



Translation

Notice: This document is a translation of the original Japanese document and is provided for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese document, the original Japanese version shall prevail.

December 24, 2024

Company: Tamura Corporation
Representative: Masahiro Asada,
Representative Director, President & CEO
Stock code: TSE Prime 6768
Contact: Sachiyo Nishie, SVP & CLO
Phone: +81-3-3978-2111

Notice Regarding Formulation of Recurrence Prevention Measures and the Voluntary Return of a Portion of Executive Compensation

As Tamura Corporation (the "Company") announced in the notice titled "Receipt of Investigation Report from External Investigation Team" published on November 14, 2024, the Company accepted the investigation results sincerely and recommendations for recurrence prevention measures. The Company has been thoroughly discussing specific recurrence prevention measures in the Board of Directors and other meetings.

The Company has resolved, at the Board of Directors meeting held today, on the recurrence prevention measures that the Company will undertake and the matters concerning the voluntarily return a portion of the executive compensation, as follows.

To ensure that such incidents do not occur again, the management will take the lead, and the entire company will work together to promptly implement the recurrence prevention measures. The Company will also strengthen the management of our global subsidiaries and reform our corporate culture to enhance governance and restore trust.

The Company apologizes deeply for the significant concern and inconvenience caused to the shareholders, investors, and other stakeholders.

1. Overview of Recurrence Prevention Measures

(1) Ensuring Awareness of Compliance and Proper Accounting Practices

1) Strengthening Internal Controls and Governance

- The entire company will work together to prevent recurrence of this issue, strengthen internal controls, governance, and compliance, and reform the corporate culture.

2) Awareness, Education, and Training on Compliance and Financial, Accounting, and Related Matters

- For the management (including executive officers who concurrently serve as executive directors), compliance education, including accounting, will be conducted by external experts on a semi-annual basis to enhance compliance awareness.



- For important accounting practices, manuals and guidelines will be developed, and regular awareness and education sessions will be conducted for all group companies.

(2) Strengthening Subsidiary Management System

1) Enhancing Monitoring and Communication by Headquarters

- The Headquarters Accounting Department will hold regular meetings with the accounting departments of each subsidiary to provide guidance on various accounting regulations and rules, ensuring their thorough implementation.
- Relevant departments at the headquarters will regularly check and provide guidance to ensure that compliance rules and awareness are being effectively disseminated.
- To maintain the effectiveness of controls at overseas subsidiaries, personnel transfers will be strictly enforced at prescribed intervals.
- We will establish a new department responsible for managing and overseeing overseas subsidiaries.

2) Establishing Responsible Response and Handling Flow for Fraud and Compliance Violations

- In the event of fraud or compliance violations, we will establish a response flow that includes thorough investigation of the facts, necessary disciplinary actions based on appropriate evaluation, implementation of recurrence prevention measures, and confirmation of subsequent response status, incorporating these into relevant regulations.
- For incidents occurring at overseas subsidiaries, the department responsible for managing and overseeing overseas subsidiaries, as mentioned in 1), will act as the information hub and lead the response.

(3) Strengthening Internal Controls for Two Consolidated Subsidiaries in China

- The two consolidated subsidiaries in China, where the current incident occurred, will be subject to internal control evaluations related to business processes.
- Controls will be introduced to prevent and subsequently check for aging avoidance and journal entry manipulation, as revealed in the current investigation.
- The Integrated Audit Department will conduct independent evaluations to ensure that the implemented business processes are being appropriately operated.

(4) Expansion and Dissemination of the Internal Reporting System

- The current internal reporting system will be improved and expanded to enhance convenience for overseas subsidiaries.
- The top management will reiterate the importance of the internal reporting system and the thorough protection of whistleblowers to all group employees, encouraging timely and appropriate use of the reporting system.

(5) Strengthening Internal Audit Functions

- 1) Sharing Risk Information with the Integrated Audit Department
 - We will consider strengthening the mechanism for timely sharing of various risk information with the Integrated Audit Department.
 - When conducting internal audits, we will gather a broader range of risk information and concerns related to the audit targets from directors, executive officers overseeing the audit targets, and various departments at the headquarters, and confirm the situation during the audit.
- 2) Selection of Audit Items Based on Risk
 - When conducting internal audits, we will select and add audit items based on risk, using the various risk information identified in advance.
 - For accounting-related audits, we will pre-detect anomalies and unusual journal entries through data analysis with the cooperation of relevant headquarters departments and focus on these during the audit.

(6) Review of Aging Rules

- We will consider revising the content and implementation methods of the aging rules (*), referring to the opinions of practitioners and consulting with the accounting audit firm.
- The purpose and importance of aging rules, as well as the prohibition of improper avoidance, will be thoroughly communicated to all group employees.

(*) The internal rule of our group involves recording inventory valuation losses through reclassification processing based on predetermined provisioning rates for each location and item according to the inventory holding period.

These recurrence prevention measures will be specifically implemented by an internal project team under the "One TAMURA Awareness Reform Project."

2 . Voluntary Return of Executive Compensation and Dismissal of Certain Executives

We take the current situation very seriously and, to clarify the management responsibility for the series of incidents, have decided to voluntarily return a portion of the executive compensation and to dismiss certain executives as follows:

(1) Details of Voluntary Return of Executive Compensation:

- 1) President and CEO: Voluntarily returning 20% of monthly compensation for three months starting January 2025



- 2) Director, EVP and CFO: Voluntarily returning 20% of monthly compensation for three months starting January 2025
- 3) Director and Full-time Audit and Supervisory Committee Member: Voluntarily returning 20% of monthly compensation for three months starting January 2025
- 4) Executive Advisor: Voluntarily returning 20% of monthly compensation for three months starting January 2025

(2) Dismissal of Executives

Director, EVP and CFO: Dismissed from the position of CFO