

ESG

Compliance and Risk Management

Basic Policy

Action Guidelines

CSR Charter

In order to realize sustainable corporate growth, TAIYO YUDEN believes it is important to broadly earn the trust of society by fulfilling its social responsibilities: these include meeting the needs and expectations of its stakeholders, properly managing anticipated risks, and contributing to society's development.

For this reason, we have designated compliance and risk

management activities that conform to the CSR Charter and CSR Code of Conduct as "CSR activities," and we work to carry them out in a Group-wide manner.

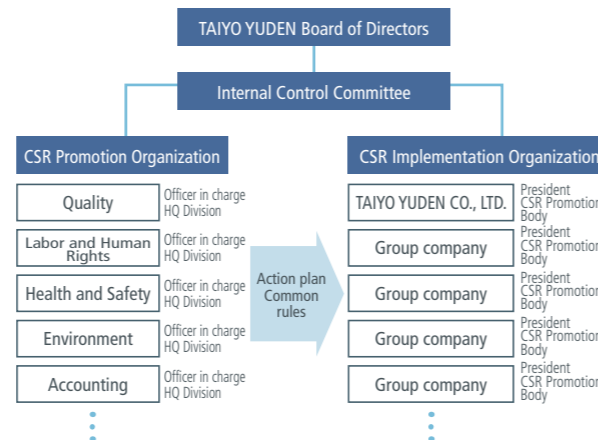
CSR Charter
<https://www.yuden.co.jp/or/company/sustainability/management/charter/>
CSR Code of Conduct
<https://www.yuden.co.jp/or/company/sustainability/management/rule/>

Promotion Framework

CSR Activities Promotion Framework

In the TAIYO YUDEN'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 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.

Control Committee. This new system was implemented at the start of FY2022*.



*For the revised promotion framework, please see the diagram entitled "Structure of Corporate Governance" on p.57

Promotion Framework Revisions

In order to further improve the effectiveness and efficiency of our CSR management, we have revised our promotion framework. Specifically, we have established the Compliance Subcommittee and the Risk Management Subcommittee, two new organizations that are subordinate to the Internal

Compliance

Compliance Goals

We aim to ensure full compliance by identifying all relevant laws, regulations, and rules, and by properly understanding our compliance status.

related workers have group training, and also all workers have e-Learning on an annual basis. In FY2021, e-learning was carried out once; e-learning classes were held for each article of the Code of Conduct.

Furthermore, the executive management regularly has a seminar by an external lecturer.

Disseminating the CSR Code of Conduct throughout the TAIYO YUDEN Group

To further deepen our workers' understanding of the CSR Code of Conduct, we provide the CSR Code of Conduct Handbook, which has simple explanation and illustration of the code in six languages (Japanese, English, Simplified Chinese, Traditional Chinese, Korean, and Malay), to all executives and workers. When enter the company and get promoted, the

Whistleblowing System

At TAIYO YUDEN we have introduced a whistleblowing system aimed at quickly discovering and correcting any behavior in the workplace that either violates or threatens to violate laws or internal regulations; it is available in numerous languages, including Japanese, English, and Chinese. The system protects whistle-blowers, prohibiting treatment that penalizes the

whistleblower for reporting improper behavior, for example; it also allows whistleblower anonymity. The whistleblowing

system is communicated via internal posters, leaflets, and annual training for all workers.

Risk Management

Risk Management Goals

We identify risks related to all aspects of company management and evaluate the likelihood of occurrence and the potential impact of these risks; according to the severity of these risks, we then establish effective measures both for preventing their occurrence and responding to risks that eventualize. In so doing, we seek to minimize losses and maximize profit and corporate value.

		Large ← Impact on operations → Small		
		A	B	C
High ← Likelihood of occurrence → Low	1	A1	B1	C1
	2	A2	B2	C2
	3	A3	B3	C3

Visualizing Risks through "Risk Mapping"


The laws and regulations that require compliance are listed along with the risks that might adversely affect business, and regulatory compliance procedures and risk mitigation measures are drafted and implemented. 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 year. We are making thorough efforts to achieve regulatory compliance and prevent the occurrence of and minimize risks.

In order to strengthen our risk management systems, in FY2021 we revised the evaluation standards we use for risk mapping. We also revised our assessments of the likelihood of occurrence and potential impact of various risks and established new evaluation criteria.

Business Continuity Plan and Business Continuity Management

The goals of our Business Continuity Plan (BCP) and Business Continuity Management (BCM) are to guarantee the safety of our employees, to prevent damage to local communities, to safeguard the quality of our products, to ensure we fulfill our responsibility to provide our customers with stable supplies and, finally, to minimize losses to our business operations. To this end, we have formulated a clear business continuity policy, system, and execution procedure, which are continually being improved to ensure they function effectively in minimizing damage.


< Key Risks and Countermeasures >



Natural disasters


TAIYO YUDEN recognizes the possibility that natural disasters—including earthquakes, typhoons, and floods—and accidents may result in suspensions of operation and/or significant damage to its production facilities. By carrying out mainly the following three initiatives, and by asking our suppliers to do likewise, we are working to establish both stable supply systems and a BCP system that covers our entire supply chain:

1. Ensuring sufficient inventory to last until production lines recommence operations;
2. Ensuring global distribution of production bases;
3. Ensuring diversification of materials suppliers



Infectious diseases

TAIYO YUDEN has established the Business Continuity Planning Committee to take a lead in determining and implementing measures for preventing the spread of infectious diseases. To prevent the spread of COVID-19, we have implemented a variety of measures according to the infection status of local communities based on the Guidelines for Preventing the Spread of Novel Coronavirus Disease: employees are required to wear masks, measure their body temperatures, and create records of their movements; limits have been imposed on business trips, while both teleworking and staggered working-hour systems have been implemented; partitions have been installed, spacing between seats has been increased, and regular disinfections are carried out in our canteens, meeting rooms, and other communal areas; visitors are required to check their body temperatures when entering our worksites. To prevent the spread of influenza, we have instigated workplace vaccination programs and offer subsidies to enable employees to receive vaccines at low costs. In the event an employee is infected, we place the highest priority on the health and safety of our stakeholders; at the same time, we execute our business continuity plans and any other actions required to fulfill our responsibilities to ensure a stable supply of products and to maintain our supply chain.



Information security

TAIYO YUDEN considers information security initiatives to be a priority area. An Information Security Committee chaired by the Officer in charge of information security has been established to deliberate on security policy and measures and roll them out globally. Specific initiatives include measures to prevent vulnerability to cyber attacks, measures against advanced viruses, training sessions for all employees to improve companywide awareness of security and levels of conduct, as well as training for corporate officers.