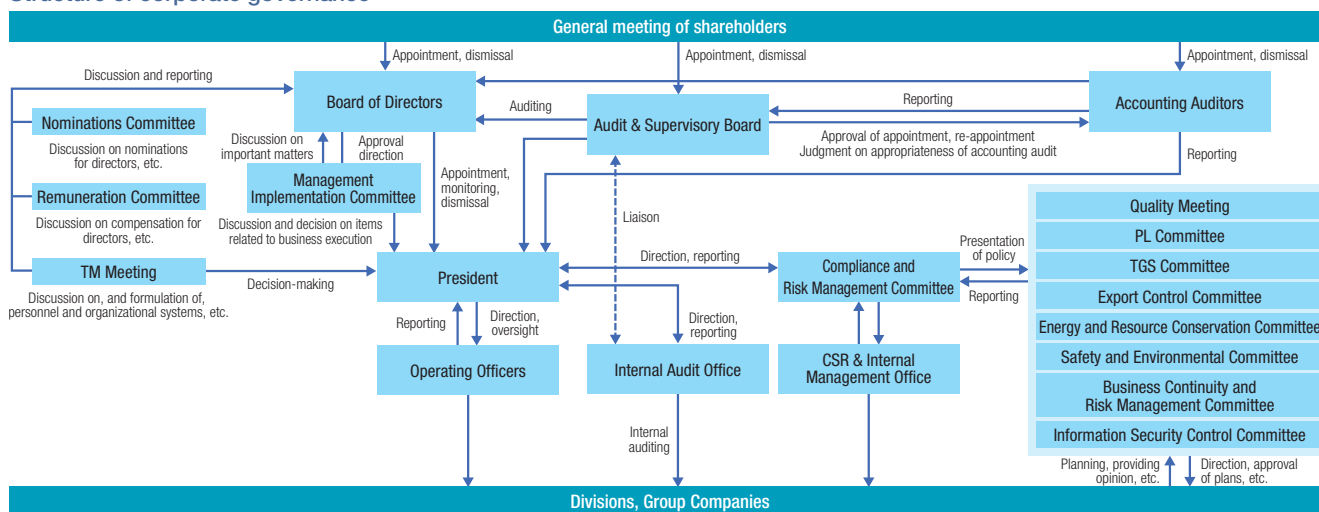


Basic Policy for Corporate Governance

Since its foundation, the TAIYO YUDEN Group has implemented a management philosophy that focuses on “employee well-being,” “betterment of local communities” and “responsibility to provide returns to shareholders.” Over the years, we have strived to build strong relationships with all stakeholders, beginning with the Company’s shareholders, with a strong focus on enhancing corporate value.

Considering the strengthening of corporate governance as the most important issue, the Company tries to make management more transparent with timely information disclosure, enhance compliance systems, and construct systems for ensuring speedy decision-making and execution of duties, as well as appropriate supervision and audit.

Structure of corporate governance



Review of Corporate Governance

1. The Company has adopted the corporate auditor system, and has a Board of Directors, Audit & Supervisory Board and an accounting auditor. In order to ensure the transparency of its management oversight mechanism as it concerns Outside Directors and Outside Audit & Supervisory Board Members, the Company has strengthened its criteria for the election of Outside Directors by making its “Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members” more rigorous based on consideration of the “Securities Listing Regulations” set forth by the Tokyo Stock Exchange Group together with other standards for independence set forth by other financial instruments exchanges and subsidiary organizations advising about the exercise of voting rights. Furthermore, the Outside Directors and Outside Audit & Supervisory Board Members work closely with the Audit & Supervisory Board and Internal Audit Office, thereby enabling the effective utilization of corporate audit functions and enhancing the functions of management oversight.

* For more details concerning the independence criteria for Outside Directors and Outside Audit & Supervisory Board Members, please refer to “Selection Criteria for Outside Directors/Outside Audit & Supervisory Board Members” on the TAIYO YUDEN website.

2. The Company established the operating officer system and has Operating Officers in place so as to separate supervising function from operating function.
3. Principal meetings and roles of committees are as follows.
- Management Implementation Committee
In the Management Implementation Committee, Operating Officers in charge of business operations deliberate and

determine policy matters related to operations of group management.

- TM Meeting
In the TM Meeting, consisting of Directors with a rank of Executive Operating Officer or higher, and Directors who are in charge of personnel matters, matters concerning personnel, organizations, and remuneration for the entire Group are deliberated and determined, and matters concerning important management policies are deliberated in advance.
- Nominations Committee
The Nominations Committee nominates candidates for Directors, Corporate Auditors, and Operating Officers, and deliberates matters related to election of Representative Directors and Directors. The Committee is chaired by an Outside Director who is an Independent Officer to ensure objectivity of each deliberated matter.
- Remuneration Committee
The Remuneration Committee deliberates systems of remuneration to Corporate Officers, as well as details of remuneration to each Corporate Officer. The Committee is chaired by an Outside Director who is an Independent Officer to ensure objectivity of each deliberated matter.
- Compliance and Risk Management Committee
The Compliance and Risk Management Committee consisting of Directors and Operating Officers discusses activities to improve systems concerning internal control, relevant instructions, and their progress management.

General policy regarding the roles and election of Outside Directors/Outside Audit & Supervisory Board Members

Two of our company's directors fulfill the prerequisites for outside directors. These individuals make efforts to strengthen the supervisory capability of the company and thereby enable objective management. Specifically, they fulfill a role that is important to the decision making process and provide opinions from the perspective of either technical experts or shareholders independent of executive management, based on a broad view that leverages knowledge of legal affairs related to the company and the experiences of corporate managers.

In addition, the company has four auditors (two of whom are managing auditors). Two of them fulfill the prerequisites as external auditors, and cooperate with each other to monitor

the state of internal control of operations on a daily basis.

Specifically, these auditors are responsible for investigating and verifying whether the corporate directors' work is being conducted in compliance with the pertaining laws. In addition to possessing technical and practical knowledge of their own in the fields of law and accounting, they objectively monitor the actions taken by our directors from an independent standpoint.

Selection of Outside, Independent Directors

Yuji Iwanaga, Outside, Independent Director

As Mr. Yuji Iwanaga has experience as a senior manager in business companies, as well as knowledge and experience as an attorney specialized in corporate legal practices, it was judged that he would be able to objectively supervise management. Therefore, Mr. Iwanaga was appointed as a candidate for Outside Director.

Hisaji Agata, Outside, Independent Director

As Mr. Hisaji Agata is an expert in corporate incubation aiming to formulate a highly transparent and sound business structure, and has a long history of achievement and proven insight as a business manager, it was judged that he would be able to objectively supervise management. Therefore, Mr. Agata was appointed as a candidate for Outside Director.

Selection of Outside Audit & Supervisory Board Members

Tomonori Akisaka, Outside Audit & Supervisory Board Member

As Mr. Akisaka has experience of specialized research in corporate law as a university professor, expertise as a certified public accountant, and extensive finance and accounting knowledge, it was judged that he would be able to provide guidance and recommendations for ensuring the appropriateness of the board of directors' activities and present valuable insight to the auditing of corporate management. Therefore, Mr. Akisaka was appointed as an outside Audit & Supervisory Board member.

Kazuhiro Yamakawa, Outside Audit & Supervisory Board Member

As Mr. Yamakawa has extensive experience as a public prosecutor, attorney, and university professor and proficiency in a broad range of corporate and legal affairs, it was judged that he would be able to provide guidance and recommendations for ensuring the appropriateness of the board of directors' activities and valuable insight to the auditing of corporate management. Therefore, Mr. Yamakawa was appointed as an outside Audit & Supervisory Board member.

Total remuneration paid to Directors and Audit & Supervisory Board Members for the fiscal year ended in March, 2014

Position	End of March 2014				Number of persons
	Total remuneration paid (Millions of yen)	Total remuneration paid by type of compensation (Millions of yen)			
		Basic remuneration	Bonus	Stock option	
Directors (excluding Outside Directors)	252	152	38	62	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	48	48	—	—	2
Outside Directors	33	33	—	—	4
Total	334	233	38	62	14

- Notes: 1. The "Number of persons" refers to the number of persons subject to remuneration for the fiscal year ended in March, 2014, not the number of persons in office.
2. The limit of remunerations paid to Directors was resolved to be ¥450 million or less per year at the 66th Ordinary General Meeting of Shareholders held on June 28, 2007. The limit of remunerations paid to Audit & Supervisory Board Members was resolved to be ¥6 million or less per month at the 52nd Ordinary General Meeting of Shareholders held on June 29, 1993.
3. In accordance with the abolition of the retirement benefit program for officers, a resolution was passed on the final payment of retirement benefits at the 63rd Ordinary General Meeting of Shareholders held on June 29, 2004. Based on this resolution, and in addition to the above remuneration, a retirement benefit of ¥45.8 million has been paid to one Director, whose retirement coincided with the conclusion of the 72nd Ordinary General Meeting of Shareholders held on June 27, 2013.