



Notice of Revisions to Performance-linked Stock Compensation System for Officers

Tamron Co., Ltd. (the “Company”) began to operate a performance-linked stock compensation system (hereinafter referred to as “the System”) on May 10, 2018 for its directors (excluding outside directors) with the use of a trust, following the approval of the introduction of the System at the 71st Ordinary General Meeting of Shareholders held on March 28, 2018.

As separately disclosed in the “Notice of Transition to a Company with Audit & Supervisory Committee” released on December 19, 2023, the Company decided to transition to a company with an audit & supervisory committee subject to approval at the 77th Ordinary General Meeting of Shareholders to be held on March 27, 2024 (hereinafter referred to as the “Shareholders’ Meeting”).

In conjunction with this, the Company has decided, after making partial revisions to the details of the System, to submit to the Shareholders’ Meeting an agenda (hereinafter referred to as the “Agenda”) aimed at re-establishing a compensation scheme, which will be adopted under the System after the revision, as a new compensation scheme for its directors (excluding directors who double as members of the audit and supervisory committee and outside directors, and hereinafter referred to as “Directors”) after the transition to a company with an audit and subsidiary committee. Details are as follows.

1. Partial revisions to and continuation of the System

The Company introduced the System and has been operating it to further clarify the link between compensation for Directors and the Company’s business performance and stock prices, thereby ensuring that Directors enhance their motivation to contribute to improving business performance and bolstering corporate value on a medium- to long-term basis. Under the System, Directors receive the benefit of stock price increases while also bearing the risk of stock price decreases, thereby sharing the benefits and risks of stock price fluctuations with shareholders.

The Company has decided to continue the System after making partial changes to the details thereof, on the condition that both of the agenda for revisions to the Articles of Incorporation and the Agenda be approved as proposed at the Shareholders’ Meeting for operation after the establishment of an audit and supervisory committee.

The principal revisions resulting from the above are as follows (Please refer to 2 for details).

Items	Before the revision	After the revision
Persons eligible for the System	Directors (excluding Outside Directors)	Directors (excluding those who double as Audit & Supervisory Committee Members and Outside Directors)
Timing of delivery of shares	On retirement	During their term of office (in principle, every fiscal year)
Transfer restriction	None	Yes (in principle, up to the time of retirement)

2. Outline of the System after the revision

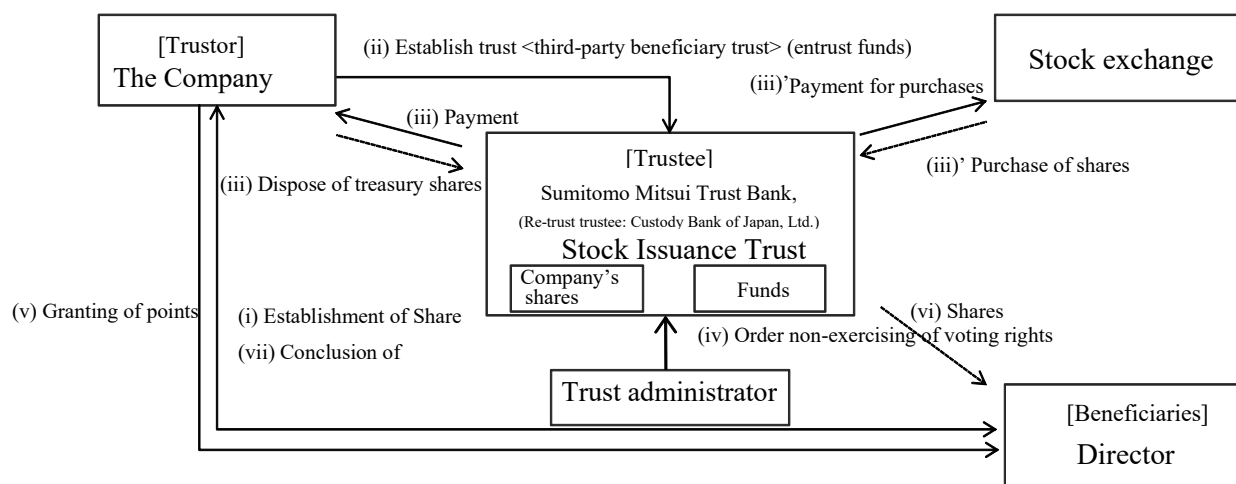
(1) Structure of the System

The System is a stock compensation plan where a trust (“the Trust”) established by the Company acquires the Company’s common shares (hereinafter referred to as “the Company’s shares”) and delivers the Company shares to each Director according to the number of points that the Company grants to each Director.

If the Agenda is approved at the Shareholders’ Meeting, the Company’s shares, which will be delivered according to points granted to Directors as consideration for the execution of their duties during a period after the month in which the closing date of the Shareholder’ Meeting falls, shall be provided subject to the conclusion of a transfer restriction agreement between the Company and each Director as described in 3 below.

The time when Directors receive delivery of the Company’s shares was previously set at the time of their retirement from office. However, if the Agenda is approved as originally proposed at the Shareholders Meeting, the Company’s shares, which will be delivered according to the points to be granted to Directors as consideration for the execution of their duties during the period after the month in which the closing date of the Shareholders’ Meeting falls, shall be provided not at the time of their retirement but within a prescribed period each fiscal year during the trust period in principle (as described above, with the restriction of to transfer up to the time of retirement).

<Outline of structure of the System after the revision>



- ① The Company will establish Share Delivery Rules for Directors (This time, it plans to revise the already established ones through resolution by the Board of Directors).
- ② With respect to the Trust established on May 10, 2018, the Company additionally entrusts the trustee with an amount of money corresponding to funds for additionally acquiring the Company’s shares after extending the trust period (but not exceeding the amount approved by the General Meeting of Shareholders).
- ③ The trustee will use funds in the Trust (including funds additionally entrusted by the Company in accordance with (ii) above, as well as any funds remaining in the Trust prior to the additional entrustment) to additionally acquire the number of the Company’s shares expected to be allocated in the future (by means of disposing of treasury shares or purchasing shares on a stock exchange [including off-floor trading]).
- ④ The Company will appoint a trust administrator (a party independent of the Company and the Company’s

officers) to protect the interests of the beneficiaries under the Share Delivery Rules and supervise the trustee throughout the trust period. Furthermore, the trust administrator will instruct beneficiaries not to exercise the voting rights of the Company's shares during the trust period. The beneficiaries will comply with said instructions and not exercise the voting rights of Company stock during the trust period.

- ⑤ The Company will grant points to Directors based on the Share Delivery Rules.
- ⑥ As trust beneficiaries, Directors fulfilling the conditions specified in the Share Delivery Rules and the trust agreement for the Trust (including the conclusion of the transfer restriction agreement in (vii)) will acquire the beneficiary right for the Trust and receive delivery of the Company's shares from the trustee according to the number of points granted. Further, to the extent that certain conditions prescribed in the Share Delivery Rules or the trust agreement apply, the Company may sell a portion of the Company's shares for delivery on the stock market and distribute proceeds therefrom.
- ⑦ (With respect to the Company's shares, which will be delivered according to the points to be granted to Directors as consideration for their execution of duties during the period after the month in which the closing date of the Shareholders' Meeting falls,) a transfer restriction agreement, where the transfer restriction period shall be defined as a period from the delivery date until the date of retiring from office, will be concluded between the Company and each of the said Directors before the acquisition of the beneficiary right described in (vi) above.

At the end of the trust period, the Company plans to acquire all Trust residual assets without compensation and dispose of said assets pursuant to a resolution by the Board of Directors.

As prescribed in the Share Delivery Rules and the trust agreement, the Company plans to donate a certain amount of the residual assets held by the Trust at the end of the trust period to a designated public interest promotion group that has no interest in the Company's directors.

Furthermore, the System trustee Sumitomo Mitsui Trust Bank, Limited shall consign (re-entrust) the management of trust assets to Custody Bank of Japan, Ltd.

(2) Trust period / applicable period

The Company decided to extend the initially established trust period of approximately three full years (from May 10, 2018 to the end of May 2021) up to the end of May 2024 pursuant to a resolution passed at a meeting of the Board of Directors held on February 24, 2021, which now will be re-extended for three full years (up to the end of May 2027); provided, however, that the trust period may be extended further as described in (3) below.

The applicable period of the System shall start from the day following the day of the conclusion of the Shareholders' Meeting and last until the day of the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2027. However, subject to a resolution by the Board of Directors, the period from the day after the day of the conclusion of the Ordinary General Meeting of Shareholders in March 2027 to the day of the conclusion of the Ordinary General Meeting of Shareholders in March 2030 may be established as a new applicable period, and the same shall apply thereafter.

(3) Maximum amount to be contributed to the Trust as funds for acquiring shares

The Company will additionally contribute funds in the amount of up to 450 million yen in total to the Trust as funds for acquiring the Company's shares necessary to deliver the Company's shares to Directors under the System during the applicable period as compensation for Directors who are in office during the respective applicable periods provided in (2) above. The Trust will use funds held by the Trust (including those additionally entrusted by the Company, as well as any funds remaining in

the Trust) to acquire the Company's shares by way of the acceptance of treasury shares disposed of by the Company or share purchases on stock exchanges (including off-floor trading).

Note: The funds which are actually additionally entrusted to the Trust by the Company will consist of the abovementioned funds to acquire the Company's shares plus any expected necessary expenses, including trust fees and trust administration fees.

The Company, if it sets a new applicable period as mentioned (2) above, may further extend the trust period of the Trust accordingly (including extending the trust period in effect by transferring the trust assets of the Trust to a trust with the same purpose as that of the Trust established by the Company; the same applies hereinafter), and continue the System. In this case, the Company will additionally contribute to the Trust funds up to the amount of 450 million yen as funds for additionally acquiring the Company's shares necessary for delivery to Directors under the System during the relevant extended applicable period, and will continue the granting of points and the delivery of the Company's shares described in (5) below (the same applies after the relevant applicable period ends).

Even if the System does not continue, if, at the time of expiration of the trust period, there are Directors who have been granted points under the System but not yet retired from office, the Company may extend the trust period of the Trust until the relevant Directors retire from office and the delivery of the Company's shares is completed.

(4) Methods used by the Trust to acquire the Company's shares, etc.

The acquisition of the Company shares by the Trust will be made through the acceptance of treasury shares disposed of by the Company or share purchases on stock exchanges.

Furthermore, if, due to an increase in the number of Directors or other factors, the number of shares held in the Trust is likely to be lower the number of shares delivered according to points granted to Directors during the trust period, the Company will make additional contributions to the Trust only up to the amount of trust funds outlined in (3) above and additionally acquire the Company's shares.

(5) Method of calculating the Company's shares delivered to Directors and maximum amount

(i) Method for granting points to Directors

The Company will, based on the Share Delivery Rules established by the Board of Directors, grant points to each Director according to their positions and the degree of achievement of their performance targets as of the grant date (in principle, every fiscal year) during the trust period stipulated in the Share Delivery Rules.

However, the total number of points granted to Directors shall not exceed 480,000 points per each applicable period (three full years).

(ii) Delivery of the Company's shares based on number of points granted

Directors will receive the Company's shares according to the number of points granted as described in (i) and through the procedure described in (iii) below. However, the delivery of the number of the Company's shares corresponding to the number of points granted before the revision of the System as consideration for the execution of duties during a period prior to a month to which a date of the conclusion of Shareholders' Meeting belongs shall be made in

accordance with the resolution passed at the 71st General Meeting of Shareholders (hereinafter referred to as the “Previous Resolution”) held on March 28, 2018.

One point equates to 0.5 share (*) of the Company. In addition, if a situation arises where it is deemed reasonable to make adjustments to the number of the Company’s shares per point due to stock splits or stock consolidation, the Company shall make adjustments to the number of the Company’s shares per point according to such split ratio, consolidation ratio, etc.

*Due to a 2-for-1 stock split (splitting at the rate of two common shares for one) that will be implemented with the effective date of July 1, 2024 as announced today in the Notice of Stock Split and Partial Revisions to the Articles of Incorporation due to Stock Split, one point will be granted for one share of the Company to be delivered on and after the said effective date. Meanwhile, for points granted before the revision of the System as consideration for the execution of duties during a period prior to the month to which the date of the conclusion of Shareholders’ Meeting falls, the corresponding number of shares of the Company per point shall be two on and after the relevant effective date.

(iii) Delivery of the Company’s shares to Directors

On the condition that he/she conclude a transfer restriction agreement with the Company as described in 3 below and go through other prescribed procedures, each Director, as a beneficiary of the Trust, will acquire beneficial interests in the Trust and receive delivery of the Company’s shares from the Trust, in principle, in each fiscal year during the trust period. However, as described in (ii) above, with respect to the Company’s shares corresponding to the number of points granted before the revision of the System as consideration for the execution of duties during the period prior to the month in which the date of the conclusion of Shareholders’ Meeting falls, each Director, as a beneficiary of the Trust, shall receive delivery from the Trust at the time of his/her retiring from office, in principle, pursuant to the Previous Resolution.

If the Company’s shares held in the Trust are converted into cash, for example, settlement following an application for a tender offer, the Company may deliver money (the relevant amount of cash converted) in place of the Company’s shares.

(6) Exercising voting rights

Voting rights associated with the Company’s shares held in the Trust shall, under the instruction of the trust administrator independent of the Company or any officers of the Company, not be exercised at all. This approach is intended to ensure neutrality towards the management of the Company with respect to the exercise of voting rights associated with the Company’s shares held in the Trust.

(7) Handling of dividends

Dividends of the Company’s shares held in the Trust will be received by the Trust, and used for acquiring the Company’s shares as well as for the trust fees to be paid to the trustee with respect to the Trust.

(8) Handling of the Company's shares and cash amounts upon trust expiration

At the end of the trust period, the Company plans to acquire all Trust residual assets without compensation and dispose of said assets pursuant to a resolution by the Board of Directors.

As prescribed in the Share Delivery Rules and the trust agreement, the Company plans to donate a certain amount of the residual assets held by the Trust at the end of the trust period to a designated public interest promotion group that has no interest in the Company's directors.

3. Transfer restriction agreement on the Company's shares to be delivered to Directors

A transfer restriction agreement shall be concluded between the Company and each Director with respect to the Company's shares to be delivered according to points granted to Directors as consideration for the execution of their duties during the period after the month in which the closing date of the Shareholder' Meeting falls, and the details of the agreement shall include the following items.

- ① The Directors shall not transfer any shares of the Company that are delivered to them under the System, establish any security interest on the shares, or otherwise dispose of any of the shares from the day when they receive the shares to the day of retirement as Directors.
- ② The Company shall acquire the shares delivered under the Plan without consideration if certain events occur.
- ③ Conditions for removal of transfer restrictions established in advance by the Board of Directors, etc.

(For reference) Outline of the trust agreement related to the Trust

Entruster	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trust trustee: Custody Bank of Japan, Ltd.)
Beneficiary	A director of the Company who fulfills the requirements for a beneficiary
Trust administrator	A third party independent from the Company and the officers of the Company is to be selected
Exercise of voting rights	No voting rights of the shares held in the Trust will be exercised during the trust period.
Type of trust	Nonmonetary trust (third party-benefit trust)
Date of trust agreement	May 10, 2018
Period of trust	May 10, 2018 – May 31, 2027 (plan)
Purpose of trust	To deliver shares of the Company to beneficiaries in accordance with the Share Delivery Rules