Guidebook for the Timely Disclosure of Corporate Information, Tokyo Stock Exchange, Inc.

Considerations in Using This Guidebook

Recently, as the environments surrounding listed companies (issuers of domestic stock or preferred equity investment securities (hereinafter referred to as “domestic stock,” etc.)) and foreign stock or foreign stock depository receipts, etc. (hereinafter referred to as “foreign stock,” etc.) have been evolving rapidly and are becoming increasingly complicated, the importance of being able to sufficiently provide necessary information is growing more than ever.

Tokyo Stock Exchange, Inc. (TSE or the Exchange) has compiled this Guidebook for the Timely Disclosure of Corporate Information (hereinafter referred to as the “Guidebook”) as a practical manual for listed companies, which provides information on the practical handling of timely disclosure, such as the disclosure requirements for corporate information under the Securities Listing Regulations and the details generally required to be included in disclosure materials, as well as disclosure procedures and an outline of the various listing systems involved.

Listed companies should be responsible for and play an instrumental role in the timely disclosure of corporate information. This is an essential part of building investors’ confidence in financial instruments markets. The companies must disclose corporate information necessary for investors to make investment decisions in a prompt, accurate, and fair manner, giving full consideration to the perspective of investors at all times. Listed companies are required to comply with the practical handling of timely disclosure specified in this Guidebook. They must address the disclosure proactively and positively, such that investors can obtain an adequate understanding of corporate information and make relevant judgment based on it.

Now more than ever, each listed company and stakeholder is recommended and encouraged to understand the importance of disclosing corporate information and cooperate with appropriate disclosure.

Legend

Act: Financial Instruments and Exchange Act

Enforcement Oder: Order for Enforcement of the Financial Instruments and Exchange Act

Cabinet Office Ordinance on Disclosure: Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

Disclosure Guidelines: Considerations Regarding Disclosure of Corporate Affairs, etc. (Planning and Market Bureau, Financial Services Agency)

Cabinet Office Order for Restrictions on Transactions: Cabinet Office Order on Restrictions on Securities Transactions

Financial Statements Regulation: Regulation on Terminology, Forms, and Preparation Methods of Financial Statements

Consolidated Financial Statements Regulation: Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements

Interim Financial Statements Regulation: Regulation on Terminology, Forms, and Preparation Methods of Interim Financial Statements

Consolidated Interim Financial Statements Regulation: Regulation on Terminology, Forms, and Preparation Methods of Consolidated Interim Financial Statements

Quarterly Interim Financial Statements Regulation: Regulation on Terminology, Forms, and Preparation Methods of Quarterly Financial Interim Financial Statements

Consolidated Quarterly Interim Financial Statements Regulation: Regulation on Terminology, Forms, and Preparation Methods of Consolidated Quarterly Financial Interim Financial Statements

IFRS: Designated International Accounting Standards as prescribed in Article 93 of Consolidated Financial Statements Regulation

Regulations: Securities Listing Regulations

Rules: Enforcement Rules for Securities Listing Regulations

Terminology

The following are terms prescribed in the Listing Regulations, etc. which are frequently used in this Guidebook. Laws and regulations relevant to this Guidebook are also described for reference. Although the Exchange has paid sufficient attention to the accuracy of the contents, the reader is encouraged to refer to the latest versions of laws and regulations when making actual judgments, as they may be amended from time to time.

Terms	Definitions
Parent company	A parent company prescribed in Article 8, paragraph (3) of the Financial Statements Regulation. [Rule 2, Item (2) of the Regulations] [Reference: Article 8, Paragraph 3 of the Financial Statements Regulation] The term "parent company" means a Company, etc. that has control over the body that decides the financial and operational or business policies of another company, etc. (the body means the ensemble of shareholders at a shareholders' meeting or any other bodies equivalent thereto; hereinafter referred to as a "decision-making body"), and the term "subsidiary company" means the relevant other company, etc. Where a parent company and a subsidiary company jointly, or a subsidiary company alone has control over the decision-making body of another company, etc., the relevant other company, etc. is also deemed as a subsidiary company of the parent company.
Parent company, etc.	A parent company or other associated company or a parent company of such other associated company [Rule 2, Item (3) of the Regulations]
Associated company	An associated company prescribed in Article 8, paragraph (8) of the Financial Statements Regulation. [Rule 2, Item 19 of the Regulations] [For reference: Article 8, Paragraph 8 of the Financial Instruments Regulation] The parent company, subsidiary company, or affiliated company of the company submitting financial statements and other associated company
Affiliated company	An affiliated company prescribed in Article 8, paragraph (5) of the Financial Statements Regulation [Rule 2, Item 25 of the Regulations] [Reference: Article 8, Paragraph 5 of the Financial Statements Regulation] When a company, etc. or its subsidiary company is able to exert a material impact on the financial and operational or business policy decisions of another Company, etc. that is not a subsidiary company, due to their ties in terms of investment, personnel, funds, technology, transactions, etc., the relevant other Company, etc. that is not a subsidiary company.
Related party	The related party prescribe in Article 15-4 of the Consolidated Financial Statements Regulation (including consolidated subsidiaries) Or the related party prescribed in Article 8 paragraph (17) of the Financial Statements Regulation [For reference: Article 15-4 of the Consolidated Financial Statements Regulation] The term “related party” used in the Regulation are: 1 the Parent Company of a Company Submitting Consolidated Financial Statements; 2 a Non-consolidated Subsidiary Company of a Company Submitting Consolidated Financial Statements; 3 a Company, etc. having the same Parent Company as a Company Submitting Consolidated Financial Statements; 4 Any Other Associated Company (meaning, in cases where the Company Submitting Consolidated Financial Statements is an Affiliated Company of another Company, etc., said other Company, etc.; hereinafter the same shall apply in this item) of a Company Submitting Consolidated Financial Statements, and the Parent Company or a Subsidiary Company of Any Other Associated Company; 5 an Affiliated Company of a Company Submitting Consolidated Financial Statements, and a Subsidiary Company of said Affiliated Company; 6 a Major Shareholder (meaning a major shareholder as defined in Article 163, paragraph (1) of the Act) of a Company Submitting Consolidated Financial Statements and a Close Relative (meaning a relative within the second degree of kinship; the same shall apply in the following item to item (ix)) thereof; 7 an Officer of a Company Submitting Consolidated Financial Statements and a Close Relative thereof; 8 an Officer of the Parent Company of a Company Submitting Consolidated Financial Statements and a Close Relative thereof; 9 an Officer of a significant Subsidiary Company of a Company Submitting Consolidated Financial Statements and a Close Relative thereof; 10 a Company, etc. , whose majority of voting rights are held by any of the persons set forth in the preceding four items, on his/her own account, and a Subsidiary Company of said Company, etc. ; or 11 a corporate pension for the workers of a Company Submitting Financial Statements (limited to cases where such corporate pension carries out significant transactions (excluding contribution of premiums) with the Company Submitting Consolidated Financial Statements or a Consolidated Subsidiary Company).

	[For reference: Article 8, Paragraph 17 of the Financial Statements Regulation)] The term “related party” used in the Regulation are: 1 the parent company of the company submitting financial statements; 2 the subsidiary companies of the company submitting financial statements; 3 companies, etc. with the same parent company as the company submitting financial statements; 4 the parent company and the subsidiary companies of other associated company of the company submitting financial statements; 5 the affiliated companies of the company submitting financial statements, and the subsidiary companies of those affiliated companies; 6 the major shareholders (meaning major shareholders as prescribed in Article 163, Paragraph 1 of the Act) of the company submitting financial statements and the close relatives (meaning relatives within the second degree of kinship; the same applies in the following item and item 8 thereof); 7 the officers of the company submitting financial statements and the close relatives thereof 8 the officers of the parent company of the company submitting financial statements and the close relatives thereof; 9 a company, etc. whose majority of voting rights are held by persons set forth in the preceding three items on their own account, and the subsidiary companies of the company, etc.; or 10 a corporate pension fund for the workers of the company submitting financial statements (limited to when the corporate pension fund engages in material transactions (excluding the contribution of premiums) with the company submitting financial statements)
Subsidiary company	Subsidiary company as prescribed in Article 8, Paragraph 3 of the Financial Statements Regulation. (Rule 2, Item (36) of the Regulations) [Reference: Article 8, Paragraph 3 of Financial Statements Regulation] The term "parent company" means a Company, etc. that has control over the body that decides the financial and operational or business policies of another company, etc. (the body means the ensemble of shareholders at a shareholders' meeting or any other bodies equivalent thereto; hereinafter referred to as a "decision-making body"), and the term "subsidiary company" means the relevant other company, etc. Where a parent company and a subsidiary company jointly, or a subsidiary company alone has control over the decision-making body of another company, etc., the relevant other company, etc. is also deemed as a subsidiary company of the parent company.
Subsidiary, etc.	Subsidiary prescribed in Article 166, Paragraph 5 of the Act, and in cases of a listed foreign company (limited to an entity deemed necessary by the Exchange), its subsidiary, affiliated company, or other entities deemed necessary by the Exchange. (Rule 402, Item (1) q of the Regulations) [Reference: Article 166, Paragraph 5 of the Act] A company stated or recorded as belonging to the corporate group that belongs to another company, in the most recent of the statements under Article 5, Paragraph 1, annual securities reports under Article 24, Paragraph 1, quarterly securities reports under Article 24-4-7, Paragraph 1 or 2, or semiannual securities reports under Article 24-5, Paragraph 1, which that other company has submitted, and which has been made available for public inspection pursuant to Article 25, Paragraph 1; in the latest specified information on securities disclosed pursuant to Article 27-31, Paragraph 2; or in the latest information on the issuer disclosed pursuant to Article 27-32, Paragraph 1 or 2.
Controlling shareholder	A person that falls under either of the following items (i) and (ii) below: (i) A parent company; (ii) A major shareholder (excluding the entities mentioned in (i)) who accounts for the majority of the voting rights in combining the voting rights held by the shareholder on the account of the shareholder with the voting rights held by entities mentioned in either (iii) or (iv) below: hereinafter referred to as the “controlling shareholder” (excluding the parent company); (iii) A close relative of said main shareholder (f meaning a relative within the second degree of kinship); (iv) A company, etc. whose majority voting rights are held by said main shareholder and the person mentioned in (iii) above (meaning a company, designated corporation, partnership, or other similar entities (including foreign entities that are equivalent to these entities) and a subsidiary of said company, etc.; [Rule 2, Item (42-2) of the Regulations; Rule 3-2 of the Rules]
A controlling shareholder, etc.	Any person who falls under (i), (ii), (iii), (iv) above and (v) other associated company;
A controlling shareholder and a person provided by the Rules	A controlling shareholder and a person mentioned in each of the following items: (1) A company, etc. that has the same parent company as the listed company (excluding such listed company and such subsidiaries, etc.); (2) A director(s) of the parent company of the listed company as well as his/her close relatives; (3) A close relative(s) of a controlling shareholder of the listed company (excluding the parent company of such listed company); or (4) A controlling shareholder of the listed company (excluding the parent company of such listed company) as well as companies, etc. in which a person referred to in the previous item holds a majority of voting rights on his/her own account and such company's subsidiaries, etc. (excluding such listed company and such subsidiaries, etc.). [Rule 441-2 of the Regulations; Rule 436-3 of the Rules]
A major shareholder	A major shareholder prescribed in Article 163, Paragraph 1 of the Act (Rule 402, Item (2) b of the Regulations)

	[Reference: Article 163, Paragraph 1 of the Act] A shareholder that holds voting rights (excluding those specified by Cabinet Office Order in consideration of the manner of acquisition or holding thereof or other circumstances) exceeding 10 percent of the voting rights held by all the shareholders, etc. in the shareholder's own name or the name of another person (or under a fictitious name)
Listed company;	An issuer of listed stock, etc.(Rule 2, Item (50) of the Regulations)
Listed stock, etc.	A stock, etc. listed on the Exchange (Rule 2, Item (51) of the Regulations)
Other associated company	Other associated company prescribed in Article 8, Paragraph 17, Item (4) of the Financial Statements Regulation (Rule 2, Item (3) of the Regulations) [Reference: Article 8, Paragraph 17, Item (4) and Paragraph 8 of the Financial Statements Regulation] The other company, etc. where a company submitting financial statements is an associated company mentioned in Article 19, Paragraph 2, Item (1), (l) of the Cabinet Office Ordinance on Disclosure, such as another company, etc.
Third-party allotment	A third-party allotment prescribed in Article 19, Paragraph 2, Item (1), (l) of the Cabinet Office Ordinance on Disclosure (Rule 2, Item (67-2) of the Regulations) [Reference: Article 19, Paragraph 2, Item (i), (l) of the Cabinet Office Ordinance on Disclosure] When the public offering or secondary distribution of the relevant securities (limited to share certificates, share option certificates and corporate bond certificates with share options) is made by the method of allotting shares or share options pertaining to the relevant securities to specific persons (excluding the method of allotting shares pursuant to the provisions of Article 202, paragraph 1 of the Companies Act, the method of allotting share options pursuant to the provisions of Article 241, paragraph 1 of that Act or Article 277 of that Act (in the case of a foreign company, any means equivalent thereto) and the methods listed in the following (1) through (4) below) : (1) if, when certain requirements are satisfied, an underwriter pertaining to the public offering or secondary distribution of the relevant securities is to implement a secondary distribution of the same class of securities as the relevant securities under the same conditions as those of the relevant public offering or secondary distribution, the method of allotting the relevant securities to the relevant underwriter; and (2) the method of allotting share options (limited to those on which a restriction to prohibit the transfer has been imposed) to the issuer of share option certificates pertaining to the relevant share options or to officers, accounting advisors or employees of associated companies thereof; (3) in cases where the reporting company or associated company receives the provision of service from officers, accounting advisors or employees (referred to as "officers, etc.") of these companies, a method of allotting to such officers, etc. the company's own shares, etc. (meaning shares or share options issued by the relevant reporting company (excluding share options provided in 2.); hereinafter the same applies in 3.) to be delivered to them in exchange for the satisfaction of claims acquired by them as consideration for the provision of the service, or a method of allotting to officers, etc. of the associated companies the company's own shares, etc. for which the claims are to be extinguished by delivering them to the officers, etc. of the associated companies; (4) method of allotting shares including items mentioned in each item of Article 202-2, Paragraph 1 of the Companies Act (including cases where they are applied mutatis mutandis to Paragraph 3) or methods of allotting share options (excluding share options prescribed in 2 above) featuring items in each of Article 236, Paragraph 3 of the same Act (including cases where they are applied mutatis mutandis to Paragraph 4)
Independent Director /Auditor	Meaning an outside director (meaning an entity falling under an outside director prescribed in Article 2, Item (15) of the Companies Act who is an outside director/auditor prescribed in Article 2, Paragraph 3, Item (5) of the Enforcement Order of the Companies Act) or outside auditor (meaning an entity falling under an outside auditor prescribed in Article 2, Item (16) of the Companies Act who is an outside director/auditor prescribed in Article 2, Paragraph 3, Item (5) of the Enforcement Order of the Companies Act) who is unlikely to have conflicts of interest with general shareholders) ※ There are some cases in this Guidebook where a person designated by a company as an independent director is referred to as the independent director, rather than all the persons who fall under the independent director.
Anti-takeover measure (takeover defense measure)	Anti-takeover measures mean measures aiming to make the acquisition (meaning the action of acquiring enough shares of a company to exercise influence over that company; the same shall apply hereinafter) of the relevant listed company difficult, which are adopted prior to the commencement of a takeover by a party that is not considered suitable by management; for example, where new shares or subscription warrants are issued without a primary business purpose such as fundraising; [Rule 2, Item (80) of the Regulations]
Largest shareholder	Out of the major shareholders, the shareholder with the largest number of shares (including the shares held in the name of another entity (including a hypothetical entity) but excluding the entities specified by the Cabinet Office Order on Regulations of Securities Transactions, etc.) in consideration of the mode of the possession of shares as prescribed in Article 163, paragraph (1) of the Act and other circumstances (Rule 402, Item (2) of the Regulations)

Sub-subsidiary company	A sub-subsidiary prescribed in Article 29, Item (ii) of the Enforcement Ordinance and a subsidiary, etc. of the subsidiary, etc. of a listed foreign company (limited to an entity deemed necessary by the Exchange) (Rule 403, Item (1) i of the Regulations) [Reference: Article 29, Item (ii) of the Enforcement Ordinance] A company specified by Cabinet Office Order as a company controlled by a Subsidiary Company [Reference: Article 54 of the Cabinet Office Order for Restrictions on Transactions] A company specified by the Cabinet Office Order for Restrictions on Transactions as a company controlled by a Subsidiary Company, prescribed in Article 29, item (ii) of the Order, means a company that is deemed to be a Subsidiary Company of a listed company, etc. under Article 8, Paragraph 3 of the Financial Statements Regulation, whose decision-making organ is controlled by the Subsidiary Company in question pursuant to that Paragraph or Paragraph 4 of the same article.
CB, etc.	Corporate bond with subscription warrants, subscription warrant security and stocks with put options issued by a listed company by a third-party allotment [Rule 410 of the Regulations; Rule 411, Paragraph 1 of the Rules]
MBO	A takeover bid from an officer of the target of the takeover bid (including takeover bids where the takeover bidder is conducting the bid based on the request of an officer of the target of the takeover bid and has a common interest with the officer of such target) 【See Rule 441 of the Regulations】
MBO, etc.	A takeover bid conducted by MBO and controlling shareholders and other persons specified in the Rules
MSCB, etc.	CB, etc. with issuance conditions that allow, upon exercise of subscription warrants or put options (hereinafter referred to as "subscription warrants, etc.") that are delivered or represented by such securities, the amount to be paid per share to be adjusted based on the price of the listed stock, etc. to be delivered as a result of exercise of such subscription warrants, etc. at a frequency more than once per six (6) months. [Rule 410 of the Regulations; Rule 411-2, Paragraph 2 of the Rules]

[Notes regarding references to Article numbers, etc.]

The Article numbers, etc. from laws and various regulations referenced in this Guidebook mainly correspond to those for companies listed on the Standard Market. Therefore, please note that Article numbers, etc. from laws, regulations, and various rules, etc. that apply to companies listed on the Prime or Growth Markets, or to listed foreign companies, may differ from those used in this Guidebook.

Guidebook for the Timely Disclosure of Corporate Information, Tokyo Stock Exchange. Inc.

Contents

Part 1 Overview

Chapter 1 Outline, etc. of Timely Disclosure System P9
Chapter 2 Practical Guidelines for Timely Disclosure P31

Part 2 Practical Handling of Timely Disclosure of Corporate Information

Chapter 1 Decisions by Listed Companies
Chapter 2 Facts which Occurred for Listed Companies
Chapter 3 Earnings Reports, etc.
Chapter 4 Revisions to Results Forecasts and Dividend Forecasts, etc.
Chapter 5 Other Information
Chapter 6 Information on Subsidiary, etc.
Chapter 7 Special Provisions for Disclosure Standards in Cases where Amount of Profit is Small
* Part 2 is omitted in the English version of the Guidebook

Part 3 Code of Corporate Conduct and Self-Regulation Outline

Chapter 1 Code of Corporate Conduct Outline P51
Chapter 2 Outlines of Self-Regulation for Listed Companies P131

Part 4 Special Provisions

Chapter 1 Practical Handling of Timely Disclosure, etc. for Issuer of Listed Preferred Equity Investment Securities
Chapter 2 Practical Handling of Timely Disclosure for Listed Foreign Companies
Chapter 3 Practical Handling of Timely Disclosure for Issuer of Listed Classified Shares, etc.
* Part 4 is omitted in the English version of this Guidebook

Part 5 Documents to be Submitted to TSE

[1] Outline of Documents to be Submitted
[2] List of Documents to be Submitted Relating to Domestic Shares
[3] Documents to be Submitted Relating to Timely Disclosure
[4] Corporate Governance Reports P155
* Sections of [1],[2] and [3] of Part 5 is omitted in the English Version of this Guidebook

Part 1

Overview

Part 1　Chapter 1
Outline, etc. of Timely Disclosure System

1. Meaning of Timely Disclosure

The function of a financial instruments market is to contribute to the development of the national economy through the proper and efficient linking of asset management via securities by the public and stable, long-term fund-raising via the issuance of securities by companies. To ensure that investors hold confidence in fairness and soundness of the market is inevitable for the function to be implemented sufficiently, preconditions for which appropriate information useful for investment decisions on securities should be provided.

Statutory disclosure system based on the Act (Securities Registration Statement, Annual Securities Report, Quarterly Securities report, etc.) and the timely disclosure system at financial instruments exchanges exist in tandem as a system which enables the function of the provision of such investment decision-useful materials to be performed. The timely disclosure system has been established by the rules of a financial instruments exchange in order for a listed company to provide material information to investors, which is characterized by communicating the information directly, widely and timely to investors through various media or so-called TDnet (Timely Disclosure network).

Trading at financial instruments markets is significantly influenced by ever-evolving corporate information, which makes the timely disclosure very important instrument to investors. Recently environments surrounding company have changing rapidly, so the importance of providing timely disclosure in an accurate and fair manner has been growing more than ever.

Listed companies, which are responsible for the preparation of corporate information, are required to play a leading role in providing the timely disclosure, while they are strongly expected to sufficiently recognize the meaning and materiality of the timely disclosure of corporate information and address the timely disclosure of corporate information with integrity. Also they are required to develop and provide internal system to implement the timely and appropriate disclosure of information.

With basic recognition that timely and appropriate disclosure of corporate information to investors is the fundamental component of a sound market for financial instruments, the Exchange has developed and incorporated the rules concerning the timely disclosure of corporate information into the Regulations and obliges a listed company to disclose material corporate information on a timely and appropriate basis.

2. Outline of Timely Disclosure System

(1) Guiding principle concerning the faithful execution of business

The Regulations specify that a listed company shall make efforts to carry out such faithful execution of business as strengthening prompt, accurate and fair disclosure of corporate information at all times from the viewpoint of investors with full recognition that timely and appropriate disclosure of corporate information to investors is the basis of a sound market for financial instruments.

Each listed company is encouraged to fully understand the meaning of this guiding principle and make efforts to carry out faithful execution of business and proactively address the timely disclosure.

[Relating to Rule 401 of the Regulations]

(2) Design and Implementation of Timely Disclosure System

Appropriate and timely disclosure of material corporate information brings an extremely important meaning to bear for investors as the underlying assumption of self-responsibility in investors making investments in the financial instruments market. Therefore, each of listed companies needs to develop and provide an effective internal system so as to implement a truly appropriate information disclosure.

In developing and providing a timely disclosure system appropriately, there are the following three important points.

1. Management themselves must assert clear attitude and policy over the importance of disclosure and communicate and advocate it across the company in order to develop and operate timely disclosure system
2. Clarifying key points to be accomplished for the purpose of conducting timely disclosure in an appropriate manner.
3. In a drive to operate the system developed appropriately, internal audits, directors and company auditors, etc. (a supervisory committee for a company with supervisory committee, or an audit committee for a company with nominating committee, etc.) must continue to monitor the timely disclosure system.

Outline of a listed company's timely disclosure system is available at the Japan Exchange Group (JPX) website, which communicates relevant descriptions to be included in the “Corporate Governance Report”.

URL（Japanese）： https://www.jpx.co.jp/listing/cg-search/index.html
URL（English）： https://www.jpx.co.jp/english/listing/cg-search/index.html
(: Listed Company Information- Corporate Governance Information Search)

(3) Corporate Information Required for Timely Disclosure

Corporate information required for timely disclosure includes information related to the company's business, operations, or business performance which has a material impact on securities investment decisions. Specific items to be disclosed are divided into the following categories: For the practical handling of items to be disclosed individually, please refer to “Part 2 Practical Handling of Disclosure of Corporate Information”. (* Part 2 is omitted in the English version of the Guidebook)

The Regulations stipulate that a listed company is obliged to immediately disclose any items, excluding those falling under any of criteria for items having minor influence on investors’ decision-making as specified in the Rules (hereinafter, “De minimis Criteria”). Listed companies are obliged to disclose any important information immediately upon decision or occurrence pursuant to the Regulations. Since a listed foreign company should pay careful attention as it is also required to disclose any item in a timely manner, even though it is not clear whether it falls under the De minimis Criteria or not.

〔**Corporate Information Required for Timely Disclosure**〕

○ Information on Listed Companies
- Decisions by Listed Companies
- Facts which Occurred for Listed Companies
- Financial Results Information of Listed Companies
- Revisions to Results Forecasts and Dividend Forecasts, etc.
- Other Information

(Disclosure of Reduction of Investment Units, Disclosure of the Status of Membership in the Financial Accounting Standards Foundation, Disclosure of the Status of Conversion or Exercise of MSCBs, etc., Disclosure of Matters Concerning Controlling Shareholder, etc., Account Settlement Information of Unlisted Parent Company, etc., Disclosure of Matters Relating to Business Plans and High Growth Potential, Disclosure of Plan to Meet Continued Listing Criteria)

○ Information on Subsidiaries, etc.
- Decisions by Subsidiaries, etc.
- Facts which Occurred for Subsidiaries, etc.
- Revisions, etc. to Results Forecasts of Subsidiaries, etc.

〔**Implementation of Timely and Appropriate Disclosure of Corporate Information**〕

The provisions specified by the Regulations state the minimum requirements, methods, etc. that a listed company should observe with respect to timely disclosure of corporate information, etc., and a listed company shall not use the provisions of the same section as an excuse for failures to disclose corporate information in a more timely and appropriate manner. A listed company is required to make a proactive and timely disclosure of matters, if any, that seem to influence investors’ investment decisions in the context of individual specific situation in which any relevant information arises on the listed company.

[Rule 411-2 of the Regulations]

(4) Disclosure Timing

No matter when material corporate information is decided or occurs, a listed company is obliged to disclose matters relating thereto immediately.

As for actual timing of disclosure, a listed company is required to determine the timing in actuality without being bound by formal aspects such as resolution of the Board meeting, and any decisions made by a listed company by itself needs to be disclosed when a relevant body able to substantively decide the execution of the business of the company makes resolutions or decisions. Any fact which occurs due to external factors needs to be disclosed when the company becomes aware of the occurrence.

Keeping in mind expediting the communication of information to investors, a listed company is requested to communicate the information immediately after the occurrence of information, irrespective of trading hours.

(5) Matters to be Described in Disclosure Documents (Disclosure Matters)

As the timely disclosure of corporate information helps provide investment decision useful materials to investors, it is extremely important for a listed company to prepare disclosure documents describing the Outline, etc. of corporate information sufficiently and accurately, such that investors could obtain appropriate understanding of corporate information and make proper judgment.

The Rules specifies matters that a listed company is required to disclose, in principle, in making the timely disclosure of corporate information, as follows: (should any of information related to the matters be missed in the disclosure, the Exchange may regard the disclosure as unfair).

a. Reason behind the decision by a listed company or details of the facts which occurred:
b. Summary of decided facts and facts which occurred;
c. Future prospects related to decided facts and facts which occurred; and
d. Other matters that are deemed by the Exchange to have material significance on investment decisions

[Rule 402-2, Paragraph 1 of the Rules]

Where a listed company carries out disclosure of corporate information, it shall observe the matters provided in the following items: Please give careful considerations to the preparation of disclosure documents.

- The contents of the information to be disclosed do not contain false statements;
- The information to be disclosed is not lacking information deemed to be significant to investor's investment decisions;
- The information will not cause misunderstanding regarding investment decisions; and
- In addition to the matters referred to in the preceding three items, the appropriateness of disclosure is not lacking.

[Rule 412, Paragraph 1 of the Regulations]

- Even in cases where the listed company has not described all of disclosure items indicated in the Guidebook, it is not immediately determined that the listed company breaches the provision that "the information to be disclosed should not lack information deemed to be significant to investment decisions". Whether information is a material information for investment decisions or may cause misunderstanding in investment decisions should be judged on a case-by-case basis.

For the practical handling, etc. please refer to "Chapter 2 Practical Guide for Timely Disclosure" and "Part 2 Practical Handling of Disclosure of Corporate Information". (* Part 2 is omitted in the English version of the Guidebook)

(6) Examinations Pertaining to Disclosure of Corporate Information

JPX Regulation (hereinafter referred to as the "JPX-R") may conduct examination of disclosure of corporate information based on the Regulations when JPX-R deems it is necessary and appropriate for ensuring the appropriateness of disclosure of corporate information.

JPX-R intends to carry out the examination of disclosure of material corporate information from the following points of view. In case where JPX-R determines that there are problems in the disclosure judging from the points of view, the disclosure may be identified as an unfair disclosure, which would result in the breach of Regulations. For details, please refer to "Part 3, Chapter 2 Outlines of Self-Regulation for Listed Companies".

- Whether or not the timing of disclosure is appropriate

- Whether or not the contents of disclosed information contain false statements
- Whether or not the disclosed information lacks information deemed significant for investment decisions
- Whether or not the disclosed information causes misunderstandings for investment decisions
- Whether or not the appropriateness of the disclosure is lacking

[Relating to Rule 412, Paragraph 2 of the Regulations, Relating to Guidelines for Listed Companies Compliance, etc. II]

(7) Prior Explanation of Corporate Information to the Exchange

In order to make the timely disclosure of material corporate information smoothly, when a listed company carries out disclosure of corporate information based on the Rules 402 to 411-2 and 416 of the Regulations, the listed company shall make prior explanation of the details pertaining to such disclosure to the Exchange.

[Relating to Relating to Rule 413 of the Regulations]

At the Exchange, each listed company has a TSE-side staff responsible for disclosure. When a listed company registers a disclosure document via TDnet, the Exchange will directly call the entity responsible for disclosure at the listed company to ask for the explanation of its contents (generally within 30 minutes). Therefore, the entity who could explain the disclosure documents (not limited to the entity responsible for handling of information) should be on standby to wait for a call from the Exchange.

(8) Matters to Note in Making Corporate Information Available on Website

When a listed company intends to save corporate information required for timely disclosure in a public directory (meaning in folders on web servers, which are accessible to outsiders via the Internet), the listed company is obliged to take necessary measures, including not saving it before the corporate information has been disclosed via TDnet or, in the case the information is to be saved before disclosure is carried out, implementing access controls by setting a password, etc. so that outsiders would not be able to access the information easily.

[Relating to Rule 413 of the Regulations]

Timely disclosure items include information considered “material facts” specified in the Insider Trading Regulations. Whenever any outsider may be able to access the information with ease before the expected timing of publication, the listed company is required to implement relevant measures to address the situation as there is a fear that any trading by outsiders using the information would undermine the fairness of financial instruments markets.

In addition, for steps to publish its corporate information on its own website, the listed company shall establish internal rules relating thereto and thoroughly disseminate them across the company. In addition, the listed company is required to regularly verify the compliance therewith.

(9) Method of Disclosure of Corporate Information

Disclosure of corporate information shall be carried out using TDnet (For details, please refer to Chapter 2, 4. (2) Registration with TDnet).

[Relating to Rule 414 of the Regulations]

TDnet is a system used commonly by financial instruments exchanges to communicate fair, prompt, and wide-ranging disclosure information. A listed company registers relevant materials to be disclosed on the TDnet via the TDnet Online Registration Site on the day when it makes the timely disclosure and is required to respond to any inquiry from the Exchange (and any financial instruments exchange on which it is listed in case of multiple listing including the Exchange) and give a prior explanation to the Exchange. Then after all the procedures required for the disclosure complete at the Exchange, the registered disclosure documents will be communicated to a large number of news media, etc. through the TDnet. At the same time, they are posted to “Company Announcements Disclosure Service” and will be available for public inspection. Meanwhile, if listed on multiple exchanges, the timely disclosure through the TDnet will also fulfill the timely disclosure for other exchanges.

* Posting documents to the Company Announcements Disclosure Service constitutes one of the publication measures under insider trading regulations. By posting corporate information to this service, the listed company would complete the publication measures pertaining to material facts under insider trading regulations and the fact concerning tender offers (Article 30, paragraph (1) of the Enforcement Ordinance).

(10) Report and Disclosure of Reference Matters Pertaining to Corporate Information

Where the Exchange makes an inquiry of corporate information of a listed company by deeming that it is necessary to do so, such listed company is obliged to make an accurate report on an inquiry matter immediately. Also, where the Exchange deems that it is necessary and appropriate to disclose a fact pertaining to an inquiry, the listed company shall disclose its details immediately.

[Relating to Rule 415 of the Regulations]

When there is a news report or rumor concerning a listed security or its issuer, or when the Exchange receives a notice from an outside party, the Exchange may make an inquiry to the listed company as to the truth of such information, etc. The listed company is then obliged to provide the Exchange with the accurate response thereto. If the Exchange deems it necessary and appropriate for the listed company to clarify the truth of the circulated information, etc., the Exchange may request the listed company to disclose the details of response to the inquiry. In such a case, the listed company is obliged to carry out the disclosure immediately.

A listed company is reminded that non-action on a request for disclosure by the Exchange may constitute a violation of the Regulations, furthermore, that it may hinder fair price formation in the financial instruments market and lead to the loss of confidence of investors in the listed company.

On the other hand, when a news report or rumor concerning securities or the issuer thereof is spreading, the Exchange may issue an alert to inform investors. For the details of the system for issuing alerts, please refer to “Chapter 1.　2 [Outline of System for Issuing Alerts]”.

(11) Cancellation, Change, or Correction of Disclosed Details

In cases where a listed company decides not to carry out relevant acts relating to the contents of material corporate information already disclosed or where there arises any event that requires a change to the details of corporate information, the listed company is obliged to disclose them as “cancellations or changes of any material corporate information already disclosed”, and when there arises any event that requires a correction to the details of corporate information, the listed company must disclose them as "addition, correction, or explanation of timely disclosure documents”.

In circumstances where there arises an event that requires a change or correction to the details of disclosure after an earnings report or quarterly financial results were disclosed, a listed company is obliged to disclose the change or correction, for example, as “correction of announced data pertaining to financial results”. In the case where a change or correction should be made to a disclosed Earnings Report/Quarterly Earnings Report, the listed company shall disclose details of such change or correction, for example, as "correction of Earnings Report." However, in the case where a listed company recognizes the need to change or correct the disclosed earnings information prior to the submission of the Securities Report/Quarterly Securities Report, it shall be sufficient to carry out disclosure after submitting such report, except in cases where such changes or corrections may have a remarkable effect on investment decisions (please refer to “Part 2 Chapter 3, 1 (3) (i) Handling of Change or Correction to Announced Financial Results”. (* Part 2 is omitted in the English version of the Guidebook)

[Relating to Rule 416 of the Regulations]

In addition, regarding voluntary disclosure that is not under the Regulations, but is carried out via TDnet based on a decision by the listed company, in the case where a listed company decides not to carry out any acts pertaining to the contents of the information disclosed or where there arises an event that requires a change or correction to the information, the listed company is also obliged to disclose the details of such change or correction.

(l2) Notification of Entities Responsible for Handling of Information

A listed company is obliged to select an “entity responsible for handling of information” from directors, executive officers and the like and to notify that entity to the Exchange.

[Relating to Rule 417 of the Regulations]

The entity responsible for handling of information shall be responsible for managing the disclosure of the report in response to any inquiry of the Exchange and other corporate information. Specifically, the entity will be the point of contact with the Exchange and also be responsible for internal management and disclosure of material corporate information.

Where a listed company change the entity responsible for handling of information or any change is made to the contents of the notification (name, title, and contact point), it shall notify the Exchange of that fact. In the case where alteration of the entity responsible for handling information is scheduled due to the re-election of board directors, etc., the listed company may notify the Exchange in advance, describing the expected scheduled date of change.

Please use Target for the notification of the change of the entity responsible for handling of information.
URL（Japanese only）： https://portal.arrowfront.jp/target/x/tselcs/webportal/top.html
(“Submitting documents” “Basic corporate information” (change of the entity responsible for handling of information)

[Matters to Note in Using TDnet]

TDnet is a system for the purpose of achieving the extensive dissemination of corporate information which have influence on investment decisions. TDnet is developed and operated by the Exchange, and has commonly been used by financial instruments exchanges in Japan.

Besides disclosure of corporate information to be carried out under the Regulations, a listed company is encouraged to use TDnet as frequently as possible to disseminate corporate information widely to investors in voluntarily disclosing information which seems to be useful for investment decisions. In this case, if the listed company registers information as “Timely Disclosure Information”, the information shall be disseminated to investors, directly through the “Company Announcements Disclosure Service” operated by the Exchange, as well as indirectly by news media or information vendors.

In addition, TDnet could be also available for the communication of corporate information to the news media, rather than investors, for providing information for the purpose other than investment decisions. In this case by registering the information as "PR information, etc.," it will not be posted to the "Company Announcements Disclosure Service" and will be communicated only to the news media or information vendors.

However, since TDnet is a system designed to serve public interests and is allowed for a direct connection with major news media and information vendors, no matter how it is used, any one may never be allowed to post any matter which will undermine the rights or interests of others including any matter that gives damage to the honor or reputation of others or be likely to do so, including any slander or defamation, or any matter which violates public interests and good moral.

The thought on the difference in use between "Timely Disclosure Information" and "PR information, etc." is as follows.

(1) In cases where information should be disclosed as "Timely Disclosure Information"

A listed company is required to disclose its corporate information as "timely disclosure information" when the information is required to be disclosed under the Regulations.

On the other hand, in cases where information is expected to have a certain effect on business performance, even though there is no disclosure requirements in the Regulations, or where company information briefing materials, preliminary monthly business performance reports, materials concerning corporate management plans are prepared, a listed company is required to disclose them as "timely disclosure information" because it is regarded as useful for investment decisions.

(Note) Disclosure of corporate information as "timely disclosure information" is recognized as disclosure for the purpose of providing information that is useful for investment decisions, as mentioned above. Therefore, a listed company, referring to the practical handling of each disclosure item, etc., shall try to prepare disclosure documents which are appropriate in providing materials useful for investment decisions by describing necessary matters clearly and in a manner for investors to understand them with ease.

(2) In cases where information should be registered as "PR information, etc."

When corporate information other than useful for investment decisions, such as information simply notifying changes in organization or assignments, regular announcement of sales campaign, which may have little effect on business performance, is given to the press media, a listed company should register the information as "PR information, etc." rather than "timely disclosure information".

Note: In developing materials relating to “PR information, etc. (e.g., press release), a listed company should also use clear, and easy-to-understand explanation based on objective facts, avoiding the use of ambiguous and unclear expression, as with “Timely Disclosure Information”. Also title should be the one precisely representing the nature of information, avoiding any potentially misleading expression.

(3) Scope of "Timely Disclosure Information" and "PR Information, etc.” to be posted

The scope of "Timely Disclosure Information" to be posted differs from that of "PR Information" depending on whether or not posted in the “Company Announcements Disclosure Service”, as shown in the table below.

	Timely Disclosure Information	PR Information, etc.
Posting to Company Announcements Disclosure Service	✓	×
Posting to “Listed Company Search” (Note 1)	✓	✓
Distribute to News Agencies & Information Vendors	✓	✓
Posting to “TDnet Database Service”	✓	✓

*1 Posting to “Listed Company Search” will be made on the next day of disclosure and registration.

*2 For the Outline of each service, please refer to “Chapter 1, 3 (Reference1) Outline of TDnet”

[Outline of Trading Halt System]

The Exchange has established the system by which it may halt trading of a security when the Exchange deems it necessary to do so from the perspective of ensuring fair price formation and investor protection.

[Rule 29 of the Business Regulations]

a. Reason for trading halt

Where information on a certain security or issuer that may have a significant effect on investors' investment decisions is revealed and details of such information are not clear and/or the Exchange deems it necessary to make details aware to the public.

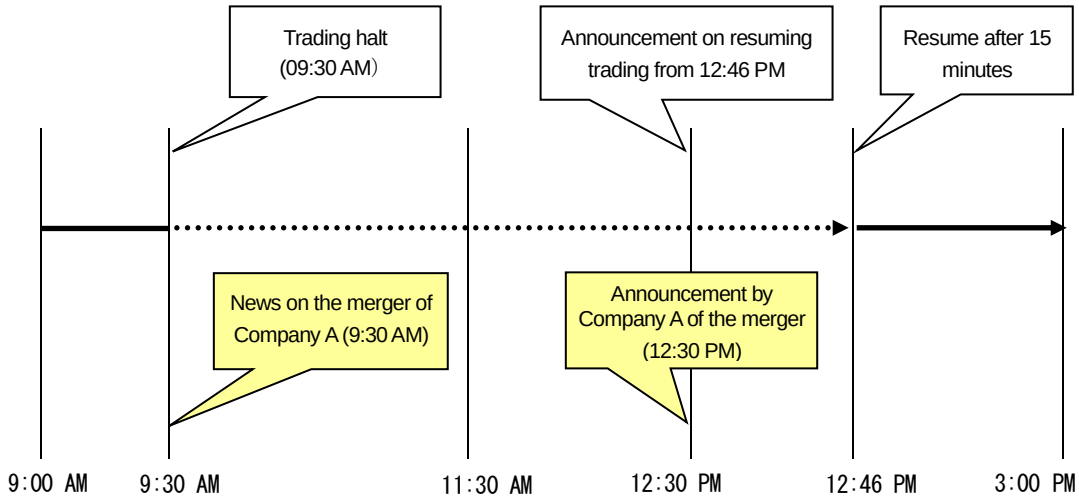
b. Duration of trading halt

(a) In the case where any information that may have significant effect on investment decisions such as a merger of a listed company has been reported or communicated without any official disclosure by the listed company and a trading halt is implemented, trading will resume, in principle, fifteen (15) minutes after the listed company discloses the information clarifying its truth, etc.

(b) In the case where a trading halt is made as a listed company discloses information that may have a significant effect on investment decisions, such as a merger of listed companies, trading will resume, in principle, when fifteen (15) minutes pass after the trading halt.

(c) However, in the case where a security under supervision or a security to be delisted is designated triggered by the corporate information, the handling of trading halt will be as follows, in principle.

- Designation as a security under supervision: trading will resume after fifteen (15) minutes passes from the announcement of the designation by the Exchange;
- Designation as a security to be delisted: trading will resume from the next day of the announcement of the designation by the Exchange



c. In addition to the matters falling under a. above, the trading will halt under the following cases.

(a) Where the Exchange deems that the state of trading in a security is abnormal or that this is likely or where the Exchange deems that it is not appropriate to continue trading from the viewpoint of trading supervision;

(b) Where a malfunction occurs to the trading system, or where the Exchange deems that it is difficult to continue trading due to a failure in the facilities of the Exchange pertaining to trading of a security, and other cases; and

(c) Where the Exchange deems it necessary to make it aware to the public that it may cancel a trade.

[Outline of System for Issuing Alerts]

The Exchange has a system for issuing alerts regarding information about securities or its issuers (hereinafter referred to as "system for issuing alerts") if it deems necessary to inform investors. In particular, among information that is deemed likely to have material impact on investment decisions, with respect to any unclear information (hereinafter referred to as “unclear information”) and other circumstances regarding a security or its issuer deemed to require particular attention, the Exchange will issue alert to make the public aware thereof.

[Rule 30 of the Business Regulations]

* The system for issuing alerts is a system for the purpose of issuing alerts to investors agilely and flexibly when it may take some time to make appropriate disclosure of unclear information or information to be disclosed immediately is limited, and this is not any disciplinary action or measure to ensure the effectiveness of the Regulations.
* Under the system, an alert is issued each time the Exchange deems it necessary and is not removed. As such, multiple alerts may be issued on the day when the unclear information becomes available, and alerts may be issued consecutively from the next business day of the day when such information appears.
* Decisions on whether to issue an alert are made separately from decisions on whether to halt trading.

a. Cases where alerts are issued

“Information deemed likely to have material impact on investment decisions" includes, but is not limited to, information related to equity financing, mergers and/or acquisitions, financial results information that is required to be disclosed as “revisions to forecast of business performance”, information regarding any bankruptcy or voluntary liquidation, and information regarding any false statement.

"Other circumstances regarding information on a security or its issuer deemed to require particular attention" include, but are not limited to, when a listed company has not made disclosures regarding its decisions, facts which occurred, information on financial results or revisions to the forecast of business performance although the required time of the disclosures has passed, or when the Exchange deems that a listed company has not disclosed any information which is useful for investors in determining its truth when any unclear information occurs that may mislead investors’ investment decisions.

However, please note that the Exchange may not always issue alerts even when they fall under the above in order to issue relevant alerts in cases where the Exchange “deems the dissemination necessary”.

b. Method of issuing alerts

Alerts will be issued by such methods as relevant notices to trading participants, releases to the media, and posting to the Exchange website.

c. Daily publication of outstanding margin trading

For any security issued by a listed company for which alerts have been issued, when the Exchange deems it necessary, it will publish its outstanding margin transactions on a daily basis.

[Rule 2, Item 1 of the Rules on Regulatory Measures Concerning Securities Trading, etc. or Its Brokerage]

(a) Newly subject to daily publication

Where a situation falls under i. or ii. below, and, in addition, where the Exchange deems that such an event had a significant impact on the price or trading volume, etc., the Exchange may make daily publication of outstanding margin transaction on the issue from the next business day:

i A listed company has not made any disclosure of its decisions, facts which occurred, information on financial results or revisions to the forecast of business performance although the time of disclosure has passed;

ii The Exchange acknowledges that for any unclear information a listed company has not made any disclosure which is useful for investors in determining its truth.

Even if a listed company made an appropriate disclosure, please note that depending on the time of disclosure, the Exchange may publish outstanding margin trading on the issue only for the next business day.

(b) Cancelling the daily publication

When securities for which the outstanding margin transactions are publicly announced daily pursuant to (a) above, meet any one of the requirements below, the Exchange may cancel the daily publication of the outstanding margin transactions:

i Where the listed company made an appropriate disclosure

ii Where securities meet the criteria for the removal from “issues subject to daily publication”

specified in the “Guidelines Concerning Designation, etc. of issues subject to daily publication”;
* The Guidelines are available on the JPX website.
URL（Japanese only）: https://www.jpx.co.jp/rules-participants/rules/doc/agreement/index.html

iii In addition to the above, when the Exchange decides it would be appropriate to cancel the daily publication, including when a relatively long time period has passed when securities became subject to daily public publication.

[Disclosure Clarifying Whether Unclear Information is True or Not]

In cases where there is any news or rumor of securities or the issuer thereof, the Exchange may make an inquiry to the listed company concerning its truth of such information, the listed company shall make an accurate report on the inquiry immediately. Where the Exchange deems that it is necessary for the listed company to clarify the truth of information or rumor in circulation, the Exchange may require the listed company to disclose the details of the report on the inquiry. In such cases, the listed company shall disclose the details immediately.

[Rule 415, Paragraphs 1 and 2 of the Regulations]

a. Overview

This request for the disclosure is made from the viewpoint of whether any circulated information is material to investors in making their investment decisions, irrespective of whether the details of the response meet the de minimis criteria for timely disclosure.

In cases where a listed company acknowledges that if an unclear information spreads, the information comports with the fact, the listed company is required to appropriately disclose the fact the way in which it would contribute to investors in making their investment decisions including actual situations of the information. On the other hand, if all or part of the information is untrue, the listed company is required to disclose the details to that effect, for example, by denying the spreading information. Even in cases where a listed company makes the disclosure of so-called “Comment”, if the listed company only discloses the details to the effect that "the information is not the one announced by us”, the truth of unclear information is not clarified, which are not useful for investors in making their investment decisions, it is determined to be inappropriate as information to be disclosed. Thus, listed companies are requested to make as the details of facts concerning its truth as possible.

With respect to the relationship between this disclosure and the system for issuing alerts, a request for responding to this inquiry and the disclosure thereof will not always be made ahead of issuing alerts. Especially in cases where unclear information occurs during auction trading, the Exchange may issue an alert to investors before making an inquiry or disclosure request to the listed company from the viewpoints of flexibly issuing alerts to investors.

Importantly, please note that if a listed company may not take necessary action when the Exchange acknowledges that relevant disclosure is necessary, taking no action may breach the requirements of the Regulations and disrupt the fair formation of prices on financial instruments market and also there is a fear that such non-action will undermine confidence in the listed company. In particular, in order to avoid any situation where a listed company cannot provide the disclosure clarifying its truth because of a relationship with any third-party, the listed company in commencing a negotiation concerning any project (acquisition or management integration, etc.) involving the third-party, is encouraged to enter into an agreement beforehand with the third-party that the listed company will disclose information on progress of the project no matter when there is any news report or rumor concerning the project in circulation.

Furthermore, if the listed company makes the disclosure clarifying its truth and subsequently a material progress or change is made to the details disclosed, it shall also disclose the details thereof.

b. Matters to note in cases where unclear information pertaining to equity financing occurs

In cases where any unclear information pertaining to equity financing of a listed company occurs, the Exchange may make inquiry to the listed company about its truth or request it to make the disclosure clarifying its truth.

In cases where a listed company provides information pertaining to the equity financing before submitting securities registration statements, the listed company should pay attention to the regulations on “solicitation prior to the registration” under the Act. As Disclosure Guidelines 2-12 states that "disclosure of information based on the Articles of Incorporation and other rules” does not fall under Solicitation for Offers to Acquire or to the Offer to Sell, etc.”, the Exchange assumes that even if the listed company makes more detailed disclosure concerning how the listed company currently considers the implementation of equity financing, such disclosure will not violent relevant rules pertaining to the solicitation prior to the registration.

In addition, if a listed company provides more detailed disclosure of the implementation of equity financing in the disclosure of so-called “comment”, the listed company is encouraged to clarify that the disclosure document is not prepared for the purpose of Solicitation for Offers to Acquire or to the Offer to Sell, etc. by, for example, adding a disclaimer note to the text as follows.

(Example of descriptions)

Note: This document was not prepared for the purpose of Solicitation for Offers to Acquire or to the Offer to Sell, etc.

c. Matters to note in the case where there is unclear information regarding financial results and/or business performance.

In cases where any unclear information occurs pertaining to financial results or business performance, the Exchange may make inquiry to the listed company about its truth or request it to make the disclosure clarifying its truth.

The request by the Exchange of information disclosure will almost be made in line with the criteria for timely disclosure of the forecast of business performance. In addition, when the Exchange acknowledges that unclear information pertaining to financial results or business performance largely departs from its substance or may have material impact on investment decisions judging from the trends of trading or order of listed securities, the Exchange may request the disclosure of facts concerning its truth. Even in cases where the details of information which is circulated as unclear information relate to quarterly financial results or business performance, and if they influence the financial results for the full year by analogy, the Exchange may call for a listed company to disclose relevant facts concerning its truth or not.

Information concerning financial results is in nature to be finalized step by step through the required process after the settlement of accounts for financial results at each of listed companies, followed by audit and review practices by company auditor (audit committee member) thereof. How and to what extent detailed disclosure of facts concerning the truth of information will be determined on a case-by-case basis.

Therefore, when any unclear information concerning financial results or business performance occurs, a listed company in making disclosure clarifying the truth of unclear information, is expected to apply a method of providing the disclosure of “revisions to the forecast of business performance“ or accelerating the timing of disclosure of financial results, in addition to disclosure in so-called “comment”. The listed company should consider a suitable method in the context of specific conditions.

3. Outline of System for Listed Company Compliance Other Than Timely Disclosure System

(1) Matters to be Observed for Entrustment to Shareholder Services

i Entrustment to shareholder services agent

A listed domestic company is obliged to entrust shareholder services to shareholder services agent (meaning a shareholder register administrator prescribed in Article 123 of the Companies Act, a corporate institution which is not an issuer but generally undertakes shareholder services such as notification to shareholders, etc., in addition to transfer of shares). Currently, shareholder service agents authorized by the Exchange include trust and banking companies, Tokyo Securities Transfer Co., Ltd., Japan Securities Agent, Inc., and IR Japan, Inc.

[Relating to Rule 424 of the Regulations]

ii Effective date, etc. of share split

Where a listed domestic company carries out a share split or a gratis allotment of shares (limited to share allocation of the same class as that of the shares pertaining to a listed domestic stock) with respect to a listed domestic stock, it is obliged to specify the day following the record date, etc. for fixing the entities eligible for rights pertaining to such share split or gratis allotment of shares as the effective date of such share split or gratis allotment of shares.

Where it is necessary to satisfy certain requirements such as in a case where a resolution of a general shareholders meeting pertaining to an increase in the number of authorized shares is necessary, a listed domestic company is obliged to set a day that falls on or after the third-day (excluding non-business days) counting from the day on which such share split or gratis allotment of shares is determined to be conducted as the record date, etc. for fixing the entities eligible for rights pertaining to such share split or gratis allotment of shares.

[Relating to Rule 427 of the Regulations]

iii Wide awareness of information pertaining to public notice

Where a listed domestic company makes a public notice pursuant to the provisions of laws and regulations, it is obliged to make information pertaining to such public notice widely known to investors.

[Relating to Rule 429 of the Regulations]

The requirements of the Companies Act provide that a stock company that makes public notice is required to do so by means of posting it to daily newspaper or official gazette. A listed company that makes public offering of its shares widely should consider that they will potentially be acquired by a large number of investors, areas of whom are not limited to specific locations and so in making the public notice pursuant to relevant laws and regulations, the listed company is required to widely disseminate information concerning the public notice to the investors.

Methods of making such wide dissemination include, for example, the use of electronic announcement or the method of specifying a nation-wide daily newspaper as the one used for public notice in the Articles of Incorporation. A listed company is always required to give careful consideration to the dissemination of public notice, and for that purpose, it may be able to make relevant public notice via TDnet, which is regarded as an effective method of wide dissemination, in tandem with posting the public notice on its own website.

In the event that a listed company is not able to carry out electronic announcement due to unavoidable reasons and makes the public notice by the preliminary method of public notice, the listed company, which is always required to make a wide dissemination, should pay careful attention to the public notice.

(2) Procedures for Submission of Documents, etc.

The outline of the procedures when a listed company should submit documents, etc. is as follows: These documents should be submitted in accordance with the method that the Exchange decides for each type of document to be submitted (“TDnet”, “TDnet Online Registration Site”, etc.).

i Submission of documents, etc.

A listed company is obliged to make submission, etc. of documents to the Exchange as specified by the Regulations and the Rules. In addition, a listed company is obliged to submit without delay documents which the Exchange requests for a good reason, which will be made available for public inspection when deemed necessary by the Exchange.

Furthermore, when the Exchange determines that the details that should be included in documents

to be submitted to the Exchange have sufficiently been disclosed and the Exchange deems it appropriate, a listed company is not required to submit the documents containing such details.

[Relating to Rule 421 of the Regulations]

ii Report, etc. on transfer of offered shares allotted by third-party allotment, etc.

Carrying out any third-party allotment, a listed company is obliged to assure the party that receives the allotment that it will report the transfer of offered shares allotted in writing to the Exchange and make the details of the report available for public inspection.

[Relating to Rule 422 of the Regulations]

iii Submission of documents, etc. to the Exchange pursuant to the Act

Statutory disclosure documents a listed company is obliged to prepare and submit to the Prime Minister by the Act include some documents, the copy of which shall be submitted to the Exchange. However, if such documents have been submitted via EDINET, the submission of the copy is not required. However, in the event that the submission via EDINET is not possible due to some system failure and the submission is made on a hardcopy basis, the listed company is also requested to submit the copy thereof to the Exchange.

Meanwhile, if a listed company has submitted the following documents via EDINET, the listed company is obliged to submit the copy thereof to the Exchange:

- Written Notice of Securities
- Written Notice of Shelf Registration

* In simultaneously preparing a prospectus, the prospectus should be submitted in writing.

(3) Code of Corporate Conduct

A Listed company is required to keenly recognize that it is a member constituting the financial instruments market and to ensure the transparency of corporate information by improving the disclosure thereof. In addition, the listed company is required to appropriately address corporate activities for the purpose of protection of investors and appropriate achievement of market function. In light of these aspects, the Regulations specify the “Matters to be Observed” guiding the matters at least observed by a listed company and the “Matters Desired to be Observed” which a listed company shall make efforts to observe.

For details, please refer to “Part 3, Chapter 1 Code of Corporate Conduct Outline”

[Relating to Rules 432 through 452 of the Regulations]

(4) Self-Regulatory Operations against Listed Companies

The Regulations specify that against any violation of the Regulations, the Exchange may impose the designation as a Security on Special Alert, submission of Improvement Report and Improvement Status Report, Public Announcement Measure or payment of Listing Agreement Violation Penalty, for which the Exchange may take measures to ensure their effectiveness.

For details, please refer to “Part 3, Chapter 2 Outlines of Self-Regulation for Listed Companies”

[Relating to Rules 503 through 510 of the Regulations]

(5) Delisting

In cases where a listed stock, etc. falls under the Delisting Criteria for Listed Companies as defined in the Regulations, the Exchange will delist it.

For details of the Delisting Criteria for Listed Companies, please refer to the JPX website.

[Relating to Rules 601 through 610 of the Regulations]

(Reference 1) Outline of TDnet

TDnet (**T**imely **D**isclosure **net**work) is a system designed to achieve fair, prompt, and wide-ranging timely disclosure. TDnet will comprehensively digitalize a series of processes for timely disclosure carried out by a listed companies (specifically, (i) submission of disclosure documents to the Exchange, (ii) prior explanation to the Exchange (explanation of the details of disclosure), (iii) posting to "Company Announcements Disclosure Service", (iv) posting to Listed Company Search, (v) distribution of information to news agents and information vendors and (vi) filing (database of disclosure documents).

The Regulations require listed companies to use TDnet in carrying out the timely disclosure of corporate information.

Outline of each system service is as follows:

○TDnet Online Registration Site

URL（Japanese only）： https://online.td5.arrowfront.jp/onre/

* TDnet Online Registration Site is a site designed to submit to TDnet timely disclosure documents prepared by a company listed on a financial instruments exchange market in Japan. For details concerning how to use TDnet Online Registration Site, please refer to "Use Guide" in the site or "User Guide- TDnet" available on Listed Company Information".
* Listed Company DBS is available on related link within the TDnet Online Registration Site. A listed company may search and browse disclosure documents, documents for public inspection, PR information, etc. for the past five (5) on the Listed Company DBS and refer to disclosures of other companies as examples in preparing its own disclosure documents.
* TDnet can only be accessed from a computer with a digital certificate installed. A digital certificate is linked one-to-one to a login ID.

[When using only Listed Company DBS]

* Using only Listed Company DBS, the URL below is available for the access to it. Login ID is the same as that for TDnet Online Registration Service, which can be available for a computer without any digital certificate installed (when the screen "Selection of Digital Certificates" appears, please press the "Cancel" key.

URL（Japanese only）： https://dbs.td5.arrowfront.jp/dbsl/jsp/main.jsp

○ Company Announcements Disclosure Service

URL（Japanese only）： https://www.jpx.co.jp/listing/disclosure/index.html

(You can move to the site through the link on the top page of the JPX website

URL（Japanese）:https://www.jpx.co.jp/

* "Company Announcements Disclosure Service" is a system exclusive for making timely disclosure information available for public inspection. As soon as a timely disclosure information is registered on TDnet and processed for disclosure, the information is available on "Company Announcements Disclosure Service".
* Disclosure documents on the day of disclosure and for the past thirty (30) days are available for search and browsing.
* Posting to the Company Announcements Disclosure Service will, in principle, result in the completion of announcement measures pertaining to Insider Trading Regulations.

○ Listed Company Search (within the JPX website)

URL（Japanese）： https://www.jpx.co.jp/listing/co-search/index.html

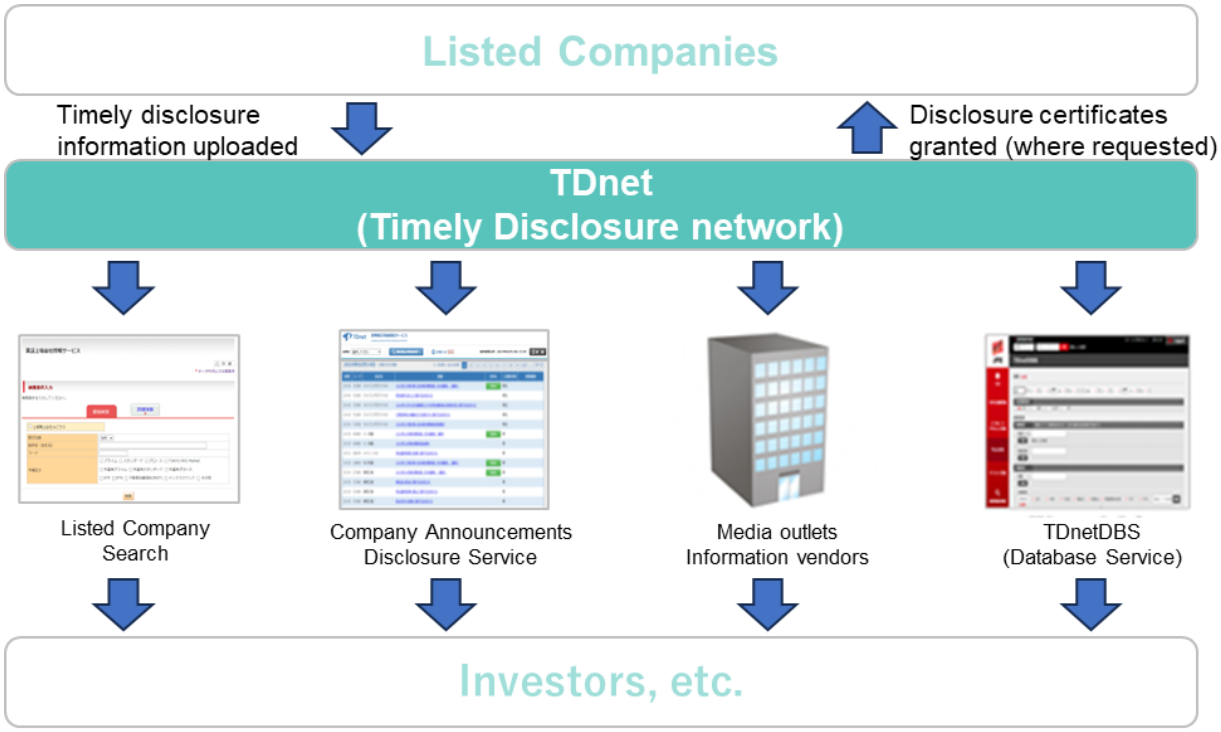
URL（English）： https://www.jpx.co.jp/english/listing/co-search/index.html

* “Listed Company Search” is a system for browsing basic information, timely disclosure information, PR information, etc. or filing information by listed company. “Listed Company Search” will daily be updated at the pre-fixed time during the night and browsing of timely disclosure information, etc. through TDnet is possible subsequent to the next update of the disclosure.
* Timely disclosure information for the past a hundred twenty-one (121) months and documents for public inspection such as Corporate Governance Reports for the past sixty one (months) will be available for browsing by listed company.
* Alternatively, Corporate Governance Reports will also be available at Corporate Governance Information Search within the JPX website.

URL（Japanese）： https://www.jpx.co.jp/listing/cg-search/index.html

URL（English）： https://www.jpx.co.jp/english/listing/cg-search/index.html

(Image of TDnet)



(Reference 2) Outline of Target

Target (**T**okyo Stock Exchange **a**dvanced **r**emote information system for **ge**neral purpose **t**ransaction) is a system to connect the Exchange and operators of Japan Securities Depository Center, Incorporated and users such as listed companies, trading participants, etc. Target is used for the communication from the Exchange to a listed company and submission of documents by a listed company to the Exchange, as well as displays rules and various formats. Target is a system, with emphasis placed on security including robust access control as information sent or received via Target includes highly sensitive information.

Target is composed of "Listed Companies Web Portal", "JASDEC Site" and "Trading Participant Site", etc. (refer to the next page), while Listed Companies Web Portal" enables the following information to be sent to or received from listed companies.

○ Notice or notification from the Exchange to listed companies

(Notice to the representative of a listed company, notice to the entity responsible for handling of information, notice to an officer charged with shareholding services, etc.)

* It will display a notice pertaining to any amendments to rules including Securities Listing Regulations and amendments to practical handling of timely disclosure of corporate information as well as various communications of the Exchange such as invitations to seminars for listed companies and request for response to questionnaire surveys.

○ Notice by the Tokyo Stock Exchange

(Publication, listing related information, comparison table of current rules and newly amended rules, etc.)

○ Documents to be submitted to the Exchange pursuant to the Regulations

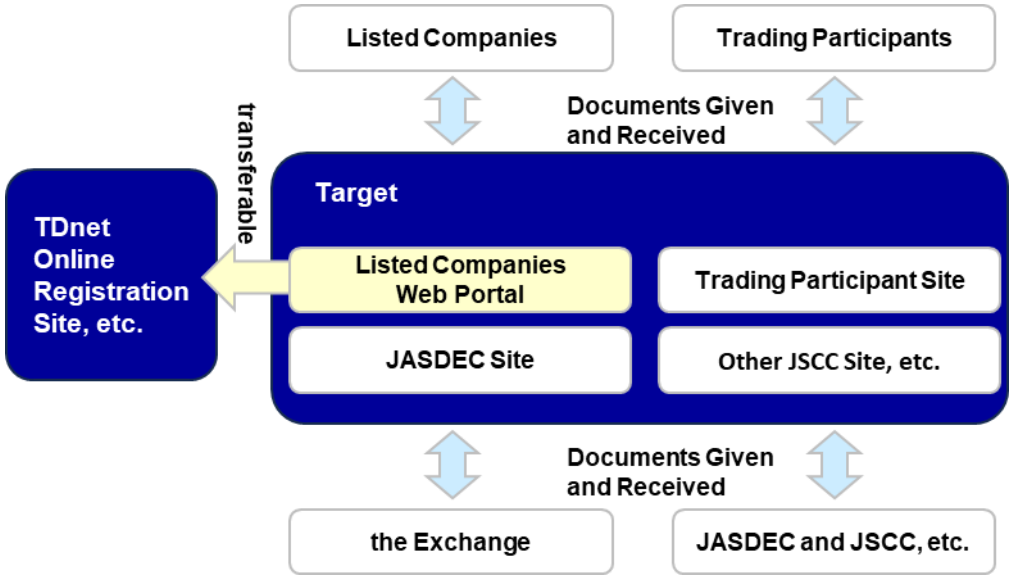
- Basic corporate information;
  (notice of change to administrator of shareholder registry, representative, division charged with shareholders services, location of the head office, entity responsible for handling of information, etc.)
- Table of Distribution of Stocks, etc.;
- Report on the number of listed shares;
- Entry of scheduled announcement date of financial results;
- Notice of the finalized number of outstanding shares newly issued, notice of the finalized number of shares decreased;
- Notice concerning the exercise of subscription warrants, notice of determination of change to exercise price;
- Change of corporate name;
- Change to the Articles of Incorporation (closing date of business year, record date pertaining to regular general meetings of shareholders, change to record date for dividend payment;
- Notice concerning change to the record date pertaining to extraordinary meetings of shareholders;
- Agreement on delisting of securities, etc.

"Target: Listed Companies Web Portal"

URL（Japanese only）：　https://portal.arrowfront.jp/target/x/tselcs/webportal/top.html

* For details, please refer to various guides within **"Target: Listed Companies Web Portal"**

(Image of Target)

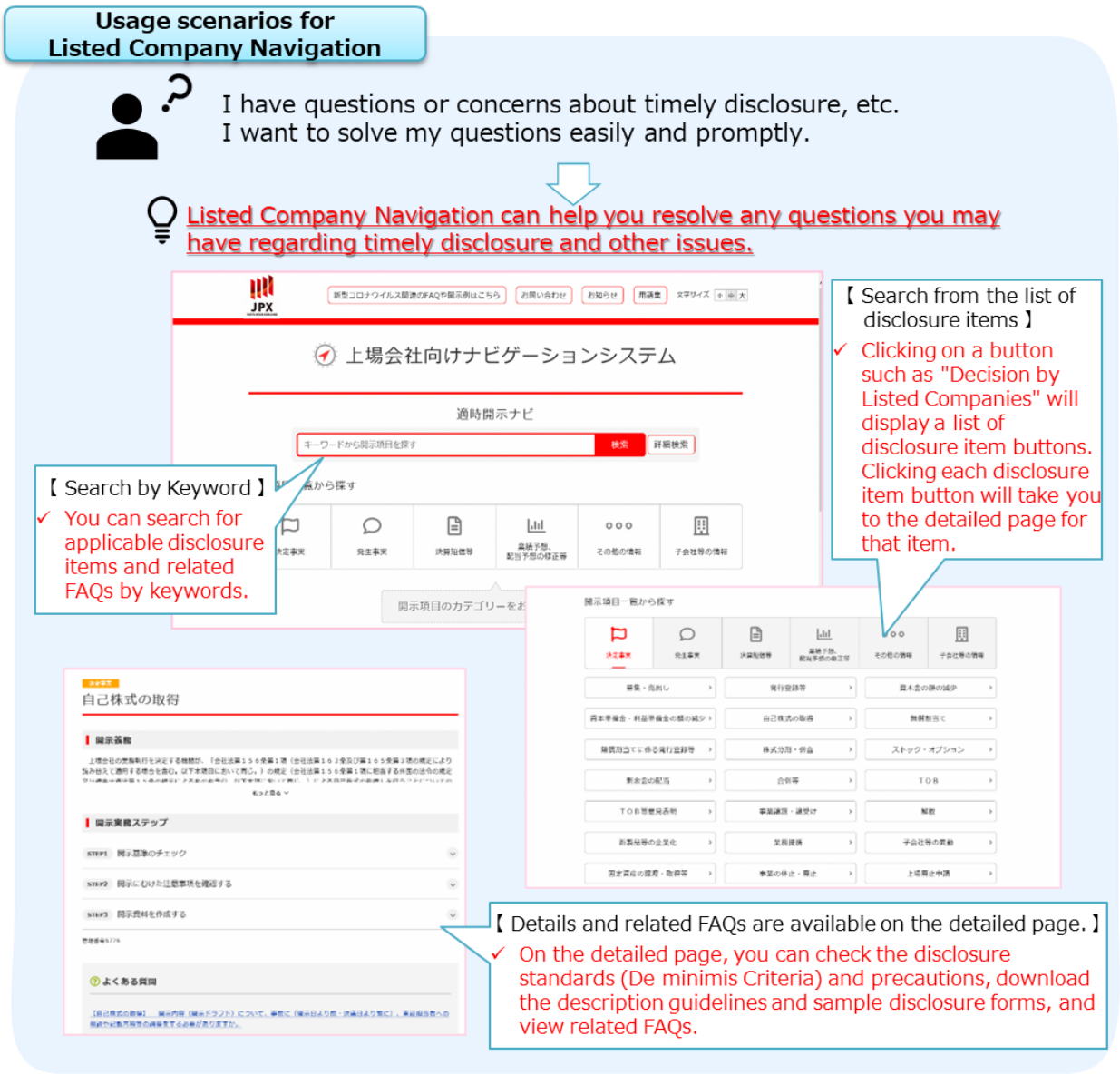


(Reference 3) Outline of Listed Company Navigation

Listed Company Navigation is a website operated by the Exchange, which presents “Frequently Asked Questions” (FAQs) concerning the details included the Guidebook or disclosure practical treatment in HTML format. Wide-ranging FAQs concerning timely disclosure and documents to be submitted to the Exchange, and how to use TDnet and Target can be searched and browsed at any time while sample disclosure forms and formats of documents to be submitted can be downloaded.

Please access Listed Company Navigation from here:
URL（Japanese only）:
https://faq.jpx.co.jp/disclo/tse/web/index.html

(Image of Listed Company Navigation)



(Reference 4) Outline of XBRL

XBRL (e**X**tensible **B**usiness **R**eporting **L**anguage) is a XML based computer language standardized to be available for the efficient preparation, distribution and re-use of financial information.

XBRL disclosing financial data enables investors to import the data to a relevant system or spreadsheet as is and saves significantly time used for re-entry, transfer and processing of data. Also, the comparison with prior years or other companies will be possible with ease using general-purpose software, rather than configuring specialized system.

In addition, a listed company will be able to prevent any mistakes or errors with the data consistency verification function of XBRL and may significantly streamline and accelerate consolidated accounts settlement works and significantly simplify the preparation works of various materials.

Foreign countries including the United States of America have now been progressing towards the substantial introduction and implementation of XBRL for corporate information disclosure system and Japan has adopted XBRL in the EDINET, a electronic disclosure system for documents to be disclosed including Securities Report, etc. prescribed in the Act.

Details of XBRL are available on the JPX website.

URL（Japanese）: https://www.jpx.co.jp/equities/listing/disclosure/xbrl/01.html

URL（English）: https://www.jpx.co.jp/english/equities/listing/disclosure/xbrl/01.html

(: Equity, ETF/REIT, etc. - Listing System (domestic stocks)

- Timely disclosure system - Application of XBRL to Timely Disclosure Information)

(Reference 5) Outline of Disclosure in English Web Portal

Web portal for disclosure in English, “JPX English Disclosure Gate” provides information which is useful for mitigating burdens for preparation of materials in English and that helps consider steps to improve disclosure in English, including examples of formats of disclosure in English and research reports on disclosure in English.

“JPX English Disclosure Gate”(within JPX website)

URL（Japanese）: https://www.jpx.co.jp/equities/listed-co/disclosure-gate/

URL（English）: https://www.jpx.co.jp/english/equities/listed-co/disclosure-gate/index.html

(: Equity, ETF/REIT, etc.-Support for Listed Companies - English Disclosure)

Part 1 Chapter 2
Practical Guidelines for Timely Disclosure

When a listed company intends to carry out a timely disclosure, it is required to go through the procedures of (i) considering the need for the timely disclosure, (ii) confirming the timely disclosure schedule, etc., (iii) preparing the timely disclosure documents, and (iv) carrying out the timely disclosure.

This chapter describes the matters to note concerning the above mentioned procedures. In carrying out a timely disclosure in actuality, please refer to descriptions of disclosure items which fall under this Chapter and “Part 2 Practical Handling of Disclosure of Corporate Information” (* Part 2 is omitted in the English version of the Guidebook) and then carry out the timely disclosure. A general flow of procedures in carrying out a timely disclosure is as follows:

1. Assessing the need for timely disclosure;	(i) Assessing whether a fact falls under a disclosure item; (ii) Assessing whether a fact falls under the De Minimis Criteria; (iii) Assessing whether a fact falls under the Basket Clause; (iv) Considering a voluntary disclosure;
2. Confirming the schedule;	(i) Confirming the timing of disclosure; (ii) Confirming the necessity of prior consultation and the timing thereof; (iii) Assessing whether need to implement procedures pertaining to timely disclosure; (iv) Assessing whether or not statutory disclosure documents are required to be submitted;
3. Preparing disclosure documents;	(i) Confirming “items to be disclosed” and "matters to note in describing relevant items”; (ii) Preparing disclosure documents using examples of formats, etc.; (iii) Preparing a file (PDF) for registration; and
4. Implementing procedures for timely disclosure	(i) Registration with TDnet (ii) Posting to Company Announcements Disclosure Service (iii) Dissemination of information via other media

* There are cases where a disclosure may be required with respect to the cancellation of, change to, amendment to, correction of, progress of matters disclosed therefor after a timely disclosure has been carried out.

* There are cases where some documents in the context of timely disclosure may be required to be submitted to the Exchange.

[Information disclosure and submission of documents to be made on a regular basis]

Even in cases where there are no specific decisions about corporate information or specific information occurs, a listed company needs to disclose relevant information such as financial results, etc. or submit required documents on a regular basis. Please refer to “Part 2, Chapter 3 Earnings Reports, etc.” (* Part 2 is omitted in the English version of the Guidebook) for the disclosure of information concerning financial results, and “Part 5 Documents to be Submitted to TSE” for the submission of documents.

(Reference: Example of annual schedule concerning the disclosure and documents to be submitted for a company which settles accounts on March 31 each year)

Month	Day	Disclosure and documents to be submitted	How to disclose and submit
April	Late	Questionnaires for annual general meeting of shareholders (*2)	URL exclusive for the questionnaire screen (URL will be notified early April)
May	In principle, within 45 days from the end of the fiscal year (*3)	Earnings reports	TDnet (prepare and submit timely disclosure documents)
	Within two (2) months from the end of the fiscal year	Table of Distribution of Stocks, etc. (*4)	Target (submit documents to be submitted on a regular basis)
	By the day of submission by electronic means	Materials concerning general meeting of shareholders	TDnet (prepare and submit documents for inspection)
	By the day of sending	Notice of a general shareholders meeting and attached documents	TDnet (prepare and submit documents for public inspection)
	Before two (2) weeks prior to the day when change occurs	Registration of Independent Directors/Auditors Notifications	TDnet (prepare and submit documents for public inspection)
June	By June 25	Notice of expected announcement date of financial results;	Target (submit documents to be submitted on a regular basis)
	Without any delay after the completion of the general meeting	Corporate Governance Report	TDnet (prepare and submit documents for public inspection)
	Within three (3) months from the end of the fiscal year	Matters relating to controlling shareholder, etc.(*5)	TDnet (prepare and submit timely disclosure documents)
July	-	-	-
August	Around August 15	Sending by the Exchange of the invoice for annual fees for maintaining the listing, etc.(due date: the end of September)	Target (posting to the communication from the Exchange: invoice in a PDF format)
	In principle, within 45 days from the end of the fiscal year (*3)	Financial results for the first quarter	TDnet (prepare and submit timely disclosure documents)
September	By September 25	Notice of expected announcement date of financial results;	Target (submit documents to be submitted on a regular basis)
October	-	-	-
November	In principle, within 45 days from the end of the fiscal year (*3)	Financial results for the second quarter	TDnet (prepare and submit timely disclosure documents)
December	By December 25	Notice of expected announcement date of financial results;	Target (submit documents to be submitted on a regular basis)
January	-	-	-
February	Around February 15	Sending by the Exchange of the invoice for the annual listing fees, etc.(due date: the end of March)	Target (posting to the communication from the Exchange: invoice in a PDF format)
	In principle, within 45 days from the end of the fiscal year (*3)	Financial results for the third-quarter	TDnet (prepare and submit timely disclosure documents)
March	By March 25	Notice of expected announcement date of financial results;	Target (submit documents to be submitted on a regular basis)

*1 Besides, if there are any potential shares (cases where subscription warrants, etc. during the exercise period or preferred stocks, etc. during the convertible period), the submission of the “Report on the Number of Listed Shares” every month.
For a company which is required to submit, the “Report on the Number of Listed Shares” will be provided in “Documents yet to be Submitted” on the top screen of Target at the evening of the last business day of each month. The submission period is seven days after it is provided (for January and May, around January 10 and May 10).

*2 Questionnaires for regular general meetings of shareholders only relate to companies closing accounts at the end of March.

*3 When the 45th day from the end of the fiscal year falls under a holiday, the next business day.

*4 If the record date related to the status of major shareholders described in Securities Report differs from the end of the fiscal day, the company shall submit it without any delay after the finalization of the distribution of ownership of shares

5 Only companies for which disclosure is required. For details, please refer to “Part 2, Chapter 5 Other Information” (Part 2 is omitted in the English version of the Guidebook)

1. Matters to Note regarding Necessity of Disclosure

(1) Assessing Whether a Matter Falls Under Individual Disclosure Item

When a listed company determines a matter related to operations, business or assets of the listed company or its listed stock, etc. which has material effect on investors' investment decisions or such a matter occurs at the listed company, it needs to carry out timely disclosure related thereto.

When the listed company makes decisions on those facts or they occur, the listed company should assess whether they fall under any individual disclosure matter first. Each disclosure matter is prescribed in the Regulations. "Part 2 Practical Handling of Disclosure of Corporate Information" (* Part 2 is omitted in the English version of the Guidebook) provides relevant requirements for each of individual disclosure items. Referring to the table of contents of the Guidebook, please consider whether a fact falls under a disclosure item.

※ In cases where a fact falls under more than one disclosure matter

Depending on the nature of a decision or fact which occurred, there are cases where one corporate information may fall under several disclosure items (for example, in cases where an allottee of a third-party share allotment accompanying a capital and business alliance becomes a major shareholder, a single action (the implementation of the capital and business alliance) will fall under three (3) disclosure items of "offering of shares to be issued to entities who will subscribe for such shares" "business alliance" and "change in major shareholders." Also, in cases where a listed company determines a new forecast for the current consolidated accounting year in consideration of the extent to which the nature of decisions or facts occurred will have effect on operating results, the listed company may need to disclose "revisions to the forecast of business performance".

In these cases, the listed company needs to assess whether each disclosure item falls under the de minimis criteria, etc.

※ In cases where delisting has been determined

Even if a listed company is scheduled to be delisted, when the listed company makes decisions on a fact which falls under a disclosure item and such fact occurs, the listed company needs to carry out timely disclosure.

(2) Assessing whether a Matter Falls under the De Minimis Criteria

De minimis Criteria are provided for many disclosure items. Unless a matter falls under the de minimis criteria, a listed company needs to carry out the timely disclosure. Alternatively, there are some disclosure items which no de minimis criteria are provided such as corporate reorganization like mergers.

There are several requirements (for example, changes in net sales remain within a certain range, changes in the net assets remain within a certain range) for de minimis criterion" and when all the requirements are met, the disclosure item falls under de minimis criteria.

Many de minimis criteria have been developed on the basis of consolidation-based metrics such as consolidated net sales. However, with respect to de minimis criteria which apply those under the Insider Trading Regulations in the Act, the application of the de minimis criteria will be applied on the basis of stand-alone metrics (such as non-consolidated net sales) of the listed company. Therefore, a listed company needs to confirm both consolidated and standalone metrics in assessing whether or not a fact falls under de minimis criteria.

The Listed Company Navigation provides a list of provisions concerning Insider Trading Regulations and the Submission of Extraordinary Report (the "List of Provisions Pertaining to Timely Disclosure Items" for reference, a listed company is encouraged to refer to it in assessing whether or not a fact falls under the de minimis criteria.

The "List of Provisions Pertaining to Timely Disclosure Items" is available on the Listed Company Search.
URL（Japanese only）： https://faq.jpx.co.jp/disclo/tse/web/knowledge7904.html

※ In cases where it is not clear whether a fact falls under the de minimis criteria

In cases where it is not clear whether a fact falls under the de minimis criteria, the fact is addressed as the one not falling under the de minimis criteria. For example, in cases where it is difficult to determine the expected amount of effect of decisions or facts occurred on business performance, a timely disclosure is needed as a case where it is not clear whether a fact falls under the de minimis criteria, except for the case where a fact falls under the de minimis criteria even in the case of the

largest expected amount of effect.

※ In cases where no significant effect on business performance occurs in aggregating the amount of effects caused by other factors

Even in cases where there is no significant effect on the business performance in aggregating the expected amount itself derived from the decisions and the amount of effect due to other factors, if the expected amount of effect from the decisions or the facts occurred does not fall under the de minimis criteria, a relevant disclosure is needed.

※ In cases where the effect caused by the fact has been incorporated into the forecast of business performance

Even if the effect derived from the details of disclosure has been reflected in the forecast of business performance, a timely disclosure is needed if the expected amount itself of effect of the decisions or facts occurred does not fall under the de minimis criteria.

※ In cases where several acts are carried out consecutively

In cases where a listed company consecutively conducts a series of acts falling under a decision several times, and when those acts are deemed to appropriate as identifying them as a series of acts in the context of their aims, intention, and economic substance, the listed company needs to assess whether they fall under the de minimis criteria by aggregating effects, although individual acts fall under the de minimis criteria specified in the Regulations.

※ In cases where the amount of profit is small

The Exchange has developed the disclosure criteria relating to the amount of profit in many disclosure items. In the case where a projected amount of effect related to profit is the amount accounting for 30% of the consolidated ordinary profit for the most recent consolidated accounting year or the profit attributable to the shareholders of the parent company, a timely disclosure will be needed.

However, the Exchange has established special treatments for the case where the profit is small. The following cases meet special treatments: (i) for the criteria for the consolidated ordinary profit, the amount of the consolidated profit is below two (2) % of the net consolidated sales for the immediately preceding consolidated accounting year; (ii) for the criteria for profit attributable to the owners of the parent company is below one (1)% of the net consolidated sales for the immediately preceding consolidated accounting year.

For details, please refer to “Part 2, Chapter 7 Special Treatments for Disclosure Standards in Cases where Amount of Profit is Small (* Part 2 is omitted in the English version of the Guidebook)

※ In the case of irregular accounting period

In the case of irregular accounting period arising from change of accounting year, please assess whether the profit is small or not using the figures translated into those for the period of twelve (12) months.

For example, the calculation of the profit under the de minimis criteria for a six (6)-month accounting period is as follows.

Reference value in the case where the most recent accounting year (X-1 year) is an irregular accounting period (six (6) months)

	Consolidated Net Sales	Profit Attributable to the Owners of the Parent Company
X-2 year (12-months)	150 billion	13 billion
X-1 year (6-months)	80 billion	3 billion
X-1 year (after conversion)	160 billion	6 billion
Reference value for X year	160 billion	6 billion

※ In the case where submission of Extraordinary Report is not necessary

Some disclosure items and requirements for which timely disclosure is required are identical with the events for submitting an Extraordinary Report, while others are different (see the “List of Provisions Pertaining to Timely Disclosure Items” which is available on the Listed Company Navigation. Therefore, even when the submission of Extraordinary Report is not required, there are some cases where the timely disclosure is still necessary.

(3) Considering whether a Matter Falls under the Basket Clause

In addition to individual disclosure matters prescribed in the Regulations, in the case where a listed company makes a decision regarding important matters related to operations, business or assets of such listed company or such listed stock, etc. which have a material effect on investment decisions, or such matters occur, timely disclosure shall be carried out (so called the "basket clause").

Even if a fact (i) does not fall under any disclosure matter or (ii) falls under the de minimis criteria although it falls under a disclosure matter, there may be cases that such a fact falls under the basket clause and the timely disclosure needs to be carried out. Therefore, the assessment of the need for disclosure requires a listed company to always consider whether a fact falls under the basket clause.

Alternatively, the Exchange may request a listed company to carry out a disclosure if an effect on investors in making investment decisions is material.

For details, please refer to “Part 2, Chapter 1, 39 Other Important Matters Related to Listed Company Operations, Business, Assets, or Listed Company Stock Certificates, etc.” and “Part 2, Chapter 2, 27 Other Important Matters Related to Operation, Business or Assets of such Listed Company or related to a Listed Stock Certificates, etc.”. (* Part 2 is omitted in the English version of the Guidebook)

(4) Considering Voluntary Disclosure

Even if a listed company concludes that there is no obligation to make a timely disclosure, the listed company is requested to consider a voluntarily disclosure from the perspective of timely and appropriate disclosure of corporate information. For example, if a listed company decides to disclose corporate information overseas based on the laws and regulations of relevant foreign jurisdiction, it would be desirable for the listed company to provide a voluntary disclosure, such that the information would be provided fairly.

Even if the disclosure is provided on a voluntary basis, as long as it is disclosed as “timely disclosure information”, it shall be regarded as the information to be provided to investors as useful for investors’ investment decisions. Hence, in preparing disclosure documents, a listed company should consider that they should be appropriate from the perspective of providing to investors information useful for their investment decisions, with references to “disclosure matters” or “matters to consider in disclosing and describing them”. With respect to the timing of disclosure, as with timely disclosure, it should be disclosed immediately after the decisions or facts occurred.

Also, when a listed company decides not to carry out the details of matters disclosed voluntarily or any situation occurs which gives rise to change or correction to them, the details thereof will be required to be disclosed.

Should there be any questions concerning the necessity of disclosure, please feel free to contact the Exchange.

2. Matters to Consider regarding the Disclosure Schedule

(1) Confirming the Time of Disclosure

(i) Specific thinking on the time of disclosure of decisions

In cases where a body to decides the business execution decides to carry out the matters falling under material decisions in the way prescribed by the Rules, a listed company is obliged to disclose the details immediately in accordance with the Regulations.

The actual timing of disclosure of decisions should be substantively determined without bound by a formal resolution of Board meeting. In general, a body to substantially decides business executions needs to disclose the fact when it makes the de facto decision to carry out the matters decided (a body that decides business executions does not refer to a body having an authority to make the final decisions under the Companies Act).

In practice, it is understood that in many cases, matters to be resolved at a general shareholders' meetings and matters to be resolved at Board meetings are to be disclosed immediately after they are resolved at a meeting of the board of directors. Matters on which the president has the power to decide are likely to be disclosed immediately after the decisions made by the president. However, in cases where it is clear that a body other than such meetings or boards or any officers in a relevant position decides the execution of the business, the timely disclosure is required at the time of resolutions or decisions. For matters to be resolved at the general meetings of shareholders, please note that in general they should be disclosed on a timely basis immediately after they are resolved at the meetings of the Board of Directors, rather than after the resolutions at the general shareholders' meetings.

Meanwhile, under the Insider Trading Regulations, in light of past judicial precedents, it is required that from the stage when the work towards the realization is commenced (in some cases, from before the stage), a listed company will make relevant information management of the fact as a fact falling under a material fact. However, the listed company is not always required to make the timely disclosure immediately at this stage.

※ In the case where a memorandum of understanding, etc. (MOU) is entered into

There are cases where a company enters into a memorandum of understanding (MOU) or letter of intent before the final agreement is concluded on restructuring including a merger or the transfer of subsidiary, etc. When a listed company enters into such MOU and makes de facto decision on the act, the listed company needs to make the timely disclosure at this point.

For example, however, even in cases where such conclusion of MOU, etc. means just a preliminary action, or a certain agreement to begin negotiations which may not necessarily lead to the final agreement, or the conclusion thereof is uncertain or the disclosure of the conclusion at that time is likely to lead to the failure of the agreement, the listed company is not required to make the timely disclosure. However, the listed company should note that it should not determine that the timely disclosure is not necessary depending on the existence of legal binding power or descriptions of the merger ratio in these MOUs.

※ In the case where administrative approval/permission is necessary

For corporate information, even if a listed company needs a permission or approval of the competent authority in implementing or executing a certain act, the listed company needs to disclose the fact at the time when it decides to implement the act. In such a case, please describe that the implementation or execution is conditioned on the permission or approval of the competent authority in the disclosure documents.

※ In the case where a resolution at the board meeting of the counterpart has yet to be made

In the case where a listed company intends to conduct reorganization such as merger, etc., there may be some cases where the resolution at the Board meeting of the other party to the merger has not been completed at the time when the listed company has succeeded in the resolution because of the difference in timing of the Board meeting between the listed company and the other company.

However, the listed company needs to carry out the timely disclosure when the body to decide the execution of the business has resolved and determined the act, and the same shall apply even when the other company has not completed the resolution at the Board meeting. Thus, if a listed company intends to make the disclosure concurrent with the resolution at the Board meeting of the other company, the listed company should consider the schedule of timely disclosure, such that the other company would make the resolution at the same time.

(ii) Specific thinking about the timing of disclosure of facts occurred

A listed company is obliged to disclose the details thereof immediately in accordance with the Regulations when any material corporate information occurs, in the manner prescribed by the Rules.

For the actual timing of disclosure, a listed company needs to carry out it when the listed company has become aware of the occurrence. Therefore, a listed company should try to establish and maintain a system that enables the listed company to be aware of facts occurred immediately.

(iii) Practical thinking on the timing of disclosure for revisions, etc. to the forecast of business performance

In cases where a listed company determines new projections of business performance for the current consolidated accounting year (the current business year) or completes the settlement of accounts for the current accounting year (the current business year), the listed company may be required to carry out the timely disclosure of revisions, etc. to the forecast of business performance.

For details, please refer to "Part 2, Chapter 4, 1 (2) (ii) In the Case Where Disclosure Pertaining to Revisions, etc. to the Forecast of Business Performance". (* Part 2 is omitted in the English version of the Guidebook)

※ In the case where the whole picture of the act, etc. has not been decided or clarified at the time of decision/occurrence

Even if the whole picture of the act has not been decided or the whole picture of the fact has not been clarified, at the time of decisions or occurrence of facts, a listed company needs to make the timely disclosure of known or clarified facts at that point by separating them from those unknown and unclear. In addition, at the point when the unknown or unclear parts become known or clarified subsequently, a listed company is required to consecutively make the disclosure as they become known or clarified as the "progress of disclosure matters".

(2) Confirming the Necessity and Timing of Prior Consultation

When a listed company intends to make the disclosure of matters of the following disclosure matters, which meet certain requirements (for details, see each disclosure matter), the listed company should enter into prior consultation. In entering into a prior consultation, a listed company is required to provide relevant disclosure documents (draft) to a TSE-side staff responsible for disclosure by e-mail, at latest ten (10) days prior to the scheduled announcement date (two (2) weeks prior to the announcement when the listed company implements merger and absorption, etc. not falling under the de minimis criteria for nonconformity mergers, and three (3) weeks prior to the announcement date with respect to the introduction or implementation of takeover defense measures). After confirming the details, a TSE side staff responsible for disclosure will contact the listed company.

- Third- Party Share Allotment
- Issuance of MSCBs, etc.
- Introduction/Exercise of Takeover Defense Measures
- Gratis Allotment of Subscription Warrants
- Share Consolidation that is Expected to Result in Delisting
- Acts of Reorganization, such as Merger/Acquisition
- Takeover Bid or Takeover Bid for Own Shares
- Expression of Intent, etc. concerning Takeover Bid
- Acquisition of all Shares Subject to Class-Wide Call
- Approval or rejection of a Special Controlling Shareholder's Demand for Share Cash-Out
- Merger, etc. that does not Fall under the De minimis Criteria concerning Inappropriate Mergers

Regardless of whether an act falls under the list above, in the case where there are specific matters to be taken into consideration concerning disclosure, including cases where the details of the disclosure are different from the details that TSE require to be disclosed, where any scheme with no precedent is being considered and where there are concerns over matters that need to be observed, please provide sufficient time for prior consultation.

Please enter into prior consultations with sufficient time for the period when relatively large number of holidays exist until the scheduled announcement date like new year holiday season.

Meanwhile, if the necessity of prior consultation is unclear, please contact the TSE-side staff for disclosure.

(3) Confirming the Necessity for Procedures Pertaining to Timely Disclosure

Depending on the nature of timely disclosure, certain procedures including acquisition and submission of documents may need to be implemented ahead of the timely disclosure.

For example, in the case where an act falls under a transaction, etc. with a Controlling Shareholder, a

listed company needs to obtain an opinion of from an entity that does not have any interest with the Controlling Shareholder. (For details, see “Part 3, Chapter 1 [Practical Matters to Note Concerning the Code of Corporate Conduct Pertaining to Significant Transactions, etc. with a Controlling Shareholder]”).

In addition, in the case of a third- party share allotment that meets certain requirements, to obtain the opinion from the third- party or take procedures to confirm shareholder intent will be required (For details, see “Part 3, Chapter 1 [Outline of Listing System Pertaining to Third-Party Allotment and Practical Matters to Note]”).

(4) Confirming the Necessity for Submitting Statutory Disclosure Documents

Depending on the disclosure matter, there may be cases where the Securities Registration Statement or Extraordinary Report will be required to be submitted together with the timely disclosure. (For details, please contact the Financial Service Agency or Local Finance Bureaus.)

Regardless of whether or not an Extraordinary Report has been submitted, in the case where the body that decides the execution of business has made the decisions, a listed company shall carry out the timely disclosure immediately.

However, in the case where a listed company has carried out the timely disclosure pertaining to corporate information required in submitting a Securities Registration Report for the purpose of issuing new shares or subscription warrants ahead of the submission of the relevant Securities Registration Statement, since there is a fear that it might violate the regulations on solicitation before the registration, the listed company is encouraged to avoid the occurrence of such situation by checking whether the submission is allowed through a provisional registration with EDINET.

3. Matters to Note regarding Preparation of Disclosure Documents

(1) Confirm "Disclosure Matters" and "General Instructions for Preparation"

This Guidebook describes matters to be described in timely disclosure (disclosure items) and matters to note in disclosures and descriptions for each disclosure matter. In general, these disclosure items mean items that a listed company is required to disclose in order to enable investors to make decisions pertaining to such information. In principle, all of these items are required to be described in a disclosure document. Therefore, in preparing a disclosure document, please confirm these disclosure items and the general instructions for preparation first.

In addition to the prescribed disclosure items, it is required to describe the items, which are necessary for investors to understand/judge the corporate information properly, in a disclosure document.

On the other hand, in the case where false description is included in a disclosed document, where information that is regarded as important for making investment decisions is insufficient in the disclosure document, or where the information in the disclosure document is misleading, the disclosure may be subject to the measure prescribed in the Regulations.

Therefore, when a listed company prepares a disclosure document, the company is required to confirm the facts carefully, and to prepare the disclosure document accurately without errors or omissions.

※ In the case where a fact falls under more than one disclosure matter

In the case where any corporate information falls under more than one disclosure matter, if it is regarded appropriate to combine the matters into a single disclosure document so that the investors will be able to understand and judge the information appropriately, please prepare a relevant single disclosure document.

On the other hand, in the case where it is regarded appropriate to explain each matter separately so that the investors will be able to understand and judge the information appropriately, prepare a separate disclosure document, indicating the relationship between any related facts.

In both cases, the listed company is encouraged to describe the prescribed disclosure items concerning each disclosure matter in order to enable investors to understand and judge the corporate information appropriately in accordance with the practical handling of timely disclosure of corporate information described in the guidebook.

(2) Use of Examples of Formats

For the convenience of listed companies in preparing disclosure documents, the Exchange displays sample disclosure forms for each of individual disclosure items on the JPX Group website and Listed Company Navigation. Still, a listed company may describe all the matters to be disclosed included in the Guidebook by preparing timely disclosure documents in line with the respective sample disclosure forms. However, the listed company is not necessarily required to comply with the sample disclosure forms. Yet, any information which might have a material effect on the investment decisions in the context of individual specific situation needs to be appropriately disclosed, even in cases where the details have not been described in the respective sample disclosure forms.

URL（Japanese）： https://www.jpx.co.jp/equities/listed-co/format/tddoc/index.html
(Equity, ETF/REIT, etc. - Support for Listed Companies - Sample Disclosure Forms/Documents to be Submitted - Sample Disclosure Forms)
URL（English）： https://www.jpx.co.jp/english/equities/listed-co/disclosure-gate/form/index.html
(Sample disclosure forms may be downloaded from the page for each disclosure item on Listed Company Navigation)

Also, a listed company may search past disclosure documents on Listed Company DBS. In preparing disclosure documents, it would be useful for a listed company to search disclosures of other companies and refer to them, if they would give an example of disclosure which is easy to be understood by investors. However, since the examples of disclosure of other companies are the ones prepared by them according to their specific facts, please note that a listed company should try to prepare relevant disclosures reflecting its substantive conditions, rather than simply emulating others.

(3) “General Instructions” Commonly Applicable to Preparation of Disclosure Documents

(i) Preparing materials on a consolidated basis

In principle, disclosure documents shall be prepared using consolidated indicators.

However, in cases there are no such indicators on a consolidated basis as with financial indicators of a

company not preparing consolidated financial statements or the descriptions on a standalone basis would be desirable, please describe them on a standalone basis.

Numerical data described in disclosure documents should be distinguished between consolidated and non-consolidated indicators.

(ii) Joint preparation of materials

Disclosure documents are in general prepared under the single name of listed company alone, but it would be possible to do so in joint names (for example, listing of parent and subsidiary). However even when disclosure documents are prepared in joint names, they are the disclosure documents that prepared and disclosed by the listed company and the ones belonging to the listed company. So please note that the listed company should fully be responsible for all aspect of the disclosure, including the accuracy of their details (even the parts prepared in joint names).

(iii) Preparing disclosure documents that are easy to understand

In order to make disclosure documents for investors to understand with ease, the following might be considered.

- For technical terms used in a specific business area or industry, add explanatory notes in margins as far as possible.
- For the style of writing, avoid using terms that are difficult to understand as far as possible, and describe them concretely.
- To try to use description that is easy to understand, as well as visuals such as charts and diagrams.
- For events that have already been disclosed, specify that they have been disclosed in the relevant disclosure documents, by quoting the date and title of the documents.

(iv) Preparing disclosure documents from the perspective of providing information fairly

A listed company is required to provide information to investors fairly. For example, if material information that is not described in the disclosure documents is communicated at the press conference concurrent with timely disclosure, only certain investors will be able to obtain the understanding of the information, which is unfair. In such a case, change or correction of details of disclosure may be necessary.

Therefore, in preparing disclosure documents, a listed company is encouraged to include answers to expected questions from the perspective of investors in the disclosure documents in order to prevent unequal access to information.

(v) Description of future outlook

A listed company is required to describe an expected effect of the decisions or fact occurred on the business performance for the periods subsequent to the current year and future policies, etc., tailored to each disclosure item in the disclosure documents.

In doing so, for the expected effect on the business performance for periods subsequent to the current year, if there is no significant effect on the business performance when the amount of effect of the facts on the business performance for subsequent years is combined with the amount of effect of other events on the subsequent business performance, the details should be described in the disclosure documents. In cases where the expected amount of effect on the business performance for the periods subsequent to the current year is unknown, please describe the effect the way in which the scale or degree of the effect could be understood at minimum.

(4) Preparing File for Registration (PDF)

Disclosure documents for the registration with TDnet needs to be prepared in a PDF format. In doing so, please do not set any prohibition of printing, search or copy for the convenience of investors in using them.

Still, the size of file registered with TDnet should be less than 10 MB. In the event that the file size is large, please compress it or divide it into several small files.

※ Submission of XBRL file

Disclosure documents pertaining to Earnings Reports (summary information), Quarterly Financial Results (summary information), revisions to business performance and to the forecast of dividend payment should also be submitted in XBRL file, in addition to PDF file. For the details, please refer to “Part 2, Chapter 3, 1 (2) (v) Request of Disclosure in XBRL File for Improved Convenience of Investors” and Part 2, Chapter 4, 1 (2) (vi) Request for Submission of XBRL File for Improved Convenience of Investors”. (* Part 2 is omitted in the English version of the Guidebook)

※ Title of disclosure information

For the titles of disclosure information displayed in a list of timely disclosure information on Company Announcements Disclosure Service, the titles described in actual disclosure documents are not used as is, but a series of characters entered by a listed company as the title into relevant index information in registering disclosure documents with TDnet, will be used. The maximum number of characters is 75 characters (two-byte character) and 150 characters (one-byte character).

Titles to be entered into index information should have the identical content with the titles described in actual disclosure documents, and if the number of characters exceeds the maximum number (75 two-byte characters and 150 one-byte characters), please describe appropriately shortened ones. Still, each title should be described such that investors could accurately recognize the nature of disclosure.

4. Matters to Note regarding Procedures to be Taken on the Day of Timely Disclosure

(1) Confirming the Time of Disclosure

A listed company shall carry out timely disclosure immediately after the decision or occurrence of information. For the announcement of financial results, they shall be disclosed immediately after they are available, irrespective of whether or not it is in a trading session. Even after 3 pm, trading is still carried out on the ToSTNeT market, and trading of listed securities is available off the Exchange. So a listed company is strongly required to make a prompt and fair disclosure, irrespective of whether or not it is in a trading session.

Still, when material corporate information for the investment decisions is disclosed during a trading session, the Exchange may halt the trading of listed securities in order to disseminate the information accurately and fairly, and the trading will, in principle, resume after fifteen (15) minutes passes from when the corporate information, which is a cause of trading halt, is disclosed. (For details, please refer to “Chapter 1, 2 [Outline of Trading Halt System])

Considering of the perspective of providing information to investors, a disclosure would be desirable during the daytime of weekdays, and it should, in principle be, carried out by 5 pm.

※ Disclosure on night-time and holiday

A body that decides business executions intends to make a disclosure on night (after 5 pm) or holidays (Saturday, Sunday, national holiday, year-end and new year holiday), please inform and consult with the Exchange of the reasons, etc., beforehand. If a body that decides business executions suddenly makes any decision on fact or recognizes fact occurred on night or holidays, pleases consult with the Exchange.

Still, for the details of procedures, etc. of disclosures on night-time and holidays, it is available on “FAQs” (Other questions) within TDnet Online Registration site or Listed Company Navigation.

(2) Registration with TDnet

Timely disclosure should be made using TDnet Online Registration Site. Meanwhile, the use of online registration site requires a computer with a digital certificate installed.

In addition, the requirements in the “User Guide” within TDnet Online Registration Site must be satisfied in using TDnet concerning the file format, etc. in registering timely materials.

TDnet Online Registration Site
URL（Japanese only）： https://online.td5.arrowfront.jp/onre/

※ Cases where a listed company is unable to make an online registration with TDnet

If a listed company is unable to make TDnet Online registration due to any unavoidable reasons, please inform the Exchange to that effect. In such cases, the submission of “Notice Concerning Announcement of Corporate Information” might be required sometimes.

(3) Explanation Concerning Disclosure Documents

A listed company is obliged to make a prior explanation to the Exchange when it carries out a timely disclosure. When the listed company registers the disclosure documents online with TDnet, the TSE staff will directly call the person charged with the disclosure of the listed company, seeking the explanation (in general a call is made within thirty (30) minutes). Therefore, the listed company should include the telephone number of the person (not limited to the entity responsible for the handling of information) in the Index Information, who should be standby for a call from the Exchange.

The listed company designates the time of disclosure at the end of prior explanation, and after when the disclosure time arrives, disclosure documents will be posted to Company Announcements Disclosure Service and concurrently communicated to the news media.

(4) Disclosure of Information by Means Other Than TDnet

For the method of disclosure of timely disclosure information, the Exchange requires listed companies to disclosure them through TDnet, but it has not set any other method available in addition to TDnet.

A method which could be used in addition to TDnet would include the holding of press conference or sending data to press club or posting to its own website. A listed company should appropriately identify a proper method considering any effect thereof on investors in making investment decisions.

Meanwhile, if a listed company discloses information by other means before doing so through TDnet, a transaction made by an entity that is aware of the corporate information derived from such disclosure is likely to fall under a insider trading. So, information disclosure by means other than TDnet should be made

after confirming that it has been disclosed through TDnet.

※ About Kabuto Club

Many news media and information vendors have participated in Kabuto Club, which enables a listed company to hold a press conference.

It is a practice that a subscription for a press conference at Kabuto Club should be made about 30 minutes prior to the time of press conference (depending on the nature of announcement, standby time for the press conference may differ. For details, please ask a managing press media at the time of subscription).

For the details of Kabuto Club, please contact it while for the details of press clubs other than Kabuto Club, please contact each club.

In the past, there were cases where a listed company subscribed a press conference before the disclosure with a press club, which announced only that “a press conference would be held”, and such ambiguous information had an effect on investors’ investment decisions. Careful consideration should be given to better disclosure of corporate information such as the subscription concurrent with the timely disclosure.

※ Matters to Note Concerning Publication of Corporate Information on Listed Company’s Own Website

For a file saved in publicly available directory within a company’s own web server (meaning the one of folders within the web server, which an outsider may access via the Internet), even if it is not linked from its own website, an access from outside will be available.

Thus, when a listed company posts its disclosure documents to its own website, the listed company is required to take appropriate measures as follows, such that outside entities could not browse the materials before the disclosure through TDnet:

The listed company does not save disclosure documents in the publicly available directory before the disclosure through TDnet, or in the event of saved on the directory, the listed company sets relevant password to implement relevant access control.

5. Disclosure regarding Cancellation/ Change/ Correction/ Progress of Disclosed Matters

(1) Cancellation of Disclosed Matters

In the case where a listed company decides not to carry out the matter concerning the material corporate information that has been disclosed, it is obliged to disclose it as the "cancellation of the disclosed matter."

(2) Change/Correction of Disclosed Matters

In the event that a change or correction should be made to the details of disclosed information after the disclosure, a listed company shall disclose the details of change as the “Change of Disclosure Matters” while the details of correction as the “Correction of Timely Disclosure Documents”.

※ For the handling of disclosure of the details of change or correction to Earnings Reports and Quarterly Financial Results, please refer to “Part 2 Chapter 3, 1 (3) (i) Handling of Change or Correction to Announced Financial Results” (* Part 2 is omitted in the English version of the Guidebook)

※ When there is need to change or correct several disclosure documents simultaneously, it would be possible for a listed company to wrap up disclosure documents concerning the change or correction thereof by appropriately quoting the dates and titles of targeted disclosures, when explaining them as a package would be deemed to appropriately contribute to the understanding and judgment of investors.

(3) Progression of Disclosed Matters

Regarding disclosure details that were difficult to be disclosed at the beginning of the disclosure, a listed company is required to make the situation as the "Progression of Disclosure Matter" immediately after such details become available for disclosure.

6. Others

(1) Information Management Regarding Timely Disclosure Matters

Much of timely disclosure information meets material facts under the Insider Trading Regulations. Therefore, a listed company should develop and implement a thorough management of information lest only some entities become aware of the information before the timely disclosure. A listed company should pay relevant attention to not providing undisclosed corporate information individually in daily communications with business partners, institutional investors, financial analysts, press and others. Whether intentionally or not, in the event that the listed company provided undisclosed corporate information to some entities individually, the listed company must disclose the information to that effect through TDnet immediately from the perspective of fair disclosure.

With respect to the handling of unpublished information within a listed company, it should thoroughly manage the information, for example, by relevantly controlling any access to a server (designation of access rights, access control, etc.) on which timely disclosure information is stored.

Still, the Exchange may issue alerts to investors when there are some news or rumors concerning information pertaining to securities or the issuer thereof. For details on the system for issuing alerts, please refer to “Chapter 1. 2 [Outline of System for Issuing Alerts]”.

(2) Documents to be Submitted

Depending on the nature of timely disclosure, a listed company may be required to submit some documents to the Exchange before/after such timely disclosure. For details, please refer to “Part 5, Documents to be Submitted to TSE”

(3) Request for Use of TDnet Company Announcements Service

The Exchange has been providing “TDnet Company Announcements Service”, the service which widely disseminate corporate information in English through TDnet with a view to strengthening communications between listed companies and foreign investors by promoting announcements of corporate information in English, and up to date, many listed companies have applied the service to provide the information directly to foreign investors with ease.

The Corporate Governance Code provides the principle that “Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures. In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English” (Supplementary Principles 3.1.2).

Listed companies are requested to use the service in order to better improve the communications to foreign investors, etc.

For details, please refer to the JPX website.

URL（Japanese）: https://www.jpx.co.jp/equities/listed-co/disclosure-gate/service/index.html

URL（English）: https://www.jpx.co.jp/english/listing/disclosure/index.html

(4) Operation of TDnet in the Case of Glitch

With respect to the operation of TDnet when a glitch occurs, please refer to “System Operation Manual” available on “User Guide” within TDnet Online Registration Site or “TDnet User Manual” within Listed Company Navigation. Please make them available properly so as for a listed company to refer to them in the case of any glitch, for example, by storing the PDF file on computer beforehand.

Part 3
Code of Corporate Conduct and Self-Regulation Outline

Part 3 Chapter 1
Code of Corporate Conduct Outline

1. Overview

Listed companies should be conscious of the fact that they are members of financial instruments markets, and are therefore required to ensure transparency by enhancing disclosure of corporate information. In addition, listed companies are also required to appropriately address corporate conduct to protect investors and ensure that markets function properly. With this in mind, the Code of Corporate Conduct has been established in the Regulations.

The Code of Corporate Conduct is consists of “Matters to be Observed,” which explicitly specify matters that must be observed by listed companies and “Matters Desired to be Observed,” which clarify preferred practices for listed companies. In the case that a listed company violates the stipulated “Matters to be Observed,” the Exchange may take enforcement actions such as the Public Announcement Measure, requiring the payment of a Listing Agreement Violation Penalty or the submission of an Improvement Report/Improvement Status Report, or the designating of the listed company’s stock as a “Security on Special Alert.”

Listed companies must obtain sufficient understanding of the significance of shareholder and investor protection, as well as the creation of a sound market, both of which are the purpose of the Code of Corporate Conduct, and take sufficient measures to address them.

[Code of Corporate Conduct Contents]

○ Matters to be Observed:

- Matters to be Observed for Third-Party Allotment
- Prohibition of Share Splits, Gratis Allotment of Shares, Gratis Allotment of Subscription Warrants, Share Consolidation, or Change in the Number of Shares Constituting One Unit which is Likely to Disrupt the Secondary Market or Infringe upon Shareholder Interests
- Matters to be Observed Pertaining to Issuance of MSCBs, etc.
- Exercise of Voting Rights in Writing, etc.
- Framework Improvement to Facilitate the Exercise of Voting Rights for Listed Foreign Companies
- Securing Independent Directors/Auditors
- Explanation of Reason for Compliance or Non-Compliance with Corporate Governance Code
- Obligation to Set up the Board of directors, the Board of Auditors or Audit and Supervisory Committee or a Nominating Committee and Accounting Auditors
- Securing Outside Directors
- Obligation to Appoint its Accounting Auditors as Certified Public Accountant, etc. who Carry out Audit Certificate, etc.
- Development of System and Structure Necessary to Ensure Appropriateness of Business
- Matters to be Observed Pertaining to Introduction of Takeover Defense Measures
- Matters to be Observed Pertaining to Disclosure of MBO, etc.
- Matters to be Observed Pertaining to Significant Transactions, etc. with a Controlling Shareholder
- Prohibition of Insider Trading
- Exclusion of Anti-Social Forces
- Prohibition of Actions Damaging to the Function of the Secondary Market or Shareholders' Rights

○ Matters Desired to be Observed (Preferred Practices):

- Efforts, etc. toward the Shift to and Maintenance of the Desired Investment Unit Level
- Respect for the Corporate Governance Code
- Securing Independent Directors/Auditors as Directors on the Board
- Preparation of an Environment for the Functioning of Independent Directors/Auditors
- Provision of Information regarding Independent Director(s)/Auditor(s), etc.;
- Appointment of Female Officers
- Framework Improvement to Facilitate the Exercise of Voting Rights
- Documents to be Delivered to Shareholders Owning Shares Without Voting Rights
- System Improvement for Prevention of Insider Trading
- Development of System, etc. for Excluding Anti-Social Forces
- Development of Systems and Structures to Properly Respond to Changes, etc. in Accounting Standards, etc.
- Fair Provision of Supplementary Explanatory Materials Related to the Details of Account Settlement

[Handling of Code of Corporate Conduct with Respect to Listed Foreign Companies, etc.]

- In applying the Code of Corporate Conduct to a listed foreign company, the Exchange gives sufficient consideration to the legal system, business practices, etc. in the jurisdiction in which the foreign company is located.

2. Matters to be Observed

(1) Matters to be Observed for Third-Party Allotment

When a listed company conducts a third-party allotment, and (i) the dilution ratio of voting rights becomes 25 % or more, or (ii) when a Controlling Shareholder changes, the listed company shall, in principle, a. obtain the opinion of an entity who has a specific degree of independence from the management regarding the necessity and suitability of such allotment; or b. confirm the intent of shareholders regarding such allotment by means such as a resolution in the general shareholders meeting. However, in the case that such allotment is extremely urgent and the Exchange deems that it is difficult for the listed company to conduct any of the procedures referred to in items a. or b. due to reasons such as rapidly deteriorating financial situations, the listed company may receive special exemption from these procedures.

[Rule 432 of the Regulations; Rule 435-2, Paragraph 3 of the Rules]

For details, please refer to [Outline of Listing System Pertaining to Third-Party Allotment and Practical Matters to Note].

(2) Prohibition of Share Splits, Gratis Allotment of Shares, Gratis Allotment of Subscription Warrants, Share Consolidation, or Change in the Number of Shares Constituting One Unit which is Likely to Disrupt the Secondary Market or Infringe upon Shareholder Interests.

A listed company shall not carry out a share split, gratis allotment of shares, gratis allotment of subscription warrants, share consolidation, or change in the number of shares per share unit which is likely to disrupt the secondary market or infringe upon shareholder interests.

For example, TSE will continue to carefully check the reasons and other circumstances behind stock splits where the stock price is expected to be less than JPY 100, as there is a risk that such a stock split may violate this prohibition.

[Rule 433 of the Regulations]

[Matters to Note]

The Exchange shall delist listed companies if “the details of shareholders’ rights and their exercise are unreasonably restricted”.

【Rule 601, Paragraph 1, Item 15 of the Regulations】

○ **Share Consolidation Resulting in Shareholders Losing Voting Rights at a General Shareholders' Meeting.**

When a listed company makes resolutions or decisions pertaining to share consolidation and other acts generating equivalent effects by which some shareholders may lose their voting rights at a general shareholders’ meeting (limited to cases where the Exchange deems that they are highly likely to undermine the interests of shareholders and investors), the Exchange will delist said company, as the details of shareholders’ rights and their exercise would be unreasonably restricted.

(Rule 601, Paragraph 12, Item 7 of the Rules)

(3) Matters to be Observed Pertaining to Issuance of MSCBs, etc.

When a listed company issues MSCBs, etc., they shall take measures to restrict conversion or exercise of MSCBs, etc. by entities who attempt to purchase MSCBs, etc. Also, the listed company shall, in addition to observing the Code of Corporate Conduct, not conduct actions deemed by the Exchange as damaging to the function of the secondary market or the rights of shareholders.

[Rule 434 of the Regulations]

For details, please refer to [Practical Matters to be Observed for Issuance of MSCB, etc.]

(4) Exercise of Voting Rights in Writing, etc.

A listed domestic company, in convening a general meeting of shareholders, shall determine matters referred to in Article 298, Paragraph 1, Item (3) of the Companies Act (*); provided, however, that the same shall not apply to cases where it solicits all shareholders to make a third-party exercise their voting rights by proxy by delivering a form of power of attorney at the time of notifying them of a general shareholders' meeting pursuant to the provisions of the Act.

[Rule 435 of the Regulations]

(*) "that shareholders who do not attend the shareholders meeting may vote in writing, if so arranged"

(5) Framework Improvement to Facilitate the Exercise of Voting Rights for Listed Foreign Companies

When a listed foreign company (limited to listed foreign companies whose listed foreign stock, etc. is traded principally on the Exchange market) convenes a general shareholders meeting, it is obliged to send an instruction sheet written in Japanese (*1) and a reference document containing adequate content for a beneficial shareholder of the foreign stock, etc. to be able to give instruction for the exercise of voting rights (*2) to beneficial shareholders of the foreign stock, etc. As a general rule, this should be conducted by two weeks prior to the day of the general shareholders meeting. Still, in applying these requirements, the Exchange will take into account legal systems, practices and customs, etc. in such foreign country or the country, etc. of the foreign corporation. Please consult with the Exchange about the handling thereof.

(*1) Meaning a document by which a beneficial shareholder of a foreign stock, etc. gives instructions for the exercise of voting rights.
(*2) Meaning a document containing matters that should serve as a reference regarding instruction for the exercise of voting rights.

[Rule 436 of the Regulations]

(6) Securing Independent Directors/Auditors

For the protection of general shareholders, a listed domestic company is obliged to secure at least one independent director/auditor (meaning an outside director (meaning an outside director as prescribed in Article 2, Item (15) of the Companies Act who meets the requirements for outside officer as prescribed in Article 2, Paragraph 3, Item (5) of the Regulations for Enforcement of the Companies Act (Ministry of Justice Order No. 12 of 2006)) or an outside company auditor (meaning an outside company auditor as prescribed in Article 2, Item (16) of the Companies Act who meets the requirements for outside officer as prescribed in Article 2, Paragraph 3, Item (5) of the Regulations for Enforcement of the Companies Act) who is unlikely to have conflicts of interest with general shareholders; hereinafter the same.)

[Rule 436-2 of the Regulations]

Still, a listed domestic company is obliged to submit the "Independent Director/Auditor Notification" prescribed by the Exchange regarding independent director(s)/auditor(s) to the Exchange; and

In cases where any change occurs to the details of the "Independent Director/Auditor Notification", the listed domestic company is obliged to, as a general rule, submit an "Independent Director/Auditor Notification" containing the changed details to the Exchange by a date two (2) weeks before the occurrence of such change.

[Rule 436-2 of the Rules]

For details, please refer to [Practical Matters to Note on Securing Independent Directors/Auditors].

(7) Explanation of Reason for Compliance or Non-Compliance with Corporate Governance Code

When a listed domestic company complies or does not comply with each principle of the "Corporate Governance Code," it shall explain reasons for such compliance or non-compliance in the Corporate Governance Report. This requirement shall not oblige a listed company to uniformly comply with each principle of the Code of Corporate Conduct, and it is assumed that if there is any one of the principles which the listed company deems inappropriate to comply with in the context of its own conditions, it may not comply with it by sufficiently explaining the reasons for the non-compliance.

In this case, the category of listed domestic companies and the scope of the applicable principles subject to explanation of such reasons shall be as referred to in the following items.

Domestic companies listed on Standard Market or Prime Market :	General Principles, Principles, and Supplementary Principles
Listed domestic companies of the Growth Market :	General Principles

[Rule 436-3 of the Regulations]

For the time of submitting and how to describe the Corporate Governance Report, please refer to [Part 5 [4] Corporate Governance Reports]

(8) Organs of Listed Domestic Companies

A listed domestic company is obliged to set up a body referred to in each of the following items (*):

(1) A board of directors;
(2) A board of auditors, a supervisory committee, or nominating committees (meaning the nominating committees, etc. prescribed in Article 2, Item (12) of the Companies Act; and
(3) Accounting auditors.

[Rule 437 of the Regulations]

(9) Securing Outside Director(s)

A listed domestic company is obliged to secure at least one outside director (meaning an outside director prescribed in Article 2, Item (15) of the Companies Act).

[Rule 437-2 of the Regulations]

This requirement is designed to require all of listed domestic companies to ensure outside directors, and the status of selection thereof is a matter to be described in the Corporate Governance Report. For the details of the Corporate Governance Report, please refer to “Part 5 [4] Corporate Governance Reports”.

(10) Certified Public Accountants, etc.

A listed domestic company is obliged to appoint its accounting auditors as certified public accountants, etc., who carry out audit certification, etc. of financial statements, etc. or quarterly financial statements, etc. contained in an annal securities report or a quarterly securities report.

[Rule 438 of the Regulations]

(11) Development of System and Structure Necessary to Ensure Appropriateness of Business

A listed domestic company is obliged to decide the development of a system and structure necessary to ensure that the execution of duties of directors or executive officers of such listed domestic company comply with laws and regulations and the articles of incorporation, and any other systems necessary to ensure the appropriateness of business of the domestic company and business of the corporate group composed of said domestic company and its subsidiaries (meaning development of a system and structure prescribed in Article 362, Paragraph 4, Item (6) of the Companies act, Article 399-13, Paragraph 1, Item (1), c. of the same act or Article 416, Paragraph 1, Item (1), e. of the same act), as well as appropriately create and operate such system and structure.

For example, no matter when any fact is revealed that the development of organizational system has not been implemented or internal rules have not been developed in accordance with policies decided by the Board of Directors or that organizational structure or internal rules have not been operated in accordance with policies, and if the Exchange acknowledges that the facts are to the extent that they cannot be overlooked from the perspective of ensuring confidence of shareholders and investors in the markets operated by the Exchange, the Exchange may impose measures specified in the Regulations including relevant Improvement Report, considering that the internal control system required of

companies listed on the Exchange has not been developed and operated properly.

The Exchange does not intend to investigate and monitor the development and operation of internal control system of a listed company ordinary time or whenever individual scandal takes place. In addition, the Exchange does not require a listed company to provide an additional disclosure in the Corporate Governance Report, etc. with respect to the operation conditions of internal control system under the Companies Act.

[Rule 439 of the Regulations]

(12) Matters to be Observed Pertaining to Introduction of Takeover Defense Measures

Where a listed company introduces takeover defense measures (meaning decision of the concrete substance of takeover defense measures such as making a resolution to issue new shares or subscription warrants as takeover defense measures), it is obliged to observe the matters referred to in each of the following items:

(1) Sufficient disclosure

The listed company shall make necessary and sufficient timely disclosure concerning takeover defense measures;

(2) Transparency

Conditions of implementation (meaning making the realization of an acquisition difficult by executing the substance of takeover defense measures; the same shall apply hereinafter) and abolishment (meaning canceling introduced takeover defense measures such as retiring new shares or subscription warrants issued as takeover defense measures) of takeover defense measures shall not depend on arbitrary decisions by the management;

(3) Effect on the secondary market

Takeover defense measures shall not include factors which may cause extremely unstable price formation of a share or any other factors which may cause unpredictable damage to investors; and

(4) Respect for Shareholders' Rights

Takeover defense measures shall give consideration to shareholders' rights and their exercise.

[Rule 440 of the Regulations]

For details, please refer to [Outline of Listing System related to Introduction, etc. of Takeover Defense Measures].

(13) Matters to be Observed Pertaining to Disclosure of MBO, etc.

A listed company is obliged to make timely disclosure in a necessary and sufficient manner in conducting the announcement of opinion with respect to MBO, etc. (including takeover bids where the takeover bidder is conducting the bid based on the request of an officer of the target of the takeover bid and has a common interest with the officer of such target).

[Rule 441 and Rule 441-2 of the Regulations]

[Practical Handling of Timely Disclosure Pertaining to Disclosure of MBO, et.

For the practical handling in conducting the announcement pertaining to MBO, etc., please refer to [Part 2, Chapter 1, 12 Announcement of Opinion Concerning Takeover Bid]. (* Part 2 is omitted in the English version of the Guidebook)

(14) Matters to be Observed Pertaining to Significant Transactions, etc. with a Controlling Shareholder

A listed company that has a Controlling Shareholder shall obtain the opinion, when a body which decides the business execution of such listed company or a subsidiary thereof makes a decision on any significant transactions, etc. with a Controlling Shareholder and other persons specified by the Rules, from an entity that has no interests with such Controlling Shareholder that the decision will not undermine the interests of minority shareholders of such listed company, and also shall perform necessary and sufficient timely disclosure.

[Rule 441-2 of the Regulations; Rule 436-3 of the Rules]

A Controlling Shareholder means a parent company or an entity specified by the Rules as entity which directly or indirectly hold a majority of the voting rights of the listed company (in cases where the aggregation of the number of the voting rights of the listed company held by a main shareholder (other than the parent company) of the listed company and the number of voting rights held by a close relative of said main shareholder and the number of voting rights held by the company, etc.(meaning a company, designated corporation, partnership, or other similar entities (including foreign entities that are equivalent to these entities)), the majority of voting rights of which are held by the main shareholder and close family on its own account, and the number of voting rights held by subsidiaries of the company, accounts for the majority of the voting rights of the listed company).

[Rule 2, Item 42-2 of the Regulations; Rule 3-2 of the Rules]

For details, please refer to [Practical Matters to Note Concerning the Code of Corporate Conduct Pertaining to Significant Transactions, etc. with a Controlling Shareholder].

(15) Prohibition of Insider Trading

A listed company shall not allow its officers, agents, employees and other workers to conduct insider trading (*) for such listed company's account.

(*) Insider trading represents a transaction forbidden by Rule 166 and 167 of the Financial Instruments and Exchange Act. The same applies hereinafter.

[Rule 442 of the Regulations]

In addition, "Matters Desired to be Observed" include "System Improvement for Prevention of Occurrence of Insider Trading." Please also refer to the "3. (9) System Improvement for Prevention of Occurrence of Insider Trading."

(16) Exclusion of Anti-Social Forces

A listed company is prohibited from having relationships below as those in which the listed company is involved with anti-social forces.

- Relationships where anyone mentioned below is an organized crime group, a member of such group and other similar parties (referred to as "organized crime groups and other anti-social forces" hereinafter in this paragraph)
    a. Listed company;
    b. Parent company, etc. of the listed company;
    c. Subsidiary of the listed company;
    d. Officers of the listed company (director, accounting advisor ((including employees of an accounting advisor who are in charge of accounting advice if the accounting advisor is a corporation), company auditors, and executive officers (including governor, auditor, and a person who can be regarded as equivalent thereto);
- In addition to the above, where anti-social forces including organized crime group is involved in the management of a listed company.

[Rule 443-2 of the Regulations; Rule 436-4 of the Rules]

In cases where it has become clear that a listed company has relationships prescribed above as those in which the listed company is involved with antisocial forces, and where TSE deems that such condition has considerably damaged shareholders and investors trust in the market, the listed company shall be delisted.
[Rule 601, Paragraph 1, item 19 of the Regulations; Rule 601, Paragraph 16 and Rule 436-4 of the Rules]

In addition, "Matters Desired to be Observed" include "Development of System, etc. for Excluding Antisocial Forces." Please refer to "3. (10) Development of System, etc. for Excluding Antisocial Forces" together therewith.

(17) Prohibition of Actions Giving Damage to the Function of the Secondary Market or Shareholders' Rights

A listed company shall, in addition to each of items mentioned in "Matters to be Observed" in the Code of Corporate Code, be prohibited from conducting actions deemed by the Exchange as damaging to the function of the secondary market or the rights of shareholders.

[Rule 444 of the Regulations]

This requirement is established as so-called basket clause concerning "Matters to be Observed" in the Code of Corporate Conduct. A listed company shall not, in addition to observing the individual provisions listed as "Matters to be Observed", conduct any quasi-actions in the light of the intent of the Code of Corporate Conduct.

3. Matters Desired to be Observed

(1) Efforts, etc. toward the Shift to and Maintenance of the Desired Investment Unit Level

A listed domestic company shall make efforts to shift to and maintain an investment unit to less than JPY 500,000 for such a listed domestic stock.

[Rule 445 of the Regulations]

The Exchange is promoting campaign for lowering investment unit of shares, assuming that the participation of a wider group of investors, especially individual investors making various investment judgment, is essential to establish stable and dynamic stock market. The Exchange believes that lowering investment unit spurs the participation of individual investor group in the stock market, thus contributing to the building of foundation for stimulating the vitality of financial instruments market and expanding direct financing in Japan.

The investment unit means the term representing the minimum investment amount required to invest in shares, which will be determined by the share price, multiplied by trading unit (the number of shares of Share Unit). Lowering investment units will be made by means of “Share Split”. “Share Split” means a method to split a current share into two (2) or three (3) shares for example, lowering the price per share after split, by which the investment units will be lowered.

A listed company with a higher level of investment unit is encouraged to consider implementing the share split towards lowering investment units.

[Disclosure of Lowering Investment Units]

Where the price of a listed domestic stock is JPY 500,000 or more, the listed domestic company is obliged to disclose its view and policy, etc. concerning an investment unit of such an issuer in order to shift to a level to below JPY 500,000. For details, please refer to “Part 2, Chapter 5, 1 Disclosure Concerning Lowering Investment Units”. (* Part 2 is omitted in the English version of the Guidebook)

[Rule 409 of the Regulations; Rule 409 of the Rules]

Still, such disclosure will not be required when and if a listed company decides to make a “Share Split” before the disclosure and moreover the investment unit is expected to be less than JPY 500,000.

(2) Respect for Corporate Governance Code

The requirement provides that listed companies shall respect the intent and spirit of the "Corporate Governance Code" and make efforts to enhance their corporate governance.

[Rule 445-3 of the Regulations]

For the details of “Corporate Governance Code”, please refer to [Corporate Governance Code].

(3) Securing Independent Directors/Auditors as Directors on the Board

A listed domestic company is required to make efforts to secure at least one independent director/auditor as a member of its board of directors.

[Rule 445-4 of the Regulations]

(4) Preparation of an Environment for the Functioning of Independent Directors/Auditors

A listed domestic company is required to make efforts to develop an environment where an independent director(s)/auditor(s) will fulfill the role expected thereof.

[Rule 445-5 of the Regulations]

This requirement does not oblige a listed company to carry out any specific act. However, the listed company may have to implement the measures such as “Development of system to communicate timely and appropriate information to independent directors/auditors, work with internal departments and securing personnel to assist them” illustrated in the Exchange’s requirement “Roles Expected of Independent Directors/Auditors”. The intent of this requirement is not limited to the development of special support system exclusive for independent directors/auditors. For example, a listed company may address the requirement by realizing its intent through the development of support system covering the Board of Directors and the Board of Auditors in entirety, including independent directors/auditors.

(5) Provision of Information regarding Independent Director(s)/Auditor(s), etc.

A listed domestic company is required to make efforts to provide its shareholders with information regarding an independent director(s)/auditor(s) and information regarding the independence of outside director(s)/auditor(s) in a manner which contributes to the exercise of voting rights in the general shareholders meeting.

[Rule 445-6 of the Regulations]

This requirement does not oblige a listed company to carry out any specific act. However, the listed company may implement the following measures (they are only an example and the measures are not limited to them):

a The listed company may include the description of the following matters at the space to describe the “reason for selecting the person as an candidate for an independent director” for each outside director and auditor to respond to the proposed agenda for selection of officers in the reference documents for the general meeting of shareholders.
- To the effect that the listed company will appoint the outside director as an independent director or that it has already done so;
- When the outside director meets the matters described in attribute information, the fact and its outline

b Clarify an outside director designated as an independent director in the descriptions in the list in or in the margin of “Matters related to the Directors” in the business report.

(6) Appointment of Female Officers

Appointment of female executive officers by domestic companies listed on the Prime Market shall be prescribed as follows:

Establishment of Numerical Targets for the Percentage of Female Officers at Domestic Companies on the Prime Market

1. Domestic companies on the Prime Market shall strive to appoint at least one female officer by 2025.
2. Domestic companies on the Prime Market shall aim to raise the percentage of their female officers to at least 30% by 2030.
3. The Exchange recommends that domestic companies on the Prime Market develop action plans to achieve the above targets.

*In addition to board members, auditors, and executive officers, the aforementioned female officers may include non-statutory executive officers and their equivalents.

[Rule 445-7 and Appendix 2 of the Regulations]

(7) Framework Improvement to Facilitate Exercise of Voting Rights

A listed domestic company shall endeavor to carry out matters prescribed below as a framework improvement to facilitate the exercise of voting rights at general shareholders meetings.

(1) To avoid holding an annual general shareholders’ meeting on a day on which other listed companies' annual general shareholders meetings are significantly concentrated;
(2) To send notice of an annual general shareholders meeting earlier than the deadline prescribed in Article 299, Paragraph 1 of the Companies Act;
(3) To provide an environment to the investors in which they can receive the information by an electromagnetic method, pertaining to the following a. through f. before the day three (3) weeks prior to the date of shareholders meeting, or to state such information in an annal securities report and submit such an annual securities report through the electronic disclosure;
   a. Matters referred to in each item of Article 298, Paragraph 1 of the Companies Act;
   b. Matters to be stated in reference documents for shareholders meeting prescribed in Article 301, Paragraph 1 of the Companies Act or reference documents prescribed in Article 36-2, Paragraph 1 of the Enforcement Ordinance;
   c. In cases where demand is made pursuant to the provisions of Article 305, Paragraph 1 of the Companies Act, summary of the proposals prescribed in the same paragraph;

d. In case of annual shareholders meeting, matters stated or recorded in financial statements and business reports prescribed in Article 437 of the Companies Act;
e. In case of annual shareholders meeting, matters stated or recorded in consolidated financial statements prescribed in Article 446, Paragraph 6 of the Companies Act; and
f. In case where a listed company revises the matters referred to in a. through preceding e., to that effect and the matters before the revisions.

(4) To prepare English translation of the summary of the matters referred to in a. through c. of the preceding items and make it available for the investors;
(5) To provide an environment in which the shareholders can exercise their voting rights by an electromagnetic method; and
(6) Other matters toward framework improvement to facilitate the shareholders' exercise of voting rights at general shareholders meetings.

[Rule 446 of the Regulations; Rule 437 of the Rules]

Still, the Exchange refers to the participation in “Electronic Voting System Platform for Institutional investors” operated by ICJ, Inc. as a part of improving environment for exercise of voting rights by shareholders. Aggressive participation of listed companies in the above platform will enhance communications between investors in and outside Japan and issuers leveraging the opportunity of general meetings of shareholders and provide an environment where investors themselves exercise their rights accurately and promptly, thus winning better confidence in the listed companies from markets. Non-participants listed companies are encouraged to consider the participation therein.

(8) Documents to be Delivered to Shareholders Owning Shares Without Voting Rights

In the event that an issuer of shares without voting rights has delivered documents for shareholders (excluding a document for exercising voting rights and proxy) to shareholders owning shares with voting rights, the issuer shall make efforts to immediately deliver such documents to shareholders owning shares without voting rights as well.

[Rule 447 of the Regulations]

(9) System Improvement for Prevention of Occurrence of Insider Trading

A listed company shall endeavor to develop necessary systems to prevent insider trading and acts prohibited by Article 167-2 of the Act by its officers, agents, employees and other workers.

A listed domestic company shall, as a part of development of a system and structure, endeavor to register information with J-IRISS (meaning Japan-Insider Registration & Identification Support System operated by Japan Securities Dealers Association).

[Rule 449 of the Regulations]

To address the development of system and structure includes the development of internal regulations and thorough dissemination thereof to directors and employees and regular holdings of seminars for directors and employees, and a listed company is required to develop an effective system of prevention of such acts, tailored to substance and actual conditions of the listed company (JPX-R (Market Surveillance & Compliance Division) will accept any consultation in this respect).

In addition, “Matters to be Observed” include “Prohibition of Insider Trading”. Please refer to “2. (15) Prohibition of Insider Trading” together.

(10) Development of System, etc. for Excluding Anti-Social Forces

A listed company shall make efforts to develop a company structure to prevent damage due to anti-social forces including criminal and extremist elements and to prevent the intervention of anti-social forces against individual corporate activities.

[Rule 450 of the Regulations]

In addition, “Matters to be Observed” include “Excluding Anti-social Forces.” Please also refer to “2. (16) Exclusion of Anti-social Forces” together.

(11) Development of Systems and Structures to Properly Respond to Changes, etc. in Accounting Standards, etc.

Listed domestic companies shall make efforts to develop such systems and structures so that they could

obtain membership in an organization or association that performs submission or dissemination of opinions on the content of accounting standards or changes thereof or participate in training programs conducted by an accounting standard setting body, etc. or appropriately grasp the contents of accounting standards or properly respond to changes in accounting standards, etc.

[Rule 451 of the Regulations]

(12) Fair Provision of Supplementary Explanatory Materials Related to the Details of Account Settlement

A listed company shall make efforts to ensure the fair provision of supplementary explanatory materials on the details of the account settlement disclosed pursuant to the provisions of Rule 404 (Earnings Reports, etc.) when preparing and providing such materials to investors.

[Rule 452 of the Regulations]

4. Reporting Obligation Pertaining to Code of Corporate Conduct

In the cases where a listed company fall any of the following items, it is obliged to report such matters to the Exchange:

- Where a listed domestic company breaches any of the requirements of Code of Corporate Conduct pertaining to the improvement of systems and structures necessary of ensure the fairness of business, including such measures as the exercise of voting rights by listed companies in writing, securing of independent director(s)/auditor(s), the explanation of reasons for compliance or non-compliance with the Corporate Governance Code, the organs of listed domestic companies, ensuring outside director(s), or Appoint its Accounting Auditors as Certified Public Accountant, etc.;
- Where a listed domestic company breaches the provisions of Article 331 (Qualifications of Directors), Article 335 (Qualifications of Company Auditors), Article 337 (Qualifications of Financial Auditors), or Article 400 (Appointment of Committee Members) of the Companies Act; and
- Where a listed foreign company breaches the provisions of the Code of Corporate Conduct pertaining to Framework Improvement to Facilitate Exercise of Voting Rights.

[Relating to Rule 508, Paragraph 2 of the Regulations]

5. Response to Breach of Code of Corporate Conduct

The Securities Listing Regulations require that the Exchange may impose measures to ensure the effectiveness of the Code of Corporate Conduct on the breaches of “Matters to be Observed”in the Code of Corporate Conduct, such as Public Announcement Measure, claiming the payment of Listing Agreement Violation Penalty, requiring the submission of Improvement Report/Improvement Status Report and designation of the stock as a Security on Special Alert.

[Rules 503 to 510 of the Regulations]

For details, please refer to “Part Chapter 2 Outlines of Self-Regulation for Listed Companies”.

[Outline of Listing System Pertaining to Third-Party Allotment and Practical Matters to Note]

1. Outline and Practical Matters to Note

Towards developing and improving environments which enable investors in and outside Japan to make investments safely, the Exchange shall perform relevant delisting examinations for any third-party allotment whose ratio of voting rights exceeds 300% in order to prevent the third-party allotment which may significantly undermine the interests of existing shareholders and have a material effect on their confidence in markets. In cases where the third-party allotment whose ratio of voting rights exceeds 25% or a Controlling Shareholder changes, the Exchange has developed relevant requirements for the third-party allotment, such as obtaining the opinion of an entity who has a specific degree of independence from the management regarding the necessity and suitability of such allotment or establishing the Code of Corporate Conduct requiring a listed company to develop relevant procedures to confirm the intent of shareholders, including resolutions at the general meetings of shareholders.

[Definition of Terms]

Terms	Definitions
Third-Party Allotment	A third-party allotment means a third-party allotment prescribed in Article 19, paragraph (2), item (1)(l) of the Cabinet Office Ordinance on Disclosure [Rule 2, Item 67-2 of the Regulations]
Offered Shares, etc.	Offered share, etc. means offered shares (prescribed in Article 199, Paragraph 1 of the Companies Act and an offered preferred equity investment prescribed by the Preferred Equity Investment Act, and shares allotted pursuant to the provisions of foreign laws and regulations corresponding to these) , offered subscription warrants (prescribed in Article 238, Paragraph 1 of the Companies Act), or subscription warrants allotted pursuant to provisions of corresponding laws and regulations of any foreign country 【Rule 2, Paragraphs 84 and 84-2 of the Regulations】

* For the method of calculating the “dilution ratio”, please refer to “How to Calculate Dilution Ratio”.

(1) Matters to be Observed for Third-Party Allotment for the Purpose of Code of Corporate Conduct

A listed company, in performing a third-party allotment, is obliged to carry out the procedures mentioned in a. or b. if it falls under (i) or (ii) below;
provided, however, that when the allotment is extremely urgent, the procedures in a. or b., will be exempted.

[Rule 432 of the Regulations]

Please note sufficiently that in cases where a listed company violated the Code of Corporate Conduct pertaining to the third-party allotment, the Exchange may impose a Public Announcement Measure, the payment of Listing Agreement Violation Penalty, the submission of Improvement/Improvement Status Report and the designation as a Security on Special Alert.

[Procedure under the Code of Corporate Conduct is Required]

(i) When a dilution ratio becomes 25 % or more;
(ii) A Controlling Shareholder changes

* In assessing whether (i) or (ii) occurs, the number of voting rights of potential shares arising from a third-party allotment will be taken into account.
* For the method of calculating the dilution ratio, please refer [How to Calculate Dilution Ratio] mentioned below.

[Procedures under Code of Corporate Conduct]

a. Receipt of the opinion of an entity who has a specific degree of independence from the management regarding the necessity and suitability of such allotment
b. Confirmation of the intent of shareholders regarding such allotment by means such as a resolution in the general shareholders meeting.

* The Exchange assumes that “an entity who has a specific degree of independence for the management” is a third-party committee, outside director, outside auditor and the like. The Exchange assumes that for the composition of third-party committees, a listed company refers to the composition observed in the practice of a company currently introducing relevant takeover defense measures.
* For the details of “Opinion regarding the necessity and suitability of such allotment”, the Exchange assumes that a listed company will refer to the allotment, focusing on whether the listed company needs to procure funds, whether the selection of the scheme adopted is appropriate in comparison with other means (for example, in terms of third-party allotment of subscription warrants, in comparison with other means of funds raising such as borrowings, issuance of corporate bonds, capital increase through public offering, third-party allotment of shares or third-party allotment of corporate bonds with subscription warrants) , and whether the terms and conditions of the various issues are reasonable in the context of its specific situations.
* The Exchange assumes that for “Confirmation of the intent of shareholders”, a listed company carries out recommendation-based resolution in addition to formal resolutions at general meetings of shareholders.
* In normal cases, “a. Receipt of the opinion of an entity who has a specific degree of independence from the management regarding the necessity and suitability of such allotment” shall be fulfilled by the date of resolution of the Board of Directors while “b. Confirmation of the intent of shareholders regarding such allotment by means such as a resolution in the general shareholders meeting.” shall be fulfilled by the date of payment for the allotment.
* The Exchange may request the submission of document certifying the fulfillment of procedures as appropriate.

[What is “Cases where a third-party allotment is highly urgent”?]

“Cases where allotment is extremely urgent” means the cases in which the Exchange deems that it would be difficult for the listed company to fulfill the above procedures under the Code of Corporate Conduct as the listed company has encountered rapidly deteriorating financial conditions.

[Rule 435-2, Paragraph 3 of the Rules]

* Specifically, the Exchange assumes that it is difficult for a listed company to fulfill the procedures under the Code of Corporate Conduct within the current time frame as its financial conditions are rapidly deteriorating. However, for the procedures required, the Exchange may flexibly address them, not limiting the procedures to “Confirmation of shareholders' intentions”, so the cases where no procedures are required due to extremely urgent allotment, will extremely be limited.

[How to Calculate Dilution Ratio]

Formula: (A/B) * 100 (%)

Symbols in the formula:
A: Number of voting rights pertaining to offered shares, etc. allotted by said third-party allotment (including the number of voting rights pertaining to shares issued by conversion of said offered shares, etc. or exercise of rights)
B: Total number of voting rights pertaining to outstanding shares before matters regarding offering pertaining to said third-party allotment is decided

Note: However, for the dilution ratio when the Exchange deems that the value calculated by the formula is not appropriate in consideration of the calculation method for the payment amount for the third-party allotment and situation of the allotment, it shall be as specified by the Exchange on a case-by-case basis.

[Rule 435-2, Paragraph 1 of the Enforcement Rules]

* In calculating the dilution ratio, concerning A above, potential shares of subscription warrants (if the exercise price, etc. is revised, potential shares at the lowest value) will be regarded as shares issued by the third-party allotment;
* In calculating the dilution ratio, concerning B above, the outstanding shares issued do not include potential shares existing before the decisions of matters for offering;
* In carrying out several times of third-party allotments in a short period of time (about six (6) months), a listed company shall apply the calculation method above by accounting for them as an integral part of the allotment (in principle, including the third-party allotment meeting the de minimis criteria

for the disclosure).

(2) Delisting Criteria Pertaining to Third-Party Allotment

(i) Third-party allotment whose dilution ratio exceeds 300%

When a listed company carries a third-party allotment whose dilution ratio exceeds 300%, the Exchange shall delist it unless the Exchange deems that it is unlikely to undermine the interests of shareholders and investors.

【Rule 601, Paragraph 1, Item 15 of Securities Listing Regulations; Rule 601, Paragraph 12, Item 6 of Enforcement Rule】

* For the method of calculating the dilution ratio, please refer to [How to Calculate Dilution Ratio] above.
* "Cases where the Exchange deems that the third-party allotment is unlikely to undermine the interests of shareholders and investors" include: cases where public funds are injected; cases where under the circumstances that a listed company is likely to go bankrupt, a third-party allotment is carried out as a relief measure by a private sector sponsor after fulfilling the procedures for confirming the intent of shareholders; and cases where the total number of shares authorized will gradually be increased by amending the Articles of Incorporation through the resolutions at the general meetings of shareholders as a gradual procedure for confirming the intent of shareholders. The Exchange assumes that such cases have given sufficient consideration so as not to undermine the interests of shareholders and investors. However, since such third-party allotments should be determined comprehensively depending on individual specific conditions of the listed company, it is required to have sufficient time to make prior consultation with the Exchange beforehand.

(ii) Third-party allotment by which a Controlling Shareholder changes

Where there is a change of a Controlling Shareholder due to third-party allotment, when the Exchange deems there is considerable damage to the soundness of transactions with the Controlling Shareholder within the coming 3 years, the listed company shall be delisted.

【Rule 601, Paragraph 1, Item 6 of the Regulations; Rule 601, Paragraph 6 of the Rules】

* "A Controlling Shareholder" means a main shareholder who holds the majority of voting rights of a listed company directly or indirectly as prescribed by Rule 3-2 of the Rules.
* "Where there is a change of a Controlling Shareholder due to third-party allotment" relates to cases where a Controlling Shareholder changed due to the allotment and cases where a Controlling Shareholder is expected to change through the conversion or exercise of offered shares, etc. delivered by the allotment.
* "Within three (3) years" means the period in which three (3) years pass counting from the next day of the end of business year to which the day belongs when a Controlling Shareholder of a listed company changed due to a third-party allotment.

[Regular reporting on transaction status with a Controlling Shareholder]

- A listed company meeting cases where a Controlling Shareholder changed due to a third-party allotment, needs to regularly submit "Report on transaction status with a Controlling Shareholder. For details, please refer to "Part 5, [2] List of Documents to be Submitted Relating to Domestic Shares". (* Part 5, [2] is omitted in the English version of the Guidebook)

[Reporting on inquiry of transaction status, etc. with a Controlling Shareholder]

- A listed company meeting cases where a Controlling Shareholder changed due to a third-party allotment, is obliged to immediately make an accurate reporting on the matters inquired by the Exchange, whenever the Exchange has done so considering it is necessary.

* As to whether a third-party allotment falls under "When the Exchange deems that there is considerable damage to the soundness of transactions with the Controlling Shareholder" the Exchange will make the examination thereof by evaluating the adequacy of transaction with the Controlling Shareholder and the reasonableness of transaction terms based on the details of regular reports on the transactions with the Controlling Shareholder and reports on the inquiry about transaction status with the Controlling Shareholder.

(3) Timely Disclosure Pertaining to Third-Party Allotment

In carrying out a third-party allotment, a listed company is obliged to make a timely disclosure concerning the following matters:

a. Details of the confirmation regarding the existence of assets required for payment by the recipient of the allotment;
b. Calculation base of payment amount and the specific details of such base;
(When the Exchange deems it necessary, it should include the opinion, etc. of corporate auditors, auditor and supervisory committee or audit committee regarding the legality of the allotment in terms that are not particularly advantageous for the recipient)
c. Details of the procedures under the Code of Corporate Conduct when they are required (reasons in the event that they are not required)
d. Other matters for a third-party allotment the Exchange deems material for investment decisions

[Rule 402-2 of the Regulations; Rule 402-2 of the Rules]

For details, please refer to “Part 2, Chapter 1, 1 Offering to Entities who Subscribe for Issued Shares, Treasury Shares to be Disposed of, Issued Subscription Warrants, or Treasury Subscription Warrants to be Dispose of or a Secondary Offering of Shares or Subscription Warrants (* Part 2 is omitted in the English version of the Guidebook)

2. Other Matters to Note

(1) Necessity of Prior Consultation

Materials expected to be disclosed should be presented beforehand and a prior consultation will be made thereafter. A listed company, in deciding a third-party allotment, **is required to send the proposed disclosure documents to a TSE-side staff for listed companies by mail at latest ten (10) days prior to the scheduled disclosure date;** provided, however, that in cases where the listed company considers an unprecedented scheme or there is some concerns in the context of matters to be observed, the listed company is encouraged to have sufficient time to enter into a prior consultation.

(2) Delisting Examination Pertaining to Inappropriate Merger, etc.

For a third-party allotment whose main allottee is a non-listed company, such transaction might be subject to the delisting examination pertaining to an inappropriate merger based on the Regulations. For details, please refer to “Chapter 2 Outlines of Self-Regulatory Operations Against Listed Companies [Outline of Delisting Examination Pertaining to Inappropriate Merger]”.

(3) Documents to be Submitted to the Exchange

A listed company, in making a third-party allotment, is obliged to submit required documents to the Exchange, including the document certifying that there is no relationship between the entity who receives the allotment and any anti-social criminal forces, a copy of written statement of assurance related to transfer report, and other relevant documents. If a listed company does not make any timely disclosure as it falls under the De Minimis Criteria, the listed company is obliged to submit the notice of resolutions of the Board of Directors immediately after the resolutions. For details, please refer to “Part 5, [2] List of Documents to be Submitted Relating to Domestic Shares and [3] Documents to be Submitted Relating to Timely Disclosure”.

[Matters to be Observed for Issuance of MSCB, etc.]

Recently, MSCB, etc. has been playing a certain instrumental role as a form of equity financing of a listed company in procuring funds aiming at its rehabilitation or trying to smoothly improve its capital. On the other hand, there are some concerns that such funds do not lead to enhanced enterprise value or the interests of existing shareholders have been undermined as the values of shares of a listed company, which have not provided sufficient explanation as to how to improve its enterprise value, have been diluted or share prices have been lowering, or subsequent investment behaviors of investors purchasing MSCB, etc., may have a significant effect on the secondary market or existing shareholders.

Given such circumstances, the Japan Securities Dealers Association have considered these issues in response to a request from “Committee Concerning Market Intermediary Function, etc. of Securities Company” established at the Financial Services Agency. As a result, “Rules Concerning Handling of Allotment of New Shares to Third-Party, etc.” (former “Rules Concerning Handling of MSCB, etc. by Members”) has been established prescribing matters to note by a securities company in underwriting such MSCB, etc. and the handling of product design, etc. giving consideration to the fairness of market and existing shareholders. Accordingly, the Exchange issued to each of representatives of listed companies “Request for Disclosure for Issuance of MSCB, etc., and Disclosure for Allotment of New Shares to Third-Party, etc.” (Issue No.1 Notice of TSE to Listed Companies, June 25, 2007). In addition, the Exchange has obliged listed companies, in issuing MSCB, etc., to take measures to restrict conversions or exercise of MSCB, etc. by an entity purchasing MSCB, etc., as part of “Matters to be Observed” in the Code of Corporate Code under the Securities Listing Regulations. In addition, a listed company shall be prohibited from any act that the Exchange deems gives damage to the function of the secondary market or rights of shareholders, under the Code of Corporate Conduct. A listed company shall, in issuing MCSB, etc., sufficiently respect the function of the secondary market and rights of shareholders. Still for MSCB, etc., in the context of issues arising with respect to the disclosure of information for entering into a swap trading associated with convertible corporate bonds with subscription warrants, the Exchange has decided to oblige a listed company to apply the matters to be observed concerning the issuance of MSCB, etc. and exclude inappropriate fund raising schemes broadly when a transaction meets a certain requirements, which will give rise to effect similar to that of MSCB, etc. even though it has not met the definitions of MCSB, etc.

A listed company must fully understand the features of MSCB, etc. which might give disadvantages to existing shareholders, for example may cause share dilution, depending on the issuance terms or the way of using it. A necessity for a listed company, in issuing it, to give sufficient consideration to effect on the secondary market and rights of shareholders and to make appropriate information disclosure, should be extremely high.

Irrespective of whether a member securities company of the Japan Securities Dealers Association will purchase MCSB, etc., each listed company should, issuing MSCB, etc., comply with the matters to be observed in the Code of Corporate Conduct under the Regulations and appropriately address the issuance thereof.

* “MCSB, etc.” means a CB, etc. with issuance conditions that allow, upon exercise of subscription warrants or put options that are delivered or represented by such securities, the amount to be paid per share to be adjusted based on the price of the listed stock, etc. to be delivered as a result of exercise of such subscription warrants, etc. at a frequency more than once per six (6) months.

[Rule 410 of the Regulations; Rule 411, Paragraph 2 of the Rules]

* “CB, etc.” means the following corporate bonds issued by a listed company by a third-party allotment: (1) corporate bonds with subscription warrants (including corporate bonds that are offered and allotted simultaneously (meaning a security specified in Article 2, Paragraph 1, Item 5 of the Act or a security specified in Article 2, Paragraph 1, Item 17 thereof that has a characteristic of a security specified in Item 5 of the same paragraph) and subscription warrant securities that are issued and traded as an integral part of such corporate bonds with subscription warrants); (2) subscription warrant securities; and (3) stocks with put options (meaning those in which the consideration to be delivered upon the exercise of such put options is the listed stock, etc. issued by the issuer of such stocks with put options).

[Rule 410 of the Regulations; Rule 411, Paragraph 1 of the Rules]

[Prior Consultation]

Prior consultation is required in issuing and disclosing MSCB, etc. A listed company is required to send the proposed disclosure documents to a TSE-side staff for listed companies by mail at latest ten (10) days prior to the scheduled decisions and disclosure date (If there is any supplementary information such as an outline of the scheme, its features, or the listed company's position on the reasonableness of the terms and conditions of issuance, please send it as well).

1. Matters to be Observed for Issuance of MSCB, etc.

A listed company shall, in issuing MSCB, etc. take measures to restrict conversion or exercise of MSCB, etc. by purchasers of MSCB, etc., as described below.

* When a derivatives transactions and other transactions prescribed by Article 2, paragraph 20 of the Act pertaining to securities issued by a listed company is a closely integral part of CB, etc. issued by the listed company, the CB, etc., the derivatives transactions and other transactions have an effect similar to that of MSCB, etc. in aggregation, this provision shall be applied by deeming the CB, etc. the derivatives and other transactions as an integral part of MSCB, etc.

In issuing MSCB, etc., in cases where during the calendar month containing the day on which the person who attempts to purchase MSCB, etc. intends to carry out conversion or exercise of subscription warrants, etc., the number of shares, etc. to be exercised exceeds 10% of the number of listed shares, etc. as of the payment date pertaining to the issuance of such MSCB, etc., a listed company is obliged to set the following requirements in the purchase agreement of MSCB, etc.

(a) The fact that the purchaser cannot carry out conversion or exercise of subscription warrants, etc. pertaining to the portion that exceeds 10% of the number of listed shares, etc. as of the payment date;
(b) The listed company shall not permit the holders of MSCB, etc. to carry out over-the-limit exercise;
(c) The purchaser shall agree that it will not carry out over-the-limit exercise and when it carries out conversion or exercise of subscription warrants, etc., it shall confirm with the listed company in advance whether the intended exercise of the subscription warrants, etc. would fall under the category of over-the-limit exercise;
(d) If the purchaser resells said MSCB, etc. to another person, the purchaser shall, in advance, cause the party to whom said MSCB, etc. are resold to promise the matters prescribed in the preceding items (b) and (c) to the listed company and to cause a third party to promise the matters prescribed in the preceding two items (b) and (c) to the listed company if the party to whom said MSCB, etc. are resold in turn intends to sell said MSCB, etc. to the third party; and
(e) The listed company shall promise the matters prescribed in (b) and (c) with the party to whom said MSCB, etc. are resold prescribed in the preceding item and shall promise the matters prescribed in (b) and (c) with a third party to which the party to whom said MSCB, etc. are resold further sells said MSCB, etc., if applicable.

* The number of the subscription warrants to be exercised shall be calculated as follows:
- Where such MSCB, etc. are held by two or more persons: All the number of the warrants to be exercised by these holders shall be aggregated;
- Where there are MSCB, etc. other than said MSCB, etc. issued by the listed company with a period in which subscription warrants, etc. are convertible or exercisable: All the number of stocks pertaining to exercise of subscription warrants, etc. shall be aggregated for said MSCB, etc. and the different issue MSCB, etc.; and
- Where the listed company carried out (i) a share split, share consolidation, or gratis allotment of shares after the payment date pertaining to the issuance of said MSCB, etc.: The number of listed stocks, etc. shall be adjusted in a fair and reasonable manner; and (ii) where there are different issue MSCB, etc. when the listed company issues said MSCB, etc.: The number of listed stocks, etc. shall be the number of listed stocks, etc. as of the payment date of the such different MSCB, etc., with adjustments as necessary in (i) above.

* The listed company may include a provision in the purchase agreement to the effect that the purchaser may carry out over-the-limit exercise during the period or in cases that are referred to in each of the following items:
- Period from the announcement of a merger, share exchange, share transfer, etc. resulting in delisting of the subject stocks, etc. to the day on which such merger, etc. is consummated or it is announced that such merger, etc. will not be carried out;
- Period from the day on which public notice of a takeover bid is given to the listed company to the day on which such takeover bid is consummated or it is announced that such takeover bid will be cancelled;
- Period from the day on which the subject stocks, etc. is designated as Securities Under Supervision or Securities to Be Delisted in a financial instruments exchange market to the day on which such designation or assignment is released;
- Where the exercise price of subscription warrants, etc. is not lower than the closing price of the subject stocks, etc. in the trading session of a financial instruments exchange market as of the date of resolution authorizing the issuance; and

- During the last two months (this shall be limited to cases in which the length of the exercise period is longer than two (2) years at the time of the issuance of MSCB, etc.) of the exercise period of the subscription warrants, etc.

* Cases that satisfy all the requirements referred to in each of the following items and other cases deemed appropriate by the Exchange shall be excluded from the application of restriction regulations pertaining to the over-the-limit exercise mentioned above:

(a) The listed company issues MSCB, etc. for the purpose of forming a business alliance or capital tie-up;
(b) The listed company and the purchaser promise that the purchaser will continue to hold the subject stocks, etc. for a period of not less than six (6) months after the acquisition and such promise is publicized;
(c) The purchaser does not execute stocks, etc. loans for margin transactions pertaining to the subject stocks, etc. during the period for which such continued holding was promised; and
(d) The purchaser does not execute over-the-counter derivatives transactions pertaining to said subject stocks, etc. until the expiration of the period for which such continued holding was promised after said purchase.

[Rule 434-2 of the Regulations; Rule 436-3 of the Rules]

2. Practical Matters to be Observed for the Issuance

A listed company shall, in issuing MSCB, etc., give sufficient consideration such that the issuance would not damage to the function of the secondary market or the rights of shareholders.

Matters to Note (1)

A listed company shall, in issuing MSCB, etc., give sufficient consideration to the effect on the secondary market and the rights of shareholders after sufficiently evaluating and considering the purpose of use of funds procured, the reasonableness of exercise terms and conditions of subscription warrants (*), the volume of MSCB, etc. to be issued and the reasonableness, etc. of the dilution arising from the issuance.

(*) Subscription warrants or put options.

a. Selection, etc. of securities to be issued based on the full understanding of features of products

A listed company is required to select MSCB, etc. as a means of raising funds after obtaining the full understanding of features of MSCB, etc., and advantages and disadvantages arising from the issuance, as well as considering the conformity with policy for enhancing its capital and the effect on the secondary market and the rights of shareholders.

b. Sufficient evaluation and consideration giving consideration to the effect of the issuance scheme on the existing shareholders

A listed company itself shall, in issuing MSCB, etc., sufficiently evaluate and consider the following issues:

(i) Use of Funds Procured

Funds procured from issuing MSCB, etc., must be expected to be effectively used, which will result in better improved balance sheet as revenues in the future will be enhanced or borrowings will be paid, and they must be the ones about which the listed company can give reasonable explanation to the existing shareholders.

(ii) Reasonableness of exercise terms and conditions of subscription warrants

Comprehensively considering the financial position and operating results of a listed company, the amount and use of funds procured and the volatility of its own share prices, the exercise price (including amendment clauses), exercise period and other terms for the issuance must be reasonable in that they are in compliance with policies for enhancing its capital by using MSCB, etc.

* In deciding issuance conditions for the exercise value in amendment clauses, etc., there are some instances where a listed company assumes that as long as the value is not lower than the amount equivalent to 90% of the fair value with reference to “Guidelines Concerning Handling of Allotment of New Shares to Third-Party, etc.” (Japan Securities Dealers Association, enacted April, 1, 2010), it would be sufficient. However, it intrinsically would be desirable that the listed company comprehensively decides the issuance conditions, sufficiently considering them from various aspects including any possibility of a purchaser to economically benefit, credit risk of the issuer, issuance conditions including yield on corporate bonds, purchaser’s exposure to the price lowering, possible absorption of shares and others. In deciding conditions for issuing MSCB, etc., if the conditions are set where the amended exercise value would be lower than the amount equivalent to 90% of the fair value, it would generally be assumed that they would have a significant effect giving rise to dilution of shares or damaging to the function of the secondary market, so it would be subject to the examination leading to Public Announcement Measure as it violates the provisions setting prohibition of any act to damage to the function of the secondary market or the rights of shareholders mentioned in “Matters to be Observed” under the Code of Corporate Conduct.

(iii) Quantity of MSCB, etc. to be issued and reasonableness of scale of dilution of shares arising from its issuance

Shares subject to the exercise should have sufficient liquidity so that they would be sold smoothly on markets without causing any plummeting of share prices during the exercise period, and the quantity of MSCB, etc. expected to be issued and the scale of dilution when they are exercised must be the one about which the listed company can make reasonable explanation in comprehensive consideration of the market capitalization, etc., of the issuing company, including the use of funds to be procured and the amount procured.

* Except for certain cases (cases where they are issued for the purpose of forming a business alliance or capital tie-up and the subject stocks, etc. issued by the exercise of subscription warrants are promised to continue to be held for a period of not less than six (6) months after the acquisition and such promise is publicized), for MSCB, etc., whose exercise price is revised only downward or MSBCs, etc. or with excessive restrictions on upward revisions of exercise value, it would generally be assumed that they would have a significant effect on the function of the secondary market or the rights of shareholders, so it would be subject to the examination leading to Public Announcement Measure as it violates the provisions setting prohibition of any act to damage to the function of the secondary market or the rights of shareholders mentioned in “Matters to be Observed” under the Code of Corporate Conduct.
* If the number of shares delivered by the exercise of subscription warrants of MSCB, etc., as a percentage of the outstanding shares issued is large, it would generally be assumed that they would have a significant effect giving rise to dilution of shares or damaging to the function of the secondary market, so it would be subject to the examination leading to Public Announcement Measure as it violates the provisions setting prohibition of any act to damage to the function of the secondary market or the rights of shareholders mentioned in “Matters to be Observed” under the Code of Corporate Conduct. In this case, a listed company must sufficiently assess whether it can reasonably explain the advantages to existing shareholders, such as expectation of enhanced enterprise value on a mid-term basis as a reasonable business plan is to be developed.

(iv) Other material items pertaining to effect on secondary market and rights of shareholders

i Confirmation and examination of financial position and operating results

An issuer of MSCB, etc. is required to confirm and examine that it has sufficient financial position and cash flows or creditworthiness which enables it to enter into refinancing necessary to pay the principal and interests even in cases where the conversion of MSCB, etc. into shares does not give rise to any capital and are redeemed.

ii Confirmation and consideration of movements of share price, etc.

A listed company is required to confirm and consider that there is no abnormal movements in the trajectory of share prices or trading volume immediately before the financing.

iii Confirmation and consideration of allottee, etc.

For an allottee, a listed company is required to confirm and considerate that an entity who receives the allotment is appropriate as an allottee, in consideration of the purpose of issuance, reasons for selecting MSCB, etc. as a means of fund raising, policy by which the listed company enhances its capital using MSCB, etc., the holding policy of allottee, and other

matters. In addition, a listed company is required to try to grasp the details of contracts and agreements pertaining to loans and borrowings of its own stocks between its officers, related parties of the officers and large shareholders, and the allottee.

Matters to Note (2)

A listed company shall, in issuing MSCB, etc., give a concise explanation with ease to understand about the reasons for selecting them as a means of fund raising, the use of funds to be procured and the reasonableness of issuance conditions, etc.

It is important that a listed company gives a sufficient explanation that the use of MSCB, etc. would contribute to enhanced enterprise value as they have features giving rise to disadvantages to the existing shareholders such as the dilution of shares, depending on the issuance conditions and the use thereof. Therefore, the listed company is required to give a concise explanation with ease to understand about the purpose of offering, the reasons for selecting them as a means of fund raising by MSCB, etc., the amount and use of funds to be procured, business performance for the last three years and status of equity financing, the reasonableness of issuance conditions and the reasons for selecting an allottee.

Especially, for any scheme generally expected to have a significant effect on the function of the secondary market and the rights of shareholders, a listed company must pay sufficient attention to them, and if they are to be issued, the listed company should give a sufficient explanation about advantages to the existing shareholders from the viewpoint of the dilution of shares and an effect on share prices.

For the details of disclosure matters in issuing MSCB, etc., please refer to “Part 2, Chapter 1, 1. Offering to Entities who Subscribe for Issued Shares, Treasury Shares to be Disposed of, Issued Subscription Warrants, or Treasury Subscription Warrants to be Dispose of or a Secondary Offering of Shares or Subscription Warrants”. (* Part 2 is omitted in the English version of the Guidebook)

3. Other Matters to Note

○ **Disclosure of Status of Conversion or Exercise of MSCB, etc.**

In cases where a listed company has issued MSCB, etc., it is obliged to disclose the status of conversion or exercise at the beginning of each month for the previous month (hereinafter referred to as the “Notice Concerning Monthly Exercise Status of MSCB, etc.”).

Still, in cases where“(i) the cumulative conversions or exercises of MSCB, etc. from the beginning of a month exceeds 10% of the total issuance value of the MSBCs, etc.”, a listed company is obliged to immediately disclose the status of the conversion or exercise, and in cases where “(ii) the cumulative conversion or exercise of MSCB, etc. after such disclosure during the month exceeds 10% of the total issuance value”, the listed company shall also disclose the status.

For details, please refer to “Part 2, Chapter 5, 3 Disclosure of Status of Conversion or Exercise of MSCB, etc.”. (* Part 2 is omitted in the English version of the Guidebook)

* Also for MSBCs, etc. subject to the disclosure, when derivatives transactions and other transactions prescribed by Article 2, paragraph 20 of the Act pertaining to securities issued by a listed company is a closely integral part of CB, etc., issued by the listed company, the CB, etc., the derivatives transactions and other transactions have an effect similar to that of MSCB, etc. in aggregation, this provision shall be applied by deeming the CB, etc. the derivatives and other transactions as an integral part of MSCB, etc.

[Practical Matters to Note on Securing Independent Directors/Auditors]

I . Practical Matters to Note on Securing ID/As

1. Purpose of the ID/A System – What is an ID/A?

Listed companies are required to secure at least one independent director or company auditor* (hereinafter referred to as "ID/A") to protect the interests of general shareholders. This requirement is stated in the "Matters to be Observed" section of the Code of Corporate Conduct, set out in the Securities Listing Regulations (Chapter 4, Section 4), which contains matters subject to measures to ensure compliance. An ID/A is an outside director or outside company auditor who is unlikely to have conflicts of interest with general shareholders.

* The term "*kansayaku*" in Japanese can be translated into English as "Audit and Supervisory Board Member", "company auditor," "statutory auditor" or simply "auditor." In this document, to prevent any potential confusion with other phrases, the term "company auditor" will be used when referring to "*kansayaku.*" Additionally, the term "independent director/auditor" or "ID/A" will be used for the Japanese term "*dokuritsu-yakuin,*" which encompasses both independent directors and independent company auditors.

The ID/A rules mandate listed companies to appoint one or more directors or company auditors who are independent of management. This requirement aims to safeguard the rights and interests of general shareholders.

- The "Matters to be Observed" section of the Code of Corporate Conduct stipulates that listed companies must secure at least one outside director (Securities Listing Regulations, Rule 437-2). Moreover, Japan's Corporate Governance Code (Principle 4.8) stipulates that companies listed on the Prime Market should appoint at least one-third of their directors as independent directors, while companies listed on other market segments should appoint at least two independent directors. However, it should be noted that this stipulation does not constitute a mandate for these ratios or numbers, as under the "comply-or-explain" approach, listed companies have the flexibility to choose not to comply with each Principle as long as they provide explanations for their non-compliance. For instance, if a company listed on the Prime Market does not appoint at least one-third of independent directors, or a company listed in another market segment does not appoint at least two independent directors, they are required to provide reasons for this.
- The legal status and scope of responsibility of ID/As do not differ from those of outside directors and outside corporate auditors as defined by the Companies Act. Their scopes of authority, responsibilities, appointment methods, and terms of office are still limited to within the confines of those specified by the Act.

2. Code of Corporate Conduct for Securing ID/As

For the protection of general shareholders, listed companies are obliged to secure at least one ID/A (meaning an outside director[1] or outside company auditor[2] who is unlikely to have conflicts of interest with general shareholders; hereinafter the same).

[1] A person who is an "outside director" as prescribed in Article 2, Item 15 of the Companies Act and satisfies the requirements for "outside officer" as prescribed in Article 2, Paragraph 3, Item 5 of the Regulations for Enforcement of the Companies Act (Ministry of Justice Order No. 12 of 2006).

[2] A person who is an "outside company auditor" as prescribed in Article 2, Item 16 of the Companies Act and satisfies the requirements for "outside officer" as prescribed in Article 2, Paragraph 3, Item 5 of the Regulations for Enforcement of the Companies Act.

Rule 436-2 of the Securities Listing Regulations

> Listed companies must make efforts to secure at least one ID/A as a member of its board of directors.

Rule 445-4 of the Securities Listing Regulations

> Listed companies are obliged to submit the "ID/A Notification Form" prescribed by TSE to TSE, providing information and details about the ID/A(s) designated by the company.
>
> If any modifications are made to the information provided in the "ID/A Notification Form," the company is obliged to submit an updated "ID/A Notification Form" to TSE reflecting the changes. This submission should be made at least two weeks prior to the effective date of the change, as a general rule.

Rule 436-2 of the Enforcement Rules for Securities Listing Regulations

Listed companies are obliged to secure at least one ID/A who is unlikely to have conflicts of interest with general shareholders. Moreover, listed companies must make efforts to secure at least one ID/A as a member of its board of directors.

Furthermore, for TSE to confirm compliance with the Code of Corporate Conduct regarding securing an ID/A, companies are required to submit an "ID/A Notification Form." The submitted Form will be made accessible for public inspection. For details regarding the notification process, please refer to "II. Matters to be Noted upon the Submission of the ID/A Notification Form."

Additionally, the status of whether or not ID/As are secured should be disclosed in the Corporate Governance Report. For detailed guidelines on this reporting, please refer to the "Corporate Governance Reporting Guidelines."

- If there are multiple outside officers who meet the requirements of an ID/A

  The Code of Corporate Conduct requires listed companies to secure one or more ID/As. Even if there are multiple outside officers who meet the requirements of an ID/A, it is not necessary to report all of them as ID/As.

  If there are multiple outside officers who meet the requirements of an ID/A and not all of them have been reported as ID/As, the ID/A Notification Form must still include attribute information (affiliations) for all the outside officers. For further details, please refer to "5. Disclosure Regarding Outside Officers."

- Procedures for designating an ID/A

  The methods by which an ID/A can be designated are not limited to a resolution of the board of directors but can be determined at the discretion of the listed company. When designating an ID/A, the company should obtain written consent from the candidate regarding their appointment as an ID/A, or use other means to confirm their agreement, and ensure that the candidate confirms the content of the "ID/A Notification Form."

If one or more ID/As are not secured and/or the ID/A Notification Form is not appropriately submitted, it may be considered a violation of the Code of Corporate Conduct. In such cases TSE may implement prescribed measures to ensure compliance, including public announcement, the imposition of penalties for violating the listing agreement, requesting improvement reports or improvement status reports, and designation as Securities on Specia Alert. The decision whether or not to apply these measures will be made on a case-by-case basis, considering factors such as the circumstances surrounding the absence of the ID/A, plans for the future, and other relevant factors. For instance, if an ID/A has become absent due to sudden illness or other unavoidable circumstances, this temporary lack of an ID/A would not typically warrant immediate measures such as a public announcement.

3. Judgment Regarding Independence

(1) Outline

While the assessment of whether a person is considered "unlikely to have conflicts of interest with general shareholders" is effectively conducted by the listed company, it is important to note that if the person to be reported as an ID/A can be significantly controlled by or can exert significant control over the management, there is considered to be a chance of a conflict of interest arising with general shareholders, and therefore it is highly likely that they would not meet this definition.

- In Section III 5. (3)-2 of the “Guidelines Concerning Listed Company Compliance, etc.,” as described in (2) below, TSE stipulates several types of cases in which there is a likelihood of conflicts of interest with general shareholders (these are referred to as the "Independence Tests"). However, even if a candidate passes the Independence Tests, if a realistic assessment by the listed company concludes that said candidate does not meet the definition of "unlikely to have conflicts of interest with general shareholders," the requirements for an ID/A would not be considered fulfilled.

(2) Independence Tests

TSE specifies the Independence Tests in its "Guidelines Concerning Listed Company Compliance, etc." and uses them to identify situations where conflicts of interest with general shareholders may arise. If a candidate fails any of these Independence Tests, the company is not allowed to submit that candidate as an ID/A.

If a person who has already been designated as an ID/A subsequently fails any of the Independence Tests, the company is required to promptly resubmit the ID/A Notification Form, removing the individual’s designation as an ID/A.

- Listed companies are allowed to assess independence in line with the Independence Tests on a non-consolidated basis. However, it should be noted that even if the candidate passes all the Independence Tests, the requirements for an ID/A are only fulfilled if the candidate meets the definition of “unlikely to have conflicts of interest with general shareholders.” For instance, in cases where the listed company operates as a holding company and the outside director or outside company auditor it wants to designate as an ID/A holds an executive position in a “major client” of a significant subsidiary, while said individual may not fail any of the Independence Tests, it is still necessary to conduct a separate evaluation to determine whether they can be classified as “unlikely to have conflicts of interest with general shareholders.”
- According to Japan’s Corporate Governance Code (Principle 4.9), *"Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges."* Listed companies that comply with this principle should develop their own (or their corporate group's) criteria for assessing independence based on the Independence Tests and disclose these criteria in the ID/A Notification Forms and Corporate Governance Reports.

Details of the Independence Tests, which are prescribed in III 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., are as follows.

A. A person for which the listed company is a major client or an executive of an entity for which the listed company is a major client B. A person who is a major client of the listed company or an executive of an entity which is a major client of the listed company

- The listed company is responsible for assessing who is classified as a “major client” in accordance with the definition of “important counterparties of the stock company (including organizations other than corporations)” as outlined in Article 2, Paragraph 3, Item 19 (b) of the Regulations for Enforcement of the Companies Act.

  A 'major client' refers to a counterparty with whom the listed company has a business relationship that holds a similar degree of influence on business decisions as its parent company, subsidiaries, or affiliates. Specifically, this could be a counterparty whose transactions account for a significant portion of the listed company's sales, a counterparty providing goods or services that are indispensable to the listed company’s business activities, or a financial institution from or with which the listed company has a significant amount of borrowings or other transactions.

  Given the above, the listed company should assess whether a person or entity is classified as a "major client" based on current circumstances such as the ratio of transactions with that person or entity to total sales and the ratio of borrowings from that person or entity to total assets. At this point, listed companies are encouraged to disclose their own (or their group's) criteria for assessing independence, which have been established based on the unique circumstances of each company, via the ID/A Notification Form or other relevant materials.
- When assessing classification as an “entity for which the listed company is a major client,” it is expected that the company will confirm this, within reason, such as by directly inquiring with the entity for which the candidate for ID/A concurrently serves as an executive. A typical example of an “entity for which the listed company is a major client” would be a subcontractor where the sales generated from transactions with the listed company constitute a significant portion of the subcontractor’s overall sales.
- Please note that there should be no discrepancies with the reference materials for annual general meetings. For example, it is important to avoid situations where a candidate for ID/A is labeled as a "major client" in the reference materials, but not classified as a "major client" in the ID/A Notification Form.
- The term "executive" refers to an "executive" as defined in Article 2, Paragraph 3, Item 6 of the Regulations for Enforcement of the Companies Act, which includes not only executive directors but also employees. Company auditors are not included.

  Since there is no general legal or regulatory definition of the terms for persons holding advisory positions, *"komon"* and *"sōdanyaku,"* companies must assess whether individuals holding such positions can be classified as an "executive director or employee" based on their actual role and status within the organization. (Since this involves interpretation of the Regulations for Enforcement of the Companies Act, it is advisable to consult legal experts in order to make an appropriate determination.) It should also be noted that depending on their previous roles, *komon* and *sōdanyaku* may potentially be classified as a "former executive," requiring disclosure of their attribute information (affiliations).

C. A consultant, accounting professional, or legal professional who receives a large amount of money or other assets from the company, in addition to their remuneration as a director or company auditor

(if the entity receiving said assets is a corporation, partnership, or other organization, a person who belongs to said entity).

- The listed company will assess whether an amount falls under the category of "a large amount of money or other assets" in accordance with the phrase "a large amount of money or other assets (excluding remuneration as their director, accounting advisor, company auditor, executive officer, or other corporation similar thereto)" as outlined in Article 74, Paragraph 4, Item 7(d) or Article 76, Paragraph 4, Item 6(d) of the Regulations for Enforcement of the Companies Act.
- Advisory lawyers are one type that could be likely to fall under this category, but note that advisory lawyers cannot always be considered to receive a "large amount of money or other assets from the company."
- When assessing whether audit fees for accounting auditors under the Financial Instruments and Exchange Act (FIEA) fall under the category of "a large amount of money or other assets," it is advisable to refer to their status in light of the "Guidelines Concerning Independence" issued by the Japanese Institute of Certified Public Accountants, which states that a high degree of dependence on fees from the client may pose a threat to the auditor's independence (from Paragraph 220).

D. A person who recently fell under A, B or C.

- The term "who recently fell under A, B, or C" refers to situations where a person does not currently fall under category A, B, or C, but can be considered to do so in substance. For example, if the candidate for ID/A fell under A, B, or C at the time the nominations for outside directors or outside company auditors for submission to the annual general meeting were determined, they would be included in this definition. On the other hand, if the candidate has not fallen under category A, B, or C for the past year, they would not typically be considered as falling under this category.

E. A person who fell under any of the following categories (a) through (c) at any time within the ten years prior to their ID/A designation.
(a) An executive, or a non-executive director, of the listed company’s parent company
(b) A company auditor of the listed company’s parent company (limited to outside company auditors to be designated as an ID/A)
(c) An executive of a sister company of the listed company

- The term “parent company" refers to a parent company as defined in Article 8, Paragraph 3 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements.
- The term "sister company" refers to any company that shares the same parent company as the listed company.

F. A close relative of the persons (excluding unimportant persons) listed in any of the following categories (a) through (h)
(a) A person falling under any of the above A through E
(b) An accounting advisor of the listed company (including employees designated to perform the accounting advisor’s duties if the accounting advisor is a corporation. The same applies hereinafter); limited to outside company auditors to be designated as an ID/A
(c) An executive of a subsidiary of the listed company
(d) A director or accounting advisor of a subsidiary of the listed company who is not an executive of the subsidiary (limited to outside company auditors to be designated as an ID/A)
(e) An executive, or a non-executive director, of the listed company’s parent company
(f) A company auditor of the listed company’s parent company (limited to outside company auditors

to be designated as an ID/A)

(g) An executive of a sister company of the listed company

(h) A person who recently fell under (b) through (d) above or was recently an executive of the listed company (including non-executive directors if the designated ID/A is an outside company auditor)

- Listed companies should assess whether a person falls under the category of "unimportant person" in accordance with Article 74, Paragraph 4, Item 7(e) of the Regulations for Enforcement of the Companies Act. Specifically, for executives as in A and B, individuals with the rank of *yakuin* or *buchō* (roughly equivalent to officers and general managers, respectively) within each company or counterparty, and for those falling under C, certified public accountants affiliated with each audit company and attorneys (including associates) affiliated with each law firm are considered as "important persons" for the purpose of this assessment.
- The term "close relative" refers to a relative within the second degree of kinship. If a family relationship has been terminated due to divorce, separation, or similar, said person is not considered as a close relative for these criteria.

4. Provision of Attribute Information (Affiliations)

If a candidate for ID/A falls under any of the following categories a. through l., the listed company is required to disclose each said fact and provide details.

a. A person who has previously been an executive of the listed company or a subsidiary of the listed company
b. A person who has previously been a non-executive director or an accounting advisor of the listed company or a subsidiary of the listed company (limited to outside company auditors to be designated as an ID/A)
c. A person who has previously been an executive or non-executive director of the listed company's parent company
d. A person who has previously been a company auditor of the listed company's parent company (limited to outside company auditors to be designated as an ID/A)
e. A person who has previously been an executive of a sister company of the listed company
f. A person who has previously been an executive of an entity for which the listed company is a major client
g. A person who has previously been an executive of a major client of the listed company
h. A person who has previously been affiliated with a consulting firm, accounting firm, or legal firm which receives a large amount of money or other assets from the company, in addition to their remuneration as a director or company auditor
i. A major shareholder of the listed company (if the major shareholder is a corporation, a current/former executive of said corporation)
j. A client of the listed company or a current/former executive of that client (excluding cases falling under f., g. or h.)
k. A current/former executive of a company that holds cross-outside directorships/auditorships with the listed company
l. An entity receiving donations from the listed company or current/former executive of that entity

Note: The same criteria apply to close relatives of persons (excluding unimportant persons) listed in categories a through i.

Rule 415, Paragraph 1, Item 6 of the Enforcement Rules for Securities Listing Regulations

This section simply requires the facts of the ID/A's affiliations. Unlike the "Independence Tests," even if an outside officer falls under one of items a. through l., that alone does not immediately negate their independence.

This "attribute information" is required not only in the ID/A Notification Form but also in the Corporate Governance Report. For details, please refer to "Corporate Governance Reporting Guidelines."

(1) Attribute information: categories a. through i.

(i) Assessment of applicability to categories a. through i.

- For the interpretation of words such as "parent company," "sister company," "executive," "major client," "entity for which the listed company is a major client," " a large amount of money or other assets," "unimportant," and "close relative," please refer to "3. (2) Independence Tests."
- Please note that "previously" is not limited to the past ten years.

- Companies are expected to make efforts, within reason, to confirm past affiliations, providing as much information as can be ascertained from an investigation carried out for the purpose of filling in the ID/A Notification Form.

  For instance, there is no need to confirm information on previous major shareholders or previous major clients; companies are expected to disclose if the candidate for ID/A has previously been associated with a company that currently holds major shareholder status or is currently a major client, for example.

- Regarding categories a. and b., a person who had served as an executive of the listed company or a subsidiary within the past ten years cannot be appointed as an ID/A because they do not meet the externality requirements for outside directors or outside auditors under the Companies Act. Therefore, this attribute information is assumed to be necessary only in cases where the affiliation existed prior to the past ten years.

  In addition, a person (or a close relative of a person) who has served as an executive within the past ten years (for c. through e.) and a person (or a close relative of a person) who was recently an executive (for f. through h.) cannot be designated as an ID/A because they would fail the Independence Tests (for a. and b., the externality requirements).

(ii) Notes on the provision of attribute information for categories a. through i.

a. A person who has previously been an executive of the listed company or a subsidiary of the listed company
b. A person who has previously been a non-executive director or an accounting advisor of the listed company or a subsidiary of the listed company (limited to outside company auditors to be designated as an ID/A)
c. A person who has previously been an executive or non-executive director of the listed company's parent company
d. A person who has previously been a company auditor of the listed company's parent company (limited to outside company auditors to be designated as an ID/A)
e. A person who has previously been an executive of a sister company of the listed company

Details to be provided:

- The description should be enough to allow shareholders and investors to accurately understand the candidate's past business execution role. For example, details could include the timing and length of the candidate's tenure, their specific position and business responsibilities, and, if any relationship has been maintained after resignation, a summary of that ongoing relationship (e.g. that they are employed in a non-executive advisory position such as *komon*).

f. A person who has previously been an executive of an entity for which the listed company is a major client
g. A person who has previously been an executive of a major client of the listed company
h. A person who has previously been affiliated with a consulting firm, accounting firm, or legal firm which receives a large amount of money or other assets from the company, in addition to their remuneration as a director or company auditor

Details to be provided:

- The description should be enough to allow shareholders and investors to accurately understand the candidate's past business execution (or associate) role. For example, details could include the counterparty company's (or organization's) name, the nature and scale of the business relationship (or receipt of money, etc.), an evaluation of the impact of the business relationship (or receipt of

money, etc.) on the listed company or its counterparty, as well as the timing and length of the candidate's tenure, their specific position and business responsibilities, and, if any relationship has been maintained after resignation, a summary of that ongoing relationship (e.g., that they are employed in a non-executive advisory position such as *komon*). Please note that disclosing specific amounts of money is not necessary as long as the information provided enables readers to accurately assess the independence of the individual in question.

i. A major shareholder of the listed company (if the major shareholder is a corporation, a current/former executive of said corporation)

Details to be provided:

- The description should be enough to allow shareholders and investors to accurately understand the relationship of the candidate to the company as a major shareholder. For example, details could include the percentage of voting rights held, whether there are any other facts that affect the management of the listed company (such as deployment of officers), and, if the candidate is an executive of the major shareholder, a summary of their relationship to the company (such as their position within the major shareholder and their business role).

(2) Attribute information: categories j. through l.

(i) Assessment of applicability to categories j. through l.

- Companies are expected to make efforts, within reason, to obtain the information related to "clients," "cross-outside directorships/auditorships," and "donations," providing as much information as can be ascertained from an investigation carried out for the purpose of filling in the ID/A Notification Form. For example, when confirming whether the candidate falls under "current/former executive" or not, it is usually sufficient to confirm past affiliations to the extent that they would be stated in the candidate's biography in the "Directors (And Other Officers)" section of an Annual Securities Report.
- Companies are required to provide information on relationships between the listed company, its ID/As, and said ID/As' previous companies or organizations, as of the present time. The term "present time" in this case refers to the period starting from the beginning of the current fiscal year until the submission of the ID/A Notification Form for the current fiscal year. However, while it is acceptable to provide information on only relationships during that period, this does not preclude the inclusion of previous periods as well.
- Companies are required to provide information on relationships on a non-consolidated basis, and it is acceptable to confirm relationships only on this basis. When assessing clients, counterparties which hold cross-outside directorships/auditorships, and entities receiving donations, it is acceptable to confirm on a non-consolidated basis. However, this does not preclude additional assessments on a consolidated basis.
- The term "current/former executive" refers to situations where the candidate is an executive at the present time or has been within the past ten years (counting back from the candidate’s appointment as an outside officer at the annual general meeting). It is acceptable to confirm only the companies to which the candidate for ID/A has been affiliated during the most recent ten years. However, this does not preclude the possibility of including the candidate’s career history prior to the most recent ten years.

(ii) A general note on providing attribute information for categories j. through l.

- If the listed company determines that the independence of the candidate is not at risk and therefore deems it unnecessary to provide attribute information, it is acceptable to state the reason for not providing the attribute information instead.

  Note: It is at the discretion of the listed company to decide whether to include attribute information or to

state the reasons for not providing it. The reasons could include, but are not limited to: (1) the individual is a client only in an ordinary general consumer sense; (2) the cross-outside directorships/auditorships are an unintended consequence of a merger or other restructuring; and (3) the donation received was small. In such cases, it is still necessary to check the box for existence of a relationship that falls under attribute information.

- If the listed company has established criteria (e.g., a transaction volume below JPY XXX) to define "minor" transactions or donations that will not impact shareholders' voting decisions, and a summary of these criteria is included in the attribute information, information relating to transactions or donations that meet the criteria may be omitted from disclosure.

  Such criteria for "minor" transactions or donations should enable a company to judge at what point there is no impact on independence, rather than whether the impact is small (i.e., the degree of impact). Therefore, please note that they will differ from, for example, the criteria for level of transactions used to determine a "major client."

(iii) Notes on the provision of attribute information for categories j. through l.

j. A client of the listed company or a current/former executive of that client (excluding cases falling under f., g. or h.)

- ●Information must be provided for all clients except for those falling under f., g., or h.
- ●Please note that part-time *komon* and advisory board members who receive remuneration from the company, along with auditing firms which receive audit fees from the company, are also considered "clients."

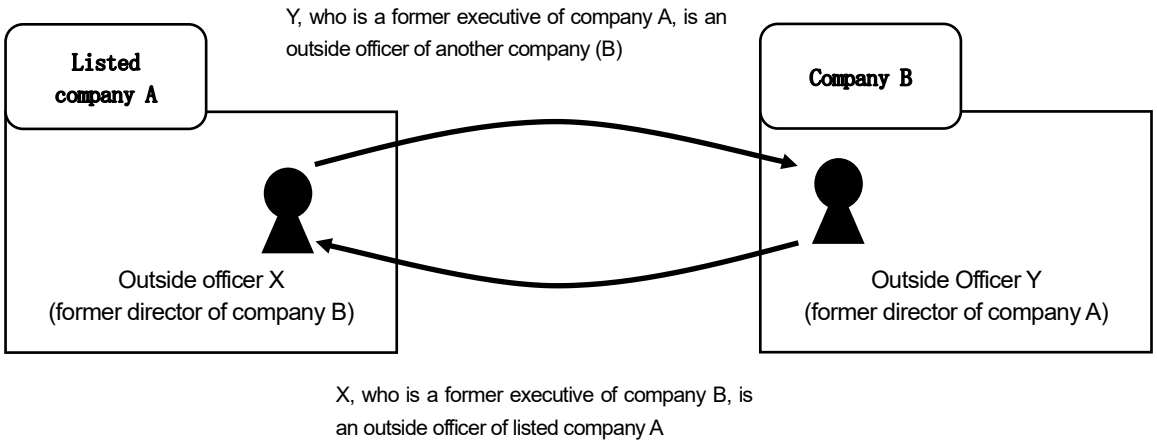
Details to be provided:

- It is not necessary to provide an exhaustive list of all transactions between the client and the listed company.
- The description should be enough to allow shareholders and investors to accurately understand the business relationship. For instance, it may include details such as the type, value, and timing of the transactions involved. Please note that disclosing specific amounts of money is not necessary as long as the information provided enables readers to accurately assess the independence of the individual in question.

k. A current/former executive of a company that holds cross-outside directorships/auditorships with the listed company

- ●"Cross-outside directorships/auditorships" refers to situations in which a current/former executive of a listed company serves as an outside officer in another corporation, while a current/former executive from the other corporation serves as an outside officer in the listed company. Please refer to the chart below for a visual representation of this concept.

(Example falling under cross-outside directorships/auditorship)



Details to be provided:

- The description should be enough to allow shareholders and investors to accurately understand the cross-outside directorships/auditorships. For instance, it may include details such as the name of the company with which cross-outside directorships/auditorships are held, the sequence of events and background behind the appointments, the nature of the relationship between the companies, and, if their predecessors in those roles also originate from the same company, a statement to that effect.

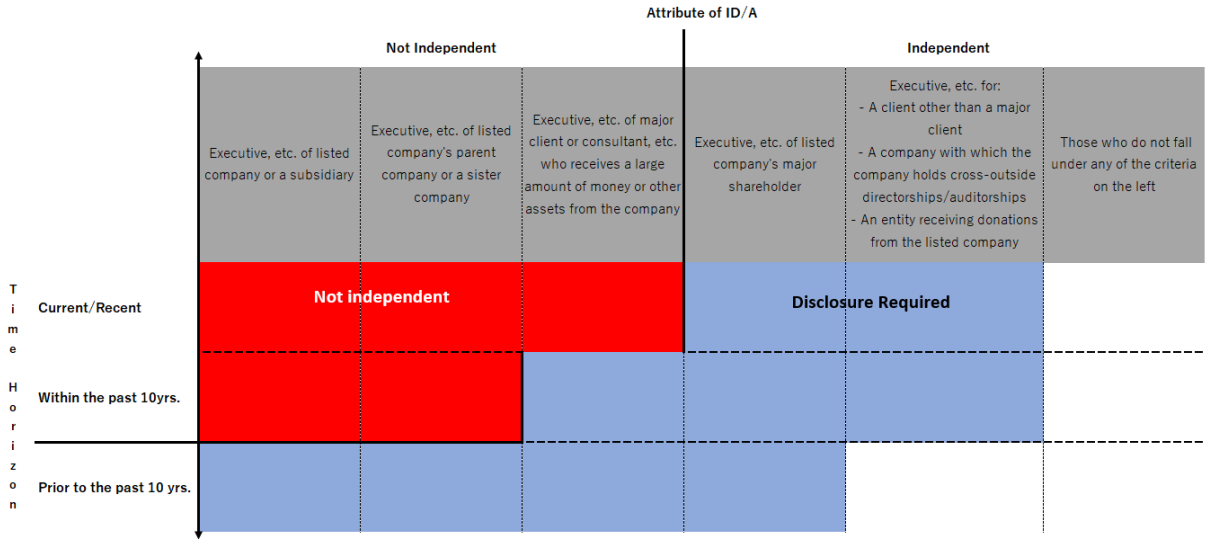
I. An entity receiving donations from the listed company or current/former executive of that entity

●Information must be provided for all recipients irrespective of the donation amount.

Details to be provided:

- It is not necessary to provide an exhaustive list of all donations made by the listed company.
- The description should be enough to allow shareholders and investors to accurately understand information regarding the donation. For instance, it may include details such as the amount, purpose, and timing of the donation. Please note that disclosing specific amounts of money is not necessary as long as the information provided enables readers to accurately assess the independence of the individual in question.

(Reference) Diagram of Independence Under Independence Tests and Attribute Information Disclosure Requirements (Revised February 2020)



5. Disclosure Regarding Outside Officers

Listed companies are required to disclose the applicability of the Independence Tests to and attribute information about outside officers who are not designated as ID/As in the same manner as those designated as ID/As.

All outside officers, whether designated as ID/As or not, must have their information included. The names of all outside officers should be clearly indicated, and those designated as ID/As marked as such. Specifically, companies are required to fill in the check boxes for applicability of the Independence Tests and attribute information, then provide explanations of said applicability.

For detailed instructions on how to fill in the ID/A Notification Form, please refer to "II. Matters to be Noted upon the Submission of the ID/A Notification Form."

If it is explicitly stated that all outside officers of the listed company who meet the qualifications for ID/A have been designated as ID/As, then the information regarding the applicability of the Independence Tests and attribute information for outside officers not designated as ID/As may be omitted.

In the ID/A Notification Form, there is a check box available that states, "All persons who satisfy the qualifications for ID/A are designated as ID/As." If this check box is selected, it indicates that the listed company has determined that the outside officers not designated as ID/As do not meet the qualifications for ID/A. Therefore, there is no need to provide information in the "Attributes" column for such outside officers.

If, for example, the listed company has five outside officers, of which three qualify as ID/As, and the company designates only the three qualifying officers as ID/As, indicating this using the check box, then it is not necessary to provide information regarding the applicability of the Independence Tests or attributes for the other two outside officers.

6. Updating the ID/A Notification Form

The process for updating the ID/A Notification Form is as follows.

Submission prior to annual general meeting:

If there are scheduled changes in the composition of the ID/As or changes to the provided attribute information[1] scheduled to be made at the annual general meeting, companies are required to submit the ID/A Notification Form at least two weeks prior to said meeting. In practical terms, the form could be attached when submitting an electronic file of materials for an annual general meeting to TSE via TDnet, as stipulated in Article 420, Paragraph 1 of the Enforcement Rules for Securities Listing Regulations, or when submitting an electronic file of the convocation notice to TSE via TDnet prior to sending that notice to shareholders, as stipulated in Supplementary Principle 1.2.2 of Japan's Corporate Governance Code.

Submission during fiscal year:

If any changes occur to the contents of the ID/A Notification Form during the fiscal year[2, 3], as a general rule, companies are required to submit an updated ID/A Notification Form at least two weeks prior to the date of the change.

[1] Even in the case of reappointments, it is necessary to confirm whether the information on business relationships and the like needs to be updated prior to the annual general meeting. If there are any changes, an updated ID/A Notification Form should be submitted.

[2] In the following cases, it is necessary to resubmit an updated ID/A Notification Form during the fiscal year (although listed companies may voluntarily review the contents even if neither of these situations apply). In such cases, only information for individuals falling under these categories is required to be updated, and information for others may be left unchanged.

- When designating a new ID/A
- When removing an ID/A designation, including not just cases where an outside officer resigns, but also cases where only the ID/A designation is removed and there is no change in the position as outside officer

[3] In the following cases, it is not necessary to submit an updated ID/A Notification Form immediately. However, it is expected that the changes will be reflected when submitting the form in connection with the proposal for appointment, including reappointment, of outside officer(s) to be submitted at the subsequent annual general meeting.

- When there is a change to the existence of attribute information, such as when the original form indicated the absence of a business relationship but a business relationship arises during the fiscal year, or when the ID/A assumes an executive role in a company that maintains a business relationship with the listed company.
- When there are changes to the details of the attributes, such as a change in the transaction amount initially stated in the ID/A Notification Form during the fiscal year.
- When an outside officer who has not been designated as an ID/A becomes eligible based on the Independence Tests.

II. Matters to be Noted upon the Submission of the ID/A Notification Form

1. Notes on the ID/A Notification Form

The format of the ID/A Notification Form is as follows.

Independent Directors/Auditors (ID/A) Nortification Form

1. Basic information

Company Name		Code	
Submission Date		(Scheduled) Revision Date	
Reason for Submitting ID/A Nortification			
☐ All persons who satisfy the qualifications of ID/A are designated as ID/As（※1）			

2. Information on Independence of ID/As and Outside Officers

#	Name	Outside Direcotr/ Company Auditor	ID/A	Attributes（※2・3）													Details of Change	Consent of the Officer
				a	b	c	d	e	f	g	h	i	j	k	l	N/A		
1																		
2																		
3																		
4																		
5																		

3. Explanation of the Attributes of the ID/As and the Reasons for their Appointment

番号	Explanation of the Attributes（※4）	Reasons for Appointment（※5）
1		
2		
3		
4		
5		

4. Supplementary Explanation

[1] Check this box if all of the outside officers who meet the qualifications for ID/A have been reported as ID/As.

[2] Checklist of officer attributes:

a. An executive of the listed company or a subsidiary
b. A non-executive director or accounting advisor of the listed company or a subsidiary (limited to outside company auditors)
c. An executive or a non-executive director of the listed company's parent company
d. A company auditor of the listed company's parent company (limited to outside company auditors)
e. An executive of a sister company of the listed company
f. An entity or an executive of an entity for which the listed company is a major client
g. A major client or an executive of a major client of the listed company
h. A consulting firm, accounting firm, or legal firm which receives a large amount of money or other assets from the company, in addition to remuneration as an officer
i. A major shareholder of the listed company (if the major shareholder is a corporation, an executive of said corporation)
j. An executive of a client of the listed company (excluding cases falling under f., g. or h.) (applies to outside officer themselves only)
k. An executive of a company that holds cross-outside directorships/auditorships with the listed company (applies to outside officer themselves only)
l. An executive of an entity receiving donations from the listed company (applies to outside officer themselves only)

Please note that the above items a. through l. are simplified versions of the items specified in TSE's regulations.

[3] Please use "○" when the outside officer presently falls or has recently fallen under the category; and "△" when they fell under the category in the past. Please use "●" when a close relative of the outside officer presently falls or has recently fallen under the category ; and "▲" when a close relative of them fell under the category in the past.

[4] If any of the items a. through l. apply, please state to that effect and give details.

[5] Please state the reasons for the appointment of the ID/A.

The guidance for each item is as follows.

1. Basic Information

Item	Guidance
(1) Company Name	・ Please fill in the name of the company.
(2) Code	・ Please enter the 4-digit company code in single-byte numerals.
(3) Submission Date	・ Please enter the date you are submitting the ID/A Notification Form using the "yyyy/mm/dd" format with single-byte numerals. For example, if the submission is to be made on May 20, 2015, enter "2015/5/20."
(4) (Scheduled) Revision Date	・ Please enter the date of the change in ID/As or outside officers using the "yyyy/mm/dd" format. For example, you would enter "2015/6/20" when designating a newly appointed outside officer as an ID/A at the annual general meeting June 20, 2015.
(5) Reason for Submitting ID/A Notification	・ Please state the reason for submitting the ID/A Notification Form. ・ All the latest outside officers as of the (scheduled) revision date should be included. The information from item (7) below is not required for retired outside officers. When submitting an ID/A Notification Form due to the resignation of an outside officer, the name of the resigning officer should be entered in this field. (Examples) ・ The appointment of outside officers will be proposed at the annual general meeting. ・ Mr. A is to be designated as a new ID/A due to the resignation of current ID/A Mr. B as an outside director (/outside company auditor) before the end of his term of office (effective date yyyy/mm/dd). ・ ID/A Ms. C has newly failed the Independence Tests.
(6) Check box "All persons who satisfy the qualifications for ID/A are designated as ID/As"	・ Please check the box if all persons who satisfy the qualifications for ID/A are designated as ID/As. If it is checked, the information in (10) and (13) is not required for outside officers who are not designated as ID/As. ・ Even in cases where all persons who satisfy the qualifications for ID/A are designated as ID/As, (7) Name, (8) Outside Director/Company Auditor, and (11) Details of Change (if any) must be entered for all outside officers.

2. Information on Independence of ID/As and Outside Officers

Item	Guidance
(7) Name	・ Please provide the names of all outside officers. ・ The list should include all the latest outside officers as of the (scheduled) revision date. Please do not include outside officers who are scheduled to retire as of the same date. ・ In the "3. Explanation of the Attributes of the ID/As and Reasons for their Appointment " section, please list the names in the same order as listed in this section. ・ If there are more than five outside officers, please list the names of all outside officers by "unhiding" the rows that are hidden on the Excel file, if necessary.

Item	Guidance
(8) Outside Director/Company Auditor (drop-down list)	・ Please select either "社外取締役(Outside Director)" or "社外監査役(Outside Company Auditor)" from the drop-down list.
(9) ID/A (drop-down list)	・ If the outside officer is designated as an ID/A, please select "○" from the drop-down list. ・ If the outside officer is not designated as an ID/A, leave it blank.
(10) Attributes (drop-down list)	・ If the relevant outside officer falls under any of the attributes listed in categories a. through l. as shown in footnote 2 at the bottom of the Form, please check the applicable box in these columns. Please note that the items in footnote 2 are simplified versions of the items specified in the Enforcement Rules for Securities Listing Regulations. ・ Please refer to "I. 3. (2) Independence Tests" and "I. 4. Provision of Attribute Information (Affiliations)" for guidance on the interpretation of the categories a. through l. ・ Please select "○" from the drop-down list when the outside officer presently falls or has recently fallen under the category, and "△" when they previously fell under the category. ・ Please select "●" from the drop-down list when a close relative of the outside officer presently falls or has recently fallen under the category (excluding items j. through l.), and "▲" when a close relative previously fell under the category. ・ If more than one item applies, select all of the applicable items. ・ The term “previously” here means, for example, “a case in which the employee previously worked for the current parent company.” Cases in which the employee is, for instance, currently working for a previous parent company or previously worked for a previous parent company are not applicable. ・ If the relevant outside officers do not fall under any of the categories a. through l., please select "○" from the drop-down list in the "N/A" column. ・ If "All persons who satisfy the qualifications for ID/A are designated as ID/As" is checked, those columns do not need to be filled for outside officers who do not meet the qualifications for ID/A. ・ If criteria to define "minor" for categories j. and l. have been established to identify transactions that will not impact shareholders' voting decisions, and these criteria are outlined in section (15), then a check is not necessary regarding items for which said criteria are satisfied.
(11) Details of Change (drop-down list)	・ If the outside officer is subject to change as of the (scheduled) revision date, please select the relevant item in this column. ・ Please leave this column blank if there is no change in the position of the outside officer or ID/A, such as where they are in the middle of their term of office or are being reappointed. ・ If a person is to be newly appointed as an outside officer on the (scheduled) revision date, please select "新任(New appointment)" regardless of whether the person is designated as an ID/A or not. ・ If a person who is already an outside officer is to be additionally

Item	Guidance
	designated as an ID/A, please select "指定(Designation)." ・ If an ID/A is having their ID/A designation removed but is not resigning as outside officer, please select "指定解除(Removal of Designation)". ・ Please select "訂正・変更(Correction/Change)" if there are corrections to the information or updates to the check boxes related to individual outside officers. ・ It is not necessary to provide information about outside officers who will retire on the date of the change, as the list should encompass all the current outside officers as of the (scheduled) revision date.
(12) Consent of the Officer (drop-down list)	・ Please choose "有(Yes)" from the drop-down list to confirm that the outside officer being designated as an ID/A agrees to their notification as an ID/A in accordance with the Securities Listing Regulations and the Enforcement Rules for Securities Listing Regulations, and that they have reviewed and verified the contents of the Form. ・ This column is not required for outside officers who are not designated as an ID/A. ・ If a person who is already designated as an ID/A is having their ID/A designation removed but is not resigning as outside officer (i.e. in the case of "Removal of Designation"), this column is not required to be filled in.

3. Explanation of the Attributes of the ID/A and the Reasons for their Appointment

Item	Guidance
(13) Explanation of the Attributes	Explanation of applicable attributes of outside officers: ・ If the outside officer falls under any of the categories a. through l. in "Attributes," please provide details. For more information, please refer to the explanation provided in section "I. 4. Provision of Attribute Information (Affiliations)." (Examples) ・ Ms. A, an outside director, worked for Z Corporation from yyyy to yyyy as a general manager of the General Affairs Department. Our company has been purchasing product B, which is used to make one of our products, from Z Corporation on an ongoing basis, and the transaction amount is JPY xxx million per year (actual results for the fiscal year ending mm yyyy). The transaction amount is equivalent to xx% of the annual sales of Z Corporation (for the fiscal year ending mm yyyy), and in light of our published criteria for assessing independence, Z Corporation is deemed to be an entity for which we are a major client. ・ Ms. A, an outside director, is a former employee of the Company's product vendor, Z Corporation. There is an annual transaction of JPY xxx million (actual amount for the fiscal year ending mm yyyy) between Z Corporation and the Company. ・ Ms. A, an outside company auditor, is a professor at Z University. The Company has made a donation of JPY xxx million (for the

	fiscal year ended mm yyyy) to the ZZ Department of Engineering at Z University with the aim of supporting research. ・ Please list the names in the same order as listed in the "(7) Name" column. ・ This item is required not only for ID/As but also for other outside officers. However, if you have checked the box "All persons who satisfy the qualifications for ID/A are designated as ID/As," information regarding outside officers who do not meet the qualifications for ID/A is not required. ・ Regarding categories j. through l., if you are providing an explanation for why you have deemed it not necessary to provide details instead of providing details, please include that explanation in this column.
(14) Reason for Appointment	For persons designated as an ID/A: ・ Please provide the reason for designating the relevant outside officer as an ID/A; in other words, the basis for the listed company's assessment that the candidate "is unlikely to have conflicts of interest with general shareholders." This could be the same as the information related to the "Reason for appointment - Reasons for designation as independent director (or outside company auditor)" that is required in the Corporate Governance Report. ・ It is important to provide an explanation based on facts such as that the candidate "does not possess any interests that would lead to conflicts of interest with general shareholders." For persons not designated as an ID/A: ・ It is not mandatory to provide information for individuals who are not designated as ID/As. However, companies could enter the "reason for appointment" stated in the Corporate Governance Report, which serves as the rationale for appointing specific outside officers. Also, if the role expected of the relevant outside officer is not reliant on independence, companies could provide information on this role here.

4. Supplementary Explanation

Item	Guidance
(15) Supplementary Explanation	・ Companies could utilize this field to make disclosures under Principle 4.9 of Japan’s Corporate Governance Code. ・ In addition to directly stating the contents of the listed company’s criteria for assessing independence in this column, if the relevant contents are disclosed in an annual securities report, annual report, or on the company's website or other widely publicized means, it is also acceptable to reference these contents and include a method of access, such as the URL of the website. Japan’s Corporate Governance Code [Principle 4.9] *Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive*

	discussions at board meetings. ・ If a listed company has established criteria for "minor" transactions or donations that will not impact shareholders' voting decisions, please state these criteria in this field. ・ If an ID/A has not been secured, please describe your future policy for securing ID/A(s). ・ If you have any other information to supplement that provided in the ID/A Notification Form, please use this field.

(2) Preparation, submission and public inspection of ID/A Notification Form

(1) Downloading the ID/A Notification Form

The format of the ID/A Notification Form (in Japanese) is available on the website of Japan Exchange Group (https://www.jpx.co.jp/rules-participants/rules/doc/domestic-stock/index.html) . Please download the "独立役員届出書" from "提出書類フォーマット集" - "その他の提出書類" under "内国株式関係提出書類" on the link.

(2) Inputting to an Excel file

Please use the downloaded format of the ID/A Notification Form and enter the necessary information with reference to "1 Notes on the ID/A Notification Form."

Notes: 1. The number of rows needed for "2. Information on Independence of ID/As and Outside Officers" and "3. Explanation of the Attributes of the ID/As and the Reasons for Appointment" in the form may vary based on the number of outside officers of each listed company. To accommodate this, please adjust the number of rows accordingly by unhiding hidden rows in the Excel file. If the increased number of rows means that the form exceeds one page, it is acceptable to utilize multiple pages.

2. Since the final submission of the ID/A Notification Form will be in PDF format, please adjust the "line height" and other settings in the Excel file accordingly. This will ensure that the text you have entered is displayed properly when converted to a PDF file.

(3) Converting the Excel file to a PDF file

Please use your preferred software to convert the Excel file of the ID/A Notification Form, containing all the required information, into a PDF file (this can be more than one page). Each listed company should make necessary adjustments so that the PDF file maintains readability and a balanced layout.

(4) Submitting the ID/A Notification Form

Please submit the PDF file of the ID/A Notification Form by selecting the "独立役員届出書 (ID/A Notification Form)" tab from "縦覧書類を作成・提出する(Create and submit documents for public inspection)" on the "ＴＤｎｅｔオンライン登録サイト(TDnet Online Registration Site)". When submitting the form, please use the following information for the title, disclosure items, and designated disclosure date and time.

Title	独立役員届出書 (ID/A Notification Form)
Disclosure Item	独立役員届出書 ID/A Notification Form
Designated disclosure date and time	Weekdays from 9:00 a.m. to 5:00 p.m.

Notes: 1. Due to system processing limitations, documents submitted during nighttime or holidays may not be processed and may require resubmission. Therefore, we kindly request that you refrain from submission during these periods. (Please note that this policy differs from other documents being submitted through TDnet such as Articles of Incorporation or Notices of Annual General Meetings.)

2. Once the documents are submitted, a representative from TSE will review the contents and may

reach out to you if necessary. This means that the actual submission time may be earlier or later than the specified time.

3. The ID/A Notification Form submitted on TDnet will be published on the Listed Company DBS (TDnet Database Service) at the designated time after it has been processed and approved by the TSE staff. Additionally, it will be published in the "Listed company details (basic information)" section of the "TSE Listed Company Search " on the Japan Exchange Group website at approximately 1:00 a.m. on the day following the submission date, which is the same as the notice of annual general meeting.

[Corporate Governance Code]

Section 1: Securing the Rights and Equal Treatment of Shareholders

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.

Notes

Companies have various stakeholders, including shareholders. Without appropriate cooperation with these stakeholders, it would be difficult for companies to achieve sustainable growth. Suppliers of capital are an important cornerstone, and shareholders are the primary starting point for corporate governance discipline. Companies should secure appropriate cooperation with shareholders and strive toward the achievement of sustainable growth by fully securing shareholder rights and providing for the smooth exercise thereof.

In addition, the Companies Act requires companies to equally treat shareholders based on the class and number of shares they hold. Gaining broad confidence of shareholders that they receive equal treatment will also contribute to strengthening support from the suppliers of capital.

Principle 1.1 Securing the Rights of Shareholders

Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.

Supplementary Principles

1.1.1 When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

1.1.2 When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

1.1.3 Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.

Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings

Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

Supplementary Principles

1.2.1 Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings.

1.2.2 While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet[1] or on the company's website.

1.2.3 The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

1.2.4 Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting.

In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.

1.2.5 In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, companies should work with the trust bank (*shintaku ginko*) and/or custodial institutions to consider such possibility.

Principle 1.3 Basic Strategy for Capital Policy

Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

[1] TDnet: The Tokyo Stock Exchange operates a real-time internet service (Timely Disclosure network) which distributes the information provided by listed companies on a timely basis in accordance with its listing rules.

Principle 1.4 Cross-Shareholdings

When companies hold shares of other listed companies as cross-shareholdings[2], they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed.

Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards.

Supplementary Principles

1.4.1 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 of business transactions.

1.4.2 Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

[2] Cross-shareholding: There are cases where listed companies hold the shares of other listed companies for reasons other than pure investment purposes, for example, to strengthen business relationships. Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.

Principle 1.5 Anti-Takeover Measures

Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and *kansayaku*[3] should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

Supplementary Principle

1.5.1 In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

Principle 1.6 Capital Policy that May Harm Shareholder Interests

With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and *kansayaku* should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

Principle 1.7 Related Party Transactions

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 interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.

[3] *Kansayaku*: See Notes to the General Principle 4.

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

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.

Notes

Companies have a variety of important stakeholders besides shareholders. These stakeholders include internal parties such as employees and external parties such as customers, business partners and creditors. In addition, local communities form the foundation for the on-going business activities of companies. Companies should fully recognize that appropriate cooperation with these stakeholders is indispensable in achieving sustainable growth and increasing corporate value over the mid- to long-term.

Moreover, given that the Sustainable Development Goals (SDGs) were adopted at the United Nations Summit and the number of organizations supporting the recommendation of the FSB's Task Force on Climate-related Financial Disclosure (TCFD) has increased, there is a growing awareness that sustainability (mid-to long-term sustainability including ESG factors) is an important management issue from the perspective of increasing mid-to long-term corporate value. In light of this, it is important for Japanese companies to further promote positive and proactive responses to sustainability issues.

The appropriate actions of companies based on the recognition of their stakeholder responsibilities will benefit the entire economy and society, which will in turn contribute to producing further benefits to companies, thereby creating a virtuous cycle.

Principle 2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term

Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

Principle 2.2 Code of Conduct

Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.

Supplementary Principle

2.2.1 The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

Principle 2.3 Sustainability Issues, Including Social and Environmental Matters

Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

Supplementary Principle

2.3.1 The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid-to long-term.

Principle 2.4 Ensuring Diversity, Including Active Participation of Women

Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

Supplementary Principle

2.4.1 Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status.

In addition, in light of the importance of human resource strategies for increasing corporate value

over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

Principle 2.5 Whistleblowing

Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.

Supplementary Principle

2.5.1 As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors[4] and outside *kansayaku*[5]). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

[4] Outside director: A director who satisfies certain requirements such as not holding specific positions, including the position of executive director, in the company or its subsidiaries (Article 2, Paragraph 15 of the Companies Act). Furthermore, matters such as not holding a specific position in the parent company or other subsidiaries and not having specific kinship ties with controlling shareholders is also required for outside directors under the Companies Act.

[5] Outside *kansayaku*: A *kansayaku* who satisfies certain requirements such as not holding specific positions, including the position of director, in the company or its subsidiaries (Article 2, Paragraph 16 of the Companies Act). Furthermore, matters such as not holding a specific position in the parent company or other subsidiaries and not having specific kinship ties with controlling shareholders is also required for outside *kansayaku* under the Companies Act.

Section 3: Ensuring Appropriate Information Disclosure and Transparency

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.

Notes

Companies are legally required to disclose a wide range of information. The timely and appropriate disclosure of information in accordance with the relevant laws and regulations is essential for investor protection and securing market confidence. The board, *kansayaku*, the *kansayaku* board[6] and external auditors all bear an important responsibility in this regard, starting with the establishment of an appropriate internal control system as to financial information.

Companies should actively strive to provide information other than what is required by laws and regulations.

It has been noted that while the quantitative part of financial statements of Japanese companies conform to a standard format and therefore excel with respect to comparability, non-financial information, such as financial standing, business strategies, risks and ESG (environmental, social and governance) matters, is often boiler-plate and lacking in detail, therefore less valuable. The board should actively commit to ensure that disclosed information, including non-financial information, is as valuable and useful as possible.

Irrespective of whether the disclosed information is required by law, the appropriate provision of information is an effective means to develop a shared awareness and understanding with shareholders and other stakeholders, in particular given that as outsiders they suffer from information asymmetry. Appropriate information disclosure will also contribute to constructive dialogue based on Japan's Stewardship Code.

Principle 3.1 Full Disclosure

In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness

[6] *Kansayaku* board: See Notes to the General Principle 4.

in decision-making and ensure effective corporate governance:

i) Company objectives (e.g., business principles), business strategies and business plans;

ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;

iii) Board policies and procedures in determining the remuneration of the senior management and directors;

iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* candidates; and

v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).

Supplementary Principles

3.1.1 These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that information is not boiler-plate or lacking in detail.

3.1.2 Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures.

In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.

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 properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.

In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

Principle 3.2 External Auditors

External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

Supplementary Principles

3.2.1 The *kansayaku* board should, at minimum, ensure the following:

i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and

ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.

3.2.2 The board and the *kansayaku* board should, at minimum, ensure the following:

i) Give adequate time to ensure high quality audits;

ii) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO;

iii) Ensure adequate coordination between external auditors and each of the *kansayaku* (including attendance at the *kansayaku* board meetings), the internal audit department and outside directors; and

iv) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

Section 4: Responsibilities of the Board

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*[7] and so-called *shikkoyakuin*[8]) 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 (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 Supervisory Committee.

Notes

Companies may choose one of three main forms of organizational structure under the Companies Act: Company with *Kansayaku* Board, Company with Three Committees (Nomination, Audit and Remuneration), or Company with Supervisory Committee. A Company with *Kansayaku* Board is a system unique to Japan in which certain governance functions are assumed by the board, *kansayaku* and the *kansayaku* board. Under this system, *kansayaku* audit the performance of duties by directors and the management and have investigation power by law. Also, to secure both independence and high-level information gathering power, not less than half of *kansayaku,* as appointed at the general shareholder meeting, must be outside *kansayaku*, and at least one full-time *kansayaku* must also be appointed. The latter two forms of organizational structure are similar to companies in other countries where committees are established under the board and assigned certain responsibilities with the aim of strengthening monitoring functions. Irrespective of which form of organizational structure is adopted, what is important is that the various institutions within the company effectively and fully execute their responsibilities through creativity and ingenuity.

[7] *Shikkoyaku*: According to the Companies Act, Companies with Three Committees (Nomination, Audit and Remuneration) must appoint one or more *shikkoyaku* from directors or non-directors by a resolution of the board and delegate business administration to *shikkoyaku*. Also, authority to make certain kinds of business decisions may be delegated to *shikkoyaku*.

[8] *Shikkoyakuin*: There are cases where a Company with *Kansayaku* Board or a Company with Supervisory Committee creates positions with the title of "*shikkoyakuin*" for persons who are delegated by the board a certain range of discretion regarding business administration. Unlike *shikkoyaku* in Companies with Three Committees (Nomination, Audit and Remuneration), *shikkoyakuin* is not a statutory position.

One of the major objectives of establishing the Code is to promote transparent, fair, timely and decisive decision-making by Japanese companies. The possibility cannot be ruled out that, due to changes in the external environment or other factors, a decision made by a company ultimately results in losses for the company. In such a circumstance, the reasonableness of the decision-making process at the time of the decision is generally considered an important factor in determining whether or not the management and directors should owe personal liability for damages. The Code includes principles and practices that are expected to contribute to such a reasonable decision-making process, and promote transparency, fairness, timeliness and decisiveness as well.

Controlling shareholders should respect the common interests of the company and its shareholders and should not treat minority shareholders unfairly, and accordingly, companies with a controlling shareholder are required to develop a governance system to protect the interest of minority shareholders.

Principle 4.1 Roles and Responsibilities of the Board (1)

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, and ensure that major operational decisions are based on the company's strategic direction.

Supplementary Principles

4.1.1 The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

4.1.2 Recognizing that a mid-term business plan (*chuuki keiei keikaku*) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

4.1.3 Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

Principle 4.2 Roles and Responsibilities of the Board (2)

The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such

proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented.

Also, the remuneration of the management should include incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

Supplementary Principle

4.2.1 The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately.

4.2.2 The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid- to long- term.

In addition, in light of the importance of investments in human capital and intellectual properties, 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.

Principle 4.3 Roles and Responsibilities of the Board (3)

The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management.

In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems.

Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

Supplementary Principles

4.3.1 The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company’s business results.

4.3.2 Because the appointment/dismissal of the CEO is the most important strategic decision for a

company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.

4.3.3 The board should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

4.3.4 The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.

Principle 4.4 Roles and Responsibilities of *Kansayaku* and the *Kansayaku* Board

Kansayaku and the *kansayaku* board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of *kansayaku* and external auditors, and the determination of auditor remuneration.

Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of *kansayaku* and the *kansayaku* board, in order to fully perform their duties, it would not be appropriate for *kansayaku* and the *kansayaku* board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.

Supplementary Principle

4.4.1 Given that not less than half of the *kansayaku* board must be composed of outside *kansayaku* and that at least one full-time *kansayaku* must be appointed in accordance with the Companies Act, the *kansayaku* board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, *kansayaku* or the *kansayaku* board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.

Principle 4.5 Fiduciary Responsibilities of Directors and *Kansayaku*

With due attention to their fiduciary responsibilities to shareholders, the directors, *kansayaku*

and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

Principle 4.6 Business Execution and Oversight of the Management

In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

Principle 4.7 Roles and Responsibilities of Independent Directors

Companies should make effective use of independent directors[9], 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.

Principle 4.8 Effective Use of Independent Directors

Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.

Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size,

[9] Independent director: The listing rules of securities exchanges provide that the outside directors, as defined in the Companies Act, are independent directors where they satisfy independence criteria of securities exchanges and the company determines that they do not have the possibility of conflicts of interest with its shareholders.

business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

Supplementary Principles

4.8.1 In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.

4.8.2 Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with *kansayaku* or the *kansayaku* board by, for example, appointing the lead independent director from among themselves.

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

Principle 4.9 Independence Standards and Qualification for Independent Directors

Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.

Principle 4.10 Use of Optional Approach

In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

Supplementary Principle

4.10.1 If the organizational structure of a company is either Company with *Kansayaku* Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and

directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.

In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

Principle 4.11 Preconditions for Board and *Kansayaku* Board Effectiveness

The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender, international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as *kansayaku*. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as *kansayaku*.

The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

Supplementary Principles

4.11.1 The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix." When doing so, independent director(s) with management experience in other companies should be included.

4.11.2 Outside directors, outside *kansayaku*, and other 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.

4.11.3 Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

Principle 4.12 Active Board Deliberations

The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.

Supplementary Principle

4.12.1 The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active:

i) Materials for board meetings are distributed sufficiently in advance of the meeting date;

ii) In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding);

iii) The schedule of board meetings for the current year and anticipated agenda items are determined in advance;

iv) The number of agenda items and the frequency of board meetings are set appropriately; and

v) Sufficient time for deliberations.

Principle 4.13 Information Gathering and Support Structure

In order to fulfill their roles and responsibilities, directors and *kansayaku* should proactively collect information, and as necessary, request the company to provide them with additional information.

Also, companies should establish a support structure for directors and *kansayaku,* including providing sufficient staff.

The board and the *kansayaku* board should verify whether information requested by directors and *kansayaku* is provided smoothly.

Supplementary Principles

4.13.1 Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, *kansayaku,* including outside *kansayaku,* should collect information appropriately, including the use of their statutory investigation power.

4.13.2 Directors and *kansayaku* should consider consulting with external specialists at company

expense, where they deem it necessary.

4.13.3 Companies should ensure coordination between the internal audit department, directors and *kansayaku* by establishing a system in which the internal audit department appropriately reports directly to the board and the *kansayaku* board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to outside directors and outside *kansayaku*. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside *kansayaku* are appropriately processed.

Principle 4.14 Director and *Kansayaku* Training

New and incumbent 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. Accordingly, companies should provide and arrange training opportunities suitable to each director and *kansayaku* along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.

Supplementary Principles

4.14.1 Directors and *kansayaku*, including outside directors and outside *kansayaku*, should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

4.14.2 Companies should disclose their training policy for directors and *kansayaku*.

Section 5: Dialogue with Shareholders

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.

Notes

With the establishment of Japan's Stewardship Code, institutional investors are encouraged to engage in purposeful dialogue (engagement) based on the in-depth knowledge of investee companies and their business environment.

Regularly engaging in dialogue with shareholders to gain their understanding of specific business strategies and business plans and taking appropriate action when there are concerns are extraordinarily useful for companies to strengthen the foundations of management legitimacy and support their efforts to generate sustainable growth. Although the management and directors have opportunities to interact and exchange views with employees, business partners and financial institutions on a daily basis, these stakeholders are all creditors. In contrast, the management and directors typically have limited interactions with shareholders. If the senior management and directors give due attention to the views of shareholders through dialogue, they can absorb views and analyses of business management from the perspective of capital providers. Dialogue with shareholders should also inspire healthy entrepreneurship in the management and directors and thereby contribute to sustainable corporate growth.

Principle 5.1 Policy for Constructive Dialogue with Shareholders

Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

Supplementary Principles

5.1.1 Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors, including outside directors, and *kansayaku*, should have a basic position to engage in dialogue (management meetings) with shareholders.

5.1.2 At minimum, policies for promoting constructive dialogue with shareholders should include the following:

i) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;

ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;

iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);

iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and

v) Measures to control insider information when engaging in dialogue.

5.1.3　Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.

Supplementary Principle

5.2.1　In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.

[Outline of Listing System Pertaining to Introduction, etc. of Takeover Defense Measures]

1. Underlying Thought

Naturally, a listed company should introduce a takeover defense measure by fully evaluating its adequacy, etc. in the context of the legal validity or so-called enterprise value criteria (a takeover defense measure which does not preclude any acquisition leading to enhanced enterprise value, but that avoids any takeover measure that damages to enterprise value). In addition, since the listed company is an investment target of a wide range of investors including not only the shareholders at the time of introduction of takeover defense measure, but potential investors, the listed company is required to give sufficient consideration to the takeover defense measure from the viewpoint of protecting investors. The Exchange has developed the securities listing system for the introduction of takeover defense measure from these perspectives, considering international trends.

Definitions of Terms

Terms	Definitions
Acquisition	- The action of acquiring enough shares of a company to exercise influence over that company;
Takeover defense measure (Anti-takeover measure)	- Measures aiming to make the acquisition of the relevant listed company difficult, which are adopted prior to the commencement of a takeover by a party that is not considered suitable by management; for example, where new shares or subscription warrants are issued without a primary business purpose such as fundraising;
Introduction	- Decision of the concrete substance of takeover defense measures such as making a resolution to issue new shares or subscription warrants as takeover defense measures;
Implementation	- Making the realization of an acquisition difficult by executing the substance of takeover defense measures;
Abolishment (of takeover defense measure)	- Canceling introduced takeover defense measures such as retiring new shares or subscription warrants issued as takeover defense measures;
Rights plan	- Takeover defense measures that subscription warrants to be allotted on condition that shareholders are not acquirers at the time of exercise and allotment;

* They have the same meaning as defined in “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” (Corporate Value Protection Guidelines) (Ministry of Economy, Trade and Industry, Ministry of Justice), except for the definition of rights plan.

* “Takeover defense measure” under the listing system refers to a takeover defense measure implemented during the ordinary course of business.

* The definition of “takeover defense measures” under the listing system includes a prior-warning based takeover defense measure. Also, depending on the nature of provisions of the Articles of Incorporation, they may fall under a takeover defense measure.

2. Outline

(1) Timely Disclosure

When a body which decides the business execution of a listed company decides to issue new shares or subscription warrants (including offering of treasury shares or treasury subscription warrants to entities who will subscribe to them), the listed company is obliged to disclosure the details thereof pursuant to the Regulations, and for the issuance with the introduction or implementation of takeover defense measures, there is no de minimis criteria minis in terms of timely disclosure.

For the introduction of any takeover defense measures without any issuance of new shares or subscription warrants at the time introduction such as prior-warning based takeover defense measures or takeover defense measures with conditions resolved, a listed company needs to disclose the details thereof except for cases it is determined that such information will not have a significant effect on investors’ investment decisions. In addition, in the case that an acquirer actually appears, a listed company implements the takeover defense measure introduced, or abolishes the measure, the listed company shall disclose the details as “Progress of Disclosed Matters”. If a listed company amends the

nature of takeover defense measures, the listed company shall disclose the details thereof as “Change to Disclose Matters”.

* A listed company shall, in disclosing the introduction of takeover defense measures, describe the details of the takeover defense measures the way in which investors can properly understand and judge them. In addition to matters to be disclosed mentioned in matters to note for the disclosure, the listed company is also requested to provide the description of material matters for investors to properly understand and judge the details of the takeover defense measures. Should there be any details which cannot be decided at the time of first disclosure, a listed company shall provide an additional disclosure as “Progression of Disclosed Matters” upon the decision.

(2) Matters to be Observed

Where a listed company introduces takeover defense measures (meaning decision of the concrete substance of takeover defense measures such as making a resolution to issue new shares or subscription warrants as takeover defense measures), it shall observe the matters referred to the following four items:

[Rule 440 of the Regulations]

(i) Sufficient disclosure

The listed company shall make necessary and sufficient timely disclosure concerning takeover defense measures:

The listed company shall, in disclosing takeover defense measures on a timely basis, be required to provide information which could constitute sufficient basis for the judgment of shareholders for and against the takeover defense measure and the investment decisions of investors. (For matters to note for the purpose of disclosure, please refer to “3. (2)”.

(ii) Transparency

Conditions of implementation and abolishment of takeover defense measures shall not depend on arbitrary decisions by the management:

In cases where the conditions of implementation and abolishment of takeover defense measures depend on the judgment of the management, there is fear that the implementation or abolishment may arbitrary be decided by the management as the process of the determination is not transparent. This is inappropriate from the viewpoint of enterprise value and this does not provide investors sufficient materials useful for investment decisions as well. As a result, investors will be forced to trade under unclear circumstances concerning the company’s developments. Thus, it is required that the conditions for the implementation or abolishment of takeover defense measures should not be determined with excessive dependence on the arbitrary judgment of the management.

(iii) Effect on the secondary market

Takeover defense measures shall not include factors which may cause extremely unstable price formation of a share or any other factors which may cause unpredictable damage to investors:

It should be assured that the details of any takeover defense measure does not include any include factors which may cause extremely unstable price formation of a share or which may reduce the value of the shares held by investors.

(iv) Respect for shareholders’ rights

Takeover defense measures shall give consideration to shareholders’ rights and their exercise:

Takeover defense measures may take various forms. They may include some methods that enable the change of structure of voting rights of shareholders including an acquirer or method damaging to

property rights other than voting rights. Thus a listed company shall, in introducing a takeover defense measure, give consideration to the details of the rights of shareholders and the exercise thereof.

(3) Public Announcement Concerning Non-Compliance with Matters to be Observed

The Exchange may impose the following measures on a listed company as well initial listing applicant in order to ensure the effectiveness of the matters to be observed in relation to the introduction of any takeover defense measure.

(i) Public announcement concerning non-compliance with matters to be observed

The Exchange may make a public announcement if the Exchange deems a listed company has not respected the matters to be observed. The Exchange shall make this judgment comprehensively considering the details and disclosure status of the takeover defense measure.

[Rule 508, Paragraph 1, Item 2 of the Regulations]

(ii) Listing examination

Where an initial listing applicant has introduced a takeover defense measure, the Exchange has included the compliance with the matters enumerated in each item of Rule 440 of the Regulations as the requirement for the qualification in the listed examination.

[Guidelines Concerning Listing Examination, etc. Ⅱ 6.（1） b.]

(4) Delisting Pertaining to Unreasonable restriction on shareholders' rights

The Exchange may impose the following measures on a listed company as well initial listing applicant in order to ensure the effectiveness of the matters to be observed in relation to the introduction of any takeover defense measure.

(i) Delisting

Where the details of shareholders' rights and their exercise are unreasonably restricted as specified by the Rules, the Exchange shall delist the listed company.

[Rule 601, Paragraph 1, Item 15 of the Regulations]

* Unlike the public announcement measure concerning noncompliance with matters to be observed, actions meeting such delisting criteria are not limited to the introduction of takeover defense measure.

Cases "Where the details of shareholders' rights and their exercise are unreasonably restricted as specified by the Rules" include the cases where the Exchange deems that a listed company conducts any of the acts referred to in each of the following items and other shareholder rights and the exercise of the rights are unduly limited.

[Rule 601, Paragraph 12 of the Enforcement Rules]

Introduction of Rights Plans without Contingency

Out of rights plans, the introduction of a rights plans that a subscription warrant whose exercise price is remarkably lower than the market price of the stock is allotted to shareholders, etc. as of the introduction of the plans (this shall exclude cases where the subscription warrant is temporarily allotted to specified entities as of the introduction of the plan in order to allot the subscription warrant to beneficial shareholders when the measure is implemented):

If any rights plans without contingency are actually implemented, any shareholders who acquire shares after the allocation date of subscription warrants may suffer significant losses from the dilution of shares, irrespective of whether the shareholders are the acquirer or not. Even in cases where the plans are not actually implemented, if there arises any situation that the implementation is expected, the share price formation is assumed to become extremely unstable. Thus the introduction of rights plans without contingency may meet the criteria for delisting as there is fear that they make the share price formation extremely unstable and they unduly damage to the property rights of shareholders.

On the other hand, with respect to trust-type rights plans, their structure is that subscription warrants are originally issued to a trust and banking corporation, and when an acquirer appears and required events for the implementation are satisfied, the subscription warrants are to be

delivered to the shareholders at the time of their implementation for the first time. As a result, shareholders at the time of implementation may receive the delivery of subscription warrants, including those who become shareholders after the issuance of subscription warrants. The introduction of rights plans substantially ensuring the contingency will not be subject to delisting due to “the introduction of rights plans without contingency” in that there is no difference in terms contingency from any takeover defense measure without the issuance of subscription warrants at the time of implementation such as prior warning based takeover defense measures or takeover defense measures with conditions resolved.

Introduction of Dead-Hand Type Rights Plans

Introduction of rights plans that cannot be abolished or decided not to be implemented even when the replacement of the majority of the board members are resolved at the general meetings of shareholders:

For so-called dead-hand type rights plans, in the Corporate Value Protection Guidelines, they are alleged to be takeover defense measures which do not meet the enterprise value criteria as they do not even realize proposed acquisition contributing to enhanced enterprise value. The listing system of the Exchange provides that the shares of a company introducing such takeover defense measures will be subject to delisting in that the exercise of rights of shareholders allowing them to replace the management of the company is unduly restricted in effect.

Issuance of Classified Shares with Veto Rights

Out of classified shares with vetoes, resolutions or decisions pertaining to issuance of those subject to the clause that a resolution at a general shareholders' meeting of classified shares is required on the selection and dismissal of a majority of directors and other important matters (excluding cases where the Exchange deems that the issuance of such classified shares is unlikely to damage to the rights of shareholders and investors in the context of the business purpose of the company, the purpose for issuing classified shares with veto rights, the details of the rights and the attributes of entities to which they will be allotted)

* In cases where a subsidiary that conducts the principal business of the listed company, a holding company, issues classified shares with vetoes (Article 108, Paragraph 1, Item (8)of the Companies Act) or classified shares with rights to elect a director (Article 108, Paragraph 1, Item (9) of the Companies Act) to parties except said listed company as allotted parties and the Exchange deems that the issuance of said classified stocks is a measure to make an acquisition by said listed company difficult, this case shall be treated as a case where said listed company will issue classified shares subject to the clause that a resolution at a general shareholders' meeting of classified shares is required on important matters.

Since the issuance of classified shares with veto rights with the requirement to the effect that resolutions at the general meeting of class shareholders will be required for material issues including the selection or dismissal of the majority of the board members unduly restricts the material rights of shareholders pertaining to the selection or dismissal of directors, the resolutions or decisions on the issuance will be regarded as a cause leading to the delisting of the listed company.

Provided, however, that “in cases where the Exchange deems that the issuance of such classified shares is unlikely to damage to the rights of shareholders and investors in the context of the business purpose of the company, the purpose for issuing classified shares with veto rights, the details of the rights and the attributes of entities to which they will be allotted,” the issuance thereof will exceptionally be permitted. Cases possibly falling under this requirement include the case where a privatized company issues classified shares with veto rights to the Japanese government as an allottee so that the corporate conduct of the company will not significantly contradict the national policy purposes. Specifically, the Exchange will decide individual issuances during the prior consultation on a case-by-case basis.

Still, for a listed company which is a holding company, if its subsidiary issues classified shares with veto rights or classified shares with rights to elect a director to an entity other than the listed company, the subsidiary must enter into a prior consultation with the Exchange as such issuance may be a cause leading to the delisting thereof. In addition, the Exchange provides that a subsidiary of a listed company issues such shares, the listed company must immediately notify the Exchange to that effect.

[Rule 418, Paragraph 20 of the Rules]

* In the case of a listed company newly issuing classified shares with veto rights, the exception to the

provisions pertaining to delisting will be applied with caution as there is a significant risk that the interests of existing general shareholders are very likely to be undermined.

Change to Stocks with Restrictions on Voting rights

Out of matters to which voting rights can be exercised at a general shareholders' meeting, resolutions or decisions pertaining to change to classified stocks with limitations to selection and dismissal of a majority of directors and other important matters (this shall not apply to the case where the Exchange deems that it is unlikely to undermine the interests of shareholders and investors).

In cases where listed stocks change to shares with restrictions on voting rights and that voting rights are restricted in terms of material issues such as the selection and dismissal of the majority of director or others, they would be subject to delisting as they are alleged to unduly restrict the voting rights of shareholders pertaining to such matters, except for the case where the Exchange deems that it is unlikely to undermine the interests of shareholders and investors.

Issuance of Shares with More Voting Rights Than Listed Stocks, etc.

Resolutions or decisions pertaining to issuance of stocks that have more voting rights than listed stocks, etc.. (limited to the cases where the Exchange deems that it is highly likely to undermine the interests of shareholders and investors).

The issuance of shares with more voting rights than listed stocks, etc. (meaning shares with lower value, etc. of the right to claim dividends of surplus or other rights to receive economic benefits related to the number of shares that allow one vote at the general meeting of shareholders for the election and dismissal of directors and other important matters), which the Exchange deems to be highly likely to undermine the interests of shareholders and investors, is subject to delisting.

Third-party Allotment Whose Ratio of Voting Rights Exceeds 300%

Resolutions or decisions pertaining to third-party allotment whose ratio of voting rights exceeds 300% (except the case where the Exchange deems that it is unlikely to undermine the interests of shareholders and investors).

A listed company shall, in issuing third-party allotments, be subject to delisting in cases where the dilution ratio exceeds 300%, except for the cases where the Exchange deems that it is unlikely to undermine the interests of shareholders and investors.

* Still, Rule 435-2 of the Rules provides the method to calculate the ratio of voting rights. For details, please refer to [Outline of Listing System Pertaining to Third-Party Allotment and Practical Matters to Note].

Share Consolidation by Which Some Shareholders Lose Voting Rights.

Resolutions or decisions pertaining to share consolidation and other acts generating equivalent effects by which some shareholders lose voting rights at a general shareholders' meeting (limited to the cases where the Exchange deems that it highly likely to undermine the interests of shareholders and investors):

In making resolutions or decisions pertaining to share consolidation by which some shareholders may lose their voting rights at a general shareholders' meeting or other acts to have similar effects, a listed company shall be subject to delisting (limited to cases where the Exchange deems that it ts likely to undermine the interests of shareholders and investors).

(ii) Initial listing examination

"The details and exercise of the shareholders rights are not unduly restricted" shall be a requirement for qualification in the listing examination.

[Guidelines for Listing Examination, etc. Ⅱ 6.（1） a.]

In the concise listing examination of a company newly established due to a reorganization of a listed company, the Exchange requires that the listed company is expected not to fall under “the cases where the Exchange deems that, as of the time of the listing, "the details and exercise of the shareholders rights are not unduly restricted” as prescribed by Rule 601, Paragraph 1, Item (15), and also “expected not to fall under Item (19) nor Item (20) of the same paragraph”.

[Rule 209, Item (2), etc. of the Regulations]

3. Matters to Note

(1) Necessity of Prior Consultation

The Exchange may impose public announcement measure on a listed company to the effect that the listed company breaches matters to be observed for takeover defense measure introduced by the listed company or may delist the stocks of the listed company. The Exchange shall, in determining whether it will impose such measures, comprehensively consider the details of each takeover defense measure or the status of the disclosure thereof. This is because further improvements to takeover defense measure practices are expected and a listed company needs to flexibly address takeover defense measures tailored to the details of each measure or the status of disclosure on a case-by- case basis.

A listed company is required to enter into a prior consultation with the Exchange with sufficient time ahead of decisions on and disclosure of introduction of take defense measure in order for the listed company to ensure the smooth implementation of such flexible measures. If the Exchange does not have sufficient time of period to consider the necessity of takeover defense measure as a result of the failure of the listed company to enter into the prior consultation, the Exchange may request the listed company to postpone the introduction of the takeover defense measure. A listed company is also required to enter into such prior consultation whenever amending the nature of defense takeover measure, in addition to the cases where the listed company newly introduces takeover defense measures.

A prior consultation will be conducted by presenting materials scheduled to be disclose beforehand. A listed company shall, in deciding the introduction and disclosure of takeover defense measure, be required to **send the proposed disclosure materials to a TSE-side staff for listed companies by mail at latest three (3) weeks prior to the scheduled announcement date**; provided, however, that any scheme with no precedent is being considered and where there are concerns over matters that need to be observed, a listed company is requested to have sufficient time to enter into a prior consultation.

(2) Items to be Disclosed and Matters to Note on Disclosure/Descriptions

When a listed company decides to offer shares or subscription warrants in introducing and implementing takeover defense measure to an entity who subscribes for such shares or subscription warrants, the listed company is required to disclose the purpose of takeover defense measure and process and reasons for deciding the implementation of takeover defense measure, in addition to ordinary items to be disclosed. For the details of this item, please refer to “Part 2　Chapter 1, 1. Offering Shares and Subscription Warrants in Introducing and Implementing Takeover Defense Measure, to Entity Who Subscribes for such Shares and Subscription Warrants” (* Part 2 is omitted in the English version of the Guidebook)

(3) Other Matters to Note Pertaining to Takeover Defense Measure

The Exchange assumes that in prior consultation, the determination of the following items by type of takeover defense measures will take some time, considering matters to be observed; provided, however, that if there are any special circumstances to improve the adequacy of takeover defense measures, including cases where they would be introduced through the resolutions at the general meeting of shareholders, the Exchange will take them into account.

(i) Rights plans

○ **Collective intention of shareholders**

Structure designed to reflect the intension of shareholders (collective intention of shareholders indicated by the resolutions at the general meetings of shareholders, rather than the intention of individual shareholders) in determining to abolish or non-implement takeover defense measures shall be very important for the purpose of appropriate operation of the takeover defense measures.

Thus, the Exchange will assess in prior consultation whether it is difficult to obtain the control of the majority of directors at one general meetings of shareholder by checking the term of office of directors, etc., and the requirements for resolutions at a shareholders' meeting regarding the election and dismissal of directors, in addition to whether proposed rights plans fall under dead-hand type or not, based on the disclosure materials and others.

○ **Framework for deciding whether to implement**

A determination as to implementation, etc. shall not be opaque dependent on any arbitrary decision of the management. The fairness and neutrality of the judgment of an entity making substantive decisions to implement, abolish, or non-implement rights plans (including independent committees when the board of directors makes such decisions based on the recommendations of an independent committee, etc.) shall be very important information for investors.

Thus the Exchange will assess whether the matters including the independence of the decision making entity from the management and its technical competence (including the involvement of experts to support any insufficient knowledge on enterprise value or authority to carry out independent research) as well as the responsibilities of a listed company (e.g., the composition ratio of directors, company auditors, and outside knowledgeable experts at respective committees) have sufficiently been described in relevant disclosure documents. In addition, if the fairness and neutrality of the decision-making entity cannot be sufficiently confirmed through the procedures above, the Exchange shall assess whether objective conditions for the implementation, abolishment or non-implementation as well as the basis for decision have be described in relevant disclosure documents.

○ **Effect of takeover defense measures on the secondary market**

Any takeover defense measure is required not to include any factors which may give rise to unexpected damage to investors such that it significantly destabilizes a share price formation.

If it is possible that the implementation of rights plans will be cancelled even after their implementation has been decided and shareholders who receive the allotment of shares have been finalized, there is fear that share price formation after the finalization of shareholders who receive the allotment, will become destabilized. In light of the purpose of the rights plan, which is to achieve equal negotiation with the acquirer, the cancellation of the implementation when an acquisition is canceled after the decision of implementation or when both of the acquirer and the listed company reach agreement on conditions for raising purchase prices, would be meaningful from the perspective of enhanced enterprise value and interests of shareholders. If there is such possibility, the Exchange will, in a prior consultation, assess whether the disclosure to that effect has sufficiently made. Still, the Exchange will assess whether there are any other factors inherent in the scheme, which may destabilize share price formation.

(ii) Pre-Warning (development of rules on large purchase)

With respect to any pre-warning type takeover defense measures, there are cases where a listed company will proprietarily establish rules (those that require the acquirer to provide information and set the procedures for them) that an acquirer should observe, and require the acquirer to comply with the rules in the future. A listed company shall, in disclosing such takeover defense measures, be required to disclose the nature of the rules in an easy-to-understand manner, thereby contributing the judgment of shareholders and investors on the reasonableness of the rules.

Specific details of the rules include the entity administering the rules, the content of the information to be submitted and the procedures for submission, etc., and the company's response in the event that the acquirer complies or does not comply the rules on the large purchase. And the Exchange shall assess whether the details of these rules are described in an easy-to-understand manner in the disclosure documents and whether a sufficient explanation concerning the reasonableness of the rules (whether or not the rules require an excessive information from the perspective of shareholders and investors, whether there is a risk of an excessively long review period, or whether or not measures imposed on the breach of the rules are excessive), has been given.

Although a takeover defense measure is a pre-warning type which develops the rules on large purchase, if there is possibility that a measure equivalent to rights plans (i.e., allotment of subscription warrants to shareholders under the conditions for the exercise or allotment that shareholders are not the acquirer) will be implemented in the future as a measure to defend the listed company from any takeover, the listed company shall disclose the fact and the matters specified in (i) above according to the substance.

(iii) Issuance of classified shares, etc.

In cases where there is possibility that the voting rights of shareholders of a listed company will be restricted or their property rights are undermined due to the issuance of classified shares or subscription warrants, a listed company shall enter into a prior consultation with sufficient time for the

required examination as the Exchange must assess whether the rights of shareholders are respected.

(4) Matters to Note Pertaining to Unreasonable restriction on shareholders' rights

Not limited to the introduction of takeover defense measures, a listed company shall, in carrying out corporate conduct, give consideration to details of rights of shareholders or their exercise thereof, such that they will not be restricted unduly.

○ **Gratis allotment of subscription warrants with continuous holding as exercise conditions**

For any gratis allotment of subscription warrants to shareholders with continuous holding of shares as their exercise conditions, in fact the act of shareholders who receive such gratis allotment of subscription warrants to sell shares will become difficult due to such conditions, and the price formation of shares is likely to be extremely destabilized and it is highly possible that the details of the rights of shareholders and their exercise thereof are judged to be unduly restricted.

[Practical Matters to Note Concerning the Code of Corporate Conduct Pertaining to Significant Transactions, etc. with a Controlling Shareholder]

○ Matters to be Observed Pertaining to Significant Transactions, etc. with a Controlling Shareholder

(1) Outline of Timely Disclosure System

A listed company that has a Controlling Shareholder shall obtain the opinion, when a body which decides the business execution of such listed company or a subsidiary thereof makes a decision on any significant transactions, etc. with a Controlling Shareholder and other persons specified by the Rules, from an entity that has no interests with such Controlling Shareholder that the decision will not undermine the interests of minority shareholders of such listed company, and also shall perform necessary and sufficient timely disclosure.

[Rule 441-2 of the Regulations; Rule 436-3 of the Rules]

* A Controlling Shareholder means a parent company or an entity specified by the Rules as entity which directly or indirectly hold a majority of the voting rights of the listed company (in cases where the aggregation of the number of the voting rights of the listed company held by a main shareholder (other than the parent company) of the listed company and the number of voting rights held by a close relative of said main shareholder and the number of voting rights held by the company, etc.(meaning a company, designated corporation, partnership, or other similar entities (including foreign entities that are equivalent to these entities)), the majority of voting rights of which are held by the main shareholder and close family on its own account, and the number of voting rights held by subsidiaries of the company, accounts for the majority of the voting rights of the listed company).

[Rule 2, Item 42-2 of the Regulations; Rule 3-2 of the Rules]

* "Minority shareholders" are shareholders other than a Controlling Shareholder and a person provided by the Rules (described later).
* If a listed company violates this provision, the Exchange may impose measures such as Public Announcement Measure, claiming the payment of a Listing Agreement Violation Penalty, requesting the submission of Improvement Report/Improvement Status Report, or designating the stock as a Security on Special Alert.

(2) Practical Matters to Note

(i) Cases where the procedures specified in the Code of Corporate Conduct are required to be implemented

Whenever both conditions mentioned in a. and b. below are met, a listed company needs to implement the procedures specified in the Code of Corporate Conduct.

a. Where a listed company or its subsidiary, etc. decides to carry out a **significant transaction, etc.**;
b. Where a **Controlling Shareholder and an entity provided by the Rules is associated with** the transaction mentioned in a. above**.**

[Significant Transactions, etc.]

* "Significant transactions, etc." mean the ones out of decisions of a listed company, its subsidiary, etc. mentioned in the list below, for which the listed company needs to carry out the timely disclosure (for the judgment basis (De minimis Criteria) of the necessity of timely disclosure pertaining to each decision, please refer to "A list of clauses associated with timely disclosure items" through the Listed Company Navigation.

Decisions by a listed company	Decisions by subsidiaries of a listed company
・ Allotment of offered shares, etc. by third-party allotment ・ Allotment of offered shares perceived as the	・ Share exchange; ・ Share transfer; ・ Share delivery;

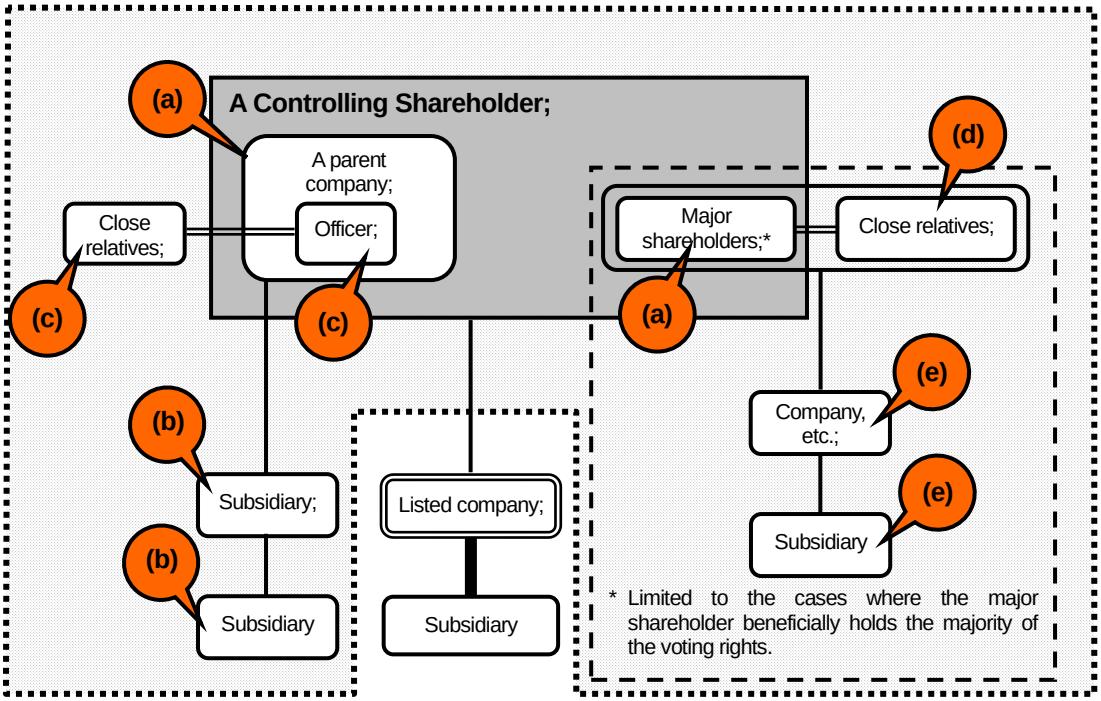
allotment of shares and subscription warrants to officers or employees of a listed company or its subsidiary, other share-based compensation or stock option ・ Acquisition of own shares; ・ Share exchange; ・ Share transfer; ・ Share delivery; ・ Merger; ・ Company split; ・ Transfer or acquisition of all or part of the business; ・ Commercialization of a new product or new technology; ・ Business alliance or dissolution of business alliance; ・ Transfer or acquisition of shares or equity interest accompanied by change in a subsidiary, etc. or other matters accompanied by change in a subsidiary, etc.; ・ Transfer or acquisition of fixed assets; ・ Lease of fixed assets; ・ Commencement of a new business; ・ A takeover bid or a takeover bid for own shares; ・ Expression of opinion on a takeover bid, etc.; ・ Acquisition of all shares of a classified share with a whole acquisition clause; ・ Approval or disapproval of demand for share, etc. cash-out; ・ Other material matters related to operations, business or assets of listed company or such listed stock, etc. (Share consolidation, etc., expected to result in delisting)	・ Merger; ・ Company split; ・ Transfer or acquisition of all or part of the business; ・ Commercialization of a new product or new technology; ・ Business alliance or dissolution of business alliance; ・ Transfer or acquisition of shares or equity interest accompanied by change in a sub-subsidiary or matters accompanied by change in a sub-subsidiary; ・ Transfer or acquisition of fixed assets; ・ Lease of fixed assets; ・ Commencement of a new business; ・ A takeover bid or a takeover bid for own shares; ・ Other material matters related to operations, business or assets of subsidiaries, etc. of a listed company.

* For any recurring and continuous business transactions between a listed company and its subsidiary, and a Controlling Shareholder and other entities specified by the Rules, they are usually excluded from the implementation of procedures specified by the Code of Corporate Conduct.

[A Controlling Shareholder and other entities specified by the Rules]

* "A Controlling Shareholder and other entities specified by the Rules" mean the persons referred to in the following items (a) to (e).
  (a) A Controlling Shareholder
  (b) A company, etc. that has the same parent company as the listed company (excluding such listed company and such subsidiaries, etc.);
  (c) A director(s) of the parent company of the listed company as well as his/her close relatives;
  (d) A close relative(s) of a Controlling Shareholder of the listed company (excluding the parent company of such listed company); or
  (e) A Controlling Shareholder of the listed company (excluding the parent company of such listed company) as well as companies, etc. in which a person referred to in the previous item holds a majority of voting rights on his/her own account and such company's subsidiaries, etc. (excluding such listed company and such subsidiaries, etc.).

Scope of a Controlling Shareholder and other entities specified by the Rules



[Cases related thereto]

* "Cases where a Controlling Shareholder and other entities specified by the Rules are related to" refer to the cases where a Controlling Shareholder and other entities specified by the Rules, in principle, becomes a party to transactions, etc. with the listed company or its subsidiary, etc.
* "Acquisition of own shares" or "takeover bid of own shares" falls under the case where it is assumed that the shares will be acquired from a Controlling Shareholder and other entities specified by the Rules.
* "Takeover bid" conducted by a listed company or its subsidiary refers to a takeover bid against a Controlling Shareholder and other entities specified by the Rules or takeover bid against the shares of a third party assuming that a listed company or its subsidiary makes an acquisition from a Controlling Shareholder and other entities specified by the Rules.
* "Expression of opinion on a takeover bid, etc." refers to the expression of opinion on a takeover bid, etc. conducted by a Controlling Shareholder and other entities specified by the Rules against the shares of a listed company, or the expression of opinion against the third-party shares assuming that a third party will make the acquisition from a Controlling Shareholder and other entities specified by the Rules.
* "Commercialization of a new product or new technology" or "Commencement of a new business" will be met, for example, when a Controlling Shareholder and other entities specified by the Rules are expected to become a main business partner for a new product, etc.
* "Allotment of offered shares perceived as the allotment of shares and subscription warrants to officers or employees of a listed company or its subsidiary, other share-based compensation or stock option" include the allotment of shares or subscription warrants to officers of the parent company of the listed company and their close relatives, or a Controlling Shareholder of a listed company (excluding its parent company) and close families of the Controlling Shareholder when

they serve as directors or officers of the listed company.

* Even if a fund does not fall under a Controlling Shareholder and other entities specified by the Rules, please note that the Exchange may assess the case where a Controlling Shareholder and other entities specified by the Rules have invested in the fund or executed the business of the fund as "Cases related thereto" in the context of the substance of the involvement.

(ii) Details of the procedures specified in the Code of Corporate Conduct

a. Obtain opinion from an entity that has no interest in such Controlling Shareholder, that any decision by a listed company or its subsidiary will not undermine interests of minority shareholders of such listed company
b. Necessary and sufficient timely disclosure

[An entity that has no interest in such Controlling Shareholder]

* "An entity that has no interest in such Controlling Shareholder" may include, for example, a third-party committee equivalent to a special committee established in the course of the practices of a company introducing a takeover defense measure, or outside directors or outside auditors that have no interest in the Controlling Shareholder.

[Obtain opinion that any decision by a listed company or its subsidiary will not undermine interests of minority shareholders of such listed company]

○ **Handling of the details of opinion and how to obtain the opinion**

* The details of "Obtain opinion that any decision by a listed company or its subsidiary will not undermine interests of minority shareholders of such listed company" may include an opinion referring to the fact that the decision would not undermine the interests of minority shareholders after comprehensively considering, for example, the purpose of transaction, the procedures during the process of negotiations (reasons for selecting a calculation agent concerning the merger ratio, etc. and involvement of outside directors or outside audition in the process of decision, etc.), the fairness of consideration, and the enhanced enterprise value of the listed company.
* The case where a listed company has obtained the evaluation (cases where the listed company has obtained a "Fairness Opinion"(limited to cases where it refers to the fact that the interests of minority shareholders have not been undermined in the evaluation)) of the fairness of consideration from a calculation agent that has no interests with a Controlling Shareholder in carrying out a reorganization act such as a merger, company split, share exchange and share transfer shall be handled as the case where the listed company has carried out "Obtain opinion". However, please note that the obtaining of merger ratio calculation document alone does not meet "Obtain opinion".
* No matter where a listed company intends to carry out a transaction, etc. involving several acts (e.g., cases where a listed company intends to squeeze out minority shareholders through the acquisition of all classified shares with a whole acquisition clause after the tender offer by the Controlling Shareholder), it would be sufficient if the listed company carries out "Obtain opinion" regarding a series of acts as the ones that are integral parts of the transaction. However, in cases where regarding them as integral parts of the transaction is not appropriate, a listed company is required to carry out "Obtain opinion" for each of individuals acts in deciding specific details of individual acts.
* The following items specify the handling when a material transaction with a Controlling Shareholder relates to the decisions of the subsidiary, etc. of the listed company.
  - When a subsidiary, etc. of a listed company has, in deciding its intention, obtained an opinion from an entity that has no interests with a Controlling Shareholder (limited to cases where the opinion includes the description that the opinion would not undermine the interests of minority shareholders of the listed company), the Exchange will handle the obtaining of opinion as the listed company implementing the procedures under the Code of Corporate Conduct (Obtaining a separate opinion by the listed company itself is not required).
  - In cases where a listed company concludes that the procedures under the Code of Corporate Conduct have been carried out with the opinion obtained by its subsidiary, etc., the listed company describe the fact and the outline of opinion obtained by the subsidiary, etc., in the timely disclosure documents.

○ **Time of obtaining opinion**

* A listed company is usually required to carry out “Obtain opinion” by the date when a material transaction, etc. is decided. However, if there are any events that make it difficult for a listed company to form an appropriate opinion as all or a part of conditions for such material transactions at the time of decisions have not been decided, the listed company may carry out “Obtain opinion” later when relevant conditions are decided (in this case, the listed company is required to describe the fact that “Obtain opinion” has not been completed, as well as the future outlook, in the original timely disclosure).

○ **Relationships with matters to be observed pertaining to third-party allotment**

* When a listed company carries out a third-party allotment whose ratio of voting rights exceeds 25% of voting rights of the listed company, the Exchange deems that the listed company will have carried out “Obtain opinion” under the Code of Corporate Conduct as the listed company has obtained an opinion prescribed by Rule 432-1 of the Regulations assuring that the third-party allotment would not undermine the interests of minority shareholders.
* Even when a listed company carries out a third-party allotment whose ratio of voting rights is below 25%, and if an entity who receives the allotment of offered shares pertaining to the third-party allotment is a Controlling Shareholder and other entities specified by the Rules, the listed company needs “Obtain opinion” under the Code of Corporate Conduct (in cases where a timely disclosure pertaining to the third-party allotment is required, such requirement is limited to the cases where the total amount to be paid for the third-party allotment (in allotting subscription warrants, the total amount of the amount to be paid for the subscription warrants and the value of assets contributed to the exercise of subscription warrants) exceeds JPY 100 million).

○ **Handling of timely disclosure**

* For the outline of opinion obtained, a listed company needs to disclose the outline in the timely disclosure documents regarding material transactions, etc. with a Controlling Shareholder (when an opinion document is obtained, this requirement does not require the disclosure of the opinion document itself).
* For the practical handling of individual facts to be disclosed, please refer to “Part 2 Practical Handling of Timely Disclosure of Corporate Information”. (* Part 2 is omitted in the English version of the Guidebook)

○ **Descriptions in the Corporate Governance Report**

* A listed company that has a Controlling Shareholder is required to appropriately reflect basic thought on the way of obtaining opinion, etc. concerning that any material transaction with a Controlling Shareholder will not undermine the interests of minority shareholders, in “guidelines on measures to protect the interests of minority shareholders in executing transactions, etc. with the Controlling Shareholder”, a disclosure item of the Corporate Governance Report.

(Rule 211, Paragraph 4, Item 1, etc. of the Rules)

○ **Others**

* The Exchange or JPX-R may require a listed company to submit a relevant document certifying the fulfillment of the procedures under the Code of Corporate Conduct as appropriate, when the listed company carries out a timely disclosure regarding a material transaction with a Controlling Shareholder.

Part 3　Chapter 2
Outlines of Self-Regulation for Listed Companies

1. Overview

Self-regulation operations on financial instruments exchange are composed of the following functions: “Listing Examination” to examine the soundness of the financial position and corporate management of an applicant for listing”; “Listed Company Compliance” to examine whether a listed company falls under any of the criteria for delisting; “Trading Participants Examination & Inspection” to test and ensure the soundness of and confidence in trading participants charged with trade execution and settlement on the Exchange market; and “Market Surveillance & Compliance” to monitor any unfair transactions such as market manipulation, insider trading, etc.

Japan Exchange Group has Tokyo Stock Exchange, Inc. (the Exchange) and Osaka Exchange, Inc., both of which run financial instruments exchange markets, and Japan Exchange Regulation (JPX-R) designed to perform self-regulation operations under its umbrella. This structure has been designed to aim to ensure the effectiveness of self-regulatory function through the appropriate collaboration of market operating companies and a self-regulatory institution by using a holding company while strengthening the independence of self-regulatory functions as a self-regulatory corporation independent from both exchanges fulfill the self-regulatory operations of financial instruments exchanges.

Tokyo Stock Exchange, Inc. a market operating company, carries out overall businesses related to the operation of the Exchange financial instruments market, with the exception of the businesses entrusted to JPX-R. The Listing Department of the Exchange as a TSE-side consultation window for listed companies addresses a large number of requests and questions of listed company and carries out various procedures for listed securities such as listing section reassignment, in addition to developing and implementing plans for listing and disclosure systems.

Meanwhile, the Exchange has entrusted self-regulatory operations for listed company compliance, etc. to JPX-R, whose Listed Company Compliance Department performs those self-regulatory operations.

Specifically, the self-regulation operations include:

(i) Examination of disclosures of corporate information based on the regulations of Part 2, Chapter 4, Section 2 of the Securities Listing Regulations;

(ii) Examination of compliance with the Code of Corporate Conduct based on the rules of Part 2, Chapter 4, Section 4 of the Securities Listing Regulations;

(iii) Examination to ensure the effectiveness in relation to claiming the payment of Listing Agreement Violation Penalty, Public Announcement Measures, requiring the submission of Improvement and Improvement Status Reports, the designation as a Security on Special Alert, etc., based on the rules of Part 2, Chapter 5 of the Securities Listing Regulations;

(iv) Delisting examination in accordance with criteria for inappropriate mergers, false statements or adverse opinions, listing agreement violations, undue restrictions on the rights of shareholders, public interest and investors protection, based on the rules of Part 2, Chapter 6 of the Securities Listing Regulations.

(* Part 2 is omitted in the English version of the Guidebook)

The Listing Department of the Exchange assesses the results of these examinations, etc. carried out by JPX-R to determine delisting, disciplinary actions, and other measures against a listed company.

In addition, the Exchange has also entrusted JPX-R with a survey to ensure the fairness of the trading of securities, etc. on the Exchange market. Based on the survey results, the Market Surveillance & Compliance Department of JPX-R carries out examinations relating to any trading likely to violate laws and regulations or other rules, including insider trading.

Outline of Japan Exchange Regulation

Name:	Japan Exchange Regulation
Address:	2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo 103-8229
(Head Office) Tel:	+81-3-3666-0431 (Main)

2. Outline of Examination Pertaining to the Disclosure of Corporate Information

Examination pertaining to the disclosure of corporate information based on Rules of Part 2, Chapter 4, Section 2 of the Regulations shall be carried out with the goal of ensuring that listing companies disclose corporate information appropriately wherever the Exchange deems that an examination is necessary and appropriate for the said goal, and the examination will examine the following items (1) to (5) in terms of the disclosure of material corporate information. (* Part 2 is omitted in the English version of the Guidebook)

(1) Whether or not the timing of disclosure is appropriate;
(2) Whether or not the details of disclosed information are false;
(3) Whether or not the disclosed information lacks information deemed important for investment decisions;
(4) Whether or not disclosed information gives rise to misunderstandings for investment decisions;
(5) Whether or not disclosed information lacks appropriateness of disclosure

【Guidelines concerning Listed Companies Compliance, etc. II 2】

Where the Exchange makes an inquiry of corporate information of a listed company by deeming that it is necessary to do so, such listed company shall make an accurate report on an inquiry matter immediately. JPX-R entrusted by the Exchange also carries out a similar inquiry. As with the case where the Exchange has made an inquiry, a listed company shall immediately make an accurate report on an inquiry matter made by JPX-R.

[Rule 415 Paragraph 1, Rule 3 Paragraph 2 of the Regulations]

3. Outline of Disciplinary Actions or Measures to Ensure Effectiveness

The Securities Listing Regulations provide that in order to ensure effectiveness, the Exchange may impose measures on a listed company for the violations of the Regulations, such as designating any listed company as a Security on Special Alert, requiring the submission of Improvement and Improvement Status Report and Public Announcement Measures or claiming the payment of Listing Agreement Violation Penalty.

〔**Measures to ensure effectiveness**〕

○ Measures involving penalty - Public Announcement Measure - Listing Agreement Violation Penalty	○Improvement measures - Improvement Report and Improvement Status Report - Designation of the stock of a listed company as a Security on Special Alert

(1) System to Designate Stock of Listed Company as a Security on Special Alert

(i) Designation as a Security on Special Alert

In the following cases and when TSE deems it extremely necessary for a listed company to improve its internal management system, TSE may designate the listed stock, etc. issued by said listed company as a "Security on Special Alert."

- Cases where TSE deems that a listed company does not fall under any of the following delisting criteria after having deemed it possible that said company falls under one or more of said criteria:

Rule 601, Paragraph 1, Item (6) of the Regulations	Damage to sound transactions with a Controlling Shareholder
Rule 601, Paragraph 1, Item (10) of the Regulations	Breach of Listing Agreement, etc.
Rule 601, Paragraph 1, Item (19) of the Regulations	Involvement of Anti-Social Forces
Rule 601, Paragraph 1, Item (20) of the Regulations	The public interest or the protection of investors

- Cases where a listed company falls under any of the following:

<False statement>

Cases where a listed company has made false statements (Rule 2, Item (30) of the Regulations) in an Annual Securities Report, etc.

<Adverse Opinion, etc.>

Cases where a certified public accountant, etc. expresses an "adverse opinion" or makes a statement to the effect that they "will not express an opinion" in an audit report attached to a listed company's financial statements, etc. or cases where a certified public accountant, etc. makes a "negative conclusion" or makes a statement to the effect that they "will not make a conclusion" (in the case of a specified business company, this includes an "opinion that interim financial statements, etc. do not provide useful information" or a statement to the effect that they "will not express an opinion") in a quarterly review report attached to said listed company's quarterly financial statements, etc.

* Excluding cases where statements have been made to the effect that the certified public accountant, etc. "will not express an opinion" or "will not make a conclusion" and such statements have been made due to reasons not attributable to the listed company, such as act of providence

- Cases where TSE deems that a listed company has violated the provisions of Timely Disclosure of Corporate Information;
- Cases where TSE deems that a listed company has violated the provisions of the Matters to Be Observed in the Code of Corporate Conduct;
- Cases where a listed company has submitted an Improvement Report pertaining to the Timely Disclosure of Corporate Information / Code of Corporate Conduct, and TSE deems that it will not recognize the listed company's improvements in the status of implementation and operation of the improvement measures;

【Rule 503,Paragraph 1 of the Regulations】

Designation as a Security on Special Alert shall be made in comprehensive consideration of the following matters and any other circumstances:

○ A case where the Exchange deems that a listed company does not fall under any of the following delisting criteria after having deemed that said company was likely to fall under any of said criteria
- The details, background, cause, and circumstances of the event that led the Exchange to deem that said company is likely to fall under the delisting criteria

○ A case of false statements or adverse opinion, etc.
- The period, amount of money, actual state, and impact on stock prices pertaining to false statements or adverse opinions, etc. in securities reports, etc.
- The act, involvement of company-related parties, and development and administration of the internal management system that are causes of false statements or adverse opinion, etc. in securities reports, etc.

○ A case where the Exchange deems that the provisions pertaining to timely disclosure have been violated
- The importance of timely disclosure information for investment decisions
- The background, cause, and circumstances that led to the provisions pertaining to timely disclosure being violated
- The status of compliance in the past with the provisions pertaining to timely disclosure

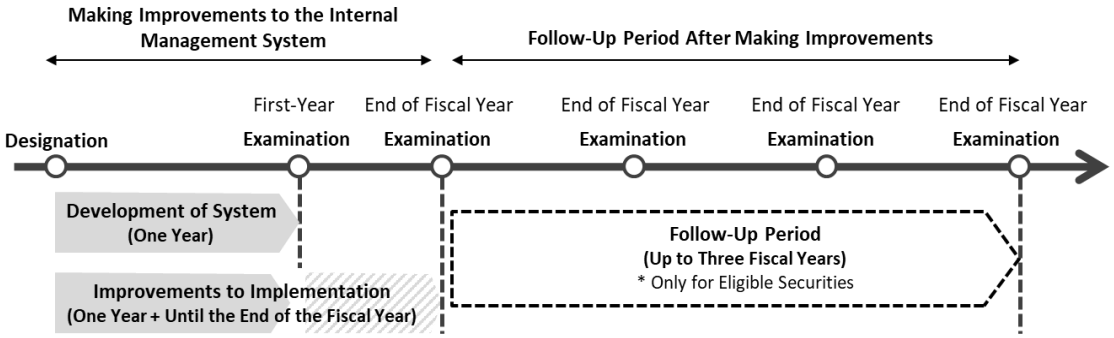
○ A case where the Exchange deems that a listed company has violated the provisions pertaining to matters to be observed in the Code of Corporate Conduct
- The background, cause, and circumstances that led to the provisions pertaining to matters to be observed in the Code of Corporate Conduct being violated
- The status of compliance in the past with the provisions pertaining to matters to be observed in the Code of Corporate Conduct

○ A case where an improvement report has been submitted
- The details, background, cause, and circumstances of the event about which the submission of an improvement report is requested
- The status of implementation and operation of improvement measures described in an improvement report

[Guidelines concerning Listed Company Compliance, etc. III 1.]

(ii) Flow of Events Following Designation as a Security on Special Alert

[Visual Flow of Events Following Designation]



○ **Making Improvements to the Internal Management System**

As a rule, a listed company that is the issuer of a listed stock, etc. that has been designated as a Security on Special Alert must have an adequately developed and implemented internal management system in place by the time of the first-year examination.

However, if TSE finds that the company's internal management system is adequately developed but does not find that it is adequately implemented at the time of the first-year examination (and it is likely that the company's internal management system will be adequately implemented), TSE will extend the company's designation as a Security on Special Alert. TSE requires that the company improve the status of the implementation of its internal management system by the time of the next examination, which will take place on or after the last day of the fiscal year in which the company's designation was extended (or the following fiscal year if the company's designation was extended within three months of the end of said fiscal year).

(Examination Process)

A listed company that is the issuer of a listed stock, etc. that has been designated as a Security on Special Alert must promptly submit a "Written Confirmation of Internal Management System" one year following said designation. The "Written Confirmation of Internal Management System" reports on the status of the listed company's internal management system.

TSE will conduct its examination based on such elements as the contents of the submitted "Written Confirmation of Internal Management System" and handle each case as follows.

- When TSE finds that the company's internal management system is adequately developed and implemented: De-designation

* However, in the case of securities that are eligible for the follow-up period mentioned below: Extension of Designation

- When TSE finds that the company's internal management system is adequately developed but does not find that it is adequately implemented (and it is likely that the company's internal management system will be adequately implemented): Extension of Designation
- When TSE finds that the company's internal management system is not adequately developed or no longer finds it likely that the company's internal management system will be adequately implemented: Delisting

* The "Written Confirmation of Internal Management System" is required to be prepared pursuant to "Securities Report for Initial Listing Application (Part II)" prescribed in Rule 204, Paragraph 1, Item 4 of the Rules; provided that the submission of a document that the Exchange specifies each time will suffice when it deems unnecessary the submission of documents pursuant to "Securities Report for Initial Listing Application (Part II)" if the audit report contains the fact that no opinion is provided due to any problems relating to the going concern assumption.

In cases such as where the listed company does not promptly submit its "Written Confirmation of Internal Management System" (in the cases of the second and subsequent examinations mentioned below, within the deadline for said examinations) or where TSE finds that the contents of the submitted "Written Confirmation of Internal Management System" are clearly insufficient, TSE will conclude that the company's internal management system is not adequately developed and implemented.

* A listed company which is the issuer of listed stock, etc., designated as a Security on Special Alert is required to make an accurate report on an inquiry matter immediately, in the case where the Exchange makes an inquiry on its internal management system. Still JPX-R that is entrusted with self-regulatory operations by the Exchange will make a similar inquiry. A listed company is obliged to make an accurate report on an inquiry matter of JPX-R immediately as in the case of the Exchange.

Still, the details of report on the inquiry matter will be considered as part of the examination of the internal management system mentioned above.

【Rule 503, Paragraphs 2 through 4 and Paragraph 11; Rule 601, Paragraph 1, Item (9); Rule 3, Paragraph 2 of the Regulations】

If a listed company's designation as a Security on Special Alert has been extended because TSE found that the company's internal management system was adequately developed but did not find that it was adequately implemented (and TSE believes that it is likely that the company's internal management system will be adequately implemented), the listed company must resubmit its "Written Confirmation of Internal Management System" within three months of the last day of the fiscal year in which the company's designation was extended (or the following fiscal year if the company's designation was extended within three months of the end of said fiscal year).

TSE will conduct its examination(s) based on such elements as the contents of the resubmitted "Written Confirmation of Internal Management System" and handle each case as follows.

- When TSE finds that the company's internal management system is adequately developed and implemented: De-designation
  (However, in the case of securities that are eligible for the follow-up period mentioned below: Extension of Designation)
- When TSE finds that the company's internal management system is not adequately developed and implemented: Delisting

Regardless of the timing of the above examinations, TSE shall also delist a security that has been designated as a Security on Special Alert when it no longer finds it likely that the listed company's internal management system will be adequately developed or implemented.

【Rule 503, Paragraphs 5 through 7; Rule 601, Paragraph 1, Item (9) of the Regulations】

○ **Follow-Up Period After Making Improvements**

If TSE finds that the internal management system of a listed company that has been designated as a Security on Special Alert has been adequately developed and implemented, but the security falls under the "Eligible Securities" mentioned below, TSE will extend the company's designation for a period of up to three fiscal years and regularly examine the status of the company's internal management system because of the great risk that the company will no longer be able to adequately maintain and implement said system.

TSE will de-designate the security after confirming that the company's internal management system has been adequately developed and implemented throughout said period.

(Eligible Securities)

・Cases where TSE finds that the company has not ensured its business continuity and profitability
  - Cases where there are notes on the going concern assumption in the most recent financial statement or quarterly financial statement
  - Cases where the amount of profits or net assets does not satisfy the initial listing criteria for the market segment in question

  <Companies That Are Listed on the Prime Market>
  ✓ The total profits in the last two years is JPY 2.5 billion or more
  ✓ The amount of net assets on the last day of the most recent business year or quarterly accounting period is JPY 5 billion or more

  <Companies That Are Listed on the Standard Market>
  ✓ The total profits in the last year is JPY 100 million or more

・Cases where the company does not meet the continued listing criteria and is within the improvement period for meeting said criteria
  * Includes cases where there is a possibility that the company will enter the improvement period for meeting the continued listing criteria for the amount of net assets (i.e., cases where the amount of net assets on the last day of the most recent quarterly accounting period is not a positive figure)

(Examination Process)

If a listed company's designation as a Security on Special Alert has been extended because the security falls under the "Eligible Securities" mentioned above even though TSE found that the

company's internal management system was adequately developed and implemented, the listed company must resubmit its "Written Confirmation of Internal Management System" within three months of the last day of the fiscal year in which the company's designation was extended (or the following fiscal year if the company's designation was extended within three months of the end of said fiscal year).

TSE will conduct its examination(s) based on such elements as the contents of the resubmitted "Written Confirmation of Internal Management System" and handle each case as follows.

(First and Second Examinations)

・When TSE finds that the company's internal management system is adequately developed and implemented and
  - the security no longer falls under the "Eligible Securities" mentioned above: De-designation
  - the security still falls under the "Eligible Securities" seen above: Extension of Designation

・When TSE finds that the company's internal management system is not adequately developed and implemented: Delisting

(Third Examination)

・When TSE finds that the company's internal management system is adequately developed and implemented: De-designation

・When TSE finds that the company's internal management system is not adequately developed and implemented: Delisting

Regardless of the timing of the above examinations, TSE shall also delist a security whose designation as a Security on Special Alert has been extended because it is eligible for the follow-up period when TSE finds that the listed company's internal management system has not been adequately developed and implemented.

【Rule 503, Paragraphs 8 through 10; Rule 601, Paragraph 1, Item (9) of the Regulations】

De-designation, etc., of a Security on Special Alert shall be approved based on comprehensive consideration of the following examination criteria at the time of initial listing for each market segment: "effectiveness of corporate governance and internal management system of a corporation," "soundness of corporate management," and "appropriateness of disclosure of corporate information" ("appropriateness of disclosure of corporate information, risk information, etc." for the Growth Market). (Including the state of compliance with the listing rules after designation as a Security on Special Alert and the state of development and operation of the system to ensure said compliance) and any other circumstances.

For details on examination criteria at the time of initial listing for each market segment, please refer to the "New Listing Guidebook" on Japan Exchange Group's website.

◯New Listing Guidebook - Prime Market
URL (Japanese): https://www.jpx.co.jp/equities/listing-on-tse/new/guide-new/index.html
◯New Listing Guidebook - Standard Market
URL (Japanese): https://www.jpx.co.jp/equities/listing-on-tse/new/guide-new/01.html
◯New Listing Guidebook - Growth Market
URL (Japanese): https://www.jpx.co.jp/equities/listing-on-tse/new/guide-new/02.html
URL (English): https://www.jpx.co.jp/english/equities/listing-on-tse/new/guide/index.html

[Guidelines concerning Listing Company Compliance, etc. III 2.]

[Guidelines concerning Listing Examinations, etc. II 3., II 4., II 5., III 3., III 4., III 5., IV 2., IV 3., IV 4.]

○ **Disclosing the Status of the Development and Implementation of the Internal Management System**

A listed company that is the issuer of a listed stock, etc. that has been designated as a Security on Special Alert must promptly disclose the status of the development and implementation of its internal management system one year following said designation.

If a listed company's designation as a Security on Special Alert has been extended, the listed

company must again disclose the status of the development and implementation of its internal management system within three months of the last day of the fiscal year in which the company's designation was extended (or on the last day of said fiscal year and within three months of the last day of the following fiscal year if the company's designation was extended within three months of the end of said fiscal year).

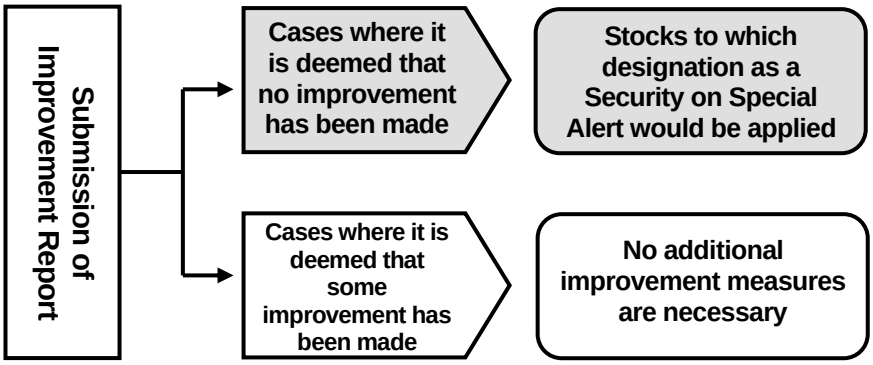
In addition, from the standpoint of ensuring the effectiveness of improvements to its internal management system, a listed company whose designation as a Security on Special Alert has been extended because it was eligible for the follow-up period mentioned above shall also disclose its efforts and progress toward improving any problems with its business continuity, profitability, or other issues.

【Rule 408-3 of the Regulations】

(2) Improvement Report System and Improvement Status Report System

(i) Submission of Improvement Report and its availability for the public inspection

【Improvement Report/application of designation as a Security on Special Alert (image)】



* Improvement Report system is a measure to be taken before the designation as a Security on Special Alert is applied.

(ii) Submission of Improvement Report pertaining to timely disclosure and Code of Corporate Conduct

In the cases provided in the following items and where the Exchange deems that improvement is highly necessary, the Exchange shall request the listed company to submit a report which contains its background and improvement measures (Improvement Report). In such cases the listed company is obliged to submit the Improvement Report promptly.

- Where the Exchange deems that a listed company has breached the provisions concerning the timely disclosure; and
- Where the Exchange deems that a listed company has breached the provisions concerning the "Matters to be Observed" under the Code of Corporate Conduct.

In addition, where the Exchange deems that the contents of the Improvement Report are clearly inadequate, the Exchange can request the listed company to change the contents and resubmit the Improvement Report. In such cases the listed company is also obliged to submit the Improvement Report promptly.

The Exchange may make the Improvement Report submitted available for the public inspection and widely disseminate it through the Exchange website.

[Rule 504 of the Regulations]

The necessity of submission of Improvement Report will be determined in comprehensive consideration of the following:

○ In the case of breach of provisions concerning timely disclosure
  - Materiality of information made public as timely disclosure, etc., as information relating to investment decisions;
  - The background, the cause, and the actual state of affairs relating to the circumstances where timely disclosure was not made fairly; and
  - The state of past compliance, etc. with the provisions on timely disclosure

【Guidelines concerning Listed Company Compliance, etc. III 3.（1）】

○ In case of breach of provisions pertaining to “Matters to be Observed” under the Code of Corporate Conduct
- The background, the cause, and the actual state of affairs relating to the breaches of the “Matters to be Observed” under the Code of Corporate Conduct;
- The state of past compliance, etc. with the provisions concerning timely disclosure

【Guidelines concerning Listed Company Compliance, etc. III 2.（2）】

For example, in cases where a listed company falls under any one of the following, the Exchange regards the situation as a factor requiring the submission of the Improvement Report, and then shall require the listed company to submit the Improvement Report, in principle.

- Where a listed company has committed a breach of the provisions pertaining to the timely disclosure or where a listed company has committed a breach of provisions as to “Matters to be Observed” under the Code of Corporate Conduct for the past two (2) years, and although an Improvement Report is not required, the Exchange deemed that it would encourage the listed company to improve the situation and the listed company which submitted the report describing the background and improvement measures (hereinafter referred to as a "Background Document") committed a breach of the provisions at similar level;
- A listed company which submitted an Improvement Report during the past five years committed the breach of similar regulations.

Furthermore, although the Exchange required a listed company to submit the Background Document, the listed company did not do so promptly (within two weeks) or the contents thereof were clearly inadequate, the Exchange considers such situations as a factor requiring the submission of Improvement Report and shall require the submission of Improvement Report.

Still, where the Exchange requests a listed company to submit the Improvement Report and the listed company falls under any one of following, the listed company is determined to commit a material breach of the listing agreement and shall be delisted.

- Though the Exchange notifies a listed company of the submission, etc. of the Improvement Report and establishes the submission date, the listed company does not submit an Improvement Report by the established date and time; and
- Though the Exchange requires a listed company to submit the Improvement Report, the Exchange deems that the improvement of state of disclosure of corporate information is no longer expected.

【Rule 601, Paragraph 1, Item (10) of the Regulations; Rule 601, Paragraph 8, Items (1) and (2) of the Rules】

(iii) Improvement Status Report pertaining to timely disclosure and Code of Corporate Conduct

A listed company which submitted an Improvement Report shall promptly submit an Improvement Status Report containing the status of implementation and operation of the improvement measures after six (6) months from the submission of such Improvement Report.

In this case, where the Exchange deems that the contents of the Improvement Status Report are clearly inadequate, it will request the change of contents and require the resubmission of the Improvement Status Report. In such cases the listed company shall be obliged to submit the Improvement Status Report promptly.

Still, the Exchange will make the Improvement Status Report submitted available for the public inspection and disseminate it through the Exchange website.

When a listed company is required to submit the Improvement Status Report, the Exchange may request the submission of necessary data, inspect, inquire or interview in order to confirm the status of implementation and operation of implementation measures and if the Exchange deems that the contents included in the Improvement Status Report are clearly inadequate, the Exchange shall request the listed company to submit the Improvement Report.

In addition to the above, the listed company which submitted the Improvement Report is required to submit the Improvement Status Report pertaining to the implementation and operation of improvement measures for five (5) years from the submission of the Improvement Report whenever the Exchange deems necessary.

Furthermore, if the Exchange makes any inquiry to the listed company which submitted the

Improvement Report concerning the implementation and operation of implementation measures when the Exchange deems necessary, the listed company shall make accurate reports on inquired matters. JPX-R which is entrusted by the Exchange with the self-regulatory operations may make similar inquiries. The listed company is also obliged to make an accurate report on an inquiry matter immediately made by JPX-R.

[Rule 505 and Rule3, Paragraph 2 of the Regulations]

(iv) Improvement Status Report after De-designation as a Security on Special Alert

A listed company is required to submit a report describing the status of the development and implementation of its internal management system within five years after it has been de-designated as a Security on Special Alert, whenever the Exchange deems it necessary.

In addition, if the Exchange or JPX-R that the Exchange entrusts with self-regulatory operations deems it necessary to make an inquiry to a listed company that has been de-designated as a Security on Special Alert about the status of the development and implementation of its internal management system, said company is required to immediately and accurately report on the matters included in the inquiry.

[Rule 505-2 and Rule3, Paragraph 2 of the Regulations]

(v) Improvement Report pertaining to the submission of documents

Where the Exchange deems that a listed company did not appropriately make the submission of documents and deems that the necessity of improvement is high, the Exchange may request the listed company to submit the Improvement Report. In such cases the listed company is obliged to submit the Improvement Report promptly.

In addition, where the Exchange deems that the contents of the Improvement Report are clearly inadequate, the Exchange can request the listed company to change the contents and resubmit the Improvement Report. In such cases the listed company is also required to submit the Improvement Report promptly.

[Rule 506 of the Regulations]

(vi) Improvement Report pertaining to ensuring, etc. related to third-party allotment, etc.

Where a listed company does not appropriately provide a report on the transfer of an offered shares allotted by third-party allotment, etc. and its ensuring, etc. on the basis of the provisions of Rule 422 of the Regulations, the Exchange may request the listed company to submit the Improvement Report.

The Exchange may make such report available for the public inspection if the Exchange deems it necessary and appropriate.

[Rule 507 of the Regulations]

(3) Public Announcement Measure

In cases referred to in each of the following items, the Exchange may make a Public Announcement Measure of such breaches if the Exchange deems this necessary:

- Where the Exchange deems that a listed company has breached the provisions concerning the timely disclosure;
- Where the Exchange deems that a listed company has breached the provisions concerning the “Matters to be Observed” under the Code of Corporate Conduct; and
- Where a listed company breaches the provisions of Article 331, Article 335, Article 337, or Article 400 of the Companies Act.

[Rule 508 of the Regulations]

The Exchange shall decide the necessity of Public Announcement Measures in comprehensive consideration of the following:

- In case of a breach of provisions concerning timely disclosure
  - Materiality of information made public as timely disclosure, etc., as information relating to investment decisions;
  - The background, the cause, and the actual state of affairs relating to the said violation of the provisions of Chapter 4, Section 2 by a listed company; and
  - The state of implementation measures such as a regulatory action taken by the Exchange in response to said violation

【Guidelines concerning Listed Company Compliance, etc. III 4.】

○ In the case of a violation of provisions concerning “Matters to be Observed” under the Code of Corporate Conduct

<Matters to be observed for third-party allotment>
- The state of implementation and the details of procedures taken prescribed in the provisions of each item of Rule 432 of the Regulations

<Share split, etc.>
- The ratio of share split, etc., the investment unit after completing share split, etc. and any other circumstances regarding the share split, etc.

<Matters to be observed for the issuance of MSCBs, etc.>
- The exercise conditions, the quantity to be issued, the scale of dilution arising from the issuance, the details of the measures taken in relation to the monthly exercise quantities with regard to MSCBs, etc.

< Matters to be observed for ensuring independent director(s)/auditor(s)>
- The status of a person(s) who is reported to the Exchange as being an independent director(s)/auditor(s) by the issuer of a listed domestic stock pursuant to the provisions of Rule 436-2 of the Rules;

<Development of system to ensure appropriateness of business>
- The state of development and state of operation of the necessary system and structure for ensuring the appropriateness of company business and business of a corporate group comprising said company and its subsidiaries, and the state of damage to investor confidence in the financial instruments market

<Matters to be observed for the introduction of takeover defense measures>
- The details of takeover defense measures and the status of the disclosures thereof

<Matters to be observed for the disclosure of MBO transactions>
- The state of disclosure of measures to ensure fairness and prevent a conflict of interest described in disclosure regarding public announcement of opinions in relation to a takeover bid or presentation of such opinions to shareholders as defined in Rule 441 of the Regulations

<Prevention of insider trading>
- The details of violation of the provisions of Rule 442 of the Regulations, the background, the cause, and the actual state of affairs relating to the event that has given rise to such violation and the state of development of the information management system required for the prevention of insider trading

<Elimination of anti-social forces>
- The details of violation of the provisions of Rule 443 of the Regulations, the background, the cause, and the actual state of development of internal system for preventing any involvement of anti-social forces

<Prevention of damages to the function of secondary market or rights of shareholders>
- The state where the function of the secondary market or shareholder rights are undermined

【Guidelines concerning Listed Company Compliance, etc. III 5.】

(4) Listing Agreement Violation Penalty

The Exchange has established the Listing Agreement Violation Penalty when a listed company commits a breach of the listing agreement at the level which does not result in its delisting. The Listing Agreement Violation Penalty aims to enhance the effectiveness of various listing-related regulations and would be applied to any act of breach which the Exchange deems undermines the confidence of shareholders and investors in the Exchange market.

The enhancement of effectiveness of various listing-related regulations is necessary for listed companies as well as shareholders and investors as it is certain to contribute to the maintenance of the quality and reputation of the Exchange market. The Exchange encourages listed companies to abide by various listing-related regulations by fully understanding the meaning of the system.

○ **Outline of Listing Agreement Violation Penalty system**

In cases provided in each of the following items, if the Exchange deems that a listed company has undermined the confidence of shareholders and investors in the Exchange market, the Exchange may claim the payment of a Listing Agreement Violation Penalty against the listed company. If the

Exchange claims the payment, the Exchange shall make a public announcement to that effect.

- Where the Exchange deems that a listed company has breached the provisions concerning the timely disclosure;
- Where the Exchange deems that a listed company has breached the provisions concerning the “Matters to be Observed” under the Code of Corporate Conduct; or
- In addition, where the Exchange deems that a listed company has breached other Securities Listing Regulations or other regulations.

[Rule 509 of the Regulations]

The assessment of the necessity of claiming the payment of the Listing Agreement Violation Penalty, shall be made in comprehensive consideration of identical matters considered in assessing the necessity of Public Announcement Measure. A decision as to whether the Exchange shall apply the Public Announcement Measure or claim the payment of the Listing Agreement Violation Penalty for any act of violation will depend on whether the act undermines the confidence of shareholders and investors in the Exchange market.

【Guidelines concerning Listed Company Compliance, etc. III 4.】

Since the purpose of this system is to enhance the effectiveness of listing regulations, it is not designed to be applied to immaterial violating acts. Thus, the Exchange does not expect to apply the system to the breach of the timely disclosure obligation or simply forgetting the submission of relevant documents, which does not result in claiming the submission of Improvement Report.

Any act of breach to which the Listing Agreement Violation Penalty may apply include: for example, where a listed company whose stock has been designated as a Security on Special Alert again amended the earnings report which had already been amended in the past as an inappropriate accounting treatment was identified; or where a listed company did not carry out necessary procedures which were required at the time of third-party allotment whose ratio of the voting rights exceeded 25% of the voting rights, or accompanied by a change in a controlling shareholder (Rule 432 of the Regulations). These are imposed when a listed company breaches timely disclosure duty or Code of Corporate Conduct. As such breaches committed by a listed company may undermine the confidence in the Exchange market as well as listed companies in general, they will be subject to the Listing Agreement Violation Penalty.

For any other acts of breaches to which such measures are to be applied, the Exchange shall improve the nature of explanation thereof in order to enhance the foreseeability of breaches from time to time, considering future specific examples of measures applied.

The amount of the Listing Agreement Violation Penalty shall be the one calculated for each issue of listed stocks, etc. in accordance with the following table;

Market Segment, etc. Market Capitalization	Domestic stock and foreign stock, etc. whose main market is the Exchange			Foreign stocks, etc. main market is other than the Exchange
	Standard Market	Prime Market	Growth Market	
JPY 5 billion or less	JPY 14.4 million	JPY 19.2 million	JPY 9.6 million	JPY 2.4 million
Over JPY 5 billion, but JPY 25 billion or less	JPY 28.8 million	JPY 33.6 million	JPY 24 million	JPY 4.8 million
Over JPY 25 billion, but JPY 50 billion or less	JPY 43.2 million	JPY 48 million	JPY 38.4 million	JPY 9.6 million
Over JPY 50 billion, but JPY 250 billion or less	JPY 57.6 million	JPY 62.4 million	JPY 52.8 million	JPY 12 million
Over JPY 250 billion, but JPY 500 billion or less	JPY 72 million	JPY 76.8 million	JPY 67.2 million	JPY 14.4 million
Over JPY 500 billion	JPY 86.4 million	JPY 91.2 million	JPY 81.6 million	JPY 16.8 million

* The market capitalization of a stock listed on the Exchange shall be calculated as follows: Still adjustments to the market capitalization in cases of share split, gratis allotment of shares or share consolidation shall be made as specified by the Exchange.

- Domestic stocks, etc.

Adjustments to the market capitalization shall be made by using the closing price (the closing price of the nearest date with trading session held when no trading is materialized at the trading session of the preceding date) of the day (excluding non-business days) preceding the date (in cases where the Exchange deems the date inappropriate in light of the conditions of the disclosure, the date the Exchange specifies as an equivalent date) when a listed company makes the disclosure of corporate information for any matters pertaining to the breaches of the Securities Listing Regulation and other regulations for the first time pursuant to the provisions of Part2, Chapter 4, Section 2 of the Regulations, and the number of listed domestic stocks at the end of the month preceding the month to which the day belongs. (* Part 2 is omitted in the English version of the Guidebook)

- Foreign stocks, etc.

  Adjustments to the market capitalization shall be made by using the closing price (base price of the preceding date if no trading is materialized at the trading session of the preceding date) at the trading session of the day preceding the date (in cases where the Exchange deems the date inappropriate in light of the conditions of the disclosure, the date the Exchange specifies as an equivalent date) when a listed company makes the disclosure of corporate information for any matters pertaining to the breaches of the Securities Listing Regulation and other regulations for the first time pursuant to the provisions of Part2, Chapter 4, Section 2 of the Regulations, and the number of listed foreign stocks, etc. at the end of the month preceding the month to which the day belongs. (* Part 2 is omitted in the English version of the Guidebook)

A listed company, which is required to pay the Listing Agreement Violation Penalty, shall pay the amount by the last day of the month immediately following the month to which the day on which the Exchange requires the payment belongs in accordance with the required procedures. Still when a listed company does not make the payment thereof by the due date, it will be subject to late payment charges.

4. Principle-based Approach

As environments surrounding capital markets have ever been evolving, it shall be essential for the Exchange to review and amend relevant regulations to accurately respond to such evolving environments whenever necessary. Yet, no matter how regulations are amended, some incidents occur which amended regulations would not be able to address properly.

So, JPX-R now believes that an effective way to flexibly address such situations is to combine rule-based approach with principle-based approach, and thus has established “Principles for equity financing”, “Principles for listed companies to address scandals”, and “Principles for listed companies to prevent scandals”.

Principle-based approach mentioned herein refers to the approach to realize enhanced quality of the overall capital markets and for the purpose, listed companies or market related entities must clearly confirm the nature of laws and principles (“Principle”) to respect and share the Principle, each of which should act disciplinary and voluntarily by the examples of laws, rules, and disciplines, in a suitable way for their roles and positions.

For the details of each Principle, please refer to the website of the JPX group.

○ Principles for Equity Financing

URL（Japanese）： https://www.jpx.co.jp/regulation/listing/equity-finance/index.html

URL（English）： https://www.jpx.co.jp/english/regulation/listing/equity-finance/index.html

○ Principles for Responding to Corporate Scandals

URL（Japanese）： https://www.jpx.co.jp/regulation/listing/principle/index.html

URL（English）： https://www.jpx.co.jp/english/regulation/listing/principle/index.html

○ Principles for Preventing Corporate Scandals

URL（Japanese）： https://www.jpx.co.jp/regulation/listing/preventive-principles/index.html

URL（English）： https://www.jpx.co.jp/english/regulation/listing/preventive-principles/index.html

5. Duty to Cooperate with the Exchange, Which Requests Certified Public Accountants, etc. to Give Explanations

There are cases where the Exchange deems it necessary to decide the appropriateness pertaining to delisting of a listed stock, etc., (e.g., false statement) and requests certified public accountants, etc. (including entities who were such certified public accountants, etc.) who carry out audit certification, etc. of financial statements, etc. or quarterly financial statements, etc. to give explanation on the circumstances, etc. In such cases, the listed company is obliged to cooperate with the Exchange so that the certified public accountants, etc. would be able to give explanation on the circumstances with ease.

[Rule 604, Paragraph 1 of the Regulations]

JPX-R entrusted by the Exchange with self-regulatory operations may request similar explanation on the circumstances. The listed company is obliged to cooperate with JPX-R with respect to JPX-R's request for the explanation on the circumstances as in the case of the Exchange.

[Rule 3, Paragraph 2 of the Regulations]

Where the Exchange requests such certified public accountants, etc. of the listed company to give explanations on the circumstances mentioned above, the listed company is obliged to promptly submit a document stating that such certified public accountants, etc. shall agree to give explanation on the circumstances, etc.

[Rule 604, Paragraph 2 of the Regulations]

* In the event that a listed company refuses to submit the agreement mentioned above or delays the submission thereof, the listed company should note that such act may fall under the provisions of Rule 601, Paragraph 1, Item (10) of the Regulations (Breach of listing agreement, etc.).

6. Examination and Inspection of Securities Trading, etc.

The Exchange has also entrusted JPX-R with self-regulatory operations pertaining to survey to ensure fairness of trading of securities on the financial instruments market, in addition to self-regulatory operations for the listing of securities. Accordingly, JPX-R (Market Surveillance & Compliance Department) carries out the examination and inspection of trading associated with transaction acts breaching the provisions of laws and regulations, including the breach of regulations on insider trading.

(1) Duty to report the background leading to the public announcement of corporate information

When JPX-R (Market Surveillance & Compliance Department)) deems it necessary to carry out examination of securities trading, etc. in order to secure fairness of securities trading, etc., as part of self-regulatory operations entrusted by the Exchange, JPX-R shall inquire into the developments, etc. from the occurrence of corporate information to the public announcement by the issuer of the listed security.

[Rule 16, Paragraph 2 of JPX-R Business Regulations]

Where JPX-R that has accepted the self-regulatory operations makes an inquiry of a listed stock, etc. by deeming that it is necessary for the purpose of trading supervision (including cases where JPX-R makes an inquiry of the circumstances, etc. from the occurrence through the public announcement of corporate information by deeming that it is necessary for a survey in order to ensure fairness of securities trading), a listed company is obliged to make accurate report on the matters inquired.

[Rule 415, Paragraph 4, Item (1) and Rule 3, Paragraph 2 of the Regulations]

Where the Exchange receives an request from another domestic financial instruments exchange for provision of information and makes inquiry of the circumstances from the occurrence through the public announcement of corporate information, in order to ensure fairness of securities trading, a listed company is obliged to promptly provide the report on inquired matters to the Exchange.

[Rule 415, Paragraph 4, Item (2) of the Regulations]

(2) Issuing alerts to listed companies

Where JPX-R (Market Surveillance & Compliance Department) deems that the act of an issuer of listed security falls under an act in violation of laws and regulations or an act which is likely to fall under the violation of laws and regulations or where it concludes that the internal system (*) for the prevention of unfair trading with respect to corporate information is not adequate and deems it necessary, as a result of the examination of securities trading, etc., JPX-R may notify the listed company to the effect and issue an alert to it.

* The internal system includes “necessary systems to prevent insider trading, etc. by its officers, agents, employees and other workers” as prescribed by Rule 449 of the Regulations.

[Rule 18, Paragraph 1 of JPX-R Business Regulations]

JPX-R shall require a listed company to report improvement measures, etc. by written documents, where it deems necessary when issuing alerts.

[Rule 18, Paragraph 2 of JPX-R Business Regulations]

[Outline of Delisting Examination Pertaining to Inappropriate Mergers, etc.]

(Delisting Examination Pertaining to Inappropriate Mergers, etc. (a merger, etc. by which a listed company does not become a substantial surviving company))

Please give careful considerations to acts mentioned below (hereinafter referred to as an "absorption-type merger, etc." in this paragraph), which shall be subject to delisting examination due to inappropriate merger, etc. (absorption-type merger, etc. by which a listed company will not be able to become a substantial surviving company).

a. Absorption-type merger of an unlisted company;
b. Share exchange that makes an unlisted company becomes a wholly-owned subsidiary;
c. Share delivery that makes an unlisted company become a subsidiary;
d. Succession of a business from an unlisted company through company split;
e. Business acquisition from an unlisted company;
f. Succession of a business to another person through company split;
g. Transfer of business to another party;
h. Business alliance with an unlisted company;
i. Allocation of shares by third-party allotment; or
j. Other absorption-type merger of an unlisted company, or acts deemed to have similar effects as a. through i. above.

(Rule 601, Paragraph 5, Item (1) of the Rules)

1. Outline

The Securities Listing Regulations of the Exchange provide that in cases where a listed company is not recognized as a substantial surviving company as a result of carrying out an absorption-type merger, etc. of an unlisted company, and in addition the listed company does not meet the criteria consistent with those for an initial listing examination within a certain period of time, the listed company will be delisted, in order to prevent so-called backdoor listing.

[Rule 601, Paragraph 1, Item (5) of Securities Listing Regulations]

Note: The determination as to a "substantial surviving company" shall be made in comprehensive consideration of operating results and financial position of the companies involved in the absorption-type merger, their composition of officers and management organization (including the locations of business offices), shareholder composition, their company names or trade names, and other circumstances where such acts are likely to have a significant effect on the listed company, comparing the advantages of these matters, including their sizes. Thus, the Exchange will not make any determination depending on the nature of business or the ability to continue business of the companies involved in the merger.

In this respect, in cases where a listed company carries out an absorption-type merger, etc., the Exchange shall make an examination for delisting due to inappropriate merger, etc. (an absorption-type merger, etc. by which the listed company does not become a substantial surviving company).

Specifically, when a listed company carries out an absorption-type merger (meaning the merger requiring the timely disclosure, in principle), the Exchange shall, first, examine (assess) whether the listed company becomes a substantial surviving company, considering its acts (usually at a point in time before the absorption-type merger, etc. is decided). Then, if the Exchange concludes that the listed company is not a substantial surviving company as a result of the examination pertaining to the substantial surviving company, the listed company shall be delisted unless the listed company meets the criteria consistent with those for an initial listing examination during the period when three (3) years pass from the end of the business year which first ends since the day when an absorption-type merger has been carried out（If the date on which three years have elapsed does not fall on the last day of the fiscal year of the listed company, the period until the last day of the fiscal year ending immediately before the date on which three years have elapsed).

Note1: De minimis Criteria for Examination pertaining to the Substantial Surviving Company
For De minimis Criteria applicable to the examination pertaining to the substantial surviving company, the Exchange illustrates a state where the Exchange is, in general, unlikely to deem in the examination that there is a problem from the perspective of preventing any backdoor listing, as the state to which "De minimis Criteria" applies (see "(Reference) Outline of De minimis Criteria for Examination pertaining to the Substantial Surviving Company"). If an absorption-type merger,

etc. meets De minimis Criteria, the Exchange will regard the listed company as the substantial surviving company. In cases where the listed company does not meet the criteria, the Exchange shall carry out further detailed examination.

This will make the examination more convenient and enable a listed company to know in advance whether such absorption-type merger is an act which is not clearly identified as a problem in the examination pertaining to the substantial surviving company.

Note 2: Grace period

The period between the date of the absorption-type merger and the date on which three (3) years have elapsed since the last day of the first fiscal year ending on or after the date of the merger (if the date on which three (3) years have elapsed does not fall on the last day of the fiscal year of the listed company, the last day of the fiscal year ending immediately before the last day of the three-year period) is a “Grace Period” (during this grace period, the company will not be designated as securities under supervision. In cases where the Exchange has not been able to determine whether the listed company meets the criteria consistent with those for an initial listing examination by the end of the grace period, the Exchange will designate the listed company as a security under supervision (confirmation) from the next day.

* For details, please refer to “Flow of Examination” described below.
* Please note that a similar handling will be applied when a company lists its stock thanks to the application of the provisions of Rule 208, Item (1) of the Regulations pertaining to the “handling of dissolution caused by a merger”, Item (3) of the same rule pertaining to the “handling of becoming a wholly-owned subsidiary of another company by a share exchange, share transfer and other means” or Item (5) of the same rule pertaining to the “handling of making another company succeed the listing agreement by the company split” (in the case of a consolidation-type merger, share transfer, or incorporation-type company split, except in the case where all parties involved are listed companies)

Still, please note that cases where a company lists its stock thanks to the application of the provisions of Rule 208 of the Securities Listing Regulations and is not expected to become a substantial surviving company at the time of forward triangular merger, the company needs to submit a document describing the ability of the company to continue its business and the outlook for profitability during the grace period and to the effect that the company tries to comply with the criteria consistent with those for the initial listing examination within the period (except for cases where an applicant for initial listing is expected to meet the criteria consistent with those for an initial listing examination).

2. Flow of Examination

(1) Until two (2) weeks prior to the decision on an absorption-type merger, etc. and timely disclosure

Where a listed company carries out an absorption-type merger, etc.(in principle, the one required for timely disclosure), the company shall be subject to the examination pertaining to the substantial surviving company. In this case, as it is desired that the conclusion on the examination pertaining to the substantial surviving company would be made by the time of decision on the absorption-type merger, etc. and timely disclosure from the perspective of smooth implementation of an absorption-type merger, etc. at the listed company and the provisions of appropriate information to investors, the listed company is required to send disclosure documents to the TSE-side staff responsible for listed companies by mail two (2) weeks prior to the decision on the absorption-type merger, etc. and the timely disclosure.

* Please note beforehand that the above requirement assumes that the nature of such transactions does not require a special consideration, thus not assuring that the examination pertaining to the substantial surviving company would complete within the period of two (2) weeks.
* In cases where a listed company enters into a prior consultation and proposed disclosure documents are not available, please prepare a document describing the details of the absorption-type merger, etc. Still in this case the listed company is required to send proposed disclosure documents by mail at latest by two (2) weeks prior to the decision and timely disclosure on the absorption-type merger, etc..
* Depending on the nature of transaction, the Exchange may request the submission of data or report, explanation and others necessary for the examination.

(2) When a timely disclosure of absorption-type merger, etc. is carried out

In cases where the Exchange completes the examination pertaining to the substantial surviving company and concludes that a listed company is not a substantial surviving company, at the time of the timely disclosure of the absorption-type merger, etc., the Exchange will carry out a dissemination to investors, for example, by posting to the effect that “From the time of implementation of the absorption-

type merger, etc., the listed company may enter into a grace period for an examination of criteria equivalent to the initial listing criteria", to the JPX group web site.

* In cases where the examination pertaining to the substantial surviving company is not complete at the time of timely disclosure of the absorption-type merger, etc., if the Exchange concludes that the listed company is not a substantial surviving company at the time when the examination pertaining to the substantial surviving company completes after the timely disclosure, the Exchange will carry out a similar dissemination.

(3) At the time of implementation of absorption-type merger, etc.

The Exchange shall make a dissemination to the effect that a listed company has entered into a grace period for an examination of criteria equivalent to the initial listing criteria and the term of grace period via the posting thereof to TSE website.

* The time of implementation of absorption-type merger, etc. means the date of merger in the case of a merger, and the transfer date or business alliance date for the transfer of business or business alliance.
* In principle, A grace period will not change even if a listed company carries out a new M&A during the grace period.

(4) At the end of grace period

The examination as to whether a listed company satisfies the criteria consistent with those for the initial listing examination shall be made based on the request from the listed company.

Then, if the Exchange is not able to confirm that a listed company satisfies the criteria consistent with those for the initial listing examination by the end of the grace period (the date on which three (3) years have elapsed since the last day of the first fiscal year ending on or after the date of the merger (when the date when the three (3) years pass does not fall under the end of business year of the listed company, the final day of the business year which ends immediately preceding the date when the three (3) years pass)), the Exchange shall designate the listed company as a security under supervision (confirmation).

* A listed company may receive the examination as to whether the listed company satisfies the criteria consistent with those for the initial listing examination by the eighth date (excluding any non-business day) counting from the date of submission of the first securities report after the end of grace period (examination fees for the examination will be charged).

As with the examination for the initial listing, the standard period required for the examination as to whether the listed company satisfies the criteria consistent with those for the initial listing examination will be three (3) months for Prime and Standard Markets and two (2) months for Growth Market. If the examination does not complete within the examination period after an application, the application will only be effective within one (1) year counting from the application date and then the examination will continue. However, that in cases where the Exchange has not been able to confirm whether a listed company satisfies the criteria consistent with those of an initial listing examination by the end of the grace period and the company has been designated as a security under supervision (confirmation), the examination pertaining to the application may end when the examination period ends.

Still, even if a listed company files an application form and the result of examination is that the listed company does not satisfy the criteria consistent with those of an initial listing examination, the listed company can re-submit the application form within the period (for the purpose of re-submission of the application form, the listed company must carefully assess whether the issues identified in the previous examination have been improved).

* In cases where the Exchange determines that a listed company satisfies the criteria consistent with those of an initial listing examination as a result of the examination made during the grace period, the Exchange shall make the dissemination of the result to investors by posting the fact that the grace period will be removed at that point to the Exchange website.

* If a listed company wishes to transfer its market segment, it may do so when applying for examination of whether it satisfies the criteria consistent with those for the initial listing examination.

In such a case, the examination of whether the listed company satisfies the criteria consistent with those for the initial listing examination may be conducted based on the criteria consistent with those for the initial listing examination not for the market segment to which it currently belongs, but for the market segment to which the listed company is applying for market segment transfer.

When a listed company applies for these examinations and is determined to satisfy the criteria, the Exchange shall, in principle, remove the grace period on the day of the market segment transfer and announce this in advance on the day of approval for the market segment transfer.

(5) When eight (8) days pass counting from the submission date of Annual Securities Report after the completion of grace period

Unless a listed company files an application for the examination as to whether the listed company satisfies the criteria consistent with those for the initial listing examination by the eighth (8th) day counting from the submission date of the first Annual Securities Report since the completion of the grace period (excluding any non-business day), the Exchange shall designate the listed company as a security to be delisted.

Still, if the Exchange has to continue the examination as to whether the listed company satisfies the criteria consistent with those for the initial listing examination at this point, the Exchange maintains the designation of securities under supervision (confirmation) while continuing the examination.

(Reference) Outline of De minimis Criteria Applicable to Examination Pertaining to Substantial Surviving Company

When the following De minimis Criteria apply, the Exchange shall treat a listed company as a substantial surviving company.

Descriptions of acts	De minimis Criteria	Remarks
1. Absorption-type merger of an unlisted company, share exchange that makes an unlisted company become a wholly-owned or share delivery that makes an unlisted company become a subsidiary; ● Including other acts deemed to have similar effects (*1)	The act listed on the left must fall under any one of the following: (1) The unlisted company is a consolidated subsidiary; provided, however, that it is required that for three (3) years (*3) before the decision date (*2) of the act, the consolidated subsidiary did not carry out any act mentioned in a. to i. above with the unlisted company (excluding consolidated subsidiaries (*4)) or make joint share transfer with the unlisted company (excluding consolidated subsidiaries (*4)) and other acts deemed to have similar effects (*5), or a body that decides the execution of business of the consolidated subsidiary did not decide to carry out such acts. (2) The respective amounts of consolidated total assets, consolidated net sales, and consolidated ordinary profit (*6)(*7) for the immediately preceding consolidated accounting year (as of the year-end) of the unlisted company are below the respective amounts of consolidated total assets, consolidated net sales, and consolidated ordinary profit (*6)(*7) at the end of the immediately preceding consolidated accounting year of the listed company (*8); provided, however, that it is required that for three (3) years (*3) before the decision date (*2) of the act, the listed company did not carry out any act mentioned in a. to i. above with the unlisted company (including its associated companies) or make joint share transfer with the unlisted company and other acts deemed to have similar effects (*5), or a body that decides the execution of business of the consolidated subsidiary did not decide to carry out such acts.	*1 Making an unlisted company become a subsidiary is viewed as “an act to have effect similar to” 1. *2 Date when the body that decides the execution of business of the listed company decides to carry out the act. *3 Cases where the decision was concurrently made *4 An unlisted company which was a consolidated subsidiary of the listed company at the time of acts mentioned in a. to i. above for the three (3) years *5 In principle, any act that is required for timely disclosure *6 In the case of a company not required to submit consolidated financial statements, “the respective amounts of consolidated total assets, consolidated net sales, and consolidated ordinary profit for the immediately preceding consolidated accounting year (as of the year-end)” shall be reworded as “the respective amounts of total assets, net sales, and ordinary profit in a stand-alone financial statements for the immediately preceding accounting year (as of the year-end)”. *7 In case of a company adopting IFRS voluntarily, “the amount of consolidated ordinary profit” shall be reworded as “the amount of current income attributable to the owners of the parent company”. *8 If the period of the consolidated accounting year (business year) is shorter than one (1) year, the comparison would be made by using the respective amounts determined at the ratio of the period to one (1) year.
2. Succession of a business from an unlisted company through company split or business acquisition from an unlisted company ● Including other acts deemed to have similar effects (*9)	The act listed on the left must fall under any one of the following: (1) The unlisted company is a consolidated subsidiary; provided, however, that it is required that for three (3) years (*3) before the decision date (*2) of the act, the consolidated subsidiary did not carry out any act mentioned in a. to i.	*9 Acquisition of fixed assets for business purposes from an unlisted company shall be “acts deemed to have similar effect” as 2.

Descriptions of acts	De minimis Criteria	Remarks
	above with the unlisted company (excluding consolidated subsidiaries (*4)) or make joint share transfer with the unlisted company (excluding consolidated subsidiaries (*4)) and other acts deemed to have similar effects (*5), or a body that decides the execution of business of the consolidated subsidiary did not decide to carry out such acts. (2) The amounts of assets subject to the succession or acquisition, the amounts deemed equivalent to the net sales and the amount deemed equivalent to the ordinary profit in the division, etc. subject to the succession or acquisition are below the respective amounts of consolidated total assets, consolidated net sales, and consolidated ordinary profit (*6) at the end of the immediately preceding consolidated accounting year of the listed company (*7); provided, however, that it is required that for three (3) years (*3) before the decision date (*2) of the act, the consolidated subsidiary did not carry out any act mentioned in a. to i. above with the unlisted company (including consolidated subsidiaries) or make joint share transfer with the unlisted company (excluding consolidated subsidiaries and other acts deemed to have similar effects (*5), or a body that decides the execution of business of the consolidated subsidiary did not decide to carry out such acts.	
3. Succession of a business to another party through company split (excluding the succession mentioned in 5.), transfer of business to another party, business alliance with an unlisted company, allocation of shares by third-party allotment ● Including other acts deemed to have similar effects (*10)	The act listed on the left must fall under any one of the following: (1) The party to the act is a consolidated subsidiary; provided, however, that it is required that for three (3) years (*3) before the decision date (*2) of the act, the consolidated subsidiary did not carry out any act mentioned in a. to i. above with the unlisted company (excluding consolidated subsidiaries (*4)) or make joint share transfer with the unlisted company (excluding consolidated subsidiaries (*4)) and other acts deemed to have similar effects (*5), or a body that decides the execution of business of the consolidated subsidiary did not decide to carry out such acts. (2) For three (3) years (*3) before the decision date (*2) of the act, the listed company did not carry out any act mentioned in a. to i. above with the party to the act (including its associated companies) or make joint share transfer with the party to the act and other acts deemed to have similar effects (*5), or a body that decides the execution of business of the consolidated subsidiary did not decide to carry out such acts	*10 Transfer to another party of fixed assets for business purposes, discontinuation of business and abolishment of business shall be “acts deemed to have similar effects” as 3.
4. In cases where a company lists its stock thanks to the application of the provisions of Rule 208, Item (1) of the Regulations pertaining to the “handling of dissolution caused by a merger”, Item (3) of the same rule pertaining to the “handling of becoming a wholly-owned subsidiary of another company by a share exchange, share transfer and other means” (in the case of	Identical with 1. above	

Descriptions of acts	De minimis Criteria	Remarks
a consolidation-type merger or share transfer, except in the case where all parties involved are listed companies). ● Including other acts deemed to have similar effects		
5. In cases where a company lists its stock thanks to the application of the provisions of Rule 208, Item (5) of the Securities Listing Regulations pertaining to the “handling of making another company succeed the listing agreement by the company split” (limited to an absorption-type company split). ● Including other acts deemed to have similar effects	The act listed on the left must fall under any one of the following: (1) The unlisted company is a consolidated subsidiary; provided, however, that it is required that for three (3) years (*3) before the decision date (*2) of the act, the consolidated subsidiary did not carry out any act mentioned in a. to i. above with the unlisted company (excluding consolidated subsidiaries (*4)) or make joint share transfer with the unlisted company (excluding consolidated subsidiaries (*4)) and other acts deemed to have similar effects (*5), or a body that decides the execution of business of the consolidated subsidiary did not decide to carry out such acts. (2) The respective amounts of consolidated total assets, consolidated net sales, and consolidated ordinary profit (*6) for the immediately preceding consolidated accounting year (as of the year-end) of the unlisted company are below the respective amounts of assets subject to the succession of business from the listed company and the amounts deemed equivalent to the ordinary profit and the amount deemed equivalent to the ordinary profit in the division, etc. subject to the succession (*7); (Limited to the case of absorption-type company split) provided, however, that it is required that for three (3) years (*3) before the decision date (*2) of the act, the listed company did not carry out any act mentioned in a. to i. above with the unlisted company (including consolidated subsidiaries) or make joint share transfer with the unlisted company and other acts deemed to have similar effects (*5), or a body that decides the execution of business of the consolidated subsidiary did not decide to carry out such acts.	

● For any act other than those mentioned in a. to i., the act of which progression the Exchange deems it necessary to continue to monitor as a result of the examination as to the substantial surviving company pertaining to absorption-type merger, etc., carried out in the past (e.g., change of trade name, change in consolidated subsidiaries, business acquisition of a consolidated subsidiary from an unlisted company, etc.), shall be viewed as “act deemed to have effects similar” to the acts mentioned in a. to i.

* Please note that De minimis Criteria mentioned above are different from those applied to the timely disclosure. For the necessity of timely disclosure, please refer to a separate section which explains the timely disclosure.

(Reference) Outline of Detailed Examination Pertaining to Substantial Surviving Company

If any act does not meet De minimis Criteria pertaining to a substantial surviving company, the Exchange shall perform further detailed examination. In that case, the Exchange assesses the ability of the listed company to substantially survive the merger, comprehensively considering the items mentioned below (including its company group except for the cases in (3) and (4) below);

(1) Operating results and financial position;
(2) Composition of officers and management organization (including the locations of business offices);

(3) Composition of shareholders;
(4) Trade names or corporate names; and
(5) Other matters where such acts are deemed to have a significant effect on the listed company

Preparation Guidelines for Corporate Governance Reports

Basic information

Item	Guidance
Last update	Please indicate the date when the report is submitted to the Exchange (the date of registration on TDnet). If you are updating or resubmitting the report due to changes in the content of the report, please also revise the date of the last update accordingly. For new listing applicants, please enter the date of listing approval. If renewing or resubmitting the application after the listing approval date, please enter the date of renewal or resubmission.
Contact	Please enter the name of the department in charge and the telephone number of the department in charge (this can be an operator).
URL	Please provide the URL of the listed company's website (limited to websites that provide information on investment decisions).

(Note) In the following table, the item number attached to each item corresponds to the item number of the report input form.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

Item	Guidance
1. Basic views	Please describe in a specific and simple manner the company's basic policy on corporate governance initiatives (including the background of the policy) and the purpose of corporate governance for the listed company. The following information may be included in the report: the positions of the company's shareholders and other stakeholders (i.e., shareholders, employees, consumers, and all others that have an interest in the company); the company's approach to management oversight; and the approach of the corporate group as a whole. This section may also be used to make disclosure on Principle 3.1 ii) of the Corporate Governance Code (the “Code”). Principle 3.1 *In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principle of the Code) in order to enhance transparency and fairness in corporate decision-making and ensure effective corporate governance:* *ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;* Please update this section each time the content is changed.
(1) Reasons for non-compliance with the principles of the Corporate Governance Code	If there are principles of the Code with which the company does not comply, please explain the reason(s) for this non-compliance. Principles requiring explanation of reasons for non-compliance: - For listed companies on the Prime Market: General Principles, Principles, and Supplementary Principles

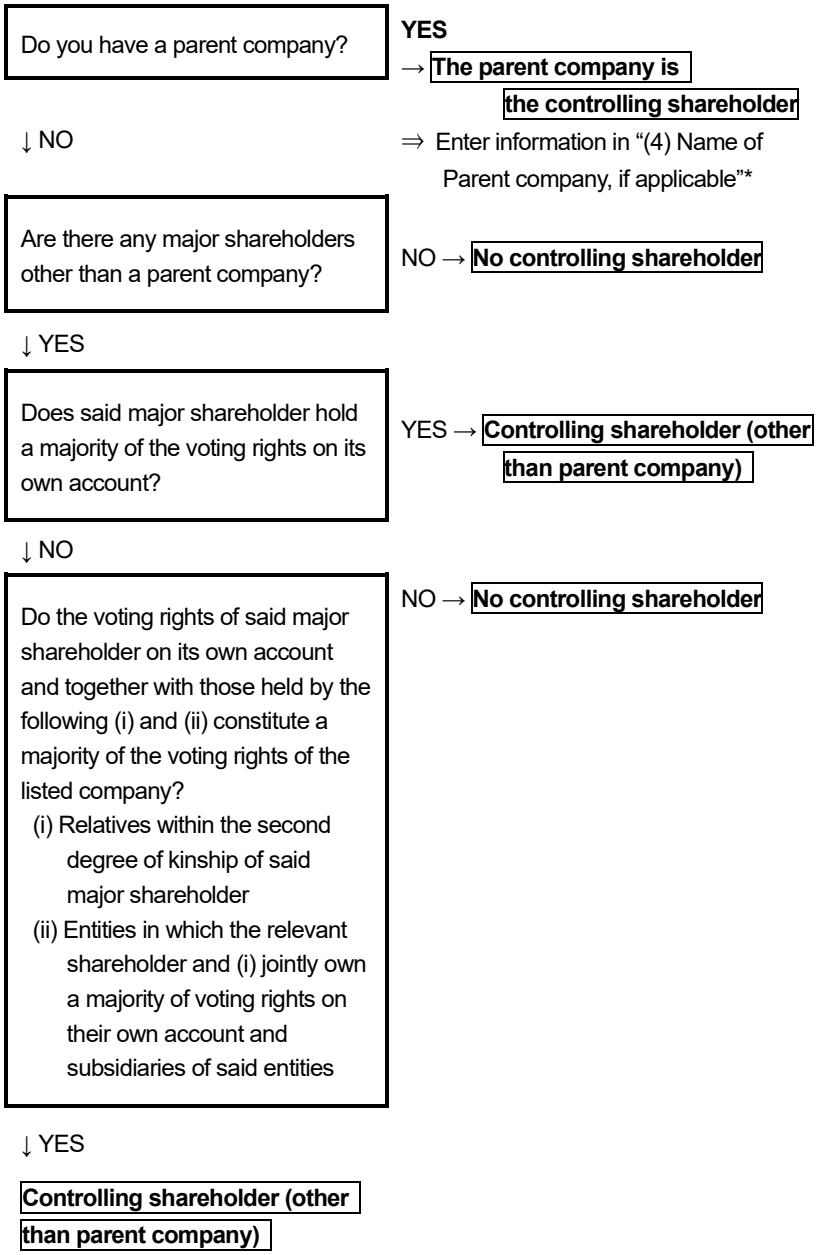
Item	Guidance
	- For listed companies on the Standard Market: General Principles, Principles, and Supplementary Principles (excluding Principles and Supplementary Principles aimed only at the Prime Market) - For listed companies on the Growth Market: General Principles Please specify the item number of each principle of the Code with which you do not comply, and clearly state to which principle each explanation applies. (Example) Supplementary Principle 1.2.4: Establishment of an environment for the electronic exercise of voting rights ・・・・・・State the reasons for non-compliance ・・・・・・ Supplementary Principle 3.1.2: Promote disclosure and provision of information in English, taking into account the ratio of foreign investors, etc. ・・・・・・State the reasons for non-compliance・・・・・・ Supplementary Principle 4.10.1: Appropriate involvement and advice by independent directors through the establishment of independent nomination and remuneration committees. ・・・・・・State the reasons for non-compliance・・・・・・ Principle 4.11: Preconditions for Board and *Kansayaku* Board effectiveness ・・・・・・State the reasons for non-compliance・・・・・・ Even if the reason for not complying with a principle of the Code is explained in other disclosed documents, please explain it in this section. If the company complies with all of the principles for which an explanation is required, please be sure to state that all of the principles are complied with, rather than leave this section blank. In the case of a company listed on the Growth Market, if the company complies with all of the General Principles, please be sure to state this fact. Non-compliance with the principles of the Code includes cases that can be judged not to be compliant as of the date of report submission, even if a decision has been made to comply in the future. When stating the reasons for non-compliance in these cases, from the perspective of enhancing constructive dialogue with investors, the following points may be considered: - Clearly indicate what parts of the relevant Principle are not being implemented. * In particular, if there are some parts which are implemented and some which are not within one Principle, indicate these clearly. - For parts which are not implemented, explain the company's reasons for not complying at this time (reasons why it is appropriate not to comply for the company) * Explanation may be based on individual circumstances such as industry, size, business characteristics, organizational structure, environment surrounding the company. In addition, if alternative measures have been adopted, details of these and the reasons why they are appropriate for the company. - If the company plans to comply with the relevant Principle in the future, give specific details of the discussions and work toward compliance * Structure, methods and processes of discussions/work, and factors to be considered, progress of discussions/work and specific schedule for compliance may be described, and details of transitional measures being implemented prior to compliance, if any may also be described. Companies listed on the Growth Market may voluntarily state the reasons why they do not comply with each principle other than the General Principles.

Item	Guidance
	In the event of any change in the contents of this section, batch updates may be made after the date of the first annual general meeting immediately following the change(s).
(2) Disclosure based on each principle of the Code	If a company listed on the Prime or Standard Market is making disclosure in accordance with any of the principles stipulating that specific matters should be disclosed, please write the relevant information in this section. Principles stipulating that specific matters should be disclosed (see Attachment 1): Principle 1.4, Principle 1.7, Supplementary Principle 2.4.1, Principle 2.6, Principle 3.1, Supplementary Principle 3.1.3, Supplementary Principle 4.1.1, Principle 4.9, Supplementary Principle 4.10.1, Supplementary Principle 4.11.1, Supplementary Principle 4.11.2, Supplementary Principle 4.11.3, Supplementary Principle 4.14.2, and Principle 5.1 (Note) The second paragraph of Supplementary Principle 4.10.1 and the second paragraph of Supplementary Principle 3.1.3 are aimed at the Prime Market. If disclosure is to be made, please specify the item number of each principle under which the disclosure is to be made, and clearly indicate which principle each disclosure is based on. (Example) **Principle 1.4: Cross-shareholdings** (1) Policy on cross-shareholdings ・・・・・・・・State the relevant information here ・・・・・・・・ (2) Details of assessment regarding cross-shareholdings ・・・・・・・・State the relevant information here・・・・・・・・ (3) Criteria for exercising voting rights connected to cross-shareholdings ・・・・・・・・State the relevant information here・・・・・・・・ **Supplementary Principle 2.4.1 Ensuring diversity in the promotion of core human resources, etc.** Policy for ensuring diversity (1) Promotion of women to middle managerial positions ・・・・・・・・State the relevant information here ・・・・・・・・ (2) Promotion of foreign nationals to middle managerial positions ・・・・・・・・State the relevant information here ・・・・・・・・ (3) Promotion of mid-career hires to middle managerial positions ・・・・・・・・State the relevant information here・・・・・・・・ (4) Other matters (including general policy about ensuring diversity) ・・・・・・・・State the relevant information here ・・・・・・・・ Voluntary and measurable goals for ensuring diversity (1) Promotion of women to middle managerial positions ・・・・・・・・State the relevant information here ・・・・・・・・ (2) Promotion of foreign nationals to middle managerial positions ・・・・・・・・State the relevant information here ・・・・・・・・ (3) Promotion of mid-career hires to middle managerial positions

Item	Guidance
	・・・・・・・・State the relevant information here ・・・・・・・・ (4) Other matters ・・・・・・・・State the relevant information here ・・・・・・・・ Status of diversity (1) Promotion of women to middle managerial positions ・・・・・・・・State the relevant information here ・・・・・・・・ (2) Promotion of foreign nationals to middle managerial positions ・・・・・・・・State the relevant information here ・・・・・・・・ (3) Promotion of mid-career hires to middle managerial positions ・・・・・・・・State the relevant information here ・・・・・・・・ (4) Other matters ・・・・・・・・State the relevant information here・・・・・・・・ Human resource development policy and internal environment development policy to ensure diversity and their implementation status ・・・・・・・・State the relevant information here ・・・・・・・・ **Principle 2.6: Roles of corporate pension funds as asset owners** ・・・・・・・・State the relevant information here ・・・・・・・・ **Supplemental Principle 3.1.3: Initiatives on sustainability, etc.** Initiatives on sustainability ・・・・・・・・・State the relevant information here ・・・・・・・・ Investments in human capital, intellectual property, etc. ・・・・・・・・State the relevant information here ・・・・・・・・ (Note 1) When making disclosure on Supplemental Principle 2.4.1, if the company does not have “voluntary and measurable goals” in relation to promotion of any of women, foreign nationals, or mid-career hires to managerial positions, please state this fact and the reasons for it in the “Policy for ensuring diversity” section. (Note 2) When making disclosure on the company's "initiatives on sustainability” stipulated in the first paragraph of Supplemental Principle 3.1.3 (including cases where disclosure in this section is made through reference to other disclosed documents and provision of a method of access to them), if there are any frameworks that the company referenced for the disclosure, companies are encouraged to name said framework. In addition, regarding the implementation status of the second paragraph of Supplemental Principle 3.1.3, companies are encouraged to describe whether or not disclosure is made for each item recommended for disclosure by the TCFD recommendations, and if scenario analysis is conducted, to state to that effect. Other than directly stating the relevant information, if the same information is disclosed in an Annual Securities Report, an annual report, or company website that is widely available to the public, it is also acceptable to disclose in this section by pointing to said report or website as a reference and providing the method of access to said information (e.g. the website URL).

Item	Guidance
	Companies may enter this information in other sections. In such cases, please reference the relevant sections here: for example, “III. Implementation of Measures for Shareholders and Other Stakeholders - 3. Status of measures to ensure due respect for stakeholders” may be used for disclosure on Supplementary Principle 3.1.3, or “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight - 1. Organizational Composition and Operation (2) Directors (vi) Voluntary establishment of committee(s) equivalent to Nomination/Renumeration Committee” section may be used for disclosure on Supplementary Principle 4.10.1 (aimed at the Prime Market). This section may also be used when describing the implementation status of principles other than those stipulating that specific matters should be disclosed. For example, companies may describe the implementation status of principles for which an explanation is required, or may describe their own specific efforts to implement each principle from the perspective of enhancing constructive dialogue with investors. * If a company makes disclosure based on the ”*Action to Implement Management that is Conscious of Cost of Capital and Stock Price*” and “*Better Dialogue with Shareholders and Related Disclosure*” (published on March 31, 2023) in its management strategies, management plans, financial results presentation materials or its website, please state in this section to the effect that such disclosure is made and the method of access to said disclosure (e.g. the website URL). Alternatively, you may directly include the disclosure within this section. (Example) **Action to Implement Management that is Conscious of Cost of Capital and Stock Price** ・・・State that such disclosure is made and how to access the disclosed information・・・ **Dialogue with Shareholders** ・・・State that such disclosure is made and how to access the disclosed information・・・ For companies listed on the Growth Market, please do not use this section unless voluntarily making disclosure in accordance with principles stipulating that specified matters should be disclosed. In the event of any change in the contents of this section, batch updates may be made after the date of the first annual general meeting immediately following the change.
2. Capital structure	In the event of any change in the contents in this section, batch updates may be made after the date of the first annual general meeting immediately following the change. In the event of a change in the content as a result of setting a record date other than the record date for the “Major Shareholders” section in the Annual Securities Report, update in this section is optional. (Batch updates may be made after the date of the first annual general meeting immediately following the change.) Initial listing applicants are required to enter the most recent situation as stated in the “Annual Securities Report for Application for Listing (Part I).” If there are any notes, please indicate them in the “(5) Supplementary explanation” section.
(1) Foreign shareholding ratio	This means the percentage of shares held by corporations or organizations similar to corporations incorporated under the laws and regulations of foreign countries, and by individuals with foreign nationality, out of the total number of outstanding shares (same as the definition for the Annual Securities Report). Please enter this information with reference to “Status by Shareholder Classification” in the “Information on the Company’s Shares, etc.” section in the Annual Securities

Item	Guidance
	Report Form (Form No. 3, etc. of the Cabinet Office Order on Disclosure of Corporate Affairs).
(2) Status of major shareholders	Please enter this information in accordance with “Major Shareholders” in the “Information on the Company’s Shares, etc.” section in the Annual Securities Report Form (Form No. 3, etc. of the Cabinet Office Order on Disclosure of Corporate Affairs). In the case where a large shareholding report has been submitted for the shares of a listed company and there is a discrepancy with the most recent shareholder registry, please fill in this item based on the shareholder registry and then state that a large shareholding report has been submitted in the “(5) Supplementary explanation” section. The number of shares held should be based on the number of listed shares. Please list about 10 shareholders in descending order of number of shares held. Please enter numbers in half-width characters. Initial listing applicants should base this information on “Status of Shareholders” in the “Annual Securities Report for Application for Listing (Part I)” prepared in accordance with Form No. 2-4 of the Cabinet Office Order on Disclosure of Corporate Affairs, excluding subscription warrants.
(3) Name of controlling shareholder, if applicable (excluding parent companies)	If the company has a controlling shareholder which is not a parent company, please enter the name of the controlling shareholder. Definition of a controlling shareholder: An entity/person which falls under either of the following (1) or (2) is defined as a controlling shareholder (Article 2, Item 42-2 of the Securities Listing Regulations and Article 3-2 of the Enforcement Rules for Securities Listing Regulations). (i) A parent company (meaning a parent company as defined in Article 8, Paragraph 3 of the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (hereinafter referred to as the “Financial Statement Regulation”). The same shall apply hereinafter). (ii) A major shareholder (meaning a major shareholder as defined in Article 163, Paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter), excluding those defined in (i), which holds, on its own account and together with the following (iii) and (iv), a majority of the voting rights of the listed company. (iii) A close relative (meaning a relative within the second degree of kinship; the same shall apply hereinafter) of said major shareholder. (iv) An entity (meaning a company, designated corporation, partnership, or other similar entity (including an equivalent thereof in a foreign country)) in which said major shareholder and (iii) jointly own a majority of the voting rights on their own accounts. The same shall apply hereinafter) and subsidiaries of said entity. (Note) In principle, the point in time for determining whether or not there is a controlling shareholder is based on the most recent situation (if the most recent list of shareholders is as of the end of the immediately preceding fiscal year, that point in time is acceptable).

Item	Guidance
	(Reference) Please refer to the following chart to determine whether there is a controlling shareholder or not.  *Please note that if the parent company has a controlling shareholder, this means that the company has a "controlling shareholder (excluding parent company)."
(4) Name of parent company, if applicable	If the company has a parent company, please provide the name of the parent company (in the case where there is more than one parent company, the one that is deemed to have the greatest impact on the listed company (if the impact is the same, either one)). Please note that a "parent company" does not include "other associated companies" as defined in Article 8, Paragraph 17, Item 4 of the Financial Statement Regulation. If the company has a parent company, please note that the necessary information must be provided in "4. Policy on measures to protect minority shareholders in conducting transactions with controlling shareholder" and "5. Other special circumstances which may have a material impact on corporate governance."

Item	Guidance
(5) Supplementary explanation	If you would like to provide supplementary information on 2. Capital structure, please enter it here.
3. Corporate attributes	The figures here should be based on the status as of the end of the immediately preceding fiscal year. Please refer to the “Net sales (consolidated) of the preceding fiscal year” section below for how to enter net sales. In the event of any change in the contents of this section, batch updates may be made on or after the date of the first annual general meeting immediately following the change. Initial listing applicants are required to enter their most recent status as stated in the “Annual Securities Report for Listing Application (Part I).”
(1) Listed stock exchange and market division	The market divisions of listed exchanges are Prime, Standard, and Growth for Tokyo; Premier, Main, and Next for Nagoya; Existing Market and Q-Board for Fukuoka; and Existing Market and Ambitious for Sapporo.
(2) Fiscal year-end	Please select a month from January to December.
(3) Business sector	Please select one of the 33 sectors in the medium classification as determined by the Securities Identification Code Committee.
(4) Number of employees (consolidated) as of the end of the previous fiscal year	For companies that prepare consolidated financial statements, please provide figures on a consolidated basis. Please provide these figures with reference to “Employees” in the Annual Securities Report Form (Form No. 3, etc. of the Cabinet Office Order on Disclosure of Corporate Affairs).
(5) Net sales (consolidated) for the previous fiscal year	Based on the annual net sales amount for the most recent fiscal year. For companies that prepare consolidated financial statements, please provide figures on a consolidated basis. For companies that do not use net sales in the summary of business results, please substitute this with a similar item (this could change depending on the sector, e.g., ordinary income for the banking sector, operating revenue for securities industry, or net premiums for the insurance industry).
(6) Number of consolidated subsidiaries as of the end of the previous fiscal year	For companies that prepare consolidated financial statements, please provide on a consolidated basis. If there are no consolidated subsidiaries, enter “less than 10.”
4. Policy on measures to protect minority shareholders in conducting transactions with controlling shareholder	For a company with a controlling shareholder, please provide details of guidelines concerning how to protect minority shareholders when executing transactions or the like with the following persons: (i) The parent company (ii) The controlling shareholder (other than a parent company) (iii) Close relatives of (ii) (iv) Entities in which (ii) and (iii) jointly own a majority of the voting rights on their own account and subsidiaries of said entities Please update this section each time the content of the policy is changed. (Note 1) With regard to policy on measures to protect minority shareholders, please describe in detail the company's policies for establishing internal systems, internal decision-making procedures, use of external organizations, and conclusion of contracts (e.g. those stipulating that the terms and conditions of the transaction are the same as those for arm's length transactions), and other policies that are established with the aim of preventing a controlling shareholder from harming the company and, by extension, minority shareholders by using its influence and conducting transactions that benefit the controlling shareholder or (iii) and (iv) above. In cases where the company appoints at least one-third (a majority for the Prime Market) independent directors who are independent from controlling shareholders in

Item	Guidance
	accordance with Supplementary Principle 4.8.3 of the Code, companies are encouraged to state to that effect. In addition, when a special committee consisting of persons with independence, including independent directors, is established (including cases where the special committee is established on a non-permanent basis), the following matters should be stated. ✓ Permanent or non-permanent ✓ Approaches to the independence of the committee composition from the parent company, composition of committee members ✓ Agenda items, authorities, and roles (However, companies are not expected to extend disclosure to cases of individual specific details of deliberations that may cause damage to the business. In such cases, a certain degree of abstraction may be considered.) (Note 2) With respect to the levels of transactions with controlling shareholders that are subject to the policy, as a rule companies are encouraged to establish their policies with all such transactions in mind; however, since the degree of influence can be expected to vary depending on the size and structure of each company, the policy may reflect the level of specific transactions with controlling shareholders that are deemed appropriate for each company, with the aim of limiting the policy to transactions with a size that could have a certain degree of influence on minority shareholders. In such cases, please also state the reason why the company judged the level to be appropriate. (Note 3) Please note that the implementation status of the measures set forth in the policies described above must be disclosed within three months after the end of the fiscal year as part of the disclosure of matters concerning controlling shareholders, etc. (Article 411 of the Securities Listing Regulations and Article 412 of the Enforcement Rules for Securities Listing Regulations). If a special committee is to be established as a measure, the activities of the special committee (frequency of meetings, agenda items, attendance of individual committee members, etc.) should be disclosed as part of the implementation status of the measure.
5. Other special circumstances which may have a material impact on corporate governance	If the company has a listed subsidiary (meaning a subsidiary as stipulated in Article 8, Paragraph 3 of the Financial Statement Regulation which is also a company listed on a domestic financial instruments exchange), or if the company has a parent company (including unlisted companies), required information regarding the protection of minority shareholders and group management, etc. must be included in the report. If the company has a listed affiliate (meaning an affiliated company as stipulated in Article 8, Paragraph 5 of the Financial Statement Regulation which is also a company listed on a domestic financial instruments exchange), or if the company has an other associated company (meaning an other associated company as stipulated in Article 8, Paragraph 8 of the Financial Statement Regulation, including unlisted companies), It is encouraged to describe necessary matters regarding the protection of minority shareholders and group management. In making these descriptions, please refer to Attachment 3 [Information Disclosure on Minority Shareholder Protection and Group Management].

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight

Item	Guidance
	Please enter numbers (items related to the number of people) in half-width characters. Please update this section each time the content is changed.
1. Organizational composition and operation	
(1) Corporate governance system	For providing information on the current organizational structure, there are three types of input forms: for “Companies with a Board of Company Auditors*;” for “Companies with an Audit and Supervisory Committee**;” and for “Companies with Three Committees.” Please enter the applicable system in this field and fill out the following according to the relevant form. *Referred to in Code reference translation as "Company with *Kansayaku* Board". The term '*Kansayaku*' or '*Kansayaku-kai*' in Japanese is commonly translated into English as 'an Audit and Supervisory Board Member' or 'an Audit and Supervisory Board.' However, it is worth noting that alternative translations may include 'a Company Auditor' or 'a Board of Company Auditors,' as well as 'a Statutory Auditor' or 'a Board of Statutory Auditors.' In this document, henceforth, the term 'a Company Auditor' or 'a Board of Company Auditors' will be utilized to prevent any potential confusion with other phrases. **Referred to in Code reference translation as "Company with Supervisory Committee"
(2) Directors	
(i) Number of directors stipulated in articles of incorporation	Please enter the number of directors (upper limit) as stipulated in the articles of incorporation. If the articles of incorporation do not specify an upper limit, e.g. only a lower limit is specified, enter “No upper limit.”
(ii) Directors’ term of office stipulated in articles of incorporation	Please enter the term of office of directors as stipulated in the articles of incorporation. In the case of a Company with an Audit and Supervisory Committee, enter the term of office of directors who are not members of the Committee.
(iii) Chairperson of the board	The term President includes Chief Executive Officers (CEOs). The term Representative Director means a representative director as defined in Article 363, Paragraph 1, Item 1 of the Companies Act. The same shall apply hereinafter. The term Outside Director means an outside director as defined in Article 2, Item 15 of the Companies Act. The same shall apply hereinafter.
(iv) Number of directors	Please enter the actual number of directors as of the date of the last update of the report. Please note that candidates for directors are not to be included.
In the case of a Company with a Board of Company Auditors or a Company with an Audit and Supervisory Committee which has appointed Outside Directors, or a Company with Three Committees	The following item “(v) Election of Outside Directors” is limited to: a Company with a Board of Company Auditors or Company with an Audit and Supervisory Committee which has appointed Outside Directors, or a Company with Three Committees (in the case of a Company with Three Committees, the name of this item is “(v) Outside Directors”).
(v) Election of Outside Directors	
A. Number of Outside Directors	Please enter the actual number of Outside Directors as of the date of the last update of the report. Please note that candidates for Outside Directors are not to be included.

Item	Guidance
	The number of Outside Directors entered in “C. Outside Directors’ relationship with the company (1)” should be entered in this item. If no Outside Directors are appointed, please explain this and your future plans for securing them in the “3. Reasons for adoption of current corporate governance system” section.
B. Number of Outside Directors appointed as an ID/A	This item should be filled with the number of Outside Directors who are designated as an ID/A (meaning independent directors as stipulated in Article 436-2 of the Securities Listing Regulations) as of the date of the last update of the report. The number of Outside Directors for which the checkbox next to “Designation as an ID/A” is checked in “D. Outside Directors’ relationship with the company (2)” should be entered here. If there are no ID/A, please explain to that effect and include your future plans for securing ID/As in the “Other matters concerning ID/As” item under the “(4) Matters concerning ID/As” section.
C. Outside Directors’ relationship with the company (1)	
- Attributes	Please select an attribute from “From another company, Lawyer, CPA, Tax Accountant, Academic, or Other.” The term “From another company” means a person who has worked for another company at least once, either now or in the past. For example, a person who has worked for a company for one year 30 years ago is still categorized as “From another company.” The term “academic” means a professor, associate professor, or other person equivalent to a professor or associate professor at a university or graduate school. If more than one attribute applies, please select the primary attribute at the present time.
- Relationship with the company	For each item, please select the present (or most recent) or past applicable status. Relationship with the company: a Person who executes business for the company or its subsidiary b Person who executes business for or a non-executive director of the company's parent company c Person who executes business for a fellow subsidiary d Person/entity for which the company is a major client or a person who executes business for said person/entity e Major client of the company or a person who executes business for said client f 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 of the company (in cases where the shareholder is a corporation, a person who executes business for the corporation) h 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 Person who executes business for another company that holds cross-directorships/cross-auditorships with the company (applies to the director him/herself only) j Person who executes business for an entity receiving donations from the company (applies to the director him/herself only) k Other

Item	Guidance
	Please use "○" when the director presently falls or has recently fallen under the category; and "△" when the director fell under the category in the past. Please use "●" when a close relative of the director presently falls or has recently fallen under the category (except h. through j.); and "▲" when a close relative of the director fell under the category in the past. The term "in the past" here means, for example, "a case in which the employee worked for the current parent company in the past." Cases in which the employee is currently working for a past parent company or worked for a past parent company in the past are not applicable. For the phrases such as "parent company," "fellow subsidiary," "person who conducts business for," "major client of the company," " person/entity for which the company is a major client," "large amounts of cash or other assets" and "close relative," the interpretation and the determination of whether or not each item applies are the same as those in the ID/A Notification From submitted to TSE. If there is any notable relationship with the company other than a. through j., please select k. (In that case, you are required to provide a supplementary explanation of said relationship in D. Outside director's relationship with the company (2)). If it is clearly stated in the "(4) Matters concerning ID/As－Other matters concerning ID/As" section that all outside officers who meet the qualifications for ID/As are designated as ID/As, it is not necessary to select the relevant status in each item for outside officers who do not meet the qualifications for ID/As. If a change in designation occurs during the fiscal year, batch updates may be made on or after the date of the first annual general meeting immediately following the change.
D. Outside Directors' relationship with the company (2)	
- Membership of Audit and Supervisory Committee (only in the case of a Company with an Audit and Supervisory Committee)	Enter "○" if the Outside Director is a member of the Audit and Supervisory Committee.
- Membership of committee (only in the case of a Company with Three Committees)	Enter "○" if the Outside Director is a member of the Nomination Committee, Renumeration Committee or Audit Committee.
- Designation as an ID/A	Enter "○" if the Outside Director is designated as an ID/A.

Item	Guidance
- Supplementary explanation of the relationship	Supplementary explanation of the relationship: Please provide a summary of any supplementary information related to the relationship with the company. Please refer to " Practical Matters to Note on Securing Independent Directors/Auditors (ID/A) " If it is clearly stated in the "(4) Matters concerning ID/As －Other matters concerning ID/As" section that all officers who meet the qualifications for ID/As are designated as ID/As, it is not necessary to give information for the outside officers who do not meet the qualifications for ID/As. If a change in designation occurs during the fiscal year, batch updates may be made on or after the date of the first annual general meeting immediately following the change.
- Reasons for appointment	Reasons for appointment of the Outside Director: Please explain why the Outside Director has been appointed in light of their relationship with the company and other factors. (Examples) - Reasons for appointment may be stated based on the relevance of the Outside Director's expertise to the business of the listed company. - Since it is assumed that an emphasis on objectivity and neutrality in management may be a reason for appointment from the perspective of, for example, recognizing the role of the company in society in a fair manner without bias toward the interests of management or specific stakeholders and supervising whether management's performance of its duties is appropriate, it may be appropriate to specifically state such points. - The reason for appointment may be substituted for the reason which was attached to the proposal for appointment at the time of the appointment of the Outside Director. Please describe the listed company's thoughts on the independence of the Outside Directors. Companies may also describe the role and function of the Outside Directors in the listed company. If the expected role of the Outside Director is not based on independence, this role may also be described. Reasons for designation as independent director: If the Outside Director is an ID/A, please explain the reason for designating him/her as an ID/A. The reason for the designation of the ID/A may also include the process leading up to the designation of the ID/A and whether the designation process was carried out by a nomination committee or equivalent. The "reasons for designation as an ID/A" may be described together with the "reasons for appointment of the Outside Director."

Item	Guidance
In the case of a Company with a Board of Company Auditors or a Company with an Audit and Supervisory Committee	The following item “(vi) Voluntary establishment of committee(s) equivalent to Nomination/Renumeration Committee” is limited to Companies with a Board of Company Auditors and Companies with an Audit and Supervisory Committee. The items in this section correspond to the “(4) Voluntary established committee(s)” section for Companies with an Audit and Supervisory Committee. (Please refer to the “In the case of a Company with an Audit and Supervisory Committee” section below for the notes related to “(3) Audit and Supervisory Committee.”)
(vi) Voluntary establishment of Committee(s) equivalent to Nomination/Renumeration Committee	Please select whether there is a voluntary committee equivalent to a Nomination Committee or Renumeration Committee.
A. Status of voluntarily established committee(s), attributes of members constituting the committee and the committee chairperson	If a voluntary committee or committees equivalent to a Nomination Committee or Renumeration Committee are established, please indicate the name of the committee(s) and the number of committee members. For the chairperson of the committee(s), please select from the following options: "inside director," "Outside Director," "outside expert," "other," or "none." The term “inside director” means a director other than an Outside Director. A full-time member means a person who has no other full-time job and who, in principle, devotes themselves to the duties of said committee(s) of the company during the company's business hours. If a single voluntary committee is established and said committee performs the functions of both a Nomination and Renumeration Committee, please enter the same information in each section.
B. Supplementary explanation	Please provide a supplementary explanation of the voluntary committee(s) equivalent to a Nomination or Renumeration Committee. For example, if the voluntary committee is used in the election/dismissal of the CEO or in designing the renumeration system and determining the amount of renumeration for executives, a description to that effect and a summary of the procedures may be included. If any committee members fall into the “other” category in the composition of the committee, please describe their specific attributes. Companies are encouraged to include, for example: the method of selecting committee members; names of each committee member; reasons for selection and roles of each committee member; authority and roles of the committee; approach to the independence of the committee; status of activities (frequency of meetings, major issues discussed, attendance of individual committee members, etc.); and establishment of a secretariat and its size. In addition, this section may be used to make disclosures relating to Supplementary Principle 4.10.1 of the Code (aimed at the Prime Market). Supplementary Principle 4.10.1 *In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.* If a single voluntary committee is established and said committee performs the functions of both a Nomination and Renumeration Committee, please explain to that effect.

Item	Guidance
In the case of a Company with a Board of Company Auditors	The following section “(3) Company Auditors*” is limited to Companies with a Board of Company Auditors. *Referred to in Code reference translation as *"kansayaku"*
(3) Company Auditors*	
(i) Establishment of board of company auditors	This item is for indicating whether a Board of Company Auditors is in operation. Please indicate whether or not one has been established.
(ii) Number of company auditors stipulated in articles of incorporation	Please enter the number of company auditors (upper limit) as stipulated in the articles of incorporation. If the articles of incorporation do not specify an upper limit, e.g. only a lower limit is specified, enter “No upper limit.”
(iii) Number of company auditors	Please enter the actual number of company auditors as of the date of the last update of the report. Please note that candidates for company auditors are not to be included.
(iv) Cooperation among company auditors, accounting auditors and internal audit departments	Please describe the status of cooperation among company auditors, accounting auditors, and if one has been established, the internal audit department. An “internal audit department” generally means a department that comprehensively and objectively evaluates the appropriateness of an organization's internal control system independently from other administrative and operational departments, makes recommendations for improvement, and follows up on identified issues. If meetings are held between company auditors and accounting auditors or between company auditors and the internal audit department, the frequency and agenda of such meetings (e.g. audit system, audit plan, status of audit implementation) may be described. Supplementary information about the accounting auditor (refer to Article 126 of the Regulations for Enforcement of the Companies Act.) may also be provided.
(v) Appointment of Outside Company Auditors	The instructions in “1. (2) (v) Election of Outside Directors” apply *mutatis mutandis* to this “(v) Appointment of Outside Company Auditors,” so please refer to those. In this case, “Outside Directors” should be read as “Outside Company Auditors.” For each of the items under the “Relationship with the company” section below, please select the current, most recent, or previous status. The term "Outside Company Auditor" means an outside company auditor as defined in Article 2, Item 16 of the Companies Act. The same shall apply hereinafter. Relationship with the Company: a Person who executes business for the company or its subsidiary b A non-executive director or an accounting advisor of the company or its subsidiaries c Person who executes s business for or a non-executive director of the company's parent company d A company auditor of a parent company of the company e Person who executes business for a fellow subsidiary f Person/entity for which the company is a major client or a person who executes business for said person/entity g Major client of the company or a person who executes business for said client h 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 i Major shareholder of the company (in cases where the shareholder is a
A. Number of Outside Company Auditors	
B. Number of Outside Company Auditors designated as an ID/A	
C. Outside Company Auditors’ relationship with the company (1)	
D. Outside Company Auditors’ relationship with the company (2)	

Item	Guidance
	corporation, a person who executes business for the corporation) j Person who executes business for a client of the company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only) k Person who executes business for another company that holds cross-directorships/cross-auditorships with the company (applies to the auditor him/herself only) l Person who executes business for an entity receiving donations from the company (applies to the auditor him/herself only) m Other
In the case of a Company with Audit and Supervisory Committee	The following item "(3) Audit and Supervisory Committee" is limited to Companies with an Audit and Supervisory Committee.
(3) Audit and Supervisory Committee	
(i) Composition of Audit and Supervisory Committee and attributes of the chairperson	Please enter the number of Committee members. For the chairperson of the Committee, please select from the following options: "inside director," "Outside Director," or "none." The term “inside director” means a director other than an Outside Director. A full-time committee member means a person who has no other full-time job and who, in principle, devotes themselves to the duties of the various committees of the company during the company's business hours.
(ii) Appointment of directors and/or staff to support the Audit and Supervisory Committee	In cases where directors and/or staff are appointed to support the duties of the Committee: - Matters concerning independence of said directors and/or staff from executive officers Please provide an outline of the directors/staff supporting the duties of the Committee. For example, you may describe whether or not they are exclusively assigned to the Committee, and whether or not the Committee has those who belong to other departments support the duties of the Committee in a dual role. You may also mention: whether the consent of the Committee is required for the transfer of said supporting directors/staff; and whether executive officers have the right to direct and order said directors/staff regarding the support of the duties of the Committee. In cases where directors/staff supporting the duties of the Committee are not appointed: - Reasons for adopting current system Please describe the reasons for adopting the current system.
(iii) Cooperation among the Audit and Supervisory Committee, accounting auditors and internal audit department	Please describe the status of cooperation among the Committee and accounting auditors, and if one has been established, the internal audit department. An “internal audit department” generally means a department that comprehensively and objectively evaluates the appropriateness of an organization's internal control system independently from other administrative and operational departments, makes recommendations for improvement, and follows up on identified issues. If meetings are held between the Committee and accounting auditors or between the Committee and an internal audit department, the frequency and agenda of such meetings (e.g. audit system, audit plan, status of audit implementation) may be described. Supplemental information about the accounting auditor's information (refer to Article 126 of the Regulations for Enforcement of the Companies Act) may also be provided.

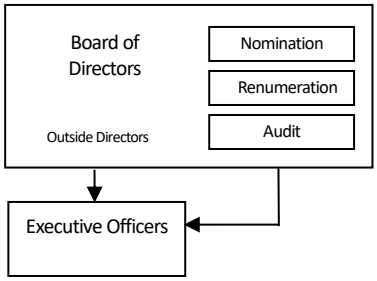
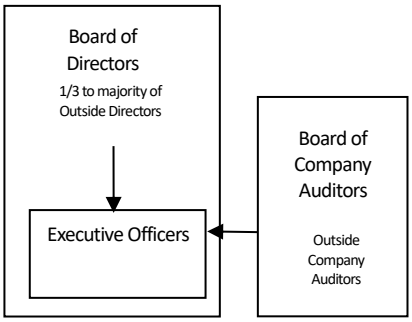
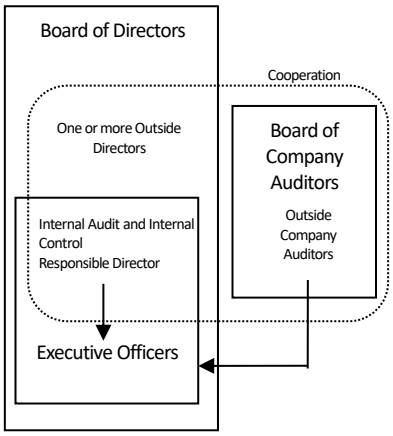
Item	Guidance
In the case of a Company with Three Committees	The following sections from “(3) Supervisory Committees” to “(5) Auditing Structure” are limited to Companies with Three Committees.
(3) Supervisory committees	Please enter the number of members of each supervisory committee. For the chairperson, please select from the following options: "inside director," "Outside Director," or "none." The term “inside director” means a director other than an Outside Director. A full-time committee member means a person who has no other full-time job and who, in principle, devotes themselves to the duties of the various committees of the company during the company's business hours.
(4) Executive Officers	
(i) Number of executive officers	Please enter the number of executive officers as of the date of the last update of the report. Please note that candidates for executive officers are not to be included.
(ii) Status of concurrent duties	For each executive officer, please indicate whether or not he/she has representative authority. For each executive officer, please indicate whether or not he/she has concurrent duties as a director or an employee. In the case where he/she is serving as both director and executive officer, please indicate whether or not he/she belongs to the Nomination Committee or the Renumeration Committee.
(5) Auditing Structure	
(i) Appointment of directors and/or staff to support the Audit Committee	In cases where directors and/or staff are appointed to support the duties of the Committee: - Matters concerning independence of said directors and/or staff from executive officers Please provide an outline of the directors/staff supporting the duties of the Committee. For example, you may describe whether or not they are exclusively assigned to the Committee, and whether or not the Committee has those who belong to other departments support the duties of the Committee in a dual role. You may also mention: whether the consent of the Committee is required for the transfer of said supporting directors/ staff; and whether the executive officers have the right to direct and order said directors/staff regarding support of the duties of the Committee. In cases where directors/staff supporting the duties of the Committee are not appointed: - Reasons for adopting current system Please describe the reasons for adopting the current system.
(ii) Cooperation among Audit Committee, accounting auditors and internal audit department	Please describe the status of cooperation among the Committee and accounting auditors, and if one has been established, the internal audit department. An “internal audit department” generally means a department that comprehensively and objectively evaluates the appropriateness of an organization's internal control system independently from other administrative and operational departments, makes recommendations for improvement, and follows up on identified issues. If meetings are held between the Committee and accounting auditors or between the Committee and an internal audit department, the frequency and agenda of such meetings (e.g. audit system, audit plan, status of audit implementation) may be described.

Item	Guidance
	Supplemental information about the accounting auditor (refer to Article 126 of the Regulations for Enforcement of the Companies Act) may also be provided.
Items common to all companies	The items (4) through (8) below correspond to items (5) through (9) in the case of a Company with an Audit and Supervisory Committee, and items (6) through (10) in the case of a Company with Three Committees.
(4) Matters concerning independent directors/ independent company auditors (ID/As)	
- Number of ID/As	This item should be filled with the number of ID/As. The sum of the figures in “(2) Directors (v) Election of Outside Directors - B. Number of Outside Directors appointed as an ID/A” and “(3) Company auditors (v) Appointment of Outside Company Auditors - B. Number of Outside Company Auditors designated as an ID/A” are automatically calculated and displayed in this item.
- Other matters concerning ID/A	If all Outside Directors and Outside Company Auditors who meet the qualifications for ID/As are designated as ID/As, please clarify this in this section. This section may also be used to make disclosures relevant to Principle 4.9 of the Code. Principle 4.9 *Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.* If the company establishes criteria for minor transactions or donations that are not likely to affect shareholders' voting decisions and has omitted these from the descriptions of directors'/auditors' relationship with the company, please describe these criteria in this section. If the same criteria are disclosed in other sections (e.g. “2. Matters concerning functions of business execution, auditing and supervision, nomination and renumeration decisions (overview of current corporate governance system)”), it is sufficient to refer to that section. If no ID/A has been appointed, please indicate this as well as your policy and planned future actions for securing them. (Note) Please note that not appointing any ID/A constitutes a violation of Rule 436-2 of the Securities Listing Regulations and is subject to the measures to ensure effectiveness such as the Public Announcement Measures stipulated in Rule 508 of the Securities Listing Regulations. Please provide any other information that should be supplemented regarding the ID/A in this section.
(5) Incentives	

Item	Guidance
(i) Implementation status of measures related to incentives granted to directors and/or executive officers	Stock options schemes shall include those that are not expensed. In cases where a performance-linked remuneration scheme is introduced, if a policy has been formulated for determining the payment ratio of remuneration other than performance-linked remuneration to performance-linked remuneration, companies are encouraged to describe the details of this policy in the supplementary explanation section. Companies should also provide the indicator(s) related to said performance-linked remuneration, the reason for selecting said indicator(s), and the method for determining the amount of said performance-linked remuneration in the supplementary explanation section. In a case where a stock option scheme has been adopted, companies are encouraged to provide the total amount of the scheme and their approach to the level of payment for each individual in the supplementary explanation. In a case where other incentive measures are implemented, please select "Other" and provide an explanation in the supplementary explanation. In a case where measures to provide incentives to directors are not implemented, please explain the reasons for this in the supplementary explanation section.
(ii) Persons eligible for stock options	Only companies that have adopted stock option schemes should fill in this field. The term “inside director” means a director other than an Outside Director. Please explain the reason why the eligible persons have been chosen as eligible in the supplementary explanation section. For stock options, details of the grant and exercise status for each individual grantee may be described in the supplemental explanation section.
(6) Director renumeration	In the case of a Company with Three Committees, this section is called “Remuneration for directors and executive officers.”
(i) Status of disclosure of individual director's remuneration	Please indicate the extent to which individual renumeration is disclosed and describe this extent in the supplemental explanation section. If the amount of remuneration is disclosed in the business report, this disclosure may be referenced. For example, if the amount has been made available for public inspection on the listed company's website, you may explain this in this section. If a specific amount of renumeration has been disclosed, please provide specifics of what is contained within this. For example, you may clarify whether the amount of renumeration includes amounts paid under other names, such as advisory fees or consulting fees. If the amount has been disclosed in the Annual Securities Report, please fill in this field in accordance with that disclosure. If initial listing applicants disclose the amount of remuneration in the “Annual Securities Report for Listing Application (Part I),” this is treated as disclosure made in the Annual Securities Report. For Companies with Three Committees, please also provide the same information in “(ii) Status of disclosure of individual executive officer's remuneration.”
(ii) Policy on determining remuneration amounts and calculation methods	In the case of a Company with Three Committees, this item is called “(iii) Policy on determining remuneration amounts and calculation methods.” If the company has a policy for determining the amount of renumeration or its calculation method, please enter “Established" and describe the details. This section may also be used to make disclosures relating to Principle 3.1 iii) of the Code. Principle 3.1 *In addition to making information disclosure in compliance with relevant*

Item	Guidance
	laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance: *iii) Board policies and procedures in determining the remuneration of the senior management and directors;*
(7) Support system for Outside Directors (and/or Outside Company Auditors)	If there is a section or person in charge of supporting Outside Directors or Outside Company Auditors, please provide an explanation of this (if they are a full-time staff member, please state to that effect) and the details of their responsibilities. Please provide an overview of the information communication system to Outside Directors and/or Outside Company Auditors. (e.g.) Time spent by Outside Directors and Outside Company Auditors collecting information, policy and approach regarding the level of renumeration for their duties, mechanism and frequency of communication of information from the section or person in charge to Outside Directors and Outside Company Auditors, outline of prior explanations given to Outside Directors and Outside Company Auditors at the time of board meetings (prior distribution of materials and prior explanation), etc.
(8) Status of persons who have retired as representative director and president, etc.	If an explanation is given regarding the relationship between the company and a person who has retired as representative director and president (or equivalent; same applies below), please describe the details of that relationship. (e.g.) If a person who was the representative director and president (or equivalent) continues to hold a position such as advisor or counsel or some other position related to the company after retiring from their position as director or other officer under the Companies Act, the company should provide each person's name, job title and position, responsibilities, terms and conditions of employment (full/part time, with/without renumeration, etc.) and the date when their former role as president/CEO ended as well as the term of office as an advisor or a counsel, etc., and the total number of such persons. In addition, in the “Other related matters” section, the following information may be included: - Appointment status of advisors, counselors, etc. (e.g. “Already abolished,” “System in place but no one currently appointed,” etc.); - Involvement of the board of directors and the Nomination/Renumeration Committee upon the establishment, revision or abolition of internal rules concerning advisors and counselors, and upon the appointment of such advisors and counselors; and - Total amount of remuneration for advisors, counselors, etc. (Note 1) Former representative director and president (or equivalent) includes former CEOs and former president and representative executive officers. (Note 2) With respect to responsibilities, if the person is internally involved in the company’s management, the detail of such involvement may be included. In addition to describing responsibilities within the company, if the person represents the company in activities outside the company (e.g. in a public office), the details of such activities may also be included. For those who do not have specific responsibilities or activities on behalf of the company, but are merely granted permission for the use of their title, the company should provide only the name, job title and position, date when the former role as president/CEO ended, and the term of office, and then explain

Item	Guidance
	that there are no responsibilities or actual service in the “responsibilities” or “terms and conditions of employment” sections. (Note 3) Renumeration may be in the form of salary, advisory fee, or any other expense item. (Note 4) If there is no fixed term of office, it is acceptable to indicate as such.

Item	Guidance
2. Matters concerning functions of business execution, auditing and supervision, nomination and renumeration decisions (overview of current corporate governance system)	When describing “overview of current corporate governance system” and “reasons for adoption of current corporate governance system,” please refer to the following three types of corporate governance models which were presented as models for corporate governance in the “Report by the Financial System Council's Study Group on the Internationalization of Japanese Financial and Capital Markets” (released on June 17, 2009) by the Sectional Committee on Financial System under the Financial System Council. These models are examples of what is considered appropriate for many listed companies in securing the confidence of shareholders, investors, and other stakeholders. However, it is assumed that the ideal form of corporate governance varies depending on the origin, size, nature of business, and other characteristics of each company, and thus that it is difficult to discuss corporate governance in a uniform manner. Therefore, it is required to sufficiently disclose the current governance structure of each company and the reasons for adopting such a structure. (1) Adopting Three Committees System  (2) Board of Directors led by Outside Directors  (iii) Appointing Outside Directors and Cooperating with the Board of Company Auditors, etc.  Regarding business execution, audit and supervision methods, and similar aspects of the current board of directors and other governance structures, please provide an outline of these and specific details of any additional measures to enhance business execution, supervision and other functions. Companies are encouraged to describe the board of directors' activities (frequency of meetings, major issues discussed, attendance of individual directors, etc.). Companies with Three Committees are encouraged to describe the activities of the Nomination Committee and Renumeration Committee (frequency of meetings, major

Item	Guidance
	issues discussed, attendance of individual members, etc.) (Companies with a Board of Company Auditors and Companies with an Audit and Supervisory Committee should describe the activities of any committees corresponding to a Nomination/Renumeration Committee in item (vi) of 1. (2) Directors.) If the company has implemented processes to enhance functions such as business execution and supervision, please describe the specific measures and give other relevant information. (e.g.) Companies may provide an outline (e.g. roles in the business execution and supervision process, member composition as well as gender, internationality, professional background, and age of members), activities, and other details of: statutory conference bodies such as the board of directors and board of company auditors (including each statutory committee and the board of executive officers in the case of a Company with Three Committees); any type of advisory committee established under a name such as management advisory committee or advisory board; management committee; executive committee; and/or managing directors committee, among others. If the company has established any other types of committees, the following information may be given: overview of committee members (i.e. number of full-time members, inside directors, Outside Directors, and outside experts); selection method; reasons for selection and roles; attributes of the chairperson (i.e. inside director, Outside Director, outside expert); status of committee activities, and existence and size of the secretariat, among other things. (Information relating to committees equivalent to a Nomination/Renumeration Committee should be described in item (vi) of 1. (2) Directors.) Companies may also describe the policies and procedures used in nominating candidates for directors and company auditors and in determining the renumeration of senior management and directors. This section may also be used to make disclosures relevant to Principle 3.1 iii) and iv) of the Code. Principle 3-1 *In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:* *iii) Board policies and procedures in determining the remuneration of the senior management and directors;* *iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and kansayaku candidates;* With respect to the status of audits by company auditors and of internal audits, companies may describe such information as their audit policy, audit organization and personnel, and procedures. With respect to accounting audits, companies may provide such information as the name of the audit firm, how long this firm has been carrying out the audit, the name of the certified public accountant who performed the audit, and the composition of assistants for the audit.

Item	Guidance
	Please describe in detail the efforts being made to strengthen the function of the statutory auditors. (e.g.) Companies may give details such as availability of human resources and systems to support audits by company auditors; appointment of highly independent Outside Company Auditors; availability of appropriate experience, ability and knowledge of finance, accounting and legal matters among each company auditor; and the appointment of company auditor(s) with sufficient knowledge of finance and accounting matters. (If those details are stated in items (iii) through (v) of 1. (3) Company auditors, they may be substituted for the description in this item.) If any director, accounting advisor, company auditor, or accounting auditor has entered into a limited liability contract (contract stipulated in Article 427, Paragraph 1 of the Companies Act) with the company, please describe the details of such contract.
3. Reasons for adoption of current corporate governance system	Please provide specific reasons for adopting the current board of directors and other governance structures. In doing so, please refer to the three models above. (e.g.) In cases where the company has adopted a corporate governance framework that is easy to understand for both domestic and foreign investors from the perspective of strengthening the functions of the board of directors, even if this is not a Company with Three Committees system, or cases where the company has adopted a system that ensures accountability of management in normal times, prevents management running out of control in emergency situations, or functions as a safety valve, it may be appropriate to give information from the perspective of such functions. If the company has adopted a system to strengthen the supervisory function of management while effectively utilizing the functions of company auditors, it may be appropriate to describe such a system from the perspective of such functions. In the case of a Company with an Audit and Supervisory Committee or a Company with Three Committees: Please explain the reason(s) for adopting a Company with Audit and Supervisory Committee system or Company with Three Committees system. The company may be evaluated in comparison with a Company with a Board of Company Auditors system in terms of speedier decision-making, transparency of management, and increased support from foreign investors. If there are any measures that are currently being considered for introduction to further enhance the above functions, a summary of such measures may be included. Please describe the role and function of Outside Directors in the listed company. In the case of a Company with a Board of Company Auditors: Please explain the reason(s) for adopting this system in light of the current status of the listed company. Please describe the roles and functions of Outside Directors in the listed company. If no Outside Directors have been appointed, please provide an explanation of this and your future policy for securing them.

III. Implementation of Measures for Shareholders and Other Stakeholders

Item	Guidance
	Please update this section each time the content is changed.
1. Measures to vitalize general shareholder meetings and facilitate exercise of voting rights	Please insert the appropriate item(s) and provide supplementary information for the relevant item(s) in the supplementary explanation section. *(Items)* *a. early posting of notice of the general shareholders meeting* *b. scheduling of the general shareholders meeting on a non-peak day* *c. electronic exercise of voting rights* *d. participation in a platform for the electronic exercise of voting rights and other initiatives to enhance environment for institutional investors to exercise voting rights* *e. provision of notice (or summary of notice) of the general shareholders meeting in English* *f. other* The “early posting” in Item a. refers to cases where notices for the most recent annual general meeting were posted at least three business days prior to the statutory deadline. However, this does not represent the definition of sending convening notices "early enough" in Supplementary Principle 1.2.2. The “peak day” in Item b. is the date of the most recent annual general meeting of the company concerned when there are a significant number of other listed companies that held their annual shareholders' meetings on the same date (usually expected to be the most concentrated date for meetings in the year). Item c. refers to the adoption of environments in which voting rights can be exercised through an electronic voting system. In such cases, companies are encouraged to provide an outline of the system in the supplementary explanation. If the company uses an electronic voting platform for institutional investors (e.g. the platform operated by Investor Communications Japan, Inc. (ICJ), please insert Item d. If the company prepares an English translation (a summary is also acceptable) of its notice and other documents related to the annual general meeting, please check Item e. In such cases, in the supplementary explanation section, companies may provide the timing of publication (e.g. simultaneously with the Japanese version) and the method of publication (e.g. posting on the listed company's website). If the listed company implements other measures to vitalize general shareholders meetings and facilitate the exercise of voting rights, such as posting the notice and reference materials for general shareholders meetings on its website as early as possible or holding virtual meetings, select Item “f. Other” and provide an outline of such measures in the supplementary explanation. For initial listing applicants, if there are any items planned for implementation in the future, please select Item “f. Other,” and clearly state as such along with the details of such items in the supplementary explanation section. Companies are encouraged to provide, in the supplementary explanation, the specific date that the notice of the annual general meeting was sent and the date that the annual general meeting was held. The company's attitude and policy toward general shareholders meetings may also be included.
2. Status of IR-related activities	Please insert the appropriate item(s) and enter whether or not a representative provided an explanation personally. Supplementary information for the relevant item(s) may be provided in the supplementary explanation section. *(Items)* *a. formulation and publication of disclosure policies* *b. regular investor briefings held for individual investors* *c. regular investor briefings held for analysts and institutional investors*

Item	Guidance
	d. regular investor briefings held for overseas investors *e. online disclosure of IR information* *f. establishment of department and/or placement of a manager in charge of IR* *g. other* The term “representative” means the chairperson, president (including CEOs, COOs, and other persons in positions representing the company) or other representative directors (or representative executive officers). If a disclosure policy is in place and published, please enter Item a. The term “regular investor briefings” as used in Item b. through Item d. refers to briefing sessions that are held at a certain frequency throughout the year, for example, once every six months or once every quarter (at least once a year). In such cases, the following should be included in the supplementary explanation: the timing (date) of the IR activities; the content (e.g. the person giving the explanation, outline of the content); the attributes and number of participants (limited to cases where a briefing session on investment in listed stocks is held); and other relevant information. The term “IR information” in Item e. refers to the documents or electromagnetic files prepared by the company for contributing to an appropriate understanding and evaluation of the current status of the company by investors and similar parties (i.e. investors, securities analysts, business partners, and shareholders). In this case, the URL related to IR should be included in the supplementary explanation along with the types of information for investors that are posted on the website (financial results information, timely disclosure materials other than financial results information, Annual Securities Reports or Quarterly Reports, corporate presentation materials, corporate governance status, notice of annual general meetings), and other information. In the supplementary explanation for Item f., the following should be included: the name of the department in charge of IR, the officer in charge of IR (a person responsible for IR activities of the listed company) and the IR liaison manager (a person in charge of liaison with TSE regarding IR activities of the listed company).
3. Status of measures to ensure due respect for stakeholders	Please insert the appropriate item(s) and provide supplementary information for the relevant item(s) in the supplementary explanation section. *(Items)* *a. establishment of internal rules stipulating respect for the position of stakeholders* *b. implementation of environmental preservation activities and CSR activities, etc.* *c. formulation of policies, etc. on provision of information to stakeholders* *d. other* “Stakeholders” refers to all interested parties of a company including shareholders, employees, and consumers. In the supplementary explanation for Item b., companies may describe specific details of implementation (e.g. preparation and disclosure of reports (such as environmental reports, CSR reports, sustainability reports, or those with other names) by the company). This section may also be used to make disclosures on Supplementary Principle 3.1.3 of the Code. Supplementary Principle 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 properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.* (Note) Reports that include sustainability elements can be posted on the “TSE Listed

Item	Guidance
	Company Information Service" on the Japan Exchange Group website through registration on TDnet, so please take advantage of this service. In the supplementary explanation for Item d. "others," companies may describe the current status of and efforts to promote the appointment of women, foreign nationals, and midcareer hires to executive and managerial positions. This section may also be used to make disclosures on Supplementary Principle 2.4.1 of the Code. Supplementary Principle 2.4.1 *Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status.* *In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.*

IV. Matters Concerning the Internal Control System

Item	Guidance
1. Basic views on internal control system and status of development	The company's basic views and status of development can be summarized here. Please update this section each time the content is changed.
- Basic views on internal control system	Please describe the listed company's approach (basic policy) on how it will ensure the functionality and results of management's management strategy, business objectives, and other aspects as an organization, from the perspective of ensuring the appropriateness of operations including that the execution of duties is in compliance with laws and regulations and the Articles of Incorporation.
- Status of development	Companies may describe how management establishes a framework and environment for internal control and the status of these. In addition to an explanation of whether the system is operating as designed and whether it is capable of verifying if it is producing results, other aspects such as the contribution to management may also be described. In regards to the status of compliance frameworks, if the company establishes a framework to ensure that the execution of duties by directors or employees complies with laws and regulations and the Articles of Incorporation, the details of the framework should be described (e.g. the establishment and disclosure of internal compliance and ethics codes, whether an internal reporting system is established or not, and the relationship between the internal reporting system and the organizational structure for timely disclosure). In regards to the status of risk management systems, if the company establishes rules for loss risk management, rules for company-wide risk management, or other systems, the details of such rules should be explained (e.g. internal rules that stipulate procedures for preventing the occurrence of various risks and how to deal with the risks when they occur, and policies regarding risk appetite, if any). In regards to information management systems, if the company establishes a system for the storage and management of information related to the execution of duties by directors or employees, the details of the system should be described (e.g. methods for recording various types of information, number of years of storage). Companies should also describe matters related to internal control by the accounting auditor(s). If the company has affiliated companies, the status of systems to ensure the appropriateness of business operations should be described for the entire corporate group consisting of the company, its parent company and subsidiaries.
2. Basic views on measures for eliminating anti-social forces and status of development	The basic views and status of development can be summarized here. Please update this section each time the content is changed. It is not necessary to adopt a board of directors' resolution to describe the basic views and status of development in the Corporate Governance Report. It is acceptable to describe the current views and status of development. However, according to government guidelines ("Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces," published by a meeting of cabinet ministers responsible for anti-crime measures on June 19, 2007), "*Prevention of damage caused by antisocial forces should be clearly positioned in the internal control system as a compliance and risk management item necessary to ensure the appropriateness of business operations.*" Thus, please take this into consideration when positioning the policy as part of the internal control system under the Companies Act and deciding whether or not to submit it to the board of directors for resolution.
- Basic views on measures for eliminating anti-social	Please describe the listed company's approach (basic policy) for preventing involvement of antisocial forces in management activities and preventing damage caused by such forces.

Item	Guidance
forces	
- Status of development	From the perspective of preventing involvement of anti-social forces in management activities and preventing damage caused by such forces, please describe the development status of codes of ethics, codes of conduct, internal rules, and the like, as well as the internal systems, that are intended to address this on an organization-wide basis. The development status of internal systems, for example, may include the following information on the status of day-to-day preparations for improper requests by antisocial forces: (1) establishment of a department in charge of response and a person in charge of preventing improper requests (2) cooperation with outside specialist organizations (3) collection and management of information on antisocial forces (4) provision of response manuals (5) implementation of training activities The “Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces” may be used as a reference for the provided information.

V. Other

Item	Guidance
	Please update this section each time the content is changed.
1. Adoption of anti- takeover measures	Please indicate whether or not anti-takeover measures have been adopted as of the date of the last update of the report. For companies that adopt anti-takeover measures, please provide a brief description of the purpose of the adoption and an outline of the scheme. "Anti-takeover measures" refers to measures aiming to make the acquisition (meaning the action of acquiring enough shares of a company to exercise influence over that company) of the relevant listed company difficult, which are adopted prior to the commencement of a takeover by a party that is not considered suitable by management; for example, where new shares or subscription warrants are issued without a primary business purpose such as fundraising. The term "adopted" above refers to determining the specific details of anti-takeover measures, such as a decision to issue new shares or subscription warrants. The management's evaluation and opinion on the reasonableness of such anti-takeover measures may also be included. If the listed company discloses an outline of anti-takeover measures on its website, the URL may be provided. If the company has determined basic policies regarding the way a person is to control the determination of financial and business policies of the company (see Article 118, Item (iii) of the Regulations for Enforcement of the Companies Act), please describe the details of said policies. For initial listing applicants, if the company plans to introduce anti-takeover measures, please describe the details of said measures.
2. Other matters concerning the corporate governance system	Future issues to be considered for enhancing corporate governance, measures under consideration, future goals, and related information may be described in this section.
- Attachment of schematic diagram (reference material)	Please prepare a schematic diagram of the corporate governance system, including an overview of the internal control system, as a separate reference material. Please provide a brief diagram of the relationships between the general shareholders meeting, the board of directors, and (the board of) company auditors; the establishment of specific management committees, advisory boards, independent advisory committees (including voluntary nomination/renumeration committees whose main members are independent directors), or other similar bodies; and their cooperation with the internal control systems, accounting auditors, and internal audit departments.
- Outline of organizational structure for timely disclosure	Please refer to "Outline of Organizational Structure for Timely Disclosure and Key Objectives for its Establishment" (later in this document) when preparing the outline (schematic diagram) of the organizational structure for timely disclosure. Please use this section when providing a textual explanation of the outline of the organizational structure for timely disclosure. If a schematic diagram is prepared, attach it after the schematic diagram of the corporate governance system which includes the internal control system.

Attachment 1: Principles of the Code Stating that Certain Matters Should be Disclosed

Principle	Contents
Principle 1.4	When companies hold shares of other listed companies as cross-shareholdings*, they should disclose **their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings**. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. **The results of this assessment** should be disclosed. Companies should establish and disclose **specific standards with respect to the voting rights as to their cross-shareholdings**, and vote in accordance with the standards * Cross-shareholding: There are cases where listed companies hold the shares of other listed companies for reasons other than pure investment purposes, for example, to strengthen business relationships. Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.
Principle 1.7	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 interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish **appropriate procedures** beforehand **in proportion to the importance and characteristics of the transaction**. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.
Supplementary Principle 2.4.1	Companies should present **their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions**, as well as disclosing **their status**. In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present **its policies for human resource development and internal environment development to ensure diversity**, as well as **the status of their implementation**.
Principle 2.6	Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose **measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons**, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.
Principle 3.1	In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance: i) **Company objectives (e.g., business principles), business strategies and business plans**; ii) **Basic views and guidelines on corporate governance** based on each of the principles of the Code; iii) **Board policies and procedures in determining the remuneration of the senior management and directors**; iv) **Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* candidates**; and v) **Explanations with respect to the individual appointments/dismissals and nominations** based on iv).
Supplementary Principle 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 properties** in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues. In particular, companies listed on the Prime Market should collect and analyze the necessary data on the

Principle	Contents
	impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of **disclosure based on the TCFD recommendations**, which are an internationally well-established disclosure framework, or an equivalent framework.
Supplementary Principle 4.1.1	The board should clearly specify its own decisions as well as **both the scope and content of the matters delegated to the management**, and disclose a **brief summary thereof**.
Principle 4.9	Boards should establish and disclose **independence standards aimed at securing effective independence of independent directors**, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.
Supplementary Principle 4.10.1	If the organizational structure of a company is either Company with *Kansayaku* Board or Company with Supervisory Committee, and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions. In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose **the mandates and roles of the committees, as well as the policy regarding the independence of the composition**.
Supplementary Principle 4.11.1	The board should identify the skills, etc. that it should have in light of its managing strategies, and have **a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size**. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with **the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix**." When doing so, independent director(s) with management experience in other companies should be included.
Supplementary Principle 4.11.2	Outside directors, outside *kansayaku*, and other 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.
Supplementary Principle 4.11.3	Each year the board should **analyze and evaluate its effectiveness as a whole**, taking into consideration the relevant matters, including the self-evaluations of each director. **A summary of the results** should be disclosed.
Supplementary Principle 4.14.2	Companies should disclose **their training policy for directors and *kansayaku***.
Principle 5.1	Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and disclose **policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders**.

Attachment 2: Principles of the Code Aimed at the Prime Market

Principle	Contents
Supplementary Principle 1.2.4	Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting. **In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.**
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 disclosures. **In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.**
Supplementary Principle 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 properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues. **In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.**
Principle 4.8	Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. **Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors** (two directors if listed on other markets) **that sufficiently have such qualities.** Irrespective of the above, **if a company listed on the Prime Market believes it needs to appoint the majority of directors** (at least one-third of directors if listed on other markets) **as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors**.
Supplementary Principle 4.8.3	Companies that have a controlling shareholder should either appoint at least one-third of their directors (**the majority of directors if listed on the Prime Market**) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.
Supplementary Principle 4.10.1	If the organizational structure of a company is either Company with *Kansayaku* Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions. **In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.**

Attachment 3: Information Disclosure on Minority Shareholder Protection and Group Management

- If a listed company has a listed subsidiary, or if a listed company has a parent company (including unlisted companies), the listed company is required to disclose matters related to the protection of minority shareholders and group management in its Corporate Governance Report.
- If a listed company has a listed affiliate, or if a listed company has an other associated company (including unlisted companies), it is encouraged to disclose matters related to the protection of minority shareholders and group management in its Corporate Governance Report.
- This document summarizes the contents of the disclosure regarding minority shareholder protection and group management.
- The items identified in this attachment points for description (i.e., items that may be considered for inclusion in the disclosure) are not necessarily comprehensive with respect to all items, nor are they limited to items identified as points for description in each disclosure item. For each disclosure item that is required or desirable to be disclosed, in accordance with the company's situation and based on the points for description, it is important to disclose information that is considered material for investment decisions by shareholders and investors.

〔Definition of Terms〕

Terms	Definition
Listed subsidiary	A subsidiary as stipulated in Article 8, Paragraph 3 of the Financial Statement Regulation which is also a company listed on a domestic financial instruments exchange
Parent company	A parent company as stipulated in Article 8, Paragraph 3 of the Financial Statement Regulation
Listed affiliate	An affiliated company as stipulated in Article 8, Paragraph 5 of the Financial Statement Regulation which is also a company listed on a domestic financial instruments exchange
Other associated company	An other associated company as stipulated in Article 8, Paragraph 8 of the Financial Statement Regulation

1. Information Disclosure by a Listed Company with a Listed Subsidiary

○ Outline

Where a listed company has a listed subsidiary, the existence of minority shareholders (general shareholders) in the listed subsidiary is considered to have an impact on group management (e.g., restrictions on group management due to the need to consider minority shareholders, loss of economic benefits of the listed subsidiary to outside, etc.). Therefore, from the viewpoint of how it ensures overall optimization as a group in such a situation, the group management status regarding listed subsidiaries is considered to be important information for investment decisions on the relevant listed company.

Based on this, if the company has a listed subsidiary, the following items should be described:

- Approach and policy on group management;
- Reasons for having a listed subsidiary based on the said approach and policy; and
- Measures to ensure effectiveness of governance framework for a listed subsidiary.

In addition, the following items are encouraged to be included,

- If the company has entered into an agreement (including agreements made under other names) with the listed subsidiary, contents of that agreement.

As described in 2. below, a listed subsidiary is also encouraged to disclose its parent company's approach and policy on group management and agreements related to matters that should be described as the parent company's approach and policy on group management. In order to enable a listed subsidiary to provide full disclosure to its minority

shareholders, a company with a listed subsidiary is expected to cooperate fully in the information disclosure by said listed subsidiary.

○ Description

(Note 1) If the company has more than one listed subsidiary, please describe separately the reasons for having each listed subsidiary and the measures taken to ensure the effectiveness of the governance system of each listed subsidiary. However, in cases where there is a hierarchical capital structure within a listed subsidiary (e.g., where a listed subsidiary has a so-called listed grandchild company below the listed subsidiary in terms of capital), it is acceptable to describe about the listed subsidiary directly below in terms of capital and then, for listed subsidiaries further below in terms of capital (e.g., so-called listed grandchild companies), to state that the corporate governance report of other listed subsidiaries, such as listed subsidiaries directly below in terms of capital, should be referred to.

(Note 2) If the company discloses the relevant information in its annual securities report (Yuho), annual report, or other publicly available means such as its website, it is acceptable to include a statement in this column to the effect that the information should be referenced and how it can be accessed (e.g., website URL).

(Note 3) The items indicated as "points for description" are not expected to be disclosed even in cases where it is difficult to disclose them, such as cases that may cause damage to the business or an adverse effect to the market, or when things are not yet determined (examples of cases where it is difficult to disclose are also given in the "points for description" column below). Even in such cases, it is considered to disclose to the extent possible, for example, by abstracting the information to a certain degree.

Item	Points for Description
■ Reasons for having a listed subsidiary based on the approach and policy on group management	● Please describe the company's approach and policy on group management from the perspective of maximizing corporate value as a group, and then describe the reasons for having the listed subsidiary at the moment by connecting it to the group management.
◇ Approach and policies on group management	● Please describe the company's approach, policy, etc. regarding how it owns and manages its listed subsidiary(ies) in the management of the group. ➢ The basic approach and policy on the business portfolio strategy may be described. In particular, the following matters may be included: ✓ Approach/policy on holding a listed subsidiary (e.g., policy on maintaining/increasing /decreasing percentage of ownership, agreement on maintaining listing at the time of acquisition/partnership, if any); ✓ Approach/policy on how to distinguish between a listed subsidiary and other forms of group company ownership (e.g., use of different ownership ratios such as wholly owned subsidiaries, other subsidiaries, and affiliates and use of listed vs. unlisted companies); ✓ Approach/policy on coordination/allocation of business opportunities/business areas within the group (e.g., whether business opportunities/business areas are coordinated/allocated for the listed subsidiary, and the policy/process for such coordination/allocation); and ✓ Approach/policy for reviewing and revising business portfolio (e.g., reviewing/ revising process, its viewpoints and frequency) and its actual implementation status. * Disclosure of approach and policy on ownership of the listed subsidiary is not expected to extend to cases that may cause damages to the business or an adverse effect to the market, or when things are not yet determined. In such cases, it is considered to describe the approach and policy for reviewing and revising business portfolio and its actual implementation status, rather than the approach and policy for holding listed subsidiaries itself. ➢ The basic approach and policy on the handling of the listed subsidiary in the group management system may be described. In particular, the following matters may be included: ✓ Whether or not group management policy and strategy are shared with the

Item	Points for Description
	listed subsidiary, and the details of such shared policy and strategy; ✓ Whether or not there is involvement in the decision-making process at the listed subsidiary, and the nature of such involvement (e.g., whether or not there are items to be consented/discussed, and if so, what those items are); and ✓ Treatment of the listed subsidiary in the cash management system (e.g., if a cash management system is used for the listed subsidiary, reasons for this). * Disclosure of the group management system is not expected to extend to cases that may cause damages to the business. In such cases, it is considered to describe the contents in a certain degree of abstraction or in qualitative manner.
◇ Reasons for having the listed subsidiary based on the said approach and policy	● As for the reasons for having the listed subsidiary based on the above-mentioned approach and policy on group management, please describe both the rationale for holding the subsidiary as a subsidiary and the rationale for keeping the subsidiary listed, based on the viewpoint of maximizing corporate value as a group. * Please describe the rationale at the moment, not when the listed subsidiary's status arose. ➢ Rationale for keeping the subsidiary listed may be described from the following perspectives: ✓ How the company came into holding it as a listed subsidiary (e.g., due to a new listing of a group company or an acquisition or tie-up with a listed company, and the purpose of doing so); ✓ Views on the advantages and disadvantages of being a listed subsidiary (e.g., constraints associated with the need to consider minority shareholders and the loss of economic benefits of the listed subsidiary to outside); and ✓ Rationale compared to other forms of group company ownership, such as wholly owned subsidiaries.
■ Measures to ensure the effectiveness of governance system of the listed subsidiary	● Please describe the measures taken to ensure the effectiveness of the governance system of its listed subsidiary(ies). ➢ The policy of the parent company's involvement in the establishment and operation of the listed subsidiary's governance system may be described. In particular, the following matters may be included: ✓ Approaches and policies for voting on the election and dismissal of executives of the listed subsidiary (e.g., factors to be considered when considering individual agenda items); and ✓ Approaches and policies on involvement in the nomination process of executives at the listed subsidiary (e.g., whether and how the parent company's intentions are reflected through consultation, recommendation, or dispatch). * If special consideration is given to the election and dismissal of ID/As (independent directors/ independent company auditors) among executives, it is considered to clarify and describe the details of the election and dismissal of ID/As. * If the listed subsidiary has a (statutory or voluntary) nomination committee, the relationship between the nomination committee's decisions and the company's own voting rights may be described. ● It is considered that measures to ensure independence in the listed subsidiary which are necessary from the viewpoint of protecting minority shareholders may be described. * The measures to secure independence are supposed to ensure that there are no conflicts of interest between the company and the minority shareholders of the listed subsidiary and do not necessarily also extend to ensuring that the listed subsidiary is free from any involvement or influence by the company.

Item	Points for Description
■ Contracts related to the matters to be described as the group's management approach and policy	➢ Applicable agreements may include, for example, contracts under the name of group management (e.g. operation and administration) contracts (or agreements / understandings), etc., or contracts (or agreements / understandings) entered into at the time of capital and business alliance or at the time of tender offer. * This includes agreements made under a name other than contract.

2. Disclosure by a Listed Company with a Parent Company

○ Outline

When a listed company has a parent company (including unlisted companies), there is a risk of conflict of interest between the listed company as well as its minority shareholders and the parent company in transactions with the parent company and/or in the coordination and allocation of business opportunities and business fields by the parent company. Therefore, from the perspective of how such conflict of interest risks are managed, the status of conflict of interest risks and the listed company's response to such risks are considered important information for investment decisions on such listed companies.

Based on this, if the company has a parent company, the following items should be described.

- Approaches and measures for securing independence from the parent company necessary from the viewpoint of protecting minority shareholders

In addition, the following items are also encouraged to be included:

- The Parent company's approach and policy on group management; and
- If the company has entered into any agreements (including agreements made under any other name) related to the matters to be described as such approach and policy, the details of such contracts.

○ Description

(Note 1) If a company has more than one parent company (e.g., a parent company has further parent company), the parent company's group management approach and policies may be described for the company that is deemed to have the greatest impact on the listed company, such as the parent company directly above or the parent company at the top of the capital structure (if the impact is the same, then those companies).

(Note 2) If the company discloses the relevant information in its annual securities report (Yuho), annual report, or other publicly available means such as its website, it is acceptable to include a statement in this column to the effect that the information should be referenced and how it can be accessed (e.g., website URL).

(Note 3) The items indicated as "points for description" are not expected to be disclosed even in cases where it is difficult to disclose them, such as cases that may cause damage to the business or an adverse effect to the market, or when things are not yet determined (examples of cases where it is difficult to disclose are also given in the "points for description" column below). Even in such cases, it is considered to disclose to the extent possible, for example, by abstracting the information to a certain degree.

Item	Points for Description
■ Parent company's approach and policies on group management	● It is encouraged to describe the parent company's approach and policies on group management that have a material impact on the company. ➢ In particular, the following matters may be described. ✓ Positioning of the company in its parent company's business portfolio strategy ✓ The current status and future prospects of the segregation of business fields within the parent company's group ✓ If funds are managed between the company and its parent company (e.g., participates in the parent company's cash management system), reasons for this. * If the parent company does not have any group management operations (for example, if it is a privately held asset management company), the status of the parent company may be described instead.
■ Approaches and measures for securing independence from the parent company necessary from the viewpoint of protecting minority	● Please describe the company's approach, measures, etc. for securing independence from its parent company, which are necessary from the viewpoint of protecting minority shareholders. * The measures to secure independence are supposed to ensure that there are no conflicts of interest between the minority shareholders of the

Item	Points for Description
shareholders, etc.	company and its parent company, and do not necessarily also extend to ensuring that the company is free from any involvement or influence from its parent company. ➢ Whether or not the parent company is involved in the decision-making process and the nature of such involvement (e.g., whether or not there are items to be consented/discussed, and if so, what those items are) may be described. * Disclosure of the parent company's involvement is not expected to extend to cases that may cause damages to the business. In such cases, it is considered to describe the contents in a certain degree of abstraction or in qualitative manner. ➢ When a special committee is established to ensure independence from the parent company (including cases where the special committee is established on a non-permanent basis), the following items may be included: ✓ Permanent or non-permanent; ✓ Approach to the independence of the committee composition from the parent company, composition of committee members; ✓ Agenda items, authorities and roles of the committee; and ✓ Actual activities (e.g., frequency of meetings, agenda items, attendance of individual committee members, etc.). * If the special committee is to be established on a non-permanent basis, the composition of members at the time of establishment and agenda items (i.e. requirements for establishing the committee) and any other matters to be determined in advance may be described. * Disclosure of specific agenda item to be deliberated is not expected to extend to details that may cause damages to the business. In such cases, a certain degree of abstraction may be considered. ➢ If a voluntary nomination committee is utilized from the perspective of ensuring independence of ID/As from the parent company, the way it is utilized and its role may be described. * If you mention this viewpoint of ensuring independence from the parent company in other columns of the report in which matters relating to voluntary nomination committee is described, it is also acceptable to refer to that description. ➢ If the company is informed of its parent company's voting policy (e.g., if the parent company discloses such policy or the company confirms such policy with its parent company) on the election or dismissal of ID/A (if the company has a statutory or voluntary nomination committee, including the parent company's voting policy based on the role of the nomination committee) , it is considered to include such information.
■ Contracts related to the parent company's group management approach and policies	● Applicable agreements may include, for example, contracts under the name of group management (e.g. operation and administration) contracts (or agreements / understandings), etc., or contracts (or agreements / understandings) entered into at the time of capital and business alliance or at the time of tender offer. * This includes agreements made under a name other than contract.

3. Disclosure by a Listed Company with a Listed Affiliate

○ Outline

When a listed company has a listed affiliate, the relationship between the company and the listed affiliate, the position of the listed affiliate from the company's perspective, the company's influence over the listed affiliate, and the resulting risk of conflict of interest between the company and the minority shareholders of the listed affiliate may vary. Therefore, it is considered that the status of the company in relation to its listed affiliate may be important information for investment decisions on the listed company.

Based on this, if the company has a listed affiliate, the following items are encouraged to be described depending on the relationship between the company and its listed affiliate, the position of the listed affiliate from the company's perspective, and degree of the company's influence over its listed affiliate:

- Approach and policy on group management
- Reasons for having the listed affiliate based on the said approach and policy
- Measures to ensure the effectiveness of the governance system of the listed affiliates

It is possible that a situation corresponding to all or part of the above items may not exist (i.e., there are no applicable items to be described), in such a case, it is encouraged to explain the fact that there is no situation corresponding to the above items (i.e., the company's situation itself).

In addition, the following items would be encouraged to be disclosed:

- If the company has entered into a contract (including agreements made under any other name) with the listed affiliate that is related to the matters to be described as the group management approach and policy, the nature of that contract.

As described in 4. below, a listed affiliate is also encouraged disclose its other associated company's approach and policy on group management and contracts related to the matters to be described as the approach and policy on group management. In order to enable a listed affiliate to provide full disclosure to its minority shareholders, a company with a listed affiliate is expected to cooperate fully in the information disclosure by said listed affiliate.

○ Description

(Note 1). It is encouraged to describe each disclosure item in accordance with the importance in investment decisions in light of the company's situation (i.e. relationship between the company and its listed affiliate, the position of the listed affiliate from the company's perspective, the company's influence over its listed affiliate, and degree of risk of conflict of interest between the company and minority shareholders of the listed affiliate as a result of such influence, etc.). For example, depending on the degree of importance in investment decisions, it may be possible to provide a brief description.

(Note 2). If the company has more than one listed affiliate, descriptions may be provided separately for each listed affiliate or collectively for multiple listed affiliates, depending on their materiality to investment decisions.

(Note 3). If the company shares management policy on a listed affiliate with another company (for example, if the company has an alliance or investment agreement with another company) and the total percentage of voting rights held by the companies exceeds a majority, each disclosed item is considered to be highly material to investment decisions.

(Note 4) If the company discloses the relevant information in its annual securities report (Yuho), annual report, or other publicly available means such as its website, it is acceptable to include a statement in this column to the effect that the information should be referenced and how it can be accessed (e.g., website URL).

(Note 5) The items indicated as "points for description" are not expected to be disclosed even in cases where it is difficult to disclose them, such as cases that may cause damage to the business or an adverse effect to the market, or when things are not yet determined (examples of cases where it is difficult to disclose are also given in the "points for description" column below). Even in such cases, it is considered to disclose to the extent possible, for example, by abstracting the information to a certain degree.

Item	Points for Description
■ Reasons for having a listed affiliate based on the approach and policy on group management	● Depending on the circumstances regarding the company and its listed affiliate(s), either of the following disclosures is encouraged. 1) Based on the viewpoint of maximizing corporate value as a group, it is encouraged to describe the approach and policy on group management, and then describe the reasons for having the listed affiliate at the moment by connecting it to the group management. ✓ For example, such a description may be made if the listed affiliate is subject to the group management.

Item	Points for Description
	2) If there are no circumstances corresponding to the reasons for having the listed affiliate based on the approach and policy on group management (there are no circumstances to be described), it is encouraged to explain the relationship between the company and the relevant listed affiliate instead of the above. ✓ For example, such a description may be made if the listed affiliate is not subject to the company's group management.
◇ Approach and policy on group management [In case of 1)]	● It is encouraged to describe the approach and policy on how the listed affiliate is owned and managed in the group management. ➢ The basic approach and policies on the business portfolio strategy may be described. In particular, the following items may be included: ✓ Approach/policy on holding the listed affiliate (e.g., policy on maintaining/increasing/ decreasing the percentage of ownership, agreement on maintaining listing at the time of acquisition/partnership, if any); ✓ Approach/policy on how to distinguish between a listed affiliate and other forms of group company ownership (e.g., use of different ownership ratios such as wholly owned subsidiaries, other subsidiaries, affiliates and use of listed vs. unlisted companies); ✓ Approach/policy on coordination/allocation of business opportunities/business areas within the group (e.g., whether business opportunities/business areas are coordinated/allocated for the listed affiliate, and the policy/process for such coordination/allocation); and ✓ Approach/policy for reviewing and revising business portfolio (e.g., reviewing/ revising process, its viewpoints and frequency) and actual implementation status. * Disclosure of approach and policy on holding the listed affiliate is not expected to be extend to cases that may cause damages to the business or an adverse effect to the market, or when things are not yet determined. In such a case, it is considered to describe the approach and policy for reviewing and revising business portfolio and its actual implementation status, rather than the approach and policy on holding the listed affiliate itself. ➢ The basic approach and policy on the handling of the listed affiliate in the group management system may be described. In particular, the following matters may be included: ✓ Whether or not group management policy and strategy are shared with the listed affiliate, and the details of such shared policy and strategy; ✓ Whether or not there is involvement in the decision-making process at the listed affiliate, and the nature of such involvement (e.g., whether or not there are items to be consented/discussed, and if so, what those items are); and ✓ Treatment of the listed affiliate in the cash management system (e.g., if a cash management system is used for the listed affiliate, reasons for this). * Disclosure of the group management system is not expected to extend to cases that may cause damages to the business. In such cases, it is considered to describe the contents in a certain degree of abstraction or in qualitative manner.
◇ Reasons for having the listed affiliate based on the said approach and policy [In case of 1)]	● As the reasons for having the listed affiliate based on the above-mentioned approach and policy on group management, it is encouraged to describe the rationale for holding the company as a listed affiliate, based on the viewpoint of maximizing corporate value as a group. * Please describe the rationale at the moment, not when the listed affiliate's status arose. ➢ Rationale for keeping the affiliate listed may be described from the following perspectives: ✓ How the company came into holding it as a listed affiliate (e.g., due to a new

Item	Points for Description
	listing of a group company or an acquisition or tie-up with a listed company, and the purpose of doing so); ✓ Views on the advantages and disadvantages of being a listed affiliate; and ✓ Rationale compared to other forms of group company ownership, such as wholly owned subsidiaries.
◇ Relationship between the company and its listed affiliate [In case of 2)]	● Instead of the approach and policy on group management and the reasons for having the listed affiliate based on that policy, it is encouraged to explain the relationship between the company and the relevant listed affiliate(s). ➢ In this case, in particular, the following matters may be described: ✓ The absence of a group management structure (e.g., no shared management policies and strategies, no positioning as a single business within the business portfolio, etc.); and ✓ Purpose of the capital relationship (e.g., pure investment purposes or specific business purposes).
■ Measures to ensure the effectiveness of the governance system of the listed affiliate	• Depending on the circumstances regarding the company and its listed affiliate(s), either of the following disclosures is encouraged. 1) It is encouraged to describe measures to ensure the effectiveness of the governance system of the listed affiliate. ✓ For example, such a description may be made if special measures are taken to ensure independence from the viewpoint of protecting minority shareholders. 2) If there are no circumstances corresponding to measures to ensure the effectiveness of the listed affiliate's governance system (there are no circumstances to be described), it is encouraged to explain instead that there is little concern about the risk of conflicts of interest between the company and its listed affiliate's minority shareholders, based on the relationship between the company and its listed affiliate and the company's degree of influence over the listed affiliate. ✓ If the company is not in a situation where it exercises strong influence over its listed affiliate and has not taken any special measures to ensure independence from the viewpoint of protecting minority shareholders (or considers such measures unnecessary), such a description may be made.
◇ Measures to ensure the effectiveness of the governance system of the listed affiliates [In case of 1]]	➢ It is encouraged to describe the measures taken to ensure the effectiveness of the governance system of the listed affiliate. ➢ The policy of involving group management in the establishment and operation of the governance system at the listed affiliate may be described. In particular, the following matters may be described: ✓ Approaches and policies for voting on the election and dismissal of executives of the listed affiliate (e.g., factors to be considered when considering individual agenda items); and ✓ Approaches and policies on involvement in the nomination process of executives at the listed affiliate (e.g., whether and how the company's intentions are reflected through consultation, recommendation, or dispatch). * If special consideration is given to the election and dismissal of ID/As (independent directors/ independent company auditors) among executives, it is considered to clarify and describe the details of the election and dismissal of ID/As. * If the listed affiliate has a (statutory or voluntary) nomination committee, the relationship between the nomination committee's decisions and the company's own voting rights may be described. ● It is considered that measures to ensure independence in the listed affiliate which are necessary from the viewpoint of protecting minority shareholders, may be described. * The measures to secure independence are supposed to ensure that there

Item	Points for Description
	are no conflicts of interest between the company and the minority shareholders of the listed affiliate and do not necessarily also extend to ensuring that the listed affiliate is free from any involvement or influence by the company.
◇ Little concern about the risk of conflicts of interest between the company and minority shareholders of the listed affiliate [In case of 2)]	● Instead of measures to ensure the effectiveness of the listed affiliate's governance system, it is encouraged to explain that there is little concern about the risk of conflict of interest between the company and minority shareholders of the listed affiliate (therefore, special measures to ensure independence at the listed affiliate, which are necessary from the perspective of protecting minority shareholders, are not required), based on the relationship between the company and its listed affiliate and the company's degree of influence over its listed affiliate. ➢ In that case, the following perspectives may be considered to explain: ✓ Degree of influence through voting rights ownership (e.g., degree of substantial influence when viewed against the ratio of voting rights exercised at recent shareholder meetings at the listed affiliate and the company's own voting rights ownership); ✓ Whether or not the company is involved in the decision-making process at the listed affiliate and the nature of its involvement (e.g., whether or not there are any consents or items to be discussed); ✓ Whether or not there are personal relationships (e.g., dispatch of officers, etc.) or business relationships, and the nature of such relationships; and ✓ Whether or not there is a contract related to the above items and what it entails.
■ Contracts related to the matters to be described as the group's management approach and policy	● Applicable agreements may include, for example, contracts under the name of group management (e.g. operation and administration) contracts (or agreements / understandings), etc., or contracts (or agreements / understandings) entered into at the time of capital and business alliance or at the time of tender offer. * This includes agreements made under a name other than contract.

4. Disclosure by a Listed Company with an Other Associated Company

○ Outline

When a listed company has an other associated company or a parent company of other associated company (including unlisted other associated companies or unlisted parent companies of other associated companies, hereinafter referred to as "other associated company, etc."), the relationship between the company and an other associated company, etc., the influence of other associated company, etc. on the company, and the associated risk of conflict of interest between minority shareholders of the company and an other associated company, etc. vary. Therefore, the status of the company in relation to the other affiliated company, etc. may be important information in making an investment decision in the relevant listed company.

Based on this, if the company has an other associated company, etc., the following items are encouraged to be described according to relationship between the company and the other associated company, etc., and degree of influence of the other associated company, etc. on the company:

- Approach and policy on group management of the other associated company, etc.
- The approach and measures to secure independence from the other associated company, etc., necessary from the viewpoint of protecting minority shareholders.

It may be the case that situation corresponding to all or part of the above items does not exist (i.e., there are no circumstances to be described), in such a case, it is encouraged to explain the fact that there is no situation corresponding to the above items (i.e., the company's situation itself).

In addition, the following items are encouraged to be disclosed:

- If the company has entered into a contract (including agreements made under any other name) with listed other associated company that is related to the matters to be described as the group management approach and policy, the contents of that contract

○ Description

(Note 1). It is encouraged to describe each disclosure item according to its importance in investment decisions in light of the company's situation (relationship between the company and its other associated company, etc., influence of the other associated company over the company, and degree of risk of conflict of interest between minority shareholders of the company and the other associated company, etc. as a result of such influence, etc.). For example, depending on the degree of importance in investment decisions, it may be possible to provide a brief description.

(Note 2). In the case where there are more than one other associated company, etc., descriptions may be provided on the other associated company that is deemed to have the greatest impact on the company, such as the other associated company with the largest percentage of voting rights or the company at the top of the capital structure (i.e., a parent company of the other associated company) (if the impact is the same, then, those companies).

(Note 3). In cases where more than one other associated company share the management policies for the company (for example, in cases where an alliance or investment agreement is concluded among those other associated companies), and the total voting rights held by those companies exceed a majority, each disclosed item is considered to be highly significant for making investment decisions.

(Note 4). If matters concerning the other associated companies, etc. are described in the corporate governance report made by such other associated companies, etc., it is acceptable to refer to that contents.

(Note 5) If the company discloses the relevant information in its annual securities report (Yuho), annual report, or other publicly available means such as its website, it is acceptable to include a statement in this column to the effect that the information should be referenced and how it can be accessed (e.g., website URL).

(Note 6) The items indicated as "points for description" are not expected to be disclosed even in cases where it is difficult to disclose them, such as cases that may cause damage to the business or an adverse effect to the market, or when things are not yet determined (examples of cases where it is difficult to disclose are also given in the "points for description" column below). Even in such cases, it is considered to disclose to the extent possible, for example, by abstracting the information to a certain degree.

Item	Points for Description
■ Approach and policy on group management of an other associated company, etc.	● It is encouraged to make either of the following disclosures depending on the situation regarding the company and its other associated company, etc. (the other associated company or a parent company of the other associated company). 1) It is encouraged to describe the approach and policy on group management of the other associated company, etc. ✓ For example, if the company is subject to group management of the other associated company, etc., such a description may be made. 2) If there are no circumstances corresponding to the approach and policy on group management of the other associated company, etc. (there are no circumstances to be described), it is encouraged to explain the relationship between the company and such other associated company, etc. instead of the above. ✓ For example, if the company itself is not subject to group management of the other associated company, etc., such a description may be made.
◇ Approach and policy on group management of the other associated company, etc. [In case of 1)]	● Among approaches and policies on group management of the other associated company, etc., it is encouraged to describe matters that have a significant impact on the company. ➢ In particular, the following matters may be described: ✓ Positioning of the company in the business portfolio strategy of the other associated company, etc.; ✓ Current status and future prospects regarding the segregation of business

Item	Points for Description
	fields within the group of the other associated company, etc.; and ✓ If funds are managed between the company and its other associated company, etc. (e.g., participation in a cash management system of the other associated company, etc.), reasons for this.
◇ Relationship between the company and the other associated company, etc. [In case of 2)]	● Instead of the approach and policy on group management of the other associated company, etc., it is encouraged to explain the relationship between the company and the other associated company, etc. ➢ In that case, in particular, the following matters may be described: ✓ The absence of a group management structure (e.g., no shared management policies and strategies, no positioning as a single business within the business portfolio, etc.); ✓ Attributes of the other associated company, etc. (e.g., being a privately held asset management company); and ✓ Purpose of the capital relationship (e.g., pure investment purposes or specific business purposes).
■ Approaches and measures to secure independence from the other associated company, etc. necessary from the viewpoint of protecting minority shareholders, etc.	● Depending on the situation regarding the company and its other associated company, etc., it is encouraged to make either of the following disclosures: 1) It is encouraged to describe the approach and measures to secure independence from the other associated company, etc., which are necessary from the viewpoint of protecting minority shareholders. ✓ For example, if the other associated company, etc. has a strong influence on the company, and special measures are taken to ensure independence from the perspective of protecting minority shareholders, such a description may be made. 2) If there are no circumstances corresponding to the approach and measures to secure independence from the other associated company, etc. (there are no matters to be described), it is encouraged to explain that there is little risk of conflict of interest between minority shareholders of the company and its other associated company, etc., based on relationship between the company and its other associated company, etc. and degree of influence of the other associated company, etc. over the company. ✓ For example, if the influence of the other associated company, etc. over the company is not strong and no special measures are taken to ensure independence from the viewpoint of protecting minority shareholders, such a description may be used.
◇ Approaches and measures to secure independence from the other associated company, etc. necessary from the viewpoint of protecting minority shareholders, etc. [In case of 1)]	● It is encouraged to describe the company's approach and measures for securing independence from the other associated company, etc., which are necessary from the viewpoint of protecting minority shareholders. * The measures to secure independence are supposed to ensure that there are no conflicts of interest between minority shareholders of the company and its other associated company, etc. and do not necessarily also extend to ensuring that the company is free from any involvement or influence by the other associated company, etc. ➢ Whether or not the other associated company, etc. is involved in the decision-making process and the nature of such involvement (e.g., whether or not there are items to be consented/discussed, and if so, what those items are) may be described. * Disclosure of the involvement of the other associated company, etc. is not expected to extend to cases that may cause damages to the business. In such cases, it is considered to describe the contents in a certain degree of abstraction or in qualitative manner. ➢ When a special committee is established to ensure independence from the other associated company, etc. (including cases where the special committee is established on a non-permanent basis), the following items may be included: ✓ Permanent or non-permanent;

Item	Points for Description
	✓ Approach to the independence of the committee composition from the other associated company, etc., composition of committee members; ✓ Agenda items, authorities and roles of the committee; and ✓ Actual activities (e.g., frequency of meetings, agenda items, attendance of individual committee members, etc.). * If the special committee is to be established on a non-permanent basis, the composition of members at the time of establishment and agenda items (i.e. requirements for establishing the committee) and any other matters to be determined in advance may be described. * Disclosure of specific agenda item to be deliberated is not expected to extend to details that may cause damages to the business. In such cases, a certain degree of abstraction may be considered. ➢ If a voluntary nomination committee is utilized from the perspective of ensuring independence of ID/As from the other associated company, etc., the way it is utilized and its role may be described. * If you mention this viewpoint of ensuring independence from the other associated company, etc. in other columns of the report in which matters relating to voluntary nomination committee is described, it is also acceptable to refer to that description. ➢ If the company is informed of voting policy of the other associated company, etc. (e.g. if the other associated company, etc. discloses such policy or the company confirms such policy with the other associated company, etc.) on the election or dismissal of ID/A (if the company has a statutory or voluntary nomination committee, including the voting policy of the other associated company, etc. based on the role of the nomination committee) , it is considered to include such information.
◇ Little concern about the risk of conflicts of interest between minority shareholders of the company and the other associated company, etc. [In case of 2)]	● Instead of describing the approach and measures for ensuring independence from the other associated company, etc. which are necessary from the viewpoint of protecting minority shareholders, it is encouraged to explain that there is little concern about risk of conflict of interest between the company's minority shareholders and the other associated company, etc. (therefore, no special measures for ensuring independence from the other associated company, etc. which are necessary from the viewpoint of protecting minority shareholders are required), based on the relationship between the company and the other associated company, etc. and degree of influence of the other associated company, etc. over the company. ➢ In this case, the following perspectives may be considered to explain: ✓ Degree of influence through holding voting rights ownership (e.g., degree of substantial influence when viewed against the ratio of voting rights exercised at recent shareholder meetings at the company and the voting rights ownership of the other associated company, etc.); ✓ Whether or not the other associated company, etc. is involved in the decision-making process at the company and the nature of its involvement (e.g., whether or not there are any consents or items to be discussed); ✓ Whether or not there are personal relationships (e.g., dispatch of officers, etc.) or business relationships, and the nature of such relationships; and ✓ Whether or not there is a contract related to the above items and what it entails.
■ Contracts related to the matters to be described as the group management approach and policy of the other associated company, etc.	● Applicable agreements may include, for example, contracts under the name of group management (e.g. operation and administration) contracts (or agreements / understandings), etc., or contracts (or agreements / understandings) entered into at the time of capital and business alliance or at the time of tender offer. * This includes agreements made under a name other than contract.

Attachment 4: Outline of Organizational Structure for Timely Disclosure and Key Objectives for its Establishment

1. Outline of Organizational Structure for Timely Disclosure

An internal organizational structure for timely disclosure is not merely a business process for disclosure procedures or an internal flow of corporate information, but is an internal system that enables companies to carry out timely and appropriate disclosure of material corporate information.

As long as a company's securities are listed on financial instruments markets, timely and appropriate disclosure is an important responsibility, and companies are strictly required to develop and operate a system to fulfill this responsibility. In addition, appropriate disclosure is recognized as useful from a management perspective, as gaining the trust of the financial instruments market through the appropriate execution of timely disclosure operations will lead to the maintenance and improvement of corporate value over the medium to long term.

An organizational structure for timely disclosure is something that each listed company develops as appropriate based on its own circumstances. Therefore, it will naturally differ depending on the policies and intentions of each company in developing and operating its internal systems. The decision on the kind of structure to be established is left to the judgment of each company, but regardless, it must ensure a certain level of timely disclosure.

2. Key Objectives for Establishing Organizational Structure for Timely Disclosure

In order to ensure the level of timely disclosure required, it is first necessary to properly develop a system to execute timely disclosure operations. Specifically, it is necessary to develop procedures that put an adequate emphasis on promptness of disclosure at all times. In addition, companies are required to establish procedures by which: information subject to disclosure is properly identified and comprehensively collected; disclosure materials are prepared accurately, clearly, and with sufficient information for investment decisions while maintaining compliance with listing rules and other related laws and regulations; official corporate approval and decisions are made; and finally, the information is released at an appropriate time with due regard to fairness among investors.

It is also necessary to establish a staff body that is fully capable of carrying out the procedures to accomplish the above key objectives. Furthermore, it is very important not only to establish such procedures and organizations, but also to ensure through monitoring that they are being effectively operated.

In addition, considering the importance of timely disclosure, it is essential that a system for executing timely disclosure operations be established to satisfy the above objectives with appropriate involvement of management. In order for this system to function properly, it is important to ensure proper implementation not only through development of the staffing structure and procedures, but also through the management itself recognizing the importance of timely disclosure, clearly stating its stance and policy, and informing and educating its employees about these.

Furthermore, in order to ensure timely and appropriate disclosure in all cases, it is considered necessary to recognize and analyze the company's own characteristics and risks related to disclosure from the perspective of timely disclosure, develop a system to execute timely disclosure operations based on these characteristics and risks, and operate timely disclosure operations with constant awareness of these characteristics and risks.

As shown in Chart 1.1, the key steps for establishing an organizational structure for timely disclosure can be divided into two main categories: “matters to be considered when developing a system for executing timely disclosure operations” and “system for executing timely disclosure operations.”

Chart 1.1: Key Steps for Establishing Organizational Structure for Timely Disclosure

Category	Step	Items for Consideration
1 Matters to be considered when developing a system for executing timely disclosure operations	1. Communication of and education on management's stance and policy, etc.	A. Clarification of management's stance and policy B. Communication of and education on management's stance and policy C. Management's implementation of its stance and policy D. Corporate governance in relation to the organizational structure for timely disclosure
	2. Recognition and analysis of the company's characteristics and risks related to timely disclosure	A. Recognition and analysis of the company's characteristics relating to timely disclosure B. Recognition and analysis of risks related to timely disclosure and their causes
2 System for executing timely disclosure operations	1. Establishment of a staff body in charge of disclosure	A. Establishment of a department in charge of disclosure B. Company-wide response system C. Education on disclosure D. Scope of system development
	2. Development of procedures for timely disclosure	A. Procedures and process for disclosure B. Types of information subject to disclosure C. Ensuring that all employees are aware of the developed procedures D. Key targets of procedure for timely disclosure (See Chart 1.2) E. Links to other internal procedures closely related to procedures for timely disclosure
	3. Development of a monitoring system for the organizational structure for timely disclosure	A. Monitoring by the internal audit department, etc. B. Monitoring by company auditors (or an Audit and Supervisory Committee or Audit Committee)

Chart 1.2: Key Targets of Procedures for Timely Disclosure

Process	Key Target	Details
(1) Information collection process	a. Promptness	Promptly collect information subject to timely disclosure
	b. Comprehensiveness	Comprehensively collect information subject to timely disclosure
	c. Timeliness	Manage disclosure operations to ensure information subject to timely disclosure can be disclosed in a timely manner
(2) Analysis and judgement process	d. Legality	Conduct timely disclosure operations in compliance with relevant laws/regulations and the Securities Listing Regulations
	e. Accuracy	Ensure the accuracy of information to be disclosed
	f. Formality	In addition to the accuracy and legality of the information, make official approvals/decisions as a company after confirming the sufficiency, clarity, and other aspects of the content of disclosure materials
(3) Publication process	g. Fairness	Give consideration to fairness when releasing disclosure materials
	h. Proactiveness	Be proactive about releasing disclosure materials

3. Notes on Providing Outline (Schematic Diagram) of Organizational Structure for Timely Disclosure and Key Objectives for Establishing the Structure

When providing an outline (schematic diagram) of the organizational structure for timely disclosure, it is helpful to explain the company's organizational structure for timely disclosure to investors in a concise and easy-to-understand manner by taking into account the key objectives for establishing the structure and stating just the important points in a clear and concise manner. It is not necessary to write about all the key objectives in detail.

From the outset, the organizational structure for timely disclosure should be established by each company in line with a clear stance and policy based on recognition and analysis of the company's own characteristics and risks related to disclosure, so the structure established as a result can be unique to each company. Therefore, when presenting and explaining the key objectives of the structure to investors, the most important information is what matters the company has considered and what stance and policy it has adopted in developing its own system. It is also appropriate to keep in mind that the information that the company considers important should be described clearly and based on the key targets. If there are several closely related points, it could be advisable to combine these instead of listing each one separately.

However, in order for users to easily understand the structure of each company, specific information on the staff body in charge of disclosure and an outline of disclosure procedures must be provided in an easy-to-understand manner.

For specific ways to present information, please refer to the key objectives for each item. It is important for each company to reexamine or review its organizational structure for timely disclosure based on its own characteristics and risks, and then provide information with awareness of the relationship between the key objectives and its own internal system.

(1) Matters to be considered when developing a system for executing timely disclosure operations

(i) Communication of and education on management's stance and policy

The stance and policy of a listed company's management on disclosure are important for investors to understand the organizational structure for timely disclosure of each company. The management's stance and policy on disclosure should be clearly stated, in addition to a brief description of the status of internal communication and education. Given the importance of management's role in the organizational structure for timely disclosure, it is also important to describe the role of management in the development of the structure and its actual operation.

Furthermore, when describing the corporate governance system, it is better if the description is concise and focuses on its relationship with the organizational structure for timely disclosure.

Item for Consideration	Key Objectives
A. Clarification of management's stance and policy	There is no doubt that the most important factor in proper implementation of timely disclosure by listed companies is their management's own stance toward disclosure. It is also clear from several recent cases of inappropriate disclosure that no matter how an organizational structure for timely disclosure is developed, its effectiveness can be undermined by the inappropriate actions of management. Therefore, it is important for management to be fully aware of the importance of timely disclosure and to clearly state its own stance and policy on disclosure.
B. Communication of and education on management's stance and policy	It is important for effective functioning of the organizational structure for timely disclosure to ensure that management's own stance and policy on disclosure are well known within the company as the company's stance and policy. No matter how a structure is developed, unless all officers and employees outside of management are fully aware of it, there will be a large gap between the policy and actual operations, causing the structure to lose its effectiveness. Therefore, it is important that the management makes its stance and policy on disclosure known to its officers and employees through internal education and daily activities, and to build a corporate culture that emphasizes

Item for Consideration	Key Objectives
	timely disclosure.
C. Management's implementation of its stance and policy	It is important not only to set forth management's stance and policy, but also that management directly puts that stance and policy into practice. Considering the importance of management's role in the organizational structure for timely disclosure, it is essential that the structure be established with appropriate involvement of management. In addition, management should play a certain direct role in the actual operation of the structure. For example, the following measures may be considered: (i) Management establishes an organizational structure for timely disclosure based on its own stance and policies and is involved in actual operations of the structure by receiving reports on important matters; or (ii) Management is directly involved in disclosure operations.
D. Corporate governance in relation to the organizational structure for timely disclosure	Corporate governance pertaining to the company as a whole is a matter of fundamental importance to the management of the company, and effective functioning of corporate governance is extremely important as a precondition for the company's various activities. In the same way, it is considered that effective functioning of corporate governance is a prerequisite for development of an effective organizational structure for timely disclosure. Considering the importance of timely disclosure in listed companies, the corporate governance system should be consistent with the above-mentioned management's stance and policy toward disclosure, and be designed with a mind to its relationship to the organizational structure for timely disclosure (i.e. whether it can lead to effective establishment and maintenance of the structure).

(ii) Recognition and analysis of the company’s characteristics and risks related to timely disclosure

All of the items related to timely disclosure mentioned above should be considered as a precondition for each company to develop a system for executing timely disclosure operations. Therefore, they should be described concisely, including their relationship to the system for executing timely disclosure operations.

Regarding recognition and analysis of risks related to timely disclosure, matters that cause any notable risks should be included, or if a specific system has been established from the viewpoint of clearly addressing the risks, an outline of this. In such cases, since risks and characteristics are often closely related, a description of the relationship between them could also be included.

Items for Consideration	Key Objectives
A. Recognition and analysis of the company's characteristics related to timely disclosure	In establishing an organizational structure for timely disclosure, it is necessary to fully recognize and analyze the characteristics of the company from the perspective of timely disclosure. This is because the effectiveness of the organizational structure for timely disclosure is greatly affected by the company's size, geographic dispersion of offices, business type, and other factors. In developing a system to execute timely disclosure operations, it is appropriate for listed companies to establish a system appropriate for their own characteristics from the viewpoint of timely disclosure, and to operate within the established system with a constant awareness of these characteristics. Examples of characteristics related to timely disclosure: Company size Geographic dispersion of offices Diversification of businesses Types of businesses
B. Recognition and analysis of risks related to timely disclosure and their causes	It is also important to recognize and analyze risks related to timely disclosure and their causes on an ongoing basis. There have been many cases in which inappropriate disclosures have caused significant damage to a company, and even if there is no direct impact, repeated inappropriate disclosures may reduce the reliability of the company's disclosures and its reputation in society. Improper disclosure, which in itself is a timely disclosure-related risk, and its effects can be considered common to all listed companies, regardless of the extent of the effects. On the other hand, causes of such risks vary depending on each company's circumstances, including the aforementioned characteristics related to disclosure. Therefore, it is necessary to fully understand inappropriate disclosures and their effects, as well as the matters that cause them, and to carry out ongoing analysis in order to establish and maintain an organizational structure for timely disclosure with an awareness of the associated risks.

(2) System for executing timely disclosure operations

A system for timely and appropriate execution of timely disclosure operations should be developed and operated by management based on the various circumstances of the company and also taking into consideration effectiveness and efficiency of operations. In addition, considering that each company is exposed to a variety of different environments, it is normal that the system differs from company to company. However, as a listed company, it is necessary to establish a system to execute timely disclosure operations at a certain level.

We present the key objectives of establishing a system from the viewpoints of “staff body in charge of disclosure” and “disclosure procedures.” It should be noted that the staff body in charge of disclosure should be a body that is fully capable of executing the disclosure procedures stipulated by the company, and the disclosure procedures should be procedures that are fully capable of achieving certain key targets needed for disclosure. Although these two viewpoints are inextricably linked and cannot necessarily be clearly separated, we have made this distinction for the sake of clarity. This document presents key objectives for the establishment of a system from both of these perspectives.

In addition, in order to ensure the effectiveness of the system developed to execute timely disclosure operations, it is also important to develop and operate a monitoring system for the organizational structure for timely disclosure.

(i) Establishment of a staff body in charge of disclosure

Companies are encouraged to clearly state the position and role of the department in charge of disclosure as well as the role of other bodies/departments in the organizational structure for timely disclosure and their relationship with the department in charge of disclosure. It is also important for investors judging the reliability of a company's timely disclosure to know the level of management resources the listed company invests in timely disclosure and what kind of system it has in place.

Since the staff body and procedures for timely disclosure are closely related, companies could explain the below information together with the procedures for timely disclosure. In this case, the staff body and procedures should be described in a manner that clearly outlines each.

The following items should be included in this section:

- Outline of the staff body in charge of disclosure (name of body, number of employees, etc.)
- Person responsible for disclosure (position, role, etc.)
- Internal training on disclosure
- Situation at group companies
- Internal rules on disclosure

Items for Consideration	Key Objectives
A. Establishment of a department in charge of disclosure	In establishing the system to execute timely disclosure operations, the first step is to determine a department and personnel to be directly in charge of disclosure operations, and appoint a person responsible for said operations. It is assumed that management establishes the staff body and determines the number of personnel, taking into consideration the company's own characteristics and risks related to timely disclosure, as well as efficiency of and costs related to such operations. However, as a listed company, timely and appropriate disclosure is an important responsibility that must not be neglected. The department in charge of disclosure must be maintained in a way that enables it to meet the standards that are considered sufficient to ensure timely and appropriate disclosure. (Note) Listed companies are required to appoint a person responsible for the handling of information, who is in charge of responding to inquiries from TSE regarding timely disclosure and communicating with TSE regarding disclosure of other corporate information. It is important that this person is appropriately positioned within each company's organizational structure for timely disclosure in light of the importance of their role.
B. Company-wide response system	It is also important to establish a company-wide system for timely disclosure. Since information subject to disclosure occurs in various parts of a company, both inside and outside, it is necessary to build a system for cooperation with disclosure that involves not only the department (or person) that directly executes timely disclosure operations, but the entire company (including group companies) in order to comprehensively collect information subject to disclosure. Specifically, for example, a company could assign a person in charge of collecting information for disclosure within each department of the company. In addition, involving departments (or personnel) other than the department in charge of disclosure in some way enables multifaceted and comprehensive decision-making in disclosure operations and raises awareness of disclosure throughout a company, thereby enhancing the effectiveness of the organizational structure for timely disclosure. Specific measures could include the establishment of a consultative structure with the heads of multiple departments other than the one in charge of disclosure, or the establishment of a voluntary committee such as a disclosure committee for the purpose of involvement in disclosure operations. In such cases, the composition of the members and the specific role of the new structure will be important points to consider.

Items for Consideration	Key Objectives
C. Education on disclosure	In addition to establishing a department in charge of disclosure, it is also important to provide education on disclosure to enhance and maintain the knowledge and ability of the officers and employees involved in disclosure operations, including those in the department in charge of disclosure. This is because no matter what kind of personnel and bodies are set up, if they do not have a good understanding of the timely disclosure system, it is difficult to ensure effectiveness in the handling of disclosure operations.
D. Scope of system development	Companies are required to establish a system by which information on related companies such as subsidiaries and parent companies that are subject to timely disclosure is collected and understood in consideration of the above points. Therefore, it is necessary to develop both systems within the subsidiaries and parent company and a system for communication between the parent company, subsidiaries, and other companies in the group.

(ii) Timely disclosure procedures

Along with the staff body in charge of disclosure, disclosure procedures form the core of the system for executing timely disclosure operations. Disclosure procedures should be explained separately per process and per type of information, or by using charts and diagrams, and in relation to the key targets, so that their main points can be clearly understood.

Since the staff body in charge of disclosure and disclosure procedures are closely related, it could be acceptable to explain them together. However, in this case, companies are encouraged to provide a clear overview of both the staff body and procedures.

Items for Consideration	Key Objectives
A. Disclosure procedures and processes	In executing disclosure operations, companies are required to: put an adequate emphasis on the promptness of disclosure; properly identify and comprehensively collect information subject to disclosure; prepare disclosure materials with accurate and clear information which is sufficient for investment decisions while complying with listing rules and other related laws and regulations; make official company approvals and decisions after carrying out appropriate checks and confirming approvals internally; and disclose the information at appropriate times with due regard to fairness among investors. Specific procedures to be adopted by each listed company will vary depending on the circumstances of each company. Therefore, while no specific procedure is mandatory, as a listed company, it is necessary to develop disclosure procedures to ensure a sufficient level of timely and appropriate disclosure. This section identifies and describes the key targets for disclosure processes to ensure the necessary level of disclosure. Based on the information provided by each company, disclosure processes are divided into (1) information collection process, (2) analysis and judgement process and (3) publication process, in line with the operational flow. The information collection process is the process of collecting information subject to disclosure produced or generated within a company. The analysis and judgement process is the process of checking the accuracy of the information collected in the information collection process, preparing disclosure materials, and making official approvals and decisions. The publication process is the process of releasing disclosure materials via TDnet or by other means.
B. Types of information subject to disclosure	The information subject to disclosure under the Securities Listing Regulations can be broadly classified into (1) decision facts, (2) occurrence facts and (3) financial results information. Since disclosure procedures are expected to differ depending on the type of information, it is necessary to establish a system that covers all such information when developing procedures.

Items for Consideration	Key Objectives
C. Ensuring awareness of the procedures established within the company	In order to ensure that the established procedures are thoroughly communicated within the company, effective methods could include clearly stating the procedures, compiling manuals, and distributing written documents. It is also possible to establish internal rules together with provisions regarding the department in charge of disclosure and the responsible person.
D. Key targets for timely disclosure procedures	This item highlights the key targets that should be achieved in each process when making timely disclosure (see Chart 1.2 for the list). Regardless of the procedure chosen, it should be developed to effectively achieve these key targets. When actually developing procedures, it is recommended to consider aiming to achieve multiple key targets across each process from the viewpoint of efficiency.
	(1) Key targets for the information collection process a. Promptly collect information subject to timely disclosure (promptness) b. Comprehensively collect information subject to timely disclosure (comprehensiveness) c. Manage disclosure operations to ensure information subject to timely disclosure can be disclosed in a timely manner (timeliness) Details of key targets: For timely and appropriate information disclosure, companies must establish procedures in the information collection process so that each department within the company quickly and comprehensively collects information that is produced or becomes known, and communicates such information to the department in charge of disclosure. It is also appropriate to ensure information communication channels in case of emergency and those outside the regular internal channels (e.g., a whistle-blowing system).
	(2) Key targets for the analysis and judgement process d. Conduct timely disclosure operations in compliance with relevant laws/regulations and the Securities Listing Regulations (legality) e. Ensure the accuracy of information to be disclosed (accuracy) f. In addition to the accuracy and legality of the information, make official approvals/decisions as a company after confirming the sufficiency, clarity, and other aspects of the content of disclosure materials (formality) Details of key targets: In the analysis and judgement process, as well as ensuring the legality and accuracy of information to be disclosed in the information collection process, companies are required to prepare disclosure materials, confirm that the content is sufficient and clear, and carry out official company approvals and decisions. In this process, it is important that the timeliness of disclosure is maintained and that the Securities Listing Rules and other relevant laws and regulations are complied with when preparing disclosure materials and performing other procedures.

Items for Consideration	Key Objectives
	(iii) Key targets for the publication process During the publication process, the following points are important: - All disclosure materials are communicated to investors and other stakeholders immediately and simultaneously - The company ensures that the disclosed materials are originals (e.g. that they were actually submitted by the company and are not tampered with) (Note) The TDnet system is used for timely disclosure and is designed to meet the above requirements. In addition to those, the following two points should be considered in terms of investor usefulness: g. Give consideration to fairness when releasing disclosure materials (fairness) h. Be proactive about releasing disclosure materials (proactiveness) Details of key targets: The main targets mentioned above refer to: considering ways to release disclosure materials so that they do not benefit only some investors; providing clear and sufficient information so that investors can be provided with useful information at the time of release; responding positively to inquiries after release; and actively releasing information that is useful to investors, even if it is not required by the Securities Listing Regulations.
E. Relationship with other internal procedures closely related to timely disclosure procedures	There are internal procedures that are very closely related to disclosure procedures, such as IR and internal procedures to comply with insider trading regulations. These procedures are very important considering their respective purposes, and in practice, they are often performed by a common department in consideration of operational efficiency and other factors. On the other hand, it is necessary to note the difference in objectives between these procedures and disclosure procedures, clearly recognize them, and develop and operate a system to achieve all of the respective objectives to a certain level.

(3) Monitoring of the organizational structure for timely disclosure

Considering the importance of monitoring the organizational structure for timely disclosure, the following information regarding the status of the monitoring system should be provided.

- Outline of the body conducting the monitoring
- Frequency and scope of implementation

Items for Consideration	Key Objectives
In order to ensure effectiveness of the organizational structure for timely disclosure after it is established, monitoring is inherently essential to confirm that the staff body in charge of disclosure and disclosure procedures are functioning properly. The following methods can be considered for the monitoring.	
A. Monitoring by an internal audit department	An internal audit department can be expected to monitor, independently of the target of the audit, whether the organizational structure for timely disclosure is effectively established and operated and whether its operations are being carried out in a lawful manner, and make suggestions for improvement when deficiencies are discovered.

Items for Consideration	Key Objectives
B. Monitoring by company auditors (Audit and Supervisory Committee or Audit Committee)	It is particularly important that monitoring by company auditors (or an Audit and Supervisory Committee or an Audit Committee) be conducted from an independent standpoint not only from the target of the audit, but also from the business execution bodies including management. It is also important, from the perspective of auditing management's execution of operations, that disclosure information is routinely communicated to company auditors (or an Audit and Supervisory Committee or an Audit Committee) in addition to the monitoring of the organizational structure for timely disclosure.