

# The TDK Group's CSR

With the aim of building a company that continues to be trusted by society, all employees in their daily activities are implementing the corporate motto and ensuring corporate ethics.

## ■ 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.

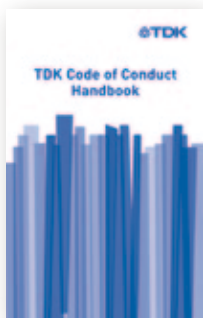
#### Courage

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.

## ■ The TDK Code of Conduct : The TDK Group's Standards and Guidelines



TDK Code of Conduct specifically provides the standards and guidelines for compliance with all laws, regulations, and social norms.

By pursuing creativity and consistently providing products and services that create new value, we offer satisfaction and dependability to our customers and all of our stakeholders. With their support, we also contribute to the development

of a sustainable society by helping to resolve social issues. For this purpose, the members of the TDK Group will

autonomously practice the following action guidelines in the course of their daily work:

1. TDK members shall respect the character and individuality of each employee and pay heed to values and opinions that differ from those of the TDK Group.
2. TDK members shall always be aware of wider issues and pursue the true facts of any situation.
3. TDK members shall be active, courageous, and tenacious in efforts to resolve social issues.
4. TDK members shall pursue work creatively as members of a manufacturing company.



The magnetic material ferrite was invented in Japan in 1930 by Dr. Yogoro Kato and Dr. Takeshi Takei of the Tokyo Institute of Technology. "True Japanese industry was born of innovative vision," this statement by Dr. Kato inspired Kenzo Saito to found the TDK Corporation in 1935 with the purpose of marketing this original material invented in Japan.

Prior to the founding of TDK, Kenzo Saito tried various businesses, failing many times in his effort to realize his dream to improve things in an impoverished farming town in Akita, Japan where



The fur of the angora rabbit is used in luxury wool and fur products.

he was born. An angora fur business was one of Saito's many early endeavors. However, this business did not go smoothly and he was unable to find any customers. Winter is especially harsh in Akita and the local people were forced to live a hard existence. Determined to



Shingo Tsuda, president of the Kanegafuchi Spinning Company



Kenzo Saito, TDK's first president

find a way to help the people of his hometown, Saito grabbed a few angora fur samples and jumped on the night train to Tokyo. He wanted to meet directly with the President of the Kanegafuchi Spinning Company, which was a leading business in the textile industry. Despite having no prior appointment, he was granted three minutes with company President Shingo Tsuda. Saito gave an impassioned explanation regarding the merits of angora fur. Tsuda became so interested that he accepted Saito's business proposal, pledging additional funds for the business. In the end, the angora fur business ✓

## The Spirit of the Company's Founding Expressed in TDK's Philosophy

failed. However, Tsuda was greatly impressed by Saito's passion for and commitment to his ideals.

At the time of TDK's founding, it was unclear whether ferrite would have a future, so the foundation demanded "courage" and the will to pursue a "vision." Despite the tough economic times, Tsuda would provide a large amount of money to help Saito start TDK because he believed in Saito's entrepreneurial capabilities. In time, as a result of joint research by the Tokyo Institute of Technology and TDK, a product called a "ferrite core" was produced and applied for the first time worldwide in 1937 in a number of Japanese wireless communication units and radios. By the end of the war, as many as 5 million units had been shipped by TDK, thereby gaining the "trust" of the society.

"The spirit of creating entirely new things of value by starting at the fundamental level of the materials" has defined TDK from the beginning, and this belief is still the trait that sets TDK apart. It is also reflected in the Corporate Motto formulated in June

1967, "Contribute to culture and industry through creativity."

If not for the meeting between Tsuda and Saito, through Saito's angora fur business, today's TDK would not exist. Saito later recalled, "A person can make their business into a success by working with a strong sense of social values and with the dedication to never give up no matter what obstacles they may face."



(from left) Dr. Yogoro Kato and Dr. Takeshi Takei




Japanese-developed magnetic material ferrite




Live with company  
for success



 TDK (Malaysia) Sdn. Bhd.  
Accounting and Corporate Planning Team, Nilai



 TDK Corporation of America  
Volunteers from the company, Chicago

Believe  
in new ideas



 SAE Magnetics (H.K.) Ltd.  
Manufacturing Team, Hong Kong

Build mutual-trust relationships  
with honesty and integrity

Create trust with the colleagues  
through teamwork, ethics, respect, and  
responsibility

## Vision

"What vision do you want to  
realize through work?"

Make  
dreams come true  
by creating a TDK of  
tomorrow



 TDK China Co., Ltd.  
Volunteers from the company, Shanghai

What Our Employees Think


## "What do 'vision, courage, and trust' mean for you?"

Members of the TDK Group are active around the world.  
Countries and regions may be different, but the attitudes and direction ahead  
for the group as a whole expressed in our Corporate Motto and  
Corporate Principles are shared throughout the world.  
Here members working in various countries introduce their,  
"vision, courage, and trust" in their own words.


## Trust

"How do you endeavor to  
build relations of trust in the  
workplace and in society?"



 EPCOS do Brasil Ltda.  
Quality Management Team, Sao Paulo



 TDK Corporation, Kofu plant  
HR&GA and Accounting Team

Become No.1  
in the world  
in complex technologies  
born through collaboration

Surpass the limits  
and be innovative



 Amperex Technology Limited  
IT and HR Team, Hong Kong



 EPCOS AG  
Manufacturing Team, Heidenheim

Open up new markets and keep our leading position with  
data line chokes in Europe

## Courage

"What kind of society  
do you want to create by  
continuing to work with  
courage?"



 EPCOS India Private Ltd.  
R&D and Technical Support Team, Nashik

Pave the way for sustainable  
development through conservation,  
energy security, and equality  
in a world with shrinking resources  
and a growing population



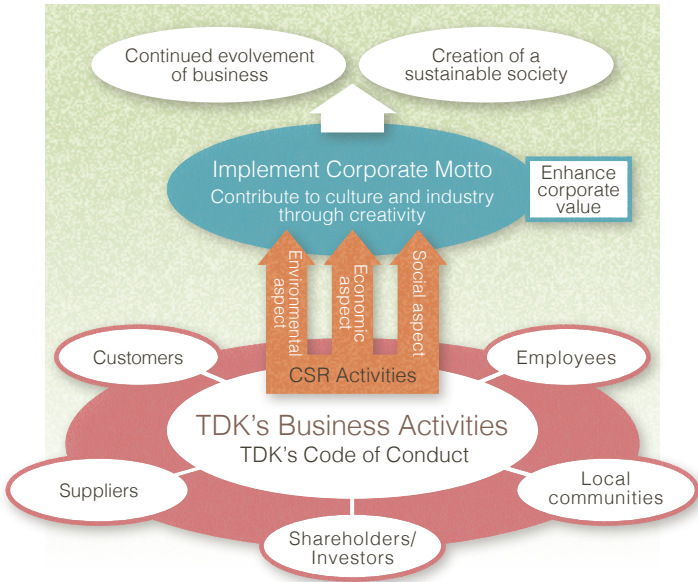
# The TDK Group's Approach to CSR

CSR activities are promoted by defining and implementing Key CSR Action Items based on the TDK Corporate Motto to ensure corporate ethics.

## TDK Group's CSR and the Corporate Code of Conduct

The TDK Group's approach to CSR is based on the TDK Corporate Motto to ensure corporate ethics. This means that CSR activities are promoted through business activities based on the TDK Code of Conduct\* and are always maintained through the proper channels of communication with our stakeholders while recognizing the fact that the company's continued success is supported by our customers, suppliers, employees, shareholders and investors, local communities, and other stakeholders. By putting our Corporate Motto into practice, our corporate value increases, and this contributes both to the "Continued evolvement of business" 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/)



## Key CSR Action Items

The four action items shown to the right have been identified by the TDK Group as especially important due to their impact on society at large and the company.

1. Contribution to the world by technology
2. Development of human resources
3. Society and environmental considerations in the supply chain
4. Symbiosis with the global environment

## CSR Promotion Structure

The CSR activities of the TDK Group are conducted under the guidance of the Business Ethics & CSR Committee and its subordinate organization, the CSR Task Force.

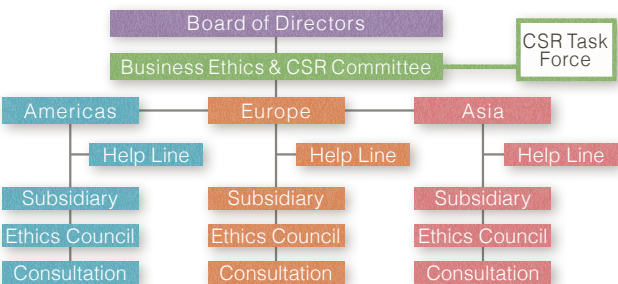
### Business Ethics & CSR Committee

The Business Ethics & CSR Committee reports directly to the Board of Directors. The committee is comprised of the Administration Group General Manager, and Function Managers from the Management Review & Support Dept., Finance & Accounting Dept., Human Resources Dept., General Affairs Dept., Legal Dept., Corporate Communications Dept., Corporate Planning Dept., CSR Promotion Office, as well as the Chief Compliance Officer (CCO) of TDK-EPC. The mission of the committee is to promote awareness of the TDK Code of Conduct. This is achieved by implementing training programs and carrying out many other activities aimed at the employees of the TDK Group companies all over the world. It identifies problem points and attempts to find solid and lasting solutions.

### CSR Task Force

The CSR Task Force operates under the umbrella of the Business Ethics & CSR Committee. There are eleven functions that correspond to the main topics of CSR activities. In response to issues identified by the Business Ethics & CSR Committee as relevant to CSR in the industry, the Task Force implements a broad scope of CSR-related activities.

### CSR Promotion Structure



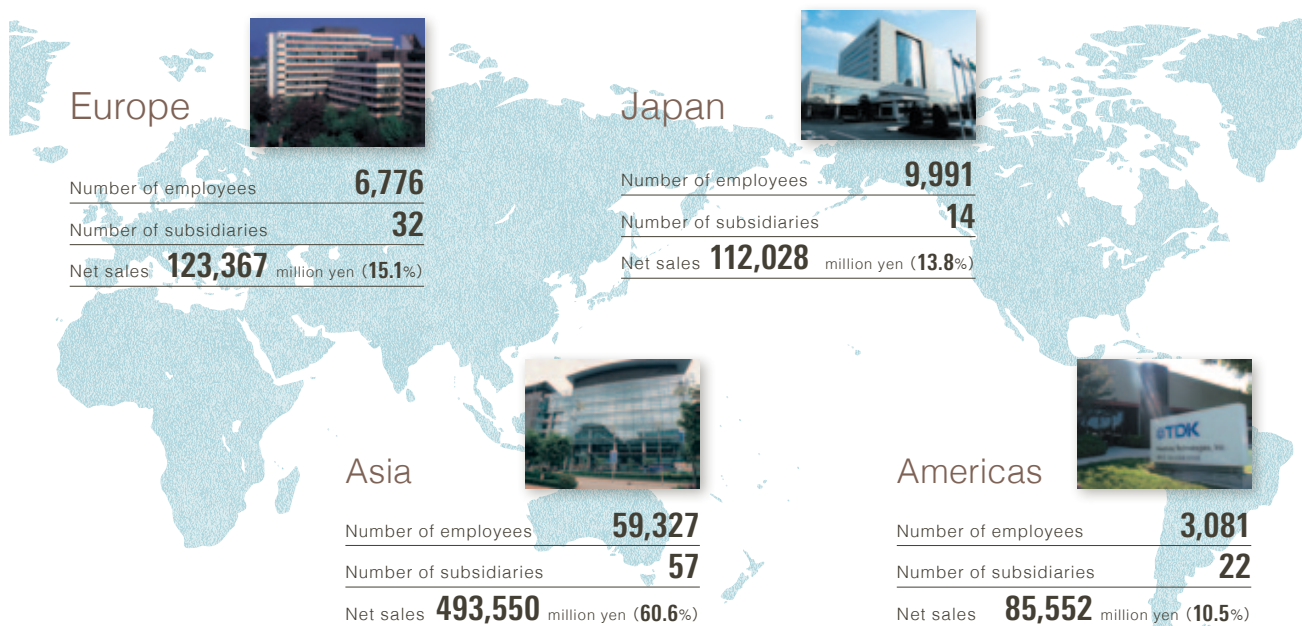


# Global Expansion of the TDK Network

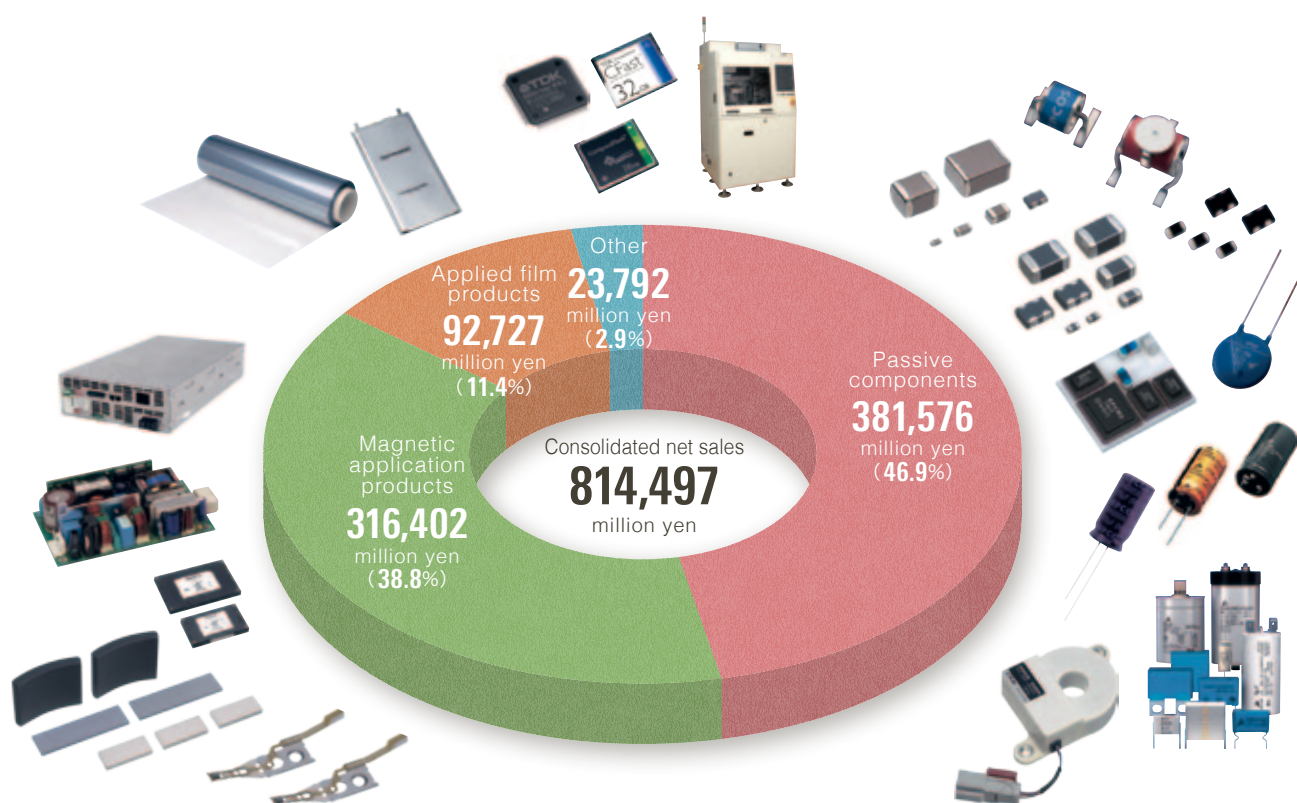
From TDK's founding in 1935, TDK business has expanded into various countries and regions around the world. The TDK product lineup has also greatly diversified. Remaining an important player on the world stage, TDK aims to keep delivering services and products needed by society.

## The TDK Global Network

(As of March 31, 2012)



## FY2012 Net Sales by Industry Segment (Composition ratio for FY2012)





# TDK products and technologies support a smart society filled with dreams

Cloud computing and smart grids are social infrastructures that will give rise to substantial changes in lifestyles and business. TDK is contributing to the development of a smart society filled with dreams through its original and competitive products and technologies.

## HDD Heads

HDD heads are manufactured using advanced thin-film process technologies. TDK's HDD heads are the leader in high-density recording and support further miniaturization and higher capacity of HDDs.

**[Main Applications]**  
HDDs used in PCs, HDD recorders, data centers, etc.

Laptop PCs

Data Centers

Tablet PCs

## ITO Films and Hard Coat Films

Transparent conductive films for touch panels are made from thin films of ITO, a transparent electrode material. TDK also provides hard coat films that are scratch resistant and offer outstanding smoothness and high fingerprint removal performance.

**[Main Applications]**  
Touch panels for smartphones, tablet PCs, etc.

Smart-phones

## Micro DC-DC Converters

These ultra-compact, high-performance power supply modules use surface mounting of chip components on a multi-layer substrate with embedded bare IC chips that use proprietary silicone embedding substrate (SESUB) technology.

**[Main Applications]**  
Smartphones, mobile phones, tablet PCs, etc.

## Lithium-Ion Polymer Batteries

These rechargeable batteries offer high energy density and are suitable for use in mobile and a wide range of other devices. Technologies relating to key parts including the electrodes and the separator are one of TDK's strengths.

**[Main Applications]**  
Mobile devices such as smartphones, mobile phones, tablet PCs, etc.

## Neodymium Magnets & Ferrite Magnets

Neodymium magnets boast maximum power, while ferrite magnets offer outstanding cost performance. TDK is developing materials free from rare earth elements.

**[Main Applications]**  
Neodymium magnets: hybrid and electric vehicles drive motors, wind generators, industrial equipment, etc.  
Ferrite magnets: Compact automotive DC motors, consumer appliance motors, etc.

Wind Power

## HVDC Film Capacitors

These power capacitors are used in high-voltage DC systems for long-distance transmissions such as wind and solar power generating systems to improve transmission efficiency.

**[Main Applications]**  
Generation and transmission systems, industrial equipment, railway and automotive electronic equipment, etc.

## Hybrid and Electric Vehicle DC-DC Converters

These power supply units convert the high voltage energy from a main battery to low voltage energy for use by onboard electronic systems and charge backup batteries. High-efficiency conversion contributes to low-energy driving.

**[Main Applications]**  
HEV, EV, PHEV (plug-in hybrid electric vehicles), etc.

HEVs EVs

## Industrial Power Supplies

TDK is using transformer and circuit technologies to make power supplies smaller and more efficient. In addition to industrial equipment, advanced power electronic devices are also used by solar and wind power generating systems.

**[Main Applications]**  
Solar and wind power generating systems, smart grids, etc.

## Smart grids in harmony with the environment

Smart grids are regionally-distributed energy infrastructures that use renewable energy sources such as solar and wind power. Core TDK technologies based on materials technologies are showing their true value in the development of smart communities that link smart houses and smart buildings.

Solar Power

## Cloud computing to link all devices

Cloud computing links all types of IT devices as well as people, information, and services through the Internet likened to a cloud. TDK's diverse range of electronic components and devices support the development of a worldwide cloud culture.



# Overview of FY2012 Activities and the FY2013 Action Plan

The TDK Group identified action items that are particularly important from the perspective of CSR and works to implement these items through business activities.

The PDCA cycle is applied to each item based on the action plan, and we continuously strive to improve activities.

Item		FY2012 Action Plan	FY2012 Results	FY2013 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>Encourage the development of products that contribute to resolving social problems in priority areas such as communications, automobiles, industrial equipment and energy, and home information appliances</li> </ul>	<ul style="list-style-type: none"> <li>Conducted the development of magnets that do not use rare earth elements, compact power supplies for LED devices that comply with the IP66 standards on corrosion prevention and drip-proofing, and multilayer inductors for mobile devices that can replace wound inductors</li> </ul>	<ul style="list-style-type: none"> <li>Encourage the development of products that contribute to resolving social problems in the focus areas of the new medium-term plan: next-generation information and communications market and energy related market</li> </ul>
	Promoting the creation of environment-conscious products	<ul style="list-style-type: none"> <li>Information disclosure and promotion of environment-conscious products (ECO LOVE products)</li> </ul> Sales ratio: 30% and more	<ul style="list-style-type: none"> <li>Updated the web-based information on environment-conscious products (ECO LOVE products)</li> </ul> Sales ratio: approx. 31%	<ul style="list-style-type: none"> <li>Continue to disclose information and promote environment-conscious products (ECO LOVE products)</li> </ul>
<b>2</b> Development of human resources	Innovative craftsmanship training	<ul style="list-style-type: none"> <li>Continue the TDK Monozukuri Tradition Seminars</li> <li>Overseas expansion</li> </ul>	<ul style="list-style-type: none"> <li>Conducted the TDK Monozukuri Tradition Seminars (36 employees in nine teams participated in FY2012)</li> <li>Conducted the seminars in China and Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Continue the TDK Monozukuri Tradition Seminars</li> <li>Conduct the seminars at overseas sites according to team composition</li> </ul>
	Development of global human resources	<ul style="list-style-type: none"> <li>Cross-cultural communication training including IMD seminars</li> <li>Bolster the overseas training framework</li> <li>Bolster language study programs</li> </ul>	<ul style="list-style-type: none"> <li>Conducted cross-cultural communication training and IMD seminars</li> <li>Overseas training program: Program used by 6 persons</li> <li>Provided support for language study programs under a self-training program and expanded the scope of support</li> </ul>	<ul style="list-style-type: none"> <li>Continue cross-cultural communication training and IMD seminars</li> <li>Continue the overseas training programs</li> <li>Continue support for language study programs under a self-training program and expand the scope of support</li> </ul>
	Promote diversity	<ul style="list-style-type: none"> <li>Continue action plan implementation in various departments</li> <li>Strengthen management training</li> <li>Strengthen female staff training</li> </ul>	<ul style="list-style-type: none"> <li>Implemented action plans in each department</li> <li>Implemented management training using e-learning and other tools</li> </ul>	<ul style="list-style-type: none"> <li>Continue implementation of action plans in each department</li> <li>Continue implementation of management training using e-learning and other tools</li> </ul>
	CSR penetration and execution	<ul style="list-style-type: none"> <li>Continue to implement e-learning (Japan) and widen implementation areas</li> <li>Continue and enlarge the scope of intensive training</li> </ul>	<ul style="list-style-type: none"> <li>Launched e-learning overseas (China) and reviewed contents</li> <li>Conducted intensive training (Japan, Thailand, and Malaysia)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to implement e-learning (Japan) and expand overseas area for e-learning</li> <li>Continue and expand intensive training</li> </ul>
<b>3</b> Society and environmental considerations in the supply chain	Promote CSR procurement	<ul style="list-style-type: none"> <li>Improve and provide guidance for CSR check sheets for suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Revised CSR check sheets for suppliers</li> <li>Supported understanding of CSR by suppliers through the implementation of supplier briefings (Japan)</li> <li>Provisionally implemented supplier CSR audits (China)</li> </ul>	<ul style="list-style-type: none"> <li>Periodically revise CSR check sheets for suppliers and continue to provide guidance</li> <li>Expand supplier CSR audits</li> </ul>
	Cooperate with conflict minerals regulations <sup>*1</sup>	<ul style="list-style-type: none"> <li>Gather information and assess trends regarding legal regulations for conflict minerals</li> <li>Provide proper response for customers and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Gathered information and monitored trends regarding legal regulations for conflict minerals</li> <li>Provided proper response for customers and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Continue to gather information and assess trends regarding legal regulations for conflict minerals</li> <li>Provide proper response for customers and suppliers</li> <li>Establish internal systems</li> </ul>
	Reinforce CSR activity foundations and CSR responses to customers	<ul style="list-style-type: none"> <li>Enhance the management level and implementation of regular TDK CSR 'Self Checks' at manufacturing sites</li> <li>Respond to CSR survey and auditing requests from customers in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>Implemented regular TDK CSR 'Self Checks' at manufacturing sites and promoted understanding through site visits</li> <li>Implemented internal CSR audits</li> <li>Responded to CSR survey and auditing requests from customers in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>Implement regular TDK CSR 'Self Checks' at manufacturing sites and provide continuous support for raising management levels</li> <li>Implement internal CSR audits</li> <li>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 the TDK Environmental Action 2020<sup>*2</sup></li> <li>Achieve carbon neutrality</li> </ul>	<ul style="list-style-type: none"> <li>Promoted environment-oriented activities based on the TDK Environmental Action 2020</li> <li>Reinforced energy-saving programs at plants in China</li> <li>Completed environmental contribution quantification for some product families</li> </ul>	<ul style="list-style-type: none"> <li>Promote environment-oriented activities based on the TDK Environmental Action 2020</li> </ul>

<sup>\*1</sup> In the Democratic Republic of the Congo and neighboring countries, illegal mining and smuggling by armed rebel groups provides them with revenues and supports the conflict, leading to human rights abuses and other social problems including forced labor imposed on local residents and abusive treatment. In response, United States financial regulations were amended in July 2010 and the United States Securities and Exchange Commission imposed duties on companies that are publicly traded in the United States to disclose information concerning the use of tantalum, tin, tungsten, and gold mined in this region.

<sup>\*2</sup> A summary of the TDK Environmental Action 2020 can be found on the following web site: [http://www.global.tdk.com/csr/environmental\\_responsibility/](http://www.global.tdk.com/csr/environmental_responsibility/)