

## Message from the President & CEO

### Shiro Ajisaka

President & CEO  
Tamron Co., Ltd.

Aiming to become a company that is respected and truly needed by society

## Tamron's Significance in Society

To balance its own sustainable growth with a sustainable society, Tamron pursues advanced optical technologies, combines innovation with technological prowess, and continues to develop and supply high quality products that are trusted by customers. Through those products we deliver emotion to people, and help shape a society in which people can live in contentment and peace of mind. Contributing to a fulfilling society that is both materially and emotionally enriched is Tamron's mission for society, and something Tamron sees as its reason for existing.

To fulfill this mission, Tamron must achieve sustainable growth and continue to survive in society.

How can we enrich people's hearts and minds through the

power of optics? Tamron has incorporated that longing into its Corporate Mission.

"Tamron creates emotion and reassurance through its mastery of light, contributing to the realization of a fulfilling society."

Under this Corporate Mission, we embrace the challenge of solving social issues through our business activities, aim to be a company that is respected and truly needed by society, and are committed to management that considers all stakeholders.

Tamron's sustainability efforts is to help solve social issues through fair and honest business activities. We recognize that the success of each and every employee is simply essential to

accomplishing this. To realize "a company with work fulfillment" as described in our long-term vision, we will develop a workplace environment that balances job satisfaction with ease of work. We believe that creating a workplace environment in which employees can fully harness their abilities will lead to a cycle of creating products that solve social issues.

However, Tamron's sustainable growth does not depend solely on our product development capabilities. Above all,

we recognize that this is only possible on a planet free from concerns about climate change and resource depletion. The earth is a place where all stakeholders live their lives, and while it is the stage on which corporate activities take place, it is also the supplier of the energy and resources that are essential to product manufacturing. Protecting the global environment is extremely important to the sustained growth of Tamron. Tamron promotes activities to reduce its environmental impact with the aim of realizing a sustainable global environment.

## Tamron's Management Strategy Towards Sustainable Growth

### Environment

Based on its corporate mission of "creating emotion and reassurance through its mastery of light, contributing to the realization of a fulfilling society," Tamron aims to realize the sustainable society described in the Sustainable Development Goals (SDGs) together with customers, suppliers, shareholders, local communities, employees and all other stakeholders. To help achieve these goals through our core business, we have continued to support the Ten Principles of the United Nations Global Compact. Tamron recognizes these principles as standards to be put into practice by global companies. Accordingly, we have reflected them in the Tamron Standards of Business Conduct and have thoroughly integrated elements into our in-house training, including at overseas sites. We have also identified issues that are of high importance to society and Tamron (Key CSR issues). We integrate these issues into our management strategies and work to solve them.

Particularly in terms of the environment, we recognize reducing CO<sub>2</sub> emissions as a key CSR issue in light of climate change trends due to global warming in recent years. To realize a fulfilling society in which all people can live lively and energetic lives, the shaping of decarbonized society is essential. As part of its action on this issue, Tamron has set the internal target of reducing CO<sub>2</sub> emissions from its corporate activities to zero by the year 2050. We have set the interim target of reducing CO<sub>2</sub> emissions by 30% compared with 2015 levels by the year 2030, and will make annual reductions in 3% increments from 2021. Additionally, while implementing energy-saving activities by introducing high-efficiency air conditioning equipment and making productivity improvements to regular operations, we also plan to increase the percentage of renewable energy we use.

In 2021, we achieved the target CO<sub>2</sub> emission reduction of 3% from 2015 levels, managing to lower CO<sub>2</sub> emissions by

5.6%. A major factor in the reduction was lower electricity use from energy-saving activities. In particular, there was a significant reduction effect at TAMRON OPTICAL (FOSHAN) CO., LTD. in China due to the replacement of air conditioning equipment across the board. In addition, from 2022 we plan to implement the purchase of renewable energy credits in a phased manner. To start with, at the head office and TAMRON OPTICAL (FOSHAN) CO., LTD. we have purchased renewable energy credits that correspond to around 10% of companywide CO<sub>2</sub> emissions.

Meanwhile, on important issues related to the global environment including the reduction of plastic waste and harmful chemical substances and the mitigation of water risks, we will work to reduce our impact in cooperation with stakeholders.

### Society

To achieve a sustainable society and the sustainable growth of Tamron, it will be necessary to create a company where each employee feels healthy and fulfilled in their job, enabling them to make maximum use of their capabilities. With this in mind, we also recognize developing comfortable workplace environments and promoting diversity, and human resource development as key CSR issues.

Tamron is also focusing on cultivating the next generation of senior management. Since 2021 we have been implementing a mission leadership system where section managers are allowed to operate on their own as the smallest unit leaders and the team as a whole shares goals and works to achieve them. By giving each leader the task of achieving their own mission and contributing to the mission of the department and division above them, this system will help Tamron achieve its company-wide medium-term management plan, Vision23.

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By channeling ingenuity to achieve their mission, each leader will undergo personal growth that we believe will reinforce Tamron's organizational strength. As another measure to enhance our human resource capabilities, we have introduced the Post Qualification System, which determines grades and compensation according to the level of responsibility and difficulty of all roles to be fulfilled as required by management, irrespective of seniority or ability.

As a company that operates globally including development, production and sales activities, Tamron is also aware of human rights issues as an important management challenge. Tamron cannot solve human rights issues alone; efforts that span the entire supply chain are needed. Tamron has declared its commitment to partnership building in order to promote the coexistence and co-prosperity of the entire supply chain and coordination with partners who seek to create new value, irrespective of the size of the company.

Going forward, we will work with partners to ascertain human rights risks and solve or improve the issues discovered as part of broader efforts to solve human rights issues.

### Governance

In light of dialogue with shareholders and investors, and the purpose of the Corporate Governance Code, Tamron has continued to make improvements to its governance system through effectiveness evaluations and other efforts. 2021 in particular saw developments such as the reclassification of markets on the Tokyo Stock Exchange and revisions to the Corporate Governance Code. Internally, Tamron appointed a

person with corporate management experience at another company as an outside director, bringing the percentage of independent outside directors up to at least one third of the total.

Currently, independent outside directors account for 36.4% of all directors, reflecting efforts to make structural improvements ensuring a diverse and effective Board of Directors. Additionally, in 2016 Tamron established the Nomination Committee and Compensation Committee as advisory bodies to the Board of Directors, each of which are chaired by an outside director. In 2021, the composition of these committees was changed to ensure a majority of their members are independent outside directors, further enhancing their transparency.

We have also better clarified the management responsibilities of directors and developed systems to further raise their awareness of improved corporate value, such as by shortening the term of office for directors to one year, and adding total shareholder return (TSR) as one of the metrics used to determine director compensation.

To coincide with these improvements, we also disclosed a skill matrix and improve sustainability-related disclosures, leading to Tamron's inclusion in the new Prime Market of the Tokyo Stock Exchange and the implementation of all principles of the revised Corporate Governance Code, including principles directed at companies listed on the Prime Market.

We will actively work to establish a corporate governance system that is able to respond to internal and external environmental changes with flexibility and speed, and help achieve sustainable growth and medium-to-long-term improvements to corporate value.

double net sales compared with 2020 levels to 17 billion yen. At the same time, our plans include increased profits with an operating income margin of at least 10%, with the aim of growing the segment into a second pillar of our business. In 2021, we achieved an increase in net sales for Surveillance & FA Lenses but failed to reach the level initially forecast. In addition, in part due to lower sales from teleconferencing lenses, the rate of progress was also low. However, we are advancing the development of various elements and products without slowing down. In 2022, we will aim for a double-digit increase in net sales, increasing the Surveillance & FA Lenses segment's contribution to total net sales into the 20% range and accelerating the pace of business expansion on the way to achieving our 2023 goals.

In Mobility & Healthcare and Others, we will focus on the automotive and healthcare sectors and also allocate resources away from shrinking sectors with the aim of realizing an income margin of at least 10%. As of 2021, we have achieved our target operating income margin and also achieved growth in net sales and income in the automotive lenses business, marking steady progress overall. Going forward, we will drive growth in the healthcare business in particular, focusing on expanding our businesses in the healthcare sector overall.

Although we achieved a strong start in terms of overall business results, in order to achieve results that surpass our Vision23 targets in 2023, we will properly address the remaining issues and steadily implement measures from a medium and long-term perspective.



## “ Progress of the Medium-Term Management Plan ”

By 2023, the final year of our Vision23 Medium-Term Management Plan started in 2021, we aim to achieve 61 billion yen in net sales, an increase of roughly 25% from 2020 levels. We also plan to surpass the operating income achieved in 2019, the largest over the past decade, posting 7 billion yen as part of a V-shaped recovery returning Tamron to the highly profitable structure it maintained before the COVID-19 pandemic.

In 2021, we increased revenue in each segment and raised gross profit margin to a record 40%, easily surpassing our initial forecasts for both net sales and profit. As a result, on the profit front we achieve our medium term plan in the first year, managing to achieve a v-shaped recovery to a pre-pandemic highly-profitable structure at an early stage.

Capitalizing on these results, in 2022 we will aim for greater

heights, maintaining the highly profitable structure we achieved in 2021 while endeavoring to expand sales in the Surveillance & FA Lenses, an area of growth and development, as well as in Mobility & Healthcare and Others. Through these efforts, we will also aim to achieve the Vision23 plan for net sales a year ahead of schedule.

Looking at progress on a per-segment basis, in our mainstay Photographic Products Business we managed to achieve our 2023 targets for net sales and operating income margin in the first year of the plan. We also made investments in products for X-mount to enhance support for new formats. We will continue to maintain high profitability as our core business while striving to expand market share.

In Surveillance & FA Lenses, by 2023 we expect to nearly

## “ Towards Increasing Corporate Value in the Medium and Long Term ”

In addition to the prolonged effects of the COVID-19 pandemic, the global situation has become increasingly unstable, and we find ourselves in an era in which unpredictable events are occurring with greater frequency. Tamron will position itself to respond swiftly and appropriately to these kinds of changes.

In addition, while continuing to evolve flexibly, Tamron will continue to pursue its vision of contributing to the realization of a fulfilling society through optical products. As I mentioned at the beginning, Tamron's social mission is to bring emotion and reassurance to all stakeholders through the mastery of optical technologies and products that solve social issues. In fulfilling this mission, we will pursue the sustainability of society and our own sustainable growth.

Note that in preparing Integrated Report 2022, each division has enlisted company-wide support in the editing

process while referencing the International Integrated Reporting Framework of the Value Reporting Foundation (VRF) and the Guidance for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry. I have verified the validity of this process and the information described herein.

Going forward, we will continue to use the Integrated Report as a tool for dialogue, and make every effort to enhance our corporate value while considering the valuable feedback received from stakeholders.

**Shiro Ajisaka**

President & CEO  
Tamron Co., Ltd.