



Attracting Tomorrow



Sustainability Report 2022

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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.

This report is prepared in accordance with the core option of the GRI (Global Reporting Initiative) Standards, and also refers to the SASB Standards and other frameworks and guidance.

In addition, against the background of social issues, we have endeavored to present information relating to 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 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 Integrated 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](#)

[Integrated Reports](#)



Period covered

Fiscal Year 2022 (April 1, 2021 to March 31, 2022 / the fiscal period ended March 31, 2022)

- 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).
- The time period covered by the fiscal year has been changed from this reporting. As a result, there are discrepancies with the fiscal periods in previous reports.

Organizations covered

TDK Group (TDK Corporation and 137 consolidated subsidiaries in Japan and overseas as of the end of March 2022)

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

Major organizational changes during the period covered

None

Enhancing the Objectivity and Accurateness of Disclosed Information

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

[Third-Party Verification](#)

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

Update period

October 2022 (previous update: October 2021; next update scheduled for October 2023)

Reference Guidelines

Global Reporting Initiative (GRI) Sustainability Reporting Standards: Core option
ISO26000 (Guidance on social responsibility)
Sustainability Accounting Standards Board (SASB) Standards

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



TDK launched Value Creation 2023, its latest Medium-Term Plan, in fiscal 2022, declaring that it would achieve both a sustainable society and corporate growth. April 2022, the second year of that plan, saw TDK's first change in presidents in six years, as Shigenao Ishiguro passed the baton of leadership to Noboru Saito. Here, Ishiguro looks back on fiscal 2022 and summarizes the six years of his term, while Saito leads a discussion of TDK's vision for the future.

Evaluating the first year of Value Creation 2023, the Medium-Term Plan

With the prolonged impact of COVID-19 and the ongoing tensions in the wake of the situation in Ukraine, our lives, economy, and society remain under the pressure of enormous changes. Against this backdrop, in fiscal 2022 the TDK Group completed the first year of Value Creation 2023, achieving record-high net sales and operating profit. While all four business segments (passive components, sensor application products, magnetic application products, and energy application products) were profitable, I found the turnaround in the Sensor Application Products business particularly inspiring, after its period of struggle. Our conviction that the business can truly benefit society has been validated, as the challenges in developing market-ready products recede into the past. Meanwhile, batteries and other Energy Application Products, which have led TDK's growth in recent years, are facing a turning point. With demand in the smartphone market, which has continued to expand worldwide, appearing to have hit a ceiling, we need to look to the future and take the next step forward.

Both the Passive Components and Magnetic Application Products businesses remained strong. In a society where all types of goods and services are being digitalized and new energy devices are constantly emerging, the demand for our technologies and products continues to grow.

Looking back, I feel that fiscal 2022 was the year in which the Digital Transformation (DX) and Energy Transformation (EX) trends became mainstream, and the direction in which society will move going forward became clear. Ironically, the trigger for that evolution has been the spread of COVID-19, a critical situation for humanity that at the same time accelerated the pace of change and led to a radical shift in the nature of society.

Even in an era of massive change, our values for sustainability remain constant

When we take a step back and examine the business environment that surrounds us, we realize that the world is now passing through the final stages of an era of integration, and entering the early stages of an era of fragmentation. Since around 1980, the world has seen a trend toward integration and globalization, with China's reforms and open-door policies, the end of the Cold War, and the birth of the European Union. As international, horizontal specialization expanded, TDK grew by leveraging its global platform.

That said, the situation is beginning to change. The world is once again choosing the path of division, with trade

friction among major economic powers, the rise of a new nationalism, and military aggression. Still, no matter how geopolitical lines are drawn, TDK remains resolutely committed to our values and to the aim of realizing a sustainable and happy society for all people through its unique core technologies and solutions. Our business is to advance DX and EX and contribute, without borders, to society.

Over the past six years, there has been progress within the company in a variety of areas involving the promotion of sustainability. Since the Sustainability Promotion HQ was launched in 2019 and accelerated its efforts as a key organization reporting directly to the president, I think we have seen a clear change in employee awareness. Where social rationality and economic rationality were once seen as being on completely opposite vectors, today at TDK they are viewed as perfectly aligned. One example is a mechanism that has taken root by which employees at development and manufacturing sites think about how to use the company's technology to solve SDG issues, and then incorporate those ideas into their business plans.

Exceeding the expectations of customers and society with a market-in perspective

Fiscal 2023 marks the second year of Value Creation 2023, our Medium-Term Plan. We must seize on the powerful tailwinds driven by DX and EX and leverage the foundation for growth we have cultivated to date to make the next leap forward. As customer expectations increase, the question will be how to offer value that exceeds those expectations.

The key lies in a market-in perspective. This goes beyond the conventional product-out approach of saying "We hope you'll use this great thing we've created," and instead requires paying constant attention to what the world's people consider issues and the expectations they have, and incorporating those issues and expectations into product development.

This is precisely the Customer Experience and Consumer Experience (2CX) we set out in launching Value Creation 2023. It is not enough to look only at TDK's direct customers; it is essential that we recognize what end users are looking for and even beyond that, to think through how best to respond to social issues and market needs by utilizing materials and technologies.

In that sense, while Kotozukuri (integrated solutions) can be called a key word in TDK's business today, it is completely different from neglecting Monozukuri (manufacturing excellence). It is extremely important to create products based on an understanding of the needs behind them, and to work together with outside partners to manufacture excellence and create value, while having a concrete vision for what we want to achieve and the kind of society we hope will develop.

The value creation of each individual employee is the sum total of TDK's value

From my vantage point as top executive, I am often reminded of the truth that "people are everything." TDK's value is the sum total of the value created by each and every highly motivated employee, whether those developing technology, or manufacturing products, or bringing those products to a wider market. In fiscal 2022, we set a new record of 166.7 billion yen in operating profit, but that number would not have been possible without the accumulated small efforts of those on our front lines.

This sentiment grew more profound the other day when I attended a conference in Akita Prefecture, where TDK was founded, where the results of small-group activities aimed at improving the level of manufacturing were presented. Listening to the presentations by members from all of our 21 factories in Japan, I was deeply impressed by the overflowing enthusiasm our people on the front lines showed in pursuing how best to increase quality and improve efficiency. And this is not limited to Japan—small-group activities that go back to the basics of Monozukuri are emerging spontaneously at sites around the world. There is no end to growth among those who are dedicated to what they want to do, and this is what makes Monozukuri, and TDK, strong.

I believe that in one sense, TDK is like a jazz band with outstanding solo players. My job as the manager of this ensemble is to develop the strengths of individuals and individual companies while encouraging mutual understanding and connecting organizations, so that we can create value through teamwork as the highly individualistic collective called "TDK United." Management's role is to create an ecosystem in which a richly diverse fusion of organizations is tightly connected.

Toward a society of happiness for all stakeholders

In recent years, as attention has focused on “purpose management”—a rethinking of a company’s reason for being—TDK’s Corporate Motto, to “Contribute to culture and industry through creativity” has taken on added significance. That motto, which has been handed down since our founding, is the very definition of our purpose, and has remained unwavering for the past 87 years. I want our employees to have confidence in this point, and I would like all of our stakeholders, including shareholders, customers, suppliers, and society at large, to feel a sense of trust in our company.

With our sights set on our next major milestone in 2035, the 100th anniversary of our founding, we must chart our next growth step by backcasting from our ideal vision for the future. As stated in the TDK Group Sustainability Vision, “Technology for the well-being of all people,” what we are pursuing from a long-term perspective is the realization of a sustainable and happy society for everyone. Happiness is a dynamic and multivalent concept, with a breadth of meanings for different people. We hope to operate with an active awareness of this rich diversity as we take on the challenge before us. Under our Corporate Motto, our goal will be to leverage the strength of the Group’s approximately 117,000 employees to deliver well-being to people everywhere as the world’s “happiness supplier.”

TDK Value Structure -Corporate Philosophy and Sustainability Vision-

TDK Value Structure

Corporate Philosophy

Long-Term Vision & Strategy

Medium-Term Plan

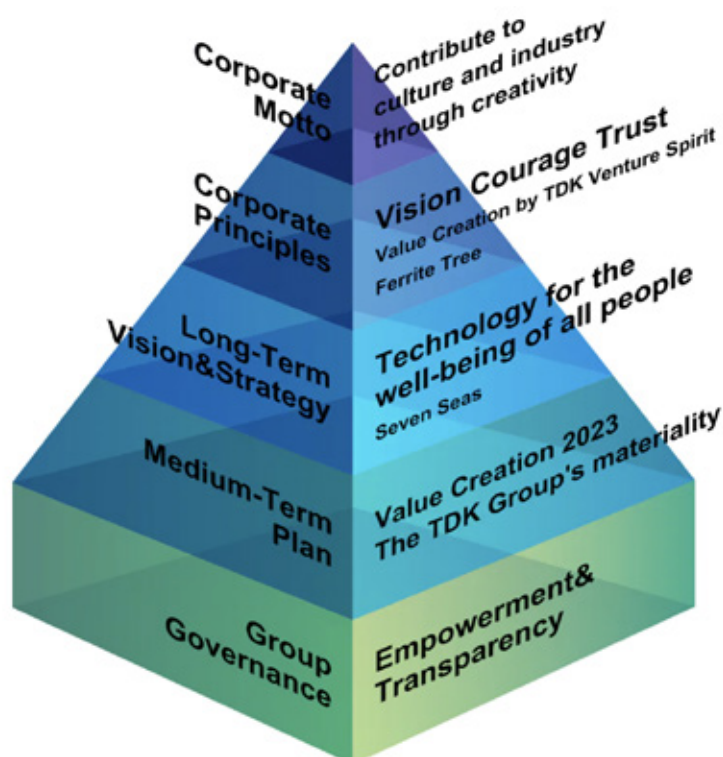
Group Governance

TDK Value Structure

Since its foundation in 1935, TDK has conducted business with the aim of solving social problems. As of March 2022, it has grown into a global business enterprise with Group sales of approximately ¥1,900 billion and about 117,000 members worldwide. As a leading manufacturer of electronic components, TDK continuously creates innovative and state-of-the-art technologies and products. To continue creating value even more than a century after its foundation, we formulated a long-term vision and strategy looking 10 years into the future and established a Medium-Term Plan and the TDK Group materiality. We have also created governance systems to support the realization of these. We refer to this as the TDK Value Structure, have reaffirmed its status as a pillar of all activities by employees, and will hand it down to the future generations who will be responsible for TDK in the future.

Related link

[Integrated Reports](#)



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
よって
文化産業に
貢献する
社是

Corporate Motto

Contribute to culture and industry through creativity

夢
勇氣
信賴
社訓

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.

Long-Term Vision & Strategy

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

Related link

[Medium-Term Plan](#)

TDK Group's Materiality

Please see the link below.

Related link

[TDK Group's Materiality](#)

Group Governance

Please see the link below.

Related link

[Corporate Governance](#)

Materiality and Promotion Structure

TDK Group's Materiality

In fiscal 2021, the TDK Group 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.



CONTENTS	Medium Term Policy : Accelerate DX and EX in order to realize 2CX and create value for a sustainable society						
Editorial Policy	Energy transformation (EX): Contribution to energy and environmental solutions by minimizing waste heat and noise with electronic devices <ul style="list-style-type: none"> Effective use of energy and expanding use of renewable energy toward the realization of net zero CO₂ emissions in 2050 Provide products and solutions for creating clean energy to realize a zero-carbon society Provide products and solutions for realizing an efficient energy society by storing, converting, and controlling energy 	Quality Management <ul style="list-style-type: none"> Pursue zero-defect product quality Reduce quality costs Maximize customer satisfaction with product and service quality 	HR Management <ul style="list-style-type: none"> Develop human resources to lead the TDK Group Foster greater diversity and inclusion Improve employee engagement and job satisfaction to attract and retain talented employees 	Supply Chain Management <ul style="list-style-type: none"> Enhance global procurement capabilities and mechanisms Ensure responsible procurement Ensure societal and environmental consideration in the supply chain 	Opportunity & Risk Management <ul style="list-style-type: none"> Identify and capture business opportunities effectively by strengthening marketing capability with full use of digital technology Strengthen the group's risk management capabilities 	Pursuing Both Delegation of Authority and Internal Controls <ul style="list-style-type: none"> Ensure speed and transparency in operations, based on the clearly defined roles, authorities and responsibilities of each organization Make management systems of each group company more effective and efficient, aligned with the group's unified policy Implement appropriate post-merger integration (PMI) for acquired companies 	Asset Efficiency Improvement <ul style="list-style-type: none"> Rebuild business portfolio Optimize facilities and manufacturing sites
Top Commitment							
Sustainability Management	Digital transformation (DX): Promotion of the digitalization of society by adding software technology to material science and process technology <ul style="list-style-type: none"> Provide products and solutions to help build resilient communication network infrastructure Provide products and solutions for supporting robotics and mobility to promote human capability enhancement and complementation Promote digitalization at TDK 						
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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.

Materiality Identification Process

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The Materiality Identification Process

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

▼ STEP 1

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.

▼ STEP 2

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 \(initial internal draft\)](#)

▼ STEP 3

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 2022-2024, 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.

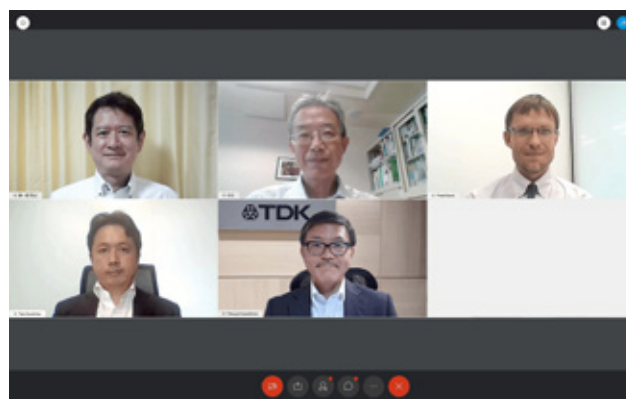
▼ STEP 4

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 figures. 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).

Sustainability | Sustainability Management | TDK Group's Materiality

Energy transformation (EX): Contribution to energy and environmental solutions by minimizing waste heat and noise with electronic devices

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Background to Identification as Materiality

Significance for TDK

Energy transformation (EX), which TDK advocates, sets its sights on the problem of climate change, which is an urgent issue worldwide. It is one of the issues that the TDK Group should address in unison in order to achieve both a sustainable society and corporate growth. A lot of stakeholders including customers and investors pay close attention to climate change countermeasures, which are one of the factors in the selection of business partners and investment destinations. Therefore, the TDK Group has identified EX as materiality. We are sure that the steady implementation of EX will have a substantial effect on business and fund procurement.

Significance for Society

TDK's EX initiatives are aimed at revitalizing and protecting the global environment and creating a pleasant and safe society. As stated in TDK Environmental Vision, they will lead to operations under the environmental load within natural circulation. TDK, which is a maker of electronic components in the supply chain midstream, believes that tackling EX as an important issue in management is also vital in terms of accelerating climate change countermeasures by society at large.

Furthermore, we believe that TDK's products and solutions can contribute to the creation of clean energy and the realization of an energy efficient society and can exert a positive impact on society not only in the production but also in the use phase.

Overview (Themes, responsible department, goals, KPIs, and progress)

Themes	Responsible department	Goals in 3 years	Action items	KPIs	Medium-term target* (Fiscal 2022-2024)	Progress of Fiscal 2022
Effective use of energy and expanded use of renewable energy toward the realization of net zero CO ₂ emissions by 2050	Safety & Environment Group	CO ₂ emission intensity from energy use (Scope 1, 2) is reduced by 12% compared with base year (fiscal 2015).	<p>Aim at halving CO₂ emission intensity, as advocated in the TDK Environmental Vision 2035 through the following two activities</p> <ul style="list-style-type: none"> Strengthen energy efficiency by improving productivity at manufacturing sites Expand the use of renewable energy 	CO ₂ emission intensity from energy use	Reduce by 12% compared with fiscal 2015	Reduced 32%
Provide products and solutions to create clean energy and realize a zero-carbon society	Corporate Marketing & Incubation HQ	The portfolio of related technologies and products is regularly updated to contribute to the use of clean energy, such as solar, wind, hydro, and geothermal power.	Study renewable energy and alternative energy market and technology to find potential new business opportunity for TDK	Research and publish an internal marketing the respected area	1 report / year	We researched technology and market trend of xEV market. Findings were published as an internal report and been shared among TDK stake holders. We also started investigating potential TDK technologies to support renewable energy market. We'll continue the studies and will publish an internal comprehensive market report in 2022.
				Find potential opportunity in Renewable Energy market and incubate new business, product or solution in TDK	By the end of 2023	We started investigating potential opportunity in Renewable Energy market and continue in 2022.
Provide products and solutions to realize an energy efficient society by storing, converting, and controlling energy	Corporate Marketing & Incubation HQ	The portfolio of related technologies and products that contribute to better energy efficiency is regularly updated so that TDK's EX is recognized by society.	Study energy transfer and storage market and technology to find potential new business opportunity for TDK	Research and publish an internal marketing the respected area	1 report / year	We researched technology trend and potential market for TDK. We'll continue the studies to other applications in 2022.
				Find potential opportunity for Renewable Energy market and incubate new business, product or solution in TDK	By the end of 2023	We will continue investigation in 2022.

*The targets run from fiscal 2022 through 2024 (ending March 31, 2024).

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Safety & Environment Group, Sustainability Promotion HQ *The title is as of the end of March 2022.

Tetsuya Kuwashima

[Responsible Theme]

- **Effective use of energy and expanded use of renewable energy toward the realization of net zero CO₂ emissions by 2050**

I think that TDK's identification of and commitment to corporate materiality is extremely valuable for both TDK and society. The motivation required to entrench this approach and show achievements to stakeholders comes from the discovery of challenges toward realizing a sustainable society and deployment within the Group. For this purpose, it is important to arouse motivation in the Group as a whole by appropriately setting directions in line with TDK's policy of empowerment and transparency and sharing and deploying useful information.

Issues standing in the way of promoting the introduction of renewable energy include regionally different infrastructure, legislative systems, and procurement costs. To overcome these challenges, we will promote measures in accordance with conditions in each country and each region and in consideration of both total optimization and cost restraint.

Furthermore, we will promote specific actions to achieve the Group-wide goal of raising TDK's global ratio of renewable energy introduction to 50% (Scope 2) by fiscal 2025, which is TDK's interim target toward the goal of achieving net zero CO₂ emissions by 2050.

Corporate Marketing & Incubation HQ

Michael Pocsatko

[Responsible Themes]

- **Provide products and solutions to create clean energy and realize a zero-carbon society**
- **Provide products and solutions to realize an energy efficient society by storing, converting, and controlling energy**

The Corporate Marketing & Incubation HQ plays the role of TDK's antenna, catching customer needs and disseminating TDK's technologies. Our mission is to transform data into information and intelligence and, based on that intelligence, create and incubate new products and solutions that do not exist in TDK's portfolio. Our Goal is to accelerate "Value Creation" by building bridges - communicating and collaborating across innovators both inside and outside the company. This is creating a strong "Outside-In" perspective, a more customer-oriented approach and language.

While going beyond our organization and collaborating with all kinds of divisions both inside and outside TDK, we aim to combine TDK's technologies and create new value. In pursuing this, a new CD XO (Chief Digital Transformation Officer) function has been established with tasks regarding "Digitalization": they are 1) Digital for Customers: Agile Creation & Identification of New Values for Customers. Specific to Digital Marketing: "Customer Experience Driven Growth with Market Data, Content & Analytics"; 2) Digital for TDK Group: Agile Adoption of Global Best-Practices within TDK Group to Promote New Work Styles; 3) Digital for Ecosystem: Aggressive Networking & Co-creation Through External Collaboration.

TDK's EX and DX initiatives are an important activity responding to the demands of society. Essentially the technologies developed by TDK are marvelous things that can contribute to the well-being of people. At the same time, these priority fields are at the core of TDK's long-term strategy and a vital factor in promoting our business plan Value Creation.

Going forward, we must create more customer-centered innovations, entrench the outside-in way of thinking in our organization, and realize 2CX (customer experience and consumer experience), which means providing experiences that go way beyond the expectations of customers.

Digital transformation (DX): Promotion of the digitalization of society by adding software technology to material science and process technology

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Background to Identification as Materiality

Significance for TDK

We believe that the promotion of digital transformation (DX), which means accelerating the digitalization of society by adding software technology to material science and process technology, such as 5G, AR/VR/MR, wearable devices, robotics, drones and data storage, is a field in which TDK can fully display its value in society.

Furthermore, for TDK itself, DX initiatives and the optimum utilization of a digital foundation will lead to the sustained creation of maximum output (timely supply of products in the volumes required by customers) using minimum input (materials, energy, and other management resources).

If we could quickly and accurately grasp the potential needs of customers, we have an adequate grounding to respond in a timely manner. If we could monitor the operating conditions of production lines and individual equipment in real time, we could detect changes in the situation quickly and carry out maintenance beforehand, thus guaranteeing production as planned (= predictive maintenance). And in the case of changes in market or customer demands, or the disruption of delivery from a supplier, if we could identify the disruptive factor quickly and visualize changes in conditions, speedy and optimum decision making would be possible, and we could take action swiftly.

By establishing robust business foundations fully utilizing digital power in this way, it would be possible for the whole value chain to collaborate and function in a speedy, timely, and autonomous manner, which in turn would lead to the sustained growth and enhanced corporate value of TDK.

Significance for Society

For the TDK Group, which advocates "Technology for the well-being of all people" as its long-term vision, DX promoting the digitalization of society is a crucial factor. Through the development, manufacturing and supply of products and solutions, we believe that TDK can contribute to the building of resilient communication network infrastructure and the promotion of society's digitalization. Promoting the digitalization of society will lead to the realization of new flexible workstyles and the alleviation of labor force shortages.

Furthermore, by linking the TDK Group's digital foundation with customers and suppliers, it will be possible for us to visualize and optimize operations, minimize various losses, and result in the realization of business activities that take social issues, including human rights, and the global environment into consideration.

Overview (Themes, responsible department, goals, KPIs, and progress)

Themes	Responsible department	Goals in 3 years	Action items	KPIs	Medium-term target* (Fiscal 2022-2024)	Progress of Fiscal 2022
Provide products and solutions to help build resilient communication network infrastructure	Corporate Marketing & Incubation HQ	Technological targets for network infrastructure supporting a ubiquitous society are defined and necessary technologies such as 5G mmW, 6G, HAPS (high-altitude platform stations), LEO (low earth orbit) satellites, submarine cables are positioned in TDK development roadmap.	Study next generation communication market (B5G) and potential application such as Society 5.0, UX of such applications to find new business opportunity for TDK	Research and publish an internal marketing the respected area	1 report / year	We researched technology and market trend of AR/VR application. Findings were published as an internal report and been shared among TDK stake holders.
				Find potential opportunity to support resilient communication network infrastructure and incubate new business, product or solution in TDK	By the end of 2023	New product development for AR/VR project were engaged. We'll continue to support AR/VR and expand investigation to other areas in 2022.
Provide products and solutions for supporting robotics and mobility to promote the enhancement and complementation of human capabilities	Corporate Marketing & Incubation HQ	Gap between the demand of society and TDK products relating to the application of robotics, mobility, and humanoid robotics are clearly identified and a roadmap to plug that gap is established.	Study next generation of Robotics market including autonomous driving to find new business opportunity for TDK	Research and publish an internal marketing the respected area	1 report / year	We researched technology and market trend of on board high performance computing and robot. Findings were published as an internal report and been shared among TDK stake holders.
				Find potential opportunity to provide products and solution for robotics and mobility and incubate new business, product or solution in TDK	By the end of 2023	We engaged in potential new business incubation projects, we will continue support in 2022.
Promote digitalization at TDK	SCM & Management System HQ	By fully utilizing digital power, the speed and quality of operations are dramatically improved, accelerating operational excellence and supporting the realization of 2CX.	<ul style="list-style-type: none"> Visualize supply chain information to speed up decision making and streamline business processes 	Efforts to strengthen the integrated business management process from procurement to delivery, and the seamless infrastructure to visualize supply-chain conditions underpinning that process, so as to improve 2CX and accelerate the practice of ESG/SDGs	Realize in pilot product businesses during fiscal 2024	As a first step, implemented work reforms relating to transactions between Group companies
			<ul style="list-style-type: none"> Promote the combined utilization of data analysis platforms and collaboration platforms, and strengthen human resource development for their realization, etc. 	Speedup of work by introducing a globally common IT platform and strengthening of the training of human resources to use it	<ul style="list-style-type: none"> Complete deployment of a global collaboration platform Foster data analysis human resources 	<ul style="list-style-type: none"> Completed deployment of a global collaboration platform to main companies Introduced a training program for the fostering of data analysis human resources

*The targets run from fiscal 2022 through 2024 (ending March 31, 2024).

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Corporate Marketing & Incubation HQ

Michael Pocsatko

[Responsible Themes]

- Provide products and solutions to help build resilient communication network infrastructure
- Provide products and solutions for supporting robotics and mobility to promote the enhancement and complementation of human capabilities

The Corporate Marketing & Incubation HQ plays the role of TDK's antenna, catching customer needs and disseminating TDK's technologies. Our mission is to transform data into information and intelligence and, based on that intelligence, create and incubate new products and solutions that do not exist in TDK's portfolio. Our Goal is to accelerate "Value Creation" by building bridges - communicating and collaborating across innovators both inside and outside the company. This is creating a strong "Outside-In" perspective, a more customer-oriented approach and language.

While going beyond our organization and collaborating with all kinds of divisions both inside and outside TDK, we aim to combine TDK's technologies and create new value. In pursuing this, a new CDXO (Chief Digital Transformation Officer) function has been established with tasks regarding "Digitalization": they are 1) Digital for Customers: Agile Creation & Identification of New Values for Customers. Specific to Digital Marketing: "Customer Experience Driven Growth with Market Data, Content & Analytics"; 2) Digital for TDK Group: Agile Adoption of Global Best-Practices within TDK Group to Promote New Work Styles; 3) Digital for Ecosystem: Aggressive Networking & Co-creation Through External Collaboration.

TDK's EX and DX initiatives are an important activity responding to the demands of society. Essentially the technologies developed by TDK are marvelous things that can contribute to the well-being of people. At the same time, these priority fields are at the core of TDK's long-term strategy and a vital factor in promoting our business plan Value Creation.

Going forward, we must create more customer-centered innovations, entrench the outside-in way of thinking in our organization, and realize 2CX (customer experience and consumer experience), which means providing experiences that go way beyond the expectations of customers.

SCM & Management System HQ

Masato Ishikawa

[Responsible Theme]

- Promote TDK's digitalization

To continue contributing to the solution of social issues through the creation of valuable products, we must always focus on time to market. For this reason, the acceleration of digitalization (DX) is essential. By realizing DX, we will be able to speed up all our activities, from design, development, manufacture, work processes and decision making, and enhance quality.

As well as the introduction of optimum digital technologies in accordance with themes and challenges, another issue in the realization of DX is strengthening the development and securing of human resources with the skills to promote it. In cooperation with relevant divisions, we are improving educational programs so that all employees can reach a certain level of digital literacy.

In addition, there is a wide variety of digitalization and DX initiatives taking place in the TDK Group, and many of them already are being implemented as best practices. I hope to fully utilize the new communication platform that is being revamped globally so as to share such examples and efficiently spread them across the Group.

Together with relevant functions, we intend to tackle the strengthening of our digital foundation to support the TDK Group's value creation cycle.

Quality Management

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Significance for TDK

The improvement of product quality and delivery performance will raise the satisfaction of 2CX (customer experience and consumer experience) and lead to the further use of TDK products by customers for their existing products and new development projects. As a result, it will contribute to expanding usage and shares at customers and enhancing orders received, sales, and income.

At the same time, by reducing in-process defects (quality failure costs) at manufacturing sites, it will contribute to the raising of Commercial Value and Asset Value in "Value Creation 2023," the TDK Group's Medium-Term Plan.

Significance for Society

TDK products are developed, produced, and supplied to the market with the aim of realizing our Corporate Motto of "Contribute to culture and industry through creativity" and our Sustainability Vision of "Technology for the well-being of all people." However, the occurrence of quality defects not only makes it difficult to achieve our objectives but also could lower customer satisfaction and cause damage to society.

Quality initiatives are an important factor for the realization of our Corporate Motto and Sustainability Vision. Since this effort to realize our Corporate Motto and Sustainability Vision is also connected to the solution of issues raised in the United Nations Sustainable Development Goals (SDGs), such initiatives have an important significance in supporting TDK's role in society.

We believe that stakeholders also expect TDK to lower risks relating to product quality and to continue the stable supply of high-quality products.

Overview (Themes, responsible department, goals, KPIs, and progress)

Themes	Responsible department	Goals in 3 years	Action items	KPIs	Medium-term target* (Fiscal 2022-2024)	Progress of Fiscal 2022
Pursue zero-defect product quality	Quality Assurance HQ	Manufacturing in business divisions is moving towards upstream management in order to eliminate quality defects in the four areas of design, material, process, and management.	<ul style="list-style-type: none"> Strengthen the quality education in design, development, and manufacturing departments Manage and maintain the certification at all applicable sites Promote activities to eliminate the four quality defects (design, material, process, and management) by improving quality awareness and improvement methods and using AI 	Implementation of quality education at all applicable sectors	Promote the globalization of quality education utilizing DX	Started learning with digitalized educational content
				Management of certification maintenance at all applicable sites (ISO9001)	Certification maintenance ratio: 100%	100%
				Consideration of the development of systems by utilizing AI	<ul style="list-style-type: none"> Develop a system for detecting signs of equipment failure Consider the development of design screening by AI search 	<ul style="list-style-type: none"> Considered elemental technology for indicative detection Introduced an automated monitoring tool by deep learning
Reduce quality costs	Quality Assurance HQ	Measures have been taken to strengthen design reviews during design phase and to improve 4M (man, machine, material, method) at manufacturing sites, and improvements are promoted autonomously in business divisions.	<ul style="list-style-type: none"> Promote 4M improvement in manufacturing aimed at reducing quality loss (improving yield) Promote small-group activities 	Quality improvement activities for each cause	Implement measures for each cause	<ul style="list-style-type: none"> Promoted the visualization of foreign objects through in-process activities to reduce the presence of foreign objects Introduced an analytical tool to counter the fragility of software implemented in products Implemented new quality diagnosis (processes, equipment) by Headquarters functions Issued a manual for small-group activities and promoted them
Maximize customer satisfaction with product and service quality	Quality Assurance HQ	The speed of response to quality complaints is improved by enhancing and strengthening the semiconductor analysis functions and, in the case of especially serious complaints, a company-wide cross-functional activity is conducted to respond to the customer.	<ul style="list-style-type: none"> Accelerate measures to improve customer satisfaction through cross-functional activities 	"A rank" in degree of customer satisfaction *Among the total of supplier evaluations obtained from customers, "A rank" means the ratio of customers expressing satisfaction.	At least 95%	96.8%
	SCM Reengineering Group	The visualization and refining of goods and information (changes in customer demand, production fluctuations, etc.) in the supply chain is undertaken to enable quick decision making in a VUCA world toward the realization of a resilient supply chain based on work rules and data-driven operations.	<ul style="list-style-type: none"> Strengthen supply chain visualization Standardize manufacturing and sales rules in demand management and demand-supply adjustment Improve delivery service level and efficiency by shortening business lead times and supplementing inventory management functions 	1. Visualization of supply chain management from a consolidated perspective <ul style="list-style-type: none"> Production, sales, and inventory (PSI) information by level Business lead time 2. Formation of inventory holding standards based on supply policy and strengthening of management function	Build new work infrastructure for consolidated supply-demand management in applicable product groups and strengthen visualization of the flow of products and information Furthermore, redefine work rules and endeavor to entrench delivery/inventory management infrastructure to enable speedy decision making	1. Increased the accuracy of PSI information in existing infrastructure 2. Completed concept formulation toward the building of consolidated supply-demand management infrastructure

*The targets run from fiscal 2022 through 2024 (ending March 31, 2024).

Department Head Messages

Quality Assurance HQ

Atsuyuki Nakano

[Responsible Themes]

- Pursue zero-defect product quality
- Reduce quality costs
- Maximize customer satisfaction with product and service quality

For TDK, a manufacturing company, the ultimate goal is to realize zero defects, but we have not reached that point yet. To achieve our objective, at the moment we are bolstering efforts in the four steps: identification of causes, outflow prevention activities, preventative and predictive activities, and upstream-management-type manufacturing that does not produce defects. In each step, we are improving ways and means to raise the quality awareness of employees and promoting activities to eliminate defects in design, material, process, and management through integration with digital transformation (DX). In addition, we are striving to predict and prevent the outbreak of in-process defects through DX technology, including the building of basic technologies for deep learning*¹ and AOI.*² For TDK, which designs, manufactures, and supplies products, product quality is a most important issue and a foundation of our corporate activities. The TDK Group will come together, eliminate product defects in the four areas of design, material, process, and management, and establish an organization and corporate culture of upstream-management-type manufacturing so that “Made by TDK” becomes a synonym of top quality.

*¹ Deep learning is a type of machine learning that boosts learning ability by combining artificial neural networks imitating the neural circuits of the human brain, thereby enabling the learning of various things and response to complicated problems.

*² AOI stands for automated optical inspection, which refers to the quality inspection of products by means of continuous photography using a high-resolution camera system with different light sources, such as fluorescence, ultraviolet rays, LED (light-emitting diode), and infrared rays.

SCM Reengineering Group

Tsuyoshi Morita

[Responsible Theme]

- Maximize customer satisfaction with product and service quality

As a supplier, we make efforts to provide value in the form of deliveries that do not dent the customer’s business and also to enhance asset efficiency. As a result, we can maximize the satisfaction of customers and gain their trust. Furthermore, we believe that TDK’s tackling, as a supplier, of the twelfth Sustainable Development Goal of “Responsible consumption and production” will lead to the strengthening of our response to geopolitical risks, our consideration for society and the environment, and the governance needed to put related measures into practice.

To realize our goals in three years, we are currently promoting the “establishment of factory foundations based on plan-based production and on-time delivery,” and “standardization and refining of operation processes between sales companies and factories.” In addition, we will shift from the existing specific-optimal-type management of supply and demand to seamless supply chain management with a consolidated and overall-optimal perspective and realize quick decision making in a VUCA* world.

The improvement of delivery has been an important issue for many years. The TDK Group will maximize customer satisfaction by working together to transform into new operation processes and overcome this challenge.

* VUCA is an acronym standing for volatility, uncertainty, complexity, and ambiguity. It refers to conditions that are highly unpredictable for society and business.

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Background to Identification as Materiality

Significance for TDK

In order to improve the competitiveness of TDK and achieve sustainable growth, it is key to develop and fully utilize in-house talents as well as to attract new and the best talents from outside. Furthermore, for innovative creation, it is essential that people with diverse backgrounds and opinions to come together for discussions. By fulfilling these conditions, a more creative, agile and disruptive environment will be created. As a result, the development of new ideas, products, processes, and solutions will be accelerated, exerting a positive impact on TDK's sales and profits.

Significance for Society

The promotion of diversity and inclusion by society as a whole will lead to the realization of a more diverse and highly productive society. In addition, our training and development programs for employees can strengthen the skills essential for adapting to changes at work and in society. And by practicing our Corporate Motto and Corporate Principles, we can provide even better products and solutions to society.

We believe that our stakeholders also have an expectation that TDK will create an environment in which our employees can display their respective abilities and that, as a result, TDK will exert an impact on solving social issues through our products and solutions.

Overview (Themes, responsible department, goals, KPIs, and progress)

Themes	Responsible department	Goals in 3 years	Action items	KPIs	Medium-term target* (Fiscal 2022-2024)	Progress of Fiscal 2022
Develop human resources to lead the TDK Group	Human Resources HQ	Succession Planning Process is implemented, and the Talent Pool are well filled with leaders who can act globally and collaborate with various divisions to accelerate innovation and TDK's growth.	<ul style="list-style-type: none"> Execute Global Management training to develop future leaders Build an efficient global HR platform Create and manage Succession Plan for all top key positions at TDK 	Number of GEMP (Global Executive Management Program) participants	10-15 participants / cohort linked to 3 year mid-term plan	13 participants
				Number of Global AMP (Global Advanced Management Program) participants	20-25 participants / year	0 (26 candidates' participation in the program was postponed to fiscal 2023 due to inability to meet face-to-face.)
				Number of GMP (Global Management Program) participants	40-50 participants / year	44 participants
				Number of TCDP (Territorial Career Development Program) participants	80-100 participants / year	89 participants
Foster greater diversity and inclusion	Human Resources HQ	Employees' understanding of the significance and purpose of activities to promote diversity and inclusion are deepened, and a foundation and talent pool are created that will continuously produce female candidates for managerial positions.	<ul style="list-style-type: none"> Penetrate the significance and purpose of activities to promote diversity and inclusion Foster female candidates for managerial positions Share TDK (Japan) activities globally and vice versa 	Attendance ratio of workshop for managers (Japan)	70% / year	98% / year
				% of female candidates for promoting to manager position (Japan)	4% / year	10.3% / year
				Female managers ratio (Japan)	3%	3.7%
Improve employee engagement and job satisfaction to attract and retain talented employees	Human Resources HQ	Employee engagement surveys are rolled out TDK Globally and, based on analyzed outcome, feedback and appropriate improvement measures are implemented. In addition, social media channels are established to support and enhance employer branding (increasing the company's reputation among job seekers) and recruitment, thereby achieving to transform into a more innovative and resilient company through the securing of highly engaged employees.	<ul style="list-style-type: none"> Prepare and roll-out TDK Global Engagement Survey globally Provide feedback based on the analysis of survey results and create improvement action plans Utilize social media channels 	<ul style="list-style-type: none"> Prepare the concept in fiscal 2022. Roll-out to all applicable TDK group companies in fiscal 2023. 	Prepare the concept in fiscal 2022.	Preparation done in fiscal 2022 for the implementation

*The targets run from fiscal 2022 through 2024 (ending March 31, 2024).

Department Head Message

Human Resources HQ

Andreas Keller

To realize the ideal that we are aiming for in the next three years, we will further enhance our outstanding training and development programs. The best programs will change the way people see themselves. We will foster the best leaders and experts who will guide TDK to an amazing and sustainable future.

TDK established the Global Human Resources HQ in Germany and built a Global HR Management System bringing together everything from the recruitment and education of human resources to treatment, skill development, and target management. While ensuring the centripetal force of the Group, as a part of our efforts to build an organizational environment in which diverse human resources can utilize their abilities and individualities, we are endeavoring to compile Succession Plan and improve communication skills and employee engagement. Engaged team members figure out how to beat the competition. Turned off team members only complain about being beaten by the competition. Let's make sure together that all members of the TDK Group are engaged and by doing so creating a sustainable future through our products, systems and solutions.

There are challenges in implementing these initiatives. The TDK Group operates around the world and consists of a variety of Group companies, so our sites have different languages. Furthermore, although English is our common language, there are regional differences in the level of English communication skills. To overcome these challenges, we will carefully discuss with business leaders in the different parts of the world and search for the right approach, while for English communication skills, we will further strengthen our efforts to improve the communication levels through Global English assessments and training programs.

At the end, let me introduce a quote from a book I once read that made a lasting impression on me: "Smart teams will do good things, but truly diverse and inclusive teams will do impossible things."

Supply Chain Management

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Background to Identification as Materiality

Significance for TDK

By facilitating the sharing of information about procurement conditions and issues throughout the Group, “enhance global procurement capabilities and mechanisms,” which is one of the themes, will lead to increased work efficiency and cost reduction. Promotion of the other two themes, “ensure responsible procurement” and “ensure societal and environmental consideration in the supply chain,” will enable the building of a competitive supply chain.

Specifically, the establishment of a pleasant working environment contributes to improving the health and productivity of employees and, moreover, leads to the attraction and retention of talented human resources. In addition, today, when consideration of social issues, such as human rights, and the environment has become an essential condition of business, such initiatives clearly have an influence on relations with business partners and investment decisions by shareholders and investors.

Since these activities generally improve quality, delivery, and cost throughout processes and exert a positive impact on the environment, human rights, and other issues, they can be expected to lead to the enhancement of customer satisfaction, the gaining of trust from employees and investors, and in turn the growth of the TDK Group.

Significance for Society

TDK has numerous manufacturing sites and about 4,500 suppliers around the world. The promotion of societal and environmental consideration at these sites and suppliers is highly significant not only for TDK but also for society at large.

Furthermore, we recognize that stakeholders have expectations for not only response and compliance with legislation and international industrial standards in the supply chain but also the execution of social responsibilities, such as support for suppliers, and the minimization of social impact caused by corporate (business) activities, such as the problem of conflict minerals.

Overview (Themes, responsible department, goals, KPIs, and progress)

Themes	Responsible department	Goals in 3 years	Action items	KPIs	Medium-term target* (Fiscal 2022-2024)	Progress of Fiscal 2022
Enhance global procurement capabilities and mechanisms	Procurement & Logistics Group	<ul style="list-style-type: none"> Continuous cost reduction is achieved by sharing and utilizing the latest information of common critical suppliers of TDK Group. Procurement risks are reduced including potential risks through supply chain optimization. Compliance with GCR (Global Common Regulations) is achieved through regular monitoring and support for subsidiaries. 	<ul style="list-style-type: none"> Analyze the Approved Supplier List (ASL), formulate cost reduction plans, negotiate with common suppliers, study information sharing platforms, and launch a Global Procurement Collaboration Committee (GPCC) Analyze high-risk components and materials and consider countermeasures; restructure and optimize the supply chain through negotiations with suppliers Consider monitoring mechanisms, collect feedback from subsidiaries, support formulation of individual regulations, and conduct regular monitoring 	Visualization and utilization of supplier information and purchasing data	Build a platform to uniformly visualize the TDK Group's supplier information and purchasing data and utilize it in procurement strategy	Visualized supplier data of main subsidiaries
				Reduction of procurement risks for high-risk parts and materials	Conduct supply chain risk analysis and implement countermeasures	Identified high-risk parts and materials
				Conformity with global common rules	100%	Built a monitoring mechanism and began checking the state of establishment of individual rules
Ensure responsible procurement	Procurement & Logistics Group	Smelter information is regularly monitored across the TDK Group utilizing the framework of Responsible Minerals Initiative (RMI) and compliant smelters are prioritized in procurement.	<ul style="list-style-type: none"> Regularly monitor smelters and promote responsible mineral procurement 	Ratio of suppliers recognized as procuring the 3TG minerals (tin, tantalum, tungsten, and gold) from RMAP-conformant refineries (RMAP: Responsible Minerals Assurance Process)	At least 92% Disseminate and instill the idea of responsible mineral procurement among suppliers	92%
Ensure societal and environmental consideration in the supply chain	Procurement & Logistics Group	The working environment of suppliers is regularly monitored utilizing CSR check sheets and continuously improved through feedback or guidance to suppliers.	<ul style="list-style-type: none"> Appropriately manage the working environment of suppliers 	CSR compliant supplier rate	100%	99%
	CSR Group	<ul style="list-style-type: none"> Risk hedging against various kinds of risks such as societal, environmental and ethical risks at TDK manufacturing sites is ensured by capturing issues periodically and making continual improvements through a framework of self-assessment, audit, and training and dialogue. Communication between CSR Group at the Global HQ and CSR members at Regional HQs is further strengthened and synergistic effects are exerted at the group level, such as accelerating improvements by sharing case studies. 	<ul style="list-style-type: none"> Implement the results of CSR self-checks and the risk assessment for labor and business ethics aimed at helping each site to grasp their own conditions and identify issues Implement either of RBA-authorized audit, customer CSR audit, or CSR assessment based on the RBA VAP Operations Manual at each of our manufacturing sites at least once every three years Implement training at each manufacturing site aimed at acquisition of knowledge necessary for activities to reduce social and environmental risks 	Implementation rate of CSR self-checks at manufacturing sites	100%	100%
				Implementation rate of labor, and ethics risk assessments at manufacturing sites	100%	100%
				Ratio of manufacturing sites implementing RBA-authorized audits (RBA: Responsible Business Alliance)	25%	10%
				Ratio of manufacturing sites implementing RBA-authorized audits, customer CSR audits, or CSR assessment based on the RBA VAP Operations Manual at least once every three years	100%	24%
				Provision of opportunities for training through e-learning or on-site training, including dialogue	Implement every year	Implemented necessary training opportunities globally

*The targets run from fiscal 2022 through 2024 (ending March 31, 2024).

Department Head Messages

Procurement & Logistics Group, SCM & Management System HQ Kenichiro Arimura

[Responsible Themes]

- Enhance global procurement capabilities and mechanisms
- Ensure responsible procurement
- Ensure societal and environmental consideration in the supply chain

We will clarify our responsibilities, develop and retain professional human resources, and fulfill our responsibilities as the procurement division through cooperation among HQ divisions, business divisions, and Group companies, thereby contributing to the company and society.

For this purpose, we will make efforts on the visualization of information and data relating to supply chain management, the utilization of digital tools for information sharing, and the ensuring of human resources and establishment of an organizational setup to promote activities in the Group as a whole.

Furthermore, we will strive to achieve our goals in three years by promoting CSR on-site audits and other measures in addition to promoting procurement from smelters and refiners conforming with supply chain surveys and standards in line with the activities of the RMI, confirming supplies' compliance with CSR using CSR check sheets and promoting procurement from compliant suppliers.

CSR Group, Sustainability Promotion HQ Sachiko Nagahara

[Responsible Theme]

- Ensure societal and environmental consideration in the supply chain

TDK, which aims to achieve both a sustainable society and corporate growth, has numerous manufacturing sites around the world, so efforts to reduce societal and environmental risks at sites are an important activity with significant impact. Utilizing RBA* standards, we regularly check by means of multiple methods, including third-party perspectives, whether manufacturing sites have a suitable working environment, whether workers are treated with respect, whether substances that are harmful to human beings and the environment are being managed and processed properly, and so on.

We started these activities about 10 years ago, and we have moved forward while making repeated improvements. At all times, the important thing is to identify what social issues will arise and attract attention going forward and to respond to those issues as quickly as possible. Manufacturing sites are required to steadily correct findings pointed out in audits and CSR assessments, to maintain these corrected conditions, and to predict risks that might occur due to the same reason and deal with them beforehand.

To realize the ideal that we are aiming for, we will promote activities based on the understanding and cooperation of everyone at manufacturing sites, the CSR and Safety and Environment Group at Regional HQs, business divisions, and the Global HQ divisions.

* RBA stands for the Responsible Business Alliance, the world's largest coalition of companies in the electronics, retail, auto, and toy industries. The RBA stipulates a code of conduct for the improvement of occupational safety and health, the protection of human rights, consideration for the environment, and ethical responsibility in the supply chain and urges member companies and their suppliers to practice the code.

Opportunity and Risk Management

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Background to Identification as Materiality

Significance for TDK

By identifying opportunities in TDK's business based on internal and external information, it will be possible to create new products and solutions that do not currently exist in TDK's portfolio and allocate research and development resources efficiently. TDK will be able to acquire new business opportunities and aim for further growth.

Furthermore, by properly evaluating and recognizing risks that would obstruct the achievement of management targets, it will be possible for senior management and business divisions to accurately grasp opportunities and risks and take risks rationally in accordance with growth strategy. That would also lead to the prevention of damage to our business and corporate value caused by the outbreak of large-scale accidents, scandals, and so on.

Significance for Society

We believe that the TDK Group's efforts to strengthen marketing using digital technology, effectively identify business opportunities, and bolster risk management capabilities will enable us to continue to meet the expectations of stakeholders for, among other things, the supply of high-quality products in accordance with social issues and customer needs, the realization of a productive environment, and compliance with standards required by society.

Overview (Themes, responsible department, goals, KPIs, and progress)

Themes	Responsible department	Goals in 3 years	Action items	KPIs	Medium-term target* (Fiscal 2022-2024)	Progress of Fiscal 2022
Identify and capture business opportunities effectively by strengthening marketing capability with full use of digital technology	Corporate Marketing & Incubation HQ	<p>Scope: Digital Marketing is a global corporate function to understand current business trends and predict new opportunities in order to efficiently manage opportunity and risk. We utilize data driven solutions to accurately, timely and efficiently provide intelligence to top management and other internal stakeholders.</p> <p>Goals in 3 years: Establish data architecture for digital marketing, utilize UX-driven advertisement and content creation in order to acquire relevant customer information. Data analytics will then be utilized to extract information regarding market trends and product utilization by our stakeholders.</p>	<ul style="list-style-type: none"> Inbound marketing: Provide TDK's added-value information to customers Content marketing: Acquire prospective customers Accumulate and expand data and transform it into information and intelligence 	Number of value adding content topics and/or landing pages suitable for inbound marketing	Enhance technical writing capability (resources/team/process) and create content and/or landing pages for inbound marketing purposes for TDK group products, solutions & technology globally.	Reinforced the content creation capability through strategic recruitments and published value adding content to our stakeholders.
				Generation of account and contact level leads	Methods, capability & process to generate leads, qualify them and run lead nurturing, while strictly complying with privacy legislation.	Operations running for lead generation and nurturing in global and local platforms. Privacy preservation platform evaluation initiated for secure lead sharing with relevant internal stakeholders.
				Data type, quality and quantity that can be turned into business intelligence	Business intelligence utilising multimodal data analytics. Particular attention will be put on privacy preserving data analytics in order to strictly protect our customer data. Data driven market insight and recommendations will be provided.	Initiated evaluation of current status for privacy preserving platform requirements, and have continued working on customer data platform further development.
Strengthen the group's risk management capabilities	Corporate Planning Group	System to recognize and evaluate risks, formulate countermeasures and monitor their implementation is rebuilt, and scheme to systematically manage Group-wide risks is placed.	<ul style="list-style-type: none"> Build a management system to collect, assess and manage corporate risks Identify and manage climate change risks 	Implementation of risk identification and evaluation and assignment and review of risk supervisory sections	Implement every year	Identified business-related risks, assigned sections responsible for responding, and checked the frequency and impact of risk outbreaks. Verified the risk response fragility of risk owners
				Clarification of climate-change risk scenarios	Implement during fiscal 2022	Completed risk scenarios. Disclosed detailed risk scenarios through disclosure in annual securities report and reply to questionnaire of the CDP (www.cdp.net)

*The targets run from fiscal 2022 through 2024 (ending March 31, 2024).

Department Head Messages

Corporate Marketing & Incubation HQ

Michael Pocsatko

[Responsible Themes]

- **Identify and capture business opportunities effectively by strengthening marketing capability with full use of digital technology**

The Corporate Marketing & Incubation HQ plays the role of TDK's antenna, catching customer needs and disseminating TDK's technologies. Our mission is to transform data into information and intelligence and, based on that intelligence, create and incubate new products and solutions that do not exist in TDK's portfolio. Our Goal is to accelerate "Value Creation" by building bridges - communicating and collaborating across innovators both inside and outside the company. This is creating a strong "Outside-In" perspective, a more customer-oriented approach and language.

While going beyond our organization and collaborating with all kinds of divisions both inside and outside TDK, we aim to combine TDK's technologies and create new value. In pursuing this, a new CD XO (Chief Digital Transformation Officer) function has been established with tasks regarding "Digitalization": they are 1) Digital for Customers: Agile Creation & Identification of New Values for Customers. Specific to Digital Marketing: "Customer Experience Driven Growth with Market Data, Content & Analytics"; 2) Digital for TDK Group: Agile Adoption of Global Best-Practices within TDK Group to Promote New Work Styles; 3) Digital for Ecosystem: Aggressive Networking & Co-creation Through External Collaboration.

TDK's EX and DX initiatives are an important activity responding to the demands of society. Essentially the technologies developed by TDK are marvelous things that can contribute to the well-being of people. At the same time, these priority fields are at the core of TDK's long-term strategy and a vital factor in promoting our business plan Value Creation.

Going forward, we must create more customer-centered innovations, entrench the outside-in way of thinking in our organization, and realize 2CX (customer experience and consumer experience), which means providing experiences that go way beyond the expectations of customers.

Corporate Planning Group, Corporate Strategy HQ

Shuichi Hashiyama

[Responsible Theme]

- **Strengthen risk management capabilities throughout the entire Group**

I think that a challenge in the TDK Group at the moment is the lack of human resources with professional knowledge and experience relating to enterprise risk management (ERM) and a lack of understanding relating to risk management within the Group. Therefore, our first task will be to establish a risk management policy and build a secretariat structure. Then we will raise risk sensitivity in the Group by getting each division to assess risks relating to that division and try and foster a better risk culture embracing the thinking, recognition, and conduct of employees toward risks.

By encouraging each organization to accurately recognize risks and opportunities in the volatile business environment, we will build a setup for realizing sustainable value creation and value protection.

Pursuing Both Delegation of Authority and Internal Controls

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Background to Identification as Materiality

Significance for TDK

The pursuit of both delegation of authority and internal controls will lead to the clarification of criteria for business decisions and the utilization of efficient and effective management systems, which in turn will speed up business and realize the acquisition of business chances ahead of market changes. At the same time, since it will also be possible to avoid inappropriate business decisions and operations, this activity can be expected to lead to the enhancement of the TDK Group's corporate value.

Significance for Society

The avoidance of inappropriate business decisions and operations can be expected to lead to the prevention of adverse impacts on society, such as environmental and human rights issues.

Overview (Themes, responsible department, goals, KPIs, and progress)

Themes	Responsible department	Goals in 3 years	Action items	KPIs	Medium-term target* (Fiscal 2022-2024)	Progress of Fiscal 2022
Ensure speed and transparency in operations, based on the clearly defined roles, authorities and responsibilities of each organization	Corporate Planning Group	Internal control systems are properly established and operated in subsidiaries, and setups for selecting appropriate human resources as subsidiary directors are established. Also, regarding risks identified through risk management, the departments responsible for dealing with them are clearly assigned.	Clarify selection criteria for subsidiary directors and appoint appropriate human resources accordingly	Clarification of criteria for selection of subsidiary officers and implementation of officer selection based on these criteria	Ensure that all subsidiary officer candidates recommended by responsible sections conform with selection criteria	Selected subsidiary officers after compliance checks
Make management systems of each group company more effective and efficient, aligned with the group's unified policy	Corporate Planning Group	Each subsidiary operates business based on Global Common Regulations (GCRs), the suitability of which is regularly reviewed.	<ul style="list-style-type: none"> Check operation of the GCRs in each subsidiary Regularly review the GCRs 			
Implement appropriate post-merger integration (PMI) for acquired companies	Corporate Planning Group	Pre- and post- acquisition processes are established and practiced, enabling acquired companies to display synergy and to grow and enhance their value under the TDK Group's governance.	<ul style="list-style-type: none"> Implement pre-acquisition due diligence by each function Compile pre- and post-acquisition plans and monitor activities to create synergy based on these plans 	-	-	-

*The targets run from fiscal 2022 through 2024 (ending March 31, 2024).

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Corporate Planning Group, Corporate Strategy HQ

Shuichi Hashiyama

We will aim to enhance the corporate value of the TDK Group through the realization of empowerment and transparency, utilizing the strengths of each Group company and pooling the energy of the entire Group. The current issue is that there is a gap in the degree of maturity of internal controls among Group divisions. To overcome this issue, over the next three years, with the cooperation of HQ functions, we will disseminate the global common regulations. In addition, we will raise the level of internal control in each tier of the Group by clarifying rules for the selection of directors in subsidiaries and implementing education for subsidiary directors and candidates.

Asset Efficiency Improvement

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Background to Identification as Materiality

Significance for TDK

The appropriate distribution of management resources will lead to the TDK Group's growth and the continual improvement of income befitting capital costs. Furthermore, while core businesses will remain our profit base, appropriately channeling management resources into businesses that, although not yielding adequate profit at present, have the potential to grow and develop in the future can be expected to lead to the growth of new profit-generating businesses.

Significance for Society

By distributing even more management resources in a priority manner to businesses that can contribute to society, and by implementing measures to realize optimum reconstruction strategies in not only core businesses but also challenging businesses and noncore businesses, we can supply even more value to society.

Overview (Themes, responsible department, goals, KPIs, and progress)

Themes	Responsible department	Goals in 3 years	Action items	KPIs	Medium-term target* (Fiscal 2022-2024)	Progress of Fiscal 2022
Rebuild business portfolio	Corporate Planning Group	Through the implementation of various measures to improve asset efficiency, for example, the following indicators have been achieved. OP margin: 12% or more ROE: 14% or more Capex (3 years): 750 billion yen	<ul style="list-style-type: none"> Reduce operating losses by promoting withdrawal/shrinkage and structural reform in priority challenging businesses based on business portfolio management Effectively use R&D costs by setting new, continuation, and withdrawal criteria for R&D themes 	OP margin	12% or more	8.8%
				ROE	14% or more	11.6%
Optimize facilities and manufacturing sites			<ul style="list-style-type: none"> Optimize capital investment to facilities and sites categorized in business portfolio management as "carefully controlled" or "improvement required" 	Capex (3 years)	750 billion yen	291.4 billion yen

*The targets run from fiscal 2022 through 2024 (ending March 31, 2024).

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Corporate Planning Group, Corporate Strategy HQ

Shuichi Hashiyama

Based on the rules of business portfolio management, from the perspectives of both capital profitability and business potential, including market trends, we will aim for the further growth of core businesses and the profitability of challenging businesses while continuing the priority distribution of management resources to each business.

Regarding businesses considered to be challenging from the perspective of business portfolio management, we see the problems at present as a lack of clarity in the exit strategy process and the inadequate understanding of operating information for existing facilities and manufacturing sites. As a three-year roadmap, therefore, we will study our response policies in each business deemed to be challenging and achieve the targets for return on assets (ROA) and tangible fixed asset turnover rate. In addition, regarding information about facilities and manufacturing sites, we will overcome the problem by defining the necessary operating information and stipulating methods of collection.

Sustainability Promotion Structure

Sustainability Promotion Structure

In-house Awareness Raising

Participation in Initiatives and Associations

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
- Reporting to the Board of Directors (regularly; at least four times a year) and application for resolutions (if necessary)
- 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
- Consideration of the TDK Group's materiality and summarization of the state of 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, and 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 2022, management and head office divisions held dialogues with asset managers, and an e-learning program for all employees was implemented, with 96.4% completing the course. In addition, to promote business development with the SDGs as a starting point in each business group, we have incorporated them into our goals and monitor their progress.

Related link

[TDK Group's Approach to the SDGs and Its Activities](#)

Sustainability Award

Starting in fiscal 2022, TDK has established a new Sustainability Award. The aim of this award is to commemorate the achievements, and encourage the future activities, of individuals, divisions, or business groups that are considered to have accomplished especially striking results in activities contributing to both society and the TDK Group toward the realization of Social Value, which is one of the three values in our Value Creation. Utilizing this award scheme, we are promoting within the Group challenges to product development stemming from social issues raised in the SDGs and activities leading to the reduction of ESG-related risks.

Participation in Initiatives and Associations

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.

Endorsement of the TCFD*

In May 2019 TDK expressed its support for 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 Task Force on Climate-related Financial Disclosures (TCFD) was founded in 2015 by the Financial Stability Board (FSB), an international body seeking to achieve the stabilization of the financial system.

Related link

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

Membership of the RBA and RMI

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

Related link

[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](#)

Membership of Other Associations

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

Click on the name of the organization to go to their website.

Related link

[Japan Business Federation](#)
[Japan Electronics and Information Technology Industries Association \(JEITA\)](#)
[Joint Article Management Promotion-consortium \(JAMP\)](#)
[Japan Business Council in Europe \(JBCE\)](#)

TDK Group's Approach to the SDGs and Its Activities

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The TDK Group's Approach to the SDGs

The TDK Group's Materiality and the SDGs

Building a Setup to Address the SDGs through Business

Business creation starting from social issues

The TDK Group's Approach to 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.

SUSTAINABLE DEVELOPMENT GOALS



Related link

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

TDK, which aims to achieve sustainable business growth while also creating the three values advocated in Value Creation, considers the realization of Social Value (improving our value to society) to be closely related to the SDGs.

For TDK, the SDGs are the starting point of value creation. We believe that the measurement of how much value we have supplied to society and how much we have contributed to the solution of social issues is a barometer of our business achievements.

The TDK Group's Materiality and the SDGs

The TDK Group's materiality has been formulated based on the SDGs, the Global Reporting Initiative (GRI), Responsible Business Alliance (RBA), and survey items of main ESG evaluation organizations, and issues indicated in the TDK Group's long-term strategy reference materials, risks cited in financial reports, and key CSR issues (fiscal 2017–21).

Here we introduce the relationship between each materiality issue and the SDGs.

	3	5	7	8	9	11	12	13	16	17
EX			•			•	•	•		•
DX	•			•	•	•	•			•
Quality Management							•	•		
HR Management		•		•						
Supply Chain Management				•			•		•	•
Opportunity and Risk Management			•		•		•	•		
Pursuing Both Delegation of Authority and Internal Controls										
Asset Efficiency Improvement										

Building a Setup to Address the SDGs Through Business

The TDK Group is continuing efforts, as explained below, 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."

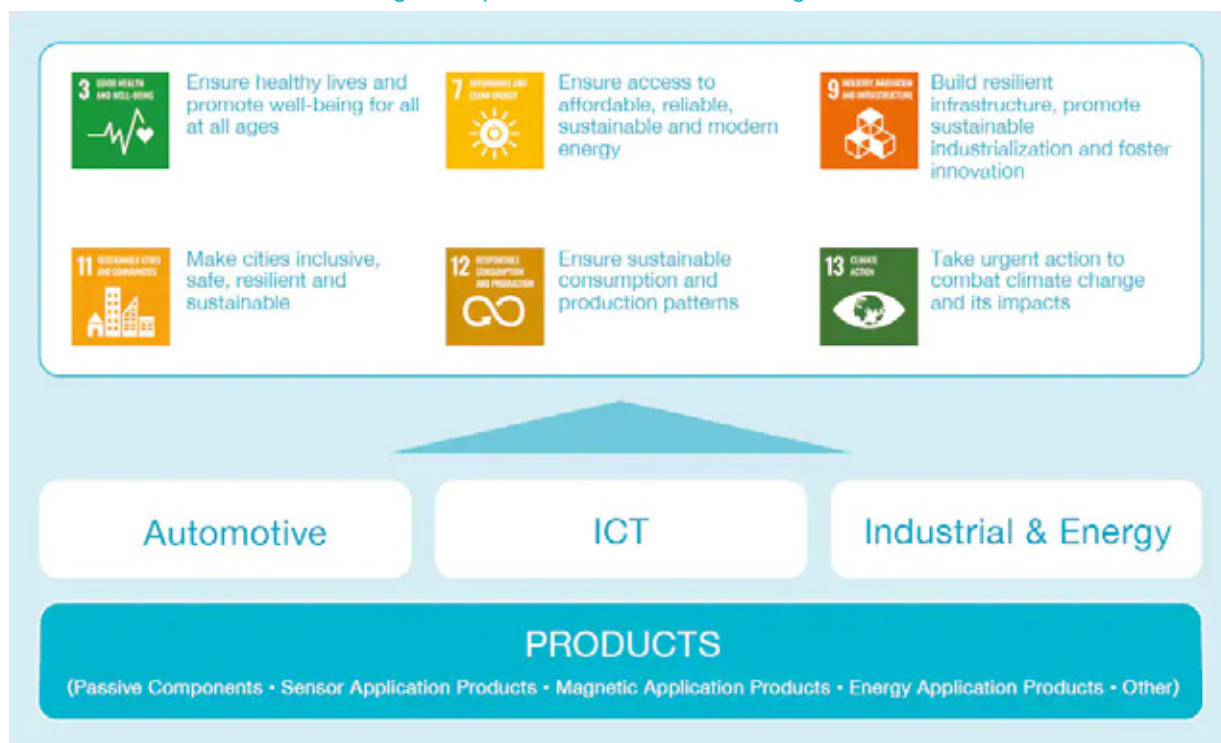
Furthermore, in parallel with these activities, of the results of considerations in the business groups, we included themes that could be realized in the short term in fiscal 2023 business plans.

Going forward, 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. Discussion 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 discussed ideas into the fiscal 2021 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



Related link

[TDK: Crafting the Future](#)

Business Creation Starting from Social Issues

The following are examples of the TDK Group's business creation starting from social issues.

TDK Electronics

Reduced CO₂ emissions by two-thirds



TDK Electronics takes its responsibility toward society and the environment very seriously. At its facilities around the world, it constantly strives to improve energy efficiency, save energy wherever possible and use electricity from renewable sources. This is how it has reduced CO₂ emissions by two-thirds relative to sales compared with 2015.

For sustainable production and the smallest possible carbon footprint, TDK Electronics is focusing on saving more electricity, above all buying electricity from 100% renewable sources and generating electricity itself with its own photovoltaic systems. For example, compared to 2015, the company's energy consumption relative to production volume was reduced by more than 20%. This was achieved primarily through more energy-efficient machines and processes in production.

TDK Electronics is also well on the way to purchasing electricity from renewable sources. In America, the share has already been 100% for some time, and in Europe it is more than 96%. In Asia, where it has often been difficult to obtain electricity from renewable sources, two manufacturing sites in China have switched to green electricity.

There are also plans to double the current capacity of installed photovoltaic systems at the sites. Six manufacturing sites in Europe and Asia currently produce their own solar power, and six more are to follow. At four sites, existing installations are to be significantly enlarged.

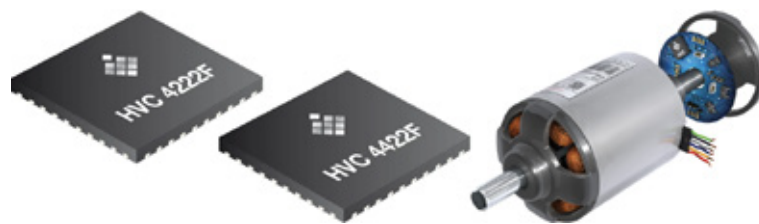


TDK Micronas

Contributing to the New Mobility Society with Advanced Sensors and Actuators



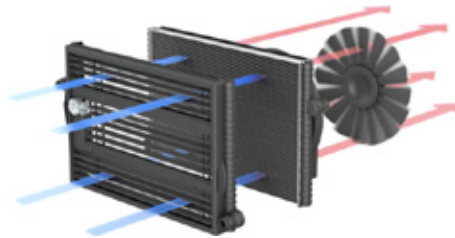
TDK-Micronas has more than 25 years of experience in the manufacture of semiconductors for sensor and actuator solutions and a track record of shipping over six billion products to the automotive and industrial markets. It is playing a central role in magnetic field sensor technology and CMOS (complementary metal oxide semiconductor) integration. TDK-Micronas's core competence is sensor solutions for automotive and industrial applications. Its product range includes Hall switches, linear sensors, 3D direct angle sensors, and current sensors, as well as embedded motor controllers for driving DC, BLDC (brushless direct current), and stepper motors.



As advocated by the Sustainable Development Goals 7 (Ensure access to affordable, reliable, sustainable and modern energy for all) and 13 (Take urgent action to combat climate change and its impacts), demands for high energy efficiency and reduction of CO₂ emissions are mounting throughout society. In these circumstances, the diffusion of electric vehicles is an important key to the solution of social issues. The spread of electric vehicles will reduce fossil-fuel consumption, lower CO₂ emissions on a global scale, and minimize the emission of pollutants and noise in local communities. Ecologically too, realizing the use of natural resources within the scope of regrowth will promote the development of a sustainable society.

Therefore, TDK-Micronas believes that society expects much of its optimized sensor and actuator solutions, and its goal is to meet those expectations by supplying solutions for all applications in vehicles, from battery management and exhaust valves to shift lever and pedal position sensors.

One specific example is the Micronas high voltage controller (HVC) family, which combines an ARM standard microcontroller core with a multitude of additional functions and features, such as power drivers, that previously could only be realized via discrete elements. The HVC family, which was developed as an embedded controller for smart actuators, offers advanced integration to realize compact and cost-efficient system concepts for use in automotive applications and beyond. One area of application for the HVC family is in active grill shutters (AGS). AGS offers significant improvement in aerodynamic performance, up to 30% as compared to non-AGS vehicles, and ensures higher operating torque reliability under all weather, vehicle, and wind velocity conditions.



In recent years the major trends, whether in combustion engines, electric vehicles, or hybrid vehicles, have continued to be the reduction of CO₂ emissions and the electrification of vehicles. Many consumers desire flexible and environment-friendly mobility too. In large cities, therefore, it will be necessary to use new types of vehicles, such as small electric cars and pedelecs, and to develop new mobility concepts integrating electric vehicles into car-sharing fleets and public transport.

Amid this social trend requiring strict controls to meet new legal conditions, the demand for sensors is increasing in all vehicle types. TDK-Micronas engages in development and production with sustainability in mind throughout the entire value chain. It endeavors to utilize renewable energy, use the most efficient machinery and equipment, and reduce emissions and to supply value to society in the form of advanced sensors and actuators.

TDK Corporation

Contribution to Diffusion of Sustainable Farming Models and Regional Development in Collaboration with External Partners



Many regional cities in Japan share similar challenges relating to agriculture, such as a lack of successors to carry on farming, environmental problems, and food safety issues. TDK's first president, Kenzo Saito, advocated the building of affluent communities through the development of both agriculture and industry. With this idea of the integration of agriculture and industry as a background, TDK in 2020 launched an agricultural project aimed at realizing the sustainable affluence of the regional community. Noting that agriculture is the core industry of Akita Prefecture, TDK's birthplace, the company is endeavoring to plant smart farming models oriented toward environmental preservation in the region.

As the theme for the first stage of the project, TDK specified "The cultivation of safe, reliable, and tasty rice and its branding." In collaboration with people both inside and outside the company, TDK is engaged in activities from various perspectives, such as process design for a smart farming model oriented toward environmental preservation, promotion of the diversification of farming into processing and distribution, and analysis of taste evaluation methods, with the goal of making rice that customers will select.

One initiative involves a weed-suppressing robot called Aigamo Robo, which has been developed by Yukimai Design Co., Ltd. with support from TDK. This robot is a replacement of the ducks (aigamo in Japanese) that play a central role in the so-called Aigamo method of rice-duck farming, which uses less or no agrochemicals. Powered by a solar panel, Aigamo Robo moves around the paddy field stirring up the mud to prevent sunlight from reaching the weeds underwater, thereby curbing the use of herbicides. The prototype underwent repeated improvements from 2020, and now the project has reached the stage of arranging a mass-production setup for the 2022 model.

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In May 2022 TDK, Gouemon Co., Ltd. , Iseki & Co., Ltd., Yukimai Design Co., Ltd., and Nikaho City concluded a five-party collaborative agreement relating to the promotion of cooperation on environmental-preservation-oriented smart farming. The aim is to tackle the solution of regional issues by pooling the knowledge and experience of regional farmers and harnessing the environment and state-of-the-art technology and to build environmental-preservation-oriented smart farming by around 2025 through collaboration between the public and private sectors.

TDK will continue contributing to the solution of issues faced by the regions and, together with local communities, build sustainable societies for future generations.

TDK Corporation

Combating Climate Change Together with Customers



Climate change is an urgent issue that must be tackled by the whole world. Amid the rush to solve this problem, here we introduce the efforts of TDK to help realize a carbon-neutral society.

One of the solutions toward realizing a carbon-neutral society is the promotion of a shift from gasoline to electric vehicles (xEV) . To supply products contributing to the improved energy efficiency of xEVs, TDK personnel in charge of each process of product development, the launching of manufacturing lines, and post-mass-production startup, engage in repeated daily communication with our automaker customers and, by making continuous improvements, clear the high quality standards demanded by them.

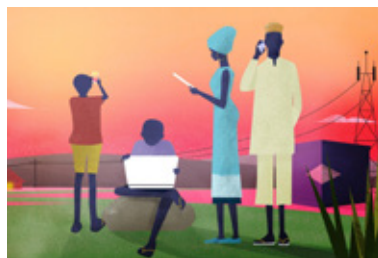
TDK’s compact motor thermistor with integrated flat coil, which is a sensor measuring the temperature of xEV motors, is a product with high levels of responsiveness and durability thanks to the development of a new compact structural body. The processing of flat coils with a high level of measuring accuracy in consideration of the environments in which the product would be used, the introduction of forming equipment, and automation were tough challenges. But after repeated trial and error, the obstacles were overcome, and eventually TDK was able to introduce a production line with a high level of productivity and stable quality. The project also led to the upgrading of members’ skills and the strengthening of their collaborative capabilities.

The ATF oil-temperature sensor contains a newly developed linear thermistor element that enables accurate temperature control over a wide-range temperature area (especially high-temperature zones). This product has helped to raise the performance and lower the cost of systems carried in xEVs.

Capitalizing on the technological capabilities gained in this project, TDK intends to expand business in the xEV market and contribute to speeding up the realization of a carbon-neutral society.

Related Information

TDK’s Featured Stories showcase a variety of examples that contribute to the SDGs.



[Featured Stories](#)

TDK: Crafting the Future

As 2030, the target year for achieving the Sustainable Development Goals (SDGs), approaches, here we introduce what TDK is aiming for and how it is contributing toward each goal, together with our image of a society in which TDK products play an active role.



TDK's aims

1 To reduce the number of deaths and injuries due to traffic accidents and protect the lives of drivers, passengers, and pedestrians

TDK's products and technologies with the potential to contribute

- Highly safe passive components offering both low electricity consumption and strong power
- Highly reliable sensors with appropriate functionality, strong performance, and durability to gauge the situation and control action

SDG target
3.6

2 To enable monitoring of the daily health of all people, including the socially vulnerable, so that they can receive services relating to the promotion of health, prevention, medical treatment, and functional recovery at appropriate cost

TDK's products and technologies with the potential to contribute

- Components promoting the diffusion of supportive devices with safe or protective functions
- An extensive range of components and modules to realize reasonably priced monitoring systems

SDG target
3.3 3.4
3.8 3.9

Examples of Related Products

Sensors and sensor-applied products/piezoelectric, material, and circuit protection components/inductive devices/RF components/ceramic capacitors

If you want to know more about these products, click here.
(Link to Application Guide)



Ensure access to affordable, reliable, sustainable and modern energy for all



TDK's aims

- 1 To constantly supply safe and secure energy to culture and industry**

TDK's products and technologies with the potential to contribute

 - Products responsive to large electric currents and large voltage

SDG target 7.1
- 2 To increase the share of renewable energy in the world's energy mix**

TDK's products and technologies with the potential to contribute

 - Reasonably priced energy storage systems enabling the safe storage of energy

SDG target 7.2
- 3 To promote distributed energy systems (systems supplying electricity produced by relatively small generating equipment just to meet the demand for electricity from people in the vicinity)**

TDK's products and technologies with the potential to contribute

 - Power transmission technology capable of realizing a safe and highly efficient energy cycle

SDG target 7.2
- 4 To improve the energy efficiency of smart energy networks by boosting the diffusion of e-mobility**

TDK's products and technologies with the potential to contribute

 - Compact, large-capacity, and reasonably priced batteries for motorcycles

SDG target 7.3
- 5 To double the rate of improvement of the whole world's energy efficiency**

TDK's products and technologies with the potential to contribute

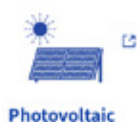
 - Cutting-edge technology to realize lower power consumption

SDG target 7.3

Examples of Related Products

Aluminum electrolytic capacitors / film capacitors / ceramic capacitors / piezoelectric, material, and circuit protection components / inductive devices / sensors / magnets / power supplies / rechargeable batteries

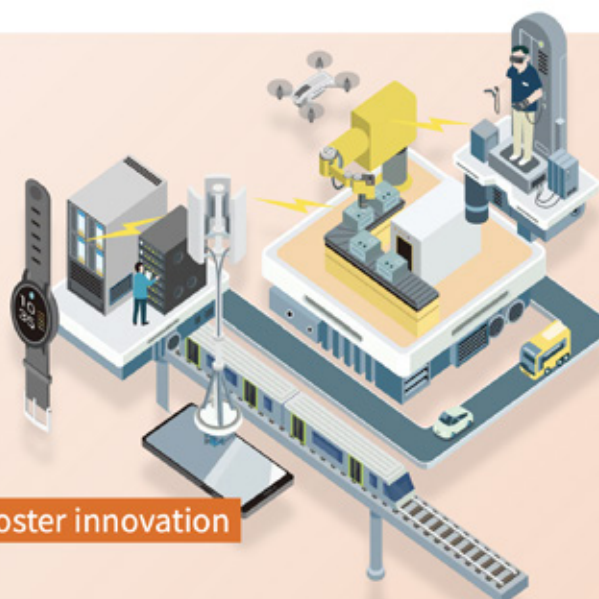
If you want to know more about these products, click here.
(Link to Application Guide)



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



Build resilient infrastructure,
promote inclusive and
sustainable industrialization and foster innovation



TDK's aims

1 To vastly improve the convenience, suitability, and accessibility of information and strengthen communications

TDK's products and technologies with the potential to contribute

- Highly functional, high-performance, and compact electronic components for smart devices

SDG target

9.1

2 To reduce the environmental load in transportation

TDK's products and technologies with the potential to contribute

- Reasonably priced energy storage systems enabling the safe storage of energy

SDG target

9.1

3 To realize sustainable and resilient infrastructure

TDK's products and technologies with the potential to contribute

- Automation technology and robotics contributing to Smart X

SDG target

9.1

4 To build resilient social infrastructure that is both convenient and rational

TDK's products and technologies with the potential to contribute

- Large-capacity and highly reliable HDD components for data centers

SDG target

9.4

Examples of Related Products

Piezoelectric, material, and circuit protection components / inductive devices / ceramic capacitors / RF components / sensors and sensor-applied products in general/rechargeable batteries / HDD heads and HDD suspension

If you want to know more about these products, click here.

(Link to Application Guide)



Power for Infrastructure



Smartphone/Tablets/
Mobile Router



Smart Watch/Activity
Tracker



xEV



AR/VR

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11 SUSTAINABLE CITIES AND COMMUNITIES



Make cities and human settlements inclusive, safe, resilient and sustainable



TDK's aims

1 To guarantee access to safe, resilient, and reasonably priced housing and basic services for all

TDK's products and technologies with the potential to contribute

- Components for sensor network systems with highly reliable security properties
- Highly functional, high-performance, and compact electronic components for smart devices

SDG target

11.1

11.3

2 To provide sustainable, safe, and reasonably priced transportation systems and means of public transport for all

TDK's products and technologies with the potential to contribute

- Zero-defect components for e-mobility and automatic driving systems

SDG target

11.2

Examples of Related Products

Aluminum electrolytic capacitors / film capacitors / ceramic capacitors / piezoelectric, material, and circuit protection components / inductive devices / RF components / sensors and sensor-applied products in general / magnets / power supplies / rechargeable batteries

If you want to know more about these products, click here.

(Link to Application Guide)



xEV



Safety



Smartphone/Tablets/
Mobile Router



IoT

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12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Ensure sustainable consumption
and production patterns



TDK's aims

1

To reduce the consumed amount of plastic and metal resources used in products and applications

TDK's products and technologies with the potential to contribute

- Components and modules for wireless data communication systems
- Increasingly compact and lighter products

SDG target

12.2

12.5

Examples of Related Products

Capacitors / piezoelectric, material, and circuit protection components / inductive devices / RF components / sensors and sensor-applied products in general

If you want to know more about these products, click here.

(Link to Application Guide)



Power for Infrastructure



Smart Watch/Activity
Tracker

13 CLIMATE
ACTION



Take urgent action to
combat climate change
and its impacts



TDK's aims

1 To reduce CO₂ emissions and prevent global warming

TDK's products and technologies with the potential to contribute

- Products responsive to large electric currents and large voltage to promote the utilization of renewable energy
- Light products with high levels of power conversion efficiency and fuel efficiency to boost the diffusion of e-mobility
- Low-power-consumption products for consumer electric appliances and industrial products

SDG target

13.1

Examples of Related Products

Aluminum electrolytic capacitors / film capacitors / ceramic capacitors / piezoelectric, material, and circuit protection components / inductive devices / sensors / magnets / power supplies / rechargeable batteries

If you want to know more about these products, click here.

(Link to Application Guide)



Photovoltaic



Wind Power Generation



Smart Energy



xEV



Consumer Electronics /
Home Appliances

Stakeholder Engagement

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Purpose of Stakeholder Engagement

Ideal Vision, Policies, and Engagement Methods by Stakeholders

Past Stakeholder Dialogue

Purpose of Stakeholder Engagement

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

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

- To apply stakeholders' opinions in TDK Group's business activities and translate 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.

Policies, Ideal Relationships, 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"> • Performance briefing • General meeting of shareholders • IR meetings

Customers

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

Suppliers

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

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>>> Please click here for the Code of Conduct (Corporate Standards of Business Conduct).</p>
Ideal relationship	We create an equal and happy workplace by promoting CSR, and employees and the company share mutual respect.
Engagement methods	<ul style="list-style-type: none"> • Labor-management dialogue • Feedback to in-house newsletters • Workplace communication

Communities

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

Administration

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

Consumers

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

Past Stakeholder Dialogue

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

In particular, for topic 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
Aug. 25, 2020	Crafting Materiality with Social Value at the Core
Jul. 8, 2020	Balancing a Response to Climate Change with Corporate Growth What Is Required of the TDK Group
Mar. 6, 2018	Develop Global Human Resources
Apr. 14, 2017	Targeting Human Rights Responses at the Supply Chain
Mar. 21, 2017	Develop Global Human Resources
Oct. 9, 2015	Toward the Finalization of Materiality to Enhance TDK's Value
May. 11, 2015	CSR Promotion in the Supply Chain
May. 8, 2015	Toward Compilation of the Next Environmental Vision
Apr. 17, 2015	Thinking about Diversity as a Growth Strategy
Mar. 31, 2015	Study Meeting Convened to Enhance the Grasp of Nonfinancial Information Disclosure
Mar. 4, 2014	Identification of Human Rights Issues through Dialogue with Stakeholders
Apr. 18, 2013	The Social Problems behind Conflict Minerals: The Human Rights Situation in the Democratic Republic of the Congo
Apr. 12, 2012	What should today's technological innovations look like if they are to solve social problems and bring an ideal future into reality?
May. 27, 2011	What We Need to Do for the Environment Now
Apr. 8, 2010	Continued Expectations to TDK as a Trustworthy Company
May. 18, 2009	A Company That Earns Your Trust

Fund Procurement through ESG Finance

Status of Progress of SPTs and KPIs for TDK Sustainability-Linked Bonds

TDK issued the TDK Sustainability-Linked Bonds, its 9th series unsecured straight bonds, in December 2021. Here, TDK reports on the Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) that it set and the status of progress toward achieving them.

In the TDK Environmental Vision 2035, TDK made the reduction of environmental load from a life-cycle perspective a key topic and set a target of halving CO₂ emissions intensity by fiscal 2036 with fiscal 2015 as the base year. TDK set SPTs that reflect the actions taken to achieve this target and selected as the KPIs three indicators that will serve as the means of achieving the SPTs. By incorporating multiple inter-related measures, TDK believes that it is possible to gauge the Group's actions from a more multi-faceted perspective.

SPTs

SPT-1: Reduce CO₂ emissions intensity per sales (t-CO₂ per 100 million yen sales) by 30% in fiscal 2026* compared to fiscal 2015

SPT-2: Maintain "A" or "A-" for the CDP Climate Change score in the calendar year 2025.

SPT-3: Achieve to raise the ratio of renewal energy sources to 50% of electricity consumption in fiscal 2026*.

* Targets until fiscal 2026 (ending March 31, 2026)

We will determine whether we have attained these goals based on the performance in fiscal 2026 for SPT-1 and 3 and in the calendar year 2025 for SPT-2. If we fail to achieve two or more of the above three SPTs, we will give donations to public interest incorporated associations, public interest incorporated foundations, international organizations, non-profit organizations certified by local governments, local governments, and organizations similar to the foregoing, whose purpose is environmental conservation activities, in the total cumulative amount equivalent to 0.3% of the bond issue amount before the redemption of the bonds. In addition to our own ESG initiatives, we will create an additional positive impact by supporting their activities through donations.

As a third-party evaluation, Rating and Investment Information, Inc. (R&I) has provided a second opinion stating that the sustainability-linked bond framework created for the issuance of TDK Sustainability-Linked Bonds conforms to the Sustainability-Linked Bond Principles 2020 established by the International Capital Market Association (ICMA).

* Sustainability-linked bonds: Debentures for which the bond issuer commits to investors to improving results based on sustainability related targets set in advance and for which the terms change depending on whether the targets are achieved.

SPT-1: Reduce CO₂ emissions intensity per sales (t-CO₂ per 100 million yen sales) by 30% in fiscal 2026 compared to fiscal 2015.

CO₂ emissions intensity per sales is calculated by dividing the sum of Scope 1 emissions (directly produced emissions) and Scope 2 emissions (indirect emissions from purchased energy) by net sales stated on the consolidated statements of income.

KPI-1	Fiscal 2015	Fiscal 2019	Fiscal 2020*	Fiscal 2021*	Fiscal 2022*	SPT-1 Fiscal 2026
CO ₂ emissions intensity indexed to fiscal 2015 as 100	100	91.9	86.9	90.9	68.0	70.0

* The figures for fiscal 2020 onward are verified by a third party.

SPT-2: Maintain “A” or “A-” for the CDP Climate Change score in the calendar year 2025.

CDP Climate Change scores evaluate climate change initiatives of corporations and cities. CDP evaluates the participants’ response to its questionnaire and gives a score from the nine levels (A/A-/B/B-/C/C-/D/D-/F) based on quantitative and qualitative assessment criteria.

KPI-2	2018	2019	2020	2021	SPT-2 2025
CDP Climate Change score	D	A-	A-	A-	A or A-

SPT-3: Achieve to raise the ratio of renewal energy sources to 50% of electricity consumption in fiscal 2026.

The ratio is calculated by dividing the total of electricity purchased from renewable sources with an Energy Attribute Certificate and electricity generated in-house by total electricity consumption.

KPI-3	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	SPT-3 Fiscal 2026
Ratio of electricity from renewable energy sources (%)	20.3	18.2	23.9	30.0	50.0

TDK Corporation 9th series unsecured straight bonds (with special inter-bond pari passu clause) (TDK Sustainability-Linked Bonds)

Total amount of bond issuance	¥40 billion
Denomination of each bond	¥100 million
Coupon rate (per annum)	0.26% per annum
Issue price	¥100 per ¥100 of face value of each bond
Redemption price	¥100 per ¥100 of amount of each bond
Term and redemption method	7 years Lump-sum redemption upon maturity (1) Final redemption date: December 1, 2028 (2) Retirement by purchase: The bonds may be repurchased and retired at any time from the day after the pay-in date
Interest payment dates	June 2 and December 2 of each year (the initial interest payment date is June 2, 2022)
Type of offering	Public offering
Offering period	November 26, 2021
Payment date	December 2, 2021
Collateral and guarantee	The Bonds are unsecured and unguaranteed, and no assets have been specifically reserved for the Bonds.
Financial covenants	A negative pledge clause (with special inter-bond pari passu clause) is attached.
Joint lead managers	Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd., and Mizuho Securities Co., Ltd.
Application of the Act on Book Entry of Corporate Bonds and Shares	The Bonds are subject to the Act on Book Entry of Corporate Bonds and Shares.
Financial, issuing, and payment agent	Resona Bank, Limited.
Transfer agent	Japan Securities Depository Center, Inc.
Rating	Rating and Investment Information, Inc.: A+

Environmental Policy and Environmental Vision

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[Basic Environmental Action Plan “TDK Environment, Health and Safety Action 2025”](#)

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 have a ripple effect throughout the 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.

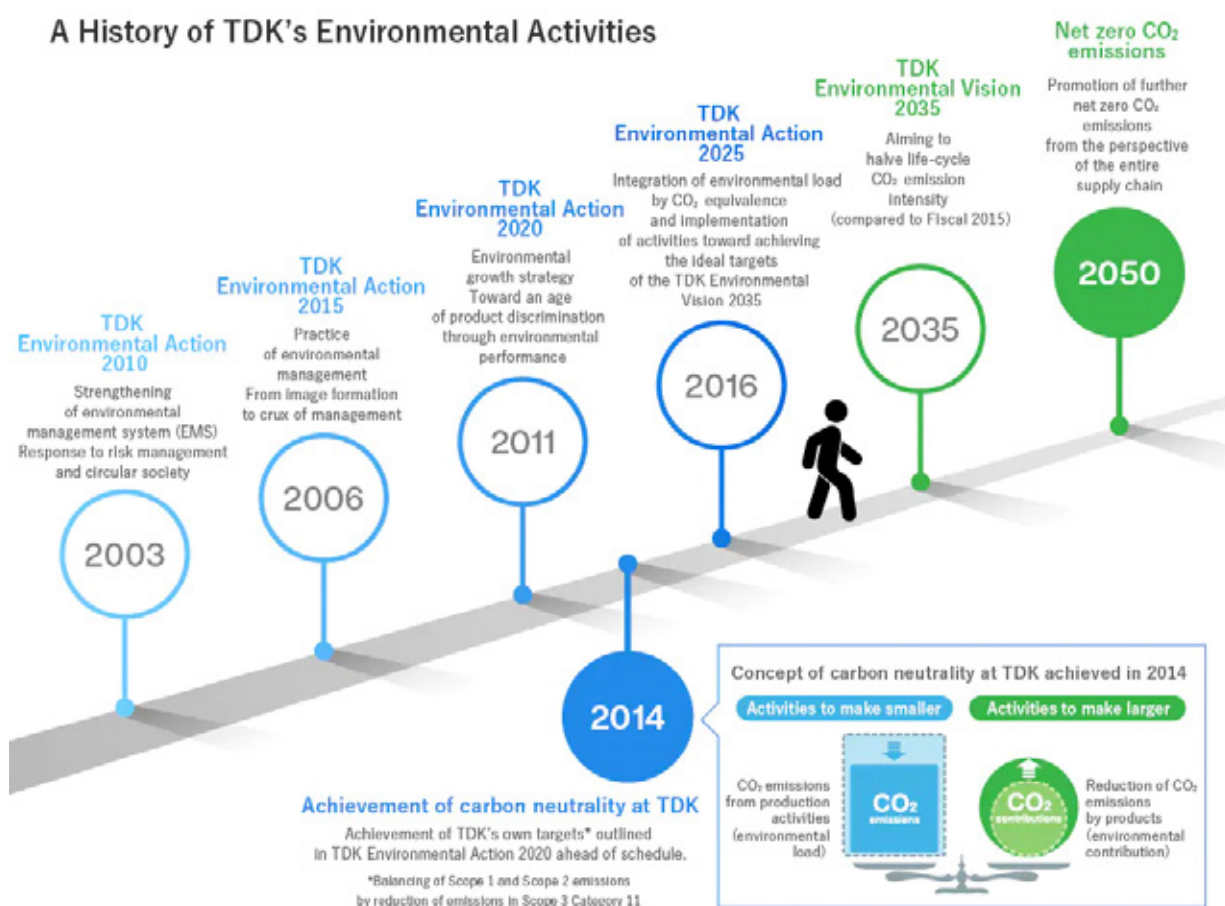
Looking Ahead to 2050

As materiality to be tackled by the Group as a whole, TDK calls for the effective use of energy and expanded use of renewable energy toward the realization of net zero CO₂ emissions by 2050, the supply of products and solutions to create clean energy and realize a zero-carbon society, and the supply of products and solutions to realize an energy-efficient society by storing, converting, and controlling energy.

In addition, TDK already achieved carbon neutrality in fiscal 2015 through the concept of balancing CO₂ emissions from its manufacturing sites by means of TDK products that improve energy efficiency and thereby contribute to CO₂ reduction. Currently TDK is promoting further net zero CO₂ 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 CO₂ emissions by 2050. In the TDK Environmental Action 2025, we aim to achieve 50% renewable energy at our manufacturing sites by 2025.

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

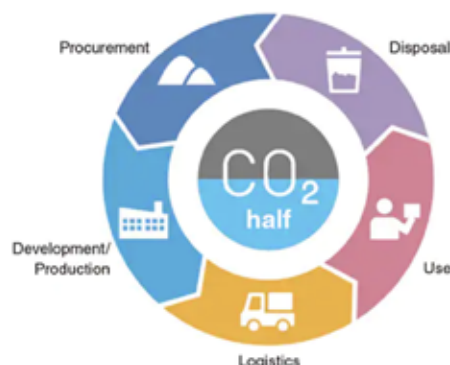
[Materiality Identification Process](#)

TDK Environmental Vision 2035

TDK Environmental Vision 2035

Targets until Fiscal 2036 (ending March 31, 2036)

"The operation under the environmental load within natural circulation"
"Halve the CO₂ emissions intensity from a life-cycle perspective by 2035"

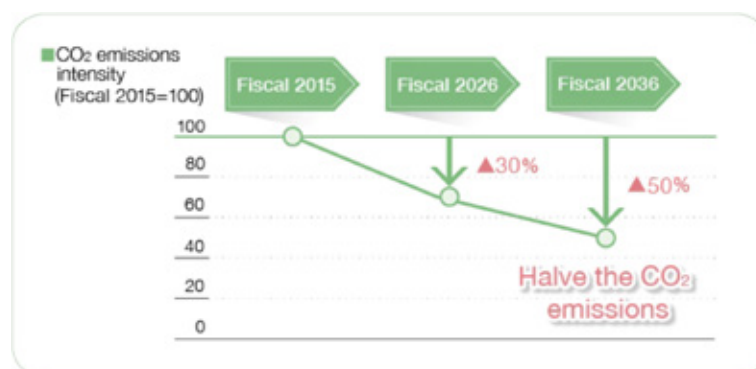


Halving the CO₂ emission basic-unit in a life-cycle perspective by 2035

The TDK Group achieved its carbon neutral target, originally outlined in our third basic environmental action plan "TDK Environmental Action 2020," far ahead of schedule in fiscal 2015. 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. Vision 2035 states that we will steadily fulfill our corporate motto, "Contribute to culture and industry through creativity," by working head-on to "revitalizing and protecting the global environment and creating a pleasant and safe society."

In 2016, in response to the corporate vision "Vision 2035," TDK defined the ideal state of TDK in 2035 as "the operation under the environmental load within natural circulation," and formulated the "TDK Environmental Vision 2035," which aims to "halve the CO₂ emissions intensity from a life-cycle perspective by 2035." 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 CO₂ 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

[Action Plan in TDK Environment, Health and Safety Action 2025 and Fiscal 2022 Achievements](#)

Sustainability | Environment

Environmental Management System

Environmental Management System

Operation of the TDK Environmental Management System

Environmental Education

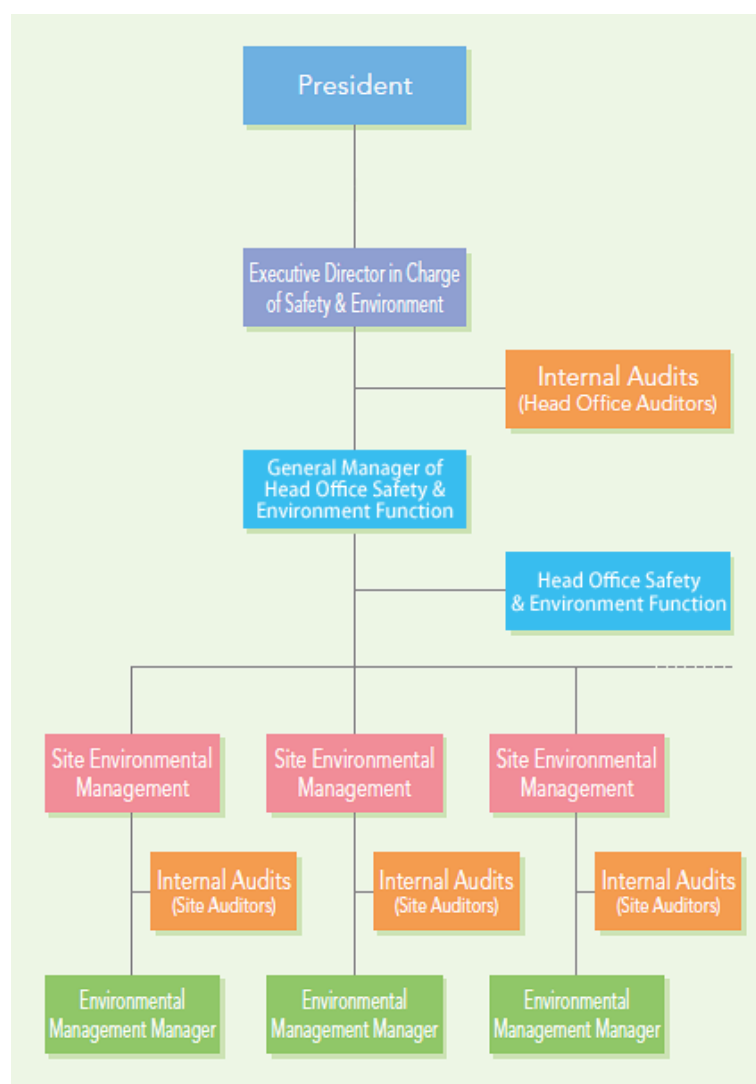
EMS Assessment System and Award Program

Environmental Risk Management at Manufacturing Sites

Prevention and Control of Exposure to Hazardous Substances in Products

Environmental Management System

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.



The sites in the chart above refer to ISO-certified manufacturing sites.

Operation of the TDK Environmental Management System

All manufacturing sites of TDK have obtained ISO14001* certification.

In addition, regional environment conferences are held in Japan, China, ASEAN, Europe, and the Americas, to ensure that activities are carried out in accordance with the environmental situation in each region, and activities are promoted to achieve “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 and Fiscal 2022 Achievements](#)

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

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.

Circular Economy Training was conducted as an in-house training program utilizing e-learning system. It was designed to promote understanding of the basic principles of circular economy and the importance of circular economy thinking, which aims for zero waste throughout the product lifecycle, starting from the product design stage.

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 has introduced 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 initiatives to address social issues, such as energy, water, waste, safety/health, and 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 2022 were as follows:

■ Excellent overall score

TDK Philippines Corporation

Sakata Factory, TDK Electronics Factories Corporation

SAE Magnetics Ltd./SAE Components Ltd./AFI Technologies Ltd. *Jointly awarded to three sites

■ Outstanding activities in a specific field

Energy TDK-Lambda Malaysia Sdn. Bhd. (Kuantan Factory/Senai Factory)

Resource TDK Electronics do Brasil Ltda.
TDK Foil Italy S.p.A.

Related links

[What is Being Done at Manufacturing Sites to Reduce CO₂ Emissions?](#)

Environmental Risk Management at Manufacturing Sites

Management of soil pollution and VOC risks

TDK has established environmental risk assessment standards and management methods for soil pollution and VOCs,* and each site regularly conducts risk assessment. For high-risk areas, we clarify the order of priority and implement preventive maintenance, restoration, and other measures to effectively manage environmental risks.

* VOC: Volatile Organic Compounds

Compliance with laws and regulations for pollution prevention and accidents

To prevent air, water, and soil pollution, 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 actions whenever necessary to reduce the environmental load.

Prevention and Control of Exposure to Hazardous Substances in Products

Please see the link below.

[Quality Assurance Activities, Prevention and Control of Exposure to Hazardous Substances in Products](#)

Sustainability | Environment | Environmental Management System

Facilities with ISO14001 and ISO50001 Certification

(As of July 1st 2022)

ISO14001

Facility	Country	Certificate Number	Certification Body
TDK Corporation Global Headquarters Safety & Environment Group of Sustainability Promotion HQ Technical Center Mikumagawa Factory Asama Techno Factory Kofu Factory Narita Factory Shizuoka Factory Inakura Factory Nikaho Factory (North site) Nikaho Factory (South site) Honjo Factory (West site) Ouchi Factory Honjo Factory (East site) TDK Akita Corporation* Inakura Factory Nikaho Factory (North site) Nikaho Factory (South site) Honjo Factory (West site) Kitakami Factory Ouchi Factory Iwaki Factory Honjo Factory (East site) TDK Shonai Corporation* Tsuruoka Factory Sakata Factory Iida Factory Tsuruokahigashi Factory TDK-Lambda Corporation Nagaoka Technical Center TDK Kofu Corporation*	Japan	JP21/071691	SGS
TDK Precision Tool Corporation	Japan	05672	Intertek
TDK U.S.A. Corporation TDK Components U.S.A., Inc. TDK Ferrites Corporation Headway Technologies, 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	00221E33645R3L	IQNet

CONTENTS	Facility	Country	Certificate Number	Certification Body
	SAE Magnetics (Dongguan) Limited	P.R. China	02120E11064R7L	CCCI
Editorial Policy	AFI Technologies (Chang An) Ltd.	P.R. China	02120E10003R5L	CCCI
	SAE Components (ChangAn) Ltd.	P.R. China	02120E10003R5L-1	CCCI
Top Commitment	SAE Technologies Development (Dongguan) Co., Ltd.	P.R. China	02120E11064R7L-1	CCCI
	Amperex Technology Ltd.	P.R. China	CN09/31828.00	SGS
	Acrathon Precision Technologies (HK) Co., Ltd.	P.R. China	02121E10429R4M	CCCI
Sustainability Management	TDK-Lambda (China) Electronics Co., Ltd.	P.R. China	02119E10576R4M	CCCI
	TDK Hong Kong Co., Ltd.	Hong Kong	12 104 40080 TMS	TUV
Environment	TDK Taiwan Corporation	Taiwan	20003153 UM15	DQS
	InvenSense Taiwan Co., Ltd.	Taiwan	TW17/00861	SGS
	TDK Korea Corporation	Korea	KR002766	BV
Society	TDK Philippines Corporation	Philippines	50500402UM15	DQS
	TDK (Thailand) Co., Ltd.	Thailand	488005 UM15	DQS
Governance	Magnecomp Precision Technology Public Co., Ltd. Rojana Factory Wangnoi Factory	Thailand	25884/A/0002/UK/En 25884/G/0001/UK/En	URS URS
External Evaluation	Hutchinson Technology Operations (Thailand) Co., LTD.	Thailand	81791/C/0001/UK/En	URS
	TDK (Malaysia) Sdn. Bhd.	Malaysia	01 104 1535520	TUV
Index	TDK-Lambda Malaysia Sdn. Bhd Senai Factory Kuantan Factory	Malaysia	01 104 1735507	TUV
	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

* TDK Akita Corporation, TDK Shonai Corporation and TDK Kofu Corporation were consolidated under the name of TDK Electronics Factories Corporation on April 1, 2022.

Sustainability | Environment

Action Plan in TDK Environment, Health and Safety Action 2025* and Fiscal 2022 Achievements

* Action Plan in TDK Environment, Health and Safety Action 2025 runs through fiscal 2026 (ending March 31, 2026).

Established: April 1, 2016
Revised: April 1, 2022

Tasks	Fiscal 2022				Fiscal 2023		Scope No. ¹⁾	Fiscal 2026	Fiscal 2036 (100th anniversary)
	Objectives	Practical Activities	Achievements	Status	Objectives	Practical Activities			
[1] TDK Environment Activity: improve CO₂ emissions intensity in a lifecycle perspective 50% by 2035, compared with Fiscal Year 2015									
Assess our entire value chain emissions impact including environmental contribution and improve the sales based intensity.									
<div><div>4</div><div>6</div><div>7</div><div>8</div><div>12</div><div>13</div><div>14</div><div>15</div></div>									
(1) Reduce CO ₂ emissions at manufacturing sites	Improve CO ₂ emission intensity from energy use by 1.8% compared with the previous fiscal year	<ul style="list-style-type: none">Introduction of market-based CO₂ emission factorReduce CO₂ emissions by equivalent to 2.0% of the previous fiscal year by energy-saving activities at each manufacturing site	Improved by 25.2% compared with the previous fiscal year	Achieved	Improve CO ₂ emission intensity from energy use by 1.8% compared with the previous fiscal year	Reduce CO ₂ emissions by equivalent to 2.0% of the previous fiscal year by energy-saving activities at each manufacturing site	1, 2	-	Improve CO ₂ emissions intensity by 30%
(1)-a Efficient use of energy	Improve energy consumption intensity by 1.0% of the previous fiscal year	<ul style="list-style-type: none">Reduce energy consumption by equivalent to 2.0% of the previous fiscal year by energy-saving activities at each manufacturing siteUtilize an energy summary table for visualization and priority setting, identify the areas of significant energy use, based on energy use and consumption in production	Improved by 17.1% compared with the previous fiscal year	Achieved	Improve energy consumption intensity by 1.0% of the previous fiscal year	<ul style="list-style-type: none">Reduce energy consumption by equivalent to 2.0% of the previous fiscal year by energy-saving activities at each manufacturing siteUtilize an energy summary table for visualization and priority setting, identify the areas of significant energy use, based on energy use and consumption in production		-	
(1)-b Expand renewable energy usage	Formulate mid- to long-term renewable energy targets and plans, and introduce and purchase renewable energy	<ul style="list-style-type: none">Introduce and purchase renewable energy by country/regionFormulate targets and plans of renewable energy introduction/purchase at the national and regional level	<ul style="list-style-type: none">Renewable energy introduction<ul style="list-style-type: none">Number of sites with 100% renewable energy: 21 sitesInstallation rate of renewable energy: 30.0%Formulation of medium- and long-term targets and plans<ul style="list-style-type: none">Installation rate of renewable energy electricity in fiscal 2026: 50%	Achieved	Implement efforts to achieve 50% renewable energy by fiscal 2026 (Scope 2)	Promote measures to achieve targets (Scope 2)		Installation rate of renewable energy: 50% (Scope 2)	
(2) Reduce water withdrawal	Improve water withdrawal intensity by 1.5% of the previous fiscal year	<ul style="list-style-type: none">Improve water withdrawal intensity by 1.5% of the previous fiscal year at each manufacturing siteImprove the recycling ratio of water	Improved by 25.5% compared with the previous fiscal year	Achieved	Improve water withdrawal intensity by 1.5% of the previous fiscal year	<ul style="list-style-type: none">Improve water withdrawal intensity by 1.5% of the previous fiscal year at each manufacturing siteImprove the recycling ratio of water	3	Create reduction activities equivalent to 30% improvement of CO ₂ emissions	Improve CO ₂ emissions intensity from a lifecycle perspective by 50%
(3) Efficient use of resources	Improve waste intensity by 1.5% of the previous fiscal year	<ul style="list-style-type: none">Improve waste intensity by 1.5% of the previous fiscal year at each manufacturing siteImprove material yieldPromote recycling and reusePursuit "zero-defect"	Improved by 14.9% compared with the previous fiscal year	Achieved	Improve waste intensity by 1.5% of the previous fiscal year	<ul style="list-style-type: none">Improve waste intensity by 1.5% of the previous fiscal year at each manufacturing siteImprove material yieldPromote recycling and reusePursuit "zero-defect"			
(4) Reduce CO ₂ emissions from a life cycle perspective	Promote reduction of environmental load through activity of Scope3	<ul style="list-style-type: none">Promote the use of low environmental load materialsImprove CO₂ emission intensity in logistics by 1.0% from the previous year (Japan)	<ul style="list-style-type: none">Succeeded for the first time in the electronic components industry in establishing a recycling system to reuse PET filmWorsened CO₂ emission intensity in logistics by 6.7% compared with the previous fiscal year (Japan)	Not achieved	Promote reduction of environmental load through activity of Scope3	<ul style="list-style-type: none">Promote the use of low-emission-intensity- and low-environmental-load materialsPromote efforts to reduce CO₂ emissions in logistics worldwide			
(5) Expand contributions to reduction of CO ₂ emissions by products	Improve the intensity of contribution to CO ₂ reduction by products by 2.7% compared with the previous fiscal year	Increase in the number of products for which product contribution is calculated	Worsened by 12.3% compared with the previous fiscal year	Not achieved	Improve the intensity of contribution to CO ₂ reduction by products by 2.7% compared with the previous fiscal year	Increase in the number of products for which product contribution is calculated			
(6) Expand business towards a net zero society	-	-	Supplied magnetic products and other products to offshore wind power generation	-	<ul style="list-style-type: none">Develop and expand sales of products and solutions that realize a net-zero societyProvide products and solutions for creating clean energy to realize a zero-carbon societyProvide products and solutions for the creation of a highly efficient energy society by storing, converting, and controlling energy	Create products and solutions for the realization of net zero society			
(7) Reduce risks of chemicals use	Reduce the impact of chemicals on humans and the environment	Promote the substitution and reduce usage of hazardous chemicals	Responded to regulations on the use of hazardous chemicals as required by customers	Achieved	Reduce the impact of chemicals on humans and the 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">Promote forest conservation activityPromote environmental education and awareness	<ul style="list-style-type: none">Number of trees planted outside company: 900Aggregate number of employees participated in volunteer activities: 2,346	Achieved	Preserve the environment and biodiversity	<ul style="list-style-type: none">Promote forest conservation activityPromote environmental education and awareness			

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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" ^{*2}	<ul style="list-style-type: none"> Mitigate the significant safety risks Promote the safety patrol by site top manager thoroughly 	One fatal accident due to electric shock occurred at a Group company's factory in India	Not achieved	Achieve the "Zero significant labor accident"	<ul style="list-style-type: none"> Mitigate the significant safety risks Promote the safety patrol by site top manager thoroughly 	
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*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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Background of Goals

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Fiscal 2022 Progress

Initiatives

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 adopted at the COP21 in December 2015. Above all, carbon dioxide (CO₂) is a major emission source that makes up 76% (from the IPCC 5th Assessment Report) of greenhouse gases, so it is necessary to implement reliable CO₂ reduction measures in business activities.

In the TDK Group, the environmental officer serves as the manager of the Group's environmental activities, including climate change issues, and the Safety and Environment Group of the Sustainability Promotion HQ leads the promotion of and support for the Group's environmental activities. We make decisions on important matters for management of the Group's environmental activities based on deliberation by the Executive Committee 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 load from a life-cycle perspective, from the use of raw materials to the use and disposal of products.

Reduction of CO₂ emissions at manufacturing sites

CO₂ emissions from energy use at manufacturing sites have been recognized as a major environmental load at TDK for a long time, and we continue to promote reduction activities.

Reduction of CO₂ emissions from logistics activities

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

In Japan, a committee to improve energy conservation in logistics was established in fiscal 2007, when the revised Energy Conservation Act was enacted, and energy reduction activities related to logistics have been carried out.

Expansion of contributions to reduction of CO₂ emissions by products

TDK has been conducting product assessments since 1997, in which we assess the environmental impact of a 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-conscious 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. We have been disclosing information about the products certified as excellent environment-conscious products on our website and promoting the creation and dissemination of products that contribute to reducing the environmental load.

In addition to these activities, expanding the reduction of CO₂ emissions through products (product contributions) is one of the core initiatives within the 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 since the 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 and is promoting the diffusion of global calculation work throughout the entire TDK Group by adding the calculation of product contributions to assessment requirements at the product development stage.

In fiscal 2022 TDK's sustainability activities, including the reduction of CO₂ 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.



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 risks and opportunities to our business 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

◆Board's oversight of climate-related risks

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 and, if necessary, the Board of Directors.

◆Management's role in assessing and managing climate-related risks

(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 strengthen the risk management framework, TDK has established committees directly under the Executive Committee. Of them, the Enterprise Risk Management (ERM) Committee has been set up with the aim of ensuring a company-wide 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 CO₂ emission intensity by 2035).

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

Strategy

In the Medium-Term Plan “Value Creation 2023” that started in fiscal 2022, 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 to 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 we 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 CO₂ 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 these circumstances, TDK conducted scenario analysis with the aim of analyzing business risks and opportunities in problems related to climate change and reflecting the results in strategy.

Results of scenario analysis

In accordance with the Practical guide for Scenario Analysis in line with the TCFD recommendations issued by the Ministry of the Environment, TDK implemented scenario analysis based on the following preconditions:

Preconditions

Assumed period: Fiscal 2031

Applicable scope: Entire TDK Group

Adopted scenarios: 2°C scenario (Sustainable Development Scenario [SDS] and New Policies Scenario [NPS] of the International Energy Agency [IEA]), 4°C scenario (the IEA’s Current Policies Scenario [CPS], Stated Policies Scenario [STEPS], and Representative Concentration Pathway [RCP] 6.0 scenario)

The following are the main risks and opportunities identified based on the scenario analysis. Under the 2°C scenario, in which countries’ regulations through decarbonization policies become stricter, we understood the possibility of transitional risks occurring with the introduction of carbon pricing and higher cost of renewable energy. The analysis estimated the financial impact of these risks in 2030 to be 5.9 billion yen in the case of carbon pricing and 17.6 billion yen for renewable energy. In the automotive market, which is one of TDK’s key markets, since the shift to electric vehicles will progress, we also recognized the possibility of expanded sales opportunities

for EV-related products and battery-related risks and opportunities.

Under the 4°C scenario, the analysis also showed the possibility of increased risks of flooding due to the frequent outbreak of abnormal weather.

Classification		Risks and opportunities	Main countermeasures
Transition risks	Carbon pricing / carbon-emission targets of each country	Risk	<ul style="list-style-type: none"> Promotion of the effective use of energy, expanded use of renewable energy, etc. at manufacturing sites toward the realization of net-zero CO₂ emissions in 2050
	Increase of energy costs due to rise in renewable energy ratio	Risk and opportunity	<ul style="list-style-type: none"> Promotion of the effective use of energy at manufacturing sites toward the realization of net-zero CO₂ emissions in 2050 Promotion of the development of products for renewable energy, etc.
	Increase in price of cobalt and lithium	Risk	<ul style="list-style-type: none"> Monitoring of raw material price trends and implementation of risk hedging at time of procurement Implementation of long-term supply contracts Reduction of amount of cobalt and lithium used in products, etc.
	Increase of new business chances due to expansion of EV market	Opportunity	<ul style="list-style-type: none"> Promotion of product development with an eye on EV market expansion
	Development of next-generation battery materials	Risk and opportunity	<ul style="list-style-type: none"> Promotion of the development of all-solid-state batteries
	Increase of customer demands regarding RE100	Risk and opportunity	<ul style="list-style-type: none"> Analysis of customer initiatives to respond to climate change Compilation of plan to introduce renewable energy, etc.
Physical risks	Increase of business risks due to rise in flooding	Risk	<ul style="list-style-type: none"> Implementation at sites of measures to counter flooding risks Promotion of BCP response, building of BCM framework, etc.

Related link

[Medium-Term Plan](#)

Risk Management

Important risks for management are assessed in the ERM 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 and, after completion of the countermeasures, obtains the approval of the Executive Committee.

Metrics and Targets

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

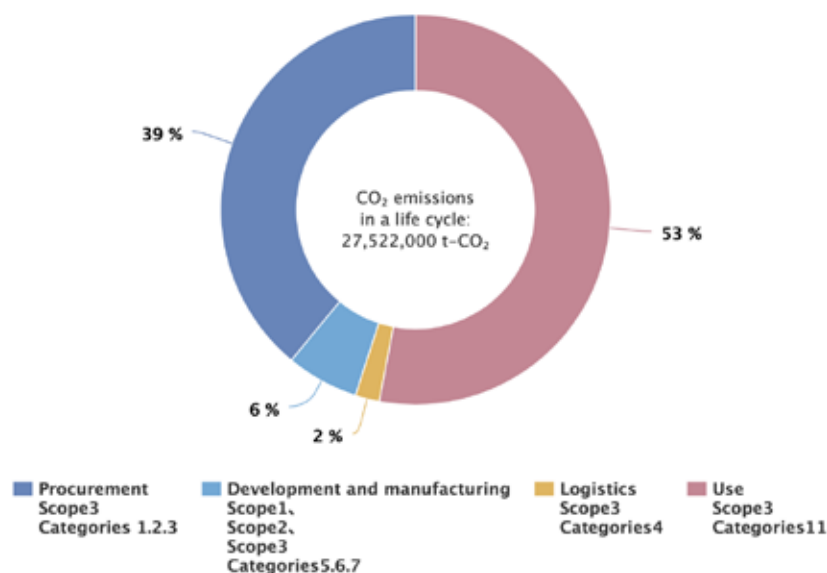
Related link

[Action Plan in TDK Environment, Health and Safety Action 2025 and Fiscal 2022 Achievements](#)

Fiscal 2022 Goals and Achievements / Evaluations and Future Activities

Fiscal 2022 Goals	Achievements
Reduction of CO ₂ emissions at manufacturing sites Improve CO ₂ emission intensity from energy use by 1.8% compared with the previous fiscal year	Improved by 25.2% compared with the previous fiscal year
Reduction of CO ₂ emissions from logistics activities Improve CO ₂ emission intensity in logistics by 1.0% compared with the previous fiscal year (Japan)	Worsened by 6.7% compared with the previous fiscal year
Expansion of contributions to reduction of CO ₂ emissions by products Improve the intensity of contribution to CO ₂ reduction by products by 2.7% compared with the previous fiscal year	Worsened by 12.3% compared with the previous fiscal year

Breakdown of environmental load (CO₂ emissions)



[Third-party verification](#)

CO₂ Emissions by Category and Scope

Scope		Outline	CO ₂ emission
	(Category)		(t-CO ₂)
Scope1		Production	146,774
Scope2		Production	1,554,703
Scope3	1	Purchased goods & services	8,740,800
	2	Capital goods	1,042,135
	3	Fuel- and energy-related activities	936,628
	4	Upstream transportation & distribution	504,216
	5	Waste generated in operations	6,998
	6	Business travel	24,532
	7	Employee commuting	7,702
	8	Upstream leased assets	Not applicable
	9	Downstream transportation & distribution	Not applicable
	10	Processing of sold products	Not applicable
	11	Use of sold products	14,557,430
	12	End-of-life treatment of sold products	Not applicable
	13	Downstream leased assets	Not applicable
	14	Franchises	Not applicable
	15	Investment	Not applicable

[Third-party verification](#)

Methods of Calculating CO₂ Emissions in Scope 3

Category	Outline	Calculation method
1	Purchased goods & services	Products purchased in the fiscal year concerned multiplied by the emission intensity for each purchase price. Regarding materials, the purchase price of the main constituent materials in each product (excluding semifinished products) multiplied by the emission intensity.
2	Capital goods	The price of equipment and other capital goods acquired in the fiscal year concerned multiplied by the emission intensity for each investment amount.
3	Fuel- and energy-related activities	Calculated according to emissions in the extraction, production, and transportation of purchased fuel and fuel used when purchased electricity is generated. Fuel: Each fuel purchased in the fiscal year concerned multiplied by the emission intensity. Electricity: Purchased electricity quantity multiplied by the emission intensity.
4	Upstream transportation & distribution	Calculated according to emissions involved in the procurement of purchased products and services and emissions involved in the transportation of manufactured products. Regarding purchased products and services, each of the same items as in Category 1 multiplied by the emission intensity involved in procurement. Regarding manufactured products, expenses involved in shipment multiplied by the emission intensity.
5	Waste generated in operations	Regarding waste at manufacturing sites excluding valuables, financial value of the waste multiplied by the emission intensity.
6	Business travel	Business travel expenditure is calculated by multiplying expenses involved in employee travel by the domestic employee commuting/business travel expense ratio. Emissions are then calculated by multiplying this business travel expenditure by the emission intensity taking account of the content of business travel.
7	Employee commuting	Commuting expenditure is calculated by multiplying expenses involved in employee travel by the domestic employee commuting/business travel expense ratio. Emissions are then calculated by multiplying this commuting expenditure by the emission intensity assumed from the means of commuting.
8	Upstream leased assets	Not 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 CO₂ emissions at manufacturing sites

In fiscal 2022 CO₂ emissions decreased by 3.8% from the previous year to 1.701 million tons due to the expanded introduction of renewable energy. Going forward, we will promote reduction efforts rooted in manufacturing activities across the entire Group based on a policy, as advocated in TDK's materiality, of achieving the effective use of energy and the expanded use of renewable energy toward the realization of net-zero CO₂ emissions by 2050.

Reduction of CO₂ emissions from logistics activities

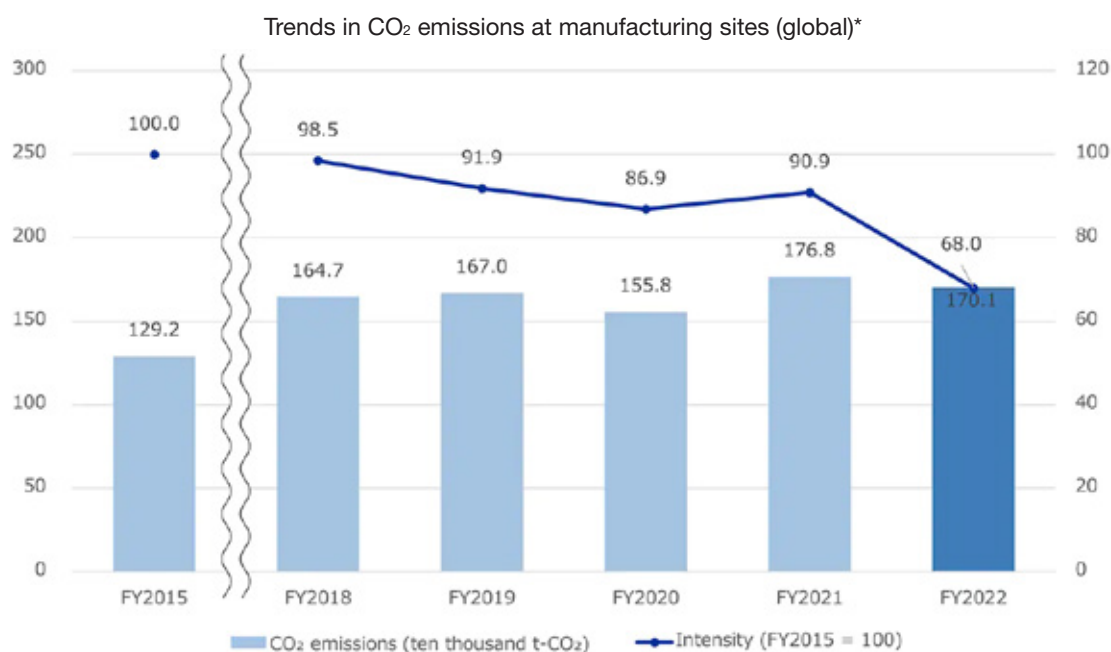
As a result of increased product transportation due to a rise in production volume, CO₂ emissions in logistics in fiscal 2022 amounted to 5,460 tons, up 6.7% over the previous year. This represented a decline of 9.2% from the fiscal 2015 level, meaning that we did not achieve our target. Going forward, the entire TDK Group will endeavor to promote reduction activities. We have begun efforts at overseas sites to reduce CO₂ 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 of CO₂ emissions by products

The contribution to CO₂ reduction by products in fiscal 2022 amounted to 2.969 million tons. The intensity decreased by 12.3% from the previous year, meaning that our target was not achieved. 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 2022 Progress

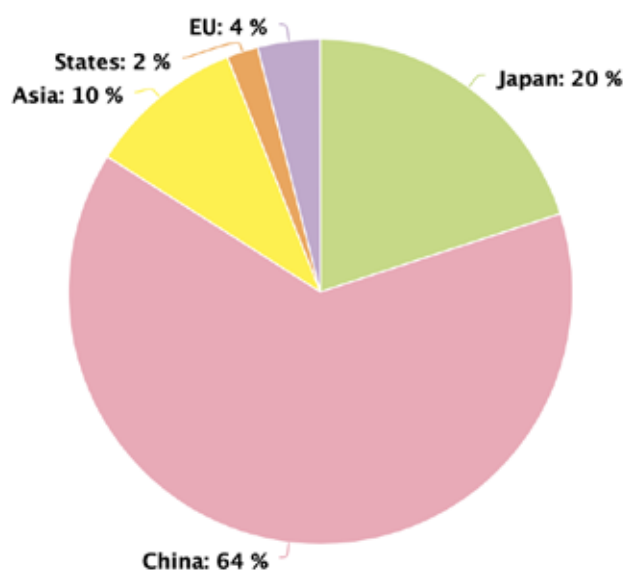
Reduction of CO₂ emissions at manufacturing sites



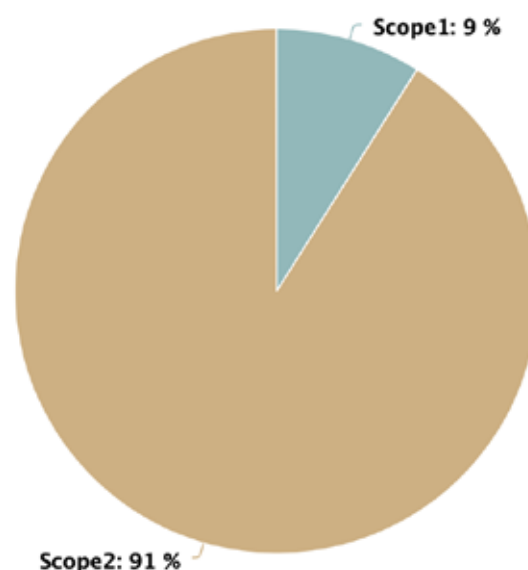
* Intensity data have been revised to take account of the increase in the number of sites due to mergers and acquisitions.

* The measurement and calculation methods, as well as the numerical results for fiscal 2020 and beyond, have been verified by a third-party.

Fiscal 2022 emissions by region (TDK Group total emissions)



Fiscal 2022 emissions by scope (TDK Group total emissions)



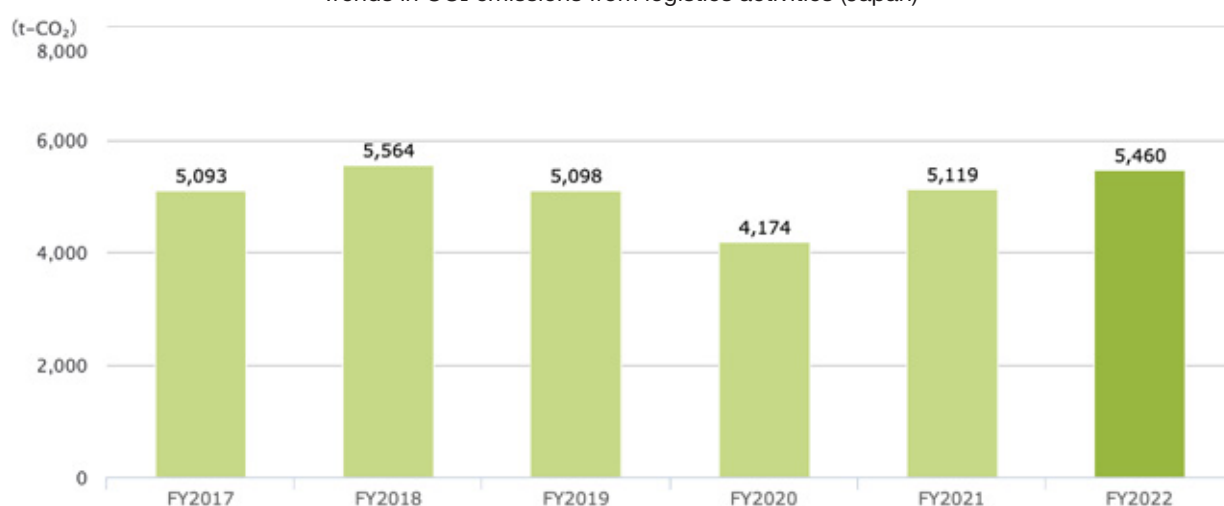
* Scope: Emission range defined by the GHG Protocol, an international calculation standard for greenhouse gas emissions. We refer to direct emissions from facilities owned and controlled by the company as Scope 1 and emissions from the production of energy consumed at facilities owned and controlled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

* TDK's CO₂ emissions calculation standard

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

Reduction of CO₂ emissions from logistics activities

Trends in CO₂ emissions from logistics activities (Japan)*

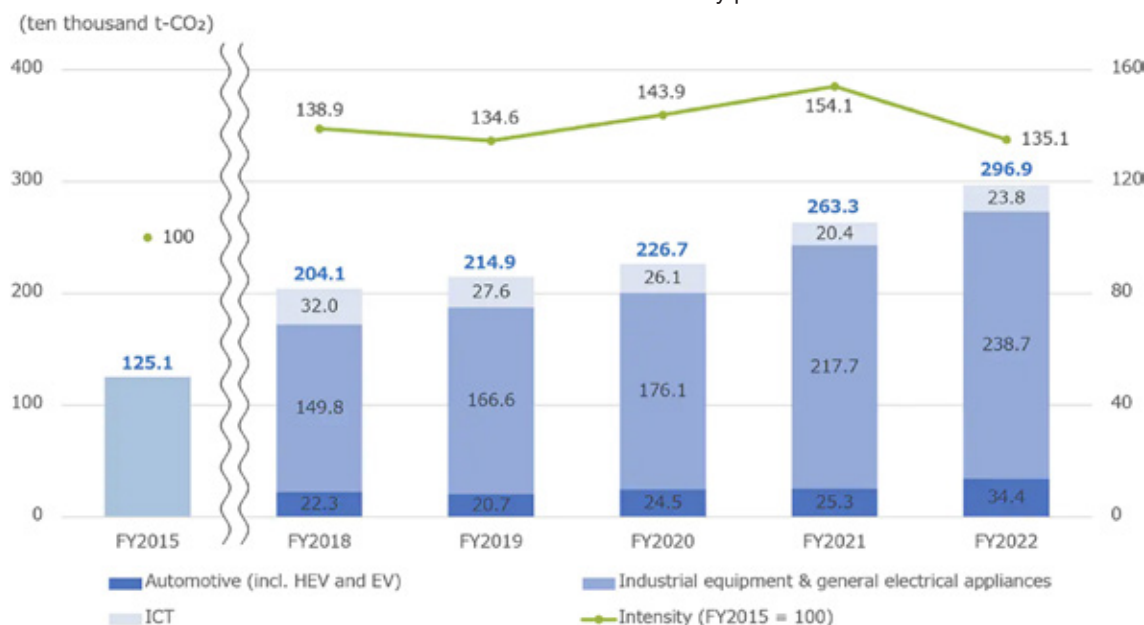


* Corrected data for fiscal 2021.

* Calculated based on Japan's Energy Conservation Act.

Expansion of contributions to reduction of CO₂ emissions by products

Trends in CO₂ emission reductions by product*



* 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."

Related links

[Third-party verification](#)

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

Initiatives

Reduction of CO₂ emissions at manufacturing sites

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

In fiscal 2022 TDK's site in Deutschlandsberg, Austria, introduced a photovoltaic power generation system to cover part of its electricity consumption. As a result of the operation of this system, it is expected that CO₂ emissions will be reduced by the equivalent of 124 tons a year.

- TDK Electronics GmbH & Co. OG (Deutschlandsberg, Austria) (500kWp) From August 2021



The photovoltaic power generation facility at Deutschlandsberg is part of a pilot project testing whether the use of sustainable energy contributing to the saving of resources has further potential. Financial assistance is received from the European Regional Development Fund (ERDF).

For detailed information about the IGJ/ERDF program, see <https://www.efre.gv.at/>.

Installation of off-site solar farm

The TDK Group's largest photovoltaic power generation facility began operating in India in April 2021. The generated solar power is supplied to the Nashik Factory via a dedicated line and, as a power requirement from a renewable energy source, covers about 50% of the factory's power consumption. As a result, the factory's CO₂ emissions are cut by about 8,200 tons.

- Nashik Factory, TDK India Private Limited
100,000 m² solar farm



Promotion of Renewable Energy Installation (As of March 31, 2022)

The following 21 sites procure 100% of their power consumption from renewable energy:

- TDK Head Office (Tokyo, Japan)
- TDK Museum (Akita, Japan)
- TDK-Lambda Nagaoka Technical Center (Niigata, Japan)
- TDK-Lambda UK Ltd. (Devon, United Kingdom)
- TDK-Lambda Ltd. (Karmiel, Israel)
- TDK-Lambda (China) Electronics Co., Ltd. (Wuxi, China)
- Headway Technologies, Inc. (CA, USA)
- SAE Components (ChangAn) Ltd. (Dongguan, China)
- 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 Electronic Components S.A.U. (Malaga, Spain)
- TDK CROATIA d.o.o. (Kutina, Croatia)
- TDK Foil Iceland ehf. (Akureyri, Iceland)
- TDK Electronics do Brasil Ltda. (Gravataí, Brasil)
- Tronics Microsystem SA (Crolles, France)
- Tronics MEMS, Inc. (TX, USA)
- TDK (Zhuhai FTZ) Co., Ltd. (Zhuhai, China)
- TDK (Zhuhai) Co., Ltd. (Hongqi, China)

The following sites have procurement contracts for renewable energy covering at least 80% (but less than 100%) of their power consumption:

- Dongguan Ampere Technology Limited (Dongguan, China)
- Dongguan NVT Technology Co., Ltd. (Dongguan, China)

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

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

The ratio of renewable energy used in power consumption in the whole world is 30%.

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Reduction of CO₂ emissions in logistics


TDK is promoting the following efforts to reduce CO₂ emissions in the logistics stage:

- Modal shift
- Increased efficiency in inter-factory transportation through the concentrated location of manufacturing sites
- Shortening of freight transportation distances by direct shipment

Expansion of product contributions to reducing CO₂ emissions

The environmental contribution of multilayer ceramic capacitors (MLCCs) is calculated from the lighter weight of single products for in-vehicle applications. Since fiscal 2020 the Ceramic Capacitors BG has been expanding the production of products for in-vehicle applications, such as the C series and the CGA series, and it addresses the monthly management of environmental contributions as a theme in its environmental management program. In fiscal 2022 product contributions amounted to a reduction of the equivalent of 4,014 tons of CO₂. Going forward, backed by increased sales for EVs and further compactness, product contributions are expected to continue expanding.

Verification Opinion



7 July 2022
Opinion No : SGS22/020

Mr. Noboru Saito
President & CEO
TDK Corporation
2-5-1, Nihonbashi, Chuo-ku, Tokyo, Japan

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: 2019 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the statement"). The objective of this verification is to confirm that the statement in the Organization's applicable scope has been correctly calculated and reported in the statement in conformance with the criteria, and to express our views as a third party. The organization is responsible for the preparation and fair presentation of the statement.

Scope
The scope of verification is Scope1 and 2 emissions, energy consumption, Scope3 emissions and Power consumption using the renewable energy.
The period subject to report is from 1 April 2021 to 31 March 2022.
Refer to the attached sheet for the detailed scope of verification.

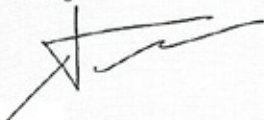
Procedure of Verification
The statement was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- 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 statement: On-site verification and review of vouchers conducted at Asama Techno Factory and Chikumagawa Techno Factory, and analytical procedures and interviews for other sites in the scope of verification carried out at the Technical Center



The criteria for this review are based on GHG Emissions Calculation and Reporting Manual Ver. 4.8, the procedure specified by the Organization, Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain, Ver. 2.4, Guidance on Calculating GHG Emission Reduction Contributions of Electronic Components, The Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables and RE100 technical criteria.

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 statement 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
Yokohama business Park North Square I
134, Good-cho, Hodogaya-ku, Yokohama
Senior Executive & Director
Knowledge



Yuji Takeuchi

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1 / 2

attached sheet

7 July 2022
No : SGS22/020

The details of the scope of verification

The scope	The boundary	The statement
1 The performance data Scope 1 and 2 include energy related greenhouse gas emissions. Energy consumption, excluding the vehicles which run outside of the sites	25 domestic sites and 57 overseas sites include 5 non-production sites	Scope1: 147kt-CO2 Scope2: 1,555kt-CO2
2 Scope3 (category 1)	The TDK Group	8,741kt-CO2
3 Scope3 (category 2)	The TDK Group	1,042kt-CO2
4 Scope3 (category 3)	25 domestic sites and 57 overseas sites	937kt-CO2
5 Scope3 (category 4)	The TDK Group	504kt-CO2
6 Scope3 (category 5)	25 domestic sites and 57 overseas sites	7kt-CO2
7 Scope3 (category 6)	The TDK Group	25kt-CO2
8 Scope3 (category 7)	The TDK Group	8kt-CO2
9 Scope3 (category 11)	The Organization's main product categories	14,557kt-CO2
10 A: The renewable electricity usage B: The ratio of renewable electricity usage to total electricity usage	25 domestic sites and 57 overseas sites include 5 non-production sites	A: 1,183,982MWh B: 30.0%

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



Review Confirmation Report (Summarized Version)

Purpose of the Review

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

Procedures Implemented during the Review

The following processes were implemented in this activity:

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

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

Overall Consideration

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

May.16, 2016
SGS Japan Inc.

Water Resources Conservation

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Basic Policy on Water Resources

As a result of such factors as economic development and population increases in developing countries, the use of water, which is a limited resource, is undergoing change, and water crises can be seen as one of the risks exerting an impact on a global scale. At TDK, water is an essential resource in manufacturing activities. Since we are impacted by such events as the exhaustion of water resources and flooding, the proper understanding and management of water risks are important issues for us.

TDK stipulates the TDK Supplier Code of Conduct and requests suppliers to address the management of wastewater and efficient use of water.

Together with local communities and stakeholders, TDK will continue to promote sustainable water use.

From the procurement of raw materials to the disposal of products, TDK strives for operations with little environmental load throughout the entire supply chain. Similarly, we promote the conservation of forestry resources and water resources. In line with the TDK Environmental Charter, we aim for “Develop and Prosper in Harmony with the Global Environment.” Every single employee will act positively by thinking about the impact of production activities on the environment and the relationship between corporate activities and the environment, endeavoring to conserve an affluent global environment, and constantly paying heed to contributions to preserve the ecosystem.

Furthermore, in consideration of business characteristics, TDK has specified the key SDGs that we will focus on and clarified our policy of solving issues, including water-related problems, through technological development in our main businesses. As a water-related example, we are promoting the development of various sensors in accordance with Goal 12 of the SDGs, which is titled “Responsible consumption and production.” In addition, we are reducing water withdrawal in manufacturing processes.

Related link

[TDK Environmental Charter](#)
[Climate Change Initiatives](#)
[Efforts to Achieve the SDGs](#)

Fiscal 2022 Goals and Achievements / Evaluations and Future Activities

Fiscal 2022 Goal	Achievement
Improve water withdrawal intensity by 1.5% compared with the previous fiscal year	Improved by 25.5% compared with the previous fiscal year

Evaluations and Future Activities

TDK sets numerical targets for water withdrawal.

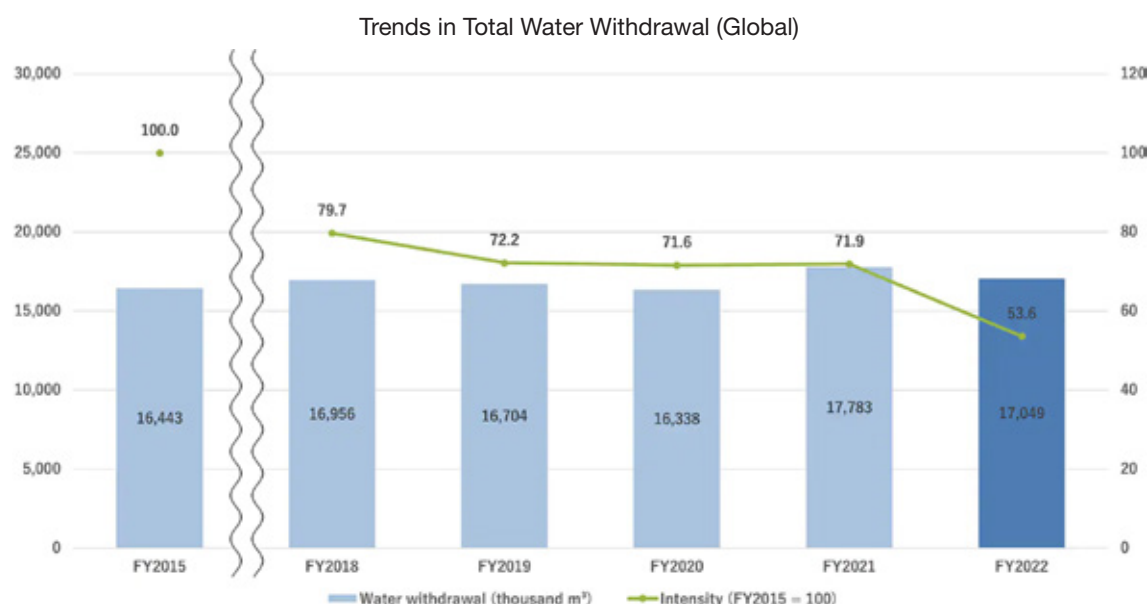
In fiscal 2022 TDK's total water withdrawal amounted to 17,049,000 m³, which was down 4.1% from the previous fiscal year. In addition, intensity improved by 25.5% compared with the previous fiscal year, so our target was achieved. Regarding water risks at all manufacturing sites of the TDK Group, we conduct investigations in accordance with the TCFD using two global evaluation tools—the WWF Water Risk Filter*¹ and Aqueduct,*² announced by the World Resources Institute (WRI). This enables us to identify highly water-stressed regions

and adopt countermeasures. At one site in India, investigations showed water risk to be high. As a result of countermeasures, in fiscal 2022 water withdrawal at the site amounted to just 28,000 m³, which was less than 1% of the TDK Group's total water withdrawal. Incidentally, since water is not mixed inside TDK products, consumption in manufacturing processes is extremely small and includes evaporation at the time of cleaning. We will continue to monitor and manage regional water risks and the state of water use in production factories and endeavor to make improvements.

* 1 The WWF Water Risk Filter was developed by the World Wide Fund for Nature (WWF) and DEG, a German finance institution. The tool investigates, evaluates, and enables response to risks involving the water environment. The first version was released in 2012, since when it has been widely used by companies and investors around the world. It has become a leading and highly trusted tool.

* 2 Since its launch in 2011, the Aqueduct evaluation tool, which has become a global standard relating to water risks, has been providing information on water-related risks, such as flooding, drought, and stress, to companies, governments, and nongovernmental organizations (NGOs).

Fiscal 2022 Progress



Initiatives

TDK is tackling the reduction of water withdrawal and water recycling and collects water withdrawal and discharge data for each site.

Specific activities include the following:

Success in reducing water use by 30,000 m³ (TDK Philippines Corporation)

In the Asia region, the Philippine factory promotes water-recycling activities throughout the entire factory. By recycling water used in the cleaning process and other measures, it succeeded in reducing water use by 30,000 m³ a year.

Aiming to be a zero-wastewater factory (Nashik Factory, TDK India Private Limited)

The Nashik Factory in India introduced sewage treatment equipment inside the factory with the aim of reducing wastewater to zero. The water processed here is used as recycled water for such purposes as gardening, including the automatic sprinkling of plants in the factory grounds, and toilet flushing. In addition, by installing motion sensors at washbasins, the factory is trying to reduce water withdrawal through the optimization of water volume.

Effective Use of Resources

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Background of the Goals

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Fiscal 2022 Progress

Initiatives

Background of the Goals

Amid the need to shift to a circular society, from the perspective of the effective use of limited resources, TDK achieved its own standard of zero emission* in fiscal 2007 and, since then, has maintained this level and promoted initiatives to curb the discharge of waste itself. In addition, TDK makes regular visits to recycle businesses to check that recycling is being conducted properly.



* 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 2022 Goals and Achievements / Evaluations and Future Activities

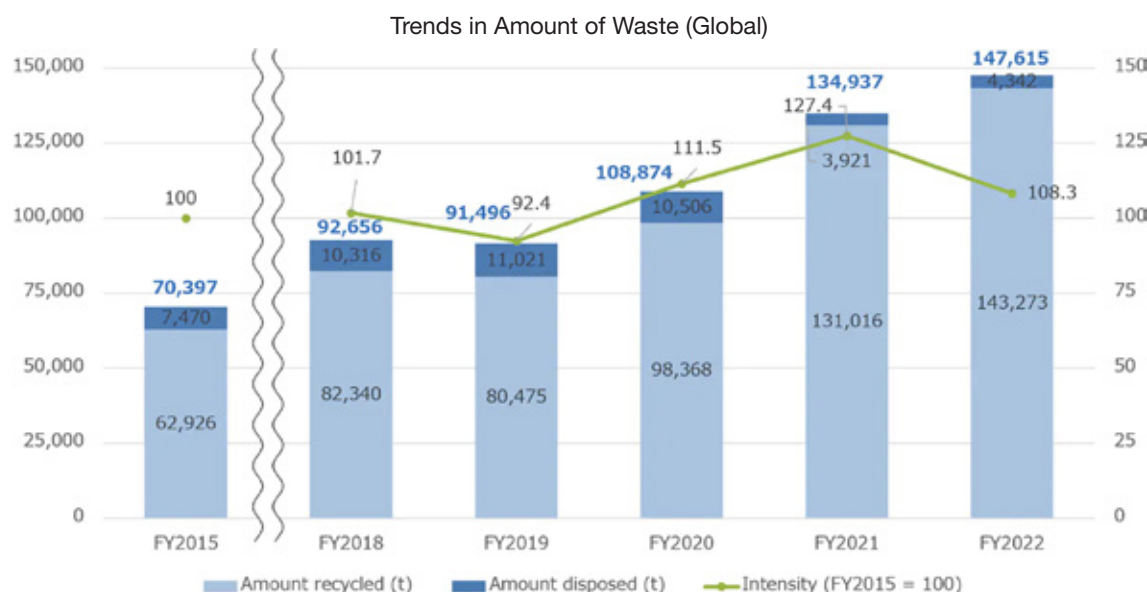
Fiscal 2022 Goal	Achievements
Improve waste intensity by 1.5% compared with the previous fiscal year	Improved by 14.9% compared with the previous fiscal year

Evaluations and Future Activities

The total amount of waste in fiscal 2022 increased by 9.4% compared with the previous fiscal year to 147,615 tons due to increased production volume. In terms of waste discharge intensity, the target was achieved with a 14.9% improvement compared with the previous fiscal year.

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 2022 Progress



Initiatives

Promotion of Circular Economy Activities

Reuse of PET Films (Multilayer Ceramic Capacitors)

For the first time in the electronic components industry,^{*1} TDK succeeded in building a recycling system for the reuse of PET films used in the manufacturing process of multilayer ceramic capacitors (MLCCs).

Normally the surfaces of PET films used when applying dielectric paste in the MLCC manufacturing process undergo special processing, so after use in the manufacturing process, they are mainly thermal-recycled or incinerated.

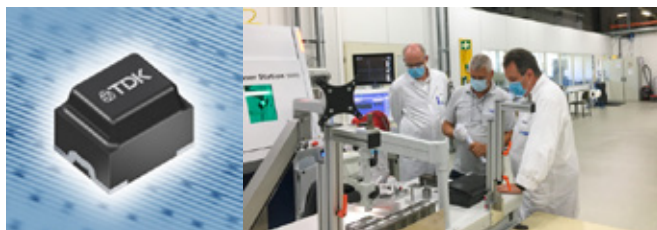
In the new system, however, the surfaces of waste PET films are washed, returned to PET plastic form (as pellets), and then formed into films at Toray Corporation (based in Chuo-ku, Tokyo), which is TDK's partner in this project. TDK then purchases these films and applies special processing to them, thereby enabling their reuse in the MLCC manufacturing process. The recycled PET films used in this system reduce CO₂ emissions by about 10%^{*2} compared with conventional PET films.

* 1 As of December 2021; TDK investigations

* 2 Meaning CO₂ emissions in the PET film manufacturing process; Toray investigations

Related link

[Multilayer Ceramic Capacitors: TDK demonstrates industry-first recycling of PET films for MLCCs](#)



Saving resources through recycling

The facility also received an Environmental Protection Certificate in recognition of its achievements in saving resources and reducing CO₂ emissions through the reuse and recycling of toner cartridges.



Reduction of input resources through improved production efficiency



As part of its efforts to improve productivity, TDK is endeavoring in various ways to reduce the amount of input resources, including cost reduction and yield improvement. In particular, regarding energy, TDK is engaged in lower energy (LE) activities, which promote the efficient use of energy resources, from the standpoint of production technology.

In fiscal 2022 TDK promoted LE activities mainly in the Japan area. At the Honjo Factory East Site, such activities as applying time control to exhaust ventilators, conducting intermittent compressed air discharge for packaging machines, and shortening running-in operations led to a 5% reduction in the site's total energy consumption. There was a total of 230 activities, including 138 energy-reduction activities and 24 activities aimed at reducing input materials.

TDK will continue to proactively promote LE activities and strive to facilitate the efficient use of resources.

Reduce Risks of Chemical Use

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[Fiscal 2022 Goals and Achievements / Evaluations and Future Activities \(Management of Chemical Substances in Manufacturing Processes\)](#)
[Management of Chemical Substances in Products](#)

Our Thinking About Chemicals Management

Management of Chemical Substances in Products

As a system for preventing and controlling exposure to hazardous substances in products that threaten human health and the environment, in 2004 TDK introduced the Environmental Product Quality Management system and put it to work in our Quality Management System (QMS). For details regarding this initiative, please see here.

[Prevention and Control of Exposure to Hazardous Substances in Products](#)

Management of Chemical Substances in Manufacturing Processes

We have been promoting the integrated management of chemical substances globally with the goals of understanding the hazardousness and danger of chemical substances, and improving safety in their handling in compliance with each nation's laws and the like.

Background of Goals (Management of Chemical Substances in Manufacturing Processes)

At TDK, we are moving forward on reducing the use and emissions of chemical substances in order to reduce their impact on the environment as well as mitigate the health risks to employees and risks of fires or explosions.

Fiscal 2022 Goals and Achievements / Evaluations and Future Activities (Management of Chemical Substances in Manufacturing Processes)

Fiscal 2022 Goal	Achievement
Promote the integrated management of chemical substances globally and raise awareness in-house about the situation surrounding regulated chemical substances in the future	We formulated uniform guidelines on the use of chemical substances. We also began to create a system for teaching development engineers about the management of chemical substances.

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Evaluations and Future Activities

In order to further improve our management of chemical substances, we are preparing to formulate uniform guidelines on the use of chemical substances.

Thanks to the results achieved by the initiatives undertaken in each Business Group, development work has been proceeding on products that do not include hazardous substances and processes that do not use such.

Looking ahead, we will encourage keeping chemical substances in mind from manufacturing as a starting point by providing education for development engineers and creating a system for providing information.

Fiscal 2023 Goal

Promote the integrated management of chemical substances globally and raise awareness in-house about the situation surrounding regulated chemical substances in the future

Related link

[Environmental Risk Management at Manufacturing Sites](#)

Management of Chemical Substances in Products

Please see the link below.

[Prevention and Control of Exposure to Hazardous Substances in Products](#)

Approach to Biodiversity

[Approach to Biodiversity](#)
[Guidelines for Action by the Electrical and Electronics Industries concerning Biodiversity Conservation](#)
[Guidelines for Action by the Electrical and Electronics Industries concerning Biodiversity Conservation](#)

Protecting Nature and Biodiversity

At TDK, we recognize the importance of biodiversity and strive for operations causing little environmental load throughout the entire supply chain, from the procurement of raw materials to product disposal. In collaboration with local communities, we also promote ecosystem restoration activities and initiatives to realize a circular economy that does not harm the cycle of nature.

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 an affluent 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.

Related links

[TDK Environmental Charter](#)
[Promotion of Circular Economy Activities](#)

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

In March 2015 the Biodiversity Working Group of the four Electrical and Electronic Industry Associations* published the Guidelines for Action by the Electrical and Electronics Industries concerning Biodiversity Conservation (second edition published in August 2018). TDK fully supports this initiative and is implementing the guidelines through our activities aimed at protecting biodiversity.

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

Related links

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

Initiatives/Biodiversity Conservation Activities at Global Sites

Afforestation Activities (Indonesia)

TDK's Batam Factory in Indonesia (PT TDK Electronics Indonesia) contributes to improving water catchment areas and expanding flora and fauna habitats through various afforestation activities.



Afforestation in the wilderness

Following the theme of "Tree for Life," the Batam Factory also continues to conduct a mangrove afforestation project in conjunction with the local community. As well as planting trees, participants conduct cleanup activities too. This initiative leads to greater awareness of biodiversity among employees.



Mangrove afforestation project

Sustainability | Environment

Environmental Performance Data

		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Energy (Manufacturing)	CO ₂ emissions	t-CO ₂	1,647,096	1,669,733	1,557,687	1,768,010	1,701,476
	Scope1	t-CO ₂	127,660	120,978	111,341	136,021	146,774
	Scope2	t-CO ₂	1,519,436	1,548,755	1,446,346	1,631,989	1,554,703
	Total energy consumption (A)+(B)+(C)+(D)+(E)+(F)	GJ	13,462,996	13,640,216	13,539,550	16,068,546	17,078,863
	Total energy consumption (A)+(B)+(C)+(D)+(E)+(F)	MWh	3,739,721	3,788,949	3,760,986	4,463,485	4,744,129
	Total renewable energy consumption (A)+(C)+(E)	MWh	623,975	648,346	581,542	896,340	1,192,056
	Renewable fuels (A)	MWh	9,239	9,015	8,778	8,344	8,074
	Non-renewable fuels (B)	MWh	664,267	635,027	604,262	742,384	788,613
	Renewable electricity purchased (C)	MWh	614,403	639,029	572,189	886,632	1,182,202
	Electricity purchased + On-site generated electricity (non-renewable fuels) (D)	MWh	2,451,479	2,505,576	2,575,182	2,824,761	2,763,460
	On-site generated electricity (renewable fuels) (E)	MWh	333	302	575	1,364	1,780
	On-site generated electricity (renewable fuels, amount for market)	MWh	0	0	0	0	0
	Steam/heating and other energy (renewable) purchased (F)	MWh	0	0	0	0	0
Water	Total water withdrawal	thousand m ³	16,957	16,704	16,338	17,783	17,049
	Total municipal water supplies (or from other water utilities)	thousand m ³	11,472	11,631	11,268	12,073	11,817
	Fresh surface water (lakes, rivers, etc.)	thousand m ³	0	0	131	110	133
	Fresh groundwater	thousand m ³	5,485	5,073	4,939	5,600	5,099
	Total water discharge	thousand m ³	-	-	11,104	12,889	13,106
Waste	Non-hazardous waste generated	t	90,726	90,478	108,110	134,830	147,036
	Non-hazardous waste externally recycled/sold	t	76,688	76,673	95,427	133,044	145,060
	Non-hazardous waste internally recycled/used	t	14,038	13,805	5,851	1,171	1,468
	Non-hazardous waste disposed*	t	0	0	6,832	615	508
	Hazardous waste generated	t	1,688	1,660	764	107	579
	Hazardous waste externally recycled/sold	t	1,451	1,456	662	97	498
	Hazardous waste internally recycled/used	t	0	0	0	0	0
	Hazardous waste disposed*	t	237	204	102	10	81
	Total waste generated	t	92,414	92,138	108,874	134,937	147,615
	Total waste externally recycled/sold	t	78,139	78,128	96,089	133,141	145,559

Waste	Total waste internally recycled/used	t	14,038	13,806	5,852	1,171	1,468
	Total waste disposed*	t	237	204	6,934	625	589
Compliance with laws and accidents	Legal breaches and accidents	instance	0	0	1	0	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	76	85	78	155	156
	SOx emissions	t	2	2	1	1	0
	NOx emissions	t		17	18	18	38
	Dust emissions	t	2	3	3	3	2
	Volatile Organic Compounds (VOC) emissions	t	315	244	264	276	271

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

CO₂ Emissions in Value Chain (Fiscal 2022)

CO₂ Emissions by Category and Scope

Category		Outline	CO ₂ emissions t-CO ₂
Scope 1		Production	146,774
Scope 2		Production	1,554,703
Scope 3	1	Purchased goods & services	8,740,800
	2	Capital goods	1,042,135
	3	Fuel- and energy-related activities	936,628
	4	Upstream transportation & distribution	504,216
	5	Waste generated in operations	6,998
	6	Business travel	24,532
	7	Employee commuting	7,702
	8	Upstream leased assets	Not applicable
	9	Downstream transportation & distribution	Not applicable
	10	Processing of sold products	Not applicable
	11	Use of sold products	14,557,430
	12	End-of-life treatment of sold products	Not applicable
	13	Downstream leased assets	Not applicable
	14	Franchises	Not applicable
	15	Investment	Not applicable

Methods of Calculating CO₂ Emissions in Scope 3

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

Sustainability | Environment

Environmental Performance Data by Site

April 2021 - March 2022

Facility	Energy		Water	Waste	
	Electricity use (Purchased) MWh	Fuel use GJ	Total water withdrawal thousand m ³	Total waste generated t	Externally recycled/sold t
Japan					
TDK Corporation					
Chokai Factory	2,013	0	3	454	454
Inakura Factory	24,490	29,397	87	1,442	1,442
Nikaho Factory (North site)	20,703	52,911	194	2,757	2,757
Nikaho Factory (South site)	11,853	4,827	15	281	281
Narita Factory	69,526	9,450	259	1,569	1,569
Chikumagawa Techno Factory	5,637	16,418	6	45	45
Asama Techno Factory	35,478	32,781	162	788	787
Shizuoka Factory	40,419	55,641	128	3,652	2,339
Mikumagawa Factory	18,742	120,128	545	1,488	1,488
TDK Electronics Factories Corporation					
Honjo Factory (West site)	111,044	118,847	508	6,111	6,111
Honjo Factory (East site)	29,527	53,572	44	324	324
Kitakami Factory	94,622	111,804	432	4,634	4,634
Ouchi Factory	40,395	55,122	78	927	917
Iwaki Factory	2,936	2,976	63	309	309
Kofu Factory	34,229	56,495	562	1,034	1,034
Tsuruoka Factory	11,112	2,673	11	350	350
Sakata Factory	15,049	2,349	16	152	152
Iida Factory	5,654	50	2	219	219
Tsuruokahigashi Factory	10,681	23,790	382	1,317	1,317
TDK-Lambda Corporation*1	3,328	27	4	86	86
TDK Precision Tool Corporation	423	2	0	10	10
Development and Office Divisions	12,761	34,388	41	168	166
East Asia					
TDK Dalian Corporation	43,961	1,521	204	298	285
Qingdao TDK Electronics Co., Ltd.	12,998	0	37	203	203
TDK (Suzhou) Co., Ltd.	3,305	0	8	100	100
TDK Xiamen Co., Ltd.	114,636	78,281	497	1,844	1,779
SAE Magnetics (H.K.) Ltd.	170,883	21,090	1,290	1,684	1,684
Amperex Technology Ltd.	1,333,448	797,871	3,829	80,640	80,640
Acrathon Precision Technologies (HK) Ltd.	8,155	2,521	99	727	664
Wuxi TDK-Lambda Electronics Co.,Ltd.	3,771	0	8	76	76
TDK Dongguan Technology Co., Ltd.	59,733	51,914	329	2,861	2,861
Guangdong TDK Rising Rare Earth High Technology	9,374	0	34	68	68
TDK Korea Corporation	19,311	655	52	281	281

CONTENTS	TDK Taiwan Corporation	16,894	1,334	81	221	221
	InvenSense Taiwan Co., Ltd.	11,929	0	14	22	22
	Dongguan NVT Technology Co., Ltd.	79,580	14,118	420	3,197	3,197
Editorial Policy	Other Asia					
	TDK Philippines Corporation	19,132	8,737	194	52	52
	TDK (Malaysia) Sdn. Bhd.	12,316	0	51	949	949
Top Commitment	TDK (Thailand) Co., Ltd.	11,928	900	163	919	919
	Magnecomp Precision Technology Public Co., Ltd.	72,528	131	632	343	343
	TDK-Lambda Malaysia Sdn. Bhd.	7,451	353	47	206	195
Sustainability Management	Hutchinson Technology Operations (Thailand), Co., Ltd.	28,566	0	198	346	346
	Navitasys India Private Limited	13,313	3,530	28	1,761	1,761
Environment	EMEA					
	TDK-Lambda Ltd.	2,509	0	2	215	179
	TDK-Lambda UK Ltd.	1,400	384	2	110	110
	Micronas-UK	332	0	0	27	24
Society	Micronas-Germany	50,681	220,631	397	711	711
	The Americas					
	TDK Components U.S.A., Inc.	2,196	700	1	46	46
Governance	TDK Ferrites Corporation	14,335	47,773	59	1,675	1,333
	Headway Technologies, Inc.	54,083	47,017	140	457	427
External Evaluation	TDK-Lambda Americas Inc.	2,007	2,098	2	14	5
	Hutchinson Technology Inc.	37,163	123,747	364	916	408
	TDK Electronics					
Index	TDK Electronics Group* ²	1,052,679	604,990	4,324	18,535	15,129

* 1 Figures are for Nagaoka Technical Center.

* 2 TDK 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 load its activities place on the environment. In fiscal 2002, to clarify the relationship between load and cost, and to promote more effective environmental measures, TDK introduced environmental accounting for all of its facilities in Japan.

A summary of fiscal 2022 results is given below.

Category	Environmental cost		Economic benefit	Environmental conservation benefit
	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 load due to environmental conservation activities, observance of laws/regulations and other results
1. Business area cost				
Pollution prevention (Regulatory controls)	138,821	471,487		<ul style="list-style-type: none"> Complaints regarding vibrations/noise/odor: 0
Global environmental conservation	197,855	778,584	<ul style="list-style-type: none"> Electricity and fuel savings: 52,873 	<ul style="list-style-type: none"> CO₂ emissions reduction: 1,607t-CO₂
Resource circulation	92,028	778,584	<ul style="list-style-type: none"> Materials usage savings: 58,541 Service water usage savings: 6,057 Profit from sale of valuable materials: 1,546,204 	<ul style="list-style-type: none"> Materials usage reduction: 2,756t Service water use reduction: 43,147m³ Volume of valuable materials sold: 8,343t Volume recycled externally: 18,453t
Risk management	0	15,830		<ul style="list-style-type: none"> PRTR controlled substances emissions: 0t Soil contamination risk countermeasures taken: 0
2. Upstream and downstream cost	0	0		
3. Administration cost	0	13,510		
4. R&D cost	0	0		<ul style="list-style-type: none"> Environment-conscious products research/development projects: 10
5. Social activity cost	0	152		<ul style="list-style-type: none"> Number of trees planted outside company: 900 Aggregate number of employees participated in volunteer activities: 2,346
6. Environmental remediation cost	0	1,046		<ul style="list-style-type: none"> Repair/restoration actions (incurring costs): 0
Total	428,704	1,612,630		

* The investment amount for the fiscal year is the amount paid in fiscal 2022.

* 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 number of employees in a given fiscal year.

* Only actual benefits are included. Hypothetical impacts (risk-avoidance impact or presumed impact) are not included.

Summary of Fiscal 2022

- Environment-related capital investment decreased in the previous year from ¥1,057 million to ¥429 million.
- Environmental conservation, maintenance and management costs increased in the previous year from ¥1,493 million to ¥1,613 million.
- The economic benefits of environmental conservation activities decreased from ¥1,803 million in the previous fiscal year to ¥1,664 million, mainly due to a decrease in sales price of valuable materials sold.

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A History of TDK's Environmental Activities

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2022	Mar.	Selected as an "Environmentally Sustainable Company" in the ESG Finance Awards Japan
	Feb.	Selected as the Leaderboard (Highest Rating) of the CDP Supplier Engagement Rating for the second consecutive year
2021	Dec.	Named on CDP 'A List' for water security for the second consecutive year
	Oct.	Issued TDK's first Sustainability-Linked Bonds
	Feb.	Selected as the Leaderboard (Highest Rating) of the CDP Supplier Engagement Rating
2020	Dec.	Named on CDP 'A List' for water security
	Dec.	Received rating of 'A- (A minus)' from CDP for climate change
	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.	Expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*1
2018		Clean energy purchasing promoted primarily at European sites of TDK Electronics AG
		Revision of the TDK Environmental Charter (fifth edition)
2017		Received a special award in the DBJ Environmental Rating for the third consecutive year
		Total abolition of high-concentration PCB equipment in Japan
2016		"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 fundamental environmental plan in accordance with the TDK Environmental Vision 2035 (started from April 2016)
2015		Achieved the fundamental environmental plan "TDK Environmental Action 2020" goal of a one million-ton environmental contributions
2012		Received a special award in the DBJ Environmental Rating for second time in a row
2011		Fundamental environmental plan, TDK Environment Action 2020, drafted (started from April 2011)
2010		Became the first electronic components manufacturer to receive a special award in the Environmental Rating from Development Bank of Japan (DBJ)
2009		TDK Biodiversity Action Agenda established
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		Fundamental environmental plan, TDK Environmental Activities 2010, drafted (starged from 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 Task Force on Climate-Related Financial Disclosures (TCFD) was created 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 Child Labor Due Diligence Act in the Netherlands in 2019, the Due Diligence in the Supply Chain Act in Germany in 2021, and the Transparency Act in Norway in 2021. This trend represents a strong appeal to companies to specifically identify human rights issues in their business activities and take appropriate action.

Our policies for respecting human rights

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

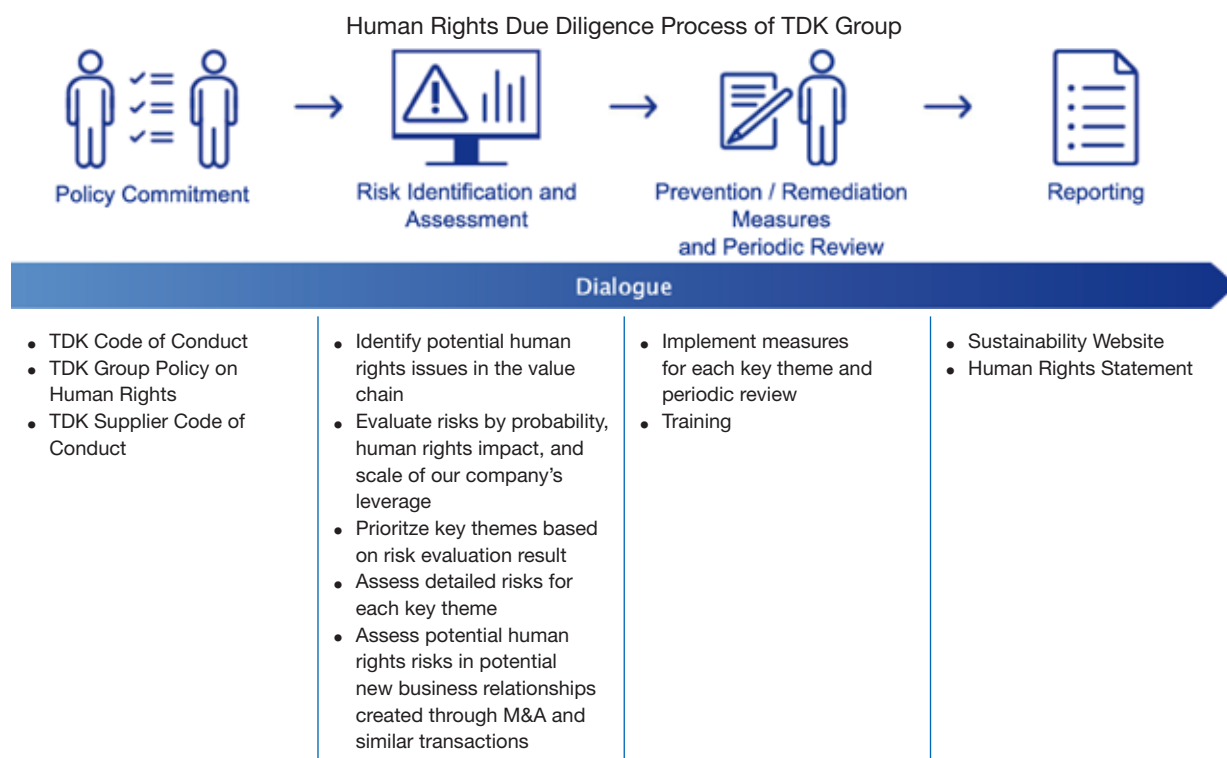
The TDK Group Policy on Human Rights was formulated in 2016. We respect and support international norms on human rights including the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the Children’s Rights and Business Principles. Based on the framework of the UN Guiding Principles on Business and Human Rights, TDK promotes the correct understanding of potential human rights issues and takes steps to address them, not only within the business operations of the TDK 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 technologies	-	-	-	○
Protection of personal information and privacy	○	○	-	○
Child labor, forced labor and human trafficking	○	○	-	-
Working hours and fair wage management	○	○	-	-
Occupational safety and health	○	○	-	-
Unfair treatment of foreign workers	○	○	-	-
Discrimination (treatment of employment, pay, training, promotion, etc.)	○	○	-	-
Freedom of association and the right to collective bargaining and concerted action	○	○	-	-
Harassment	○	○	-	-
Responsible sourcing of minerals	○	-	-	-
Impact on employment by establishment, closing and consolidation of facilities	-	○	○	-
Infringement of local residents' rights by inappropriate environmental management in a factory (health hazard, degradation of daily life environment and decrease in assets, etc.)	-	-	○	-

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

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

Our Approach for Each Human Rights Issue

Prohibition of Child Labor and Forced Labor

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

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 Health and Safety

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

[Health and Safety](#)

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 and the right to collective bargaining and concerted action

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](#)

[Health and Safety](#)

[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.

Related link

[RBA Code of Conduct \(Link to external site\)](#)

Responsible Sourcing of Minerals

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

Considering that the scope of discussions on responsible sourcing of minerals has recently expanded to conflict-affected and high-risk areas for serious human rights violations or environmental pollution, to avoid being complicit in these problematic activities we revised our policy, which is now entitled the "TDK Group Policy on Responsible Sourcing Minerals" in January 2019. Under this revised policy, TDK continues to promote responsible sourcing of minerals throughout the supply chain, including minerals such as tantalum, tin, tungsten, gold, cobalt and mica, which 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 year 2022, 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 found. In addition, in fiscal year 2022, we conducted surveys to identify (a) cobalt smelters considering child labor risk in cobalt mines of DR Congo, and (b) mica processors considering child labor risk and unsafe working conditions in mica mines in India and Madagascar.

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, from fiscal year 2022, we planned to conduct either of RBA-authorized audit, customer CSR audit, or CSR assessment based on the RBA VAP Operations Manual at each of our manufacturing sites at least once every three years.

In fiscal year 2022, 100% of our 80 manufacturing sites conducted CSR self-checks. In connection with risk assessments for labor, human rights and business ethics, 100% of our manufacturing sites assessed human rights risks relating to forced labor, child labor, harassment, and service provider management etc. In each situation where risk was identified at one of the sites, the site has implemented remedial measures and completed corrective actions, and there were no residual risks at the end of fiscal year 2022. In addition, 24% of our manufacturing sites implemented either of RBA-authorized audit, customer CSR audit, or CSR assessment based on the RBA VAP Operations Manual in fiscal year 2022.

Besides, we promote additional activities by taking into account the types of risks, countries and regions. For example, to prevent child labor, we adhere to strict age check procedures to prevent any use of child labor at our manufacturing sites in China and implement monitoring by headquarters. In fiscal year 2022, no case of child labor was discovered. We also began to strengthen the monitoring of working hours by headquarters at manufacturing sites in high-risk countries in Asia in fiscal year 2018. In Malaysia, where forced labor involving foreign workers

became a social issue, we began to assess the issue in fiscal year 2014, and since then have continued to monitor the status and have developed and implemented corrective measures 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 address labor and human rights, health and safety, 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 position in the value chain.

In fiscal year 2022, CSR self-checks confirmed that 98.9% of suppliers of our TDK Group companies complied with our CSR procedures, a 0.9% improvement over fiscal year 2021. We will continue to strengthen our efforts regarding Group companies and suppliers.

Initiatives for manufacturing sub-contractors

TDK started CSR self-checks of its manufacturing sub-contractors in fiscal year 2020. In fiscal year 2022, we confirmed that 98% of our manufacturing sub-contractors complied with our CSR procedures by CSR self-checks. For manufacturing sub-contractors in China, we conduct child labor monitoring by headquarters as we do for our manufacturing sites. In fiscal year 2022, no case of child labor was discovered. Furthermore, we carry out CSR audits of critical manufacturing sub-contractors. Two audits were planned for fiscal year 2022, but they were postponed to fiscal year 2023 due to the spread of COVID-19 infection.

Initiatives for labor agencies

In some countries in Asia, 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.

In fiscal year 2022, we conducted CSR self-checks on all of our targeted 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 as necessary to promote awareness at the time of implementing CSR self-checks.

In fiscal year 2022, TDK conducted sustainability training and training on the TDK Code of Conduct, which focused on the TDK Group Policy on Human Rights and served to promote employees' understanding of human rights.

In addition, 20 employees participated in training for internal CSR auditors in Japan, and 10 employees participated in an RBA audit training in Europe. At the Asia Regional Human Resources Meeting, we conducted a training session on the management of labor agencies and service providers.

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 2022, 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 \(Link to external site\)](#)

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Collaborative Initiatives

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

For responsible sourcing of minerals throughout the whole supply chain, the TDK 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.

Related link

[Participation in Initiatives and Associations](#)

Sustainability | Society | Respect for Human Rights

TDK Group Policy on Human Rights

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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) 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

Quality Assurance Activities

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Top Priority Measures in the "Advance to Zero
Defects"

Prevention and Control of Exposure to Hazardous
Substances in Products

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 "Human Resource Quality," "Technological Quality" and "Systematic 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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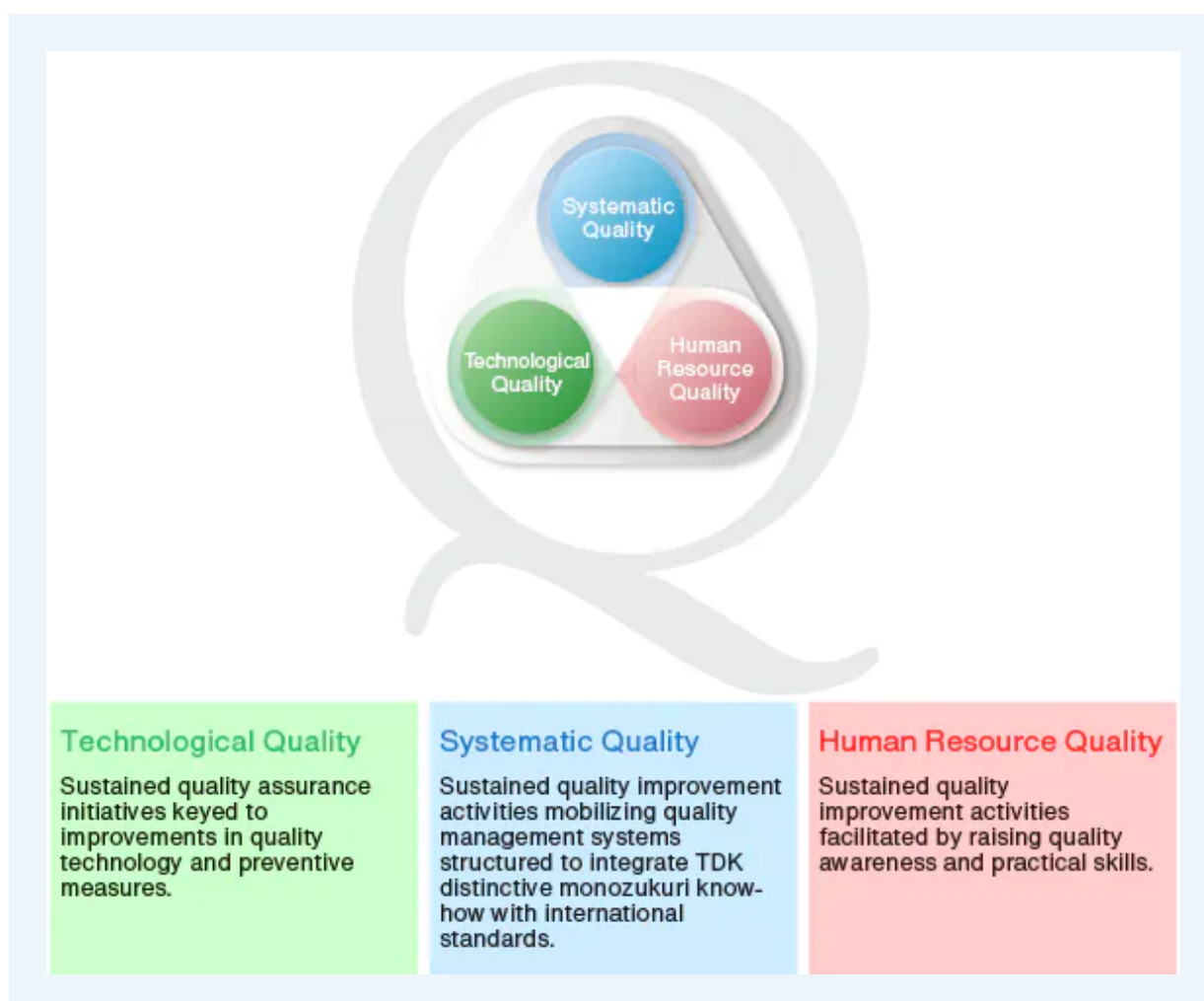
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Structure

General Manager of headquarters 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 2022 Goals and Achievements / Evaluations and Future Activities

Fiscal 2022 Goal	Achievements
Promote globalization of quality education	Provided quality education at overseas sites

Evaluations and Future Activities

By leveraging TDK's digital learning platform (Weconnect), we will deliver education in a timely manner with multiple languages.

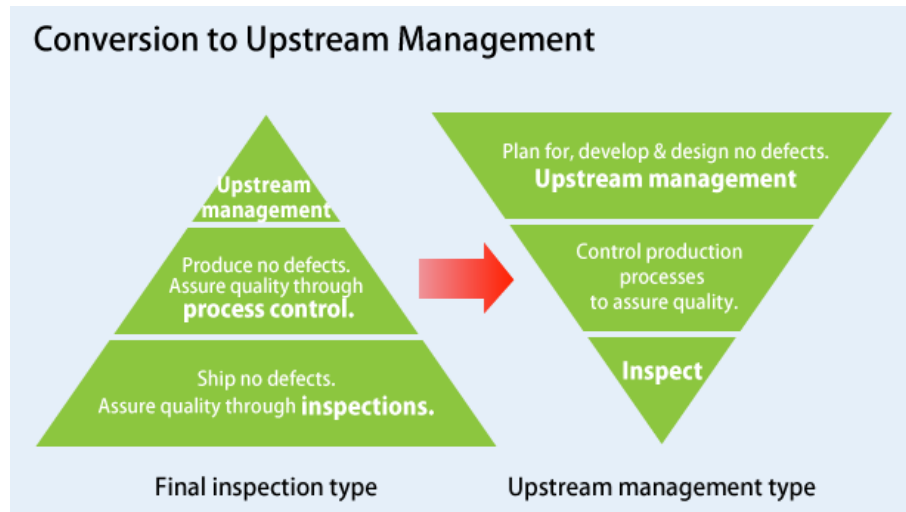
Fiscal 2023 Goal
Expand quality education globally by utilizing digital transformation (DX)

Top Priority Measures in the "Advance to Zero Defects"

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

(1) Strengthened design development processes

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



(2) Strengthened product manufacturing processes

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

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

(3) Strict compliance for quality assurance

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

(4) Responses to product security

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

In light of the circumstances, TDK implements countermeasures in our IoT products according to the product functions, features, sales format, and other conditions. For example, it is necessary to take into consideration

security in various stages such as using secure development methods and function safety structures from the component purchasing and production processes to the design stage, and after products are sold, maintenance methods such as firmware updates throughout operation and maintenance of applications that are installed on user devices.

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

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

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

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

Related link

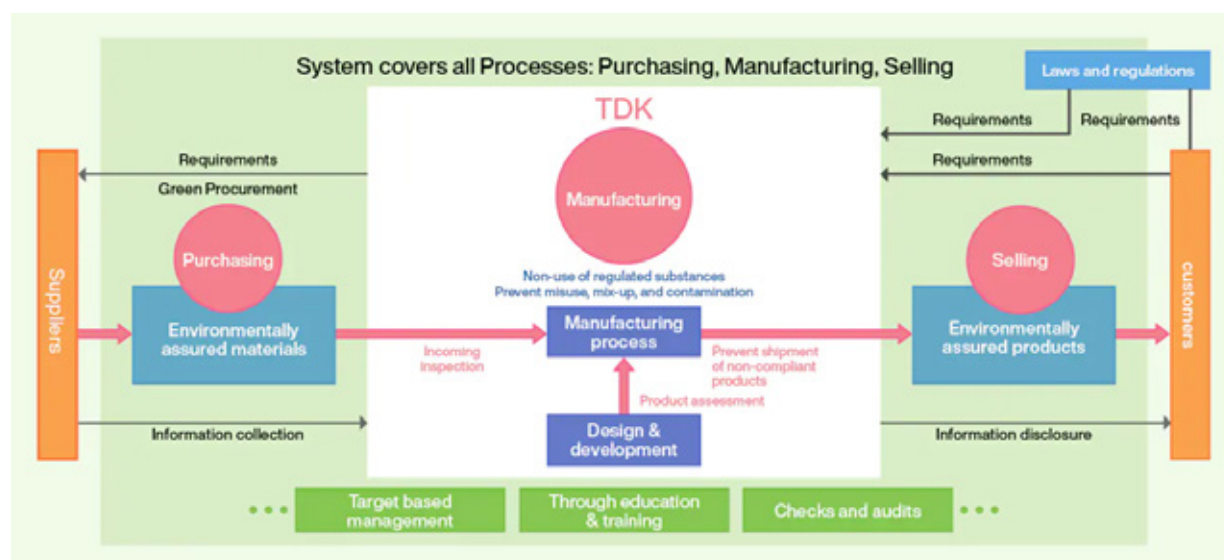
[Message from General Manager of Quality Assurance HQ \(Pursuit of Zero-Defect Product Quality\)](#)

Prevention and Control of Exposure to Hazardous Substances in Products

To prevent and control exposure to hazardous 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

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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/Customer Satisfaction (CS) 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

[Supply Chain Performance Data](#)

- Questionnaire: an assessment created by TDK to be completed by customers.
- Supplier evaluation information: information on the evaluation of TDK products that is regularly conducted by customers using their own evaluation methods, which is received from customers.
- Product complaints: information on complaints received from customers.
- Customer Satisfaction (CS) evaluation: an evaluation conducted by sales representatives on TDK and its products from a customer's point of view.

Questionnaire

TDK has implemented a framework to ask customers to complete questionnaires, collect their requests and opinions, and provide feedback to the relevant 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 customer satisfaction.

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 customer satisfaction. If a significant complaint arises, the system is designed to automatically report it to top management.

Customer Satisfaction (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 customer satisfaction.

Products and Solutions

We live in a time when new conveniences and comforts emerge one after another through technological advances. Please click on the link below to read stories about TDK's products and solutions that contribute to solving a variety of issues found in cutting-edge fields.

Related link

[Featured Stories](#)

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Efforts in Sustainable Procurement

Our Approach

As an enterprise with a global range of manufacturing sites, the TDK Group stipulates the TDK Purchasing Policies 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 manufacturing sites 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.

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

Purchasing Policies

Compliance

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

Respect for Human Dignity

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

CSR

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

Green Procurement

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

Fair and Open Business

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

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

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

Partnership

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

VA*Activities

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

IT Utilization

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

Quality, Delivery Time and Stable Supply

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

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

The TDK Group has established a TDK Supplier Code of Conduct grounded in the Group's TDK Purchasing Policies. The Code of Conduct specifies the Group's expectations for compliance in how suppliers conduct their operations, under several categories: labor, health and safety, environment, ethics, management systems, and information security. Furthermore, we expect our suppliers to recognize the risks associated with CSR and to take human rights and safety into consideration in their activities, as well as to reduce the environmental load of their operations.

Related links

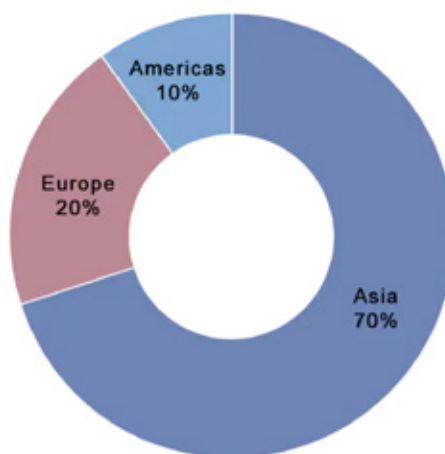
[Procurement \(Purchasing Principles, Purchasing Policies, TDK Supplier Code of Conduct\)](#)

[Policy on 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 690 billion yen (as of March 2022).

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 2022, 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 world's largest industrial coalition dedicated to 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, health and safety, and the environment in the TDK Group and primary suppliers.

In accordance with the RBA standards, the TDK Group will endeavor to make continuous improvements in two stages, self-assessment and audit, depending on the transaction status with suppliers (primary production materials, sub-contractors, and worker dispatch and labor agencies) and the nature of their business.

* RBA : The Responsible Business Alliance (RBA) is a global industrial coalition embracing about 200 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 coalition of companies driving sustainable value for workers, the environment and business throughout the global supply chain.
- Mission: Members, suppliers and stakeholders collaborate to improve working and environmental conditions and business performance through leading standards and practices.

Related link

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

Structure

The headquarters procurement function, business groups, the headquarters human resources function, and the CSR function cooperate in promoting activities.

Fiscal 2022 Goals and Achievements / Evaluations and Future Activities

Fiscal 2022 Goals	Achievements
Achieve CSR compliant supplier rate of 99%	99.0%
Achieve 100% implementation of CSR self-checks at sub-contractors	98.0%
Achieve 100% implementation of CSR self-checks at labor agencies used by manufacturing sites in the high-risk countries in Asia	100%

Evaluations and Future Activities

In fiscal 2022 TDK's CSR compliant supplier rate, including newly affiliated Group companies, exceeded our target to reach 99%.

In fiscal 2023 TDK plans to conduct on-site audits of ten suppliers.

In following up with individual sub-contractors, TDK was able to collect a greater proportion of completed CSR self-checks than in previous years. The goal continues to be a 100 percent return rate.

Fiscal 2023 Goals
Achieve CSR compliant supplier rate of 99.5%
Achieve 100% implementation of CSR self-checks at sub-contractors
Achieve 100% implementation of CSR self-checks at labor agencies used by manufacturing sites in the high-risk countries in Asia

Efforts in Sustainable Procurement

Supplier evaluations

With the aim of ensuring sound business conduct, TDK performs regular supplier evaluations. An evaluation is always conducted when newly registering a company as a supplier, and at regular intervals thereafter to decide whether to continue the relationship. Each group company adopts an appropriate method and, with reference to supplier evaluation results, only begins business with suppliers having no problems.

The main categories covered by the evaluation 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 evaluation are disclosed to the supplier with a request for corrections or improvements.

* The chemical substances in the evaluation are based on the "TDK Green Procurement Standards."

Related link

[TDK Green Procurement Standards](#)

CSR self-checks for suppliers

	Supplier	Frequency	Content
CSR self-check	<ul style="list-style-type: none"> Material suppliers (excluding suppliers of nonproduction materials, such as office equipment) Sub-contractors 	At the time of starting business and regularly in principle once every two years thereafter	<ul style="list-style-type: none"> Compiled on the basis of the RBA's checklist. After receiving responses, improvements are requested for necessary items.
	Worker dispatch and labor agencies (high-risk countries in Asia)	Every year	<ul style="list-style-type: none"> Compiled on the basis of the RBA's checklist (specific content related to the prevention of forced labor, illegal exploitation, and child labor; prevention of corruption and ethical violations; prevention of information leakage and risk avoidance; etc.) After receiving responses, improvements are requested for necessary items.

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 of suppliers.

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. Through this process, we request suppliers to report the status of their management systems and efforts in each category. In fiscal 2022 it was confirmed that 4,403 material suppliers (excluding suppliers of nonproduction materials, such as office equipment) were CSR-compliant suppliers.

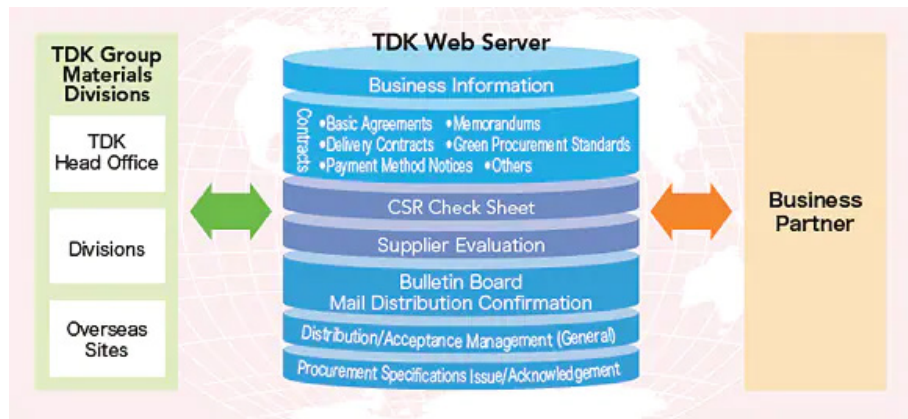
As for sub-contractors, 98.0% of 250 targeted companies were confirmed to be CSR-compliant suppliers.

Regarding worker dispatch and labor agencies, it was recognized that inappropriate responses in such agencies were an issue in certain countries in Asia where risks relating to human rights and recruitment are thought to be high. For this reason, the CSR self-check is implemented for labor agencies used by manufacturing sites in high-risk countries in Asia. 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 2022 self-checks were conducted at all 68 targeted labor agencies (100%). Regarding agencies that failed to achieve a certain level of results in the survey, the manufacturing sites using those agencies carry 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 system by which the management of company information, distribution of purchase specification forms, sharing of agreement documents, and so on, which previously was conducted by paper or magnetic recording media, are managed uniformly online. It benefits both sides by speeding up and boosting the efficiency of work. To raise both supplier awareness and motivation to make improvements, the check sheet is designed to immediately display the results on-screen when answering questions. If problems occur with responses, individual requests are issued for improvements.

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CSR audits for sub-contractors

Based on the RBA auditing standards, the TDK Group conducts periodic CSR audits in China on sub-contractors heavily dependent on TDK. Two such audits were scheduled for fiscal 2022 but had to be postponed until fiscal 2023 due to the impact of COVID-19. However, we did conduct preliminary surveys, with the aim of expanding the scope of coverage going forward.

In fiscal 2023, in addition to conducting the postponed audits, we plan to conduct a new trial CSR audit at a selection of Japanese sub-contractors, as preparation for future global development.

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.

We issued version 9.1 of the TDK Green Procurement Standards in April 2020 and distributed them to all of our suppliers. Version 9.1 incorporates the TDK Environmental Vision 2035 as well as a review for compliance with relevant laws and regulations. It urges suppliers to cooperate with environmental measures to ensure a uniformly compliant supply chain.

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.

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.

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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.

Sustainable-procurement education

TDK has created a "Sustainability and CSR" e-learning course for its procurement departments, to ensure that personnel in these departments understand the importance of sustainable procurement.

Course: "Sustainability and CSR"

1. What sustainability means
The role of sustainability, procurement, and purchasing
2. What CSR (corporate social responsibility) means
The positioning of CSR and the role of procurement and purchasing
Establishing purchasing ethics—CSR in procurement and purchasing
3. Risk management in procurement and purchasing
The causes of procurement risk
Assumptions associated with risk—Assumptions regarding frequency of occurrence, nature of impact, scale of impact
Preparation during normal times—Prevention; preparation for emergency response

Declaration of Partnership Building

In May 2021 TDK issued its "Declaration of Partnership Building" as a means of building relationships of coexistence and co-prosperity with its suppliers. "Declaration of Partnership Building," used as a general term, is an initiative launched by the Council on Promoting Partnership Building for Cultivating the Future, whose membership consists of the chairman of the Japan Business Federation (Keidanren); the chairman of the Japan Chamber of Commerce and Industry; the president of the Japanese Trade Union Confederation; the Minister of State for Economic and Fiscal Policy ; the Minister of Economy, Trade and Industry; the Minister of Health, Labour and Welfare; the Minister of Agriculture, Forestry and Fisheries; and the Minister of Land, Infrastructure, Transport and Tourism. Each participating company issues its own declaration under the name of a corporate representative, the aim of each declaration being to build new partnerships by promoting cooperation, co-existence, and co-prosperity between the issuing company and its suppliers and other business partners seeking to create added value. A company issuing a declaration states that it will seek coexistence and co-prosperity across its supply chain, promote new forms of cooperation irrespective of such factors as size or relationship to the supply chain, and observe appropriate transaction practices between main subcontracting entrepreneurs and subcontractors, all in an effort to boost the added value of the entire supply chain.

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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.

Responsible Sourcing of Minerals

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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

Supplier surveys are managed by the headquarters procurement function and responses to customers are managed by the headquarters quality assurance function, and each group company has established its own survey response system.

Fiscal 2022 Goals and Achievements / Evaluations and Future Activities

Fiscal 2022 Goals	Achievements
A ratio of at least 92% of suppliers whose procurement of conflict minerals (3TG: tantalum, tin, tungsten, and gold) is confirmed as being from RMAP*-compliant smelters	93.6%
Monitor the number of responses to customers	Monitoring conducted

* The Responsible Mineral Assurance Process (RMAP) is a program that verifies compliance with responsible sourcing of minerals. The program uses an independent third-party organization to evaluate smelters' and refiners' management systems and procurement practices.

Evaluations and Future Activities

In fiscal 2022 as in past years, we requested that suppliers continue to make procurements from RMAP-compliant smelters. We requested maximum efforts from suppliers whose compliance we could not confirm. As a result, we more than achieved our 92% compliance target, with 93.6% of suppliers confirmed as procuring from RMAP-compliant smelters. This favorable result was attained even in the face of such precipitous events as Russia's invasion of Ukraine.

In fiscal 2023 also, we have set “a ratio of at least 92% of suppliers whose procurement of conflict minerals (3TG) is confirmed as being from RMAP-compliant smelters” and “monitor the number of responses to customers” as common KPIs of the TDK Group and will continue to promote Group-wide efforts. Specifically, we will continue to make requests to suppliers 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.

Fiscal 2023 Goals
A ratio of at least 92% of suppliers whose procurement of conflict minerals (3TG) is confirmed as being from RMAP-compliant smelters

Initiatives

■ 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 Smelters & Refiners Lists 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 2022 surveys were again implemented in Group companies, and the ratio of suppliers confirmed to be conflict-free reached 93.6%, 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 400 companies and organizations worldwide, spearheads efforts relating to responsible mineral procurement.

Related link

[Smelters & Refiners Lists \(Link to external site\)](#)

-Cobalt / Mica Survey

Cobalt Survey

To identify smelters, we used the Cobalt Reporting Template (CRT) issued by RMI from 2019.

Mica Survey

We have begun identifying mica processors using the Extended Minerals Reporting Template (EMRT) issued by RMI in October 2021.

■ Correction Process

—Response to identified risks

When we request a survey of suppliers, we clarify to them our policy that they use RMI-conformant smelters, that is, smelters that appear on RMI's Conformant Smelters & Refiners Lists. In the survey process, if a risk is discovered, TDK requests the supplier 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's Responsible Minerals Trade Working Group ever since its founding. TDK took part in the following activities in fiscal 2022:

- 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 submitted a response to RMI's solicitation for comments on revisions to the CMRT.
- As the leader of JEITA's Data Exchange Standard Development Team, TDK conducted hearings at which involved companies addressed the expansion of regulated minerals in the mica category, produced a revised draft of the IPC-1755 data exchange standard for responsible mineral procurement, and assisted suppliers in filling out the EMRT that reflects this standard. Additionally, TDK compiled opinions within JEITA on how to respond to the increasing variety of minerals coming under regulation and forwarded these opinions to RMI.

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

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Fiscal 2022 Goals and Achievements / Evaluations and Future Activities

Concrete Activities

Our Approach

As a supplier, TDK recognizes the importance of fulfilling our social responsibilities by striving for social and environmental considerations at the Group's manufacturing sites in order 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

CSR function at the headquarters takes the lead in promoting this initiative, with a responsible person assigned at each manufacturing site.

Fiscal 2022 Goals and Achievements / Evaluations and Future Activities

Fiscal 2022 Goals	Achievements
Achieve 100% implementation of CSR self-checks at manufacturing sites (TDK Group manufacturing sites)	Achieved 100% implementation
Achieve 100% implementation of labor, human rights, and ethics risk assessments at manufacturing sites (TDK Group manufacturing sites)	Achieved 100% implementation
Conduct either of RBA-authorized audit, customer CSR audit, or CSR assessment based on the RBA VAP Operations Manual at all our manufacturing sites at least once every three years	19 sites audited
Conduct training for personnel involved with CSR in Japan and overseas	Conducted CSR internal auditor training in Japan and CSR training at HR Regional Meeting in Asia
Achieve 100% implementation of labor, human rights, and ethics internal audits at targeted manufacturing sites	Achieved 100% implementation at targeted sites

Evaluations and Future Activities

Starting in fiscal 2022, we launched an initiative to conduct either an RBA-authorized audit, a customer CSR audit, or a CSR assessment based on the RBA VAP Operations Manual at all manufacturing sites at least once every three years. Although there have been instances of audits having been postponed due to COVID-19, targets were generally met.

From fiscal 2023 onward, we will pour further energy into each activity aimed at achieving our plan, and, while keeping a close eye on trends at the RBA, pursue efforts on a global level to strengthen CSR management in accordance with RBA standards.

Fiscal 2023 Goals	
Achieve 100% implementation of CSR self-checks at manufacturing sites (TDK Group manufacturing sites)	
Achieve 100% implementation of labor, human rights, and ethics risk assessments at manufacturing sites (TDK Group manufacturing sites)	
Conduct either of RBA-authorized audit, customer CSR audit, or CSR assessment based on the RBA VAP Operations Manual at all our manufacturing sites at least once every three years	
Conduct training for personnel involved with CSR in Japan and overseas	
Achieve 100% implementation of labor, human rights, and ethics internal audits at targeted manufacturing sites	

Initiatives

Self-assessments

	Frequency	Target site	Content
CSR self-checks	Every year	All TDK Group manufacturing sites	Personnel at each site respond to a questionnaire on RBA check items (human rights, health and safety, environment, and ethics). Improvement measures are taken at each site based on feedback from the survey results.
Labor, human rights, and ethics risk assessments	Every year	All TDK Group manufacturing sites	The check items are updated every year based on social trends. Personnel at each site respond to a questionnaire. Based on the analysis results, improvement plans are developed and implemented.

CSR Self-Checks

At TDK, we use the Self-Assessment Questionnaire (SAQ) provided by the RBA to conduct annual self-checks regarding labor (human rights), health and safety, the environment, ethics, and management systems at all of our manufacturing sites. The purpose is to get a sense of the current status of CSR activities at manufacturing sites, to identify and address potential issues, and to promptly respond to requests from customers for CSR surveys.

After the staff in charge at each site have answered the questionnaire, the Sustainability Promotion HQ analyzes the responses and provides feedback to those manufacturing sites that need it.

In fiscal 2022, of all the sites where SAQ was conducted, none were rated as high risk. However, we provided feedback offering suggestions for improvement to some of those sites rated as medium risk.

Labor, Human Rights, and Ethics Risk Assessments

Every year, risks related to labor/corporate ethics are analyzed at all manufacturing sites. In the event that there are any inherent risks, they are corrected after having formulated a plan for improvement and work is performed to mitigate the risks (environment and health and safety assessments are conducted separately). Each site aims for continuous improvement by going through the PDCA cycle.

The items to be checked are updated every year based on social trends and so forth. After the staff in charge at each site have answered the questionnaire, the Sustainability Promotion HQ assesses risks and returns the results of their assessment back to the sites. When inherent risks have been discovered, plans for improvements are formulated and the issues are corrected at each site.

In fiscal 2022, we conducted a human rights risk assessment, evaluating such matters as forced and child labor, harassment, and management at service providers. Improvement measures were undertaken at all of the sites where risks were identified on this occasion and corrections were made. As of the end of the fiscal year, no risks remained.

Related link

[Environmental Management System](#)
[Health and Safety](#)

Audits

	Frequency	Target site	Content
RBA-authorized audit	Starting fiscal 2022, launched initiative to conduct either an RBA-authorized audit, a customer CSR audit, or a CSR assessment based on the RBA VAP Operations Manual at all manufacturing sites at least once every three years	Priority target sites based on Medium-Term Plan	RBA-authorized audit (VAP, AMA, or CMA)
Customer CSR audit		Sites requested by customers	Performed based on customer's audit standards
CSR assessment based on the RBA VAP Operations Manual		Site where no RBA- or customer-based audit has gone in	<ul style="list-style-type: none"> CSR assessment based on the RBA VAP Operations Manual Carried out by the headquarters or each regional CSR group
Internal audit	Annual	Site where high-level management is requested	<ul style="list-style-type: none"> Horizontal roll out of remediation measures based on results of the aforementioned 3 audits Performed by CSR staff from either the CSR group in each region or from another site who have completed CSR internal auditor training

Our company promotes mainly three types of CSR audit: an RBA-authorized audit, a customer CSR audit, and a CSR assessment based on the RBA VAP Operations Manual. By conducting audits based on the standards that customers require and on RBA standards, we have constructed a mechanism to ensure that the levels of labor, health and safety, the environment, ethics, and management systems are maintained at a global standard.

In addition, starting in fiscal 2022, all manufacturing sites are required to conduct either an RBA-authorized audit, a customer CSR audit, or a CSR assessment based on the RBA VAP Operations Manual at least once every three years. 19 sites were audited in fiscal 2022. Although there have been instances of audits having been postponed due to COVID-19, targets were generally met.

Trainings and Dialogues

With a systematic understanding of RBA and customer requirements related to CSR, we provide timely training for quick responses. In fiscal 2022, we increased the number of internal auditors by having an RBA-authorized company conduct "CSR internal auditor training" in Japan and by participating in RBA auditing education in Europe. Furthermore, as a CSR topic at the Asia region human resources conference we provided education about the management of labor agencies and service providers.

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.

Human Resources Development

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TDK Global HR is further developing the Global Management Development Programs which seek to develop TDK's future leaders. Since the COVID-19 breakout, Global HR adapted the programs to ensure the continuity of TDK's global training and development activities and to seize the opportunity for innovative learning. In that respect the trainings were shifted from face-to-face to online mode or a blended approach: by redesigning the programs by using digital technology as an asset to provide the best possible learning experience to the participants – even during unpredictable times.



Structure

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

Fiscal 2022 Goals, Achievements and Future Activities

Fiscal 2022 Goals	Achievements
Continue Territorial Career Development Program (TCDP)	Successful continuity of the TCDP in all territories by combining on-site and online facilitation. In total 89 participants attended in TCDP in FY 2022 worldwide.
Launch Global Management Program (GMP)	Successful roll-out of GMP by shifting the program to online sessions and adapting the design to the new circumstances. Due to the unique reformation system in GMP of half of the participants each year, the new GMP announced participants will join 18 already enrolled former program participants. In total we welcome 44 participants in the GMP FY 2022 cohort.
Keep on developing the talents and competencies through Global Advanced Management Program (Global AMP) and creating a valuable program experience	Evaluating the situation of the program given by the uncertainties surrounding the Covid crisis, the fact that the participants are located worldwide and the goal to provide an impactful learning, bonding and networking, Global HR decided to postpone the program to FY2023.
Introduce Global Executive Management Program (GEMP)	Further developing and integrating the GEMP initiatives into the long-term strategy of TDK.

Future Activities

Fiscal 2023 Goals
TCDP: Continue the program by incorporating blended learning & new digital technology into the journey (~80 - 100 participants).
GMP: Successful roll-out of the training modules by adjusting the schedule and training content to the circumstances. No new nomination period for FY2023 due to a virtual transition year in FY2022 (GMP members will stay the same in FY2022 & FY2023, means 44 participants in total).
Global AMP: Successful run of the FY2023 cohort (~25 participants per year).

Concrete Activities

TCDP (Territorial Career Development Program)

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

TCDP provides training around Leadership Essentials, People Management, Driving Change, Inspiring Communication and Presentation, and Value Creation.

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 towards a TDK United.

Related link

[Career Development](#)

GMP (Global Management Program)

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

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 "Leadership & Intercultural Training", or "TDK's DNA" and "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 towards a TDK United.

Global AMP (Global Advanced Management Program)

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

Global AMP is offered yearly. 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 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 :

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

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 TDK in its 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 visionnary projects to TDK’s Top Management. Individual coaching sessions support the participants in their development journey to become inspiring global leaders.

The journey is orginally 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 while adapting the design and schedule.

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

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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).

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 4 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](#)

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Diversity & Inclusion

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Frameworks and Human Resource Systems to Maximize the Potential of Each Employee (TDK Corporation)

Our Approach

The TDK Group comprises numerous Group companies operating globally. 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. In April 2020 the TDK Diversity & Inclusion Policy was established.

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 to foster a culture in which 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 2035, which is the 100th anniversary of our founding, as follows:

Goal:
Percentage of women in managerial positions 15% by 2035

Related link

[Employee Performance Data](#)

Fiscal 2022 Goals, Achievements and Future Activities

Fiscal 2022 Goals	Achievements
Implement educational activities for managers in Japan to boost awareness of the significance of promoting diversity	Held 193 workshops to share the significance of activities with managers at TDK Corporation; 98% of targeted managers attended.
Implement measures to prevent harassment	Held communication seminars on the prevention of harassment, beginning in the Akita region; 98% of targeted personnel attended.
Implement career development education for female employees	Held career development education for female assistant managers; dispatch to outside NPO, implementation of mentor system, implementation of career development seminars for female assistant managers

Future Activities

Fiscal 2023 Goals
Hold company-wide communication seminars on the prevention of harassment for managers; implement e-learning for ordinary employees
As in fiscal 2022, dispatch female assistant managers to NPO, implement mentor system, and hold career development seminars; also hold career development seminars for ordinary female employees

Initiatives

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 see 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 2015.

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.

Workstyle 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 workstyle 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.

Frameworks and Human Resource Systems to Maximize the Potential of Each Employee (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.

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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

TTDK 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

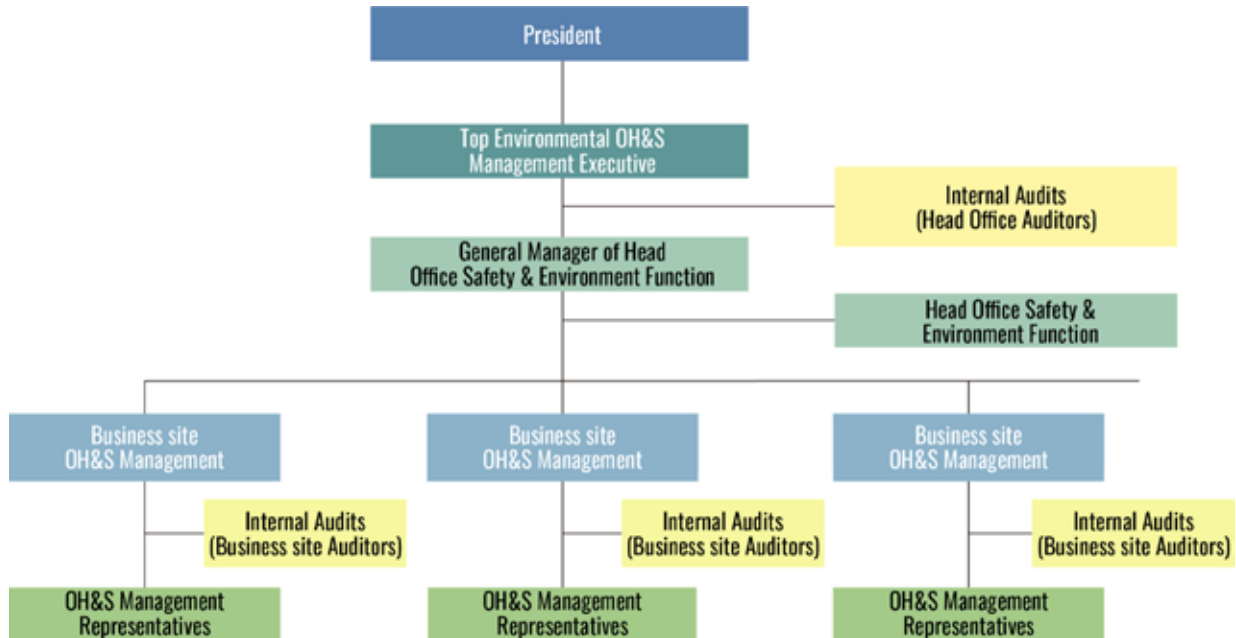
Based on the basic principle of occupational health and safety, the TDK Group shall enhance occupational health and safety actions that will enable the proper response to changes in production patterns, new technology, and working environment, in order to promote "zero" risk in the workplace and prevent 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

At the TDK Group, we have built and deployed an occupational health and safety management system (TDK OHSMS) that complies with the requirements of ISO 45001:2018, the international standard for occupational health and safety. Among the operations of the TDK OHSMS, we conduct risk assessments, and carry out activities to eliminate or mitigate risks such as "exposure to chemical, biological, and physical agents," "tasks that are physically demanding for workers," and "confirming and assessing the safety of production machinery." Furthermore, we are working hard to manage public health, and also making efforts to provide all of our employees with a safe, healthy, and fair working environment by supplying clean water and sanitation facilities among other initiatives.

Locally, we are developing activities that comply with the RBA, which is also an international standard for CSR. In each country or region, at our facilities we clearly post health and safety information in the native language of the employees or a language they can easily understand, and provide education and training. Initiatives that provide for emergency preparedness are another set of our activities. We have established procedures for responding to any emergency that may occur, and conduct evacuation drills that presume such an emergency situation has occurred.

Related Link

[Facilities with ISO45001 Certification](#)

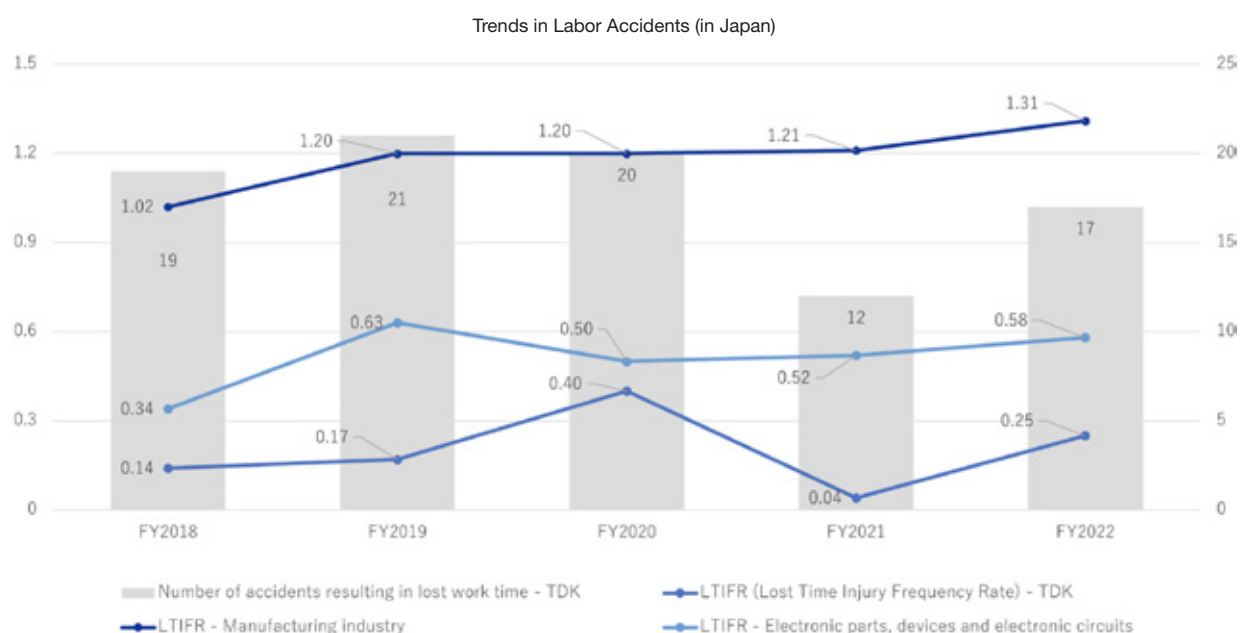
Fiscal 2022 Goals and Achievements / Evaluations and Future Activities

Fiscal 2022 Goal	Achievement
Achieve the "Zero significant labor accident"	One fatal accident <ul style="list-style-type: none"> One fatal accident due to electric shock occurred at a Group company's factory in India.
Fiscal 2023 Goal	
Achieve the "Zero significant labor accident"	

Evaluations and Future Activities

Unfortunately, in fiscal 2022, one fatal accident due to electric shock occurred at a Group company's factory in India. With regard to labor accidents and fires that have occurred within the Group including the aforementioned accident, we have been analyzing the situations when an accident occurs and their root causes and then strengthening our countermeasures accordingly. We are further making efforts to prevent similar accidents from recurring by sharing information throughout the Group.

In addition, we are working to further strengthen the level of health and safety management throughout the Group by establishing regional health, safety, and environmental activity promoters (EHS coordinators) for Japan, China, the ASEAN region, Europe, and the Americas, conducting factory safety checks and internal audits, and sharing best practices at safety and environment meetings.



Related Links

[Employee Performance Data](#)

Initiatives

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 region of Japan in 2017.

We have been undertaking initiatives to raise the safety awareness of our employees. These include having established in 2020 an EHS Training Center at TDK (Zhuhai FTZ) Co., Ltd., one of our manufacturing sites in China, and having established in April 2022 the Safety Training Center at our Mikumagawa Factory.

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.

The total number of employees in Japan who have trained at the Safety Training Center now stands at 10,438 (1,537 in fiscal 2022).



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 2019 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.

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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.

Since fiscal 2017, stress checks have been conducted to assess stress levels of individual employees and to prevent mental health problems from occurring. 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 July 1st 2022)

Facility	Country	Certificate Number	Certification Body
TDK Corporation Safety & Environment Group of Sustainability Promotion HQ Mikumagawa Factory Kofu Factory Narita Factory Shizuoka Factory Inakura Factory Nikaho Factory (North site) Nikaho Factory (South site) Honjo Factory (West site) Ouchi Factory Honjo Factory (East site)	Japan	JP21/071692	SGS
TDK Akita Corporation* Inakura Factory Nikaho Factory (North site) Nikaho Factory (South site) Honjo Factory (West site) Kitakami Factory Ouchi Factory Iwaki Factory Honjo Factory (East site)			
TDK Shonai Corporation* Tsuruoka Factory Sakata Factory Iida Factory Tsurukahigashi Factory			
TDK Kofu Corporation*			
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	CN19/31372.00	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	00221S23233R3L	IQNet
TDK Taiwan Corporation	Taiwan	20003153 OHS18	DQS
InvenSense Taiwan Co., Ltd.	Taiwan	TW17/00862	SGS
TDK Korea Corporation	Korea	KR002765	BV

CONTENTS	TDK Philippines Corporation	Philippine	50500402 OHS18	IQNet
	TDK (Thailand) Co., Ltd.	Thailand	488005 OHS18	DQS
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Top Commitment	Hutchinson Technology Operations (Thailand) Co., LTD.	Thailand	81791/E/0001/UK/En	URS
	TDK (Malaysia) Sdn. Bhd.	Malaysia	01 113 117285	TUV
	TDK-Lambda EMEA	UK	OHS609627	BSI
Sustainability Management	TDK-Lambda Ltd.	Israel	106055	IQNet
	TDK Electronics AG	Germany	10000458801-MSC-RvA-DEU	DNV

* TDK Akita Corporation, TDK Shonai Corporation and TDK Kofu Corporation were consolidated under the name of TDK Electronics Factories Corporation on April 1, 2022.

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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](#)

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.”

In fiscal 2022, with the cooperation of the London Symphony Orchestra (LSO), an initiative was conducted in which LSO musicians gave online concert instruction on multiple occasions to junior high school students in Japan. On the final day, the students, members of the brass band club at the Ginza Junior High School in Chuo-ku, Tokyo, demonstrated the results of the tuition in a concert hall performance. Although the online lectures occasionally posed difficulties at both ends, the students, playing in front of an audience of family members and students from nearby schools, put on a grand final performance.

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 is the TDK Beech Forest tree-planting event, as well as fertilization and cleanup activities, that have been held every year since 2004 at factories in Akita Prefecture. To date, we have planted 9,600 trees.

In fiscal 2022, as in the previous year, 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.

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.

Disaster Area Assistance

Employees from Kitakami Factory of TDK Electronics Factories Corporation had participated in volunteer programs to support recovery operations in Iwate Prefecture each year since the 2011 Great East Japan Earthquake, but from fiscal 2021 these efforts were affected by movement restrictions due to Covid-19, so it was regrettably decided to suspend them. We hope to restart the programs when the pandemic situation eases.

Sustainability | Society

Supply Chain Performance Data

Category	Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Initiatives as a Supplier	Number of manufacturing sites covered by CSR self-checks	Site	82	81	78	79	80
		%	100	100	100	100	100
	Number of manufacturing sites covered by labor, human rights and ethics risk assessment	Site	82	81	78	79	80
		%	100	100	100	100	100
	Number of manufacturing sites performed CSR voluntary audits by third-party organizations	Site	8	5	5	6	5
	Number of employees participated in CSR internal auditor training (accumulated)	Person	217	253	303	303	333
	% of customers covered by the satisfaction evaluation *1	%	7.2	7.0	7.3	6.6	5.8
Initiatives as a Buyer	Number of dispatch companies covered by CSR self check (dispatch companies used by manufacturing sites in high-risk countries of Asia) *3	Company	27	81	73	78	68
		%	100	100	100	100	100
	CSR-compliant supplier ratio	%	91.2	94.4	96.1	98.0	99.0
Responsible Sourcing of Minerals	Ratio of suppliers confirmed conflict-free*4	%	92.3	92.6	93.1	94.5	93.6
	Number of conflict minerals survey*5	Number	2,427	2,381	2,423	2,832	2,810

*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 2019.

*4 The target mineral is 3TG.

*5 Number of responses that were generated by TDK Corporation

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Category	Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Employment	Consolidated number of employees	Persons	102,883	104,781	107,138	129,284	116,808
	Japan		9,590	9,777	10,080	10,381	10,751
	Americas		5,123	4,738	4,465	4,092	4,184
	Europe		8,045	8,205	7,969	7,962	8,222
	Asia except Japan		80,125	82,061	84,624	106,849	93,651
	Men		53,710	56,375	59,171	75,190	66,861
	Women		49,173	48,406	47,967	54,094	49,947
	Women ratio	%	47.8	46.2	44.8	41.8	42.8
	Consolidated number of employees (non-regular)*1	Persons	31,831	28,705	25,173	21,577	23,152
	% of non-regular employees	%	30.9	27.4	23.5	16.7	19.8
	Number of employees (TDK Corporation)	Persons	5,055	5,330	5,523	5,689	5,719
	Men		4,284	4,497	4,628	4,747	4,737
	Women		771	833	895	942	982
	Women ratio	%	15.3	15.6	16.2	16.6	17.2
	Average age (TDK Corporation)	Years	43.7	43.7	43.6	43.5	43.4
	Men		44.3	44.4	44.3	44.3	44.2
	Women		40.1	39.8	39.5	39.2	39.2
	Continuous service (TDK Corporation)	Years	20	19	18.3	18.3	18.3
	Men		20.4	19.5	18.7	18.8	18.9
	Women		17.8	17	16.2	16	15.5
	Recruitment of new graduates (TDK Corporation)*2	Persons	177	225	202	196	262
	Men		133	184	145	155	198
	Women		44	41	57	41	64
	Women ratio	%	24.9	18.2	28.2	20.9	24.4
	Mid-career recruitment (TDK Corporation)	Persons	75	130	126	110	169
	Men		64	102	100	93	129
	Women		11	28	26	17	40
	Women ratio	%	14.7	21.5	20.6	15.5	23.7
Work-life balance	Job leavers/dismissals (TDK Corporation)*3	Persons	60	73	81	88	101
	Men		50	57	74	66	89
	Women		10	16	7	22	12
	Women ratio	%	16.7	21.9	8.6	25	11.9
	Employees taking child care leave (TDK Corporation)	Persons	29	23	41	30	41
	Men		5	4	17	12	22
	Women		24	19	24	18	19
	Ratio of employees returning to work	%	100	100	100	100	100
	Paid leave acquisition rate (TDK Corporation)		60.4	60.7	62.5	53.6	58.6
	Number of employees taking nursing care leave (TDK Corporation)	Persons	0	3	2	1	2

CONTENTS	Diversity	Ratio of women in managerial roles (TDK Corporation)	%	1.4	1.4	1.8	2.3	3.2
		Ratio of female senior managers (TDK Corporation)		1.0	0.7	0.7	1.5	1.7
		Ratio of female managers (TDK Corporation)		1.6	1.6	2.2	2.5	3.7
Editorial Policy		Ratio of female assistant managers (TDK Corporation)		5.2	5.8	6.4	6.7	7.3
		Ratio of employees with disabilities (TDK Corporation)		2.28	2.19	2.16	2.05	1.93
Top Commitment	Staff training	Annual training hours per employee*4	Hours		17.4	49	37.1	19.6
		Average amount spent per employee on training and development	Yen				6,095	10,077
Sustainability Management		Number of employees who completed Territorial Career Development Program (TCDP)*5	Persons		96	101	0	89
		Number of Global AMP, global management program graduates*6	Persons			17	24	0
Environment		Number of participants in the global English training program*5	Persons		2,442	3,613	3,614	3,389
	Staff training (TDK Corporation)	Education and training expenses	million yen	239	239	285	342	316
Society		Cumulative total of participants in overseas trainee program	Persons	32	35	40	40	40
		Cumulative total of engineers sent to overseas universities		47	49	49	49	50
Governance	Freedom of Association	Ratio of employees represented by a union or covered by collective bargaining agreements*7	%		75.1	72.3	83	61.4
External Evaluation	Employee Engagement	Ratio of employee job satisfaction (TDK Corporation)*8	%	93.8	93.4	93.6	93.1	93.4
		Men		93.7	93.3	93.7	93.3	93.2
		Women		94.3	93.6	93.2	92.1	94.6
Index	Health and safety	Number of work-related accidents	Cases	410	351	237	286	338
		Number of accidents resulting in no lost work time		141	129	72	79	110
		Number of accidents resulting in lost work time*9		269	222	165	207	228
		Japan		19	21	20	12	17
		China		135	91	60	89	119
		Other Asia (excluding Japan and China)		48	58	20	35	32
		Americas		40	50	40	58	48
		Europe		168	131	97	92	122
		Number of significant labor accidents*10		0	0	0	0	1
		Ratio of accidents per 1,000 employees*11		3.6	3.11	2.01	2.45	2.66
		Accident Severity Rate (Japan)*12		0.005	0.004	0.017	0.001	0.005
		Lost Time Injury Frequency Rate						0.73
		Lost Time Injury Frequency Rate (Japan)		0.14	0.17	0.40	0.04	0.25

*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 Covers programs run by the Global Human Resources Division.

*5 The program was started from FY2019.

*6 The program was started from FY2020.

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

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

*9 One day or more off from work required.

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

*11 Covers employees including dispatch workers.

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

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Global Tax Policy

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Tax Risk Management

Tax Strategy and Tax Planning

Transfer pricing

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 in light of the purpose of its legislation. Furthermore, the Group respects and complies with international guidelines, and international efforts represented by BEPS (Base Erosion and Profit Shifting) Project 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 Subcommittee 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 Subcommittee every quarter regarding the status of compliance.

Related link

[TDK Code of Conduct](#)

TDK Code of Conduct

The TDK Code of Conduct stipulates specific behavior guidelines for the TDK Group, and constituent officers and employees, to observe laws, regulations, social norms. Among them, items that should be shared and practiced by the TDK Group have been formulated as the TDK Charter of Corporate Behavior.

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.

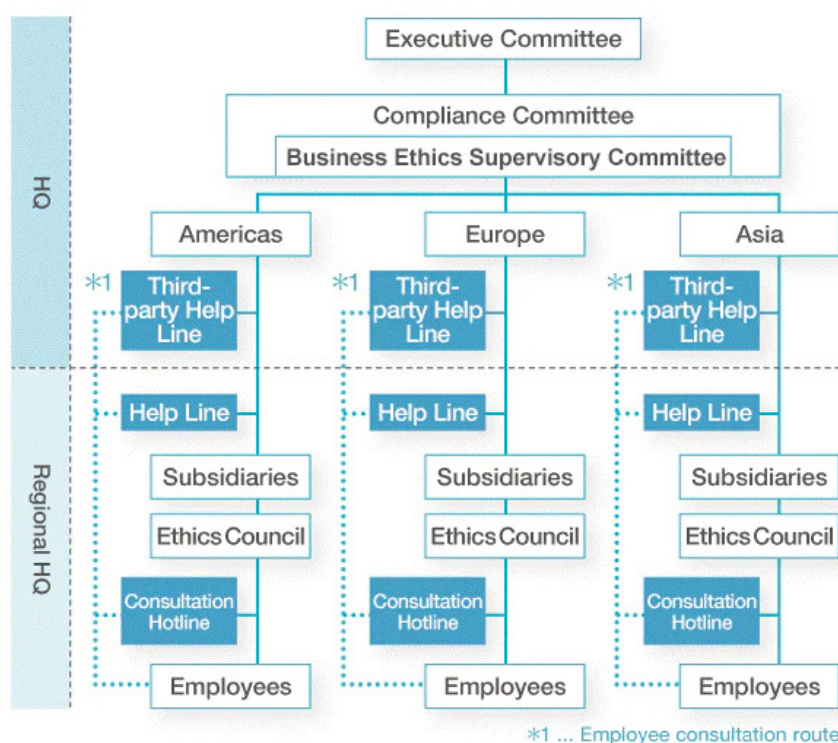
In Japan, TDK has established items relating to compliance and the code of conduct in personnel evaluation, ensures opportunities for employees to conduct regular self-assessment, and motivates them to behave in a compliant manner.

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.

Helplines

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. Reports received via the helplines are investigated. In the event of a violation of the Code of Conduct being confirmed, the parties concerned may be subject to penalties in accordance with the work rules and other internal regulations.

The TDK Code of Conduct Program stipulates the protection of informants so that they do not suffer any unfair treatment or disadvantages.



As of April 1, 2022

Number of Consultations and Reports to Helplines (Global)

Fiscal 2016	300
Fiscal 2017	192
Fiscal 2018	121
Fiscal 2019	115
Fiscal 2020	46
Fiscal 2021	54
Fiscal 2022	79

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.

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 Enterprise Risk Management (ERM) Committee to properly manage these factors. Similarly, the Compliance Committee, the Crisis Management Committee, the Information Security Committee, and the Information Disclosure Committee that report directly to the Executive Committee have been established to respond to and take measures against each issue. The Corporate Officers 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 reviews 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.

Enterprise Risk Management (ERM) 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 Executive Committee and report them to the Board of Directors.

Major Risks

- | | |
|--|---|
| 1. Risks concerning changes in economic trends | 11. Risks concerning raw material procurement |
| 2. Risks concerning fluctuations in currency exchange | 12. Risks concerning customer performance and management policy changes |
| 3. Risks concerning interest rate fluctuation | 13. Risks concerning compliance |
| 4. Risks concerning natural disasters, electricity supply and pandemics | 14. Risks concerning product quality |
| 5. Risks in international business activities | 15. Risks concerning intellectual property |
| 6. Risks concerning corporate social responsibility | 16. Risks concerning information security |
| 7. Risks concerning climate change | 17. Risks concerning securing personnel and training personnel |
| 8. Risks of taxation | 18. Risks concerning M&A |
| 9. Risks concerning technological innovation and new product development | 19. Risks of impairment of property, plant and equipment, goodwill, and intangible assets |
| 10. Risks concerning price competition | |

(As of June 24, 2022)

For more information on each risk, please see the link below.

[Business Risks](#)

Compliance Committee

As a function to oversee compliance risk management, the Compliance Committee approves company-wide compliance strategy, determines prioritized risks, provides instructions to related departments on handling compliance risks in charge, and monitors their activities.

Crisis Management Committee

The Crisis Management Committee 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 continue supplying products to 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 Continuity

TDK has established a crisis management system to prevent secondary disasters and to ensure the safety of employees in the event of a crisis, and to ensure business continuity in order to fulfill its responsibility to continue supplying products to customers.

We have established a business continuity plan (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.

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.

Information Security

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Our Approach

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Our Approach

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

Basic Policy on Information Security

General Direction

This Policy shall apply to the TDK Group.

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

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

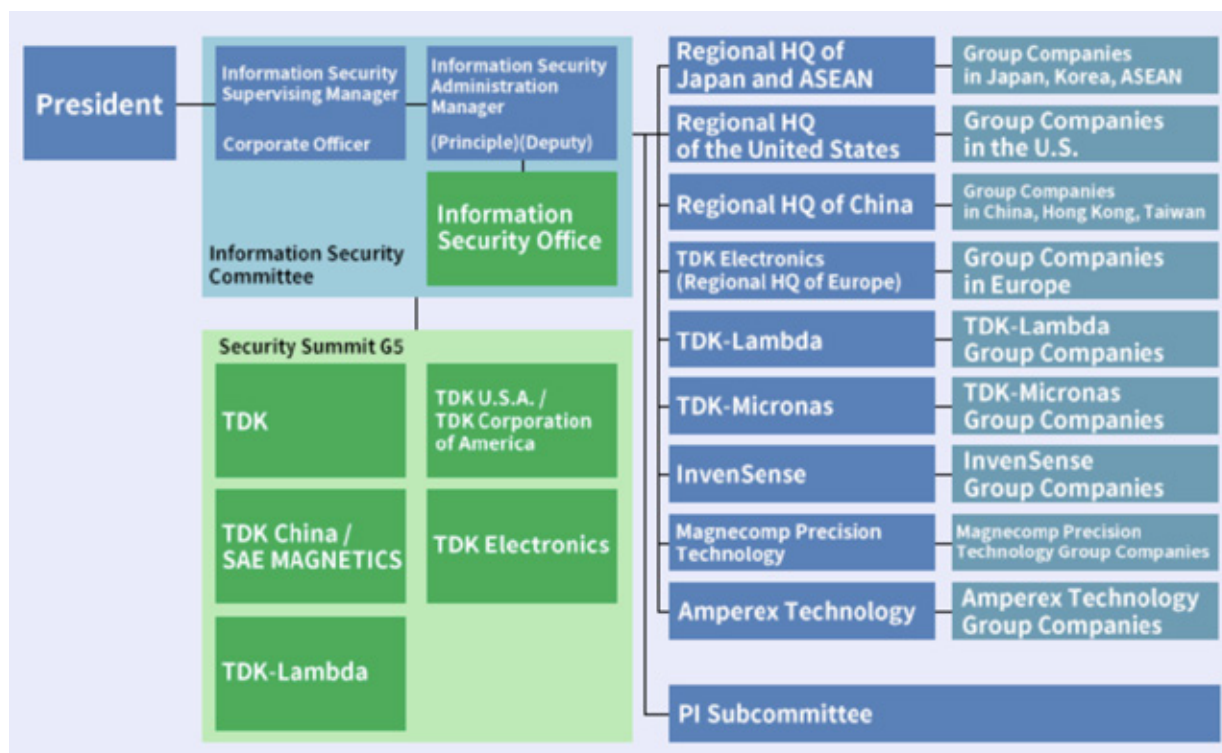
Action Guidelines

- 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.
- Information Security Management System**
We shall establish a system to manage and govern information security organically and define its role and responsibility.
- 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.
- Provision of Resources**
The management shall provide management resources necessary to execute this Policy.
- 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.
- 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 May 1, 2022)

Measures taken in Fiscal 2022

TDK is strengthening its information security measures in accordance with the Cybersecurity Framework of the US National Institute of Standards and Technology (NIST) ((1)identify, (2)protect, (3)detect, (4)respond, (5)recover), which can be described as the standard for information security countermeasures.

[Principal Measures]

- Use of a mechanism to automatically evaluate security administration conditions and identify and improve vulnerabilities ((1)identify, (2)protect, (3)detect)
- Support for improvements after confirmation of supply-chain security conditions ((1)identify, (2)protect)
- Introduction of mechanism to detect the status of use of dangerous cloud services ((3)detect)
- Global implementation of training to counter security incidents ((4)respond, (5)recover)
- Global subscription to cyber-risk insurance ((5)recover)

Information Security Education

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 the content and frequency of the education, each site incorporates appropriate topics in accordance with its environment and circumstances.

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.

Filing of Complaints Regarding Privacy Violations

TDK has formulated the Basic Policy on the Protection of Personal Information and endeavors to manage personal information properly. In fiscal 2022 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	FY2018	FY2019	FY2020	FY2021	FY2022
Executives	Number of directors	Person	7	7	7	7	8
	Men		7	7	7	6	7
	Women		0	0	0	1	1
	Outside directors		3	3	3	3	3
	Women ratio	%	0	0	0	14.3	12.5
	Number of audit & supervisory board members	Person	5	4	5	5	5
	Men		5	4	4	4	4
	Women		0	0	1	1	1
	Outside audit & supervisory board members		3	2	3	3	3
	Women ratio	%	0	0	20	20	20
	Number of corporate officers	Person	18	17	18	19	18
	Men		18	17	18	19	18
	Women		0	0	0	0	0
	Non-Japanese		6	6	7	8	8
	Women ratio	%	0	0	0	0	0
Board of Directors	Number of meetings	Times	15	13	13	14	14
	Attendance ratio of outside directors	%	100	97	100	97	100
	Attendance ratio of outside audit & supervisory board members		100	100	97	100	100
Board of Audit & Supervisory	Number of meetings	Times	14	15	14	14	14
	Attendance ratio of outside audit & supervisory board members	%	100	100	97	100	100
Remuneration	Directors (excluding outside directors)	Millions of yen	477	315	268	497	454
	Outside directors		42	46	55	48	48
	Audit & supervisory board members (excluding outside audit & supervisory board members)		58	57	58	61	62
	Outside audit & supervisory board members		29	24	30	35	36

* Number of executives is as of October 31, 2021.

Compliance

Category	Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Help Lines	Number of consultations and reports to help lines	Numbers	121	115	46	54	79
Business Ethics	Number of instances of material non-compliance with TDK Code of Conduct*1	Instances		0	0	0	0
Political Contributions	Total amount of political contribution (Japan)*1	Millions of yen		0	0	0	0

*1 The data has been collected since FY2019.

Sustainability | How the Public Sees Us

External Evaluation / Status of inclusion in the ESG Index

Recognition by Investors and Rating Agencies

TDK wins Semi-Grand Prix in CEATEC AWARD 2021

TDK again named among Clarivate Top 100 Global Innovators

Recognition by Investors and Rating Agencies

ESG investment and socially responsible investment (SRI), which consider not only 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.



FTSE4Good

- 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.



FTSE Blossom Japan

- FTSE Blossom Japan Sector Relative Index

An index provided by FTSE Russell (U.K.), designed to be sector neutral, reflecting the performance of Japanese companies with outstanding ESG responses.



FTSE Blossom Japan Sector Relative Index

[FTSE Blossom Japan Sector Relative Index \(Link to external site\)](#)

- MSCI ESG Leaders Indexes

An index provided by MSCI (based in the U.S.) that selects companies with outstanding ESG evaluation.



- MSCI Japan ESG Select Leaders Index

An index provided by MSCI (based in the U.S.) that selects Japanese companies with outstanding ESG performance.



- MSCI Japan Empowering Women (WIN) Select Index

An index provided by MSCI (based in the U.S.) that selects Japanese companies with excellent gender diversity.



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- CDP Climate Change: A-

- CDP Water Security: A (two consecutive years)

TDK received the above rating out of eight levels (A, A-, B, B-, C, C-, D, and D-) from CDP, an international non-profit organization that addresses environmental issues such as climate change.



- **CDP Supplier Engagement Rating: Leaderboard (two consecutive years)**
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.
- **Sompo Sustainability Index**
An index compiled based on the results of the Buna-no-Mori Environmental Questionnaire and ESG Management Survey conducted by SOMPO Risk Management Inc.



TDK wins Semi-Grand Prix in CEATEC AWARD 2021



TDK's VENUE has won the Semi Grand Prix in the Elemental Technologies/Devices in the CEATEC AWARD2021. The CEATEC AWARD 2021 judging committee examined and evaluated, among the technologies, products, and services exhibited at CEATEC 2021 ONLINE, those entered by the exhibitors beforehand, from academic and technological perspectives, assessed their marketability and potential, and recognized the particularly excellent among them in terms of innovation.

TDK's VENUE, the winner of the award in 2021, is an indoor real-time positioning solution. VENUE is a solution using geomagnetism. It leverages a magnetic sensor and acceleration sensor, etc., that are installed in a smartphone, enabling highly accurate positioning of people and objects inside a building. One of its characteristics is that users can introduce the solution across an extensive area without making a big investment. It is considered as a solution that could also lead to work style reforms by enabling efficient object location control and effectively using the location information.

VENUE received the award because of the committee highly evaluated it as follows. VENUE opens the possibility of new applications since it is made more accurate and more cost effective than the conventional models by using mobile phones and devices through use of the long-time magnetism research know-how.

TDK again named among Clarivate Top 100 Global Innovators



TDK Corporation was recently recognized as a Clarivate Top 100 Global Innovator™ 2022 for its innovation and leadership in digital transformation (DX) and energy transformation (EX) for the smart society. Since 2012 the Top 100 Global Innovators has identified companies at the pinnacle of the global innovation landscape by measuring the ideation culture that produces patents and puts them at the forefront. In a record eight years on the prestigious list, this recognition further cements TDK as an industry leading solution provider and ecosystem partner for customers designing and building transformational technologies.

Starting with more than 14,000 organizations, Clarivate selects the most innovative companies based on multiple criteria. It includes the amount of patents granted in the past five years, as well as the downstream influence of an invention on other companies' patent applications, success rate, globality, and breadth of technical field.

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TDK Group's Materiality
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Stakeholder Engagement
Fund Procurement through ESG Finance

Environment	State of Initiatives	Location on "Sustainability" website
Environmental Management	TDK has established the TDK Environmental Charter as the environmental policy of the entire TDK Group with the aim of contributing to the sustainable development of society. As basic plans for specific activities based on this charter, we have formulated the TDK Environmental Vision 2035 and TDK Environment, Health and Safety Action 2025 action plans and are making efforts to put them into practice. In addition, we have acquired ISO 14001 certification (an international standard relating to environmental management systems) at all manufacturing sites.	Energy Transformation (EX)
		Environmental Policy and Environmental Vision
		Environmental Management System
		Environmental Goals and Achievements
		Facilities with ISO14001 and ISO50001 Certification
		Social and Environmental Consideration at Manufacturing Sites
Climate Change	In the TDK Environmental Charter, we clearly specify the implementation of environmental activities with consideration for climate change. And in the TDK Environmental Vision 2035 and TDK Environment, Health and Safety Action 2025 action plans, which were compiled based on this charter, we stipulate goals relating to climate change, such as the target of improving CO ₂ emission intensity. TDK is promoting initiatives toward the achievement of these goals. We have also identified energy transformation (EX) as a materiality issue and are conducting activities accordingly. Furthermore, in line with the framework of the Task Force on Climate-related Financial Disclosures (TCFD), we disclose information on our efforts at TDK to combat climate change.	Cost of Environmental Protection
		Environmental Policy and Environmental Vision
		Environmental Goals and Achievements
		Energy Transformation (EX)
		Climate Change Initiatives
		Third-Party Verification
Pollution & Resources	In the TDK Environmental Charter, we clearly specify the need to implement environmental activities in recognition of the finiteness of resources. And in the TDK Environmental Vision 2035 and TDK Environment, Health and Safety Action 2025 action plans, which were compiled based on this charter, we stipulate goals relating to the effective use of resources, such as the target of improving waste intensity. TDK is promoting initiatives toward the achievement of these goals. Indeed, from the perspective of the effective use of resources, TDK is promoting efforts to curb the discharge of waste itself too.	Third-Party Review of Environmental Performance Data
		Environmental Performance Data
		Environmental Performance Data by Site
		Environmental Policy and Environmental Vision
		Environmental Goals and Achievements
		Environmental Management System
Water Security	In the TDK Environmental Charter, we clearly specify the need to implement environmental activities in recognition of the finiteness of resources. And in the TDK Environmental Vision 2035 and TDK Environment, Health and Safety Action 2025 action plans, which were compiled based on this charter, we stipulate goals relating to water resources, such as the target of improving water withdrawal intensity. TDK is promoting initiatives toward the achievement of these goals. Moreover, we conduct surveys relating to water risks in each country and region and endeavor to understand and manage water risks at manufacturing sites.	Effective Use of Resources
		Reduce Risks of Chemical Use
		Environmental Performance Data
		Environmental Performance Data by Site
		Environmental Policy and Environmental Vision
		Environmental Goals and Achievements
		Water Resources Conservation
		Environmental Performance Data
		Environmental Performance Data by Site

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Product Stewardship / Environment-Conscious Products	For some time now TDK has been promoting such activities as the introduction of product assessment to evaluate the impact of products on the environment throughout their entire life cycle and the certification of excellent environment-conscious products. In addition to these activities, we are also promoting activities to reduce CO ₂ emissions by products and have compiled guidelines on the calculation of product contributions as criteria to quantify the reduction of CO ₂ emissions by products and know-how as environmental contributions.	Environment-Conscious Products Lifecycles and Product Assessment Climate Change Initiatives Third-Party Review of Environmental Performance Data
Green Procurement	In our Purchasing Policies, we clearly specify the need for green procurement. TDK is promoting green procurement with the aims of contributing to a lightening of the environmental load and giving priority to the procurement of purchased products that enable us to fulfill our social responsibility.	Sustainable Procurement Procurement (Purchasing Principles, Purchasing Policies, TDK Supplier Code of Conduct)
Biodiversity	TDK agrees with the Guidelines for Action by the Electrical and Electronics Industries concerning Biodiversity Conservation and conducts activities to protect biodiversity and ecosystem services.	Approach to Biodiversity

Society	State of Initiatives	Location on "Sustainability" website
Labor Practices	Based on the TDK Code of Conduct, we are endeavoring to build an environment in which employees with diverse personalities can display their abilities. Among other things, TDK respects diversity in the employment and utilization of human resources, promotes a work-life-balance, and organizes human-resource development programs.	Code of Conduct Respect for Human Rights Employee Performance Data Diversity & Inclusion Human Resources Development Social and Environmental Consideration at Manufacturing Sites
Human Resources Development	TDK has formulated the TDK Global Human Resources Strategy and implements various measures, such as human-resource development systems, globally with the aim of building an environment in which diverse Group companies and outstanding human resources can display their abilities as members of the TDK Group. Furthermore, we have identified human resource management as a materiality issue and are conducting initiatives accordingly.	Global Human Resources Strategy Human Resources Development HR Management Employee Performance Data
Diversity & Inclusion	TDK has formulated and is promoting the TDK Diversity and Inclusion Policy. Moreover, we have identified human resource management, which is in our materiality, as one of our themes and are conducting initiatives accordingly.	Diversity & Inclusion HR Management
Respect for Human Rights	TDK has formulated the TDK Group Policy on Human Rights and, based on the framework of the UN Guiding Principles on Business and Human Rights, is promoting initiatives for the correct understanding, recognition, and improvement of human rights issues not only in business activities within the TDK Group itself but throughout the entire value chain.	Respect for Human Rights Code of Conduct TDK Group Policy on Human Rights TDK Supplier Code of Conduct
Supply Chain Management	TDK has identified supply chain management as a materiality issue and is promoting initiatives that take account of society and the environment not only at TDK's manufacturing sites but throughout the entire supply chain, including suppliers. TDK is a member of the Responsible Business Alliance (RBA). By implementing self-assessments, audits, and so on in accordance with the RBA's standards, we evaluate the state of implementation of CSR activities at our manufacturing sites and try to make continuous improvements. In addition, regarding suppliers, we promote not only sustainable procurement activities but also responsible mineral procurement.	Supply Chain Management Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement Procurement (Purchasing Principles, Purchasing Policies, TDK Supplier Code of Conduct) Respect for Human Rights Responsible Sourcing of Minerals Supply Chain Performance Data

CONTENTS	Occupational Health and Safety	<p>TDK has formulated the TDK Occupational Health and Safety Charter and engages in various efforts to form safe and healthy workplace environments, including organizational improvements and operations to make the health and safety management system function effectively and risk reduction activities, such as risk assessment and education and training.</p>	Health and Safety Employee Performance Data Social and Environmental Consideration at Manufacturing Sites Facilities with ISO45001 Certification
Editorial Policy	Quality Assurance	<p>TDK is promoting Group-wide activities toward realizing our basic philosophy of advancing to zero-defect. Furthermore, we have identified quality management as a materiality issue and are conducting initiatives accordingly.</p>	Quality Assurance Activities Quality Management
Top Commitment	Customer Relationship Management	<p>TDK is promoting activities with the aim of becoming a company that is trusted by customers. Moreover, we have identified quality management, which is in our materiality, as one theme and are conducting initiatives accordingly.</p>	Customer Satisfaction Quality Management
Sustainability Management	Corporate Citizenship and Philanthropy	<p>Based on TDK's Basic Concept of Contributing to Society, we are promoting our own original social contribution activities.</p>	Social Contribution Activities
Environment	Governance	State of Initiatives	Location on "Sustainability" website
Society	Corporate Governance	<p>Based on the TDK Basic Policy on Corporate Governance, we are continuously trying to enhance our corporate governance by building structures and mechanisms.</p>	Corporate Governance Governance Performance Data
Governance	Compliance / Anti-Corruption	<p>We are endeavoring to foster a sincere, fair, and transparent corporate culture and to build a global compliance management setup with the aim of responding to the trust and expectations of customers and society.</p>	Code of Conduct Corporate Ethics and Compliance Policy on Relations with Business Partners Governance Performance Data
External Evaluation	Business Ethics	<p>Based on the TDK Code of Conduct, we have built a global corporate ethics management system and conduct efforts to disseminate awareness among directors and employees and to encourage apt behavior, including the establishment of a mechanism by which employees can report internally or consult on problems relating to corporate ethics anonymously.</p>	Code of Conduct Corporate Ethics and Compliance
Index	Risk Management	<p>To respond to risks occurring in our business activities, TDK has established various committees under the Executive Committee and is compiling countermeasures and responses to issues. In addition, we have identified opportunity and risk management as a materiality issue and are conducting initiatives accordingly.</p>	Risk Management Opportunity and Risk Management
	Tax Transparency	<p>TDK has established and is promoting our Global Tax Policy.</p>	Global Tax Policy
	Information Security / Privacy Protection	<p>Based on the Basic Policy on Information Security, TDK has built a global information security management setup and is promoting activities with the aim of maintaining and improving information security.</p>	Information Security

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GRI Standards Table

This sustainability website was prepared in accordance with the "core" option of the GRI Standards.

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

CONTENTS		Ethics and integrity	
	102-16	Values, principles, standards, and norms of behavior	TDK Value Structure — Corporate Philosophy and Sustainability Vision— About TDK TDK Code of Conduct (Homepage)
Editorial Policy	102-17	Mechanisms for advice and concerns about ethics	Corporate Ethics and Compliance
		Governance	
Top Commitment	102-18	Governance structure	Corporate Governance Governance Performance Data
	102-19	Delegating authority	Sustainability Promotion Structure
Sustainability Management	102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Promotion Structure Environmental Management System Health and Safety
	102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement Respect for Human Rights Corporate Governance
Environment	102-22	Composition of the highest governance body and its committees	Corporate Governance Governance Performance Data
	102-23	Chair of the highest governance body	Corporate Governance
Society	102-24	Nominating and selecting the highest governance body	Corporate Governance
	102-25	Conflicts of interest	Corporate Governance About TDK TDK Code of Conduct (Homepage)
Governance	102-26	Role of highest governance body in setting purpose, values, and strategy	TDK Value Structure — Corporate Philosophy and Sustainability Vision—
	102-27	Collective knowledge of highest governance body	Sustainability Promotion Structure
External Evaluation	102-28	Evaluating the highest governance body's performance	Corporate Governance
	102-29	Identifying and managing economic, environmental, and social impacts	TDK Group's Materiality
	102-30	Effectiveness of risk management processes	Risk Management
	102-31	Review of economic, environmental, and social topics	
	102-32	Highest governance body's role in sustainability reporting	
	102-33	Communicating critical concerns	Corporate Governance Corporate Ethics and Compliance Risk Management
	102-34	Nature and total number of critical concerns	Corporate Ethics and Compliance
	102-35	Remuneration policies	Corporate Governance
	102-36	Process for determining remuneration	Corporate Governance
	102-37	Stakeholders' involvement in remuneration	Corporate Governance
	102-38	Annual total compensation ratio	
	102-39	Percentage increase in annual total compensation ratio	
		Stakeholder engagement	
	102-40	List of stakeholder groups	Stakeholder Engagement
	102-41	Collective bargaining agreements	Respect for Human Rights
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement
	102-43	Approach to stakeholder engagement	Stakeholder Engagement
	102-44	Key topics and concerns raised	Stakeholder Engagement

CONTENTS		Reporting practice	
	102-45	Entities included in the consolidated financial statements	TDK Worldwide (Homepage) About "Sustainability" website
Editorial Policy	102-46	Defining report content and topic Boundaries	TDK's Materiality About "Sustainability" website
	102-47	List of material topics	TDK's Materiality
Top Commitment	102-48	Restatements of information	(N/A)
	102-49	Changes in reporting	(N/A)
Sustainability Management	102-50	Reporting period	About "Sustainability" website
	102-51	Date of most recent report	About "Sustainability" website
Environment	102-52	Reporting cycle	About "Sustainability" website Past Reports
	102-53	Contact point for questions regarding the report	About "Sustainability" website
Society	102-54	Claims of reporting in accordance with the GRI Standards	(GRI Standards Table)
	102-55	GRI content index	(GRI Standards Table)
Governance	102-56	External assurance	About "Sustainability" website Third-Party Review of Environmental Performance Data Third-Party Verification
External Evaluation	103-1	Explanation of the material topic and its Boundary	TDK Group's Materiality
	103-2	The management approach and its components	TDK Group's Materiality Sustainability Promotion Structure
	103-3	Evaluation of the management approach	TDK Group's Materiality Sustainability Promotion Structure
	Economic		
	201-1	Direct economic value generated and distributed	
	201-2	Financial implications and other risks and opportunities due to climate change	Investor Relations Securities Report (Homepage)
	201-3	Defined benefit plan obligations and other retirement plans	Investor Relations Securities Report (Homepage)
	201-4	Financial assistance received from government	
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2	Proportion of senior management hired from the local community	
	203-1	Infrastructure investments and services supported	Social Contribution Activities
	203-2	Significant indirect economic impacts	
	204-1	Proportion of spending on local suppliers	
	205-1	Operations assessed for risks related to corruption	Corporate Ethics and Compliance
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Ethics and Compliance
	205-3	Confirmed incidents of corruption and actions taken	(N/A)
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	(N/A)

207 Tax	207-1	Approach to tax	Global Tax Policy
	207-2	Governance, Administration and Risk Management	Global Tax Policy
	207-3	Addressing tax-related stakeholder engagement and concerns	Global Tax Policy
	207-4	Report by country	
Environmental			
301 Materials (2016)	301-1	Materials used by weight or volume	
	301-2	Recycled input materials used	
	301-3	Reclaimed products and their packaging materials	
302 Energy (2016)	302-1	Energy consumption within the organization	Environmental Performance Data Environmental Performance Data by Site
	302-2	Energy consumption outside of the organization	Climate Change Initiatives Environmental Performance Data
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	Climate Change Initiatives Cost of Environmental Protection
	302-5	Reductions in energy requirements of products and services	
303 Water (2016)	303-1	Water withdrawal by source	Water Resources Conservation Environmental Performance Data Environmental Performance Data by Site
	303-2	Water sources significantly affected by withdrawal of water	Effective Use of Resources Environmental Performance Data
	303-3	Water recycled and reused	Water Resources Conservation
	303-4	Drainage	Effective Use of Resources
	303-5	Water consumption	Water Resources Conservation
304 Biodiversity (2016)	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	304-2	Significant impacts of activities, products, and services on biodiversity	Environmental Policy and Environmental Vision
	304-3	Habitats protected or restored	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
305 Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	Climate Change Initiatives Environmental Performance Data Environmental Performance Data by Site
	305-2	Energy indirect (Scope 2) GHG emissions	Climate Change Initiatives Environmental Performance Data Environmental Performance Data by Site
	305-3	Other indirect (Scope 3) GHG emissions	Climate Change Initiatives Environmental Performance Data
	305-4	GHG emissions intensity	Climate Change Initiatives
	305-5	Reduction of GHG emissions	Climate Change Initiatives Cost of Environmental Protection
	305-6	Emissions of ozone-depleting substances (ODS)	A History of TDK's Environmental Activities
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Performance Data

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306 Waste (2020)	306-1	Waste generation and significant waste-related impacts	Effective Use of Resources
	306-2	Management of significant waste-related impacts	Effective Use of Resources
	306-3	Waste generated	Environmental Performance Data Environmental Performance Data by Site
	306-4	Waste diverted from disposal	Environmental Performance Data Environmental Performance Data by Site
	306-5	Waste directed to disposal	Environmental Performance Data Environmental Performance Data by Site
307 Environmental Compliance (2016)	307-1	Non-compliance with environmental laws and regulations	Environmental Management System
308 Environmental Assessment (2016)	308-1	New suppliers that were screened using environmental criteria	Sustainable Procurement
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Procurement
Social			
401 Employment (2016)	401-1	New employee hires and employee turnover	Employee Performance Data
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3	Parental leave	Employee Performance Data
402 Labor / Management Relations (2016)	402-1	Minimum notice periods regarding operational changes	
403 Occupational Health and Safety (2016)	403-1	Occupational safety and health management system	Health and Safety
	403-2	Hazard identification, risk assessment, accident investigation	Health and Safety
	403-3	Occupational health service	Health and Safety
	403-4	Worker participation, consultation and communication in health and safety	
	403-5	Worker training on occupational safety and health	Health and Safety
	403-6	Promoting worker health	Health and Safety
	403-7	Preventing and mitigating the impact of occupational health and safety directly linked to business relationships	Health and Safety
	403-8	Workers subject to occupational safety and health management system	Employee Performance Data
	403-9	Labor-related injuries	Employee Performance Data
	403-10	Labor-related illness / poor physical condition	Employee Performance Data
404 Training and Education (2016)	404-1	Average hours of training per year per employee	Employee Performance Data
	404-2	Programs for upgrading employee skills and transition assistance programs	Human Resources Development Diversity & Inclusion
	404-3	Percentage of employees receiving regular performance and career development reviews	Human Resources Development
405 Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	Governance Performance Data Employee Performance Data
	405-2	Ratio of basic salary and remuneration of women to men	Investor Relations Securities Report (Homepage)
406 Non- discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	

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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	Respect for Human Rights
408 Child Labor (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	Respect for Human Rights Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement Responsible Sourcing of Minerals About TDK TDK Code of Conduct (Homepage)
409 Forced or Compulsory Labor (2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respect for Human Rights Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement About TDK TDK Code of Conduct (Homepage)
410 Security Practices (2016)	410-1	Security personnel trained in human rights policies or procedures	
411 Rights of Indigenous Peoples (2016)	411-1	Incidents of violations involving rights of indigenous peoples	
412 Human Rights Assessment (2016)	412-1	Operations that have been subject to human rights reviews or impact assessments	Respect for Human Rights Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement
	412-2	Employee training on human rights policies or procedures	Respect for Human Rights
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
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	
414 Supplier Social Assessment (2016)	414-1	New suppliers that were screened using social criteria	Sustainable Procurement
	414-2	Negative social impacts in the supply chain and actions taken	Respect for Human Rights Sustainable Procurement Responsible Sourcing of Minerals
415 Public Policy (2016)	415-1	Political contributions	Governance Performance Data
416 Customer Health and Safety (2016)	416-1	Assessment of the health and safety impacts of product and service categories	Quality Assurance Activities Customer Satisfaction
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	(N/A)
417 Marketing and Labeling (2016)	417-1	Incidents of non-compliance concerning product and service information and labeling	Environment-Conscious Products Quality Assurance Activities
	417-2	Incidents of non-compliance concerning product and service information and labeling	
	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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Organizational governance	Organizational governance	Top Commitment TDK Code of Conduct Sustainability Promotion Structure Corporate Governance
Human rights	1. Due diligence	TDK Code of Conduct
	2. Human rights risk situations	Respect for Human Rights
	3. Avoidance of complicity	Responsible Sourcing of Minerals
	4. Resolving grievances	Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement
	5. Discrimination and vulnerable groups	Global Human Resources Strategy Human Resources Development
	6. Civil and political rights	Diversity & Inclusion
	7. Economic, social and cultural rights	Health and Safety
	8. Fundamental principles and rights at work	Corporate Ethics and Compliance
Labor practices	1. Employment and employment relationships	TDK Code of Conduct
	2. Conditions of work and social protection	Respect for Human Rights
	3. Social dialogue	Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement
	4. Health and safety at work	Global Human Resources Strategy Human Resources Development
	5. Human development and training in the workplace	Diversity & Inclusion Health and Safety
The environment	1. Anti-corruption	TDK Code of Conduct
	2. Responsible political involvement	Environmental Policy and Environmental Vision Environmental Goals and Achievements
	3. Fair competition	Environmental Management System Climate Change Initiatives
	4. Promoting social responsibility in the value chain	Water Resources Conservation Effective Use of Resources Reduce Risks of Chemical Use Approach to Biodiversity
Fair operating practices	1. Anti-corruption	TDK Code of Conduct
	2. Responsible political involvement	Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement
	3. Fair competition	Health and Safety
	4. Promoting social responsibility in the value chain	Corporate Ethics and Compliance
	5. Respect for property rights	
Consumer issues	1. Fair marketing, factual and unbiased information and fair contractual practices	TDK Code of Conduct Quality Assurance Activities Customer Satisfaction Information Security
	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	
Community involvement and development	1. Community involvement	TDK Code of Conduct Social Contribution Activities
	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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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	TDK Group's Approach to the SDGs and its Activities TDK: Crafting the Future Digital Transformation (DX)
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Social Contribution Activities
5. Achieve gender equality and empower all women and girls	TDK Group's Approach to the SDGs and its Activities Global Human Resources Strategy Human Resources Development Diversity & Inclusion Employee Performance Data Governance Performance Data
6. Ensure availability and sustainable management of water and sanitation for all	Environmental Policy and Environmental Vision Environmental Management System Water Resources Conservation
7. Ensure access to affordable, reliable, sustainable and modern energy for all	TDK Group's Approach to the SDGs and its Activities TDK: Crafting the Future Energy Transformation (EX) Opportunity and Risk Management Climate Change Initiatives
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	TDK Group's Approach to the SDGs and its Activities Digital Transformation (DX) HR Management Supply Chain Management Respect for Human Rights Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement Global Human Resources Strategy Human Resources Development Diversity & Inclusion Health and Safety
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	TDK Group's Approach to the SDGs and its Activities TDK: Crafting the Future Digital Transformation (DX) Opportunity and Risk Management
10. Reduce inequality within and among countries	
11. Make cities and human settlements inclusive, safe, resilient and sustainable	TDK Group's Approach to the SDGs and its Activities TDK: Crafting the Future Energy Transformation (EX) Digital Transformation (DX)
12. Ensure sustainable consumption and production patterns	TDK Group's Approach to the SDGs and its Activities TDK: Crafting the Future Energy Transformation (EX) Digital Transformation (DX) Quality Management Supply Chain Management Opportunity and Risk Management Environmental Policy and Environmental Vision Climate Change Initiatives Water Resources Conservation Effective Use of Resources Reduce Risks of Chemical Use

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Top Commitment	13. Take urgent action to combat climate change and its impacts	
Sustainability Management	14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	
Environment	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	Environmental Policy and Environmental Vision Approach to Biodiversity
Society	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	TDK Group's Approach to the SDGs and its Activities Supply Chain Management Corporate Governance Corporate Ethics and Compliance Respect for Human Rights Responsible Sourcing of Minerals Social and Environmental Consideration at Manufacturing Sites Sustainable Procurement
Governance	17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	TDK Group's Approach to the SDGs and its Activities Energy Transformation (EX) Digital Transformation (DX) Supply Chain Management Stakeholder Engagement Social Contribution Activities
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Environment

Topic	Accounting Metric	Code	Response/Location
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-EE-130a.1 TC-SI-130a.1 TC-SC-130a.1	Environmental Performance Data
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	RT-EE-150a.1 TC-SC-150a.1	Effective Use of Resources Environmental Performance Data
	Number and aggregate quantity of reportable spills, quantity recovered	RT-EE-150a.2	Environmental Performance Data
Environmental Footprint of Hardware Infrastructure	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	TC-SI-130a.2	Environmental Performance Data
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions and (2) amount of total emissions from perfluorinated compounds	TC-SC-110a.1	Climate Change Initiatives Environmental Performance Data
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TC-SC-110a.2	Climate Change Initiatives

Social Capital

Topic	Accounting Metric	Code	Response/Location
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. Quality Assurance Activities (Responses to product security)
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	Information Security
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	TC-SI-220a.3	Information Security
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	TC-SI-230a.1	Information Security

Human Capital

Topic	Accounting Metric	Code	Response/Location
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 TC-SI-330a.3	TDK has compiled and is promoting a Diversity & Inclusion Policy. Diversity & Inclusion Employee Performance Data
Recruiting & Managing a Global & Skilled Workforce	Percentage of employees that are (1) foreign nationals and (2) located offshore	TC-SI-330a.1 TC-SC-330a.1	Employee Performance Data
	Employee engagement as a percentage	TC-SI-330a.2	Employee Performance Data
Employee Health & Safety	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	TC-SC-320a.1	Health and Safety

Business Model & Innovation

Topic	Accounting Metric	Code	Response/Location
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	TC-HW-410a.1 RT-EE-410a.1 TC-SC-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. Quality Assurance Activities (Prevention and Control of Exposure to Hazardous Substances in Products)
	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. Environment-Conscious Products Quality Assurance Activities (Prevention and Control of Exposure to Hazardous Substances in Products)
	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	TC-HW-410a.3 RT-EE-410a.2	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. Environment-Conscious Products Quality Assurance Activities (Prevention and Control of Exposure to Hazardous Substances in Products)
	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. Environmental Policy and Environmental Vision
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. Sustainable Procurement
	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	Social and Environmental Consideration at Manufacturing Sites
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-HW-440a.1 RT-EE-440a.1 TC-SC-440a.1	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. Responsible Sourcing of Minerals

Leadership & Governance

Topic	Accounting Metric	Code	Response/Location
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	RT-EE-510a.1	Corporate Ethics and Compliance

Activity Metrics

Activity Metric	Code	Response/Location
Number of units produced by product category	TC-HW-000.A	TDK does not disclose the number of units produced, but we do disclose sales by product. FY March 2022 Financial Results (Sales by Product) page 6/31
Area of manufacturing facilities	TC-HW-000.B	TDK does not disclose area, but we do disclose manufacturing site information here. TDK Worldwide
percentage of production from owned facilities	TC-HW-000.C	=

