

Risk Management and Compliance

Basic Policy

TAIYO YUDEN believes that in order for a company to achieve sustainable growth, it is important to meet the demands and expectations of stakeholders, appropriately manage anticipated risks, fulfill social responsibilities by contributing to social development, and gain widespread social trust.

Therefore, at TAIYO YUDEN, we define CSR as “compliance, risk management, and contribution to society,” and define CSR activities as activities related to compliance and risk management in accordance with the “CSR Charter (TAIYO

YUDEN Group Charter on Social Responsibility)” and “CSR Code of Conduct (TAIYO YUDEN Group Code of Conduct on Social Responsibility),” which we are implementing across the entire Group.

CSR Charter

<https://www.yuden.co.jp/en/sustainability/governance/compliance/charter/>

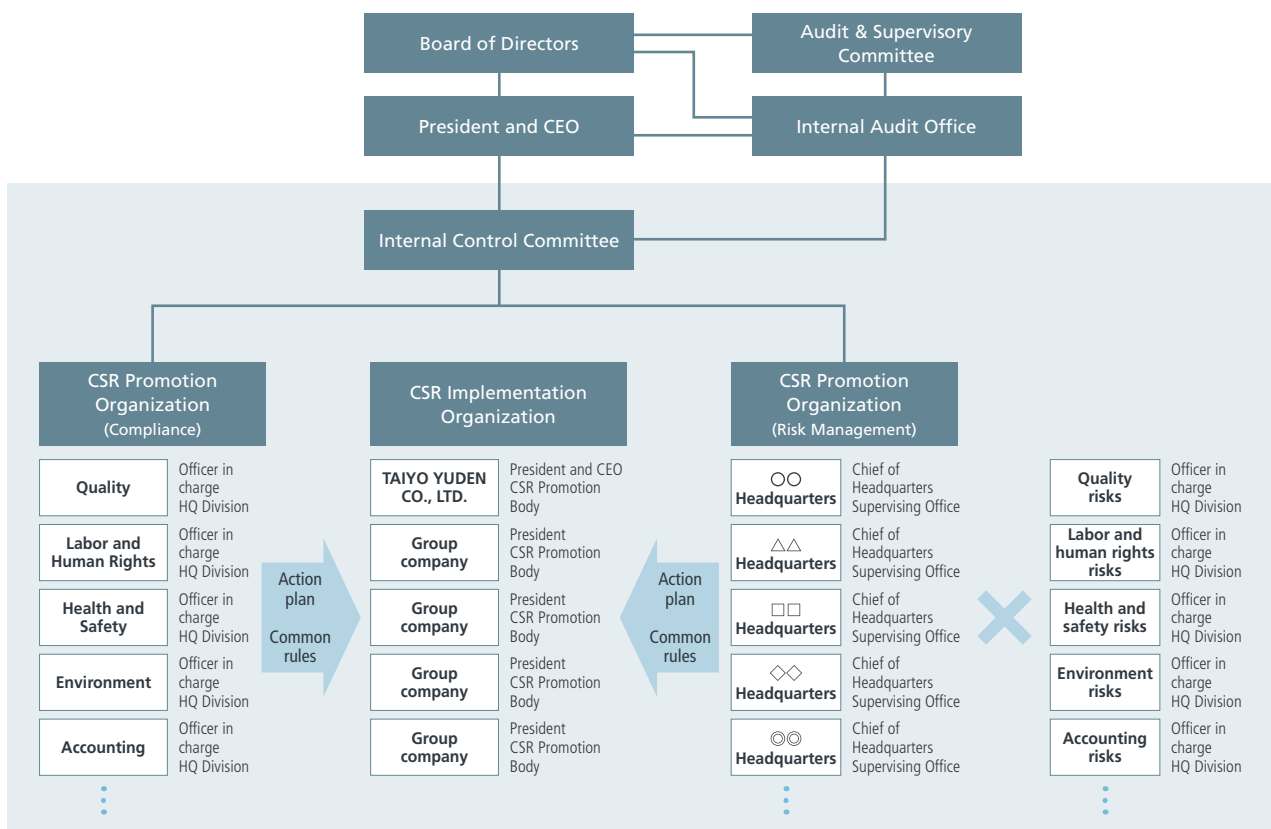
CSR Code of Conduct

<https://www.yuden.co.jp/en/sustainability/governance/compliance/rule/>

Promotion System

TAIYO YUDEN’s CSR activities are overseen by the Internal Control Committee, and compliance promotion activities are operated by a system in which executives and HQ departments are appointed for each article of the CSR Code of Conduct as promotion organizations, and each Group company implements activities according to the activity policies and group-wide rules provided by them.

Risk management activities are operated by a system in which each division takes responsibility for promoting appropriate risk identification, evaluation, and countermeasures by each Group company, based on the major risks and countermeasures indicated by the executives and HQ departments appointed for each target risk.



ESG / Governance

Risk Management

Risk Management Goals

We aim to minimize losses and maximize profits and corporate value by identifying risks in overall company management, implementing effective preventive measures and response measures in the event of occurrence based on the evaluation of impact and probability of occurrence, according to the magnitude of the risk.

Risk Management Activities

We list legal regulations that must be complied with and risks that affect business activities, and plan and implement compliance procedures for legal regulations and risk reduction measures. We also add new legal regulations and risks to the list as needed, and re-evaluate existing legal regulations and risks annually to ensure that their compliance procedures and reduction measures are appropriate, striving to thoroughly comply with legal regulations and prevent and minimize the occurrence of risks.



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.

 <p>Distribution management <A2></p>	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.
 <p>Natural disasters <B2></p>	<p>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.</p> <ul style="list-style-type: none">■ Ensuring sufficient inventory to last until production lines recommence operations■ Ensuring global distribution of production bases■ Ensuring diversification of materials suppliers

Compliance

Aim of Compliance Promotion

We are working on activities with the aim of ensuring compliance by extracting laws, regulations, and rules and appropriately understanding the compliance status.

Compliance Activities

We have designated departments responsible for each unit of content in the TAIYO YUDEN Group “CSR Code of Conduct” and are implementing compliance activities.

To Deepen Understanding of the TAIYO YUDEN Group

“CSR Code of Conduct,” we have created a “CSR Code of Conduct Handbook” that expresses the code of conduct in concise documents and illustrations in 11 languages (Japanese, English, Simplified Chinese, Traditional Chinese, Korean, Malay, Thai, Vietnamese, Indonesian, Nepali, Burmese) and distributed it to all executives and employees. We conduct group training for all relevant employees at times such as when joining the company or being promoted, and conduct annual e-learning for all employees.

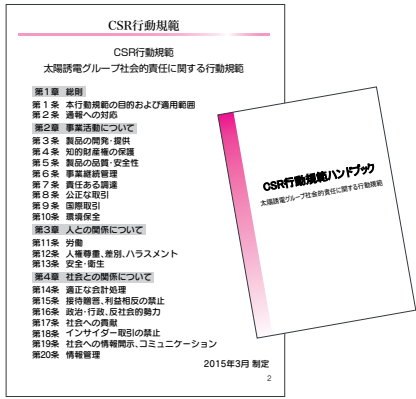
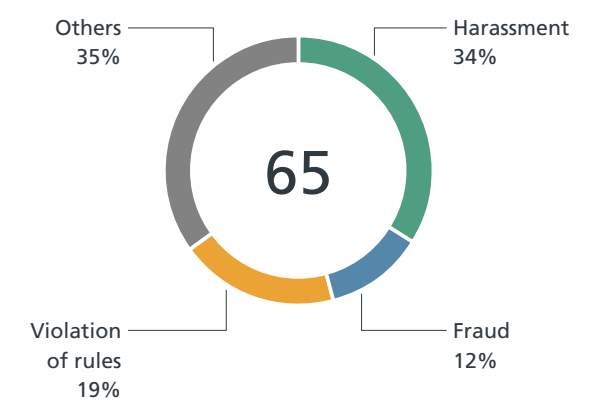
Internal Reporting System

The TAIYO YUDEN Group has introduced an internal reporting system with the aim of early detection and correction of acts that violate or may violate the “CSR Code of Conduct,” such as socially inappropriate or illegal entertainment and gifts, bribery, relationships with antisocial forces, and facilitation payments.

We have established internal reception desks at TAIYO YUDEN and domestic and overseas affiliated companies, as well as external reception desks that can handle local languages and multiple languages. It is also possible to report or consult directly with the Audit and Supervisory Committee desk. We have established rules for managing matters that identify whistleblowers, prohibiting retaliation against whistleblowers, and prohibiting the search for whistleblowers, and we operate with full consideration for the protection of whistleblowers, while also allowing anonymous reports.

The internal reporting system is publicized through the company's internal website, posters displayed in the company, distribution of leaflets, and annual education for all employees. In fiscal year 2023, we received 65 reports through the TAIYO YUDEN Group common desk and individual subsidiary desks.

Number of whistleblowing cases in fiscal 2023



CSR Code of Conduct Handbook