

## Proxy Voting

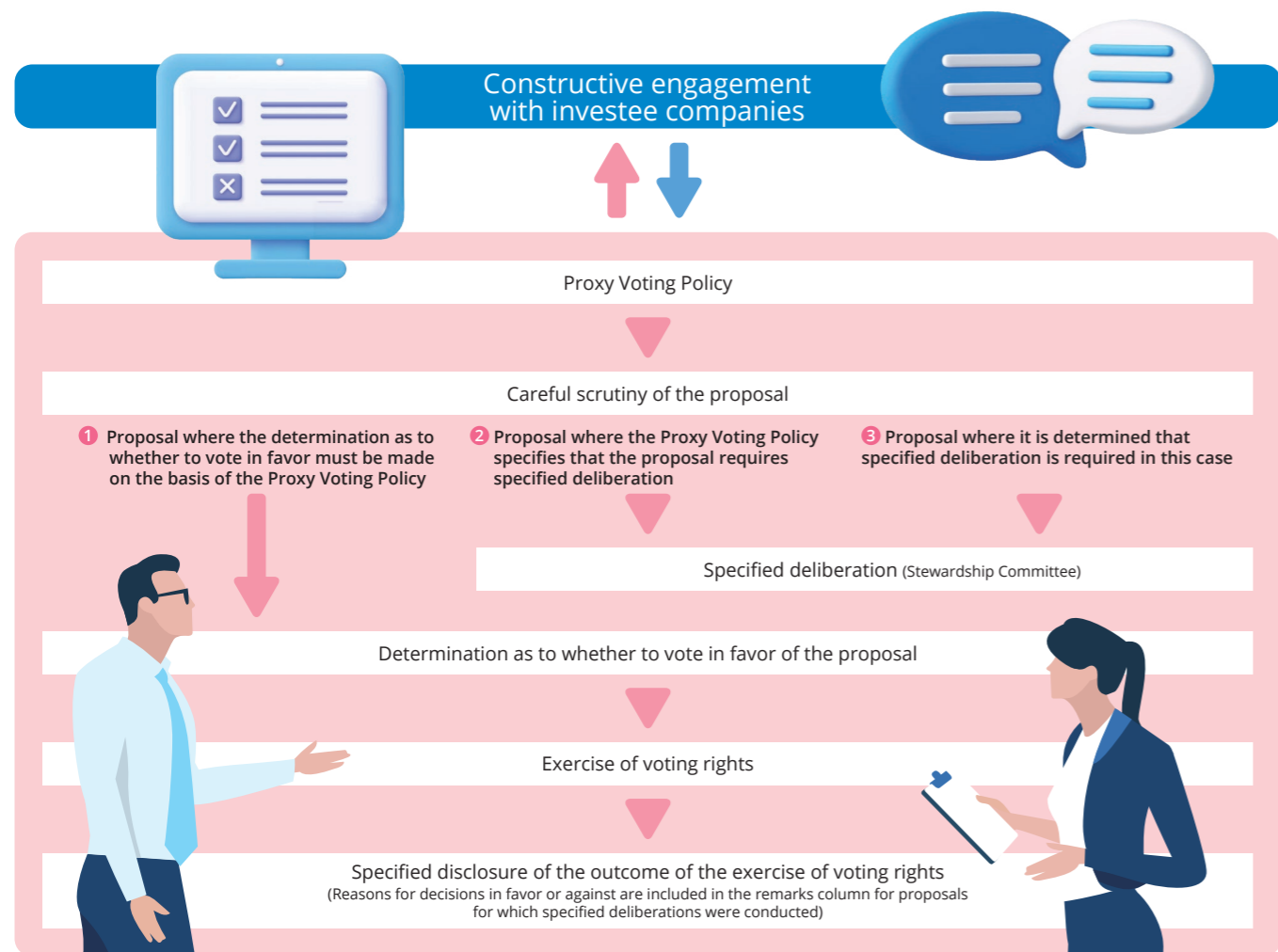
### Key features of Daiwa AM's Proxy Voting Policy

- We will fulfill our fiduciary duty, aiming to improve the medium- to long-term value and sustainability of investee companies while at the same time exercising our voting rights in consideration of the interests of minority shareholders.
- In principle, we will exercise our voting rights on shares of all investee companies for which we have authority to exercise them, without distinguishing between active and passive management.
- Approval or disapproval of the exercise of voting rights is determined independently by Daiwa AM based on criteria established by the Stewardship Committee (Proxy Voting Criteria). Specific Proxy Voting Criteria are formulated and made public.
- We make rational decisions based on the relative position of the investee companies in the TOPIX 17 industry categories, which are more in line with the actual circumstances of the investee companies.
- Based on individual consideration drawing on the results of constructive dialog (engagement) with the companies, we may in some cases make decisions for or against that diverge from the Proxy Voting Criteria (including escalation strategies).

### Proxy voting process

Proxy voting is implemented by means of a painstaking process that reflects the know-how obtained through constructive dialogs with investee companies. Daiwa AM is also committed to deepening our mutual

understanding by engaging in constructive dialogs with investee companies through the proxy voting policy and outcomes, thereby contributing to enhancements to the corporate value of investee companies.



### Approach and response to shareholder proposals

#### Votes in favor or against proposals by shareholders

Recently, shareholder proposals have been on the increase, with various such proposals also having been put forward for discussion in 2023.

Daiwa AM has based decisions on votes in favor of or against shareholder proposals on the following approach, principled on the application of our Proxy Voting Policy.

#### Approach to major shareholder proposals

- Appropriation of surplus: Decisions made from the perspective of improvements to corporate and shareholder value over the medium to long term following a comparison with the company's proposal
- Treasury stock acquisitions: Consideration of the company's use of shareholder equity, cash flow and other factors
- Sale of cross-held shares (proposals to amend the Articles of Incorporation): Consideration of the appropriateness of cross-shareholdings; measures to reduce cross-held shares; period of sale sought by shareholder proposal; appropriateness of share quantity to be sold, and other factors based on the status of company's use of shareholder equity
- Disclosure of capital costs (proposals to amend the Articles of Incorporation): Consideration of the company's disclosure statuses (including engagement) for their medium-term management plan, capital policy and growth strategy, with the

capital costs of the company in mind

- Proposals seeking responses to climate change (proposals to amend the Articles of Incorporation): Consideration of climate change initiatives and disclosure statuses of the company

#### Approach to proposals to amend the Articles of Incorporation

Daiwa AM bases decisions on shareholder proposals put forward for discussion as proposals to amend the Articles of Incorporation from a combination of the following perspectives.

- ① Whether the inclusion of this information in the Articles of Incorporation will be an obstacle to the business development of the company in question
- ② Whether the content of the amendment is appropriate for inclusion in the Articles of incorporation

### Examples of engagement with companies subject to shareholder proposals, and points considered when making exercise decisions

Daiwa AM strives to make exercise decisions after meeting with both the investee company subject to the shareholder proposal and the shareholder making the proposal and confirming their

respective thinking. In 2023, there were six cases in which we met with both parties. Following are examples of proposals related to the election of directors, which were among the most common.

**Example 1 Company A**

**Daiwa AM Engagement Participants:** Corporate Research Team; Stewardship Team

**Outline of Shareholder Proposal**

- In response to last year's TOB from Company X, the company agreed to a purchase price that underestimated the potential of Company A, the sole reason for which was to protect itself by becoming a director of Company X. The proposing shareholder, Company Y, believes it is possible to realize shareholder value above the offering price by Company X.
- Company Y pointed out a lack of governance in that the board of directors makes decisions without sufficient discussion or institutional management's decisions. Current management has failed to act to maximize shareholders' profits, and the proposal regarding election of directors was submitted based on the judgment that a restructuring of the board is necessary to improve corporate value.

**Topics of Discussion with Company A**

- Relationship with Company X going forward regarding last year's TOB from Company X
- Background of the major changes in governance structure, including the resignation of two representative directors and a major reshuffling of outside directors
- Process for nominating director candidates

**Topics of Discussion with Shareholder Proposer**

- Background leading to the shareholder proposal and key points
- Process for selecting candidates for the board of directors

**Issues for the Stewardship Committee**

**Issue 1** Whether to support the plan of increasing corporate value at Company A, and whether governance can be considered inadequate.

- The company's new medium-term management plan and its accompanying capital policy were rated positively, and the share price has risen since the TOB was published
- Considering the specificity of the business plan and the company's ability to implement it, we basically support the company's measures to increase corporate value
- There is no clear and objective proof of the inadequate governance claimed by Company Y, the shareholder proposer

**Issue 2** The skills and knowledge of the company's proposed directors and each of the candidates in the shareholder proposal. Who are the candidates needed for growth going forward?

- Some of the shareholder proposal candidates can be appraised as having the deep knowledge and skills needed for the company's future growth
- Oppose some of the candidates proposed by the company based on their skill sets and other factors, given that a significant increase in the number of directors on the board could impair the flexibility of management decision-making
- Verify the skill matrices and publicly disclosed work histories and skills

**Exercise decision points and results**

Approved three of candidates in the shareholder proposal from the viewpoint of ensuring diversity and in expectation of their contributions to the company, including knowledge of new business fields. Also, based on the judgment that the number of members on the board of directors should not be enlarged, we opposed three of the candidates proposed by the company after considering their skill matrices.

Example 2

Company B

Daiwa AM engagement participants:  
Corporate Research Team;  
Stewardship Team

Outline of Shareholder Proposal

- Shareholder proposer pointed out that the founding family has enormous influence in the company, given that they own more than 30% of the company's shares and have an oligopoly over key positions, including chief advisor, chairman, president, and deputy president. Given also that no voluntary systems have been put in place to protect the interests of minority shareholders, such as establishing nominating and compensation committees, they proposed inviting outside directors with a greater degree of independence.
- Also, since the issuance of stock subscription rights to the founding family was carried out through a procedure by the board of directors without a resolution of the company's general meeting of shareholders, effectively putting the nature of the stock subscription rights in question as executive compensation, the proposer suggested that nominating and compensation committees should be established consisting of a majority of outside directors, both to strengthen the independence, objectivity, and accountability of procedures for nominating directors and to determine their compensation.

Topics of Discussion with Company B

- Outside director selection process; why outside directors do not agree to a dialog; specific schedule for establishing nominating and compensation committees
- Verify the reason for issuing stock options issued several years prior and who the recipients were; explanation of the significant discount from the fair price and the reason for setting the exercise price at the most recent stock price level; suspicions that the company may have intentionally revised its financial results to manipulate its stock price
- Reason for Mr. W's appointment to the board of directors and management's response to the shareholder proposal

Topics of Discussion with Shareholder Proposer

- The problem of stock options issued to current president Mr. Z and current deputy president Mr. Y
- The problem of Mr. W's independence
- Problems regarding successors and continuity of the business; the independence of the reappointed outside directors

Exercise Decision Points and Results

Decision regarding inside directors

- Based on Issue 1, there is an urgent need to improve and strengthen the company's governance structure.
- Regarding Issue 2, if true this would represent a breach of trust against general shareholders and a serious problem, but it is limited to circumstantial evidence accumulated by the shareholder proposer, and there is no definitive proof. That said, we believe that issuing SOs with allegedly favorable terms to top management without a resolution of the general meeting of shareholders is a sign that governance is not functioning.

**Decision 1** We oppose the reappointment of Mr. Z, as the company's representative director, on the assumption that the company's governance failures are serious and that top management should be held accountable for said responsibility.

Issues for the Stewardship Committee

Issue 1 Problems with the governance structure

- The company has not established voluntary nominating and compensation committees.
- The company does not provide English-language or TCFD disclosures as required of companies listed on the TSE Prime Market.
- They have not disclosed a skills matrix.
- Executives have a policy of not, in principle, engaging in one-on-one discussions with shareholders and investors.
- Absolutely no training is conducted for executives.
- Outside director compensation comes to about three million yen per person, and with no voluntary committees, it is difficult to believe they are fulfilling an adequate supervisory function.

Issue 2 Issuance of stock options ("SOs") several years prior

- Several years ago, current president Mr. Z and current deputy president Mr. Y were issued SOs amounting to an 11.1% dilution. The reason for the issuance was to increase their commitment to management, but both gentlemen already each held more than 10% of shares as members of the founding family. Further, based on the judgment that this was not executive compensation, despite the fact that both were management executives, the SOs were issued solely by a resolution of the board of directors.
- The fair value for the above SOs was 2,073 yen per share, but the actual issuance price was 15 yen. The company explained this significant discount by saying the SOs came with strictness of company's performance and other exercise conditions.
- A downward revision to financial results prior to issuance of the SOs resulted in a significant drop in share price, and the exercise price was set at that share price level. Subsequently, however, full-year results ended up exceeding the initial plan. Note that since moving to a holding company structure, the company has not revised its results other than this one time, and the assumptions behind the plan that was revised downward are also not consistent with the company's actual promotional campaign measures.



- The SOs issued several years ago ① came with a significant dilution equivalent to 11.1% per outstanding share, and ② by exercising these SOs, the founding family's share of the company would increase (to over one-third), giving them veto power. Despite these being serious issues for minority shareholders, the SOs were issued without a resolution of the meeting of shareholders, and solely by resolution of the board of directors.
- In addition, though the company states that the SOs were issued to increase management commitment, no rational explanation has been given for granting a large number of shares to just two members of the founding family who already hold a certain number of shares.

**Decision 2** We believe that issuing said SOs solely by resolution of the board of directors is a serious problem that disregards the interest of minority shareholders. We thus oppose those directors who participated in the resolution of the board of directors at the time.

Refer to the chart at right for the decision regarding outside directors →

Important management issues at Company B and the skills and knowledge required of its outside directors

Important Management Issues

- Strengthening governance systems, including protecting minority shareholders
- Improving the independence and effectiveness of outside directors
- Ensuring directors have the proper attitude toward and provide opportunities for dialog with shareholders and investors
- Advancing initiatives included in the medium-term management plan
- Strengthening ESG initiatives and information disclosure



Skills and Knowledge Required of Outside Directors

- Deep knowledge of corporate governance at listed companies
- An understanding of the importance of dialog with shareholders, and knowledge of capital markets
- Knowledge of the business and industry to support advancing business strategy
- Deep knowledge of ESG management

Prioritization of skills and knowledge expected of outside director candidates and their contributions to the company

Name	Proposer		Skills and knowledge		Skills	Opinion	Decision
Mr. S	Company	Reappointment	Retail industry management	Listed company management	①	Opposed based on Daiwa AM's Proxy Voting Criteria, given that he is the head of a major shareholder and not an independent director.	Against
Mr. T	Company	Reappointment	Attorney		①	Has served as outside director at multiple listed companies, and has a certain amount of knowledge or governance at listed companies. However, in the belief that said issuance of SOs solely by resolution of the board of directors is an important problem that disregarded the interests of minority shareholders, we oppose Mr. T, who participated in that board of directors' resolution.	Against
Mr. U	Company	Reappointment	Accountant		①	While he has no directorship experience at other listed companies, he can be expected to contribute to supervision of governance and management from the position of accountant.	In favor
Ms. V	Company	Reappointment	Corporate management	Pharmaceutical Industry	①	As head of a pharmaceutical company, he can be expected to contribute to the company's governance and business strategy.	In favor
Mr. W	Company	New Appointment	Head of a dispensing pharmacy		③	As operator of a dispensing pharmacy, can be expected to make a certain contribution to advancing the company's medium-term plan of increasing the ratio of facilities with dispensing pharmacies, however, this is not a high priority for the company. We oppose his appointment because of concerns about his independence, given his ties to former employees and inside directors.	Against
Mr. X	Shareholder	New Appointment	M&A	Listed company executive	① ③	Has served as an outside director at other listed companies, and has a certain level of knowledge about governance. Proposed by a shareholder and considered fully independent, he can be expected to contribute to improving governance.	In favor

## Roundtable Discussion with Stewardship Committee Members

### Expectations for Governance Reforms



**Norihisa Takao**

Head of Active Fund Management Department II, Managing Director

**Jun Matsumoto**

Head of Beta Management & Investment Solution Department, Managing Director

**Yuka Shimada**

Senior Managing Director, Head of Stewardship & ESG and Deputy Head of Global Business, Fund Management Division

**Fumiaki Saguchi**

Head of Responsible Investment Department, Managing Director, Stewardship Analyst

At Daiwa AM, the Stewardship Committee deliberates proposals for which the Proxy Voting Policy stipulates in advance that individual decisions are to be made, or for which individual deliberations are deemed necessary. At Stewardship Committee meetings, committee members engage in a vigorous exchange of various opinions, each time resulting in heated debate. Here, four members of the Stewardship Committee review several agenda items from general shareholders' meetings and talk about the effectiveness of the board of directors as the key to improving corporate value.

#### Judging whether to vote in favor of or against shareholder proposals

**Saguchi:** Amid expectations for governance reforms at Japanese companies, a record number of shareholder proposals were made in 2023, and the Stewardship Committee discussed many of them.

How do you judge whether to vote in favor of or against shareholder proposals (and for what kind of reason do you vote in favor of shareholder proposals)? What are the issues involved?

**Shimada:** Important criteria for deciding include

whether the shareholder proposal will lead to improving the investee company's medium- to long-term value and its sustainability as a business, and whether it may not be detrimental to the interests of minority shareholders.

In addition, while proposals calling for greater disclosure of information on and stronger initiatives regarding ESG have been on the rise recently, and may lead to increased shareholder value, we make our decisions based on the status of corporate initiatives and other considerations.

#### Evaluation of the effectiveness of the board of directors and the independence of outside directors in calling for the appointment and dismissal of directors

**Saguchi:** Many shareholder proposals are submitted calling for the appointment or dismissal of directors. Of note are those focused on strengthening governance, including proposals to strengthen the independence of outside directors and to appoint directors with skills that will contribute to enhancing corporate value. In some cases, they also pointed out a lack of governance on the part of the board of directors, even in companies whose operating results are trouble-free. What do you think is needed to establish board governance?

**Takao:** The functions of the board of directors can

largely be divided between decision-making and supervisory roles. We believe it is particularly important for the latter to function that the board of directors maintains an appropriate level of tension. In this respect, attention must be paid to the selection of outside directors and a balance in their numbers. Outside directors must have the ability to independently investigate and possibly remove top management when problems arise in the management of a company, including issues related to the conduct of top management. Regardless of business performance, we

believe it is necessary to alter the numerical balance within the board, such as by increasing the number of outside directors, when shareholder proposals aimed at strengthening governance seem supported by a certain rationale.

**Saguchi:** Daiwa AM manages many passive funds; what are the key points you emphasize in exercising voting rights from the viewpoint of passive management?

**Matsumoto:** In passive management, we handle a huge number of stocks, and realistically, this makes it difficult to discuss the individual compositions of the boards of directors of every company. As long as the stock is employed in an index aiming to be linked, it cannot be sold simply for lack of governance. The composition and effectiveness of the board of directors must be judged externally in terms of the ratio of outside directors, diversity, and other factors. If it fails to meet those criteria, we express our intentions through the exercise of our voting rights in the company, and encourage them to make improvements. Other possible criteria for deciding to vote in favor of or against a proposal include, as noted previously, the ratio of outside directors, ensuring diversity and other quantitative standards, as well as qualitative judgments from the viewpoint of capital efficiency, corporate culture, etc. as seen in the reasons for and responses to scandals, and others.

**Saguchi:** You mentioned that in establishing governance, selection of outside directors and the ratio of outside directors on the board are important. What do you think is required of outside directors?

**Shimada:** I believe they require the independence that enables objective supervision of management, as well as a variety of attributes and expertise that can contribute

#### Expectations for investee companies

**Saguchi:** There is a trend toward outward fulfillment of improvements in board of director governance, including ensuring gender diversity and increasing the ratio of independent outside directors. Still, the problem is their effectiveness. What do you require of your investee companies in enhancing this effectiveness?

**Takao:** Currently, the skills of outside directors primarily comprise corporate management experience, but going forward, we believe it will be important to secure personnel who have knowledge of capital markets, including how to respond to activists and other types of radical investors.

We would also like investee companies to actively pursue dialog with outside directors and institutional investors. We think that a truly independent outside director with sufficient skills should be capable of engaging in dialog with institutional investors, and would enhance the effectiveness of investor engagement activities.

to the diversification of the board of directors. Regarding expertise, we expect them not to intervene in business execution, but to utilize their skills solely in terms of oversight aimed at improving governance.

**Saguchi:** What do you emphasize in determining independence in relation to a proposal for appointment of outside directors?

**Takao:** We assume that even if an outside director formally meets the criteria for independence, it is possible that both company and shareholder proposals contain a fundamental bias in the choice of candidates for outside director. This is especially likely when both the company and its shareholders have submitted a candidate for outside director. To determine true independence under such circumstances, we believe it is essential to engage in dialog with candidates for outside director to the extent time permits, to gain an understanding of their views on the company in question and the shareholder proposals.

**Saguchi:** There have been cases where, in the selection of directors proposed by shareholders, you have voted in favor of some of the candidates from the standpoint of improving corporate governance, taking into consideration their skills and other factors. What do you think regarding the importance of skills matrices as a means of verifying a director's skills?

**Takao:** They are important in the sense that they are a first step in verifying whether the skills the board needs in order to function properly are well-organized and how those skills are covered by the inside and outside directors. That said, in some cases the skills indicated may be of questionable reasonableness and objectivity, making it difficult to judge solely on the skills matrix.

**Shimada:** I also look for opportunities to engage in dialog with outside directors. In doing so, I try to verify whether they have sufficient knowledge and understanding of the company, whether they understand the role expected of them, and how they deal with the company in exercising the supervisory function.

I think it is also important for the companies themselves to improve the effectiveness of their outside directors by conducting their own effectiveness assessments and addressing any issues they may identify.

**Matsumoto:** We expect to see proactive dialog with activists. We also believe that, to increase effectiveness, it is important that companies ensure that board of directors' meetings are held frequently enough to allow for adequate discussion.

# Proxy Voting Outcomes

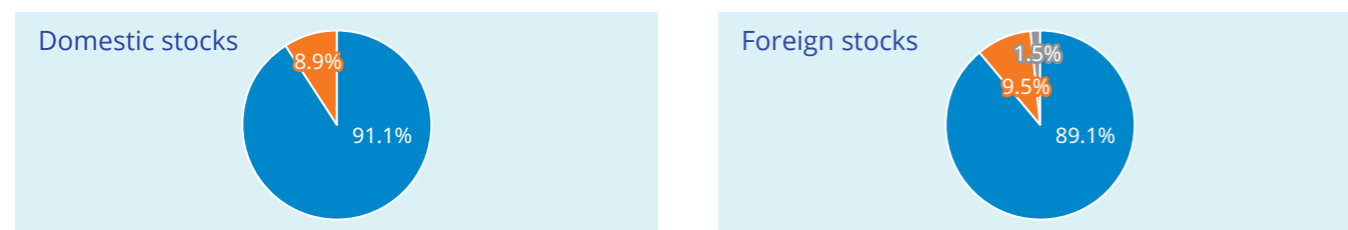
In 2023, proxy voting rights were exercised for 2,412 Japanese companies and 3,171 non-Japanese companies. The following table shows the status of those votes by proposal.

■ In favor ■ Against ■ Pending\*1

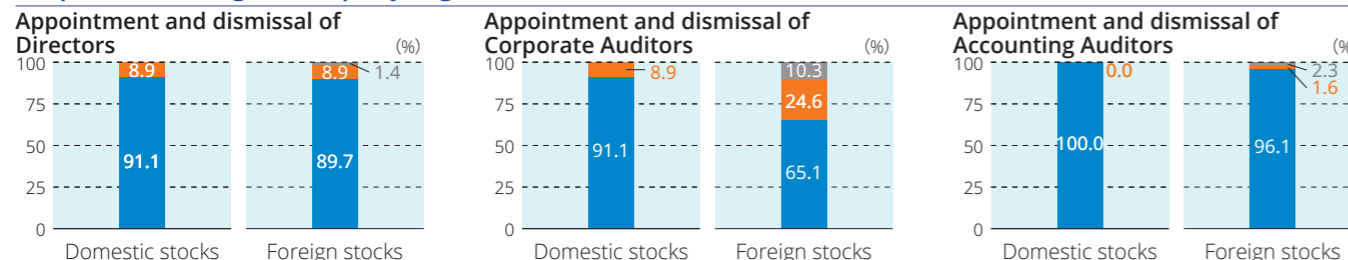


## Proposals relating to company proposals

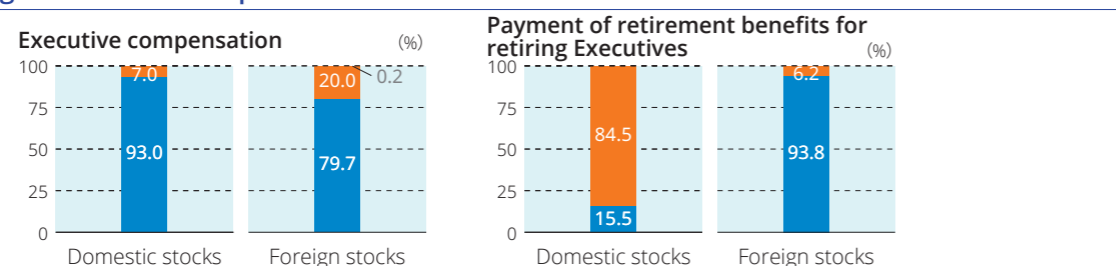
### Total



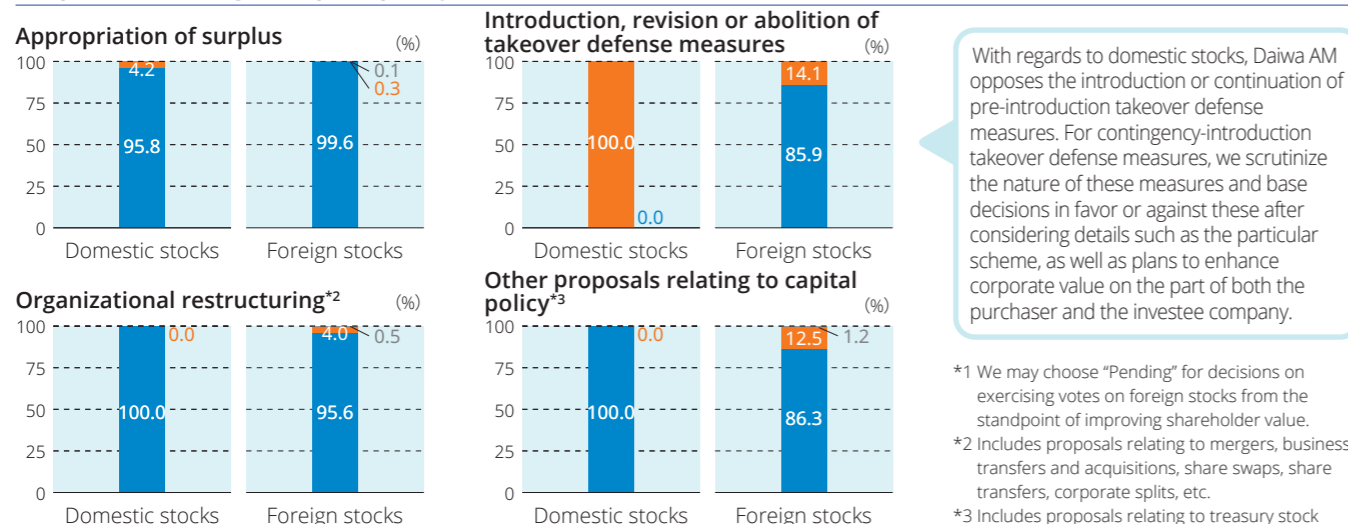
## Proposals relating to company organization



## Proposals relating to Executive compensation

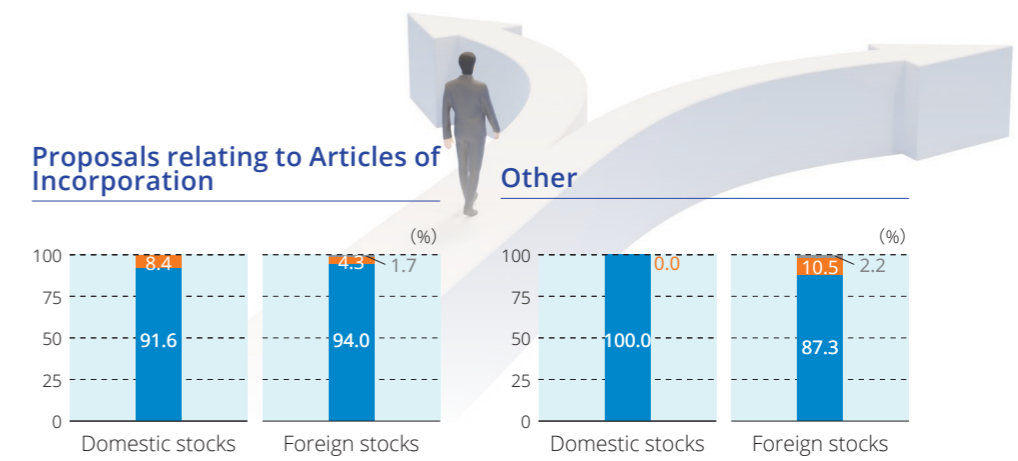


## Proposals relating to capital policy



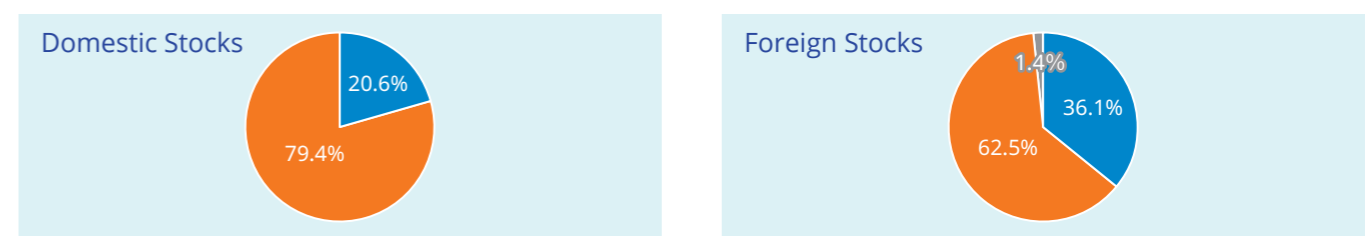
With regards to domestic stocks, Daiwa AM opposes the introduction or continuation of pre-introduction takeover defense measures. For contingency-introduction takeover defense measures, we scrutinize the nature of these measures and base decisions in favor or against these after considering details such as the particular scheme, as well as plans to enhance corporate value on the part of both the purchaser and the investee company.

\*1 We may choose "Pending" for decisions on exercising votes on foreign stocks from the standpoint of improving shareholder value.  
 \*2 Includes proposals relating to mergers, business transfers and acquisitions, share swaps, share transfers, corporate splits, etc.  
 \*3 Includes proposals relating to treasury stock acquisitions, reduction of statutory reserves, increase in allocation of new shares to third parties, capital reduction, reverse stock splits, issuing of classified stock, etc.



## Proposals regarding shareholder proposals

### Total



# Column

## Approach to Performance Criteria

Through the exercise of voting rights, we aim to improve the medium- to long-term value and sustainability of our investee companies.

**Toru Yamanoi**  
 Senior Executive Managing Director  
 Head of Fund Management Division



In the exercise of proxy votes regarding domestic stocks, Daiwa AM voted against 8.9% of company proposals. This was up by less than 2% compared to our voting record in 2022, but it has been pointed out that this rate of opposition is lower in comparison to the proxy voting records of other institutional investors.

The majority of company proposals involve proposals regarding the appointment of directors and the disposition of surpluses. In principle, however, we oppose candidates for reappointment as directors of investee companies that have failed to achieve ROE for three consecutive terms when compared to other companies in the same industry.

In general, institutional investors' proxy voting criteria use the same thresholds for ROE and other performance criteria. However, Daiwa AM's policy is to use the criteria noted above based on the belief that decisions should be made by looking at individual company circumstances and the characteristics of each industry. The percentage of votes exercised against candidates of reappointment to boards of directors thus

tends to be relatively low. That said, with regards to shareholder proposals, which have been on the rise in recent years, as with company proposals we carefully examine each company's situation and make decisions in favor of or against proposals with the goal of improving corporate value over the medium to long term. As a result, the ratio of approval of shareholder proposals by institutional investors, including activists, was 20.9%, up 4.2% from 2022\*4.

These approval/opposition ratios result from a close examination of individual proposals, and are not intended to control the ratios themselves, and thus they are likely to rise or fall going forward. However, we will continue to exercise our proxy voting rights based on a close study of the condition of the individual companies and the characteristics of their respective industries, based on the judgment that those decisions will truly contribute to improving their corporate value.

\*4 Compiled by Japan Shareholder Services Ltd.

### Comparison with previous year (2022)

The number of opposing votes increased as a result of a revision of the Proxy Voting Policy in May 2023, which expanded the criteria for the appointment of at least one female director from TOPIX 500 companies to the TSE Prime Market, and tightened the application of those criteria to companies.

**✕ Opposition to representative directors due to violation of criteria on female corporate officers**



### Future issues to consider

Some of the issues for future consideration regarding the Proxy Voting Policy (domestic stocks) include the following:

#### Tackling ESG issues (Diversity, equity, and inclusion)

Daiwa AM believes that diversity, equity, and inclusion initiatives and enhanced information disclosure by companies are important topics of engagement. Not only do these efforts contribute to enhancing corporate value, but also improve the efficiency of corporate management by making use of underutilized corporate resources.

Proxy voting criteria currently require TSE Prime Market listed companies to have a multi-gender board member composition, but we will consider expanding the scope of application and requirements regarding the number of members in the future.

#### Cross-shareholdings

Daiwa AM believes that, in principle, cross-shareholdings should be sold because the cross-holding of shares reduces the company's governance function and because such cross-holdings can lead to a decline in capital efficiency. At the same time, we recognize that it is difficult for companies with large current holding to rapidly reduce those holdings, so we have set a threshold for excessive holdings at 20% or more of net assets. We will, however, consider lowering the numerical criteria going forward. In addition, we recognize that the practice of asking business partners, etc. to hold a company's shares or to refuse to sell a company's shares is problematic. We will thus seek improvements from such companies through engagement, and consider incorporating those efforts in our proxy voting criteria going forward.

**+ WEB** Please visit the following webpage for details and information on other issues being considered (in Japanese):

<https://www.daiwa-am.co.jp/company/managed/revguideline.pdf>

In addition, when judging the number of outside directors, the number of votes in opposition has increased with a change to judging by the number of independent outside directors, which meets Daiwa AM's requirements for independence.

**✕ Opposition to representative directors due to insufficient number and ratio of independent outside directors**



### Adjustments to individual disclosures

#### Early disclosure

We disclose our decisions for or against individual investee companies and proposals at the end of the month following the month in which the general meeting of shareholders is held.

#### Dedicated site set up to facilitate searchers

Using the Glass Lewis platform, we have created an environment that makes it easy to search for results of proxy votes by filtering by the date of the general shareholders' meeting, searching by issue name, and so on. Past proxy vote results can also be viewed.

#### Tool for disclosing proxy vote results using the Glass Lewis platform

会社名	コーポ	株主	議決権	議決権	議決権
7745	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-09-22
3056	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-09-26
3074	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-11-08
6962	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-08-27
4813	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-08-09
4811	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-08-23
2982	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-09-28
2977	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-11-28
1591	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-09-28
3448	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-08-22
4476	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-09-27
3022	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-08-27
3457	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-09-28
7075	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-11-28
9024	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-07-28
6274	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-09-29
4182	AA&B&C&D&E&F&G&H&I&J&K&L&M&N&O&P&Q&R&S&T&U&V&W&X&Y&Z	株主	議決権	議決権	2023-09-29

<https://viewpoint.glasslewis.com/WD/?siteId=DaiwaAM>

#### Data can be downloaded as an excel file

You can collate and analyze the proxy vote results by downloading the Excel file.

## Stewardship Committee

### Message from the Chair of the Stewardship Committee



We focus on engagement and seek to enhance the corporate value of investee companies and increase the medium- to long-term returns of each investment fund.

Hisashi Kanamori  
Senior Executive Managing Director, Executive Head of Fund Management Division and CIO and Head of Global Business

In 2023, the capital efficiency and market evaluations of companies were once again a focus of attention following a request from the Tokyo Stock Exchange for Action to Implement Management That Is Conscious of Cost of Capital and Stock Price. Many companies announced specific measures for enhancing ROE and PBR, and awareness of capital costs, ROE, and PBR has increased on the part of both investors and companies. There will continue to be expectations for companies to take active measures into the future, and the importance of stewardship activities as a means of actively promoting reforms by investee companies is increasing.

Daiwa AM believes that engagement (constructive dialog) that involves direct communication with investee companies is the foundation of our stewardship activities, and we have long actively conducted such activities. We also believe that engagement conducted with appropriate content and methods to address the issues that companies are facing can identify and eliminate the factors that impede fundamental corporate value, thereby leading to improved corporate value.

In active management in particular, we go beyond simply seeking improvement in the quantitative indicators, such as ROE and PBR, of investee companies, and we engage in exchanges of opinions to encourage investee companies to reform their business portfolios by reviewing their corporate culture and exploring new business areas where they can leverage their strengths, encouraging corporate transformation. For example, we conduct "lingagement" initiatives for companies that are confronting the issue of improving corporate value, such as introducing companies that have faced similar issues and found solutions and holding networking events where companies can share their knowledge.

For an even broader scope of investee companies,

Daiwa AM engages in passive engagement that seeks to enhance corporate value for the market as a whole. In passive engagement, the primary aim is to mitigate and eliminate risks based on the material issues that we emphasize in relation to ESG and best practice adopted in the organizing of initiatives of companies that we believe conduct the best corporate governance overall.

We see the exercise of voting rights of investee companies, along with engagement, as a key tool for contributing, as an institutional investor, to the improvement of corporate value. When establishing or revising standards on the exercise of voting rights, we use the knowledge that we gained through engagement and conduct adequate internal deliberation so that our ideas on corporate governance can be reflected. In addition, if we determine through engagement with a company that it would not be appropriate to decide whether to vote for or against a proposal in accordance with the voting criteria, we may engage in internal deliberations to reach a decision on a case-by-case basis.

In July 2022, Daiwa AM formed a business alliance with the Drucker Institute in the U.S., and in December of that year, we established and began managing the Drucker Institute U.S. Equity Fund (Capital Growth Type), which uses a proprietary analytical model based on the Drucker Institute Score. In March 2024, we jointly developed a Japanese version of the Drucker Institute Score that covers Japanese stocks. In addition to using this score for investing in Japanese stocks, we are also considering its application as an engagement tool that focuses on the intangible assets of Japanese companies.

Going forward, Daiwa AM will continue to use tools, such as the Drucker Institute Score and ESG scores that we independently calculate to conduct engagement and stewardship activities with the objective of increasing returns for investors by improving corporate value.