aim to reduce our holdings by 150 billion yen (as measured by original acquisition cost, not current market value) over the three years from FY2023 to FY2025.
- Furthermore, during the interim period until the Strategic Shareholdings are reduced, the Board of Directors shall examine and verify the correlation between the benefits/risks and capital cost of holding the Strategic Shareholdings.

< Results of Reduction of Strategic Shareholdings >

・In fiscal year 2023, Our Group reduced Strategic Shareholdings (at cost) by 79.3 billion yen. As a result, the balance amounts of Strategic Shareholdings in 72 companies were reduced to zero.

< Examination of Status of Strategic Shareholdings >

- We carefully observe and examine the relationship between the benefits/risks and the capital costs of Strategic Shareholdings based on the following profitability indicators.

●Profitability indicators

(Profit after deduction for credit costs/expenses) ÷ (Equity risk-weighted assets + credit risk-weighted assets)

- We continue to examine and verify the correlation between the benefits/risks and capital cost of holding the Strategic Shareholdings, both overall and on a per-company basis, based on profitability indicators, while at the same time engaging in dialogue with our business partners with the aim of increasing their corporate value and solving their issues, regardless of profitability. In this way, we continue to discuss measures for reducing our holdings. Based on the status of these discussions, and after carefully examining the impact of reducing the Strategic Shareholdings on our financial targets, client base, etc., we are verifying the appropriateness of our targets and actions for reducing the Strategic Shareholdings, and the Board of Directors confirms these determinations on a regular basis.

< Standards for Voting on Strategic Shareholdings >

- We and our bank business, which is our core subsidiary, shall exercise voting rights in respect of the shares both hold, after taking into consideration the medium- to long-term enhancement of the value of the Our Group's shareholders, depositors, and various other stakeholders, while also aiming to increase the corporate value of the issuing company of cross-shareholding shares (the "Issuing Company") over the medium to long term.
- These voting rights shall be exercised through adequate dialogue with the Issuing Company while respecting the unique nature and direction of the Issuing Company's management after consideration of the business environment, etc. in which the Issuing Company operates.
- When exercising voting rights, the decision to vote for or against each agenda item shall be made based on the guidelines for the exercise of voting rights prescribed separately, and also bearing in mind the following perspectives:

(i) The decision shall be based not only on external and formal criteria, but also on the unique characteristics of the Issuing Company and the industry and business environment in which the Issuing Company operates.

(ii) The decision shall be made not only for the fiscal year under review, but also on a longer time span and with a future orientation.

(iii) In addition to the financial figures, non-financial factors (such as corporate governance and the creation of social value) shall be taken into account in the decision.

- In the case that there is a risk of conflicts of interest upon the exercise of the voting rights, we and our core subsidiary bank shall properly deal with the risk pursuant to the Management Policy Concerning Conflicts of Interest prescribed separately.
- The policy on exercising voting rights is published on our website:

(Standards for Voting on Cross-Shareholding Shares)

https://www.●●●

(Banking)

Next, Examples 66 through 69 provide examples of disclosure of how the appropriateness of cross-shareholdings is verified. As for the verification method, there are some companies that discuss it with the cost of capital in mind. Among these, some go beyond simply stating that "verification is conducted based on capital cost and other factors," and disclose the detailed and specific verification process for the economic rationality of cross-shareholdings, clearly stating that specific indicators will be used for verification.

For example, in < Example 66>, the company states that its Board of Directors examines whether the benefits and risks associated with the holding are commensurate with the capital cost.In < Example 67 >, the company makes a comprehensive evaluation of the method of verifying the rationality of holdings after qualitative and quantitative evaluations and discloses the specific processes and items for quantitative and qualitative evaluations.In < Example 68 >, cross-shareholdings are classified into two categories, i.e., "Capital and business partner" and "Other," and for each of the categories specific verification methods are described, with progress toward reduction targets (reducing the ratio of the balance sheet value of cross-shareholdings to consolidated net assets to a 10% level) disclosed.In < Example 69 >, the company states that its Board of Directors examines the rationality of cross-shareholdings on an annual basis by taking into account the necessity of cross-shareholdings for business strategy reasons, the status of the company's business alliances with business partners, and the company's capital efficiency, among other factors, and that the company discloses its cross-shareholdings in a timely manner. In this example, the company also describes how its Board of Directors discussed whether the company should continue to hold shares in a certain licensee of the company under a cross-shareholding arrangement.

< Example 66: Disclosing the hurdle rate for verifying the rationality of cross-shareholdings >

In certain cases, we purchase and hold shares of business partners when it is judged to contribute to increase the Company's corporate value, comprehensively considering business alliances and the maintenance and strengthening of various business relationships. For these cross-shareholdings, the Board of Directors regularly and specifically examines whether the holding benefits (dividends received and business transaction benefits) and risks are commensurate with the capital cost (WACC is set at 6%) with respect to the acquisition price of each share, and whether they contribute to increase of the Company's corporate value. The Board of Directors will sell as appropriate those that are deemed unreasonable, thereby reducing the Company's number of cross-shareholdings. The Company exercises its voting rights related to cross-shareholdings in accordance with the following standard:< Standard for the exercise of the Company's voting rights >The Company shall exercise its voting rights based on a comprehensive judgment regarding whether the proposal will contribute to the sustainable growth of the issuer of shares, and whether it will contribute to the maintenance and enhancement of the corporate value of the Company, among other matters. (Metal products)

< Example 67: Specifying detailed verification process for cross-shareholdings >

(1) Cross-shareholding policy

The social environment surrounding cross-shareholdings has changed significantly in recent years, amidst the markets' growing interest in cross-shareholding and the introduction and revision of the Corporate Governance Code. In addition, under the Group's Medium-Term Business Plan ●●●, improving capital efficiency is an important goal. In light of this, in fiscal 2020 the Company changed its policy so as to not engage in cross-shareholdings, in principle, except in cases where such cross-shareholding is considered to lead to maintaining and strengthening business competitiveness through capital and business tie-ups and business collaborations, or achieving expeditious business growth and expansion through investment and other measures aimed at developing new business areas.

In accordance with this basic policy, we will carefully re-examine the significance for maintaining existing cross shareholdings and work to reduce holdings. Since the reduction of cross-shareholdings may have significant impacts on business partners and markets, we are proceeding in stages while securing the understanding of business partners by engaging in dialogue.

(2) Details of method of verifying rationality of cross-shareholdings and verification by the board, etc.

Each year we examine and verify the rationality of the holdings comprehensively, based on the following verification process and evaluation items: These evaluation process and items are used as a transitional measure in the course of a gradual reduction based on a shift of the basic policy. We will consider their brush-up to a new method of verification going forward.

Based on the above policy, the significance of the holding and benefits associated with the holding were verified for each stock at the Board of Directors meeting in November 2023. The Company held 67 issues (15,566 million yen recorded on balance sheet) at the end of FY2022 and sold 7 issues during FY2023 (sold 5 issues in full, 2 issues in part; total sales proceeds of 7 issues were 380 million yen). As a result, the number of companies for which we held shares was reduced to 62 as of the end of fiscal 2023. The amount recorded on the balance sheet increased to 20,202 million yen. Also, the ratio of such holdings to consolidated shareholders' equity decreased to 11.1%.

*Verification process

(1) Qualitative and quantitative evaluations (see below for evaluation items) are conducted before comprehensive evaluation.

(2)-1 For holdings assessed to lack rationality in the comprehensive evaluation, an improvement action plan is developed and implemented, and such details are verified by the Board of Directors.

(2)-2 For holdings assessed to have rationality in the comprehensive evaluation, such details are verified by the Board of Directors.

(3) Upon verification by the Board of Directors, holdings that are determined to have rationality will continue to be held, while for holdings that are determined to lack rationality, their sale will be negotiated.

*Evaluation items

Qualitative evaluation: purpose of holding; history of acquisition; existence of business relationships; strategic significance and benefits of holding; risks associated with business continuity/stability if it is sold

Quantitative evaluation: sales and profits for the most recent two years (sales customers only); annual dividends received and valuation gains/losses; benefits/risks associated with holding and capital costs

(3) Voting criteria

We carefully examine each proposal and respect proposals by issuing companies when they are determined to contribute to enhancing shareholder value for the issuing company.

In the event of serious deficiencies in corporate governance such as the occurrence of misconduct or anti-social conduct, or in the case of a proposal that is determined to pose a risk of harm to shareholder value, we make a timely and appropriate decision on whether to approve or disapprove the proposal through dialogue with the relevant company.

(Foods)

<Example 68: Setting methods of verification by attributes, such as "capital and business partner">

[Policies for cross-holdings of shares]

In accordance with the basic corporate governance policies set by the Company, the Company will not, in principle, make any new acquisitions of domestic listed shares, and works to reduce domestic listed shares as much as possible by positioning it as a priority issue. On the other hand, only if it is judged that it will contribute to the sustainable growth of the Group as well as the enhancement of its medium- to long-term corporate value, shares of unlisted companies, including start-up and venture companies, may be strategically held.

Specifically, in order to actively advance business operations centered on "financial inclusion," "urban concentration and rural decline," "low carbonization and decarbonization," and "health issues," which the Group has selected as social issues to contribute to their solutions for the realization of a sustainable society, collaboration/co-creation activities and stable/cooperative partnerships with these companies are needed in some cases to continuously create business opportunities and utilize technologies. The holding of shares in such cases is positioned as an investment consistent with the Group growth strategy and defined as a "strategic shareholding."

To verify the rationality of keeping shares, the Company classifies its shareholdings into the following two categories and sets a method of verification for each category:

- Capital and business partner
- Other

The specific methods of verification are as follows:

(Capital and business partner)

After taking equity positions, the Company continues to hold the shares for a certain period of time, which is predetermined as a period for laying the groundwork for a strategic alliance.

After the period, the Company verifies the progress of collaborative businesses or if there are any ongoing transactions, based on qualitative evaluations.

For those whose significance of holding is determined as subtle (minor) as a result of the verification, listed shares will be put on sale by taking account of market conditions and other factors, while unlisted shares, upon consultation with the issuers, will be sold as soon as a buyer is found.

(Other - not falling under any of the above)

Based on the balance sheet amount of each cross-shareholding, the Company calculates the percentage of the sum of business income and dividends from each issuer and its affiliates to this amount and checks if such percentage is greater than 10%. For those whose significance of holding is determined as subtle (minor) as a result of the verification

and the qualitative evaluation of prospective transactions, etc., listed shares will be put on sale by taking account of market conditions and other factors, while unlisted shares, upon consultation with the issuers, will be sold as soon as a buyer is found.

The Company also aims for the reduction of the ratio of the balance sheet value of cross-shareholdings to consolidated net assets to a 10% level, while pursuing the reduction in line with the above policy and approach. To this end, the Company reduced cross-shareholdings of 7 issues, including 6 issues sold in full; due to fluctuations in market value in the stock market and other factors, the balance sheet amount for FY2023 decreased by 800 million yen from the previous fiscal year to 26,700 million yen. As a result, the foregoing ratio was 8.2% for FY2023 (down 0.7 percentage points YoY), or 2.7% after excluding strategic shareholdings.

[Criteria for exercising voting rights for cross-shareholdings]
We will exercise voting rights for listed shares held properly after comprehensively judging whether or not it will contribute to the sustainable growth of the Group and the investees as well as the enhancement of their medium- to long-term corporate value among others also while considering the proxy advisory policies of proxy advisory firms.
(Omitted)
(Information and communication)

< Example 69: Disclosure of the results of examination of each stock >
(i) Policy on cross-holdings
Our Group engages in cross-shareholdings only if we believe that doing so will lead to the maintenance and enhancement of our business relationships, business alliances, etc. and will contribute to our sustainable growth and the enhancement of our corporate value. For those stocks held under cross-shareholding arrangements whose significance of holding is believed to have diminished, our basic policy is to reduce the cross-shareholdings as promptly as possible.
(ii) Details of examination of cross-shareholdings
The Board of Directors annually examines the rationality of cross-shareholdings by comprehensively taking into account the necessity of cross-shareholdings for business strategy reasons, the status of business alliances with business partners, and our capital efficiency, among other factors. We disclose our cross-shareholdings in a timely manner. The rationality of each stock held under a cross-shareholding arrangement is continually examined by the Board of Directors in terms of, among other factors, whether the purpose of holding the stock is appropriate and whether the benefits and risks associated with holding the stock are commensurate with the cost of capital. Based on the results of the examination, we pursue the reduction of cross-shareholdings.
(iii) Criteria for exercising voting rights associated with cross-shareholdings
When we exercise voting rights associated with cross-shareholdings, we examine the relevant proposals and understand the management policy, business plans, etc. of the relevant company in which we invest, before making decisions from the viewpoint of whether the exercise of voting rights will contribute to the enhancement of our medium- to long-term corporate value.

Based on the above, our Board of Directors discussed whether or not it is appropriate to continue to hold shares in ●●●● under a cross-shareholding arrangement. After the discussion, the Board of Directors determined that it was

licensee, will contribute to the development of our overseas business, and that holding shares in the company involves low risk since the company is in good financial health.
(Retail Trade)

In addition, a typical example of voting criteria is provided in Example 70. The company formulates voting criteria for each proposal and specifically describes cases where the company will vote against the proposal. This is an example of a company that has formulated and announced specific criteria, while many other companies only state that they will “make a comprehensive judgment.” In < Example 71>, the company states that it decides whether to approve or disapprove proposals on specific subjects on a case-by-case basis, and that when voting on proposals of an investee company whose interests in the proposals may potentially conflict with the example company’s interests, the example company exercises voting rights by taking into account the opinions of its Independent Directors as necessary.

In other cases, some companies explain that they will exercise their voting rights in consideration of the voting criteria published by external proxy advisors, as in Example 72. Given that cross-

shareholdings are based on the premise of maintaining business relationships, there are concerns that many companies may be indulgent towards the management of an investee company in the exercise of voting rights. Making reference to the views of third parties such as proxy advisors and institutional investors on the exercise of voting rights may be one way to ensure objectivity. In such a case, they are still expected not to blindly rely on the standards of third parties, but to proactively verify the validity of the standards.

< Example 70: Case (1) where detailed voting criteria for cross-shareholdings are disclosed >

The company holds policy-owned shares on the premise of long-term holdings for the purpose of maintaining and strengthening business and collaborative relationships with issuing companies. However, from the viewpoint of economic rationality, we will consider future performance and recoverability of each issue without dividend or with poor performance, including the possibility of reduction from the perspective of improving capital efficiency before assessing whether or not to keep each cross-shareholding.

Exercise of Voting Rights Policies

1. Basic policies
   (1) Does the issuing company have a corporate governance system in place?
      (1) Does the company appropriately deal with legal misconduct and formulate measures to prevent its recurrence?
      (2) Do outside directors have the independence required to fulfill their role?
   (2) Does the issuing company have a history of consecutive years of poor performance, including recently?
   (3) Are the issuing company's retained earnings and shareholder returns balanced appropriately?

2. Specific criteria
   (1) Appointment of directors
      Oppose the appointment of top management if the company has been in the red for a certain period of time and has little prospect of recovery.
      Also oppose the appointment in cases where the independence of outside directors is deemed to be low.
   (2) Appointment of kansayaku
      Oppose the appointment in cases where the independence of outside kansayaku is deemed to be low.
   (3) Anti-takeover measures
      Oppose when the operation is not objective, or when there is no outside committee, or when an outside committee has been set up, but its members are not independent.
   (4) Proposals for the treatment of retained earnings
      Oppose when retained earnings are excessive and return to shareholders is insufficient.
   (5) Other
      Take decisions on other proposals based on careful examination.

(Machinery)

< Example 71: Case (2) where detailed voting criteria for cross-shareholdings are disclosed >

In our internal regulations entitled “Guidelines for Cross-Shareholdings,” we have established our policy on cross-shareholdings, our basic policies on the Board of Directors’ examination of cross-shareholdings and on our exercise of voting rights, and our criteria on the exercise of voting rights associated with cross-shareholdings, all of which we comply with. The regulations read as follows.

(1) Policy on cross-holdings

(1) We enter into cross-shareholding arrangements with other companies only where holding shares in them will contribute to our sustainable growth and the medium- to long-term enhancement of our corporate value by strengthening our cooperation with them in business operations, maintaining and strengthening our business relationships with them, and ensuring stable financing, among others.
(2) In order to build a solid financial base that is not susceptible to fluctuations in stock prices and to improve our capital efficiency, we do not engage in strategic holdings as a mere stable shareholder, except as described in (i) above.
(3) If the Board of Directors’ examination of our existing cross-shareholdings reveals any cross-shareholding arrangements that are not appropriate, we will sell the relevant stocks after obtaining the consent of the issuers.

(2) Examination by the Board of Directors

The Board of Directors annually examines our existing cross-shareholdings on a stock-by-stock basis in terms of the purpose of holding the stock and whether the benefits and risks associated with holding the stock are commensurate with the cost of capital, and verifies whether holding the stock will contribute to our sustainable growth and the medium- to long-term enhancement of our corporate value.

(3) Basic policy on the exercise of voting rights
When we exercise voting rights associated with a stock held under a cross-shareholding arrangement, we do not make decisions based merely on the issuer's short-term business performance or stock price trends but with a view to maintaining and increasing our corporate value, by considering whether the relevant proposals will contribute to enhancing the issuer's medium- to long-term corporate value.
(4) Voting criteria
(1) When exercising voting rights associated with cross-shareholdings, the Company shall decide whether to approve or disapprove proposals on the following subjects on a case-by-case basis, by focusing on the status of the issuer's corporate governance system and compliance system.
(1) Shareholder returns (such as a low dividend payout ratio in the proposal for appropriation of surplus)
(2) Appointment and removal of officers (poor business performance, scandals or other negative events, and appointment of outside directors)
(3) Remuneration and retirement benefits for directors (poor business performance and scandals or other negative events)
(4) Amendments to the Articles of Incorporation (changes that may substantially impair the rights of shareholders)
(5) Introduction of anti-takeover measures, etc.
(2) When voting on proposals of an investee company whose interests in the proposals may potentially conflict with the Company's interests, the Company shall exercise voting rights by taking into account the opinions of its Independent Directors as necessary.
(Service industry)

<Example 72: Specifying ISS for reference purposes for voting criteria>
We engage in cross-shareholdings only where we determine that doing so is necessary to enhance our medium- to long-term corporate value and that the purpose of the cross-shareholdings is clear and reasonable, such as maintaining and enhancing our business alliances or business relationships with the issuers.
Our Board of Directors annually examines the rationality of our cross-shareholdings on a stock-by-stock basis from a quantitative perspective, such as the risks and returns of the investment based on the cost of capital. The Board of Directors also examines the necessity of our cross-shareholdings, such as whether they ensure the maintenance and enhancement of our business alliances and business relationships that contribute to enhancing our medium- to long-term corporate value. Our policy is to sell stocks whose significance of holding has diminished.
In addition, regarding voting rights associated with cross-shareholdings, the Company carefully reviews the details of agendas by reference to the voting criteria by ISS and other proxy advisors. If it determines that the corporate value of an investee company is damaged or shareholder interests are not to be enhanced, or if there is no adequate explanation, the Company gives comprehensive consideration before exercising the voting rights prudently.

(Overview of Examination of Stocks Held under Cross-Shareholding Arrangements)
At the Board of Directors meeting held in August 2023, we examined the rationality of the overall significance of all listed shares held by us under cross-shareholding arrangements, by taking into account the status of shareholdings, risks and returns (such as the deviation rate of the stock price, dividend yield, and ROE), and the significant of transactions with the issuers. Cross-shareholdings make up 4.9% of consolidated net assets.
(Electrical appliances)

Thus, in response to the revision of the Code, progress has been seen in the disclosure of cross-shareholdings in CG reports. However, challenges remain. For example, the Financial Services Agency's review of securities reports for FY2023 notes the following issues: some reports do not specify the purpose of holding each stock held under cross-shareholding arrangements; even though some companies have presented a policy of reducing cross-shareholdings, they have changed the purpose of holding stocks held under cross-shareholding arrangements to pure investment without reaching an agreement with the issuers on the details, such as when the stocks are allowed to be sold, which has resulted in no substantial difference from continuing the cross-shareholding arrangement; and even though other companies have presented a policy of reducing cross-shareholdings and changed the purpose of cross-shareholdings to pure investment with the issuers' consent to sell the stocks, these companies do not actually have any plans to sell them at any time over the long term, which has resulted in no substantial difference from continuing the cross-

shareholding arrangement[100]. In light of these issues, the Cabinet Office Order on Disclosure of Corporate Affairs was amended in January 2025[101] to require disclosure of the stocks, number of shares, amount reported on the balance sheet, year of the change in the holding purpose, reason for the change in the holding purpose, and policy on holding or sale after the change, for shares which are held as of the end of the current fiscal year and whose holding purpose was changed from strategic holding to pure investment within the last five fiscal years, including the current fiscal year. Another issue that has been noted is that there are instances where a listed company that holds stocks under cross-shareholding arrangements examines the appropriateness of holding a stock and expresses to the issuer its intention to sell the stock, only to be hindered by the issuer from selling the stock by, for instance, implying a reduction in transactions with the holder[102][103]. In light of this, the 2018 revision of the Code added Supplementary Principle 1.4.1, which states: "When cross-shareholders (i.e., shareholders who hold a company's shares for the purpose of cross-shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross-held shares by, for instance, implying a possible reduction in business transactions." Dialogue with investee companies is considered important when reducing cross-shareholdings. < Example 73> is an example where the company discloses the results of its dialogue with investee companies, emphasizing the importance of regular dialogue with investee companies.

The Action Program 2024 has also noted that while companies are working on their initiatives to reduce cross-shareholdings, they have not taken appropriate measures such as disclosure based on the actual situation. On the other hand, it has also been noted that it is not always desirable to sell cross-shareholdings based on a superficial examination because there are cases where the rationality of cross-shareholdings may be explained by, for instance, the holder's support for the issuer's management, and therefore, it is necessary to conduct an appropriate examination[104]. In light of this situation, companies are expected to work on more substantial measures in accordance with the Code.



100 Financial Services Agency, "FY2023 Results of Annual Securities Report Review and Key Points to Note Based on the Review Results, etc.," p. 32.
101 https://www.fsa.go.jp/news/r6/sonota/20250131-2/20250131-2.html (in Japanese)
102 Tokyo Stock Exchange, "Results of Public Comments on the 'Revision of Japan's Corporate Governance Code Based on the Proposal of the Council'," Nos. 251 - 255, June 1, 2018.
103 Financial Services Agency, "FY2024 Results of Annual Securities Report Review and Key Points to Note Based on the Review Results, etc.," p. 50.
104 The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code "Action Program for Corporate Governance Reform 2024: Principles into Practice" p. 6, https://www.fsa.go.jp/en/refer/councils/follow-up/statements_7.pdf

< Example 73: Specifying the status of sales of cross-shareholdings and the results of dialogue with investee companies>

The Company has been progressively reducing cross-shareholdings in accordance with Japan's Corporate Governance Code. The Company had sold cross-shareholdings totaling ¥153 billion over the six-year period from FY2018 to FY2023. The Company plans to sell stocks totaling more than ¥90 billion during the three-year period from FY2024 to FY2026, the period of the "●●● Group Medium-Term Business Plan 2026." If the plan is executed, the cumulative proceeds from the sale of stocks over the nine years beginning from FY 2018 will exceed ¥243 billion. The Board of Directors annually examines whether or not it is appropriate to continue to hold cross-shareholdings, by comprehensively taking into account their economic rationale in terms of holding purposes, relationship status and capital cost. The Company classifies cross-shareholdings into three groups, namely (1) Stocks that are essential for the purpose of core business strategies, such as ●●● affiliated stations and advertising companies; (2) Stocks of business partners, such as TV sponsors; and (3) Source of capital for funding growth strategies. Stocks categorized under (1) and (2) are sold as appropriate if their significance of holding has deteriorated. Stocks categorized under (3) are sold for funding strategic investments in a flexible manner. In FY2023, the Board of Directors verified the cross-shareholdings in meetings held in October and November, and the Company sold stocks, with proceeds amounting to approximately ¥37.1 billion. In exercising voting rights, while respecting the management policy of investees, the Company closely examines the content of proposals and exercises voting rights appropriately from the viewpoint of whether or not it contributes to the enhancement of medium- to long-term corporate value. However, in cases where the Company's corporate value may be damaged, where any material violation of laws and regulations is seen, or other cases, the Company will have sufficient dialogue, including confirmation of the intent of the proposal, with the investee as needed, and make a careful judgment. The Company believes it is important to have regular dialogue with the companies in which we invest. In FY2023, the Chief Executive Officer, who is responsible for financial strategy, and the Executive Officer for financial strategy conducted interviews with 17 companies.

(Information and communication)

**[Column 10] Recent Trends in Capital Markets Related to Cross-Shareholdings**

In the past few years, there has been an increasingly strong trend toward requiring listed companies to expand disclosure of their cross-shareholdings and to actually sell or reduce them. Chart 105 shows the capital market trends surrounding cross-shareholdings in recent years. The main points are the expansion of disclosure in securities reports through the revision of the Cabinet Office Order on Disclosure of Corporate Affairs, etc.; strengthened accountability for cross-shareholdings through the formulation and revision of the Code (Principle 1.4, etc.); and the clarification of the opposition by proxy advisors and institutional investors (including activist investors) to listed companies holding a certain number of cross-shareholdings.

**Chart 105 Major Capital Market Trends on Cross-Shareholdings**

| Timing | Description (entity in charge) | Key changes/revisions |
|---|---|---|
| 2010 | Revision of the Ordinance on Disclosure (FSA) | Requires companies to disclose "specified investment shares" (cross-shareholdings) by issue in the securities report (each issue with value exceeding 1% of total shareholders' capital, or top 30 issues) |
| 2015 | Establishment of CG Code (FSA/TSE) | Principle 1.4 requires boards to disclose cross-shareholding policies and to verify the economic rationality of the shareholdings and disclose the results |
| 2018 | Revision of CG Code Code (FSA/TSE) | Principle 1.4 requires companies to disclose their policies on the reduction of cross-shareholdings, and to verify whether the shareholdings are appropriate in light of the cost of capital and disclose the results |
| 2019 | Revision of the Ordinance on Disclosure (FSA) | Requires enhanced disclosure on cross-shareholdings in the securities report<br>◎ Criteria/concept of distinguishing shareholdings for pure investment purpose and shareholdings for other purposes (cross-shareholdings)<br>◎ Method for reviewing the reporting company's policy on cross-shareholdings and the rationality of the shareholdings<br>◎ Details of the board's verification on cross-shareholdings in terms of the appropriateness of the holding of individual issues<br>◎ Number of issues which see increases/decreases in the number of shares from the previous year, and reasons for such increases<br>◎ Raised the maximum number of issues to be disclosed (max. top 30 issues >> max. top 60 issues)<br>◎ Full disclosure of each individual issue (the reporting company's management policy/strategy, etc., quantitative benefits from the shareholdings in association with its business lines and segmental information, reasons for increases in the number of shares, existence of mutual shareholdings) |
| 2021 | Policy on proxy advice (Glass Lewis) | Recommends voting against the director, who is the top management, when the size of cross-shareholding exceeds 10% or more of the net assets (published in 2019) |
| 2022 | Policy on proxy advice (ISS) | Recommends voting against the director, who is the top management, when the size of cross-shareholding exceeds 20% or more of the net assets (published in 2020) |
| From 2022 onward | Voting criteria of institutional investors | Effective from shareholder meetings in April 2022, Asset Management One, etc. introduced a standard to oppose the top management of listed companies with surplus cross-shareholdings in excess of a certain quantitative threshold (such as a ratio to net asset of 20% or more). Resona AM, Nomura AM, Daiwa AM, and Sumitomo Mitsui Trust AM announced the adoption of quantitative criteria for cross-shareholdings, effective from 2023. In 2024, Mitsubishi UFJ Trust and Banking and others started to apply quantitative standards. |
| 2023 | Revision of the Ordinance on Disclosure (FSA) | The information on individual issues of cross-shareholdings (the top 60 issues with balance sheet amounts exceeding 1% of the capital amount or in order of size of balance sheet amounts) must include an outline of business transactions and alliances with the issuers of the cross-shareholdings (if the purpose of the holding is transactions, alliances, etc.). |
| 2024 | General Insurance Association of Japan | The General Insurance Association of Japan established the Guidelines on Cross-Shareholdings and clarified its policy to promptly reduce cross-shareholdings to zero. |
| 2025 | Revision of the Ordinance on Disclosure (FSA) | Revision of the rules for disclosure of pure investments in securities reports. The revision requires companies to disclose, for shares whose holding purpose was changed from strategic holding to pure investment within the last five fiscal years, details such as the reason for the change in the holding purpose and the policy on holding or sale after the change. |

Source: compiled by Daiwa Institute of Research

First, with regard to the expansion of disclosure in securities reports and the strengthening of accountability through the formulation and revision of the Code, the 2018 revision of the Code requires listed companies to disclose their policies for reducing cross-shareholdings, and to verify the economic rationality of their holdings based on the cost of capital. Furthermore, as mentioned in this White Paper, the 2019 revision of the Cabinet Office Order on Disclosure of Corporate Affairs ("Ordinance on Disclosure") requires disclosure of the board's method of verifying the economic rationality of the holding, as well as quantitative benefits for each holding for up to 60 issues held. Following the 2019 revision of the Ordinance on Disclosure, some of the listed companies began to make drastic changes in their holdings, while there still was a concern over a significant gap between such disclosures and the good practices from investors' point of view. Accordingly, the 2023 revision of the Ordinance on Disclosure also required the disclosure of the summary of business alliances, etc., with the issuers of the cross-shareholdings.

In addition, in recent years, there has been a widespread trend toward not only requiring listed companies to fulfill their accountability through disclosure, but also to take action to eliminate their cross-shareholdings by selling them, etc. Specifically, some proxy advisors and institutional investors have been demanding improvements from companies that hold a certain number of cross-shareholdings through engagement, campaigns and tightened voting criteria.

For example, in May 2024 the Japan Stewardship Forum published a document entitled "Opinions on Cross-Shareholding,"[105] which proposes solutions based on issues and questions relating to cross-shareholdings and on their impact on the market. In addition, the Institutional Investors Collective Engagement Forum, an incorporated association in which major institutional investors participate, sends letters to listed companies that hold a certain amount of cross-shareholdings regarding their "Policy on Cross-Shareholdings" and asks them to engage in collaborative dialogue. In January 2025, the Forum published the "Recommendations on Measures to Improve the Effectiveness of Reduction of Cross-Shareholdings."[106]

Moreover, major proxy advisors with significant influence over the exercise of voting rights by overseas investors have set quantitative criteria for the maximum number of cross-shareholdings to be held, and have announced policies of recommending for investors to oppose company proposals for the appointment of directors at companies that do not meet these criteria. Specifically, Glass Lewis has announced that it will recommend voting against proposals for the appointment of top management to the board at companies that allocate 10% or more of their net assets to cross-shareholdings from 2021 onward, while ISS has announced that it will do the same in the case of companies that allocate 20% or more of their net assets to cross-shareholdings from 2022 onward. In addition, some institutional investors have already introduced voting standards that require them to vote against a company's proposal to appoint directors based on the cross-shareholding ratios. In the future, this attitude of seeking improvements through the exercise of voting rights is expected to spread, especially among major institutional investors.

In response to such changes in their environment, some listed companies have pushed forward with the reduction of cross-shareholdings. Chart 106 shows the number of issues held by 100 major

[105] https://stewardship.or.jp/info/%e6%94%bf%e7%ad%96%e4%bf%9d%e6%9c%89%e6%a0%aa%e5%bc%8f%e3%81%ab%e9%96%a2%e3%81%99%e3%82%8b%e6%84%8f%e8%a6%8b%e3%82%92%e6%8e%b2%e8%bc%89/ (in Japanese)

[106] https://www.iicef.jp/pdf/jp/pdf_jp_20250121_02.pdf?20250117 (in Japanese)

companies (constituents of the TOPIX 100). 66 out of 100 companies, mainly financial institutions such as banks and insurance companies, electrical appliances, wholesalers, and chemical companies reduced their cross-shareholdings in FYE March 2024. If we look at the number of issues held by the TOPIX 100 constituents as a whole (86 business companies excluding financial institutions and one company with special factors) (Chart 107), we can see that the number of issues held has been decreasing steadily over the past few years. On the other hand, only 18 companies increased the number of issues they held in FYE March 2024, with some explaining the increase on the grounds of business reasons, such as the strengthening of relationships.

Some companies still hold a substantial amount of cross-shareholdings relative to their net assets. Chart 108 shows the distribution of the market capitalization of cross-shareholdings as a percentage of net assets of companies in the Prime Market. The average and median ratios are 8.5% and 4.9%, respectively, and for most companies the ratio is less than 10% of net assets. The number of companies holding 10% or more of net assets as cross-shareholdings, which is the cut-off for opposition according to the Glass Lewis criteria, is 495 companies (approximately 30%) and the number of companies holding 20% or more of net assets as cross- shareholdings, which is the cut-off for opposition according to the ISS criteria, is 183 companies (approximately 11%), in the Prime Market.

In the past, companies have been required to be "accountable for explaining the significance of their holdings" through enhanced disclosure of their cross-shareholdings. Now that proxy advisors with influence over institutional investors have set opposition criteria for cross-shareholding ratios, however, companies may find themselves under further pressure to reduce their holdings until they fall below a certain ratio of net assets even if holding stock in a certain company were meaningful. The environment of listed companies is developing in a way that will require them to take more in-depth measures than ever before.

## Chart 106 Number of Issues Held as Cross-Shareholdings by Major Corporations (TOPIX100)

### Top 20 companies that reduced cross-shareholdings

| Industry | 2023 Number of issues held | 2024 Number of issues held | Change | Reduction (%) |
|---|---|---|---|---|
| Banking | 2,180 | 2,049 | -131 | -6% |
| Insurance | 1,792 | 1,680 | -112 | -6% |
| Banking | 1,848 | 1,749 | -99 | -5% |
| Banking | 1,795 | 1,715 | -80 | -4% |
| Banking | 1,103 | 1,030 | -73 | -7% |
| Insurance | 2,474 | 2,409 | -65 | -3% |
| Banking | 750 | 702 | -48 | -6% |
| Insurance | 1,651 | 1,605 | -46 | -3% |
| Electrical appliances | 230 | 192 | -38 | -17% |
| Electrical appliances | 184 | 155 | -29 | -16% |
| Wholesale trade | 216 | 195 | -21 | -10% |
| Chemicals | 119 | 99 | -20 | -17% |
| Electrical appliances | 177 | 157 | -20 | -11% |
| Wholesale trade | 361 | 344 | -17 | -5% |
| Machinery | 169 | 153 | -16 | -9% |
| Wholesale trade | 221 | 205 | -16 | -7% |
| Wholesale trade | 257 | 242 | -15 | -6% |
| Securities and commodity futures trading | 210 | 195 | -15 | -7% |
| Chemicals | 100 | 86 | -14 | -14% |
| Chemicals | 175 | 162 | -13 | -7% |
| Real Estate | 172 | 159 | -13 | -8% |

### YoY comparison

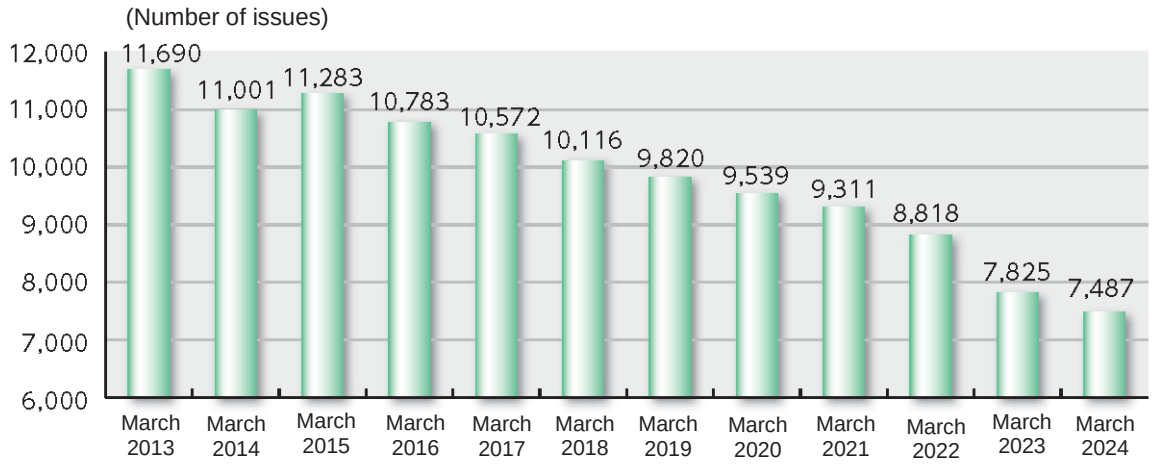
| YoY change | Number of companies |
|---|---|
| Increased | 18 |
| Unchanged | 16 |
| Reduced | 66 |
| TOTAL | 100 |

### Companies that increased cross-shareholdings (2 or more issues)

| | Increase in number of issues held | Number of issues held | Number of listed issues purchased |
|---|---|---|---|
| Electrical appliances | 15 | 187 | 8 |
| Electrical appliances | 11 | 139 | 2 |
| Information and communication | 8 | 192 | 5 |
| Information and communication | 7 | 19 | 2 |
| Information and communication | 6 | 73 | 3 |
| Machinery | 5 | 184 | 3 |
| Retail Trade | 3 | 36 | - |
| Transportation equipment | 3 | 99 | 2 |
| Precision instruments | 2 | 36 | 1 |
| Electrical appliances | 2 | 9 | - |

Note: “shares held for purposes other than pure investment” are totaled as cross-shareholdings.
Source: Compiled by Daiwa Institute of Research based on securities reports of companies

## Chart 107 Decrease in Cross-Shareholdings (Cumulative) by Major Companies (TOPIX100 Excluding Financial)



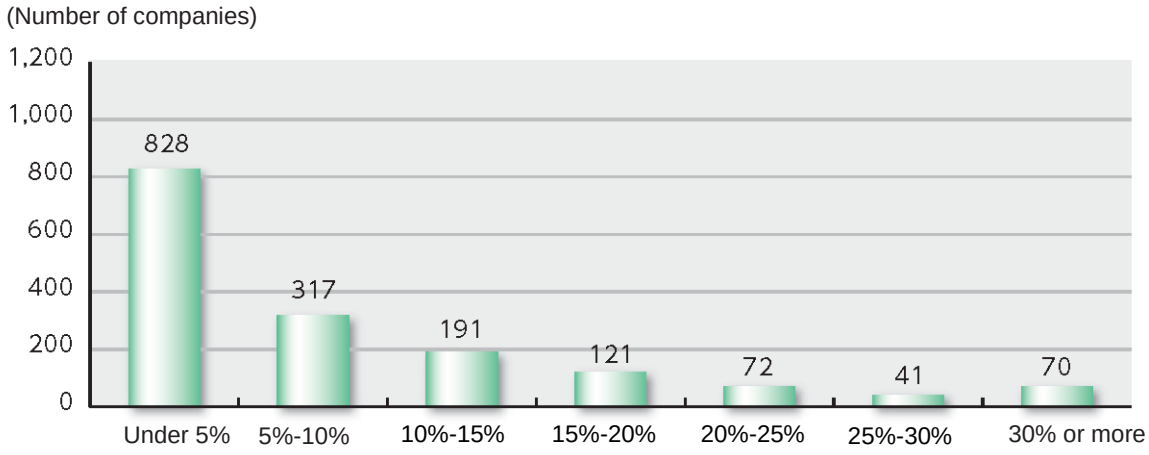

| | March 2013 | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 | March 2019 | March 2020 | March 2021 | March 2022 | March 2023 | March 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of issues held as cross-shareholdings (86 companies except financial institutions and one chemical company) | 11,690 | 11,001 | 11,283 | 10,783 | 10,572 | 10,116 | 9,820 | 9,539 | 9,311 | 8,818 | 7,825 | 7,487 |
| Average number of issues held per company | 144 | 136 | 136 | 130 | 126 | 119 | 116 | 112 | 108 | 103 | 91 | 87 |
| YoY reduction (%) | | -6% | 3% | -4% | -2% | -4% | -3% | -3% | -2% | -5% | -11% | -4% |

(Note 1) "Shares held for purposes other than pure investment" are totaled as cross-shareholdings.

(Note 2) The financial industry was excluded from aggregation because it is characterized by large amounts of cross-shareholdings, making it difficult to see the trend for business companies to reduce their cross-shareholdings. Companies with special factors, such as different scopes of subsidiaries are aggregated for different aggregation periods, are also excluded from aggregation.

(Source) Compiled by Daiwa Institute of Research based on securities reports of companies

## Chart 108 Ratio of Cross-Shareholdings to Net Assets of Companies Listed on the Prime Market




(Note 1) "Shares held for purposes other than pure investment" are totaled as cross-shareholdings.

(Note 2) Covers data for 1,640 companies listed on the Prime Market, excluding companies for which data aggregation is not possible.

(Source) Compiled by Daiwa Institute of Research based on QUICK Astra Manager

# 3. Addressing sustainability issues

Concerning sustainability, the E (environment) elements have drawn increasing attention and the importance of the S (social) elements, such as human capital investments, has been noted in recent years. In addition to human capital investments, advancing more effective initiatives on intellectual property appears to be desirable, in terms of strengthening international competitiveness.

As described below, Sections 2 and 3 of the Code set out "General Principle 2: Appropriate cooperation with stakeholders other than shareholders" and "General Principle 3: Ensuring appropriate information disclosure and transparency," respectively, calling for addressing sustainability issues since the time when the Code was formulated.



**[General Principle 2]**

**Companies should fully recognize that their sustainable growth and the creation of mid- to long- term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.**

**The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.**

**[General Principle 3]**

**Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non- financial information, such as business strategies and business issues, risk, and governance.**

**The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.**

The “Notes” in Section 2 reads: "There is a growing awareness that sustainability (medium and long-term sustainability, including ESG elements) is an important management issue for improving corporate value over the medium to long term. Against this backdrop, it is important for companies in our country to take further proactive measures to address sustainability issues."

Further, the “Notes” in Section 3 stating, "There is a concern that non-financial information, which provides explanations on the financial position of a company, management strategies, risks, and matters related to governance, social and environmental issues (so-called ESG elements), contains stereotypical descriptions or lacks detail or specifics, often with insignificant value added," refers to the need for the board to be actively involved in making the information disclosed/provided to users as useful as possible, including such information.

The global situation is changing rapidly due to the COVID-19 pandemic in 2020 and subsequent geopolitical factors, among others. For companies to achieve new growth in this changing corporate environment, they are required to be aware of challenges and anticipate changes preemptively. For this reason, it is important for companies to address sustainability issues with a sense of speed toward the realization of sustainable growth and increased corporate value over the medium to long term. Accordingly, when the Code was revised again in June 2021, it enhanced requirements/expectations relating to sustainability.

Following the 2021 Code revision, companies are making progress in their sustainability initiatives and disclosures. In this chapter, we introduce the status of their initiatives, which are revealed from descriptions in CG reports, etc.[107]

[107] Please note that the collected results and case examples presented in this chapter are primarily based on descriptions seen in CG reports and are not the exhaustive collection of sustainability information which is provided independently by each company.

## 3 - 1. Background to the emphasis on sustainability

### 3 - 1 - 1. Addressing sustainability issues (Supplementary Principles 2.3.1, 4.2.2 and 3.1.3)

To address sustainability issues, it is important for the board to "recognize them as important management issues that can lead to earning opportunities as well as risk mitigation, and to further consider addressing these matters positively and proactively in terms of increasing corporate value over the medium to long term." (Supplementary Principle 2.3.1) The reason for this description is that addressing sustainability issues is a management issue in the context of risk management, so-called "defense," as well as in the context of “offense” that leads to profit opportunities through the chances of creating and providing new value and services, which gives a message for listed companies to make proactive efforts. Chart 109 shows the collected results of CG reports as of July 12, 2024; 99.4% (95.8% at the previous survey) of the Prime Market-listed companies and 97.1% (94.0% at the previous survey) of the Standard Market-listed companies complied with Supplementary Principle 2.3.1, which suggests that this principle has penetrated many listed companies.

After recognizing sustainability issues, “the board should develop basic policies for the company's sustainability initiatives from the perspective of increasing corporate value over the medium to long-term." (Supplementary Principle 4.2.2) The compliance rate with this supplementary principle was 95.6% (86.4% at the previous survey) in the Prime Market and 80.0% in the Standard Market (67.2% at the previous survey), which shows that the Prime Market-listed companies have a better understanding, compared to the previous survey, of the importance of the board’s developing basic policies and effectively supervising the execution of strategies as set forth in the Supplementary Principle.

Identifying/recognizing sustainability issues and developing basic policies on sustainability initiatives are ensued by the disclosure of the actual state of initiatives. The compliance rate with Supplementary Principle 3.1.3, which requires companies to disclose their sustainability initiatives, is 85.8% (62.5% at the previous survey) in the Prime Market and 70.5% (59.4% at the previous survey) in the Standard Market, suggesting progress of the initiatives of these companies from the time of the previous survey.

Under these circumstances, the key point in complying with Supplementary Principle 3.1.3 is that disclosure per se is not a purpose, and that listed companies are rather expected to continue to examine how they deal with sustainability issues in terms of both risks and profit opportunities from the perspective of their sustainable growth and medium to long-term enhancement of corporate value, appropriately review/revise their management strategies and specific initiatives according to future changes in society/environments, their situation, strengths, etc., and proceed with their implementation.

## Chart 109 “Comply or Explain” Status Relating to Sustainability Principles

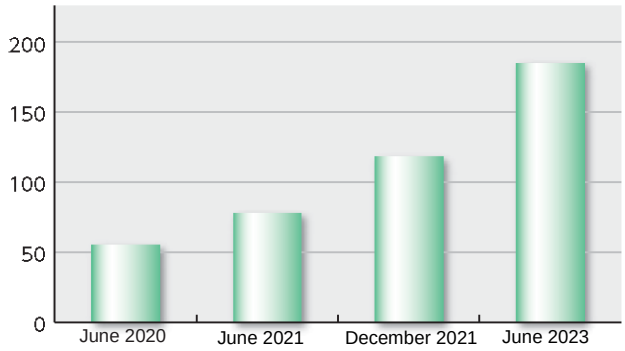
| Supplementary principle | Summary | Compliance rate | |
|---|---|---|---|
| | | Prime | Standard |
| 2.3.1 | Board should recognize that dealing with sustainability issues is an important management issue that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively. | 99.4% | 97.1% |
| 3.1.3 | • Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual property in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.<br>• Prime Market-listed companies should enhance the quality and quantity of disclosure based on TCFD or equivalent frameworks. | 85.8% | 70.5% |
| 4.2.2 | • The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value.<br>• In light of the importance of investments in human capital and intellectual property, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company | 95.6% | 80.0% |

### 3 - 1 - 2. Status of establishment of Sustainability Committee

At the follow-up meetings held from September 2020 to April 2021, it was noted that in order to accelerate efforts to address sustainability issues, boards should have an opportunity to discuss such issues at a sustainability committee meeting, which should be newly formed, to supervise the execution in terms of sustainability. As such, Supplementary Principle 4.2.2 adds a new statement, as mentioned earlier: “The board should develop basic policies on the company's sustainability initiatives from the perspective of increasing corporate value over the medium to long term." The Guidelines for Investor and Company Engagement, which was formulated by the FSA, also mentions a sustainability committee in 1-3: “Does the company have in place a framework for reviewing and promoting sustainability initiatives on a company-wide level, for example, by establishing a sustainability committee under the board of directors or on the management side?” The Guidelines for Investor and Company Engagement, per se, are not directly subject to the “comply or explain” approach in the Code, but they summarize matters that attract investors’ interest and are expected to serve as a reference for companies to address issues.

According to a survey by HR Governance Leaders, 185 companies of JPX-Nikkei 400 companies set up a sustainability committee as at the end of June 2023 (Chart 110), with year-on-year increases seen in the number of companies with the committee.

**Chart 110 Establishment of Sustainability Committee (JPX-Nikkei 400 companies)**




(Source) Compiled by TSE based on the Nihon Keizai Shimbun, morning edition of March 12, 2022, "ESG committee Introduced by 1 in 4 of 400 Major Companies" and the Nihon Keizai Shimbun, morning edition of April 20, 2023, "Internal ESG Committee Introduced by 46% of 400 Listed Companies."

## 3 - 2. Disclosure of sustainability initiatives

As mentioned above, Supplementary Principle 3.1.3 states, “when disclosing management strategies, companies should appropriately disclose their initiatives on sustainability” and “disclose and provide information on investments in human capital and intellectual property in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.” As noted for Chart 109, more than 80% and 70% of companies listed on the Prime Market and Standard Market, respectively, comply with Supplementary Principle 3.1.3 and progress is also seen in CG reports in relation to the disclosure of sustainability initiatives.

Sustainability issues vary according to the business types and models of listed companies. For this reason, more diverse descriptions have been found in CG reports than in other principles. For example, Chart 111 shows the results of analysis of keywords related to sustainability in the CG reports of 1,642 companies listed on the Prime Market. As a keyword related to sustainability in general, "corporate value" and "management strategies/management plans" are very common, and the view on sustainability as an important management issue from the perspective of increasing corporate value over the medium to long term, rather than the previous CSR positioning, seems to be becoming more prevalent to some extent. On the other hand, "risks" is used more frequently than "earning opportunities," which suggests that in terms of "defense" and "offense," not a few listed companies still view sustainability issues in the context of "defense." As a keyword related to sustainability elements, S (Social)-related rather than E (Environment)-related keywords in terms of ESG elements tend to be used by many companies. Specifically, terms such as “diversity,” “women,” “employees,”, and “human capital” are used more frequently than the word "climate change." There are various possible reasons behind this. First in many cases, details are omitted and just a link to integrated reports is posted in CG reports because disclosures on climate change have already been established to some degree in other media such as integrated reports. Or the recent trend of the theme of “investment and distribution to people,” which is positioned as one of the most important issues under the “new capitalism” promoted by the government, has sparked the interest in the S (Social)-related fields, which is possibly represented in the figures.

## Chart 111 Analysis of Sustainability Disclosure Keywords (Prime Market)

| | | | | | | |
|---|---|---|---|---|---|---|
| Keywords related to sustainability in general | Basic sustainability policy | SDGs・ESG | Corporate value | Corporate Strategies and Business Plan | Risk | Earning opportunities |
| | 561 (34.2%) | 1,083 (66.0%) | 1,554 (94.6%) | 1,559 (94.9%) | 1,355 (82.5%) | 476 (29.0%) |
| Keywords related to sustainability elements | Global environment | Climate change | Natural capital | Natural disaster | Human rights | Diversity |
| | 517 (31.5%) | 1,378 (83.9%) | 34 (2.1%) | 245 (14.9%) | 631 (38.4%) | 1,598 (97.3%) |
| | Women | Foreigners | Employees | Business partners | Human capital | Intellectual property and intangible assets |
| | 1,556 (94.8%) | 1,625 (99.0%) | 1,415 (86.2%) | 866 (52.7%) | 1,385 (84.3%) | 1,178 (71.7%) |

In Example 74, as a case of disclosure in CG reports, the company identifies its own materiality and outlines its approach and responses in the CG report accordingly. For the details, other media, including the company's website, are referred to. It is desirable that, as in this example, the CG report also clearly describes how the company recognizes and addresses sustainability issues.

<Example 74: Descriptions in line with identified materiality>
(1) Sustainability Initiatives
a. Sustainability Initiatives
●●●'s Three Corporate Principles call upon it to "strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.
In recent years, expectations and demands for companies to address various societal challenges have been increasing. Guided by our Materiality*, a set of crucial societal issues that the Company will prioritize through its business activities, the Company aims to continue to grow together with society by continuously creating ●●● Shared Value, as set forth in Midterm Corporate Strategy 2024.
Furthermore, in order to increase corporate value in line with the ever-changing demands of society, ●●● has established an effective promotion framework that recognizes the importance of dialogue with its stakeholders and a cycle of business strategy execution based on this dialogue.
*Materiality:
・Contributing to Decarbonized Societies
・Conserving and Effectively Utilizing Natural Capital
・Promoting Stable, Sustainable Societies and Lifestyles
・Utilizing Innovation to Address Societal Needs
・Addressing Regional Issues and Growing Together with Local Communities
・Respecting Human Rights in Our Business Operations
・Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce
・Realizing a Highly Transparent and Flexible Organization

b. Sustainability Information Disclosure
●●● believes that the cycle of disclosing its sustainability initiatives in a timely and appropriate manner based on the requests of its stakeholders, gaining their understanding, and reflecting their feedback on its initiatives is crucial. ●●● will continue to proactively disclose sustainability-related information based on the recognition that this cycle contributes to enhancing its corporate value over the medium to long term.
In addition to the Integrated Report, ●●● also publishes a Sustainability Website, which contains more detailed information. Referring to multiple ESG reporting guidelines, the Sustainability Website is organized according to ESG topics for ease of reference.
Furthermore, important disclosures are made on this website following approval by the CSEO* and after reporting to the Disclosure Committee, a subcommittee of the Executive Committee.
*Chief Stakeholder Engagement Officer.For details, including information about specific sustainability-related initiatives and climate change-related disclosure based on the TCFD framework, see the Sustainability Website at the URL below.
https:// ●●●

c. Sustainability Initiative Promotion Structure
(i) Company-Wide Sustainability System
In ●●●'s management framework, sustainability initiatives are overseen by the Chief Stakeholder Engagement Officer (CSEO). The Sustainability Department plans and drafts related policies and measures. Following deliberations by the Sustainability & CSR Committee*, which convenes approximately twice a year, items are put forward or reported to the Executive Committee and the Board of Directors.
(ii) Promoting Sustainability through Business Activities
To continuously create societal value and environmental value through business activities, ●●● has established a framework through which not only corporate staff departments, but also Business Groups proactively promote sustainability.
(1) Cycle for Integrating Sustainability into Business Strategy
- Following deliberations by the Sustainability & CSR Committee, the President and CEO and each Business Group Head and Group CEO will hold further Business Strategy Meetings to discuss future strategy.
- In these meetings, policies for businesses that are deemed to be most affected by climate change are checked against the results of a 1.5˚C scenario analysis.

(2) Sustainability Promotion Framework in each Business Group
- To further promote Business Group initiatives, management personnel responsible for promoting business strategy in each Business Group have been appointed as Chief Sustainability Officers.
- To promote collaboration, ●●● holds meetings for Group Sustainability Managers as needed to share information and explain measures related to sustainability.

(3) Incorporating Sustainability into Individual Projects
- Framework for putting forward business proposals for internal approval
  Mitsubishi Corporation confirms the significance of each business against its Materiality when screening investment and loan proposals. Environmental and social risks and opportunities (including scenario analysis and carbon pricing impact analysis of highly affected business) are mandatory checked.
- System for Screening Proposals
  Within the Sustainability Department, dedicated staff are appointed for each Business Group and are tasked with providing support and checks on both environmental and social risks and opportunities for individual proposals based on the latest external trends, stakeholder demands, and international standards. In addition, by having the General Manager of the Sustainability Department serve as a member of the Investment Committee, ●●● has put in place a screening system to facilitate decision-making that takes into account specialized insight on environmental and social impacts.

*The Executive Committee has numerous subcommittees. Information regarding ESG-related activities of subcommittees is included in the Sustainability Website at the URL below.
https:// ●●●
(Wholesale trade)

To make disclosures related to the Supplementary Principle in CG reports, the exhaustive description of sustainability initiatives is not required. The inclusion of an overview in a CG report and then reference to the company's website, integrated reports, or sustainability reports, as shown in Example 74, is possible. However, as disclosure items set forth in the Supplementary Principle, the following three elements are required: “sustainability initiatives,” “investment in human capital and intellectual property, etc.,” and “risks and earning opportunities related to climate change.” Thus, attention should be paid to whether these elements are explained exhaustively in the reference.

**[Column 11] Trends in sustainability standards in Japan and abroad**

Rapid developments have been seen in a discussion of sustainability disclosure standards. In November 2021, the IFRS Foundation, which has developed international accounting standards, announced the establishment of the International Sustainability Standards Board (ISSB), a sustainability standard-setting body, and in June 2023 published the IFRS S1 standards, which outlines general requirements for sustainability-related disclosures, and the IFRS S2 standards, which focuses on climate change.

In Japan, the January 2023 amendment of the Cabinet Office Order on Disclosure of Corporate Affairs added a new section for "Views and Initiatives on Sustainability" in securities reports. In addition, the Financial System Council established the "Working Group on Disclosure and Assurance of Sustainability-related Financial Information" in 2024 to discuss details such as the timing and scope of application of the Japanese version of the Sustainability Standards (SSBJ Standards) based on the ISSB Standards under consideration by the Sustainability Standards Board of Japan (SSBJ). The Working Group proposes to gradually require SSBJ Standards-compliant disclosure of sustainability information by companies listed on the Prime Market starting from the annual securities report for FYE March 2027 at the earliest. It is also considering introducing third-party guarantees for SSBJ Standards-compliant sustainability information from the second year of application.

Meanwhile, other global developments besides the ISSB include sustainability standards developed in Europe and by the US Securities and Exchange Commission (SEC).

In Europe, the Corporate Sustainability Reporting Directive (CSRD) was announced in April 2021 and finalized in November 2022. In July 2023, the European Sustainability Reporting Standards (ESRS), which are specific disclosure standards based on the CSRD, were adopted by the European Commission. The CSRD was scheduled to apply to Japanese subsidiaries and similar entities in the EU starting in 2025 if they met the definition of large companies, as well as to companies whose operations in the EU were of a certain scale, with the latter companies having been scheduled to be required to conduct CSRD-compliant disclosure on a consolidated basis starting in 2028.[108] However, in February 2025, the European Commission announced an omnibus bill to revise EU directives, including the CSRD. The bill will be discussed in the European Parliament and the Council of the EU[109].

In the United States, the Securities and Exchange Commission (SEC) finalized the revised draft guidance on climate change-related disclosure in March 2024. As a result, Scope 1 and 2 GHG (greenhouse gas) emissions (GHG emissions) are scheduled to apply in a phased manner according to company size starting in 2025.[110] However, due to a series of lawsuits over the revised draft guidance, the SEC has suspended the revised draft guidance until a judicial decision is finalized[111].

In any case, companies need to consider corporate sustainability in an effort to achieve sustainable growth and medium to long-term increase in corporate value. Instead of aiming for disclosure in and of itself, companies are expected to continue to consider what they should do in light of the original intention behind disclosing sustainability-related information, while also taking into account sustainability standards.

This column is written based on the information available at the end of February 2025.

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108 Financial System Council, "Reference Materials for the Second Meeting of the Working Group on Sustainability Disclosure (Reporting) and Assurance" (provisional English title)," p. 13 - 14. (in Japanese)

109 Financial System Council, “Secretariat Explanatory Materials for the Second Meeting of the Expert Study Group on Assurance of Sustainability-related Financial Information”, p. 19.

110 Financial System Council, "Reference Materials for the Second Meeting of the Working Group on Sustainability Disclosure (Reporting) and Assurance" (provisional English title)," p. 9.

111 https://www.sec.gov/files/rules/other/2024/33-11280.pdf

**[Column 12] Ito Review 3.0 (Ito Review SX Edition) and Guidance on Value Creation 2.0**

Capital efficiency and long-term growth investments of Japanese companies have been stagnant, and “earning power” and long-term corporate value enhancement, which were first raised in the Ito Review (published in 2014), still remain challenges. Meanwhile, looking at international trends, the situation surrounding sustainability issues has a significant impact on the sustainability of corporate activities, and a response to sustainability is becoming a fundamental element of corporate management for the creation of long-term and sustainable value. Given these circumstances, the Ministry of Economy, Trade and Industry published in August 2022 the Ito Review 3.0 (Ito Review SX Edition),[112] which summarizes the importance of sustainability transformation (SX) practices and specific initiatives to realize them, and the Guidance on Value Creation 2.0[113] as a framework for strengthening management, effective information disclosure and constructive dialogue to realize SX.

Various guidelines have been published by different agencies and organizations, including ministries, which are systematically organized in the Guidance, as a "Relationship Chart between Other Guidelines and the Guidance on Value Creation 2.0."[114]

**[Column 13] ESG Disclosure Study Group Report 2022**

Amid increasingly lively discussions on the disclosure of sustainability information in Japan and abroad, the General Incorporation Association of ESG Disclosure Study Group was established in June 2020 to deepen discussions on how non-financial information should be disclosed in our country and provide a place for free and frank discussions between listed companies and investors. The Study Group conducted research with the aim of creating a mechanism for harmonizing the sustainable development of society and companies' efforts to increase their own value and grow, and released the "ESG Disclosure Study Group Report 2022: Achieving World-Leading Disclosure and Dialogue Standards"[115][116] on June 29, 2022, which summarizes the results of the two-year research, and recommendations on ESG disclosure and more effective engagement between issuers and investors, for issuers, investors, and standard-setting organizations, respectively.



112 https://www.meti.go.jp/policy/economy/keiei_innovation/kigyoukaikei/ito_review_3.0__sx_edition__released_august2022_en.pdf
113 https://www.meti.go.jp/policy/economy/keiei_innovation/kigyoukaikei/guidance_for_collaborative_value_creation_2.0_en.pdf
114 https://www.meti.go.jp/policy/economy/keiei_innovation/kigyoukaikei/map_guidance.pdf (in Japanese)
115 Whole document: https://edsg.org/wp-content/uploads/2022/06/38892e73de188c07a6273771d05eb4e2.pdf
116 Executive Summary: https://edsg.org/wp-content/uploads/2022/08/207b7d3b5f5ad6e55ee6d 827147af01f.pdf

## 3 - 3. Environment (climate change) related disclosures

### 3 - 3 - 1. Disclosures on climate change (including TCFD compliance) (Supplementary Principle 3.1.3)

Supplementary Principle 3.1.3 requires that: "The Prime Market-listed companies, in particular, should collect and analyze necessary data about the impact of climate change-related risks and profit opportunities on a company's business activities and earnings to enhance the disclosure based on TCFD, an established global disclosure framework, or an equivalent framework, qualitatively and quantitatively." An "equivalence framework" in this Supplementary Principle is "expected to be the standards published by the ISSB under the IFRS Foundation," according to the 2021 revised recommendations by the Follow-Up Meeting.[117]

In light of the concept of the Prime Market, which was launched on April 4, 2022, "market for companies with a focus on constructive dialogue with global investors," the number of companies showing support for TCFD has rapidly increased, particularly among those listed on the Prime Market. According to a survey by the TCFD Consortium, as of November 2023, 1,488 companies and organizations had expressed their support for TCFD, with Japan having the largest number of TCFD supporters in the world.[118][119]

For disclosure in CG reports, many companies include statements on their support for TCFD and reference to integrated reports, sustainability reports, and their websites for further details. Other efforts to enhance the quality and quantity of climate change disclosure include disclosures on a "TCFD Consortium membership" or a "RE100 membership" with the goal of running businesses on 100% renewable energy power, and disclosures on "SBT Initiative-certified" with the Paris Agreement-aligned GHG emission reduction targets set.

Disclosures in media other than CG reports are not covered by this White Paper, but climate change disclosure is increasingly enhanced qualitatively and quantitatively, in line with an increasing number of companies supporting TCFD. It is expected that risks and opportunities associated with climate change will be identified and their scenario analysis will be studied, but scenario analysis and disclosures per se are only means and should not be an end. Rather than meeting disclosure obligations through superficial disclosures, enhancing a company's sustainable growth and medium to long-term corporate value through a strategy with climate-related risks and opportunities considered is important.

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117 https://www.jpx.co.jp/english/equities/listing/cg/tvdivq0000008jdy-att/b5b4pj0000043617.pdf
118 See Column 14 TCFD Guidance for the TCFD Consortium.
119 https://tcfd-consortium.jp/about (Accessed: December 30, 2024) (in Japanese)

**[Column 14] TCFD Guidance**

Amid prevailing global trends to assess the impact of climate change on the business activities of investees as a result of the acceptance of the Paris Agreement, the Task Force on Climate-Related Financial Disclosures (TCFD) published its final report (TCFD recommendations) in June 2017. In response, in December 2018, the Ministry of Economy, Trade and Industry released the Guidance on Climate-Related Financial Disclosures (TCFD Guidance), as its manual/handbook. Subsequently, the TCFD Consortium, which was formed in May 2019, became a forum for knowledge accumulated through discussions between companies and investors, and in July 2020, the TCFD Guidance was revised in line with previous discussions and published as the Guidance on Climate-Related Financial Disclosures 2.0 (TCFD Guidance 2.0).[120]

Further, after a recommendation on carbon neutral targets (in October 2020) and the Corporate Governance Code revision (in June 2021), the trend to enhance the quality and quantity of the TCFD recommendation-based disclosure has intensified in Japan. In the wake of this trend, the TCFD Consortium released the Guidance on Climate-Related Financial Disclosures 3.0 (TCFD Guidance 3.0) [121]in October 2022, primarily for companies in the process of expanding their disclosure efforts based on the TCFD recommendations, along with "recommended disclosure items by industry" and "collection of cases."

**[Column 15] Fact-finding survey on information disclosure in line with TCFD recommendations**

The Japan Exchange Group (JPX) published the "Survey of TCFD Disclosure in Japan" in FY 2021[122] and FY 2022[123] and the "Survey of TCFD Disclosure Using Generative AI" in FY 2023[124], with the aim of understanding the actual practice related to TCFD recommended disclosure of climate-related information by listed companies, providing information useful for listed companies to work on disclosure of climate-related information, and using these surveys as a reference in considering ways to improve the quality and quantity of disclosure. In the FY2023 survey, generative AI was employed to use the results of the research on automated determination of TCFD-recommended disclosures in securities reports (JPX Working Paper, "Automated Determination of TCFD Recommended Disclosures through Zero-shot Text Classification Using Large Language Models"[125]). This allowed the scope of the companies covered by the survey to be expanded significantly, which made it possible to identify differences in disclosure between different market segments, company sizes, and industries.

Listed companies are advised to consult these surveys when working on the disclosure of climate-related information or when considering ways to improve the quality and quantity of disclosed information on various occasions.

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120 https://tcfd-consortium.jp/news_detail/20073103 (in Japanese)
121 https://tcfd-consortium.jp/news_detail/22100501 (in Japanese)
122 https://www.jpx.co.jp/english/corporate/news/news-releases/0090/20211130-01.html
123 https://www.jpx.co.jp/english/corporate/news/news-releases/0090/20230120-01.html
124 https://www.jpx.co.jp/english/corporate/news/news-releases/0090/20240326-01.html
125 https://www.jpx.co.jp/english/corporate/research-study/working-paper/JPXWP_Vol43e.pdf

**[Column 16] International initiatives for climate change response**

There are many international initiatives to encourage companies and organizations to address climate change. Outlined below in this White Paper is a brief introduction to CDP and SBT (Science Based Targets).

CDP (Carbon Disclosure Project) is an international NGO founded in the UK and runs the world's largest corporate disclosure program on climate change, water, and forests. In 2024, CDP sent questionnaires[126] to more than 33,000 companies to request disclosure on behalf of more than 700 financial institutions with more than US$142 trillion in assets under management. In Japan, 500 major companies were previously surveyed, but since 2022 the survey has been expanded to cover all the companies listed on the Prime Market. Reportedly, the 2023 survey sent questionnaires to 1,834 companies listed on the Prime Market and had 1,182 respondents.[127] The questionnaire on "climate change" was previously based on the TCFD recommendations, but CDP has announced that from 2024 onward, it will change the content to be based on the IFRS S2 standards (climate-related disclosure standards) published by the ISSB.[128]

The SBT (Science Based Targets) initiative is an initiative for certifying corporate GHG emission reduction targets consistent with the levels required by the Paris Agreement[129]. The SBT initiative, a joint operation by CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), certifies reduction targets for supply chain emissions (Scope 1, 2, and 3 emissions). The number of certified companies is on the increase every year. As of December 30, 2024, the number of certified companies worldwide has grown to 6,946 companies, out of a total of 9,885 companies including 2,939 committed companies[130]. As for Japanese companies, 1,419 are certified and 78 are committed, totaling 1,497 companies.

### 3 - 3 - 2. Implementation of environmental conservation activities and CSR activities

2,977 companies (77.7% of all TSE-listed companies) stated in the CG Report that they carry out environmental conservation activities, CSR activities, etc. By market segment, the Prime Market had the highest percentage at 90.0%, followed by the Growth Market at 74.1% and the Standard Market at 66.5%. 93.5% of JPX-Nikkei 400 companies engage in the activities, 3.5 points higher than in the Prime Market.

Among supplementary explanations on environmental conservation and CSR activities, 230 companies reported that they obtained ISO 14000 or ISO 14001 certification, which are international standards for establishing an environment management system. As for the rest, there were notes on direct actions such as support in response to the Great East Japan Earthquake of 2011 and the Kumamoto Earthquake of 2016, medical support funds for COVID-19 cases, and humanitarian relief funds for the Ukrainian crisis, as well as notes on disaster prevention and contingency measures, power saving/energy saving, solar power generation, recycling, and reducing the use of natural resources.

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126 The questionnaires for companies consist of three types: Climate Change, Forest, and Water Security.

127 CDP, CDP Climate Change Report 2023 (Japan), p. 12 - 13, https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/009/502/original/CDP2023_Japan_Report_Climate_0319.pdf (Accessed: December 30, 2024) (in Japanese)

128 https://www.ifrs.org/news-and-events/news/2022/11/cdp-to-incorporate-issb-climate-related- disclosure-standard-into-global-environmental-disclosure-platform/

129 For details, please refer to explanatory materials posted on the Green Value Chain Platform (https://www.env.go.jp/earth//ondanka/supply_chain/gvc/decarbonization_05.html) (in Japanese).

130 A "committed company" is one that has declared its SBT setting within two years.

## 3 - 4. Disclosures on human capital and intellectual property investments

### 3 - 4 - 1. Disclosures on human capital and intellectual property investments (Supplementary Principles 3.1.3 and 4.2.2)

Concerning sustainability, the E (environment) elements have drawn increasing attention. On top of that, the importance of the S (social) elements, such as human capital investments, has been noted in recent years. In terms of strengthening international competitiveness, it is also pointed out that more effective efforts should be made on intellectual property. The follow-up meeting also noted that it is important to properly disclose what types of social issues will be solved through the core business to increase corporate value, as well as how to realize diversity, create a comfortable working environment, and train personnel as long-term innovation is created by human resources.

In light of this trend, Supplementary Principle 3.1.3 was added at the time of the Code revision in June 2021, stating “Companies should disclose and provide information regarding investments in human capital and intellectual property specifically and in an easy-to-understand manner, with an awareness of consistency with their management strategies and issues.”

Given the significant impact of human capital investments and intellectual property creation on corporate value when management resources are allocated for sustainable corporate growth, as pointed out by some, for the purpose of encouraging the effective supervision of management resources allocation, such as making investments in human capital and intellectual property, so that they can serve for the sustainable growth of companies, Supplementary Principle 4.2.2 covered new content, stating: "Given the importance of making investments in human capital and intellectual property, effective supervision is needed to ensure that the allocation of management resources, including these, and the execution of strategies related to business portfolios contribute to the sustainable growth of the company."

In CG Reports submitted by July 12, 2024, descriptions regarding how each company has considered these points are seen as disclosures under Supplementary Principle 3.1.3. Regarding disclosures on human capital, Example 75 discloses human capital investments related to training, including quantitative information. Example 76 refers to the specific uses and amount of investment related to human capital. Example 77 refers to the construction of a strategic human resource portfolio based on the strategies of the medium-term management plan. Example 78 refers to specific figures for wage increases and describes the company’s focus on human capital investment.

As to intellectual property investments, Example 79 states that disclosure is made through intellectual property reports. In Example 80, an outline of the basic policy for the intellectual property strategy is described in the CG Report, and the intellectual property is detailed in intellectual property reports. Example 81 states that investments in intellectual property are made by positioning intellectual property as an important management asset. Example 82 shows that intellectual property is considered as a management resource and mentions the concept of an intellectual property portfolio and intellectual property investments.

In this way, many listed companies recognize the importance of making investments in human capital and intellectual property for increases in corporate value and take measures, which are becoming predominant.

On the other hand, some companies claim to comply with Supplementary Principle 3.1.3 but do not mention any "investments in human capital and intellectual property." Investing in human capital and intellectual property is an important element to address the changing business environment. We advise companies to consider measures/actions based on the purpose of the Code.

<Example 75: Disclosing quantitative information on specific investments in human capital (related to training)>

■Human capital investments, etc.

Viewing diverse and versatile human resources as a source of value creation, or "human capital," the Company has had and will continue to have a policy of actively investing in them. It is essential to update capabilities in response to changes in the business environment. In particular, we are focusing on strengthening the ability of our human resources and organizations to respond to changes in the business environment based on the growth strategies set forth in the Medium-Term Management Strategy 2024. More specifically, in the area of leadership development, we are working, through a wide variety of human resource development programs, to update leadership in response to changes in the environment, as well as to enhance diversity management and growth support skills in order to utilize our diverse and versatile human resources.

In particular, we believe that team leaders, who act as a linkage point between management and the workplace, play an important role in realizing vibrant human resources and organizations. In an organizational leadership training program for newly appointed leaders, we implement organizational development to support the growth of the organization and staff, self-reflection based on the results of leadership style assessments, and formulation of action plans in the workplace.

To accelerate DX, we have started to provide the "●●● DX Advancement Program," an on-demand training program that enables employees to define areas that need further development and to learn required skills according to their individual levels. Since FY2022, nearly all officers and employees have participated in this program. Further, we are working on the development of human resources who will lead DX promotion and AI use, by providing programming training, workshops for launching web services, management courses, innovation training, etc. for those in charge of DX promotion and new business launches.

Details of our human resource development and engagement initiatives are available on our website at the following URL: https://www.●●●

Quantitative data on training programs held for enhancing the value of human capital is as follows:

Overview of the company's training programs (unconsolidated, FY2023)

・Number of participants in annual training (Note 1): 5,432

・Total training hours per year (Note 2): 73,891 hours

・Average training hours per person (Note 3): 13.6 hours

・Total education and training expenses (Note 4): 2.59 billion yen

・Training expenses per person (Note 5): 479,500 yen

(Note 1) Only the training programs sponsored by the head office human resources department (calculated based on the total number of participants after excluding certain training programs for FY2023).

(Note 2) Only the training programs sponsored by the head office human resources department (excluding overseas training programs).

(Note 3) Total education and training hours are divided by the number of all employees. In addition to this, there are self-learning hours for participants to learn using the Company's online learning platform.

(Note 4) Education and training expenses plus fees for outsourcing training services to external training institutions.

(Note 5) Total education and training expenses are divided by the number of all employees.

(Wholesale trade)

<Example 76: Disclosure example of citing the specific use and amount of human capital investments>

<Human capital investments, etc.>

Positioning "people" as its greatest management resource, the ●● Group has pushed forward organizational reforms and environmental development for making the best of its organization and human resources, as an "investment in people."

We actively recruit diverse human resources as a measure to enhance employee engagement, increase productivity, and create innovation. In addition, in order for diverse talents to exert higher levels of productivity and creativity, we implement human resource development measures as planned, including scouting personnel who will take leadership

programs for digital personnel essential to digital transformation (DX), and holding human rights awareness training. The ●● Group has recorded expenses for these measures, totaling nearly 9 billion yen group-wide for FY2023.
In order to strengthen the human resource development system, we will also consolidate the human resource development functions that have been dispersed across the Company and establish a new department to optimize and enhance the human resource development of the ●● Group. We will also set up a "Human Resource Development Committee (by job type)" to upgrade human resource development by focusing on enhancing expertise by job type, thereby accelerating the development of professional resources necessary for business growth.
For more information, please refer to our company website (sustainability site), Integrated Report, and ESG Data Book.
Sustainability website: (https://jpn.●●●)
ESG Data Book：(https://jpn.●●●)
Integrated report：(https://jpn.●●●)
(Electrical appliances)

<Example 77: Disclosure example of stating the building of a strategic human resources portfolio>
<Human capital investments>
The Company invests in human capital based on the Resource Strategy under the Medium-Term Management Plan announced on May 24, 2023. To realize a human resource portfolio linked to business strategies, we have started to examine the visualization and monitoring process of our human resource portfolio along three axes: business, role, and region. We are also promoting human resource development through reskilling and upskilling training and proactive recruitment of external human resources to improve productivity and expand business in priority domains.
Furthermore, in order to attract and retain diverse and versatile human resources, our basic approach is to set compensation levels for employees based on the labor market, setting competitive levels for talent acquisition based on the results of market benchmarks and according to the level of responsibility.
Through these efforts, we aim to retain and acquire talent who will play a central role in enhancing corporate value in the future, as well as promote the acquisition of talent who are job-ready or have strong potential as digital natives.

Please refer to the following website for details of the Medium-Term Management Plan and human capital initiatives (Annual Securities Report 2023).

• Medium-Term Management Plan
Medium-Term Management Plan Briefing (May 24, 2023):
https://pr.●●●
About Medium-Term Management Plan:
https://pr.●●●
• Annual Securities Report 2023:
https://pr.●●●
(Electrical appliances)

<Example 78: Disclosure example of mentioning human capital investments such as wage increases>
(2) Investment in human capital and intellectual property; business portfolio
Human resources investment is the cornerstone of our business and our primary focus area.
We believe that by consistently increasing employee satisfaction, a virtuous cycle is created in which customer satisfaction improves and, as a result, employees see returns in the form of improved business performance. We are committed to creating a workplace full of smiles, where each and every employee feels the joy of thinking and growing with passion.
In order to encourage employees to grow, we believe that one of our important roles is to provide learning opportunities for individual employees. For this reason, in addition to training programs at ●●● Cooking School and ●●● Academy, we are actively investing in a variety of human resource development initiatives, including e-learning and mastery of digital technologies. For example, ●●● Academy offers a wide range of opportunities for employees to participate in various types of training programs, such as training courses on hands-on cooking, knowledge of cooking, customer service, and management seminars. For the new employee training held in April this year, we employed external consultants to run a handmade program by ●●● Academy under the theme, "It's all from my feelings of gratitude, my life's work going forward," and the president of our company also participated in this 4-day intensive session. These opportunities directly contribute to employee growth and productivity, and significantly to increased work engagement, which then becomes a source of passion for work, leading to new value creation.
In terms of pay, we fully accepted the labor union's demand for an 8.5% increase to the bonus table of 100% for the 2023 summer bonus. Additionally, for the winter bonus, we fully accepted a total of 110%, a 10% increase to the bonus table, which was the union’s initial demand, and actually paid out more than 120% of the bonus table with a top-up of over 10% as a "special additional bonus." As a result, we set a record for the amount of bonuses paid. At the end of the fiscal year, we also paid a record-high "year-end bonus" thanks to strong results. Moreover, in the FY2024 monthly wage revision, we implemented a "base pay raise" again as we did in FY2023 and increased wages by an average of approximately ●●, ●●● yen per employee (representing an 11.5% wage increase when including the base pay increase), far exceeding the union’s demand and ranking us among the best of all companies.

highest level in the industry and serves to ensure that we secure not only the number of new hires but also the diverse human resources that we are looking for. Through these efforts, we are focusing on investments in human capital.
With regard to intellectual property, the know-how (e.g., ●●● manufacturing method) and trademarks accumulated since our establishment are important resources that form the foundation of our business activities. We believe that firmly protecting such rights while further developing them should lead to our sustainable growth.
In terms of the business portfolio, with a single "●●●" segment, we execute business strategies based on the judgment that concentrating management resources in this segment and further refining it should lead to our sustainable growth.
(Retail Trade)

### <Example 79: Disclosure on intellectual property (intellectual property reports)>

(7) Intellectual property investment
The Company's approach to technology/intellectual property strategies and the results of implementing the strategies are disclosed in our integrated reports.
For our strategy on patent rights and other intellectual property rights among intellectual property, and the actual records and internal structures related to the acquisition/exercise of intellectual property rights, please refer to the Intellectual Property Report on our website.
Integrated Report pp. 24 and 63: https://www.●●●
Intellectual Property Report: https://www.●●●
(Electrical appliances)

### <Example 80: Disclosure on intellectual property strategies and reports>

(3) Intellectual property investment
The Group has positioned intellectual property, such as patents and know-how, as well as intellectual assets that constitute a source of strength, including human assets, organizational capabilities, and customer networks, as important management resources, and has established a basic policy consisting of the following three pillars for the purpose of utilizing them. Intellectual property activities are being advanced on a group-wide and global basis under the three pillars of business, research & development, and intellectual property.
<●● Group's Intellectual Property Strategy>
Three Basic Policies
(1) Strengthening management/business strategy formulation capabilities through the IP landscape
We strengthen our ability to formulate management and business strategies through the IP landscape, which incorporates intellectual property information into the strategy formulation process to analyze and utilize it.
(2) Utilizing intellectual assets through an open & close strategy
We strengthen our business competitiveness starting from the utilization of intellectual assets through an open and close strategy and by operating an activity cycle of creating and accumulating intellectual assets and protecting our business and core technologies while capturing changes in the environment through IP landscape analysis.
(3) Stabilizing business execution by reducing intellectual property risks
We recognize four types of intellectual property risks, namely, infringement risk, technology leakage risk, contract risk, and technology imitation risk, as risks with high impact and frequency, and strive to continually reduce these risks to stabilize business operations.

In line with the Three Basic Policies of our intellectual property strategy, the Group is advancing intellectual property activities from two perspectives, "maximum chance" (expansion of business opportunities) and "minimum risk" (stabilization of business), to achieve the "●● Group Vision 2030." As a sustainability index and target for achieving our goals for FY2025, we have set the "IP landscape implementation rate for business enhancement and new business creation."
Details of the Group's efforts to enhance and create businesses with the use of intellectual assets and efforts to develop human resources and organizations that utilize intellectual assets are disclosed in the Intellectual Property Report.
Intellectual Property Report: https://www.●●●
(Nonferrous metal)

### <Example 81: Disclosure example of identifying and specifying intellectual property as an important management asset and specifying investment therein>

<Investment in intellectual property, etc.>
The Company draws on its technological capabilities and knowledge gained through research and development activities in the fields of fermentation and biotechnology, expanding its business domains from food to medicine. Positioning intellectual property created in each domain as one of its important management assets, the Company secures and utilizes patent rights, etc. In compliance with laws, it aims to achieve sustainable growth through the differentiation and secured flexibility of businesses by creating customer value.
In our food domain, for example, we have achieved differentiation through the creation of new value for customers, using "●●●" (patented) for "●●●," for applying a naturally derived adsorbent to remove caffeine from tea leaves while their umami and richness are retained. We also work to improve the competitiveness of our products and services by drawing on our intellectual property in the home beer server "●●●" (patent and design registered) and the craft beer dispenser "●●●" (business model patent, etc.).
Further, our medical domain is based on research and development activities, and intellectual property is one of our

most important management assets. For critical intellectual property for R&D/business strategic purposes, we make efforts to acquire and maintain effective patent rights through strategic patent applications and maximize product value from a life cycle management perspective. At the same time, we respect the rights of other companies and promote compliance not to infringe, while ensuring flexibility in research and business activities. These efforts should contribute to maximizing the value and earnings and minimizing risks in our global business activities, and lead to a stable supply of pharmaceuticals as well.
In the domain of health science, which we entered in 2019, we have launched the "●●●" brand product, which contains "●●●" and is the first to be filed and approved in Japan as a functional food for immune functions (patent application, etc.). With this technology at its core, the Group is working to offer an environment that makes it easier for customers to obtain "●●●" materials by distributing them outside the Group. We are also undertaking the development of ●●● and ●●●, with a commitment to solving the social issue of health through the launch of our original materials and products that should lead to the creation of new value. Based on the results of a multifaceted analysis, we identify the intellectual property needed to achieve our financial targets (for FY2027) in this business and make plans to build strategic assets by applying it to the allocation of human resources and activity costs for the R&D department, which are needed to acquire rights.
As noted in the case of our food domain, under the policy of recognizing unique and attractive designs, in addition to patents, as our important assets and making active investments in them, we promote activities to prevent imitation by other companies by securing the rights to container packaging and beverage servers of advanced design, as design rights.
Furthermore, to serve the enhancement of corporate value and the achievement of financial targets, we are working to improve the brand value of our group and products and prevent their damage and dilution, by actively and strategically securing and utilizing our trademark rights in Japan and abroad.
As described above, the Company considers intellectual property as an important management asset, advancing highly competitive business activities by making active investments.
(Foods)

<Example 82: Disclosure example of stating reform of an intellectual property portfolio>
<Investment in intellectual property, etc.>
We view intellectual property as a management resource essential for achieving sustainable business growth and enhancing corporate value. As part of our intellectual property strategy under "strengthening of technology and human resources," which is one of the basic policies of the Medium-Term Management Plan 2028 "●●●," we are committed to enhancing our intellectual property portfolio and business competitiveness by utilizing the IP landscape*.
*IP landscape: When formulating a management strategy or business strategy, (1) conduct an analysis that incorporates intellectual property information into management and business information, and (2) share the results (an overview of the current situation, future outlook, etc.) with management and business managers.

(1) Efforts to strengthen business competitiveness
Our business competitiveness is improved by the strong barriers to entry built through the use of our intellectual property portfolio and by the deterrence of counterfeits and patents of other companies. We use the IP landscape method to analyze the IP competitiveness of our own company and other companies, by business category. We maintain and improve IP competitiveness in core businesses, increase the number of self-filed applications for growth and new businesses, and check the patents of peer companies in an effort to reduce risks.
The intellectual property competitiveness of each business that we analyzed is also employed as an index for business evaluation, which is periodically conducted across the company.
In addition, in order to realize our business model of "design-in" and "spec-in (within specifications)," we globally protect the inventions and know-how of functional materials, devices, and manufacturing methods manufactured and distributed by us and secure the legal safety of our business by conducting thorough investigations of other companies' patents. More than 60% of our patents are held overseas, which helps to secure global business operations and business competitiveness in each country.

(2) Building and utilizing a lean patent portfolio
In addition to strengthening self-filed patent applications, we enhance intellectual property competitiveness by acquiring or licensing intellectual property from other companies as needed and sell or license out patents that remain unused by us to other companies, in order to effectively utilize patents and build a lean portfolio.
To make the most of our patents as a contributor to solutions to environmental issues, we also participate in WIPO GREEN (a matching platform for environmental technology and intellectual property promoted by the World Intellectual Property Organization) to promote open innovation of environment-related patents.
(3) Intellectual property investment
We actively invest approximately 25% of annual R&D spending in intellectual property, mainly for patent portfolio strengthening, the IP mix (designs, trademarks, know-how, etc.), and IP digital transformation. In recent years, we have contributed to sustainable business growth through the creation of new customer value by developing IP landscape infrastructure and reflecting the analysis results in business strategies.
(Chemicals)

**[Column 17] Guidelines associated with human capital and intellectual property**

As a guideline on human capital, the Ministry of Economy, Trade and Industry published the Ito Review on Human Capital and the Ito Review on Human Capital 2.0[131], and the Non-Financial Information Visualization Study Group, which was established in the New Form of Capitalism Realization Headquarters under the Cabinet Secretariat, published the Guidelines on Visualization of Human Capital[132].

On the other hand, as a guideline on intellectual property, the Guidelines on Disclosure and Governance of Investment and Utilization Strategy for Intellectual Property and Intangible Assets Ver. 1.0 [133]and Ver. 2.0 [134]were published by the Cabinet Office's Study Group on Effective Disclosure and Governance of Intellectual Property Investment and Utilization Strategy.

The outlines of these guidelines are provided below. More details are available on the websites of the Ministry of Economy, Trade and Industry and the Cabinet Office.

"Ito Review on Human Capital" and "Ito Review on Human Capital 2.0"

For companies to increase corporate value sustainably while addressing changes in the business environment, it is important to have human resources strategies suitable to management strategies, such as building human resources portfolios and innovation with an eye on changes in business portfolios, securing and developing human resources that can create added value, and building an organization. The respective roles of management, directors, and investors in terms of human resources strategies, how dialogue with investors should be, measures to facilitate behavior change among stakeholders, and other matters were discussed, and such results were published as the Ito Review on Human Capital in September 2020 by the Study Group on Improvement of Sustainable Corporate Value and Human Capital, established under the Ministry of Economy, Trade and Industry.

Since the publication of the Ito Review on Human Capital, changes in the management environment that make it difficult to link management strategies with human resources strategies, such as digitization, decarbonization, and changing public awareness during the COVID-19 pandemic, have come to the surface; human capital, which is at the core of non-financial information, has gained weight as an issue in actual managerial scenes. Accordingly, the study group for the realization of human capital management, formed by the Ministry of Economy, Trade and Industry, had discussions on how to practice the human resources strategies linked to management strategies for the sustainably increased corporate value, in line with the June 2021 Code revision, and published a report, the Ito Review on Human Capital 2.0, in May 2022. The Ito Review on Human Capital 2.0 recognizes the importance of "human capital" and presents an idea, which would be useful in implementing the transformation of human capital management, with a focus on how to embody and put it into practice.

131 https://www.meti.go.jp/english/policy/economy/human_resources/pdf/0825_ITO_Report_for_HCM.pdf
132 https://www.cas.go.jp/jp/seisaku/atarashii_sihonsyugi/wgkaisai/jinteki/sisin.pdf (in Japanese)
133 https://www.kantei.go.jp/jp/singi/titeki2/tyousakai/tousi_kentokai/governance_guideline_v1.html (in Japanese)
134 https://www.kantei.go.jp/jp/singi/titeki2/tyousakai/tousi_kentokai/governance_guideline_v2.html (in Japanese)

Guidelines on Visualization of Human Capital

The Non-Financial Information Visualization Study Group established under the New Form of Capitalism Realization Headquarters edited and published the Guidelines on Visualization of Human Capital in August 2022. With a particular focus on how human capital information should be, the Guidelines outline, as a comprehensive guide to the direction of responses including methods for using existing standards and guidelines, basic approaches to effective disclosures (visualization), examples of detailed preparations, responses to disclosure media, and indicators and examples to be disclosed, and recommend companies to actively use them according to their own industry, business models and strategies. The Ito Review on Human Capital and the Ito Review on Human Capital 2.0, as introduced in the foregoing column, deal with the development and practice of human resources (strategies), and through their combined use with the Guidelines on Visualization of Human Capital the synergy of the implementation and visualization of human resources strategies is expected to take effect.

Guidelines on Disclosure and Governance of Investment and Utilization Strategy for Intellectual Property and Intangible Assets Ver. 1.0 / Ver. 2.0

In response to the revision of the Code in June 2021, the Guidelines were reviewed by the Study Group on Effective Disclosure and Governance of Intellectual Property Investment and Utilization Strategy, with Ver. 1.0 and Ver. 2.0 finalized in January 2022 and March 2023, respectively, for the purpose of providing easy-to-understand explanations on how companies should disclose their investment and utilization strategies for intellectual property and intangible assets[135] and build governance in order to be appropriately evaluated by investors and financial institutions.

Setting out five principles and seven actions, the Guidelines aim to create an environment in which companies' initiatives and disclosures on intellectual property and intangible assets manifest as corporate value by bridging the gap between the thought structures of companies, investors, and financial institutions, and organizing the roles expected of investors. They also present a communication framework to enhance the quality of dialogue and information disclosure between companies and investors. The Guidelines are expected to be used by directors and executives of listed companies, mainly large corporations, who engage in planning management and business strategies; personnel of a wide range of internal departments that support corporate strategies for investing and utilizing intellectual property and intangible assets when they develop and implement strategies; as well as investors and financial institutions when they engage in dialogue with companies.

[135] According to the Guidelines Ver. 1.0, the scope of "intellectual property and intangible assets" is not limited to intellectual property rights such as patent rights, trademark rights, design rights, and copyrights, but also includes a broader range of intellectual property and intangible assets such as technologies, brands, designs, content, data, know-how, customer networks, trust and reputation, value chains, supply chains, and organizational capabilities and processes that generate them, and thus is regarded as a source of competitiveness and a more important management resource. (The Study Group on Effective Disclosure and Governance of IP Investment and Utilization Strategy "Guidelines on Disclosure and Governance of Investment and Utilization Strategy for Intellectual Property and Intangible Assets Ver. 1.0", p. 3)

**[Column 18] ILO "Business and Human Rights" Guide**

The Japan Office of the International Labor Organization (ILO) published “A Guide to Business and Human Rights for Institutional Investors: What Why How to Address Human Rights through Investment Practices” in May 2024[136]. In the Guide, the "Working Group for Developing Awareness Raising Materials on Business and Human Rights," consisting of 13 members, who belong to 11 domestic investment advisory companies, ILO, and PRI, examines what type of investment environment incentivizes "responsible corporate behavior" from the perspective of business and human rights and presents how to take action.

[136] https://www.ilo.org/publications/guide-business-and-human-rights-institutional-investors

## 3 - 5. Appropriate cooperation with stakeholders other than shareholders

### 3 - 5 - 1. Fulfilment of the Function of Corporate Pension Funds as Asset Owners (Principle 2.6)

Principle 2.6 requires companies to take and disclose measures to improve the deployment of human resources and operational practices, and to appropriately manage conflicts of interest which could arise between pension fund beneficiaries and companies to ensure that corporate pension funds fulfill their functions as asset owners. In particular, corporate pension funds, which are positioned at the top of the investment chain, are questioned to thoroughly fulfill their role and function as asset owners that truly benefit beneficiaries in optimizing the entire investment chain, from the pension fund (asset owner), which is the provider of funds, to the asset managers and investee companies.

Since the formulation of the Stewardship Code in 2014, only 84 pension funds, which is a total of public pension funds and corporate pension funds, have announced their acceptance of the Code, even though 333 asset managers have already done so (as of December 31, 2024).

One of the reasons that corporate pension funds are reluctant to adopt Japan's Stewardship Code is the significant challenge presented by a lack of specialized human resources. Corporate pension funds are under the jurisdiction of a human resources department at most companies, and many of those managers are from the human resources department. Thus, there are concerns that the circumstances of companies take precedence over the interests of beneficiaries when selecting asset management companies or exercising voting rights on companies invested in by corporate pension funds, and over the management of conflicts of interest.

The compliance rate with the Supplementary Principle[137] is high at 98.5% (1,618 companies) in the Prime Market and 96.8% (1,551 companies) in the Standard Market. An analysis of attributes by company and descriptions in CG Reports found that companies are roughly classified into three categories: companies with a defined-benefit corporate pension, companies with a defined-contribution pension plan, and companies with no pension plan. Among companies with a defined-benefit pension plan, with regard to human resources and operational practices, many mentioned the implementation of appropriate human resource allocation and training, the establishment of an asset management committee, and the use of consultants. Further, some companies stated that they monitored asset managers as part of their operational practices. Further, many companies stated that conflicts of interest were "appropriately managed by an asset management committee, etc."

Note that the Regulation for Enforcement of the Defined-Benefit Corporate Pension Act (Article 84, Paragraph 1, Item 2) requires making efforts to assign personnel with specialized knowledge and experience to make decisions on the composition of assets and contains provisions regarding efforts related to human resources measures. In addition, the "Guidelines on the Roles and Responsibilities of Personnel Involved in Asset Management Related to Defined-Benefit Corporate Pension Funds" require defined-benefit pension funds with assets worth over 10 billion yen to establish an asset

[137] "Companies without a pension plan" are totaled as companies that comply with Principle 2.6.

management committee, and the same approach as outlined in the Code can be seen in laws, regulations, guidelines, etc.

Meanwhile, among companies that have introduced a defined-contribution pension plan, there were disclosures on conducting employee education, etc. on defined-contribution pension plans, as well as the appropriate selection of asset managers. The employees of companies with a defined-contribution pension plan in place choose their own investment products and manage their own assets. Consequently, the company is not expected to play a direct role or function as an asset owner, but it is nevertheless required to create an appropriate environment for building the employees' pension assets.

Keyword analysis shows that among the Prime or Standard Market-listed companies that comply with Principle 2.6 (3,169 companies), 15.0% (476 companies) mentioned "defined-benefit," 6.4% (202 companies) mentioned "contract-type," and 32.9% (1,042 companies) mentioned "defined-contribution." (Chart 112)

Keywords related to efforts to ensure that the functions are fulfilled included "human resources/personnel" (23.7%, 750 companies) and "expertise (specialty/expert, etc.)" (20.4%, 648 companies). 16.4% (521 companies) mentioned "committee (asset management committee)" in relation to the use of committees, etc. with the aim of achieving proper pension fund management from a multi-faceted perspective. As descriptions implying that departments besides the human resources department engage in the asset management committee as participants, 18.4% (584 companies) mentioned "accounting" or "finance" and 4.0% (127 companies) mentioned "(external / investment) consultants." 986 companies (31.1%) mentioned the "monitoring" of asset managers. Many of these companies explained that they were complying with the intent of the Code by appropriately monitoring the exercise
of voting rights by asset managers.

In addition, 5.5% (174 companies) mentioned "stewardship (Japan's Stewardship Code, stewardship activities, etc.)," and many of them stated that they select asset managers that have signed up to the Stewardship Code.

Looking at individual cases, Examples 83 to 85 are a case of defined-benefit pension funds, in all of which the acceptance of the Stewardship Code is disclosed. As such, Example 83 describes an activity report. In Example 84, the company mentions its response to ESG issues, while in Example 85 it clearly states that it has signed up to the United Nations Principles for Responsible Investment (PRI) and makes ESG investments based on global standards.

In Example 86, the company has completely transitioned to a defined contribution corporate pension system, but has assigned personnel with expertise in both the defined benefit corporate pension system and the defined contribution corporate pension system, taking into account the beneficiaries of the defined benefit corporate pension system that had been in place before the transition, and clarifies specific efforts.

On the other hand, Example 87 is a case study of a company that has adopted defined contribution pension plans. The company stated that its subsidiaries operate defined contribution pension schemes and that it has selected a subsidiary as its asset manager, which holds member training.

<Example 83: Statement of acceptance of Stewardship Code and disclosure of activity reports>
In managing the ●● Group Defined Benefit Corporate Pension Plan *1, the Company has established the Pension Committee as an organization to ensure the payment of pension benefits to its members in the future. In order to secure the total return required over the long term within an acceptable level of risk, the Committee has established the "Basic Policy on Pension Asset Management" and formulated a policy asset composition ratio (policy asset mix) from a medium- to long-term perspective for the management of pension assets. The Pension Committee consists of executive officers and employees from the Human Resources Division and the Accounting and Finance Division, with expert knowledge in the areas of personnel systems, financial asset management, and accounting and taxation. It also retains outside experts as advisers to receive necessary advice on pension asset management and system development. In addition, conflicts of interest that may arise in the management of corporate pension funds are appropriately avoided by respecting the decisions made by a commissioned investment management institution when it exercises voting rights in the Company. The Company announced its acceptance of the Japanese Stewardship Code in August 2023 to fulfill its responsibilities as an asset owner. Specifically, a Stewardship Activity Evaluation Committee has been established, which monitors and evaluates investment management institutions in accordance with the policies and rules concerning the Committee's activities. The Committee consists of employees from the Human Resources Division and the Accounting and Finance Division and also retains outside experts as advisers to receive necessary advice on stewardship activities. As an asset owner of corporate pension plans, the Company will appropriately fulfill its stewardship responsibilities in accordance with the Code.

*1 ●● Group companies comprising the defined benefit corporate pension plan: ●● Co., Ltd., ●● Co., Ltd., ●● Co., Ltd., and ●● Co., Ltd.

○ cf. "Policy and Activity Report for Fulfilling Stewardship Responsibilities"
https://www.●●●
(Machinery)

<Example 84: Statement of acceptance of Stewardship Code and response to ESG issues>
The Group has established the following system at each of the group companies so that the corporate pension fund can enhance its investment expertise and perform the functions expected as an asset owner.

- ●●manages its pension assets investment operations through the ●●Corporate Pension Fund (hereinafter "Fund"). For the manager of the Fund, the Group systematically assigns person(s) with adequate qualifications for the operations and monitors trustee institutions. The Asset Management Committee, whose members are experts in human resources, market operations, risks, finance, and other operations, is established for the Fund to review important matters such as basic investment policies and the evaluation of trustee institutions. The Retirement Benefits Committee, established at its parent company, ●● Bank, also continuously monitors the investment management of pension assets and reviews important matters concerning overall retirement benefit plans, by taking into account the independence of the Fund and the protection of beneficiaries. The Fund has expressed its support of the Japanese Stewardship Code and formulated and disclosed specific policies for the fulfillment of its responsibilities.
  (●● Corporate Pension Fund https://www.nenkin-kikin.jp/●●/) The fund makes ESG investments in companies that are working to improve their corporate value over the long term through appropriate action on ESG issues, based on the belief that this will ensure stable management of the fund's assets.
- ●●receives reports from trustee institutions and conducts their monitoring at Corporate Planning Department, Risk Management Department, and Human Resources Department. The Corporate Pension Committee, which is chaired by the director in charge of Human Resources with members well-versed in human resources, market operations, risks, finance, and other operations, also reviews basic investment policies, evaluation of trustee institutions, the status of management of pension funds operations, and other important matters about the overall corporate pension system.

ESG investments are made in companies that are working to improve their corporate value over the long term through appropriate action on ESG issues, based on the belief that this will ensure stable management of the fund's assets.

- The Group Corporate Pension Fund has a system, in which the selection of individual investees and the exercise of voting rights are entrusted to trustee institutions to avoid any conflict of interest arising from the exercise of voting rights.

(Banking)

<Example 85: Statement of acceptance of Stewardship Code and signatory to PRI>
Given the importance of human capital, the ●●"Corporate Pension Fund (the "Fund")" adopted the Corporate Stewardship Code (*) in February 2018. In December 2019, it became a signatory to the Principles for Responsible Investment (PRI) and is making ESG investments that are based on global standards. In order to ensure the provision of future benefits that takes into account the best interests of beneficiaries, we will strive to engage in safe and efficient asset management and improve the Fund by enhancing human capital.
At present, the Fund has a system in which a person with knowledge and experience in pension asset management is appointed as an investment manager, investment consulting firms are utilized, and support is provided by the Finance Department. In the future, the Company will work to distribute sufficient resources including the deployment of staff who have the requisite experience and qualities, and strive to develop such staff, etc. in order for the Fund to be able to fulfill its expected function as asset owner.

Major decisions on asset management are approved by the board based on deliberation of the asset management committee and approved by or reported to the board of representatives. While the finance department provides support as a member of the asset management committee, the composition of the representative committee has the talent management department as its core member, and since the finance department has no authority to make decisions, the Company believes that this system is able to appropriately manage conflicts of interest.
* Action principles required of institutional investors to fulfill their responsibilities as an asset management trustee
(Pharmaceuticals)

<Example 86: Allocating human resources with expertise in both defined benefit/contribution pension funds and mentioning specific actions>

In terms of the Company's corporate pension plan, the defined benefit plan for member employees was terminated on June 1, 2015, and the Company switched to a defined contribution plan. However, to manage the assets of retirement pension beneficiaries under the former employee pension fund and the defined benefit corporate pension plan, the Company has established a contract-type corporate pension plan.
The retirement pension assets of the "contract-type corporate pension plan," whose beneficiaries consist solely of retired employees, are expected to decrease progressively. However, the Company has established and operates the ●● Defined Benefit Corporate Pension Plan Steering Committee, which is chaired by the Director in charge of finance and composed of persons involved in operations in various fields, such as finance, accounting, and human resources, in order to ensure the proper operation of the defined benefit corporate pension plan. Moreover, personnel with appropriate qualifications are assigned to the departments and the executive office in charge of the corporate pension, and their qualifications are improved through training opportunities, etc. The management of the reserve fund under this contract-type plan is commissioned to multiple management organizations, and the exercise of voting rights is left to their discretion so that conflicts of interest do not arise between corporate pension beneficiaries and the Company.
The "Defined Contribution Pension Plan," which helps member employees build up their wealth after retirement, provides financial support through the plan, enables employees to work with peace of mind, and ultimately achieves higher satisfaction among employees of the Group, which is one of the operating policies of the plan. For the purpose of ensuring the proper operation of the defined contribution pension plan, in FY2023, the Company established, and has been since been operating, the "●● Group Contract-Type Pension (Defined Contribution Pension) Plan Steering Committee," which is chaired by the Director in charge of finance and consists of persons engaged in operations in various fields, such as human resources and finance, and full-time officers of the labor union who act as representatives of the plan members. In addition, the Company has entered into an investment advisory agreement with a neutral and independent external consulting company to complement its expertise. Specific matters to be carried out are as follows:
(1) Selection of investment products to be offered mainly from among products with low trust fees and total expense ratios
(2) Provision of training at the time of enrollment as well as training on continued investment to improve the financial literacy of employees
(3) Through regular meetings and sharing of monitoring reports with management institutions, training opportunities, etc., development of personnel with appropriate qualifications who will take charge of the defined contribution pension plan. Through these efforts, the Company is committed to the appropriate operation of the plan.
(Electrical appliances)

<Example 87: Mentioning selection of investment products, matching contributions, and operation management institutions for defined contribution pension plans>

The Group's principal subsidiary that operates in the land transportation sector adopted a defined contribution pension plan in FY2007 to support employees in their asset building and reduce risks associated with managing corporate pensions.
To support employees in their asset building, we enhance educational content, holding a defined contribution pension plan seminar as education for new employees and disseminating basic information on the plan when commencing asset management as well as precautions related to management activities. Further, investment training on the importance of long-term/continued/diversified investment is provided once a year to all members based on their life plans. In order to ensure effective education suited to actual conditions, the education content is reviewed from time to time, based on the results of monitoring the investment status, in cooperation with the management institution. In addition, a committee meeting is held with the labor union to reflect the opinions and requests of members.
In selecting investment products, aside from lower trust fees for employees and the highest possible profitability, the Company selects investment trusts based on the following perspectives: (1) sufficient net asset balance; (2) stable profits earned over a certain investment period or longer; (3) degree of linkage with benchmarks (in the case of passive products); and (4) balance between risk and return (in the case of active products). Thereafter, the Company continues to monitor product performance, etc., every year using reports from the management institution.
In addition, concurrent participation in iDeCo and matching contributions became legally permitted in October 2022. The Company, which introduced matching contributions, has re-announced the features of both programs to members.
In addition, the evaluation of management institutions, which is mandated every five years, is reviewed by a committee with the labor union representing members, before its submission to the competent authorities.
(Land transportation)

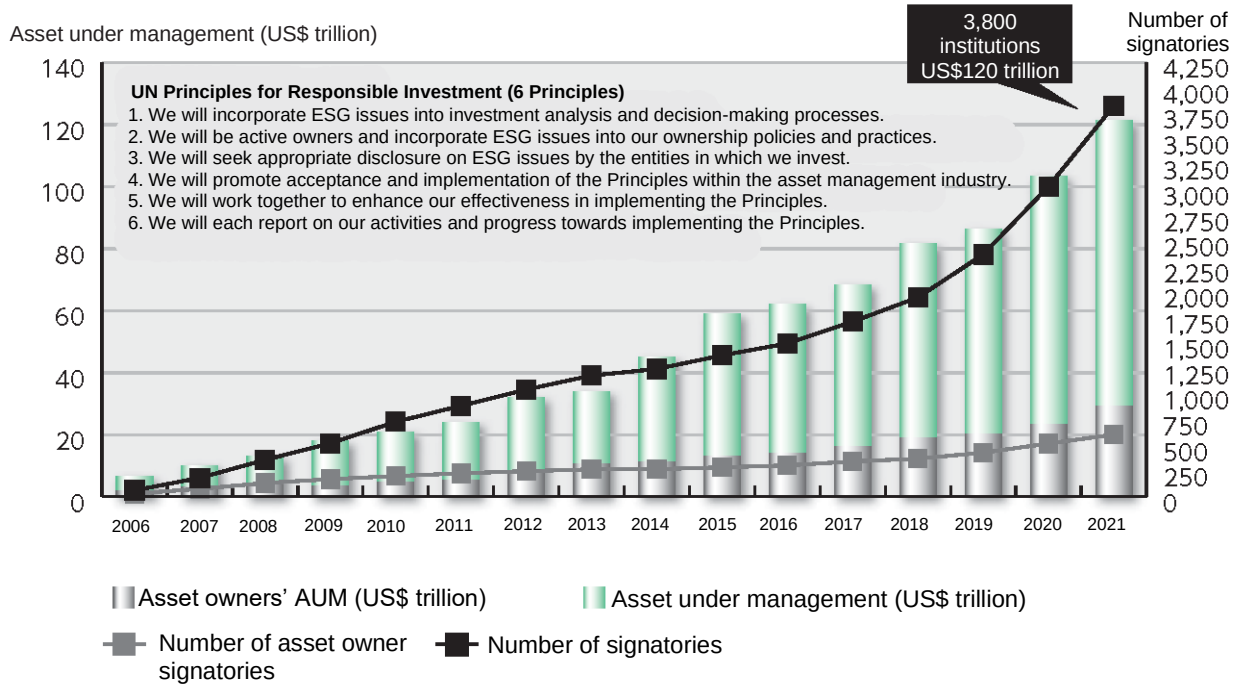
## Chart 112 Keywords Related to Fulfilling Function as an Asset Owner

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Principle 2.6 | 3,169 | 100.0% |
| ■Related to pension form | | |
| Defined benefit | 476 | 15.0% |
| Contract-type | 202 | 6.4% |
| Defined Contribution (401K) | 1,042 | 32.9% |
| ■Related to efforts | | |
| Expertise | 648 | 20.4% |
| Human resources | 750 | 23.7% |
| Committee (asset management committee) | 521 | 16.4% |
| Accounting and Finance | 584 | 18.4% |
| Consultant | 127 | 4.0% |
| ■Other | | |
| Monitoring | 986 | 31.1% |
| Stewardship | 174 | 5.5% |

### [Column 19] Expansion of ESG investment and responses by listed companies

In the past few years there has been a rapid increase in ESG (Environmental, Social and Governance) investment, and listed companies have been promoting ESG initiatives. The term “ESG investment” was coined in 2006 in the United Nations Principles for Responsible Investment (PRI), an initiative proposed for the financial industry by Kofi Annan, former Secretary-General of the United Nations. In addition to financial information, PRI signatories are required to incorporate environmental, social and governance perspectives into their investment process. Chart 113 shows the number of institutional investors that have signed up to the PRI and their total assets under management. The number has grown rapidly over the past few years, with a total of around 3,800 investors and $120 trillion AUM by 2021. In 2015 in particular, initiatives for sustainable societies were launched in the global community, such as the adoption of the Sustainable Development Goals (SDGs) by the United Nations, the adoption of the Paris Agreement at the Conference of the Parties (COP21) at the United Nations Framework Convention on Climate Change (UNFCCC), the publication of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by the Financial Stability Board (FSB), and the permeation of sustainability bonds including transition-conscious green bonds, all contributed to an increase in global interest in addressing social issues, including climate change. In the past few years, institutional investors have stepped up their ESG initiatives, partly due to the growing awareness of ESG matters in society as a whole.

## Chart 113 PRI Signatories




(Source) Compiled by TSE from PRI website

The Japanese stock market first took notice of ESG investment when the Government Pension Investment Fund (GPIF) signed up to the PRI in 2015. Since 2015, institutional investors and others entrusted with funds from the GPIF have been actively engaging in dialogue with companies in their portfolios from an ESG perspective as well as the traditional corporate governance perspective. In addition, in 2017, the GPIF began managing a portion of its equity investments in ESG indices that incorporate listed companies with high ESG scores (ESG assessments), and at the same time disclosed the ESG scores of investee companies under management with these indices.

The start of GPIF's investment in ESG indices has led to a growing awareness among the managers of Japanese listed companies that they must properly implement, disclose, and evaluate their ESG initiatives to make their shares more attractive to institutional investors. This has triggered the acceleration of ESG initiatives by Japanese listed companies.

The total amount invested by the GPIF in ESG indices has been increasing year by year. At the start of implementing its ESG index policy in 2017, the GPIF had a total of 1 trillion yen invested in four indices. As of the end of March 2024, it had invested a total of 17.8 trillion yen in nine ESG indices (9.9 trillion yen in domestic equities), as shown in Chart 114. GPIF's ESG-based domestic equity investments account for more than 15% of its total domestic equity portfolio, and its influence on listed companies seems to be growing.

Some institutional investors have made it clear in their voting criteria that they will oppose companies' proposals to appoint top management and other directors if the investee companies do not improve the status of their efforts to address ESG matters through dialogue or other means.

## Chart 114 Overview of ESG indices in which GPIF invests and AUM (as of March 31, 2024)

| | FTSE Blossom Japan Index | FTSE Blossom Japan Sector Relative Index | MSCI Japan ESG Select Leaders Index | MSCI Japan Empowering Women Index (WIN) | Morningstar Japan ex-REIT Gender Diversity Tilt Index (“GenDi J”) | S&P/JPX Carbon Efficient Index | MSCI ACWI ESG Universal Index (ex- Japan and ex- China A- Shares) | Morningstar Developed Markets Ex-Japan Gender Diversity Index (“GenDi”) | S&P Global LargeMidCap Carbon Efficient Index |
|---|---|---|---|---|---|---|---|---|---|
| Concept of Index | • This index uses the ESG assessment scheme used in the FTSE4Good Japan Index Series, which has one of the longest track records globally for ESG Russell indexes.<br>• It is a comprehensive ESG index that selects stocks with high absolute ESG scores and adjusts industry weights to neutral at the industry level. | • Assessments are performed based on the same FTSE Russell’s ESG rating as the FTSE Blossom Japan Index. For the companies with high carbon intensity (greenhouse gas emissions/sales,) management attitude toward climate-change risks and opportunities is also assessed.<br>• The index selects stocks with relatively high ESG ratings within each industry, and adjusts industry weights to neutral. | • The MSCI Nihonkabu ESG Select Leaders Index is a comprehensive ESG index that integrates various ESG risks into today’s portfolio. The index is based on MSCI ESG Research used globally by more than 1,000 clients.<br>• The index is comprised of stocks with relatively high ESG scores in each industry. | • MSCI calculates the gender diversity scores based on information disclosed under the Act on Promotion of Women’s Participation and Advancement in the Workplace and selects companies with higher gender diversity scores from each sector.<br>• The first index designed to cover a broad range of factors related to gender diversity. | • Domestic equities index that determines investment weighting based on assessment of companies’ commitment to gender equality, using the Equileap Gender Equality Scorecard.<br>• Ratings are conducted in four categories: (1) gender balance in leadership and workforce; (2) equal compensation and work-life balance; (3) policies promoting gender equality; and (4) commitment, transparency, and accountability. | • Constructed by S&P Dow Jones Indices based on carbon data provided by Trucost, a pioneer in environmental assessment.<br>• This index is designed to overweight companies that have lower carbon footprints (annual greenhouse gas emissions divided by annual revenues) and that actively disclose their carbon emission information. | • One of MSCI’s flagship ESG indexes, this comprehensive index adjusts the weight of constituents based on each issuer’s current ESG rating and ESG trends to elevate the ESG metrics of the index overall.<br>• The index was developed for large investors seeking to enhance ESG integration while achieving the same level of investment opportunity and risk exposure as the parent index. | • Foreign equities index that determines investment weighting based on assessment of companies’ commitment to gender equality, using the Equileap Gender Equality Scorecard.<br>• Ratings are conducted in four categories: (1) gender balance in leadership and workforce; (2) equal compensation and work-life balance; (3) policies promoting gender equality; and (4) commitment, transparency, and accountability. | • Constructed by S&P Dow Jones Indices based on carbon data provided by Trucost, a pioneer in environmental assessment.<br>• This index is designed to overweight companies that have lower carbon footprints (annual greenhouse gas emissions divided by annual revenues) and that actively disclose their carbon emission information. |
| Target | Domestic equities | Domestic equities | Domestic equities | Domestic equities | Domestic equities | Domestic equities | Foreign equities | Foreign equities | Foreign equities |
| Selection universe (parent index) | FTSE Japan All Cap Index (1,434 stocks) | FTSE Japan All Cap Index (1,434 stocks) | MSCI Nihonkabu IMI (1,043 stocks) | MSCI Japan IMI TOP700 (697 stocks) | Morningstar Japan ex-REIT (963 stocks) | TOPIX (2,148 stocks) | MSCI ACWI ex Japan ex China A ESG Universal with Special Taxes Index (2,104 stocks) | Morningstar Developed Markets Ex-Japan Large-Mid Cap (1,745 stocks) | S&P Global Ex-Japan LargeMidCap (3,156 stocks) |
| Number of constituents | 311 | 632 | 516 | 369 | 963 | 1,845 | 2,053 | 1,725 | 2,183 |
| AUM balance (Billion yen) | 1,522.3 | 1,441.7 | 2,972.1 | 940.3 | 736.4 | 2,311.7 | 2,346.3 | 684.9 | 4,876.9 |

(Source) Compiled by TSE based on GPIF “ESG REPORT 2023”

### [Column 20] Asset Owner Principles

The Cabinet Secretariat published the "Asset Owner Principles" in August 2024, which mention the following[138]:

To achieve a "virtuous cycle of growth and distribution," it is important to create a virtuous cycle of funds, in which household funds are directed to growth investment and the benefits of increased corporate value are returned to households, leading to further investment and consumption. In

138 Please see the Cabinet Secretariat, Asset Owner Principles, Items 1 - 3, https://www.cas.go.jp/jp/seisaku/atarashii_sihonsyugi/pdf/assetownerprinciplesen.pdf

addition, it is important for each entity in an investment chain to fulfil its functions so as to create fund flows. Asset owners play an important role in the investment chain, directly or indirectly, by providing the fruits of corporate and economic growth to beneficiaries through financial and capital markets. In other words, from the perspective of pursuing the best interests of beneficiaries, etc., asset owners are expected to set targets based on their investment purposes and financial condition, etc. and closely assess investee companies and commissioned financial institutions in order to achieve those purposes and targets, thereby providing benefits to beneficiaries, etc. At the same time, such actions are expected to lead to medium to long-term growth in the corporate value of investee companies as well as improved investment capabilities of entrusted financial institutions through healthy competition. Therefore, the Asset Owner Principles were formulated in August 2024 by the Cabinet Secretariat, as common principles considered useful for asset owners to fulfill their responsibility (fiduciary duty) to invest beneficiaries' assets with their best interests, etc. in mind. The scope of asset owners is broad, including, public pension funds, mutual aid associations, corporate pension funds, insurance companies, university funds, as well as, for example, educational institutions that manage assets, and the size and nature of the funds they manage vary. However, all asset owners are expected to employ the Principles in an effort to cultivate understanding, dialogue, and cooperation and improve investment capabilities by self-examining their preparedness for pursuing the best interests of beneficiaries, etc. and demonstrating it to their stakeholders or to the public.

As of the end of December 2024, 88 asset owners had expressed their acceptance of the Principles.

## 4. Dialogue with Shareholders

Regarding dialogue with shareholders, the Code sets out the following basic principles:

**[General Principle 5]**

**In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting.**

**During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.**



The Code adopts a principles-based approach and a comply-or-explain mechanism. It expects listed companies to identify the purpose and spirit of individual principles of the Code, and then interpret and apply them in view of their own circumstances and act autonomously, and to brush up their actions through constructive dialogue with investors and lead up to an increase in their corporate value. Shareholder meetings, in particular, are an important forum for dialogue for listed companies, and they are required to go beyond just setting dates and accommodating the meeting on the day, and to make the entire process for decision-making at the meeting constructive and substantive.

In light of the above, this chapter provides an overview of policies on dialogue with shareholders and the current state of general shareholders' meetings.

## 4 - 1. Constructive dialogue with shareholders

### 4 - 1 - 1. Policy on dialogue

Principle 5.1 requires the disclosure of policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders. In addition, Supplementary Principle 5.1.2 stipulates “(i) appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, (ii) policies on ensuring positive cooperation between internal departments, (iii) measures to promote opportunities for dialogue aside from individual meetings, (iv) measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board, and (v) measures for managing insider information." As these are efforts that many companies have made as part of IR/SR development until now, the compliance rate with the Principle is 99.9% (1,640 companies) in the Prime Market and 97.9% (1,569 companies) in the Standard Market, with almost all companies in compliance with the Principle.

As for the contents of descriptions for each item, for (i) appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, a remarkable number of companies mention the appointment of an officer, etc. responsible for IR. 20.4% (654 companies) of the complying companies used the keyword “director responsible for IR/officer responsible for IR”, while 15.7% (505 companies) used “responsible” as a keyword. Some companies also mentioned the specific position such as the manager of the administrative headquarters or CFO as the person responsible for IR. 8.4% (270 companies) used "outside directors/kansayaku" as a keyword, and some companies stated their policy that outside directors and kansayaku engage in dialogue, to a reasonable extent, upon requests from shareholders.

Next, in terms of (ii) measures to ensure positive cooperation between internal departments, a remarkable number of companies stated that information was shared with internal departments, centering around the departments responsible for IR. The keyword "sharing (of information etc.)" was used by 29.4% (942 companies).

In terms of (iii) measures to promote opportunities for dialogue aside from individual meetings, many companies mentioned “(results) briefings” and the “general shareholder meetings.” 63.4% (2,034 companies) and 19.3 % (620 companies) mentioned "briefings" and "general shareholders’ meetings," respectively.

In terms of (iv) measures to appropriately and effectively relay shareholder opinions and concerns learned through dialogue to the senior management and the board, it seems that many companies establish opportunities for feedback as necessary rather than regularly. While 26.7 % (858 companies) mentioned “as necessary”, 19.7% (633 companies) mentioned “regularly”.

Lastly, in terms of (v) measures to control insider information, many companies mention the development and implementation of internal regulations, etc. The keyword “regulations (rules), etc.” was mentioned by 42.3% (1,359 companies). 12.3% (394 companies) mentioned a silent period by using the term “silent/quiet.”

In addition, 10.8% (347 companies) mentioned keywords related to sustainability (sustainability, ESG or non-financial), which has been a focus for the capital markets in recent years (Chart 115). Many of the companies mentioning sustainability refer to "enhanced disclosure of non-financial information in addition to financial information" in their information disclosure, and some mention issuing integrated reports.

## Chart 115 Keywords Related to Policy for Constructive Dialogue with Shareholders

| Item | Number of companies | Percentage |
|---|---|---|
| Companies complying with Principle 5.1 | 3,209 | 100.0% |
| ■ Appointing a member of the management or a director who is responsible for overseeing constructive dialogue | | |
| Director/officer responsible for IR | 654 | 20.4% |
| Person responsible for IR | 505 | 15.7% |
| Outside directors/kansayaku | 270 | 8.4% |
| ■ Measures to ensure positive cooperation between internal departments | | |
| Sharing (information, etc.) | 942 | 29.4% |
| ■ Opportunities for dialogue aside from individual meetings | | |
| Briefing (financial results briefing, etc.) | 2,034 | 63.4% |
| General shareholders' meeting | 620 | 19.3% |
| ■ Measures to relay shareholder opinions and concerns to the board, etc. | | |
| As necessary | 858 | 26.7% |
| Regular | 633 | 19.7% |
| ■ Measures to control insider information | | |
| Regulations, etc. (rules, regulations) | 1,359 | 42.3% |
| Silent | 394 | 12.3% |
| ■ Other keywords | | |
| Sustainability, ESG and Non-Financial | 347 | 10.8% |

Looking at individual cases, in Example 88, the basic approach to dialogue is stated and the five viewpoints required by Supplementary Principle 5.1.2. are specified; it presents basic policies and individual measures in an easy-to-understand manner. Example 89 is a case of the detailed disclosure of a structure and activities for dialogue with shareholders. In addition to disclosing detailed information on the company's efforts to engage in dialogue with institutional investors (domestic/overseas), the company discloses information on the participation of each officer (President and CEO, CFO) and IR department in specific IR activities. In Example 90, in addition to a specific description of the status of dialogue, the main subjects of the dialogue and issues of interest to shareholders are also clearly stated. The status of relaying shareholder opinions, which were expressed in dialogue, to management or the Board of Directors and the relevant improvements that were made are also specified. Example 91 is a case where Audit and Supervisory Committee members, including all outside directors, and institutional investors hold dialogue on a regular basis. Example 92 is a case where opinions received from shareholders and investors through dialogue are regularly relayed to internal and external directors to reflect them in corporate activities.

<Example 88: Disclosing policies for promoting constructive dialogue with shareholders>
The Company strives to achieve sustainable growth and increase corporate value over the medium to long term through constructive dialogue with shareholders.
Directors, etc. respond to requests for dialogue with shareholders within a reasonable scope based on the purpose and details of the request.

(1) Designation of management member(s) or Director(s) to ensure constructive dialogue
The Company designates the General Manager of the Corporate Administration Division as a person responsible for engaging in constructive dialogue with shareholders.
(2) Measures to ensure positive cooperation between departments etc.
The Company's IR/SR activities are handled by the Corporate Communications Department while stock-related operations are handled by the General Affairs Department. However, the Finance Department, Corporate Planning Department and other departments collaborate to share management information necessary for dialogue, as needed, and engage in dialogue based on a unified view as a company.
(3) Efforts to enhance opportunities for dialogue aside from individual meetings
The Company holds financial results briefings twice a year, as well as small meetings, conference calls, and site tours on an as-needed basis.
(4) Initiatives to provide appropriate and effective feedback to the Board of Directors
The Company sorts and analyzes questions and opinions from dialogue with shareholders before sharing them with relevant departments, and regularly reports them to the Board of Directors.
(5) Measures to control insider information
To ensure that undisclosed information is neither received nor communicated in dialogue with shareholders, the Company has various related regulations in place that it complies with and holds internal training every year for officers and employees on the prevention of insider trading.
(6) Status of dialogue with shareholders
The status of our dialogue with shareholders is disclosed in "Shareholder and Investor Information" (https://www.●●●) on the Company website.
(Construction industry)

<Example 89: Disclosing the details of dialogue with shareholders>
Basic policy on dialogue with shareholders:
As an opportunity to communicate with shareholders and investors, the Company holds general meetings of shareholders, quarterly financial results briefings, and individual meetings in an effort to explain its corporate management and business activities.
An executive officer appointed as the officer in charge of dialogue with shareholders and investors supervises the dialogue, in cooperation with relevant internal departments that convey information to and gather opinions from shareholders and investors.
When engaging in dialogue with shareholders and investors, we manage insider information appropriately in accordance with our internal rules to prevent insider trading.

Implementation systems and activities
To achieve its sustainable growth and increase its corporate value over the medium to long term, the Company promotes dialogue with shareholders, investors and other stakeholders, which is provided by top management, including the President and Chief Executive Officer, considering the requests and major concerns of shareholders and investors in direct communication opportunities.

As the framework for promoting the above-mentioned dialogue with shareholders and investors, the Company has established the Corporate Communications Committee, which is chaired by CSO (*1) and consists of the heads of respective corporate groups or persons appointed by the heads of the groups, to enhance the integrity of the content of external communications. We have also established the IR/SR Subcommittee under the Committee to promote more effective IR and SR (Shareholder Relations) activities. Regular meetings are held to discuss policies, issues and measures regarding IR and SR activities, aiming to enhance dialogue with shareholders and investors. The Company has also established a system where feedback is provided to the management in a timely manner regarding comments and requests obtained from outside through IR and SR activities. The Company has also established the Investor Relations Department which is dedicated to IR and SR activities. While collaborating with other relevant corporate departments in a coordinated fashion, it serves as an organization that aims to plan and manage a variety of IR and SR activities, disclose information to meet the expectations of shareholders and investors, and obtain opinions from outside through IR and SR activities to help improve the quality of management in a timely manner.

• General shareholders' meeting
The Company proactively discloses not only information required by law but also information on the environmental, social and governance (ESG) and corporate governance initiatives etc. within the Notice of Convocation of the General Meeting of Shareholders and strives to provide in-depth explanations in response to questions from

shareholders at the General Meeting. For more details, please refer to "1. Efforts for facilitating shareholders' active participation in general shareholders' meetings and the smooth exercise of voting rights" in "III. Implementation of measures related to shareholders and other stakeholders" of the report.

• Institutional investors (domestic/overseas)
In Japan, the President & CEO and CFO (*2) hold quarterly financial results briefings for domestic institutional investors, as well as regular business division briefings by the sales department. In addition, the President & CEO and CFO host semi-annual small meetings.
Individual (one-on-one) meetings are actively held by the President, CFO, and the Investor Relations Dept. Overseas, institutional investors in Europe, North America, and Asia are visited on an ongoing basis. (A total of seven calls were made in relation to overseas investors in FY2023.)
In addition, the Company has deepened dialogue with institutional investors through ESG briefings since FY2018 and through "IR Day (formerly, Investor Day)," which is held to facilitate their understanding of the Company's initiatives for medium to long-term growth, since FY2019. Primarily, the Investor Relations Dept., the Sustainability Promotion Dept., and the Legal & General Affairs Dept. jointly hold individual (one-on-one) meetings with managers who are in charge of exercising voting rights for shareholders and institutional investors in Japan and overseas, or ESG analysts (SR activities).

• Individual investors

The Company periodically holds briefings in major cities in Japan, as well as online briefings several times a year. To shareholders and investors, the Company discloses not only financial but also non-financial information, including that related to ESG. By presenting the Group's medium- to long-term efforts to increase its corporate value, the Company strives to enhance dialogue with them.

<List of activities in FY2023>
President and CEO: General Meeting of Shareholders, financial results briefings (2 times), IR Day, dialogue with institutional investors in and outside Japan and analysts (3 times), briefings for individual investors (2 times)
CFO: General Meeting of Shareholders, financial results briefings (4 times), dialogue with institutional investors and analysts in and outside Japan (32 times)
CSO: General Meeting of Shareholders, financial results briefings (2 times), IR Day
CAO (*3): General Meeting of Shareholders, IR Day
Investor Relations Department:
Dialogue with institutional investors and analysts in and outside Japan (approx. 250 times, including 29 ESG/SR meetings), IR Day, briefings for individual investors (14 times)

(*1) CSO (Chief Strategy Officer)
(*2) CFO (Chief Financial Officer)
(*3) CAO (Chief Administration Officer)
(Wholesale trade)

<Example 90: Detailed disclosure of dialogue with shareholders (mentioning the main subjects of dialogue and issues of interest to shareholders) >
The following is our policy for dialogue with shareholders:
- Dialogue with shareholders serves as an important opportunity to gain awareness of potential issues that management may not be aware of.
- We are committed to disclosing highly transparent and fair information to promote dialogue with shareholders.
- Insight obtained through dialogue will be reflected in management, acted upon, and disclosed through the Board of Directors meetings, which are held eight times a year.
- In order to create more opportunities for constructive dialogue with shareholders, we will also consider setting up meetings with outside directors and corporate auditors.

Based on the above policy on constructive dialogue with shareholders, the results of dialogue with shareholders in FY2023 are as follows:
(1) Main participants
CFO; GM, Project Management Dept., Corporate Planning Division; GM, General Affairs and Human Resources Division; DGM, Governance Division; Public Relations Office
(2) Shareholders (participants)
Country: 76% in Japan, 24% outside Japan
Management method: Passive/Active
Investment approach: Value-focused
Areas of responsibility: Analysts, fund managers, ESG, individual investors, etc.

(3) Number of times
Number of IR (one-on-one) meetings held: 109 (including 20 with CFO participation)
(20 SELL-side / 89 BUY-side)
ESG (one-on-one) meetings: 2
One-on-one meetings with individual investors: 19 (plus 27 related to shareholder benefits)

(4) Main topics of dialogue and issues of interest to shareholders

| | |
|---|---|
| Business-related | • Controlling loss-making subsidiaries abroad (criticism over a high effective tax rate and long-standing neglect of loss-making subsidiaries) |
| Management strategy | • Establishing a nomination committee (clarification of decision-making criteria for the appointment and dismissal of directors, while assigning independent external persons to play a central role)<br>• Establishing an officer/director evaluation system (switching to performance-based evaluations instead of fixed salaries according to job titles)<br>• Disclosure of succession plans<br>• Disclosure of the evaluation results of the Board of Directors' effectiveness and proposed remediation plans<br>• Measures to strengthen governance in response to internal organizational changes (demand for reviews/improvement of the functions of the Board of Directors, as the actual capital investment for the fiscal year ended March 2024 significantly exceeded the amount determined by the Board of Directors)<br>• Dialogue with Outside Directors and Corporate Auditors (change from dialogue with Inside Directors)<br>• Change in the term of office of directors |
| Business strategy | • Criteria for business portfolio reviews<br>• Disclosure of quality control status (request for disclosure of corrective/preventive action plans after the quality problems at ●● Plant)<br>• Disclosure of corporate strategies for differentiation from peers and those related to focus areas |
| Financial strategy | • Future policy for cross-shareholdings<br>• Disclosure of basic policy on funding |
| ESG/sustainability | • Disclosure of human capital initiatives (Does a manager selected by shareholders educate employees who belong to the company owned by the shareholders, and provide them with appropriate compensation to maximize corporate value?)<br>• Disclosure of initiatives aimed at upskilling of directors<br>• Human rights due diligence (are there any human rights issues (such as forced labor and child labor) within the company or supply chain, particularly overseas?)<br>• Declaration of compliance (elimination of bribery and breach of trust, general legal compliance, etc.) |

(5) Relaying shareholder opinions and concerns expressed in dialogue to management and the Board of Directors
IR activities for the fiscal year were reported to the Board of Directors eight times, during which the opinions and expectations of shareholders were explained.

(6) Items adopted based on dialogue and subsequent feedback
Of the above, the following two were implemented:
- The term of office of Directors has been improved from two years to one year after "changing the term of office of Directors" was discussed internally.
- In July 2023, we appointed 3 senior managing directors and strengthened governance through internal structural changes.

(Precision instruments)

<Example 91: Holding periodic meetings between all outside directors and institutional investors>

- IR activities are supervised by the President in person, who also handles IR interviews and financial results briefings. We take other proactive actions for overseas investors, such as giving them direct explanations. We also hold meetings between the members of the Supervisory Committee, including all the outside directors, and institutional investors on a regular basis.
- To promote dialogue with shareholders rationally and conduct flexible IR activities, the Public Relations & Investors Relations Section is set up under the President's Office.
- Dialogue with domestic and overseas institutional investors and analysts is held upon request with the President and CEO, Officers in charge, or the Public Relations and Investor Relations Section of the President's Office.
- With the Public Relations and Investor Relations Section specialized in the IR activities, other divisions and departments, such as the Finance and Accounting Department and the Corporate Planning Section of the President's Office, work together in an effort to provide more effective information.
- For institutional investors, we announce financial results as well as hold events, such as financial results briefings, management strategy briefings, and tours to our logistics centers. For individual investors, we participate in IR events for individual investors sponsored by stock exchanges as well as make proactive information disclosures, such as contributing articles to stock information magazines and enhancing our website.

- Since 2017, we have held a company information session for shareholders at our ●● Showroom, creating an opportunity to explain our company to individual shareholders mainly in the Kanto region. In the session with directors present, the President and CEO gives a presentation on the Company. (Not held from FY2020 to FY2022 to prevent the spread of COVID-19)
- Presentation materials used and dialogue held in each event are disclosed on our website, with English versions where necessary.
- An integrated report is prepared for each fiscal year and published in both Japanese and English on our website (https://www.●●●).
- We are engaged in activities to deepen shareholders' understanding of our management strategy, business environment, business progress, and financial information, through direct dialogue and the public disclosure of materials and videos of financial results briefings and general shareholders' meetings on our website.
- The feedback received through dialogue with shareholders and investors is used to improve our management, by the Public Relations and Investor Relations Section. It is also shared on a quarterly basis with business division managers to enhance information disclosure and corporate value.
- We properly handle insider information controls by ensuring the management of undisclosed material facts in accordance with the Rules for the Management of Insider Trading (Insider Trading Prevention Rules).

(Wholesale trade)

<Example 92: Disclosing the details of the internal relay of shareholder/investor opinions>

The IR Promotion Office of the Corporate Planning Department, which belongs to the Corporate Strategy Division supervised by the top management, is in charge of coordinating dialogue with shareholders and investors, and the top management, the director in charge, and senior management (executive officers etc.) attend meetings, with subjects, schedules, and other factors considered.

In addition to individual (one-on-one) meetings in Japan and overseas, each quarterly financial results announcement is made via a web conference. The main speakers for the first and third quarters include the director in charge of finance, and the representative director and president gives a presentation for the second and fourth quarters. The Company also holds facility tours, IR Day (a day for investors where the directors in charge attend and provide explanations) and other small meetings that it hosts as appropriate and joins in small meetings and IR conferences organized by securities companies, in an effort to create opportunities for dialogue with shareholders and investors.

Opinions and requests received from shareholders and investors through dialogue are reported to the Board of Directors by the Director in charge of IR activities every six months. For outside directors, the Board of Directors meetings provide an opportunity to gain a deep understanding of the views of shareholders and investors, and by having a forum for discussion at the Board of Directors meetings, it will lead to an opportunity to lay greater stress on market participants. The general manager of the IR Promotion Office holds feedback meetings with directors on an individual and quarterly basis. We also relay the details of Q&A sessions held at financial results briefings to our senior management and the senior management of ●●●, one of our major subsidiaries, (executive officers, general managers at their head office, etc.), and the presidents of the regional headquarters of overseas businesses by e-mail and other means as needed, while providing feedback to relevant internal parties on a quarterly basis, in an effort to reflect the views in our corporate activities.

With the IR Promotion Office serving as an executive office, the Corporate Communications Department, the Office of Secretary, the Financial Planning Department, the Accounting Department, the Corporate Planning Department, and other departments at the head office work together to formulate, implement, and revise disclosure policies, or discuss the appropriateness of information disclosure activities and submit it to the Board of Directors for review and approval/determination. In accordance with the disclosure policy resolved by the Board of Directors, the Company makes information disclosures with the top management or Director in charge of each item of disclosed information as a responsible person. Through a business execution report from the Director in charge of the Corporate Planning Department, the Board of Directors shares the details of information disclosure activities and confirms their appropriateness.

Our disclosure policy is posted on our website.

Japanese : https://www.●●●

English: https://www.●●●

(Land transportation)

### 4 - 1 - 2. Formulation/publication of disclosure policy

Following the inclusion of fair disclosure rules[139] in the revised Financial Instruments and Exchange Act, which was enforced on April 1, 2018, 55.6% (2,131 companies) of all formulated and announced their disclosure policy, showing an increase from 50.6% at the time of counting for the previous White Paper.

By market segment, the Growth Market had the highest percentage of formulation/announcement at 86.4%, followed by the Prime Market at 62.8% and the Standard Market at 37.0%. (Chart 116)

As to descriptions, there were many companies that described their stance including constructive dialogue with shareholders and investors, timely, appropriate, and fair information disclosure, and mutual communication, as well as descriptions on the development of regulations including compliance with the Companies Act, the Financial Instruments and Exchange Act, various laws and regulations, and the TSE regulations; the prompt disclosure of information; and posting information on corporate websites. There were also companies that clearly described the establishment of a silent period on the release date of financial results during which no comments regarding the financial results or responses to inquiries would be made in order to prevent the leakage of information that could affect the stock price.

In addition, there were companies that stated they prohibited the preferential disclosure of non-disclosed material information and companies describing an awareness of fair disclosure through efforts to disclose information deemed to be useful even if it was not information subject to related laws or regulations or the Timely Disclosure Rules.

**Chart 116 Investor Relations (IR) Activities (by Market Segment)**

| | Formulation/publication of disclosure policy | Briefings for individual investors | Briefings for analysts & institutional investors | Briefings for overseas investors | Posting on the company website | Establishment of department in charge of IR |
|---|---|---|---|---|---|---|
| All companies | 55.6% | 46.1% | 79.7% | 28.9% | 99.3% | 94.6% |
| Prime | 62.8% | 47.9% | 96.3% | 33.4% | 99.8% | 98.1% |
| Standard | 37.0% | 30.5% | 57.4% | 10.4% | 98.6% | 89.5% |
| Growth | 86.4% | 83.5% | 94.0% | 67.1% | 99.7% | 99.1% |
| JPX-Nikkei 400 | 74.5% | 53.0% | 99.3% | 59.5% | 99.8% | 99.3% |

139 This states, "When a listed company, etc. communicates (undisclosed) material information, etc. to business partners, such as financial instruments business operators, in relation to its business, it must make that material information public at the same time as it is communicated to the business partner." In the "Action Guidelines for Best Practices of Information Disclosure and Dialogue" (https://www.jira.or.jp/download/guiding_20180228.pdf) (in Japanese) published by the Japan Investor Relations Association, companies are encouraged to formulate their disclosure policies with the aim of proactively communicating their efforts to achieve sustainable growth and enhance corporate value over the medium to long term, and to engage in in-depth dialogue with investors.

### 4 - 1 - 3. Holding regular briefings

Investor briefings or seminars are an important means for establishing direct contact between listed companies and investors. TSE has consistently sought to enhance communication between listed companies and investors through the holding of briefings.

#### (1) For individual investors

Companies which hold regular briefings[140] for individual investors accounted for 46.1% (41.7% in the previous survey) of TSE- listed companies (Chart 116). In 33.8% (29.6% in the previous survey) of these companies, company representatives make presentations.

By market segment, the highest is 83.5% (78.8% in the previous survey) in the Growth Market, followed by 47.9% (vs. 45.8%) in the Prime Market and 30.5% (vs. 24.4%) in the Standard Market. The rates have risen since the previous survey, partly due to a combination of various factors such as the government's promotion of an asset management-oriented country and the launch of the new NISA.

In supplementary explanations, many companies mentioned that they hold regular briefings, and some listed the date, the number of times, and the location of briefings. Some companies mentioned their participation in briefing events for individual investors sponsored by securities exchanges or the Securities Analysts Association of Japan, and other companies also mentioned their posting of the materials for such briefings on their website to disclose information to individual investors that did not participate in briefings, for the sake of fair information. Furthermore, there were companies that described the representative director and president using slides at briefings to provide their own explanations, and the representative director and president providing their own response to questions.

#### (2) For analysts and institutional investors

Companies which hold regular briefings for analysts and institutional investors accounted for 79.7% (78.1% in the previous survey) of TSE-listed companies (Chart 116). In 75.5% (74.5% in the previous survey) of these companies, company representatives make presentations.

By market segment, the percentage of companies which hold briefings for analysts and institutional investors is higher in the Prime Market at 96.3% (94.0% in the previous survey) and in the Growth Market at 94.0% (94.1%), while it is limited to 57.4% (52.9%) in the Standard Market. After the market segments were restructured, opportunities for dialogue with analysts and institutional investors appear to be increasing in the Prime Market, which centers on constructive dialogue with domestic and overseas institutional investors, and in the Growth Market, which requires timely and appropriate disclosure of business plans for enabling the realization of high growth potential and their progress.

According to supplementary explanations, biannual briefings were held after the release of year-end financial results and after the release of second quarter results in some cases, or quarterly briefings were held for each quarter in other cases. In addition to briefings physically held at a venue, some of them were held via conference call or online.

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140 "Regular briefings" refer to the case where a company holds briefings with certain frequency throughout a year (at least once a year).

### (3) For foreign investors

Companies which hold regular briefings for overseas investors accounted for 28.9% (25.0% in the previous survey) of TSE-listed companies (Chart 116). In 17.3% (15.1% in the previous survey) of these companies, company representatives make presentations.

By market segment, the Growth Market had the highest percentage at 67.1% (58.9% in the previous survey), followed by the Prime Market at 33.4% (29.8%) and the Standard Market at 10.4% (7.8%). As for JPX-Nikkei 400 companies, 59.5% (61.9% in the previous survey) hold briefings for overseas investors, 26.1 points higher than in the Prime Market.

Many companies stated in their supplementary notes that executives go abroad to speak at such briefings or individual meetings. Destinations are mainly the US and Europe, but some companies reported that they also held such sessions in Asian countries such as Hong Kong and Singapore. Some also note that they hold online meetings using a web conference system after the COVID-19 pandemic. Moreover, there were also cases of companies mentioning the number of times of briefings and meetings with investors were held, participation in conferences for overseas institutional investors hosted by securities firms, distributing information with English translations over the website, and arranging visits to overseas factories. Among companies that do not hold briefings for overseas investors at present, there were some mentioning it as an issue for future consideration.

## 4 - 1 - 4. Posting on the company website

The disclosure of IR materials[141] via company websites is already generally known as a tool for providing information to investors and market participants. The CG Report requires companies to state whether they post IR materials on their own websites and to explain the types of information they post on company websites and their URLs as supplemental explanations on IR activities, if they do post such data.

TSE-listed companies which post IR information on company websites reached 99.3% (99.0% in the previous survey), and accordingly, this is already considered to be a generally used method (Chart 116).

In terms of the types of IR materials posted on company websites, the majority of companies mention financial results information and other timely disclosure materials, etc. A high percentage of companies mentioned keywords related to financial results, as 29.5% mentioned “earnings summary”, 28.0% mentioned “annual securities reports”, and 11.3% mentioned “convening notice”. There were also descriptions containing instances of integrated reports, corporate governance information, sustainability reports, TCFD reports, CSR reports, intellectual property reports, and fact books. 169 companies also posted videos.

[141] “IR materials” are documents or electromagnetic files prepared by a company to enable investors, etc. (investors, securities analysts, business partners or shareholders) to understand and evaluate the current state of the company appropriately.

### 4 - 1 - 5. Department (or person) responsible for IR

94.6% (93.7% in the previous survey) of TSE-listed companies mentioned that they have a department or person responsible for IR activities. By market segment, the percentages were 99.1% (98.7% in the previous survey) in the Growth Market and 98.1% (97.4%) in the Prime Market, representing a high percentage for both, while it was limited to 89.5% (87.4%) in the Standard Market. Among JPX-Nikkei 400 companies, nearly all (99.3%; 99.5% in the previous survey) of them have the IR department or person responsible in place (Chart 116).

As to a department actually in charge of IR, while the majority have the specialized IR department, some companies stated that the (management) planning, PR, or financial accounting department had IR functions or operations.

### 4 - 1 - 6. English-language disclosure (Supplementary Principle 3.1.2)

As to the existing Supplementary Principle 3.1.2: “Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosure,” some noted in a follow-up meeting that English-language disclosure should be further promoted in the Prime Market, which is oriented to constructive dialogue with global investors, as increasing efforts of making English-language disclosure are seen in non-English-speaking countries. As such, the 2021 revision includes, among other things, a principle that the companies listed on the Prime Market should disclose and provide "required information" in their disclosure documents, in English. Even before the revision, the English-language disclosure was desirable, especially for companies with a high percentage of shares held by foreign nationals, and these listed companies took actions in line with this. Given the purpose of the revision, the Prime Market-listed companies are expected to take steps toward disclosure in English regardless of the current ratio of foreign ownership. In addition, with a view to attracting more foreign investors to Prime Market-listed companies and encouraging them to enhance their corporate value through dialogue, the Listing Regulations include a requirement for the Prime Market-listed companies to disclose financial results and timely disclosure information in English, which came into effect on April 1, 2025.

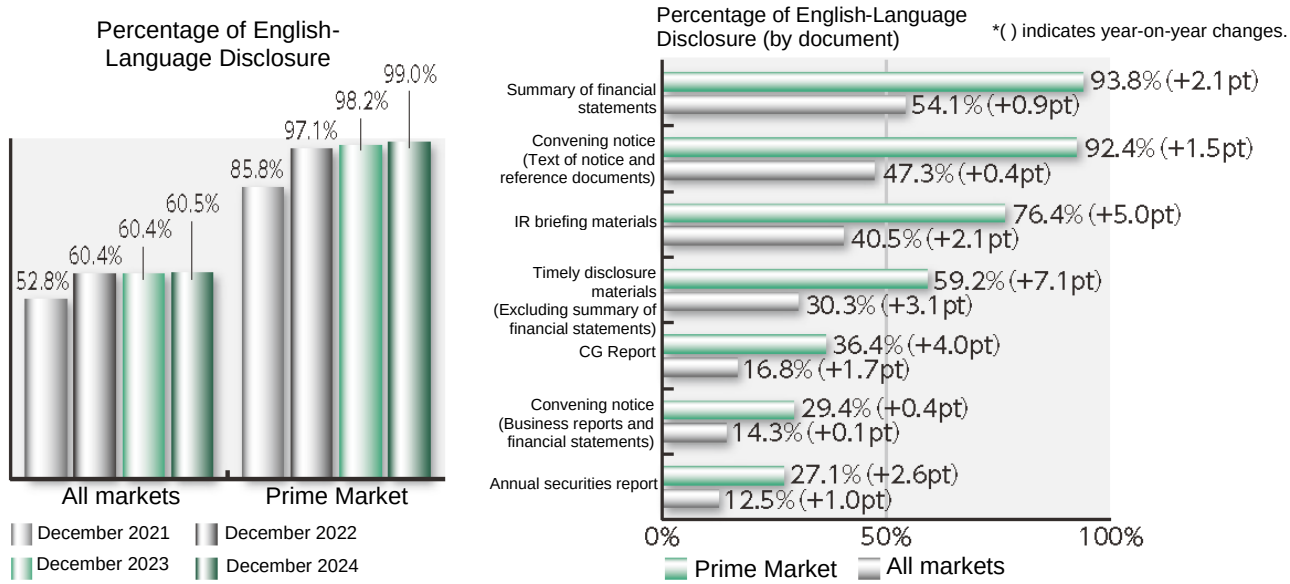
The rate of English disclosure is on the increase every year; as at the end of December 2024, 60.5% of all TSE-listed companies[142] and 99.0% of the Prime Market companies provided English-language disclosure, with progress in such efforts seen particularly among companies listed on the Prime Market[143]. Looking at the percentage of the Prime Market-listed companies that provide English disclosure by type of materials, most companies disclose summary of financial statements (93.8%), convening notices for general shareholders’ meetings (text of notice and reference documents) (92.4%), and IR briefing materials (76.4%), while a smaller percentage of companies disclose timely disclosure materials excluding summary of financial statements (59.2%), CG Reports (36.4%), business reports and financial statements attached to convening notices (29.4%), and securities reports (27.1%) (Chart 117). As for the timing of disclosure, 51.7% and 54.6% of the Prime Market-

142 A “listed company that provides English-language disclosure” refers to a company that answered that they provide English disclosure of any of the following documents included in the scope of the survey: Summary of financial statements; other timely disclosure materials; convening notice of general shareholders’ meeting (text of notice); convening notice of general shareholders’ meeting (business report and financial statements); securities report; IR briefing materials; and other English disclosure materials.

143 https://www.jpx.co.jp/english/corporate/news/news-releases/0060/20250122-01.html

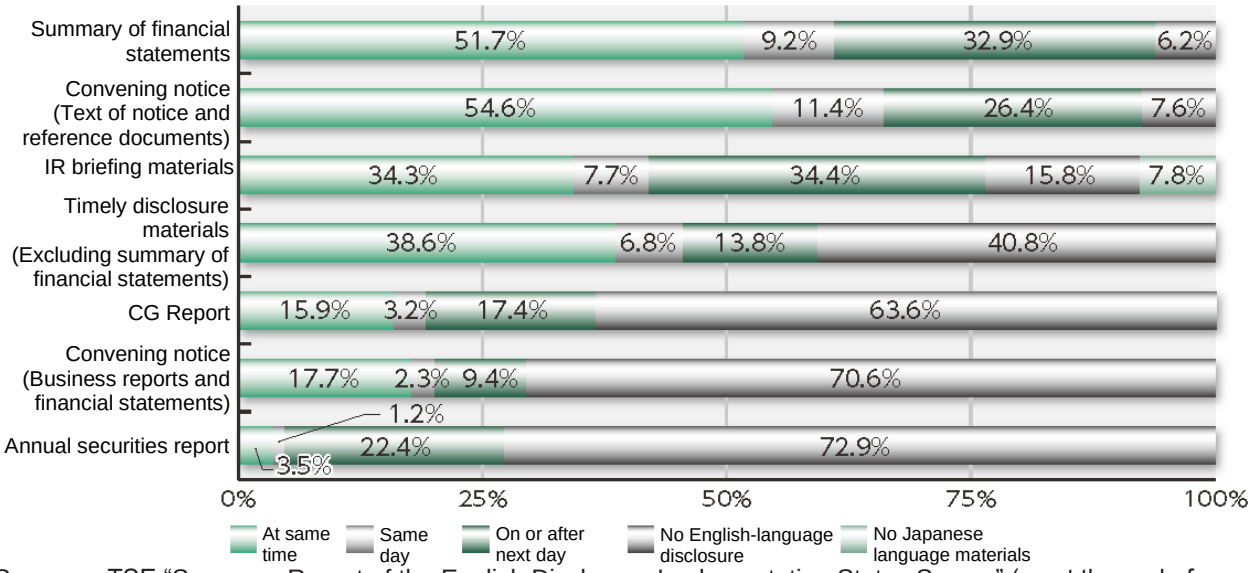
listed companies disclose summary of financial statements and convening notices for general shareholders' meetings (text of notice and reference documents), respectively, in Japanese and in English at the same time (Chart 118).

## Chart 117 Percentage of English-Language Disclosure




Source: TSE "Summary Report of the English Disclosure Implementation Status Survey" (as of the end of December 2024), p. 5

## Chart 118 Timing of English-Language Disclosure by Prime Market-Listed Companies (Number of Companies)




Source: TSE "Summary Report of the English Disclosure Implementation Status Survey" (as at the end of December 2024), p. 25

Meanwhile, not a few listed companies recognize the importance of English disclosure but wonder how they should deal with it or discuss the "documents required" to be disclosed in English. The TSE, thus, prepared the Practical Handbook for English Disclosure, publishing the first edition in September

2022 and the second in October 2024, to help listed companies to start or expand their English disclosure practices. Further, in order to provide an opportunity to understand the needs of overseas investors, a questionnaire survey was conducted with overseas institutional investors and the results were published in August 2023. The results are as outlined below. For more details, refer to each material as necessary.

### (1) Practical Handbook for English Disclosure[144]

The TSE published the first edition of the Practical Handbook for English Disclosure in 2022 with the aim of reducing the practical burden on listed companies by summarizing the know-how and points to consider when implementing English disclosure. Thereafter, with English disclosure becoming mandatory in the Prime Market, the TSE published the second edition in 2024, which contains expanded information that facilitates simultaneous disclosure in Japanese and English. Please refer to Chart 119 for an outline of the second edition, where appropriate.

**Chart 119 Outline of Practical Handbook for English Disclosure**

| | |
|---|---|
| Chapter 1<br>Outline of Listing Rules for English Disclosure<br>(Tokyo Stock Exchange) | 1-1 Overview of Listing Rules for English disclosure<br>1-2 English-language disclosure by Prime Market-listed companies<br>1-3 English-language disclosure by Standard Market-listed companies<br>1-4 English-language disclosure by Growth Market-listed companies<br>1-5 English-language disclosure via TDnet<br>1-6 FAQs (navigation system for listed companies) |
| Chapter 2<br>Planning for implementation of English-language disclosure<br>(PRONEXUS INC.) | 2-1 Background to English Disclosure<br>2-2 Clarifying purpose and formulating policy for English disclosure<br>2-3 Selecting documents to be disclosed in English and scope of translation<br>2-4 Examples of English disclosure by stage<br>2-5 Key points of documents requiring simultaneous disclosure in Japanese/English in the Prime Market<br>2-6 Developing systems, human resources, technologies, and knowledge for conducting English disclosure<br>2-7 Preparations and know-how for English disclosure practices<br>2-8 Use of disclaimer |
| Chapter 3<br>Production of English materials by outsourcing translation<br>(Takara Printing CO, LTD.) | 3-1 Overall workflow<br>3-2 Key points when signing a contract<br>3-3 Key points when requesting translations<br>3-4 Key points for simultaneous disclosure in Japanese/English<br>3-5 Requesting translation of manuscripts containing confidential information<br>3-6 Points of confirmation for deliverables |
| Chapter 4<br>Use of machine translation<br>(Sumita, National Institute of Information and Communications Technology) | 4-1 About machine translation, not generative AI<br>4-2 Basic knowledge of machine translation<br>4-3 Latest knowledge of machine translation<br>4-4 Key points to consider when introducing machine translation<br>4-5 Tips for effectively using machine translation<br>4-6 Conclusion and useful information beyond this article |

Chapter 5 contains columns on the TSE's initiatives for English disclosure, machine translation, and the U.S. Securities Law.

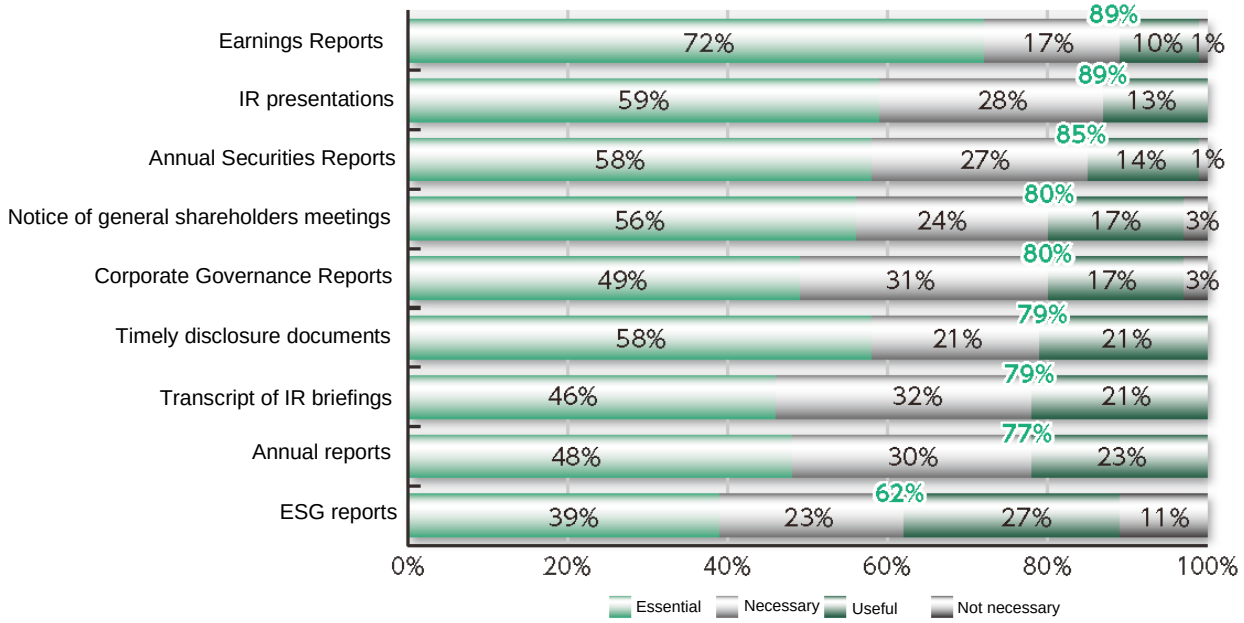
Authors are shown in parentheses.

144 https://www.jpx.co.jp/equities/listed-co/disclosure-gate/handbook/nlsgeu000006 mkr2-att/nlsgeu000006nbam.pdf (in Japanese)

### (2) Results of the questionnaire of overseas investors on English-language disclosure[145]

The results of the questionnaire are compiled from the results of a questionnaire survey and interviews conducted with overseas institutional investors, etc., between June 26, 2023 and July 31, 2023. With regard to English-language disclosure by Japanese companies, more than 70% of the respondents recognized some improvements in their efforts, while nearly 70% were still dissatisfied with a gap in the amount of information and the timing of disclosure between Japanese and English versions. The results show that inadequate English disclosure is a disincentive for dialogue and the exercise of voting rights, which affects investment behavior. Over 85% of the respondents also answered that the English disclosure of summary of financial statements, IR briefing materials, and securities reports is “mandatory” or “necessary (Chart 120), and most of them gave particular priority to summary of financial statements and IR briefing materials (Chart 121).

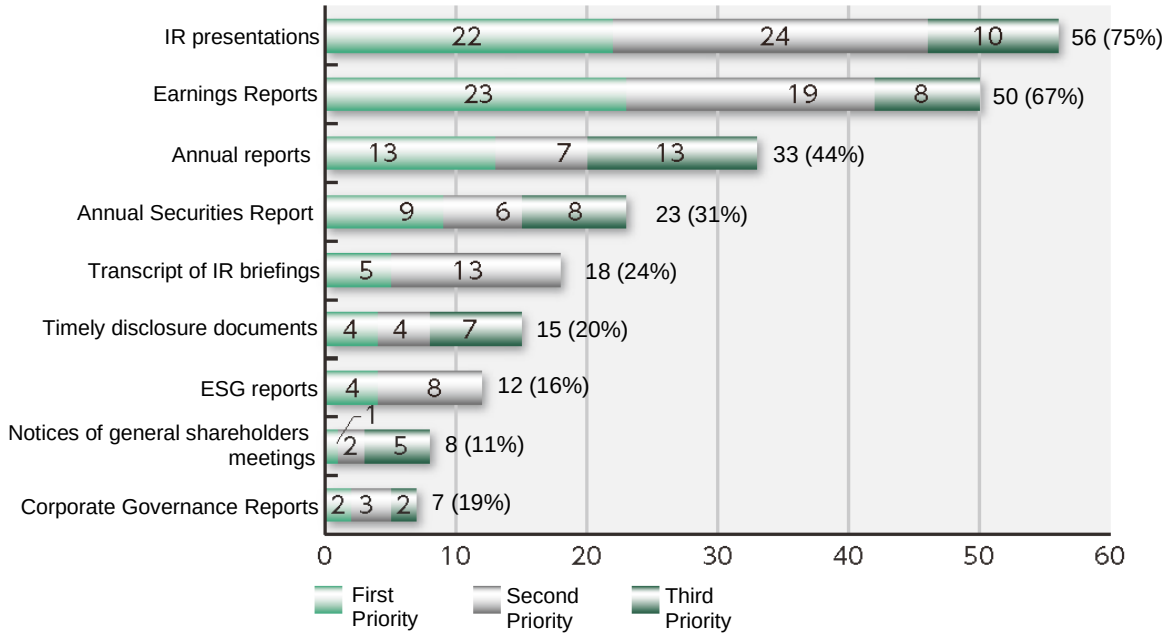
**Chart 120 Materials Required to be Disclosed in English**




Source: TSE “Results of the Survey of Overseas Investors on English Disclosure by Japanese Companies” (August 2023), p. 20

145 https://www.jpx.co.jp/english/equities/listed-co/disclosure-gate/survey-reports/b5b4pj000004a8hc-att/uorii500000011ot.pdf

## Chart 121 Materials for Which English Disclosure Should be Prioritized




Source: TSE "Results of the Survey of Overseas Investors on English Disclosure by Japanese Companies" (August 2023), p. 40

## 4 - 2. General shareholders' meeting

### 4 - 2 - 1. Early dispatch and early disclosure of convening notices (Supplementary Principle 1.2.2)

79.1% (3,032 companies) send convening notices of general meetings of shareholders early[146]. By market segment, the percentage of companies providing early dispatch of convening notices is 87.2% in the Prime Market and 88.9% in the Growth Market, representing higher rates than 67.3% in the Standard Market. (Chart 122). As for JPX-Nikkei 400 companies, 91.3% of them dispatch notices early, 4.1 points higher than in the Prime Market.

**Chart 122 Efforts for Encouraging Shareholders' Participation in General Meetings (by Market Segment)**

| | Early dispatch of convening notice | Setting of general shareholders' meetings avoiding peak dates (Companies with a fiscal year ending in March) | Exercise of voting rights by electronic means | Use of electronic voting platform | English translation of convening notice |
|---|---|---|---|---|---|
| All companies | 79.1% | 37.7% | 81.4% | 60.9% | 61.3% |
| Prime | 87.2% | 46.1% | 95.0% | 92.4% | 91.5% |
| Standard | 67.3% | 33.3% | 64.0% | 24.0% | 25.8% |
| Growth | 88.9% | 26.1% | 91.0% | 73.4% | 73.4% |
| JPX-Nikkei 400 | 91.3% | 51.0% | 97.0% | 95.8% | 95.5% |

The percentage of companies that comply with Supplementary Principle 1.2.2, which prescribes the early dispatch of the convening notices along with digital disclosures (TDnet and company websites) prior to dispatch for the purpose of allowing sufficient time for consideration of the agenda for general shareholders' meetings, was 99.7% (1,637 companies) in the Prime Market and 95.9% (1,537 companies) in the Standard Market.

A system for the electronic provision of materials for general shareholders' meetings was established as a result of the 2019 amendment to the Companies Act. For ordinary general shareholders' meetings held on and after March 1, 2023, listed companies are required to provide materials for general shareholders' meetings, such as reference documents for general shareholders' meetings, financial statements and business reports, via electronic means (posting information on company websites or TSE-listed companies information services), at least three weeks prior to the date of the general shareholders' meeting[147]. It is expected that this will enable shareholders to review the full contents of shareholder meeting materials earlier than they did previously. In addition to this Supplementary Principle, the TSE requires companies to provide meeting materials at an early date in the Corporate Code of Conduct[148], in terms of ensuring sufficient time for shareholders to consider proposals; listed companies are expected to start providing the materials electronically at an even earlier date.

146 In "Early dispatch of convening notices for general shareholders' meetings" in "III. Implementation of measures related to shareholders and other stakeholders" of the CG Report, "early dispatch" is defined as the dispatch of convening notices for the most recent annual general meeting three or more business days earlier than the statutory notification deadline.

147 Article 325-3, Paragraph 1 of the Companies Act.

148 Rule 446 of Securities Listing Regulations and Rule 437-3 of Enforcement Rules for Securities Listing Regulations.

### 4 - 2 - 2. Avoidance of peak dates (Supplementary Principle 1.2.3)

Companies with a fiscal year ending in March ("companies with a fiscal year ending in March") remained numerous, accounting for 59.2% of all TSE- listed companies (Chart 3). Partly because shareholder rights may be exercised only within three months from the record date[149], most companies hold their annual general meetings around the end of June. In the fiscal year ending March 2024, 29.5% (668 companies)[150] held their annual general meeting[151] on a peak date. The concentration of shareholder meeting dates makes it difficult for shareholders who own issues of more than one company to attend, and TSE has been requesting that the timing of the meetings be staggered[152]. Recently, some listed companies have set a date differing from the fiscal year end as the record date of the general shareholders' meeting, and have also set the schedule for the general shareholders' meeting more flexibly. Going forward, such efforts to avoid peak dates are expected to spread among companies ending their fiscal year in March.

In the CG Reports, out of all companies with a fiscal year ending in March, 37.7% stated that they scheduled their general shareholders' meetings on non-peak dates (Chart 122). In terms of supplementary explanations, many companies mentioned the "establishment of an environment that makes it possible for as many shareholders as possible to attend." For example, some CG Reports stated that the annual general meeting was held on a Saturday or Sunday for the shareholders' convenience, or, in relation to venues, that ease of access was considered (e.g. distance from stations).

By market segment, the ratio of companies with a fiscal year ending in March that avoid peak dates is 46.1% in the Prime Market, higher than in the Standard Market (33.3%) and the Growth Market (26.1%) (Chart 122). 51.0% of JPX-Nikkei 400 companies avoid peak dates, 4.9 points higher than in the Prime Market. The compliance rate with Supplementary Principle 1.2.3, which requires setting an appropriate schedule for general shareholders' meetings, was 99.7% (1,637 companies) in the Prime market and 98.1% (1,571 companies) in the Standard Market.

### 4 - 2 - 3. Exercise of voting rights by electronic means

Exercise of voting rights by electronic means[153] is allowed by the board by stipulating that shareholders who are unable to attend the general shareholders' meeting may exercise their voting rights in this way[154]. Companies that specify the exercise of voting rights by electronic means accounted for 81.4% of all companies, 10.4 points up from 71.0% in the previous survey.

By market segment, there is a large gap in the percentage of companies that set the exercise of voting rights by electronic means in the Prime Market (95.0%) and the Growth Market (91.0%) vs. the Standard Market (64.0%) (Chart 122).

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149 Article 124, Paragraph 2 of the Companies Act.

150 "Peak dates" refers to dates when very large numbers of listed companies hold their annual general meetings, based on the dates of the most recent annual general meetings (usually the date with the highest number of meetings throughout the year is assumed).

151 Information on the general shareholder meetings of companies with a fiscal year ending in March on the Japan Exchange Group website (https://www.jpx.co.jp/english/listing/event-schedules/shareholders-mtg/index.html)

152 Rule 446 of Securities Listing Regulations and Rule 437-1 of Enforcement Rules for Securities Listing Regulations

153 Specific examples include the use of voting platforms for institutional investors, as well as voting services for individual investors via smartphones, etc.

154 Article 298, Paragraph 1, Item 4 and Paragraph 4 of the Companies Act.

### 4 - 2 - 4. Use of electronic voting platforms for institutional investors (Supplementary Principle 1.2.4)

TSE has striven to foster an environment that facilitates the exercise of voting rights by institutional investors. The CG Report requires listed companies to check off a box if they use electronic voting platforms such as those operated by ICJ and trust banks for institutional investors as part of efforts toward raising participation in general shareholders' meetings and facilitating the exercise of voting rights.

60.9% (54.5% in the previous survey) of all listed companies stated that they use electronic voting platforms for institutional investors. By market segment, in the wake of the Code revision and the restructuring of market segments, the rate for the Prime Market was 92.4% (82.5% in the previous survey), representing an increase of 9.9 points (Chart 122).

### 4 - 2 - 5. Preparation of English translations of convening notices and materials for general shareholders' meetings

According to the "FY2023 Survey on the Distribution of Shares"[155] published by stock exchanges nationwide, the percentage of shares held by foreign shareholders has remained high in recent years, with 31.8% of shares held by foreign institutional investors and other foreign corporations. Against the backdrop of such foreign shareholders, an increasing number of companies are taking steps such as preparing convening notices in English. The CG Report requires listed companies to check off a box if they prepare convening notices for annual general meetings and materials for general meetings, or summaries of such notices, etc., in English as part of efforts toward increasing participation in general shareholder meetings and facilitating the exercise of voting rights.

The ratio of companies that prepared convening notices and relevant materials for annual general meetings (including their summaries) in English was 61.3% (55.5% in the previous survey). By market segment, the percentages were 91.5% (82.5% in the previous survey) in the Prime Market and 73.4% (66.9%) in the Growth Market, marking a wide difference from 25.8% (17.7%) in the Standard Market (Chart 122). The rate was 95.5% (94.0% in the previous survey) for JPX-Nikkei 400 companies, 4.0 points higher than in the Prime Market.

The compliance rate with Supplementary Principle 1.2.4, which prescribes the creation of an infrastructure for electronic voting (e.g., the use of an electronic voting platform) and the provision of convening notices in English, was 93.1% (84.1% in the previous survey) in the Prime Market and 23.1% (15.7% in the previous) in the Standard Market, with a significant increase seen in the compliance rate of the Prime Market-listed companies. Apparently, measures/actions in line with the concept of the Prime Market are making progress at companies listed on the Market. With regard to reasons for non-compliance with the Supplementary Principle in the Standard Market, the most common explanation was that the current ratio of foreign shareholders was low, but that compliance would be considered in the future if this ratio increased.

155 https://www.jpx.co.jp/english/markets/statistics-equities/examination/dh3otn00000098wp-att/e-bunpu2023.pdf

### 4 - 2 - 6. Other efforts for facilitating shareholders' active participation in general shareholder meetings and the smooth exercise of voting rights

Companies that take other measures for facilitating shareholders' active participation in general shareholders' meetings and the smooth exercise of voting rights in addition to the above are required to provide supplementary explanations on such measures in the CG Report.

A review of the supplementary explanations in CG Reports found that 20.5% of TSE-listed companies (622 companies) mentioned the use of websites, etc.[156] 6.6% (201 companies) had descriptions[157] related to visual presentations. For example, at general shareholders' meetings, some companies have arranged slide materials, etc. used at the financial results briefings for securities analysts and institutional investors in a way that is easy for individual shareholders to understand, and adopted a style where the Chairperson gives explanations in his/her own words to the shareholders at the venue, not just reading out such materials; and their policy also generally requires the Chairperson to provide detailed replies during Q&A sessions.

In previous years, with the aim of furthering communication with shareholders, there has been a trend for holding company briefings after the general shareholders' meeting or holding the annual general meeting at the company's factory and holding a product information session or factory tour at the same factory in conjunction with the meeting. In 2020, however, the COVID-19 pandemic forced some companies to suspend roundtable discussions and tours. In recent years in the wake of the COVID-19 pandemic, the number of the hybrid participatory-type virtual shareholder meetings, which allow shareholders to view and observe deliberations on the Internet without attending the meeting in terms of the Companies Act, and the hybrid attendance-type virtual shareholder meetings, which allow shareholders to attend the meeting in terms of the Companies Act via the Internet or other means, has increased. Through the amendment to the Industry Competitiveness Enhancement Act on June 16, 2021, a new system was created for "general shareholders' meetings with no venue/place given," as an exception to the Companies Act, which allowed companies to hold virtual-only shareholder meetings. In order to hold virtual-only shareholder meetings, listed companies must be confirmed by the Minister of Economy, Trade and Industry and the Minister of Justice, and stipulate in their articles of incorporation that a shareholder meeting may be held with no venue given/fixed[158]. According to the Ministry of Economy, Trade and Industry, 64 companies held virtual-only shareholders meetings by March 31, 2024, and 439 companies, about 55% of which are listed on the Prime Market, passed a resolution at their shareholder meeting on the amendment to their articles of incorporation to allow virtual-only shareholder meetings[159].

156 The term "websites, etc." covers companies that mentioned keywords "website" or "homepage."
157 "Visual" refers to companies that used keywords "visual" or "PowerPoint."
158 Article 66, Paragraph 1 of the Industry Competitiveness Enhancement Act
159 METI "Explanatory Material for General Shareholders' Meetings with No Venue Given under the Industry Competitiveness Enhancement Act (April 2024)", https:// www.meti.go.jp/policy/economy/keiei_innovation/keizaihousei/pdf/240412_explanatory-material_ vset.pdf (in Japanese) (last access date: February 4, 2025)

## 5. Securing the rights and equal treatment of shareholders: protecting the interests of general shareholders and minority

Based on the recognition that shareholders are the cornerstone of the diverse stakeholders of listed companies and an important starting point for corporate governance, the Code sets out basic principles on ensuring substantial shareholders' rights and equality.

**General Principle 1**

**Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.**

**In addition, companies should secure effective equal treatment of shareholders.**

**Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.**

There are a wide range of governance issues relating to ensuring the rights and equal treatment of shareholders. For instance, response policies for so-called takeovers[160], if used properly, could contribute to corporate value and ultimately the common interests of shareholders, while if used for the protection of management, they could preserve ineffective management and damage the interests of general shareholders and investors. In view of these points, listed companies are expected to provide adequate explanations to investors about the response policies for takeovers.

Concerning group management in our country, there is a risk of structural conflicts of interest identified between controlling/quasi-controlling shareholders and minority shareholders at a listed company with controlling shareholders or those who do not hold a majority of the voting rights but have substantial voting power almost equivalent to that of the controlling shareholders (hereinafter "quasi-controlling shareholders") . Therefore, enhancing information disclosure for minority shareholders/investors and improving the effectiveness of governance are recognized as one of the issues.

As such, this chapter, among the issues relating to ensuring the rights and equal treatment of shareholders, deals with response policies for takeovers and group governance, as matters which might cause a significant impact on the interests of general/minority shareholders and thus make the protection of such interests particularly important, and provides an overview of the present state.

160 "Response policies for takeovers" refer to measures which a listed company adopts prior to the commencement of a takeover by a party that is undesirable from management's perspective, among those intended to obstruct the acquisition of a listed company (meaning the acquisition of as many shares as necessary to exercise influence on the company) , for example, by issuing new stocks or new share subscription rights not mainly for the purpose of fundraising or other business reasons.

## 5 - 1. Matters concerning response policies for takeovers

TSE has stipulated [161]matters to be complied with in case of [162]the adoption of response policies for takeovers in the Code of Corporate Conduct. At the same time, Principle 1.5 of the Code stipulates that from the perspective of stewardship of the board and kansayaku to shareholders on the implementation and operations of the response policies, its necessity and rationality should be carefully reviewed to ensure the appropriate procedures, and that sufficient explanations should be provided to shareholders. The compliance rate with the Principle was 100% (1,642 companies) in the Prime Market and 98.8% (1,583 companies) in the Standard Market.

The CG Report requires companies to indicate whether they have adopted any response policies for takeovers. Companies that have adopted such policies are required to describe their objectives and provide an overview of the scheme. Response policies for takeovers may have a large impact on the rights of shareholders and have the potential to be abused through acts of executives to protect their own interests. In this respect, companies with such policies in place are required to provide explanations, including the rationality of such policies, in their CG Reports.

### (1) Number of companies with response policies for takeovers in place

Companies mentioning the adoption of response policies for takeovers in their CG Reports were 252, or 6.6% of TSE-listed companies. Although the number of companies that adopt response policies for takeovers had increased significantly since around 2005 due to factors including changes in the management environment, such as the unwinding of cross-shareholdings and growing interest in takeovers (increased from 132 companies in 2006, when surveys for the White Paper were started, to 461 companies in 2008), the number has gradually fallen in recent years as a result of the development of laws on abusive hostile acquisitions and investors' critical outlook on response policies for takeovers. In fact, the opposition rate of institutional investors to proposals for the introduction or continuation of response policies for takeovers at shareholder meetings remains high[163].

By market segment, the percentage of companies with anti-takeover measures is 7.7% in the Prime Market, 7.4% in the Standard Market, and 1.0% in the Growth Market. (Chart 123)

As for the relationship with the ownership ratio of the largest shareholder, the ratio of companies implementing anti-takeover measures tended to be higher in the category where the ownership ratio of the largest shareholder was low, while it was only 17.5% in the category where the ownership ratio was less than 5%, up 4.7 points from the previous survey (Chart 124). Meanwhile, the category of "5% to under 10%" shareholding ratio accounts for 17.3%, a decrease of 1.9 points compared to the previous survey.

161 "Adoption" here refers to an act where a company determines the specific nature of response policies for takeovers, such as a resolution on issuance of new stocks or new share subscription rights to respond to takeovers.

162 Rule 440 of Securities Listing Regulations.

163 According to ICJ Inc.'s Fact Sheet "Data from Shareholder Meetings Held in June 2024" (https://www.icj.co.jp/assets/pdf/icj_factsheet.pdf) (in Japanese), the average opposition rate of domestic institutional investors is over 60% and that of foreign institutional investors is over 90%.

The above is a summary of the status of the introduction of response policies for takeovers, but as response policy types, most of these are advance-warning type rights plans, which require approval from shareholders. Specifically, companies establish procedures during normal times that should be followed by acquirers in the event that they begin a takeover attempt. In the event of a takeover attempt that does not follow pre-established procedures, the takeover will be handled as an abusive acquisition that damages corporate value, and the board will decide to issue new share subscription rights and enact a rights plan.

Most companies that have not adopted response policies for takeovers and have provided an explanation for this mentioned that the maximization of corporate value (stock price) is the most effective response policy and that they did not plan to introduce any response policies at the time.

**Chart 123 Adoption of Response Policies for Takeovers (by Market Segment)**

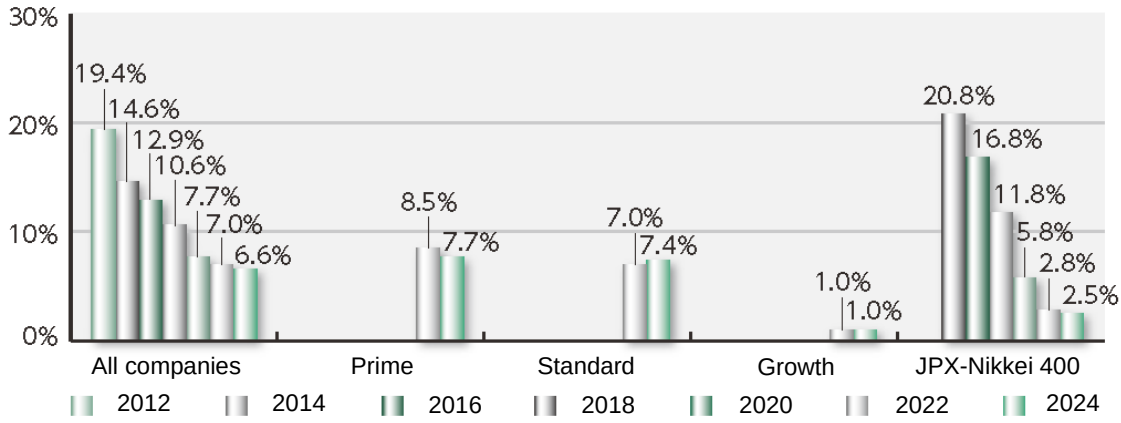
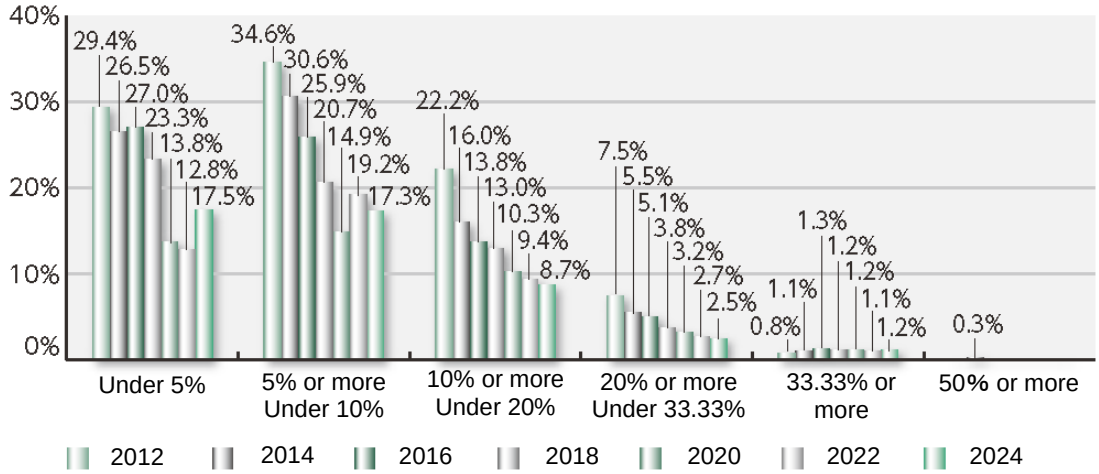



**Chart 124 Adoption of Response Policies for Takeovers (By Shareholding Ratio of the Largest Shareholder)**



### (2) Corporate governance system of companies with response policies for takeovers

Chart 125 shows a comparison of the corporate governance systems of companies that have adopted response policies for takeovers and those that have not. For companies with response policies for takeovers, the role of Independent Directors as advocates for general shareholders is likely to be more important, and the ratio of companies that have appointed Independent Directors is slightly higher in companies with response policies for takeovers.

**Chart 125 Adoption of Response Policies for Takeovers and Governance System**

| | Average number of directors (Average per company) | Average number of independent directors (per company) | Percentage of companies appointing at least 1 independent director | Percentage of companies appointing at least 2 independent directors | Percentage of companies appointing at least one-third independent directors |
|---|---|---|---|---|---|
| Companies adopting response policies | 8.44 | 3.24 | 99.2% | 95.2% | 83.7% |
| Companies not adopting response policies | 8.07 | 3.15 | 98.8% | 87.7% | 74.6% |

**[Column 21] Guidelines Concerning Takeover Defensive Measures for Securing and Ensuring Corporate Value and the Common Interests of Shareholders**

The Ministry of Economy, Trade and Industry and the Ministry of Justice published the Guidelines Concerning Takeover Defensive Measures for Securing and Ensuring Corporate Value and the Common Interests of Shareholders in 2005. In line with judicial precedents, theories, and the Corporate Value Study Group's Corporate Value Report (published on May 27, 2005, the same day as the Guidelines were formulated), the Guidelines were intended to present legitimate and reasonable anti-takeover measures and encourage the formation of fair takeover rules, with an eye on the measures considered to be typical at the time.

According to the Guidelines, anti-takeover measures must adhere to the following principles so as to ensure or enhance corporate value and ultimately the common interests of shareholders:

1 Principle of ensuring corporate value and the common interests of shareholders

The adoption, invocation, and abolition of anti-takeover measures should be executed with the aim of ensuring or enhancing corporate value and ultimately the common interests of shareholders.

2 Principle of prior disclosure and reflection of the will of shareholders

When adopting anti-takeover measures, their purposes, content, etc. should be specifically disclosed and they should be based on the reasonable will of shareholders.

3 Principle of ensuring necessity and proportionality

Anti-takeover measures should be necessary and proportional enough to prevent takeovers.

**[Column 22] Fair M&A Guidelines**

Taking into account the discussions held by the "Study Group on Fair M&A," the Ministry of Economy, Trade and Industry (METI) fully revised the previous "Guidelines on Management Buyouts (MBOs) to Enhance Corporate Value and Ensure Fair Procedures" and formulated the "Guidelines on Fair M&A – Enhancing Corporate Value and Securing Shareholder Interests" in June 2019. The Guidelines present the basic approach, including principles and practical responses based on such approach, regarding fair M&A that should be shared within the corporate community in Japan from the perspectives of enhancing corporate value and securing shareholder interests[164].

The Guidelines mainly address how fair M&A should be conducted in the corporate community in Japan from a procedural standpoint, focusing on MBOs and acquisitions of dependent companies by controlling shareholders, which typically involve structural conflicts of interest and information asymmetry. The purpose of the Guidelines is to enhance confidence in the Japanese capital market and promote M&A that contributes to the enhancement of corporate value.

Chapter 1, "Introduction," clarifies the position and scope of the Guidelines. Chapter 2, "Principles and Basic Perspectives," sets forth the principles to be respected in conducting transactions and the basic perspectives from which practical responses are considered to realize these principles. Chapter 3, "Practical Specific Measures (Measures to Ensure Fairness)," introduces typical measures generally considered highly effective to ensure fairness in M&A procedures, such as the establishment of an independent special committee, and explains their functions and desirable practices.

**[Column 23] Guidelines for Corporate Takeovers**

In 2022, the Ministry of Economy, Trade and Industry (METI) established the Study Group on Fair Takeovers with the objective of enhancing the predictability of takeovers for all parties involved, including transaction participants and capital market stakeholders, and proposing best practices. The ultimate goal is to facilitate takeovers that contribute positively to the economy and society by promoting the sound development of market functions within fair M&A markets. Based on the discussions held by the Study Group and public consultations, METI published the "Guidelines for Corporate Takeovers" in 2023. [165] This document compiles principles and best practices to be widely shared across the economy and society, aiming to establish fair rules for M&As, with particular focus on the conduct of parties involved in takeovers to acquire management control of listed companies.

The Guidelines are structured as follows:

- **Chapter 1 Introduction:** Defines the purpose, scope, and positioning of the Guidelines.
- **Chapter 2 Principles and Basic Perspectives:** Sets forth three fundamental principles to be respected in general takeovers involving the acquisition of management control of listed companies.
- **Chapter 3 Code of Conduct for Directors and Boards of Directors Regarding Takeover Proposals:** Outlines the expected conduct of directors and boards in response to takeover proposals, tailored to different circumstances.

164 https://www.meti.go.jp/policy/economy/keiei_innovation/keizaihousei/pdf/fairmaguidelines_english.pdf
165 https://www.meti.go.jp/shingikai/economy/kosei_baishu/pdf/20230831_3.pdf

- **Chapter 4 Enhancing Transparency of Takeovers:** Describes measures to improve transparency from the perspectives of both the acquiring party and the target company.
- **Chapter 5 Response Policies for Takeovers and Countermeasures:** Presents the basic concepts underlying takeover response policies and defensive measures.

## 5 - 2. Group governance

### 5 - 2 - 1. Parent-Subsidiary Listing Trends

In the past few years, the stock market has become increasingly critical of parent-subsidiary listings. If a parent company, which is a controlling shareholder, exercises its influence for its own benefit, the interests of minority shareholders of listed subsidiaries could be harmed (the risk of a structural conflict of interest). Moreover, as this is not a common practice overseas (such as in the United States and the United Kingdom), many foreign investors are critical of the practice as a phenomenon unique to Japan.

Chart 126 shows the main initiatives for parent-subsidiary listings. The TSE has enhanced disclosure systems since 2007 and introduced procedural regulations on important transactions with controlling shareholders so that minority shareholders of subsidiaries can be protected.

In addition, the 2021 revision of the Code requires companies with controlling shareholders to appoint a majority (in the case of companies listed on the Prime Market) or 1/3 or more (in the case of companies listed on the Standard Market) of Independent Directors who are independent of the controlling shareholders, or, in lieu of them, to establish a special committee consisting of persons who are independent of the controlling shareholders.

The voting criteria of major voting advisory companies and many institutional investors have also introduced the so-called controlling shareholder criteria, which stipulate that a majority of directors of listed companies with either controlling shareholders or a parent company must be outside directors or Independent Directors. Thus, the level of corporate governance required of listed subsidiaries has increased (Chart 127).

In addition, issues regarding parent-child listings have been raised, not limited to the risk of structural conflicts of interest at listed subsidiaries, but also in terms of group management at parent companies. To be more specific, special consideration is required for the independence of a listed subsidiary and for the interests of minority shareholders which can be a constraint on the management of the group, and a part of the profits flow outside the group (minority shareholders) even though the parent company bears the management costs. Thus, there are many negative views.

In addition to the protection of minority shareholders, the TSE required disclosure of views on group management in 2020. In December 2023, the TSE clarified the specific points that are expected to be stated. Taking into account the foregoing investor perspective, a parent company with a listed subsidiary is now required to provide more detailed explanations on the significance of a subsidiary listing in terms of improving the group's medium to long-term corporate value or capital efficiency.

The Request for the Realization of Management that is Conscious of Capital Cost and Stock Price (March 2023) also calls for drastic measures such as the allocation of management resources to enhance corporate value over the medium to long term. It is expected that the Boards of Directors will discuss how to position and utilize listed subsidiaries while discussing the future balance sheet and cash allocation policy with a view to enhancing corporate value over the medium to long term, as well as appropriately fulfill their accountability to investors.

## Chart 126 Major Efforts by Parties Regarding Listed Subsidiaries

| Timing | Entity | Major movements |
|---|---|---|
| June 2007 | Tokyo Stock Exchange | Released “TSE's Basic Stance on Subsidiary Listings”. Disseminated the view that subsidiary listings are not necessarily an advisable capital policy. |
| July 2008 | Tokyo Stock Exchange | Enhanced disclosure of transactions with controlling shareholders. Mandated disclosure of guidelines on measures to protect minority shareholders, details of transactions, etc. |
| June 2010 | Tokyo Stock Exchange | Adopted procedural regulations on transactions with controlling shareholders. Mandated obtaining opinions that important transactions are not disadvantageous to minority shareholders. |
| June 2019 | Ministry of Economy, Trade and Industry | Published Practical Guidelines for Group Governance Systems (Group Guidelines). Organized and presented issues regarding parent-subsidiary listings and measures required to protect minority shareholders. |
| February 2020 | Tokyo Stock Exchange | Mandated the strengthening of independence criteria (i.e., must not have belonged to a parent company or a sibling company in the past ten years) and disclosure of a group management philosophy, etc. |
| June 2021 | Tokyo Stock Exchange | Revision of CG Code Listed companies with controlling shareholders are required to appoint a majority (in the case of the Prime Market) or 1/3 or more (in the case of Standard Market) of Independent Directors, or to establish special committees. |
| December 2023 | Tokyo Stock Exchange | Announced "Enhancement of information disclosure on minority shareholder protection and group management" and "Roles expected of Independent Directors of listed companies with controlling and quasi-controlling shareholders." Required listed companies with parent-subsidiary relationships to improve disclosures on the protection of minority shareholders and group management. Advised equity-method listed companies to provide (new) disclosures. |
| February 2025 | Tokyo Stock Exchange | Announced "Investors' perspective on parent-subsidiary listings, etc." Presented the basic perspective of investors in relation to listed companies in parent-subsidiary or controlling relationships, and situations where gaps are prone to arise. |

## Chart 127 Adoption of Controlling Shareholder Criteria in the Voting Criteria of Major Institutional Investors

| Institutional investors | Existence of controlling shareholder standard | Standard, etc. (in the case of Companies with Board of Company Auditors) |
|---|---|---|
| ISS (Revised in 2020) | ○ | In a company with a parent company or controlling shareholders, if after a general meeting of shareholders outside directors who meet the ISS independence criteria are less than 1/3 of the board of directors, or if the number of such outside directors is less than two, disapproval is recommended of directors who are top management |
| Glass Lewis (Revised in 2023) | ○ | In principle, it recommends disapproval of the chairperson of the board of directors (in the case of Companies with Board of Company Auditors or Companies with Audit and Supervisory Committee) and the chairperson of the nomination committee (in the case of Companies with Three Committees), if at least a majority (1/3 or more in cases other than the Prime Market) of the board of directors of a company with controlling shareholders listed on the Prime Market is not independent. It also recommends opposing other non-independent candidates until the number of candidates meets our company's independence criteria. |
| Mitsubishi UFJ Trust and Banking Corporation (Revised in 2022) | ○ | (In the case of a listed company with a parent company, etc.) If Independent Directors do not constitute a majority of the total number of directors, all candidates for directors will be opposed |
| Asset Management One (Revised in 2024) | ○ | In a company with a "parent company," "controlling shareholder," or "major shareholder (holding 40% or more of voting rights)," if outside directors do not account for a majority of the board of directors, the representative director will be opposed, in principle. In the case of a company with three committees, the nomination committee members will be opposed, in principle. |
| Sumitomo Mitsui Trust AM (Revised in 2022) | ○ | In a company with a parent company, etc., if Independent Directors do not constitute a majority of the total number of directors, the election of directors will be opposed |
| Resona AM (Revised in 2022) | ○ | In the case of a company with a parent company or controlling shareholders, if the board of directors does not have a majority of Independent Directors elected, the election of a representative director will be opposed unless there is a reasonable and convincing explanation. |
| Mitsubishi UFJ Asset Management (Revised in 2022) | ○ | (In the case of a listed company with a parent company, etc.) If Independent Directors do not constitute a majority of the total number of directors, the election of all candidates for directors will be opposed |
| Nissay Asset (Revised in 2024) | ○ | In the case of a company listed on the Prime Market that has controlling shareholders (including a parent company), if Independent Directors do not constitute a majority, a proposal for the election of the representative director will be opposed (application to be expanded to all listed companies in June 2025) |
| Nomura AM (Revised in 2022) | ○ | If the number of outside directors constitutes less than a majority of directors, the reappointment of the chairperson, president, etc. as directors will be opposed, in principle |
| Daiwa AM (Revised in 2024) | ○ | If a company with a parent company or controlling shareholders or an equivalent company does not satisfy the criteria that there are two or more Independent Directors and such directors constitute 1/3 or more of the board members (in the case of a company listed on the Prime Market, the criteria that there are two or more Independent Directors and such directors constitute a majority of the board members), the reappointment of candidates for representative director (or representative statutory executive officer) will be opposed |
| Nikko AM (Revised in 2022) | ○ | In principle, if 1/3 or more (or a majority in the case of a company with a parent company) of the total number of directors are not outside directors who meet our company's independence criteria, the proposal to elect a top management director will be opposed |
| Dai-ichi Life (Revised in 2024) | ○ | In the case of listed companies with controlling shareholders, if the number of Independent Directors is less than 1/3 of the total number of directors or less than two, in principle, a proposal for the reappointment of a representative director as a director will be opposed. (From April 2025, the reappointment of any director will be opposed; In the case of Prime Market-listed companies with controlling shareholders, from April 2026, the reappointment of directors will be opposed if Independent Directors do not comprise a majority of the board.) |

Source: Compiled by Daiwa Institute of Research based on various companies' voting criteria

### 5 - 2 - 2. Disclosure of information on minority shareholder protection and group management

(1) Listed companies with a parent company

If a listed company has controlling shareholders[166], including a parent company, it is required to disclose information on minority shareholder protection. First, listed companies with controlling shareholders are required to disclose guidelines on measures to protect minority shareholders in their CG Reports. Specifically, the listed company must provide concrete descriptions on matters such as policies on internal frameworks and systems, and the internal decision-making process, with the aim of preventing the company itself and, ultimately, minority shareholder interests from being undermined by transactions intended to favor the controlling shareholder by leveraging its influence. In addition, after each fiscal year, the company is required to disclose in a timely fashion the status of implementation of the measures stipulated in the guidelines as part of the "disclosure of matters relating to controlling shareholders, etc."[167] As for the disclosure of guidelines for measures to protect minority shareholders, many stated to the effect that transactions with controlling shareholders should be carried out under the same conditions as regular transactions in order not to damage the interests of minority shareholders.

In February 2020, the guidelines on CG Reports were revised, requiring listed companies with a parent company to disclose the views and policies of the parent company on group management and their own views and measures with respect to ensuring independence from the parent, which is necessary from the viewpoint of protecting minority shareholders. As shown in Chart 128, the key points to be included in each case were presented in December 2023.

Investors are keenly interested in whether a listing under the parent is the best way to enhance the corporate value of subsidiaries. In addition, regarding the issue of conflicts of interest between the parent and minority shareholders, some still sporadically raise concerns over the protection of minority shareholders or whether the board of directors (especially Independent Directors) of subsidiaries has an appropriate governance system in light of their responsibility to protect minority shareholders.

In light of such perspective of investors, listed companies with a parent company are required to continue to review the present state of their parent-subsidiary listing at the board of directors meetings, from the viewpoint of both group management and minority shareholder protection, and to fulfill their accountability appropriately through disclosures and dialogue with investors upon consultation with their parent company.

166 “Controlling shareholders” include not only a parent company (including unlisted companies) but also individuals who hold a majority of voting rights (Rule 2-42-2 of Securities Listing Regulations and Rule 3-2 of Enforcement Rules for Securities Listing Regulations).

167 Rule 411 of Securities Listing Regulations, and Rule 412 of Enforcement Rules for Securities Listing Regulations.

**Chart 128 Key Points for Listed Companies with a Parent Company**

| Disclosure item | Outline of specific points for disclosure |
|---|---|
| Parent company's approach/policy regarding group management | ● **Positioning of the company in its parent company's business portfolio strategy**<br>● Current status and future prospects for **segregation of business areas within the parent company's group**<br>● **If carrying out cash management with the parent company** (e.g., participation in the parent company's cash management system)**, the reasons for this** |
| Approach and measures to ensure independence from the parent company that are necessary to protect minority shareholders | ● Whether/how **the parent company is involved in the decision-making process**<br>● **Outline of the special committee** established to ensure independence from the parent company<br>▶ **Permanent** or **non-permanent**<br>▶ **Approach to the independence of the committee composition from the parent company, and the composition of committee members**<br>▶ **Agenda items, authority and roles** of the special committee<br>▶ **Actual activities**<br>● **Role and use of the nomination committee** in ensuring independence of independent officers from the parent company<br>● **Parent company's approach to/policy on voting on the election and dismissal of independent officers** |

(2) Listed companies with listed subsidiaries

The TSE also requires parent companies with listed subsidiaries to disclose their views and policies on group management, the significance of having listed subsidiaries, and the measures to ensure the effectiveness of the governance system of their listed subsidiaries from the viewpoint of protecting minority shareholders. As shown in Chart 129, the key points to be included for each item were presented in December 2023.

A number of investors have pointed out that, in terms of group management, explanations on the significance of having a listed subsidiary merely list merits, including increased business partners and the securing of human resources, and that in many cases, it is not considered or explained whether it is the most appropriate form for improving the group's medium- to long-term corporate value and capital efficiency.

In addition, the parent company should exercise care to ensure that subsidiaries have proper government systems in place to address the risk of conflicts of interest and protect minority shareholders, but there are concerns that some parents lack such awareness.

In light of such perspective of investors, listed companies with listed subsidiaries are required to continue to review the present state of their parent-subsidiary listing at the board of directors meetings, from the viewpoint of both group management and minority shareholder protection, and to fulfill their accountability appropriately through disclosures and dialogue with investors.

**Chart 129 Key Points for Listed Companies with Listed Subsidiaries**

| Disclosure item | Outline of specific points for disclosure |
|---|---|
| Approach to and policy on group management | ● Basic approach to **business portfolio strategy**<br>▶ **Approach to/policy on ownership of listed subsidiaries**<br>▶ Approach to/policy on the **use of** the listed subsidiary framework and **other forms of group company ownership**<br>▶ Approach to/policy on **coordination and allocation of business opportunities and business areas** within the group<br>▶ Approach to/policy on **reviewing and revising the business portfolio** and actual implementation status<br>● Basic approach to/policy on **treatment of listed subsidiaries in the group management system**<br>▶ **Whether there is involvement in the decision-making process** at listed subsidiaries, and if so, the nature of such involvement<br>▶ Treatment of listed subsidiaries with regards to **the cash management system** |
| Reasons for having subsidiary remain listed | ● The **rationale** for holding the company as a subsidiary and **for keeping it listed**<br>▶ **Background to holding the company as a listed subsidiary**<br>▶ **Advantages and disadvantages of it being a listed subsidiary**<br>▶ **Rationale compared to other forms of group company ownership, such as wholly owned subsidiaries** |
| Measures to ensure effectiveness of governance framework for listed subsidiary | ● **Approach to/policy on voting on the election and dismissal of officers of listed subsidiaries**<br>● Approach to/policy on **involvement in the nomination process for officers at listed subsidiaries** |

(3) Listed companies with listed affiliates/other affiliates

In recent years, the number and percentage of listed companies that have a major shareholder (excluding a parent company and individual shareholders) who holds 20% to less than 50% of the shares but does not fall under the category of a controlling shareholder has been increasing year by year (Chart 12).

It has been pointed out that even when an investor does not hold a majority of the voting rights in such a case, they still can have strong control or influence in light of the actual state of voting at general shareholders' meetings or the conclusion of contracts concerning governance, etc. Further, some note the importance of information on the protection of minority shareholders and group management in making investment decisions, just as in the case of a parent-subsidiary listing. On the other hand, many view that, at present, information on the protection of minority shareholders and group management itself is not disclosed, which makes the actual state unclear and inhibits long-term investments.

Given these circumstances, the TSE decided in 2023 to recommend equity method listed companies to include new points in their disclosure, from the viewpoint of group management and minority shareholder protection.

In cases where the equity method is applied, the extent of the relationship and influence may vary. Therefore, companies are expected to disclose their status first, and then disclose their measures for group management and the protection of minority shareholders. Alternatively, if the company is not

subject to group management or does not need special measures to protect minority shareholders, disclosure to that effect is expected to be made.

### 5 - 2 - 3. Governance for the protection of minority shareholders (Supplementary Principle 4.8.3)

The Code states in Principle 4 that controlling shareholders should respect the common interests of the company and its shareholders and should not treat minority shareholders unfairly, and that listed companies with controlling shareholders should develop a governance system to protect the interests of minority shareholders. In light of this view, Supplementary Principle 4.8.3 requires the appointment of a majority (in the case of companies listed on the Prime Market) or 1/3 or more (in the case of companies listed on the Standard Market) of Independent Directors who are independent of the controlling shareholders, or, in lieu of them, the establishment of a special committee consisting of persons who are independent of the controlling shareholders.

Of 127 companies listed on the Prime Market with controlling shareholders, 116 have indicated that they are complying with this Supplemental Principle. Of these, 40 companies have a majority of Independent Directors. Therefore, for the other 76 companies, it is considered that they have responded to the Supplementary Principle by establishing special committees. In addition, of the 11 companies listed on the Prime Market that explained the Supplemental Principle, 6 planned to establish a special committee and 3 planned to increase the ratio or number of Independent Directors (Chart 130).

**Chart 130 Status of Responses to Supplementary Principle 4.8.3 (listed companies with controlling shareholders)**

**[Status of companies complying with Supplementary Principle 4.8.3]**

| | Prime Market | | | Standard Market | | |
|---|---|---|---|---|---|---|
| Ratio of independent director | Number of companies | Percentage | Companies that disclose establishment of special committee | Number of companies | Percentage | Companies that disclose establishment of special committee |
| More than 1/2 | 40 | 34.5% | 14 | 24 | 11.4% | 3 |
| One-third to 50% | 74 | 63.8% | 58 | 146 | 69.5% | 26 |
| Under one-third | 2 | 1.7% | 1 | 40 | 19.0% | 17 |
| Total | 116 | 100.0% | 73 | 210 | 100.0% | 46 |

**[Status of companies that explain Supplementary Principle 4.8.3]**

| | Prime Market | | Standard Market | |
|---|---|---|---|---|
| Item | Number of companies | Percentage | Number of companies | Percentage |
| Companies that explain Supplementary Principle 4.8.3 | 11 | | 74 | |
| Of which, companies that plan/consider to increase the ratio or number of Independent Directors | 3 | 27.3% | 33 | 44.6% |
| Of which, companies that plan/consider establishment of independent special committee | 6 | 54.5% | 23 | 31.1% |

If a listed company with a controlling shareholder establishes a special committee, it is advisable to include such fact and an outline thereof in CG Reports. At present, however, the fact that a special committee has or has not been established itself is not stated in CG Reports in some cases.

In terms of confirming the effectiveness of the special committee, many investors have called for the disclosure of specific information about the composition, authority, and role of the committee, and the actual status of its activities. At present, only a limited number of companies make such disclosures, but Example 93 refers to the fact that a special committee verifies the necessity, rationality, appropriateness and fairness of conditions, etc. regarding important transactions and acts with controlling shareholders and reports them to the board of directors. It further states that the members of the special committee must be persons independent of the controlling shareholders to ensure their independence and objectivity, and that the committee consists of three Independent Directors. Example 94 is a case that goes further than the disclosure of the composition and authority of a special committee and clarifies the actual status of activities and details of discussions.

<Example 93: The authority and composition of the special committee are mentioned>

(1) The Company has established a special committee as a system to protect the interests of general shareholders. In order to ensure fairness, transparency and objectivity in the transactions and acts, etc., with ●● group, the special committee examines the necessity, reasonableness, adequacy of conditions, etc., and fairness of transactions with ●● group, including ●●Holdings Co., Ltd., over a certain amount of money, and transactions and acts, etc., involving management resources that are the source of the Company's corporate value, such as brands, personnel, important assets and information (hereinafter collectively referred to as the "Material Transactions and Acts, etc.") , and reports to the board of directors. The members of the special committee must be persons independent of ●● group to ensure their independence and objectivity, and the committee currently consists of three Independent Directors.

(2) Regarding transactions and acts, etc., with the ●● group, in accordance with internal regulations, the department conducting the transactions and acts, etc., and the legal department and the finance and accounting department confirm in advance the necessity, reasonableness, appropriateness of conditions, etc. and fairness, from the perspective of independence from ●● Holdings Co., Ltd. Furthermore, with regard to Material Transactions and Acts, etc., the board of directors makes decisions after fully deliberating on the necessity, reasonableness, appropriateness of conditions, etc., and fairness of the Material Transactions and Acts, etc., following deliberations and recommendations by the special committee.

(3) In addition to prior deliberation, in accordance with internal regulations, the legal, finance and accounting, and internal audit departments conduct ex-post facto checks on the contents, etc. of transactions and acts, etc., and the audit and supervisory committee conducts audits to determine whether transactions and acts, etc. are conducted based on the contents of the deliberations. For Material Transactions and Acts, etc., the implementation status is reported to the special committee and the board of directors after the fact to confirm the implementation results.

(4) Through these systems, we will ensure the soundness and appropriateness of transactions and acts, etc., with the ●● group.

**(Foods)**

<Example 94: Mentioning actual activities and details of discussions>

The Company has established a permanent special committee as an advisory body to the Board of Directors to protect the interests of minority shareholders.

Regarding important transactions and acts that may cause conflicts of interest between minority shareholders and the ●● Group, the Special Committee deliberates on their necessity and reasonableness and the appropriateness and fairness of their terms and conditions, etc., with matters to be resolved by the Board of Directors deliberated in advance in light of their importance, and those to be resolved by the Management Meeting deliberated after the fact, and then reports them to the Board of Directors.

In order to secure its independence and objectivity, the Special Committee shall consist of three or more Independent Directors or independent outside corporate auditors, each of whom is appointed by the Board of Directors. The current Committee consists of three members, Independent director ●●, Independent director ●●, and Independent Outside Audit & Supervisory Board Member ●●. In addition, Independent director ●●, who was elected by the members, serves as chairperson.

The Special Committee meetings were held three times in FY2023, where no need was identified for transaction reviews. However, one issue was raised as a consideration for future transactions, and the response thereto was reported at the Special Committee meeting held in February 2024, after discussion at the Management Meeting.

The attendance rate of the Committee members, and the details and duration of deliberations are as follows:
●● 3/3 (100%)
●● 3/3 (100%)
●● 3/3 (100%)
Main matters for deliberation:
●March 2023 (Duration: 10 minutes)
• Election of chairperson by and from among Committee members
• Order for serving as acting chairperson
●June 2023 (Duration: 3 hours)
• Report on ●●-related transactions in FY2023-1H
*Apart from the subject, a basic agreement with ●● and transaction results up to such time were explained.
●December 2023 (Duration: 1 hour 45 minutes)
• Report on ●●-related contracts for software
• Report on ●●-related transactions in FY2023-2H
(Pharmaceuticals)

**[Column 24] Practical Guidelines for Group Governance Systems (Group Guidelines)**

The Group Guidelines were published by the Ministry of Economy, Trade and Industry in June 2019 to amplify the intent of the Code and to supplement the Code by presenting best practices for effective governance in group-managed companies to enhance the corporate value of the group as a whole. The Group Guidelines contain a lot of information that can be used as reference by companies that consider the appropriate group governance system for their companies, such as the current status and issues of group governance, the basic thinking behind the recommendations, matters to be considered in practice and various ideas that can be taken, the results of a questionnaire survey of companies and CEOs, and examples of initiatives taken by Japanese and Western companies.

The main points of the Group Guidelines are shown in Chart 131, but please refer to the original text[168] if necessary.

168 https://www.meti.go.jp/policy/economy/keiei_innovation/keizaihousei/pdf/cgs/guideline2022.pdf (in Japanese)

## Chart 131 Key Points of the Group Guidelines

| Category | Item | Key points |
|---|---|---|
| Parent company's stance | From the perspective of business portfolio strategy | • It is important for the parent company to regularly check whether it is appropriate to maintain a company as its listed subsidiary from the perspectives of increasing corporate value of the entire group and ensuring capital efficiency.<br>• The board should discuss the rationale for maintaining a listed subsidiary and ways to ensure the effectiveness of the governance system and fulfill the accountability by disclosing such information to investors. |
| | From the perspective of risk management | With respect to matters necessary for the group's risk management, it is reasonable that the parent company requests prior consultation, on the premise that independent decision-making by a listed subsidiary is secured. |
| Governance system in listed subsidiaries | Basic policy | Considering that there is a risk of possible conflicts of interest between the parent company and general shareholders, a listed subsidiary should establish an effective governance system in order to secure its independence in the basic policy and decision-making. |
| | Roles of independent directors | Independent directors of a listed subsidiary are required to be independent not only from its executives, but also from the parent company as they are expected to play a role in securing the interests of general shareholders. |
| | View on the independence of independent directors | (Independence criteria in listed subsidiaries)<br>• Independent directors of a listed subsidiary should not be appointed from those who have worked for its parent company as executives in the past 10 years.<br>（Appointment of independent directors in listed subsidiaries）<br>• A listed subsidiary should nominate and appoint independent directors after confirming they are capable of playing an important role in protecting the interests of general shareholders.<br>* The protection of the interests of general shareholders is an important role of directors based on the duty of care of a good manager, and it is important to raise the awareness of such a role.<br>（Measures to secure appropriate independent directors in listed subsidiaries）<br>• When the parent company exercises its authority to appoint/remove directors of its listed subsidiary, the parent company should adequately consider ensuring governance of its listed subsidiary. |
| | Effective governance structure | • A listed subsidiary should establish an effective governance system that is capable of addressing risk of conflict of interest.<br>• In general, a listed subsidiary should aim at increasing the percentage of independent directors on the board (at least one-third or a majority, etc.). Even if it is difficult to immediately do so, with respect to material transactions involving possible conflicts of interest, such a listed subsidiary should consider the adoption of a system where a committee led by independent directors (or independent company auditor) deliberates/examines such transactions. |
| | Disclosure | • A listed company should proactively disclose its governance policy from the perspective of fulfilling the accountability to investors and obtaining the confidence of the capital market.<br>* If there is any difficulty in disclosing what was discussed (including policies concerning the acquisition of 100% ownership of the subsidiary or divestment), it is considered that the parent company may disclose the process by which the board sufficiently discussed and objectively confirmed the rationale for maintaining the listed subsidiary. |
| Nomination of senior management of listed subsidiary | | • With respect to the appointment of senior management of a listed subsidiary, from the perspective of contributing to increasing its corporate value, the listed subsidiary should develop a succession plan and nominate a candidate from an independent standpoint.<br>• In doing so, if the parent company suggested a candidate, the listed subsidiary should objectively judge the appropriateness of such a candidate.<br>• To ensure that the best candidate is nominated for increasing its corporate value, the independence of the listed subsidiary's Nomination Committee from the parent company's board/Nomination Committee should be substantively secured. |
| Remuneration for senior management of listed subsidiary | | • To ensure that remuneration provides senior management of a listed subsidiary with appropriate incentives for maximizing its corporate value, the listed subsidiary should be able to consider remuneration from an independent standpoint.<br>• To ensure that remuneration is designed optimally for a listed subsidiary, the independence of the listed subsidiary's Remuneration Committee from the parent company's board/Remuneration Committee should be substantively secured. |

Source: Compiled by TSE based on "Practical Guidelines for Group Governance Systems (Group Guidelines)," METI

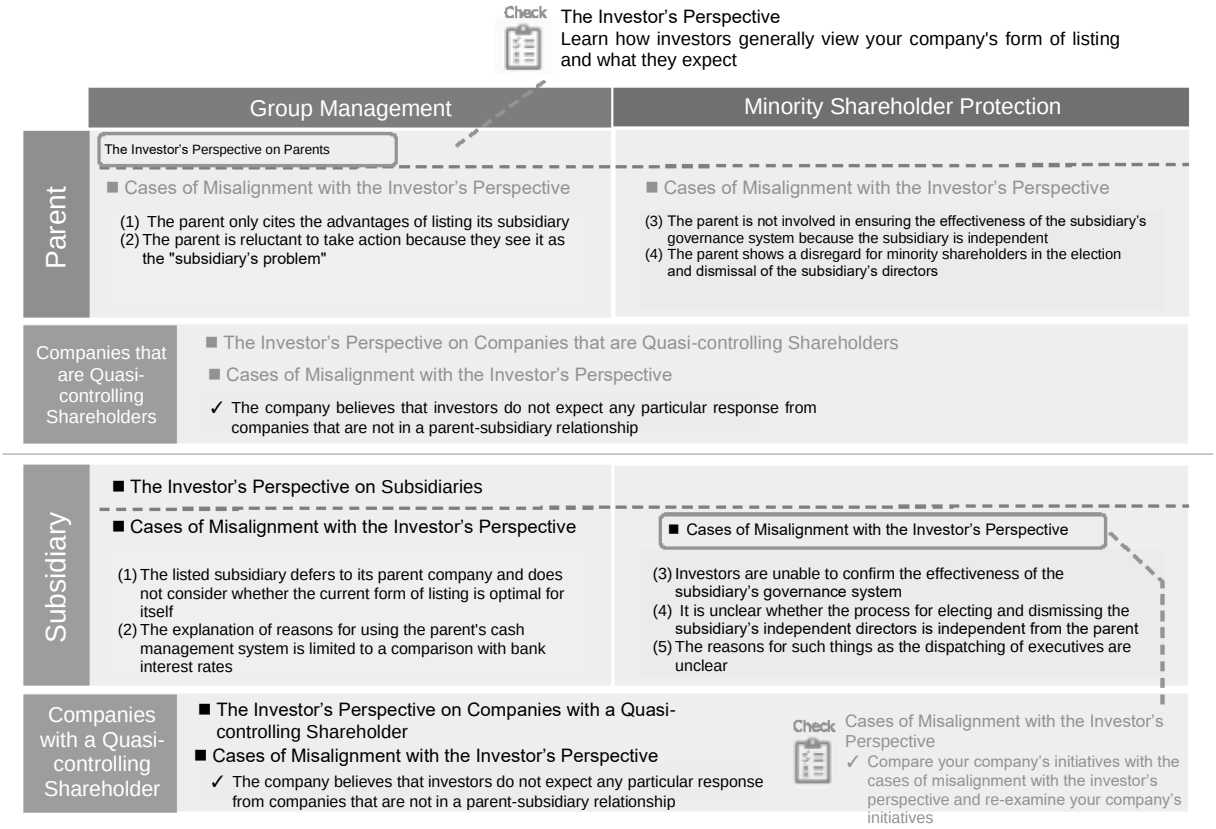
**[Column 25] Investors' Perspective on Such Matters as Parent-Subsidiary Listings**

With regard to current measures and disclosures associated with group management or minority shareholder protection, many investors note that in most cases, the significance of a parent-subsidiary listing has yet to be examined from the point of view of investors, and that there is a gap between the content of disclosure expected by investors and what is actually disclosed.

Given these circumstances, in February 2025, the TSE published “The Investors' Perspective on Such Matters as Parent-Subsidiary Listings”, based on feedback received through interviews with many investors in Japan and overseas.

An overview of the document is as shown in Chart 132. Examples of specific situations where gaps are prone to arise between the perspective of investors and the efforts of listed companies are presented for parent companies, subsidiaries, companies that are quasi-controlling shareholders, and companies with quasi-controlling shareholders, respectively, as a reference for listed companies for group management and minority shareholder protection. Please refer to the original document[169] as a reference for discussions on group management and minority shareholder protection and for dialogue with investors.

**Chart 132 Overview of Investors' Perspective on Parent-Subsidiary Listings, etc.**




169 https://www.jpx.co.jp/english/news/1020/20250204-01.html

## 5 - 3. Related party transactions (Principle 1.7)

Principle 1.7 stipulates that when a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the common interests of its shareholders, it should establish procedures for preventing conflicts of interest, disclose the framework of these procedures, and then conduct monitoring based on these procedures. Because certain disclosures regarding related party transactions are required under the Companies Act and the Financial Instruments and Exchange Act, many companies had already developed frameworks for the protection of investors since before the application of the Code. Thus far, companies have also been required to disclose, in their CG Reports, guidelines on measures to protect minority shareholders in conducting transactions with controlling shareholders. Due to such reasons, the compliance rate with the Supplementary Principle is high at 100% (1,642 companies) in the Prime Market and 99.7% (1,597 companies) in the Standard Market.

The contents of Principle 1.7 can be broadly divided into procedures for preventing conflicts of interest and transaction conditions. In terms of procedures for preventing conflicts of interest, it seems that many companies have already established a system that requires approval or resolution by the board or reporting on related party transactions based on the Companies Act and other laws and regulations. In a keyword analysis of 3,239 companies listed on the Prime Market and Standard Market that comply with the said Principle, 92.8% (3,006 companies) mentioned “board of directors.” The next most common keywords are “resolution” and/or “approval,” mentioned by 86.4% (2,799 companies). In addition, 48.8% of companies (1,582 companies) mentioned “reports,” while 32.6% (1,056 companies) mentioned “laws and regulations” and the “Companies Act.” In addition, 57.5% (1,863 companies) mentioned “rules” and/or “regulations,” which means that about half of companies have also clearly stated that the above-mentioned systems have been documented in internal regulations, etc. Note that 20.7% (671 companies) mentioned “survey,” indicating that the status of related party transactions is regularly monitored through questionnaires, survey forms, etc.

23.9 % (774 companies) mentioned “transaction conditions” in their disclosures. The majority of them disclosed procedures for confirming the suitability, etc. of transaction conditions. Only 3.3% (107 companies) specifically mention that they take “market price” into consideration when deciding transaction conditions.

To deal with the risk of conflicts of interest in related party transactions, some companies have introduced a system whereby persons with a certain degree of independence are involved in deliberations and reviews. With respect to Principle 1-7, 16.4% (530 companies) mentioned “kansayaku (auditor)”, “supervisory committee” or “audit committee,” while only 7.0% (228 companies) mentioned “outside directors” (including independent directors).

If we analyze individual cases, there are examples of detailed disclosures of the specific process for related party transactions. For example, in Example 95, the basic policies and structures for related party transactions are mentioned, and each process is disclosed in detail, including the identification of transactions, the approval of new transactions, the management of existing transactions and checks by kansayaku. This can be considered a special case, as many companies only mention that “a resolution by the board is required.”

There are also some companies that clearly state that they have established a process for outside officers and external experts to confirm the suitability of transactions as part of approval procedures for related party transactions, and that they have developed systems to ensure that the interests of general shareholders are not undermined by related party transactions. For example, in Example 96, the rationality of transactions and the appropriateness of procedures are validated by a third party committee composed of independent directors, etc., and resolutions by the board undergo a legal check by legal counsel. Example 97 states that the opinions of the special committee consisting of outside directors are confirmed.

On the other hand, as in Examples 98 and 99, companies with parent-subsidiary listings have described their processes for determining transaction prices, etc., in order to ensure the transparency of parent-subsidiary transactions. In particular, in Example 99, the company determines prices, etc. in consideration of market prices, etc.; with regard to important transactions, the company explains that it has established a system whereby the advisory committee on management of conflict-of-interest transactions, etc., which is composed of a majority of independent directors and independent external experts, is consulted in advance in order to ensure that the interests of minority shareholders are not unreasonably impaired through parent-subsidiary transactions.

<Example 95: The system is disclosed in detail in addition to the basic policy>

The Company has established the “Related Party Transaction Management Regulations,” stipulating basic policies, procedures and management methods for related party transactions, among other matters. Further, the Company has developed systems in accordance with these regulations so that transactions with related parties do not harm the Company or the common interests of shareholders or lead to any concerns with respect to such harm.

Basic policy on the implementation of related party transactions

The parties in related party transactions are parties that have a specific relationship with the company and are recognized as parties that can have an influence over the company.

Accordingly, transactions with related parties will need to be judged extremely carefully from the perspective of protecting the interests of general shareholders, including the necessity of the transactions.

[System for ensuring the appropriateness of related party transactions]

a. Identification of transactions

The Finance Department determines whether a business partner is a related party when each department applies for registration as a new business partner; if this is the case, the Finance Department identifies and manages all transactions with the business partner. Related party transactions with consolidated subsidiaries are examined and monitored based on the “Consolidated Survey Form” that is submitted by consolidated subsidiaries every fiscal year. The presence of transactions with officers and their close relatives is examined and monitored based on the “Related Party Survey Form” that is submitted by directors of the Company and significant subsidiaries every fiscal year.

b. Approval of new transactions

When starting a new transaction with a party qualifying as a related party, the Company will confirm the rationality (business necessity) of the transaction itself and the appropriateness of the conditions of the transaction and will obtain approval through the approval procedure based on the provisions of the Rules on Administrative Authorities and the Table of Standards for Administrative Authorities. Significant transactions subject to disclosure based on the Companies Act, Financial Instruments and Exchange Act, Regulations Concerning Financial Statements, etc., accounting standards, etc., will require the board’s approval.

c. Management of existing transactions

Existing ongoing related party transactions are reported to the Management Committee and the Board of Directors on a regular basis in order to monitor the rationality (business necessity) of continuing such transactions and the appropriateness of their conditions; when matters that need to be taken into consideration regarding the appropriateness of transactions arise, these are examined and reviewed, including the pros and cons of continuing transactions.

d. Checks by kansayaku
Kansayaku will check the appropriateness, suitability, etc. of related party transactions when viewing and examining approval documents in the course of the operational audits that are regularly conducted every fiscal year for new transactions. Existing ongoing transactions will be checked through reports regularly received from the Finance Department.
(Foods)

<Example 96: The fact that the lawyer conducts legal checks is stated>
The Company has established the following system to ensure that when the Company conducts transactions with its officers and major shareholders, etc. (transactions between related parties), such transactions are not detrimental to the interests of the Company and the common interests of shareholders.
Related-party transactions between the Company and its officers and major shareholders are specified as matters to be approved by the board of directors in the "Regulations on the Board of Directors" established by resolution of the board of directors, the board of directors monitors such transactions through approval or receipt of reports on the actual individual transactions, and audits by company auditors are conducted in accordance with the "Standards for Audits by Company Auditors." In addition, the internal audit department conducts ex post facto checks on the content of transactions.
When conducting transactions with directors, major shareholders, etc. ("related party transactions") that may have a major impact on the Company and the common interests of shareholders, a committee composed of independent directors and independent third parties will validate the transactions' rationality and the appropriateness of procedures.
When the board resolves a related party transaction, the Corporate Administration Department will request legal counsel to conduct a legal check. In addition, the responsible department will also commission a legal check to legal counsel as necessary for matters related to transactions between the Company and the Company's subsidiaries.
(Precision instruments)

<Example 97: The fact is stated that the special committee consents to the transactions with the parent company and that the transactions do not infringe on the interests of minority shareholders>
When the Company enters into competing transactions or conflict-of-interest transactions with directors of the Company, an approval of the board of directors of the Company is to be obtained in accordance with the Regulations on the Board of Directors. In addition, the Company conducts transactions such as the sale and purchase of products with its parent company, ●● Co., Ltd., but the sales price of products is determined through consultation on a case-by-case basis, taking into consideration the estimate of the Company and market prices, as is the case with general transaction prices. We recognize that there are risks of conflict of interest on transactions with the parent company, and as to approvals and after-the-fact checks of transactions, the board of directors approves the basic policy and outline of the transactions after consulting and obtaining the approval of a special committee consisting of three independent outside officers, and the board of directors of the Company believes that the transactions with the parent company will not harm the interests of the Company or minority shareholders.
(Foods)

<Example 98: Prior consultation with the Transaction etc. Review Committee is made regarding transactions with the parent company group>
The company has established a system to ensure that transactions with officers or major shareholders do not infringe on the interests of the company or its shareholders, as follows.

- Transactions between the Company and its parent company, ●● Co., Ltd. and each company of ●● (hereinafter referred to as the "Parent Company, etc.") are managed based on the "●● Inter-Group Transaction Management Rules," and the arm's length rule is strictly complied with in transactions between related parties. In addition, important transactions between the parent company, etc. and the ●● Group (the Company and its subsidiaries) are subject to prior consultation with the Transaction, etc. Review Committee which consists of all of the Independent Directors, and the approval of the board of directors based on the recommendation of the committee.
- We have clearly stated that, in principle, the approval by the board is required for competitive transactions and transactions involving conflicts of interest between the company and its directors in accordance with the Companies Act. In addition, strict procedures are followed, such as excluding directors related to the transaction from the resolution as special interested parties.
- Note that regular checks are conducted for the presence of transactions with directors, auditors and major shareholders, etc.

(Other financing business)

<Example 99 Pricing and approval procedures are disclosed in detail for transactions with major shareholders>

In accordance with laws, regulations, and internal rules, competitive transactions and transactions involving conflicts of interest between the Company and its directors require prior approval by the board; and in the event that such transactions are conducted, the state of such transactions and other matters will be reported periodically to the board. Conflict-of-interest transactions are subject to consultation with and reporting to the advisory committee on management of conflict-of-interest transactions, which is composed of Independent Directors and independent outside experts, and must be approved by the Audit and Supervisory Committee before being submitted to the Board of Directors for deliberation.

In addition, for transactions with major shareholders, as in the case of ordinary transactions with business partners with which the Company has no capital relationship, the Company determines prices, etc. by taking into account market prices, cost ratios, etc., and the content of such transactions is subject to appropriate approval procedures pursuant to internal rules, such as a request for approval. With respect to important transactions with major shareholders, the board decides whether or not to enter into such transactions after consulting with and receiving a report from the advisory committee on management of conflict-of-interest transactions, etc. In addition, the status of transactions with major shareholders is regularly reported to the advisory committee on management of conflict-of-interest transactions, etc.

(Information and communication)

# **Appendix**
# Status of Implementation of All 83 Principles

# Itemized Tabulation (Company Attribute Information and Status of Response to All 83 Principles of the Code)

| | Total | Number of companies that disclosed responses to CG | General Principle 1 | | | Principle 1.1 | | |
|---|---|---|---|---|---|---|---|---|
| | | | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,244 | 3,244 | 3,244 | 0 | 100.0% | 3,244 | 0 | 100.0% |
| Organizational form | 3,244 | 3,244 | | | | | | |
| Companies with Board of Company Auditors | 1,737 | 1,737 | 1,737 | 0 | 100.0% | 1,737 | 0 | 100.0% |
| Company with Supervisory Committee | 1,415 | 1,415 | 1,415 | 0 | 100.0% | 1,415 | 0 | 100.0% |
| Company with Three Committees | 92 | 92 | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| Outside directors | 3,244 | 3,244 | | | | | | |
| Appointed | 3,243 | 3,243 | 3,243 | 0 | 100.0% | 3,243 | 0 | 100.0% |
| Not appointed | 1 | 1 | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| Foreign shareholding ratio | 3,244 | 3,244 | | | | | | |
| Under 10% | 1,857 | 1,857 | 1,857 | 0 | 100.0% | 1,857 | 0 | 100.0% |
| 10% to under 20% | 648 | 648 | 648 | 0 | 100.0% | 648 | 0 | 100.0% |
| 20% to under 30% | 412 | 412 | 412 | 0 | 100.0% | 412 | 0 | 100.0% |
| 30% or more | 327 | 327 | 327 | 0 | 100.0% | 327 | 0 | 100.0% |
| Major shareholders | 3,244 | 3,244 | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 37 | 37 | 37 | 0 | 100.0% | 37 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 468 | 468 | 468 | 0 | 100.0% | 468 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,352 | 1,352 | 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 656 | 656 | 656 | 0 | 100.0% | 656 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 491 | 491 | 491 | 0 | 100.0% | 491 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 50% or more | 240 | 240 | 240 | 0 | 100.0% | 240 | 0 | 100.0% |
| Market segment | 3,244 | 3,244 | | | | | | |
| Prime | 1,642 | 1,642 | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% |
| Standard | 1,602 | 1,602 | 1,602 | 0 | 100.0% | 1,602 | 0 | 100.0% |
| JPX Nikkei 400 (Prime and Standard only) | 400 | 400 | 400 | 0 | 100.0% | 400 | 0 | 100.0% |
| (Consolidated) Number of employees | 3,244 | 3,244 | | | | | | |
| Under 100 | 168 | 168 | 168 | 0 | 100.0% | 168 | 0 | 100.0% |
| 100 to under 500 | 895 | 895 | 895 | 0 | 100.0% | 895 | 0 | 100.0% |
| 500 to under 1000 | 596 | 596 | 596 | 0 | 100.0% | 596 | 0 | 100.0% |
| 1,000 or more | 1,585 | 1,585 | 1,585 | 0 | 100.0% | 1,585 | 0 | 100.0% |
| (Consolidated) Sales | 3,244 | 3,244 | | | | | | |
| Under 10 billion yen | 604 | 604 | 604 | 0 | 100.0% | 604 | 0 | 100.0% |
| 10 billion to under 100 billion yen | 1,650 | 1,650 | 1,650 | 0 | 100.0% | 1,650 | 0 | 100.0% |
| 100 billion to under 1 trillion yen | 807 | 807 | 807 | 0 | 100.0% | 807 | 0 | 100.0% |
| 1 trillion yen or more | 183 | 183 | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| Controlling shareholder/parent company | 3,244 | 3,244 | | | | | | |
| With parent company | 264 | 264 | 264 | 0 | 100.0% | 264 | 0 | 100.0% |
| With parent company (listed) | 186 | 186 | 186 | 0 | 100.0% | 186 | 0 | 100.0% |
| With parent company (not listed) | 78 | 78 | 78 | 0 | 100.0% | 78 | 0 | 100.0% |
| With controlling shareholder (other than parent company) | 147 | 147 | 147 | 0 | 100.0% | 147 | 0 | 100.0% |
| No controlling shareholder | 2,833 | 2,833 | 2,833 | 0 | 100.0% | 2,833 | 0 | 100.0% |
| Number of consolidated subsidiaries | 3,244 | 3,244 | | | | | | |
| Under 10 | 1,935 | 1,935 | 1,935 | 0 | 100.0% | 1,935 | 0 | 100.0% |
| 10 to under 50 | 1,009 | 1,009 | 1,009 | 0 | 100.0% | 1,009 | 0 | 100.0% |
| 50 to under 100 | 159 | 159 | 159 | 0 | 100.0% | 159 | 0 | 100.0% |
| 100 to under 300 | 109 | 109 | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 300 or more | 32 | 32 | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| Fiscal year-end | 3,244 | 3,244 | | | | | | |
| January | 45 | 45 | 45 | 0 | 100.0% | 45 | 0 | 100.0% |
| February | 179 | 179 | 179 | 0 | 100.0% | 179 | 0 | 100.0% |
| March | 2,097 | 2,097 | 2,097 | 0 | 100.0% | 2,097 | 0 | 100.0% |
| April | 31 | 31 | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| May | 75 | 75 | 75 | 0 | 100.0% | 75 | 0 | 100.0% |
| June | 110 | 110 | 110 | 0 | 100.0% | 110 | 0 | 100.0% |
| July | 34 | 34 | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| August | 62 | 62 | 62 | 0 | 100.0% | 62 | 0 | 100.0% |
| Sept. | 127 | 127 | 127 | 0 | 100.0% | 127 | 0 | 100.0% |
| October | 46 | 46 | 46 | 0 | 100.0% | 46 | 0 | 100.0% |
| November | 47 | 47 | 47 | 0 | 100.0% | 47 | 0 | 100.0% |
| Dec. | 391 | 391 | 391 | 0 | 100.0% | 391 | 0 | 100.0% |
| Industry | 3,244 | 3,244 | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 12 | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| Mining | 6 | 6 | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| Construction industry | 145 | 145 | 145 | 0 | 100.0% | 145 | 0 | 100.0% |
| Foods | 120 | 120 | 120 | 0 | 100.0% | 120 | 0 | 100.0% |
| Textile products | 49 | 49 | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| Pulp and paper | 24 | 24 | 24 | 0 | 100.0% | 24 | 0 | 100.0% |
| Chemicals | 204 | 204 | 204 | 0 | 100.0% | 204 | 0 | 100.0% |
| Pharmaceuticals | 42 | 42 | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| Oil and coal products | 10 | 10 | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| Rubber products | 18 | 18 | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| Glass, earth and stone products | 54 | 54 | 54 | 0 | 100.0% | 54 | 0 | 100.0% |
| Iron and steel | 42 | 42 | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| Nonferrous metal | 31 | 31 | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| Metal products | 87 | 87 | 87 | 0 | 100.0% | 87 | 0 | 100.0% |
| Machinery | 218 | 218 | 218 | 0 | 100.0% | 218 | 0 | 100.0% |
| Electrical appliances | 232 | 232 | 232 | 0 | 100.0% | 232 | 0 | 100.0% |
| Transportation equipment | 85 | 85 | 85 | 0 | 100.0% | 85 | 0 | 100.0% |
| Precision instruments | 44 | 44 | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| Other products | 98 | 98 | 98 | 0 | 100.0% | 98 | 0 | 100.0% |
| Electricity and gas | 25 | 25 | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| Land transportation | 60 | 60 | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| Shipping | 11 | 11 | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| Air transport | 5 | 5 | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| Business related to warehousing and transportation | 35 | 35 | 35 | 0 | 100.0% | 35 | 0 | 100.0% |
| Information and communication | 362 | 362 | 362 | 0 | 100.0% | 362 | 0 | 100.0% |
| Wholesale trade | 290 | 290 | 290 | 0 | 100.0% | 290 | 0 | 100.0% |
| Retail Trade | 309 | 309 | 309 | 0 | 100.0% | 309 | 0 | 100.0% |
| Banking | 79 | 79 | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| Securities and commodity futures trading | 36 | 36 | 36 | 0 | 100.0% | 36 | 0 | 100.0% |
| Insurance | 9 | 9 | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 34 | 34 | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| Real Estate | 118 | 118 | 118 | 0 | 100.0% | 118 | 0 | 100.0% |
| Service industry | 350 | 350 | 350 | 0 | 100.0% | 350 | 0 | 100.0% |
| Response policies for takeovers | 3,244 | 3,244 | | | | | | |
| Yes | 246 | 246 | 246 | 0 | 100.0% | 246 | 0 | 100.0% |
| N/A | 2,998 | 2,998 | 2,998 | 0 | 100.0% | 2,998 | 0 | 100.0% |
| Independent directors/auditors | 3,243 | 3,243 | | | | | | |
| Designated as directors only | 1,593 | 1,593 | 1,593 | 0 | 100.0% | 1,593 | 0 | 100.0% |
| Designated as kansayaku only | 30 | 30 | 30 | 0 | 100.0% | 30 | 0 | 100.0% |
| Designated as directors and kansayaku | 1,620 | 1,620 | 1,620 | 0 | 100.0% | 1,620 | 0 | 100.0% |
| Term of office of directors | 3,244 | 3,244 | | | | | | |
| 1 year | 2,720 | 2,720 | 2,720 | 0 | 100.0% | 2,720 | 0 | 100.0% |
| 2 years | 524 | 524 | 524 | 0 | 100.0% | 524 | 0 | 100.0% |

| Supplementary Principle 1.1.1 | | | Supplementary Principle 1.1.2 | | | Supplementary Principle 1.1.3 | | | Principle 1.2 | | | Supplementary Principle 1.2.1 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 3,237 | 7 | 99.8% | 3,242 | 2 | 99.9% | 3,244 | 0 | 100.0% | 3,239 | 5 | 99.8% | 3,242 | 2 | 99.9% |
| | | | | | | | | | | | | | | |
| 1,732 | 5 | 99.7% | 1,735 | 2 | 99.9% | 1,737 | 0 | 100.0% | 1,734 | 3 | 99.8% | 1,736 | 1 | 99.9% |
| 1,413 | 2 | 99.9% | 1,415 | 0 | 100.0% | 1,415 | 0 | 100.0% | 1,413 | 2 | 99.9% | 1,414 | 1 | 99.9% |
| 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 3,236 | 7 | 99.8% | 3,241 | 2 | 99.9% | 3,243 | 0 | 100.0% | 3,238 | 5 | 99.8% | 3,241 | 2 | 99.9% |
| 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,852 | 5 | 99.7% | 1,856 | 1 | 99.9% | 1,857 | 0 | 100.0% | 1,854 | 3 | 99.8% | 1,855 | 2 | 99.9% |
| 648 | 0 | 100.0% | 648 | 0 | 100.0% | 648 | 0 | 100.0% | 647 | 1 | 99.8% | 648 | 0 | 100.0% |
| 410 | 2 | 99.5% | 411 | 1 | 99.8% | 412 | 0 | 100.0% | 411 | 1 | 99.8% | 412 | 0 | 100.0% |
| 327 | 0 | 100.0% | 327 | 0 | 100.0% | 327 | 0 | 100.0% | 327 | 0 | 100.0% | 327 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 34 | 3 | 91.9% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 37 | 0 | 100.0% |
| 468 | 0 | 100.0% | 468 | 0 | 100.0% | 468 | 0 | 100.0% | 467 | 1 | 99.8% | 468 | 0 | 100.0% |
| 1,350 | 2 | 99.9% | 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% |
| 655 | 1 | 99.8% | 654 | 2 | 99.7% | 656 | 0 | 100.0% | 654 | 2 | 99.7% | 654 | 2 | 99.7% |
| 490 | 1 | 99.8% | 491 | 0 | 100.0% | 491 | 0 | 100.0% | 489 | 2 | 99.6% | 491 | 0 | 100.0% |
| 240 | 0 | 100.0% | 240 | 0 | 100.0% | 240 | 0 | 100.0% | 240 | 0 | 100.0% | 240 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,641 | 1 | 99.9% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% |
| 1,596 | 6 | 99.6% | 1,600 | 2 | 99.9% | 1,602 | 0 | 100.0% | 1,597 | 5 | 99.7% | 1,600 | 2 | 99.9% |
| 399 | 1 | 99.8% | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 399 | 1 | 99.8% | 400 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 166 | 2 | 98.8% | 168 | 0 | 100.0% | 168 | 0 | 100.0% | 167 | 1 | 99.4% | 168 | 0 | 100.0% |
| 893 | 2 | 99.8% | 894 | 1 | 99.9% | 895 | 0 | 100.0% | 893 | 2 | 99.8% | 894 | 1 | 99.9% |
| 595 | 1 | 99.8% | 596 | 0 | 100.0% | 596 | 0 | 100.0% | 595 | 1 | 99.8% | 596 | 0 | 100.0% |
| 1,583 | 2 | 99.9% | 1,584 | 1 | 99.9% | 1,585 | 0 | 100.0% | 1,584 | 1 | 99.9% | 1,584 | 1 | 99.9% |
| | | | | | | | | | | | | | | |
| 601 | 3 | 99.5% | 603 | 1 | 99.8% | 604 | 0 | 100.0% | 602 | 2 | 99.7% | 603 | 1 | 99.8% |
| 1,647 | 3 | 99.8% | 1,649 | 1 | 99.9% | 1,650 | 0 | 100.0% | 1,649 | 1 | 99.9% | 1,650 | 0 | 100.0% |
| 806 | 1 | 99.9% | 807 | 0 | 100.0% | 807 | 0 | 100.0% | 805 | 2 | 99.8% | 806 | 1 | 99.9% |
| 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 263 | 1 | 99.6% | 264 | 0 | 100.0% | 264 | 0 | 100.0% | 264 | 0 | 100.0% | 264 | 0 | 100.0% |
| 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% |
| 77 | 1 | 98.7% | 78 | 0 | 100.0% | 78 | 0 | 100.0% | 78 | 0 | 100.0% | 78 | 0 | 100.0% |
| 147 | 0 | 100.0% | 147 | 0 | 100.0% | 147 | 0 | 100.0% | 147 | 0 | 100.0% | 147 | 0 | 100.0% |
| 2,827 | 6 | 99.8% | 2,831 | 2 | 99.9% | 2,833 | 0 | 100.0% | 2,828 | 5 | 99.8% | 2,831 | 2 | 99.9% |
| | | | | | | | | | | | | | | |
| 1,930 | 5 | 99.7% | 1,934 | 1 | 99.9% | 1,935 | 0 | 100.0% | 1,931 | 4 | 99.8% | 1,934 | 1 | 99.9% |
| 1,008 | 1 | 99.9% | 1,008 | 1 | 99.9% | 1,009 | 0 | 100.0% | 1,008 | 1 | 99.9% | 1,008 | 1 | 99.9% |
| 158 | 1 | 99.4% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% |
| 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% |
| 179 | 0 | 100.0% | 179 | 0 | 100.0% | 179 | 0 | 100.0% | 179 | 0 | 100.0% | 179 | 0 | 100.0% |
| 2,090 | 7 | 99.7% | 2,096 | 1 | 100.0% | 2,097 | 0 | 100.0% | 2,093 | 4 | 99.8% | 2,097 | 0 | 100.0% |
| 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% |
| 110 | 0 | 100.0% | 110 | 0 | 100.0% | 110 | 0 | 100.0% | 110 | 0 | 100.0% | 109 | 1 | 99.1% |
| 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% |
| 127 | 0 | 100.0% | 127 | 0 | 100.0% | 127 | 0 | 100.0% | 127 | 0 | 100.0% | 127 | 0 | 100.0% |
| 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% |
| 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% |
| 391 | 0 | 100.0% | 390 | 1 | 99.7% | 391 | 0 | 100.0% | 390 | 1 | 99.7% | 390 | 1 | 99.7% |
| | | | | | | | | | | | | | | |
| 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| 144 | 1 | 99.3% | 145 | 0 | 100.0% | 145 | 0 | 100.0% | 145 | 0 | 100.0% | 145 | 0 | 100.0% |
| 119 | 1 | 99.2% | 120 | 0 | 100.0% | 120 | 0 | 100.0% | 119 | 1 | 99.2% | 120 | 0 | 100.0% |
| 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% |
| 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% |
| 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% |
| 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 30 | 1 | 96.8% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% |
| 218 | 0 | 100.0% | 218 | 0 | 100.0% | 218 | 0 | 100.0% | 218 | 0 | 100.0% | 218 | 0 | 100.0% |
| 230 | 2 | 99.1% | 232 | 0 | 100.0% | 232 | 0 | 100.0% | 231 | 1 | 99.6% | 231 | 1 | 99.6% |
| 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% |
| 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| 98 | 0 | 100.0% | 97 | 1 | 99.0% | 98 | 0 | 100.0% | 96 | 2 | 98.0% | 97 | 1 | 99.0% |
| 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% |
| 361 | 1 | 99.7% | 362 | 0 | 100.0% | 362 | 0 | 100.0% | 362 | 0 | 100.0% | 362 | 0 | 100.0% |
| 290 | 0 | 100.0% | 290 | 0 | 100.0% | 290 | 0 | 100.0% | 289 | 1 | 99.7% | 290 | 0 | 100.0% |
| 308 | 1 | 99.7% | 308 | 1 | 99.7% | 309 | 0 | 100.0% | 309 | 0 | 100.0% | 309 | 0 | 100.0% |
| 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% |
| 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% |
| 350 | 0 | 100.0% | 350 | 0 | 100.0% | 350 | 0 | 100.0% | 350 | 0 | 100.0% | 350 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 245 | 1 | 99.6% | 246 | 0 | 100.0% | 246 | 0 | 100.0% | 245 | 1 | 99.6% | 246 | 0 | 100.0% |
| 2,992 | 6 | 99.8% | 2,996 | 2 | 99.9% | 2,998 | 0 | 100.0% | 2,994 | 4 | 99.9% | 2,996 | 2 | 99.9% |
| | | | | | | | | | | | | | | |
| 1,591 | 2 | 99.9% | 1,593 | 0 | 100.0% | 1,593 | 0 | 100.0% | 1,591 | 2 | 99.9% | 1,592 | 1 | 99.9% |
| 30 | 0 | 100.0% | 29 | 1 | 96.7% | 30 | 0 | 100.0% | 29 | 1 | 96.7% | 29 | 1 | 96.7% |
| 1,615 | 5 | 99.7% | 1,619 | 1 | 99.9% | 1,620 | 0 | 100.0% | 1,618 | 2 | 99.9% | 1,620 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 2,714 | 6 | 99.8% | 2,720 | 0 | 100.0% | 2,720 | 0 | 100.0% | 2,717 | 3 | 99.9% | 2,719 | 1 | 100.0% |
| 523 | 1 | 99.8% | 522 | 2 | 99.6% | 524 | 0 | 100.0% | 522 | 2 | 99.6% | 523 | 1 | 99.8% |

| | Supplementary Principle 1.2.2 | | | Supplementary Principle 1.2.3 | | | Supplementary Principle 1.2.4 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,174 | 70 | 97.8% | 3,208 | 36 | 98.9% | 1,898 | 1,346 | 58.5% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,689 | 48 | 97.2% | 1,713 | 24 | 98.6% | 968 | 769 | 55.7% |
| Company with Supervisory Committee | 1,394 | 21 | 98.5% | 1,403 | 12 | 99.2% | 846 | 569 | 59.8% |
| Company with Three Committees | 91 | 1 | 98.9% | 92 | 0 | 100.0% | 84 | 8 | 91.3% |
| Outside directors | | | | | | | | | |
| Appointed | 3,173 | 70 | 97.8% | 3,207 | 36 | 98.9% | 1,898 | 1,345 | 58.5% |
| Not appointed | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 0 | 1 | 0.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,803 | 54 | 97.1% | 1,830 | 27 | 98.5% | 664 | 1,193 | 35.8% |
| 10% to under 20% | 640 | 8 | 98.8% | 646 | 2 | 99.7% | 568 | 80 | 87.7% |
| 20% to under 30% | 406 | 6 | 98.5% | 406 | 6 | 98.5% | 368 | 44 | 89.3% |
| 30% or more | 325 | 2 | 99.4% | 326 | 1 | 99.7% | 298 | 29 | 91.1% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 37 | 0 | 100.0% | 36 | 1 | 97.3% | 6 | 31 | 16.2% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 461 | 7 | 98.5% | 463 | 5 | 98.9% | 271 | 197 | 57.9% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,327 | 25 | 98.2% | 1,338 | 14 | 99.0% | 944 | 408 | 69.8% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 635 | 21 | 96.8% | 649 | 7 | 98.9% | 333 | 323 | 50.8% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 481 | 10 | 98.0% | 488 | 3 | 99.4% | 233 | 258 | 47.5% |
| Ownership ratio of the largest shareholder is 50% or more | 233 | 7 | 97.1% | 234 | 6 | 97.5% | 111 | 129 | 46.3% |
| Market segment | | | | | | | | | |
| Prime | 1,637 | 5 | 99.7% | 1,637 | 5 | 99.7% | 1,528 | 114 | 93.1% |
| Standard | 1,537 | 65 | 95.9% | 1,571 | 31 | 98.1% | 370 | 1,232 | 23.1% |
| JPX Nikkei 400 (Prime and Standard only) | 399 | 1 | 99.8% | 397 | 3 | 99.3% | 389 | 11 | 97.3% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 160 | 8 | 95.2% | 165 | 3 | 98.2% | 28 | 140 | 16.7% |
| 100 to under 500 | 851 | 44 | 95.1% | 877 | 18 | 98.0% | 243 | 652 | 27.2% |
| 500 to under 1000 | 589 | 7 | 98.8% | 591 | 5 | 99.2% | 298 | 298 | 50.0% |
| 1,000 or more | 1,574 | 11 | 99.3% | 1,575 | 10 | 99.4% | 1,329 | 256 | 83.8% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 567 | 37 | 93.9% | 592 | 12 | 98.0% | 111 | 493 | 18.4% |
| 10 billion to under 100 billion yen | 1,620 | 30 | 98.2% | 1,632 | 18 | 98.9% | 859 | 791 | 52.1% |
| 100 billion to under 1 trillion yen | 804 | 3 | 99.6% | 802 | 5 | 99.4% | 747 | 60 | 92.6% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 182 | 1 | 99.5% | 181 | 2 | 98.9% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 256 | 8 | 97.0% | 259 | 5 | 98.1% | 125 | 139 | 47.3% |
| With parent company (listed) | 182 | 4 | 97.8% | 185 | 1 | 99.5% | 98 | 88 | 52.7% |
| With parent company (not listed) | 74 | 4 | 94.9% | 74 | 4 | 94.9% | 27 | 51 | 34.6% |
| With controlling shareholder (other than parent company) | 143 | 4 | 97.3% | 145 | 2 | 98.6% | 46 | 101 | 31.3% |
| No controlling shareholder | 2,775 | 58 | 98.0% | 2,804 | 29 | 99.0% | 1,727 | 1,106 | 61.0% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,876 | 59 | 97.0% | 1,907 | 28 | 98.6% | 785 | 1,150 | 40.6% |
| 10 to under 50 | 998 | 11 | 98.9% | 1,004 | 5 | 99.5% | 818 | 191 | 81.1% |
| 50 to under 100 | 159 | 0 | 100.0% | 157 | 2 | 98.7% | 156 | 3 | 98.1% |
| 100 to under 300 | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 107 | 2 | 98.2% |
| 300 or more | 32 | 0 | 100.0% | 31 | 1 | 96.9% | 32 | 0 | 100.0% |
| Fiscal year-end | | | | | | | | | |
| January | 43 | 2 | 95.6% | 45 | 0 | 100.0% | 19 | 26 | 42.2% |
| February | 174 | 5 | 97.2% | 179 | 0 | 100.0% | 93 | 86 | 52.0% |
| March | 2,057 | 40 | 98.1% | 2,064 | 33 | 98.4% | 1,312 | 785 | 62.6% |
| April | 29 | 2 | 93.5% | 31 | 0 | 100.0% | 13 | 18 | 41.9% |
| May | 74 | 1 | 98.7% | 75 | 0 | 100.0% | 32 | 43 | 42.7% |
| June | 107 | 3 | 97.3% | 110 | 0 | 100.0% | 47 | 63 | 42.7% |
| July | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 12 | 22 | 35.3% |
| August | 61 | 1 | 98.4% | 62 | 0 | 100.0% | 25 | 37 | 40.3% |
| Sept. | 123 | 4 | 96.9% | 127 | 0 | 100.0% | 62 | 65 | 48.8% |
| October | 43 | 3 | 93.5% | 45 | 1 | 97.8% | 18 | 28 | 39.1% |
| November | 44 | 3 | 93.6% | 47 | 0 | 100.0% | 20 | 27 | 42.6% |
| Dec. | 385 | 6 | 98.5% | 389 | 2 | 99.5% | 245 | 146 | 62.7% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 6 | 6 | 50.0% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 5 | 1 | 83.3% |
| Construction industry | 144 | 1 | 99.3% | 144 | 1 | 99.3% | 89 | 56 | 61.4% |
| Foods | 119 | 1 | 99.2% | 119 | 1 | 99.2% | 71 | 49 | 59.2% |
| Textile products | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 28 | 21 | 57.1% |
| Pulp and paper | 23 | 1 | 95.8% | 24 | 0 | 100.0% | 12 | 12 | 50.0% |
| Chemicals | 203 | 1 | 99.5% | 201 | 3 | 98.5% | 137 | 67 | 67.2% |
| Pharmaceuticals | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 36 | 6 | 85.7% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 8 | 2 | 80.0% |
| Rubber products | 17 | 1 | 94.4% | 17 | 1 | 94.4% | 12 | 6 | 66.7% |
| Glass, earth and stone products | 52 | 2 | 96.3% | 54 | 0 | 100.0% | 30 | 24 | 55.6% |
| Iron and steel | 41 | 1 | 97.6% | 42 | 0 | 100.0% | 26 | 16 | 61.9% |
| Nonferrous metal | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 20 | 11 | 64.5% |
| Metal products | 84 | 3 | 96.6% | 86 | 1 | 98.9% | 33 | 54 | 37.9% |
| Machinery | 213 | 5 | 97.7% | 216 | 2 | 99.1% | 136 | 82 | 62.4% |
| Electrical appliances | 228 | 4 | 98.3% | 229 | 3 | 98.7% | 153 | 79 | 65.9% |
| Transportation equipment | 84 | 1 | 98.8% | 85 | 0 | 100.0% | 57 | 28 | 67.1% |
| Precision instruments | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 31 | 13 | 70.5% |
| Other products | 96 | 2 | 98.0% | 97 | 1 | 99.0% | 42 | 56 | 42.9% |
| Electricity and gas | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 23 | 2 | 92.0% |
| Land transportation | 59 | 1 | 98.3% | 59 | 1 | 98.3% | 40 | 20 | 66.7% |
| Shipping | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 8 | 3 | 72.7% |
| Air transport | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 3 | 2 | 60.0% |
| Business related to warehousing and transportation | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 13 | 22 | 37.1% |
| Information and communication | 353 | 9 | 97.5% | 358 | 4 | 98.9% | 201 | 161 | 55.5% |
| Wholesale trade | 283 | 7 | 97.6% | 284 | 6 | 97.9% | 153 | 137 | 52.8% |
| Retail Trade | 296 | 13 | 95.8% | 304 | 5 | 98.4% | 150 | 159 | 48.5% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 76 | 3 | 96.2% |
| Securities and commodity futures trading | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 24 | 12 | 66.7% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 26 | 8 | 76.5% |
| Real Estate | 112 | 6 | 94.9% | 115 | 3 | 97.5% | 61 | 57 | 51.7% |
| Service industry | 339 | 11 | 96.9% | 346 | 4 | 98.9% | 179 | 171 | 51.1% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 237 | 9 | 96.3% | 240 | 6 | 97.6% | 145 | 101 | 58.9% |
| N/A | 2,937 | 61 | 98.0% | 2,968 | 30 | 99.0% | 1,753 | 1,245 | 58.5% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,566 | 27 | 98.3% | 1,579 | 14 | 99.1% | 958 | 635 | 60.1% |
| Designated as kansayaku only | 27 | 3 | 90.0% | 30 | 0 | 100.0% | 3 | 27 | 10.0% |
| Designated as directors and kansayaku | 1,580 | 40 | 97.5% | 1,598 | 22 | 98.6% | 937 | 683 | 57.8% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,668 | 52 | 98.1% | 2,691 | 29 | 98.9% | 1,706 | 1,014 | 62.7% |
| 2 years | 506 | 18 | 96.6% | 517 | 7 | 98.7% | 192 | 332 | 36.6% |

| Supplementary Principle 1.2.5 | | | Principle 1.3 | | | Principle 1.4 | | | Supplementary Principle 1.4.1 | | | Supplementary Principle 1.4.2 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 3,072 | 172 | 94.7% | 3,160 | 84 | 97.4% | 3,046 | 198 | 93.9% | 3,238 | 6 | 99.8% | 3,243 | 1 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,643 | 94 | 94.6% | 1,684 | 53 | 96.9% | 1,623 | 114 | 93.4% | 1,733 | 4 | 99.8% | 1,736 | 1 | 99.9% |
| 1,340 | 75 | 94.7% | 1,384 | 31 | 97.8% | 1,331 | 84 | 94.1% | 1,413 | 2 | 99.9% | 1,415 | 0 | 100.0% |
| 89 | 3 | 96.7% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 3,071 | 172 | 94.7% | 3,159 | 84 | 97.4% | 3,045 | 198 | 93.9% | 3,237 | 6 | 99.8% | 3,242 | 1 | 100.0% |
| 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,716 | 141 | 92.4% | 1,785 | 72 | 96.1% | 1,725 | 132 | 92.9% | 1,853 | 4 | 99.8% | 1,856 | 1 | 99.9% |
| 633 | 15 | 97.7% | 641 | 7 | 98.9% | 611 | 37 | 94.3% | 646 | 2 | 99.7% | 648 | 0 | 100.0% |
| 401 | 11 | 97.3% | 408 | 4 | 99.0% | 395 | 17 | 95.9% | 412 | 0 | 100.0% | 412 | 0 | 100.0% |
| 322 | 5 | 98.5% | 326 | 1 | 99.7% | 315 | 12 | 96.3% | 327 | 0 | 100.0% | 327 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 32 | 5 | 86.5% | 33 | 4 | 89.2% | 35 | 2 | 94.6% | 37 | 0 | 100.0% | 37 | 0 | 100.0% |
| 448 | 20 | 95.7% | 453 | 15 | 96.8% | 428 | 40 | 91.5% | 466 | 2 | 99.6% | 468 | 0 | 100.0% |
| 1,302 | 50 | 96.3% | 1,332 | 20 | 98.5% | 1,270 | 82 | 93.9% | 1,350 | 2 | 99.9% | 1,352 | 0 | 100.0% |
| 610 | 46 | 93.0% | 629 | 27 | 95.9% | 621 | 35 | 94.7% | 656 | 0 | 100.0% | 656 | 0 | 100.0% |
| 453 | 38 | 92.3% | 478 | 13 | 97.4% | 462 | 29 | 94.1% | 489 | 2 | 99.6% | 490 | 1 | 99.8% |
| 227 | 13 | 94.6% | 235 | 5 | 97.9% | 230 | 10 | 95.8% | 240 | 0 | 100.0% | 240 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,614 | 28 | 98.3% | 1,635 | 7 | 99.6% | 1,573 | 69 | 95.8% | 1,638 | 4 | 99.8% | 1,642 | 0 | 100.0% |
| 1,458 | 144 | 91.0% | 1,525 | 77 | 95.2% | 1,473 | 129 | 91.9% | 1,600 | 2 | 99.9% | 1,601 | 1 | 99.9% |
| 396 | 4 | 99.0% | 400 | 0 | 100.0% | 385 | 15 | 96.3% | 399 | 1 | 99.8% | 400 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 148 | 20 | 88.1% | 157 | 11 | 93.5% | 148 | 20 | 88.1% | 167 | 1 | 99.4% | 167 | 1 | 99.4% |
| 814 | 81 | 90.9% | 842 | 53 | 94.1% | 832 | 63 | 93.0% | 893 | 2 | 99.8% | 895 | 0 | 100.0% |
| 559 | 37 | 93.8% | 587 | 9 | 98.5% | 557 | 39 | 93.5% | 595 | 1 | 99.8% | 596 | 0 | 100.0% |
| 1,551 | 34 | 97.9% | 1,574 | 11 | 99.3% | 1,509 | 76 | 95.2% | 1,583 | 2 | 99.9% | 1,585 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 532 | 72 | 88.1% | 558 | 46 | 92.4% | 557 | 47 | 92.2% | 603 | 1 | 99.8% | 603 | 1 | 99.8% |
| 1,561 | 89 | 94.6% | 1,616 | 34 | 97.9% | 1,543 | 107 | 93.5% | 1,647 | 3 | 99.8% | 1,650 | 0 | 100.0% |
| 797 | 10 | 98.8% | 803 | 4 | 99.5% | 765 | 42 | 94.8% | 805 | 2 | 99.8% | 807 | 0 | 100.0% |
| 182 | 1 | 99.5% | 183 | 0 | 100.0% | 181 | 2 | 98.9% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 251 | 13 | 95.1% | 260 | 4 | 98.5% | 252 | 12 | 95.5% | 264 | 0 | 100.0% | 264 | 0 | 100.0% |
| 182 | 4 | 97.8% | 183 | 3 | 98.4% | 180 | 6 | 96.8% | 186 | 0 | 100.0% | 186 | 0 | 100.0% |
| 69 | 9 | 88.5% | 77 | 1 | 98.7% | 72 | 6 | 92.3% | 78 | 0 | 100.0% | 78 | 0 | 100.0% |
| 130 | 17 | 88.4% | 141 | 6 | 95.9% | 141 | 6 | 95.9% | 147 | 0 | 100.0% | 147 | 0 | 100.0% |
| 2,691 | 142 | 95.0% | 2,759 | 74 | 97.4% | 2,653 | 180 | 93.6% | 2,827 | 6 | 99.8% | 2,832 | 1 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,795 | 140 | 92.8% | 1,861 | 74 | 96.2% | 1,801 | 134 | 93.1% | 1,933 | 2 | 99.9% | 1,934 | 1 | 99.9% |
| 978 | 31 | 96.9% | 999 | 10 | 99.0% | 950 | 59 | 94.2% | 1,005 | 4 | 99.6% | 1,009 | 0 | 100.0% |
| 158 | 1 | 99.4% | 159 | 0 | 100.0% | 155 | 4 | 97.5% | 159 | 0 | 100.0% | 159 | 0 | 100.0% |
| 109 | 0 | 100.0% | 109 | 0 | 100.0% | 108 | 1 | 99.1% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 39 | 6 | 86.7% | 44 | 1 | 97.8% | 41 | 4 | 91.1% | 44 | 1 | 97.8% | 45 | 0 | 100.0% |
| 168 | 11 | 93.9% | 170 | 9 | 95.0% | 163 | 16 | 91.1% | 179 | 0 | 100.0% | 179 | 0 | 100.0% |
| 2,001 | 96 | 95.4% | 2,051 | 46 | 97.8% | 1,973 | 124 | 94.1% | 2,095 | 2 | 99.9% | 2,096 | 1 | 100.0% |
| 29 | 2 | 93.5% | 30 | 1 | 96.8% | 30 | 1 | 96.8% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 70 | 5 | 93.3% | 72 | 3 | 96.0% | 71 | 4 | 94.7% | 75 | 0 | 100.0% | 75 | 0 | 100.0% |
| 104 | 6 | 94.5% | 106 | 4 | 96.4% | 103 | 7 | 93.6% | 110 | 0 | 100.0% | 110 | 0 | 100.0% |
| 29 | 5 | 85.3% | 33 | 1 | 97.1% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 57 | 5 | 91.9% | 60 | 2 | 96.8% | 60 | 2 | 96.8% | 62 | 0 | 100.0% | 62 | 0 | 100.0% |
| 115 | 12 | 90.6% | 120 | 7 | 94.5% | 119 | 8 | 93.7% | 127 | 0 | 100.0% | 127 | 0 | 100.0% |
| 43 | 3 | 93.5% | 45 | 1 | 97.8% | 42 | 4 | 91.3% | 45 | 1 | 97.8% | 46 | 0 | 100.0% |
| 42 | 5 | 89.4% | 47 | 0 | 100.0% | 45 | 2 | 95.7% | 47 | 0 | 100.0% | 47 | 0 | 100.0% |
| 375 | 16 | 95.9% | 382 | 9 | 97.7% | 365 | 26 | 93.4% | 389 | 2 | 99.5% | 391 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 11 | 1 | 91.7% | 11 | 1 | 91.7% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| 140 | 5 | 96.6% | 144 | 1 | 99.3% | 139 | 6 | 95.9% | 145 | 0 | 100.0% | 145 | 0 | 100.0% |
| 114 | 6 | 95.0% | 117 | 3 | 97.5% | 109 | 11 | 90.8% | 118 | 2 | 98.3% | 120 | 0 | 100.0% |
| 47 | 2 | 95.9% | 48 | 1 | 98.0% | 43 | 6 | 87.8% | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| 24 | 0 | 100.0% | 24 | 0 | 100.0% | 23 | 1 | 95.8% | 24 | 0 | 100.0% | 24 | 0 | 100.0% |
| 197 | 7 | 96.6% | 199 | 5 | 97.5% | 189 | 15 | 92.6% | 204 | 0 | 100.0% | 204 | 0 | 100.0% |
| 41 | 1 | 97.6% | 41 | 1 | 97.6% | 39 | 3 | 92.9% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| 18 | 0 | 100.0% | 18 | 0 | 100.0% | 17 | 1 | 94.4% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| 54 | 0 | 100.0% | 52 | 2 | 96.3% | 52 | 2 | 96.3% | 54 | 0 | 100.0% | 54 | 0 | 100.0% |
| 42 | 0 | 100.0% | 42 | 0 | 100.0% | 39 | 3 | 92.9% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 30 | 1 | 96.8% | 29 | 2 | 93.5% | 30 | 1 | 96.8% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 83 | 4 | 95.4% | 85 | 2 | 97.7% | 76 | 11 | 87.4% | 87 | 0 | 100.0% | 87 | 0 | 100.0% |
| 202 | 16 | 92.7% | 215 | 3 | 98.6% | 203 | 15 | 93.1% | 218 | 0 | 100.0% | 218 | 0 | 100.0% |
| 226 | 6 | 97.4% | 225 | 7 | 97.0% | 220 | 12 | 94.8% | 232 | 0 | 100.0% | 232 | 0 | 100.0% |
| 81 | 4 | 95.3% | 84 | 1 | 98.8% | 80 | 5 | 94.1% | 85 | 0 | 100.0% | 85 | 0 | 100.0% |
| 42 | 2 | 95.5% | 44 | 0 | 100.0% | 43 | 1 | 97.7% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| 93 | 5 | 94.9% | 91 | 7 | 92.9% | 91 | 7 | 92.9% | 98 | 0 | 100.0% | 98 | 0 | 100.0% |
| 24 | 1 | 96.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| 58 | 2 | 96.7% | 58 | 2 | 96.7% | 51 | 9 | 85.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| 10 | 1 | 90.9% | 10 | 1 | 90.9% | 9 | 2 | 81.8% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| 5 | 0 | 100.0% | 5 | 0 | 100.0% | 4 | 1 | 80.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| 30 | 5 | 85.7% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% |
| 343 | 19 | 94.8% | 350 | 12 | 96.7% | 341 | 21 | 94.2% | 361 | 1 | 99.7% | 361 | 1 | 99.7% |
| 276 | 14 | 95.2% | 285 | 5 | 98.3% | 267 | 23 | 92.1% | 290 | 0 | 100.0% | 290 | 0 | 100.0% |
| 275 | 34 | 89.0% | 296 | 13 | 95.8% | 294 | 15 | 95.1% | 309 | 0 | 100.0% | 309 | 0 | 100.0% |
| 78 | 1 | 98.7% | 79 | 0 | 100.0% | 77 | 2 | 97.5% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% |
| 9 | 0 | 100.0% | 9 | 0 | 100.0% | 8 | 1 | 88.9% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 108 | 10 | 91.5% | 114 | 4 | 96.6% | 103 | 15 | 87.3% | 115 | 3 | 97.5% | 118 | 0 | 100.0% |
| 325 | 25 | 92.9% | 339 | 11 | 96.9% | 341 | 9 | 97.4% | 350 | 0 | 100.0% | 350 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 233 | 13 | 94.7% | 244 | 2 | 99.2% | 223 | 23 | 90.7% | 243 | 3 | 98.8% | 246 | 0 | 100.0% |
| 2,839 | 159 | 94.7% | 2,916 | 82 | 97.3% | 2,823 | 175 | 94.2% | 2,995 | 3 | 99.9% | 2,997 | 1 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,510 | 83 | 94.8% | 1,556 | 37 | 97.7% | 1,504 | 89 | 94.4% | 1,590 | 3 | 99.8% | 1,592 | 1 | 99.9% |
| 29 | 1 | 96.7% | 27 | 3 | 90.0% | 26 | 4 | 86.7% | 30 | 0 | 100.0% | 30 | 0 | 100.0% |
| 1,532 | 88 | 94.6% | 1,576 | 44 | 97.3% | 1,515 | 105 | 93.5% | 1,617 | 3 | 99.8% | 1,620 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 2,593 | 127 | 95.3% | 2,659 | 61 | 97.8% | 2,555 | 165 | 93.9% | 2,717 | 3 | 99.9% | 2,720 | 0 | 100.0% |
| 479 | 45 | 91.4% | 501 | 23 | 95.6% | 491 | 33 | 93.7% | 521 | 3 | 99.4% | 523 | 1 | 99.8% |

| | Principle 1.5 | | | Supplementary Principle 1.5.1 | | | Principle 1.6 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,225 | 19 | 99.4% | 3,242 | 2 | 99.9% | 3,243 | 1 | 100.0% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,725 | 12 | 99.3% | 1,735 | 2 | 99.9% | 1,736 | 1 | 99.9% |
| Company with Supervisory Committee | 1,408 | 7 | 99.5% | 1,415 | 0 | 100.0% | 1,415 | 0 | 100.0% |
| Company with Three Committees | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| Outside directors | | | | | | | | | |
| Appointed | 3,224 | 19 | 99.4% | 3,241 | 2 | 99.9% | 3,242 | 1 | 100.0% |
| Not appointed | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,841 | 16 | 99.1% | 1,855 | 2 | 99.9% | 1,856 | 1 | 99.9% |
| 10% to under 20% | 647 | 1 | 99.8% | 648 | 0 | 100.0% | 648 | 0 | 100.0% |
| 20% to under 30% | 411 | 1 | 99.8% | 412 | 0 | 100.0% | 412 | 0 | 100.0% |
| 30% or more | 326 | 1 | 99.7% | 327 | 0 | 100.0% | 327 | 0 | 100.0% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 36 | 1 | 97.3% | 37 | 0 | 100.0% | 37 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 466 | 2 | 99.6% | 468 | 0 | 100.0% | 468 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,346 | 6 | 99.6% | 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 653 | 3 | 99.5% | 655 | 1 | 99.8% | 656 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 486 | 5 | 99.0% | 490 | 1 | 99.8% | 490 | 1 | 99.8% |
| Ownership ratio of the largest shareholder is 50% or more | 238 | 2 | 99.2% | 240 | 0 | 100.0% | 240 | 0 | 100.0% |
| Market segment | | | | | | | | | |
| Prime | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% |
| Standard | 1,583 | 19 | 98.8% | 1,600 | 2 | 99.9% | 1,601 | 1 | 99.9% |
| JPX Nikkei 400 (Prime and Standard only) | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 400 | 0 | 100.0% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 162 | 6 | 96.4% | 167 | 1 | 99.4% | 168 | 0 | 100.0% |
| 100 to under 500 | 889 | 6 | 99.3% | 894 | 1 | 99.9% | 894 | 1 | 99.9% |
| 500 to under 1000 | 592 | 4 | 99.3% | 596 | 0 | 100.0% | 596 | 0 | 100.0% |
| 1,000 or more | 1,582 | 3 | 99.8% | 1,585 | 0 | 100.0% | 1,585 | 0 | 100.0% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 593 | 11 | 98.2% | 602 | 2 | 99.7% | 603 | 1 | 99.8% |
| 10 billion to under 100 billion yen | 1,643 | 7 | 99.6% | 1,650 | 0 | 100.0% | 1,650 | 0 | 100.0% |
| 100 billion to under 1 trillion yen | 806 | 1 | 99.9% | 807 | 0 | 100.0% | 807 | 0 | 100.0% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 262 | 2 | 99.2% | 264 | 0 | 100.0% | 264 | 0 | 100.0% |
| With parent company (listed) | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% |
| With parent company (not listed) | 76 | 2 | 97.4% | 78 | 0 | 100.0% | 78 | 0 | 100.0% |
| With controlling shareholder (other than parent company) | 146 | 1 | 99.3% | 147 | 0 | 100.0% | 147 | 0 | 100.0% |
| No controlling shareholder | 2,817 | 16 | 99.4% | 2,831 | 2 | 99.9% | 2,832 | 1 | 100.0% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,919 | 16 | 99.2% | 1,933 | 2 | 99.9% | 1,934 | 1 | 99.9% |
| 10 to under 50 | 1,006 | 3 | 99.7% | 1,009 | 0 | 100.0% | 1,009 | 0 | 100.0% |
| 50 to under 100 | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% |
| 100 to under 300 | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 300 or more | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| Fiscal year-end | | | | | | | | | |
| January | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% |
| February | 179 | 0 | 100.0% | 179 | 0 | 100.0% | 179 | 0 | 100.0% |
| March | 2,087 | 10 | 99.5% | 2,096 | 1 | 100.0% | 2,097 | 0 | 100.0% |
| April | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| May | 74 | 1 | 98.7% | 75 | 0 | 100.0% | 74 | 1 | 98.7% |
| June | 109 | 1 | 99.1% | 110 | 0 | 100.0% | 110 | 0 | 100.0% |
| July | 33 | 1 | 97.1% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| August | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% |
| Sept. | 125 | 2 | 98.4% | 127 | 0 | 100.0% | 127 | 0 | 100.0% |
| October | 45 | 1 | 97.8% | 46 | 0 | 100.0% | 46 | 0 | 100.0% |
| November | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% |
| Dec. | 388 | 3 | 99.2% | 390 | 1 | 99.7% | 391 | 0 | 100.0% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| Construction industry | 144 | 1 | 99.3% | 145 | 0 | 100.0% | 145 | 0 | 100.0% |
| Foods | 120 | 0 | 100.0% | 120 | 0 | 100.0% | 120 | 0 | 100.0% |
| Textile products | 48 | 1 | 98.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| Pulp and paper | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% |
| Chemicals | 203 | 1 | 99.5% | 204 | 0 | 100.0% | 204 | 0 | 100.0% |
| Pharmaceuticals | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| Rubber products | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| Glass, earth and stone products | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% |
| Iron and steel | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| Nonferrous metal | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| Metal products | 86 | 1 | 98.9% | 87 | 0 | 100.0% | 87 | 0 | 100.0% |
| Machinery | 216 | 2 | 99.1% | 218 | 0 | 100.0% | 218 | 0 | 100.0% |
| Electrical appliances | 231 | 1 | 99.6% | 232 | 0 | 100.0% | 232 | 0 | 100.0% |
| Transportation equipment | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% |
| Precision instruments | 43 | 1 | 97.7% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| Other products | 98 | 0 | 100.0% | 98 | 0 | 100.0% | 98 | 0 | 100.0% |
| Electricity and gas | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| Land transportation | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| Shipping | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| Air transport | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| Business related to warehousing and transportation | 34 | 1 | 97.1% | 35 | 0 | 100.0% | 35 | 0 | 100.0% |
| Information and communication | 360 | 2 | 99.4% | 361 | 1 | 99.7% | 362 | 0 | 100.0% |
| Wholesale trade | 289 | 1 | 99.7% | 290 | 0 | 100.0% | 290 | 0 | 100.0% |
| Retail Trade | 305 | 4 | 98.7% | 309 | 0 | 100.0% | 309 | 0 | 100.0% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| Securities and commodity futures trading | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| Real Estate | 117 | 1 | 99.2% | 118 | 0 | 100.0% | 117 | 1 | 99.2% |
| Service industry | 348 | 2 | 99.4% | 349 | 1 | 99.7% | 350 | 0 | 100.0% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 246 | 0 | 100.0% | 246 | 0 | 100.0% | 246 | 0 | 100.0% |
| N/A | 2,979 | 19 | 99.4% | 2,996 | 2 | 99.9% | 2,997 | 1 | 100.0% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,585 | 8 | 99.5% | 1,592 | 1 | 99.9% | 1,593 | 0 | 100.0% |
| Designated as kansayaku only | 30 | 0 | 100.0% | 30 | 0 | 100.0% | 30 | 0 | 100.0% |
| Designated as directors and kansayaku | 1,609 | 11 | 99.3% | 1,619 | 1 | 99.9% | 1,619 | 1 | 99.9% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,709 | 11 | 99.6% | 2,720 | 0 | 100.0% | 2,720 | 0 | 100.0% |
| 2 years | 516 | 8 | 98.5% | 522 | 2 | 99.6% | 523 | 1 | 99.8% |

| Principle 1.7 | | | General Principle 2 | | | Principle 2.1 | | | Principle 2.2 | | | Supplementary Principle 2.2.1 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 3,239 | 5 | 99.8% | 3,244 | 0 | 100.0% | 3,242 | 2 | 99.9% | 3,237 | 7 | 99.8% | 3,201 | 43 | 98.7% |
| 1,734 | 3 | 99.8% | 1,737 | 0 | 100.0% | 1,735 | 2 | 99.9% | 1,731 | 6 | 99.7% | 1,708 | 29 | 98.3% |
| 1,413 | 2 | 99.9% | 1,415 | 0 | 100.0% | 1,415 | 0 | 100.0% | 1,414 | 1 | 99.9% | 1,401 | 14 | 99.0% |
| 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| 3,238 | 5 | 99.8% | 3,243 | 0 | 100.0% | 3,241 | 2 | 99.9% | 3,236 | 7 | 99.8% | 3,200 | 43 | 98.7% |
| 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| 1,854 | 3 | 99.8% | 1,857 | 0 | 100.0% | 1,855 | 2 | 99.9% | 1,851 | 6 | 99.7% | 1,821 | 36 | 98.1% |
| 648 | 0 | 100.0% | 648 | 0 | 100.0% | 648 | 0 | 100.0% | 648 | 0 | 100.0% | 645 | 3 | 99.5% |
| 410 | 2 | 99.5% | 412 | 0 | 100.0% | 412 | 0 | 100.0% | 411 | 1 | 99.8% | 410 | 2 | 99.5% |
| 327 | 0 | 100.0% | 327 | 0 | 100.0% | 327 | 0 | 100.0% | 327 | 0 | 100.0% | 325 | 2 | 99.4% |
| 36 | 1 | 97.3% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 37 | 0 | 100.0% |
| 467 | 1 | 99.8% | 468 | 0 | 100.0% | 468 | 0 | 100.0% | 467 | 1 | 99.8% | 466 | 2 | 99.6% |
| 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% | 1,351 | 1 | 99.9% | 1,347 | 5 | 99.6% | 1,338 | 14 | 99.0% |
| 655 | 1 | 99.8% | 656 | 0 | 100.0% | 655 | 1 | 99.8% | 656 | 0 | 100.0% | 645 | 11 | 98.3% |
| 491 | 0 | 100.0% | 491 | 0 | 100.0% | 491 | 0 | 100.0% | 490 | 1 | 99.8% | 478 | 13 | 97.4% |
| 238 | 2 | 99.2% | 240 | 0 | 100.0% | 240 | 0 | 100.0% | 240 | 0 | 100.0% | 237 | 3 | 98.8% |
| 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% | 1,641 | 1 | 99.9% | 1,638 | 4 | 99.8% |
| 1,597 | 5 | 99.7% | 1,602 | 0 | 100.0% | 1,600 | 2 | 99.9% | 1,596 | 6 | 99.6% | 1,563 | 39 | 97.6% |
| 399 | 1 | 99.8% | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 400 | 0 | 100.0% |
| 168 | 0 | 100.0% | 168 | 0 | 100.0% | 167 | 1 | 99.4% | 165 | 3 | 98.2% | 159 | 9 | 94.6% |
| 892 | 3 | 99.7% | 895 | 0 | 100.0% | 894 | 1 | 99.9% | 892 | 3 | 99.7% | 871 | 24 | 97.3% |
| 595 | 1 | 99.8% | 596 | 0 | 100.0% | 596 | 0 | 100.0% | 596 | 0 | 100.0% | 590 | 6 | 99.0% |
| 1,584 | 1 | 99.9% | 1,585 | 0 | 100.0% | 1,585 | 0 | 100.0% | 1,584 | 1 | 99.9% | 1,581 | 4 | 99.7% |
| 602 | 2 | 99.7% | 604 | 0 | 100.0% | 602 | 2 | 99.7% | 599 | 5 | 99.2% | 579 | 25 | 95.9% |
| 1,648 | 2 | 99.9% | 1,650 | 0 | 100.0% | 1,650 | 0 | 100.0% | 1,648 | 2 | 99.9% | 1,632 | 18 | 98.9% |
| 806 | 1 | 99.9% | 807 | 0 | 100.0% | 807 | 0 | 100.0% | 807 | 0 | 100.0% | 807 | 0 | 100.0% |
| 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| 263 | 1 | 99.6% | 264 | 0 | 100.0% | 264 | 0 | 100.0% | 264 | 0 | 100.0% | 257 | 7 | 97.3% |
| 185 | 1 | 99.5% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 183 | 3 | 98.4% |
| 78 | 0 | 100.0% | 78 | 0 | 100.0% | 78 | 0 | 100.0% | 78 | 0 | 100.0% | 74 | 4 | 94.9% |
| 146 | 1 | 99.3% | 147 | 0 | 100.0% | 147 | 0 | 100.0% | 146 | 1 | 99.3% | 145 | 2 | 98.6% |
| 2,830 | 3 | 99.9% | 2,833 | 0 | 100.0% | 2,831 | 2 | 99.9% | 2,827 | 6 | 99.8% | 2,799 | 34 | 98.8% |
| 1,932 | 3 | 99.8% | 1,935 | 0 | 100.0% | 1,933 | 2 | 99.9% | 1,929 | 6 | 99.7% | 1,896 | 39 | 98.0% |
| 1,008 | 1 | 99.9% | 1,009 | 0 | 100.0% | 1,009 | 0 | 100.0% | 1,008 | 1 | 99.9% | 1,005 | 4 | 99.6% |
| 158 | 1 | 99.4% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% |
| 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 44 | 1 | 97.8% | 44 | 1 | 97.8% |
| 179 | 0 | 100.0% | 179 | 0 | 100.0% | 179 | 0 | 100.0% | 179 | 0 | 100.0% | 177 | 2 | 98.9% |
| 2,093 | 4 | 99.8% | 2,097 | 0 | 100.0% | 2,096 | 1 | 100.0% | 2,094 | 3 | 99.9% | 2,076 | 21 | 99.0% |
| 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% |
| 110 | 0 | 100.0% | 110 | 0 | 100.0% | 110 | 0 | 100.0% | 108 | 2 | 98.2% | 109 | 1 | 99.1% |
| 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 33 | 1 | 97.1% |
| 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 60 | 2 | 96.8% |
| 126 | 1 | 99.2% | 127 | 0 | 100.0% | 127 | 0 | 100.0% | 127 | 0 | 100.0% | 124 | 3 | 97.6% |
| 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 44 | 2 | 95.7% |
| 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 45 | 2 | 95.7% |
| 391 | 0 | 100.0% | 391 | 0 | 100.0% | 390 | 1 | 99.7% | 390 | 1 | 99.7% | 383 | 8 | 98.0% |
| 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| 145 | 0 | 100.0% | 145 | 0 | 100.0% | 145 | 0 | 100.0% | 144 | 1 | 99.3% | 143 | 2 | 98.6% |
| 120 | 0 | 100.0% | 120 | 0 | 100.0% | 120 | 0 | 100.0% | 120 | 0 | 100.0% | 119 | 1 | 99.2% |
| 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% |
| 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 202 | 2 | 99.0% |
| 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 53 | 1 | 98.1% |
| 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 30 | 1 | 96.8% |
| 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% |
| 217 | 1 | 99.5% | 218 | 0 | 100.0% | 217 | 1 | 99.5% | 216 | 2 | 99.1% | 213 | 5 | 97.7% |
| 231 | 1 | 99.6% | 232 | 0 | 100.0% | 232 | 0 | 100.0% | 231 | 1 | 99.6% | 228 | 4 | 98.3% |
| 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 83 | 2 | 97.6% |
| 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| 98 | 0 | 100.0% | 98 | 0 | 100.0% | 97 | 1 | 99.0% | 98 | 0 | 100.0% | 96 | 2 | 98.0% |
| 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| 34 | 1 | 97.1% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% |
| 361 | 1 | 99.7% | 362 | 0 | 100.0% | 362 | 0 | 100.0% | 362 | 0 | 100.0% | 357 | 5 | 98.6% |
| 290 | 0 | 100.0% | 290 | 0 | 100.0% | 290 | 0 | 100.0% | 288 | 2 | 99.3% | 286 | 4 | 98.6% |
| 309 | 0 | 100.0% | 309 | 0 | 100.0% | 309 | 0 | 100.0% | 309 | 0 | 100.0% | 305 | 4 | 98.7% |
| 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 35 | 1 | 97.2% |
| 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% | 116 | 2 | 98.3% |
| 349 | 1 | 99.7% | 350 | 0 | 100.0% | 350 | 0 | 100.0% | 349 | 1 | 99.7% | 343 | 7 | 98.0% |
| 246 | 0 | 100.0% | 246 | 0 | 100.0% | 246 | 0 | 100.0% | 246 | 0 | 100.0% | 245 | 1 | 99.6% |
| 2,993 | 5 | 99.8% | 2,998 | 0 | 100.0% | 2,996 | 2 | 99.9% | 2,991 | 7 | 99.8% | 2,956 | 42 | 98.6% |
| 1,590 | 3 | 99.8% | 1,593 | 0 | 100.0% | 1,593 | 0 | 100.0% | 1,591 | 2 | 99.9% | 1,576 | 17 | 98.9% |
| 30 | 0 | 100.0% | 30 | 0 | 100.0% | 29 | 1 | 96.7% | 30 | 0 | 100.0% | 30 | 0 | 100.0% |
| 1,618 | 2 | 99.9% | 1,620 | 0 | 100.0% | 1,619 | 1 | 99.9% | 1,615 | 5 | 99.7% | 1,594 | 26 | 98.4% |
| 2,715 | 5 | 99.8% | 2,720 | 0 | 100.0% | 2,720 | 0 | 100.0% | 2,718 | 2 | 99.9% | 2,691 | 29 | 98.9% |
| 524 | 0 | 100.0% | 524 | 0 | 100.0% | 522 | 2 | 99.6% | 519 | 5 | 99.0% | 510 | 14 | 97.3% |

| | Principle 2.3 | | | Supplementary Principle 2.3.1 | | | Principle 2.4 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,225 | 19 | 99.4% | 3,188 | 56 | 98.3% | 3,231 | 13 | 99.6% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,724 | 13 | 99.3% | 1,707 | 30 | 98.3% | 1,728 | 9 | 99.5% |
| Company with Supervisory Committee | 1,409 | 6 | 99.6% | 1,389 | 26 | 98.2% | 1,411 | 4 | 99.7% |
| Company with Three Committees | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| Outside directors | | | | | | | | | |
| Appointed | 3,224 | 19 | 99.4% | 3,187 | 56 | 98.3% | 3,230 | 13 | 99.6% |
| Not appointed | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,841 | 16 | 99.1% | 1,812 | 45 | 97.6% | 1,846 | 11 | 99.4% |
| 10% to under 20% | 645 | 3 | 99.5% | 641 | 7 | 98.9% | 647 | 1 | 99.8% |
| 20% to under 30% | 412 | 0 | 100.0% | 409 | 3 | 99.3% | 411 | 1 | 99.8% |
| 30% or more | 327 | 0 | 100.0% | 326 | 1 | 99.7% | 327 | 0 | 100.0% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 37 | 0 | 100.0% | 36 | 1 | 97.3% | 37 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 464 | 4 | 99.1% | 456 | 12 | 97.4% | 467 | 1 | 99.8% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,348 | 4 | 99.7% | 1,338 | 14 | 99.0% | 1,350 | 2 | 99.9% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 651 | 5 | 99.2% | 641 | 15 | 97.7% | 652 | 4 | 99.4% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 488 | 3 | 99.4% | 481 | 10 | 98.0% | 486 | 5 | 99.0% |
| Ownership ratio of the largest shareholder is 50% or more | 237 | 3 | 98.8% | 236 | 4 | 98.3% | 239 | 1 | 99.6% |
| Market segment | | | | | | | | | |
| Prime | 1,638 | 4 | 99.8% | 1,632 | 10 | 99.4% | 1,640 | 2 | 99.9% |
| Standard | 1,587 | 15 | 99.1% | 1,556 | 46 | 97.1% | 1,591 | 11 | 99.3% |
| JPX Nikkei 400 (Prime and Standard only) | 400 | 0 | 100.0% | 399 | 1 | 99.8% | 400 | 0 | 100.0% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 163 | 5 | 97.0% | 159 | 9 | 94.6% | 164 | 4 | 97.6% |
| 100 to under 500 | 890 | 5 | 99.4% | 871 | 24 | 97.3% | 891 | 4 | 99.6% |
| 500 to under 1000 | 592 | 4 | 99.3% | 589 | 7 | 98.8% | 593 | 3 | 99.5% |
| 1,000 or more | 1,580 | 5 | 99.7% | 1,569 | 16 | 99.0% | 1,583 | 2 | 99.9% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 596 | 8 | 98.7% | 584 | 20 | 96.7% | 598 | 6 | 99.0% |
| 10 billion to under 100 billion yen | 1,639 | 11 | 99.3% | 1,615 | 35 | 97.9% | 1,643 | 7 | 99.6% |
| 100 billion to under 1 trillion yen | 807 | 0 | 100.0% | 806 | 1 | 99.9% | 807 | 0 | 100.0% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 261 | 3 | 98.9% | 259 | 5 | 98.1% | 263 | 1 | 99.6% |
| With parent company (listed) | 185 | 1 | 99.5% | 182 | 4 | 97.8% | 186 | 0 | 100.0% |
| With parent company (not listed) | 76 | 2 | 97.4% | 77 | 1 | 98.7% | 77 | 1 | 98.7% |
| With controlling shareholder (other than parent company) | 146 | 1 | 99.3% | 144 | 3 | 98.0% | 145 | 2 | 98.6% |
| No controlling shareholder | 2,818 | 15 | 99.5% | 2,785 | 48 | 98.3% | 2,823 | 10 | 99.6% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,920 | 15 | 99.2% | 1,887 | 48 | 97.5% | 1,924 | 11 | 99.4% |
| 10 to under 50 | 1,005 | 4 | 99.6% | 1,001 | 8 | 99.2% | 1,007 | 2 | 99.8% |
| 50 to under 100 | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% |
| 100 to under 300 | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 300 or more | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| Fiscal year-end | | | | | | | | | |
| January | 44 | 1 | 97.8% | 43 | 2 | 95.6% | 45 | 0 | 100.0% |
| February | 179 | 0 | 100.0% | 175 | 4 | 97.8% | 178 | 1 | 99.4% |
| March | 2,085 | 12 | 99.4% | 2,065 | 32 | 98.5% | 2,090 | 7 | 99.7% |
| April | 30 | 1 | 96.8% | 29 | 2 | 93.5% | 31 | 0 | 100.0% |
| May | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% |
| June | 109 | 1 | 99.1% | 109 | 1 | 99.1% | 110 | 0 | 100.0% |
| July | 34 | 0 | 100.0% | 33 | 1 | 97.1% | 33 | 1 | 97.1% |
| August | 62 | 0 | 100.0% | 59 | 3 | 95.2% | 62 | 0 | 100.0% |
| Sept. | 126 | 1 | 99.2% | 125 | 2 | 98.4% | 124 | 3 | 97.6% |
| October | 45 | 1 | 97.8% | 44 | 2 | 95.7% | 46 | 0 | 100.0% |
| November | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% |
| Dec. | 389 | 2 | 99.5% | 384 | 7 | 98.2% | 390 | 1 | 99.7% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| Construction industry | 145 | 0 | 100.0% | 145 | 0 | 100.0% | 145 | 0 | 100.0% |
| Foods | 120 | 0 | 100.0% | 119 | 1 | 99.2% | 120 | 0 | 100.0% |
| Textile products | 48 | 1 | 98.0% | 48 | 1 | 98.0% | 49 | 0 | 100.0% |
| Pulp and paper | 24 | 0 | 100.0% | 23 | 1 | 95.8% | 24 | 0 | 100.0% |
| Chemicals | 203 | 1 | 99.5% | 203 | 1 | 99.5% | 204 | 0 | 100.0% |
| Pharmaceuticals | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| Rubber products | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| Glass, earth and stone products | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% |
| Iron and steel | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| Nonferrous metal | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| Metal products | 86 | 1 | 98.9% | 84 | 3 | 96.6% | 87 | 0 | 100.0% |
| Machinery | 216 | 2 | 99.1% | 211 | 7 | 96.8% | 216 | 2 | 99.1% |
| Electrical appliances | 231 | 1 | 99.6% | 227 | 5 | 97.8% | 232 | 0 | 100.0% |
| Transportation equipment | 84 | 1 | 98.8% | 84 | 1 | 98.8% | 85 | 0 | 100.0% |
| Precision instruments | 43 | 1 | 97.7% | 43 | 1 | 97.7% | 44 | 0 | 100.0% |
| Other products | 97 | 1 | 99.0% | 94 | 4 | 95.9% | 96 | 2 | 98.0% |
| Electricity and gas | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| Land transportation | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| Shipping | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| Air transport | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| Business related to warehousing and transportation | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% |
| Information and communication | 358 | 4 | 98.9% | 350 | 12 | 96.7% | 359 | 3 | 99.2% |
| Wholesale trade | 288 | 2 | 99.3% | 285 | 5 | 98.3% | 289 | 1 | 99.7% |
| Retail Trade | 307 | 2 | 99.4% | 303 | 6 | 98.1% | 308 | 1 | 99.7% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| Securities and commodity futures trading | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 35 | 1 | 97.2% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| Real Estate | 117 | 1 | 99.2% | 115 | 3 | 97.5% | 116 | 2 | 98.3% |
| Service industry | 349 | 1 | 99.7% | 345 | 5 | 98.6% | 349 | 1 | 99.7% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 245 | 1 | 99.6% | 243 | 3 | 98.8% | 246 | 0 | 100.0% |
| N/A | 2,980 | 18 | 99.4% | 2,945 | 53 | 98.2% | 2,985 | 13 | 99.6% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,587 | 6 | 99.6% | 1,566 | 27 | 98.3% | 1,589 | 4 | 99.7% |
| Designated as kansayaku only | 29 | 1 | 96.7% | 28 | 2 | 93.3% | 30 | 0 | 100.0% |
| Designated as directors and kansayaku | 1,608 | 12 | 99.3% | 1,593 | 27 | 98.3% | 1,611 | 9 | 99.4% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,706 | 14 | 99.5% | 2,678 | 42 | 98.5% | 2,712 | 8 | 99.7% |
| 2 years | 519 | 5 | 99.0% | 510 | 14 | 97.3% | 519 | 5 | 99.0% |

| Principle 2.4.1 | | | Principle 2.5 | | | Supplementary Principle 2.5.1 | | | Principle 2.6 | | | General Principle 3 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 2,075 | 1,169 | 64.0% | 3,242 | 2 | 99.9% | 3,166 | 78 | 97.6% | 3,169 | 75 | 97.7% | 3,243 | 1 | 100.0% |
| 1,097 | 640 | 63.2% | 1,735 | 2 | 99.9% | 1,687 | 50 | 97.1% | 1,690 | 47 | 97.3% | 1,736 | 1 | 99.9% |
| 897 | 518 | 63.4% | 1,415 | 0 | 100.0% | 1,388 | 27 | 98.1% | 1,387 | 28 | 98.0% | 1,415 | 0 | 100.0% |
| 81 | 11 | 88.0% | 92 | 0 | 100.0% | 91 | 1 | 98.9% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| 2,074 | 1,169 | 64.0% | 3,241 | 2 | 99.9% | 3,165 | 78 | 97.6% | 3,168 | 75 | 97.7% | 3,242 | 1 | 100.0% |
| 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| 987 | 870 | 53.2% | 1,855 | 2 | 99.9% | 1,793 | 64 | 96.6% | 1,801 | 56 | 97.0% | 1,856 | 1 | 99.9% |
| 487 | 161 | 75.2% | 648 | 0 | 100.0% | 642 | 6 | 99.1% | 639 | 9 | 98.6% | 648 | 0 | 100.0% |
| 336 | 76 | 81.6% | 412 | 0 | 100.0% | 407 | 5 | 98.8% | 408 | 4 | 99.0% | 412 | 0 | 100.0% |
| 265 | 62 | 81.0% | 327 | 0 | 100.0% | 324 | 3 | 99.1% | 321 | 6 | 98.2% | 327 | 0 | 100.0% |
| 20 | 17 | 54.1% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 36 | 1 | 97.3% | 37 | 0 | 100.0% |
| 291 | 177 | 62.2% | 468 | 0 | 100.0% | 458 | 10 | 97.9% | 459 | 9 | 98.1% | 468 | 0 | 100.0% |
| 943 | 409 | 69.7% | 1,352 | 0 | 100.0% | 1,325 | 27 | 98.0% | 1,313 | 39 | 97.1% | 1,352 | 0 | 100.0% |
| 379 | 277 | 57.8% | 655 | 1 | 99.8% | 630 | 26 | 96.0% | 640 | 16 | 97.6% | 656 | 0 | 100.0% |
| 279 | 212 | 56.8% | 491 | 0 | 100.0% | 478 | 13 | 97.4% | 483 | 8 | 98.4% | 490 | 1 | 99.8% |
| 163 | 77 | 67.9% | 239 | 1 | 99.6% | 238 | 2 | 99.2% | 238 | 2 | 99.2% | 240 | 0 | 100.0% |
| 1,333 | 309 | 81.2% | 1,642 | 0 | 100.0% | 1,633 | 9 | 99.5% | 1,618 | 24 | 98.5% | 1,642 | 0 | 100.0% |
| 742 | 860 | 46.3% | 1,600 | 2 | 99.9% | 1,533 | 69 | 95.7% | 1,551 | 51 | 96.8% | 1,601 | 1 | 99.9% |
| 352 | 48 | 88.0% | 400 | 0 | 100.0% | 397 | 3 | 99.3% | 398 | 2 | 99.5% | 400 | 0 | 100.0% |
| 52 | 116 | 31.0% | 167 | 1 | 99.4% | 157 | 11 | 93.5% | 164 | 4 | 97.6% | 168 | 0 | 100.0% |
| 400 | 495 | 44.7% | 894 | 1 | 99.9% | 855 | 40 | 95.5% | 872 | 23 | 97.4% | 894 | 1 | 99.9% |
| 357 | 239 | 59.9% | 596 | 0 | 100.0% | 587 | 9 | 98.5% | 572 | 24 | 96.0% | 596 | 0 | 100.0% |
| 1,266 | 319 | 79.9% | 1,585 | 0 | 100.0% | 1,567 | 18 | 98.9% | 1,561 | 24 | 98.5% | 1,585 | 0 | 100.0% |
| 231 | 373 | 38.2% | 603 | 1 | 99.8% | 571 | 33 | 94.5% | 594 | 10 | 98.3% | 603 | 1 | 99.8% |
| 993 | 657 | 60.2% | 1,649 | 1 | 99.9% | 1,613 | 37 | 97.8% | 1,596 | 54 | 96.7% | 1,650 | 0 | 100.0% |
| 679 | 128 | 84.1% | 807 | 0 | 100.0% | 801 | 6 | 99.3% | 796 | 11 | 98.6% | 807 | 0 | 100.0% |
| 172 | 11 | 94.0% | 183 | 0 | 100.0% | 181 | 2 | 98.9% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| 178 | 86 | 67.4% | 264 | 0 | 100.0% | 262 | 2 | 99.2% | 261 | 3 | 98.9% | 264 | 0 | 100.0% |
| 127 | 59 | 68.3% | 186 | 0 | 100.0% | 185 | 1 | 99.5% | 184 | 2 | 98.9% | 186 | 0 | 100.0% |
| 51 | 27 | 65.4% | 78 | 0 | 100.0% | 77 | 1 | 98.7% | 77 | 1 | 98.7% | 78 | 0 | 100.0% |
| 77 | 70 | 52.4% | 146 | 1 | 99.3% | 143 | 4 | 97.3% | 146 | 1 | 99.3% | 147 | 0 | 100.0% |
| 1,820 | 1,013 | 64.2% | 2,832 | 1 | 100.0% | 2,761 | 72 | 97.5% | 2,762 | 71 | 97.5% | 2,832 | 1 | 100.0% |
| 1,024 | 911 | 52.9% | 1,933 | 2 | 99.9% | 1,870 | 65 | 96.6% | 1,882 | 53 | 97.3% | 1,934 | 1 | 99.9% |
| 777 | 232 | 77.0% | 1,009 | 0 | 100.0% | 1,000 | 9 | 99.1% | 988 | 21 | 97.9% | 1,009 | 0 | 100.0% |
| 145 | 14 | 91.2% | 159 | 0 | 100.0% | 157 | 2 | 98.7% | 158 | 1 | 99.4% | 159 | 0 | 100.0% |
| 101 | 8 | 92.7% | 109 | 0 | 100.0% | 108 | 1 | 99.1% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 28 | 4 | 87.5% | 32 | 0 | 100.0% | 31 | 1 | 96.9% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| 20 | 25 | 44.4% | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 43 | 2 | 95.6% | 45 | 0 | 100.0% |
| 112 | 67 | 62.6% | 179 | 0 | 100.0% | 170 | 9 | 95.0% | 178 | 1 | 99.4% | 179 | 0 | 100.0% |
| 1,423 | 674 | 67.9% | 2,096 | 1 | 100.0% | 2,045 | 52 | 97.5% | 2,038 | 59 | 97.2% | 2,096 | 1 | 100.0% |
| 13 | 18 | 41.9% | 31 | 0 | 100.0% | 30 | 1 | 96.8% | 28 | 3 | 90.3% | 31 | 0 | 100.0% |
| 42 | 33 | 56.0% | 75 | 0 | 100.0% | 74 | 1 | 98.7% | 75 | 0 | 100.0% | 75 | 0 | 100.0% |
| 57 | 53 | 51.8% | 110 | 0 | 100.0% | 107 | 3 | 97.3% | 109 | 1 | 99.1% | 110 | 0 | 100.0% |
| 18 | 16 | 52.9% | 34 | 0 | 100.0% | 33 | 1 | 97.1% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 36 | 26 | 58.1% | 62 | 0 | 100.0% | 58 | 4 | 93.5% | 62 | 0 | 100.0% | 62 | 0 | 100.0% |
| 59 | 68 | 46.5% | 126 | 1 | 99.2% | 125 | 2 | 98.4% | 127 | 0 | 100.0% | 127 | 0 | 100.0% |
| 23 | 23 | 50.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 44 | 2 | 95.7% | 46 | 0 | 100.0% |
| 25 | 22 | 53.2% | 47 | 0 | 100.0% | 45 | 2 | 95.7% | 45 | 2 | 95.7% | 47 | 0 | 100.0% |
| 247 | 144 | 63.2% | 391 | 0 | 100.0% | 388 | 3 | 99.2% | 386 | 5 | 98.7% | 391 | 0 | 100.0% |
| 8 | 4 | 66.7% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| 95 | 50 | 65.5% | 145 | 0 | 100.0% | 144 | 1 | 99.3% | 142 | 3 | 97.9% | 145 | 0 | 100.0% |
| 81 | 39 | 67.5% | 120 | 0 | 100.0% | 120 | 0 | 100.0% | 115 | 5 | 95.8% | 120 | 0 | 100.0% |
| 32 | 17 | 65.3% | 49 | 0 | 100.0% | 47 | 2 | 95.9% | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| 15 | 9 | 62.5% | 24 | 0 | 100.0% | 23 | 1 | 95.8% | 24 | 0 | 100.0% | 24 | 0 | 100.0% |
| 126 | 78 | 61.8% | 204 | 0 | 100.0% | 199 | 5 | 97.5% | 197 | 7 | 96.6% | 204 | 0 | 100.0% |
| 34 | 8 | 81.0% | 42 | 0 | 100.0% | 41 | 1 | 97.6% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 8 | 2 | 80.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| 14 | 4 | 77.8% | 18 | 0 | 100.0% | 17 | 1 | 94.4% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| 29 | 25 | 53.7% | 54 | 0 | 100.0% | 51 | 3 | 94.4% | 54 | 0 | 100.0% | 54 | 0 | 100.0% |
| 29 | 13 | 69.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 39 | 3 | 92.9% | 42 | 0 | 100.0% |
| 20 | 11 | 64.5% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 30 | 1 | 96.8% | 31 | 0 | 100.0% |
| 37 | 50 | 42.5% | 86 | 1 | 98.9% | 82 | 5 | 94.3% | 86 | 1 | 98.9% | 87 | 0 | 100.0% |
| 131 | 87 | 60.1% | 218 | 0 | 100.0% | 212 | 6 | 97.2% | 213 | 5 | 97.7% | 217 | 1 | 99.5% |
| 169 | 63 | 72.8% | 232 | 0 | 100.0% | 224 | 8 | 96.6% | 227 | 5 | 97.8% | 232 | 0 | 100.0% |
| 52 | 33 | 61.2% | 85 | 0 | 100.0% | 83 | 2 | 97.6% | 81 | 4 | 95.3% | 85 | 0 | 100.0% |
| 32 | 12 | 72.7% | 44 | 0 | 100.0% | 42 | 2 | 95.5% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| 57 | 41 | 58.2% | 98 | 0 | 100.0% | 93 | 5 | 94.9% | 96 | 2 | 98.0% | 98 | 0 | 100.0% |
| 22 | 3 | 88.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| 44 | 16 | 73.3% | 60 | 0 | 100.0% | 59 | 1 | 98.3% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| 5 | 6 | 45.5% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 10 | 1 | 90.9% | 11 | 0 | 100.0% |
| 4 | 1 | 80.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0 % | 5 | 0 | 100.0 % |
| 21 | 14 | 60.0 % | 35 | 0 | 100.0 % | 34 | 1 | 97.1 % | 34 | 1 | 97.1 % | 35 | 0 | 100.0 % |
| 213 | 149 | 58.8 % | 362 | 0 | 100.0 % | 360 | 2 | 99.4 % | 352 | 10 | 97.2 % | 362 | 0 | 100.0 % |
| 184 | 106 | 63.4 % | 290 | 0 | 100.0 % | 281 | 9 | 96.9 % | 278 | 12 | 95.9 % | 290 | 0 | 100.0 % |
| 201 | 108 | 65.0 % | 309 | 0 | 100.0 % | 298 | 11 | 96.4 % | 304 | 5 | 98.4 % | 309 | 0 | 100.0 % |
| 78 | 1 | 98.7 % | 79 | 0 | 100.0 % | 79 | 0 | 100.0 % | 78 | 1 | 98.7 % | 79 | 0 | 100.0 % |
| 24 | 12 | 66.7 % | 36 | 0 | 100.0 % | 36 | 0 | 100.0 % | 36 | 0 | 100.0 % | 36 | 0 | 100.0 % |
| 9 | 0 | 100.0 % | 9 | 0 | 100.0 % | 9 | 0 | 100.0 % | 9 | 0 | 100.0 % | 9 | 0 | 100.0 % |
| 24 | 10 | 70.6 % | 34 | 0 | 100.0 % | 34 | 0 | 100.0 % | 34 | 0 | 100.0 % | 34 | 0 | 100.0 % |
| 59 | 59 | 50.0 % | 118 | 0 | 100.0 % | 118 | 0 | 100.0 % | 115 | 3 | 97.5 % | 118 | 0 | 100.0 % |
| 212 | 138 | 60.6 % | 349 | 1 | 99.7 % | 338 | 12 | 96.6 % | 344 | 6 | 98.3 % | 350 | 0 | 100.0 % |
| 159 | 87 | 64.6 % | 246 | 0 | 100.0 % | 241 | 5 | 98.0 % | 240 | 6 | 97.6% | 246 | 0 | 100.0% |
| 1,916 | 1,082 | 63.9% | 2,996 | 2 | 99.9% | 2,925 | 73 | 97.6% | 2,929 | 69 | 97.7% | 2,997 | 1 | 100.0% |
| 1,018 | 575 | 63.9% | 1,593 | 0 | 100.0% | 1,563 | 30 | 98.1% | 1,564 | 29 | 98.2% | 1,592 | 1 | 99.9% |
| 9 | 21 | 30.0% | 30 | 0 | 100.0% | 24 | 6 | 80.0% | 29 | 1 | 96.7% | 30 | 0 | 100.0% |
| 1,047 | 573 | 64.6% | 1,618 | 2 | 99.9% | 1,578 | 42 | 97.4% | 1,575 | 45 | 97.2% | 1,620 | 0 | 100.0% |
| 1,809 | 911 | 66.5% | 2,719 | 1 | 100.0% | 2,667 | 53 | 98.1% | 2,663 | 57 | 97.9% | 2,719 | 1 | 100.0% |
| 266 | 258 | 50.8% | 523 | 1 | 99.8% | 499 | 25 | 95.2% | 506 | 18 | 96.6% | 524 | 0 | 100.0% |

| | Principle 3.1 | | | Supplementary Principle 3.1.1 | | | Supplementary Principle 3.1.2 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,092 | 152 | 95.3% | 3,239 | 5 | 99.8% | 2,247 | 997 | 69.3% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,653 | 84 | 95.2% | 1,732 | 5 | 99.7% | 1,160 | 577 | 66.8% |
| Company with Supervisory Committee | 1,348 | 67 | 95.3% | 1,415 | 0 | 100.0% | 1,001 | 414 | 70.7% |
| Company with Three Committees | 91 | 1 | 98.9% | 92 | 0 | 100.0% | 86 | 6 | 93.5% |
| Outside directors | | | | | | | | | |
| Appointed | 3,091 | 152 | 95.3% | 3,238 | 5 | 99.8% | 2,246 | 997 | 69.3% |
| Not appointed | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,732 | 125 | 93.3% | 1,853 | 4 | 99.8% | 947 | 910 | 51.0% |
| 10% to under 20% | 635 | 13 | 98.0% | 648 | 0 | 100.0% | 600 | 48 | 92.6% |
| 20% to under 30% | 405 | 7 | 98.3% | 412 | 0 | 100.0% | 387 | 25 | 93.9% |
| 30% or more | 320 | 7 | 97.9% | 326 | 1 | 99.7% | 313 | 14 | 95.7% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 34 | 3 | 91.9% | 37 | 0 | 100.0% | 12 | 25 | 32.4% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 454 | 14 | 97.0% | 468 | 0 | 100.0% | 323 | 145 | 69.0% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,294 | 58 | 95.7% | 1,350 | 2 | 99.9% | 1,040 | 312 | 76.9% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 619 | 37 | 94.4% | 654 | 2 | 99.7% | 425 | 231 | 64.8% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 461 | 30 | 93.9% | 490 | 1 | 99.8% | 306 | 185 | 62.3% |
| Ownership ratio of the largest shareholder is 50% or more | 230 | 10 | 95.8% | 240 | 0 | 100.0% | 141 | 99 | 58.8% |
| Market segment | | | | | | | | | |
| Prime | 1,619 | 23 | 98.6% | 1,641 | 1 | 99.9% | 1,586 | 56 | 96.6% |
| Standard | 1,473 | 129 | 91.9% | 1,598 | 4 | 99.8% | 661 | 941 | 41.3% |
| JPX Nikkei 400 (Prime and Standard only) | 396 | 4 | 99.0% | 399 | 1 | 99.8% | 396 | 4 | 99.0% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 146 | 22 | 86.9% | 168 | 0 | 100.0% | 56 | 112 | 33.3% |
| 100 to under 500 | 812 | 83 | 90.7% | 892 | 3 | 99.7% | 393 | 502 | 43.9% |
| 500 to under 1000 | 576 | 20 | 96.6% | 596 | 0 | 100.0% | 379 | 217 | 63.6% |
| 1,000 or more | 1,558 | 27 | 98.3% | 1,583 | 2 | 99.9% | 1,419 | 166 | 89.5% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 535 | 69 | 88.6% | 601 | 3 | 99.5% | 217 | 387 | 35.9% |
| 10 billion to under 100 billion yen | 1,578 | 72 | 95.6% | 1,649 | 1 | 99.9% | 1,077 | 573 | 65.3% |
| 100 billion to under 1 trillion yen | 796 | 11 | 98.6% | 806 | 1 | 99.9% | 770 | 37 | 95.4% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 252 | 12 | 95.5% | 264 | 0 | 100.0% | 161 | 103 | 61.0% |
| With parent company (listed) | 179 | 7 | 96.2% | 186 | 0 | 100.0% | 121 | 65 | 65.1% |
| With parent company (not listed) | 73 | 5 | 93.6% | 78 | 0 | 100.0% | 40 | 38 | 51.3% |
| With controlling shareholder (other than parent company) | 137 | 10 | 93.2% | 147 | 0 | 100.0% | 73 | 74 | 49.7% |
| No controlling shareholder | 2,703 | 130 | 95.4% | 2,828 | 5 | 99.8% | 2,013 | 820 | 71.1% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,810 | 125 | 93.5% | 1,931 | 4 | 99.8% | 1,053 | 882 | 54.4% |
| 10 to under 50 | 983 | 26 | 97.4% | 1,009 | 0 | 100.0% | 895 | 114 | 88.7% |
| 50 to under 100 | 158 | 1 | 99.4% | 158 | 1 | 99.4% | 159 | 0 | 100.0% |
| 100 to under 300 | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 108 | 1 | 99.1% |
| 300 or more | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| Fiscal year-end | | | | | | | | | |
| January | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 26 | 19 | 57.8% |
| February | 167 | 12 | 93.3% | 178 | 1 | 99.4% | 109 | 70 | 60.9% |
| March | 2,013 | 84 | 96.0% | 2,094 | 3 | 99.9% | 1,510 | 587 | 72.0% |
| April | 29 | 2 | 93.5% | 31 | 0 | 100.0% | 19 | 12 | 61.3% |
| May | 66 | 9 | 88.0% | 75 | 0 | 100.0% | 41 | 34 | 54.7% |
| June | 104 | 6 | 94.5% | 109 | 1 | 99.1% | 67 | 43 | 60.9% |
| July | 31 | 3 | 91.2% | 34 | 0 | 100.0% | 16 | 18 | 47.1% |
| August | 57 | 5 | 91.9% | 62 | 0 | 100.0% | 35 | 27 | 56.5% |
| Sept. | 115 | 12 | 90.6% | 127 | 0 | 100.0% | 80 | 47 | 63.0% |
| October | 42 | 4 | 91.3% | 46 | 0 | 100.0% | 30 | 16 | 65.2% |
| November | 44 | 3 | 93.6% | 47 | 0 | 100.0% | 24 | 23 | 51.1% |
| Dec. | 379 | 12 | 96.9% | 391 | 0 | 100.0% | 290 | 101 | 74.2% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 8 | 4 | 66.7% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 5 | 1 | 83.3% |
| Construction industry | 140 | 5 | 96.6% | 145 | 0 | 100.0% | 101 | 44 | 69.7% |
| Foods | 116 | 4 | 96.7% | 120 | 0 | 100.0% | 86 | 34 | 71.7% |
| Textile products | 47 | 2 | 95.9% | 49 | 0 | 100.0% | 34 | 15 | 69.4% |
| Pulp and paper | 23 | 1 | 95.8% | 24 | 0 | 100.0% | 13 | 11 | 54.2% |
| Chemicals | 198 | 6 | 97.1% | 204 | 0 | 100.0% | 157 | 47 | 77.0% |
| Pharmaceuticals | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 35 | 7 | 83.3% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 9 | 1 | 90.0% |
| Rubber products | 17 | 1 | 94.4% | 18 | 0 | 100.0% | 12 | 6 | 66.7% |
| Glass, earth and stone products | 53 | 1 | 98.1% | 54 | 0 | 100.0% | 36 | 18 | 66.7% |
| Iron and steel | 41 | 1 | 97.6% | 42 | 0 | 100.0% | 34 | 8 | 81.0% |
| Nonferrous metal | 30 | 1 | 96.8% | 31 | 0 | 100.0% | 22 | 9 | 71.0% |
| Metal products | 83 | 4 | 95.4% | 87 | 0 | 100.0% | 40 | 47 | 46.0% |
| Machinery | 209 | 9 | 95.9% | 215 | 3 | 98.6% | 159 | 59 | 72.9% |
| Electrical appliances | 225 | 7 | 97.0% | 232 | 0 | 100.0% | 184 | 48 | 79.3% |
| Transportation equipment | 79 | 6 | 92.9% | 85 | 0 | 100.0% | 69 | 16 | 81.2% |
| Precision instruments | 42 | 2 | 95.5% | 44 | 0 | 100.0% | 36 | 8 | 81.8% |
| Other products | 94 | 4 | 95.9% | 98 | 0 | 100.0% | 50 | 48 | 51.0% |
| Electricity and gas | 24 | 1 | 96.0% | 25 | 0 | 100.0% | 22 | 3 | 88.0% |
| Land transportation | 56 | 4 | 93.3% | 60 | 0 | 100.0% | 46 | 14 | 76.7% |
| Shipping | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 8 | 3 | 72.7% |
| Air transport | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 3 | 2 | 60.0% |
| Business related to warehousing and transportation | 34 | 1 | 97.1% | 35 | 0 | 100.0% | 19 | 16 | 54.3% |
| Information and communication | 339 | 23 | 93.6% | 362 | 0 | 100.0% | 251 | 111 | 69.3% |
| Wholesale trade | 273 | 17 | 94.1% | 290 | 0 | 100.0% | 186 | 104 | 64.1% |
| Retail Trade | 291 | 18 | 94.2% | 307 | 2 | 99.4% | 181 | 128 | 58.6% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 77 | 2 | 97.5% |
| Securities and commodity futures trading | 33 | 3 | 91.7% | 36 | 0 | 100.0% | 26 | 10 | 72.2% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 29 | 5 | 85.3% |
| Real Estate | 108 | 10 | 91.5% | 118 | 0 | 100.0% | 79 | 39 | 66.9% |
| Service industry | 329 | 21 | 94.0% | 350 | 0 | 100.0% | 221 | 129 | 63.1% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 240 | 6 | 97.6% | 246 | 0 | 100.0% | 176 | 70 | 71.5% |
| N/A | 2,852 | 146 | 95.1% | 2,993 | 5 | 99.8% | 2,071 | 927 | 69.1% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,517 | 76 | 95.2% | 1,592 | 1 | 99.9% | 1,133 | 460 | 71.1% |
| Designated as kansayaku only | 26 | 4 | 86.7% | 30 | 0 | 100.0% | 10 | 20 | 33.3% |
| Designated as directors and kansayaku | 1,548 | 72 | 95.6% | 1,616 | 4 | 99.8% | 1,103 | 517 | 68.1% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,599 | 121 | 95.6% | 2,717 | 3 | 99.9% | 1,983 | 737 | 72.9% |
| 2 years | 493 | 31 | 94.1% | 522 | 2 | 99.6% | 264 | 260 | 50.4% |

| Supplementary Principle 3.1.3 | | | Principle 3.2 | | | Supplementary Principle 3.2.1 | | | Supplementary Principle 3.2.2 | | | General Principle 4 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 2,538 | 706 | 78.2% | 3,244 | 0 | 100.0% | 3,196 | 48 | 98.5% | 3,242 | 2 | 99.9% | 3,244 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,353 | 384 | 77.9% | 1,737 | 0 | 100.0% | 1,709 | 28 | 98.4% | 1,736 | 1 | 99.9% | 1,737 | 0 | 100.0% |
| 1,098 | 317 | 77.6% | 1,415 | 0 | 100.0% | 1,396 | 19 | 98.7% | 1,414 | 1 | 99.9% | 1,415 | 0 | 100.0% |
| 87 | 5 | 94.6% | 92 | 0 | 100.0% | 91 | 1 | 98.9% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 2,537 | 706 | 78.2% | 3,243 | 0 | 100.0% | 3,195 | 48 | 98.5% | 3,241 | 2 | 99.9% | 3,243 | 0 | 100.0% |
| 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,321 | 536 | 71.1% | 1,857 | 0 | 100.0% | 1,817 | 40 | 97.8% | 1,855 | 2 | 99.9% | 1,857 | 0 | 100.0% |
| 547 | 101 | 84.4% | 648 | 0 | 100.0% | 646 | 2 | 99.7% | 648 | 0 | 100.0% | 648 | 0 | 100.0% |
| 369 | 43 | 89.6% | 412 | 0 | 100.0% | 409 | 3 | 99.3% | 412 | 0 | 100.0% | 412 | 0 | 100.0% |
| 301 | 26 | 92.0% | 327 | 0 | 100.0% | 324 | 3 | 99.1% | 327 | 0 | 100.0% | 327 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 31 | 6 | 83.8% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 37 | 0 | 100.0% |
| 371 | 97 | 79.3% | 468 | 0 | 100.0% | 464 | 4 | 99.1% | 467 | 1 | 99.8% | 468 | 0 | 100.0% |
| 1,130 | 222 | 83.6% | 1,352 | 0 | 100.0% | 1,337 | 15 | 98.9% | 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% |
| 478 | 178 | 72.9% | 656 | 0 | 100.0% | 648 | 8 | 98.8% | 656 | 0 | 100.0% | 656 | 0 | 100.0% |
| 350 | 141 | 71.3% | 491 | 0 | 100.0% | 475 | 16 | 96.7% | 490 | 1 | 99.8% | 491 | 0 | 100.0% |
| 178 | 62 | 74.2% | 240 | 0 | 100.0% | 235 | 5 | 97.9% | 240 | 0 | 100.0% | 240 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,409 | 233 | 85.8% | 1,642 | 0 | 100.0% | 1,638 | 4 | 99.8% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% |
| 1,129 | 473 | 70.5% | 1,602 | 0 | 100.0% | 1,558 | 44 | 97.3% | 1,600 | 2 | 99.9% | 1,602 | 0 | 100.0% |
| 375 | 25 | 93.8% | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 400 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 77 | 91 | 45.8% | 168 | 0 | 100.0% | 158 | 10 | 94.0% | 167 | 1 | 99.4% | 168 | 0 | 100.0% |
| 611 | 284 | 68.3% | 895 | 0 | 100.0% | 875 | 20 | 97.8% | 895 | 0 | 100.0% | 895 | 0 | 100.0% |
| 459 | 137 | 77.0% | 596 | 0 | 100.0% | 586 | 10 | 98.3% | 596 | 0 | 100.0% | 596 | 0 | 100.0% |
| 1,391 | 194 | 87.8% | 1,585 | 0 | 100.0% | 1,577 | 8 | 99.5% | 1,584 | 1 | 99.9% | 1,585 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 373 | 231 | 61.8% | 604 | 0 | 100.0% | 579 | 25 | 95.9% | 603 | 1 | 99.8% | 604 | 0 | 100.0% |
| 1,240 | 410 | 75.2% | 1,650 | 0 | 100.0% | 1,628 | 22 | 98.7% | 1,649 | 1 | 99.9% | 1,650 | 0 | 100.0% |
| 744 | 63 | 92.2% | 807 | 0 | 100.0% | 806 | 1 | 99.9% | 807 | 0 | 100.0% | 807 | 0 | 100.0% |
| 181 | 2 | 98.9% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 206 | 58 | 78.0% | 264 | 0 | 100.0% | 262 | 2 | 99.2% | 264 | 0 | 100.0% | 264 | 0 | 100.0% |
| 145 | 41 | 78.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% |
| 61 | 17 | 78.2% | 78 | 0 | 100.0% | 76 | 2 | 97.4% | 78 | 0 | 100.0% | 78 | 0 | 100.0% |
| 92 | 55 | 62.6% | 147 | 0 | 100.0% | 138 | 9 | 93.9% | 146 | 1 | 99.3% | 147 | 0 | 100.0% |
| 2,240 | 593 | 79.1% | 2,833 | 0 | 100.0% | 2,796 | 37 | 98.7% | 2,832 | 1 | 100.0% | 2,833 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,370 | 565 | 70.8% | 1,935 | 0 | 100.0% | 1,894 | 41 | 97.9% | 1,933 | 2 | 99.9% | 1,935 | 0 | 100.0% |
| 875 | 134 | 86.7% | 1,009 | 0 | 100.0% | 1,002 | 7 | 99.3% | 1,009 | 0 | 100.0% | 1,009 | 0 | 100.0% |
| 153 | 6 | 96.2% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% |
| 108 | 1 | 99.1% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 30 | 15 | 66.7% | 45 | 0 | 100.0% | 43 | 2 | 95.6% | 45 | 0 | 100.0% | 45 | 0 | 100.0% |
| 127 | 52 | 70.9% | 179 | 0 | 100.0% | 174 | 5 | 97.2% | 179 | 0 | 100.0% | 179 | 0 | 100.0% |
| 1,712 | 385 | 81.6% | 2,097 | 0 | 100.0% | 2,075 | 22 | 99.0% | 2,095 | 2 | 99.9% | 2,097 | 0 | 100.0% |
| 23 | 8 | 74.2% | 31 | 0 | 100.0% | 30 | 1 | 96.8% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 51 | 24 | 68.0% | 75 | 0 | 100.0% | 74 | 1 | 98.7% | 75 | 0 | 100.0% | 75 | 0 | 100.0% |
| 78 | 32 | 70.9% | 110 | 0 | 100.0% | 105 | 5 | 95.5% | 110 | 0 | 100.0% | 110 | 0 | 100.0% |
| 21 | 13 | 61.8% | 34 | 0 | 100.0% | 31 | 3 | 91.2% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 46 | 16 | 74.2% | 62 | 0 | 100.0% | 61 | 1 | 98.4% | 62 | 0 | 100.0% | 62 | 0 | 100.0% |
| 87 | 40 | 68.5% | 127 | 0 | 100.0% | 126 | 1 | 99.2% | 127 | 0 | 100.0% | 127 | 0 | 100.0% |
| 27 | 19 | 58.7% | 46 | 0 | 100.0% | 45 | 1 | 97.8% | 46 | 0 | 100.0% | 46 | 0 | 100.0% |
| 32 | 15 | 68.1% | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% |
| 304 | 87 | 77.7% | 391 | 0 | 100.0% | 385 | 6 | 98.5% | 391 | 0 | 100.0% | 391 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 9 | 3 | 75.0% | 12 | 0 | 100.0% | 11 | 1 | 91.7% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| 4 | 2 | 66.7% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| 125 | 20 | 86.2% | 145 | 0 | 100.0% | 143 | 2 | 98.6% | 145 | 0 | 100.0% | 145 | 0 | 100.0% |
| 91 | 29 | 75.8% | 120 | 0 | 100.0% | 117 | 3 | 97.5% | 120 | 0 | 100.0% | 120 | 0 | 100.0% |
| 41 | 8 | 83.7% | 49 | 0 | 100.0% | 46 | 3 | 93.9% | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| 21 | 3 | 87.5% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% |
| 168 | 36 | 82.4% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% |
| 38 | 4 | 90.5% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 8 | 2 | 80.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| 16 | 2 | 88.9% | 18 | 0 | 100.0% | 17 | 1 | 94.4% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| 45 | 9 | 83.3% | 54 | 0 | 100.0% | 53 | 1 | 98.1% | 54 | 0 | 100.0% | 54 | 0 | 100.0% |
| 37 | 5 | 88.1% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 27 | 4 | 87.1% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 69 | 18 | 79.3% | 87 | 0 | 100.0% | 84 | 3 | 96.6% | 87 | 0 | 100.0% | 87 | 0 | 100.0% |
| 183 | 35 | 83.9% | 218 | 0 | 100.0% | 215 | 3 | 98.6% | 218 | 0 | 100.0% | 218 | 0 | 100.0% |
| 190 | 42 | 81.9% | 232 | 0 | 100.0% | 232 | 0 | 100.0% | 232 | 0 | 100.0% | 232 | 0 | 100.0% |
| 71 | 14 | 83.5% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% |
| 38 | 6 | 86.4% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| 72 | 26 | 73.5% | 98 | 0 | 100.0% | 94 | 4 | 95.9% | 98 | 0 | 100.0% | 98 | 0 | 100.0% |
| 25 | 0 | 100.0% | 25 | 0 | 100.0% | 24 | 1 | 96.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| 49 | 11 | 81.7% | 60 | 0 | 100.0% | 59 | 1 | 98.3% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| 7 | 4 | 63.6% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| 4 | 1 | 80.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| 27 | 8 | 77.1% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% |
| 254 | 108 | 70.2% | 362 | 0 | 100.0% | 357 | 5 | 98.6% | 362 | 0 | 100.0% | 362 | 0 | 100.0% |
| 225 | 65 | 77.6% | 290 | 0 | 100.0% | 284 | 6 | 97.9% | 290 | 0 | 100.0% | 290 | 0 | 100.0% |
| 229 | 80 | 74.1% | 309 | 0 | 100.0% | 302 | 7 | 97.7% | 308 | 1 | 99.7% | 309 | 0 | 100.0% |
| 78 | 1 | 98.7% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| 27 | 9 | 75.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% |
| 7 | 2 | 77.8% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| 29 | 5 | 85.3% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 33 | 1 | 97.1% | 34 | 0 | 100.0% |
| 79 | 39 | 66.9% | 118 | 0 | 100.0% | 117 | 1 | 99.2% | 118 | 0 | 100.0% | 118 | 0 | 100.0% |
| 245 | 105 | 70.0% | 350 | 0 | 100.0% | 344 | 6 | 98.3% | 350 | 0 | 100.0% | 350 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 209 | 37 | 85.0% | 246 | 0 | 100.0% | 245 | 1 | 99.6% | 246 | 0 | 100.0% | 246 | 0 | 100.0% |
| 2,329 | 669 | 77.7% | 2,998 | 0 | 100.0% | 2,951 | 47 | 98.4% | 2,996 | 2 | 99.9% | 2,998 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,243 | 350 | 78.0% | 1,593 | 0 | 100.0% | 1,570 | 23 | 98.6% | 1,592 | 1 | 99.9% | 1,593 | 0 | 100.0% |
| 13 | 17 | 43.3% | 30 | 0 | 100.0% | 29 | 1 | 96.7% | 30 | 0 | 100.0% | 30 | 0 | 100.0% |
| 1,281 | 339 | 79.1% | 1,620 | 0 | 100.0% | 1,596 | 24 | 98.5% | 1,619 | 1 | 99.9% | 1,620 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 2,161 | 559 | 79.4% | 2,720 | 0 | 100.0% | 2,688 | 32 | 98.8% | 2,719 | 1 | 100.0% | 2,720 | 0 | 100.0% |
| 377 | 147 | 71.9% | 524 | 0 | 100.0% | 508 | 16 | 96.9% | 523 | 1 | 99.8% | 524 | 0 | 100.0% |

| | Principle 4.1 | | | Supplementary Principle 4.1.1 | | | Supplementary Principle 4.1.2 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,242 | 2 | 99.9% | 3,236 | 8 | 99.8% | 2,776 | 468 | 85.6% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,735 | 2 | 99.9% | 1,732 | 5 | 99.7% | 1,465 | 272 | 84.3% |
| Company with Supervisory Committee | 1,415 | 0 | 100.0% | 1,412 | 3 | 99.8% | 1,225 | 190 | 86.6% |
| Company with Three Committees | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 86 | 6 | 93.5% |
| Outside directors | | | | | | | | | |
| Appointed | 3,241 | 2 | 99.9% | 3,235 | 8 | 99.8% | 2,775 | 468 | 85.6% |
| Not appointed | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,855 | 2 | 99.9% | 1,851 | 6 | 99.7% | 1,478 | 379 | 79.6% |
| 10% to under 20% | 648 | 0 | 100.0% | 647 | 1 | 99.8% | 604 | 44 | 93.2% |
| 20% to under 30% | 412 | 0 | 100.0% | 411 | 1 | 99.8% | 386 | 26 | 93.7% |
| 30% or more | 327 | 0 | 100.0% | 327 | 0 | 100.0% | 308 | 19 | 94.2% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 25 | 12 | 67.6% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 468 | 0 | 100.0% | 466 | 2 | 99.6% | 418 | 50 | 89.3% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,351 | 1 | 99.9% | 1,347 | 5 | 99.6% | 1,212 | 140 | 89.6% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 655 | 1 | 99.8% | 656 | 0 | 100.0% | 548 | 108 | 83.5% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 491 | 0 | 100.0% | 490 | 1 | 99.8% | 379 | 112 | 77.2% |
| Ownership ratio of the largest shareholder is 50% or more | 240 | 0 | 100.0% | 240 | 0 | 100.0% | 194 | 46 | 80.8% |
| Market segment | | | | | | | | | |
| Prime | 1,642 | 0 | 100.0% | 1,640 | 2 | 99.9% | 1,550 | 92 | 94.4% |
| Standard | 1,600 | 2 | 99.9% | 1,596 | 6 | 99.6% | 1,226 | 376 | 76.5% |
| JPX Nikkei 400 (Prime and Standard only) | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 385 | 15 | 96.3% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 167 | 1 | 99.4% | 166 | 2 | 98.8% | 105 | 63 | 62.5% |
| 100 to under 500 | 894 | 1 | 99.9% | 894 | 1 | 99.9% | 673 | 222 | 75.2% |
| 500 to under 1000 | 596 | 0 | 100.0% | 595 | 1 | 99.8% | 503 | 93 | 84.4% |
| 1,000 or more | 1,585 | 0 | 100.0% | 1,581 | 4 | 99.7% | 1,495 | 90 | 94.3% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 603 | 1 | 99.8% | 600 | 4 | 99.3% | 416 | 188 | 68.9% |
| 10 billion to under 100 billion yen | 1,649 | 1 | 99.9% | 1,647 | 3 | 99.8% | 1,413 | 237 | 85.6% |
| 100 billion to under 1 trillion yen | 807 | 0 | 100.0% | 806 | 1 | 99.9% | 767 | 40 | 95.0% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 180 | 3 | 98.4% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 264 | 0 | 100.0% | 264 | 0 | 100.0% | 215 | 49 | 81.4% |
| With parent company (listed) | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 164 | 22 | 88.2% |
| With parent company (not listed) | 78 | 0 | 100.0% | 78 | 0 | 100.0% | 51 | 27 | 65.4% |
| With controlling shareholder (other than parent company) | 147 | 0 | 100.0% | 146 | 1 | 99.3% | 107 | 40 | 72.8% |
| No controlling shareholder | 2,831 | 2 | 99.9% | 2,826 | 7 | 99.8% | 2,454 | 379 | 86.6% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,933 | 2 | 99.9% | 1,928 | 7 | 99.6% | 1,550 | 385 | 80.1% |
| 10 to under 50 | 1,009 | 0 | 100.0% | 1,008 | 1 | 99.9% | 931 | 78 | 92.3% |
| 50 to under 100 | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 158 | 1 | 99.4% |
| 100 to under 300 | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 106 | 3 | 97.2% |
| 300 or more | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 31 | 1 | 96.9% |
| Fiscal year-end | | | | | | | | | |
| January | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 36 | 9 | 80.0% |
| February | 179 | 0 | 100.0% | 178 | 1 | 99.4% | 149 | 30 | 83.2% |
| March | 2,096 | 1 | 100.0% | 2,092 | 5 | 99.8% | 1,843 | 254 | 87.9% |
| April | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 27 | 4 | 87.1% |
| May | 74 | 1 | 98.7% | 74 | 1 | 98.7% | 66 | 9 | 88.0% |
| June | 110 | 0 | 100.0% | 110 | 0 | 100.0% | 87 | 23 | 79.1% |
| July | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 29 | 5 | 85.3% |
| August | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 41 | 21 | 66.1% |
| Sept. | 127 | 0 | 100.0% | 126 | 1 | 99.2% | 98 | 29 | 77.2% |
| October | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 37 | 9 | 80.4% |
| November | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 39 | 8 | 83.0% |
| Dec. | 391 | 0 | 100.0% | 391 | 0 | 100.0% | 324 | 67 | 82.9% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 10 | 2 | 83.3% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 5 | 1 | 83.3% |
| Construction industry | 145 | 0 | 100.0% | 145 | 0 | 100.0% | 133 | 12 | 91.7% |
| Foods | 120 | 0 | 100.0% | 120 | 0 | 100.0% | 104 | 16 | 86.7% |
| Textile products | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 44 | 5 | 89.8% |
| Pulp and paper | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 22 | 2 | 91.7% |
| Chemicals | 204 | 0 | 100.0% | 203 | 1 | 99.5% | 184 | 20 | 90.2% |
| Pharmaceuticals | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 39 | 3 | 92.9% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| Rubber products | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 15 | 3 | 83.3% |
| Glass, earth and stone products | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 46 | 8 | 85.2% |
| Iron and steel | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 40 | 2 | 95.2% |
| Nonferrous metal | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 26 | 5 | 83.9% |
| Metal products | 87 | 0 | 100.0% | 87 | 0 | 100.0% | 72 | 15 | 82.8% |
| Machinery | 217 | 1 | 99.5% | 218 | 0 | 100.0% | 190 | 28 | 87.2% |
| Electrical appliances | 232 | 0 | 100.0% | 232 | 0 | 100.0% | 212 | 20 | 91.4% |
| Transportation equipment | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 79 | 6 | 92.9% |
| Precision instruments | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 40 | 4 | 90.9% |
| Other products | 98 | 0 | 100.0% | 96 | 2 | 98.0% | 79 | 19 | 80.6% |
| Electricity and gas | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 23 | 2 | 92.0% |
| Land transportation | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 56 | 4 | 93.3% |
| Shipping | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 9 | 2 | 81.8% |
| Air transport | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| Business related to warehousing and transportation | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 30 | 5 | 85.7% |
| Information and communication | 362 | 0 | 100.0% | 362 | 0 | 100.0% | 289 | 73 | 79.8% |
| Wholesale trade | 290 | 0 | 100.0% | 290 | 0 | 100.0% | 247 | 43 | 85.2% |
| Retail Trade | 308 | 1 | 99.7% | 307 | 2 | 99.4% | 253 | 56 | 81.9% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| Securities and commodity futures trading | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 30 | 6 | 83.3% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 28 | 6 | 82.4% |
| Real Estate | 118 | 0 | 100.0% | 118 | 0 | 100.0% | 93 | 25 | 78.8% |
| Service industry | 350 | 0 | 100.0% | 347 | 3 | 99.1% | 275 | 75 | 78.6% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 246 | 0 | 100.0% | 245 | 1 | 99.6% | 229 | 17 | 93.1% |
| N/A | 2,996 | 2 | 99.9% | 2,991 | 7 | 99.8% | 2,547 | 451 | 85.0% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,592 | 1 | 99.9% | 1,590 | 3 | 99.8% | 1,378 | 215 | 86.5% |
| Designated as kansayaku only | 30 | 0 | 100.0% | 30 | 0 | 100.0% | 17 | 13 | 56.7% |
| Designated as directors and kansayaku | 1,619 | 1 | 99.9% | 1,615 | 5 | 99.7% | 1,380 | 240 | 85.2% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,720 | 0 | 100.0% | 2,715 | 5 | 99.8% | 2,387 | 333 | 87.8% |
| 2 years | 522 | 2 | 99.6% | 521 | 3 | 99.4% | 389 | 135 | 74.2% |

| Supplementary Principle 4.1.3 | | | Principle 4.2 | | | Supplementary Principle 4.2.1 | | | Supplementary Principle 4.2.2 | | | Principle 4.3 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 2,290 | 954 | 70.6% | 2,995 | 249 | 92.3% | 2,565 | 679 | 79.1% | 2,852 | 392 | 87.9% | 3,227 | 17 | 99.5% |
| | | | | | | | | | | | | | | |
| 1,182 | 555 | 68.0% | 1,580 | 157 | 91.0% | 1,326 | 411 | 76.3% | 1,508 | 229 | 86.8% | 1,729 | 8 | 99.5% |
| 1,023 | 392 | 72.3% | 1,323 | 92 | 93.5% | 1,149 | 266 | 81.2% | 1,254 | 161 | 88.6% | 1,406 | 9 | 99.4% |
| 85 | 7 | 92.4% | 92 | 0 | 100.0% | 90 | 2 | 97.8% | 90 | 2 | 97.8% | 92 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 2,289 | 954 | 70.6% | 2,995 | 248 | 92.4% | 2,565 | 678 | 79.1% | 2,851 | 392 | 87.9% | 3,226 | 17 | 99.5% |
| 1 | 0 | 100.0% | 0 | 1 | 0.0% | 0 | 1 | 0.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,120 | 737 | 60.3% | 1,631 | 226 | 87.8% | 1,287 | 570 | 69.3% | 1,540 | 317 | 82.9% | 1,841 | 16 | 99.1% |
| 532 | 116 | 82.1% | 635 | 13 | 98.0% | 587 | 61 | 90.6% | 604 | 44 | 93.2% | 648 | 0 | 100.0% |
| 348 | 64 | 84.5% | 408 | 4 | 99.0% | 385 | 27 | 93.4% | 396 | 16 | 96.1% | 412 | 0 | 100.0% |
| 290 | 37 | 88.7% | 321 | 6 | 98.2% | 306 | 21 | 93.6% | 312 | 15 | 95.4% | 326 | 1 | 99.7% |
| | | | | | | | | | | | | | | |
| 23 | 14 | 62.2% | 33 | 4 | 89.2% | 24 | 13 | 64.9% | 30 | 7 | 81.1% | 37 | 0 | 100.0% |
| 340 | 128 | 72.6% | 439 | 29 | 93.8% | 391 | 77 | 83.5% | 417 | 51 | 89.1% | 468 | 0 | 100.0% |
| 1,056 | 296 | 78.1% | 1,279 | 73 | 94.6% | 1,139 | 213 | 84.2% | 1,238 | 114 | 91.6% | 1,346 | 6 | 99.6% |
| 421 | 235 | 64.2% | 587 | 69 | 89.5% | 485 | 171 | 73.9% | 556 | 100 | 84.8% | 649 | 7 | 98.9% |
| 288 | 203 | 58.7% | 439 | 52 | 89.4% | 347 | 144 | 70.7% | 401 | 90 | 81.7% | 487 | 4 | 99.2% |
| 162 | 78 | 67.5% | 218 | 22 | 90.8% | 179 | 61 | 74.6% | 210 | 30 | 87.5% | 240 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,409 | 233 | 85.8% | 1,611 | 31 | 98.1% | 1,525 | 117 | 92.9% | 1,570 | 72 | 95.6% | 1,641 | 1 | 99.9% |
| 881 | 721 | 55.0% | 1,384 | 218 | 86.4% | 1,040 | 562 | 64.9% | 1,282 | 320 | 80.0% | 1,586 | 16 | 99.0% |
| 365 | 35 | 91.3% | 395 | 5 | 98.8% | 380 | 20 | 95.0% | 393 | 7 | 98.3% | 400 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 74 | 94 | 44.0% | 134 | 34 | 79.8% | 92 | 76 | 54.8% | 114 | 54 | 67.9% | 166 | 2 | 98.8% |
| 481 | 414 | 53.7% | 764 | 131 | 85.4% | 592 | 303 | 66.1% | 721 | 174 | 80.6% | 885 | 10 | 98.9% |
| 411 | 185 | 69.0% | 556 | 40 | 93.3% | 459 | 137 | 77.0% | 515 | 81 | 86.4% | 593 | 3 | 99.5% |
| 1,324 | 261 | 83.5% | 1,541 | 44 | 97.2% | 1,422 | 163 | 89.7% | 1,502 | 83 | 94.8% | 1,583 | 2 | 99.9% |
| | | | | | | | | | | | | | | |
| 284 | 320 | 47.0% | 490 | 114 | 81.1% | 356 | 248 | 58.9% | 453 | 151 | 75.0% | 598 | 6 | 99.0% |
| 1,120 | 530 | 67.9% | 1,533 | 117 | 92.9% | 1,280 | 370 | 77.6% | 1,434 | 216 | 86.9% | 1,639 | 11 | 99.3% |
| 708 | 99 | 87.7% | 789 | 18 | 97.8% | 748 | 59 | 92.7% | 784 | 23 | 97.1% | 807 | 0 | 100.0% |
| 178 | 5 | 97.3% | 183 | 0 | 100.0% | 181 | 2 | 98.9% | 181 | 2 | 98.9% | 183 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 178 | 86 | 67.4% | 240 | 24 | 90.9% | 204 | 60 | 77.3% | 234 | 30 | 88.6% | 263 | 1 | 99.6% |
| 133 | 53 | 71.5% | 179 | 7 | 96.2% | 157 | 29 | 84.4% | 170 | 16 | 91.4% | 186 | 0 | 100.0% |
| 45 | 33 | 57.7% | 61 | 17 | 78.2% | 47 | 31 | 60.3% | 64 | 14 | 82.1% | 77 | 1 | 98.7% |
| 68 | 79 | 46.3% | 127 | 20 | 86.4% | 98 | 49 | 66.7% | 120 | 27 | 81.6% | 147 | 0 | 100.0% |
| 2,044 | 789 | 72.1% | 2,628 | 205 | 92.8% | 2,263 | 570 | 79.9% | 2,498 | 335 | 88.2% | 2,817 | 16 | 99.4% |
| | | | | | | | | | | | | | | |
| 1,186 | 749 | 61.3% | 1,725 | 210 | 89.1% | 1,380 | 555 | 71.3% | 1,599 | 336 | 82.6% | 1,920 | 15 | 99.2% |
| 818 | 191 | 81.1% | 972 | 37 | 96.3% | 896 | 113 | 88.8% | 957 | 52 | 94.8% | 1,007 | 2 | 99.8% |
| 151 | 8 | 95.0% | 157 | 2 | 98.7% | 150 | 9 | 94.3% | 157 | 2 | 98.7% | 159 | 0 | 100.0% |
| 103 | 6 | 94.5% | 109 | 0 | 100.0% | 107 | 2 | 98.2% | 108 | 1 | 99.1% | 109 | 0 | 100.0% |
| 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 31 | 1 | 96.9% | 32 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 22 | 23 | 48.9% | 39 | 6 | 86.7% | 30 | 15 | 66.7% | 34 | 11 | 75.6% | 45 | 0 | 100.0% |
| 113 | 66 | 63.1% | 166 | 13 | 92.7% | 138 | 41 | 77.1% | 147 | 32 | 82.1% | 178 | 1 | 99.4% |
| 1,565 | 532 | 74.6% | 1,941 | 156 | 92.6% | 1,707 | 390 | 81.4% | 1,887 | 210 | 90.0% | 2,087 | 10 | 99.5% |
| 22 | 9 | 71.0% | 27 | 4 | 87.1% | 21 | 10 | 67.7% | 24 | 7 | 77.4% | 31 | 0 | 100.0% |
| 46 | 29 | 61.3% | 70 | 5 | 93.3% | 60 | 15 | 80.0% | 65 | 10 | 86.7% | 74 | 1 | 98.7% |
| 66 | 44 | 60.0% | 101 | 9 | 91.8% | 80 | 30 | 72.7% | 95 | 15 | 86.4% | 109 | 1 | 99.1% |
| 18 | 16 | 52.9% | 29 | 5 | 85.3% | 26 | 8 | 76.5% | 25 | 9 | 73.5% | 34 | 0 | 100.0% |
| 39 | 23 | 62.9% | 55 | 7 | 88.7% | 45 | 17 | 72.6% | 51 | 11 | 82.3% | 61 | 1 | 98.4% |
| 70 | 57 | 55.1% | 114 | 13 | 89.8% | 92 | 35 | 72.4% | 103 | 24 | 81.1% | 127 | 0 | 100.0% |
| 31 | 15 | 67.4% | 43 | 3 | 93.5% | 29 | 17 | 63.0% | 36 | 10 | 78.3% | 46 | 0 | 100.0% |
| 28 | 19 | 59.6% | 44 | 3 | 93.6% | 29 | 18 | 61.7% | 40 | 7 | 85.1% | 47 | 0 | 100.0% |
| 270 | 121 | 69.1% | 366 | 25 | 93.6% | 308 | 83 | 78.8% | 345 | 46 | 88.2% | 388 | 3 | 99.2% |
| | | | | | | | | | | | | | | |
| 7 | 5 | 58.3% | 12 | 0 | 100.0% | 9 | 3 | 75.0% | 10 | 2 | 83.3% | 12 | 0 | 100.0% |
| 5 | 1 | 83.3% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 5 | 1 | 83.3% | 6 | 0 | 100.0% |
| 123 | 22 | 84.8% | 138 | 7 | 95.2% | 116 | 29 | 80.0% | 135 | 10 | 93.1% | 145 | 0 | 100.0% |
| 81 | 39 | 67.5% | 110 | 10 | 91.7% | 85 | 35 | 70.8% | 109 | 11 | 90.8% | 118 | 2 | 98.3% |
| 32 | 17 | 65.3% | 47 | 2 | 95.9% | 39 | 10 | 79.6% | 42 | 7 | 85.7% | 49 | 0 | 100.0% |
| 18 | 6 | 75.0% | 22 | 2 | 91.7% | 19 | 5 | 79.2% | 23 | 1 | 95.8% | 24 | 0 | 100.0% |
| 146 | 58 | 71.6% | 190 | 14 | 93.1% | 169 | 35 | 82.8% | 180 | 24 | 88.2% | 203 | 1 | 99.5% |
| 32 | 10 | 76.2% | 42 | 0 | 100.0% | 40 | 2 | 95.2% | 41 | 1 | 97.6% | 42 | 0 | 100.0% |
| 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| 14 | 4 | 77.8% | 15 | 3 | 83.3% | 15 | 3 | 83.3% | 15 | 3 | 83.3% | 18 | 0 | 100.0% |
| 39 | 15 | 72.2% | 47 | 7 | 87.0% | 42 | 12 | 77.8% | 51 | 3 | 94.4% | 54 | 0 | 100.0% |
| 32 | 10 | 76.2% | 38 | 4 | 90.5% | 35 | 7 | 83.3% | 38 | 4 | 90.5% | 42 | 0 | 100.0% |
| 25 | 6 | 80.6% | 28 | 3 | 90.3% | 25 | 6 | 80.6% | 29 | 2 | 93.5% | 31 | 0 | 100.0% |
| 59 | 28 | 67.8% | 77 | 10 | 88.5% | 63 | 24 | 72.4% | 75 | 12 | 86.2% | 85 | 2 | 97.7% |
| 156 | 62 | 71.6% | 198 | 20 | 90.8% | 168 | 50 | 77.1% | 192 | 26 | 88.1% | 218 | 0 | 100.0% |
| 181 | 51 | 78.0% | 221 | 11 | 95.3% | 203 | 29 | 87.5% | 210 | 22 | 90.5% | 230 | 2 | 99.1% |
| 67 | 18 | 78.8% | 79 | 6 | 92.9% | 76 | 9 | 89.4% | 74 | 11 | 87.1% | 85 | 0 | 100.0% |
| 32 | 12 | 72.7% | 41 | 3 | 93.2% | 39 | 5 | 88.6% | 42 | 2 | 95.5% | 44 | 0 | 100.0% |
| 64 | 34 | 65.3% | 88 | 10 | 89.8% | 73 | 25 | 74.5% | 80 | 18 | 81.6% | 97 | 1 | 99.0% |
| 23 | 2 | 92.0% | 24 | 1 | 96.0% | 24 | 1 | 96.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| 45 | 15 | 75.0% | 56 | 4 | 93.3% | 52 | 8 | 86.7% | 53 | 7 | 88.3% | 60 | 0 | 100.0% |
| 10 | 1 | 90.9% | 10 | 1 | 90.9% | 8 | 3 | 72.7% | 10 | 1 | 90.9% | 11 | 0 | 100.0% |
| 4 | 1 | 80.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| 25 | 10 | 71.4% | 30 | 5 | 85.7% | 26 | 9 | 74.3% | 32 | 3 | 91.4% | 35 | 0 | 100.0% |
| 237 | 125 | 65.5% | 338 | 24 | 93.4% | 290 | 72 | 80.1% | 315 | 47 | 87.0% | 361 | 1 | 99.7% |
| 189 | 101 | 65.2% | 260 | 30 | 89.7% | 217 | 73 | 74.8% | 253 | 37 | 87.2% | 288 | 2 | 99.3% |
| 203 | 106 | 65.7% | 281 | 28 | 90.9% | 222 | 87 | 71.8% | 259 | 50 | 83.8% | 308 | 1 | 99.7% |
| 75 | 4 | 94.9% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| 26 | 10 | 72.2% | 33 | 3 | 91.7% | 29 | 7 | 80.6% | 31 | 5 | 86.1% | 36 | 0 | 100.0% |
| 9 | 0 | 100.0% | 8 | 1 | 88.9% | 8 | 1 | 88.9% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| 27 | 7 | 79.4% | 33 | 1 | 97.1% | 30 | 4 | 88.2% | 30 | 4 | 88.2% | 34 | 0 | 100.0% |
| 75 | 43 | 63.6% | 104 | 14 | 88.1% | 88 | 30 | 74.6% | 92 | 26 | 78.0% | 116 | 2 | 98.3% |
| 219 | 131 | 62.6% | 325 | 25 | 92.9% | 255 | 95 | 72.9% | 298 | 52 | 85.1% | 347 | 3 | 99.1% |
| | | | | | | | | | | | | | | |
| 184 | 62 | 74.8% | 232 | 14 | 94.3% | 203 | 43 | 82.5% | 224 | 22 | 91.1% | 244 | 2 | 99.2% |
| 2,106 | 892 | 70.2% | 2,763 | 235 | 92.2% | 2,362 | 636 | 78.8% | 2,628 | 370 | 87.7% | 2,983 | 15 | 99.5% |
| | | | | | | | | | | | | | | |
| 1,164 | 429 | 73.1% | 1,490 | 103 | 93.5% | 1,290 | 303 | 81.0% | 1,410 | 183 | 88.5% | 1,584 | 9 | 99.4% |
| 10 | 20 | 33.3% | 20 | 10 | 66.7% | 13 | 17 | 43.3% | 16 | 14 | 53.3% | 28 | 2 | 93.3% |
| 1,115 | 505 | 68.8% | 1,485 | 135 | 91.7% | 1,262 | 358 | 77.9% | 1,425 | 195 | 88.0% | 1,614 | 6 | 99.6% |
| | | | | | | | | | | | | | | |
| 1,992 | 728 | 73.2% | 2,552 | 168 | 93.8% | 2,222 | 498 | 81.7% | 2,419 | 301 | 88.9% | 2,704 | 16 | 99.4% |
| 298 | 226 | 56.9% | 443 | 81 | 84.5% | 343 | 181 | 65.5% | 433 | 91 | 82.6% | 523 | 1 | 99.8% |

| | Supplementary Principle 4.3.1 | | | Supplementary Principle 4.3.2 | | | Supplementary Principle 4.3.3 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,179 | 65 | 98.0% | 2,936 | 308 | 90.5% | 2,839 | 405 | 87.5% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,696 | 41 | 97.6% | 1,544 | 193 | 88.9% | 1,471 | 266 | 84.7% |
| Company with Supervisory Committee | 1,391 | 24 | 98.3% | 1,300 | 115 | 91.9% | 1,276 | 139 | 90.2% |
| Company with Three Committees | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| Outside directors | | | | | | | | | |
| Appointed | 3,178 | 65 | 98.0% | 2,935 | 308 | 90.5% | 2,838 | 405 | 87.5% |
| Not appointed | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,797 | 60 | 96.8% | 1,604 | 253 | 86.4% | 1,524 | 333 | 82.1% |
| 10% to under 20% | 646 | 2 | 99.7% | 621 | 27 | 95.8% | 619 | 29 | 95.5% |
| 20% to under 30% | 411 | 1 | 99.8% | 393 | 19 | 95.4% | 389 | 23 | 94.4% |
| 30% or more | 325 | 2 | 99.4% | 318 | 9 | 97.2% | 307 | 20 | 93.9% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 36 | 1 | 97.3% | 30 | 7 | 81.1% | 30 | 7 | 81.1% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 463 | 5 | 98.9% | 426 | 42 | 91.0% | 419 | 49 | 89.5% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,333 | 19 | 98.6% | 1,257 | 95 | 93.0% | 1,222 | 130 | 90.4% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 636 | 20 | 97.0% | 573 | 83 | 87.3% | 559 | 97 | 85.2% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 476 | 15 | 96.9% | 432 | 59 | 88.0% | 407 | 84 | 82.9% |
| Ownership ratio of the largest shareholder is 50% or more | 235 | 5 | 97.9% | 218 | 22 | 90.8% | 202 | 38 | 84.2% |
| Market segment | | | | | | | | | |
| Prime | 1,637 | 5 | 99.7% | 1,591 | 51 | 96.9% | 1,566 | 76 | 95.4% |
| Standard | 1,542 | 60 | 96.3% | 1,345 | 257 | 84.0% | 1,273 | 329 | 79.5% |
| JPX Nikkei 400 (Prime and Standard only) | 400 | 0 | 100.0% | 392 | 8 | 98.0% | 389 | 11 | 97.3% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 157 | 11 | 93.5% | 129 | 39 | 76.8% | 117 | 51 | 69.6% |
| 100 to under 500 | 854 | 41 | 95.4% | 753 | 142 | 84.1% | 716 | 179 | 80.0% |
| 500 to under 1000 | 587 | 9 | 98.5% | 540 | 56 | 90.6% | 515 | 81 | 86.4% |
| 1,000 or more | 1,581 | 4 | 99.7% | 1,514 | 71 | 95.5% | 1,491 | 94 | 94.1% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 567 | 37 | 93.9% | 477 | 127 | 79.0% | 446 | 158 | 73.8% |
| 10 billion to under 100 billion yen | 1,624 | 26 | 98.4% | 1,492 | 158 | 90.4% | 1,438 | 212 | 87.2% |
| 100 billion to under 1 trillion yen | 805 | 2 | 99.8% | 784 | 23 | 97.1% | 773 | 34 | 95.8% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 182 | 1 | 99.5% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 260 | 4 | 98.5% | 240 | 24 | 90.9% | 225 | 39 | 85.2% |
| With parent company (listed) | 184 | 2 | 98.9% | 176 | 10 | 94.6% | 165 | 21 | 88.7% |
| With parent company (not listed) | 76 | 2 | 97.4% | 64 | 14 | 82.1% | 60 | 18 | 76.9% |
| With controlling shareholder (other than parent company) | 140 | 7 | 95.2% | 127 | 20 | 86.4% | 120 | 27 | 81.6% |
| No controlling shareholder | 2,779 | 54 | 98.1% | 2,569 | 264 | 90.7% | 2,494 | 339 | 88.0% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,876 | 59 | 97.0% | 1,691 | 244 | 87.4% | 1,613 | 322 | 83.4% |
| 10 to under 50 | 1,004 | 5 | 99.5% | 948 | 61 | 94.0% | 931 | 78 | 92.3% |
| 50 to under 100 | 159 | 0 | 100.0% | 158 | 1 | 99.4% | 156 | 3 | 98.1% |
| 100 to under 300 | 108 | 1 | 99.1% | 107 | 2 | 98.2% | 107 | 2 | 98.2% |
| 300 or more | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| Fiscal year-end | | | | | | | | | |
| January | 44 | 1 | 97.8% | 39 | 6 | 86.7% | 38 | 7 | 84.4% |
| February | 176 | 3 | 98.3% | 156 | 23 | 87.2% | 152 | 27 | 84.9% |
| March | 2,058 | 39 | 98.1% | 1,911 | 186 | 91.1% | 1,866 | 231 | 89.0% |
| April | 31 | 0 | 100.0% | 30 | 1 | 96.8% | 29 | 2 | 93.5% |
| May | 74 | 1 | 98.7% | 70 | 5 | 93.3% | 67 | 8 | 89.3% |
| June | 106 | 4 | 96.4% | 100 | 10 | 90.9% | 94 | 16 | 85.5% |
| July | 34 | 0 | 100.0% | 30 | 4 | 88.2% | 25 | 9 | 73.5% |
| August | 60 | 2 | 96.8% | 55 | 7 | 88.7% | 52 | 10 | 83.9% |
| Sept. | 123 | 4 | 96.9% | 111 | 16 | 87.4% | 101 | 26 | 79.5% |
| October | 45 | 1 | 97.8% | 40 | 6 | 87.0% | 39 | 7 | 84.8% |
| November | 46 | 1 | 97.9% | 39 | 8 | 83.0% | 35 | 12 | 74.5% |
| Dec. | 382 | 9 | 97.7% | 355 | 36 | 90.8% | 341 | 50 | 87.2% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 10 | 2 | 83.3% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| Construction industry | 143 | 2 | 98.6% | 138 | 7 | 95.2% | 135 | 10 | 93.1% |
| Foods | 116 | 4 | 96.7% | 105 | 15 | 87.5% | 98 | 22 | 81.7% |
| Textile products | 48 | 1 | 98.0% | 45 | 4 | 91.8% | 44 | 5 | 89.8% |
| Pulp and paper | 24 | 0 | 100.0% | 22 | 2 | 91.7% | 22 | 2 | 91.7% |
| Chemicals | 203 | 1 | 99.5% | 187 | 17 | 91.7% | 178 | 26 | 87.3% |
| Pharmaceuticals | 42 | 0 | 100.0% | 40 | 2 | 95.2% | 39 | 3 | 92.9% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| Rubber products | 17 | 1 | 94.4% | 17 | 1 | 94.4% | 17 | 1 | 94.4% |
| Glass, earth and stone products | 53 | 1 | 98.1% | 49 | 5 | 90.7% | 47 | 7 | 87.0% |
| Iron and steel | 42 | 0 | 100.0% | 38 | 4 | 90.5% | 36 | 6 | 85.7% |
| Nonferrous metal | 30 | 1 | 96.8% | 30 | 1 | 96.8% | 28 | 3 | 90.3% |
| Metal products | 84 | 3 | 96.6% | 76 | 11 | 87.4% | 74 | 13 | 85.1% |
| Machinery | 215 | 3 | 98.6% | 195 | 23 | 89.4% | 191 | 27 | 87.6% |
| Electrical appliances | 227 | 5 | 97.8% | 213 | 19 | 91.8% | 212 | 20 | 91.4% |
| Transportation equipment | 85 | 0 | 100.0% | 80 | 5 | 94.1% | 78 | 7 | 91.8% |
| Precision instruments | 42 | 2 | 95.5% | 39 | 5 | 88.6% | 38 | 6 | 86.4% |
| Other products | 97 | 1 | 99.0% | 87 | 11 | 88.8% | 84 | 14 | 85.7% |
| Electricity and gas | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| Land transportation | 57 | 3 | 95.0% | 52 | 8 | 86.7% | 52 | 8 | 86.7% |
| Shipping | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| Air transport | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| Business related to warehousing and transportation | 33 | 2 | 94.3% | 31 | 4 | 88.6% | 30 | 5 | 85.7% |
| Information and communication | 355 | 7 | 98.1% | 325 | 37 | 89.8% | 303 | 59 | 83.7% |
| Wholesale trade | 284 | 6 | 97.9% | 262 | 28 | 90.3% | 256 | 34 | 88.3% |
| Retail Trade | 300 | 9 | 97.1% | 263 | 46 | 85.1% | 252 | 57 | 81.6% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| Securities and commodity futures trading | 34 | 2 | 94.4% | 31 | 5 | 86.1% | 31 | 5 | 86.1% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 34 | 0 | 100.0% | 33 | 1 | 97.1% | 33 | 1 | 97.1% |
| Real Estate | 115 | 3 | 97.5% | 104 | 14 | 88.1% | 96 | 22 | 81.4% |
| Service industry | 342 | 8 | 97.7% | 317 | 33 | 90.6% | 310 | 40 | 88.6% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 241 | 5 | 98.0% | 230 | 16 | 93.5% | 224 | 22 | 91.1% |
| N/A | 2,938 | 60 | 98.0% | 2,706 | 292 | 90.3% | 2,615 | 383 | 87.2% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,566 | 27 | 98.3% | 1,462 | 131 | 91.8% | 1,431 | 162 | 89.8% |
| Designated as kansayaku only | 28 | 2 | 93.3% | 18 | 12 | 60.0% | 17 | 13 | 56.7% |
| Designated as directors and kansayaku | 1,584 | 36 | 97.8% | 1,455 | 165 | 89.8% | 1,390 | 230 | 85.8% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,670 | 50 | 98.2% | 2,486 | 234 | 91.4% | 2,414 | 306 | 88.8% |
| 2 years | 509 | 15 | 97.1% | 450 | 74 | 85.9% | 425 | 99 | 81.1% |

| Supplementary Principle 4.3.4 | | | Principle 4.4 | | | Supplementary Principle 4.4.1 | | | Principle 4.5 | | | Principle 4.6 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 3,240 | 4 | 99.9% | 3,244 | 0 | 100.0% | 3,240 | 4 | 99.9% | 3,244 | 0 | 100.0% | 3,238 | 6 | 99.8% |
| | | | | | | | | | | | | | | |
| 1,733 | 4 | 99.8% | 1,737 | 0 | 100.0% | 1,733 | 4 | 99.8% | 1,737 | 0 | 100.0% | 1,731 | 6 | 99.7% |
| 1,415 | 0 | 100.0% | 1,415 | 0 | 100.0% | 1,415 | 0 | 100.0% | 1,415 | 0 | 100.0% | 1,415 | 0 | 100.0% |
| 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 3,239 | 4 | 99.9% | 3,243 | 0 | 100.0% | 3,240 | 3 | 99.9% | 3,243 | 0 | 100.0% | 3,237 | 6 | 99.8% |
| 1 | 0 | 100.0% | 1 | 0 | 100.0% | 0 | 1 | 0.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,854 | 3 | 99.8% | 1,857 | 0 | 100.0% | 1,854 | 3 | 99.8% | 1,857 | 0 | 100.0% | 1,851 | 6 | 99.7% |
| 647 | 1 | 99.8% | 648 | 0 | 100.0% | 648 | 0 | 100.0% | 648 | 0 | 100.0% | 648 | 0 | 100.0% |
| 412 | 0 | 100.0% | 412 | 0 | 100.0% | 412 | 0 | 100.0% | 412 | 0 | 100.0% | 412 | 0 | 100.0% |
| 327 | 0 | 100.0% | 327 | 0 | 100.0% | 326 | 1 | 99.7% | 327 | 0 | 100.0% | 327 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 36 | 1 | 97.3% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 37 | 0 | 100.0% |
| 468 | 0 | 100.0% | 468 | 0 | 100.0% | 467 | 1 | 99.8% | 468 | 0 | 100.0% | 467 | 1 | 99.8% |
| 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% | 1,350 | 2 | 99.9% |
| 654 | 2 | 99.7% | 656 | 0 | 100.0% | 656 | 0 | 100.0% | 656 | 0 | 100.0% | 654 | 2 | 99.7% |
| 491 | 0 | 100.0% | 491 | 0 | 100.0% | 489 | 2 | 99.6% | 491 | 0 | 100.0% | 491 | 0 | 100.0% |
| 239 | 1 | 99.6% | 240 | 0 | 100.0% | 239 | 1 | 99.6% | 240 | 0 | 100.0% | 239 | 1 | 99.6% |
| | | | | | | | | | | | | | | |
| 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% | 1,641 | 1 | 99.9% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% |
| 1,598 | 4 | 99.8% | 1,602 | 0 | 100.0% | 1,599 | 3 | 99.8% | 1,602 | 0 | 100.0% | 1,596 | 6 | 99.6% |
| 400 | 0 | 100.0% | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 400 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 167 | 1 | 99.4% | 168 | 0 | 100.0% | 168 | 0 | 100.0% | 168 | 0 | 100.0% | 167 | 1 | 99.4% |
| 893 | 2 | 99.8% | 895 | 0 | 100.0% | 893 | 2 | 99.8% | 895 | 0 | 100.0% | 891 | 4 | 99.6% |
| 596 | 0 | 100.0% | 596 | 0 | 100.0% | 595 | 1 | 99.8% | 596 | 0 | 100.0% | 595 | 1 | 99.8% |
| 1,584 | 1 | 99.9% | 1,585 | 0 | 100.0% | 1,584 | 1 | 99.9% | 1,585 | 0 | 100.0% | 1,585 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 602 | 2 | 99.7% | 604 | 0 | 100.0% | 603 | 1 | 99.8% | 604 | 0 | 100.0% | 600 | 4 | 99.3% |
| 1,648 | 2 | 99.9% | 1,650 | 0 | 100.0% | 1,647 | 3 | 99.8% | 1,650 | 0 | 100.0% | 1,648 | 2 | 99.9% |
| 807 | 0 | 100.0% | 807 | 0 | 100.0% | 807 | 0 | 100.0% | 807 | 0 | 100.0% | 807 | 0 | 100.0% |
| 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 264 | 0 | 100.0% | 264 | 0 | 100.0% | 263 | 1 | 99.6% | 264 | 0 | 100.0% | 263 | 1 | 99.6% |
| 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% |
| 78 | 0 | 100.0% | 78 | 0 | 100.0% | 77 | 1 | 98.7% | 78 | 0 | 100.0% | 77 | 1 | 98.7% |
| 146 | 1 | 99.3% | 147 | 0 | 100.0% | 146 | 1 | 99.3% | 147 | 0 | 100.0% | 147 | 0 | 100.0% |
| 2,830 | 3 | 99.9% | 2,833 | 0 | 100.0% | 2,831 | 2 | 99.9% | 2,833 | 0 | 100.0% | 2,828 | 5 | 99.8% |
| | | | | | | | | | | | | | | |
| 1,932 | 3 | 99.8% | 1,935 | 0 | 100.0% | 1,932 | 3 | 99.8% | 1,935 | 0 | 100.0% | 1,929 | 6 | 99.7% |
| 1,008 | 1 | 99.9% | 1,009 | 0 | 100.0% | 1,008 | 1 | 99.9% | 1,009 | 0 | 100.0% | 1,009 | 0 | 100.0% |
| 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 159 | 0 | 100.0% |
| 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% |
| 179 | 0 | 100.0% | 179 | 0 | 100.0% | 179 | 0 | 100.0% | 179 | 0 | 100.0% | 177 | 2 | 98.9% |
| 2,094 | 3 | 99.9% | 2,097 | 0 | 100.0% | 2,094 | 3 | 99.9% | 2,097 | 0 | 100.0% | 2,093 | 4 | 99.8% |
| 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% |
| 110 | 0 | 100.0% | 110 | 0 | 100.0% | 110 | 0 | 100.0% | 110 | 0 | 100.0% | 110 | 0 | 100.0% |
| 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% |
| 126 | 1 | 99.2% | 127 | 0 | 100.0% | 127 | 0 | 100.0% | 127 | 0 | 100.0% | 127 | 0 | 100.0% |
| 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% |
| 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 47 | 0 | 100.0% |
| 391 | 0 | 100.0% | 391 | 0 | 100.0% | 390 | 1 | 99.7% | 391 | 0 | 100.0% | 391 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| 145 | 0 | 100.0% | 145 | 0 | 100.0% | 145 | 0 | 100.0% | 145 | 0 | 100.0% | 145 | 0 | 100.0% |
| 120 | 0 | 100.0% | 120 | 0 | 100.0% | 118 | 2 | 98.3% | 120 | 0 | 100.0% | 120 | 0 | 100.0% |
| 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% |
| 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% |
| 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 53 | 1 | 98.1% |
| 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 31 | 0 | 100.0% | 31 | 0 | 100.0% | 30 | 1 | 96.8% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 86 | 1 | 98.9% | 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% |
| 218 | 0 | 100.0% | 218 | 0 | 100.0% | 218 | 0 | 100.0% | 218 | 0 | 100.0% | 218 | 0 | 100.0% |
| 232 | 0 | 100.0% | 232 | 0 | 100.0% | 232 | 0 | 100.0% | 232 | 0 | 100.0% | 231 | 1 | 99.6% |
| 84 | 1 | 98.8% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 84 | 1 | 98.8% |
| 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| 98 | 0 | 100.0% | 98 | 0 | 100.0% | 98 | 0 | 100.0% | 98 | 0 | 100.0% | 97 | 1 | 99.0% |
| 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% |
| 361 | 1 | 99.7% | 362 | 0 | 100.0% | 362 | 0 | 100.0% | 362 | 0 | 100.0% | 362 | 0 | 100.0% |
| 290 | 0 | 100.0% | 290 | 0 | 100.0% | 290 | 0 | 100.0% | 290 | 0 | 100.0% | 289 | 1 | 99.7% |
| 309 | 0 | 100.0% | 309 | 0 | 100.0% | 308 | 1 | 99.7% | 309 | 0 | 100.0% | 309 | 0 | 100.0% |
| 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% |
| 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% |
| 349 | 1 | 99.7% | 350 | 0 | 100.0% | 350 | 0 | 100.0% | 350 | 0 | 100.0% | 349 | 1 | 99.7% |
| | | | | | | | | | | | | | | |
| 246 | 0 | 100.0% | 246 | 0 | 100.0% | 245 | 1 | 99.6% | 246 | 0 | 100.0% | 246 | 0 | 100.0% |
| 2,994 | 4 | 99.9% | 2,998 | 0 | 100.0% | 2,995 | 3 | 99.9% | 2,998 | 0 | 100.0% | 2,992 | 6 | 99.8% |
| | | | | | | | | | | | | | | |
| 1,593 | 0 | 100.0% | 1,593 | 0 | 100.0% | 1,593 | 0 | 100.0% | 1,593 | 0 | 100.0% | 1,593 | 0 | 100.0% |
| 30 | 0 | 100.0% | 30 | 0 | 100.0% | 29 | 1 | 96.7% | 30 | 0 | 100.0% | 28 | 2 | 93.3% |
| 1,616 | 4 | 99.8% | 1,620 | 0 | 100.0% | 1,617 | 3 | 99.8% | 1,620 | 0 | 100.0% | 1,616 | 4 | 99.8% |
| | | | | | | | | | | | | | | |
| 2,718 | 2 | 99.9% | 2,720 | 0 | 100.0% | 2,717 | 3 | 99.9% | 2,720 | 0 | 100.0% | 2,716 | 4 | 99.9% |
| 522 | 2 | 99.6% | 524 | 0 | 100.0% | 523 | 1 | 99.8% | 524 | 0 | 100.0% | 522 | 2 | 99.6% |

| | Principle 4.7 | | | Principle 4.8 | | | Supplementary Principle 4.8.1 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,223 | 21 | 99.4% | 2,961 | 283 | 91.3% | 2,993 | 251 | 92.3% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,716 | 21 | 98.8% | 1,492 | 245 | 85.9% | 1,556 | 181 | 89.6% |
| Company with Supervisory Committee | 1,415 | 0 | 100.0% | 1,379 | 36 | 97.5% | 1,345 | 70 | 95.1% |
| Company with Three Committees | 92 | 0 | 100.0% | 90 | 2 | 97.8% | 92 | 0 | 100.0% |
| Outside directors | | | | | | | | | |
| Appointed | 3,223 | 20 | 99.4% | 2,961 | 282 | 91.3% | 2,993 | 250 | 92.3% |
| Not appointed | 0 | 1 | 0.0% | 0 | 1 | 0.0% | 0 | 1 | 0.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,836 | 21 | 98.9% | 1,616 | 241 | 87.0% | 1,649 | 208 | 88.8% |
| 10% to under 20% | 648 | 0 | 100.0% | 625 | 23 | 96.5% | 627 | 21 | 96.8% |
| 20% to under 30% | 412 | 0 | 100.0% | 399 | 13 | 96.8% | 401 | 11 | 97.3% |
| 30% or more | 327 | 0 | 100.0% | 321 | 6 | 98.2% | 316 | 11 | 96.6% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 35 | 2 | 94.6% | 34 | 3 | 91.9% | 30 | 7 | 81.1% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 467 | 1 | 99.8% | 442 | 26 | 94.4% | 435 | 33 | 92.9% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,350 | 2 | 99.9% | 1,272 | 80 | 94.1% | 1,278 | 74 | 94.5% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 644 | 12 | 98.2% | 564 | 92 | 86.0% | 587 | 69 | 89.5% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 488 | 3 | 99.4% | 433 | 58 | 88.2% | 440 | 51 | 89.6% |
| Ownership ratio of the largest shareholder is 50% or more | 239 | 1 | 99.6% | 216 | 24 | 90.0% | 223 | 17 | 92.9% |
| Market segment | | | | | | | | | |
| Prime | 1,641 | 1 | 99.9% | 1,604 | 38 | 97.7% | 1,605 | 37 | 97.7% |
| Standard | 1,582 | 20 | 98.8% | 1,357 | 245 | 84.7% | 1,388 | 214 | 86.6% |
| JPX Nikkei 400 (Prime and Standard only) | 400 | 0 | 100.0% | 394 | 6 | 98.5% | 393 | 7 | 98.3% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 163 | 5 | 97.0% | 124 | 44 | 73.8% | 136 | 32 | 81.0% |
| 100 to under 500 | 883 | 12 | 98.7% | 749 | 146 | 83.7% | 773 | 122 | 86.4% |
| 500 to under 1000 | 594 | 2 | 99.7% | 553 | 43 | 92.8% | 559 | 37 | 93.8% |
| 1,000 or more | 1,583 | 2 | 99.9% | 1,535 | 50 | 96.8% | 1,525 | 60 | 96.2% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 594 | 10 | 98.3% | 481 | 123 | 79.6% | 505 | 99 | 83.6% |
| 10 billion to under 100 billion yen | 1,639 | 11 | 99.3% | 1,510 | 140 | 91.5% | 1,522 | 128 | 92.2% |
| 100 billion to under 1 trillion yen | 807 | 0 | 100.0% | 789 | 18 | 97.8% | 784 | 23 | 97.1% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 181 | 2 | 98.9% | 182 | 1 | 99.5% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 264 | 0 | 100.0% | 237 | 27 | 89.8% | 242 | 22 | 91.7% |
| With parent company (listed) | 186 | 0 | 100.0% | 174 | 12 | 93.5% | 175 | 11 | 94.1% |
| With parent company (not listed) | 78 | 0 | 100.0% | 63 | 15 | 80.8% | 67 | 11 | 85.9% |
| With controlling shareholder (other than parent company) | 146 | 1 | 99.3% | 122 | 25 | 83.0% | 132 | 15 | 89.8% |
| No controlling shareholder | 2,813 | 20 | 99.3% | 2,602 | 231 | 91.8% | 2,619 | 214 | 92.4% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,917 | 18 | 99.1% | 1,692 | 243 | 87.4% | 1,722 | 213 | 89.0% |
| 10 to under 50 | 1,006 | 3 | 99.7% | 972 | 37 | 96.3% | 972 | 37 | 96.3% |
| 50 to under 100 | 159 | 0 | 100.0% | 157 | 2 | 98.7% | 158 | 1 | 99.4% |
| 100 to under 300 | 109 | 0 | 100.0% | 108 | 1 | 99.1% | 109 | 0 | 100.0% |
| 300 or more | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| Fiscal year-end | | | | | | | | | |
| January | 44 | 1 | 97.8% | 41 | 4 | 91.1% | 41 | 4 | 91.1% |
| February | 178 | 1 | 99.4% | 164 | 15 | 91.6% | 162 | 17 | 90.5% |
| March | 2,081 | 16 | 99.2% | 1,929 | 168 | 92.0% | 1,929 | 168 | 92.0% |
| April | 31 | 0 | 100.0% | 25 | 6 | 80.6% | 29 | 2 | 93.5% |
| May | 75 | 0 | 100.0% | 67 | 8 | 89.3% | 73 | 2 | 97.3% |
| June | 109 | 1 | 99.1% | 96 | 14 | 87.3% | 103 | 7 | 93.6% |
| July | 34 | 0 | 100.0% | 30 | 4 | 88.2% | 28 | 6 | 82.4% |
| August | 61 | 1 | 98.4% | 54 | 8 | 87.1% | 60 | 2 | 96.8% |
| Sept. | 126 | 1 | 99.2% | 116 | 11 | 91.3% | 117 | 10 | 92.1% |
| October | 46 | 0 | 100.0% | 36 | 10 | 78.3% | 40 | 6 | 87.0% |
| November | 47 | 0 | 100.0% | 40 | 7 | 85.1% | 41 | 6 | 87.2% |
| Dec. | 391 | 0 | 100.0% | 363 | 28 | 92.8% | 370 | 21 | 94.6% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 0 | 100.0% | 8 | 4 | 66.7% | 10 | 2 | 83.3% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| Construction industry | 145 | 0 | 100.0% | 133 | 12 | 91.7% | 139 | 6 | 95.9% |
| Foods | 119 | 1 | 99.2% | 112 | 8 | 93.3% | 101 | 19 | 84.2% |
| Textile products | 49 | 0 | 100.0% | 47 | 2 | 95.9% | 49 | 0 | 100.0% |
| Pulp and paper | 24 | 0 | 100.0% | 23 | 1 | 95.8% | 22 | 2 | 91.7% |
| Chemicals | 204 | 0 | 100.0% | 190 | 14 | 93.1% | 191 | 13 | 93.6% |
| Pharmaceuticals | 42 | 0 | 100.0% | 40 | 2 | 95.2% | 38 | 4 | 90.5% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| Rubber products | 18 | 0 | 100.0% | 17 | 1 | 94.4% | 16 | 2 | 88.9% |
| Glass, earth and stone products | 53 | 1 | 98.1% | 46 | 8 | 85.2% | 52 | 2 | 96.3% |
| Iron and steel | 42 | 0 | 100.0% | 38 | 4 | 90.5% | 39 | 3 | 92.9% |
| Nonferrous metal | 30 | 1 | 96.8% | 29 | 2 | 93.5% | 29 | 2 | 93.5% |
| Metal products | 84 | 3 | 96.6% | 75 | 12 | 86.2% | 74 | 13 | 85.1% |
| Machinery | 216 | 2 | 99.1% | 202 | 16 | 92.7% | 204 | 14 | 93.6% |
| Electrical appliances | 231 | 1 | 99.6% | 219 | 13 | 94.4% | 222 | 10 | 95.7% |
| Transportation equipment | 84 | 1 | 98.8% | 80 | 5 | 94.1% | 81 | 4 | 95.3% |
| Precision instruments | 43 | 1 | 97.7% | 41 | 3 | 93.2% | 38 | 6 | 86.4% |
| Other products | 98 | 0 | 100.0% | 81 | 17 | 82.7% | 89 | 9 | 90.8% |
| Electricity and gas | 25 | 0 | 100.0% | 24 | 1 | 96.0% | 25 | 0 | 100.0% |
| Land transportation | 59 | 1 | 98.3% | 58 | 2 | 96.7% | 54 | 6 | 90.0% |
| Shipping | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 9 | 2 | 81.8% |
| Air transport | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| Business related to warehousing and transportation | 35 | 0 | 100.0% | 33 | 2 | 94.3% | 32 | 3 | 91.4% |
| Information and communication | 361 | 1 | 99.7% | 333 | 29 | 92.0% | 329 | 33 | 90.9% |
| Wholesale trade | 289 | 1 | 99.7% | 255 | 35 | 87.9% | 266 | 24 | 91.7% |
| Retail Trade | 308 | 1 | 99.7% | 274 | 35 | 88.7% | 279 | 30 | 90.3% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| Securities and commodity futures trading | 36 | 0 | 100.0% | 35 | 1 | 97.2% | 32 | 4 | 88.9% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 33 | 1 | 97.1% |
| Real Estate | 117 | 1 | 99.2% | 103 | 15 | 87.3% | 109 | 9 | 92.4% |
| Service industry | 345 | 5 | 98.6% | 311 | 39 | 88.9% | 322 | 28 | 92.0% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 246 | 0 | 100.0% | 238 | 8 | 96.7% | 227 | 19 | 92.3% |
| N/A | 2,977 | 21 | 99.3% | 2,723 | 275 | 90.8% | 2,766 | 232 | 92.3% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,593 | 0 | 100.0% | 1,539 | 54 | 96.6% | 1,507 | 86 | 94.6% |
| Designated as kansayaku only | 14 | 16 | 46.7% | 8 | 22 | 26.7% | 14 | 16 | 46.7% |
| Designated as directors and kansayaku | 1,615 | 5 | 99.7% | 1,413 | 207 | 87.2% | 1,471 | 149 | 90.8% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,709 | 11 | 99.6% | 2,556 | 164 | 94.0% | 2,543 | 177 | 93.5% |
| 2 years | 514 | 10 | 98.1% | 405 | 119 | 77.3% | 450 | 74 | 85.9% |

| Supplementary Principle 4.8.2 | | | Supplementary Principle 4.8.3 (*) | | | Principle 4.9 | | | Principle 4.10 | | | Supplementary Principle 4.10.1 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 2,886 | 358 | 89.0% | 326 | 85 | 79.3% | 3,153 | 91 | 97.2% | 3,094 | 150 | 95.4% | 2,287 | 957 | 70.5% |
| | | | | | | | | | | | | | | |
| 1,488 | 249 | 85.7% | 168 | 52 | 76.4% | 1,678 | 59 | 96.6% | 1,644 | 93 | 94.6% | 1,141 | 596 | 65.7% |
| 1,307 | 108 | 92.4% | 148 | 32 | 82.2% | 1,383 | 32 | 97.7% | 1,358 | 57 | 96.0% | 1,054 | 361 | 74.5% |
| 91 | 1 | 98.9% | 10 | 1 | 90.9% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 2,886 | 357 | 89.0% | 326 | 85 | 79.3% | 3,152 | 91 | 97.2% | 3,093 | 150 | 95.4% | 2,287 | 956 | 70.5% |
| 0 | 1 | 0.0% | 0 | 0 | 0.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 0 | 1 | 0.0% |
| | | | | | | | | | | | | | | |
| 1,567 | 290 | 84.4% | 233 | 72 | 76.4% | 1,781 | 76 | 95.9% | 1,729 | 128 | 93.1% | 1,076 | 781 | 57.9% |
| 614 | 34 | 94.8% | 55 | 10 | 84.6% | 639 | 9 | 98.6% | 638 | 10 | 98.5% | 551 | 97 | 85.0% |
| 391 | 21 | 94.9% | 20 | 0 | 100.0% | 406 | 6 | 98.5% | 404 | 8 | 98.1% | 364 | 48 | 88.3% |
| 314 | 13 | 96.0% | 18 | 3 | 85.7% | 327 | 0 | 100.0% | 323 | 4 | 98.8% | 296 | 31 | 90.5% |
| | | | | | | | | | | | | | | |
| 26 | 11 | 70.3% | 0 | 0 | 0.0% | 33 | 4 | 89.2% | 35 | 2 | 94.6% | 24 | 13 | 64.9% |
| 421 | 47 | 90.0% | 1 | 0 | 100.0% | 456 | 12 | 97.4% | 446 | 22 | 95.3% | 333 | 135 | 71.2% |
| 1,248 | 104 | 92.3% | 6 | 2 | 75.0% | 1,332 | 20 | 98.5% | 1,298 | 54 | 96.0% | 1,049 | 303 | 77.6% |
| 568 | 88 | 86.6% | 30 | 14 | 68.2% | 630 | 26 | 96.0% | 624 | 32 | 95.1% | 412 | 244 | 62.8% |
| 415 | 76 | 84.5% | 93 | 27 | 77.5% | 469 | 22 | 95.5% | 461 | 30 | 93.9% | 312 | 179 | 63.5% |
| 208 | 32 | 86.7% | 196 | 42 | 82.4% | 233 | 7 | 97.1% | 230 | 10 | 95.8% | 157 | 83 | 65.4% |
| | | | | | | | | | | | | | | |
| 1,577 | 65 | 96.0% | 116 | 11 | 91.3% | 1,629 | 13 | 99.2% | 1,625 | 17 | 99.0% | 1,478 | 164 | 90.0% |
| 1,309 | 293 | 81.7% | 210 | 74 | 73.9% | 1,524 | 78 | 95.1% | 1,469 | 133 | 91.7% | 809 | 793 | 50.5% |
| 389 | 11 | 97.3% | 36 | 2 | 94.7% | 398 | 2 | 99.5% | 399 | 1 | 99.8% | 375 | 25 | 93.8% |
| | | | | | | | | | | | | | | |
| 124 | 44 | 73.8% | 33 | 15 | 68.8% | 154 | 14 | 91.7% | 141 | 27 | 83.9% | 67 | 101 | 39.9% |
| 723 | 172 | 80.8% | 114 | 42 | 73.1% | 850 | 45 | 95.0% | 826 | 69 | 92.3% | 448 | 447 | 50.1% |
| 537 | 59 | 90.1% | 39 | 13 | 75.0% | 584 | 12 | 98.0% | 572 | 24 | 96.0% | 411 | 185 | 69.0% |
| 1,502 | 83 | 94.8% | 140 | 15 | 90.3% | 1,565 | 20 | 98.7% | 1,555 | 30 | 98.1% | 1,361 | 224 | 85.9% |
| | | | | | | | | | | | | | | |
| 462 | 142 | 76.5% | 83 | 39 | 68.0% | 567 | 37 | 93.9% | 539 | 65 | 89.2% | 252 | 352 | 41.7% |
| 1,472 | 178 | 89.2% | 155 | 39 | 79.9% | 1,601 | 49 | 97.0% | 1,575 | 75 | 95.5% | 1,140 | 510 | 69.1% |
| 770 | 37 | 95.4% | 73 | 6 | 92.4% | 802 | 5 | 99.4% | 797 | 10 | 98.8% | 716 | 91 | 88.7% |
| 182 | 1 | 99.5% | 15 | 1 | 93.8% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 179 | 4 | 97.8% |
| | | | | | | | | | | | | | | |
| 227 | 37 | 86.0% | 219 | 45 | 83.0% | 257 | 7 | 97.3% | 250 | 14 | 94.7% | 171 | 93 | 64.8% |
| 170 | 16 | 91.4% | 176 | 23 | 88.4% | 182 | 4 | 97.8% | 178 | 8 | 95.7% | 135 | 51 | 72.6% |
| 57 | 21 | 73.1% | 43 | 22 | 66.2% | 75 | 3 | 96.2% | 72 | 6 | 92.3% | 36 | 42 | 46.2% |
| 121 | 26 | 82.3% | 107 | 40 | 72.8% | 137 | 10 | 93.2% | 139 | 8 | 94.6% | 81 | 66 | 55.1% |
| 2,538 | 295 | 89.6% | 0 | 0 | 0.0% | 2,759 | 74 | 97.4% | 2,705 | 128 | 95.5% | 2,035 | 798 | 71.8% |
| | | | | | | | | | | | | | | |
| 1,642 | 293 | 84.9% | 233 | 70 | 76.9% | 1,856 | 79 | 95.9% | 1,807 | 128 | 93.4% | 1,167 | 768 | 60.3% |
| 947 | 62 | 93.9% | 81 | 14 | 85.3% | 998 | 11 | 98.9% | 988 | 21 | 97.9% | 835 | 174 | 82.8% |
| 156 | 3 | 98.1% | 6 | 1 | 85.7% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 150 | 9 | 94.3% |
| 109 | 0 | 100.0% | 5 | 0 | 100.0% | 108 | 1 | 99.1% | 108 | 1 | 99.1% | 103 | 6 | 94.5% |
| 32 | 0 | 100.0% | 1 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 39 | 6 | 86.7% | 7 | 1 | 87.5% | 43 | 2 | 95.6% | 43 | 2 | 95.6% | 30 | 15 | 66.7% |
| 157 | 22 | 87.7% | 38 | 5 | 88.4% | 172 | 7 | 96.1% | 174 | 5 | 97.2% | 118 | 61 | 65.9% |
| 1,867 | 230 | 89.0% | 176 | 44 | 80.0% | 2,045 | 52 | 97.5% | 2,008 | 89 | 95.8% | 1,519 | 578 | 72.4% |
| 26 | 5 | 83.9% | 1 | 1 | 50.0% | 30 | 1 | 96.8% | 26 | 5 | 83.9% | 17 | 14 | 54.8% |
| 65 | 10 | 86.7% | 7 | 3 | 70.0% | 72 | 3 | 96.0% | 73 | 2 | 97.3% | 47 | 28 | 62.7% |
| 99 | 11 | 90.0% | 11 | 8 | 57.9% | 106 | 4 | 96.4% | 107 | 3 | 97.3% | 71 | 39 | 64.5% |
| 26 | 8 | 76.5% | 4 | 3 | 57.1% | 33 | 1 | 97.1% | 31 | 3 | 91.2% | 18 | 16 | 52.9% |
| 60 | 2 | 96.8% | 13 | 2 | 86.7% | 60 | 2 | 96.8% | 58 | 4 | 93.5% | 37 | 25 | 59.7% |
| 110 | 17 | 86.6% | 13 | 5 | 72.2% | 119 | 8 | 93.7% | 117 | 10 | 92.1% | 86 | 41 | 67.7% |
| 39 | 7 | 84.8% | 2 | 2 | 50.0% | 43 | 3 | 93.5% | 40 | 6 | 87.0% | 24 | 22 | 52.2% |
| 39 | 8 | 83.0% | 5 | 0 | 100.0% | 46 | 1 | 97.9% | 44 | 3 | 93.6% | 28 | 19 | 59.6% |
| 359 | 32 | 91.8% | 49 | 11 | 81.7% | 384 | 7 | 98.2% | 373 | 18 | 95.4% | 292 | 99 | 74.7% |
| | | | | | | | | | | | | | | |
| 10 | 2 | 83.3% | 1 | 0 | 100.0% | 11 | 1 | 91.7% | 12 | 0 | 100.0% | 8 | 4 | 66.7% |
| 6 | 0 | 100.0% | 1 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 5 | 1 | 83.3% |
| 132 | 13 | 91.0% | 18 | 3 | 85.7% | 140 | 5 | 96.6% | 139 | 6 | 95.9% | 105 | 40 | 72.4% |
| 98 | 22 | 81.7% | 10 | 3 | 76.9% | 118 | 2 | 98.3% | 111 | 9 | 92.5% | 84 | 36 | 70.0% |
| 45 | 4 | 91.8% | 1 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 37 | 12 | 75.5% |
| 18 | 6 | 75.0% | 0 | 1 | 0.0% | 23 | 1 | 95.8% | 24 | 0 | 100.0% | 18 | 6 | 75.0% |
| 191 | 13 | 93.6% | 12 | 3 | 80.0% | 203 | 1 | 99.5% | 195 | 9 | 95.6% | 160 | 44 | 78.4% |
| 38 | 4 | 90.5% | 4 | 0 | 100.0% | 41 | 1 | 97.6% | 41 | 1 | 97.6% | 36 | 6 | 85.7% |
| 10 | 0 | 100.0% | 1 | 0 | 100.0% | 9 | 1 | 90.0% | 10 | 0 | 100.0% | 9 | 1 | 90.0% |
| 16 | 2 | 88.9% | 2 | 0 | 100.0% | 18 | 0 | 100.0% | 17 | 1 | 94.4% | 13 | 5 | 72.2% |
| 53 | 1 | 98.1% | 3 | 1 | 75.0% | 53 | 1 | 98.1% | 51 | 3 | 94.4% | 38 | 16 | 70.4% |
| 38 | 4 | 90.5% | 5 | 1 | 83.3% | 41 | 1 | 97.6% | 40 | 2 | 95.2% | 31 | 11 | 73.8% |
| 26 | 5 | 83.9% | 1 | 2 | 33.3% | 31 | 0 | 100.0% | 29 | 2 | 93.5% | 22 | 9 | 71.0% |
| 73 | 14 | 83.9% | 2 | 2 | 50.0% | 80 | 7 | 92.0% | 78 | 9 | 89.7% | 50 | 37 | 57.5% |
| 192 | 26 | 88.1% | 11 | 1 | 91.7% | 214 | 4 | 98.2% | 206 | 12 | 94.5% | 158 | 60 | 72.5% |
| 215 | 17 | 92.7% | 17 | 3 | 85.0% | 226 | 6 | 97.4% | 226 | 6 | 97.4% | 179 | 53 | 77.2% |
| 80 | 5 | 94.1% | 7 | 2 | 77.8% | 82 | 3 | 96.5% | 83 | 2 | 97.6% | 65 | 20 | 76.5% |
| 39 | 5 | 88.6% | 2 | 1 | 66.7% | 43 | 1 | 97.7% | 41 | 3 | 93.2% | 31 | 13 | 70.5% |
| 84 | 14 | 85.7% | 6 | 2 | 75.0% | 95 | 3 | 96.9% | 92 | 6 | 93.9% | 53 | 45 | 54.1% |
| 25 | 0 | 100.0% | 0 | 1 | 0.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 20 | 5 | 80.0% |
| 55 | 5 | 91.7% | 4 | 1 | 80.0% | 59 | 1 | 98.3% | 58 | 2 | 96.7% | 50 | 10 | 83.3% |
| 9 | 2 | 81.8% | 0 | 0 | 0.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 7 | 4 | 63.6% |
| 5 | 0 | 100.0% | 1 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 4 | 1 | 80.0% |
| 29 | 6 | 82.9% | 2 | 1 | 66.7% | 34 | 1 | 97.1% | 34 | 1 | 97.1% | 24 | 11 | 68.6% |
| 315 | 47 | 87.0% | 53 | 14 | 79.1% | 349 | 13 | 96.4% | 350 | 12 | 96.7% | 250 | 112 | 69.1% |
| 259 | 31 | 89.3% | 20 | 3 | 87.0% | 285 | 5 | 98.3% | 275 | 15 | 94.8% | 199 | 91 | 68.6% |
| 261 | 48 | 84.5% | 52 | 16 | 76.5% | 295 | 14 | 95.5% | 292 | 17 | 94.5% | 205 | 104 | 66.3% |
| 79 | 0 | 100.0% | 3 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| 33 | 3 | 91.7% | 5 | 0 | 100.0% | 36 | 0 | 100.0% | 34 | 2 | 94.4% | 26 | 10 | 72.2% |
| 9 | 0 | 100.0% | 2 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| 32 | 2 | 94.1% | 7 | 0 | 100.0% | 34 | 0 | 100.0% | 32 | 2 | 94.1% | 22 | 12 | 64.7% |
| 98 | 20 | 83.1% | 24 | 10 | 70.6% | 111 | 7 | 94.1% | 109 | 9 | 92.4% | 71 | 47 | 60.2% |
| 313 | 37 | 89.4% | 49 | 14 | 77.8% | 338 | 12 | 96.6% | 331 | 19 | 94.6% | 219 | 131 | 62.6% |
| | | | | | | | | | | | | | | |
| 222 | 24 | 90.2% | 1 | 0 | 100.0% | 242 | 4 | 98.4% | 233 | 13 | 94.7% | 180 | 66 | 73.2% |
| 2,664 | 334 | 88.9% | 325 | 85 | 79.3% | 2,911 | 87 | 97.1% | 2,861 | 137 | 95.4% | 2,107 | 891 | 70.3% |
| | | | | | | | | | | | | | | |
| 1,462 | 131 | 91.8% | 172 | 37 | 82.3% | 1,557 | 36 | 97.7% | 1,532 | 61 | 96.2% | 1,183 | 410 | 74.3% |
| 15 | 15 | 50.0% | 0 | 1 | 0.0% | 18 | 12 | 60.0% | 26 | 4 | 86.7% | 3 | 27 | 10.0% |
| 1,408 | 212 | 86.9% | 154 | 47 | 76.6% | 1,577 | 43 | 97.3% | 1,536 | 84 | 94.8% | 1,101 | 519 | 68.0% |
| | | | | | | | | | | | | | | |
| 2,461 | 259 | 90.5% | 299 | 63 | 82.6% | 2,656 | 64 | 97.6% | 2,603 | 117 | 95.7% | 2,028 | 692 | 74.6% |
| 425 | 99 | 81.1% | 27 | 22 | 55.1% | 497 | 27 | 94.8% | 491 | 33 | 93.7% | 259 | 265 | 49.4% |

(*) 411 listed companies with controlling shareholders are covered.

| | Principle 4.11 | | | Supplementary Principle 4.11.1 | | | Supplementary Principle 4.11.2 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 2,673 | 571 | 82.4% | 2,782 | 462 | 85.8% | 3,242 | 2 | 99.9% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,404 | 333 | 80.8% | 1,475 | 262 | 84.9% | 1,736 | 1 | 99.9% |
| Company with Supervisory Committee | 1,178 | 237 | 83.3% | 1,216 | 199 | 85.9% | 1,414 | 1 | 99.9% |
| Company with Three Committees | 91 | 1 | 98.9% | 91 | 1 | 98.9% | 92 | 0 | 100.0% |
| Outside directors | | | | | | | | | |
| Appointed | 2,673 | 570 | 82.4% | 2,782 | 461 | 85.8% | 3,241 | 2 | 99.9% |
| Not appointed | 0 | 1 | 0.0% | 0 | 1 | 0.0% | 1 | 0 | 100.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,386 | 471 | 74.6% | 1,479 | 378 | 79.6% | 1,856 | 1 | 99.9% |
| 10% to under 20% | 591 | 57 | 91.2% | 605 | 43 | 93.4% | 648 | 0 | 100.0% |
| 20% to under 30% | 387 | 25 | 93.9% | 389 | 23 | 94.4% | 411 | 1 | 99.8% |
| 30% or more | 309 | 18 | 94.5% | 309 | 18 | 94.5% | 327 | 0 | 100.0% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 31 | 6 | 83.8% | 29 | 8 | 78.4% | 37 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 374 | 94 | 79.9% | 400 | 68 | 85.5% | 468 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,154 | 198 | 85.4% | 1,194 | 158 | 88.3% | 1,351 | 1 | 99.9% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 516 | 140 | 78.7% | 559 | 97 | 85.2% | 656 | 0 | 100.0% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 398 | 93 | 81.1% | 403 | 88 | 82.1% | 490 | 1 | 99.8% |
| Ownership ratio of the largest shareholder is 50% or more | 200 | 40 | 83.3% | 197 | 43 | 82.1% | 240 | 0 | 100.0% |
| Market segment | | | | | | | | | |
| Prime | 1,559 | 83 | 94.9% | 1,579 | 63 | 96.2% | 1,641 | 1 | 99.9% |
| Standard | 1,114 | 488 | 69.5% | 1,203 | 399 | 75.1% | 1,601 | 1 | 99.9% |
| JPX Nikkei 400 (Prime and Standard only) | 389 | 11 | 97.3% | 387 | 13 | 96.8% | 400 | 0 | 100.0% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 105 | 63 | 62.5% | 109 | 59 | 64.9% | 167 | 1 | 99.4% |
| 100 to under 500 | 630 | 265 | 70.4% | 662 | 233 | 74.0% | 895 | 0 | 100.0% |
| 500 to under 1000 | 487 | 109 | 81.7% | 510 | 86 | 85.6% | 596 | 0 | 100.0% |
| 1,000 or more | 1,451 | 134 | 91.5% | 1,501 | 84 | 94.7% | 1,584 | 1 | 99.9% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 400 | 204 | 66.2% | 414 | 190 | 68.5% | 603 | 1 | 99.8% |
| 10 billion to under 100 billion yen | 1,328 | 322 | 80.5% | 1,407 | 243 | 85.3% | 1,650 | 0 | 100.0% |
| 100 billion to under 1 trillion yen | 762 | 45 | 94.4% | 780 | 27 | 96.7% | 806 | 1 | 99.9% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 181 | 2 | 98.9% | 183 | 0 | 100.0% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 215 | 49 | 81.4% | 224 | 40 | 84.8% | 264 | 0 | 100.0% |
| With parent company (listed) | 159 | 27 | 85.5% | 163 | 23 | 87.6% | 186 | 0 | 100.0% |
| With parent company (not listed) | 56 | 22 | 71.8% | 61 | 17 | 78.2% | 78 | 0 | 100.0% |
| With controlling shareholder (other than parent company) | 119 | 28 | 81.0% | 108 | 39 | 73.5% | 147 | 0 | 100.0% |
| No controlling shareholder | 2,339 | 494 | 82.6% | 2,450 | 383 | 86.5% | 2,831 | 2 | 99.9% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,459 | 476 | 75.4% | 1,557 | 378 | 80.5% | 1,934 | 1 | 99.9% |
| 10 to under 50 | 917 | 92 | 90.9% | 930 | 79 | 92.2% | 1,009 | 0 | 100.0% |
| 50 to under 100 | 157 | 2 | 98.7% | 156 | 3 | 98.1% | 158 | 1 | 99.4% |
| 100 to under 300 | 108 | 1 | 99.1% | 107 | 2 | 98.2% | 109 | 0 | 100.0% |
| 300 or more | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| Fiscal year-end | | | | | | | | | |
| January | 33 | 12 | 73.3% | 38 | 7 | 84.4% | 45 | 0 | 100.0% |
| February | 145 | 34 | 81.0% | 146 | 33 | 81.6% | 179 | 0 | 100.0% |
| March | 1,756 | 341 | 83.7% | 1,843 | 254 | 87.9% | 2,095 | 2 | 99.9% |
| April | 24 | 7 | 77.4% | 24 | 7 | 77.4% | 31 | 0 | 100.0% |
| May | 61 | 14 | 81.3% | 56 | 19 | 74.7% | 75 | 0 | 100.0% |
| June | 83 | 27 | 75.5% | 83 | 27 | 75.5% | 110 | 0 | 100.0% |
| July | 25 | 9 | 73.5% | 27 | 7 | 79.4% | 34 | 0 | 100.0% |
| August | 50 | 12 | 80.6% | 48 | 14 | 77.4% | 62 | 0 | 100.0% |
| Sept. | 104 | 23 | 81.9% | 101 | 26 | 79.5% | 127 | 0 | 100.0% |
| October | 33 | 13 | 71.7% | 37 | 9 | 80.4% | 46 | 0 | 100.0% |
| November | 34 | 13 | 72.3% | 37 | 10 | 78.7% | 47 | 0 | 100.0% |
| Dec. | 325 | 66 | 83.1% | 342 | 49 | 87.5% | 391 | 0 | 100.0% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 11 | 1 | 91.7% | 8 | 4 | 66.7% | 12 | 0 | 100.0% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| Construction industry | 118 | 27 | 81.4% | 126 | 19 | 86.9% | 145 | 0 | 100.0% |
| Foods | 101 | 19 | 84.2% | 102 | 18 | 85.0% | 120 | 0 | 100.0% |
| Textile products | 39 | 10 | 79.6% | 44 | 5 | 89.8% | 49 | 0 | 100.0% |
| Pulp and paper | 19 | 5 | 79.2% | 20 | 4 | 83.3% | 24 | 0 | 100.0% |
| Chemicals | 177 | 27 | 86.8% | 180 | 24 | 88.2% | 204 | 0 | 100.0% |
| Pharmaceuticals | 39 | 3 | 92.9% | 41 | 1 | 97.6% | 42 | 0 | 100.0% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| Rubber products | 16 | 2 | 88.9% | 17 | 1 | 94.4% | 18 | 0 | 100.0% |
| Glass, earth and stone products | 43 | 11 | 79.6% | 48 | 6 | 88.9% | 54 | 0 | 100.0% |
| Iron and steel | 39 | 3 | 92.9% | 35 | 7 | 83.3% | 42 | 0 | 100.0% |
| Nonferrous metal | 25 | 6 | 80.6% | 27 | 4 | 87.1% | 31 | 0 | 100.0% |
| Metal products | 60 | 27 | 69.0% | 67 | 20 | 77.0% | 87 | 0 | 100.0% |
| Machinery | 166 | 52 | 76.1% | 188 | 30 | 86.2% | 217 | 1 | 99.5% |
| Electrical appliances | 196 | 36 | 84.5% | 206 | 26 | 88.8% | 232 | 0 | 100.0% |
| Transportation equipment | 74 | 11 | 87.1% | 75 | 10 | 88.2% | 85 | 0 | 100.0% |
| Precision instruments | 37 | 7 | 84.1% | 39 | 5 | 88.6% | 44 | 0 | 100.0% |
| Other products | 75 | 23 | 76.5% | 77 | 21 | 78.6% | 97 | 1 | 99.0% |
| Electricity and gas | 24 | 1 | 96.0% | 24 | 1 | 96.0% | 25 | 0 | 100.0% |
| Land transportation | 52 | 8 | 86.7% | 56 | 4 | 93.3% | 60 | 0 | 100.0% |
| Shipping | 8 | 3 | 72.7% | 8 | 3 | 72.7% | 11 | 0 | 100.0% |
| Air transport | 4 | 1 | 80.0% | 4 | 1 | 80.0% | 5 | 0 | 100.0% |
| Business related to warehousing and transportation | 28 | 7 | 80.0% | 30 | 5 | 85.7% | 35 | 0 | 100.0% |
| Information and communication | 297 | 65 | 82.0% | 310 | 52 | 85.6% | 362 | 0 | 100.0% |
| Wholesale trade | 228 | 62 | 78.6% | 240 | 50 | 82.8% | 290 | 0 | 100.0% |
| Retail Trade | 252 | 57 | 81.6% | 262 | 47 | 84.8% | 309 | 0 | 100.0% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| Securities and commodity futures trading | 33 | 3 | 91.7% | 33 | 3 | 91.7% | 36 | 0 | 100.0% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 29 | 5 | 85.3% | 30 | 4 | 88.2% | 34 | 0 | 100.0% |
| Real Estate | 96 | 22 | 81.4% | 87 | 31 | 73.7% | 118 | 0 | 100.0% |
| Service industry | 283 | 67 | 80.9% | 294 | 56 | 84.0% | 350 | 0 | 100.0% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 209 | 37 | 85.0% | 216 | 30 | 87.8% | 246 | 0 | 100.0% |
| N/A | 2,464 | 534 | 82.2% | 2,566 | 432 | 85.6% | 2,996 | 2 | 99.9% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,332 | 261 | 83.6% | 1,378 | 215 | 86.5% | 1,592 | 1 | 99.9% |
| Designated as kansayaku only | 15 | 15 | 50.0% | 16 | 14 | 53.3% | 30 | 0 | 100.0% |
| Designated as directors and kansayaku | 1,326 | 294 | 81.9% | 1,387 | 233 | 85.6% | 1,619 | 1 | 99.9% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,291 | 429 | 84.2% | 2,382 | 338 | 87.6% | 2,718 | 2 | 99.9% |
| 2 years | 382 | 142 | 72.9% | 400 | 124 | 76.3% | 524 | 0 | 100.0% |

| Supplementary Principle 4.11.3 | | | Principle 4.12 | | | Supplementary Principle 4.12.1 | | | Principle 4.13 | | | Supplementary Principle 4.13.1 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 2,603 | 641 | 80.2% | 3,243 | 1 | 100.0% | 3,234 | 10 | 99.7% | 3,242 | 2 | 99.9% | 3,244 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,342 | 395 | 77.3% | 1,737 | 0 | 100.0% | 1,731 | 6 | 99.7% | 1,735 | 2 | 99.9% | 1,737 | 0 | 100.0% |
| 1,171 | 244 | 82.8% | 1,414 | 1 | 99.9% | 1,411 | 4 | 99.7% | 1,415 | 0 | 100.0% | 1,415 | 0 | 100.0% |
| 90 | 2 | 97.8% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 2,602 | 641 | 80.2% | 3,242 | 1 | 100.0% | 3,233 | 10 | 99.7% | 3,241 | 2 | 99.9% | 3,243 | 0 | 100.0% |
| 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,317 | 540 | 70.9% | 1,856 | 1 | 99.9% | 1,848 | 9 | 99.5% | 1,855 | 2 | 99.9% | 1,857 | 0 | 100.0% |
| 595 | 53 | 91.8% | 648 | 0 | 100.0% | 648 | 0 | 100.0% | 648 | 0 | 100.0% | 648 | 0 | 100.0% |
| 385 | 27 | 93.4% | 412 | 0 | 100.0% | 411 | 1 | 99.8% | 412 | 0 | 100.0% | 412 | 0 | 100.0% |
| 306 | 21 | 93.6% | 327 | 0 | 100.0% | 327 | 0 | 100.0% | 327 | 0 | 100.0% | 327 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 27 | 10 | 73.0% | 37 | 0 | 100.0% | 36 | 1 | 97.3% | 37 | 0 | 100.0% | 37 | 0 | 100.0% |
| 398 | 70 | 85.0% | 468 | 0 | 100.0% | 465 | 3 | 99.4% | 467 | 1 | 99.8% | 468 | 0 | 100.0% |
| 1,161 | 191 | 85.9% | 1,352 | 0 | 100.0% | 1,350 | 2 | 99.9% | 1,352 | 0 | 100.0% | 1,352 | 0 | 100.0% |
| 496 | 160 | 75.6% | 655 | 1 | 99.8% | 656 | 0 | 100.0% | 655 | 1 | 99.8% | 656 | 0 | 100.0% |
| 336 | 155 | 68.4% | 491 | 0 | 100.0% | 488 | 3 | 99.4% | 491 | 0 | 100.0% | 491 | 0 | 100.0% |
| 185 | 55 | 77.1% | 240 | 0 | 100.0% | 239 | 1 | 99.6% | 240 | 0 | 100.0% | 240 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,564 | 78 | 95.2% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% | 1,642 | 0 | 100.0% |
| 1,039 | 563 | 64.9% | 1,601 | 1 | 99.9% | 1,592 | 10 | 99.4% | 1,600 | 2 | 99.9% | 1,602 | 0 | 100.0% |
| 386 | 14 | 96.5% | 400 | 0 | 100.0% | 399 | 1 | 99.8% | 400 | 0 | 100.0% | 400 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 73 | 95 | 43.5% | 168 | 0 | 100.0% | 168 | 0 | 100.0% | 168 | 0 | 100.0% | 168 | 0 | 100.0% |
| 571 | 324 | 63.8% | 894 | 1 | 99.9% | 888 | 7 | 99.2% | 894 | 1 | 99.9% | 895 | 0 | 100.0% |
| 484 | 112 | 81.2% | 596 | 0 | 100.0% | 595 | 1 | 99.8% | 596 | 0 | 100.0% | 596 | 0 | 100.0% |
| 1,475 | 110 | 93.1% | 1,585 | 0 | 100.0% | 1,583 | 2 | 99.9% | 1,584 | 1 | 99.9% | 1,585 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 317 | 287 | 52.5% | 603 | 1 | 99.8% | 599 | 5 | 99.2% | 604 | 0 | 100.0% | 604 | 0 | 100.0% |
| 1,328 | 322 | 80.5% | 1,650 | 0 | 100.0% | 1,646 | 4 | 99.8% | 1,648 | 2 | 99.9% | 1,650 | 0 | 100.0% |
| 776 | 31 | 96.2% | 807 | 0 | 100.0% | 806 | 1 | 99.9% | 807 | 0 | 100.0% | 807 | 0 | 100.0% |
| 182 | 1 | 99.5% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 204 | 60 | 77.3% | 264 | 0 | 100.0% | 263 | 1 | 99.6% | 264 | 0 | 100.0% | 264 | 0 | 100.0% |
| 155 | 31 | 83.3% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% |
| 49 | 29 | 62.8% | 78 | 0 | 100.0% | 77 | 1 | 98.7% | 78 | 0 | 100.0% | 78 | 0 | 100.0% |
| 85 | 62 | 57.8% | 147 | 0 | 100.0% | 146 | 1 | 99.3% | 147 | 0 | 100.0% | 147 | 0 | 100.0% |
| 2,314 | 519 | 81.7% | 2,832 | 1 | 100.0% | 2,825 | 8 | 99.7% | 2,831 | 2 | 99.9% | 2,833 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,392 | 543 | 71.9% | 1,934 | 1 | 99.9% | 1,928 | 7 | 99.6% | 1,933 | 2 | 99.9% | 1,935 | 0 | 100.0% |
| 914 | 95 | 90.6% | 1,009 | 0 | 100.0% | 1,007 | 2 | 99.8% | 1,009 | 0 | 100.0% | 1,009 | 0 | 100.0% |
| 157 | 2 | 98.7% | 159 | 0 | 100.0% | 158 | 1 | 99.4% | 159 | 0 | 100.0% | 159 | 0 | 100.0% |
| 108 | 1 | 99.1% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 35 | 10 | 77.8% | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% |
| 137 | 42 | 76.5% | 179 | 0 | 100.0% | 178 | 1 | 99.4% | 179 | 0 | 100.0% | 179 | 0 | 100.0% |
| 1,745 | 352 | 83.2% | 2,097 | 0 | 100.0% | 2,091 | 6 | 99.7% | 2,095 | 2 | 99.9% | 2,097 | 0 | 100.0% |
| 20 | 11 | 64.5% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 56 | 19 | 74.7% | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 75 | 0 | 100.0% |
| 79 | 31 | 71.8% | 110 | 0 | 100.0% | 110 | 0 | 100.0% | 110 | 0 | 100.0% | 110 | 0 | 100.0% |
| 20 | 14 | 58.8% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 44 | 18 | 71.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% |
| 90 | 37 | 70.9% | 127 | 0 | 100.0% | 125 | 2 | 98.4% | 127 | 0 | 100.0% | 127 | 0 | 100.0% |
| 28 | 18 | 60.9% | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% |
| 32 | 15 | 68.1% | 47 | 0 | 100.0% | 46 | 1 | 97.9% | 47 | 0 | 100.0% | 47 | 0 | 100.0% |
| 317 | 74 | 81.1% | 390 | 1 | 99.7% | 391 | 0 | 100.0% | 391 | 0 | 100.0% | 391 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 9 | 3 | 75.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| 119 | 26 | 82.1% | 145 | 0 | 100.0% | 145 | 0 | 100.0% | 144 | 1 | 99.3% | 145 | 0 | 100.0% |
| 100 | 20 | 83.3% | 120 | 0 | 100.0% | 119 | 1 | 99.2% | 120 | 0 | 100.0% | 120 | 0 | 100.0% |
| 41 | 8 | 83.7% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| 20 | 4 | 83.3% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 24 | 0 | 100.0% |
| 179 | 25 | 87.7% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% |
| 39 | 3 | 92.9% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 9 | 1 | 90.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| 17 | 1 | 94.4% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| 40 | 14 | 74.1% | 54 | 0 | 100.0% | 53 | 1 | 98.1% | 54 | 0 | 100.0% | 54 | 0 | 100.0% |
| 37 | 5 | 88.1% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 28 | 3 | 90.3% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 66 | 21 | 75.9% | 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% | 87 | 0 | 100.0% |
| 182 | 36 | 83.5% | 218 | 0 | 100.0% | 218 | 0 | 100.0% | 217 | 1 | 99.5% | 218 | 0 | 100.0% |
| 196 | 36 | 84.5% | 231 | 1 | 99.6% | 231 | 1 | 99.6% | 232 | 0 | 100.0% | 232 | 0 | 100.0% |
| 74 | 11 | 87.1% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% |
| 41 | 3 | 93.2% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| 68 | 30 | 69.4% | 98 | 0 | 100.0% | 98 | 0 | 100.0% | 98 | 0 | 100.0% | 98 | 0 | 100.0% |
| 24 | 1 | 96.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| 50 | 10 | 83.3% | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| 7 | 4 | 63.6% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| 26 | 9 | 74.3% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% |
| 274 | 88 | 75.7% | 362 | 0 | 100.0% | 359 | 3 | 99.2% | 362 | 0 | 100.0% | 362 | 0 | 100.0% |
| 228 | 62 | 78.6% | 290 | 0 | 100.0% | 290 | 0 | 100.0% | 290 | 0 | 100.0% | 290 | 0 | 100.0% |
| 235 | 74 | 76.1% | 309 | 0 | 100.0% | 307 | 2 | 99.4% | 309 | 0 | 100.0% | 309 | 0 | 100.0% |
| 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| 31 | 5 | 86.1% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 36 | 0 | 100.0% |
| 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| 27 | 7 | 79.4% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 80 | 38 | 67.8% | 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% | 118 | 0 | 100.0% |
| 257 | 93 | 73.4% | 350 | 0 | 100.0% | 348 | 2 | 99.4% | 350 | 0 | 100.0% | 350 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 210 | 36 | 85.4% | 246 | 0 | 100.0% | 245 | 1 | 99.6% | 246 | 0 | 100.0% | 246 | 0 | 100.0% |
| 2,393 | 605 | 79.8% | 2,997 | 1 | 100.0% | 2,989 | 9 | 99.7% | 2,996 | 2 | 99.9% | 2,998 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,320 | 273 | 82.9% | 1,592 | 1 | 99.9% | 1,589 | 4 | 99.7% | 1,593 | 0 | 100.0% | 1,593 | 0 | 100.0% |
| 10 | 20 | 33.3% | 30 | 0 | 100.0% | 30 | 0 | 100.0% | 30 | 0 | 100.0% | 30 | 0 | 100.0% |
| 1,272 | 348 | 78.5% | 1,620 | 0 | 100.0% | 1,614 | 6 | 99.6% | 1,618 | 2 | 99.9% | 1,620 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 2,256 | 464 | 82.9% | 2,719 | 1 | 100.0% | 2,711 | 9 | 99.7% | 2,719 | 1 | 100.0% | 2,720 | 0 | 100.0% |
| 347 | 177 | 66.2% | 524 | 0 | 100.0% | 523 | 1 | 99.8% | 523 | 1 | 99.8% | 524 | 0 | 100.0% |

| | Supplementary Principle 4.13.2 | | | Supplementary Principle 4.13.3 | | | Principle 4.14 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,244 | 0 | 100.0% | 3,232 | 12 | 99.6% | 3,203 | 41 | 98.7% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,737 | 0 | 100.0% | 1,727 | 10 | 99.4% | 1,714 | 23 | 98.7% |
| Company with Supervisory Committee | 1,415 | 0 | 100.0% | 1,413 | 2 | 99.9% | 1,397 | 18 | 98.7% |
| Company with Three Committees | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| Outside directors | | | | | | | | | |
| Appointed | 3,243 | 0 | 100.0% | 3,231 | 12 | 99.6% | 3,202 | 41 | 98.7% |
| Not appointed | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,857 | 0 | 100.0% | 1,846 | 11 | 99.4% | 1,821 | 36 | 98.1% |
| 10% to under 20% | 648 | 0 | 100.0% | 647 | 1 | 99.8% | 647 | 1 | 99.8% |
| 20% to under 30% | 412 | 0 | 100.0% | 412 | 0 | 100.0% | 410 | 2 | 99.5% |
| 30% or more | 327 | 0 | 100.0% | 327 | 0 | 100.0% | 325 | 2 | 99.4% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 37 | 0 | 100.0% | 36 | 1 | 97.3% | 36 | 1 | 97.3% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 468 | 0 | 100.0% | 466 | 2 | 99.6% | 466 | 2 | 99.6% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,352 | 0 | 100.0% | 1,348 | 4 | 99.7% | 1,339 | 13 | 99.0% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 656 | 0 | 100.0% | 653 | 3 | 99.5% | 645 | 11 | 98.3% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 491 | 0 | 100.0% | 489 | 2 | 99.6% | 481 | 10 | 98.0% |
| Ownership ratio of the largest shareholder is 50% or more | 240 | 0 | 100.0% | 240 | 0 | 100.0% | 236 | 4 | 98.3% |
| Market segment | | | | | | | | | |
| Prime | 1,642 | 0 | 100.0% | 1,641 | 1 | 99.9% | 1,636 | 6 | 99.6% |
| Standard | 1,602 | 0 | 100.0% | 1,591 | 11 | 99.3% | 1,567 | 35 | 97.8% |
| JPX Nikkei 400 (Prime and Standard only) | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 398 | 2 | 99.5% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 168 | 0 | 100.0% | 167 | 1 | 99.4% | 160 | 8 | 95.2% |
| 100 to under 500 | 895 | 0 | 100.0% | 890 | 5 | 99.4% | 876 | 19 | 97.9% |
| 500 to under 1000 | 596 | 0 | 100.0% | 594 | 2 | 99.7% | 588 | 8 | 98.7% |
| 1,000 or more | 1,585 | 0 | 100.0% | 1,581 | 4 | 99.7% | 1,579 | 6 | 99.6% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 604 | 0 | 100.0% | 599 | 5 | 99.2% | 585 | 19 | 96.9% |
| 10 billion to under 100 billion yen | 1,650 | 0 | 100.0% | 1,644 | 6 | 99.6% | 1,631 | 19 | 98.8% |
| 100 billion to under 1 trillion yen | 807 | 0 | 100.0% | 806 | 1 | 99.9% | 804 | 3 | 99.6% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 264 | 0 | 100.0% | 263 | 1 | 99.6% | 256 | 8 | 97.0% |
| With parent company (listed) | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 183 | 3 | 98.4% |
| With parent company (not listed) | 78 | 0 | 100.0% | 77 | 1 | 98.7% | 73 | 5 | 93.6% |
| With controlling shareholder (other than parent company) | 147 | 0 | 100.0% | 147 | 0 | 100.0% | 143 | 4 | 97.3% |
| No controlling shareholder | 2,833 | 0 | 100.0% | 2,822 | 11 | 99.6% | 2,804 | 29 | 99.0% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,935 | 0 | 100.0% | 1,924 | 11 | 99.4% | 1,898 | 37 | 98.1% |
| 10 to under 50 | 1,009 | 0 | 100.0% | 1,009 | 0 | 100.0% | 1,005 | 4 | 99.6% |
| 50 to under 100 | 159 | 0 | 100.0% | 158 | 1 | 99.4% | 159 | 0 | 100.0% |
| 100 to under 300 | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 300 or more | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| Fiscal year-end | | | | | | | | | |
| January | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% |
| February | 179 | 0 | 100.0% | 178 | 1 | 99.4% | 175 | 4 | 97.8% |
| March | 2,097 | 0 | 100.0% | 2,088 | 9 | 99.6% | 2,071 | 26 | 98.8% |
| April | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| May | 75 | 0 | 100.0% | 75 | 0 | 100.0% | 73 | 2 | 97.3% |
| June | 110 | 0 | 100.0% | 110 | 0 | 100.0% | 109 | 1 | 99.1% |
| July | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| August | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 62 | 0 | 100.0% |
| Sept. | 127 | 0 | 100.0% | 126 | 1 | 99.2% | 125 | 2 | 98.4% |
| October | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 46 | 0 | 100.0% |
| November | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 46 | 1 | 97.9% |
| Dec. | 391 | 0 | 100.0% | 390 | 1 | 99.7% | 386 | 5 | 98.7% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| Construction industry | 145 | 0 | 100.0% | 143 | 2 | 98.6% | 143 | 2 | 98.6% |
| Foods | 120 | 0 | 100.0% | 120 | 0 | 100.0% | 118 | 2 | 98.3% |
| Textile products | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% |
| Pulp and paper | 24 | 0 | 100.0% | 24 | 0 | 100.0% | 23 | 1 | 95.8% |
| Chemicals | 204 | 0 | 100.0% | 204 | 0 | 100.0% | 204 | 0 | 100.0% |
| Pharmaceuticals | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| Rubber products | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| Glass, earth and stone products | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% |
| Iron and steel | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| Nonferrous metal | 31 | 0 | 100.0% | 30 | 1 | 96.8% | 31 | 0 | 100.0% |
| Metal products | 87 | 0 | 100.0% | 85 | 2 | 97.7% | 87 | 0 | 100.0% |
| Machinery | 218 | 0 | 100.0% | 218 | 0 | 100.0% | 218 | 0 | 100.0% |
| Electrical appliances | 232 | 0 | 100.0% | 232 | 0 | 100.0% | 231 | 1 | 99.6% |
| Transportation equipment | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 85 | 0 | 100.0% |
| Precision instruments | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| Other products | 98 | 0 | 100.0% | 98 | 0 | 100.0% | 96 | 2 | 98.0% |
| Electricity and gas | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| Land transportation | 60 | 0 | 100.0% | 59 | 1 | 98.3% | 60 | 0 | 100.0% |
| Shipping | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| Air transport | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| Business related to warehousing and transportation | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 34 | 1 | 97.1% |
| Information and communication | 362 | 0 | 100.0% | 360 | 2 | 99.4% | 357 | 5 | 98.6% |
| Wholesale trade | 290 | 0 | 100.0% | 289 | 1 | 99.7% | 286 | 4 | 98.6% |
| Retail Trade | 309 | 0 | 100.0% | 307 | 2 | 99.4% | 299 | 10 | 96.8% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| Securities and commodity futures trading | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 35 | 1 | 97.2% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| Other Financing Business | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 33 | 1 | 97.1% |
| Real Estate | 118 | 0 | 100.0% | 117 | 1 | 99.2% | 116 | 2 | 98.3% |
| Service industry | 350 | 0 | 100.0% | 350 | 0 | 100.0% | 341 | 9 | 97.4% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 246 | 0 | 100.0% | 245 | 1 | 99.6% | 246 | 0 | 100.0% |
| N/A | 2,998 | 0 | 100.0% | 2,987 | 11 | 99.6% | 2,957 | 41 | 98.6% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,593 | 0 | 100.0% | 1,591 | 2 | 99.9% | 1,572 | 21 | 98.7% |
| Designated as kansayaku only | 30 | 0 | 100.0% | 29 | 1 | 96.7% | 30 | 0 | 100.0% |
| Designated as directors and kansayaku | 1,620 | 0 | 100.0% | 1,611 | 9 | 99.4% | 1,600 | 20 | 98.8% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,720 | 0 | 100.0% | 2,713 | 7 | 99.7% | 2,688 | 32 | 98.8% |
| 2 years | 524 | 0 | 100.0% | 519 | 5 | 99.0% | 515 | 9 | 98.3% |

| Supplementary Principle 4.14.1 | | | Supplementary Principle 4.14.2 | | | General Principle 5 | | | Principle 5.1 | | | Supplementary Principle 5.1.1 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| 3,218 | 26 | 99.2% | 3,129 | 115 | 96.5% | 3,243 | 1 | 100.0% | 3,209 | 35 | 98.9% | 3,224 | 20 | 99.4% |
| | | | | | | | | | | | | | | |
| 1,719 | 18 | 99.0% | 1,667 | 70 | 96.0% | 1,736 | 1 | 99.9% | 1,716 | 21 | 98.8% | 1,726 | 11 | 99.4% |
| 1,407 | 8 | 99.4% | 1,371 | 44 | 96.9% | 1,415 | 0 | 100.0% | 1,401 | 14 | 99.0% | 1,406 | 9 | 99.4% |
| 92 | 0 | 100.0% | 91 | 1 | 98.9% | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 92 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 3,217 | 26 | 99.2% | 3,128 | 115 | 96.5% | 3,242 | 1 | 100.0% | 3,208 | 35 | 98.9% | 3,223 | 20 | 99.4% |
| 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 1,834 | 23 | 98.8% | 1,760 | 97 | 94.8% | 1,856 | 1 | 99.9% | 1,830 | 27 | 98.5% | 1,844 | 13 | 99.3% |
| 648 | 0 | 100.0% | 640 | 8 | 98.8% | 648 | 0 | 100.0% | 644 | 4 | 99.4% | 645 | 3 | 99.5% |
| 410 | 2 | 99.5% | 407 | 5 | 98.8% | 412 | 0 | 100.0% | 409 | 3 | 99.3% | 410 | 2 | 99.5% |
| 326 | 1 | 99.7% | 322 | 5 | 98.5% | 327 | 0 | 100.0% | 326 | 1 | 99.7% | 325 | 2 | 99.4% |
| | | | | | | | | | | | | | | |
| 37 | 0 | 100.0% | 33 | 4 | 89.2% | 37 | 0 | 100.0% | 37 | 0 | 100.0% | 37 | 0 | 100.0% |
| 466 | 2 | 99.6% | 458 | 10 | 97.9% | 468 | 0 | 100.0% | 462 | 6 | 98.7% | 465 | 3 | 99.4% |
| 1,349 | 3 | 99.8% | 1,323 | 29 | 97.9% | 1,352 | 0 | 100.0% | 1,338 | 14 | 99.0% | 1,343 | 9 | 99.3% |
| 648 | 8 | 98.8% | 625 | 31 | 95.3% | 655 | 1 | 99.8% | 650 | 6 | 99.1% | 652 | 4 | 99.4% |
| 483 | 8 | 98.4% | 462 | 29 | 94.1% | 491 | 0 | 100.0% | 484 | 7 | 98.6% | 488 | 3 | 99.4% |
| 235 | 5 | 97.9% | 228 | 12 | 95.0% | 240 | 0 | 100.0% | 238 | 2 | 99.2% | 239 | 1 | 99.6% |
| | | | | | | | | | | | | | | |
| 1,641 | 1 | 99.9% | 1,630 | 12 | 99.3% | 1,642 | 0 | 100.0% | 1,640 | 2 | 99.9% | 1,636 | 6 | 99.6% |
| 1,577 | 25 | 98.4% | 1,499 | 103 | 93.6% | 1,601 | 1 | 99.9% | 1,569 | 33 | 97.9% | 1,588 | 14 | 99.1% |
| 399 | 1 | 99.8% | 396 | 4 | 99.0% | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 399 | 1 | 99.8% |
| | | | | | | | | | | | | | | |
| 164 | 4 | 97.6% | 141 | 27 | 83.9% | 168 | 0 | 100.0% | 165 | 3 | 98.2% | 166 | 2 | 98.8% |
| 881 | 14 | 98.4% | 841 | 54 | 94.0% | 894 | 1 | 99.9% | 871 | 24 | 97.3% | 889 | 6 | 99.3% |
| 592 | 4 | 99.3% | 579 | 17 | 97.1% | 596 | 0 | 100.0% | 591 | 5 | 99.2% | 593 | 3 | 99.5% |
| 1,581 | 4 | 99.7% | 1,568 | 17 | 98.9% | 1,585 | 0 | 100.0% | 1,582 | 3 | 99.8% | 1,576 | 9 | 99.4% |
| | | | | | | | | | | | | | | |
| 591 | 13 | 97.8% | 544 | 60 | 90.1% | 604 | 0 | 100.0% | 585 | 19 | 96.9% | 597 | 7 | 98.8% |
| 1,638 | 12 | 99.3% | 1,605 | 45 | 97.3% | 1,649 | 1 | 99.9% | 1,635 | 15 | 99.1% | 1,642 | 8 | 99.5% |
| 806 | 1 | 99.9% | 798 | 9 | 98.9% | 807 | 0 | 100.0% | 806 | 1 | 99.9% | 802 | 5 | 99.4% |
| 183 | 0 | 100.0% | 182 | 1 | 99.5% | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 183 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 259 | 5 | 98.1% | 247 | 17 | 93.6% | 264 | 0 | 100.0% | 263 | 1 | 99.6% | 263 | 1 | 99.6% |
| 185 | 1 | 99.5% | 180 | 6 | 96.8% | 186 | 0 | 100.0% | 186 | 0 | 100.0% | 186 | 0 | 100.0% |
| 74 | 4 | 94.9% | 67 | 11 | 85.9% | 78 | 0 | 100.0% | 77 | 1 | 98.7% | 77 | 1 | 98.7% |
| 144 | 3 | 98.0% | 135 | 12 | 91.8% | 147 | 0 | 100.0% | 145 | 2 | 98.6% | 146 | 1 | 99.3% |
| 2,815 | 18 | 99.4% | 2,747 | 86 | 97.0% | 2,832 | 1 | 100.0% | 2,801 | 32 | 98.9% | 2,815 | 18 | 99.4% |
| | | | | | | | | | | | | | | |
| 1,912 | 23 | 98.8% | 1,835 | 100 | 94.8% | 1,934 | 1 | 99.9% | 1,904 | 31 | 98.4% | 1,920 | 15 | 99.2% |
| 1,006 | 3 | 99.7% | 995 | 14 | 98.6% | 1,009 | 0 | 100.0% | 1,005 | 4 | 99.6% | 1,005 | 4 | 99.6% |
| 159 | 0 | 100.0% | 158 | 1 | 99.4% | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 158 | 1 | 99.4% |
| 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 109 | 0 | 100.0% |
| 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 32 | 0 | 100.0% |
| | | | | | | | | | | | | | | |
| 45 | 0 | 100.0% | 45 | 0 | 100.0% | 45 | 0 | 100.0% | 43 | 2 | 95.6% | 44 | 1 | 97.8% |
| 176 | 3 | 98.3% | 172 | 7 | 96.1% | 179 | 0 | 100.0% | 178 | 1 | 99.4% | 177 | 2 | 98.9% |
| 2,083 | 14 | 99.3% | 2,035 | 62 | 97.0% | 2,096 | 1 | 100.0% | 2,077 | 20 | 99.0% | 2,085 | 12 | 99.4% |
| 31 | 0 | 100.0% | 30 | 1 | 96.8% | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 31 | 0 | 100.0% |
| 73 | 2 | 97.3% | 70 | 5 | 93.3% | 75 | 0 | 100.0% | 73 | 2 | 97.3% | 75 | 0 | 100.0% |
| 108 | 2 | 98.2% | 107 | 3 | 97.3% | 110 | 0 | 100.0% | 108 | 2 | 98.2% | 109 | 1 | 99.1% |
| 34 | 0 | 100.0% | 31 | 3 | 91.2% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 33 | 1 | 97.1% |
| 62 | 0 | 100.0% | 61 | 1 | 98.4% | 62 | 0 | 100.0% | 62 | 0 | 100.0% | 61 | 1 | 98.4% |
| 125 | 2 | 98.4% | 114 | 13 | 89.8% | 127 | 0 | 100.0% | 126 | 1 | 99.2% | 127 | 0 | 100.0% |
| 46 | 0 | 100.0% | 45 | 1 | 97.8% | 46 | 0 | 100.0% | 45 | 1 | 97.8% | 46 | 0 | 100.0% |
| 47 | 0 | 100.0% | 43 | 4 | 91.5% | 47 | 0 | 100.0% | 46 | 1 | 97.9% | 47 | 0 | 100.0% |
| 388 | 3 | 99.2% | 376 | 15 | 96.2% | 391 | 0 | 100.0% | 386 | 5 | 98.7% | 389 | 2 | 99.5% |
| | | | | | | | | | | | | | | |
| 12 | 0 | 100.0% | 10 | 2 | 83.3% | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 12 | 0 | 100.0% |
| 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 6 | 0 | 100.0% |
| 144 | 1 | 99.3% | 141 | 4 | 97.2% | 145 | 0 | 100.0% | 144 | 1 | 99.3% | 145 | 0 | 100.0% |
| 120 | 0 | 100.0% | 113 | 7 | 94.2% | 120 | 0 | 100.0% | 120 | 0 | 100.0% | 118 | 2 | 98.3% |
| 49 | 0 | 100.0% | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 48 | 1 | 98.0% | 48 | 1 | 98.0% |
| 24 | 0 | 100.0% | 22 | 2 | 91.7% | 24 | 0 | 100.0% | 23 | 1 | 95.8% | 24 | 0 | 100.0% |
| 204 | 0 | 100.0% | 202 | 2 | 99.0% | 204 | 0 | 100.0% | 202 | 2 | 99.0% | 203 | 1 | 99.5% |
| 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 18 | 0 | 100.0% |
| 54 | 0 | 100.0% | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 53 | 1 | 98.1% | 53 | 1 | 98.1% |
| 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 42 | 0 | 100.0% |
| 31 | 0 | 100.0% | 30 | 1 | 96.8% | 31 | 0 | 100.0% | 30 | 1 | 96.8% | 31 | 0 | 100.0% |
| 86 | 1 | 98.9% | 85 | 2 | 97.7% | 86 | 1 | 98.9% | 84 | 3 | 96.6% | 86 | 1 | 98.9% |
| 218 | 0 | 100.0% | 213 | 5 | 97.7% | 218 | 0 | 100.0% | 214 | 4 | 98.2% | 218 | 0 | 100.0% |
| 231 | 1 | 99.6% | 224 | 8 | 96.6% | 232 | 0 | 100.0% | 232 | 0 | 100.0% | 230 | 2 | 99.1% |
| 84 | 1 | 98.8% | 83 | 2 | 97.6% | 85 | 0 | 100.0% | 84 | 1 | 98.8% | 85 | 0 | 100.0% |
| 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 44 | 0 | 100.0% |
| 98 | 0 | 100.0% | 92 | 6 | 93.9% | 98 | 0 | 100.0% | 95 | 3 | 96.9% | 95 | 3 | 96.9% |
| 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 25 | 0 | 100.0% |
| 59 | 1 | 98.3% | 57 | 3 | 95.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 60 | 0 | 100.0% |
| 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% | 11 | 0 | 100.0% |
| 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| 35 | 0 | 100.0% | 35 | 0 | 100.0% | 35 | 0 | 100.0% | 34 | 1 | 97.1% | 35 | 0 | 100.0% |
| 358 | 4 | 98.9% | 347 | 15 | 95.9% | 362 | 0 | 100.0% | 360 | 2 | 99.4% | 361 | 1 | 99.7% |
| 287 | 3 | 99.0% | 279 | 11 | 96.2% | 290 | 0 | 100.0% | 287 | 3 | 99.0% | 289 | 1 | 99.7% |
| 299 | 10 | 96.8% | 294 | 15 | 95.1% | 309 | 0 | 100.0% | 304 | 5 | 98.4% | 305 | 4 | 98.7% |
| 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 79 | 0 | 100.0% |
| 35 | 1 | 97.2% | 33 | 3 | 91.7% | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 35 | 1 | 97.2% |
| 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 9 | 0 | 100.0% |
| 34 | 0 | 100.0% | 33 | 1 | 97.1% | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 34 | 0 | 100.0% |
| 118 | 0 | 100.0% | 107 | 11 | 90.7% | 118 | 0 | 100.0% | 117 | 1 | 99.2% | 118 | 0 | 100.0% |
| 347 | 3 | 99.1% | 335 | 15 | 95.7% | 350 | 0 | 100.0% | 345 | 5 | 98.6% | 348 | 2 | 99.4% |
| | | | | | | | | | | | | | | |
| 246 | 0 | 100.0% | 241 | 5 | 98.0% | 246 | 0 | 100.0% | 244 | 2 | 99.2% | 244 | 2 | 99.2% |
| 2,972 | 26 | 99.1% | 2,888 | 110 | 96.3% | 2,997 | 1 | 100.0% | 2,965 | 33 | 98.9% | 2,980 | 18 | 99.4% |
| | | | | | | | | | | | | | | |
| 1,584 | 9 | 99.4% | 1,544 | 49 | 96.9% | 1,593 | 0 | 100.0% | 1,577 | 16 | 99.0% | 1,584 | 9 | 99.4% |
| 30 | 0 | 100.0% | 28 | 2 | 93.3% | 30 | 0 | 100.0% | 29 | 1 | 96.7% | 30 | 0 | 100.0% |
| 1,603 | 17 | 99.0% | 1,556 | 64 | 96.0% | 1,619 | 1 | 99.9% | 1,602 | 18 | 98.9% | 1,609 | 11 | 99.3% |
| | | | | | | | | | | | | | | |
| 2,700 | 20 | 99.3% | 2,634 | 86 | 96.8% | 2,719 | 1 | 100.0% | 2,696 | 24 | 99.1% | 2,705 | 15 | 99.4% |
| 518 | 6 | 98.9% | 495 | 29 | 94.5% | 524 | 0 | 100.0% | 513 | 11 | 97.9% | 519 | 5 | 99.0% |

| | Supplementary Principle 5.1.2 | | | Supplementary Principle 5.1.3 | | | Principle 5.2 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate | Number of companies that comply | Number of companies that explain | Compliance rate |
| Total of Prime and Standard | 3,208 | 36 | 98.9% | 3,236 | 8 | 99.8% | 2,640 | 604 | 81.4% |
| Organizational form | | | | | | | | | |
| Companies with Board of Company Auditors | 1,712 | 25 | 98.6% | 1,731 | 6 | 99.7% | 1,382 | 355 | 79.6% |
| Company with Supervisory Committee | 1,404 | 11 | 99.2% | 1,413 | 2 | 99.9% | 1,171 | 244 | 82.8% |
| Company with Three Committees | 92 | 0 | 100.0% | 92 | 0 | 100.0% | 87 | 5 | 94.6% |
| Outside directors | | | | | | | | | |
| Appointed | 3,207 | 36 | 98.9% | 3,235 | 8 | 99.8% | 2,639 | 604 | 81.4% |
| Not appointed | 1 | 0 | 100.0% | 1 | 0 | 100.0% | 1 | 0 | 100.0% |
| Foreign shareholding ratio | | | | | | | | | |
| Under 10% | 1,826 | 31 | 98.3% | 1,850 | 7 | 99.6% | 1,360 | 497 | 73.2% |
| 10% to under 20% | 645 | 3 | 99.5% | 647 | 1 | 99.8% | 594 | 54 | 91.7% |
| 20% to under 30% | 410 | 2 | 99.5% | 412 | 0 | 100.0% | 380 | 32 | 92.2% |
| 30% or more | 327 | 0 | 100.0% | 327 | 0 | 100.0% | 306 | 21 | 93.6% |
| Major shareholders | | | | | | | | | |
| Ownership ratio of the largest shareholder is 0% or more and under 5% | 36 | 1 | 97.3% | 37 | 0 | 100.0% | 27 | 10 | 73.0% |
| Ownership ratio of the largest shareholder is 5% or more and under 10% | 461 | 7 | 98.5% | 467 | 1 | 99.8% | 383 | 85 | 81.8% |
| Ownership ratio of the largest shareholder is 10% or more and under 20% | 1,340 | 12 | 99.1% | 1,346 | 6 | 99.6% | 1,158 | 194 | 85.7% |
| Ownership ratio of the largest shareholder is 20% or more and under 33.33% | 652 | 4 | 99.4% | 655 | 1 | 99.8% | 519 | 137 | 79.1% |
| Ownership ratio of the largest shareholder is 33.33% or more and under 50% | 481 | 10 | 98.0% | 491 | 0 | 100.0% | 362 | 129 | 73.7% |
| Ownership ratio of the largest shareholder is 50% or more | 238 | 2 | 99.2% | 240 | 0 | 100.0% | 191 | 49 | 79.6% |
| Market segment | | | | | | | | | |
| Prime | 1,638 | 4 | 99.8% | 1,642 | 0 | 100.0% | 1,549 | 93 | 94.3% |
| Standard | 1,570 | 32 | 98.0% | 1,594 | 8 | 99.5% | 1,091 | 511 | 68.1% |
| JPX Nikkei 400 (Prime and Standard only) | 400 | 0 | 100.0% | 400 | 0 | 100.0% | 384 | 16 | 96.0% |
| (Consolidated) Number of employees | | | | | | | | | |
| Under 100 | 164 | 4 | 97.6% | 168 | 0 | 100.0% | 91 | 77 | 54.2% |
| 100 to under 500 | 875 | 20 | 97.8% | 892 | 3 | 99.7% | 613 | 282 | 68.5% |
| 500 to under 1000 | 589 | 7 | 98.8% | 592 | 4 | 99.3% | 475 | 121 | 79.7% |
| 1,000 or more | 1,580 | 5 | 99.7% | 1,584 | 1 | 99.9% | 1,461 | 124 | 92.2% |
| (Consolidated) Sales | | | | | | | | | |
| Under 10 billion yen | 594 | 10 | 98.3% | 602 | 2 | 99.7% | 376 | 228 | 62.3% |
| 10 billion to under 100 billion yen | 1,625 | 25 | 98.5% | 1,644 | 6 | 99.6% | 1,322 | 328 | 80.1% |
| 100 billion to under 1 trillion yen | 806 | 1 | 99.9% | 807 | 0 | 100.0% | 764 | 43 | 94.7% |
| 1 trillion yen or more | 183 | 0 | 100.0% | 183 | 0 | 100.0% | 178 | 5 | 97.3% |
| Controlling shareholder/parent company | | | | | | | | | |
| With parent company | 261 | 3 | 98.9% | 264 | 0 | 100.0% | 213 | 51 | 80.7% |
| With parent company (listed) | 183 | 3 | 98.4% | 186 | 0 | 100.0% | 161 | 25 | 86.6% |
| With parent company (not listed) | 78 | 0 | 100.0% | 78 | 0 | 100.0% | 52 | 26 | 66.7% |
| With controlling shareholder (other than parent company) | 145 | 2 | 98.6% | 147 | 0 | 100.0% | 98 | 49 | 66.7% |
| No controlling shareholder | 2,802 | 31 | 98.9% | 2,825 | 8 | 99.7% | 2,329 | 504 | 82.2% |
| Number of consolidated subsidiaries | | | | | | | | | |
| Under 10 | 1,906 | 29 | 98.5% | 1,928 | 7 | 99.6% | 1,437 | 498 | 74.3% |
| 10 to under 50 | 1,002 | 7 | 99.3% | 1,008 | 1 | 99.9% | 909 | 100 | 90.1% |
| 50 to under 100 | 159 | 0 | 100.0% | 159 | 0 | 100.0% | 157 | 2 | 98.7% |
| 100 to under 300 | 109 | 0 | 100.0% | 109 | 0 | 100.0% | 106 | 3 | 97.2% |
| 300 or more | 32 | 0 | 100.0% | 32 | 0 | 100.0% | 31 | 1 | 96.9% |
| Fiscal year-end | | | | | | | | | |
| January | 44 | 1 | 97.8% | 45 | 0 | 100.0% | 34 | 11 | 75.6% |
| February | 177 | 2 | 98.9% | 179 | 0 | 100.0% | 142 | 37 | 79.3% |
| March | 2,073 | 24 | 98.9% | 2,090 | 7 | 99.7% | 1,749 | 348 | 83.4% |
| April | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 25 | 6 | 80.6% |
| May | 73 | 2 | 97.3% | 75 | 0 | 100.0% | 59 | 16 | 78.7% |
| June | 110 | 0 | 100.0% | 109 | 1 | 99.1% | 82 | 28 | 74.5% |
| July | 33 | 1 | 97.1% | 34 | 0 | 100.0% | 23 | 11 | 67.6% |
| August | 61 | 1 | 98.4% | 62 | 0 | 100.0% | 50 | 12 | 80.6% |
| Sept. | 126 | 1 | 99.2% | 127 | 0 | 100.0% | 91 | 36 | 71.7% |
| October | 46 | 0 | 100.0% | 46 | 0 | 100.0% | 36 | 10 | 78.3% |
| November | 47 | 0 | 100.0% | 47 | 0 | 100.0% | 34 | 13 | 72.3% |
| Dec. | 387 | 4 | 99.0% | 391 | 0 | 100.0% | 315 | 76 | 80.6% |
| Industry | | | | | | | | | |
| Fisheries, agriculture, and forestry | 12 | 0 | 100.0% | 12 | 0 | 100.0% | 7 | 5 | 58.3% |
| Mining | 6 | 0 | 100.0% | 6 | 0 | 100.0% | 5 | 1 | 83.3% |
| Construction industry | 143 | 2 | 98.6% | 145 | 0 | 100.0% | 130 | 15 | 89.7% |
| Foods | 120 | 0 | 100.0% | 118 | 2 | 98.3% | 93 | 27 | 77.5% |
| Textile products | 49 | 0 | 100.0% | 49 | 0 | 100.0% | 41 | 8 | 83.7% |
| Pulp and paper | 23 | 1 | 95.8% | 24 | 0 | 100.0% | 21 | 3 | 87.5% |
| Chemicals | 202 | 2 | 99.0% | 202 | 2 | 99.0% | 182 | 22 | 89.2% |
| Pharmaceuticals | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 36 | 6 | 85.7% |
| Oil and coal products | 10 | 0 | 100.0% | 10 | 0 | 100.0% | 10 | 0 | 100.0% |
| Rubber products | 18 | 0 | 100.0% | 18 | 0 | 100.0% | 14 | 4 | 77.8% |
| Glass, earth and stone products | 54 | 0 | 100.0% | 54 | 0 | 100.0% | 45 | 9 | 83.3% |
| Iron and steel | 42 | 0 | 100.0% | 42 | 0 | 100.0% | 37 | 5 | 88.1% |
| Nonferrous metal | 31 | 0 | 100.0% | 31 | 0 | 100.0% | 26 | 5 | 83.9% |
| Metal products | 86 | 1 | 98.9% | 86 | 1 | 98.9% | 68 | 19 | 78.2% |
| Machinery | 214 | 4 | 98.2% | 218 | 0 | 100.0% | 171 | 47 | 78.4% |
| Electrical appliances | 231 | 1 | 99.6% | 232 | 0 | 100.0% | 196 | 36 | 84.5% |
| Transportation equipment | 85 | 0 | 100.0% | 85 | 0 | 100.0% | 76 | 9 | 89.4% |
| Precision instruments | 44 | 0 | 100.0% | 44 | 0 | 100.0% | 40 | 4 | 90.9% |
| Other products | 95 | 3 | 96.9% | 97 | 1 | 99.0% | 74 | 24 | 75.5% |
| Electricity and gas | 25 | 0 | 100.0% | 25 | 0 | 100.0% | 23 | 2 | 92.0% |
| Land transportation | 60 | 0 | 100.0% | 60 | 0 | 100.0% | 54 | 6 | 90.0% |
| Shipping | 10 | 1 | 90.9% | 11 | 0 | 100.0% | 7 | 4 | 63.6% |
| Air transport | 5 | 0 | 100.0% | 5 | 0 | 100.0% | 5 | 0 | 100.0% |
| Business related to warehousing and transportation | 32 | 3 | 91.4% | 35 | 0 | 100.0% | 28 | 7 | 80.0% |
| Information and communication | 361 | 1 | 99.7% | 361 | 1 | 99.7% | 278 | 84 | 76.8% |
| Wholesale trade | 283 | 7 | 97.6% | 289 | 1 | 99.7% | 229 | 61 | 79.0% |
| Retail Trade | 303 | 6 | 98.1% | 309 | 0 | 100.0% | 237 | 72 | 76.7% |
| Banking | 79 | 0 | 100.0% | 79 | 0 | 100.0% | 77 | 2 | 97.5% |
| Securities and commodity futures trading | 36 | 0 | 100.0% | 36 | 0 | 100.0% | 27 | 9 | 75.0% |
| Insurance | 9 | 0 | 100.0% | 9 | 0 | 100.0% | 8 | 1 | 88.9% |
| Other Financing Business | 34 | 0 | 100.0% | 34 | 0 | 100.0% | 31 | 3 | 91.2% |
| Real Estate | 116 | 2 | 98.3% | 118 | 0 | 100.0% | 87 | 31 | 73.7% |
| Service industry | 348 | 2 | 99.4% | 350 | 0 | 100.0% | 277 | 73 | 79.1% |
| Response policies for takeovers | | | | | | | | | |
| Yes | 243 | 3 | 98.8% | 245 | 1 | 99.6% | 212 | 34 | 86.2% |
| N/A | 2,965 | 33 | 98.9% | 2,991 | 7 | 99.8% | 2,428 | 570 | 81.0% |
| Independent directors/auditors | | | | | | | | | |
| Designated as directors only | 1,580 | 13 | 99.2% | 1,591 | 2 | 99.9% | 1,316 | 277 | 82.6% |
| Designated as kansayaku only | 30 | 0 | 100.0% | 30 | 0 | 100.0% | 12 | 18 | 40.0% |
| Designated as directors and kansayaku | 1,597 | 23 | 98.6% | 1,614 | 6 | 99.6% | 1,311 | 309 | 80.9% |
| Term of office of directors | | | | | | | | | |
| 1 year | 2,696 | 24 | 99.1% | 2,715 | 5 | 99.8% | 2,273 | 447 | 83.6% |
| 2 years | 512 | 12 | 97.7% | 521 | 3 | 99.4% | 367 | 157 | 70.0% |

| Supplementary Principle 5.2.1 | | |
|---|---|---|
| Number of companies that comply | Number of companies that explain | Compliance rate |
| 2,672 | 572 | 82.4% |
| | | |
| 1,397 | 340 | 80.4% |
| 1,183 | 232 | 83.6% |
| 92 | 0 | 100.0% |
| | | |
| 2,671 | 572 | 82.4% |
| 1 | 0 | 100.0% |
| | | |
| 1,387 | 470 | 74.7% |
| 589 | 59 | 90.9% |
| 388 | 24 | 94.2% |
| 308 | 19 | 94.2% |
| | | |
| 26 | 11 | 70.3% |
| 371 | 97 | 79.3% |
| 1,171 | 181 | 86.6% |
| 529 | 127 | 80.6% |
| 382 | 109 | 77.8% |
| 193 | 47 | 80.4% |
| | | |
| 1,526 | 116 | 92.9% |
| 1,146 | 456 | 71.5% |
| 387 | 13 | 96.8% |
| | | |
| 104 | 64 | 61.9% |
| 639 | 256 | 71.4% |
| 485 | 111 | 81.4% |
| 1,444 | 141 | 91.1% |
| | | |
| 399 | 205 | 66.1% |
| 1,347 | 303 | 81.6% |
| 745 | 62 | 92.3% |
| 181 | 2 | 98.9% |
| | | |
| 220 | 44 | 83.3% |
| 158 | 28 | 84.9% |
| 62 | 16 | 79.5% |
| 104 | 43 | 70.7% |
| 2,348 | 485 | 82.9% |
| | | |
| 1,479 | 456 | 76.4% |
| 900 | 109 | 89.2% |
| 155 | 4 | 97.5% |
| 106 | 3 | 97.2% |
| 32 | 0 | 100.0% |
| | | |
| 35 | 10 | 77.8% |
| 135 | 44 | 75.4% |
| 1,762 | 335 | 84.0% |
| 23 | 8 | 74.2% |
| 60 | 15 | 80.0% |
| 90 | 20 | 81.8% |
| 22 | 12 | 64.7% |
| 46 | 16 | 74.2% |
| 102 | 25 | 80.3% |
| 37 | 9 | 80.4% |
| 35 | 12 | 74.5% |
| 325 | 66 | 83.1% |
| | | |
| 9 | 3 | 75.0% |
| 6 | 0 | 100.0% |
| 129 | 16 | 89.0% |
| 90 | 30 | 75.0% |
| 41 | 8 | 83.7% |
| 21 | 3 | 87.5% |
| 172 | 32 | 84.3% |
| 38 | 4 | 90.5% |
| 10 | 0 | 100.0% |
| 14 | 4 | 77.8% |
| 48 | 6 | 88.9% |
| 38 | 4 | 90.5% |
| 25 | 6 | 80.6% |
| 70 | 17 | 80.5% |
| 176 | 42 | 80.7% |
| 202 | 30 | 87.1% |
| 72 | 13 | 84.7% |
| 40 | 4 | 90.9% |
| 76 | 22 | 77.6% |
| 24 | 1 | 96.0% |
| 49 | 11 | 81.7% |
| 8 | 3 | 72.7% |
| 5 | 0 | 100.0% |
| 28 | 7 | 80.0% |
| 297 | 65 | 82.0% |
| 221 | 69 | 76.2% |
| 244 | 65 | 79.0% |
| 79 | 0 | 100.0% |
| 31 | 5 | 86.1% |
| 8 | 1 | 88.9% |
| 32 | 2 | 94.1% |
| 96 | 22 | 81.4% |
| 273 | 77 | 78.0% |
| | | |
| 204 | 42 | 82.9% |
| 2,468 | 530 | 82.3% |
| | | |
| 1,333 | 260 | 83.7% |
| 16 | 14 | 53.3% |
| 1,322 | 298 | 81.6% |
| | | |
| 2,301 | 419 | 84.6% |
| 371 | 153 | 70.8% |

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