



June 12, 2024

Dear Fellow Shareholder:

I am writing about the shareholder proposals we have submitted for the June 2024 Annual General Meeting of Toyo Suisan Kaisha, Ltd. (“Toyo Suisan” or the “Company”).

Our proposals, listed as Agenda Items 6-9 in the Notice of Meeting issued on June 6, 2024, aim to improve the Company’s capital allocation and shareholder return policies. Briefly, our proposals are:

1. **Policy-Based Dividends.** Adopt a policy-based approach to dividends, rather than *ad hoc* payments, aligning with peer company practices and supervisory expectations (**Proposal no. 6**);
2. **Modest Share Buyback.** Buy back 2 million treasury shares (up to JPY20 billion), representing 2.0% of the total shares issued and 7.6% of the total cash and securities held, based on December 2023 financial disclosures (**Proposal no. 7**);
3. **Performance-Linked Remuneration.** Introduce a performance-linked, share-based remuneration framework for executives, aligning their compensation with shareholder interests in increasing long-term corporate value (**Proposal no. 8**); and
4. **Disclosure Requirements.** Add a provision in the Articles of Incorporation requiring disclosure of the Company’s policies and implementation status, consistent with Tokyo Stock Exchange (TSE) guidance on awareness of capital costs (**Proposal no. 9**).

Despite their reasonableness, the proposals were all opposed by the Toyo Suisan board, which seems to prefer *ad hoc* decision-making over a committed policy framework. This contrasts with the intent of current TSE market reforms and contemporary governance best practices.

Late-Breaking Development

On June 4, 2024, Toyo Suisan announced a share buyback of up to 2.5 million shares (JPY25 billion), starting June 5, 2024, to “implement a flexible capital policy”. This exceeds our proposed buyback (Proposal no. 7), which the Company rejected two days later as “contrary to the Company’s Corporate Governance Guidelines”.

We cannot reconcile the rationale for the JPY25 billion buyback with the opposition to our more modest proposal. This suggests the board favors an *ad hoc*, unaccountable approach to capital allocation and shareholder returns.

Proposed Withdrawal of our Share Buyback Proposal

The June 4th buyback announcement did not change the AGM agenda. Without withdrawing Proposal no. 7, the Company may face a total buyback of JPY45 billion, exceeding both proposed amounts. As we cannot unilaterally withdraw our proposal, we requested on June 8, 2024 that the Company withdraw Proposal no. 7. The Company has not responded.

Summary and Conclusion

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While we support the JPY25 billion share repurchase, we question the execution and communication of the decision. Given our alignment on the buyback size and timing, the Company missed an opportunity for a collaborative outcome with shareholders. Instead, the board's actions created confusion about shareholder return policies and their regard for shareholder interests.

We ask shareholders to **support our proposals in Agenda Items 6, 8 and 9**, as they are reasonable and constructive, demonstrating a move towards a policy-based, numerically articulated approach to shareholder returns and capital allocation.

Sincerely,

[SIGNED]

Brian J. Doyle
Managing Partner