

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

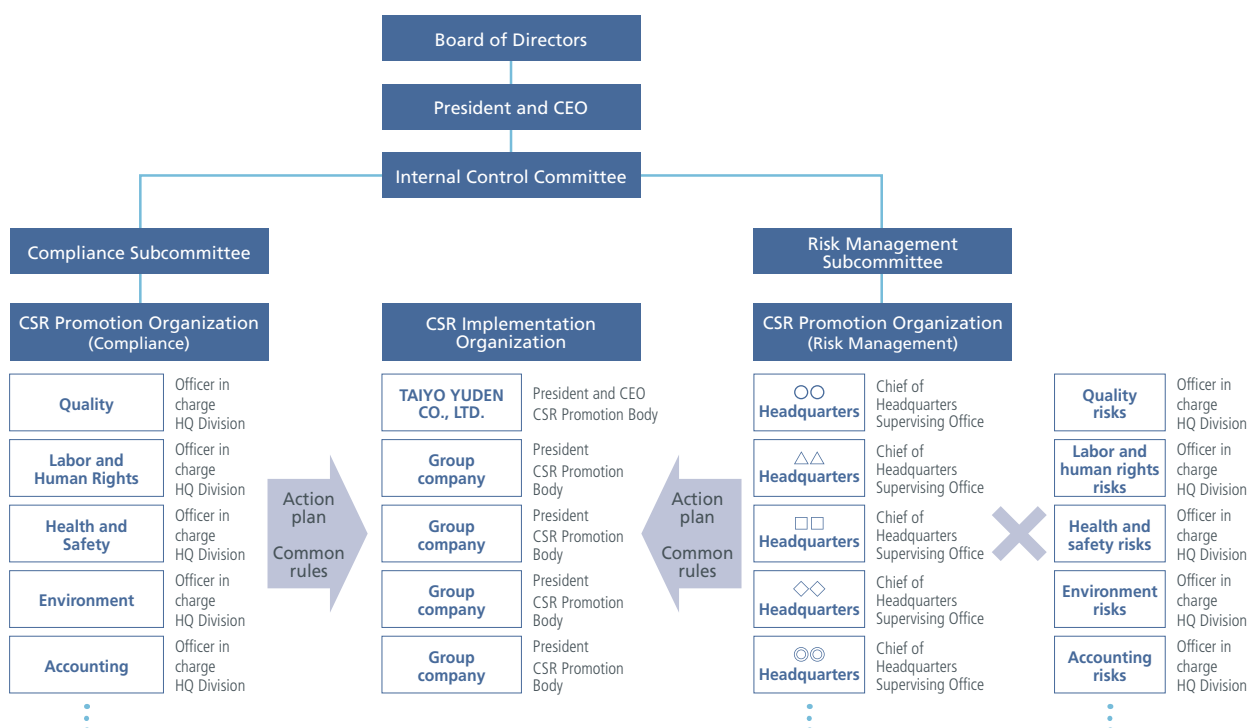
<https://www.yuden.co.jp/or/company/sustainability/management/rule/>

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
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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
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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
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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.