



# TDK CSR REPORT 2015

English version



## Top Commitment

**By conceiving ambitious goals for the medium and long term and building on our expertise in the materials sector, we will continue to create values that are meaningful to society.**



### **A Medium- to Long-Term Global Outlook Is Essential**

In December 2015, TDK will mark the 80th anniversary of the company's founding. Before embarking on this crucial year, we were able to change course towards a successful growth strategy, with the three key segments of passive components, magnetic application products, and film application products forming a well-balanced earnings structure. The structural reform that we have been implementing for the past few years is also beginning to show results, but in retrospect, I somewhat regret the fact that in the face of various adversities, a contraction has happened. An important duty of an enterprise is of course to expand its performance, but it is not sufficient to look only at short-term results. Rather, we aim to be a company that takes a medium- to long-term outlook in formulating its vision. We want to define a growth strategy inspired by the view of a bright future. To this end, we need to closely watch the changing trends in society, in order to give concrete shape to these developments through our business operations.

2015, in which we will celebrate the 80th anniversary of our company, is also a new starting point for 100th anniversary. In keeping with our corporate motto of "contributing to culture and industry through creativity," we have newly formulated the Corporate Vision and TDK Value, a set of action guidelines, that are destined to bring about a renewal and solidify further growth as we move towards the next major milestone in 2035. In order to continue to expand on a global basis while also keeping M&As in view, we must have strong DNA that enables us to grow into an even stronger enterprise. In that sense, we are confident that the newly defined Corporate Vision and TDK Value are well suited implementation on a worldwide scale. We shall closely watch where society is headed, and review our stance as necessary to always make an optimal contribution to the current times.

### **Promoting Solid Monozukuri from the Materials Level Up**

Fiscal 2015 will also mark the start of a new three-year medium-term management plan which encompasses the following aims: "Pursue 'zero-defect quality' based on superior technical capabilities," "Drive genuine globalization with speedy management," "Develop a new business with the revenue of over 100 billion yen following the 3 major business segments," and "Innovate the corporate culture and cultivate courageous spirits."

While continuing to strengthen our traditional focus areas including ICT, automotives, and industrial equipment & energy, we are also directing resources towards the medical and healthcare sector, aiming to contribute to a healthy and agreeable lifestyle against the background of an aging society. This sector is headed for significant growth in the future, and we are exploring ways of harnessing our unique technological expertise in a meaningful way.

This of course includes supplying the market with electronic components, but we also are going to support the

trend towards module integration. Each individual electronic component naturally has a bearing on the reliability of the end product, but thinking carefully about quality from the materials level upwards is at least as important. Furthermore, saving energy has become a crucial aspect of every kind of product. The energy saving advantages of a superior product will be lost if too much energy or too many resources are consumed in the process of making that product. After having successfully developed mass production technology for magnets requiring fewer rare earth materials, we are now promoting monozukuri techniques that focus on materials from the viewpoint of reducing environmental impact. We are also thoroughly reviewing the entire production process, aiming to configure optimized production lines. A pilot line for unified production from raw materials to finished products, along with efforts to identify issues are important aspects of our activities in this area.

### **Applying the Company's Founding Spirit towards Further Growth**

About 90% of TDK's entire output is being manufactured and marketed overseas, and about 90% of our staff are based overseas as well. The distinction between Japan and abroad has become all but meaningless. We must see ourselves as a truly global enterprise and boldly reform our corporate culture based on this premise. In terms of human resources, matters of nationality, race, or gender are immaterial, as we endeavor to attract capable people and support and reward those who show a strong motivation for growth.

Throughout its 80-year history, TDK has always placed the utmost importance on human resources. The technology that is our forte derives entirely from the efforts of our company members. Breakthroughs are only possible because of the people that make them happen. Having started out as a venture business, TDK is characterized by the bold spirit of individuals such as our founder Kenzo Saito, expressing originality and passion through a strong dedication to finding new ways of making things. This dedication to monozukuri should inform the actions of all our staff members now more than ever. Being interested in one's task and taking pride in determination is the keys to success.

Our aim is to be a company that is exciting to be a part of, a place where one's daily work engenders a positive outlook towards a bright future. This is the motivation that drives our efforts to help build a sustainable society.

Takehiro Kamigama  
President & CEO, TDK Corporation



## Editorial Policy

Each year, TDK publishes the TDK CSR Report in two media formats, as a booklet and on its website. One purpose of publication is to give employees and students who may be considering employment at TDK a deeper understanding of TDK. The other main objective is to explain to all stakeholders the TDK Group's approach to corporate social responsibility (CSR), the progress made during the past year, and the direction of activities based on our understanding of the expectations and needs of various stakeholders.

In 2015, as TDK celebrates the 80th anniversary of its foundation, the report includes the Group's new Corporate Vision and TDK Value, which were adopted

### Report Formats

The report is available as a booklet and a collection of web pages, in slightly different formats to match the characteristics of the respective media.

**Booklet:** A digest version focusing on important activity areas from a CSR perspective

**Website:** Compiled with reference to the Global Reporting Initiative (GRI) guidelines including comprehensive information centered on fiscal 2014 activity reports as well as detailed data (scheduled to be available in September 2015).

### Period Covered

FY 2014 (April 1, 2014 to March 31, 2015)

Some information covers activities outside this period.

### Organizations Covered

TDK Group\*

\* TDK Group: TDK Corporation and 117 consolidated subsidiaries in Japan and overseas

to contribute to the further development of a sustainable society and our own development. As we look back over TDK's 80-year history, we identified social issues that should be addressed in TDK's value chain and measures that TDK is taking to address those issues, and debated the relationships between the environmental, social, and governance (ESG) information disclosed primarily in the report and the creation of corporate value by TDK.

Also included are reports on the status of progress during fiscal 2014 regarding important activity areas from a CSR perspective and a presentation of initiatives categorized by stakeholder (web version).

### Major Organizational Changes during the Covered Period

Media Tech K.K., a specified subsidiary, was liquidated in the first quarter of the fiscal year and was excluded from the scope of consolidation.

### Date of the Report's Issue

August 31, 2015

(Previous issue: August 2014; next issue: scheduled for August 2016)

### Contact Information

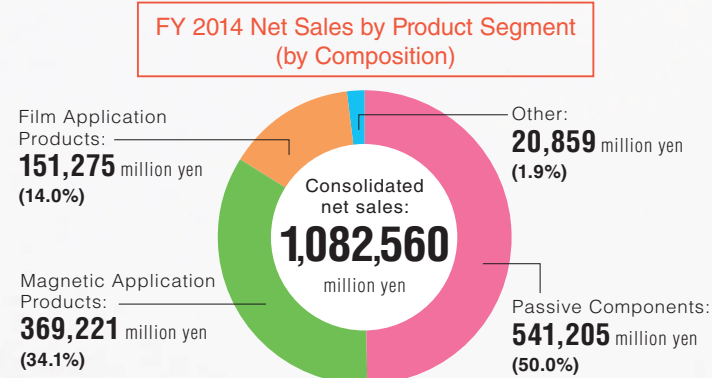
CSR Group, Administration HQ:  
+81-3-6852-7115

### Cover Page Design

The motif, based on the corporate vision adopted at the time of the 80th anniversary of TDK's foundation, represents four categories of TDK Value: Customer Focus, Challenge, HR Development, and Diversity (see page 6).

## Company Profile

**Name:** TDK Corporation  
**Headquarters:** Shibaura Renasite Tower,  
3-9-1 Shibaura, Minato-ku,  
Tokyo, Japan  
**Established:** December 7, 1935  
**Capital:** 32,641,976,312 yen  
(As of March 31, 2015)



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## Web-Based CSR Activity Information

Comprehensive data with a focus on reports regarding programs undertaken during fiscal 2014 and a survey form are available on the web.

We look forward to receiving your opinions and suggestions so that we may improve future activities and reporting.

### CSR WEBSITE

<http://www.global.tdk.com/csr/>

- Contribution to the World by Technology
- Development of Human Resources
- Society and Environmental Considerations in the Supply Chain
- Symbiosis with the Global Environment
- CSR Philosophy
- Responsibility to Customers
- Responsibility to Suppliers
- Responsibility to Employees
- Responsibility to Shareholders and Investors
- Responsibility to the Local Communities (Social Contribution Activities)
- Environmental Responsibility
- Dialogue with Stakeholders
- How the Public Sees Us
- CSR Data
- CSR Report
- Index

\* Website with CSR activity information (illustration uses previous year's page)



# TDK Progress on the Threshold of Its 80th Anniversary

## TDK's History

In December 2015, TDK will celebrate the 80th anniversary of its foundation. We look back on TDK's history over the 80 years since its foundation in 1935 with a focus on the corporate motto: "Contribute to culture and industry through creativity."

1935

Tokyo Denki Kagaku Kogyo K.K. established in Tamura-cho, Shiba-ku, Tokyo City for commercial production of ferrite core

1953

Synchro Tape, a magnetic recording tape introduced

1955

"Ulcon" Disc capacitor introduced

1958

"Paramistor" (a parametron arithmetic element using ferrite cores) wins the Grand Prix at Brussels World Exposition

1966

"Synchro Cassette Tape" introduced

1972

Winchester Heads developed

1978

VHS-format "Super AVILYN Video Cassettes" introduced

1980

Multilayering technique made from coils without winding developed

1992

Recordable CD-R compact disc with an organic colorant film introduced

1994

High-density recording MR heads introduced

2000

U.S. magnetic head maker Headway Technologies Inc. acquired

2005

Lambda Power Group (power-supply business) acquired  
Amperex Technology Limited, a manufacturer of polymer lithium batteries, acquired

2006

Magnecomp Precision Technology Public Co., Ltd., a manufacturer with technological strengths in suspensions, a key component of HDD magnetic heads, acquired

2008

EPCOS, a leading German electronic device manufacturer, acquired

2009

"Development of ferrite materials and their applications!" recognized as an IEEE Milestone by the Institute of Electrical and Electronics Engineers (IEEE)

2010

New recording density record set by combining vertical TMR heads with discrete track media

2013

Dysprosium (Dy)-free magnet developed  
TDK wins Grand Prize in technology division of 2013 CEATEC Awards for thermal assisted recording heads

2014

TDK named a Top 100 Global Innovator by Thomson Reuters for the third consecutive year

1935

First TDK world-leading innovation

Materials technology derived from ferrite

1966

Second TDK world-leading innovation

Magnetic tape technologies that substantially changed music enjoyment

1980

Third TDK world-leading innovation

Fine multilayering technology that supports more compact and lighter electronic devices

1994

Fourth TDK world-leading innovation

Magnetic head technology that achieves amazingly high recording density



First TDK world-leading innovation

Materials technology derived from ferrite



Fourth TDK world-leading innovation

Magnetic head technology that achieves amazingly high recording density

## Corporate Philosophy

Corporate Motto

Contribute to culture and industry through creativity

Corporate Principles

### Vision

Always take a new step forward with a vision in mind. Creation and construction are not born without vision.

### Courage

Always perform with courage. Performing power is born by confronting contradiction and overcoming it.

### Trust

Always try to build trust. Trust is born from a spirit of honesty and service.

## Looking ahead to TDK's 100th anniversary, we adopted a new Corporate Vision and TDK Value

In 2015, on the occasion of the 80th anniversary of its foundation, TDK adopted a new Corporate Vision and TDK Value. The Corporate Vision sets the direction that the company will take leading up to its 100th anniversary in 2035. TDK Value rigorously selects the corporate culture that has been established up to the present and indicates its possibilities and development with specificity. All Group personnel were informed about the Vision and TDK Value, and they are used when putting TDK's corporate philosophy into action.

### Corporate Vision Vision 2035

TDK was founded in 1935, based on the founder's vision and belief — "contribute to the advancement of the society through the commercial production of ferrite, a magnetic material which originates from Japan."

TDK achieved four world-class innovations including "ferrite, magnetic tape, multilayer materials, magnetic heads," and has been offering products to support the advancement of the society.

TDK will continue to strive to achieve further innovation and create value for customers through the delivery of outstanding quality products and services, by utilizing the diverse global resources.

Based on TDK's corporate motto, TDK will continue to "contribute to culture and industry through creativity," by revitalizing and protecting the global environment and creating a pleasant and safe society.

### TDK Value

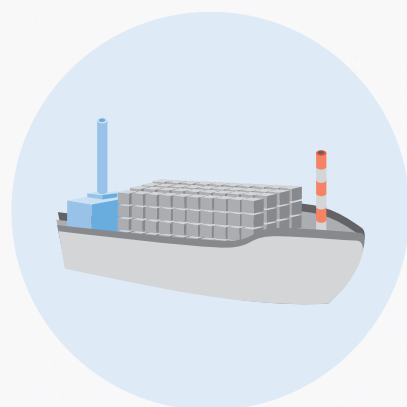
Category	Value
Customer Focus	<p><b>We have;</b></p> <ul style="list-style-type: none"><li>• Strong determination to contribute to our customers' success</li><li>• Passion to be a trusted partner for our customers</li></ul> <p><b>Therefore we can;</b></p> <ul style="list-style-type: none"><li>• Deliver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



# Consideration for Society in the Value Chain and TDK's Initiatives

## Procurement

TDK procures raw materials from around the world. Consideration for human rights and the environment by suppliers is also a part of TDK's role.



## Development

The development process holds the key to how TDK products can contribute to society and the environment.



## Manufacturing

TDK's focus is on reducing the environmental load during manufacturing, eliminating quality-related incidents, and ensuring occupational health and safety.



## Logistics

The mission of logistics is the stable, reliable, and timely supply of TDK products to customers.



## Sales

We seek to maintain high product quality while providing products that satisfy customers through consideration for society and the environment.



### Consideration for Society

- Supply useful products to customers
- Ensure product quality
- Comply with laws, regulations, and social norms
- Consideration for human rights and occupational health and safety
- Fair corporate activities
- Ensure stable supply
- Responsible sourcing of minerals
- Reduce the environmental load
- Ensure information security
- Build good relationships with local communities

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### TDK's initiatives

- Ensure the quality of purchased products
- Use CSR check sheets and implement CSR audits
- BCP/BCM
- Investigate and avoid conflict minerals
- Green procurement
- Mutually beneficial relationships with local communities

- Establish source management to prevent the planning and design of defective products
- Develop global human resources
- Conduct corporate activities based on TDK's Code of Conduct
- Product assessments
- Prevent data breaches
- Social contribution activities

- Ensure quality in one's own processes
- Develop human resources who can make manufacturing innovations
- Develop global human resources
- Conduct corporate activities based on TDK's Code of Conduct
- Implement CSR self-check and internal CSR audits
- Reduce the environmental load of plants
- Properly manage environmental risks
- Prevent data breaches
- Social contribution activities

- Ensure logistics quality
- Comply with logistics-related laws and regulations
- BCP/BCM
- Reduce the environmental load in logistics
- Prevent data breaches

- Customer satisfaction
- BCP/BCM
- Appropriate responses to CSR surveys, etc., from customers
- Promote sales of products that contribute to the environment
- Protect confidential customer information



## The TDK Group in the World

Since the company's founding in 1935, TDK's business has expanded into various countries and regions around the world. The TDK product lineup has also greatly diversified.

Remaining an important player on the world stage, TDK aims to keep delivering services and products that fulfill the needs of society.



## A Society Created through CSR Undertaken in Business Activities

Our society is facing various issues.  
TDK seeks to solve social issues through its business activities.

### 《 A Society Created through CSR 》

#### Symbiosis with the global environment

- Create transport systems that can supply electricity while operating
- Use and expand renewable energy
- Promote the increased use of eco-cars and hybrid vehicles
- Create electric power generation systems utilizing temperature differences

#### Improve the quality of life

- Create advanced robots
- Create wearable computers that can be used while attached to the body

#### Development of human resources

- Eliminate digital divides
- Expand data centers

#### A society where everyone can live safely and securely

- Develop safe, secure, and comfortable automobile-based lifestyles
- Create wearable devices that can inform users about their health status at anytime

### 《 Important Activity Areas from a CSR Perspective 》

Contribution to the world by technology

Development of human resources

Society and environmental considerations in the supply chain

Symbiosis with the global environment

### TDK's Five Core Technologies

Materials technology, processing technology, evaluation and simulation technology, production technology, and device and module technology

### 《 Markets that TDK Focuses On 》

ICT

Automotive

Industrial equipment & energy

### 《 Social Issues that TDK Addresses 》

#### Digital divides

Mobile broadband use rate (2014)

Developed countries: **84%** Global average: **32%** Developing countries: **21%** <sup>\*1</sup>

#### Population of disabled people

People with physical or mental disabilities worldwide (2011)

Approx. **1** billion people **15%** of the global population <sup>\*2</sup>

#### Aging of the global population

Population of people aged 60 years and older (2050)

**2** billion people <sup>\*3</sup>

#### Climate change

Increase in temperature (2100)

Maximum **4.8** °C <sup>\*4</sup>

#### Energy consumption

Global primary energy consumption (2040)

**19.3** billion tons <sup>\*5</sup>

#### Traffic accidents

Number of traffic fatalities worldwide (2010)

**1.24** million people <sup>\*6</sup>

Notes: \*1 From the Millennium Development Goals Report 2014 / \*2 United Nations Information Centres (WHO/World Bank Report) / \*3 United Nations Population Fund, "Ageing in the Twenty-First Century: A Celebration and A Challenge" (2012) / \*4 IPCC 5th Assessment Report (2013) / \*5 Forecast by the Institute of Energy Economics, Japan (2014) / \*6 WHO's Global Health Observatory data on road safety



# The TDK Group's CSR

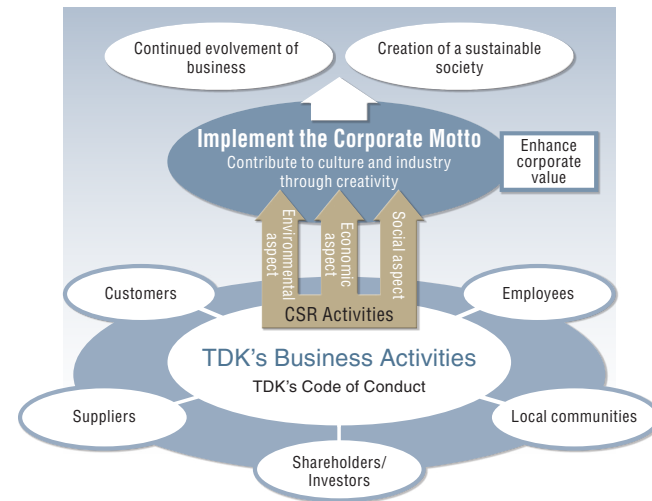
By putting the TDK corporate motto into practice and rigorously complying with corporate ethics, the CSR programs of the TDK Group seek to achieve continuous corporate development and the creation of a sustainable society. TDK's fundamental approach to CSR, its CSR structures and response to the GRI's G4 Sustainability Reporting Guidelines (GRI-G4 Guidelines) are explained below.

## The TDK Group's CSR

The TDK Group's approach to CSR is based on the practice of the TDK corporate motto and the thorough implementation of corporate ethics. Recognizing that TDK is a social entity supported by stakeholders, such as customers, suppliers, employees, shareholders, investors, and local communities, we promote CSR activities through our business activities on the basis of the TDK Code of Conduct and maintain communication with these stakeholders.

By carrying out the TDK corporate motto, we increase corporate value, and subsequently contribute to continuous corporate development and the creation of a sustainable society.

\* For the complete text of the TDK Code of Conduct, please refer to the following URL: [http://www.global.tdk.com/about\\_tdk/code\\_of\\_conduct/](http://www.global.tdk.com/about_tdk/code_of_conduct/)



## CSR Promotion Structure

Based on the activities of the Business Ethics & CSR Committee, which reports directly to the Board of Directors, the entire TDK Group acts in concert to address a wide range of CSR topics through collaboration with the CSR Group and other departments and business groups at TDK headquarters and TDK sites around the world.

### Business Ethics & CSR Committee

The Business Ethics & CSR Committee is headed by a director or corporate officer appointed by the Board of Directors and is made up of the members appointed by chair person of the committee in addition to the heads of key headquarters divisions. The mission of the committee is to solve issues relating to the TDK Code of Conduct involving employees of TDK Group companies around the world.

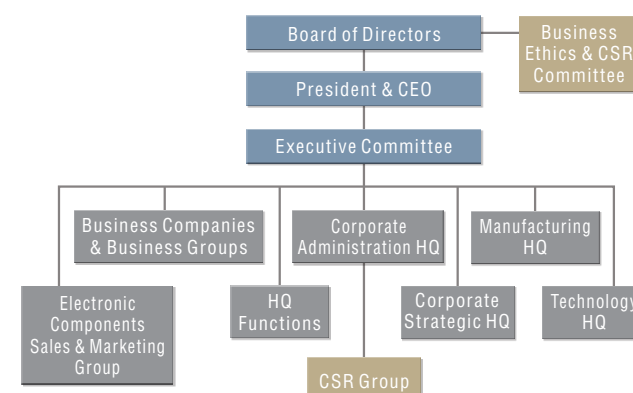
In addition, internal and external help lines have been established as a means for all TDK Group employees to report compliance violations, contributing to rigorous compliance

within the Group and preventing compliance violations for identifying and addressing them in a timely manner.

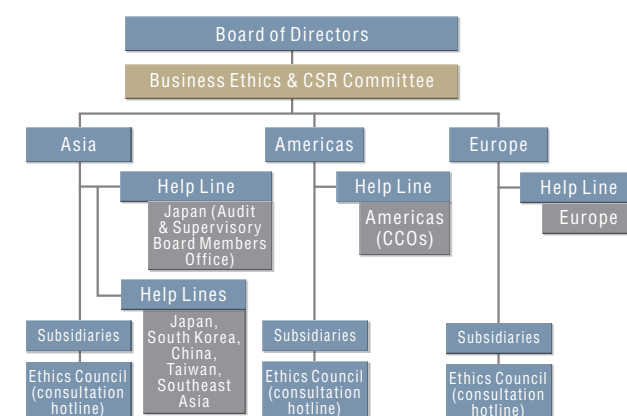
### CSR Group

The CSR Group has in-depth knowledge of social issues and requirements and promotes CSR programs in a professional manner. The CSR Group strategically examines the various demands received from customers and society from such perspectives as their urgency and importance, their impact on TDK, the capabilities of TDK, and the degree of contribution to society. Working closely with other departments in the company, the CSR Group formulates policies and implements responsive actions. The CSR Group also promotes CSR awareness in TDK and organizes training programs. The CSR Group is currently organized as a part of the Corporate Administration Headquarters.

#### | Organization



#### | Structure of Whistleblowing System



## Response to the GRI-G4 Guidelines

GRI, an international non-governmental organization that formulates and issues international guidelines on sustainability reporting, issued the GRI-G4 Guidelines in May 2013 with revised content that shifts the requirements from comprehensive information disclosures to material issues. The objective is to allow management to participate more deeply in CSR and for companies to determine reporting content with certain intentions. The GRI will require reporting in accordance with the GRI-G4 Guidelines starting in 2016, and

consequently, TDK is implementing the following processes to identify material issues.

Identifying social issues and prioritizing material issues from TDK's own perspective (steps 1 and 2) was completed in fiscal 2014. Going forward, we will examine priorities from the perspectives of stakeholders with the aim of reporting the results in 2016 and disclosing information in compliance with the GRI-G4 Guidelines.

### Prior Stages (Implemented in FY 2013)

#### 1. Analysis of current circumstances

We analyzed current disclosure levels with regard to compliant items, noncompliant items, and the degree of noncompliance in light of the GRI-G4 Guidelines.

#### 2. Increasing understanding

Relevant personnel took a GRI G4 certified training course to gain an accurate understanding of the intent of the GRI-G4 Guidelines.

#### 3. Organization of information sources

In order to identify material issues and broadly identify social issues, we confirmed how we collect opinions from each stakeholder group and how we engage in dialogue with them.



### Steps 1 and 2 (Implemented in FY 2014)

#### 1 Identifying social issues

We confirmed the content of day-to-day communications from information sources by stakeholder group and conducted simulations of various social issues in light of ISO 26000 and other international standards relating to CSR.

#### 2 Prioritizing material issues from TDK's own perspective

We organized priorities from TDK's own perspective into issues to be addressed with precedence (high priority), issues that should be addressed with an understanding of social demands and requirements (medium priority), and issues which we should be aware of as future topics (low priority) based on management strategies, the degree of impact that the TDK Group's business has on society, level of interest of stakeholders, and current responses with regard to the social issues identified above.

To the right are issues to be addressed with precedence based on the results of prioritization from TDK's own perspective. As a result of simulations, we reconfirmed our awareness of the importance of key activity items undertaken in the past from four CSR perspectives.

#### 1. Contribution to the world by technology

- Develop and expand sales of new products in three priority markets
- Pursue zero-defect quality based on advanced technological capabilities
- Expand sales of products that contribute to the environment

#### 2. Development of human resources

- Develop global human resources
- Promote a corporate culture that respects diversity

#### 3. Society and environmental considerations in the supply chain

- Work Environment considerations at manufacturing sites
- Work Environment considerations in supply chains
- Respond to conflict minerals
- Provide a stable supply of products

#### 4. Symbiosis with the global environment

- Respond to energy issues
- Reduce CO<sub>2</sub> emissions
- Effectively use resources



### Steps 3 and 4 (Scheduled for Implementation in FY 2015)

#### 3 Prioritization from the stakeholders' perspectives

Prioritization from the stakeholders' perspectives based on the opinions of experts and other factors.

#### 4 Finalization of material issues

Finalization of material issues for the TDK Group with the approval of management.



## Study Meeting Convened to Enhance the Grasp of Nonfinancial Information Disclosure

The question is emerging of how to interpret recent moves concerning the disclosure of nonfinancial information, an area in which importance is mounting on a global scale, and what responses the TDK Group needs to take. A study meeting was held this March at the TDK Head Office, to which two experts were specially invited to address this very topic. On hand for the gathering were 14 TDK Directors, Corporate Officers and other Group-level management staff members. The meeting commenced with talks from the two experts followed up with brisk discussions including the TDK participants.



The meeting was held on March 31, 2015.

### Defining the Importance of Nonfinancial Information, an Area Marked by Rising Expectations for Disclosure

The study meeting featured presentations by SRI and CSR expert Mr. Eiichiro Adachi of The Japan Research Institute, Limited and Mr. George Iguchi of Nissay Asset Management Corporation, an institutional investment firm. Both gentlemen delivered thought-provoking talks on recent trends surrounding disclosure of nonfinancial information.

In the EU, amendments have been passed that call for additional disclosure of nonfinancial information, as that region gears up for long-term economic growth and improvements in employment. In place in Japan since last year as dual measures serving the same basic end are the Corporate Governance Code (documenting guidelines for raising corporate value over the medium to long term) and the Stewardship Code (positioned to encourage responsible outlays by institutional investors).

During the first half of the meeting, the two experts particularly focused their explanations on the so-called "ESG factors" (referring to the Environment, Society, and Governance), which are drawing increasing interest and attention.

The second half evolved into a Q&A session with TDK participants. The exchanges were instrumental in confirming areas that included the following themes:

- "Vigorous debates are emerging on the proper approaches to corporate conduct for the purpose of creating corporate value, prompting the need to promote dialogue between investors and companies,"
- "For the sake of precision ESG evaluations, company-investor discourse will take on increasing importance over the years to come,"
- "It will be vital to devise disclosure methods that function to shift investor attention from the short term to medium- to longer-term perspectives," and
- "In the quest to sustain global progress, it will be imperative to adopt appropriate approaches and information disclosure for the labor and production systems at overseas bases, as well as on other key fronts."

TDK attendees also took the time to note areas in which they have developed greater awareness. As one case in point: "I feel from my daily experiences that greater stress is being placed on ESG, pointing to the need for TDK to also review our approach to how information is disseminated."



### Opinions and Proposals from the Experts



**Eiichiro Adachi**  
Counselor  
The Japan Research Institute, Limited

The scale of responsible investment has charted steady expansion, with worldwide outlays by institutional investors accounting for around 30% of the total of such investment at the end of 2013. It has become imperative to grasp the essence of this trend, while moving to actively disclose nonfinancial information and reflect that intelligence in corporate management and IR activities. Against such a backdrop, there is considerable significance in the fact that the Financial Service Agency is using the Stewardship Code to demand institutional investors to form a greater grasp of the responses to social and environmental issues at the companies in which they invest. The formulation of the Corporate Governance Code also represents a landmark move in that vein, in terms of its recognition of the structural elements of corporate governance in addressing social and environmental problems.

For investors, it is not only important to examine the overall flow of CSR, but also to discern the ESG factors, which comprise particularly important elements in both risk and opportunity, linking the businesses at each company. The majority of investors are starting to take greater notice of the strengths and distinguishing characteristics of each company, rooted in the various different backgrounds that define those companies. It is precisely for this reason that the need has emerged to consider the disclosure of such information on a management basis. In that sense, it has become tremendously important to not merely consign such work to the divisions in charge of CSR, but instead organize moves for promotion on a company-wide scale.



**George Iguchi**  
Corporate Governance Officer  
General Manager of Equity Investment  
Department  
Nissay Asset Management Corporation

The premise for long-term investment grounded in the Stewardship Code is multidimensional understanding of corporate activity. In my view, incorporating ESG evaluations into the management process in implementing corporate assessments serves to accelerate the grasp of such multidimensional activity, thereby contributing to improved investment performance over the long term. Within this process, harboring greater importance than short-term sales, earnings and other financial data, is a solid grasp of corporate ideology, management strategies, responses to environmental regulations, relationships between management and employees and other such nonfinancial information. Of particular importance is the "S" for "Society" in "ESG," which is tantamount to corporate DNA and the wellspring of any company's inherent value. In the eyes of investors, this area holds the highest priority of all. Investor activities channeled through this caliber of ESG analysis will lead to constructive dialogue with target companies.

Annual reports compiled from medium- to long-term perspectives rank as an extremely major presence. This is because the inclusion of ESG standpoints in the preparation of such reports positioned to integrate financial and nonfinancial information is destined to become an indispensable element in illustrating the process used to create corporate value. The dissemination of information regarding TDK's business and products is truly top caliber. I have high hopes for redoubled progress in that direction going forward, aimed at attaining ample communication of the company's ideology, long-term vision and its other qualities.



**Junji Yoneyama**  
Director &  
Senior Vice President,  
TDK Corporation

### Following the Study Meeting

If we equate companies to "people," financial information can be said to represent scholastic or physical energy capable of being numerically expressed in examinations, while nonfinancial information takes on the image of character traits, dispositions, or other elements that can only be ascertained through the accumulation of actual sustained dialogue. In recent years, at Board of Directors' evaluations of the company and other occasions, we have faced increasing questions along the lines of, "Just what is the DNA of the TDK Group, and what can be done to permeate those qualities throughout the Group?" More so than financial information, I am sensing a pronounced trend to measure the company in terms of its "character," whether it offers ample trust over the long term and can be expected to deliver a promising future. As we move toward the 80th anniversary of our foundation, I want to take full advantage of our outstanding traditions and corporate culture to further evolve ESG initiatives in all divisions, while properly conveying and sharing that information in an effort to spearhead the way to even higher corporate value.



## State of Progress in Important Activity Areas from a CSR Perspective

The TDK Group aims to realize a sustainable society and company by practicing our corporate motto of "Contribute to culture and industry through creativity." In addition, in consideration of their degree of impact on and importance to society and our company, we have selected four important activity areas and implemented PDCA cycles for them. The following is a report of achievements in fiscal 2014 and plans for fiscal 2015 in these four areas.

Important Activity Area	FY 2014 Action Plan	FY 2014 Results	FY 2015 Action Plan
<b>1</b> Contribution to the world by technology	Contribute to resolving social problems through business activities	<ul style="list-style-type: none"> <li>Continue to promote the development of products that contribute to the solution of social issues in the priority strategic fields of ICT, automotive, and industrial equipment and energy</li> </ul>	<ul style="list-style-type: none"> <li>Promoted the development of Wireless Charging (ICT), position sensors (automotive), NTC thermal sensor elements (industrial equipment and energy), etc.</li> <li>Will continue to promote the development of products that contribute to the solution of social issues in the priority strategic fields of ICT, automotive, and industrial equipment and energy</li> </ul>
<b>2</b> Development of human resources	Innovative craftsmanship training  Development of global human resources	<ul style="list-style-type: none"> <li>Continue to hold TDK Monozukuri Tradition Seminars</li> <li>Continue to hold the seminars at overseas sites depending on team composition</li> </ul> <ul style="list-style-type: none"> <li>Improve global human resources function</li> <li>Continue to implement cross-cultural communication training and IMD (International Management Development) seminars</li> <li>Continue to consolidate the Overseas Trainee Program</li> </ul>	<ul style="list-style-type: none"> <li>Held TDK Monozukuri Tradition Seminars (5 participants)</li> </ul> <ul style="list-style-type: none"> <li>Promoted the integration of sales activities in Europe and the standardization of educational tools, etc.</li> <li>Continued to implement cross-cultural communication training (106 participants) and IMD seminars (19 participants)</li> <li>Consolidated the Overseas Trainee Program (4 participants)</li> </ul>
	CSR awareness within the company	<ul style="list-style-type: none"> <li>Continue to implement e-learning and expand coverage (yearly implementation at cooperating sites and approach new group companies)</li> <li>Continue to implement corporate ethics and CSR education in training for new recruits and assistant managers</li> <li>Continue raising awareness for CSR in IMD seminars</li> </ul>	<ul style="list-style-type: none"> <li>Will continue to hold TDK Monozukuri Tradition Seminars</li> <li>Will continue to hold the seminars at overseas sites depending on team composition</li> <li>Will continue to improve the global human resources function</li> <li>Will continue to implement cross-cultural communication training and IMD seminars</li> <li>Will continue to consolidate the Overseas Trainee Program</li> <li>Will rearrange contents and continue to implement e-learning</li> <li>Will continue to implement corporate ethics and CSR education in training for new recruits and assistant managers</li> <li>Will continue raising awareness for CSR in IMD seminars</li> <li>Will make separate plans for compliance education</li> </ul>
<b>3</b> Society and environmental considerations in the supply chain	Promote CSR procurement  Handle conflict minerals regulations	<ul style="list-style-type: none"> <li>Continue to regularly revise CSR check sheets for suppliers and provide education and guidance</li> <li>Implement and improve quality of CSR audits of suppliers</li> <li>Implement CSR training at employment agencies focusing on labor and human rights</li> </ul> <ul style="list-style-type: none"> <li>Gather information and assess trends regarding the interpretation of the SEC's final conflict mineral rules</li> <li>Continue to respond properly to customers</li> <li>Implement regular surveys for newly purchased products and improve identification of smelters for existing purchased products</li> <li>Establish in-house arrangements in response to the interpretation of the SEC's final conflict mineral rules</li> </ul>	<ul style="list-style-type: none"> <li>Will continue to regularly revise CSR check sheets for suppliers and provide education and guidance</li> <li>Will implement and expand CSR audits of suppliers</li> <li>Will implement CSR training at employment agencies focusing on labor and human rights</li> </ul> <ul style="list-style-type: none"> <li>Strengthened items in CSR check sheets for suppliers and continued to provide education and guidance (13 suppliers)</li> <li>Implemented CSR audits of suppliers (13 suppliers)</li> <li>Implemented CSR training at employment agencies focusing on labor and human rights</li> </ul>
	CSR-based customer relations	<ul style="list-style-type: none"> <li>Implement regular TDK CSR self-checks at manufacturing sites and promote the improvement of risk management relating to labor and corporate ethics</li> <li>Continue to implement third-party audits once every two years (including requests from customers)</li> <li>Respond to CSR survey and auditing requests from customers in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>Will implement regular TDK CSR self-checks at manufacturing sites and promote the improvement of risk management relating to labor and corporate ethics</li> <li>Will continue to implement third-party audits once every two years (including requests from customers)</li> <li>Will respond to CSR survey and auditing requests from customers in a timely manner</li> </ul>
<b>4</b> Symbiosis with the global environment	Promote environmental activities	<ul style="list-style-type: none"> <li>Promote environment-oriented activities based on TDK Environmental Action 2020</li> <li>Continue toward achievement of carbon neutrality</li> <li>Reduce CO<sub>2</sub> emissions in manufacturing operations (environmental load): 1.07 million tons or less</li> <li>Increase reduction of CO<sub>2</sub> emissions through products (environmental contribution): 700,000 tons or more</li> </ul>	<ul style="list-style-type: none"> <li>Will promote environment-oriented activities based on TDK Environmental Action 2020</li> <li>Will achieve carbon neutrality</li> <li>Will reduce CO<sub>2</sub> emissions in manufacturing operations (environmental load): 1.05 million tons or less</li> <li>Will increase reduction of CO<sub>2</sub> emissions through products (environmental contribution): 1.05 million tons or more</li> </ul>



## Contribution to the World by Technology

TDK was established for the purpose of industrializing ferrite. Ever since then, we have created products that contribute to the development of society through our unique technology development. For us, doing our part for the world with our technologies also means contributing to society through our businesses. This philosophy is an integral, indelible part of TDK, and our mission will always be to work for social development by way of our high-quality products and services.

### Research and development costs

70.6 billion yen

TDK has focused on stepping up new product development for the ever-diversifying electronics sector, in advanced memory products and microelectronics modules for cellular communications in particular. Based on our materials and design technology, we have also concentrated our energies on devices for saving energy and environmentally friendly automotive applications, as well as next-generation infrastructure device research and development.

### TDK selected as one of Thomson Reuters' Top 100 Global Innovators

for the 3<sup>rd</sup> consecutive year (2014)



Corporations and research organizations selected for this award are judged not only on patent filing volume, but also on an assessment of whether or not they have commercialized notable inventions on a global scale. Criteria for selection includes: number of patents, success rate, global reach of patent portfolio, and influence of patents in citations. TDK received especially high ratings for number of patents, success rate, and influence of patents in citations.



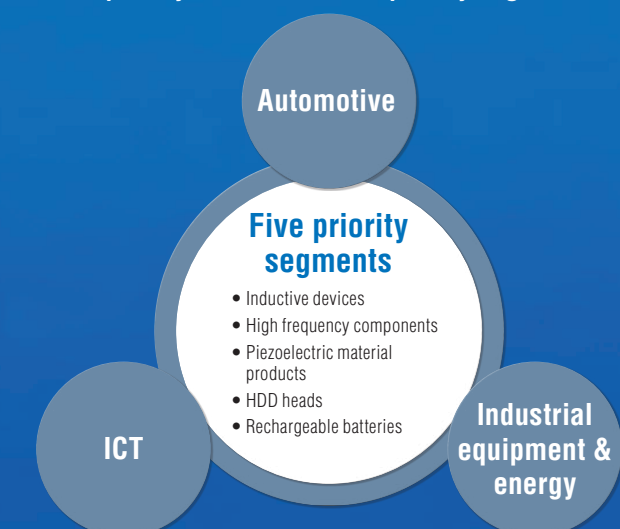
### Sales ratio for our three key sectors: ICT, automotive, and industrial equipment & energy\*

93.4 %

To help us overcome the challenges of the current competitive environment, we at TDK have conducted reviews and revisions of our entire business portfolio over the past few years, implementing structural reforms including the optimization of our manufacturing sites. Because we have made a certain level of progress on these initiatives, we have now concluded large-scale structural reforms. By focusing our business resources on our three priority markets of ICT, automotive, and industrial equipment & energy, as well as our five priority segments as of FY 2014 (mentioned below), we have secured growth and made the shift to a balanced profit structure where we can boost profits in each segment.

\*Includes HDD heads and suspensions

### Three priority markets and five priority segments





## Automotive

TDK is making significant contributions to improving performance and fuel efficiency in the next generation of environmentally friendly cars, such as hybrid electric vehicles (HEV) and electric vehicles (EV), as well as self-driving vehicles currently under development.



# Magnetics Technology from TDK Leads into the Future

Our mission is contributing to culture and industry through creativity. Ever since our founding days, the TDK Group has been advancing state-of-the-art magnetics technology, with the aim of helping to build a sustainable society. This section highlights a number of products used in areas to which TDK is devoting special attention.

## Industrial Equipment & Energy

The use of renewable energy sources is expanding worldwide. The lineup of innovative TDK products in this area is instrumental in efforts to resolve serious issues such as global warming and the depletion of resources.

## ICT

In an increasingly networked world, the power of craftsmanship which is a core strength of TDK also provides advantages when it comes to realizing other goals, such as making mobile devices more compact and versatile or enabling data centers to store more data while consuming less energy.

## ICT

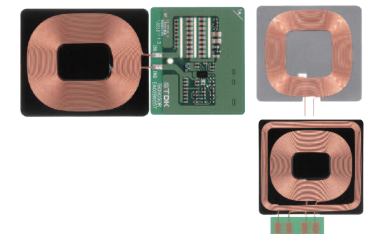
TDK is developing wireless charging systems for mobile devices. These not only make charging more convenient, they also help to protect the products against damage from water or sweat.



### Wireless charging for mobile devices

Beyond incorporating wireless communication capabilities such as Wi-Fi and Bluetooth, mobile devices and wearable devices these days are starting to go wireless in the charging process as well. TDK has harnessed its advanced know-how in magnetics technology to create a highly efficient, ultra low-profile wireless charging system. This approach also makes it possible

to eliminate the need for cumbersome battery replacement in very small electronic devices such as hearing aids. The system is suitable mainly for hearing aids and other wearable devices such as smart watches, as well as for mobile devices. It enables charging without physical contact.



The wireless charging systems that we are developing are employed in wireless charging systems for cellular phones, tablets, and various other electronic devices. The convenience of charging by simply placing a device on the charger is of course a huge advantage, but the approach also brings various other benefits. Reliability problems caused by conventional cables and connectors can be eliminated, and resistance against water damage and corrosion can be improved. And since there are no batteries that need to be replaced, the environmental load caused by discarded batteries can also be reduced.

During development, a major focus was on how to downsize the coil while keeping the rise in temperature as low as possible. To find the optimal specifications, various combinations of coil shape and magnetic sheet material and thickness had to be evaluated under real world conditions with actual prototypes. It was a long and difficult process. By utilizing magnetics technology which is one of TDK's strong points, we succeeded in realizing an industry-leading low-profile, light-weight product with high efficiency.

Wireless charging systems require no exposed contacts and therefore are extremely safe, which makes applications for wearables such as hearing aids and other healthcare products highly promising. With the aim of having sophisticated technology enhance the convenience of the end product, we will continue to develop, design, and manufacture products that help in dealing with environmental issues and the rapid aging of society.

We want to help create an environmentally and people-friendly society using TDK's tech power

**Feng Lung Chien** [right]  
Department Manager, Power Group  
TDK Taiwan Corporation

**Amos Chen** [left]  
Power Group  
TDK Taiwan Corporation





## Automotive

High-accuracy position sensors made possible by TDK's magnetics technology contribute to improved fuel economy and enjoyable and comfortable driving.



### Position sensors

Used in the DCT\* of automotive, this position sensor, which incorporates a magnet and magnetic sensor chip, performs position detection without physical contact. As the output of the sensor changes according to the orientation of the magnetic field of the magnet, the distance to the target object can be measured with high accuracy. The sensor can be used also when immersed in water, oil, or other fluids, and stable operation is maintained even in environments with high levels of noise.



\* DCT (Dual Clutch Transmission) is a type of transmission used in motor vehicles. It comprises two separate clutch and gear systems whose engagement with each other is altered in order to change gears. Compared to conventional automatic or manual transmissions, the energy loss when switching gears is significantly lower. In recent years, this system has become increasingly popular, as it helps to improve fuel economy and results in smoother gear changes, which makes for more enjoyable and comfortable driving.

## Industrial Equipment & Energy

Smaller and more robust temperature sensors enable higher functionality and greater energy savings.



### NTC (Negative Temperature Coefficient) temperature sensors

These compact sensors use a wafer base and have exposed electrical contacts on the top and bottom, allowing them to be directly incorporated in IGBT (Insulated Gate Bipolar Transistor) power modules. These modules are a type of semiconductor device that plays a vital role in implementing power control for frequency converters in industrial equipment. NTC temperature sensors integrated in power-saving-type IGBT power modules for industrial and automotive drive systems enable accurate temperature monitoring and control.



### Working together as a team to realize quality that merits the trust of customers

**Seiji Fukuoka** [left]  
Manager  
Automotive Group, Applied Products Section,  
Sensor Department, Sensor Business Group,  
TDK Corporation

**Toshihiko Oyama** [right]  
Assistant Manager  
Automotive Group, Applied Products Section,  
Sensor Department, Sensor Business Group,  
TDK Corporation



Wireless position sensors that can detect distance and rotation angle of target objects are essential components of DCTs, because they can provide accurate data about gear movement. Our newly developed sensor uses three magnets mounted to a moveable element. This allows highly accurate detection over a range of several tens of millimeters, based on the changes in the magnetic field that occur when the element moves. The use of magnets with outstanding environmental resistance ensures stable measurement even when facing the harsh environmental elements to which motor vehicles are exposed, including high temperatures, dust, water, oil, etc. The expertise in magnetics technology gathered by TDK since its founding has led to the realization of compact magnets in a layout that enables reliable detection over a wide area. The smaller size also contributes to a reduction in the use of resources.

During the development process for this product, numerous difficult challenges had to be overcome before the intended functionality and quality could be realized. Many customer consultations and a multitude of specification matching were required, and we also worked across several departments internally and repeatedly came together for discussion sessions. In this way, the problems were eventually solved one by one. As this is a product that helps to improve the energy efficiency of cars, we intend to continue working together as a team towards further improvements in functionality, in order to meet the expectations that customers and society at large are placing on us.

### Developing products that support high efficiency in industrial equipment

**Dr. Lutz Kirsten**  
Head of Product Marketing for NTC Sensor  
Elements, Sensor Business Group



Precise temperature monitoring is a prerequisite for the most efficient operation possible of IGBT modules in the frequency converters of industrial drive systems. Working in cooperation with leading semiconductor manufacturers, we were aiming for a compact yet robust and accurate wafer-based temperature sensor. The main challenges for my team were to develop a metallization for optimal bonding and to create a component able to fully withstand the high temperatures and pressure occurring during the semiconductor assembly process. These challenges were met and overcome through persistent repeated attempts. The result is the S860 series of NTC temperature sensors which can measure very delicate resistance value changes at temperatures as high as 125 °C. This makes it possible to operate the IGBT power module at its limit temperature where efficiency is highest, which in turn contributes to making industrial drive systems more energy efficient.

Our next goal, a new product currently under development, is a sensor that will sustain operation at up to 200 °C. It is destined for use in the next generation of power modules. By expanding our lineup of embedded-type NTC sensors, we aim to contribute to further energy savings.



# TDK's Vision for Future Society

At TDK, we consider it our mission to utilize our unique products and technologies for the greater good. Based on this vision, we seek to maximize the possibilities of the world of electronics. Here we outline our proposed contributions to the future.

## Building a lively, upbeat society where people can live in accordance with who they really are Applications in medical and health care fields



The percentage of elderly people is on the rise around the world, particularly in developed countries. At TDK, we are forging ahead with technical innovation with the goal of enabling people to live as they desire—and in good health—as they age, a wish common to everyone on the planet.

As more and more medical and healthcare equipment and devices enabling people to maintain optimal health and a comfortable living environment become available, TDK makes recharging these devices ever-more convenient with our wireless charging technologies. Our simple wireless system, an example of people-friendly equipment that does not require setup, eliminates risks such as electric shock and short circuits.

In addition, TDK's magnetic sensor technology plays an important role in preventive medicine, a field critical to the treatment of illness. Our high-performance sensors, which are being built into a variety of medical and healthcare devices, are now expected to come into a wide range of uses. They can help, for instance, to prevent serious diseases by accurately assessing blood flow and detecting irregularities such as blocked blood vessels at an early stage. In addition, our sensing technologies can assist people with disabilities in moving better by detecting neural signals, which in turn lessens the burden of physical labor put on nursing care personnel. In this way, we do our part for society through product development.

## We offer new value via a fusion of regional resources and elemental technologies Doing our part in the energy field



In Japan, for instance, TDK works to fuse regional resources and elemental technologies to resolve the two key social issues of national low energy self-sufficiency rates and the withdrawal of industry from the regions, while at the same time offering new value.

By utilizing TDK's sensing technologies, we will accelerate the introduction of IT in the various businesses which have previously been relying on experience and intuition.

In doing so, we will nurture regional businesses to become profitable. Meanwhile, we also maximum natural energy use with a view to meeting local electric power needs. TDK's power electronics products and anti-noise parts—which serve to cut costs associated with energy conversion and conveyance—facilitate the efficient use of energy. In addition, our research and development is also progressing in the area of harnessing miniscule amounts of energy, including heat, vibration, pressure, and temperature variation in the surrounding environment.

As the task of securing stable energy sources becomes increasingly difficult in tandem with climate change and world population growth, we seek to build systems where energy is generated and consumed in the same place, thereby fostering a more dynamic community.

CASE

2

## Development of Human Resources

We regard our employees as one of our most vital assets. They allow TDK to contribute to culture and industry through creativity—as our corporate motto states. The development of human resources, we believe, is the source of true and lasting prosperity for the company. Toward this end, we promote a variety of measures that build upon respect for individuality to give our employees the chance to extend their abilities and reach their full potential.

### TDK Monozukuri Tradition Seminar participants: (Total to date)

95

Since 2010, TDK has been holding TDK Monozukuri Tradition Seminars, a training program for up-and-coming personnel who have a future as plant managers and upper-level managers. This training develops leadership ability and the vision to see the entire process of monozukuri (craftsmanship-based manufacturing), along with the ability to visualize how to optimize the process overall. The aim of the program is to pass on TDK's spirit of monozukuri to the next generation. The diverse program encourages a basic spirit of self-training and self-development, and pushes participants to think for themselves, put ideas into practice, and study further.

### Cross-cultural communication training participants: (Total to date)

426

As the scale of our business has grown truly global, there is an increased need for all of our employees, not to mention overseas nationals, to improve their cross-cultural communication skills. With this in mind, TDK has strengthened its support for language learning, primarily through e-learning. TDK also conducts cross-cultural communication training sessions at various regional locations ultimately to enhance our ability to function as a global business.

### IMD seminar participants: (Total to date)

285

TDK conducts international management development (IMD) training to help our internal leaders acquire truly global skills and develop stronger borderless solidarity within the Group. This training is for candidates for managerial positions at the TDK Group's overseas affiliates. The training seminars have been held since 1997. They take the form of a week-long residential training course with lectures and workshops. The participants gain a deeper understanding of TDK's corporate philosophy, acquire a broader, more managerial perspective, and establish bonds that help build personal international networks. Some participants who have completed the IMD training have gone on to become presidents of overseas affiliates, playing a vital role in human resources development within the TDK Group.



### Overseas Trainee Program participants: (Total to date)

19

As our global business is expected to expand further in the future, the Overseas Trainee Program was established in 2010. Aimed at younger employees, this program involves year-long placements at overseas subsidiaries. Participants gain a better understanding of different cultures and how to make use of this knowledge. They acquire the ability to engage in global business and establish a personal international network. Besides sending trainees overseas from Japan, TDK also sends people from other countries to Japan.



## Global HR Department

## Making Maximum Use of TDK's Human Resources Asset as a Driving Force to Further Promote Globalization

### Andreas Keller

General Manager, Global HR Department,  
Human Resources Group,  
TDK Corporation

Looking back on activities in fiscal 2014 and outlining his future ambitions, General Manager Andreas Keller of the Global HR Department talks about the training and utilization of human resources in order to promote the TDK Group's goal of true globalization.



## Optimizing HR Utilization throughout the Group

### — Summary of FY 2014

Since the TDK Group launched the Global HR Department in September 2013, the scope of our activities has expanded to cover Japan, Europe, China, ASEAN countries, Korea, and the U.S.

It has also been decided to integrate the European sales activities of EPCOS into TDK in 14 European countries in order to appear as a uniform TDK Group.

From the perspective of human resources development, we made efforts to unify educational tools and programs in fiscal year 2014. Many sites and subsidiaries in Europe, the U.S., and ASEAN countries have already introduced this infrastructure, and we are now studying its introduction in China and Japan as well. The globalization of employee education will allow us to maximize Group synergy and share best practices throughout the Group. In addition, the Overseas Trainee Program, which is a scheme for personnel dispatched to and training at overseas sites, has been achieving results in accordance with the desired objectives as well.

Meanwhile, we have also been putting a lot of effort into building a Group-wide Talent Management system, the ultimate goal of which is to increase transparency in the TDK Group's assignment of human resources and to make sure that the right people are placed in the right positions.

Furthermore, we are promoting various measures aimed at optimizing the use of human resources throughout the TDK Group, such as a sales incentive scheme designed to increase further the engagement of employees and more important to align selling efforts across various brands in the TDK Group.

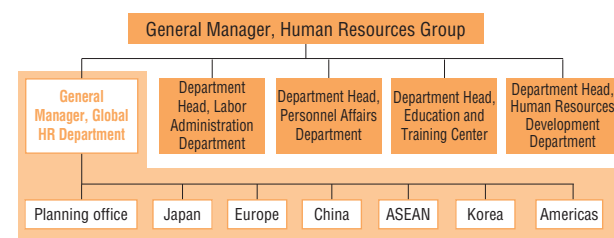
## Aiming to Become a Truly Excellent Global Company

### — Ambitions for FY 2015

Strengthening our recognition that human resources are the TDK Group's biggest asset, we will continue our efforts to utilize human resources with the aim of achieving sustainable growth in fiscal 2015. In order for TDK to continue creating innovations, it is important to build an environment that draws out the potential of every individual employee and unifies employees with different cultures and diverse skills as "One TDK."

Human resources exchange through the Overseas Trainee Program, job exchanges, and international training programs will be extremely important for enhancing Group synergy and consolidating and sharing the TDK spirit. By strengthening Group-wide collaboration around the world, we can fully utilize our human resources and turn them into a driving force for the promotion of true globalization.

### ■ Organization of the Global HR Department



As of April 1, 2015

## Development of Human Resources

## Overseas Trainee Program

TDK operates the Overseas Trainee Program with a view to the TDK Group's global development in the future. The aims of the program are to enable trainees to understand different cultures, acquire global business skills, and build personal networks. TDK conducts the planned dispatch of trainees to sites around the world so that they can learn about the business culture of their destination countries and explore the potential of TDK products.

### Chiaki Yoshikawa

(Place of work before overseas appointment)  
East Japan Home and Healthcare Department,  
Japan Sales & Marketing Management Division,  
Electronic Components Sales & Marketing Group,  
TDK Corporation  
(Place of work for overseas appointment)  
TDK UK Limited



### Polishing My Global Communication Skills

I wanted to make use of the Overseas Trainee Program because I realized that the difficulty of engaging in complex communication with people in other countries was an issue for me. At the moment, I am working in the sales and marketing division of TDK UK Limited.

Every day, I visit customers together with the local staff and engage in marketing activities. I try hard to gauge the interests, questions, and concerns of customers from their language and expressions. But even if I can understand the conversation itself, I still sometimes cannot understand the nuances contained therein. So I have to make modest efforts myself, like checking with my colleagues after the meeting.

It's been a valuable experience for me to accept and respect diversity and build relations from scratch with people of different backgrounds. After this assignment, I want to take advantage of what I have learned in my work and put it to use in realizing deeper communication with customers and colleagues in other countries.

### Matthew Cotton

(The Accepting Side)  
Managing Director,  
TDK UK Limited



### Training Human Resources to Challenge the Global Market

As the company accepting human resources, we have to constantly think of appropriate work assignments for individual trainees. It is by immersing themselves in the business culture of their destination countries and engaging in meaningful jobs that trainees can gain valuable experience that will be useful for them in their subsequent careers. By actually working on the front lines and taking part in communication with customers, they can substantially improve their language proficiency as well.

The Overseas Trainee System is very meaningful for the accepting side too, because it gives us an opportunity to understand the TDK Group's wide scope of activities. Even if they are initially a little perplexed by the arrival of a new member from a different cultural region, our employees soon develop a sense of togetherness with someone who belongs to the same TDK Group and is working toward shared goals. I believe that this system, which aims to train human resources who can challenge the global market in the future, brings enormous benefits to the TDK Group as a whole.

## Efforts in Recruitment Activities

### Looking for Creative Human Resources and Aiming to Grow Together

The type of person that TDK is seeking to recruit conforms with the four qualities cited in the new TDK Value issued in 2015, which are "customer focus," "challenge," "HR development," and "diversity."

At a time of volatile change in the business environment, the human resources needed to support TDK in the future are people who have a "customer focus" enabling them to identify what is really necessary, the courage to "challenge" difficulties and never give up, and the desire to thereby achieve "HR development" themselves.

Furthermore, at a time when our overseas operations account for more than 90% of both sales

and number of employees, "diversity" is essential if TDK is to continue developing as a truly global enterprise. We want to recruit talented people regardless of things like gender, nationality, and religion, and we want to turn those differences into our strength.

Both new young employees and midcareer recruits comment that if you speak out sincerely, TDK is a company that lets you do the job you want. That has been TDK's DNA since its founding, and it is deeply rooted in our corporate culture. We will continue our efforts to introduce various schemes and reform training in order to support employees who embody creativity.



### Takashi Otake

Department Head,  
Human Resources Development  
Department,  
Human Resources Group



## Respect for Diversity

## Study Meeting Held

## Thinking about Diversity as a Growth Strategy

As a global corporation of which about 90% of our employees are non-Japanese nationals, the question of how to transform the diversity of our human resources into a strength is an urgent issue for TDK. As the newly compiled TDK Value places emphasis on diversity, TDK invited an expert and held a study meeting in Japan in April 2015 aiming to deepen understanding of the essence of diversity.

In the study meeting, after a talk by Ms. Joanna Sook Ja Park, the representative of Appassionata, Inc., which provides consulting support for the utilization of diverse human resources and other matters, a discussion took place



Date of implementation: April 17, 2015

with the six TDK participants. Various comments were made during the discussion, such as "TDK should clarify how it defines diversity and where it will place emphasis" and "Through practice it is important to keep thinking and making necessary revisions." In particular, a lively discussion took place on the issue of not simply gathering diverse human resources together but clarifying scales of evaluation for the utilization of different opinions and values to achieve results. Ms. Park also stressed the precondition that "organizations place importance on respect for diversity precisely because it improves their performance."

## ■ Ms. Park's Main Opinions and Proposals

**Joanna Sook Ja Park**  
Representative, Appassionata, Inc.

### Utilizing Differences to Strengthen Competitiveness in the Market

Generally speaking, when we talk about "diversity," we tend to focus only on the utilization of women and overseas human resources. But actually no two people are exactly the same. If you have two or more people, you have diversity. So it is extremely important to understand the matter as something that concerns you yourself. TDK must not only build a personnel system for the promotion of diversity but also foster a corporate culture in which all employees, under the leadership of senior and mid-level management, think and act with respect for diversity. In addition, it is essential to have a perspective of "diversity and inclusion" enabling all diverse human resources to participate fairly in the organization's activities and fully display their abilities.

At present, against the background of globalization and changes in the demography,

the types of people working in companies are diversifying, and customer needs are continuing to spread in many directions as well. That is to say, the need for diversity is arising from both employment and the market. In the workplace, if diversity is being properly respected, the clash of different opinions will lead to innovation and creativity, which in turn will speed up the company's response to the ever-changing business environment and lay the foundations for enhancing market competitiveness. In the process of promoting diversity, various discord and friction can be expected to arise. But even with that cost, the benefits that the company gains from diversity are immeasurable. The important thing is to move forward step by step with a medium- to long-term perspective.

## ■ Reflecting on the Study Meeting

## Aiming to Transform the Diversity of Human Resources into Strength to Enhance Corporate Value

Respect for the diversity of its human resources is essential for TDK to realize its corporate principles and vision, in other words, its DNA. I realized once again that two elements are necessary: the building of a corporate culture in which the diversity of the more than 80,000 TDK Group employees around the world is respected and mutually recognized and strong management that points all of

these employees in the same direction. This cannot be achieved overnight, but in order to respond to the continually diversifying needs of the market, we need to make steady efforts to build an organization that continues to generate innovative creativity by displaying the abilities of its diverse human resources to the fullest.



**Noboru Saito**  
Senior Vice President and General Manager,  
Corporate Strategy, TDK Corporation



## Society and Environmental Considerations in the Supply Chain

As a midstream company at a time when CSR is demanded throughout the entire supply chain, the TDK Group is surrounded by a business environment that is heavily influenced by legislative systems, international industrial standards, and other factors in the supply chain. That is why we see society and environmental considerations in the supply chain as an important aspect of our activities.

## As a supplier

## No. of CSR audit requests received

(FY 2013–14  
cumulative total)

72 audits

We see CSR audit requests as an opportunity to upgrade our CSR activities. At the same time, amid moves to strengthen CSR activities in the supply chain as a whole, we are concerned that CSR audit redundancies among the companies will lead to a confused response and fatigue. Therefore, we see the number of CSR audit requests received as an important barometer. We will continue to gauge the number of audit requests and search for effective methods of implementing CSR audits in the value chain as a whole.

## No. of employees receiving CSR internal auditor training

(FY 2014  
cumulative total)

121 employees

We believe that giving employees a systemic understanding of requirements in CSR audits and having them master the basic skills for evaluating TDK's CSR activities will be important in upgrading our CSR activities in the future. That is why we see the number of employees receiving CSR internal auditor training as an important barometer.

## As a buyer

## CSR check sheets for suppliers

(No. of companies  
given improvement  
guidance)

13 companies

In order to realize CSR procurement that enhances corporate value for both ourselves and our suppliers, we believe it is important for suppliers themselves to notice things and make their own improvements. That is why we see the number of companies given improvement guidance as a result of CSR check sheets for suppliers as an important barometer.

## Response to conflict minerals

(Questionnaire retrieval rate)

99%

The distribution and retrieval of conflict mineral questionnaires for suppliers is an essential activity in response to this serious social issue. We see the questionnaire retrieval rate as an important barometer for gauging awareness among suppliers of the problem of conflict minerals.

## Response to conflict minerals

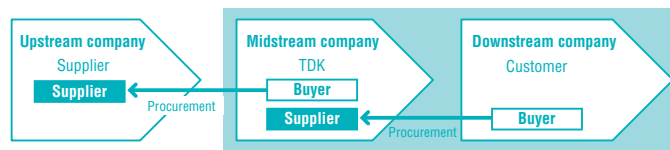
(No. of responses)

2,489 responses

We are aware that TDK's response to conflict mineral surveys from customers reflects our sincerity in tackling this serious social issue. At the same time, we believe that gauging the number of responses to surveys is an important barometer for determining our response burden.







## Efforts as a Supplier

TDK, which is a supplier of products to customers, endeavors to incorporate society and environmental considerations at all of its sites. Through self-checks, audits, and other measures, we promote CSR which leads to enhanced corporate value.

### Efforts at TDK's Production Sites

TDK has compiled the TDK CSR Self-Check Sheet, based on the Electronic Industry Citizenship Coalition's Code of Conduct, with the aims of understanding issues in CSR activities and replying speedily to customers. This self-diagnosis is implemented at main production sites every year. Furthermore, TDK responds to requests from customers for CSR audits, which have been increasing in recent years, seeing them as a good opportunity to further raise the level of CSR activities. Regarding high-risk regions and production sites, as well as customer CSR audits, we conduct internal audits by third-party organizations once every two years. Since 2013, TDK has also implemented CSR internal auditor training every year with the aims of conveying a systemic understanding of the requirements of these CSR audits and upgrading CSR activities at production sites.

### Response to CSR Audits

In fiscal 2013-14, TDK implemented CSR internal audits at five sites. Including responses to customer audit requests, we undertook CSR audits at an aggregate total of 72 sites. Audits were conducted at all sites in China, where there is a high risk of labor issues. Each site made improvements regarding highlighted matters, and the CSR Group shared information with related head office functions, called for attention to be paid to these problems, and reflected them in countermeasures.

Furthermore, continuing from fiscal 2013, CSR internal auditor training was implemented in fiscal 2014 in Japan and China. In particular, in China, where many audits are carried out, the emphasis was placed on case studies, and quality training was provided at an even higher level than the previous year.



#### Voice

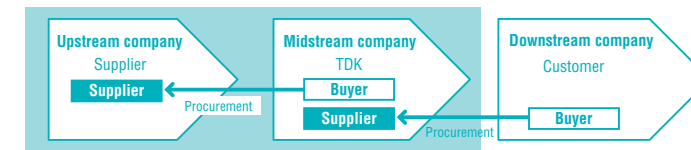
### Responding to Customer Expectations with a High Level of CSR

I am currently assigned to CSR promotion at TDK Xiamen Co., Ltd. In order to promote CSR throughout the entire supply chain, I believe that it is our responsibility as a supplier to respond to the CSR standards required by customers. At TDK Xiamen, we have received CSR audits on five occasions since our CSR Promotion Office was launched in 2013. The standards required by customers get higher each time, and the audits have become increasingly rigorous. So each audit poses a challenge for us, but we have been able to pass all of these audits due to thorough preparations, which include people in charge sharing audit aims, communicating closely with one another, and getting an understanding of the situation.

As a trend in CSR auditing recently, the maturity of our CSR management system has increasingly come into question, including topics such as the tasks of people in charge, assessment methods, and the sharing of audit results, so we must respond appropriately, including in the revision of our conduct guidelines. We will continue to make relentless efforts toward improvement and build a more systemic and effective mechanism.

**Shelly Chen**

CSR Promotion Office,  
TDK Xiamen Co., Ltd.



## Efforts as a Buyer

As a buyer procuring materials, TDK engages in CSR procurement emphasizing communication and builds solid relationships of trust. We believe that these efforts enhance the corporate value of both suppliers and TDK.

### Promotion of CSR Procurement

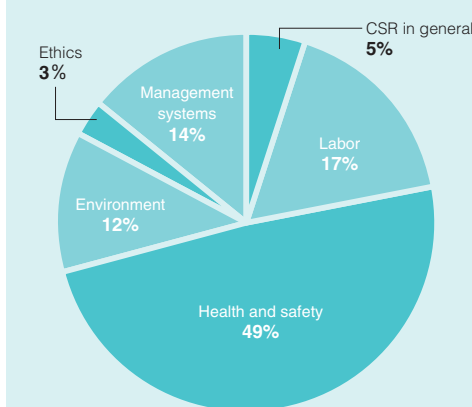
CSR procurement, which is included in TDK's purchasing policy, is an important issue for our company. Because we are a components manufacturer, we promote CSR from our position as a supplier. But it is also necessary for us to demand CSR among our own suppliers. Therefore, we require our suppliers to reply to a CSR check sheet every year, and if there are any issues with their answers, we request them to make improvements individually.

In addition, we have been implementing CSR audits with the aim of acquiring an objective understanding of the situation since fiscal 2012. We select suppliers for these audits in consideration of such factors as degree of importance and level of dependence in relation to products delivered to customers.

### Summary of CSR Audit Results (TDK Xiamen)

TDK Xiamen implemented CSR audits at 9 companies in 2014 and made a total of 118 findings. Of them, findings relating to health and safety accounted for 49% of the total. These included multiple instances of inadequate protection for workers engaged in jobs handling hazardous substances (specific medical examinations, protective gear, etc.), failure to secure evacuation routes, and inappropriate storage management of dangerous chemicals.

#### Breakdown of CSR Audit Findings



#### Voice

### Addressing Management Issues together with Suppliers

I am currently assigned to CSR audits of suppliers. The content of CSR audits covers a wide range of fields, and legal and professional knowledge is required. In actual audits, it can often be difficult to spot risks and determine problems, so it is necessary for auditors like us to make efforts to upgrade our own skills by regularly participating in training, taking legal courses, and receiving guidance from experts.

Furthermore, when we conduct audits, I think it is important for us, in consideration of the scale of the risk detected in the audit and the management conditions of the supplier, to point out problems and measures for improvement. By doing so, we can answer questions from suppliers accurately and with sincerity, which leads to suppliers understanding the importance of CSR and builds relationships of trust which ultimately enhances the corporate value of both parties.

I intend to continue making efforts to promote CSR by steadily mastering CSR knowledge and accumulating experience.

**Yafei Yan**

Procurement Division,  
Management Planning HQ,  
TDK Xiamen Co., Ltd.





### CSR Promotion in the Supply Chain

What are the expectations of TDK and on what points can TDK be praised in terms of promoting CSR in the supply chain as a whole? We invited Mr. Masaki Wada of Energetic Green for an exchange of opinions.

**Masaki Wada**  
CEO, Energetic Green

From 2001, Mr. Wada worked for companies related to sporting goods and apparel, and was active mainly in relation to the problem of human rights in the supply chain. From June 2013, he became involved in a foreign national training program at a public-interest foundation, and in August 2014, was appointed as co-representative of Energetic Green, where he conducts CSR-related research and consulting.



Date of implementation: May 11, 2015

### ■ Mr. Wada's Main Opinions and Proposals

#### Efforts of TDK as a Supplier

As audit requests from customers continue to increase, the burden on TDK sites of responding to those requests can be expected to increase in the future, too. Regarding human rights and labor in the workplace, regardless of industry it is certain specific issues that are likely to be questioned, such as forced labor, child labor, and long working hours. Therefore, it is important to gather your own survey results prior to requests and be ready at all times to submit material if an inquiry is received.

At present, I hear that TDK is making attempts to standardize records at its sites, such as the contents and results of external and internal audits conducted so far and countermeasures, and plans to disclose this information. That is a wonderful effort. It is an effective means of avoiding future risks and also has much

significance in terms of continuing to respond to customer requests. I definitely hope that you will actively promote this measure.

Furthermore, when preparing to establish an overseas site, TDK makes a checklist of items that should definitely be implemented and conducts a feasibility study including not only quality, equipment, cost, and so on but also the CSR perspective. This is an excellent approach as well. I hope that TDK well understands the importance of conducting operations on the basis of the 4Gs and acts accordingly. (Known as the "four gen principles" in Japanese, the 4Gs are go to the source, go down to the factory floor, grasp the actual situation, and get together with local employees.)

#### Efforts of TDK as a Buyer

When you have so many suppliers, it is difficult to conduct self-assessment questionnaires, audits, and improvement guidance in a uniform manner. So priority is important. It is essential for TDK to clarify its guidelines taking into account such factors as dependence on suppliers.

TDK currently conducts CSR audits on suppliers and is putting a lot of effort into audit training, so now you have reached the stage where you must ask yourselves what should be the aim

beyond that. The concept of capacity building is going to become increasingly important. This means including the perspective of growing together in improvement guidance for suppliers and supporting the strengthening of the supplier's organization through guidance. As one aspect of information disclosure, it might be a good idea to include the guidance provided on each matter in future reports.

### Required Role in the Industry as a Midstream Company

Since TDK is a midstream company, you are able to view the supply chain from the perspectives of both supplier and buyer. It is essential at all times to have an understanding of what is trending in the supply chain. It might also be a good idea to team up with NPOs and NGOs and seek their guidance on the latest human rights issues and CSR audits.

It is unfortunate that so far midstream companies have not shown a strong presence in compiling self-assessment questionnaires and so on. As globalization proceeds, it will be unavoidable for midstream companies to firmly express their thoughts. I hope that TDK will strengthen collaboration in the industry and across other industries and formulate standards so that you can take the initiative in international society.

CASE

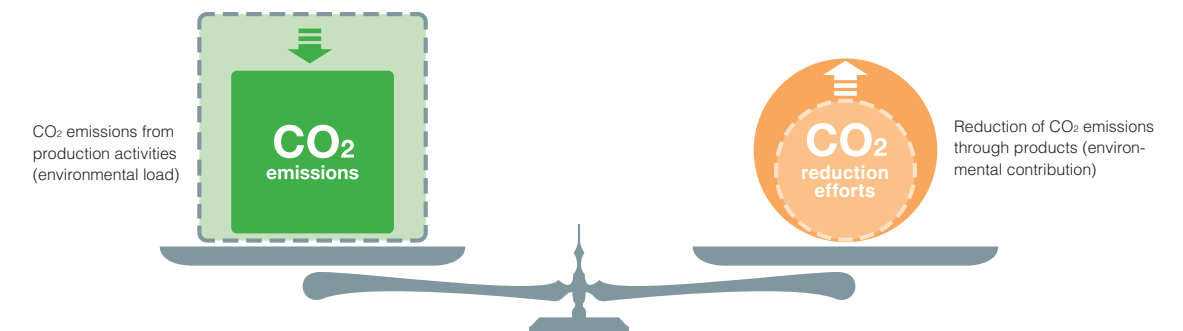
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## Symbiosis with the Global Environment

TDK has formulated the TDK Environmental Charter as the environmental policy of the TDK Group as a whole. TDK recognizes that symbiosis with the global environment is an important management issue and aims to contribute to sustainable development. To realize this goal, TDK has formulated an environmental vision called TDK Environmental Action 2020 and is conducting activities with the target of becoming the first company in the electronic components industry to achieve carbon neutrality.

### TDK's Aim of Achieving Carbon Neutrality

CO<sub>2</sub> emissions from production activities (environmental load) – Reduction of CO<sub>2</sub> emissions through products (environmental contribution) ≤ Zero



CO<sub>2</sub> emissions from  
production activities  
(environmental load)

1,068 thousand t-CO<sub>2</sub>

Environmental load involves many factors, such as resource and water use, but we realize that the biggest factor at TDK is CO<sub>2</sub> emissions from production activities. That is why we are making efforts to reduce these emissions.

Reduction of CO<sub>2</sub> emissions  
through products  
(environmental contribution)

1,251 thousand t-CO<sub>2</sub>

Environmental contribution involves many factors, such as the use of renewable energy, but we realize that the biggest factor at TDK is the reduction of CO<sub>2</sub> emissions through products. That is why we are making efforts to expand the scope of emission-cutting products.





## Reduction of CO<sub>2</sub> Emissions from Production Activities (Environmental Load)

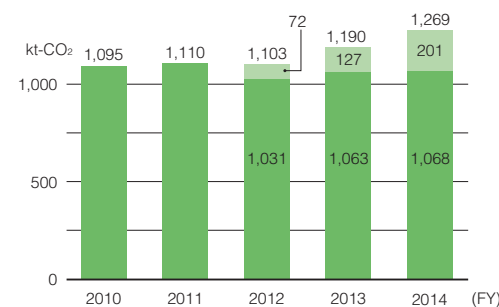
The TDK Group engages in capital investment and energy-saving activities at each site in order to reduce CO<sub>2</sub> emissions from production activities.

### Achievements in FY 2014

TDK Environmental Action 2020 sets the target of reducing the TDK Group's global CO<sub>2</sub> emissions to less than one million tons by March 2021.\* As a result of the continued promotion of energy-saving activities at production sites around the world, CO<sub>2</sub> emissions amounted to 1.068 million tons in fiscal 2014, which was under the fiscal year target of 1.07 million tons.

\*Applicable to sites at the time of compilation of TDK Environmental Action 2020 that commenced activities in fiscal 2011.

### Trends in CO<sub>2</sub> Emissions from Production Activities (Global)



Note: The light green parts of the graph indicate emissions at plants that were newly added after compilation of TDK Environmental Action 2020.

### Example from the Kofu Plant in Japan

As a replacement for outdated turbo refrigerating machines which produce chilled water for use in production and clean room air conditioning, TDK's Kofu Plant introduced highly efficient machines and also reviewed the system for transporting chilled water, boosting heat quantity visualization, increasing the variability of chilled water flow, and introducing free cooling\* in the winter. The resulting reduction of CO<sub>2</sub> emissions amounted to 999 tons per year.

\*Free cooling is a system for producing chilled water for air conditioning and production equipment that uses a chilling tower to make use of the low external air temperature in the winter.



### Voice

### Promoting Energy Saving through Cross-Sectional Communication



The energy-saving subcommittee at TDK's Kofu Plant

More than 30 years have passed since the Kofu Plant was built, and on the occasion of the replacement of outdated equipment, it was decided to promote energy-saving activities. In the promotion of these activities, emphasis was placed on communication. The Kofu Plant consists of many divisions, so cross-sectional communication among them was essential. When repairing buildings and production equipment, repeated discussions were held with the users, who asked whether the energy saving would have any adverse impact on manufacturing conditions and also voiced their requests and opinions, such as "Wouldn't it be better like this?" and "Costs would be lowered even more if we did it like this." These discussions clarified the merits for both sides and improved the process. Through these activities, the participants became aware once again of the importance of creating an atmosphere in which related parties can communicate and air their opinions from their respective standpoints. In terms of contributing to the environment as well, the Kofu Plant intends to continue its role as a company that "contributes to culture and industry through creativity."

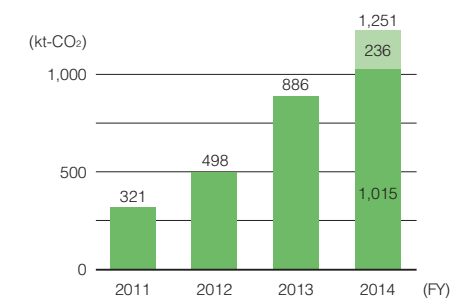
## Increasing the Reduction of CO<sub>2</sub> Emissions through Products (Environmental Contribution)

In order to increase its environmental contribution, the TDK Group is promoting visualization as a contribution of its technological achievements in product development and manufacturing.

### Achievements in FY 2014

TDK Environmental Action 2020 sets the target of increasing the reduction of CO<sub>2</sub> emissions through products to more than 1.0 million tons by fiscal 2020. In fiscal 2014, this environmental contribution amounted to 1.251 million tons through the expansion of applicable power supply products and efforts to establish calculation criteria for flash memories, aluminum electrolytic capacitors, and lithium ion polymer batteries.

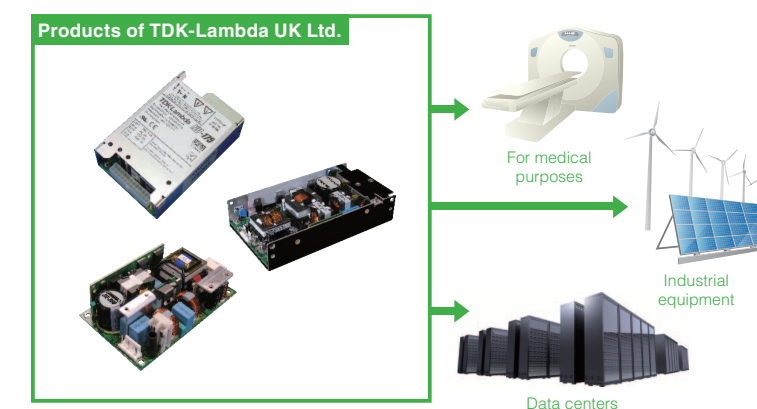
### Trends in the Reduction of CO<sub>2</sub> Emissions through Products



\*The light green parts of the graph indicate new efforts made possible by the completion of criteria for calculating environmental contributions.

### Example from TDK-Lambda UK Ltd.

TDK-Lambda UK Ltd. calculated the environmental contribution of its products on the basis of the method for calculating the environmental contribution of power supply products implemented at TDK-Lambda Corporation. The company's power supply products are used in not only industrial equipment but also medical devices, such as CT scanners. The resulting reduction of CO<sub>2</sub> emissions amounted to 83,000 tons per year.



### Voice

### Visualization of Environmental Contribution Leads to Further Design Innovation

A major feature of the power supply products of TDK Lambda UK Ltd., which are used in medical applications and measurement equipment, is that the settings and composition can be easily changed to match the varied input-output conditions of the application. Selecting the best power supply product for the application has an impact on energy efficiency throughout the entire lifespan of the product, 10–15 years, and leads to improvements in the final product's energy consumption.

What I noticed in our efforts to calculate the environmental contribution is that even a really small improvement in product design can have a colossal impact on the environmental contribution of the final product. Our company receives much praise from customers for supplying the most appropriate power supply products, and from now on, we will also search for ways to further improve energy efficiency in product design, manufacturing, and operation. We want to continue taking on challenges so that we can always surpass the expectations of our customers.

**Tim Puttick**  
Production Manager,  
TDK-Lambda UK Ltd.





## Dialogue with an Expert

## Toward Compilation of the Next Environmental Vision

TDK Environmental Action 2020 set fiscal 2020 as the target year for achieving carbon neutrality, but the goal was reached ahead of schedule in fiscal 2014. So we have reached the stage where we should stipulate the next target of our activities. TDK invited Mr. Keisuke Takegahara, director of the Environmental Initiative & Corporate Social Responsibility Support Department at the Development Bank of Japan, Inc. and a leading figure in the field of environmental finance in Japan, for a talk with Mr. Tetsuya Kuwashima and Mr. Ryo Yokoyama of the Safety and Environment Group of Manufacturing HQ.



Date of implementation: May 8, 2015

## Industry-Wide Efforts to Establish International Standards

The first point to be confirmed in the discussion was that in-house understanding and cooperation are essential to promote the two objectives of reducing CO<sub>2</sub> emissions and increasing TDK's environmental contribution. Mr. Kuwashima explained confidently that "our activities are steadily spreading, and we are shifting from the stage of calculating reductions and contributions in each business division to positively calling on sites to put them into practice." In order to make employees understand the value of these environmental contributions and to feel the significance of their own efforts, he said, it is important to have an external assessment of TDK's contributions and to feed that back to sites.

In addition, the participants agreed that in order for TDK to receive an appropriate assessment, it is essential for the industry to have rational standards that can serve as a foundation.

Mr. Yokoyama resolutely remarked, "If companies in the industry all have their own standards, even if we shout about consideration for the environment, there will just be confusion. Standardization is essential. International standards formulated under the leadership of the Japanese electric and electronic industries have been issued, and guidance for electronic component manufacturers compiled on the basis of these standards in collaboration with JEITA [Japan Electronics and Information Technology Industries Association] has taken shape at last. Now we must publicize this guidance globally." Mr. Takegahara highly praised the fact that TDK is calculating and disclosing its environmental load and environmental contribution according to globally acceptable criteria.

## Going beyond Carbon Neutrality to Create Even Higher Value

Mr. Takegahara commented, "TDK's environmental activities are extremely advanced and unparalleled by other companies. Now that you have realized carbon neutrality, the next point is how to create value not only environmentally but socially as well." Citing the example of wearable devices, Mr. Kuwashima spoke of the potential, saying, "Electronic components account for most of the total weight, so if they can be made lighter and smaller, that part can be allotted to other useful functions, which will increase the

convenience of the final product. In that sense, I think there is room for quantification of our social contribution."

As for the future, Mr. Kuwashima said enthusiastically, "The target set in TDK Environmental Action 2020 was so ambitious that people in the company asked whether it could really be achieved at first. The next environmental vision must set targets with the same impact, and we must display the hallmark of TDK in executing it."



**Keisuke Takegahara**  
General Manager,  
Environmental Initiative &  
Corporate Social Responsibility  
Support Department,  
Development Bank of Japan,  
Inc.

Mr. Takegahara joined the Japan Development Bank (now the Development Bank of Japan, Inc.) in 1989. He was stationed for a total of six years in Frankfurt, Germany and developed the DBJ's environmental rating loan scheme and is a leading figure in the field of environmental finance in Japan.

## ■ Mr. Takegahara's Main Opinions and Proposals

Carbon neutrality is generally discussed in terms of individual products and individual efforts, but TDK has achieved real carbon neutrality after building an internationally acceptable framework. This is truly outstanding. To put it another way, TDK's positive impact on society in environmental terms grows in proportion to the spread of its products in society and the increase in its sales. This is a powerful

message to both investors and society.

In addition, TDK is conducting M&As. If a company comes under the TDK Group umbrella, that company also adopts TDK's standard environmental countermeasures, which in turn leads to a curbing of the environmental load in the world. I think TDK should be more aware of this form of contribution and broadcast it to society.

## Third-Party Opinion

This year's *TDK CSR Report* clearly reflects the efforts by TDK to evolve its CSR initiatives from a medium- to long-term perspective to the next stage in the process.

As a case in point, take diversity. It can naturally be said that TDK has stressed the importance of diversity over the years. With the fact that further clarification of this stance is underscored in the company's newly formulated TDK Value. Also contributing on that front, this year's report is truly outstanding in content. I particularly encourage readers to closely examine the section entitled "Thinking about Diversity as a Growth Strategy." It is pointed out that simply bringing together people of all different genders, nationalities, and other external traits does not amount to real diversity. Since people are all unique, "If you have two or more people, you have diversity."

An absolute precedent for diversity to contribute to growth is said to be "a corporate culture in which all employees think and act with a respect for diversity." Global HR Department General Manager Andreas Keller correctly states "consolidating and sharing the 'One TDK' spirit." Proceeding in that context, I also encourage reading of the "TDK Progress on the Threshold of Its 80th Anniversary" and the statement of the company's vision in Vision 2035. That information definitely provides a more accurate grasp of the significance in this vein. The effective sharing of vision is the underlying premise for diversity to function correctly. It is likewise imperative that such vision be coordinated to stay in close step with the changes of the company. Such initiatives are precisely what TDK has implemented this year.

Yet another commendable point of this year's report are the efforts to incorporate outside opinions from a wide range of perspectives, effectively addressing diversity, nonfinancial information disclosure, the supply chain, and other important topics. With regard to the supply chain, progress can be seen in the issuance of improvement guidance to 13 suppliers and in other forms. With one of the next steps in the process consisting of capacity

building, as Mr. Masaki Wada points out, I look forward to the inclusion of such efforts in upcoming reports.

For the environment, I first want to give high marks to the achievement of carbon neutrality. The report touches upon the endeavors undertaken at the Kofu Plant (which have proven to be extremely important in supporting the push to arrive at such neutrality) in its introduction of that unit's activities: "The Kofu Plant consists of many divisions, so cross-sectional communication among them was essential." The essence of this suggestion is not limited to the environment, but can definitely be applied to the full scope of CSR. Such cross-sectional dialogue, which by its very nature expands beyond divisional lines, is certainly one of the most vital keys in carrying CSR at TDK to the next stage in its development.

Next, regarding contributions to the world by technology, it was with great interest that I read the article "TDK's Vision for Future Society"—and especially the commentary on technology being applied in the medical and healthcare fields. It is described how sensing technology can support the mobility of people with disabilities, thereby helping to ease the weight of burdens involved in nursing care. I was pleasantly surprised by the great potential impact of such technology on society. In that regard, it is obvious that demands will continue to be leveled for unrelenting technical development. Looking ahead, in the event of the need for institutional improvements when such technology is actually deployed in our daily lives, I certainly hope that TDK will play an active role in the ensuing rule-making process. I say that because the creation of rules are necessary for linking social technical innovation to the social demands for such advances.

To TDK, I look forward to clear recognition of where the inadequacies in the company's in-house CSR initiatives lie. That awareness should then be strategically channeled into the mission of fulfilling the social responsibilities consigned to TDK on the road to making Vision 2035 a working reality.



**Toshihiko Fujii**  
Consulting Fellow,  
Research Institute of Economy, Trade and Industry



# TDK CSR REPORT 2015

English version