

ESG / Social Activities

Message from the Officer in charge



We promote the implementation of human resources strategies to train future leaders and foster diversity and sustainability in the organization

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

The Key to Achieving the Mission Lies in Human Resource Strategies

TAIYO YUDEN has formulated the medium-term management plan 2025 to fulfill our management philosophy, vision, and mission, “Stronger and more socially aware through the wonders of science.” We are promoting implementation of human resource strategies to achieve the targets set forth in the plan, focusing on human resources agenda i.e., “training future leaders,” “promoting diversity” and “building a sustainable organization.”

Training Future Leaders is a Pressing Challenge

In recent years, the Board of Directors has been discussing the need to train future leaders. For the past several years, we have made little progress with transitioning to a younger generation of officers, and an increasing number of new general manager/manager-level employees are assuming their positions at an older age. In order to expedite the transition to the next generation of leaders, we are currently building a system to strategically appoint leaders by defining the age group of candidates for each position and are pushing ahead with the training of employees in these specific age groups to expand the candidate pools.

As for the promotion of diversity, our focus is to train female employees and appoint them to management positions, as well as to reform our corporate culture. Under the leadership of the Diversity Development Department, which was established in 2023, we are advancing our efforts to transform employees' mindsets to eliminate unconscious biases and stereotypes by holding events to coincide with International Women's Day, implementing a mentorship program, and more. As a result, the percentage of female managers is steadily increasing toward the target of "having at least 10% of management positions being held by women by FY2030," as outlined in the medium-term management plan 2025. On a qualitative side, we also notice that our corporate culture is gradually changing.

For the other challenge, “building a sustainable organization,” we are advancing our efforts to enhance our organizational system by training employees to promote digital transformation and improving the management skills of managers and supervisors.

Work Engagement Steadily Improving, Supported by Multiple Measures

In addition to our aforementioned efforts to build an organizational environment and training systems to address human resource issues, we have set quantitative targets for work engagement under the medium-term management plan 2025. For these targets, we selected indicators that impact the company's financial results and outcomes among those that measure our employees' motivation toward their work and the pride they take in it. Given that our previous year's survey indicates that highly stressed employees show low work engagement, in FY2024, we will share the cluster analysis results with departments with highly stressed employees and discuss countermeasures to further improve the scores, as well as continue to provide management training to employees in management and supervisory positions.

Working with the Entire Supply Chain to Promote Respect for Human Rights

In tandem with employee training and relevant actions, we have been encouraging respect for human rights by involving our supply chain. As part of this initiative, we are promoting compliance with the Code of Conduct advocated by the RBA (Responsible Business Alliance), which is an alliance of companies that promote social responsibility in global supply chains. TAIYO YUDEN's main locations inside and outside Japan regularly undergo the RBA-VAP audit, which is a third-party assessment of compliance with the RBA Code of Conduct, as well as human rights audits by our customers.

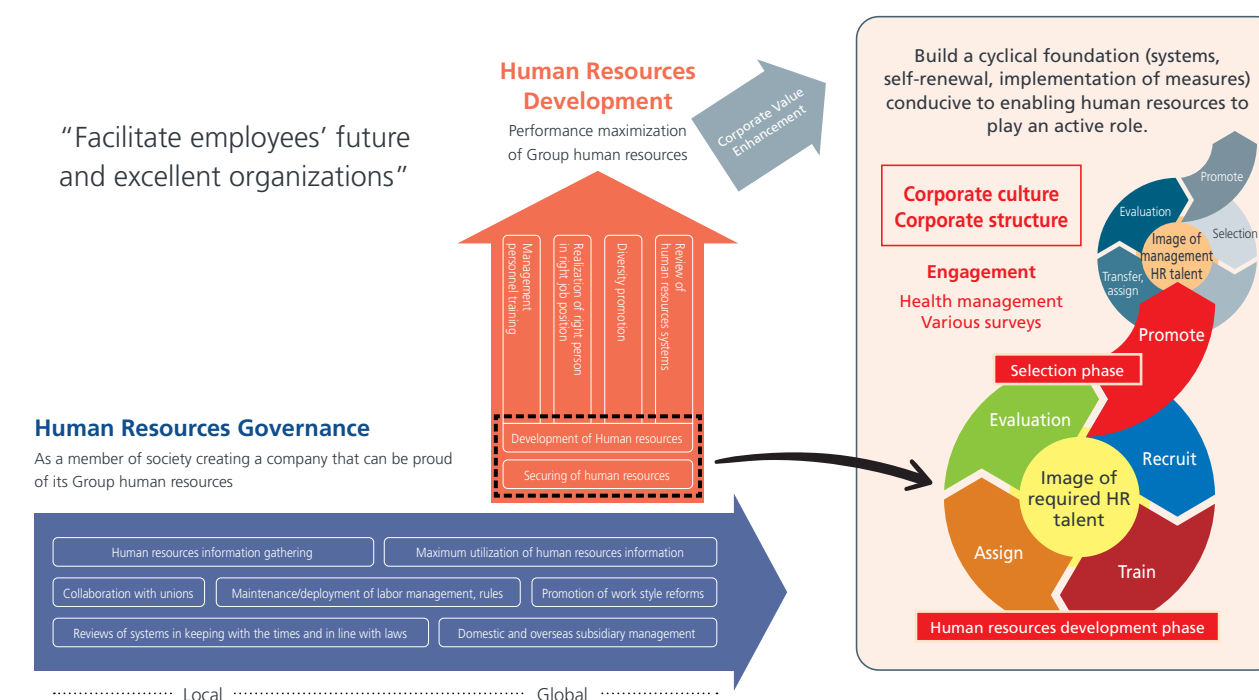
We will continue to support each employee to grow and to promote human rights measures to help enhance our corporate value, and ultimately fulfill TAIYO YUDEN's mission, management philosophy and vision.

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

The sustainable growth of the TAIYO YUDEN Group requires leaders who can drive the company and organization, so we call for leadership that fully utilizes each employee's strengths. 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.

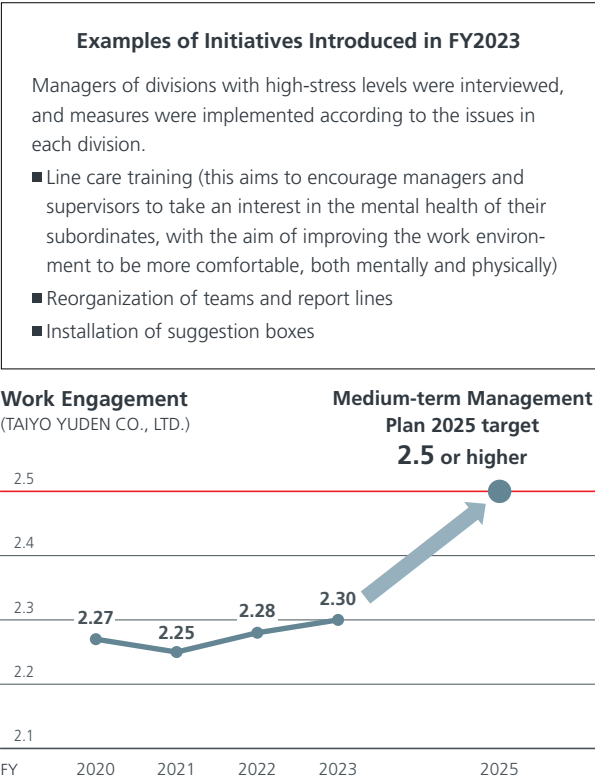
Through these initiatives, we aim to develop human resources who think, take action, and carve out business themselves. Moreover, we are aiming for the kind of human resources group in which each and every one of our employees can tackle their work with vitality, break out of their shells, and further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

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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 FY2023 were 2.30. 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.

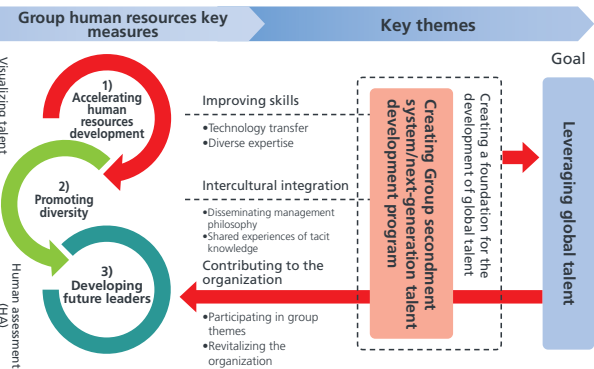


Key Measures

(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 joining our company, we focus on cultivating young employees during their first five years. We aim to develop talents who can create a sense of purpose in their work and achieve results by involving others. We also aim to develop leaders who can drive the organization and conduct various forms of training and instruction to achieve this.

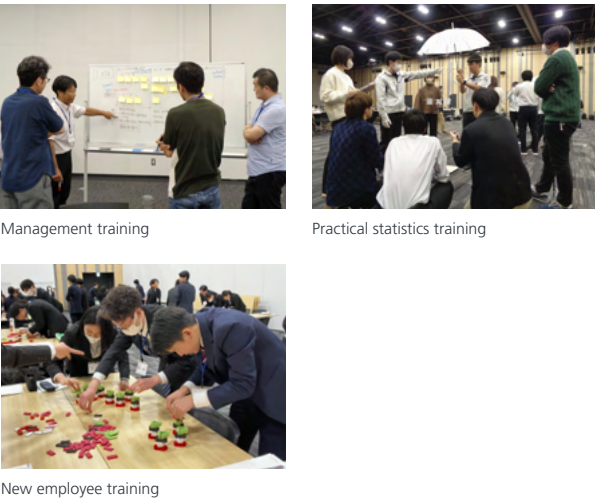
Furthermore, to nurture human resources who will support the Group's growth, we also conduct inter-site exchanges where employees from overseas bases work at domestic sites.



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

	FY2021	FY2022	FY2023
Total training expenses (Unit: 1,000 yen)	182,307	230,026	258,541
Training expenses per employee (Unit: yen)	62,600	79,237	90,620

Examples of Training Carried Out in FY2023



Training Systems

Position Level	Position Level-Specific Training	Selective Training	Education in Skills Required of All of the Employees	Self-Development Support	Career Design
Management Level	Training for Newly Appointed Subsidiary MD Management Training Business Administration	Global Leadership Program Leader Training	Business Skills Education (coaching/facilitation/Business literacy)	Acquisition of Qualifications	Life Plan Training
Middle Level	Logical Thinking Financial Accounting	Working Doctors Scheme/Study Abroad	Digital Human Resources Training (IT, software/statistics/AI)	Correspondence Education	Career Plan Training
Junior Level	Quality Control Fundamental Knowledge Establishment Training (Second to fifth year after joining the company)		Manufacturing Personnel Education (quality education/5S/7M)	Foreign Language	
Entry Level	Factory On-Job Training New Employee Training				

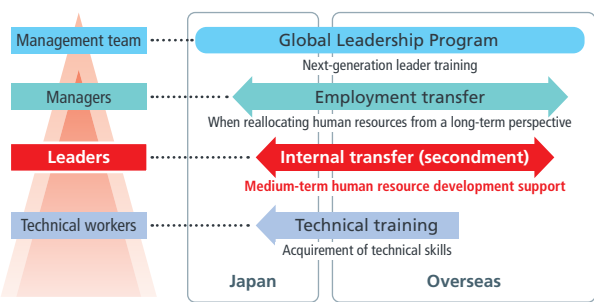
[Promoting Interaction between the Bases for Human Resource Development]

As part of the materiality of the medium-term management plan 2025 that stipulates the need to “train and develop human resources based on the diversity policy,” we are nurturing human resources that will support the growth of the TAIYO YUDEN Group's future by promoting interaction between the bases for human resource development, in which employees from overseas sites are dispatched to work at domestic sites for a few years to accumulate work experience.

For the target management candidates of overseas sites, this opportunity not only enhances their own expertise but also enables them to create connections with other divisions, understand the decision-making and workflow of Japanese sites, and acquire business skills in the Japanese language. For those on the receiving side, working with expatriates from

overseas sites as colleagues or subordinates offers an opportunity for in-depth cross-cultural interactions. These interactions will help them recognize their local perspectives and promote the TAIYO YUDEN Group's further globalization.

Global Human Resource Mobility Scheme



VOICE

Using knowledge and experience gained in Japan to elevate skills for the entire site

In Japan, I learned the workflow from new product design through to launch and was put in charge of actual product design. I also learned at design and development study sessions and technical meetings for product development, where I learned about approaches to problem-solving. At the Philippine site where I work, I am currently involved in the transfer of production from Japan, and there are now plans to begin producing products that I have designed and developed.

I will continue leveraging the knowledge and experience that I gained back in Japan to contribute to issues such as problem analysis while also sharing points that need confirmation at each process with fellow engineers to elevate skills for the entire site.



Christian E. Legaspi
TAIYO YUDEN (PHILIPPINES)

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(2) Promoting Diversity

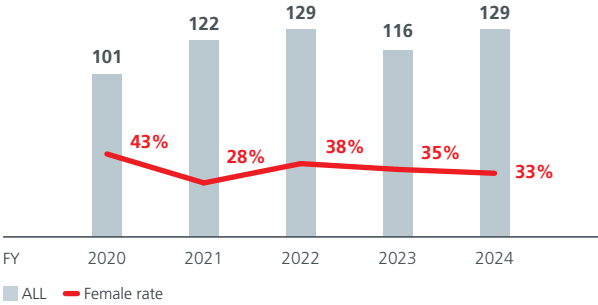
TAIYO YUDEN believes that promoting the advancement of women, who are the largest minority group, is the highest priority issue in achieving diversity management. In the medium-term management plan 2025, the established target rate of newly recruited female graduates is 30% or more, and the target for the female manager ratio is 10% or higher (FY2030). In detail, measures will be implemented in three directions: “promotion of recruitment and active participation of diverse human resources,” “promotion of flexible working styles,” and “mindset reform and development of a corporate culture.” Along with attaining these targets, we also actively promote the development of environments that will enable many motivated women to play an active role without any gender constraints.

We have also established targets for recruiting disabled people and are making active efforts toward this. Furthermore, we are creating and expanding work opportunities for disabled people and providing support to enable them to work with peace of mind.

Action Plan for Women’s Empowerment:

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

Number of New Graduates Hired (TAIYO YUDEN CO., LTD.)



[Awareness-Raising Activities]

We communicate information through training and group newsletters. In FY2023, we conducted diversity training catered to each position level for all employees. In March 2024, we held an employee networking event to coincide with the United Nations International Women’s Day. This event shared a video message from a female leader playing an active role at overseas sites and became an opportunity for active communication across different sites and divisions.

[Childcare Support System]

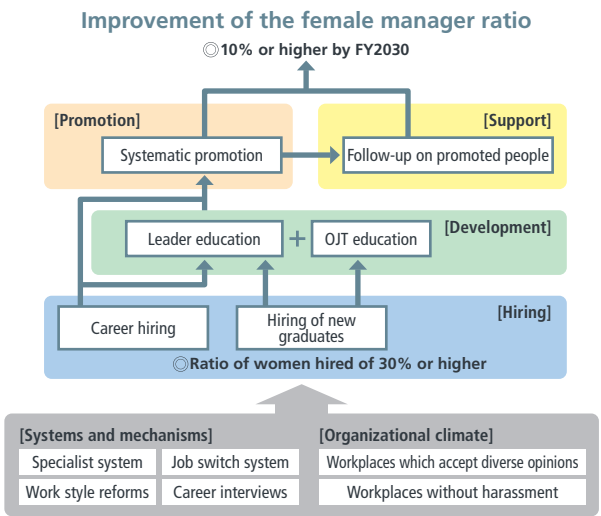
The support system for balancing careers and childcare offers parental leave that exceeds legal requirements. To support the use of the parental leave system and participation in childcare, the “Career and Childcare Support Guidebook” is distributed to male employees with newborns. At the same time, those in management positions are provided with a guidebook for supervisors and e-learning to enable them to support their subordinates in balancing work and childcare.

[Career Transition Program]

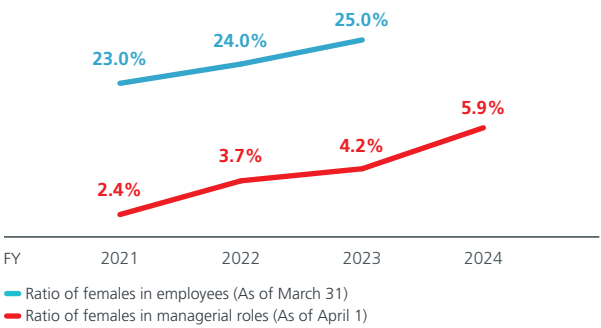
To expand opportunities for female employees, we have developed a system that enables employees in clerical positions to transfer to general positions. This initiative is promoted through training. We also support motivated employees in achieving further career growth through their roles.

Overall Picture of Implemented Measures

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



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



Employee networking event



Career and Childcare Support Guidebook

[Promotion of Employment of Disabled People]

We promote the employment and retention of disabled people. One element of this initiative was the opening of a café and bakery at the Takasaki Global Center in 2023. Through the provision of fresh bread and cafe menu, not only the understanding of disability employment is promoted, but employee benefits are also enhanced. We are expanding this initiative to other locations as well to expand opportunities for disabled people to thrive.

(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 a System Incorporated in FY2023

- Developing a Future Leader System
 - Assessments are conducted for listed executive candidates to analyze their suitability and characteristics as management objectively
 - Feedback is offered for assessment results, along with the creation of development plans and personalized training according to the plan

Work Style Reforms

TAIYO YUDEN is working to create a comfortable work environment that enables each employee to maximize their performance. In recent years, we introduced the work-interval system in FY2021 and the work-from-home system in FY2022. The work-interval system is monitored to ensure appropriate

implementation, promote its dissemination, and improve labor management standards. Furthermore, the number of users of the work-from-home system has steadily grown and become more established. We will continue to explore new systems while ensuring the effective utilization of existing systems.

Examples of Systems and Initiatives

Work-interval system

This system provides a minimum rest period (interval) between the end of a workday and the start of the next. The adopted interval is 11 hours, which is also the legal standard of EU member states.

Work-from-home system

This system enables employees to work at home, with the aim of promoting work with greater enthusiasm through providing more flexible work style options. It also aims to maintain and improve the work environment and efficiency by reviewing work styles.

(TAIYO YUDEN CO., LTD., as of March 31)		FY2021	FY2022	FY2023
Average length of service				
	Male	17.9 years	17.6 years	17.2 years
	Female	17.5 years	16.6 years	15.8 years
Average number of paid leave days taken				
		14.8 days	15.6 days	16.1 days
Utilization rate of childcare leave				
	Male	—	29%	52%
	Female	100%	100%	100%
Utilization rate of childcare leave / special paid holiday (when spouse gives birth)				
	Male	88%	93%	96%

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.



Focus 5 Trends

(%)

	Definition	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2025 Target
Diet	Ratio of employees with BMI 18.5 or more and less than 25	64.9	64.7	63.1 ↓	65.3
Non-smoking	Ratio of employees with no smoking habits	81.3	82.4	82.9 ↑	83.3
Exercise	Ratio of employees with exercise habits	25.3	26.8	27.9 ↑	28.7
Sleep	Ratio of employees able to take enough rest by sleeping	61.9	62.1	60.5 ↓	78.3
Stress	Ratio of employees not applied for "High stress"	82.3	84.0	84.5 ↑	86.3

*For all five themes, the higher the proportion the better

*The arrows show the changes compared to the previous fiscal year

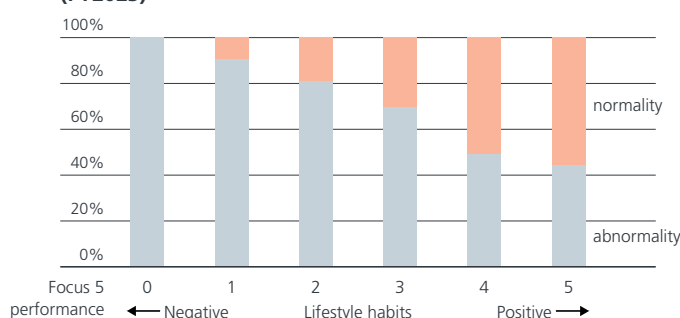
Focus 5 and Health Data

The correlation between the Focus 5 indicators and health data showed that the higher the number of applicable indicators, the fewer abnormalities*¹ during health examination and the less ill health*² during stress checks.

*1 Individuals who meet the reexamination, further examination, and treatment standards of the Japan Society of Ningen Dock in any of the five categories within periodic health checkups (BMI, blood pressure, lipids, blood glucose, and liver functions)

*2 Calculated from the responses to 11 questions regarding one's physical condition in the stress check

Number of applicable Health Examination Result and Focus 5 (FY2023)



Example Initiatives in FY2023

Initiative for Exercise

We held a measurement event under the theme of "walking," which can be done easily by anyone at any time. The event featured a walking posture analyzer and body composition scale. By visualizing one's walking posture, muscle mass, and body fat percentage, we created an opportunity to promote better lifestyle habits through improving daily physical activities.

Measurement event using a walking posture analyzer



Initiative for Sleep

We conducted e-learning aimed at desk workers to promote a correct understanding of sleep and held seminars on sleep for employees who worked shifts and new recruits. Furthermore, a survey was conducted for all employees working shifts—as these employees tend to be plagued with sleep issues—to clarify issues regarding sleep quality and consider measures to improve sleep. The data collected from the survey will be analyzed and reflected in future improvement measures.