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 2030, which began in FY2026, 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

Step 1 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.

Step 2 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. We reviewed and extracted issues and initiatives related to economic and social values that we had been aware of.

Step 3 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.

Step 4 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.

Step 5 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

Category		Materiality (Key Issues)	Medium-Term Management Plan 2030 Priority Measures	Medium-Term Management Plan 2030 KPIs		Related Pages
				Item	Target	
Economic Value		Strengthen core technologies to make our core business grow Responding to social issues through the creation of advanced products and solutions	Product Strategy Increase sales across all categories, including capacitors, inductors, and others, by expanding sales of high-value-added products	Net sales	¥ 480 billion	Medium-Term Management Plan 2030 Business Overview
				Operating margin	15%	
			Market Strategy Increase the proportion of sales in focus markets, primarily IT infrastructure/industrial equipment and automotive, to 60%	ROE	15%	
				ROIC	10%	
Social Value	(E) Environmental	Strengthen responses to climate change	Accelerate our efforts with numerical targets to improve our social value	Carbon neutrality	Achieve by FY2050 (Scope 1 + 2)	Environmental Initiatives
		Effective use of resources and contribution to building a recycling-oriented society		Renewable energy adoption rate	100% by FY2040	
	(S) Social	Health management and workplace innovation in a safety-first workplace		GHG Scope 1 + 2 emissions	42% reduction by FY2030 (vs. FY2020)	
		Diversity-based human resources development and training		GHG Scope 3 emissions	25% reduction by FY2030 (vs. FY2021)	
				Serious occupational accidents	Zero (FY2026–FY2030)	Health and Safety
				HR Well-being Index	Improve 10% or higher by FY2030	Human Resources Strategy
	(G) Governance	Governance that fosters greater stakeholder trust	—	—		Corporate Governance
		Improve management stability to support business growth				Risk Management and Compliance