Corporate Governance



From left:
Emiko Hamada, Outside Director
Masashi Hiraiwa, Outside Director
Tomomitsu Fukuda, Director, Senior Executive Operating Officer
Seiichi Koike, Outside Director
Katsuya Sase, Representative Director, President and CEO
Iwao Fujikawa, Director, Audit & Supervisory Committee Member (Full-time)
Toshiyuki Watanabe, Director, Executive Operating Officer
Tomoko Tsunoda, Outside Director, Audit & Supervisory Committee Member
Tomomi Fujita, Outside Director, Audit & Supervisory Committee Member

Corporate Governance Structure

To achieve sustainable growth and enhance corporate value over the medium to long term, TAIYO YUDEN places great importance on ensuring transparency and fairness in management, while also balancing swift decision-making with effective oversight. Accordingly, TAIYO YUDEN has adopted a Company with an Audit & Supervisory Committee, which enhances management agility by delegating decisions on important matters related to the execution of business operations to executive directors, while enabling the Board of Directors to focus efforts on deliberating management strategies, capital policies, and other important matters, and supervising business operations. Additionally, we aim to sustainably enhance corporate value by ensuring transparency and objectivity in the nomination and remuneration of directors through the Nomination and Remuneration Committees, and by establishing a system that incorporates internal controls and sustainability initiatives into management.

Corporate Governance Advances

2001–2013
Established foundation

- Introduced Operating Officers system
- Introduced stock-based remuneration plan
- Appointed first Outside Director
- Set one-year term for Directors
- Established Nomination and Remuneration committees
- Established independence standards

2014–2020
Increased effectiveness

- Established Basic Policy for Corporate Governance
- Commenced Board effectiveness evaluations
- Formulated succession plans
- Raised the ratio of Outside Directors to one-third or more
- Utilized outside organization to evaluate Board effectiveness

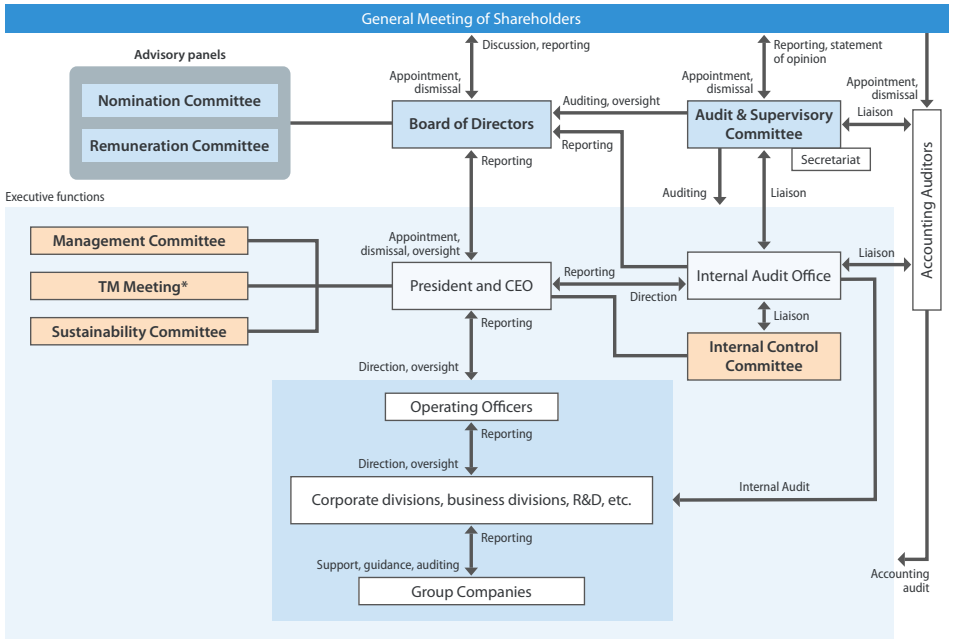
2021–2024
Strengthened governance

- Established Sustainability Committee
- Introduced partial performance-based stock-based remuneration
- Transitioned to a Company with an Audit & Supervisory Committee
- Outside Director ratio to 50%
- Female Director ratio to 30%
- Introduced restricted stock-based remuneration

2025–
Enhanced monitoring

- Established Shareholding Guidelines
- Outside Director ratio over 50%
- Medium-Term Management Plan 2030-based remuneration

Governance Structure (As of July 2026)



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

Board of Directors
The Board formulates management strategies and other basic policies, receives reports on matters delegated to executive directors, and supervises the execution of business operations.

Audit & Supervisory Committee
The Committee conducts highly effective auditing by attending Nomination Committee, Remuneration Committee, and other important internal meetings, and working closely with the Accounting Auditor, the Internal Audit Office, and Group company auditors.

Nomination Committee
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 Committee deliberates on remuneration system for Directors and Operating Officers as well as the individual remuneration for each Director, and it then reports the deliberation results to the Board of Directors.

Management Committee
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
In addition to deliberations related to Group personnel and organization, the Meeting resolves matters delegated by the Board of Directors.

Internal Control Committee
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 status of the system's development and operation to report the evaluation results to the Board of Directors.

Sustainability Committee
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.

Board of Directors

To ensure substantive and vigorous discussions at Board of Directors, our basic policy is to maintain a diverse and well-balanced Board composition. Additionally, to strengthen its oversight function, a majority of the Board consists of Outside Directors who meet Company independence criteria.

Activities (FY2025)

Chair: Katsuya Sase (Representative Director, President and CEO)
Meetings: 15 times
Main deliberation content:

Governance	• Appointment of candidate Directors • Establishment of the Shareholding Guidelines for Directors • Conducting an evaluation of the effectiveness of the Board of Directors and determining countermeasures for issues
Management strategy	• Deliberation on and approval of 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

Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three members, including two Outside Directors, and is also chaired by an Outside Director. Its members possess expertise in finance, accounting, and legal affairs and work closely with the Accounting Auditors, the Internal Audit Office, and other relevant departments to conducts highly effective audits.

Activities (FY2025)

Chair: Tomoko Tsunoda (Outside Director)
Meetings: 20 times
Main deliberation content:

Matters to be resolved	• Accounting Auditor appointment/dismissal and audit fees • Formulation of audit policies and audit plans • Accounting Auditor independence and qualification evaluations, etc.
Matters to be reported	• Status of internal audits and internal controls • Status of Group company audits • Status of business execution in each division • Status of human capital initiatives • Reports on matters discussed by the Board of Directors, etc.
Matters for discussion	• Responses to key audit matters (KAM) • Evaluation of Audit & Supervisory Committee auditing • Review of audit policies and plans • Accounting Auditor appointment/dismissal guidelines, etc.

Nomination and Remuneration Committees

To enhance transparency and objectivity in director nomination and remuneration, we voluntarily established Nomination and Remuneration Committees, each of which is composed of a majority of independent Outside Directors. The Nomination Committee deliberates on matters such as the selection of Director candidates and succession planning for the President and Chief Executive Officer, while the Remuneration Committee deliberates on matters that include the corporate officer remuneration system and individual remuneration.

Nomination Committee Activities (FY2025)

Chairperson: Masashi Hiraiwa (Outside Director)
Meetings: 5 times
Main deliberation content:

- Deliberation on the skills matrix for Directors
- Deliberation on the succession plan for the President and Chief Executive Officer
- Deliberation on Director candidates

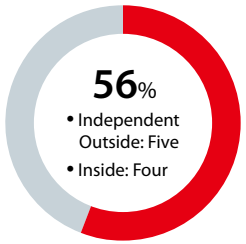
Remuneration Committee Activities (FY2025)

Chairperson: Seiichi Koike (Outside Director)
Meetings: 11 times
Main deliberation content:

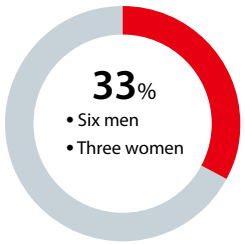
- Deliberation regarding content of remuneration of individual Directors and Operating Officers.
- Deliberation on the General Meeting of Shareholders' proposal relating to measures for transferring unexercised share acquisition rights into restricted stock
- Review of the remuneration plan for directors in connection with the medium-term management plan

Director Composition

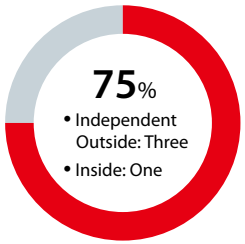
Ratio of Independent Outside Directors



Ratio of female Directors



Nomination and Remuneration Committee Independent Outside Directors Ratio



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 FY2025 are as follows.

Evaluation Process

(1) Consider the evaluation methods and questionnaire content, based on the suggestions and advice of the external evaluation agency, and report to the Board of Directors.
(2) The external evaluation agency conducts an (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.

Issues Identified in FY2024

- "Discussion on investments in human capital that are linked to the management strategy"
- "Discussion on the role of the Board of Directors as a monitoring board and the role of each Director"

FY2025 Initiatives

- Regular reports to the Board of Directors are required regarding the status of initiatives and investments related to human capital, and the Board of Directors supervises the progress and implementation status of such initiatives.
- The Board of Directors discussed the appropriate role and oversight approach for a Board of Directors oriented toward a monitoring board function. Building on this, the Board of Directors has established the metrics and benchmarks to be monitored and is applying them to the management of progress under the medium-term management plan.

Evaluation by External Organization

On the questionnaire, more than 90% of items received positive evaluations, with the Company being highly commended for continuously addressing issues identified by the Board of Directors during previous effectiveness evaluations, and for verifying the status of associated improvement efforts. In particular, the Board's establishment of metrics and benchmarks, as well as the development and operation of a system for monitoring them, was evaluated as an initiative that strengthens oversight functions.

Issues and Initiatives Going Forward

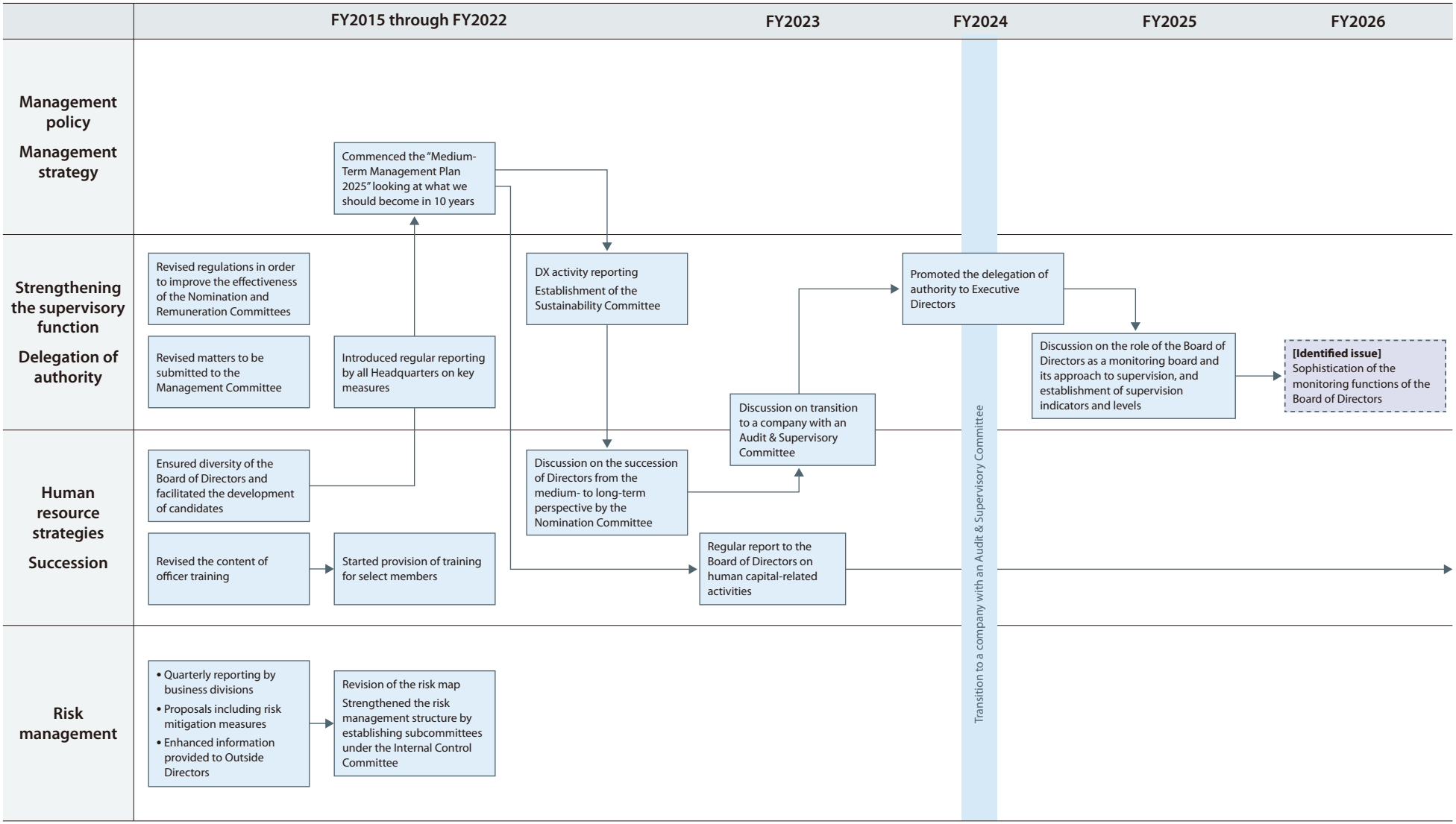
The Board of Directors recognizes that "Sophistication of the monitoring functions of the Board of Directors" is an issue that must be addressed going forward. The Board will continue to engage in monitoring activities based on established metrics and benchmarks, and periodically verify their effectiveness to further improve supervisory functions. The Board will also discuss how it should exercise oversight when delegating authority, to increase its effectiveness as a monitoring body.

Main Initiatives

- Verify effectiveness of monitoring indicators
- Verify status of Board deliberations after delegating authority

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

The major issues and countermeasures in the past effectiveness evaluation of the Board of Directors are as follows.



Skills and Composition of Directors

TAIYO YUDEN identifies the skills necessary to achieve the Medium-Term Management Plan 2030 and sustainably enhance corporate value, and appoints Director candidates who possess diverse backgrounds that broadly cover these skills. The skills we require of Directors and the reasons for their selection are as follows.

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.

Skills Matrix (main areas of expertise and experience of the Board of Directors) (As of July 2026)

◎ Chairperson ○ 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				●		●		◎	○
Seiichi Koike Outside Independent	●	●		●				○	◎
Emiko Hamada Outside Independent		●	●				●	○	○
Iwao Fujikawa (Full-time Audit & Supervisory Committee Member)						●	●		
Tomomi Fujita (Audit & Supervisory Committee Member) Outside Independent						●	●		
Tomoko Tsunoda (Audit & Supervisory Committee Member) Outside Independent	●				●		●		

*1 Note that the table above does not necessarily show all experience and knowledge that the Directors have.
*2 For audit purposes, one Audit & Supervisory Committee member designated by the Audit & Supervisory Committee attends meetings of the Nomination Committee and the Remuneration Committee.

Corporate Officer Remuneration

The remuneration plans for directors (and other officers) of the Company aim to provide appropriate incentives to achieve the medium-term management plan goals and sustainably enhance corporate value. With the launch of the Medium-Term Management Plan 2030, we further strengthened the linkage between remuneration and the economic and social value targets set forth in the medium-term plan, as well as our commitment to sharing value with shareholders. Specifically, we increased the proportion of variable and stock-based remuneration, and adopted consolidated operating profit margin—an indicator also used for employee bonuses—as the indicator for performance-based bonuses, thereby establishing a system in which Corporate Officers and employees work toward the same goals. Additionally, incorporating sustainability indicators into evaluation indicators for stock-based remuneration creates a system that encourages efforts aimed at enhancing corporate value over the medium to long term.

Key Enhancements Aligned with Medium-Term Management Plan 2030

(1) Strengthened performance linkage
- Increased the proportion of variable and stock-based remuneration for Corporate Officers
- Representative director remuneration ratio is set as "basic compensation: bonus: stock = 1:1:1"

(2) Commitment to shared profit goals
- Switched to consolidated operating profit margin as performance-based bonus indicator
- Established a system in which Corporate Officers and employees work toward the same goals

(3) Strengthened linkage with social value
- Incorporated sustainability indicators into evaluation indicators for stock-based remuneration
- Strengthened linkage between the medium- to long-term enhancement of corporate value and improved social value

Remuneration Types and Details

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 • Performance evaluation indicators shall be designed to appropriately reflect the profitability of the Company's business and shall be the same as the consolidated operating profit margin used as the calculation indicator for employee bonuses. • The amount to be paid shall be calculated by multiplying the standard amount for each position by the payout ratio based on the level of achievement of the performance evaluation indicators (variable within a range of 0% and 200%).	Variable
Stock-based remuneration	Performance-based post-delivery restricted stock-based remuneration	Stock-based remuneration aimed at motivating the enhancement of medium- to long-term corporate value • Performance evaluation indicators shall be selected from the economic and social value goals set in the medium-term management plan and decided by the Board of Directors after consulting with the Remuneration Committee. • Restricted stock, calculated by multiplying the standard amount for each position by the payout ratio based on the level of achievement of the performance evaluation indicators, will be issued at the end of each fiscal year. • The restrictions shall be released upon the forfeiture of all and any positions as Director and Operating Officer of the Company.	Variable
	Restricted stock-based remuneration by position	Stock-based remuneration aimed at sharing value with shareholders • 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 by position. • The restrictions shall be released upon the forfeiture of all and any positions as Director and Operating Officer of the Company.	Fixed

Performance Evaluation Indicators

		Performance evaluation indicators		Reason for selection	Evaluation weight	Range of payment rate
Performance-based bonus		Consolidated operating profit margin		Because it is an indicator that appropriately reflects the profitability of the Company's business and also serves as the calculation indicator for employee bonuses	100%	0% to 200%
Stock-based remuneration	Performance-based post-delivery restricted stock-based remuneration	Economic value goal	Consolidated return on equity (ROE)	Evaluation of management efficiency and medium-term corporate growth	50%	0% to 200%
		Social value goal	Sustainability indicators	Realization of social value goals and medium- to long-term improvement of corporate value	50%	0% to 100%

Composition of remuneration for Representative Director, President and Chief Executive Officer (as per design)

