

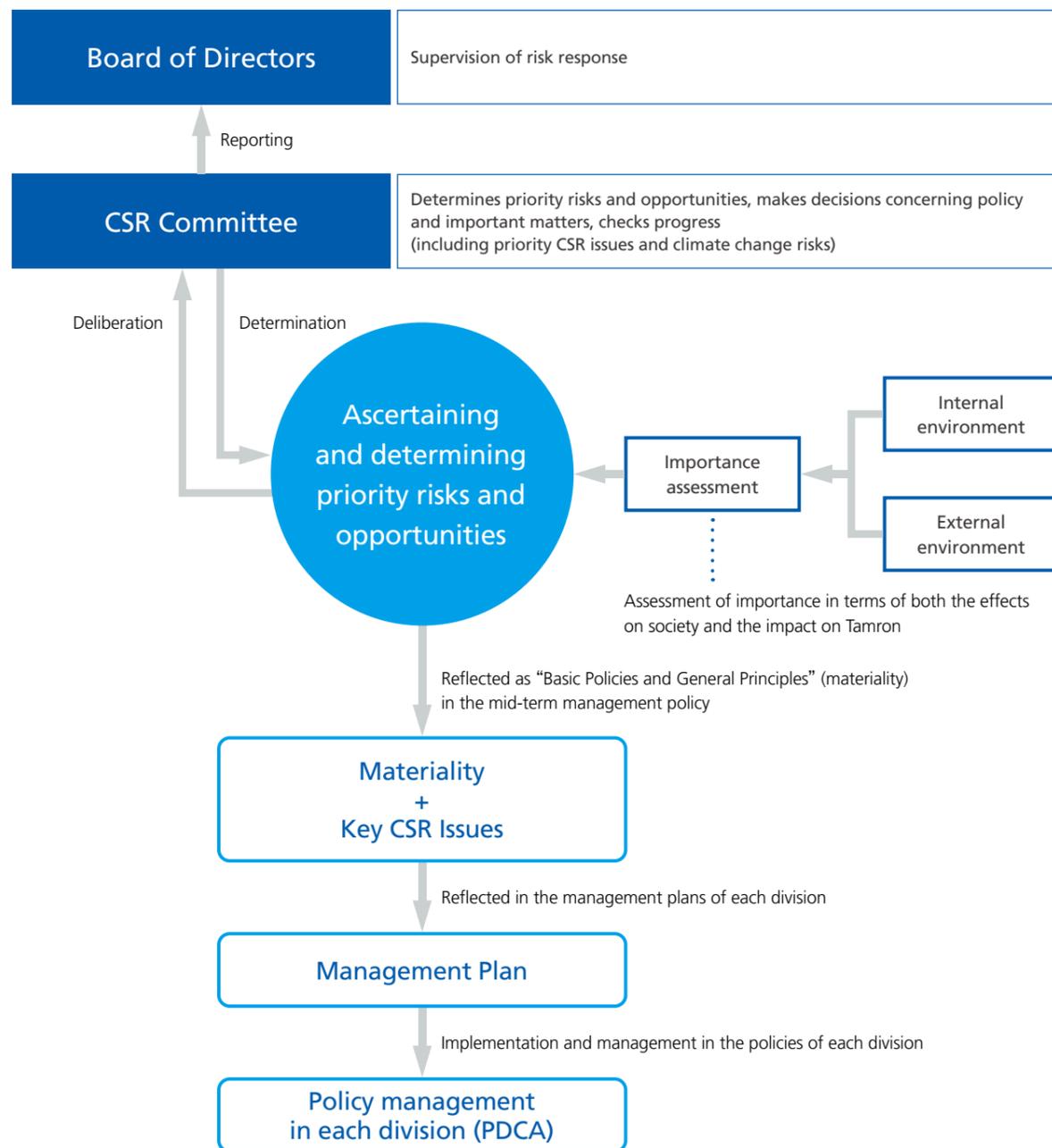
Risks and Opportunities

Risk Management System

The political and economic conditions surrounding Tamron, along with the broader business environment, are changing with each day. Tamron implements risk management and controls risks based on both aspects, namely the risks that need to be prepared for to ensure Tamron's sustained growth, as well as growth opportunities themselves.

We recognize a wide range of risks as key management issues. The CSR Committee, which is chaired by the president and comprises all officers and managers of division as members, deliberates and makes decisions about Tamron's basic policy on risk response and other important matters. The committee

also reports to the Board of Directors as appropriate. Risks and opportunities recognized as key management issues are implemented through the "Basic Policies and General Principles" of the mid-term management policy and through the management plans of each division. Each division then builds a management system to perform administration of the policies. In terms of CSR, important issues are recognized as priority CSR issues. For these, we set management targets and monitor our progress on the issues periodically through quarterly CSR Committee meetings.



Key Risks and Opportunities

Risk Factors	Key Risks / Key Opportunities	Response Methods
• COVID-19 pandemic	<ul style="list-style-type: none"> ● Impact of stagnant economic activity on business performance ● Impact of decreasing demand on production activities ● Impact on health and safety of employees and stakeholders 	<ul style="list-style-type: none"> • Building and operating a remote product development framework • Development of work-at-home and telework environments
<ul style="list-style-type: none"> • Shrinking digital camera market • Reliance on Photographic Products Business • Reliance on specific customers 	<ul style="list-style-type: none"> ● Expanding contraction of the digital camera market due to increasing functionality of smartphone cameras ● Reliance on Photographic Products Business ● Reliance on specific customers ● Growth in the mirrorless camera market ● Growth in the industrial camera market 	<ul style="list-style-type: none"> • Sales strategy specializing in interchangeable lenses for mirrorless cameras • Expanding sales in the growing market for industrial lenses • Actively investing in new businesses such as lense medical application
• Product supply and demand	<ul style="list-style-type: none"> ● Fluctuating product prices, too much or too little inventory ● Lack of procurement of glass materials 	<ul style="list-style-type: none"> • Properly responding to fluctuating demand in each region and controlling production • Multiple purchases and understanding alternative supplier candidates
• Climate change	<ul style="list-style-type: none"> ● Damage to corporate value through inability to respond to the shift to a decarbonized society ● Impact on production activities due to damage to plants in Japan or overseas ● Burden from carbon taxes and renewable energy purchase costs ● Increased order opportunities due to responding to decarbonized society at an early stage 	<ul style="list-style-type: none"> • Implementation of strategies based on the Environment Vision 2050 (energy saving and introduction of renewable energy) • Action and continual improvement based on business continuity planning (BCP) in Japan and overseas
• Risks unique to the interchangeable lens business	<ul style="list-style-type: none"> ● Defects due to improper matching between lenses and cameras 	<ul style="list-style-type: none"> • Quality assurance inspections before product shipments • Handling the overwriting of firmware after shipping
• Rapid technological innovation	<ul style="list-style-type: none"> ● Decline in competitiveness when the development of cutting edge technologies or their application in products is not advanced as scheduled ● Obtaining growth opportunities through the development of revolutionary technologies 	<ul style="list-style-type: none"> • Technology development and creation of new businesses based on medium- to long-term strategies • Open innovation between industry, academia and government
<ul style="list-style-type: none"> • Investment in new businesses • Investment in M&A activities, etc. 	<ul style="list-style-type: none"> ● Failures to investment in R&D and capital investment for new businesses ● Failures to establish business alliances or acquire companies to strengthen business ● Actively tackling M&A activities utilizing a robust financial structure ● Building the foundations of growth through new management resources acquisitions 	<ul style="list-style-type: none"> • Strategies aimed at the full-scale commercialization of medical products • Engaging in analysis and discussion in the Management Meeting and Board of Directors from a range of perspectives including market trends, strategy, acquisition prices and potential risks
• Product quality and safety	<ul style="list-style-type: none"> ● Damage to brand value due to declining product quality or defects 	<ul style="list-style-type: none"> • Building and improving quality assurance systems compliant with ISO9001, ISO13485 and IATF16949 • Taking action and preventing release when quality defects occur
• Securing human resources	<ul style="list-style-type: none"> ● Impact on new hires and continuing employment due to intensifying competition to hire and retain talented human resources ● Obtaining growth opportunities by hiring and retaining the employment of talented human resources that fit the mold of the ideal employees Tamron is looking for 	<ul style="list-style-type: none"> • Job-specific hiring, positional and grade systems, systems to solicit positional applications internally • Creating a comfortable workplace environment by promoting a healthy work-life balance and diversity • Promoting health and productivity management
• Information security	<ul style="list-style-type: none"> ● Leaking of corporate information and personal information due to damaged information system functions caused by computer viruses and the like 	<ul style="list-style-type: none"> • Developing information security systems • Implementing management based on an information security policy
• Geopolitical risks	<ul style="list-style-type: none"> ● Experiencing various impacts due to global political, social and economic trends 	<ul style="list-style-type: none"> • Continually monitoring the global political, social and economic climate to analyze the impact in relation to corporate activities
• Compliance	<ul style="list-style-type: none"> ● Damage to corporate value due to corporate behavior that violates laws or diverges from social normal, such as infringements upon intellectual property rights, bribery, and so on 	<ul style="list-style-type: none"> • Determination and promotion of policies by the Compliance Committee • Disseminating and ensuring observance of the Compliance Code of Conduct

* Check the section on "Business & Other risks to learn more about priority risks and opportunities. (URL : https://www.tamron.com/ir/management/management_04.html)