

## Survey Results on Global Institutional Investors' Perceptions Ahead of the 2026 Annual General Meeting Season and Key Points for Shareholder Engagement

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### Executive Summary

This report summarizes findings from a 2025 global survey of institutional investors (representing US\$60 trillion in assets) and provides guidance for companies preparing for the 2026 annual general meeting (AGM) season. The core message is that **effective, continuous shareholder engagement and strong governance practices are critical drivers of long-term value creation.**

The top engagement priorities are **board composition/succession planning and executive remuneration**, with investors focusing on whether governance structures support long-term value creation and whether pay is clearly aligned with performance.

Institutional investors take a pragmatic stance on activism, backing the party with the most compelling strategy. If engagement fails, they are more likely to **vote against directors or collaborate with other shareholders** than divest.

For Japanese companies, the report highlights a need to strengthen continuous engagement, expand collaborative dialogue, and align governance practices more closely with global expectations. Overall, companies that maintain proactive communication, demonstrate governance credibility, and link strategy to measurable outcomes will be best positioned to earn investor trust and support.

### 1. Introduction

The Japanese Stewardship Code was introduced in 2014, followed by the Corporate Governance Code in 2015. More than 10 years have passed since these codes were introduced and three years since the Tokyo Stock Exchange issued a request aimed at taking "action to implement management that is conscious of cost of capital and stock price." It is fair to say that, now, conducting effective and substantive dialogue with shareholders to enhance medium- to long-term corporate value<sup>1</sup> has become a common challenge for listed companies in Japan. Japan Shareholder Services (hereinafter "JSS"), where the author is affiliated, provides shareholder-related services to Japanese listed companies, including beneficial ownership investigations, proxy voting support, and IR/SR dialogue assistance. We receive daily inquiries from management and IR/SR practitioners of our client companies regarding key points for engaging with shareholders.

This paper provides an overview of the findings from the "Global Institutional Investor Survey: Trends and

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<sup>1</sup> In Japan, the term "corporate value" is generally used, whereas overseas, "value" or "shareholder value" is typically employed. In this article, we use "value" for sections based on statements by overseas institutional investors.

considerations for 2026"<sup>2</sup> (hereinafter referred to as "the Survey"), which was conducted by Georgeson<sup>3</sup>. The Survey examines the expectations and key areas of interest of global institutional investors (defined below) in their engagement with listed companies. The aim is to offer Japanese listed company executives insights into key considerations for future shareholder relations. Additionally, the paper includes comments from institutional investor panelists at a January 2026 online seminar<sup>4</sup> hosted by Georgeson based on the survey. Georgeson is a leading player in global shareholder relations and has maintained a strategic partnership with JSS for over 20 years. JSS participated in the survey as well, and we would like to take this opportunity to thank the major Japanese asset management companies that responded. Please note that the views expressed in this article are solely those of the authors and do not represent the views of our organization.

## 2. Methodology of the Global Institutional Investor Survey

This is the fourth edition of the survey. It was conducted in October 2025 through online and in-person interviews with 54 global institutional investors, for a total of 134 respondents. The respondents included major Japanese asset management firms, for which JSS conducted the survey. The respondents were primarily professionals responsible for responsible investment and stewardship, including proxy voting officers and ESG specialists. The total assets under management of the responding institutional investors amounted to US\$60.44 trillion.

We will examine the survey results in the next section. Please note that this survey does not focus on specific countries or regions but rather covers all regions.

## 3. Key Survey Findings and Responses

### (1) Effective Engagement

Like listed companies, institutional investors approach dialogue with a focus on "constructive engagement"<sup>5</sup>. Regarding factors that enhance dialogue effectiveness, survey results suggest respondents prioritize two elements: "year-round engagement" and "private dialogue (such as one-on-one meetings)" (see Figure 1).

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<sup>2</sup> <https://www.georgeson.com/uk/insights/global-institutional-investor-survey-trends-for-2026#form>

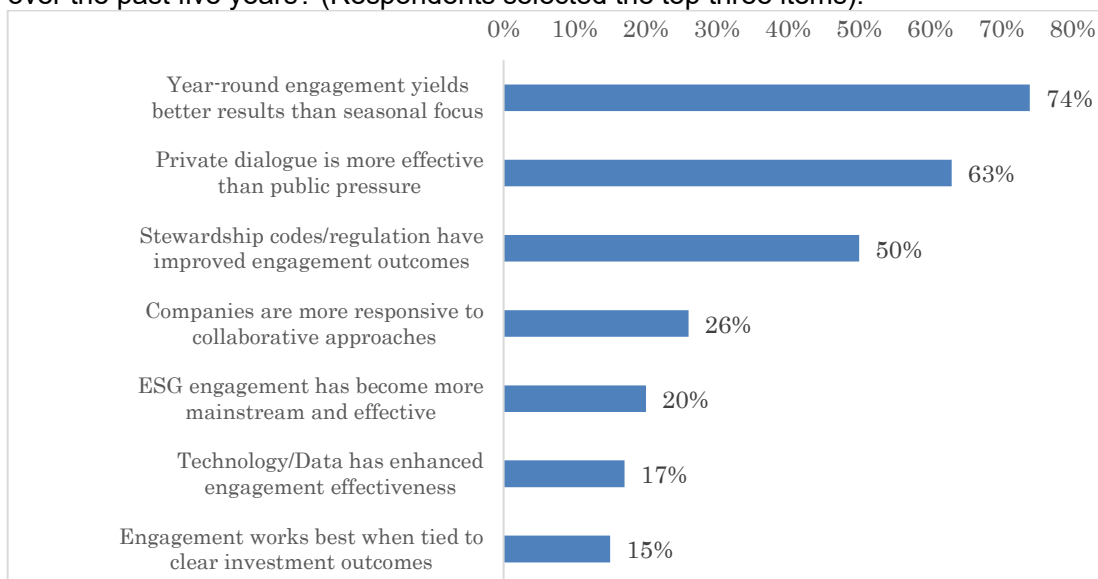
<sup>3</sup> Founded in 1935, Georgeson is the world's oldest proxy advisor and a global market leader in strategic shareholder communications, corporate governance, and ESG advisory services. In 2003, Georgeson became a subsidiary of Computershare, the world's largest shareholder services provider.

Georgeson website: <https://www.georgeson.com/uk>

<sup>4</sup> "Investor Insights: Preparing for the 2026 Proxy Season," held on January 27, 2026. Stewardship representatives from Vanguard, Capital Group, and Schroders spoke at this seminar.

<sup>5</sup> Principles of "Responsible Institutional Investors" <<Japanese Stewardship Code>>: "Institutional investors should seek to arrive at an understanding with investee companies and work to solve problems through constructive engagement with investee companies."

(Figure 1) What have been the most significant lessons learned about effective shareholder engagement over the past five years? (Respondents selected the top three items).



Source: Compiled by JSS based on Georgeson's "Global Institutional Investor Survey – Trends and considerations for 2026"

These results suggest that, when aiming for sustainable growth or maximizing investment returns, focusing solely on topics related to shareholder meetings is too limited. It is advisable to identify when information regarding topics aligned with institutional investors' interests becomes available and to conduct dialogue while taking into account institutional investors' activity patterns during their busy and quiet periods<sup>6</sup>.

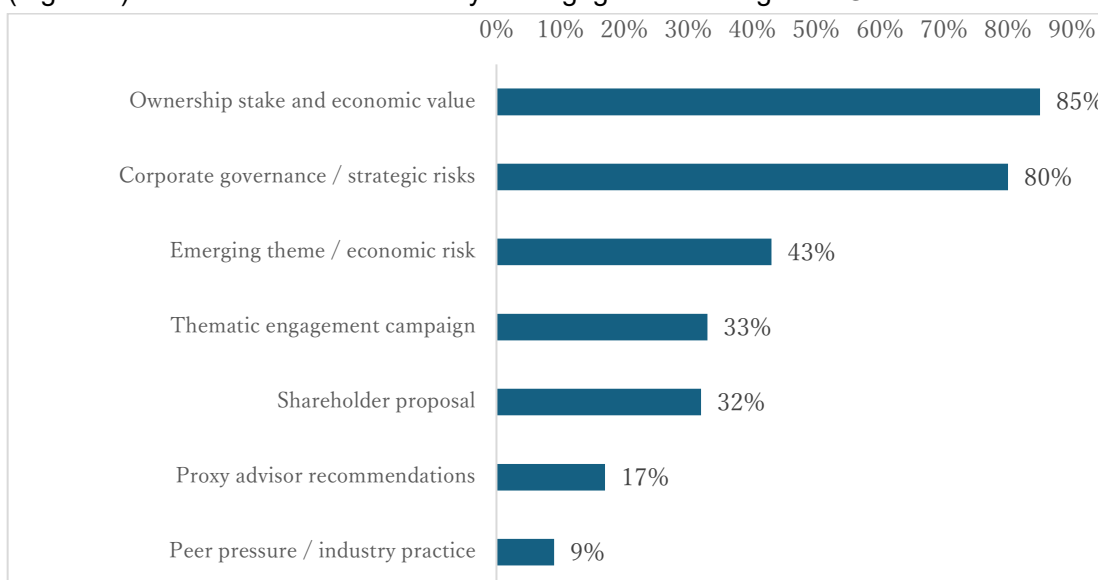
Furthermore, even traditional institutional investors (those not typically regarded as activists) have recently been seen publicly disclosing letters to investees or commenting through the media. The results of this survey show that over 60% of institutional investors responded that "private dialogue is more effective than public pressure," confirming that they still prioritize private dialogue with investee companies while utilizing various dialogue methods.

Additionally, it is worth noting that institutional investors also value "soft law and regulations, such as the Stewardship Code." Some global institutional investors have established dedicated personnel or organizations (advocacy teams) that specialize in dialogue with listed companies, as well as building relationships with national governments, stock exchanges, and international corporate governance and sustainability organizations. Institutional investors are actively working to ensure that codes and regulations serve as a foundation for more effective engagement by proactively engaging with policymakers.

<sup>6</sup> Among global institutional investors, the period from January to June, when proxy voting and shareholder meeting preparations are concentrated, is often referred to as the "high season," while July through December is considered the "off-season."

Figure 2 shows that the primary factors determining the priority of dialogue regarding engagement related to investee companies' annual general meetings are: (1) the size of the ownership stake and (2) the presence of issues related to corporate governance or risk. We frequently hear comments from JSS's clients (Japanese listed companies) such as "We can't secure dialogue appointments, and it's even harder to get them with overseas institutional investors.". This is because institutional investors also prioritize which companies to engage with. It is no exaggeration to say that they essentially narrow down the companies they approach based on these two factors. From this perspective, when a meeting with an institutional investor is scheduled, companies should approach the dialogue with a mindset of deep self-reflection and consider the possibility that their company faces significant issues or risks.

(Figure 2) What factors will influence your engagement during the AGM season?

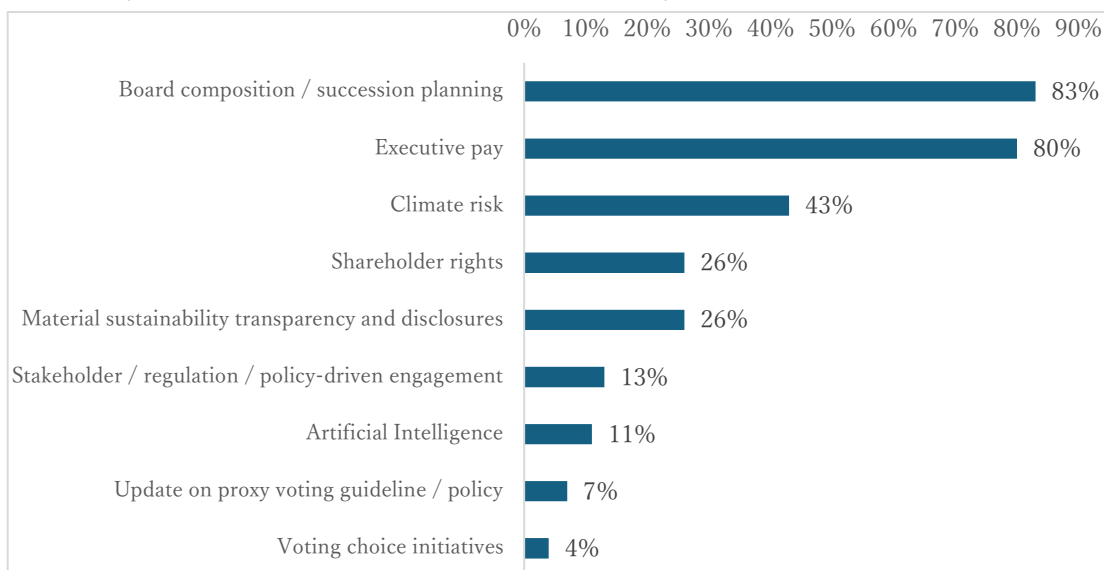


Source: Compiled by JSS based on Georgeson's "Global Institutional Investor Survey – Trends and considerations for 2026"

## (2) High-Priority Engagement Topics

The foundation of dialogue between companies and institutional investors lies in issues related to the governance of investee companies. As shown in Figure 3, more than 80% of institutional investors selected "Board composition/succession planning" and "Executive pay" as the engagement topics they consider most important ahead of the 2026 AGM season.

(Figure 3) What are your firm’s key priorities for company engagement when preparing for the 2026 AGM season? (Respondents selected their top three items)



Source: Compiled by JSS based on Georgeson’s “Global Institutional Investor Survey – Trends and considerations for 2026”

First, one reason why “Board composition/succession planning” is cited as a high-priority item is likely that institutional investors are focusing on the mechanisms companies use to implement their strategies and other objectives. Institutional investors believe that each company has its own appropriate approach to improving governance and view superficial, token efforts that lack substance as a risk. The risk many institutional investors perceive is that if the optimal board composition and director selection – necessary to realize each company’s business strategy and vision – are not implemented, governance will not be strengthened, making it difficult to achieve sustainable value<sup>7</sup> growth. Furthermore, changes in strategy may arise due to shifts in the business environment; unless the governance structure can adapt flexibly to such changes, the risk will only increase. It is reasonable to assume that institutional investors believe that if directors with the appropriate qualifications are appointed and a sound succession plan is implemented, the governance of the investee company will function effectively, enabling long-term value creation. As described above, from the perspective of assessing the likelihood of sustainable value enhancement, institutional investors appear to have selected “Board composition/succession planning” as the highest-priority engagement topic.

The next highest-priority item selected was “Executive pay.” The views of institutional investors described in this section are primarily based on discussions held during the online seminar. At the core of global institutional investors’ voting decisions lies the concept of “pay-for-performance,” and attention is focused

<sup>7</sup> See footnote 1 for the definition of “value.” The same applies below.

on the alignment between performance achievement and executive remuneration. Institutional investors often engage with directors prior to making voting decisions, after scrutinizing corporate disclosures.

In their stewardship activities regarding executive remuneration, institutional investors consider the following four principles to be important: (1) alignment between executive remuneration and performance, (2) the composition and rationality of executive remuneration, (3) the appropriateness of remuneration levels, and (4) remuneration governance<sup>8</sup>.

- 1) Regarding the alignment of executive remuneration with performance, they require that each company's executive remuneration system functions as a mechanism that contributes to value creation. They view a lack of such alignment as a high-risk factor that could lead to a vote against the proposal.
- 2) Regarding the structure and rationality of executive remuneration, they require disclosure of a consistent approach to the formulation of remuneration plans, the reasons for adopting or modifying plans, and clear key performance indicators (KPIs) used to calculate executive remuneration.
- 3) Regarding the appropriateness of remuneration levels, we maintain that high executive remuneration requires substantive justification, such as having secured highly capable talent from a global pool of candidates. Furthermore, there is a view that adopting inappropriate remuneration benchmarks based on the selection of comparison companies without proper justification lacks validity.
- 4) In terms of remuneration governance, a robust decision-making process within the remuneration committee – including the careful selection of peer companies and transparent decision-making led by independent outside directors – is considered a key indicator of the quality of the board of directors.

In this way, institutional investors assess whether executive remuneration promotes value creation by considering the results of direct dialogue with the board of directors.

Furthermore, while an increasing number of Japanese companies are adopting performance-based equity remuneration, scrutiny will grow regarding the setting of longer vesting periods, the use of clear KPIs for remuneration calculation, and alignment with the Tokyo Stock Exchange's initiatives to improve capital efficiency.

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<sup>8</sup> Remuneration governance is a system that oversees and manages the entire executive remuneration process to ensure fairness and transparency.

### (3) Shareholder Activism

As Figure 4 shows, whether institutional investors support an activist investor depends on which side – the company or the activist – has the more persuasive business strategy. In other words, they support the plan that contributes to enhancing corporate value. While recent activism campaigns have featured catchy, seemingly straightforward slogans, institutional investors base their judgments on substance. Rather than countering activists with flashy campaigns, companies are expected to objectively analyze their own businesses, constructing a narrative with as many figures and KPIs as possible to ensure their message resonates with institutional investors.

Furthermore, since institutional investors place significant importance on an activist's "investment horizon and track record," they also evaluate activists based on the credibility and feasibility of their track record.

(Figure 4) When assessing a strategic shareholder activist campaign, which factor holds the most weight in your decision to support or oppose it?

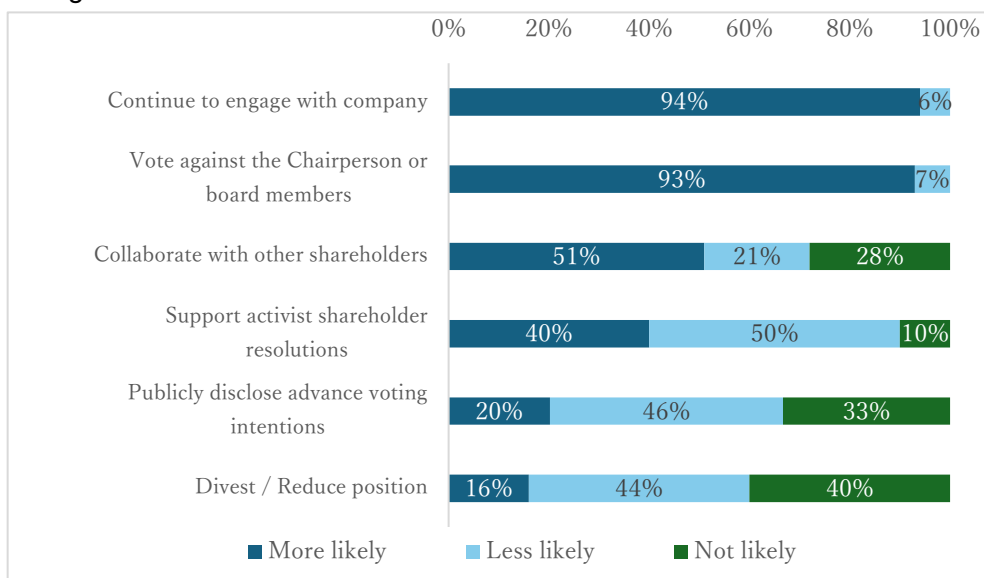


Source: Compiled by JSS based on Georgeson's "Global Institutional Investor Survey – Trends and considerations for 2026"

Next, we examine how institutional investors respond when dialogue with investee companies does not yield the expected results (see Figure 5). As expected, "Continue to engage with company" ranks high; however, it is evident that "Vote against the Chairperson or board members" has become the most common escalation measure. Additionally, more than half of investors cite "Collaborate with other shareholders" as a highly likely course of action. In Japan, collaborative engagement has garnered renewed attention following the 2025 revision of the Stewardship Code, which amended the provisions regarding such engagement. On the other hand, collaboration is becoming a more common engagement method among global institutional investors. There have been instances in which global institutional investors have

coordinated their engagement efforts in cases involving major Japanese companies at considerable risk of eroding shareholder value, such as in scandals or M&A transactions<sup>9</sup>.

(Figure 5) If engagement is not achieving the desired outcome, what are the preferred methods to drive change at the board level?



Source: Compiled by JSS based on Georgeson’s “Global Institutional Investor Survey – Trends and considerations for 2026”

#### (4) Outlook for the 2026 Annual General Meeting Season

The environment surrounding global institutional investors and their portfolio companies is undergoing significant changes. Examples include shifting expectations among institutional investors regarding engagement with investee companies, an increasing number of boards strengthening oversight of AI governance and cybersecurity, and changes in the research services provided by proxy advisory firms. Below, we outline the outlook for the 2026 AGM season in light of these changes, as well as the key areas companies should review, consider, and implement.

Ahead of the 2026 AGM season, global institutional investors expect earlier and more targeted engagement from companies. For example, when determining the need for dialogue during the AGM season, institutional investors consider the following points: (1) the significance of governance concerns, (2) lack of clarity in explanations or deficiencies in disclosures, (3) proposals requiring clarification (e.g., executive remuneration), (4) the timing of dialogue (avoiding last-minute discussions), and (5) alignment

<sup>9</sup> In October 2025, the Asian Corporate Governance Association (ACGA) issued a letter regarding the delisting of Toyota Industries Corporation, requesting additional disclosure of information — such as the share valuation process leading to the determination of the tender offer price — to ensure transparency and address the concerns of minority shareholders. <https://www.acga-asia.org/pdf/tico-tmc-letter-english-public-version>

with long-term stewardship policies. While many institutional investors, activists, and companies continue to focus on governance and capital allocation, regarding points (1) through (4) above, it is noted that if companies present specific agenda items and clear materials when requesting dialogue, institutional investors will be able to effectively prioritize their engagement. Furthermore, based on consideration point (5), institutional investors can evaluate companies against their own voting criteria while taking into account detailed discussions with the company, thereby enabling them to make appropriate decisions regarding the exercise of voting rights.

Another recent trend is the growing number of boards of directors strengthening their oversight of AI governance and cybersecurity. However, institutional investors are not seeking technical details regarding these issues. What they want to know is who on the board is mapping these risks and what ethical standards the company is prepared to follow to responsibly integrate AI into its business operations. While the use of AI and cybersecurity oversight are pressing issues for Japanese companies as well, it will take some time for discussions from the perspective of board oversight to gain traction. This will need to be addressed as an issue in the near future.

Another notable rapid change in the environment is the way proxy advisory firms provide research. Behind this are movements such as the repeal and relaxation of ESG-related regulations under the second Trump administration, as well as increased regulation of proxy advisory firms that provide advice to institutional investors. In a release dated October 15, 2025 (Glass Lewis Leads Change in Proxy Voting Practices), Glass Lewis announced its policy to discontinue proxy voting recommendations based on standard voting criteria starting in 2027 and switch to providing customized reports for each client. Additionally, Institutional Shareholder Services (ISS) is expanding its modular research services, enabling institutional investors to customize the focus and depth of their analysis of proposals. As a result, it is anticipated that predicting voting outcomes will become more difficult in the future. Companies, too, should seek to confirm institutional investors' perspectives through dialogue.

Given the aforementioned environmental changes, the board of directors can foster institutional investors' understanding of the company and trust by engaging in ongoing dialogue with them. Topics for this dialogue could include the board's initiatives for achieving sustainable value creation and its efforts to strengthen corporate governance. Furthermore, transparent and clear disclosures enable investors to understand and evaluate the board's functions from an external perspective. The key to a successful annual general meeting is not one-off engagement, such as explanations of agenda items held only before the annual general meeting, but rather continuous engagement throughout the year.

#### 4. Conclusion

Of the 54 global institutional investors who responded to the survey, four were Japanese institutional investors. Their responses showed some trends that differed from those of other (primarily from European

and American) institutional investors. With this in mind, we will conclude this paper by discussing the implications for Japanese companies derived from the survey results.

First, it appears that collaborative engagement has not yet become widespread in Japan regarding priorities in dialogue with companies. This is likely due to the perception of limited effectiveness and ambiguity surrounding the large shareholding reporting system. Additionally, engagement tends to be given lower priority throughout the year. This reflects the tendency for dialogue opportunities to be concentrated prior to the annual general meeting.

Next, regarding engagement during the AGM season, it appears that Japanese institutional investors tend to place a higher priority on shareholder proposals than their Western counterparts. This is likely due to the sharp increase in shareholder activism and proposals in Japan in recent years.

As they prepare for the 2026 AGM season, common high-priority themes for boards include board composition, succession planning, and executive remuneration. Meanwhile, Japanese institutional investors tend to prioritize sustainability more than their Western counterparts do. This is thought to stem from differences in the impact of policies originating in the United States. Additionally, it is evident that Japanese institutional investors place a greater emphasis on updating their proxy voting guidelines than their European and American counterparts do. This can be interpreted as a difference in the stage of development regarding the tightening of standards for board independence and diversity.

Although the focus is often on which party – the proposing shareholder or the company – has a more compelling business strategy in response to shareholder activism, Japanese institutional investors seem to focus more on governance gaps compared to their Western counterparts. This is likely due to the prevalence of activism stemming from governance-related issues, such as the influence of founding families or parent companies and corporate scandals, as well as limited shareholder engagement.

In Japan, deliberations on the third revision of the Corporate Governance Code are reaching a critical stage. Additionally, government- and exchange-led initiatives are underway, including the review of tender offers and large shareholding reporting systems, the promotion of pre-general meeting disclosure of securities reports (or the postponement of general meetings), and review of market classifications. With the support of these measures, the gap with Europe and the United States is expected to gradually narrow. However, in areas such as remuneration systems – which are of great interest to Western investors (particularly the emphasis on stock ownership by internal directors) – and board composition (especially regarding independence and diversity), differences in corporate culture will likely prevent Japan from converging easily. Nevertheless, companies are expected to maintain a mindset focused on accumulating best practices to enhance corporate value (even without being prompted by institutional investors) and demonstrate a willingness to increase opportunities for dialogue with institutional investors.