



Becoming an enterprise that helps solve social issues

Looking back on the year 2012, the worldwide economic slowdown under the influence of stagnation originating in Europe affected the electronics sector, making this a difficult year for TDK. However, as society continues to evolve rapidly, the demand for electronic components that sustain the continued creation of new products is expected to grow further.

Against this background, the electronic components sector is in a position to contribute to the solving of various issues facing society. TDK has an important role to play in this area, and we fully intend to meet this challenge and respond to the ever more sophisticated and diverse needs of society. The rapid progress in information terminals, as exemplified by the advent of wearable devices and the continuing trend towards multi-functionality defines the next-generation information and communications market. Additionally, the energy-related market is currently focused on developments such as the smart grid utilization of renewable energy - including solar and wind power. In both of these markets, we intend to further enhance our competitiveness and thereby contribute towards finding viable solutions to various social issues.

Progress in key areas during fiscal 2013

During fiscal 2013, significant progress was made in various respects that we have defined as key action items.

TDK aims to "contribution to the world by technology." An example of our efforts in this regard is the production of magnets that significantly reduce the

Helping to solve social problems by delivering true value. TDK will continue to advance towards this goal.

usage of rare earth materials. In the past year, we brought such magnets to the stage of mass production and practical application. Research in this area is continuing, with the ultimate aim of developing magnets that no longer require any rare earth materials at all.

We are also working towards the "development of human resources," and have made progress in breaking down the barriers between various business groups, regions, and countries. The aim here is to ensure that a firm sense of values - rooted in the TDK spirit of exceptional craftsmanship - is shared across the entire group. Building upon this foundation, each part of the organization can then contribute in ways that reflect their respective strengths.

With regard to our aims surrounding "society and environmental considerations in the supply chain," we have established and announced a clear policy concerning conflict minerals. These minerals have become an international issue, because they are a source of revenue for armed groups. Together with our suppliers, we will continue to pursue a firm course of responsible procurement.

Finally, in the context of advancing towards the goal of "symbiosis with the global environment," we have worked with industry associations to promote the implementation of numeric standards for quantifying the contribution of electronic components towards the reduction of CO₂ emissions. The aim is to first establish such standards in Japan, and then tackle standardization on an international level.

Achieve sustained growth by quickly responding to challenges

In order to further boost internal communication

channels and ensure that top management policies are thoroughly propagated throughout the company, a number of new initiatives were started. These include an opinion survey, and a program of open-topic discussions with younger staff members.

When addressing new employees, I often tell them "You need to experience some kind of failure while you are still new to this company. That is what will help you grow." It goes without saying that the future growth of TDK is sustained by the personal growth of each and every member of our staff. Quickly responding to a challenge without being afraid of the possibility of failure, is a stance that should not be forgotten. I believe that ultimately this will drive TDK forward.

Another aspect necessary for sustained future growth is the enhancement of the brand value. In this age of IT advancement and globalization, successful companies around the world rely on competitive strategies and strong brand power unique to each business. A TDK strength - ever since the company's founding - has been originality. It is the driving force that enables us to create things that are beyond the grasp of other companies. It allows us to offer products and values that earn the trust of customers and of society. By pursuing finely honed technology paired with creativity, we intend to further enhance the value of the TDK brand. I am convinced that this is the path towards sustained growth, now and in the future.

I hope that you will find this report useful in learning about TDK's current and future initiatives, and I heartily welcome your comments and suggestions.

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