

Engaging on independent director access in Asia

Asian companies are beginning to recognise the value of structured dialogue between independent directors and long-term shareholders. Haonan Wu and Jaime Gornsztejn identify the factors driving this trend, and explain the benefits for all parties.

Setting the scene

EOS has been at the forefront of efforts to promote meaningful investor access to independent directors across Asia in recent years. While this practice is well established in governance frameworks in the UK, the EU and North America, it remains relatively underdeveloped in Asia. There, cultural norms and regulatory constraints have traditionally limited direct engagement between investors and boards.

This landscape is gradually changing. Corporate governance reforms, enhanced listing rules and the introduction of stewardship codes across key Asian markets are reshaping expectations and encouraging greater transparency. Through our company engagements and public policy advocacy work, we aim to establish investor access to independent directors as a standard component of effective governance. This helps investors to evaluate board oversight of key risks and opportunities beyond management's perspective, and supports more informed and accountable decision-making.

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Independent directors are expected to represent the interests of all shareholders collectively, ensuring fairness and accountability in board decision-making. One of their key roles is to serve as a bridge between the board and external stakeholders, including investors. They help to ensure that shareholder concerns are understood at board level and that constructive dialogue informs oversight of key business opportunities and risks.

Allowing investors and their representatives to speak to independent directors is critical, enabling them to assess board effectiveness on issues with direct financial implications, including business strategy and risk management. Rigorous oversight of capital allocation helps ensure that investments generate returns above the company's cost of capital, safeguarding shareholder value. Prioritising projects with compelling return potential optimises the use of resources, minimises the risk of value-destructive capital allocation and enhances balance sheet efficiency.

The OECD identifies strengthened independent oversight as a central pillar of capital market reform across Asian economies, highlighting its role in enhancing board effectiveness and protecting shareholder interests. Direct dialogue also benefits independent directors by expanding their understanding of external expectations, while complementing internal management discussions. These conversations often lead to actionable improvements, such as enhanced governance structures or strengthened disclosure practices. Directors have welcomed investor insights, ranging from risk management to capital allocation priorities, and taken these back for board-level consideration.

Boards that engage directly with investors are better positioned to anticipate and mitigate emerging risks and seize commercial opportunities, from the energy transition and physical climate-related risk, to cybersecurity gaps. These risks are financially connected and can lead to asset impairments, regulatory penalties or reputational damage if left unaddressed. Enhanced oversight of capital allocation strengthens sustainable growth and improves shareholder returns. In essence, direct investor-director dialogue reinforces board accountability and decision-making, supporting long-term value creation.

Despite these advantages, adoption of investor-director engagement in Asia has been slow. Companies frequently argue that independent directors are “not ready” for such interactions or that direct meetings are unnecessary. Our work aims to challenge this perception by demonstrating the mutual benefits of engagement and aligning market practice with global governance standards.

Our approach

We combine company-level engagement with public policy advocacy to improve access to independent directors. We prioritise markets where governance reforms are gaining traction, including Japan, South Korea, India and China. Over the past two years, the number of companies granting access to independent directors has significantly expanded, reflecting persistent engagement and supportive regulatory trends.



Independent directors increasingly acknowledge the value of hearing from long-term shareholders directly.



Japan

Japan has undergone significant corporate governance reform in recent years, setting the pace for the broader Asian region. Updates to the corporate governance code and new prime market listing rules have strengthened board structures and encouraged companies to appoint more independent directors. As a result, independent directors have assumed a more influential role in board deliberations, consistent with the governance code expectations.

We have been actively involved in discussions with regulators and listing bodies, including through the Asian Corporate Governance Association (ACGA) Japan working group, where we advocate for constructive dialogue between independent directors and investors. In 2025, we engaged with independent directors at 11 Japanese companies, up from six in 2024.

We have worked closely with leading companies such as Sony to promote regular, meaningful dialogue between independent directors and investors. Our ongoing engagement has led to constructive discussions on board diversity, risk oversight, capital allocation and broader governance priorities. Independent directors increasingly acknowledge the value of hearing from long-term shareholders directly.

At Sony, we have maintained sustained dialogue with the board chair and audit committee chair, discussing strategic priorities and risk management. Our meeting with the audit committee chair covered governance of the spin off of Sony's financial services arm, wider governance expectations and geopolitical risks. We welcomed progress in board independence and information security oversight while encouraging deeper independent director involvement and improved disclosures.

In 2025, we met the newly-elected board chair to discuss board effectiveness, corporate strategy, AI-related child safety, director incentives and human capital management. We acknowledged Sony's current governance foundations and encouraged greater transparency, strengthened safeguards and continued alignment with shareholder expectations.

We have also engaged with an independent director at Toyota Motor. After requesting a meeting with an independent director for several years, we had a one-to-one discussion in 2025. The director described evolving board practices, alignment of director skills with strategic challenges and improvements in board effectiveness. We communicated our views on best practice in relation to capital allocation, board independence and governance standards. While more Japanese companies are now open to investor-director meetings, securing access remains challenging in the financial sector.

South Korea

Recent progress on governance reforms in South Korea has been significant, supported by regulatory reforms and a marked shift in corporate culture. Amendments to the Commercial Act expanded directors' fiduciary duties to all shareholders, reinforcing aspirations for stronger independent oversight. The government's Value Up Programme has also encouraged more shareholder-friendly practices, increasing transparency and accountability across the market.

Independent director engagement is especially important in family-controlled *chaebol* groups, where concentrated ownership heightens the need for independent oversight. This helps to ensure that directors act in the interests of all shareholders, and supports long-term value creation.

Our advocacy helped to establish regular investor-director meetings at Samsung Group, creating a structured forum for discussing governance reforms and sustainability priorities. We began by meeting the chair of Samsung Electronics in 2023 through ACGA, initiating discussions on board composition and effectiveness. We acknowledged early



improvements while encouraging greater independence and diversity as the board worked to deepen business understanding and strengthen its skillset.

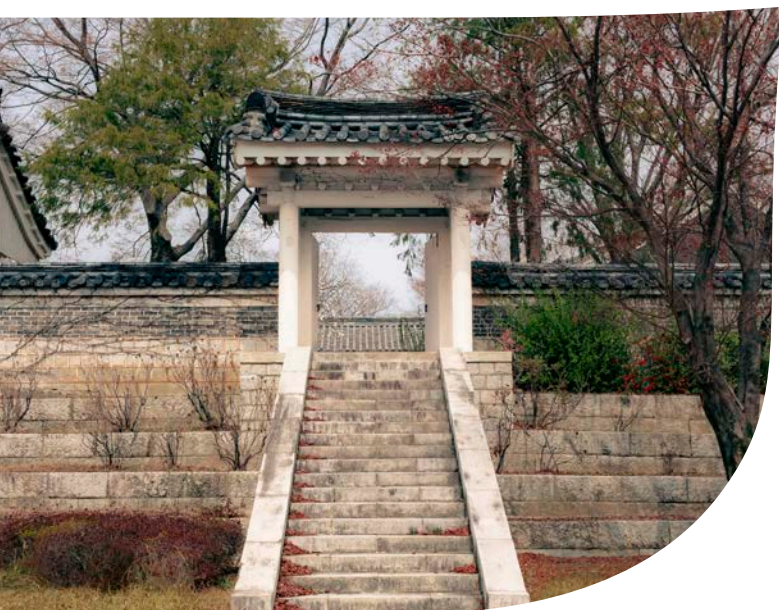
Our 2024 discussions focused on director capabilities, the role of the controlling shareholder and the board's ability to provide robust challenge. While recognising progress, we raised concerns about gaps in independent director experience and sought greater clarity on the executive chair's influence.

By 2025, discussions had expanded to include strategy, capital allocation and cultural transformation. We noted progress in the company's semiconductor turnaround and certain improvements to incentive structures, while continuing to highlight concerns about director expertise and the unclear accountability surrounding executive chair JY Lee.

Financial institutions have also embraced this governance shift. Shinhan Financial Group and KB Financial Group now invite investors to scheduled meetings with their independent chairs, signalling a significant cultural transition. At Shinhan, we met the chair to discuss board effectiveness and the company's persistent undervaluation. The chair emphasised strong board oversight but acknowledged public scepticism towards non-executive directors, outlining steps to strengthen internal controls and streamline committee responsibilities.

At KB Financial we engaged with board and executive committee members on shareholder returns, remuneration and board effectiveness. While we recognised the progress made in strategic alignment and regulatory openness, we raised concerns about the limited business experience among independent directors, and encouraged further strengthening of board capabilities.

Japan and South Korea illustrate a broader regional trend in which rising shareholder expectations and growing activism place independent directors under greater scrutiny. These developments underscore the importance of robust stewardship, accountability and meaningful engagement between boards and long-term investors.





China

Progress in China remains gradual as companies continue to show caution in granting investors direct access to independent directors. Cultural sensitivities, regulatory constraints and deep-rooted governance practices continue to shape resistance. Nevertheless, incremental progress is emerging through new policy frameworks and bilateral engagement, supported by the introduction of stewardship guidelines and enhanced governance codes.

Recent regulatory reforms across the region have further reshaped expectations. Revised listing rules in mainland China significantly strengthened the responsibilities of independent directors as part of broader transparency reforms. Hong Kong's major listing rule revisions, which came into effect on 1 July 2025, increased the emphasis on governance structures and incentive clarity.

Against this evolving backdrop, we have ongoing engagements with independent directors at leading companies. In 2025, we met an independent director of one of China's large technology companies to discuss AI and data governance, regulatory fragmentation, board oversight and geopolitical risks. They described the company's approach to AI risk management, investment in board training and cross-jurisdictional regulatory challenges.

They also acknowledged concerns about AI-driven job displacement, long director tenures and the need for clearer roles among board committees. We shared best practice guidance on transparency, AI "no go" zones and the potential introduction of a lead independent director role, which they viewed as a potentially viable option.

At Hon Hai Precision Industry, we held two in-person meetings with the independent director and senior executives. We noted improved sustainability governance, planned

enhancements in board diversity, strengthened geopolitical risk management, progress on green energy sourcing and advances in AI-related cybersecurity.

As regulatory reforms advance and more companies embrace transparency, we expect independent director access to become a standard feature of investor stewardship in Asia.

A subsequent discussion focused on human capital management, where we observed a shift towards workforce upskilling, strengthened human rights oversight and improved labour conditions in emerging markets. These developments are supported by broader improvements to the company's governance framework.

We have also engaged with the independent director at China BlueChemical in 2025, continuing our advocacy for wider adoption of investor-director dialogue to support transparent governance practices.

Towards better performance outcomes

Access to independent directors in Asia is gaining momentum, although challenges remain. Cultural norms, regulatory constraints and varying levels of director preparedness for investor engagement continue to impede adoption. We are committed to advocating for expanded access through direct company engagement and public policy dialogue, demonstrating the benefits for governance quality and financial performance. As regulatory reforms advance and more companies embrace transparency, we expect independent director access to become a standard feature of investor stewardship in Asia, enhancing outcomes for boards, shareholders and the economy as a whole.



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