

Basic Views on Corporate Governance

This is an English translation of Basic Views on Corporate Governance including Disclosure Based on the Principles of the Corporate Governance Code (Excerpt from the Corporate Governance Report filed with the Tokyo Stock Exchange on July 1, 2020).

Last Update: July 1, 2020

TDK Corporation

President and Representative Director

Shigenao Ishiguro

Contact: Planning Dept. Administration HQ

+81-3-6778-1070

Securities Code: 6762

<https://www.tdk.com/>

The status of the corporate governance of TDK Corporation (“TDK”) is as mentioned below.

I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The basic views to achieve sustainable corporate growth and increase of corporate value over mid- to long-term of the corporate group of TDK (the “TDK Group”) are as follows:

- (1) Based on the founding spirit “Contribute to culture and industry through creativity” as the Corporate Motto of TDK which was established in 1935 as an entrepreneurial venture to industrialize a magnetic material called ferrite invented at Tokyo Institute of Technology, TDK unremittingly pursues originality and increases corporate value through supplies of products and services which have created new value.
- (2) TDK builds satisfaction, trust, and support among all stakeholders (shareholders, customers, suppliers, employees and communities, among others), continues to be helpful to the society by resolving social issues, and contributes to the development of a more sustainable society.
- (3) TDK clearly declares as the “TDK Charter of Corporate Behavior” that TDK will continue to respect human rights; comply with relevant laws, regulations, and international rules and the spirit thereof; and carry out its social responsibility with a strong sense of ethics, domestically and overseas. All Directors, Audit & Supervisory Board Members, Corporate Officers and employees constituting the TDK Group seek to behave in strict compliance with the “Corporate Standards of Business Conduct” prescribed by the “TDK Code of Conduct”.

(4) TDK aims to achieve its management targets and further improve corporate value through the creation of products by adhering to the Corporate Motto. At the same time, TDK strives to foster a sound corporate culture and sincerely conducts business activities, always aware of its place as a member of society.

(5) TDK will be accountable to stakeholders through comprehensive, accurate, timely, and impartial disclosure of information.

TDK has established “TDK Basic Policy on Corporate Governance” as its basic views and policy regarding corporate governance of TDK, which is posted on the website of TDK.

■TDK Basic Policy on Corporate Governance

https://www.tdk.com/corp/en/ir/tdk_management_policy/governance/

[Disclosure Based on the Principles of the Corporate Governance Code] [Update]

The following item is updated.

[Principle 3-1 Full Disclosure]

[Principle 4-9 Independence Standards and Qualification for Independent Directors]

[Supplementary Principle 4-11-1 Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness (View on Balance, Diversity and Appropriate Board Size)]

[Supplementary Principle 4-11-3 Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness (Analysis and Evaluation and Disclosure of Effectiveness)]

[Supplementary Principle 4-14-2 Training Policy for Directors and Audit & Supervisory Board Members]

[Principle 1-4 Cross-Shareholdings]

TDK’s basic policy regarding cross-shareholdings is to consistently enhance corporate value of the TDK Group through such shareholdings and TDK holds shares of other companies for the purpose of either (1) strategic shareholding for the development of its business or (2) maintenance and improvement of business relationships.

As to cross-shareholdings, TDK verifies the rationality of continuous holding of such shares and the number of such shares, etc. stock by stock every year at Meetings of the Board of Directors, etc. based on the purpose of such shareholding, situation of transactions, profitability relative to the cost of capital, financial condition, etc., and if the necessity to hold shares of a particular stock has decreased, TDK discusses and negotiates with the issuing company of the stock and promotes the reduction through sale, etc. of such shares.

In exercising voting rights as to its cross-shareholdings, TDK determines to approve or disapprove with full respect for the issuing company's management policies, etc. and considering whether the proposal is appropriate in light of the purpose of strategic shareholding for the development of TDK's business or maintenance and improvement of business relationships, whether the proposal can continuously increase the corporate value of TDK, the issuing company's social responsibilities, whether there is any act which may harm the trust of shareholders, etc. Also, TDK conducts a dialogue with the issuing company regarding the content of the proposal, etc. as appropriate.

[Principle 1-7 Related Party Transactions]

The TDK Group stipulates in the "TDK Code of Conduct" that directors, officers and employees of the TDK Group should avoid any situations that may involve or even appear to involve conflicts between their personal interests and the interests of the TDK Group, and in case that any such situation may arise, each of them must make prompt and full disclosure in writing to his or her supervisor or manager. At the same time, Directors are prohibited from conducting any transactions for the benefit of his/herself or any third parties without an approval from TDK under the Regulations of the Directors' Business.

Directors and Corporate Officers are required to give prior notice to the Board of Directors regarding their conflicts of interest transactions. Also, the Board of Directors reinforces monitoring by inspecting transactions between TDK and Director, Audit & Supervisory Board Member or any of his/her relative within the second degree through "Confirmation on Disclosure Information of Directors and Audit & Supervisory Board Members" once a year and attempting to assess actual conditions of other companies at which Director or Audit & Supervisory Board Member holds any concurrent position. Further, the Audit & Supervisory Board regularly confirms conflicts of interest issues with Directors and Corporate Officers.

The TDK Group has no shareholders which fall under major shareholders, etc.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

TDK manages corporate pension funds through TDK Pension Fund (the "Fund").

TDK selects and allocates to the Fund human resources who have appropriate credentials for managing corporate pension funds and contributes to a proper management system. Also, TDK has established a structure in which the Fund and labor union, etc. collaboratively control and supervise the management of corporate pension funds in order to manage conflicts of interest which may arise between corporate pension beneficiaries and TDK appropriately.

The Fund establishes a policy asset mix and manages corporate pension funds from a mid- to long-term perspective applying advice from management consultants, in order to secure earnings over the long term for ensuring that pension benefits are paid to the beneficiaries into the future.

The Fund conducts comprehensive evaluations of the asset managers, including not only quantitative

evaluation of their performance, etc. but also qualitative evaluation of their investment policy, operational process, compliance, etc., through quarterly regular management reporting meetings.

[Principle 3-1 Full Disclosure]

(1) Company objectives (*e.g.*, business principles), business strategies and business plans

TDK was established in 1935 as an entrepreneurial venture to industrialize a magnetic material called ferrite invented at Tokyo Institute of Technology. Based on TDK's founding spirit "Contribute to culture and industry through creativity" as its Corporate Motto, TDK has promoted the development of new products that respond to market needs as well as the advancement of materials and process technologies, and also has promoted globalization and diversification while actively utilizing M&A and collaborating with external parties. As a result, TDK is developing passive components, sensor application products, magnetic application products, and energy application products as its main business.

TDK wishes to continue to be an energetic company that constantly creates even higher value for all stakeholders, including shareholders, customers, suppliers, employees and society, by having an innovative thinking and a willingness to tackle new challenges, and by leveraging the strengths of each company of the TDK Group and mobilizing the power of the entire TDK Group. TDK has formulated its corporate strategy and a three-year, medium-term management plan based on the above-mentioned management policy.

The details are posted on the website of TDK.

■TDK's Corporate Motto

https://www.tdk.com/corp/en/about_tdk/corporate_motto/

■TDK's Management Policy (Including Medium- and Long-Term Management Strategy and Three-Year, Medium-Term Management Plan)

https://www.tdk.com/corp/en/ir/tdk_management_policy/

(2) Basic views and guidelines on corporate governance based on each of the principles of the Code TDK has established "TDK Basic Policy on Corporate Governance" as its basic views and policy regarding corporate governance of TDK, which is posted on the website of TDK.

■TDK Basic Policy on Corporate Governance

https://www.tdk.com/corp/en/ir/tdk_management_policy/governance/

(3) Board policies and procedures in determining the remuneration of the senior management and directors

"Policies in determining the remuneration of Directors and Corporate Officers"

TDK designed its remuneration system for the purpose of promoting as much as possible behavior on the part of Directors and Corporate Officers geared towards enhancing corporate results and stock value and constantly increasing the corporate value of the overall TDK Group by constantly pursuing the formulation of a competitive remuneration system to secure diverse and excellent human resources

that focuses on linkage with short-term as well as medium- to long-term results.

The remuneration of Directors and Corporate Officers is comprised of (i) basic remuneration, (ii) results-linked bonus as a short-term performance linkage system and (iii) stock-linked compensation stock options as a medium- to long-term performance linkage system.

Results-linked bonus is designed to fluctuate in accordance with the consolidated operating results in a single year (operating income, ROE) and the degree of attainment against target values in the business of which each Director or Corporate Officer is in charge. As to a part of stock-linked compensation stock options, performance conditions are added to the conditions for exercising stock options for the purpose of further increasing the linkage between remuneration for Directors and Corporate Officers and TDK's medium- to long-term performance and corporate value.

The ratio of performance-linked remuneration (in case of the standard payment) to basic remuneration for Directors will be as provided below.

Basic Remuneration: Results-Linked Bonus: Stock-Linked Compensation Stock Options

1: 0.6: 0.7

“Procedures in determining the remuneration of Directors and Corporate Officers”

TDK has in place a Compensation Advisory Committee acting as an advisory body to the Board of Directors, which is chaired by an independent Outside Director and of which half or more of the members are composed of independent Outside Directors. The Committee examines the remuneration system and the level of remuneration pertaining to Directors and Corporate Officers of TDK and contributes to the securement of transparency of the remuneration decision-making process and appropriateness of individual remunerations in light of corporate business performance, individual performance and general industry standards, among other factors.

The remuneration of Directors and Corporate Officers of TDK is discussed by the Compensation Advisory Committee and resolved by the Board of Directors.

The details are posted on the website of TDK.

■Policies and Procedures in Determining the Remuneration of Directors and Corporate Officers of TDK

https://www.tdk.com/corp/en/ir/tdk_management_policy/governance/remuneration/

(4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of director and audit & supervisory board member candidates

TDK has in place a Nomination Advisory Committee as an advisory body to the Board of Directors which is chaired by an independent Outside Director and of which half or more of the members are composed of independent Outside Directors.

This Nomination Advisory Committee discusses the conditions expected with regard to nominations for the posts of Director, Audit & Supervisory Board Member and Corporate Officer and makes

nominations. In this way, it helps ensure the appropriateness of the elections of Directors, Audit & Supervisory Board Members and Corporate Officers, and the transparency of the decision-making process.

The independence of Outside Directors and Outside Audit & Supervisory Board Members are determined in accordance with the “Items to be verified regarding independence” established by TDK. The Nomination Advisory Committee deliberates on the appropriateness of the policy for nomination of Directors and Corporate Officers, etc. and determines on the eligibility of Directors and Corporate Officers when they are newly appointed or reappointed on an annual basis. Also, the standards and procedures for dismissal of Directors and Corporate Officers during their term of office are provided in the Regulations of the Directors’ Business and the Regulations of the Corporate Officers’ Business.

(5) Explanations with respect to the individual appointments/dismissals and nominations based on (4)
As to the explanations with respect to the individual appointments/dismissals and nominations, please see the Notice of Convocation of Shareholders Meeting posted on the website of TDK.

■Notice of Convocation of the 124th Ordinary General Meeting of Shareholders

https://www.tdk.com/corp/en/ir/ir_events/general/124_1.htm

[Supplementary Principle 4-1-1 Roles and Responsibilities of the Board (1) (Scope and Content of the Matters Delegated to the Management)]

Matters to be resolved or reported at the Meeting of the Board of Directors are stipulated in the Regulations of the Board of Directors. Such matters include management policies, business plans, and important corporate acquisitions. Particular delegations of business execution authorities are stipulated in the Job Authority Regulations and the scope of the matters delegated is clarified thereby.

While matters required to be resolved at the Meeting of the Board of Directors under applicable laws and regulations or the Articles of Incorporation and decisions on important business execution shall be resolved at the Meeting of the Board of Directors, certain matters are delegated to the management (Corporate Officers) under the Job Authority Regulations to accelerate decision-making according to changes in the business environment.

[Principle 4-8 Effective Use of Independent Directors]

TDK’s basic policy is to elect independent Outside Directors which account for one-third or more of the Directors, and at present, three out of seven Directors are independent Outside Directors.

Independent Outside Directors advise on TDK’s business in general from an independent standpoint based on their abundance of experience and broad perspective, and play a role to enhance the function of management decision-making and supervision.

Also, an independent Outside Director serves as chair of the Board of Directors as part of TDK’s efforts to enhance corporate governance.

Further, TDK has in place a Nomination Advisory Committee and Compensation Advisory Committee as an advisory body to the Board of Directors to enhance independence, objectivity and accountability of the function of the Board of Directors regarding nomination and compensation of Directors and Corporate Officers. At present, more than half of the members of each Committee are composed of independent Outside Directors and each Committee is chaired by an independent Outside Director.

[Principle 4-9 Independence Standards and Qualification for Independent Directors]

In order to secure the independence of the Outside Directors and Outside Audit & Supervisory Board Members TDK invites, TDK has established the “Items to be verified regarding independence” of TDK with reference to such criteria as Rule 436-2 of the Securities Listing Regulation regarding securing independent Directors/Audit & Supervisory Board Members and Rule III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, both of which are stipulated by Tokyo Stock Exchange, Inc. The outline of these items is as follows.

■Items to be verified regarding independence

(1) In cases where the relevant Outside Director/Audit & Supervisory Board Member has a business relationship with TDK

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if they are at present, or have been during the past three years, a party with a business relationship with TDK as described in (i) below, or a person who executes business for such a party, or if (ii) below applies to them.

(i) Where it is recognized, objectively and reasonably, that such business relationship is necessary for, or has a substantial influence on, the continued operation of the TDK Group or the other party to such business relationship (where there is a high degree of dependence in the relationship, where the relationship is the source of 2% or more of consolidated net sales, or where the other party to the relationship receives money or other assets from the TDK Group other than remuneration for Director/Audit & Supervisory Board Member)

(ii) Where it is recognized within the TDK Group that the relevant Outside Director/Audit & Supervisory Board Member is involved in a business relationship with the other party to such business relationship

(2) In cases where the relevant Outside Director/Audit & Supervisory Board Member is a consultant, an accounting professional or a law professional

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if any of the following cases apply to such person at present or have applied to such person during the past three years.

(i) Where it is recognized, objectively and reasonably, that the relevant Outside Director/Audit & Supervisory Board Member (including candidates for such position; the same shall apply hereinafter)

cannot perform duties as an independent Director/Audit & Supervisory Board Member because they receive money or other assets from the TDK Group other than remuneration for Director/Audit & Supervisory Board Member (where there is a high degree of dependence)

(ii)Where it is recognized, objectively and reasonably, that the relevant Outside Director/Audit & Supervisory Board Member cannot perform duties as an independent Director/Audit & Supervisory Board Member because an organization to which such person belongs (hereinafter the “Relevant Organization”) receives money or other assets from the TDK Group other than remuneration for Director/Audit & Supervisory Board Member (where this income is equivalent to 2% or more of total consolidated net sales)

(iii)Where the TDK Group has a high degree of dependence on a professional or a Relevant Organization, such as a case where services, etc., rendered by such parties are essential to the corporate management of the TDK Group or it would be difficult to find an alternative provider of the same services, etc.

(iv)Where it is recognized within the TDK Group that the relevant Outside Director/Audit & Supervisory Board Member is involved in the services, etc., provided by the Relevant Organization

(3) In the case of a close relative of the relevant Outside Director/Audit & Supervisory Board Member An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if either of the following cases apply to their close relative (family member within the second degree (as defined under Japanese law)) at present or have applied to them during the past three years.

(i)A person to whom (1) or (2) above applies (except persons without material significance)

(ii)A person who executes business for TDK or a subsidiary of TDK (except persons without material significance)

As to qualification of Outside Director/Audit & Supervisory Board Member, reasons for recommending as a candidate for Outside Director/Audit & Supervisory Board Member are stipulated in the proposal regarding the election of Directors/Audit & Supervisory Board Members in the Notice of Convocation of Ordinary General Meeting of Shareholders.

[Supplementary Principle 4-11-1 Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness (View on Balance, Diversity and Appropriate Board Size)]

TDK’s basic policy is to have a small number of Directors to expedite the management decision-making. The number of Directors shall be an appropriate number no more than ten in accordance with the Articles of Incorporation and currently seven Directors are in office.

The number of Audit & Supervisory Board Members shall be no more than five in accordance with the Articles of Incorporation and currently five Audit & Supervisory Board Members are in office.

As to the current Board composition, the total number of the Directors and Audit & Supervisory Board Members is twelve, out of which six are Outside Directors or Outside Audit & Supervisory Board

Members.

Directors are examined and nominated by the Nomination Advisory Committee based on the balance among knowledge, experience and skills as well as the diversity so that they can fulfill their roles and responsibilities effectively.

Thus far, Outside Directors have been elected among human resources who have diverse experience and expertise such as corporate managers, lawyers, etc. and Outside Audit & Supervisory Board Members have been elected among human resources who have diverse experience and expertise such as corporate managers, lawyers, accountants, etc. When selecting the candidates for Directors and Audit & Supervisory Board Members, in accordance with the provisions of the “TDK Code of Conduct” and shall not be excluded on the basis of race, belief, gender, religion, nationality, ethnicity, age, etc.

[Supplementary Principle 4-11-2 Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness (Disclosure regarding Concurrent Duties of Directors and Audit & Supervisory Board Members)]

TDK confirms positions of directors, audit & supervisory board members or the management held at other companies by Directors and Audit & Supervisory Board Members and approves them by resolution at the Meeting of the Board of Directors every term.

Further, positions held at other companies by Outside Directors and Outside Audit & Supervisory Board Members are also confirmed by the Nomination Advisory Committee every term.

Positions held at other companies by Directors and Audit & Supervisory Board Members are disclosed in the Notice of Convocation of Shareholders Meeting and Annual Securities Report.

[Supplementary Principle 4-11-3 Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness (Analysis and Evaluation and Disclosure of Effectiveness)]

TDK conducts an evaluation of the effectiveness of the Board of Directors each year in order to verify whether the functions expected of the Board of Directors are properly performed and enhance such functions.

Also, TDK requests a third-party evaluation institution to evaluate the effectiveness of the Board of Directors periodically (about once every three years) in order to verify it from the neutral and objective standpoint.

In the Board of Directors evaluation for the fiscal year ended March 2020, as a survey was conducted by a third-party evaluation institution in the previous fiscal year, the Corporate Governance Committee (Chairman: Makoto Sumita, Chair of the Board of Directors who does not concurrently serve as a Corporate Officer), which is an advisory body to the Board of Directors, took the lead in a neutral position, conducted questionnaires and interviews with the Board of Directors (including the Audit & Supervisory Board Members) and its Advisory Committees (Nomination Advisory Committee and

Compensation Advisory Committee), and analyzed the results thereof and extracted the issues, and then the Board of Directors conducted the final evaluation.

■Evaluation Process

- (1) The Corporate Governance Committee, after reviewing the method and schedule for evaluating the effectiveness this time, reported to and deliberated with the Board of Directors about them (November 2019).
- (2) The Corporate Governance Committee prepared an effectiveness evaluation questionnaire and administered it to all Directors (7) and all Audit & Supervisory Board Members (5) (November - December 2019).

[Questionnaire Items (Major Items)]

- ①Size and composition of the Board of Directors (questions and free answer)
- ②Operation of the Board of Directors (question and free answer)
- ③Composition and role of the Nominating Advisory Committee (question and free answer)
- ④Operation of the Nomination Advisory Committee (question and free answer)
- ⑤Composition and role of the Compensation Advisory Committee (question and free answer)
- ⑥Operation of the Compensation Advisory Committee (question and free answer)
- ⑦Support for Outside Directors (question and free answer)
- ⑧Role of the Audit & Supervisory Board Members (question and free answer)
- ⑨Relationship with investors and shareholders (question and free answer)
- ⑩Self-evaluation by Directors and Audit & Supervisory Board Members (free answer)
- ⑪Overall effectiveness of the governance structure and the Board of Directors (free answer)
- ⑫Others (free answer)

*The survey is multifaceted, with detailed sub-items underneath the major items above.

While certain question items are not changed in the effective evaluation questionnaire in order to enable continuous measurement each year, the other question items are reviewed each year in order to enhance the quality of evaluation. Also, many “free comment fields” are provided in order to collect different and various opinions and suggestions without regard to the questionnaire items.

- (3) The Corporate Governance Committee compiled the results of the questionnaire in an anonymous form, extracted common problems and issues, and made an interim report to and deliberated with the Board of Directors (December 2019).
- (4) The Chairman of the Corporate Governance Committee conducted individual interviews with all Directors (7) and all Audit & Supervisory Board Members (5), focusing on the key issues extracted by the questionnaire (December 2019 - January 2020).
- (5) The Corporate Governance Committee compiled the results of the interviews in an anonymous

form, reported to and deliberated with the Board of Directors about them, and finalized the evaluation by the Board of Directors (March and April 2020).

■Summary of Evaluation Results

(1) Results of the Effectiveness Evaluation (Conclusion)

In this evaluation, the Board of Directors considered the effectiveness of the Board of Directors to be the “appropriate fulfillment of the roles and functions (management supervision, decisions on important matters, etc.) expected of the Board of Directors in realizing the company's sustainable growth” and conducted an evaluation in terms of whether there is a mechanism to guarantee this, whether appropriate deliberations and active and substantive discussions take place, and whether the results of these deliberations and discussions lead to improved management.

Based on the results of the analysis of the questionnaires and interviews conducted by the Corporate Governance Committee, the Board of Directors, as a result of conducting deliberations several times, confirmed that the effectiveness of the Board of Directors and its Advisory Committees (Nomination Advisory Committee and Compensation Advisory Committee) was sufficiently secured in terms of their size and composition, the content of the agenda items and deliberations, the status of active discussions, their reflection in management, etc.

In addition, the Board of Directors confirmed that it continues to enhance its effectiveness by making improvements based on the results of the Board of Directors evaluation in the previous fiscal year.

(2) Summary of Evaluation

As a result of the evaluation of the effectiveness of the Board of Directors, the following points were confirmed.

①Size and composition of the Board of Directors

- The Board of Directors is chaired by an independent Outside Director and the neutral and fair operation of the Board of Directors is maintained.
- The Outside Directors and the Outside Audit & Supervisory Members consist of members who have a variety of experience and expertise, while the internal Directors do not include those in charge of business units and consist only of Directors who have a bird's eye view of the entire group, thus a well-balanced system for the functioning of the Board of Directors is maintained.
- The composition of the Board of Directors has been reviewed with diversity in mind, and the appointment of women and foreign nationals to the Board of Directors and Audit & Supervisory Board Members is steadily progressing.

②Discussions at the Board of Directors meetings

- The Chair of the Board of Directors, who is an independent Outside Director, facilitates free and lively discussions, and active and substantive discussions are held by all members, without distinction between internal and Outside Directors, or between Directors and Audit & Supervisory Board Members.
- Based on the annual plan of the Board of Directors, medium- and long-term management strategies, financial strategies, major business plans, global HR strategies, risk management, SDGs, information on dialogue with investors and shareholders, etc. are regularly reported to and deliberated at the Board of Directors meetings.

③Reflections for improved management and governance

- The opinions of Outside Directors/Audit & Supervisory Board Members are fed back to the executives as appropriate and reflected in business plans and measures, and the Board of Directors properly fulfills its functions of supervising management and making important decisions through deliberations and verifications at the Board of Directors meetings.
- With respect to the issues extracted in the Board of Directors evaluation, monitoring and improvement efforts have been made and the PDCA cycle (Board of Directors evaluation → Issue extraction → Improvement → Verification of results) has been implemented. In addition, governance is being improved by continuing this cycle every year.

(3) Progress in Addressing the Issues Extracted in the Previous Fiscal Year's Effectiveness Evaluation

The Board of Directors listed the issues reported in the previous fiscal year as items to be addressed in the annual plan of the Board of Directors and worked on the improvement of such issues, and verified their progress through questionnaires, interviews and discussions in the Board of Directors evaluation this time.

①Deeper discussion of long-term strategy

At the Board of Directors meeting held in February 2020, TDK's long-term vision, management strategy, and financial policies based on global social and technological trends for the next 10 years were reported and deliberated in detail.

It was confirmed that the details of the long-term management strategy will continue to be reviewed and verified and will be fed back to each of the major business units, and that they will work toward the formulation of the next medium-term plan (from April 2021).

②Deeper discussion on succession plan at the Nomination Advisory Committee and sharing basic ideas with the Board of Directors

The Nomination Advisory Committee was held a total of 10 times during this fiscal year, with discussions focusing on the CEO and Corporate Officer succession plan.

The activities of the Nomination Advisory Committee and its basic approach to succession plan were reported to the Board of Directors meeting held in March 2020, and it was confirmed that the Nomination Advisory Committee will continue to discuss and engage in activities related to succession plan (including Outside Directors/Audit & Supervisory Board Members).

(4) Future Issues

As a result of the Board of Directors evaluation this time, the following three are recognized as the main issues that the Board of Directors should address in the future:

① Continuous verification of long-term management strategies

Since the long-term management strategy is extremely important as it indicates the direction and strategy of the company in the future, the Board of Directors should continue to review, deepen deliberations on, and verify the contents reported at the Board of Directors meetings.

② Strengthening group risk management

The risks to which global companies are exposed in today's global environment are diverse, and TDK should further strengthen its management of risks and countermeasures for the entire TDK Group.

③ Improved communication among Outside Directors/Audit & Supervisory Board Members

With the election of Outside Directors/Audit & Supervisory Board Members, communication among Outside Directors/Audit & Supervisory Board Members, including newly appointed Outside Directors/Audit & Supervisory Board Members, became more important and was expected to be further enhanced.

Going forward, TDK will continue to improve the effectiveness of the Board of Directors in order to achieve its sustained growth and enhance its corporate value.

[Supplementary Principle 4-14-2 Training Policy for Directors and Audit & Supervisory Board Members]

TDK properly provides Directors and Audit & Supervisory Board Members (including Outside Directors and Outside Audit & Supervisory Board Members) with opportunities for training (acquisition of necessary knowledge, appropriate updates, etc.) in order to ensure that they can appropriately fulfill their expected roles and responsibilities. The contents of the training are as follows.

(1) TDK properly provides Directors and Audit & Supervisory Board Members with opportunities to gain knowledge about TDK through visits to domestic and overseas bases, factory tours, explanations about business conditions, etc. Also, external training service, etc. are arranged to provide Directors and Audit & Supervisory Board Members with basic knowledge of laws and regulations, etc. related to their duties.

(2) TDK conducts a session to brief newly appointed Outside Directors and newly appointed Outside

Audit & Supervisory Board Members on TDK's business, organization, governance, and finances and the content of its medium-term management plan upon their assuming office.

The main results (*i.e.*, total participation by Outside Directors/Audit & Supervisory Board Members) for the fiscal year ended March 2020 are as follows:

Business briefings / 2 times, 6 people

Visits to domestic bases / 8 times, 11 people

Visits to overseas bases / 4 times, 4 people

Information exchange meetings / 8 times, 37 people

[Principle 5.1 Policy for Constructive Engagement with Shareholders]

TDK's policy is to make efforts to gain understanding regarding the financial conditions and management strategy of the TDK Group through constructive engagement with shareholders and to take the following measures to achieve sustained growth and improve medium- to long-term corporate value of the TDK Group by reflecting valuable input from shareholders to the management.

(1) Appointing a member of the management or a director regarding engagement with shareholders
President and Representative Director and Corporate Officer in charge of accounting have constructive engagements with investors, including, among others, domestic and overseas shareholders, and explain to them about financial conditions, management strategy, etc. of the TDK Group.

(2) Measures to ensure positive coordination between internal departments

The department in charge of IR plays a central role in regularly exchanging information and cooperating among Corporate Officers in charge and other related persons of relevant departments.

(3) Measures to promote general investor meeting and other IR activities

In addition to regular quarterly financial results briefings, TDK holds medium- to long-term business strategy meetings, etc. and promotes understanding of investors. TDK promotes disclosure of information as well by publishing a part of the materials at the website of TDK.

(4) Measures to relay to the senior management and the board

Situations of engagements with shareholders and investors are relayed to the Board of Directors, Executive Committee, and Corporate Officers in charge, etc. before announcement of financial results and in each case.

(5) Measures to control insider information when conducting engagement

TDK has established the Insider Trading Prevention Standard as its internal rule and manage insider information properly by fully enforcing the said Regulations and conducting educational activities.