

Dialogue Between the Chairperson of the Company and the Chairperson of the Nomination Committee

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Chairperson and
Director

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Nomination Committee

—Discussion Theme—

On the Appointment of a New President

At TAIYO YUDEN, the president was replaced in June 2023, with Director and Senior Executive Operating Officer Katsuya Sase assuming the role of Representative Director, President and Chief Executive Officer ("President"), and Shoichi Tosaka, the previous President, becoming Chairperson and Director.

Chairperson Tosaka and Mr. Hiraiwa, Outside Director and Chairperson of the Nomination Committee, sat for a discussion of this succession process and their expectations for the new President Sase.

Looking Back on the Tenure as President

Tosaka In FY2015, when I became President, net sales were ¥240.3 billion and net profit was ¥14.7 billion. Subsequently, the continued increase in demand for TAIYO YUDEN's products such as multilayer ceramic capacitors mainly for automobiles put the Company on a growth trajectory, and by FY2021 net sales had increased to ¥349.6 billion and net profit to ¥54.3 billion.

After taking office as President, I promoted the selection and concentration of businesses based on a policy of

concentrating on what I called "three products and one solution." The three products are the capacitors, inductors, and communication devices in our Electronic Components Business. By "solution" I meant the creation of new businesses through high-value-added solutions. Emphasizing the concept of the smile curve, which represents the value-added structure in the electronics industry, I focused on products and solutions that are considered to have high added value at both extremes of the curve, and scaled back the amount of mounting and assembly work that we had been doing up to that point. During my tenure as President, I focused on two things: capturing the tailwind of demand, particularly for automobiles, and

concentrating on products and solutions. My honest opinion is that, in the face of dramatic changes in the world, TAIYO YUDEN has come this far through determination and perseverance.

Hiraiwa I think there were more reasons behind the progress of TAIYO YUDEN. As a lawyer, I've looked at the governance of various companies, and I think TAIYO YUDEN's governance was solid even before I became Outside Director. When I took office in June 2016, the Board already had two outside directors. Mr. Yoshitake, who was appointed as Outside Audit & Supervisory Board Member at the same time I was appointed Outside Director, has been in a very unique position as a full-time Outside Audit & Supervisory Board Member. In that sense, I have always felt that, behind the scenes, the Company is run not just on determination and perseverance, but with appropriate brakes built into the system.

Tosaka However, considering that TAIYO YUDEN is poised for significant growth going forward, I thought that the next president should be someone who would run the Company in a more logical manner. This influenced how I thought about candidate selection for this presidential transition.

Specific Appointment Process

Hiraiwa I was involved in the change of president in my capacity as Chairperson of the Nomination Committee. Looking back, we can say that we proceeded steadily according to the successor plan formulated in 2018. Mr. Tosaka, as President, nominated candidates from among the directors and proceeded to develop them. After assessing the qualifications of the candidates, we followed a process of having them gain the necessary experience.

Tosaka When I became President, I was keenly aware that there would be a change of president in a few years; in other words, it would be necessary to select the right person as the next president. The right person, in my opinion at that time, was not only a person with the right qualities, but also a person with the necessary experience to serve as president.

In that sense, while Mr. Sase had long experience in the business and knew all about it, it was clear that he lacked experience in management planning and finance. Without enough experience in management and finance, I was sure he would face a lot of difficulties after becoming president;

just like it was the case for me. With this in mind, I asked him to gain a variety of experiences at Management Planning Headquarters during the last three years before assuming the position of president.

Hiraiwa The Nomination Committee held multiple interviews to assess qualifications. I had the opportunity to meet with Mr. Sase at least three times and with the other directors at least twice. During that interview, we had a discussion about what the future holds for TAIYO YUDEN. It was a very distinctive session on understanding the future in our own way. This session helped me understand Mr. Sase's way of thinking and convinced me that he was the right person for the role.

President Sase's Character

Hiraiwa As Chairperson of the Nomination Committee, I had an interview with him, and I was impressed by the answer Mr. Sase gave during the interview. When I asked, "Are you planning to change the three principles stated in the Company's management philosophy?" A company's philosophy does not have to remain the same forever. Companies have also been known to change their corporate philosophy or catchphrase at the time of a change of president.

In response to my question, Mr. Sase said, "I'm not that type of person. My job is to properly execute the principles we have now." He further emphasized, "We will grow the Company by proceeding logically and clearly separating what we can do from what we cannot do."

Rather than being at a stage where we are creating something new, TAIYO YUDEN is currently at a stage where we have a clear vision for what we want to achieve, and whether or not we can achieve it is the critical question. Mr. Sase's answer was the most suitable answer for TAIYO YUDEN's current situation, and his way of thinking convinced me that he was suitable for the president of TAIYO YUDEN in this day and age.

Tosaka I believe that a company can change dramatically depending on the character of its president. In that sense, the biggest difference between me and Mr. Sase is that I live with determination, perseverance, and feeling, while he thinks and acts in a rational way.

I always thought that, in a world that is undergoing so much change, it would not be a good idea for someone with the same characteristics to take over as president. The Company can also demonstrate its diversity by assigning a different

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type of person as president. Therefore, I have high expectations for Mr. Sase, not only in terms of his experience and qualifications, but also in terms of his character.

Hiraiwa You emphasized your differences, but from my point of view, what the two of you have in common is that you are basically stubborn in a good way. Some people listen to the opinions of those around them, but in my experience, people who become president tend to be stubborn and unwavering. Although the two of you have different styles, I often think you and Mr. Sase are very similar in that you do not waver. In that sense, I feel that your characters are essentially the same.

Looking Ahead to Future Appointments

Tosaka With this change of president, I have become the non-executive Chairperson and Director of the Company. I believe that my role going forward will be to make decisions neutrally and make governance effective.

Up to now, my focus had been on the execution side because I was also responsible for the execution of business operations, but from now on, as a director who does not have executive functions but knows more about the Company than the outside directors, I would like to focus on strengthening corporate governance. As I assume this new role, I hope President Sase will give his undivided attention to various business execution issues. In particular, I would like him to focus on

charting a course for growth in the medium-term management plan 2025 and beyond.

Hiraiwa I believe the successor plan was properly executed for the presidential transition this time. However, to improve future changes of top management, we will need to consider the question of how to increase the pool of candidates. In other words, in general terms, it is clear that the larger the candidate pool, the more options there are, which is advantageous. So, in that sense, the issue of how to widen our options in our future the successor plan is very important. TAIYO YUDEN's successor plan assumes that the president will be selected from among the executive directors. However, to widen our options, we should look at more candidates, including those at the operating officer level.

At present, before an operating officer is appointed, they are interviewed by the Nomination Committee, but without very specific interactions with them, it is difficult to know what kind of person the candidate is. TAIYO YUDEN's the successor plan is currently limited to senior management, but to build a better senior management team, we need to build a solid talent pool starting at the stages prior to becoming an operating officer. In this regard, we are proceeding with the theme of accelerating human resources development in the medium-term management plan 2025. The second strategy is to accelerate recruitment of outside talent. These two strategies are proven to work, but they must be followed rigorously. This is exactly what TAIYO YUDEN is trying to do right now, and I think it is highly commendable.

