

TDK Group – Human Rights Statement

https://www.tdk.com/corp/en/sustainability/social/supplier_responsibility/sus30000.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 in fiscal 2019 (from April 1, 2019 to March 31, 2020).

1. About the TDK Group

The TDK Group consists of TDK Corporation, headquartered in Japan, and 141 consolidated subsidiaries around the world (as of March 31, 2020). 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.tdk.com/corp/en/worldwide/index.htm>

2. Our Approach

2.1 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.

2.2 Our policies for respecting human rights

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

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 include the prohibition of forced labor in the TDK Supplier Code of Conduct and require our business partners and suppliers to comply with it.

TDK Code of Conduct

https://www.tdk.com/corp/en/about_tdk/code_of_conduct/index.htm

TDK Group Policy on Human Rights

https://www.tdk.com/corp/en/sustainability/social/supplier_responsibility/sus31000.htm

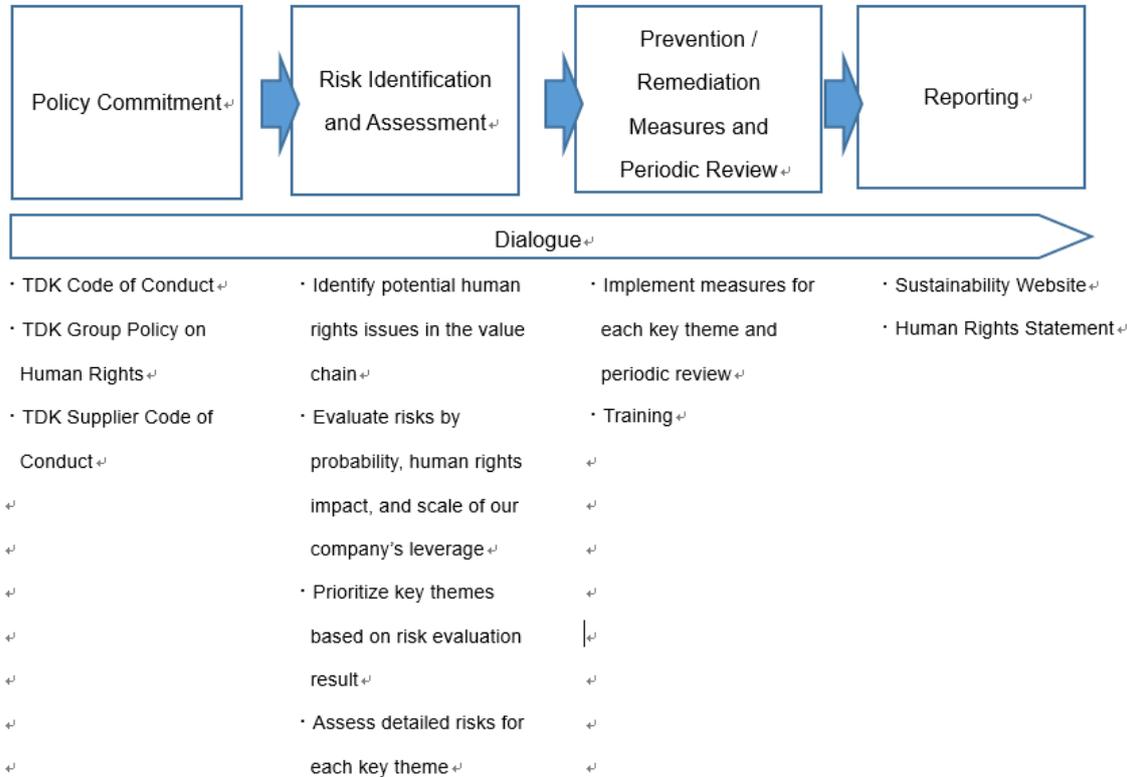
TDK Supplier Code of Conduct

http://www.tdk.com/corp/en/about_tdk/procurement/pro07.htm

3. 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.

【Human Rights Due Diligence Process of TDK Group】



4. Identification and Evaluation of Human Rights Risks

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

*Note : "○" indicates the risk items that may be addressed by the TDK Group.

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 3 human rights key themes, focusing on preventive/remediation measures and their monitoring. In addition, we periodically review these human rights key themes.

- Responsible sourcing of minerals
- Respecting human rights of employees at our manufacturing sites
- Respecting human rights of employees at suppliers (including sub-contractors and labor

agencies)

4.2 Our Approach for Each Human Rights Issue

4.2.1 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.

4.2.2 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.

4.2.3 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.

Safety and Health

https://www.tdk.com/corp/en/sustainability/social/employee_responsibility/sus30000.htm

4.2.4 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.

4.2.5 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.

4.2.6 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.

5. 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.

5.1 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.

TDK Group Policy on Responsible Sourcing Minerals

https://www.tdk.com/corp/en/sustainability/social/supplier_responsibility/sus02210.htm

Responsible Sourcing of Minerals

https://www.tdk.com/corp/en/sustainability/social/supplier_responsibility/sus20000.htm

5.2 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.

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

5.3.1 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.

5.3.2 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.

5.3.3 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.

5.4 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 for Asian region in the Philippines (31 persons participated)

5.5 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.

6. Communication with external parties

6.1 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.

https://www.tdk.com/corp/en/sustainability/important/society_and_environmental/sus10000.htm

<https://www.tdk.com/csr/report/pdf/rep17000.pdf#page=15>

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.

<https://www.tdk.com/corp/en/sustainability/dialog/sus30000.htm>

<https://www.tdk.com/csr/report/pdf/rep15000.pdf#page=16>

2014 Identification of Human Rights Issues through Dialogue with Stakeholders

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

https://www.tdk.com/sustainability/social/supplier_responsibility/pdf/rep14000.pdf#page=9

<https://www.tdk.com/csr/report/pdf/rep14000.pdf#page=9>

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).

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

7. 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.

This statement was reported to and approved by the Board of Directors on August 26, 2020.

Date _____

Signed by

Shigenao Ishiguro
President & CEO
TDK Corporation