

Corporate Governance

Basic Policy

In 2016, TDK formulated the TDK Basic Policy on Corporate Governance* with the aim of contributing to the Group's sustained growth and enhancement of corporate value over the medium to long term. The basic views behind this policy is outlined below (selected excerpts).

- (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 the world's first company to industrialize a magnetic material called ferrite, TDK unremittingly pursues originality and increased corporate value through provisions 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 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 members of 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 Corporate Motto. At the same time, TDK strives to foster a sound corporate culture and sincerely conduct 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.

* For the full text of the TDK Basic Policy for Corporate Governance, please refer to following website:
http://www.global.tdk.com/corp/en/ir/tdk_management_policy/governance/basic/

Corporate Governance System

- 1. Adoption of the Company Auditor System and Strengthening of the Supervisory Function:**
 TDK has adopted the Company Auditor System pursuant to the Companies Act of Japan and has appointed three independent Outside Company Auditors (of the five Company Auditors) who have no conflicts of interest in TDK in order to strengthen the supervision of TDK's management.
- 2. Strengthening the Function of the Board of Directors and Increasing the Accountability of Directors:**
 TDK has a small number of Directors to expedite the management decision-making process. At the same time, TDK has appointed objective, independent Outside Directors (three) in order to enhance the supervision of TDK's management. In addition, the Directors' terms of office are set at one year to give shareholders an opportunity to cast votes of confidence regarding Directors' performance every business year.
- 3. Adoption of a Corporate Officer System for Expeditious Business Execution:**
 TDK has adopted a Corporate Officer system that separates the management decision-making and Director supervisory functions of the Board of Directors from the execution of business. Corporate Officers are in charge of business execution and carrying out decisions made by the Board of Directors and thereby expeditiously execute business operations in accordance with management decisions.
- 4. Establishment of Advisory Bodies to the Board of Directors:**
 The Business Ethics & CSR Committee, Disclosure Advisory Committee, Compensation Advisory Committee, and Nomination Advisory Committee have been established as advisory bodies to the Board of Directors.

TDK group's corporate governance system

