



Notice Concerning Progress of Measures to Prevent Recurrence (3rd)

As stated in the “Notice Concerning Formulation of Measures to Prevent Recurrence, Establishment of Governance Review Committee, Disciplinary Action against Parties Involved, and Policy for Pursuing Responsibility of Former Officers, etc.” dated November 21, 2023, Tamron Co., Ltd. (the “Company”) has formulated measures to prevent the recurrence of the inappropriate use of Company funds, etc., based on the recommendations of the Special Investigation Committee. The whole Company has been working together to prevent such recurrence, in an effort led primarily by the Governance Review Committee that was established on the above date.

The Governance Review Committee has met nine times since its establishment, and measures to prevent recurrence have been implemented with the leading role played by the Secretarial Office and the department in charge of those measures.

As a result, all of the measures to prevent a recurrence have been completed, and a shift to the operation phase has been made. The Company would like to report the general overview, including the progress of measures to prevent a recurrence that was made in the period from the date of the previous disclosure (August 8, 2024) until today, and actions to take in the future, as described below.

Past developments have been announced as follows.

- Published on November 21, 2023 “Notice Concerning Formulation of Measures to Prevent Recurrence, Establishment of Governance Review Committee, Disciplinary Action against Parties Involved, and Policy for Pursuing Responsibility of Former Officers, etc.”

https://www.tamron.com/global/ir/upload_file/tdnrelease/7740_20231121593261_P01_.pdf

- Published on February 8, 2024 “Notice Concerning Progress of Measures to Prevent Recurrence”

https://www.tamron.com/global/ir/upload_file/tdnrelease/7740_20240207528913_P01_.pdf

- Published on August 8, 2024 “Notice Concerning Progress of Measures to Prevent Recurrence (2nd)”

https://www.tamron.com/global/ir/upload_file/tdnrelease/7740_20240805562851_P01_.pdf

Detail

1. Progress of measures to prevent recurrence

- (1) Review of entertainment expenses for officers and employees, establishment of new rules for internal food and beverage expense spending, and thorough dissemination of these rules

[General overview and future actions]

In February 2024, the Company revised the regulations, in which it established rules and supplementary explanations, with respect to Items ① to ③, and made them known to all its employees through internal bulletin boards, e-mail and other means in connection with Item ④. Subsequently, the Company provided education during compliance training and on other occasions.

- ① Revision of job authority statements (establishment of maximum amounts for entertainment expenses)
- ② Clarification of prohibition of self-approval
- ③ Establishment of expenditure, approval, and other operational rules for entertainment expenses
- ④ Awareness raising within the company / departments, and regular education

The Company will continue to maintain and manage the newly established regulations and rules in an appropriate manner, ensure that all employees will be thoroughly educated about and fully informed of their revisions, and take other initiatives, so as to maintain the system that prevents the abuse of entertainment expenses and internal food and beverage expenses by officers and employees.

(2) Strengthen checks and audits on officer-related expenses

[General overview and future actions]

In December 2023, a new expense checking workflow by the accounting department was introduced for expense reimbursement processing for the executive office ①. In March 2024, the Internal Audit Regulations, including Items ② to ④, were revised in conjunction with the transformation to a Company with Audit & Supervisory Committee.

In addition, a review on audit items for internal audits of the Executive Assistant Section ⑥ was performed in January 2024, and, in compliance with Item ⑤, the section underwent an audit with the internal audit items after the revision in June 2024. The audit involved the examination of documents and an on-site visit for inspection and confirmed that management was implemented in compliance with the regulations without problem, including management of officers' expenses.

- ① Introduction of a checking workflow by the accounting department (pre-check at the time of Concur application)
- ② Granting Audit & Supervisory Committee members the authority to give instructions and approvals to the Internal Audit & Supervision Board
- ③ Granting Audit & Supervisory Committee members the right to express their opinions on internal audit plans approved by the president.
- ④ Revision of the internal audit policy (stipulating that in the event of a conflict between the president's instructions/approval and the Audit & Supervisory Committee member's instructions/approval in the preparation and implementation of the internal audit plan, the Audit & Supervisory Committee member's instructions/approval will take precedence)
- ⑤ Increasing the frequency of internal audits of the Executive Assistant Section (from around once every three years to once a year)
- ⑥ Reviewing audit items for internal audits of the Executive Assistant Section (including those related to executive office expenses)

The Company will continue checks and audits on officer-related expenses through internal and organizational audits.

(3) Monitoring of officer-related expenses by the Board of Directors

[General overview and future actions]

In December 2023, a resolution was passed on a budget proposal with a breakdown of executive office expenses attached ①. In January 2024, a list of actual entertainment expenses for the executive office was distributed and reported ②. A resolution was passed on a budget proposal with a breakdown of executive office expenses attached, in December 2024 again.

- ① Attachment of a breakdown of departmental expenses budgets (including executive office expenses) when presenting the draft budget for the next fiscal year to the Board of Directors
- ② Distribution of a list of actual entertainment expenses for the previous month incurred by the executive office at Board of Directors meetings

The Company will continue monitoring officer-related expenses by the Board of Directors, such as by distributing and reporting a list of actual entertainment expenses for the executive office every month.

(4) Further tightening and operational improvement of nomination procedures in the Nomination Committee

[General overview and future actions]

In January 2024, the Nomination Committee implemented officer nomination procedures based on the governance guidelines ①. In February 2024, provided more materials to the Board of Directors by the Nomination Committee ②.

In FY2024, the Company held meetings of the Nomination Committee four times in total for the purpose of increasing the frequency of meetings of the Nomination Committee and improving their quality ③.

- ① Tightening of officer nomination procedures by the Nomination Committee (individually confirming and documenting the qualifications of officers as described in the Governance Guidelines)
- ② Improvement of the content of materials provided to the Board of Directors by the Nomination Committee
- ③ Increasing the frequency (from once or twice a year to four times a year) and improving the quality of Nomination Committee meetings

Going forward, the Company will continue to tighten officer nomination procedures and improve operations further, in its efforts to improve the effectiveness of the Nomination Committee.

- (5) Raising awareness of all officers and employees, conducting training for officers by outside instructors, and enhancing training for all officers and employees, etc.

[General overview and future actions]

In January 2024, the whistleblowing system regulations were revised, including more rigorous protection and confidentiality for whistleblowers ③. At the same time, a notice was issued (including to overseas subsidiaries) and all officers and employees were re-informed of the existence of the system by posting posters within the company and posting information on the internal portal site.

The Company had its legal advisor provide training for officers ① in March 2024 (1st), had the Compliance Promotion Committee provide training for all officers and employees ② in June 2024, organized a workshop for all employees in which an outside director acted as a lecturer ⑤ in July and November 2024, and provided e training for all officers and employees and had its legal advisor provide training for officers (2nd) in December 2024, respectively.

Further, the Company conducted an engagement survey of all employees ④ during August to September 2024 and found facts about the current corporate climate.

- ① Special training for officers by corporate legal advisor (twice a year)
- ② Step-up training for all officers and employees by the Compliance Committee, etc. (twice a year)
- ③ Promoting understanding of the whistleblower system through training for all employees and encouraging use of the system by increasing awareness of the system.
- ④ Fostering a corporate climate that is less prone to fraud and misconduct by understanding and monitoring the current state of the corporate climate through engagement surveys of all employees
- ⑤ Conducting training and seminars for all employees led by outside directors (twice a year)

The Company will continue its efforts to foster a corporate climate that is less prone to fraud and misconduct, such as by providing regular compliance training and education for all its officers and employees and performing engagement surveys for all officers and employees.

2. State of improvement of other aspects of overall governance

[General overview and future actions]

In December 2023, an early decision was made to transition to a Company with Audit & Supervisory Committee system ①. In February 2024, the decision was made to secure a majority of outside directors ②, and the activities of the committee were reported to the Board of Directors ③ before transitioning to a Company with Audit & Supervisory Committee system in March 2024, thereby strengthening the Board's supervisory function.

In September 2024, the Company conducted a questionnaire for evaluating the effectiveness of the Board of Directors with third-party involvement ④. In November 2024, the Company took initiatives including revisions to the Rules on Matters to be Resolved by the Board of Directors, Job Authority Regulations, and others and the addition of ESG elements to indicators for evaluating directors' performance, aiming to strengthen the Board's supervisory function and accelerate its decision-making.

- ① Transitioning to a Company with Audit & Supervisory Committee system
- ② Decision to secure a majority of outside directors
- ③ Reporting of committee activities to the Board of Directors
- ④ Improving evaluations of the effectiveness of the Board of Directors (third-party involvement in evaluations)

of effectiveness)

The Company will continue to improve overall governance by conducting questionnaires to evaluate the effectiveness of the Board of Directors with third-party involvement, while pursuing other initiatives to identify issues and propose measures for improvement.

As described above, the measures to prevent a recurrence, which were announced on November 21, 2023, made progress and were completed as planned, having resulted in a shift to the operation phase. Accordingly, the Governance Review Committee, which was established effective on the above date, was dissolved today, and the Company will terminate disclosures concerning the progress of measures to prevent a recurrence.

The Company will continue to institute various measures to improve governance, including measures to prevent recurrence, and the Board of Directors will perform monitoring and supervision to check if the system for driving the measures and the operations are functioning effectively.

The Company will continue its efforts to entrench a sound corporate climate, so as to remain trusted by its stakeholders. We hope to be able to continue relying on your understanding and support.