
Human Rights Report 2024

The TODA KOGYO Group has established the “TODA KOGYO Group Human Rights Policy” based on the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council (UNGPs). The Policy was approved by the Board of Directors in April 2023 for its establishment and disclosure.

We always respect fundamental human rights. We support and respect the United Nations International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The Policy applies to all directors, officers, and employees of the TODA KOGYO Group. We also expect all our business partners and other parties in the Group’s value chain linked to our business, products, and services to support and comply with the Policy.

>> [TODA KOGYO Group Human Rights Policy](#)

| Framework for Promoting Human Rights Initiatives

The Group’s Corporate Administration Division serves as the secretariat for promoting initiatives to respect human rights. The status of the initiatives is regularly reported to management and supervised by the President and CEO. We will continue to establish a more cross-functional structure to promote our human rights initiatives.

We receive expert advice from outside expert organizations, Tokio Marine dR Co., Ltd. (TdR), and Caux Round Table Japan (CRT Japan) to ensure the objectivity and legitimacy of our initiatives to respect human rights.

Initiatives

Education and Training on Human Rights

The Group provides regular education and training on business and human rights to our directors, officers, and employees.

For management, we have training sessions with outside experts to deepen understanding of business and human rights, catch up with the latest trends, and strengthen commitment to efforts to respect human rights. In the training session in March 2023, the directors learned about domestic and global trends on business and human rights and responses required of companies and discussed the content of our human rights policy. In the session in January 2024, the officers reviewed the Group's initiatives and cultivated a better understanding on human rights due diligence.

For employees, we held a training program in February 2023 to deepen their understanding of business and human rights and how to engage as a practitioner. On the occasion of human rights due diligence workshop for division and department managers in October 2023, we invited Mr. Hiroshi Ishida, Executive Director of CRT Japan, to give a lecture to cultivate their understanding of the global trends regarding business and human rights.

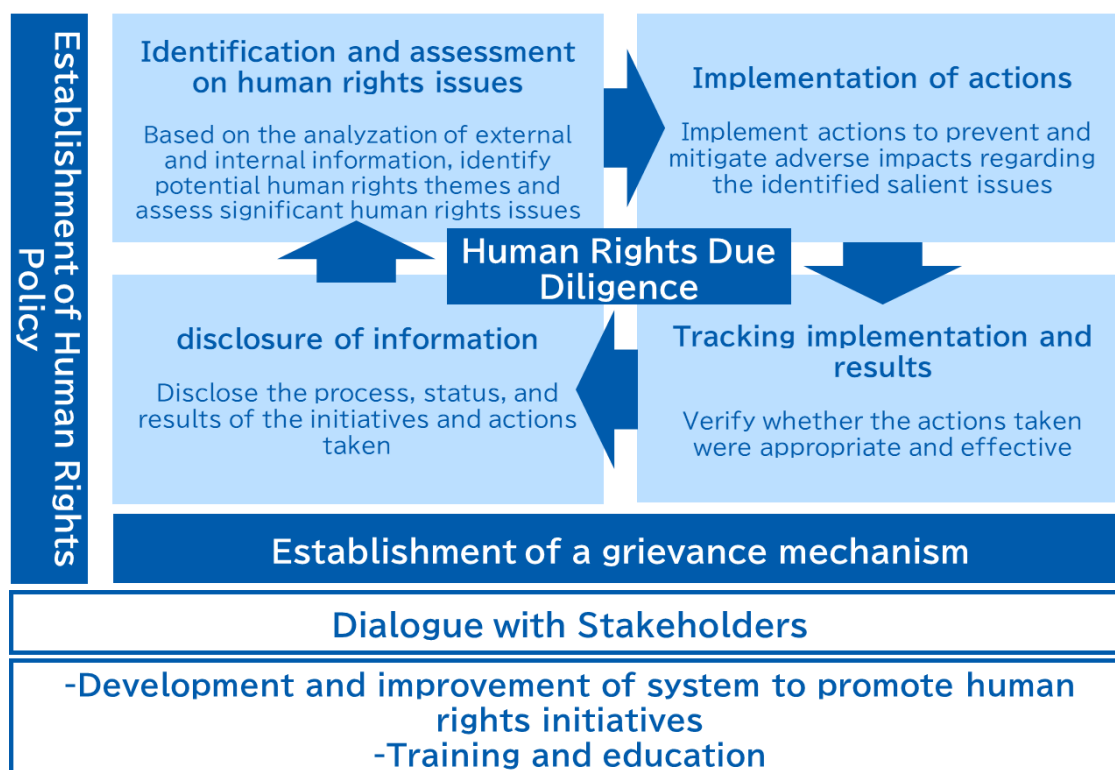
Human Rights Due Diligence

Basic Concepts and Approach

Through human rights due diligence efforts in accordance with the methods described in the UNGPs, the Group is building a management system that also takes into account external perspectives.

Specifically, we continuously implement a process that includes: identifying adverse human rights impacts in which we may be involved, assessing the actual situation regarding the identified impacts and taking appropriate measures to prevent and mitigate the impacts, tracking the implementation status and results of the measures, and disclosing the progress and results of the initiatives to the public.

<Human Rights Due Diligence Basic Flow>



Identification of Human Rights Themes (Implementation of Risk Assessment)

The Group analyzes information from both external and internal perspectives to identify potential human rights themes of concern in its business activities along the value chain.

From July to October 2023, we organized and analyzed information from an external perspective. We conducted a desktop survey on human rights risks and gathered information from international organizations, NGOs, government agencies, and other research organizations, as well as the insights of external experts. By cross-checking such information with the data regarding each basis of the Group and procuring raw materials that was collected with survey sheets, we identified potential human rights themes based on objective data. In this work, we analyzed information based on the types of risks proposed in the OECD “Due Diligence Guidance for Responsible Business Conduct” (sector risks, product risks, geographic risks, and enterprise-level risks). We have identified human

rights issues in the chemical sector, the issues related to minerals as raw materials, and the issues in each country and region where the Group's bases are located. This work was conducted by TdR and CRT Japan as third-party organizations and confirmed at regular meetings held by the Group.

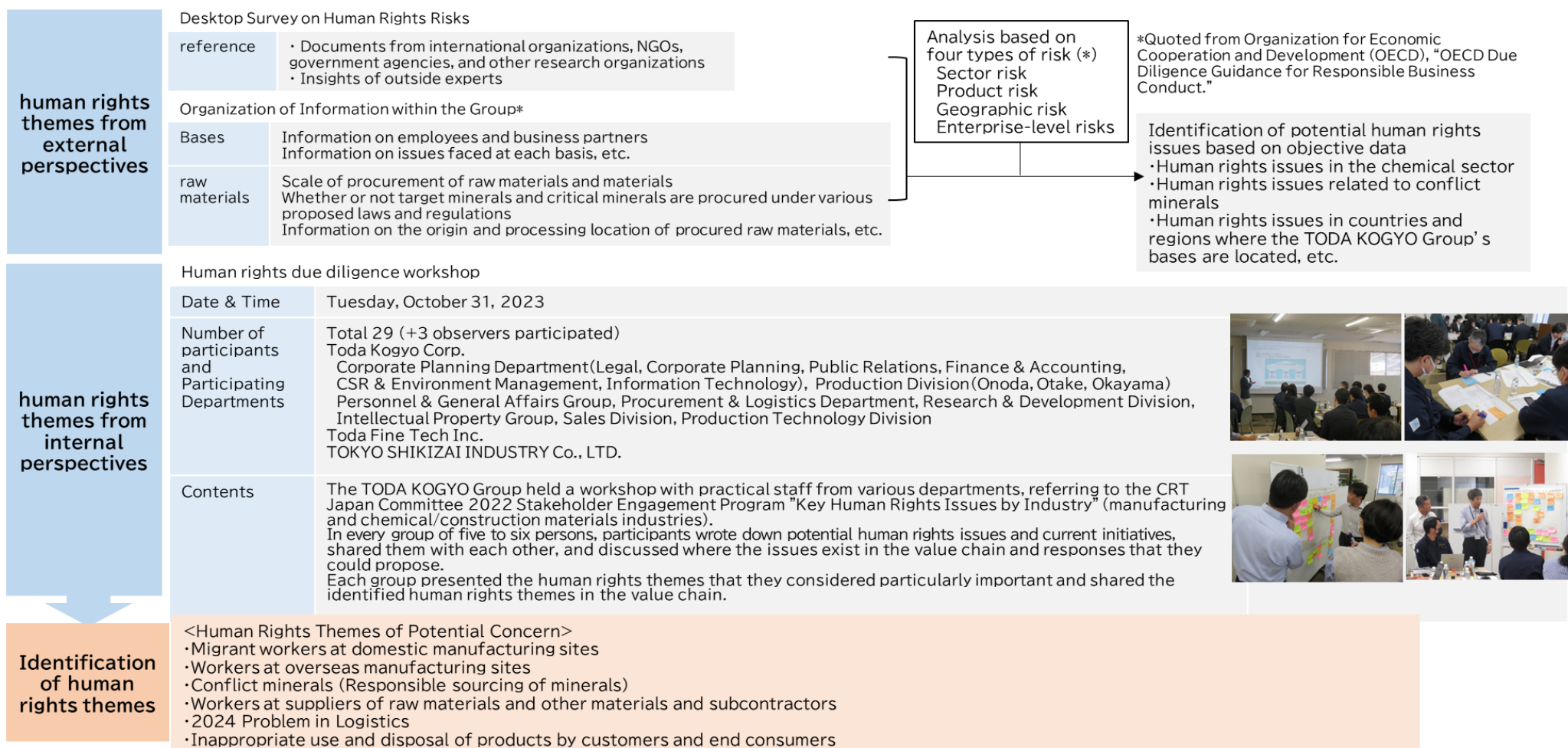
As for organizing and analyzing information from an internal perspective, we held a human rights due diligence workshop for 29 practitioners, including managers from various departments and Group companies on October 31, 2023. At the workshop, participants shared with each other potential human rights issues and initiatives in the Group's business activities. The participants discussed where and what issues exist in the Group's value chain (such as development and design, procurement, manufacturing, logistics, sales, use, and disposal), and how they are proposed to be addressed, and identified potential human rights risks of concern from a practical standpoint. The results were reviewed by third-party organizations, TdR and CRT Japan, at regular meetings held by the Group.

Based on the results of the above identification of human rights themes from both external and internal perspectives, and taking into consideration the opinions of external experts, we have identified the following human rights themes that are of concern for their potentially significant adverse impact on society.

<Human Rights Themes of Potential Concern>

- Migrant workers at domestic manufacturing sites
- Workers at overseas manufacturing sites
- Conflict minerals (Responsible sourcing of minerals)
- Workers at suppliers of raw materials and other materials and subcontractors
- 2024 Problem in Logistics
- Inappropriate use and disposal of products by customers and end consumers

<Risk Assessment Process Flow>



*Scope of the organization of information

[Bases] Target: 25 Group bases in Japan and overseas (Asia, North America, Europe)

Toda Kogyo Corp. (Head Office, Tokyo Office, Onoda Plant, Onoda Creation Center, Otake Plant, Otake Creative R&D Center, Okayama Plant), TOKYO SHIKIZAI INDUSTRY Co., LTD., Toda Fine Tech Inc., Kutsuwa Kako Co., Ltd., BASF TODA Battery Materials LLC, Central Battery Materials Co., Ltd., Toda America Incorporated, Toda Kogyo Europe GmbH, Toda Advanced Materials Inc., Toda Korea Seoul Co., LTD., TODA materials Inc., Toda Kogyo Asia (Thailand) Co., Ltd., Toda Plastic Magnet Material (Zhejiang) Corp., Zhejiang Toda DMEGC Magnetic Co., Ltd., Toda Magnequench Magnetic Material (Tianjin) Co., Ltd., Zhejiang Huayuan Pigment Co., Ltd., TODA (CHINA) CO., LTD., Jiangmen & Partners' Magnetic Product Co., Ltd., MECHEMA TODA CORPORATION

[Raw Materials] Target: Raw materials and materials with large procurement scale, and important minerals in various regulatory proposals and international initiatives.

Assessment of Human Rights Issues (Impact Assessment)

Among the human rights themes of potential concern identified in FY2023, “Migrant workers at domestic manufacturing sites” and “Workers at overseas manufacturing sites” were selected as priority themes based on the following indicators: the level of significance from a third-party perspective recognized in external desktop survey, the state of management over the issues, and the potential for response through direct impact and direct dialogue with the rights-holders.

In FY2024, of the two priority themes, we decided to start with “Migrant workers at domestic manufacturing sites” and specifically focus on technical intern trainees, who are likely to be placed in a vulnerable position due to the risks identified in external expertise. Although no technical intern trainees were confirmed as being employed by the Group, it was confirmed that our major business partner, KICHINAN GROUP, Inc. (hereinafter referred to as “the business partner”), employed technical intern trainees, who were engaged in packaging and transportation work at Okayama, Otake, and Onoda plants, which are domestic manufacturing bases.

Therefore, in July 2024, we conducted an assessment of human rights issues (impact assessment) for technical intern trainees employed by the business partner and engaged in on-site work at Okayama, Otake, and Onoda plants, which are domestic manufacturing bases. TdR and CRT Japan, as third-party organizations, visited the sites and interviewed 20 technical intern trainees and their managers. The interviews were conducted in a group interview format in a private room with an interpreter present in Indonesian or Bengali, the trainees’ native language, so that they could communicate smoothly and comfortably. During the interviews, participants were asked questions based on the Dhaka Principles to ascertain the work and living environment of the trainees. The Dhaka Principles are international principles for the responsible recruitment and employment of migrant workers developed by the Institute for Human Rights and Business (IHRB). In addition to conducting interviews, on-site visits to the trainees’ workplaces and dormitories were also conducted to confirm the environment in which the trainees are placed.

As a result of the impact assessment, we confirmed that the technical intern trainees indicated few concerns or problems with their living and work environments and were satisfied with the support system provided by the company and the supervisory organization. No serious problems were identified with the employment contract and work system, and the payment of salaries and safekeeping of passports and other identification documents were properly managed. The dormitories and apartments provided were also properly managed. Appropriate training and protective equipment were provided for work, and any problems could be resolved through mutual support among the trainees and interaction with Japanese staff in the workplace. On the other hand, some concerns were voiced by some trainees about living insecurity due to the high cost of

living and the weak yen currency, and also about the lack of language communication with Japanese staff. Although there were no complaints of problems from the trainees, some sites did not implement the following measures: the simultaneous use of their native languages in the pay slips provided and notices in the offices, safety education on chemicals, and the provision of prayer space for Muslims. To further respect human rights, the Group provided feedback on the comments of the trainees interviewed to the managers of the business partner, and worked together with them to make improvements.



Implementation of Actions and Tracking

Based on the results of the assessment of human rights issues (impact assessment) conducted in July 2024, the Group has been working with the business partner to implement measures in terms of living environment, language support, safety education on chemicals, respect for religion, dormitory environment, communication, and access to remedy for the technical intern trainees.

In January 2025, a tracking survey was conducted to confirm whether the environment for the technical intern trainees has improved through the initiatives. TdR and CRT Japan, as third-party organizations, conducted online interviews with the technical intern trainees at the Okayama, Otake, and Onoda plants, focusing on those interviewed in the impact assessment, to evaluate the effectiveness of the initiatives.

As a result, it was confirmed that, although the progress of the initiatives differs from site to site, some of the plants have implemented the use of their native languages on pay slips and notices in the site, creating an environment in which the trainees can obtain accurate information without any misunderstanding. Japanese staff members consulted with the trainees regarding the use of native languages on

warning signs, and it was clear that improvements were being made based on communication with the trainees. Other improvements were confirmed in the implementation of safety education for the trainees who handle chemicals, and in the awareness of the storage of valuables. In addition, it was confirmed that the trainees were aware of the consultation service in their native language provided by the supervising organization and use it as a place to consult.

On the other hand, some plants have not yet provided pay slips and warning labels in their native languages, which was recognized as an issue that should continue to be addressed. Some trainees said that safety training on chemicals, while meaningful in content, was difficult to understand in Japanese, and the Group and the business partner recognized the need for training that is more conscious of improving the trainees' level of understanding. In addition, some trainees continued to voice concerns about communication with Japanese staff, and we recognized the need to conduct harassment training and follow-up. Therefore, the Group conducted harassment training in February 2025 after the tracking survey. Some trainees also voiced concerns about the infrequency of meetings with supervising organization personnel. Other concerns were raised about allowances for hazardous work and support for National Trade Skills Tests, which had not been voiced at the time of the impact assessment. We believe that these issues can be improved through adequate communication with the trainees. The Group will continue to work with the business partner to address the issues raised in the tracking survey.



Watch your step

段差あり 足元注意

Hati-hati dengan langkahmu, karena masih ada langkah

একটি পদক্ষেপ হিসাবে আপনার পদক্ষেপ সতর্কতা অবলম্বন করুন

開放厳禁



粉じん拡散を防ぐため

Untuk mencegah debu menyebar
যাতে ধূলাবালি ছড়াতো না পারে

ドアを開けっ放しにしないこと

jangan biarkan pintunya terbuka
দরজা খোলা রেখে যাবেন না

開けたら必ずドアを閉じること

Selalu tutup pintu setelah membukanya
দরজা খোলার পর তা সবসময় বন্ধ করে দিন

ドアに足跡を付けないこと

jangan tinggalkan jejak kaki di pintu
দরজায় পায়ের ছাপ রাখবেন না

ドアを蹴ったりしないこと

jangan tendang pintunya
দরজায় লাথি মারবেন না

<Status of Actions and Tracking Survey Results>

Issues identified in impact assessment (as of July 2024)		Initiatives being taken or under consideration (as of November 2024)	Issues identified in tracking survey (as of January 2025)
Living environment	Due to the recent trend of high prices and a weak yen in the foreign exchange market, the technical intern trainees are having difficulty making a living on their basic salary alone. Many of them are requesting overtime work.	To be more conscious of the lives and health of the technical intern trainees and communicate with them daily.	Living conditions continue to be difficult due to the effects of high prices and the weak yen currency. It is desirable to continue to regularly check on the living conditions of the technical intern trainees.
Language support (pay slips)	Since pay slips are written in Japanese, the trainees use translation tools to check the contents.	To provide explanations in their native language on the model of pay slips and post them in the business office.	Some plants have provided explanations in their native languages, but the progress varies from site to site. Continued efforts are desired.
Language support (warning signs at work sites)	At some sites, the native language of warning signs is not compatible with some languages, which may be difficult for the trainees to understand.	To make progress on the use of native language signs.	Progress in response differs from site to site. Some plants have made improvements through communication with the trainees. It is desirable to continue to address this issue.
Safety education on chemicals	The trainees do not understand the details of the chemicals they are handling.	To implement safety education on hazardous materials in a phased manner.	The implementation of safety education was confirmed. In the future, it is desirable to conduct education with a greater awareness of improving the level of understanding.
Religion (Prayer area)	While there are Muslims among the trainees and the practice of praying, the prayer area is not often used. At some plants, the prayer area is part of the locker room.	To promote awareness of the prayer area and consider changing the location of the prayer area if it is located in a locker room that is also used by employees.	Although the trainees have not voiced any concerns, there has been no change in their perception of prayer locations. It is desirable to continue to consider the location and usage through communication with the trainees.

Dormitory (storage of valuables)	There is a locked storage area (safety box) in the dormitory for storing valuables, but most of the trainees do not use it. The safety boxes are not fireproof.	Safety boxes are provided and made known to the trainees, but their use is not enforced. To consider taking measures if the trainees wish to have fireproof safety boxes.	Compared to the time of the Impact Assessment, it was confirmed that awareness and use of the safety boxes have progressed. Continued action is desirable.
Communication	Some trainees raised concerns about communication with Japanese staff.	To conduct harassment training as a plant.	Concerns continue to be voiced, and it is desirable to continue to take actions, such as implementing training that was not conducted at the time of the tracking survey and periodically monitoring the trainees.
Access to remedy (Consultation Service)	When the trainees have problems in their work or life, they try to resolve them through communication with their colleagues in the workplace. There is no contact point where they can file a complaint anonymously with a third-party organization.	First, to promote awareness and use of the consultation services provided by the supervising organization and the business partner, instead of setting up third-party contact points. The supervising organization has a consultation service in their native language. Although the business partner has own consultation services, they are not well informed, therefore, we will make them known to the trainees in the same way as we do to Japanese staff.	While it was confirmed that many trainees were aware of and use the consultation services by the supervising organization, awareness of the contact point at the business partner is lacking, and some trainees asked TdR and CRT Japan about how to contact third-party organization. Continued action is desired regarding the consultation services.
Access to remedy (meeting with supervising organization)	At some plants, there appears to be a lack of regular meetings with supervising organization representatives, and there are concerns about the care provided for the trainees.	To discuss with the business partner to improve the frequency of meetings between the supervising organization and the trainees. Since there are cases where the person in charge is unable to conduct meetings due to the absence of trainees working the night shift, in the future, visits will be conducted after confirming the work shift in advance.	Some plants did not confirm the implementation of periodic interviews, as was the case when the impact assessment was conducted. Continued action is desired.

Future Initiatives

The Group will work with the business partner to address the human rights issues identified through the impact assessments and tracking surveys with regard to the theme of “Migrant workers at domestic manufacturing sites,” while engaging in dialogue with the technical intern trainees as rights holders.

We will also conduct an impact assessment on “Workers at overseas manufacturing sites,” the second priority theme, and check on the existence or possibility of human rights violations through direct dialogue with rights holders. If we recognize an existence or possibility of adverse impact on human rights, we will take action to prevent or mitigate it. We also track the effectiveness of the actions we have taken. We will also extend the knowledge gained from the establishment of the management system from an external perspective through human rights due diligence to our entire value chain, including our business partners.

The Group will repeatedly and continuously implement these human rights due diligence processes and disclose the progress and results of our efforts to external parties. As part of our efforts to build a relationship of trust with rights holders, we will also promote the development of grievance mechanisms.

| Stakeholder Dialogue

On October 21, 2024, we held a dialogue with overseas experts with expertise in business and human rights for the purpose of obtaining advice on the Group’s efforts. As a result, it was confirmed that there are no problems in the way the Group is proceeding with its efforts to respect human rights based on the UNGPs, and the Group was commended for setting up questions based on the Dhaka Principles in the interview survey for the impact assessment. The experts advised that regular follow-up is important in dialogue with rights holders, that education on cross-cultural understanding is important in light of the increasing number of migrant workers in Japan, and that it is desirable to expand the efforts of individual companies to the entire industry and supply chain.

On October 25, the project leader of the Group gave a presentation at the 13th International Conference on Business and Human Rights in Tokyo, hosted by CRT Japan, where he shared information on the Group’s efforts to respect human rights, and also deepened understanding of the latest international trends on business and human rights shared by the experts on the panel, as well as the latest efforts by Japanese companies to promote business and human rights through presentations by other panelists

The Group will continue to promote respect for human rights, drawing on the lessons learned from these dialogues with external stakeholders.

<Summary of Stakeholder Dialogue>

Date and time	October 21 (Mon), 2024 13:00-14:30
Venue	AP Tokyo Marunouchi
Overseas experts	<ul style="list-style-type: none"> •Mr. Guna Subramaniam Southeast Asia Regional Advisor, Migrant Workers Programme Institute for Business and Human Rights •Ms. Talya Swissa Engagement Manager, World Benchmarking Alliance •Dr. Bonny Ling Executive Director, Work Better Innovations •Ms. Lailani Tolentino-Rahon Country Manager, The Mission to Seafarers •Mr. Rishi Sher Singh Supply Chain Sustainability Expert, Advisor of Caux Round Table Japan



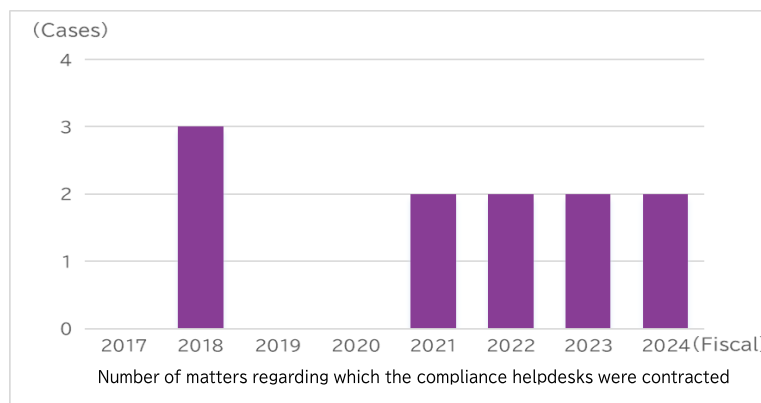
Grievance Mechanism

TODA KOGYO Group has established the following whistleblower systems.

Compliance Helpdesks

We have established compliance helpdesks both internally and externally. Internal personnel including the full-time Audit and Supervisory Committee member work for the internal helpdesk and our legal advisors are available for outside helpdesk. Each helpdesk has at least one female member. To facilitate contacts and to protect those who do contact helpdesks, we provide a broad range of options for contact, including oral communication, phone, e-mail, and writing. The helpdesks also accept anonymous contacts. The fact that any of the helpdesks is contacted and the information provided is treated as confidential information and under strict control to prevent those who make contact from being disadvantaged.

From FY2021 to FY2023, we have received contacts at a rate of two per year. Many of the matters regarding which helpdesks were contacted recently were about harassment.



Harassment Helpdesk Program

We have set up helpdesks at the department in charge and at an outside law firm. These helpdesks receive inquiries and complaints about acts of harassment and abuse and take proper actions in accordance with the Harassment Prevention Regulations.

In accordance with the UNGPs, the Group will gradually establish a grievance mechanism targeting rights holders who may be negatively affected by corporate activities, including those outside the Group, while engaging in dialogue with rights holders through Impact Assessments and other initiatives.