

Nomura AM Proxy Voting Standards for Japanese Companies

November 2025 vs. November 2023: what changed, and what it means for your ballot

Nomura Asset Management

Global Proxy Voting Policy and Proxy Voting Standards for Japanese Companies
Standards effective 1 November 2023 compared with standards effective 1 November 2025

Almost everything that moved, moved in one direction: harder. Higher ROE bars for cash-rich companies, a 10% floor on women directors, tighter cross-shareholding limits, and outside directors who now have to be genuinely independent to count.

Source: the two published documents, read in full. Every quotation below is taken verbatim from them.
proxyvotesnow.com

A note on dating

Nomura publishes two policies in one document, side by side. The "Global Proxy Voting Policy" is dated 1 November 2021 in both editions compared here and is unchanged. The "Proxy Voting Standards for Japanese Companies" - the operative rulebook, and the source of every number below - moved from 1 November 2023 to 1 November 2025. This report is about the Standards.

The short version

This is an unusually numeric proxy voting policy, and unusually unhedged: Nomura says "we will in principle vote against" and then names the threshold. That makes a year-on-year comparison easy to do and hard to argue with. Six thresholds moved, and five of them moved against management.

- Women on the board. The trigger for voting against the chair/president went from "there is no female director" to "the number of female directors is below the minimum level" - which is 10% of the board. Separately, the female-director requirement inside Nomura's definition of a proper "monitoring board" rose from 10% to 15%.
- Outside directors now have to be independent to count. Nomura's monitoring-board test previously required that "outside directors account for the majority of the board." It now requires that outside directors "who satisfy all the independence requirements" account for the majority. Being technically outside is no longer enough.
- Return on equity. Cash-rich companies face a new, much higher bar: the ROE minimum is now the lower of 8% and the industry's 50th percentile, against the lower of 5% and the 33rd percentile for everyone else. Three years below it and Nomura votes against a long-serving chair or president.
- Cross-shareholdings. The threshold at which strategic holdings trigger a vote against the chair or president fell from 50% to 40% of net assets for financial institutions, and from 20% to 15% of invested capital for everyone else.
- Outside director count. A transitional provision that let companies without a controlling shareholder get by with one-third outside directors expired in October 2024 and has been removed. The default is now "more than half the number of directors."
- The TOPIX 100 sustainability test went live. In the 2023 edition it applied only "at any shareholders' meetings held in and after November 2024." That date has passed and the qualifier is gone.

Two additions round it out. Nomura added a gender-diversity disclosure expectation for TOPIX 100 companies, and it added a nine-page appendix setting out what it considers "appropriate management practices" - covering climate, natural capital, human rights, human capital, cybersecurity and AI, cost of capital and listed subsidiaries.

Direction of travel

Stricter, on almost every measurable dimension, and increasingly focused on the three problems that define Japanese governance debate: boards that are nominally but not really independent, balance sheets that are not working hard enough, and cross-shareholdings. This is a policy moving in the opposite direction to several large US managers this season.

1. Women directors: from a floor of one to a floor of 10%

This is the change with the widest reach, because it applies to every Japanese company Nomura holds, not just large caps.

When board composition triggers a vote against the chair or president

November 2023:

"There is no female director"

November 2025:

"The number of female directors is below the minimum level. The "minimum level" is in principle 10% of the number of directors"

Under the old rule, a single woman on a twelve-person board satisfied Nomura. Under the new one, that board needs two. The consequence in both editions is the same and it is specific: Nomura will "in principle vote against the re-election of a director who has been in the position of chairperson and president, etc." - not a nominating committee, and not the female-director-free board as a whole, but the person running the company.

And a second, higher bar for the "monitoring board" test

Nomura maintains a separate, eight-part definition of what makes a board a genuine monitoring board. Satisfying it matters: it exempts a company from the ROE escalation, and from the cross-shareholding escalation. One of the eight requirements is female representation, and it also rose:

Monitoring board requirement (4)

November 2023:

"Female directors account for at least 10% of directors"

November 2025:

"Female directors account for at least 15% of directors"

So there are now two different female-representation numbers doing two different jobs: 10% as a hard voting trigger, and 15% as one condition of the safe harbour. Both rose.

The shareholder-proposal side is unchanged: Nomura will still in principle vote for a shareholder resolution to amend the articles "to elect one or more female directors," as it would in 2023.

2. Outside directors now have to be independent

The most consequential structural edit in the document is a single inserted clause, and it closes a gap that has been widely criticised in the Japanese market.

Monitoring board requirement (2)

November 2023:

"Outside directors account for the majority of the board of directors"

November 2025:

"Outside directors who satisfy all the independence requirements provided for in (8) account for the majority of the board of directors"

Under Japan's Companies Act, "outside director" is a formal status that a long-tenured director, or one drawn from a major shareholder, can still hold. Nomura's requirement (8) is stricter than the statute on both points. To satisfy it a candidate must have an incumbency period of less than 12 years at the close of the meeting, must be notified as an independent executive to the stock exchange, and must "never have served with any company which is a major shareholder of the company in question during the 3-year period immediately prior to the time he/she first assumed the position as an outside director" - with major shareholder defined as 10% or more.

Applying that test to the monitoring-board majority is a meaningful tightening, because it is the monitoring-board status that buys a company relief from the ROE and cross-shareholding escalations.

The independence test itself was rewritten as a checklist

The criteria did not change, but the way they bite did. The 2023 text was aspirational and discretionary: Nomura would "request that highly-independent persons should be elected as outside directors," and would vote against only "if it is found that the degree of independence of a candidate is low." The 2025 text is a rule:

November 2025:

"In these Proxy Voting Standards, independence requirements are as listed below. We will in principle vote against the election of a candidate as an outside director if the candidate fails to satisfy any of the independence requirements."

"Degree of independence is low" - a judgement - became "fails to satisfy any of the independence requirements" - a test. The same substitution was made in the statutory auditor section, which now cross-references the director independence requirements directly. Nomura also kept the trap for candidates filling a vacancy: if the meeting documents do not state whether the candidate is expected to be notified as an independent director, Nomura treats them as failing the test and votes against.

The outside-director count rule lost its transitional relief

Minimum number of outside directors

November 2023:

"The "minimum level" is in principle a majority. In the case of a company without a controlling shareholder that has established effective governance on nomination, the "minimum level" is one third of the number of directors. However, in the case of a company without a controlling shareholder, the "minimum level" is one third of the number of directors for any shareholders' meetings held in or before October 2024"

November 2025:

"The "minimum level" is in principle more than half the number of directors. In the case of a company without a controlling shareholder that has established effective governance on nomination, the "minimum level" is one third of the number of directors"

The blanket one-third concession for companies without a controlling shareholder ran out in October 2024 and has been deleted. From November 2024 onwards, such a company needs either a majority of outside directors or demonstrable "effective governance on nomination" to stay at one third. Missing the bar means a vote against the chair or president.

3. Return on equity, and the new cash-rich test

Nomura has had an ROE-based vote-against rule for years. In 2025 it was restructured, and for one category of company it got materially harder.

The ROE escalation

November 2023:

"If the return on equity (ROE) of the company in question has been below 5% and below the 33rd percentile of the industry for the most recent 3 consecutive fiscal years, except in cases where the board of directors is a monitoring board and efforts for management improvement have been demonstrated, we will in principle vote against the re-election of a director who has been in the position of chairperson and president, etc., for the most recent 3 or more consecutive fiscal years."

November 2025:

"If the return on equity (ROE) of the company in question has been below the prescribed minimum level for the most recent 3 consecutive fiscal years, except in cases where the board of directors is a monitoring board and efforts for management improvement have been demonstrated, we will in principle vote against the re-election of a director who has been in the position of chairperson and president, etc., for the most recent 3 or more consecutive fiscal years."

The "prescribed minimum level" is new, and it splits the market in two:

November 2025, new:

"In the case of a cash-rich company, the minimum level shall be the lower of 8% and the 50th percentile of the industry. In the case of a non-cash-rich company, the minimum level shall be the lower of 5% and the 33rd percentile of the industry."

For an ordinary company nothing has changed - "below 5% and below the 33rd percentile" and "below the lower of 5% and the 33rd percentile" are the same test, differently phrased. For a cash-rich company the bar has risen from 5% to 8%, and from the 33rd percentile of its industry to the 50th.

What counts as cash-rich

The definition is not new, but its use here is. In 2023 it sat in the dividends section, where it governed whether Nomura would vote against the appropriation of surpluses. In 2025 it was lifted out and applied to director elections as well. A company is cash-rich if, for two consecutive years, its shareholders' equity ratio exceeds 50%, net financial assets exceed 30% of sales, and net financial assets exceed 30% of total assets.

Nomura also spelled out how the percentiles are derived - from TOPIX constituents, on the Tokyo Stock Exchange's 33 industry classifications, floored at zero. And the escape hatch survives unchanged: a monitoring board that can demonstrate "efforts for management improvement" - recurring or net profit up on the previous year, or up on three years ago - is exempt, unless cumulative net profit over the three years is negative.

Why this matters

This is Nomura pointing its voting power directly at the Japanese balance-sheet problem. A company sitting on a net-cash position with a 6% ROE was previously safe; from November 2025 it is not, and the consequence falls on the CEO's own re-election. The dividends rule that already punished cash-rich companies returning less than 50% of profits with sub-10% ROE is unchanged and now sits alongside it, using the same definition.

4. Cross-shareholdings: the threshold came down

Strategic shareholdings - shares held for business relationships rather than investment return - are the other structural feature of Japanese corporate governance that Nomura targets with a hard number. That number fell.

When strategic holdings trigger a vote against the chair or president

November 2023:

"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"

November 2025:

"Unless the board of directors has satisfied all the requirements for a monitoring board (excluding requirements concerning strategically held stocks), 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"

Both thresholds dropped by a quarter of their value, which brings more companies into scope. The new opening clause cuts the other way - a company whose board meets every monitoring-board requirement other than the cross-shareholding one is now exempt from this escalation. On balance this is a tightening with a reward attached: reduce your cross-shareholdings, or build a properly independent board and buy yourself relief.

The separate, lower threshold used inside the monitoring-board definition - strategic holdings below 25% of net assets for a financial institution and below 10% of invested capital for everyone else - is unchanged.

One related simplification: the test for whether a parent-subsidary loan has damaged shareholder value was rewritten to use the new cash-rich definition rather than a cross-reference to three separate conditions in the dividends section. The substance is the same.

5. Sustainability: the TOPIX 100 rule bites, and TCFD disappears

Nomura holds the 100 largest Japanese companies to a higher standard than the rest of the market, and votes against their CEOs if they fall short. In 2023 that rule was written but not yet in force.

When the TOPIX 100 sustainability test applies

November 2023:

"At any shareholders' meetings held in and after November 2024, we will in principle vote against the re-election of a director who has been in the position of chairperson and president, etc., if we determine that the following efforts in particular are clearly insufficient"

November 2025:

"We will in principle vote against the re-election of a director who has been in the position of chairperson and president, etc., if we determine that the following efforts on sustainability issues in particular are clearly insufficient"

The commencement date is gone because it has passed. The test is live for every TOPIX 100 meeting Nomura votes.

A new fourth requirement: gender disclosure

November 2025, new:

"Gender diversity: To disclose of the ratio of women in managerial position and to set and disclose medium- to long-term targets to increase the ratio"

This is distinct from the board-level 10% rule. It reaches into the management pipeline, and it requires a target, not just a number. There was no equivalent in 2023.

TCFD was replaced by its own four pillars

What climate disclosure Nomura expects

November 2023:

"Climate change: To set medium- to long-term net-zero targets for GHG emissions and obtain SBT certification and to clarify risks and business opportunities associated with climate change through information disclosure based on the TCFD Final Report"

November 2025:

"Climate change: To set medium- to long-term net-zero targets for GHG emissions and obtain SBT certification and to clarify governance, strategy, risk management, metrics & targets concerning the climate change issue"

This is the opposite of the retreat the same edit signals elsewhere in the industry. The Task Force on Climate-related Financial Disclosures was wound up in 2023 and its work folded into the ISSB standards, so naming it had become an anachronism. Nomura dropped the name and kept the four pillars it produced - governance, strategy, risk management, and metrics and targets - so the disclosure being asked for is identical. The net-zero target and SBT certification requirements are untouched.

The same substitution was made in the shareholder-proposal section, where Nomura will still in principle vote for a resolution amending the articles "to formulate the basic policy for initiatives concerning ESG issues and to require information disclosure on governance, strategy, risk management, metrics & targets concerning the climate change issue."

6. A new appendix on what good management looks like

The 2025 edition ends with a wholly new appendix, "Appropriate Management Practices of Investee Companies." There is nothing like it in 2023. It is not a voting rule, but it is the reference point for the escalation clause that is - the provision under which Nomura votes against a CEO who has been engaged on "the inadequacy in its initiatives to realize appropriate management practices" and has not improved.

The appendix has four parts. The first sets out nine environmental and social expectations:

- Climate: net-zero GHG targets, science-based target certification, measurement of avoided emissions as an opportunity, and "introduction of internal carbon pricing."
- Natural capital: policies and targets on biodiversity, water and circular economy "toward the realization of nature positive business practices," with disclosure in line with the TNFD recommendations.
- Human rights: a policy consistent with international norms, due diligence or audits "including supply chain," a remedy mechanism, and disclosure of the results.
- Human capital: a strategy linked to management strategy, and "setting a medium- to long-term target for the percentage of women among board members, senior executives, or managers" - plus retention measures around life events, engagement surveys with published results, and an inclusive culture.
- Well-being: strategies addressing access to medicine, nutrition, antimicrobial resistance, animal welfare and regional revitalisation as business opportunities, with impact measurement.
- Digital risk: a cybersecurity management system with a named responsible officer and incident processes, plus "ethical and safe design, development, implementation, and use of artificial intelligence (AI) throughout its life cycle."
- Plus a basic ESG policy and oversight system, materiality identification, and participation in relevant initiatives.

The second part is about capital efficiency and reads like an activist letter: determine the cost of capital "in due consideration of opinions of investors obtained through dialogue with them as well as stock price levels," verify and replace the business portfolio, "sell assets that do not contribute to the creation of value that exceeds the cost of capital and, in particular, to reduce cross-shareholdings," and - where a listed subsidiary exists - "regularly verify the reasonableness of maintaining a listed company within the group."

The third restates Nomura's governance model, including the view that "as anti-takeover measures limit the rights of shareholders to buy and sell shares freely, they are unnecessary unless there is a risk that such a transaction or fight will significantly impair corporate value." The fourth asks for third-party assurance of quantitative disclosure, active dialogue with individual investors, and full explanation where a company has done something materially harmful.

And one new procedural rule

November 2025, new:

"Any campaigns initiated by shareholders other than the Company to recommend that other shareholders vote against company proposals shall be evaluated in accordance with the standards for company proposals and shareholder proposals set forth above. It is desirable that necessary information is disclosed at least 1 month prior to the day of the shareholders' meeting."

This covers the "vote no" campaign - increasingly common in Japan, where an activist urges rejection of a management slate without running a formal contest. Nomura's answer is that it will apply its ordinary standards rather than treat such a campaign as a separate category, and that it wants the information a month ahead.

7. What did not change

The architecture of the policy, and most of its content, is carried forward exactly.

- The Global Proxy Voting Policy, dated 1 November 2021 in both editions, is unchanged - including its application to investee companies worldwide.
- Monitoring board requirements (1), (5), (6), (7) and (8): 5 to 19 directors; no anti-takeover measure; strategic holdings below 25% of net assets (financial) or 10% of invested capital (other); one-year director terms where there is a board of auditors; and an outside director chairing the board where there is a controlling shareholder.
- The statutory auditor, accounting auditor and remuneration sections, other than the independence-language rewrite and renumbering. The stock remuneration rules - vote for properly scoped incentive plans, against improper ones, and require explanation for stock issued to outside parties - are word for word identical.
- The executive remuneration escalation: vote against where ROE is below 5% for three consecutive years with a deficit, or where cumulative net profit over three years is negative; and against retirement bonuses for executives responsible for serious misconduct.
- The dividends rule for cash-rich companies: vote against the appropriation of surpluses where ROE is below 10% unless the shareholder return ratio is 50% or more.
- The entire shareholder-resolution section, including the sixteen article amendments Nomura will in principle support - among them removing the CEO as board chair, abolishing the "Sodanyaku" and "Komon" adviser positions, disclosing individual director pay, selling problematic cross-shareholdings, disclosing how strategic holdings are voted, and strengthening the governance of listed subsidiaries.
- The information-disclosure escalation, including the expectation that financial information is published at least a month before the meeting.
- The requirement that outside directors fulfil the roles set out in Principle 4.7 of Japan's Corporate Governance Code, quoted in full in both editions.

The five-year grace period for newly listed companies, which exempts them from the ROE escalation, also survives untouched.

The bottom line

Nomura's Japanese voting standards got harder in five specific, measurable ways, and easier in none.

The most likely to change outcomes at scale is the female-director rule, which moved from a token test to a proportional one and applies across the whole market. The most likely to matter at individual companies is the ROE change, which singles out cash-rich balance sheets for an 8% bar and puts the chair's or president's own re-election on the line. The most structurally significant is the independence clause, which stops nominally outside directors from being counted towards the majority that earns a company relief from the harder rules.

Against that, the only loosening anywhere in the document is the new escape hatch for companies with genuine monitoring boards on the cross-shareholding test - a concession granted in exchange for an independence standard that is itself now stricter.

For an investor holding Japanese equities through Nomura, the practical read is this: thresholds you could previously have modelled from the 2023 standards will now produce false negatives, particularly at cash-rich mid-caps and at companies with a single female director. And because the consequence in almost every case is a vote against the chair or president personally, the against-vote counts at those individuals are the place to look for the effect.