

Global ESG Strategy to Disclose its Voting Policy for the Upcoming General Shareholders' Meeting of Tokyo Cosmos Electric

Global ESG Strategy ("GES"), an investment fund managed by Swiss-Asia Financial Services Pte Ltd ("SAFS"), started investing in Tokyo Cosmos Electric Co., Ltd ("TOCOS"; Securities Code: 6772), which is listed on the Tokyo Stock Exchange's Standard Market, in 2023, and has continued to engage with the company ever since. GES has decided its voting policy for the 67th Ordinary General Shareholders' Meeting of TOCOS, to be held on June 25, 2024, as shown below.

Company proposals

Proposal 1: Appropriation of surplus	<u>For</u>
<ul style="list-style-type: none"> GES seeks the proactive use of surpluses, as outlined in Proposal 6. Accordingly, we will vote for Proposal 1. 	
Proposal 2: Four nominations to the Board of Directors (not including Audit and Supervisory Committee Members)	
Yoshiki Iwasaki, Representative Director and President	<u>Against</u>
<ul style="list-style-type: none"> TOCOS' management is insufficiently focused on the company's cost of capital and share price, its capital strategy is inefficient and its growth investment and shareholder returns policy are inadequate. As Representative Director, Mr. Iwasaki we believe bears huge responsibility for this situation, and therefore GES votes against his reappointment. 	
Hideo Nakajima, Executive Managing Director, Head of Sales Division, Manager of Industrial Division	<u>For</u>
<ul style="list-style-type: none"> Mr. Nakajima is the only member of the Board of Directors who agreed to a one-on-one meeting with GES, enabling us to ascertain his approach on management issues including future structural reform and growth strategy. We have been able to confirm the contribution he has made as a Director in charge of sales and production, and expect him to make further contribution ahead. Accordingly, GES votes for his reappointment. 	
Kazutomo Miyata, Executive Director, Deputy Head of Technology Division	<u>Against</u>
<ul style="list-style-type: none"> The company proposes Mr. Miyata as a new appointment to the Board. Since Mr. Miyata declined a one-on-one meeting with GES, we have been unable to ascertain his suitability as a Director and what level of contribution he could be expected to make. Accordingly, GES votes against his appointment. 	
Jun Kubota, Executive Director, Head of Business Planning	<u>Against</u>
<ul style="list-style-type: none"> The company proposes Mr. Kubota as a new appointment to the Board. Since Mr. Kubota declined a one-on-one meeting with GES, we have been unable to ascertain his suitability as a Director and what 	

level of contribution he could be expected to make. Accordingly, GES votes against his appointment.	
Proposal 3: Four nominations for Director & Audit and Supervisory Committee Member	
Takaaki Yamamoto	<u>Against</u>
<ul style="list-style-type: none"> Since Mr. Yamamoto declined a one-on-one meeting with GES, we have been unable to ascertain his qualities and suitability to serve as an Outside Director (Audit and Supervisory Committee Member). Accordingly, GES votes against his appointment. 	
Masanori Ono, Outside Director (Audit and Supervisory Committee Member)	<u>Against</u>
<ul style="list-style-type: none"> Mr. Ono is the only Outside Director (Audit and Supervisory Committee Member) who agreed to a one-on-one meeting with GES. His knowledge and experience indicate his contribution to the company's management and governance, and that he can be expected to continue to contribute as an Outside Director (Audit and Supervisory Committee Member) and member of the Nomination and Compensation Committee. Accordingly, GES votes for his reappointment. Mr. Ono advocates proactive dialogue with shareholders and other stakeholders and can be expected to contribute to the realization of a more open and transparent Board of Directors. 	
Takako Morita, Outside Director (Audit and Supervisory Committee Member)	<u>Against</u>
<ul style="list-style-type: none"> Since Ms. Morita declined a one-on-one meeting with GES, we have been unable to ascertain her qualities and suitability to serve as an Outside Director (Audit and Supervisory Committee Member). Accordingly, GES votes against her reappointment. 	
Kaneki Yamaguchi (Audit and Supervisory Committee Member)	<u>Against</u>
<ul style="list-style-type: none"> Since Mr. Yamaguchi declined a one-on-one meeting with GES, we have been unable to ascertain his qualities and suitability to serve as an Outside Director (Audit and Supervisory Committee Member). Accordingly, GES votes against his appointment. 	
Proposal 4: Nomination for Corporate Auditor	<u>For</u>
<ul style="list-style-type: none"> GES sees no issues regarding the independence or expertise of the candidate for Corporate Auditor and will vote for this proposal. 	
Proposal 5: Revision to Director & Audit and Supervisory Committee Member remuneration	<u>Against</u>
<ul style="list-style-type: none"> GES is opposed to three of the four nominations for Outside Director & Audit and Supervisory Committee Members and therefore believes revision to the value of compensation for Directors who are members of the Audit and Supervisory Committee is unnecessary. Accordingly, GES will vote against this proposal. 	

Shareholder proposals

We will vote in favor of Proposals 6-8, submitted by GES. We ask all shareholders to support each of these proposals.

Proposal 6: Appropriation of surplus	<u>For</u>
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<ul style="list-style-type: none"> The company should proactively allocate accumulated surpluses to investment in businesses. However, as TOCOS has not currently disclosed sufficiently concrete investment plans, GES proposes a dividend per share of ¥571 (80% dividend payout ratio) as a form of bolder shareholder returns. In the event that shareholders pass both Proposal 1 and Proposal 6, the total dividend per share paid out will be ¥571. 	
Proposal 7: Partial amendment of articles of incorporation (regarding surplus allocation policy)	For
<ul style="list-style-type: none"> TOCOS stated its intention to augment shareholder returns in its second medium-term plan (MTP) but continues to retain too much of its earnings and has made insufficient progress here. GES proposes a year-end dividend payment equivalent to a dividend payout ratio of 100% for FY2023. We further propose that the company maintains the same level of dividend payment for the period FY2024 through FY2026 as a temporary measure for returning accumulated surpluses to shareholders. This would be done by specifying in the articles of incorporation that the dividend policy for determining annual dividends is a dividend payout ratio of at least 100% or a DOE (dividends on equity) ratio of at least 10%, whichever is the higher. This proposal does not constitute a demand for permanently high dividend payments. It remains a time-limited measure applicable only to the duration of the current MTP. It neither harms TOCOS's longer-term growth potential nor seeks to maximize short-term shareholder benefit. Its sole aim is to induce a management focus on the share price and to optimize the company's capital efficiency. 	
Proposal 8: Partial amendment of articles of incorporation (regarding director meetings with shareholders)	For
<ul style="list-style-type: none"> Management decision-making and supervision at TOCOS is inadequate from the perspective of a focus on the cost of capital and the share price. GES believes that constructive dialogue via one-on-one meetings between directors and major shareholders would impose management discipline and enhance corporate value, and that all shareholders would benefit as a result. In countering this proposal, the Board of Directors has made excessive allusion to the theoretical frequency of such one-on-one meetings and concerns about their misuse, has expressed the opinion that such one-on-one meetings with major shareholders would be nothing more than a waste of their time, and has even emphasized that the shareholders who vote for the proposal "should be condemned for having imprudence and shortsightedness". We believe such claims clearly encapsulate the dismissive approach to governance at TOCOS that concerns us, and see the need to induce a greater sense of urgency and accountability to shareholders in the company's management through constructive engagement with shareholders. 	

GES has decided to exercise its voting rights as described above in order to fulfil its responsibility as a major shareholder of TOCOS and to fulfill its accountability to GES' investors. GES will continue aiming to maximize TOCOS's enterprise value and common interests of shareholders through constructive dialogue with management and through shareholder proposals and the exercise of voting rights as necessary, as a responsible shareholder.

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About Global ESG Strategy

Global ESG Strategy ("GES"), an investment fund that is managed by SAFS, makes medium- to long-term investments from an ESG (Environment, Social and Governance) perspective, and its policy is to promote improvements on enterprise value and shareholder value of investee companies through constructive dialogue with investee companies and other means.

About Swiss-Asia Financial Services

SAFS was founded in 2004, and is a Singapore based investment management company that holds a Capital Markets Services (CMS) License under the Singapore Securities and Futures Act (SFA).

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