

Basic Policy for Corporate Governance

TAIYO YUDEN CO., LTD.

1. Basic Views on Corporate Governance

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.”

Having established basic policy on corporate governance, TAIYO YUDEN CO., LTD. (the “Company”) accordingly emphasizes transparency and fairness of corporate management and furthermore strives to enhance its corporate governance to increase corporate value through the combination of economic and social value under the supervision of the Board of Directors.

[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

2. Relationship with Shareholders

(1) Securing the rights and equal treatment of shareholders

The Company shall respect the rights of its shareholders and disclose information in a timely and appropriate manner to secure effective equal treatment of shareholders. Moreover, the Company shall develop an environment that enables its shareholders to appropriately exercise their voting rights and other rights.

(2) Basic strategy for capital policy

(i) The Company shall formulate management strategy and business plans, thereby seeking enhancement of its financial position and improvement of its capital efficiency while also executing management strategy upon having established medium-term quantitative targets for KPIs such as net sales, operating margin, ROE, and ROIC. Furthermore, the Company shall assign priority to distributing plentiful returns to its shareholders as one of its most important issues for management, thereby purchasing its treasury shares as necessary while establishing and disclosing dividend payout ratio targets.

(ii) The Company, in principle, shall not execute capital policy that culminates in change of control or significant dilution. Moreover, the Company shall provide sufficient explanation to its shareholders if it makes significant changes to its capital policy.

(3) Policy on cross-shareholdings

(i) The Company shall hold cross-shareholdings only if the Board of Directors determines that such holdings facilitate medium- to long-term improvement in corporate value and sustainable growth. Moreover, the Board of Directors shall comprehensively assess the significance of holding all of its cross-

shareholdings annually, and based on such findings shall furthermore prudently consider options that include the possibility of selling holdings with respect to which there is a lack of necessity and rationale for maintaining possession. Additionally, the Company shall appropriately exercise the voting rights associated with its cross-shareholdings in a manner that involves determining whether to approve or reject each proposal upon having comprehensively assessed factors that include whether or not a proposal is conducive to increasing medium- to long-term corporate value of the Company and the issuer.

(ii) 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.

(4) Policy for promoting constructive dialogue with shareholders

The Company shall designate a Director in charge of IR and conduct IR activities to promote constructive dialogue with its shareholders and investors. Moreover, the Company shall also report to the Board of Directors any opinions and requests from shareholders and investors collected through IR activities.

3. Appropriate Cooperation with Stakeholders Other Than Shareholders

(1) Addressing sustainability issues

(i) The Group shall include its approach of seeking to increase corporate value through the combination of economic and social value in its Medium-term Management Plan, and shall furthermore establish numerical targets related to economic value and social value upon having articulated Materiality (key issues). Progress thereof and initiatives to achieve the targets shall be appropriately disclosed in the Integrated Report and on the Company's website.

(ii) The Group shall engage in CSR activities upon having formulated the CSR Charter of the Group. Moreover, the Board of Directors shall supervise CSR activities through the Internal Control Committee.

(2) Diversity

The Group shall recruit, train, assign, and utilize human resources in accordance with the "TAIYO YUDEN Group Diversity Policy," which was formulated based on ideals enlisted under the "CSR Code of Conduct" stipulating that employee diversity, personality, and individuality shall be respected and work environments without any discrimination shall be ensured.

(3) Related party transactions

Transactions among related parties are subject to approval of the Board of Directors as necessary, and are to be carried out in compliance with laws, regulations, and internal rules stipulated to ensure that such transactions do not inflict harm on the interests of the company or on the common interests of its shareholders.

(4) Whistleblower system

The Company shall establish a whistleblower system consisting of internal channels as well as channels independent of management equipped with channels for reporting to the Audit & Supervisory Committee and channels for reporting externally. Moreover, the Company shall establish a framework to ensure

whistleblowers shall not be unfavorably treated, and the Board of Directors shall supervise the operational status of the whistleblower system through the Internal Control Committee.

4. Ensuring Appropriate Information Disclosure and Transparency

The Company shall promote greater understanding among its stakeholders by formulating an “Information Disclosure Policy” and extensively providing information on management policy, business activities, and products and technologies, made available on the basis of disclosing information in a timely, appropriate, accurate, fair, and honest manner, in accordance with laws and regulations on information disclosure, such as the Financial Instruments and Exchange Act and the Companies Act, and also in accordance with relevant rules on timely disclosure under the Securities Listing Regulations and other rules stipulated by Tokyo Stock Exchange.

5. Corporate Governance Structure

(1) Organizational structure

(i) The Company shall select the Company with an Audit & Supervisory Committee in order to strengthen strategy formulation and its supervisory function, while at the same time raising the agility of business execution. Moreover, the Company shall adopt an Operating Officers system that makes it possible to further clarify roles and responsibilities of those engaged in management supervision and business execution.

(ii) The Company shall establish a Nomination Committee and Remuneration Committee, a majority of whose members are Independent Outside Directors, for the purposes of strengthening independence and objectivity with respect to functions of the Board of Directors concerning nomination of and remuneration for Directors and Operating Officers, and ensuring that the Company fulfills its accountability.

(2) Board of Directors

(i) The Board of Directors shall facilitate the Group’s sustainable growth and seek to increase its medium- to long-term corporate value by making decisions on formulating management strategy and other basic policy, making decisions regarding important matters related to business execution, and supervising execution of duties carried out by Directors and Operating Officers.

(ii) The Board of Directors shall enable management to make speedy decisions and engage in business execution by formulating matters to be resolved at meetings of the Board of Directors in accordance with the Regulations of the Board of Directors, and by clarifying the scope of authority to be delegated to each of the Directors in accordance with internal rules.

(iii) The Board of Directors shall establish an internal control system while also engaging in compliance and risk management. Moreover, the Board of Directors shall supervise the operational status of the internal control system through the Internal Control Committee.

(3) Composition of the Board of Directors

(i) The Company shall appoint candidates to the Board of Directors in a manner that ensures its composition is adequately balanced with ample diversity in terms of gender and nationality.

(ii) The Board of Directors shall establish standards for the independence of Outside Directors to strengthen its supervisory function, and shall furthermore ensure that at least one-third of the members appointed are Independent Outside Directors to meet such standards.

(4) Evaluation of the effectiveness of the Board of Directors

The Company shall analyze and evaluate the effectiveness of its Board of Directors on an annual basis, and disclose an overview of such findings, with the aims of further improving the effectiveness of the Board of Directors and increasing corporate value.

6. Succession Plan

(1) The Board of Directors shall systematically develop successors who meet the criteria for appointment as President set by the Company.

(2) The President shall select successor candidates and the Board of Directors shall determine successors to the President based on deliberations in the Nomination Committee.

7. Audit & Supervisory Committee

(1) The Audit & Supervisory Committee shall serve as an independent body in auditing and supervising the execution of duties carried out by Directors and Operating Officers. To such ends, Audit & Supervisory Committee Members shall attend important meetings including those of voluntary advisory panels, in addition to meetings of the Board of Directors.

(2) The Company shall ensure effectiveness of audits by appointing as Audit & Supervisory Committee Members persons equipped with adequate experience and skills, as well as knowledge of finance, accounting, and legal affairs.

8. Nomination Committee

(1) The Nomination Committee shall seek to enhance transparency and objectivity with respect to selection of candidates for Director by deliberating on matters such as candidates for Director and President succession plans, and reporting the deliberation results to the Board of Directors.

(2) The Nomination Committee is chaired by an Independent Outside Director and its majority is composed of Independent Outside Directors.

9. Remuneration Committee

(1) The Remuneration Committee shall seek to enhance transparency and objectivity with respect to decisions on remuneration for Officers by deliberating on matters such as basic policy on remuneration for Officers, as well as evaluation and remuneration for individual Officers, and reporting the deliberation results to the Board of Directors.

(2) The Remuneration Committee is chaired by an Independent Outside Director and its majority is composed of Independent Outside Directors.

10. Amendments

Amendment of this basic policy shall require resolution of the Board of Directors.

Established November 26, 2015

Amended November 26, 2018

Amended October 28, 2021

Amended June 27, 2024