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TENMA CORPORATION

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Securities code:7958

<https://www.tenmacorp.co.jp/>

The corporate governance of TENMA CORPORATION [the “Company”] is described below.

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

1. Basic Views

The Company considers transparent management, swift decision-making, compliance with laws and regulations, upholding corporate ethics, and management oversight as critical issues in enhancing corporate value for all stakeholders, including shareholders, business partners, and employees, in order to fulfill our social responsibilities.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1.4]

<Policy on Cross-Shareholdings>

Our basic policy is not to hold cross-shareholdings, except in cases where such holdings are deemed necessary for business alliances or to strengthen business transactions, in order to enhance our medium- to long-term corporate value.

The Board of Directors regularly reviews the economic rationale for holding stocks, comprehensively considering whether the purpose of holding stocks is appropriate and whether the benefits and risks associated with holding stocks are commensurate with the cost of capital.

<Verification of the Status of Cross-Shareholdings>

The Board of Directors periodically reviews the status of cross-shareholdings and the policy for holding such shares. For shares deemed unnecessary to continue holding, we will proceed with their sale to reduce cross-shareholdings.

<Principles for Exercising Voting Rights>

When exercising voting rights, we thoroughly examine the details of each proposal and make appropriate decisions on whether to approve or disapprove based on whether the proposal will contribute to the enhancement of their medium- to long-term corporate value and the impact on the Company.

[Principle 1.7]

The Company has established the following systems to ensure that transactions with directors and major shareholders [related party transactions] do not harm the interests of the Company and its shareholders.

We shall establish transaction terms and conditions and policies for determining transaction terms and conditions, etc., and shall obtain the approval of the Board of Directors and the Audit and Supervisory Committee in advance through deliberation on the appropriateness of the transaction terms and conditions and the method of determining them.

In addition, we conduct an annual survey of all our officers, including Executive Officers, as well as officers of subsidiaries with representative authority, to identify any related party transactions.

[Supplementary Principle 2.4.1]

We acknowledge that the presence of diverse perspectives and values reflecting various experiences, skills, and attributes within our company can be a strength in ensuring sustainable growth.

At our overseas offices, the ratio of female managers has reached approximately 30%. At our domestic headquarters, the ratio of female managers remains a few percent, but we will continue to promote the appointment of women with a target of achieving at least 10% representation to enhance our corporate value over the medium to long term.

We aim to foster a supportive work environment by implementing initiatives for maternity leave, exemption from overtime work, restrictions on overtime work and night shifts, and reduced working hours for employees who are raising children or caring for family members in need of nursing care. Additionally, we are dedicated to promoting women's advancement and ensuring diversity by establishing a program to convert part-timers into regular employees.

To promote diversity through the utilization of foreign nationals, we actively recruit both new graduates and mid-career professionals at our headquarters.

[Principle 2.6]

The Company entrusts the management of its corporate pension funds to asset management institutions that have formally adopted the Stewardship Code. The responsible department conducts regular reviews of the investment status of pension assets, encompassing investment performance, policies, systems, and processes, to ensure their proper operation and management. Moreover, it monitors asset management institutions to ensure compliance with the Stewardship Code without any issues.

[Principle 3.1]

[i] The Company's corporate philosophy and medium-term management plans are disclosed on the corporate website.

[The Company's corporate philosophy] <https://www.tenmacorp.co.jp/>

[Medium-term Management plans] <https://www.tenmacorp.co.jp/ir/library/midterm/>

[ii] Our basic principles regarding corporate governance are documented in our Corporate Governance Report and Securities Report.

[iii] The Company determines the policy for determining the remuneration of individual directors who are not members of the Audit and Supervisory Committee based on the recommendations of the voluntary Nomination and Remuneration Committee, whose majority shall be independent outside directors. The compensation consists of base compensation [cash compensation] and stock compensation [company stock compensation]. The ratio of base compensation [cash compensation] and stock compensation [company stock compensation] in an individual's compensation determined to ensure that the individual's compensation functions as an appropriate incentive as a whole. All decisions on the content of individual compensation are made by the Board of Directors after deliberation within the scope approved by the resolution of the General Meeting of Shareholders. The draft is prepared by a voluntary Nomination and Remuneration Committee [the majority of whose members are independent outside directors] and then reported to the Board of Directors.

[iv] When nominating director candidates, based on the recommendations of the voluntary Nomination and Remuneration Committee, whose majority shall be independent outside directors, we carefully select individuals who, with their diverse work histories and areas of expertise, embody outstanding character and insight, fulfill their duties with care and loyalty, and are poised to enhance our corporate value from a diverse and unbiased perspective. Specifically, for outside director candidates who are members of the Audit and Supervisory Committee, we endeavor to appoint at least one candidate with extensive experience and profound insight as a lawyer, specializing in corporate law and labor law, and at least one candidate possessing specialized expertise in corporate accounting. Additionally, if significant facts emerge indicating a breach of laws or the Articles of Incorporation in relation to their duties, or if a request for injunction against illegal acts is made by members of the Audit and Supervisory Committee, the dismissal of directors shall be determined and resolved by the Board of Directors and decided upon at the General Meeting of Shareholders.

[v] When electing and nominating directors, the individual backgrounds and reasons for their selection are included in the notices of the General Meeting of Shareholders.

[Supplementary Principle 3.1.3]

The Company recognizes that sustainability issues are important management challenges. To address these issues, we established the Sustainability Promotion Office in May 2021 and the Sustainability Promotion Committee in May 2022 to propose measures to the Board of Directors regarding social and environmental issues and promote sustainability initiatives.

Additionally, we have formulated a Basic Sustainability Policy and identified key materiality issues, developed policies to address these issues, and disclosed this information on our corporate website.

Furthermore, we disclose information based on the TCFD recommendations regarding the impact of climate-related risks and revenue opportunities on our business activities and revenue by specifically addressing governance, strategy, risk management, and metrics and targets related to climate change risks and opportunities.

[Supplementary Principle 4.1.1]

The Company has chosen to establish a company with an Audit and Supervisory Committee as its corporate governance system. By appointing multiple outside directors who do not engage in business execution to the Board of Directors, we aim to separate execution and oversight. With outside directors taking on supervisory roles, we enhance the overall supervisory function of management and ensure fairness and transparency, and the Board of Directors makes decisions on important business execution in accordance with laws, regulations, and the Board of Directors Regulations .

For business execution and decisions not designated as matters to be determined by the Board of Directors, the Board of Directors Regulations, and the Management Committee Regulations clearly define the matters to be resolved by the Board of Directors and those delegated to the Management Committee. Additionally, authority is delegated to the executive management, such as the representative director and president, based on internal regulations. The Board of Directors supervises the Management Committee and the status of business execution.

Additionally, the Articles of Incorporation stipulate that the Board of Directors may delegate all or part of decisions on important business execution to directors by a resolution of the Board of Directors. As necessary, we delegate decisions on important business execution to the representative directors and others to enable swift and decisive decision-making.

[Principle 4.9]

When selecting candidates for outside directors, we ensure their independence by adhering to the requirements of the Companies Act and the Tokyo Stock Exchange, as well as our own Independence Standards for Independent Directors. We prioritize candidates with high levels of expertise and diverse knowledge and experience in various fields, who can provide advice and oversight from a neutral and objective perspective. Based on recommendations from the voluntary Nomination and Remuneration Committee, whose majority shall be independent outside directors, the Board of Directors selects the candidates.

[Independence Standards for Independent Directors]

https://www.tenmacorp.co.jp/ir/pdf/independence_standards_20230120.pdf.

[Supplementary Principle 4.10.1]

The Company has chosen to establish a company with an Audit and Supervisory Committee as its corporate governance system, with four of the ten directors serving as independent outside directors. Additionally, we have established a voluntary Nomination and Remuneration Committee, whose majority shall be independent outside directors and chaired by an independent outside director. Based on the recommendations of this Committee, we make decisions regarding the appointment, dismissal, and remuneration of directors.

[Supplementary Principle 4.11.1]

When nominating director candidates, based on the recommendations of the voluntary Nomination and Remuneration Committee, whose majority shall be independent outside directors, we carefully select individuals who, with their diverse work histories and areas of expertise, embody outstanding character and insight, fulfill their duties with care and loyalty, and are poised to enhance our corporate value from a diverse and unbiased perspective.

As such, we include in the notice of the General Meeting of Shareholders the reasons for the appointment of each director candidate, along with a skills matrix for all directors, including those who are members of the Audit and Supervisory Committee.

[Supplementary Principle 4.11.2]

The Company requires our outside directors to allocate sufficient time and effort to fulfill their duties as our officers, and we believe there are no issues regarding their commitment to this allocation. Furthermore, we disclose the concurrent positions of our outside directors in our securities reports and other documents.

[Supplementary Principle 4.11.3]

The Company has been conducting evaluations and analyses of the effectiveness of the Board of Directors since 2016 with the aim of enhancing its functionality and thereby increasing corporate value. In fiscal year 2023, we conducted a survey among directors [including those who are members of the Audit and Supervisory Committee] and conducted aggregation and analysis of the survey results.

The major categories of evaluation are the [1] Composition of the Board of Directors, [2] Operation of the Board of Directors, [3] Discussions at the Board of Directors, [4] Monitoring Function of the Board of Directors, [5] Participation of Directors, and [6] Dialogue with Shareholders [Investors]." Based on the survey results, we conducted analysis and evaluation at the Board of Directors meeting held on April 11, 2024, and confirmed that our Board of Directors ensures effectiveness.

By category, similar to last year, Operation of the Board of Directors and Monitoring Function of the Board of Directors received relatively high ratings. We ensure that directors have a comprehensive understanding of their roles and responsibilities. Materials are distributed prior to meetings of the Board of Directors to facilitate open and candid discussions. Furthermore, by ensuring that the composition of independent outside directors is more than one-third, we enhance oversight not only for shareholders but also for other stakeholders.

On the other hand, ongoing challenges persist within the Board of Directors discussions, especially concerning follow-up on the progress of management plans and the development and implementation of succession plans for chief executive officer and others. We remain committed to addressing these issues to continually enhance the effectiveness of the Board of Directors.

Regarding the challenges identified in this evaluation of the Board of Directors' effectiveness, we will address each issue as we progress with the fourth medium-term management plan starting this fiscal year. By improving effectiveness through these efforts, we aim to establish an optimal corporate governance system for sustainable growth and long-term enhancement of corporate value.

[Supplementary Principle 4.14.2]

The Company has established the following policies to provide opportunities for training necessary for directors to fulfill their roles and responsibilities:

1. Upon appointment, for outside directors, we conduct comprehensive orientation sessions that cover our corporate philosophy, business, organizational structure, and compliance matters, including insider trading prevention. For inside directors, the focus is on the Companies Act and explanations related to corporate governance principles.
2. After appointment, we continually offer educational opportunities as necessary, which include explanations regarding our business and medium- to long-term challenges.
3. The Company bears the costs associated with the necessary training.

[Principle 5.1]

The Company believes that constructive dialogue with shareholders is crucial not only during the General Meeting of Shareholders but also outside of these meetings to achieve sustainable growth and enhance long-term corporate value. The executive management team, including the president and IR officer, adheres to the following policies to foster mutual understanding through such dialogues, listening to their voices and explaining our management policies.

1. IR activities are overseen by the General Affairs Department, led by a director serving as its head, responsible for all aspects of IR activities.
2. Regarding dialogues with shareholders, we strive to review discussions with executives led by the president and various related departments, including selecting speakers, to ensure appropriate responses.
3. We aim to enhance dialogue with shareholders through the General Meeting of Shareholders, individual meetings, and other opportunities, all within a reasonable scope.
4. We strive to share with the Board of Directors and others, the opinions of shareholders received through dialogues, and reflect them in our management strategies.
5. During the dialogues, we adhere to the principles of fair disclosure, ensuring the fair and appropriate disclosure of information while rigorously managing undisclosed insider information in accordance with internal regulations.
6. To enhance understanding of our business among shareholders and investors, we strive to accommodate requests for meetings, including financial results press conferences, and provide timely information updates via the corporate website.
7. We aim to understand our shareholder structure by obtaining information from the shareholder registry administrator every six months.

[Action to implement management conscious of cost of capital and stock price] [with English disclosure]

As major initiatives, we are expanding our business by adding facilities primarily in Thailand, Vietnam, and other ASEAN countries, and actively investing in automation to reduce labor and enhance quality. Through these efforts, we aim to improve ROE and ROIC by lowering the cost of sales ratio.

Additionally, aligned with the third medium-term management plan, we acquired an Indonesian mold manufacturer to enhance our mold manufacturing capabilities and a North American automotive parts manufacturing company to expand our vehicle business.

<https://www.tenmacorp.co.jp/pdf/01695.pdf>

Additionally, the Company changed the dividend policy to the consolidated dividend on equity [DOE] of 2.5% or more in 2019 and keeps the shareholder return through the capital policy, including setting the goal of acquiring treasury shares totaling 10 billion yen from 2020 for the long term.

Moreover, recognizing the company's cost of capital as 8%, we have set a hurdle rate exceeding 8% for investment decisions. In the Fourth Medium-Term Management Plan, which is already in the preparation stages and will commence in the fiscal year ending March 2025, we will recalculate the cost of capital and, based on this figure, develop and implement a growth strategy. Through these efforts, we aim to improve ROE and ROIC.

Our approach and initiatives towards achieving management focused on capital costs and stock prices have been documented and disclosed in materials for individual investor briefings since the fiscal year ending March 2024.

[Materials for Company Information Session for Individual Investors]

<https://pdf.irpocket.com/C7958/Wgeh/BFn6/s6dj.pdf>

[Materials for Briefing of Financial Results]

<https://pdf.irpocket.com/C7958/tSnV/ochY/y7JG.pdf>

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage [%]
Kaneda Kosan Corporation	2,924,120	13.80
FHL Holdings Corporation	2,786,000	13.15
The Master Trust Bank of Japan, Ltd. [Trust Account]	1,585,300	7.48
THE BANK OF NEW YORK - JASDECTREATY ACCOUNT [Standing proxy: Mizuho Bank, Inc., Payment Sales Department]	879,300	4.15
Yasuichi Kaneda	759,116	3.58
Tsukasa Enterprise Corporation	744,320	3.51
Custody Bank of Japan, Ltd [Trust Account]	659,604	3.11
STATE STREET BANK AND TRUST COMPANY 505103 [Standing proxy: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch.]	645,000	3.04
STATE STREET BANK AND TRUST COMPANY 505303 [Standing proxy: Mizuho Bank, Inc., Payment Sales Department]	568,500	2.68
STATE STREET BANK AND TRUST COMPANY 505103 [Standing proxy: Mizuho Bank, Inc., Payment Sales Department]	510,502	2.41

Controlling Shareholder

[except for Parent Company]

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Parent Company

None

Supplementary Explanation

The status of major shareholders is as of March 31, 2024.

The Company holds 3,121,000 shares of treasury stock, which are not included in the aforementioned major shareholders.

Additionally, shares of the Company held by Japan Custody Bank, Ltd. [trust accounts] amount to 237,000 shares for Board Benefit Trusts and 13,000 shares for the Employee Stock Ownership Plan Trust, which are also excluded from treasury stock.

According to the Statements of Large-Volume Holdings [Change Reports] available for public inspection dated February 8, 2024, Dalton Investments, Inc., disclosed ownership of 3,651,000 shares as of February 1, 2024. However, this information has not been included in the status of major shareholders mentioned above due to our inability to confirm the actual number of shares owned as of March 31, 2024.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Chemicals
Number of Employees [Consolidated] as of the End of the Previous Fiscal Year	1,000 or more
Net Sales [Consolidated] for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	13
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company [1]

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hirofumi Kurahashi	Lawyer											
Hiroataka Goto	From another company	△										
Miyo Nishida	Lawyer											
Shoji Matsuyama	CPA											

*Categories for "Relationship with the Company".

[Use "○" 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. Person who executes business for the Company or its subsidiary
- b. Person who executes business for a non-executive director of the Company's parent company
- c. Person who executes business for a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- g. Major shareholder of the Company [in cases where the shareholder is a corporation, a person who executes business for the corporation]
- h. Person who executes business for a client of the Company [excluding persons categorized as any of d, e, or f above] [applies to director him/herself only]
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company [applies to director him/herself only]
- j. Person who executes business for an entity receiving donations from the Company [applies to director him/herself only]
- k. Other

Outside Directors' Relationship with the Company [2]

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hirofumi Kurahashi		○	—	Mr. Kurahashi has not been involved in the management of the Company in any capacity other than as an outside director but brings extensive experience and specialized knowledge as a corporate legal expert and lawyer. Since June 2020, he has served as an independent outside director of the Company, actively contributing insights from his experience as a lawyer at meetings of the Board of Directors, particularly from the

				<p>perspectives of governance and compliance, to enhance our corporate value without hesitation. Since April 2021, he has also been fulfilling the role of a member of the Nomination and Remuneration Committee. During his four-year tenure as an independent outside director since June 2020, he has gained a thorough understanding of our company's business scope, characteristics, and challenges. Drawing on his extensive experience and profound professional insights, we expect him to further enhance and promote transparency in our governance functions from an independent perspective, distinct from the management team. Furthermore, he meets the requirements set by the Tokyo Stock Exchange for independent directors, and after determining that there is no risk of conflicts of interest with ordinary shareholders, we have designated him as an independent director.</p>
Hiroataka Goto	○	○	<p>Mr. Hiroataka Goto served in our houseware business from 1991 to 2007. With over 15 years having elapsed since his retirement, during which he has had no involvement in our operations, we are confident of his independence.</p>	<p>Mr. Goto has amassed extensive experience and knowledge across our entire business, encompassing product manufacturing to sales during his tenure from April 1991 to November 2007. Since departing our company, he has remained active in corporate management</p>

				<p>and has devoted himself to societal contributions, notably through his engagement with the Consumer Product Safety Association. With his background, which includes global transactional experience, he brings a wealth of insights and expertise as a business executive, proficient in addressing diverse management challenges. We believe that leveraging his multifaceted perspective as a seasoned business executive, cultivated through these experiences, he will significantly contribute to enhancing our corporate value through effective audits and precise advice tailored to our company's business characteristics. Furthermore, he meets the requirements set by the Tokyo Stock Exchange for independent directors, and after determining that there is no risk of conflicts of interest with ordinary shareholders, we have designated him as an independent director.</p>
Miyo Nishida	○	○	—	<p>Although Ms. Nishida has not engaged in corporate management beyond her role as an outside director, she brings extensive experience and advanced knowledge as a lawyer. Her expertise spans corporate and labor law, and she has also</p>

				<p>served on investigation committees for corporate scandals. Additionally, she has extensive experience as an outside director, actively contributing to resolving internal control issues and improving corporate structure through her active participation in the Boards of Directors and Audit and Supervisory Boards of listed companies. Furthermore, as evidenced by her authorship of numerous books, she possesses extensive knowledge not only in the legal field but also in adjacent areas essential for corporate management. We believe that leveraging this breadth of expertise and experience, she can contribute to enhancing our corporate value by offering proactive and candid opinions. Furthermore, she meets the requirements set by the Tokyo Stock Exchange for independent directors, and after determining that there is no risk of conflicts of interest with ordinary shareholders, we have designated her as an independent director.</p>
Shoji Matsuyama	○	○	—	<p>Although Mr. Matsuyama has not engaged in corporate management beyond his role as an outside director, he brings extensive experience and advanced knowledge as an</p>

				<p>expert in corporate accounting, including internal controls, and as a certified public accountant. Since June 2020, as an independent outside director, he has actively contributed to enhancing the Company's governance through his statements and proposals during meetings of the Board of Directors. Additionally, since the establishment of the Nomination and Remuneration Committee in November 2020, he has served as its chairman, attending all meetings of the Committee. Through interviews and thorough evaluations, he exerted efforts in selecting director candidates to be presented at this Ordinary General Meeting of Shareholders. Moreover, since he became a director of the Company as a member of the Audit and Supervisory Committee in June 2023, we believe that he has contributed to the enhancement of the Company's corporate value by providing various advice at the Audit and Supervisory Committee meetings from a multifaceted and rational perspective through his extensive experience and expertise, strengthening the monitoring and supervision functions for accounting-related matters.</p>
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				Furthermore, he meets the requirements set by the Tokyo Stock Exchange for independent directors, and after determining that there is no risk of conflicts of interest with ordinary shareholders, we have designated him as an independent director.
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Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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Matters Concerning Independence of Said Directors and/or Staff from Executive Officers

The Audit and Supervisory Committee may appoint a member of the General Affairs Department as an assistant employee, and the appointed assistant employee shall exclusively follow the directives of the Audit and Supervisory Committee in relation to its duties. They shall not take instructions from directors [excluding directors who are members of the Audit and Supervisory Committee] or department heads.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

The Internal Audit Department, consisting of three members, regularly verifies the appropriateness of each department's business processing procedures and their outcomes.

The audit by the Audit and Supervisory Committee is conducted by one full-time member and three other members of the Audit and Supervisory Committee. With the mission of upholding shareholder trust and meeting societal demands, the members of the Audit and Supervisory Committee actively participate in meetings of the Board of Directors and other significant meetings, review critical documents, and thereby effectively perform their management oversight function. Ms. Miyo Nishida, a member of the Audit and Supervisory Committee, holds a qualification as a lawyer, possessing considerable expertise in legal matters. Mr. Masashi Matsuyama, who serves as a member of the Audit and Supervisory Committee, holds a certified public accountant [CPA] qualification and possesses specialized knowledge in corporate accounting.

Furthermore, the Company has entered into an audit service agreement with an auditing firm to undergo accounting audits from an impartial and unbiased standpoint.

The Internal Audit Department reports its activities and results for each audit to the Audit and Supervisory Committee, ensuring efficient and highly effective audits through mutual coordination between the audits conducted by the Audit and Supervisory Committee and internal audits.

In addition to holding regular reporting meetings, the Audit and Supervisory Committee and the accounting auditor exchange information as needed,

Voluntary Established Committee[s]

Voluntary Establishment of Committee[s] equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee[s], Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nominating and remuneration Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nominating and remuneration Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation

The Committee primarily deliberates and advises the Board of Directors on matters related to the composition of the Board, appointment and dismissal of directors, selection and dismissal of representative directors, compensation of directors, and other matters referred by the Board of Directors.

The Committee consists of two independent outside directors and the representative director and president, totaling three members, ensuring that the majority are independent outside directors. The chairman of the Committee is selected from among the independent outside directors by a resolution of the Committee.

The members of the Committee are as follows:

- Independent Outside Director: Masashi Matsuyama
- Independent Outside Director: Hirofumi Kurahashi
- Representative Director and President: Hirohiko Hirono

Matters Concerning Independent Directors

Number of Independent Directors	4
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Other Matters Concerning Independent Directors

All individuals who meet the qualifications for independent Directors are designated as independent Directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
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Supplementary Explanation for Applicable Items

We have established a stock-based remuneration system [company stock remuneration] linked to medium- to long-term performance for Directors [excluding outside directors, nonexecutive directors, and members of the Audit and Supervisory Committee]. This transition to a performance-linked remuneration system was approved during the Ordinary General Meeting of Shareholders held on June 23, 2022.

Under this system, in accordance with the Share Delivery Regulations set forth by the Board of Directors, eligible directors receive performance-linked points on predetermined dates determined by the Company during the trust period. Upon retirement, the Company generally delivers its shares corresponding to the accumulated points to the directors.

For further details regarding policies on other performance-linked remuneration, please refer to section II.1. "[remuneration of Directors] Disclosure of the policy for determining the amount of remuneration or its calculation method " in this report.

Persons Eligible for Stock Options	—
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Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The amount of compensation is disclosed in our Business Reports and Securities Reports and is also available on the corporate website.

<https://www.tenmacorp.co.jp/ir/>

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Policy for determining the compensation for directors who are not members of the Audit and Supervisory Committee

Based on the proposal by the voluntary Nomination and Remuneration Committee, which is composed of a majority of independent outside directors, the Board of Directors has established a policy for determining the compensation for Directors who are not members of the Audit and Supervisory Committee, which is outlined below. Furthermore, the details of individual compensation for Directors who are not members of the Audit and Supervisory Committee are determined by the Board of Directors after the Nomination and Remuneration Committee confirms that the details align with the established policy. Therefore, the Board of Directors has determined that the details of the individual compensation for directors pertaining to the current fiscal year aligns with the said policy.

i. remuneration for Directors [excluding Outside Directors and Non-executive Directors] who are not members of the Audit and Supervisory Committee

remuneration for directors [excluding outside directors and nonexecutive directors] who are not members of the Audit and Supervisory Committee shall consist of the following base remuneration [cash remuneration] and stock remuneration [company stock remuneration].

The ratio of base compensation [cash compensation] and stock compensation [company stock compensation] in an individual's compensation determined to ensure that the individual's compensation functions as an appropriate incentive as a whole.

All decisions on the content of individual remuneration are made by the Board of Directors after deliberation within the scope approved by the resolution of the General Meeting of Shareholders. The draft is prepared by a voluntary Nominating and remuneration Committee [the majority of whose members are independent Outside Directors] and then reported to the Board of Directors.

[i] Base Compensation [Cash Compensation]

As a fixed cash remuneration, we monthly pay an amount determined by comprehensively taking into consideration the business results from the previous fiscal year, the responsibilities and contributions of each director, and other relevant factors.

[ii] Stock Compensation [Company Stock Compensation]

In principle, the Company's stock or money equivalent to the market value of the Company's stock in lieu of Company stock are delivered in proportion to the cumulative number of fixed and performance-linked points granted to the directors by the time they retire from the Company on a predetermined date each year in accordance with the Share Delivery Regulations established by the Board of Directors through a trust set up by the Company with monetary contributions.

ii. Compensation for Outside Directors and Nonexecutive Directors who are not members of the Audit and Supervisory Committee

Compensation for outside directors and nonexecutive directors who are not members of the Audit and Supervisory Committee consists solely of Basic Compensation [Cash Compensation], considering their responsibilities. As a fixed cash remuneration we monthly pay an amount determined by comprehensively taking into consideration the business results from the previous fiscal

year, the responsibilities and contributions of each director, and other relevant factors.

All decisions on the content of individual remuneration are made by the Board of Directors after deliberation within the scope approved by the resolution of the General Meeting of Shareholders. The draft is prepared by a voluntary Nominating and remuneration Committee [the majority of whose members are independent Outside Directors] and then reported to the Board of Directors.

Support System for Outside Directors

General Affairs Department supports outside directors as needed.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions [*Sodanyaku, Komon*, etc.] after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment [Full/part time, with/without remuneration, etc.]	Date when former role as president/ CEO ended	Term
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Number of Persons Holding Advisory Positions [*Sodanyaku, Komon*, etc.]
After Retiring as Representative Director and President, etc.

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Other Related Matters

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2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions [Overview of Current Corporate Governance System]

As a company with an Audit and Supervisory Committee, our Board of Directors consists of 10 members: 6 directors [excluding those who are members of the Audit and Supervisory Committee], including 1 outside director, and 4 directors who are members of the Audit and Supervisory Committee, including 3 outside directors. In addition to regular meetings, the Board of Directors convenes extraordinary meetings as necessary to make decisions on significant matters of capital policy, budgeting, and other important issues.

The Board of Directors decides on matters stipulated by laws and other crucial management issues, while providing oversight of the business operations conducted by directors and executive officers.

Daily operations are managed by the executive directors and executive officers under the leadership of the representative director. However, significant decisions are determined through Management Committee. The Audit and Supervisory Committee, consisting of four members, conducts systematic audits and oversees the execution of duties by directors who are not members of the Committee.

Members of the Audit and Supervisory Committee perform audits based on policies, plans, methods, and division of duties determined by the Committee. The Internal Audit Department reports its activities and results for each audit to the Audit and

Supervisory Committee conducted, ensuring efficient and highly effective audits through mutual coordination between members of the Audit and Supervisory Committee and the Internal Audit Department.

The Company has entered into an audit service agreement with an auditing firm to undergo accounting audits from an impartial and unbiased standpoint.

The Company, each outside director who is not a member of the Audit and Supervisory Committee, and each director who is a member of the Audit and Supervisory Committee have entered into Limited Liability Contracts to limit their liability for damages under Article 423, Paragraph 1, of the Companies Act in accordance with the provisions of Article 427, Paragraph 1, of the same Act. The limitation of liability for damages under the said contract is set at the minimum limit prescribed by law.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the framework of a company with an Audit and Supervisory Committee to bolster the supervisory function of the Board of Directors with directors possessing voting rights on the Committee, thereby enhancing our corporate governance. We believe that adopting a company structure with an Audit and Supervisory Committee is the most suitable governance framework for the Company at this time.

By appointing multiple independent outside directors among the directors who are not members of the Audit and Supervisory Committee and who do not engage in executive functions themselves, we aim to separate executive functions from supervisory function, thereby strengthening our supervisory capabilities. Additionally, empowered with voting rights, the members of the Audit and Supervisory Committee oversee not only audits but also the supervisory function of the Board of Directors, thereby enhancing the overall supervisory framework of the directors.

The Board of Directors consists of 10 members: 6 directors [excluding those who are members of the Audit and Supervisory Committee], including 1 outside director, and 4 directors who are members of the Audit and Supervisory Committee, including 3 outside directors. In addition to regular meetings, the Board of Directors convenes extraordinary meetings as necessary to make decisions.

To enhance and strengthen the Audit and Supervisory Committee, the Company has established a governance structure comprising one full-time director who is a member of the Audit and Supervisory Committee and three outside directors who are also members of the Audit and Supervisory Committee.

Directors who are members of the Audit and Supervisory Committee attend meetings of the Board of Directors and other important meetings to monitor the execution of duties by directors and review matters in accordance with the audit plan.

In addition to receiving audit reports from the Internal Audit Department, they audit the execution of directors' duties by visiting important offices and subsidiaries as needed.

We have appointed one full-time member of the Audit and Supervisory Committee to establish a system ensuring continuous supervision of the execution of duties by executive directors through attendance at important meetings, such as the Management Committee. In addition, in cooperation with the accounting auditor and the Internal Audit Department, the full-time member of the Audit and Supervisory Committee conducts daily audits of the establishment and operation of the internal control system and reports to the Audit and Supervisory Committee to ensure a highly effective system through information sharing and collaboration with outside directors who are members of the Committee.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company sends out notices of the Ordinary General Meeting of Shareholders earlier than required by law. In addition, the details of last year's notice of the Ordinary General Meeting of Shareholders were posted on the Tokyo Stock Exchange and our corporate website six business days prior to its dispatch.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	We strive to avoid scheduling the Ordinary General Meeting of Shareholders on peak days when many listed companies hold their shareholders' meetings. This year's Ordinary General Meeting of Shareholders was held one business day before the peak day.
Electronic Exercise of Voting Rights	To enhance convenience for shareholders unable to attend the Ordinary General Meeting of Shareholders, the Company allows voting rights to be exercised via the internet and other methods.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice [or Summary of Notice] of the General Meeting of Shareholders in English	We prepare an English version of the Summary of Notice of the Ordinary General Meeting of Shareholders and publish it on our corporate website and the Tokyo Stock Exchange Listed Company Information Service to enhance convenience for our overseas shareholders.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	We hold a company information session once a year and financial result information session twice a year [semi-annually].	Held
Regular Investor Briefings held for Analysts and Institutional Investors	We hold financial results briefings twice a year [semi-annually].	Held
Online Disclosure of IR Information	On our corporate website, we publish financial statements, timely disclosure materials, securities reports, quarterly reports, notices of Ordinary General Meeting of Shareholders, notices of resolutions, business reports, voting results, corporate governance reports, materials for	

	company information sessions, and materials for financial results press conferences.
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company designates the General Affairs Department as the IR department, striving for appropriate disclosure of company information. Through proactive IR activities and constructive dialogues with domestic and international shareholders and investors, we aim to achieve highly transparent corporate management.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	We have established a Corporate Code of Conduct to demonstrate the Company's values regarding appropriate consultations with stakeholders, respect for their interests, and sound business ethics. This Code of Conduct serves as a guide for each officer and employee to embody our corporate philosophy. This Code of Conduct is included in the Compliance Manual distributed to all employees, ensuring an environment where it can be referenced at any time. All employees conduct a review of the compliance manual twice a year to ensure thorough understanding and adherence. Furthermore, we ensure comprehensive awareness of compliance by translating and distributing the Compliance Manual not only in Japan but also across our global locations.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company recognizes that sustainability issues are important management challenges. To address these issues, we established the Sustainability Promotion Office in May 2021 and the Sustainability Promotion Committee in May 2022 to propose measures to the Board of Directors regarding social and environmental issues and promote sustainability initiatives. The Company addresses climate change by reducing energy consumption through initiatives, such as introducing energy-efficient injection molding machines, converting to LED lighting fixtures, upgrading HVAC systems, and more. Moving forward, we will further deepen our commitment to sustainability and gather necessary data and conduct analyses on the risks and revenue opportunities related to climate change, assessing their impact on our business activities and revenues. We aim to disclose information based on the TCFD framework or its equivalent.

<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<p>The Company acknowledges that information disclosure is a critical management issue. To gain the understanding from stakeholders, including shareholders, we believe it is essential to provide appropriate information disclosure. To put this recognition into practice, in addition to disclosures required by regulations, we actively strive to disclose information [including nonfinancial information] deemed important to stakeholders, including shareholders, through our corporate website.</p>
<p>Other</p>	<p>We acknowledge that the presence of diverse perspectives and values reflecting various experiences, skills, and attributes within our company can be a strength in ensuring sustainable growth.</p> <p>As of the conclusion of the Company's Ordinary General Meeting of Shareholders held on June 26, 2024, the Company had one female Director.</p> <p>Furthermore, the ratio of female managers at our overseas offices has reached 30% or more. At our domestic headquarters, the ratio of female managers remains a few percent, but we will continue to promote the appointment of women with a target of achieving at least 10% representation to enhance our corporate value over the medium to long term.</p> <p>To promote diversity through the utilization of foreign nationals, we actively recruit mid-career professionals at our headquarters.</p>

IV. Matters Concerning the Internal Control System

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

Tenma Corporation has resolved at the meetings of the Board of Directors the following Basic Policy on Internal Control Systems as a system designed to ensure the adequacy of directors' duties, aiming to ensure that the entire Tenma Group, including subsidiaries, complies with laws, regulations, and the Articles of Incorporation, and enhances corporate value through appropriate and efficient business operations. The Company is committed to continuously improving and strengthening the system upon verifying its operating effectiveness.

1. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

[1] System for Compliance

The Tenma Group's compliance system will be achieved by establishing a company-wide management system, along with preventive, corrective, and improvement measures, and a framework for whistleblowing through internal regulations, ensuring these are well communicated and thoroughly implemented, while also promoting similar systems in subsidiaries. We follow the Compliance Manual as our Code of Conduct.

[2] System for Financial Reporting

We will ensure the accurate and timely disclosure of financial information within the Tenma Group by establishing and thoroughly implementing internal regulations for the appointment of responsible persons for each organizational unit and procedures for preparing financial statements in compliance with laws and accounting standards.

[3] Audit and Monitoring System The Internal Audit Department conducts internal audits across the entire Tenma Group and reports the results to the Board of Directors and the Audit and Supervisory Committee.

2. Regulations and other systems for managing risks of loss

The Company ensures that the Tenma Group appropriately controls risks associated with duty execution by establishing, thoroughly implementing, and communicating internal regulations on basic risk management matters to promote awareness to various business-related risks, prevent risks from materializing, and facilitate early detection, as well as by promoting the development of necessary risk management systems according to the business scope and scale.

3. System to ensure the efficient execution of duties by Directors

[1] The Board of Directors establishes management policies and objectives for the Tenma Group, formulates management plans aimed at achieving them, and strives for efficient execution of duties through their implementation.

[2] The Board of Directors convenes regular meetings at least once a month and extraordinary meetings as needed to decide on key management issues, aiming to expedite decision-making and strengthen supervisory functions.

[3] To ensure proper and efficient execution of duties, internal regulations regarding organizational structure, segregation of duties, and authority of duties shall be established, made known to all employees, and thoroughly implemented. Also, the similar internal rules and regulations shall be established and promoted at subsidiaries in accordance with the nature and scale of their business to ensure the efficient execution of duties.

4. System for the preservation and management of Information regarding the execution of duties by directors

Directors shall, in accordance with laws and internal regulations, designate responsible departments to appropriately preserve and manage documents and other information related to the execution of their duties. They shall ensure that these documents are accessible for viewing at all times.

5. Reporting system concerning matters related to the execution of duties by directors, employees, and others of subsidiaries to the Company.

We establish internal regulations for subsidiary management, mandating prior consent or advance reporting to us for key management issues concerning subsidiaries.

6. Matters concerning employees designated to assist the Audit and Supervisory Committee, including ensuring the independence of such assistants from directors [excluding directors who are Committee members] and the effectiveness of instructions from the Committee to such assistants.

The Audit and Supervisory Committee may appoint a member of the General Affairs Department as an assistant employee, and the appointed assistant employee shall exclusively follow the directives of the Audit and Supervisory Committee in relation to its

duties. They shall not take instructions from directors [excluding directors who are members of the Audit and Supervisory Committee] or department heads.

We shall respect and consider the opinions of the Audit and Supervisory Committee in decisions regarding personnel transfers, evaluations, and other matters concerning assistant employees.

7. Reporting System to the Audit and Supervisory Committee by Directors and employees

[1] Directors and employees promptly report to the Audit and Supervisory Committee or its members appointed by the Committee when requested to report on matters concerning the performance of their duties.

[2] Directors and employees shall promptly report to the Audit and Supervisory Committee or its members appointed by the Committee upon becoming aware of information that may significantly impact the Company's business or financial conditions, in addition to matters stipulated by law.

[3] Directors and employees who have made a report to the Audit and Supervisory Committee shall be afforded the same protection measures as whistleblowers under the Internal Reporting Regulations, ensuring they are not subjected to disadvantageous treatment for their reporting.

8. Reporting system to the Audit and Supervisory Committee by directors, employees, and others of subsidiaries, or those who have received reports from them.

[1] Directors, employees, and others of subsidiaries, or those who have received reports from them, shall promptly report to the Audit and Supervisory Committee or its members appointed by the Committee when requested to report on matters concerning the performance of their duties.

[2] Directors, employees, and others of subsidiaries, or those who have received reports from them, shall promptly report to the Audit and Supervisory Committee or its members appointed by the Committee upon becoming aware of information that may significantly impact the Company's business or financial conditions.

[3] Directors, employees, and others who report to the Audit and Supervisory Committee shall be afforded the same protection measures as whistleblowers under the Internal Reporting Regulations, ensuring they are not subjected to disadvantageous treatment for their reporting.

9. Matters concerning procedures for advance payment or reimbursement of expenses incurred in the performance of duties by the Audit and Supervisory Committee members and other policies concerning the treatment of expenses or liabilities incurred in the performance of such duties

When the Audit and Supervisory Committee members request advances or reimbursement of necessary expenses incurred in the execution of their duties, the Company will process such expenses or liabilities accordingly.

When the Audit and Supervisory Committee members request advances or reimbursement of necessary expenses incurred in the execution of their duties, the Company will process such expenses or liabilities accordingly.

10. Other systems to ensure effective audits by the Audit and Supervisory Committee

The Audit and Supervisory Committee members communicate with the president, relevant internal departments, and accounting auditors as needed to gather information and conduct investigations with the cooperation of the relevant departments.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company and its subsidiaries, as members of society, have a fundamental policy of having no relations whatsoever with antisocial forces that threaten the order and safety of civil society and responding resolutely. This is also stipulated in our Compliance Manual.

Additionally, the Risk Management Committee, established in accordance with the Risk Management Regulations and headed by the representative director and president, has implemented a system to prevent and manage risks. The Committee reports on the status of risk management to the Board of Directors as needed. Furthermore, regarding internal control over financial reporting, the Company has established Internal Control Regulations. The Internal Audit Department evaluates the operating effectiveness of these internal controls and reports to the Board of Directors, thereby establishing the system.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

The Company's internal system regarding the timely disclosure of corporate information is as follows:

We comply with the Financial Instruments and Exchange Act, other related laws and regulations, and the rules and regulations of the Tokyo Stock Exchange and have adopted the following internal system to ensure appropriate disclosure of corporate information.

1. Person in Charge of Information Disclosure

The Company appoints a director as the person in charge of information disclosure, ensuring accountability for timely and accurate disclosure of important information.

The designated director collaborates with all internal departments to establish a system capable of promptly and accurately capturing internal important information.

2. Disclosers of Information

The Company designates only the representative director and president and the aforementioned person in charge of information disclosure as authorized disclosers of information.

3. Timely Disclosure to the Tokyo Stock Exchange

The person in charge of information disclosure promptly discloses factual decisions and financial results to the Tokyo Stock Exchange following approval by the Board of Directors. Occurred facts shall be reported promptly to the representative director and president followed by timely disclosure.

END

[Reference] Corporate Governance System

