PROXY VOTING

Promoting the transition to monitoring boards through disciplined proxy voting

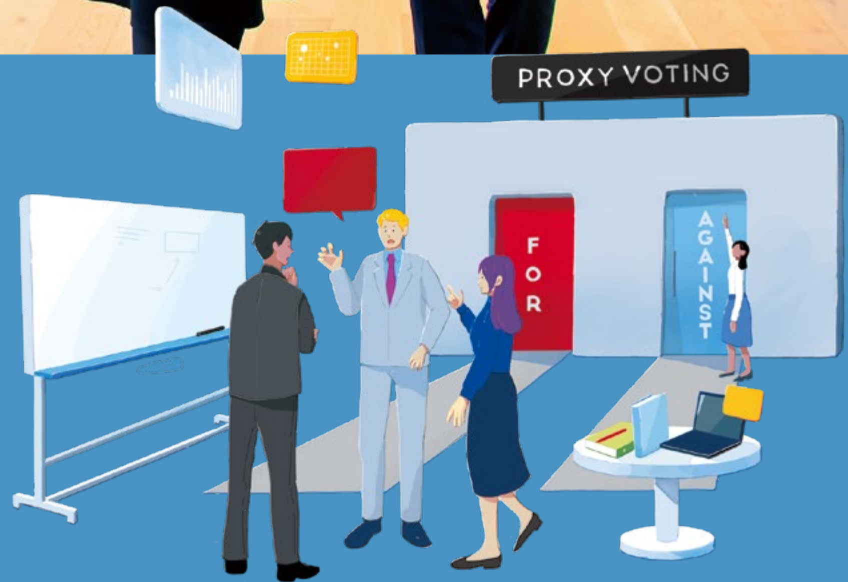
Features of Proxy Voting

1
Systematic and Continuous Approach
Along with engagement, we aim to realize "appropriate management practices."

2
Effective and Robust Process
Thorough discussions within the Responsible Investment Committee + real-time monitoring of conflicts of interest by the Responsible Investment Council.

3
High Standards of Accountability
Disclosure of reasons to vote for or against all proposals. Detailed explanations for proposals that require particular clarification.

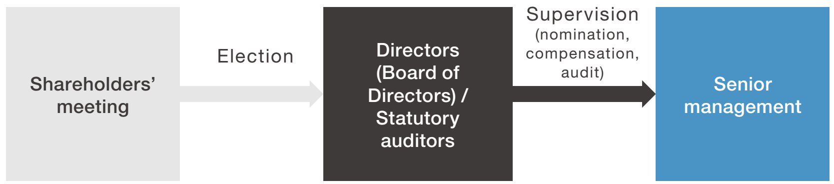
4
Standards Beyond Merely Listing Criteria to Vote Against
Introducing criteria not only to vote against when progress is lagging but also to encourage average companies to strive for higher levels.



Proxy Voting

In proxy voting, we focus on the corporate governance of investee companies. The basic structure of corporate governance is that directors and statutory auditors are elected at a shareholders' meeting, and directors (the board of directors) and statutory auditors supervise senior management through nominations, compensation matters, and audits. Accordingly, the following three aspects are particularly important in proxy voting: the election of directors (nomination), executive compensation (compensation) and the election of statutory auditors (audit). In addition, the appropriation of surplus funds is important when it comes to Japanese companies because Japanese companies are often criticized for retaining a large amount of cash and deposits and being unwilling to return profits to shareholders through dividends and share buybacks. Moreover, proposals submitted by shareholders have also been increasing in recent years. Due to differences in legal systems, it is easier to make shareholder proposals in Japan than in Europe and the United States, and these proposals can often have a direct impact on the management of companies. Accordingly, these proposals must be considered carefully. We regard proxy voting as part of our engagement with investee companies, and we make judgments on proposals for all investee companies in accordance with our own proxy voting standards.

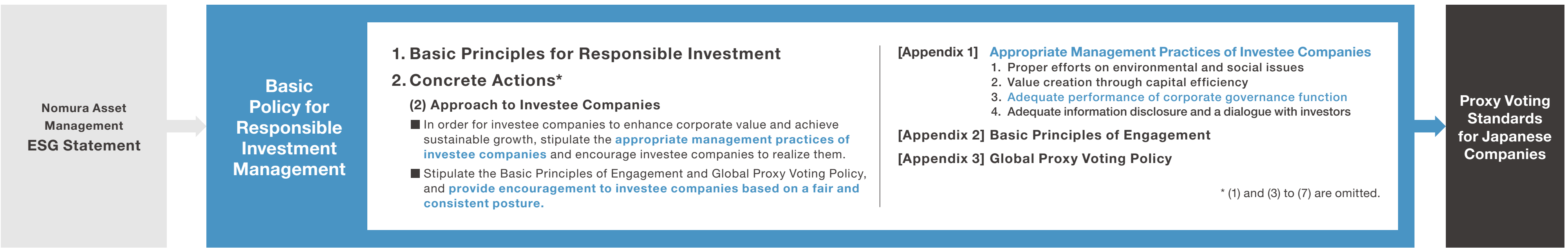
Basic Structure



1 Basic Philosophy

Framework

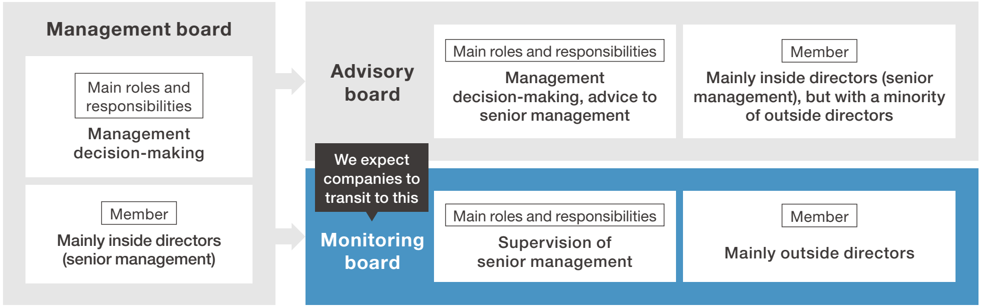
We systematically establish our approach as shown in the diagram below for continuous initiatives for responsible investment, including proxy voting. In accordance with the ESG Statement formulated at the company-wide level, we have established our **Basic Policy for Responsible Investment Management** in the Investment and Research Division, which is responsible for proxy voting and engagement. Here, we define the appropriate management practices of investee companies and give encouragement to investee companies from a fair and consistent posture to realize this objective. Below, we explain our views on the adequate performance of corporate governance functions as one aspect of appropriate management practices.



1 Basic Philosophy

Nomura Asset Management supports the transition to monitoring boards

Traditionally, the boards of directors of Japanese companies have functioned as management boards focused on decision-making led by inside directors (i.e., senior management). However, following the introduction of the Corporate Governance Code (CG Code), the roles and responsibilities of boards of directors have changed with the increasing number of outside directors. There are two potential directions: one is an advisory board, where the management team receives advice from outside directors; the other is a monitoring board, where outside directors primarily supervise senior management. We expect the latter.



Why do we support the transition to a monitoring board?

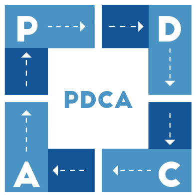
The CG Code defines corporate governance as "a structure for **transparent, fair, timely and decisive decision-making**." Let us consider this definition. First, to ensure that decision-making is transparent, it is necessary to clarify who is responsible for decisions. Specifically, the management team, as decision makers, must fulfill their accountability to the board of directors and take responsibility for outcomes. Additionally, for the decision-making process to be fair, it must contribute to the enhancement of corporate value. When these requirements are met and appropriate authority is delegated to the senior management team, led by the CEO, timely and decisive decision-making becomes possible. As illustrated in the diagram to the right, such decision-making can be structured according to the PDCA cycle. While it is important for the management team to autonomously implement the PDCA cycle, particularly in the Check phase, the independent outside directors can add an element of outside authority that enhances transparency and fairness by taking a central role. A traditional management board focuses on the Do phase, but we believe that the importance of the Check phase is increasing in order to achieve transparent, fair, timely and decisive decision-making. Therefore, we consider a board of directors that primarily takes on the role of supervising, that is, a monitoring board, to be the most appropriate structure. Since the CG Code highlights "monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management" as the role and responsibility of independent outside directors, we believe our view is in alignment with the aims of the CG Code.

P PLAN

Senior management is accountable at the board of directors meetings for management strategy and other matters, and discussions take place so that the content contributes to the enhancement of corporate value.
(→ transparency, fairness)

D DO

Delegate authority to senior management for decision-making aligned with the management strategy, etc. The board of directors ascertains the situation based on reports received from senior management, and discusses the need for "Act."
(→ timely, decisive)



A ACT

Provide feedback to senior management on the evaluation results and revise the management strategy, etc.
(→ timely, decisive)

C CHECK

Evaluate the outcomes of decision-making, and reflect in the nominations of senior management (= whether to keep in office or replace) and compensation
(→ transparency, fairness)

❶ **Basic Philosophy**

Appropriate monitoring board

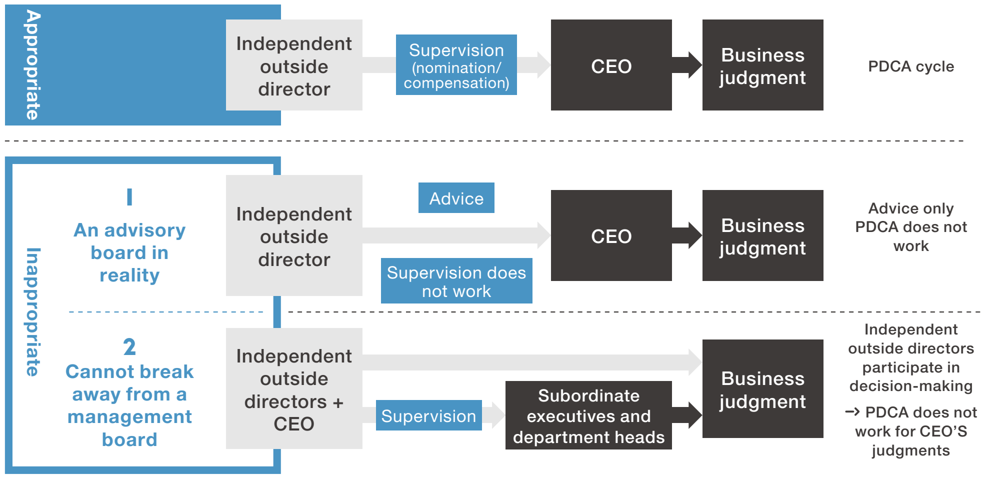
Corporate governance is defined as a structure, so to function as a monitoring board, it is necessary to meet formal criteria such as the number of independent outside directors. However, merely satisfying these criteria is not sufficient. Even if they are met as formalities, there may be instances where the supervision of senior management functions effectively, but other instances in which it does not. Here, we will refer to the former as an appropriate monitoring board and the latter as an inappropriate monitoring board.

The primary focus of an appropriate monitoring board is the supervision of the CEO, who is responsible for the highest-level decision-making within the management team (the title may vary by company, but for convenience, we will refer to them as CEOs). Independent outside directors engage in thorough discussions with the CEO regarding business strategies and evaluate the outcomes, which are then reflected in nomination and compensation. Nomination involves deciding whether to reappoint him/her or appoint a new CEO, with a succession plan being crucial in the case of the latter. Furthermore, compensation serves not only as an incentive for the CEO but also reflects a commitment to achieving the goals outlined in the strategies. It is important to design a compensation structure that incorporates not only sales and profits, but also capital efficiency indicators such as return on equity (ROE) as well as initiatives addressing environmental and social issues, thereby reflecting the overall management efforts of the CEO.

On the other hand, there are two cases that can be considered as inappropriate monitoring boards. The first case is when independent outside directors overly focus on providing advice to the senior management team, resulting in ineffective supervision. Although it may be formally categorized as a monitoring board, it would be more appropriate to consider it an advisory board in practice.

The second case involves independent outside directors participating in management decision-making alongside the CEO, while they supervise not the CEO, but rather executives and department heads working under the CEO. While there may be processes in place to evaluate these subordinate executives in order to develop the next generation of senior management as potential candidates for CEO, if there is no regular evaluation process for the current CEO to decide his/her reappointment, it cannot be said that supervision is functioning effectively.

Even if the board of directors meets the formal criteria of the monitoring board, there may be an inappropriate board of directors



Required ability and experience of directors

The ability and experience (skills) required of directors vary depending on the characteristics of the business. However, considering that the role of a monitoring board entails supervising senior management in pursuit of sustainable enhancement of corporate value, there are certain skills that are commonly required across companies, including business management, finance, and ESG. Disclosing the skills of each director in a matrix format is not only clear but also useful for selecting successors. It is essential to distinguish between the skills of independent outside directors who are responsible for supervision, and those of the senior management team members who are being supervised (internal directors and executive officers). If the focus is on valuing the advice of independent outside directors, it may be reasonable to compensate for the skills lacking in senior management members with those skills possessed by independent outside directors. However, since the primary role is oversight, both senior management team members and independent outside directors should possess the necessary skills.

❶ **Basic Philosophy**

Protection of Minority Shareholders' Interests and Anti-Takeover Measures

In situations where conflicts of interest arise, such as when engaging in transactions with major shareholders or receiving acquisition proposals, the judgment of the board of directors, especially the independent outside directors, becomes crucial. We believe that, with the presence of a conflict of interest, it is not sufficient to merely demonstrate that such transactions do not harm the interests of minority shareholders; it is necessary to show that they are in the best interests of minority shareholders. The protection of minority shareholders' interests is particularly questioned in the context of anti-takeover measures. In our view, as anti-takeover measures limit the rights of shareholders to buy and sell shares freely, they are unnecessary as long as the senior management team and the board are appropriately working to enhance corporate value and for the common interests of shareholders.

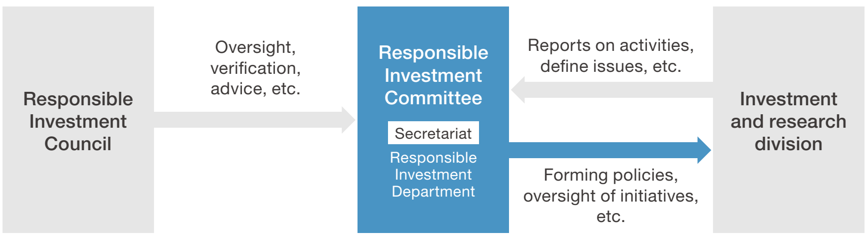
An exception arises in cases where there is a significant risk that such a transaction or fight will significantly impair corporate value and the common interests of shareholders. In such instances, the board of directors is required to fulfill its accountability from the perspective of the best interests of minority shareholders regarding that risk. Recently, reactive anti-takeover measures activated in response to specific acquirers have garnered attention. However, even with proactive measures, if the design mandates a shareholders' meeting to confirm shareholder intent before activating countermeasures, such as the free allotment of new share subscription rights, it exhibits characteristics closer to those of reactive measures. We believe there is no fundamental difference regarding the importance of the board of directors' accountability, whether in proactive or reactive measures.

❷ Structure of Proxy Voting

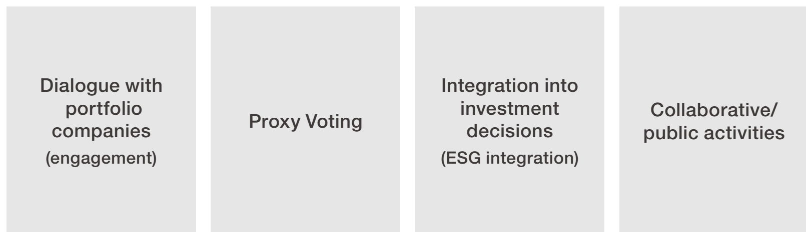
Responsible Investment Committee and Responsible Investment Council

The organizational structure for proxy voting is illustrated in the figure below. We have established a Responsible Investment Committee, which serves as the highest decision-making body, along with a Responsible Investment Council that oversees this committee. The Committee formulates the basic policy for responsible investment management and proxy voting standards, and it deliberates and makes decisions on proposals submitted to shareholder meetings that are unable to be judged in accordance with the standards. The Committee consists of six members, while the Council consists of four members: two independent outside directors, one external expert, and one Chief Conflict Officer (as of the end of December 2024). The chairperson of the Council was previously the CCO, but since July 2024, this role has been held by an independent outside director.

Organizational Structure for Responsible Investment



Main activities

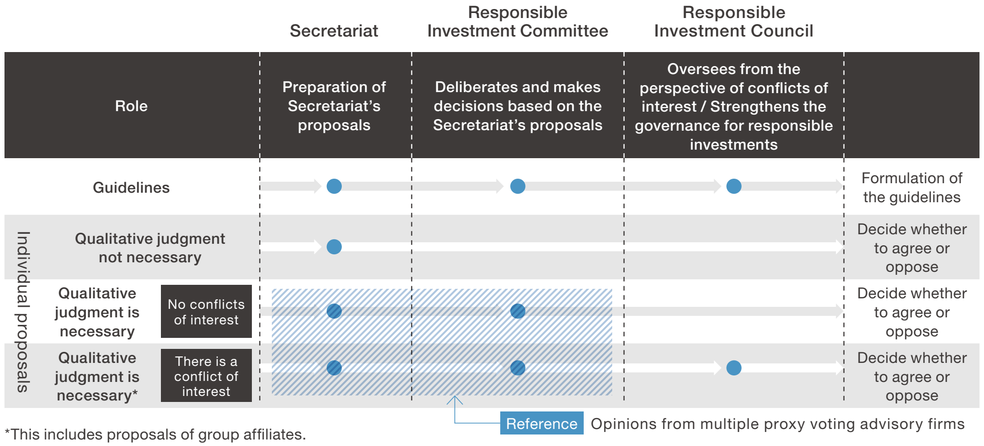


2 Structure of Proxy Voting

The proxy voting process

Proxy Voting Process for Japanese Equities

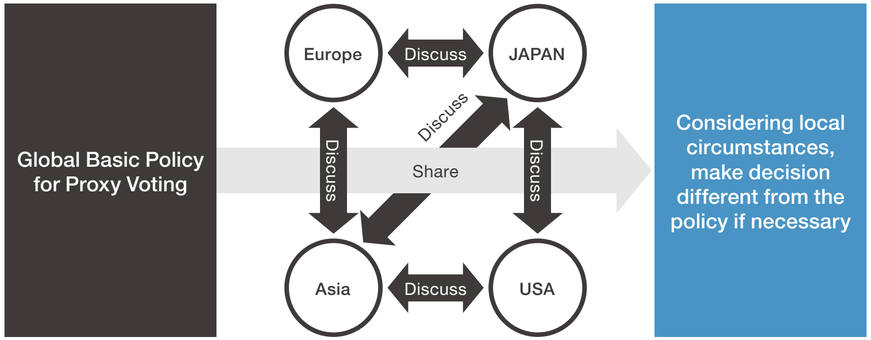
The proxy voting process is as shown in the figure below. The process for proposals that can be judged in accordance with the proxy voting standards. (qualitative judgment is not necessary) is different than the process for other proposals (where qualitative judgment is necessary). For group affiliates, the judgments on proposals are made based on the same standards as for other investee companies.



*This includes proposals of group affiliates.

Proxy Voting Process for Global Equities

For proxy voting (excluding Japanese equities), we generally decide to vote for or against a proposal in accordance with our Global Basic Policy on Proxy Voting. However, if investment managers and analysts with a deep understanding of local conditions determine it to be necessary, we may, upon deliberation, make a decision that differs from the basic policy on proxy voting. The final decision is shared with all offices, and proxy voting is then carried out uniformly on a global basis.

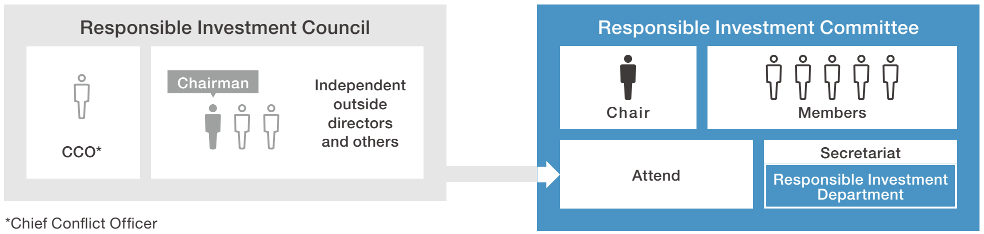


Management of Conflicts of Interest

Members of the Responsible Investment Committee, the highest decision-making body, include, in principle, only persons involved in investment and research decision-making, while people in a position with a conflict of interest or people with the possibility of acting on behalf of such persons are excluded. In addition, under the Audit and Supervisory Committee, we have established a Responsible Investment Council comprising only the Chief Conflict Officer and persons in independent positions in the company, including independent outside directors. This Council monitors the Responsible Investment Committee's decisions as well as its overall management. The Council monitors stewardship activities, especially proxy voting involving conflicts of interest, to ensure that decisions are made that do not adversely affect the interests of clients as a result of conflicts of interest. As required, the Council recommends improvements to the Executive Management Committee and/or the Responsible Investment Committee, and reports on this to the Board of Directors and the Audit and Supervisory Committee. Furthermore, members of the Responsible Investment Council attend Responsible Investment Committee meetings, where they are able to state their opinions right away.

Please refer to this regarding the conflict of interest management policy.
https://www.nomura-am.co.jp/conflict/

Nomura Asset Management's System to Manage Conflicts of Interest



*Chief Conflict Officer

❷ Structure of Proxy Voting

Relationship between Engagement and Proxy Voting

We carry out engagement and proxy voting so that investee companies implement appropriate management practices, and to encourage them to enhance corporate value and realize sustainable growth. We reflect the information about investee companies obtained through engagement in: 1 Revisions of our proxy voting standards; 2 Escalation; and 3 Proxy voting decisions on individual proposals.

The most important point among these is 1. We review all the proposals for shareholder meetings of our investee companies to grasp the current state of corporate governance. Through engagement, we deepen our understanding and convey our approach to proxy voting standards. The Responsible Investment Department consolidates information and prepares a proposal based on our standards explained above, which is then thoroughly discussed and decided upon by the Responsible Investment Committee. While normal proposals are judged according to these standards, if circumstances arise that were not anticipated during the process of formulating the standards, we may make decisions regarding individual proposals 3 that differ from these guidelines after deliberation by the Responsible Investment Committee. We take pride in the fact that, due to the extensive discussions in 1, the identification of proposals that require 3 and the deliberations within the Responsible Investment Committee are conducted in a rational manner.

Engagement

1 Voting guidelines

Information and opinions obtained through engagement are valuable materials for formulating proxy voting guidelines.

Based on the content of engagement, we determined that there were significant concerns regarding conflicts of interest in parent-subsidiary stock listings. Consequently, we established a standard to vote against the reappointment of the CEO and outside directors if a listed subsidiary satisfying certain conditions is providing loans or other financial assistance to the parent company.

2 Escalation

We may vote against director election proposals if the initiatives to realize appropriate management practices (including initiatives directed at ESG issues) are inadequate.

Example: We conducted engagement with a company whose share price significantly dropped due to the issuance of convertible bonds. We believe this should be carried out under the supervision of outside directors with appropriate skills, and therefore requested the board to appoint outside directors with financial expertise. However, as we did not see any improvements, we voted against the reelection of the chairman.

3 Voting judgments

Our decisions may differ from the guidelines if we identify actions targeting improvement, or in cases in which there are circumstances we did not anticipate at the time the guidelines were formulated.

Although it does not meet our performance standards, considering that it meets the requirements for a monitoring board and there are observable improvement trends in indicators reflecting the business characteristics, we voted in favor.

3 Overview of Proxy Voting Standards for Japanese Companies

We list criteria not only for voting against a company's proposal when progress in bolstering corporate governance is lagging, but also to encourage average companies to strive to reach higher levels.

Standards Overview

We have established a Global Basic Policy for Proxy Voting, and for Japanese companies we apply the Proxy Voting Standards for Japanese Companies established in accordance with this policy.
The outline of this is below.

Key Point	Underlying Philosophy	We may vote against a company proposal in the cases below (Standards in bold text were revised in November 2024)
Escalation *1	Reflect the results of engagement targeting the realization of appropriate management practices (refer to P20-22)	■ If a investee company had been encouraged by us through engagement to address the inadequacies in its initiatives to realize appropriate management practices pointed out by us but failed to carry out adequate initiatives and is not expected to make improvements.
Rigorously judge corporate actions, transactions involving a conflict of interest, and responsibility taken for outcomes	Decisions made and the responsibility taken to deliver business results by the senior management team and the board of directors will be scrutinized and rigorously judged.	■ If the company is found to have engaged in any activity that is materially harmful to shareholder value (misconduct, etc.) ■ For companies in the TOPIX100, if initiatives to become role models are clearly insufficient (refer to P90) ■ If ROE is slumping. In the case of a monitoring board (refer to P89), if ROE is slumping and no effort for improvement is demonstrated (ROE standard). ■ If the company has particularly large number of strategically-held stocks ■ If a cash-rich listed subsidiary is lending money to the parent company. ■ If minority shareholders' interests are not protected in M&A, etc.
Board of Directors Composition	In order to oversee the senior management team, the board of directors must comprise an appropriate number of people and possess diversity and independence.	■ When the number of directors is less than 5 or greater than or equal to 20 ■ If the number of outside directors falls below the minimum level (below) Majority. However, 1/3 if a company has no controlling shareholder and has nomination governance in place*2. ■ If the number of female directors falls below the minimum level (below) Until October 2025: 1, After November 2025: 10% ■ In a company with a board of corporate auditors, the term of office for directors is two years
Independence and Effectiveness of Outside Directors	Highly-independent outside directors are required to effectively monitor the senior management team.	■ If the term of office of an outside director is 12 years or more, if the notification as an independent director is not confirmed, or if the outside director has worked for a company that is a major shareholder ■ Attendance at board meetings is less than 75% ■ When it is clear that they have not fulfilled their expected roles, such as the selection and dismissal of senior management members or the supervision of conflicts of interest between the company and its management, controlling shareholders, etc.
Appropriate compensation governance	Since transparency is required in the process of determining executive compensation, it is essential for appropriate oversight (i.e., compensation governance) to function effectively.	■ If, for a company that does not have compensation governance in place*2, there is a proposal related to executive compensation or executive retirement benefits
Appropriate incentives	Although stock compensation is important as an incentive for senior management, it can be counterproductive if not properly designed.	■ The stock compensation is designed so as to encourage the management team to be short-term oriented ■ The persons to whom stock compensation is given are not appropriate ■ The stock compensation could lead to excessive dilution
Effective utilization of financial assets	It is essential that financial assets are utilized effectively to enhance corporate value.	■ Financial assets are not utilized effectively, and shareholder returns (dividends and share buybacks) are not appropriate

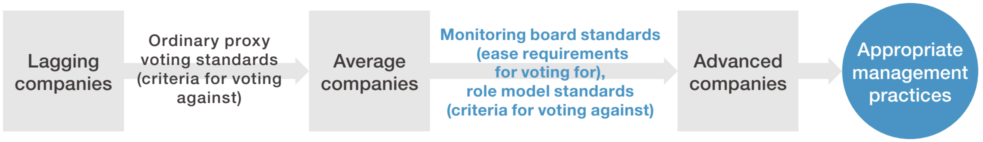
*1 Measures taken to bolster involvement with a investee company if engagement is not successful within a specified period
*2 A case in which nomination and compensation governance is in place refers to the case where statutory or voluntary nomination and compensation committees have been established, the committee members include two or more outside directors, and the number of internal directors among the committee members is fewer than the number of outside directors.

Please refer to the file below for more details.
https://global.nomura-am.co.jp/responsibility-investment/vote.html

❸ Overview of Proxy Voting Standards for Japanese Companies

In order for investee companies to enhance corporate value, we stipulate the appropriate management practices of investee companies and encourage investee companies to realize them.

Ordinary proxy voting standards mainly focus on companies that are lagging in both financial and non-financial initiatives. Therefore, it is often difficult for these standards to serve as a means to encourage average-performing companies to strive for higher levels of achievement. We believe that even the initiatives of average Japanese companies fall well short of what we believe to be appropriate management practices, and that we need to encourage them to aim to reach higher levels. To this end, in November 2020, we introduced monitoring board standards, and in November 2023, we established the Role Model Standards (described later), aiming to expand this to encompass all ESG issues.



Monitoring board standards

For public companies, the function to supervise senior management on behalf of a large number of unspecified shareholders is essential, and the board of directors which fulfills this role is a "monitoring board." In November 2020, we introduced monitoring board standards with the expectation that the boards of directors of Japanese companies would transition to monitoring boards.

The monitoring board standards specify that if the eight criteria for a monitoring board (see the table on the right) are met, we will respect the opinions of the board of directors and lower the requirements to vote for company proposals. To avoid superficial transitions that lack substance, we will not vote against a company's proposal solely on the grounds that it has not transitioned to a monitoring board; however, to support a transition to a monitoring board over the medium to long term, we are gradually shifting the requirement for a monitoring board to be a condition for voting against proposals.

At the time we introduced the standards at the end of September 2020, there were only about 50 companies listed on the First Section of the Tokyo Stock Exchange that met the requirements for a monitoring board. However, by the end of September 2024, the number of companies listed on the Prime Market that meet these requirements has significantly increased to approximately 160 companies.

*Note that the criteria for a monitoring board have been revised since the introduction, and our most recent definition of monitoring board differs from that in 2020.

Handling of proxy voting standards › **To avoid superficial transitions and encourage voluntary transitions, the proxy voting standards specify the following:**

- We will clarify the criteria for a monitoring board (as shown in the table).
- Rather than voting against company proposals on the grounds that the criteria are not met, we will make it easier to vote for company proposals if the company has a monitoring board.
- The aforementioned criteria will gradually transition to the requirements to vote against company proposals if not met, with adjustments made as necessary (e.g., changing thresholds).
- In addition to engagement towards effective transitions to monitoring boards, we will vote against the reappointment of outside directors if it is obvious that outside directors failed to fully fulfill their expected roles.

Revisions in November 2024

		Monitoring board standards		Standards to vote against company proposals	
		Criteria for a monitoring board*1	Vote for or against proposals	Requirement for voting against	Proposals voted against
1	Number of directors	5 or more, fewer than 20	**If all eight criteria to the left are satisfied, the board is determined to be a monitoring board and;** The requirements to vote for company proposals to elect directors (ROE standard*2) and some company proposals related to executive compensation are relaxed. We do not vote against company proposals solely on the grounds that the criteria to be a monitoring board are not met.	Fewer than 5, 20 or more	Director election
2	Number of outside directors	Revised A majority are outside directors that satisfy the standards for independence		Falls below the minimum level Effective from November 2024 Minimum level is a majority. However, 1/3 if a company has no controlling shareholder and has nomination governance in place*3	Director election
3	Nomination/ Compensation committee	Establish a nomination and compensation committee in which outside directors comprise a majority and the committee chair is an outside director		Compensation governance is not in place*3	Executive compensation/ executive retirement benefits
4	Diversity	Female directors account for at least 10%		Falls below the minimum level: Minimum level is one female director. Effective from November 2025 Minimum level is 10%.	Director election
5	Anti-takeover measure	Not introduced		Introduced	Anti-takeover measure or director election
6	Strategically-held stocks	Not held in excess (for financial institutions: less than 25% of net assets; for non-financial companies: less than 10% of invested capital)		Particularly high level of holdings (for financial institutions: more than 50% of net assets; for non-financial companies: more than 20% of invested capital)	Director election
7	Directors' term in office	In the case of a company with a board of auditors, a director's term in office is one year		In the case of a company with a board of auditors, a director's term in office is two years	Director election
8	Chairperson of board	Outside director, if a company has controlling shareholders		–	–

*1 We view the above requirements as the bare minimum for being a monitoring board.
*2 Standards to vote against re-appointment of CEO who has been in the position for the most recent three or more consecutive fiscal years, if return on equity (ROE) has been below the threshold and efforts for management improvement have not been demonstrated.
*3 A case in which nomination and compensation governance is in place refers to the case where statutory or voluntary nomination and compensation committees have been established, the committee members include two or more outside directors, and the number of internal directors among the committee members is fewer than the number of outside directors.

❸ Overview of Proxy Voting Standards for Japanese Companies

Role Model Standards

Like the monitoring board standards, the role model standards aim to encourage companies to strive for higher levels and expresses our expectation that TOPIX 100 companies will become the role models for realizing appropriate management practices(refer to P20-22). Depending on the initiatives carried out on specific ESG issues (as listed below, 1−4), we may vote against the reappointment of CEO. However, the aim is to encourage a pursuit of a higher level, so such voting will be limited to cases where we judge the initiatives to be clearly insufficient. While the criteria apply exclusively to the companies comprising the TOPIX 100, we also expect that they will also encourage other investee companies to work to achieve even more appropriate management practices.

1 Information disclosure integrating ESG issues

Disclose information in accordance with internationally agreed upon standards through appropriate media, including integrated reports, and obtain third-party assurances for numerical data to the extent possible.

2 Climate Change

Set medium- to long-term net zero targets for greenhouse gas (GHG) emissions and obtain science based targets (SBTs) certification, as well as disclose governance, strategy, risk management, as well as metrics and targets.

3 Gender diversity

Disclose the ratio of women in managerial position and establish and disclose medium- to long-term targets for increasing the ratio.

4 Outside directors with effective skills

Disclose the skills matrix in general shareholder meeting materials, and indicate that outside directors have relevant skills and experiences, including in the areas of management, finance, and ESG.

November 2024 Revisions

1. The independence requirements were added to the existing criteria regarding the number of outside directors.

While the independence of outside directors is essential for the supervision of senior management as a monitoring board, there was concern that the pool of companies eligible for having monitoring boards would become excessively limited and there would no longer be any cases to which these standard apply. Thus, until this revision, the criteria were met if the majority of the board of directors were outside directors, including non-independent outside directors. However, as the number of companies with a majority of outside directors has grown and more than 200 companies listed on the Tokyo Stock Exchange's Prime Market now qualify as having monitoring boards, we have decided to limit the majority to outside directors who meet the independence requirements. As a result of this revision, the number of companies that qualify as having monitoring boards will decrease to approximately 160, but this remains at a level similar to the previous year.

Pre-revision monitoring board criteria	Majority of outside directors
Post-revision monitoring board criteria	Majority of outside directors **who meet all independence criteria**

2. Regarding the role model standards introduced in November 2023, it was stated that from November 2024 onward, if the initiatives related to three ESG issues were judged to be clearly insufficient, this would be reflected in our voting decisions on director elections. We will implement this as planned and add gender diversity, an ESG issue receiving significant attention.

Prior to the revision	We expect companies comprising the TOPIX 100 to actively work to realize appropriate management practices and to become role models for other Japanese companies. **From November 2024 onward**, if the initiatives, particularly in the following areas, are judged to be clearly insufficient, we will vote against the reappointment of the CEO. 1 Information disclosure integrating ESG issues, 2 Climate change, and 3 Outside directors with effective skills
After the revision	We expect companies comprising the TOPIX 100 to actively work to realize appropriate management practices and to become role models for other Japanese companies. If the initiatives, particularly in the following areas, are judged to be clearly insufficient, we will vote against the reappointment of the CEO. 1 Information disclosure integrating ESG issues, 2 Climate Change, 3 **Gender diversity**, and 4 Outside directors with effective skills

3 Overview of Proxy Voting Standards for Japanese Companies

November 2024 Revisions

3. In order to promote management that is conscious of the cost of capital and stock prices, we raised the ROE threshold for cash-rich companies in the performance criteria (there are no changes for companies other than cash-rich companies).

Prior to the revision	If the ROE of the company in question has been **below 5% and below the 33rd percentile in the industry** for the most recent three consecutive fiscal years, except in cases where the board of directors is a monitoring board and efforts for management improvement have been demonstrated, we will in principle vote against the re-election of a director who has been in the position of chairperson and president, etc., for the most recent three or more consecutive fiscal years.
After the revision	In the case of cash-rich companies,* if the ROE of the company in question has been **below 8% and below the 50th percentile** of the industry for the most recent three consecutive fiscal years, except in cases where the board of directors is a monitoring board and efforts for management improvement have been demonstrated, we will in principle vote against the re-election of a director who has been in the position of chairperson and president, etc., for the most recent three or more consecutive fiscal years.

*A “cash-rich company” is a company that satisfies all of the following criteria for the most recent two consecutive fiscal years: Shareholders’ equity ratio > 50%, Net financial assets / Sales > 30%, and Net financial assets / Total assets > 30%.

4. After November 2025, we will raise the minimum number of female directors from 1 to 10% of all directors. If this threshold is not met, we will in principle vote against the re-election of a director who has been in the position of chairperson and president, etc.

Prior to the revision, until October 2025	Minimum number of female directors: **1**
After the revision, after November 2025	Minimum level for the number of female directors: **10%**

5. We had planned to raise the minimum number of external directors starting November 2024, and we are implementing this as scheduled. If this threshold is not met, we will in principle vote against the re-election of a director who has been in the position of chairperson and president, etc.

Until October 2024	If there are no controlling shareholders, the minimum is 1/3; if there are controlling shareholders, the minimum is a majority.
After November 2024	The minimum is a majority. However, for companies without controlling shareholders that have established effective governance on nomination,* the minimum is 1/3.

*“Effective governance on nomination is established” refers to a situation in which a statutory or voluntary nomination committee has been established, its members include two or more outside directors, and the number of inside directors among the committee members is less than the number of outside directors among the committee members.

Effectiveness of outside directors

We have established the following three points in our proxy voting standards. Point 2 involves carrying out proxy voting in alignment with engagement. For points 1 and 3, we also conduct engagement as necessary, facilitating effective proxy voting and encouraging companies to undertake effective initiatives.

1 We will vote against the reappointment of an outside director if it has become clear that the outside director has not adequately performed the roles expected of them. Past cases in which this standard has been applied include the following:

- A listed subsidiary with a large amount of net financial assets lent funds to its parent company.
- A tender offer was made for treasury stock at a price above the most recent share price, aiming to acquire shares held by a specific shareholder.
- Despite the identification of inappropriate related party transactions by senior management, the pursuit of accountability was insufficient.

2 We have defined ‘Adequate Performance of Corporate Governance Function’ as the ‘appropriate management practices of investee companies,’ and we engage with them to achieve this. If we determine that escalation to proxy voting is necessary based on the situation, we will vote against the reappointment of directors who have been in the position of chairperson and president, etc.

3 We expect TOPIX 100 companies to serve as role models for Japanese companies. If we determine that the skills of the outside directors are clearly insufficient, we will vote against the reappointment of directors who have been in the position of chairperson and president, etc.

Environmental and Social Issues

We have established the following four standards related to environmental and social initiatives. Point 2 involves proxy voting in alignment with engagement. For points 1, 3, and 4, we also engage as necessary to facilitate effective proxy voting and encourage companies to undertake effective initiatives.

1 If we identify a problematic action in terms of addressing ESG issues and determine that the action would significantly damage shareholder value, we will vote against a proposal to elect the person responsible for that action as a director.

2 We have defined ‘Proper Efforts on Environmental and Social Issues’ as the ‘appropriate management practices of investee companies,’ and we engage with them to achieve this. If we determine that escalation to proxy voting is necessary based on the situation, we will vote against the reappointment of directors who have been in the position of chairperson and president, etc.

3 We expect the companies that compose the TOPIX 100 to serve as role models for Japanese companies. If we identify a company within the TOPIX 100 that is clearly insufficient in its disclosure of ESG-related information or its climate change-related efforts, we will vote against the reappointment of directors who have been in the position of chairperson and president, etc.

4 We will vote for shareholder proposals seeking amendments to the articles of incorporation regarding the disclosure of basic policies on ESG, as well as governance, strategy, risk management, metrics and targets related to the issue of climate change, provided they meet the requirements, such as not including details related to specific business operations.

3 Overview of Proxy Voting Standards for Japanese Companies

History of the Standards

Here, we introduce the changes to our Proxy Voting Standards over the years.

Month/Year of Revision	Proposal Category	Key Point	Key Change
NAM Created the Proxy Voting Committee (2001)			
March 2006	**Director election/ Remuneration**	**ROE standard**	**NEW(ROE threshold=3%, taking into account efforts for management improvement)**
March 2007	Director election/ Remuneration	ROE standard	Raised ROE threshold from 3% ▶ 5%
	Director election	Independence requirements for outside directors	NEW (Applied to companies with committees at the time)
January 2010	Director election	Number of outside directors (listed subsidiaries)	NEW(at least one member, if there is a director from the parent company)
METI Ito Report* indicated ROE of 8% (August 2014) ISS Introduced business performance standard based on ROE (February 2015)			
April 2015	Director election	ROE standard	In addition to 5%, references relative values (industry median value)
		Number of outside directors	NEW(at least one member, vote against if ROE is less than 8%)
Tokyo Stock Exchange Enactment of Corporate Governance Code(June 2015. Revised in June 2018, re-revised in June 2021)			
April 2016	Director elections/Auditor elections	Effectiveness of outside executive officers	NEW(Vote against if attendance rate is less than 75%)
April 2017	Director elections	Number of outside directors	Raised minimum from one (1) to two (2) outside directors
		Number of outside directors (listed subsidiaries)	Raised minimum from one (1) to two (2) outside directors
		Independence requirements for outside directors	Clearly state the requirement for independence for all companies Reference independent director notification
November 2017	Director election	Independence requirements for outside directors	Add requirements concerning major shareholders
	Shareholder proposals	**Amendment of the articles of incorporation**	**Clearly specify the types of proposals we vote for**
November 2018	**Director election**	Number of outside directors (listed subsidiaries)	Integrate into “Number of outside directors”
		Number of outside directors	Abolish requirements for ROE If there is a controlling shareholder: Raised minimum from two (2) to one-third
		Effectiveness of outside directors	**NEW(Vote against proposals when it is clear that the outside director has not fulfilled the expected role)**
	Remuneration	**Compensation governance**	**NEW(Relax the requirements for voting for company proposals when it is determined that compensation governance is adequately established.)**
	Amendment of the articles of incorporation	Board authorization for dividends	Clearly specify that, without excluding shareholder meeting resolutions, in principle, we will vote for proposals if the distribution of retained earnings and the number of outside directors meet the minimum required standards.
November 2019	Director election	Number of outside directors	If there is no controlling shareholder: Raised the minimum from two (2) to one-third for companies other than a company with a board of company auditors If there is a controlling shareholder: Abolished requirements for ROE
	Corporate restructuring/ Capital policy	M&A, finance related	Clearly specify the approach to consider conflicts of interest with minority shareholders.
June 2020	Director election/ appropriation of surplus	COVID-19	Suspension of the application of certain standards related to ROE and the appropriation surplus.

*Final report of the “Competitiveness and Incentives for Sustainable Growth – Building Desirable Relationships Between Companies and Investors –” project

Month/Year of Revision	Proposal Category	Key Point	Key Change
November 2020	**Director election**	**Monitoring board requirements**	**NEW(Established eight requirements to be met, including gender diversity, strategically-held stocks, etc.) ▶ Support for the transition to monitoring boards**
		Number of outside directors	Raised the minimum for a company with a board of corporate auditors from two (2) to one-third
		Requirements for independence of outside directors	Added term in office (12 years)
	Remuneration	Monitoring board requirements	NEW (Relaxed requirements related to business performance, etc., if company has a monitoring board)
			NEW(Vote for proposals granting share-based compensation to outside directors and others, provided that certain criteria are met in cases where monitoring board is applicable.)
June 2021	Director election/ appropriation of surplus	COVID-19	Reinstated the application of certain standards related to the appropriation of surplus
November 2021	**Director election**	**Escalation**	**NEW(Promote the realization of appropriate management practices (including gender diversity, strategically-held stocks, and initiatives related to ESG issues)**
		ROE standard	Lowered the threshold for relative value from the industry median to the 25th percentile Consider management improvement efforts only in cases that a monitoring board is applicable
		Number of outside directors	There is a controlling shareholder: Raised minimum from one-third ▶ majority
January 2022	Director election	COVID-19	Reinstated the application of business performance standard
November 2022	**Director election**	ROE standard	Raised the threshold for relative value from the 25th percentile to the 33rd percentile in the industry
		Diversity of the board of directors	**NEW (Vote against proposals if there are no female directors)**
		Strategically held stocks	**NEW (Vote against proposals if there is a particularly large amount of strategically-held stocks)**
November 2023	**Director election**	Number of outside directors	(From November 2024) Raised the minimum number from 2 or 1/3 to a majority. However, it is 1/3 for companies without a controlling shareholder if nomination governance is in place
		Director term of office	**NEW (For a company with a board of corporate auditors, vote against proposals if the term of office for directors is two years)**
		Number of directors	**NEW (Vote against if the number of directors is less than five or greater than 20)**
		Role model standards	**NEW (From November 2024, for companies in the TOPIX100, vote against if initiatives are determined to be clearly insufficient)**
	Remuneration/Retirement Bonus for Directors and Auditors	Compensation governance	Expanded the scope of proposals we vote against to include all proposals if compensation governance is not in place
November 2024	Director election	Monitoring board requirements	Added independence requirements to “a majority of outside directors”
		Role model standards	Added gender diversity to the ESG issues of concern
		ROE standard	Raised the threshold for ROE for cash-rich companies, increasing the absolute value from 5% to 8% and the relative value from the 33rd percentile to the 50th percentile in the industry
		Diversity of the board of directors	(From November 2025) Raise the minimum level from 1 to 10%

Particularly important revisions are highlighted.

4 Disclosure: High Level of Accountability

Trends in aggregate values

Calendar year			2019		2020		2021		2022		2023		2024	
			Total proposals	% against	Total proposals	% against	Total proposals	% against	Total proposals	% against	Total proposals	% against	Total proposals	% against
Management Proposals	Company organization related proposals	Election/Removal of Directors	18,438	5.3	17,959	5.8	18,429	6.8	17,924	8.1	18,337	10.1	18,022	9.1
		Election/Removal of Statutory Auditors	2,963	16.4	2,589	12.8	1,811	13.3	1,539	13.3	2,197	11.7	1,935	11.2
		Election/Removal of Accounting Auditors	58	1.7	63	0.0	91	0.0	83	0.0	78	0.0	52	1.9
	Compensation related proposals	Remuneration*1	856	28.6	826	24.0	1,087	23.7	945	18.8	736	20.2	776	32.1
		Retirement Bonus for Directors & Auditors	191	83.8	165	85.5	123	78.0	120	76.7	73	94.5	85	97.6
	Capital policy related proposals (excluding amendment of articles)	Allocation of Income and Dividends	1,593	4.7	1,548	0.6	1,500	3.3	1,502	5.0	1,472	5.4	1,472	4.3
		Company reorganization*2	44	4.5	38	7.9	61	9.8	43	14.0	35	14.3	32	12.5
		Anti-takeover	78	98.7	92	100.0	57	96.5	63	100.0	82	100.0	42	100.0
		Other capital policy*3	65	3.1	59	6.8	100	9.0	77	13.0	68	1.5	86	10.5
	Amendment of Articles		590	3.2	530	1.7	630	3.0	2,402	1.0	572	3.3	507	4.7
	Others		2	50.0	8	25.0	5	40.0	2	50.0	3	0.0	2	0.0
	Total		24,878	8.2	23,877	7.6	23,894	8.3	24,700	8.5	23,653	10.6	23,011	10.2
			Total proposals	% for	Total proposals	% for	Total proposals	% for	Total proposals	% for	Total proposals	% for	Total proposals	% for
Shareholder Proposals	Company Organization related proposals	Election/Removal of Directors	39	35.9	83	13.3	35	11.4	54	3.7	97	18.6	81	18.5
	Total		157	16.6	236	12.7	174	9.8	315	9.5	453	19.2	369	17.1

*1 Revisions of executive compensation amounts, issuance of stock options, introduction or revision of performance-based compensation plans, executive bonuses, etc.
*2 Mergers, sale/transfer of business, share exchanges, share transfers, corporate splits, etc.
*3 Share buybacks, reduction of statutory reserves, third-party allotment of new shares, capital reduction, stock consolidation, issuance of class shares, etc.

Reference

Results of Proxy Voting for Global Companies

January-December 2024

Votes for

Management proposals	25,372
Shareholder proposals	704
Total	**26,076**

Ratio of votes for

Management proposals	89.3
Shareholder proposals	66.7
Total	**91.8**

Votes against

Management proposals	3,037
Shareholder proposals	352
Total	**3,389**

Ratio of votes against

Management proposals	10.7
Shareholder proposals	33.3
Total	**11.9**

Trends in 2024

Election/Removal of Directors:

The ratio of votes against proposals (% against) has decreased. The reasons for this are as follows: the primary factor was a reduction in the number of votes against due to a shortage of female directors.

■ **Shortage of female directors and outside directors:**
The appointment of female directors and the increase in outside directors have steadily progressed. The number of votes against has significantly decreased, becoming a major factor in the decline of the percentage of votes against regarding the election and removal of directors.

■ **Inappropriate director term of office and number of directors:**
This was the first year of full application, and both factors contributed to an increase in the number of votes against. In particular, the introduction of standards related to term lengths had a significant impact.

■ **Strategically held stocks:**
The number of votes against has increased. In addition to the full application of the standard, we believe that the rise in stock prices has also had an effect.

Remuneration:

The ratio of votes against has increased. The reasons for this are as follows:

■ **Compensation governance:**
By expanding the requirement for compensation governance to include all remuneration proposals, the ratio of votes against has risen. Since multiple proposals are often submitted simultaneously, if the requirements are not met, votes against are applied to all proposals, resulting in a significant increase in the number of votes against proposals.

❹ **Disclosure: High Level of Accountability**

The background behind the seemingly low percentage of votes against company proposals.

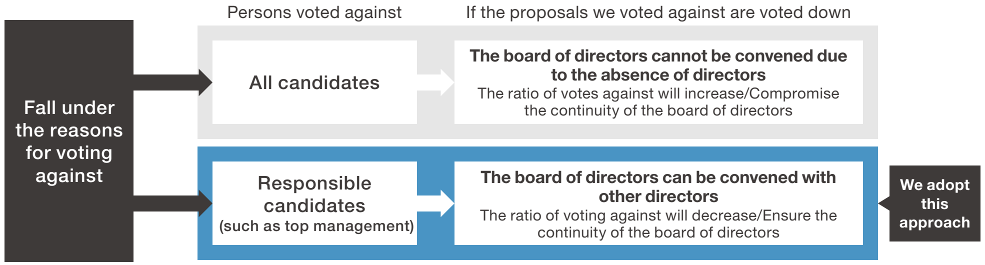
Proposals concerning the election of directors are the most common type of proposal and therefore have a significant impact on the ratio of votes against proposals. Considering the continuity of the board of directors*1, we limit the director election proposals which we vote against to those for candidates who hold responsibility for individual matters. This is why our ratio of votes against appears relatively low (see chart on the right).

In fact, at general meetings of shareholders held between April and June 2024, our ratio of votes against electing directors was 8.3%. However, the percentage of companies for which we voted against one or more candidates within a proposal was 44.0%, indicating that this is not a particularly low level.

On the other hand, since the number of proposals is low, the overall impact is small. However, the ratio of votes against appears to be relatively high concerning proposals related to executive compensation or capital policy. The effectiveness of corporate governance is particularly called into question for proposals related to M&A and financing, so we carefully discuss these issues, including the potential impact that rejecting the proposal would have. We vote against the proposal if we determine that it will not contribute to the interests of minority shareholders.

Moreover, we engage with our investee companies by combining proxy voting and engagement to achieve appropriate corporate governance and to enhance corporate value. We consider proxy voting one of the means to this end, and we do not believe that the ratio of our votes against proposals reflects our stance.

Guidelines for the election of directors



*1 Under corporate law, a minimum of three directors is required to establish a board of directors.
*2 Insufficient number of outside directors, low ROE, and other factors.

Voting For or Against Individual Proposals

Here, we provide specific examples of disclosures regarding proposals that we believe require particularly detailed explanations.

Proposals we made voting decisions on that differ from our proxy voting standards

Based on engagement, there may be instances where we make decisions that differ from our proxy voting standards.

GSM	Proposer	Classification	Voting result	Reason
Ordinary GSM	Company	Director election/ dismissal	Voted for	Although the company does not meet our criteria for strategically-held stocks, we voted for the proposal because we confirmed the situation with the reduction of such shares and the verification status in the board of directors through our engagement.
Ordinary GSM	Company	Director election/ dismissal	Voted for	Although the company does not meet our ROE standard, we voted for the proposal, considering that the company meets the requirements for being a monitoring board and that an improving trend was recognized in indicators reflecting its business characteristics.

Proposals we determined to require special accountability

In addition to proposals related to capital policy and M&A, there were proposals requesting the appointment of a director to the board.

GSM	Proposer	Classification	Voting result	Reason
Ordinary GSM	Company	Director election/ dismissal	Voted against	Considering the situation with engagement regarding the skills of outside directors, we determined that escalation to proxy voting was necessary and voted against the proposal.
Special GSM	Company	Proposal related to other capital policy	Voted against	A proposal to squeeze out shareholders who did not tender their shares in a public tender offer conducted for a management buyout (MBO). Although general efforts to protect the interests of minority shareholders were confirmed, we voted against the proposal due to strong concerns regarding conflicts of interest with minority shareholders and the inadequate economic terms.
Ordinary GSM	Company	Director election/ dismissal	Voted against	We voted for the proposal in line with our standards. Since actions that could potentially impair shareholder value were identified, we decided to strengthen our monitoring efforts through engagement with the audit and supervisory board members and other relevant parties.
Ordinary GSM	Shareholder	Appropriation of surplus	Voted for	A proposal for additional dividends was presented alongside a proposal for a share buyback. While the proposer's argument regarding the decline in capital efficiency was deemed to have some validity, it was determined that the accountability of the proposal seeking shareholder returns, which would impact financial soundness, was insufficient. Therefore, we voted for the dividend that matched net income, but we voted against the share buyback, which would result in shareholder returns significantly exceeding net income.

4 Disclosure: High Level of Accountability

Voting For or Against Individual Proposals

Pulp and Paper industry: Company A

Director election/dismissal: Shareholder proposal

Background

Certain shareholders (hereinafter referred to as the proponents) B and C pointed out the need to examine the significance of holding shares in a competitor (Company D) that it has held for a long time, as well as the necessity of strengthening the supervisory function of the management team. They demanded the appointment of 10 outside directors (five from each proponent). In response, Company A argued that the current management performance and stock price levels were superior compared to other companies, that synergies with Company D could be expected, that the current composition of the board of directors was considered optimal, and that granting excessive influence to the proponent could lead to a risk of not fully realizing the benefits of the partnership with Company D.

We acknowledged that the company's management performance has been good compared to both its past results and other companies; however, we determined that there was some validity to the proponents' arguments regarding the significance of holding shares and the need to strengthen the supervisory function of the management team.

Overview of the Proposal and Voting Outcome

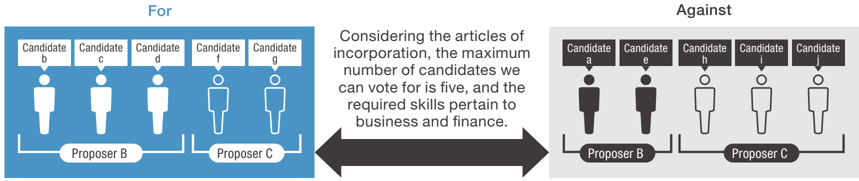
There were 10 incumbent directors, of which four were outside directors. However, as this was not an election period, there were no proposals for the reappointment of directors from the company at this general shareholders meeting. The upper limit for the number of directors stipulated in the articles of incorporation was 15, which made the appointment of the remaining five directors a point of contention. The details are as follows.

Reasons for Voting Outcome

Both proponents indicated that improvements were needed in addressing specific management issues. We voted for the five candidates based on the upper limit on the number of directors as stipulated in the articles of incorporation, as well as their skills—specifically, their expertise in business and finance, which are necessary for examining the rationale for holding shares in competitors.

Considering that, together with the 10 incumbent directors who not up for re-election, the total of 15 directors would have nine outside directors, thus constituting a majority, so we determined that this would contribute to strengthening the supervisory function.

Furthermore, proponent B also suggested the dismissal of the president and four outside directors, but we judged that the proponents had not been able to present management strategies or plans that exceeded those put forth by the current management team, and therefore voted against the proposal.



Climate change-related proposals submitted by shareholders

Regarding the shareholder proposals related to the issue of climate change, we provide our reasons for voting for or against each proposal, along with a comprehensive explanation of the background behind our decision-making. On the next page, we introduce the shareholder proposals to seek amendments to articles of incorporation that aim to address climate change issues.

Proposals to amend the articles of incorporation were submitted to a number of companies asking them to address the issue of climate change. We consider climate change to be one of the environmental and social issues that is particularly important for the sustainable enhancement of corporate value, and we have decided to positively deliberate on proposals aimed at enhancing information disclosure and strengthening supervisory functions.

This time around, we carefully deliberated the reasons for the proposals, the companies' efforts regarding climate change, and the impact on business execution, and we voted for the proposals that we determined would contribute to the sustainable enhancement of corporate value. On the other hand, we voted against the proposals aimed at social or political advocacy, as well as proposals related to specific business executions, and we also voted against those proposals for which we determined that the opinion of the board of directors should be respected, taking into consideration the reasons for the proposal and the initiatives of the company in question.

Moreover, some shareholder proponents indicated a desire for their proposals to be considered as recommendations rather than amendments to the articles of incorporation. We have a policy to carefully consider the implications if the proposals are approved. While we remain flexible in assessing the appropriateness of including responses to environmental and social issues in the articles of incorporation, we believe it is not appropriate to deliberate on them as recommendations.

Proposals involving the possibility of a conflict of interest

We provide detailed explanations for proposals submitted by group affiliates, including our parent company, Nomura Holdings, as well as proposals related to matters involving group affiliates. On the next page, we introduce proposals in which Nomura Securities, a group affiliate, was involved in acquisitions or organizational restructuring as a financial advisor and/or third-party assessor.

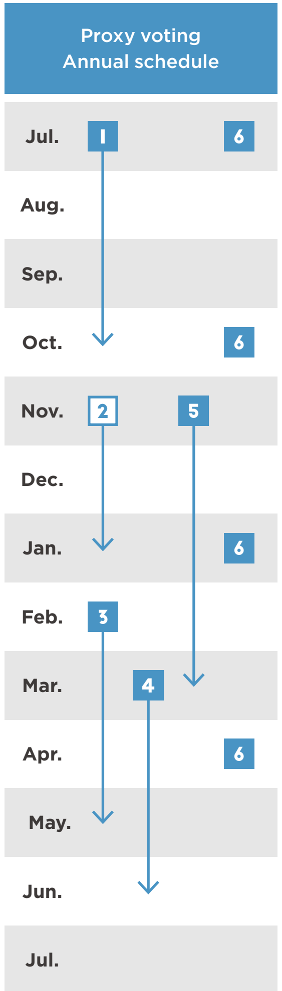
4 Disclosure: High Level of Accountability

Voting For or Against Individual Proposals

GSM	Proposer	Classification	Voting result	Reason
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted against	This was a proposal to amend the articles of incorporation relating to disclosures on climate change initiatives. **While we agree with the importance of climate change to the company's corporate value over the medium- to long-term**, we voted against the proposal **because the proposal could impose specific restrictions on business execution and therefore was deemed not appropriate to include in the articles of incorporation.**
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted for	This was a proposal to amend the articles of incorporation relating to annual reports on climate-related lobbying activities. We voted for the proposal **because we recognize the importance of the disclosure of climate-related lobbying.**
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted against	This was a proposal to amend the articles of incorporation relating to annual reports on climate-related lobbying activities. **While we understand the importance of the disclosure of climate-related lobbying**, we voted against the proposal **because the proponent highly appreciates the initiatives of the company and the company has already indicated its intention to make further initiatives, so we determined that it was more reasonable to respect the board of directors' efforts.**
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted for	This was a proposal to amend the articles of incorporation to align management's incentives with climate action. We voted for the proposal **because we recognize the importance of aligning management's incentives with climate action.**
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted for	This proposal was to amend the articles of incorporation relating to director competencies for the effective management of climate change. We voted for the proposal because we agree that **directors with abilities and experiences related to ESG will contribute to the sustainable enhancement of corporate value.**
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted for	This was a proposal to amend the articles of incorporation relating to disclosure of clients' climate change transition plans. We voted for the proposal **because we agreed with the proposers' points, and we determined that the impact on business execution would be limited and thus contribute to the sustainable enhancement of corporate value.**
Ordinary GSM	Company	Organizational restructuring-related	Voted against	This was a proposal relating to a share exchange with the parent company. Considering the strong concerns regarding conflicts of interest with minority shareholders, as well as the inadequate efforts to protect their interests and the economic terms, we voted against the proposal in accordance with our standards. **Nomura Securities, a group affiliate, was involved in this deal as a financial advisor and third-party assessor.**
Ordinary GSM	Company	Proposal related to articles of incorporation	Voted for	This was a proposal to amend the articles of incorporation related to the issuance of bond-like class shares. We voted for the proposal because it does not affect the equity of common shareholders. **Nomura Securities, a group affiliate, was involved in this deal as the underwriter.**

Annual schedule of proxy voting representatives

Most Japanese companies hold their general shareholders' meetings of in June, followed by March and May as the most common months. In our case, we conduct proxy voting for approximately 1,600 companies in June alone, and over 1,900 companies when combining these three months. In this context, we provide an overview of the general schedule for proxy voting over the course of the year, focusing on this peak period.



1 Revision of the proxy voting guidelines

July to October

As soon as the busy season period ends, a review of the proxy voting guidelines begins. This review takes into account the current situation of Japanese companies obtained through engagement and proxy voting, and we reflect changes in laws and regulations such as revisions to the Corporate Governance Code.

2 Engagement to inform companies about the revisions

November to January

We engage with investee companies that are particularly likely to be affected by the revisions to the proxy voting guidelines in order to convey our perspectives and promote the strengthening of corporate governance. In addition to individual dialogue with investee companies, we may also participate in seminars to provide explanations.

3 Engagement in anticipation of the general shareholders' meeting

February to May

As the busy season approaches, engagement in anticipation of the shareholders' meetings becomes more active. During this time, when the items to be presented at the shareholders' meeting are taking shape, investee companies' focus tends to lean towards their forecasts regarding shareholders voting for or against individual proposals. However, we strive to steer the discussions towards strengthening corporate governance over the medium to long term.

4 Peak period for shareholders' meetings

March to June

This is a time when accurate judgment on a large number of proposals is required. During the peak in June, we carry out proxy voting for over 100 companies per day, which also heightens the desire for clear and accessible information disclosure.

5 Engagement for strengthening corporate governance

Throughout the year, particularly from November to March

We explain our approach to proxy voting and receive explanations from investee companies regarding their efforts to strengthen corporate governance, followed by discussions.

6 Disclosure of proxy voting results

January, April, July, October

At the end of each quarter, we disclose the results of our proxy voting, along with the reasons for voting for or against proposals, on our website.