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Industrial Growth Platform, Inc.  
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### Opinion on Company-Level Disclosures of Voting Results

1. Public disclosure should be made based on the ‘Comply or Explain’ approach

The foundation of both the Stewardship Code and the Corporate Governance lies in the public institutional nature of listed companies or public companies. In that sense, company-level disclosures of voting results to the general public is an obvious social responsibility of institutional investors to the entire society, including Japanese households, which are ultimate beneficiaries in the investment chain. At least, they should disclose voting results to the public based on the ‘Comply or Explain’ approach.

2. There are more asset owners than so-called “asset owners”

Some argue that disclosures to asset owners (pension funds, etc.) are sufficient, but such an argument is doubly wrong.

First, behind such asset owners, there actually are ultimate beneficiaries – for example, pensioners. Accordingly, disclosing voting results to the public significantly contributes to ensuring accountability to such wide-ranged stakeholders.

Secondly, considering the time axis, there are changes in ultimate investors (pension plan members, life insurance policyholders, purchasers of investment funds, etc.), who constitute asset owners. People currently outside assets under management by institutional investors, may be potential stakeholders. In that sense, institutional investors’ public disclosures of voting results on the company level should be considered as a matter of course, according to the basic philosophy of the Stewardship Code.

As mentioned above, such argument that institutional investors can fulfill their accountability by disclosing voting results to immediate asset owners at present, is not convincing in terms of scope and time.

3. Concern for companies is unnecessary and harmful

Some express their concern that, if a company-level disclosure reveals the fact of voting against a company’s proposal, it will sour the relationship with the company and make it difficult to have constructive dialogue, or it may adversely

affect the main business [of the asset manager].

The latter case is exactly the issue of conflicts of interest. If their voting decisions are distorted for that reason, or if they cannot disclose their voting results for that reason, it will be an obvious violation of fiduciary duty to asset owners. If such asset owners are pension funds or life insurers, which have extremely wide-ranged underlying stakeholders, that will be almost betrayal of the public. It is absolutely absurd.

As for the former case, speaking from my own experience where “unique” advice from a famous proxy advisor resulted in many votes against myself, it precisely provides a great opportunity to have constructive dialogue by asking “Why did you vote against the proposal?” Did an institutional investor vote for the sake of formality without investigating the matter? Or is there a real issue which requires an improvement on the side of the company or director(s)? There will be the best opportunity for wonderful dialectical dialogue. Public disclosure of voting results will create an opportunity to make such discussion squarely and openly. Isn’t it great? It is more than welcome.

In reality, in most cases, it is not top managers, but bureaucratic salaried managers at the next level that take offence with institutional investors or their parent companies, which cast “against” votes, showing their slavish dedication to their companies, thus complaining “It is unacceptable to humiliate our top management” or “Why didn’t they try to be peaceful?” However, such corporate culture would be the root cause of big accounting scandals and falsification of data, and is the very issue which Japanese companies should address in their reforms. Regardless of whether they are banks, securities companies, or insurers, or belong to such financial groups, institutional investors should sell shares of such companies with no future. On the contrary, when investing in companies, the preference should be given to the companies which fairly challenge institutional investors through the above-mentioned constructive dialogue.

#### 4. Great expectations for life insurers’ engagement function

In case of life insurers, in particular if they are mutual companies, they are in a position to undertake extremely long-term fiduciary duties for policyholders, who are their “employees”, and ultimate beneficiaries of policies. Accordingly, I’d like to expect their proactive engagement from the standpoint of long-term stable investors in a real sense. Stable shareholders are not meant to be silent shareholders like silent ruling party members. Because they make long-term commitments, if

there are any doubts about the top management or operating policy, they should openly and squarely cast “against” votes, and have earnest discussion on reasons for such votes with the companies in question. It will contribute to long-term growth of the companies, and serve long-term interests of policyholders.