Market Focus

UNLOCKING AGMs: FROM VOTES TO VOICE IN ASIA PACIFIC

Japan 2026

Main Messages from Part I

- Annual general meetings (AGMs) remain the one universal, legally mandated, and documented forum for shareholder voice.
- Shareholder engagement should not be confined to AGMs; it is a year-round responsibility of issuers.
- Strong governance, anchored by an effective AGM, supports long-term value creation, market efficiency and competitiveness, and ultimately, economic growth.
- AGM practice across the region falls short of recognized standards, including the G20/OECD Principles of Corporate Governance[1] and CFA Institute corporate governance guidance.[2]
- Meaningful progress requires coordinated action by issuers, investors, intermediaries, and regulators who are all part of the same ecosystem.
- Part I of this report is available on the CFA Institute Research and Policy Center website.[3]

Key Findings

- Management contestation remained within a narrow window between 8.1% and 10.0% from calendar year (CY) 2020 to CY2025 and was 8.7% in CY2025.
- Approval does not mean absence of concern. Around 1 in 10 proposals consistently met the contestation threshold each year (opposition of at least 10%).
- Director elections dominate both the agenda and contested management votes, highlighting the importance of director elections as an opportunity for investors to hold boards accountable.
- Shareholder proposal activity is broader, not more consensual. Average support declined from 11.7% to 7.1%.
- Proxy signals are influential but incomplete. Only 46.8% of contested management proposals carried at least one negative signal.

Priority Actions

- Tokyo Stock Exchanges (TSE) and regulators: Support consistent, principles-based implementation of the 2026 Corporate Governance Code, and continue improving the information-to-vote cycle.
- Issuers and boards of directors: Analyze material or recurring opposition, and explain the board's response, including any relevant changes to governance, committees, strategy, or capital allocation.
- Institutional investors: Exercise independent, company-specific stewardship, and explain significant or recurring voting decisions.
- Proxy advisers: Improve data quality, recommendation transparency, and market-specific explainability.

[1]OECD, "G20/OECD Principles of Corporate Governance 2023" (11 September 2023), https://doi.org/10.1787/ed750b30-en.

[2]CFA Institute, "The Corporate Governance of Listed Companies: A Manual for Investors" (2018), https://rpc.cfainstitute.org/sites/default/files/-/media/documents/article/position-paper/corporate-governance-of-listed-companies-3rd-edition.pdf.

[3]Mary Leung, Pankaj Sharma, Urav Soni, and Phoebe Chan, "Unlocking AGMs: From Votes to Voice in Asia-Pacific," CFA Institute (12 March 2026), https://rpc.cfainstitute.org/research/reports/2026/unlocking-agms-asia-pacific.

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Japan in Context

- **A decade of governance reform:** Over the past decade, Japan's corporate governance framework has evolved markedly. The Stewardship Code (2014), the Corporate Governance Code (2015), the 2022 restructuring of TSE market segments, and the 2023 TSE Initiative[4] have progressively moved expectations from defensive governance to growth-oriented governance.
- **Capital allocation and value creation:** The TSE Initiative gives practical expression to Japan's broader "value-up" agenda by sharpening the focus on capital allocation and board accountability. It calls on companies listed on the Prime and Standard markets to assess their cost of capital, profitability, and market valuation at the board level; develop and disclose improvement plans; and review and report on progress at least annually. The underlying policy logic is that effective governance supports more disciplined capital allocation and constructive shareholder engagement, providing a foundation for sustainable shareholder returns and long-term corporate value.
- **Board leadership and independent oversight:** The 2026 revision of the Corporate Governance Code (CG Code) builds on this agenda.[5] It reinforces the board's responsibility to guide strategy, support appropriate risk taking, and exercise independent oversight, to both improve capital efficiency and sustain growth.
- **Informed voting and addressing shareholder dissent:** These expectations give the effectiveness of AGMs a clear place in the wider reform agenda. Principle 1.2 of the CG Code identifies the meeting as an opportunity for constructive dialogue and calls for measures that support informed shareholder participation, including accurate information, submission of annual securities reports before the meeting, and appropriate meeting and voting record dates. Under Principle 1.3, a board that recognizes considerable opposition to an approved company proposal should analyze the reasons and take appropriate action.
- **AGM and shareholder engagement:** Together, the provisions in the revised CG Code connect informed voting with board responsiveness, positioning the AGM as an integral part of continuing shareholder engagement and accountability.

AGMs at a Glance

Our analysis covers 18,429 raw proposal records across 220–222 distinct companies from CY2020 to CY2025, reflecting Nikkei 225 constituents. **Exhibit 1** summarizes voting activity and proposal outcomes. After excluding vote-sum anomalies, the sample contains 16,797 proposals—16,393 management proposals and 404 shareholder proposals. **Exhibit 2** illustrates the trend in shareholder opposition to management-sponsored proposals over the same period.

Management contestation (i.e., the share of management-sponsored proposals attracting at least 10% opposition) remained within a narrow range of 8.1% and 10.0% from CY2020 to CY2025

Exhibit 1. AGM Voting Overview, CY2020–CY2025

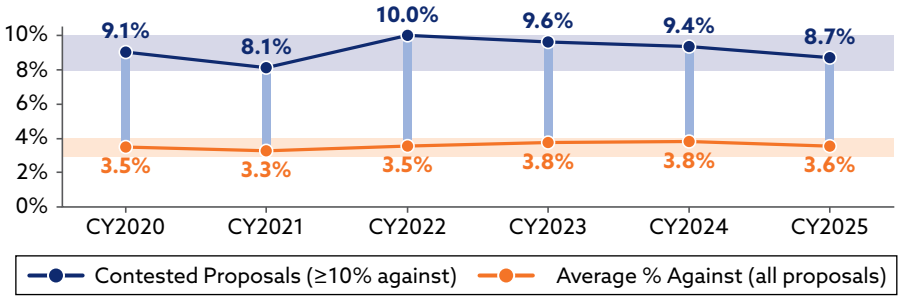
Year	Distinct Companies	Management Proposals	Shareholder Proposals	Contested (management proposals)	Management Contestation Rate	Average Management Opposition
CY2020	220	2,696	63	244	9.1%	3.5%
CY2021	222	2,657	38	216	8.1%	3.3%
CY2022	222	2,829	63	284	10.0%	3.5%
CY2023	222	2,722	77	262	9.6%	3.8%
CY2024	222	2,758	70	258	9.4%	3.8%
CY2025	222	2,731	93	238	8.7%	3.6%

Source: Data from Diligent Market Intelligence; CFA Institute subscribes to its voting data module.

[4]TSE, "Action to Implement Management That Is Conscious of Cost of Capital and Stock Price" (31 March 2023), www.jpx.co.jp/news/1020/cg27su0000004ybo-att/cg27su0000004yem.pdf.

[5]Financial Services Agency and TSE, "Finalization of the Corporate Governance Code (2026 Revision)" (21 July 2026), www.fsa.go.jp/en/news/2026/20260721-2.html.

Exhibit 2. Shareholder Opposition to Management Proposals, CY2020–CY2025



Source: Data from Diligent Market Intelligence; CFA Institute subscribes to its voting data module.

Note: The data pertain to management-sponsored resolutions only.

and was 8.7% in CY2025; average opposition ranged from 3.3% to 3.8% over the same period.

Although no management proposal received less than 50% support, around 1 in 10 consistently met the contestation threshold each year. This pattern suggests that low overall opposition can mask concentrated shareholder concerns that warrant board attention. Securing formal approval does not, in itself, address the shareholders' concerns and accountability questions that such dissent may raise.

Voting Trends: Board Elections and Accountability Issues Dominate

According to **Exhibit 3**, director election proposals accounted for 87.5% of management proposals and 92.5% of contested management proposals over CY2020–CY2025. Director reelections alone accounted for 14,340 proposals over the period, of which 1,387 were contested.

This concentration underlines the importance of director elections as a recurring opportunity for investors to hold Japanese boards to account. Investors can use these votes to express concerns about board independence, committee accountability, capital allocation oversight, attendance, and responsiveness.

The policy implication extends beyond the election outcome. Where significant opposition is attributable to a director's role or board accountability, the appropriate response may sit within the nomination committee, director engagement or the design of the board skills matrix, and board-effectiveness evaluation. The focus should be addressing the underlying governance concern, with that response informing preparations for subsequent elections.

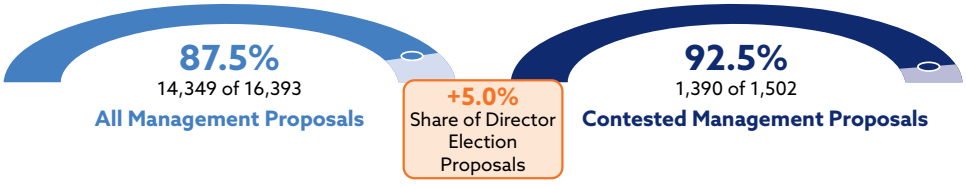
Shareholder Proposals: Broader Voice, Limited Consensus

As **Exhibit 4** shows, the number of issuers receiving at least one shareholder proposal rose from 9 in CY2020 to 23 in CY2025, while the total number of shareholder proposals rose from 63 to 93. Activity also became less concentrated: The three most-targeted issuers accounted for 38.7% of proposals in CY2025, versus 71.4% in CY2020.

The wider distribution of proposal activity did not, however, coincide with broader investor support. Average support declined from 11.7% to 7.1% over the period. In CY2025, only three proposals reached 20% support, and none reached 30%.

The takeaway: Higher volume of shareholder proposals does not necessarily mean better governance. Shareholder proposals can bring concerns to the board's attention, prompt engagement, and test investor support. Their significance depends on the breadth and quality

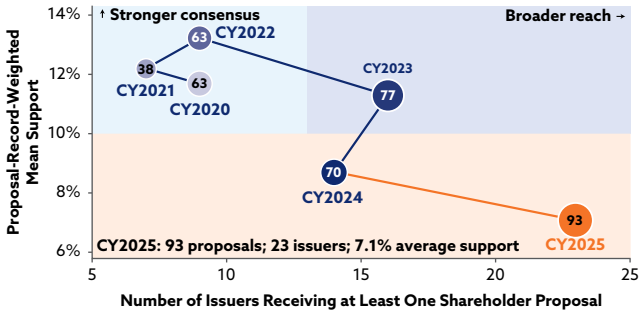
Exhibit 3. Director Elections as a Share of All Management Proposals and Contested Management Proposals (%), CY2020–CY2025



Source: Data from Diligent Market Intelligence; CFA Institute subscribes to its voting data module.

Note: The data pertain to management-sponsored proposals only.

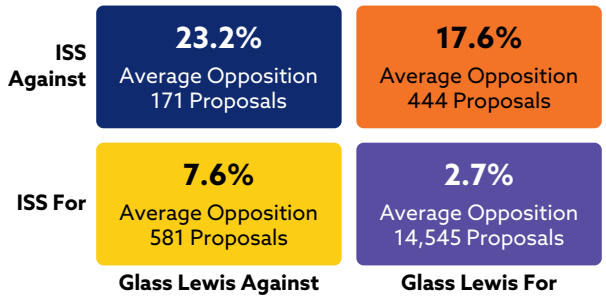
Exhibit 4. Number of Issuers Receiving Shareholder Proposals and Average Support, CY2020–CY2025



Source: Data from Diligent Market Intelligence; CFA Institute subscribes to its voting data module.

Notes: Bubble size represents total shareholder proposal volume of the respective year. The connected path follows CY2020–CY2025. The data are for shareholder-sponsored proposals only. Means are weighted by proposal record.

Exhibit 5. Average Opposition Based on ISS and Glass Lewis Proxy Signals, CY2020–CY2025



Source: Data from Diligent Market Intelligence; CFA Institute subscribes to its voting data module.

Note: The data pertain to management proposals with for/against values in both recorded fields.

of investor backing, the relevance of the issues to the company's circumstances, and the substance of the board's response.

Proxy Adviser Signals

As **Exhibit 5** shows, average opposition is 23.2% when the recorded signals of both Institutional Shareholder Services Inc. (ISS) and Glass Lewis are against, 17.6% when only ISS is against, 7.6% when only Glass Lewis is against, and 2.7% when both are in favor. The association is consistent with advisers and investors identifying common governance concerns.

The signals, however, do not fully explain contestation. Using 10% opposition as this report's analytical threshold, 1,502 management proposals were contested during CY2020–CY2025. Of these, 46.8% carried at least one negative signal. The remaining 53.2% crossed the threshold without either signal being against. In CY2025, the proportion carrying at least one negative signal rose to 53.8%, but 110 of the 238 contested proposals still received no negative signal.

The implication is that although proxy advisers can help investors screen large voting agendas, focus attention on potential governance concerns, and obtain scalable analysis during Japan's compressed AGM season, their recommendations remain inputs rather than substitutes for institutional investors' own policies, issuer-specific assessment, engagement, and judgment.

Market-quality initiatives should therefore emphasize transparency, explainability, and investor accountability.

Conclusion: From Votes to Board Action and Coordinated Reform

Japan's AGM framework is a mature, high-approval voting system in which minority dissent is nevertheless visible, widely distributed, and concentrated in the election of individual board directors. That makes the AGM a potentially valuable accountability infrastructure for the next stage of growth-oriented governance.

The central reform question is transmission. Where opposition is material or recurring, the board should be able to demonstrate that it has analyzed the voting results, engaged appropriately and effectively, considered the matter through the relevant governance body, and explained its conclusion. This approach aligns AGM practice and shareholder engagement with Japan's broader market reform agenda.

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