

Last Update: May 26, 2023
TAIYO YUDEN CO., LTD.
Shoichi Tosaka
President and Chief Executive Officer
Contact: 03-6757-8310
Securities code: 6976
<https://www.yuden.co.jp/ut/>

The corporate governance of TAIYO YUDEN CO., LTD. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The TAIYO YUDEN Group (the “Group”) is committed to corporate social responsibilities and the mission of management to develop businesses on an ongoing basis while fulfilling sociality, public interest and public nature of the Group from a global viewpoint to put into practice and realize “Mission”, “Management philosophy” and “Vision”. Based on the views, the Company has been established Basic Policy of Corporate Governance, and emphasizes transparency and fairness of corporate management, the Company is making efforts to enhance corporate governance under the supervision of the Board of Directors, including the development of structures and mechanisms that enable timely and appropriate information disclosure, thorough compliance, and speedy decision making and execution of duties.

【Mission】

Stronger and more socially aware through the wonders of science

【Management Philosophy】

Employee Well-being
Betterment of Local Communities
Responsibility to Provide Returns to Shareholders

【Vision】

To be an excellent company that enjoys the trust and highest regard from all stakeholders

■Basic Policy for Corporate Governance
<https://www.yuden.co.jp/ut/ir/management/governance/>

Disclosure Based on the Principles of the Corporate Governance Code

Update

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The following items are updated.
[Supplemental Principle 4-11-3: Analysis and assessment regarding the effectiveness of the Board as a whole]

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[Principle 1-4: Cross-Shareholdings]
The Company have sold all our cross-shareholdings (listed stocks).
Cross-shareholdings are disclosed in the Notice of Convocation of the General Meeting of Shareholders.

■ Notice of Convocation of the General Meeting of Shareholders
https://www.yuden.co.jp/ut/ir/library/shm_presentation.html

Policy of holding cross-shareholdings is as follows.
The Company shall hold shares only if the Board of Directors determines that such shareholdings are conducive to the maintenance and reinforcement of commercial and collaborative relationship with our business partners as well as medium- to long-term improvement of the corporate value and sustainable growth, which can be attained through such relationships. The Board of Directors shall annually examine all such cross-shareholdings to verify the reasonability of holding them based on comprehensive judgment from the perspective of their holding purposes. The Company shall reduce any shareholdings that are

determined to be unreasonable by selling such shares.

The Company shall appropriately exercise its voting rights of the cross-shareholdings based on comprehensive judgment on several factors such as non-infringement of any laws and/or regulations, non-involvement in any antisocial actions and the fact that relevant proposal can be judged to have sound content.

When cross-shareholders indicate their intention to sell their shares, the Company shall not hinder the sale of the cross-held shares by, for instance, implying a possible reduction of business transactions.

[Principle 1-7: Create appropriate procedures and frameworks for transactions between related parties]

The Company shall resolve competitive transactions and conflict-of-interest transactions by Directors through the Board of Directors based on the Board of Directors Regulations. Transactions between related parties shall be disclosed in accordance with relevant laws, such as the Companies Act and the Financial Instruments and Exchange Act, as well as the rules and regulations established by stock exchanges.

The Board of Directors shall monitor the facts and situations of related party transactions appropriately.

[Supplemental Principle 2-4-1: Ensuring diversity in the promotion to core human resources]

In order to realize one of our Management Philosophy, "Employee Well-being," we consider the promotion of diversity to be a key management issue, as we believe that "value of being different" and that we should connect and utilize diverse personalities so that each individual can work with enthusiasm and fulfillment. In this context, the Company is making the following efforts to promote women, foreign nationals, and mid-career hires to management and other positions.

1.Regarding the promotion of female to management positions, etc.

In our Medium-term Management Plan, we have set a goal of achieving a ratio of 10% or higher female managers by 2030, and are working to provide opportunities to gain experience, create an environment that enables diverse work styles, and promote awareness among female and male through workshops, roundtable discussions, and various types of training. The ratio of female employees and female managers of the Company was 24.0% and 4.2%, respectively.

2.Regarding the promotion of non-Japanese to management positions, etc.

While the Company strives to secure excellent human resources regardless of nationality, the ratio of non-Japanese employees (regular employees) in the Company as of March 31, 2023, was 0.8%. As for the ratio of non-Japanese managers, it is very small, and we intend to increase the ratio of non-Japanese managers by increasing the number of non-Japanese hires according to the skills needed by the Company in the future.

3.Regarding the promotion of mid-careers to management positions, etc.

In order to ensure sustainable growth, the Company is actively recruiting professionals and experienced personnel from outside the Company, and as of March 31, 2023, the ratio of mid-careers in management positions was 31.9%. No special targets have been set for mid-careers, as they do not differ from other employees in terms of advancement or promotion to management positions.

[Principle 2-6: Roles of Corporate Pension Fund as Asset Owner]

The Company has no corporate pension system.

The Company shall implement a defined contribution corporate pension plan to build stable assets for employees, and shall provide education and training regarding asset management.

[Principle 3-1: Full disclosure]

1.Our mission, management philosophy and vision are described in "1. Basic Views" on this report.

2.Our management strategy and business plans are disclosed in the Integrated Report.

3.Our fundamental concepts of corporate governance as well as basic policies are described in "1. Basic Views" on this report.

4.Policies and procedures for the Board to determine director remuneration are disclosed in the Notice of Convocation of the General Meeting of Shareholders.

5.Policies and procedures for the nomination of candidates for Director and Audit & Supervisory Board Member are disclosed in the Notice of Convocation of the General Meeting of Shareholders.

6.Individual reasons regarding the selection of candidates for Director and Audit & Supervisory Board Member are disclosed in the Notice of Convocation of the General Meeting of Shareholders.

■ Integrated Report

https://www.yuden.co.jp/ut/ir/library/annual_reports.html

■ Notice of Convocation of the General Meeting of Shareholders

https://www.yuden.co.jp/ut/ir/library/shm_presentation.html

[Supplemental Principle 3-1-3: Initiatives on sustainability]

1. Initiatives on sustainability

The Company has formulated the "Medium-term Management Plan 2025," which started in Fiscal 2021. The Company aim to increase corporate value by increasing both economic and social value, and set KPI (numerical targets) after clarifying the Materiality (important issues) related to economic and social value. The progress of initiatives to achieve the targets are disclosed in the Integrated Report and on the Company's website.

■ Integrated Report
https://www.yuden.co.jp/ut/ir/library/annual_reports.html
■ Sustainability
<https://www.yuden.co.jp/ut/company/sustainability/>

2. Initiatives on human capital

In keeping with the philosophy of the Group's founder, TAIYO YUDEN Group understands the importance of workforce diversity and endeavors to encourage individual employees to express their unique character and personality, hoping to help them lead an enriched life.

Bearing the above in mind, we build and implement ongoing human resources development strategies, focusing on two areas: globalization skills for implementing management strategies based on experience of different cultures; and innovation capabilities for creating new value to contribute to society by exercising strengthened professional expertise and creativity. Also, seeking to perform our HR mission to "shape the future of individuals and organizations," we are striving to create an environment that encourages both individuals and organizations to fulfill their potential and accelerate HR development efforts. Through these activities, we aim to facilitate the personal growth of each employee and increase our overall corporate value.

Details are disclosed on the Company's website.

■ Sustainability (Human Resources Strategy)
<https://www.yuden.co.jp/ut/company/sustainability/>

3. Initiatives on Intellectual Property Rights

At the Company, the Intellectual Property Department and the Development and Engineering Department work in close cooperation with each other from the early stages of developing new technologies and obtaining intellectual property rights. In addition, we pursue a unique management approach in a way that is optimized for each of our businesses to create, protect, and utilize intellectual property.

Details are disclosed in the Integrated Report

■ Integrated Report
https://www.yuden.co.jp/ut/ir/library/annual_reports.html

4. Initiatives on climate change

The Company have set "strengthen responses to climate change" as a materiality and are working on measures to reduce greenhouse gas (GHG) emissions. We have set a goal of reducing absolute GHG emissions by 42% in FY2030 compared with FY2020, and are working to achieve this goal with "energy saving," "energy generation," and "procurement of energy renewal" as the core concepts of our policies. The Company also endorse the TCFD in order to proactively disclose climate-related information to our shareholders and stakeholders. We identified several "risks" and "opportunities" associated with climate change, and analyzed the highly important themes of "the financial impact of introducing carbon pricing on our operating costs" and "the impact of severe weather disasters on our sites" according to the 1.5°C and 4°C scenarios.

Details are disclosed in the Safety & Environmental Report and the Integrated Report.

■ Safety & Environmental Report
<https://www.yuden.co.jp/ut/company/sustainability/document/report/>

■ Integrated Report
https://www.yuden.co.jp/ut/ir/library/annual_reports.html

[Supplemental Principle 4-1-1: Scope of delegation to the management]

A synopsis of the scope of delegation to the management are described in "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" on this report.

[Principle 4-9: Independence Criteria and Qualification for Outside Director]

The Board of Directors shall select candidates for Independent Outside Director based on the "Officer Appointment and Dismissal Standards" and the "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members," and shall clearly state the reasons for their appointment in a Notice of Convocation of the General Meeting of Shareholders when proposing candidates at a General Meeting of Shareholders. The "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members" shall be disclosed on the Company's website.

■ Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members
<https://www.yuden.co.jp/ut/ir/management/governance/criteriaofindependence.html>

[Supplemental Principle 4-10-1: The mandates and roles of the Nomination Committee and the Remuneration Committee]

To strengthen the independence and objectivity of the functions of the Board of Directors concerning the nomination and remuneration for Directors and Operating Officers and to fulfill its accountability, the Company has established two voluntary advisory panels: Nomination Committee and Remuneration Committee.

Each committee is composed of the President and Chief Executive Officer, all Independent Outside Directors, and an Audit & Supervisory Board Member, with the majority of Independent Outside Directors. In addition, each committee is chaired by an

Independent Outside Director to ensure the objectivity of deliberation. The mandates and roles of each committee are described in “Supplementary Explanation” of “Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee” on this report.

[Supplemental Principle 4-11-1: Ensuring effectiveness of the Board of Directors]

The concepts regarding the balance of knowledge, experience and skills of the Board (as a whole) as well as its size are described in “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” on this report. The skills matrix of the Board of Directors of the Company is disclosed in the Notice of Convocation of the General Meeting of Shareholders and the Integrated Report.

■ Notice of Convocation of the General Meeting of Shareholders

https://www.yuden.co.jp/ut/ir/library/shm_presentation.html

■ Integrated Report

https://www.yuden.co.jp/ut/ir/library/annual_reports.html

[Supplemental Principle 4-11-2: Concurrent positions of Directors and Audit & Supervisory Board Members]

Directors and the Audit & Supervisory Board members (excluding Outside Directors) shall not concurrently serve as Directors of other companies unless the Board of Directors deems this to be in the best interests of the Company.

If Outside Directors concurrently serve as corporate officers of other companies, the Board of Directors shall confirm the amount of time required for them to fulfill their duties as outside Directors of the Company, before approving their appointment.

Significant concurrent positions of Outside Directors are disclosed in the Notice of Convocation of the General Meeting of Shareholders.

■ Notice of Convocation of the General Meeting of Shareholders

https://www.yuden.co.jp/ut/ir/library/shm_presentation.html

[Supplemental Principle 4-11-3: Analysis and assessment regarding the effectiveness of the Board as a whole]

The Company conducts the evaluation of the effectiveness of the Board of Directors once a year to improve the effectiveness of the Board of Directors and enhance its corporate value. In addition to revising the evaluation items and questionnaire content, based on the suggestions of an external evaluation agency, we had the external evaluation agency be in charge of the administration from the distribution of the questionnaire to the aggregation of answers to increase the objectivity and transparency of the evaluation process. The evaluation process and results for the current fiscal year are as follows.

1. Evaluation process

- (1) Consider the evaluation methods and questionnaire content for the current fiscal year, based on the suggestions and advice of the external evaluation agency, and report to the Board of Directors.
- (2) The external evaluation agency conducts a (anonymous) questionnaire to evaluate the effectiveness of all Directors and all Audit & Supervisory Board Members.
- (3) The external evaluation agency compiles the results of the questionnaire described in ii) above, extracts issues and opinions that need to be addressed, and reports them to all Directors and Audit & Supervisory Board Members.
- (4) Analysis and evaluation meetings were conducted separately by Operating Officers and Non-operating Officers based on the results of the questionnaire in iii) above.
- (5) Opinions and issues that come up in analysis and evaluation meetings will be discussed by the Board of Directors to determine any issues to be addressed.

2. Evaluation (Questionnaire) items

- Operation of the Board of Directors
- Composition/skills of the Board of Directors
- Management strategy initiatives
- Sustainable growth initiatives
- Corporate ethics and risk management
- Monitoring
- Dialogue with shareholders
- Nomination Committee and Remuneration Committee

3. Evaluation results and issues to be addressed

Based on their evaluation, the external evaluation agency found that the Company is working seriously on the evaluation of the effectiveness of the Board of Directors and is striving to improve its corporate value further. On the other hand, the “discussion on investments in human capital that are linked to the management strategy,” which was previously recognized as an issue to be addressed, will continue to be recognized as an issue to be addressed since it will take time to improve upon the evaluation.

[Supplementary Principle 4-14-2: Principles for Training of Directors and Audit & Supervisory Board Members]

The Company shall provide Directors and Audit & Supervisory Board Members with opportunities to attend in-house training courses such as external seminars and related laws and regulations to help them acquire knowledge and information outside their fields of expertise, and the Company shall bear the necessary expenses. Plans for provision and mediation of training opportunities shall be created and implemented at the beginning of each year.

To raise the effectiveness of audits, Audit & Supervisory Board Members discuss valuable skills at the Audit & Supervisory Board meeting and provide training.

[Principle 5-1: Policies for Constructive Dialogue with Shareholders]

The Company shall designate a Director in charge of IR and conduct IR activities to promote a constructive dialogue with shareholders and investors.

The Company shall also report to the Board of Directors any opinions and requests from shareholders and investors collected through IR activities.

Specifically, the following activities are to be included in the Company's organizational structure.

- (1) Strengthening collaboration between the management of the IR department and other departments through the Director responsible for IR.
- (2) Results briefings with securities analysts and institutional investors (quarterly).
- (3) Handling group meetings and individual meetings with major foreign and domestic individual investors.
- (4) Explanations to major investors regarding General Meeting of Shareholders proposals.
- (5) Publishing consolidated reports to enhance the understanding of the Company's mid- and long-term value creation.
- (6) Conducting investigations of shareholder findings through external survey organizations.

For fairness in the disclosure of information and to prevent leaks of inside information, the information disclosed in dialogues with major shareholders and investors shall be within the bounds previously determined for disclosure.

2. Capital Structure

Foreign Shareholding Ratio	Update	20% or more and less than 30%
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Status of Major Shareholders Update

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,205,800	30.66
Custody Bank of Japan, Ltd. (Trust Account)	17,667,600	14.17
The Iyo Bank, Ltd.	2,000,100	1.60
Sumitomo Mitsui Banking Corporation	2,000,000	1.60
Sato Traffic Orphan Welfare Fund	1,916,640	1.53
SSBTC CLIENT OMNIBUS ACCOUNT	1,868,874	1.49
STATE STREET BANK WEST CLIENT-TREATY 505234	1,827,000	1.46
Nippon Life Insurance Company	1,666,450	1.33
JP MORGAN CHASE BANK 385781	1,638,945	1.31
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,618,300	1.29

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—
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Name of Parent Company, if applicable	None
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1. The information above concerns large shareholders as of March 31, 2023.
2. The Company holds 5,610,298 shares of treasury shares (4.30% of total shares outstanding) but is excluded from the major shareholders listed above.
3. The following Statement of Large-Volume Holdings (including the Change Report) is available for public inspection. However, the table above does not include the portion of the Company's actual holdings that cannot be confirmed as of March 31, 2023.

Large holder	Submitted documents	submission date	number of share certificates, etc. held	share certificate holding ratio
Sumitomo Mitsui DS Asset Management Company, Limited and 2 other companies	Change report	May 12, 2021	5,632,725	4.33% (as of April 30, 2021)
Asset Management One Co., Ltd.	Change report	July 25, 2022	6,394,200	4.91% (as of July 15, 2022)
Nomura Securities Co., Ltd. and 1 other companies	Change report	November 22, 2022	20,224,861	15.53% (as of November 16, 2022)

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Electrical Appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which May have Material Impact on Corporate Governance

None

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President and Chief Executive Officer
Number of Directors	7
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masashi Hiraiwa	Attorney											
Seiichi Koike	From another company											
Emiko Hamada	Scholar	△										

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Masashi Hiraiwa	○	OHHARA LAW OFFICE Attorney	<p>[Reasons for election] Mr. Masashi Hiraiwa has served as an officer or in a similar position at investment corporations, and possesses abundant experience and high-level expertise as an attorney specializing in corporate legal affairs. He has demonstrated a high sense of ethics by offering constructive opinions and organizing points of discussion or debate from an objective perspective, and fulfilling the monitoring function over the Company's overall management such as governance and legal compliance including internal control, at meetings of the Company's Board of Directors. For these reasons, it was judged that he would be able to fulfill his duties as Independent Outside Director who supervises business execution. Therefore, he is appointed as an Independent Outside Director.</p> <p>Although Mr. Hiraiwa has not been involved in corporate management in ways other than being an Outside Officer, it was judged for the above-mentioned reasons that he would be able to appropriately execute the duties of Outside Director.</p> <p>[Independence] No special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Mr. Hiraiwa. He meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect. In addition, he meets the "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members." Therefore, he is judged to be sufficiently independent.</p>
Seiichi Koike	○	—	<p>[Reasons for election] Mr. Seiichi Koike has engaged in material development for automotive components and research and development related to production technology at an automotive maker over many years, and possesses wide-ranging expertise in relation to the automotive electronics business. In addition, he provides valuable advice and suggestions regarding overall management, such as his wide-ranging expertise from an investor's perspective to be reflected in the management of the Company, utilizing his abundant experience, including corporate management in the automotive components industry and strengthening governance systems as an Audit & Supervisory Board Member. For these reasons, it was judged that he would be able to fulfill his duties as Independent Outside Director who supervises business execution. Therefore, he is appointed as an Independent Outside Director.</p> <p>[Independence] No special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Mr. Koike. He meets the requirements for Independent Officer defined by the Tokyo Stock Exchange. In addition, he</p>

			meets the “Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members.” Therefore, he is judged to be sufficiently independent.
Emiko Hamada	○	<p>NGK INSULATORS, LTD. Outside Director</p> <p>Ms. Hamada worked for the Company from April 1984 to April 2007 as a business operator, there has been no transaction to be noted between Ms. Hamada and the Company, and no special interests currently exist between her and the Company.</p> <p>She serves as an Outside Director of NGK INSULATORS, LTD. However, the amounts transactions with the said company accounted for less than 0.2% of the Company’s consolidated net sales, and there is no possibility of conflicts of interest with general shareholders.</p>	<p>[Reasons for election] While Ms. Emiko Hamada was employed by the Company, she engaged in the development and commercialization of CD-R and DVD-R. After she left the Company, she has conducted research activities for many years as a university professor mainly focusing on industry-academia-government collaboration projects. In addition, she provides suggestions of business execution and management supervision from her experience as an Outside Director at another company. For these reasons, it was judged that she would be able to fulfill her duties as Independent Outside Director who supervises business execution. Therefore, she is appointed as an Independent Outside Director.</p> <p>Although Ms. Hamada has not been involved in corporate management in ways other than being an outside officer, it was judged for the above-mentioned reasons that she would be able to appropriately execute the duties of Outside Director.</p> <p>[Independence] Other than the left no special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Ms. Hamada. She meets the requirements for Independent Officer defined by the Tokyo Stock Exchange. In addition, she meets the “Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members.” Therefore, she is judged to be sufficiently independent.</p>

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee’s Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	5	0	1	3	0	1	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	5	0	1	3	0	1	Outside Director

1. Nomination Committee

The Nomination Committee is composed of the President and Chief Executive Officer, all Independent Outside Directors, and an Audit & Supervisory Board Member, with the majority of Independent Directors. In addition, the committee is chaired by an Independent Outside Director to ensure the objectivity of deliberation. The Nomination Committee deliberates on, among others, the nomination of candidates for Officer (including candidates for reappointment), any proposal for dismissal of Officers including the President and Chief Executive Officer, any proposal for the selection of a rank for or dismissal of each Operating Officer, and disciplinary matters based on the “Officer Appointment and Dismissal Standards” and reports the deliberation results to the Board of Directors. The consent of the Audit & Supervisory Board is obtained in advance for the nomination of a candidate for Audit & Supervisory Board Member.

<Members>

Chairperson Masashi Hiraiwa (Independent Outside Director)
 Shoichi Tosaka (President and Chief Executive Officer)
 Seiichi Koike (Independent Outside Director)
 Emiko Hamada (Independent Outside Director)
 *Hajime Yoshitake (Independent Outside Audit & Supervisory Board Member)

*Audit & Supervisory Board Members do not have voting rights.

<Status of activities>

The Nomination Committee held four (4) meetings during the fiscal year under review, and all members attended all of the meetings.

In fiscal 2022, the Nomination Committee deliberated on, among others, the nomination of candidates for Representative Director and Chairman of the Board of Directors, the nomination of candidates for Officer to be submitted to the General Meeting of Shareholders and the appointment of Operating Officers, and reported the deliberation results to the Board of Directors.

2. Remuneration Committee

The Remuneration Committee is composed of the President and Chief Executive Officer, all Independent Outside Directors, and an Audit & Supervisory Board Member, with the majority of Independent Directors. In addition, the committee is chaired by an Independent Outside Director to ensure the objectivity of deliberation. The Remuneration Committee deliberates on remuneration plans and specific remuneration content of individual Officers and reports the deliberation results to the Board of Directors.

<Members>

Chairperson Seiichi Koike (Independent Outside Director)
 Shoichi Tosaka (President and Chief Executive Officer)
 Masashi Hiraiwa (Independent Outside Director)
 Emiko Hamada (Independent Outside Director)
 *Toshio Mishuku (Audit & Supervisory Board Member)

*Audit & Supervisory Board Members do not have voting rights.

<Status of activities>

The Remuneration Committee held five (5) meetings during the fiscal year under review, and all members attended all of the meetings.

In fiscal 2022, the Remuneration Committee mainly deliberated on, among others, the revision of evaluation indicators for performance-based bonuses and the revision of related regulations, and reported the deliberation results to the Board of Directors.

Audit and Supervisory Board Member*

*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	4

Three parties consisting of Accounting Auditors, Internal Audit Departments, and Audit and Supervisory Board Members hold regular joint meetings, including information exchange meetings for supporting the audit of each party.

In collaboration with Internal Audit Departments, we exchange opinions on risk assessment, mutually report and exchange opinions on audit plans and results, and conduct joint audits, among others.

In association with Accounting Auditors, we exchange opinions on risk assessment, conduct hearing of the audit plan by Accounting Auditors, perform on-site audits, conduct hearing of audit results, evaluate Accounting Auditors, and provide feedback on the evaluation results to Accounting Auditors.

Accounting Auditors

The primary certified accountants executing the auditing tasks include

Shingo Iwamiya, CPA
Hiromasa Niinaya, CPA

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hajime Yoshitake	From another company													
Tomomi Fujita	Attorney													

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business of the Company or a subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business or a non-executive director of a parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Members	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hajime Yoshitake	○	<p>Adjunct Lecturer of Meiji University Professional Graduate School</p> <p>General Manager of The Institute of Internal Auditors – Japan</p>	<p>[Reasons for election] Mr. Hajime Yoshitake has many years' experiences of auditing operation at financial institutions and internal control consulting operation at business corporations, is qualified as a certified Internal Auditor, etc., has contributed to audit-related meetings in Japan and overseas, and possesses exceptional insight, abundant experience and a good track record regarding auditing operation. As an Audit & Supervisory Board Member of the Company, based on his knowledge and experience, he has actively helped establish a highly transparent, fair system for auditing management of the Company, carried out auditing on the appropriateness of deliberation and decision-making on important matters, and diligently conducted on-site audits of other sites. For these reasons, he is appointed as an Independent Outside Audit & Supervisory Board Member, as it was judged that he will be able to conduct impartial and objective audits based on her expertise.</p> <p>Mr. Yoshitake has a significant knowledge in finance and accounting nurtured through his business experience at financial institutions.</p> <p>[Independence] No special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Mr. Yoshitake. He meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect. In addition, he meets the "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members." Therefore, he is judged to be sufficiently independent.</p>
Tomomi Fujita	○	<p>Partner of Innoventier</p> <p>Outside Director (Audit & Supervisory Committee Member) of TAKUMA CO., LTD.</p> <p>Vice President of Licensing Executives Society Japan</p> <p>Visiting Professor of KYOTO UNIVERSITY LAW SCHOOL</p>	<p>[Reasons for election] Ms. Tomomi Fujita has abundant experience as an attorney and thorough knowledge of legal affairs in general and corporate legal affairs in particular, and contributes to ensuring the appropriateness of the decisions of the Board of Directors based on her strong expertise and insight. She also manages proceedings in an active and efficient manner as Chairman of the Audit & Supervisory Board and makes use of her legal knowledge and experience and makes necessary comments as appropriate. For these reasons, Ms. Fujita is appointed as an Independent Outside Audit & Supervisory Board Member, as it was judged that she will be able to conduct impartial and objective audits based on her expertise.</p> <p>Although Ms. Fujita has not been involved in corporate management in ways other than being an outside officer, it was judged for the above-mentioned reasons that she would be able to appropriately execute the duties of Outside Audit & Supervisory Board Member.</p>

			<p>[Independence] No special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Ms. Fujita. She meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect. In addition, she meets the “Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members.” Therefore, she is judged to be sufficiently independent.</p>
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Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

5

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Although the Company’s five Independent Directors meet the requirements imposed by the Corporation Act and the Company’s “Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members,” they do not qualify for any of the requirements outlined in Section 211, Subsection 4-5 of the Securities Listing Regulations Enforcement Guidelines. Therefore, the five Directors are considered to be Independent Directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme / Introduction of Stock Options Scheme

Supplementary Explanation for Applicable Items

Described in the “Director Remuneration” section.

Persons Eligible for Stock Options

Inside Directors / Other

Supplementary Explanation for Applicable Items

Update

The details of the stock options are as follows.

Name: Taiyo Yuden Co., Ltd. Stock Options Issued July 2022

Total number of options: 592

The persons to whom share acquisition rights are allotted, number of relevant officers and the number of share acquisition rights:

Director of the Company (including Outside Directors, excluding Non-executive Directors): 4 persons, 230 options

Operating Officer of the Company (excluding those also serving as Directors): 13 persons, 362 options

The class and the number of shares to be issued or transferred upon exercise of share acquisition rights:

59,200 shares of common stock of the Company

The number of share acquisition rights that can be exercised issued in July 2022 under the Performance-based Plan was determined on the same day that the value of the rate of return on equity (ROE) for the current fiscal year was determined in the Company’s meeting of the Board of Directors held on May 9, 2023. The shareholding status of share acquisition rights of the Directors and Operating Officers of the Company on the same day are as follows:

Director of the Company (including Outside Directors, excluding Non-executive Directors): 4 persons, 77 options

Operating Officer of the Company (excluding those also serving as Directors): 13 persons, 116 options

The class and the number of shares to be issued or transferred upon exercise of share acquisition rights:

19,300 shares of common stock of the Company

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

Update

Remuneration of Directors for the period ending March 2023 (82st term) is as follows:

- Directors: ¥322 million (paid to 7 persons)
- Audit & Supervisory Board Members: ¥88 million (paid to 4 persons)

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

At its meeting held on March 2, 2022, the Board of Directors of the Company passed a resolution on the policy to determine the contents of remuneration paid to each Director which will take effect on April 1, 2022. The Board of Directors sought and received advice from the Remuneration Committee before passing this resolution.

1. Basic policy

The corporate officer remuneration plans of the Company shall be designed to raise motivation for the achievement of the goals for the economic value and social value of the Medium-term Management Plan in accordance with the following basic principles.

- (1) Remuneration plans shall emphasize the linkage with remuneration and the Group's sustainable growth and medium- to long-term corporate value, and be designed to share the same value with shareholders.
- (2) Remuneration shall be set at levels that can attract and retain excellent human resources with global perspective.
- (3) The process to determine remuneration shall be highly transparent and objective.

2. How to determine remuneration levels

Remuneration levels shall be determined by selecting a group of benchmark companies using objective officer compensation survey data provided by external expert organizations in order to ensure that they are sufficient to motivate the achievement of the goals of the Medium-term Management Plan and to enable the Company to secure excellent human resources.

3. Composition of remuneration by position

(1) Executive Directors

- Executive Directors receive monthly "basic remuneration" based on one's position as well as "performance-based bonus" and "stock compensation-type stock options," which are based on the performance and personnel evaluation for each fiscal year, as an incentive for their business execution.
- Remuneration will consist of 40% of basic remuneration, 40% of performance-based bonus, and 20% of stock compensation-type stock options, when the relevant goal of the Medium-term Management Plan is achieved.

(2) Non-executive Directors and Outside Directors

In the interest of supervising business execution, Non-executive Directors and Outside Directors receive only "basic remuneration."

(3) Audit & Supervisory Board Members

In the interest of promoting audits of legality, Audit & Supervisory Board Members receive only "basic remuneration."

< Type, timing, and recipient of remuneration >

Type		Timing of payment	Executive Directors	Non-executive Directors/Outside Directors	Audit & Supervisory Board Members
Cash	Basic remuneration	Fixed	Monthly	●	●
	Performance-based bonus	Variable	Yearly (July)	●	—

Shares	Stock compensation-type stock options	Partially variable	Yearly (July)	●	—	—
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4. Amount or calculation method of remuneration

(1) Basic remuneration

The Company shall provide basic remuneration as fixed monthly remuneration and determine its amount based on one's responsibilities and position.

(2) Performance-based bonus

The Company shall provide performance-based bonus linked to consolidated financial results for each fiscal year, using consolidated profit as the relevant performance indicator to establish a clearer linkage between remuneration and factors contributing to the enhancement of corporate value and shareholder value.

The amount of remuneration shall be designed to fluctuate based on the consolidated profit for the fiscal year under review in a manner that the ratio of basic remuneration to performance-based bonus is 1:1 at each position when the relevant goal of the Medium-term Management Plan is achieved. The final amount of bonus is determined by multiplying the performance of the Company by a coefficient representing the performance evaluation results of individual directors, including the degree of the achievement of performance goals at the organizations in his or her charge and the non-financial indicators (ESG elements) of the Medium-term Management Plan.

(3) Stock compensation-type stock options

The Company shall grant stock compensation-type stock options to Executive Directors every year based on his or her position in the form of share acquisition rights that can be exercised on or after the day following the forfeiture of all the positions as Director or Operating Officer of the Company in order to encourage them to manage the Company focusing on the enhancement of medium- to long-term corporate value by sharing the same value with shareholders through the holding of the Company's shares. The exercise of part of such share acquisition rights will be subject to certain performance achievement conditions to strengthen their function as an incentive. More specifically, they shall be designed in a manner that the number of share acquisition rights that can be exercised fluctuates within the range of 0% to 300% depending on the degree of achievement of the relevant consolidated performance indicator (ROE) of the Medium-term Management Plan.

5. Process to determine remuneration

In order to ensure the transparency, objectivity and fairness of the process to determine remuneration for Officers, the Remuneration Committee, which is an advisory panel to the Board of Directors, deliberates and reports on matters pertaining to remuneration for Officers such as basic remuneration policy, plans, calculation methods, and specific remuneration content of individual Officers. Within the limit of remuneration resolved at the General Meeting of Shareholders, specific remuneration of Directors is deliberated on an individual basis by the Remuneration Committee based on the amounts of remuneration calculated based on the relevant rules and regulations established by the Company and are determined by the Board of Directors based on the deliberation results of the Remuneration Committee. Specific remuneration of Audit & Supervisory Board Members is discussed among them.

Support System for Outside Directors and/or Outside Audit and Supervisory Board Members

Outside Board members and Outside Auditors may request various departments to provide information to gather the information required to perform their duties.

In addition, the Company has established a system that makes available important Company's information to Outside Board Members and Outside Auditors, as necessary. The Company has also appointed a person responsible for promptly providing required Company's information to outside Board members and Outside Auditors upon request.

Statuses of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)

0

After Retiring as Representative Director and President, etc.

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2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

1. Roles and responsibilities of the Board of Directors

- (1) The Board of Directors shall aim for corporate management to be an excellent company that enjoys the trust and highest regard from all stakeholders, including shareholders to accomplish the fiduciary responsibility entrusted by shareholders and increase the Company's interests and the common interests among shareholders.
- (2) The Board of Directors shall deliberate and determine important matters for the entire Group with ample time, including management policies, management strategies, business plans, capital policy and the matters on internal control, for the purpose of continuously increasing corporate value from a long-term perspective.
- (3) The Board of Directors shall strengthen the management system for risk factors surrounding corporate management of the Company and always monitor the execution of business operations.

2. Delegation of authority by the Board of Directors to top management

- (1) To ensure the effective decision making by the Board of Directors, the Management Committee shall deliberate in advance policy matters regarding business operations for Group management, whereas the TM (Top Management) Meeting shall deliberate in advance matters concerning personnel, organization and remuneration systems for the entire Group. Both organs shall determine matters delegated by the Board of Directors.
- (2) Operating Officers are in place in order to further clarify roles and responsibilities of Directors who monitor and supervise the management of business and persons who execute business operations. The Operating Officers shall conduct business flexibly and quickly as an executor responsible for the section he or she is in charge, under the direction of the President and Chief Executive Officer, in accordance with management policies and strategies determined at meetings of the Board of Directors.

3. Effectiveness of the Board of Directors

- (1) To ensure the fairness of meetings and strengthen the authority of management oversight, the Board of Directors shall be chaired by the Chairman of the Board of Directors. If the Chairman of Board of Directors is absent, the President and Chief Executive Officer shall be chaired the Board of Directors.
- (2) At the Board of Directors meeting, the Directors and the Audit & Supervisory Board Members shall evaluate by themselves the effectiveness of the Board of Directors every year. The Board of Directors shall disclose issues to be addressed and others based on analysis results and address how to resolve such issues.

4. Directors

- (1) The Board of Directors shall be composed of not more than ten (10) Directors, not less than one third (1/3) of whom shall be Independent Outside Directors.
*Composition of Directors by gender as of June 29, 2022: six (6) men / one (1) woman
- (2) To clarify management responsibilities during a given fiscal year and increase shareholders' confidence, Directors' term of office is one (1) year.
- (3) The composition of the Board of Directors ensures ample diversity in terms of gender and nationality and adequate balance. The candidates for Director are selected based on the "Officer Appointment and Dismissal Standards" and the "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members".
- (4) Except for Outside Directors, the Directors concurrently serve as Operating Officers who are in charge of both oversight and the execution of operations. Directors shall report with emphasis on the business performance and oversight operations of the divisions/departments they are in charge of to the Board of Directors.

5. Independent Outside Director

- (1) The Board of Directors shall select candidates for Independent Outside Director based on the "Officer Appointment and Dismissal Standards" and the "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members". The "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members" shall be disclosed on the Company's website.
- (2) Based on extensive insight using their expert knowledge and management experience, Independent Outside Directors shall express their opinions from a professional perspective and the perspectives of shareholders and other stakeholders, independently from the execution of operations, and participate in the decision-making process to enhance the supervisory function of management, and thus contribute to the sustainable growth of the Company, as well as the enhancement of corporate value in the medium to long term.
- (3) To actively contribute to the discussions of the Board of Directors, Independent Outside Directors shall participate in important meetings other than the Board of Directors meetings as observers where necessary, and share information, while exchanging opinions with Directors, Operating Officers, Internal and Outside Audit & Supervisory Board Members, and the Internal Audit Department.
- (4) The head of Independent Outside Directors shall be selected by mutual vote as necessary.

6. Audit & Supervisory Board and Audit & Supervisory Board Members

- (1) The Company has adopted an Audit & Supervisory Board Members system. The Audit & Supervisory Board meeting is held monthly, in principle.
- (2) The Audit & Supervisory Board shall be composed of not more than five (5) Audit & Supervisory Board Members, a majority of whom shall be Independent Outside Audit & Supervisory Board Members. The Company elects persons who have adequate experience and skills as well as sufficient knowledge of finance, accounting, and legal affairs as Audit & Supervisory Board Members to ensure the effectiveness of audits.
- (3) To raise the effectiveness of audits, each Audit & Supervisory Board Members attend Board of Directors meetings and attends meetings related to the execution of business operations and other important meetings by sharing the tasks with each other. Moreover, Audit & Supervisory Board Members strive to strengthen the auditing system through frequent communications with the Accounting Auditors and the internal audit department by meeting regularly, witnessing accounting audits as observers and conducting joint audits with the internal audit department.
- (4) The Audit & Supervisory Board has its own dedicated staff to conduct highly effective auditing operations such as information communications and data management.

7. Voluntary advisory panels

- (1) The Nomination Committee is composed of the President and Chief Executive Officer, all Independent Outside Directors, and an Audit & Supervisory Board Member, with the majority of Independent Directors. In addition, the committee is chaired by an Independent Outside Director to ensure the objectivity of deliberation. The Nomination Committee deliberates on, among others, the nomination of candidates for Officer (including candidates for reappointment), any proposal for dismissal of Officers including the President and Chief Executive Officer, any proposal for the selection of a rank for or dismissal of each Operating Officer, and disciplinary matters based on the “Officer Appointment and Dismissal Standards” and reports the deliberation results to the Board of Directors. The consent of the Audit & Supervisory Board is obtained in advance for the nomination of a candidate for Audit & Supervisory Board Member.
- (2) The Remuneration Committee is composed of the President and Chief Executive Officer, all Independent Outside Directors, and an Audit & Supervisory Board Member, with the majority of Independent Directors. In addition, the committee is chaired by an Independent Outside Director to ensure the objectivity of deliberation. The Remuneration Committee deliberates on remuneration plans and specific remuneration content of individual Officers and reports the deliberation results to the Board of Directors.

3. Reasons for Adoption of Current Corporate Governance System

The Company is a company with an Audit & Supervisory Board and established organizations: Board of Directors, Audit & Supervisory Board Members and the Accounting Auditors. In addition, the Company has adopted a corporate governance structure under which all the Outside Directors and Outside Audit & Supervisory Board Members are designated as Independent Officers for whom there is no possibility of conflicts of interest with general shareholders. Consequently, the Outside Directors and Outside Audit & Supervisory Board Members work closely with the Audit & Supervisory Board Members and the internal audit department, thereby enabling the effective utilization of the Audit & Supervisory Board Members’ functions and enhancing the authority of management oversight.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	We will send the notices regarding the convocation of General Meeting of Shareholders’ three weeks prior to the day of the meeting to ensure that our esteemed shareholders have adequate time to review the agenda for the shareholders’ meeting and properly exercise their voting rights. In addition, in the interest of more prompt disclosure, on the day prior to sending the notices, we will place them on the Company’s website, the Tokyo Stock Exchange, and the Electronic Voting Platform.
Scheduling of the General Shareholders Meeting During Non-Peak Days	Efforts shall be made to facilitate the participation of all shareholders in General Meeting of Shareholders by setting the time of meetings in the afternoon if they fall on a so-called “concentrated date.”
Electronic Exercise of Voting Rights	In the interest of the shareholders and institutional investors who cannot directly attend the shareholder’s meeting, we will employ via the Internet, etc. (including Electronic Voting Platform) to exercise voting rights.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	In the interest of ensuring an adequate period of review for voting purposes and early disclosure, we will utilize the Electronic Voting Platform for institutional investors run by ICJ., Co. Ltd.

Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	In addition to placing an English version of the notice of convocation on the Company's website, on the day before the notice of convocation is sent, we will also provide the notice to the Electronic Voting Platform and Tokyo Stock Exchange to speed up disclosure to foreign investors.
Other	In addition to matters to be stated by law, the Notice of Convocation in the Corporate Governance Code with a view to enhancing information that contributes to the exercise of voting rights.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	We have formulated a disclosure policy and disclose it on the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	A result briefing or update meeting for securities analysts and institutional investors shall be held quarterly (by tele-conference) with the President and Chief Executive Officer or Director responsible for IR in attendance.	Held
Online Disclosure of IR Information	We have created a shareholder and investor information site on the Company's website, where we post IR materials, such as Financial Results and Presentation, Financial Statements, Extraordinary Report, Integrated Report, and the Notice of the Convocation of General Meeting of Shareholders Japanese website: https://www.yuden.co.jp/jp/ir/library/ English website: https://www.yuden.co.jp/ut/ir/library/	
Establishment of Department and/or Placement of a Manager in Charge of IR	Department responsible for Public Relations Department	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Group is committed to corporate social responsibilities and the mission of management to develop businesses on an ongoing basis while fulfilling sociality, public interest and public nature of the Group from a global viewpoint to put into practice and realize "Mission", "Management philosophy" and "Vision".
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We are promoting various environmental and CSR activities in line with our management philosophy. We have prepared a "Safety and Environment Report" that summarizes our annual activities in security and the environment. This report can be found on the Company's website.
Formulation of Policies, etc. on Provision of Information to Stakeholders	We have formulated a disclosure policy and disclose it on the Company's website.
Other	—

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

1. Systems to ensure the execution of duties by Directors, Operating Officers and employees complies with laws, regulations and the Articles of Incorporation, and other systems to ensure appropriate business operations of the Company and the Group

- (1) The Board of Directors shall resolve important matters in accordance with laws, regulations and the Articles of Incorporation, as well as the “Board of Directors Regulations” and other internal regulations.
- (2) The Board of Directors shall strengthen the management system for risk factors surrounding the management and supervise the execution of duties by Directors.
- (3) Audit & Supervisory Board Members shall monitor the appropriateness of resolutions by the Board of Directors, as well as the execution of duties by Directors and Operating Officers.
- (4) An Internal Control Committee shall be established as a system to promote the Group’s compliance activities. The committee shall designate a responsible person for each of the items set forth in the “Taiyo Yuden Group CSR Code of Conduct” of the Company and conduct compliance activities on an ongoing basis in accordance with the compliance management system.
- (5) A whistleblower system shall be operated for early detection of compliance-related problems of the Group. The detected problems shall be investigated and corrective measures shall be taken to prevent a recurrence.
- (6) Corporate information and other materials relating to the Group shall be swiftly and appropriately disclosed to shareholders and investors.
- (7) A firm and uncompromising stance will be taken on an organizational basis against antisocial movements or groups.
- (8) Internal control shall be streamlined and operated for the purpose of ensuring the reliability of financial reports in accordance with the Financial Instruments and Exchange Act.
- (9) As for the execution of business operations at subsidiaries, the relevant operating division/departments of the Company shall be the contact to grasp the circumstances thereof, and sufficient exchange of information and coordination of interests shall be conducted with regard to important information in accordance with the “Group Management Rules” to ensure appropriateness of business operations while respecting the management intentions of the respective subsidiaries.

2. System for the storage and management of information with regard to the execution of duties by Directors and Operating Officers of the Company

- (1) The Company shall record the statutory documents such as the minutes of the General Meetings of Shareholders and the minutes of the Meetings of the Board of Directors, and the minutes of other important meetings concerning the execution of duties by Directors and Operating Officers, in the form of documents or electromagnetic media, and store and manage them together with relevant materials, in accordance with laws and regulations, as well as the respective meeting rules.
- (2) The Company shall maintain an environment that enables Directors and/or Audit & Supervisory Board Members to access said information at any time in accordance with the respective meeting rules.

3. Rules for managing risks of loss with respect to the Company and other systems

- (1) An Internal Control Committee shall be established as a system to promote risk management activities. The committee shall designate a responsible person for each risk category. Risk management activities, which consist of risk identification, evaluation of risk levels, decision and execution of risk countermeasures and monitoring/review of the status of implemented countermeasures, shall be continuously performed as per the Group risk management system.
- (2) As per the Company’s Group Business Continuity and Risk Management Regulations, the effects on business activities resulting from the occurrence of any risks including natural disasters shall be preassumed, an emergency task force shall be formed depending on the scale of expected adverse effects and preventive measures shall be taken in advance during peacetime. In case a business continuity problem arises, countermeasures shall be taken in compliance with the BCP (Business Continuity Plan) put in place to enable the early resumption of business activities.

4. System for ensuring the duties of Directors of the Company are efficiently performed

- (1) To ensure that decision making by the Board of Directors is appropriate and efficient, a collegial body to deliberate important matters regarding the execution of business operations and personnel affairs shall be established.
- (2) To improve the efficiency of the execution of duties by Executive Directors, Operating Officers shall be in place.
- (3) An Internal Control Committee shall be established as a collegial body that deliberates on the internal control system and evaluates its activities, and a person responsible for promotion shall be designated for each item set forth in this resolution. The Internal Control Committee shall regularly receive reporting from the aforementioned persons responsible for promotion on the activity achievements and report the achievements to the Board of Directors.
- (4) The decision-making process shall be simplified and accelerated by proactively leveraging various computer systems for such applications as workflows, video conferences, the sharing of information and information management by leveraging IT technology.

5. System for ensuring appropriate business operations within the Group

- (1) System for reporting to the Company on matters concerning the execution of duties by Directors of the subsidiaries of the Company and other persons with similar authority
 - 1) The status of the performed business operations at subsidiaries shall be reported as per the Company’s “Group Management Rules” to encourage the sharing of information with relevant departments of the Company.
 - 2) The Company shall strive to understand the management circumstances of its subsidiaries by dispatching some of its Operating Officers and/or employees to serve as Directors of the relevant subsidiaries.
- (2) Rules for managing risks of loss with respect to any subsidiary of the Company and other systems

- 1) As per the Group risk management system, the subsidiary shall continuously perform its risk identification, evaluation of risk levels, decision and execution of risk countermeasures and monitoring/review of the status of implemented countermeasures.
- 2) As per the Company's Group Business Continuity and Risk Management Regulations, the subsidiary shall preassume circumstances in which effects on business activities could result from the occurrence of risks including natural disasters, determine the possible formation of an emergency task force depending on the scale of expected adverse effects and take preventive measures in advance during peacetime. In case a business continuity problem arises, the subsidiary shall take countermeasures in compliance with the BCP (Business Continuity Plan) put in place to enable the early resumption of business activities.
- (3) System for ensuring the duties of Directors, etc., of any subsidiary of the Company are efficiently performed
 - 1) The Company shall formulate its "Group Management Rules" to help subsidiaries handle their decision making efficiently, whereas the subsidiaries shall put the rules into practice.
 - 2) The Internal Audit Office of the Company monitors whether business operations of subsidiaries are conducted appropriately and efficiently from an independent standpoint. The monitoring results shall be provided appropriately as feedback to the relevant subsidiaries and to the President and CEO of the Company. The information therein also shall be shared with the Audit & Supervisory Board Members of the Company.
- (4) System for ensuring that Directors and employees of any subsidiary of the Company perform their duties in accordance with laws, regulations and the Articles of Incorporation of said subsidiary
 - 1) As for important matters, the system to ensure the appropriateness of business operations at subsidiaries shall be streamlined and maintained as per the Company's "Group Management Rules."
 - 2) As a system to promote compliance activities, a responsible person for each of the items set forth in the "Taiyo Yuden Group CSR Code of Conduct" shall be designated to conduct compliance activities on an ongoing basis in accordance with the compliance management system.

6. System for ensuring effective audits by the Audit & Supervisory Board Members of the Company

- (1) Matters regarding the employees appointed to support Audit & Supervisory Board Members of the Company (Independence of said employees from Directors, ensuring effectiveness of the direction of Audit & Supervisory Board Members, etc.)
 - 1) As dedicated staff who support Audit & Supervisory Board Members' auditing operations under the control of the Audit & Supervisory Board, employees who serve as secretariat members (the "Secretariat Staff") shall be in place.
 - 2) Designation, transfer, performance evaluation, promotion, disciplinary actions, etc., of the Secretariat staff shall be consulted with the Audit & Supervisory Board in advance to obtain its accord.
- (2) Treatment of expenses that derive from the execution of duties by Audit & Supervisory Board Members of the Company
Unless otherwise recognized that such costs are not necessary with regard to the Audit & Supervisory Board Members' duties, the Company shall incur costs that have been caused in relation to the audits by Audit & Supervisory Board Members.
- (3) Other systems for ensuring effective auditing by the Audit & Supervisory Board Members of the Company
 - 1) The Board of Directors shall create a system that allows Audit & Supervisory Board Members to participate in important meetings on managerial matters and audit the decision-making of Directors, as well as the execution of duties by Directors and Operating Officers.
 - 2) The Board of Directors shall create a system that allows Audit & Supervisory Board Members to collect information in a timely manner that is necessary for their audits through communication with Directors, Operating Officers, and employees, and also request, as necessary, reports therefrom regarding the execution of their duties and inspect the relevant documents.
 - 3) The Board of Directors shall create a system that allows Audit & Supervisory Board Members to periodically exchange information with the Internal Audit Office, and take close cooperation therewith.
 - 4) The Board of Directors shall create a system that allows Audit & Supervisory Board Members to periodically, or on an as needed-basis, exchange information with the Accounting Auditor, and request reporting therefrom, as necessary.

7. System for reporting to Audit & Supervisory Board Members of the Company

- (1) System for reporting to Audit & Supervisory Board Members of the Company by Directors, Operating Officers and employees of the Company
 - 1) Directors, Operating Officers and employees of the Company, if any of them recognize a fact that violates any laws, regulations, the Articles of Incorporation and/or internal regulations, or a considerably improper fact that could be such a violating fact, or a fact that is feared to cause significant damage to the Company, shall immediately report thereof to the Audit & Supervisory Board Members.
 - 2) The system that allows any Director, Operating Officer or employee of the Company to directly report to an Audit & Supervisory Board Member of the Company shall be streamlined and maintained as per the Company's internal whistleblowing rules.
- (2) System for reporting to Audit & Supervisory Board Members of the Company by Directors and employees of any subsidiary of the Company
 - 1) The subsidiaries of the Company shall streamline and maintain the system that allows Directors, etc., and employees of any subsidiary to directly report to Audit & Supervisory Board Members of the Company with regard to the violation of laws, regulations and/or internal regulations by Directors, etc., as per their respective internal whistleblowing rules.
 - 2) The Board of Directors shall endeavor to facilitate communication with full-time Audit & Supervisory Board Members, Directors and employees of the subsidiaries, collect information and maintain the environment for audits.
 - 3) System for ensuring that anyone who has reported to an Audit & Supervisory Board Member does not suffer from detrimental treatment for the reason of having made said report

The Group shall stipulate a scheme to fully protect informants in its internal rules, and streamline and maintain a preventive system, under which anyone who has used the whistleblower system to report to the Audit & Supervisory Board and/or the Audit & Supervisory Board Members shall not be unfavorably treated.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

Based on the Basic Views on Internal Control System, the Group has established the following Fundamental Policies against antisocial power, and put the system in order to maintain and manage.

TAIYO YUDEN Group Fundamental Policies against antisocial power

TAIYO YUDEN Group will be absolutely refusing the relations with antisocial power and group gang/terrorist group/cult religious group giving threat to the order and safety of civil society, and, by observing clauses stipulated in Group rule, accomplishing social responsibility as company as well as responding trust by conducting honestly in every aspect of business activity.

Company will stipulate following fundamental policies in order to prevent any damage caused by antisocial power such as group/party or individual seeking fundraising by applying the method of violence, power and fraud.

(1) Organizational countermeasure

Company will make response as an organization to unfair demand by antisocial power.

(2) Refusing all relations

Company will have no relations with antisocial power including transaction.

(3) Linkage with outside related organization

In order to prevent damage caused by antisocial power, Company will strive for cooperation with jurisdictional police, group organized by Municipality and bar association.

(4) Legal responses to emergencies

In the emergencies caused by unfair demand of antisocial power, Company will conduct legal response in terms of civil case as well as criminal case.

(5) Forbidding backroom deal and funding

Even in case of unfair demand because of the scandal of Company, Company will conduct no backroom deal and funding to cover up the matter.

(6) Observing Laws and promoting movement

Observing Laws regarding antisocial power, and Company will promote addressing the response.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

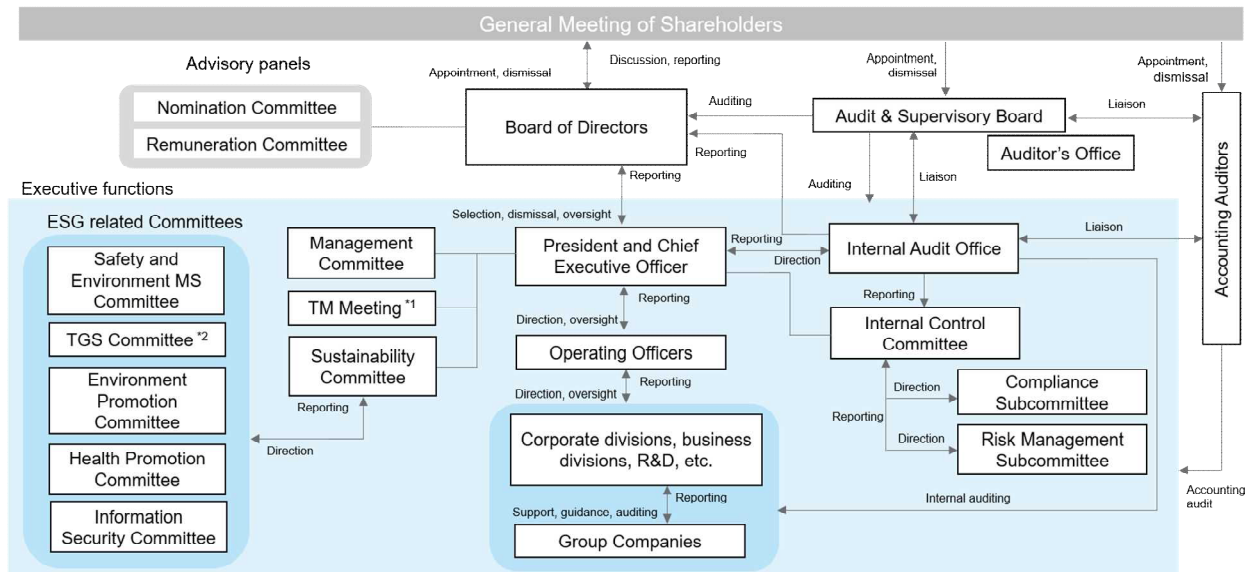
At the close of the Company's 69th General Meeting of Shareholders of the shareholders held on June 29, 2010, the Company resolved to abolish the "Anti-takeover measures regarding large-scale purchases of company shares" (the "Plan"), adopted at the Company's Board of Directors meeting held February 22, 2010.

Even after the abolition of the Plan, in the case of a large-scale purchase of company shares (to preserve and enhance joint shareholder interests), we will strive to disclose information as appropriate (and at the appropriate time) and develop a suitable response.

2. Other Matters Concerning the Corporate Governance System

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Governance Structure



*1 TM Meeting: Abbreviation of Top Management Meeting, which is a meeting body to discuss matters concerning personnel and organization.

*2 TGS Committee: Abbreviation of Taiyo Green Strategy Committee, which is a meeting body to discuss matters concerning chemicals based on stakeholders' requirements.

END