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Sumitomo Mitsui Trust Asset Management Revises Principles for Exercising Voting Rights

✓ Clarification of the standards regarding cross-shareholdings, etc.

On December 2, 2025, Sumitomo Mitsui Trust Asset Management released their principles for proxy voting that will apply to shareholder meetings held from January 2026 onward.

In this revision, the primary changes concern the following criteria.

① Criteria regarding the appointment of female directors

There is no change to the policy of opposing in principle when no female directors are present. However, an additional note has been included stating that the election criteria will be tightened from 2027 (with the specific criteria to be determined based on the status of female director appointments in 2026). It also states that if a company were to fail to meet this criteria once the stricter standards are in place, proactive measures aimed at appointing female directors from internal talent pools may be positively taken into account when making proxy decisions.

② Criteria regarding cross-shareholdings

The criteria had previously been somewhat ambiguous, set as “the ratio of investment securities held for purposes other than pure investment, including deemed cross-shareholdings, to net assets, at approximately the top-10-percentile level among all TOPIX constituents.” Under the latest revision, however, this has been clarified as “20% or more.” Additionally, it has been noted that “going forward, based on the progress of reductions and with reference to the trends in the top 10th percentile level of all TOPIX constituent stocks, the criteria will be adjusted in increments of 5%.”

③ Criteria regarding share-based compensation plans and the granting of share-based stock options (that are not performance-linked)

“Outside directors” has been removed from the scope of targets subject to opposition votes. At the same time, the category of those for which the exception criteria is applicable has been changed from “outside directors” to “directors who are Audit and Supervisory Committee members.”

④ Criteria related to director compensation proposals within shareholder proposals

Regarding the following criterion under which support was granted in principle, “when seeking the adoption of a clawback clause,” the term has been specified as the adoption of a “standard (clawback clause).”

For further details, please refer to the URLs below:

- Our Principles for Exercising Voting Rights (for Domestic Stocks) as a Responsible Institutional Investor <https://www.sumitrust-am.com/responsible-investment/proxy-voting> (English)
- Regarding the Revisions to “Our Principles for Exercising Voting Rights (for Domestic Stocks) as a Responsible Institutional Investor” https://www.smtam.jp/news/pdf/release/PR2025_029.pdf (In Japanese Only)



Resona Asset Management Revises Proxy Voting Guidelines

✓ Review of criteria and target of opposition regarding director appointment proposals, etc.

On November 27, 2025, Resona Asset Management released their proxy voting guidelines that will apply to shareholder meetings held from January 2026 onward.

In this revision, the primary changes concern the following criteria.

- ① Matters related to the appointment of directors (capital efficiency)
The criteria set regarding the opposition of representative directors with a tenure of over three years had previously been set as “the company has recorded an ROE of less than 8% for three consecutive years and has excessive net cash (at least 25% of total assets for three consecutive years), or has an ROE in the bottom 25% of its industry for three consecutive years.” In this revision, the underlined part “bottom 25%” has been changed to “bottom one-third.”
- ② Matters related to the appointment of directors (cross-shareholdings)
Although the criterion itself has not been revised, an additional note has been included stating that “even if the stated purpose of holding shares has been reclassified as pure investment, if the shares are substantively deemed to be cross-shareholdings, consideration may be given to making a judgement that takes this into account.”
- ③ Matters related to the appointment of directors (dividend policy)
Although the criterion itself has not been revised, the subject of opposition has been changed from “the reappointment of directors” to the “appointment of representative directors.”
- ④ Matters related to capital policy (establishment and support of foundations, etc.)
Although the criterion itself has not been revised, the following proviso has been removed: “a case-by-case judgement will be made only when there is a reasonable and convincing explanation that the establishment or support of a foundation, etc., contributes to the enhancement of shareholder value over the medium to long term, appropriate measures are taken to address the dilutive impact associated with a third-party allotment, and voting rights are handled appropriately.”

In addition, as future directions for the revision of the proxy voting guidelines, the following three items have been presented:

- Board independence (expanding the scope of companies required to have a majority of independent outside directors on the board)
- Ratio of female directors (raising numerical targets in stages and expanding the scope of companies subject to the criteria)
- Addressing priority issues (furthering the integration of engagement and proxy voting, and considering placing greater emphasis on how companies address priority issues when making voting decisions)

For further details, please refer to the URLs below:

- Proxy Voting Guidelines (for Domestic Stocks)
https://www.resona-am.co.jp/sustainability/pdf/kijun_kokunai_202601.pdf (in Japanese only)
- Revisions to the Proxy Voting Guidelines (for Domestic Stocks) and Future Policy Directions
https://www.resona-am.co.jp/sustainability/pdf/kijun_hoshin_202601.pdf (in Japanese only)