Corporate Governance Report

CORPORATE GOVERNANCE

Last Update: July 3, 2024

TAIYO YUDEN CO., LTD.
Katsuya Sase
Representative Director, President and CEO
Contact: 03-6757-8310
Securities code: 6976
https://www.yuden.co.jp/ut/

The corporate governance of TAIYO YUDEN CO., LTD. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

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".
Based on the views, the Company has been established Basic Policy of Corporate Governance, and emphasizes transparency and fairness of corporate management, the Company is making efforts to enhance corporate 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.

【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

・Basic Policy for Corporate Governance
https://www.yuden.co.jp/ut/ir/management/governance/basic.html

Disclosure Based on each Principle of the Corporate Governance Code Update

[Principle 1-4: Cross-Shareholdings]
The Company have sold all our cross-shareholdings (listed stocks).
Cross-shareholdings are disclosed in the Notice of Convocation of the General Meeting of Shareholders.

・Notice of Convocation of the General Meeting of Shareholders
https://www.yuden.co.jp/ut/ir/library/shm_presentation.html

Policy of holding cross-shareholdings is as follows.
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.
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.

[Principle 1-7: Create appropriate procedures and frameworks for transactions between related parties]
The Company shall resolve competitive transactions and conflict-of-interest transactions by Directors through the Board of Directors based on the Board of Directors Regulations. Transactions between related parties shall be disclosed in accordance with relevant laws, such as the Companies Act and the Financial Instruments and Exchange Act, as well as the rules and regulations established by stock exchanges.
The Board of Directors shall monitor the facts and situations of related party transactions appropriately.

[Supplemental Principle 2-4-1: Ensuring diversity in the promotion to core human resources]
In order to realize one of our Management Philosophy, "Employee Well-being," we consider the promotion of diversity to be a key management issue, as we believe that "value of being different" and that we should connect and utilize diverse personalities so that each individual can work with enthusiasm and fulfillment. In this context, the Company is making the following efforts to promote women, foreign nationals, and mid-career hires to management and other positions.

1.Regarding the promotion of female to management positions, etc.
In our Medium-term Management Plan, we have set a goal of achieving a ratio of 10% or higher female managers by 2030, and are working to provide opportunities to gain experience, create an environment that enables diverse work styles, and promote awareness among female and male through workshops, roundtable discussions, and various types of training. As of April 1, 2024, the ratio of female employees and female managers of the Company was 25.6% and 5.9%, respectively.

2.Regarding the promotion of non-Japanese to management positions, etc.
While the Company strives to secure excellent human resources regardless of nationality, the ratio of non-Japanese employees (regular employees) in the Company as of March 31, 2024, was 0.8%. As for the ratio of non-Japanese managers, it is very small, and we intend to increase the ratio of non-Japanese managers by increasing the number of non-Japanese hires according to the skills needed by the Company in the future.

3.Regarding the promotion of mid-careers to management positions, etc.
In order to ensure sustainable growth, the Company is actively recruiting professionals and experienced personnel from outside the Company, and as of March 31, 2024, the ratio of mid-careers in management positions was 31.9%. No special targets have been set for mid-careers, as they do not differ from other employees in terms of advancement or promotion to management positions.

[Principle 2-6: Roles of Corporate Pension Fund as Asset Owner]
The Company has no corporate pension system.
The Company shall implement a defined contribution corporate pension plan to build stable assets for employees, and shall provide education and training regarding asset management.

[Principle 3-1: Full disclosure]
1.Our mission, management philosophy and vision are described in “1. Basic Views” on this report.
2.Our management strategy and business plans are disclosed in the Integrated Report.
3.Our fundamental concepts of corporate governance as well as basic policies are described in “1. Basic Views” on this report.
4.Policies and procedures for the Board to determine director remuneration are disclosed in the Notice of Convocation of the General Meeting of Shareholders.
5.Policies and procedures for the nomination of candidates for Director are disclosed in the Integrated Report.
6.Individual reasons regarding the selection of candidates for Director are disclosed in the Notice of Convocation of the General Meeting of Shareholders.

・Integrated Report
https://www.yuden.co.jp/ut/ir/library/annual_reports.html
・Notice of Convocation of the General Meeting of Shareholders
https://www.yuden.co.jp/ut/ir/library/shm_presentation.html

[Supplemental Principle 3-1-3: Initiatives on sustainability]
1. Initiatives on sustainability
The Company has formulated the “Medium-term Management Plan 2025,” which started in Fiscal 2021. The Company aim to increase corporate value by increasing both economic and social value, and set KPI (numerical targets) after clarifying the Materiality (important issues) related to economic and social value. The progress of initiatives to achieve the targets are disclosed in the Integrated Report and on the Company's website.

・Integrated Report
https://www.yuden.co.jp/ut/ir/library/annual_reports.html
・Sustainability
https://www.yuden.co.jp/ut/company/sustainability/

2. Initiatives on human capital
In keeping with the philosophy of the Group's founder, TAIYO YUDEN Group understands the importance of workforce diversity and endeavors to encourage individual employees to express their unique character and personality, hoping to help them lead an enriched life.
Bearing the above in mind, we build and implement ongoing human resources development strategies, focusing on two areas: globalization skills for implementing management strategies based on experience of different cultures; and innovation capabilities for creating new value to contribute to society by exercising strengthened professional expertise and creativity. Also, seeking to perform our HR mission to "shape the future of individuals and organizations," we are striving to create an environment that encourages both individuals and organizations to fulfill their potential and accelerate HR development efforts. Through these activities, we aim to facilitate the personal growth of each employee and increase our overall corporate value.
Details are disclosed on the Company's website.

・Sustainability (Human Resources Strategy)
https://www.yuden.co.jp/ut/company/sustainability/

3. Initiatives on Intellectual Property Rights
At the Company, the Intellectual Property Department and the Development and Engineering Department work in close cooperation with each other from the early stages of developing new technologies and obtaining intellectual property rights. In addition, we pursue a unique management approach in a way that is optimized for each of our businesses to create, protect, and utilize intellectual property.
Details are disclosed in the Integrated Report

・Integrated Report
https://www.yuden.co.jp/ut/ir/library/annual_reports.html

4. Initiatives on climate change
The Company have set " strengthen responses to climate change " as a materiality and are working on measures to reduce greenhouse gas (GHG) emissions. We have set a goal of reducing absolute GHG emissions by 42% in FY2030 compared with FY2020, and are working to achieve this goal with "energy saving," "energy generation," and " procurement of energy renewal " as the core concepts of our policies. The Company also endorse the TCFD in order to proactively disclose climate-related information to our shareholders and stakeholders. We identified several "risks" and "opportunities" associated with climate change, and analyzed the highly important themes of "the financial impact of introducing carbon pricing on our operating costs" and "the impact of severe weather disasters on our sites" according to the 1.5°C and 4°C scenarios.
Details are disclosed in the Safety & Environmental Report and the Integrated Report.

・Safety & Environmental Report
https://www.yuden.co.jp/ut/company/sustainability/document/report/
・Integrated Report
https://www.yuden.co.jp/ut/ir/library/annual_reports.html

[Supplemental Principle 4-1-1: Scope of delegation to the management]
The Company delegates authority to Executive Directors in relation to decisions on important matters of business execution to expedite and streamline such decisions. To ensure the effective decision making by the Board of Directors, the Management Committee shall deliberate in advance policy matters regarding business operations for Group management, whereas the TM (Top Management) Meeting shall deliberate in advance matters concerning personnel, organization and remuneration systems for the entire Group. Both organs shall determine matters delegated by the Board of Directors.
Operating Officers are in place in order to further clarify roles and responsibilities of Directors who monitor and supervise the management of business and persons who execute business operations. The Operating Officers shall conduct business flexibly and quickly as an executor responsible for the section he or she is in charge, under the direction of the President and CEO, in accordance with management policies and strategies determined at meetings of the Board of Directors.

[Principle 4-9: Independence Criteria and Qualification for Outside Director]
In order to ensure the independence of Outside Directors, the Company has established its “Standards for the Independence of Outside Directors” in addition to the requirements of Outside Directors stipulated in the Companies Act and the independence standards stipulated by the Tokyo Stock Exchange. The outline is as follows.
“Standards for the Independence of Outside Directors (Summary)” shall be disclosed on the Company's website.

・Standards for the Independence of Outside Directors (Summary)
https://www.yuden.co.jp/ut/ir/management/governance/criteriaofindependence.html

[Supplemental Principle 4-10-1: The mandates and roles of the Nomination Committee and the Remuneration Committee]
To strengthen the independence and objectivity of the functions of the Board of Directors concerning the nomination and remuneration for Directors and Operating Officers and to fulfill its accountability, the Company has established two voluntary advisory panels: Nomination Committee and Remuneration Committee.
Each committee is chaired by an Independent Outside Director (excluding Directors who are Audit & Supervisory Committee Members) and composed of the President and Chief Executive Officer, and all Independent Outside Directors (excluding

Directors who are Audit & Supervisory Committee Members), and its majority is composed of Independent Outside Directors (excluding Directors who are Audit & Supervisory Committee Members).
The composition, status of activities and mainly considerations of each committee are described in "2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" on this report.

[Supplemental Principle 4-11-1: Views on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size]
Please refer to "2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" on this report.
The composition and skills matrix of the Board of Directors of the Company is disclosed in the Notice of Convocation of the General Meeting of Shareholders and the Integrated Report.

[Supplemental Principle 4-11-2: Concurrent positions of Directors]
Directors shall not concurrently serve as Directors of other companies unless the Board of Directors deems this to be in the best interests of the Company.
If Outside Directors concurrently serve as corporate officers of other companies, the Board of Directors shall confirm the amount of time required for them to fulfill their duties as outside Directors of the Company, before approving their appointment.
Significant concurrent positions of Outside Directors are disclosed in the Notice of Convocation of the General Meeting of Shareholders.

・ Notice of Convocation of the General Meeting of Shareholders
https://www.yuden.co.jp/ut/ir/library/shm_presentation.html

[Supplemental Principle 4-11-3: Analysis and assessment regarding the effectiveness of the Board as a whole]
The Company conducts the evaluation of the effectiveness of the Board of Directors once a year 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 to the aggregation of answers 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 and all Audit & Supervisory Board Members.
(3) The external evaluation agency compiles the results of the questionnaire described in ii) above, extracts issues and opinions that need to be addressed, and reports them to all Directors and Audit & Supervisory Board Members.
(4) Analysis and evaluation meetings were conducted separately by Operating Officers and Non-operating Officers based on the results of the questionnaire in iii) above.
(5) Opinions and issues that come up in analysis and evaluation meetings will be discussed by the Board of Directors to determine any issues to be addressed.

2. Evaluation (Questionnaire) items
・Operation of the Board of Directors
・Composition/skills of the Board of Directors
・Management strategy initiatives
・Sustainable growth initiatives
・Corporate ethics and risk management
・Monitoring
・Dialogue with shareholders
・Nomination Committee and Remuneration Committee

3. Evaluation results and issues to be addressed
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. On the other hand, the "discussion on investments in human capital that are linked to the management strategy," which was previously recognized as an issue to be addressed, will continue to be recognized as an issue to be addressed since it will take time to improve upon the evaluation. In addition, in conjunction with the transition to a Company with an Audit & Supervisory Committee, "review of matters to be deliberated and how deliberations should be conducted at the Board of Directors meetings" was newly recognized as an issue to be addressed. The Company will endeavor to maintain and enhance its effectiveness of the Board of Directors by addressing these issues systematically.

[Supplementary Principle 4-14-2: Principles for Training of Directors]
The Company shall provide Directors with opportunities to attend in-house training courses such as external seminars and related laws and regulations to help them acquire knowledge and information outside their fields of expertise, and the Company shall bear the necessary expenses. Plans for provision and mediation of training opportunities shall be created and implemented at the beginning of each year.
To raise the effectiveness of audits, Audit & Supervisory Board Members discuss valuable skills at the Audit & Supervisory Board meeting and provide training.

[Principle 5-1: Policies for Constructive Dialogue with Shareholders]
The Company shall designate a Director in charge of IR and conduct IR activities to promote a constructive dialogue with shareholders and investors.
The Company shall also report to the Board of Directors any opinions and requests from shareholders and investors collected through IR activities.
Specifically, the following activities are to be included in the Company's organizational structure.
(1) Strengthening collaboration between the management of the IR department and other departments through the Director responsible for IR.
(2) Results briefings with securities analysts and institutional investors (quarterly).
(3) Handling group meetings and individual meetings with major foreign and domestic individual investors.
(4) Explanations to major investors regarding General Meeting of Shareholders proposals.
(5) Publishing consolidated reports to enhance the understanding of the Company's mid- and long-term value creation.
(6) Conducting investigations of shareholder findings through external survey organizations.

For fairness in the disclosure of information and to prevent leaks of inside information, the information disclosed in dialogues with major shareholders and investors shall be within the bounds previously determined for disclosure.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]
In its "Medium-term Management Plan 2025," which will end in Fiscal 2025, the Company aims to achieve ROE of 15% or higher and ROIC of 10% or higher.
The Company regularly checks its cost of capital. Cost of equity as of March 31, 2024 was between 7.7% and 11.2%, while weighted average cost of capital (WACC) was between 5.9% and 7.8% (the Company's estimate).
The Company did not achieve its targets for ROE and ROIC for Fiscal 2023. Management is presently addressing the issue of the declining operating margin and invested capital turnover, which is caused by a reduced operating rate that can be attributed to weak component demand, inventory adjustments and other factors.
By steadily conducting the key measures outlined in the Medium-term Management Plan 2025 (product strategy, market strategy, financial strategy and ESG initiatives), the Company will strive to enhance corporate value through the combination of economic and social value, and work to improve ROE and ROIC.

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%

Status of Major Shareholders Update

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,006,200	30.49
Custody Bank of Japan, Ltd. (Trust Account)	17,922,200	14.38
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	2,821,478	2.26
STATE STREET BANK WEST CLIENT - TREATY 505234	2,147,300	1.72
HSBC HONG KONG - TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	2,031,344	1.62
The Iyo Bank, Ltd.	2,000,100	1.60
Sumitomo Mitsui Banking Corporation	2,000,000	1.60
Sato Traffic Orphan Welfare Fund	1,916,640	1.53
JPMorgan Securities Japan Co., Ltd.	1,736,389	1.39
Nippon Life Insurance Company	1,666,450	1.33

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation Update

1. The information above concerns large shareholders as of March 31, 2024.
2. The Company holds 5,591,392 shares of treasury shares (4.29% of total shares outstanding) but is excluded from the major shareholders listed above.
3. The following Statement of Large-Volume Holdings (including the Change Report) is available for public inspection. However, the table above does not include the portion of the Company's actual holdings that cannot be confirmed as of March 31, 2024.

Large holder	Submitted documents	submission date	number of share certificates, etc. held	share certificate holding ratio
Sumitomo Mitsui DS Asset Management Company, Limited and 2 other companies	Change report	May 12, 2021	5,632,725	4.33% (as of April 30, 2021)
Asset Management One Co., Ltd.	Change report	July 25, 2022	6,394,200	4.91% (as of July 15, 2022)
Mitsubishi UFJ Financial Group, Inc. and 2 other companies	Change report	October 2, 2023	7,758,722	5.96% (as of September 25, 2023)
Nomura Securities Co., Ltd. and 2 other companies	Change report	October 27, 2023	25,307,908	18.61% (as of October 20, 2023)

BlackRock Japan Co., Ltd.	Large shareholding report	February 2, 2024	6,660,380	5.11% (as of January 31, 2024)
M&G Investment Management Limited	Large shareholding report	June 21, 2024	6,567,200	5.04% (as of June 14, 2024)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	Change report	June 26, 2024	14,250,470	10.94% (as of June 20, 2024)

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Electrical Appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

None

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation Update

Corporate Governance System	Company with an Audit and Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation Update	15
Directors' Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors Update	10
Election of Outside Directors	Elected
Number of Outside Directors Update	5
Number of Independent Directors Update	5

Outside Directors' Relationship with the Company (1) Update

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masashi Hiraiwa	Lawyer											
Seiichi Koike	From another company											
Emiko Hamada	Academic	△										
Tomomi Fujita	Lawyer											
Tomoko Tsunoda	CPA											

*Categories for "Relationship with the Company".
(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2) Update

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masashi Hiraiwa		○	—	[Reasons for election] Mr. Masashi Hiraiwa has served as an officer or in a similar position at investment corporations, possesses abundant experience and high-level expertise as an attorney specializing in corporate legal affairs, and provides proposals for the execution of business as well as managerial supervision based on his experience as Director at other companies. He has demonstrated a high sense of ethics by offering constructive opinions and organizing points of discussion or debate from an objective perspective, and fulfilling the monitoring function over the Company's overall management such as governance and legal compliance including internal control, at meetings of the Company's Board of Directors. For these reasons, it was judged that he would be able to fulfill his duties as Independent Outside Director who supervises business execution. Therefore, he is appointed as an Independent Outside Director. [Independence] No special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Mr. Hiraiwa. He meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect. In addition, he meets the "Standards for the Independence of Outside Directors." Therefore, he is judged to be sufficiently independent.
Seiichi Koike		○	—	[Reasons for election] Mr. Seiichi Koike has engaged in material development for automotive components and research and development related to production technology at an automotive maker over many years, and possesses wide-ranging expertise in relation to the automotive electronics business. In addition, he provides valuable advice and suggestions regarding overall management, such as his wide-ranging expertise from an investor's perspective to be reflected in the management of the Company, utilizing his abundant experience, including corporate management in the automotive components industry and strengthening governance systems as an Audit & Supervisory Board Member. For these reasons, it was judged that he

				would be able to fulfill his duties as Independent Outside Director who supervises business execution. Therefore, he is appointed as an Independent Outside Director. [Independence] No special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Mr. Koike. He meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect. In addition, he meets the "Standards for the Independence of Outside Directors." Therefore, he is judged to be sufficiently independent.
Emiko Hamada		○	Ms. Hamada worked for the Company from April 1984 to April 2007 as a business operator, there has been no transaction to be noted between Ms. Hamada and the Company, and no special interests currently exist between her and the Company. She serves as an Outside Director of NGK INSULATORS, LTD.However, the amounts transactions with the said company accounted for less than 0.2% of the Company's consolidated net sales, and there is no possibility of conflicts of interest with general shareholders.	[Reasons for election] While Ms. Emiko Hamada was employed by the Company, she engaged in the development and commercialization of CD-R and DVD-R. After she left the Company, she conducted research activities for many years as a university professor mainly focusing on industry-academia-government collaboration projects. In addition, she provides suggestions of business execution and management supervision from her experience as an Outside Director at another company. For these reasons, it was judged that she would be able to fulfill her duties as Independent Outside Director who supervises business execution. Therefore, she is appointed as an Independent Outside Director. Although Ms. Hamada has not been involved in corporate management in ways other than being an outside officer, it was judged for the above-mentioned reasons that she would be able to appropriately execute the duties of Outside Director. [Independence] Other than the left no special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Ms. Hamada. She meets the requirements for Independent Officer defined by the Tokyo Stock Exchange. In addition, she meets the "Standards for the Independence of Outside Directors." Therefore, she is judged to be sufficiently independent.
Tomomi Fujita	○	○	—	[Reasons for election] Ms. Tomomi Fujita has abundant experience as an attorney and thorough knowledge of legal affairs in general and corporate legal affairs in particular, contributes to ensuring the appropriateness of the decisions of the Board of Directors based on her strong expertise and insight as an Outside Audit & Supervisory Board Member of the Company. In addition, she makes use of her legal knowledge and

				experience to audit the execution of business in general. For these reasons, it was judged that she would be able to utilize the auditing experience she has gained at the Company to play an appropriate role in providing suggestions for the execution of business and strengthening the management oversight function from a neutral and objective position based on her expertise. Therefore, she is appointed as an Outside Director who is an Audit & Supervisory Committee Member. Although Ms. Fujita has not been involved in corporate management in ways other than being an outside officer, it was judged for the above-mentioned reasons that she would be able to appropriately execute the duties of Outside Director who is an Audit & Supervisory Board Member. [Independence] No special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Ms. Fujita. She meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect. In addition, he meets the “Standards for the Independence of Outside Directors” Therefore, she is judged to be sufficiently independent.
Tomoko Tsunoda	○	○	—	[Reasons for election] As a certified public accountant, Ms. Tomoko Tsunoda has abundant experience and expertise in corporate accounting, as well as knowledge as a manager and experience as an Outside Director and Outside Audit & Supervisory Board Member at other companies. For these reasons, it was judged that she would be able to play an appropriate role in providing suggestions for the execution of business and strengthening the management oversight function from a neutral and objective position based on her expertise. Therefore, she is appointed as an Outside Director who is an Audit & Supervisory Committee Member. [Independence] No special interests such as personal relationships, capital relationships, or business relationships exist between the Company and Ms. Tsunoda. She meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect. In addition, he meets the “Standards for the Independence of Outside Directors” Therefore, she is judged to be sufficiently independent.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson Update

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	1	1	2	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System Update

The Company shall establish the Audit & Supervisory Committee Secretariat to support the operation of the Audit & Supervisory Committee. It shall appoint employees to support the operation of the Audit & Supervisory Committee and bestow on said employees the necessary authority to carry out investigations, and ensure a framework for cooperating with each department is in place, among other such matters. Moreover, human resources and organizational decisions concerning the employees appointed to support the operation of the Audit & Supervisory Committee shall require the consent of the Audit & Supervisory Committee and said employees shall carry out duties under the direction of the Audit & Supervisory Committee.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department Update

Three parties consisting of Audit & Supervisory Committee, Accounting Auditors and Internal Audit Office hold regular joint meetings, including information exchange meetings for supporting the audit of each party.
In collaboration with Internal Audit Office, we exchange opinions on risk assessment, mutually report and exchange opinions on audit plans and results, and conduct joint audits, among others.
In association with Accounting Auditors, we exchange opinions on risk assessment and KAM, conduct hearing of the audit plan by Accounting Auditors, perform on-site audits, conduct hearing of audit results, evaluate Accounting Auditors, and provide feedback on the evaluation results to Accounting Auditors.

Accounting Auditors
The primary certified accountants executing the auditing tasks include:
Name of Accounting Auditor: KPMG AZSA LLC
Names of certified public accountants executing the audit: Yoshinori Saito, CPA; Hiromasa Niinaya, CPA

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson Update

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	4	0	1	3	0	0	Outside Director

Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	4	0	1	3	0	0	Outside Director

Supplementary Explanation Update

1. Nomination Committee
The membership of the Nomination Committee is comprised of all Independent Outside Directors who are not Audit & Supervisory Committee Members, and the Representative Director, President and Chief Executive Officer, and one Audit & Supervisory Committee Member nominated by the Audit & Supervisory Committee will attend the committee. The Independent Outside Directors shall appoint a chairperson of the committee from one of their own, and that will be made official by a resolution of the Board of Directors.

<Members> (as of July, 2024)
Chairperson Masashi Hiraiwa (Independent Outside Director)
Seiichi Koike (Independent Outside Director)
Emiko Hamada (Independent Outside Director)
Katsuya Sase (Representative Director, President and CEO)

2. Remuneration Committee
The membership of the Remuneration Committee is comprised of all Independent Outside Directors who are not Audit & Supervisory Committee Members, and the Representative Director, President and Chief Executive Officer, and one Audit & Supervisory Committee Member nominated by the Audit & Supervisory Committee will attend the committee. The Independent Outside Directors shall appoint a chairperson of the committee from one of their own, and that will be made official by a resolution of the Board of Directors.

<Members> (as of July, 2024)
Chairperson Seiichi Koike (Independent Outside Director)
Masashi Hiraiwa (Independent Outside Director)
Emiko Hamada (Independent Outside Director)
Katsuya Sase (Representative Director, President and CEO)

Matters Concerning Independent Directors

Number of Independent Directors	5

Other Matters Concerning Independent Directors

Although the Company's five Independent Directors meet the requirements imposed by the Corporation Act and the Company's "Standards for the Independence of Outside Directors," they do not qualify for any of the requirements outlined in Section 211, Subsection 4-5 of the Securities Listing Regulations Enforcement Guidelines. Therefore, the five Directors are considered to be Independent Directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors Update	Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

Described in the "Director Remuneration" section.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors

Supplementary Explanation for Applicable Items Update

Remuneration of Directors for the period ending March 2024 (83rd term) is as follows:
- Directors: ¥249 million (paid to 7 persons)
- Audit & Supervisory Board Members: ¥88 million (paid to 5 persons)

Policy on Determining Remuneration Amounts and Calculation Methods Update	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

At its meeting held on February 29, 2024, the Board of Directors of the Company passed a resolution on the policy to determine the contents of remuneration paid to each Director as outlined below.

1. Basic policy
The remuneration plans for directors (and other officers) of the Company 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.

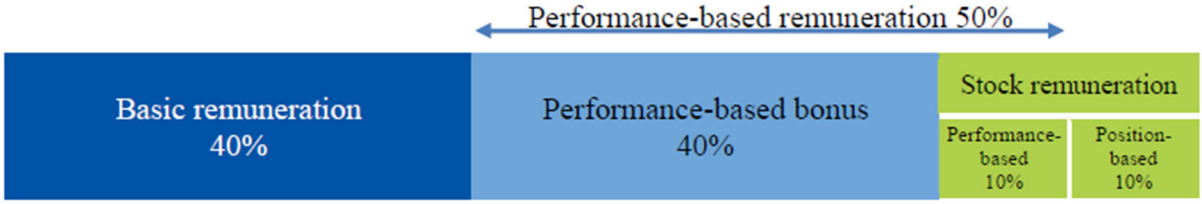
2. How to determine remuneration levels
Remuneration levels shall be determined by selecting a group of benchmark companies using objective remuneration for directors (and other officers) survey data provided by external expert organizations in order to ensure that they are sufficient to motivate the achievement of the goals of the Medium-term Management Plan and to enable the Company to secure excellent human resources.

3. Remuneration structure by position
(1) Executive Directors
"Basic remuneration," "performance-based bonuses" as incentive for the execution of business, and "stock remuneration" will be paid with the objective of encouraging management that emphasizes the continuing improvement of corporate value.
(2) Non-executive Directors who are not Audit & Supervisory Committee Members
In consideration of their position as independent from the execution of business, only basic remuneration will be paid.
(3) Directors who are Audit & Supervisory Committee Members
In consideration of their position as independent from the execution of business, only basic remuneration will be paid.

4. 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 co-efficient (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%.

5. Process to determine remuneration

In order to ensure the transparency, objectivity and fairness of the process to determine remuneration for directors (and other officers), the Remuneration Committee, which is an advisory panel to the Board of Directors, deliberates and reports on matters pertaining to remuneration for Officers such as basic remuneration policy, plans, calculation methods, and specific remuneration content of individual Officers.
Within the limit of remuneration resolved at the General Meeting of Shareholders, specific remuneration of Directors is deliberated on an individual basis by the Remuneration Committee based on the amounts of remuneration calculated based on the relevant rules and regulations established by the Company and are determined by the Board of Directors based on the deliberation results of the Remuneration Committee. It should be noted that remuneration for Directors who are Audit & Supervisory Committee Members shall be determined upon consultation with Directors who are Audit & Supervisory Committee Members.

Support System for Outside Directors

Outside Board members may request various departments to provide information to gather the information required to perform their duties.
In addition, the Company has established a system that makes available important Company's information to Outside Board Members and Outside Auditors, as necessary. The Company has also appointed a person responsible for promptly providing required Company's information to outside Board members and Outside Auditors upon request.
The dedicated staff appointed to support the operations of the Audit & Supervisory Committee will assist with the activities of the Outside Directors who are Audit & Supervisory Committee Members.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Update

At the 83rd Ordinary General Meeting of Shareholders held on June 27, 2024, a resolution was passed to amend the Company's Articles of Incorporation with content concerning a transition to a Company with an Audit & Supervisory Committee, and on the same date, the Company transitioned from a Company with an Audit & Supervisory Board into a Company with an Audit & Supervisory Committee.

The Company has adopted the Company with an Audit & Supervisory Committee structure in order to strengthen strategy formulation and its supervisory function, while at the same time raising the agility of business execution. The Company intends to promote the delegation of authority to Executive Directors in relation to decisions on important matters of business execution, and to expedite and streamline such decisions, while strengthening the supervisory function by granting Directors who are Audit & Supervisory Committee Members the right to vote at meetings of the Board of Directors. In these ways, the Company aims to strengthen and enhance its corporate governance structure and internal control system, thereby further improving corporate value.

Furthermore, the Company has voluntarily established a Nomination Committee and Remuneration Committee in order to strengthen the fairness, transparency, and objectivity with regard to the nomination and remuneration of Directors, and to ensure the independence and accountability of functions of the Board of Directors.

In addition, to clarify management responsibilities during a given fiscal year and increase shareholders' confidence, the term of Directors who are not Audit & Supervisory Committee Members is one (1) year.

<Initiatives to Strengthen Corporate Governance>

2001	Introduction of Operating Officers System
2006	One Outside Director
2008	Two Outside Directors Term of Directors changed to one year
2010	Establishment of voluntary Nomination Committee and Remuneration Committee
2013	Establishment of Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members
2015	Establishment of Basic Policy for Corporate Governance
2016	Start of implementation of evaluation of Board of Directors' effectiveness
2018	Formulation of successor plan of the Chief Executive Officer, etc.
2019	Three Outside Directors (Bringing the ratio of Outside Directors to one-third (1/3) or more)
2020	Utilization of an outside organization to evaluate the effectiveness of the Board of Directors
2021	Revision of corporate governance structure (Internal Control Committee repositioned under executive functions; Sustainability Committee established)
2023	Appointment of a Non-Executive Director as the Chair of the Board of Directors
2024	Transition to a Company with an Audit & Supervisory Committee Five Outside Directors (Bringing the ratio of Outside Directors to 50%) Three female Directors (Bringing the ratio of female Directors to 30%)

The composition and chairperson of each organization is as follows. (As of June 27, 2024)

Position	Name	Board of Directors	Audit & Supervisory Committee	Nomination Committee	Remuneration Committee
Representative Director, President and Chief Executive Officer	Katsuya Sase	○		○	○
Chairperson and Director	Shoichi Tosaka	◎			
Director, Executive Operating Officer	Tomomitsu Fukuda	○			
Director, Senior Operating Officer	Toshiyuki Watanabe	○			
Outside Director (Independent Officer)	Masashi Hiraiwa	○		◎	○
Outside Director (Independent Officer)	Seiichi Koike	○		○	◎
Outside Director (Independent Officer)	Emiko Hamada	○		○	○
Director, Audit & Supervisory Committee Member (Full-time)	Toshimitsu Honda	○	○		

Outside Director, Audit & Supervisory Committee Member (Independent Officer)	Tomomi Fujita	○	◎		
Outside Director, Audit & Supervisory Committee Member (Independent Officer)	Tomoko Tsunoda	○	○		

Note: ◎ represents chairperson and ○ represents member.

1. Board of Directors

・Composition

The Board of Directors appoints candidates following deliberation by the Nomination Committee to ensure ample diversity in terms of gender and nationality and adequate balance in its composition. Also, in order to further strengthen the supervisory function of the Board of Directors, it has been made basic policy that one-third (1/3) or more of the Board shall comprise independent Outside Directors, and currently five Outside Directors (including two Audit & Supervisory Committee Members) are in office.

・Status of Board of Directors activities in the current fiscal year (fiscal 2023)

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 response to issues identified in the evaluation of the effectiveness of the Board of Directors.

In the current fiscal year, the Board of Directors held eighteen meetings and the status of activities of each officer is as follows.

Position	Name	Attendance (number of meetings attended / number of meetings held)
Representative Director, President and Chief Executive Officer	Katsuya Sase	100% (18/18)
Chairperson and Director	Shoichi Tosaka	100% (18/18)
Director, Executive Vice President	Shinji Masuyama	100% (18/18)
Director, Executive Operating Officer	Tomomitsu Fukuda	100% (18/18)
Outside Director (Independent Officer)	Masashi Hiraiwa	100% (18/18)
Outside Director (Independent Officer)	Seiichi Koike	100% (18/18)
Outside Director (Independent Officer)	Emiko Hamada	100% (18/18)
Audit & Supervisory Board Member (Full-time)	Toshio Mishuku	100% (4/4)
Audit & Supervisory Board Member (Full-time)	Kazuyuki Oshima	100% (18/18)
Audit & Supervisory Board Member (Full-time)	Toshimitsu Honda	100% (14/14)
Outside Audit & Supervisory Board Member (Full-time) (Independent Officer)	Hajime Yoshitake	100% (18/18)
Outside Audit & Supervisory Board Member (Independent Officer)	Tomomi Fujita	100% (18/18)

Notes: 1. Mr. Toshio Mishuku retired as Audit & Supervisory Board Member upon the expiry of his term at the conclusion of the 82nd Ordinary General Meeting of Shareholders held on June 29, 2023.
2. The attendance of meetings of the Board of Directors of Mr. Toshimitsu Honda is calculated based on the Board of Directors meetings held after his assumption of office on June 29, 2023.

・Main matters under deliberation (fiscal 2023)

In the current fiscal year, the following points were prioritized for deliberation.

Governance	・Change of organizational structure (transition to a Company with an Audit & Supervisory Committee) ・Selection of candidates for Directors ・Changes to remuneration plans for directors (and other officers) (introduction of restricted stock remuneration) ・Conducting an evaluation of the effectiveness of the Board of Directors and determining countermeasures for issues from the previous fiscal year
Management strategy	・Deliberation concerning business strategy, capital investment, and other matters 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

2. Voluntary Nomination Committee

・Status of voluntary Nomination Committee activities in the current fiscal year (fiscal 2023)

In the current fiscal year, the Nomination Committee held nine meetings and its members and the status of activities of each member are as follows.

Position		Name	Attendance (number of meetings attended / number of meetings held)
Chairperson	Outside Director (Independent Officer)	Masashi Hiraiwa	100% (9/9)
	Outside Director (Independent Officer)	Seiichi Koike	100% (9/9)
	Outside Director (Independent Officer)	Emiko Hamada	100% (9/9)
	President and Chief Executive Officer	Shoichi Tosaka	100% (1/1)
	Representative Director, President and Chief Executive Officer	Katsuya Sase	100% (8/8)
	Outside Audit & Supervisory Board Member (Full-time) (Independent Officer)	Hajime Yoshitake	100% (1/1)
	Outside Audit & Supervisory Board Member (Independent Officer)	Tomomi Fujita	100% (8/8)

Notes: 1. Audit & Supervisory Board Members do not have voting rights.
2. The members of the Nomination Committee changed on June 29, 2023.
3. The table shows the position of Mr. Shoichi Tosaka as of April 1, 2023.
4. Mr. Shoichi Tosaka and Mr. Hajime Yoshitake retired from the Nomination Committee on June 29, 2023.
5. The attendance of meetings of the Nomination Committee of Mr. Katsuya Sase and Ms. Tomomi Fujita is calculated based on the Nomination Committee meetings held on or after June 29, 2023.

・Main matters under deliberation

In the current fiscal year, the committee mainly discussed the composition of the Board of Directors after the transition to a Company with an Audit & Supervisory Committee, deliberated on matters including the nomination of candidates for Directors and the appointment of Operating Officers, and reported the deliberation results to the Board of Directors.

3. Voluntary Remuneration Committee

・Status of voluntary Remuneration Committee activities in the current fiscal year (fiscal 2023)

In the current fiscal year, the Remuneration Committee held eight meetings and its members and the status of activities of each member are as follows.

Position		Name	Attendance (number of meetings attended / number of meetings held)
Chairperson	Outside Director (Independent Officer)	Seiichi Koike	100% (9/9)
	Outside Director (Independent Officer)	Masashi Hiraiwa	100% (9/9)
	Outside Director (Independent Officer)	Emiko Hamada	100% (9/9)
	President and Chief Executive Officer	Shoichi Tosaka	100% (1/1)
	Representative Director, President and Chief Executive Officer	Katsuya Sase	100% (8/8)
	Audit & Supervisory Board Member (Full-time)	Toshio Mishuku	100% (1/1)
	Outside Audit & Supervisory Board Member (Full-time) (Independent Officer)	Hajime Yoshitake	100% (7/7)

Notes: 1. Audit & Supervisory Board Members do not have voting rights.
2. The members of the Remuneration Committee changed on June 29, 2023.
3. The table shows the position of Mr. Shoichi Tosaka and Mr. Toshio Mishuku as of April 1, 2023. Both members retired from the Remuneration Committee on June 29, 2023.
4. The attendance of meetings of the Remuneration Committee of Mr. Katsuya Sase and Mr. Hajime Yoshitake is calculated based on the Remuneration Committee meetings held after their assumption of office on June 29, 2023.

・Main matters under deliberation

In the current fiscal year, the committee mainly deliberated on revisions to matters including Director remuneration levels following the transition to a Company with an Audit & Supervisory Committee, the policy to determine the contents of remuneration paid to each Director, and the stock remuneration system for Executive Directors, and reported the deliberation results to the Board of Directors.

3. Reasons for Adoption of Current Corporate Governance System

Please refer to “2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” on this report.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	To ensure that shareholders have sufficient time to consider the proposals for the General Meeting of Shareholders and are able to properly exercise their voting rights, the Company sends the materials for the General Meeting of Shareholders at least three weeks prior to the meeting. In addition, with respect to electronic provision of the materials for the General Meeting of Shareholders, the Company posts the materials in Japanese and English on the Company's website and the websites of the Tokyo Stock Exchange, etc. approximately four weeks prior to the meeting. Japanese : https://www.yuden.co.jp/jp/ir/library/shm_presentation.html English : https://www.yuden.co.jp/ut/ir/library/shm_presentation.html For the 83rd Ordinary General Meeting of Shareholders of the Company, the Company sent paper documents containing the same information to all shareholders with voting rights regardless of whether they made a request for delivery of materials in paper-based format.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	Efforts shall be made to facilitate the participation of all shareholders in General Meeting of Shareholders by setting the time of meetings in the afternoon if they fall on a so-called "concentrated date."
Electronic Exercise of Voting Rights	In the interest of the shareholders and institutional investors who cannot directly attend the shareholder's meeting, we will employ via the Internet, etc. (including Electronic Voting Platform) to exercise voting rights.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	In the interest of ensuring an adequate period of review for voting purposes and early disclosure, we will utilize the Electronic Voting Platform for institutional investors run by ICJ., Co. Ltd.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	In addition to placing an English version of the notice of convocation on the Company's website, on the day before the notice of convocation is sent, we will also provide the notice to the Electronic Voting Platform and Tokyo Stock Exchange to speed up disclosure to foreign investors.
Other	In addition to matters to be stated by law, the Notice of Convocation in the Corporate Governance Code with a view to enhancing information that contributes to the exercise of voting rights.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	We have formulated a disclosure policy and disclose it on the Company's website.	
Regular Investor Briefings held for Individual Investors	A result briefing or update meeting for securities analysts and institutional investors shall be held quarterly (by tele-conference) with Representative Director, President and CEO or Director responsible for IR in attendance.	Held
Online Disclosure of IR Information	We have created a shareholder and investor information site on the Company's website, where we post IR materials, such as Financial Results and Presentation, Financial Statements, Extraordinary Report, Integrated Report, and the Notice of the Convocation of General Meeting of Shareholders Japanese website: https://www.yuden.co.jp/jp/ir/library/ English website: https://www.yuden.co.jp/ut/ir/library/	
Establishment of Department and/or Placement of a Manager in Charge of IR	Department responsible for Public Relations Department	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	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”.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We are promoting various environmental and CSR activities in line with our management philosophy. We have prepared a “Safety and Environment Report” that summarizes our annual activities in security and the environment. This report can be found on the Company's website.
Formulation of Policies, etc. on Provision of Information to Stakeholders	We have formulated a disclosure policy and disclose it on the Company's website.
Other	—

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

Update

Basic Policy Concerning the Internal Control System Development

1. System for ensuring that Directors and employees of TAIYO YUDEN CO., LTD. (the "Company") and its subsidiaries (collectively the "Group") perform their duties in accordance with laws, regulations and the Articles of Incorporation

(1) As part of its social responsibilities and in order to comply with all laws and regulations governing the execution of business, the Company's Articles of Incorporation, various rules and regulations, international agreements, and ethical norms, the Group shall establish the "CSR Charter (TAIYO YUDEN Group's Charter on Social Responsibility)," formulate the "CSR Code of Conduct" as specific guidelines for behavior under this charter, and operate internal controls to ensure thorough compliance with said charter and code.
(2) An Internal Control Committee shall be established as a system to promote the Group's compliance activities. The committee shall designate a responsible person for each of the items set forth in the "TAIYO YUDEN Group CSR Code of Conduct" and conduct compliance activities on an ongoing basis in accordance with the compliance management system.
(3) In order to detect and resolve issues such as violations of laws, regulations, or internal regulations at an early stage, the Group shall establish a whistleblower system that enables reports to be made directly through both internal and external channels, and also establish a framework to ensure whistleblowers shall not be unfavorably treated.
(4) Multiple independent Outside Directors shall be appointed to raise the objectiveness, neutrality, and transparency of the function for supervising the execution of business by the Board of Directors, which supervises the execution of duties by each Director and verifies compliance with laws, regulations and the Articles of Incorporation.
(5) An internal control system shall be established and operated to ensure the appropriateness and trustworthiness of financial reporting.
(6) Corporate information concerning the Group shall be disclosed fairly and appropriately.
(7) The Group shall take a firm and uncompromising stance on an organizational basis against anti-social forces or groups.

2. System for the storage and management of information with regard to the execution of duties by Directors of the Group
(1) Minutes of important meetings of the Board of Directors and other bodies, as well as approval documents made by each Director based on rules for approval and information concerning the execution of duties by Directors shall be recorded in the form of documents or electromagnetic media and stored appropriately in accordance with laws, regulations, and internal rules.
(2) In accordance with internal rules, Directors of the Company shall ensure that documents or electromagnetic media containing said information are always available for viewing.
(3) The Company shall prevent any leaks or illicit usage of information by establishing a system for the appropriate storage and management of said information and by informing and educating Group officers and employees through the provision of materials on information security.

3. Rules for managing risks of loss of the Group and other systems
(1) An Internal Control Committee shall be established as a system to promote the Group's risk management activities. The committee shall designate a responsible person for each risk category. Risk management activities, which consist of risk identification, evaluation of risk levels, decision and execution of risk countermeasures and monitoring/review of the status of implemented countermeasures, shall be continuously performed as per the Group risk management system.
(2) The Company shall establish "Group Business Continuity Regulation" to anticipate the effects on business activities that could result from the occurrence of risks, including natural disasters, and to determine the possible formation of an emergency task force depending on the scale of expected adverse effects and take preventive measures in advance during normal circumstances. In case a business continuity problem arises, the Company shall establish a BCP (Business Continuity Plan) and take Group-wide countermeasures to enable the early resumption of business activities.

4. System for ensuring the duties of Directors of the Group are efficiently performed
(1) The Company shall adopt an Operating Officers system with the aim of making management more efficient by delegating authority for business execution to Operating Officers and separating management decision making and supervisory functions from business execution functions.
(2) The Board of Directors shall determine important matters such as basic policies concerning management, including the Group's internal control system, and business strategy, and it shall supervise the appointment and dismissal of Operating Officers, as well as the execution of business by said officers.
(3) In order to make decision making and the execution of business by Directors more efficient, the Company shall establish a collegial body comprising Operating Officers to deliberate on important matters regarding the execution of business operations and personnel affairs.
(4) In order to ensure appropriate decision making by Directors, the Company shall formulate and implement internal regulations concerning the responsibilities and jurisdiction of each organization and position.
(5) In regard to the execution of business at subsidiaries, "Group Management Rules" which clarify the jurisdiction and decision-making process of subsidiaries shall be established with the aim of making Group management more transparent and efficient.

5. System for ensuring appropriate business operations within the Group
(1) The status of the business executed at subsidiaries shall be reported as per the "Group Management Rules" to encourage the

sharing of information with relevant departments of the Company.
(2) The Company shall strive to understand the management circumstances of its subsidiaries by dispatching some of its employees to serve as Directors or Audit & Supervisory Board Members of the relevant subsidiaries.
(3) The Internal Audit Office of the Company monitors whether business operations of subsidiaries are conducted appropriately and efficiently from an independent standpoint. The monitoring results shall be provided appropriately as feedback to the relevant subsidiaries and to the President and Chief Executive Officer of the Company. The Internal Audit Office shall also cooperate with the Audit & Supervisory Committee of the Company.

6. Matters regarding Directors and employees appointed to support the operation of the Audit & Supervisory Committee of the Company, matters regarding the independence of said Directors and employees from Directors (excluding Directors who are Audit & Supervisory Committee Members), and matters to ensure the effectiveness of directions given to said Directors and employees
(1) The Company shall establish the Audit & Supervisory Committee Secretariat to support the operation of the Audit & Supervisory Committee. It shall appoint employees to support the operation of the Audit & Supervisory Committee and ensure that said employees receive the authority required to carry out investigations, a framework for cooperating with each department is in place, and other such matters.
(2) Human resources and organizational decisions concerning employees appointed to support the operation of the Audit & Supervisory Committee shall require the consent of the Audit & Supervisory Committee and said employees shall carry out duties under the direction of the Audit & Supervisory Committee.

7. System for reporting to the Audit & Supervisory Committee of the Company
(1) Directors and employees of the Group, if any of them recognize a fact that violates any laws, regulations, the Articles of Incorporation and/or internal regulations, or a considerably improper fact that could be such a violating fact, or a fact that is feared to cause significant damage to the Company, shall immediately report thereof to the Audit & Supervisory Committee.
(2) A whistleblower system shall be established that enables officers and employees of the Group to report directly to the Audit & Supervisory Committee. The status of this system shall be regularly reported to the Audit & Supervisory Committee.
(3) A framework shall be established to ensure whistleblowers using said system are not unfavorably treated.

8. Other systems for ensuring effective auditing by the Audit & Supervisory Committee of the Company

(1) The Company shall create a system that allows Audit & Supervisory Committee Members to participate in important meetings on managerial matters and audit the decision making of Directors, as well as the execution of duties by Directors.
(2) The Company shall create a system that allows the Audit & Supervisory Committee to collect information in a timely manner that is necessary for its audits through communication with Directors and employees, and also request, as necessary, reports therefrom regarding the execution of their duties and inspect the relevant documents.
(3) The Company shall create a system that allows the Audit & Supervisory Committee to periodically exchange information with the Internal Audit Office, and take close cooperation therewith.
(4) The Company shall create a system that allows the Audit & Supervisory Committee to periodically, or on an as-needed basis, exchange information with the Accounting Auditor, and request reporting therefrom, as necessary.
(5) Directors who are not Audit & Supervisory Committee Members shall strive to exchange information with the Audit & Supervisory Committee.
(6) The Company shall pay for expenses that derive from the execution of duties by the Audit & Supervisory Committee except in cases where it is recognized that such expenses are not necessary for the execution of duties by the Audit & Supervisory Committee.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

Based on the Basic Views on Internal Control System, the Group has established the following Fundamental Policies against antisocial power, and put the system in order to maintain and manage.

TAIYO YUDEN Group Fundamental Policies against antisocial power

TAIYO YUDEN Group will be absolutely refusing the relations with antisocial power and group gang/terrorist group/cult religious group giving threat to the order and safety of civil society, and, by observing clauses stipulated in Group rule, accomplishing social responsibility as company as well as responding trust by conducting honestly in every aspect of business activity.

Company will stipulate following fundamental policies in order to prevent any damage caused by antisocial power such as group/party or individual seeking fundraising by applying the method of violence, power and fraud.

(1) Organizational countermeasure
Company will make response as an organization to unfair demand by antisocial power.
(2) Refusing all relations
Company will have no relations with antisocial power including transaction.
(3) Linkage with outside related organization
In order to prevent damage caused by antisocial power, Company will strive for cooperation with jurisdictional police, group

organized by Municipality and bar association.
(4) Legal responses to emergencies
In the emergencies caused by unfair demand of antisocial power, Company will conduct legal response in terms of civil case as well as criminal case.
(5) Forbidding backroom deal and funding
Even in case of unfair demand because of the scandal of Company, Company will conduct no backroom deal and funding to cover up the matter.
(6) Observing Laws and promoting movement
Observing Laws regarding antisocial power, and Company will promote addressing the response.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

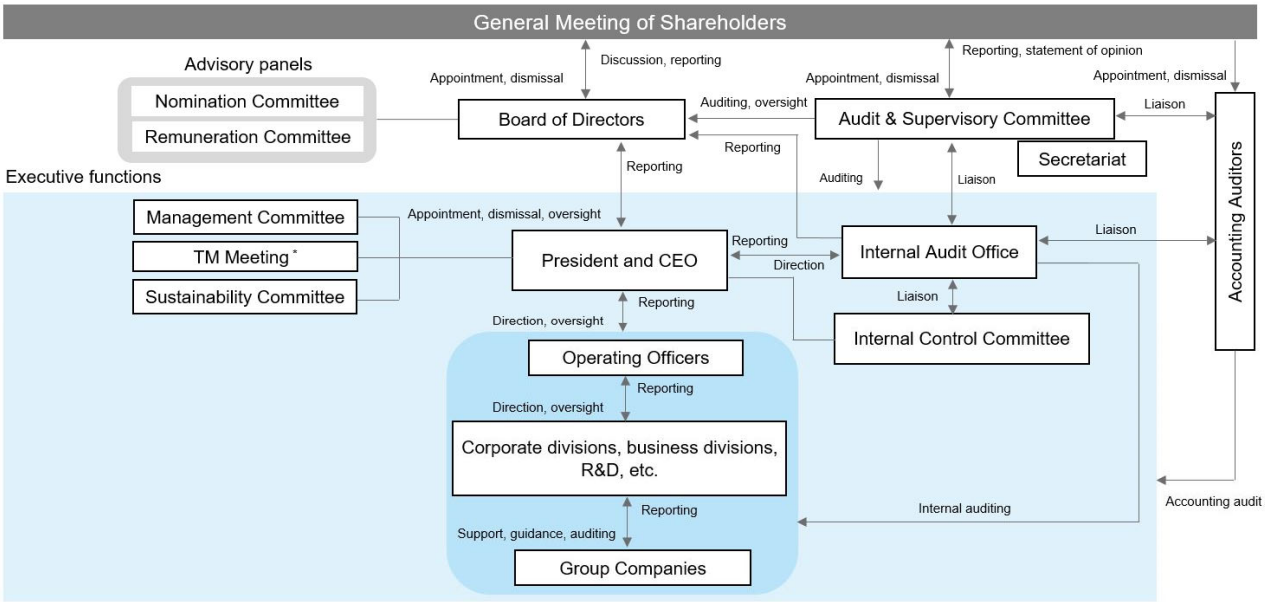
Supplementary Explanation for Applicable Items

At the close of the Company's 69th General Meeting of Shareholders of the shareholders held on June 29, 2010, the Company resolved to abolish the "Anti-takeover measures regarding large-scale purchases of company shares" (the "Plan"), adopted at the Company's Board of Directors meeting held February 22, 2010.
Even after the abolition of the Plan, in the case of a large-scale purchase of company shares (to preserve and enhance joint shareholder interests), we will strive to disclose information as appropriate (and at the appropriate time) and develop a suitable response.

2. Other Matters Concerning the Corporate Governance System

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Governance Structure



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

END