

ESG

G Governance

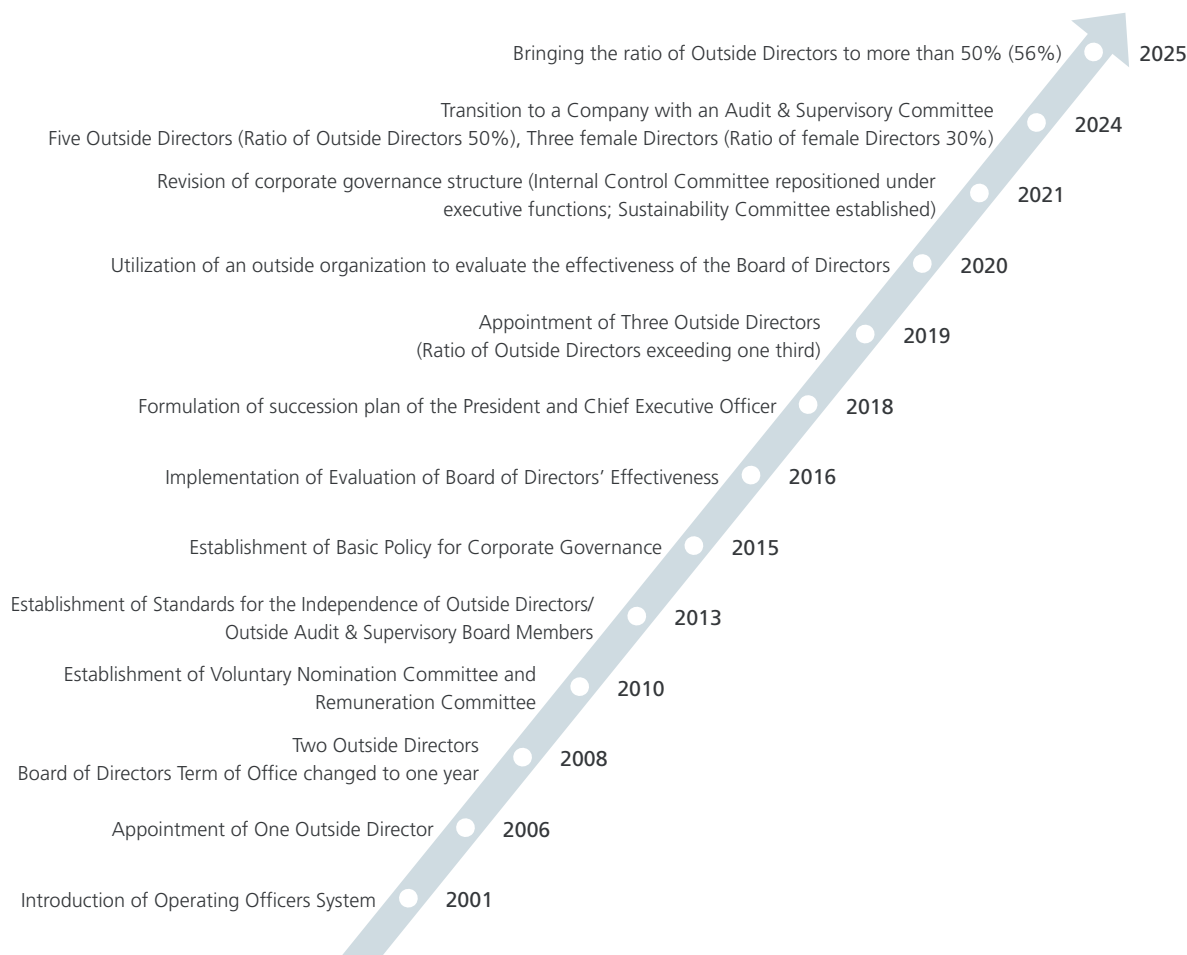


Basic Policy for Corporate Governance

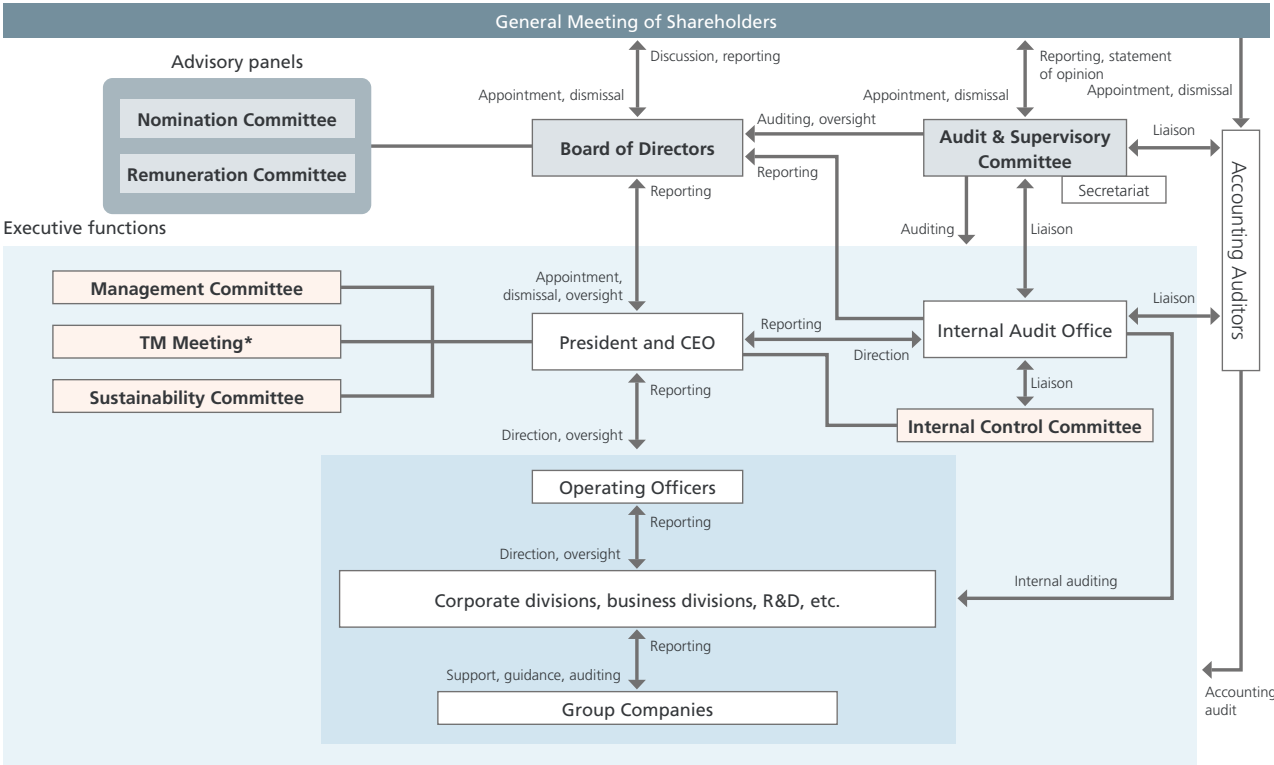
Moving toward the practice and realization of the corporate mission, management philosophy, and vision, TAIYO YUDEN believes in corporate social responsibility and the mission of management to develop businesses on an ongoing basis while fulfilling sociality, public interest and public nature of the Company from a global viewpoint. Based on this belief, with an emphasis on transparency and fairness of corporate

management, TAIYO YUDEN is making efforts to enhance corporate value by improving 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.

Initiatives Aimed at Strengthening Corporate Governance



Governance Structure (As of July, 2025)



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

Board of Directors

The Board of Directors, presided over by the Representative Director, President and Chief Executive Officer, consists of 9 members, including five Outside Directors. The Board formulates legal matters, management strategies and other basic policies, receives reports on matters delegated to executive directors, and supervises the execution of business operations. The Board also maintains an internal control system to promote compliance and manage risks.

Audit & Supervisory Committee

The Audit & Supervisory Committee, presided over by an Outside Director, consists of three members, including two Outside Directors. The Directors who are Audit & Supervisory Committee members attend the Nomination Committee, the Remuneration Committee and other important internal meetings while also working closely with the Accounting Auditors, the Internal Audit Office, and the Audit and Supervisory Board of Group companies to ensure highly effective auditing.

Nomination Committee

The Nomination Committee, presided over by an Outside Director, consists of all the Outside Directors who are not Audit & Supervisory Committee members, along with the Representative Director, President and Chief Executive Officer. For auditing purposes, one member appointed by the Audit & Supervisory Committee attends the Nomination Committee's meetings. The Committee deliberates on the nomination (and re-appointment) of Director candidates, the appointment and dismissal of the President and Chief Executive Officer, and disciplinary matters, and it then reports its findings to the Board of Directors.

Remuneration Committee

The Remuneration Committee, presided over by an Outside Director, consists of all the Outside Directors who are not Audit & Supervisory Committee members, along with the Representative Director, President and Chief Executive Officer. For auditing purposes, one member appointed by the Audit & Supervisory Committee attends the Remuneration Committee's meetings. The Committee deliberates on remuneration plans for Directors and Operating Officers as well as the contents of remuneration paid to each Director, and it then reports the deliberation results to the Board of Directors.

Management Committee

The Management Committee, presided over by the President and Chief Executive Officer, is composed of all Operating Officers. Non-Executive Directors attend the Committee's meetings as observers. The Committee deliberates on the Group's policy matters, such as basic policy on business, sales strategies and investments, and it then resolves matters delegated by the Board of Directors.

TM (Top Management) Meeting

The TM Meeting, presided over by the President and Chief Executive Officer, is composed of the Operating Officers who concurrently serve as Directors and the Operating Officers who are Chiefs of Headquarters. For auditing purposes, one member appointed by the Audit & Supervisory Committee attends the Meetings. The Meeting deliberates on matters concerning personnel, organization and remuneration of the Group, and it then resolves matters delegated by the Board of Directors.

Internal Control Committee

The Internal Control Committee, presided over by the President and Chief Executive Officer, consists of the Operating Officers who concurrently serve as Directors. The Directors who are not members of the Committee, the Operating Officers who are Chiefs of Headquarters, and the head of the Internal Audit Office attend the Committee meetings as observers. Based on the "Basic Policy on Maintenance of Internal Control System," the Committee works to improve the internal control system on an ongoing basis and examines and evaluates the design and the operating effectiveness of the system to report the evaluation results to the Board of Directors.

Sustainability Committee

The Sustainability Committee, presided over by the President and Chief Executive Officer, consists of the Operating Officers who are Chiefs of Headquarters and the Operating Officer in charge of sustainability. In addition, Directors who are not members attend the Committee's meetings as observers. The Committee deliberates on the setting of materiality (key issues) for the Company, the sharing of such issues, and measures to resolve them and reports the deliberation results to the Board of Directors.

Activities of the Board of Directors

Matters to be submitted to the Board of Directors are determined in the Regulations of the Board of Directors and are appropriately deliberated and resolved. The Board of Directors regularly deliberates on, among others, reporting in the Management Committee and the TM Meeting, management reports by Executive Directors, reports from Executive Directors and Operating Officers for their areas of responsibility, and the issues identified in the evaluation of the effectiveness of the Board of Directors.

Main deliberation content (FY2024)		
Board of Directors (Seventeen times)	Governance	■ Transition to a Company with an Audit & Supervisory Committee ■ Appropriate delegation of authority to Executive Directors in conjunction with the change in institutional design ■ Appointment of Director candidates and others ■ Conducting an evaluation of the effectiveness of the Board of Directors and determining countermeasures for issues from the previous fiscal year
	Management strategy	■ Deliberation on business strategies and capital investments, etc., based on the medium-term management plan ■ Approval of business plan and confirmation of progress
	Sustainability	■ Deliberations on the report from the Sustainability Committee ■ Deliberations on human capital

Activities of the Advisory Panels

To strengthen transparency and objectivity in the appointment and remunerations of Directors, we have established voluntary Nomination and Remuneration Committees. The majority of both committees are Independent Outside Directors (excluding Audit & Supervisory Committee members).

Main deliberation content (FY2024)	
Nomination Committee (Six times)	■ Proposed revisions to the Regulations of the Nomination Committee, Operating Officer Regulations, and Director Appointment Regulations ■ Deliberation regarding concurrent service of outside Directors as officers of other corporations ■ Direction for the formulation of the President succession plan and proposed revisions to the skills matrix for officers
Remuneration Committee (Five times)	■ Deliberation regarding content of remuneration of individual Directors and Operating Officers ■ Proposed amendments to the Director Remuneration Regulations, Regulations of the Remuneration Committee, Operating Officer Remuneration Regulations ■ Deliberation on the Shareholding Guidelines for Directors ■ Deliberation on measures to transition unexercised share acquisition rights to restricted stock

Activities of the Audit & Supervisory Committee

The Audit & Supervisory Committee (formerly the Audit & Supervisory Board until the conclusion of the 83rd Annual General Meeting of Shareholders held on June 27, 2024) holds monthly meetings in conjunction with the meetings of the Board of Directors, reviews reports from the Accounting Auditor, and convenes extraordinary meetings as necessary.

Main deliberation content (FY2024)		
Audit & Supervisory Board meetings (Six times) Audit & Supervisory Committee meetings (fourteen times)	Matters to be resolved	■ Reappointment of the Accounting Auditor, Audit Report of the Audit & Supervisory Board, results of audits under the Financial Instruments and Exchange Act, auditing policy and the audit plan, approval of the audit fees for the Accounting Auditor, approval of the proposal to appoint a substitute Audit & Supervisory Committee Member, prior approval of non-guarantee services by the Accounting Auditor
	Matters to be reported	■ Internal audit plan, J-SOX reports, subsidiary audit reports, Legal Department activity reports, Sales Headquarters activity reports, report on activities regarding human capital, minutes of meetings of the Board of Directors, etc.
	Matters for discussion	■ Review of Key Audit Matters (KAM), evaluation of the effectiveness of Audit & Supervisory Board audits, revision of audit policies and audit plans, policy for reappointment of the Accounting Auditor, etc.

ESG / Governance

Evaluation of the Effectiveness of the Board of Directors

The Company conducts the evaluation of the effectiveness of the Board of Directors annually 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 and the aggregation of answers to the analysis of results in order 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.
- (3) The external evaluation agency compiles and analyzes the results of the questionnaire described in (2) above, extracts issues and opinions that may require discussion, and reports them.

- (4) Evaluation meetings were conducted by all Directors based on the results of the questionnaire in (3) above.
- (5) Discussed opinions and issues that come up in the evaluation meetings by the Board of Directors, and determined any issues to be addressed.

2. Evaluation (Questionnaire) items

- (1) Composition and operation of the Board of Directors
- (2) Management strategy and management plan
- (3) Corporate ethics and risk management
- (4) Supervision of nomination and remuneration
- (5) Dialogue with shareholders, etc.

3. Evaluation by external organization

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. In particular, based on the results of the effectiveness evaluation questionnaire, all Directors held discussions to review the necessity of separating supervision and execution, as well as the composition of the Board of Directors as a supervisory body; this initiative was highly praised for fostering a shared understanding among all Directors on the significance of enhancing effectiveness, while engaging in the “Evaluation of the Effectiveness of the Board of Directors” with a consciousness of the PDCA cycle.

4. Status of initiatives for issues in the previous fiscal year

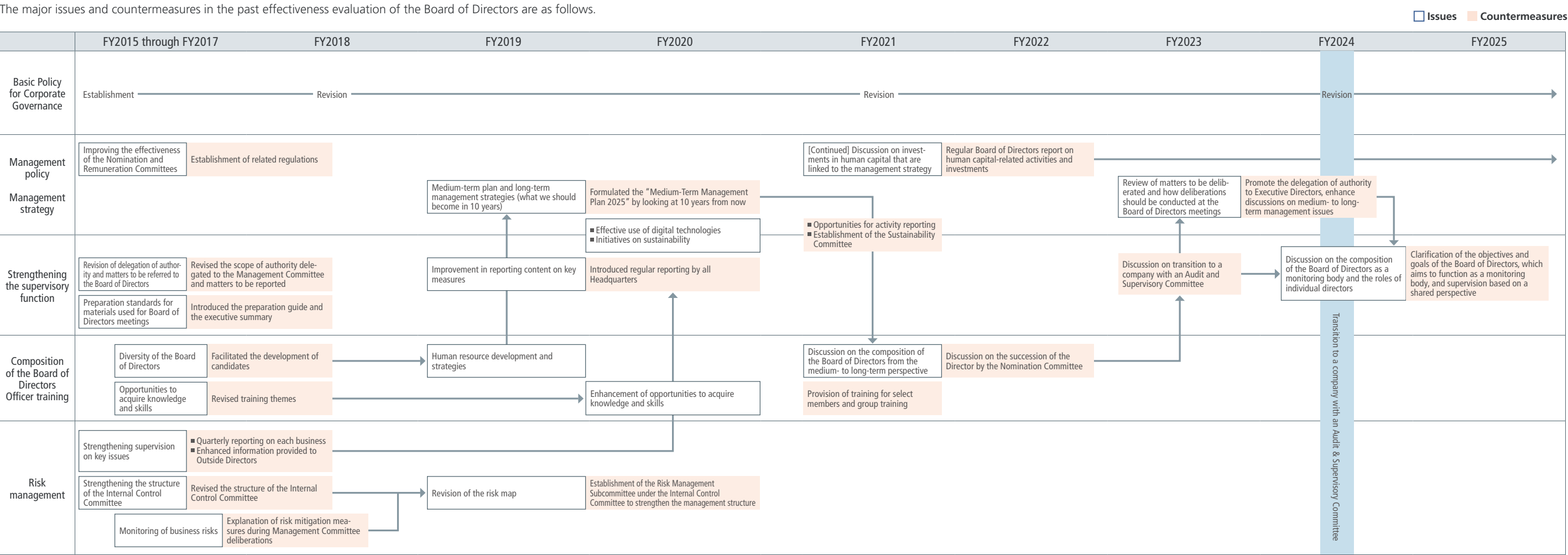
Issue (1)
“Discussion on investments in human capital that are linked to the management strategy”
The Board of Directors receives regular reports on activities and investments related to human capital, and oversees the progress of these efforts; however, since improvements in evaluation take time, we recognize this as being an ongoing issue and will continue to address it.

Issue (2)
“Review of matters to be deliberated and how deliberations should be conducted at the Board of Directors meetings”
In conjunction with the transition to a company with Audit & Supervisory Committee, the delegation of authority to Executive Directors has been promoted, and a review of matters to be submitted to the Board of Directors and related regulations was conducted in order to allow the Board to spend more time deliberating on medium- to long-term management issues.

5. Issues for the current fiscal year

With the transition to a company with Audit & Supervisory Committee and an increased ratio of outside directors on the Board of Directors, we recognize the need to deepen discussions on “the composition of the Board of Directors as a monitoring body and the roles of individual directors,” and have identified this as being a new issue to address. The Company will endeavor to maintain and enhance the effectiveness of the Board of Directors by continuously working on issue (1) “Discussion on investments in human capital that are linked to the management strategy” in above, in addition to newly recognized issues.

Major Issues and Countermeasures in the Effectiveness Evaluation of the Board of Directors



Skills and Composition of Directors

Skills Matrix (main areas of expertise and experience of the Board of Directors) (As of July, 2025)

⊙ Committee Chair ○ Members

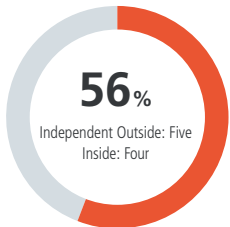
	Main areas of expertise and experience							Nomination Committee	Remuneration Committee
	Corporate management	Technology/ R&D	Sales/ Marketing	International experience	Finance/ Accounting	Legal	ESG/ Sustainability		
Katsuya Sase	●	●	●				●	○	○
Tomomitsu Fukuda	●			●	●		●		
Toshiyuki Watanabe	●		●	●					
Masashi Hiraiwa Outside Independent				●		●		⊙	○
Seichi Koike Outside Independent	●	●		●				○	⊙
Emiko Hamada Outside Independent		●	●				●	○	○
Toshimitsu Honda (Audit & Supervisory Committee Member (Full-time))	●			●					
Tomomi Fujita (Audit & Supervisory Committee Member) Outside Independent						●	●		
Tomoko Tsunoda (Audit & Supervisory Committee Member) Outside Independent	●				●		●		

Note 1: Note that the table above does not necessarily show all experience and knowledge that the officers have.
2: For the purpose of supervision, the Audit & Supervisory Committee nominates one member to participate in the Nomination Committee and another in the Remuneration Committee.

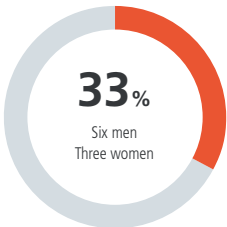
Skills	Reasons for selecting these skills
Corporate management	To formulate and execute management strategies and supervise management to enhance our corporate value sustainably.
Technology/R&D	To create high-value electronic components, focusing on high-end and highly reliable products, and secure market dominance.
Sales/Marketing	To formulate and implement appropriate strategies with the aim of adapting to the diverse and rapidly changing business environment.
International experience	To appropriately supervise the formulation and execution of strategies and business operations in our globally active Group, where a high percentage of sales comes from overseas markets.
Finance/Accounting	To develop financial strategies and capital policies that align with management strategies and to carry out IR activities, taking into account demands from capital markets.
Legal	To ensure compliance with applicable laws and corporate ethics, to meet the trust of all stakeholders, and to build and implement a system that enables healthy, proper, and efficient business execution.
ESG/Sustainability	To recognize that ESG factors can present both opportunities and risks for management and to contribute to creating a sustainable society by addressing social issues through business activities.

Composition of the Board of Directors

Ratio of independent Outside Directors

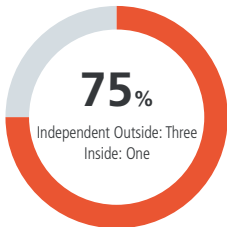


Ratio of female Directors



Composition of the Nomination Committee / Remuneration Committee

Ratio of independent Outside Directors



Corporate Officer Remuneration System

TAIYO YUDEN's remuneration plans for directors (and other officers) 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.

We have incorporated the progress of social value targets from the medium-term management plan into the personal evaluation indicators of corporate officers, ensuring that their ESG initiatives are reflected in their compensation.

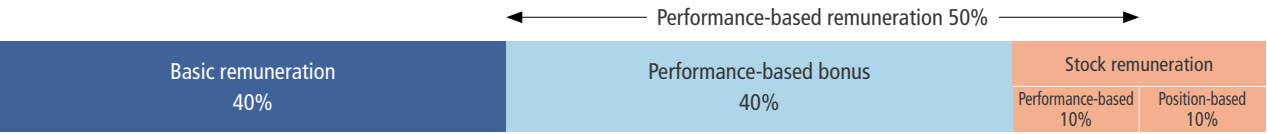
For stock-based compensation, we have introduced a restricted stock compensation plan in which part of the remuneration is linked to individual performance in order to promote management practices that enhance corporate value over the medium to long-term.

In addition, to encourage the sharing of greater value with shareholders, we have established the Shareholding Guidelines for Directors specifically for Executive Directors.

Composition of remuneration

Type of remuneration	Content, etc. of remuneration	Fixed/ variable
Basic remuneration	Monthly cash in accordance with position and responsibilities	Fixed
Performance-based bonus	Cash to be paid at a fixed time each year in accordance with the consolidated performance for each fiscal year. Consolidated profit will be used 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 standard 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 when the goal of the medium-term management plan is achieved. The actual amount to be paid shall be determined by multiplying the standard amount to be paid by the coefficient (75% to 125%) as calculated from the level of performance of the business the applicable officer is in charge of, the level of achievement of the social value goal in the medium-term management plan, and individual evaluation.	Variable
Stock remuneration	Restricted stock remuneration by position On the condition of continuous service for the period set by the Company's Board of Directors, restricted stock will be issued in advance at a certain time each year in accordance with the standard amount set for each position. The restrictions shall be released upon the forfeiture of all and any positions as Director and Operating Officer of the Company.	Fixed
	Performance-based post-delivery restricted stock remuneration Restricted stock as calculated in accordance with the level of achievement of the return on equity (ROE) in the medium-term management plan will be issued at the end of each fiscal year. The amount will vary within the range of 0% to 300% against the standard amount for each position, based on the level of achievement of consolidated ROE. The restrictions shall be released upon the forfeiture of all and any positions as Director and Operating Officer of the Company.	Variable

Composition of remuneration for Executive Directors (as per design)



*The designed value set under the assumption that the level of achievement of the medium-term management plan is 100%