

# Corporate Governance

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## Basic Concept of Corporate Governance

Based on its founding spirit, the Company seeks to achieve its business objectives through manufacturing and to further improve corporate value, while also endeavoring to nurture a sound corporate culture and sincerely carry out its corporate activities, being constantly aware that it is a member of society. At the same time, TDK fulfills its duties for accountability by disclosing information to its stakeholders with comprehensiveness, preciseness, timeliness, and impartiality.

TDK also pursues its management philosophy faithfully and earnestly, and is constructing the following efficient and orderly corporate governance system in order to maintain and guarantee the soundness, legality, and transparency of management.

disinterested Outside Directors are appointed to strengthen supervisory functions. The term of a Director is set at one year, giving the shareholders the opportunity for a vote of confidence in each business year.

- The corporate officer system is adopted to separate the Board of Directors' policy decision-making and supervising functions from the operating function. The Corporate Officers are charged with carrying out business operations according to the decisions made by the Board of Directors, to enable rapid business operations in line with corporate policy.
- In accordance with the auditor system principles as specified in the Corporation Act, the Board of Corporate Auditors (five Auditors in total) is established. Out of the five Auditors, three disinterested and independent Outside Auditors are appointed to enhance the supervisory function for operations.
- The Business Ethics & CSR Committee, the Disclosure Advisory Committee, the Compensation Advisory Committee, and the Nomination Advisory Committee are established as advisory bodies to the Board of Directors.
- The Risk Management Committee and the Crisis Management Committee are established, reporting directly to the Executive Committee.

## Outline of TDK Corporate Governance Organization

- To enable swift executive decision-making, the number of Directors is limited to seven, and three

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