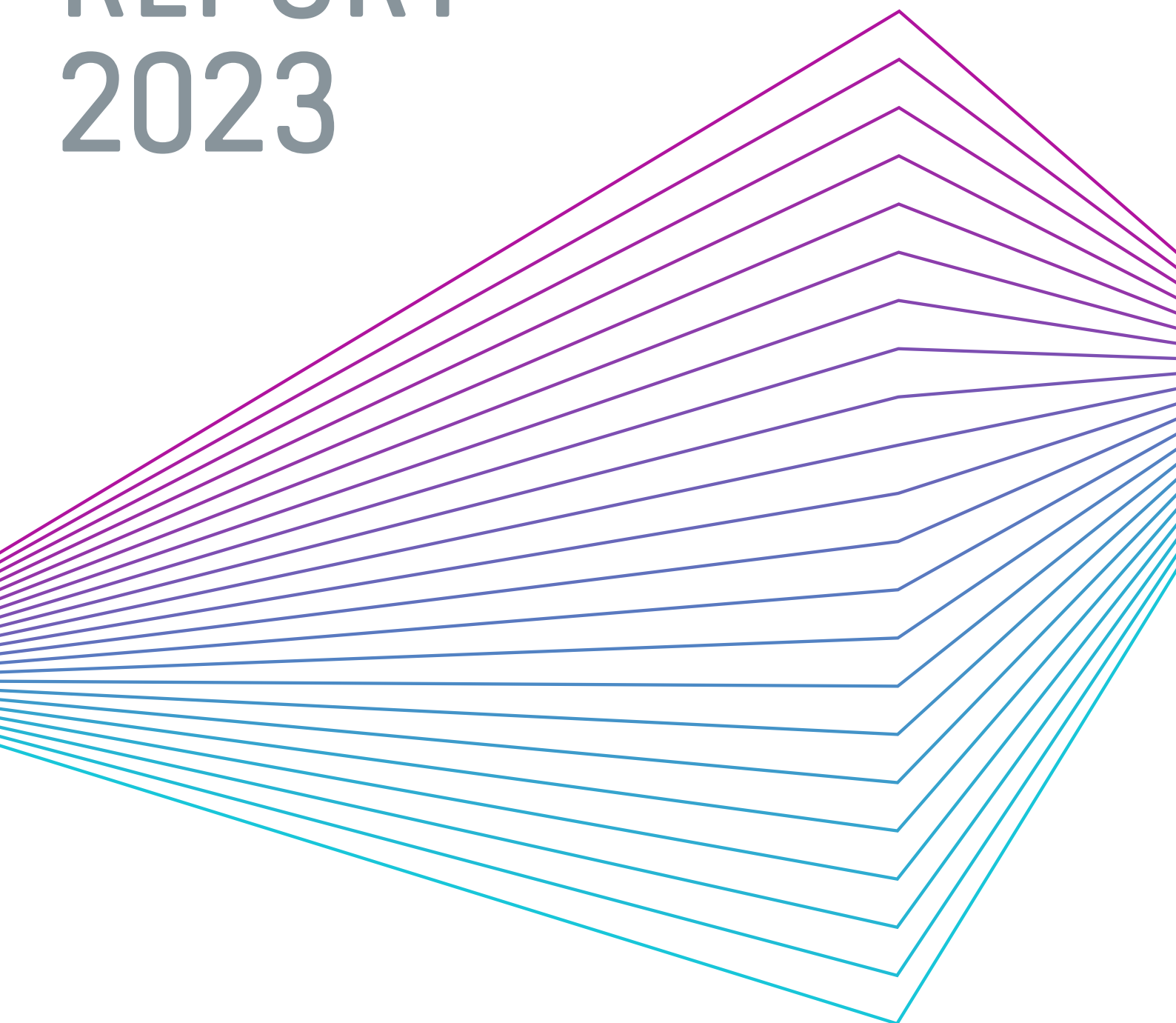


TAIYO YUDEN

TAIYO YUDEN CO., LTD.

INTEGRATED REPORT 2023



Our Profile

We are a global manufacturer of electronic components that develops and manufactures products indispensable to people's lives

TAIYO YUDEN develops, manufactures, and sells electronic components for use in a range of electronic equipment that are essential to people's lives, including smartphones and other communication equipment, automobiles, and IT infrastructure/industrial equipment. The Company boasts advanced technological capabilities, continuing to produce the world's smallest MLCC, and supplies its products globally.



Sales composition ratio by region (FY2022)

Net sales
¥ **319.5** billion
(FY2022)

Overseas sales ratio
89.7%
(FY2022)

Ratio of overseas production
64.7%
(FY2022)



Multilayer ceramic capacitor (MLCC)



Global market share
No.3
(As of FY2022 (According to in-house research))



Mass production of the
world's smallest MLCC
(0.25x0.125mm)

Reference: No. of MLCCs used in electronic equipment (As of December 2022 (According to in-house research))

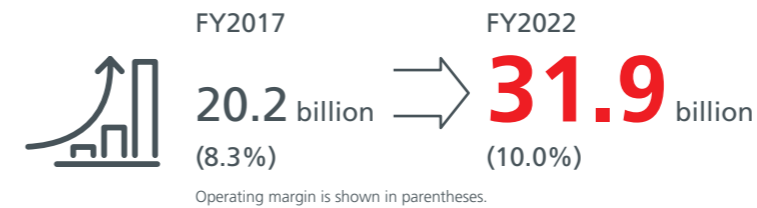


Per smartphone*
Approx. **1,500**
*High-end model



Per electric vehicle
Approx. **10,000**

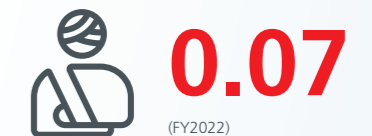
Operating profit



GHG absolute emissions reduction rate (Compared to FY2020)

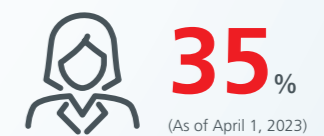


Accident frequency rate*



*The accident frequency rate is the number of fatalities and injuries caused by work-related accidents per one million actual working hours and represents the frequency of accidents. The average for the Japanese manufacturing industry for FY2022 was 1.25

Rate of newly recruited female graduates



Contents

2 Our Profile

Section 1

Value Creation Story

- 8 Mission, Management Philosophy, Vision
- 10 History of Value Creation
- 12 TAIYO YUDEN's Value Provision
- 14 Business Activities that Provide Value
- 16 Materiality
- 18 Medium-term Management Plan 2025 (FY2021–FY2025)
- 20 Financial and Non-financial Highlights
- 22 Message from the President
- 27 Message from the Officer in charge of Finance

Section 2

Strategies for the Creation of Value

- 32 Smart Product Development System
- 34 Market Environment and Business Development
- 36 Value Creation Model
- 38 At a Glance
- 42 R&D

Section 3

Foundation Underpinning Value Creation

- 48 Feature 1: Dialogue Between the Chairperson of the Company and the Chairperson of the Nomination Committee On the Appointment of a New President
- 51 Feature 2: Roundtable Discussion with the Outside Directors Towards the Sustainable Improvement of TAIYO YUDEN's Value
- 54 Executives
- 56 ESG
 - 56 (G) Governance
 - 63 Compliance and Risk Management
 - 66 Sustainability
 - 67 (E) Environmental Activities
 - 69 Efforts to Address Climate Change
 - 75 Efficiently Using Resources and Helping to Build a Recycling-Based Society
 - 77 (S) Social Activities
 - 81 Human Resources Strategy
 - 87 Stakeholder Communication

Corporate Data

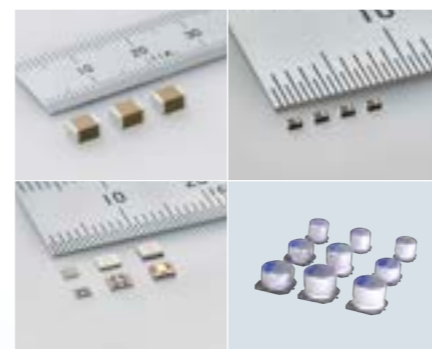
- 88 11-year Financial and Non-financial Summary
- 90 Financial Review
- 92 Consolidated Financial Statements
- 100 ESG Data
- 103 External Evaluation
- 104 Corporate Data
- 105 Stock Information



22 Message from the President



27 Message from the Officer in charge of Finance



38 At a Glance



48 Dialogue Between the Chairperson of the Company and the Chairperson of the Nomination Committee



51 Roundtable Discussion with the Outside Directors



76 Message from the Officer in charge of Safety and Environment

On the Publication of the Integrated Report 2023

TAIYO YUDEN began its five-year medium-term management plan 2025 in FY2021 and currently we are standing at the halfway point of the third year of the plan. Furthermore, as a consequence of the replacement of the President in June 2023, we are working on achievement of this plan under a new management structure.

In the Integrated Report, we explain the value creation activities of TAIYO YUDEN centered on initiatives for the medium-term management plan 2025 which aims for greater corporate value as both greater economic value and greater social value. This time we have worked to expand the content of the report, including the At a Glance section, the environment, human rights, our human resources strategy, etc. based on the feedback we have received through dialogue with our stakeholders. Furthermore, we also introduce our approach concerning the succession of the President. In preparing the report, the President and Chief Executive Officer, the officer in charge of corporate planning, and other members of management and each division collaborated to ensure that a proper process was followed. We hope that reading it will help deepen your understanding of the TAIYO YUDEN Group.

We will continue to place value on the dialogue we have with our stakeholders and strive to enhance both our information disclosure and transparency.

October 2023
Director, Executive Operating Officer
Tomomitsu Fukuda

Departments involved in the publication of the Integrated Report 2023 (in alphabetical order)

TAIYO YUDEN CO., LTD.
Accounting Department, Diversity Development Department, General Affairs Department, Global Logistics Department, Human Resources Department, Human Resources Planning Department, Intellectual Property Department, Legal Department, Management Information System Department, President's Office, Procurement Management Department, Public Relations Department, and Research and Development Laboratory

Scope of Report

This report covers (as of March 31, 2023) 33 companies, comprising TAIYO YUDEN, 11 domestic subsidiaries and 21 overseas subsidiaries.

Reference Guidelines

For editing purposes, reference was made to the International Integrated Reporting Framework recommended by the IFRS Foundation and the Guidance for Collaborative Value Creation provided by the Ministry of Economy, Trade and Industry. For ESG-related information, we referred to the Ministry of the Environment's Environmental Reporting Guidelines (2018 version). We also used the GRI Standards as a reference guideline.



Our GRI Standard Comparison Table can be viewed on our website:



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

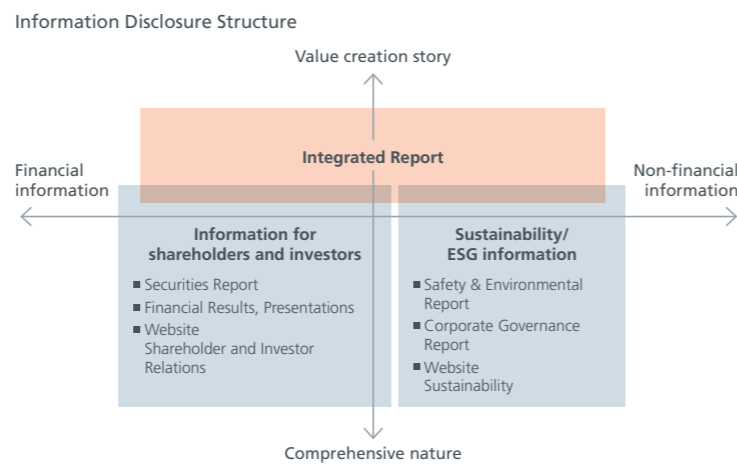
For details on TAIYO YUDEN's financial and non-financial information, please visit our website at:



Investor Relations
<https://www.yuden.co.jp/or/ir/>



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



Disclaimer

This report is intended to provide information about the business performance and strategies of the TAIYO YUDEN Group. It is not intended as an inducement to purchase or sell stock in TAIYO YUDEN. Statements in this report that are not historical fact are forward-looking statements based on the current beliefs, estimates and expectations of TAIYO YUDEN Group management. As these beliefs, estimates and expectations are subject to a number of risks, uncertainties and assumptions, actual results may differ materially. TAIYO YUDEN undertakes no obligation to update any forward-looking statements, and shall in no event be liable for any damages arising out of the use or interpretation of this material. Please refrain from copying or disseminating this material without the prior consent of TAIYO YUDEN.

Notes

- In this report, the fiscal year will be displayed as follows.
Example: April 1, 2022 to March 31, 2023
FY 2022 or fiscal year ended March 2023
- The figures in this report omit amounts less than hundred million yen and 1 million yen and displays it.
- The English-language version of this report is based on the Japanese-language version. With the exception of the financial statements, all figures presented have been rounded down to the nearest appropriate unit. As a result, there are cases when a presented figure differs slightly from the equivalent figure in the financial statements.
- The contents of this report are correct as of June 29, 2023. Some of the content includes information from after that date.

Section 1

Value Creation Story

Since its founding in 1950, TAIYO YUDEN has been engaged in the Electronic Components Business, focusing primarily on capacitors.

By constantly taking on new challenges and leveraging its long-honed core technologies, the Company has not only made lifestyles more convenient, but has also contributed to the discovery of solutions to various social issues.

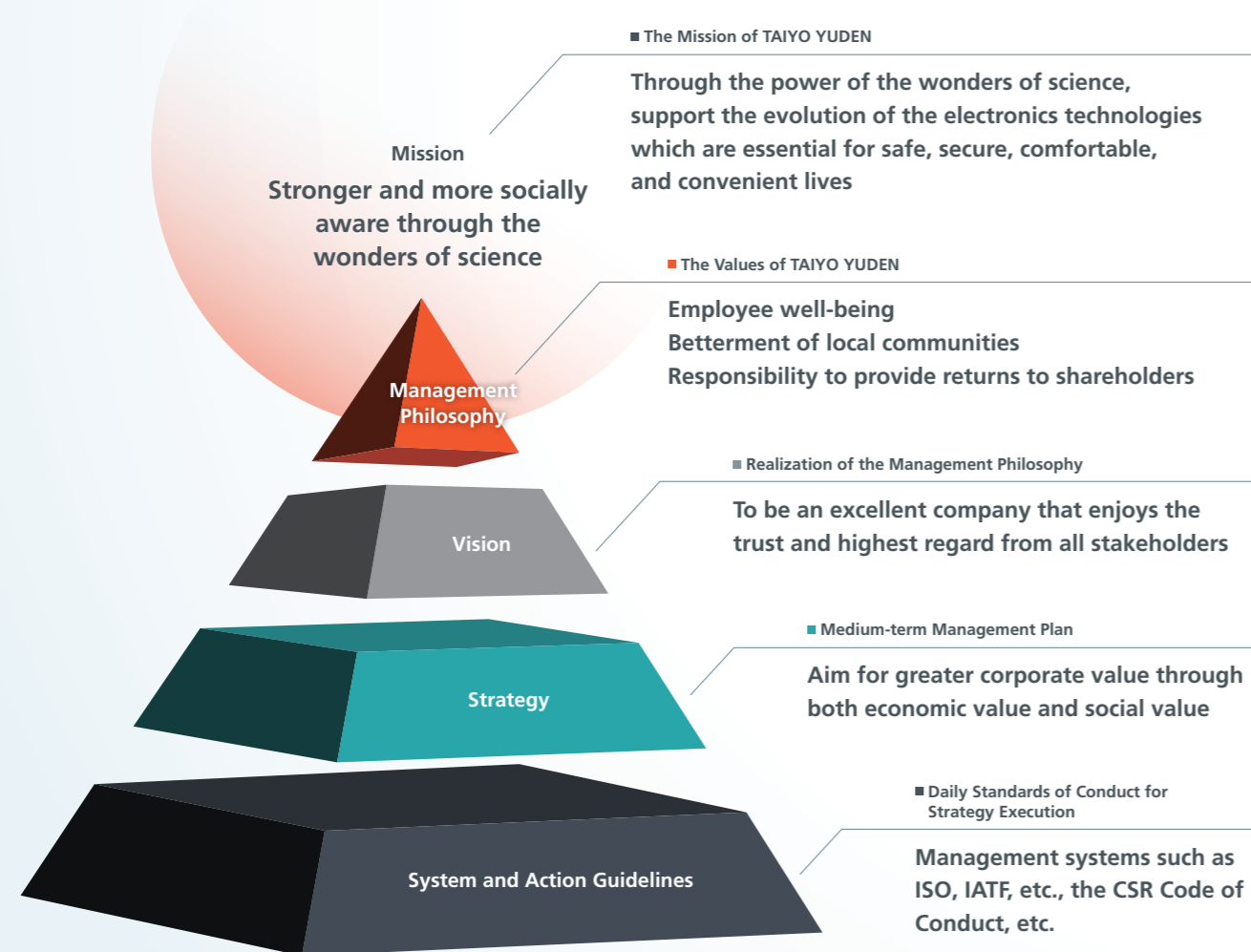
Mission, Management Philosophy, Vision

Stronger and more socially aware through the wonders of science

TAIYO YUDEN's electronic components are critical in the manufacturing of various pieces of electronic equipment. Our products support the evolution of electronics technology that is indispensable for people's safe, secure, comfortable, and convenient lives.

In order to create, advance, and deliver these small but important electronic components to every corner of society, we are seeking to broaden and increase the depth of new knowledge while pursuing the sophistication of our technologies and skills. Meanwhile, the strengths that we have accumulated throughout our history have generated incidental discoveries and inspirational encounters, which opened the door to unexpected future of innovative solutions and expansion into new areas of scientific advancement. The foundation of this process is "the wonders of science," which is the source of TAIYO YUDEN's corporate value enhancement.

We will provide electronic components to the world and create greater economic value. As a company that contributes to the realization of a better society, we will continue to enhance social value. As a member of society, our constant and enduring aspiration is to fulfill this mission.



Management Philosophy of TAIYO YUDEN

Employee well-being

Betterment of local communities

Responsibility to provide returns to shareholders

Hikohachi Sato, the founder of TAIYO YUDEN, worked as a researcher in ceramic materials before the second world war. Following the belief that 'product commercialization should start from the development of materials,' Mr. Sato launched TAIYO YUDEN to develop and commercialize titanium-oxide porcelain capacitors in 1950.

He also believed that affection for others was the most valuable thing a person could have. The Company's management philosophy has three major components, all of which are designed to improve the social nature of the Company and contribute to cultural development by creating an environment in which employees and their families can live their lives in happiness and prosperity.

The beliefs and philosophy of Mr. Sato live on as the underlying spirit of TAIYO YUDEN.



Founder Hikohachi Sato

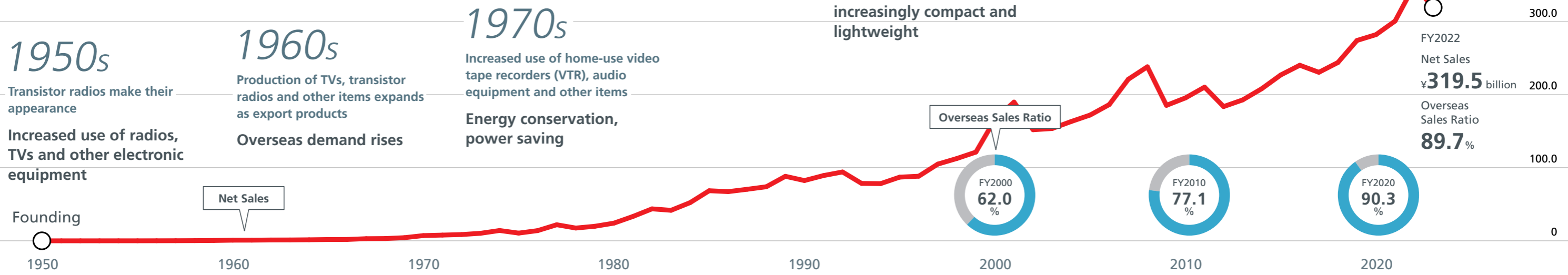


A base materials plant (the Takasaki Plant) in about 1957

History of Value Creation

Changing with the times, we have continuously met the needs of society

TAIYO YUDEN has since its founding provided to companies around the world a variety of electronics components, including inductors and communication devices, with a focus in particular on multilayer ceramic capacitors, the Company's mainstay product. This in turn has served to meet the needs of society while creating value.



The Value Provided by TAIYO YUDEN

Sept. 1950
Sales of Rutilcon, barium titanate tubular ceramic capacitors, began



Sept. 1954
Production of Ferrite Cores, small ferrite cores, began

Sept. 1964
Established the technical research laboratory

May 1967
Established our first overseas subsidiary TAIWAN TAIYO YUDEN CO., LTD. in Taipei



TAIWAN TAIYO YUDEN at the time of establishment

Mar. 1970
Listed on the Second Section of the Tokyo Stock Exchange. In 1973, moved to the First Section

July 1976
The world's first commercialization of axial leaded ceramic capacitors began



Oct. 1977
Developed world's first tubular chip type ceramic capacitors



July 1984
The world's first commercialization of nickel electrode high-capacitance multilayer ceramic capacitors began



[3216] type and [3225] type

Sept. 1988
Announced the release of the world's first recordable CD-R compact disks



DVD-R, BD-R, CD-R

1999-2000
Established four production bases abroad simultaneously



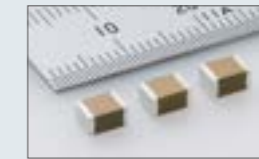
TAIYO YUDEN (SARAWAK)

Apr. 2001
Acquired the world's first Bluetooth® standard version 1.1 qualification for Bluetooth® full modules

Mar. 2010
TAIYO YUDEN Mobile Technology Co., Ltd. became a subsidiary

Apr. 2018
ELNA CO., LTD. became a subsidiary

May 2018
Developed the world's first multilayer ceramic capacitors with a capacitance of 1,000µF



4532 size (4.5mm×3.2mm) with 1,000µF capacitance

Mar. 2020
The world's first commercialization of automotive multilayer metal power inductors



Multilayer metal power inductor "MCOIL™ MC Series" (1.6mm×0.8mm×1.0mm, 0.47µH)

TAIYO YUDEN's Value Provision

TAIYO YUDEN is expanding the scope in which it provides value toward the creation of a prosperous society

TAIYO YUDEN's products are used across a wide range of fields. For example, our multilayer ceramic capacitors, a mainstay product, are used in products which are present all around us in our daily lives such as smartphones, PCs, tablet devices, TVs, game consoles, etc. In recent years, vehicle computerization and electrification of products have further expanded the scope in which we provide value toward the creation of a prosperous society.

TAIYO YUDEN Main Products

▶ [p.38 At a Glance](#)

Sales Composition by Market Sector (FY2022)



CASE

Contributing to a New Era in Motorization

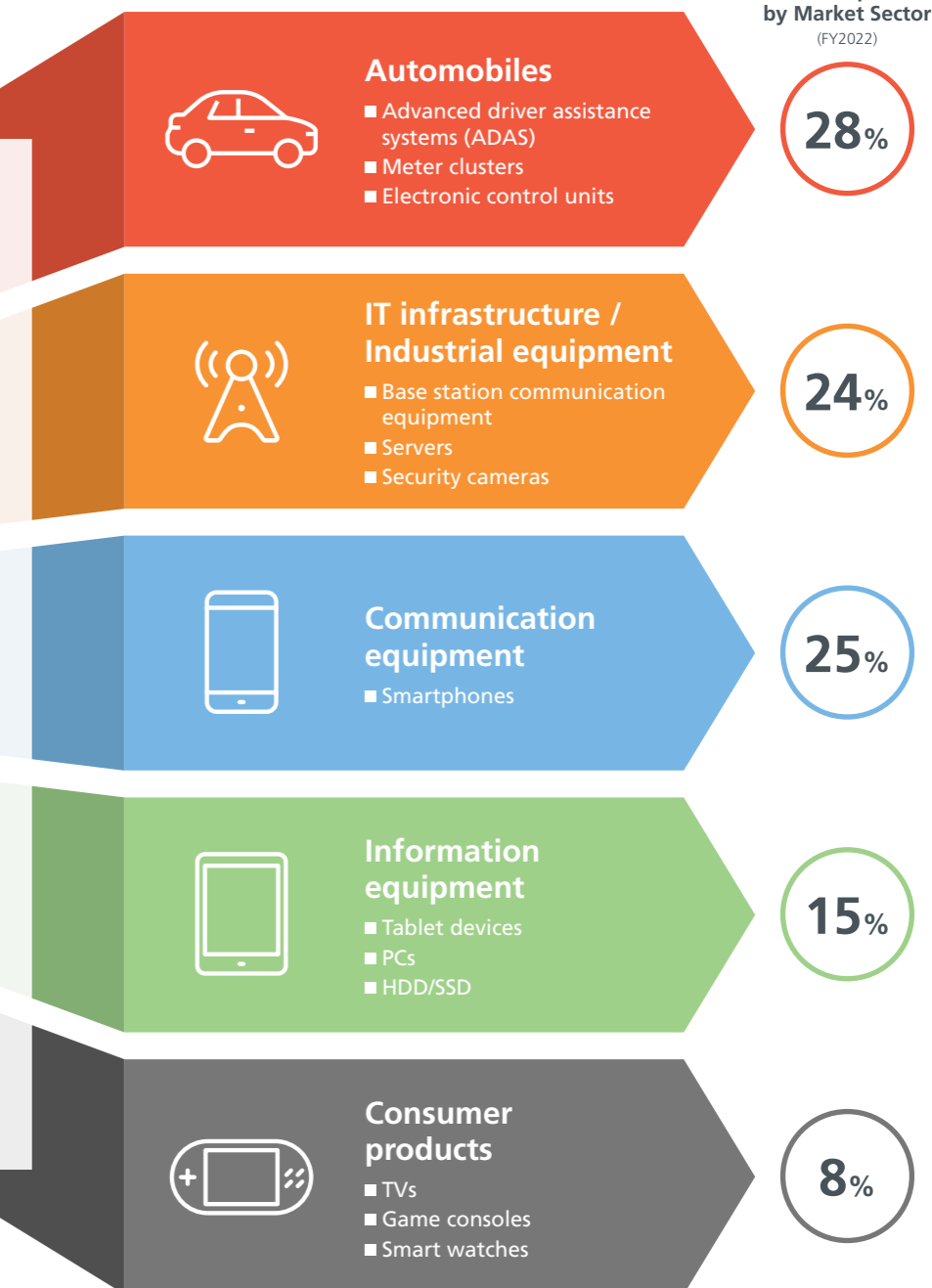
The advancement of four megatrends in the mobility revolution, or CASE (Connected, Autonomous, Shared & Service, and Electric) is likely to propel strong growth in autonomous driving vehicles and electric vehicles. We also expect it to drive a continued expansion in demand for electronic control units (ECUs) which are critical for vehicle computerization and electrification and electronic components.

5G/6G

Responding to the Rapid Increase in Data Transmission Volume

Fifth generation mobile communications (5G) services commenced in 2018. Their applications are expected to extend not only to smartphones but also to a variety of IoT devices and remote controlled robots, resulting in the rapid development of information-based infrastructure, including 5G base stations and servers. The 6G system, which is beyond the 5G system, is forecast to increase data traffic even further.

Sales Composition by Market Sector (FY2022)



Business Activities that Provide Value

TAIYO YUDEN supports a society which “connects” people and things

“Connecting” people and things creates new value, bringing constant changes to society. TAIYO YUDEN’s mainstay electronic components and the solutions they deliver continue to support all “connections” in life and help build a prosperous society.



Value creation through products
▶ p.38 At a Glance

Value creation through solutions



Financial capital

Advances financial strategies that support sustainable growth



Intellectual capital

Contributes to the evolution of electronics technology through R&D



Manufacturing capital

Establishes high efficiency production and stable supply systems



Human capital

Trains innovative talent who will generate new value



Social/related capital

Strengthens mutual trust with stakeholders



Natural capital

Contributes to achieving a sustainable recycling society

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



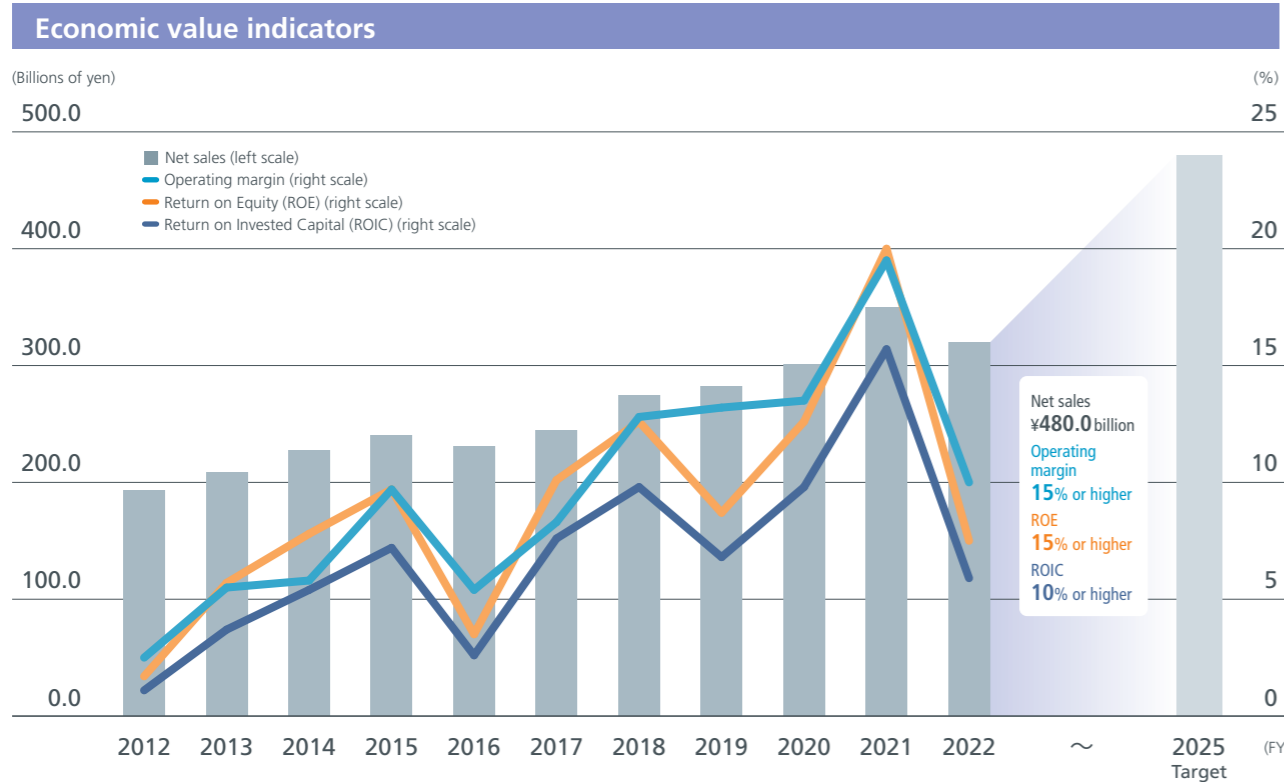
Materiality and Priority Measures

Category	Materiality (Key Issues)	SDGs Targets	Medium-term Management Plan 2025 Priority Measures	Medium-term Management Plan 2025 KPIs			Example Initiatives in FY2022	Related Pages	
				Item	Target	FY2022 Actual			
Economic Value	Strengthen core technologies to make our core business grow	Goal 7: Affordable and Clean Energy Goal 9: Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> Product Strategy Further grow the MLCC business and strengthen inductor and communication device products to turn them into core businesses 	Net sales	480.0 billion yen	319.5 billion yen	<ul style="list-style-type: none"> Initiatives for the development and stable supply of high-quality smart products that reduce environmental impact Capacitors: Strengthened the product appeal of high-reliability MLCCs and shifted to large shaped products Inductors: Expanded our lineup of power inductors and improved our item mix Communications devices: Development of next-generation products for use in 5G mobile communications 	▶ p.38 At a Glance	
			<ul style="list-style-type: none"> Market Strategy Increase the proportion of sales in focus markets, primarily automotive and IT infrastructure/industrial equipment, to 50% 	Operating margin	15% or higher	10.0%	<ul style="list-style-type: none"> Expanded our supply capacity through production capacity increase, and expanded sales in the high added value zone for automobiles and IT infrastructure/industrial equipment Expanded the proportion of sales in focus markets to 52% 	▶ p.18 Medium-term Management Plan 2025	
			<ul style="list-style-type: none"> Financial Strategy Continuously expand production capacity to meet increase in demand for electronic components 	ROE	15% or higher	7.5%	<ul style="list-style-type: none"> Constructed and completed a MLCC materials building at the Yawatabara Plant Constructed new plants to increase MLCC production capacity in China and Malaysia Increased MLCC production capacity by 10–15% compared to the previous year 	–	
	Create solutions to solve social issues	–	–	–	–	<ul style="list-style-type: none"> ROIC 10% or higher 5.9% 	<ul style="list-style-type: none"> River water level monitoring system: Commenced provision of the services to local governments and participated in the one-coin flood sensor demonstration experiment of the Ministry of Land, Infrastructure, Transport and Tourism Won the Ministry of Land, Infrastructure, Transport and Tourism's FY2023 Bicycle Use Promotion Achievers Award for the regenerative electric assist system 	–	
Social Value	(E) Environment	Goal 6: Clean Water and Sanitation Goal 12: Responsible Consumption and Production Goal 13: Climate Action	<ul style="list-style-type: none"> Accelerate our efforts with numerical targets to improve our social value 	GHG emissions (FY2030) *Absolute amount, compared with FY2020	42% reduction	18.3% reduction	<ul style="list-style-type: none"> Improved energy-efficiency for production and infrastructural equipment and expanded introduction of renewable energy Increased information disclosure in line with TCFD (Safety & Environmental Report 2023, Integrated Report 2023, etc.) Certified as an A List company, the highest evaluation, by international environmental not-for-profit organization CDP 	▶ p.67 Environmental Activities	
				Waste Water usage *Basic unit, compared with FY2020	10% reduction 10% reduction	12.6% increase 4.5% reduction	<ul style="list-style-type: none"> Reduced waste at production bases through revisions to production methods Reduced water consumption at production bases through optimization of facilities that supply water 		
	(S) Social	Goal 3: Good Health and Well-being Goal 5: Gender Equality Goal 8: Decent Work and Economic Growth		Achieve health-oriented management and work style reforms at safety first workplace	Incidence rate of injuries and illness Accident frequency rate	< 0.016 < 0.08	0.015 0.07	<ul style="list-style-type: none"> Promoted health and safety activities for each of the 5Ms of man, machine, method, material, and measurement based on the medium-term occupational health and safety targets (FY2022 to FY2025) Verified the risks of all work handling heavy objects, and revised and strengthened measures to reduce the risks 	▶ p.77 Social Activities
				Train and develop human resources based on the diversity policy	Work engagement	2.5 or higher	2.28	<ul style="list-style-type: none"> Increased management training, harassment training, etc. Officially introduced the work-from-home system in normal times Promoted initiatives for each of the Focus 5 health indicators of diet, non-smoking, exercise, sleep, and stress 	
					Rate of newly recruited female graduates	30% or higher	35%*	<ul style="list-style-type: none"> Hosted company information sessions and 1-day work experiences for women Participated in recruitment events for female students 	
	(G) Governance	Goal 11: Sustainable Cities and Communities Goal 16: Peace, Justice, and Strong Institutions		Improve management quality to support business growth	Female manager ratio (FY2030)	10% or higher	4.2%*	<ul style="list-style-type: none"> Added a KPI (female manager ratio of 10% or higher by FY2030) Newly established the Diversity Development Section (Its systems were strengthened as the Diversity Development Department in FY2023) Implemented diversity training (for the top executives and the management section general managers) In partnership with labor unions, hosted workshops related to the promotion of women's participation and advancement in the workplace 	▶ p.56 Governance
				Establish and evolve BCM for disaster and infectious disease	–	–	–	–	

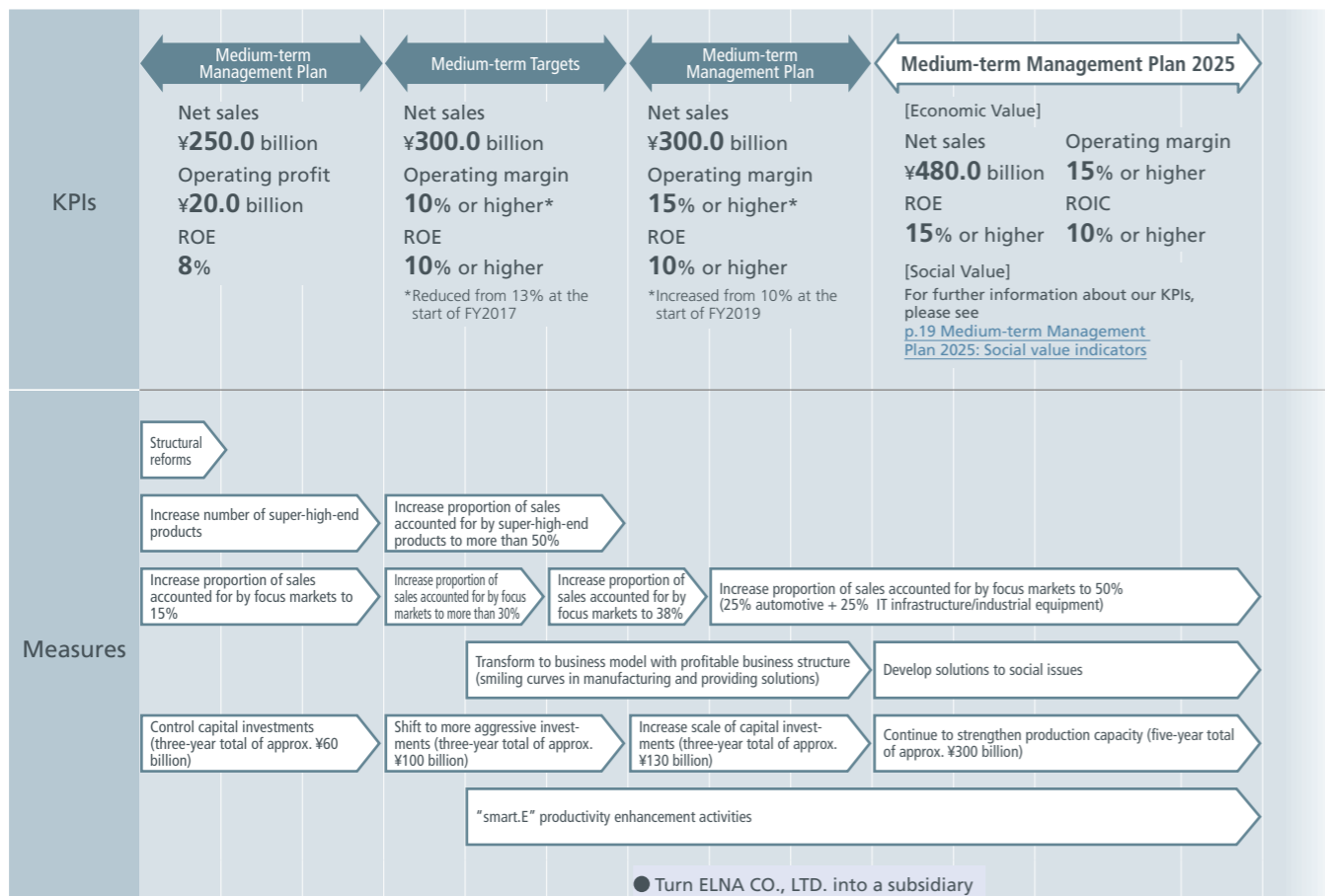
*As of April 1, 2023

Medium-term Management Plan 2025 (FY2021–FY2025)

Trends and Targets of the KPIs



Social value indicators



Medium-term Management Plan 2025: Progress and Issues

In the medium-term management plan 2025 (FY2021 to FY2025), we defined the automotive market and the IT infrastructure/industrial equipment market—two markets for which stable growth can be anticipated—as “focus markets” and while working to increase sales centered on these markets, we are aiming to enhance corporate value through the combination of economic and social value.

For economic value, we have set KPIs for net sales, operating margin, ROE, and ROIC. For social value, we have set KPIs for GHG emissions, waste volumes, water usage, workplace safety, diversity, etc. We are also advancing a capital investments plan of ¥300.0 billion over the five years from FY2021, the first fiscal year of the plan. We will use this money to strengthen our production capacity in readiness for future increases in demand centered on demand for automobiles and to make more proactive capital investments in environmental measures and IT facilities.

In FY2021 against the backdrop of favorable market conditions we exceeded our final targets for the three KPIs of operating margin, ROE, and ROIC whereas in FY2022 the demand environment for electronic components went into decline and each of the KPIs deteriorated. It is anticipated that the market conditions will gradually recover in FY2023 and we are continuing to carry out business activities for achieving the targets of

the final fiscal year of the medium-term management Plan 2025. The sales composition ratio of the “focus markets” in FY2022 was 52% as a result of the increased demand in the automotive market and the slowdown in demand in other markets. It is thought that going forward the sales composition ratio will change due to the demand trends in each market, and we will operate well-balanced businesses which can exercise the strengths of TAIYO YUDEN.

Further, of the KPIs concerning social value, we have achieved our targets for incidence rate of injuries and illness, accident frequency rate, and rate of newly recruited female graduates. Going forward we will aim for continuous achievement of the targets. Regarding the other indicators, waste volumes and water usage deteriorated from the previous fiscal year, while on the other hand GHG emissions, work engagement, and the female manager ratio improved. We will continue to work toward achievement of the targets. Concerning GHG emissions, in response to the agreement of the target of 1.5°C in the 26th UN Climate Change Conference of the Parties (COP26), TAIYO YUDEN has also upwardly revised its targets and strengthened its initiatives in FY2022. As an initiative for GHG emissions reduction, the Yawatabara Plant materials building completed in March 2023 has realized significant energy savings and was able to acquire ZEB Ready certification.

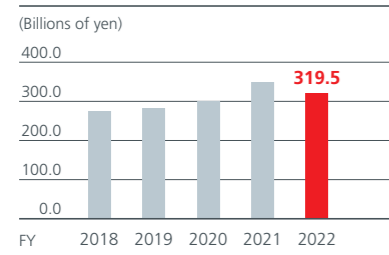
Financial and Non-financial Highlights

TAIYO YUDEN CO., LTD. and Subsidiaries
Years Ended March 31 and as of March 31

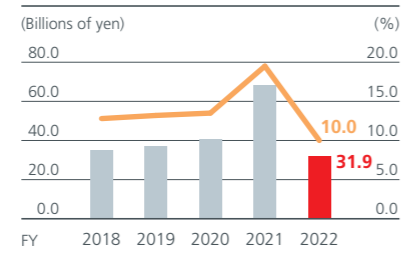
The full set of figures can be downloaded as an [excel file](#)
Detailed financial data including statements of income, balance sheets, and cash flows is available on [p.88 Corporate Data](#) and in the [Investor Relations](#) of our website.

[Financial]

Net sales **¥319.5** billion
8.6% down (YoY) ↘

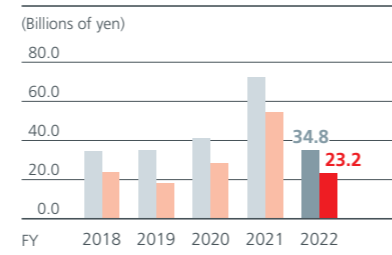


Operating profit **¥31.9** billion
53.1% down ↘



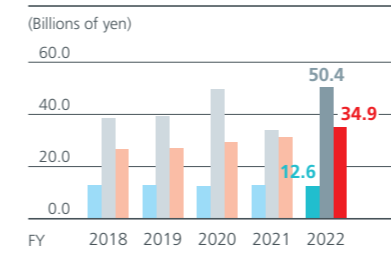
■ Operating profit (left scale)
— Operating margin (right scale)

Ordinary profit **¥34.8** billion
51.7% down ↘



■ Ordinary profit
■ Profit attributable to owners of parent

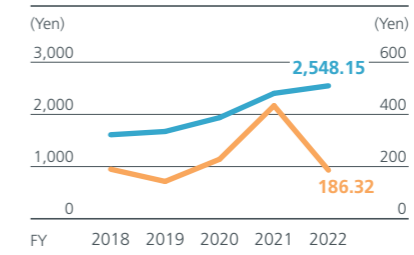
R&D expenses **¥12.6** billion
3.2% down ↘



■ R&D expenses ■ Capital investment
■ Depreciation

Anticipating an increase in demand in our focus markets, we are advancing a vigorous capital investments plan to inject ¥300 billion in the five years until FY2025. Moreover, we are continuing to invest in R&D aimed at energizing new business and new product development.

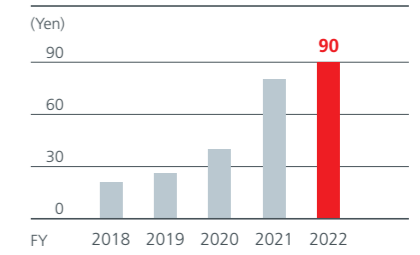
BPS **¥2,548.15**
6.0% up ↗



— BPS (left scale)
— EPS (right scale)

As a result of the upswing in net assets attributable to the increase in retained earnings and other factors, BPS is trending upwards. Furthermore, EPS decreased owing to a decrease in profit attributable to owners of parent.

Cash dividends per share **¥90**
¥10 up ↗

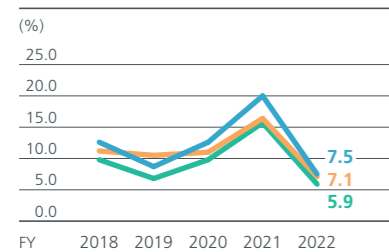


Sales for automobiles increased while on the other hand the demand environment for electronic components deteriorated due a decrease in the production volume of smartphones and notebook PCs, etc. and the fact that inventory adjustments occurred, so sales decreased in FY2022.

Due to the decrease in sales quantity as a consequence of the optimization of inventory levels and deterioration of the demand environment for electronic components, operating profit decreased and the profit margin declined from the previous fiscal year.

Ordinary profit and profit attributable to owners of parent decreased as a consequence of the decrease in operating profit.

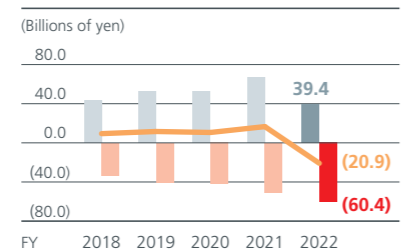
ROE **7.5%**
12.5pt down ↘



— ROE
— ROA
— ROIC

Although sales for automobiles increased and we continued our productivity improvement activities, ROE, ROA and ROIC declined due to the impact of decreased sales and profits.

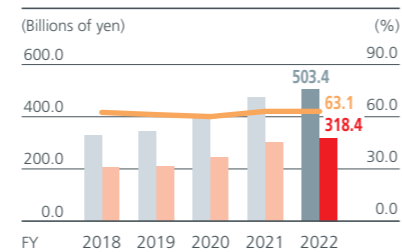
Cash flows from operating activities **¥39.4** billion
41.4% down ↘



■ Cash flows from operating activities
■ Cash flows from investing activities
— Free cash flows

Cash flows from operating activities decreased due to the decline in earnings. Meanwhile, due to vigorous capital investments to address growing demand for large products, such as for automobiles, investment cash flow outlays continued at a high level.

Total assets **¥503.4** billion
6.1% up ↗

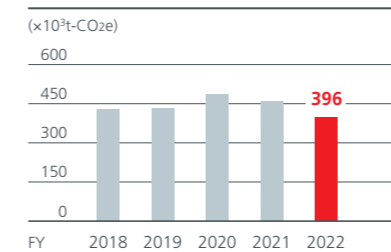


■ Total assets (left scale)
■ Net assets (left scale)
— Equity ratio (right scale)

Our business scale continues to expand because we are continuing vigorous capital investments, among other factors, leading to growth in total assets. Meanwhile, successful steps are being taken to maintain the Company's sound financial health and an equity ratio in the 60% range.

[Non-financial]

Greenhouse gas (GHG) emissions* **396** × 10³t-CO₂e
13.7% down ↘

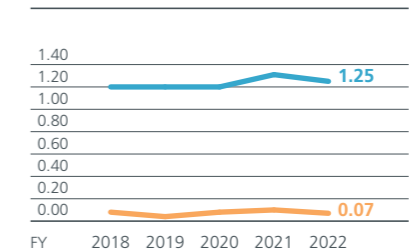


■ Greenhouse gas emissions

We are endeavoring to reduce our greenhouse gas (GHG) emissions through initiatives such as energy conservation in our production facilities and infrastructure facilities and expanded introduction of renewable energy. In FY2022, reductions progressed in our Japanese and overseas bases and our GHG emissions decreased from the previous fiscal year.

Accident frequency rate* **0.07**
0.03pt down ↘

$$\text{Accident frequency rate} = \frac{\text{Number of the victims of occupational injury (at least one workday lost)}}{\text{Total actual number of hours worked by registered workers}} \times 1,000,000$$

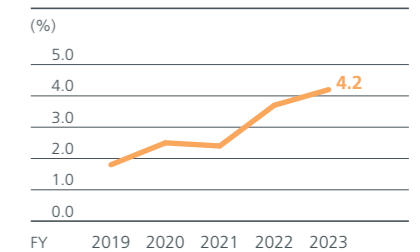


— Manufacturing Industry
— TAIYO YUDEN (Group as a whole)

We promoted health and safety activities for each of the 5Ms of man, machine, method, material, and measurement based on the medium-term occupational health and safety targets (FY2022 to FY2025) and are continuously promoting measures to prevent the occurrence of occupational accidents. The accident frequency rate, which was 0.10 in the previous fiscal year, was improved to 0.07 in FY2022.

Female manager ratio* **4.2%**
0.5pt up ↗

*As of April 1, 2023



In order to ensure there are female candidates for management positions, we are carrying out measures such as stepping up our recruitment of women and providing support for their career development. Furthermore, we also implement workshops related to the promotion of women's participation and advancement in the workplace, diversity training for the top management and other employees, and other measures. In FY2023 we newly established the Diversity Development Department to strengthen our systems.

Message from the President

Katsuya Sase

Representative Director,
President and CEO

We will move forward to achieve the targets set out in the medium-term management plan 2025 with the primary objective to achieve sustainable growth

On My Appointment as President and Chief Executive Officer

I was appointed President and Chief Executive Officer in June 2023, succeeding Mr. Tosaka, who served for approximately seven and a half years. To be honest, in terms of timing, I am taking office at a difficult time, given that our financial results, which had been rising steadily since FY2017, have plateaued. TAIYO YUDEN is in the electronic components industry, which has been subject to major economic fluctuations throughout its history. We have weathered many ups and downs in the past. I have not changed my view that the market will grow in the medium to long term due to the digitalization of society. As has always been our nature and this time as well, we will reflect on what we need to do to overcome the situation and tackle the challenges before us with a sense of urgency.

Starting with the audio cassette tapes that TAIYO YUDEN was previously known for, I have been involved in the development of various products, including inductors and our current flagship product, multilayer ceramic capacitors (MLCCs). By gaining experience across our business segments, I have been able to deepen my understanding of TAIYO YUDEN's technological capabilities, breadth, and complexity. Starting in 2012 I served as the division manager of the Company's capacitor business, and for the last three years I was responsible for the Company's financial strategy as Chief of Management Planning Headquarters. Now, as President and Chief Executive Officer, I plan to continue to utilize my experiences in both business and finance to strive for the sustainable growth of TAIYO YUDEN.

To move forward to achieve the targets set out in the medium-term management plan 2025, I will use my personal management style, which is to set clear goals and quantitative targets and proceed in a balanced manner to do what needs to be done to achieve these goals and targets.

Summary of Year 2 of the Medium-term Management Plan 2025

As we review the electronic components market in FY2022, we need to understand the rapid expansion in demand that started in FY2020, which has ended. The current market environment deteriorated significantly, with demand decreasing due to lower production of smartphones and PCs combined with inventory adjustments. The utilization rate for MLCCs, one of TAIYO YUDEN's main products, has declined. This has caused a significant negative impact on our financial results. As a result, in FY2022, the second year of the medium-term management plan 2025, net sales fell to ¥319.5 billion (down 8.6% from the previous fiscal year) and operating profit fell to ¥31.9 billion (down 53.1% from the previous fiscal year). I expect our financial results to bottom out in the fourth quarter of FY2022 and then start to rise in FY2023 driven by the end of the inventory adjustments for Chinese smartphones. An addition factor for positive growth is sales in the automotive sector. The automotive sector is positioned as a focus market for TAIYO YUDEN and continues to grow.

With regard to our "smart.E" productivity improvement activities, I feel that we are now in a position to identify issues and conceptualize ways to continue our efforts to achieve even higher levels of improvement. Going forward, we will continue to invest the necessary resources in key areas to increase the effectiveness of these efforts.

Message from the President

From a global perspective as it relates to the impact of international conflicts, at this time, there have been no major impacts that directly impede TAIYO YUDEN's business operations, but looking to the future, we intend to strengthen our ability to deal with this risk. We may not be able to foresee what will happen. The key to dealing with unforeseen risk is to collect, integrate, and analyze timely information on what is happening at various sites, while paying close attention to the likelihood of any risks we may see. In a rapidly changing environment, we need to further shorten the time lag between information collection and implementation of countermeasures so that, in the event of an emergency, we can respond swiftly, minimize the impact, and continue uninterrupted operations. To that end, I will work to strengthen our business continuity planning and operational structure at TAIYO YUDEN.

We are now in the second year of the medium-term management plan 2025, and are in a difficult situation. I expect substandard financial results in the third year as well due to the heavy cost burden associated with upfront investments. We anticipate increased demand for our products in FY2024 and beyond, we will continue our activities aimed at achieving the targets set out in the medium-term management plan 2025.



Business Strategies

Pioneering Focus Markets

TAIYO YUDEN has identified automobiles and IT infrastructure/industrial equipment as focus markets where future growth is expected. In FY2022, the combined sales composition ratio of these two focus markets reached 52%. Although we are making steady progress in developing these focus markets, I think another reason for this high composition ratio is the sluggish sales of communication equipment such as smartphones and information equipment such as PCs.

For market trends in the main products in our focus markets as it relates to MLCCs for automotive use, over the past ten years we have expanded into ADAS and other body safety applications and powertrain applications and increased our market share from virtually zero to 10%. Through this expansion, we are now in a position to conduct a wide range of transactions with major Tier 1 manufacturers in various regions that are central to automobile production including Europe, the United States, China, South Korea, and Japan. Looking ahead, I believe that TAIYO YUDEN's automobile initiatives are poised to enter the next phase of significant growth, given the fact that body safety applications are expected to see further growth due to the advancement of semiconductors and the fact that the shift to xEVs is accelerating demand for powertrain applications. In particular, we will increase our market share by expanding our lineup and increasing our production capacity in the high-voltage-resistant products that are required for powertrain applications. In addition to MLCCs, we also aim to expand sales of inductors, communication devices, and conductive polymer hybrid aluminum electrolytic capacitors for automotive applications.

Meanwhile, looking at the market for IT infrastructure/industrial equipment, the volume of communication data will continue to increase along with the rapid progress of digitalization in society. This will directly affect demand for electronic components such as MLCCs, which is expected to grow rapidly as data centers expand, more AI servers are equipped with semiconductors with advanced computing power, and power supply efficiency improves to reduce power consumption. TAIYO YUDEN will continue to develop products and expand our capabilities to meet these needs.

Up to now, the goal has been to have these focus markets, where growth is expected, to account for 50% of TAIYO YUDEN's total sales. We expended the necessary investment and effort to make this happen. Although we do not plan to set any new targets going forward, I expect that these focus markets will continue to account for a large percentage of TAIYO YUDEN's total sales in line with our policy of increasing sales of the high-reliability and high-end products where TAIYO YUDEN's strengths can be fully mobilized.

Product Information

TAIYO YUDEN has established four product categories: Capacitors, Inductors, Integrated Modules & Devices, and Others, each with its own business strategy.

In the Capacitors segment, as previously discussed, our plan is to develop high value-added MLCC products centered on our focus markets, i.e. automobiles and IT infrastructure/industrial equipment. Compared to the initial medium-term plan, demand for smartphones has been sluggish. We have revised downward our demand forecast for FY2025. Contrary to this, demand for high-reliability products and large-sized products is expected to grow at a faster pace than originally planned. Looking at the product mix, the increase in the ratio of these products has led to an increase in the average unit price, therefore total sum of demand has not changed significantly. We plan to further accelerate investments related to large-sized products, such as those for automobiles, to meet future increases in demand.

Until a few years ago, TAIYO YUDEN's business portfolio had been dominated by MLCCs. Today, however, sales and profits of inductors are increasing, which I expect them to become our second core business after MLCCs. Inductors are used in a wide range of fields, including communication equipment and automobiles, but we are particularly focused on multilayer metal inductors, which are produced exclusively by TAIYO YUDEN. At the same time, we are withdrawing from unprofitable products and improving our product mix to better our margins.

With regard to Integrated Modules & Devices, the majority of our products are communication devices for smartphones and automobiles. In this area, we will focus on marketing activities utilizing new technologies and improve profitability by pursuing high value-added and expanding sales channels for modules.

In the Others product category, there is increasing demand for conductive polymer hybrid aluminum electrolytic capacitors for automotive applications. Demand is expected to increase to approximately 5.1 times comparing the FY2020 level v. FY2030. In response to strong inquiries, we are ramping up production capacity and taking other measures to increase efficiencies and utilization.

Environmental and Social Initiatives

Response to Climate Change

TAIYO YUDEN is a signatory to the United Nations Global Compact (UNGC) and strongly supports its Ten Principles in the four areas of human rights, labor, environment, and anti-corruption. We are stepping up our efforts in the area of the environment, and have set reduction indicators for GHG emissions, waste generation, and water use in the medium-term management plan 2025.

In FY2022, we were able to reduce GHG emissions by 18% compared to FY2020 through initiatives led by the Environment Promotion Committee. For the future, we will continue to make the necessary investments to achieve our goals by further reducing absolute emissions even as production activities increase to meet growing demand. Specifically, about 10% of our capital investment is allocated to environmental measures and digital transformation (DX). For example, our Yawatabara Plant Materials Building, which was

Message from the President

completed in March 2023, has acquired ZEB Ready certification as a building that has achieved significant energy savings through the introduction of state-of-the-art facilities and energy conservation measures. Moreover, in FY2022, in recognition of our comprehensive efforts to date, we were included on the Climate Change A List (the top level) by the Carbon Disclosure Project (CDP), an international environmental non-profit organization that selects companies that excel in climate change measures, strategies, and information disclosure. Going forward, we will continue to promote initiatives centered on energy efficiency & conservation, energy creation, and the utilization of renewable energy, while also staying mindful of improving our reputation with external assessment organizations.

Human Resources Strategy

TAIYO YUDEN has reverentially passed down the management philosophy set forth by its founder, and one of its principles is "employee well-being." TAIYO YUDEN recognizes that employees are the source of its value creation, and as such the Company is totally committed to its human resources.

In the medium-term management plan 2025, we set a target of 10% or more female managers by FY2030, and we are continuing to work to achieve this goal. Specifically, we are continuing to increase the ratio of new graduate women hired to 30% or higher, creating a system for post-employment development and systematic promotion, and conducting training to foster an organizational culture that promotes diversity. These initiatives are gradually producing results, and the female manager ratio has increased from 2.4% as of April 2021 to 4.2% as of April 2023.

We have also set a target work engagement score of 2.5. Work engagement is an indicator of an employee's state of mind, and measures the extent to which they feel a sense of pride and fulfillment in their work, being in good health. Work engagement for FY2022 is 2.28, which is below the target, but through quantitative and qualitative analysis of employee questionnaires, we are identifying factors that inhibit the increase in work engagement and are taking measures to address them.

We are also working to improve the skills of our employees and have continually expanding our educational programs. We are increasing opportunities for training and education to improve the basic skills of all employees, conducting selective leadership training, and promoting initiatives such as the development of education that identifies and analyzes the strengths and weaknesses of managers and identifies points that need to be strengthened.

In addition, we continue to work on creating a safe workplace and promoting health-oriented management, with the aim of creating an environment where each and every employee can demonstrate their full potential.

The medium-term management plan 2025 aims to make a leap forward by enhancing corporate value through both economic and social values, based on the medium- and long-term business environment. Although there have been changes in the short-term business environment, if you look at the potential of our main products and the direction of the market, I don't think there will be any major changes in our future growth potential.

As the head of TAIYO YUDEN, my most important goal is to achieve the targets set out in the medium-term management plan 2025. I intend to promote the necessary measures to achieve this, and at the same time return the profits obtained through our business activities to our shareholders. I humbly request the continued support of all our stakeholders including shareholders, customers, employees, and local communities.



Representative Director,
President and CEO

Message from the Officer in charge of Finance

We will promote financial strategies that improve profitability and support the realization of business strategies

In June 2023, I was appointed Chief of Management Planning Headquarters, which oversees finance. After joining TAIYO YUDEN, I was involved in business management and management planning for a long time, and I have also led M&A projects. Through these activities, I was able to develop the skills to think about things from the perspective of how to increase the corporate value of TAIYO YUDEN. I believe that the role of financial strategy is to support business strategy, and my role is to provide leadership as a financial officer while guiding the business strategy to fruition. I will continue to drive our financial strategy forward with a firm grasp of the benchmarks that will enable TAIYO YUDEN to generate returns that exceed capital costs.



Tomomitsu Fukuda

Director, Executive Operating Officer

Growth Investment Policy in the Medium-term Management Plan 2025

The medium-term management plan 2025 that we are currently working under represents a change in the way we think about growth investment compared to the past. When I joined TAIYO YUDEN back in the 1990s, it styled itself as a prudent company run on a debt-free basis, and even in later years, when demand or economic trends worsened, it often scaled back investments. There are cases where such investment decisions are necessary. On the other hand, I have also noticed that companies that have made upfront investments with debt amid expanding demand and companies that have continued investing certain amounts with confidence in future market growth even amidst deteriorating macroeconomic conditions have outpaced their competitors in subsequent growth rates by a wide margin. Looking back on that time, I learned that the companies that grow are those that invest in anticipation

of future demand, rather than getting too caught up in the immediate situation.

Electronic components, including multilayer ceramic capacitors (MLCCs), are entering a period of expanding demand, with the main growth drivers being demand in automobiles and in IT infrastructure/industrial equipment. At this juncture, we are therefore shifting our financial strategy in the direction of achieving medium-term growth by making upfront investments with a view to future market growth based on past lessons. To secure funds for medium- to long-term growth at low cost and to build a stronger financial base, the Company has decided to issue Euro Yen zero coupon convertible bonds due 2030 as a financing method that will enable us to expand our capital in accordance with the future business environment and financial situation.

Message from the Officer in charge of Finance

FY2022 Summary and FY2023 Outlook

In FY2022, the second year of the medium-term management plan 2025, net sales fell to ¥319.5 billion (down 8.6% from the previous fiscal year) and operating profit fell to ¥31.9 billion (down 53.1% from the previous fiscal year). Until FY2021, we were able to achieve very good results thanks to the effects of our product strategy and growth investments coupled with a positive external environment. Subsequently, however, the rapid deterioration of market conditions led to an unfavorable outcome in FY2022. In retrospect, I now wonder if we could have narrowed the contraction in sales and profits a bit more by sensing the change in the tide earlier, reducing inventory of underperforming smartphone products, and allocating more resources to automotive products, which were performing well. Based on these lessons from the past, going forward we would monitor market trends more closely

than ever before and be more future-oriented in our actions and decisions so that we can respond to changes quickly.

In FY2023, which is the third year and the mid-point of the medium-term management plan 2025, we forecast a slight increase in net sales and a decline in operating profit compared to the previous fiscal year. The assumption behind this forecast is that it will take some more time for the market to recover, especially for smartphones, PCs, and data centers. For this reason, we plan to focus more on automobiles, where demand is relatively robust. While we anticipate that our financial situation will continue to be severe, partly due to an increase in fixed costs associated with upfront investments, we will thoroughly improve productivity and control costs through acceleration of our "smart.E" productivity improvement activities.

ROIC

As I mentioned earlier, I place great importance on the measurement of corporate value, especially ROIC, which is a measure of management efficiency. We have set an ROIC target of 10% or higher in the medium-term management plan 2025. However, it goes without saying that improving ROIC is not something that can be done by the Management Planning

Division alone, and requires a Company-wide effort, including business and sales departments.

The Management Planning Division calculates the ROIC for each business and regularly reports it at meetings, thereby encouraging each business division to operate its business with the aim of achieving ROIC of 10% or higher. The efforts

necessary to improve ROIC must be made at the frontlines—manufacturing, sales, and so on. We are working to spread ROIC management by disaggregating ROIC into a tree structure and showing how it relates to frontline activities in a way

that is easy to understand, with the goal of instilling ROIC management consciousness and creating a mechanism by which ROIC rises through the activities of each division.

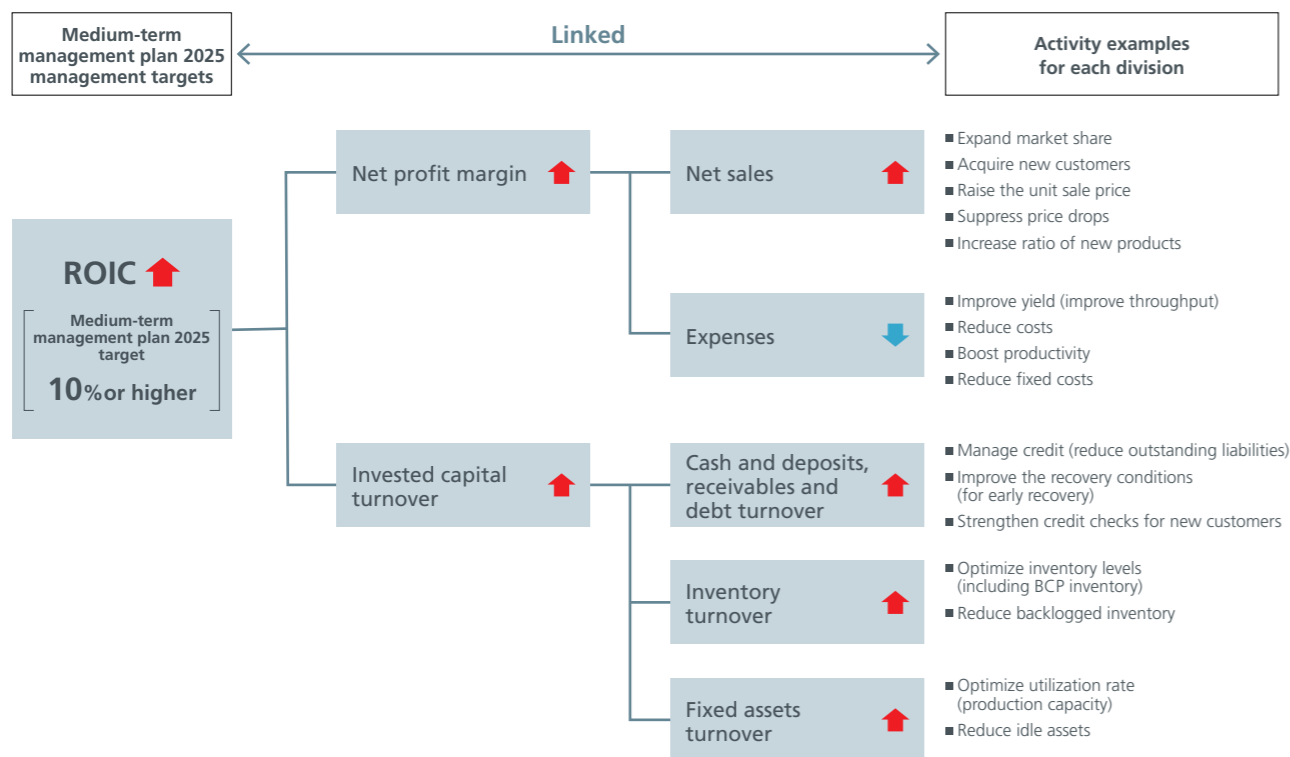
Capital Allocation

Regarding capital allocation, which is the basis of financial strategy, we intend to generate cash for growth-related investments and the equivalent amount of a dividend payout ratio of 30% for shareholder returns, primarily from operating cash flow. The medium-term management plan 2025 does not call for increasing the balance of interest-bearing debt. However, there is a possibility that the cash inflow for FY2023 will be slightly short of the medium-term management plan, so if it is necessary to increase debt in order to carry out growth investments, we are considering the option of doing so.

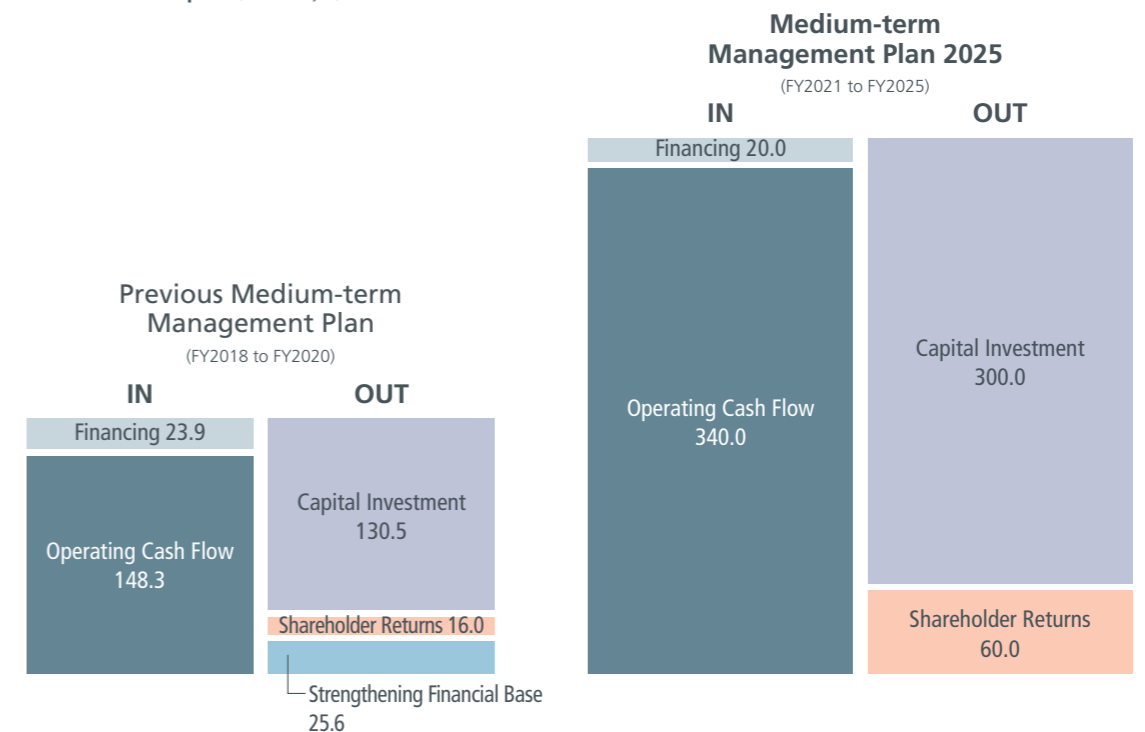
On the other hand, with regard to financial soundness, given the volatility of the electronic components industry, I believe it is necessary to maintain a certain equity ratio. Our basic policy is to maintain an equity ratio of approximately 60% as a guideline value.

One of the largest categories of cash outflow, M&A expenses, are not incorporated into the medium-term management plan 2025. However, believing that it can be a vehicle

for growth, we are always watching for M&A deals that will contribute to the Company's growth. As with ROIC, one of our criteria is whether we can obtain profits that exceed the cost of capital.



Allocation of Capital (Billions of yen)



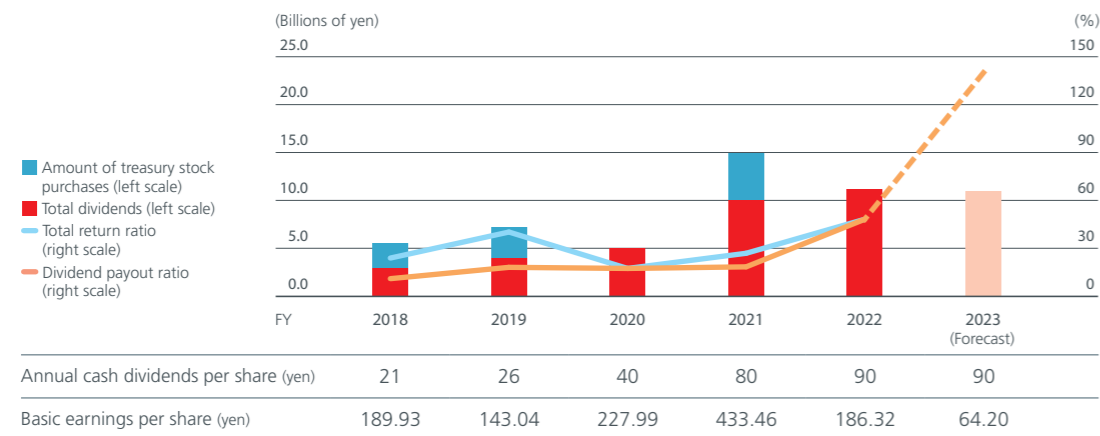
Message from the Officer in charge of Finance

Shareholder Returns

In FY2022, even though profit was lower than the initial plan, we paid dividends in line with the initial plan. We plan to pay the same dividend amount in FY2023 as in the previous fiscal year. As a result, the dividend payout ratio for both fiscal years will exceed the target of 30%, but this is based on the judgment that the low profit level during this period is temporary, and we hope to achieve a stable dividend payout ratio of 30% as soon as possible once earnings recover.

As a corporate manager, I am aware of TSR (Total Shareholder Return), a major topic in recent years, and I also keep a close eye on our share price. On the other hand, I still believe that the root of corporate value is the increase in economic value through profit generation and the increase in social value through non-financial initiatives such as ESG, and I view the share price as an evaluation of this.

Returning Profits to Shareholders



Communication with Investors

In corporate management, communication with shareholders and investors is indispensable. In fact, we place importance on dialogue with all stakeholders, and opinions received at shareholder meetings, financial results briefings, individual interviews, and other forums are reported to the Board of Directors

for discussion. The President & CEO and I, in my capacity as officer in charge of finance, will continue to provide opportunities for direct dialogue with investors, under the belief that outside perspectives and ideas will play an important role in improving TAIYO YUDEN's corporate value.

Section 2

Strategies for the Creation of Value

TAIYO YUDEN creates value with its business through the development of Smart Products. In order to make sure that we create that value, we execute strategies in R&D, HR, and other business areas to bolster our strengths and establish competitive advantage.

Smart Product Development System

TAIYO YUDEN proactively promotes the development of Smart Products that reduce environmental impact by eliminating the three M's – *muda* (wastefulness), *mura* (inconsistency), and *muri* (overburden).

Building on our management systems for occupational health and safety, quality, environment and other aspects, we will use smart production processes and product manufacturing to offer greater economic value and social value and, as a result, increase our corporate value.

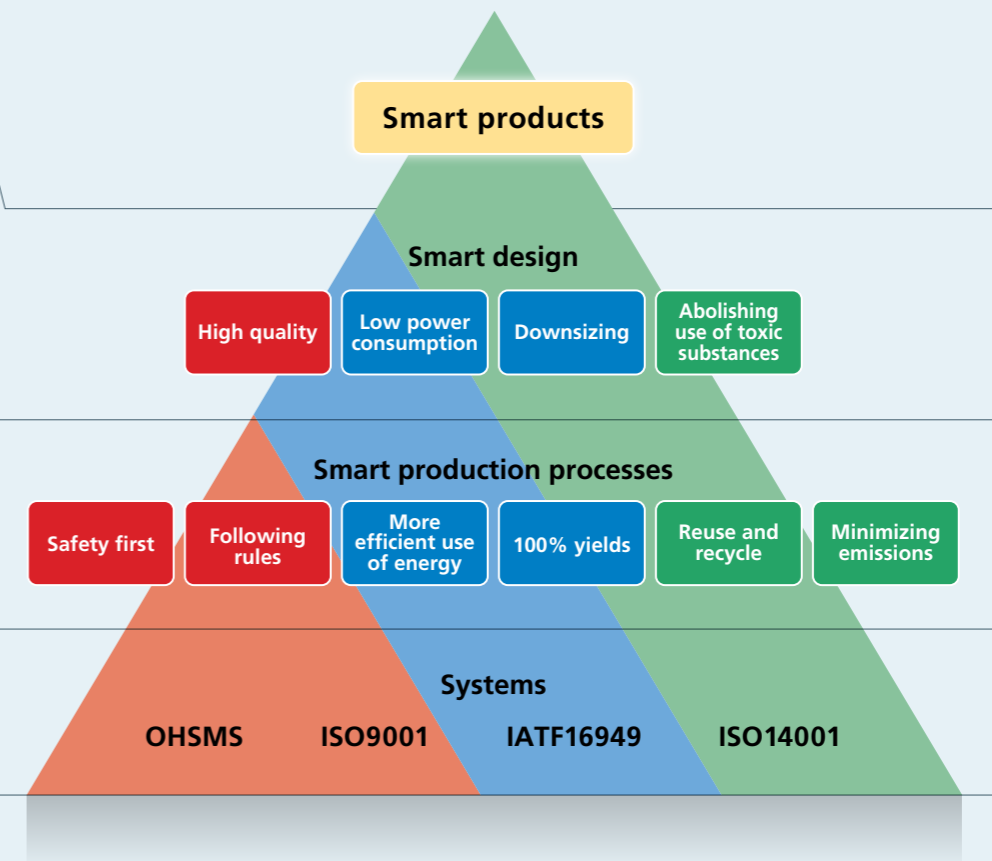
TAIYO YUDEN provides society with Smart Products while upholding its vision to be an excellent company that enjoys the trust and highest regard from all stakeholders. By delivering Smart Products, we aim first to meet the expectations and earn the trust of our stakeholders, and then to bring excitement into their lives.

We define Smart Products as products that are not only environmentally friendly when in use, but eliminate what in Japanese are called “the three M's”—*muda* (wastefulness), *mura* (inconsistency), and *muri* (overburden)—over the course of their entire life cycles, from design and production, to sales, incorporation into the final product, and final disposal. Such products provide value to our customers, to local communities, and to our employees, and also contribute to SDGs.

High quality	Products satisfying customer requests with high reliability
Low power consumption	Products delivering superior performance without consuming vast amounts of electricity
Downsizing	Products delivering high performance with few materials and thus contributing to end products fitting high functionality into a compact package
Abolishing use of toxic substances	Products not containing toxic substances
Safety first	Production processes designed with safety in mind allow operators to work free from <i>muri</i> (overburden).
Following rules	Operating in accordance with standardized procedures holds the key to minimizing irregularities between items.
More efficient use of energy	We minimize the energy used in manufacturing products.
100% yields	Stable production of high-quality products requires not allowing rejects and other forms of <i>muda</i> (wastefulness) to arise.
Reuse and recycle	Whenever possible, we use reused and recycled goods as materials for production.
Minimizing emissions	Wherever possible, our production processes strive for zero levels for emissions and other forms of <i>muda</i> (wastefulness).

TAIYO YUDEN utilizes management systems that cover such areas as occupational health and safety, quality, and environment as the basis for its business operations in providing smart products. These management systems conform to OHSMS, ISO9001, IATF16949, and ISO14001.

TAIYO YUDEN VISION
 To be an excellent company that enjoys the trust and highest regard from all stakeholders



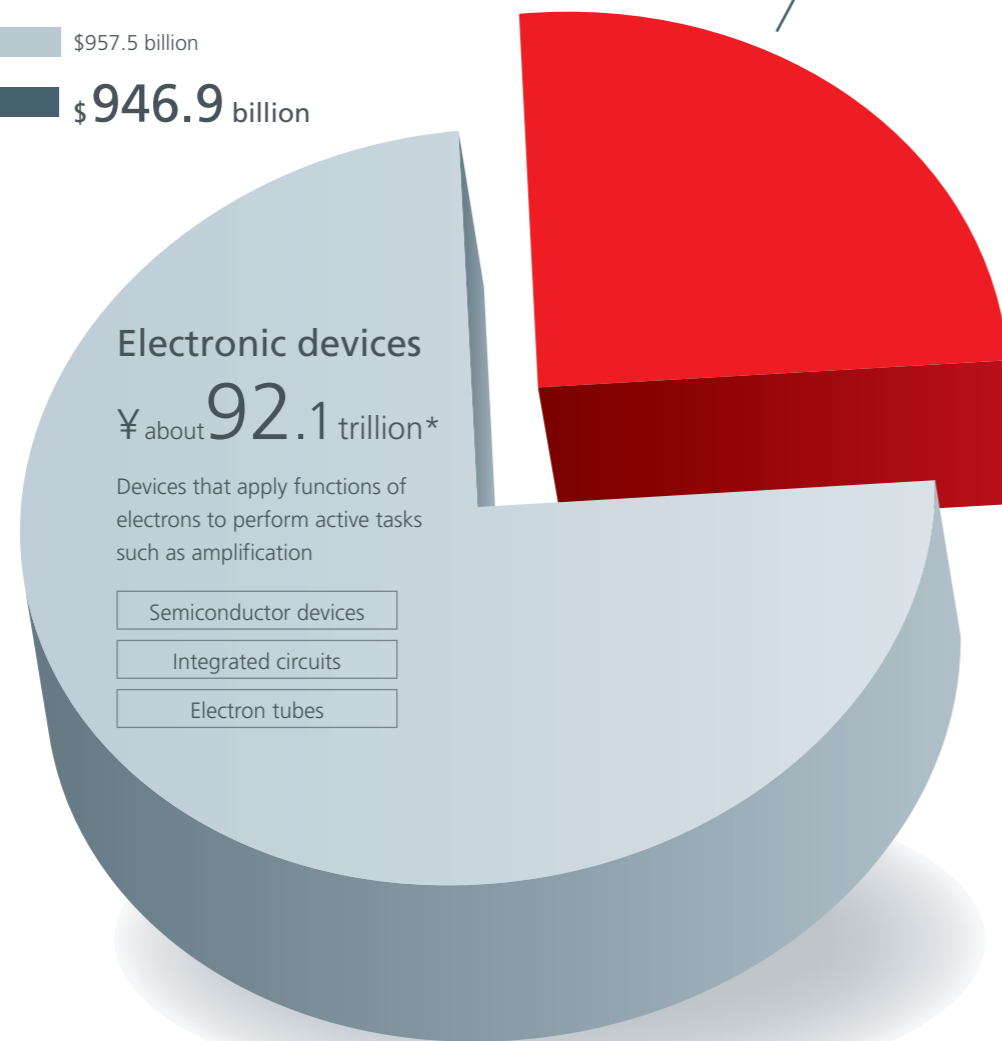
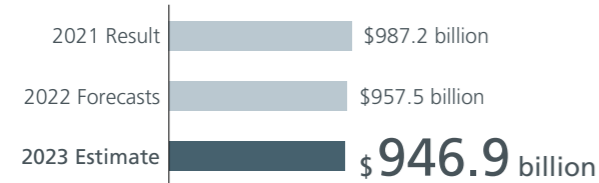
Market Environment and Business Development

Continued growth in needs as a result of greater electronics use

Due to the proliferation of smartphones and to the electrification of automobiles and various other products, the need for electronic components is expanding. While actual demand for such components fluctuates, it is exhibiting an upward trend.

Market Conditions for Electronic Components and Devices (Calendar year)

¥ about **123.1 trillion***



General electronic components

¥ about **31.0 trillion***

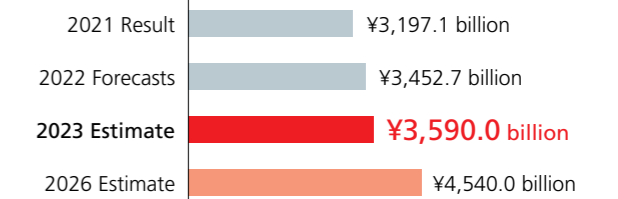
Components that work with and supplement electronic devices

Passive components

These devices store, control, separate, and perform other tasks on the flow of electrons supplied

- Capacitors
- Inductors
- Resistors
- Transformers
- Others

Capacitor market size (Calendar year)



Source: Annual of Electronic Devices & Components 2023, Chunichisha Co., Ltd.

Connecting components

These devices connect, switch, and perform other tasks on electronic circuits and systems

- Switches
- Connectors
- Others

Transducers

These devices create sounds, torques, magnetic flux, and others

- Electro-acoustic transducers
- Sensors
- Actuators

Other electronic components

- Power-supplies
- High-frequency components

□ TAIYO YUDEN's business domains

*The forecasts as of 2022 (dollar-based) calculated using the average exchange rate for 2022 (1 dollar = ¥128.6).

Note: Figures from 2022 Production Forecasts for the Global Electronics and Information Technology Industries, Japan Electronics and Information Technology Industries Association (JEITA); the electronic components and devices category is as defined in JEITA's statistical classification of global electronic component shipments

Value Creation Model

Megatrends

Changes in the external environment

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



Changes in the macro-environment

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

TAIYO YUDEN considers the management philosophy it has inherited from its founder to be its shared values and is striving to contribute to the realization of a secure, safe, comfortable, and convenient society through the “wonders of science” set forth in its mission.

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.

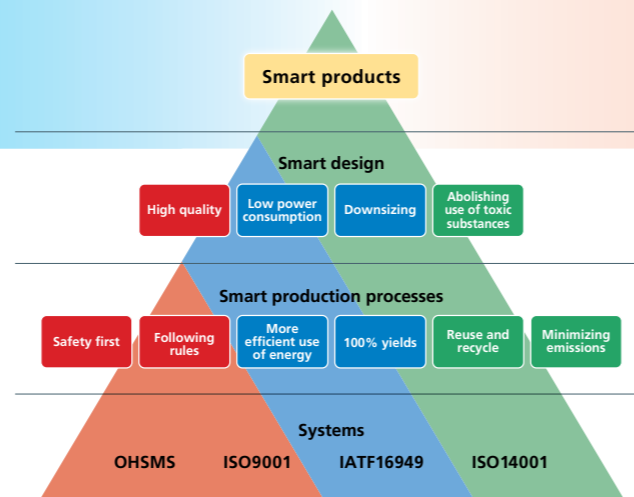
Mission | Stronger and more socially aware through the wonders of science
Management Philosophy | Employee well-being, Betterment of local communities, Responsibility to provide returns to shareholders

Business operations at TAIYO YUDEN

Investment capital (FY2022)	
Financial capital	
Total assets	¥503.4 billion
Equity ratio	63%
Intellectual capital	
R&D expenses	¥12.6 billion
Manufacturing capital	
Number of production bases	18
Human capital	
Number of employees (consolidated)	21,819
Social/related capital	
Number of years since founding	73
Number of years since public listing	53
Natural capital	
Energy (electricity) consumption	891,139 MWh
Water use	3,609,000 m ³

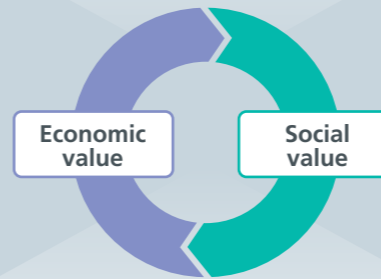
Leverage from business activities

Vision
 To be an excellent company that enjoys the trust and highest regard from all stakeholders



- Strengthen core technologies to make our core business grow
- Create solutions to solve social issues

Creating value through business activities



- E** Response to climate change
- S** Achieve health-oriented management and work style reforms at safety first workplace
- G** Improve management quality

Outcome

Medium-term management plan 2025

[Financial]	
■ Net sales	¥480 billion
■ Operating margin	15% or higher
■ ROE	15% or higher
■ ROIC	10% or higher
[Non-Financial]	
GHG emissions	
■ Absolute amount	FY2030 42% reduction (compared with FY2020)
Waste / Water usage	
■ Basic unit (production volume)	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	2.5 or higher
■ Rate of newly recruited female graduates	30% or higher
■ Female manager ratio	FY2030 10% or higher

At a Glance

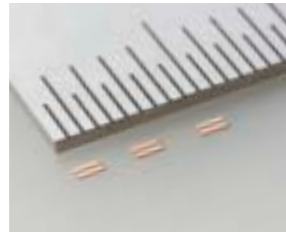
Capacitors

Major Products

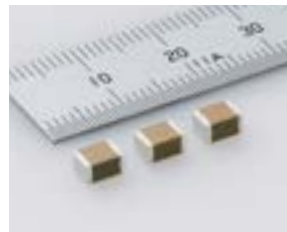
Multilayer ceramic capacitors



0201 size (0.25mm×0.125mm) ultra-small multilayer ceramic capacitors



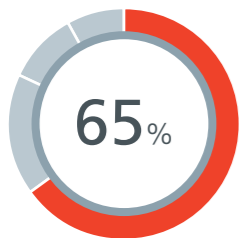
Ultra-thin multilayer ceramic capacitors (0.6mm×1.0mm) with 0.064mm thickness



4532 size (4.5mm×3.2mm) small high-capacitance multilayer ceramic capacitors with 1,000µF capacitance

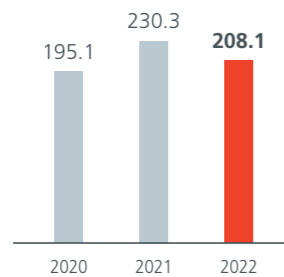
Net Sales Breakdown by Product Classifications

(FY2022)



Net Sales

(Billions of yen)



We are focusing on the development of multilayer ceramic capacitors (MLCCs) that are small and thin with high capacitance and high reliability. We are also continuing the development of cutting-edge multilayer ceramic capacitors by advancing our dielectric materials technologies, thin-film and high-capacitance technologies, and ultra-small capacitor production technologies.

In FY2022, sales for automobiles increased compared with the previous fiscal year, but sales of consumer equipment, information equipment, communication equipment, and IT infrastructure/industrial equipment decreased. As a result, net sales decreased 9.7% year on year to ¥208,115 million.

Market Needs

- The increase in demand for high reliability products and large-sized products for automobiles and IT infrastructure/Industrial equipment accelerated

Strengths of TAIYO YUDEN Group

High reliability

Downsizing

Front runner in high capacitance products

Decentralization of production bases

Growth Strategies

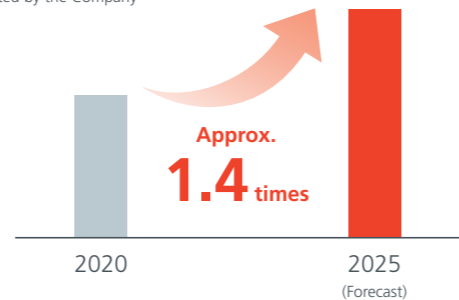
Focus on high-value-added zones by drawing on industry-leading technological expertise

Expand production capacity in response to changes in medium-term demand forecasts

- Make some changes to the capacity expansion plan
- Increase supply capacity by accelerating the strengthening of the capacity of high-reliability and large-sized products
- Average unit prices rose due to an increase in the proportion of large-sized products

Demand forecast for MLCC (Volume)

*Estimated by the Company



Strengthen the product appeal of highly reliable MLCCs

- Develop products matching the needs of automobiles and IT infrastructure/industrial equipment through the application of elemental technologies and utilization of external electrode technology

Inductors

Major Products

Wire-wound inductors



Wire-wound metal power inductors MCOIL™



Wire-wound ferrite power inductors

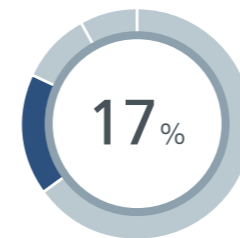
Multilayer inductors



Multilayer metal power inductors MCOIL™

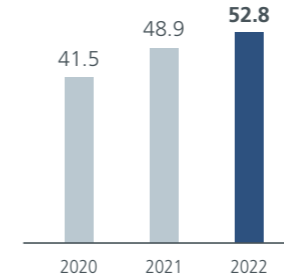
Net Sales Breakdown by Product Classifications

(FY2022)



Net Sales

(Billions of yen)



In addition to small, thin inductors with high current, we are working on the development of large, high-reliability inductors targeted at automotive and IT infrastructure applications. We are also developing competitive products by bringing about even greater sophistication in our development of metal materials and other materials, as well as in our wire-winding and multilayer process technologies.

In FY2022, while year-on-year sales for IT infrastructure/industrial equipment decreased, sales for consumer equipment, information equipment, communication equipment, and automobiles all increased. As a result, net sales increased 8.1% year on year to ¥52,866 million.

Market Needs

- The demand for inductors compatible with large currents increased as a consequence of the improved performance of electronic equipment and electrification of and installation of electrical equipment in automobiles

Strengths of TAIYO YUDEN Group

An abundant lineup of power inductors built on advanced elemental technologies

Growth Strategies

Increase competitive advantage in power inductors
Improve profitability by improving item mix

Diversify our markets and customer base

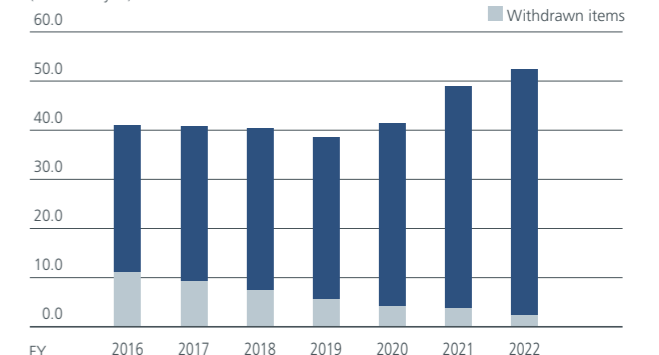
- Expanding into the fields of smartphones, IoT, automotive, and IT infrastructure/industrial equipment
- Increased sales of inductors using metal materials

Material	Structure	
	Multilayer	Wire-wound
Metal (MCOIL™)	Smartphone Smart watch PC/Tablets Smaller products by our original metal and multilayer technology Expand into ADAS	Smartphone PC/Tablets HDD/SSD Expand product line-up for automobiles
Ferrite	(Shift to metal)	Automotive IT infrastructure/ Industrial equipment Expand sales in high reliability market

Improve product mix and shift to a more profitable structure

Net sales

(Billions of yen)



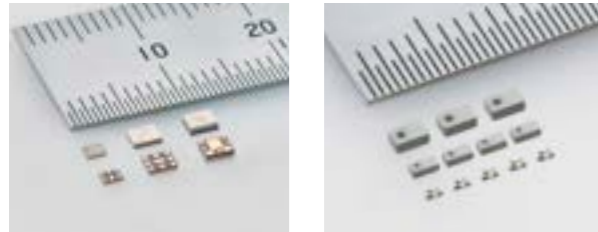
*"MCOIL" is a registered trademark or a trademark of TAIYO YUDEN CO., LTD. in Japan and other countries.

At a Glance

I ntegrated Modules & Devices

Major Products

Communication devices



FBAR/SAW devices for mobile communications

Multilayer ceramic filters

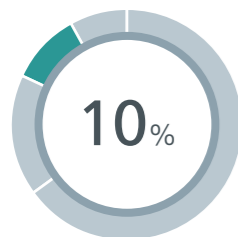
Circuit modules



Regenerative electric assist system (for electric assist bicycles)

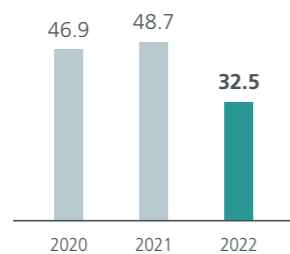
Net Sales Breakdown by Product Classifications

(FY2022)



Net Sales

(Billions of yen)



We are promoting the development of communication devices compatible with broadband and the development of next-generation products suitable for high frequencies.

In FY2022, year-on-year sales of FBAR/SAW devices for mobile communications and circuit modules decreased. As a result, net sales decreased 33.2% to ¥32,581 million.

*"TLSAW" is a registered trademark or a trademark of TAIYO YUDEN CO., LTD. in Japan and other countries.

Communication devices

Market Needs

■ In addition to smartphones, our main market, expand adoption in telematics, machine-to-machine (M2M), and the IoT

Connected car
e-Call (automated emergency call system), etc.

Smart meter

Security equipment

POS system

Strengths of TAIYO YUDEN Group

Ensure excellent high-reliability characteristics with element material technology and robust package structure

- TLSAW™ (Element technology)...Low loss, wide band, and steep
- HPDP (Packaging technology)...Low profile and high reliability

Growth Strategies

Pursue high-value-added businesses by making use of original technologies

- Expand sales for automobiles and IT infrastructure/industrial equipment
- In addition to discrete sales to smartphone manufacturers, aim for development for module applications

Circuit modules

Market Needs

- Smart mobility society

Strengths of TAIYO YUDEN Group

Energy regeneration assist system

- Developed an in-house system to be mounted on electric-assisted bicycles

Growth Strategies

Improve profitability through selection and concentration

- Concentrate our efforts on the regenerative electric assist system to contribute to the realization of a smart mobility society
- Other module business to be transferred, scaled down or withdrawn. Reallocate resources.

O thers

Major Products

Aluminum electrolytic capacitors



Conductive polymer hybrid aluminum electrolytic capacitors

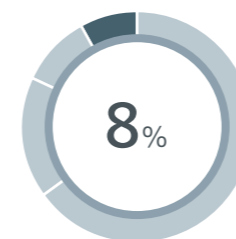
Power storage devices



Electric double-layer capacitors

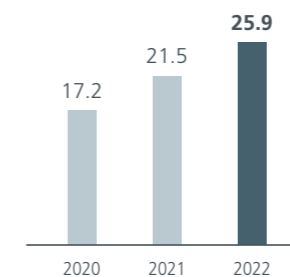
Net Sales Breakdown by Product Classifications

(FY2022)



Net Sales

(Billions of yen)



We are concentrating our efforts on the development of conductive polymer hybrid aluminum electrolytic capacitors for the focus markets and the creation of solutions which contribute to solving social issues.

In FY2022, we recorded increased year-on-year sales of aluminum electrolytic capacitors, primarily for automobile use. As a result, net sales increased 20.5% year on year to ¥25,941 million.

Market Needs

—Conductive polymer hybrid aluminum electrolytic capacitors—

- Demand for automobiles is growing rapidly due to the adoption of xEVs, electrification of powertrains, and advancement of ADAS

Strengths of TAIYO YUDEN Group

—Conductive polymer hybrid aluminum electrolytic capacitors—

Meet customer needs with a wide range of product lineup

- High reliability, large current, and low noise
- A wide range of large-sized and high-capacity products

case size	TAIYO YUDEN (ELNA)	Company A	Company B	Company C
Φ 5 × 5.8	●	●		●
Φ 6.3 × 5.8	●	●	●	●
Φ 6.3 × 7.7	●	●	●	●
Φ 8 × 8.7	●			
Φ 8 × 10	●	●	●	●
Φ 10 × 8.7	●			
Φ 10 × 10	●	●	●	●
Φ 10 × 12.5	●	●	●	●
Φ 10 × 16.5	●	●		●
Φ 12.5 × 13.5	●			
Φ 12.5 × 16.5	●			

Growth Strategies

—Conductive polymer hybrid aluminum electrolytic capacitors—

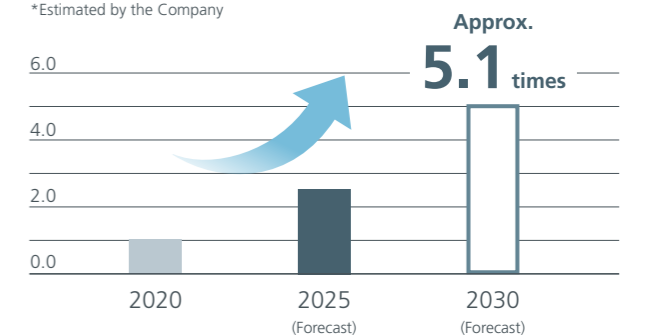
Expand sales in high-value-added markets, especially automobiles

Increase production capacity to meet growing demand in automotive market

- Build an efficient integrated domestic system from product development to production to increase production capacity

Demand forecast for conductive polymer hybrid aluminum electrolytic capacitors (Volume)

*Estimated by the Company



R&D



Message from the Officer in charge

Honing our core technologies based on material technology to improve our technological strength

Shoichiro Hirakuni

Operating Officer
Laboratory Manager,
Research and Development Laboratory

The Research and Development Laboratory engages in R&D activities underpinned by the basic policy of “leveraging its material technology and deploying diverse core technologies to take on challenges for the development of next-generation devices and providing solutions” that will support the world five years and ten years from now.

While TAIYO YUDEN’s products are based on its core technologies, including material technology, processing technology, evaluation technology, design technology, and mounting technology, the foundation of product development is material technology.

While material technology, in a word, may sound simple, seeking to bring out the full potentials of substances may be a profound pursuit. For example, our multilayer ceramic capacitors (MLCCs), the mainstay product of TAIYO YUDEN, uses barium titanate as its main material. However, as a result of reducing the particles of the material to downsize the MLCCs, we found it difficult to bring out the essential performance of the material. Material technology solves such issues and creates materials that can manifest the intended performance consistently. It is an essential technology in improving product performance.

Meanwhile, the so-called processing technology, such as the multilayer technology, thin film technology, and MEMS technology, may be seen as a technology that was acquired and accumulated from needs for smaller and thinner components. We believe that the role of the Research and Development Laboratory is to continue building upon the foundation of material technology to hone the technology to address new trends, and through such efforts, enhance and support the technological capabilities of TAIYO YUDEN.

The Research and Development Laboratory designs the models of talents required for the development of medium- to

long-term technological capabilities towards the future, and focuses on recruiting and training of such human resources. Specifically, we believe that, rather than talents specializing in their expertise, we should focus on seeking those who have accumulated specialized knowledge, experience, and skills in certain fields, but also have knowledge and interest in a wide range of other categories. Bearing this in mind, we opened the Shin-Kawasaki Center SOLairoLab in 2020 as a new base for R&D. We have been successful in acquiring new and different perspectives and talents with expertise, and we are now ready to have more interactivities with various outside institutions, which was the original aim. We are also working on competence development, such as training to acquire a wide range of knowledge for engineers, including those at other bases.

In fiscal 2023, the Basic Technology Center and Material Science Laboratory were separated as new organizations under the development and research department. By further strengthening the conventional functions and deploying the outputs horizontally, we aim to enhance the overall development and technological capabilities.

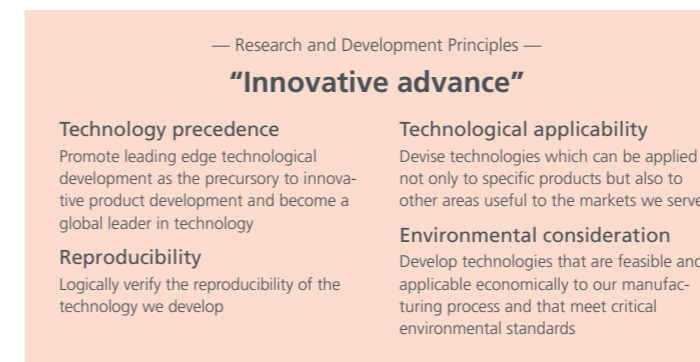
Today, TAIYO YUDEN is carrying out the medium-term management plan 2025, which was formulated as a milestone towards its goals for 2030. To achieve the goals on a medium- to long-term basis, we believe that the development and research department, being responsible for the development of new materials and processes, plays a major role. We will continue to work towards to become a department that is relied upon by other divisions in the Company, and is also capable of contributing to the creation of economic and social value of TAIYO YUDEN.

Fundamental Stance on Research and Development

The Foundation of Our Research and Development Activities

Hikohachi Sato, the founder of TAIYO YUDEN, was a researcher in ceramic materials, and since its establishment, has believed that product commercialization should start from the development of materials. This has been one of the

strengths of TAIYO YUDEN, and has resulted in us creating many products that have been “world firsts.” TAIYO YUDEN’s research and development activities are aimed at further honing the many elemental technologies it has so far developed to create products that contribute to the ongoing development of electronic devices.



Approach to Research and Development

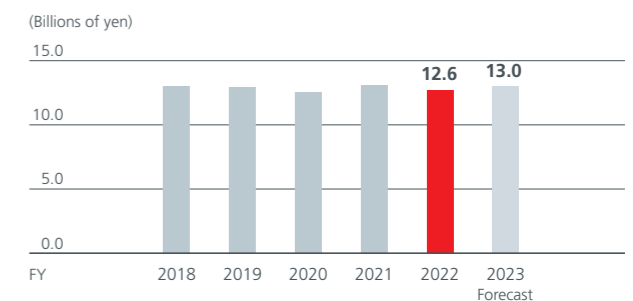
Achievement of Our Vision through Development of Smart Products

TAIYO YUDEN aims to manufacture “smart products” and is actively working to develop and supply steadily such products.

We develop smart products to eliminate the three M’s— *muda* (wastefulness), *mura* (inconsistency) and *muri* (overburden)— over their entire life cycle from design through production, sales, and incorporation into the final product right up to final disposal, to add value for customers and local communities we serve as well as our employees. We believe that our research and development activities aimed at creating a higher standard of smart products will enable us to realize our vision of “To be an excellent company that enjoys the trust and highest regard from all stakeholders.”

R&D Expenses

We recognize that continuing innovations and advancement in our technologies through R&D is the foundation for TAIYO YUDEN to create the future. As such, in recent years we have continuously invested a fixed amount into R&D activities, rather than making major adjustments based on the financial results.



R&D Themes

At the Research and Development Laboratory, the center of TAIYO YUDEN’s R&D activities, we share the roles with the business departments on a medium- to long-term perspective and leverage the core technologies we have so far cultivated to develop new materials and new processes. We are expanding various inspirations through ideas from different fields, co-creation with outside talents, etc., and taking on challenges in manufacturing and providing solutions without fearing failure. We are stepping up our initiatives that address themes

which contribute to the creation of new value through items including all solid-state batteries and smell sensors as well as themes related to the SDGs and the environment.

To strengthen the core technologies for the creation of new products, we draw up research themes based on the development strategy roadmap and operate a system that takes a unique twist on the phase-gate process in order to improve the success rates, completion rates, and speed of product development.

R&D

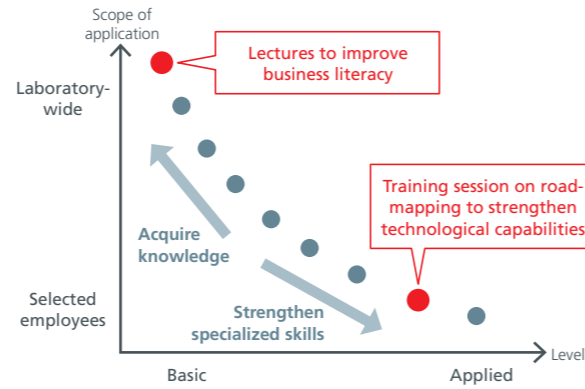
Research Personnel

At the Research and Development Laboratory, in order to develop personnel needed by the Research and Development, we coordinate with the educational training hosted by the Human Resources Department to revitalize the human resources dedicated to innovation. Currently, we are rolling out training activities and learning habituation activities, including improving business literacy and enhancing technological capabilities.

In fiscal 2022, for example, we conducted training to formulate R&D strategies from a long-term perspective by backcasting from major social trends and drawing roadmaps for future R&D activities. We also held six lectures under the theme of innovation by experts and specialists in fields that are recently associated with R&D, such as social science and design, attended by a total of 573 people including employees from outside the Research and Development Laboratory. As a result of these lectures, we are seeing more self-motivated activities among employees, including self-study sessions by participants, and constructive dialogue with the lecturers.

With these efforts, we aim to develop personnel capable of conducting research and development that could lead to innovation and solutions for social issues towards the future.

Image of Human Resources Development Program at the Research and Development Laboratory



Self-study session by employees

TAIYO YUDEN's Research Facility

We are committed to upholding our claim to be "the TAIYO YUDEN of technology and the TAIYO YUDEN of development." Based on this, we opened the R&D Center (Takasaki City, Gunma Prefecture, Japan) in 1998 with the aim of continuing to create the world's best products. Establishing the R&D Center has accelerated our R&D activities, and today it serves as a source of development and technological progress, and a foundation of creativity focusing on the future.

In 2020, we also opened the Shin-Kawasaki Center SOLairoLab as a place to co-create at innovative speed and at innovative level by interacting with outside talents without persisting in in-house development. The Shin-Kawasaki Sozo no Mori ("Forest of Creation") area where the Center is located has a large number of research institutes and start-ups that have congregated. We are taking advantage of this location to strengthen our information gathering and marketing functions as well as our application and solution development capabilities through interactions with people outside the Company. In fiscal 2022, we held more than ten external networking events of various scales, and conducted activities as a place for co-creation.



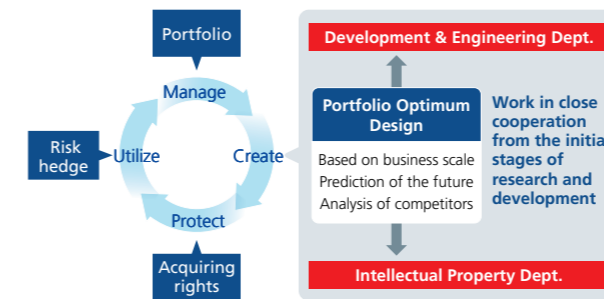
Activities on Intellectual Property Rights

Basic Policy

We, TAIYO YUDEN, endeavor to obtain, maintain and protect intellectual property rights for proper use, and also to respect the intellectual property rights of third parties, in accordance with our CSR Code of Conduct.

Protection of Intellectual Property Rights

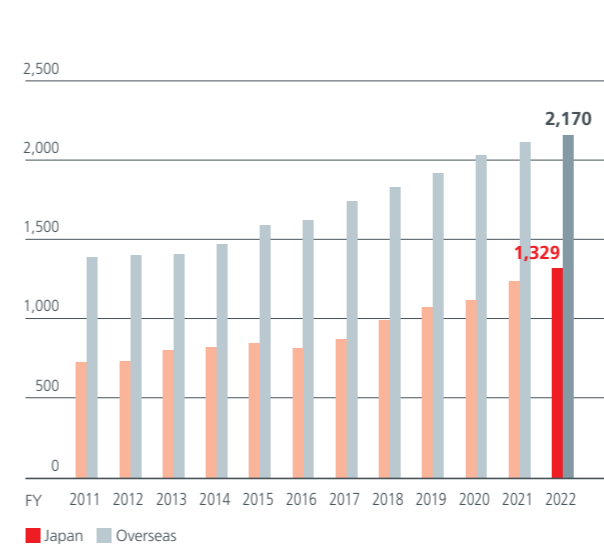
At TAIYO YUDEN, the Intellectual Property Department and the Development and Engineering Department work in close cooperation with each other from the early stages of developing new technologies and obtaining intellectual property rights. In addition, we pursue a unique management approach in a way that is optimized for each of our businesses to create, protect, and utilize intellectual property.



Number of Patents Held

TAIYO YUDEN has been acquiring the patent rights needed to conduct its business activities both in Japan and overseas, with the number of patents held increasing year over year (Fig. 1). These are the fruit of our patent creation activities, and include applications that are based on a forecasting mindset starting

Fig. 1 Number of Patents Held



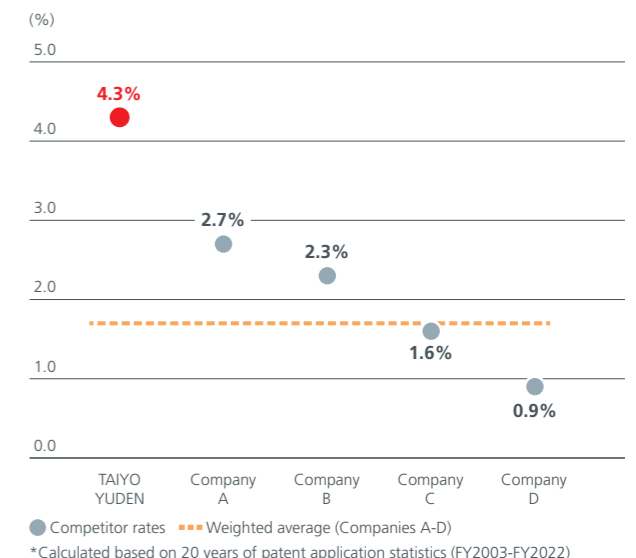
from recent issues, as well as applications based on a backcasting mindset envisioning the future challenges. We file our patent applications focusing on both. Maintaining these patents is not without cost, but I believe this to be a necessary investment to ensure a degree of freedom in our business. We also review the patents we hold when appropriate and stop maintaining our rights to obsolete technologies in order to reallocate funds to applications that will bolster our new technologies.

On the other hand, there are certain technical fields in which we deliberately do not apply for patents in order to avoid our technologies being disclosed to the public. We register this sort of know-how internally for use within the Group as a form of intellectual property and are working to encourage the creation of such intellectual property by providing incentives to those who invent it in the same way we do for patents.

Blocking Competitor Patent Applications

Patent applications are examined at the Japan Patent Office (JPO). The rate at which TAIYO YUDEN's patents are cited when other companies' applications are examined (the rate at which our patents help prevent peer group competitors from obtaining patent rights) exceeds peer average (Fig. 2). By making appropriate patent applications in terms of both content and timing, we strive to ensure our competitive advantage. With this, we are improving the intellectual property capabilities of our core technologies and supporting the initiatives towards achieving the materiality, to "strengthen core technologies to make our core business grow," thereby contributing to increasing our economic value.

Fig. 2 Rate at which Competitor Patent Applications are Blocked



*Calculated based on 20 years of patent application statistics (FY2003-FY2022)

Section 3

Foundation Underpinning Value Creation

There are mounting expectations on companies to contribute to the resolution of social issues, such as by helping achieve SDGs that aim to solve issues on a global scale. Companies are also accelerating sustainable corporate activities that place emphasis on Environment, Social and Governance (ESG) concerns. The TAIYO YUDEN Group seeks to contribute to the resolution of social issues through its business activities and at the same time is promoting ESG-related corporate activities as the foundation underpinning value creation.

Front row, from left:

Emiko Hamada, Outside Director
 Shinji Masuyama, Director, Executive Vice President
 Katsuya Sase, Representative Director, President and CEO
 Shoichi Tosaka, Chairperson and Director
 Tomomitsu Fukuda, Director, Executive Operating Officer
 Tomomi Fujita, Outside Audit & Supervisory Board Member

Back row, from left:

Seiichi Koike, Outside Director
 Masashi Hiraiwa, Outside Director
 Kazuyuki Oshima, Audit & Supervisory Board Member
 Toshimitsu Honda, Audit & Supervisory Board Member
 Hajime Yoshitake, Outside Audit & Supervisory Board Member



Dialogue Between the Chairperson of the Company and the Chairperson of the Nomination Committee



Shoichi Tosaka
Chairperson and
Director



Masashi Hiraiwa
Outside Director
Chairperson of the
Nomination Committee

—Discussion Theme—

On the Appointment of a New President

At TAIYO YUDEN, the president was replaced in June 2023, with Director and Senior Executive Operating Officer Katsuya Sase assuming the role of Representative Director, President and Chief Executive Officer (“President”), and Shoichi Tosaka, the previous President, becoming Chairperson and Director.

Chairperson Tosaka and Mr. Hiraiwa, Outside Director and Chairperson of the Nomination Committee, sat for a discussion of this succession process and their expectations for the new President Sase.

Looking Back on the Tenure as President

Tosaka In FY2015, when I became President, net sales were ¥240.3 billion and net profit was ¥14.7 billion. Subsequently, the continued increase in demand for TAIYO YUDEN’s products such as multilayer ceramic capacitors mainly for automobiles put the Company on a growth trajectory, and by FY2021 net sales had increased to ¥349.6 billion and net profit to ¥54.3 billion.

After taking office as President, I promoted the selection and concentration of businesses based on a policy of

concentrating on what I called “three products and one solution.” The three products are the capacitors, inductors, and communication devices in our Electronic Components Business. By “solution” I meant the creation of new businesses through high-value-added solutions. Emphasizing the concept of the smile curve, which represents the value-added structure in the electronics industry, I focused on products and solutions that are considered to have high added value at both extremes of the curve, and scaled back the amount of mounting and assembly work that we had been doing up to that point. During my tenure as President, I focused on two things: capturing the tailwind of demand, particularly for automobiles, and

concentrating on products and solutions. My honest opinion is that, in the face of dramatic changes in the world, TAIYO YUDEN has come this far through determination and perseverance.

Hiraiwa I think there were more reasons behind the progress of TAIYO YUDEN. As a lawyer, I’ve looked at the governance of various companies, and I think TAIYO YUDEN’s governance was solid even before I became Outside Director. When I took office in June 2016, the Board already had two outside directors. Mr. Yoshitake, who was appointed as Outside Audit & Supervisory Board Member at the same time I was appointed Outside Director, has been in a very unique position as a full-time Outside Audit & Supervisory Board Member. In that sense, I have always felt that, behind the scenes, the Company is run not just on determination and perseverance, but with appropriate brakes built into the system.

Tosaka However, considering that TAIYO YUDEN is poised for significant growth going forward, I thought that the next president should be someone who would run the Company in a more logical manner. This influenced how I thought about candidate selection for this presidential transition.

Specific Appointment Process

Hiraiwa I was involved in the change of president in my capacity as Chairperson of the Nomination Committee. Looking back, we can say that we proceeded steadily according to the successor plan formulated in 2018. Mr. Tosaka, as President, nominated candidates from among the directors and proceeded to develop them. After assessing the qualifications of the candidates, we followed a process of having them gain the necessary experience.

Tosaka When I became President, I was keenly aware that there would be a change of president in a few years; in other words, it would be necessary to select the right person as the next president. The right person, in my opinion at that time, was not only a person with the right qualities, but also a person with the necessary experience to serve as president.

In that sense, while Mr. Sase had long experience in the business and knew all about it, it was clear that he lacked experience in management planning and finance. Without enough experience in management and finance, I was sure he would face a lot of difficulties after becoming president;

just like it was the case for me. With this in mind, I asked him to gain a variety of experiences at Management Planning Headquarters during the last three years before assuming the position of president.

Hiraiwa The Nomination Committee held multiple interviews to assess qualifications. I had the opportunity to meet with Mr. Sase at least three times and with the other directors at least twice. During that interview, we had a discussion about what the future holds for TAIYO YUDEN. It was a very distinctive session on understanding the future in our own way. This session helped me understand Mr. Sase’s way of thinking and convinced me that he was the right person for the role.

President Sase’s Character

Hiraiwa As Chairperson of the Nomination Committee, I had an interview with him, and I was impressed by the answer Mr. Sase gave during the interview. When I asked, “Are you planning to change the three principles stated in the Company’s management philosophy?” A company’s philosophy does not have to remain the same forever. Companies have also been known to change their corporate philosophy or catchphrase at the time of a change of president.

In response to my question, Mr. Sase said, “I’m not that type of person. My job is to properly execute the principles we have now.” He further emphasized, “We will grow the Company by proceeding logically and clearly separating what we can do from what we cannot do.”

Rather than being at a stage where we are creating something new, TAIYO YUDEN is currently at a stage where we have a clear vision for what we want to achieve, and whether or not we can achieve it is the critical question. Mr. Sase’s answer was the most suitable answer for TAIYO YUDEN’s current situation, and his way of thinking convinced me that he was suitable for the president of TAIYO YUDEN in this day and age.

Tosaka I believe that a company can change dramatically depending on the character of its president. In that sense, the biggest difference between me and Mr. Sase is that I live with determination, perseverance, and feeling, while he thinks and acts in a rational way.

I always thought that, in a world that is undergoing so much change, it would not be a good idea for someone with the same characteristics to take over as president. The Company can also demonstrate its diversity by assigning a different

Dialogue Between the Chairperson of the Company and the Chairperson of the Nomination Committee

type of person as president. Therefore, I have high expectations for Mr. Sase, not only in terms of his experience and qualifications, but also in terms of his character.

Hiraiwa You emphasized your differences, but from my point of view, what the two of you have in common is that you are basically stubborn in a good way. Some people listen to the opinions of those around them, but in my experience, people who become president tend to be stubborn and unwavering. Although the two of you have different styles, I often think you and Mr. Sase are very similar in that you do not waver. In that sense, I feel that your characters are essentially the same.

Looking Ahead to Future Appointments

Tosaka With this change of president, I have become the non-executive Chairperson and Director of the Company. I believe that my role going forward will be to make decisions neutrally and make governance effective.

Up to now, my focus had been on the execution side because I was also responsible for the execution of business operations, but from now on, as a director who does not have executive functions but knows more about the Company than the outside directors, I would like to focus on strengthening corporate governance. As I assume this new role, I hope President Sase will give his undivided attention to various business execution issues. In particular, I would like him to focus on

charting a course for growth in the medium-term management plan 2025 and beyond.

Hiraiwa I believe the successor plan was properly executed for the presidential transition this time. However, to improve future changes of top management, we will need to consider the question of how to increase the pool of candidates. In other words, in general terms, it is clear that the larger the candidate pool, the more options there are, which is advantageous. So, in that sense, the issue of how to widen our options in our future the successor plan is very important. TAIYO YUDEN's successor plan assumes that the president will be selected from among the executive directors. However, to widen our options, we should look at more candidates, including those at the operating officer level.

At present, before an operating officer is appointed, they are interviewed by the Nomination Committee, but without very specific interactions with them, it is difficult to know what kind of person the candidate is. TAIYO YUDEN's the successor plan is currently limited to senior management, but to build a better senior management team, we need to build a solid talent pool starting at the stages prior to becoming an operating officer. In this regard, we are proceeding with the theme of accelerating human resources development in the medium-term management plan 2025. The second strategy is to accelerate recruitment of outside talent. These two strategies are proven to work, but they must be followed rigorously. This is exactly what TAIYO YUDEN is trying to do right now, and I think it is highly commendable.



Feature 2

Roundtable Discussion with the Outside Directors

—Discussion Theme—

Towards the Sustainable Improvement of TAIYO YUDEN's Value

TAIYO YUDEN continues to strengthen its corporate governance structure in an aim to ensure sustainable growth and medium- to long-term improvements in corporate value. Outside Directors Masashi Hiraiwa, Seiichi Koike and Emiko Hamada sat for a discussion about their expectations for the new president, Mr. Sase, human capital, and the initiatives of the Sustainability Committee.

Masashi
Hiraiwa
Outside Director



Emiko
Hamada
Outside Director



Seiichi Koike
Outside Director



What Will and Will Not Change Under the New Administration

Hiraiwa In June of this year, a new administration was launched as Mr. Sase was appointed President and Chief Executive Officer ("President"). When I met with Mr. Sase in my capacity as Chair of the Nomination Committee, I felt I could sense his resolve despite his calm tone. In particular, I remember Mr. Sase saying, "I will steadfastly execute the current medium-term management plan" and "My mission is to translate TAIYO YUDEN's management philosophy into reality."

TAIYO YUDEN's three-part management philosophy—employee well-being, betterment of local communities, and

responsibility to provide returns to shareholders—overlaps with the SDGs in many ways. The reason Mr. Sase's words impressed me is that they show that he values this management philosophy and wants to move the Company forward in a way that meets the needs of society, and he wants to achieve this with a mindset that is grounded in achieving the targets of the medium-term management plan.

Koike When I met with him as a candidate for president last fiscal year, I too felt his strong resolve. Since this fiscal year is positioned as a turnaround year in the medium-term management plan 2025 ("medium-term plan"), I look forward to seeing how he manages the changing external environment to achieve the Company's financial and non-financial targets.

Roundtable Discussion with the Outside Directors

Hamada I think Chairperson Tosaka and President Sase are completely different personality types, but what they have in common is they are both knowledgeable about technology and they both proceed in a meticulous manner. This gives me a sense of security. In that sense, I don't think that TAIYO YUDEN's unique technology-centered approach will change.

On the other hand, because Mr. Sase is relatively young, I think he will be a great inspiration for those who are looking to move up. I hope that this presidential transition means that the Company is entering its next stage. I also hope that this transition will lead to a greater awareness of their own responsibilities of younger generation, and that it will stimulate constructive discussions not only about the current medium-term plan but also about the future.

Discussion on Human Capital to be Held at the Board of Directors Meeting

Hamada One of the issues to be addressed in the evaluation of the effectiveness of the Board of Directors is "investments in human capital that are linked to the management strategy." I think we need to have another thorough discussion on the management strategy itself so that we avoid the unsophisticated approach of following the trends of the times. The basis of human capital is to determine what quality and quantity of human resources are needed to implement our management strategy, and then invest in securing the necessary people. In addition to in-house training, we need to consider recruiting outside talent and other means to secure the people we need. In that sense, TAIYO YUDEN is still at the earliest stage of the discussion.



Hiraiwa With regard to management succession planning, although we are building a database of candidates, we are still mostly talking in generalities. I would like to see a bit more systematic management and discussion of succession planning.



Koike Looking inside the company, we can see that our level-specific training of employees is systematized and rigorous. On the other hand, when it comes to corporate officers, I think there is a lot of room for improvement in our succession planning, as Mr. Hiraiwa mentioned.

Changes Brought About by the Sustainability Committee

Koike In the past, TAIYO YUDEN regarded economic value and social value as trade-offs and prioritized economic value. However, I have the impression that employee attitudes have changed thanks to the activities of the Sustainability Committee. The idea that focusing on social value is a prerequisite for creating economic value has permeated the Company, and we have seen an evolution across a number of initiatives, including on the environment. As a specific example, in fiscal 2022 we were recognized by CDP, an international environmental non-profit organization, as a top-rated "Climate Change A List" company for our efforts.

Hamada The Sustainability Committee deals with a wide range of themes, including environmental, safety, and health issues,

but it provides a framework for aggregating all of these themes and considering them holistically. In particular, we have achieved steady results over the past year in our environmental initiatives, which have set a lofty goal of reducing GHG emissions on an absolute basis even as production volume increases in response to expanding demand for electronic components. I am beginning to feel that our employees are now firmly committed to sustainability.

Hiraiwa Speaking theoretically from my perspective as a lawyer, I believe that there is a correlation between our sustainability initiatives and recent changes in thinking regarding the question "Who controls the company?" Originally, the answer to that question was "the shareholders." Later, under the concept of "stakeholders," the idea that companies are controlled not only by shareholders but also by business partners, employees, and others became mainstream. Today, we are entering an era in which society controls the company.

In other words, a company that ignores the demands of society will perish. We are entering an era where corporate value cannot increase unless we heed these demands. In this era, sustainability activities are not something that should be done, but must be done. At TAIYO YUDEN, I think we should promote our sustainability activities with a greater sense that the themes addressed by the Sustainability Committee are becoming a matter of survival for the Company.

Koike In terms of the relationship between sustainability and management, last year the Remuneration Committee designed a remuneration system that incentivizes sustainability efforts. Officers' bonuses are basically determined according to consolidated net profit, but the system was changed so that they are now multiplied by the level of goal achievement of the officer's organization and the achievement of non-financial (ESG) indicators in the medium-term plan. I will be watching closely to see how this change in incentives yields results.

Towards TAIYO YUDEN's Medium- to Long-Term Value Creation

Koike TAIYO YUDEN has a history of global expansion as a manufacturing company that leverages its material technology. In other words, our growth up to this point has relied on integrated development from materials to products and repeated

innovation in manufacturing. To continue to be a company that is highly regarded around the world, we need to improve the profitability of our existing businesses and create innovation, and to achieve this, human resources will become more important than ever.



Hamada In recent years, against the backdrop of rapid market expansion, we have been focusing on expanding production capacity. I'm sure this process has been quite taxing on our employees, but our investments progressed smoothly and the scale of the business grew. Furthermore, the Company as a whole has begun to adopt a perspective that not only pursues economic value, but also considers the balance with social value. In that sense, I believe we have laid the groundwork to advance to the next higher stage as a company.

Hiraiwa I have high expectations that our new president, Mr. Sase, will provide TAIYO YUDEN with leadership not only through the current medium-term plan but also beyond. As both of you mentioned, a sustainable framework is almost in place, and I hope our younger employees will do their best to take it to the next stage.

Executives

(As of July 1, 2023)

Directors



Representative Director, President and CEO

Katsuya Sase

Apr. 1986 Joined the Company
 Jun. 2013 Operating Officer of the Company
 Jun. 2016 Director and Executive Operating Officer of the Company
 Jun. 2018 Director and Senior Executive Operating Officer of the Company
 Jun. 2023 Representative Director, President and CEO of the Company (to the present)



Chairperson and Director

Shoichi Tosaka

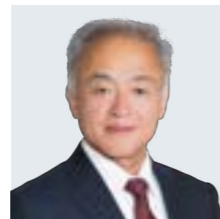
Mar. 1979 Joined the Company
 Jun. 2006 Director and Senior Operating Officer of the Company
 Jul. 2010 Director and Senior Executive Operating Officer of the Company
 Nov. 2015 President and CEO of the Company
 Jun. 2023 Chairperson and Director of the Company (to the present)



Director, Executive Vice President

Shinji Masuyama

Mar. 1980 Joined the Company
 Jan. 2004 Operating Officer of the Company
 Jun. 2013 Director and Senior Operating Officer of the Company
 Jun. 2020 Director and Executive Vice President of the Company
 Jun. 2023 Director and Executive Vice President, in charge of Overall Business Headquarters of the Company (to the present)



Director, Executive Operating Officer

Tomomitsu Fukuda

Apr. 1990 Joined the Company
 Jun. 2013 Operating Officer of the Company
 Jun. 2021 Director and Senior Operating Officer of the Company
 Jun. 2022 Director and Executive Operating Officer
 Jun. 2023 Director and Executive Operating Officer, in charge of Management Planning, Chief of Management Planning Headquarters of the Company (to the present)



Outside, Independent Director

Masashi Hiraiwa

Apr. 1981 Registered as attorney (to the present)
 Joined OHHARA LAW OFFICE (to the present)
 Aug. 2005 Supervisor of LCP, Inc.
 Oct. 2012 Supervisor of Japan Logistics Fund, Inc.
 Jun. 2016 Outside Director of the Company (to the present)



Outside, Independent Director

Seiichi Koike

Apr. 1980 Joined Toyo Kogyo Co., Ltd. (Currently Mazda Motor Corporation)
 Mar. 1982 Joined Honda R&D Co., Ltd.
 Apr. 2004 General Manager, Automobile R&D Center Brazil of Honda R&D Co., Ltd.
 Apr. 2008 Executive Officer and General Manager of Development Engineering Headquarters of Honda Foundry Co., Ltd.
 Jun. 2011 Director of Honda Foundry Co., Ltd.
 Jun. 2012 Director of Metts Corporation
 Jun. 2013 Audit & Supervisory Board Member of Metts Corporation
 Audit & Supervisory Board Member of Honda Foundry Co., Ltd.
 Jun. 2018 Outside Director of the Company (to the present)



Outside, Independent Director

Emiko Hamada

Apr. 1984 Joined the Company
 Dec. 2001 General Manager of R Technology Department, Overall Technology & Quality Assurance Management, Technology Group of the Company
 Sep. 2003 Chief Researcher of Basic Research and Development Department, Research Institute, Technology Group of the Company
 Apr. 2007 Left the Company
 Nov. 2008 Associate Professor of Center for Social Contribution and Collaboration of Nagoya Institute of Technology
 Apr. 2011 Professor (Techno-Business Administration) of Graduate School at Center for Social Contribution and Collaboration of Nagoya Institute of Technology
 Apr. 2012 Professor of Center for Research on Assistive Technology for Building a New Community of Nagoya Institute of Technology

May 2015 Third Sector Program Officer of Adaptable and Seamless Technology transfer Program through target-driven R&D of Japan Science and Technology Agency
 Jul. 2016 Part-time Lecturer of Nagoya Institute of Technology
 Aug. 2016 Visiting Professor of Nagoya University
 Jun. 2017 Outside Director of NGK INSULATORS, LTD. (to the present)
 Jun. 2019 Outside Director of the Company (to the present)
 Mar. 2021 Member of Low Carbon Society Strategic Promotion Committee, Center for Low Carbon Society Strategy through target-driven R&D of Japan Science and Technology Agency

Audit & Supervisory Board Members



Audit & Supervisory Board Member

Kazuyuki Oshima

Mar. 1980 Joined the Company
 Jul. 2010 Operating Officer of the Company
 Apr. 2016 Senior Operating Officer of the Company
 Jun. 2020 Audit & Supervisory Board Member of the Company (to the present)



Audit & Supervisory Board Member

Toshimitsu Honda

Mar. 1981 Joined the Company
 Apr. 2016 Operating Officer of the Company
 May 2018 Senior Operating Officer of the Company
 Jun. 2020 Executive Operating Officer of the Company
 Jun. 2023 Audit & Supervisory Board Member of the Company (to the present)



Outside, Independent Audit & Supervisory Board Member

Hajime Yoshitake

Apr. 1979 Joined The Kyowa Bank Ltd. (currently Resona Bank, Limited.)
 Apr. 1991 Manager, New York Branch, The Kyowa Saitama Bank, Limited
 Apr. 2002 Joined Nihon Unisys, Ltd. (currently BIPROGY Inc.)
 Oct. 2007 Concurrently Appointed Lecturer at Professional Graduate School of Meiji University (to the present)
 Jun. 2008 Member of Board of Directors, The Institute of Internal Auditors-Japan (to the present)
 Jun. 2009 Executive Officer, General Manager, Internal Audit Division, Resona Holdings, Inc.
 Jun. 2011 Audit & Supervisory Board Member, Saitama Resona Bank Limited
 Apr. 2013 Part-time Lecturer, College of Law of Nihon University
 Jun. 2016 Outside, Independent Audit & Supervisory Board Member of the Company (to the present)



Outside, Independent Audit & Supervisory Board Member

Tomomi Fujita

Oct. 2004 Registered as attorney (to the present)
 Associate of Kitahama Partners
 Jan. 2012 Partner of Kitahama Partners (left the firm in March 2016)
 Apr. 2016 Partner of Innoventier (to the present)
 Jun. 2019 Outside, Independent Audit & Supervisory Board Member of the Company (to the present)
 Outside Director (Audit & Supervisory Committee Member) of TAKUMA CO., LTD. (to the present)
 Feb. 2020 Vice President of Licensing Executives Society Japan (to the present)
 Apr. 2022 Visiting Professor of KYOTO UNIVERSITY LAW SCHOOL (to the present)
 Jun. 2023 Registered as attorney in California, USA (to the present)

Operating Officers



President and CEO
Katsuya Sase



Executive Vice President
Shinji Masuyama
 in charge of Overall Business Headquarters



Executive Operating Officer
Tomomitsu Fukuda
 in charge of Management Planning



Executive Operating Officer
Shinji Murai
 in charge of 1st Business



Senior Operating Officer
Susumu Higuchi
 in charge of Global SCM



Senior Operating Officer
Mitsuo Takagi
 in charge of 2nd Business



Senior Operating Officer
Hirokazu Chazono
 in charge of Materials and Technology Development



Senior Operating Officer
Shinya Miyazawa
 in charge of 3rd Business



Senior Operating Officer
Toshiyuki Watanabe
 in charge of Sales



Senior Operating Officer
Osamu Ikata
 in charge of RF Device Business



Operating Officer
Iwao Fujikawa
 in charge of Intellectual Property, Legal, Internal Audit Office



Operating Officer
Osamu Haruyama
 in charge of Quality Assurance Division



Operating Officer
Shoji Shibasaki
 in charge of Electronic Components



Operating Officer
Shoichiro Hirakuni
 in charge of Research and Development Laboratory



Operating Officer
Satoshi Yamazaki
 in charge of Human Resources, General Affairs



Operating Officer
Kenichi Suzuki
 in charge of Sales and Business Development Division



Operating Officer
Yukihiro Konishi
 in charge of Electronic Components



For the career summaries of Directors and Audit & Supervisory Board Members, please refer to the Executives page on the Company's website.
<https://www.yuden.co.jp/or/company/officer/>

ESG

G Governance

Basic Policy for Corporate Governance

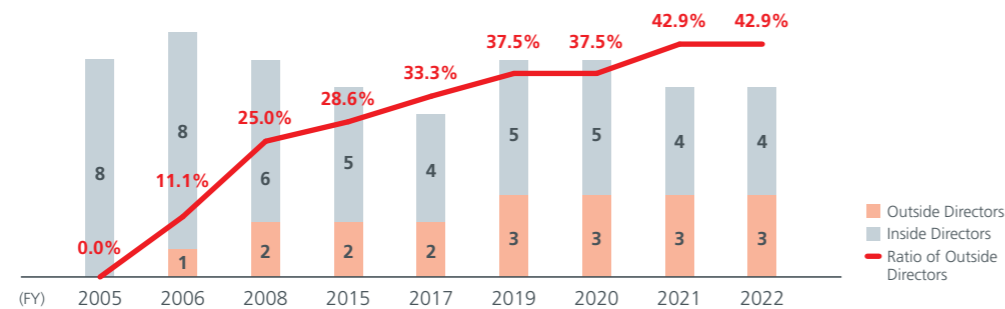
Moving toward the practice and realization of the corporate mission, management philosophy, and vision, TAIYO YUDEN believes in corporate social responsibility and the mission of management to develop businesses on an ongoing basis while fulfilling sociality, public interest and public nature of the Company from a global viewpoint. Based on this belief, with an emphasis on transparency and fairness of corporate

management, TAIYO YUDEN is making efforts to enhance corporate value by improving governance under the supervision of the Board of Directors, including the development of structures and mechanisms that enable timely and appropriate information disclosure, thorough compliance, and speedy decision making and execution of duties.

Initiatives Aimed at Strengthening Corporate Governance

2001 Introduction of Operating Officers System	2018 Formulation of successor plan of the Chief Executive Officer and etc.
2006 Appointment of One Outside Director	2019 Appointment of Three Outside Directors (Bringing the ratio of Outside Directors to over one third)
2008 Appointment of Two Outside Directors Board of Directors Term of Office Changed to one Year	2020 Utilization of an outside organization to evaluate the effectiveness of the Board of Directors
2010 Establishment of Voluntary Nomination Committee and Remuneration Committee	2021 Revision of corporate governance structure (Internal Control Committee repositioned under executive functions; Sustainability Committee established)
2013 Establishment of Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members	2023 Appointment of a Non-Executive Director as the Chair of the Board of Directors
2015 Establishment of Basic Policy for Corporate Governance	
2016 Implementation of Evaluation of Board of Directors' Effectiveness	

Changes in the Composition of the Board of Directors

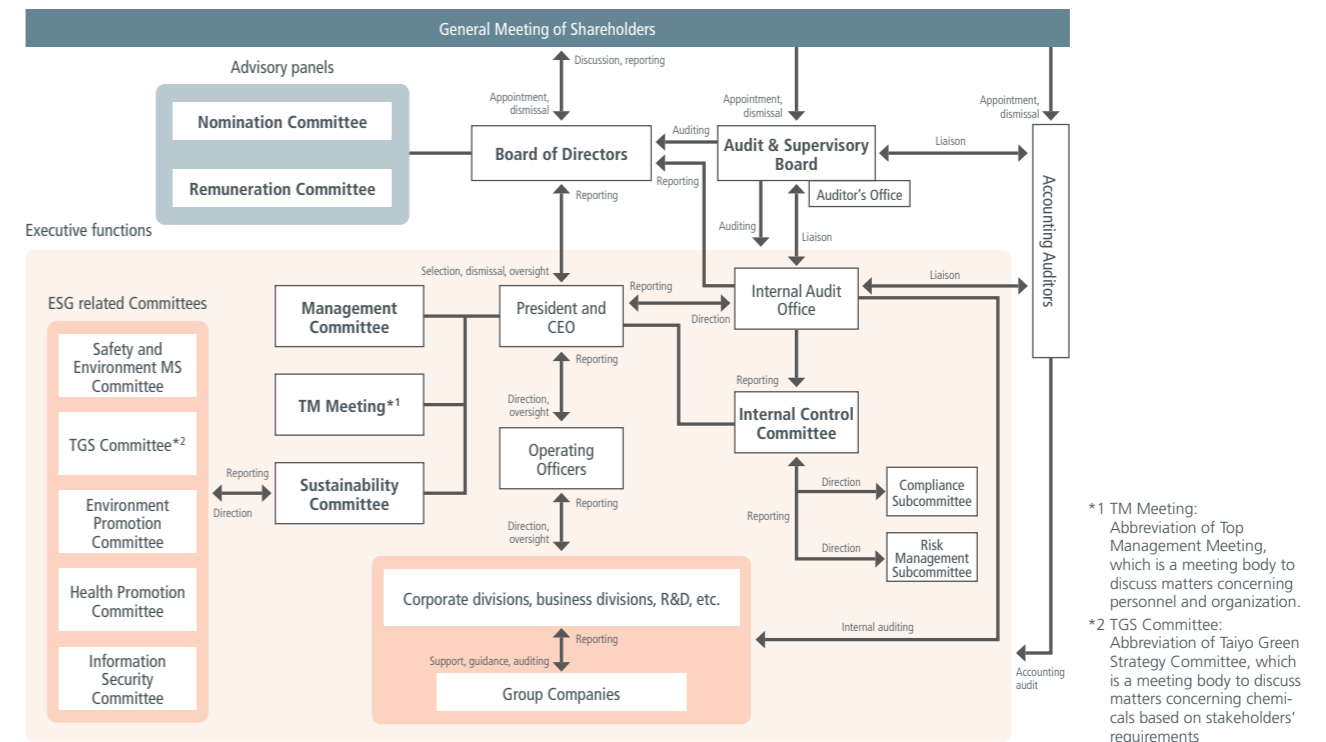


Structure of Corporate Governance

TAIYO YUDEN is a company with an Audit & Supervisory Board and has the Board of Directors, the Audit & Supervisory Board, and the Accounting Auditors as governing bodies. The Company has voluntarily established a Nomination Committee and Remuneration Committee in order both to strengthen the independence and objectivity of the Board of Directors with regard to the nomination and remuneration of Corporate Officers, and to ensure its accountability. In addition, in order to effectively utilize the functions of the Audit & Supervisory Board

Members and enhance their oversight of Company management, TAIYO YUDEN has adopted a corporate governance structure under which all Outside Corporate Officers are designated as Independent Officers with no possibility of conflicts of interest with general shareholders, and under which all Outside Corporate Officers work closely with the Audit & Supervisory Board and the Internal Audit Office. To clarify management responsibilities during a given fiscal year and increase shareholders' confidence, Directors' term of office is one year.

Governance Structure (As of July, 2023)



Board of Directors

The Board of Directors formulates basic policies for management strategies and oversees the proper execution of these management strategies by Company business departments; it is also responsible for creating internal control systems, promoting compliance, and carrying out risk management. In addition, in order to ensure the Board of Directors carries out effective decision-making, it has transferred some authority to the Management Committee and to the TM Meeting.

Audit & Supervisory Board

Audit & Supervisory Board members attend important meetings of the Board of Directors and the Management Committee. They also collaborate with Accounting Auditors and the Internal Audit Office, and carry out visiting audits of Group companies in Japan and overseas. In this way, they execute highly effective audits.

Nomination Committee

The Nomination Committee is chaired by an Independent Outside Director and composed of the President and Chief Executive Officer, all Independent Outside Directors, and an Audit & Supervisory Board Member, and its majority is composed of Independent Outside Directors. The Committee deliberates on, among others, the nomination of candidates for Directors and Audit & Supervisory Board Members, the selection/appointment and dismissal of Representative Directors and Operating Officers, and disciplinary matters and reports the deliberation results to the Board of Directors. The consent of the Audit & Supervisory Board is obtained in advance for the nomination of a candidate for Audit & Supervisory Board Member.

Remuneration Committee

The Remuneration Committee is chaired by an Independent Outside Director and composed of the President and Chief Executive Officer, all Independent Outside Directors, and an Audit & Supervisory Board Member, and its majority is composed of Independent Outside Directors. The Committee deliberates on remuneration plans for Directors and Operating Officers as well as the contents of remuneration paid to each Director and reports the deliberation results to the Board of Directors.

Management Committee

The President and Chief Executive Officer chairs the Management Committee, which is composed of all Operating Officers. In addition, Outside Directors and Audit & Supervisory Board Members attend the Committee as observers. It deliberates on policy matters of the Group such as basic policy on business and sales strategies and investments, and resolves on matters delegated by the Board of Directors.

TM (Top Management) Meeting

The President and Chief Executive Officer chairs the TM Meeting, which is composed of Executive Directors, Chiefs of Headquarters, and heads of other equivalent organizations. In addition, an Audit & Supervisory Board Member attends the Meeting as an observer. It deliberates on matters concerning personnel, organization and remuneration of the Group, and resolves on matters delegated by the Board of Directors.

Internal Control Committee

The President and Chief Executive Officer chairs the Committee, which consists of Executive Directors, Operating Officers holding the position of Chief of Headquarters, and the Operating Officer in charge of personnel and legal affairs. In addition, Outside Directors and Audit & Supervisory Board Members attend the Committee as observers. Based on the "Basic Policy on Internal Control System," the Committee works to improve the internal control system on an ongoing basis and examines and evaluates the design and the operating effectiveness of the system to report the evaluation results to the Board of Directors.

Sustainability Committee

The President and Chief Executive Officer chairs the Committee, which consists of Executive Directors, Operating Officers holding the position of Chief of Headquarters, and the Operating Officer in charge of sustainability. In addition, Outside Directors and Audit & Supervisory Board Members attend the Committee as observers. The Committee deliberates on the setting of materiality (key issues) for the Company, the sharing of such issues, and measures to resolve them and reports the deliberation results to the Board of Directors.

*1 TM Meeting: Abbreviation of Top Management Meeting, which is a meeting body to discuss matters concerning personnel and organization.
*2 TGS Committee: Abbreviation of Taiyo Green Strategy Committee, which is a meeting body to discuss matters concerning chemicals based on stakeholders' requirements

ESG / Governance

Deliberation Content and Activities of the Board of Directors and Others

Matters to be submitted to the Board of Directors are determined in the Regulations of the Board of Directors, and are appropriately deliberated and resolved. The Board of Directors regularly deliberates on, among others, reporting in the Management Committee and the TM Meeting, management reports by Executive Directors, reports from Executive Directors and Operating Officers for their areas of responsibility, and the issues identified in the evaluation of the effectiveness of the Board of Directors.

The deliberation content and activities in the Board of Directors and Nomination and Remuneration Committees are as follows.

Main deliberation content (FY2022)

Board of Directors	Governance	<ul style="list-style-type: none"> Selection of Representative Director and Chairperson of the Board of Directors Matters concerning the General Meeting of Shareholders Revision of evaluation indicators for remuneration paid to directors (performance-based bonus) and revision of the related regulations Conducting an evaluation of the effectiveness of the Board of Directors and determining countermeasures for issues
	Management strategy	<ul style="list-style-type: none"> Approval of business plan and confirmation of progress Medium- to long-term capital investments based on the Medium-term Management Plan
	Sustainability	<ul style="list-style-type: none"> Deliberations on the report from the Sustainability Committee Deliberations on human capital
Nomination Committee	Corporate Officer personnel affairs	<ul style="list-style-type: none"> Nominations of candidates for Representative Director and Chairperson of the Board of Directors Nomination of candidates for Officer to be submitted to the General Meeting of Shareholders Appointment of candidates for Operating Officers
Remuneration Committee	Corporate Officer remuneration system	<ul style="list-style-type: none"> Deliberations on the revision of evaluation indicators for performance-based bonus and the revision of related regulations

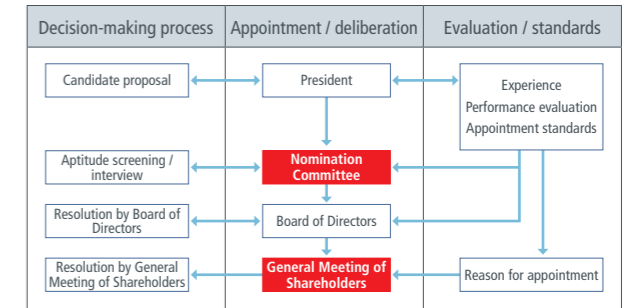
Status of activities (FY2022)

		Board of Directors	Audit & Supervisory Board	Nomination Committee	Remuneration Committee
Shoichi Tosaka	Representative Director	18/18 times (100%)	–	4/4 times (100%)	5/5 times (100%)
Shinji Masuyama	Director	18/18 times (100%)	–	–	–
Katsuya Sase	Director	18/18 times (100%)	–	–	–
Tomomitsu Fukuda	Director	18/18 times (100%)	–	–	–
Masashi Hiraiwa	Outside Director	18/18 times (100%)	–	4/4 times (100%)	5/5 times (100%)
Seiichi Koike	Outside Director	18/18 times (100%)	–	4/4 times (100%)	5/5 times (100%)
Emiko Hamada	Outside Director	18/18 times (100%)	–	4/4 times (100%)	5/5 times (100%)
Toshio Mishuku	Audit & Supervisory Board Member (Full-time)	18/18 times (100%)	19/20 times (95%)	–	5/5 times (100%)
Kazuyuki Oshima	Audit & Supervisory Board Member (Full-time)	18/18 times (100%)	20/20 times (100%)	–	–
Hajime Yoshitake	Outside Audit & Supervisory Board Member (Full-time)	18/18 times (100%)	20/20 times (100%)	4/4 times (100%)	–
Tomomi Fujita	Outside Audit & Supervisory Board Member	18/18 times (100%)	20/20 times (100%)	–	–

Nominating Corporate Officers and the Succession Plan

In order to ensure that the Board of Directors is well balanced and has a highly diverse composition with no discrimination based on gender or nationality, TAIYO YUDEN has established the “Skills Matrix,” and appoints Directors in line with the “Officer Appointment and Dismissal Standards.” The Company only selects candidates for Outside Directors and Outside Audit & Supervisory Board Members who meet the independence criteria prescribed by the Tokyo Stock Exchange. Regarding development of the candidate to be the next President, we select the candidate from among the Executive Directors in accordance with the successor plan and work to improve their qualifications as President through job rotations

on an as-needed basis, the practice of goal management using key management indicators, and other methods.



Skills Matrix (Composition and main areas of expertise and experience of the Directors and Audit & Supervisory Board Members)

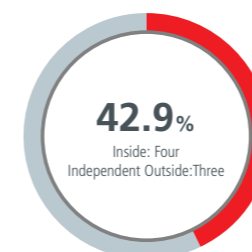
(As of July, 2023)

Name	Main areas of expertise and experience						
	Corporate management	Technology/ R&D	Sales/ marketing	International experience	Finance/ accounting	Legal	ESG and sustainability
Katsuya Sase	●	●	●				●
Shoichi Tosaka	●	●					●
Shinji Masuyama	●	●	●		●		●
Tomomitsu Fukuda	●			●	●		●
Masashi Hiraiwa <small>Outside Independent</small>				●		●	
Seiichi Koike <small>Outside Independent</small>	●	●		●			
Emiko Hamada <small>Outside Independent</small>		●	●				●
Kazuyuki Oshima	●		●	●			
Toshimitsu Honda	●			●			
Hajime Yoshitake <small>Outside Independent</small>	●			●	●		●
Tomomi Fujita <small>Outside Independent</small>						●	●

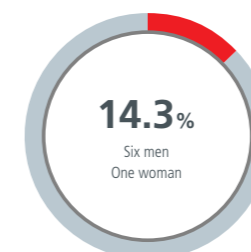
Note: Note that the table above does not necessarily show all experience and knowledge that the officers have.

Composition of the Board of Directors

Ratio of independent Outside Directors

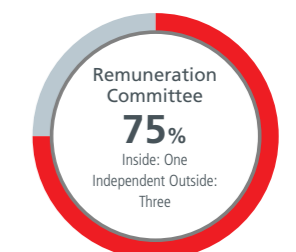
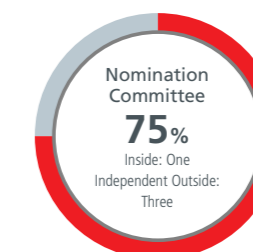


Ratio of female Directors



Composition of Nomination Committee and Remuneration Committee

Ratio of independent Outside Directors



ESG / Governance

Evaluation of the Effectiveness of the Board of Directors

TAIYO YUDEN conducts the evaluation of the effectiveness of the Board of Directors once a year to improve the effectiveness of the Board of Directors and enhance its corporate value. In addition to revising the evaluation items and questionnaire content, based on the suggestions of an external evaluation agency, we had the external evaluation agency be in charge of the administration from the distribution of the questionnaire to the aggregation of answers to increase the objectivity and transparency of the evaluation process. The evaluation process and results for FY2022 are as follows.

1. Evaluation process

- (1) Consider the evaluation methods and questionnaire content for the current fiscal year, based on the suggestions and advice of the external evaluation agency, and report to the Board of Directors.
- (2) The external evaluation agency conducts a (anonymous) questionnaire to evaluate the effectiveness of all Directors and all Audit & Supervisory Board Members.
- (3) The external evaluation agency compiles the results of the questionnaire described in (2) above, extracts issues and opinions that need to be addressed, and reports them to all Directors and Audit & Supervisory Board Members.
- (4) Analysis and evaluation meetings were conducted separately by Operating Officers and Non-operating Officers based on the results of the questionnaire in (3) above.
- (5) Opinions and issues that come up in analysis and evaluation meetings will be discussed by the Board of Directors to determine any issues to be addressed.

2. Evaluation (Questionnaire) items

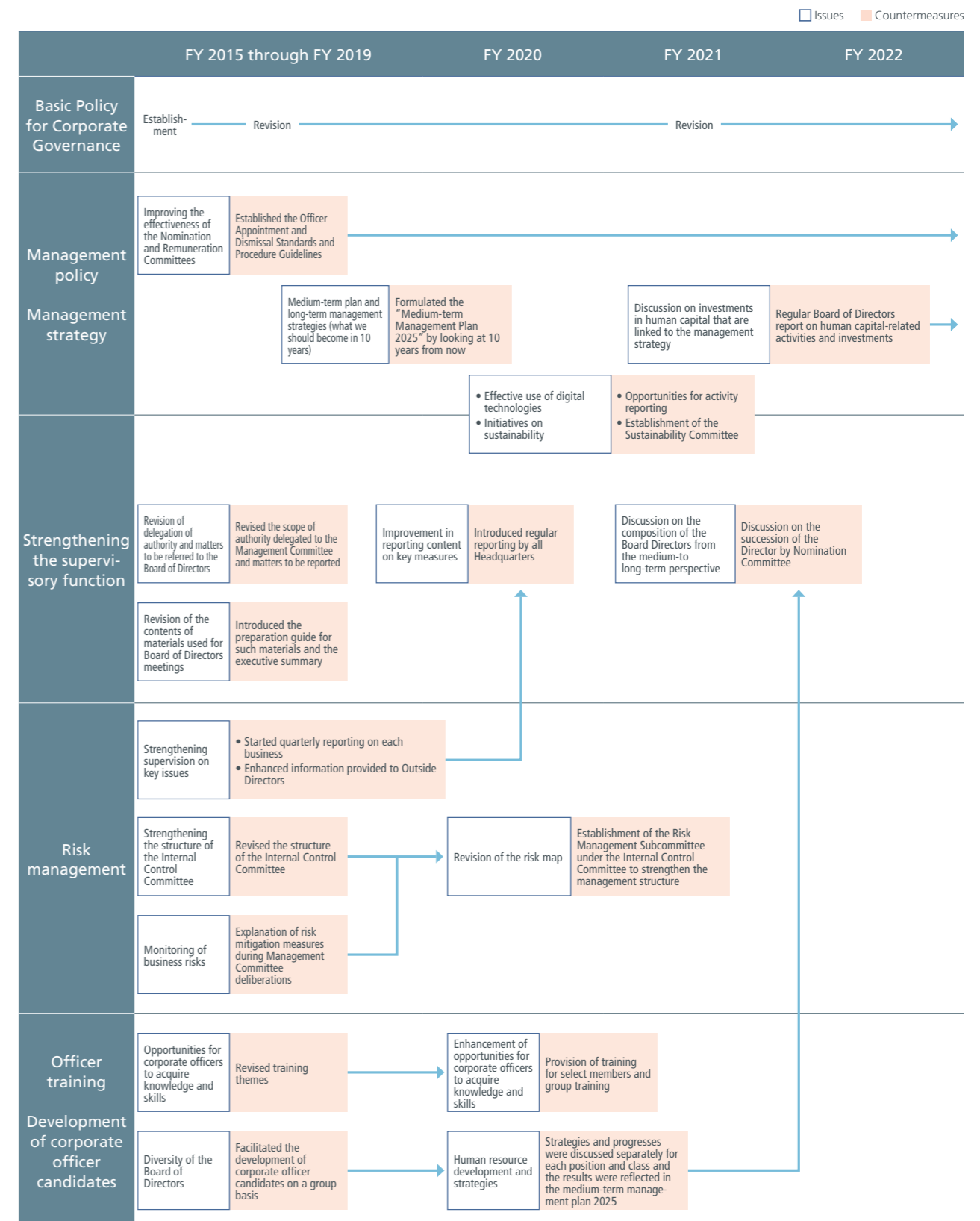
- Operation of the Board of Directors
- Composition/skills of the Board of Directors
- Management strategy initiatives
- Sustainable growth initiatives
- Corporate ethics and risk management
- Monitoring
- Dialogue with shareholders
- Nomination Committee and Remuneration Committee

3. Evaluation results and issues to be addressed

Based on their evaluation, the external evaluation agency found that the Company is working seriously on the evaluation of the effectiveness of the Board of Directors and is striving to improve its corporate value further. On the other hand, the “discussion on investments in human capital that are linked to the management strategy,” which was previously recognized as an issue to be addressed, will continue to be recognized as an issue to be addressed since it will take time to improve upon the evaluation.

Major Issues and Countermeasures in the Effectiveness Evaluation of the Board of Directors

The major issues and countermeasures in the past effectiveness evaluation of the Board of Directors are as follows.



ESG / Governance

Corporate Officer Remuneration System

The basic principles of TAIYO YUDEN's Corporate Officer Remuneration System are outlined below.

- Remuneration plans shall emphasize the linkage with remuneration and the Group's sustainable growth and medium- to long-term corporate value, and be designed to share the same value with shareholders.
- Remuneration shall be set at levels that can attract and retain excellent human resources with global perspective.
- The process to determine remuneration shall be highly transparent and objective.

In order to encourage Corporate Officers to execute management that prioritizes medium- and long-term improvements in corporate value, the Company has introduced a stock compensation-type stock options plan which links a part of Corporate Officer compensation to performance. The Company has also revised its performance indicators for performance-based bonuses; by additionally incorporating indicators related to the achievement of the social value goals described in the medium-term management plan 2025, the Company ensures that its ESG initiatives are reflected in Corporate Officer compensation.

Outline of the Remuneration Plans for Directors (and Other Officers)

	Basic remuneration	Performance-based bonus	Stock compensation-type stock options
Payment method	Fixed	Payment amount determined based on one's responsibilities and position	Position-based fixed: A certain number of share acquisition rights will be granted each year based on one's position
	Variable	–	Performance-based: The number of share acquisition rights that can be exercised varies depending on the degree of achievement of targets
Evaluation Indicators / Standards	–	Consolidated earnings/individual target achievement	Consolidated ROE
Coefficients / payment rates	–	Individual evaluation coefficients range from 75% to 125% based on degree of achievement	Payment rates for the performance-based portion range from 0% to 300% based on achievement
Timing of payment	Monthly	Yearly (July)	Yearly (July)
Performance evaluation period	–	1 year	1 year
Persons subject to remuneration	Executive Directors Non-executive Directors Outside Directors Audit & Supervisory Board Members	Executive Directors	Executive Directors

Remuneration Composition Percentages of Executive Directors (As per Design)

Basic remuneration	Performance-based bonus	Stock compensation-type stock options
40%	40%	Position-based Fixed 10% Performance based 10%

Corporate Officer Compensation for FY2022

	Number of persons paid and total amount of remuneration		Content					
			Basic remuneration		Performance-based bonus		Stock compensation-type stock options	
	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)
Directors (Of which Outside Directors)	7 (3)	322 (38)	7 (3)	201 (38)	4 (–)	60 (–)	4 (–)	60 (–)
Audit & Supervisory Board Members (Of which Outside Audit & Supervisory Board Members)	4 (2)	88 (36)	4 (2)	88 (36)	– (–)	– (–)	– (–)	– (–)
Total	11	410	11	290	4	60	4	60

Notes: 1. The "Number of persons" refers to the number of persons subject to remuneration for the fiscal year under review, not the number of persons in office.
2. Figures are rounded down to the nearest million yen.

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

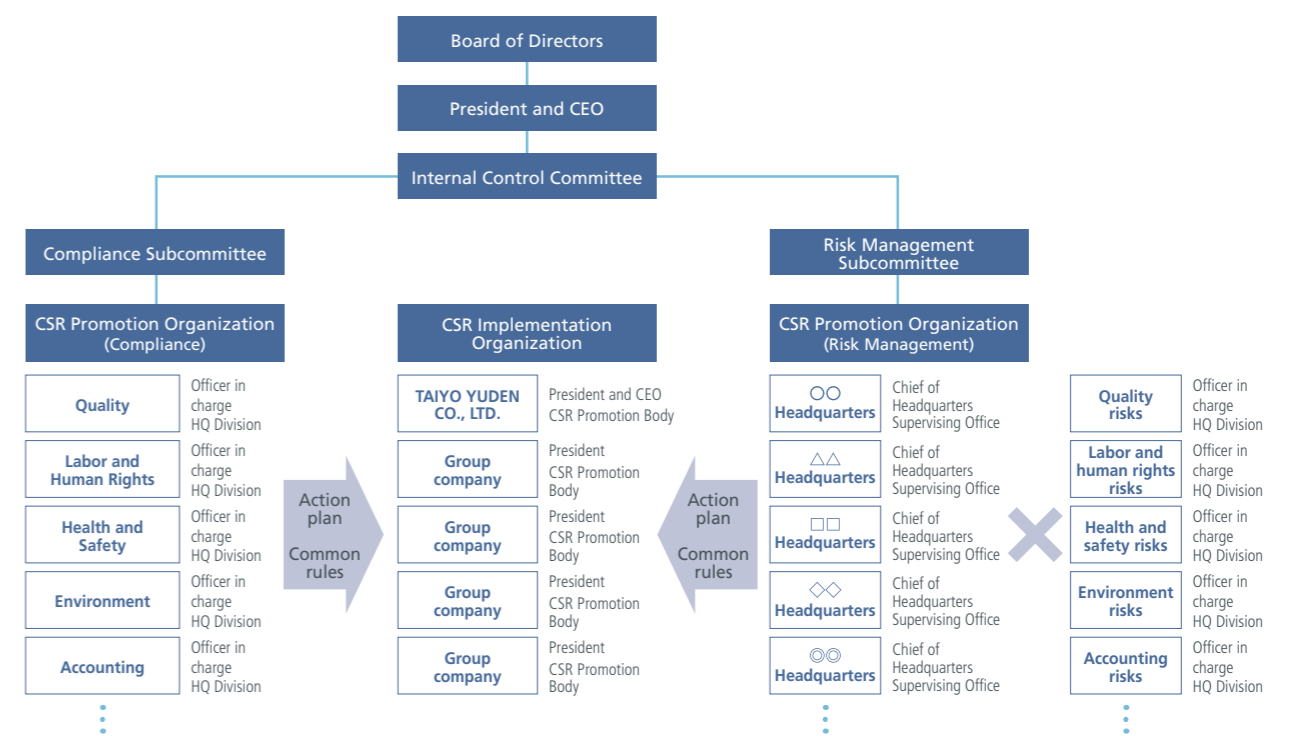
<https://www.yuden.co.jp/or/company/sustainability/management/rule/>

Promotion Framework

CSR Activities Promotion Framework

In the TAIYO YUDEN's CSR activities, overall management is provided by the Internal Control Committee. Regarding the compliance promotion activities, the promotion organization is comprised of officers in charge and HQ divisions appointed for each provision of the CSR Code of Conduct under the overall management of the Compliance Subcommittee, and management is carried out according to a system implemented by each group company in accordance with the activity policy and rules in common established by the promotion organization.

Regarding risk management activities, management is carried out according to a system which each headquarters with jurisdiction promotes responsibly under the overall management of the Risk Management Subcommittee, based on the major risks and countermeasures presented by officers in charge and HQ divisions appointed for each applicable risk, so that each group company can implement risk identification, evaluation, and countermeasures properly.



ESG / Governance

Compliance

Compliance Goals

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

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 related workers have group training, and also all workers have e-learning on an annual basis. In FY2022, e-learning was carried out once; e-learning classes were held for each article of the Code of Conduct.

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.

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, and we have been operating based on these criteria since FY2022.

Risk map

		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

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.

< Examples of risks and countermeasures > *The symbol shows the location on the risk map.



Distribution management <A2>

There is a possibility that TAIYO YUDEN will become unable to use normal distribution routes or its distribution lead time will be prolonged due to chaos in the supply chain caused by natural disasters, pandemics, strikes, terrorism, and other problems. For example, there may be disruptions to the transportation networks or suspensions of warehousing functions. With respect to this issue, we are carrying out advance measures such as securing and maintaining routes to supplement the normal routes in order to strive to build systems which reduce impacts pertaining to materials procurement from suppliers and delivery to customers.



Natural disasters <B2>

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, all of TAIYO YUDEN is working to establish both stable supply systems and a BCP system that covers our entire supply chain.

- Ensuring sufficient inventory to last until production lines recommence operations
- Ensuring global distribution of production bases
- Ensuring diversification of materials suppliers



Information security <B2>

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 companywide security policy and important measures and roll them out globally. Specific initiatives include measures to prevent vulnerability to cyber attacks, measures against advanced viruses, training sessions and drills, etc. for all employees and corporate officers to improve companywide awareness of security and levels of conduct.

Sustainability

Fundamental Stance

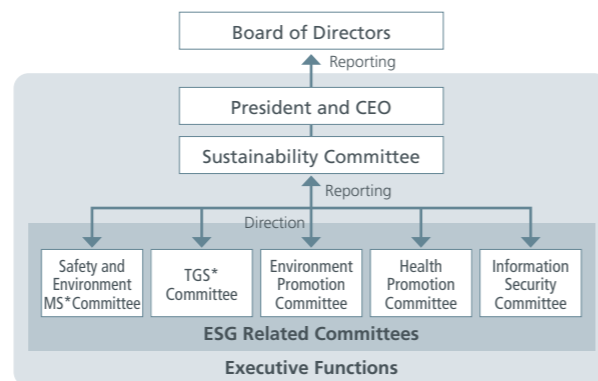
TAIYO YUDEN's mission is to become "stronger and more socially aware through the wonders of science." Our aim is to pursue sustainable growth for the Group, safe, secure, comfortable, and convenient lives for people, and realization of a sustainable society through our business by demonstrating creativity and innovation to revolutionize society. This stance is in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations which

the TAIYO YUDEN Group supports, as well as the Sustainable Development Goals (SDGs) adopted at the United Nations.

In order to achieve this mission, we have identified our more important issues as materiality and are moving forward with initiatives based on specific measures and numerical targets laid out in the medium-term management plan 2025.

Sustainability Promotion Structure

The Sustainability Committee is convoked quarterly to discuss solutions to sustainability issues, including materiality. We receive activity reports from ESG-related committees (Safety and Environment MS, TGS, Environment Promotion, Health Promotion, and Information Security) and deliberate on them. These contents will be reported to the Board of Directors by the President and Chief Executive Officer, who is the Chairperson of the Sustainability Committee, and will be deliberated appropriately.



* MS stands for the management system
 * TGS stands for Taiyo Green Strategy, which is a meeting body to discuss matters concerning chemicals based on stakeholders' requirements

Employee Awareness

We regularly carry out awareness-raising activities on the concept of sustainability, the key issues we have identified as materiality, as well on social issues we as a corporate group should address based on the belief that employee understanding is essential to resolving

these issues. In addition to training new employees on the SDGs, we also offer e-learning programs and group training sessions for existing and temporary staff, and training for Corporate Officers, as well as publishing articles in the group magazine.

E Environmental Activities



Fundamental Stance on Environmental Activities

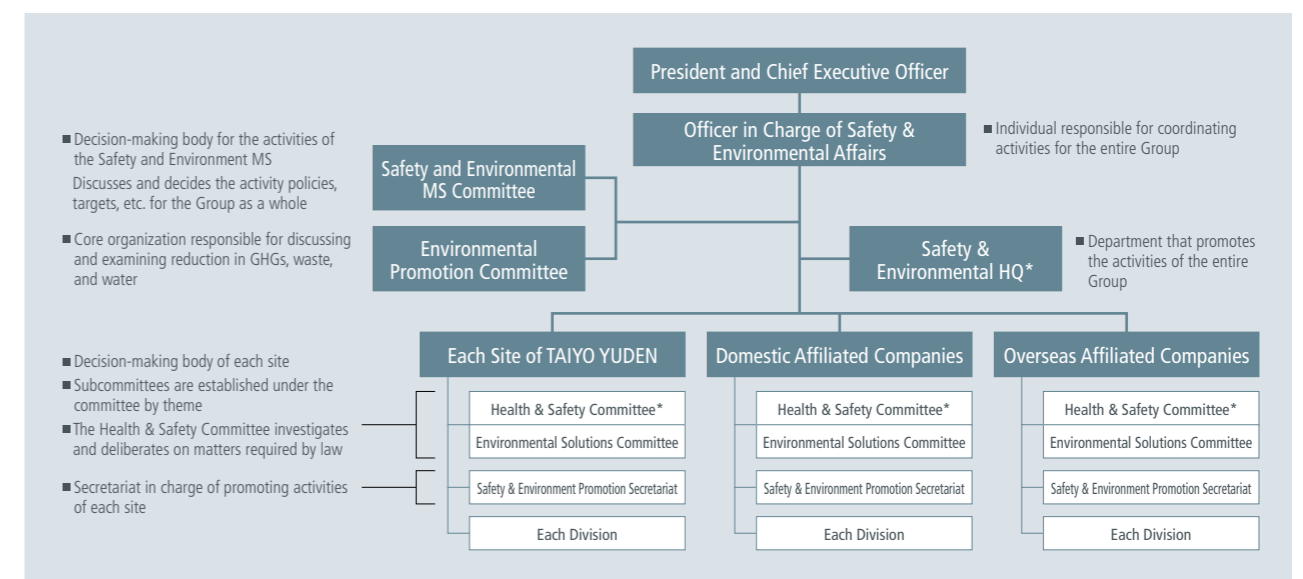
TAIYO YUDEN aims to be a corporate group that fulfills its corporate social responsibility and continues to develop in perpetuity. We recognize that tackling environmental issues represents one of the most important social responsibilities that the Group must uphold. As such, we are working to reduce our environmental impact from a global perspective

based on our Fundamental Principle of the Environment: "To hand over this precious Earth to the future generation, environmental burden in every business activity in research, development and design of the product, procurement of parts and materials manufacture, sales and associated services shall be reduced."

Framework for Promoting Safety and Environmental Affairs

TAIYO YUDEN has established and operates a framework for promoting its Safety and Environmental Management system, the overall responsibility for which lies with the officer in charge of safety and environmental affairs appointed by the President and Chief Executive Officer. Safety and Environment MS

Committee, the Environment Promotion Committee debate and decide policies and issues to be addressed. Each manager of sites then converts his/her decisions into actual plans matching the characteristics of each site, and takes charge of publicizing, enforcing and promoting these concrete targets.



* HQ stands for Headquarters.
 * The Health and Safety Committee elects company and worker representatives.

ESG / Environmental Activities

Medium-term Environmental Targets

TAIYO YUDEN set “strengthening responses to climate change” and “efficiently using resources and helping to build a recycling-based society” as materiality (key issues) related to environmental efforts. Especially for climate change, a global issue, we have set medium-term environmental targets to achieve carbon neutrality by 2050. To achieve these targets,

we will be diligent at saving, generating, and re-using the energy that drives our manufacturing based on the principle of decarbonization.

Achievement Levels for Medium-Term Environmental Targets
<https://www.yuden.co.jp/or/company/sustainability/environment/materiality/>

Environmental Impact of Corporate Activities

The TAIYO YUDEN primarily produces electronic components for delivery to our customers, set manufacturers. When we analyzed the environmental impact in the life cycle of these electronic components, their impact during use was small and the bulk of the impact is caused during production. The main environmental impact arising during production can be cited as from energy and water consumption, emissions (including CO₂) in the course of manufacture, waste, and wastewater.

The TAIYO YUDEN is striving to improve our environmental impact by first identifying and analyzing in detail this environmental impact and then taking such measures as minimizing the resources applied and conserving other energy and resources by improving production processes. The TAIYO YUDEN products are used in electrical and electronic equipment, automobiles, and other products which become waste once their product lifetime is over, so we are also striving to remove hazardous substances from these products.

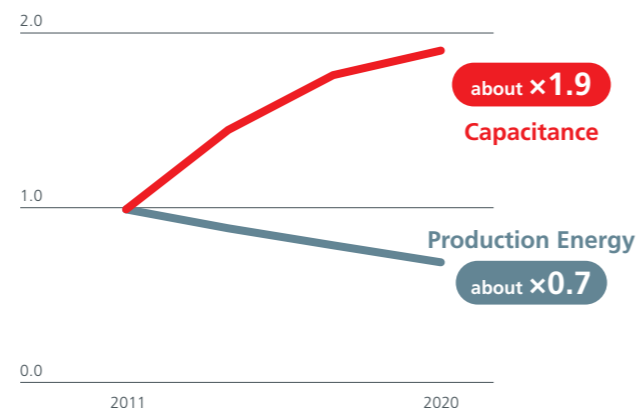
Environmental Contributions by Products

Reducing the Environmental Impact During MLCC Production

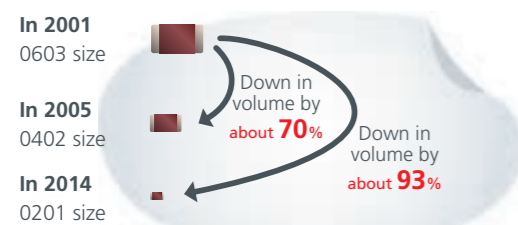
TAIYO YUDEN's multilayer ceramic capacitors (MLCCs), our main products, are evolving, miniaturizing, and improving in performance day by day. Comparing MLCCs with the same capacitance (the amount of electricity which can be stored), which is the basic performance of capacitors, their volume has decreased by approximately 93% over the 13 years between the 0603 size (0.6mm × 0.3mm) put on the market in 2001 and the 0201 size (0.2mm × 0.1mm) put on the market in 2014. We have realized reductions in raw materials, packaging materials, and transportation energy by advancing miniaturization in this way. While advancing miniaturization, the capacitance per single MLCC increased

by approximately 1.9 times over the nine years from 2011 to 2020, so their performance has continued to improve at the same time as the miniaturization.

In addition to this evolution of the products themselves, “smart.E” productivity enhancement activities focus on the visualization of production sites to help discover abnormalities early on and prevent these from occurring in the first place. We are continuing initiatives to ensure that we can reduce energy-loss in production and reduce products disposition due to deflection and thereby further reduce the environmental impact.



Comparison with a grain of rice



Efforts to Address Climate Change

TAIYO YUDEN aims to contribute to the achievement of the international environmental goals set forth in the SDGs and the Paris Agreement. We also recognize the importance of climate-related financial disclosure, endorse the TCFD recommendations, and are working to disclose related information.

Efforts to Address TCFD

As the impact on society of climate-related physical risks, such as frequent storms and floods is increasing, the role of companies in achieving a carbon-free society is becoming more important. We consider that strengthening the implementation of climate adaptation measures is one of the most important business challenges.

To tackle the global issue of climate change, TAIYO YUDEN thoroughly promotes planning and working on energy efficiency & conservation, energy creation, and the utilization of renewable energy through manufacturing based on the

decarbonization concept to achieve carbon neutrality by 2050. We have set a reduction target of absolute GHG emissions based on the Science Based Targets (SBT*) initiative. We aim to contribute to the achievement of the international goals and are taking steps to reduce our emissions and enhance information disclosure in line with TCFD in collaboration with a wide range of stakeholders.

*SBT refers to setting targets based on scientific evidence. It indicates greenhouse gas emission reduction targets set by a company for a period of five to ten years into the future to align with the levels sought by the Paris Agreement stipulated in 2015.

Governance

The TAIYO YUDEN Group considers climate change to be one of the most important business challenges. In April 2021, we established the Sustainability Committee with the aim of promoting company-wide efforts on sustainability issues through business activities.

The Sustainability Committee, chaired by our President and Chief Executive Officer, meets four times a year. The committee sets key issues as materiality, shares issues, and deliberates

measures to resolve them, reporting to the Board of Directors. In addition, the Environmental Promotion Committee, a sub-committee of this Sustainability Committee, monitors steps taken against quantitative targets for climate change and the status of their achievement. If the targets prove difficult, the Environmental Promotion Committee will request that additional measures be put in place and issue a directive for corrective action.

Strategy

(1) Identification of risks and opportunities

TAIYO YUDEN used climate scenarios such as the IEA and the IPCC to identify climate-related risks and opportunities that affect our business, qualitatively evaluated their characteristics, and conducted scenario analysis. Moving forward, we will analyze these risks and opportunities we have identified.

Division	Assumed event	Climate-related risks and opportunities	Degree of financial impact (Profit basis)	Division	Assumed event	Climate-related risks and opportunities	Degree of financial impact (Profit basis)
Transition risks	Introducing and raising carbon prices	Increasing of operation costs due to introducing of carbon prices	Major	Opportunities	Acceleration of EV shift	Increasing in sales of electronic components for the electric vehicle market due to the global shift to EVs	Major
	Strengthening environment-related regulations	Increasing of costs for measures due to strengthening of GHG emission reduction targets and energy efficiency improvement targets	Medium		Increased demand for high-efficiency products	Increased sales of electronic components for the industrial equipment market due to increased demand for power supplies with energy management functions to reduce GHG emissions	Major
		Increasing of costs due to compliance with domestic and overseas environmental regulations	Medium		Increased production efficiency	Secure profits by promoting lowcarbon production activities including the development of energy-saving measures and the introduction of renewable energy	Major
Physical risks	Intensifying extreme wind and flood damages	Intensified wind and flood damages to sites	Minor - Medium		Promotion of climate change-related measures	Enhance customer trust by advancing climate change-related measures	-

Degree of financial impact: Minor=JPY 1.5 billion or less; Medium=JPY 1.5 to 6 billion; Major=JPY 6 billion or more

ESG / Environmental Activities

(2) Setting the scenario analysis theme

TAIYO YUDEN carried out a scenario analysis on the following themes evaluated as “highly important risks and opportunities” based on the degree of impact on our business, the relevance to our business strategies, and the degree of stakeholder interest.

Transition risks / Opportunities

Target business / Analysis theme

Common to all businesses Financial impact of introducing carbon prices on operating costs

External information referred to in the analysis

	1.5°C scenario	4°C scenario
Key reference scenarios*1	NZE (Net Zero Emissions by 2050 Scenario)	STEPS (Stated Policies Scenario)
View of the world	<ul style="list-style-type: none"> ■ A world of rapid increases in clean energy policies and investment, where developed countries achieve their net-zero pledges ahead of other countries, and the world average temperature rise around 2100 is below 1.5°C compared to before the industrial revolution. ■ As each country shifts to renewable energy, prices of fossil resources tend to decrease. 	<ul style="list-style-type: none"> ■ A world where policies and implementation measures that affect the energy market adopted by countries as of the end of September 2022, as well as related policy proposals, are partially implemented, and the average global temperature rise around 2100 is about 2.6°C to 4°C compared to before the industrial revolution. ■ As each country depends on fossil resources, prices of fossil resources tends to rise.

*1 The analysis is based on the scenarios published in the World Energy Outlook 2022, the annual report by the IEA (International Energy Agency).

Physical risks

Target business / Analysis theme

Common to all businesses Impact of intensified extreme weather disasters on sites (floods and storm surges)

This data covers the 18 sites in Japan and 8 sites outside Japan. We assessed physical impacts at the baseline (current), and at the middle and end of this century.

External information referred to in the analysis

Information provider	Reference
Ministry of Land, Infrastructure, Transport and Tourism	Flood simulation search by location (Flood navigation), overlapping hazard map
WRI (World Resources Institute)	Aqueduct Floods Hazard Maps, Inundation depth in meters for coastal and riverine floods
IPCC (Intergovernmental Panel on Climate Change)*2,3	AR6 Climate Change 2021: The Physical Science Basis, Working Group 1 Interactive Atlas
Others	Yukiko Hirabayashi et al. (2013). Global flood risk under climate change. Nature Climate Change, 3(9), 816-821.

*2 We assessed physical impacts based on the climate scenarios SSP1-2.6 and SSP5-8.5 used in the IPCC AR6.

*3 The SSP1-2.6 and SSP5-8.5 scenarios correspond to the RCP2.6 and RCP8.5 climate scenarios used in AR5.

(3) Scenario analysis results

Transition risks: Financial impact of introducing carbon prices on operating costs

Risk	Impact of carbon prices on operating costs in 2030 and 2050
Our climate scenario analysis prerequisites	Assuming that a carbon price of 18,340 yen will be imposed on each ton of GHG emissions in 2030 and 32,750 yen in 2050, we forecast the effects on carbon prices. Carbon prices are set based on (IEA World Energy Outlook 2022 (Net Zero Emissions by 2050 Scenario, Stated Policies Scenario)).
Analysis result	<p>We forecast future GHG emissions trends and the financial impact on operating costs if carbon prices were introduced. Under the 1.5°C scenario, if GHG emissions reduction measures were implemented, costs would have been reduced by about 900 million yen as of 2030 and by 2.4 billion yen as of 2050 compared with the scenario where no measures are taken (see G1). In addition, although we are promoting the introduction of renewable energy, even if the power is 100% renewable energy, the remaining SCOPE1 emissions in the 1.5°C scenario will be 260,000 t-CO₂ (see G2), and the impact of the carbon price will be about 7.4 billion yen.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>G1: Carbon Price Effect</p> </div> <div style="text-align: center;"> <p>G2: GHG Emissions Trends</p> </div> </div>
Strategy	In order to reduce energy consumption, we believe that it is necessary to improve production efficiency by reviewing our production processes, focusing on our core products, along with promoting the introduction of renewable energy. In addition, we plan to consider measures to reduce the remaining SCOPE 1 emissions toward the achievement of carbon neutrality in 2050.

Physical risks: Impact of intensified extreme weather disasters on sites (Floods and Storm Surges)

Risk	Impact of increased weather disasters associated with climate change on our manufacturing sites at the middle and end of this century																																																								
Our climate scenario analysis prerequisites	We assessed 26 sites inside and outside Japan based on public hazard information and various information obtained for climate change impact assessment.																																																								
Analysis result	<p>We assessed the potential for manufacturing site damage due to intensifying extreme floods and storm surges, and screened sites that require priority investigation of the impact of physical risks. We independently graded baseline (current) flood and storm surge risks and assessed the changes in the current to mid-century or end-of-century grades based on the RCP2.6 and RCP8.5 climate scenarios.</p> <p>Regarding floodings, there is one site in Japan that seemed to be at high risk at present, but there was no change in the grade in the future. On the other hand, there were no sites overseas that were currently considered to be at high risk, but for one site, the risk was assessed to increase compared to the baseline by 2050 and 2085. Regarding storm surges, there are currently no sites that are considered to be high risk, and there was no change in the grade in the future.</p> <div style="display: flex; justify-content: space-around;"> <table border="1" style="font-size: small;"> <thead> <tr> <th rowspan="3">Flood risk</th> <th colspan="5">Number of Sites Rated as Major Hazard (Grade A)</th> </tr> <tr> <th rowspan="2">2005</th> <th colspan="2">2050</th> <th colspan="2">2085</th> </tr> <tr> <th>–</th> <th>RCP2.6</th> <th>RCP8.5</th> <th>RCP2.6</th> <th>RCP8.5</th> </tr> </thead> <tbody> <tr> <td>Japan (18 sites)</td> <td>1 site</td> <td>1 site</td> <td>1 site</td> <td>1 site</td> <td>1 site</td> </tr> <tr> <td>Outside Japan (8 sites)</td> <td>0 site</td> <td>1 site</td> <td>1 site</td> <td>1 site</td> <td>1 site</td> </tr> </tbody> </table> <table border="1" style="font-size: small;"> <thead> <tr> <th rowspan="3">Storm Surges risk</th> <th colspan="5">Number of Sites Rated as Major Hazard (Grade A)</th> </tr> <tr> <th rowspan="2">2010</th> <th colspan="2">2050</th> <th colspan="2">2090</th> </tr> <tr> <th>–</th> <th>RCP2.6</th> <th>RCP8.5</th> <th>RCP2.6</th> <th>RCP8.5</th> </tr> </thead> <tbody> <tr> <td>Japan (18 sites)</td> <td>0 site</td> <td>0 site</td> <td>0 site</td> <td>0 site</td> <td>0 site</td> </tr> <tr> <td>Outside Japan (8 sites)</td> <td>0 site</td> <td>0 site</td> <td>0 site</td> <td>0 site</td> <td>0 site</td> </tr> </tbody> </table> </div>	Flood risk	Number of Sites Rated as Major Hazard (Grade A)					2005	2050		2085		–	RCP2.6	RCP8.5	RCP2.6	RCP8.5	Japan (18 sites)	1 site	1 site	1 site	1 site	1 site	Outside Japan (8 sites)	0 site	1 site	1 site	1 site	1 site	Storm Surges risk	Number of Sites Rated as Major Hazard (Grade A)					2010	2050		2090		–	RCP2.6	RCP8.5	RCP2.6	RCP8.5	Japan (18 sites)	0 site	0 site	0 site	0 site	0 site	Outside Japan (8 sites)	0 site	0 site	0 site	0 site	0 site
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Strategy	In the future, we will investigate in detail the sites that have been assessed as being at high risk based on the results of this analysis and take preventive measures such as installing equipment to minimize flooding on site and ensuring the installation height of the power supply system if deemed necessary. In addition, we will establish a stable product supply system based on our Business Continuity Plan (BCP), which will enable us to resume business activities as soon as possible in the event of a business continuity problem such as a shutdown.																																																								

ESG / Environmental Activities

Risk Management

TAIYO YUDEN has assigned the Director and Executive Vice President in charge of safety and environmental affairs to be responsible for climate-related risks, who reports and deliberates these issues at the Internal Control Committee through the Compliance Subcommittee and the Risk Management Subcommittee in accordance with the group management

system. We refer to social analysis, interviews with customers and suppliers, and ESG engagement with investors as tools for identifying climate-related risks. The impact of these risks has been assessed in relation to their financial impact and management strategy.

Indicators and Targets

GHG emissions

TAIYO YUDEN has set targets for GHG emissions; a 42% reduction by FY2030 compared to FY2020 to achieve carbon neutrality by 2050. In order to achieve these targets, we will steadily promote efforts to reduce GHG emissions through

measures such as the use of renewable energy and the improvement of production efficiency. As part of our measures, we will convert 100% of the electricity used at our R&D center to renewable energy in FY2024.

Target and Result regarding GHG emissions

	FY2020 Achievement	FY2022 Achievement	FY2030 Targets
GHG emissions* (10 ³ t-CO ₂ e)	484 (Reference year)	396 (Compared to FY2020 ▲18.3%)	281 (Compared to FY2020 ▲42%)

*SCOPE 1+SCOPE 2

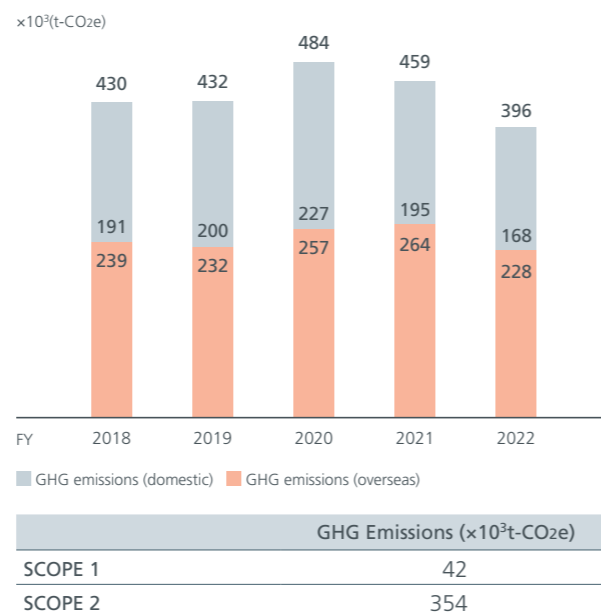
Results of Efforts to Reduce Greenhouse Gases and Energy Consumption

In FY2022, the amount of GHGs emitted by the entire group decreased by 63,000 t-CO₂e compared to FY2021. Specifically, the domestic sites reduced their emissions from 195,000 t-CO₂e in FY2021 to 168,000 t-CO₂e, and overseas sites reduced theirs from 264,000 t-CO₂e in FY2021 to 228,000 t-CO₂e (see G1). The amount of energy used by the entire group was 252,000 kL (crude oil equivalent).

We will continue to review production processes, with a focus on core products, to further improve production efficiency and reduce energy use. Furthermore, we have been promoting the incorporation of renewable energy in our efforts to combat global warming. The renewable energy used in FY2022 was 123,212 MWh.

*The following conversion factors were used for these calculations. [Electric power] Japan: factors released by the Ministry of the Environment; overseas: factors provided by the International Energy Agency (IEA); [Fuel] Japan/overseas: factors released by the GHG Protocol.

G1: GHG Emissions (calculated from total energy consumption)



Efforts on Indirect Emissions Other than from Energy Use (SCOPE 3)

In recent years, there has been an increasing demand from our stakeholders to disclose information on SCOPE 3 emissions, in addition to information on SCOPE 1 and SCOPE 2 emissions. In order to respond to such a demand, we are striving to keep track of our SCOPE 3 emissions.

(unit: t-CO ₂ e)			(unit: t-CO ₂ e)		
category1	Purchased Goods and Services	482,072	category9	Transportation and delivery (downstream)	Not applicable
category2	Capital goods	122,350	category10	Processing of sold products	8
category3	Fuel- and energy-related activities (not included in SCOPE 1 or SCOPE 2)	70,983	category11	Use of sold products	Not applicable
category4	Upstream transportation and distribution	37,239	category12	End-of-life treatment of sold products	121
category5	Waste generated in operations	12,379	category13	Leased assets (downstream)	Not applicable
category6	Business travel	792 domestic sites	category14	Franchise	Not applicable
category7	Employee commuting	8,833 domestic sites	category15	Investments	Not applicable
category8	Upstream leased assets	0 Included in SCOPE 2	Total		734,777

Use of Renewable Energy

TAIYO YUDEN has been installing solar panels as part of our efforts to combat global warming. After establishing the group's first power-generating sites, Hongo Photovoltaic Power Plant in 2013, others have been built as well, and there are currently eight power-generating sites in Japan and overseas.



ESG / Environmental Activities

Initiatives in FY2022

TAIYO YUDEN supports TCFD, is advancing the related information disclosure, and is making efforts to reduce GHG emissions. In recognition of these efforts, the materials building at the Yawatawara Plant received "ZEB Ready" certification and was selected as a CDP Climate Change A-list company in FY2022.

GHG Emissions

The Yawatabara Plant has acquired ZEB Ready certification

TAIYO YUDEN constructed and started operation of a materials building manufacturing barium titanate, a raw material in multilayer ceramic capacitors, in the Yawatabara Plant (Takasaki City, Gunma Prefecture). This materials building has acquired ZEB Ready certification, which is certification that a structure has realized the energy conservation led by the Ministry of Land, Infrastructure, Transport and Tourism.

ZEB is an abbreviation for "net zero energy building," and ZEB Ready covers structures which realize significant energy conservation and achieve a reduction of 50% or more in standard primary energy consumption through reduction of the energy load using advanced architectural design and the introduction of highly efficient facilities, among other measures.

In the current medium-term management plan 2025, TAIYO YUDEN has established investment items concerning environment-related investment, and we have adopted a plan which allocates about 10% of our capital investments to investment and other means for achieving environmental targets. The new materials building has introduced

cutting-edge facilities related to manufacturing in order to develop electronic components which support the ongoing development of electronic devices and it supplies the components to our customers in a timely manner. At the same time, it is positioned as a part of our initiatives to improve both the economic value and social value of TAIYO YUDEN, namely by advancing energy conservation in buildings.



Exterior of the materials building at Yawatabara Plant (Takasaki City, Gunma Prefecture)

Selected for inclusion in CDP's "Climate Change A List"

TAIYO YUDEN has for the first time been named among the "Climate Change A List" companies of the CDP*, receiving the highest rating as a company excellent in climate change-related measures, strategies and information disclosure from the international environmental NPO.

The TAIYO YUDEN Group includes the enhancement of its climate change countermeasures in its materiality, aiming to achieve carbon neutrality by 2050. In that process, the Group set its SBT equivalent medium-term target of reducing its greenhouse gas (GHG) emissions by 42% relative to the fiscal 2020 level by fiscal 2030. Also, supporting the recommendations made by the TCFD, the Group identified its climate change-related risks and opportunities and formulated a strategy based on the analysis of 4-degree global warming and 1.5-degree global warming scenarios, including the analysis of

the financial impact of such increases in the global average temperature. Based on these targets and the strategy, the TAIYO YUDEN Group is promoting activities to reduce its GHG emissions and energy use through drastic energy conservation, energy creation and use of renewable energy sources.

Now, in recognition of these anti-climate change activities as a whole, TAIYO YUDEN was selected for inclusion in CDP's "Climate Change A List" from among roughly 18,700 companies rated by the NPO. Seventy-five Japanese companies have been selected for inclusion.



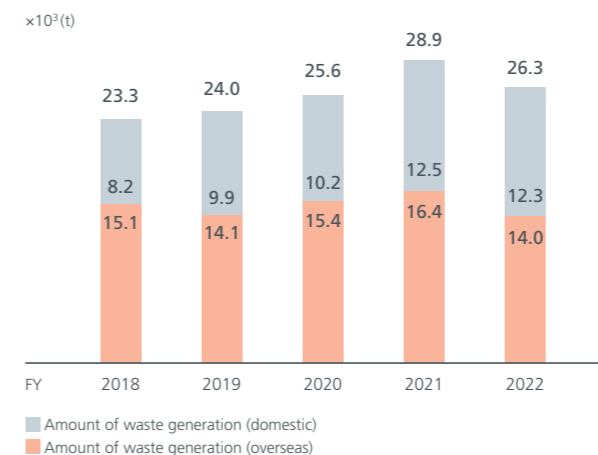
*CDP is a non-governmental organization (NGO) managed by a British charitable organization, established in 2000. It operates a global information disclosure system for investors, companies, countries, regions, and cities to manage environmental impacts including reducing their own greenhouse gas emissions, protecting water resources, and protecting forests.

Efficiently Using Resources and Helping to Build a Recycling-Based Society

Waste Management Initiatives

The amount of waste generated in FY2022 by the entire TAIYO YUDEN Group decreased to 26,300 tons from 28,900 tons in FY2021. The waste, including valuables, mainly consisted of waste plastic, waste oil, waste liquid, and sludge. The TAIYO YUDEN Group will continue working to reduce waste volumes, boost in-house recycling rates, and recycle waste into resources at our overseas sites.

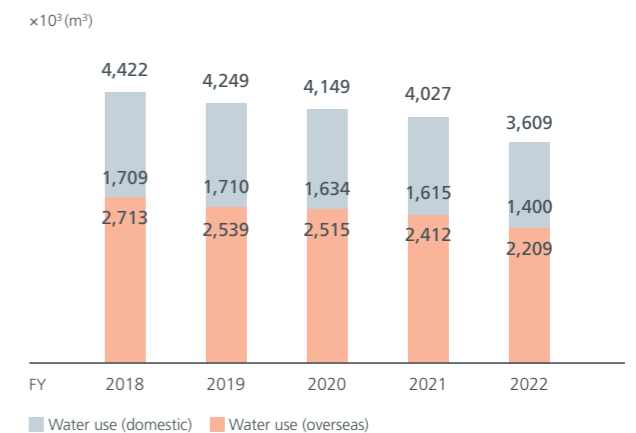
Amount of Waste Generation



Water Resource Initiatives

The entire TAIYO YUDEN Group's water usage fell from 4,027,000 m³ in FY2021 to 3,609,000 m³ in FY2022. Sites both in Japan and outside Japan were able to reduce the amount of water used. Meanwhile, the quantity of water taken was 3,283,000 m³ from municipal water supplies (or other water supply facilities), and 326,000 m³ from freshwater and underground water. The quantity of water recycled was 556,000 m³.

Water Use



Quantity of water intake (×10 ³ m ³)	
Municipal water supply (or other water supply facilities)	3,283
Freshwater/ underground water	326

Examples of FY2022 Initiatives

Reduction of waste liquid by changing production method [NIIGATA TAIYO YUDEN / KOREA KYONG NAM TAIYO YUDEN / TAIYO YUDEN (SARAWAK)]

In some part of the production process for electronic components, solvents are used to clean the production equipment, and the solvents are properly disposed of as waste liquid after use for cleaning. By reviewing the production method and reducing the amount of solvent used for cleaning, we reduced the amount of waste liquid generated. We reduced waste liquid by 384 tons per year.

Water conservation by wastewater recycling [NIIGATA TAIYO YUDEN]

In the process of manufacturing electronic components, water is used in various steps. By collecting and treating the equipment cooling water and reusing it in the manufacturing process, we reduced the water used.

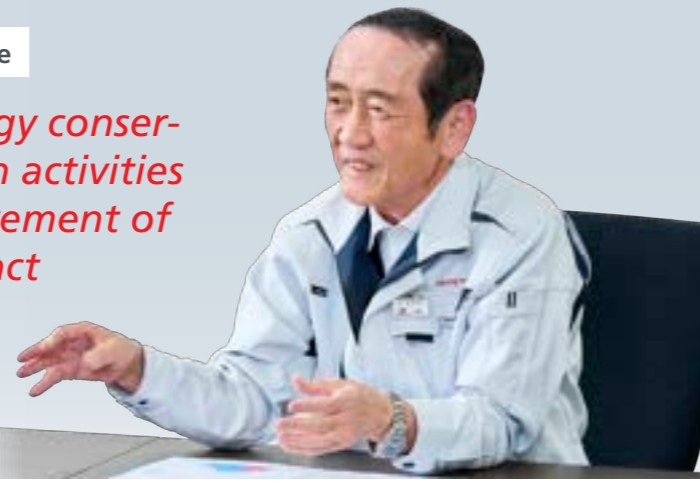
We reduced water use by 11,331 tons per year.

ESG / Environmental Activities

Message from the Officer in charge

We are promoting energy conservation in our production activities and working for improvement of our environmental impact

Shinji Masuyama
Director,
Executive Vice President



We recognize that tackling environmental issues represents one of the most important social responsibilities that the Group must uphold. For this reason, we are working for improvement of our environmental impact from a global perspective based on our Safety & Environment Charter.

The characteristic of electronic components such as multi-layer ceramic capacitors and inductors, etc., which are the main products of TAIYO YUDEN, is that the environmental impact in their life cycle is large during production but small during use. The main environmental impact during production is energy and water consumption, waste, wastewater, and emissions (including CO₂). TAIYO YUDEN is striving to improve its environmental impact by first identifying and analyzing in detail this environmental impact and then taking such measures as minimizing the resources applied and conserving other energy and resources by improving production processes, as it aims to enhance both its economic value and its social value.

In the medium-term management plan 2025, TAIYO YUDEN has identified “strengthen measures to address climate change” and “use resources effectively and contribute to creating a recycling society” as two materiality issues related to the environment. The background to this is that TAIYO YUDEN desires to contribute to consideration of the negative impact on ecosystems and human beings arising from climate change presented in the report of the IPCC (Intergovernmental Panel on Climate Change), and to the transition to a “circular economy” using resources in a sustainable form, which is currently being studied throughout the world. In this context, we have expressed our support for the Task Force on Climate Related Financial Disclosures (TCFD) and we are striving to enhance our information disclosure in line with the TCFD.

Regarding responses to climate change, the top management are holding a series of discussions in the Sustainability Committee, the Environmental Promotion Committee on which I serve as chair, and in other forums, and we are advancing initiatives for achievement of the targets across the entire TAIYO YUDEN Group. Aiming to achieve carbon neutrality by 2050, TAIYO YUDEN has set a target in the medium-term management plan 2025 of a 42% reduction of GHG emissions by FY2030 compared to FY2020.

We are engaging in activities using the three approaches of energy conservation, energy creation, and use of renewable energy sources for achievement of this target. There are manufacturing processes which use clean rooms and manufacturing processes which use firing furnaces, etc. in the production of electronic components, increasing the amount of energy used in the production activities. For that reason the issue that we should tackle first is energy conservation. Therefore, we are carrying out activities with the promotion of manufacturing based on the pursuit of drastic miniaturization and higher efficiency and the principle of decarbonization at their core. In addition, for energy creation we are working on the further introduction of solar power generators and for the use of renewable energy sources we are rolling out renewable energy procurement in Japan and overseas. As one example, the R&D Center plans to switch to all of the energy it uses to renewable energy by FY2024. The reduction measures are progressing steadily, so in FY2022 we were able to reduce GHG emissions by 18.3% compared to FY2020, the reference year.

In addition to advancing countermeasures in the production activities, which have a large environmental impact, we have also started reducing GHG emissions in other areas. Firstly, in order to set reduction targets regarding the GHG emissions of other companies related to the activities of TAIYO YUDEN (SCOPE 3), we have started to improve the precision of our understanding of emissions and to consider reduction measures.

Apart from GHG emissions reduction, we have set numerical targets regarding reduction of the amount of waste generation and reduction of water use in the medium-term management plan 2025 and are focusing our efforts on these targets.

As for environment-related investment, we are planning to allocate about 10% of the capital investments plan totaling ¥300 billion over the five years of the medium-term management plan 2025 to investment for the environment, IT, and building safe and comfortable workplaces. Going forward, we will continue to strongly promote initiatives for the environment, one of our most important social responsibilities.

S Social Activities



TAIYO YUDEN has designated the most important social issues as “materiality”—or “key issues”—and endeavors to contribute to the realization of sustainable social infrastructure.

Human Rights

Human Rights and Labor Policy

TAIYO YUDEN not only complies with the labor laws and regulations of each country in which it operates, it also supports and respects major international standards and rules, such as the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the standards of the Responsible Business Alliance (RBA). In May 2020, TAIYO YUDEN signed the UN Global Compact and has been acting in accordance with its Ten Principles, which are set out under the headings of Human Rights, Labor, the Environment, and Anti-Corruption.

Labor Human Rights Management Policy and Compliance Requirements

[Policy]

TAIYO YUDEN will be striving for creating a company trusted by society by observing the spirit of regulations/laws and international rules regarding Labor Human Rights as well as defining following compliances in terms of CSR Charter and code of conduct of the group.

[Compliance Items]

- | | |
|-------------------------------|--|
| 1. Ban of Child Labor | 5. Ban of Employment based on Discrimination |
| 2. Ban of Enforced Labor | 6. Ban of Inhuman Behavior |
| 3. Securing Health and Safety | 7. Proper Working Hour |
| 4. Freedom of Association | 8. Remuneration/Wage |

Labor Human Rights Management Policy and Compliance Requirements

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

Human Rights Due Diligence

Companies have been required to carry out human rights due diligence based on the UN Guiding Principles on Business and Human Rights. In order to strengthen its initiatives for respecting human rights, TAIYO YUDEN has defined the departments and persons responsible for handling labor, human rights, discrimination, and harassment issues; it has also established and operates a labor human rights management system that includes regular internal audits, and that conforms to the RBA Code of Conduct, and so seeks to become a company that is trusted by society. Since FY2020, we have been participating in various subcommittees such as the Human Rights Due Diligence Subcommittee and Human Rights Education Subcommittee hosted by the Global Compact Network Japan, which is the local network of the UN Global Compact. At our Japanese and overseas Group companies, we also conclude agreements on human rights and labor and conduct regular evaluations such as audits and corrective actions with employment agencies, contractors and security/cafeteria/cleaning personnel (on-site) etc.

Example Initiatives in FY2022

- We prepare learning materials containing human rights policies, harassment prevention, prohibition of discrimination based on sexual orientation, and other content, and utilize them in our Japanese and overseas bases. We ran regular e-learning courses at our Japanese bases.
- We conducted regular specialized training through e-learning for labor and human rights departments at our Japanese bases.

ESG / Social Activities

<Example initiatives for human rights due diligence>

CSR Activities for Suppliers

TAIYO YUDEN Group distributes the “TAIYO YUDEN Group CSR Procurement Guidelines (CSR Procurement Requirements)” (hereinafter referred to as “CSR Procurement Guidelines”) to new suppliers in order to have them understand the Group’s CSR policies including human rights and labor problems, and TAIYO YUDEN Group only starts to implement transactions with suppliers after they declare that they will comply with the requirements. Also, TAIYO YUDEN Group assesses “maximum working hours,” “legal minimum wages” and “avoidance of child labor,” etc. using the “CSR Self Check Sheet” prepared based on the RBA Code of Conduct, and deals with suppliers that meet the Group’s criteria.

TAIYO YUDEN Group regularly conducts assessments for existing suppliers by using “CSR Self Check Sheet”. Furthermore, TAIYO YUDEN Group conducts physical inspection audits for critical suppliers on a regular basis. TAIYO YUDEN Group requests corrective actions from suppliers failing to meet the Group’s criteria as a result of assessment.

Result of agreements with “CSR Procurement Guidelines”



CSR Procurement Self-Assessment

Until FY2022, TAIYO YUDEN Group had received self-assessments from 535 suppliers. Based on the assessment results, no high risks have been identified from any of TAIYO YUDEN Group’s suppliers.



Health and Safety

TAIYO YUDEN places importance on safety in the environment where our employees work. It works to eliminate work-related accidents and reduce major risks based on the Fundamental Principle of Safety and Health, which states that “Employees are big assets to TAIYO YUDEN. To ensure the employees’ happiness, the safety shall be kept so that employees could work without anxiety and the health of employees are maintained.”

Based on this idea of placing importance on safety, we incorporated an indicator concerning safe and secure work-places as one of our social values in the KPIs which are the targets in the medium-term management plan 2025. For the specific targets we set an incidence rate of injuries and illness of less than 0.016 and an accident frequency rate of less than 0.08. These are levels which are substantially lower than the average for the Japanese manufacturing industry.

Currently, we are advancing activities to prevent industrial accidents for achievement of the target incidence rate of injuries and illness and the target accident frequency rate by clarifying action targets for each of the 5Ms (Man, Machine, Method, Material, Measurement) for achievement of the medium-term targets by FY2025. Regarding FY2022, the incidence

rate of injuries and illness was 0.015 and the accident frequency rate was 0.07, so we were able to achieve the targets in the current fiscal year.

Example Initiatives in FY2022

- We verified and reviewed the risks of all heavy object handling work and the measures for these works, and took measures to strengthen measures.

Medium-term Occupational Health and Safety Targets

Results and Targets		5Ms for Medium-term Targets	
Incidence rate of injuries and illness	Accident frequency rate	Man	Intensive basic training and fostering “Awareness of safe behavior”
FY2025 Targets	FY2025 Targets	Machine	Enhancing the level of facility safety design for designers
Less than 0.016	Less than 0.08	Method	Safe work without inconsistencies
FY2022 Results	FY2022 Results	Material	Minimization of toxicity and danger of chemical substances
0.015	0.07	Measurement	Strengthening of checking system

Materials Procurement Activities

With a basic policy on the procurement of materials, TAIYO YUDEN promotes CSR procurement activities across its entire supply chain, including suppliers of technologies, services, and products such as parts, materials, and machinery procured by the Group.

Initiatives for CSR Procurement

CSR Procurement Policy

The TAIYO YUDEN Group established the “CSR Charter” and the “CSR Code of Conduct” and promotes CSR activities in order to fulfill corporate social responsibility. We endeavor to carry out socially responsible procurement that complies with both the CSR Charter and the CSR Code of Conduct. We also share our procurement initiatives with our suppliers, distributing to them the “CSR Procurement Guidelines” that outline the items we require them to comply with, obtaining their consent to the compliance items, and carrying out transactions. Our policy for socially responsible procurement is to ensure that every part of the supply chain, including the suppliers, complies with our CSR Procurement Guidelines. In order to assess these initiatives, we also regularly distribute “CSR Self Check Sheet” to our suppliers, and use the results to gauge how socially responsible our procurement is. Where necessary, we work together with our suppliers to implement improvements.

Responsible Minerals Procurement Policy

There are concerns that the minerals such as tin, tantalum, tungsten, gold (3TG), cobalt, and mica in the Democratic Republic of the Congo and adjoining countries or Conflict Affected and High-Risk Areas (CAHRAs) can finance armed groups in those conflict regions through illegal mining and trading of minerals and raise human rights abuses or labor issues such as child labor or forced labor. To fulfill its social responsibility in its supply chain, TAIYO YUDEN Group implements appropriate measures to procure minerals, ensuring that we do not become involved in such issues through the trade of minerals used in our products. TAIYO YUDEN Group requests suppliers to understand TAIYO YUDEN’s procurement policy and cooperate with the survey in the procurement process. Furthermore, TAIYO YUDEN Group requests suppliers to procure minerals from the refiners/smelters approved by globally recognized frameworks such as RMI.

RBA-VAP Audit

TAIYO YUDEN has implemented activities to comply with the RBA (Responsible Business Alliance) Code of Conduct, which is a code of conduct related to social responsibility. Further, TAIYO YUDEN regularly undergoes RBA-VAP audits in its main bases as third-party evaluation in order to enhance the level of our activities relating to labor, health and safety, environment, and ethics.

In the audits in FY2022, TAIYO YUDEN CO., LTD. Nakanojo Plant acquired Platinum certification, the highest evaluation, and its Takasaki Global Center and NIIGATA TAIYO YUDEN CO., LTD. acquired Gold certification.

RBA-VAP Audit

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



Social Contribution

Our corporate approach is to coexist harmoniously with the local communities. We contribute to communities, such as holding and participating in volunteer activities and charity events, interacting with communities and providing factory tours.

Example Initiatives in FY2022

Tree Planting Activities

Since 2008, TAIYO YUDEN (PHILIPPINES) has planted mangrove seedlings, attracting increasing attention as a CO₂ absorption source. Mangroves, which serve as habitats for shrimp and fish, play an important role in aquatic biodiversity.



Women’s Softball Team Children’s Coaching

Established in 1984, TAIYO YUDEN SOLFILLE is a women’s softball team that has consistently produced athletes that go on to represent Japan, with some even participating in the Olympics. The team regularly holds softball classes for children around Japan and, in FY2022, SOLFILLE members coached selected softball throw in local elementary schools.



The Social (S) website:

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

ESG / Social Activities



Message from the Officer in charge

We are promoting the necessary human resources strategy for achieving our growth strategies

Satoshi Yamazaki

Operating Officer
in charge of Human Resources,
General Affairs

Due to progress in the digitalization of society, demand for electronic components is expected to grow in the medium to long term. TAIYO YUDEN has devised and is implementing growth strategies to respond to this situation. As a consequence of this, for our human resources strategy, we are advancing the development of “smart street warriors” and “human resources who can take action themselves at a moment’s notice if they see an opportunity” who realize growth without missing the opportunity of the demand expansion period.

Looking back at the history of the company, in the former TAIYO YUDEN there were a large number of the so-called “street warrior” type of human resources who opened up markets and developed our business. I think they had the strength to think for themselves, take action and carve out our business, while there were also many detours onto the wrong path and failures. Therefore, we will upgrade these street warriors to develop human resources suitable for the society of the future. In other words, our idea is to create growth without missing opportunities by increasing the human resources equipped with the abilities to take action in an organized way by making full use of the current digital technology, implementing information gathering and analysis after considering the latest findings, and making decisions using scientific rationality.

In relation to this, we are implementing education and training for each class of employee, and in particular we are focusing our efforts on management education for the managers. In the forums for leader training for select members which we have carried out for three years, we have become strongly aware of the fact that the quality and quantity of the statements by the training recipients and their thinking styles have changed with each passing year, the training recipients themselves have a clearer awareness of themselves as leaders, and they are willingly working to apply what they learned in the training at their work sites.

Further, in order to accelerate our activities for enriching the diversity of our human resources, in July 2023 we upgraded the status of the former Diversity Development Section to establish the Diversity Development Department and strengthen our systems. As a materiality in the society (S) of social value, we have established a female manager ratio of 10% or higher (FY2030 target) as one of our KPIs. As of April 1, 2023, there were 12 female managers in TAIYO YUDEN (non-consolidated), a ratio of 4.2%. That ratio is

rising year by year, and we will further enhance our initiatives for achieving the target. In addition, as an initiative for diversity other than gender diversity, we are promoting the employment of people with disabilities. In July 2023 we opened a cafe and bakery in the company as a place for people with disabilities to fulfill their potential. It has been well received by our employees and is busy with customers every day.

On the other hand, placing importance on human rights is a major premise of our approach concerning human resources. Of course we monitor child labor and forced labor but what we are tackling with particular priority is labor conditions. The entire Group implements monitoring of items including labor conditions such as working hours, leave days, etc. and consultations about harassment and discrimination, etc., and is continuously working to build a system under which human rights infringements do not occur.

We have also established a target for work engagement as a materiality in society (S). In a survey we conducted in-house we discovered that the figures were low for young employees and the production departments; therefore, as a countermeasure, we strengthened our measures for enhancing the “teaching skills” of the people developing subordinates (supervisors) and enhancing the training for the supervisors of the production departments. Further, from FY2023, we also strengthened our initiatives to enhance engagement. For example, we conduct a survey on feedback satisfaction for all employees twice a year in order to ascertain whether the content of personnel evaluations is being fed back from supervisors to subordinates appropriately.

When it comes to health-oriented management, we are promoting Focus 5, activities focused on the five items of diet, non-smoking, exercise, sleep, and stress, under the leadership of the President and Chief Executive Officer, who serves as CHO: Chief Healthcare Officer. We plan to provide support for improving employee health and raise the health consciousness of our employees based on these activities.

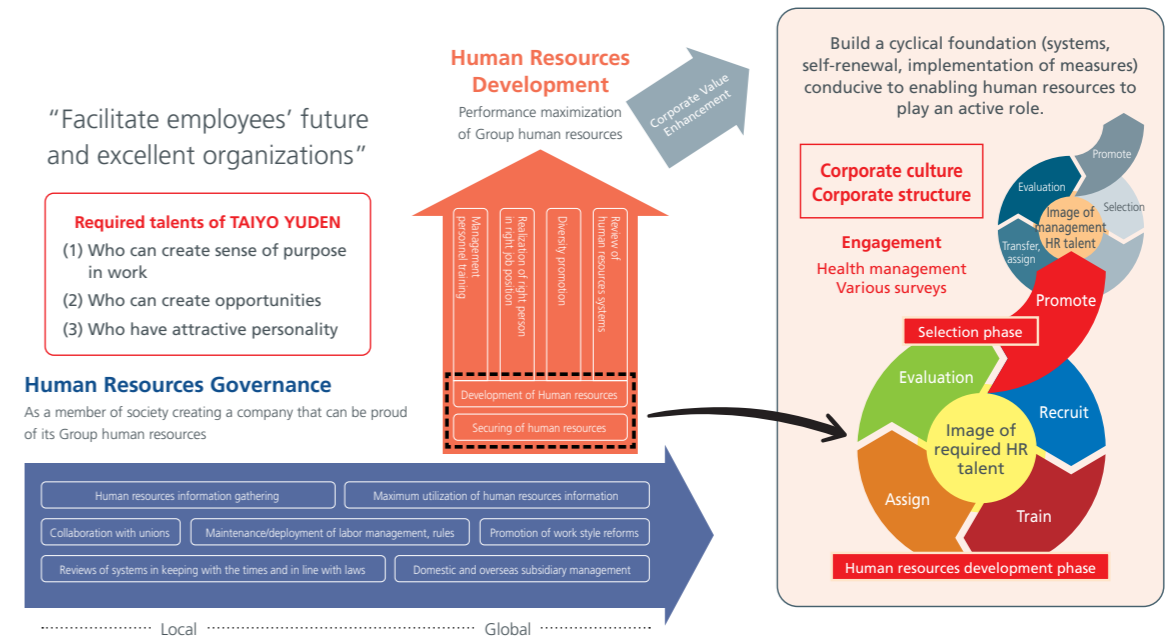
As we aim for achievement of the targets in the medium-term management plan 2025, we will develop the human resources who will bear the responsibility for the growth of TAIYO YUDEN and solving social issues, in particular the SDGs, continue our initiatives to support the growth and health of each and every one of our employees, and contribute to the enhancement of corporate value.

Human Resources Strategy

Fundamental Stance

In keeping with its founding philosophy, TAIYO YUDEN understands the importance of workforce diversity and encourages individual employees to express their unique character and personality, hoping to help them lead an enriched life. Bearing the above in mind, we build and implement ongoing human resources development strategies, focusing on two areas: globalization skills for implementing management strategies based on experience of different cultures; and innovation capabilities for creating new value to contribute to society by exercising strengthened professional expertise and creativity.

Also, seeking to perform our HR mission to “facilitate employees’ future and excellent organizations,” we are striving to create an environment that encourages all individuals and organizations within the Group to fulfill their potential and accelerate HR development efforts. As a member of society, our human resources governance is designed to create a company that employees can be proud of, and our human resources development aims to maximize the performance of Group employees. In this way, we aim to facilitate the personal growth of each employee and increase our overall corporate value.



The Vision of the Group for which TAIYO YUDEN is Aiming

TAIYO YUDEN has established the talents required using the three key phrases of “who can create sense of purpose in work,” “who can create opportunities,” and “who have attractive personality.” With respect to this, in external evaluations through human resources training and other methods, there are positive evaluations of the human resources of TAIYO YUDEN, including that they are cooperative and serious-minded, and work as hard as they can to achieve what is required of them, but on the other hand they are also receiving negative evaluations such as that they avoid conflict and do not state their own opinions or ideas, their reactions are weak because they are not good at expressing emotion, and their ability to conceive a vision is weak.

In order to realize the vision we are aiming for going forward, TAIYO YUDEN will maintain and enhance performance management ability and the ability to ascertain information, the

strengths of our employees, while strengthening their weaknesses of human resources development, vision creation, and a lack of transformative thinking through training and other methods, in order to get closer to the talents required. As a part of that approach, we conduct leader training, management training, coaching training, and other training for future leader candidate employees, to encourage them to be more scientific, rational, and organized in their actions.

Through these initiatives, we aim to develop human resources who think, take action, and carve out business themselves so that they are able to contribute to realization of the vision we are aiming for. Moreover, we are aiming for the kind of human resources group in which each and every one of our employees can tackle their work with vitality, break out of their shell, and further broaden their human relationships and work areas through spontaneous actions.

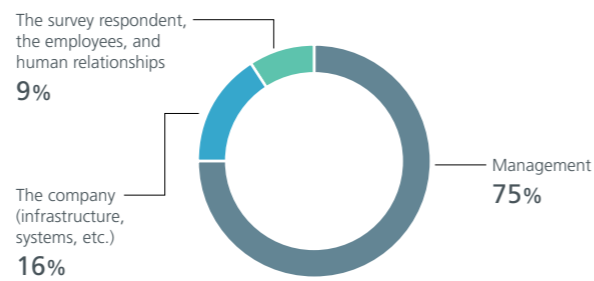
ESG / Social Activities

Work Engagement

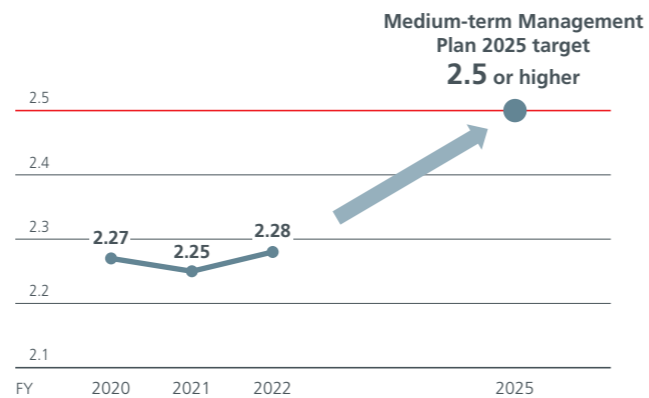
TAIYO YUDEN believes that a workplace environment in which the employees feel a sense of pride and fulfillment in their work and tackle their tasks with vigor is important for sustained value creation. For this reason, in the medium-term management plan 2025 we set the numerical target of 2.5 for work engagement, an indicator of an employee's state of mind which measures the extent to which they feel a sense of pride and fulfillment in their work, and we are advancing initiatives for environmental improvement.

In the work engagement survey we carry out every year, the results for FY2022 were 2.28. Further, based on the analysis of the results of the survey of the Utrecht Work Engagement Scale (UWES) we implemented in FY2022, we perceive that improvement of the management which involves guidance and development is necessary; therefore, in addition to the strengthening of the education of management supervisors and strengthening of training of supervisors for production departments which we have carried out previously, we are giving feedback to the management supervisors and utilizing a check sheet in the selection of people for promotion, among other measures.

Issues arising from the free answers in the work engagement survey



Work engagement (TAIYO YUDEN CO., LTD.)



Example Initiatives in FY2022

- Strengthening of management supervisors (people who have subordinates)
Management training, harassment training, and satisfaction surveys at the time of semi-annual evaluation interviews
- Conducting of training for production department supervisors



General Manager of the Human Resources Department
Miyuki Tsunegi

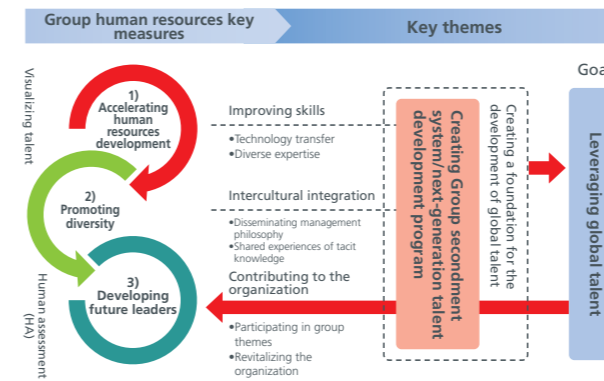
We intend to maximize the performance of our human resources to build the future of TAIYO YUDEN

"Obtaining and developing the human resources which will be responsible for the next generation" is an important issue in order for the TAIYO YUDEN Group to grow sustainably going forward as well. For that reason, building mechanisms and workplaces to enable employees with diverse backgrounds to exercise their own abilities and individuality as much as they like is necessary.

Due to the reorganization in July 2023, the Diversity Development Section, which was previously a subordinate organization of the Human Resources Department, became an independent organization (the Diversity Development Department) and I understand that it is expected that as a result of this reorganization the functions of the office and department will be strengthened further and the roll-out of measures will be sped up. The Diversity Development Department transforms the awareness of the employees so that diverse human resources will be accepted by each department and are able to fulfill their potential, and the Human Resources Department maximizes the performance of human resources by developing mechanisms to secure, develop, promote, and move human resources throughout the Group and by rolling out measures to increase engagement.

We believe that diverse human resources being able to shine brightly with vigor at TAIYO YUDEN will lead to realization of our mission "Stronger and more socially aware through the wonders of science" and of "employee well-being," one of our management philosophies.

Key Measures



1. Accelerating Human Resources Development

In order to ensure a healthy balance of young employees in our workforce, we continue to operate a policy of recruiting a fixed number of young employees per year, regardless of the state of the economy. After they have joined our company, we carry out various forms of training and instruction to ensure these young employees develop the talents required by the Human Resources Department—namely, who can create sense of purpose in work, who can create opportunities, and who have attractive personality. We have also built and operate a system for the secondment of local employees in the overseas bases to the headquarters in Japan for the development of human resources who can be responsible for the operation of the overseas bases.

Training Systems

Position Level	Education in Skills Required of All of the Employees	Position Level-Specific Training	Selective Training	Self-Development Support	Career Design
Management Level	Manufacturing personnel education (quality education/5S/TW/IA)	Training for Newly Appointed Subsidiary MD	Global Leader Training	Acquisition of Qualifications Correspondence education Foreign Language	Career Plan Training
		Management Training	Leader Training		
Middle Level		Business Administration	Working Doctors Scheme/Study Abroad		
		Logical Thinking			
Junior Level		Business literacy	Harassment and compliance education		
	Statistics				
Entry Level		Factory On-Job Training			
		New Employee Training			

Employee Training Expenses (TAIYO YUDEN CO., LTD.)

	FY2021	FY2022
Total training expenses	182,307 thousand yen	230,026 thousand yen
Training expenses per employee	¥62,600	¥79,237

Examples of Training Carried Out in FY202



Management training



Production department promotion training



New employee training

ESG / Social Activities

2. Promoting Diversity

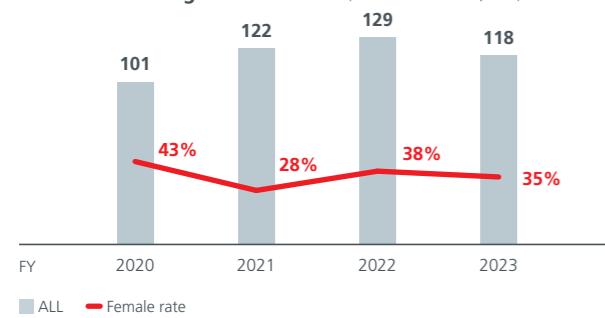
In order to ensure its sustainable development even as society changes, TAIYO YUDEN believes it is vitally important to embrace diversity in its workforce with regard to individual differences in background and personal attributes, such as nationality, culture, gender, age, and career, and is seeking to invent completely new concepts and ideas from diversity-driven dynamic interactions.

Concerning women's empowerment, in the medium-term management plan 2025 we established the targets of a ratio of new graduate women hired of 30% or higher and a female manager ratio of 10% or higher (FY2030) and we are working to create an environment that enables ambitious women to flourish. Furthermore, we are promoting the employment of people with disabilities. We are not only aiming higher than the statutory employment rate; we are also advancing the creation and expansion of forums in which each and every one of our employees can flourish.

Action Plan for Women's Empowerment:

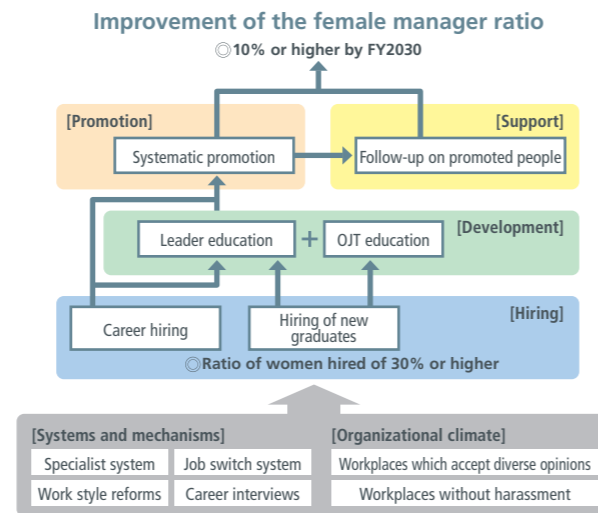
<https://www.yuden.co.jp/or/company/sustainability/society/diversity/>

Number of new graduates hired (TAIYO YUDEN CO., LTD.)

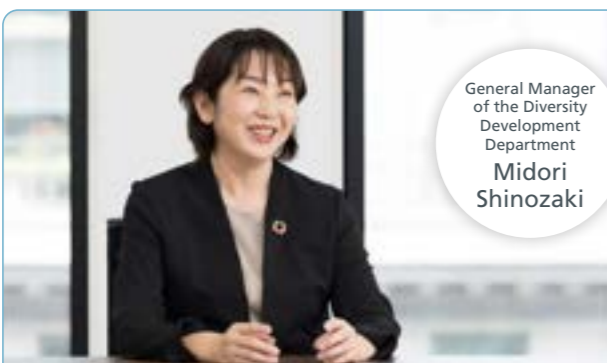
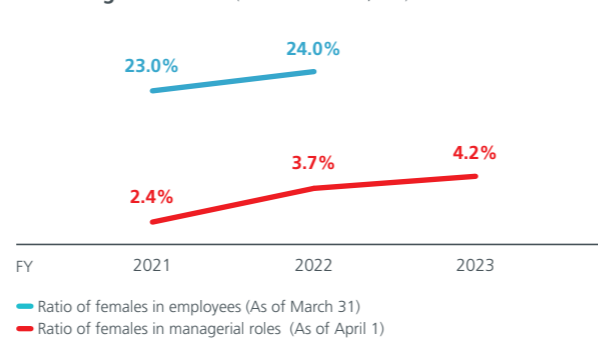


Overall Picture of Implemented Measures

(The ◎ symbol indicates a target in the medium-term management plan 2025)



Percentage of female (TAIYO YUDEN CO., LTD.)



General Manager of the Diversity Development Department
Midori Shinozaki

I want to realize "full participation-type diversity management" through the participation of diverse human resources

This year, in the newly-launched Diversity Development Department, we are focusing our efforts on the current priority issues of the promotion of women's participation and advancement in the workplace and employment of people with disabilities. Regarding promotion of women's participation and advancement in the workplace, TAIYO YUDEN has established the KPIs of a "rate of newly recruited female

graduates of 30% or higher" and a "female manager ratio of 10% or higher (FY2030)" as targets in the medium-term management plan 2025. Because there are specific targets, all of the employees can gain greater awareness than ever before of their own responsibility for the issues. Firstly it is important to understand the current situation regarding diversity, and gain approval and empathy concerning the initiatives. Meanwhile, regarding the utilization of people with disabilities, it is necessary to build a mechanism enabling their employment in a permanently satisfying form, rather than engaging in a makeshift response.

The Diversity Development Department cannot realize these targets on its own. While getting many people involved regardless of their class, age, or gender, we will strengthen our activities to inform and enlighten our employees. I intend to contribute to the realization of "full participation-type diversity management" under which colleagues possessing diverse experience and values can be considerate and helpful to each other, through a variety of techniques such as measures which make employees think "I want to do this together!," study meetings and networking events which bring out the willingness of employees to grow, hiring support actively utilizing female recruiters, and work style reforms suitable for the current era.

3. Developing Future Leaders

We run an educational program for leaders in order to increase the number of human resources who will support TAIYO YUDEN. We have set a medium-term target by stipulating the number of future leader candidates necessary based on the business scale forecast.

Examples of Training Carried Out in FY2022

- Leader training for middle level employees and managers
- Management training for section chiefs

Work Style Reforms

TAIYO YUDEN strives to create a workplace environment that is easy to work in, with the aim of enabling all our employees to perform to their fullest. In FY2022, we reformed our working systems with the goal of improving employee work-life balance, and both trialed and introduced new work systems.

Main Systems Introduced in FY2022

Official introduction of the work-from-home system in normal times

After completing the emergency response to COVID-19 we implemented trial operation of a work-from-home system in normal times from July 2021 in order for employees to work with vigor through their work by increasing the options for flexible work styles and in order to maintain and enhance work improvement and work efficiency through revisions of work styles. We confirmed its effects and impact during the trial period and decided to officially introduce the work-from-home system in normal times.

Meeting the requirements of the amendment of the Childcare Leave Act

Content about developing an environment in which it is easy to obtain childcare leave and about encouraging the participation of men in childcare is included in the amendment of the Childcare Leave Act in FY2022. Therefore, in order to encourage men to obtain childcare leave, TAIYO YUDEN publishes articles in the Group newsletter and distributes a childrearing guidebook when a spouse makes a pregnancy and childbirth application, and the Human Resources Department gives individual explanations, etc. Furthermore, we have put in place a mechanism for carrying out interviews with supervisors to confirm the intention of an employee to obtain childcare leave.

(TAIYO YUDEN CO., LTD., as of March 31)

	FY2020	FY2021	FY2022
Average length of service			
Male	18.9 years	17.9 years	17.6 years
Female	18.7 years	17.5 years	16.6 years
Average number of paid leave days taken			
	12.7 days	14.8 days	15.6 days
Utilization rate of childcare leave			
Male	—	—	29%
Female	100%	100%	100%
Utilization rate of childcare leave / special paid holiday (when spouse gives birth)			
Male	90%	89%	92%

So that each and every employee can demonstrate their performance to the maximum extent, the Company is working to create comfortable work environments.

ESG / Social Activities

Health-Oriented Management


TAIYO YUDEN continues to engage in the creation of workplaces that support the mental and physical health of its employees. By increasing the energy and productivity of our organizations, we intend to increase our corporate value. To this end, we have designated the President and Chief Executive Officer as Chief Healthcare Officer (CHO) and issued the TAIYO YUDEN Group: Health-Oriented Management Declaration, which seeks both to help employees improve their health and to raise their health awareness through the establishment of Group-wide systems, in order to work for the realization of health-oriented management.

In order to promote strategic and systematic efforts to improve employee health, we have established lifestyle habit KPIs, and categorized them under one of five themes collectively named "Focus 5": diet, non-smoking, exercise, sleep, and stress. We have been able to verify a correlation between improved Focus 5 (positive lifestyle habits) performance and reduced rates of abnormal findings at health checks. Consequently, we are working on projects to encourage employees to acquire as many Focus 5 habits as possible.

Example Measures in FY2022

Measures to improve "sleep"
In order to increase from the current state the proportion of our employees who claim to receive adequate rest through sleep, we held seminars for new employees and shift workers entitled "Improving Sleep Quality" which focused on their respective sleep issues. Furthermore, we held sleep e-learning for desk workers with the objective of "enhancing sleep literacy."

Measures with respect to "exercise"
In order to increase from the current state the proportion of employees who exercise habitually, we implemented initiatives to foster the momentum for employees to exercise daily, including the distribution of stretching videos produced in-house, the holding of stretching and yoga classes given by external lecturers, and the visualization of the physical condition of the employees using wearable devices and apps, among others.



Sleep seminars for shift workers

Focus 5 Trends (%)

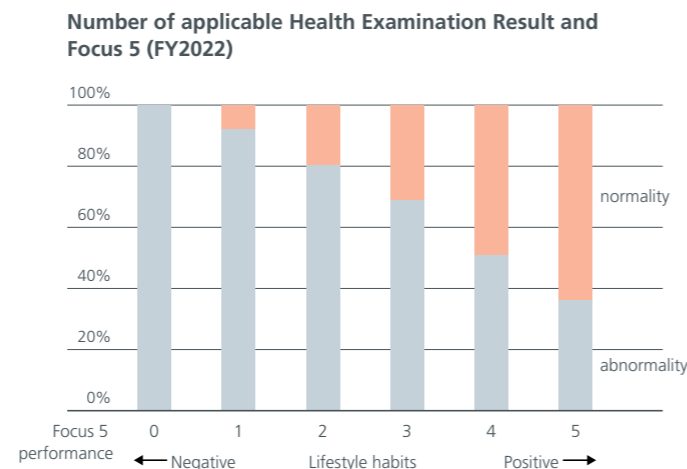
	Definition	FY2021 Actual	FY2022 Actual	FY2025 Target
Diet	Ratio of employees with BMI 18.5 or more and less than 25	64.9	64.7 ↓	65.3
Non-smoking	Ratio of employees with no smoking habits	81.3	82.4 ↑	83.3
Exercise	Ratio of employees with exercise habits	25.3	26.8 ↑	28.7
Sleep	Ratio of employees able to take enough rest by sleeping	61.9	62.1 ↑	78.3
Stress	Ratio of employees not applied for "High stress"	82.3	84.0 ↑	86.3

*For all five themes, the higher the proportion the better
*The arrows show the changes compared to the previous fiscal year



Focus 5 and Health Data

We have been able to confirm a correlation between improved Focus 5 performance and an increased proportion of employees who are given an overall assessment of "no abnormalities" in their health checks. Going forward, we will continue to promote effective measures for the acceptance of Focus 5 by our employees.



Stakeholder Communication

TAIYO YUDEN recognizes that the dialogues it has with stakeholders are important and essential to offer greater economic value and social value and, as a result, increase our corporate value, and works to conduct continuous communication.

Stakeholders	Methods of Communication	Objectives & Policy on Communication
Employees	<ul style="list-style-type: none"> Employee surveys (Stress checks, health & safety awareness surveys, etc.) Discussions with labor union Training sessions for employees Career counseling service 	In an aim to achieve TAIYO YUDEN's materiality to "achieve health-oriented management and work style reforms at safety first workplace" and "train and develop human resources based on the diversity policy," and to become a company where employees can work energetically, we are taking various initiatives including conducting employee surveys on a regular basis.
Local Community	<ul style="list-style-type: none"> Factory tours Dispatch lecturers to manufacturing classes, participate in manufacturing-related events Participate in and sponsor local activities and charity events Volunteer activities such as forest maintenance, afforestation, and cleaning Softball classes by women's softball team 	As stated in the management philosophy, TAIYO YUDEN aims for the betterment of local communities, and desires to progress together. We provide factory tours for the people of local communities to promote understanding on TAIYO YUDEN. We also strive to build trust through social contribution activities including sports and volunteer activities.
Shareholders and Investors	<ul style="list-style-type: none"> General Meeting of Shareholders Announcement of Financial Results IR, SR interviews 	We work to provide better understanding of our management policies and business activities through timely and appropriate information disclosure and dialogue. Opinions obtained through dialogue are reported as feedback to management, including the Board of Directors, on a regular basis and are utilized to improve management.
Customers	<ul style="list-style-type: none"> Day-to-day sales activities Customer satisfaction survey Review and audit by customers Exhibitions, seminars Technological exchange sessions 	Through communication from the product design stage, manufacturing base audits, and scorecards, we meet the needs and required standards of customers. We participate in Japanese and international trade shows to introduce TAIYO YUDEN's products and solutions to the wide public including potential customers, and work to create new value.
Suppliers	<ul style="list-style-type: none"> Suppliers Seminars Audit to suppliers (CSR audits) 	Suppliers are important partners in the business of TAIYO YUDEN. We hold procurement policy briefings to share TAIYO YUDEN's management and business policies, and ask suppliers to cooperate with the CSR assessment and audit using check sheets that are formulated based on the RBA Code of Conduct. Through this, we are working together to build a supply chain that will fulfill our corporate social responsibilities.

*In addition to the above, we work to create opportunities for dialogue by improving our website, publishing various reports, and other efforts.

11-year Financial and Non-financial Summary

TAIYO YUDEN CO., LTD. and Subsidiaries
Years Ended March 31 and as of March 31

	Years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Millions of yen)												
Business results												
Net sales		192,903	208,222	227,095	240,385	230,716	244,117	274,349	282,329	300,920	349,636	319,504
Operating profit		4,850	11,358	13,153	23,370	12,385	20,221	35,237	37,176	40,766	68,218	31,980
Ordinary profit		7,118	12,192	15,653	22,263	11,200	20,553	34,351	35,165	41,247	72,191	34,832
Profit attributable to owners of parent		1,867	6,989	10,919	14,751	5,428	16,355	23,687	18,022	28,615	54,361	23,216
Total assets		225,991	247,596	265,454	268,380	271,149	287,170	328,861	343,122	404,642	474,522	503,462
Net assets		115,814	128,556	150,856	153,381	154,150	170,118	205,953	210,454	243,941	300,286	318,478
Cash flows from operating activities		19,496	29,724	24,896	38,278	29,692	33,944	42,967	52,434	52,882	67,315	39,460
Cash flows from investing activities		(18,157)	(18,947)	(20,964)	(35,374)	(28,806)	(26,918)	(33,581)	(40,874)	(42,218)	(50,622)	(60,438)
Free cash flows		1,339	10,777	3,932	2,904	887	7,026	9,386	11,560	10,664	16,693	(20,978)
Cash flows from financing activities		2,334	8,404	(21,249)	(2,050)	(4,342)	953	(1,603)	(4,851)	12,604	(14,711)	14,485
Cash and cash equivalents at end of period		33,280	54,611	41,476	39,944	36,094	43,837	51,654	57,285	81,785	88,609	84,124
R&D expenses		6,840	7,353	8,237	9,024	10,008	10,574	13,039	12,921	12,550	13,099	12,678
Capital investment		20,702	19,126	18,773	41,261	33,161	24,549	38,570	39,365	49,699	34,023	50,489
Depreciation and amortization		19,832	20,750	21,813	23,767	24,908	25,589	26,547	27,022	29,256	31,287	34,903
(Yen)												
Per share data												
Net assets per share		981.92	1,090.26	1,278.07	1,299.75	1,305.96	1,440.79	1,609.72	1,672.40	1,937.86	2,403.20	2,548.15
Basic earnings per share		15.88	59.38	92.74	125.27	46.08	138.80	189.93	143.04	227.99	433.46	186.32
Diluted earnings per share		15.85	58.09	85.51	115.54	42.43	127.88	185.87	142.67	227.32	432.19	185.71
Cash dividends per share		10.00	10.00	10.00	15.00	20.00	20.00	21.00	26.00	40.00	80.00	90.00
(Yen)												
Financial indicators												
Equity ratio		51.1	51.8	56.7	57.1	56.8	59.1	62.5	61.2	60.1	63.1	63.2
Return on Equity [ROE]		1.7	5.7	7.8	9.7	3.5	10.1	12.6	8.7	12.6	20.0	7.5
Return on Assets [ROA]		3.3	5.1	6.1	8.3	4.2	7.4	11.2	10.5	11.0	16.4	7.1
Return On Invested Capital [ROIC]		1.1	3.7	5.4	7.2	2.6	7.6	9.8	6.8	9.8	15.7	5.9
(%)												
Non-financial indicators												
Number of employees [consolidated]		15,915	16,435	18,262	18,810	18,753	19,011	21,300	21,723	22,852	22,312	21,819
Number of employees [non-consolidated]		2,632	2,572	2,577	2,618	2,586	2,590	2,681	2,785	2,837	2,873	2,903
Greenhouse gas emissions (10 ³ t-CO ₂ e)		368	382	426	424	422	432	430	432	484	459	396
Incidence rate of injuries and illness		N.A.	0.020	0.030	0.030	0.035	0.028	0.015	0.008	0.015	0.021	0.015
Accident frequency rate		0.09	0.10	0.15	0.15	0.18	0.14	0.08	0.04	0.08	0.10	0.07
Female manager ratio		–	–	–	–	1.1	1.4	1.8	2.5	2.4	3.7	4.2

Note: ROE = Profit attributable to owners of parent/Shareholders' equity (yearly average) x 100

ROA = Ordinary profit/Total assets (yearly average) x 100

Accident frequency rate = Number of the victims of occupational injury (at least one workday lost) ÷ Total actual number of hours worked by registered workers x 1,000,000

Female manager ratio : Figures as of April 1 of the following year

Financial Review

Outline of Business Performance

During the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023), the business environment surrounding the TAIYO YUDEN Group (“the Group”) experienced rising raw material and logistics costs due to increased geopolitical risk and other factors, and there was a period of stagnation in social and economic activities owing to large-scale lockdowns in some regions as a countermeasure to COVID-19, although there were some signs of a moderate recovery in the global economy. As for the future, it will be necessary to monitor the international situation, fluctuations in financial and capital markets and trends in the global demand environment amid global monetary tightening.

The Group is aiming to increase the proportion of sales in focus markets, primarily automotive and IT infrastructure/ industrial equipment, to 50% to achieve the targets set out in medium-term management plan 2025. Moreover, the Group will produce high value-added electronic components with a focus on high-end and high reliability products to achieve further growth in multilayer ceramic capacitors, the Group’s core business, in addition to strengthening inductor and communication device products to establish them as core businesses. We also plan capital investment of ¥300.0 billion over five years to continuously expand capacity to meet increase in demand as well as to implement proactive initiatives in the areas of environmental measures and upgrading of IT.

Consolidated net sales for the fiscal year ended March 31, 2023 totaled ¥319,504 million, which is a decrease of 8.6% compared to the previous fiscal year.

The average foreign currency exchange rate for the fiscal year ended March 31, 2023 was US\$1: ¥134.20. This is a depreciation of ¥22.64 as compared to the average realized in the previous fiscal year of US\$1: ¥111.56.

Selling, General and Administrative Expenses

In the fiscal year ended March 31, 2023, selling, general, and administrative (SG&A) expenses decreased ¥1,324 million compared with the previous fiscal year to ¥55,438 million. The main components of SG&A expenses for the fiscal year ended March 31, 2023 were employees’ salaries and allowances of ¥13,971 million and research and development expenses of ¥12,678 million. Accounting for these and other factors, operating profit fell 53.1% year on year to ¥31,980 million.

Non-operating Income (Expenses)

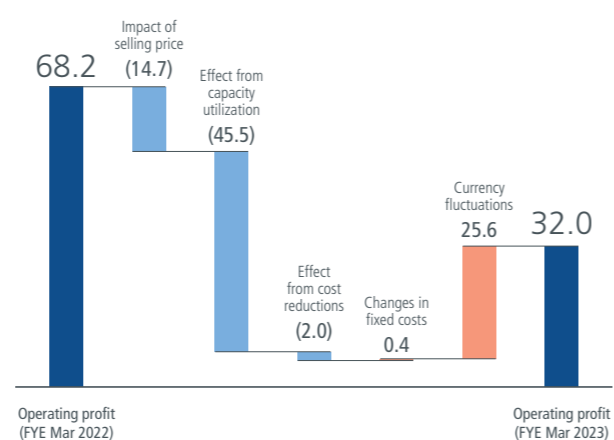
Non-operating income in the fiscal year ended March 31, 2023 was ¥3,769 million, a decrease of ¥824 million compared with the previous fiscal year. On the other hand, non-operating expenses increased ¥296 million compared with the previous fiscal year to ¥916 million due in part to increases in interest expenses and compensation expenses. As a result, ordinary profit decreased 51.7% year on year to ¥34,832 million.

Extraordinary Income (Losses)

In the fiscal year ended March 31, 2023, extraordinary income decreased ¥517 million compared with the previous fiscal year to ¥171 million due in part to the fact that there was no gain on sale of investment securities as we recorded in the previous fiscal year. Although there was a substantial downturn in impairment losses, extraordinary losses increased ¥2,894 million compared with the previous fiscal year to ¥3,902 million. This was due to an increase in loss on disposal and sales of property, plant and equipment and the recording of Anti monopoly act related loss pertaining to subsidiary ELNA CO., LTD. As a result, profit attributable to owners of parent decreased 57.3% year on year to ¥23,216 million.

Factors behind Operating Profit in FYE March 2023

(Billions of yen)



Financial Position

Assets

Total assets as of the end of the fiscal year ended March 31, 2023 stood at ¥503,462 million, up ¥28,940 million from the end of the previous fiscal year. Current assets decreased ¥8,211 million. This decrease in current assets was mainly due to increases in merchandise and finished products of ¥5,191 million and work in process of ¥2,642 million and decreases in notes and accounts receivable - trade of ¥16,212 million and cash and deposits of ¥5,373 million. Fixed assets increased ¥37,151 million owing to an upswing in property, plant and equipment of ¥35,653 million.

Liabilities

Total liabilities stood at ¥184,984 million as of the end of the fiscal year ended March 31, 2023. This was ¥10,748 million higher than the end of the previous fiscal year primarily due to increases in current portion of long-term borrowings of ¥13,922 million, short-term borrowings of ¥10 billion, and accounts payable - other of ¥9,122 million and decreases in income taxes payable of ¥12,416 million and notes and accounts payable - trade of ¥9,815 million.

Net Assets

Net assets stood at ¥318,478 million as of the end of the fiscal year ended March 31, 2023, up ¥18,192 million compared with the end of the previous fiscal year. Principal movements in net assets were an increase in retained earnings of ¥12,624 million due profit attributable to owners of parent of ¥23,216 million and dividends of surplus of ¥10,591 million, and an increase in foreign currency translation adjustment of ¥4,840 million due to the impact of the exchange rate such as yen depreciation.

Status of Cash Flows

Net cash provided by operating activities for the year ended March 31, 2023 was ¥39,460 million, a decrease of 41.4% compared with the previous fiscal year. The contributing factors are; profit before income taxes of ¥31,102 million; depreciation of ¥34,903 million; decrease in trade receivables of ¥19,556 million, and income taxes (paid) of ¥23,061 million.

Net cash used in investing activities for the year ended March 31, 2023 totaled ¥60,438 million, an increase of 19.4% compared with the previous fiscal year. The largest cash outflow was ¥63,338 million paid for purchase of non-current assets.

Net cash provided by financing activities for the year ended March 31, 2023 totaled ¥14,485 million (net cash used of ¥14,711 million for the year ended March 31, 2022). The main factors are an increase in short-term borrowings of ¥10.0 billion, proceeds from long-term borrowings of ¥20.0 billion, repayments of long-term borrowings of ¥4,049 million, and payments of cash dividends of ¥10,573 million.

As a result of the aforementioned activities, cash and cash equivalent as of March 31, 2023 decreased ¥4,485 million from the end of the previous fiscal year, to ¥84,124 million.

Financing from external sources as of March 31, 2023 consisted of ¥30.2 billion in short-term borrowings, ¥17,958 million in current portion of long-term borrowings, and ¥50,777 million in long-term borrowings. In principle, borrowings are procured within Japan at fixed interest rates. Moreover, to ensure financial stability, TAIYO YUDEN has also established a commitment line of ¥30.0 billion effective for three years. The Group has not utilized the commitment line as of the March 31, 2023 fiscal year-end.

TAIYO YUDEN is capable of generating cash flow through its sound financial position and operating activities, and we believe the Company is capable of procuring the operating capital and funds for capital investment that may be required in the future to maintain TAIYO YUDEN’s growth.

Consolidated Financial Statements

Consolidated Balance Sheets

TAIYO YUDEN CO., LTD. and Subsidiaries

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	92,570	87,197
Notes and accounts receivable - trade	86,585	70,372
Merchandise and finished goods	29,504	34,695
Work in process	44,243	46,885
Raw materials and supplies	23,033	23,234
Other	6,981	12,269
Allowance for doubtful accounts	(311)	(258)
Total current assets	282,607	274,396
Non-current assets		
Property, plant and equipment		
Buildings and structures	120,596	129,144
Machinery, equipment and vehicles	335,309	363,035
Tools, furniture and fixtures	33,773	37,483
Land	15,179	15,858
Construction in progress	28,603	47,571
Accumulated depreciation	(348,527)	(372,502)
Total property, plant and equipment	184,936	220,590
Intangible assets		
Other	1,340	1,663
Total intangible assets	1,340	1,663
Investments and other assets		
Investment securities	1,505	1,447
Retirement benefit asset	70	71
Deferred tax assets	2,536	3,825
Other	1,525	1,561
Allowance for doubtful accounts	—	(92)
Total investments and other assets	5,637	6,812
Total non-current assets	191,914	229,066
Total assets	474,522	503,462

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,828	23,012
Short-term borrowings	20,200	30,200
Current portion of long-term borrowings	4,035	17,958
Accounts payable - other	15,613	24,735
Income taxes payable	13,967	1,550
Provision for bonuses	5,890	4,205
Provision for bonuses for directors	679	60
Other	13,798	10,416
Total current liabilities	107,013	112,140
Non-current liabilities		
Long-term borrowings	48,749	50,777
Deferred tax liabilities	3,835	7,328
Provision for retirement benefits for directors (and other officers)	31	39
Retirement benefit liability	5,315	5,666
Other	9,291	9,030
Total non-current liabilities	67,222	72,843
Total liabilities	174,235	184,984
Net assets		
Shareholders' equity		
Share capital	33,575	33,575
Capital surplus	49,908	49,908
Retained earnings	221,178	233,802
Treasury shares	(13,454)	(13,457)
Total shareholders' equity	291,207	303,829
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	518	631
Deferred gains or losses on hedges	(190)	(0)
Foreign currency translation adjustment	8,246	13,086
Remeasurements of defined benefit plans	(321)	(26)
Total accumulated other comprehensive income	8,252	13,690
Share acquisition rights	826	958
Total net assets	300,286	318,478
Total liabilities and net assets	474,522	503,462

Consolidated Financial Statements

Consolidated Statements of Income

TAIYO YUDEN CO., LTD. and Subsidiaries

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	349,636	319,504
Cost of sales	224,654	232,085
Gross profit	124,981	87,419
Selling, general and administrative expenses	56,763	55,438
Operating profit	68,218	31,980
Non-operating income		
Interest income	275	723
Dividend income	24	61
Foreign exchange gains	3,295	1,136
Subsidy income	568	1,591
Other	429	255
Total non-operating income	4,593	3,769
Non-operating expenses		
Interest expenses	390	463
Depreciation of inactive non-current assets	80	52
Compensation expenses	29	267
Other	119	133
Total non-operating expenses	620	916
Ordinary profit	72,191	34,832
Extraordinary income		
Gain on sale of non-current assets	99	171
Gain on sale of investment securities	497	–
Other	91	–
Total extraordinary income	689	171
Extraordinary losses		
Loss on sale and retirement of non-current assets	506	886
Impairment losses	180	20
Loss on disaster	291	–
Loss related to anti-monopoly act	–	2,927
Other	28	67
Total extraordinary losses	1,008	3,902
Profit before income taxes	71,872	31,102
Income taxes - current	17,682	5,767
Income taxes - deferred	(172)	2,118
Total income taxes	17,510	7,886
Profit	54,361	23,216
Profit attributable to owners of parent	54,361	23,216

Consolidated Statements of Comprehensive Income

TAIYO YUDEN CO., LTD. and Subsidiaries

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	54,361	23,216
Other comprehensive income		
Valuation difference on available-for-sale securities	(572)	113
Deferred gains or losses on hedges	(83)	189
Foreign currency translation adjustment	14,916	4,840
Remeasurements of defined benefit plans, net of tax	639	295
Total other comprehensive income	14,898	5,438
Comprehensive income	69,260	28,654
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	69,260	28,654

Consolidated Financial Statements

Consolidated Statements of Changes in Equity

TAIYO YUDEN CO., LTD. and Subsidiaries

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,575	49,903	174,977	(8,576)	249,879
Changes during period					
Dividends of surplus			(8,161)		(8,161)
Profit attributable to owners of parent			54,361		54,361
Purchase of treasury shares				(5,008)	(5,008)
Disposal of treasury shares		4		131	136
Net changes in items other than shareholders' equity					
Total changes during period	–	4	46,200	(4,877)	41,328
Balance at end of period	33,575	49,908	221,178	(13,454)	291,207

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,090	(106)	(6,669)	(960)	(6,646)	708	243,941
Changes during period							
Dividends of surplus							(8,161)
Profit attributable to owners of parent							54,361
Purchase of treasury shares							(5,008)
Disposal of treasury shares							136
Net changes in items other than shareholders' equity	(572)	(83)	14,916	639	14,898	117	15,016
Total changes during period	(572)	(83)	14,916	639	14,898	117	56,344
Balance at end of period	518	(190)	8,246	(321)	8,252	826	300,286

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,575	49,908	221,178	(13,454)	291,207
Changes during period					
Dividends of surplus			(10,591)		(10,591)
Profit attributable to owners of parent			23,216		23,216
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	12,624	(2)	12,621
Balance at end of period	33,575	49,908	233,802	(13,457)	303,829

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	518	(190)	8,246	(321)	8,252	826	300,286
Changes during period							
Dividends of surplus							(10,591)
Profit attributable to owners of parent							23,216
Purchase of treasury shares							(2)
Disposal of treasury shares							–
Net changes in items other than shareholders' equity	113	189	4,840	295	5,438	132	5,570
Total changes during period	113	189	4,840	295	5,438	132	18,192
Balance at end of period	631	(0)	13,086	(26)	13,690	958	318,478

Consolidated Financial Statements

Consolidated Statements of Cash Flows

TAIYO YUDEN CO., LTD. and Subsidiaries

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	71,872	31,102
Depreciation	31,287	34,903
Impairment losses	180	20
Loss on disaster	291	–
Loss related to anti-monopoly act	–	2,927
Increase (decrease) in allowance for doubtful accounts	37	30
Increase (decrease) in provision for bonuses	720	(1,702)
Increase (decrease) in provision for bonuses for directors	290	(618)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(12)	8
Interest and dividend income	(299)	(785)
Interest expenses	390	463
Loss (gain) on sale and retirement of non-current assets	407	714
Loss (gain) on sale of investment securities	(469)	–
Subsidy income	(258)	(1,289)
Decrease (increase) in trade receivables	(1,148)	19,556
Decrease (increase) in inventories	(24,214)	(6,063)
Increase (decrease) in trade payables	571	(10,087)
Other, net	(2,157)	(6,627)
Subtotal	77,490	62,552
Interest and dividends received	291	775
Interest paid	(384)	(415)
Payments associated with disaster loss	(187)	–
Payments for loss related to anti-monopoly act	–	(390)
Income taxes refund (paid)	(9,893)	(23,061)
Net cash provided by (used in) operating activities	67,315	39,460
Cash flows from investing activities		
Purchase of non-current assets	(51,551)	(63,338)
Proceeds from sale of non-current assets	230	171
Decrease (increase) in time deposits	(1,018)	948
Proceeds from sale of investment securities	885	189
Subsidies received	458	1,244
Other, net	373	346
Net cash provided by (used in) investing activities	(50,622)	(60,438)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,700	10,000
Proceeds from long-term borrowings	11,000	20,000
Repayments of long-term borrowings	(13,465)	(4,049)
Purchase of treasury shares	(5,008)	(2)
Dividends paid	(8,146)	(10,573)
Repayments of lease liabilities	(791)	(889)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(14,711)	14,485
Effect of exchange rate change on cash and cash equivalents	4,841	2,006
Net increase (decrease) in cash and cash equivalents	6,823	(4,485)
Cash and cash equivalents at beginning of period	81,785	88,609
Cash and cash equivalents at end of period	88,609	84,124

ESG Data

Items linked to TAIYO YUDEN's medium-term management plan 2025 targets

			Period/ As-of-Date	Coverage	FY2019	FY2020	FY2021	FY2022	FY2023	Unit	
Environment	Greenhouse gas (GHG)	GHG emissions (SCOPE 1+SCOPE 2)	Full year	Consolidated	432,000	484,000	459,000	396,000	-	t-CO ₂ e	
		Medium-term management plan 2025 Target GHG absolute emissions Reduction by 42%* in FY2030 *compared with FY2020	SCOPE 1	Full year	Consolidated	39,000	42,000	44,000	42,000	-	t-CO ₂ e
			SCOPE 2	Full year	Consolidated	393,000	442,000	415,000	354,000	-	t-CO ₂ e
			SCOPE 3	Full year	Consolidated	311,000	392,102	379,879	482,072	-	t-CO ₂ e
			1. Purchased goods and services	Full year	Consolidated	311,000	392,102	379,879	482,072	-	t-CO ₂ e
			2. Capital goods	Full year	Consolidated	-	122,262	83,697	122,350	-	t-CO ₂ e
			3. Fuel- and energy-related activities	Full year	Consolidated	-	19,286	75,642	70,983	-	t-CO ₂ e
			4. Upstream transportation & distribution	Full year	Consolidated	38,868	42,950	47,668	37,239	-	t-CO ₂ e
			5. Waste generated in operations	Full year	Consolidated (Japan)*1	6,343	7,559	21,235	12,379	-	t-CO ₂ e
			6. Business travel	Full year	Consolidated (Japan)	462	340	570	792	-	t-CO ₂ e
			7. Employee commuting	Full year	Consolidated (Japan)	7,614	7,656	9,060	8,833	-	t-CO ₂ e
			8. Upstream leased assets	Full year	Consolidated	-	0	0	0	-	t-CO ₂ e
		10. Processing of sold products	Full year	Consolidated	-	11	17	8	-	t-CO ₂ e	
		12. End-of-life treatment of sold products	Full year	Consolidated	-	158	244	121	-	t-CO ₂ e	
		GHG emissions reduction ratio (absolute amount) *compared with FY2020	Full year	Consolidated	-	(Reference year)	-5.2	-18.3	-	%	
Energy (Manufacturing)	Non-renewable electricity purchased	Full year	Consolidated	828,500	919,484	954,088	891,139	-	MWh		
	Total renewable energy purchased or generated	Full year	Consolidated	294	730	87,179	123,212	-	MWh		
Water	Total net fresh water consumption	Full year	Consolidated	4,249	4,149	4,027	3,609	-	thousand m ³		
	Target Average water use per unit (production volume) FY2025 10% reduction *compared with FY2020	Withdrawal: Total municipal water supplies (or from other water utilities)	Full year	Consolidated	3,914	3,808	3,668	3,283	-	thousand m ³	
		Withdrawal: Fresh groundwater	Full year	Consolidated	335	341	359	326	-	thousand m ³	
	Water usage reduction ratio per unit*2 *compared with FY2020	Full year	Consolidated	-	(Reference year)	-17.2	-4.5	-	%		
Waste	Total waste generated	Full year	Consolidated	24.0	25.6	28.9	26.3	-	kt		
	Target Average waste generation per unit (production volume) FY2025 10% reduction *compared with FY2020	Total waste recycled	Full year	Consolidated	22.0	23.4	26.6	24.2	-	kt	
		Final disposal of waste	Full year	Consolidated	2.0	2.2	2.3	2.1	-	kt	
		Recycling rate	Full year	Consolidated	91.7	91.4	92.0	92.1	-	%	
		Waste generation reduction ratio per unit*2 *compared with FY2020	Full year	Consolidated	-	(Reference year)	-3.8	12.6	-	%	
Social	Human rights and labor	Compliance rate of ban on child labor and forced labor	March 31	Consolidated	100.0	100.0	100.0	100.0	-	%	
	Work engagement	Work engagement	March 31	Non-consolidated	-	2.27	2.25	2.28	-	-	
		Survey response rate	March 31	Non-consolidated	-	93.3	92.7	92.6	-	%	
	Human resource development	Number of level-specific training recipients (new employee training, promotion training, etc.)	March 31	Non-consolidated	-	583	589	1,229	-	Persons	
		Number of leadership training recipients (leadership training, selective training for junior level, etc.)	March 31	Non-consolidated	-	77	77	64	-	Persons	
Number of career development support training recipients (career plan training, etc.)		March 31	Non-consolidated	-	198	339	321	-	Persons		
Number of theme based training recipients (quality training, 5S training, statistics training, etc.)		March 31	Non-consolidated	-	1,392	1,303	1,406	-	Persons		

*1 The coverage of calculations is consolidated from FY2021.

*2 Figures for FY2021 have been changed retroactively due to the change of the basic unit to production volume.

Detailed data can be viewed on our website.

- ESG Data <https://www.yuden.co.jp/or/company/sustainability/misc/sdata/>
- Environment Performance <https://www.yuden.co.jp/or/company/sustainability/environment/performance/>
- Diversity <https://www.yuden.co.jp/or/company/sustainability/society/diversity/>

			Period/ As-of-Date	Coverage	FY2019	FY2020	FY2021	FY2022	FY2023	Unit	
Social	Diversity	Number of employees (consolidated)	March 31	Consolidated	21,723	22,852	22,312	21,819	-	Persons	
		Number of employees (non-consolidated)	March 31	Non-consolidated	2,785	2,837	2,873	2,903	-	Persons	
		Target Rate of newly recruited female graduates 30% or higher Female manager ratio 10% or higher (FY2030)	Male	March 31	Non-consolidated	2,182	2,183	2,211	2,206	-	Persons
			Female	March 31	Non-consolidated	603	654	662	697	-	Persons
		Ratio of females	March 31	Non-consolidated	21.7	23.1	23.0	24.0	-	%	
		Number of managerial positions	April 1	Non-consolidated	278	286	287	295	283	Persons	
		Male	April 1	Non-consolidated	273	279	280	284	271	Persons	
			Female	April 1	Non-consolidated	5	7	7	11	12	Persons
		Ratio of females in managerial roles (consolidated)	April 1	Consolidated*3	-	-	-	-	17.0	%	
		Ratio of females in managerial roles (non-consolidated)	April 1	Non-consolidated	1.8	2.5	2.4	3.7	4.2	%	
		Ratio of female managerial roles among female employees	April 1	Non-consolidated	0.8	1.1	1.0	1.5	1.6	%	
		Length of service	March 31	Non-consolidated	18.2	18.8	17.8	17.4	-	Years	
		Male	March 31	Non-consolidated	18.2	18.9	17.9	17.6	-	Years	
			Female	March 31	Non-consolidated	18.3	18.7	17.5	16.6	-	Years
		Number of new graduates	April 1	Non-consolidated	96	101	122	129	118	Persons	
		Male	April 1	Non-consolidated	61	58	88	80	77	Persons	
			Female	April 1	Non-consolidated	35	43	34	49	41	Persons
		Rate of newly recruited female graduates	April 1	Non-consolidated	36.5	42.6	27.9	38.0	34.7	%	
		Number of mid-careers	March 31	Non-consolidated	46	59	40	60	-	Persons	
		Male	March 31	Non-consolidated	34	37	38	39	-	Persons	
	Female		March 31	Non-consolidated	12	22	2	21	-	Persons	
	Employment rate of disabled people	June 1	Non-consolidated	-	-	-	2.13	2.36	%		
	Average number of paid leave days taken	March 31	Non-consolidated	14.4	12.7	14.8	15.6	-	Days		
	Utilization rate of childcare leave	March 31	Non-consolidated	-	-	-	41	-	%		
	Male	March 31	Non-consolidated	-	-	-	29	-	%		
		Female	March 31	Non-consolidated	100	100	100	100	-	%	
	Utilization rate of childcare leave / special paid holiday (when spouse gives birth)	March 31	Non-consolidated	88	91	88	93	-	%		
	Male	March 31	Non-consolidated	85	90	89	92	-	%		
		Female	March 31	Non-consolidated	100	100	100	100	-	%	
	Ratio of employees who return to work after childcare leave (Female)	March 31	Non-consolidated	100	100	100	100	-	%		
Gender pay gap	March 31	Non-consolidated	-	-	-	68.0	-	%			
Regular employees	March 31	Non-consolidated	-	-	-	67.2	-	%			
	Non-regular employees	March 31	Non-consolidated	-	-	-	68.6	-	%		
Occupational health and safety	Incidence rate of injuries and illness	March 31	Consolidated	0.008	0.015	0.021	0.015	-	-		
	Target Incidence rate of injuries and illness < 0.016 Accident frequency rate < 0.08	March 31	Consolidated	0.04	0.08	0.10	0.07	-	-		

*3 Excluding TAIYO YUDEN CO., LTD.

ESG Data

			Period/ As-of-Date	Coverage	FY2019	FY2020	FY2021	FY2022	FY2023	Unit	
Governance	The Board of Directors	Chairperson	July 1	Non-consolidated	President					Chairperson	—
		Terms of Directors	July 1	Non-consolidated	1	1	1	1	1	Years	
		Directors	July 1	Non-consolidated	8	8	7	7	7	Persons	
		Inside Directors	July 1	Non-consolidated	5	5	4	4	4	Persons	
		Outside Directors	July 1	Non-consolidated	3	3	3	3	3	Persons	
		Ratio of Outside Directors	July 1	Non-consolidated	37.5	37.5	42.9	42.9	42.9	%	
		Female Directors	July 1	Non-consolidated	1	1	1	1	1	Persons	
		Ratio of female Directors	July 1	Non-consolidated	12.5	12.5	14.3	14.3	14.3	%	
		Inside Audit & Supervisory Board Members	July 1	Non-consolidated	2	2	2	2	2	Persons	
		Outside Audit & Supervisory Board Members	July 1	Non-consolidated	2	2	2	2	2	Persons	
		Ratio of Outside Audit & Supervisory Board Members	July 1	Non-consolidated	50.0	50.0	50.0	50.0	50.0	%	
		Female Audit & Supervisory Board Members	July 1	Non-consolidated	1	1	1	1	1	Persons	
		Ratio of female Audit & Supervisory Board Members	July 1	Non-consolidated	25.0	25.0	25.0	25.0	25.0	%	
		Nomination Committee	Chairperson	July 1	Non-consolidated	Outside Director					—
Nomination Committee members	July 1		Non-consolidated	5	5	5	5	5	Persons		
Outside Directors	July 1		Non-consolidated	3	3	3	3	3	Persons		
Remuneration Committee	Chairperson	July 1	Non-consolidated	Outside Director					—		
	Remuneration Committee members	July 1	Non-consolidated	5	5	5	5	5	Persons		
	Outside Directors	July 1	Non-consolidated	3	3	3	3	3	Persons		
Operating Officers	Operating Officers (including those concurrently serving as Director)		July 1	Non-consolidated	16	15	13	17	17	Persons	
	Male	July 1	Non-consolidated	16	15	13	17	17	Persons		
	Female	July 1	Non-consolidated	0	0	0	0	0	Persons		

External Evaluation

TAIYO YUDEN seeks to improve both its economic value and its social value and, for this reason, it has set and is working to achieve ESG targets related to social value.

(As of August 2023)

Inclusion in the Six ESG Indices Selected by GPIF



FTSE Blossom Japan Index

FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index



S&P/JPX Carbon Efficient Index

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index (WIN)

• Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

Inclusion in Other ESG Indices



FTSE4Good Index Series



iSTOXX MUTB Japan Platinum Career 150 Index



SOMPO Sustainability Index

Other Sustainability Evaluations



CDP CLIMATE A LIST



Health & Productivity Stock, White 500



Sports Yell Company



Eruboshi Certification (Three Stars)



Platinum Kurumin Certification

• EcoVadis Silver Rating

External Evaluation

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

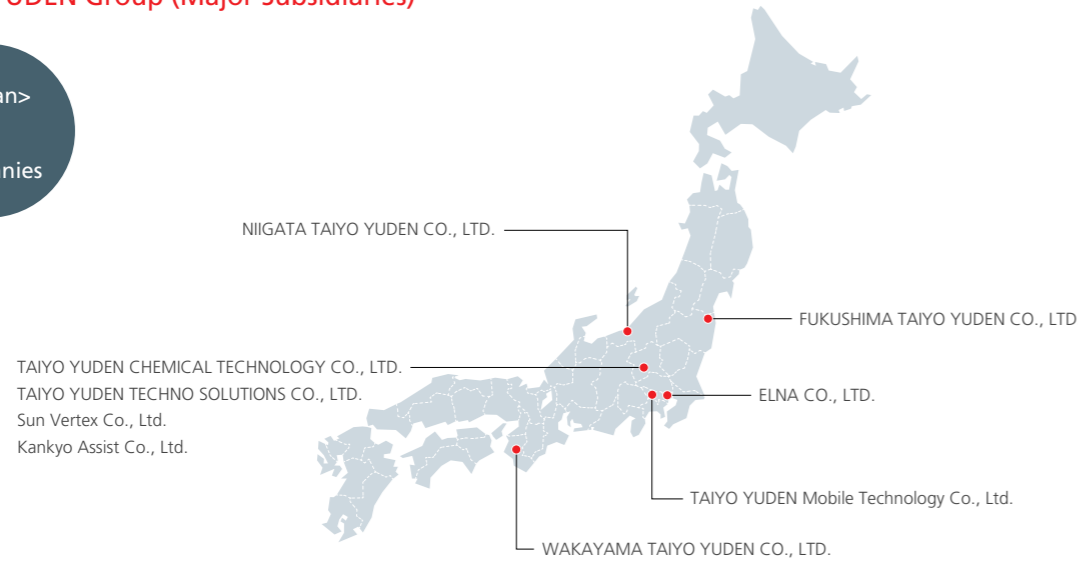
Corporate Data / Stock Information

Corporate Data (As of October 1, 2023)

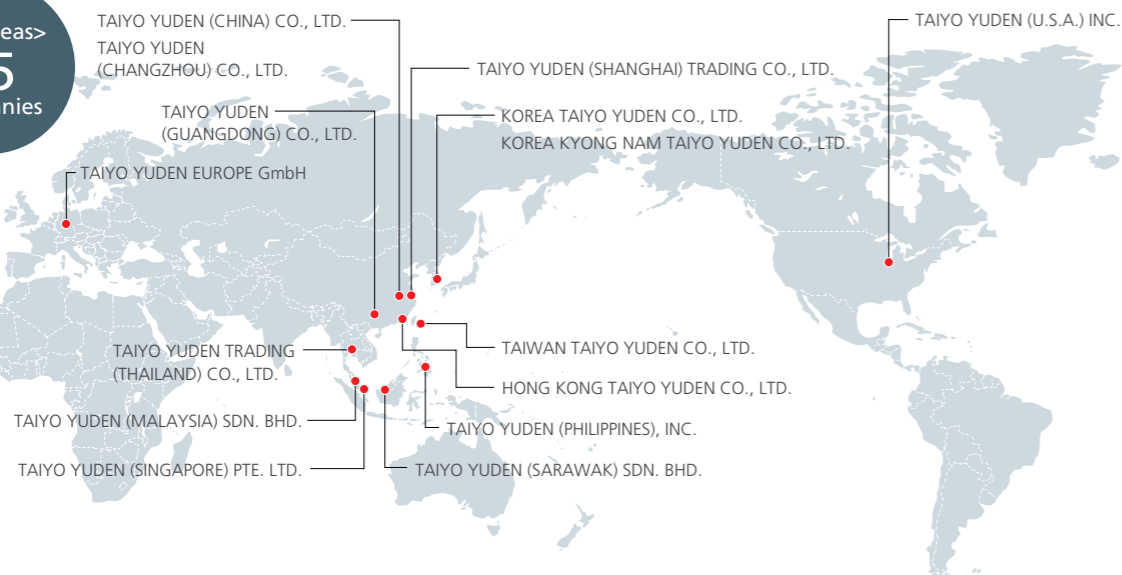
Company name	TAIYO YUDEN CO., LTD.	Number of employees	21,819 (Consolidated) 2,903 (Non-consolidated) <small>(as of March 31, 2023)</small>
Head office	2-7-19, Kyobashi, Chuo-ku, Tokyo 104-0031, Japan	Main products	Multilayer ceramic capacitors, Inductors, FBAR/SAW devices for mobile communications, Circuit modules, Aluminum electrolytic capacitors
Tel	+81-3-6757-8310	URL	http://www.ty-top.com/
Representative Director, President and CEO	Katsuya Sase		
Date of establishment	March 23, 1950		
Capital	¥33,575 million <small>(as of March 31, 2023)</small>		

TAIYO YUDEN Group (Major Subsidiaries)

<Japan>
9
companies



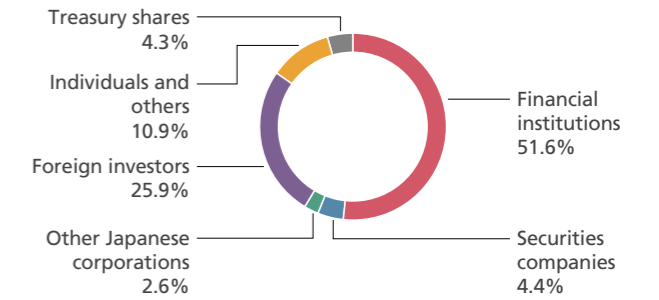
<Overseas>
15
companies



Stock Information (As of March 31, 2023)

Securities code	6976
Stock exchange	Tokyo Stock Exchange
Share trading units	100 shares
Total number of shares authorized to be issued	300,000,000 shares
Total number of shares issued	130,218,481 shares
Number of shareholders	31,313

Distribution of Shares by Shareholder Type



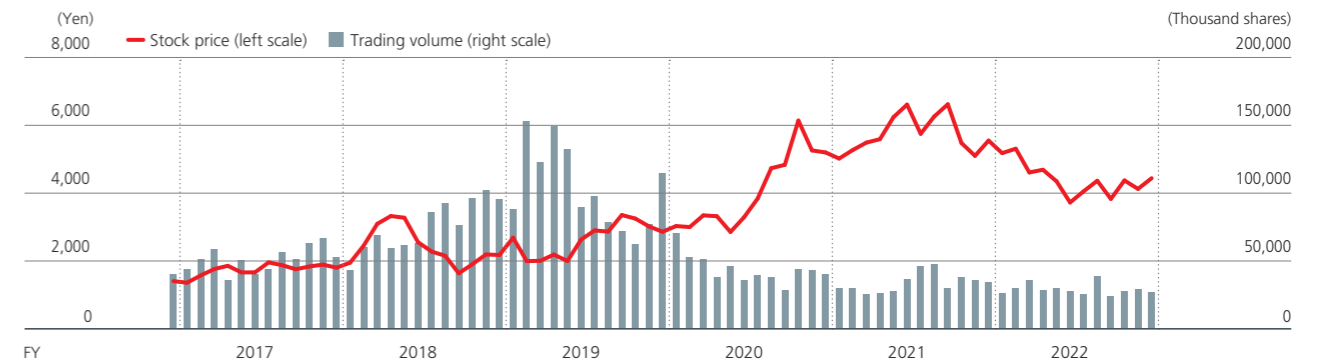
*Figures are rounded down to one decimal place.

Major Shareholders

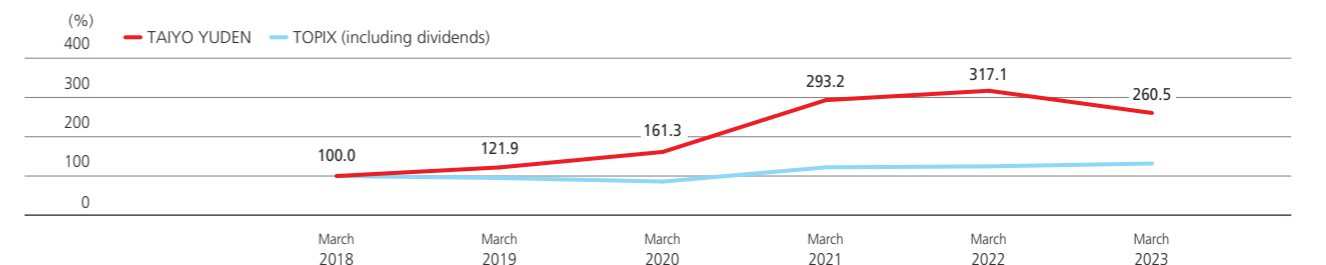
Name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,205,800	30.6
Custody Bank of Japan, Ltd. (Trust Account)	17,667,600	14.1
The Iyo Bank, Ltd.	2,000,100	1.6
Sumitomo Mitsui Banking Corporation	2,000,000	1.6
Sato Traffic Orphan Welfare Fund	1,916,640	1.5
SSBTC CLIENT OMNIBUS ACCOUNT	1,868,874	1.4
STATE STREET BANK WEST CLIENT - TREATY 505234	1,827,000	1.4
Nippon Life Insurance Company	1,666,450	1.3
JP MORGAN CHASE BANK 385781	1,638,945	1.3
The Nomura Trust and Banking Co., Ltd.(Trust Account)	1,618,300	1.2

Notes 1. The Company holds 5,610,298 shares of treasury shares, but it is excluded from the list of major shareholders on the left.
2. Shareholding ratio is calculated excluding the number of treasury shares.
3. Figures are rounded down to one decimal place.

Stock Price/Trading Volume



Total Shareholder Return (TSR)



TAIYO YUDEN CO., LTD.

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