

# 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	<div> Goal 7: Affordable and Clean Energy</div> <div> Goal 9: Industry, Innovation and Infrastructure</div>	<div>• Product Strategy Further grow the MLCC business and strengthen inductor and communication device products to turn them into core businesses</div>	Net sales	480.0 billion yen	319.5 billion yen	<div>Initiatives for the development and stable supply of high-quality smart products that reduce environmental impact</div> <div>• Capacitors: Strengthened the product appeal of high-reliability MLCCs and shifted to large shaped products</div> <div>• Inductors: Expanded our lineup of power inductors and improved our item mix</div> <div>• Communications devices: Development of next-generation products for use in 5G mobile communications</div>	<div>▶ <a href="#">p.38 At a Glance</a></div>				
				<div>• Market Strategy Increase the proportion of sales in focus markets, primarily automotive and IT infrastructure/industrial equipment, to 50%</div>				Operating margin		15% or higher	10.0%	<div>• Expanded our supply capacity through production capacity increase, and expanded sales in the high added value zone for automobiles and IT infrastructure/Industrial equipment</div> <div>• Expanded the proportion of sales in focus markets to 52%</div>	<div>▶ <a href="#">p.18 Medium-term Management Plan 2025</a></div>
				<div>• Financial Strategy Continuously expand production capacity to meet increase in demand for electronic components</div>				ROE		15% or higher	7.5%	<div>• Constructed and completed a MLCC materials building at the Yawatabara Plant</div> <div>• Constructed new plants to increase MLCC production capacity in China and Malaysia</div> <div>• Increased MLCC production capacity by 10–15% compared to the previous year</div>	
		Create solutions to solve social issues	—			ROIC	10% or higher	5.9%	<div>• 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</div> <div>• Won the Ministry of Land, Infrastructure, Transport and Tourism’s FY2023 Bicycle Use Promotion Achievers Award for the regenerative electric assist system</div>	—			
Social Value	(E) Environment	Strengthen measures to address climate change	<div> Goal 6: Clean Water and Sanitation</div> <div> Goal 12: Responsible Consumption and Production</div>	<div>• Accelerate our efforts with numerical targets to improve our social value</div>	GHG emissions (FY2030) *Absolute amount, compared with FY2020	42% reduction	18.3% reduction	<div>• Improved energy-efficiency for production and infrastructural equipment and expanded introduction of renewable energy</div> <div>• Increased information disclosure in line with TCFD (Safety &amp; Environmental Report 2023, Integrated Report 2023, etc.)</div> <div>• Certified as an A List company, the highest evaluation, by international environmental not-for-profit organization CDP</div>	<div>▶ <a href="#">p.67 Environmental Activities</a></div>				
		Use resources effectively and contribute to create recycling society	<div> Goal 13: Climate Action</div>		Waste Water usage *Basic unit, compared with FY2020	10% reduction 10% reduction	12.6% increase 4.5% reduction	<div>• Reduced waste at production bases through revisions to production methods</div> <div>• Reduced water consumption at production bases through optimization of facilities that supply water</div>					
	(S) Social	Achieve health-oriented management and work style reforms at safety first workplace	<div> Goal 3: Good Health and Well-being</div> <div> Goal 5: Gender Equality</div>		Incidence rate of injuries and illness Accident frequency rate	< 0.016 < 0.08	0.015 0.07	<div>• 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)</div> <div>• Verified the risks of all work handling heavy objects, and revised and strengthened measures to reduce the risks</div>	<div>▶ <a href="#">p.77 Social Activities</a></div>				
		Train and develop human resources based on the diversity policy	<div> Goal 8: Decent Work and Economic Growth</div>		Work engagement	2.5 or higher	2.28	<div>• Increased management training, harassment training, etc.</div> <div>• Officially introduced the work-from-home system in normal times</div> <div>• Promoted initiatives for each of the Focus 5 health indicators of diet, non-smoking, exercise, sleep, and stress</div>					
			(G) Governance		Improve management quality to support business growth	<div> Goal 11: Sustainable Cities and Communities</div> <div> Goal 16: Peace, Justice, and Strong Institutions</div>	Rate of newly recruited female graduates	30% or higher	35%*	<div>• Hosted company information sessions and 1-day work experiences for women</div> <div>• Participated in recruitment events for female students</div>	<div>▶ <a href="#">p.81 Human Resources Strategy</a></div>		
		Female manager ratio (FY2030)					10% or higher	4.2%*	<div>• Added a KPI (female manager ratio of 10% or higher by FY2030)</div> <div>• Newly established the Diversity Development Section (Its systems were strengthened as the Diversity Development Department in FY2023)</div> <div>• Implemented diversity training (for the top executives and the management section general managers)</div> <div>• In partnership with labor unions, hosted workshops related to the promotion of women’s participation and advancement in the workplace</div>				
	Establish and evolve BCM for disaster and infectious disease	—			—	—	—	<div>• Carried out Evaluation of Board of Directors’ Effectiveness using external evaluation organization</div> <div>• Made lists of laws/regulations and risks by organizational unit, and drafted and implemented mitigation measures</div> <div>• Regularly held meetings of the Information Security Committee to deliberate on the companywide security policy and important measures and to share incidents</div> <div>• Strengthened information security (including implementation of suspicious email drills, introduction of information leakage prevention tools, etc.)</div> <div>• Revised and improved the Group Business Continuity Provisions synchronized with the amendment of the Risk Management Manual</div> <div>• 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</div> <div>• Started offering a priority telephone for times of disaster at each base inside Japan</div>	<div>▶ <a href="#">p.56 Governance</a></div> <div>▶ <a href="#">p.63 Compliance and Risk Management</a></div>				

\*As of April 1, 2023