

GLASS LEWIS CONTROVERSY ALERT

E Climate Change & Greenhouse Gas (GHG) Emissions, Environmental Incident, Other Environmental Issue

S Community/Stakeholder Relations, Data Security & Privacy, Employee Health & Safety, Human Capital Management, Supply Chain, Other Social Issue

G Board Diversity, **Board Responsiveness**, Ethics, Executive Pay, **Oversight Issue**, **Shareholder Rights**, **Other Governance Issue**

TOSHIBA CORPORATION (6502) – Tokyo Stock Exchange

Meeting date: June 25, 2021 – AGM

Proxy Paper Publication Date: June 11 2021

Since the massive accounting fraud discovered in 2015, Toshiba Corporation (“Toshiba” or “the Company”) is once again facing significant shareholder scrutiny at this year’s annual on the heels of substantial shareholder dissent following the 2020 shareholder meeting.

After the accounting irregularities were discovered in 2015, in an effort to restructure the Company, Mr. Tsunakawa, who was appointed as CEO in 2016, secured a purchase and sale arrangement relating to the firm underpinning Toshiba's memory segment, KIOXIA Holdings Corporation, which increased the Company's capital by ¥600 billion in order to avoid the possibility of Toshiba being delisted due to insolvency.

Subsequent to the foregoing recovery initiative, Nobuaki Kurumatani, a new board member and affiliate of CVC Capital Partners (“CVC”), was appointed as CEO to build a new strategy for the restructuring of the Company. However, around the time of the July 2020 AGM, conflicts between Toshiba's management and major shareholders over business strategy and other issues came to the fore. Subsequently, Effissimo Capital Management Pte. Ltd (“Effissimo”) and 3D Investment Partners Pte. Ltd. (“3DI”), each a major Toshiba investor, submitted separate shareholder proposals which together would have resulted in the election of five new directors at the Company's July 2020 AGM. Although the shareholder proposals did not pass, the dissident nominees received substantial shareholder support, ranging from approximately 32.4% to 44.2%.

At the same 2020 shareholders' meeting, Mr. Kurumatani received support from just 57.2% of voted shares, while Mr. Ota, then the chair of the audit committee, received support from just 58.8% of voted shares. Although these tallies were sufficient to support their respective elections, the very modest outcomes indicated Messrs. Kurumatani and Ota lacked broad-based confidence among Toshiba shareholders. Doubts around their mandates were significantly amplified after it was revealed voting rights had not been counted appropriately, eventually culminating in an internal investigation. Due to a range of structural concerns and conflicts relating to this internal investigation, Effissimo challenged its findings. Consequently, in March 2021, Effissimo submitted a shareholder proposal calling for the establishment of an independent investigation into vote counting improprieties. This resolution was subsequently

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approved by Toshiba investors at a March 2021 special meeting, despite opposition by management and the board. The outcome of this meeting led to the establishment of an independent investigation into Toshiba's July 2020 AGM. Also at this recent March special meeting, a separate proposal from Farallon Capital Management relating to the application of certain structures to the Company's capital policy failed to obtain adequate shareholder support.

On June 10, 2021, the final independent report relating to Toshiba's July 2020 AGM was published and concluded that the 2020 AGM was not fairly managed.

For a complete analysis of these issues please refer to the Company Updates section and analysis of Proposal 2 in our Proxy Paper.

Relevant Glass Lewis Recommendations

The Above factors have contributed to the following recommendations:

AGAINST Proposal 1.02 - Elect Osamu Nagayama

AGAINST Proposal 1.03 - Elect Junji Ota

AGAINST Proposal 1.04 - Elect Nobuyuki Kobayashi

AGAINST Proposal 1.05 - Elect Takashi Yamauchi

AGAINST Proposal 1.07 - Elect Ayako Horita Weissman