Environmental Initiatives

Officer's Message



Shoji Shibasaki
Senior Operating Officer in Charge of 1st Business Headquarters

Toward Carbon Neutrality by FY2050

TAIYO YUDEN's fundamental policy is to enhance corporate value by improving both economic and social value. The Company thus recognizes that responding to environmental issues forms a cornerstone of management that underpins business continuity and growth. In particular, responding to climate change is one of our most important challenges and a responsibility that we must fulfill as a company supplying electronic components globally. Under the Medium-Term Management Plan 2030, we adopted the achievement of carbon neutrality by FY2050 as a clear goal. This plan reconfirms the goal that TAIYO YUDEN aims to achieve, based on the initiatives we have undertaken to date.

To link the Company's response to environmental issues to its management, it is essential to align on-site execution with management decisions and to integrate these efforts in business activities. While determining the priorities for investments and initiatives, we will implement measures across each business division as we aim to achieve carbon neutrality.

Promoting Reduction of GHG Emissions

In moving toward the achievement of carbon neutrality, we have set milestones for FY2030 and FY2040 and are steadily making progress with both business growth and decarbonization. Centering on energy conservation, energy creation, and energy regeneration*1, we will continuously reduce the greenhouse gas (GHG) emissions associated with our business activities. Initiatives geared toward energy conservation and energy creation yielded tangible results during the period covered by the Medium-Term Management Plan 2025. Having determined that the shift to renewable energy is increasingly critical for achieving carbon neutrality, we have set a target of reaching a 100% adoption rate by FY2040. We will advance the introduction of renewable energy in an efficient and sustainable manner toward the achievement of our targets.

As part of our response to climate change, we are also working to reduce Scope 3 emissions. We are expanding the use of actual emissions data from suppliers while advancing a shift to emissions data that reflects our reduction efforts. In conjunction with those efforts, we place great importance on collaboration across the entire supply chain and are holding briefing sessions and providing support to help suppliers understand the importance of decarbonization and to enlist their cooperation in initiatives. Although these are steady, incremental efforts, they will lay a crucial foundation for achieving our Scope 3 emission reduction targets, and I would like to place great importance on a stance that involves moving forward in collaboration with our suppliers.

Initiatives Geared Toward Resource Circulation

At the same time, the effective use and circulation of resources are also important themes. In our business activities, we focus on the efficient use of resources, such as by reducing waste and our water usage. For example, under the Medium-Term Management Plan 2025 we achieved a significant 16.9%*2 reduction in water usage compared with FY2020. We have also begun initiatives to promote resource circulation, including chemical recycling in collaboration with external partners. We will advance steady efforts on an ongoing basis.

To Our Stakeholders

Continuing to take on the challenge of achieving both carbon neutrality and business growth, the TAIYO YUDEN Group will disclose information regarding the progress made and activities conducted toward these targets. Moving forward together with our stakeholders as partners in realizing a decarbonized society, we will advance our efforts in the spirit of co-creation.

*1 Renewable energy procurement
*2 Basic unit

Basic Policy

TAIYO YUDEN aims to be a corporate group that fulfills its corporate social responsibility and continues to grow sustainably for generations to come. We recognize that tackling environmental issues represents one of the most important social responsibilities that TAIYO YUDEN must uphold. As such, we are working to reduce our environmental impact from a global perspective based on our Fundamental Principle of the Environment: "To hand over this precious Earth to future generation, environmental burden in every business activity in research, development and design of the product, procurement of parts and materials, manufacture, sales and associated services shall be reduced."

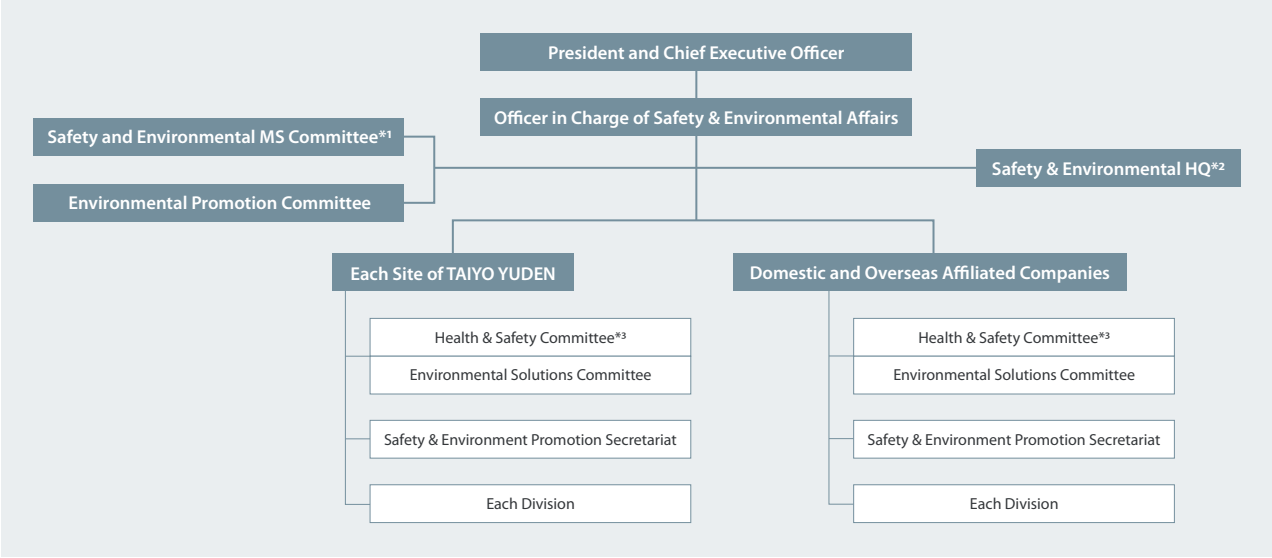
Environmental Policy

Charter / Policy / Environmental (E) / Sustainability

Governance Structure

The officer in charge of safety and environmental affairs, appointed by the President and Chief Executive Officer, is responsible for overseeing the entire TAIYO YUDEN Group, and we have established and operate a framework for promoting the Safety and Environmental Management system (MS).

At their respective meetings, the Safety and Environmental MS Committee and the Environment Promotion Committee discuss and determine policies and issues to be addressed. The managers at each site translate these decisions into specific measures by communicating them, and thoroughly promoting their implementation.



Review of Medium-Term Management Plan 2025

In response to climate change, we aim to reduce GHG emissions by 42% in FY2030 compared to FY2020, and in FY2025 we achieved a 27.6% reduction, making steady progress toward achieving our goal.

Furthermore, with regard to water usage, in FY2025 we targeted a 10% reduction* compared to FY2020. The actual reduction was 16.9%, which exceeded the target. At the same time, regarding the reduction of waste generated, while the FY2025 target was a 10% reduction* compared to FY2020, the actual reduction amounted to 0.9%. Despite yearly improvements, we were unable to realize the benefits of the measures sufficiently and fell short of our target.

Additional details are available in the Safety & Environmental Report.

* Basic unit (production volume)

Safety & Environmental Report

Safety & Environmental Report Available for Download / Sustainability

Results of Efforts to Reduce GHG Emissions

GHG, Energy / Environmental (E) / Sustainability

*1 Decision-making body for the activities of the Safety and Environment Management system. Discusses and decides the activity policies, targets, etc. for the Group as a whole.
*2 Department that promotes the activities of the entire Group.
*3 The Health and Safety Committee elects company and worker representatives.

Medium-Term Management Plan 2030

Under the Medium-Term Management Plan 2030, we will aim to enhance corporate value by focusing on economic and social value, and have identified "Strengthen Responses to Climate Change" and "Effective Use of Resources and Contribution to Building a Recycling-Oriented Society" as environmental material issues. In response to the global issue of climate change in particular, we have set the following targets: achieving carbon neutrality (Scope 1 + 2) by FY2050, reducing Scope 1 + 2 and Scope 3 emissions to align with SBT targets by FY2030, and reaching a renewable energy adoption rate of 100% by FY2040.

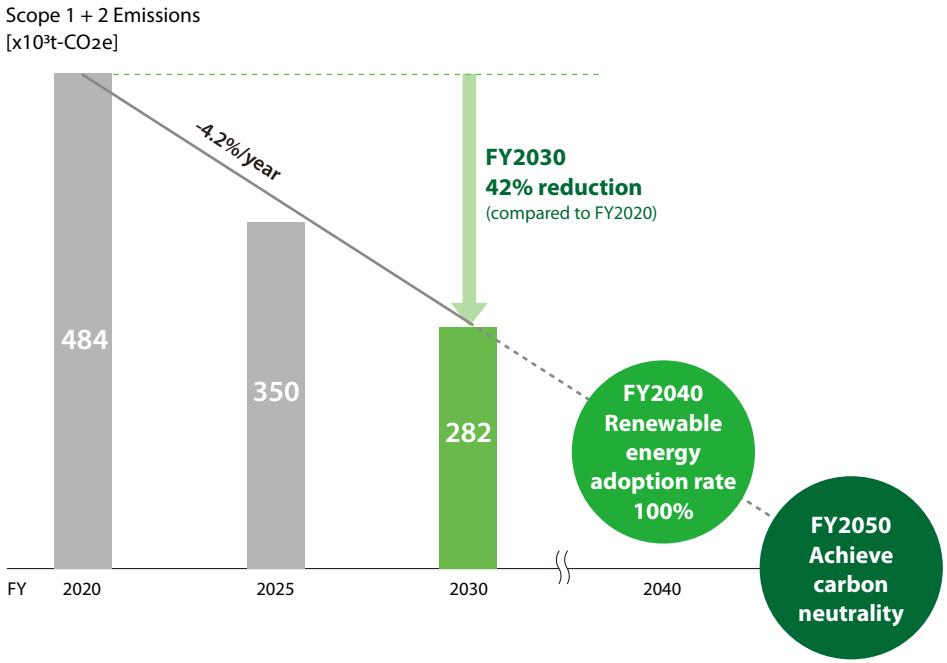
Regarding Scope 1 + 2 emissions, we are making rigorous efforts to achieve our targets by promoting manufacturing based on the concept of decarbonization and pursuing energy conservation, energy creation, and energy regeneration. We are promoting production process improvements, energy conservation through efficiency improvements for production and infrastructure equipment, and the generation of energy through solar panel installation. At the same time, we are expanding procurement of renewable energy and working to secure long-term, stable procurement of renewable energy with additionality through corporate power purchase agreements (PPAs)*.

Regarding Scope 3 emissions, we position as a priority issue the reduction of Category 1 emissions, which account for approximately 70% of total Scope 3 emissions, and are strengthening collaboration with suppliers. For suppliers, we hold decarbonization briefings, regularly conduct interviews on the status of their initiatives, and provide support for calculating GHG emissions.

* A system enabling companies to procure renewable energy and environmental credits through long-term contracts with power producers and other entities.

	FY2025 Results	Targets
Renewable energy adoption rate	33.2%	**by FY2040 100%**
GHG Scope 1 + 2 emissions (compared to FY2020)	**27.6% reduction**	**by FY2030 42% reduction**
GHG **Scope 3 emissions*** (compared to FY2021)	**14.3% increase**	**by FY2030 25% reduction**

* Applicable to Categories 1 and 3



Response to the TCFD Recommendations

TAIYO YUDEN Group conducts scenario analyses on the risks and opportunities that climate change issues pose to society and our business, and formulates business strategies based on the results of these analyses.

Furthermore, recognizing the importance of disclosing climate-related financial information, we are expanding our disclosures in accordance with the TCFD recommendations.

Climate Change Initiatives

Efforts to Address Climate Change / Environmental (E) / Sustainability

Item		Response status
Governance	Governance structure	The Environmental Promotion Committee works toward achieving quantitative targets for addressing climate change issues and monitors performance against those targets. If a target has not been met or is at risk of not being met, the committee analyzes the causes, considers additional measures for improvement, and directs the necessary corrective actions.
	Supervisory and reporting structure	Matters deliberated and decided upon by the Environmental Promotion Committee are reported to the Sustainability Committee, which is its superior committee. The Sustainability Committee, chaired by the President and Chief Executive Officer, meets four times a year, shares information on materiality-related issues, deliberates on measures to address those issues, and reports deliberation results to the Board of Directors.
Strategy	Identification of risks and opportunities	Based on climate change scenarios provided by the IEA, the IPCC, and other sources, we identify and assess climate-related risks and opportunities in our business operations. **Transition risks** • Introducing and raising carbon prices • Strengthening environment-related regulations **Physical risks** • (Acute) Intensifying extreme wind and flood damages • (Chronic) Long-term change in weather patterns **Opportunities** • Acceleration of the shift to xEVs • Increased demand for high-efficiency products • Improved production efficiency • Promotion of climate change-related measures
	Scenario analysis	For climate change-related risks and opportunities that are identified and organized, we conduct analyses using multiple scenarios on themes evaluated as "highly important risks and opportunities" based on the degree of impact on our business, the relevance to our business strategies, and the degree of stakeholder interest.
Risk Management	Management structure	With the Senior Executive Operating Officer in Charge of Safety & Environmental Affairs serving as the person responsible for risk management, matters are reported to and deliberated by the Internal Control Committee through the Compliance Subcommittee and Risk Management Subcommittee, in accordance with the group management system.
	Identification and evaluation process	Risks and opportunities related to climate change are identified based on an analysis of social conditions, interviews with customers and suppliers, and ESG-related dialogues with investors. The identified items, impact assessments are conducted, taking into account financial implications and relevance to our management strategies.
Indicators and Targets	Renewable energy adoption rate	• Target: 100% by FY2040 • Actual result: 33.2% in FY2025
	Scope 1 + 2 emissions	• Target: 42% reduction by FY2030 compared to FY2020 • Actual result: 27.6% reduction in FY2025
	Scope 3 emissions (Category 1, 3)	• Target: 25% reduction by FY2030 compared to FY2021 • Actual result: 14.3% increase in FY2025