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 earn the trust of society.

Accordingly, we define the three areas essential to achieving these goals—compliance, risk management, and social contributions, and promote Group-wide initiatives in line with the CSR Charter and CSR Code of Conduct.

CSR Charter
(TAIYO YUDEN Group Charter on Social Responsibility)
CSR Charter / Governance (G) / Sustainability

CSR Code of Conduct
(TAIYO YUDEN Group Code of Conduct on Social Responsibility)
CSR Code of Conduct / Governance (G) / Sustainability

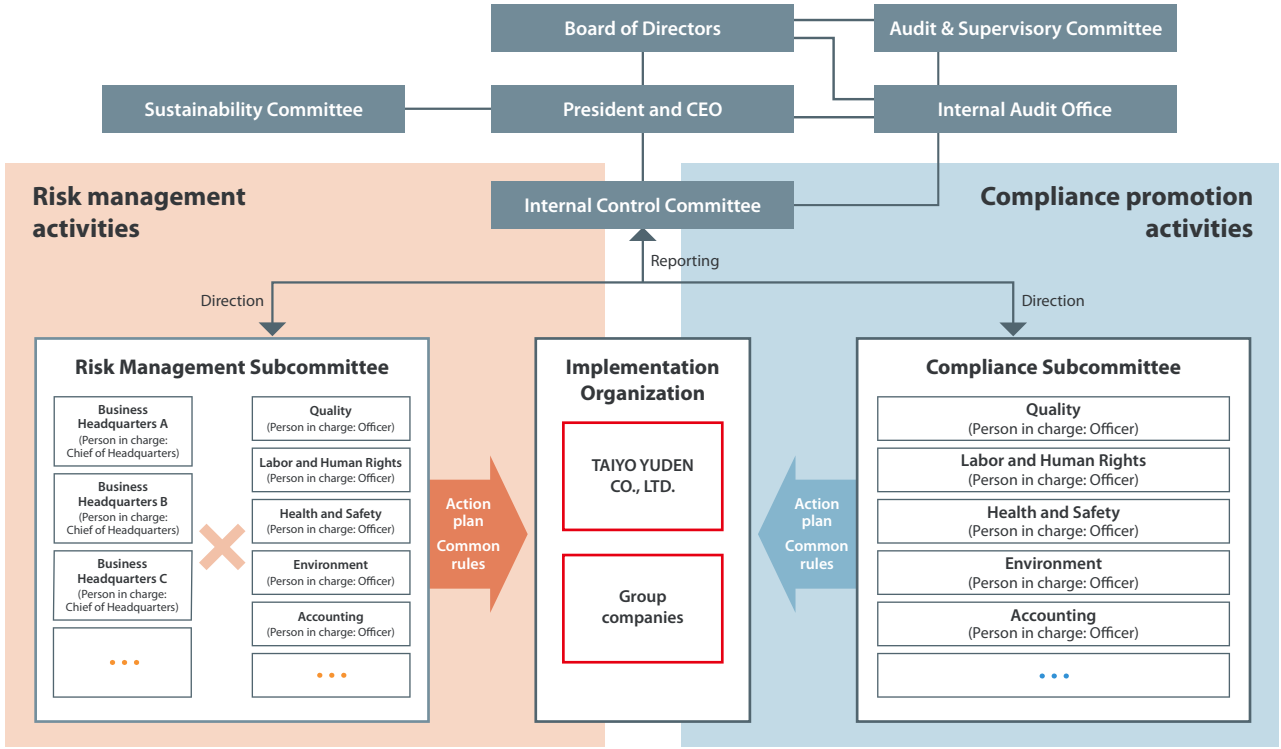
Governance Structure

TAIYO YUDEN CSR activities are based on action plans formulated each year in light of legal, regulatory, and other developments. Finalized plans and results of the previous fiscal year's activities are reported to the Internal Control Committee, which oversees all activities, as well as to the Board of Directors through the President and CEO.

To prepare for potential problems and concerns, we established a system that enables the swift implementation of countermeasures and measures to prevent recurrence, and conduct periodic training sessions for all employees to reduce the likelihood of such occurrences.

In risk management activities, officers in charge and HQ departments appointed for each risk area identify major risks and recommend countermeasures. Based on this policy, each division engages in detailed risk identification and evaluation, and implements appropriate countermeasures.

In compliance promotion activities, officers in charge and HQ departments establish activity policies and Group-wide rules for each provision of the CSR Code of Conduct, and manage and oversee their proper execution by implementing organizations.



Risk Management

Policy

We aim to minimize losses and maximize profits and corporate value by identifying risks in overall company management.

Specific Initiatives

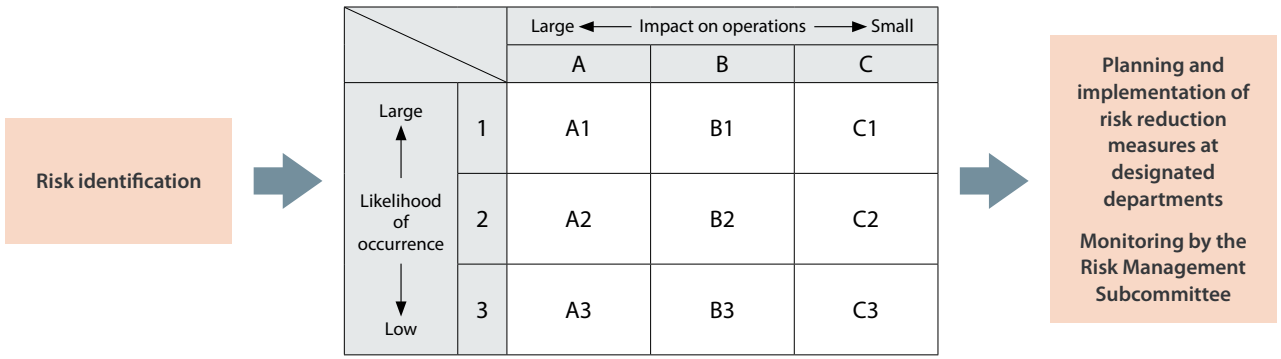
We create a list of risks that affect business activities, and formulate and implement risk reduction measures or risk maintenance and management procedures. These risks are presented in a nine-cell matrix based on operational impact and likelihood of occurrence. As part of our risk management efforts, we re-evaluate the appropriateness of risk reduction measures and maintenance and management procedures annually, and formulate plans for the next fiscal year based on evaluation results.

When new risks arise, we promptly incorporate them into our initiatives and ensure they are addressed.

Business Continuity Plan and Business Continuity Management

In response to the materialization of risks, we activate the Business Continuity Plan (BCP) formulated as part of Business Continuity Management (BCM) and implement business continuity measures. We aim to ensure the safety of our employees, prevent the spread of damage to local communities, safeguard product quality, ensure a stable supply of products to customers, and minimize losses in our business operations. To this end, we formulated a plan that clarifies our continuity policy, system, and execution procedures, and we continuously work to improve this plan.

Risk Assessment Matrix



Examples of Risks and Countermeasures * The risk evaluation shows the location on the risk map.

	Risks	Risk reduction measures	Risk evaluation
Materials procurement	In the event of supply shortages caused by deteriorating political and economic conditions in various countries, the tightening of import and export regulations, and rising demand or other factors leading to higher raw material prices, TAIYO YUDEN Group business performance may be adversely affected.	We are making efforts to increase the number of raw material suppliers to ensure stable supplies and reduce costs. Additionally, with regard to raw materials highly concentrated among specific suppliers, we are making efforts to establish a stable procurement system by entering into long-term supply contracts with these suppliers.	A2
Natural disasters and accidents	In the event of earthquakes, typhoons, floods, and other natural disasters, strikes and other labor disputes, or workplace accidents resulting in operational suspensions or significant damage to production facilities, TAIYO YUDEN Group business performance may be adversely affected.	We are working to establish a BCP system and stable supply system that considers the entire supply chain by implementing the following initiatives and requesting that our suppliers do the same. ■ Ensuring sufficient inventory to last until production lines recommence operations ■ Ensuring global distribution of production bases ■ Ensuring diversification of materials suppliers	A3

Compliance

Policy

We ensure thorough compliance by clarifying applicable laws, regulations, internal rules, and other compliance requirements, while continuously monitoring compliance status and making necessary improvements.

Specific Initiatives

• To deepen understanding of the TAIYO YUDEN Group "CSR Code of Conduct"

To deepen understanding of the CSR Code of Conduct, we created the CSR Code of Conduct Handbook, which explains the code using concise descriptions and illustrations. The Handbook is published in 11 different languages, and distributed to all executives and employees. In addition to providing training for all employees upon joining the Company, we conduct annual training for all executives and employees utilizing e-learning and other methods.

• Prevention of bribery

The TAIYO YUDEN Group strives to prevent socially inappropriate or illegal entertainment and gifts, bribery, and facilitation payments. We established the "TAIYO YUDEN Group Regulations on Entertainment, Gifts, Anti-Bribery, and Conflicts of Interest" and take actions as appropriate based on laws in each country and region.

In particular, we identified the following as bribery risks, then formulated and disseminated appropriate responses:

- Entertainment and gifts to public officials and politicians
- Entertainment and gifts to customers (sales partners and agents)
- Entertainment and gifts from suppliers

In fiscal year 2025, no cases of administrative penalties or criminal punishment related to bribery were confirmed.

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."

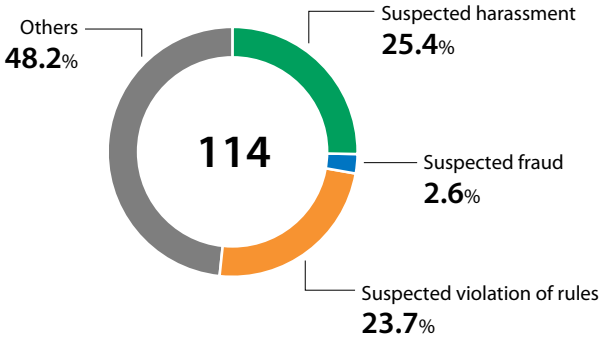
As part of this reporting system, we have established internal reception desks at TAIYO YUDEN and domestic and overseas subsidiaries, as well as external reception desks that provide support in multiple languages, including local languages. Reports and consultations can also be made directly with the Audit and Supervisory Committee desk. To ensure the utmost protection for whistleblowers, we have established rules for managing information that can identify whistleblowers, rules that prohibit retaliation against whistleblowers, and prohibit attempts to identify whistleblowers, while also facilitating anonymous reporting.

We promote the internal reporting system using the Company's internal website, posters displayed in offices, Company newsletters, and annual education for all employees.

We also established a reporting desk on our website so that TAIYO YUDEN Group business partners and other parties outside the Group can report any violations of laws and regulations by Group executives or employees.

In FY2025, 114 reports were received by reporting desks.

Number of Whistleblowing Cases in FY 2025



Note: As percentages are rounded, the total may not add up to 100%.

Tax Policy

The TAIYO YUDEN Group has established a tax policy aimed at ensuring the proper payment of taxes and reducing tax risks in each country and region.

The Group set up a tax management division to oversee tax return information for each Group company, handling everything from the establishment of rules for tax policy implementation, to obtaining risk information. Group companies appoint a tax officer to communicate with the Head Office and address relevant issues. We will also establish a system for gathering information and receiving advice through a network of external experts to address complex tax problems and country-by-country tax regimes. The officer of the Management Planning Headquarters is responsible for tax governance. Critical tax issues are reported to the Board of Directors or an equivalent organization.

Tax Policy

Tax Policy / Governance (G) / Sustainability