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VALUE CREATION STORY TAIYO YUDEN INTEGRATED REPORT 2022

STRATEGIES FOR THE FOUNDATION UNDERPINNING **CREATION OF VALUE** VALUE CREATION

Value Creation Model

Megatrends

Changes in the external environment

- Progress in democratization and generalization of Al
- Rapid spread of 5G
- Evolution of autonomous driving and robotics
- Remote society

Changes in the macro-environment SUSTAINABLE GOALS

- Climate change
- Tightening environmental regulations
- International trade friction
- Threats of natural disaster and infectious disease
- Resource depletion

TAIYO YUDEN's business activities are rooted in the management philosophy it has inherited from its founder, and in the mission it has formulated as it enters a new era: "Stronger and more socially aware through the wonders of science." Through our operations, we strive to contribute both to the resolution of social issues, and to the realization of a safe, comfortable, and convenient society.

Recent years have seen seismic shifts—also known as "megatrends"—in domains such as technology, the environment, and public health. By revising our business strategies, R&D strategies, and human resources strategies flexibly in line with these changes, our goal is to offer greater economic and social value, and to grow sustainably hand-in-hand with society.

Mission

Stronger and more socially aware through the wonders of science

Management **Philosophy**

Employee well-being, Betterment of local communities, Responsi bility to provide returns to shareholders

Business operations at TAIYO YUDEN

Investment capital Leverage from business activities Financial capital ¥474.5 billion Total assets ■ Strengthen core technologies to make our 63% Equity ratio Vision core business grow To be an excellent company that enjoys the trust ■ Create solutions to solve social issues Intellectual capital and highest regard from all stakeholders R&D expenses ¥13.0 billion Creating value through business activities Manufacturing capital **Smart products** Number of 18 production bases Smart design Human capital Economic Social Number of employees value value (consolidated) 22,312 Social/related capital Number of years 72 Number of years since public listing 52 E Response to climate change IATF16949 ISO14001 ISO9001 S Achieve health-oriented management and Natural capital work style reforms at safety first workplace Energy (electricity) consumption 954,088 MWh G Improve management quality 4,027,000 m³

Outcome

Medium-term management plan 2025

[Financial]

■ Net sales ■ Operating marging

15% or higher ■ ROIC 10% or higher

[Non-Financial]

GHG emissions

■ Absolute amount

FY2030 42% reduction (compared with FY2020)

¥480 billion

15% or higher

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Waste / water usage

■ Basic unit (sales quantity) FY2025 10% reduction (compared with FY2020)

Safe & secure workplace / Optimization of group base functions

■ Creating safe, comfortable and environmental friendly workplaces

■ Incidence rate of injuries and illness

< 0.016 ■ Accident frequency rate < 0.08

Work style reforms / Diversity

■ Work engagement

■ Rate of newly recruited female graduates 30% or higher

■ Female manager ratio

FY2030 10% or higher

2.5 or higher