



TSE Explanatory Material
*Study Group to review Minority Shareholder Protection
and other Framework of Quasi-Controlled
Listed Companies (Second Phase, First Meeting)*

Exchange & beyond
Tokyo Stock Exchange, Inc.

January 6, 2023

I. Outline of Interim Report and Developments Thereafter



Background

- In certain cases, mainly among companies that came to have controlling shareholders after listing, minority shareholders may not have been afforded sufficient protection.
 - ✓ Information on agreements with controlling shareholders regarding the appointment of directors, etc. not sufficiently disclosed
 - ✓ How business opportunities and business fields are coordinated and allocated among controlling shareholders' group companies unclear
 - ✓ Company did not obtain an opinion that actively expresses "the interests of minority shareholders will not be undermined" regarding tender offer by controlling shareholder
 - ✓ Company ends up with no independent director to represent general shareholder interests
- Similar cases are seen at companies with "quasi-controlling shareholders," who do not fall under the definition of "controlling shareholder" but have strong influence.

Issues considered

(1) Information Disclosure

After researching and examining the actual situation, TSE reviews ways to enhance information disclosure on (i) agreements on governance at listed companies and (ii) approaches to and policies on conflicts of interest and supervision/control of those conflicts (including how business opportunities and business fields are coordinated and allocated).

(2) Corporate Governance

The Study Group continues to discuss corporate governance including election of independent directors.

(3) Procedures

The Study Group continues to discuss frameworks for minority shareholder protection when a controlling shareholder makes a tender offer with the aim of taking a listed subsidiary private, taking into account the role expected of special committees.

(4) Scope of Application

With respect to widening the application of frameworks for controlling shareholders to quasi-controlling shareholders, TSE reviews (i) the definition of "quasi-controlling shareholder" in practice and (ii) what listing rules related to minority shareholder protection should be applied to listed companies with quasi-controlling shareholders.

2021	March	Amendment to the Companies Act <ul style="list-style-type: none"> ➤ Subsidiary companies must disclose, in their business reports, summaries of the contents of “agreements regarding important financial and business policies” made with their parent companies.
	June	Revision of the Corporate Governance Code <ul style="list-style-type: none"> ➤ Stated clearly in the notes to the Code that controlling shareholders should respect the common interests of the company and its shareholders and should not treat minority shareholders unfairly ➤ Established new Supplementary Principle 4.8.3 for companies with controlling shareholders <ul style="list-style-type: none"> ✓ Appointing 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 ✓ Establishing 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 ➤ Established new Supplementary Principle 5.2.1 on information disclosure regarding business portfolio <ul style="list-style-type: none"> ✓ 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.
	December	<ul style="list-style-type: none"> ➤ Corporate Governance Reports submitted (in response to the revised Code, including Supplementary Principle 4.8.3)
2022	From January	Survey on Governance-related Agreements <ul style="list-style-type: none"> ➤ In order to understand the actual volume of agreements that are not disclosed.
	June	Report by the Working Group on Corporate Disclosure of the Financial System Council <ul style="list-style-type: none"> ➤ Proposed how "material contracts" (agreements between companies and shareholders on (i) corporate governance and (ii) sale/additional purchase of shares held by shareholders) should be disclosed in Annual Securities Reports

II. Information Disclosure



Current Disclosure Framework for Minority Shareholder Protection

- The following matters are disclosed in the Corporate Governance Report and in the periodic disclosure of matters related to controlling shareholders, etc.

	Listed company with parent company (listed subsidiary) ➤ For providing information to minority shareholders	Listed company with listed subsidiary (listed parent company) ➤ Mainly for providing information to parent company shareholders, but also has the effect of providing information to subsidiary minority shareholders	Listed company with other associated company company (listed affiliate)	Listed company with listed affiliate
Approach to and policy on corporate group management	△ • (Parent company's) approach to and policy on corporate group management	○ • Approach to and policy on corporate group management	— Disclosure examples on following pages	—
Position and significance within corporate group	○ • Position within corporate group and other relationships with group companies (including business constraints, risks and benefits, impact on management and business activities)	○ • Reasons for having subsidiary remain listed	○ • Position within corporate group and other relationships with group companies (including business constraints, risks and benefits, impact on management and business activities)	—
Contract or agreement on governance	△	△	—	—
Policy and measures for ensuring independence and protecting minority shareholders	○ • Policy and measures to ensure independence from parent company • Guidelines on measures to protect interests of minority shareholders when executing transactions, etc. with controlling shareholder	○ • Measures to ensure effectiveness of governance framework for listed subsidiary (including policy of involvement as parent company in establishment and operation of governance framework)	Survey results on following pages —	—
Implementation status of measures for minority shareholder protection	○ • Implementation status of measures specified in guidelines above	—	—	—
Transaction status	○	—	○	—

Note: “○” indicates items for which disclosure is mandated and “△” indicates items for which disclosure is encouraged.

Survey on Governance-related Agreements

Survey Details

■ TSE conducted a survey of listed companies with parent companies (listed subsidiaries) and listed companies with other associated companies (listed affiliates) regarding the existence and content of agreements such as contracts and group management rules that stipulate the following matters ("governance-related agreements").

- This survey covered 926 companies (323 listed subsidiaries and 603 listed affiliates) which were listed subsidiaries and listed affiliates as of January 5, 2022, excluding companies that underwent changes in capital relationships prior to the submission of responses. The number of companies that submitted responses was 923 (322 listed subsidiaries and 601 listed affiliates). Of these, 29 companies (8 listed subsidiaries and 21 listed affiliates) that answered "don't know/cannot answer" regarding the existence of agreements were excluded from the results shown on the following pages.

	Category	Provision Examples	Purpose and Impact on Governance
(1)	Matters related to nomination of director candidates and senior management, etc.	<ul style="list-style-type: none"> • Right to nominate candidates for director and corporate auditor • Right to nominate representative directors • Approval or consultation regarding proposals for appointment of directors and officers 	<ul style="list-style-type: none"> ➤ From the shareholder's perspective, the provisions grant the shareholder special status which allows them to easily deploy directors and senior management (and thereby participate in corporate decision-making) without having to go through the statutory shareholder proposal process. ➤ The provisions may conflict with the functions of the Nomination Committee.
(2)	Matters related to maintenance of shareholding ratio and anti-dilution	<ul style="list-style-type: none"> • Restriction (approval, consultation, etc.) on issuance of shares • Pre-emptive right (right to subscribe to shares in proportion to shareholders' capital contribution in a share issuance) 	<ul style="list-style-type: none"> ➤ From the shareholder's perspective, the provisions prevent the weakening of influence that is held through the exercise of voting rights. ➤ The provisions may constrain the company's capital policy.
(3)	Matters related to sale and further purchases of shares held by shareholders, and other matters regarding handling of shares	<ul style="list-style-type: none"> • Prohibition or restriction (approval, consultation, etc.) on transfer or other disposition of shares by shareholders • Prohibition or restriction on further share purchases by shareholders • Right to request the sale of shares held by shareholders or designate a purchaser of shares 	<ul style="list-style-type: none"> ➤ From the company's perspective, the provisions allow control over changes in controlling shareholders and shareholder influence that is held through the exercise of voting rights.
(4)	Matters related to exercise of voting rights of shareholders	<ul style="list-style-type: none"> • Company can designate how shareholders exercise their voting rights 	<ul style="list-style-type: none"> ➤ From the company's perspective, the provisions allow control over shareholder influence that is held through the exercise of voting rights.
(5)	Prior approval or consultation for major decisions		<ul style="list-style-type: none"> ➤ From the shareholder's perspective, the provisions grant the shareholder special status which allows them to participate in the company's management decisions and to exercise a de facto veto.
(6)	Matters related to business coordination and avoidance of business competition	<ul style="list-style-type: none"> • Agreement to avoid business competition • Approval or consultation on starting new businesses 	<ul style="list-style-type: none"> ➤ The provisions may constrain the company's business strategy.
(7) Matters related to continued listing (8) Matters related to appointment and use of independent directors (9) Matters relating to respect for independence and autonomy, etc.			

Notes: 1. Provisions that only stipulate notification or reporting obligations were not included in the survey.

2. Provisions that fall under "(5) Prior approval or consultation for major decisions" but also other categories (e.g., decisions on proposals for election of directors or approval/consultation on issuance of shares) are counted under the relevant categories other than (5).

3. Provisions in business alliance agreements that prohibit or require approval for business alliances with third parties involving the business in the alliance or competitors of the counterparty were not included in this survey as it targets "governance-related agreements" and these have many aspects specific to business alliances.

Survey Results: Status of Listed Subsidiaries

- Governance-related agreements exist in 25.2% of listed subsidiaries.
 - Provisions that entail the risk of conflict of interest due to direct involvement in decision making - (5)
 - Provisions that allow direct involvement in the selection of director candidates (limited to a specific number) in situations where the majority of voting rights are held - (1)
 - Provisions that have the effect of fixing capital relationships (which may prevent the delisting of subsidiaries) - (2),(3)

Existence of agreements

Market Segment	Agreement Exists (Percentage)	(Number of Companies)	No Agreement (Number of Companies)	Number of Responses
Prime Market	25.5%	27	79	106
Standard Market	23.1%	40	133	173
Growth Market	34.3%	12	23	35
All Market Segments	25.2%	79	235	314

Note: Companies that answered "don't know/cannot answer" as to the existence of agreements are excluded from the results. Hereinafter the same.)

Existence of provisions by category

	Number of Companies	Percentage
(1) Nomination of director candidates and senior management, etc.	34	10.8%
(Of which, obligations, prohibitions, and approvals)	(31)	(9.9%)
(2) Maintenance of shareholding ratio and anti-dilution	21	6.7%
(Of which, obligations, prohibitions, and approvals)	(16)	(5.1%)
(3) Sales/further purchases of shares held by shareholders and other matters on handling of shares	17	5.4%
(Of which, obligations, prohibitions, and approvals)	(12)	(3.8%)
(4) Exercise of voting rights of shareholders	1	0.3%
(Of which, obligations, prohibitions, and approvals)	(0)	(0.0%)
(5) Prior approval or consultation	49	15.6%
(Of which, obligations, prohibitions, and approvals)	(15)	(4.8%)
(6) Business coordination and avoidance of business competition	7	2.2%
(Of which, obligations, prohibitions, and approvals)	(5)	(1.6%)
(7) Continued listing	16	5.1%
(8) Appointment and use of independent directors	6	1.9%
(9) Respect for independence and autonomy, etc.	43	13.7%

Notes: 1. Percentages in the right-hand table are proportions out of the total number of responses (314, including companies that responded "no agreement").

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

15% <	10% -15%	5% -10%	0% -5%
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Survey Results: Disclosure Status of Listed Subsidiaries

- Looking at only listed subsidiaries, about 80% did not adequately disclose provisions in the major categories, (1) through (6), in their Corporate Governance Reports.
- While some companies disclose (9), which is stipulated for the purpose of ensuring independence of listed subsidiaries, and (5), almost no companies disclose other matters.

Disclosure status of major categories

	Number of Companies	Percentage
Number of companies with agreement that stipulates provisions in the major categories (1) through (6)	66	
Of which, all provisions disclosed	14	21.2%
Of which, provisions partially disclosed	7	10.6%
Of which, no provisions disclosed	45	68.2%

Inadequate disclosure

Disclosure status (by category)

Category	Agreement Exists (Number of companies)	Disclosed	Not Disclosed
(1) Nomination of director candidates and senior management, etc.	34	5	29
(2) Maintenance of shareholding ratio and anti-dilution	21	1	20
(3) Sales/further purchases of shares held by shareholders and other matters on handling of shares	17	1	16
(4) Exercise of voting rights of shareholders	1	0	1
(5) Prior approval or consultation	49	<u>17</u>	32
(6) Business coordination and avoidance of business competition	7	1	6
(7) Continued listing	16	5	11
(8) Appointment and use of independent directors	6	1	5
(9) Respect for independence and autonomy, etc.	43	<u>20</u>	23

Survey Results: Disclosure Status of Listed Parent Companies

- Looking at listed parent companies, about 80% did not adequately disclose provisions in the major categories, (1) through (6), in their Corporate Governance Reports.
- While some companies disclose provisions related to group management of the listed parent company - (5) - and ensuring independence of listed subsidiaries - (9), almost no companies disclose provisions in other categories including provisions considered highly important in light of group management policy - (2), (3).

Disclosure status (overview for major categories)

	Number of Companies	Percentage
Number of companies with agreement that stipulates provisions in the major categories (1) through (6)	52	
Of which, all provisions disclosed	12	23.1%
Of which, provisions partially disclosed	7	13.5%
Of which, no provisions disclosed	33	63.5%

Inadequate disclosure

Note: Denominator is the number of listed companies with parent companies (listed subsidiaries). If a single parent company has multiple listed subsidiaries, they are duplicated (same for the table on the right).

Disclosure status (by category)

Category	Agreement Exists (Number of companies)	Disclosed	Not Disclosed
(1) Nomination of director candidates and senior management, etc.	26	2	24
(2) Maintenance of shareholding ratio and anti-dilution	17	0	17
(3) Sales/further purchases of shares held by shareholders and other matters on handling of shares	14	1	13
(4) Exercise of voting rights of shareholders	1	0	1
(5) Prior approval or consultation	44	<u>17</u>	27
(6) Business coordination and avoidance of business competition	6	1	5
(7) Continued listing	11	1	10
(8) Appointment and use of independent directors	5	0	5
(9) Respect for independence and autonomy, etc.	38	<u>15</u>	23

- While some companies disclose specific details of the agreements, others disclose summaries.

Example of disclosure of specific details of agreement

Only Japanese is provided if the company does not disclose English-language materials

✓ NIHON NOHYAKU CO.,LTD. - Corporate Governance Report (June 29, 2022)

株式会社A D E K Aによる当社株式の公開買付けおよび第三者割当増資の実施にあたっては、当社がグループビジョンを達成するために、当社の成長戦略の推進を更に加速化させるには、完全子会社ではなく上場を維持した上で一定の経営の独立性を担保することが必要であると考えており、他方、本資本業務提携に基づく協業により、両社のライフサイエンス事業の発展が可能となることから、資本業務提携契約にて、当社の上場を維持し、かつ当社の自主独立経営の維持を原則とすることなどについて、同社との間で合意されております。

(omitted)

なお、当社と親会社との間での資本業務提携契約の概要は以下のとおりです。

① 目的

当社および親会社は、当社の自主独立経営の維持を原則としつつ、互いに協力して、両社間の資本業務提携により、当社の農薬事業をはじめとするライフサイエンス事業に係る戦略的計画および活動を実行・推進することにより、両社の企業価値を最大化させることを目的とする。

② 上場維持・社名維持

親会社および当社は、当社の東証一部上場を維持することおよび当社の社名として日本農薬株式会社を維持することを基本方針とする。

③ 役員指名権

親会社は、当社の代表取締役（ただし、親会社が指名した取締役は除く。）と協議の上、16に親会社の議決権保有割合を乗じて得た数（ただし、8を上限とする。また、当該数に1未満の端数が生じる場合には、端数を切り捨てる。）の当社の取締役（監査等委員である取締役であるか、それ以外の取締役であるかを問わず、それぞれについて指名する人数の比率も問わない。うち1名は代表取締役とする。また、親会社が8名の取締役を指名する場合には、そのうち1名は独立社外取締役とする。）を指名する権利を有するものとする。なお、当社における監査等委員である取締役以外の取締役の員数は11名以内、監査等委員である取締役の員数は5名以内とする。ただし、親会社の事前の書面による承諾を得た場合はこの限りではない。

④ 新株引受権

当社は、親会社の事前の書面による承諾を得た場合を除き、株式等（当社の株式、新株予約権、オプション権、株式引受権その他の当社の株式を取得できる権利をいう。）の発行、処分または付与を行わないものとし、当該発行等が行われる場合、親会社は、当該発行等が行われる直前の時点における公開買付者の議決権保有割合を維持するために必要な数量の株式等を、当該発行等に係る株式等の払込金額または行使価格と同一の価格において引き受ける権利を有する。

⑤ 業務提携の内容

公開買付者及び当社は、本資本業務提携契約等の目的を達成するため、以下の内容の業務提携を行うものとし、その具体的内容は、両社間の協議により決定するものとする。

(omitted)

⑥ 本資本業務提携契約の終了

本資本業務提携契約は、両当事者が本契約の終了を書面で合意した場合等、一定の事由が生じた場合、終了する。

Note: Relevant parts of each company's disclosure have been extracted and partially edited for inclusion here. Blue text was added by TSE.

Disclosure Examples: Governance-related Agreements (2)

Example of disclosure of specific details of agreement

Only Japanese is provided if the company does not disclose English-language materials

✓ Japan Aviation Electronics Industry, Limited - Corporate Governance Report (June 23, 2022)

さらに、NECによる当社株式に対する公開買付けにあたり、両者間の覚書において、当社株式の上場を維持し、当社が上場会社として自主的な経営を行うこと、NECの当社に対する議決権保有比率を51%以下とすること、並びにNECが当社の少数株主の権利の行使について十分に配慮することなどにつき合意しており、その旨を2016年11月28日の当該公開買付けに関する当社の意見表明にあたり開示しております。

✓ Japan Tissue Engineering Co., Ltd. - Corporate Governance Report (July 20, 2022)

なお、当社は、2021年1月29日付で帝人株式会社と以下の契約を締結しました。

・資本業務提携契約

本契約の中で、事前承諾事項として、当社は以下の事項を行い又は決定する場合には、当該事項を行い又は当該決定を行う日の遅くとも2週間前までに帝人に対し書面による通知を行い、事前の書面による承諾を取得するものとしています。

(i) 子会社又は関連会社の異動

(ii) 上場廃止基準に該当する若しくはそのおそれのある行為又は上場廃止の申請

(iii) 第三者との間での本業務提携に類似する業務提携（合併会社の設立及びライセンスの付与を含む）

(iv) 組織変更、合併、株式交換、会社分割、事業の全部若しくは一部の譲渡又は譲受その他これらに準ずる行為

✓ CHUGAI PHARMACEUTICAL CO., LTD. - Corporate Governance Report (April 4, 2022)

In December 2001, Chugai and Roche Holding Ltd. [Head Office: Switzerland] entered into a basic agreement on a strategic alliance. Roche owns 59.89% of the total issued shares of Chugai and is the parent company.

In accordance with the alliance, Chugai has become Roche's single pharmaceutical company in the Japanese market, and has the right of first refusal on the development and marketing in Japan of all development compounds advanced by Roche. Moreover, Roche has the right of first refusal on the development and marketing of all development compounds advanced by Chugai in markets outside Japan, excluding South Korea and Taiwan.

The aim of this alliance is to establish a new business model that differs from conventional practices in corporate acquisitions and the formation of joint ventures. Although Roche Holding includes Chugai in its consolidated accounts, Chugai functions as an independent listed company and makes all of its own management decisions based on the principles of self-governance. In addition, regarding the purchase and sale of Chugai stocks by Roche, the two companies have entered into arrangements to maintain the listing of Chugai shares since 10 years after the merger (on or after October 1, 2012).

Example of disclosure of summary of agreement

✓ TOMEN DEVICES CORPORATION - Corporate Governance Report (June 24, 2022)

親会社等が議決権の50.14%を所有しております。親会社である豊田通商株式会社との間で、当社の重要な財務及び事業の方針に関する株主総会決議事項、及び経営上の重要事項に関し、その重要性に応じて、事前了解、事前協議または事後報告を経ることを合意しております。

Note: Relevant parts of each company's disclosure have been extracted and partially edited for inclusion here. Blue text was added by TSE.

Survey Results: Status of Listed Affiliates

- Governance-related agreements exist in 21.2% of listed affiliates.
- These exist proportionally regardless of the percentage of ownership.

Existence of agreements (by market segment)

Market Segment	Agreement Exists		No Agreement	Number of Responses
	(Percentage)	(Number of Companies)	(Number of Companies)	
Prime Market	23.1%	56	186	242
Standard Market	19.3%	57	239	296
Growth Market	23.8%	10	32	42
All Market Segments	21.2%	123	457	580

Existence of agreements (by shareholding percentage of largest shareholder)

Shareholding Percentage of Largest Shareholder	Agreement Exists		No Agreement	Number of Responses
	(Percentage)	(Number of Companies)	(Number of Companies)	
< 20%	21.1%	20	75	95
20% - 30%	23.3%	56	184	240
30% - 40%	18.2%	37	166	203
40% - 50%	23.8%	10	32	42
Total	21.2%	123	457	580

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

Survey Results: Status of Listed Affiliates

- To a certain extent, provisions exist that are important for investment decisions by minority shareholders.
 - Provisions that enable direct involvement in the decision-making of a listed company through the appointment of directors and senior management - (1) - and through approval and consultation - (5), even for those holding less than half of the voting rights
 - Provisions that allow shareholders to maintain influence based on their voting rights - (2) or allow companies to control that influence - (3)
- Provisions exist proportionally across categories regardless of the percentage of ownership.

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

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

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

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

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

Report by the Working Group on Corporate Disclosure of the Financial System Council (June 13, 2022)

IV. その他の開示に係る個別課題

Only Japanese is provided

1. 「重要な契約」の開示

(2) 企業・株主間のガバナンスに関する合意

企業と株主間のガバナンスに関する合意は、一般に、当該企業のガバナンスや支配権への影響が大きく、投資判断に重要な影響を及ぼすことが見込まれ、適切な開示が求められる。

有識者へのヒアリング等によれば、企業と株主間のガバナンスに関する合意としては、以下の類型のものがみられる。

- (i) 株主が会社の役員の一部について、候補者を指名又は推薦する権利を有する旨の合意（役員候補者指名権等の合意）
- (ii) 株主による議決権行使に一定の制限や条件を付す内容の合意（議決権行使内容を拘束する合意）
- (iii) 提出会社による一定の行為（新株の発行、組織再編行為等）につき、株主の事前の承諾や協議等を条件とする内容の合意（事前承諾事項等に関する合意）

特に、上記（i）、（iii）は、株主平等原則との関係においても開示の必要性が高いと考えられる。

企業の開示状況を見ると、株主側が大量保有報告書（株主が大量保有者の場合）や海外の開示書類において合意内容等を開示しているにもかかわらず、企業側の開示において、

- ・ 当該合意の存在が示されていない事例
 - ・ 当該合意の存在はうかがえるが、その具体的内容が示されていない事例
- もみられる。

こうした状況を踏まえると、少なくとも前記3類型の合意を含む契約が企業と株主との間で締結されている場合、「重要な契約」として当該契約の内容等の開示が求められることを明確化すべきである。

その場合における開示内容としては、

- ・ 契約の概要（締結日、契約当事者、契約の主要項目、当該合意の具体的内容等）
 - ・ 合意の目的
 - ・ 当該契約の締結に関する社内ガバナンス（特に、取締役会における検討内容）
 - ・ 企業のガバナンスに与える影響（影響を与えないと考える場合には、その理由）
- 等を記載すべきことを明確化すべきである。

Report by the Working Group on Corporate Disclosure of the Financial System Council (June 13, 2022)

IV. その他の開示に係る個別課題

Only Japanese is provided

1. 「重要な契約」の開示

(3) 企業・株主間の株主保有株式の処分・買増し等に関する合意

企業と株主間の株主保有株式の処分や買増し等に関する合意は、その株式保有の規模や合意内容等に応じ、市場に影響を与え、投資判断に一定の影響を及ぼすことが見込まれることから、それを踏まえた適切な開示が求められる。

有識者へのヒアリング等によれば、企業と株主間の株主保有株式に関する合意としては、以下の類型のものがみられる。

- (i) 企業の事前の承諾なく第三者への譲渡その他の処分を行うことを禁止する内容の合意（保有株式の譲渡等の禁止・制限の合意）
- (ii) 株主に対し、一定の出資割合を超えることとなる発行済株式の買増しを禁止する内容の合意（保有株式の買増しの禁止に関する合意）
- (iii) 株主が出資比率に応じた株式引受権を有する内容の合意（株式の保有比率の維持の合意）
- (iv) 契約解消時に保有株式の売渡を請求することができる内容の合意（契約解消時の保有株式の売渡請求の合意）

企業の開示状況を見ると、ガバナンスに関する合意と同様、株主側が大量保有報告書等で開示しているにもかかわらず、企業側が開示していないケースがみられる。また、契約締結当初は株主保有株式に関する合意の存在が開示されず、企業と株主との間の紛争が顕在化した段階になって初めて当該合意の存在が開示される例もみられる。

こうした状況を踏まえると、少なくとも前記4類型の合意を含む契約が企業と株主との間で締結されている場合、「重要な契約」として当該契約の内容等の開示が求められることを明確化すべきである。

その場合における開示内容としては、

- ・ 契約の概要（締結日、契約当事者、契約の主要項目、当該合意の具体的内容等）
- ・ 合意の目的
- ・ 当該契約の締結に関する社内ガバナンス（特に、取締役会における検討内容）

等を記載すべきことを明確化すべきである。

なお、具体的な開示内容については、株式保有の規模等に応じて開示の有用性が変わることも想定されることから、例えば、株式保有比率が一定水準以下の場合に開示内容を簡素化するなど、段階的な措置を検討することも考えられる。

Disclosure Examples: Positioning of Listed Subsidiaries and Business Segregation (1)

- Only a few listed subsidiaries specifically explain in their CG reports the business segregation within the group from the subsidiary's perspective as part of the parent company's group management policy and approach. In many cases, there is no mention or only a brief explanation of the parent company's group management policy and approach itself.
- Disclosure of “matters related to controlling shareholders, etc.” are mainly factual descriptions of business, personal, and capital relationships.

Only Japanese is provided if the company does not disclose English-language materials

✓ SMN Corporation - Corporate Governance Report (June 27, 2022)

当社グループはソニーグループ株式会社を中心とした企業集団（以下「ソニーグループ」という。）に属しております。ソニーグループ株式会社の完全子会社であるソニー株式会社の完全子会社（ソニーグループ株式会社の完全孫会社）として当社株式を直接保有する親会社であるソニーネットワークコミュニケーションズ株式会社は「エレクトロニクス・プロダクツ&ソリューション分野」に区分され、当社グループはその中においてインターネット関連サービスを展開する企業集団として位置付けられております。

ソニーグループ内においては、インターネット関連サービスを展開する企業は他にも存在しますが、当社グループは主にRTBを活用したDSPを広告主及び広告代理店向けに提供する事業を国内において展開しており、これらの企業との事業及び展開地域における競合は生じておりません。

これらのことから、当社グループ事業に係るソニーグループ内における競合は生じておらず、また現時点では今後発生する予定はないものと認識しておりますが、将来的にソニーグループの経営方針に変更が生じた場合等には、当社グループの業績や財務状態に影響を及ぼす可能性があります。

✓ SMN Corporation - Periodic disclosure of matters related to controlling shareholders, etc. (June 29, 2022)

（親会社グループにおける位置付け）

当社グループはソニーグループ株式会社を中心とした企業集団（以下「ソニーグループ」という）に属しております。ソニーグループ株式会社の完全子会社であるソニー株式会社の完全子会社として当社株式を直接保有する親会社であるソニーネットワークコミュニケーションズ株式会社は「エンタテインメント・テクノロジー&サービス」に区分され、当社グループはその中においてインターネット関連サービスを展開する企業集団として位置付けられております。

（親会社グループとの取引関係）

当社株式を直接保有する親会社であるソニーネットワークコミュニケーションズ株式会社とは、当社グループのアドテクノロジー及びその他において取引を行っております。当社グループのアドテクノロジーにおいては、DSP「Logicad」の販売等を行っております。その他においては、ソニーネットワークコミュニケーションズ株式会社が保有するポータルサイト「So-net」の広告枠の企画及び仕入販売を行っており、当社グループはこれらのコンテンツに沿って、掲載される広告を最適化することにより、「So-net」の広告収益の最大化を支援しておりますが、いずれも一般取引先と同様に商取引上妥当な条件で取引条件を決定しております。

（親会社グループとの人的関係）

2022年6月29日現在において、当社グループの親会社であるソニーネットワークコミュニケーションズ株式会社の業務執行者1名を選任しています。兼任している役員は以下のとおりであります。

(Text following this about titles, names, positions in the corporate group, and reasons for appointment is omitted)

Note: Relevant parts of each company's disclosure have been extracted and partially edited for inclusion here. Blue text was added by TSE.

Only Japanese is provided if the company does not disclose English-language materials

✓ **Cyber Com Co.,Ltd. - Corporate Governance Report (July 19, 2022)**

当社は親会社である富士ソフト株式会社を中心とする富士ソフトグループに属しております。富士ソフトグループにおいては、「各グループ企業が相互に独立した会社としての尊厳と自主性・主体性を尊重する」旨のグループ会社憲章を定め、各グループ企業が独自の方針等により事業展開をするとともに、グループ企業が各々の特長を活かしたアライアンスを推進していくことにより、グループ全体としての成長を実現していくことをグループ戦略としております。

このような中で、当社は、長年積み重ねた通信技術を活かし制御や業務の分野まで幅広く手掛けるソフトウェア開発事業を主力事業としております。また、多様化する顧客ニーズにお応えするために、ネットワーク/サーバ構築、保守・運用、評価検証を行うS Iサービスや自社プロダクト販売を行うサービス事業を展開しております。各グループ企業の一部においては事業領域の重複が生じておりますが、各社においてはグループ内の事業展開上の制約および調整事項等はなく、当社は、親会社から一定の独立性が確保されていると認識しております。

✓ **Cyber Com Co.,Ltd. - Periodic disclosure of matters related to controlling shareholders, etc. (February 25, 2022)**

(1) 親会社等の企業グループにおける当社の位置付け、親会社等やそのグループ企業との取引関係、人的・資本関係

当社は、親会社である富士ソフト株式会社の連結子会社としてその企業グループ（以下「富士ソフトグループ」という）に属しております。富士ソフトグループにおいては、富士ソフト株式会社がS I（システムインテグレーション）事業においてシステム構築全般に関する事業展開を行うほか、当社を含む関係会社は、主として通信、金融、流通および医療等の各業界に特化した事業展開を行っております。当社は、その中で長年積み重ねた通信技術を活かし制御や業務の分野まで幅広く手掛けるソフトウェア開発を中心とした事業展開を行っております。

親会社との人的関係としては、当社役員9名のうち親会社出身者が3名であります。

(2) 親会社等の企業グループに属することによる事業上の制約、リスクおよびメリット、親会社等やそのグループ企業との取引関係や人的・資本関係などの面から受ける経営・事業活動への影響等

当社は、長年積み重ねた通信技術を活かし制御や業務の分野まで幅広く手掛けるソフトウェア開発事業を主力として展開しており、事業展開を行ううえで親会社である富士ソフト株式会社から特段の制約および調整を受けている事項はありません。

また、当社は、富士ソフトグループ企業各社との間に、ソフトウェア開発業務の委託または受託取引がありますが、これらはグループ企業各社においてそれぞれ得意とする事業領域に関連する開発業務の受委託取引であり、当社および各社の事業上の必要性に応じ発生しております。

各社との取引条件については、市場価格を勘案し、当社との関連を有しない会社との取引と同様に交渉のうえ決定しております。

✓ **FDK CORPORATION - Corporate Governance Report (November 30, 2022)**

親会社である富士通株式会社は、テクノロジーソリューションに経営資源を集中し、さらにDX企業へと変革していく方針であります。一方、グループ会社である当社は電池事業および電子事業を中心に事業展開をはかっており、当社の事業内容はグループの方針と明確に区分された事業領域となっております。

Note: Relevant parts of each company's disclosure have been extracted and partially edited for inclusion here. Blue text was added by TSE.

- There are only a few examples of listed parent companies explaining their policies and considerations for maintaining subsidiary listings as part of their group management policy and approach, like the below.

Only Japanese is provided if the company does not disclose English-language materials

- ✓ **Fujitsu Limited - Corporate Governance Report (July 13, 2022)**

Our policy is to turn non-core listed companies into strong independent businesses. We will consider their independence from the following perspectives: ensuring sustainable growth of the relevant business, maximizing the Company's asset value, and considering the best timing for independence.

- ✓ **NEC Corporation - Corporate Governance Report (July 8, 2022)**

The Company will continuously evaluate the policy of holding shares in the Publicly Listed Subsidiaries, and the Company will keep holding the shares of the Publicly Listed Subsidiaries as long as they meet the above preconditions and it can be determined that they contribute to maximizing the corporate value of the NEC Group. At this time, the Company does not plan to newly list the shares of other subsidiaries on stock markets.

- ✓ **Shin-Etsu Chemical Co.,Ltd. - Corporate Governance Report (July 11, 2022)**

The Company owns 53.3% of the voting rights of Shin-Etsu Polymer Co., Ltd. (listed on the Prime market of the Tokyo Stock Exchange). For the reasons described below, we believe that maintaining the listing of Shin-Etsu Polymer Co., Ltd. Will contribute to the enhancement of its corporate value and the development of the comprehensive business activities of the Group. At this time, as in the past, the Company does not plan to make Shin-Etsu Polymer Co., Ltd. A wholly owned subsidiary or sell off the Company's shareholding.

- ✓ **ENEOS Holdings,Inc. - Corporate Governance Report (October 19, 2022)**

当社は、主要な事業会社であるENEOS株式会社、JX石油開発株式会社およびJX金属株式会社を完全子会社とし、それ以外のグループ会社は、事業の維持・拡大の必要性に応じて完全子会社、上場子会社等として保有することとしています。上場子会社については、グループ全体として企業価値向上や資本効率性の観点から、上場子会社として維持することが最適なものであるかを定期的に点検するとともに、その合理的理由や上場子会社のガバナンス体制の実効性確保について取締役会で審議することを方針としています。

- ✓ **JFE Holdings,Inc. - Corporate Governance Report (June 24, 2022)**

Furthermore, the Company shall regularly verify the significance of maintaining the listing of the listed subsidiaries and take necessary measures upon confirmation at its Board of Directors. The content herein was verified and discussed at a Board of Directors meeting held in May 2022.

- ✓ **YAMADA HOLDINGS CO.,LTD. - Corporate Governance Report (June 28, 2022)**

なお、当社は、上場子会社との資本関係について、当社グループの経営資源の活用や当社及び当社グループ会社とのシナジー効果等を基に経営会議にて毎年議論し、保有方針を決定しており、継続して最適な協業の在り方を検討してまいります。

Note: Relevant parts of each company's disclosure have been extracted and partially edited for inclusion here. Blue text was added by TSE.

- There are quite a few examples of listed parent companies disclosing the rationale for "holding a subsidiary."
- On the other hand, for "continued listing," most give rationales like motivation of employees, securing human resources, or creditworthiness, and only some provide more in-depth explanations like the below.

Only Japanese is provided if the company does not disclose English-language materials

✓ TORAY INDUSTRIES,INC.; Corporate Governance Report (June 24, 2022)

A. Chori Co., Ltd.

a. As a specialized trading company that handles various manufacturers' products, Chori Co., Ltd. Has established the "Chori" brand. We are able to: expect the generation of synergies through cooperation and coordination with the subsidiary, a company with strength in textile and chemical product businesses as well as a significant presence in the Chinese market (Chori Co., Ltd. Was designated as a friendly trading company in 1961); and leverage the subsidiary's knowledge as a resource for our business development in the manufacturing sector, *as Chori Co., Ltd. Has penetrated emerging markets early by taking advantage of talents, having qualities that stand apart from those of employees of the Company, a manufacturer, and flexible capabilities. In addition, Chori Co., Ltd. Actively promotes various initiatives with its partners outside the Toray Group as an independent trading company, which will lead to the broad and multifaceted business development of the Toray Group as a whole. In order to realize these benefits, we believe that Chori Co., Ltd. Has to maintain its listing status for the purpose of enhancing its corporate value, and thereby contributing to the enhancement of the Group's overall competitive advantages, by recruiting and motivating a broad range of excellent talents, a key asset for the business of trading company, while remaining independent from the Company, as a listed subsidiary.*

✓ TOSHO CO.,LTD.; Corporate Governance Report (October 27, 2022)

当社は、上場子会社としてA Bホテル株式会社を有しております。

同社は、2017年12月に東京証券取引所 J A S D A Qスタンダード及び名古屋証券取引所市場第二部に上場いたしました。同社は当社グループの連結対象ではありますが、独立した企業として迅速で大胆な経営がされており、当社の資金配分にも制限されておりません。上場企業として多様な資金調達方法が可能となり、上場していることで取引先からの信用に繋がり、収益機会の増大等企業価値を高め、合わせて当社グループの企業価値を高めるものと判断しております。前述の理由により、同社が上場していることによるメリットが当社以外の株主の利益に配慮することに伴う制約やコストを上回っていると判断できることから、上場会社として維持する意義は充分にあると考えております。

✓ SBI Holdings,Inc.; Corporate Governance Report (July 27, 2022)

As the SBI Group has a diverse array of business fields, certain investors have stated that the overall picture of the Group's business is difficult to understand. As a solution, the Company is promoting initial public offerings of its subsidiaries, thereby ensuring that the value of each business entity is clarified, and the overall corporate value of the Group is more visible. The Company believes that through public stock offerings each company in the SBI Group can enhance its capital-raising capability and strengthen its financial position to become more independent.

Note: Relevant parts of each company's disclosure have been extracted and partially edited for inclusion here. Blue text was added by TSE.

METI Practical Guidelines concerning Group Governance System (Group Guidelines) (June 28, 2019)

6 上場子会社に関するガバナンスの在り方

Only Japanese is provided

6.2 親会社における対応の在り方

6.2.1 グループの事業ポートフォリオ戦略の視点

親会社は、グループ全体としての企業価値向上や資本効率性の観点から、上場子会社として維持することが最適なものであるか、定期的に点検するとともに、その合理的理由（グループの事業ポートフォリオ戦略と整合的か、ベネフィットが制約やコストを上回っているかなど、グループとしての企業価値の最大化の観点から上場子会社として維持することが合理的か）や上場子会社のガバナンス体制の実効性確保（必要な資質を備えた独立社外取締役等の適切な選解任権限の行使に係る考え方）について、取締役会で審議し、投資家に対して情報開示を通じて説明責任を果たすべきである。

（中略）

- こうした観点から、親会社は、当面、上場子会社として維持する場合には、特に以下の2点について、取締役会で審議し、投資家に対して、情報開示を通じて十分な説明責任を果たすことが求められる。

① 上場子会社として維持することの合理的理由

本来、上場の固有の意義は、子会社が資本市場から直接資金調達を行う手段を持つことで持続的な成長を実現し、企業価値の向上を図ることにある。この点を踏まえつつ、**グループ全体の事業ポートフォリオ戦略との整合性や、上場子会社の一般株主利益に配慮しなければならぬことに伴う制約やコスト（グループの全体最適のためにリソースを活用しにくい等）と比較して、ベネフィット（自社グループにとって上場子会社を維持することの利益）が上回っているかなど、グループとしての企業価値を最大化する観点から上場子会社として維持することの合理的理由があるか**について具体的に説明すること¹²³。

② 上場子会社のガバナンス体制の実効性確保

親会社は、支配株主として上場子会社の取締役の選解任権限を行使できる立場にあるが、**一般株主の利益に十分配慮し、上場子会社における実効性のあるガバナンス体制（必要な資質を備えた独立社外取締役の選任など）を確保するための適切な選解任権限の行使に関する考え方を説明すること。**

（脚注123）この具体的な説明として、**個社ごとの具体的な検討内容（完全子会社化や売却等の方針等を含む）を開示することに支障がある場合には、例えば、定期的に取り締り会等で十分な議論が尽くされ、客観的に確認されていることをプロセスとして説明すること**も考えられる。

Source: METI "Practical Guidelines concerning Group Governance System (Group Guidelines)" (June 28, 2019)

Note: Bold text was added by TSE.

III. Governance



Recent Cases Involving Appointment of Directors

- Below are some cases in which listed companies and their (quasi-) controlling shareholders were in conflict regarding the appointment of directors, including independent directors.

(1) HOKUETSU METAL / TOPY INDUSTRIES

- In 1961, Toto Seiko (predecessor of Topy Industries) made Hokuetsu Metal an affiliate for the purpose of bailing out its management. (**Topy Industries' current ratio of voting rights is 35.11%** and over 80% of voting rights are exercised at the AGM.)
- At the 2022 AGM, there was a conflict over the election of directors, and Topy Industries submitted a shareholder proposal.
 - The company's proposal (opposed by Topy Industries) was rejected, while the shareholder proposal was approved.

Hokuetsu Metal's Proposals and Claims	Topy Industries' Proposals and Claims
<ul style="list-style-type: none"> ✓ Proposed reappointment of 5 incumbents after consideration by the Nomination and Remuneration Committee 	<ul style="list-style-type: none"> ✓ Opposition to the reappointment of one inside director (from Topy Industries) and two independent directors out of the five proposed by the Company ✓ Shareholder proposal for two inside directors (both from Topy Industries) and one independent director (from Nippon Steel) (Nippon Steel Corporation owns 21% of Topy Industries shares)
<ul style="list-style-type: none"> ➤ After the Nomination and Remuneration Committee rejected Topy Industries' proposed executive appointments that were based on its own personnel policy, Topy Industries is submitting a shareholder proposal with the aim of having an independent director resign from the board and dismantling the committee. ➤ The shareholder proposal undermines the current governance system that ensures independence. ➤ There is a risk that conflicts of interest may arise with respect to future transactions and the selection of business fields, etc. 	<ul style="list-style-type: none"> ➤ The current management team is engaging in acts that can be interpreted as self-protective, such as disregarding the cooperative relationship with Topy Industries and refusing to discuss the issue, which may damage the corporate value of the company. ➤ Supervision of management by independent directors and the Nomination and Remuneration Committee are not functioning adequately.

(2) Fast Fitness Japan

- At the 2022 AGM, the company proposed director candidates after consideration by the Nomination and Remuneration Committee
- The controlling shareholder, who is also the chairman of the board of directors, opposed the company's proposal and submitted a shareholder proposal.
 - Reappointment of incumbent directors who were excluded from the company's list of candidates as unsuitable (acting in violation of their duties, not meeting suitability criteria), and replacement of independent directors.
 - Company's proposal was rejected; shareholder proposal was approved

Compliance with Supplementary Principle 4.8.3 (as of July 14, 2022)

- Of the Prime Market listed companies that comply with Supplemental Principle 4.8.3,
 - less than 20% have appointed a majority of independent directors
 - the remaining 80% or more have established a special committee to manage conflicts of interest.
- Companies that "explain" tend to say they are considering establishing a special committee to manage conflicts of interest.

Supplementary Principle 4.8.3 – Companies complying

Ratio of Independent Directors	Prime Market (Compared to Dec. 2021)			Standard Market (Compared to Dec. 2021)		
	No. of companies	Percentage of total	Those with special committee	No. of companies	Percentage of total	Those with special committee
More than 1/2	21 (+8)	16.7% (+6.2pt)	1 (+1)	15 (+7)	7.4% (+3.2pt)	1 (+0)
1/3 to 1/2	97 (+1)	77.0% (-0.4pt)	64 (+34)	135 (+10)	66.5% (+1.4pt)	15 (+5)
Less than 1/3	8 (-7)	6.3% (-5.7pt)	4 (±0)	53 (-6)	26.1% (-4.6pt)	15 (+4)
Total	126 (+2)	—	69 (+33)	203 (+11)	—	40 (+18)

Supplementary Principle 4.8.3 – Companies explaining

Category	Prime Market		Standard Market	
	No. of companies	Percentage	No. of companies	Percentage
Total	38		81	
- Planning/considering increase of independent directors	10	26.3%	33	40.7%
- Planning/considering establishing Special Committee	17	44.7%	29	35.8%

Supplementary Principle 4.8.3 (CG Code)

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 or establish a special committee to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.

IV. Scope of Application



Scope of Minority Shareholder Protection Framework

- Currently, the framework for protecting minority shareholders is, in principle, limited to cases where there is a parent company.

	Shareholding percentage of the largest shareholders					
	50% or more (Parent company)	40% or more	1/3 or more	25% or more	20% or more (Other associated company)	Less than 20%
Information Disclosure						
Disclosure of Matters Relating to Controlling Shareholder, etc. (Rule 411)						
(1) Relationship with Parent Company, etc.	←—————→					
(2) Implementation status of measures for minority shareholder protection	←————→→→→→	
Disclosure in CG report (contracts, etc.)	←————→→→→→	
Disclosure in CG report (Group management policy, measures to protect minority shareholders, etc.)	←————→→→→→	
Governance						
CG Code: 1/3 or more independent directors (majority for Prime Market) or special committee (Supplemental Principle 4.8.3)	←————→	-----			Notes to Code: These measures are also desirable for companies that have a quasi-controlling shareholder (not defined).	
Procedure						
Third-party opinion that “the interests of minority shareholders will not be undermined.” (Rule 441-2 I)	←————→→→→→	
Disclosure of significant transactions, etc. with controlling shareholder (measures to avoid conflicts of interest / compliance with Minority Shareholder Protection Measures, etc.) (Rule 441-2 II)	←————→→→→→	
Delisting						
Damage to soundness of transactions with controlling shareholder (Rule 601(6))	←————→					
Initial Listing Examination						
Examination of independence from parent company, etc. (Guidelines Concerning Listing Examination II 3.(3))	←—————→					

V. Items for Discussion



1. Disclosure of information regarding listed companies with controlling shareholders

(1) Disclosure regarding listed companies with listed parent companies

- How should disclosure be enhanced to ensure sufficient predictability when minority shareholders/investors make decisions (thereby allowing a reasonable premium/discount to be factored in)?
 - What specific information can be considered important for inclusion in disclosure by listed subsidiaries? What should companies keep in mind when disclosing?
 - The interim report also points out the need for enhanced disclosure regarding agreements on and implementation of coordination and allocation of business opportunities and business fields within the corporate group.
 - How can disclosure be enhanced at listed parent companies?
 - While it can be considered that listed subsidiaries lead the disclosure of information to minority shareholders, disclosure by a listed parent company to its own shareholders also complements this information.

Reference: Selected Items for Disclosure by Listed Subsidiaries

Disclosure Item		Status
(Parent company's) approach to and policy on corporate group management	△ (encouraged)	Disclosure examples on page 17-18 + Disclosure examples from parent companies on page 19
Position within corporate group and other relationship with group companies (including business constraints, risks and benefits, impact on management and business activities)	○ (mandated)	Disclosure examples on page 17-18 + Disclosure examples from parent companies on page 20
Contract or agreement on governance*	△ (encouraged)	Survey results on page 8-10 Disclosure examples on page 11-12

*TSE does not specify any details of contracts that need to be disclosed.

(2) Disclosure regarding listed companies with non-listed parent companies or individual controlling shareholders

- Is it conceivable to require the same disclosure as for listed subsidiaries as a rule? If so, are there any particular points that should be noted?
- Since non-listed parent companies and individual controlling shareholders are not subject to the listing rules, the approach of requiring appropriate disclosure by the controlled listed company could be appropriate. What are your thoughts on this point?

2. Disclosure regarding listed companies with quasi-controlling shareholders

- If we were to extend the scope of disclosure requirements to companies where the largest shareholder holds over a certain level of voting rights, how should disclosure be enhanced, considering that there are differences in the strength of influence (in some cases, the shareholder may not even have substantial control)?
 - What are your thoughts on the scope of application of disclosure requirements in terms of level of voting rights held?
 - Is it conceivable that the disclosure items and content should be the same as for companies with a controlling shareholder? If so, are there any particular points that should be noted?

Reference: Companies in scope of disclosure requirements

Shareholder Ownership Ratio		50% or more (parent company)	Less than 50%				Less than 20%
			40% or more - majority of voting rights in practice	1/3 or more - TOB Regulations/ veto on Special Resolutions	25% or more - restrictions on voting rights for cross-held shares*	20% or more (other associated company) - group relations	
Shareholder Attributes							
Corp.	Listed	Discussion on 1. (1)	Discussion on 2.				
	Non-listed	Discussion on 1. (2)					
Individual							

*Under the Companies Act, if Company A holds 25% or more of the voting rights of Company B, Company B cannot exercise its voting rights in Company A as in practice it is able to control the management of Company B.

- In light of recent cases and the enactment of the CG Code's Supplemental Principle 4.8.3, what points do you think are appropriate for further consideration?

For example,

- Ensuring the independence of independent directors even when controlling shareholders have the right to elect or dismiss them
 - The following are some of the possibilities that were introduced in the interim report:
 - Enabling appointments (registration) of independent directors as defined in the listing rules only when approved by a majority of minority shareholders
 - Disclosure on the percentage of minority shareholders who approved or disapproved of the appointment of the independent director
 - Requiring listed companies to respect the decisions of their Nomination Committees, which consist of independent directors
- Ensuring the effectiveness of special committees established in line with the CG Code