Invesco

Invesco Stewardship Report 2024/2025

In our latest report, we share key achievements from the past year and highlight our continuing commitment for our stewardship activities

Message from President and CEO of Invesco Japan

In Japan, the government has published "Policy Plan for Promoting Japan as a Leading Asset Management Center", driving heightened interest in investment and wealth management across society. Since its launch in 2014, the NISA (Nippon Individual Savings Account) program has undergone several reforms and has grown significantly, now exceeding 27 million accounts with assets under management surpassing JPY 50 trillion. These developments have accelerated the shift “from savings to investment” across a broad range of generations, positioning the asset management industry as one of increasing societal importance.

Amid these changes, the role expected of asset managers continues to expand, and the responsibilities we bear are becoming ever more significant. As a leading asset manager, Invesco has long been committed to serving as a trusted partner in sustainable investing for our clients. We have proactively advanced our initiatives in this area and have consistently emphasized stewardship activities, including active engagement with investee companies and the exercise of voting rights.

We firmly believe that asset managers play a critical role in allocating the capital entrusted to us by investors and asset owners in a way that contributes both to sustainable societal growth and to the achievement of investment returns.

Invesco’s purpose is to deliver an investment experience that helps people get more out of life. We take great pride in contributing, as an asset manager, to enhancing the sustainability of society through our investment activities, and we are committed to extending these valuable investment experiences to as many people as possible, enriching their lives in the process.
Furthermore, I believe that by enabling more people to invest and benefit from the returns, we can make Japan stronger and more prosperous.

This report highlights the stewardship activities undertaken by Invesco’s Japan business. Through this report, we hope to deepen your understanding of our commitment—both in Japan and across the globe by Invesco —to sustainable investing, as well as our approach to stewardship and its practical implementation aimed at supporting the vitality of Japan’s capital markets.

Hideki Sato
President and CEO
Invesco Asset
Management (Japan) Limited.

To Strengthen Japan's Investment Culture

Our Japanese Equity Investment Approach

Commitment to investment stewardship as a long-term active investor

Invesco's Japanese equity management conducts active investing with a focus on sustainable corporate value growth through bottom-up fundamental research from a long-term perspective. We believe that the ability to generate cash flow based on a strong management strategy and competitive advantages in a company's business is the source of sustainable corporate value growth.

In recent years, the environment surrounding the Japanese companies and stock market has changed significantly. We have recognized that technological evolution and structural changes are occurring in various industries. Besides, the stock market sometimes moves in one direction significantly amid various situations and speculations, including geopolitical risks. Whilst taking these changing times into account, we commit to undertaking stock selection and stewardship activities with an emphasis on individual company research.

At Invesco's Japanese equity management, portfolio managers and research analysts engage directly with companies. From a long-term perspective, we engage in a sustainable increase in corporate value and, in turn, maximize investment returns for our clients. So does proxy voting. The number of shareholder proposals at Annual General Meetings (AGMs) has been rising in Japan recently. We believe some cases are desirable for stimulating discussion in the capital market. We have also recognized that a diversity of investors with different views is a good thing for the Japanese stock market. We cast a proxy vote for each proposal with the view that our decision should contribute to the sustainable growth of corporate value.

Invesco Japan's investment team will continue to work together to improve investment performance and promote stewardship activities. We hope this report will help you understand our stewardship activities.

Tadao Minaguchi

Chief Investment Officer (CIO) Japan,
Managing Director

Our Investment Stewardship Structure

To enable effective investment stewardship, Invesco Japan (hereinafter ”we“) has established an investor-driven ESG integration framework. Portfolio managers and research analysts, who make investment decisions for Japanese equity portfolios, take the lead in engagement with companies on a number of issues, including sustainability-related issues, and make proxy voting decisions. At the same time, we have established the structure to govern stewardship activities as laid out below.

The Responsible Investment Committee governs our stewardship activities, and the Conflict of Interest Oversight Committee monitors them from conflict of Interest perspectives.

The Responsible Investment Committee consists of members, including Chief Investment Officer, as the chair, as well as Head of Compliance, Head of ESG Japan, investment professionals nominated by the chair, and other members, including persons in charge at the Client Reporting department. The committee formulates and authorizes the Policy of Stewardship Responsibilities and Invesco Japan Proxy Voting Guideline and oversees these activities. Proxy voting results and stewardship activities are reported to the Responsible Investment Committee. While our proxy voting guideline is principles for the investment team’s voting decisions, depending on a proposal, the investment team may make an exception if the investment team concludes that such a decision is in the best interests of clients and beneficiaries after having constructive dialogue with the investee company. In such a case, approval of the Responsible Investment Committee shall be obtained. Meanwhile, the Compliance department reviews whether a conflict of interest is prevented and managed in stewardship and proxy voting activities, and the Conflict of Interest Oversight Committee monitors them. The Conflict of Interest Oversight Committee reports these monitoring results to the Executive Committee as well as the Invesco Proxy Advisory Committee.

The Conflict of Interest Oversight Committee, chaired by Head of Compliance, consists of Head of Administration, Head of Internal Control Management, Head of Risk Management, Head of Legal with Auditor and Internal Audit participating as observers. The committee monitors and manages a conflict of interest independently from business units, such as Sales and Investment departments. The Compliance department, a pivotal member of the Responsible Investment Committee and the Conflict of Interest Oversight Committee, has a reporting structure independent of the Sales and Investment departments at Invesco. Furthermore, Internal Audit, independent of all departments, including Compliance, evaluates and improves the effectiveness of risk management, control and governance processes, strengthening the management system.

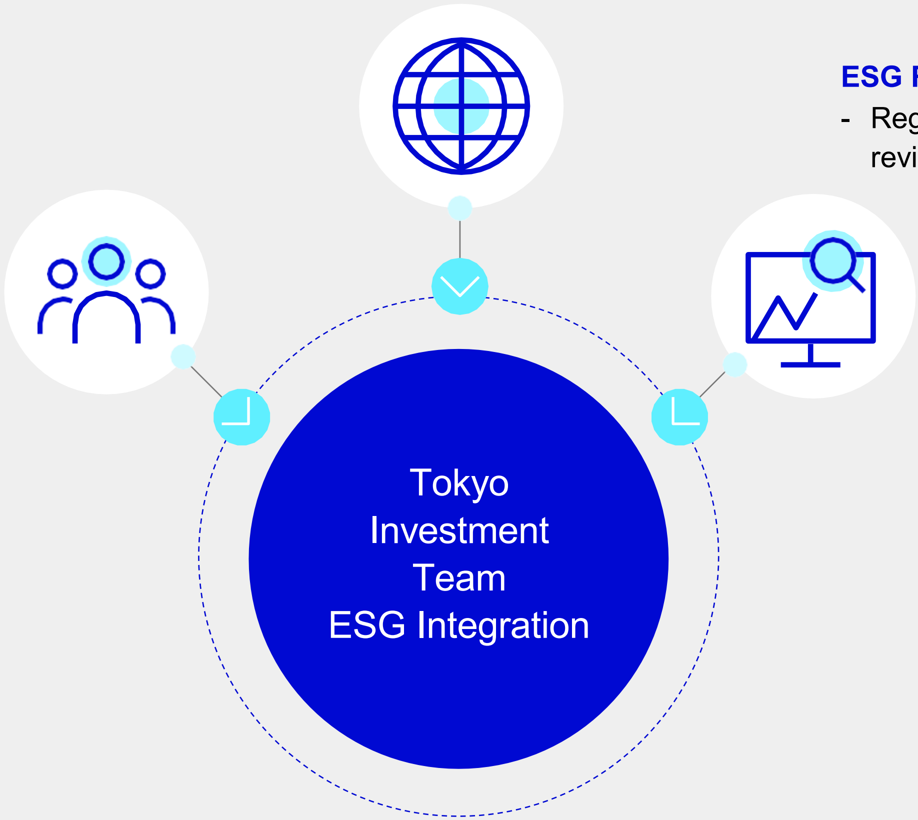
Holistic ESG integration framework partnered with the Sustainable Investing Services Team aiming to investee companies' sustainable corporate value

Conflict of Interest Oversight Committee
- Monitor and manage conflicts of interest
- Chaired by Compliance and consists of Legal, Internal Audit and Risk, independent of investment and sales departments

Sustainable Investing Services Team
- Establish and enable sustainable investing policies and practices across Invesco
- Lead UN PRI initiatives
- Publish firm-wide Global Stewardship Report and Global TCFD Report
- Provide centralized support to ESG integration with investment centers
- Develop ESG data and research platforms

Responsible Investment Committee
- Govern stewardship activities
- Formulate the policy of stewardship responsibilities and the proxy voting guideline

ESG Risk Monitoring
- Regular portfolio ESG risk review



Integrating stewardship activities into the heart of our investment process

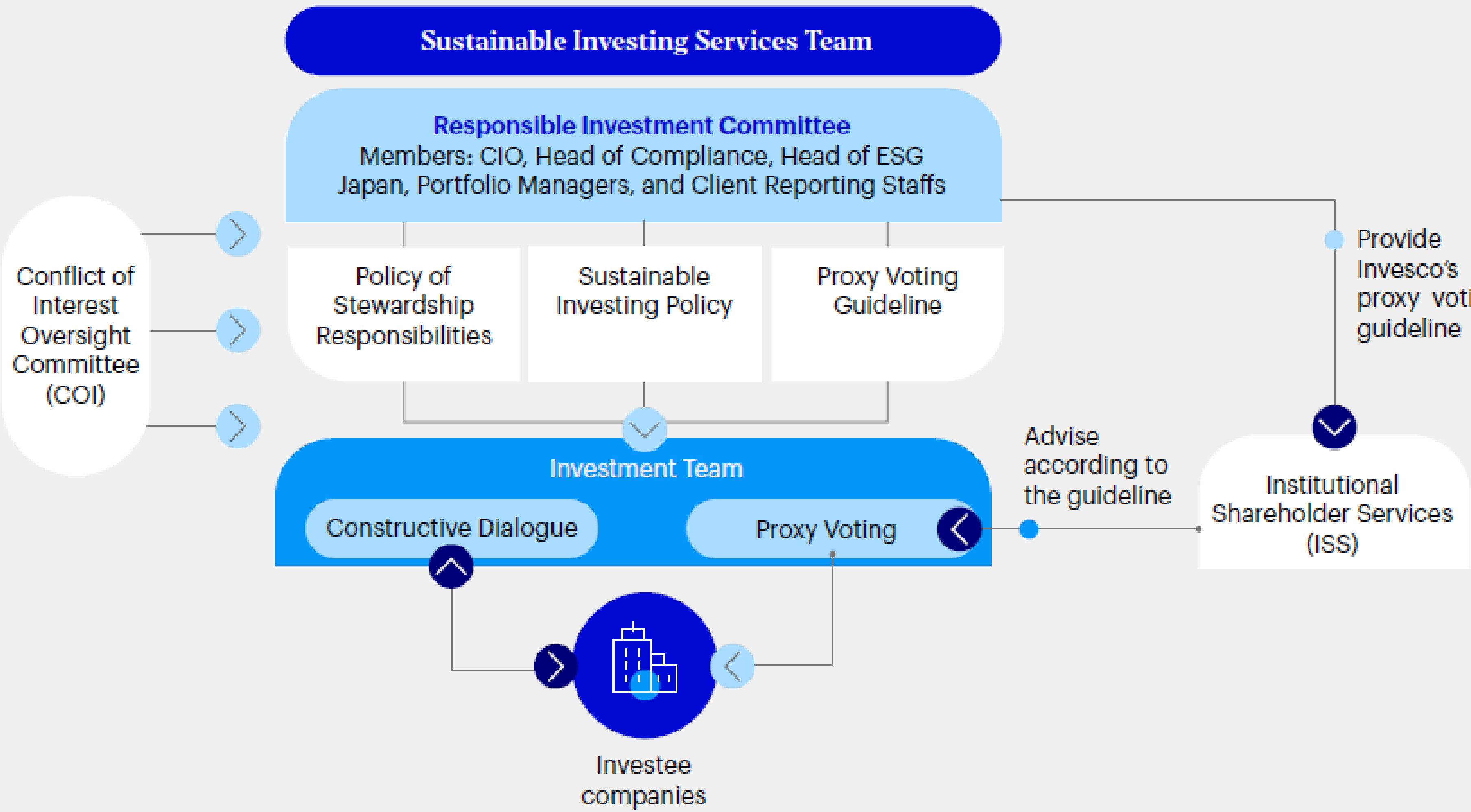
The Financial Services Agency (FSA) completed the third revision to Japan's Stewardship Code in June 2025, clarifying two points: voting right transparency and collaborative engagement. We have recognized that both Japan's Stewardship and Corporate Governance Codes have been introduced and revised to increase the corporate value among Japanese companies. The same applies to the Tokyo Stock Exchange's (TSE) "Action to Implement Management that is Conscious of Cost of Capital and Stock Prices" and its initiatives to develop the investor relations (IR) functions and activities.

We believe that our stewardship responsibilities include activities to increase the corporate value of investee companies. Our proxy voting and engagement activities are designed to grow the corporate value of our investee companies and maximize investment performance. Since we are an active investor, we place importance on activities tailored to each company's situation and challenges.

At the same time, we have recognized that one of our responsibilities is to contribute to the improvement of the entire Japanese stock market value. We will advocate for institutional investors' expectations for listed companies and contribute to the long-term growth of the capital market.

Kaoru Kobu
Head of ESG Japan

Our “Active Ownership Structure”

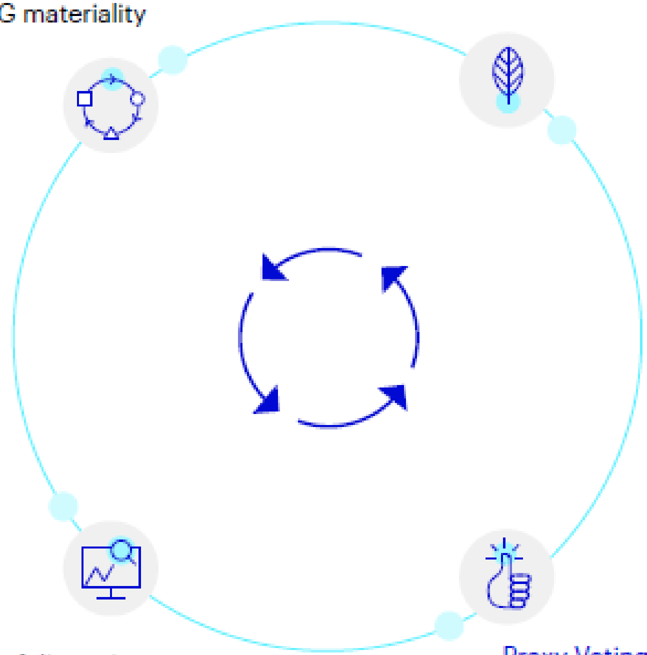


ESG Integration and Engagement Policies

ESG integration process

We believe that companies' sustainability strategies and performance affect the sustainability of long-term corporate value growth significantly. In other words, as a long-term investor, we believe that sustainability analysis plays a crucial role in strengthening conviction in investment decisions. Therefore, in making final investment decisions, we place the significance on qualitative analysis, including sustainability strategies assessment, on top of fundamental research based primarily on financial information. We conduct sustainability analysis based on information obtained through constructive dialogue with companies, as well as other sources, including companies' disclosures, third-party data vendors, and so on. In this process, we seek to identify each company's material ESG issues. We do not make investment decisions solely based on ESG information but deem it one of the important factors to determine the sustainability of corporate value creation.

Company meetings, particularly with management, are essential in investment decision-making. As a long-term investor, our approach to company meetings focuses on sustainable corporate value growth from a long-term perspective. In a meeting, we obtain information necessary for investment decisions and have various dialogues as necessary. Such meeting information is shared and pooled within the investment team.



Engagement policy

We believe that it is very important for portfolio managers and research analysts, who make investment decisions, to have an opportunity to engage in constructive dialogue with investee companies directly. As a long-term investor, we focus on sustainable corporate value growth, attend a company meeting from a mid to long-term perspective, obtain information necessary for investment decisions, and engage in various dialogues as necessary. Accordingly, we have many opportunities to engage in multiple constructive dialogues, including sustainability strategies and performance, in usual meetings with investee companies, even though a specific agenda is not set in advance.

The investment team holds a quarterly stewardship meeting in which portfolio managers and research analysts review engagement activities. We discuss evaluating ESG information, selecting priority engagement target companies and their material ESG issues, sharing engagement content and progress, and determining future initiatives. For investee companies, the investment team jointly identifies ESG risks and opportunities (ESG materiality) that are important to each company's business, and utilizes them to engage directly with a company, aiming for sustainable growth of corporate value. .

Arrange constructive dialogues

- Conduct regular dialogues with all investee companies
- Engage in dialogues with prospective companies prior to investing

Record and categorize engagements

- Document key discussion points, participants, ESG topics, and any AGM-related matters.

Select priority engagement targets

- Identify companies for focused engagements based on the dialogue outcomes, capital efficiency, and disclosure practices
- Arrange a meeting with top management, responsible executive officers, and independent outside directors

Track progress

- Evaluate a company's responses during engagements and subsequent changes in behaviors
- Review progress within the investment team and determine whether escalation is necessary

Report engagement activities

- Provide reporting on engagement activities to our clients
- Disclose selected engagement cases on the Stewardship Report

Our Sustainability Policy

We believe that the important ESG issues (materiality) of companies and the desired approach to deal with them vary by the business environment, growth stage, and other factors. Taking into account such situations, we determine ESG materiality using in-house research combined with external resources based on information obtained through constructive dialogue with companies.

In sustainability analysis, we grasp investee companies' situations from the perspectives detailed below and engage in dialogue as necessary. These items are under continuous review and updated as needed.

Key ESG Issues to Assess and Engage

Environment

- Carbon emission control and reduction
- Sustainable use of resources
- Waste and recycling management to protect a healthy ecosystem

Society

- Product governance and business ethics to eliminate unintended risk
- Human rights and labor safety/satisfaction policy
- Human capital management and diversity policies to attract and retain talents

Governance

- Business strategy to sustain corporate value creation
- Board structure to ensure sound corporate governance
- Top management commitment to high or improving capital efficiency
- Adequate and consistent capital structure management
- Business Ethics

E (Environment)

The global economy faces so many environmental issues, and environmental subjects have become increasingly important for global investors. While environmental issues may not be dealt with by a single company, we believe that individual companies' efforts to recognize those issues and minimize adverse impacts on the environment will lead to the sustainable growth of corporate value together with the sustainability of the entire society.

While each company faces a unique set of environmental challenges, depending on its business portfolios/regions/sizes, it must have set climate policies aligned with its business and enhance disclosure. In particular, continuous and consistent disclosure is essential. Such disclosure items include CO_2 emission per revenue and policies on climate change and environmental management.

S (Society)

For achieving the sustainable growth of corporate value, we believe transparent and effective human capital management strategies, proper labor standards, diversity policies and so on are necessary. Besides, companies must take action against social issues within the broader supply chains.

On top of compliance with laws and schemes and implementation of diversity policies, it is increasingly important to enhance disclosure. Such disclosure items include the percentage of women on the board, human rights policies and employee training programs.

G (Governance)

Environmental and Social agendas form part of a company's management strategy, where governance plays a critical role in governing Environmental and Social policies. Accordingly, corporate governance is a critical element in achieving sustainable corporate value growth. While each company's governance structure would differ depending on its growth stage, size, and so on, it is crucial to establish the structure that the Board of Directors mandated by shareholders determines long-term business strategies, including capital allocation, to achieve sustainable corporate value growth and oversees its execution. To do so, the board should be independent and have diversified members who are satisfied with a skill matrix. A proper succession plan should also be in place to secure the continuity of management strategies.

Furthermore, the board must lay out business strategies to reach the level of capital productivity exceeding capital cost in the long run. Besides, it is important to stimulate sustainable corporate value growth and, at the same time, deal with Environmental and Social challenges. Key governance criteria include board structure, board independence, long-term business strategies, capital policies, capital productivity targets and business ethics.

Proprietary ESG scores

For ESG integration, we refer to the proprietary ESG scores, of both the investment team's local and Invesco's Global Sustainable Investment Service (SIS) team. Global corporate ESG disclosure standards are currently in a development stage by various organizations, and listed companies need to meet such global standards. Meanwhile, the availability of disclosure information could vary depending on a company's size, growth stage, disclosure language and timing. Accordingly, we use both local and global in-house ESG scores.

The ESG scorings are primarily run using multiple third-party data and rating providers. The investment team assesses both absolute and relative ESG scores. We do not make investment decisions solely based on the level of ESG ratings. Still, we think that ESG scoring help us to identify business opportunities and risks as well as areas to improve disclosure.

While we deploy third-party vendors, such as Bloomberg, Sustainalytics, MSCI and ISS, to collect ESG information efficiently, company disclosure and engagement with investee companies are critical for our investment decision-making.

Portfolio monitoring using proprietary ESG scores

At Invesco Japan, our active investing approach does not make investment decisions based on the level of ESG scores. Instead, we believe it is necessary to assess whether we take unintended ESG-related risks by monitoring trends in ESG score changes and ESG scores relative to the overall Japanese equity market. We hold a quarterly ESG risk review meeting to assess ESG scores and momentum at the portfolio level, primarily using the local, proprietary ESG scores developed by the investment team at Invesco Japan. Then, we examine the background, if the portfolio ESG scores are lower than the market, and discuss necessary actions.

In addition, we manage the pooled funds that meet the Article 8 requirements of the EU Sustainable Finance Disclosure Regulation (SFDR). These funds can provide ESG risk information under the SIS team's supervision.

ESG score metrics

As with financial information, sustainability information, including ESG, requires timely data disclosure, data availability, and comparability from both quantitative and qualitative aspects. We review the metrics used for our proprietary ESG scores, considering these factors to grasp a company's ESG practice. The current ESG score metrics are as follows.

E Score	CO2 intensity per revenue
	Climate change policies & initiatives
	Environment performance and climate risk analysis
	Water intensity per revenue
	Waste management and recycling policies & initiatives
	Biodiversity policies
	Sets SDGs or equivalent targets
	CDP Scores
	Appoints a climate change executive officer
S Score	Signatory of UN Global Compact
	Human rights policies and due diligence process
	Initiatives and policies to reduce social risks in its supply chain
	Quality assurance and recall policy
	Employee health and safety policy
	Human capital and resource development policy
	Executive-worker pay gap
	Diversity, equity, and inclusion (DE&I) policies
	Commitment to women's advancement promotion
G Score	Composition of the board of directors
	Establish three committees (Nomination, Remuneration, and Audit)
	Board independence
	Capital Efficiency
	Data security risk assessment
	Appoints a data security executive officer

As of the end of September 2025. The above is subject to change without prior notice.

Best Corporate Governance Practices

Ryochi Higashi
Investment CAO Japan

We believe that strengthening corporate governance structures is one of the key drivers of sustainable corporate value growth. While each company's governance structure would differ depending on its growth stage, size, challenges management faces and so on, the core elements that we believe strengthen governance structures are listed in this section.

Role of the Board of Directors

Under the Companies Act, a company may select the following structures: a company with Board of Statutory Auditors (Kansayaku), a company with Audit Committee, and a company with three Committees (Nomination, Audit and Remuneration). In any case, it is important to perform the role of the Board of Directors effectively. The Board has a duty to formulate management strategies to achieve sustainable corporate value growth from a medium to long-term perspective, allocate capital efficiently, and oversee whether executive functions make appropriate decisions and implement them accordingly. Therefore, we think that the separation of executive and oversight functions is desirable. An optimal governance framework would differ depending on a company's size and growth stage. In any case, to enhance the effectiveness of the Board of Directors, a decision-making process should be transparent, and the monitoring function should be strengthened. For a mature firm, it is important to delegate management decision-making to executive functions, strengthen the monitoring functions by the Board and ensure the transparency, objectivity, and fairness of management strategies. From this perspective, we believe that a company with three Committees is a superior governance structure. Furthermore, we believe that it is desirable to appoint an independent outside director as a Chair of the Board, separating from a Chief Executive Officer (CEO) function. Ensuring the independence of the Board of Directors is expected to make the Board's oversight function more effective and accountable.

Board structure - skills matrix

To perform the Board of Directors effectively as described above, it is necessary to restrain the Board size optimal, stimulate discussions and establish an appropriate decision-making process. Therefore, the skills matrix of the Board of Directors, including knowledge, experience and abilities, should be defined based on the challenges faced by each company, and inside and outside directors should be appointed accordingly.

Board diversity

For quite a while, it has been said that age, gender, nationality and background diversity create innovation, increasing energy, vigour and productivity, and the Board of Directors is no exception. The Board must have diverse views from independent outside directors to make efficient decisions increasing corporate value in a rapidly changing business environment, oversee business operations, including Plan, Do, Check and Action (PDCA) cycles, and manage various risks a company faces. Diversity must be achieved not only on the Board but also among operating managers and employees. We believe that it is about time that company management demonstrates commitment to diversity and inclusion . At this stage, for Japanese companies, increasing gender diversity should be the priority. We revised our proxy voting guideline in April 2022 and have set the bar that a company must appoint at least one female director. Then, in April 2025, we raised the threshold to at least two female directors, or 20% of the Board. In the coming years, 30% or above females on the Board will be an important indicator. Promoting gender diversity based on a highly transparent human resource strategy must contribute to sustainable corporate value growth and have trickle-down effects on other diversity agendas.

Board independence

We believe that the Board of Directors must be as independent as possible to perform management oversight functions, ensure accountability in decision-making, and protect minority shareholder rights. In other words, in the long run, the majority of the Board should be independent outsiders. Japan's Corporate Governance Code, revised in June 2021, requires prime market-listed companies to appoint at least one-third of independent outside directors. In addition, the revision to the Companies Act, which came into effect in March 2021, mandates to designate outside directors. Accordingly, upon the revision to our proxy voting guideline in April 2022, we have set the policy that independent outside directors must account for at least one-third of the Board. We believe that board independence must be retained by appointing more independent outside directors taking the skills matrix and diversity into consideration. In the case of a listed subsidiary, including parent-subsidiary listings, independent outside directors' majority is necessary to protect minority shareholder rights. When casting a proxy vote, we require independence from a subject company of an outside director nominee. Our proxy voting guideline defines independence criteria for outside directors.

Listed subsidiaries

We believe that parent-subsidiary listings raise corporate governance concerns. Therefore, it is necessary to ensure sufficient independence at the Board of Directors at a subsidiary, safeguarding minority shareholders' interests and ensuring sound management of a conflict of interest. To this end, independent outside directors must consist of at least the majority of the Board, and these directors should be independent of both the parent company and the subsidiary.

Roles and competency of independent outside directors

The role of the independent outside directors is to oversee whether management makes appropriate business strategy decisions, allocates capital accordingly, safeguards minority shareholders' interests and so on. Another important role is to encourage appropriate risk-taking while also preventing management from abusing its authority and taking excessive risks. From a third party's perspective, independent outsider directors are expected to be involved in and advise on matters difficult to make appropriate judgments and evaluations only among insiders. In order to fulfil such roles, it is desirable that independent outside directors represent the majority or more of the Board of Directors and are appointed based on the skills matrix and diversity on top of independence. Besides, information sharing and training opportunities should be provided to help them make the right decisions. Overboarding is also an important issue. To understand a company fully and supervise it properly, we believe that the number of companies would be limited. Therefore, upon the revision to our proxy voting guideline in April 2022, we have set four as the maximum number of listed companies or equivalent companies a board director can perform duties. In order to determine independence and suitability, it is crucial for investors to engage with not only company executives but also independent outside directors. Furthermore, sufficient disclosure is critical to cast proxy votes in our clients' best interests. We view that opportunities to conduct sufficient dialogues between independent outside directors and the capital market are still limited. Such engagements with investors should be held regularly, not only upon emergency events. To determine the competency and independence of director nominees to cast a proxy vote, it is important for a company to disclose sufficient information on the performance and remuneration of the Board of Directors. At present, we recognize that there are some cases where the content and timing of statutory disclosure, such as Notice of Annual General Meeting (AGM) and annual financial reports, is inadequate for making proxy voting decisions.

Succession planning

Succession planning for top executives is one of the major strategic decisions requiring the full engagement of the Board of Directors. The Nomination Committee of a company with three Committees or the arbitrary Nomination Committee under other board structures must be chaired by an independent outside director. In addition, successor development and the appointment and discharge of top executives must secure transparency and accountability. At the same time, human capital management from long-term perspectives is essential for the long-term sustainability of corporate value growth.

Remuneration structure

It is desirable that a remuneration structure is linked with sustainable corporate value growth and motivates company executives to achieve it. The Remuneration Committee of a company with three Committees or the arbitrary Remuneration Committee under other board structures is expected to ensure transparency and objectivity of a remuneration scheme. At a Japanese company, a remuneration structure needs to provide long-term incentives by adopting equity compensation effectively and disclosing the details of the compensation scheme and the amount granted and vested.

Capital policy and cost of capital

When developing medium to long-term management strategies for sustainable corporate value growth, a company must assess the cost of capital and implement capital allocation and balance sheet optimization, including business portfolio review, to earn returns exceeding its cost of capital over the long term. We understand that there is no single accepted figure for the cost of capital. That said, it would be a valuable guide for companies and investors to exchange their views on business strategies and capital policies and engage in constructive dialogue.

Cross-shareholdings

Without economic rationality, cross-shareholdings, whereby companies hold minority shares in other companies for the sake of business relations, could impair capital market efficiency, have adverse impacts on corporate governance and prevent sustainable corporate value growth. From a capital cost perspective, they impede optimal capital allocation and increase the impact of stock market volatility on a company’s balance sheet on top of economic cycles affecting earnings. Besides, there is the possibility that they lead to an excessive rise in “friendly” stable shareholders and anti-takeover measures. Therefore, we believe that a company must unwind cross-shareholdings unless there are appropriate reasons and must not hinder the sales when their shareholders intend. If it is impossible to unwind cross-shareholdings immediately, disclosures of the reasons and assessment according to Japan’s Corporate Governance Code are compulsory. In addition, we believe that the proper exercise and disclosure of proxy votes combined with an ongoing reduction in cross-shareholdings are necessary. Upon the revision to our proxy voting guideline in April 2022, we have set the policy that cross-shareholdings must account for 20% or less of its net assets while we consider the industry-specific circumstances.

Meanwhile, cross-shareholdings play different roles in different industries. For proxy voting decisions, we conduct engagements and take into consideration such industry-specific circumstances where necessary. Besides, the increased number of companies has made progress in their future reduction plans. We think that further improvement in disclosure, including the transparency in proxy voting for cross-shareholdings, is critical.

We also keep an eye on the companies which make other companies possess their shares. Again, these companies must not hinder the sale when their shareholders intend. Besides, we recommend that such a policy be clearly stated in a corporate governance report. Finally, we believe that business opportunities should not be conditioned by cross-shareholdings.

A company increases cross-shareholdings, which is sometimes rationalized for the purpose of building business relationships or participating in a business partners' shareholding program. These relationships, developed under Japan's traditional business practices, may give rise to concerns regarding insufficiently rational business judgment and transparency.

A lack of investment opportunities that exceed the cost of capital cannot justify continued cross-shareholdings. Listed stock investments require a sophisticated risk management framework, but we believe that there are many cases where an appropriate framework is not in place.

Sustainability disclosure

Global corporate sustainability disclosure standards are currently in a development stage by various organizations, and listed companies need to meet such global standards. We believe that the Board of Directors needs to commit to sustainability disclosure and allocate sufficient resource to it to achieve sustainable corporate value growth.

Both financial and non-financial, including ESG, information require timely data disclosure, data availability, and comparability from both quantitative and qualitative aspects. To enable disclosure information meaningful for investment and proxy voting decisions, as well as engagement with investors, it is important to improve the quality of disclosure.

Initiatives to achieve a sustainable society

A company needs to take the initiative to contribute to achieving a sustainable society. We consider the UN's Sustainable Development Goals (SDGs) as an opportunity to grow business in this space, which shows a direction to increase corporate value sustainably. ESG, on the other hand, is an essential element of a going concern and the sustainability of the company itself. In this sense, while SDGs are a top-down approach, ESG can be considered bottom-up. Therefore, sufficient disclosure of ESG and SDG initiatives is desirable.

Our climate change initiatives

Invesco has been a supporter of the Task Force for Climate-Related Financial Disclosure (TCFD). Climate change has worsened natural disasters year by year, impacting corporate business activities and people's social lives. Preparing for the physical risks of climate change is a real-world issue for companies, and dealing with transition risks to a decarbonized society is a necessity for the entire economy. By participating in the TCFD Consortium and Impact Consortium in Japan, we strive to broaden our knowledge to utilize climate change information in fundamental company analysis and engagement. In constructive dialogues, we proactively voice investors' views. We also take part in the ESG Disclosure Study Group and advocate best disclosure practices among Japanese companies.

Our human capital and diversity initiatives

To achieve sustainable corporate value growth, adequate investment in and the effective deployment of human capital is crucial. In the Board of Directors, gender, nationality, career, age, and other backgrounds diversity must improve its effectiveness by avoiding groupthink in board discussions. Similarly, in a workplace, promoting diversity should make an organization resilient to a rapidly changing business environment as well as attract and retain the right talents. We participate in the 30% Club Japan and Human Capital Management Consortium, which is part of a global initiative aiming to achieve sustained growth in corporate value by promoting gender diversity. At this moment, we believe that increasing the ratio of female directors on the Board is one of the most effective measures to increase diversity at Japanese companies. At the same time, human capital development based on a long-term strategy, the design and implementation of an accountable human resource management system, and the analysis and measures for gender pay gap is also important for the sustained growth of corporate value.

Effective use of ESG factors in portfolio management

Governance is the most important ESG factor for the investment team in active investing at Invesco Japan, as an organization with strong governance should be capable of building an effective structure contributing to corporate value growth through initiatives to address environmental and social issues. As an active investor, we focus on specific opportunities and risks of each company and undertake stewardship activities.

For example, as part of ESG research, we may obtain information and discuss the human rights policies and wage systems of investee companies. We may also calculate the portfolio-level carbon emissions upon our clients' request. However, our purpose is to maximize the investment performance and not to disclose or achieve these metrics. Meanwhile, utilizing Invesco's SIS team's support and guidance, we can perform portfolio carbon emissions analysis. In addition, we conducted an analysis of ESG materiality and controversies for each portfolio.

Portfolio-level greenhouse gas (GHG) emissions analysis

From a sustainable corporate value growth perspective, we think that analyzing environmental factors and GHG emissions of investee companies is an important factor. Invesco has an in-house system in place to compare and analyze portfolio GHG emissions compared to benchmarks. Invesco's global TCFD report discloses the company-wide thoughts and analysis.

2024 Global TCFD Report

https://www.invesco.com/content/dam/invesco/emea/en/pdf/ivz_global-tcfd-report.pdf

Participation in external ESG initiatives

Invesco Japan participates in multiple investors' ESG initiatives. We are also actively engaged in external advocacy activities. We select activities that align with the right directions, including best corporate governance practices, defined by Invesco Japan and that contribute to building momentum in the capital market, including among investee companies. In addition to the initiatives in which Invesco are involved globally, we actively participate in or are a signatory of the following initiatives:

- Asian Corporate Governance Association (ACGA)
- Japan's Stewardship Code
- 30% Club Japan Investor Group
- ESG Disclosure Study Group
- Human Capital Management Consortium
- Impact Consortium

Revision to Invesco Japan proxy voting policy

Invesco's Policy Statement on Global Corporate Governance and Proxy Voting (Global Proxy Policy) sets forth the framework of the firm's broad philosophy and guiding principles that inform the proxy voting practices of our investors around the world. Meanwhile, we have laid down Invesco Japan Proxy Voting Guideline to satisfy Japan's Corporate Governance Code and other local laws and regulations.

In April 2025, we made the following revisions:

- Board diversity
  - If there are fewer than two females on the Board, we cast votes against it. However, for the smaller Board, if the female ratio is 20% or more, it will be considered separately.
- Capital efficiency
  - While no numerical threshold is set, a significantly stronger focus is required to implement appropriate and sufficient responses in engagements and disclosure.
- Cross-Shareholding
  - A company should conduct dialogues with institutional investors, taking into account shareholder composition, and "management that is conscious of the cost of capital and stock prices".

2022~

- Numerical threshold for cross-shareholdings
- At least one female director on the Board
- At least one-third independent outside directors on the Board
- Maximum of four companies, where outside directors perform their duties
- Voting policy on shareholder resolutions concerning climate change, putting shareholder value first
- Guideline for a virtual-only AGM safeguarding shareholder rights

2024~

- Majority of independent outside directors on the Board of a company with a parent or controlling shareholder
- Maximum of two companies, where internal executive directors perform their duties
- Stricter voting guidelines on the decrease of Audit Committee board members in the same manner as statutory auditors

2025~

- At least two female directors on the Board. For the smaller board, if the ratio of females is 20% or more, considered separately
- Significantly stronger focus is required to implement appropriate and sufficient responses in engagements and disclosure, while not setting numerical thresholds
- Strengthening engagement policy, impacting voting decisions on capital efficiency, aligned with TSE's request for "management that is conscious of Cost of Capital and Stock Price".

Shareholder proposals

We make voting decisions on each shareholder proposal based on thorough assessment, including legal perspectives, as to whether such a proposal contributes to the long-term growth of corporate value.

Shareholder proposals concerning ESG have been increasing. Due to the limitation on proposals which can be submitted to an AGM, shareholders often seek to amend articles of incorporation. We acknowledge that articles of incorporation should determine corporate principles without spelling out details. We give progress in companies' ESG practices and disclosure a positive consideration. At the same time, we also need to consider the impact of amendment to articles of incorporation if accepted.

Principles for Responsible Institutional Investors (Japan's Stewardship Code) Stewardship Activities and Self-Assessment

Policy of Stewardship Responsibilities

We are a signatory of Japan's Stewardship Code. The Code frames our approach to contribute to the sustainable growth of corporate value and maximize the long-term returns for our clients, and at the same time fulfill our stewardship responsibilities as an institutional investor.

According to the revision to Japan's Stewardship Code in June 2025, we amended the Policy of Stewardship Responsibilities in October 2025.

(Japanese Only)
https://www.invesco.com/jp/ja/policies/stewardship-code.html

	Stewardship Activities	Self-Assessment
Principle 1	・ Amended the Policy of Stewardship Responsibilities	We disclose the engagement policy that embraces sustainability and contributes to the sustainable growth of corporate value. We evaluate that our activities comply with the principle.
Principle 2	・ Continued to publish the Conflict of Interest Management Policy, which illustrates specific cases falling under a conflict of interests ・ Reported stewardship activities, including proxy voting results, to the Conflict of Interest Oversight Committee, ensuring rigorous conflict of interest management ・ Publicly disclosed all proxy voting results and the rationales for voting decisions submitted against resolutions	We disclose the policies ensuring the transparency of stewardship activities, including the proxy voting records, and Invesco puts in place the control framework as a global company. Therefore, we evaluate that our activities comply with the principle. Besides, Invesco is an independent asset management firm listed on the New York Stock Exchange (NYSE).
Principle 3/4	・ Examined investee companies' fundamentals from a medium to long-term perspective and conducted a constructive dialogue with them with a focus on sustainable corporate value growth ・ Revised to align with the third revision to the Japan Stewardship Code in place in June 2025	We integrate ESG as part of fundamental research from a medium to long-term perspective and conduct constructive dialogue considering sustainability led by portfolio managers and research analysts. We evaluate that our activities comply with the principles. **Future considerations** We strive to further improve the review and disclosure of the achievements of engagement activities. We aim for more impactful engagements that increase corporate value through the escalation process.
Principle 5	・ Revised Invesco Japan Proxy Voting Guideline in April 2025 ・ Emphasized constructive dialogue with investee companies in proxy voting decision-making ・ Disclosed all proxy voting results and the rationales for voting decisions submitted against resolutions. Enhanced disclosure by revising the disclosure timing and adding disclosure formats. ・ Engaged in dialogue with a proxy advisory firm as appropriate	To revise and amend Invesco Japan Proxy Voting Guideline, the investment team debates the subject from the perspective of long-term corporate value increase, taking into account regulatory and legal frameworks, such as Japan's Corporate Governance Code and Companies Act. Then, the Responsible Investment Committee authorises them. We adopt an investor-driven proxy voting approach focusing on the sustainable growth of investee companies' value. We evaluate that our activities comply with the principle. **Future Considerations** We continue to review our proxy voting guideline and evolve them to contribute to corporate value growth and stronger governance. We strive to disclose and communicate our proxy voting guideline and future policies to improve transparency and accountability to external audiences.
Principle 6	・ Published the annual Invesco Japan Stewardship Report ・ Disclosed Invesco Japan Proxy Voting Guideline, the Policy of Stewardship Responsibilities, all proxy voting results, and the rationales for voting decisions submitted against resolutions on the website	We have been improving the disclosure of stewardship activities, including this annual report. We evaluate that our activities comply with the principle. **Future Considerations** We strive to enhance disclosure to meet the increasing demand for stewardship activity effectiveness and proxy voting accountability.
Principle 7	・ Carried out self-assessment of stewardship activities ・ Fulfilled ESG requirements and reporting, liaising with Invesco's Sustainable Investing Services Team ・ Undertook external sustainable investing initiatives and activities ・ Established and strengthened internal systems for effective stewardship activities ・ Disclosed the progress and outcomes of constructive dialogue with investee companies	We have been deepening our understanding of good stewardship practices and ESG issues in Japan as well as overseas. We also continue our deliberate efforts to strengthen stewardship activities and revitalize the entire investment chain. We evaluate that our activities comply with the principle. **Future Considerations** We have recognize increasing requirements for greater transparency in stewardship activities. We strive to deepen your understanding of our stewardship activities through public disclosure in this Stewardship Report or on the website, as well as information sharing in individual dialogues with our clients and investee companies.

Principle 8, which is applied to service providers for institutional investors, is excluded.

Principle 1
Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

Our Policy

Invesco ensures the global structures, allowing investment teams to fulfill their fiduciary duty and stewardship responsibilities. We aim to maximize the returns to our clients through the sustainable growth of investee companies' value and undertake stewardship activities as an active investor.
We have formulated and published the Policy of Stewardship Responsibilities.
With the senior management's commitment, we have been enhancing global collaboration to step up our stewardship journey.

Fiscal Year (FY) 2024 Activities

- July 2024 Invesco Group's "2023 Global Stewardship Report" was published.
- August 2024 Invesco Group's "2023 Global TCFD Report" was published.
- April 2025 "Invesco Japan Proxy Voting Guideline" was revised.
- April 2025 Invesco UK's "2024 UK Stewardship Code Report" was published to fulfil the Financial Reporting Council's (FRC) Stewardship Code requirements.
- June 2025 Invesco Group's "2024 Global TCFD Report" was published.

Based on the Policy of Stewardship Responsibilities, we continue strengthening our activities and systems.

Self-Assessment

We evaluate that our activities comply with the principle in accordance with the Policy of Stewardship Responsibilities updated in October 2025.

We will continue to review and disclose our stewardship policy.

To perform constructive dialogues with investee companies

In our research activities as an analyst, it is important to emphasize dialogue with companies from a long-term perspective and grasp each company's business strategy and governance with an in-depth understanding of their business models. Company analysis from a long-term perspective does not mean to downplay short-term information. We make earnings forecasts from a medium- to long-term perspective based on an assessment of company information and industry structural changes and evaluate corporate value from both quantitative and qualitative perspectives.

Fumichika Tanemoto
Research Analyst

Principle 2
Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Our Policy

Integrity, fairness, equality, and the best interests of clients are the most crucial part of our management philosophy and code of ethics. As an asset management firm, we identify, manage, record an actual or apparent conflict of interest between Invesco Japan (including directors, employees and any other persons directly or indirectly involved) and clients or between clients. If any matter falls under a conflict of interest, we shall take necessary actions, including disclosure, following our own conflict of interest management policy.

This policy applies to all business activities, and the Conflict of Interest Management Policy illustrates specific cases falling under a conflict of interest.

(Japanese only)
https://www.invesco.com/jp/ja/policies/interest-conflict-policy.html

The Compliance department is responsible for conflict of interest management, and the Conflict of Interest Oversight Committee ensures good governance.

FY 2024 Activities

The Conflict of Interest Oversight Committee, established in April 2018, ensured effective and systematic management of conflicts of interest. Stewardship activities, including proxy voting results and engagement with investee companies, are reported to the Conflict of Interest Oversight Committee, and the committee confirmed that there was no issue identified. Besides, the Compliance department examines whether proxy votes related to our major clients as well as distributors and custodian banks of our beneficiary certificates (fund) caused a conflict of interest.

In August 2025, we publicly disclosed all proxy voting results in FY 2024 (from July 2024 to June 2025). At the same time, we disclosed the rationales for voting decisions to increase transparency and accountability in our voting activities.

Shintaro Nonaka
Head of Compliance and Conflict of Interest Oversight Committee Chair
"We examined reports on stewardship activities, including proxy voting results during the FY 2024 in light of any situations that gave rise to an actual or apparent conflict of interests and identified no such a case."

Self-Assessment

We evaluate that our activities complied with the principle.

Principle 3
Institutional investors should monitor investee companies so that they can properly fulfill their stewardship responsibilities with an orientation toward the sustainable growth of the companies.

Principle 4
Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Our Policy

As a long-term investor, we emphasize sustainable corporate value growth. We conduct company meetings from a medium to long-term perspective to obtain the information for investment decision-making and engage in various dialogues as necessary. Even if a specific agenda is not established in advance, we have constructive discussions on many perspectives, including ESG strategies, in a regular company meeting.

Our View on Engagement Outcomes

When we have constructive dialogue on their various challenges, including ESG, with investee companies, we convey our opinions as an investor and discuss the path to achieve sustainable corporate value growth. On the other hand, it is difficult to systematically evaluate an engagement outcome, that is to say, to identify which engagement made a company take necessary action. Nonetheless, we can increase the effectiveness of engagement by sharing the engagement dialogues internally and tracking the progress.

We also have multiple occasions where investee companies ask for advice on governance and disclosure. While we believe that there are many cases where our communication on best practices for listed companies from a long-term investor's perspective supports a move toward betterment, it should not be appropriate to attribute such improvement solely to our engagement. Instead, the efforts of the entire investment chain contribute to the action, and we conduct stewardship activities to play an active role within the chain. We have also acknowledged that collective engagement with other institutional investors is an important option. We engage in dialogues with all investee companies, and we may participate in collective engagements, which we think are effective on a specific company or engagement agenda. Participation will be confirmed with the Compliance and Legal departments.

The effective use of AI in analyst work

I believe that the effective use of AI will become even more indispensable in analyst work in the future. We use a variety of tools to efficiently analyze vast amounts of information and market data. We are in an era full of information, and therefore, I recognize the importance of face-to-face dialogues with the management of investee companies and conveying our strong conviction as investors.

Shusuke Komuro
Research Analyst
Portfolio Manager

Our Approach to Improve the Transparency of Proxy Voting

In response to requests from investee companies, we will disclose the number of shares we hold in each investee company to build trust and enhance the effectiveness of constructive dialogue, while taking into account risks and concerns. It is necessary to share the common ground that the number of shares held can fluctuate daily, depending on market conditions and our clients' circumstances, and that a company should not diminish engagement priority solely because of the number of shares an investor holds.

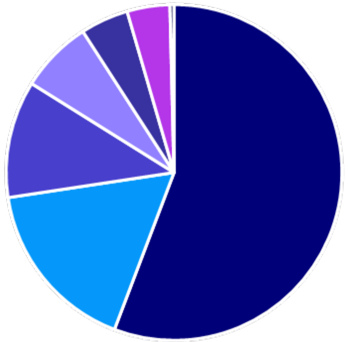
FY 2024 Activities

In FY 2024 (from July 2024 to June 2025), we had a one-on-one meeting with 377 companies, including both investee companies and prospects. We conducted 1,033 one-on-one engagements, out of which 250 were engagements with an executive director level or higher positions.

Our constructive dialogues and engagements cover various themes, including ESG. The chart below illustrates the engagement breakdown by theme. If we discussed multiple subjects in a meeting, we counted each subject as one engagement.

We discuss business strategies in almost all meetings. Following capital policy, governance, such as board structures and the competency/independence/diversity of directors and disclosures were frequently discussed. The occasions to engage on sustainability-related disclosure and mid-term business plans upon a company's request have been increasing.

Engagement theme



Business Strategy	56%
Capital Policy	17%
Governance	11%
Disclosure	7%
Social	5%
Environment	4%
Others	0%

Self-Assessment

In company engagements, we seek to identify ESG issues (materiality) on top of understanding and analyzing the situations of investee companies based on fundamental research. We track the contents and progress of engagements and share them internally.
To improve engagement quality, we leverage insights within Invesco, collect and analyze data utilizing third-party vendors and liaise with outside experts and institutional investors. Thus, we evaluate that our activities comply with the principles.
Invesco takes an investment-led engagement approach. Portfolio managers, who make final investment decisions, engage in constructive dialogue, thereby enhancing effectiveness. In addition, each portfolio manager discusses specific sustainability subjects relevant to their investment strategy.

Future Considerations

We strive to further improve the review and disclosure of the achievements of our engagement activities. We aim for more impactful engagements that increase corporate value through escalation process.

The Tokyo Stock Exchange (TSE) reform

The TSE's market classification reform has prompted companies to implement management that is conscious of the cost of capital and stock prices and to make it mandatory to establish an IR function. Media used to focus on Price-to-Book (PBR) figures, but companies are now required to continuously increase capital efficiency and to engage the capital market, not just improve the numbers. Every day, I recognize that the TSE reform is accelerating to transform the quality of the Japanese stock market.

Mo Haifeng
Research Analyst

Examples of Engagement

The following are examples of constructive dialogue we conducted.

Case 1: Company A

Background: Although Company A’s sales and operating profit were growing in recent years, Earnings per Share (EPS) and Return on Eqauity (ROE) growth was sluggish due to extraordinary losses related to past investment projects. Besides, in the medium-term business plan, its ROE target remained conservative, and the company has room for greater recognition from the capital market.

Progress 1: Company A is an auto parts company. We highly evaluated the company’s unique positioning with business relationships with a multitude of original equipment manufacturers (OEM) as a maker independent from the traditional “keiretsu” supplier system. As the Chief Financial Officer (CFO) was in charge of IR and the CEO was not actively involved in IR activities, there was room to further increase mutual understanding with the capital market.

Progress 2: The step-down of CFO, who had been in charge of IR, increased opportunities for the CEO to conduct IR himself. Therefore, we set up a direct dialogue with the CEO. At that time, we conveyed the importance of capital discipline and efficiency to achieve sustainable EPS growth, alongside the conventional key performance indicators (KPIs) for Japanese companies, such as sales and operating profits.

Progress 3: We also gave a presentation to explain how institutional investors’ decision-making process and behavioral principles are linked to a company’s capital efficiency. The CEO confirmed that he used to think it was most important to show sales growth, but understood investor expectations better after the dialogues.

Evaluation and future plan: Subsequently, a regular meeting with the CEO has been established. The CEO reported that the Board used to have many discussions about new business investments, but those discussions have now shifted to investments that leverage the company's strengths. In addition, we have acknowledged the positive changes that discussions about ROE improvements have been held more than before. We see room to further enhance corporate value through changes in the actual business portfolio and capital allocation.

Case 2: Company B

Background: While the profit margins were very high in the income statement, low efficiency in the balance sheet, including excessive cash holdings and declining ROE, was a long-standing issue.

Progress 1: We continued dialogue on the declining asset efficiency and the possible destruction of corporate value due to excessive cash holdings. We also voted against the appropriation of retained earnings at an AGM for many years. The company’s disclosure superficially covered the TSE's request for "action to implement that is conscious of cost of capital and stock price", which did not address investors' concerns.

Progress 2: We discussed management with a consciousness of the cost of capital again but did not find any change in the company. Therefore, I decided to send a formal letter from the Chief Investment Officer (CIO) to the company’s Board of Directors. We communicated with the IR person both before and after sending the letter.

Progress 3: After we sent the letter, the disclosure related to "action to implement that is conscious of cost of capital and stock price" was updated. Still, the contents were broadly maintained without material changes. The company responded to our inquiry that the letter was shared with the Board of Directors.

Evaluation and future plan: Given no material improvements, we vote against the top management, in addition to the appropriation of retained earnings at the AGM in 2025. We will continue to consider other options, including collective engagement.

Examples of Engagement

The following are examples of constructive dialogue we conducted.

Case 3: Company C

Background: The company went public in 2017 and transitioned to the TSE Prime market in 2022. Even in a conventional industry, the company has a unique business model and aims to expand its business in Japan and overseas through sustained growth and acquisitions. We evaluated the company's growth potential and initiated positions in the stock. However, the company could not attract overseas investors' interest as its governance structure and sustainability disclosures fell short.

Progress 1: We communicated that the third-party ESG vendor's rating and our proprietary ESG scores for the company remained low, and that disclosure in both English and Japanese was important. Our dialogue also called for strengthening the governance structure to attract overseas investors.

Progress 2: Regarding governance, the appointment of independent outside directors performing such duties for too many companies was one of the issues. Therefore, we explained the principles underlying our proxy voting guideline and introduced the example of disclosure by a similar-sized company to illustrate best practices.

Progress 3: The company enhanced its English disclosures, and ESG data vendors' ratings on the company improved. Along with earning growth, the company attracted interest from the capital market, including overseas investors.

Evaluation and future plan: The company has been widely recognized as a blue-chip that has significantly expanded its market capitalization since its initial public offering.

Mid- and small-cap stocks' potential

Among Japanese small- and mid-cap stocks, there are a few companies with potential to achieve high growth through new business models or advanced technological capabilities. We strive to uncover companies that can unlock high growth potential through detailed research and dialogue with each company. The current Japanese equity market offers highly attractive opportunities to small- and mid-cap stocks seeking further growth. We aim for high performance with companies and management that want to grow significantly together.

Yukihiro Hattori
Portfolio Manager, Japanese Equity Small/Mid Growth Strategy

* The above comment is not related to the case on the left.

Principle5
Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklists; it should be designed to contributes to the sustainable growth of investee companies.

Our Policy

Casting a proxy vote is one of the important elements of stewardship activities. In general, we make voting decisions following our internally developed Invesco Japan Proxy Voting Guideline. Meanwhile, if, for example, a separately managed account has a client-directed voting policy, the client policy may prevail our guideline. The full text of our proxy voting guideline is available on our website. We also widely share our proxy voting approach with investee companies and engage with them as necessary.
Please also refer to our Policy of Stewardship Responsibilities.

Link(Japanese only):
https://www.invesco.com/jp/ja/policies/stewardship-code.html

We strive to vote proxies on all investee companies. We make voting decisions based on whether these decisions contribute to the sustainable growth of investee companies' value, taking into account ESG perspectives, each company's situation and engagements.

We review our proxy voting guideline as appropriate to ensure that our voting policies and procedures contribute to the sustainable growth of investee companies' value. Depending on a proposal, we may make an exception after having constructive dialogue with the investee company. In such a case, approval of the Responsible Investment Committee shall be obtained.

FY 2024 Activities

We made revisions to our proxy voting guideline in April 2025.
The key enhancements are summarized below.

- Board diversity
  - If there are fewer than two females on the Board, we cast votes against it. However, for the smaller Board, if the female ratio is 20% or more, it will be considered separately.
- Capital efficiency
  - While no numerical threshold is set, a significantly stronger focus is required to implement appropriate and sufficient responses in engagements and disclosure.
- Cross-Shareholding
  - A company should conduct dialogues with institutional investors, taking into account shareholder composition, and "management that is conscious of the cost of capital and stock prices".

While Invesco has established its firm-wide global proxy policy, we have locally laid down Invesco Japan Proxy Voting Guideline. By confirming that these policies share the same principles, we emphasize the right direction in corporate governance among Japanese companies considering local laws and regulations in Japan's context.

Since May 2019, we have disclosed all proxy voting results and the rationales for voting decisions against resolutions. We have enhanced disclosure by revising the disclosure timing and adding disclosure formats. We continued to disclose them to enhance accountability and transparency. We also communicate our voting decisions directly to investee companies and work towards deepening investee companies' understanding of our approach to proxy voting.

We reported proxy voting results and stewardship activities, including company engagements, to the Conflict of Interest Oversight Committee. The committee affirmed that there were no issues falling under a conflict of interest.

The following are the principles for significant proxy vote decisions from perspectives of enhancing transparency in our proxy voting practices and contributing to constructive dialogue with investee companies.

Activists' Shareholder Proposal

Our guideline states that "we vote on case-by-case shareholder proposals while we follow the proxy voting guidelines in principle". We assess each proposal based on its substance rather than the attributes of the proposer and judge whether it will contribute to corporate value enhancement, including its feasibility. Where possible, we engage with a proposer and a board director candidate if the proposer appoints.

Cross-Shareholdings

Our guideline stipulates that a company's cross-shareholdings shall not exceed 20% of its total assets. If a company has a reduction plan with numerical targets over a specified time horizon, we may vote for it, provided there is sufficient management commitment as evidenced by engagements. We also believe that industry-specific circumstances should be considered. The cross-shareholding amount is determined by specified investment shares in an annual financial report or Notice of AGM available at the time of exercising a proxy vote. We voted against it in the case that a company decreased specified investment shares by changing the classification to a pure investment without sufficient explanation. We also need to assess the feasibility of cross-shareholding reduction and consider other measures rather than "simply accepting a company's plan" in the future.

Appointment of Independent Outside Directors Deemed to Lack Sufficient Independence

We set multiple formal requirements to determine the independence of outside directors. While formal requirements may be challenged, we take the best possible measures when we have limited opportunities for direct dialogue with an outside director candidate to assess their competence and true independence. If we judge that a candidate's parent body preserves substantive independence, we vote for the appointment. These cases include situations where the relationship has already dissolved through unwinding cross-shareholdings, or where the business relationship with the audit/legal firm a candidate came from is determined not to be substantial, given past mergers among these firms.

Self-Assessment

We commit stewardship activities, including investor-driven proxy voting.
Our investment professionals lead proxy voting guideline development and proxy voting decisions. Then, we communicate our proxy voting guideline and voting decisions to the investee companies, which is not limited to the period of AGM.
We use the services of a third-party proxy advisory firm, Institutional Shareholder Services (ISS). Meanwhile, we do make proxy voting decisions in light of whether or not these decisions contribute to the sustainable growth of the investee company's value based on the in-house proxy voting guideline. We also engage with a proxy advisory firm as needed and perform due diligence on its service and operation policies.
We share proxy voting results among the investment team, the Responsible Investment Committee and the Conflict of Interest Oversight Committee to avoid mechanical proxy voting and lead to sensible decisions, contributing to the sustainable corporate value growth.
Thus, we evaluate that our activities complied with the principle.

Future Considerations

We continue to review our proxy voting guidelines and evolve them to contribute to corporate value growth and stronger governance. We strive to disclose and communicate our proxy voting guideline and future policies to improve transparency and accountability to external audience.

Proxy Voting Results in Japan

FY 2024 (During the period from July 2024 to June 2025)

1. Voting statistics for management proposals

Agenda		For (A)	Against (B)	Abstain (C)	Discretion (D)	Total (E)	% of Against or Abstain B+ C/ E
Directors and Auditors Related	Appointment of Directors	817	142	0	0	959	14.8%
	Appointment of Statutory Auditors (Kansayaku)	43	16	0	0	59	27.1%
	Appointment of Accounting Auditor	3	0	0	0	3	0.0%
Compensation	Director/Auditor Remuneration [1]	41	5	0	0	46	10.9%
	Director/Auditor Retirement Benefits	0	4	0	0	4	100.0%
Capital Policy (Excluding Articles of Incorporation Amendment)	Appropriations of Retained Earnings	73	2	0	0	75	2.7%
	Reorganization and Mergers [2]	1	0	0	0	1	0.0%
	Anti-takeover Measures	0	0	0	0	0	0.0%
	Others [3]	0	0	0	0	0	0.0%
Articles of Incorporation Amendment		16	0	0	0	16	0.0%
Others		2	0	0	0	2	0.0%
Total		996	169	0	0	1,165	14.5%

1. Revision of director remuneration amounts, stock options issuance, introduction and revision of performance-linked compensation, and director bonus, etc.
2. Merger, business transfer/acquisition, share exchange, share transfer, company split, etc.
3. Stock repurchase program, reduction in legal reserve, third-party allotment, capital reduction, reverse stock split, class share issuance, etc.

If the same stock is held in multiple accounts, votes on the same resolution are counted as one.
If we have “for” and “against” votes on the same resolutions, we count both as two.

2. Voting statistics for shareholder resolutions

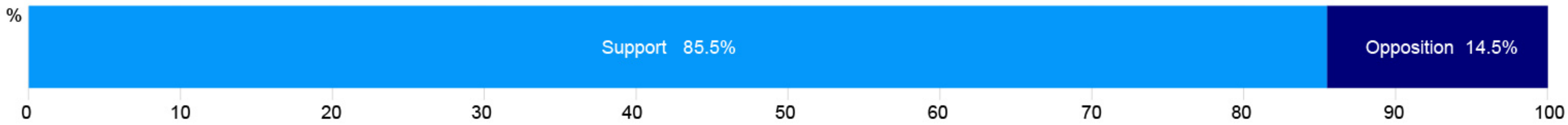
Agenda	For (A)	Against (B)	Abstain (C)	Discretion (D)	Total (E)	% of Against or Abstain B+ C/ E
Total	8	17	0	0	25	68.0%

If the same stock is held in multiple accounts, votes on the same resolution are counted as one.
If we have “for” and “against” votes on the same resolution, we count both as two.

Voting Rights Exercise

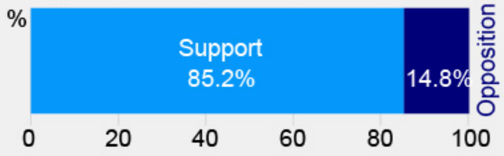
(During the period from July 2024 to June 2025:115 Companies, 1,165 Company's proposals and 25 shareholder's proposals)

Company's proposal

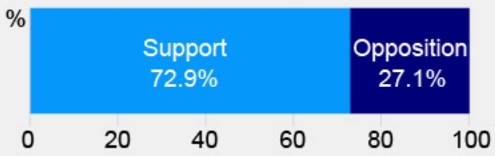


Directors and Auditors Related

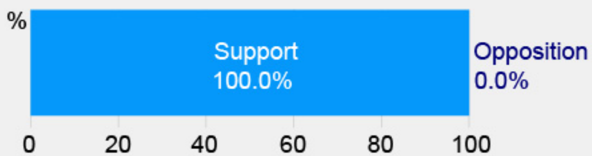
Appointment of Directors



Appointment of Statutory Auditors

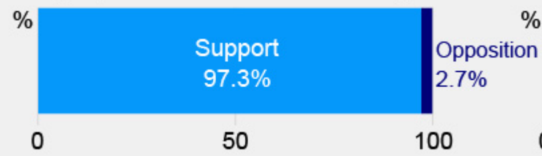


Appointment of Accounting Auditor

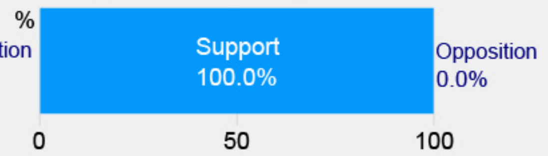


Capital Policy (Excluding Articles of Incorporation Amendment)

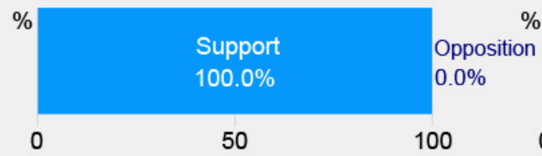
Appropriations of Retained Earnings



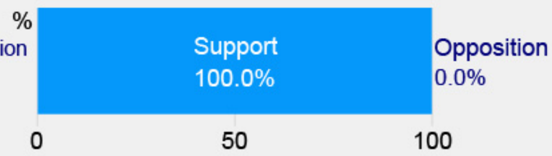
Reorganization and Mergers[2]



Anti-takeover Measures

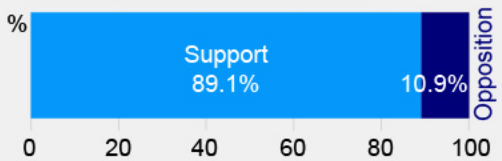


Others[3]

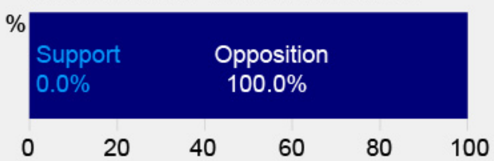


Compensation

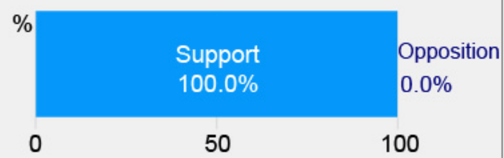
Director/Auditor Remuneration[1]



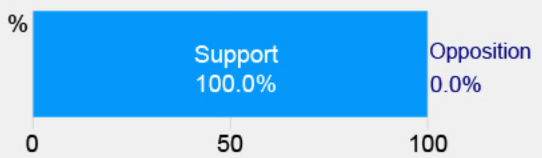
Director/Auditor Retirement Benefits



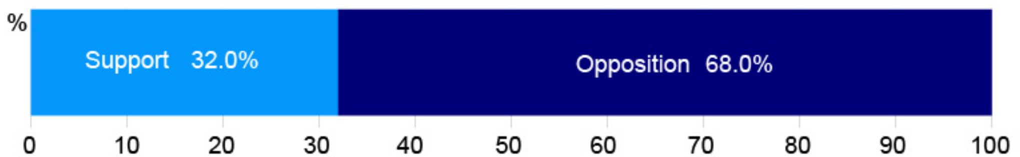
Articles of Incorporation Amendment



Others



Shareholder resolutions



1. Revision of director remuneration amounts, stock options issuance, introduction and revision of performance-linked compensation, and director bonus, etc.
2. Merger, business transfer/acquisition, share exchange, share transfer, company split, etc.
3. Stock repurchase program, reduction in legal reserve, third-party allotment, capital reduction, reverse stock split, class share issuance, etc.

If the same stock is held in multiple accounts, votes on the same resolution are counted as one.
If we have "for" and "against" votes on the same resolutions, we count both as two.

Principle 6
Institutional investors in principle should report periodically on how they fulfill stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

Our Policy
Active engagement to ensure investee companies' sustainable value creation and growth in the long term is one of our important responsibilities as an investment manager. We disclose our stewardship activities to our clients as appropriate. We may publicly disclose information replacing individual reporting if practicable. We strive to enhance the quality of stewardship activity disclosure. Accordingly, we publish Invesco Japan Proxy Voting Guideline, all proxy voting results and the rationales for voting decisions against resolutions on our website.

FY 2024 Activities
Since November 2019, we have published the Invesco Japan Stewardship Report annually, and this is the seventh issue. The Report demonstrates how we fulfil investment stewardship responsibilities, including our ESG integration approach and our view on sustainability and best practices in corporate governance, on top of engagement examples.
Invesco also published the firm-level Global Stewardship and Sustainability Report and TCFD Report.

Self-Assessment
We have been making efforts to enhance the transparency and accountability of our stewardship activities by publishing this report and disclosing these activities on our website. Thus, we evaluate that our activities complied with the principle.

Future Considerations
We strive to enhance disclosures to meet the increasing demand for stewardship activity effectiveness and proxy voting accountability.

Stewardship activities required as fiduciaries
Fiduciary refers to "a person who is entrusted with the confidence and trust of others". The duties owed between a trustee and an investment manager encompass not only legal and contractual obligations but also the deeper notion of being worthy of trust. We take our fiduciary duties as an investment manager seriously and aim to build long-term trust by improving transparency and ensuring accountability to our clients.

Yasuko Sato
Head of Client Portfolio Management Japanese Equity

Principle 7
To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

Continued Initiatives
Research analysts and portfolio managers strive to deepen their understanding of investee companies. Our remuneration stricture is designed to incentivize investment professionals to acquire expertise as a long-term investor.

FY 2024 Activities
Our stewardship activities, including proxy voting and constructive dialogue with investee companies, are governed and overseen by the Responsible Investment Committee, and conflicts of interest are monitored by the Conflict of Interest Oversight Committee. These monitoring results are also reported to the Executive Committee and the Invesco Proxy Advisory Committee. Regular activity reviews enable us to enhance the effectiveness of our stewardship activities and contribute to revitalizing the entire investment chain.
We strive to improve the knowledge and understanding of the financial industry as a whole by carrying on constructive dialogue with a multitude of stakeholders within the investment chain, including clients, domestic and overseas institutional investors and investee companies.

This stewardship report is the seventh issue since November 2019, when we started to publish it. These reports describe our engagements and significant voting decisions, which we believe contribute to constructive dialogue. This report is a tool addressing our views on best corporate governance practices and our environmental (E) and social (S) efforts and initiatives. Based on the engagement progress, we have set forth future plans to contribute to sustainable corporate value growth in the long term.

Our stewardship activities
Stewardship responsibilities aim to deliver returns to clients through investors' engagement in constructive dialogues to enhance corporate value, including capital efficiency improvement, and to achieve sustainable corporate value growth. At Invesco Japan, we analysts commit to undertaking highly effective stewardship activities by directly engaging with companies and making proxy vote decisions.

Huan Cheng
Research Analyst

Self-Assessment

Research analysts and portfolio managers diligently conduct bottom-up fundamental research every day with a focus on scrutinizing the sustainable corporate value growth of investee companies from a long-term perspective. To this end, Invesco Japan and Invesco have been enhancing the support systems and resources globally. We will continue to strive to contribute to the investee companies' sustainable corporate value growth through constructive dialogue in light of sustainability aligned to our investment strategies. With these firm-wide efforts strengthening in Japan as well as globally, we evaluate that our activities complied with the principle.

Future Considerations

We acknowledge that the requirements for stewardship activities will continue to evolve. We will strive to strengthen our structure, which enables us to conduct effective dialogues that contribute to appropriate capital allocation and corporate value growth among investee companies. We have also recognize increasing requirements for greater transparency in stewardship activities. We strive to deepen your understanding of our stewardship activities through public disclosure in this Stewardship Report or on the website, as well as information sharing in individual dialogue with our clients and investee companies.

You can find the “Policy of Stewardship Responsibility” and “Conflict of Interest Management Policy ” from below links.

Policy of Stewardship Responsibilities (in Japanese):
https://www.invesco.com/jp/ja/policies/stewardship-code.html

Conflict of Interest Management Policy (in Japanese):
https://www.invesco.com/jp/ja/policies/interest-conflict-policy.html

*The above is the URL as of October 2025 and is subject to change in the future.

Find out more

ESG information for institutional (in Japanese) :
https://www.invesco.com/jp/ja/institutional/capabilities/esg.html

ESG information for individual investor (in Japanese) :
https://www.invesco.com/jp/ja/about-us/esg.html

Important Information

Issued by Invesco Asset Management (Japan) Limited, Roppongi Hills Mori Tower 14F, P.O. Box 115, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6114.
Registration Number with the Director-General of Kanto Local Finance Bureau: FIF No.306
Member of the Investment Management Association of Japan and the Japan Securities Dealers Association

5481859-JP


Invesco
インベスコ
スチュワードシップ
レポート
2022/2023
Let's *rethink*
possibility.
Invesco