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## ISS Releases Policy Updates for Proxy Voting Guidelines

- ✓ Stricter diversity standards for the board of directors are being considered.

Proxy advisory firm ISS announced that it would solicit comments from October 30 to November 11, 2025, on the proposed policy updates of each country scheduled to be implemented in February 2026.

Regarding Japanese companies, the following two policy changes were proposed (please also note that these two policies have been proposed as part of ISS's new Asia-Pacific proxy voting guidelines on November 25).

### ① Stricter Diversity Standards for the Board of Directors

As of June 2025, 82.4% of Japanese companies had at least one female director on the board, and 77.7% had female directors accounting for more than 10% of the board. Gender diversity of the board of directors is widely recognized among institutional investors as a key factor in strengthening corporate governance. Some major asset managers have set stricter standards, such as requiring two female directors or setting the threshold to 10%, 15%, or 20%.

Against this backdrop, the updated policy has proposed to raise the diversity standard for Japanese companies from the current requirement of "at least one female director" to "at least 10% female representation on the board." To allow companies sufficient time to secure qualified candidates, a one-year transition period will be provided, with the new standard scheduled to take effect on February 1, 2027.

### ② Strengthening Independence Standards for the Board of Directors Regarding Companies with Parent Companies or Controlling Shareholders

In light of the growing awareness of the need to protect minority shareholders in companies with parent companies or controlling shareholders, and following the overall improvement of corporate governance in Japan since the implementation of the Corporate Governance Code, the revised policy will require a majority of the board in such companies to be independent outside directors.

ISS has maintained a standard for more than 15 years requiring companies with parent or controlling shareholders to appoint at least two independent outside directors who meet the independence criteria set by ISS. In 2020, this standard was further tightened to require at least one-third of the board to be independent outside directors.

In addition to the above, the following two points were provided as supplementary explanations:

- The introduction of a tenure-based criteria as a standard for independence, decided in the 2024 policy update, will take effect in February 2026.
- Regarding the standard for the number of board positions held concurrently by directors, while it will not be implemented in Japan in 2026, ISS will continue to monitor the situation and if excessive overboarding is observed, the introduction of such a standard will be considered.

For further details, please refer to the URLs below:

- Requests for Comments Regarding the Proposed ISS Benchmark Policy Changes for 2026  
<https://www.issgovernance.com/file/policy/2025/Benchmark-Policy-Changes-For-Comment-2026-Japanese.pdf>  
(In Japanese only)
- ASIA-PACIFIC Proxy Voting Guidelines Benchmark Policy Changes for 2026 for Asia-Pacific Regional, Australia, China, Hong Kong, India, Japan, Korea, New Zealand, Singapore, and Taiwan  
<https://www.issgovernance.com/file/policy/latest/updates/Asia-Pacific-Policy-Updates.pdf?v=1> (In English)



## Daiwa Asset Management Releases Revisions to its Proxy Voting Policy

- ✓ Stricter Independence Standards for Outside Directors and Outside Director Candidates, Introduction of New Criteria on Director Tenure

On October 24th, Daiwa Asset Management announced that it had partially revised its proxy voting policy, scheduled to take effect from February 2026.

The following three points are the main changes in this revision:

- ① Criteria Regarding Director Tenure  
A new standard has been introduced requiring directors of companies with an Audit & Supervisory Board to have a one-year term of office.
- ② Tightening Independence Requirements for Outside Directors  
The criterion for deeming outside directors who come from major shareholders as non-independent has been tightened by lowering the shareholding threshold of such affiliated major shareholders from “10% or more” shareholding to “5% or more.”
- ③ Stricter Independence Requirements for Substitute Outside Director Candidates  
The independence requirements for substitute outside director candidates have been strengthened to apply the same criteria used for regular outside directors. (Previously, the requirement was only to meet the independence standards set by the financial instruments exchange.)

Please also note that, in addition to the above, Daiwa Asset Management has announced future areas for consideration regarding board diversity and cross-shareholdings, as well as points it wishes to communicate to investee companies during engagement on proxy voting.

For further details, please refer to the URL below:

- Review of the “Proxy Voting Policy (Domestic Equities)” and Future Areas for Consideration (Daiwa Asset Management, October 24, 2025)  
[https://www.daiwa-am.co.jp/company/stewardship/files/revguideline\\_202510.pdf](https://www.daiwa-am.co.jp/company/stewardship/files/revguideline_202510.pdf) (In Japanese only)



## Nomura Asset Management Releases Revisions to “Proxy Voting Standards for Japanese Companies”

- ✓ The objective is to promote the transition to a more effective monitoring board.

On November 4th, 2025, Nomura Asset Management announced revisions to its proxy voting standards for Japanese companies, effective as of November 1st.

The following four points are the main changes in this revision:

- ① Requirements for the Monitoring Board  
Among the requirements for a monitoring board, the criterion regarding the number of female directors has been raised from “at least 10% of the board” to “at least 15%.”
- ② Threshold for Opposition Standards in Cases of Particularly Large Cross-Shareholdings  
(Before revision) If strategically held stocks held by a financial institution account for more than 50% of its net assets or if strategically held stocks held by a company other than a financial institution account for more than 20% of its invested capital.  
(After revision) Unless the board of directors has satisfied all the requirements for a monitoring board (excluding requirements concerning strategically held stocks), if strategically held stocks held by a financial institution account for more than 40% of its net assets or if strategically held stocks held by a company other than a financial institution account for more than 15% of its invested capital.  
(In all cases, thresholds are based on information disclosed in the previous year’s securities report.)
- ③ Requirements for Determining Whether Governance on Nominations (and Compensation) is in Place (Applicable from November 2026)  
(Before revision, until end of October 2026) “Effective governance on nomination (compensation) is established” means a situation in which a statutory or voluntary nomination committee has been established, and its members include two or more outside directors, and the number of inside directors among the members is fewer than the number of outside directors among the members.  
(After revision, from November 2026) “Effective governance on nomination (compensation) is established” means a situation in which a statutory or voluntary nomination committee has been established, and outside directors constitute a majority of its members.
- ④ Handling of Campaigns Opposing Company Proposals  
In light of the increasing number of campaigns calling on other shareholders to oppose company proposals, Nomura Asset Management has explicitly stated its approach to decision-making and manner of information disclosure.

Please also note that, in addition to the above, Nomura Asset Management has confirmed that the previously announced revision in the 2024 update regarding raising the minimum requirement for the number of female directors (from one director to at least 10% of the board) will be implemented as scheduled from November 2025.

For further details, please refer to the URL below:

- Regarding the Revisions of “Proxy Voting Standards for Japanese Companies” (Nomura Asset Management, November 4, 2025)  
[https://www.nomura-am.co.jp/special/esg/pdf/vote\\_policy20251101.pdf](https://www.nomura-am.co.jp/special/esg/pdf/vote_policy20251101.pdf) (In Japanese only)