Contents

1. Activity report 2022

2. Best practices of engagements on gender diversity

3. Overseas activity

Disclaimer: The English version is a translation of the original in Japanese and is for information purposes only. In case of a discrepancy, the Japanese original will prevail.
## Activity report, February-October 2022

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 2022</td>
<td>Hosted a panel discussion on the theme of <strong>SOURCING AND HARNESSING THE POWER OF A DIVERSE BOARD</strong></td>
</tr>
<tr>
<td>Mar 2022</td>
<td>English version of annual report 2020/2021 was published</td>
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<tr>
<td>Apr 2022</td>
<td>Hosted the fourth gathering with female directors and statutory auditors of the JICPA</td>
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<tr>
<td>Oct 2022</td>
<td>Hosted the fifth gathering with female directors and statutory auditors of the JICPA</td>
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The interview with Ms. Keiko Tashiro, Director (Member of the Board), Deputy President, Daiwa Securities Group Inc. was released. (QR code link to Japanese)
Best practices of engagements on gender diversity

Electronics Industry - Company A

Issues identified

- Company A is a leading consumer electronics company that is included in TOPIXMid400. Company A has an audit committee, and one female external director has already been appointed out of nine directors. In April 2021, a new CHRO (Chief Human Resources Officer) was appointed to promote a series of business restructuring through the working style reform. At the same time, the company recognizes that its human capital strategy needs to be challenged. Company A is now focusing on the development of global-oriented business strategy, which requires global talent development as well. However, KPIs and disclosure on diversity are extremely limited; for example, only corporate’s welfare related KPIs are available, such as the rate of parental leave taken, the ratio of female employees, etc. Our engagement has been focusing that Company A needs to show the linkage between the business strategy and human capital strategy from the viewpoint of corporate value enhancement. Also, the establishment and disclosure of diversity related KPIs, which are in line with that human capital strategy, has been encouraged for Company A.
Best practices of engagements on gender diversity

Electronics Industry - Company A

Engagement details and comments from company

- As a consumer electronics company that needs to attract a diverse customer base globally, we informed them that the promotion of diversity should be one of the key issues in its management strategy. An engagement was held with both the executive officer in charge of IR and the head of the Sustainability Promotion Office. In order to clarify the key issues, the engagement toolkit by the 30% Club Japan Investor Group, the METI’s diversity action guidelines and good practice examples of disclosure were used to explain those issues. Through the engagement process, the necessity to develop and disclose diversity strategies, including a development of global human capital management, a structural system for promoting diversity, an awareness and behavioral reform, and an establishment of appropriate KPIs and milestones, was highlighted.

- The company recognizes the urgency to develop a diversified human capital in order to produce the results from the structural reforms of the medium-term management plan. The CHRO was appointed in April 2021 and in charge of all the human capital strategy. The CHRO responded that he would like to actively work on the diversity promotion policy and the realignment of KPIs and information disclosure. Company A commented that the engagement had highlighted various issues across the company and would like to continue the engagement process together with CHRO.
Best practices of engagements on gender diversity

Electronics Industry - Company A

Engagement results and future prospects

• Through the engagement process, we confirmed that Company A has recognized the urgency to change the current situation. It is noted that we have achieved common understanding to promote the diversity issue. Also, we found that the diversity related information disclosure in the 2022 Integrated Report has been improved. However, we need more time to see the actual results from the diversity promotion. We would like to encourage their efforts, while checking the ongoing their diversity related various activities through continuous engagements.
Best practices of engagements on gender diversity

Infrastructure Industry - Company B

Issues identified

- Company B, included in TOPIX100, runs infrastructure businesses. The company had not appointed a female board member prior to the annual general meeting of shareholders in 2022. As often observed in this industry, the percentage of female employees joining as new graduates has been low for many years. This has caused the company-wide female participation rate to remain at a low level, and has prevented the development of female employees in middle management positions. Considering the public nature of the infrastructure industry and that Company B had identified the development of a better working environment as a priority issue, it was considered beneficial for the company to have diverse perspectives, including gender, on the board of directors. For this reason, we asked the company about the status of its strategy to improve the gender diversity of the board, including a search for director candidates from external talent pool. We also discussed their efforts to improve the gender diversity of its employees.
Best practices of engagements on gender diversity

Infrastructure Industry - Company B

Engagement details and comments from company

- The engagement was held with the top management of Company B to confirm the management’s recognition of the diversity issues and the status of its efforts. Until 1999, the Labor Standards Act prohibited female employees from working late-night (with exceptions to some industries). As the infrastructure industry often involved late-night labor, Company B had hired very few female employees. However, since the amendment of the Act, female employment has gradually increased, and the company recently appointed its first female executive officer. The top management explained that the gender diversity issue should be one of the top priorities and they had been taking steps to further promote female empowerment. In addition, they commented that the board composition would need to be reviewed both in terms of the independence ratio and gender diversity, and that they are considering appointing a female independent director to improve the situation.
Best practices of engagements on gender diversity

Infrastructure Industry - Company B

Engagement details and comments from company (continued)

• Based on the engagement with the management, we held a follow-up engagement with the IR and SR team to discuss more about Company B's efforts to improve the gender diversity of employees. Company B established a project to promote female empowerment several years ago, led by their Human Resources division. They set several KPIs including the ratio of female employee recruitment and the number of women in middle management positions. Company B added that they ran the project in consideration of each employee’s preference and career plans. For example, the company increased flexibility in the field experience that the company believed was important for employees’ career progression; the employees are now able to share their preferred period to participate in the field experience. The company also arranges networking events for female employees and training for supervisors of female employees. They have found that the networking opportunities are particularly effective in changing the mindset of female employees towards promotion to middle management positions.
Best practices of engagements on gender diversity

Infrastructure Industry - Company B

Engagement results and future prospects

• One female independent director with expertise in the fields of public policy and corporate governance was appointed at the annual general meeting in June 2022. We appreciated that Company B appointed a female director with an appropriate skill-set for Company B's business strategies. We expect to see Company B’s effort to further improve diversity and effectiveness of the board. We will also continue to monitor the status of human capital development, including the appointment of female middle-managers and executive officers, through future engagements.
Best practices of engagements on gender diversity

Railway Industry - Company C

Issues identified
• An incident which was regarded as 'sexual harassment' occurred at Company C and the incident was reported in the media. This incident triggered the engagement on the diversity issues at Company C. In particular, we pointed out and discussed the delays in diversity initiatives in the headquarters and railway division, which have been the central function of Company C.

Engagement results and future prospects
• Company C disclosed its targets and strategies to promote the empowerment of women in each of its major business units. Regardless of industry characteristics and historical background the diversity is an important management issue, which is directly related to corporate value. Through such diversity related initiatives, Company C is expected to contribute to the regional society, where they are operating their railway and various related business. We would like to continue the engagement with Company C and check their progress in the future.
Best practices of engagements on gender diversity

Wholesale Industry - Company D

Issues identified
• Company D needs to expand its new non-resource business. To achieve this target, the diversity of human capital, which is the core of its competitiveness, is critical. Two female independent directors were nominated out of eight in total board members after AGM of 2021. Board diversity has been improved; however, there is only one female executive officer who is closer to the business. We recognize that Company D needs to further promote gender diversity at employee level and show their role models of female executive.

Engagement results and future prospects
• Company D agreed those issues and explained us about their strategies to promote diversity for sustainable growth in the medium to long term. In December 2021, following the engagement, Company D’s second female executive officer with the high skill set was appointed. Her expertise is important for Company D’s business strategy. It is noted that the diversity efforts has been penetrated across Company D and steadily progressing toward the sustainable growth in the future.
Overseas activities

France - Continuing the engagement campaign

• The France Investor Group expects executive management teams of SBF120 companies to appoint women to at least 30% of seats by 2025.

• After one year of campaign, the 30% Club France IG reported on its 2021 engagement activities. We observed that:
  − The percentage of women in executive management roles has improved from 20% to 23%
  − The number of companies with at least 30% women on the ExCom increased from 25 to 39.
  − But we also believe that progress is too slow: 14 more companies with a decent female representation at executive management level is positive, but at this rate it would take another six years to achieve at least 30% across the SBF 120 while the 30% Club France IG has set itself 2025 as a deadline for at least 30% at the ExCo levels.
France - Continuing the engagement campaign

• As such, in 2022, the 30% Club FR IG continued their efforts with this objective as a first milestone (ultimate goal is parity) as they want to go beyond and drive genuine and sustainable change by looking not only at the Exco level but also how companies build a gender diverse talent pipeline.

  - 5 corporate engagement meetings were done but more is to come in 2022 H2 now that the proxy voting season is over.
  - Meeting with experts in order to create an ecosystem of thoughts, a platform of exchanges and to frame upon recommendations:
    ✓ Marie-Pierre Rixain, Member of the French Parliament who defended the law on economic and professional equity for women (September)
    ✓ Mercer on gender pay equity (March)
    ✓ Deloitte on how to break the glass ceiling in Finance (April)
    ✓ Amanda Pullinger as CEO of 100 Women in Finance (end of October)
UK

Targets

• Since we have started in 2010, female representation has increased from 12% in FTSE 100 to 40% in 2022. Our current targets are as follows:
  
• Beyond 30% representation of women on all FTSE 350 boards, to include one person of colour by 2023
  
• We support the Parker Review goals for at least one person of colour on every FTSE 350 board – in addition, we advocate for gender balance with half these seats going to women, creating 175 board seats for women of colour.
  
• Beyond 30% representation of women on all FTSE 350 Executive Committees, to include one person of colour by 2023
  
• We advocate for gender balance with half these seats going to women, creating 175 executive committee roles for women of colour.
  
• Beyond 30% of all new FTSE 350 Chair appointments to go to women between July 2020 and 2023
  
• Beyond 30% representation of women at senior management level of FTSE 100 companies (ExCo + direct report levels).
Overseas activities

UK

Current Focus & Progress

• We have made great progress in FTSE 100 companies; therefore, we now have a renewed focus on FTSE 250 companies as well, particularly on race and ethnic diversity.

• **Race Equity Statement**: In March 2022, we published a statement to address racial inequality in companies, where most of our members committed to support the delivery of the UK 30% Club 2023 targets around race and ethnicity.

• **Race Equity Engagement**: We have targeted 13 FTSE 250 companies that do not meet the Parker Review recommendation of having at least one person of colour on the board. Engagement letters are being sent to companies allowing them the opportunity to respond on how their company will progress in meeting this target.

• **Global Engagement**: The Investor Group has also gone beyond the UK to work with the Canadian Chapter to engage in North American companies that are considered laggards in board diversity. To date we have sent engagement letters to four companies that have less than 20% female representation on their boards. We are now researching further laggards to identify which other companies in North America we should engage with.

• **Research**: We worked with Diversio to analyse FTSE 100 companies on three Diversity and Inclusion-related metrics: Board and Executive diversity, DEI programs and policies, and the prevalence of 27 “inclusion barriers” – measured by applying artificial intelligence to employee reviews. Our goal was to identify top (and bottom) performers, uncover key drivers of bias and exclusion, and enrich the conversation about DEI.

• **Reporting**: We also recently published a best practice guide for UK companies to help with their diversity and inclusion reporting by setting out clear investor expectations and examples of best practice.
Overseas activities

Australia

• In the ASX200, more than 35% of Directors are now women, as at September 2022, although there remain two companies with no women on their Boards. We would also note that of non-executive directors in the ASX200, more than 40% are now women.

• We completed a study recently looking at IPOs and the situation is far less encouraging. Out of the 401 newly listed companies between 2019 and 2022, only 12.2 per cent of IPO directors were women.

• Focus continues on the representation of women in executive roles, with organizations such as Chief Executive Women and the 40:40 Vision working with investors to get increased representation of women in senior executive roles of listed companies.
30% Club
Growth Through Diversity