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Sustainability

## About the "Sustainability" Website

### Segmentation of Information and Editorial Policy of the Sustainability Website

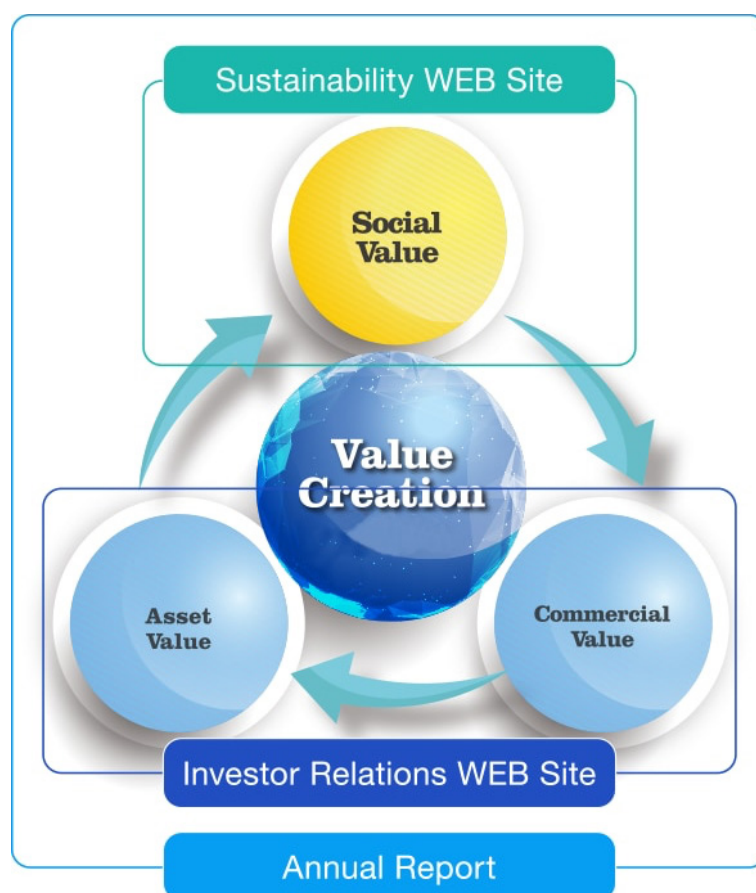
In Value Creation 2023, TDK's Medium-Term Plan, we outlined our aim of rotating the cycle whereby the enhancement of social value leads to commercial value (corporate growth), the efficient use of the profits and assets derived therefrom leads to improved asset value, and the utilization of these assets 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

FY2020 (April 1, 2020 to March 31, 2021)

- 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 140 consolidated subsidiaries in Japan and overseas as of the end of March 2021)

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

## Major organizational changes during the period covered

- TDK absorbed and merged TDK-EPC Corporation, a specific subsidiary, in the quarter ended September 30, 2020. TDK-EPC Corporation has been excluded from the scope of consolidation.
- In the quarter ended December 31, 2020, Ampere Technology (Singapore) Pte. Ltd., which falls under the category of specific subsidiary, has been established and included in the scope of consolidation.

## 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

October 2021 (previous update: September 2020; next update scheduled for October 2022)

## Reference Guidelines

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

## Contact

[CSR Contact](#)

## 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

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## The resilience of humanity in the face of Covid-19

Globally, the Covid-19 epidemic has wrought unprecedented and significant changes on our lives, economy, and society, and there is no clear way out of our current situation.

From the start, the TDK Group has placed the highest priority on human life, taking a consistent stance to protect its employees and not allow TDK to become a source of infections. Even before Covid-19 spread, we had established a flextime system without core hours and put in place online infrastructure, facilitating a smooth transition to working from home and helping us to realize the importance of being prepared even in normal times. At the same time, I still feel deeply responsible for the fact that we were not able to reduce the number of employee infections to zero, and that has made me painfully aware of just how harrowing Covid-19 is.

Looking back at the past year, I marvel at the resilience of human society—its ability to flexibly adapt and continue on, even in the most difficult circumstances. The initial spread of infections may have brought into relief our human weaknesses and fragility, but thanks to our collective wisdom, in a short time vaccines were developed and people are now being vaccinated the world over. And yet, the future of the pandemic remains unpredictable. Digital technology has played a part in the development and dissemination of effective drugs and vaccines. This effort is not unrelated to our own business, and in fact means that we must devote ourselves even further to fulfilling our role as the TDK Group.

## Review of fiscal 2020

### Working on a value creation cycle with Social Value as a starting point

Fiscal 2020 was the final year of “Value Creation 2020,” our previous Medium-Term Plan. Under this plan, we endeavored to establish a cycle in which we achieve our Commercial Value (growth strategy) by increasing our Social Value, and through efficient use of the Asset Value (profits and assets) thus gained, make further contributions. Among these three values, Social Value is the starting point. Solving social issues is the very purpose of our business, allowing us to gain opportunities for growth and, in turn, leading to improved performance. The Medium-Term Plan clarified this causal relationship, and I feel confident of the results: Over the three years of the plan, net sales totaled over 4,000 billion yen, a record high, and we reached over 300 billion yen in operating income.

Our businesses vary widely, but each one of them is connected to society. In fiscal 2020, the Sustainability Promotion HQ, an organization directly under the president, deepened discussions with various business groups regarding the TDK Group's goals for sustainability and the SDGs. Of the issues raised by the SDGs, I believe we have made great progress in studying those for which our technologies and solutions can be utilized in the medium to long term, and in incorporating them into the plans of each division.

In addition, under the Global Human Resources Management system begun in fiscal 2020, TDK Group members around the world are beginning to be linked horizontally in an organic way. At the same time, we have been working to spread our Global Common Regulations, which clarify the rules to be followed by the TDK Group, while respecting the corporate culture of each company. The fact that each Group company has taken these rules as their own and are utilizing them is already a sign of these initiatives bearing fruit.

## Identifying TDK Group's Materiality under the New Medium-Term Plan Aiming for a sustainable society and company

As we prepared "Value Creation 2023," our new Medium-Term Plan beginning in fiscal 2021, we also reviewed our key CSR issues and newly identified our corporate materiality. These are management issues we should prioritize if we are to achieve the goals of our Medium-Term Plan and grow sustainably along with society.

Under the new Medium-Term Plan, our primary focus is on digital transformation (DX) and energy transformation (EX) as a means of achieving customer experience and consumer experience (the two "CXs") and creating value for a sustainable society. The tailwinds driving the digital shift so essential for social resilience, and the need to address climate change—an urgent global issue—continue to expand the fields in which we can play an active role. Materiality is also based on the idea that members of both the business divisions that create products, technologies and solutions, and the staff divisions responsible for quality, human resources, the environment, procurement, corporate planning and marketing will each engage in the sustainability effort. The TDK Group's materiality reflects the determination of the entire Group to work together to achieve both a sustainable society and corporate growth.

## Fundamental workstyle reforms and leveraging diversity to create a strong organization

Once past the Covid-19 crisis, society will likely not revert to a previous state, continuing on instead with a new normal. Taking this as an opportunity to move into the next era, in June 2020 we established the New Steady State Task Force, made up of young and mid-career employees. They have offered their honest opinions about how our new ways of working should be improved, and we are already addressing those items where changes can be made immediately.

This is not just a matter of making systemic changes, but also will create an opportunity for fundamental workstyle reforms. As a next step, we have created a group of Corporate Officers who bring depth to the critical discussions of what is needed for employees to gain a sense of joy in their work and fulfillment in their lives—an issue that goes to the very core of the company.

Diversity in human resources is also essential. The origins of my understanding of diversity lie in my work experience in Europe, where I was assigned at the age of 32. It was a society in which people from many different countries interacted in diverse ways, sharing their wisdom and working together toward a common goal, accepting one another quite as a matter of course. Having people with diverse backgrounds and opinions come together for discussions is clearly a shorter path to creating innovative ideas than discussing them among a group of uniform members. Currently, the Diversity Promotion Department is working to set numerical targets for issues such as the ratio of female managers, but this is only a starting point for generating change. To reach deeper into the essential

issues and make our organization stronger, we will champion and leverage our diversity—in terms of gender, age, race, values, or otherwise.

## Achieving our Sustainability Vision: Realizing a well-being society in which no one is left behind

Through its efforts to address materiality, the TDK Group aims to reach the goals of its Medium-Term Plan and its Sustainability Vision, which states that we will “advance the development of a sustainable society and champion well-being for all people.”

We believe a happy society is one in which no one is left behind. Technology is evolving at a very fast pace, and while there are an increasing number of digital natives able to manipulate it at will, there are also those who are unable to make proper use of technology. It is essential that we think about how to create a society in which everyone can enjoy the benefits of technology without leaving anyone behind.

At the same time, I would also like to realize a society in which people of all ages continue to have the motivation to grow and bring their enthusiasm to take on a variety of challenges. To this end, the TDK Group will continue to engage in dialogue with its various stakeholders, and with all those employees who strive for personal growth as a driving force, we will move steadily forward toward creating value for a sustainable society.



# Corporate Philosophy and Sustainability

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## 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.

TDK Group's materiality identified management issues we should prioritize if we are to achieve the goals of our Medium-Term Plan.

Through our business activities, we will realize the society described 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.

創造に  
文化産業に  
貢献する  
社是

Corporate Motto

Contribute to culture and industry through creativity



### 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><b>We have:</b></p> <ul style="list-style-type: none"> <li>- Strong determination to contribute to our customers' success</li> <li>- Passion to be a trusted partner for our customers</li> </ul> <p><b>Therefore we can:</b></p> <ul style="list-style-type: none"> <li>- Deliver inspirational value by standing in the customer's shoes</li> <li>- Offer outstanding quality products, services and technology to satisfy our customers</li> </ul>
Challenge	<p><b>We have:</b></p> <ul style="list-style-type: none"> <li>- Culture to turn adverse challenges into chances to develop ourselves</li> <li>- Strong determination to accomplish our business goals by overcoming adversity</li> </ul> <p><b>Therefore we can:</b></p> <ul style="list-style-type: none"> <li>- Accept challenges to make innovative breakthroughs and continue to create new value</li> <li>- Lead our colleagues and collaborate as a team by sharing the same value</li> </ul>
HR Development	<p><b>We have:</b></p> <ul style="list-style-type: none"> <li>- Aspiration to continuously improve ourselves</li> <li>- Motivation to contribute to the advancement of society and growth of businesses</li> </ul> <p><b>Therefore we can:</b></p> <ul style="list-style-type: none"> <li>- Define clear vision/goals and drive ourselves to achieve them</li> <li>- Support the development of our colleagues and build enthusiastic teams</li> </ul>
Diversity	<p><b>We have:</b></p> <ul style="list-style-type: none"> <li>- Global network with diverse culture</li> <li>- Teams which respect each other and teamwork which encourages development</li> </ul> <p><b>Therefore we can:</b></p> <ul style="list-style-type: none"> <li>- Embrace different ideas and opinions</li> <li>- Clearly express our opinions with sincerity through open discussions</li> </ul>

## TDK Code of Conduct

The TDK Code of Conduct stipulates specific behavior guidelines for the TDK Group and all of its directors and employees to comply with laws, regulations and social norms. In this Code, the TDK Group formulated the universal matters that should be commonly practiced by the Group as the TDK Charter of Corporate Behavior.

Related link

[TDK Code of Conduct](#)

# Sustainability Vision

[TDK Group's Sustainability Vision](#)
[Medium-Term Plan "Value Creation 2023"](#)

## 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.

Furthermore, to realize the Sustainability Vision, the TDK Group advocates a sustainability policy.

Based on the concept of Value Creation, we will strive to achieve both a sustainable society and corporate growth.

- Through our products, solutions, and activities in the entire supply chain, we will tackle the solution of global-scale issues set out also in the Sustainable Development Goals, such as climate change and human rights.
- We will build relations of trust with society through stakeholder engagement.
- We will promote empowerment and transparency in all Group companies.



## Medium-Term Plan “Value Creation 2023”

In “Value Creation 2023,” 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) materials and process technologies, (2) integrated production, (3) customer base, (4) strength of diversity, (5) global business base) and promoting our Medium-Term Plan, which incorporates the ideas of this Sustainability Vision, we will strive to contribute to both sustainability through our business and corporate growth.

Related link

[Medium-Term Plan “Value Creation 2023”](#)



# Sustainability Promotion Structure

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## 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 manufacturing sites
- Consider the TDK Group's materiality and summarize the progress

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 to the need for corporate initiatives, TDK's approach to sustainability activities and to incorporate them into their own work. Accordingly, we provide lecture-style training programs by job level, such as training for new recruits, as well as e-learning and other programs.

In fiscal 2020, management and head office divisions held dialogues with asset managers, and e-learning program for all employees was implemented, with 98% completing the course. In addition, each business group examined business development from the SDGs and considered integrating them into their goals. We also held environmental dialogues, and human rights study session.

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 makes recommendations for analyzing and disclosing information on the impact of climate change on corporate finance.

\*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 \(Link to external site\)](#)
[Climate Change Initiatives](#)

### 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 rights, health and safety of workers in the global TDK Group and its first-tier suppliers, as well as for the environment.

#### 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 Considerations at Manufacturing Sites](#)

### Other Main Organizations Joined by TDK

TDK belongs to the following organizations and promotes efforts to solve social issues that are difficult to solve for a single company.

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

## Identifying Materiality

### TDK Group's Materiality

Since fiscal 2015, the TDK Group has worked to address 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.

In fiscal 2020, we reviewed our materiality in conjunction with preparing our new Medium-Term Plan. In order to both achieve the goals of the Medium-Term Plan and balance sustainable society with sustainable corporate growth, we identified materiality by defining key issues as those which should be addressed by giving them top priority in investment of the organization's management resources.

Under Value Creation 2023, our Medium-Term Plan, we continue our approach of contributing to society while creating Commercial Value (achieving our growth strategy), Asset Value (improving asset efficiency), and Social Value (improving our value to society), aiming for business growth as a result. Social Value—the goal of a sustainable society and company—in particular we believe is the starting point of a cycle for creating the other types of Value.

EX (Energy transformation) and DX (Digital transformation), set forth in our materiality, are the business areas that TDK focuses on for social value creation and corporate growth, areas in which we can create value for society through the Group's technology and products. We are striving to maximize Social Value primarily in these two areas by developing a system within the Company to generate products based on the issues raised in the SDGs.

Quality management, human resource management, supply chain management, opportunity and risk management, pursuing both delegation of authority and internal controls, and asset efficiency improvement are the areas TDK has positioned as the basis for value creation in the fields of EX and DX.

These areas intersect on our materiality diagram, indicating that there is a correlation between the two.



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Editorial Policy	<b>Energy transformation (EX): Contribution to energy and environmental solutions by minimizing waste heat and noise with electronic devices</b> <ul style="list-style-type: none"> <li>Effective use of energy and expanding use of renewable energy toward the realization of net zero CO<sub>2</sub> emissions in 2050</li> <li>Provide products and solutions for creating clean energy to realize a zero-carbon society</li> <li>Provide products and solutions for realizing an efficient energy society by storing, converting, and controlling energy</li> </ul>	<b>Quality Management</b> <ul style="list-style-type: none"> <li>Pursue zero-defect product quality</li> <li>Reduce quality costs</li> <li>Maximize customer satisfaction with product and service quality</li> </ul>	<b>HR Management</b> <ul style="list-style-type: none"> <li>Develop human resources to lead the TDK Group</li> <li>Foster greater diversity and inclusion</li> <li>Improve employee engagement and job satisfaction to attract and retain talented employees</li> </ul>	<b>Supply Chain Management</b> <ul style="list-style-type: none"> <li>Enhance global procurement capabilities and mechanisms</li> <li>Ensure responsible procurement</li> <li>Ensure societal and environmental consideration in the supply chain</li> </ul>	<b>Opportunity &amp; Risk Management</b> <ul style="list-style-type: none"> <li>Identify and capture business opportunities effectively by strengthening marketing capability with full use of digital technology</li> <li>Strengthen the group's risk management capabilities</li> </ul>	<b>Pursuing Both Delegation of Authority and Internal Controls</b> <ul style="list-style-type: none"> <li>Ensure speed and transparency in operations, based on the clearly defined roles, authorities and responsibilities of each organization</li> <li>Make management systems of each group company more effective and efficient, aligned with the group's unified policy</li> <li>Implement appropriate post-merger integration (PMI) for acquired companies</li> </ul>	<b>Asset Efficiency Improvement</b> <ul style="list-style-type: none"> <li>Rebuild business portfolio</li> <li>Optimize facilities and manufacturing sites</li> </ul>
Top Commitment							
Sustainability Management	<b>Digital transformation (DX): Promotion of the digitization of society by adding software technology to material science and process technology</b> <ul style="list-style-type: none"> <li>Provide products and solutions to help build resilient communication network infrastructure</li> <li>Provide products and solutions for supporting robotics and mobility to promote human capability enhancement and complementation</li> <li>Promote digitalization at TDK</li> </ul>						
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## Materiality Promotion Structure

To continuously improve the materiality, a PDCA cycle is implemented by responsible function to be in charge of each materiality theme. Those functions establish goals to be achieved over the next three years, action items, implemented functions and the KPIs.

## The Materiality Identification Process

The TDK Group's materiality was identified through the following steps.

### ▼ STEP1

#### Understanding and organizing the issues

An internal draft was prepared based on the SDGs, GRI, RBA (Responsible Business Alliance), and survey items of leading ESG rating agencies; issues raised in the Group's long-term strategy review materials; risks reported in the annual securities report; our key CSR issues and other information.

### ▼ STEP2

#### Gathering outside opinion

We gathered opinions on our draft materiality through dialogues and written opinions. These can be seen here.

[Dialogue: Crafting Materiality with Social Value at the Core](#)

[Written opinion regarding Materiality \(initial internal draft\)](#)

### ▼ STEP3

#### Internal discussion

We prepared another internal draft based on the outside opinions. The completed draft was discussed again by the Executive Committee, and once approved was submitted to the Board of Directors. To achieve the goals of our Medium-Term Plan for fiscal 2021-2023, we decided to take a full-scale approach to engaging in these key issues, which should be addressed by giving them top priority in investment of the organization's management resources.

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## ▼ STEP4

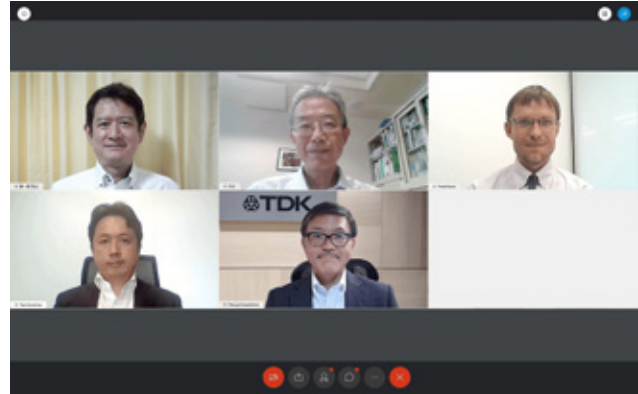
### Internal development

We began by assigning a division to take responsibility for each materiality theme. Under the leadership of those divisions, we then developed a vision for three years hence, items to be implemented to achieve that vision, divisions responsible for implementing those items, KPIs, and target numbers. These were finalized through discussions with management. Each division reports to management monthly on its progress, and works to continually improve their efforts through implementation of a PDCA cycle.



## Dialogue: Crafting Materiality with Social Value at the Core

Value Creation sets out an approach that calls for balancing the creation of a sustainable society with corporate growth by using Social Value as a starting point for improving Commercial Value and Asset Value. To achieve Value Creation, the TDK Group has identified key issues to reaching the goals of its Medium-Term Plan, and has worked to identify materiality in a way that encompasses its existing key CSR issues. As part of that process, in August 2020 TDK held a dialogue with three experts in order to verify the adequacy of and any shortcomings in this materiality from a stakeholder's perspective, and reflect them therein. We received a wide range of opinions based on the draft materiality under consideration by TDK. (The positions and affiliations of the participants are as of August, 2020.)



This dialogue was conducted in August 2020 via web conference.

### Key opinions and recommendations from the experts

- Hoping to see you spur your employees to action by setting out firm goals based on your corporate philosophy



**Peter David Pedersen**

Professor, Graduate School of Leadership and Innovation Shizenkan  
Representative director, NELIS (Next Leaders' Initiative for Sustainability)

Materiality is an indication of where your company can contribute through its business to changing the world in a sustainable manner. In general, materiality tends to become a cut-and-dried exercise, but that will not motivate people or organizations to act. Under firm goals built on your corporate philosophy, address society's major issues and enhance your ability to transform yourselves. Demonstrate your pioneering spirit and set out together on a journey to innovation. I look forward to seeing you establish strong taglines (words that easily convey your corporate concepts, philosophy and identity) that communicate the excitement of being a company at the forefront of creating a new age, and tying those taglines to Value Creation and materiality. A resilient organization is one that can overcome whatever it encounters—a company that is anchored (has firm goals based on its philosophy and reputation), adaptive, and aligned with the expectations of society and its stakeholders, the “three A's.”

While I can empathize with your description of EX and DX as addressing materiality through business, the draft, at least, seems to still have a strong CSR focus. I would like to see you present TDK's business strategy itself, clarifying the kind of society TDK hopes to achieve beyond EX and DX while pursuing not contributions, but innovation that leads to a competitive advantage. With regards to EX, I also hope you will set out more ambitious targets based on the fact that the world is already moving beyond “low-carbon” to “decarbonization,” and that both decarbonization and circularity are being emphasized.

You have included many items in “Materiality as the foundation for value creation,” and I feel these need to be somewhat better organized.

You touch on EX and DX here as well, but the impression is that it will be difficult to convey outside the company the difference between this and the EX and DX you describe in “Addressing materiality through business.”

Meanwhile, addressing supply chain management and human rights are of high importance on a global level as well. As vulnerable populations are being hit hard by the Covid-19 pandemic, your stance regarding what you do to ensure society’s resilience is being called into question.

■ Work to unify your Medium-Term Plan and materiality, sending a clearer message about the future TDK envisions



**Takeshi Mizuguchi**

Professor, Faculty of Economics, Takasaki City University of Economics

As priorities in materiality are called into question, I get the impression that your draft for materiality as the foundation for value creation is too all-encompassing, and includes too many items. For example, while boosting R&D is essential in terms of long-term corporate growth, in the short term it will increase costs, which is incompatible with improving asset efficiency. It is important to clarify how you will allocate limited management resources, including where to focus and what to prioritize in the event of a conflict.

Under addressing materiality through business, you mention contributing to EX and DX. While both of these are important, I get the sense that this makes it difficult to see what makes TDK unique, and lacks individuality. Compared to Value Creation 2020, your Medium-Term Plan for fiscal 2018-2020, which was both specific and convincing in clearly specifying your goals, your draft materiality this time seems to be somewhat generalized. While there is a tendency to fall into the abstract when trying to describe an uncertain future, you still need to indicate in your materiality which areas TDK will focus on going forward, and what core technologies you intend to hold on to. I also get the impression that under the current draft, Value Creation and materiality are being considered independent of one another. I believe the two should be treated as a single whole, and I would like to see you communicate your vision for TDK while emphasizing the connection between the two.

It is also important to consider TDK’s position and its reason for being from a broader perspective, keeping the global spread of supply chains in mind. With today’s emphasis on stakeholder capitalism, which takes into consideration fairness to a variety of stakeholders, I recommend that TDK deepen its discussion of basic principles, including how you will address the relationship between government policies and human rights issues in the countries from which you procure materials.

■ Provide an in-depth description of why you seek to address social issues, and tell stories born from this intrinsic motivation



**Kenichiro Miyama**

Specialty Appointed Professor, School of Business Administration, Senshu University

TDK has a wonderful history: a university-originated venture company that has grown into a global enterprise through a philosophy of “contributing to culture and industry through creativity.” Under the current draft, I get the impression that the focus is on explaining the “what” and the “how”, but the “why” behind TDK’s efforts to address social issues is less clear. External motivation—such as trends in SDGs and ESG—alone will not allow those efforts to take root within the company. You need to turn your history into future stories, providing the entire Group—including companies you have acquired—with an in-depth description of your intrinsic motivation: the

fact that TDK is primarily a company whose core business is contributing to society. In addition, materiality is not a one-and-done proposition; it is important that people who share the same ideals and values come together to discuss and continually improve it.

Another important point, I think, is that Value Creation is an upgraded version of the Kotozukuri (integrated solutions) you have worked on to date. As uncertainty about the future increases, we may not be able to see “things” in terms of what kinds of products will be needed going forward, but we can imagine them in terms of what kind of future we wish to create. In general, manufacturing companies tend to fall into product-centric thinking, but TDK is a company that creates solutions to achieve dreams, making the impossible possible through its business. I hope to see you contribute to society through creation based on imagination.

For risk management and opportunity management, part of materiality as the foundation for value creation, I recommend you switch the order of risk and opportunity. Japanese companies tend to be overly cautious about risk, but the role of a company is to aggressively seize opportunity. I would thus like to see a clearer description of the relationship between taking advantage of opportunities and properly addressing the risks that arise from them.

## Response to the opinions

Our thanks to all who offered this range of opinions. As we are involved in a wide range of businesses, we have incorporated a variety of elements in our draft materiality, based in part on the hope that this will lead to action that involves all of our divisions and out of consideration for society’s needs. However, as you point out, the result has been a diminishment of what makes TDK unique. In response, we would like to carefully discuss how to achieve this balance strategically.

We think there are three key words that best express TDK’s characteristics: noise, heat, and sensors. How to best eliminate noise on electronic circuits, and how to control heat that is lost in energy conversion? These mission-critical questions highlight areas in which TDK can best demonstrate its strengths. In addition, we are uniquely positioned to contribute to a more efficient society by sensing and processing data on all kinds of events. With these points in mind, we would like to deepen the discussion and shed light on the source of TDK’s creativity and potential for innovation.

Your opinions also gave us a renewed understanding of the importance of decarbonization and circularity. As a midstream company, we must first clear any technical issues in order to collaborate with customers to create a cooperative system while considering the full scope of possibility across the entire supply chain.

With the elements comprising materiality already in place, we believe the question going forward will be how to tell the story. We will carefully review TDK’s strengths and sources of creativity and incorporate them in taglines that all of our employees can get behind. We will devote ourselves wholly to the current draft so that we can communicate TDK’s philosophy and vision widely both in and outside the Group.



**Taro Ikushima**  
General Manager,  
Corporate Planning Group,  
Corporate Strategy HQ



**Tetsuya Kuwashima**  
General Manager,  
Safety & Environment Group,  
Sustainability Promotion HQ



**Sachiko Nagahara**  
General Manager,  
Sustainability Promotion HQ

## Written opinion regarding Materiality (initial internal draft)



**David Simpson**

InterPraxis Consulting, Director/Consultant

David Simpson plays an active role internationally as the Director of a sustainability consulting firm. He has previously participated in the development of the international standard AA1000 and was involved in the formulation of ISO 26000 and ISO 37001 on anti-bribery management systems. He has also conducted audits of supply chain management relating to sustainability aspects of prominent companies in various industries, and has participated in projects of the World Bank, the International Finance Corporation (IFC) and other organizations, as well as serving in roles including working with the UN Special Rapporteur on Business and Human Rights and acting as an advisor to Canadian government environmental organizations.

### Determination Process

The materiality determination process needs greater transparency in describing how issues were identified and how they were evaluated in terms of their priorities.

A systematic and transparent approach will help to build trust in the process itself and demonstrate that TDK's reporting is presenting a fair representation of its plans and its performance.

### Materiality Issues/Topics

I would expect TDK to focus on the identified themes and link them to the creation, maintenance, or destruction of value, and to point out what it intends to do to address these issues with some very clear targets and deadlines. It may be useful to illustrate prioritization of materiality issues so that the reader can better understand where the Board's and management's focus will be on these issues.

#### • EX / DX

Energy transformation (EX) and digital transformation (DX) appear to be about the company's strategies. Material issues can certainly be those that are linked to the company's strategies so I think the reader needs to know a little more about what matters more specifically will help or hinder TDK's ability to execute its strategy in the area of EX and DX. In the current report, EX and DX are divided into internal initiatives and business initiatives, and these elements are repeated in another category. This is a bit confusing for the reader. Surely this distinction is not valid as all issues will be addressed through the business. TDK's greatest impact on the environment will not be about its own internal environmental performance but rather it will be about the environmental and energy performance of others whom it influences (partners, customers, project developers, etc.).

#### • Governance and Internal Controls

This is an interesting topic to have listed as a material issue. Normally, governance and internal controls are considered as part of an organization's plumbing and you expect them to be working. Accordingly when you see them identified as a material issue, it suggests that they are not working as they should, or can be improved.

The area of "governance and internal controls" is too broad to be meaningful. I would expect TDK to focus on the identified themes.

#### • Asset Efficiency Improvement

This will be a very important issue for TDK shareholders. Shareholders will want to know how TDK intends to improve asset efficiency and see that management has a clear strategy to achieve this.

## • HR Management

It is necessary to place focus on attracting and retaining talent. Employee engagement or employee satisfaction should be included as a material issue based on the evidence that they impact productivity.

## • Supply Chain Management

As a stakeholder, I would most likely be interested in learning more about TDK's supply chain management. This is an issue that has been highlighted in light of the COVID-19 pandemic and the numerous disruptions to various manufacturing companies' supply chains. In addition to procurement capabilities and mechanisms, it is likely that stakeholders will also be interested in TDK's supply chain resilience and whether it is dependent on any one supplier or one country for its business critical components, etc.

Going forward, I would expect TDK to be more specific with what is meant by enhancing "global procurement capabilities" and consider implications of COVID-19 and the need for more resilient and diverse supply chains in TDK's business.

## • Risk Management / Opportunity Management

It is not clear in the current report if "risk management / opportunity management" is about strengthening TDK's capabilities to address risks to itself, for example, by implementing an enterprise risk management program, or if it is about driving innovation by identifying risks and opportunities in the marketplace. I would expect future reports to further detail issues related to risk and opportunity management.

## • Some Other Possible Material Matters to Consider

The organization may wish to consider some of the following issues within its future disclosures: supply chain security; protection of intellectual property; reputation management; focus on emerging markets; focus on customer satisfaction; protection of data / human rights; and reliance on any one particular country.

## TDK Group's Economic Growth and Connection with a Sustainable Society

Obviously, the areas outlined in the TDK materiality register such as EX (efficient energy use, focus on low carbon energy, and other environmental issues), responsible procurement, and talented human resources are key examples of how TDK can contribute to a sustainable society. In the areas of DX (digitalization), this can be a double-edged sword. While digitalization may promote "social efficiency", it will also have implications for employment as economies transition to a "new economy". TDK will need to explore and analyze this area carefully and think about how it can help workers transition to a new economy and mitigate possible social harms encountered due to this transition.

The key then for TDK is the creation of value, which is shaped by its mission, vision and strategy as well as its external environment. The process or outcome of pursuit of value creation will contribute to both the organization itself and society in general, and this can also lead to contributions to achieving the sustainable development goals (SDGs).



# Efforts to Achieve the SDGs

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## 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 the new Medium-Term Plan "Value Creation 2023" beginning in fiscal 2021, TDK continues its basic policy outlined in "Value Creation 2020," the Medium-Term Plan beginning in fiscal 2018, which 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

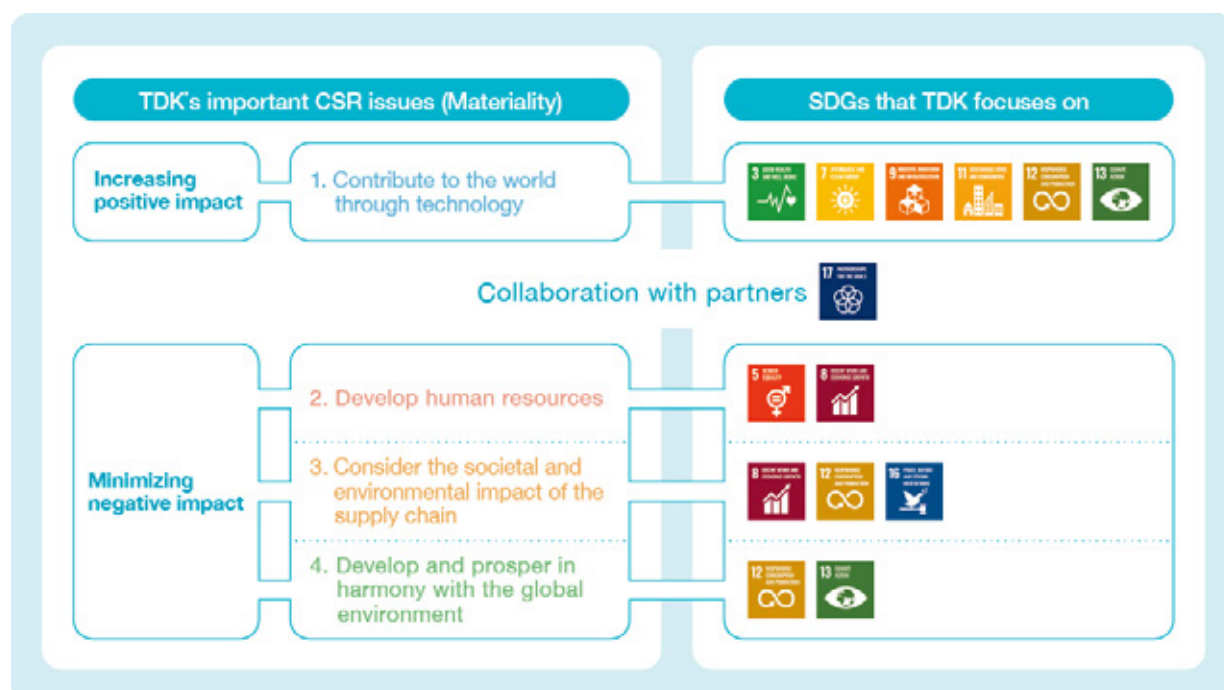
[United Nations Information Centre \(link to external site\)](#)

## The TDK Group's Materiality and the SDGs

When studying and formulating the materiality advocated by the TDK Group, consideration was given to issues specified by the SDGs. Going forward, we will promote in-house discussions and visualize how each materiality issue can lead to the solution of social issues.

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

On the basis of the previous materiality (key CSR issues), in-house discussions were held on areas in which the TDK Group can contribute and the society that can be realized as a result.



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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 is continuing efforts in the next process to identify what countermeasures are available and how TDK's products and technological strength can be exploited to tackle the global issues specified in the SDGs.

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 promoted repeated discussions and considerations on priority areas and medium- to long-term strategy to achieve the objective of "contributing to the world through technology."

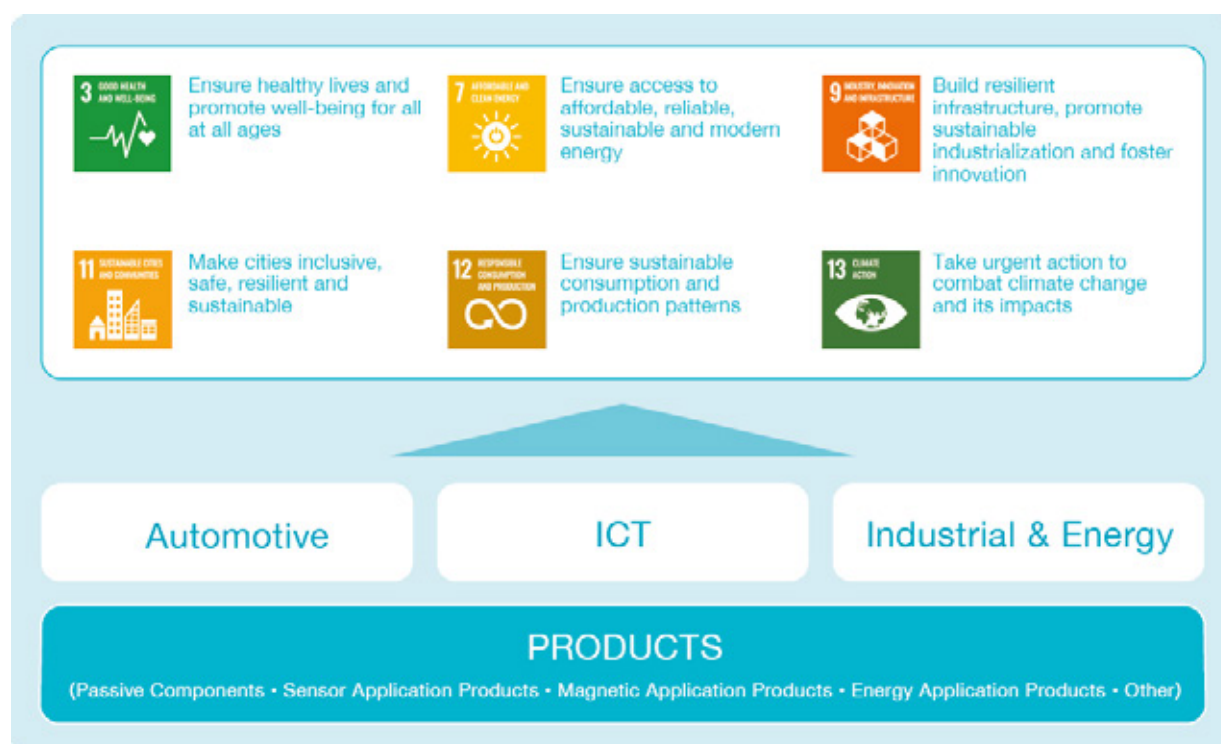
Furthermore, in parallel with these activities, of the results of considerations in the business groups, we promoted the inclusion of themes that could be realized in the short term in fiscal 2021 business plans.

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)
5. Implementation of integrated progress management combining the EX and DX specified in the TDK Group's materiality with the business areas that TDK focuses on for social value creation and corporate growth (since April 2021)

## Building a Setup to Address the SDGs through Business



## Business creation starting from social issues

View examples of the TDK Group's business creation starting from social issues here.

Related link

[Business creation starting from social issues](#)



## Business creation starting from social issues

### ATL Contributes to Renewable Energy Society with Residential Energy Storage Systems.

The TDK Group's Amperex Technology Ltd. (ATL) is engaged in the development, manufacture, and sale of lithium-ion batteries.

Thanks to its design and development of new materials, new cell and pack structure, and automated production processes and equipment, ATL makes excellent products. ATL's strengths lie in its innovative battery technology, customer-first philosophy, advanced product design, superior technical skills, world class production capacity, swift order processing, and unparalleled customer services into practice.



The rechargeable lithium-ion batteries manufactured by ATL technically can replace almost all types of primary battery in household electric appliances, e.g. remote control console. Multiple primary batteries may be consumed in the life time of appliances, but usually one rechargeable battery is enough. It is very likely that one rechargeable battery can replace multiple pieces of primary batteries. Since most non-rechargeable primary batteries after use end up being buried in landfill as solid wastes, replacing primary batteries by rechargeable lithium-ion batteries can contribute to reducing the amount of solid waste.

Among ATL's battery products, the Residential Energy Storage Systems (RESS) in particular can contribute toward achieving Target 7.2 of the Sustainable Development Goals (SDGs), which is to "By 2030, increase substantially the share of renewable energy in the global energy mix."

An RESS is a large-scale battery that stores electricity generated at home by means of photovoltaic panels or wind turbines. In ordinary homes, there is a striking tendency for energy consumption to be low in daytime, when family members are out at work or school, and then to high in the evening after their return home. Since solar energy is only generated in the daytime, there is a time lag between generation and consumption. An RESS makes it possible to store electricity generated in daytime for use in the evening. There are inevitably cloudy and rainy days in which solar energy cannot be generated, the electricity stored in RESS can help homes get through them. By supplying RESSs at a reasonable price together with excellent service, we can increase the ratio of renewable energy used in homes and contribute to the realization of a renewable energy society.

Our mission at ATL is to expand the use of renewable energy through the supply of excellent energy storage systems. Regarding the realization of a carbon-free society, a challenge for us going forward is the reduction of our own CO<sub>2</sub> emissions. We are investigating CO<sub>2</sub> emissions in the entire product lifecycle, from the procurement of materials to the manufacture, supply, and disposal of batteries and are searching for ways to reduce them. At the same time, we are making efforts to research the recycling and reuse of spent batteries.

We believe that both corporate growth and a sustainable society can be realized. Various countries and companies have already announced their carbon-neutral plans. For ATL, which supplies products contributing to the reduction of CO<sub>2</sub> emissions, we see this also as a chance for growth and will continue to make all kinds of efforts.



**Joe Kit Chu Lam**

Executive Vice President

Amperex Technology Limited

## TDK Electronics cuts CO<sub>2</sub> emissions in half

TDK Electronics takes its responsibility toward society and the environment very seriously. At our facilities around the world, we constantly strive to improve energy efficiency, save energy wherever possible and use electricity from renewable sources.

We also focus strongly on products that help protect the environment and yield benefits for society. Among our staff, we foster an awareness that not only our technologies and solutions but also our behavior can play a part in realizing the social, economic and ecological goals of the global community. The Sustainable Development Goals (SDGs) provide useful guidance to this end.



Thanks to projects in India and China, TDK Electronics was able to shave a good 96,000 tons off its CO<sub>2</sub> emissions by the turn of the fiscal year in April 2021 – a reduction of around 50 percent. The Nashik plant, where a photovoltaic installation on the roof of a production hall has covered about 5 percent of the factory's electricity needs since 2019, now plans to increase this share to a total of 50 percent. To do so, the site is cooperating with a partner whose photovoltaic field can deliver peak output of 7,000 kWp and will supply solar power exclusively to the Nashik facility. In China, the Zhuhai FTZ and Hongqi factories began to source all their electricity needs from renewables for the first time in September 2020. This arrangement will initially run until the end of 2021. TDK Electronics has thus increased its share of renewable energy usage in Asia to more than 70 percent – making a tangible contribution to the three SDGs on which the company is primarily focused: SDG 7 (affordable and clean energy), SDG 12 (responsible consumption and production) and SDG 13 (climate action).



**Dr. Klaus Moertl**

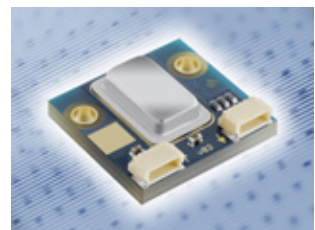
Head of Environmental Protection / Occupational Safety and CSR Coordinator  
TDK Electronics



When the Covid-19 pandemic broke out, the attention of the world shifted to the United Nations' third stated aim: good health and well-being – ensuring healthy lives and promoting well-being for all at all ages.

Many of our factories have since launched a variety of projects to support the healthcare systems in their countries. In Germany, for example, TDK Electronics gave 50,000 face masks to the Red Cross. The Szombathely facility in Hungary donated a mobile ultrasound scanner to a local hospital to help diagnose lung diseases and Covid-19 infections without having to move patients elsewhere.

Yet our own products too contribute to promoting human health and well-being. The Berlin plant in Germany, for example, manufactures pressure sensors for ventilators and anesthetic equipment from various producers. In ventilators, these sensors enable the flow of oxygen to be controlled and its pressure to be measured. Capacitors, inductors, varistors and all kinds of other passive components are also needed in ventilators.



**Manuel Lumpe**

Head of TPS Pressure Sensors Business Unit, Berlin  
TDK Electronics

The special ceramic disks manufactured at Deutschlandsberg in Austria are another example of a medical technology product from TDK Electronics. The disks are used in the treatment of cancer patients, helping to interrupt the division of cancerous cells by means of low-intensity alternating electric fields. Fully automated volume production of the disks takes place at the Deutschlandsberg plant, which was specially accredited in 2018 in accordance with ISO 13485. This norm covers quality systems for the design and manufacture of medical-grade products.



**Harald Kastl**

Head of PPD Piezo Automotive Electronics / Industrial Electronics Business Unit, Deutschlandsberg  
TDK Electronics

## InvenSense's Ultrasonic Time-of-Flight Sensors Contribute to Eradication of Infectious Diseases Like Covid-19

InvenSense is engaged in the development, manufacture, and sale of inertial sensors. In addition to sensor units, though, InvenSense also supplies solutions including firmware, drivers, applications, and reference design, thereby substantially cutting the time taken for customers to launch products on the market.



InvenSense is putting priority on efforts to contribute to the achievement of Target 3.3 of the Sustainable Development Goals (SDGs), which is to “By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.”

Because of the Covid-19 pandemic, the world has greatly changed. The maintenance of social distancing and tracking of people who have been in contact with infected persons are playing an important role in curbing infection. Utilizing high-performance ultrasonic 3D sensing of Chirp, a subsidiary of TDK, Time-of-Flight (ToF) sensors supplied by InvenSense measure the distance from others precisely in units of a centimeter. When the minimum social distance is exceeded, they issue an alert and measure the duration of contact. At the same time, while protecting individual privacy, they record the distance from others and contact time. If the user is confirmed to be infected, persons who have been in contact can be tracked and notified, thereby narrowing the target and curbing the spread of infection. Safe workplace environments can be realized if employees wear these ultrasonic ToF sensors.





Currently ultrasonic ToF sensors use straps, so it is necessary to wear two units, one on the front of the body and one on the back. As improvements going forward, InvenSense is hoping to implant sensors seamlessly in clothing and to extend battery life.

We also believe that by further strengthening system security, it will be possible to broaden the scope of use to include, for example, urban areas. To extend the wearability of ultrasonic ToF sensors, research is needed on improvement of chip power consumption, system integration, and high-grade packaging. These are domains in which TDK possesses cutting-edge technology, so improvements can be made by utilizing these strengths.

As regards security, it is necessary to consider system design in general and all information that identifies the wearer. On this point, by analyzing all kinds of obstacles, we think that security can be ensured.

We believe that corporate growth is impossible without contributing to the SDGs. Decision making for InvenSense's products, design, and manufacturing places importance on reducing the amount of materials and resources used, improving the processing capabilities of equipment, cutting power consumption in manufacturing, and boosting efficiency. We employ the design process in manufacturing and testing and practice it using the latest Industry 4.0 machine-learning methods.

While substantially expanding our business, InvenSense is also making relentless efforts to maintain the amount of resources used and cut CO<sub>2</sub> emissions.



**Dr. Peter Hartwell**

Chief Technology Officer  
InvenSense

## Summary of Key CSR Issues (FY 2016–20)

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### Summary of Key CSR Issues

After considering the degree of impact of background social issues from the viewpoint of the TDK Group and the perspective of stakeholders, the TDK Group addressed the four areas of “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 key CSR issues in fiscal 2016–20.

Regarding each key CSR issue, important themes set to promote initiatives more effectively were reviewed each year at the time of the compilation of business plans in consideration of social trends and other factors and decided after approval by the Executive Committee. In fiscal 2020, we reviewed this materiality at the time of the compilation of the new Medium-Term Plan, and identified materiality, defined as key issues that receive the priority investment of the organization's management resources and be tackled to achieve the Medium-Term Plan and achieve both a sustainable society and corporate growth.

Here we summarize the key CSR issues addressed in fiscal 2016–20. As shown below, TDK continues to tackle these key issues in the new materiality.

- Contribute to the World through Technology > EX (Energy transformation), DX (Digital transformation), Quality Management
- Develop Human Resources > HR Management
- Consider the Societal and Environmental Impact of the Supply Chain > Supply Chain Management
- Develop and Prosper in Harmony with the Global Environment > EX (Energy transformation)

#### ◆ 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.

Related link

[TDK Group's Materiality](#)



## 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 and society</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>

### ◆ 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>

## Results of Key CSR Issues

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

**Building of setup to address SDGs in our main business**

Examples of business creation starting from social issues are evident in the TDK Group around the world. See here for details.

[Business creation starting from social issues >>](#)

**Key theme 2:**  
**Pursue Zero-defect Product Quality**

**Continued updating of product quality education and global deployment in pursuit of zero-defect product quality**

**6 languages**

**Number of languages of translated product quality education contents**



## 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

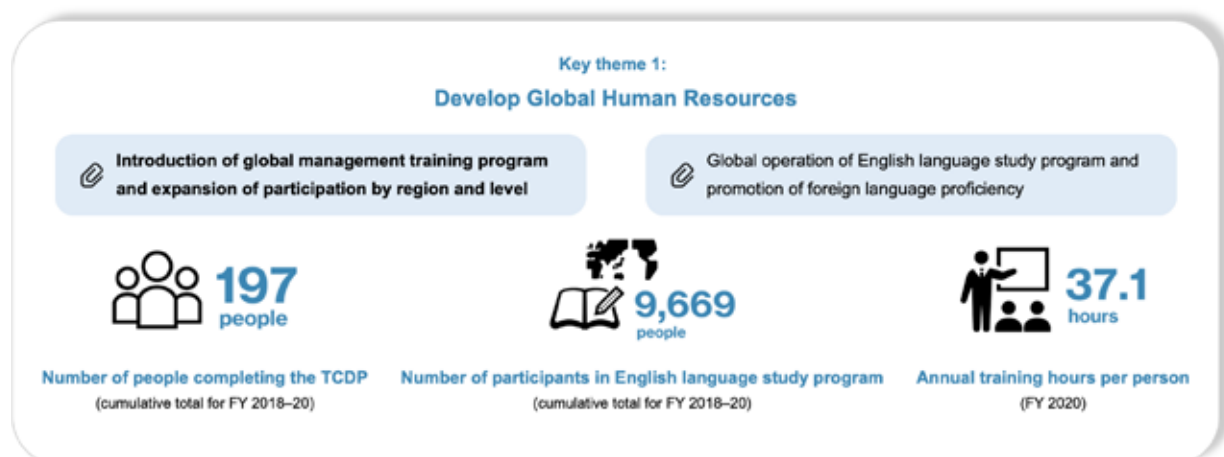
### ◆ Key theme 1: Develop Global Human Resources

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

### ◆ 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

### Results of Key CSR Issues





## 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>	<p>CSR function</p>

### ◆ Key theme 2: Consider the Work Environment of Suppliers

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

### ◆ Key theme 3: Responsible Sourcing of Minerals

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

## Results of Key CSR Issues

### Key theme 1:

#### Consider the Work Environment at Manufacturing Sites

Continued 100% implementation every year of CSR self-checks at manufacturing sites



CSR self-check implementation rate  
(FY 2016–20)

Continued 100% implementation every year of labor and human rights/ethics risk assessment at manufacturing sites



Labor and human rights/ethics risk assessment implementation rate  
(FY 2016–20)

### Key theme 2:

#### Consider the Work Environment of Suppliers

Increase of 6.8 points in ratio of CSR compatible suppliers



CSR compatible supplier ratio  
Increase from 91.2% in FY 2017 to 98.0% in FY 2020

Continued 100% implementation every year of CSR self-checks at dispatch companies used by manufacturing sites in high-risk countries



CSR self-check implementation rate  
(FY 2017–20)

### Key theme 3:

#### Responsible Sourcing of Minerals

Increase of 11.3 points in ratio of confirmed conflict-free suppliers



Confirmed conflict-free supplier ratio  
FY 2016: 83.2%; FY 2017: 92.3%; FY 2018: 92.6%; FY 2019: 93.1%; FY 2020: 94.5%

## 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 CO<sub>2</sub> 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>

### ◆ 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>

## Results of Key CSR Issues

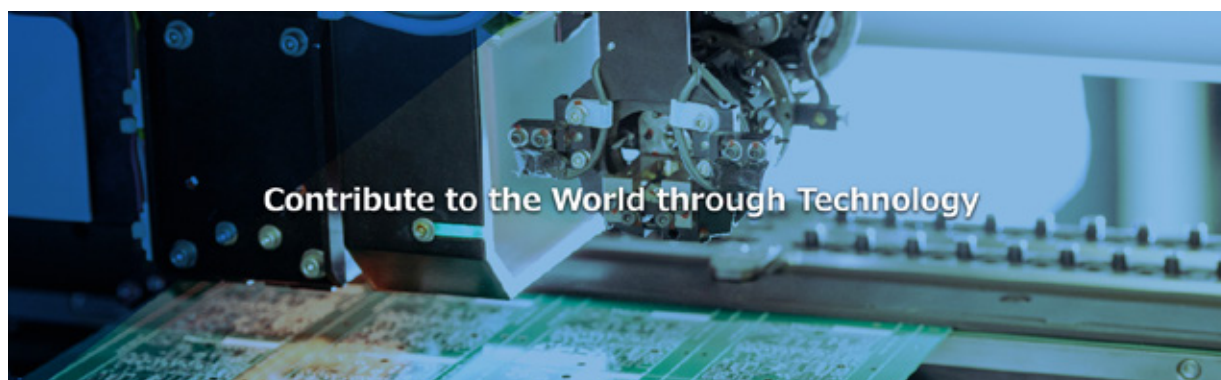
**Key theme 1:**  
**Reduce Environmental Load throughout Life Cycle Stages**

The TDK Environmental Vision 2035 calls for halving of the CO<sub>2</sub> emission basic-unit in a life-cycle perspective by 2035. Among other things, TDK is promoting the reduction of CO<sub>2</sub> emissions at manufacturing sites and in distribution, the expanded use of renewable energy, the reduction of resource procurement, and the increased contribution to the reduction of CO<sub>2</sub> through products.

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

Continuation of activities in cooperation with industrial organizations and continued implementation of measures to promote the diffusion of calculation work in the Group

## Contribute to the World through Technology



### Background of Identification of Key CSR Issues

#### 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.

## Fiscal 2020 Goals and Achievements

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

Goals of FY2020	Achievements in FY2020
<ul style="list-style-type: none"> <li>To achieve the set goals of each Business Group</li> <li>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.</li> </ul>	We connected the business domains and product fields that the TDK Group as a whole will focus on based on the long-term portfolio in our Medium-Term Plan with SDG targets and set numerical goals.

### Key theme 2: Pursue Zero-defect Product Quality

Goals of FY2020	Achievements in FY2020
To promote globalization of quality education content	Compiled foreign-language educational contents and completed their distribution to relevant sites. (June 2020)

## Detailed Activity Reports

[Summary of Key CSR Issues \(FY 2016–20\)](#)
[Efforts to Achieve the SDGs](#)
[Quality Assurance Activities](#)
[Customer Satisfaction](#)



## Develop Human Resources



### Background of Identification of Key CSR Issues

#### 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.

## Fiscal 2020 Goals and Achievements

### Key theme 1: Develop Global Human Resources

Goals of FY2020	Achievements in FY2020
Continue Global Management Development Training (TCDP)	Successful continuity of the TCDP in all Territories despite the circumstances thanks to Digital technology and re-design of the program.
Continue Global Advanced Management Program (Global AMP)	Successful roll out of Global AMP by shifting the program to online sessions and adapting the design to the new circumstances.
Introduce Global Executive Management Program (GEMP)	Successful introduction of the GEMP which resulted in several initiatives serving the long-term strategy of TDK.
Enhance English training program	New training type, Blended Learning, was introduced. There are 6 different training programs world-wide and 10 selections in China have been prepared.

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

Goals of FY2020	Achievements in FY2020
To continue expansion of scope for talent management system.	Talent management system extended to the HQ-R&D function, and pilot companies in the world.
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"> <li>Global Human resources meetings with participation of all major legal entities took place in July 2019 and November 2020.</li> <li>Territorial HR meetings with participation of local HR managers launched at all territories starting in 2018</li> </ul>
To further conduct succession planning for identified Top Key Positions at the TDK Group.	Succession planning for Top management conducted.

## Detailed Activity Reports

[Summary of Key CSR Issues \(FY 2016–20\)](#)
[Global Human Resources Strategy](#)
[Develop Global Human Resources](#)
[Cultivate a Corporate Culture that Respects Diversity](#)
[Employee Performance Data](#)

## Consider the Societal and Environmental Impact of the Supply Chain



### Background of Identification of Key CSR Issues

#### 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 current requirements of 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 suppliers, 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).

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 \(external website\)](#)

## Fiscal 2020 Goals and Achievements

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

Goals of FY2020	Achievements in FY2020
To achieve 100% implementation of CSR self-checks at manufacturing sites (TDK Group manufacturing sites)	Achieved 100% implementation
To achieve 100% implementation of labor, human rights, and ethics risk assessments at manufacturing sites (TDK Group manufacturing sites)	Achieved 100% implementation
To ensure audit opportunities once every two years by a third party (high-risk countries in Asia, including China)	100% implementation except for one site, due to repercussions from Covid-19
To continually implement CSR training	Training conducted remotely for ASEAN-area HR meetings
To implement internal audits on workers' rights and corporate ethics by internal auditors	Achieved 100% implementation at targeted sites

### Key theme 2: Consider the Work Environment of Suppliers

Goals of FY2020	Achievements in FY2020
To achieve CSR compliant supplier rate of 97%	98%
To achieve 100% implementation of CSR self-checks at sub-contractors	88.5%
To achieve 100% implementation of CSR self-checks at dispatch agencies	100%

### Key theme 3: Responsible Sourcing of Minerals

Goals of FY2020	Achievements in FY2020
To achieve a Conflict-free supplier ratio of 92% or more	94.5%
To monitor the number of customer responses	Implemented monitoring

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<a href="#">Responsible Sourcing of Minerals</a>	<a href="#">Social and Environmental Consideration at Manufacturing Sites</a>	
<a href="#">Social and Environment Considerations in the Supply Chain: Performance Data</a>		

## Develop and Prosper in Harmony with the Global Environment



### Background of Identification of Key CSR Issues

#### 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 CO<sub>2</sub> 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 harmony with the global environment is an important management issue 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.



## Fiscal 2020 Goals and Achievements

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

Goals of FY2020	Achievements in FY2020
Refer to the action plan from the TDK Environment, Health and Safety Action 2025	Refer to the action plan from the TDK Environment, Health and Safety Action 2025

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

Goals of FY2020	Achievements in FY2020
To continue activities in collaboration with industrial organizations and continue promotion of the spread of in-house calculation work	To continue activities in collaboration with industrial organizations and continue promotion of the spread of in-house calculation work

## Detailed Activity Report

[Summary of Key CSR Issues \(FY 2016–20\)](#)
[Environmental Policy and Environmental Vision](#)
[Environmental Management System](#)
[FY2020 Achievements of the TDK Environment, Health and Safety Action 2025](#)
[Action Plan in TDK Environment, Health and Safety Action 2025](#)
[Climate Change Initiatives](#)
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# Stakeholder Engagement

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## 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 them into the improvement of corporate value and social value to be created.
- To share the same values with our stakeholders and develop our business activities into essential non-complacent activities by gaining their understanding on the TDK Group's ideas and activities. 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"> <li>• Financial results briefings</li> <li>• General meeting of shareholders</li> <li>• IR meetings</li> </ul>

### 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"> <li>• Daily sales activities</li> <li>• CS survey</li> <li>• Audit from customers</li> </ul>

## 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"> <li>• Daily support for business partners</li> <li>• Business partner briefings</li> <li>• Implementation of audits of business partners</li> </ul>

## 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 Code of Conduct (Corporate Standards of Business Conduct).</p> <p>➤ <a href="#">Please click here for the Code of Conduct (Corporate Standards of Business Conduct).</a></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"> <li>• Labor-management dialogue</li> <li>• Feedback to in-house newsletters</li> <li>• Workplace communication</li> </ul>

## 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"> <li>• Social gatherings at each region</li> <li>• Social services</li> <li>• Homepage answer service</li> </ul>

## 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"> <li>• Exchange of opinions through economic and industrial organizations</li> <li>• Answers to surveys and questionnaires</li> <li>• Consultations with competent authorities</li> <li>• Public comments</li> </ul>

## 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"> <li>Acquisition of information through sales</li> <li>Feedback to development</li> </ul>

## 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
Jul. 8, 2020	<a href="#">Balancing a Response to Climate Change with Corporate Growth</a> <a href="#">What Is Required of the TDK Group</a>
Mar. 6, 2018	<a href="#">Develop Global Human Resources</a>
Apr. 14, 2017	<a href="#">Targeting Human Rights Responses at the Supply Chain</a>
Mar. 21, 2017	<a href="#">Develop Global Human Resources</a>
Oct. 9, 2015	<a href="#">Toward the Finalization of Materiality to Enhance TDK's Value</a>
May. 11, 2015	<a href="#">CSR Promotion in the Supply Chain</a>
May. 8, 2015	<a href="#">Toward Compilation of the Next Environmental Vision</a>
Apr. 17, 2015	<a href="#">Thinking about Diversity as a Growth Strategy</a>
Mar. 31, 2015	<a href="#">Study Meeting Convened to Enhance the Grasp of Nonfinancial Information Disclosure</a>
Mar. 4, 2014	<a href="#">Identification of Human Rights Issues through Dialogue with Stakeholders</a>
Apr. 18, 2013	<a href="#">The Social Problems behind Conflict Minerals: The Human Rights Situation in the Democratic Republic of the Congo</a>
Apr. 12, 2012	<a href="#">What should today's technological innovations look like if they are to solve social problems and bring an ideal future into reality?</a>
May. 27, 2011	<a href="#">What We Need to Do for the Environment Now</a>
Apr. 8, 2010	<a href="#">Continued Expectations to TDK as a Trustworthy Company</a>
May. 18, 2009	<a href="#">A Company That Earns Your Trust</a>

# 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

Based on the TDK Environmental Charter, the TDK Group is committed to reducing the environmental load across the product lifecycle, including Procurement, Development/Production, Logistics, and Use to Disposal. These activities involve the entire value chain, such as suppliers, sub-contractors, other business partners as well as our customers. "All business operations" stated in the Basic Principle on the Environment includes due diligence on investment in new businesses and mergers and acquisitions.

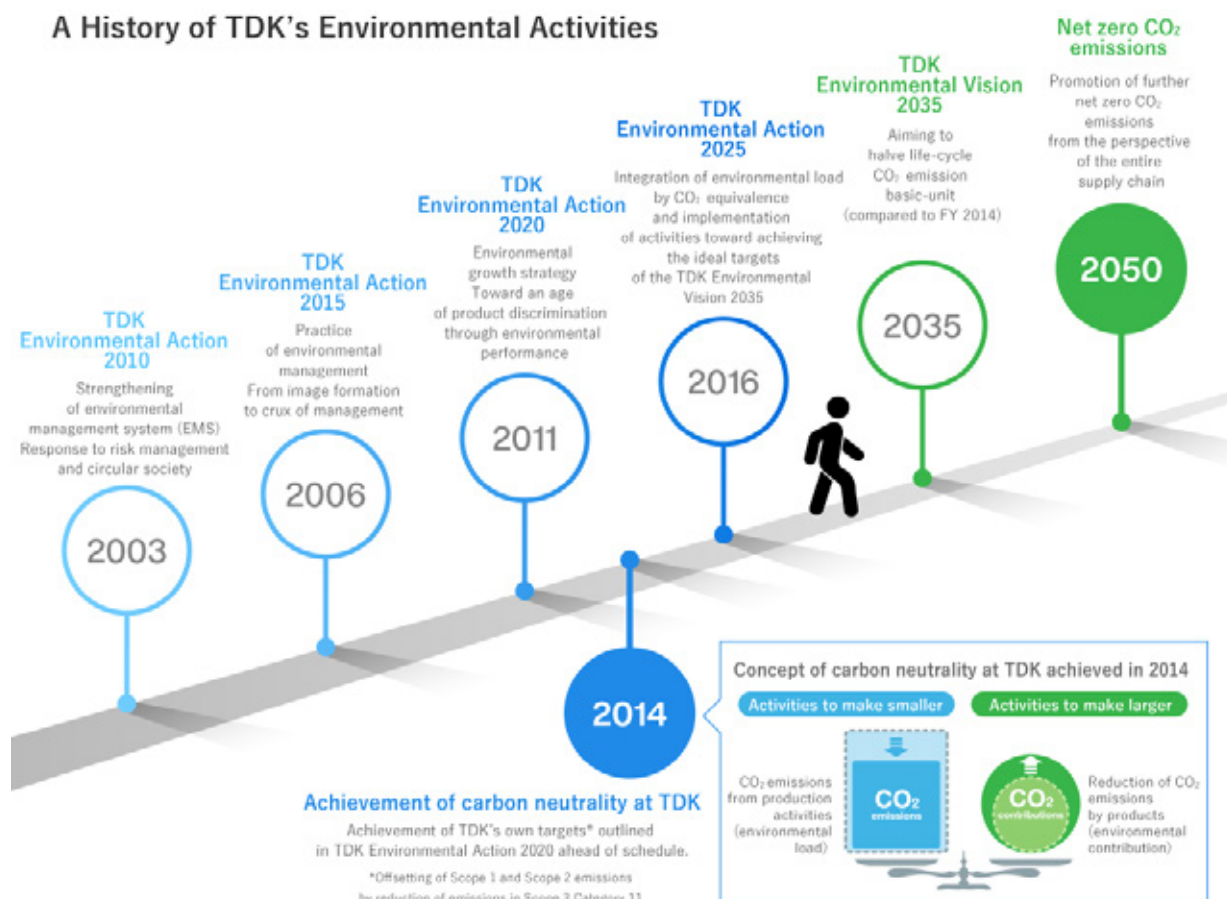
## Looking Ahead to 2050

As materiality to be tackled by the Group as a whole, TDK calls for the effective use of energy and increased use of renewable energy toward the realization of net zero CO<sub>2</sub> emissions by 2050, the supply of products and solutions creating clean energy toward the realization of a carbon-free society, and the supply of products and solutions realizing an energy-efficient society through the storage, conversion, and control of energy.

In addition, TDK already achieved carbon neutrality in fiscal 2014 through the concept of offsetting CO<sub>2</sub> emissions from its manufacturing sites by means of TDK products that improve energy efficiency and thereby contribute to CO<sub>2</sub> reduction. Currently TDK is promoting further net zero CO<sub>2</sub> emissions from the perspective of the entire supply chain. Specifically, TDK is strengthening its activities for the reduction of greenhouse gas emissions, including further expansion of the scope of coverage to include emissions in other Scope 3 categories as well as Scope 1, Scope 2, and Scope 3 Category 11 and the setting of key performance indicators and monitoring indicators, toward the realization of a society with net zero CO<sub>2</sub> emissions by 2050.

As proclaimed in the TDK Environmental Charter, TDK recognizes the importance of adopting measures to counter climate change and respecting biodiversity and the limited resources of the Earth. Under the slogan of "Eco TDK," TDK will further promote related activities, including the realization of a circular economy.

## A History of TDK's Environmental Activities

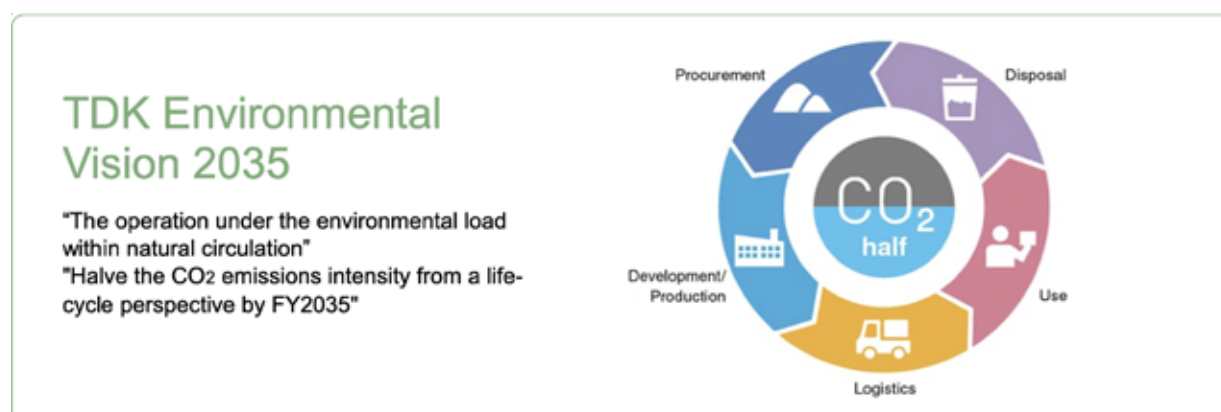


Related link

[Identifying Materiality](#)



## TDK Environmental Vision 2035



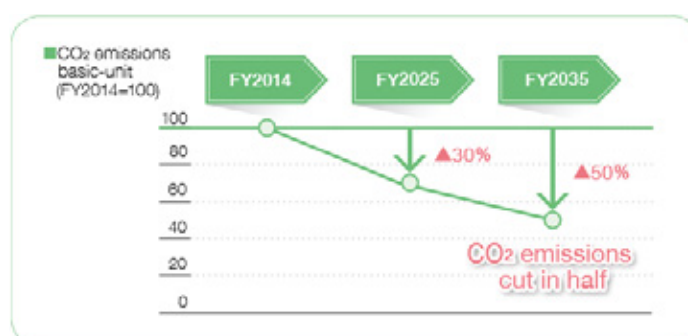
### Halving the CO<sub>2</sub> emission basic-unit in a life-cycle perspective by 2035

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 "halving CO<sub>2</sub> emissions intensity by fiscal 2035 in comparison with fiscal 2014 under the theme of reducing environmental footprints from a life-cycle perspective" 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, we are integrating the environmental load in each action category by CO<sub>2</sub> equivalence and conducting activities toward achievement of the ideal targets outlined 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

[FY2020 Achievements of the TDK Environment, Health and Safety Action 2025](#)

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

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## Creating a Framework for Gauging Product Contributions

Expand reduction of CO<sub>2</sub> 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 diffusion of global calculation work throughout the entire TDK Group.

In fiscal 2020 TDK's sustainability activities, including the reduction of CO<sub>2</sub> emissions by its products, were highly acclaimed and commended by customers. Going forward, TDK will continue to establish calculation rules and endeavor to disseminate them throughout the Group.

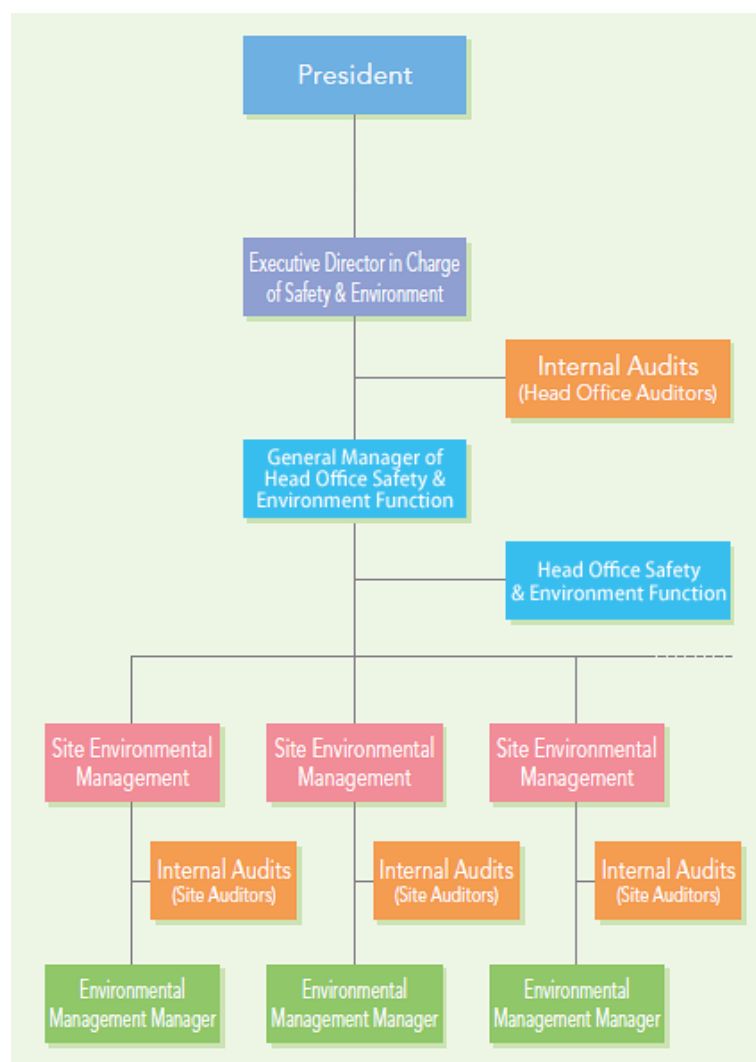
# Environmental Management System

Environmental Management System	Operation of the TDK Environmental Management System
Environmental Education	EMS Assessment System and Award Program
Environmental Risk Management at Manufacturing Sites	
<a href="#">Prevention and control of exposure to toxic substances with products as the source</a>	

## 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, area environment conferences are held in a number of locations including Japan, China, the ASEAN region, Europe, and America, to enable activities suited to the environmental situation in each region and to promote activities toward the achievement of TDK Environment, Health and Safety Action 2025, which is a common goal of the entire TDK Group.

\* ISO14001: International standard (IS) regulating EMS compliance

### Related links

[Facilities with ISO14001 and ISO50001 Certification](#)

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

[FY2020 Achievements of the TDK Environment, Health and Safety Action 2025](#)

## Environmental Education

TDK posts activity information, including TDK's approach to environmental initiatives and targets to be achieved, on the in-house intranet, which employees can access and check at any time. In addition, TDK endeavors to publicize and raise awareness of the TDK Environmental Charter by means of handy cards, posters for display, the digital signage bulletin board, and other activities. Furthermore, each site promotes self-awareness and competence education relating to the environment among new recruits and transferred employees by utilizing e-learning and so on.

## 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 initiatives to address social issues, such as the SDGs. 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 2020 were as follows:

### ■ Excellent overall score

Amperex Technology Limited

Magnecomp Precision Technology Public Co., Ltd.

### ■ Outstanding activities in a specific field

Energy	TDK Corp. Mikumagawa Plant
	TDK (Zhuhai FTZ) Co., Ltd.
	TDK (Zhuhai) Co., Ltd.
	TDK Electronics (Malaysia) SDN BHD
Safety and Health	TDK (Zhuhai FTZ) Co., Ltd.
Emissions	TDK (Malaysia) Sdn. Bhd
	TDK-Lambda Ltd. (Israel)

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## 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.

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

See here for content.

[Quality Assurance Activities](#)



## Sustainability | Environment | Environmental Management System

# Facilities with ISO14001 and ISO50001 Certification

## ISO14001

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 Ouchi Plant Honjo Plant East 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. Nagaoka Technical Center TDK Kofu Corp	Japan	JP21/071691	SGS
TDK Precision Tool Corp.	Japan	05672	Intertek
TDK USA Corporation TDK Components USA., Inc. TDK Ferrites Corporation Headway Technology, Inc. TDK-Lambda Americas Inc.	U.S.A.	10018048 UM15	DQS
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	CNBJ314199-U	BV
TDK Dongguan Technology Co., Ltd. Dongguan Changan Huanan Electronics Factory	P.R. China	02120E10480R6L	CCCI
Guangdong Real Faith Pingzhou Electronic Co., Ltd. Guangxi Wuzhou City Pingzhou Electronic Co., Ltd.	P.R. China	00218E32827R2L	IQNet

CONTENTS	Facility	Country	Certificate Number	Examined by
	SAE Magnetics (Dongguan) Limited	P.R. China	02120E11064R7L	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	02120E11064R7L-1	CCCI
Top Commitment	Amperex Technology Ltd.	P.R. China	CN09/31828	SGS
	Acrathon Precision Technologies (HK) Ltd.	P.R. China	02121E10429R4M	CCCI
	TDK-Lambda (China) Electronics Co., Ltd.	P.R. China	02119E10576R4M	CCCI
Sustainability Management	TDK Hong Kong Co., Ltd.	Hong Kong	12 104 40080 TMS	TUV
	TDK Taiwan Corporation	Taiwan	20003153 UM15	DQS
Environment	InvenSense Taiwan Co., Ltd.	Taiwan	TW17/00861	SGS
	TDK Korea Corporation	Korea	KR002766	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
How the Public Sees Us	TDK (Malaysia) Sdn. Bhd.	Malaysia	01 104 1535520	TUV
	TDK-Lambda Malaysia Sdn. Bhd Senai Factory Kuantan Factory	Malaysia	01 104 1735507	TUV
Index	TDK-Lambda UK Ltd.	U.K.	EMS 518156	BSI
	TDK-Lambda Ltd.	Israel	87520	IQnet
	TDK Electronics AG	Germany	10000407310-MSC-RvA-DEU	DNV

## ISO50001

Facility	Country	Certificate Number	Examined by
TDK Electronics AG	Germany	10000407433-MSC-RvA-DEU	DNV
Amperex Technology Ltd.	P.R. China	CN17/30924	SGS

## Sustainability | Environment | Environmental Goals and Achievements

# FY2020 Achievements of the TDK Environment, Health and Safety Action 2025

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Tasks		Fiscal Year 2020		Achievements	Status	
		Objectives	Practical Activities			
[1] TDK Environment Activity: improve CO <sub>2</sub> 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 <sub>2</sub> emissions from production activities	Improve CO <sub>2</sub> emissions basic-unit from energy use by 1.8% compared with the previous FY	<ul style="list-style-type: none"><li>Implement energy-saving activities at each manufacturing site equivalent to 2.0% of the previous FY's CO<sub>2</sub> emissions</li><li>Set voluntary CO<sub>2</sub> emissions targets</li><li>Consider introduction of renewable energy</li></ul>	Worsened by 4.6% compared with the previous FY	Not achieved
		(2) Expand renewable energy usage	Promote renewable energy introduction/purchase	<ul style="list-style-type: none"><li>Research of renewable energy purchasing sources</li><li>Considering target and plans of renewable energy introduction / purchase by GHQ/RHQ bases</li></ul>	<ul style="list-style-type: none"><li>Introduced 100% renewable energy at 16 sites</li><li>The global renewable energy (electric power only) usage rate is 23.9%</li></ul>	Achieved
		(3) Reduce incoming water	Improve water (= incoming water) basic unit 1.5% of the previous FY	<ul style="list-style-type: none"><li>Improve water usage basic-unit 1.5% compared with the previous FY at each manufacturing site</li><li>Improve the recycling ratio of water</li></ul>	Worsened by 0.31% compared with the previous FY	Not achieved
		(4) Efficient use of resources	Improve waste amount basic-unit 1.5% of the previous FY	<ul style="list-style-type: none"><li>Research of renewable energy purchasing sources</li><li>Considering target and plans of renewable energy introduction / purchase by GHQ/RHQ bases</li></ul>	Worsened by 14.2% compared with the previous FY	Not achieved
Contribution to society		(5) Reduce CO <sub>2</sub> emissions from a life cycle perspective	Reduce the environmental load by reducing procure resources Reduce the amount of CO <sub>2</sub> emissions in logistics by 3.0% of FY 2014	<ul style="list-style-type: none"><li>Effective use of input resource materials (improvement of resource efficiency)</li><li>Review the international shipping of products and materials</li></ul>	Reduced by 1.5% compared with FY2014	Not achieved
	 	(6) Expand environmental contribution of products	Improve product-based CO <sub>2</sub> reduction contributions basic-unit by 2.7% compared with the previous FY	<ul style="list-style-type: none"><li>Calculate product contributions amounts of new products</li><li>Review of product contribution calculation guidelines</li></ul>	Improved by 7.1% compared with the previous FY	Achieved
		(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)	Promoted activities to 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	<ul style="list-style-type: none"><li>Promote the substitution and reduce usage of hazardous chemicals</li><li>Review and revise of the [Chemical Substance Control Detailed Rules] for Japan sites</li></ul>	Promote compliance with China's VOC Regulations and compliance with regulations for the use of hazardous chemical substances as per customer requirements	Achieved
	 	(9) Contribute to environmental society	Preserve the environment and biodiversity	<ul style="list-style-type: none"><li>Promote forest protection activity</li><li>Promote environmental education and awareness activity</li></ul>	<ul style="list-style-type: none"><li>No. of trees planted outside company: 940</li><li>Aggregate no. of employees participating in volunteer activities: 1,073</li></ul>	Achieved

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## [2] TDK Health and Safety Activity

Take actions to achieve "Zero labor accident", our ultimate goal



Activity for health  
and safety

Achieve the "ZERO  
significant labor accident \*\*

Mitigate the significant safety risks and  
promote the safety patrol by site top  
manager thoroughly

Achieved the "ZERO  
significant labor  
accident"

Achieved

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

### Related link

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

## Sustainability | Environment | Environmental Goals and Achievements

# Action Plan in TDK Environment, Health and Safety Action 2025

Established: April 1, 2016

Revised: April 1, 2021

Tasks	Fiscal Year 2021		Scope No. *1	Fiscal Year 2025	Fiscal Year 2035 (100th anniversary)
	Objectives	Practical Activities			
<b>[1] TDK Environment Activity: improve CO<sub>2</sub> emissions basic-unit in a lifecycle perspective 50% by 2035, compared with Fiscal Year 2014</b>					
Assess our entire value chain emissions impact including environmental contribution, and improve the sales based basic units					
<div><div>4</div><div>QUALITY EDUCATION</div><div>6</div><div>CLEAN WATER AND SANITATION</div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13</div><div>CLIMATE ACTION</div><div>14</div><div>LIFE BELOW WATER</div><div>15</div><div>LIFE ON LAND</div></div>					
(1) Reduce CO <sub>2</sub> emissions from production activities	Improve CO <sub>2</sub> emissions basic-unit from energy use by 1.8% compared with the previous FY	<ul style="list-style-type: none"><li>Introduction of market-based CO<sub>2</sub> emission factor</li><li>Reduce CO<sub>2</sub> emissions by equivalent to 2.0% of the previous FY by energy-saving activities at each manufacturing site</li></ul>	1, 2	Improve CO <sub>2</sub> emissions basic-unit 30%	
(1)-a Efficient use of energy	Improve energy consumption basic-unit by 1.0% of the previous FY	<ul style="list-style-type: none"><li>Reduce energy consumption by equivalent to 2.0% of the previous FY by energy-saving activities at each manufacturing site</li><li>Utilize an energy summary table for visualization and priority setting, identify the areas of significant energy use, based on energy use and consumption in production</li></ul>			
(1)-b Expand renewable energy usage	Formulate mid & long-term renewable energy introduction / purchase and goals/plans	<ul style="list-style-type: none"><li>Research of renewable energy purchasing sources</li><li>Formulate targets and plans of renewable energy introduction / purchase by country/ area bases</li></ul>			
(2) Reduce incoming water	Improve water (= incoming water) basic unit 1.5% of the previous FY	<ul style="list-style-type: none"><li>Improve water usage basic-unit by 1.5% of the previous FY at each manufacturing site</li><li>Improve the recycling ratio of water</li></ul>	3	Create reduction activities equivalent to 30% improvement of CO <sub>2</sub> emissions	Improve CO <sub>2</sub> emissions basic-unit in a lifecycle perspective 50%
(3) Efficient use of resources	Improve waste amount basic-unit 1.5% of the previous FY	<ul style="list-style-type: none"><li>Improve waste amount basic-unit by 1.5% of the previous FY at each manufacturing site</li><li>Improve material yield</li><li>Promote recycling and reuse</li><li>Pursuit "zero-defect"</li></ul>			
(4) Reduce CO <sub>2</sub> emissions from a life cycle perspective	Promote reduction of environmental load through each category activity of Scope3	<ul style="list-style-type: none"><li>Promote the use of low environmental load materials</li><li>Improve CO<sub>2</sub> emission basic-unit in logistics by 1.0% from the previous year (Japan).</li></ul>			
(5) Expand environmental contribution of products	Improve CO <sub>2</sub> reduction contributions basic-unit by 2.7% compared with the previous FY	Increase products for CO <sub>2</sub> reduction contribution calculation			
(6) Expand renewable energy business	Develop and expand sales of products for the renewable energy market	Create products for the renewable energy market			
(7) Reduce risks of chemicals use	Reduce influence of chemicals to the human and environment	Promote the substitution and reduce usage of hazardous chemicals			
(8) Contribute to environmental society	Preserve the environment and biodiversity	<ul style="list-style-type: none"><li>Promote forest conservation activity</li><li>Promote environmental education and awareness</li></ul>			
<b>[2] TDK Health and Safety Activity</b>					
Take actions to achieve "Zero labor accident", our ultimate goal					
<div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div>					
Activity for health and safety	Achieve "ZERO significant labor accident" *2 *	<ul style="list-style-type: none"><li>Mitigate the significant safety risks</li><li>Promote the safety patrol by site top manager thoroughly</li></ul>			

\*1 Scope No.: based on GHG Protocol

\*2 Significant labor accident: an accident with remaining disability, required long-term nursing, or fatality

# Climate Change Initiatives

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Fiscal 2020 Concrete Progress Report

Concrete Activities

## 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 (CO<sub>2</sub>) is a major emission source that makes up 76% (from the IPCC 5th Assessment Report). of greenhouse gases, and it is necessary to implement reliable CO<sub>2</sub> 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.

### Reduction of CO<sub>2</sub> emissions at manufacturing sites

Energy-derived CO<sub>2</sub> 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 CO<sub>2</sub> emissions from logistics activities

At TDK, we are working to reduce CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions from products through operation using product assessment.



## Response to TCFD

In May 2019 TDK expressed its approval of the Task Force on Climate-related Financial Disclosures (TCFD), which makes recommendations to analyze and disclose information on the impact of climate change on corporate finances. Established in 2015 by the Financial Stability Board (FSB), an international body that aims to stabilize the financial system, the TCFD makes proposals that are expected to be a catalyst for promoting information disclosure within companies and organizations, and encouraging dialogue between financial institutions and business corporations.

Believing that assessing the business risks to and opportunities due to climate change and appropriately disclosing information are going to be essential for both achieving corporate growth and building a sustainable society in the future, TDK is steadily addressing these matters.

In this section, in accordance with the TCFD framework, we disclose TDK's initiatives to tackle the problem of climate change.

### Governance

#### ◆Supervision of climate-related risks by environmental officer

At TDK, the environmental officer carries out a management review more than once a year of the state of progress in environment-related matters, including climate change, as well as plans and risks. The results of the management review and matters requiring management decisions are deliberated in the Executive Committee Meeting and, if necessary, the Board of Directors.

#### ◆Assessment of risks relating to climate change and role of management in administration

##### [Positioning]

Regarding risks relating to the environment, including climate change, TDK has clarified the responsibilities of the environmental officer, who is appointed by the chief executive officer.

In addition, to fortify the risk management setup, TDK has established committees directly under the Executive Committee Meeting. Of them, the ERM (Enterprise Risk Management) Committee has been set up with the aim of ensuring a companywide response to factors impeding the achievement of business targets and business operations, including climate change. The ERM Committee discusses important matters among environmental risks, including climate change. The chair of the ERM Committee is a corporate officer appointed by the CEO.

##### [Responsibilities]

Regarding a company's social responsibility, TDK recognizes that coexistence with the global environment is an important issue in management and has established the post of environmental officer. Appointed by the CEO, the environmental officer takes responsibility for environmental management in general, including climate change. In addition, the head of the Safety and Environment Group of the Sustainability Promotion HQ, which has been established under the environmental officer, is given responsibility for implementing environmental management, including climate change.

In the TDK Group, all business groups, departments, sites, manufacturing subsidiaries, and head office functions come together in unison to work toward realizing the goals of the TDK Environmental Vision 2035 (operate under an environmental load within natural circulation and halve the life-cycle CO<sub>2</sub> emission basic-unit by 2035).

Among environmental risks, including climate change, important matters are reported through the ERM Committee to the Executive Committee Meeting and the Board of Directors.

#### [Content of responsibilities]

The Safety and Environment Group of the Sustainability Promotion HQ sets Group-wide targets for environmental matters, including climate change, and identifies environment-related risks for the Group. The ERM Committee identifies Group-wide risks in accordance with risk management regulations and handles problems relating to climate change as one aspect of Group-wide risks.

#### [Monitoring]

The achievements of environmental activities, including activities relating to climate change, are reported in the management report, and more than once a year the environmental officer carries out a management review, discussing and deciding important matters in the promotion of environmental activities, such as the compilation of reports and medium- to long-term targets for key KPIs and energy-saving investment. In addition, matters in this management review that are deemed to exert an important impact on management, such as visions and large-scale investment, are discussed in the Executive Committee Meeting and, if necessary, the Board of Directors.

### Strategy

In the Medium-Term Plan “Value Creation 2023” that started in fiscal 2021, TDK advocates the basic policy of accelerating digital transformation (DX) and energy transformation (EX) in order to enhance customer experience and consumer experience (2CX) and create value for a sustainable society. As well as setting the TDK Group’s Materiality as management issues that should be tackled to realize the Medium-Term Plan, we have positioned EX (contributing to energy and environmental solutions by minimizing waste heat and noise with electronic devices) as a business domain on which TDK focuses for both social value creation and corporate growth and are addressing it as one aspect of our business strategy.

Specifically, we are promoting the effective use of energy and the expanded use of renewable energy toward the realization of net zero CO<sub>2</sub> emissions in 2050. Furthermore, we are striving to provide products and solutions for creating clean energy to realize a zero-carbon society and to supply products and solutions for bringing about an efficient energy society through the storage, conversion, and control of energy.

In analyzing business risks and opportunities due to climate-change-related problems and considering strategy, TDK has adopted two scenarios as premises for climate change—the International Energy Agency’s Beyond 2°C Scenario (B2DS) and Current Policies Scenario (CPS)—and begun trial scenario analysis.

#### Related link

[Medium-Term Plan](#)

## Risk Management

Important risks for management are assessed in the ERM (Enterprise Risk Management) Committee as a part of comprehensive risks. Regarding risks deemed by the assessment to require Group-wide efforts, the ERM Committee checks the progress of countermeasures approved by the Executive Committee Meeting and, after completion of the countermeasures, obtains the approval of the Executive Committee Meeting.

At present, we are imagining climate-change risks based on various information sources and scenario analysis test results and, in consideration of the scale of impact on business, identifying risks thought to be important. Regarding national and regional water risks also, we are conducting surveys and adopting countermeasures in areas with particularly high risks of drought or flooding.

### Transitional Risks (Examples)

- Extra expenses for responding to customer demands to introduce renewable energy and loss of chance to receive orders due to delayed response
- Extra expenses, production shutdown, or loss of chance to receive orders due to the introduction of carbon taxes and tightening of environmental laws and regulations around the world

### Physical Risks (Example)

- Occurrence of equipment and production restoration expenses resulting from unexpected flooding due to increased size of typhoons or sudden torrential rain

## Metrics and Targets

We have set the indicators and goals used when assessing and managing climate-related risks in line with the concept of "reducing CO<sub>2</sub> emissions intensity by half by 2035 from a life cycle perspective," which was stated in the TDK Environmental Vision 2035.

### Related links

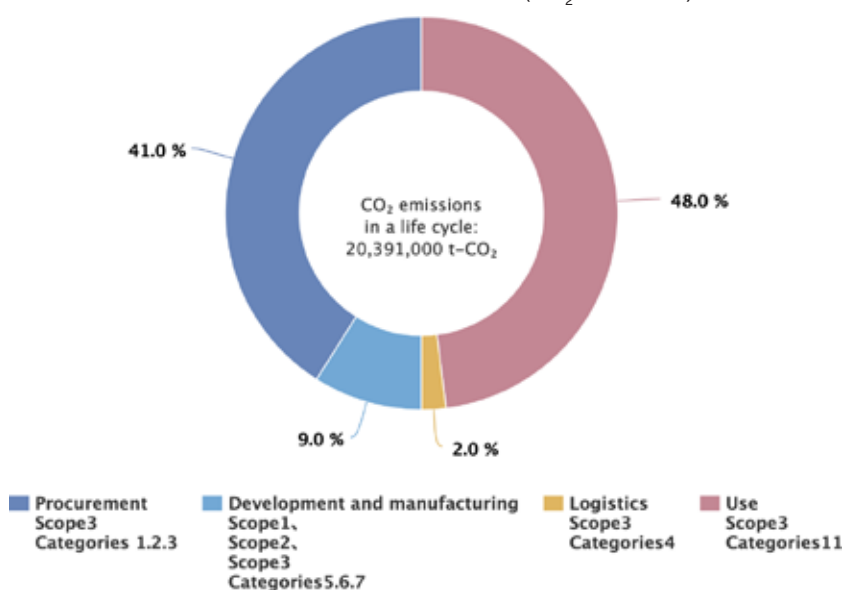
[FY2020 Achievements of the TDK Environment, Health and Safety Action 2025](#)

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

## Fiscal 2020 Goals and Achievements / Evaluations and Future Activities

Fiscal 2020 Goals	Achievements
Reduction of CO <sub>2</sub> emissions at manufacturing sites Improve CO <sub>2</sub> emissions basic-unit from energy use by 1.8% compared with the previous FY	Worsened by 4.6% compared with the previous FY
Reduction of CO <sub>2</sub> emissions from logistics activities Reduce the amount of CO <sub>2</sub> emissions in logistics by 3.0% of FY 2014	Reduced by 1.5% compared with FY2014
Expansion of contributions to reduction of CO <sub>2</sub> emissions from products Improve product-based CO <sub>2</sub> reduction contributions basic-unit by 2.7% compared with the previous FY	Improved by 7.1% compared with the previous FY

Breakdown of environmental load (CO<sub>2</sub> emissions)



[Third-party verification](#)

## CO<sub>2</sub> Emissions by Category and Scope

Scope		Outline	CO <sub>2</sub> emission
	(Category)		(t-CO <sub>2</sub> )
Scope1		Production	136,021
Scope2		Production	1,631,989
Scope3	1	Purchased goods & services	6,501,648
	2	Capital goods	1,102,326
	3	Fuel- and energy-related activities	764,632
	4	Upstream transportation & distribution	323,464
	5	Waste generated in operations	5,803
	6	Business travel	19,357
	7	Employee commuting	7,271
	8	Upstream leased assets	Not subject to calculation
	9	Downstream transportation & distribution	Not subject to calculation
	10	Processing of sold products	Not subject to calculation
	11	Use of sold products	9,898,070
	12	End-of-life treatment of sold products	Not subject to calculation
	13	Downstream leased assets	Not subject to calculation
	14	Franchises	Not subject to calculation
	15	Investment	Not subject to calculation

[Third-party verification](#)

## Methods of Calculating CO<sub>2</sub> 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 subject to calculation
9	Downstream transportation & distribution	Not subject to calculation
10	Processing of sold products	Not subject to calculation
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 subject to calculation
13	Downstream leased assets	Not subject to calculation
14	Franchises	Not subject to calculation
15	Investment	Not subject to calculation

## Evaluations and Future Activities

### Reduction of CO<sub>2</sub> emissions at manufacturing sites

Partly due to the impact of an increase of new sites, CO<sub>2</sub> emissions at production sites in fiscal 2020 amounted to 1.768 million tons, up 13.5% over the previous fiscal year. Going forward, we will promote reduction efforts rooted in production activities across the entire Group based on a policy, as advocated in TDK's materiality, of realizing the effective use of energy and the expanded use of renewable energy toward the achievement of net zero CO<sub>2</sub> emissions by 2050.

### Reduction of CO<sub>2</sub> emissions from logistics activities

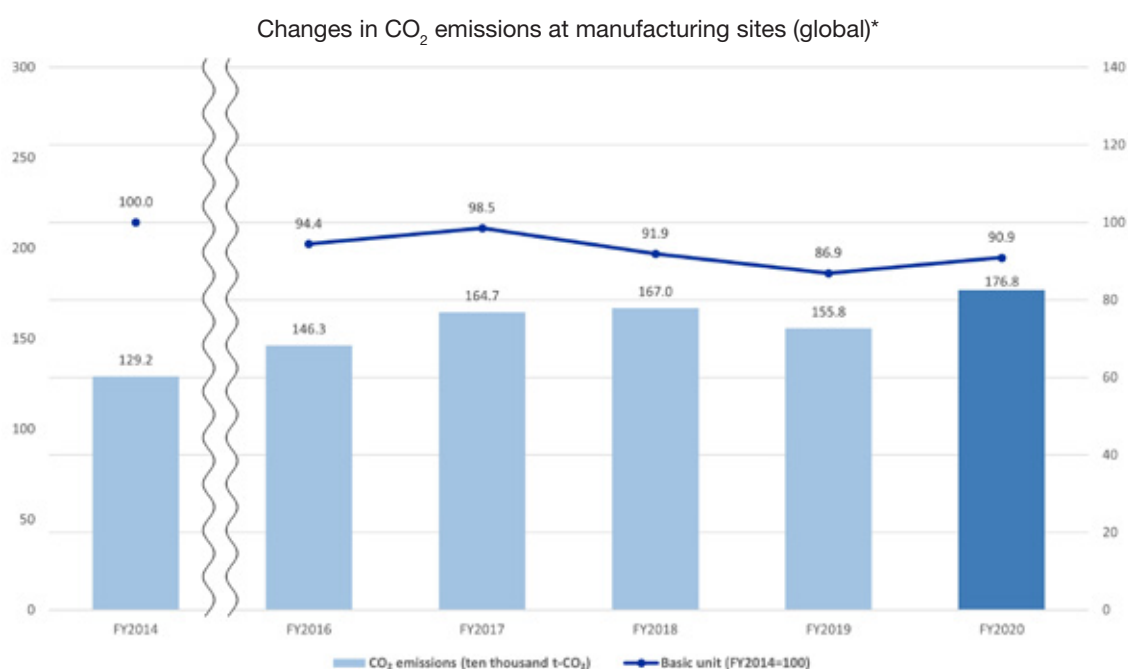
As a result of increased product transportation due to a rise in production volume, CO<sub>2</sub> emissions in logistics in fiscal 2020 amounted to 4,924 tons, up 18.0% over the previous year. This represented a decline of 1.5% from the fiscal 2014 level, which meant that we did not achieve our target. Going forward, the entire TDK Group will endeavor to promote reduction activities. We have begun efforts at overseas sites to reduce CO<sub>2</sub> emissions in logistics, and we are studying a mechanism to gauge emissions so as to properly reflect them in reduction activities.

### Expansion of contributions to reduction on CO<sub>2</sub> emissions from products

Product-based CO<sub>2</sub> reduction contributions in fiscal 2020 amounted to 2.633 million tons, up 16.2% over the previous fiscal year. The CO<sub>2</sub> emission basic-unit improved by 7.1% year-on-year, so we were able to achieve our target. Going forward, we will strive to develop eco-friendly products that contribute toward reducing the environmental load of customers and society and to popularize such products by publicizing their value.

## Fiscal 2020 Concrete Progress Report

### Reduction of CO<sub>2</sub> emissions at manufacturing sites

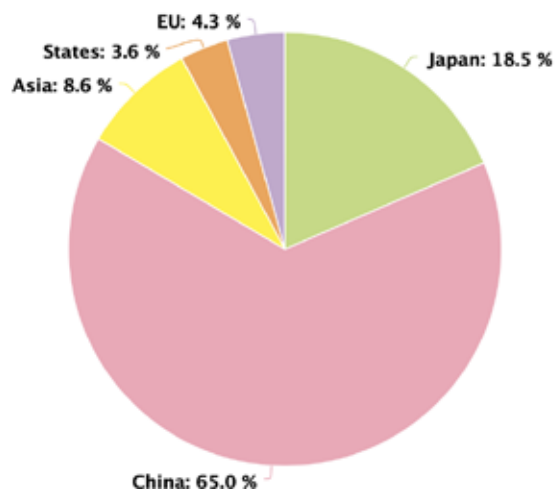


\* Basic-unit data have been amended to take account of the increase in the number of sites due to M&As.

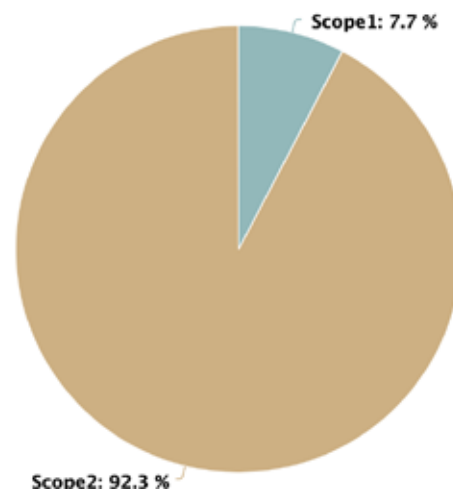
\* The measurement and calculation method and the numerical results for fiscal 2019 and beyond have undergone third-party verification.



FY2020 emission ratio by region (TDK Group total emissions)



FY2020 emission ratio by scope (TDK Group total emissions)



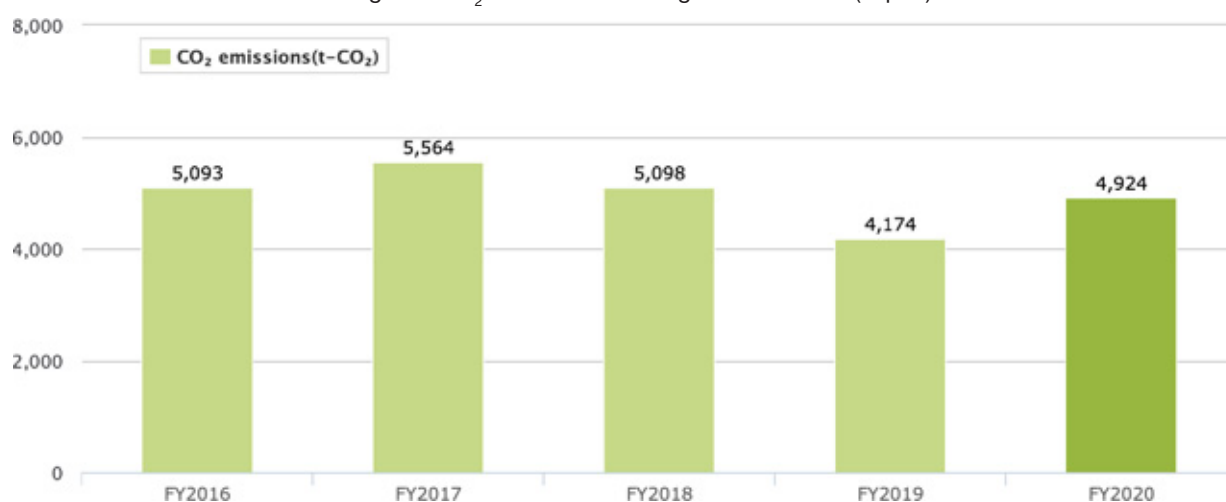
\* Scope: Emission range defined by the GHG Protocol, an international calculation standard for greenhouse gas emissions. We refer to direct emissions from facilities owned and controlled by the company as Scope 1 and emissions from the production of energy consumed at facilities owned and controlled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

\* TDK's CO<sub>2</sub> emissions calculation standard

- CO<sub>2</sub> emissions is calculated by multiplying the CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> conversion factor for purchased power.
- The published value has been certified by a third-party verification.

#### Reduction of CO<sub>2</sub> emissions from logistics activities

Changes in CO<sub>2</sub> emissions from logistics activities (Japan)\*

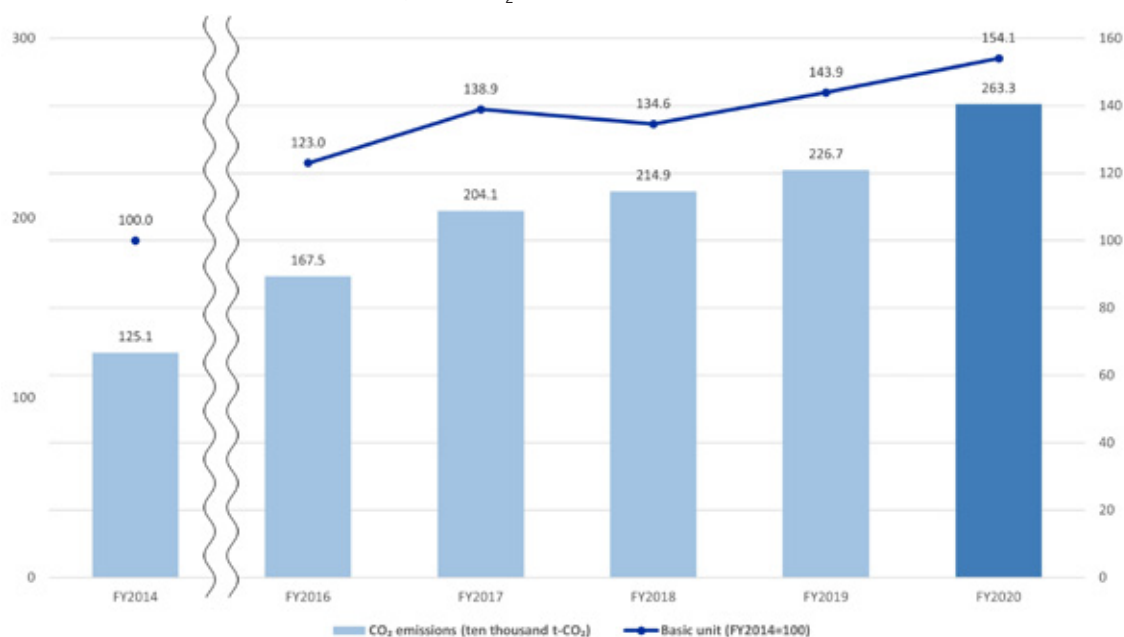


\* The FY2019 data have been revised.

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

## Expansion of contributions to reduction of CO<sub>2</sub> emissions from products

Changes in CO<sub>2</sub> 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)

253,000 t-CO<sub>2</sub>  
(245,000 t-CO<sub>2</sub>)



ICT

846,000 t-CO<sub>2</sub>  
(261,000 t-CO<sub>2</sub>)



Industrial equipment & General electrical appliances

1,531,000 t-CO<sub>2</sub>  
(1,762,000 t-CO<sub>2</sub>)



※ ( ) Figures are actual results for FY2019

### Related links

[Third-party verification](#)

[Third-party review of environmental performance data](#)

## Concrete Activities

### Reduction of CO<sub>2</sub> emissions at manufacturing sites

#### Installation of photovoltaic power generation systems at sites in Japan and overseas

In fiscal 2020 TDK newly installed photovoltaic power generation systems to provide some of the electricity consumed at five sites. The operation of these systems is expected to reduce CO<sub>2</sub> emissions by the equivalent of 1,750 tons per year.

- \* TDK Philippine factory (10 kilowatt-peak [kWp]): from April 2020
- \* Johor Bahru Factory of the TDK Electronics Group in Malaysia (511.7 kWp): from September 2020
- \* Asama Techno Factory in Japan (450 kWp): from December 2020
- \* Malaga Factory of the TDK Electronics Group in Spain (57 kWp): from December 2020
- \* Kalyani Factory of the TDK Electronics Group in India (1,000 kWp): from March 2021



Asama Techno Factory in Japan



TEG's Malaga Factory in Spain

The photovoltaic power generation systems were planned on the initiative of the factories concerned and installed either in the factory grounds or on rooftops. The electricity thus generated is consumed on-site. The largest system generates enough electricity to cover 6% of the factory's demand.

#### Photovoltaic power generation for car park outdoor lighting

The car park outdoor lighting was switched to a type powered by solar energy.

- \* TDK-Lambda Malaysia factory: 12 units; 10,541 kWh/year
- \* TDK Philippine factory: 13 units; 11,232 kWh/year



We can contribute to reducing the environmental load not only directly in the production process but throughout the entire lifecycle of products by promoting the expanded use of renewable energy.

Going forward, senior management and factory members will come together and seek to reduce the environmental load by promoting both the efficient use of energy and the expanded use of renewable energy.

## Promoting the introduction of renewable energy

The following site procures 100% of its consumed electricity from renewable energy sources:

- \* TDK-Lambda UK Ltd. (Devon, United Kingdom)
- \* TDK-Lambda Ltd. (Karmiel, Israel)
- \* Headway Technologies, Inc. (CA, USA)
- \* TDK Museum (Akita, Japan)
- \* TDK Electronics AG - HQ (Munich, Germany)
- \* TDK Electronics AG (Heidenheim, Germany)
- \* TDK Sensors AG & Co. KG (Berlin, Germany)
- \* TDK Electronics GmbH & Co OG (Deutschlandsberg, Austria)
- \* TDK Hungary Components Kft. (Szombathely, Hungary)
- \* TDK CROATIA d.o.o. (Kutina, Croatia)
- \* TDK Foil Iceland ehf. (Akureyri, Iceland)
- \* TDK Electronics do Brasil Ltda. (Gravataí, Brasil)
- \* Tronics MEMS, Inc. (TX, USA)
- \* TDK (Zhuhai FTZ) Co., Ltd. (Zhuhai, China)
- \* TDK (Zhuhai) Co., Ltd. (Hongqi, China)

The following site procures 100% of its purchased electricity from renewable energy sources:

- \* TDK Foil Italy S.p.A. (Milan, Italy)

Of the electricity used by TDK worldwide, the ratio of renewable energy used is 23.9% (as of March 31, 2021).

### Reduction of CO<sub>2</sub> emissions from logistics activities

The following initiatives are promoted to reduce CO<sub>2</sub> emissions in the logistics stage.

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

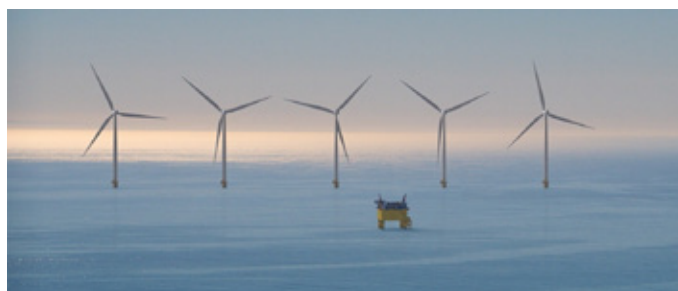
### Expansion of contribution to reduction of CO<sub>2</sub> emissions from products

## Power capacitors for offshore wind power generation plants

The power capacitors used in HVDC\*<sup>1</sup> power transmission systems for offshore wind power generation plants, which enable efficient long-distance transmission from remote places, have reduced energy loss compared with HVAC (high-voltage alternating current) power transmission systems. In fiscal 2020 the power capacitors used in HVDC power transmission systems contributed toward reducing CO<sub>2</sub> emissions by 2,360 tons.\*<sup>2</sup>




Power Capacitor for HVDC  
(Weight : 130~140kg)



Power capacitors are used to smoothen electricity in offshore substations like the one in the center of the photo.

\*1. HVDC, which stands for high-voltage direct current, is a technology for transmitting power from the generating plant to electricity infrastructure not by alternating current but by high-voltage direct current of 200~500 kilovolts.

\*2. Estimated from the power capacitor contribution ratio of the entire HVDC system contribution.



## Verification Statement

12 July 2021  
 Statement No : SGS21/020

Mr. Shigenao Ishiguro  
 President & CEO  
 TDK Corporation

**Objective**  
 SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by TDK Corporation (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (ISO14064-3: 2006 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the assertion"). The objective of this verification is to confirm that the assertion in the Organization's applicable scope has been correctly calculated and reported in the assertion in conformance with the criteria, and to express our views as a third party.

**Scope**  
 The scope of verification is Scope 1 and 2 emissions, energy consumption, and Scope3 emissions.  
 The period subject to report is 1 April 2020 to 31 March 2021.  
 Refer to the attached sheet for the detailed scope of verification.


**Procedure of Verification**  
 The assertion was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the measurement, tabulation, calculation and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the assertion: On-site verification and review of vouchers conducted at the Technical Center and Narita Factory. Analytical procedures and interviews for the other sites within the scope of verification carried out remotely by connecting SGS Office with the Technical Center via the Internet.



The criteria for this review are based on GHG Emissions Calculation and Reporting Manual Ver. 4.7, the procedure specified by the Organization, Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain, Ver. 2.3, JEITA guidelines, and the Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables.

**Conclusion**  
 Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's assertion was not calculated and reported in conformance with the criteria.  
 SGS Japan Inc. affirms our independence from the organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc  
 Senior Executive & Director  
 Certification and Business Enhancement



Yuji Takeuchi

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## 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 CO<sub>2</sub> emissions from production activities
- Calculation method for reduction of CO<sub>2</sub> 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 2020 Goals and Achievements / Evaluations and Future Activities

Fiscal 2020 Goal	Achievement
Improve water usage basic-unit by 1.5% of the previous FY	Worsened by 0.31% compared with the previous FY

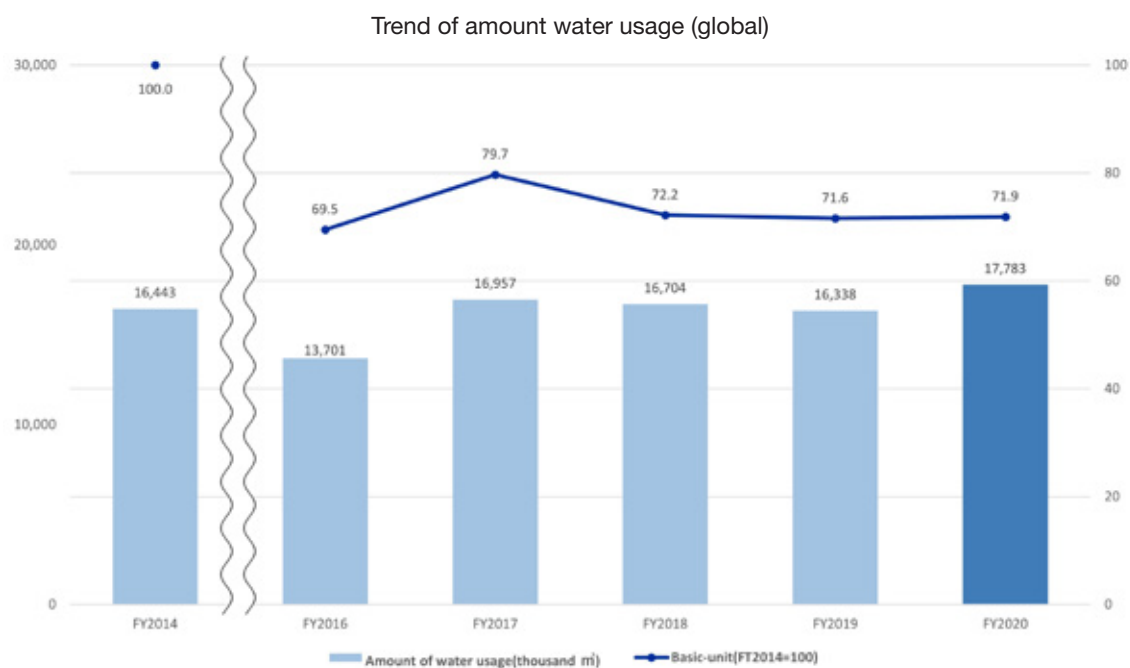
## Evaluations and Future Activities

The total amount of water usage in FY2020 increased by 8.8% from the previous year to 17,783,000 m3. Further, the water usage basic-unit worsened by 0.31% compared with the previous year and our target was not achieved. We are conducting surveys related to water risks in each country and region, and are adopting countermeasures in areas with a particularly high risk of droughts and floods.

Related link

[Climate Change Initiatives](#)

## Fiscal 2020 Concrete Progress Report



\* Basic-unit data have been amended to take account of the increase in the number of sites due to M&As.

## Concrete Activities

Hutchinson Technology Inc.

We are optimizing operation procedures through water usage reduction project. Below are the specific activities.

- Reducing water usage by reviewing cleaning methods in the production process and reducing the amount of pure water used.
- Reducing water usage by reusing wastewater generated during the pure water purification process.

# 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.

Further, we regularly visit recyclers to verify that recycling is being implemented.

\* 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 2020 Goals and Achievements / Evaluations and Future Activities

Fiscal 2020 Goal	Achievements
Improve waste amount basic-unit 1.5% of the previous FY	Worsened by 14.2% compared with the previous FY

## Evaluations and Future Activities

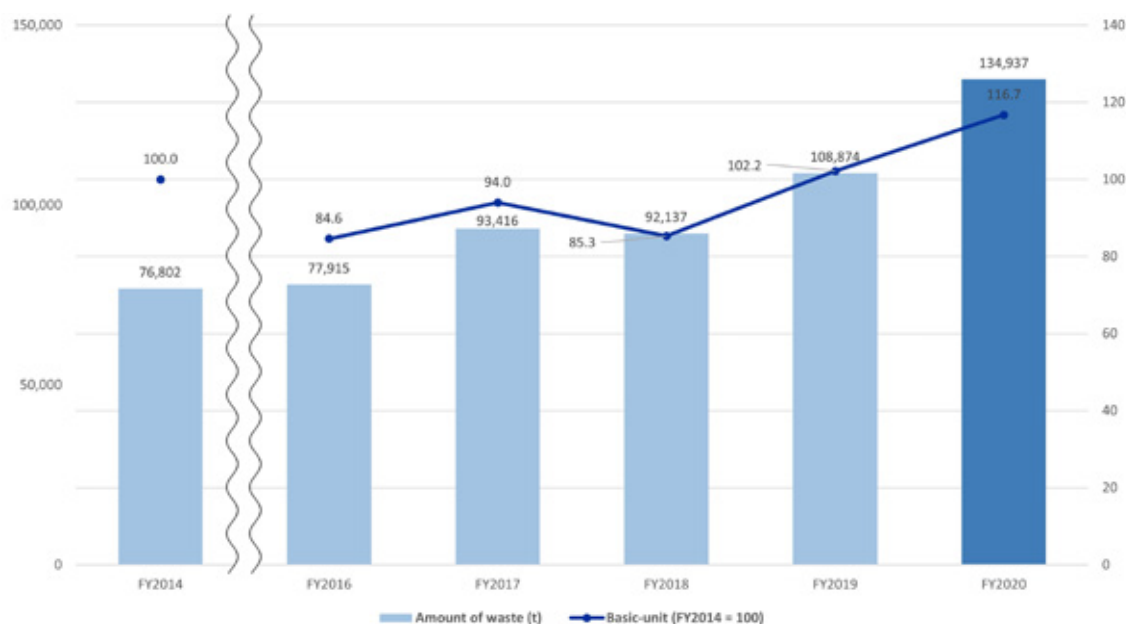
The total amount of waste generated in FY2020 increased by 23.9% from the previous year to 92,137 tons due to an increase in the number of employees and the production volume. In addition, the waste amount basic-unit worsened by 14.2% compared with the previous year, and our target was not achieved.

Going forward, we are committed to promoting comprehensive process improvements and continued efforts to reduce waste in terms of both efficient utilization of resources and improvement in the yield rate.

Fiscal 2020 Goal
Improve waste amount basic-unit 1.5% of the previous FY

## Fiscal 2020 Concrete Progress Report

Trend of amount of waste (global)



## Concrete Activities

### Promoting SDGs Activities and Initiatives through Resource Reduction

TDK-Lambda Ltd. (Israel) has done away with in-factory use of plastic cups for beverages by providing personal use water bottles (in picture) to all its employees.

We are committed to reducing the environmental burden, while promoting the improvement of the working environment of employees and advancing the creation of a sustainable environment.



# Reduce Risks of Chemical Use

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Background of Goals

Fiscal 2020 Goals and Achievements / Evaluations and Future Activities

## 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 2020 Goals and Achievements / Evaluations and Future Activities

Fiscal 2020 Goal	Achievement
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	Promote compliance with China's VOC Regulations and compliance with regulations for the use of hazardous chemical substances as per customer requirements

## Evaluations and Future Activities

Regarding compliance with China's VOC regulations, our business groups and each Headquarters functions of quality assurance, safety & environment , and procurement departments, are working together to promote the substitution of target substances. In addition, through in-house collaboration, we are working diligently to promote the substitution of chemical substances requiring regulated use by customers.

Fiscal 2021 Goal
Promote unified management of chemical substances globally and internal awareness about the future status of regulated chemical substances

## Approach to Biodiversity

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### Protecting Nature and Biodiversity

TDK uses metals and their oxides as raw materials for the manufacture of various components. These raw materials are made using ore and so on produced from mines around the world. There is a danger that mine development for the extraction of ore exploits limited global resources, destroys scenery, pollutes water, and exerts an adverse impact on the surrounding ecosystem. Concerned about this situation, TDK promotes resource-saving activities that contribute to the protection of biodiversity, including the improvement of production efficiency, prolongation of the life of products through refurbishable design, and strengthened collaboration with recycle businesses.

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

#### Related links

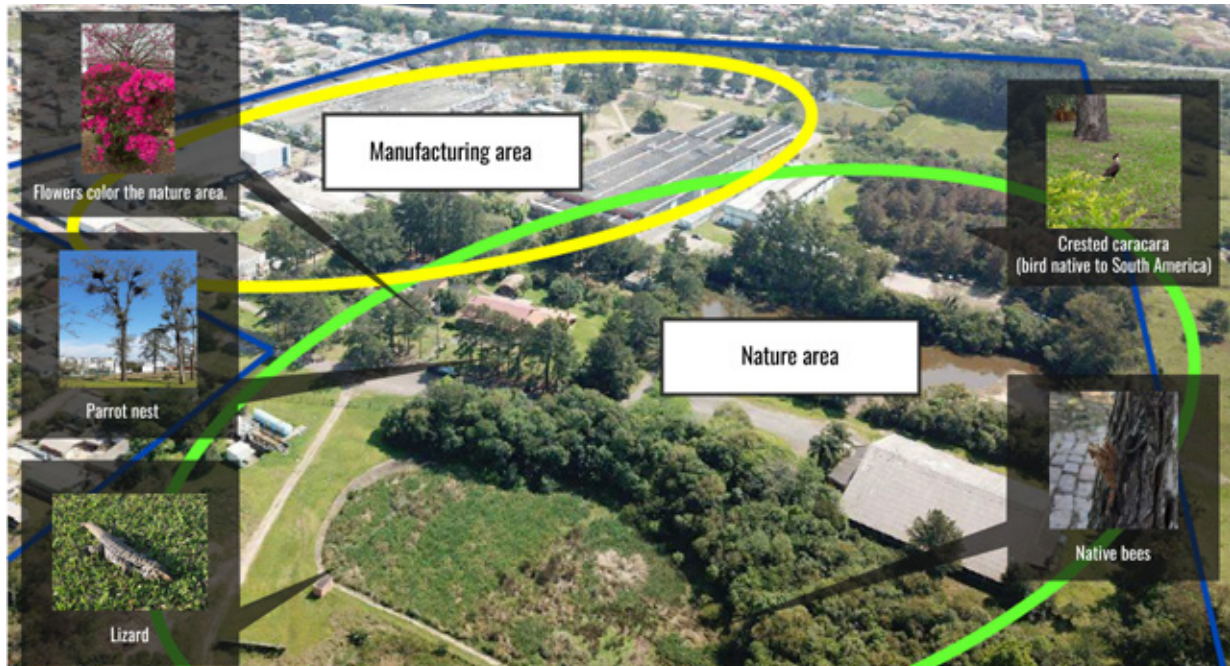
[Guidelines for Action by the Electrical and Electronics Industries concerning Biodiversity Conservation \(Link to external site\)](#)
[Major Nature Protection Activities by TDK \(Social Contribution Activities\)](#)



## Concrete Activities/Initiatives at Global Sites to Protect Biodiversity

### Nature Area in Factory Grounds (Brazil)

At the Gravataí Factory of TDK Electronics do Brasil Ltda. in Brazil, 70% of the factory grounds, which cover an area of about 400,000 sq. meters, are occupied by a nature area.



Situated near the Gravataí River, this nature area has three artificial ponds and is open to local residents as a park. It contributes to the conservation of native flora and fauna. The diverse natural life that can be observed here includes lizards that are about 60 cm long (Tupinambis, a lizard genus belonging to the Telidae family); native bees; crested caracara birds native to South America; parrots; and seasonal flowers. The nature area serves as a pleasant resting place for employees and local residents.

### Mangrove Tree-Planting Project (Indonesia)

In 2019 the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) reported that “restoring degraded land is an urgent priority to protect the biodiversity and ecosystem services vital to all life on Earth and to ensure human well-being.”

TDK engages in tree-planting activities around the world. Since three years ago, TDK Electronics Indonesia has been implementing a mangrove tree-planting project at its Batam Factory. In this project, the factory has planted about 1,000 mangroves on the Sembulang Beach together with local residents and children. By taking part, the participants experience and deepen their understanding of the importance of mangrove forests, which are the habitat of a large number of animals. This continuing activity will raise awareness of biodiversity among employees as well.





## Project for Releasing Fish into the Chao Phraya River (Thailand)

In March 2021, 30 employees of the Wangnoi and Rojana factories of Magnecomp Precision Technology Public Co., Ltd. and Hutchinson Technology Operations (Thailand) Co., Ltd. released a total of 31,095 carp and other fish, including 95 Mekong giant catfish, into the natural water of the Chao Phraya River in the Bangsai district of Ayutthaya Province.



Mekong giant catfish (an endangered species)



Releasing fish into the river

## Sustainability | Environment

# Environmental Performance Data

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Energy (Manufacturing)	CO <sub>2</sub> emissions	t-CO <sub>2</sub>	1,463,396	1,647,096	1,669,733	1,557,687	1,768,010
	Scope1	t-CO <sub>2</sub>	78,795	127,660	120,978	111,341	136,021
	Scope2	t-CO <sub>2</sub>	1,384,601	1,519,436	1,548,755	1,446,346	1,631,989
	Total energy consumption (A)+(B)+(C)+(D)+(E)+(F)* <sup>1</sup>	GJ	9,704,291	13,462,996	13,640,216	13,539,550	16,068,546
	Total energy consumption (A)+(B)+(C)+(D)+(E)+(F)* <sup>1</sup>	MWh	2,695,636	3,739,721	3,788,949	3,760,986	4,463,485
	Renewable fuels (A)* <sup>1</sup>	MWh	8,052	9,239	9,015	8,778	8,344
	Non-renewable fuels (B)* <sup>1</sup>	MWh	436,292	664,267	635,027	604,262	742,384
	Renewable electricity purchased (C)* <sup>1</sup>	MWh	44,580	614,403	639,029	572,189	886,632
	Renewable electricity purchased + On-site generated electricity (non-renewable fuels) (D)* <sup>1</sup>	MWh	2,206,394	2,451,479	2,505,576	2,575,182	2,824,761
	On-site generated electricity (renewable fuels) (E)* <sup>1</sup>	MWh	318	333	302	575	1,364
	On-site generated electricity (renewable fuels, amount for market)	MWh	0	0	0	0	0
Water	Steam/heating and other energy (renewable) purchased (F)	MWh	0	0	0	0	0
	Total net fresh water consumption	thousand m <sup>3</sup>	13,701	16,957	16,704	16,338	17,783
	Withdrawal: Total municipal water supplies (or from other water utilities) (A)	thousand m <sup>3</sup>	11,339	11,472	11,631	11,399	12,183
	Withdrawal: Fresh surface water (lakes, rivers, etc.) (B)	thousand m <sup>3</sup>	0	0	0	0	0
	Withdrawal: Fresh groundwater (C)	thousand m <sup>3</sup>	2,362	5,485	5,073	4,939	5,600
Waste	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 <sup>3</sup>	0	0	0	0	0
	Non-hazardous waste generated	t	76,343	90,726	90,478	108,110	134,830
	Non-hazardous waste externally recycled/sold	t	64,966	76,688	76,673	95,427	133,044
	Non-hazardous waste internally recycled/used	t	11,377	14,038	13,805	5,851	1,171
	Non-hazardous waste disposed* <sup>2</sup>	t	0	0	0	6,832	615
	Hazardous waste generated	t	1,572	1,688	1,660	764	107
	Hazardous waste externally recycled/sold	t	1,572	1,451	1,456	662	97
	Hazardous waste internally recycled/used	t	0	0	0	0	0
	Hazardous waste disposed* <sup>2</sup>	t	0	237	204	102	10

Waste	Total waste generated	t	77,915	92,414	92,138	108,874	134,937
	Total waste externally recycled/sold	t	66,538	78,139	78,128	96,089	133,141
	Total waste internally recycled/used	t	11,377	14,038	13,806	5,852	1,171
	Total waste disposed*2	t	0	237	204	6,934	625
Compliance with laws and accidents	Legal breaches and accidents	instance	0	0	0	1	0
	Fines of US\$10,000 or more	instance	0	0	0	0	0
	Fine amounts (US\$10,000 or more)	USD	0	0	0	0	0
Atmosphere (Japan)	PRTR substance emissions	t	100	76	85	78	155
	SOx emissions	t	2	2	2	1	1
	NOx emissions	t	43	42	17	18	18
	Dust emissions	t	3	2	3	3	3
	Volatile Organic Compounds (VOC) emissions	t	295	315	244	264	276
Water quality (Japan)	Waste water discharged	thousand m <sup>3</sup>	2,148	2,305	2,226	2,325	2,294

\*1 Reported matters for energy and related were revised in FY 2020.

\*2 TDK is promoting zero emissions, but Waste is disposed at newly joined subsidiaries.

## CO<sub>2</sub> Emissions in Value Chain (FY2020)

### CO<sub>2</sub> Emissions by Category and Scope

Category		Outline	CO <sub>2</sub> emissions t-CO <sub>2</sub>
Scope 1		Production	136,021
Scope 2		Production	1,631,989
Scope 3	1	Purchased goods & services	6,501,648
	2	Capital goods	1,102,326
	3	Fuel- and energy-related activities	764,632
	4	Upstream transportation & distribution	323,464
	5	Waste generated in operations	5,803
	6	Business travel	19,357
	7	Employee commuting	7,271
	8	Upstream leased assets	Not subject to calculation
	9	Downstream transportation & distribution	Not subject to calculation
	10	Processing of sold products	Not subject to calculation
	11	Use of sold products	9,898,070
	12	End-of-life treatment of sold products	Not subject to calculation
	13	Downstream leased assets	Not subject to calculation
	14	Franchises	Not subject to calculation
	15	Investment	Not subject to calculation

## Methods of Calculating CO<sub>2</sub> 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 subject to calculation
9	Downstream transportation & distribution	Not subject to calculation
10	Processing of sold products	Not subject to calculation
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 subject to calculation
13	Downstream leased assets	Not subject to calculation
14	Franchises	Not subject to calculation
15	Investment	Not subject to calculation

## Sustainability | Environment

## Environmental Performance Data by Site

Environmental Performance Data by Site

Apr. 2020 – Mar. 2021

Plant name	Energy		Water	Waste	
	Electricity use (Purchased) MWh	Fuel use GJ	Water consumption thousand m <sup>3</sup>	Total waste t	Outsourced recycling t
<b>Japan</b>					
TDK Corporation					
Chokai Plant	1,624	0	4	350	350
Inakura Plant	21,953	24,402	88	1,220	1,220
Nikaho Plant North Site	20,097	48,768	156	1,825	1,825
Nikaho Plant South Site	11,686	4,755	15	356	356
Narita Plant	66,296	10,064	283	1,674	1,670
Kofu Plant #1	32,852	50,446	535	833	833
Chikumagawa Techno Factory	5,727	16,999	11	63	63
Asama Techno Factory	33,803	28,304	137	518	518
Shizuoka Plant	38,769	53,423	116	3,154	2,238
Mikumagawa Plant	16,817	99,702	553	1,366	1,366
TDK Akita Corporation					
Honjo Plant West Site	111,466	128,395	491	5,804	5,804
Honjo Plant East Site	28,635	52,551	35	291	291
Kitakami Plant	91,873	115,973	436	4,487	4,487
Ouchi Plant	38,947	55,492	79	700	690
Iwaki Plant	2,916	2,168	58	278	278
TDK Shonai Corporation					
Tsuruoka Plant	9,835	2,498	11	291	291
Sakata Plant	14,764	6,307	27	157	157
Iida Plant	4,980	49	2	171	171
Tsuruoka East Plant	9,307	20,669	267	892	892
TDK-Lambda Corporation #2	3,362	22	4	76	76
TDK Precision Tool Corporation	481	2	0	8	8
Development and office sectors	12,630	32,151	37	126	125
<b>East Asia</b>					
TDK Dalian Corporation	45,115	253	201	384	373
Qingdao TDK Electronics Co., Ltd.	12,436	0	33	158	158
TDK (Suzhou) Co., Ltd.	3,194	0	8	130	102
TDK Xiamen Co., Ltd.	110,199	69,154	566	2,042	1,944
SAE Magnetics (H.K.) Ltd.	186,040	6,989	1,426	1,561	1,561
Amperex Technology Ltd.	1,189,675	556,596	3,174	71,712	71,712
Acrathon Precision Technologies (HK) Ltd.	7,316	0	86	618	527
Wuxi TDK-Lambda Electronics Co., Ltd.	4,245	0	8	76	76
TDK Dongguan Technology Co., Ltd.	59,810	52,828	330	2,710	2,710
Guangdong TDK Rising Rare Earth High Technology	8,019	0	35	87	87
TDK Korea Corporation	16,748	664	45	369	333
TDK Taiwan Corporation	15,508	1,232	87	225	225
InvenSense Taiwan Co., Ltd. InvenSense Taiwan	12,128	0	18	25	25
NVTD	82,205	13,063	470	5,770	5,770
<b>Other Asia</b>					
TDK Philippines Corporation	14,591	45,390	224	39	39
TDK (Malaysia) Sdn. Bhd.	10,324	0	38	528	528
TDK (Thailand) Co., Ltd.	12,959	1,144	186	867	867
Magnecomp Precision Technology Public Co., Ltd.	66,474	148	626	357	357
TDK-Lambda Malaysia Sdn. Bhd.	7,649	400	47	163	151
Hutchinson Technology Operations (Thailand), Co., Ltd.	26,008	0	202	283	283
NVTI	11,058	942	59	1,367	1,367
<b>EMEA</b>					
TDK-Lambda Ltd.	2,321	0	3	136	113
TDK-Lambda UK Ltd.	1,442	518	2	104	102
Micronas-UK	2,514	0	1	26	19
Micronas-Germany	39,920	219,137	369	630	630
<b>The Americas</b>					
TDK Components U.S.A., Inc.	1,829	769	0	42	42
TDK Ferrites Corporation	17,045	66,277	250	1,389	1,016
Headway Technologies, Inc.	53,564	46,778	145	443	412
TDK-Lambda Americas Inc.	1,944	2,168	2	14	5
Hutchinson Technology Inc.	50,655	161,315	309	1,114	485
<b>TDK Electronics</b>					
TDK Electronics Group <sup>*3</sup>	975,974	673,679	5,489	16,927	14,117

\*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 2020 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)	670,348	573,584		<ul style="list-style-type: none"> <li>Complaints regarding vibrations/noise/odor: 0</li> </ul>
Global environmental protection	386,553	258,418	<ul style="list-style-type: none"> <li>Electricity and fuel savings: 7,692</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions reduction: 277t-CO<sub>2</sub></li> </ul>
Resource recycling	0	629,733	<ul style="list-style-type: none"> <li>Materials usage savings: 59,681</li> <li>Service water usage savings: 1,440</li> <li>Profit from sale of valuable materials: 1,734,101</li> </ul>	<ul style="list-style-type: none"> <li>Materials usage reduction: 1,231t</li> <li>Service water use reduction: 42,190m<sup>3</sup></li> <li>Volume of valuable materials sold: 7,274t</li> <li>Company-external recycling volume: 16,435t</li> </ul>
Risk management	0	22,046		<ul style="list-style-type: none"> <li>PRTR controlled substances emissions: 121t</li> <li>Soil contamination risk countermeasures taken: 0</li> </ul>
2. Upstream and downstream costs	0	0		
3. Cost of management activities	0	5,493		
4. Cost of R&D	0	0		<ul style="list-style-type: none"> <li>Environment-conscious products research/development projects: 6</li> </ul>
5. Cost of community activities	0	1,091		<ul style="list-style-type: none"> <li>Trees planted outside of company premises: 940</li> <li>Cumulative total of staff taking part in volunteer activities: 1,073</li> </ul>
6. Cost of environmental damages	0	2,591		<ul style="list-style-type: none"> <li>Repair/restoration actions (incurring costs): 0</li> </ul>
Total	1,056,901	1,492,956	1,802,914	

\* The investment amount for the fiscal year is the amount paid in FY 2020.

\* 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 2020 Totalled Results

- Environment-related capital investment amounts rose on the previous year from ¥514 million to ¥1,057 million.
- Environmental conservation maintenance costs decreased on the previous year from ¥1,982 million to ¥1,493 million.
- The economic effects of environmental conservation activities rose from ¥799 million in the previous fiscal year to ¥1,803 million.

## Sustainability | Environment

# A History of TDK's Environmental Activities

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2021	Feb.	Placed on Leaderboard and awarded an A ranking in the CDP Supplier Engagement Rating
2020	Dec.	Named Climate Leader on CDP's Annual 'A List' for global water stewardship
	Dec.	Received evaluations of "A- (A minus)" on climate change by CDP
	Aug.	Achieved local production for local consumption of renewable energy at the TDK Museum
	Feb.	Commendation from the U.S. Environmental Protection Agency for Reduction Efforts of Metal Waste (Lead and Copper)
	Jan.	TDK Asama Techno Factory received The Energy Conservation Center, Japan Chairman's Award in the Energy Conservation Best Practice Category of the FY2019
2019	May.	TDK expressed support for the recommendations of the TCFD*1 (Task Force on Climate-related Financial Disclosures)
2018	Oct.	Clean energy purchasing promoted primarily at European business sites of TDK Electronics AG
	Apr.	Revision of the TDK Environmental Charter (fifth edition)
2017		Received special award in the Development Bank of Japan's environmental ranking for the third consecutive year
		Total abolition of high-concentration PCB equipment in Japan
		Raising of Japanese rice fish ( <i>Oryzias latipes</i> ), an endangered species, begun at TDK Akita's Kitakami Plant as a biodiversity protection activity
2016		Biomass boiler at Honjo Plant of TDK-MCC Corporation taken into operation. Use of biomass fuel is a first for the TDK Group
		"Guidelines for Calculation of Product Contributions" published with the aim of enhancing the reliability of product contribution calculations
		TDK Environment, Safety and Health Action 2025 formulated as basic environmental plan in accordance with the TDK Environmental Vision 2035 (implemented from April 2016)
2015		Achieved the fundamental environmental plan "TDK Environmental Action 2020" goal of a one million-ton environmental contributions
2012		TDK receives special award under environmental assessment scheme of Development Bank of Japan for second time in a row
2011		Fundamental environmental TDK Environment Action 2020, drafted (started from April 2011)
2010		TDK became the first electronic components maker to receive a special award under the environmental assessment scheme of the Development Bank of Japan
2009		TDK establishes Biodiversity Action Agenda
2007		Chinese headquarters obtained ISO14001 certification (first step toward integration of EMS in China into company-wide system)
		Zero emissions achieved*2 for manufacturing facilities of all overseas subsidiaries
2006		EMS integration for all manufacturing facilities in Japan completed
2005		Fundamental environmental plan, TDK Environmental Action 2015, drafted (started from April 2006)
2003		Zero emissions achieved*2 at all TDK sites in Japan
2002		EMS Integration Preparation Committee inaugurated (committee name changed to EMS Integration Promotion Committee in April 2003)
2000		ISO 14001 certification of all manufacturing and R&D facilities of TDK Group in Japan completed
1999		Regular release of Environmental Report begins
1993		TDK Environmental Voluntary Plan formulated

\*1. The TCFD was founded in 2015 by the Financial Stability Board (FSB), an international body seeking to achieve the stabilization of the financial system.

\*2. Zero emissions is defined at TDK as 100% final resource recovery without any disposal by landfilling or simple incineration of waste produced at business sites (excluding resources which cannot be recovered separately under the legal framework)



# Respect for Human Rights

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## Our Approach

### Understanding of global trends on human rights issues

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

### Our policies for respecting human rights

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

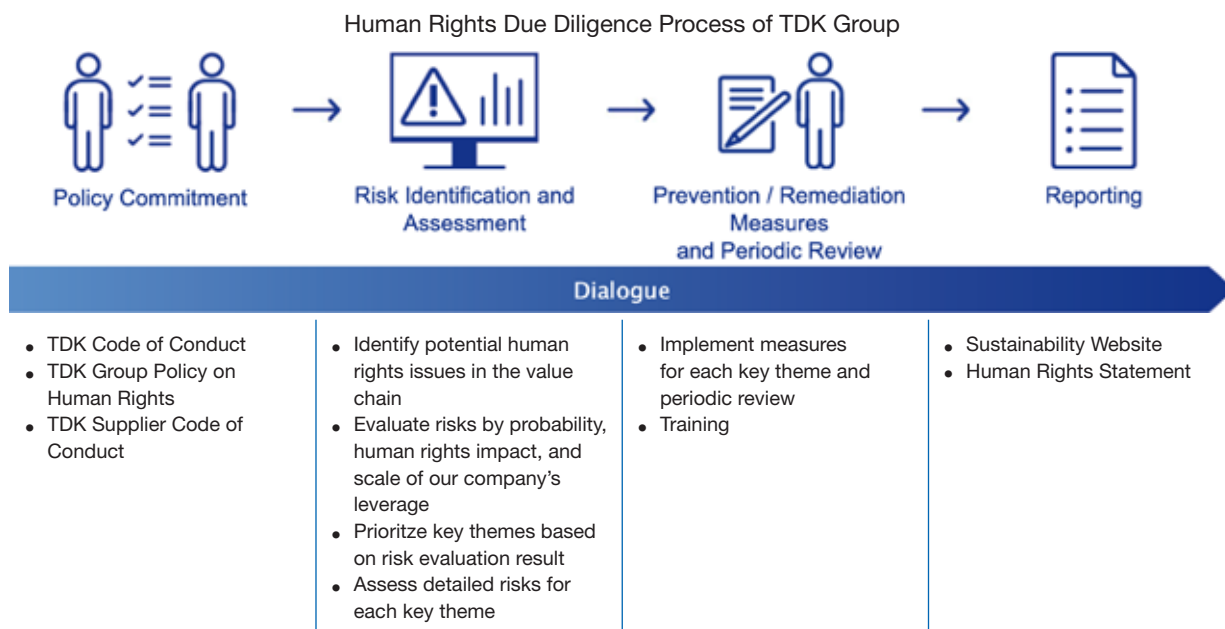
The TDK Group Policy on Human Rights was formulated in 2016. Based on the framework of the UN Guiding Principles on Business and Human Rights, TDK promotes the correct understanding and awareness of human rights issues, not only within the business operations of the TDK Group itself but also throughout 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.

### Related links

[TDK Code of Conduct](#)
[TDK Group Policy on Human Rights](#)
[TDK Group - Human Rights Statement](#)
[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.

(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	○	○	-	-
Working hours and fair wage management	○	○	-	-
Occupational safety and health	○	○	-	-

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

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

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

## Our Approach for Each Human Rights Issue

### Prohibition of Child Labor and Forced Labor

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

### 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

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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 2020, 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 2 or 3 years, including customer audits. In fiscal 2020, TDK implemented CSR self-checks at all of its 79 manufacturing sites. During the risk assessments for labor, human rights and business ethics at all of our 79 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. In addition to customer requested CSR audits, we conducted the CSR audits by third parties at 6 eligible sites that had not undergone customer CSR audits over the last two years in China and Asia.

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 2020, 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 2020, CSR self-checks confirmed that 98.0% of suppliers of our TDK Group companies were CSR compliant, a 1.9% improvement over fiscal 2019. We will continue to strengthen our efforts regarding Group companies and suppliers.

### Initiatives for sub-contractors

TDK has started CSR self-checks of its manufacturing sub-contractors beginning in fiscal 2019. In fiscal 2020, we implemented CSR self-checks on 88.5% of our 226 targeted manufacturing sub-contractors. For manufacturing sub-contractors in China, we conduct child labor monitoring by headquarters as we do for our manufacturing sites. In fiscal 2020, no case of child labor was discovered. Furthermore, in China, as a general rule, we carry out CSR audits of critical manufacturing sub-contractors for TDK at least once every two years.

### 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 2020, we conducted CSR self-checks on all of our targeted 78 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 2020, in addition to ethics training and sustainability awareness training, we conducted a training session explaining TDK's membership in the RBA and the RBA code of conduct at TDK's Territorial Human Resources Meeting for the Asia region, which was attended by 40 employees.

### 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 made by some external organizations in fiscal 2020, 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:

#### 2021

Study session on human rights issues in the supply chain

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

#### 2017

Targeting Human Rights Responses at the Supply Chain

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

[Targeting Human Rights Responses at 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](#)

#### 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).

[Human Rights Due Diligence Workshop \(Link to external site\)](#)

## 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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Top Priority Measures in the "Advance to Zero Defects"

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

## 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.

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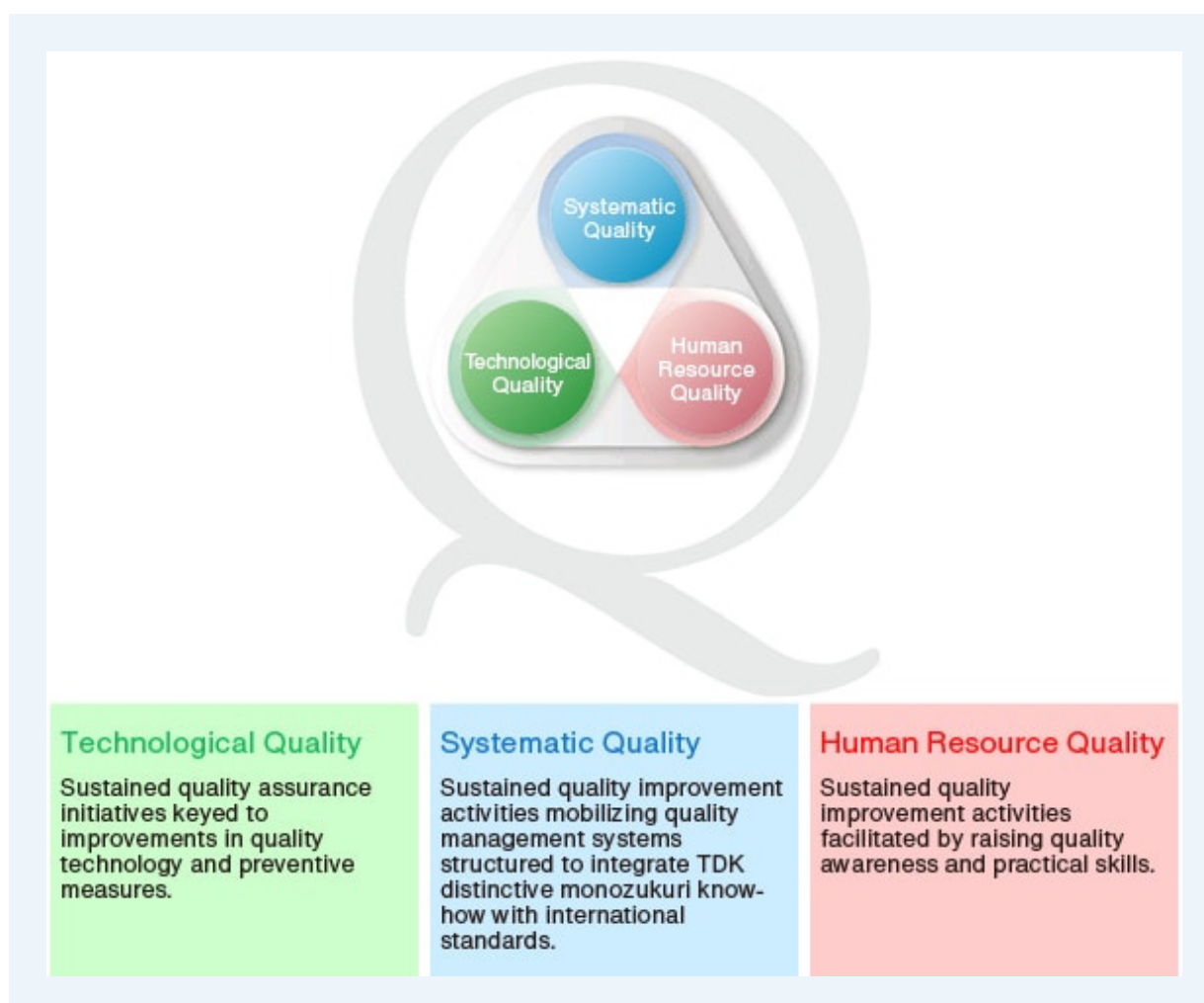
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## Structure

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 2020 Goals and Achievements / Evaluations and Future Activities

Fiscal 2020 Goal	Achievements
To promote globalization of quality education content	Compiled foreign-language educational contents and completed their distribution to relevant sites. (June 2020)

## Evaluations and Future Activities

Prepared a tool for sharing quality awareness. Going forward, will check the progress of course attendance.

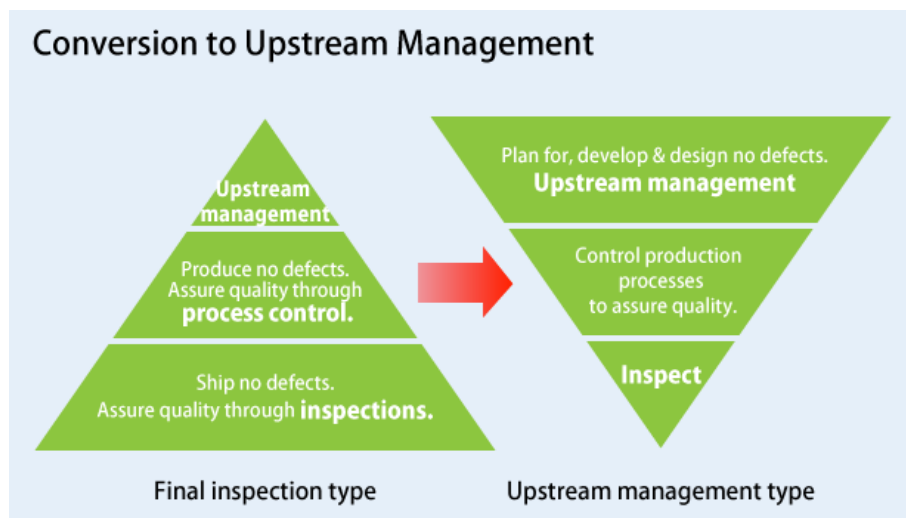
Fiscal 2021 Goal
Promotion of the globalization of quality education

## 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

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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 link

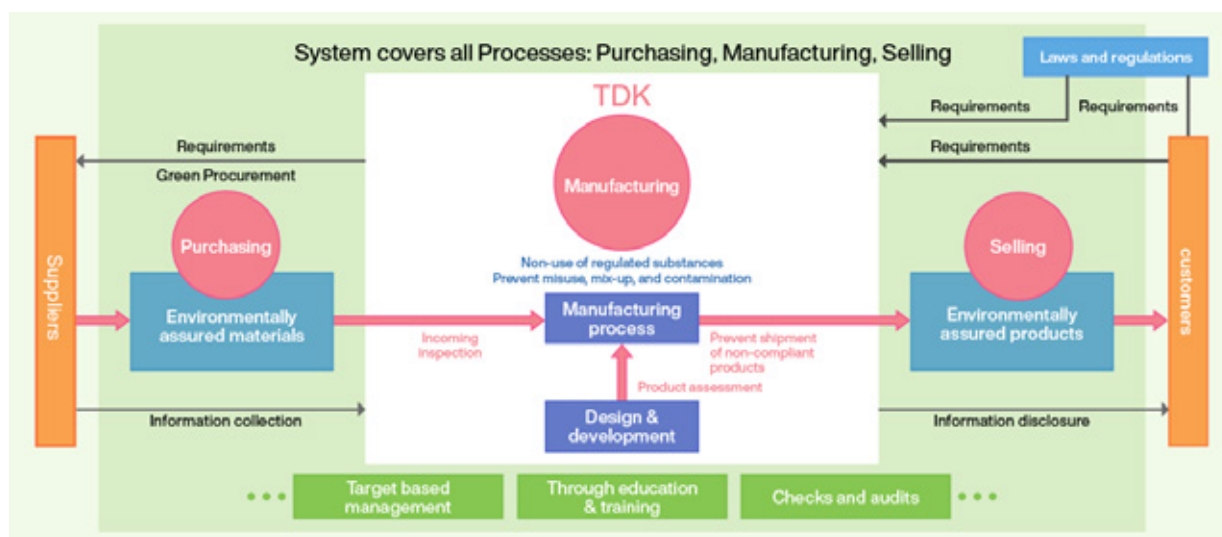
[Quality Assurance HQ General Manager's comment \(In Pursuit of Zero-Defect Product Quality\)](#)

## 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 operated under our Quality Management System (QMS).

To clarify chemical substances that should be prohibited from our products or identified, TDK has compiled in-house standards based on related industrial standards, such as the International Electrotechnical Commission's IEC 62474 (Material Declaration for Products of and for the Electrotechnical Industry) and the Global Automotive Stakeholder Group's Global Automotive Declarable Substance List.

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.

In addition, we request suppliers to report chemical substances contained in their products that should be identified, including notification to them of information on substances of very high concern in the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) 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, in response to the risk level, TDK measures the amount of specific chemical substances contained in procured products through analytic tests conducted at the time of acceptance and prevents regulated chemical substances from entering the manufacturing process. Incidentally, the definition of risk level, frequency of measurements, and so on are continuously being revised based on performance.

## 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. We believe that it is at this stage that a product's effect in reducing the environmental load, in other words, its contribution to the goal of sustainable development and the circular society, is decided.

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, mixing (including migration through contact, etc.), 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, including not only the electric and electronic equipment business, in which the RoHS Directive is applied, but also the automotive, medical device, and other industries, and we have to meet various legal and customer requirements. In the case of the RoHS Directive, some customers desire products in compliance with the directive, and some customers not marketing in the European Union request products not conforming to the directive for the purpose of, for example, securing a higher level 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

TDK supplies electronic components not only to electronic device manufacturers directly linked to end consumers, but also to electronic assembly manufacturers and component manufacturers. For these diverse customers, TDK uses the following methods to measure customer satisfaction, and aims to be a company that is trusted by customers for its overall satisfaction in terms of quality, cost, delivery, technology, and service.

#### Related link

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

- A questionnaire created by TDK which asks customers to respond.
- Supplier evaluation information that customers regularly evaluate TDK products using their own evaluation methods
- Information on product complaints from customers
- CS evaluation that sales representatives evaluate TDK products from a customer's point of view

#### Questionnaire

TDK has implemented a system to ask customers to complete questionnaires, collect their requests and opinions, and provide feedback to the appropriate internal divisions.

#### Supplier evaluation information

TDK obtains the results of supplier evaluations conducted by customers. The evaluation ranks the different levels of customer satisfaction, with an "A" indicating that the customer is fully satisfied. TDK tracks changes in the A rank percentage and provides this information to the relevant divisions to improve CS.

#### Product complaints

Product complaints received from customers, both in Japan and abroad, are managed in a complaint information database. The database is used to share information online with relevant divisions to take quick action to improve CS. If a significant complaint arises, the system is designed to automatically report it to top management.

#### CS evaluation

In order to become the supplier of choice for our customers, our sales representatives strive to understand our customers' needs from a customer's perspective. Quickly capturing details of customer dissatisfaction and providing feedback to relevant divisions helps us improve CS.

# Sustainable Procurement

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Concrete Activities of Sustainable Procurement

## 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.

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## 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

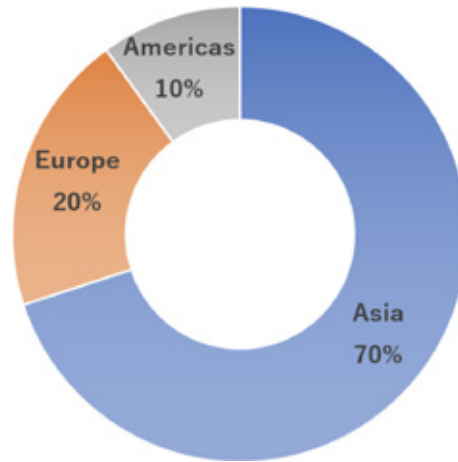
[Materials procurement \(Purchasing Policy, Purchasing Principles, TDK Supplier Code of Conduct\)](#)

[Approach to relations with business partners](#)

## TDK Group Supply Chain

On a global basis, the TDK Group does business with approximately 4,500 suppliers, with a purchase value of more than 420 billion yen (as of March 2021).

Number of suppliers by region



### 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

As of March 2021, a global total of approximately 1,000 companies have been identified as critical suppliers. 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, sub-contractors, and 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 link

[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 2020 Goals and Achievements / Evaluations and Future Activities

Fiscal 2020 Goals	Achievements
To achieve CSR compliant supplier rate of 97%	98.0%
To achieve 100% implementation of CSR self-checks at sub-contractors	88.5%
To achieve 100% implementation of CSR self-checks at worker dispatch agencies used by manufacturing sites in the high-risk countries of Asia including China	100%

## Evaluations and Future Activities

In fiscal 2020 TDK's CSR compliant supplier ratio, including newly affiliated Group companies, exceeded our target to reach 98%. Going forward, TDK is considering the on-the-spot auditing of Chinese suppliers. Regarding sub-contractors, TDK will implement even more prudent follow-up to raise the CSR self-check retrieval ratio.

Fiscal 2021 Goals
To achieve CSR compliant supplier rate of 99%
To achieve 100% implementation of CSR self-checks at sub-contractors
To achieve 100% implementation of CSR self-checks at worker dispatch agencies used by manufacturing sites in the high-risk countries of Asia including China

## Concrete Activities of Sustainable Procurement

### CSR self-checking by suppliers, etc.

	Implementing supplier	Frequency	Content
CSR self-check	<ul style="list-style-type: none"> <li>Material suppliers (excluding suppliers of nonproduction materials, such as office equipment)</li> <li>Sub-contractors</li> </ul>	Implemented at the time of starting business and regularly in principle once every two years thereafter.	<ul style="list-style-type: none"> <li>Compiled on the basis of the RBA's checklist.</li> <li>After replies have been received, improvements are requested if necessary.</li> </ul>
	Worker dispatch and job-placement agencies (high-risk countries in Asia, including China)	Every year	<ul style="list-style-type: none"> <li>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.)</li> <li>After replies have been received, improvements are requested if necessary.</li> </ul>

The TDK Group includes items relating to CSR, such as legal compliance, environmental protection, respect for human rights, and product safety, in basic business contracts and regularly implements CSR self-checks to confirm the status of CSR efforts.

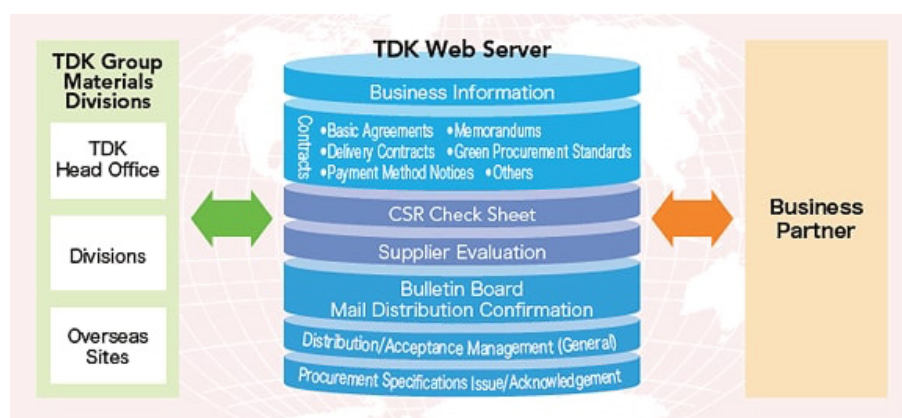
The CSR self-check list, which is based on items required by the RBA, consists of a total of 60 items considered especially important by TDK, including the categories of human rights and labor, the environment, health and safety, fair trade and ethics, and information security. In fiscal 2020 it was confirmed that 4,382 material suppliers (excluding suppliers of nonproduction materials, such as office equipment) were CSR-compliant suppliers.

Self-checking was implemented at 88.5% of the targeted 226 sub-contractors.

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 worker 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 2020 self-checks were conducted at all 78 targeted worker dispatch agencies (100%). Regarding agencies that failed to achieve a certain level of results in the survey, the manufacturing sites using those agencies are carrying out improvements.

## 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.



## CSR audits of sub-contractors

Since fiscal 2015 TDK has been conducting biennial CSR audits, based on the fundamental items of the RBA, of sub-contractors with a high degree of dependence on TDK in China, where there are often said to be high risks in the labor environment. There were no targeted companies in fiscal 2020. Going forward, TDK is considering expanding the targeted scope. A global advance survey is scheduled to be implemented in fiscal 2021 for that purpose.

## 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. Each company adopts an appropriate method and, with reference to supplier examination results, only begins business with suppliers having no problems.

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

In particular, regarding BCP/BCM surveys of suppliers, a joint industrial initiative has begun, and TDK implements the supplier BCP/BCM surveys utilizing the Supply-Chain Business Continuity Questionnaire of the Japan Electronics and Information Technology Industries Association (JEITA). Furthermore, TDK endeavors to strengthen supply chain BCP/BCM by, among other activities, holding BCP/BCM seminars for business partners.

## 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. These risks include OECD Annex II risks.

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 2020 Goals and Achievements / Evaluations and Future Activities

Fiscal 2020 Goals	Achievements
Conflict-free supplier ratio: over 92%	94.5%
Monitor number of customer responses	Implement monitoring
Fiscal 2021 Goals	
Conflict-free supplier ratio: over 92%	

## Evaluations and Future Activities

In fiscal 2020, TDK continued to inform business partners of its expectation of conflict-free mineral use and to request unconfirmed business partners to make the utmost efforts to this end. As a result, the confirmed conflict-free supplier ratio increased further from the previous year to reach 94.5%, meaning that we had achieved our target.

In fiscal 2021 also, we have set “confirmed 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

### ■ Risk Identification Process

#### —Implementation of surveys in Group companies and promotion of conflict-free sourcing

TDK has been conducting initiatives for risk identification measures in accordance with the OECD’s Due Diligence Guidance. To guarantee the rationality of replies, surveys use the Conflict Minerals Reporting Template (CMRT) issued by the Responsible Minerals Initiative (RMI)\* to check whether products contain the so-called 3TG conflict minerals (tin, tantalum, tungsten, and gold) and identify smelters. After the retrieval of CMRT surveys, TDK compares them with the RMI’s list of smelters and evaluates the risk of conflict minerals included in production materials being used as funding for armed groups and the risk of human rights violations, including child labor.

In fiscal 2020 surveys were again implemented in Group companies, and the ratio of suppliers confirmed to be conflict-free reached 94.5%, thus achieving the target of over 92%. In addition, TDK responded in a precise and timely manner to requests from customers and implemented monitoring of the number of responses.

\* The RMI, which has a membership of more than 380 companies and organizations worldwide, spearheads efforts relating to responsible mineral procurement.

#### -Cobalt reporting

Regarding cobalt as well, TDK continues efforts to identify smelters using the Cobalt Reporting Template issued by the RMI since 2019.

### ■ Correction Process

#### —Response to identified risks

At the time of survey request, TDK expresses its hope to business partners that they use RMI conformant smelters. In the survey process, if a risk is discovered, TDK requests the business partner to remove the smelter concerned from the supply chain.

### ■ Promotion of Troubleshooting in Collaboration with Industrial Organizations

In order to solve problems relating to responsible mineral procurement, efforts are necessary in the entire supply chain. TDK has participated in the RMI since February 2020 and in the JEITA ever since its founding, becoming a full member of the JEITA in fiscal 2013. TDK took part in the following activities in fiscal 2020:

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- TDK participated in the Education and PR Team of the JEITA Responsible Minerals Trade Working Group and cooperated in the organization of an online briefing on responsible mineral procurement aimed at raising awareness of the problem of responsible mineral procurement and deepening understanding of survey methods among secondary suppliers and others.
- TDK participated in a joint working group (the Conflict-Free Sourcing Working Group) with automakers and gave feedback for a survey manual and tools.
- TDK took part in the JEITA's Smelter Support Team and jointly confirmed risks in smelters.
- TDK called on smelters not participating in the Responsible Minerals Assurance Process (RMAP) to do so.
- As a leader of JEITA's Data Exchange Standard Development Team, TDK conducted hearings of related businesses regarding the inclusion of micas as conflict minerals and drafted a revision of IPC-1755, a data exchange standard for responsible mineral procurement.

## 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

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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.
- TThe 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](#)

[Fiscal 2020 Goals and Achievements / Evaluations and Future Activities](#)

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### 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.

### Fiscal 2020 Goals and Achievements / Evaluations and Future Activities

Fiscal 2020 Goals	Achievements
To achieve 100% implementation of CSR self-checks at manufacturing sites (TDK Group manufacturing sites)	Achieved 100% implementation
To achieve 100% implementation of labor, human rights, and ethics risk assessments at manufacturing sites (TDK Group manufacturing sites)	Achieved 100% implementation
To ensure audit opportunities once every two years by a third party (high-risk countries in Asia, including China)	100% implementation except for one site, due to repercussions from Covid-19
To continually implement CSR training	Training conducted remotely for ASEAN-area HR meetings
To implement internal audits on workers' rights and corporate ethics by internal auditors	Achieved 100% implementation at targeted sites

Fiscal 2021 Goals
To achieve 100% implementation of CSR self-checks at manufacturing sites (TDK Group manufacturing sites)
To achieve 100% implementation of labor, human rights, and ethics risk assessments at manufacturing sites (TDK Group manufacturing sites)
At all production sites, to conduct at least once every 3 years either an RBA-approved third-party audit (VAP, AMA, CMA), customer CSR audit, or CSR assessment based on the RBA VAP Operations Manual
To conduct training for personnel involved with CSR in Japan and overseas
To achieve 100% implementation of labor, human rights, and ethics internal audits at targeted manufacturing sites

## Evaluations and Future Activities

In fiscal 2020, changes occurred in work styles in response to Covid-19 restrictions, and a switch was made to remote auditing with online field audits. This and other adjustments have allowed activities to go on largely as scheduled.

From fiscal 2021 forward, we will continue to improve and strengthen regular activities, while improving efforts that have fallen short nationally or regionally. Using the RBA framework, we will plan initiatives to be implemented more consistently group-wide.

## 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.
Labor, human rights, and ethics 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 fiscal 2020, questions on managing hazardous substances were added to the RBA check items. Also, feedback was provided to specified sites on how to make improvements when less than ideal responses were received on check items.



## Labor, Human Rights, and Ethics Risk Assessments

Regarding risk assessments, we clarify the risks in labor, human rights, and corporate ethics that are not covered by other efforts such as environmental or occupational health and safety risk assessments, take measures to promote 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 fiscal 2020, based on a change in labor law related to wages, we created check items for wages and items to evaluate the status of the work interval system and supplier responsibility. Risk assessment results showed issues that presented risk, but measures were already in place, so there were no remaining risks.

## Audits

	Frequency	Implementation site	Content
Self-audits	Once every two years	<ul style="list-style-type: none"> <li>High-risk countries/regions</li> <li>Sites where customers have not conducted audits</li> </ul>	<ul style="list-style-type: none"> <li>Implemented for RBA audit items</li> <li>Conduct audits by external auditing firms</li> </ul>
Simple CSR audits	Once every two years	<ul style="list-style-type: none"> <li>Low-risk countries/regions</li> <li>Sites that are not audited by a third-party organization</li> </ul>	<ul style="list-style-type: none"> <li>Conduct audits on important matters based on the RBA audit items</li> <li>Implement audits at the Sustainability Promotion Headquarters</li> </ul>
Corporate internal audits	Every year	Sites that support audits by customers	<ul style="list-style-type: none"> <li>Consider audit items related to labor, human rights, and corporate ethics taking risks into consideration</li> <li>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</li> </ul>
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 fiscal 2020, Covid-19 made it difficult to conduct field audits, so remote audits were conducted online, keeping activities going generally as scheduled.

## Trainings and Dialogues

With a systematic understanding of RBA and customer requirements related to CSR, we provide timely training for quick responses. In fiscal 2020, upon the revision of the RBA Code of Conduct, we conducted training for ASEAN-area personnel meetings. Also, as a member of the RBA, we have been promoting participation in many kinds of training offered by the RBA to raise the level of our CSR activities even further.

## Sustainability | Society

# 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

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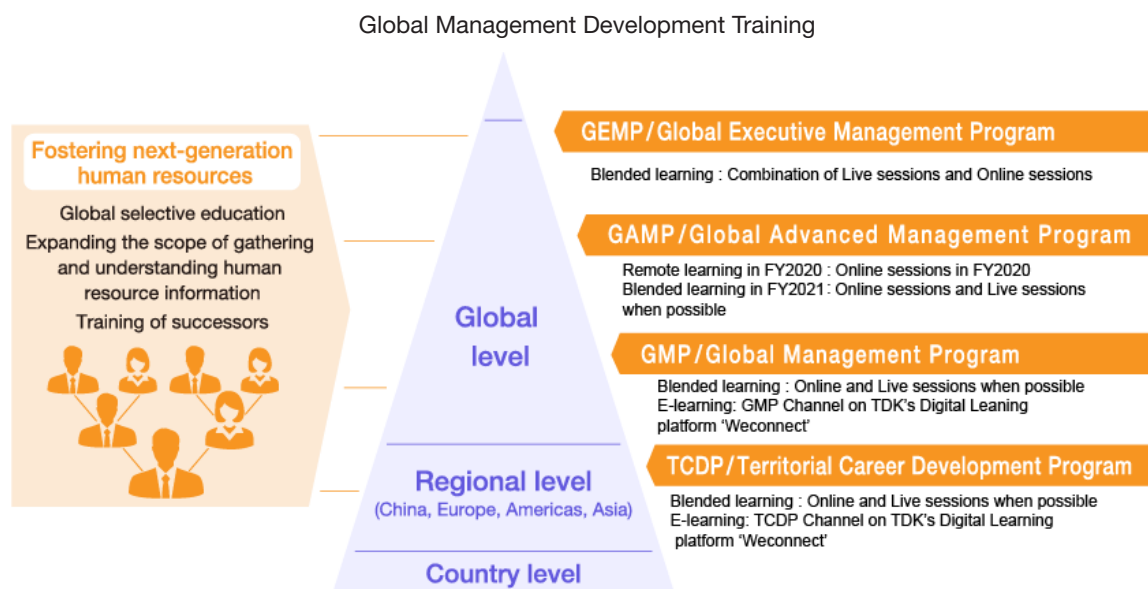
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In order to serve this vision, TDK Global HR is further developing the Global Management Development Programs, which seek to develop the next generation of leaders that will support TDK. Since the Covid-19 breakout, we adapted the programs to ensure the continuity of our training and development activities and to seize the opportunity for innovative learning. In that respect we shifted from face-to-face to online or blended approach: Global HR redesigned the programs, using digital technology as an asset to provide the best possible learning experience to the participants.



## Structure

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

## Fiscal 2020 Goals, Achievements and Future Activities

Fiscal 2020 Goals	Achievements
Continue Global Management Development Training (TCDP)	Successful continuity of the TCDP in all Territories despite the circumstances thanks to Digital technology and re-design of the program.
Continue Global Advanced Management Program (GAMP)	Successful roll out of GAMP by shifting the program to online sessions and adapting the design to the new circumstances.
Introduce Global Executive Management Program (GEMP)	Successful introduction of the GEMP which resulted in several initiatives serving the long-term strategy of TDK.
Enhance English training program	New training type, Blended Learning, was introduced. There are 6 different training programs world-wide and 10 selections in China have been prepared.

### Future Activities

Fiscal 2021 Goals
TCDP: Target of 80~100 participants per year. Develop the blended learning approach in all 4 territories.
GAMP: Target of 20~25 participants per year.
GEMP: Ensure the successful continuity of the program, entering a new phase called 'Turning Vision Into Reality (TVIR)'.

## Concrete Activities

### TCDP (Territorial Career Development Program)

The Territorial Career Development Program (TCDP) originally started in TDK Electronics Greater China more than twelve years ago. Since 2018, we have have deployed TCDP on a territorial scale (Greater China, Asia, Americas, and Europe).

TCDP consists of several face-to-face modules, covering topics such as Leadership and Self-awareness, People management, Driving change, Presentation & Communication, Learning Integration & 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 is designed in five training sessions (four modules in Americas with same training contents) over a 9-month period. In the event that Live sessions can take place, the participants meet at different TDK companies and sites in the respective territory. If travelling is not possible, the sessions are held online, the design and the schedule being adapted to this virtual format.

A dedicated TCDP Learning channel is available on the TDK Digital Learning platform 'Weconnect'. This complements and enriches the learning journey with a blended approach.

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.

#### 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.

#### Related link

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

#### GMP (Global Management Program)

GMP is aimed to be a personal and professional management development program for talented TDK Employees having several years of management experience, showing high potential for further growth within the TDK Group and strong engagement.

The program widens perspectives beyond own functions, increases leadership skills, creates awareness about TDK's organizational structure & the challenges of General Management, and offers the opportunity to create stronger bonding and partnership among different TDK entities, functions, cultures and experiences.

The program runs over a period of two years with the unique reformation of half of the participants each year. The overall journey consists of six face-to-face modules of 2.5 days each and taking place at various TDK locations worldwide if the situation allows. The GMP cohort consists of up to 50 participants, who are distributed into two groups of up to 25 participants each, to ensure the best possible learning, interactions and group dynamics. The allocation to the two groups is based on their main working activity. Within the journey of six sessions, 2 are held in plenary (the complete cohort of 50 participants are together) and 4 are held in two groups of 25 participants.

Each module is driven by a main content stream such as "Operation, Quality & Procurement", "Leadership & Intercultural Training", or "Global Sales". In addition, a dedicated GMP Learning channel is available in the TDK Digital Learning platform 'Weconnect'. It complements and enriches the leaning journey with a blended approach.

#### Business benefits:

- GMP enhances participants' network, knowledge, leadership skills and understanding of TDK organizational structure & challenges.
- GMP supports global succession planning by empowering participants in their career development towards upper Management positions.
- GMP widens the perspectives of the participants beyond their business scope and to learn about the complexity of General Management.
- GMP expands partnership among TDK Network members.

#### GAMP (Global Advanced Management Program)

Global Advanced Management Program (GAMP) introduced in 2019 is aimed to develop future leaders and to strengthen 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 GAMP 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 GAMP journey, the participants present their project to the TDK Top Management.

GAMP is offered yearly. The original design of the journey 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 can take place in Singapore, Lausanne, Dubai and Tokyo when the situation allows. The program can also be held online, upon adjustment of the design and the schedule of the sessions. Participants are either General Managers or newly appointed General Managers and Deputy General Managers (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 :

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

### GEMP (Global Executive Management Program)

The Global Executive Management Program (GEMP) introduced in 2020 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 supports 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 objectives of serving the mid-term and building the long-term plan of TDK, and of presenting these visionary projects to TDK’s Top Management. Individual coaching sessions support the participants in their development journey to become inspiring Global Leaders.

The journey is originally designed in 3 face-to-face modules of 5/4/4 days, in total about 7 months. The modules can take place in Barcelona, India, and in Tokyo. The locations can change every cohort in order to adapt to the TDK context and to serve the GEMP journey appropriately. Upon the circumstances, sessions can also be held online, the design and schedule being adapted to the new circumstances. Participants are either potential or newly appointed Corporate Officers. Each cohort is limited to 10–15 participants. The program is held in English. The program may not be held every year as it is triggered by the Succession planning of Top Executive positions. It can also be prolonged beyond one year to support the participants in turning their vision into reality, a second and crucial phase of the GEMP.

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 long-term strategy).

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## World-wide English & Communication Training

TDK Group commenced the Global Communication & English initiative in order to bolster and enhance communication fluency amongst our employees worldwide in 2018. Over the last 3 years, the GCE team has established an annual schedule of pre-test, training & post-training test. GCE training has also expanded to meet special requirements, such as intensive course for those who need to improve their English communication skills in a short period of time, business skills training and also language training in languages other than English. The GCE project will now also extend to offering communication training on TDK Weconnect, TDK's digital learning platform.

### Related link

[Employee Performance Data](#)



## Sustainability | Society

# 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.

### Launched the Diversity Promotion Department

In October 2020, TDK established the Diversity Promotion Department within the Human Resources HQ.

In order for TDK to be a company that society needs and continues to have high hopes for, we will continue to strive foster a culture that employees worldwide respect one another and feel free to exchange opinions, regardless of gender, age, nationality or ethnicity.

Our first step in embracing diversity will be a renewed and serious effort to empower the women of Japan. To date, we have put in place a number of programs designed to make it easier for women to work. The remaining issue is to shift from merely facilitating work to offering women an active role. As a company, we will draw out the capabilities, values and potential of our female employees, incorporate those assets in our business, and tie them to the growth of TDK.

In addition, as a milestone, we have decided to carry out activities by setting the percentage of women in managerial position by FY2035, which is the 100th anniversary of our founding, as follows.

Goal:

Percentage of women in managerial positions 15% by FY2035

Related link

[Employee Performance Data](#)

## Fiscal 2020 Goals, Achievements and Future Activities

Fiscal 2020 Goals	Achievements
To continue expansion of scope for talent management system.	Talent management system extended to the HQ-R&D function, and pilot companies in the world.
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"> <li>Global Human resources meetings with participation of all major legal entities took place in July 2019 and November 2020.</li> <li>Territorial HR meetings with participation of local HR managers launched at all territories starting in 2018</li> </ul>
To further conduct succession planning for identified Top Key Positions at the TDK Group.	Succession planning for Top management conducted.

### Future Activities

Fiscal 2021 Goals
To continue expansion of scope for talent management system.
To strengthen Human Resources network worldwide and further conduct Global and territorial Human Resources Meetings.
To further conduct succession planning for identified Top Key Positions at the TDK Group.
To implement enlightenment activities for managers in Japan to increase awareness of the importance of diversity promotion.
To conduct harassment prevention measures.
To implement career development training for female employees.

## Concrete Activities

### Voices of staff working with diverse backgrounds

#### Capitalizing on Unique Career in Joint Work with Germany

My career is a bit unusual. After graduating from university, I wanted to work in a job where gender does not matter, so, as a civil servant, I became an immigration inspector at Narita Airport. After four years, I went to study abroad in Costa Rica. I met my husband in South America, and after our marriage we returned to Japan.

I spent the next six years as a full-time housewife engaged in childbirth and parenting. When child raising eased, since there was no work in which I could use my language skills in Toyama Prefecture, where we were living at the time, I found a job in quality management at a manufacturing company there. Despite the fact that I had no background in engineering, I received almost no instruction about my work! [Laughs] But I am naturally the kind of person who hates to lose, so I asked for some guidance and went on to acquire quality management skills.



After reaching the age of 40, I began to worry about the fact that it was difficult for women to gain promotion or broaden their careers in that company. Then I learned that TDK had a vacancy in quality assurance in Akita Prefecture, which was where I was from. My husband, a broad-minded Chilean, and my three children supported me, so our whole family moved to Akita. I get asked if I had any concerns, but the principles behind quality assurance were the same, and fortunately I like change, so I took the plunge.

I did struggle for a few years after joining the company, but then I shifted my way of thinking to one of "I'm a newcomer, so I can ask anything!" Repeatedly cornering people on the site to learn from them, I gradually became accustomed to the factory. Currently I am engaged at the Nikaho Plant South Site in the development and sale of manufacturing devices exported to a Group company in Germany. I like people, and I like change, so I find this work very attractive. Now that my children have grown up, I can go on long business trips to Germany too. Exporting devices that we have developed is just like sending off a daughter to be married! [Laughs]

I have been able to follow this path because TDK, including my current boss, has evaluated me fairly by my performance. This approach of looking at abilities regardless of gender has been a great motivation for me. Another attraction is that TDK is involved in business globally, so even in Akita, it is possible to work with people overseas. Recently I accompanied the delivery of a manufacturing device that we had developed to the Group company in Germany. For a few years now I have been studying German, because I realize that having better communication with the German employees not only would improve my performance at work but, most importantly, would be fun as well.

My dream is to broaden my potential more. TDK has given me the chance, so I want to try hard and seen how far I can go.

TDK Corporation  
Production Engineering HQ  
Production Engineering Center Equipment Insourcing Promotion Department  
Youko Shiraki

## 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 Kurumin mark) in fiscal 2014.

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.



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

#### Childcare Leave Is a Time for Growth

When our first child was born, since there were no other family members living nearby, I was worried about the anxiety and burden placed on my wife by her first experience of parenting. Then I heard that a colleague who had entered TDK at the same time had taken childcare leave, and I thought, "Me too!" So I decided to take childcare leave myself.

It was my first long-term leave since starting work. I engaged in childcare, of course. But I also determined to make more positive use of the leave as well and set myself the tasks of cooking 100 meals and studying elementary X-ray analysis. One of the things that I had become absorbed in since starting work was crystallography, and the luxury of being able, during the childcare leave, to read elementary textbooks and thoroughly study to deepen my understanding of the subject is now a wonderful memory.

The other major product of the childcare leave was my realization of just how great mothers are. The sight of them carrying their babies on their backs to go shopping and walking with lots of baggage in both hands was astonishing. Feeling sorry for my wife being awakened every night by the baby's crying, I began to sleep with the baby myself. I think that helped her to maintain sound mental health.

I heard only good things from around me. Employees who were veteran mothers themselves encouraged me to do my best and enjoy myself, and I received children's toys and picture books from colleagues as well. When I went to the local baby salon, people there would often say enviously, "What a good company, making it easy for male employees to take childcare leave too!" If there are any men wondering about whether to take childcare leave, I recommend them to do so. I realize only too well that the hurdle is high. Men worry that taking long-term leave might inconvenience others or have an adverse effect on their careers. But taking childcare leave myself, I was hardly aware of any demerits at all. Indeed, while I became more aware of the difficulties of parenting and housework, I also had the opportunity to watch my child grow day by day, which was an irreplaceable happiness for me. And in addition to that, I was able to make quality time for study, which I think has had a positive influence on my work since then.

It was thanks to the others in my department that I was able to have such a rewarding childcare leave. Personally, I think there should be some kind of return for departments in which employees take leave. (Of course, I am doing my best to give back myself.)



Recently I was delighted when a male employee, a former colleague of mine, asked for my advice about childcare leave and then actually went on to take it. I hope that more men will take childcare leave in the future, enabling them to pour lots of love on their children and creating a win-win solution for both themselves and the company.

TDK Corporation  
Technology and Intellectual Property HQ  
Material Analysis Section, Evaluation & Analysis Department  
Yuki Nagamine



## 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 2021, 226 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.

## 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.

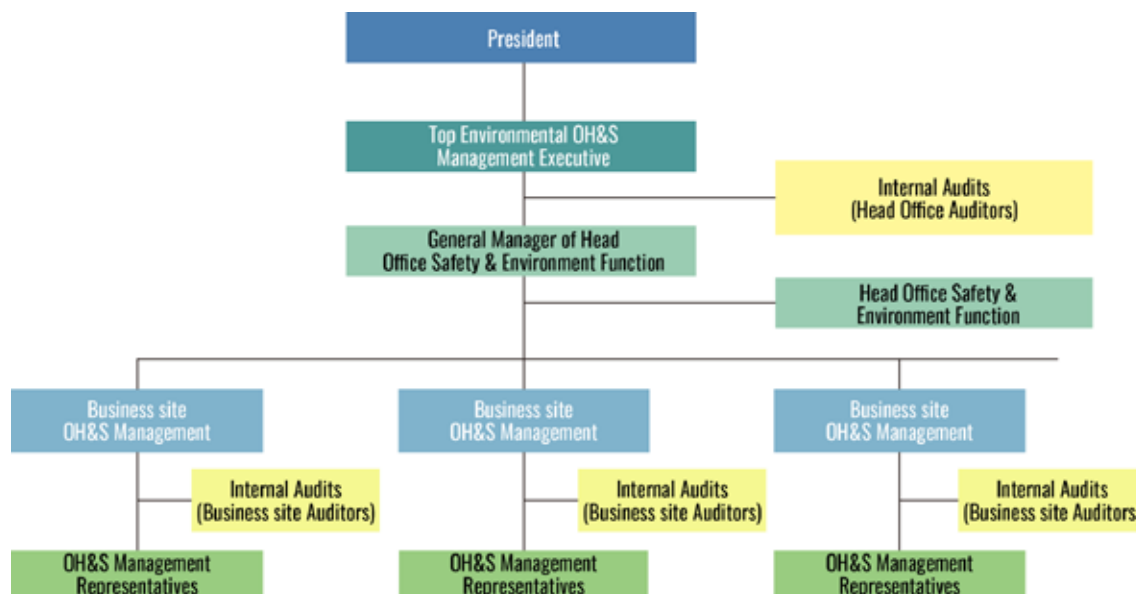
1. We shall provide necessary management resources and assure continual improvement in the occupational health and safety management system and related performance which shall be reviewed regularly or as necessary.
2. We shall establish voluntary standards for improving our management system to comply 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.



### Promotion of Occupational Health and Safety Management System

Believing that continuous activities to reduce risks from hazardous factors in the workplace leads not only to the formation of safe and healthy workplace environments and improvement of work performance and productivity but also to quality stability, TDK has built an Occupational Health and Safety Management System (TDK OHSMS) conforming to ISO 45001:2018, an international standard for occupational health and safety, and is conducting activities accordingly. TDK also takes account of exposure to chemical, biological, and physical pharmaceuticals, heavy work that places a physical burden on workers, and the checking and assessment of the safety of production machinery. In addition, TDK endeavors to conduct activities in conformity with the Responsible Business Alliance (RBA), which is partly an international standard for corporate social responsibility. In countries and regions around the world, TDK clearly displays health and safety information within facilities and provides educational training in the native language of employees or a language that they can understand.

### Related Links

[Facilities with ISO45001 Certification](#)

## Fiscal 2020 Goals and Achievements / Evaluations and Future Activities

Fiscal 2020 Goal	Achievement
To achieve the "ZERO significant labor accident"	Achieved the "ZERO significant labor accident"
Fiscal 2021 Goal	
To 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.

#### Related Links

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

## Concrete Activities

### Global Deployment of Experience-Type Safety Education

TDK has begun the global deployment of the experience-type safety education based on the concept of "look, listen, and feel" implemented by the TDK Safety Training Center set up at the Nikaho Factory South Site in the Akita district of Japan in 2017. As a forerunner of this initiative, the EHS Training Center was established in 2020 at the factory of TDK Electronics in the Zhuhai Free Trade Zone, one of TDK's sites in China. The center implements health and safety education for employees and, among other things, has introduced a system enabling simulated accidents using full-body virtual reality. In addition, in response to cases of factory fires recently both in Japan and overseas, the TDK Group carries out fire-prevention inspections globally and is taking steps to reduce the risk of fire.



Education at the Safety Training Center



Simulated accident experience using virtual reality

## 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 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

# Facilities with ISO45001 Certification (As of October 1st 2021)

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 Ouchi Plant Honjo Plant East 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 Kofu Corp	Japan	JP21/071692	SGS
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	CNBJ314200-U	BV
SAE Magnetics (Dongguan) Limited	P.R. China	02120S11006R4L	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	02120S10454R2L	CCCI
Guangdong Real Faith Pingzhou Electronic Co., Ltd. Guangxi Wuzhou City Pingzhou Electronic Co., Ltd.	P.R. China	00218S12195R2L	IQNet
TDK Taiwan Corporation	Taiwan	20003153 OHS18	DQS
InvenSense Taiwan Co., Ltd.	Taiwan	TW17/00862	SGS
TDK Korea Corporation	Korea	KR002765	BV
TDK Philippines Corporation	Philippine	PH21/818843314	SGS
TDK (Thailand) Co., Ltd.	Thailand	488005 OHS18	DQS

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Top Commitment	TDK (Malaysia) Sdn. Bhd.	Malaysia	01 113 117285	TUV
Sustainability Management	TDK-Lambda EMEA	UK	OHS609627	BSI
Environment	TDK-Lambda Ltd.	Israel	106055	IQNet
Society	TDK Electronics AG	Germany	10000458801-MSC-RvA-DEU	DNV
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## Social Contribution Activities

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### 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 a company capable of bringing delight and excitement to stakeholders. TDK provides support for inspirational sports and art activities that uplift people's hearts.

Some specific examples are sponsorship since 2001 of the TDK Orchestra Concerts—performances in Japan of world-renowned orchestras from around the world—as well as Outreach Mini-Concerts and Open Rehearsals for the musical education and development of elementary and junior high school students and students of music under the heading of the “TDK Rising Stars Lectures.”

In fiscal 2020, the global spread of Covid-19 prevented orchestras from traveling to Japan, but thanks to the cooperation of the London Symphony Orchestra (LSO), two musicians performing with LSO joined the well-known Japanese composer Akira Senju to give an interactive online lecture. Nearly 90% of participants, according to a questionnaire, rated the program “excellent.” TDK will continue to support young people in their efforts to break new ground and usher in a new future by creating opportunities for them to expand their horizons through dialogues with world-class musicians.



## 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 a 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.

In fiscal 2020, to prevent the spread of Covid-19, only staff members carried out tree fertilizing, and limits were placed on the number of people who could participate in tree planting.



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 beneficial ways and provide help to local communities to solve issues and bring about a better society.

Going forward, we will conduct activities according to the needs of people in individual locales.



Donation of 350 kg of warm clothing to people in need (China)



Donation of food to children and seniors (Brazil)

## Disaster Area Assistance

Employees from the TDK Akita Kitakami Plant had participated in volunteer programs to support recovery operations in Iwate Prefecture each year since the 2011 Great East Japan Earthquake, but in fiscal 2020, these efforts were affected by movement restrictions due to Covid-19, so it was decided, regrettably, to suspend them. We hope to restart the programs when the pandemic situation eases.

## Sustainability | Society

# Social and Environment Considerations in the Supply Chain: Performance Data

Category	Item	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Initiatives as a Supplier	Number of manufacturing sites covered by CSR self-checks	Site	78	82	81	78	79
		%	100	100	100	100	100
	Number of manufacturing sites covered by human rights and ethics risk assessment	Site	78	82	81	78	79
		%	100	100	100	100	100
	Number of manufacturing sites performed CSR voluntary audits by third-party organizations	Site	4	8	5	5	6
		%	100	100	100	100	100
	Number of employees participated in CSR internal auditor training (accumulated)	Person	198	217	253	303	303
Initiatives as a Buyer	% of customers covered by the satisfaction evaluation*1	%	6.1	7.2	7.0	7.3	6.6
	% of A rank customers*2	%	90.7	89.7	89.8	93.8	95.9
	Number of dispatch companies covered by CSR self check (dispatch companies used by manufacturing sites in high-risk countries of Asia including China)*3	Company		27	81	73	78
Conflict Minerals	CSR-compliant supplier ratio	%	82.4	91.2	94.4	96.1	98.0
	Ratio of suppliers confirmed conflict-free*4	%	83.2	92.3	92.6	93.1	94.5
	Number of conflict minerals survey*5	Number	2,389	2,427	2,381	2,423	2,832

\*1 % of sales amount (consolidated)

\*2 % of customers who evaluated their satisfaction as "A rank" (fully satisfied), calculated by aggregating satisfaction evaluations provided by customers

\*3 The scope of survey was expanded in fiscal 2018.

\*4 The target mineral is 3TG.

\*5 Number of responses that were generated by TDK Corporation

## Sustainability | Society

## Employee Performance Data

Category	Item	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Employment	Consolidated number of employees	Persons	99,693	102,883	104,781	107,138	129,284
	Japan		9,308	9,590	9,777	10,080	10,381
	Americas		4,216	5,123	4,738	4,465	4,092
	Europe		7,674	8,045	8,205	7,969	7,962
	Asia except Japan		78,495	80,125	82,061	84,624	106,849
	Men			53,710	56,375	59,171	75,190
	Women			49,173	48,406	47,967	54,094
	Women ratio	%		47.8	46.2	44.8	41.8
	Consolidated number of employees (non-regular)* <sup>1</sup>	Persons	33,614	31,831	28,705	25,173	21,577
	Number of employees (TDK Corporation)	Persons	4,644	5,055	5,330	5,523	5,689
	Men		3,972	4,284	4,497	4,628	4,747
	Women		672	771	833	895	942
	Women ratio	%	14.5	15.3	15.6	16.2	16.6
	Average age (TDK Corporation)*	Years	43.7	43.7	43.7	43.6	43.5
	Men		44.1	44.3	44.4	44.3	44.3
	Women		40.8	40.1	39.8	39.5	39.2
	Continuous service (TDK Corporation)*	Years	20.3	20	19	18.3	18.3
	Men		20.7	20.4	19.5	18.7	18.8
	Women		17.7	17.8	17	16.2	16
	Recruitment of new graduates (TDK Corporation)*, <sup>2</sup>	Persons	158	177	225	202	196
	Men		121	133	184	145	155
	Women		37	44	41	57	41
	Women ratio	%	23.4	24.9	18.2	28.2	20.9
	Mid-career recruitment (TDK Corporation)*	Persons	89	75	130	126	110
	Men		77	64	102	100	93
	Women		12	11	21.5	20.6	15.5
	Women ratio	%	13.5	14.7	21.5	20.6	15.5
	Job leavers/dismissals (TDK Corporation)* <sup>3</sup>	Persons	63	60	73	81	88
	Men		49	50	57	74	66
	Women		14	10	16	7	22
	Women ratio	%	22.2	16.7	21.9	8.6	25
Work-life balance	Employees taking child care leave (TDK Corporation)*	Persons	18	29	23	41	30
	Men		0	5	4	17	12
	Women			24	19	24	18
	Ratio of employees returning to work	%	100	100	100	100	100
	Paid leave acquisition rate (TDK Corporation)		58.9	60.4	60.7	62.5	53.6
	Number of employees taking nursing care leave (TDK Corporation)*	Persons	0	0	3	2	1

CONTENTS	Diversity	Ratio of women in managerial roles (TDK Corporation)* <sup>4</sup>	%	1.2	1.4	1.4	1.8	2.3
		Ratio of female senior managers (TDK Corporation)		1.0	1.0	0.7	0.7	1.5
		Ratio of female managers (TDK Corporation)		1.3	1.6	1.6	2.2	2.5
Editorial Policy		Ratio of female assistant managers (TDK Corporation)		4.7	5.2	5.8	6.4	6.7
		Ratio of employees with disabilities (TDK Corporation)		2.45	2.28	2.19	2.16	2.05
Top Commitment	Staff training	Annual training hours per employee* <sup>5</sup>	Hours			17.4	49	37.1
		Average amount spent per employee on training and development	Yen					6,095
Sustainability Management		Number of employees who completed Territorial Career Development Program (TCDP)* <sup>6</sup>	Persons			96	101	0
		Number of GAMP, global management program graduates* <sup>7</sup>					17	24
		Number of participants in the global English training program* <sup>6</sup>				2,442	3,613	3,614
Environment	Staff training (TDK Corporation)	Education and training expenses	million yen	242	239	239	285	342
Cumulative total of participants in overseas trainee program		Persons	28	32	35	40	40	
Cumulative total of engineers sent to overseas universities			44	47	49	49	49	
Society	Freedom of Association	Ratio of employees represented by a union or covered by collective bargaining agreements* <sup>8</sup>	%			75.1	72.3	83
Governance	Employee Engagement	Ratio of employee job satisfaction (TDK Corporation)* <sup>9</sup>	%	95.1	93.8	93.4	93.6	93.1
		Men		94.9	93.7	93.3	93.7	93.3
		Women		96.1	94.3	93.6	93.2	92.1
How the Public Sees Us	Health and safety	Number of on-the-job Accidents (Japan) Lost Time Work Accident Case*	Cases	422	410	351	237	286
		Number of accidents not requiring time off work		99	141	129	72	79
		Number of accidents requiring time off work*, ** <sup>10</sup>		323	269	222	165	207
Japan		16		19	21	20	12	
China*		153		135	91	60	89	
Asian (other than Japan and China)		48		48	58	20	35	
Americas*		37		40	50	40	58	
Europe*		168		168	131	97	92	
Number of significant labor accidents*, * <sup>11</sup>		1		0	0	0	0	
Ratio of accidents per 1,000 employees*, * <sup>12</sup>		3.68	3.6	3.11	2.01	2.45		
Index		Accident Severity Rate (Japan)* <sup>13</sup>		0.007	0.005	0.004	0.017	0.001
		Lost Time Injury Frequency Rate (Japan)		0.29	0.14	0.17	0.40	0.04

\* Data has corrected.

\*1 Coverage is part time workers, temporary workers and manufacturing staff who work for subcontractors.

\*2 Employees who joined the company in April of the following year.

\*3 Regular employees only (excluding retirees).

\*4 Definitions and items have been reviewed and changed in data disclosure.

\*5 Covers programs run by the Global Human Resources Division.

\*6 The program was started from FY2018.

\*7 The program was started from FY2019.

\*8 Some countries and regions where it is difficult to know whether employees are represented by a union are not included.

\*9 Percentage of employees who chose the top two grades (2-3) on a three-point scale based on the job satisfaction survey.

\*10 One day or more off from work required.

\*11 Significant labor accident: an accident with remaining disability, required long-term nursing, or fatality.

\*12 Covers employees including dispatch workers.

\*13 Number of days lost per 1,000 hours worked.

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# Corporate Governance

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# Global Tax Policy

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Relationship with Tax Authorities

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. In addition, the Group will never make tax avoidance by using subsidiaries in which countries or regions are no tax or low tax rates and are secrecy jurisdictions (so-called "tax havens").

## Transfer pricing

- TDK Group calculates the pricing for the intercompany transaction in accordance with the OECD Transfer Pricing Guidelines and the laws and regulations of each country or region and also in accordance with the "arm's length principles". In addition, the TDK Group makes the appropriate amount of tax payments in appropriate tax jurisdictions based on the value created through its business activities.

## 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.

Specifically, to thoroughly disseminate the TDK Group's corporate philosophy, the TDK Code of Conduct, and the TDK Charter of Corporate Behavior, we hold group education, e-learning, and other activities relating to corporate ethics in general every year for all employees of the TDK Group globally.

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 Business Ethics Committee every half year regarding the status of compliance.

Related link

[TDK Code of Conduct](#)

## Compliance

TDK will ensure that all members of the TDK Group conduct themselves in a compliant manner according to common standards worldwide, nurture a sincere, fair, and transparent corporate culture, and respond to the trust and expectations of customers and society.

With the aim of efficiently carrying out initiatives for this purpose, TDK will identify Group compliance risks that it deems to be especially important from the perspective of legal risk management and address them in a priority manner.

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.

In Japan, TDK has established items relating to compliance and the code of conduct in personnel evaluation, ensures opportunities for employees to conduct regular self-assessment, and motivates them to behave in a compliant manner.

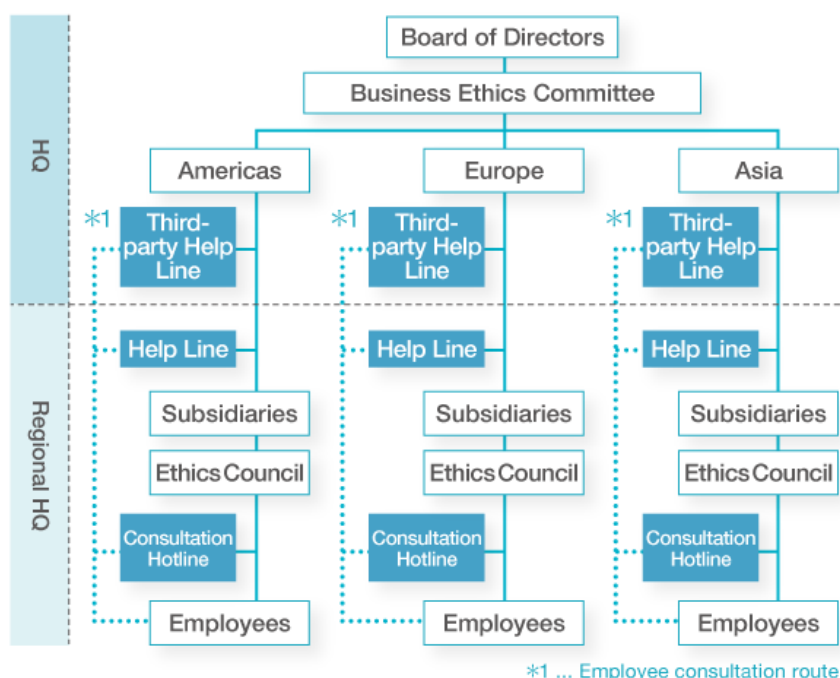
Regarding compliance-related problems that do arise, the divisions responsible confirms the facts, takes appropriate action, and reports to the Board of Directors in a timely manner. In addition, the relevant division cooperates with the Legal & Compliance HQ to analyze the causes and takes measures to prevent reoccurrence at each Group company.

## Help Lines

The TDK Group has established structures to enable employees to anonymously 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, 2021

Number of Consultations and Reports to Help Lines (Global)

FY 2015	300
FY 2016	192
FY 2017	121
FY 2018	115
FY 2019	46
FY 2020	54

The scope of figures includes the Ethics Councils of affiliates.

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## 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.

In fiscal 2020 corporate ethics e-learning programs were implemented for 89% 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

The Crisis Management has been established and operates with the aim of implementing preventive measures for serious accidents, incidents, disasters, etc. that may impede the survival or development of the Company as well as reducing subsequent damage and preventing the expansion of damage. In the event of an emergency, the Company will quickly set up a Crisis Management Headquarters and, while giving first priority to ensuring the safety of its employees, it will resume business as soon as possible and fulfill its responsibility to supply its customers, in accordance with the Business Continuity Plan (BCP).

### 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](#)

## 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, since last year, by taking appropriate and continuous 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 work on that regard promptly.

## 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 FY2020, we implemented education on corporate ethics for directors and employees of the TDK Group in Japan and overseas and achieved a 89% participation rate.

# Information Security

[Our Approach](#)
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[Future Activities](#)

## 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.

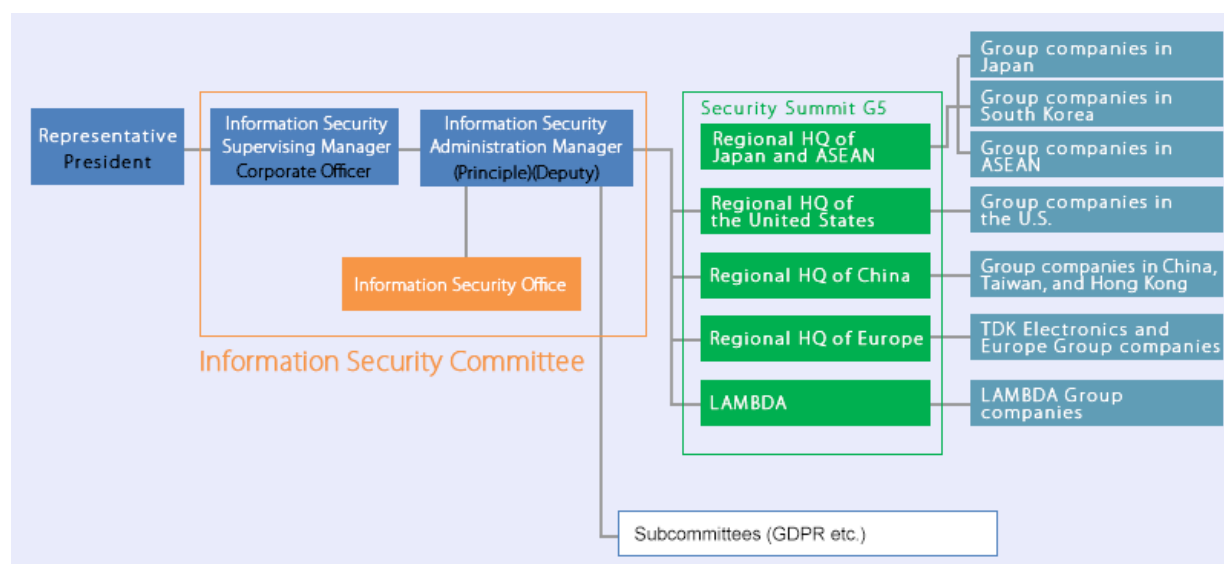
#### Action Guidelines

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 2020

TDK is strengthening its information security measures in accordance with the Cybersecurity Framework of the US National Institute of Standards and Technology (NIST), which can be described as the standard for information security countermeasures.

### [Principal Measures]

- Use of a mechanism to automatically evaluate security administration conditions
- Update of email security system
- Revision of global setup to counter security incidents
- Global integration of cyber-risk insurance

### 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.



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## Filing of Complaints Regarding Privacy Violations

TDK has formulated a Basic Policy on the Protection of Personal Information and endeavors to manage personal information properly. In fiscal 2020 there were no reports in Group companies concerning the infringement of customer privacy or the loss of customer data.

## Future Activities

In order to respond to cyberattacks, which are becoming an increasingly serious threat, TDK is strengthening countermeasures to prevent the occurrence of damage and, in the event that damage does occur, to minimize it.

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	FY2016	FY2017	FY2018	FY2019	FY2020
Directors	No. of directors	Person	7	7	7	7	7
	Men		7	7	7	7	6
	Women		0	0	0	0	1
	Outside directors		3	3	3	3	3
	Women ratio	%	0	0	0	0	14.3
	No. of audit & supervisory board members	Person	5	5	4	5	5
	Men		5	5	4	4	4
	Women		0	0	0	1	1
	Outside audit & supervisory board members		3	3	2	3	3
	Women ratio	%	0	0	0	20	20
	No. of corporate officers	Person	17	18	17	18	19
	Men		17	18	17	18	19
	Women		0	0	0	0	0
	Non-Japanese		7	6	6	7	8
	Women ratio	%	0	0	0	0	0
Board of Directors	No. of times held	No.	14	15	13	13	14
	Outside director attendance ratio	%	100	100	97	100	97
	Outside audit & supervisory board member attendance ratio		95	100	100	97	100
Board of Audit & Supervisory Board Members	No. of times held	No.	15	14	15	14	14
	Independent auditor attendance ratio	%	98	100	100	97	100
Director Remuneration	Directors (excluding outside directors)	Million yen	377	477	315	268	497
	Outside directors		45	42	46	55	48
	Audit & supervisory board members (excluding outside audit & supervisory board members)		58	58	57	58	61
	Outside audit & supervisory board members		27	29	24	30	35

## Compliance

Category	Item	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
System	No. of Help Line calls	call	192	121	115	46	54
Business Ethics	Number of instances of material non-compliance with TDK Code of Conduct*1	instance			0	0	0
Political Contributions	Total amount of political contribution (Japan)*1	Million yen			0	0	0

\*1 Data collected from FY2018.

## Third-Party Opinion



Toshihiko Fujii  
Visiting Professor  
Tama Graduate School of Business

I am extremely grateful to have been asked again this year to state my opinion as a third party about TDK's sustainability website. Under President Shigenao Ishiguro's leadership, TDK has made rapid strides in its sustainability drive. As a researcher, I am most delighted to have been given the opportunity to look closely its achievement and to make some concrete suggestions, setting the bars higher that should be jumped over in near future.

### Qualitative Transformation

First, I would like to note that the TDK Group's initiatives underwent a major qualitative transformation in the fiscal year under review. For one thing, in addition to its previous materiality, which was limited to sustainability issues, TDK set a materiality covering a wider, nonfinancial matters. Arguments both for and against this approach may be possible. Critics might express concern that the setting as materiality from a wider perspective, including, for example, "asset efficiency improvement," which might seem a distant issue from sustainability, could lead to weakened focus.

However, I am in full agreement with this setting of nonfinancial targets concerning the entire management together with sustainability materiality in a narrower sense. The reason is that for a company to contribute to the sustainability of society and the environment, it requires whole-of-the-company's approach, which, in turn, calls for the review and probably reform of the company management and organization. A difficulty lies in the fact that many organizations, in particular large organizations, are actually compartmentalized into several "subsocieties" each of which has its distinctive cultures and ways of thinking. TDK might not be an exception.

For example, such items as "pursuing both delegation of authority and internal controls" and "HR management" are extremely important initiatives that bring the whole company together, overcoming the differences in values and approaches among sections (and among employees belonging to those sections)/. The attempt, although could be said not directly linked to sustainability issues, it is actually a prerequisite to become able to tackle sustainability issues. Hopefully TDK will continue to recognize the importance of this matter.

### Connections with the New Medium-Term Plan

Furthermore, it is praiseworthy that this materiality has been formulated in unison with the new Medium-Term Plan. As a result, an effective implementation setup has been put in place by linking the Sustainable Development Goals with main products and technologies.

### Human Resource Development

When speaking about the TDK Group's efforts to address sustainability, it is difficult not to mention the well-designed initiatives to foster global leaders, in other words, human resources capable of leading change. They are still unique initiatives for a Japanese company, and many Japanese companies can learn from the TDK Group in this respect. In many cases, efforts to tackle sustainability issues require a move away from existing business modes. So human resources capable of leading and managing such departures from status-quo are essential for working on solutions of social and environmental issues. Indeed, not a few Japanese companies have stumbled on this point.

Once again, I would like to praise the fact that human resource management has been included in nonfinancial materiality.

## Carbon Neutrality: The Direction for Greater Progress in the Future

Regarding efforts to achieve carbon neutrality, the declaration of carbon neutrality by 2050 is an important first step, but the roadmap for achieving that goal has not necessarily been properly clarified. Furthermore, the introduction of emissions trading has become a worldwide trend, and the possibilities of border tax adjustment are surfacing too. In these circumstances, the issue of reducing carbon dioxide emissions could impact a company's very survivability. This can be said to be the case for all companies. TDK possesses various technologies, including especially electronic device technology. I sincerely hope that by further polishing them, TDK will contribute to the achievement of carbon neutrality in a range of industries.

## Cooperation with Wide Range of Stakeholders

In the latest report, the explanation of stakeholder engagement has been significantly expanded. In many cases, there is a limit to what companies can do alone for the mitigation and solution of sustainability issues. The reason is that Japanese society and international society themselves require change. The importance of technology cannot be overemphasized. At the same time, though, we need to take care not to descend into technological "solutionism," whereby social change is brought about by new technology alone. Quite often than not, for new technology to be put into practice in society, new rules such as new legislation and regulations and the fostering of social norms are necessary. Accordingly, it is to be hoped that TDK will continue to promote cooperation with various stakeholders.

## Supply Chain

Violations of human rights are occurring around the world and are shaking global supply chains. In Germany and other European nations, laws have been enacted obliging companies to exercise supply-chain due diligence on human rights. Necessity for a company to manage supply chains in terms of human rights are no doubt going to increase sharply. Seems to me it is likely that the Japanese government will adopt some form of measures as well. I look forward to the further deepening of the TDK Group's initiatives in this respect.

## Geopolitical Considerations

It is probably no overly wrong to regard the hegemonic rivalry between the United States and China, the two superpowers of the world, as a struggle over technological hegemony. The business of many Japanese companies is already being impacted. Moreover, the rapid new development of this geopolitical landscape is closely connected to issues of sustainability too. Centering on activities relating to research and development, mergers and acquisitions, and so on, the TDK Group also needs to deepen understanding and assessment of the situation and integrate geopolitical prospects into its business.

## Conclusion

I would like to conclude my third-party opinion by savoring, together with readers, the words of President Ishiguro." a happy society is one in which no one is left behind." What more is there to say?

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# TDK Included in FY 2020 Social Assessment Index

## Social Assessments by Investors and Rating Agencies

TDK leadership in digital and energy transformation earns recognition as a Clarivate Top 100 Global Innovator™ 2021

TDK wins the 2020 METI Minister's Award for Corporate Governance of the Year

## 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.



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- CDP Climate Change: A-

- CDP Water Security: A

TDK received the above evaluation from the highest ranking A, A-, B, B-, C, C-, D, D-, from global environmental non-profit CDP.



- CDP Supplier Engagement Rating: Leaderboard

In the Supplier Engagement Rating, the answers provided to the CDP Climate Change Program are used to evaluate the companies by items related to governance, targets, estimation of greenhouse gas emissions in their corporate value chain (SCOPE3), and supply chain engagement. TDK was praised because it promotes environmental activities working with suppliers and discloses SCOPE3 emissions.



• S&P Global Sustainability Yearbook: Industry Mover 2021

Every year S&P Global assesses the sustainability performance of companies around the world from an economic, environmental, and social perspective based on Corporate Sustainability Assessment (CSA) method and issues the Sustainability Yearbook. This year around 7,000 companies in 61 industries around the world were assessed on the basis of the CSA. Among the 220 companies assessed in the Electronic Equipment, Instruments & Components industry, to which TDK belongs, TDK received the Industry Mover distinction for coming within the top 15% in the industry and achieving the strongest improvement over the previous year.



## TDK leadership in digital and energy transformation earns recognition as a Clarivate Top 100 Global Innovator™ 2021



Clarivate recognized TDK for its innovation and leadership in digital transformation (DX) and energy transformation (EX) for the smart society, naming the company as one of the Clarivate Top 100 Global Innovator 2021. In a record seven years on the prestigious list, TDK continues to push the boundaries of electronics innovation, prioritizing digital transformation and energy transformation as key components of the company's growth and values. This recognition further solidifies TDK's position as an industry leading solution provider and ecosystem partner for customers building revolutionary technologies.

Starting with more than 14,000 organizations, Clarivate selects the top innovators based on four primary criteria - including volume of patents received in the last five years and in all time, downstream impact an invention has on patent applications from others, a successful patent-application-to-grant ratio, and globalization of patents. This time, TDK received a high evaluation especially for the "successful patent-application-to-grant ratio".

## TDK wins the 2020 METI Minister's Award for Corporate Governance of the Year

TDK has won the 2020 Minister of Economy, Trade and Industry (METI) Award for Corporate Governance of the Year, presented by the Japan Association of Corporate Directors (hereinafter "JACD,").

The Corporate Governance of the Year is an award program that was launched in FY2015 as part of a Japanese government growth strategy. The awards have been provided for the purpose of supporting companies, which have achieved and maintained long-term profitability by implementing good corporate governance with the ultimate goal of revitalizing the earnings power of Japanese companies.

TDK has been selected as the 2020 winner in recognition of the company's advanced initiatives concerning its appointment and succession planning for its President and CEO, which forms the foundation of governance.

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# ESG Research

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Climate Change	<a href="#">Environmental Goals and Achievements</a>
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# GRI Standards Table

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

GRI Items	Disclosure	Location on "Sustainability" website (includes TDK Global website)
General Disclosures		
102 General Disclosures (2016)	Organizational profile	
	102-1	Name of the organization <a href="#">About TDK TDK at a Glance (Homepage)</a>
	102-2	Activities, brands, products, and services <a href="#">About TDK TDK at a Glance (Homepage)</a> <a href="#">Products (Homepage)</a>
	102-3	Location of headquarters <a href="#">About TDK TDK at a Glance (Homepage)</a>
	102-4	Location of operations <a href="#">TDK Worldwide (Homepage)</a>
	102-5	Ownership and legal form <a href="#">About TDK TDK at a Glance (Homepage)</a>
	102-6	Markets served <a href="#">About TDK TDK at a Glance (Homepage)</a> <a href="#">TDK Worldwide (Homepage)</a> <a href="#">Investor Relations Sales by Region (Homepage)</a> <a href="#">Investor Relations Sales by Segment (Homepage)</a>
	102-7	Scale of the organization <a href="#">About TDK TDK at a Glance (Homepage)</a> <a href="#">Products (Homepage)</a> <a href="#">TDK Worldwide (Homepage)</a> <a href="#">Investor Relations Securities Report (Homepage)</a> <a href="#">Investor Relations Sales by Segment (Homepage)</a>
	102-8	Information on employees and other workers <a href="#">Employee Performance Data</a>
	102-9	Supply chain <a href="#">Sustainable Procurement</a> <a href="#">Social and Environment Considerations in the Supply Chain: Performance Data</a>
	102-10	Significant changes to the organization and its supply chain <a href="#">About "Sustainability" website</a>
	102-11	Precautionary Principle or approach <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a> <a href="#">Corporate Ethics and Compliance</a> <a href="#">Risk Management</a> <a href="#">Quality Assurance Activities</a> <a href="#">Environmental Management System</a>
	102-12	External initiatives <a href="#">Sustainability Promotion Structure</a> <a href="#">Respect for Human Rights</a> <a href="#">Safety and Health</a> <a href="#">A History of TDK's Environmental Activities</a>
	102-13	Membership of associations <a href="#">Sustainability Promotion Structure</a> <a href="#">Responsible Sourcing of Minerals</a> <a href="#">A History of TDK's Environmental Activities</a>
	Strategy	
	102-14	Statement from senior decision-maker <a href="#">Top Commitment</a>
	102-15	Key impacts, risks, and opportunities <a href="#">Top Commitment</a> <a href="#">Efforts to Achieve the SDGs</a> <a href="#">Summary of Key CSR Issues (FY 2016-20)</a> <a href="#">Risk Management</a> <a href="#">Investor Relations Operational Risks (Homepage)</a>

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102 General Disclosures (2016)	Ethics and integrity	
	102-16	Values, principles, standards, and norms of behavior <a href="#">Corporate Philosophy and Sustainability About TDK TDK Code of Conduct (Homepage)</a>
	102-17	Mechanisms for advice and concerns about ethics <a href="#">Corporate Ethics and Compliance</a>
	Governance	
	102-18	Governance structure <a href="#">Corporate Governance Governance Performance Data</a>
	102-19	Delegating authority <a href="#">Sustainability Promotion Structure</a>
	102-20	Executive-level responsibility for economic, environmental, and social topics <a href="#">Sustainability Promotion Structure Environmental Management System Safety and Health</a>
	102-21	Consulting stakeholders on economic, environmental, and social topics <a href="#">Stakeholder Engagement Respect for Human Rights Corporate Governance</a>
	102-22	Composition of the highest governance body and its committees <a href="#">Corporate Governance Governance Performance Data</a>
	102-23	Chair of the highest governance body <a href="#">Corporate Governance</a>
	102-24	Nominating and selecting the highest governance body <a href="#">Corporate Governance</a>
	102-25	Conflicts of interest <a href="#">Corporate Governance About TDK TDK Code of Conduct (Homepage)</a>
	102-26	Role of highest governance body in setting purpose, values, and strategy <a href="#">Corporate Philosophy and Sustainability</a>
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	102-28	Evaluating the highest governance body's performance <a href="#">Corporate Governance</a>
	102-29	Identifying and managing economic, environmental, and social impacts <a href="#">Key CSR Issues (FY2016-2020) TDK Group's Materiality</a>
	102-30	Effectiveness of risk management processes <a href="#">Risk Management</a>
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Sustainability Management	102-50	Reporting period	<a href="#">About "Sustainability" website</a>
	102-51	Date of most recent report	<a href="#">About "Sustainability" website</a>
	102-52	Reporting cycle	<a href="#">About "Sustainability" website</a> <a href="#">Past Reports</a>
Environment	102-53	Contact point for questions regarding the report	<a href="#">About "Sustainability" website</a>
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		Material topics	
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	103-1	Explanation of the material topic and its Boundary	<a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Contribution to the World through Technology</a>
How the Public Sees Us	103-2	The management approach and its components	<a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Quality Assurance Activities</a> <a href="#">Customer Satisfaction</a>
Index	103-3	Evaluation of the management approach	<a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Contribute to the World through Technology</a> <a href="#">Customer Satisfaction</a> <a href="#">TDK Included in FY 2020 Social Assessment Index</a>
	416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">Contribute to the World through Technology</a> <a href="#">Quality Assurance Activities</a> <a href="#">Customer Satisfaction</a>
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	(N/A)
		Develop Human Resources	
	103-1	Management Approach (2016)	<a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Develop Human Resources</a>
	103-2	The management approach and its components	<a href="#">Develop Human Resources</a> <a href="#">Develop Global Human Resources</a> <a href="#">Cultivate a Corporate Culture that Respects Diversity</a>
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	404-1	Average hours of training per year per employee	<a href="#">Employee Performance Data</a>
	404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Develop Global Human Resources</a> <a href="#">Cultivate a Corporate Culture that Respects Diversity</a>
	404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Develop Global Human Resources</a>

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		405-2	Ratio of basic salary and remuneration of women to men	<a href="#">Investor Relations Securities Report (Homepage)</a>
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Top Commitment	103 Management Approach (2016)	103-1	Explanation of the material topic and its Boundary	<a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Consider the Societal and Environmental Impact of the Supply Chain</a>
Sustainability Management		103-2	The management approach and its components	<a href="#">Consider the Societal and Environmental Impact of the Supply Chain</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a> <a href="#">Responsible Sourcing of Minerals</a>
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		414-2	Negative social impacts in the supply chain and actions taken	<a href="#">Respect for Human Rights</a> <a href="#">Sustainable Procurement</a> <a href="#">Responsible Sourcing of Minerals</a>
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	305-4	GHG emissions intensity	<a href="#">Climate Change Initiatives</a>
	305-5	Reduction of GHG emissions	<a href="#">Climate Change Initiatives</a> <a href="#">Cost of Environmental Protection</a>
	305-6	Emissions of ozone-depleting substances (ODS)	<a href="#">A History of TDK's Environmental Activities</a>
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201 Economic Performance (2016)	201-1	Direct economic value generated and distributed	
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	305-4	GHG emissions intensity	<a href="#">Climate Change Initiatives</a>
	305-5	Reduction of GHG emissions	<a href="#">Climate Change Initiatives</a> <a href="#">Cost of Environmental Protection</a>
	305-6	Emissions of ozone-depleting substances (ODS)	<a href="#">A History of TDK's Environmental Activities</a>
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<a href="#">Environmental Performance Data</a>
306 Effluents and Waste (2016)	306-1	Water discharge by quality and destination	<a href="#">Environmental Performance Data</a>
	306-2	Waste by type and disposal method	<a href="#">Effective Use of Resources</a> <a href="#">Environmental Performance Data</a> <a href="#">Environmental Performance Data by Site</a>
	306-3	Significant spills	<a href="#">Environmental Management System</a>
	306-4	Transport of hazardous waste	
	306-5	Water bodies affected by water discharges and / or runoff	
307 Environmental Compliance (2016)	307-1	Non-compliance with environmental laws and regulations	<a href="#">Environmental Management System</a>
308 Environmental Assessment (2016)	308-1	New suppliers that were screened using environmental criteria	<a href="#">Sustainable Procurement</a>
	308-2	Negative environmental impacts in the supply chain and actions taken	<a href="#">Sustainable Procurement</a>



CONTENTS	Social			
Editorial Policy	401 Employment (2016)	401-1	New employee hires and employee turnover	<a href="#">Employee Performance Data</a>
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
		401-3	Parental leave	<a href="#">Employee Performance Data</a>
Top Commitment	402 Labor / Management Relations (2016)	402-1	Minimum notice periods regarding operational changes	
Sustainability Management	403 Occupational Health and Safety (2016)	403-1	Occupational safety and health management system	<a href="#">Safety and Health</a>
		403-2	Hazard identification, risk assessment, accident investigation	<a href="#">Safety and Health</a>
		403-3	Occupational health service	<a href="#">Safety and Health</a>
403-4		Worker participation, consultation and communication in health and safety		
403-5		Worker training on occupational safety and health	<a href="#">Safety and Health</a>	
403-6		Promoting worker health	<a href="#">Safety and Health</a>	
403-7		Preventing and mitigating the impact of occupational health and safety directly linked to business relationships	<a href="#">Safety and Health</a>	
403-8		Workers subject to occupational safety and health management system	<a href="#">Employee Performance Data</a>	
403-9		Labor-related injuries	<a href="#">Employee Performance Data</a>	
403-10		Labor-related illness / poor physical condition	<a href="#">Employee Performance Data</a>	
Environment	404 Training and Education (2016)	404-1	Average hours of training per year per employee	<a href="#">Employee Performance Data</a>
		404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Develop Global Human Resources</a> <a href="#">Cultivate a Corporate Culture that Respects Diversity</a>
		404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Develop Global Human Resources</a>
Society	405 Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	<a href="#">Governance Performance Data</a> <a href="#">Employee Performance Data</a>
		405-2	Ratio of basic salary and remuneration of women to men	<a href="#">Investor Relations Securities Report (Homepage)</a>
Governance	406 Non- discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	
	407 Freedom of Association and Collective Bargaining (2016)	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">Respect for Human Rights</a>
How the Public Sees Us	408 Child Labor (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	<a href="#">Respect for Human Rights</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a> <a href="#">Responsible Sourcing of Minerals</a> <a href="#">About TDK Code of Conduct (Homepage)</a>
	409 Forced or Compulsory Labor (2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Respect for Human Rights</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a> <a href="#">About TDK Code of Conduct (Homepage)</a>
Index	410 Security Practices (2016)	410-1	Security personnel trained in human rights policies or procedures	

CONTENTS	411 Rights of Indigenous Peoples (2016)	411-1	Incidents of violations involving rights of indigenous peoples	
Editorial Policy	412 Human Rights Assessment (2016)	412-1	Operations that have been subject to human rights reviews or impact assessments	<a href="#">Respect for Human Rights</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a>
Top Commitment		412-2	Employee training on human rights policies or procedures	<a href="#">Respect for Human Rights</a>
		412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
Sustainability Management	413 Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	
		413-2	Operations with significant actual and potential negative impacts on local communities	
Environment	414 Supplier Social Assessment (2016)	414-1	New suppliers that were screened using social criteria	<a href="#">Sustainable Procurement</a>
		414-2	Negative social impacts in the supply chain and actions taken	<a href="#">Respect for Human Rights</a> <a href="#">Sustainable Procurement</a> <a href="#">Responsible Sourcing of Minerals</a>
Society	415 Public Policy (2016)	415-1	Political contributions	<a href="#">Governance Performance Data</a>
Governance	416 Customer Health and Safety (2016)	416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">Quality Assurance Activities</a> <a href="#">Customer Satisfaction</a>
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	(N/A)
How the Public Sees Us	417 Marketing and Labeling (2016)	417-1	Incidents of non-compliance concerning product and service information and labeling	<a href="#">Environment-Conscious Products</a> <a href="#">Quality Assurance Activities</a>
		417-2	Incidents of non-compliance concerning product and service information and labeling	
Index		417-3	Incidents of non-compliance concerning marketing communications	
	418 Customer Privacy (2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
	419 Socioeconomic Compliance (2016)	419-1	Non-compliance with laws and regulations in the social and economic area	(N/A)

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Core subject in social	Issues	Addressed in section (location on "Sustainability" website)
Organizational governance	Organizational governance	<a href="#">Top Commitment</a> <a href="#">TDK Code of Conduct</a> <a href="#">Sustainability Promotion Structure</a> <a href="#">Corporate Governance</a>
Human rights	1. Due diligence	<a href="#">TDK Code of Conduct</a> <a href="#">Respect for Human Rights</a> <a href="#">Responsible Sourcing of Minerals</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a> <a href="#">Global Human Resources Strategy</a> <a href="#">Develop Global Human Resources</a> <a href="#">Cultivate a Corporate Culture that Respects Diversity</a> <a href="#">Safety and Health</a> <a href="#">Corporate Ethics and Compliance</a>
	2. Human rights risk situations	
	3. Avoidance of complicity	
	4. Resolving grievances	
	5. Discrimination and vulnerable groups	
	6. Civil and political rights	
	7. Economic, social and cultural rights	
	8. Fundamental principles and rights at work	
Labor practices	1. Employment and employment relationships	<a href="#">TDK Code of Conduct</a> <a href="#">Respect for Human Rights</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a> <a href="#">Global Human Resources Strategy</a> <a href="#">Develop Global Human Resources</a> <a href="#">Cultivate a Corporate Culture that Respects Diversity</a> <a href="#">Safety and Health</a>
	2. Conditions of work and social protection	
	3. Social dialogue	
	4. Health and safety at work	
	5. Human development and training in the workplace	
The environment	1. Anti-corruption	<a href="#">TDK Code of Conduct</a> <a href="#">Environmental Policy and Environmental Vision</a> <a href="#">Environmental Goals and Achievements</a> <a href="#">Environmental Management System</a> <a href="#">Climate Change Initiatives</a> <a href="#">Water Resources Activities</a> <a href="#">Effective Use of Resources</a> <a href="#">Reduce Risks of Chemical Use</a> <a href="#">Approach to Biodiversity</a>
	2. Responsible political involvement	
	3. Fair competition	
	4. Promoting social responsibility in the value chain	
Fair operating practices	1. Anti-corruption	<a href="#">TDK Code of Conduct</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a> <a href="#">Safety and Health</a> <a href="#">Corporate Ethics and Compliance</a>
	2. Responsible political involvement	
	3. Fair competition	
	4. Promoting social responsibility in the value chain	
	5. Respect for property rights	
Consumer issues	1. Fair marketing, factual and unbiased information and fair contractual practices	<a href="#">TDK Code of Conduct</a> <a href="#">Quality Assurance Activities</a> <a href="#">Customer Satisfaction</a> <a href="#">Information Security</a>
	2. Protecting consumers' health and safety	
	3. Sustainable consumption	
	4. Consumer service, support, and complaint and dispute resolution	
	5. Consumer data protection and privacy	
	6. Access to essential services	
	7. Education and awareness	

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Community involvement and development	1. Community involvement	<a href="#">TDK Code of Conduct</a> <a href="#">Social Contribution Activities</a>
	2. Education and culture	
	3. Employment creation and skills development	
	4. Technology development and access	
	5. Wealth and income creation	
	6. Health	
	7. Social investment	

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Target	Addressed in section (location on "Sustainability" website)
1. End poverty in all its forms everywhere	
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	
3. Ensure healthy lives and promote well-being for all at all ages	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Business creation starting from social issues</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a>
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<a href="#">Social Contribution Activities</a>
5. Achieve gender equality and empower all women and girls	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Global Human Resources Strategy</a> <a href="#">Cultivate a Corporate Culture that Respects Diversity</a> <a href="#">Employee Performance Data</a> <a href="#">Governance Performance Data</a>
6. Ensure availability and sustainable management of water and sanitation for all	<a href="#">Environmental Policy and Environmental Vision</a> <a href="#">Environmental Management System</a> <a href="#">Water Resources Activities</a>
7. Ensure access to affordable, reliable, sustainable and modern energy for all	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Business creation starting from social issues</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Climate Change Initiatives</a>
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Respect for Human Rights</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a> <a href="#">Global Human Resources Strategy</a> <a href="#">Develop Global Human Resources</a> <a href="#">Cultivate a Corporate Culture that Respects Diversity</a> <a href="#">Safety and Health</a>
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a>
10. Reduce inequality within and among countries	
11. Make cities and human settlements inclusive, safe, resilient and sustainable	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a>
12. Ensure sustainable consumption and production patterns	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Business creation starting from social issues</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Environmental Policy and Environmental Vision</a> <a href="#">Climate Change Initiatives</a> <a href="#">Water Resources Activities</a> <a href="#">Effective Use of Resources</a> <a href="#">Reduce Risks of Chemical Use</a>
13. Take urgent action to combat climate change and its impacts	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Business creation starting from social issues</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Environmental Policy and Environmental Vision</a> <a href="#">Climate Change Initiatives</a> <a href="#">Environmental Performance Data</a> <a href="#">Cost of Environmental Protection</a> <a href="#">Environmental Performance Data by Site</a>

CONTENTS	14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	
Editorial Policy	15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<a href="#">Environmental Policy and Environmental Vision</a> <a href="#">Approach to Biodiversity</a>
Top Commitment	16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Corporate Governance</a> <a href="#">Corporate Ethics and Compliance</a> <a href="#">Respect for Human Rights</a> <a href="#">Responsible Sourcing of Minerals</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a> <a href="#">Sustainable Procurement</a>
Sustainability Management	17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	<a href="#">Efforts to Achieve the SDGs</a> <a href="#">Summary of Key CSR Issues (FY 2016–20)</a> <a href="#">Stakeholder Engagement</a> <a href="#">Social Contribution Activities</a>
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TOPIC	ACCOUNTING METRIC	CODE	State of response, and Addressed in section (location on "Sustainability" website)
Product Security	Description of approach to identifying and addressing data security risks in products	TC-HW-230a.1	As a response to IoT products supplied by TDK, we adopt countermeasures in accordance with functions, characteristics, sales pattern, etc. <a href="#">Quality Assurance Activities (Responses to product security)</a>
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC-HW-330a.1	TDK has compiled and is promoting a Diversity & Inclusion Policy. <a href="#">Cultivate a Corporate Culture that Respects Diversity</a> <a href="#">Employee Performance Data</a>
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	TC-HW-410a.1	TDK does not disclose ratios by earnings, but we clarify chemical substances that are prohibited from being contained in products or should be declared. <a href="#">Quality Assurance Activities (Prevention and Control of Exposure to Toxic Substances with Products as the Source)</a>
	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	TC-HW-410a.2	TDK does not have any products that are eligible for EPEAT registration, but we do compile environmental labels and conduct inspections and certification according to our own standards. Furthermore, in addition to management in each process of procurement, design, manufacturing, and sale, we also endeavor to ensure proper information disclosure regarding the complete abolition of chemical substances that TDK prohibits from being contained in products. <a href="#">Environment-Conscious Products</a> <a href="#">Quality Assurance Activities (Prevention and Control of Exposure to Toxic Substances with Products as the Source)</a>
	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	TC-HW-410a.3	TDK does not have any products that are eligible for ENERGYSTAR registration, but we do compile environmental labels and conduct inspections and certification according to our own standards. Furthermore, in addition to management in each process of procurement, design, manufacturing, and sale, we also endeavor to ensure proper information disclosure regarding the complete abolition of chemical substances that TDK prohibits from being contained in products. <a href="#">Environment-Conscious Products</a> <a href="#">Quality Assurance Activities (Prevention and Control of Exposure to Toxic Substances with Products as the Source)</a>
	Weight of end-of-life products and e-waste recovered, percentage recycled	TC-HW-410a.4	Since TDK does not sell final products, we do not engage in the retrieval of used products. However, we are conducting various activities, such as efforts to reduce wasted materials, such as lead and copper, in the production process and advocating the goal of reducing the environmental load throughout a product's lifecycle. <a href="#">Environmental Policy and Environmental Vision</a>
Supply Chain Management	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	TC-HW-430a.1	TDK joined the RBA in 2020 and, in compliance with RBA standards, makes efforts toward continuous improvement in the two stages of self-assessment and auditing. Furthermore, as a supplier selling products to customers, TDK implements self-assessment, auditing, and training according to RBA standards at its manufacturing sites as well. <a href="#">Sustainable Procurement</a> <a href="#">Social and Environmental Consideration at Manufacturing Sites</a>
	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	TC-HW-430a.2	

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Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-HW-440a.1	<p>TDK has formulated a policy relating to responsible sourcing of minerals and, with regard to mineral problems relating not only to conflicts but also to risks and wrongdoings involving human rights violations, environmental destruction, etc., is promoting responsible sourcing of minerals throughout the entire supply chain.</p> <p><a href="#">Responsible Sourcing of Minerals</a></p>
Number of units produced by product category		TC-HW-000.A	<p>TDK does not disclose the number of units produced, but we do disclose sales by product.</p> <p><a href="#">FY March 2021 Financial Results (Sales by Product) page 5/27</a></p>
Area of manufacturing facilities		TC-HW-000.B	<p>TDK does not disclose area, but we do disclose manufacturing site information here.</p> <p><a href="#">TDK Worldwide</a></p>
Percentage of production from owned facilities		TC-HW-000.C	-

