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Sustainability

About the "Sustainability" Website

Segmentation of Information and Editorial Policy of the Sustainability Website

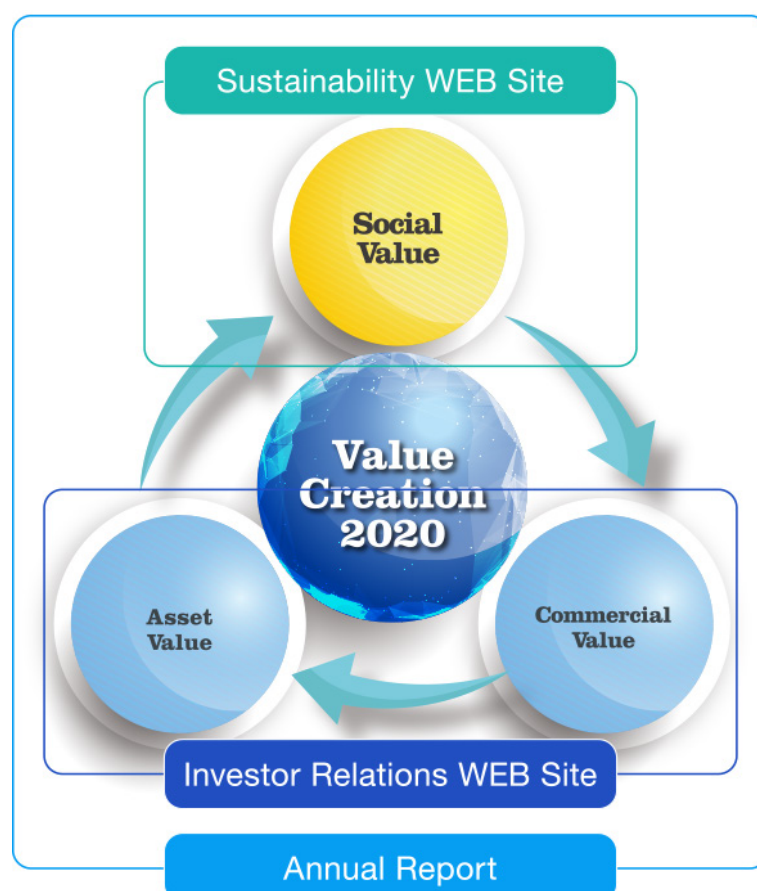
In Value Creation 2020, TDK's Medium-Term Plan, we outlined our aim of rotating the cycle whereby the enhancement of social value leads to commercial value (corporate growth), the efficient use of the profits and assets derived therefrom leads to improved asset value, and the utilization of these assets leads to further contributions to society.

This sustainability website (Sustainability Report) carries ESG information relevant to the enhancement of social value. In editing this information, against the background of social issues, we have endeavored to present information relating to key CSR issues (materiality) identified in accordance with our management strategy, the degree of impact of the TDK Group's business on society, the degree of stakeholder interest, and our current response, and taking the opinions of stakeholders into account as well, in a more detailed manner and also to report on the progress that has been made.

In addition, in the shareholder and investor information on TDK's website, we explain our policies and strategies relating to the optimization of commercial value and asset value through IR news, the IR calendar, latest materials, and so on. And in the Annual Report, we introduce stories about how the TDK Group, while creating the three values, contributes to society and, as a result, grows its business. Please take a look at them.

[Investor Relations TDK website](#)

[Annual Reports](#)



Period covered

FY2019 (April 1, 2019 to March 31, 2020)

- Some information covers activities outside this period.
- In order to report progress in an easy-to-understand manner, data over several years is carried (excluding some parts).

Organizations covered

TDK Group (TDK Corporation and 141 consolidated subsidiaries in Japan and overseas)

- When information refers to a specific reporting range, explanations are given accordingly.

Major organizational changes during the period covered:

None

Enhancing the Objectivity and Accurateness of Disclosed Information

Regarding environmental performance data, TDK implements third-party verification by SGS Japan Inc. and third-party reviews.

[Third-Party Verification](#)
[Third-Party Review of Environmental Performance Data](#)

Update period

September 2020 (previous update: September 2019; next update scheduled for September 2021)

Reference Guidelines

Global Reporting Initiative (GRI) Sustainability Reporting Standards "Core" compliant,
ISO26000 (Guidance on social responsibility)

Contact

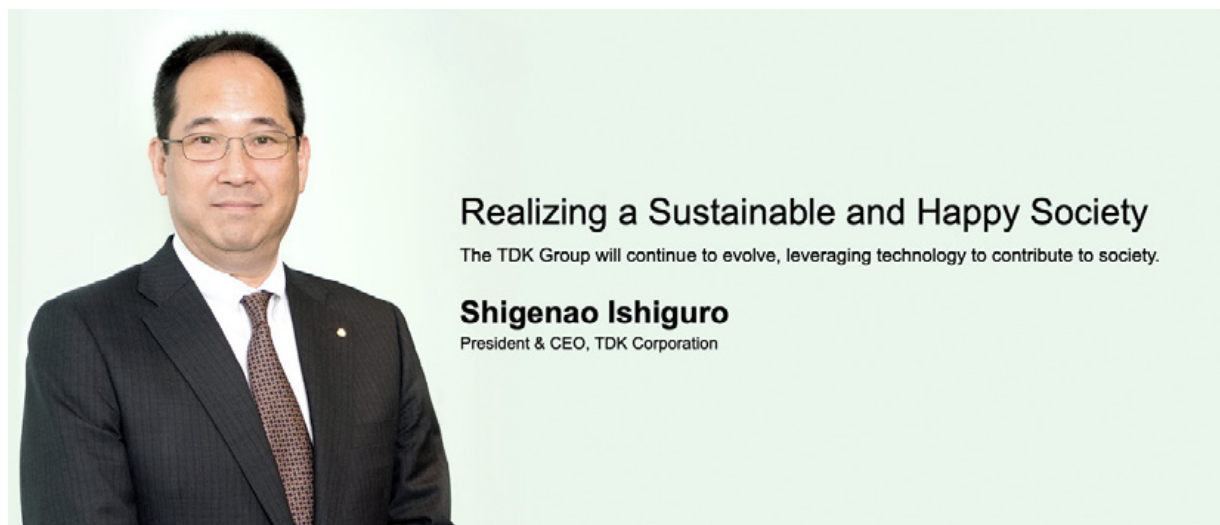
CSR Group, Sustainability Promotion HQ: tdkcsr@jp.tdk.com

Caution regarding forward-looking statements

Certain information on the Sustainability Website contains forward-looking statements such as plans, policies, management strategies, targets, schedules, understandings, and evaluations with respect to the TDK Group. These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, understandings, and evaluations of the TDK Group in light of information currently available to it, and contain known and unknown risks, uncertainties, and other factors. The TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties, and other factors, the TDK Group's actual results, performance, achievements, or financial positions could be materially different from any future results, performance, achievements, or financial positions expressed or implied by these forward-looking statements.

Sustainability

Top Commitment



Overcoming the COVID-19 crisis to build a new society

We would first like to offer our heartfelt sympathy to those individuals and their families who have been affected by the COVID-19, and our sincerest thoughts and prayers for those who have died in this pandemic. We would also like to express our deep appreciation for the dedication of the many individuals working on the front lines of medicine and to everyone engaged in the work of sustaining the infrastructure of our everyday lives.

At the end of January, 2020, the TDK Group formed a team to take measures against crisis management to address the COVID-19, and worked to ensure the safety of its employees by expanding teleworking and establishing rules for cross - regional business travel. Ironically, the coronavirus - a major threat to mankind - has advanced society's accelerated use of technology, resulting in the widening adoption of new ways of working. Even after the pandemic's risks have been reduced through the dissemination of specific medicines and vaccines, it is unlikely that people's lives will return to what they were before, and I think we will continue to redefine our collective "new normal" state of life.

How we deal with the crisis that we currently face will change the world after we have overcome it. For example, if teleworking becomes established in an appropriate form, workers could take the vast amount of time previously spent commuting and apply it to activities like exercising for better health, communicating with friends and colleagues, and spending time with family. That will create richer, more human lives and bring greater happiness. While the impact of the pandemic has been enormous, we also see this as an opportunity to head into a new age, one in which we must succeed in evolving based on the assumption of a "new normal."

Contributing to DX and EX with an emphasis on CX (Customer Experiences)

To date, the TDK Group has seen digital transformation (DX) and energy transformation (EX) as opportunities to contribute to society. The COVID-19 has done nothing to impede this trend - if anything, we believe it will only accelerate further.

In DX, it is clear that digital innovation will support new, more flexible ways of working and assist in resolving labor shortages. EX, meanwhile, will be essential in making it possible to lead more comfortable, happier lives using less energy through the pursuit of more efficient energy use via "time - shift - use" - storing energy during the day for use at night - among other methods, thus bequeathing future generations a more livable society with fewer energy - related risks.

To change the world through DX and EX, we at TDK Group must first, ourselves, change. The Group is currently advancing "Digi - TDK," a strategy for utilizing digital data to optimize manufacturing. "Eco - TDK," meanwhile, will be our strategy for engaging in rigorous energy - saving measures and shifting to renewable energy.

The customer experience / consumer experience (CX) perspective - our ability to approach DX and EX from the viewpoint of our customers and consumers - will be important to accomplishing these goals. An attitude that says that simply fulfilling the required specifications is good enough will have no place in this scenario. Only by imagining and understanding what lies behind those requirements - that the customer's specifications are based on certain assumptions about how and why the consumer will use the finished product - can we offer solutions that are worthy of the customer's trust and that will satisfy their needs, providing experiences that exceed their expectations.

This concept of CX is also essential on the front lines of development and production. Originating from the Sustainable Development Goals (SDGs), the TDK Group is moving forward with efforts to encourage those involved in product development and production to explore for themselves what kind of value their products and technological capabilities can deliver toward solving social issues, and to actually create that value.

Becoming a strong, flexible organization that responds quickly to change

In financial terms, the worsening relationship between the U.S. and China, along with the impact of the COVID-19, had severe consequences for the Group in fiscal 2019, but significant progress was made on the non - financial side, which will form the foundation of future growth.

First, we established a governance structure for the global promotion of empowerment and transparency at TDK. In April 2020, we officially began operating under our "Global Common Regulations," which we spent two years putting in place. These ensure that, as the TDK Group expands worldwide through M&A, each of the companies it acquires can make the most of their respective cultures and characteristics, while sharing TDK's corporate motto and principles, and corporate vision and clarifying the rules and regulations each Group member should follow.

Second, TDK created a global human resource management system, building on its strengths in global human resources and diversity. Providing maximum opportunities for the over 100,000 employees of the TDK Group members to contribute their talents will be key to our sustainable growth going forward. So beginning in fiscal 2020, we launched a comprehensive framework around education, training, evaluation and other human resource issues.

My goal is to make the TDK Group an autonomous, decentralized organization, rather than one in which authority is centralized at the executive management and headquarter level. Without that, in fact, there is no way for us to quickly provide value in response to changes in society. This is why we are putting such emphasis on empowerment and transparency - trusting in people who share our corporate motto and principles, and goals and who will work together to conduct our business while maintaining transparency - and on HR reforms designed to leverage our global human resources.

In February 2020, we also joined the Responsible Business Alliance (RBA), an organization that works to promote sustainability in global supply chains. Today, efforts to address human rights and other social issues, as well as environmental issues, are absolutely essential to managing a global business. TDK offers its full support of the RBA's vision, and will protect the rights, health, and safety of workers in its supply chain.

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Balancing a sustainable society and corporate growth by pursuing our Corporate Motto to "Contribute to culture and industry through creativity"

There was a time when balancing economic rationality and social rationality was seen as a paradox, and the two were thought of as a trade - off. As discussions around sustainability have intensified, however, that angle has gradually narrowed, and today the two vectors are seen as being in complete alignment. In other words, contributions to a sustainable society are themselves now viewed as leading to corporate growth. This perfect overlap is what will maximize the drive forward for business.

TDK marks its 85th anniversary in 2020, leading us to think ahead to our 100th year, our next major milestone. Now is an apt time to remind ourselves of our corporate motto, "Contribute to culture and industry through creativity." This encompasses the full range of goals for our Group's business, while everything else is just a means to that end. Based on that understanding, in fiscal 2019 we set forth the TDK Group's Sustainability Vision, "Technology for the well - being of all people."

I would like to make TDK a company that people get excited about. My ideal would be for our employees to work each day full of dreams, and for society to look forward to what we, as a company, will come up with next. I would like our employees to share a sense of fulfillment in knowing that the work they do benefits society; to have a positive impact on one another; and to take that feeling of excitement about what they might be capable of next and turn it into productivity. Using the power of each of our passionate employees to drive our business, the TDK Group will work to achieve a sustainable and happy society for all people.

Corporate Philosophy and Sustainability

[A Sustainable Society Created through Business Activities](#)

[Corporate Philosophy](#)

[Corporate Vision](#)

[TDK Value](#)

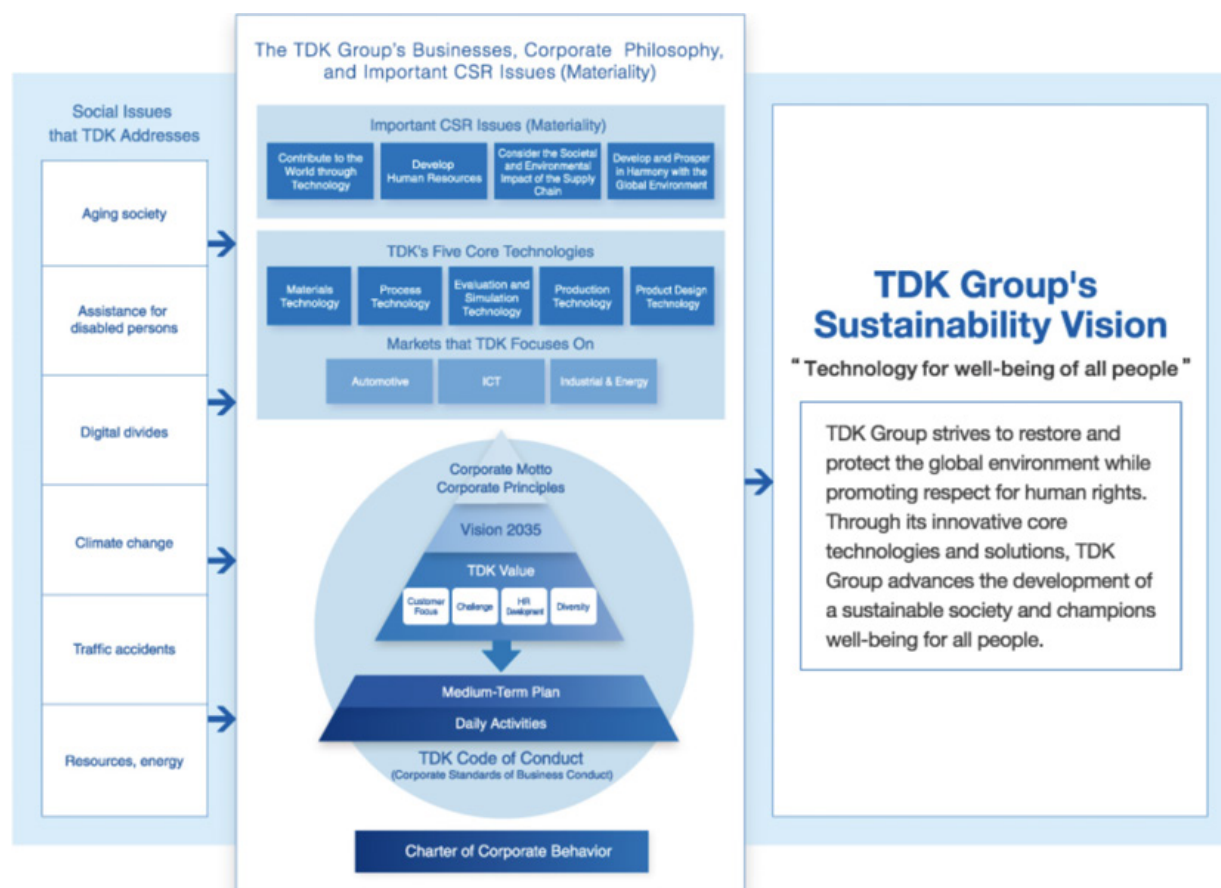
[TDK Code of Conduct](#)

A Sustainable Society Created through Business Activities

Our society is facing various issues. The TDK Group seeks to solve these issues through our business and to achieve both a sustainable society and corporate growth. As our corporate philosophy, employees of the TDK Group abide by our corporate motto and corporate principles as the value standards for their daily conduct.

Based on our corporate philosophy, our corporate vision, Vision 2035, states clearly the ideal image that TDK should aim for as we head toward the centennial of our founding. TDK Value outlines the stance that all employees should adopt, regardless of their position, toward realization of the corporate philosophy and corporate vision.

At the same time, we aim to achieve the targets set out in our three-year medium-term management plans. In addition, we believe that the display in major markets of the five core technologies representing TDK's strength will lead to the solution of social issues and corporate growth. Through these business activities, we will realize the society depicted in the TDK Group's Sustainability Vision.



Corporate Philosophy

In 1930 Dr. Yogoro Kato and Dr. Takeshi Takei at the Tokyo Institute of Technology invented ferrite, a magnetic ceramic compound derived from iron and other oxides. Kenzo Saito, TDK's first president, was deeply impressed by Dr. Kato's remark that "A real industry is a creative industry," and on December 7, 1935, he founded Tokyo Denki Kagaku Kogyo K.K. (present-day TDK) to commercialize ferrite. At that time the potential use of ferrite was unknown, so the establishment of the company was a courageous venture in pursuit of a vision. As a result of joint research and development by the Tokyo Institute of Technology and TDK, a component called a ferrite core was realized, and in 1937, ahead of the rest of the world, it was put to use in Japanese wireless communication equipment, radios, and so on. By the end of World War II, a total of five million units had been shipped, and the company had acquired trust. This founding spirit of creativity, of "creating values that do not yet exist in the world from the level of materials," has been inherited as TDK's DNA. Our corporate motto, established in June 1967, reflects this founding spirit.

創造 社是
に よつて
文化産業に
貢献する

Corporate Motto

Contribute to culture and industry through creativity

夢 社訓
勇氣
信賴

Corporate Principles

Vision: Always take a new step forward with a vision in mind. Creation and construction are not born without vision.

Courage: Always perform with courage. Performing power is born by confronting contradiction and overcoming it.

Trust: Always try to build trust. Trust is born from a spirit of honesty and service.

Corporate Vision

The Corporate Vision summarizes the founding spirit of the company, the four major innovations of the past, the contribution to utilizing global resources, and the stance towards the corporate motto. While illuminating the TDK vision from the viewpoints of the past, the present, and the future, the vision also draws up the picture of the company that TDK aims to be as we move towards our 100th anniversary.

Corporate Vision -Vision2035

TDK was founded in 1935, based on the founder's vision and belief - "contribute to the advancement of the society through the commercial production of ferrite, a magnetic material which originates from Japan".

TDK achieved four world-class innovations including "ferrite, magnetic tape, multilayer materials, magnetic heads", and has been offering products to support the advancement of the society.

TDK will continue to strive to achieve further innovation and create value for customers through the delivery of outstanding quality products and services, by utilizing the diverse global resources.

Based on TDK's corporate motto, TDK will continue to "contribute to culture and industry through creativity", by revitalizing and protecting the global environment and creating a pleasant and safe society.

TDK Value

The "TDK Value" guidelines comprise four categories that describe a concrete outlook for the future, evolving from the foundation and the company culture that TDK has built up over the years. The platforms will be shared and put into practice by all members of the TDK Group.

Category	Value
Customer Focus	<p>We have:</p> <ul style="list-style-type: none"> - Strong determination to contribute to our customers' success - Passion to be a trusted partner for our customers <p>Therefore we can:</p> <ul style="list-style-type: none"> - Deliver inspirational value by standing in the customer's shoes - Offer outstanding quality products, services and technology to satisfy our customers
Challenge	<p>We have:</p> <ul style="list-style-type: none"> - Culture to turn adverse challenges into chances to develop ourselves - Strong determination to accomplish our business goals by overcoming adversity <p>Therefore we can:</p> <ul style="list-style-type: none"> - Accept challenges to make innovative breakthroughs and continue to create new value - Lead our colleagues and collaborate as a team by sharing the same value
HR Development	<p>We have:</p> <ul style="list-style-type: none"> - Aspiration to continuously improve ourselves - Motivation to contribute to the advancement of society and growth of businesses <p>Therefore we can:</p> <ul style="list-style-type: none"> - Define clear vision/goals and drive ourselves to achieve them - Support the development of our colleagues and build enthusiastic teams

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Diversity	<p>We have:</p> <ul style="list-style-type: none"> - Global network with diverse culture - Teams which respect each other and teamwork which encourages development <p>Therefore we can:</p> <ul style="list-style-type: none"> - Embrace different ideas and opinions - Clearly express our opinions with sincerity through open discussions
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TDK Code of Conduct

The TDK Code of Conduct stipulates specific behavior guidelines so that the TDK Group and all of its directors and employees comply with the requisite laws, ordinances and social norms. In this code, the TDK Group has compiled the TDK Charter of Corporate Behavior outlining the universal matters that should be practiced commonly by the Group.

Related links

[TDK Code of Conduct](#)

Pursuing Both a Sustainable Society and Corporate Growth

[TDK Group's Sustainability Vision](#)
[Medium-Term Plan "Value Creation 2020"](#)

TDK Group's Sustainability Vision

Various issues exist in the society surrounding the TDK Group, including environmental problems, such as climate change, energy, and the exhaustion of resources, and social problems, such as aging and the digital divide. TDK will contribute to the solution of these problems and the building of a sustainable society for future generations.

As well as aiming to solve social problems through our business on the basis of our corporate philosophy, which is our fundamental stance, we have formulated a new TDK Group's Sustainability Vision.

This vision proclaims that by fully utilizing TDK's proprietary core technologies and solutions, we will "advance the development of a sustainable society and champion well-being for all people." In the formulation of this vision, we again assorted the social environment surrounding us from a long-term perspective and studied the potential of the TDK Group's strengths and resources. In the process, we heard the opinions of not only management but also external experts.

We will continue to share this vision throughout the Group, put it into practice in our business, and consider and implement specific measures toward the realization of a happy society.

TDK Group's Sustainability Vision

"Technology for well-being of all people"

TDK Group strives to restore and protect the global environment while promoting respect for human rights. Through its innovative core technologies and solutions, TDK Group advances the development of a sustainable society and champions well-being for all people.

Medium-Term Plan “Value Creation 2020”

In “Value Creation 2020,” the TDK Group’s Medium-Term Plan, we aim to contribute to society by creating the three values making up corporate value—namely, Commercial Value (execute growth strategy), Asset Value (improve asset efficiency), and Social Value (enhance enterprise value)—and, as a result, to grow our business.

Among these, we believe that Social Value—in other words, aiming to realize a sustainable society and company—is the starting point of the cycle toward other value creation. It means nothing other than practicing the Sustainability Vision’s goal of realizing a “Advancing the development of a sustainable society and promoting well-being for all people.” and is also consistent with our corporate motto.

By further strengthening our unique competitive advantages ((1) material and process technologies, (2) customer base, (3) strength in diversity, (4) global business bases, and (5) integrated production) and promoting our Medium-Term Plan, which incorporates the thinking of this Sustainability Vision, we will endeavor to contribute to both of sustainability through our business and growth as a company.



Related link

[Medium-Term Plan “Value Creation 2020”](#)

Sustainability | TDK Group's Sustainability

Sustainability Management

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[Sustainability Promotion Structure](#)
[In-house Awareness Raising](#)
[Main Initiatives and Organizations with Which TDK is Affiliated or in Agreement](#)

Sustainability Promotion Structure

The Sustainability Promotion HQ was established directly under the president as a structure for the implementation of sustainability-related initiatives. It engages in the following activities:

- Drafting of activity policies relating to sustainability
- Dissemination of activity policies throughout the entire TDK Group
- Monitoring of the state of progress of activities
- Proposals and reports to management, including the Executive Committee and Board of Directors
- Disclosure of sustainability-related information and implementation of dialogue with stakeholders
- Feedback regarding various opinions received from outside the Group and specific issues identified through activities to management, head office divisions, business companies, business groups, and business sites

Sustainability-related issues and themes proposed or reported by the Sustainability Promotion HQ are discussed in the Executive Committee, with a final decision being made by the president.

Furthermore, the CSR Group in the Sustainability Promotion HQ and head office divisions promote policies and activities reflected in management policy on a global level, disseminating them to business companies, business groups, Group companies, and manufacturing sites around the world in collaboration with regional headquarters.

In-house Awareness Raising

For the promotion of sustainability, the TDK Group believes it is important for every employee to understand the concept of sustainability, the background requiring efforts by companies, TDK's approach to sustainability activities, and so on and to incorporate it into their own work. Accordingly, we implement lecture-style training programs geared to each employee rank, such as training for new recruits, as well as e-learning and other schemes.

In fiscal 2019, in addition to diffusion of the Sustainability Vision using digital signage and dialogue with an asset manager for members of management and supervising head office divisions, we devoted much effort toward education relating to the SDGs. Specifically, we implemented e-learning for all employees, held dialogues and considered efforts to achieve business targets in each business group, and organized a lecture by a university professor for the Technology and Intellectual Property HQ.

Related link

[Efforts to Achieve the SDGs](#)

Main Initiatives and Organizations with Which TDK is Affiliated or in Agreement

The TDK Group respects international norms and standards, such as the Universal Declaration of Human Rights, ISO 26000, the OECD Guidelines for Multinational Enterprises, the international labor standards of the International Labor Organization (ILO), and the United Nations Guiding Principles on Business and Human Rights (the "Ruggie Framework"), and promotes business with the aim of realizing the common global objectives cited in the SDGs. Furthermore, in editing and issuing our sustainability website, we comply with the Core option of the GRI Standards of the Global Reporting Initiative, the international standard.

Agreement with the TCFD*

In May 2019 TDK expressed its agreement with the Task Force on Climate-related Financial Disclosures (TCFD), which analyzes the impact of climate change on corporate finance and makes proposals recommending information disclosure.

*The TCFD was founded in 2015 by the Financial Stability Board (FSB), an international body seeking to achieve the stabilization of the financial system.

Related links

[TCFD \(Link to external site\)](#)
[Efforts to Combat Climate Change](#)

Affiliation with the RBA and RMI

In February 2020 the TDK Group joined the Responsible Business Alliance (RBA), the world's largest industry coalition aiming to promote CSR in the global supply chain. The TDK Group fully supports the RBA's vision and mission and, in accordance with the RBA's code of conduct, makes continuous efforts to improve the human rights, health, safety, and environment of workers in the TDK Group and at suppliers.

Related links

[RBA \(Link to external site\)](#)
[RMI \(Link to external site\)](#)
[Respect for Human Rights](#)
[Sustainable Procurement](#)
[Responsible Sourcing of Minerals](#)
[Social and Environmental Consideration at Manufacturing Sites](#)

Other Main Organizations Joined by TDK

TDK belongs to the following organizations and promotes efforts to solve social issues that cannot be effectively tackled by single companies alone.

Name of organization	Outline of organization (links to external sites)
Japan Business Federation	http://www.keidanren.or.jp/en/profile/pro001.html
Japan Electronics and Information Technology Industries Association (JEITA)	http://www.jeita.or.jp/english/about/what/index.htm (policy administrator)
Joint Article Management Promotion-consortium (JAMP)	https://chemsherpa.net/english (founding member company, since 2007)
Japan Business Council in Europe (JBCE)	https://www.jbce.org/about-us/who-we-are/about-jbce/

Efforts to Achieve the SDGs

[The TDK Group's Efforts to Achieve the SDGs](#)

[The TDK Group's Important CSR Issues \(Materiality\) and the SDGs](#)

[Areas in Which the TDK Group Can Cooperate and the Resulting Society](#)

[Building a Setup to Address the SDGs through Business](#)

[Enhancing In-house Understanding of the SDGs and Dissemination Activities](#)

The TDK Group's Efforts to Achieve the SDGs

To make the global environment and people's lives sustainable, the United Nations General Assembly approved the 2030 Agenda for Sustainable Development in September 2015. This agenda advocates Sustainable Development Goals (SDGs), consisting of 17 goals and 169 targets, to be achieved by all countries by 2030.

In accordance with our basic policies outlined in "Value Creation 2020," our Medium-Term Plan beginning in fiscal 2018, TDK aims to ensure sustainable growth through the creation of three values. The realization of one of these values—"Social Value" (enhancing the enterprise's social value)—is closely tied to the achievement of the SDGs. Contributing to the solution of social issues and thereby creating social value means nothing less than the realization of TDK's corporate motto of "contribute to culture and industry through creativity." By contributing through our business to the solution of the global-scale issues raised by the SDGs, TDK seeks to enhance its corporate value.

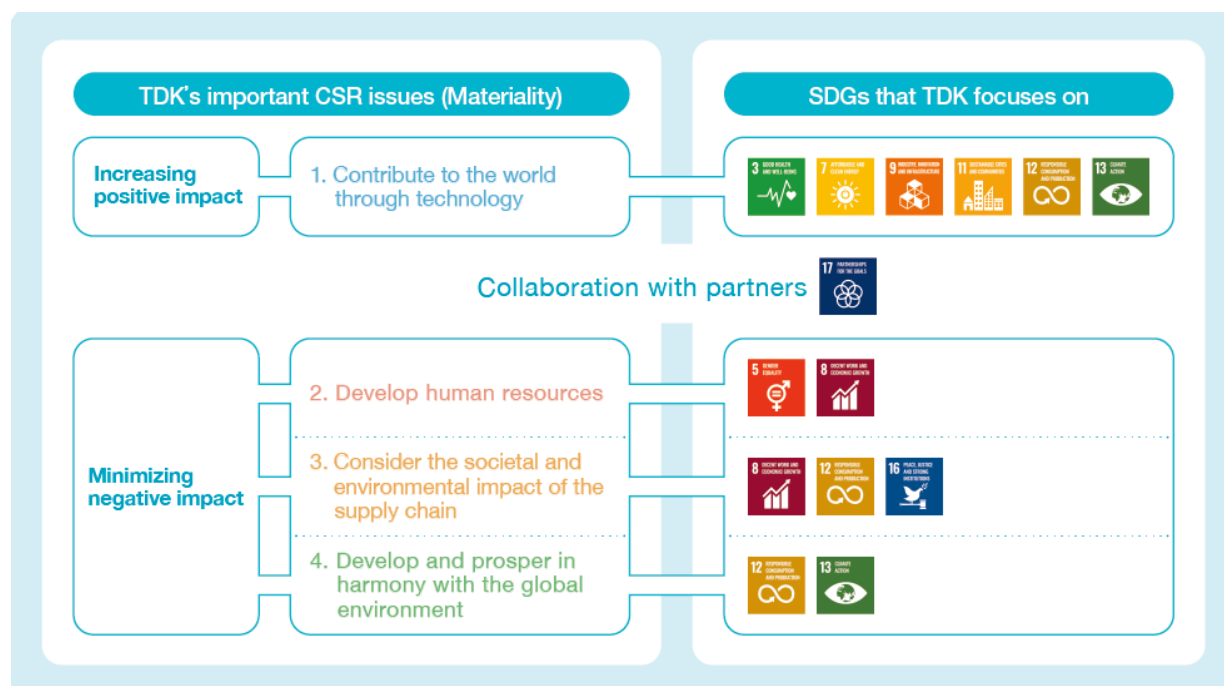


Related link

[United Nations Information Center \(link to external site\)](#)

The TDK Group's Important CSR Issues (Materiality) and the SDGs

The TDK Group, which seeks to realize a sustainable society, identifies “Contribute to the world through technology,” “Develop human resources” “Consider the societal and environmental impact of the supply chain,” and “Develop and prosper in harmony with the global environment” as the important issues guiding CSR activity. By addressing these important CSR issues (materiality), TDK aims to achieve the related SDGs.



Areas in Which the TDK Group Can Cooperate and the Resulting Society

SDGs	Social issues	Areas in which the TDK Group can cooperate and the resulting society
	Increase of health and welfare issues due to aging	Advanced medical treatment available to all people.
	High medical expenses	Healthcare equipment, health management by smartphone, etc. enable people to easily understand their own health condition.
	Increase of population in need of care due to transition to aged society	Through the diffusion of care robots, monitoring functions, and voice-recognition technology, people in need of care can lead anxiety-free lives.
	Difficulty of social participation by disabled persons	The diffusion of functional assistance sensors, etc. supports the independence of disabled persons toward their social participation.
	Traffic accidents	Safe traffic systems built to reduce traffic accidents to zero.
	Obstructions to economic growth and social development due to gender inequalities, etc.	Gender equality, which is one of the basic human rights, and sound relations of mutual trust are achieved in health, education, protection, welfare, social advancement, and labor.
	Inequalities in access to medical treatment and nutrition by gender	
	Climate change due to increased use of fossil fuels	Clean energy supply systems become widespread, and shift to renewable energy underway (gasoline cars → EVs).
		Efficient power generation and transmission systems become widespread, and the use of highly efficient renewable energy is promoted.
	Expansion of poor conditions without stable, well-paid work	Elimination of labor shortages and low labor productivity by increasing productivity through innovation and promoting factory automation.
	Unemployment increases or remains at high level.	Opportunities available for everyone to enjoy reasonable income, anxiety-free workplaces, and family social security.
	Fragile infrastructure in developing countries	Electrification of infrastructure progresses, and infrastructure foundations are strengthened.
	Aging of infrastructure in developed countries	Infrastructure is retrofitted to make it resilient.
	Labor shortages	Labor shortages are supplemented by the diffusion of work support robots, and productivity improves.
	Explosive increase in amount of information (IoT, autonomous driving, etc.)	Storage capacity ensured by utilizing data center HDDs. Negative effects of 5G and 6G overcome to realize high-speed, high-volume telecommunications.
	Increase of natural disasters due to climate change	Damage kept to minimum through utilization of highly accurate predictive detectors, disaster-prevention robots, and technology to transport people and things easily in times of emergency.
	Decline of local community functions due to concentration of population in cities	Basic living services provided without regional discrimination.
	Outflow and leakage of private and personal information	Security improved.

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SDGs	Social issues	Areas in which the TDK Group can cooperate and the resulting society
	Environmental pollution (due to electronic equipment waste)	Manufacturing conducted without the use of harmful substances.
	Exhaustion of resources	Quantitative use of rare resources reduced by the development of new materials.
		Use of rare metals and recycled materials promoted, and resource recycling system established.
		Recycling-oriented society established.
		Sharing economy becomes entrenched.
	Procurement-related environmental and human rights problems	Responsible procurement activities conducted, including the establishment of proper working environments without any child labor or forced labor.
	Climate change due to increased use of fossil fuels	Shift to renewable energy underway (gasoline cars → EVs).
		Highly efficient renewable energy used.
		Energy use improved by fuel-consumption improvement technology.
		Resilient business model built to counter climate change.
	Disputes, violence, corruption, discrimination	Access to judicial system guaranteed for everyone.
		Disputes settled through functional political and judicial systems.
		Functioning fair trade is maintained.
		Society has good public order and enables people to live without anxiety.
	Widening disparities	Priority issues tackled in fragile countries, and development assistance conducted commensurate with achievements.
		Innovations created in collaboration with customers and business partners.
		System of stakeholder engagement established and operated continuously.

Building a Setup to Address the SDGs through Business

The TDK Group has been considering, in the following way, what solutions are possible and how TDK's products and technological strength can be put to use in tackling the global issues specified in the SDGs relating to "contributing to the world through technology."

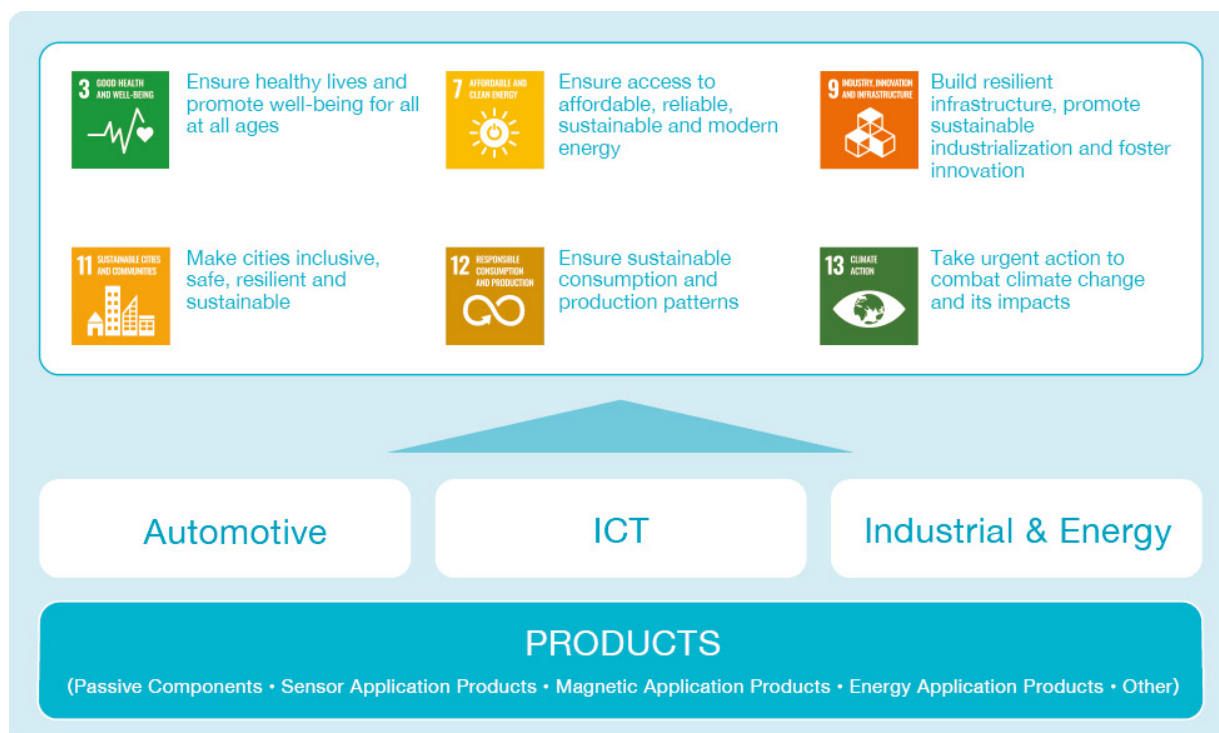
First, in addition to general in-house education, in accordance with company policy, we conducted an in-house dialogue with business groups in Japan and overseas regarding the approach to sustainability that we should be aiming for and the SDGs. After that, of the issues cited in the SDGs, we summarized the discussions that took place in each business group about what issues and targets could be addressed by their own technologies and solutions in the medium and long term and whether there were any technologies and solutions that could be newly created stemming from social issues. Subsequently, the business groups and the Sustainability Promotion HQ have been engaged in repeated discussions and considerations on priority areas and medium- to long-term strategy to achieve the objective of "contributing to the world through technology." Furthermore, in parallel with this process, of the themes that were discussed in the business groups, those that can be realized in the short term were incorporated in business plans for fiscal 2020.

From now on, we will continue to advance the above discussions, share results and boost communication inside and outside the company, and promote actual activities.

Process:

1. Implementation of employee educational dialogue to deepen understanding of the SDGs (since June 2018)
2. Confirmation by questionnaire or interview of what products or technologies possessed by each business group could contribute to the achievement of goals 3, 7, 9, 11, 12, and 13 of the SDGs (May–November 2019)
3. Inclusion of confirmed contents into the fiscal 2020 business plans of each business group (October 2019 – March 2020)
4. Promotion of dialogue with business groups and other related parties and consideration of TDK's priority areas and strategy based on social issues (since April 2020)

Building a Setup to Address the SDGs through Business



Enhancing In-house Understanding of the SDGs and Dissemination Activities

The TDK Group implements dialogue, e-learning, and lectures to promote in-house understanding of the SDGs and to ensure that we tackle the SDGs through our business as if they were our own goals.

Implementation of E-learning for All Employees

We have implemented e-learning for all employees of the TDK Group. Employees learn about the meaning of the SDGs, the background to their adoption by the United Nations, the 17 goals, and the reasons why private companies tackle the SDGs, as well as the relationship between TDK's business activities and the SDGs. Around 96% of targeted employees completed the course.

Holding of Lecture for Members of the Technology and Intellectual Property HQ

About 500 members of the Technology and Intellectual Property HQ gathered to hear a lecture by Specially Appointed Professor Kenichiro Miyama of the School of Business Administration of Senshu University titled "TDK x SDGs → Innovation." The speaker explained that the SDGs are goals and targets to solve issues and thereby create a sustainable society, that they are common objectives of the world that individuals can see as their own, and that by tackling these goals through its business in accordance with its corporate principles, the TDK Group can pave the way toward both a sustainable society and corporate growth.

Key CSR Issues (Materiality) and Finalization Process

[TDK Group's Key CSR Issues \(Materiality\)](#)
[Key CSR Issues \(Materiality\) Finalization Process](#)

TDK Group's Key CSR Issues (Materiality)

After considering the degree of impact of background social issues from the perspectives of the Group itself and of stakeholders, the TDK Group identified four key CSR issues (materiality): “Contribute to the World through Technology,” “Develop Human Resources,” “Consider the Societal and Environmental Impact of the Supply Chain,” and “Develop and Prosper in Harmony with the Global Environment.”

Regarding each key CSR issue (materiality), in order to promote even more effective efforts, Important Themes that have been stipulated are reviewed each year at the time of the formulation of business plans, taking account of social trends and other factors, with final decisions being made after approval by the Executive Committee.

Contribute to the World through Technology

Important Themes	Main Points
Addressing social issues by developing new kinds of products the world has not yet seen	TDK aims to solve social issues through unique technological development.
Pursue zero-defect product quality	On the basis of high level of technology, we will pursue zero-defect product quality through uniformly managed production processes from materials to manufacturing.

Develop Human Resources

Important Themes	Main Points
Develop global human resources	Toward the promotion of genuine globalization, we will strive to develop the human resources that will serve as its foundation.
Cultivate a corporate culture that respects diversity	In order to continue generating innovative creativity, we will build a tolerant corporate culture that respects the diversity of human resources.

Consider the Societal and Environmental Impact of the Supply Chain

Important Themes	Main Points
Consider the work environment at manufacturing sites	In light of the latest requirements, we will gauge considerations for the labor environment at production sites, which we need as a supplier, and if necessary implement education and guidance toward improvement.
Consider the work environment of suppliers	In light of the latest requirements, we will gauge considerations for the labor environment at suppliers, which we need as a buyer, and if necessary implement education and guidance toward improvement.
Responsible sourcing of minerals	We will execute our social responsibility as a midstream company appropriately through the continued implementation of required efforts and an understanding of the latest requirements.

Develop and Prosper in Harmony with the Global Environment

Important Themes	Main Points
Reduce environmental load throughout life cycle stages	We will promote environmental activities on the basis of the TDK Environmental Vision 2035.
Creating a framework for gauging product contributions	Through the setting of common gauging product contributions in the industry, we will promote social understanding of TDK's environmental contribution value.

Key CSR Issues (Materiality) Finalization Process

GRI-G4 made a revision from requiring comprehensive information disclosure to requiring information disclosure with the focus on materiality. The objective of this revision was to encourage companies to determine their reporting content purposefully by getting management to be more deeply involved in CSR.

TDK held discussions with stakeholders outside the company, implemented a dialogue with management, and finalized key CSR issues (materiality) through the following process.

▼ Prior Stages (Fiscal 2013)

1. Analysis of current circumstances

In light of the GRI-G4 Guidelines, we analyzed current disclosure levels with regard to the contents and the degree of compliant and noncompliant items.

2. Increasing understanding

Relevant personnel took a GRI-G4 Certified Training Course to gain an accurate understanding of the intent of the GRI-G4 Guidelines.

3. Organization of information sources

In order to finalize materiality and broadly identified social issues, we confirmed how we collect opinions from each stakeholder group and how engage in dialogue with them.

▼ Step1 (Fiscal 2014)

Identifying social issues

We confirmed the content of day-to-day communications from information sources by stakeholder group and conducted simulations of various social issues in light of ISO26000 and other international standards relating to CSR.

▼ Step2 (Fiscal 2014)

Prioritizing material issues from TDK's own perspective

We organized priorities from TDK's own perspective into issues to be addressed with precedence (high priority), issues that be addressed with an understanding of social demand and requirements (medium priority), and issues which we should be aware of as future topics (low priority) based on management strategies, the degree of impact that the TDK Group's business has on society, level of interest of stakeholders, and current responses with regard to the social issues identified above.

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▼ Step3 (Fiscal 2015)

Prioritization from stakeholders' perspectives

We implemented prioritization from the stakeholders' perspectives in two parts, a review of the CSR Report and dialogue.

In the first part, the review of the CSR Report, we selected experts in the areas where TDK operates business, that is, Asia, Europe, and the U.S., and heard their opinions about TDK's activities from the perspectives of "praiseworthy efforts," "efforts that hopefully can be improved," and "social issues that should be aggressively addressed in the future."

In light of the opinions that emerged in the review of the CSR Report, we examined and integrated the issues and held a dialogue between the experts and management. In the dialogue, the participants shared background information and, intermixing points that should be appraised or given importance from the perspective of stakeholders, discussed the issues that had been prioritized from TDK's own perspective.

▼ Step4 (Fiscal 2015)

Finalization of Key CSR Issues (Materiality)

We reconsidered the prioritization from the perspectives of TDK and stakeholders and, after gaining approval from the Executive Committee, finalized the Key CSR Issues (Materiality) of TDK Group.

Related links

[Opinions of Experts \(CSR Report 2015 Review\)](#)
[Toward the Finalization of Materiality to Enhance TDK's Value](#)

Risks, Opportunities, Goals, and Achievements

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Risks, Opportunities, Goals, and Achievements Relating to Key CSR Issues (Materiality)

At the TDK Group, we have considered the social issues and business environments against the backdrop of the key CSR issues (materiality) and examined and sorted the risks and opportunities. We would also like to report on the progress of our activities relating to the key CSR issues (materiality) in the form of goals and achievements.

◆ Risks and opportunities

These refer to opportunities that are created by addressing key CSR issues (materiality) relevant to SDGs and risks that are presented by not engaging in the efforts.

◆ Key themes

Each year, we review key themes based on social trends at the time of formulating a business plan and make a decision after obtaining approval in the Executive Committee.

◆ Goals

The head supervising department takes the initiative and sets goals aligned with each of our Group Companies.

Contribute to the World through Technology



◆ Risks	◆ Opportunities
<p>Loss of sales opportunities</p> <p>Deterioration of technical capabilities</p> <p>Inhibition of growth of Group Companies</p> <p>Loss of trust from customers</p>	<p>Improvement of technical capabilities</p> <p>Technical innovations by collaborating with customers</p> <p>Contribution to solving social issues</p> <p>Growth of Group Companies</p> <p>Quality improvement in response to market changes</p> <p>Improvement in credibility with customers and society</p>

◆ Key theme 1: Addressing Social Issues by Developing New Kinds of Products the World Has Not Yet Seen

Main initiative items	Functions
<p>Strengthening of basic technology</p> <p>Promotion of technical developments that are conscious of Kotozukuri (integrated solutions)</p> <p>Promotion of product development and sales of First to Market products</p>	<p>Technology Headquarters</p> <p>Each Business Group</p>

◆ Goals of FY2019	◆ Achievements in FY2019
To carry out activities that aim to open up new business opportunities through technologies and products in different business groups in connection with the SDGs	In addition to promoting the SDG concepts to each Business Group, we came up with medium-term business opportunities from a social issue perspective and included them in the business plan.
To formulate decision-making processes and procedures that incorporate the viewpoint of sustainability	We incorporated them into the process of forming the business plan.

◆ Goals of FY2020	
To achieve the set goals of each Business Group	
To identify business areas and product fields that the TDK Group should aim toward in the medium to long term from a social issue perspective.	

◆ Key theme 2: Pursue Zero-defect Product Quality

Main initiative items	Functions
<p>Construction of source control-type quality assurance system</p> <p>Manufacturing process innovation using IT and robots</p> <p>Continuous improvement of quality management</p> <p>Human resource development on a global scale</p>	<p>Quality assurance function</p> <p>Each Business Group</p>

◆ Goals of FY2019	◆ Achievements in FY2019
To promote continued TDK quality education to employees	<ul style="list-style-type: none"> Update education content to the FY2019 version Implement FY2019 version quality education

◆ Goals of FY2020	
To promote globalization of quality education content	

Develop Human Resources



◆ Risks	◆ Opportunities
Lack of human resources, lack of ability (bearer), loss of human resources, decrease in productivity Reduced growth	Activation of personnel exchange among Group Companies Sources of new creativity and growth Development into a truly global company

◆ Key theme 1: Develop Global Human Resources

Main initiative items	Functions
Expansion in range of collection and grasping of information on human resources Introduction of global selection education Establishment of mechanism for fostering true global leaders	Human Resource Development function

◆ Goals of FY2019	◆ Achievements in FY2019
To continue Global Management Development Training (TCDP)	Successful completion of Territorial Career Development Program (TCDP) in the four territories—Asia, Americas, Greater China, Europe (~100 persons participate)
To introduce newly Global Management Development Training (Advanced Management Program AMP)	Alignment between Global and Local development measures in selective regions
To enhance English training program	English test globally rolled out and global English trainings introduced

◆ Goals of FY2020	
To continue Global Management Development Training (TCDP)	
To continue newly Global Advanced Management Program (Global AMP)	
To introduce Global Executive Management Program (GEMP)	
To enhance English training program	

◆ Key theme 2: Cultivate a Corporate Culture that Respects Diversity

Main initiative items	Functions
Consideration of expansion and improvement of accuracy of attribute information of human resources to be collected by the consolidated management database in order to link to measures Promotion on the understanding of various cultures through the implementation of corporate human resource meetings globally and by area Promotion of maintenance and improved workplace environments that are easy to work in for diverse employees in each region	Human Resource Development function

◆ Goals of FY2019	◆ Achievements in FY2019
To continue expansion of scope for talent management system.	Talent management system extended to the Sales function worldwide and TDK Top Key Positions

To establish a diversity policy.	Established a diversity policy in April 2020
To enforce the establishment of a Human Resources network through further organisation of Global and Territorial Human Resources Meetings.	<ul style="list-style-type: none"> Global Human resources meetings with participation of all major legal entities took place in May 2018 and July 2019 Territorial HR meetings with participation of local HR managers launched at all territories starting in 2018
To start succession planning for identified Top Key Positions at the TDK Group.	Succession Planning for Top Key Positions being implemented
◆ Goals of FY2020	
To continue expansion of scope for talent management system	
To enforce the establishment of a Human Resources network through further organisation of Global and Territorial Human Resources Meetings	
To further conduct succession planning for identified Top Key Positions at the TDK Group.	

Consider the Societal and Environmental Impact of the Supply Chain



◆ Risks	◆ Opportunities
<p>Occurrence of serious human rights violations in bases within Asian regions that we operate in as a Group</p> <p>Occurrence of serious human rights violations and environmental pollution in bases within Asian regions of the Group's suppliers</p> <p>Participation in conflicts at mining sites, serious human rights violations, and environmental destruction through the purchase of metal materials and metal-containing parts</p>	<p>Risk reduction in Group Companies</p> <p>Continuation of transactions with customers</p> <p>Promotion of alternative material development</p>

◆ Key theme 1: Consider the Work Environment at Manufacturing Sites

Main initiative items	Functions
<p>Implementation of CRS self-checks and risk assessments in all production sites</p> <p>Improvement of activity levels through CSR audits by customers and voluntary CSR audits</p> <p>Continuous improvement of knowledge and ability through internal auditor training</p>	CSR function
◆ Goals of FY2019	◆ Achievements in FY2019
To perform 100% CSR self-checks at manufacturing sites	Achieved 100% implementation
To perform 100% labor and ethics risk assessment at manufacturing sites	Achieved 100% implementation
To secure 100% opportunities for third-party CSR audits once every two years (High-risk countries of Asia including China)	Achieved 100% implementation (high-risk countries in Asia, including China)
◆ Goals of FY2020	
To achieve 100% implementation of CSR self-checks in production sites (TDK Group production sites)	

To achieve 100% implementation of labor, human rights, and ethics risk assessments in production sites (TDK Group production sites)
To ensure audit opportunities once every two years by a third party (high-risk countries in Asia, including China)
To continually implement CSR training
To implement internal audits on workers' rights and corporate ethics by internal auditors

◆ Key theme 2: Consider the Work Environment of Suppliers

Main initiative items	Functions
Promotion of global understanding of CSR procurement Improvement of management level of CSR procurement Construction of a system to understand the CSR efforts of outsourced suppliers	Procurement function Each Business Group Human Resource Development function

◆ Goals of FY2019	◆ Achievements in FY2019
CSR-compliant supplier ratio: over 95%	CSR-compliant supplier ratio: 96.1%
To perform 100% CSR self-checks at sub-contractors and conduct CSR audits once every two years at major sub-contractor upon whom TDK has high dependence in China	<ul style="list-style-type: none"> CSR self-checks at sub-contractors: 99.1% Conducted CSR audits at 3 sub-contractors upon whom TDK has high dependence in China
To perform 100% CSR self-checks at dispatch companies used by manufacturing sites in high-risk countries of Asia including China	Achieved 100% implementation
◆ Goals of FY2020	
To achieve CSR compliant supplier rate of 97%	
To achieve 100% implementation of CSR self-checks at outsourced suppliers	
To achieve 100% implementation of CSR self-checks at temporary staffing agencies	

◆ Key theme 3: Responsible Sourcing of Minerals

Main initiative items	Functions
Improvement of supplier ratio confirmed to be DRC Conflict-free Continuous participation and collaboration with industrial organizations and related organizations	Procurement function Quality assurance function

◆ Goals of FY2019	◆ Achievements in FY2019
To confirm DRC conflict-free supplier ratio: over 92%	Confirmed 93.1% of suppliers are DRC Conflict-free
To monitor the number of customer responses	Implemented monitoring
◆ Goals of FY2020	
To achieve a DRC Conflict-free supplier ratio of 92% or more	
To monitor the number of customer responses	

Develop and Prosper in Harmony with the Global Environment



◆ Risks	◆ Opportunities
<p>Creation of environmental impact at the Group's production sites</p> <p>Creation of environmental impact through value chains</p>	<p>Contribution to reducing environmental impact through product supply</p> <p>Response to and mitigation of climate change through business activities</p> <p>Improved evaluations of product contributions</p>

◆ Key theme 1: Reduce Environmental Load throughout Life Cycle Stages

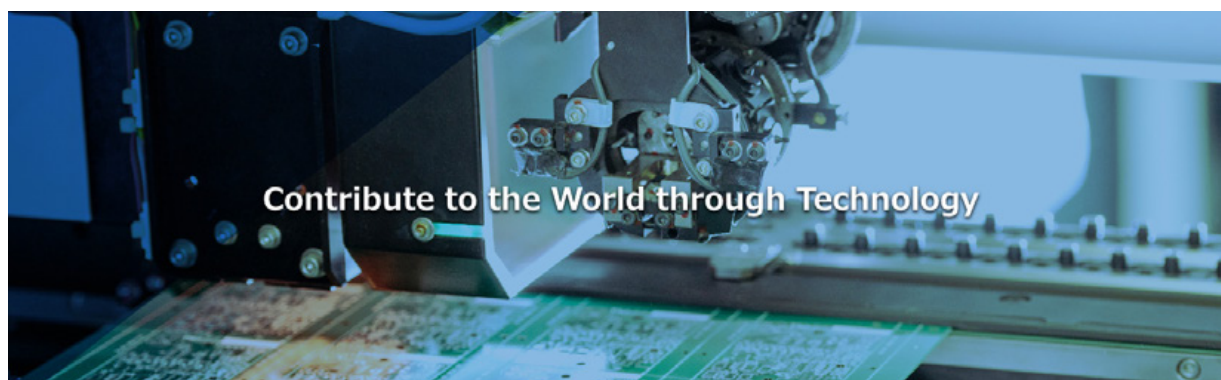
Main initiative items	Functions
<p>Understanding of the environmental impact in each stage from the life cycle perspective</p> <p>Establishment of CO₂ conversion methods for each environmental load</p> <p>Implementation of environmental load reduction activities in each stage of the life cycle</p>	<p>Safety and Environment function</p>
◆ Goals of FY2019	◆ Achievements in FY2019
Refer to the achievements in FY2019 from the TDK Environment, Health and Safety Action 2025	Refer to the achievements in FY2019 from the TDK Environment, Health and Safety Action 2025
◆ Goals of FY2020	
Refer to the action plan from the TDK Environment, Health and Safety Action 2025	

◆ Key theme 2: Creating a Framework for Gauging Product Contributions

Main initiative items	Functions
<p>Development and establishment of industry standards</p> <p>Awareness-raising activities for the established standards</p>	<p>Safety and Environment function</p>
◆ Goals of FY2019	◆ Achievements in FY2019
<p>To continue activities in conjunction with industry groups and continue promotion of efforts to calculate internally</p>	<p>Continued activities in collaboration with industrial organizations and promoted the spread of in-house calculation work</p>
◆ Goals of FY2020	
<p>To continue activities in collaboration with industrial organizations and continue promotion of the spread of in-house calculation work</p>	

Sustainability | TDK Group's Sustainability | Key CSR Issues (Materiality)

Contribute to the World through Technology



Materiality-Specific Background

Importance in Our Company

In accordance with our Medium-Term Plan which started in fiscal 2018, we are focusing on the three priority markets of automotive, ICT and industrial & energy, taking advantage of our proprietary technology development capabilities to open up new business opportunities and realize Monozukuri reform. The overall aim is to offer products that make a meaningful contribution to society while also resulting in a sustainable improvement of corporate value.

Stakeholders' Expectations

Responding to climate change by harnessing TDK's core technologies, in particular energy conservation and renewable energy, promote the development of new technologies and the spread of products that help to bring about a low-carbon society.

Basic Concept

Contribute to the world through technology is the contribution to the society by TDK's business. Toward this end, we are focusing on innovative technology development in our priority markets of automotive, ICT, and industrial & energy, helping to save, store, and reuse energy and solve other pressing issues that modern society is facing. Furthermore, the pursuit of zero-defect product quality based on superior technological competence and realized through a unified production process that extends from the raw materials to the final product will continue unchanged in the future. Providing high quality products and services is our way of striving for the advancement of society.

Detailed Activity Reports

[Risks and opportunities / Goals and achievements](#)
[Initiatives for SDGs](#)
[Quality Assurance Activities](#)
[Customer Satisfaction](#)

Topics

To realize a happy future society, TDK aims to achieve the six goals of SDGs through its technology and products: Good Health and Well-Being for All (SDG 3), Affordable and Clean Energy (SDG 7), Industry, Innovation, and Infrastructure (SDG 9), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12), and Climate Action (SDG 13).

These SDGs represent areas in which we feel we can provide maximize the potential and value of TDK technology and products to solve social issues facing us today. In our efforts to draw an ideal society where issues are successfully solved, TDK will develop its technology and products, we aim to realize a happy future society.

Topic 1

TDK Electronics challenges the SDGs throughout the value chain

TDK Electronics takes its responsibility toward society and the environment very seriously. At our facilities around the world, we are constantly working on projects to further improve our energy efficiency and consume even fewer resources. At the same time, we are cultivating employees' awareness that our behavior and our technologies and solutions can play a part in meeting the social, economic and ecological goals of the global community. The United Nations' Sustainable Development Goals (SDGs) serve as guideposts along this path.

Our products are used mostly in automotive and industrial electronics, but also in household appliances and entertainment electronics, smartphones, wearables and medical technology. Our components help make vehicles cleaner, safer and more comfortable. We also supply key components for photovoltaic installations and wind turbines, for example, as well as for other renewable energy applications and low-loss HVDC transmission over long distances. Many of our components and solutions are instrumental in reducing energy consumption in our customers' applications. And we are careful to choose and deploy materials that minimize the burden on the environment. Additionally, we are working hard to further reduce weights and volumes in order to realize savings on both production and transportation. We are thus contributing to six SDG goals on which TDK places special emphasis: SDG 3: Good health and well-being; SDG 7: Affordable and clean energy; SDG 9: Industry, innovation and infrastructure; SDG 11: Sustainable cities and communities; SDG 12: Responsible consumption and production; and SDG 13: Climate action.



Special NTC thermistors to measure temperatures in heated car seats are one example. The manufacture of these products is now completely lead-free: No lead is used in the ceramic, metallization as well as in the solder alloy that forms the mechanical and electric link between the metallized NTC ceramics and the connecting wires. This alloy has a much lower melting point than leaded alloys, so lowering the solder bath temperature by about 100 degrees to 250 °C saves large amounts of energy at the production facility in Batam, Indonesia.



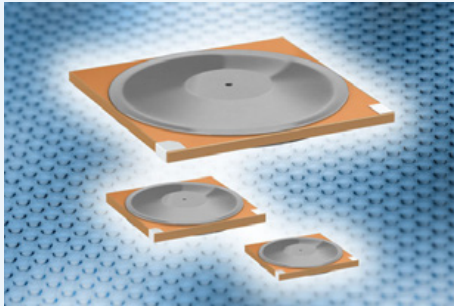
Heiner Simgen

Product Marketing Manager

Temperature & Pressure Sensors Business Group

TDK Electronics





Another example is the new PowerHap 15 G, a piezo actuator* based on multilayer-piezoceramic plates that deliver excellent haptic feedback. It is ideal for use in touchscreens and others in vehicles, smartphones and tablets. This innovative component boasts unrivaled performance, as well as reducing per-click power consumption from 130 to just 8 millijoules. Its weight and volume have also been reduced substantially. During application, the new PowerHap requires about 90 percent less energy than conventional solutions.

*Piezo actuator use piezoelectric material that generate electrical voltage in response to applied mechanical stress.



Dr. Andreas Pentscher-Stani

Head of Product Development Piezo
for PowerHap, Piezo Listen and Medical Products
Piezo and Protection Devices Business Group
TDK Electronics



In production and administration too, TDK Electronics is contributing to achievement of the SDGs. For example, more and more TDK Electronics factories now use electricity from renewable sources. All plants in Germany plus those in Austria, Brazil, Iceland and Hungary and our contract manufacturer in Croatia have all already switched to green electricity. As a whole, TDK Electronics already derives more than two thirds of the electrical power it consumes from renewable sources, and this proportion will increase as growing numbers of plants likewise move over to green electricity. We are also running projects such as the one in India, where our Nashik plant now operates a photovoltaic installation covering nearly 11,000 square meters. The Nashik facility thus aims to reduce its CO₂ emissions by roughly 1,100 tons a year, as well as saving money on energy. As a result, production at the plant will be both less expensive and kinder to the environment.



Topic 2

InvenSense sensor technology is providing new possibilities towards a safer, healthier, and more comfortable world



Dr. Peter Hartwell
Chief Technology Officer
InvenSense

InvenSense is actively engaged in solving social and environmental issues by using its unique sensor technology. The key technology at InvenSense is the integration of sensors for transducing physical phenomena with electronics to capture and digitize sensor signals. The close coupling of these technologies enables small, low power, low cost, smart sensors that are easily integrated into a myriad of devices. Our software team codes complex algorithms to take advantage of our sensor performance and sensing integration to inspire customers to deploy new applications and experiences.

A society with a deep sensor infrastructure will enable more automation of menial tasks besides environmental or chemical monitoring, and thereby leave more meaningful jobs for humans. It will also improve efficiency, leading to a better balance between work and life for people. InvenSense sensor technology has the full range of possibilities, such as managing mental health and well-being through activity sensing and tracking, and improving safety by enabling autonomous vehicles. In the trend of social transformation by digital transformation (DX), smart sensors that analyze collected data and accumulate knowledge are essential. InvenSense technology and products are thus contributing to six Sustainable Development Goals on which TDK places special emphasis: SDG 3: Good health and well-being; SDG 7: Affordable and clean energy; SDG 9: Industry, innovation and infrastructure; SDG 11: Sustainable cities and communities; SDG 12: Responsible consumption and production; and SDG 13: Climate action.



As an example that is already in development as a prototype, the InvenSense sensor is included in a device that is attached to surfboards to measure ocean chemistry and temperatures during regular surfing sessions. Utilizing the information provided by the device will make it possible to address climate change issues.





Another example is streetlights being enabled by sensors as part of a smart infrastructure deployment. Currently streetlights are on continuously during the nighttime. A smart streetlight, with a motion or presence sensor could dim with no one around and brighten when someone is present. The transformation to digital street lighting will greatly reduce the overall energy usage. Eventually, combining sensors with machine learning will accelerate the trend of DX.



InvenSense seeks to contribute to solving social issues at an even higher level by reducing the energy consumption, cost, and size of products. In order to achieve it, we need to review all of our manufacturing processes as well as the lifecycle of our products, extend the product lifetimes, and improve the recyclability.

Since the role that companies play in society and the environment has been drawing increasing attention in recent years, it is essential to achieve both business growth and social sustainability. This must be kept in mind when formulating a business plan. As a leading technology company, we make the world safer, healthier and more fun for current customers but especially for future generations.



Develop Human Resources



Materiality-Specific Background

Importance in Our Company

At TDK, we consider our employees to be one of our most important key to carry out our corporate motto of “Contribute to culture and industry through creativity,” as well as in achieving ongoing growth over the medium to long term.

We therefore respect each of them as individuals, working to maximize their unique abilities and potential and at the same time encouraging a high level of independence.

Stakeholders' Expectations

In tandem with implementing systems and a corporate culture that respect the differences and values of each of our employees, we also provide specific opportunities and the optimal environment designed to maximize the individual abilities and potential of our employees and to impart them with a significant degree of independence.

Basic Concept

Our aim at TDK is growth by way of becoming a genuine global company. In this connection, human resources development is considered a cornerstone concept. Along with identifying highly capable human resources and fostering an environment that draws out their individual abilities and potential, we also work to forge a corporate culture that respects the diversity of our human resources and also encourages mutual respect and recognition of efforts between our employees. Shaping a global business environment that attracts truly global personnel to the TDK Group, we at TDK are committed to generating innovative products and services on an ongoing basis and thereby doing our part for society in general.

Detailed Activity Reports

[Global Human Resources Strategy](#)
[Develop Global Human Resources](#)
[Cultivate a Corporate Culture that Respects Diversity](#)
[Employee Performance Data](#)

Topics

The TDK Group has grown as an organization with a diverse workforce globally through multiple mergers and acquisitions (M&As). With a global Human Resources strategy based on the common foundation of the entire group, we promote the development of human resources who can continue to provide value by exploring diverse global issues and anticipating social needs.

We would like to introduce the voice of Andreas Keller, General Manager of Human Resources HQ, regarding the TDK Group's HR strategy that leads to the building of a sustainable society and growth of the company.

Through the Human Resources strategy from global and local perspectives, the TDK Group aims to become a company that continues to provide value to society by developing talented leaders and highly skilled employees.



Andreas Keller
Corporate Officer
General Manager of Human Resources HQ

Create new value by sharing a common vision within the entire group and respecting the individuality of each other

In the midst of the global energy transformation (EX) and digital transformation (DX) trends, the TDK Group is about to enter a new era. We continue to focus on Monozukuri (manufacturing excellence – provide high quality and value-added products through advanced technology). Furthermore, through accelerating Kotozukuri (integrated solutions – provide an excellent user experience that meets customer's need through products), we will anticipate what society truly needs in the future and stay ahead of the times. To achieve success in these new challenges, we need to be more closely connected and linked one another.

The TDK Group has a culture that values the individuality and working approach of every new consolidated subsidiary that has joined the Group, without forcing these group companies to adopt a style similar to the Company while respecting corporate governance. This "Cultural acceptance" has been a major reason why each Group Company has been able to achieve growth as part of the TDK Group while leveraging its own individual strengths to the greatest possible extent.

To realize further growth while effectively using the strength of true diversity, we will promote our Human Resources strategy under the concept of "ONE TDK" by sharing our visions and experiences throughout the Group.

Three initiatives in the TDK Group's Global Human Resources Strategy

The TDK Group's Global Human Resource strategy has three objectives under the policy of putting the best people in the best place at the best possible time.

Objective 1 is to develop future generations. We have started several programs to foster the next generation of leaders and functional experts. Objective 2 is to improve communication skills. Training programs to enhance English communication skills are available for employees around the world. Objective 3 seeks to establish a common Human Resources management platform. The idea is to achieve transparency of TDK's talent pool and undertake Human Resources Development in the different organizations in the world.

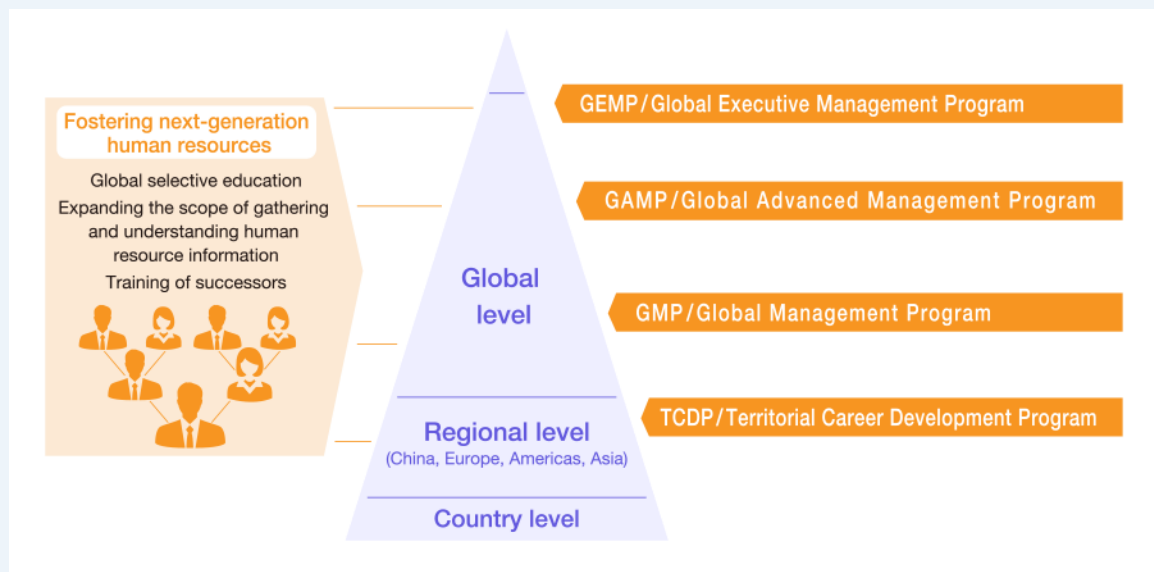
Besides all that, several projects among others are already underway, such as creating guidelines that enable employees around the world to be sent from one organization to another and utilize talents effectively, constructing a new digital learning platform, a new succession planning process and global recruiting.

Achieve both the global common human resources development and the employee development system that enhances the skills and abilities required for employees at each workplace

In 2019, "Global Competencies" for Top Management positions at the TDK Group were developed in order to strengthen our global approach as "ONE TDK". They define behavior characteristics that lead to high business performance, and also reflect our corporate motto, corporate principles and founding spirit.

The global management development programs, which foster the next generation of talent, consist of four different programs from junior to senior level. In these programs, participants can acquire leadership skills and generate new network and communication skills. It is a great opportunity to connect between the group companies, share their practice and vision and strengthen the interaction.

Global management development programs



On the other hand, for more than 100,000 employees worldwide, there are new efforts to realize "ONE TDK" at each site in each region.

Workers at manufacturing sites are very important for the TDK Group to make products with the high quality demanded by society, including customers. Because the skills required for each product and manufacturing process are different, we provide various training programs for workers at each workplace to acquire the necessary skills, in addition to common training such as product quality. We are also running a project to introduce a global Learning Management System to enhance these effects. It will be available 24/7, 365 days a year on all device (PC, mobile phone and others) to be able to cover all geographical regions. It also includes a collaboration tool around learning topics, so employees can engage and find experts groups within specific areas. This will improve individual skills of employees and also connect employees from around the world to realize "ONE TDK."

Under the spirit of "ONE TDK", we promote our global Human Resources strategy with the full synergy of the entire group. We believe that the TDK Group can continue to create new value in society and achieve both a sustainable society and corporate growth.

Consider the Societal and Environmental Impact of the Supply Chain



Materiality-Specific Background

Importance in Our Company

TDK Group is a midstream company that performs the functions of both a supplier and buyer, and recognizes the importance of strengthening the competitiveness of the supply chain with education and guidance, while simultaneously avoiding risks through social and environmental considerations in the supply chain.

Stakeholders' Expectations

In addition to responding and complying with the legal system relating to the supply chain and international industry norms, we carry out social responsibilities, such as supporting our suppliers. We also recognize that we are expected to correct the social impact of corporate (business) activities, such as the conflict minerals problem.

Basic Concept

We recognize that "Consider the Societal and Environmental Impact of the Supply Chain" is an extremely important issue for the TDK Group, which is a midstream company. With the acceleration of globalization and expansion of target markets, customers and business partners are also diverse, and it is not rare for a company to be both a buyer and a supplier, depending on the business. Based on the content of latest requests such as related legal systems and international industry norms, we understand that it is our responsibility as a supplier to grasp the situation of the working environments of the Group's manufacturing, and as a buyer to grasp the situation of the working environments of our clients, and implement education and guidance toward improvements as necessary. We will build a strong supply chain from upstream to downstream and properly carry out our social responsibilities.

Supply chain legal systems and international industry initiatives are strengthening, with examples being the Modern Slavery Act 2015, which was established in the United Kingdom in March 2015, and the change of EICC (Electronic Industry Citizenship Coalition) to the RBA* (Responsible Business Alliance), which transcends industry boundaries, in October 2017. These movements greatly impact TDK's business environment, and responses based on trends are essential for continuing transactions, so in February 2020 we joined the RBA. By doing so, the TDK Group fully supports the RBA's vision and mission and is committed to society to continuously make efforts to improve the rights, health, safety, and environment of workers of the TDK Group and primary suppliers in accordance with the RBA Code of Conduct (labor, health and safety, environment, ethics, and management system).

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Also, in order to implement the CSR in the supply chain reasonably and effectively, shared awareness of social issues and shared surveys are essential. In order to contribute to the improvement of efficiency in the entire supply chain, TDK participated in various group activities from the rulemaking stage and proposed the standardization of survey methods, as well as collaborating across industries.

* RBA is a global business alliance comprised of more than 150 electronics, retail, automotive, and toy companies. Improving occupational health and safety in the supply chain, protecting human rights, taking the environment into consideration, and fulfilling ethical responsibilities are established in the code of conduct, and member companies and their suppliers are requested to practice these actions.

Related link

[RBA \(external website\)](#)

Detailed Activity Reports

[Respect for Human Rights](#)
[Sustainable Procurement](#)
[Responsible Sourcing of Minerals](#)
[Social and Environmental Consideration at Manufacturing Sites](#)
[Social and Environment Considerations in the Supply Chain](#)

Develop and Prosper in Harmony with the Global Environment



Materiality-Specific Background

Importance in Our Company

We recognize the importance of carrying out efforts to reduce the load on the global environment to the maximum in all of our business activities together as the TDK Group, such as reducing CO₂ emissions, waste water, and waste associated with our production activities, with the aim of achieving sustainable development of society.

Stakeholders' Expectations

In addition to complying with related environmental laws and regulations, we recognize that we are expected to carry out basic efforts, such as minimizing environmental impact, conserving the natural environment, and conducting training in our business activities, along with contributing to the reduction of energy consumption through products and services and implementing measures against climate change.

Basic Concept

We recognize that coexistence with the global environment is an important management challenge for the entire Group, as stipulated in the TDK Environmental Charter. In order to contribute to the development of a sustainable society, we have newly established the TDK Environmental Vision 2035, and we have established and are executing the TDK Environmental and Safety and Health Activities 2025 as an original master plan of specific activities based on the formulated environmental vision. We will also promote a social understanding of the company's environmental contribution value through the formulation of industry standards for calculating product contributions.

Detailed Activity Report

[Environmental Policy and Environmental Vision](#)

[Environmental Management System](#)

[Achievements in FY 2019 in TDK Environmental and Safety and Health Activities 2025](#)

[Action plan in TDK Environmental and Safety and Health Activities 2025](#)

[Climate Change Initiatives](#)

[Water Resources Activities](#)

[Use Resources Effectively](#)

[Reduction of Risks in the Use of Chemical Substances](#)

[Attitude toward Biodiversity](#)

[Environmental Performance Data](#)

Topics

As the global community seeks to address climate change with increasing urgency, what is required of the TDK Group to balance corporate growth with the creation of social value?

In an effort to gain an outside perspective and develop more appropriate responses and strategies, on July 8, 2020, we held a dialogue with Keisuke Takegahara and Maiko Hachiya of the Development Bank of Japan.



The dialogue was held on July 8, 2020 with a WEB conference system.

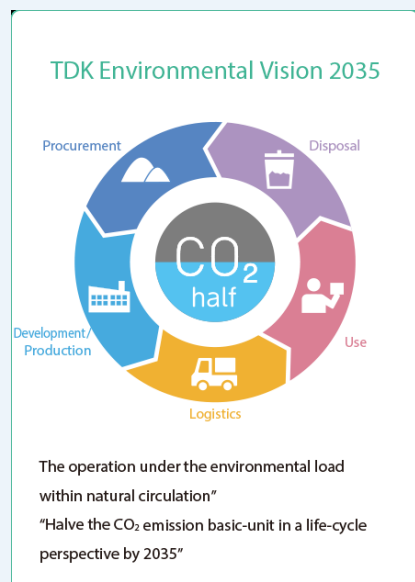
Balancing a Response to Climate Change with Corporate Growth What Is Required of the TDK Group

Aiming to Integrate Sustainability and Business under the TDK Environmental Vision 2035

The TDK Group believes that developing and prospering in harmony with the global environment is one of key CSR issues, and is advancing efforts to achieve the TDK Environmental Vision 2035 formulated in 2016.

The dialogue began with a description by Sachiko Nagahara, General Manager of the Sustainability Promotion HQ, of TDK Group policies aimed at expanding social value under “Value Creation 2020,” the TDK Group’s Medium-Term Plan, and its efforts to address energy and environmental problems. The participants then affirmed an overarching theme for the discussion: “What is important in enhancing social value in environmental terms, and in enabling the TDK Group to achieve sustainable growth?”

Next, Mr. Takegahara offered a view of the current and future state of ESG investing. He said, “ESG investors are focused on whether companies can look beyond future uncertainty and grow sustainably. Their ability to recognize long-term social issues and present a business model that incorporates those issues in their strategy is being challenged.” With regards to the current ongoing spread of the COVID-19, he also commented that, “While uncertainty about the future has only grown stronger, this basic approach to ESG investing is not going to change. Climate change, in particular, continues to be the greatest risk factor from a long-term perspective through 2050 and beyond.”



Regarding the TDK Group's own efforts, he offered a positive assessment of work being done under the TDK Environmental Vision 2035 to calculate and disclose the Company's environmental load across its entire product lifecycle, including Scope 1 (the Company's own direct emissions), Scope 2 (indirect emissions associated with the use of electricity, etc. supplied by other companies), and Scope 3 (indirect emissions other than Scope 1 and 2). Ms. Hachiya noted that, "Under its Environmental Vision 2035, TDK has set a high goal, seeking to halve its CO₂ emission basic unit from a lifecycle perspective. Their efforts to integrate sustainability and business?incorporating both a reduction in the negative environmental impact of business activity and an increase in the positive impact of environmental contributions made through their products?represent a very advanced approach."

That said, Mr. Takegahara and Ms. Hachiya also pointed out that it was difficult to see any consistency with international benchmarks. "Representing everything in terms of CO₂ emission basic units allows quantitative data to be collected, but seen against global efforts toward the goal of controlling rising temperatures, it can be harder to convey TDK's advantage. The types of frameworks and KPIs you use will likely come into question going forward."



Keisuke Takegahara

Development Bank of Japan Inc.
Executive Officer, Deputy Chief Research Officer,
Chief Manager of Sustainability Management Office,
Corporate Planning & Coordination Department

Joined the Japan Development Bank (now the Development Bank of Japan Inc.) in 1989. Worked as chief representative in Frankfurt, before assuming current position. A pioneer in environmental finance in Japan, including development of the DBJ Environmentally Rated Loan Program. Holds numerous public positions, including ad hoc member of the Ministry of the Environment's Central Environment Council and the Industrial Structure Council of the Ministry of Economy, Trade and Industry.



Maiko Hachiya

Development Bank of Japan Inc.
Senior Vice President, Sustainability Planning &
Support Department

Joined the Japan Development Bank (now the Development Bank of Japan Inc.) in 2002. Worked in the Hokuriku Branch, the Credit Analysis Department, before assuming current position. Member of the ESG Finance High-level Panel Positive Impact Finance Task Force.

How Should a Midstream Company Work to Reduce Emissions in the Supply Chain?

At the COP25 conference held in December 2019, a target was presented to limit global warming to 1.5 degrees Celsius, exceeding the long-term target set by the Paris Agreement of limiting rising temperatures to within 2 degrees Celsius above pre-industrial levels. This new target has gradually become a global standard. Tetsuya Kuwashima, General Manager of the Safety & Environment Group of Sustainability Promotion HQ explains TDK's policy as follows: "As concern about climate change grows worldwide, I think the target of 1.5 degrees Celsius is right on the nose, and is something we should work toward aggressively in our efforts to address environmental issues. It is essential that we first take the initiative in pursuing reductions in our own emissions."

Laying the groundwork for its Environmental Vision 2035, the TDK Group established a carbon neutral target under its TDK Environmental Action 2020 plan, a goal it achieved ahead of schedule in fiscal 2014. This background today forms a foundation for ongoing efforts to aim for even higher targets. TDK has set forth a goal of contributing to energy transformation (EX) under the internal slogan of "Eco-TDK," and is advancing efforts to improve productivity and to promote rigorous energy savings and a shift to renewable energy.

Atsuo Kobayashi, Senior Vice President, said that, "An issue for the Company now is to promote the use of renewable energy at our sites in Japan. The cost of generating renewable energy in Japan remains high compared to international standards. While it is relatively easy to move ahead with the shift to renewable energy at our sites overseas, Japan continues to fall behind." The number of global companies joining the international RE100* initiative has grown in recent years, and TDK is also being asked to respond.

Both Mr. Takegahara and Ms. Hachiya offered the opinion that, "While RE100 is one strategy for dealing with climate change risk, whether membership is essential or not depends on the individual company's position. As a midstream company in the value chain, TDK needs to carefully consider how much of a priority it gives to the goal of achieving 100% renewable energy, and compare that goal to its other efforts, including contributing to the environment through its products."

Looking at the environmental load of TDK Group products across their lifecycle, the Company should also focus on the fact that there is an overwhelming environmental load generated at the product usage stage. Mr. Kuwashima said that, "As a B2B, midstream company, we need to consider how we treat and reduce environmental loads resulting from the use of our products by consumers in the form of our customers' end products. I think that will be the key to contributing to a shift to a low-carbon society."

* RE100: Member companies of this initiative, launched in 2014, are committed to the goal of 100% renewable energy use in their business operations.



Atsuo Kobayashi

Senior Vice President in charge of Quality Assurance and Safety & Environment



Sachiko Nagahara

General Manager, Sustainability Promotion HQ



Tetsuya Kuwashima

General Manager, Safety & Environment Group, Sustainability Promotion HQ.



Tomohiko Yamaguchi (Facilitator)

Consultant, Cre-en Inc.

Reassessing the Risks and Opportunities Around Climate Change as They Connect to Business

During the dialogue, participants exchanged opinions on the Task Force on Climate-related Financial Disclosures (TCFD)*, for which TDK expressed its support in fiscal 2019. Mr. Takegahara said that TCFD, which requires companies to analyze and disclose information about the impact of climate change on corporate finances, is a “tool designed to facilitate a dialogue between companies and investors as they head into an uncertain future.” He noted that, “TCFD’s scenario analysis emphasizes not accuracy so much as breadth. Investors are focused on whether companies are able to incorporate every possibility in reviewing their own risks and opportunities, and whether they have strategies for surviving in any situation.”

Sympathizing with that approach, Mr. Kuwashima said that, “Looking across all enterprises, I think companies need to treat risks and opportunities as a central part of their business strategy itself. TDK is bringing an outside-in perspective to thinking about technologies, solutions and products based on the social issues set out in the SDGs, and in doing so, adds to the depth of that discussion.” Touching on the TDK Group’s existing efforts to create value through its business, Mr. Takegahara commented that, “Recently, the impact of the COVID-19 has accelerated the Company’s shift to digital. I think your ability to generate a diverse range of products to support that shift may make it easy for TDK to draw up a vision for contributing to the more efficient use of energy.”

Mr. Kobayashi described TDK’s approach, saying that, “There are many ways the Company can utilize its products and technologies to contribute to addressing climate change. Digital transformation (DX), such as that represented by 5G, is—along with EX—a pillar of the Company, and it is crucial that we advance our environmental contributions through those two pillars.” Another participant indicated their agreement with these remarks, noting that, “As we move in that direction, it is essential that we encourage understanding of the value TDK offers, not just outside the Company but internally as well. We need to involve employees in every position, including workers in our manufacturing sites and other front-line employees, and get them to take these issues personally.”

Meanwhile, the TDK Group faces a new issue with its current effort to drive business forward under the concept of Kotozukuri (integrated solutions). Mr. Kuwashima pointed out that, “In Monozukuri (manufacturing excellence), products have clear specifications for energy savings and so forth, making it easy to measure their impact on the environment. But the fact is that with Kotozukuri, it is difficult to quantify the extent to which our business is helping to reduce society’s environmental load. I think issues remain with visualizing that impact.”

Both Mr. Takegahara and Ms. Hachiya agreed that this could be difficult, but they also expressed hope for TDK’s efforts: “The major premise is that good services and solutions can only succeed if you have high-quality, superior products. TDK is singular in continuing to take on the challenge of reducing environmental loads even as it shifts its business model from Monozukuri to Kotozukuri in response to changes in society. The world is still searching for ways to express social impact, and there are no clear guidelines. We look forward to seeing TDK attempt to develop new standards and become a global leader.”

* The TCFD was founded in 2015 by the Financial Stability Board (FSB), an international body seeking to achieve the stabilization of the financial system.

Stakeholder Engagement

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[Past Stakeholder Dialogue](#)

Purpose of Stakeholder Engagement

The TDK Group strives to earn the trust of society by correctly recognizing social issues as a company that deploys business activities globally, respecting the International Code of Conduct and guidelines on sustainability, and responding to stakeholders' interests through business activities. In order to gain the trust, we actively create opportunities for dialogue with each of our stakeholders on a daily basis.

The TDK Group believes that the purpose of stakeholder engagement is as follows.

- To apply stakeholders' opinions in TDK Group's business activities and translate this into the improvement of corporate value and social value to be created.
- To share the same values as our stakeholders and develop our business activities into essential non-complacent activities by gaining their understanding on the TDK Group's ideas and activity contents. Also, to continue collaborating to achieve a sustainable society.

Ideal Vision, Policies, and Engagement Methods by Stakeholders

Shareholders and Investors

Policy	The TDK Group will maintain management in a fair and transparent manner by disclosing information in a timely and appropriate manner to stakeholders, such as shareholders and investors.
Ideal relationship	We gain the trust of our shareholders and investors regarding TDK's vision of "achieving sustainable growth by providing solutions that meet future social needs."
Engagement methods	<ul style="list-style-type: none"> • Financial results briefings • General meeting of shareholders • IR meetings

Customers

Policy	The TDK Group responds to changes in the business environment and social needs and provides high-value-added products to customers by realizing QDC and First-to-Market at a high level.
Ideal relationship	We are always recognized as a partner company that exceeds customers' expectations by leading innovations and environmental consideration.
Engagement methods	<ul style="list-style-type: none"> • Daily sales activities • CS survey • Audit from customers

Business partners

Policy	The TDK Group addresses social and environmental issues throughout the supply chain and will realize a sustainable society with our partners based on the RBA Code of Conduct.
Ideal relationship	We build win-win situations that will develop both our business partners and TDK in the long term and TDK and our business partners' technologies and knowhow collaborate in various business fields.
Engagement methods	<ul style="list-style-type: none"> • Daily support for business partners • Business partner briefings • Implementation of audits of business partners

Employees

Policy	<p>The TDK Group believes that the source of eternal prosperity of companies lies in human development and will continue to build relationships as described in the Corporate Code of Ethics (Corporate Code of Behavior).</p> <p>➤ Please click here for the Corporate Code of Ethics (Corporate Code of Behavior).</p>
Ideal relationship	We create an equal and happy workplace by promoting CSR, and employees and the company share mutual respect.
Engagement methods	<ul style="list-style-type: none"> • Labor-management dialogue • Feedback to in-house newsletters • Workplace communication

Communities

Policy	The TDK Group works and collaborates with stakeholders and potential partners, such as communities, administrations, industries, international organizations, NPOs, and NGOs, to maintain good relationships. Also, based on our management philosophy, we will identify areas of social issues to be prioritized and aim to be a good corporate citizen through social services such as sports, culture, artistic activities, and volunteer activities.
Ideal relationship	The TDK brand penetrates into the region and provides quality employment to the region. We also contribute to the reduction of environmental impact with innovative technology.
Engagement methods	<ul style="list-style-type: none"> • Social gatherings at each region • Social services • Homepage answer service

Administration

Policy	The TDK Group works and collaborates with stakeholders and potential partners, such as communities, administrations, industries, and international organizations, to maintain good relationships.
Ideal relationship	We fulfill our obligations, such as legal compliance and tax payments, and play the role of a corporation as a public institution of society through cooperation with policies to solve social problems.
Engagement methods	<ul style="list-style-type: none"> • Exchange of opinions through economic and industrial organizations • Answers to surveys and questionnaires • Consultations with competent authorities • Public comments

Consumers

Policy	We contribute to improving the QOL of all people through TDK Group products and final products in which our products are installed.
Ideal relationship	We are recognized by many consumers as a company that contributes to society with creative and innovative technologies.
Engagement methods	<ul style="list-style-type: none"> Acquisition of information through sales Feedback to development

Past Stakeholder Dialogue

TDK actively creates opportunities for dialogue with each of our stakeholders.

In particular, for content that has a large impact on business activities, we hold stakeholder dialogues and utilize them in our business activities and CSR activities through direct dialogue with outside experts.

* Clicking each theme will open dialogue articles.

Date of implementation	Theme
Mar. 6, 2018	Develop Global Human Resources
Apr. 14, 2017	Targeting Human Rights Responses at the Supply Chain
Mar. 21, 2017	Develop Global Human Resources
Oct. 9, 2015	Toward the Finalization of Materiality to Enhance TDK's Value
May. 11, 2015	CSR Promotion in the Supply Chain
May. 8, 2015	Toward Compilation of the Next Environmental Vision
Apr. 17, 2015	Thinking about Diversity as a Growth Strategy
Mar. 31, 2015	Study Meeting Convened to Enhance the Grasp of Nonfinancial Information Disclosure
Mar. 4, 2014	Identification of Human Rights Issues through Dialogue with Stakeholders
Apr. 18, 2013	The Social Problems behind Conflict Minerals: The Human Rights Situation in the Democratic Republic of the Congo
Apr. 12, 2012	What should today's technological innovations look like if they are to solve social problems and bring an ideal future into reality?
May. 27, 2011	What We Need to Do for the Environment Now
Apr. 8, 2010	Continued Expectations to TDK as a Trustworthy Company
May. 18, 2009	A Company That Earns Your Trust

Environmental Policy and Environmental Vision

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Environmental Policy / TDK Environmental Charter

TDK has established the TDK Environmental Charter, consisting of the Basic Principle on the Environment and the Basic Policy on the Environment, as our entire group's environment policy, aimed at contributing to the sustainable development of society. In line with the Charter, TDK formulated the Environmental Vision and Environmental Action Plan as a fundamental framework for implementing specific environmental activities.

TDK Environmental Charter

This environmental charter applies to all organizations in the global TDK Group.

Basic Principle on the Environment

The TDK Group recognizes co-existing with the global environment is an important management issue and is committed to realize sustainable growth of the society through the combined efforts of all members in all business operations.

Basic Policy on the Environment

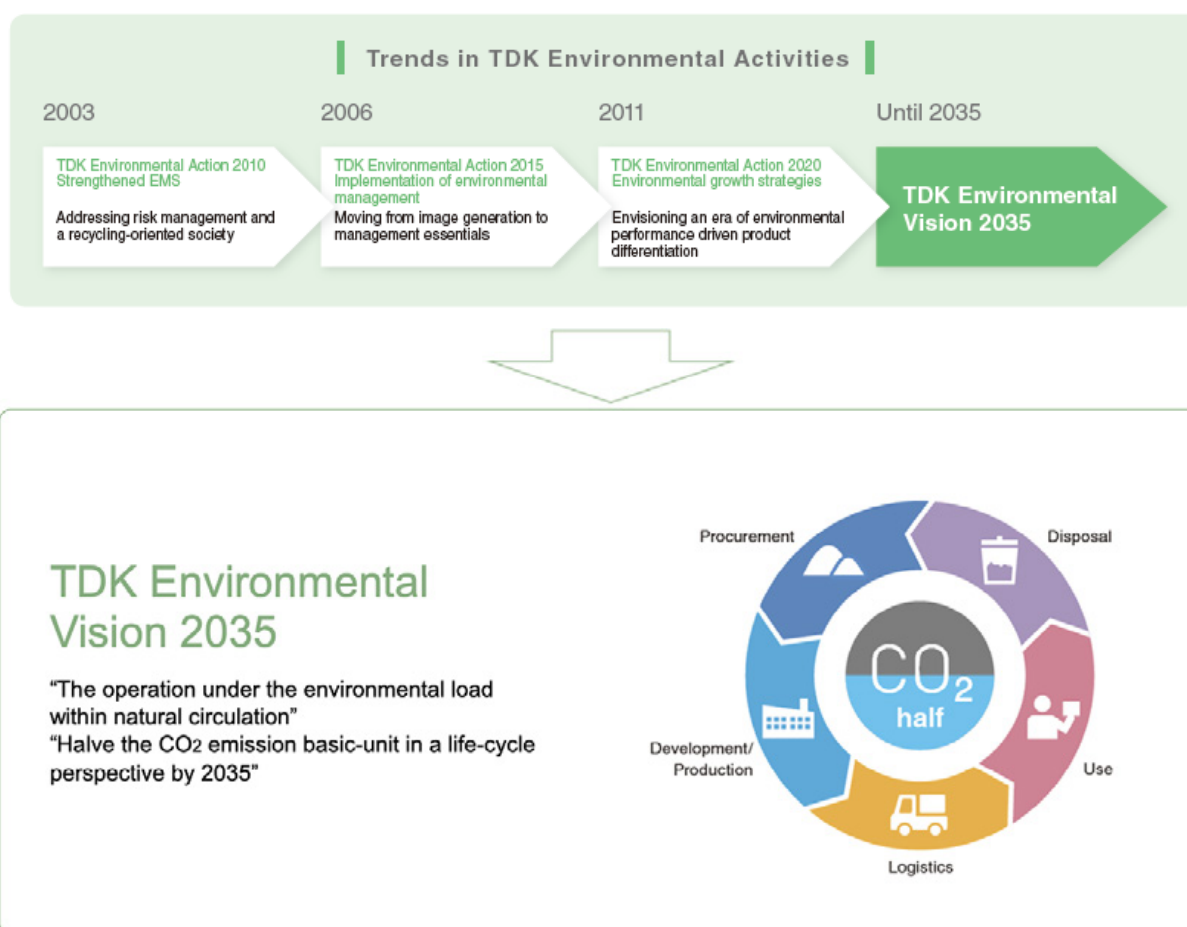
Based on this principle, the TDK Group will lead society by carrying out environmental protection activities quickly and effectively with the consideration for climate change, biodiversity and finiteness of resources to hand over a healthier environment to future generations.

1. Promote activities to realize this policy by the organization with clearly defined responsibility and resources assured by Top Management.
2. Contribute to the society by creating and supplying eco-conscious products in the lifecycle perspective to the market.
3. Conduct eco-conscious production by assessing potential environmental impact from the product designing stage.
4. Comply with national and local environmental laws, regulations and agreements with suppliers and customers, and also correspond to social needs.
5. Act proactively with the consideration for contributions to protect environment and conserve ecosystem through communication and interaction with local society.
6. Improve environmental performance continuously to achieve mid-long term targets and realize the environmental vision.

Established on March, 1st, 1993
Revised on April, 1st, 2018 (5th edition)

TDK Corporation
President & CEO
Shigenao Ishiguro

TDK Environmental Vision 2035



Halving the CO₂ emission basic-unit in a life-cycle perspective by 2035

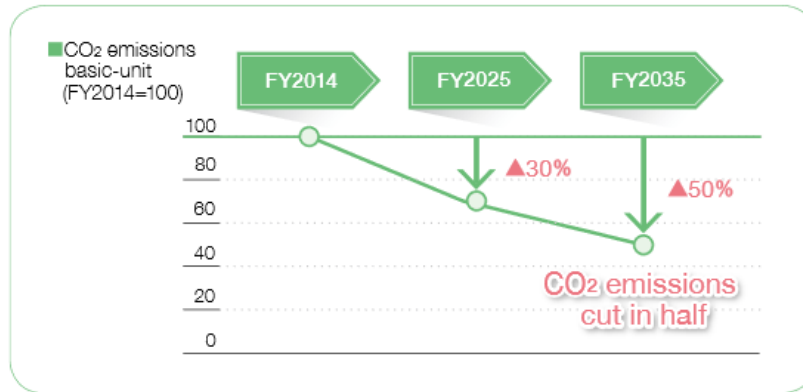
The TDK Group achieved its carbon neutral target, originally outlined in our third basic environmental action plan "TDK Environmental Action 2020," far ahead of schedule in fiscal 2014. In 2015, prior to the formulation of our next regular environmental vision, "Vision 2035," a corporate commitment keyed to the Company's centennial year was formulated. In Vision 2035, TDK pledge to strive to achieve further innovation and create value for customers through the delivery of outstanding quality products and services, by utilizing the diverse global resources. Based on this corporate motto, TDK will continue to "contribute to culture and industry through creativity", by revitalizing and protecting the global environment and creating a pleasant and safe society.

Our Environmental Vision comprises one phase of Vision 2035, we envision business operations under the environmental load within natural circulation. According to this idea, the goal of "to halve the CO₂ emission basic-unit in a life-cycle perspective by 2035" has been formulated as "TDK Environmental Vision 2035." in 2016.

This stance stems from the belief that minimizing the environmental load in business activities, and revitalizing the natural environment, is the duty of companies that supply products designed to contribute to its customers and the society. Moreover, modeled on the United Nations Climate Change Conference (COP 21) Paris Agreement, which seeks to curb global warming by achieving a balance between greenhouse gas emissions and absorption sources, this is also considered the ideal corporate posture for all TDK activities.

Within TDK Environmental Vision 2035, the declaration is made to reduce the environmental load from a lifecycle perspective. This represents an initiative not limited to measures at the manufacturing stage in factories and the use stage for customers, aspects outlined in the conventional TDK Environmental Action 2020 policy. To expand

in this way, we deem it critical for all TDK Group employees to share the same vision and move forward with the same objectives in mind. The “revitalizing and protecting the global environment” expressed in this corporate vision refers to the skillful operation of our business hand in hand with the natural environment. Without that commitment, there will be no sustainable development on the horizon. The entire Group shares an Arubeki-Sugata (ideal process) and undertakes voluntary initiatives in pursuit of that vision.



Basic Environmental Action Plan “TDK Environment, Health and Safety Action 2025”

Conceived on the cornerstone of TDK Environmental Vision 2035 was a new basic environmental plan extending through year 2025, namely TDK Environment, Health and Safety Action 2025. The action categories and target figures of “TDK Environment, Health and Safety Action 2025” reflect dual consideration for “backcasting” from TDK Environmental Vision 2035, and continuity and “forecasting” from “TDK Environmental Action 2020”.

At present, nine action categories have been determined. In the near future, plans call for integrating the environmental loads of these targets through CO₂ conversion, followed by the promotion of action plans targeting the ideal targets enumerated in TDK Environmental Vision 2035.

With regard to safety and health as well, steps will be taken to newly stipulate original action categories and goals, thus moving to realize truly safe and healthy workplace environments.



Related links

[TDK Environment, Health and Safety Action 2025—FY 2019 Achievements](#)

[TDK Environment, Health and Safety Action 2025—Action Plan](#)

Creating a Framework for Gauging Product Contributions

Expand reduction of CO₂ emissions through products (product contributions) is one of the core initiatives within TDK Environmental Vision 2035 and Environment, Health and Safety Action 2025. To mount potent appeals for the social contributions by TDK products as the fruits of technical initiatives, these product contributions have been calculated and disclosed from TDK Environmental Action 2020 (the Company's previous medium- to long term plan). Public awareness activities are also being advanced to gain understanding of the contributions of electronic components as intermediary parts, along with moves to formulate coherent industry standards for calculation methods positioned to serve as the basis for earning appropriate evaluations of product contributions performance, and the results were released in the form of guidance by industry groups.

Based on these results, TDK established the Guideline for Calculation of Product Contributions, supplemented the assessment requirements during the product development stage by adding calculation of product contributions and is promoting the spread of calculation work throughout the Group.

In fiscal 2019, we received an award from a customer for our continuous proposals of efficiency improvement of power supplies. TDK will continue development calculation rules and will make efforts to expand and spread their use throughout the Group.

Environmental Management System

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[Operation of the TDK Environmental Management System](#)

[EMS Assessment System and Award Program](#)

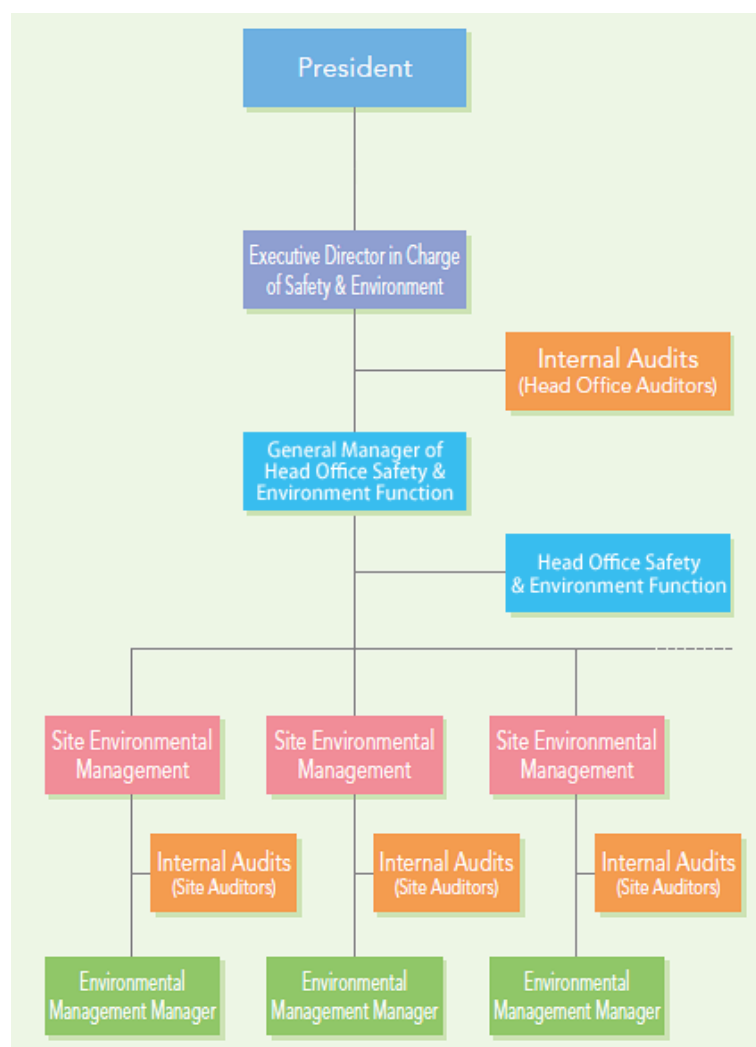
[Environmental Risk Management at Manufacturing Sites](#)

[Prevention and control of exposure to toxic substances with products as the source](#)

Environmental Management System

TDK has established a platform for environmental action based on the Environmental Management System (EMS) concept, with the CEO at the top.

The platform is designed to comprehensively address environmental issues that are becoming ever more complex and globalized. It goes beyond the approach focusing on single sites, allowing us to respond promptly and effectively while remaining aware of the big picture.



Operation of the TDK Environmental Management System

All manufacturing sites of TDK have obtained ISO14001* certification, and TDK is proceeding with the integration of the Environmental Management System in Japan, China, and North America.

In addition, environment conferences were held in a number of locations including Japan, China, the ASEAN region, Europe, and America. These are aimed at promoting local activities tailored to the situation in the respective region, while remaining oriented towards achieving the overall goals laid down in the TDK Environment, Health and Safety Action 2025.

* ISO14001: International standard (IS) regulating EMS compliance

Related links

[Facilities with ISO14001 Certification](#)
[TDK Environment, Health and Safety Action 2025](#)

EMS Assessment System and Award Program

With the aim of boosting the Environmental Management System and the performance of safety and environment related activities, TDK is introducing a program for assessing the degree by which both safety and environment management related goals have been attained on a global basis.

The program covers five areas, namely energy, water, waste, safety/health, and social contributions. Business sites with a high overall score, and sites or departments that have conducted special activities in a specific area are recognized with an award. Award recipients in fiscal 2019 were as follows:

■ Excellent overall score

TDK Taiwan Corporation

TDK-Lambda Malaysia Sdn Bhd.

Kitakami Plant, TDK Akita Corporation

Hutchinson Technology Inc.

■ Outstanding activities in a specific field

Energy Asama Techno Factory, TDK Corp.

TDK India Private Limited

Safety and Health Amperex Technology Limited

Emissions TDK-Lambda Americas Inc.

Environmental Risk Management at Manufacturing Sites

Managing soil contamination and VOC risks

TDK has established environmental risk assessment standards and management methods for soil contamination and VOCs,* and each site regularly conducts risk assessment. At high risk locations, a clearly defined priority sequence of preventive measures, restoration measures etc. ensures effective management of environmental risks.

* VOC: Volatile Organic Compounds

Pollution prevention regulatory compliance and accidents

To prevent the contamination of atmosphere, water, soil, etc., TDK strictly complies with all relevant laws and regulations. For certain items, we have even set voluntary standards that are more stringent than the legal requirements, and we take preventive action whenever necessary to reduce the environmental load.

In fiscal 2019, the Honjo Plant West site, TDK Akita Corp. (Japan) exceeded the standard value for drainage items (BOD), but we promptly responded in accordance with the law.

Prevention and control of exposure to toxic substances with products as the source

Related links

[Quality Assurance Activities](#)

Sustainability | Environment | Environmental Management System

ISO14001 Certification (As of June 30th 2020)

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Facility	Country	Certificate Number	Examined by
TDK Corp. Head Office Safety & Environment Group of Sustainability Promotion HQ Technical Center Mikumagawa Plant Asama Techno Factory Kofu Plant Narita Plant Shizuoka Plant Inakura Plant Nikaho Plant North Site Nikaho Plant South Site Honjo Plant West Site TDK Akita Corporation Inakura Plant Nikaho Plant North Site Nikaho Plant South Site Honjo Plant West Site Kitakami Plant Ouchi Plant Iwaki Plant Honjo Plant East Site TDK Shonai Corp. Tsuruoka Plant Sakata Plant Iida Plant Tsuruoka East Plant TDK-Lambda Corp. Headquarters office Nagaoka Technical Center TDK Service Corp. Head Office, Yawata Sales Office Tokyo Sales Office TDK Kofu Corp.	Japan	3994702	BV
TDK Precision Tool Corp.	Japan	05672-01	Intertek
TDK USA Corporation TDK Components USA., Inc. TDK Ferrites Corporation Headway Technology, Inc. TDK-Lambda Americas Inc.	U.S.A.	US012110	BV
TDK China Co., Ltd. TDK (Suzhou) Co., Ltd TDK Dalian Corporation Qingdao TDK Electronics Co., Ltd. TDK Xiamen Co., Ltd. Guangdong TDK Rising Rare Earth High Technology Material Co., Ltd.	P.R. China	CNBJ312477-UK	BV
TDK Dongguan Technology Co., Ltd. Dongguan Changan Huanan Electronics Factory	P.R. China	02119E10478R5L	CCCI

CONTENTS	SAE Magnetics (Dongguan) Limited	P.R. China	02117E10966R6L	CCCI
	AFI Technologies (Chang An) Ltd.	P.R. China	02120E10003R5L	CCCI
Editorial Policy	SAE Components Chang An Plant	P.R. China	02120E10003R5L-1	CCCI
	SAE Technologies Development (Dongguan) Co., Ltd.	P.R. China	2117E10966R6L-1	CCCI
Top Commitment	Amperex Technology Ltd.	P.R. China	CN09/31828	SGS
	Acrathon Precision Technologies (HK) Ltd.	P.R. China	02118E10334R3M	CCCI
TDK Group's Sustainability	TDK-Lambda (China) Electronics Co., Ltd.	P.R. China	02119E10576R4M	CCCI
	TDK Hong Kong Co., Ltd.	Hong Kong	12 104 40080 TMS	TUV
Environment	TDK Taiwan Corporation	Taiwan	20003153 UM15	DQS
	InvenSense Taiwan Co., Ltd.	Taiwan	TW17/00861	SGS
	TDK Korea Corporation	Korea	20BK00279-UK	BV
	TDK Philippines Corporation	Philippines	PH16/1410	SGS
Society	TDK (Thailand) Co., Ltd.	Thailand	488005 UM15	DQS
	Magnecomp Precision Technology Public Co., Ltd. Rojana Factory Wangnoi Factory	Thailand	25884/A/0002/UK/En 25884/G/0001/UK/En	URS URS
Governance	Hutchinson Technology Operations (Thailand) Co., LTD.	Thailand	81791/C/0001/UK/En	URS
	TDK (Malaysia) Sdn. Bhd.	Malaysia	01 104 1535520	TUV
How the Public Sees Us	TDK-Lambda Malaysia Sdn. Bhd Senai Factory Kuantan Factory	Malaysia	01 104 1735507	TUV
The Worldwide TDK Group	TDK-Lambda UK Ltd.	U.K.	EMS 518156	BSI
	TDK-Lambda Ltd.	Israel	87520	IQnet
GRI Standards Table	TDK Electronics AG	Germany	91372-2011-AE-GER-DakkS	DNV

Action Plan 『TDK Environment, Health and Safety Action 2025』

Established: April 1, 2016
Revised: April 1, 2020

Tasks		Fiscal Year 2020		Fiscal Year 2021		Fiscal Year 2025	Fiscal Year 2035 (100th anniversary)
		Objectives	Practical Activities				
[1] TDK Environment Activity: improve CO ₂ emissions basic-unit in a lifecycle perspective 50% by 2035, compared with Fiscal Year 2014							
assess our entire value chain emissions impact including environmental contribution, and improve the sales based basic units							
Promotion as an in-house activity		(1) reduce CO ₂ emissions from production activities	・improve CO ₂ emissions basic-unit from energy use 1.8% compared with the previous FY	- implement energy-saving activities at each manufacturing site equivalent to 2.0% of the previous FY's CO ₂ emissions - set voluntary CO ₂ emissions targets - consider introduction of renewable energy	improve CO ₂ emissions basic-unit (Scope1 and 2) 8.4% compared with the base year(FY 2014)	improve CO ₂ emissions basic-unit 30%	improve CO ₂ emissions basic-unit in a lifecycle perspective 50%
		(2) expand renewable energy usage	・promote renewable energy introduction/purchase	-research of renewable energy purchasing sources -considering target and plans of renewable energy introduction /purchase by GHQ/RHQ bases			
		(3) reduce water usage	・improve water usage basic unit 1.5% of the previous FY	- improve water usage basic-unit 1.5% compared with the previous FY at each manufacturing site - improve the recycling ratio of water			
		(4) use resources effectively	・improve waste amount basic-unit 1.5% of the previous FY	- improve waste amount basic-unit 1.5% of the previous FY at each manufacturing site - promote internal recycle/reuse			
Contribution to society		(5) reduce CO ₂ emissions from a life cycle perspective	・reduce environmental load by procurement resource reduction ・reduce the amount of CO ₂ emissions in logistics 3.0% of FY 2014	-effective use of input resource materials (improvement of resource efficiency) - review the international shipping of products and materials	establish Scope3 CO ₂ emissions basic-unit targets each categories		
	 	(6) expand environmental contribution of products	・improve CO ₂ reduction contributions basic-unit 2.7% compared with the previous FY	- calculate product contributions amounts of new products - review of product contribution calculation guidelines			
		(7) expand renewable energy business	・develop and expand sales of products for the renewable energy market	-expand sales into the renewable energy market by using SSRS(Sustainable Strategy Review Sheet)			
		(8) reduce risks of chemicals use	・reduce influence of chemicals to the human and environment	- promote the substitution and reduce usage of hazardous chemicals - review and revise of the 《Chemical Substance Control Detailed Rules》 for Japan sites	examine the possibility of centralized management of chemical substances by RHQ		
	 	(9) contribute to environmental society	・preserve the environment and biodiversity	- promote forest protection activity - promote environmental education and awareness - assess the CO ₂ contribution amount of social activities	- promote forest protection activity - promote environmental education and awareness - assess the CO ₂ contribution amount of social activities		
[2] TDK Health and Safety Activity							
take action toward to achieve "Zero labor accident", our ultimate goal							
	activity for health and safety	・achieve the "ZERO significant labor accident(※)"	・mitigate the significant safety risks ・promote the safety patrol by site top manager thoroughly	achieve the "ZERO significant labor accident"			

※significant labor accident: an accident with remaining disability, required long-term nursing, or fatality

FY 2019 Achievements 『TDK Environment, Health and Safety Action 2025』

Tasks	Fiscal Year 2019		Achievements	Status
	Objectives	Practical Activities		
【1】 TDK Environment Activity: improve CO ₂ emissions basic-unit in a lifecycle perspective 30% by 2025, compared with Fiscal Year 2014				
Assess our entire value chain emissions impact including environmental contribution, and improve the sales based basic units				
(1) Reduce CO ₂ emissions from production activities	<ul style="list-style-type: none">Improve CO₂ emissions basic-unit from energy use 1.8% compared with the previous FY	<ul style="list-style-type: none">Implement energy saving activity worth 2.0 % of the previous FY CO₂ emissions at each manufacturing siteSet up the self-motivated target of CO₂ emissionsDetermine renewable energy resourcesInstill lower energy thinking in production siteConsider introduction of clean energy	<ul style="list-style-type: none">Improved by 5.4% compared with the previous FY	Achieved
(2) Expand environmental contribution of products	<ul style="list-style-type: none">Improve product-based CO₂ reduction contributions basic-unit by 2.7% compared with the previous FY	<ul style="list-style-type: none">Calculate amounts of product contributions of new productsIntegrate the guidelines for contribution amount calculation intonew products assessment system	<ul style="list-style-type: none">Improved by 6.9% compared with the previous FY	Achieved
(3) Reduce water usage	<ul style="list-style-type: none">Improve water usage basic-unit by 1.5% of the previous FYImplement water usage CO2 calculations at sites	<ul style="list-style-type: none">Improve water usage basic-unit by 1.5% of the previous FY at eachImprove the rate of recycle useAssess CO₂ emissions of water	<ul style="list-style-type: none">Improved by 0.8% compared with the previous FYAs a result of estimated water usage calculations, decide to terminate future implementation	Not achieved
(4) Use resources effectively	<ul style="list-style-type: none">Improve waste basic-unit by 1.5% of the previous FYEstablish the CO₂ conversion method for input materials	<ul style="list-style-type: none">Improve waste basic-unit by 1.5% of the previous FY at each manufacturing siteUse raw materials effectivelyPromote internal recycle/reuseAssess CO₂ emissions of input materials	<ul style="list-style-type: none">Worsened by 19.8% compared with the previous FYReported the results of Scope 3 emission calculations in environmental performance data	Not achieved Achieved
(5) Reduce CO ₂ emissions in logistics	<ul style="list-style-type: none">Reduce the amount of CO₂ emissions in logistics by 3.0% of FY 2014	<ul style="list-style-type: none">Implement the energy saving activities (e.g. review of delivery center)Review the international transportation methodsBroaden routes calculated CO₂ emissions in logistics	<ul style="list-style-type: none">Reduced by 11.1% compared with FY2014	Achieved
(6) Reduce risks of chemicals use	<ul style="list-style-type: none">Reduce influence of chemicals to the human and environment	<ul style="list-style-type: none">Reduce usage or promote the substitution of hazardous chemicalsBroaden operation sites of “TDK chemical substances control DB”	<ul style="list-style-type: none">Reduce usage or promote the substitution of hazardous chemicals	Achieved
(7) Contribute to environmental society	<ul style="list-style-type: none">Preserve the environment and biodiversity	<ul style="list-style-type: none">Promote forest protection activityPromote environmental education and awareness activityAssess the CO₂ contribution amount of social activities	<ul style="list-style-type: none">No. of trees planted outside company: 940Aggregate no. of employees participating in volunteer activities: 2,945	Achieved
【2】 TDK Health and Safety Activity				
Take action toward to achieve “Zero labor accident”, our ultimate goal				
Activity for health and safety	<ul style="list-style-type: none">achieve the “ZERO significant labor accident*”	<ul style="list-style-type: none">Mitigate the significant safety risksPromote the safety patrol by site top manager thoroughly	<ul style="list-style-type: none">Achieve “Zero significant labor accidents”	Achieved

*significant labor accident: an accident with remaining disability, required long-term nursing, or fatality

Climate Change Initiatives

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Background of Goals

Anthropogenic greenhouse gas emissions, which contribute to global warming, are on the rise, and the sense of crisis about climate change is increasing as represented by the Paris Agreement that was adopted at the COP21 in December 2015. Above all, carbon dioxide (CO₂) is a major emission source that makes up 76%* of greenhouse gases, and it is necessary to implement reliable CO₂ reduction measures in business activities.

In the TDK Group, the directors responsible for environmental matters serve as the managers of the Group's environmental activities, including climate change issues, and the Sustainability Promotion Division Safety and Environment Group leads the promotion of and support for the Group's environmental activities. We make decisions on important contents for management of the Group's environmental activities based on deliberation by the management meetings and, if necessary, the Board of Directors. The TDK Environmental Vision 2035 was established as the goals of specific activities, and we strive to reduce the environmental impact from a life cycle perspective, from the use of raw materials to the use and disposal of products.

* From the IPCC 5th Assessment Report.

Response to TCFD

In May 2019, we expressed our approval to the TCFD (Task Force on Climate-related Financial Disclosures), which makes recommendations to analyze impacts and disclose information on the impact of climate change on corporate finances. TCFD is a task force on climate change-related financial disclosures that was established in 2015 by the Financial Stability Board (FSB), an international body that aims to stabilize the financial system, and is expected to be a catalyst for promoting information disclosure within companies and organizations, and promote dialogue between financial institutions and business corporations.

TDK believes that assessing the risks to and opportunities for your business due to climate change and appropriately disclosing information will become essential for the coexistence of future corporate growth and sustainable society and will take actions successively.

Reduction of CO₂ emissions at manufacturing sites

Energy-derived CO₂ emissions at manufacturing sites have been recognized as a major environmental burden at TDK from the past, and we continue to promote reduction activities.

Reduction of CO₂ emissions from logistics activities

At TDK, we are working to reduce CO₂ emissions from logistics activities for the purpose of contributing to global warming countermeasures, improving transportation efficiency, and reducing transportation costs.

In Japan, a committee to improve energy conservation in distribution was set up in FY2006, when the revised Energy Conservation Act was enacted, and energy reduction activities related to logistics are carried out.

Expansion of contributions to reduction of CO₂ emissions from products

TDK has been conducting product assessments from 1997 where we assess the environmental impact of the product over its entire life cycle. In the mechanism we adopt, only products approved by this product assessment are commercialized and distributed into the market. The excellent environment-considerate products (ECO LOVE products) accreditation system was introduced in 2008 as a measure to continuously create products with high environment-conscious effects based on the assessment results of the product assessment. In addition to disclosing information about the products certified as excellent environment-considerate products on our website, we have also been promoting the creation and dissemination of products that contribute to reducing environmental impact.

In addition to these usual activities, we focused on the reduction of CO₂ emissions achieved by products and know-how. From FY2011, we have been developing calculation standards to quantify them as environmental contributions, and in FY2015, we established guidelines for assessing the contribution of products that summarize these results. We are promoting activities to reduce CO₂ emissions from products through operation using product assessment.



Indicators and Goals

We have set the indicators and goals used when assessing and managing climate-related risks and opportunities in line with the concept of "reducing CO₂ emissions intensity by half by 2035 from a life cycle perspective," which was stated in the TDK Environmental Vision 2035.

Please see here for specific details.

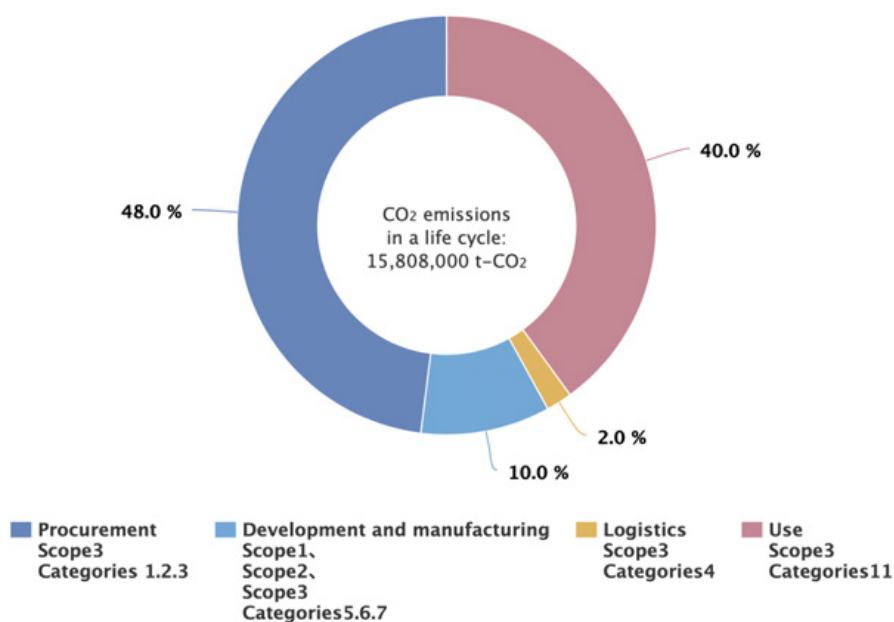
[FY2019 Results of the TDK Environment, Health and Safety Action 2025](#)

[Action Plan in TDK Environment, Health and Safety Action 2025](#)

Fiscal 2019 Goals and Achievements / Evaluations and Future Activities

Fiscal 2019 Goals	Achievements
To improve energy-derived CO ₂ emissions intensity in manufacturing sites by 1.8% from the previous year	Improved by 5.4% from the previous year
To reduce CO ₂ emissions from logistics activities by 3.0% from FY2014	Reduced by 11.1% from 2014
To improve product CO ₂ emissions intensity by 2.7% from the previous year	Improved by 6.9% from the previous year

Breakdown of environmental load (CO₂ emissions)



[Third-Party Verification](#)

CO₂ Emissions by Category and Scope

Scope		Outline	CO ₂ emission
	(Category)		(t-CO ₂)
Scope1		Production	111,341
Scope2		Production	1,446,346
Scope3	1	Purchased goods & services	6,255,214
	2	Capital goods	697,938
	3	Fuel- and energy-related activities	695,845
	4	Upstream transportation & distribution	274,876
	5	Waste generated in operations	6,019
	6	Business travel	46,890
	7	Employee commuting	7,427
	8	Upstream leased assets	Not a subject in terms of business
	9	Downstream transportation & distribution	Not a subject in terms of business
	10	Processing of sold products	Not a subject in terms of business
	11	Use of sold products	6,265,954
	12	End-of-life treatment of sold products	Not a subject in terms of business
	13	Downstream leased assets	Not a subject in terms of business
	14	Franchises	Not a subject in terms of business
	15	Investment	Not a subject in terms of business

[Third-Party Verification](#)

Methods of Calculating CO₂ Emissions in Scope 3

Category	Outline	Calculation method
1	Purchased goods & services	Products purchased in the fiscal year concerned multiplied by the emission intensity for each purchase price. Regarding materials, the purchase price of the main constituent materials in each product (excluding semifinished products) multiplied by the emission intensity.
2	Capital goods	The price of equipment and other capital goods acquired in the fiscal year concerned multiplied by the emission intensity for each investment amount.
3	Fuel- and energy-related activities	Calculated according to emissions in the extraction, production, and transportation of purchased fuel and fuel used when purchased electricity is generated. Fuel: Each fuel purchased in the fiscal year concerned multiplied by the emission intensity. Electricity: Purchased electricity quantity multiplied by the emission intensity.
4	Upstream transportation & distribution	Calculated according to emissions involved in the procurement of purchased products and services and emissions involved in the transportation of manufactured products. Regarding purchased products and services, each of the same items as in Category 1 multiplied by the emission intensity involved in procurement. Regarding manufactured products, expenses involved in shipment multiplied by the emission intensity.
5	Waste generated in operations	Regarding waste at manufacturing sites excluding valuables, financial value of the waste multiplied by the emission intensity.
6	Business travel	Business travel expenditure is calculated by multiplying expenses involved in employee travel by the domestic employee commuting/business travel expense ratio. Emissions are then calculated by multiplying this business travel expenditure by the emission intensity taking account of the content of business travel.
7	Employee commuting	Commuting expenditure is calculated by multiplying expenses involved in employee travel by the domestic employee commuting/business travel expense ratio. Emissions are then calculated by multiplying this commuting expenditure by the emission intensity assumed from the means of commuting.
8	Upstream leased assets	Not applicable
9	Downstream transportation & distribution	Not applicable
10	Processing of sold products	Not applicable
11	Use of sold products	Electricity consumed by TDK products (components) multiplied by the lifelong operating time of set items contained in the product, conversion coefficient, and quantity of TDK products (components) sold.
12	End-of-life treatment of sold products	Not applicable
13	Downstream leased assets	Not applicable
14	Franchises	Not applicable
15	Investment	Not applicable

Evaluations and Future Activities

Reduction of CO₂ emissions at manufacturing sites

The amount of CO₂ emissions at manufacturing sites in FY2019 was 1,558,000 tons, a 6.7% reduction from the previous year. Emissions intensity improved by 5.4% over the previous year, and we were able to reach the goal. In the future, we will continue promoting CO₂ reduction activities that are more closely attached to production activities through Monozukuri reform that combines TDK's original pursuit of zero defects quality.

Reduction of CO₂ emissions from logistics activities

The CO₂ emission from logistics activities in FY2019 was 4,445 tons, a 12.8% decrease from the previous year and 11.1% from FY2014, and we were able to reach the goal.

In the future, we will continue to grasp the CO₂ emissions from logistics activities in overseas sites and promote reduction activities throughout the TDK Group.

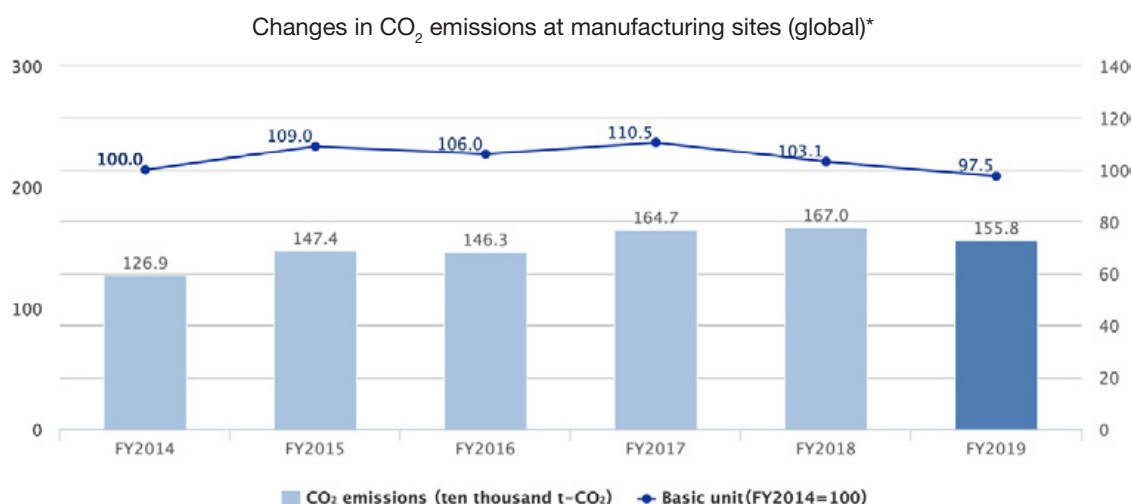
Expansion of contributions to reduction of CO₂ emissions from products

The amount of CO₂ reduction contributions through products in FY2019 was 2,267,000 tons, a 5.4% increase from the previous year. Emissions intensity improved by 6.9% over the previous year, and we were able to reach the goal.

In the future, we will strive to develop environment-contribution products that will contribute to reducing the environmental impact of customers and society and promote the spread of our products by appealing their value.

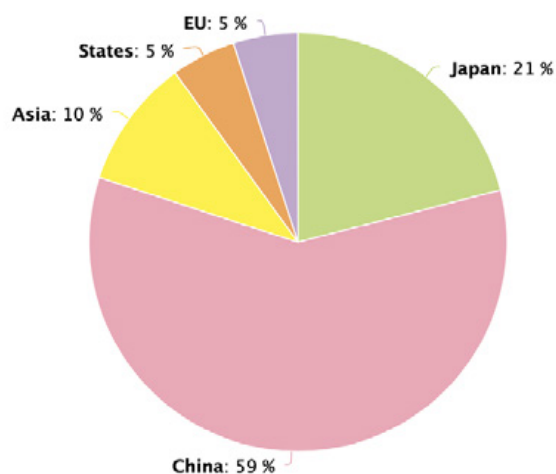
Fiscal 2019 Concrete Progress Report

Reduction of CO₂ emissions at manufacturing sites

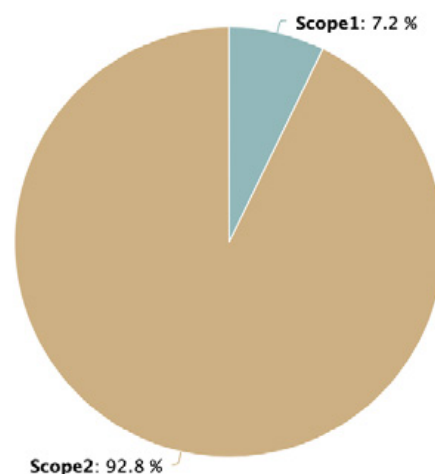


* The measurement and calculation method and the numerical results of FY2019 were verified by a third party.

FY2019 emission ratio by region (TDK Group total emissions)



FY2019 emission ratio by scope (TDK Group total emissions)



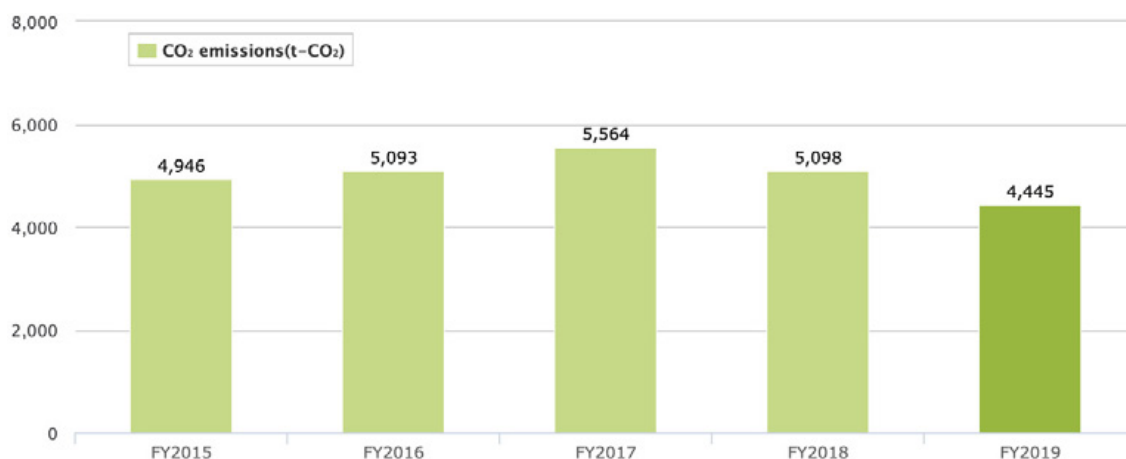
* *Scope: Emission range defined by the GHG Protocol, an international calculation standard for greenhouse gas emissions. We refer to direct emissions from facilities owned and controlled by the company as Scope 1 and emissions from the production of energy consumed at facilities owned and controlled by the company as Scope 2.

* *TDK's CO₂ emissions calculation standard

- CO₂ emissions is calculated by multiplying the CO₂ conversion factor to the amount of electricity purchased and fuel (such as gas and oil) used at each business site.
- The factors defined in the Act on Promotion of Global Warming Countermeasures are used for the CO₂ conversion factor for fuel.
- The latest conversion factor that was publicly known at the time of planning in the beginning of the term is used for the CO₂ conversion factor for purchased power.
- The published value has been certified by a third-party verification.

Reduction of CO₂ emissions from logistics activities

Changes in CO₂ emissions from logistics activities (Japan)*

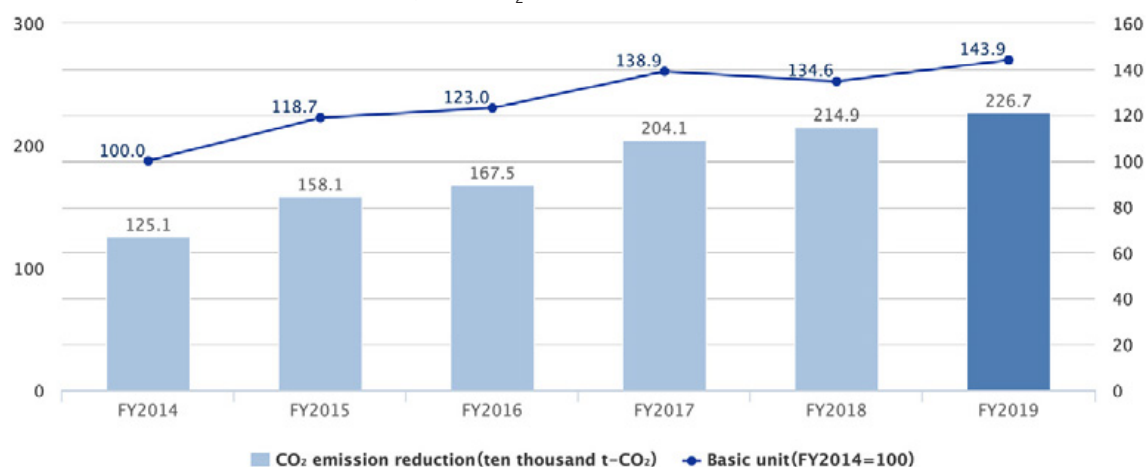


* *The FY2018 data have been revised.

* *Calculated based on Japan's Energy Conservation Act.

Expansion of contributions to reduction of CO₂ emissions from products

Changes in CO₂ emissions from products*



* The calculation method was reviewed by a third party.

* The product contributions have been calculated based on the internal guidelines compliant with IEC's "TR62716 Guidance on Quantifying Greenhouse Gas Emission Reductions from the Baseline for Electrical and Electronic Products and Systems"; The Institute of Life Cycle Assessment, Japan's "Guidelines for Assessing the Contribution of Products to Avoided Greenhouse Gas Emissions"; and JEITA's "Guidance on Calculating GHG Emission Reductions Contribution of Electronic Components."

Environmental contributions of TDK products (by category)

Automobiles (incl. HEV and EV)

245,000t-CO₂
(207,000t-CO₂)



(): FY 2019 Results

Industrial equipment

1,073,000t-CO₂
(1,115,000t-CO₂)



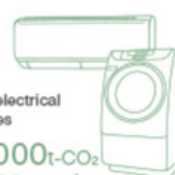
ICT

261,000t-CO₂
(276,000t-CO₂)



General electrical
appliances

689,000t-CO₂
(551,000t-CO₂)



Related links

[Third-Party Verification](#)

[Third-Party Review of Environmental Performance Data](#)

Concrete Activities

Reduction of CO₂ emissions at manufacturing sites

The TDK Asama Techno Factory received The Energy Conservation Center, Japan Chairman's Award in the Energy Conservation Best Practice Category of the FY2019

At the Asama Techno Factory, small cross-functional groups including management engaged in continuous energy-saving activities that implement diverse ideas and require low investment such as the efficient equipment operation linked to production planning, introduction of a waste heat recovery chiller, air-conditioning optimization according to applications, and power leveling, and have achieved a 25.3% reduction in factory energy consumption (results from the end of June 2019, compared to FY2015). These initiatives were highly commended, and they received The Energy Conservation Center, Japan Chairman's Award in the Energy Conservation Best Practice Category of the FY2019 Energy Conservation Grand Prize for excellent energy conservation equipment (sponsored by The Energy Conservation Center, Japan, supported by The Ministry of Economy, Trade and Industry). This award commends excellent energy conservation efforts implemented by business operators and in workplaces that serve as a model for others as well as excellent energy-saving products and business models for the purpose of contributing to the development of an energy-saving society with the spread of energy-saving products and promotion of awareness of energy conservation throughout Japan.

Asama Techno Factory's challenge was not carried out overnight; they have a history of engaging in energy-reduction activities, starting from a project that kicked off in 2007. As a result, they were able to halve the amount of energy used annually in the past 10 years. Management and all factory members will work together to continue tackling this challenge.



Promotion of the Introduction of Renewable Energy at Production Sites

The sites where 100% of electricity used is procured as renewable energy are as follows.

- TDK-Lambda UK Ltd.
- TDK-Lambda Ltd. (Israel)
- Headway Technologies, Inc.
- TDK Electronics (two sites)

The global renewable energy (electric power only) usage rate is 22.7%.

Reduction of CO₂ emissions from logistics activities

The following initiatives are promoted to reduce CO₂ emissions in the logistics stage.

- Modal shift
- Streamlining inter-factory transportation by consolidating production sites

Expansion of contributions to reduction of CO₂ emissions from products

Awarded the "Partner of the Year 2019" by NEC

The TDK Group received the Partner of the Year 2019 in the two categories of "Co-creation" and "Environment" in the supplier assessment and was commended at the NEC New Year partner exchange meeting.

In the "Environment" department, the TDK Group was recognized for significantly reducing CO₂ emissions of conventional products, such as by reducing approximately 40,000 tons of CO₂ emissions per year from TDK-Lambda's power supply products for industrial equipment.

The calculation of CO₂ emission reduction contributions of power supply products started from FY2011, and we have been continuously striving to achieve greater CO₂ reductions every year. We will continue to promote larger contributions in the future by improving efficiency.



CC-E



ZWS-BAF



HWS-A

TDK calculates direct GHG emissions (Scope 1), indirect GHG emissions from energy sources (Scope 2), and other indirect GHG emissions (Scope 3), and undergoes a third-party verification by SGS Japan Inc.



Third-Party Review of Environmental Performance Data

In order to improve the objectivity of environmental performance data, the following items were subject to a third-party review by SGS Japan Inc.

- Calculation method for CO₂ emissions from production activities
- Calculation method for reduction of CO₂ emissions through products



Review Confirmation Report (Summarized Version)

Purpose of the Review

SGS Japan Inc. was commissioned by TDK Corporation (hereinafter referred to as "the Organization") to review the validity of "The Guideline for Assessing Product Contribution on Avoided Greenhouse Gas Emissions" issued on Mar. 23, 2016 (hereinafter referred to as "the Guideline") and the Greenhouse Gas (GHG) Emissions Calculation Method 2015. The objective of this work is to check the validity of the Guideline and the Calculation Method, and the verification of the accuracy of the data was not included.

Procedures Implemented during the Review

The following processes were implemented in this activity:

- Preliminary review of the report: We implemented a preliminary review to verify that the calculation method stated in the Guideline did not contain any issues with lack of validity, and extracted some issues needed to be confirmed.
- Interviews and review of materials: We had interviews on the business outline and calculation details at TDK Corporation Technical Center, as well as reviews of a part of the source materials.

Reference standard: ISO14064-1 : 2006, ISO14064-2 : 2006, ISO14064-3 : 2006, IEC TR 62726:2014, Guidance on Calculating GHG Emission Reduction Contributions of Electronic Components (published by JEITA on Jan. 2016)

Overall Consideration

Within the scope of the procedures implemented, nothing has come to our attention that caused us to judge that the Guideline and the Greenhouse Gas (GHG) Emissions Calculation Method 2015 contain any significant issues with lack of validity.

May.16, 2016
SGS Japan Inc.

Water Resources Activities

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Background of Goals

Usable water resources on the planet are limited. In view of the expected future rise in water use due to economic growth and population increases in developing countries, the availability of water has been cited as a global risk. In response to this trend, TDK set a target for reducing the volume of water used in production activities and is striving to gauge the water risk

Fiscal 2019 Goals and Achievements / Evaluations and Future Activities

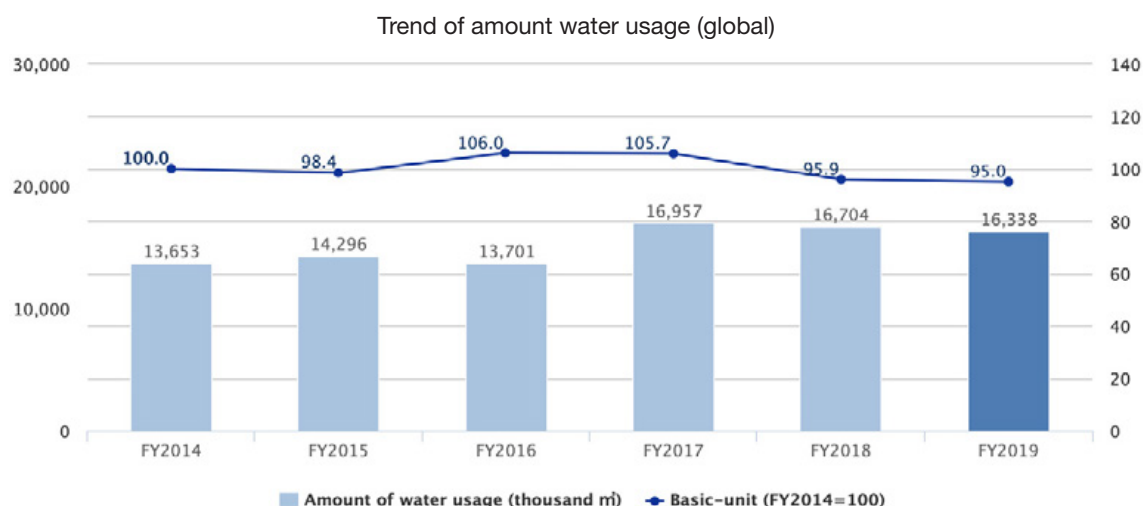
Fiscal 2019 Goal	Achievement
Improve water usage basic-unit by 1.5% of the previous FY	Improved by 0.8% compared with the previous FY

Evaluations and Future Activities

The total amount of water usage in fiscal 2019 declined by 2.2% compared to the previous fiscal year to 16,338,000 m³. In addition, though water usage basic-unit improved by 0.8% compared to the previous fiscal year, our target was not achieved here.

From now on, TDK will conduct water-risk surveys in each country and region, consider the establishment of water-risk indicators in site catchment areas, and in particular endeavor to promote the reduction of water use in water-shortage regions.

Fiscal 2019 Concrete Progress Report



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Concrete Activities

TDK is promoting the effective utilization of water resources through the following activities:

- Cyclic usage of cooling water
- Reuse of pure water from used vacuum pumps in cooling towers
- Use of rainwater as toilet cleansing water, etc
- Use of recycled water in production processes
- Reuse of water through the introduction of sand filters

Effective Use of Resources

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Background of the Goals

While we are required to effectively use limited resources and contribute to a recycling-oriented society, we achieved TDK's zero emissions* by FY2006 and have been continuing the promotion of efforts to maintain that level. Also, from the viewpoint of the effective use of resources, we are promoting initiatives to control the generation of waste at TDK.

* At TDK, zero emission is defined as not processing any waste discharged from business sites by simple incineration treatments or placing it into landfills and eventually recycling 100% of resources (excluding items that cannot be recycled alone due to legal restrictions).

Fiscal 2019 Goals and Achievements / Evaluations and Future Activities

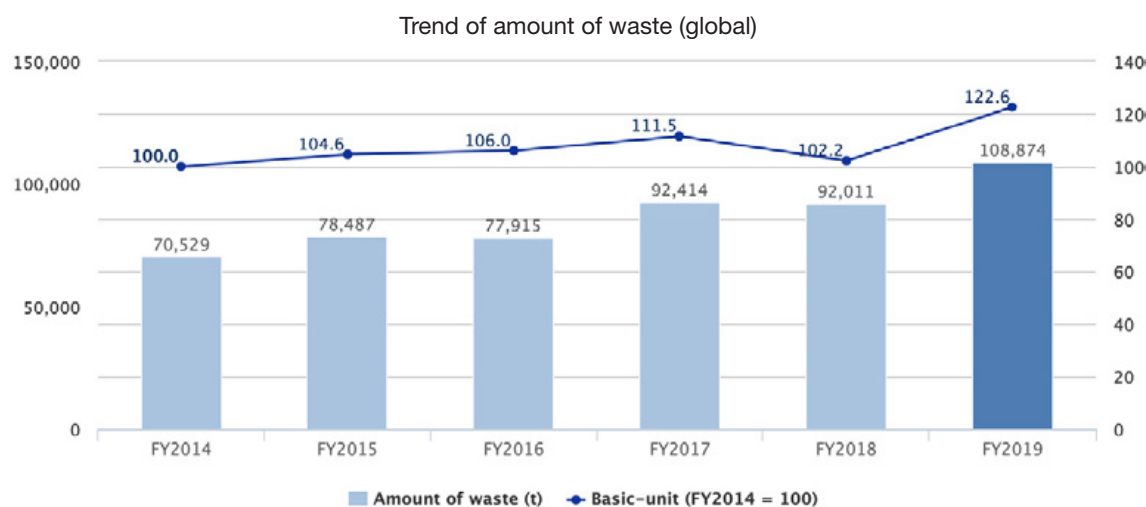
Fiscal 2019 Goals	Achievements
To improve waste intensity by 1.5% from the previous year	Worsened by 19.8% from the previous year
To establish CO ₂ conversion method for input resources	Disclosed Scope 3 emission calculation results as environmental performance data

Evaluations and Future Activities

In FY2019, the total waste increased by 18.2% from the previous year to 108,874 tons. Waste intensity worsened by 19.8% from the previous year, and we were unable to reach the goal.

In the future, we will continue to promote thorough process improvements and strive to control the generation of waste from the perspective of both input resource efficiency and yield improvement rate.

Specific Progress Report for FY2019



Concrete Activities

Commendation from the U.S. Environmental Protection Agency for Reduction Efforts of Metal Waste (Lead and Copper)

TDK-Lambda America was recognized for their achievement of waste reduction with the introduction of efficient production methods and received an award from the U.S. Environmental Protection Agency (U.S. EPA). They were praised for cutting down on the amount of metal waste produced by changing the metal sheet design used during the process and significantly reducing unnecessary parts that would not be used in final products.



Sustainability | Environment

Reduce Risks of Chemical Use

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Background of Goals

TDK is promoting reduction of the use and discharge of chemical substances in order to curtail environmental impact as well as health risks to employees and the risks of fire and explosion.

Fiscal 2019 Goals and Achievements

Fiscal 2019 Goal	Achievement
Reduce influence of chemicals to the human and environment	Reduce usage or promote the substitution of hazardous chemicals

Future Activities

Fiscal 2020 Goal
Promote globally unified chemical substance management to improve handling safety which is based on laws of each country by understanding hazards and dangers of chemical substances

Approach to Biodiversity

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Protecting Nature and Biodiversity

In order to make its products, TDK uses various metals and oxides as raw materials. These come from mineral ore and other sources mined all over the world. Mining for ore involves the risk of damage to the environment, including landscape damage, clearing of forests, changes in water sources, and possible effects on the ecosystems. As a manufacturer of components, we cannot simply stop using raw materials, but we can try to mitigate adverse effects. We actively promote not only raw material resource savings by improving production efficiency, we also engage in activities aimed at protecting forest resources, water resources, and more.

All TDK employees are aware of the impact on the environment from production activities. We consider the relationship between business operations and the environment and strive to protect a diverse global environment. The TDK Environmental Charter, revised in April 2018, expressly provides that employees are to consider contributions to ecosystems and take proactive action at all times.

[TDK Environmental Charter](#)

About the Guidelines for Action by the Electrical and Electronics Industries concerning Biodiversity Conservation

In March 2015, the "Environmental Strategy Liaison Committee Biodiversity Working Group" formed by four industry associations in Japan* published the "Guidelines for Action by the Electrical and Electronics Industries concerning Biodiversity Conservation (2nd issue published August, 2018)." TDK is fully supporting this initiative and is implementing the guidelines through our activities aimed at protecting biodiversity.

- * JEMA: The Japan Electrical Manufacturers' Association
- * JEITA: Japan Electronics and Information Technology Industries Association
- * CIAJ: Communications and Information Network Association of Japan
- * JBMIA: Japan Business Machine and Information System Industries Association

[Guidelines for Action by the Electrical and Electronics Industries concerning Biodiversity Conservation
\(Link to external site\)](#)
[Major Nature Protection Activities by TDK \(Social Contribution Activities\)](#)

Concrete Activities

Raising of Japanese Rice Fish, an Endangered Species, at TDK Akita's Kitakami Plant

As part of activities to protect biodiversity, TDK Akita's Kitakami Plant has been raising Japanese rice fish (*Oryzias latipes*), an endangered species listed in Category II of the Japanese Ministry of the Environment's Red List. This activity began when the Kitakami Plant accepted about 30 Japanese rice fish from Chemi-con Iwate Corporation, which is located in the same area and had begun raising the fish as an initiative to protect biodiversity through a biotope. At first the Kitakami Plant raised the fish in an indoor tank. But in order to raise as many Japanese rice fish as possible, it moved them to an outdoor pond in 2017. There are now about 600 Japanese rice fish in the pond. In October 2019 some fish were returned to Chemi-con Iwate's pond. In this way, this activity has also widened the circle of exchange with other companies and residents in the local community.



Sustainability | Environment

Environmental Performance Data

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Energy (Manufacturing)	CO ₂ emissions	t-CO ₂	1,474,119	1,463,396	1,647,096	1,669,733	1,557,687
	(Scope1)	t-CO ₂	95,912	78,795	127,660	120,978	111,341
	(Scope2)	t-CO ₂	1,378,207	1,384,601	1,519,436	1,548,755	1,446,346
	Total energy consumption	GJ	9,416,655	9,613,075	13,187,928	13,417,536	13,507,948
	Non-renewable fuels purchased and consumed (A)	MWh	473,360	435,156	664,242	635,027	604,262
	Non-renewable electricity purchased (B)	MWh	2,101,671	2,190,245	2,384,335	2,452,735	2,526,614
	Steam/heating/cooling and other energy (non-renewable) purchased (C)	MWh	0	0	0	0	0
	Total renewable energy purchased or generated (D)	MWh	40,707	44,897	614,737	639,331	572,764
	Total nonrenewable energy (electricity and heating & cooling) sold (E)	MWh	0	0	0	0	0
	Total non-renewable energy consumption (A+B+C-E)	MWh	2,575,031	2,625,401	3,048,577	3,087,762	3,130,876
Water	Total net fresh water consumption	thousand m ³	14,296	13,701	16,957	16,704	16,338
	Withdrawal: Total municipal water supplies (or from other water utilities) (A)	thousand m ³	12,131	11,339	11,472	11,631	11,399
	Withdrawal: Fresh surface water (lakes, rivers, etc.) (B)	thousand m ³	0	0	0	0	0
	Withdrawal: Fresh groundwater (C)	thousand m ³	2,165	2,362	5,485	5,073	4,939
	Discharge: Water returned to the source of extraction at similar or higher quality as raw water extracted (only applies to B and C) (D)	thousand m ³	0	0	0	0	0
Waste	Total waste generated	t	78,487	77,915	92,414	92,137	108,874
	Total waste used/recycled/sold	t	64,745	66,538	78,139	78,128	96,089
	Total waste disposed*	t	0	0	0	0	6,934

Environmental Violations	Number of violations or accidents of legal obligations/regulations	No.	1	0	0	0	1
	Number of violations or accidents with significant fines (> USD \$10,000)	No.	0	0	0	0	0
	Amount of fines/penalties related to the above (> USD \$10,000)	USD	0	0	0	0	0
Atmosphere (Japan)	PRTR substance emissions	t	80	100	76	85	78
	SOx emissions	t	3	2	2	2	1
	NOx emissions	t	38	43	42	17	18
	Dust emissions	t	1	3	2	3	3
Water quality (Japan)	Waste water discharged	thousand m ³	2,111	2,148	2,305	2,226	2,325

* TDK is promoting zero emissions, but Waste is disposed at newly joined subsidiaries.

CO₂ Emissions in Value Chain (FY 2019)

CO₂ Emissions by Category and Scope

Category		Outline	CO ₂ emissions t-CO ₂
Scope 1		Production	111,341
Scope 2		Production	1,446,346
Scope 3	1	Purchased goods & services	6,255,214
	2	Capital goods	697,938
	3	Fuel- and energy-related activities	695,845
	4	Upstream transportation & distribution	274,876
	5	Waste generated in operations	6,019
	6	Business travel	46,890
	7	Employee commuting	7,427
	8	Upstream leased assets	Not applicable
	9	Downstream transportation & distribution	Not applicable
	10	Processing of sold products	Not applicable
	11	Use of sold products	6,265,954
	12	End-of-life treatment of sold products	Not applicable
	13	Downstream leased assets	Not applicable
	14	Franchises	Not applicable
	15	Investment	Not applicable

Methods of Calculating CO₂ Emissions in Scope 3

Category	Outline	Calculation method
1	Purchased goods & services	Products purchased in the fiscal year concerned multiplied by the emission intensity for each purchase price. Regarding materials, the purchase price of the main constituent materials in each product (excluding semifinished products) multiplied by the emission intensity.
2	Capital goods	The price of equipment and other capital goods acquired in the fiscal year concerned multiplied by the emission intensity for each investment amount.
3	Fuel- and energy-related activities	Calculated according to emissions in the extraction, production, and transportation of purchased fuel and fuel used when purchased electricity is generated. Fuel: Each fuel purchased in the fiscal year concerned multiplied by the emission intensity. Electricity: Purchased electricity quantity multiplied by the emission intensity.
4	Upstream transportation & distribution	Calculated according to emissions involved in the procurement of purchased products and services and emissions involved in the transportation of manufactured products. Regarding purchased products and services, each of the same items as in Category 1 multiplied by the emission intensity involved in procurement. Regarding manufactured products, expenses involved in shipment multiplied by the emission intensity.
5	Waste generated in operations	Regarding waste at manufacturing sites excluding valuables, financial value of the waste multiplied by the emission intensity.
6	Business travel	Business travel expenditure is calculated by multiplying expenses involved in employee travel by the domestic employee commuting/business travel expense ratio. Emissions are then calculated by multiplying this business travel expenditure by the emission intensity taking account of the content of business travel.
7	Employee commuting	Commuting expenditure is calculated by multiplying expenses involved in employee travel by the domestic employee commuting/business travel expense ratio. Emissions are then calculated by multiplying this commuting expenditure by the emission intensity assumed from the means of commuting.
8	Upstream leased assets	Not applicable
9	Downstream transportation & distribution	Not applicable
10	Processing of sold products	Not applicable
11	Use of sold products	Electricity consumed by TDK products (components) multiplied by the lifelong operating time of set items contained in the product, conversion coefficient, and quantity of TDK products (components) sold.
12	End-of-life treatment of sold products	Not applicable
13	Downstream leased assets	Not applicable
14	Franchises	Not applicable
15	Investment	Not applicable

Sustainability | Environment

Environmental Performance Data by Site

Environmental Performance Data by Site

Apr. 2019 – Mar. 2020

Plant name	Energy		Water	Waste	
	Electricity use (Purchased) : MWh	Fuel use : GJ	Water consumption : thousand m ³	Total waste : t	Outsourced recycling : t
Japan					
TDK Corporation					
Chokai Plant	1,687	0	5	790	790
Inakura Plant	23,470	28,383	113	1,572	1,572
Nikaho Plant North Site	20,643	50,212	168	1,880	1,880
Nikaho Plant South Site	11,521	5,164	17	426	426
Narita Plant	67,630	6,910	254	1,296	1,292
Kofu Plant ^{*1}	33,503	53,671	546	914	914
Chikumagawa Techno Factory	5,560	17,631	16	82	82
Asama Techno Factory	35,037	27,461	131	340	340
Shizuoka Plant	46,996	66,951	118	4,187	2,428
Mikumagawa Plant	15,813	89,534	562	1,393	1,393
TDK Akita Corporation					
Honjo Plant West Site	110,919	117,575	497	6,390	6,390
Honjo Plant East Site	26,986	48,257	33	270	266
Kitakami Plant	90,926	106,078	487	4,990	4,990
Ouchi Plant	36,696	51,061	77	610	600
Konoura Plant	274	0	2	112	112
Iwaki Plant	2,934	1,769	58	283	283
TDK Shonai Corporation					
Tsuruoka Plant	9,653	2,643	9	269	269
Sakata Plant	16,901	8,583	107	436	436
Iida Plant	4,886	44	0	188	188
Tsuruoka East Plant	7,138	20,216	167	552	552
TDK-Lambda Corporation ^{*2}	3,017	53	5	63	63
TDK Precision Tool Corporation (Development and office sectors)	621	2	0	7	7
	13,893	32,332	48	128	126
East Asia					
TDK Dalian Corporation	41,535	194	168	395	371
Qingdao TDK Electronics Co., Ltd.	10,895	429	32	122	122
TDK (Suzhou) Co., Ltd.	3,209	0	7	194	184
TDK Xiamen Co., Ltd.	103,145	61,270	618	2,064	1,712
SAE Magnetics (H.K.) Ltd.	200,211	4,860	1,612	1,898	1,898
Amperex Technology Ltd.	859,766	354,232	2,871	46,996	41,373
Acrathon Precision Technologies (HK) Ltd.	6,662	0	72	536	457
Wuxi TDK-Lambda Electronics Co., Ltd.	2,405	0	8	63	63
TDK Dongguan Technology Co., Ltd.	58,261	54,698	331	3,319	3,319
Guangdong TDK Rising Rare Earth High Technology	3,655	0	25	45	45
TDK Korea Corporation	16,357	556	50	315	265
TDK Taiwan Corporation	15,886	917	92	207	207
InvenSense Taiwan Co., Ltd. InvenSense Taiwan	12,547	0	18	35	35
Other Asia					
TDK Philippines Corporation	22,080	34,914	269	379	313
TDK (Malaysia) Sdn. Bhd.	10,002	0	38	288	288
TDK (Thailand) Co., Ltd.	12,309	1,296	171	975	975
Magnecomp Precision Technology Public Co., Ltd.	66,608	28	619	365	365
TDK-Lambda Malaysia Sdn. Bhd.	7,079	454	41	137	126
Hutchinson Technology Operations (Thailand), Co., Ltd.	24,491	0	195	281	281
EMEA					
TDK-Lambda Ltd.	2,229	0	2	93	93
TDK-Lambda UK Ltd.	1,573	583	3	143	111
The Americas					
TDK Components U.S.A., Inc.	2,187	486	1	35	35
TDK Ferrites Corporation	21,803	66,977	175	1,668	1,230
Headway Technologies, Inc.	50,385	42,437	112	444	415
TDK-Lambda Americas Inc.	1,975	2,360	2	15	5
Hutchinson Technology Inc.	63,660	175,967	508	2,180	1,144
TDK Electronics					
TDK Electronics Group ^{*3}	940,326	638,154	4,857	18,502	15,255

*1: Includes TDK Kofu Corp.

*2: Figures are for the Nagaoka Technical Center.

*3: The Electronics Group includes TDK Electronics AG and its subsidiaries.

Sustainability | Environment

Cost of Environmental Protection

Environmental Accounting (Japan)

TDK has historically monitored both the cost of its environmental protection efforts and the burden its activities place on the environment. In FY 2001, to clarify the relationship between burden and cost, and to promote more effective environmental measures, TDK introduced environmental accounting for all of its facilities in Japan.

A summary of FY 2019 results is given below.

Category	Environmental costs		Economic effects	Positive environmental impact
	Total investment (unit: thousand yen)	Total environmental conservation, maintenance and management costs (unit: thousand yen)	Amount of reduction achieved due to environmental conservation activities (unit: thousand yen)	Improvement in environmental burden due to environmental conservation activities, observance of laws/regulations and other results
1. In-plant area costs				
Pollution prevention (Regulatory controls)	21,198	941,220		<ul style="list-style-type: none"> Complaints regarding vibrations/noise/odor: 0
Global environmental protection	326,732	441,694	<ul style="list-style-type: none"> Electricity and fuel savings: 7,468 	<ul style="list-style-type: none"> CO₂ emissions reduction: 269t-CO₂
Resource recycling	103,440	569,428	<ul style="list-style-type: none"> Materials usage savings: 30,753 Service water usage savings: 408 Profit from sale of valuable materials: 760,024 	<ul style="list-style-type: none"> Materials usage reduction: 2,154t - Service water use reduction: 0m³ Volume of valuable materials sold: 9,690t Company-external recycling volume: 15,601t
Risk management	62,545	17,401		<ul style="list-style-type: none"> PRTR controlled substances emissions: 87t Soil contamination risk countermeasures taken: 0
2. Upstream and downstream costs	0	0		
3. Cost of management activities	0	8,801		
4. Cost of R&D	0	0		<ul style="list-style-type: none"> Environment-conscious products research/development projects: 22
5. Cost of community activities	0	400		<ul style="list-style-type: none"> Trees planted outside of company premises: 940 Cumulative total of staff taking part in volunteer activities: 2,945
6. Cost of environmental damages	0	3,181		<ul style="list-style-type: none"> Repair/restoration actions (incurring costs): 0
Total	513,916	1,982,104	798,653	

- * The investment amount for the fiscal year is the amount paid in FY 2019.
- * Equipment depreciation costs (as defined by law) are included as part of environmental conservation, maintenance, and management costs, but personnel costs are not included as they are determined by the actual number of staff in any given year.
- * Only the actual impact is addressed. Hypothetical impacts (risk-avoidance impact or presumed impact) are not included.

FY 2019 Totalled Results

- Environment-related capital investment amounts decreased on the previous year from ¥1,708 million to ¥514 million.
- Environmental conservation maintenance costs rose on the previous year from ¥1,295 million to ¥1,982 million.
- The economic effects of environmental conservation activities rose from ¥737 million in the previous fiscal year to ¥799 million.

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A History of TDK's Environmental Activities

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1993	TDK Environmental Voluntary Plan formulated
	Total elimination of ozone depleting substances ^{*1}
1995	Start of ISO 1400 implementation
1996	Start of consolidated control of chemical substances
1997	Safety & Environment Office established
	ISO 14001 certification obtained by Mikumagawa Plant, first in TDK Group
	Introduction of product assessment
1998	ISO 14001 certification obtained by all TDK Parent Company manufacturing and R&D facilities
	Total elimination of trichloroethylene and tetrachloroethylene
1999	Green procurement starts (Japan sites)
	Lead-free project inaugurated
	Regular release of Environmental Report begins
2000	Zero Emission Project launched
	ISO 14001 certification of all manufacturing and R&D facilities of TDK Group in Japan completed
	In-house environmental newsletter "TDK ECOPLUS" launched
2001	Feb. Incinerators eliminated at manufacturing plants in Japan
	Mar. TDK Green Purchasing Guide (Office Edition) published
	Mar. Technical development completed for lead-free soldering
	Apr. Trial introduction of environmental accounting started (Japan sites)
2002	Apr. Mass production technology for electronic components compatible with lead-free solder developed
	Apr. EMS Integration Preparation Committee inaugurated (committee name changed to EMS Integration Promotion Committee in April 2003)
	May Product Environment Committee inaugurated
	Oct. Fundamental environmental plan, TDK Environmental Action 2010, drafted (started from April 2003)
2003	Jul. TDK Chemical Substance Contained for Product Standards established
	Sep. Safety & Environment Office obtains ISO 14001 certification (as a first step toward company-wide EMS integration)
	Oct. Zero emissions achieved at all TDK sites in Japan
2004	Oct. Environmental risk management activities (for soil contamination) started at all manufacturing facilities in Japan
	Nov. Environmental Product Quality Management System established and implemented
	Dec. All general-purpose electronic components conform to RoHS Directive
2005	Jul. Environmental risk management activities (for VOC) started at all manufacturing facilities in Japan
	Dec. Fundamental environmental plan, TDK Environmental Action 2015, drafted (started from April 2006)

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2006	Feb.	300-kW solar power generation system introduced at Kofu Plant (selected for field testing of solar power technologies by NEDO ²⁾)
	Mar.	EMS integration for all manufacturing facilities in Japan completed
	Apr.	Quality Management System (QMS) and Environmental Product Quality Management System integrated
2007	Jan.	Chinese headquarters obtained ISO14001 certification (first step toward integration of EMS in China into company-wide system)
	Mar.	Zero emissions achieved for manufacturing facilities of all overseas subsidiaries
	May	Participated in Japan Article Management Promotion (JAMP) consortium as a promoter
2008	Feb.	Received Grand Prize in 17th "Global Environment Awards"
	May	First Global Warming Countermeasure Summit held (energy-saving technology work groups launched)
	Sep.	Start of environment-conscious product certification system (Eco Love products)
	Dec.	Participation in CO ₂ emissions trading scheme in Japan
2009	Sep.	TDK establishes Biodiversity Action Agenda
	Dec.	The installation of the solar power system at the Kofu Plant wins a Ministry of Economy, Trade and Industry 14th New Energy Award Review Board Chair's Prize
2010	Mar.	TDK discloses chemical substance information on the "JAMP-GP chemical substances in products information system"
	Mar.	TDK-Lambda Corporation concluded a comprehensive "corporate hometown building agreement" with Shinano-machi in Nagano Prefecture and the Mountain Village Revitalization Support Center
	Sep.	TDK became the first electronic components maker to receive a special award under the environmental assessment scheme of the Development Bank of Japan
2011	Feb.	Fundamental environmental TDK Environment Action 2020, drafted (started from April 2011)
2012	Sep.	TDK receives special award under environmental assessment scheme of Development Bank of Japan for second time in a row
2013	Oct.	Akita Prefecture Mount Chokai beech forest planting drive enters 10th year
	Dec.	ISO 14001 and OHSAS 18001 certifications in Japan changed to Bureau Veritas Certification, to unify certifications of domestic sites
2014	Apr.	TDK Corporation establishes a special agreement ("Corporate-Regional Collaboration Agreement") together with the municipality of Shinanomachi, Nagano Prefecture, and the Mountain Village Revitalization. Center (three parties).
	Dec.	U.S. ISO14001 certifying organization changed to Bureau Veritas Certification; process integrated partially with Japanese domestic certification
2015	Mar.	Achieved the fundamental environmental plan "TDK Environmental Action 2020" goal of a one million-ton environmental contributions
2016	Mar.	TDK Environment, Safety and Health Action 2025 formulated as basic environmental plan in accordance with the TDK Environmental Vision 2035 (implemented from April 2016)
	Apr.	"Guidelines for Calculation of Product Contributions" published with the aim of enhancing the reliability of product contribution calculations
	Apr.	Biomass boiler at Honjo Plant of TDK-MCC Corporation taken into operation. Use of biomass fuel is a first for the TDK Group.
2017	Jul.	Raising of Japanese rice fish (<i>Oryzias latipes</i>), an endangered species, begun at TDK Akita's Kitakami Plant as a biodiversity protection activity
	Aug.	Received special award in the Development Bank of Japan's environmental ranking for the third consecutive year.
	Aug.	Total abolition of high-concentration PCB equipment in Japan

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2018	Apr. Revision of the TDK Environmental Charter (fifth edition)
	Oct. Clean energy purchasing promoted primarily at European business sites of TDK Electronics AG
2019	May. TDK expressed support for the recommendations of the TCFD ^{*3} (Task Force on Climate-related Financial Disclosures)
2020	Jan. The TDK Asama Techno Factory receives the Energy Conservation Center, Japan Chairperson's Prize in the Energy Conservation Best Practices Category of the FY 2019 Energy Conservation Grand Prize.
	Feb. TDK-Lambda Americas Inc. is commended by the US Environmental Protection Agency for its significant reduction of an environmentally harmful substance (lead) and industrial waste (copper).

*1. Limited to ozone-depleting substances regulated by the 1993 Ozone Layer Protection Law (except for air conditioning equipment which is outside the scope of the law).

*2. NEDO: New Energy and Industrial Technology Development Organization

*3. The TCFD was founded in 2015 by the Financial Stability Board (FSB), an international body seeking to achieve the stabilization of the financial system.

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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, EU regulation on conflict minerals in 2017, and Dutch Child Labor Due Diligence Act in the Netherlands in 2019. 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

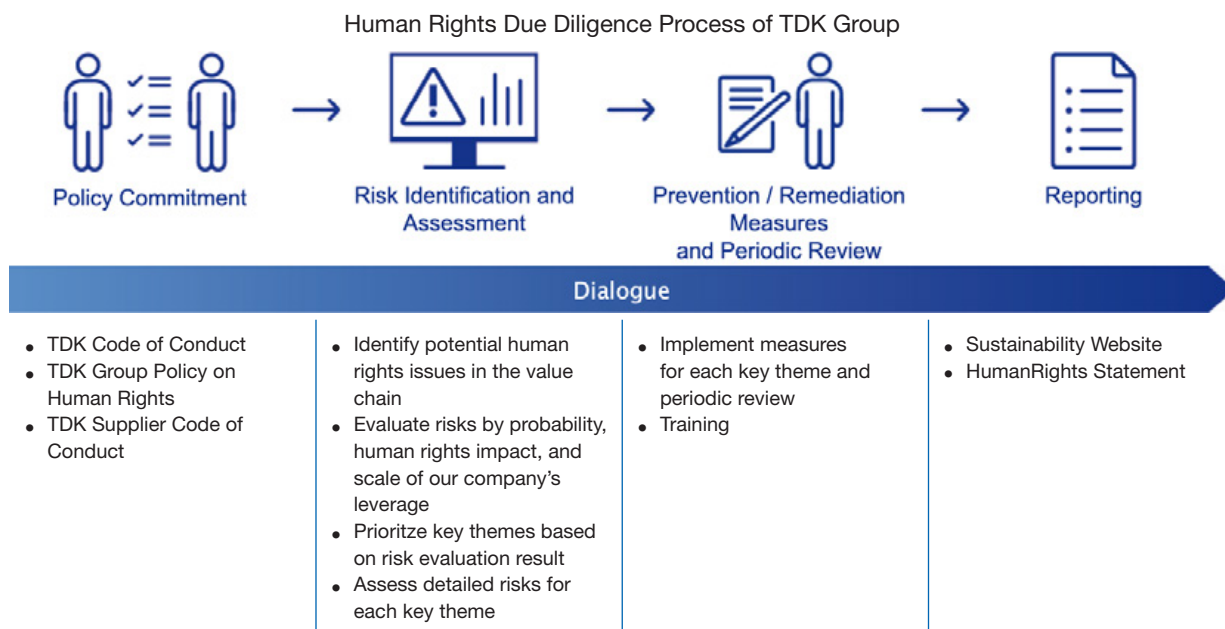
The TDK Code of Conduct states that "The TDK Group will continue to respect human rights, comply with relevant laws and regulations and international rules, and discharge its social responsibility with a strong sense of ethical values for the purpose of creating a sustainable society." To this end, the TDK Code of Conduct requires respect for human rights. The TDK Group Policy on Human Rights was formulated in 2016. Based on the framework of the UN Guiding Principles on Business and Human Rights, TDK promotes the correct understanding and awareness of human rights issues, not only within the business operations of the TDK Group 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 formulated the TDK Supplier Code of Conduct and require our business partners and suppliers to comply with it.

Related links

[TDK Code of Conduct](#)
[TDK Group Policy on Human Rights](#)
[TDK Supplier Code of Conduct](#)

Due Diligence Process

The TDK Group 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.



Identification and Evaluation of Human Rights Risks

Human rights key themes of TDK Group

The TDK Group periodically assesses the issues which could become 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.

In fiscal 2019, we reviewed our ongoing operations, to continue to identify potential human rights risks that could arise in connection with our business activities and any potential impact on stakeholders.

(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	Group employees	Communities	Customers/End users
Potential human rights issue				
Product safety	-	-	-	○
Human rights infringement by unintended use of products and services	-	-	-	○
Protection of personal information and privacy	○	○	-	○
Child labor and forced labor	○	○	-	-

CONTENTS	Working hours and fair wage management	○	○	-	-
	Occupational safety and health	○	○	-	-
	Unfair treatment of foreign workers	○	○	-	-
Editorial Policy	Discrimination	○	○	-	-
	Freedom of association	○	○	-	-
Top Commitment	Harassment	○	○	-	-
	Responsible sourcing of minerals	○	-	-	-
TDK Group's Sustainability	Impact on employment by establishment, closing and consolidation of facilities	-	○	○	-
Environment	Infringement of local residents' rights by inappropriate environmental management in a factory (health hazard, degradation of daily life environment and decrease in assets, etc.)	-	-	○	-

Society

Then we evaluated the identified potential human rights risks 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 prioritized the following three 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 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.

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 of the utmost importance to TDK, TDK has established the TDK Occupational Health and Safety Charter and promotes safe and healthy working conditions. 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.

Related link

[Safety and Health](#)

Protection of foreign workers

Foreign workers are susceptible to becoming victims of forced labor and human trafficking, due to their 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 if necessary.

Prohibition against discrimination

The TDK Code of Conduct ensures equal opportunities for all employees by prohibiting all forms of discrimination in respect of 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 Group's business activities (including contracts and subcontracting) are carried out not only on the basis of economic rationales, 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

TDK 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.

Related links

[TDK Code of Conduct](#)
[Safety and Health](#)
[TDK Supplier Code of Conduct](#)
[Responsible Sourcing of Minerals](#)
[Sustainable Procurement](#)
[Social and Environmental Consideration at Manufacturing Sites](#)

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 in manufacturing sites. For the prioritized 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 and cobalt, which may be sourced from not only conflict areas but also areas with high risks of misconduct, including human rights abuses and environmental destruction.

In fiscal 2019, according to the conflict mineral survey conducted by the TDK Group, no minerals involved in the funding of armed forces in the DR Congo or adjoining countries have been found. We also conducted a survey to identify cobalt smelters considering child labor risk in cobalt mines of DR Congo.

Related links

[TDK Group Policy on Responsible Sourcing Minerals](#)
[Responsible Sourcing of Minerals](#)

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, we conduct CSR audits by third parties in manufacturing sites located in China and the high-risk countries of Asia approximately every two or more years, including customer audits. In fiscal 2019, TDK implemented CSR self-checks at all of its 78 manufacturing sites. Among 36 sites in China and Asia, we conducted the CSR audits by third-parties at 5 eligible sites that had not undergone customer CSR audits over the last two years. During the risk assessments for labor and business ethics at all of our 78 manufacturing sites, we assessed the human rights risks on forced labor, young workers, long working hours and dispatched workers etc, and found no untreated risks. 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 2019, no case of child labor was discovered. We began in 2015 to strengthen the monitoring of working hours by headquarters at manufacturing sites in China, where extended continuous working hours of employees has become a problem for some companies. The high-risk countries in Asia have been included in the monitoring since fiscal 2017. In Malaysia, where forced labor involving foreign workers became a social issue, we began to assess the issue in fiscal 2013, and since then have continued to monitor the status and to devise and implement countermeasures based on the results.

Related link

[Social and Environmental Consideration at Manufacturing Sites](#)

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

Initiatives for material suppliers

In order to promote CSR procurement, TDK implements annual CSR self-checks of its suppliers on the basis of items required by the RBA. These self-check items include labor and human rights, safety and health, and other human rights 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 our reliance on them. In fiscal 2019, CSR self-checks confirmed that 96.1% of suppliers of our TDK Group companies were CSR compliant, a 1.7% improvement over fiscal 2018. We will continue to strengthen our efforts regarding Group companies and suppliers.

Initiatives for sub-contractors

TDK has started CSR self-checks of its sub-contractors beginning in fiscal 2019. In fiscal 2019, we implemented CSR self-checks on 99.1% of our 231 targeted sub-contractors. For sub-contractors in China, we conduct child labor monitoring by headquarters as we do for our manufacturing sites. In fiscal 2019, no case of child labor was discovered. Furthermore in fiscal 2019, in China, we conducted CSR audits on 3 significant sub-contractors for TDK. For any nonconformities found during these audits, improvements have been completed.

Initiatives for labor agencies

In the high-risk countries of Asia, including China, human rights and recruitment risks are considered to be high and improper management practices by labor agencies are frequently discovered. Therefore, we conduct CSR self-checks for labor agencies used by manufacturing sites in the high-risk countries of Asia including China. In fiscal 2019, we conducted CSR self-checks on all of our targeted 73 labor agencies.

Related links

[Sustainable Procurement](#)
[Social and Environment Considerations in the Supply Chain: Performance Data](#)

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 to promote awareness at the time of implementing CSR self-checks.

In fiscal 2019, we conducted the following training sessions:

- Explanation of revision of RBA Code of Conduct in China (32 persons participated)
- Explanation of RBA audit requirements in U.S.A. (14 persons participated)
- Fostering internal CSR audit personnel in Japan (18 persons participated)
- Explanation focusing on labor agency management in Asian region (held in the Philippines, 31 persons participated)

Grievance mechanisms and communications on human rights issues

The TDK Group has established a global whistle-blowing system that allows TDK Group employees to seek guidance on or report any corporate ethics issues, including potential human rights concerns. These reports 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 described in an external organization's report in fiscal 2019, we explained TDK's policies on human rights and activities taken to ensure that TDK conducts business operations in accordance with these policies.

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:

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.

[Targeting Human Rights Responses at the Supply Chain](#)

[Consider the Societal and Environmental Impact of 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.

[CSR Promotion in the Supply Chain](#)

[CSR Promotion 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.

[Identification of Human Rights Issues through Dialogue with Stakeholders](#)

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).

[Stakeholder Engagement Program](#)

Collaborative Initiatives

In February 2020, the TDK Group joined the Responsible Business Alliance (RBA) and committed to society that we will continuously work 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, the TDK Group 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], and has been working on solving the issue throughout the whole supply chain.

Related link

[Sustainability Management](#)

Sustainability | Society | Respect for Human Rights

TDK Group Policy on Human Rights

The TDK Group aims to "Contribute to culture and industry through creativity" by directly engaging in revitalizing and protecting the global environment and creating a pleasant and safe society. Based on the values represented in the TDK Code of Conduct, we respect the human rights of our stakeholders and recognize the potential impact of our various corporate activities on human rights. We also recognize the need for carrying out business in such a way as to reduce that impact. Based on this understanding we commit to respect for human rights through the following efforts.

- (1) We respect international standards of human rights including the International Covenants on Human Rights and the International Labor Standards and strive to uphold them.
- (2) If domestic laws in the applicable region are incompatible with the International Covenants on Human Rights, we will do our best to resolve issues so that international principles of human rights are respected.
- (3) human rights are respected. We take measures to raise awareness of human rights, provide education and develop competency among all of our directors and employees.
- (4) We carry out due diligence to address actual or potential impact on human rights due to our corporate activities.
- (5) If our corporate activities have caused a negative impact on human rights, either directly or indirectly, we will redress the situation or do our best to cooperate in redressing the situation so that it does not occur again.
- (6) We ask our business partners and other stakeholders involved in the value chain to fulfill their responsibility to respect human rights and ask them through dialogue and discussion to take appropriate measures if those efforts are insufficient, based on the TDK Code of Conduct.

Established on August 2, 2016

TDK Corporation

President & CEO

Shigenao Ishiguro

Quality Assurance Activities

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Our Approach

TDK pursues the corporate mission of contributing to society through the manufacture and supply of outstanding electronic components.

"Quality" is the key management axis in this quest, positioned as the top priority in activities aimed at realizing top-caliber products built to consistently live up to customers' expectations.

Basic Philosophy

"Advance to Zero Defects"

TDK advocates the "Advance to Zero Defects" as its basic philosophy. This is manifested as to efforts to eliminate defects not only at the shipment stage, but also throughout the product life cycle spanning distribution, assembly by set manufacturers, application by end users and disposal.

Quality Policy

"Quality cannot be assured by final inspection!"

TDK firmly believes that "Quality cannot be assured by final inspection."

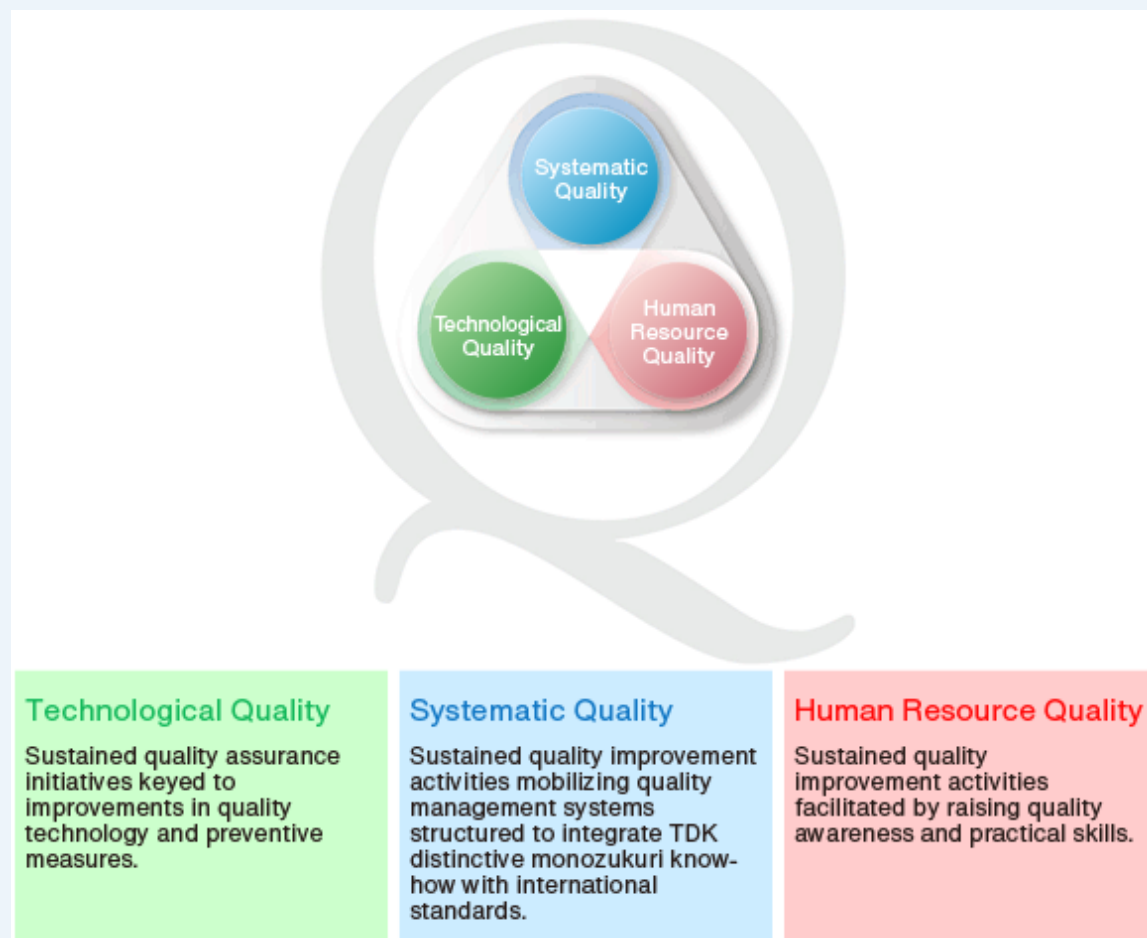
This policy stems from the idea that simply removing defective items at final stage inspection cannot ensure sufficient product quality. Rather, the goal is to firmly instill the attitude of "building in" quality at each process to assure the excellence of 100% "good products."

Therefore, TDK improves quality from the upstream level at the product design, process design, equipment development and all other stages. The goal is to eradicate defects and realize high-quality products that constantly earn customer satisfaction and trust.

Quality Targets

"Achieve Zero Defects" "Make TDK the leading quality-oriented company in the industry"

To ensure full satisfaction for customers using its products, TDK works to faithfully supply top-quality goods on a continuing basis. Quality assurance activities are advanced on the cornerstone of the three pivotal themes of "Personnel Quality," "Technical Quality" and "System Quality." This stance is marshaled to firmly address the targets of achieving zero defects and making TDK the leading quality-oriented company in the industry.



Structure

General Manager of Head Office Quality Assurance Function supervises QA activities in the Group as a whole, endeavors to share and develop principles and policies, and promotes activities by the entire Group toward their realization. In addition, each business division has a QA Function, the head of which supervises and executes QA activities in the division.

Fiscal 2019 Goals and Achievements / Fiscal 2020 Goals

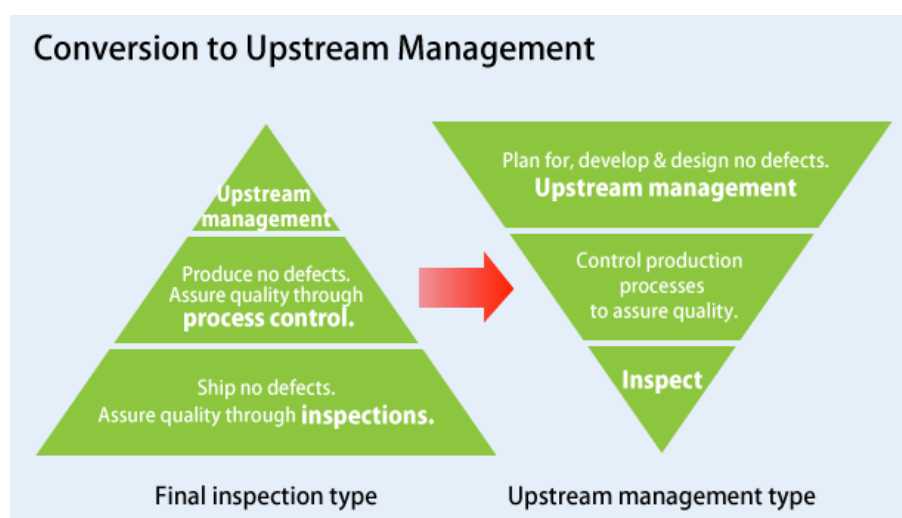
Fiscal 2019 Goal	Achievements
To promote continued TDK quality education to employees	<ul style="list-style-type: none"> Update education content to the FY2019 version Implement FY2019 version quality education
Fiscal 2020 Goal	
To promote globalization of quality education content	

Top Priority Measures in the "Advance to Zero Defects"

At TDK, our basic philosophy "Advance to Zero Defects" is being advanced through the following focal strategies.

(1) Strengthened design development processes

In its quest for zero defects, TDK thinks it is necessary to build product-manufacturing systems capable of turning out 100% good products in design activities. More specifically, steps are taken to define risks prone to occur in each process at an early stage, thereby creating and applying an upstream management type quality assurance system to eliminate such problems at the design phase.



(2) Strengthened product manufacturing processes

To achieve "Zero Defect Quality," product design must be accompanied by worksite competence to establish reproducible manufacturing processes that eliminate variations. The main aspects that result in quality variations are "Equipment" and "Operations." Variations caused by equipment were reduced by the introduction of the "Equipment Variation Assessment Method." Variations caused by operations were addressed by the "Co-creation Challenge Activities" implemented as a small group activity. Along with this, steady endeavors to raise quality awareness and furnish quality education through small group activities are mustered to forge and uphold a "Quality First" corporate organization and culture.

TDK continues to enhance its engineering and Monozukuri power with further strengthening of its design development and product manufacturing processes. This is all part of the company's relentless push to supply customers with higher quality products in more timely fashion.

(3) Strict compliance for quality assurance

We strive to fulfill our social responsibilities with high ethical standards in conducting corporate activities in compliance with laws and social norms. Toward this end, we continue working to improve product quality through the pursuit of zero defects, try to foster an awareness of what it means to place top priority on quality, and perform checks through compliance audits for quality.

(4) Responses to product security

In recent years, there have been incidents of new types of problem relating to IoT products that connect to networks including not just harm caused by cyber-attacks that exploit vulnerabilities via networks such as leaks of handled data or data tampering but also the use of hacked devices by attackers to cause harm.

In light of the circumstances, TDK implements countermeasures in our IoT products according to the product functions, features, sales format, and other conditions. For example, it is necessary to take into consideration security in various stages such as using secure development methods and function safety structures from the component purchasing and production processes to the design stage, and after products are sold, maintenance methods such as firmware updates throughout operation and maintenance of applications that are installed on user devices.

Security measures for IoT products will be an essential technology for the coming era of digital transformation, and TDK has positioned IoT product security as an issue of product quality. In cooperation with relevant Functions, TDK has established implementation structures and rules to respond to cyber security issues including incidents involving TDK IoT products and will strive to provide products that gain the trust and confidence of customers.

(5) TDK's continuous implementation of quality education to employees

Learning lessons from a past humidifier accident, TDK regularly implements education for all employees of the TDK Group to raise their awareness of the top priority that must be given to product safety and quality. The content of videos used as materials in this educational program is regularly updated to take account of incidents occurring and requirements in the market.

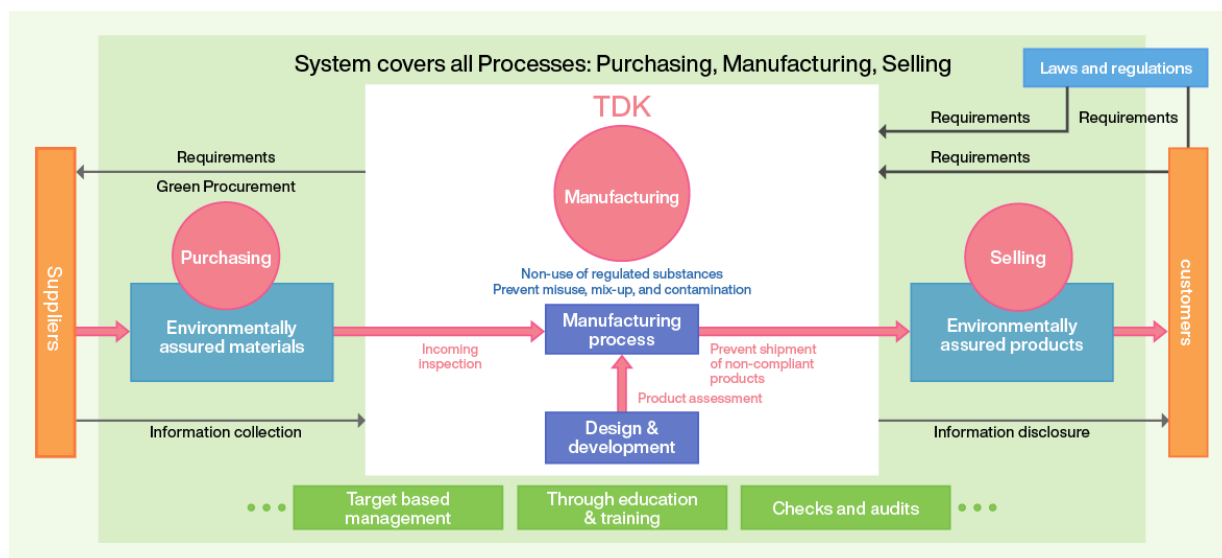
In addition, to advance the program globally, TDK is promoting expansion in terms of its availability in multiple languages and various methods of transmission.

Related links

[Quality Assurance HQ General Manager's comment \(In Pursuit of Zero-Defect Product Quality\)](#)

Prevention and Control of Exposure to Toxic Substances with Products as the Source

To prevent and control exposure to toxic substances that originate with our products and that could threaten people's health and the environment, in 2004 TDK introduced an Environmental Product Quality Management system that is today operated under our Quality Management System (QMS). As a components manufacturer in the middle of the supply chain, we implement this system thoroughly for prevention and control at each of these stages purchasing, manufacturing, and selling.



Environmental Product Quality Management overview

Purchasing (1) — Green procurement

We established the TDK Chemical Substance Contained for Product Standards to ensure that no regulated chemical substances are contained in our products. We also established the TDK Green Procurement Standards, requiring of suppliers that materials, parts, and packaging contain no regulated chemical substances. We also require information on Substances of Very High Concern (SVHC) listed under the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation.

Related link

[The TDK Green Procurement Standards](#)

Purchasing (2) — Incoming inspection

TDK carefully audits information provided by suppliers regarding chemical substances contained in materials, parts, and packaging, to verify compliance with the TDK Chemical Substance Contained for Product Standards. To prevent the possibility of regulated chemical substances being present due to human error or other causes, high-risk articles have been identified. For these we measure at acceptance the content of identified chemical substances using methods such as X-ray fluorescence analysis (XRF) to eliminate the possibility of a restricted substance being introduced into a work process.

The definition of a high-risk product and the frequency of measurement are reviewed on a continual basis with reference to actual results.

Manufacturing (1) — Environment-conscious design and product assessment

As an industrial manufacturer, our basic approach to protecting the environment is to carefully assess all aspects of a product in the design and development stage to prevent problems from arising later related to the product or any environmental impact.

Environmental considerations are a key aspect of elevating quality. We see environment-conscious design and product assessment as a way to prevent later claims and complaints. In each of the various processes from procurement of parts and materials, to manufacturing, distribution, usage, and disposal, we identify elements that have particular bearing on the environment, and we promote the development of new and sometimes revolutionary technologies to realize improvements.

Manufacturing (2) — Preventing misuse, mix-ups and contamination

TDK has a framework in place to ensure that the use of banned substances is not tolerated, and to minimize the risk of misuse, mix-ups, and contamination at mass production sites, such as in manufacturing processes, or at storage areas or warehouses. The measures taken consist of careful identification and control, separation, the establishment of procedures and standards, first-in and first-out practices, and controls for warehouse acceptance and dispatching.

In processes involving such equipment as solder tanks, where there is a possibility of contamination, we control lead levels using simplified test methods that have been developed jointly with solder manufacturers.

Selling (1) — Preventing shipment of non-compliant products

TDK supplies electronic components to customers in a wide range of industries, not only electronics and electrical equipment an industry in which the RoHS Directive is applicable. Others include the automobile, medical devices, and aerospace industries.

Some customers require products in compliance with the RoHS Directive (such as lead-free solder products), while others request products that do not conform to the RoHS Directive (such as lead-based solder products) for the purpose of securing higher levels of product reliability.

To prevent non-compliant products from being shipped erroneously, we have registered RoHS Directive compliance data for all of the products in our sales management computer system. This system automatically checks orders against customer specifications both at the time of order acceptance and when issuing shipping instructions. When a product that does not comply with the RoHS Directive is to be shipped, an electronic “customer confirmation received” form must be completed before the product can be shipped.

Selling (2) — Information disclosure

TDK has in place a framework for disclosing information on chemical substances contained in its products that is tied to our efforts to ensure the non-use of chemical substances that TDK has banned.

To respond promptly and accurately to inquiries from customers on chemical substances contained in products, we have implemented groupware to consolidate the management of processes extending from acceptance of customer inquiries by the sales departments to providing replies by the technical departments.

Customer Satisfaction

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[Our Approach/CS \(Customer Satisfaction\) Activities Related to Electronic Components](#)
[Customer Recognition of TDK Quality](#)

Our Approach/CS (Customer Satisfaction) Activities Related to Electronic Components

TDK supplies electronic components not only to electronic device set manufacturers directly linked to end consumers, but also to electronic assembly manufacturers and component manufacturers. In doing so, TDK makes every effort to ensure customer satisfaction (CS), through following measures, and strives to achieve general satisfaction, encompassing quality, cost, delivery, technical supports and services, in order to become the company of choice for potential customers.

Please see here for the % of customers covered by the satisfaction evaluation and the % of A rank customers.

[Social and Environment Considerations in the Supply Chain: Performance Data](#)

- Questionnaire, whereby TDK compiles questions and requests replies from customers
- Supplier evaluation information, whereby customers regularly evaluate TDK products by their own evaluation methods
- Product-related complaint information from customers
- CS evaluation, whereby sales staff members evaluate TDK products from a customer's point of view

Questionnaire

TDK has organized a setup by which it requests customers to complete a questionnaire, summarizes requests and comments from customers, and provides feedback to related divisions in the company.

Supplier evaluation information

TDK obtains the results of supplier evaluations as completed by its customers. The evaluation ranks the different levels of customer satisfaction, with an "A" indicating that the customer is fully satisfied. TDK keeps track of changes in the percentage regarding the A rank, and passes this information to the relevant division responsible to improve CS.

Product-related complaints

TDK maintains a database of product-related complaints filed by customers around the world. Information is sent online to the involved departments without delay, so that swift action can be taken to improve CS. In addition, this system is designed to automatically send significant complaints to top management.

CS evaluation

In order to become the supplier of choice for our customers, our sales staff members make sure that they understand the needs of our customers. TDK makes every effort to improve CS by quickly understanding the details of customer complaints, and providing feedback to the relevant divisions so that they may take necessary remedial action.

Customer Recognition of TDK Quality

Supplier Quality Excellence Award Received from General Motors

In October 2019 TDK Shonai Corporation received the 2018 GM Supplier Quality Excellence Award from General Motors Company. The GM Supplier Quality Excellence Award is presented to suppliers who fulfilled all of 13 items, including delivery, quality, and development, over the previous year. It targets the manufacturing sites of suppliers around the whole world, with performances assessed according to GM's own evaluation system.

A total of 1,161 companies worldwide, and 22 companies in Japan, were awarded. TDK has now received GM's award five times.

Supplier of the Year Award Received from Skyworks Solutions

In 2019 TDK Corporation of America (TCA) received the Supplier of the Year Award from Skyworks Solutions, Inc. Based in Woburn in the state of Massachusetts in the United States, Skyworks is a manufacturer of semiconductors for radio-frequency systems and mobile telecommunication systems.

TCA received the Passives Vendor of the Year Award, which is presented to the best supplier of passive components. In particular, TCA's excellent customer service was highly evaluated. TCA received the award for the second year running.

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Our Approach

As an enterprise with a global range of production sites, the TDK Group stipulates the TDK Purchasing Policy to realize its Purchasing Principles and conducts purchasing activities in accordance with these principles.

"Global Partnership Purchasing" — Purchasing Principles

TDK engages in global production with production bases in Japan, Asia, Europe and the Americas. Within the procurement activities that support production, the development of global procurement structures is crucial, and we strive to use those systems to develop products rapidly to remain competitive in the race to be first to market in the electronics industry.

Production bases engage in local procurement, but in today's society with ubiquitous IT networks, materials procurement activities require close collaboration with suppliers in ways that overcome time and distance. In addition, measures to fulfill corporate social responsibilities such as compliance with applicable laws and regulations, observance of social norms, and preservation of the global environment are promoted actively through partnerships between TDK and its suppliers.

Purchasing Policies

Compliance

All applicable laws and regulations are followed in purchasing activities. Moreover, TDK strives not only to follow the letter of the law, but its spirit as well.

Respect for Human Dignity

TDK respects the human dignity of workers who are active in all stages of the supply chain.

CSR

The procurement divisions of the TDK Group implement CSR activities on a continuous basis, while performing evaluations of suppliers at regular intervals using the CSR Check Sheet, to promote understanding of our CSR concept and raise recognition of our initiatives. In addition, as part of the common understanding of social issues, we have established the TDK Supplier Code of Conduct.

Green Procurement

As one aspect of its companywide environmental protection activities and in the pursuit of harmony with the global environment, TDK engages in green procurement, i.e., the purchase of environment-conscious products.

Fair and Open Business

TDK conducts fair business regardless of company size or nationality. TDK bases its purchasing decisions on comprehensive evaluations of quality, price, delivery time, ability to provide a stable supply, and other factors.

TDK does not accept gifts of any kind from business partners.

As a general rule, TDK does not accept dining or other forms of entertainment from business partners.

Partnership

TDK seeks to build mutually beneficial relationships with suppliers based on shared goals.

VA*Activities

TDK values suppliers that can lower costs and provide new materials and technologies through VA activities.

IT Utilization

Information exchanges with suppliers using IT and networks are essential for accelerating the pace of business and reinforcing ties.

Quality, Delivery Time and Stable Supply

TDK always considers quality, delivery time and stable supply by establishing solid partnerships with its suppliers.

* VA (Value Analysis) is a concept developed by the GE Company in 1947. VA provides a method to increase the value of a product or service, specifically by analyzing various factors associated with the value relative to the minimum resources necessary to produce said product or service (its cost). TDK uses the terms VE (Value Engineering) and VA synonymously.

Related links

[Materials procurement \(Purchasing Policy, Purchasing Principles, TDK Supplier Code of Conduct\)](#)

[Approach to relations with business partners](#)

TDK Group Supply Chain

On a global basis, the TDK Group does business with approx. 4,500 suppliers, with a purchase value of more than 400 billion yen (as of January 2020).

Process of identifying critical suppliers

The TDK Group identifies critical suppliers for our business sustainability by business unit, considering the following elements.

- High-volume: suppliers that supply large quantities of materials or parts
- Non-substitutable: suppliers that supply materials or parts that are difficult to find alternatives
- Critical component: suppliers that supply important materials or parts

Critical suppliers are reviewed on an annual basis.

Membership of the RBA

In February 2020, the TDK Group joined the Responsible Business Alliance (RBA),* the largest industrial coalition in the world aiming to promote CSR in the global supply chain. Accordingly, the TDK Group made a commitment to society that it fully supports the RBA's vision and mission and, in accordance with the RBA's code of conduct (labor, health and safety, environment, ethics, management systems), will continuously improve the human rights of workers in the TDK Group and primary suppliers, their health and safety, and the environment.

From now on also, complying with the RBA's standards, the TDK Group will endeavor to make continuous improvements through the two stages of self-assessment and auditing in accordance with the contents of transactions and the business of suppliers (primary production materials, consigned processing companies, worker dispatch and job-placement agencies).

* RBA: The Responsible Business Alliance (RBA) is a global industrial coalition embracing about 150 companies dealing in electronics, retail, automobiles, and toys. It stipulates standards of conduct related to the improvement of industrial health and safety, the protection of human rights, consideration of the environment, and fulfillment of ethical responsibilities in the supply chain and calls on affiliated companies and their suppliers to practice these standards.

- Vision: A global electronics industry that creates sustainable value for workers, the environment, and business.
- Mission: Members, suppliers and stakeholders collaborate to improve working and environmental conditions through leading standards and practices.

Related site

[RBA \(Link to external site\)](#)

Structure

The head office materials function, business groups, the head office human resources education function, and the CSR function cooperate in promoting activities.

Fiscal 2019 Goals and Achievements / Evaluations and Future Activities

Fiscal 2019 Goals	Achievements
CSR-compliant supplier ratio: over 95%	CSR-compliant supplier ratio: 96.1%
To perform 100% CSR self-checks at sub-contractors and conduct CSR audits once every two years at major sub-contractor upon whom TDK has high dependence in China	CSR self-checks at sub-contractors: 99.1% Conducted CSR audits at 3 sub-contractors upon whom TDK has high dependence in China
To perform 100% CSR self-checks at dispatch companies used by manufacturing sites in the high-risk countries of Asia including China	Achieved 100% implementation

Evaluations and Future Activities

In fiscal 2019, the CSR-compliant supplier ratio, including companies that newly joined the Group, was 96.1%, so we were able to exceed our target.

Fiscal 2020 Goals
To achieve CSR compliant supplier rate of 97%
To achieve 100% implementation of CSR self-checks at outsourced suppliers
To achieve 100% implementation of CSR self-checks at temporary staffing agencies

Concrete Activities of Sustainable Procurement

CSR self-checking by suppliers, etc.

	Implementing supplier	Frequency	Content
CSR self-check	<ul style="list-style-type: none"> Material suppliers (excluding suppliers of nonproduction materials, such as office equipment) Sub-contractors 	At the time of beginning transactions and once every two–three years thereafter	<ul style="list-style-type: none"> Compiled on the basis of the RBA's checklist. After replies have been received, improvements are requested if necessary.
	<ul style="list-style-type: none"> Worker dispatch and job-placement agencies (high-risk countries in Asia, including China) 	Every year	<ul style="list-style-type: none"> Compiled on the basis of the RBA's checklist (specific content related to the prevention of forced labor, illegal exploitation, and child labor; prevention of corruption and ethical violations; prevention of information leakage and risk avoidance; etc.) After replies have been received, improvements are requested if necessary.

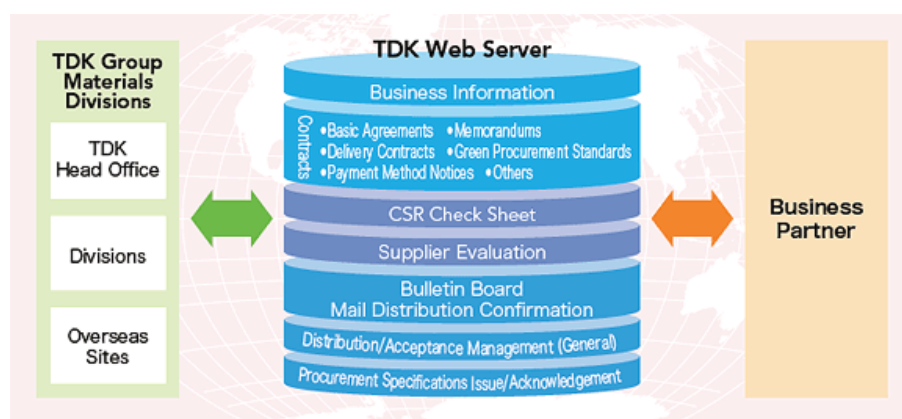
The CSR self-check list, which is based on items required by the RBA, consists of a total of 56 items considered especially important by TDK, including the categories of human rights and labor, the environment, health and safety, fair trade and ethics, and information security. In fiscal 2019 it was confirmed that 4,323 material suppliers (excluding suppliers of nonproduction materials, such as office equipment) were CSR-compliant suppliers. Self-checking was implemented at 99.1% of the targeted 231 consigned processing companies.

Regarding worker dispatch and job-placement agencies, it was recognized that inappropriate responses in such agencies were an issue in certain countries in Asia, including China, where risks relating to human rights and recruitment are thought to be high. For this reason, the CSR self-check is implemented for dispatch agencies used by manufacturing sites in high-risk countries in Asia, including China. With the aim of confirming management control relating to human rights and ethics, the self-check list consists of specified content related to the prevention of forced labor, illegal exploitation, and child labor; prevention of corruption and ethical violations; prevention of information leakage and risk avoidance; etc. In fiscal 2019 the self-checking was implemented at all 73 targeted agencies.

Supplier Partnership System

TDK requires its suppliers to reply to a CSR check sheet through the Supplier Partnership System. This Supplier Partnership System is a mechanism by which the management of company information, distribution of purchase specification forms, sharing of agreement documents, and so on, which previously was conducted by paper or magnetic recording media, are managed uniformly online. It benefits both sides by speeding up and boosting the efficiency of work. To raise both supplier awareness and motivation to make improvements, the check sheet is designed to immediately display the results on-screen when answering questions. If problems occur with responses, individual requests are issued for improvements.

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CSR audits of major sub-contractors

Since fiscal 2015, TDK has been conducting biennial CSR audits base on RBA base items of major sub-contractors upon whom TDK has high dependence in China, a country in which there is high risk in the labor environment. In fiscal 2019, three CSR audits were conducted in China. One item was a deficiency in storing of protective equipment, and improvements for it was confirmed. For the future, we will further proceed the audits for sun-contractors by expanding targeting scope.



Supplier evaluations

With the aim of ensuring sound business conduct, TDK implements regular supplier examinations. An examination is always conducted when newly registering a company as a supplier, and at regular intervals thereafter to decide whether to continue the relationship. The main categories covered by the examination are quality management, chemical substances* management, environmental management, and corporate social responsibility (CSR) including strict observation of human rights and other legal obligations as well as compliance with social norms. Any problems that come to light through the examination are disclosed to the supplier with a request for corrections or improvements.

* Survey items for chemical substances are based on the "TDK Green Procurement Standards."

Related link

[TDK Green Procurement Standards](#)

Green procurement

In order to promote green procurement aimed at the priority purchase of products that contribute to reducing the environmental load and fulfill social responsibility, TDK has been implementing Green procurement, and each group company has been taking their own appropriate measures. In April 1999, TDK established the TDK Green Procurement Standards. These standards are revised as necessary to take account of laws and regulations in Japan and other countries, changes in social requirements, and other factors. They can be viewed on the TDK website.

In April 2018 TDK issued version 9 of the TDK Green Procurement Standards and distributed copies to all suppliers. The main revisions involve reviews of modifications to laws and regulations related to the regulation of chemical substances, as well as our response to conflict minerals. The survey format was also brought into line with chemSHERPA,* a new tool that facilitates sharing information on chemical substances in products being developed by the Ministry of Economy, Trade and Industry.

TDK's procurement master provides links to data consistent with TDK's green procurement standards, firmly controls the content of prohibited substances and chemical substances requiring content management, and discloses and provides information as necessary.

* A scheme for communicating information on chemical substances contained in products that can be used throughout a supply chain.

Strengthening of BCP/BCM in the supply chain

In unforeseen circumstances, such as the outbreak of a large-scale natural disaster, TDK, as a member of the supply chain, has a duty to share social responsibility with suppliers and meet demands so as to ensure the stable supply of products required by customers. Recognizing that the securing of stable supplies is an important responsibility, TDK addresses this issue in three main ways:

1. BCP/BCM surveys of suppliers
2. Advance collection and arrangement of information to use in an emergency
3. Prompt initial responses using a BCP Confirmation System

Especially with regard to BCP/BCM surveys of suppliers, as per item 1, initiatives based on industry-wide consultations have begun to emerge. A subcommittee tasked with examining the issue was formed in 2013 under the umbrella of the JEITA Materials Committee, and a "Supply Chain Business Plan Survey" has been formulated. A total of 17 set manufacturers and parts manufacturers are participating in the subcommittee, which has identified a number of risk management items from the procurement viewpoint for dealing with various disaster and accident possibilities. TDK is an active participant in this endeavor, and we intend to make full use of the survey that was published by the JEITA Materials Committee in September 2014, and carry out BCP/BCM surveys.

Strengthening of compliance (TDK Corporation)

TDK has clarified a company-wide policy regarding offers of gifts and entertainment from suppliers, publicized that policy throughout the Group, and requested the understanding and cooperation of suppliers.

Furthermore, regarding the exclusion of antisocial forces, TDK conducts preliminary surveys of suppliers when starting or restarting business with them.

Sustainability | Policies

Policy on Relations with Business Partners

In building sound and favorable relations with customers, suppliers, and other business partners, the TDK Group promotes the revision (simplification, rationalization) of traditional etiquette and customs between companies and acts accordingly.

- Refrainment from participation in and attendance at individual celebratory and funeral events, such as celebratory parties, wedding receptions, and wakes
- Refrainment from giving and receiving money, etc. at times of promotion and preferment
- Refrainment from giving and receiving summer gifts, year-end gifts, etc.

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Responsible Sourcing of Minerals

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Our Approach

Based on concerns that minerals mined in the Democratic Republic of the Congo (DRC) and adjoining countries serve as a source of funding for armed groups provisions on conflict minerals were incorporated in the US Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted in July 2010, and its final rule was adopted in August 2012. 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).

In order to reduce involvement not only in conflicts but also serious human rights violations and environmental pollution, TDK has expanded the scope of its responsible sourcing of minerals beyond those from conflict-affected and high-risk areas. In January 2019, we revised our policy, which is now entitled the "TDK Group Policy on Responsible Sourcing Minerals." Under this revised policy, TDK will continue to promote responsible sourcing of minerals throughout the supply chain, including minerals such as tantalum, tin, tungsten, gold and cobalt, which may be sourced from not only conflict areas but also areas with high risks of misconduct, including human rights abuses and environmental destruction.

Related link

[TDK Group Policy on Responsible Sourcing Minerals](#)

Structure

The Headquarter Procurement Function and suppliers Quality Assurance Function supervise surveys of suppliers and replies to customers, respectively, and each Group company has installed a survey reply mechanism to respond.

Fiscal 2019 Goals and Achievements / Evaluations and Future Activities

Goals	Achievements
DRC conflict-free supplier ratio: over 92%	DRC conflict-free supplier ratio: 93.1%
Monitor number of customer responses	Implement monitoring

Fiscal 2020 Goals
DRC conflict-free supplier ratio: over 92%
Monitor number of customer responses

Evaluations and Future Activities

In fiscal 2019, TDK continued to inform business partners of its expectation of DRC conflict-free mineral use and to request unconfirmed business partners to make the utmost efforts to this end. As a result, the confirmed DRC conflict-free supplier ratio increased further from the previous year to reach 93.1%, meaning that we had achieved our target.

In fiscal 2020 also, we have set “confirmed DRC conflict-free supplier ratio of over 92%” and “monitor number of customer responses” as common KPIs of the TDK Group and will continue to promote Group-wide efforts. Specifically, we will continue to make requests to business partners and also respond to inquiries from customers in a precise and timely manner. Furthermore, since collaboration with industrial organizations is essential to solve the expanding problem of responsible sourcing of minerals, we will continue to participate in such industrial discussions.

Concrete Activities

Responses to surveys and promotion of DRC Conflict-free at each group company

TDK uses the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals Initiative (RMI)* to facilitate the collection of sourcing information relating to conflict minerals.

In fiscal 2019, according to the conflict mineral survey conducted by our group companies, 93.1% of TDK's suppliers are DRC conflict-free, exceeding the year's goal of 92%. At this point in time, no minerals involved in the funding of armed forces in the DR Congo or adjoining countries have been confirmed.

Furthermore, TDK has been responding appropriately to requests from customers, and is monitoring the number of responses.

* An organization of over 380 companies and associations that leads the effort for responsible mineral sourcing.

Cobalt reporting

TDK uses the Cobalt Reporting Template released by RMI to identify smelters.

Issues in survey responses

Within the RMI conflict mineral survey framework, identification of smelters is essential to truly certify such operations as being DRC Conflict-Free*. However, among products unable to confirm as being DRC Conflict-Free, and notably items for which supply chains contain long stages, there are instances when product groups with diversified electronic components are traded among component manufacturers, complicating the supply chain structure, there are frequent examples when the information gathered on smelters is incomplete, rendering it difficult to fully identify the smelters. Based on that and other factors, TDK products successfully found to be DRC Conflict-Free have been limited to certain product groups for which the supply chain stages are short.

* The earlier Conflict-Free Smelter Program (CFSP) was changed to the Responsible Minerals Assurance Process (RMAP) in June 2018, and the scope of risks was expanded beyond conflict risks in the DRC and adjoining countries.

Collaboration with industrial organizations

Addressing the responsible sourcing of minerals issue must be a comprehensive effort undertaken by all members of the supply chain. TDK has participated in the RMI in February, 2020, and TDK has participated in the JEITA Responsible Minerals Trade Working Group from the beginning, and since fiscal 2013, TDK is a managing company of the group.

The Japan Electronics and Information Technology Industries Association (JEITA) has concluded a memorandum of understanding (MOU) with the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI) and is jointly pursuing efforts to resolve the responsible sourcing of minerals issue. During fiscal 2019, TDK participated in the following initiatives.

- Joined the Education and PR Team and participated as a speaker in and cooperated with operation of the JEITA Responsible Minerals Sourcing Inquiry Briefings 2018, which was convened to raise awareness of the responsible sourcing of minerals issue and promote understanding of survey methods among secondary suppliers and others.
- As leader of the Data Exchange Standard Developing Team, collaborated in the push to revise the IPC-1755 responsible minerals sourcing data exchange standard for exchanging data between different computer systems based on EU regulations and submitted opinions to RMI on blockchain technology as part of determining preferable data exchange methods.
- Participated in the Japan Conflict-Free Sourcing Working Group of the automobile industry, coordinating feedback on the survey manual and its tools.
- Participated in the Smelter Support Team to jointly confirm risks with smelters.

Related link

[JEITA Responsible Minerals Trade Working Group \(Link to external site\)](#)
[Membership of the RBA and RMI](#)
[RBA \(Link to external site\)](#)
[RMI \(Link to external site\)](#)

TDK Group Policy on Responsible Sourcing Minerals

This policy shall apply to the worldwide organization of the TDK Group and implements the TDK Group's goal of establishing responsible supply chains for sourcing minerals.

Reflecting the values embodied in the TDK Code of Conduct, the TDK group affirms the purpose of sustainable and responsible sourcing minerals that originate in conflict-affected and high-risk areas, which is to mitigate the contribution of conflict, serious human rights abuses or environmental threats.

The TDK Group hereby adopts this policy for responsible supply chain operation.

- The TDK Group recognizes that due diligence for responsible supply chains of minerals from conflict-affected and high risk areas is an ongoing process. Accordingly, the TDK Group will use its commercially reasonable best efforts to ensure only sustainable and responsible minerals are used in its supply chain.
- To achieve this end, the TDK Group shall institute a due diligence sourcing mineral program. The TDK Group expects that its suppliers source all inputs, including minerals, responsibly.
- The TDK group will communicate to its suppliers TDK Group's requirements to conduct reasonable due diligence of their own supply chains of minerals from conflict-affected and high-risk areas. The TDK Group will incorporate its supply chain policy and due diligence processes into commercial contracts, written agreements and supplier evaluations with its suppliers which can be applied and monitored, including, if deemed necessary, the right to conduct unannounced spot-checks on suppliers and have access to their documentation.
- The TDK Group will work in tandem with its suppliers to implement reasonable controls within the supply chain to trace the origin of minerals from conflict-affected and high risk areas in order that contribution of conflict, serious human rights abuses or environmental threats minerals are not included within the products or materials they sell to the TDK Group. Furthermore, in the event that TDK Group discovers suppliers are not in compliance with its supply chain policy and due diligence processes, its first step is to work with them to bring them into compliance through corrective action plans. The TDK Group will not work with those who do not work to meet its standards.
- Reaching full traceability of minerals requires time and effort across industries and collaboration from all sectors in the supply chain. This is due, in a large part, to the complexity in the way that metals are produced and sold and the fact that ores from many different sources can be combined, thus multiplying the diligence necessary to trace the products. All of this is complicated by the geopolitical forces at work in the region. These factors make industry-wide cooperation of the utmost importance in achieving socially responsible sourcing. The TDK Group strongly encourages its suppliers to comply with available international frameworks governing responsible sourcing minerals matters.
- The TDK Group is committed to the objectives of implementing responsible supply chains for minerals from conflict-affected and high-risk areas. As such, the TDK Group is working diligently to put the systems and processes into place that will enable us to ensure that the TDK Group is supporting responsible suppliers.

Established on April 1, 2013

Revised on January 18, 2019 (2nd edition)

Social and Environmental Consideration at Manufacturing Sites

[Our Approach](#)

[Structure](#)

[Goals and Results of FY2019 and Goals of FY2020](#)

[Concrete Activities](#)

Our Approach

TDK recognizes that striving for social and environmental consideration at the Group's production sites and fulfilling our social responsibilities is important as a supplier to continue our business. We strive to understand issues and make continuous improvements in a three-stage framework comprising self-assessments, audits, and training and dialogue.



CSR management framework at our manufacturing sites

Structure

We have specified a person in charge at each manufacturing site to promote this approach, with the Headquarters CSR function providing supervision.

Goals and Results of FY2019 and Goals of FY2020

Fiscal 2019 Goals	Achievements
To perform 100% CSR self-checks at manufacturing sites	Achieved 100% implementation
To perform 100% labor and ethics risk assessment at manufacturing sites	Achieved 100% implementation
To secure 100% opportunities for third-party CSR audits once every two years (High-risk countries of Asia including China)	Achieved 100% implementation (high-risk countries in Asia, including China)

Future Activities

We will improve and strengthen our conventional activities and continue striving to understand and improve issues.

Goals of FY2020
To achieve 100% implementation of CSR self-checks in production sites (TDK Group production sites)
To achieve 100% implementation of labor, human rights, and ethics risk assessments in production sites (TDK Group production sites)
To ensure audit opportunities once every two years by a third party (high-risk countries in Asia, including China)
To continually implement CSR training
To implement internal audits on workers' rights and corporate ethics by internal auditors

Concrete Activities

Self-assessments

	Frequency	Implementation site	Content
CSR self-checks	Every year	All TDK Group production sites	Personnel in charge at the sites will answer questionnaires regarding the RBA check items (human rights, health and safety, environment, and ethics). We will give feedback on the results and implement improvement measures at each site.
Risk assessments	Every year	All TDK Group production sites	The check items are updated every year based on social trends. Personnel in charge at the sites will answer questionnaires. We will develop and execute improvement plans based on analysis results.

CSR Self-Checks

At TDK, we create a TDK CSR self-check sheet concerning human rights, health and safety, environment, and ethics by adding questions specific to TDK to the RBA check items, which is a global standard, and conduct a self-diagnosis at all production sites every year. This is intended to let us grasp the current situation at production sites, extract potential issues and their responses, and provide quick responses to customers' CSR survey requests.

After the personnel in charge at the sites answer the questionnaires, we analyze their answers at the Sustainability Promotion Headquarters and provide feedback to each site.

In FY2019, we made improvements at some of the sites where responses were delayed, such as production sites that were recently put into operation.

Risk Assessments

Regarding the risk assessments, we clarify the risks in labor and corporate ethics, take measures to make improvements and corrections if there are residual risks, and implement the assessment every year at all production sites for the purpose of carrying out the PDCA cycle at each base and making continuous improvements.

We update the check items every year based on social trends, and after the personnel in charge at the sites answer the questionnaires, we analyze the answers at the Sustainability Promotion Headquarters and provide feedback to the sites. Based on that, the sites establish and execute improvement plans.

In FY2019, we added items related to temporary staffing agencies and temporary employees and check items related to bribery cases. The risk assessment results showed that there were issues identified as risks, but measures have already been taken, and there were no residual risks.

Audits

	Frequency	Implementation site	Content
Self-audits	Once every two years	<ul style="list-style-type: none"> High-risk countries/regions Sites where customers have not conducted audits 	<ul style="list-style-type: none"> Implemented for RBA audit items Conduct audits by external auditing firms
Simple CSR audits	Once every two years	<ul style="list-style-type: none"> Low-risk countries/regions Sites that are not audited by a third-party organization 	<ul style="list-style-type: none"> Conduct audits on important matters based on the RBA audit items Implement audits at the Sustainability Promotion Headquarters
Corporate internal audits	Every year	Sites that support audits by customers	<ul style="list-style-type: none"> Consider audit items related to labor, human rights, and corporate ethics taking risks into consideration Audits conducted by the people in charge of the CSR groups and people in charge of other sites within the areas who have completed training for CSR auditors
Audits by customers	As necessary	Implemented according to customer requests	Implemented according to customer requests

The four types of audits are self-audits, simple CSR audits, corporate internal audits, and audits by customers. TDK-led Audits that are not conducted by customers are conducted based on the RBA audit items and have established a mechanism that can maintain the level of labor, safety and health, environment, ethics, and management systems at global standards. Audits by external auditing firms are implemented once every two years in countries and regions that we recognize as high risk according to our own standards.

In FY2019, we strengthened health and safety management in CSR, leading to fewer issues that are pointed out in customer audits.

Trainings and Dialogues

We believe that systematically understanding customers' requirements regarding CSR and acquiring a foundation to evaluate own CSR activities are important for improving the level of future CSR activities, and we implement CSR internal auditor training taking into account the availability of human resources at the sites.

We also implement training with contents according to local needs for the purpose of further improving the level of our CSR activities. In FY2019, we implemented CSR training tailored to the actual conditions of each area. Training regarding the revised parts of the RBA Code of Conduct was conducted in China, the management of recruitment agencies in area corporate human resource meetings in Asia (excluding China), RBA requirements in the United States, and internal auditor training in Japan.



CSR internal auditor training by an external auditing firm (China)

Global Human Resources Strategy

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Our Approach

The TDK Group has grown rapidly through multiple mergers and acquisitions (M&As). Today the group boasts a portfolio of more than 100 companies and over 100,000 group employees. Moreover, only 10% of TDK personnel are now located in Japan and roughly 80% have joined the group through M&As. This growth has been followed by new needs in the area of Human Resources. Key challenges include establishing a platform to ensure that diverse entities and talented individuals can fully engage as group members rooted in a core concept of harnessing diversity for greater resilience and global success. For the above, we made with the HR Vision and Mission Statement.

Vision

Transform TDK into a more resilient company, prepare as 'trusted enabler' for the future through highly engaged employees.

Mission Statement

We will connect TDK Group companies and employees by utilizing their unique strength of diversity.

Develop Global Human Resources

[Our Approach](#)

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[Fiscal 2019 Goals and Achievements](#)

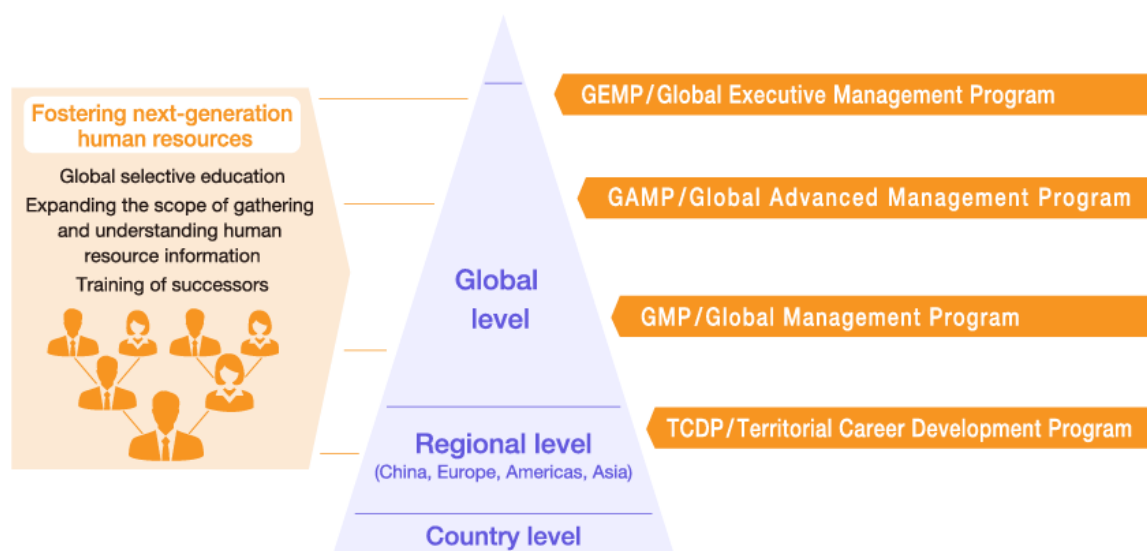
[Concrete Activities](#)

Our Approach

TDK conducts its business together with numerous Group companies operating worldwide. To supply optimum values and solutions to customers located around the world, we believe it is important for the TDK Group to maximize its synergy and transcend the limitations of time, geography, and culture. In order to promote the true globalization of TDK in this way, the most important thing, we believe, is to foster the human resources that are fundamental for this purpose.

In addition, we are promoting the Global Management Development Programs, which seek to develop the next generation of human resources that will support TDK, based on the system shown below.

Global Management Development Training



Structure

TDK has established the Global HR Department within the Global Human Resources Division to develop various policies on a global scale.

Fiscal 2019 Goals and Achievements

Fiscal 2019 Goals	Achievements
Continue Global Management Development Training (TCDP)	Successful completion of Territorial Career Development Program (TCDP) in the four territories—Asia, Americas, Greater China, Europe (~100 persons participate)
Introduce newly Global Management Development Training (Advanced Management Program AMP)	Alignment between Global and Local development measures in selective regions
Enhance English training program	English test globally rolled out and global English trainings introduced

Please see here for the main training and system achievements.

[Employee Performance Data](#)

Future Activities

Fiscal 2020 Goals
Continue Global Management Development Training (TCDP)
Continue newly Global Advanced Management Program (Global AMP)
Introduce Global Executive Management Program (GEMP)
Enhance English training program

Concrete Activities

TCDP (Territorial Career Development Program)

The Territorial Career Development Program (TCDP) is built on a program of the same name, which TDK Electronics started in China more than twelve years ago. TCDP on a territorial scale (Greater China, Asia, Americas, and Europe) was introduced in fiscal year 2018.

TCDP consists of several face-to-face modules, covering topics such as Leadership and Self-awareness, People management, Driving change, Presentation and Communication, Learning Integration and final Appreciation.

The goal of TCDP is to strengthen performance, motivation and professional maturity of talented employees, to develop leadership and management competencies as to ensure the continuity of talented management within the TDK Group. The objective is also to create a strong bond and partnership between TDK members from different sites, cultures, and experience. Participants work on a “real-life” team project throughout the program. The projects provide participants the opportunity to apply what they are learning in each face-to-face module. At the last module of TCDP, they present the culmination of their efforts to a TCDP Committee and get a final appreciation for their work and overall learning journey. This active learning is a crucial part of the program’s DNA.

The program consists of five training sessions (four modules in Americas with same training contents) over a 9-month period. It takes place at different TDK companies and sites in the respective territory. TCDP is aimed for talented employees, having managerial or supervisory experience and high potential for future growth, of any function from any location within the TDK group. Each cohort in each territory is limited to 25 participants. The program is held in English.

For more information on TCDP, please see here as well.

[Launched the next generation leader development program within the TDK Group](#)

Business benefits :

- TCDP develops the next generation leaders.
- TCDP supports global succession planning for key positions and the development of globally capable leaders who can contribute in diverse fields and cultures.
- TCDP enables deepen understanding of management methods and principles, develop leadership skills, increases employee engagement and self-awareness.
- TCDP participants build stronger bonding and partnership among TDK members.

Global AMP (Global Advanced Management Program)

Global Advanced Management Program (Global AMP) was introduced in 2019.

The Global AMP develops future leaders and strengthens their competences around strategy, change management & innovation management.

The goal of the program is to support & empower participants in their transition to executive level roles, to learn and practice the tenets of transformational and inspirational leadership and to create stronger bonding and partnership among TDK Group companies.

An integral part of the Global AMP journey is the project based learning approach which is linked to TDK strategic issues and which enables an immediate learning application and knowledge sharing in the TDK context. At the end of the Global AMP journey, the participants present their project to the TDK Top Management.

Global AMP is offered yearly. It is a 7-month program, encompassing 3 face-to-face modules and one online module, in total 14 training days. The face-to-face modules take place in Singapore, Lausanne and Tokyo. Participants are either GMs or newly appointed GMs and DGMs (or candidates who are newly promoted to such positions). Each cohort is limited to 20-25 participants. The program is held in English.

Business benefits :

- Global AMP is build upon and serves the TDK Corporate values, culture and mid-term plan.
- Global AMP supports global succession planning by empowering participants in their transition to executive level roles.
- Global AMP develops ability for strategic vision and thinking, innovation and strategy execution.
- Global AMP participants create stronger bonding and partnership among TDK Group companies.

GEMP (Global Executive Management Program)

The Global Executive Management Program (GEMP) was introduced in 2020.

The GEMP program is about leveraging diversity and becoming a “top manager of change” and about detecting and managing innovation, that leads to business development strategies.

The goal of GEMP is to create stronger bonding and collaboration among TDK Group companies and corporate functions starting at the highest levels of the hierarchy. This will support us in our mission of creating a stronger company resilience through the deployment of inspiring top class leadership crossing borders and cultures.

GEMP bridges the Eastern and Western Leadership Philosophy and contributes to develop the new generation of TDK Group Executives. Strategic issues are brought into projects with the objective of preparing the foundation for the next mid-term plan and of presenting it to TDK’s Top Management. Individual coaching sessions support the participants in their development journey to become inspiring Global Leaders.

The journey is designed in 3 face-to-face modules of 5/4/4 days, in total about 7 months. The opening module takes place in Barcelona, the final module in Tokyo. Location of Module 2 can change every cohort in order to adapt to the TDK context and to serve the GEMP journey appropriately.

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Participants are either potential or newly appointed Corporate Officers. Each cohort is limited to 10–15 participants. The program is held in English.

Business benefits :

- The GEMP program reinforces TDK's sustainable strategy, speed and value creation approach among the participants, related group companies, and corporate functions.
- GEMP brings the participants to a higher level of awareness regarding the mega trends and major transformations; creates synergies to increase business, cost efficiency and overall resilience of TDK.
- GEMP brings the participants in the position of envisioning TDK's sustainable growth and contribution to the world, and preparing the foundation for the next mid-term plan (and potentially beyond).

Introduce English training programs globally

The goal of the Global Communication & English project is to enhance the fluency of communication within the TDK group world-wide. It does so, by introducing selected and recommended English training programs around the world. The first phase, which was a standard English speaking test for our employees, was implemented in 2018 with the aim of establishing the English training requirement of individual employees. People who need to improve their English language skills are guided to suitable training through the Global HR department upon completion of the test. This repeating process will improve our communication around the world and prepare us for future challenges.

Cultivate a Corporate Culture that Respects Diversity

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Our Approach

The TDK Group comprises numerous affiliated companies with business operations around the globe. We believe that we can continue generating innovative creativity by establishing an environment in which employees with diverse backgrounds can display their skills. This is crucial for realizing corporate growth.

TDK – Diversity & Inclusion Policy

At TDK, we must have a diverse workforce to achieve our mission to contribute to industry and culture through creativity. Our broad range of products and solutions in electronics, energy, materials, and sensors are complex, pervasive and help make our daily lives better across the world that we share.

TDK's people imagine, design, develop, manufacture, and bring these products and solutions to life. We can achieve our mission because we welcome a global pool of cultures, disciplines, perspectives, languages, ideas, skills, and experiences.

Target of TDK Diversity & Inclusion Policy is to create as much value as possible for the company and the society out of such a unique global pool of human resources. We foster the talent of the people in the TDK Group by strengthening the links between them and by supporting a vivid exchange of thoughts and experiences.

As stated in our TDK Code of Conduct, we are committed to respect each employee's individuality and shall establish reasonable and fair systems for human affairs and treatment of employees. The diversity of our employees - their cultures, nationalities, ages, genders, backgrounds, religions, beliefs, races, sexual orientations, disabilities, and characteristics - are a major driving force for our success.

To date:

- TDK was founded in Japan and its headquarters are located in Tokyo, Japan, yet a big majority of our employees are situated outside of Japan.
- TDK unites people from many different cultural origins, located in many countries.
- TDK has employees in all age groups.
- Woman represent a very important part of our workforce.
- Continually support programs to improve our ability to communicate and collaborate.

Diverse teams help embrace different ideas and opinions, listen to each other, encourage development and lead to quality products and solutions that we all enjoy. We are strongly committed to building diverse teams that include all people.

As of April 2020

Structure

TDK is promoting activities according to the situation of each site or legal entity under the support of the Human Resources Function.

Fiscal 2019 Goals and Achievements

Fiscal 2019 Goals	Achievements
To continue expansion of scope for talent management system.	Talent management system extended to the Sales function worldwide and TDK Top Key Positions
To establish a diversity policy.	Established a diversity policy in April 2020
To enforce the establishment of a Human Resources network through further organisation of Global and Territorial Human Resources Meetings.	<ul style="list-style-type: none"> Global Human resources meetings with participation of all major legal entities took place in May 2018 and July 2019 Territorial HR meetings with participation of local HR managers launched at all territories starting in 2018
To start succession planning for identified Top Key Positions at the TDK Group.	Succession Planning for Top Key Positions being implemented

Future Activities

Fiscal 2020 Goals
To continue expansion of scope for talent management system.
To enforce the establishment of a Human Resources network through further organisation of Global and Territorial Human Resources Meetings.
To further conduct succession planning for identified Top Key Positions at the TDK Group.

Concrete Activities

Voices of staff working outside of their home country share their background

Technical Collaboration and Respecting Local Business Culture

I work in Israel, a country that has many innovative startups and prestigious universities. My job is to assess promising local technologies and to plan and promote collaboration with TDK's technology and products.

When having a discussion, if you have an opinion to express, you sometimes have to interrupt others to get it out. That is a big difference from how things are done in Japan, so I appreciate the effort it takes to adapt to a different business culture. Our office has opened only recently, so we have no storehouse of know-how, and there are still many problems we face trying to communicate with each other in English, but we have been getting tremendous assistance from the folks at TDK-Lambda in Israel. While enjoying myself on the job, I will continue exploring ways to achieve better collaborations that will lead to outstanding new TDK products and services.

TDK Corporation
Israel R&D Office, Technology Planning Group
Technology and Intellectual Property HQ
Manager
Narutoshi Fukuzawa



Meeting People of All Kinds Leads to Personal Growth

My job is to customize software products to meet the needs of customer around the world and to support resolving issues prior to the start of production. The most exciting things are learning a wide range of things both through my job and by working with others, plus working with new technologies.

When you work overseas, it is important to step out of your personal comfort zone. In San Jose I am able to encounter people who have different cultures, languages and styles of working.

Meeting those people and building trust have helped me to grow as a person. I will do my best to support customers with the idea of seeing things from "customer focus" in our TDK Value.

InvenSense, Inc.
Sensor Systems Business Company
MEMS Sensor Business Group
Sr. Staff Application Engineer
Suma Veerabhadrapa



Respecting the Individual and Providing a Worry-Free Work Environment (TDK Corporation)

Efforts to Respect Human Rights and Equal Opportunity—Diversity Promotion Action Plan

TDK includes provisions regarding respect for human rights and prohibiting discrimination into the TDK Code of Conduct.

We implement specific initiatives on respecting human rights, equal opportunity, etc., including awareness-raising education for employees, and special counseling services including a telephone "help line." We have also established an array of systems designed to facilitate childcare and nursing care (childcare leave system, nursing care leave system, short-time work system, etc.).

As a result of creating environments that facilitate work and promote workstyles that maintain a good work-life balance, TDK was certified by the director of the Tokyo Labor Bureau as a Compliance General Business Operator pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children and acquired the next-generation certification mark (commonly known as the ?urumin mark) in fiscal 2014.

In addition, we have devised and have been carrying out the following two Action Plans in regard to the Act to Advance Women's Success at Work, which was enacted in April 2016, as follows:

- (1) The goal for the average percentage of women joining the company from 2020 to 2022 is a minimum of 30%.
- (2) Established a specialized department to promote the empowerment of women.

Our plan is to continue to develop systems that are useful to our employees in their course of growth, and to implement new systems that are tailored to developing social trends as well as to the needs of our employees.



Related link

[Employee Performance Data](#)

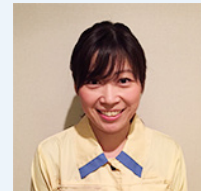
Voice of an Employee about TDK's Childbirth and Child-Care Support System

The period of childbirth and child-care leave was very precious for me, because it enabled me to spend more time with my family and watch my child growing and smiling every day. Although we still faced the problem of waiting for an opening at a day-care facility, after 16 months I returned to work. Before taking child-care leave, I had been worried about whether I would be able to do my job properly after my return, but the people around me have been very supportive. Little by little I am becoming accustomed to my new job and recovering my pace. At the moment I am making use of the flextime system, which is very helpful, because I have to take my child to and from the nursery.

Since my child was born, I have to take more care about my use of time. When I get to work, the first thing I do is compile a schedule for the day, calculating backward from my finishing time. Time is limited, so I want to make sure that I can work efficiently and not be a nuisance to others. But everyone is very understanding. It's a wonderful environment. The problem of children having to wait to gain admission to day-care centers is continuing, so I hope that the period of child-care leave can be made longer in the future.

At the moment I am enjoying a very well-balanced life every day. I hope that other employees also who are thinking about how to balance child raising and work can make the most of the various schemes available and, with the support of those around them, enjoy a work-life balance.

TDK Corporation
Technology and Intellectual Property HQ
Material Development Center Development Office 4
Tomomi Iwamoto

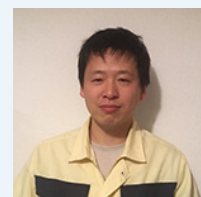


I decided to take child-care leave half a year before my second child was born. Because both my wife and I work, I planned to take the leave and dedicate myself to child-care for six months up to our child's first birthday, which is the limit for eligibility. This would allow my wife to return to work. I had planned and prepared for this long before because I needed to prepare for doing household chores and child-rearing. I wanted to be able to handle the sudden increase in time I spent on child-care. Also, preparing would help me not to panic in an emergency such as a sudden illness.

In the beginning I was unsure if I would be able to handle two things simultaneously that were unfamiliar to me?housework and child-care. The first two or three months were tough, but gradually I began to find my rhythm, and in the end I felt it was a very meaningful time spent with my young children. When my older kid's nursery school was on spring break, I had two kids to take care of, and it was really hard to find the time to do the housework, but the experience gave me the confidence that now I could handle anything even if my wife wasn't home. After returning to work, I used the flextime system, which allows me to take my kid to nursery school before work.

I informed my boss six months in advance before taking child-care leave and handed over my work to others for the period of my absence. Everyone in the office was on board with my child-care leave, and it couldn't have happened without that understanding. I'm sure that my boss and colleagues, and my section had to do more work because I wasn't there, or at least they felt the impact of my absence during that time period. In an aging society with declining birthrate like ours, finding a balance between work and child-rearing is important. I hope there comes a day when technology advances enough that things like robots and artificial intelligence help us to overcome difficulties, especially in terms of labor.

TDK Corporation
Thin Film Wafer Foundry Business Division
Process Technology Group ATF Operation
Process Development Team
Process Development Section2
Takayasu Kanaya



The TDK Rehiring System

In April 2017 TDK revised its reemployment system, by which it had been rehiring employees after their mandatory retirement, and began the operation of a new "second-career system." The purpose of this system is to make further effective use of the knowledge and experience possessed by senior employees and to fulfill TDK's social responsibility as a corporation in response to revision of the Act Concerning Stabilization of Employment of Elderly Persons. In addition, this system is also being introduced at affiliated companies in Japan with a view to promoting the reemployment of employees reaching mandatory retirement age.

A "Welcome Back" system was instituted in October 2017 to rehire employees who had to quit due to unavoidable circumstances, such as childbirth or child-care, or elderly care situations.

Work Style Options to Accommodate Spousal Relocation

In October 2017, we introduced two new systems—a relocation system for employees whose spouses have been relocated in Japan and a leave system for employees whose spouses have been relocated overseas. With these systems in place, even if it becomes difficult to continue working in one's current workplace due to the relocation of one's spouse, employees can now choose to relocate or take a leave to be with their spouse. The work style options provided by TDK are designed to allow employees to balance work with various events in their lives, a policy that aims to make TDK a company where people feel safe working at for a long time.

Organizational Structure for Maximizing the Potential of Each Employee (Human Resources Institutions) (TDK Corporation)

TDK has a number of systems in place which are geared to helping each and every employee member discover and develop their true potential.

In-house Recruiting System

In 2000, we introduced an active in-house hiring system under which employees can apply for new positions posted on the internal recruitment board directly with the Human Resources Department, without going through their superiors. This system aims at promoting the principle of "the right person for the right job" throughout the TDK Group, to respond in a timely manner to changes in the organizational makeup and staffing requirements of the organization. The system provides opportunities for career development to employees who have the desire and ability to try and shape their careers on their own initiative. As of March 2019, 215 applicants had fulfilled the relevant requirements and taken on new positions.

Career Option System

In addition to the in-house hiring system, TDK introduced the career option system in January 2006, giving employees the opportunity to apply for transfer to a desired department or position. This system is designed to provide incentives for further self-growth and for making a positive contribution to the development of TDK. It also aims at stimulating employees to reassess their career plans from various perspectives.

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Self-Determined Reporting System

A self-determined reporting system has been introduced for the purpose of supporting efforts by individual employees to develop their own careers and abilities, as well as to help ensure the best possible match between each job and the person performing it. Once a year, employees can report directly to the Human Resources Department, indicating which positions they want and which business sites they would like to work at, as well as the extent to which they are satisfied with their current positions. Employees desiring an interview have the opportunity to directly explain their choices during a session at the Human Resources Department.

The opportunity to have a dialog with the Human Resources Department on a regular basis encourages employees to think seriously about their own careers, and also supports efforts such as transfer and participation in education and training for new positions. In this way, it helps employees shape their own career.

Business Creation and Proposal Framework

TDK was born as a type of venture company with the aim of commercializing the ferrite material that had been developed at the Electrical Department of the Tokyo Institute of Technology.

Right from the outset, the concept of creating an enterprise through new products and ideas realized by challenging difficult tasks, and thereby contributing to culture and industry was central to TDK, and we believe that we continue in this vein. The Business Creation and Proposal Framework was created in April 2015 as a means to support the spirit of challenge. The idea is to provide the necessary resources for new business areas with the potential to enhance the corporate value of TDK, thereby helping to launch in-house ventures. In addition, the New Business Creation Training Program for supporting the devising of business plans also was established with similar aims.

Safety and Health

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Our Approach / TDK Occupational Health and Safety Charter

As the health and safety policy of the Group as a whole, TDK has compiled the TDK Occupational Health and Safety Charter, consisting of the Basic Principle of Occupational Health and Safety and the Occupational Health and Safety Policy with the aim of forming safe and healthy workplace environments. On the basis of this charter, as a basic plan for specific activities, TDK has formulated the Health and Safety Basic Plan, which it strives to implement with the aim of reducing the number of significant labor accidents to zero.

TDK Occupational Health and Safety Charter

TDK occupational health and safety charter applies to every organization in the TDK Group worldwide.

Basic Principle of Occupational Health and Safety

In order for our employees to perform their duties under the best conditions, the TDK Group is committed to occupational health and safety management by working together to ensure a safe and healthy working environment as the primary responsibility of our business.

Occupational Health and Safety Policy

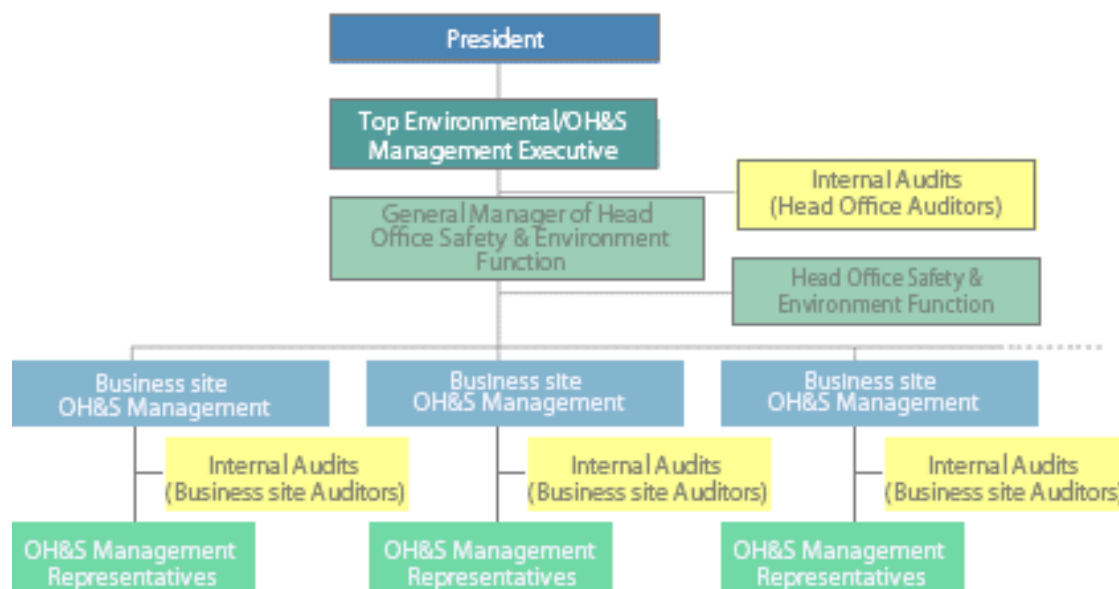
Based on the basic principle of occupational health and safety, the TDK Group shall enhance occupational health and safety actions that will enable the proper response to changes in production patterns, new technology, and working environment, in order to promote "zero" risk in the workplace and prevent job-related injury and ill health with the participation of all employees.

1. We shall provide necessary management resources and assure continual improvement in the occupational health and safety management system and related performance which shall be reviewed regularly or as necessary.
2. We shall establish voluntary standards for improving our management system to comply with all regulations and other agreements relating to occupational health and safety.
3. We shall continuously reduce risks by evaluating risks arising from hazards, setting objectives, and making efforts to minimize risks within the scope of our activities.
4. We shall build a framework for achieving the effective functioning of the occupational health and safety management system with clearly defined responsibilities.
5. We shall educate and train each level of employee to enhance all employees' comprehension and awareness in making a safe and healthy working environment.
6. We shall respect employees' opinions concerning occupational health and safety through effective communication, and provide necessary information and assistance to suppliers and subcontractors about occupational health and safety while they are on TDK premises.
7. We shall improve the work environment and assist toward employees' health maintenance and enhancement of employees' livelihood by promoting "physical and mental health" as essential elements for employees' wellbeing.

Established July 1, 2003
Revised April 1, 2011 (Rev. 4)

Structure

TDK has set up a promotional structure based on the Occupational Health and Safety Management System headed by the president.



Promoting an Occupational Health and Safety Management System (OHSMS)

TDK has established an Occupational Health and Safety Management System (TDK OHSMS) as an effective way to reduce latent risks and hazards at the workplace and create a safe and healthy work environment. This system is also seen to contribute to efficiency and productivity and to enhanced product quality. It has been implemented at all TDK manufacturing sites.

TDK is now in the process of updating the certification for sites that have OHSAS 18001* certification to the new ISO 45001 certification issued in March 2018, one by one.

* OHSAS 18001: Occupational Health and Safety Assessment Series created by an international consortium as standard specifications for managing health and safety in the workplace. The consortium consists of standards associations and evaluation organizations in Ireland, South Africa, and Britain.

Related Links

[Facilities with OHSAS18001 \(ISO45001\) Certification](#)

Fiscal 2019 Goals and Achievements / Evaluations and Future Activities

Fiscal 2019 Goal	Achievement
Achieve the "ZERO significant labor accident"	Achieve the "ZERO significant labor accident"

Evaluations and Future Activities

With the goal of creating safe, healthy working environments, we are implementing thorough safety measures at facilities to improve working conditions, establishing basic safety procedures, and working to reduce risks based on risk assessments. We will also work to maintain a record of zero significant labor accidents.

In addition, we have appointed safety and health activity promoters (EHS coordinators) for each region, such as Japan, China, ASEAN, Europe, and the United States, so that we can develop safety and health activities which is suitable for the circumstances of each region. We keep improving the level of safety and health activities by conducting factory safety tests and sharing best practices at safety and environment meetings.

Fiscal 2020 Goal
Achieve the "ZERO significant labor accident"

Related Links

[Occurrence of Accidents at Work: Employee Performance Data](#)

Concrete Activities

Safety Training Center Opening (South Site of Nikaho Plant)

On September 1, 2017, we opened the Safety Training Center at the South Site of Nikaho Plant. The center provides experience-based hazard training based on the concept of "look, listen and feel" to raise workers' sensitivity to risk factors. As of March 31, 2019, a total of 4,644 employees had attended the training in the Akita district. Plans call for 5,000 employees to complete the training by the end of September 2019, and starting in October, the training will be conducted at sites outside the Akita region using a traveling caravan and other means.

Employee Health Management (TDK Corporation)

Working to Ensure Good Health

The company considers the health of employees and their families to be a top priority. We recognize the creation of a safe, healthy work environment as a key management issue for enabling employees to carry out their duties under the best working conditions. We will take action to ensure that such an environment is created.

To keep our staff healthy, we not only conduct physical examinations of employees on a regular basis, we also have industrial physicians, health maintenance technicians, and dentists on staff at our major locations, creating an environment in which employees can address their health concerns and have dental checkups on an everyday basis. Also, the employee health insurance union has arranged for an outside service that offers telephone health consultations 24 hours a day, besides implementing various initiatives such as the "Health Challenge Campaign" aimed at supporting lifestyle improvements among employees.

In the Akita region, the company is implementing a Total Health Promotion (THP) Plan, mainly through its health

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management centers. Through this program, which offers employees health guidance and exercise programs tailored to their individual needs, we are boosting awareness of health-related matters, such as the importance of exercising and leading a healthy lifestyle.

Furthermore, in fiscal 2018 we set up a health management project promotion committee that is composed of people from the company, health insurance associations, occupational health workers, and labor unions. The committee will study various proposals and will develop activities to promote health.

Mental health care

Besides regular health management, we take an active interest in mental health issues, a subject that has become a focus of social concern in recent years. We have implemented a "return to the workplace support program," which includes measures to facilitate rehabilitation and enable a smooth transition for returning employees. Also, to make counseling more accessible, we have established mental health consultation centers staffed by specialists at major locations, and we hold periodic seminars for employees concerning mental health.

TDK will continue to conduct stress checks and mental health related training programs for its employees.

As of fiscal 2016, we are conducting stress checks to assess stress levels of individual employees and to prevent mental health issues before they have a chance to happen. Through stress checks and various kinds of training, the goal is to foster a dynamic workplace where each and every employee is able to deal effectively with stress.

Sustainability | Society | Safety and Health

OHSAS18001 (ISO45001) Certification (As of June 30th 2020)

Facility	Country	Certificate Number	Examined by
TDK Corp. Safety & Environment Group of Sustainability Promotion HQ Mikumagawa Plant Kofu Plant Narita Plant Shizuoka Plant Inakura Plant Nikaho Plant North Site Nikaho Plant South Site Honjo Plant West Site TDK Akita Corporation Inakura Plant Nikaho Plant North Site Nikaho Plant South Site Honjo Plant West Site Kitakami Plant Ouchi Plant Iwaki Plant Honjo Plant East Site TDK Shonai Corp. Tsuruoka Plant Sakata Plant Iida Plant Tsuruoka East Plant TDK-Lambda Corp.	Japan	3994704	BV
TDK China Co., Ltd. TDK (Suzhou) Co., Ltd. TDK Dalian Corporation Qingdao TDK Electronics Co., Ltd. TDK Xiamen Co., Ltd.	P.R. China	CNBJ312478-UK	BV
SAE Magnetics (Dongguan) Limited*	P.R. China	02117S10810R3M	CCCI
AFI Technologies (Chang An) Ltd.*	P.R. China	02119S10030R4L	CCCI
Amperex Technology Ltd.*	P.R. China	CN18/30212	SGS
TDK Dongguan Technology Co., Ltd. Dongguan Changan Huanan Electronics Factory	P.R. China	02118S10383R1L	CCCI
TDK Taiwan Corporation	Taiwan	20003153 BSOH	DQS
InvenSense Taiwan Co., Ltd.	Taiwan	TW17/00862	SGS
TDK Korea Corporation	Korea	IND17.6210U/HS	BV
TDK Philippines Corporation	Philippine	CH16/1094.00	SGS
TDK (Thailand) Co., Ltd.	Thailand	488005 BSOH	DQS
Magnecomp Precision Technology Public Co., Ltd. Rojana Plant Wangnoi Plant	Thailand	25884/E/0002/UK/En	URS
25884/K/0001/UK/En	URS	81791/D/0001/UK/En	URS
Hutchinson Technology Operations (Thailand) Co., LTD.	Thailand	81791/D/0001/UK/En	URS

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TDK-Lambda EMEA	UK	OHS609627	BSI
TDK-Lambda Ltd.*	Israel	106055	IQNet

* Facilities with ISO 45001 certification

Social Contribution Activities

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[Disaster Area Assistance](#)

Our Approach / Basic Concept of Contributing to Society

As a corporate citizen, TDK recognizes the importance of coexisting with the community and, thinking about what we can do for society as a company, promotes various original social contribution activities.

Principle

Based on TDK's corporate motto of "Contribute to culture and industry through creativity," the TDK Group aspires to foster the development of a healthy and prosperous society by implementing various activities in which all TDK employees can feel committed and connected to the community.

Policy

The TDK Group will utilize its various resources (employees, products, capital, information, etc.) to globally implement proactive community activities - both alone and working alongside NPOs and NGOs - that contribute to the betterment of society in the areas of (1) academic, research, and education, (2) sports, art, and culture, (3) environmental conservation, and (4) social welfare and local community service activities.

Structure

In accordance with the above policy, TDK creates and implements plans for social contribution activities in various regions.

Academic, Research and Education Activities

TDK is willing to return the profits of its activities to local communities by utilizing our accumulated product technologies and human resources. Specifically, TDK wishes to offer opportunities for young people who will lead the next generation to acquire a wide range of knowledge, experiences, and skills.

One specific example is the TDK Museum, which reopened in October 2016. The museum introduces the history of TDK's products utilizing magnetic technology and its technologies and also, as a new aspect, its efforts toward the future, the aim being to support the science and technology studies of the young people who will be the leaders of society in the next generation. The museum also continuously conducts electronics workshops.

[TDK Museum](#)



An electronics workshop



Sports, Art and Culture Activities

TDK strives to be an “exciting company,” capable of providing quality and excitement to stakeholders. TDK provides support in inspirational sports and art activities that uplift people's hearts.

Some specific examples are sponsorship since 2001 of the TDK Orchestra Concerts, performance in Japan of world-renowned orchestras from around the world, as well as Outreach Mini-Concerts and Open Rehearsals for the education and development of elementary and junior high school students and students of music.

[TDK Orchestra Concert 2019](#)

Environmental Conservation Activities

TDK is engaged in R&D activities to provide products that make people's lives more convenient. But we also work earnestly on various environmental conservation activities to contribute to the symbiosis with the global environment.

One example from plants in the Akita region is The TDK Beech Forest tree-planting event, which has been held every year since 2004. Even after the tree planting the trees are given fertilizer as part of reforestation and beautification activities at various sites.



Fertilizing trees in the TDK Beech Forest in June



The TDK Beech Forest tree planting activity in October

Social Welfare and Local Community Service Activities

TDK conducts its business activities on a global basis. We endeavor to apply our resources in a positive manner and provide help in solving various issues in local communities, in order to realize a better society.

An example in Europe is support making repairs at the Munich Immigration Center as a part of a pilot project for joint volunteer activities. Various activities are undertaken according to the specific needs in each region.



Volunteer activities at the hospital and participating staff



Disaster Area Assistance

Employees from the TDK Akita Kitakami Plant have participated in volunteer programs to support recovery operations in Iwate Prefecture each year following the 2011 Great East Japan Earthquake.



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Social and Environment Considerations in the Supply Chain: Performance Data

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Category	Item	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Initiatives as a Supplier	Number of manufacturing sites covered by CSR self-checks*1	Site	74	78	82	81	78
		%	99	100	100	100	100
	Number of manufacturing sites covered by human rights and ethics risk assessment*1	Site	74	78	82	81	78
		%	99	100	100	100	100
	Number of manufacturing sites performed CSR voluntary audits by third-party organizations*2	Site		4	8	5	5
	Number of employees participated in CSR internal auditor training (accumulated)	Person	171	198	217	253*7	303
	% of customers covered by the satisfaction evaluation*3	%	6.3	6.1	7.2	7.0	7.3
	% of A rank customers*4	%	91.8	90.7	89.7	89.8	93.8
Initiatives as a Buyer	Number of dispatch companies covered by CSR self check (dispatch companies used by manufacturing sites in high-risk countries of Asia including China)*5	Company			27	81	73
		%			100	100	100
	CSR-compliant supplier ratio*2	%		82.4	91.2	94.4	96.1
Conflict Minerals	Ratio of suppliers confirmed DRC conflict-free*2	%		83.2	92.3	92.6	93.1
	Number of conflict minerals survey*6	Number	2,505	2,389	2,427	2,381	2,423

*1 All manufacturing sites have been assessed since FY 2015.

*2 Data collected from FY 2016.

*3 % of sales amount (consolidated)

*4 % of customers who evaluated their satisfaction as "A rank" (fully satisfied), calculated by aggregating satisfaction evaluations provided by customers (based on the data as of April 2019)

*5 The scope of survey was expanded in fiscal 2018.

*6 Number of responses that were generated by TDK Corporation

*7 Data has been revised

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Employee Performance Data

Category	Item	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Employment	Consolidated number of employees	Persons	91,648	99,693	102,883	104,781	107,138
	Japan		8,920	9,308	9,590	9,777	10,080
	Americas		3,198	4,216	5,123	4,738	4,465
	Europe		7,763	7,674	8,045	8,205	7,969
	Asia except Japan		71,767	78,495	80,125	82,061	84,624
	Men* ¹				53,710	56,375	59,171
	Women* ¹				49,173	48,406	47,967
	Women ratio* ¹	%			47.8	46.2	44.8
	Consolidated number of employees (non-regular)* ²	Persons	39,352	33,614	31,831	28,705	25,173
	Number of employees (TDK Corporation)	Persons	4,542	4,644	5,055	5,330	5,523
	Men		3,888	3,972	4,284	4,497	4,628
	Women		654	672	771	833	895
	Women ratio	%	14.4	14.5	15.3	15.6	16.2
	Average age (TDK Corporation)	Years	43.3	44.8	43.7	43.8	43.4
	Men		43.8	45.4	44.3	44.4	44.1
	Women		39.9	41.3	40.1	40.2	39.9
	Continuous service (TDK Corporation)	Years	20.4	20.8	19.8	18.9	17.8
	Men		20.8	21.3	20.2	19.3	18.2
	Women		18.2	18.4	17.4	17.2	16.0
	Recruitment of new graduates (TDK Corporation)* ³	Persons	140	158	177	225	145
	Men		112	121	133	184	136
	Women		28	37	44	41	9
	Women ratio	%	20	23.4	24.9	18.2	6.2
	Mid-career recruitment (TDK Corporation)	Persons	41	81	82	110	98
	Men		38	69	70	100	85
	Women		3	12	12	10	13
	Women ratio	%	7.3	14.8	14.6	9.1	13.3
	Job leavers/dismissals (TDK Corporation)* ⁴	Persons	48	63	60	73	81
	Men		39	49	50	57	74
	Women		9	14	10	16	7
	Women ratio	%	18.8	22.2	16.7	21.9	8.6
Work-life balance	Employees taking child care leave (TDK Corporation)	Persons	24	18	27	23	35
	Men		3	0	5	4	11
	Women		21	18	22	19	24
	Ratio of employees returning to work	%	100	100	100	100	100
	Paid leave acquisition rate (TDK Corporation)		56	58.9	60.4	60.7	62.5
	Number of employees taking nursing care leave (TDK Corporation)	Persons	2	0	0	3	3

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	Diversity	Ratio of women in managerial posts (TDK Corporation)* ⁵	%	3	3.9	4.1	3.9	4.4
		Ratio of women in junior management positions (TDK Corporation)* ⁶					1.6* ¹⁷	2.2
		Ratio of women in senior management positions (TDK Corporation)* ⁶					0.9	0.7
		Ratio of employees with disabilities (TDK Corporation)		2.55	2.45	2.28	2.19	2.16
	Staff training	Annual training hours per employee* ⁶ , * ⁷	Hours				17.4	49.0
		Number of employees who completed Territorial Career Development Program (TCDP)* ⁶ , * ⁸	Persons				96	101
		Number of GAMP, global management program graduates* ⁶ , * ⁹						17
		Number of participants in the global English training program* ⁶ , * ⁸					2,442	3,613
	Staff training (TDK Corporation)	Education and training expenses	million yen	214	242	239	239	285
		Cumulative total of participants in cross-cultural communication programs	Persons	473	506	525	525	525
		Cumulative total of participants in IMD training		307	328	350	373	373
		Cumulative total of participants in overseas trainee program		23	28	32	35	40
		Cumulative total of engineers sent to overseas universities		42	44	47	49	49
	Freedom of Association	Ratio of employees represented by a union or covered by collective bargaining agreements* ⁶ , * ¹⁰	%				75.1	72.3
	Employee Engagement	Ratio of employee job satisfaction (TDK Corporation)* ¹¹	%	94.9	95.1	93.8	93.4	93.6
		Men		94.8	94.9	93.7	93.3	93.7
		Women		95.1	96.1	94.3	93.6	93.2
	Health and safety	Number of on-the-job Accidents (Japan) Lost Time Work Accident Case	Cases	379	362	336	318	212
		Number of accidents not requiring time off work		106	99	141	129	72
		Number of accidents requiring time off work* ¹²		273	263	195	189	140
		Japan			16	19	21	20
		China		203	164	139	94	60
		Asian (other than Japan and China)		45	48	48	58	20
		Americas/EU		29	38	41	52	48
		TDK Electronics (previously EPCOS)		89	96	89	93	64
		Number of significant labor accidents* ¹³ , * ¹⁴			0	0	0	0
		Ratio of accidents per 1,000 employees* ¹⁵		3.42	3.21	3.00	2.79	1.80
		Accident Severity Rate (Japan)* ¹⁶		0.016	0.007	0.005	0.004	0.017

*1 Data collected from FY2017 onward.

*2 Coverage is part time workers, temporary workers and manufacturing staff who work for subcontractors.

*3 Employees who joined the company in April of the following year

*4 Regular employees only (excluding retirees)

*5 Managerial posts defined as posts having subordinates, or equivalent posts

*6 Data collected from FY2018 onward.

*7 Covers programs run by the Global Human Resources Division

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Global Tax Policy

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TDK Group herein sets forth the Global Tax Policy in accordance with the TDK Code of Conduct, established to reflect and implement the corporate philosophy and the management policy of TDK Group. The Global Tax Policy is applicable to TDK Group consisting of TDK Corporation (TDK) and its consolidated subsidiaries (collectively “TDK Group” or “the Group”).

Compliance

- TDK Group as a good corporate citizen complies fully with all applicable tax laws and regulations established in all countries and regions where it operates. The Group respects legislative intent behind those laws and regulations, and further seeks to comply with international guidelines and proposals provided by public interest organizations such as the OECD. The Group believes compliance is always an essential prerequisite for any corporate business activities.
- The Group strives to fulfill its commitments by establishing strong compliance procedures to ensure accuracy and completeness.

Corporate Activities and Taxes

- TDK Group, in the conduct of its corporate activities based on the corporate philosophy and the management policies of the Group, is particularly engaged in the following activities with regard to tax practices:
 - The Group computes taxes, files all necessary tax returns and tax declarations, and makes tax payments in all relevant jurisdictions in a proper and timely manner in accordance with applicable tax laws and regulations
 - The Group improves tax efficiency and maximizes corporate value by proactively utilizing tax incentives established by countries and regions to the extent that the incentive utilization follows the legislative intent behind the rules and regulations.
 - The Group analyses tax events, tax attributes, and tax expense and provides appropriate and concise information to stakeholders, in accordance with applicable tax laws and regulations.

Organization, Roles, and Responsibilities

- Corporate governance of TDK Group relevant to taxes is embedded within its overall governance system. The system provides a framework for compliance of applicable tax laws and regulations, minimization of tax risks, maximization of corporate value, and growth of the Group.
- The corporate governance of the Group relevant to taxes is executed under the responsibility of the CFO of the Group who delegates certain portion to subgroup tax departments and persons in charge of taxes at each group entity.

Tax Risk Management

- The tax function minimizes tax risk by working closely with business and other departments and sharing information of transactions. It strives to prevent unnecessary disputes by building strong technical positions through planning, implementation, and documentation.
- TDK Group makes all decisions through the analysis of other factors including financial return, financial risk, and potential reputational risk as well as taxes.
- In cases where the Group identifies tax uncertainties, the cases shall be appropriately reported to the managerial decision-making bodies and the CFO of the Group. Decisions to be taken follow usual Group procedures.
- In cases of significant transactions where applicable tax laws and regulations could be interpreted in a broad range of meanings or there are no clear regulations, the Group seeks to minimize tax risks through actions such as seeking advice from external advisors, obtaining advance pricing arrangements/agreements or rulings from tax authorities where necessary.
- The Group regularly monitors compliance in accordance with laws and regulations relevant to tax risk management.

Tax Strategy and Tax Planning

- As mentioned above, TDK Group seeks to maximize corporate value while maintaining full compliance with all applicable tax laws and regulations. The Group continuously monitors the changing tax environment as well as its evolving business models, identifies both tax risks and benefits under the changes of tax environment and business models, and adapts to changes as necessary to achieve its business objectives.
- With regard to transactions where a significant level of tax impact is expected and/or which show a high degree of tax uncertainty, the Group managerial decision-making bodies and procedures generally seek external tax advice to decide how the Group responds.
- As a matter of principle, the Group does not intentionally implement artificial tax avoidance structures.

Relationship with Tax Authorities

- TDK Group seeks to build a good, faithful, and professional relationship with tax authorities of countries and regions.
- The Group responds to tax audit inquiries and requests from the tax authorities in accordance with applicable tax laws and regulations and in a faithful, courteous, professional, and timely manner.
- In cases where conflicts with the tax authorities occur, the Group defends its position professionally and in good faith, and seeks to achieve a rational and transparent audit resolution in accordance with applicable tax laws and regulations.

Corporate Ethics and Compliance

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Basic Policy

The TDK Group bases its corporate ethics and compliance on top management demonstrating leadership in raising awareness among officers and employees and comprehensively ensuring proper action.

To ensure that all personnel are aware of the corporate philosophy, TDK Code of Conduct, and TDK Charter of Corporate Behavior, the chairman of the Business Ethics Committee, who was appointed by the Board of Directors, creates opportunities for direct education and training of Group employees. In addition, the TDK Group conducts group training, E-learning, and other programs every year to inform all Group employees around the world about the fundamentals of corporate ethics.

Global corporate ethics structures centered on the Business Ethics Committee have been established to perform periodic monitoring regarding the status of compliance with corporate ethics, and reports are made to the Board of Directors via the Corporate Ethics Business at the beginning of each quarter regarding the status of compliance.

[TDK Code of Conduct](#)

Compliance

The TDK Group has appointed a Global Chief Compliance Officer and Regional Chief Compliance Officers for each of the five regions worldwide and established the Legal & Compliance HQ directly under the President.

We are taking measures to further reinforce structures so that all Group personnel can act in strict compliance with shared global norms while working to develop an honest, fair, and transparent corporate culture and respond to the trust and expectations of customers in society.

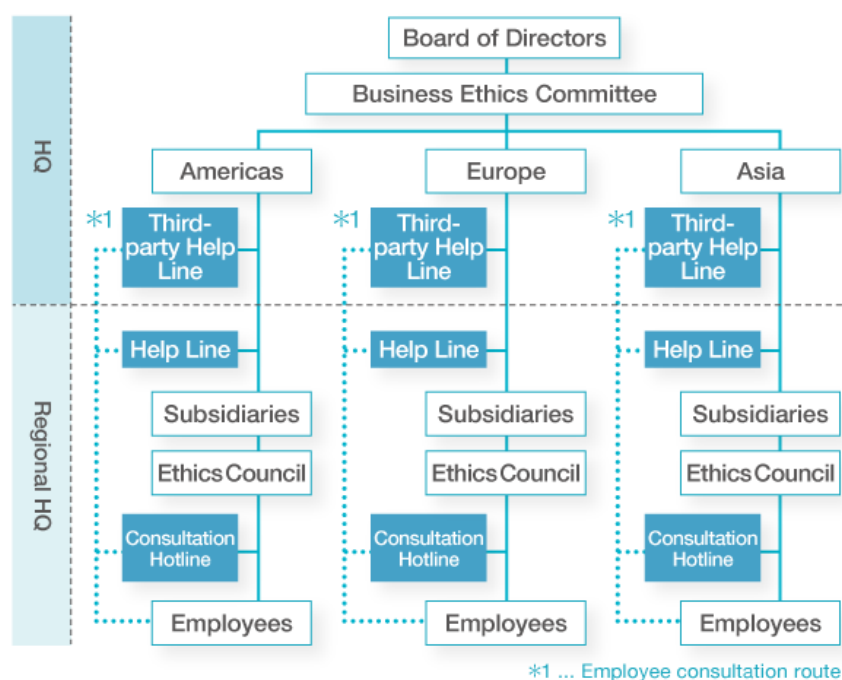
We have identified group compliance risks that are believed to be significant from the perspective of legal risk management. The divisions responsible for the various compliance-related issues that arise confirm the facts, take appropriate action, and report to the Board of Directors in a timely manner. In addition, the relevant divisions cooperate with the Legal & Compliance HQ to analyze the causes and take measures to prevent reoccurrence at each Group company.

Help Lines

The TDK Group has established structures to enable employees and others to make internal reports and consult regarding issues of corporate ethics through channels other than their regular work chain of command. Each Ethics Council has a consultation hotline and internal helplines have been established on a regional basis for the direct collection of information and opinions relating to corporate ethics and other issues within the Group. In addition to the regular reporting routes within the Group, alternate reporting routes that provide access to outside law firms and other third parties have also been established in the Americas, Europe, and Asia. As a result, employees and others making reports can select the reporting route that they believed to be the most appropriate. The TDK Code of Conduct Program stipulates the protection of informants so that they do not suffer any unfair treatment or disadvantages.

Organization and Operation

TDK's Worldwide Internal Reporting System



As of March 31, 2020

Number of Consultations and Reports to Help Lines (Global)

FY 2015	300
FY 2016	192
FY 2017	121
FY 2018	115
FY 2019	46

The scope of figures includes the Ethics Councils of affiliates.

Spreading Awareness of Corporate Ethics

TDK provides every TDK Group employee with a copy of the TDK Code of Conduct Handbook, which they can use as a guide for their individual business activities, and also endeavors to spread awareness by, for example, displaying posters.

Also, in order to deepen employees' understanding of corporate ethics, TDK implements training for specific ranks of employees and e-learning for all employees, as well as lectures for management by responsible directors and outside speakers.

During fiscal 2019, corporate ethics e-learning programs were arranged for 98% of all TDK Group employees.

Risk Management

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Structure

In aiming for sustainable growth, TDK promotes company-wide measures against factors (risks) that hinder the achievement of organizational goals and has established the ERM Committee to properly manage these factors. Similarly, the Crisis Management Committee, Information Security Committee, and Information Disclosure Committee that report directly to the Management Council have been established to respond to and take measures against each issue. The Corporate Officers appointed by the President serve as the chairpersons for each committee.

Regarding the activity status of each committee, in addition to securing a system for receiving advice to effectively operate the execution of duties by having regular confirmations by the Audit & Supervisory Board Members and Corporate Internal Audit Department, we regularly receive advice from experts such as legal advisors about new obstacles the Group faces.

ERM (Enterprise Risk Management) Committee

We promote company-wide risk management by conducting risk analysis evaluation, identifying risks that need to be addressed across departments, and introducing measures taken in close liaison with related departments. We discuss the risk analysis evaluations and countermeasure situations at the management meetings and report them to the Board of Directors.

Crisis Management Committee

We conduct activities such as BCP training and regular operation status checks centered on domestic bases so that the BCP of each business department established based on the company-wide basic policy functions properly in case of an emergency.

Information Security Committee

To prepare for the risks of cyberattacks, we continuously verify and take measures against information security risks by implementing information security education for employees and taking measures such as defense, detection, and restoration.

Information Disclosure Committee

In order for appropriate information to be disclosed, we discuss and carefully examine important disclosure documents regarding investment decisions of shareholders and investors, such as notes on financial statements.

Business Risks

Please see here for the contents.

[Business Risks](#)

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Business Continuity Plan (BCP)

TDK has established a crisis management system to prevent secondary disasters and to ensure the safety of employees in the event of a crisis for the purpose of business continuity.

We have established a BCP that does not depend on the type of disaster or the cause event. We will conduct regular training so that prioritized works are not interrupted in an emergency, or if they are, they can be restarted as quickly as possible. In addition, we will promote activities that will increase effectiveness in case of emergency. In addition to preventing COVID-19 infections by taking appropriate measures, such as working from home and avoiding closed spaces, crowded places, and close-contact settings (Three Cs), we recognize that responding to cases of infections or suspected infections is a priority issue that should be strengthened, and we will continue to make improvements in that regard.

Risk Management Education

We have implemented individualized education on topics, such as corporate ethics, information security, import and export control, and compliance, to improve an understanding of risk management.

In FY2019, we implemented education on corporate ethics for directors and employees of the TDK Group in Japan and overseas and achieved a 98% participation rate.

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Our Approach

In order to ensure the continuous improvement of information security, the TDK Group has built a global information security management structure based on its Basic Policy on Information Security and conducts activities accordingly.

Basic Policy on Information Security

General Direction

This Policy shall apply to the TDK Group.

The TDK Group shall work on maintenance and enhancement of the security of information, recognizing that it is indispensable to secure personal information and trade secrets (including information on or received from customers) appropriately, and ensure the correctness and accuracy of financial information as well as business continuity in order for us to make ourselves highly reliable and more satisfactory to our stakeholders.

We all shall execute the following six actions as the concrete guidelines of actions.

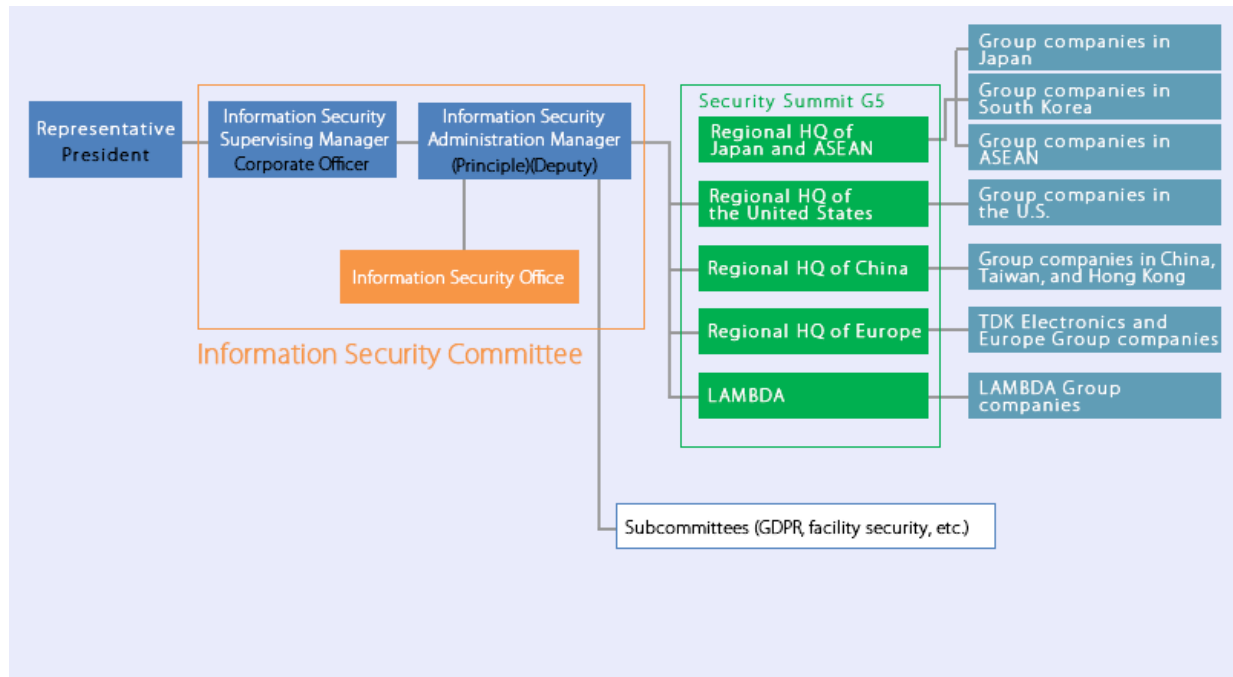
Action Guidelines

1. Observance of Laws and Regulations
In the handling of information, we shall observe laws and regulations concerning "the prevention of alteration, leakage, unauthorized access, and unlawful use of information", "requiring reliability of information and correctness in disclosure", and "protecting personal information", and "business requirements including terms and conditions of contracts with customers" in the respective countries and regions.
2. Information Security Management System
We shall establish a system to manage and govern information security organically and define its role and responsibility.
3. Implementation of Measures for Risk Management
We shall find out threats and vulnerability in light of confidentiality, completeness and availability, and implement sufficient measures in response to the risks. In addition, we shall make sure to implement the measures for information security with the company regulations set in accordance with this Policy.
4. Provision of Resources
The management shall provide management resources necessary to execute this Policy.
5. Continuous Improvement of Information Security
We all shall endeavor to continue to improve the information security in response to changes in risks arising from transformation in internal and external circumstances.
6. Strict Actions
Should there be a violation of this Policy or the company regulations, the management shall take a strict action in accordance with the Code of Conduct and the Work Rules.

Established July 1, 2005
Revised on April 15, 2016 (2nd edition)

Structure

Under the Executive Committee, TDK has set up the Information Security Committee, which adopts measures in response to information security risks in the Group as a whole. By establishing deliberative bodies made up of representatives from each region around the world, we are reinforcing global information security governance. Through the Information Security Administration Managers Meeting and other channels, the Information Security Committee endeavors to implement measures for each division.



Information security management organization (As of April 1, 2020)

Specific Measures in Fiscal 2019

In fiscal 2019, we focused on countermeasures against increasingly sophisticated cyberattacks and conducted trials worldwide.

[Main Measures]

- Reinforced countermeasures against cyberattacks on worldwide Group company websites
- Strengthened management of worldwide Group company websites.
- Strengthened control and management of incoming telecommunications.
- Global response to cyber-risk insurance



At the global meeting

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Information Security Education

In order to maintain and enhance information security throughout the entire TDK Group, we implement information security education and email training for all employees more than once a year.

Information security education is conducted at Group sites for computer users. Regarding content of the education and frequency, each site incorporates appropriate content in accordance with its environment and conditions.

In the email training at each site, emails resembling actual targeted email attacks are sent to employees to check the number of people who open the attached file and the number of people who click on the URL.

Future Activities

In order to respond to cyberattacks, which are becoming an increasingly serious threat, TDK will reinforce internal information security countermeasures and strengthen measures regarding cloud services, use of which is increasing, on a global level.

In addition, TDK will continue to enhance employee education and training, including training to handle targeted email attacks, thereby responding to risks in the Group as a whole that cannot be fully handled by the system.

Sustainability | Governance

Governance Performance Data

Governance

Category	Item	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Directors	No. of directors	Person	7	7	7	7	7
	Men		7	7	7	7	7
	Women		0	0	0	0	0
	Outside directors		3	3	3	3	3
	Women ratio	%	0	0	0	0	0
	No. of audit & supervisory board members	Person	5	5	5	4	5
	Men		5	5	5	5	4
	Women		0	0	0	0	1
	Outside audit & supervisory board members		3	3	3	2	3
	Women ratio	%	0	0	0	0	20
	No. of corporate officers	Person	19	17	18	17	18
	Men		19	17	18	17	18
	Women		0	0	0	0	0
	Non-Japanese		7	7	6	6	7
	Women ratio	%	0.0	0.0	0.0	0.0	0
Board of Directors	No. of times held	No.	16	14	15	13	13
	Outside director attendance ratio	%	95	100	100	97	100
	Outside audit & supervisory board member attendance ratio		98	95	100	100	97
Board of Audit & Supervisory Board Members	No. of times held	No.	15	15	14	15	14
	Independent auditor attendance ratio	%	97	98	100	100	97
Director Remuneration	Directors (excluding outside directors)	Million yen	367	377	477	315	268
	Outside directors		51	45	42	46	55
	Audit & supervisory board members (excluding outside audit & supervisory board members)		58	58	58	57	58
	Outside audit & supervisory board members		27	27	29	24	30

Compliance

Category	Item	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
System	No. of Help Line calls	call	300	192	121	115	46
Business Ethics	Number of instances of material non-compliance with TDK Code of Conduct*1	instance				0	0
Political Contributions	Total amount of political contribution (Japan)*1	Million yen				0	0

*1 Data collected from FY2018.

TDK Included in FY 2019 Social Assessment Index

[Social Assessments by Investors and Rating Agencies](#)
[TDK Named to Derwent Top 100 Global Innovators 2020](#)

Social Assessments by Investors and Rating Agencies

ESG investment and socially responsible investment (SRI), which consider not just financial aspects, but also investment that takes into consideration social aspects including environmental initiatives, is spreading, particularly in Europe and the U.S. TDK is included in the following indexes.

- **FTSE4 Good Index Series**
An index provided by FTSE Russell (based in the U.K.) that was designed to measure the performance of companies that implement strong ESG measures.
- **FTSE Blossom Japan Index**
An index provided by FTSE Russell (based in the U.K.) that was designed to measure the performance of Japanese companies with outstanding ESG responses.
- **MSCI Japan ESG Select Leaders Index**
An index provided by MSCI (based in the U.S.) that selects companies with outstanding ESG assessments.
- **Ethibel Investment Register "Ethibel EXCELLENCE"**
An investment universe of Forum ETHIBEL, a socially responsible investment advocacy group headquartered in Belgium.
- **ECPI Index**
A global ESG index created by ECPI.

TDK has also received assessments of A- in both the climate change and water security categories from CDP, an international non-profit organization headquartered in London.

TDK Named to Derwent Top 100 Global Innovators 2020

TDK was selected for the Derwent Top 100 Global Innovators 2020 by Clarivate Analytics (headquarters in Philadelphia in the U.S. and a Japan office in Minato-ku, Tokyo). This marks the sixth time that TDK has been named to the list.

For this list, intellectual property and patent trends are analyzed based on patent data from Clarivate Analytics, and companies and research organizations are selected for the Derwent Top 100 Global Innovators based not just on patent applications, but also on outstanding, global-scale inventions. To determine the world's most innovative companies, Clarivate Analytics uses four screening criteria: total patent volume (a minimum of 100 patents in the past five years), success rate, globalization (the number of basic patents filed in four key markets: China, Europe, Japan and the U.S.), and the number of citations by other organizations as evidence of patent influence. This year, TDK scored highly on success rate and globalization.



Sustainability

The Worldwide TDK Group

The Worldwide TDK Group

Since its founding in 1935, the TDK Group has been expanding to countries and regions worldwide. We have a great diversity of suppliers and products. TDK aims to continue supplying products and services that people need in societies across the globe.



(As of March 31, 2020)

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GRI Standards Table

The "Sustainability" Website conformd to the "core" option of the GRI Standards. (Global Reporting Initiative: GRI)

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	102-3	Location of headquarters About TDK TDK at a Glance (Homepage)
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	102-7	Scale of the organization About TDK TDK at a Glance (Homepage) Products (Homepage) TDK Worldwide (Homepage) Investor Relations Securities Reports (Homepage) Investor Relations Sales by Segment (Homepage)
	102-8	Information on employees and other workers Employee Performance Data
	102-9	Supply chain Sustainable Procurement Social and Environment Considerations in the Supply Chain: Performance Data
	102-10	Significant changes to the organization and its supply chain About the "Sustainability" Website
	102-11	Precautionary Principle or approach Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement Corporate Ethics and Compliance Risk Management Quality Assurance Activities Environmental Management System
	102-12	External initiatives Sustainability Management Respect for Human Rights Safety and Health A History of TDK's Environmental Activities
	102-13	Membership of associations Sustainability Management Responsible Sourcing of Minerals A History of TDK's Environmental Activities
	Strategy	
	102-14	Statement from senior decision-maker Top Commitment
	102-15	Key impacts, risks, and opportunities Top Commitment Efforts to Achieve the SDGs Risks, Opportunities, Goals, and Achievements Risk Management Investor Relations Operational Risks (Homepage)

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	102-16	Values, principles, standards, and norms of behavior	Corporate Philosophy and Sustainability About TDK TDK Code of Conduct (Homepage)
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	102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement Respect for Human Rights Corporate Governance
Environment	102-22	Composition of the highest governance body and its committees	Corporate Governance Governance Performance Data
	102-23	Chair of the highest governance body	Corporate Governance
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	102-25	Conflicts of interest	Corporate Governance About TDK TDK Code of Conduct (Homepage)
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	102-27	Collective knowledge of highest governance body	Sustainability Management
How the Public Sees Us	102-28	Evaluating the highest governance body's performance	Corporate Governance
	102-29	Identifying and managing economic, environmental, and social impacts	Key CSR Issues
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	102-32	Highest governance body's role in sustainability reporting	
	102-33	Communicating critical concerns	Corporate Governance Corporate Ethics and Compliance Risk Management
	102-34	Nature and total number of critical concerns	Corporate Ethics and Compliance
	102-35	Remuneration policies	Corporate Governance
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		305-4	GHG emissions intensity Climate Change Initiatives
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	419 Socioeconomic Compliance (2016)	419-1	Non-compliance with laws and regulations in the social and economic area	(N/A)

Sustainability

Third-Party Opinion



Toshihiko Fujii
Visiting Professor
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TDK's Sustainability Report 2020 presents the most substantial content of any such report to date. In his Top Comment, TDK President Shigenao Ishiguro expresses a commitment to integrate the two vectors of economic and social rationality. Bringing these vectors into alignment will require input from multiple viewpoints, including digital transformation (DX), energy transformation (EX), and also customer experience/consumer experience (CX). This indicates that the company's sustainability initiatives have advanced to a new stage. I would like to comment on what I see as the central issues facing TDK's initiatives from this point forward.

My first suggestion would be that TDK could rethink the notion of materiality so that it more clearly provides a basis for economic and social rationality. Such an "Integrated Materiality" would identify areas and markets where management resources are to be focused to align business goals and the resolution of social and environmental issues through its business activities.

As TDK is a company in possession of many latent and emergent technologies that could give rise to entirely new applications or use cases, a certain amount of serendipity may facilitate unexpected innovations. Exercising caution, therefore, may be necessary to reduce the tendency to set rigid limits and impose wide buffer zones. TDK would be well-served to maintain a focus on its North Star. This could be its vision of the world wherein business logic and social rationale are one and the same. I believe that companies need to maintain open space to develop into, so that people will ask with anticipation: "What is that company going to do next?"

I would like to bring up another point regarding "Integrated Materiality", that of prioritization. It is no easy task to prioritize the materiality of social and environmental impact. The degree of difficulty is compounded when integrating business logic. No one way is the "correct" answer. All employees must participate in thinking about this, and perhaps this process of thinking itself is, in itself, the reason why prioritizing has meaning. This could help in the self-transformation that Mr. Ishiguro means when he says, "We ourselves must change."

Next, I want to discuss creating a system in which SDGs inform the company's core business. Each TDK Group company should think of stories of how its technologies, products, and solutions help resolve issues. This is a wonderful initiative. The effort invested in describing a comprehensive story should greatly contribute to the management of integrated goals.

In addition, TDK's strengths in its global human resource policies have always been a noteworthy part of its sustainability initiatives, but I would like to highly praise the advances TDK has made: In the harmonization of its global evaluation system among all groups and to publicize this matter. This program offers a model for other Japanese businesses.

In closing, I would like to state my expectations of TDK in the context of the Covid-19 crisis. This global pandemic has made clear that people do not act rationally, in the true meaning of that term. Rationality is, at best, an instrument of reason to realize one's goals. However, when the future becomes completely unknowable, or when we learn that our society can suddenly change on such a massive scale, we must revise the way we think about our world. Under these circumstances, the most 'rational' stance we can now take is to keep an open attitude about our future. I expect that TDK, with the myriad possibilities of its technologies and products, can contribute to the creation of a new post-corona world.

To be sure, today's businesses must consider the evolution of society. While rationality still has value, as management moves forward the limits of rationality must be considered as well as the relationship between constructivist approaches and the inherent randomness of the world. I offer my most sincere support for TDK's quest to explore how it can "create value among our products and technologies to help solve society's problems" in this very difficult world.

