Corporate Governance

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https://www.tpr.co.jp/tp_e/index.html

The corporate governance of TPR Co., Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

With our spirit of *Monozukuri*, or "making things," as our starting point, represented by material, processing and surface treatment technologies that we have cultivated since the foundation in 1939, we, as the Company, are driving the business toward our corporate philosophy: "Realizing a clean environment and a sophisticated global society." To this end, we are striving to enhance our corporate governance, believing that it is essential to achieve sustainable growth by offering unmatched technologies and products with superior value, as wells as by forging good relationships with shareholders, customers, and other stakeholders such as trading partners, local society, employees.

Specifically, we are working to raise the effectiveness of corporate governance through the basic policies set forth below.

(1) Respect the rights of shareholders and ensure fairness.

(2) Cooperate appropriately with all stakeholders, including shareholders, employees, trading partners and local society.

(3) Ensure transparency by appropriately disclosing corporate information.

(4) Ensure directors and audit & supervisory board members recognize their fiduciary responsibility and accountability to shareholders and appropriately fulfill the respective roles and obligations expected of them.

(5) Make efforts to engage in constructive dialogue with shareholders.

[Reasons for Non-compliance with the Principles of Japan's Corporate Governance Code]

The Company complies with all principles of Japan's Corporate Governance Code.

[Disclosure Based on the Principles of Japan's Corporate Governance Code] [Updated]

[Principle 1.4 Cross-Shareholdings]

(1) Policy on shareholdings

The Company believes that it is essential to have cooperative relationships with various companies in the interest of business expansion and sustainable growth.

In order to maintain cooperative relationships while boosting corporate value, we follow a policy of holding shares when there is a reasonable basis for doing so from a medium- to long-term perspective, giving comprehensive consideration to such factors as materiality on a business strategy level, business relationship with trading partners, and profitability with capital costs taken into account. Each year, the Board of Directors

examine each individual stock held and consider the appropriateness of holding it based on this policy. When a stock is found by the Board of Directors to be held without reason, that holding will be reduced.

(2) Exercise of voting rights as to shareholdings

When exercising voting rights of stock held, the Company will ensure each individual proposal is examined in line with the criteria set forth below.

(i) Whether such holdings will contribute to increases in the corporate value of the Company as a shareholder over the medium- to long-term

(ii) Whether there are matters that give rise to concerns over behavior that violates laws and regulations or goes against corporate ethical principles

[Principle 1.7 Related Party Transactions]

Concerning transactions by Directors that are competitive or involve a conflict of interest, the Company ensures compliance with the procedures stipulated by the Companies Act to ensure that such transactions do not damage the Company or the shareholders' common interest, requires that approval for such transactions are obtained from the Board of Directors beforehand, and makes sure reports are periodically given to the Board of Directors to explain the status of the transactions.

Each Director and Audit & Supervisory Board Member is required to submit a "related party declaration" each accounting period, and this is used to ascertain the existence of transactions or receivables/payables between the Director, Audit & Supervisory Board Member or immediate family member and a company in the TPR Group.

Note that when determining conditions for transactions with major shareholders, they will the same as those for transactions with third parties.

[Supplementary Principle 2.4(1) Ensuring Diversity in the Company, Including Active Participation of Women]

The Company promotes the hiring and promotion of diverse human resources regardless of gender, nationality, age or race, and strives to realize a meaningful workplace that can create new value through the enhancement of each other's value. To promote diversity, the Company has set a goal of 40% for the percentage of women, foreign nationals and mid-career hires among the total number of managers.

Furthermore, the Company will develop self-driven employees who recognize and enhance each other's value and who are able to carry out tasks to the end. We will utilize a career declaration system in order to create an environment in which employees can work with a sense of purpose and fulfillment, and conduct training, etc. for developing next-generation leaders, and we will work to support career development so that each and every employee can play an active role.

Note that the Annual Securities Report contains information on initiatives related to human capital management, including diversity. For details in that regard, please refer to "III.3. Other" of this report.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company entrusts the management of the defined corporate pension fund to an asset administration and management institution ("Trustee") that declares its acceptance of the stewardship code. The Company appoints multiple staff members representing administrative departments such as human resources and accounting to perform monitoring once every interim accounting period to ascertain based on the report received periodically from the Trustee whether the objectives of the asset management are being achieved and whether the asset structure is being reviewed as appropriate. The Company ensures that a summary of operations concerning the defined benefit corporate pension fund is disclosed to employees once a year pursuant to laws and regulations.

[Principle 3.1(i) Company Objectives (e.g., Corporate Philosophy, etc.), Management Strategies and Management Plans]

For details of our corporate philosophy and Medium-Term Management Plan, please refer to the Company's website as follows:

Corporate philosophy: https://www.tpr.co.jp/tp_e/company/philosophy.html

*Medium-Term Management Plan**: https://www.tpr.co.jp/ir/pdf/core20setumei.pdf

[Principle 3.1(ii) Basic Views on Corporate Governance]

Basic views on corporate governance are described in "1. Basic Views."

[Principle 3.1(iii) The Board of Directors' Policies and Procedures in Determining the Compensation of the Senior Management and Directors]

The policies and procedures in determining the compensation of the senior management and Directors are stated in "II-1. [Director Remuneration] Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof" in this report.

[Principle 3.1(iv) The Board of Directors' Policies and Procedures in the Appointment of the Senior Management and the Nomination of Candidates for Director and Audit & Supervisory Board Member]

- When nominating candidates for Director, each individual's knowledge, experience and capability is considered and candidates are selected from the standpoint of finding the right person for the position based on criteria of being capable at accurate and swift decision-making and having good discernment regarding compliance with laws and regulations.
- When nominating candidates for Audit & Supervisory Board Member, candidates are selected from the standpoint of their knowledge in finance and accounting and their capability to monitor the corporate governance structure.
- In accordance with the above policy, the nomination of Director candidates and Audit & Supervisory Board Member candidates is decided by the Board of Directors based on discussions held at the Nomination and Remuneration Committee, of which Outside Directors account for the majority of the members.
  Note that nominations for Audit & Supervisory Board Members are determined after obtaining prior consent from the Audit & Supervisory Board.
- In the event of dismissal of a Director or Audit & Supervisory Board Member, the decision for dismissal is carried out based on discussions held at the Nomination and Remuneration Committee in accordance with criteria established beforehand.

[Principle 3.1(v) Individual Explanation on Appointment, Nomination and Dismissal of Directors and Audit & Supervisory Board Members]

- In the convocation notice of the general meeting of shareholders, the individual reasons for each individual's appointment or dismissal, the career summary for each individual and other information are stated.

[Supplementary Principle 3.1(3)] Enhancement of Information Disclosure

<Sustainability initiatives>

The TPR Group has set "contribute to realizing a clean environment and a sophisticated global society by offering unmatched technologies and products with superior value" as its corporate philosophy and is working to solve social issues. In addition, the Company established a system for promoting sustainable management, aiming to systematically promote these activities, identified materialities and, through company-wide efforts, is contributing to the realization of a sustainable society while aiming to achieve sustainable growth as a company.

The Company believes that addressing corporate sustainability issues is an important element of risk management, while also an important management issue that can lead to earning opportunities, and practices management that fulfills its corporate social responsibility from the perspective of medium- to long-term corporate value enhancement in consideration of financial, environmental and social aspects.

In addition, the Company has established the Sustainability Promotion Committee, chaired by the Chairman & CEO, that works to tackle various sustainability issues through individual subcommittees focused on each of the environment, quality, and safety. In order to systematically promote the activities of these subcommittees, the Sustainability Promotion Committee establishes the priority issues and various policies for each subcommittee, guides the direction of its activities, follows up on the status of activities, and reports on progress to the Board of Directors.

For details, please refer to the Company's website.

https://www.tpr.co.jp/tp_e/csr/activity/

<Investments in human capital and intellectual property, etc.>

Regarding human capital, the Company's management commitment states that "We shall realize a meaningful workplace for our staff by educating and learning from people" and the Company has positioned the realization of a diverse and rich workplace as a materiality. Based on this approach, the Company has established securing and developing human resources, work-style reforms, promotion of diversity, and is working on investments in human capital and the allocation of management resources with employee health management as KPIs.

In addition, regarding intellectual property, the Company has positioned the development of superior environmentally friendly technologies and products that meet diverse needs, the acquisition of rights globally according to the business, catching up by acquiring advanced technology through industry-academia-government collaboration, and protecting and avoiding infringing on patent rights and other rights as priority issues, and is working to achieve "the realization of industry-leading manufacturing" and "aggressive investment for growth and cultivation of new core businesses" based on the Medium-Term Management Plan.

Regarding the goal of "realizing a clean environment and a sophisticated global society" stated in the corporate philosophy, the Company will continue to invest in intellectual property going forward.

<Impact of risks and earning opportunities related to climate change on the Company's business activities, revenue, etc.>

The Company considers addressing climate change to be one of its top priorities. As such, the Company has set a goal of being carbon neutral including Scope 3 by 2050, and is striving to reduce its environmental impact through measures such as developing and offering products with low environmental impact and switching to alternative fuels.

In May 2022, the Company endorsed the TCFD recommendations and is now working to analyze and respond to the risks and opportunities that climate change presents to its business, as well as striving to disclose and enhance relevant information.

For details, please refer to the Company's website.

https://www.tpr.co.jp/csr/environment/tcfd/ (in Japanese)

[Supplementary Principle 4.1(1) Overview of Scope of Matters Delegated to Management]

The Company has established in the Board of Directors Regulations, in addition to matters provided for under laws and regulations or the articles of incorporation, which matters shall be determined by the Board of Directors, or reported to the Board of Directors, such as management policies, business plans, investment plans, subsidiary establishment or investment. The other individual matters of business execution are entrusted to the decision-making authority of executive officers from the Chairman and CEO down, based on the regulations for division of duties and delegation of authority.

In addition, the Company has established the Management Meeting and the Budget Committee (convening monthly, yearly, respectively) as organs of business execution made up of Executive Officers with ranks of Managing Executive Officer and higher, and while striving to enhance discussions of important management issues stipulated as targets for discussion under the regulations for delegation of authority, the Company has established various cross-sectional meetings, such as the Compliance Committee and the Risk Management Committee, and while carrying out examination and monitoring of important management issues from various perspectives, the Company strives to realize optimal decision-making.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

The independence standards for Outside Directors of the Company are stated in "II-1. [Independent Officers] Matters relating to Independent Officers" in this report.

[Supplementary Principle 4.10(1)] Use of Optional Approach

The Company's Board of Directors is composed of nine Directors, four of whom are independent Outside Directors.

In addition, the Company has established a Nomination and Remuneration Committee as an advisory body for the Board of Directors for the purpose of strengthening corporate governance from the standpoint of achieving greater transparency and objectivity. The committee discusses matters regarding nomination and dismissal of Directors and Audit & Supervisory Board Members, matters regarding the policy on composition of compensation, etc. of Directors and Audit & Supervisory Board Members, and other important matters.

The Nomination and Remuneration Committee is composed of four independent Outside Directors and one inside Director, and independence and objectivity are enhanced since a majority of the members are independent Outside Directors.

[Supplementary Principle 4.11(1) Policy on Appointment of Directors]

Under the Articles of Incorporation of the Company, the number of Directors is set as ten or less, which is believed to be an appropriate size for the continuous promotion of swift decision-making.

When nominating a Director candidate, we create a matrix that lists each candidate's skills, work experience and expertise, and comprehensively review individuals from the perspective of assigning the right person to the right position regardless of nationality or gender, giving consideration to the knowledge, experience, capability and so forth of the candidate, such as their capability of accurate and swift decision-making in the Board of Directors, their capability to conduct appropriate business management from a global standpoint, their capability to monitor the business execution of other Directors, their capability to take charge of the general operations of the business division under one's control, and so on.

The matrix has been disclosed in the Reference Documents for General Meeting of Shareholders section of the "Notice of Annual General Meeting of Shareholders" and in the "Annual Securities Report."

Notice of Annual General Meeting of Shareholders: https://www.tpr.co.jp/ir/stock/meeting/ (in Japanese)

Annual Securities Report: https://www.tpr.co.jp/ir/library/report/ (in Japanese)

When appointing Directors, we plan on continuing to respect the balance and observe the existing size and rationale in the future.

[Supplementary Principle 4.11(2) Significant Concurrent Positions Outside the Company of Directors and Audit & Supervisory Board Members]

We will continue to practice annual disclosure of significant concurrent positions outside the Company of Directors and Audit & Supervisory Board Members in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management" of this report and in disclosure material such as the reference materials for convocation notices of general meetings of shareholders, the business report, the annual securities report, and so forth.

[Supplementary Principle 4.11(3) Analysis and Evaluation of Effectiveness of the Board of Directors]

To analyze and evaluate the effectiveness of the Board of Directors, we implemented a survey of each individual, targeting all Directors and Audit & Supervisory Board Members. As a result of such analysis and evaluation, the evaluation results showed that effectiveness was ensured. Looking forward, we will strive to further raise the level of effectiveness.

[Supplementary Principle 4-14(2) Training of Directors and Audit & Supervisory Board Members]

New and incumbent Directors and Audit & Supervisory Board Members have deepened their understanding of their roles and responsibilities as a critical governance body at a listed company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, the Company has provided and arranged training opportunities suitable to each Director and Audit & Supervisory Board Member along with financial support for associated expenses. The Board of Directors has verified whether such opportunities and support are appropriately provided.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

(1) Basic view on policy for constructive dialogue with shareholders

The Company believes that it is essential for shareholders to understand and support the Company's business in order to achieve sustainable growth and medium- to long-term improvement in corporate value for the Company, and that providing accurate information to shareholders in a timely and fair manner while conducting constructive dialogue between both parties to the extent that is reasonably possible will lead to the building of a trusting relationship over the medium to long term.

(2) Approach to dialogue

The Investor and Shareholder Relations Department is responsible for the primary management of dialogue with shareholders and investors while the responsible Officer oversees the process.

In order to enhance dialogue, the Investor and Shareholder Relations Department reviews details with the relevant senior management prior to such dialogue and strives to provide appropriate response, which includes the selection of who will provide the explanation.

(3) IR system

The Company holds financial results briefings for analysts, institutional investors and the press semi-annually. Targeting general investors, we publish operating results, business activities, management policies and so forth on the Company's website in an easy-to-understand format.

(4) Feedback to inside the Company

We strive to ensure the opinions and suggestions of shareholders and investors that we learn through dialogue are reported at meetings of the Board of Directors, etc., and reflected in information sharing and management strategy.

(5) Insider information

When holding dialogue with shareholders and investors, undisclosed insider information is thoroughly managed based on the prescribed rules.

[Measures to Promote Management With an Awareness of Cost of Capital and Share Price] [English Disclosure Available]

We recognize that the Company's current ROE levels are not exceeding the level of cost of shareholders' equity required by the markets. Through enhancing both profitability and capital efficiency, we aim to realize profitability of capital that surpasses cost of shareholders' equity, and strengthen dialogue with stakeholders to achieve ROE of over 8% and PBR of over 1x in FY2026.

(1) Enhance profitability

We will enhance profitability by implementing key initiatives in the powertrain and frontier fields.

At the same time, we will work toward sustainable growth by actively allocating cash to growth areas.

- Capital investment in the powertrain field: ¥14 billion
- Capital and growth investment in the frontier field: ¥44 billion

(2) Enhance capital efficiency

We will enhance capital efficiency by reviewing utilization status and the reason for holding each asset with a view to reducing low-profit assets, including cross-shareholdings, while also making the utilization of assets more effective throughout the Group.

- Reduce low-profit assets by up to ¥10 billion (within the medium-term management plan period)

(3) Strengthen shareholder returns

We will strive to provide shareholders with stable and sustainable dividends by raising the dividend payout ratio from the current 30% to at least 40%.

We will also strive to control shareholders' equity levels through a flexible approach to share buy-backs.

(4) Strengthen IR activities

We will work to enhance corporate value and share price by strengthening dialogue with shareholders, investors, and the markets, and by expanding information disclosure.

For details, please see the news release "Notice on Formulation of New Medium-Term Management Plan and Measures to Promote Management With an Awareness of Cost of Capital and Share Price," which was released on May 15, 2024.

https://ssl4.eir-parts.net/doc/6463/tdnet/2442346/00.pdf (in Japanese)

[Status of Dialogue with Shareholders, etc.]

The status of dialogue with shareholders and investors in FY2023 is as follows.

<Accounts presentation meetings>

(i) June 5, 2023

Company representatives: Representative Director, President & COO, others

Target: Institutional investors, analysts

Participants: 51

(ii) November 15, 2023

Company representatives: Representative Director, President & COO, others

Target: Institutional investors, analysts

Participants: 22

<Presentation meeting for individual investors>

September 7, 2023

Company representative: Executive Officer and General Manager of the IR/SR Department

Target: Individual investors

Participants: 30

<Status of individual meetings with institutional investors, etc.>

Implementation period: April 2023-March 2024

Number of meetings held: 29

Company representatives: Executive Officer and General Manager of the IR/SR Department, General Manager of Financial Department

<Main dialogue themes>

- Company briefing
- Quarterly business results
- Medium-term management plan and growth strategies
- New business creation initiatives
- Measures to achieve PBR of over 1x and shareholder returns

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders] [Updated]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,654,600	7.82
Meiji Yasuda Life Insurance Company	2,395,000	7.05
Sompo Japan Insurance Inc.	2,293,000	6.75
Mizuho Bank, Ltd.	1,518,800	4.47
Custody Bank of Japan, Ltd. (Trust account)	1,307,700	3.85
Hulic Co., Ltd.	1,231,800	3.62
Tokyo Tatemono Co., Ltd.	933,687	2.75
TPR Trading-Partner Shareholding Association	863,400	2.54
Mizuho Trust & Banking Co., Ltd.	766,000	2.25
Custody Bank of Japan, Ltd. (Hino Motors, Ltd. Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)	744,600	2.19

Controlling Shareholder (except for Parent)	—
Parent (Listed Stock Market)	N/A

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 10 to less than 50

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Special Circumstances Which May Have Material Impact on Corporate Governance

(1) Views and policies concerning group management

The Company and its subsidiaries develop business under the Group strategy that is shared and mutually understood by all parties and aim to achieve synergistic effects and maximize its operating results as a whole group, while aiming to grow our business and their businesses individually. In addition, the Company intends to give consideration to the independence, especially for its publicly listed subsidiary, in its business operations and respect the rights of its minority shareholders.

(2) Significance, etc. of owning a listed subsidiary

The Company holds 55.5% of shares in FALTEC Co., Ltd. (hereinafter, FALTEC).

The Company mainly manufactures and sells engine functional components, including piston rings and cylinder liners, in the automotive industry. Meanwhile, FALTEC designs, develops, manufactures and sells plastic exterior parts and other products for automotive manufactures, which are business areas not covered by the Company as its core businesses. Accordingly, FALTEC contributes to driving the Group's diversification strategy, and we can expect a synergistic effect through the cooperation and collaboration with the company. In order for FALTEC to continue to demonstrate its true value as well as contribute to enhancing the corporate value of the entire Group, it is absolutely essential to increase the market penetration of FALTEC's brand in the business areas where it operates, recruit great talent and increase their motivation. For this reason, we believe that it is significant to maintain the listing of its stock.

(3) Measures to ensure the effective governance system of the listed subsidiary

We make the utmost efforts to build an effective governance system so that we can respect the independent decision-making by FALTEC and avoid the conflict of interest with its minority shareholders.

FALTEC appoints two independent outside directors to provide the appropriate supervision from an objective standpoint. In addition, the company established the Nomination and Remuneration Committee (voluntary committee) with a majority of independent outside officers to enhance the independence, objectivity and accountability in regard to such matters as the election and removal of directors and their remuneration. We also ensure the effectiveness of the governance system as a corporate group through reports and discussion on important matters in accordance with the Company's Regulations for the Management of Affiliates.

(4) Contracts, etc. related to the details which shall be described as views and policies concerning group management

The Company and FALTEC are in agreement to work together to create value for the both companies, their employees, shareholders and customers, while retaining their respective brands and identity as well as to respect the independence in operating activities each other based on the spirits of cooperation, understanding and mutual respect between the two companies.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Representative director (excluding the case where the person concurrently serves as President)
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Officers Designated from among Outside Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masataka Honke	Other											
Toshihisa Kato	From another company											
Kanako Osawa	Attorney at law											
Kenji Muneto	From another company											

* Categories for "Relationship with the Company"
"○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past;
"●" when a close relative of the director presently falls or has recently fallen under the category; and
"▲" when a close relative of the director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
b. Non-executive director or executive of the parent of the Company
c. Executive of a fellow subsidiary of the Company
d. Party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Masataka Honke	○	–	The Company has appointed Masataka Honke because it is deemed that his experience in fulfilling his important duties at the Bank of Japan and in the financial sector, and his experience as a corporate executive equips him to appropriately fulfill his duties as an Outside Director of the Company. Since he does not have any relationship with the Company, including business transactions, the Company has determined that there is no conflict of interest with its shareholders, and has designated him as an independent officer.
Toshihisa Kato	○	–	The Company has appointed Toshihisa Kato because it is deemed that his experience in fulfilling his long-standing duties at an operating company and his experience of being involved in corporate management equips him to appropriately fulfill his duties as an Outside Director of the Company. Since he does not have any relationship with the Company, including business transactions, the Company has determined that there is no conflict of interest with its shareholders, and has designated him as an independent officer.

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Kanako Osawa	○	–	The Company has appointed Kanako Osawa because it is deemed that her expertise and experience accumulated through a wide variety of legal activities will help support the management of the Company. Since she does not have any relationship with the Company, including business transactions, the Company has determined that there is no conflict of interest with its shareholders, and has designated her as an independent officer.
Kenji Muneto	○	–	The Company has appointed Kenji Muneto because it is deemed that he has been actively engaged as a corporate executive and technology expert in operating companies, he has extensive insight in business management and highly beneficial experience in product creation, and he will accordingly provide constructive feedback and guidance with respect to management of the Company. Since he conforms to the "Independence Standards for Outside Officers" established by the Company, the Company has determined that there is no conflict of interest with its shareholders, and has designated him as an independent officer.

[Voluntary Committees]

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established

Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nominating Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
Total Committee Members	5	5
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Inside director	Inside director

Supplementary Explanation

The Company has established a Nomination and Remuneration Committee as a non-mandatory advisory body for the Board of Directors for the purpose of strengthening corporate governance from the standpoint of achieving greater transparency and objectivity.

The main matters discussed by the committee are set forth below.

(1) Matters regarding nomination and dismissal of Directors and Audit & Supervisory Board Members

(2) Matters regarding appointment and dismissal of CEO and COO

(3) Matters regarding the composition of the Board of Directors

(4) Matters regarding the training of CEO and COO

(5) Matters regarding performance evaluation such as achievement of medium-term management plan, etc.

(6) Matters regarding the policy on composition of compensation, etc. of Directors and Audit & Supervisory Board Members

(7) Matters regarding remuneration limits of Directors and Audit & Supervisory Board Members

[Audit & Supervisory Board Members]

Establishment of the Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Financial Auditor and Internal Audit Department

The Audit & Supervisory Board Members periodically exchange opinions with the Financial Auditor, and promote cooperation in the holding of on-site audits as necessary throughout the year and the hearings on the results of such audits.

The Internal Audit Department gives notice of the audit results to the Audit & Supervisory Board Members, and the Audit & Supervisory Board Members and the Internal Audit Department periodically hold meetings for information exchange and they cooperate with each other.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Officers Designated from among Outside Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yutaka Sukegawa	From another company									△	△			
Takashi Yonekawa	From another company									△	○			
Shinya Tanaka	From another company									△	△			

* Categories for "Relationship with the Company"
"○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
"△" when the Audit & Supervisory Board Member fell under the category in the past;
"●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and
"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiary
c. Non-executive director or executive of the parent of the Company
d. Audit & Supervisory Board Member of the parent of the Company
e. Executive of a fellow subsidiary of the Company
f. Party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
j. Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the Audit & Supervisory Board Member himself/herself only)
k. Executive of a corporation to which outside officers are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
l. Executive of a corporation that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
m. Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2) [Updated]

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Yutaka Sukegawa	○	The Outside Audit & Supervisory Board Member Yutaka Sukegawa served as an executive of Meiji Yasuda Life Insurance Company until March 2015. The company is the Company's second largest shareholder as of March 31, 2024, and has business relationships with the Company, including life insurance. However, the transaction amount does not exceed the amount set forth in the independence standards of the Company.	Yutaka Sukegawa has a long-spanning career history working in information system departments of other companies, and he has extensive experience and insight in relation to IT. The Company therefore has appointed him as an Audit & Supervisory Board Member as it deems he is suitably qualified to carry out audits of business operations. The Company has determined that there is no conflict of interest with its shareholders and has designated him as an independent officer because he conforms to the "Independence Standards for Outside Officers" established by the Company.

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Takashi Yonekawa	○	The Outside Audit & Supervisory Board Member Takashi Yonekawa served as Deputy President and Executive Officer of Sompo Japan Insurance Inc. until June 2020. The company is the Company's third largest shareholder as of March 31, 2024, and has business relationships including non-life insurance. However, the transaction amount does not exceed the amount set forth in the independence standards of the Company. Takashi Yonekawa also currently serves as President of Yasudanipponkoa Health Insurance Society. The association is a health insurance association that the Company participates in, and has business relationships with the Company, including social insurance. However, the transaction amount does not exceed the amount set forth in the independence standards of the Company. In addition, he is concurrently serving as Vice Chairman of the Federation of Health Insurance Societies and Chairman of the Tokyo Federation of Health Insurance Societies. There are no special relationships between the Company and such organizations.	Takashi Yonekawa has a record of achievement and experience as a corporate manager at other companies and therefore the Company has deemed that he will appropriately execute his duties as an outside Audit & Supervisory Board Member. Accordingly, the Company has appointed him as an Audit & Supervisory Board Member. The Company has determined that there is no conflict of interest with its shareholders and has designated him as an independent officer because he conforms to the "Independence Standards for Outside Officers" established by the Company.

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Shinya Tanaka	○	The Outside Audit & Supervisory Board Member Shinya Tanaka served as Managing Executive Officer of Mizuho Trust & Banking Co., Ltd. until April 2016. The company is the Company's 9th largest shareholder as of March 31, 2024, and has business relationships including securities agency. However, the transaction amount is less than "2% of the Company's annual consolidated net sales or 100 million yen, whichever is greater," which is set forth in the independence standards of the Company.	Shinya Tanaka has abundant management experience from his long-spanning career history as a company officer at other companies, and he has extensive experience and insight in relation to finance. The Company therefore has appointed him as an Audit & Supervisory Board Member as it deems he is suitably qualified to carry out audits of business operations. The Company has determined that there is no conflict of interest with its shareholders and has designated him as an independent officer because he conforms to the "Independence Standards for Outside Officers" established by the Company.

[Independent Officers]

Number of Independent Officers	7

Matters relating to Independent Officers

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

The independence standards of the Company are as follows:

In order for the Outside Directors and Outside Audit & Supervisory Board Members of the Company to be judged as being independent, such Outside Directors and Outside Audit & Supervisory Board Members must not fall under any of the following items.

(1) An executive director, executive officer (*shikkoyakuin*) or other employee of the Company and its subsidiaries

(2) A party whose major client or supplier is the Company (Note 1) or an executive thereof

(3) Major client or supplier of the Company (Note 2) or an executive thereof

(4) A consultant, accounting professional or legal expert who receives substantial amount of cash and/or other assets from the Company besides officer compensation (Note 3) (when a person who receives such assets is an organization such as a corporation or an association, a person who belongs to such organization)

(5) A party who fell under any of the items (2) to (4) in the past year

(6) A spouse or relative within the second degree of kinship of a party who falls under any of the items (1) to (5) above (excluding unimportant positions)

(Notes) 1. "A party whose major client or supplier is the Company" is one who received payment from the Company during the latest fiscal year at least equivalent to 2% of the party's annual consolidated net sales or 100 million yen, whichever is greater.

2. "Major client or supplier of the Company" is one who made payment to the Company during the latest fiscal year at least equivalent to 2% of the Company's annual consolidated net sales or 100 million yen, whichever is greater.
3. "Receives substantial amount of cash and/or other assets from the Company besides officer compensation" means receiving from the Company monetary consideration or property at least equivalent to 2% of net sales or total revenue of such party or 10 million yen, whichever is greater, in addition to officer compensation.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Other

Supplementary Explanation [Updated]

The Company has implemented a Board Benefit Trust-Restricted Stock (BBT-RS) and a Board Benefit Trust (BBT) to further increase motivation to contribute to improving corporate value over the medium- to long-term by clarifying the relationship between the compensation of Directors, etc. (Directors and executive officers) and the Company's stock price, and by having Directors, etc. share with the shareholders not only the benefits of increases in the stock price, but also the risk of decreases in the stock price.

Recipients of Share Options	

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure

Supplementary Explanation

The amounts shown are the total amounts for inside Directors, inside Audit & Supervisory Board Members and outside officers, respectively.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof [Updated]	Established

Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

1. Basic Policies and Maximum Remuneration Amount

The Company's basic policy is to ensure that the Director remuneration is linked to the Company's business performance and medium- to long-term corporate value so that it can fully function as an incentive for the sustainable enhancement of corporate value, and to determine the remuneration of individual Directors at an appropriate level based on their respective responsibilities and achievements. More specifically, the remuneration of executive Directors shall consist of ordinary remuneration, variable remuneration and share-based remuneration for officers granted by Board Benefit Trust as an incentive to raise awareness about enhancing corporate value. In contrast, non-executive Directors receive ordinary remuneration and share-based remuneration while Audit & Supervisory Board Members only ordinary remuneration.

The proposals on the Company's officer remuneration were resolved at the following general meeting of shareholders.

At the 78th Annual General Meeting of Shareholders held on June 29, 2011, Director remuneration was resolved that it should be limited up to ¥400 million per year. As of the end of the 78th Annual General Meeting of Shareholders, the number of Directors was 10. Of the total amount of Director remuneration, remuneration for Outside Directors was resolved that it should be limited up to ¥70 million at the 86th Annual General Meeting of Shareholders held on June 27, 2019. As of the end of the 86th Annual General Meeting of Shareholders, the number of Outside Directors was three.

A remuneration for Audit & Supervisory Board Members was resolved that it should be limited up to ¥90 million per year at the 91st Annual General Meeting of Shareholders held on June 27, 2024. As of the end of the 91st Annual General Meeting of Shareholders, the number of Audit & Supervisory Board Members was five.

Meanwhile, at the 91st Annual General Meeting of Shareholders held on June 27, 2024, it was resolved to partially revise the share-based remuneration plan for officers (Board Benefit Trust) to the Board Benefit Trust-Restricted Stock plan to restrict the transfer of stocks provided to Directors residing in Japan until their retirement. The aim is to enable Directors to oversee the Company while aligning their perspective more closely to that of the Company's shareholders by having them enjoy the same rights as shareholders, such as the right to exercise voting rights and receive dividends on the shares granted under the restricted share-based remuneration plan, even while in office. This resolution also aims to further increase the motivation of Directors to enhance corporate value over the medium to long term by increasing the proportion of share-based remuneration, etc. in Directors' total remuneration. Therefore, the maximum number of points granted to each Director per fiscal year has been revised to 55,000 points. At the same time, given the effects of share price fluctuations on Director remuneration, the Company has decided that share based remuneration should be treated separately from the Director remuneration described above. As of the end of the 91st Annual General Meeting of Shareholders, the number of Directors was nine.

2. Director remuneration

(1) Ordinary remuneration (monetary remuneration)

Ordinary remuneration is a fixed monthly salary, determined by considering the position, the level of compensation at other organizations for said duties, performance of the Company and the level of employee salaries from a broad perspective.

(2) Variable remuneration (monetary remuneration)

Variable remuneration aims to increase a Director's incentive to enhance business performance each year. The amount is calculated based on the business environment, the corporate performance in the previous fiscal year and the contributions to the performance by each executive Director, divided by 12, and then paid together with the ordinary remuneration. Based on the business environment, the Company has established the targets for business performance such as the consolidated ordinary income laid out in the Mid-term Management Plan or proper indicators according to the duties of each executive Director at the time when preparing plans. Such targets or indicators are appropriately revised depending on changing business environment, reflecting the opinion from the Nominating and Remuneration Committee with a majority of independent Outside Directors.

Non-executive Directors and Audit & Supervisory Board Members don't receive variable remuneration.

(3) Share-based remuneration (non-monetary remuneration)

Non-monetary remuneration is share-based remuneration through the Board Benefit Trust and is paid in accordance with the "Officer Stock Benefit Rules" in order to ensure that the remuneration system is linked to medium- to long-term corporate value enhancement. More specifically, non-monetary remuneration shall be a point system based on position wherein points are assigned according to a table at a certain time each year. In addition, the non-monetary remuneration shall be paid at the end of the Director's term of office, mainly by converting point granted to a Director during the tenure to one share, which shall be paid at the time of retirement. In the event that shares are paid out during the term of office of a Director, the transfer or other disposition of such shares shall be restricted until the retirement of said Director by entering into a restricted transfer agreement. Directors who engage in certain illegal or inappropriate acts shall lose their rights to receive the provision of the Company share, etc.

(4) Policy for determining the ratio of remuneration by type

The Nominating and Remuneration Committee considers the ratio of each type of Director remuneration based on a standard level of remuneration in reference to corporate groups with approximately the same size or in the relevant industry, so that Directors with higher position receive higher proportion of the remuneration which links with Company business performance and corporate value. The Board of Directors shall determine the ratio of each type of remuneration based on the opinion from the Nominating and Remuneration Committee.

(5) Matters regarding determination of remunerations for each Director

The specific details about the amount of remuneration for each Director shall be delegated to the Representative Director, Chairman & CEO by resolution of the Board of Directors, and his authority shall be to decide the amount of ordinary remuneration and the amount of variable remuneration based on the evaluation of the business performance of each Director. The Board of Directors shall consult with the Nominating and Remuneration Committee on the original proposals prepared by the Representative Director, Chairman & CEO to ensure the Representative Director, Chairman & CEO is appropriately exercising this authority, and the Representative Director, Chairman & CEO shall make a decision in accordance with content of that report.

[Supporting System for Outside Directors and/or Outside Audit & Supervisory Board Members]

1. Providing opportunities for information exchange among Outside Directors and Audit & Supervisory Board Members
2. When required, the Outside Directors and Outside Audit & Supervisory Board Members attend important meetings such as the Management Meetings.

3. Three employees shall be assigned as staff (performing concurrent services) to assist the audit duties of the Audit & Supervisory Board Members to improve the effectiveness of the Audit & Supervisory Board Members' audits and enable smooth execution of auditing operations.

[Status of Persons Who Have Retired from a Position Such as Representative Director and President]

Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company [Updated]

Name	Title/ Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
Masashi Hisatomi	Special Adviser	・ None	・ Not currently employed ・ Unpaid	June 28, 2007	–
Isao Hiraide	Special Adviser	・ None	・ Not currently employed ・ Unpaid	June 29, 2017	–
Hideo Yamaoka	Special Adviser	・ None	・ Not currently employed ・ Unpaid	June 27, 2019	–
Masanobu Kishi	Special Adviser	・ None	・ Not currently employed ・ Unpaid	June 29, 2023	–

Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company [Updated]	4

Other Matters

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2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]

The Company has adopted a company with an Audit & Supervisory Board structure as its organizational framework and it is striving to build a corporate governance system that ensures management transparency and soundness and that facilitates sustainable growth.

We have strengthened the transparency, objectiveness, and oversight from an external perspective of the Board of Directors by appointing multiple highly independent outside Directors and outside Audit & Supervisory Board Members and by establishing a Nomination and Remuneration Committee, of which more than half the members are independent outside Directors, as an advisory body. We have also established various committees, including the Sustainability Promotion Committee, Compliance Committee, Risk Management Committee, and Health and Safety Committee, to raise the soundness of management. As an organization which is independent from the Board of Directors, the Audit & Supervisory Board audits the execution of duties by Directors and coordinates closely with the Internal Audit Department and Internal Controls Department to carry out audits as appropriate.

We have also introduced an Executive Officer System to speed up decision-making and make management practice more efficient by separating management supervision and business execution functions.

For an overview of the Board of Directors, Nomination and Remuneration Committee, Audit & Supervisory Board, and other bodies, please see "4. [Status of Corporate Governance, etc.]" in the Company's Securities Report.

https://www.tpr.co.jp/ir/library/report/ (in Japanese)

A diagram of the Company's corporate governance system (as of June 27, 2024) can be found in "2. Other Matters Concerning Corporate Governance System."

3. Reasons for Adoption of Current Corporate Governance System

As stated above, the structure for supervising management was recognized as being properly in place and functioning, and the Company has selected the current corporate governance structure.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Shareholders Meetings and Smooth Exercise of Voting Rights [Updated]

	Supplementary Explanations
Early Notification of General Shareholders Meeting	The notification has sent on June 7, 2024, two weeks plus five days prior to the Company's Annual General Meeting of Shareholders. (Start date of measures for electronic provision: May 31, 2024 Date of sending the Notice: June 7, 2024 Date of the General Meeting of Shareholders: June 27, 2024)
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company has adopted the exercise of voting rights by electronic or magnetic means since the Company's 87th Annual General Meeting of Shareholders held on June 26, 2020.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company has participated in the Electronic Voting Platform since the Company's 87th Annual General Meeting of Shareholders held on June 26, 2020.
Providing Convocation Notice in English	The Company has provided the convocation notice in English since the Company's 87th Annual General Meeting of Shareholders held on June 26, 2020.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Establishment and Publication of the Disclosure Policy	In compliance with code and corporate ethics, the Company discloses information relating to its business strategies and financial status, etc. to all stakeholders, starting with its shareholders/investors, so that the Company can be correctly understood and evaluated, in a timely, accurate and fair manner. The Disclosure Policy is published on the Company's website. https://tpr.co.jp/tp_e/ir/disclosure/	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings semi-annually.	Yes
Posting of IR Materials on Website	https://www.tpr.co.jp/tp_e/index.html	
Establishment of Department and/or Manager in Charge of IR	Investor and Shareholder Relations Department	

3. Measures to Ensure Due Respect for Stakeholders [Updated]

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	Having formulated the "TPR Group Compliance Basic Stance" as a code of conduct, the Company and Group companies share the belief that engaging in sincere corporate activities is essential with respect to responding to the trust of all stakeholders, including customers, shareholders, employees, trading partners, and local society.
Implementation of Environmental Activities, CSR Activities, etc.	We serve as a good corporate citizen and accordingly recognize our roles and responsibilities toward the global environment, which entails actively and consistently addressing environmental challenges while striving to prevent pollution through all of our business activities. (1) Providing environmentally sound products We work to reduce our environmental impact by designing and developing mechanical components that help give rise to power mechanisms with minimal environmental implications, and accordingly provide such products to the world. (2) Reducing CO_2 emissions and engaging in environmentally sound business activities in looking toward achieving a carbon-free society For all business activities - We aim to achieve carbon neutrality by 2045 following our mid-term target of 50% reduction in FY2030 versus FY2013 (Scope 1 and 2). - We aim to achieve carbon neutrality including Scope 3 emissions by 2050. (3) Advancing business activities that comply with environmental laws and regulations We engage in practices that entail complying with laws and regulations, etc., saving energy, conserving resources, reducing and recycling waste materials, ensuring circular use of materials, implementing harmful substance controls, and practicing green procurement. (4) Serving as a member of society We seek to earn the public's trust and empathy by taking an active approach to our communication activities and biodiversity. (5) Realizing better environmental activities We seek to raise awareness regarding the importance of environmental activities and compliance by providing education and training to all of our employees and members of our affiliated companies. Details on our initiatives involving sustainability including those pertaining to the environment are available via the Company's website. https://www.tpr.co.jp/csr/activity/ (in Japanese)
Formulation of Policies for Information Provision to Stakeholders	In compliance with code and corporate ethics, the Company discloses information relating to its business strategies and financial status, etc. to all stakeholders, starting with its shareholders/investors, so that the Company can be correctly understood and evaluated, in a timely, accurate and fair manner. For details, please refer to the "Disclosure Policy" section of the Company's website. https://www.tpr.co.jp/ir/disclosure/ (in Japanese)

Other	Human capital management [Strategy] The Group has a history of over 80 years of working to make power mechanisms more sophisticated. As the auto industry enters into a new transformational period, we believe that we need to actively invest in people who can take on the challenges of this new stage. We recognize that to achieve this goal, it will be important to secure diverse human resources and develop highly motivated individuals who are equipped to enthusiastically take on significant challenges. Therefore, we have positioned the policy of seeking "to realize a workplace that develops people, learns from people, and is rich in diversity, and to contribute to the regional community" as a materiality within our sustainability initiatives, and we are advancing the development of human resources, promotion of diversity and inclusion, and creation of comfortable workplace environments as key initiatives. [Metrics and targets] When it comes to human capital management, we mainly set the following metrics and targets for promoting initiatives. - Enhancement of education and training systems Amid great changes in the environment around companies and individuals, we are seeking to maximize the performance of each and every employee while instilling motivation for taking on new challenges by systematically implementing training for employees at each level of the hierarchy, including young employees, mid-career employees, and managers, as well as education on compliance, safety, and the environment for all employees. As an annual target indicator, we are aiming to increase investment in people by at least 50% year on year in order to further enhance investment in our people and facilitate improvement in the abilities, skills, and expertise of each and every employee in a manner accompanying our business growth and expansion. In FY2023, annual investment in education and training increased by 52% year on year and we are working to achieve our target for FY2024 by further enhancing education and training systems. - Percentage of female managers In promoting diversity, we aim to ensure that our workplaces are conducive to enabling women to work more actively and energetically. To such ends, we establish in-house business environments that contribute to the long-term career development of our female employees as they encounter various stages of their lives, such as childbirth and childcare. We also aim to achieve a target of ensuring that 20% of managerial positions are filled by female employees by FY2030 through measures including appointing a new female manager in FY2023. - Percentage of childcare leave taken by male employees We encourage male employees to take childcare leave to ensure that both women and men are able to achieve work-life balance in terms of both their careers and childcare. Whereas the Company's female employees already take 100% of the childcare leave of which they are eligible, in FY2023, 25% of men took said leave. We have set the annual target of getting 50% of eligible male employees to take childcare leave and we will continue carrying out activities to achieve this target. - Use of annual paid leave We encourage employees to actively make use of their annual paid leave in order for them to strike a better work-life balance. We accordingly set a FY2023 target seeking for employees to take 12 days of annual leave,

	with respect to which 95% or more of our workforce met that objective. Meanwhile, we set a FY2024 target seeking for employees to take 12 days of annual leave, and accordingly aim to ensure that all of our workforce are able to meet that objective. - Engagement scores Since FY2020, we have been enlisting engagement scores derived from periodically administered engagement surveys as benchmarks for enabling us to more comprehensively assess our human investment initiatives. We accordingly enlist a cyclical approach of analyzing issues, implementing measures, administering surveys, and making improvements for subsequent measures. We then draw on such outcomes in order to identify and take action with respect to key areas that need to be addressed for the sake of creating comfortable workplace environments. In FY2023, our score increased 3.8% year on year, but we are targeting a year-on-year improvement of 5% by advancing human investment initiatives.

IV. Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development

In addition to formulating the "Basic Policies for Establishment of Internal Control Systems" based on the TPR's corporate philosophy, the Company has ensured the appropriateness of operations, promoted the construction of a more effective internal control system and strived to achieve continual improvements.

With regard to the internal control reporting system related to financial reporting required by the Financial Instruments and Exchange Act (so-called J-SOX), the Company is actively implementing initiatives and taking suitable and appropriate measures while receiving expert advice.

(1) System ensuring that execution of duties by Directors complies with laws and regulations and the Articles of Incorporation

The Company formulates the "TPR Group Compliance Basic Rules" and the "TPR Compliance Rules" as rules to apply to Directors, Audit & Supervisory Board Members, Executive Officers, and employees, and it works to ensure compliance. At the same time, the Company has introduced the Group whistleblowing system, which also provides an external contact point operated by a law office, as a whistleblowing structure for violations of laws and regulations and concerns over compliance. Efforts to ensure the appropriate operation of the Board of Directors are carried out on a periodic basis or whenever required based on the stipulations of the Board of Directors Regulations. In addition, the Company is a company with audit & supervisory board, and in addition to making the execution of duties of the Directors the target of the audits of each Audit & Supervisory Board Member in accordance with the audit policy and allotted tasks specified by the Audit & Supervisory Board, if a Director discovers that another Director's actions violate laws and regulations or the Company's articles of incorporation, that Director shall immediately report it to the Audit & Supervisory Board and Board of Directors and work to bring about its rectification.

(2) System for storing and managing information related to execution of duties by Directors of the Company

The Company shall store and manage information related to execution of duties by Directors of the Company in a proper and secure manner in the fully searchable form most suitable to the preservation media used pursuant to the "Document-handling Regulations," and it shall keep it available for inspection for ten years as necessary.

(3) Regulations and other system for managing risks of loss of the Company

The Company shall accurately evaluate and recognize the risks related to business execution of the Company, and has formulated the "Risk Management Regulations" to establish measures to prevent the materialization of any such risks, or measures to minimize the loss arising from such materialization of risks.

Furthermore, pursuant to the "TPR IT Information Security Regulations," the Company will strive to both promote the effective use of advancing IT technology and guard against the risk of information leakage, etc.

(4) System ensuring the efficiency of execution of duties by Directors of the Company

a. In order to conduct effective and efficient decision-making for important management-related matters, a resolution of the proposal for such matters is made by the Board of Directors after deliberation by the management meeting (hereinafter the "Management Meeting") which consists of Representative Director and officers in charge of the relevant departments (including Overseas Operations, Sales, Production, Administration, and Technology). A regular meeting of the Board of Directors is held once every month, and extraordinary meetings are held from time to time, whenever necessary. Regular Management Meetings are held twice every month, and extraordinary meetings are held from time to time, whenever necessary.

b. The respective person responsible, the details of responsibility and the executional procedures for the execution of business shall be specified in the "Organizational Management Regulations," "Regulations for Division of Duties," and "Regulations for Delegation of Authority" to ensure efficient execution of business.

(5) System ensuring that execution of duties by employees of the Company complies with laws and regulations and the Articles of Incorporation

a. The Company formulates the "TPR Group Compliance Basic Rules" and the "TPR Compliance Rules." Pursuant with these provisions, the Company has established the "Compliance Committee," consisting of members of the Management Meeting with the Chairman & CEO as the chief responsible officer. The Compliance Committee works to maintain and improve the compliance system by making each department/office general manager a compliance promotion officer.

b. Content that teaches the importance of compliance is included in the employee training system as a mandatory component.

c. An internal audit department has been established under the direct control of the Chairman & CEO to conduct compliance audit as an important audit scope.

d. In the event that Directors find any material violation of laws and regulations or other important facts regarding compliance at the Company, they shall report to the Audit & Supervisory Board Members immediately and report to the Board of Directors without delay.

e. A whistleblowing system for facts relating to violation of laws and regulations and other compliance matters has been established whereby either the departments in charge of compliance management, an external law firm or an Audit & Supervisory Board Member can act as the person who receives the information. In addition, the whistleblower shall not receive unfair treatment due to them making the report.

f. In cases where the Audit & Supervisory Board Member recognizes there is a problem with the Company's system or the operation of whistleblowing system, he/she may recommend to the Directors that improvement measures be formulated.

(6) System ensuring the proper business operation of the corporate group

a. The Company has established provisions for managing companies of the Group, and has accordingly developed a system for ensuring responsible governance with respect to all business of the Group, including Group companies. In addition, the Company provides guidance and support to Group companies. This involves having deliberations in meeting forums in a manner that enables management and business operations to align with the Company's management policies and business strategies. This also involves deploying management to Group companies.

b. In order to put in place a compliance system for group companies, the Company has established the "TPR Group Compliance Basic Rules" and planned compliance activities while working to enhance the compliance awareness and reinforce the monitoring. In addition, we have designed the whistleblowing system in the Group to detect the compliance matter early via multiple whistleblowing channels and measures.

(7) System for reporting to the Company on matters related to execution of duties by directors, etc. of the subsidiaries of the Company

In terms of business management, the Company manages the business of subsidiaries using a system for making decisions and reporting to the Company in accordance with the "Regulations for the Management of Affiliates," and shall monitor the status of the execution of these duties as necessary.

(8) Regulations and other system for managing risks of loss of the subsidiaries

The Company shall accurately evaluate and recognize the risks related to business execution of subsidiaries, and has formulated the "TPR Group Risk Management Basic Regulations" to establish measures to prevent the materialization of any such risks, or measures to minimize losses arising from such materialization of risks. Each subsidiary establishes a system conforming to these regulations.

(9) System ensuring the efficiency of execution of duties by directors of the subsidiaries

The Company performs supervision of the execution of duties of subsidiaries to ensure the construction of systems by which business is performed efficiently, giving consideration to the subsidiary's business, its scale and its place in the Group. Furthermore, decisions to execute important management-related matters of subsidiaries shall be resolved at the board of directors of the subsidiary after deliberation of the matter has been carried out by the Company's Management Meeting. In addition to regular meetings of

the board of directors of the subsidiaries, extraordinary meetings are held from time to time, whenever necessary.

(10) System ensuring that execution of duties by directors, etc. and employees of the subsidiaries complies with laws and regulations and the Articles of Incorporation

The subsidiaries establish a system that conforms to the "TPR Group Compliance Basic Rules" to serve as a system that the Company can use to supervise the compliance activities of the subsidiaries. In addition, the Company formulates the "TPR Group Whistleblowing Regulations," which includes directors, etc. and employees of subsidiaries in the scope of eligible whistleblowers.

(11) Matters regarding employees assigned to assist the Audit & Supervisory Board Members of the Company in performing their duties, the independence from Directors of such employees, and ensuring the validity of instructions given to such employees

a. Requested by the Audit & Supervisory Board Members, the Company assigns some employees of the Company as those in assisting the duties of the Audit & Supervisory Board Members.

b. The assigned duties, transfer, evaluation, and so forth of such employees shall require prior consent from the Audit & Supervisory Board Members to ensure independence of the assistants mentioned above.

(12) System for reporting by Directors and employees of the Company to Audit & Supervisory Board Members of the Company

The Company formulates the "Management Guidelines for Reports on Specific Matters," which prescribes how matters expected to have a material impact on management should be reported to the Chairman & CEO, etc. and such matters are also reported to the Audit & Supervisory Board Members. In addition, the Company formulates the "TPR Group Whistleblowing Regulations," which include Directors and employees in the scope of eligible whistleblowers, and information obtained under the whistleblowing system shall be passed to Audit & Supervisory Board Members. Also, the Regulations enable the direct reporting to Audit & Supervisory Board Members of the Company. Notwithstanding the foregoing, an Audit & Supervisory Board Member may at any time as necessary request a business report from a Director or an employee or may investigate the status of operations and assets.

(13) System for reporting by directors and employees of the subsidiaries to Audit & Supervisory Board Members of the Company

In conformity with the "Management Guidelines for Reports on Specific Matters," mentioned in the previous paragraph, matters related to subsidiaries are reported to Audit & Supervisory Board Members of the Company. In addition, in accordance with the "TPR Group Whistleblowing Regulations," the directors and employees of subsidiaries are included in the scope of eligible whistleblowers under the Group whistleblowing system and information obtained under the whistleblowing system shall be passed to audit & supervisory board members. Also, the Regulations enable the direct reporting to Audit & Supervisory Board Members of the Company. Notwithstanding the foregoing, an Audit & Supervisory Board Member of the Company may at any time as necessary request a business report from a subsidiary's director or an employee or may investigate the status of operations and assets.

(14) System to ensure a person who reports the above two items does not receive unfair treatment

The Directors and employees of the Company and directors and employees of its subsidiaries shall not receive unfair treatment due to them making reports or conducting inquiries in response to a request from an Audit & Supervisory Board Member.

In addition, in the event a Director or employee of the Company or director or employee of its subsidiaries makes a whistleblowing report, there are assurances in place in accordance with the "TPR Group Whistleblowing Regulations" to ensure the individual does not receive unfair treatment because of making the whistleblowing report.

(15) Policy related to the processing of expenses incurred in the execution of the duties of Audit & Supervisory Board Members

To cover the costs incurred in the Company's Audit & Supervisory Board Members performance of their duties, the necessary processing based on invoicing by the Audit & Supervisory Board Member shall be carried out swiftly to ensure there is no hindrance to such performance of duties.

(16) System to ensure the effectiveness of auditing by Audit & Supervisory Board Members

The Audit & Supervisory Board Members shall periodically meet with the Representative Director and hold meetings to exchange opinions with the Outside Directors. In addition, they shall preserve cooperation with the Audit Office, Group Governance Department, Financial Auditors, and audit & supervisory board members of subsidiaries and strive to ensure the effectiveness of the Audit & Supervisory Board Members' audit.

The Company's organs, internal controls, and so forth mentioned above are as shown in the attached schematic diagram.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

Systems to sever relations with and eliminate anti-social forces

a. The Company has formulated the "TPR Group Compliance Basic Rules" to maintain fairness and soundness of operations by rejecting relations with antisocial forces as part of its corporate social duty.

b. The office responsible for responding to antisocial forces is the Human Affairs and General Administration Division. By giving thorough instructions on appropriate response to each internal department, and closely cooperation with the relevant external authorities, the Company is taking thorough efforts to sever relations with and eliminate anti-social forces.

c. If relationships are inadvertently formed with anti-social forces due to misrepresentation, proxy or so forth, as soon as the situation is discovered or as soon as suspicions are aroused, the Company will swiftly end such relations through close cooperation with the relevant external authorities.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted

Supplementary Explanation

<Basic principles for the control of the company>

It is the Company's belief that stable and sustainable enhancement of corporate value contributes to the common interests of shareholders, and it is constantly striving to achieve this as one of the management priorities.

As a company listed on a financial instruments exchange, the Company is of the opinion that its shareholders should be determined through free trading in the market. As such, the nature of those who control the company should be determined based on the opinion of the shareholders as a whole.

Therefore, the Company believes that the decision on whether or not to accept a share purchase proposal involving a transfer of control of a company should ultimately be based on the opinion of the shareholders as a whole.

However, among the attempts or proposals of large-scale purchases of the Company's shares, there may be some that may be detrimental to the Company's corporate value and, consequently, the common interests of its shareholders, such as those that may effectively force shareholders to sell their shares and those that do not provide reasonable time and information necessary for shareholders to consider the terms of the purchase or for the Board of Directors to propose an alternative plan. The Company believes that persons who attempt or propose such inappropriate large-scale purchases should be treated as an exception to persons who control decisions on the Company's financial and business policies and be considered inappropriate.

The Company will require any person who intends to conduct a large-scale purchase of the Company's shares to provide sufficient information for the shareholders to make an appropriate decision as to whether or not to accept such large-scale purchase. The Company will also take appropriate steps to the extent permitted by laws and regulations and the Articles of Incorporation, such as disclosing the opinion of the Board of Directors, endeavoring to ensure that the shareholders have sufficient time to consider the proposal, and holding a general meeting of shareholders as necessary to confirm the shareholders' opinions.

(For your reference)

The "Measures to Respond to a Large-Scale Purchase of the Company's Shares (a takeover defense measure)", which was introduced by the resolution at the 74th Annual General Meeting of Shareholders held on June 28, 2007 and has been renewed four times since then, expired and was abolished at the conclusion of the 89th Annual General Meeting of Shareholders held on June 29, 2022.

2. Other Matters Concerning Corporate Governance System [Updated]

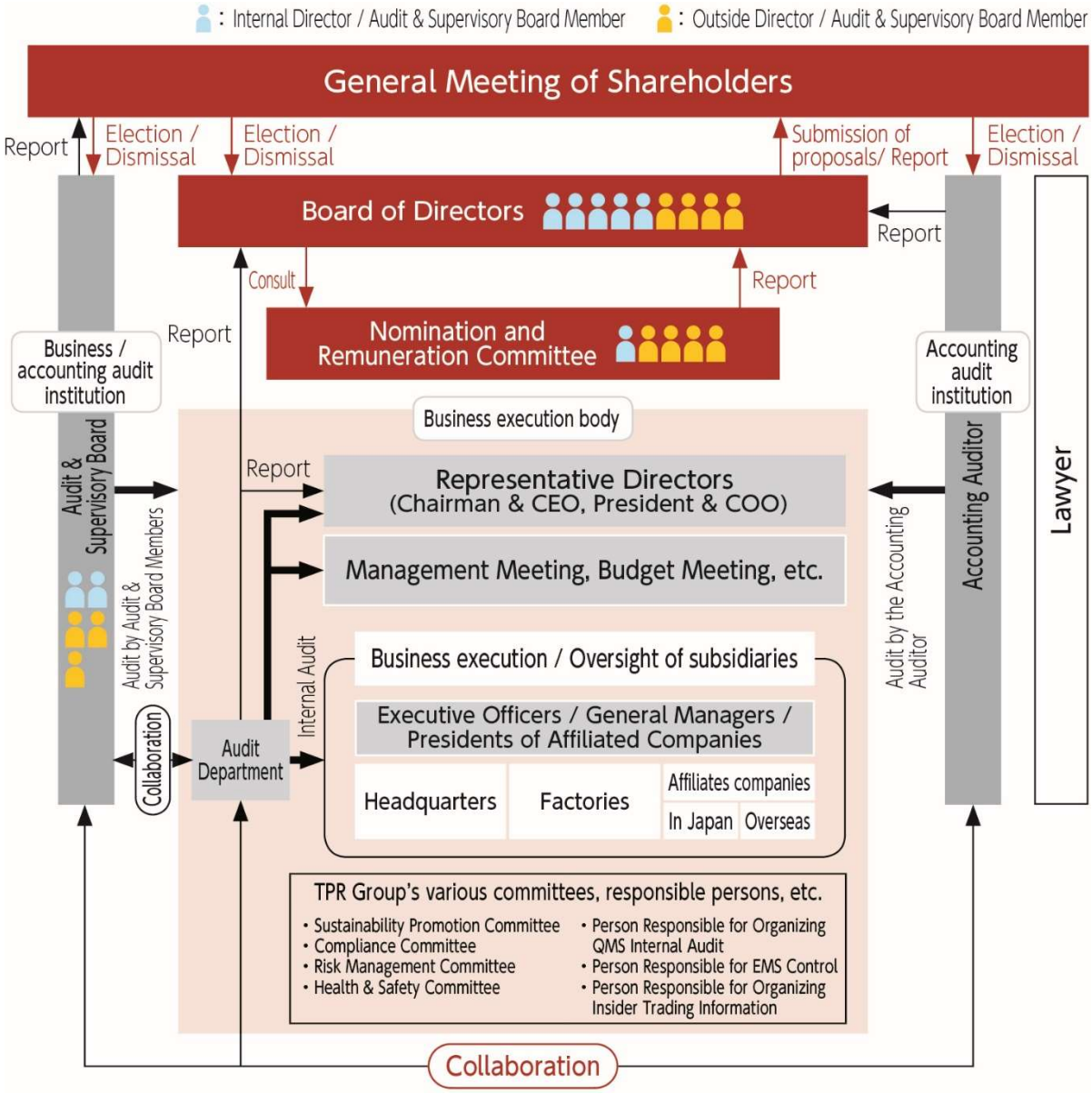
Overview of timely disclosure system

1. Basic stance for timely disclosure of the Company

   In accordance with "TPR Group Compliance Basic Stance," the Company ensures that Officers and employees disclose company information on a timely and appropriate basis, and strives for the accurate, fair and swift information disclosure of company information.

2. Disclosure standards

   The Company discloses important information that could have an impact on the investment decisions of shareholders and investors, such as decisions, incidents, and financial results, in line with criteria set forth by the Tokyo Stock Exchange such as the Securities Listing Regulations and with the Financial Instruments and Exchange Act. In addition, the Company strives to proactively disclose information when it deems the information to be useful to shareholders and investors even if it is not covered by the Securities Listing Regulations, etc.

3. Internal systems for timely disclosure

The Company has established the Investor and Shareholder Relations Department in charge of disclosure to ensure the important information is compiled and disclosed properly.
Disclosure of information related to important decisions and financial results shall be swiftly disclosed after submitting the matter to and receiving approval from the Board of Directors, and timely disclosure of important incidents is made without delay after reporting the matter to the Representative Director, and reporting that disclosure to the Board of Directors.