

## **TDK Group – Human Rights Statement**

[https://www.global.tdk.com/corp/en/csr/social/supplier\\_responsibility/csr30000.htm](https://www.global.tdk.com/corp/en/csr/social/supplier_responsibility/csr30000.htm)

This statement discloses the TDK Group's initiatives in regard to human rights in the business and supply chain of the TDK Group, as required by the UK Modern Slavery Act. This statement reports the activities conducted FY 2017 (from April 1, 2017 to March 31, 2018).

### 1. About the TDK Group

The TDK Group consists of TDK Corporation, headquartered in Japan, and 142 consolidated subsidiaries around the world. Our focus is on information and communications technology, automotive, industrial and consumer electronics markets. TDK's comprehensive portfolio features passive components such as ceramic, aluminum electrolytic and film capacitors, magnetics, high-frequency, and piezo & protection devices. Our product spectrum also includes sensors and sensor systems such as temperature and pressure, magnetic and MEMS sensors. In addition, TDK provides power supplies and energy devices, magnetic heads, and more. The portfolio is marketed under the product brands TDK, EPCOS, InvenSense, Micronas, Tronics and TDK-Lambda. The company has a network of design and manufacturing locations and sales offices in Asia, Europe, North and South America.

Detail of TDK Group (TDK Worldwide)

<https://www.global.tdk.com/corp/en/worldwide/index.htm>

### 2. Our Approach

The TDK Code of Conduct (Charter of Corporate Behavior) 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."

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, and EU regulation on conflict minerals in 2017. This trend represents a strong appeal to companies to specifically identify human rights issues in their business activities and take appropriate action.

The TDK Group Policy on Human Rights was formulated in 2016. TDK promotes the correct understanding, awareness, and improvement of human rights issues, including social issues, not only in business activities within the Group itself but also in the value chain.

TDK Code of Conduct

[https://www.global.tdk.com/corp/en/about\\_tdk/code\\_of\\_conduct/index.htm](https://www.global.tdk.com/corp/en/about_tdk/code_of_conduct/index.htm)

TDK Group Policy on Human Rights

[https://www.global.tdk.com/corp/en/csr/social/supplier\\_responsibility/csr31000.htm](https://www.global.tdk.com/corp/en/csr/social/supplier_responsibility/csr31000.htm)

### 3. Due Diligence

- Communication with External Parties

We continue to strive to identify and engage with human rights issues by acquiring information from many sources.

#### **2017**

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

2015

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

2014

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

2013

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).

2017 Targeting Human Rights Responses at the Supply Chain

[https://www.global.tdk.com/corp/en/csr/important/society\\_and\\_environmental/csr10000.htm](https://www.global.tdk.com/corp/en/csr/important/society_and_environmental/csr10000.htm)

2015 CSR Promotion in the Supply Chain

<https://www.global.tdk.com/corp/en/csr/dialog/csr30000.htm>

2014 Identification of Human Rights Issues through Dialogue with Stakeholders

[https://www.global.tdk.com/csr/social/supplier\\_responsibility/pdf/rep14000.pdf#page=9](https://www.global.tdk.com/csr/social/supplier_responsibility/pdf/rep14000.pdf#page=9)

2013 Human Rights Due Diligence Workshop (Caux Round Table Japan)

<http://crt-japan.jp/en/portfolio/human-rights-due-diligence-workshop/>

- Group Internal Initiatives

TDK implements annual CSR self-assessments and labor and human rights/corporate ethics related risk assessments based on the Responsible Business Alliance (RBA) Code of Conduct at all Group manufacturing sites. These are supervised by TDK's CSR Headquarters Group. In addition, every two years, we conduct CSR self-audits in manufacturing sites located in China and the high-risk countries of Asia, using third-party auditing companies, including customer CSR audits.

**In fiscal 2017, TDK implemented CSR self-assessments at all of its 82 manufacturing sites. Among 39 targeted sites in China and Asia, over the last two years, independent third-party CSR audits were implemented at eight sites that had not undergone customer CSR audits.**

- Supplier Oriented Initiatives

In order to promote CSR procurement, TDK implements annual CSR self-assessments of its suppliers on the basis of items required by the RBA. 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 its reliance on them.

**In fiscal 2017, CSR self-assessments confirmed that 91.2% of suppliers of our Group companies were CSR compliant, an 8.8% improvement over fiscal 2016, but still short of the 95% target. We will continue to strengthen our efforts with regard to Group companies and suppliers.**

#### 4. Major Initiatives Related to Human Rights

- Prohibition of Child Labor and Forced Labor

The TDK Code of Conduct strictly prohibits child labor and forced labor and demands the same commitment from suppliers. For example, at our manufacturing sites in China, we adhere to strict age check procedures to prevent any use of child labor and implement monitoring by headquarters, including of contract manufacturers. **In fiscal 2017, no case of child labor was discovered.**

- 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. Measures are being implemented to protect the human rights of and provide relief to such individuals. In Malaysia, the problem of forced labor involving foreign workers became a social issue. In fiscal 2013, we began to assess the problem, and have since then devised and implemented countermeasures based on the results. **In fiscal 2017, we provided CSR training on this problem in Malaysia.** We will continue our efforts to monitor and correct any instances of forced labor through our supply chain.

- 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 China, where extended continuous working hours of employees have become a problem, we began in 2015 to strengthen the monitoring of production sites by headquarters. **In fiscal 2017, we expanded the monitoring to the high-risk countries of Asia.**

- Prohibition against Discrimination

We ensure equal opportunities for all employees by avoiding direct or indirect discrimination among our employees in respect of employment, treatment (compensation, opportunities to participate in training sessions, advancement opportunities, etc.) and other similar matters, based on race, beliefs, gender, religion, nationality, ethnicity, age, marital status, disability, sexual orientation, or social status. Our purchasing transactions (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 Group companies where there are no unions, TDK holds sincere dialogue 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.

• Response to Conflict Minerals

TDK began 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. 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 fiscal 2017, according to the conflict mineral survey conducted by our group companies, 92.3% of TDK's suppliers are DRC conflict-free.**

TDK Group Policy on Conflict Minerals

[https://www.global.tdk.com/corp/en/csr/social/supplier\\_responsibility/csr02210.htm](https://www.global.tdk.com/corp/en/csr/social/supplier_responsibility/csr02210.htm)

Response to Conflict Minerals

[https://www.global.tdk.com/corp/en/csr/social/supplier\\_responsibility/csr20000.htm](https://www.global.tdk.com/corp/en/csr/social/supplier_responsibility/csr20000.htm)

## 5. Training

TDK raises awareness of human rights issues through e-learning or in person training of all of our employees including the UK. Through training of internal auditors based on RBA requirements and CSR training that takes regional characteristics into consideration, we have been able to identify problems where they arise, including in China, Malaysia and Japan. In the supply chain, meanwhile, TDK provides educational tools to promote awareness at the time of CSR self-assessments.

**In Fiscal 2017, we conducted the following training sessions:**

- **Fostering internal CSR audit personnel in Japan (19 persons participated)**
- **CSR procurement training in Japan (14 persons participated)**
- **CSR training in China (28 persons participated)**
- **CSR training in Malaysia (14 persons participated)**

This statement was reported to and approved by the Board of Directors on December 26, 2018.

Date \_\_\_\_\_

Name \_\_\_\_\_

Shigenao Ishiguro  
President & CEO  
TDK Corporation