

Shareholders Meeting and E-Voting in Japan

September, 2021

Japan Securities Depository Center, Inc.

Introduction

Japanese issuers **increasingly recognize the importance of corporate governance** and **the vital role proxy voting plays in enhancing governance**.

As these issuers seek to become more **“investor friendly”**, they are eager to **maximize the IR value** of improving the proxy voting process for their institutional shareholders, both domestic and overseas.

By participating in the **ICJ platform (e-voting platform)** Japanese issuers are providing institutional investors with expanded voting deadlines, consolidated voting capability and quicker access to meeting materials.

In Japan, the **legal framework of shareholder rights is based on the nominee concept** with the rights of beneficial shareholders being exercised behind the nominee.

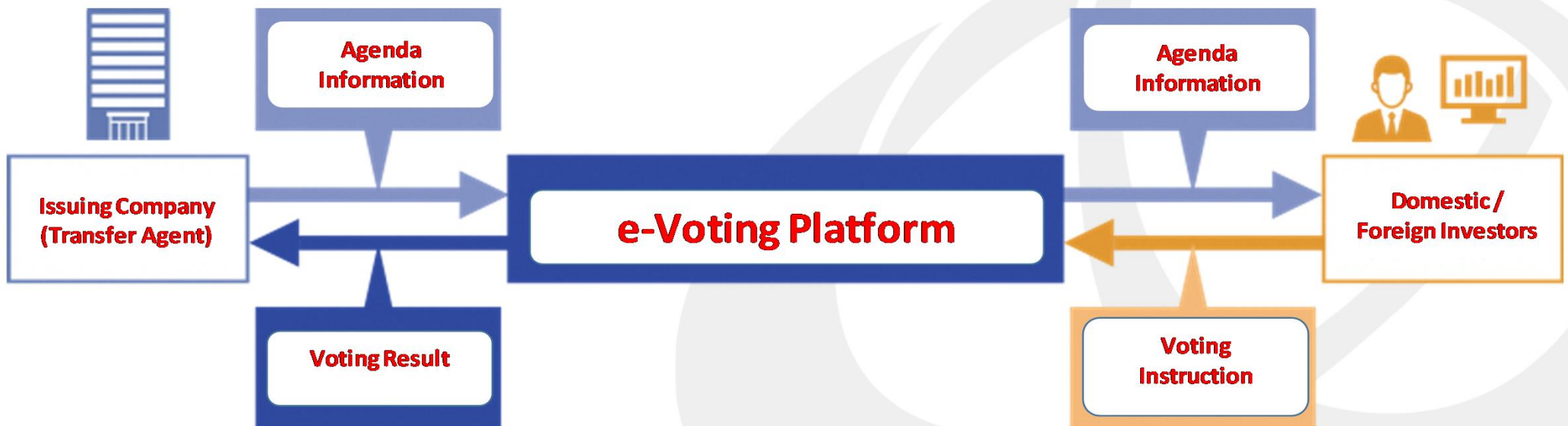
Due to the existence of various intermediaries involved, the system for distributing shareholder meeting materials to anonymous beneficial shareholders, and the subsequent collection and execution of their votes, has been **very complex and time consuming**.

Fuelled by the desire to enhance Japanese domestic market efficiencies while recognizing the increasingly important role overseas shareholders play in Japan, **the Tokyo Stock Exchange Inc. (TSE)** partnered with the world's largest proxy service provider, **Broadridge Financial Solutions, Inc. (Broadridge) to create ICJ**.

The ICJ platform provides the solutions necessary for issuers to **communicate**, and for institutions to both receive proxy statements on the day of release and vote up **until the day before the meeting date**.

Structure

With the aim of **improving the environment for institutional investors** to exercise their voting rights at general meetings of shareholders, the **e-Voting Platform is an innovative infrastructure** in the securities market that **connects domestic and overseas stakeholders** involved in general meetings of shareholders in order to conduct necessary information, such as, sending agenda information, executing voting rights, consolidating voting results, at **Straight Through Processing (STP) mechanism.**



Points!

1.Changes in shareholder composition

As cross-shareholdings continue to dissolve, both domestic and foreign institutional investors are **gaining a greater presence as shareholders.**

2.Exercise of voting rights as an initiative to fulfill fiduciary responsibility

There is an **urgent need to create a market environment** in which institutional investors holding shares in many issuing companies can exercise their voting rights appropriately.

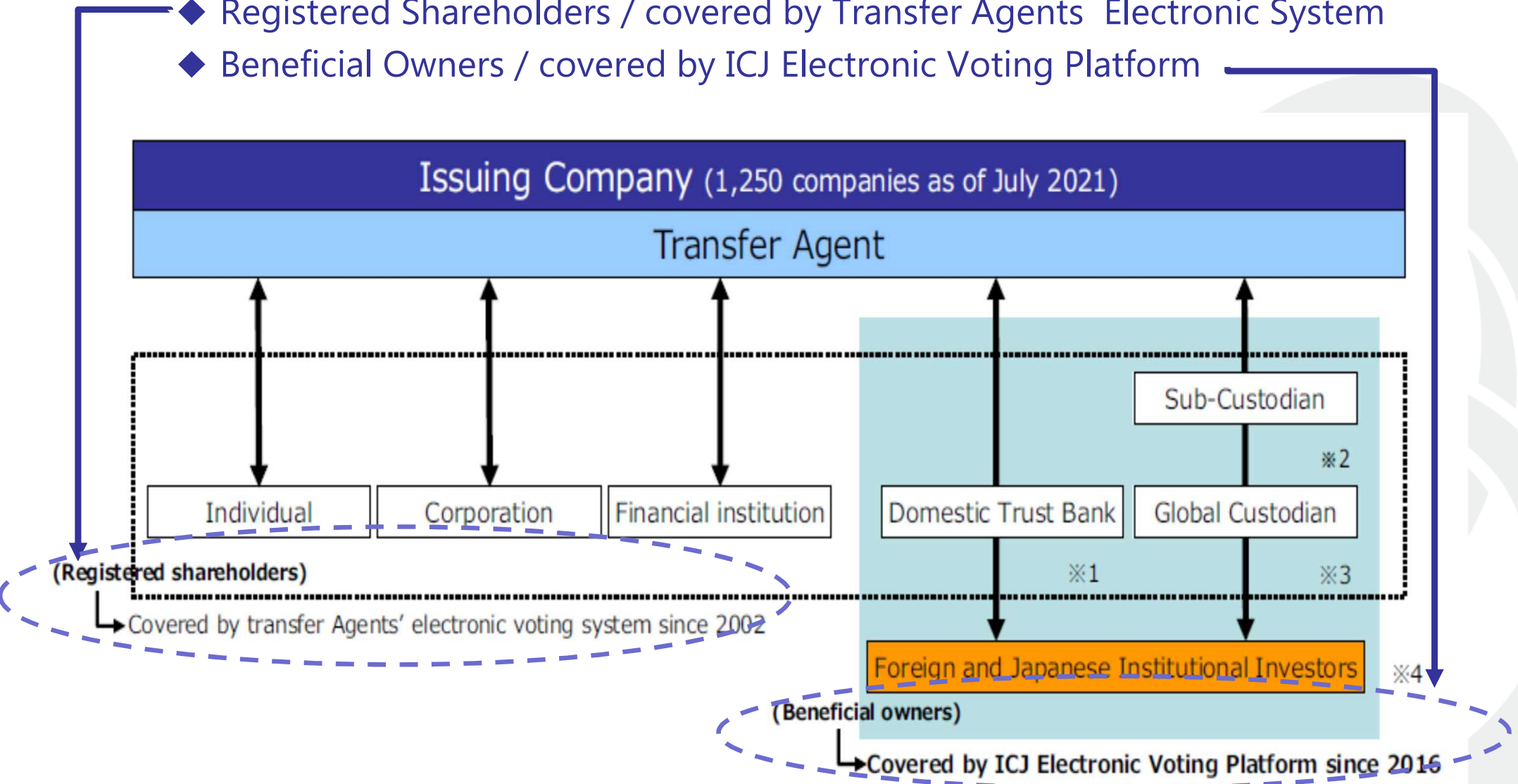
3.The need for dialogue to enhance corporate and shareholder value

The electronic voting platform was launched in the fiscal year ended December 2005 and is used as a means of constructive dialogue between the issuing company and institutional investors.

The need for dialogue was also mentioned in the Corporate Governance Code that came into effect in June 2015.

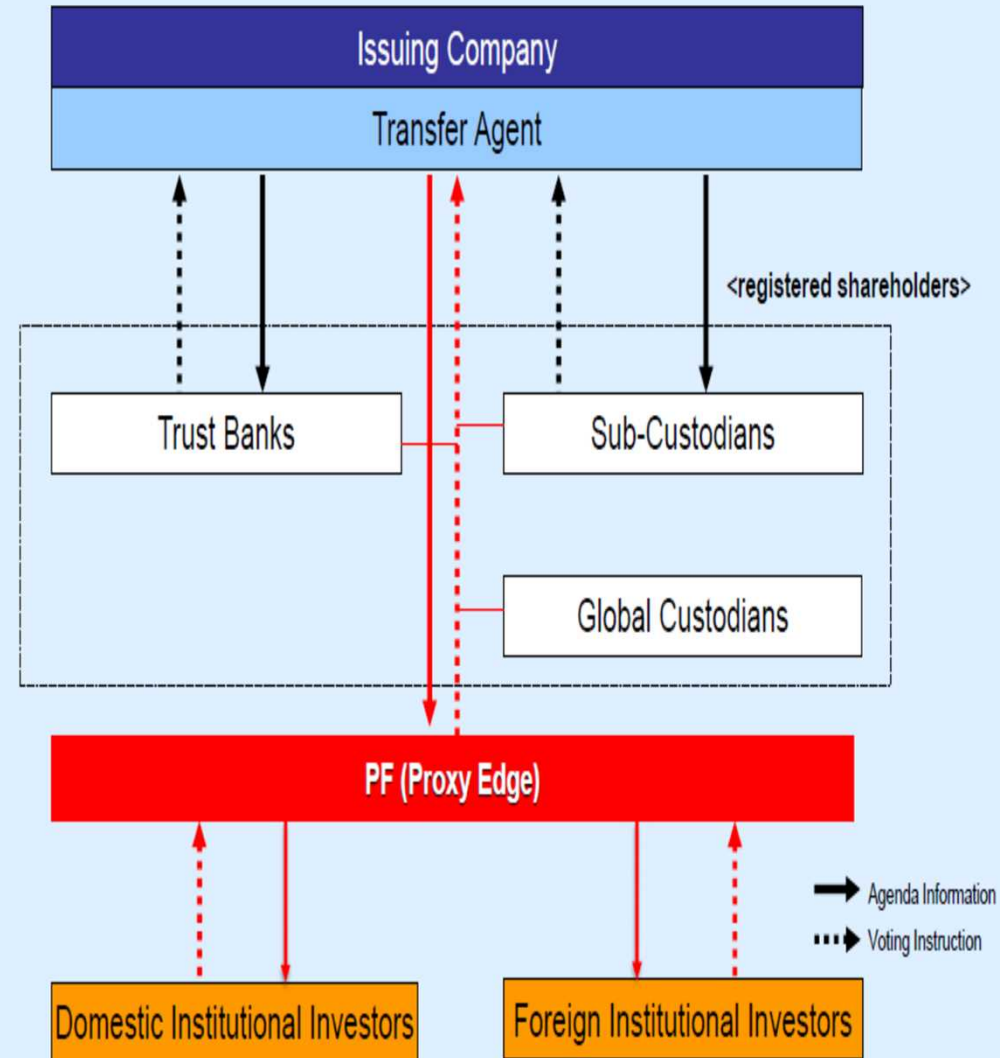
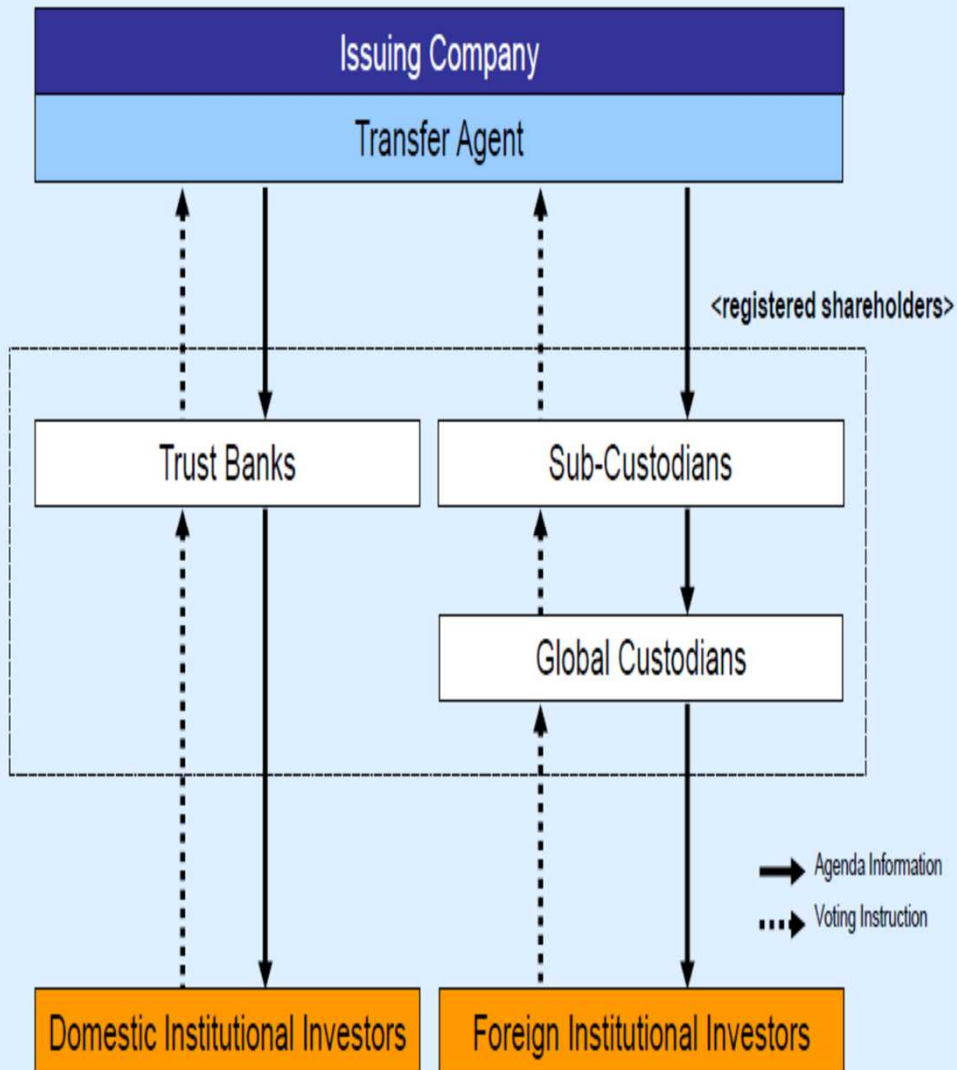
There are **two types of voting structures** at a general shareholders meeting.

- ◆ Registered Shareholders / covered by Transfer Agents Electronic System
- ◆ Beneficial Owners / covered by ICJ Electronic Voting Platform



before ICJ Platform participation

after ICJ Platform participation



ICJ Profile

- Name ICJ, Inc. (“Investor Communications Japan”)
- Shareholder Tokyo Stock Exchange Inc. 50%
Broadridge Financial Solutions, Inc. 50%
- History
 - Founded in July 2004
 - Started providing electronic voting platform service from the shareholders meetings held in March 2006
 - Covers more than 9,900 shareholders meetings in total from 2006 to 2021
 - Total market value of ICJ participating issuing companies accounts for about 90% in the Japanese market

About Broadridge (BR)

- Company name: Broadridge Financial Solutions, Inc.
- Founded: April 2007 as a spin-off from Automatic Data Processing (ADP). ADP spun-out their securities related activities business and formed BR.
- Headquarters: New York, United States
- Traded: New York Stock Exchange, S&P 500 component
- Service: Started offering proxy voting service in 1989 and the world’s largest proxy communications service provider. More than 4,500 institutional investors use ProxyEdge, proxy voting site and other BR’s services. BR’s proxy communications business covers more than 75% of global institutional investors’ shareholding.

(Source: Broadridge Financial Solutions, Inc. as of October 2017)

Thank you!

Corporate Strategy Department
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