



June 2026 Shareholder Meeting Review: Trends in Approval Rates for Major Proposals

About three months have passed since the annual shareholders meeting season in June, and the voting results of major institutional investors have now been fully disclosed. In this issue, we look at the reasons given by institutional investors for opposing proposals that received low approval rates. Please note that this analysis focuses on proposals submitted for consideration at the annual June shareholders meetings of companies listed on the Prime Market.

1. Appropriation of Retained Earnings

The proposal with the lowest approval rate came from a company in the electrical equipment sector (approval rate in the 60% range). In this company's case, it is believed that the low approval rate resulted from a delay in the fiscal year-end financial report due to allegations of misconduct at a subsidiary. Aside from this company, relatively low approval rates were observed in cases where specific major shareholders, such as activist investors, were present, or where the dividend payout ratio was low.

Overall, the approval rate for this type of proposal tends to be high year after year, with this year's average approval rate standing at 98.24% (a decrease of 0.02 percentage points from the previous year). This is partly due to the fact that ISS—which exerts significant influence on the voting behavior of foreign institutional investors—states: “We typically recommend a for vote when the dividend payout ratio is between 15% and 100%. If the dividend payout ratio falls outside this range, we make a case-by-case determination.” In other words, compared to many domestic institutional investors, ISS sets a lower threshold for recommending an against vote based on a low dividend payout ratio, which is considered one factor contributing to the high approval rate for this proposal.

On the other hand, it is generally understood that domestic institutional investors make voting decisions based on factors such as the dividend payout ratio, total return ratio, ROE, equity ratio, and net cash levels.

2. Amendments to Articles of Incorporation

The average approval rate was 97.53% (a decrease of 0.59 percentage points year-on-year), with only four companies in the electrical equipment, banking and other financial sectors recording a rate below 80%. Proposals that received low approval rates included changes to the total number of authorized shares and authorized share classes, as well as changes to allow virtual-only general meetings of shareholders. These are believed to be the main reasons for the opposition. Notably, the proposal with the lowest approval rate was submitted by a company in the banking sector (with an approval rate in the high 60s).

3. Election of Directors (Internal)

In the case of a company in the information and communications sector, the proposal was rejected, partly due to a high level of shareholding by an activist. In this instance, one inside director proposed by the company and two outside directors were rejected, while the two outside directors proposed by the activist were elected. We have also identified cases where the approval rate remained in the 50–60% range at companies with high activist ownership, companies that had experienced corporate scandals, companies that failed to meet the ROE criteria set by institutional investors or advisory firms, and companies with a shortage of female directors. Overall, compliance with investor expectations is improving, and the average approval rate remains high at 94.81% (a decrease of 0.04 percentage points year-on-year).

4. Election of Directors (Outside)

Proposals with low approval rates were particularly noticeable at companies with high levels of activist ownership. Furthermore, in addition to major institutional investors – primarily domestic ones – the guidelines issued by ISS and Glass Lewis applies tenure criteria (deeming directors non-independent if they have served for 12 years or more, calculated as the cumulative total of service as a director and auditor), and there were also notable instances where low approval rates resulted from votes cast against candidates who had not conformed to this criterion. Securing approval for exceptions regarding tenure is considered extremely difficult, and when a candidate falls under the 12-year threshold – which many domestic institutional investors treat as the standard for non-independence – votes against that candidate tend to be concentrated. Other reasons for opposition included the background of director candidates, such as whether they came from major shareholders, business partners or companies with strategic holdings. Conversely, the overall average approval rate remained high at 95.87% (a decrease of 0.03 percentage points year-on-year), indicating that many companies are proceeding with the appointment of candidates who meet institutional investors' standards.

5. Election of Auditors (including the election of substitute auditors)

The top ten proposals for the appointment of auditors that received the lowest approval rates were all for the election of outside auditors. As in Section 4 above, these proposals were for companies with high levels of activist ownership. It is believed that votes against were cast for candidates who had not been registered as independent directors, candidates affiliated with or originating from major shareholders or companies with which the company has business relationships, and candidates who had exceeded term limits. Conversely, no notable trends were observed regarding institutional investors' opposition to the election of inside auditors. Furthermore, the average approval rate for these proposals remained high at 95.94% (an increase of 0.28 percentage points year-on-year).

6. Shareholder Proposals

The average approval rate for shareholder proposals rose to 11.21% (an increase of 0.77 percentage points year-over-year) against the backdrop of changes in the composition of proposal submitters. Specifically, compared to the previous year, the number of proposals submitted by activists—which tend to have relatively high approval rates—remained flat, while the number of proposals submitted by individual shareholders and others—which tend to have relatively low approval rates—decreased.