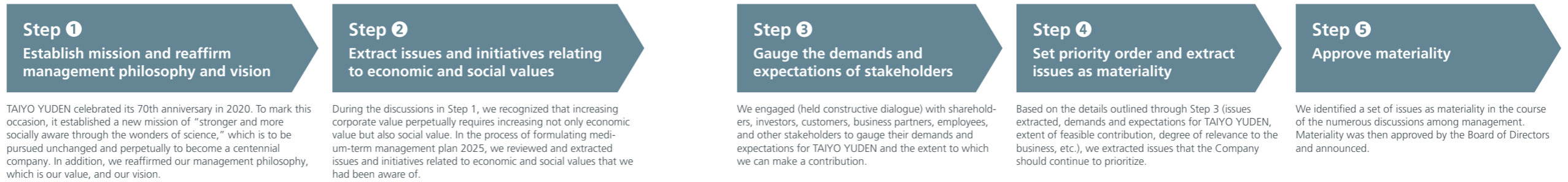


# Materiality

In order to achieve its mission of “stronger and more socially aware through the wonders of science,” TAIYO YUDEN has designated the most important issues it faces as “materiality,” or “key issues.” In our

medium-term management plan 2025, which began in FY2021, we drew up priority measures and KPIs linked to key issues for both economic and social value, and we are in the process of carrying them out.

## Materiality (Key Issues) Identification Process



## Materiality and Priority Measures

| Category       | Materiality (Key Issues)                                    | SDGs Targets  | Medium-term Management Plan 2025 Priority Measures   | Medium-term Management Plan 2025 KPIs  | Example Initiatives in FY2021   | Related pages  |  |
|----------------|---|---|--|--|---|--|--|
| Economic Value | Strengthen core technologies to make our core business grow | Goal 7: Affordable and Clean Energy<br>Goal 9: Industry, Innovation and Infrastructure          | <ul style="list-style-type: none"> <li>Product Strategy<br/>Further grow the MLCC business and strengthen inductor and communication device products to turn them into core businesses</li> <li>Market Strategy<br/>Increase the proportion of sales in focus markets, primarily automotive and IT infrastructure/industrial equipment, to 50%</li> <li>Financial Strategy<br/>Continuously expand production capacity to meet increase in demand for electronic components</li> </ul> | Net sales 480.0 billion yen<br>Operating margin 15% or higher<br>ROE 15% or higher<br>ROIC 10% or higher   | Initiatives for the development and stable supply of high-quality smart products that reduce environmental impact<br>•Capacitors: development of small, thin, high-capacitance, high-reliability MLCCs<br>•Inductors: development of magnetic metal and other materials, and enhancing wire-wound and multilayer process technologies<br>•Communications devices: development of next-generation products for use in 5G mobile communications<br><br>Focused development on high-end and high-reliability products for use in the automotive, and IT infrastructure/industrial equipment markets  | → <a href="#">p.38 At a Glance</a><br><br>→ <a href="#">p.18 Medium-term Management Plan 2025</a>  |  |
|                | Create solutions to solve social issues                     | —   | —  | —  | •Start of construction of new buildings and plants to strengthen production capacity in Japan and overseas (China and Malaysia)<br>•Increased MLCC production capacity by 10–15% compared to the previous year<br><br>Expanded sales of regenerative electric assist systems and proposed various solutions, including river water level monitoring systems, bridge monitoring systems, and IoT engine soliot™  | → <a href="#">p.40 Feature 1</a><br>→ <a href="#">p.44 Feature 2</a>   |  |
| Social Value   | (E) Environment   | Goal 6: Clean Water and Sanitation<br>Goal 12: Responsible Consumption and Production           | <ul style="list-style-type: none"> <li>Accelerate our efforts with numerical targets to improve our social value</li> </ul>  | GHG (Greenhouse gases) emissions FY2030 42% reduction (Absolute amount, compared with FY2020)<br>*Reduction target increased from 25% at the start of FY2022 | •Improved energy-efficiency for production and infrastructural equipment at production bases<br>•Continued operation of solar power generators<br>•Increased information disclosure in line with TCFD (Safety & Environmental Report 2022, Integrated Report 2022, etc.)  | → <a href="#">p.66 Environment Activities</a>  |  |
|                |   | Goal 13: Climate Action   |  | Waste, Water usage FY2025 10% reduction (Basic unit, compared with FY2020)   | •Reduced waste at production bases through revisions to production methods<br>•Reduced water consumption at production bases through optimization of facilities that use water  |  |  |
|                | (S) Social  | Goal 3: Good Health and Well-being<br>Goal 5: Gender Equality                                   |  | Achieve health-oriented management and work style reforms at safety first workplace  | Creating safe, comfortable and environmentally friendly workplaces, and optimizing Group base functions<br>Incidence rate of injuries and illness <0.016<br>Accident frequency rate <0.08   | •Established new medium-term health and safety targets for FY2022–FY2025<br>•Promoted health and safety activities for each of the 5Ms of man, machine, method, material, and measurement<br>•Implemented training to reduce the incidence rate for mental health problems | → <a href="#">p.74 Social Activities</a><br><br>→ <a href="#">p.76 Human Resources Strategy</a>          |
|                |   | Goal 8: Decent Work and Economic Growth   |  | Train and develop human resources based on the diversity policy  | Work engagement: 2.5 or higher  | •Introduced work-interval system, and trialed work-from-home system in normal times<br>•Defined and commenced initiatives for the Focus 5 health indicators of diet, non-smoking, exercise, sleep, and stress  |  |
|                | (G) Governance  | Goal 11: Sustainable Cities and Communities<br>Goal 16: Peace, Justice, and Strong Institutions |  | Improve management quality to support business growth  | Rate of newly recruited female graduates: 30% or higher   | •Hosted company information sessions for women<br>•Participated in recruitment events for female students<br>•Received “Kurumin” recognition from the Minister of Health, Labour and Welfare, as a company that provides support for child raising in June 2021            | → <a href="#">p.56 Corporate Governance</a><br><br>→ <a href="#">p.62 Compliance and Risk Management</a> |
|                |   | Establish and evolve BCM for disaster and infectious disease                                    |  | Female manager ratio FY2030 10% or higher<br>*Newly established at the start of FY2022   | •In partnership with labor unions, hosted workshops related to the promotion of women’s participation and advancement in the workplace<br>•Hosted round-table discussions with women promoted to managerial positions   |  |  |
|                |   |   |  | —  | •Carried out Evaluation of Board of Directors’ Effectiveness using external evaluation organization<br>•Revised systems of remuneration to corporate officers<br><br>•Established Compliance Subcommittee and Risk Management Subcommittee under the Internal Control Committee<br>•Strengthened information security, including strengthening security for company PCs used outside the office, and holding training sessions for employees responsible for information security at Group companies<br><br>•Verified and revised codes of conduct in case of natural disasters at production bases<br>•Regularly convened BCP Committee meetings to share information on the state of infections and on the state of production and logistics, and to ensure the implementation of infection prevention measures |  |  |