

# CSR Activities

## Basic Stance Regarding CSR Activities

TAIYO YUDEN's management philosophy is to put into action its three principles: supporting "employee well-being" and "betterment of local communities," and taking "responsibility to provide returns to shareholders." The Company believes that the mission of management and social responsibility of the Company is to support continued development of its business while serving society and public interests and ensuring public nature of our business with a global perspective.

Our vision is to "become an excellent company that enjoys the trust and highest regard from our customers." To this end, we will create smart products that meet market needs so that our products are used in every market of a broad range of fields and aim to expand our business while also raising economic value of the Company. Furthermore, we will fulfill our social responsibility by meeting and even surpassing growing and more sophisticated requirements as well as expectations of stakeholders, and strive to increase social value of the Company.

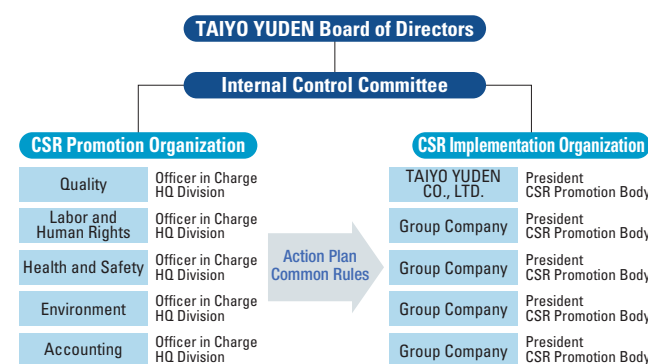
To accomplish these aims, we will develop, manufacture and sell smart products that are safe and high quality and take responsibility for initiatives we conduct in areas of labor, human rights, safety and health, the environment as well as ethics as we continue our CSR activities.

## CSR Charter

To present the management philosophy of the TAIYO YUDEN Group more clearly to stakeholders, in 2005 the CSR Charter (TAIYO YUDEN Group's Charter on Social Responsibility) was established. To win the trust and goodwill of society, the TAIYO YUDEN Group will respect human rights, keep abreast of and comply with laws and international rules and regulations, and take a socially conscious course of action based on high ethical standards.

## CSR Activities Promotion Framework

In the Group's CSR activities, overall management is provided by the Internal Control Committee. The promotion organization is comprised of officers in charge and HQ divisions appointed for each provision of the Code of Conduct and each applicable risk, and management is car-



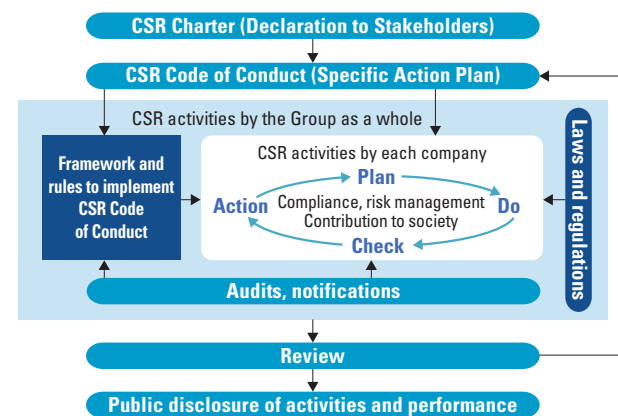
ried out according to a system (the Compliance and Risk Management System) implemented by each group company in accordance with the activity policy and rules in common established by the promotion organization.

## CSR Management System

The TAIYO YUDEN Group has built a CSR management system to achieve the goals set forth in our CSR Charter and assure compliance with the CSR Code of Conduct.

In carrying out CSR activities, we follow the provisions of our Code of Conduct and comply with laws and regulations as a matter of course. We also have a framework and rules in place for promoting proper conduct and all of our group sites employ a management system based on the plan-do-check-act (PDCA) cycle.

These activities are checked through internal audits and a notification system. An annual review of CSR performance is conducted and activities are continually being improved.



## Compliance and Risk Management

At TAIYO YUDEN compliance and risk management is a key activity of our CSR management system.

The laws and regulations that require compliance are listed by organization along with the risks that might adversely affect business, and regulatory compliance procedures and risk mitigation measures are drafted and implemented as part of the system.

New laws/regulations and risks are regularly added to the list and the compliance procedures and mitigation measures pertaining to existing laws/regulations and risks are reassessed for aptness each fiscal term. We are making thorough efforts to achieve regulatory compliance and prevent and minimize risks.

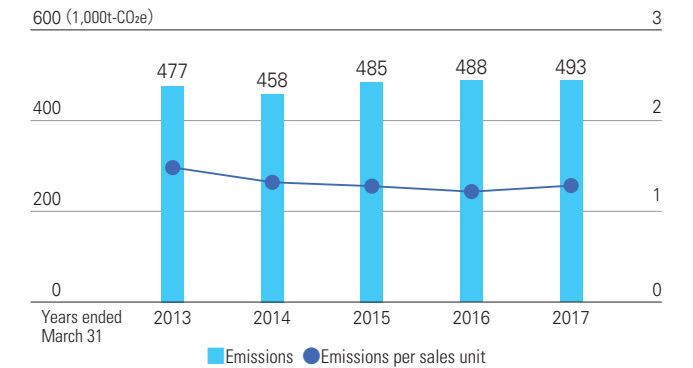
<http://www.yuden.co.jp/ut/company/csr/management/>

## Environmental Activities

### Basic Stance—Fundamental Principle of Environment

The TAIYO YUDEN Group works to reduce its environmental burden in every business activity in research, development and design of products, procurement of parts and materials, manufacture, sales and associated services in order to hand over this precious Earth to the future generation.

## Greenhouse gas emissions



## Labor and Human Rights Activities

The TAIYO YUDEN Group has defined a Code of Conduct regarding labor and human rights within the CSR Code of Conduct which stipulates that child labor or forced labor are not to be conducted. A survey on child labor and forced labor was conducted in all countries where Group companies are located, and the results confirmed that these stipulations were being complied with 100%. In addition, the Code of Conduct stipulates that we will respect the diversity, personality, and individuality of employees, ensure a work environment without any discrimination, and not conduct acts of harassment by authority in the organization, and we are also promoting compliance with these provisions.

### Circumstances surrounding Labor and the Human Rights Goal: Compliance rate are 100% in all countries.

Country or Area	Employee Number	Year ended March 31, 2017 Compliance Rate	
		Child Labor	Forced Labor
Japan	5.2k	100%	100%
USA, Europe	0.1k	100%	100%
China, Taiwan	4.1k	100%	100%
Korea	0.9k	100%	100%
Singapore, Malaysia	4.1k	100%	100%
Philippines	5.0k	100%	100%

## Health and Safety Activities

The TAIYO YUDEN Group works to eliminate work-related accidents and reduce major risks based on the principles of safety and health that provide workplaces which always maintain safety and where employees can work in confidence in order to ensure their well-being, as they are an important resource for the company.

Currently, to achieve the new medium-term occupational health and safety targets for the fiscal year ending March 31, 2019, we are promoting initiatives to improve the level of the 5M (Man, Machine, Method, Material, and Measurement) items in order to eliminate unstable conditions and unsafe behavior that cause work-related accidents.

### New Medium-term Occupational Health and Safety Targets (Medium-term Targets for FY ending March 31, 2019)

Year ending March 31, 2019 Targets	5Ms for Medium-term Targets
Incidence rate of injuries and illness less than 0.04	<b>Man</b> : Creation of "safe workplace" culture
	<b>Machine</b> : Bringing safety equipment activities to the world level (ISO, IEC)
	<b>Method</b> : Standardization of procedures for safe work
	<b>Material</b> : Minimization of toxicity and danger of chemical substances
	<b>Measurement</b> : Strengthening of checking system

## Materials Procurement Activities

Recently, there have been strong international demands for companies to conduct business activities with a social consciousness based on high ethical and moral standards. The TAIYO YUDEN Group has established a basic policy on materials procurement, and is promoting CSR procurement activities for not only suppliers of parts, materials, machinery as well as technologies and services procured by the Group, but also the entire supply chain including all clients.

## TAIYO YUDEN Group Policy

### Global Procurement

TAIYO YUDEN Group shall procure the parts, material, technology, information and services most suitable for our products needs from the suppliers in the world.

### Fair Trade

Opportunity to have business with TAIYO YUDEN Group is open to suppliers in the world based on equal and fair standard. Compliance with the laws and the ethics shall be applied to the procurement activities of TAIYO YUDEN Group.

### Mutual Trust/CSR

TAIYO YUDEN Group shall actively practice the CSR management in procurement activities and further establish sound partnership to build mutual trust and development.

### Material Procurement Policy

1. Provide Fair and Equal Opportunity/Fair Procurement
2. Specification of the Procurement Information
3. Master Purchase Agreement/Control of Confidential Information
4. Compliance with the Law
5. Environmental Conservation/Preservation

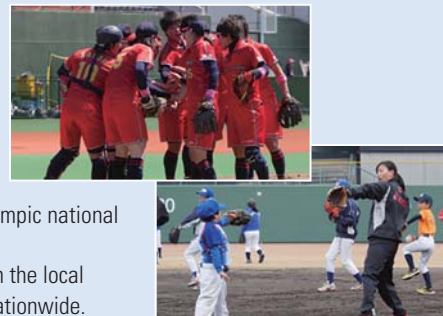
## Social Contribution Activities

The Group regards coexistence with the local community and global society as a basic stance, and it is actively involved in social contribution activities including factory tours and interaction with the local community and other companies.

### TAIYO YUDEN SOLFILLE Women's Softball Team

The women's softball team was established in 1984 for the purpose of improving employee motivation and the name recognition of the company. The team has been in the first division of the Japan Softball League for 29 years since 1987. During this time, it has had a spectacular track record that includes gaining championship titles in the league and the All Japan National Championship, and it has also produced some Olympic national team players.

In addition, the team plays a major role in inspiring not only employees, but also people in the local community and children through means such as holding softball classes for future players nationwide.



For further details on our CSR activities, please visit at <http://www.yuden.co.jp/ut/company/csr/>

## Dealing with Conflict Minerals

According to Article 1502 of the U.S. financial regulatory reform bill (Dodd-Frank Wall Street Reform and Consumer Protection Act) enacted in 2010, listed U.S. companies that require conflict minerals from the Democratic Republic of the Congo (DRC) and adjoining countries for their product functions or production are now obliged to specify and report to the U.S. Securities and Exchange Commission (SEC) whether such conflict minerals come from the DRC and adjoining countries.

The TAIYO YUDEN Group, under this purpose, aims for procurement that does not involve such conflict. Accordingly, we request our suppliers to understand the Group's procurement policies and to cooperate with investigations, and furthermore to procure from smelters certified as not complicit in conflicts, such as smelters that are in compliance with the Conflict-Free Smelter program established by the CFSI\*. Furthermore, the contents of investigations by the TAIYO YUDEN Group will be disclosed to customers.

\* CFSI (Conflict-Free Sourcing Initiative): An organization that establishes international guidelines regarding conflict minerals

### Usage Examples of Subject Minerals in Electronic Components

	MLCC, Inductors	SAW devices	Modules
Tantalum		●	●
Tin	●	●	●
Tungsten		●	●
Gold		●	●

## Human Resource Strategy

### The TAIYO YUDEN Group policy on developing human resources

In line with our founding philosophy, the TAIYO YUDEN Group aims to bolster the quality of life of each of our employees by respecting the dignity and individuality of each person based on recognition of people's diverse backgrounds and characteristics. To this end we are providing an educational environment and opportunity for employees to expand their horizons and improve their abilities, as well as study on their own. Through the development of human resources, we will continue to develop employees that at create

value that contributes to society, enhance creativity and specialization, and create a global workforce built on different cultures that can effectively implements the company's operating strategy. By offering an environment in which employees are free to strive without fear of failure, and bolster their abilities in a variety of fields, we aim to advance not only the TAIYO YUDEN Group, but also the individual lives of each of our employees.

Classification	Management position		Supervisory position		General position	
	Management participation	Showing expertise + expanding vision + enacting organizational reform	Showing expertise	Acquiring expertise	Practical training	
Human Resources Education (TAIYO YUDEN)	Leadership ability					
	Eligibility requirements	Common				
		Work-related				
	OFF-JT	Common education needed for each classification				
		Unique education required for each division				
	Purpose-based education	<ul style="list-style-type: none"> <li>• Management skills education</li> <li>• Education for location leaders</li> <li>• Executive training</li> <li>• Officer training</li> </ul>		<ul style="list-style-type: none"> <li>• New employee training</li> <li>• Basic training</li> <li>• Education for manufacturing supervisors</li> <li>• Manufacturing site training</li> </ul>		
		Basic education	<ul style="list-style-type: none"> <li>• Promotion training</li> <li>• Career design education</li> <li>• Common training (safety and health, legal, CSR, mental health, languages)</li> <li>• Training for those assigned overseas</li> </ul>			
	Self-improvement		<ul style="list-style-type: none"> <li>• Self-development education (correspondence courses, languages)</li> </ul>			
	OJT		<ul style="list-style-type: none"> <li>• OJT (skill check, target management)</li> </ul>			
	Languages		<ul style="list-style-type: none"> <li>• Languages (English, Chinese, Korean)</li> </ul>			
Rotation-based training		<ul style="list-style-type: none"> <li>• Rotation within and between departments, dispatching to domestic or overseas locations</li> </ul>				
Worldwide human resources education support	Global Leadership Program (GLP) a candidate training course					

### The Global Leadership Program (GLP), a candidate training course

#### Fostering human resources with an eye toward true globalization

The TAIYO YUDEN Group in 2012 launched efforts to promote cooperation among the various companies in the fostering of human resources to achieve a single goal. Previously, the companies had pursued the development of human resources on an independent basis. As part of this effort, the Global Leadership Program was formed with the goal of continuously fostering the most talented employees so that they could exercise leadership and their abilities throughout the world.

In addition to learning about TAIYO YUDEN's technology and products, the electronic components sector and target markets, and company policies and operating targets, participants in the program are instructed in the basics of leadership theory and organizational management. Participants are given a chance

to refine their leadership qualities at the end of the program, presenting the results of their activities to the board of directors and the heads of various operating divisions.

The training program is aligned with the company's operating policies and devised so that the most up-to-date information can be presented, including through lectures by developers. One example is system solutions, where various technologies and products are combined, something that has recently become quite common in the electronic components industry.

