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Respect for Human Rights

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Our Approach

Understanding of global trends on human rights issues

Since the UN Human Rights Council adopted the “protect, respect, and remedy” framework, known as the Ruggie Framework, with regard to business and human rights in 2008, a series of international Corporate Social Responsibility (“CSR”) guidelines and UN and EU policies have been introduced in accordance with the framework, and several jurisdictions around the world have enacted laws addressing human rights in the context of international business. Specifically, these include the conflict minerals clause in the US Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in 2010, the Transparency in Supply Chains Act enacted in the US State of California in 2010, the UN Guiding Principles on Business and Human Rights in 2011, the Modern Slavery Act in the United Kingdom in 2015, the EU regulation on conflict minerals in 2017, the Child Labor Due Diligence Act in the Netherlands in 2019, the Due Diligence in the Supply Chain Act in Germany in 2021, and the Transparency Act in Norway in 2021. This trend represents a strong appeal to companies to specifically identify human rights issues in their business activities and take appropriate action.

Our policies for respecting human rights

The TDK Code of Conduct states that “The TDK Group will continue to respect human rights, comply with relevant laws and regulations and international rules, and discharge its social responsibility with a strong sense of ethical values for the purpose of creating a sustainable society.” To this end, the TDK Code of Conduct requires respect for human rights, and we specifically prohibit any form of child labor and forced labor including human trafficking in our supply

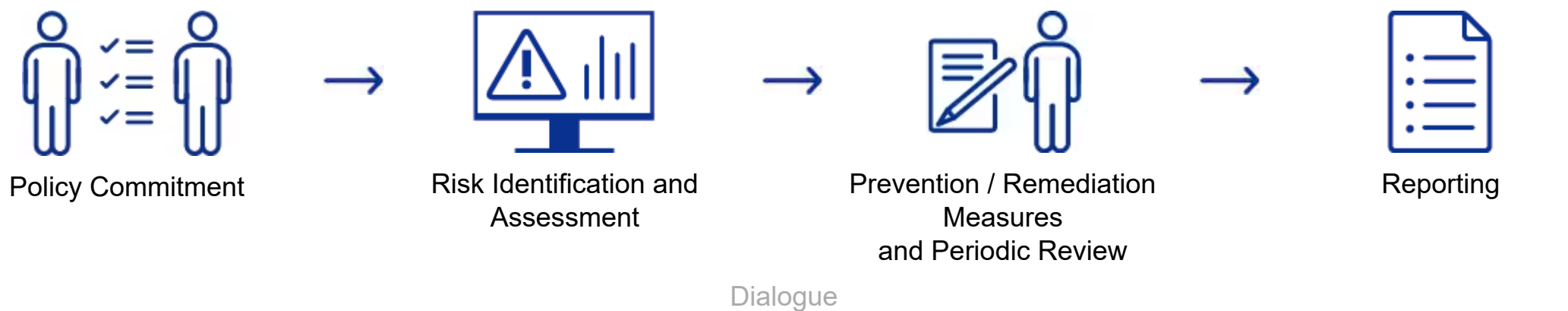
chains. The TDK Code of Conduct also requires compliance with all relevant human rights laws and regulations including those prohibiting child and forced labor in the supply chain, such as Section 307 of the US Tariff Act of 1930, as amended, and the other laws identified above.

The TDK Group Policy on Human Rights was formulated in 2016. We respect and support international norms on human rights including the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the Children's Rights and Business Principles. Based on the framework of the UN Guiding Principles on Business and Human Rights, TDK promotes the correct understanding of potential human rights issues and takes steps to address them, not only within the business operations of the TDK itself but also throughout the value chain. We expect our business partners and suppliers to understand and support the TDK Group Policy on Human Rights, and we also include the prohibition of child and forced labor in the TDK Supplier Code of Conduct and require our business partners and suppliers to comply with it.

Due Diligence Process

The TDK undertakes human rights due diligence processes and promotes its due diligence activities in line with the procedures set out in the UN Guiding Principles on Business and Human Rights. We also continue to dialogue with internal/external parties and stakeholders to make our activities more effective.

Human Rights Due Diligence Process of TDK Group



- TDK Code of Conduct
- TDK Group Policy on Human Rights

- Identify potential human rights issues in the value chain

- Implement measures for each key theme and periodic review

- Sustainability Website
- Human Rights Statement

<ul style="list-style-type: none"> • TDK Supplier Code of Conduct 	<ul style="list-style-type: none"> • Evaluate risks by probability, human rights impact, and scale of our company's leverage • Prioritize key themes based on risk evaluation result • Assess detailed risks for each key theme • Assess potential human rights risks in potential new business relationships created through M&A and similar transactions 	<ul style="list-style-type: none"> • Training
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Identification and Evaluation of Human Rights Risks

Human rights key themes of TDK Group

The TDK periodically assesses the issues which could present potential human rights risks and the groups of people who might be vulnerable to such risks through dialogues with external parties, reports from international human rights organizations and conducting risk assessments and CSR self-checks. (See the figure below)

Potential human rights risks that may be addressed by the TDK Group

Value chain	Procurement		Development and Manufacturing		Sales
Potentially affected stakeholders	Employees of sub-contractors, suppliers and labor agencies	Communities	Group employees	Communities	Customers/End users
Potential human rights issue					

Product safety	-	-	-	-	○
Human rights infringement by unintended use of products and technologies	-	-	-	-	○
Protection of personal information and privacy	○	-	○	-	○
Child labor, forced labor and human trafficking	○	-	○	-	-
Working hours and fair wage management	○	-	○	-	-
Occupational safety and health	○	-	○	-	-
Unfair treatment of foreign workers	○	-	○	-	-
Discrimination (treatment of employment, pay, training, promotion, etc.)	○	-	○	-	-
Freedom of association and the right to collective bargaining and concerted action	○	-	○	-	-
Harassment	○	-	○	-	-
Responsible sourcing of minerals	○	○	-	-	-
Impact on employment by establishment, closing and consolidation of facilities	○	○	○	○	-
Infringement of local residents' rights by inappropriate environmental management in a factory (health hazard, degradation of daily life environment and decrease in assets, etc.)	-	○	-	○	-

We conduct ongoing reviews of our operations in order to evaluate the potential human rights risks identified above by considering the risk of occurrence of human rights infringement, the impact on human rights should the infringement occur, and the scale of impact that our company can leverage, considering our ongoing due diligence activities such as CSR self-check, risk assessment etc. As a result, we have prioritized the following 3 human rights key themes, focusing on preventive/remediation measures and their monitoring. In addition, we periodically review these human rights key themes.

・ Responsible sourcing of minerals

- Respecting human rights of employees at our manufacturing sites
- Respecting human rights of employees at suppliers (including manufacturing sub-contractors and labor agencies)

Our Approach for Each Human Rights Issue

Prohibition of Child Labor and Forced Labor

The TDK Code of Conduct strictly prohibits the use of child labor and forced labor* throughout the supply chain, and we conduct various measures to prevent their occurrence. We also prohibit child labor and forced labor in the TDK Supplier Code of Conduct and require our suppliers to be aligned with us in these efforts.

*Forced Labor refers to any labor that is coerced, such as by threat or intimidation of punishment, and is not voluntarily offered.

(Example: As a measure of compelling involuntary labor, to collect recruitment fees from workers, to restrict workers' freedom of movement unreasonably, and to hold/destroy/conceal/confiscate workers' government-issued identification cards, etc.)

Working Hours and Fair Wage Management

We use dedicated labor management systems at each of our sites and pay wages based on appropriate work performance management. In the TDK Supplier Code of Conduct, we state our approach regarding long working hours, overtime work, compensation and minimum wage etc.

Occupational Safety and Health

Recognizing that a safe and healthy working environment is critical for protecting our employees and therefore is of the utmost importance to TDK, TDK has updated the TDK Group Occupational Health/Safety and Environmental Charter and promotes safe and healthy working conditions in 2022. We also established a 'Health and Safety' agenda in the TDK Supplier Code of Conduct and indicate our approach for identification and reduction of potential safety risks in the working environment, response to emergencies, occupational accidents and diseases, internal communication for safety and health, etc.

Protection of foreign workers

Foreign workers are susceptible to becoming victims of forced labor and human trafficking, as they are more likely to have low social and economic position, especially non-skilled workers.

We take necessary measures in terms of the respect of human rights to prevent such abuses and to remediate them in the supply chain.

Prohibition against discrimination

The TDK Code of Conduct ensures equal opportunities for all employees by prohibiting all forms of discrimination with respect to employment, treatment (compensation, opportunities for trainings and advancement etc.) and other similar matters based on race, beliefs, gender, religion, nationality, ethnicity, age, marital status, disability, sexual orientation, gender identity, military status, genetic information, social status etc. We also require the same protections in the TDK Supplier Code of Conduct. The TDK's business activities (including contracts and subcontracting) are carried out not only as a matter of good business practice, but in an effort to fulfill our social responsibility in complying with laws and regulations, and respecting human rights and labor rights.

Freedom of association and the right to collective bargaining and concerted action

TDK Corporation and some of our subsidiaries have labor unions. In addition, in countries where labor unions are not permitted under local laws, regulations, and labor customs, and in TDK Group companies where there are no unions, TDK holds sincere dialogues directly with employees or employee representatives based on the TDK Code of Conduct. In this manner we work to build sound relationships and resolve issues regardless of the circumstances. In all cases, we respect our workers' rights to freely form or join organizations of their choosing, and we do not discriminate or retaliate against workers who participate or seek to participate in organizations which bargain collectively or seek to bargain collectively such as labor unions.

Environmental risks that may lead to human rights violations

With regard to environmental risks that may lead to human rights violations, TDK identifies such risks at each manufacturing site in accordance with ISO 14001 and implements necessary risk mitigation measures. In addition, the TDK Supplier Code of Conduct contains an 'environment' component that reflects our

approach requiring the proper management of chemical substances and other potentially harmful substances that may pose a risk to the human body and the environment.

Related links

Initiatives for Prevention and Reduction of Human Rights Risks

In 2020, TDK joined the Responsible Business Alliance (RBA), an organization which is dedicated to improving social, environmental and ethical conditions in the global supply chains. TDK utilizes the RBA Code of Conduct as the standard to promote our CSR activities at manufacturing sites. To prioritize the human rights key themes described above, we conduct activities to prevent and reduce risks in alliance with the RBA's Code of Conduct, assessment items and audit frameworks.

The details are as follows.

Responsible Sourcing of Minerals

TDK started its response to the problem of conflict minerals following the enactment of the US Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010. The TDK Group Policy on Conflict Minerals was formulated in April 2013, to promote initiatives in full compliance with the Due Diligence Guidance of the Organization for Economic Cooperation and Development (OECD).

Considering that the scope of discussions on responsible sourcing of minerals has recently expanded to conflict-affected and high-risk areas for serious human rights violations or environmental pollution, to avoid being complicit in these problematic activities we revised our policy, which is now entitled the “TDK Group Policy on Responsible Sourcing Minerals” in January 2019. Under this revised policy, TDK continues to promote responsible sourcing of minerals throughout the supply chain, including minerals such as tantalum, tin, tungsten, gold, cobalt and mica, which pose an increased risk of being sourced from conflict areas and regions with high risks of misconduct, including human rights abuses and environmental destruction. In fiscal year 2023, according to the conflict mineral survey conducted by the TDK, no minerals involved in the funding of armed forces in the DR Congo or adjoining countries were found. In addition, we conducted surveys to identify (a) cobalt smelters considering child labor risk in cobalt mines of DR Congo, and (b) mica processors considering child labor risk and unsafe working conditions in mica mines in India and Madagascar.

Respecting human rights of employees at our manufacturing sites

TDK implements annual CSR self-checks and risk assessments for labor, human rights and business ethics based on the RBA code of conduct at all Group manufacturing sites. These are supervised by TDK's CSR headquarters. In addition, in fiscal year 2022, we established a plan to conduct an RBA-authorized audit, customer CSR audit, or brief CSR assessment based on the RBA VAP Operations Manual at each of our manufacturing sites at least once every three years. In the course of these activities, for any sites where any issues might be identified, we prepare corrective action plans and implement them. In fiscal year 2023, 100% of our 80 manufacturing sites conducted CSR self-checks using RBA self-assessment questionnaire which included risk assessments for labor, human rights and business ethics issues. Our risk assessments relating to human rights risks included forced labor, harassment, and management of labor agencies and service providers such as cafeterias, security companies etc. Through the risk assessment for labor, human rights and business ethics, potential risks were identified in 10 manufacturing sites, and corrective actions were completed at all those sites at the end of fiscal year 2023. We will continue our efforts to reduce the risk of human rights violations through the above measures. In addition, in fiscal year 2022-2023, 63% of our manufacturing sites implemented an RBA-authorized audit, customer CSR audit, or brief CSR assessment based on the RBA VAP Operations Manual. We also promote additional activities by taking into account the types of risks, countries and regions. For example, to prevent child labor, we adhere to strict age check procedures to prevent any use of child labor at our manufacturing sites in China and implement monitoring by headquarters. In fiscal year 2023, no case of child labor was discovered. We also began to strengthen the monitoring of working hours by headquarters at manufacturing sites in high-risk countries in Asia in fiscal year 2018.

Respecting human rights of employees at suppliers (including manufacturing sub-contractors and labor agencies)

Initiatives for material suppliers

In order to promote sustainable procurement, TDK implements CSR self-checks of its suppliers on the basis of items required by the RBA in principle once every two years. These self-checks address labor and human rights, safety and health, and other related issues. Furthermore, TDK has been conducting CSR audits of its suppliers, selecting targeted suppliers in consideration of their importance in the delivery of products to customers and position in the value chain. In fiscal year 2023, CSR self-checks confirmed that 100% of suppliers of our TDK Group companies complied with our CSR requirements, a 1.1%

improvement over fiscal year 2022.

We will continue to strengthen our efforts regarding Group companies and suppliers.

Initiatives for manufacturing sub-contractors

TDK periodically conducts CSR self-checks of its manufacturing sub-contractors and aims to cover all of them every two years. In fiscal year 2023, we confirmed that 86% of our manufacturing sub-contractors complied with our CSR procedures by CSR self-checks. For manufacturing sub-contractors in China, we conduct child labor monitoring by headquarters as we do for our manufacturing sites. In fiscal year 2023, no case of child labor was discovered. Furthermore, we carry out CSR audits of critical manufacturing sub-contractors. In fiscal year 2023, we implemented CSR audits at five companies in China and Japan, in preparation for future group-wide implementation.

Initiatives for labor agencies

In some countries in Asia, human rights related recruitment risks are considered to be high and improper management practices by labor agencies are frequently discovered. Therefore, we conduct annual CSR self-checks for labor agencies used by manufacturing sites in the high-risk countries of Asia. In fiscal year 2023, we implemented CSR self-checks on all of our targeted labor agencies.

See also information on human rights considerations throughout the supply chain.

Training

TDK raises awareness of human rights issues through e-learning or in person training that is given to all of our employees, including those in the UK. In addition, we have also been able to identify issues through training of internal auditors based on RBA requirements and by CSR training that takes regional characteristics into consideration. In the supply chain, TDK provides educational tools as necessary to promote awareness at the time of implementing CSR self-checks.

In fiscal year 2023, TDK continued to enhance our employees' understanding of basic human rights issues through trainings based on the TDK Code of Conduct and the TDK Group Human Rights Policy. In addition, a total of 41 employees participated in training programs for internal CSR auditors in Japan and Asia region. In China, 113 employees participated in training on detailed requirements of the RBA Code of Conduct.

Grievance mechanisms and communications on human rights issues

The TDK has established a global whistle-blowing system that allows TDK employees to speak-up or report any corporate ethics issues, including potential human rights concerns. These may be made directly or through internal or external help lines that are independent from employees' own reporting lines. For outside stakeholders, we communicate and respond through the inquiry contacts on the website. In response to inquiries on human rights issues made by some external organizations in fiscal year 2023, we explained TDK's policies on human rights and activities taken to ensure that TDK conducts business operations in accordance with these policies.

In response to all inquiries and reports, relevant departments of TDK Group companies, independently or together, work to investigate, take necessary remedial actions and prevent recurrence of such issues.

Communication with external parties

Dialogue

TDK has engaged in dialogues with several third-party experts in order to better understand human rights issues that could impact our activities, including the following:

2021

Study session on human rights issues in the supply chain

Invited an outside expert on human rights issues in the supply chain and held a study session attended by senior managers of the global procurement function.

2017

Targeting Human Rights Responses at the Supply Chain

Invited two outside experts to attend a study session on the role required of TDK in response to human rights in the supply chain.

2015

CSR Promotion in the Supply Chain

Invited Mr. Masaki Wada of Energetic Green for an exchange of opinions concerning what is expected of TDK to promote CSR in the supply chain.

2014

Identification of Human Rights Issues through Dialogue with Stakeholders

Engaged in a dialogue with experts to identify human rights issues relevant to TDK.

2013

Human Rights Due Diligence Workshop (Caux Round Table Japan)

Participated in the Human Rights Due Diligence Workshop, organized by the Caux Round Table Japan. We contributed to identifying human rights issues related to the manufacturing sector, while sharing expertise with members from nine other companies, NGOs, and experts (10 associations).

Collaborative Initiatives

In February 2020, the TDK joined the RBA and committed to work continuously to improve our activities throughout our supply chains, including those involving human rights issues, in line with the RBA Code of Conduct.

For responsible sourcing of minerals throughout the whole supply chain, the TDK has been participating in the Responsible Minerals Initiative and the Responsible Minerals Sourcing Trade Working Group of JEITA (Japan Electronics and Information Technology) since 2011.

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