

ESG

—Management system—

Committed to Solving Social Issues

The International community came together at the United Nations Summit in 2015 to adopt and call on companies to work toward achieving 17 Sustainable Development Goals (SDGs). In support of this international effort and following our corporate philosophy and the upcoming needs of an AI and IoT-based society, the TAIYO YUDEN Group remains committed to resolving social issues by working to clarify priority issues.

Basic Stance Regarding CSR Activities

TAIYO YUDEN's management philosophy is to put into action its three principles: supporting "employee well-being", "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.

TAIYO YUDEN's 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 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 CSR Code of Conduct (Code of conduct regarding social responsibilities of TAIYO YUDEN Group)

and each applicable risk, and management is carried 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.

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.

 <https://www.yuden.co.jp/or/company/sustainability/management/>

Specific risks and their countermeasures	
<p>Measures aimed at business continuity</p> <p>The TAIYO YUDEN Group could suffer shutdowns or see significant damage at its manufacturing facilities due to natural disasters such as earthquakes, typhoons, floods, or accidents. In response to this risk, the Group implements the following three measures, and by calling on suppliers to also implement and follow these same measures, is constructing a business continuity plan (BCP) covering the entire supply chain as part of its effort to create a stable supply system.</p> <ul style="list-style-type: none">■Securing sufficient inventory until production lines can be restores■Dispersing production facilities throughout the world■Having a dispersed lineup of material and parts suppliers	<p>Adapting to changing environmental regulations</p> <p>The TAIYO YUDEN Group is subject to a variety of environmental laws and regulations in each of the countries in which we operate, including regulations related to hazardous substances, the disposal of industrial waste, and the prevention of pollution in the air, water, and soil. Regulations in this area are becoming stricter with each passing year, raising the possibility of additional restrictions on our business activities. In order to adapt to the changing regulatory environment, the TAIYO YUDEN Group has been working to continue its business without disruption, including by ending the use of hazardous substances and launching new processing facilities.</p>

CSR Management and SDGs

The TAIYO YUDEN Group has constructed a CSR management system to achieve the goals set forth in our CSR Charter and to ensure compliance with the CSR Code of Conduct as well as all related laws and regulations. We have also created a framework and rules for promoting proper conduct as outlined in the Code of Conduct, and all of our Group companies employ a management system based on the plan-do-check-act (PDCA) cycle.

We intend to contribute toward the resolution of the various

social issues raised in the Sustainable Development Goals (SDGs) adopted at the UN Summit in 2015 though the TAIYO YUDEN Group's business activities and ESG efforts while simultaneously achieving sustainable growth in our business by making continuous improvements in our CSR management system.

In the following section we would like to explain how the TAIYO YUDEN Group's business activities and ESG efforts contribute to the achievement of these Sustainable Development Goals.

SDGs and Efforts			
	SDGs	Efforts	Links for Details
	Ensure healthy lives and promote well-being for all at all ages	■Periodical blood donation by employees at each of TAIYO YUDEN Group sites	Contributing to Communities (Blood Donation)
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	■Electronic handicraft workshop for students to develop an interest in science ■Donation for the welfare fund for orphans from traffic accidents founded by the founder of TAIYO YUDEN and some scholarships	Contributing to Communities (Electronic Handicraft Workshop) Contributing to Communities (Donation to Fund for Orphans from Traffic Accidents)
	Achieve gender equality and empower all women and girls	■Formulation and implement of action plan about promotion of women's participation and advancement	Diversity Promoting Activities
	Ensure availability and sustainable management of water and sanitation for all	■Treatment of used water in factory to displace clean water ■Cleanup activities to protect ecosystem on the waterfront where various species live ■Reduction of water use by recycling water	Safety & Environmental Report, Data by Site Contributing to Communities (Cleanup on Hills, Riversides, and Seacoasts) Environmental action case (Reducing Water Use) Waste, Water (Results of Water Resource Efforts)
	Ensure access to affordable, reliable, sustainable and modern energy for all	■Providing solutions to improve photovoltaics efficiency using PV Micro Converter and monitoring system ■Generation of electricity with photovoltaic power plant to promote utilization of sustainable energy	Solution Proposals/Solar Power Generation Environmental action case (Response to Climate Change)
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	■Enhancement of safety working environment to level up Health and Safety	Health & Safety Activities (Efforts and Status)
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	■For enhancement of energy efficiency, development and supply the Lithium Ion Capacitor; long life and high capacity	Solution Proposals/Power Storage Devices
	Reduce inequality within and among countries	■Establishment and implement of equal opportunity policy to prohibit any discriminations	Human Rights and Labor
	Make cities and human settlements inclusive, safe, resilient and sustainable	■Providing solutions to realize safety in city with Optical Wireless Communication security system	Optical Wireless Communication/ Examples of Applications
	Ensure sustainable consumption and production patterns	■Effective Use of Natural Resources ■3R activities (Reduce, Reuse, Recycle) of waste and water resources considering biodiversity and coexistence between humans and nature ■Reduction of energy use to curb global warming ■Annual reporting on sustainability activity	Environmental Target and Progress Waste, Water GHG, Energy Safety & Environmental Report
	Take urgent action to combat climate change and its impacts	■Reduction of energy use to curb global warming ■Annual reporting on sustainability activity	GHG, Energy Safety & Environmental Report
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	■Mangrove tree plantation to achieve healthy and productive oceans in Philippines ■Cleanup activities on riversides and seacoasts to prevent marine pollution	Biodiversity action case (Mangrove Tree Planting) Contributing to Communities (Cleanup on Hills, Riversides, and Seacoasts)
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	■Plantation in Philippines and Malaysia to restore forests ■Weeding and thinning in forests to conserve mountain ecosystems ■Extermination of invasive alien species to protect land and water ecosystems	Contributing to Communities (Afforestation) Biodiversity action case (Volunteering for Forest Maintenance) Biodiversity action case (Extermination of alien species)
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	■Identification and assessment of conflict minerals, and sourcing responsible minerals	Responsible Minerals Procurement