

Opinion Statement on Disclosure of Voting Results

November 8, 2016
Industrial Growth Platform, Inc.
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From my experience in working on corporate governance as a person concerned (in various capacities including an investor, controlling shareholder, and director) in the midst of turbulence associated with reconstruction of many listed companies, as well as my experience in playing a part in ‘constructive dialogue’ in the capacity as an outside director of such companies as Omron, PIA Corporation, and Panasonic, I’d like to share my view on disclosure of voting results as follows:

- Since institutional investors are “professionals” who manage funds entrusted to them by others, naturally institutional investors should disclose results of their proxy voting at the company level in order to ensure the accountability and transparency to the society in general or general public who are the ultimate beneficiaries in the investment chain. Such disclosure should be a natural consequence of their fiduciary duties.
- ‘Constructive dialogue’ will have a great effect in ‘constructive tension’ between voters and the voted. Disclosure of voting results strongly motivates institutional investors to exercise their voting rights in a serious and responsible manner, and serves as the basis of constructive tension.
- Some institutional investors express concern that disclosure of voting results would hinder constructive dialogue, but such a view would be the very evidence that such institutional investors put ‘constructive dialogue’ in the position of only a cosmetic measure.
- Dialogue with an institutional investor which disagreed a company’s proposal should become the most constructive dialogue, if the “against” vote was cast based on appropriate reasons and philosophy. Yet, some argue that disclosing the fact that they cast “against” votes would make it difficult for them to communicate with the companies. I believe that they intend to have only cozy relationships and/or superficial communications, and, therefore, are overly concerned about such difficulties, as they care about how others look at them.
- If institutional investors lack this much professionalism, it will be impossible for them to professionally perform stewardship and fiduciary duties in the new age. I would recommend them to change or close their business, or change their jobs in case of individuals.

- Speaking of my own experience, prior to last year's general shareholders meeting of Omron, Glass Lewis, which is not an institutional investor but a proxy advisor, recommended to vote "against" the proposal to appoint me as a director for an irrelevant reason for form's sake, so I publicly presented my counter-argument. It rather facilitated 'constructive dialogue' between the IR Division of Omron and Glass Lewis. Consequently, prior to this year's general shareholders meeting, the proxy advisor conducted more substantive evaluations, looking at the reality, and recommended to vote "for" the appointment of me as a director.
- As mentioned above, "against" votes do not at all hinder constructive dialogue. If there is any hindrance, it will be attributable to reluctance on the part of both companies and institutional investors in the first place.
- In addition, I assume that institutional investors opposing the disclosure of voting results do not make disclosure at the moment, and thus their opposition is not supported by empirical evidence to confirm whether the disclosure will really bring about various problems as they pointed out.
- Furthermore, if institutional investors have solid criteria for making voting decisions, conduct appropriate analysis, and exercise their voting rights upon due consideration, disclosure of their voting activities will not create any serious troubles to the institutional investors. (If there is any, it should be related to conflicts of interest, which should not exist in the first place.)
- On the other hand, as mentioned earlier, disclosure of voting results at the company level is a very natural logical consequence of stewardship and fiduciary duties of institutional investors, which are essentially professional investors.
- Then, since there is no empirical counter-evidence at the moment, we should move toward making it mandatory to disclose voting results, in accordance with fundamental principles which are the logical consequence.