



**TDK Electronics**  
**Policy Statement**  
**Supply Chain Due Diligence Act**

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Upon referring to persons or groups of persons in this policy statement, the following refers to persons of all genders for linguistic simplification and better readability. The term "employees" also includes managers at all levels and members of executive bodies.

## Foreword

TDK Electronics sees itself as a sustainable partner with integrity and responsibility - for its customers, suppliers, employees and towards the public. Respect for human rights and the associated environmental rights in our business activities as well as in the supply chain is of great importance to TDK Electronics.

TDK Electronics and its predecessor company EPCOS have been members of the United Nations Global Compact since 2003. We became a member at that time because the goals of the Global Compact, as expressed in the ten principles, coincide with our own understanding and implementation of corporate responsibility. We remain committed to these principles as an essential basis for good corporate citizenship wherever we operate.

In implementing its human rights and environmental due diligence obligations, TDK Electronics is subject to the requirements of the German Supply Chain Due Diligence Act ("**SCDDA**"). Among other things, the SCDDA requires the publication of a policy statement that specifies the company's strategy for protecting human rights and fulfilling its environmental obligations.

This policy statement applies to TDK Electronics AG and all of its subsidiaries.

Munich, January 1, 2024

TDK Electronics AG

The Management Board

## A. TDK Electronics' Strategy for the Protection of Human Rights and Fulfillment of its Environmental Obligations

TDK Electronics AG, a subsidiary of TDK Corporation, Japan, is a manufacturer of electronic components and systems. TDK Electronics AG is the parent company of the global TDK Electronics Group ("**TDK Electronics**"). With its product portfolio, it supplies the automotive, industrial and consumer electronics as well as information and communication technology markets.

As a globally active company, we are aware of our social responsibility and are committed to respecting human rights and protecting the environment. Corporate Social Responsibility (CSR) has been an integral part of our corporate activities for many years and is integrated into our company-wide management systems.

The United Nations has formulated 17 goals (Sustainable Development Goals) to promote and ensure sustainable development at an economic, social and ecological level worldwide. They are regarded as a global framework for sustained economic growth, the creation of equal opportunities and the sustainable management of natural resources. TDK Electronics supports this project and contributes to achieving its goals. We promote sustainable value creation throughout the company and design the development, manufacturing and marketing of our products in such a way that they serve the economic, social and environmental goals of the global community.

TDK Electronics and its predecessor company EPCOS have been members of the United Nations Global Compact since 2003. This is the world's largest and most important initiative for responsible corporate governance. TDK Electronics regularly publishes a report on its activities in this area.

The following principles and guidelines form the basis of our business activities, as well as the resulting obligations which are anchored in our internal company regulations and guidelines:

- Ten principles of the UN Global Compact
- UN Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Rights and Principles at Work
- UN Universal Declaration of Human Rights

Further detailed information can be found on the [TDK Electronics website](#), the [TDK website](#), and in the [TDK Sustainability Report](#) published.

### 1. Protection of Human Rights in our own Business Area

All business activities of our company must always comply with the applicable law and our internal regulations and guidelines, in particular the [TDK Code of Conduct](#).

In addition to the comprehensive commitment to respecting human rights, TDK's Code of Conduct includes the following fundamental rights, which are binding for all employees:

- Compliance with the principle of equal opportunities and equal treatment (e.g., regarding working conditions)
- Free choice of employment (prohibition of forced labor)
- Ban on child labor
- Freedom of collective bargaining and association
- Occupational safety and health protection
- Prohibition of discrimination of any kind

In addition to the TDK Code of Conduct, respect for human rights is anchored in other internal company regulations. These include the following regulations in particular:

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

In addition, TDK Electronics has been a member of the [Responsible Business Alliance \("RBA"\)](#). RBA is the largest alliance of electronics companies committed to improving corporate social responsibility in global supply chains. The RBA Code of Conduct establishes standards to create working conditions in the electronics supply chain, or industries in which electronics are a core component, ensuring that the supply chain is safe, that workers are treated with respect and dignity, and that business is conducted in an environmentally and ethically responsible manner. TDK Electronics is committed to aligning its business activities with the RBA Code of Conduct.

As a member of the RBA, TDK Electronics continuously improves its operations in line with the RBA Code of Conduct and supports its Tier 1 suppliers to follow the same approach. We require our suppliers to ensure that their organization and all their sub-contractors and suppliers at a minimum, comply with the ten principles of the United Nations Global Compact and the RBA Code of Conduct.

TDK Electronics is also committed to the [ZVEI Code of Conduct](#). This set of rules on social responsibility was developed by the German Electrical and Electronic Manufacturers' Association as a guideline for the industry and refers in particular, to working conditions, environmental protection, transparency, cooperation and dialog.

## 2. Protection of Human Rights in the Supply Chain

Sustainability is a long-term strategic success factor not only for TDK Electronics, but also for the entire global supply chain. Maintaining sustainable and fair supply chains is, therefore, a fundamental part of our business activities. We work with our suppliers to create a culture of responsibility based on the core values of integrity, sustainability and transparency.

These requirements are integrated into TDK Electronics supplier management throughout the Group as part of our ISO 9001 and IATF 16949-certified quality

management system. Supplier management includes requirements for the purchasing organization, in particular, requirements for the prevention of human and environmental rights violations in the supply chain.

Our supplier management and procurement policies also include TDK Electronics' position on conflict minerals - tantalum, tin, tungsten, gold, known as 3TG, as well as cobalt and mica - sourced from mines and areas controlled by armed rebels in the Democratic Republic of Congo (DRC) or neighboring countries, as well as conflict-affected high-risk areas (CAHRAs). These groups engage in illegal mining and smuggling of minerals to finance their rebel activities. These activities not only contribute to exacerbating conflicts, but also constitute human rights violations through forced labor and the abusive treatment of local population. TDK Electronics condemns such illegal activities and human rights violations. We place great importance on communication in our supply chain regarding such conflict minerals and, therefore, require our suppliers to disclose such information.

Further detailed information can be found on the [TDK Electronics website](#), the TDK website ([TDK Group Policy on Responsible Sourcing Minerals](#)) and in the [TDK Sustainability Report](#) published.

### 3. Environmental Protection in our own Business Area

TDK Electronics' global business and international positioning require a global preventive concept and a corresponding organizational structure. Environmental protection is, therefore, part of TDK Electronics' global risk management. The obligations associated with participation in the UN Compact regarding compliance with the environmental principles of the UN Global Compact, are integrated into our internal company regulations, our ISO 14001-certified environmental management system and processes.

As a manufacturer of passive components and electronic systems with sites all over the world, we are continuously improving our production processes to save energy and reduce CO2 emissions, minimize water consumption and waste as well as avoiding pollutants as much as possible. To support this process, the company's global production sites regularly carry out environmental programs and projects.

Further detailed information can be found in the [Environmental, Energy and Occupational Health and Safety Policy](#), on the [TDK Electronics website](#), on the TDK website ([Environmental Policy and Environmental Vision](#)) and in the [TDK Sustainability Report](#) published.

### 4. Environmental Protection in the Supply Chain

Among other things, TDK Electronics requires its suppliers to comply with the ten principles of the Global Compact and the RBA Code of Conduct, which include rules for the protection of human rights as well as regulations for the protection of the environment. This includes, among other things, acting in accordance with the applicable legal norms and international standards with regard to the environment, minimizing environmental pollution and continuously improving environmental protection.

## 5. Expectations towards Employees and Suppliers

We are convinced that responsibility for holistic human rights and environmental protection and compliance with the resulting due diligence obligations are an important factor for the long-term success of both our company and the entire global supply chain and, therefore, expect all employees and suppliers to comply with the relevant requirements.

## B. Description of Risk Management

The scope of the corporate due diligence obligation extends to the TDK Electronics Group's own business operations, including all companies belonging to the group over which TDK Electronics AG has a decisive influence, as well as employees and suppliers along our supply chain.

### 1. Risk Analysis

The identification of risks and potential impacts as well as the implementation of effective measures are core elements to execute due diligence obligations resulting from the SCDDA. The early identification of human rights and environmental risks are of significant importance for an effective risk management system.

TDK Electronics takes a risk-based approach to identifying potential threats in the supply chain. This means that we derive all measures from appropriate risk analyses and prioritize them accordingly. As part of the risk analysis, we consider the nature and scope of our own business activities and the global supply chains. We examine the human rights and environmental risks as well as any impacts arising from our business activities. We also make use of digitalized risk data and analysis processes.

This appropriate risk analysis is carried out regularly - at least once a year - and on an ad hoc basis. An ad hoc risk analysis is conducted particularly in the event of a change in business activities or if we have substantiated knowledge of factual indications that a direct or indirect supplier may be in breach of human rights or environmental obligations.

### Identification of Risks

The identification of human rights and/or associated environmental risks from our suppliers is preceded by systematic data collection and processing. This is done based on internal and external data sources, which are used to determine country risks and product group risks in purchasing. Insights gained from audits and complaint mechanisms are also gradually being incorporated in order to continuously improve processes.

The data is then evaluated and weighted, taking into account the statutory criteria (severity and probability of occurrence). If risks are identified during this assessment, a detailed analysis of the risks is carried out. Through control measures, via

questionnaire or an audit, we attempt to substantiate the risks and identify actual negative effects on human rights and the environment.

## Prioritization of Risks

The risks are then prioritized. This is usually based on the severity of the risk, the severity of the impact, the reversibility of the breach and the degree of personal responsibility. We determine the degree of our own responsibility based on contribution and influence. The knowledge gained about human rights and environmental risks and impacts are criteria for our corporate decision-making processes. This applies, for example, to the selection and evaluation of suppliers.

## Priority Risks

The business activities of TDK Electronics as a manufacturing company with locations worldwide and a large number of suppliers and other business partners with global supply chains, entail inherent risks for people and the environment. Along our global supply and value chains, the groups of people listed below may be affected either potentially by our business activities or in the course of their business activities with regard to human rights and related environmental rights:

- Own employees,
- Employees of our direct and indirect suppliers in the supply chain,
- Employees of business partners and joint venture partners.

This applies particularly to employees of our suppliers in the event of so-called "country risks". It refers to purchasing from suppliers who are based in countries where there are potentially higher risks of violation of human rights and/or environmental concerns. We are aware of these risks and counter them with risk-based measures.

## 2. Preventive Measures

We take appropriate preventive measures to fulfill our responsibility to respect human rights and protect the environment.

The Management Board of TDK Electronics AG receives regular and ad hoc information on the measures taken to implement and comply with the SCDDA. Responsibility for effective implementation is clearly regulated throughout the company and lies with the relevant operating units of the TDK Electronics Group companies and the business partners, who must fulfill the due diligence obligations that apply to them.

TDK Electronics has certified management systems in the areas of occupational health and safety, environmental protection, and energy management, amongst others, which minimize risks through Group-wide, systematic work according to specified processes.

The human rights and environmental due diligence requirements from the SCDDA are - as far as possible - integrated into our company's existing management systems and regulations and procedures, such as for occupational health and safety, environmental protection, and supplier management, which describe our priorities in the respective



areas. We also use the company-wide compliance management system, in connection with the provision of protected complaint channels and the handling of incoming complaints.

### **Occupational Health and Safety Management System**

TDK Electronics' occupational health and safety management system is designed to identify hazards and prevent accidents and occupational illnesses. It fulfills the requirements for occupational health and safety in accordance with ISO 45001 and is certified. The Group certificate for ISO 45001 is valid for all production sites worldwide. Maintaining safe working conditions and a healthy working environment for all our employees is our top priority.

### **Environmental Management System**

TDK Electronics' environmental management system serves to identify and prevent environmental impacts. It complies with ISO 14001 and is certified. The Group certificate for ISO 14001 is valid for all production sites worldwide.

### **Energy Management System**

TDK Electronics' energy management system is used to identify and optimize energy efficiency. It complies with ISO 50001 and is certified. The ISO 50001 certificate is currently valid for all European production sites.

The RBA Code of Conduct includes numerous obligations regarding the basic human rights of our suppliers' employees. These include the following principles:

- Free choice of employment (prohibition of forced labor)
- Ban on child labor
- Fair employment conditions
- Humane treatment
- Prohibition of discrimination
- Freedom of association

We require compliance with the Ten Principles of the UN Global Compact and the RBA Code of Conduct as part of supplier approval and contractual agreements with our suppliers. We expect them to also commit to respecting human rights and protecting the environment, to establishing appropriate due diligence processes and to passing these principles on to their own suppliers. TDK Electronics requires its suppliers to ensure that their organization and all their subcontractors and suppliers comply with the Ten Principles of the Global Compact and the RBA Code of Conduct. We expect our suppliers to communicate and actively promote the standards of these principles throughout their supply chain. To promote partnership with our suppliers, TDK Electronics has created a dedicated supplier page on its website that explains our philosophy of collaboration in terms of reliability, transparency, communication and sustainability.

TDK Electronics has implemented a digital process to check its suppliers. The entire review process, from registration to supplier approval, is standardized worldwide and

includes a review of suppliers with regard to compliance with human rights due diligence obligations, the Ten Principles of the United Nations Global Compact and the RBA Code of Conduct. Suppliers are also checked with regard to compliance with environmental requirements (e.g., whether a certified environmental management system is in accordance with ISO 14001 or a substance management system that includes the most important EU directives such as REACH & RoHS is in place).

### 3. Control Measures

TDK Electronics regularly carries out control measures. The aim of these control measures is to examine compliance with requirements, risks and notices and to thoroughly check whether there are actual violations of the law.

The Management Board of TDK Electronics AG has appointed a Human Rights Officer to support and monitor due diligence requirements and processes.

To ensure and monitor the implementation of our due diligence obligations in accordance with the SCDDA, we use our company's internal control system and the auditing of the business units through our audit function as well as business-related controls. In our own business area, the effectiveness of the environmental protection, energy and occupational health and safety management systems, the implementation of environmental, energy and occupational health and safety regulations, as well as compliance with ISO 14001, ISO 45001 and ISO 50001, are reviewed annually, as part of the management review, and internal and external audits.

The anchoring of the obligations arising from the SCDDA in the company-wide management systems is continuously being improved. All production sites have so-called "CSR coordinators". The CSR coordinators at all TDK Electronics production sites worldwide record the CSR status of their respective sites using a comprehensive questionnaire based on the globally established RBA questionnaire. This CSR questionnaire goes beyond the Ten Principles of the Global Compact. It is an integral part of the internal and external CSR assessment audits to check conformity with the management system requirements, as part of the continuous process improvement.

CSR audits are also carried out in accordance with the RBA standards/guidelines. As a member of the Responsible Business Alliance (RBA), we began carrying out the RBA's own "Validated Audit Process" in the 2021/2022 financial year to demonstrate compliance with the RBA Code of Conduct. The first locations were successfully audited by external auditors and in some cases have achieved RBA Silver and Gold status. We will continue this process and have further sites audited by the RBA. The certificates for the evaluation of the sites in accordance with the above-mentioned guidelines (Ten Principles of the UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Rights and Principles at Work and UN Universal Declaration of Human Rights) are available on the [TDK Electronics website](#).

The continuous training of CSR coordinators, management and employees is another focus. For example, CSR coordinators and other employees were trained in the RBA

Code of Conduct and the RBA audit system. As a result of this training, TDK Electronics has one or more certified RBA auditors at each production site.

Regular training courses are held for employees in the areas of occupational health and safety, environmental protection and energy management to inform and train all employees about CSR, business ethics, sustainability and the 17 sustainability goals of the United Nations. The aim of these measures is to ensure that employees fully comply with the RBA Code of Conduct and the TDK Code of Conduct. The training concepts are continuously being further developed.

Reports on environmental protection and occupational health and safety are part of regular compliance reporting.

#### 4. Remedial Measures

Upon taking remedial action, we differentiate between violations in our own business area and from a direct or indirect supplier. In our supply chain, especially with indirect suppliers, the responsible departments of the TDK Electronics Group take action if there is substantiated knowledge. If there are reasonable grounds for suspicion regarding violations that have already occurred, or specific indications from ongoing media monitoring, we initially carry out an appropriate risk analysis.

If we discover that we as TDK Electronics Group or our direct or indirect suppliers have violated human rights and/or related environmental rights, or that such a violation is imminent, we will take immediate remedial action to prevent, stop or minimize the violation.

#### 5. Complaints Procedure

TDK Electronics has implemented a complaints management system so that we can effectively prevent and remedy negative human rights and environmental impacts. This consists of a whistleblower system that offers the opportunity for confidential or anonymous complaints in several languages and is generally accessible to both employees and third parties.

We investigate all reports and reasonable suspicions of violations of human rights or related environmental rights. As whistleblowers run the risk of being threatened or suppressed, we maintain anonymity and ensure confidentiality so that they are not threatened with reprisals. The information also helps us to continuously improve our human rights and environmental due diligence processes. We review the effectiveness of the existing whistleblower system once a year and on an ad hoc basis.

Contact information and further information hereto, particularly on the respective regulations and procedures, are published in the [Complaints Procedure Rules](#) on the TDK Electronics website. Complaints or reports of non-compliance with this Policy Statement may be sent to [complianceoffice.munich@tdk.com](mailto:complianceoffice.munich@tdk.com) or to the whistleblower system mentioned in the Complaints Procedure Rules.

## 6. Documentation and Reporting

The respective responsible units within TDK Electronics, document the fulfillment of due diligence obligations in accordance with the SCDDA. TDK Electronics informs its stakeholders and the public openly about its sustainability performance and goals, as well as about related needs and challenges. This takes place within the framework of legal obligations, participation in the UN Global Compact initiative and on the CSR pages of TDK Electronics and TDK Corporation.

## C. Further Information

We review this policy statement annually and as required; we update it immediately if changed or expanded risks are identified.

This declaration of principles has no retroactive effect and comes into effect on January 1, 2024. No rights of individuals or third parties can be derived from it.

## D. Contact

If you have any questions or comments about this policy statement or other human rights-related issues, please contact us by e-mail at [complianceoffice.munich@tdk.com](mailto:complianceoffice.munich@tdk.com)

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[www.tdk-electronics.tdk.com](http://www.tdk-electronics.tdk.com)

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## E. Appendix

### Links to sources on the TDK Electronics website

Global Compact

[www.tdk-electronics.tdk.com/en/global\\_compact](http://www.tdk-electronics.tdk.com/en/global_compact)

TDK Business Ethics

[www.tdk-electronics.tdk.com/en/1043066/company/sustainability/business-ethics](http://www.tdk-electronics.tdk.com/en/1043066/company/sustainability/business-ethics)

Sustainability

[www.tdk-electronics.tdk.com/en/180346/company/sustainability](http://www.tdk-electronics.tdk.com/en/180346/company/sustainability)

Partnership with suppliers on sustainability

[www.tdk-electronics.tdk.com/en/cr\\_supplier](http://www.tdk-electronics.tdk.com/en/cr_supplier)

Procurement principles and response to conflict minerals

[www.tdk-electronics.tdk.com/en/procurement\\_policy](http://www.tdk-electronics.tdk.com/en/procurement_policy)

Certificates for CSR assessment audits

[www.tdk-electronics.tdk.com/en/certificates](http://www.tdk-electronics.tdk.com/en/certificates)

Environmental protection

[www.tdk-electronics.tdk.com/en/environment](http://www.tdk-electronics.tdk.com/en/environment)

Occupational health and safety

[www.tdk-electronics.tdk.com/en/180312/company/sustainability/occupational-safety](http://www.tdk-electronics.tdk.com/en/180312/company/sustainability/occupational-safety)

Environmental protection

<http://www.tdk-electronics.tdk.com/en/180314/company/sustainability/environment-protection>

Material data sheets

[www.tdk-electronics.tdk.com/en/material](http://www.tdk-electronics.tdk.com/en/material)

RoHS II Directive of the European Union

[www.tdk-electronics.tdk.com/en/rohs](http://www.tdk-electronics.tdk.com/en/rohs)

China RoHS II

[http://www.tdk-electronics.tdk.com/en/china\\_rohs](http://www.tdk-electronics.tdk.com/en/china_rohs)

REACH

[www.tdk-electronics.tdk.com/en/reach](http://www.tdk-electronics.tdk.com/en/reach)