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Stewardship Activity Policy During Covid-19 Pandemic

Nissay Asset Management Corporation (President and CEO: Hiroshi Ozeki; hereinafter “NAM”) focuses on medium to long term research and investment as well as stewardship activities with the aim to improve the returns of “beneficiaries”.

Given the extraordinary situation, such as the stoppage and self-restraint of various economic activities accompanying the Covid-19 pandemic, NAM has made decisions to emphasize medium to long term perspective more than the usual in stewardship activity. These include exercising voting rights even though NAM has established proxy voting guidelines and has exercised voting rights with a view of enhancing corporate value over the medium to long term.

Firstly, NAM supports various forms of AGMs, including the Continuing Meeting and the Virtual Meeting, which could ensure health and safety of employees and people involved preparing the meeting. Secondly, as regards to the resolution for “allocation of income and dividend”, NAM will make voting decisions with extensive thoughtfulness by closely watching the companies’ liquidity risk. NAM believes that these actions will prevent the excessive outflow of retained earnings in the event of an emergency situation such as this, and will lead to the securing of human resources, funds for R&D and capital investment, that are essential for the sustainable growth of companies.

Furthermore, NAM considers ESG evaluation to be an important axis in determining the sustainable growth potential (Sustainability) of investee companies and has been incorporating proprietary ESG evaluation into the investment process since 2008, in order to increase confidence in its mid- to long-term business forecast. In the wake of the current extraordinary situation, NAM considers the following disclosures are important in looking at the sustainability of a company: the outlook for the business environment, the impact on corporate earnings and measures to maintain and improve corporate value after Covid-19 (methods for continuing corporate activities, corporate strategies adapting to changes in behaviour of customers and social environments) etc. Therefore, NAM would like to ask the investee company to disclose those information proactively. NAM believes that sharing best practices through such disclosures will lead to enhanced resilience of Japanese companies and society as a whole in the event of a pandemic as well. NAM, a responsible investor, will continue our best to fulfil the required roles and responsibilities. Thank you for your continuous patronage and support.

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