► Value Creation Story Strategies for the Creation of Value Foundation Underpinning Value Creation Corporate Data

TAIYO YUDEN INTEGRATED REPORT 2023

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

Materiality (Key Issues) Identification Process



Establish mission and reaffirm management philosophy and vision

TAIYO YUDEN celebrated its 70th anniversary in 2020. To mark this occasion, it established a new mission of "stronger and more socially aware through the wonders of science," which is to be pursued unchanged and perpetually to become a centennial company. In addition, we reaffirmed our management philosophy, which is our value, and our vision.



Extract issues and initiatives relating to economic and social values

During the discussions in Step 1, we recognized that increasing corporate value perpetually requires increasing not only economic value but also social value. In the process of formulating medium-term management plan 2025, we reviewed and extracted issues and initiatives related to economic and social values that we had been aware of.

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.



Gauge the demands and expectations of stakeholders

We engaged (held constructive dialogue) with shareholders, investors, customers, business partners, employees, and other stakeholders to gauge their demands and expectations for TAIYO YUDEN and the extent to which we can make a contribution.



Set priority order and extract issues as materiality

Based on the details outlined through Step 3 (issues extracted, demands and expectations for TAIYO YUDEN, extent of feasible contribution, degree of relevance to the business, etc.), we extracted issues that the Company should continue to prioritize.



Approve materiality

We identified a set of issues as materiality in the course of the numerous discussions among management. Materiality was then approved by the Board of Directors and announced.

Materiality and Priority Measures

Catagory		Matariality (Kay Issues)	SDCs Towarts	Medium-term Management Plan 2025	Medium-term Management Plan 2025 KPIs		Plan 2025 KPIs	Evample Initiatives in EV2022	Doloted Dogge
	Category	Materiality (Key Issues)	SDGs Targets	Priority Measures	Item	Target	FY2022 Actual	Example Initiatives in FY2022	Related Pages
		Strengthen core technologies to make our core business grow	Goal 7: Affordable and Clean Energy Goal 9: Industry, Innovation and Infrastructure	Product Strategy Further grow the MLCC business and strengthen inductor and communication device products to turn them into core businesses				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
Econ	omic Value			Market Strategy Increase the proportion of sales in focus markets, primarily automotive and IT infrastructure/industrial equipment, to 50%	Net sales Operating margin ROE ROIC	480.0 billion yen 15% or higher 15% or higher 10% or higher	319.5 billion yen 10.0% 7.5% 5.9%	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
				Financial Strategy Continuously expand production capacity to meet increase in demand for electronic components				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		-				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 Mon 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	Strengthen measures to address climate change	Goal 6: Clean Water and Sanitation 12 Source Consumption and Production 13 Source Consumption and Production Goal 13: Climate Action	Accelerate our efforts with numerical targets to improve our social value	GHG emissions (FY2030) *Absolute amount, compared with FY2020	42% reduction	18.3% reduction	 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
		Use resources effectively and contribute to create recycling society			Waste Water usage *Basic unit, compared with FY2020	10% reduction 10% reduction	12.6% increase 4.5% reduction	Reduced waste at production bases through revisions to production methods Reduced water consumption at production bases through optimization of facilities that supply water	
		Achieve health-oriented manage- ment and work style reforms at safety first workplace	Goal 3: Good Health and Well-being Sould 5: Gender Equality 8 BENDER STATES Goal 8: Decent Work and Economic Growth		Incidence rate of injuries and illness Accident frequency rate	< 0.016 < 0.08	0.015 0.07	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
	(S) Social				Work engagement	2.5 or higher	2.28	 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 	▶ p.81 Human Resources Strategy
					Rate of newly recruited female graduates	30% or higher	35%*	Hosted company information sessions and 1-day work experiences for women Participated in recruitment events for female students	
		Train and develop human resources based on the diversity policy			Female manager ratio (FY2030)	10% or higher	4.2%*	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	
			Goal 11: Sustainable Cities and Communities Goal 16: Peace, Justice, and Strong Institutions	-	-	-	-	Carried out Evaluation of Board of Directors' Effectiveness using external evaluation organization	▶ p.56 Governance
	(G) Governance	Improve management quality to support business growth						Made lists of laws/regulations and risks by organizational unit, and drafted and implemented mitigation measures Regularly held meetings of the Information Security Committee to deliberate on the companywide security policy and important measures and to share incidents Strengthened information security (including implementation of suspicious email drills, introduction of information leakage prevention tools, etc.)	▶ p.63 Compliance and Risk Management
		Establish and evolve BCM for disaster and infectious disease						Revised and improved the Group Business Continuity Provisions synchronized with the amendment of the Risk Management Manual As measures to combat COVID-19, in the first half of the year continuously held meetings of the BCP Committee and in the second half of the year when stabilization of the situation was confirmed stopped holding the regular meetings Started offering a priority telephone for times of disaster at each base inside Japan	